

EUROPEAN FOUNDATION FOR FREEDOM

Annual Report and Financial Statements for the year ended 31 December 2013

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**EUROPEAN FOUNDATION FOR FREEDOM**

**Annual Report  
and  
Financial Statements**

**31 December 2013**

**EUROPEAN FOUNDATION FOR FREEDOM**  
**Annual Financial Statements for the year ended 31 December 2013**

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**GENERAL INFORMATION**

The European Foundation for Freedom (the "Foundation") was established by virtue of the Primary Act of the Council of the European Union, No. 1192 of the Laws of Austria. The statutory organization number is 15000495.

**Members of the Board**

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**Registered Office**

**The Directors**

**Legal Address**

**Telephone**

**Fax**

**Website**

**Bank & Current Account Details**

**Registered Office**

**Legal Address**

**Telephone**

**Fax**



**EUROPEAN FOUNDATION FOR FREEDOM**  
**Annual Financial Statements for the year ended 31 December 2013**

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**GENERAL INFORMATION**

The European Foundation for Freedom (the "Foundation") was established by virtue of the Voluntary Organisations Act, Cap. 492 of the Laws of Malta. The voluntary organisation registration number is VO/0649.

**Members of the Board**

Eric Richards	(President)
Georg Mayer	
Torsten Gross	(appointed 12 December 2013)
Gedeminas Navaitis	(resigned 12 December 2013)

**Secretary to the Board**

Charlene Camilleri

**Bankers**

Bank of Valletta P.l.c.  
58, Zachary Street  
Valletta VLT 1130  
Malta

**Registered Office**

2A, 'Delmar', /1  
Brared Street  
Birkirkara  
Malta

**Auditor**

Ernst & Young Malta Limited  
Regional Business Centre  
Achille Ferris Street  
Msida MSD 1751  
Malta



**EUROPEAN FOUNDATION FOR FREEDOM**  
**Annual Financial Statements for the year ended 31 December 2013**

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**REPORT OF THE MEMBERS OF THE BOARD**

The Members of the Board present their report and the audited financial statements of the European Foundation for Freedom (Foundation) for the year ended 31 December 2013.

**Principal activities**

The aims of the Foundation is to complement and sustain the European Alliance for Freedom, with research and information concerning centralised, supra-national power and its effects on the freedom of nations and peoples across Europe to democratically govern themselves and decide their own future.

**Performance review**

In the year under review the Foundation is reporting a profit on operations of EUR2,113 (2012: loss of EUR8,731).

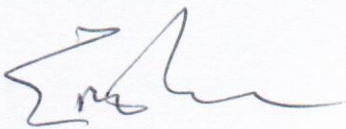
**Members of the Board**

The Members who served during the year under review were as noted on page 2.

**Auditor**

Ernst & Young Malta Limited have expressed their willingness to continue in office and a resolution to reappoint Ernst & Young Malta Limited, as auditors of the Foundation will be proposed at the forthcoming Annual Congress.

The report of the Members of the Board was approved by the Members of the Board and was signed on their behalf by:



**ERIC RICHARDS**  
President

20 April 2014



**CHARLENE CAMILLERI**  
Secretary General



**EUROPEAN FOUNDATION FOR FREEDOM**  
**Annual Financial Statements for the year ended 31 December 2013**

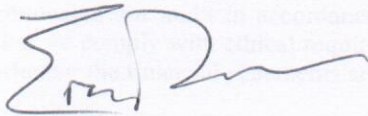
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**STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE BOARD**

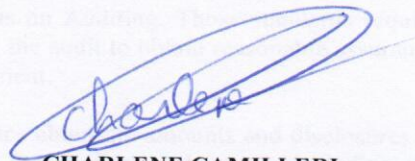
The Members of the Board are required to prepare financial statements which give a true and fair view of the state of affairs of the Foundation at the end of each financial year and of its surplus or deficit for the year then ended. In preparing the financial statements, the Members of the Board should:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Foundation will continue in operation; and
- prepare financial statements in accordance with International Financial Reporting and Regulation EC (No) 2004/2003.

The Members of the Board are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Foundation. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. The Members of the Board are also responsible for safeguarding the assets of the Foundation, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



**ERIC RICHARDS**  
President



**CHARLENE CAMILLERI**  
Secretary General

20 April 2014





Ernst & Young Malta Limited  
Regional Business Centre  
Achille Ferris Street  
Msida MSD 1751, Malta

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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOARD OF EUROPEAN FOUNDATION FOR FREEDOM**

We have audited the financial statements of European Foundation for Freedom, set out on pages 7 to 16, which comprise the statement of financial position as at 31 December 2013 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Responsibility of the Members of the Board for the Financial Statements**

As described in the statement of responsibility of the Members of the Board on page 4, the Members of the Board are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Members of the Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view of the financial position of the Foundation as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOARD OF EUROPEAN FOUNDATION FOR FREEDOM - continued**

### **Report on other Legal and Regulatory Requirements**

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.

The Foundation's compliance with 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 members of the Foundation.

Our responsibility is to include in our report the following additional comments which do not modify the scope of our opinion on the financial statements:

- the accounting records were maintained in accordance with the legal and regulatory requirements applicable in Malta;
- the financial documents submitted by the European Foundation for Freedom 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.



*This copy of the audit report has been signed by  
Christopher Balzan for and on behalf of*

Ernst & Young Malta Limited  
Certified Public Accountants

20 April 2014



**EUROPEAN FOUNDATION FOR FREEDOM**  
**Annual Financial Statements for the year ended 31 December 2013**

**STATEMENT OF COMPREHENSIVE INCOME**  
**for the year ended 31 December 2013**

	Notes	2013 EUR	2012 EUR
Revenue	2	248,906	269,752
Operating and administrative expenses	3	(246,948)	(278,595)
Operating surplus/deficit		1,958	(8,843)
Finance revenue	4	155	112
<b>Profit/(loss) for the year</b>		<b>2,113</b>	<b>(8,731)</b>
Allocation to specific reserve		(2,113)	-
<b>Total comprehensive loss for the year</b>		<b>-</b>	<b>(8,731)</b>

*The accounting policies and explanatory notes on pages 11 to 16 form an integral part of the financial statements.*



**EUROPEAN FOUNDATION FOR FREEDOM**  
**Annual Financial Statements for the year ended 31 December 2013**

**STATEMENT OF FINANCIAL POSITION**  
**as at 31 December 2013**

	Notes	2013 EUR	2012 EUR
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	8,403	7,036
<b>Current assets</b>			
Receivables	6	37,282	41,750
Cash and cash equivalents	9	1,447	15,794
		<b>38,729</b>	<b>57,544</b>
<b>Total assets</b>		<b>47,132</b>	<b>64,580</b>
<b>EQUITY AND LIABILITIES</b>			
Specific reserve		2,113	-
Accumulated surplus		-	-
		<b>2,113</b>	<b>-</b>
<b>Current liabilities</b>			
Trade and other payables	8	45,019	64,580
<b>Total equity and liabilities</b>		<b>47,132</b>	<b>64,580</b>

*The accounting policies and explanatory notes on pages 11 to 16 form an integral part of the financial statements.*

*The financial statements on pages 7 to 16 have been authorised for issue by the Members of the Board on 20 April 2014 and were signed on their behalf by:*



**ERIC RICHARDS**  
 President



**CHARLENE CAMILLERI**  
 Secretary General



**EUROPEAN FOUNDATION FOR FREEDOM**  
**Annual Financial Statements for the year ended 31 December 2013**

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**STATEMENT OF CHANGES IN EQUITY**  
**for the year ended 31 December 2013**

	<b>Specific reserve EUR</b>	<b>Accumulated surplus EUR</b>	<b>Total EUR</b>
Balance at 1 January 2013	-	-	-
Profit for the year	-	2,113	2,113
Allocation to specific profit reserve	2,113	(2,113)	-
<b>Balance at 31 December 2013</b>	<b>2,113</b>	<b>-</b>	<b>2,113</b>
Balance at 1 January 2012	-	8,731	8,731
Total comprehensive loss for the year	-	(8,731)	(8,731)
<b>Balance at 31 December 2012</b>	<b>-</b>	<b>-</b>	<b>-</b>

*The accounting policies and explanatory notes on pages 11 to 16 form an integral part of the financial statements.*



**EUROPEAN FOUNDATION FOR FREEDOM**  
**Annual Financial Statements for the year ended 31 December 2013**

**STATEMENT OF CASH FLOWS**  
**for the year ended 31 December 2013**

	<b>2013</b>	2012
	<b>EUR</b>	EUR
<b>Operating activities</b>		
Income/(deficit) for the year	<b>2,113</b>	(8,731)
Adjustments for:		
Loss on disposal	<b>1,777</b>	-
Depreciation	<b>2,856</b>	2,305
Interest receivable	<b>(155)</b>	(112)
Operating income/(deficit) before working capital movements	<b>6,591</b>	(6,538)
Movements in receivables	<b>4,468</b>	9,853
Movements in trade and other payables	<b>(19,561)</b>	(396)
Interest received	<b>155</b>	112
<b>Net cash flows (used in) / generated from operating activities</b>	<b>(8,347)</b>	3,031
<b>Investing activities</b>		
Purchase of property, plant and equipment	<b>(6,000)</b>	(4,704)
<b>Net cash flows used in investing activities</b>	<b>(6,000)</b>	(4,704)
<b>Net movement in cash and cash equivalents</b>	<b>(14,347)</b>	(1,673)
<b>Cash and cash equivalents at 1 January</b>	<b>15,794</b>	17,467
<b>Cash and cash equivalents at 31 December (Note 9)</b>	<b>1,447</b>	15,794

*The accounting policies and explanatory notes on pages 11 to 16 form an integral part of the financial statements.*



## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. ENTITY INFORMATION**

The financial statements cover the year ended 31 December 2013. The Foundation's primary objective is to inform the EU public of the importance of parliamentary democracy, to safeguard international cooperation among EU Member States and to make the people of Europe aware of the dangers of super national power to freedom of nations and their constitutional democracies.

#### **1.1 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE**

These financial statements have been prepared under the historical cost convention. These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

#### **1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES**

##### **Standards, interpretations and amendments to published standards as endorsed by the European Union effective in the current year**

The accounting policies are consistent with those of the previous financial year, except for the following standards, interpretations and amendments effective as of 1 January 2013.

- IAS 27 (Revised) – Separate financial statements
- IAS 28 (Revised) – Investments in associates and joint ventures
- IFRS 7 (Amendment) Financial Instruments: Disclosures – Offsetting of financial assets and financial liabilities
- IFRS 13 Fair Value Measurement
- IFRIC 20 – Stripping costs in the production phase of a surface mine

The adoption of these standards, interpretations and amendments did not have a significant impact on the financial statements of the Foundation.

##### **Standards, interpretations and amendments to published standards that are not yet effective**

Up to the date of approval of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective for the current reporting year and which have not been adopted early. None of these standards, interpretations and amendments is expected to have an impact on the financial position or performance of the Foundation. The new and amended standards are as follows:

- IFRS 10 Consolidated Financial Statements (effective for financial years beginning on or after 1 January 2014)
- IFRS 11 Joint Arrangements (effective for financial years beginning on or after 1 January 2014)
- IFRS 12 Disclosure Of Interests In Other Entities (effective for financial years beginning on or after 1 January 2014)
- IAS 32 (Amendments) – Financial Instruments – Presentation – Offsetting of financial assets and financial liabilities presentation (effective for financial years beginning on or after 1 January 2014)
- Investment entities (Amendments to IFRS 10, IFRS 12 and IAS 27) (effective for financial years beginning on or after 1 January 2014)
- Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36) (effective for financial year beginning on or after 1 January 2014)
- IAS 39 (Amendments) Novation of Derivatives and Continuation of Hedge Accounting (effective for financial years on or after 1 January 2014)



**NOTES TO THE FINANCIAL STATEMENTS - continued**

**1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES - continued**

**Standards, interpretations and amendments that are not yet endorsed by the European Union**

- IFRS 9 Financial Instruments – Including subsequent amendments to IFRS 9 and IFRS 7 (the effective date for financial years beginning on or after 1 January 2015 was removed on 19 November 2013 by the IASB and an effective date was not yet decided)
- IFRIC 21 Levies (effective for financial years beginning on or after 1 January 2014)
- IAS 19 (Amendments) Employee Benefits (effective for financial years beginning in or after 1 July 2014)

**1.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Property, plant and equipment**

Property, plant and equipment are initially measured at cost. Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the Foundation and the cost of the item can be measured reliably. Expenditure on repairs and maintenance of property, plant and equipment is recognised as an expense when incurred.

Office equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in the income and expenditure in the period of derecognition.

**Depreciation**

Depreciation commences when the depreciable assets are available for use and is charged to the income and expenditure account so as to write off the cost amount, less any estimated residual value, over their estimated useful lives, using the straight-line method, on the following bases:

Office equipment	25% per annum
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The depreciation method applied, the residual value and the useful life are reviewed, and adjusted if appropriate, at each reporting date.

**Receivables**

Receivables are classified with current assets and are stated at their nominal value. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired.

**Trade and other payables**

Trade and other payables are classified with current liabilities and are stated at their nominal value.



**EUROPEAN FOUNDATION FOR FREEDOM**  
**Annual Financial Statements for the year ended 31 December 2013**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**1.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**Revenue recognition**

Revenue is recognised to the extent that it is probable that future economic benefits will flow to the Foundation and these can be measured reliably. The following specific recognition criteria must also be met before income is recognised:

*(i) Interest income*

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

*(ii) Donations*

Donations are recognised as income when no significant uncertainty as to its collectability exists.

*(iii) European parliament grant*

European parliament grant are recognised when there is reasonable assurance that the grant will be received and that all attaching conditions will be complied with.

**Cash and cash equivalents**

Cash and cash equivalents comprise of cash at bank.

**2. REVENUE**

The revenues generated by the Foundation are made up of:

	<b>2013</b>	2012
	<b>EUR</b>	EUR
<i>European parliament grant:</i>		
- for the year	<b>209,906</b>	234,133
- over-provision in prior year	-	(8,825)
<i>Donations:</i>		
- above EUR500 (note i)	<b>39,000</b>	44,229
- below EUR500	-	215
	<b>248,906</b>	269,752

**i) Donations above EUR500**

	<b>2013</b>	2012
	<b>EUR</b>	EUR
Andreas Mozler	-	8,000
Godfrey Bloom	-	6,000
Franz Obermayr	-	6,000
Buildings Institute	-	8,529
Cassar and Schembri Limited	<b>12,000</b>	8,500
Food World Ltd	<b>12,000</b>	7,200
More Supermarket	<b>5,000</b>	-
Ocean & Sky Logistic	<b>10,000</b>	-
	<b>39,000</b>	44,229



**EUROPEAN FOUNDATION FOR FREEDOM**  
**Annual Financial Statements for the year ended 31 December 2013**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**3. OPERATING AND ADMINISTRATIVE EXPENSES**

	2013 EUR	2012 EUR
Personnel costs	93,392	122,780
Infrastructure and operating costs	24,165	19,215
Administrative expenditure	2,021	4,295
Meetings and representation costs	48,758	14,119
Information and publication costs	77,675	117,346
Bank charges	937	840
	<u>246,948</u>	<u>278,595</u>

**4. FINANCE REVENUE**

	2013 EUR	2012 EUR
Interest receivable on bank accounts	<u>155</u>	<u>112</u>

**5. PROPERTY, PLANT AND EQUIPMENT**

	Office Equipment EUR
<b>Cost</b>	
At 1 January 2012	6,183
Additions	4,704
At 1 January 2013	<u>10,887</u>
Disposals	(2,855)
Additions	6,000
<b>At 31 December 2013</b>	<u><u>14,032</u></u>
<b>Accumulated depreciation</b>	
At 1 January 2012	1,546
Provision for the year	2,305
At 1 January 2013	<u>3,851</u>
Released on disposal	(1,078)
Provision for the year	2,856
<b>At 31 December 2013</b>	<u><u>5,629</u></u>
<b>Net book value</b>	
<b>At 31 December 2013</b>	<u><u>8,403</u></u>
At 31 December 2012	<u><u>7,036</u></u>



**EUROPEAN FOUNDATION FOR FREEDOM**  
**Annual Financial Statements for the year ended 31 December 2013**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**6. RECEIVABLES**

	<b>2013</b>	2012
	<b>EUR</b>	EUR
European Parliament grant receivable	<b>34,522</b>	38,990
Advance deposits	<b>2,760</b>	2,760
	<b>37,282</b>	41,750

**7. SPECIFIC RESERVE**

The specific reserve records revenue surplus as a result of the own resources collected above the minimum established by the European Parliament. This reserve can be fully or partially utilised in any year to cover eligible or non-eligible expenditure.

**8. TRADE AND OTHER PAYABLES**

	<b>2013</b>	2012
	<b>EUR</b>	EUR
Trade payables	<b>43,488</b>	60,548
Accruals	<b>1,531</b>	4,032
	<b>45,019</b>	64,580

**9. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the cash flow statement comprise of the following statement of financial position amount:

	<b>2013</b>	2012
	<b>EUR</b>	EUR
Cash at bank	<b>1,447</b>	15,794

**10. FINANCIAL RISK MANAGEMENT**

The principal financial assets comprise of cash at bank which arrive directly from its operations and receivables. The main financial liabilities are other payables. The main purpose of these financial liabilities is to raise finance for the Foundation's operations.

**Timing of cash flows**

The presentation of the financial assets and liabilities under the present headings within the statement of financial position is intended to indicate the timing in which cash flows will arise.



**EUROPEAN FOUNDATION FOR FREEDOM**  
**Annual Financial Statements for the year ended 31 December 2013**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**10. FINANCIAL RISK MANAGEMENT - continued**

**Credit risk**

Financial assets which potentially subject the Foundation to concentrations of credit risk consist principally of cash at bank and receivables. The Foundation's short-term deposits are placed with quality financial institutions. No impairment provisions are deemed necessary in respect of the receivables.

**Fair values**

The carrying amounts of current financial assets and current financial liabilities approximated their fair values.