

## Auditor's report on the financial statements of EU Democrats (non-profit organisation registered in Denmark) for the year ended 31 December 2013

In accordance with the statutory requirements and our service contract with the European Union represented by the European Parliament, we report to you on the performance of our audit which was entrusted to Ernst & Young Réviseurs d'Entreprises cvba. This report contains our opinion on the financial statements (i.e. balance sheet and profit & loss account), and on the final statement of eligible expenditure actually incurred as well as on compliance with rules and regulations applicable to funding of political parties and foundations at European level.

### Unqualified auditor's report with emphasis of matter

We have audited the financial statements as defined above for the year ending 31 December 2013 and the final statement of eligible expenditure actually incurred for the period of eligibility defined by the grant award decision of EU Democrats (non-profit organisation registered in Denmark), as laid out on the following pages.

The financial statements for the year ended 31 December 2013 have been prepared in accordance with the financial reporting framework applicable in Denmark and show a balance sheet total of € 70.288 and a profit for the year of € 11.883. The profit of the year, transferred to the reserve account, is used to reduce the losses carried forward. Accumulated losses (including the result of the year) amounts to € 63.082 and a carry-over to € 17.830.

### *Respective responsibilities of the Board of Directors of EU Democrats (non-profit organisation registered in Denmark)*

The Board of Directors is responsible for the preparation and fair presentation of the financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation. Moreover, it includes a fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Board of Directors is responsible towards the European Parliament for the use of the grant and must comply with the provisions of the Regulation EC (No) 2004/2003 and the underlying acts.

### *Respective responsibilities of the Auditor*

Our responsibility is to express an opinion on these financial statements and on the final statement of eligible expenditure actually incurred based on our audit. Furthermore, our responsibility is to express an opinion on the compliance with rules and regulations applicable to funding of political parties and foundations at European level.

We conducted our audit in accordance with the legal requirements and the International Standards on Auditing (ISA). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.





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**Auditor's report dated 26 March 2014 on the financial statements of  
EU Democrats  
for the year ended 31 December 2013**

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, we have considered internal control relevant to the association's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the association's internal control. We have evaluated the appropriateness of accounting policies used, the reasonableness of significant accounting estimates made by the association and the presentation of the financial statements, taken as a whole. Finally, we have obtained from the Board of Directors and the association's officials the explanations and information necessary for executing our audit procedures. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit work included specific procedures to gather sufficient and appropriate audit evidence that the financial provisions and obligations of the grant award decision, Regulation (EC) No 2004/2003 and the underlying acts have been met.

*Opinion*

In our opinion, the financial statements (i.e. balance sheet and profit & loss account) for the period ended 31 December 2013 have been prepared in accordance with the financial reporting framework applicable in Denmark, are free of material misstatement and show a true and fair view of the financial position and the operating results.

Notwithstanding the loss carried forward which impact the financial statements of the Party, the financial statements are prepared under the assumption that the activities will be continued. This assumption is sustainable as long as the Party will receive financial support from the European Parliament or other financing sources. Without altering our audit opinion, we draw your attention to the notes in the financial statements in which the Party justifies the application of accounting policies under the assumption of going concern.

***Additional confirmations and statements***

The association's compliance with:

- Legal and regulatory requirements,
- its articles of association, and
- the provisions of the European Parliament's grant award decision, Regulation (EC) No 2004/2003 and the underlying acts,

is the responsibility of the Board of Directors.

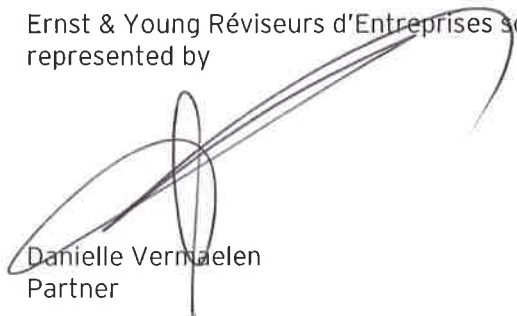
We note that the auditor's report has not being presented to the General Assembly who approved the financial statements.

In our opinion (which does not modify the scope of our opinion on the financial statements):

- the financial documents submitted by EU Democrats (non-profit organisation registered in Denmark) to the European Parliament are consistent with the financial provisions of the Bureau's grant award decision;
- the expenditure declared was actually incurred;
- the statement of revenue is exhaustive;
- the obligations arising from the Regulation (EC) No 2004/2003 have been met;
- the obligations arising from the Bureau decision of 29 March 2004 have been met;
- the obligations arising from the grant award decision, in particular from Article II.7 - Award of contracts and Article II.11 - Eligible expenditure, have been met;
- an amount of € 14.030 out of a total carry-over to the next financial year of € 17.830 has been used to date, pursuant to Article 6a of the Bureau decision of 29 March 2004;
- the obligations arising out of Article 125(5) and (6) of the Financial Regulation have been met;
- the contributions in kind have actually been provided to the beneficiary and have been valued in compliance with the applicable rules.

Brussels, 26 March 2014

Ernst & Young Réviseurs d'Entreprises scrl  
represented by



Danielle Vermaelen  
Partner

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## LEADERSHIP ENDORSEMENT

The leadership for the Party EU Democrats has approved the Financial Report for 2013.

The report is in accordance with Regulation EC (NO) 2004/2003 of the European Parliament and Council 4<sup>th</sup> November 2003 on the regulations governing political parties at European level and rules regarding their funding.

We find, the financial statement give a true and fair view of EU Democrats financial position.

Bruxelles,



Patricia McKenna  
President

26/03/2014

PROFIT AND LOSS ACCOUNT 1<sup>ST</sup> JANUARY – 31<sup>ST</sup> DECEMBER 2013

	2013 EURO	2012 EURO	Budget 2013
<b>REVENUE</b>			
Grant from European Parliament .....	196.644	195.890	278.555
2. Grants from members .....	4.750	4.500	25.000
3. Donations above 500 EUR.....	37.273	29.571	15.000
Donations below 500 EUR .....	322	650	5.000
Other own resources .....	0	500	0
Other revenues(to cover non-eligible expenditure) .....	0	0	0
4. Contribution in kind .....	6.000	4.800	4.157
Interest .....	83	0	0
<b>TOTAL REVENUE</b> .....	<b>245.072</b>	<b>235.911</b>	<b>327.712</b>
<b>EXPENDITURE</b>			
<b>Personal costs</b>			
Salaries .....	54.351	53.486	87.000
Contributions .....	0	0	0
Other personnel costs .....	11.343	5.448	12.000
	<b>65.694</b>	<b>58.934</b>	<b>99.000</b>
<b>Infrastructure and operating costs</b>			
Rent Bruxelles .....	12.099	11.599	13.000
Rent Riga .....	960	0	0
Electricity and Gas .....	3.569	4.218	0
Costs relating to the installation and equipment.....	2.555	1.708	2.000
Translation and reproduction costs .....	382	0	700
Stationary and office supplies .....	915	2.037	1.400
Postal and telecommunications charge .....	3.095	2.745	2.400
Depreciation machinery .....	0	0	1.500
Other infrastructure costs .....	414	235	1.000
	<b>23.989</b>	<b>22.542</b>	<b>22.000</b>
<b>Administrative expenditures</b>			
Research and studies .....	0	0	2.000
Documentation and newspaper .....	51	382	900
Audit costs .....	0	0	0
Accountancy.....	8.019	7.992	7.000
Legal costs .....	0	0	2.000
Miscellaneous administrative costs .....	917	894	1.500
	<b>8.987</b>	<b>9.268</b>	<b>13.400</b>

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**PROFIT AND LOSS ACCOUNT 1<sup>ST</sup> JANUARY – 31<sup>ST</sup> DECEMBER 2013**

	2013 EURO	2012 EURO	Budget 2013
<b>Meeting and representation costs</b>			
Meetings of the political party.....	14.937	10.055	17.000
Participation in seminars and conferences.....	0	0	5.000
Representation costs .....	188	0	12.000
Other meeting related costs .....	0	0	4.000
Congress .....	21.729	6.153	0
	<u>36.854</u>	<u>16.208</u>	<u>38.000</u>
<b>Information and publication costs</b>			
Publication costs .....	7.520	6.546	58.000
Publicity cost .....	66.294	111.953	75.000
Seminars .....	0	0	9.000
Creation and operation of internet sites .....	21	207	8.000
Communication equipment .....	0	0	1.155
	<u>73.835</u>	<u>118.706</u>	<u>151.155</u>
<b>Contribution in kind</b>			
Costs .....	4.157	4.800	4.157
	<u>4.157</u>	<u>4.800</u>	<u>4.157</u>
<b>Carry over</b>			
Carry over from 2013 to 2014 .....	17.830	0	0
	<u>17.830</u>	<u>0</u>	<u>0</u>
<b>TOTAL ELIGIBLE EXPENDITURE</b>	<u>231.346</u>	<u>230.458</u>	<u>327.712</u>
Exchange losses .....	0	144	0
Non eligible cost, contribution in kind .....	1.843	0	0
<b>TOTAL NON ELIGIBLE EXPENDITURE</b> .....	<u>1.843</u>	<u>144</u>	<u>0</u>
<b>ALLOCATION TO RESERVES</b> ....	<u>11.883</u>	<u>5.309</u>	<u>0</u>
<b>TOTAL RESULT</b> .....	<u>0</u>	<u>0</u>	<u>0</u>

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**BALANCE SHEET 31ST DECEMBER 2013**

**ASSETS**

Note		2013 EURO	2012 EURO
	<b>ASSETS</b>		
5.	Intangible assets .....	9.999	0
	Deposit, tenancy .....	3.340	3.319
	<b>NON CURRENT ASSETS</b> .....	<u>13.339</u>	<u>3.319</u>
	Outstanding 2013 from European Parliament .....	0	2.301
	Cash in hand .....	4	0
	Bank account, KBC 177189-76.....	51.774	16.210
	Bank account, Andelskassen 84114154015 .....	5.171	0
	<b>CURRENT ASSETS</b> .....	<u>56.949</u>	<u>18.511</u>
	<b>TOTAL ASSETS</b> .....	<u>70.288</u>	<u>21.830</u>

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**BALANCE SHEET 31ST DECEMBER 2013****LIABILITIES****LIABILITIES**

## Equity:

1 <sup>st</sup> January .....	-74.439	-79.748
Correction grant prior years from European Parliament .....	-526	0
Allocation to reserves .....	11.883	5.309
<b>TOTAL EQUITY</b> .....	<b>-63.082</b>	<b>-74.439</b>

Carry over from 2013 to 2014 .....	17.830	0
<b>TOTAL PROVISIONS</b> .....	<b>17.830</b>	<b>0</b>

Loan .....	63.761	74.732
<b>TOTAL LONG TERM DEBTS</b> .....	<b>63.761</b>	<b>74.732</b>

Short term part of loan .....	10.971	10.971
Payable to Parliament .....	25.950	0
Suppliers payable .....	0	0
Short term liabilities .....	14.858	10.566
<b>TOTAL SHORT TERM DEBTS</b> .....	<b>51.779</b>	<b>21.537</b>

<b>TOTAL DEBTS</b> .....	<b>115.540</b>	<b>96.269</b>
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<b>TOTAL LIABILITIES</b> .....	<b>70.288</b>	<b>21.830</b>
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**NOTES**

1. **GOING CONCERN**

EUDemocrats has a negative total equity due to the prior year losses carried forward. Notwith-standing this negative equity position, we consider the asso-ciation as in going concern as long as it can receive grants from the European Parliament and/or other third parties (e.g. membership fees,...) which are already foreseen for the upcoming ac-counting year. Therefore the accounting records are estab-lished based on the principle of continuity.

2. **GRANTS FROM MEMBERS OF THE PARTY**

	2013 EURO	2012 EURO
Folkebevægelsen mod EU, Denmark.....	4.000	
Obunden Samling, Åland, Finland .....	500	
People's Movement, Ireland .....	250	
	<u>4.750</u>	<u>4.500</u>

3. **DONATIONS ABOVE 500 EURO**

Edzus Apeltins, Zala 10-21 1010 Riga, Latvia .....	8.890	
Normunds Grostins, Antonijas 8-6A 1010 Riga, Latvia .....	10.099	
Forum för EU-Debatt, Fiskarbacken 12, 131 50, Saltsjö-Duvnäs, Sweden .....	713	
Notat, Nordkystvejen 2F, 8961 Allingåbro, Denmark.....	10.971	
Open Europe, Faith House 7, Tufton Street, SW1P 3QN, UK.....	6.600	
	<u>37.273</u>	<u>29.571</u>

4. **DONATION IN KIND**

Birgitta Swedenborg, Danderydsvägen 103, 182 55 Djursholm, Sweden .....	4.000	
Gorazd Drevensek, 1 Novi Trg, 1000 Bratislava, Slovenia .....	800	
Anthony Coughlan, 24 Crawford Road, Dublin 9, Ireland.....	1.200	
	<u>6.000</u>	<u>4.800</u>

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**NOTES**

**5. INTANGIBLE ASSETS**

Opening balance .....	0	0
Website capitalized .....	9.999	0
	<u>9.999</u>	<u>0</u>
Depreciation, opening balance .....	0	0
Depreciation 2013 .....	0	0
	<u>0</u>	<u>0</u>
	<u>9.999</u>	<u>0</u>

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EU Democrats

## **APPLIED ACCOUNTING PRACTISE**

The Annual Financial Report is made after unchanged principles and it is not made in accordance with Danish Accounting Standards because these do not consider the Donors wish of detailed information.

### **INCOME STATEMENT**

#### **Income**

Grants to EU-Democrats given to specific purposes are included as they are used for their purposes.

#### **Expenses**

Expenses are booked to the financial year to which they relate.

#### **Carry-over**

Provision to cover eligible expenditure to be incurred in the first quarter of the coming year has been made in accordance to article 6A of the Bureau Decision.

#### **Currency**

The amounts are in EURO

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## ANNEX

## Annex: Breakdown of the provisional operating budget

EXPENDITURE		Budget	Actual	REVENUE		Budget	Actual
<b>Eligible expenditure</b>				<b>D.1 Dissolution of "Provision to cover eligible costs to be incurred in the first quarter of N+1"</b>			
<b>A.1: Personnel costs</b>		89,000.00	65,683.16	<b>D.2 European Parliament grant</b>		278,555.00	196,643.65
1. Salaries		87,000.00	54,350.60	<b>D.3 Membership fees</b>		25,000.00	4,750.00
2. Contributions		0.00	0.00	<b>3.1 from member parties</b>		20,000.00	4,750.00
3. Professional training		2,000.00	395.00	<b>3.2. from individual members</b>		5,000.00	
4. Staff mission expenses		5,000.00	10,947.56	<b>D.4 Donations</b>		20,000.00	26,623.67
5. Other personnel costs		5,000.00	23,989.71	<b>4.1 above 500 EUR</b>		15,000.00	26,301.23
<b>A.2: Infrastructure and operating costs</b>		22,000.00	23,989.71	<b>4.2 below 500 EUR</b>		5,000.00	322.44
1. Rent, changes and maintenance costs		13,000.00	16,628.55	<b>D.5 Other own resources (to cover eligible expenditure) (to be listed)</b>			62.99
2. Costs relating to the installation, operation and maintenance of equipment		2,000.00	2,565.13	<b>Interest bank accounts</b>			82.99
3. Depreciation of movable and immovable property		1,500.00					
4. Stationery and office supplies		1,400.00	914.82				
5. Postal and telecommunications charges		2,400.00	3,095.12				
6. Printing, translation and reproduction costs		700.00	381.97				
7. Other infrastructure costs		1,000.00	414.12				
<b>A.3: Administrative expenditure</b>		13,400.00	8,987.30				
1. Documentation costs (newspapers, press agencies, databases)		900.00	50.87				
2. Costs of studies and research		2,000.00					
3. Legal costs		7,000.00	8,019.16				
4. Accounting and audit costs		1,500.00	917.27				
5. Support to affiliated organisations and subsidies to third parties							
6. Miscellaneous administrative costs							
<b>A.4: Meetings and representation costs</b>		36,853.30	36,853.30				
1. Costs of meetings of the political party		17,000.00	21,728.70				
2. Participation in seminars and conferences		5,000.00	12,192.69				
3. Representation costs		12,000.00	187.75				
4. Cost of invitations		2,000.00	2,744.16				
5. Other meeting-related costs		2,000.00					
<b>A.5: Information and publication costs</b>		151,155.00	73,835.16				
1. Publication costs		56,000.00	7,520.28				
2. Creation and operation of internet sites		8,000.00	20.68				
3. Publicity costs		75,000.00	66,294.22				
4. Communications equipment (gadgets)		1,155.00					
5. Seminars and exhibitions		9,000.00					
6. Election campaigns <sup>1</sup>							
7. Other information-related costs							
<b>A.6: Expenditure relating to contributions in kind</b>		4,157.00	4,157.00				
<b>A.7: Allocation to "Provision to cover eligible expenditure to be incurred in the first quarter of N+1"</b>			17,829.84				
<b>A. TOTAL ELIGIBLE EXPENDITURE</b>		327,712.00	231,345.47	<b>D. REVENUE (to cover eligible expenditure)</b>		327,712.00	232,257.31
<b>B.1: Non-eligible expenditure</b>		0.00	1,843.00	<b>E.1 Additional other own resources (to cover non-eligible expenditure) (to be listed)</b>			12,814.68
1. Allocations to other provisions				Debt relief			10,971.66
2. Financial charges				Contribution in kind, non-eligible			1,843.00
3. Exchange losses				<b>E. REVENUE (to cover non-eligible expenditure)</b>		0.00	12,814.68
4. Doubtful claims on third parties				<b>F. TOTAL REVENUE</b>		327,712.00	245,071.99
5. Others (to be specified) Contr. in kind, non-eligible				<b>G. Profit/loss (F-U)</b>		0.00	11,883.52
<b>B. TOTAL NON-ELIGIBLE EXPENDITURE</b>		327,712.00	233,188.47				
<b>C. TOTAL EXPENDITURE</b>							
<b>H.1 Allocation of own resources to the specific reserve account<sup>1</sup></b>			11,883.52				
<b>H. Profit/loss for verifying compliance with the no-profit rule (G-H.1)<sup>1</sup></b>		0.00	0.00				

<sup>1</sup>: Not applicable to political foundations at European level

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