

EY Bedrijfsrevisoren EY Réviseurs d'Entreprises De Kleetlaan 2 B - 1831 Diegem Tel: +32 (0) 2 774 91 11 ey.com

# Independent auditor's report with respect to the Annual Accounts of the Party of European Socialists AISBL for the year ended 31 December 2019

In accordance with our service contract dated 18 November 2016 with the European Union represented by the European Parliament, we report to you as independent auditor on the performance of our audit mandate which was entrusted to EY Réviseurs d'Entreprises SRL. This report includes our opinion on the balance sheet as at 31 December 2019, the income statement for the year ended 31 December 2019 and the disclosures (all elements together the "Annual Accounts") using the abbreviated schedule and on the Final Statement of reimbursable expenditure actually incurred as well as on compliance with rules and regulations applicable to funding of European political parties and European political foundations and includes as well our report on regulatory requirements. These two reports are considered as one report and are inseparable.

We have been appointed as independent auditor by the European Parliament in our contract dated 18 November 2016. Our mandate expires after the delivery of our audit opinion for the year ended 31 December 2019.

# Report on the audit of the Annual Accounts and the Final Statement of reimbursable expenditure actually incurred

#### Unqualified opinion

We have audited the Annual Accounts of Party of European Socialists AISBL (the "Entity"), that comprise the balance sheet on 31 December 2019, as well as the income statement of the year and the disclosures, which show a balance sheet total of  $\in$  5.066.692,36 and of which the income statement shows a positive result for the year of  $\notin$  62.175,57.

In our opinion, the Annual Accounts give a true and fair view of the Entity's net equity and financial position as at 31 December 2019, and of its results for the year then ended, prepared in accordance with the financial reporting framework applicable in Belgium, using the abbreviated schedule.

We have also audited the Final Statement of reimbursable expenditure actually incurred for the year ended 31 December 2019 in accordance with rules and regulations applicable to funding of European political parties and European political foundations of Party of European Socialists AISBL.

In our opinion, the Final Statement of reimbursable expenditure actually incurred of the Entity for the year ended 31 December 2019 is

prepared, in all material respects, in accordance with rules and regulations applicable to funding of European political parties and European political foundations.

#### Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the Annual Accounts and the Final Statement of reimbursable expenditure actually incurred" section of our report.

We have complied with all ethical requirements that are relevant to our audit, including those with respect of independence.

We have obtained from the Members of the Board and the officials of the Entity the explanations and information necessary for the performance of our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Emphasis of Matter – Basis of Accounting and Restriction on Distribution

We draw attention to the Final Statement of reimbursable expenditure actually incurred. This

Besloten vennootschap

Société à responsabilité limitée RPR Brussel - RPM Bruxelles - BTW-TVA BE0446.334.711-IBAN N° BE71 2100 9059 0069 \*handelend in naam van een vennootschap:/agissant au nom d'une société



Audit report dated 3 June 2020 on the Annual Accounts and Final Statement of reimbursable expenditure actually incurred of Party of European Socialists AISBL as of and for the year ended 31 December 2019 (continued)

schedule is prepared to assist the Entity to meet the requirements of the European Parliament. As a result, the schedule may not be suitable for another purpose. Our opinion is not modified in

#### Other Matters

We draw your attention to the developments surrounding the Covid-19 virus that has a profound impact on people's health and on society as a whole. This also has an impact on the operational and financial performance of organisations and the assessment of the Entity's ability to continue as a Going Concern. The situation gives rise to inherent uncertainty. The Entity has not made any disclosure of its assessment of the impact of Covid-19 in the Annual Accounts. We have considered the uncertainties related to the potential effects of Covid-19 and the assumptions made by the Entity in this respect on its operations and financial situation. Our opinion is not modified in respect of this matter.

On 31 January 2020, the United Kingdom withdrew from the European Union and the European Atomic Energy Community (EURATOM). At present, negotiations for a new partnership with the United Kingdom of Great Britain and Northern Ireland are ongoing. The Entity has not made any disclosure of its assessment of the impact of Brexit in the Annual Accounts. We have considered the uncertainties related to the potential effects of Brexit and the assumptions made by the Entity in this respect on its operations and financial situation. Our opinion is not modified in respect of this matter.

Responsibilities of the Members of the Board for the preparation of the Annual Accounts and the Final Statement of reimbursable expenditure actually incurred

The Members of the Board are responsible for the preparation of the Annual Accounts that give a true and fair view in accordance with the reporting framework applicable in Belgium and the Final Statement of reimbursable expenditure actually incurred. This responsibility includes: designing, implementing and maintaining internal control which the Members of the Board determines to be necessary to enable the preparation of the Annual Accounts and the Final Statement of reimbursable expenditure actually incurred that are free from material misstatement, whether due to fraud or error. The Members of the Board are responsible towards the European Parliament for the use of the contribution awarded and must comply with the provisions of the Regulation (EU, Euratom) No 1141/2014, Regulation (EU, Euratom) 2018/1046 ('the Financial Regulation') and the underlying acts.

As part of the preparation of the Annual Accounts, the Members of the Board are responsible for assessing the Entity's ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern. The Members of the Board should prepare the Annual Accounts using the going concern basis of accounting, unless the Members of the Board either intend to liquidate the Entity or to cease business operations, or has no realistic alternative but to do so.

Our responsibilities for the audit of the Annual Accounts and the Final Statement of reimbursable expenditure actually incurred

Our objectives are to obtain reasonable assurance whether the Annual Accounts and the Final Statement of reimbursable expenditure actually incurred are free from material misstatement, whether due to fraud or error, and to express an opinion on these Annual Accounts and Final Statement of reimbursable expenditure actually incurred based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Annual Accounts and the Final Statement of reimbursable expenditure actually incurred.

Furthermore, with respect to the Final Statement of reimbursable expenditure actually incurred, it is our responsibility to express an opinion on the compliance with rules and regulations applicable to funding of European political parties and European political foundations.

As part of an audit, in accordance with ISA, we exercise professional judgment and we maintain professional scepticism throughout the audit. We also perform the following tasks:



Audit report dated 3 June 2020 on the Annual Accounts and Final Statement of reimbursable expenditure actually incurred of Party of European Socialists AISBL as of and for the year ended 31 December 2019 (continued)

- Identification and assessment of the risks of material misstatement of the Annual Accounts and the Final Statement of reimbursable expenditure actually incurred, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements is larger when these misstatements are due to fraud, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining insight in the system of internal controls that are relevant for the audit and with the objective 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;
- Evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Members of the Board as well as the underlying information given by the Members of the Board;

### Report on regulatory requirements

# Responsibilities of the Members of the Board

The Members of the Board are responsible for the compliance by the Entity with the legal and regulatory requirements applicable in Belgium, its articles of association, the legal and regulatory requirements regarding bookkeeping and the provisions of the European Parliament's contribution decision ('the Funding Decision'), Regulation (EU, Euratom) No. 1141/2014, Regulation (EU, Euratom) 2018/1046 ('the Financial Regulation') and the underlying acts.

#### Responsibilities of the auditor

Our audit work included specific procedures to gather sufficient and appropriate audit evidence to verify, in all material respects, that the financial provisions and obligations of the contribution decision, Regulation (EU, Euratom) No

- Conclude on the appropriateness of the Members of the Board's use of the goingconcern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to event or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Annual Accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going-concern;
- Evaluating the overall presentation, structure and content of the Annual Accounts and the Final Statement of reimbursable expenditure actually incurred, and evaluating whether these Annual Accounts and the Final Statement of reimbursable expenditure actually incurred reflect a true and fair view of the underlying transactions and events.

We communicate with the Members of the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### 1141/2014, Regulation (EU, Euratom) 2018/1046 ('the Financial Regulation') and the underlying acts have been met.

#### Independence matters

We have not performed any other services that are not compatible with the audit of the Annual Accounts and the Final Statement of reimbursable expenditure actually incurred and we have remained independent of the Entity during the course of our mandate.

#### Other communications

- Without prejudice to certain formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable in Belgium;
- The costs declared were actually incurred;
- The statement of revenue is exhaustive;



- The financial documents submitted by the entity to Parliament are consistent with the financial provisions of the Funding Decision;
- The obligations arising from Regulation (EU, Euratom) No 1141/2014, in particular from Article 20 thereof, have been met;
- The obligations arising from the Funding Decision, in particular from Article II.9 and Article II.18 thereof, have been met;
- Any contributions in kind have actually been provided to the entity and have been valued in compliance with the applicable rules;
- Any unused part of Union funding is carriedover to the next financial year;
- Any unused part of Union funding was used in accordance with Article 228(2) of the Financial Regulation;
- Any surplus of own resources was transferred to the reserve;
- We were not yet provided with the financial statements prepared in accordance with the international accounting standards defined in article 2 of regulation (EC) No 1606/2002. The financial statements prepared in accordance to the international accounting standards will be subject to a separate audit opinion.

#### 3 June 2020

EY Réviseurs d'Entreprises SRL represented by

Danielle Vermaelen\* Partner \* Acting on behalf of a BV/SRL

20DV0711



#### **Annual Accounts**

201				EUR			
ZUI Nr.	Date of the deposition	No. 0897.208.032	PP E.	D.	ABB-NPI 1.1		
		ANNUAL ACCC	OUNTS IN EURC	) (2 decimals)			
NAME: PARTI SOCIALISTE EUROPEEN							
Legal f	orm: IVZW						
Addres	s: RUE GUIMARD				Nr.: 10-20		
Postal	Code: 1050	City: Elsene					
Countr	y: Belgium						
U	er of Legal Persons (RLP) - Office t address * :	of the Business Court at: B	russel, French-spea	aking Company number:	0897.208.032		
DATE the dat	<b>19/10/2015</b> e of publication of the partnership	of the deposition of the part deed and the act changing	•		nent mentioning		
ANNU	AL ACCOUNTS approved by the (	General Meeting ** of	8/05/2020				
cor	ncerning the financial year coverin	g the period from	1/01/2019	) till	31/12/2019		
	Pr	evious period from	1/01/2018	; till	31/12/2018		
The an	nounts of the previous financial ye	ar are /-are not *** identical	to those which have	been previously publi	shed.		
positio	LETE LIST WITH name, first nam n with the association or foundatio association.						
STAN	SHEV Sergei						
Rue G	uimard 10-12 , 1040 Brussel 4, Be	elgium					

Title : President

-, <del>-</del> 0 0 POST Achim

Rue Guimard 10-12, 1040 Brussel 4, Belgium Title : Secretary general

Post

Action **QUINN Ruairi** Rue Guimard 10-12, 1040 Brussel 4, Belgium Title : Treasurer

Enclosed to these annual accounts:

Total number of pages deposited: of service: 5.2.1, 5.2.2, 5.2.3, 5.4, 5.6, 5.7 Number of the pages of the standard form not deposited for not being

Signature (name and position) 14

Signature (name and position)

\* Optional statement.

\*\* By the Board of Directors in case of a foundation / by general management in case of an international non profit institution.

\*\*\* Delete where appropriate.

#### AUDITING OR ADJUSTMENT MISSION

Optional disclosures:

-

- if the annual accounts have been audited or adjusted by an external accountant or auditor who is not a statutory auditor, mention here after: name, first names, profession, residence-address of each external accountant or auditor, the number ofmembership with the professional Institute ad hoc and the nature of this engagement:
  - A. Bookkeeping of the association or foundation,
  - B. Preparing the annual accounts,
  - C. Auditing the annual accounts and/or
  - D. Adjusting the annual accounts.
- If the assignment mentioned either under A or B is performed by authorised accountants or authorised accountants-tax consultants, information will be given on: name, first names, profession and residence-address of each authorised accountant or accountant-tax consultant, his number of membership with the Professional Institute of Accountants and Tax consultants and the nature of this engagement.

Name, first name, profession, residence-address	Number of membership	Nature of the engagement (A, B, C and/or D)

#### **BALANCE SHEET**

	Notes	Codes	Period	Previous period
ASSETS				
FIXED ASSETS		20/28	501.386,95	675.660,37
Formation expenses		20		
		21	134.510,83	284.767,90
Intangible fixed assets	5.1.1	22/27	123.134,49	147.350,68
Tangible fixed assets	5.1.2	22		
Land and buildings		22/91		
Owned by the association or foundation in full property		22/92		
Other		23		
Plant, machinery and equipment		231		
Owned by the association or foundation in full property		232		
Other		24	101.026,09	111.092,37
Furniture and vehicles		241	101.026,09	111.092,37
Owned by the association or foundation in full property		242		
Other		25		
Leasing and other similar rights		26	22.108,40	36.258,31
Other tangible fixed assets		261	22.108,40	36.258,31
Owned by the association or foundation in full property		262		
Other		27		
Assets under construction and advance payments	5.1.3/	28	243.741,63	243.541,79
Financial fixed assets	5.2.1	29/58	4.565.305,41	1.741.781,58
CURRENT ASSETS		29		
Amounts receivable after more than one year		290		
Tan da dabás		291		
Trade debts Other amounts receivable		2915		
of which non interest-bearing amounts receivable		3		
or with an abnormally low interest rate		3 30/36		
Stocks and contracts in progress		37		
Stocks		57		
Contracts in progress		40/41	665.624,80	341.424,80
		40	276.107,22	339.536,04
Amounts receivable within one year		41	389.517,58	1.888,76
Trade debts		415		
Other amounts receivable		415		
of which non interest-bearing amounts receivable or with an abnormally low interest rate		50/53		
Current investments	5.2.1	54/58	3.752.288,04	1.269.752,39
	0.2.1	490/1	147.392,57	130.604,39
Cash at bank and in hand		20/58	5.066.692,36	2.417.441,95
Deferred charges and accrued income				

TOTAL ASSETS

Notes

	Notes			
LIABILITIES		Codes	Period	Previous period
EQUITY		10/15	892.686,27	830.510,70
Association or foundation funds				
		10	629.443,81	629.443,81
Opening equity Permanent financing		100	629.443,81	629.443,81
J. J		101		
Revaluation surpluses		12		
Allocated funds	<b></b> 5.3	13	263.242,46	201.066,89
Accumulated positive (negative) result (+)/(-)		14		
Investment grants		15		
PROVISIONS	5.3	16		
Provisions for liabilities and charges		160/5		
Provisions for repayable grants and legacies and for gifts with a recovery right		168		
AMOUNTS PAYABLE		17/49	4.174.006,09	1.586.931,25
Amounts payable after more than one year	5.4	17		
<b>-</b>		170/4		
Financial debts		470/0		
Credit institutions, leasing and other similar		172/3		
obligations		174/0		
Other loans		175		
Trade debts		176		
Advances received on contracts in progress		179		
Other amounts payable		1790		
Interest-bearing				
Non interest-bearing or with an abnormally low		1791		
interest rate		1792		
Cash deposit		10/10	4 404 450 00	4 500 004 05
Amounts payable within one year		42/48	1.181.458,09	1.586.931,25
		42		
Debts payable after one year falling due within one year	5.4	43		
Financial debts		430/8		
Credit institutions		439		
Other loans		44	307.515,37	668.372,43
Trade debts		440/4	307.515,37	668.372,43
Suppliers		441	0011010,01	000.012,10
Bills of exchange payable		46		
Advances received on contracts in progress		45	294.519,72	339.135,82
Taxes, remuneration and social security		450/3	16.537,41	38.876,61
Taxes		454/9	277.982,31	300.259,21
Remuneration and social security		48	579.423,00	579.423,00
Other amounts payable		10	0101120,00	010.120,00
		480/8	579.423,00	579.423,00
Debentures and matured coupons, repayable grants and cash deposit		4890		,
Miscellaneous interest-bearing amounts payable		4891		
Miscellaneous non interest-bearing amounts payable		100/0		
or with an abnormally low interest rate		492/3	2.992.548,00	
Accrued charges and deferred income		10/49	5.066.692,36	2.417.441,95
-				
TOTAL LIABILITIES				

#### **INCOME STATEMENT**

	Notes	Codes	Period	Previous period
Operating income and charges				
Gross operating margin (+)/(-)		9900	4.308.548,50	3.630.064,49
Operating income*		70/74	9.657.333,67	7.425.627,46
<b>T</b>		70		620,00
Turnover *		73	9.644.497,00	7.418.706,00
Raw materials, consumables, services and other		60/61	5.348.785,17	3.795.562,97
goods * Remuneration, social security costs and pensions (+)/(-)	5.5	62	3.549.413,69	3.060.744,71
Depreciation and amounts written down on formation expenses, on intangible and tangible fixed assets	5.5	630	213.842,79	222.362,59
Amounts written down on stocks, on contracts in progress		631/4		
and on trade debts: appropriations (write-backs) (+)/(-)		635/8		
Provisions for risks and charges: appropriations (uses and write-backs)(+)/(-)		640/8	480.733,68	374.959,70
Other operating charges		649		
Operation charges carried to assets as restructuring costs		9901	64.558,34	-28.002,51
Positive (negative) operating result (+)/(-)		75	4.323,26	726,37
Financial income	5.5	65	6.706,03	9.280,28
Financial charges	5.5	9902	62.175,57	-36.556,42
		76		
Positive (negative) result on ordinary activities (+)/(-)		66		
Extraordinary income		9904	62.175,57	-36.556,42
Extraordinary charges				

Positive (negative) result for the period ...... (+)/(-)

\* Optional statement

#### **APPROPRIATION ACCOUNT**

Positive (negative) result to be appropriated(+)/(-) Positive (negative) result to be appropriated for the period(+)/(-) Accumulated positive (negative) result for the previous period(+)/(-)
Deduction from equity from association or foundation funds from allocated funds
Addition to allocated funds Positive (negative) result to be carried forward(+)/(-)

Codes	Period	Previous period
9906	62.175,57	-36.556,42
9905	62.175,57	-36.556,42
14P		
791/2		36.556,42
791		
792		36.556,42
692	62.175,57	
(14)		

#### EXPLANATORY DISCLOSURES

#### STATEMENT OF FIXED ASSETS

	Codes	Period	Previous period
INTANGIBLE FIXED ASSETS			
Acquisition value at the end of the period	8059P	*****	974.798,77
Movements during the period			
Acquisitions, including produced fixed assets	8029		
Sales and disposals	8039		
Transfers from one heading to another(+)/(-)	8049		
Acquisition value at the end of the period	8059	974.798,77	
Depreciations and amounts written down at the end of the period	8129P	*****	690.030,87
Movements during the period			
Recorded	8079	150.257,07	
Written back	8089		
Acquisitions from third parties	8099		
Cancelled owing to sales and disposals	8109		
Transferred from one heading to another (+)/(-)	8119		
Depreciations and amounts written down at the end of the period	8129	840.287,94	
NET BOOK VALUE AT THE END OF THE PERIOD	(21)	134.510,83	

	Codes	Period	Previous period
TANGIBLE FIXED ASSETS			
Acquisition value at the end of the period	8199P	*****	531.653,34
Movements during the period Acquisitions, including produced fixed assets Sales and disposals	8169 8179	39.369,53	
Transfers from one heading to another(+)/(-)	8189		
Acquisition value at the end of the period	8199	571.022,87	
Revaluation surpluses at the end of the period	8259P	*****	
Movements during the period Recorded Acquisitions from third parties	8219 8229 8239		
Cancelled	8249 8259		
Revaluation surpluses at the end of the period			1
Depreciations and amounts written down at the end of the period	8329P	*****	384.302,66
Movements during the period Recorded Written back Acquisitions from third parties	8279 8289 8299 8309	63.585,72	
Cancelled owing to sales and deposals Transferred from one heading to another(+)/(-)	8319 8329	447.888,38	
Depreciations and amounts written down at the end of the period	-		
NET BOOK VALUE AT THE END OF THE PERIOD	(22/27)	123.134,49	
WHERE OF Owned by the association or foundation in full property	8349	123.134,49	

	Codes	Period	Previous period
FINANCIAL FIXED ASSETS			
Acquisition value at the end of the period	8395P	*****	243.541,79
Movements during the period			
Acquisitions	8365	199,84	
Sales and disposals	8375		
Transferred from one heading to another(+)/(-)	8385		
Other movements(+)/(-)	8386		
Acquisition value at the end of the period	8395	243.741,63	
Revaluation surpluses at the end of the period	8455P	*****	
Movements during the period			
Recorded	8415		
Acquisitions from third parties	8425		
Cancelled	8435		
Transferred from one heading to another(+)/(-)	8445		
Revaluation surpluses at the end of the period	8455		
Amounts written down at the end of the period	8525P	*****	
Movements during the period			
Recorded	8475		
Written back	8485		
Acquisitions from third parties	8495		
Cancelled owing to sales and disposals	8505		
Transferred from one heading to another(+)/(-)	8515		
Amounts written down at the end of the period	8525		
Uncalled amounts at the end of the period	8555P	*****	
Movements during the period(+)/(-)	8545		
Uncalled amounts at the end of the period	8555		
NET BOOK VALUE AT THE END OF THE PERIOD	(28)	243.741,63	

#### STATEMENT OF ALLOCATED FUNDS AND PROVISIONS

#### STATEMENT OF ALLOCATED FUNDS

Valuation rules to calculate allocated funds (heading 13 of liabilities)

#### PROVISIONS

Allocation of the heading 160/5 ("Other liabilities and charges") of liabilities if amount is considerable.

Allocation of the heading 168 ("Provisions for repayable grants and legacies and for gifts with a recovery right") of liabilities if amount is considerable.

	Period	
İ		

#### RESULTS

	Codes	Period	Previous period
PERSONNEL AND PERSONNEL CHARGES			
Employees for whom the association or foundation has submitted a DIMONA declaration or are recorded in the general personnel register			
Total number at the closing date	9086	27	35
Average number of employees calculated in full-time equivalents	9087	34,7	28,7
Number of actual worked hours	9088	52.037	41.204
Personnel costs			
Remuneration and direct social benefits	620	2.506.494,54	2.130.897,71
Employers' social security contributions	621	642.713,94	564.091,19
Employers' premiums for extra statutory insurances Other personnel costs Pensions	622 623 624	400.205,21	365.755,81
FINANCIAL RESULTS			
Intercalary interests recorded as assets	6503		
Amount of the discount borne by the association or foundation as a result of negociating amounts receivable	653		
Balance of accounts, provisions of a financial nature formed (used or reversed)(+)/(-)	656		

#### SOCIAL REPORT

Numbers of joint industrial committees competent for the association or foundation:

## EMPLOYEES FOR WHOM THE ASSOCIATION OR FOUNDATION HAS SUBMITTED A DIMONA DECLARATION OR ARE RECORDED IN THE GENERAL PERSONNEL REGISTER

During the paris d and the		1. Full-tim	ne	2. Part-time	3. Total (T) or total of full-time equivalents (FTE)	3P.Total (T) or total of full-time
During the period and the previous	Codes	(period	)	(period)	(period)	equivalents (FTE) (previous period)
Average number of employees	100		32,7	2,8	34,7 (VTE)	28,7 (VTE)
Number of hours actually worked	101		49.084	2.953	52.037 (T)	41.204 (T)
Personnel costs	102	3.347	.991,26	201.422,43	3.549.413,69 (T)	3.060.744,71 (T)
			Codes	1. Full-time	2. Part-time	3. Total in full-time equivalents
At the closing date of the period						
Number of employees			105	24	3	26,3
By nature of the employment contract						
Contract for an indefinite period			110	24	3	26,3
Contract for a definite period			111			
Contract for the execution of a specif	ically as	signed work	112			
Replacement contract			113			
According to the gender and by level	of educa	ation				
Men			120	14		14,0
primary education		1200	12		12,0	
secondary education			1201			
higher education (non-university)	)		1202			
university education			1203	2		2,0
Women			121	10	3	12,3
primary education			1210	10	2	11,5
secondary education		1211				
higher education (non-university)			1212		1	0,8
university education			1213			
By professional category						
Management staff			130			
Employees		134	24	3	26,3	
Workers		132				
Other		133				

#### TABLE OF PERSONNEL CHANGES DURING THE FINANCIAL YEAR

ENTRIES	Codes	1. Full-time	2. Part-time	3. Total in full-time equivalents
The number of employees for whom the association or foundation has submitted a DIMONA declaration or are recorded in the personnel register during the financial year in the general personnel register	205	14	2	15,6
DEPARTURES				
The number of employees with a in the DIMONA declaration indicated or in the general personnel register listed date of termination of the contract during the financial year	305	22	2	23,3

#### INFORMATION WITH REGARD TO TRAINING RECEIVED BY EMPLOYEES DURING THE PERIOD

Total number of official advanced professional training projects at company expense	Codes	Men	Codes	Women
Number of participating employees	5801		5811	
Number of training hours	5802		5812	
Net costs for the association or foundation	5803		5813	
of which gross costs directly linked to the training	58031		58131	
of which paid contributions and deposits in collective funds	58032		58132	
of which received subsidies (to be deducted)	58033		58133	
Total number of less official and unofficial advance professional training projects at expense of the employer				
Number of participating employees	5821		5831	
Number of training hours	5822		5832	
Net costs for the association or foundation	5823		5833	
Total number of initial professional training projects at expense of the employer				
Number of participating employees	5841		5851	
Number of training hours	5842		5852	
Net costs for the association or foundation	5843		5853	

#### VALUATION RULES

Asset type	Depreciation rate
Intangible fixed assets Software for personal computers and servers	25%, 12,5%
Tangible fixed assets Land Buildings	0% 4%
Plant and equipment Scientific and laboratory equipment Tools for industry and workshops Lift. and mech. handling eq. for public works Contr and transm devices, motors, compr, vac and pump Equipment for the supply and treatment of electric power Specific electric equipment	25% 12,50% 12,50% 12,50% 12,50%, 25% 25%
Furniture and vehicles Office, laboratory and workshop furniture Electrical office equipment, print and mailing equip Printshop and postroom equipment Eq. and dec. for garden, kitchen, canteen, rest, crèche Motorised outdoor equipment Spec. furn and eq for schools, crèches and childc centres Furniture for restaurant/cafeteria/bar area Cash registers and card acceptor devices Antiques, artistic works, collectors' items Transport equipment (vehicles and accessories)	10% 25% 12,50% 12,50% 25% 25% 10%, 12,5% 25% 0% 25%
Computer hardware Comp, serv, acc, data transf eq, printers, screens Copying equipment, digitising and scanning equipment	25% 25%
Other fixtures and fittings Telecommunications equipment Audiovisual equipment Computer, scientific and general books, documentation Computer books, CDs, DVDs Scientific books, general books, CDs, DVDs Health, safety and protective eq, medical eq Medical and nursing equipment	25% 25% 33% 25% 12,50% 25%
Other	10%
Tangible fixed assets under construction	0%



#### **Annual Accounts**

	FINAL PAYMENT OF 2018 FUNDING AMOUNT (to be paid, if positive / to be recovered, if negative)	
Calc	FINAL FUNDING AMOUNT 2018 - TOTAL AMOUNT	6.309.07
Calculation of the second part of final contribution 2018	FINAL FUNDING AMOUNT 2018 - FIRST PART	0.509.07
of the s ontribut	carryover) FINAL FUNDING AMOUNT 2018 - FIRST PART	9.424.94
tion 20	by carry over from 2018 Reimbursable expenditure declared by beneficiary (before new	9.424.94
1 part 18	Amount carried-over from 2018 to 2019 (income) Own resources needed to cover reimbursable expenditure funded	
	Additional own resources (specific reserve) available to cover reimbursable expenditure	
Budg	by 2019 funding Specific reserve per balance sheet 31.12.2018	
et exe	by carry over from 2018 Own resources available to cover reimbursable expenditure funded by 2010 fundies	1.004.67
cutio	Own resources covering non-reimbursable expenditure Own resources available to cover reimbursable expenditure funded	157.31
nand	Own resources (without the carry-over)	1.162.04
finan	Total expenditure (declared)	9.582.32
cial si year	Non-reimbursable expenditure	157.37
Budget execution and financial situation in the present financia year	Amount of reimbursable expenditure declared <u>which is not covered</u> by the carry-over from 2018 to2019	9.424.94
in the pr	Amount of reimbursable expenditure declared which <u>is covered</u> by the carry-over from 2018 to 2019	
esent	Reimbursable expenditure declared by beneficiary (before new carryover)	9.424.94
linanc	Own resources needed to cover reimbursable expenditure funded by carry over from 2018	
a	Amount carried-over from 2018 to 2019 (income) 1	
anr	Maximum contribution awarded / Prefinancing paid (100%)	6.888.50
budget annexed to the	Contribution applied for	6.888.50
2	Reimbursable expenditure	8.104.12
Pro tot	Prefinancing paid	11.475.00
visio he co	Maximum funding amount (art. I.4 CD)	11.475.00
Provisional budget annexed to the contribution decision 2019	Contribution applied for	11.475.00
budget ibution 2019	Own resources	1.375.00
decis	Non-reimbursable expenditure	100.00
ior	Reimbursable expenditure	12.750.00

Amount of reimbursable expenditure declared which is not covered by the carry-over from 2018 to 2019	9.424
90% of reimbursable expenditure not covered by the carry-over	8.48
Budgeted reimbursable expenditure	12.750
90% of budgeted reimbursable expenditure (art. II.24.2 CD)	11.47
Own resources taken into account for calculating the final contribution (not more than 10% of the total reimbursable expenditure)	942
Own resources covering reimbursable expenditure	942
Reimbursable expenditure not covered by own resources	8.48
Maximum amount of reimbursable expenditure covered by own resources	9.424
90% of reimbursable expenditure covered by own resources	8.48
Amount of reimbursable expenditure co-financed by supplementary financing sources	
corresponding amount of supplementary financing sources needed (10%) (so far financing by EP pre-financing - debt)	
Maximum amount of reimbursable expenditure covered by own resources and supplementary financing sources	9.42
90% of reimbursable expenditure covered by own resources and supplementary financing sources	8.482
FINAL FUNDING AMOUNT 2019 - FIRST PART	8,482

<u>,</u> 5	Maximum funding amount (art. I.4 CA)	11.475.000
owin year	Final funding amount 2019 - first part	8.482.452
culation of ca /er to followin financial year	Consumption of pre-financing due to insufficient own resources	0
Calculation of carry- over to following financial year	Actual carry-over from 2019 to 2020 <sup>1</sup>	2.992.548
l of lent 19	Prefinancing paid	11.475.000
sem g 20	Final funding amount 2019 - first part (-)	-8.482.452
Calculation of eimbursement funding 2019	Actual carry-over from 2019 to 2020 (-)	-2.992.548
Cal rein fur	Reimbursement contribution for financial year 2019	0
ion fic	Surplus (accounting point of view)	62.176
Calculation of specific reserve	Maximum amount of surplus of income that can be kept	62.176
Calculation of specific reserve	Actual surplus that can be transfered to the RESERVE account (if allowed by national legislation)	62.176
	Final contribution / total reimbursable expenditure [max. 90%]	90%
	Total income	9.644.497
itors	Total expenditure	9.582.321
Indicators	Profit / loss [accounting point of view]	62.176
	Total own resources / total reimbursable expenditure	10%
	Final contribution / maximum contribution awarded [max. 100%]	74%

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#### **BUDGET/ACTUALS 2019**

Costs					
Reimbursable costs	Budget	Actual			
A.1: Personnel costs	3.600.000,00	3.537.661,59			
1. Salaries	3.200.000,00	2.938.574,37			
2. Contributions	310.000,00	432.882,58			
3. Professional training	15.000,00	13.995,52			
4. Staff missions expenses		0,00			
5. Other personnel costs	75.000,00	152.209,12			
A.2: Infrastructure and operating costs	1.247.500,00	884.762,37			
1. Rent, charges and maintenance costs	580.000,00	418.509,19			
2. Costs relating to installation, operation and	95.000,00	81.915,78			
maintenance of equipment 3. Depreciation of movable and immovable property	225.000,00	213.842,79			
4. Stationery and office supplies	15.000,00	64.630,45			
5. Postal and telecommunications charges	72.500,00	73.096,76			
6. Printing, translation and reproduction costs	10.000,00	32.767,40			
7. Other infrastructure costs	250.000.00	0,00			
A.3: Administrative costs	534.500,00	596.366,17			
1. Documentation costs (newspapers, press agencies,	9.500,00	3.586,70			
databases) 2. Costs of studies and research	5.000,00	56.425,36			
3. Legal costs	200.000,00	90.141,61			
4. Accounting and audit costs	250.000,00	298.031,82			
5. Miscellaneous administrative costs	0,00	0,00			
6. Support to associated entities	70.000,00	148.180,68			
A.4: Meetings and representation costs	3.318.000,00	1.573.957,73			
1. Costs of meetings	3.223.000,00	1.272.587,61			
2. Participation in seminars and conferences	80.000,00	236.709,37			
3. Representation costs	15.000.00	64.660.75			
4. Costs of invitations	15.000,00	0,00			
4. Costs of invitations 5. Other meeting-related costs	0,00	0,00			
A.5: Information and publication costs	4.050.000,00	2.832.199,07			
1. Publication costs	400.000,00	63.000,00			
2. Creation and operation of Internet sites	200.000,00	110.548,52			
3. Publicity costs	350.000,00	37.878,02			
4. Communications equipment (gadgets)	150.000,00	26.225,62			
5. Seminar and exhibitions	200.000,00	197.177,13			
	2.750.000,00	2.358.379,86			
6. Election campaigns	2.750.000,00	2.358.379,86 38.989,92			
7. Other information-related costs A. TOTAL REIMBURSABLE COSTS	43 750 000 00	9.424.946,93			
	12.750.000,00	9.424.940,95			
Non-reimbursable costs 1. Allocations to other provisions					
2. Financial charges					
3. Exchange losses	100.000.00	453 034 50			
4. Doubtful claims on third parties	100.000,00	157.374,50			
5. Others (to be specified)					
6. Contributions in kind					
B. TOTAL NON-REIMBURSABLE COSTS	100.000,00	157.374,50			
C. TOTAL COSTS	12.850.000,00	9.582.321,43			

Reve	Revenue			
	Budget	Actual		
0.1-1. European Parliament funding carried over	n/a			
rom year N-1 0.1-2. European Parliament funding awarded for				
ear N	n/a	11475000,		
0.1-3. European Parliament funding carried over to ear N+1	n/a -	2.992.548,		
0.1. European Parliament funding used to cover	11.475.000,00	8.482.452,		
0% of reimbursable costs in year N 0.2 Member contributions	875.000,00	872.045,		
.1 from member parties	875.000,00	872.045		
.2 from individual members	0,00			
0.3 Donations	0,00			
D.4 Other own resources	500.000,00	290.000,		
to be specified)				
inancial contributions	500.000,00	290.000		
0.5. Contributions in kind	0,00	0,		
D. TOTAL REVENUE	12.850.000,00	9.644.497,		
. profit/loss (D-C)	0,00	62.175		

F. Allocation of own resources to the reserve account	0,00	0,00
G. Profit/loss for verifying compliance with the no- profit rule (E-F)	62.175,57	0,00
H. Interest from pre-financing		

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## Independent auditor's report on the Financial Statements in accordance with International Financial Reporting Standards of the Party of European Socialists AISBL for the year ended 31 December 2019

#### Unqualified Opinion

We have audited the Financial Statements of the Party of European Socialists AISBL (the "Entity"), which comprise the statement of financial position as at 31 December 2019, as well as the statement of profit or loss and the statement of comprehensive income for the year then ended, the statement of changes in equity and statement of cash flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying Financial Statements give a true and fair view of the financial position of the Entity as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

#### Basis for Unqualified Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the Financial Statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

# Other Matters – Auditor's Opinion on the Annual Accounts and the Final Statement of eligible expenditure actually incurred

We have also audited the Annual Accounts of the Entity prepared in accordance with the financial reporting framework applicable in Belgium and the Final Statement of reimbursable expenditure actually incurred, prepared in accordance with rules and regulations applicable to funding of political parties and political foundations at European level. In this regard, we have issued our audit report dated 3 June 2020.

#### **Other Matters**

We draw your attention to the developments surrounding the Covid-19 virus that has a profound impact on people's health and on society as a whole. This also has an impact on the operational and financial performance of organisations and the assessment of the Entity's ability to continue as a



Going Concern. The situation gives rise to inherent uncertainty. We have considered the uncertainties related to the potential effects of Covid-19 and the assumptions made by the Entity in this respect on its operations and financial situation. Our opinion is not modified in respect of this matter.

On 31 January 2020, the United Kingdom withdrew from the European Union and the European Atomic Energy Community (EURATOM). At present, negotiations for a new partnership with the United Kingdom of Great Britain and Northern Ireland are ongoing. We have considered the uncertainties related to the potential effects of Brexit and the assumptions made by the Entity in this respect on its operations and financial situation. Our opinion is not modified in respect of this matter.

#### Responsibilities of the Board of Directors for the preparation of the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the Financial Statements in accordance with IFRS, and for such internal control as the Board of Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

Pursuant to paragraph 1 of Article 23 of Regulation (EU, Euratom) No 1141/2014, the Entity is required to maintain and report on their Financial Statements on the basis of international accounting standards as defined in Article 2 of Regulation (EC) No 1606/2002.

In preparing the Financial Statements, the Board of Directors are responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Entity's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

The audit has been performed following our appointment by the European Parliament, which seeks to obtain assurance relating to the Entity's adherence to its obligations under Article 23 of Regulation (EU, Euratom) No 1141/2004.



As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors or their delegates regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



#### Restriction on use and distribution

The opinion transmitted is only intended for the Entity and for the European Parliament. It may not be distributed or made available to any other parties, except those who have regulatory rights of access to it. Any review, transmission, dissemination or other use of, or taking of any action in reliance upon this information by any persons or entities other than the Entity or the European Parliament is prohibited and we will not assume any duty of care or liability towards these persons or entities.

19 June 2020

EY Réviseurs d'Entreprises SRL Represented by

11/

Danielle Vermaelen\* Partner \* Acting on behalf of a BV/SRL

21DV0008

# Party of European Socialists (PES) Financial statements as of and for the year ended 31 December 2019

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## PES – Financial statements as of and for the year ended 31 December 2019

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EUR	Notes	31 December 2019	31 December 2018
ASSETS			
Non-current assets			
Property, plant and equipment	9	2.492.809	147.350
Intangible assets	10	3.853	31.495
Trade and other receivables	14	243.742	243.542
Total non-current assets		2.740.404	422.387
Current assets			
Trade and other receivables	14	769.291	459.862
Cash and cash equivalents	15	3.752.288	1.269.752
Total current assets		4.521.579	1.729.614
Total assets		7.261.983	2.152.001
EQUITY AND LIABILITIES			
Initial funds		629.444	629.444
Reserves		(280.663)	(280.663
Retained earnings		230.359	100.940
Total equity		579.140	449.721
Non-current liabilities			
Net employee defined benefit liabilities	16	126.628	10.462
Leasing liabilities	11,12	2.112.922	
Total non-current liabilities		2.239.550	10.462
Current liabilities			
Trade and other payables	17	4.174.989	1.691.818
Leasing liabilities	11,12	268.304	
Total current liabilities		4.443.293	1.691.818
Total liabilities		6.682.843	1.702.280
Total equity and liabilities		7.261.983	2.152.001

## Statement of financial position at 31 December 2019

## Statement of profit or loss for the year ended 31 December 2019

EUR	Notes	2019	2018
Revenue from contracts with customers	4	1.162.045	1.109.627
Other income	5	8.495.289	6.316.000
Revenue		9.657.334	7.425.627
General and administrative expenses	6	(9.012.488)	(6.945.741)
Other operating income/(expenses)	6	(480.734)	(374.783)
Operating profit/(loss)		164.112	105.103
Finance income	7	26.132	2.889
Finance costs	7	(53.524)	(9.458)
Profit/(loss) for the year		136.720	98.536

# Statement of comprehensive income for the year ended 31 December 2019

EUR	Notes	2019	2018
Profit/(loss) for the year		136.720	98.536
Other comprehensive income			
Remeasurement gain/loss on defined benefit plans	16	(112.188)	-
Total comprehensive income for the year, net of tax		24.532	98.536

## Statement of changes in equity for the year ended 31 December 2019

EUR	Initial funds	Reserves	Retained earnings	Total equity
Balance at 1 January 2018	629.444	(280.663)	2.404	351.185
Profit/(loss) for the year			98.536	98.536
Balance at 31 December 2018	629.444	(280.663)	100.940	449.721
Balance at 1 January 2019	629.444	(280.663)	100.940	449.721
OCI			(112.188)	(112.188)
Effect of adoption IFRS 16 lea	ses	-	104.887	104.887
Profit/(loss) for the year			136.720	136.720
Balance at 31 December 2019	629.444	(280.663)	230.359	579.140

EUR	Notes	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) for the year		136.720	98.536
Adjustments for:			
Finance income	7	(26.132)	(2.889)
Finance costs	7	53.524	9.456
Depreciation and impairment of property, plant and equipment	9	342.892	64.409
Amortisation and impairment of intangible assets	10	27.642	34.040
European Parliament grant	5	(8.482.452)	(6.269.622)
Impairment loss on trade receivables	14	(4.896)	(23.486)
Movement in defined benefit obligation	16	6.473	2.502
Net profit/(loss) before changes in working capital		(7.946.229)	(6.087.054)
Changes in working capital:			
Decrease/(increase) in trade and other receivables		(300.410)	86.928
Increase/(decrease) in trade and other payables		(411.196)	(383.147)
Cash receipt/(reimbursement) European Parliament grant:		(411.190)	(383.147)
	17	11.475.000	8.237.274
Receipt of Furopean Parliament grant			0.237.274
Receipt of European Parliament grant Net cash flows from operating activities CASH FLOWS FROM INVESTING ACTIVITIES		2.817.165	1.854.001
Net cash flows from operating activities CASH FLOWS FROM INVESTING ACTIVITIES	9	2.817.165	1.854.001
Net cash flows from operating activities CASH FLOWS FROM INVESTING ACTIVITIES Purchases of property, plant and equipment		<b>2.817.165</b> (39.370)	<b>1.854.001</b> (34.660)
Net cash flows from operating activities CASH FLOWS FROM INVESTING ACTIVITIES		2.817.165	1.854.001
Net cash flows from operating activities CASH FLOWS FROM INVESTING ACTIVITIES Purchases of property, plant and equipment		<b>2.817.165</b> (39.370)	<b>1.854.001</b> (34.660)
Net cash flows from operating activities CASH FLOWS FROM INVESTING ACTIVITIES Purchases of property, plant and equipment Net cash flows from investing activities		<b>2.817.165</b> (39.370)	<b>1.854.001</b> (34.660)
Net cash flows from operating activities CASH FLOWS FROM INVESTING ACTIVITIES Purchases of property, plant and equipment Net cash flows from investing activities CASH FLOWS FROM FINANCING ACTIVITIES		<b>2.817.165</b> (39.370)	1.854.001 (34.660) (34.660)
Net cash flows from operating activities         CASH FLOWS FROM INVESTING ACTIVITIES         Purchases of property, plant and equipment         Net cash flows from investing activities         CASH FLOWS FROM FINANCING ACTIVITIES         Repayment of borrowings		<b>2.817.165</b> (39.370)	1.854.001 (34.660) (34.660) (553.614)
Net cash flows from operating activities         CASH FLOWS FROM INVESTING ACTIVITIES         Purchases of property, plant and equipment         Net cash flows from investing activities         CASH FLOWS FROM FINANCING ACTIVITIES         Repayment of borrowings         Interest paid on borrowings	9	2.817.165 (39.370) (39.370)	1.854.001 (34.660) (34.660) (553.614)
Net cash flows from operating activities         CASH FLOWS FROM INVESTING ACTIVITIES         Purchases of property, plant and equipment         Net cash flows from investing activities         CASH FLOWS FROM FINANCING ACTIVITIES         Repayment of borrowings         Interest paid on borrowings         Interest paid on lease liabilities	9	2.817.165 (39.370) (39.370) - - - (27.504)	1.854.001 (34.660) (34.660) (553.614)
Net cash flows from operating activities         CASH FLOWS FROM INVESTING ACTIVITIES         Purchases of property, plant and equipment         Net cash flows from investing activities         CASH FLOWS FROM FINANCING ACTIVITIES         Repayment of borrowings         Interest paid on borrowings         Interest paid on lease liabilities         Payments of lease liabilities         Net cash flows from financing activities	9	2.817.165 (39.370) (39.370) - - (27.504) (267.755)	1.854.001 (34.660) (34.660) (553.614) (1.103)
Net cash flows from operating activities         CASH FLOWS FROM INVESTING ACTIVITIES         Purchases of property, plant and equipment         Net cash flows from investing activities         CASH FLOWS FROM FINANCING ACTIVITIES         Repayment of borrowings         Interest paid on borrowings         Interest paid on lease liabilities         Payments of lease liabilities	9	2.817.165 (39.370) (39.370) - - (27.504) (267.755)	1.854.001 (34.660) (34.660) (553.614) (1.103)
Net cash flows from operating activities         CASH FLOWS FROM INVESTING ACTIVITIES         Purchases of property, plant and equipment         Net cash flows from investing activities         CASH FLOWS FROM FINANCING ACTIVITIES         Repayment of borrowings         Interest paid on borrowings         Interest paid on lease liabilities         Payments of lease liabilities         Net cash flows from financing activities         Movement in cash and cash equivalents including bank overdrafts	9	2.817.165 (39.370) (39.370) (39.370) (29.370) (27.504) (267.755) (295.259) 2.482.536	1.854.001 (34.660) (34.660) (553.614) (1.103) - - (554.717) 1.264.624
Net cash flows from operating activities         CASH FLOWS FROM INVESTING ACTIVITIES         Purchases of property, plant and equipment         Net cash flows from investing activities         CASH FLOWS FROM FINANCING ACTIVITIES         Repayment of borrowings         Interest paid on borrowings         Interest paid on lease liabilities         Payments of lease liabilities         Net cash flows from financing activities         Movement in cash and cash equivalents including bank overdrafts         Net increase in cash and cash equivalents	9	2.817.165 (39.370) (39.370) (39.370) (295.259) (295.259)	1.854.001 (34.660) (34.660) (553.614) (1.103) - - (554.717)
Net cash flows from operating activities         CASH FLOWS FROM INVESTING ACTIVITIES         Purchases of property, plant and equipment         Net cash flows from investing activities         CASH FLOWS FROM FINANCING ACTIVITIES         Repayment of borrowings         Interest paid on borrowings         Interest paid on lease liabilities         Payments of lease liabilities         Net cash flows from financing activities         Movement in cash and cash equivalents including bank overdrafts	9	2.817.165 (39.370) (39.370) (39.370) (29.370) (27.504) (267.755) (295.259) 2.482.536	1.854.001 (34.660) (34.660) (553.614) (1.103) - - (554.717) 1.264.624

## Statement of cash flows for the year ended 31 December 2019
# Notes to the financial statements for the year ended 31 December 2019

# 1. General information

Party of European Socialists AISBL is an international not-for-profit organisation incorporated and domiciled in Belgium. The registered office is located at Rue Guimard 10-20, 1050 Brussels. The party is a European political party in charge with the organization of political events.

#### Financial statements

The financial statements as of and for the year ended 31 December 2019 were authorized for issue in accordance with a resolution of the Board of Directors on 19 June 2020.

#### Board of directors

At the end of the financial period, the Board of Directors was composed of the following members:

Name	Function	Start of mandate	End of mandate
Stanishev Sergei	President	7/12/2018	6/12/2021
Quinn Ruairi	Treasurer	7/12/2018	6/12/2021
Post Achim	Secretary General	7/12/2018	6/12/2021

#### **Auditors**

The statutory audit of the standalone financial statements is performed by EY Réviseurs d'entreprises SRL represented by Danielle Vermaelen.

## Figures in the financial statements

These financial statements are presented in euro, which is the Party's presentation currency and the functional currency of the Party. All amounts in these financial statements are presented in euro, unless otherwise stated.

# 2. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

# 2.1. Basis of preparation

The financial statements of the Party for the year ended 31 December 2019 have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee (IFRIC) interpretations as endorsed by the European Union. The changes in accounting policies due to new IFRS standards entered into force in 2019 are described in Note 2.3.

The historical cost convention has been used to prepare the financial statements. The accrual basis of accounting has been used to prepare the financial statements based on the assumption that the Party is a going concern and will continue operation in the foreseeable future.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Party's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

# 2.2. Summary of significant accounting policies

## a) Current versus non-current classification

The Party presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle, meaning within a calendar year,
- Expected to be realised within twelve months after the reporting period ,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Party classifies all other liabilities as non-current.

## b) Foreign currencies

## Functional and presentation currency

Items included in the financial statements of the Party are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in euro (EUR), which is the Party's presentation currency and the functional currency of the Party.

#### Transactions and balances

Transactions in foreign currencies are initially recorded by the Party at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

The party has limited transactions in foreign currency, therefore the foreign exchange risk is not considered to have a significant impact on the profit before tax and pre-tax equity.

#### c) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as finite. The Party does not have any intangible assets with an indefinite useful life.

Intangible assets with finite useful lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite useful lives is recognized in the income statement in the expense category that is consistent with the function of the intangible assets.

An intangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

#### Website costs

Research costs are expensed as incurred. Website development costs are only recognized as intangible asset if: 1/ it can be demonstrated that the website will generate probable future economic benefits when, for example, donations can be made through the website and 2/ the Party can demonstrate:

- ✓ The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- ✓ Its intention to complete and its ability and intention to use or sell the asset;
- ✓ How the asset will generate future economic benefits;
- $\checkmark$  The availability of resources to complete the asset; and
- ✓ The ability to measure reliably the expenditure during development.

Directly attributable costs that are capitalized as part of the intangible asset include costs incurred for external consultants and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization will begin when development is completed and the asset is available for use. The costs are amortized using the straight-line method over their estimated useful lives (4 years). During the period of development, the asset is tested for impairment annually.

## Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring the specific software to use. These costs are amortized using the straight-line method over their estimated useful lives (4 years).

#### Summary of the policies applied to the intangible assets

	Computer software	Website
Useful lives	Finite (4 years)	Finite (4 years)
Amortisation method used	Straight-line basis	Straight-line basis
Internally generated	Acquired	Internally generated

## d) Property, plant and equipment

The Party's property, plant and equipment are mainly composed of IT equipment, furniture, office equipment, leasehold improvements and right-of-use assets relating to lease contract of offices and IT equipment (printer).

Property, plant and equipment are stated at historical cost less subsequent depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Party and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

#### PES – Financial statements as of and for the year ended 31 December 2019

Depreciation on the assets is calculated using the straight-line method to allocate their cost over their estimated useful lives. These useful lives have been determined as follows:

Property, plant and equipment	Useful lives
IT equipment	4 years
Office equipment and furniture	4-8 years
Leasehold improvements	The shorter of the lease term and the asset's economic life

The methods of depreciation of property, plant and equipment are reviewed at each financial yearend and adjusted prospectively, if appropriate. Where an asset's carrying amount is greater than its estimated recoverable amount, it is written down to its recoverable amount.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

#### e) European Parliament grants

The Party receives a grant from the European Parliament, which is awarded at the end of each accounting year. At that moment there is a reasonable assurance that the grant will be received and all attached conditions (execution of the work plan) will be complied with. Since the grant relates to expense items, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

The Party makes an assessment at the end of the accounting year of the amount of eligible expenditure it has incurred. The portion of the grant that will cover this expenditure is recorded as income in the income statement. Two scenarios can occur:

- Scenario 1 in which the amount of eligible expenditure matches the grant amount or exceeds the grant amount. In this scenario, the entire grant is recorded as income in the income statement,
- Scenario 2 in which the amount of eligible expenditure is less than the grant amount. In this scenario, the portion of the grant that is not used can be carried over to the next year. The amount of the carry-over will be accounted for as a liability in the balance sheet and will be released the next accounting year once the expenditure it is intended to cover has been incurred.

At the end of the reporting period, the final balance of eligible expenditure is determined after the external audit. The expenditure that is rejected through this audit will lead to a reduction of the

final grant and can result in a reimbursement of a portion of the grant by the political party to the European Parliament. After payment of the final balance, the European Parliament can as well perform an audit even up till 5 years after the payment. This audit can also lead to a reduction of the grant amount and a reimbursement. If the Foundation has to make a reimbursement to the European Parliament, the Foundation needs to account for a liability.

# f) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Party's cash management.

## g) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### Financial assets

#### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The Party's financial assets are composed of trade and other receivables and cash and cash equivalents. These financial assets have been classified as subsequently measured at amortised cost, except for cash and cash equivalents.

The trade receivables do not contain a significant financing component and have been initially measured at the transaction price determined under IFRS 15. The cash and cash equivalents have been initially measured at fair value plus transaction costs.

#### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost (debt instruments),
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments), or with no recycling of cumulative gains and losses upon derecognition (equity instruments),

• Financial assets at fair value through profit or loss.

The Party's financial assets are classified as financial assets at amortised cost (debt instruments) since both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The financial assets are derecognized when the rights to receive cash flows from the asset have expired.

In terms of impairment of the trade receivables, the Party applies a simplified approach in calculating Expected Credit Losses (ECL). The Party does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. A provision matrix that is based on historical credit loss experience has been established, which is adjusted for forward-looking factors specific to the debtors and the economic environment.

All financial assets are fully written off after two years when there is no reasonable expectation of recovering the contractual cash flows. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Party is unlikely to receive the outstanding contractual amounts in full.

#### **Financial liabilities**

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Party's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

#### Subsequent measurement

The measurement of financial liabilities depends on their classification. The Party's financial liabilities are all classified in the category loans and borrowings, or the category payables.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

The financial liabilities are derecognized when the obligation under the liability is discharged or cancelled or expires.

## Offsetting financial instruments:

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The Party does not offset its financial assets and liabilities.

## h) Impairment of non-financial assets

The Party assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Party estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

There were no indications that assets may be impaired during the accounting period. Moreover, the Party does not have intangible assets that are not ready to use or are not subject to amortization. As a result, there is no requirement to perform a yearly impairment test.

# i) Provisions for other liabilities and charges

A provision is recognized when the Party has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Party expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

## j) Leases – lessee accounting

The Party assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Party leases office workspace and IT equipment. The Party applied a single recognition and measurement approach for all leases for which it is the lessee. The Party recognised lease liabilities and right-of-use assets representing the right to use the underlying assets. In accordance with IFRS 16, the simplified modified retrospective has been applied for the transition to IFRS 16 at the date of initial application of 1 January 2019.

## Lease liabilities

At the commencement date of the lease, the Party recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. The lease payments also include the exercise price of a purchase option if reasonably certain to be exercised by the Party and payments of penalties for terminating a lease, if the lease term reflects the Party exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Party uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Party selected the accounting policy to present interest paid on lease liabilities as part of the cash flows for financing activities.

#### Right-of-use assets

The Party recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of initial measurement of the lease liability, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Depreciation term
5 years
9 years

Right-of-use assets are subject to impairment.

If ownership of the leased asset transfers to the Party at the end of the lease term, or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful live of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section re 'Impairment of non-financial assets'.

#### Short-term leases and leases of low-value assets

The Party applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The information about leases is included in the following notes:

Depreciation charges on right-of-use assets	Note 6 Expense by nature
Interest expense on lease liabilities	Note 7 Finance income and costs
Right of use assets movement	Note 9 Property, plant and equipment
Lease liabilities movement	Note 12 Financial risk management

#### k) Leases – Lessor accounting

Leases in which the Party does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising from leases of office space is accounted for on a straight-line basis over the lease term and is included in other operating income in the statement of profit or loss. The party is not a lessor.

#### I) Pensions

#### Defined contribution plans

The Party does not operate a defined contribution plan.

#### Defined benefit plans

The Party operates a defined benefit plan for its employees in Belgium funded through payments to an insurance Party. The employer guarantees a minimum return of 1,75% on employee contributions and 1,75% on employer contributions resulting in a financial risk to be borne by the Party. Because of this minimum return all plans in Belgium are defined benefit plans.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Party recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Party recognises the following changes in the net defined benefit obligation under 'General and Administration expenses' in the statement of profit or loss (by function):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements,
- Net interest expense or income

#### m) Revenue from contracts with customers/membership fees

IFRS 15 establishes a five-step model for recognizing revenue from contracts with customers. Under IFRS 15, revenue is recognized for the amount of consideration an entity expects to be entitled to in exchange for goods or services transferred to a customer.

The party has a contract with Member parties of which it receives Member party contributions or Membership fees. Membership fees are fixed in euro; they are payable without deduction of incurred costs, and are adjusted annually in line with Belgian inflation. The fees are paid at the start of the year for a one year membership. As such the revenue that is recorded 31 December equals the membership fees received for the respective year.

There are three kind of Membership Fees:

- Full members: full member parties and full member organisations;
  - Full members participate in the meetings of the PES with the right of expression, the right of initiative and the right to vote.
- <u>Associate members</u>: associate parties and associate organisations; Associate members have the right to attend meetings to which they are invited with the right of expression and the right of initiative, but without the right to vote.
- <u>Observer members</u>: observer parties, observer organisations and individual members.
  Observer members may attend meetings to which they have been invited with the right of expression but without the right of initiative or the right to vote.

In line with the IFRS requirements the Party will cease to account for revenue when the collectability criterion is no longer met.

#### n) Joint operation

A joint operation is a joint arrangement not structured in a separate vehicle, in which the parties with joint control have rights to the assets and obligations for the liabilities relating to the arrangement. A joint operator shall recognize

- (a) its assets, including its share of any assets held jointly;
- (b) its liabilities, including its share of any liabilities incurred jointly;
- (c) its revenue from the sale of its share of the output arising from the joint operation;
- (d) its share of the revenue from the sale of the output by the joint operation; and
- (e) its expenses, including its share of any expenses incurred jointly.

The Party does not have any joint projects.

# 2.3. Changes in accounting policies and disclosures

The Party applied IFRS 16 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the financial statements of the Party. The Party has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

## IFRS 16 Leases

IFRS 16 was issued in January 2016 and supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Party adopted IFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Party elected to apply the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4. The Party will therefore not apply the standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4. The Party also elected to use the exemptions on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

The Party mainly leases office workspace and IT equipment, that are accounted for in accordance with IFRS 16 as from 1 January 2019 and were previously accounted for as operating leases under IAS 17.

The Party recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application or the interest rate implicit in the lease when available.

The Party also applied the available practical expedients wherein it:

- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Applied the low value exemption to leases for which the underlying assets value is lower than 5.000 EUR
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

The effect of adoption IFRS 16 as at 1 January 2019 is an increase of total assets by 2.648.981,50 EUR for the right-of-use assets, and an increase of total liabilities by 2.648.981,50 EUR for the lease liabilities. The effect of the write-off of the lease incentive deferred expenses had been adjusted to retained earnings (104.886 EUR).

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

Items	EUR
Operating lease commitments as at 31 December 2018	1.747.612
Less commitments relating to short-term leases	-
Less commitments relating to leases of low-value assets	-
Lease payments relating to renewal periods not included in operating lease commitments as at 31 December 2018	796.380
Lease payment adjustment related to Indexation	239.731
Other	17.539
Subtotal	2.801.262
Discounting effect at Incremental borrowing rate as at 1 January 2019	(152.280)
Discounted lease liability as at 1 January 2019	2.648.982

The weighted average incremental borrowing rate applied to lease liabilities at the date of initial application is 1.20%.

#### Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments had no impact on the financial statements of the Party as it did not have any plan amendments, curtailments, or settlements during the period.

# 2.4. Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Party's financial statements are disclosed below. The Party intends to adopt these standards and interpretations, if applicable, when they become effective.

- Amendments to References to the Conceptual Framework in IFRS Standards, effective 1 January 2020
- Amendments to IFRS 3 Business Combinations Definition of a business, effective 1 January 2020
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of material, effective 1 January 2020
- Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Interest Rate Benchmark Reform, effective 1 January 2020
- Amendments to IAS 39 Financial Instruments: Recognition and measurement and IFRS 7 Financial Instruments: Disclosures - Interest Rate Benchmark Reform, effective 1 January 2020
- IFRS 17 Insurance Contracts, effective 1 January 2021
- Amendments to IAS 1 Classification of Liabilities as Current or Non-Current, effective 1 January 2022

# 3. Critical accounting estimates and judgments

The preparation of the Party's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Party based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Party. Such changes are reflected in the assumptions when they occur.

## Provision for expected credit losses of trade receivables and contract assets

The Party uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. by customer type).

The provision matrix is initially based on the Party's historical observed default rates. The Party will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year this could lead to an increased number of defaults and an adjustment of the historical default rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Party's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

#### Determining the lease term of contracts with renewal options

The Party determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. For extension options, the Party applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal.

After the commencement date, the Party reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

#### Defined benefit plans (pension benefits)

The Party operates a pension plan funded through payments to an insurance Party. Due to the minimum return employers in Belgium are required to guarantee, this plan meets the definition of a defined benefit plan under IAS 19.

The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currency of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are removed from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds.

The mortality rate is based on publicly available mortality tables for the specific country. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

#### **Recovery order European Parliament Grant**

The external auditor and/or auditor of the European Parliament can reject expenditure of the Party if not eligible. This can result in a recovery order being issued to the Party and hence a reimbursement of a portion of the grant. If this is the case, the Party sets up a liability at year end. In December 2019 this provisions amounts to EUR 0 (2018: EUR 579.423).

# 4. Revenue from contracts with customers

The line item "Revenue from contracts with customers" in the income statement relates to:

EUR	2019	2018
Type of revenue		
Membership fees:		
- From associate members	14.233	6.624
Central Europe	-	-
Northern Europe	12.733	5.124
Southeastern Europe	1.500	1.500
- From observers	-	1.709
Southern Europe		1.709
- From full members	857.812	857.594
Central Europe	206.915	207.070
Northern Europe	89.133	120.533
Southeastern Europe	95.499	92.718
Southern Europe	270.583	259.610
West Europe	195.682	177.663
- Additional contribution from members	290.000	243.700
Total revenue from contracts with customers	1.162.045	1.109.627

The revenue of the membership fees is recorded over time as the service is delivered throughout the year. The receivables amount to  $\notin$  276.107 at 31 December 2019 ( $\notin$ 376.973 in 2018). These receivables are non-interest bearing and are generally on terms of 1 to 90 days. In 2019  $\notin$  4.896 ( $\notin$  23.486 in 2018) was reversed as an allowance for ECL on trade receivables.

# 5. Other income

The line item "Other income" in the income statement relates to:

2019	2018
8.482.452	6.309.079
	-
-	-
-	-
12.837	6.921
8.495.289	6.316.000
	8.482.452 - - 12.837

# 6. Expenses by nature and other operating income

A breakdown of the "General and administrative expenses" by nature can be found in the table below:

EUR	2019	2018
Advertising and promotional costs	1.022.808	522.076
Amortization intangible assets	27.642	34.040
Depreciation Property Plant and Equipment	63.586	64.409
Depreciation on right of use - offices	274.624	-
Depreciation on right of use - IT equipment	4.683	-
Event costs	2.207.596	1.416.894
Building & materials	1.037.998	657.591
Rent	132.530	391.657
IT, phone & internet	108.556	92.673
Wages and salaries	2.578.141	2.250.441
Social security cost	642.714	564.091
Net pension liability expense	276.981	237.908
Employer related costs – cars, trainings and others	58.051	12.969
ECL of trade receivables	(4.896)	(23.486)
Other	581.474	724.478
Total	9.012.488	6.945.741

A breakdown of the "Other operating income/(expenses) - net" by nature can be found in the table below. The income is presented with a negative sign and the expenses are presented with a positive sign.

	2019		2018	
EUR	Other operating (income)	Other operating expenses	Other operating (income)	Other operating expenses
(Gain)/loss on trade receivables	-	157.345	-	37.436
VAT	-	252.002	-	120.103
Local taxes	-	5.765	-	151.511
Other (income)/expense	-	65.622	(176)	65.910
Total	-	480.734	(176)	374.960

# 7. Finance income and costs

#### Finance income

EUR	2019	2018
Interest income on:		
Defined benefit obligation	21.809	2.163
Other finance income	4.323	726
Total finance income	26.132	2.889
Finance costs		
Interest expense on bank borrowings	-	1.103
Leases interest expenses	27.504	-
Interest expense on defined benefit obligation	19.314	-
Bank charges	6.369	6.820
Payment differences	337	-
Other finance costs	-	1.535
Total finance costs	53.524	9.458

# 8. Employee benefit expense

	2019		2018	
EUR	Included in General and administrative	Included in Other operating income/expenses	Included in General and administrative	Included in Other operating income/expenses
	expenses		expenses	
Wages and salaries	2.578.141	-	2.250.441	-
Social security costs	642.714	-	564.092	-
Net pension liability expense	276.981	-	237.908	-
Employer related costs	58.051	-	12.969	-
Total employee benefit expense	3.555.887	-	3.065.410	-

	2019	2018
Average number of employees - head office	35	29
Total average number of employees	35	29

# 9. Property, plant and equipment

EUR	Furniture and material	Leasehold improvements	Right of use - offices	Right of use - IT equipment	Total
At 1 January 2018					
Cost or valuation	439.101	57.892	-	-	496.993
Accumulated depreciation,					
impairments and other adjustments	(312.733)	(7.161)	-	-	(319.894)
Opening net book value at 1 January 2018	126.368	50.731	-	-	177.099
Period ended 31 December 2018					
Additions	34.660	-	-	-	34.660
Disposals	-	-	-	-	-
Closing Cost or Valuation at 31 December 2018	473.761	57.892	-	-	531.653
Accumulated depreciation on disposals Depreciation charge for the year		-	-	-	-
	(49.936)	(14.473)	-	-	(64.409)
Closing Accumulated depreciation, impairments and other adjustments at 31 December 2018	(362.669)	(21.634)	-	-	(384.303)
Closing net book value at 31 December 2018	111.092	36.258	-	_	147.350
Period ended 31 December 2019 Initial application of IFRS 16 as of 1 January 2019 Additions	39.371	-	2.631.812	17.169 -	2.648.982 39.370
Disposals	-	-	-	-	-
Closing Cost or Valuation at 31 December 2019	513.132	57.892	2.631.812	17.169	3.220.005
Accumulated depreciation on disposals	-	-	-	-	-
Depreciation charge for the year	(49.436)	(14.150)	(274.624)	(4.683)	(342.892)
Closing Accumulated depreciation,					
impairments and other adjustments	<b>.</b>				·
at 31 December 2019	(412.105)	(35.784)	(274.624)	(4.683)	(727.195)
Closing net book value at 31 December 2019	101.027	22.108	2.357.188	12.486	2.492.809

In 2018, the movement on tangible assets is explained by investments for a total amount of  $\in$  34.660 which mainly includes computers (approx.  $\in$  22k) and office furniture (approx.  $\in$  6,5k) offset by the yearly depreciations ( $\in$  64.409).

The significant increases of the current year are mainly explained by the capitalization of the leases of the office and printers as from the accounting year 2019 for  $\notin$  2.648.982. This increase is partially offset by the yearly depreciations on tangible fixed assets ( $\notin$  342.892).

The Party has lease contracts for offices and IT equipment. Leases have lease terms between 5 and 9 years.

The Party has a lease contract for a printer that contains variable payments based on the number of units printed. For 2019, the variable payments amounted to 1.222 EUR and recognised as part of General & Administrative expenses.

The Party has the option, under its leases of offices space to terminate the lease after a period of 6 years, over a lease term of 9 years. The Party judges that it is reasonably certain that it will not exercise this termination option given the significant investments in leasehold improvements the party has invested in the leased offices. As such, the Party did not consider the termination option in its determination of the lease term.

# 10. Intangible assets

LON	Software and licences	Other intangibles	Total
At 1 January 2018			
Cost or valuation	188.112	19.095	207.207
Accumulated amortization, impairments and other adjustments	(125.247)	(16.425)	(141.672)
Opening net book value at 1 January 2018	62.865	2.670	65.535
Period ended 31 December 2018			
Additions	-	-	-
Disposals	-	-	-
Closing Cost or Valuation at 31 December 2018	188.112	19.095	207.207
Accumulated depreciation on disposals	-	-	-
Depreciation charge for the year	(33.150)	(890)	(34.040)
Closing Accumulated depreciation, impairments and other adjustments at 31 December 2018	(158.397)	(17.315)	(175.712)
Closing net book value at 31 December 2018	29.715	1.780	31.495
Period ended 31 December 2019			
Additions	-	-	-
Disposals	-	-	-
Closing Cost or Valuation at 31 December 2019	188.112	19.095	207.207
Accumulated depreciation on disposals	-	-	-
Depreciation charge for the year	(26.752)	(890)	(27.642)
Closing Accumulated depreciation, impairments and other adjustments at 31 December 2019	(185.149)	(18.205)	(203.354)
	(103.143)	(10.200)	(203.334)
Closing net book value at 31 December 2019	2.963	890	3.853

The movement on intangible assets is only explained by the yearly depreciations. There were no additions in 2019.

# 11. Financial assets and financial liabilities

# a) Financial assets

	31 December 2019	31 December 2018
	EUR	EUR
Debt instruments at amortised cost		
Non-current financial assets	-	-
Trade receivables & Other receivables	1.013.032	703.403
Total financial assets	1.013.032	703.403
Total current	769.291	459.861
Total non-current	243.742	243.542

# b) Financial liabilities: Borrowings

	31 December 2019	31 December 2018
	EUR	EUR
Other financial liabilities at amortised cost, o	other than interest-bearing loa	ns and borrowings
Trade and other payables (Note 17)	603.018	1.112.395
European parliament grant	3.571.971	579.423
Total other financial liabilities	4.174.989	1.691.818
Total current	4.174.989	1.691.818
Total non-current	-	-

	Interest rate	Maturity	31 December 2019	31 December 2018
	<u>%</u>		EUR	EUR
Current interest-bearing loans				
and borrowings				
Leasing liabilities	1,2	2020	268.304	-
Bank overdrafts			-	-
Bank loan			-	-
Total current interest-bearing loans			268.304	-
and borrowings				
Non-current interest-bearing loans				
and borrowings				
Leasing liabilities	1,2	2021-2028	2.112.922	-
Bank overdrafts			-	-
Bank loan			-	-
Total non-current interest-bearing			2.112.922	-
loans and borrowings				
Total interest-bearing loans			2.381.227	-
and borrowings				

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#### c) Fair Values

Set out below is a comparison, by class, of the carrying amounts and fair values of the Party's financial instruments:

	31 Decembe	er 2019	31 Decem	ber 2018
	Carrying amount	Fair value	Carrying amount	Fair value
	EUR	EUR	EUR	EUR
Financial assets				
Non-current financial assets	-	-	-	-
Trade & Other receivables Current	769.291	769.291	459.861	459.861
Trade & Other receivables Non-Current	243.742	257.667	243.542	314.004
Total	1.013.033	1.026.958	703.403	773.865
Financial liabilities				
Leasing liabilities Current	268.304	268.304	-	-
Leasing liabilities Non-Current	2.112.922	2.112.922	-	-
Bank loan	-	-	-	-
Trade & Other payables	4.174.989	4.263.943	1.691.818	1.691.818
Total	6.556.215	6.645.169	1.691.818	1.691.818

The Party has both short term financial assets and financial liabilities as long term financial assets and financial liabilities for which the carrying amount is a reasonable approximation of the fair value. The carrying amount of leasing obligations is a reasonable approximation of the fair value.

# 12. Financial risk management

### a) Financial risk factors

The Party's principal financial liabilities comprise loans and borrowings, lease liabilities, and trade and other payables. The main purpose of these liabilities is to finance the Party's operations. The Party's principal financial assets include trade receivables, and cash and short term deposits that derive directly from its operations. The Party is exposed primarily to market risk, currency risk and liquidity risk. Party's managers oversee the management of these risks.

The Party's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Party's financial performance. The objective is to identify, quantify, manage and then monitor events or actions that could lead to financial losses.

#### Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Party is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions.

## Credit risk from operating activities

The trade receivables balance contains the member party contributions to be received. The impairment policy of the Party is to write-off receivables as soon as they remain unpaid for two years. When members are excluded, the related receivable is often waived and written-off.

For its receivables, the Party has policies to ensure that her receivables on member parties or members are closely monitored by the finance department. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future

economic conditions. Generally, trade receivables are written-off if past due for more than two years and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security.

Set out below is the information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix:

31 December 2019	Current	<30 days	30–60 days	61–90 days	>91 days	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Expected credit loss rate (%)	9%	10%	13%	15%	16%	
Estimated total gross carrying amount at default	-	-	18.544	-	257.563	276.107
Expected credit loss	-	-	2.379	-	42.330	44.709

				ceivables ast due		
31 December 2018	Current EUR	<30 days EUR	30–60 days EUR	61–90 days EUR	>90 days EUR	Total EUR
Expected credit loss rate (%)	9,22%	9,26%	11,68%	14,23%	15,62%	EOK
Estimated total gross carrying amount at default	-	-	-	-	317.576	317.576
Expected credit loss	-	-	-	-	49.605	49.605

## Credit risk from financing activities

Credit risk from balances with banks and financial institutions is managed by the Party's finance department in accordance with the Party's policy. The Party's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2019 and 2018 is the carrying amounts as illustrated in Note 11.

## Liquidity risk

The Party monitors its risk of a shortage of funds using a liquidity planning tool. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 December 2019 (EUR)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Borrowings	-	-	-	-	-
Trade and other payables	603.018	-	-	-	603.018
Leasing liabilities	295.259	295.259	1.455.566	459.919	2.506.003
European Parliament grant	3.571.971	-	-	-	3.571.971
At 31 December 2018 (EUR)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
				Over 5 years	Total 
(EUR)				Over 5 years - -	Total - 1.112.395
(EUR) Borrowings Trade and other	year -		and 5 years -	-	-

Changes in liabilities arising from financing activities are shown in the table below:

	1 January 2019	Cash outflows	Cash inflows	IFRS 16 impact & Other	31 December 2019
	EUR	EUR	EUR	EUR	EUR
Current leasing liabilities	-	(267.755)	-	536.059	268.304
Non-current leasing liabilities	-	-	-	2.112.922	2.112.922
Total liabilities from financing activities	-	(267.755)	-	2.648.981	2.381.226

	1 January 2018	Cash flows	New leases	Other	31 December 2018
	EUR	EUR	EUR	EUR	EUR
Current interest-bearing loans and borrowings (excluding items listed					
below)	553.614	(553.614)	-	-	-
Total liabilities from financing activities	553.614	(553.614)			

#### b) Capital management

The Party's objectives when managing capital are to safeguard the Party's ability to continue as a going concern:

EUR	31 December 2019	31 December 2018
Cash and cash equivalents - note 15	3.752.288	1.269.752
Less: total borrowings	-	-
Net cash	3.752.288	1.269.752

# 13. Joint Operations

The Party has no joint arrangement with the Member Foundations for which they conduct together joint projects.

# 14. Trade and other receivables

EUR	31 December 2019	31 December 2018
Trade receivables	276.107	376.973
Less: allowance for ECL	(44.709)	(49.605)
Trade receivables - net	231.398	327.368
European Parliament grant receivable	-	-
Social Security	389.518	-
Accrued income and deferred charges	147.393	130.604
Rental deposits	243.742	243.542
Other receivables	982	1.889
Total	1.013.033	703.403
non-current portion	243.742	243.542
Current portion	769.291	459.861

The movements in the Party's bad debt allowance are as follows:

EUR	31 December 2019	31 December 2018
At 1 January	49.605	73.091
Addition to the ECL allowance		
Reversal ECL allowance	(4.896)	(23.486)
Write-off		
Foreign exchange movement	-	-
At 31 December	44.709	49.605

The carrying amounts of the Party's trade and other receivables are denominated all in euro.

# 15. Cash and cash equivalents

EUR	31 December 2019	31 December 2018
Cash at banks and on hand	3.752.288	1.269.752
Short-term bank deposits	-	-
Savings account	-	-
Total cash and cash equivalents (excluding bank overdrafts)	3.752.288	1.269.752

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Party, and earn interest at the respective short-term deposit rates.

At 31 December 2019, the Party had available EUR 1 mio (2018: EUR 1 mio) of undrawn committed borrowing facilities.

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

EUR	31 December 2019	31 December 2018
Cash and cash equivalents	3.752.288	1.269.752
Bank overdrafts	_	-
Cash and cash equivalents (including bank overdrafts)	3.752.288	<u> </u>

# 16. Pensions and other post-employment benefit plans

EUR	31 December 2019	31 December 2018
Post-employment Pension Plan	126.628	10.462
Total	126.628	10.462

The Party's defined benefit pension plan is a final salary plan for employees, which requires contributions to be made to a separately administered fund. This plan is governed by the employment laws. The level of benefits provided depends on the member's length of service and salary at retirement age.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the statement of financial position for the respective plans:

Net benefit expense (recognised in profit or loss - EUR)	2019	2018
Current Service cost	276.981	237.908
Interest income on benefit obligation	(2.495)	(2.163)
Net benefit expense	274.486	235.745

Changes in the present value of the defined benefit obligation are, as follows:

Not defined benefit obligation at 1 January 2019	
Net defined benefit obligation at 1 January 2018	7.960
Interest Income	(2.163)
Current service cost	237.908
Actuarial gains/losses	-
Benefits paid	-
Contribution received	(233.243)
Exchange differences	-
Net defined benefit obligation at 31 December	
2018	10.462
Interest Income	(2.495)
Current service cost	276.981
Actuarial gains/losses	112.188
Benefits paid	-
Contribution received	(270.508)
Exchange differences	-
Net defined benefit obligation at 31 December	
2019	126.628

2019 changes in the defined benefit obligation and fair value of plan assets

EUR	2019	2018
Defined benefit obligation at 1 January	981.616	757.174
Pension cost charged to profit or loss		
Service cost	276.981	237.908
Tax paid	(37.641)	(28.337)
Net interest expense	19.314	14.870
Sub-total included in profit or loss	258.654	224.442
Remeasurement gains/(losses) in OCI	107.171	-
Experience adjustments	-	-
Sub-total included in OCI	107.171	-
Defined benefit obligation at 31 December	1.347.441	981.616

EUR	2.019	2.018
Fair value of plan assets at 1 January	971.154	749.214
Pension cost charged to profit or loss		
Tax paid	(37.641)	(28.337)
Net interest expense	21.809	17.033
Sub-total included in profit or loss	(15.832)	(11.303)
Remeasurement gains/(losses) in OCI	(5.017)	-
Sub-total included in OCI	(5.017)	-
Contributions by employee	-	-
Contributions by employer	270.508	233.243
Fair value of plan assets at 31 December	1.220.813	971.154

The fair values of each major class of plan assets are as follows:

Unquoted investments:		
Assets held by insurance companies (individuals)	1.220.813	971.154
Property	-	-
Total	1.220.813	971.154

The principal assumptions used in determining pension and post-employment medical benefit obligations for the Party's plans are shown below:

Assumptions	31 December 2019	31 December 2018
	%	%
Discount rate:		
Defined Contribution pension plan	2	2
Future salary increases:		
Defined Contribution pension plan	3	3
Future consumer price index increases:		
Defined Contribution pension plan	2	2
Healthcare cost increase rate		
Life expectation for pensioners at the age of 65:	Years	Years
Male	86	86
Female	90	90

A quantitative sensitivity analysis for significant assumptions as at 31 December is, as shown below:

	Impact on defined benefit obligation		
	31 December 2019	31 December 2018	
Assumptions	EUR	EUR	
Discount rate:			
0,5% increase	(155.987)	(107.489)	
0,5% decrease	177.072	130.492	
Life expectancy of male pensioners:			
Increase by 1 year	5.331	4.194	
Decrease by 1 year	(5.828)	(4.500)	
Life expectancy of female pensioners:			
Increase by 1 year	2.420	2.331	
Decrease by 1 year	(2.692)	(2.590)	

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis are based on a change in a

significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another. The same method has been applied for the sensitivity analysis as when calculating the recognised pension liability.

The following are the expected payments or contributions to the defined benefit plan in future years:

	31 December 2019	31 December 2018
	EUR	EUR
Within the next 12 months (next annual reporting period)	-	-
Between 2 and 5 years	29.289	-
Between 5 and 10 years	151.871	60.623
Beyond 10 years	6.864.234	7.739.339
Total expected payments	7.045.394	7.799.962

The average duration of the defined benefit plan obligation at the end of the reporting period is 21,75 years (2018: 23,38 years).

# 17. Trade and other payables

EUR	31 December 2019	31 December 2018
Trade payables	308.498	668.374
Social security and other taxes	294.520	339.136
European Parliament Grant	3.571.971	579.423
Accrued expenses and deferred income	-	104.886
Trade and other payables	4.174.989	1.691.818
Non-current portion	-	-
Current portion	4.174.989	1.691.818

The trade and other payables of the Party are current financial liabilities and are non-interest bearing and are normally settled on 65 day terms.

The movement of the European Parliament Grant of the period is further detailed in the table below:

Opening 1 January 2018	6.888.502
Release grant into income statement	(6.309.079)
Closing 31 December 2018	579.423
Release grant into income statement	(8.482.452)
Grant award 2019	11.475.000
Closing 31 December 2019	3.571.971

## 18. Commitments and contingencies

#### **Contingent liabilities**

The rental agreements for the office space contains a restoration clause. However the restoration obligation is at the discretion of the lessor and therefore not within the control of the Party.

## 19. Events after the reporting date

The following events occurred after reporting date impacting the financial statements closing 31 December 2019.

1) COVID-19 Crisis:

During the first half of 2020, the coronavirus outbreak has had huge impact on the EU economy. In response to the pandemic worldwide spread, many governments in affected jurisdictions imposed travel bans, quarantines and other emergency public safety measures. For example, governments have imposed restrictions on travel and the movement and gathering of people. As a non-adjusting event, the outbreak of the coronavirus does not require any adjustments to the figures reported in these annual accounts.

For subsequent reporting periods, COVID-19 may affect the recognition and measurement of some assets and liabilities on the balance sheet and also of some revenue and expenses recognised in the statement of financial performance. For example, some planned events and meetings were cancelled, and revenues from external sources has decreased. The impact of these, among other effects, on the financial performance may be significant for the reporting year 2020. Based on the information available at the date of signature of these annual accounts, the financial effects of the

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coronavirus outbreak cannot be reliably estimated. The Board is evaluating the possible measures to combat the outbreak of activities and to sustain our going concern.

2) Brexit:

On 31 January 2020, the United Kingdom withdrew from the European Union. At present, negotiations for a new partnership with the United Kingdom of Great Britain and Northern Ireland are ongoing. The Party estimates that this event will not have a significant impact on the operations and financial situation of the organisation.

Further there are no other events occurred after reporting date impacting the financial statements closing 31 December 2019.

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