

EUROPEAN FOUNDATION FOR FREEDOM

**Annual Report
and
Financial Statements**

31 December 2012

EUROPEAN FOUNDATION FOR FREEDOM
Annual Financial Statements for the year ended 31 December 2012

CONTENTS

	Pages
General Information	2
Report of the Members of the Board	3
Statement of responsibilities of the Members of the Board	4
Auditor's Report	5 - 6
Statement of Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11 - 16

EUROPEAN FOUNDATION FOR FREEDOM
Annual Financial Statements for the year ended 31 December 2012

GENERAL INFORMATION

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

Members of the Board

Frank Vahecke	(president – resigned 12 December 2012)
Eric Richards	(appointed president 12 December 2012)
Kent Ekeroth	(resigned 12 December 2012)
Georg Mayer	(appointed 12 December 2012)
Gedeminas Navaitis	(appointed 12 December 2012)

Secretary to the Board

Sharon Ellul Bonici	(resigned 12 December 2012)
Charlene Camilleri	(appointed 12 December 2012)

Bankers

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

Registered Office

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

Auditor

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

REPORT OF THE MEMBERS OF THE BOARD

The Members of the Board present their report and the audited financial statements of the Foundation for the year ended 31 December 2012.

Principal activities

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

Performance review

In the year under review the Foundation is reporting a loss on operations of EUR8,731 (2011: surplus of EUR8,731).

Members of the Board

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

Auditor

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

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



ERIC RICHARDS
President

25 May 2013



CHARLENE CAMILLERI
Secretary General

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE BOARD

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

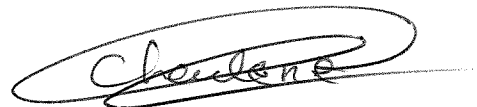
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Foundation will continue in operation; and
- prepare financial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

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



ERIC RICHARDS
President

25 May 2013



CHARLENE CAMILLERI
Secretary General

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

We have audited the financial statements of European Foundation for Freedom, set out on pages 7 to 16, which comprise the statement of financial position as at 31 December 2012 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Members of the Board for the Financial Statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Members of the Board, as well as evaluating the overall presentation of the financial statement.

Opinion

In our opinion:

- the financial statements give a true and fair view of the financial position of the Foundation as at 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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


Report on other Legal and Regulatory Requirements

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

The Foundation's compliance with the provisions of the European Parliament's grant award decision, Regulation (EC) No 2004/2003 and the underlying acts is the responsibility of the board of members of the Foundation.

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

- the financial statements have been prepared in accordance with the national legislation applicable to the foundation;
- the financial documents submitted by the Foundation to Parliament are consistent with the financial provisions of the grant award decision;
- the expenditure declared was actually incurred;
- the statement of revenue is exhaustive;
- the obligations arising out of Articles 6, 7, 8, 9 (2) and 10 (2) of Regulation (EC) No 2004/2003 have been met;
- the obligations arising from the Bureau decision of 29 March 2004 have been met;
- the obligations arising from Article II.11 – Eligible expenditure, of the grant agreement have been met and we were able to reconcile the eligible expenditure with the financial statements;
- the obligations arising from Article II.7 – Award of contracts, of the grant agreement have been met; and
- we have received all necessary explanations for the purpose of our work.



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

Ernst & Young Malta Limited
Certified Public Accountants

25 May 2013

EUROPEAN FOUNDATION FOR FREEDOM
Annual Financial Statements for the year ended 31 December 2012

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2012

	Notes	2012 EUR	2011 EUR
Revenue	2	269,752	295,700
Operating and administrative expenses	3	(278,595)	(287,070)
Operating (deficit)/surplus		(8,843)	8,630
Finance revenue	4	112	101
(Loss)/profit for the year		(8,731)	8,731
Other comprehensive income		-	-
Total comprehensive (loss)/income for the year		(8,731)	8,731

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

EUROPEAN FOUNDATION FOR FREEDOM
Annual Financial Statements for the year ended 31 December 2012

STATEMENT OF FINANCIAL POSITION
as at 31 December 2012

	Notes	2012 EUR	2011 EUR
ASSETS			
Non-current assets			
Property, plant and equipment	5	7,036	4,637
Current assets			
Receivables	6	41,750	51,603
Cash and cash equivalents	8	15,794	17,467
		57,544	69,070
Total assets		64,580	73,707
EQUITY AND LIABILITIES			
Accumulated surplus		-	8,731
Current liabilities			
Trade and other payables	7	64,580	64,976
Total equity and liabilities		64,580	73,707

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

The financial statements on pages 7 to 16 have been authorised for issue by the Members of the Board on 25 May 2013 and were signed on their behalf by:



ERIC RICHARDS
 President



CHARLENE CAMILLERI
 Secretary General

EUROPEAN FOUNDATION FOR FREEDOM
Annual Financial Statements for the year ended 31 December 2012

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2012

	Accumulated surplus EUR
Balance at 1 January 2012	8,731
Total comprehensive loss for the year	(8,731)
Balance at 31 December 2012	-
Balance at 1 January 2011	-
Total comprehensive income for the year 2011	8,731
Balance at 31 December 2011	8,731

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

EUROPEAN FOUNDATION FOR FREEDOM
Annual Financial Statements for the year ended 31 December 2012

STATEMENT OF CASH FLOWS
for the year ended 31 December 2012

	2012 EUR	2011 EUR
Operating activities		
(Deficit)/income for the year	(8,731)	8,731
Adjustments for:		
Depreciation	2,305	1,546
Interest receivable	(112)	(101)
Operating (deficit)/income before working capital movements	(6,538)	10,176
Movements in receivables	9,853	(51,603)
Movements in trade and other payables	(396)	64,976
Interest received	112	101
Net cash flows generated from operating activities	3,031	23,650
Investing activities		
Purchase of property, plant and equipment	(4,704)	(6,183)
Net cash flows used in investing activities	(4,704)	(6,183)
Net movement in cash and cash equivalents	(1,673)	17,467
Cash and cash equivalents at 1 January	17,467	-
Cash and cash equivalents at 31 December (Note 8)	15,794	17,467

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

NOTES TO THE FINANCIAL STATEMENTS

1. ENTITY INFORMATION

The financial statements cover the year ended 31 December 2012. The Foundation's primary objective is to inform the EU public of the importance of parliamentary democracy, to safeguard international cooperation among EU Member States and to make the people of Europe aware of the dangers of super national power to freedom of nations and their constitutional democracies.

1.1 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Standards, interpretations and amendments to published standards effective in the current year

The Foundation has adopted the following new and amended IFRS and IFRIC interpretations:

- IAS 12 Amendments – Recovery of underlying assets (effective for financial years beginning on or after 1 January 2012)
- IFRS 7 Amendments – Transfer of financial assets disclosures (effective for financial years beginning on or after 1 July 2011)

The adoption of the standards or interpretations above did not have an impact on the financial statements or performance of the Foundation.

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

Up to date of approval of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but which are not yet effective for the current reporting year and which the Foundation has not early adopted, but plans to adopt upon their effective date. The changes resulting from these standards are not expected to have a material effect on the financial statements of the Foundation. The new and amended standards are as follows:

- IAS 1 Amendments – Presentation of items of other comprehensive income (effective for financial years beginning on or after 1 July 2012)
- IAS 19 Amendments – Employee Benefits (effective for financial years beginning on or after 1 January 2013)
- IAS 27 Revised – Separate financial statements (effective for financial years beginning on or after 1 January 2013)
- IAS 28 Revised – Investments in associates and joint ventures (effective for financial years beginning on or after 1 January 2013)
- IAS 32 Amendments – Offsetting of financial assets and financial liabilities presentation (effective for financial years beginning on or after 1 January 2014)
- IFRS 1 Amendments – Government Loans (effective for financial years beginning on or after 1 January 2013)
- IFRS 7 Amendments – Financial instruments: Disclosures – Offsetting of financial assets and financial liabilities (effective for financial years beginning on or after 1 January 2013)
- IFRS 10 – Consolidated financial statements (effective for financial years beginning on or after 1 January 2013)

NOTES TO THE FINANCIAL STATEMENTS - continued

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES - continued

Standards, interpretations and amendments to published standards that are not yet effective - continued

- IFRS 11 – Joint Arrangements (effective for financial years beginning on or after 1 January 2013)
- IFRS 12 – Disclosures of interests in other entities (effective for financial years beginning on or after 1 January 2013)
- IFRS 13 – Fair Value Measurement (effective for financial years beginning on or after 1 January 2013)
- IFRIC 20 – Stripping costs in the production phase of a surface mine (effective for financial years beginning on or after 1 January 2013)
- Transition Guidance Amendments to IFRS 10, IFRS 11 and IFRS 12 (effective for financial years beginning on or after 1 January 2013)
- Improvements to IFRSs issued May 2012 (various effective dates)
- IFRS 9 – Financial Instruments (effective for financial years beginning on or after 1 January 2015)
- IFRS 7 Amendments – Disclosure for initial application of IFRS 9 (effective for financial years on or after 1 January 2013)
- Investment entities Amendments to IFRS 10, IFRS 12 and IAS 27 (effective for financial years beginning on or after 1 January 2014)

1.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property, plant and equipment

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

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

Depreciation

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

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

Receivables

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

NOTES TO THE FINANCIAL STATEMENTS - continued

1.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Trade and other payables

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

Revenue recognition

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

(i) *Interest income*

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

(ii) *Donations*

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

(iii) *European parliament grant*

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

Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank.

2. REVENUE

The revenues generated by the Foundation are made up of:

	2012	2011
	EUR	EUR
<i>European parliament grant:</i>		
- for the year	234,133	244,217
- over-provision in prior year	(8,825)	-
<i>Donations:</i>		
- above EUR500 (note iii)	44,229	50,398
- below EUR500	215	1,085
	269,752	295,700

EUROPEAN FOUNDATION FOR FREEDOM
Annual Financial Statements for the year ended 31 December 2012

NOTES TO THE FINANCIAL STATEMENTS - continued

2. REVENUE - continued

i) Donations above EUR500

	2012 EUR	2011 EUR
Andreas Mozler	8,000	-
Godfrey Bloom	6,000	1,181
Ryan Schembri	-	10,000
FPO	6,000	2,000
Buildings Institute	8,529	-
Cassar and Schembri Limited	8,500	-
Etienne Cassar	-	6,000
Landes Gruppe	-	6,000
Interaa Holdings Ltd	-	10,000
Uscom Ltd	-	6,000
Vlaams Belong	-	3,217
Carmelo Sciabaca	-	6,000
Food World Ltd	7,200	-
	<u>44,229</u>	<u>50,398</u>

3. OPERATING AND ADMINISTRATIVE EXPENSES

	2012 EUR	2011 EUR
Personnel costs	122,780	84,528
Infrastructure and operating costs	19,215	18,924
Administrative expenditure	4,295	43,893
Meetings and representation costs	14,119	15,808
Information and publication costs	117,346	123,392
Bank charges	840	525
	<u>278,595</u>	<u>287,070</u>

4. FINANCE REVENUE

	2012 EUR	2011 EUR
Interest receivable on bank accounts	112	101
	<u>112</u>	<u>101</u>

EUROPEAN FOUNDATION FOR FREEDOM
Annual Financial Statements for the year ended 31 December 2012

NOTES TO THE FINANCIAL STATEMENTS - continued

5. PROPERTY, PLANT AND EQUIPMENT

	Office Equipment EUR
Cost	
At 1 January 2011	-
Additions	6,183
At 1 January 2012	6,183
Additions	4,704
At 31 December 2012	10,887
Accumulated depreciation	
At 1 January 2011	-
Provision for the year	1,546
At 1 January 2012	1,546
Provision for the year	2,305
At 31 December 2012	3,851
Net book value	
At 31 December 2012	7,036
At 31 December 2011	4,637

6. RECEIVABLES

	2012 EUR	2011 EUR
European Parliament grant receivable	38,990	48,843
Advance deposits	2,760	2,760
	41,750	51,603

7. TRADE AND OTHER PAYABLES

	2012 EUR	2011 EUR
Trade payables	60,548	60,944
Accruals	4,032	4,032
	64,580	64,976

NOTES TO THE FINANCIAL STATEMENTS - continued

8. CASH AND CASH EQUIVALENTS

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

	2012	2011
	EUR	EUR
Cash at bank	15,794	17,467

9. FINANCIAL RISK MANAGEMENT

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

Timing of cash flows

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

Credit risk

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

Fair values

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

EUROPEAN FOUNDATION FOR FREEDOM
Supplementary Statement for the year ended 31 December 2012

DETAILED OPERATING AND ADMINISTRATIVE EXPENSES STATEMENT

	2012 EUR	2011 EUR
Personnel costs		
Salaries	122,000	79,600
Staff missions expenses	780	3,559
Other personnel costs	-	1,369
	<u>122,780</u>	<u>84,528</u>
Infrastructure and operating costs		
Rent	11,879	8,100
Costs relating to installation and operation of equipment	912	538
Depreciation	2,305	1,546
Stationery and office supplies	768	627
Postal and telecommunications charges	1,219	583
Printing, translation and reproduction costs	1,768	4,800
Other infrastructure costs	364	2,730
	<u>19,215</u>	<u>18,924</u>
Administrative expenses		
Costs of studies and research	-	36,500
Legal costs	-	3,393
Accounting and audit costs	4,295	4,000
	<u>4,295</u>	<u>43,893</u>
Meetings and representation costs		
Costs of meetings	13,041	5,668
Representation costs	1,078	9,837
Other meeting-related costs	-	303
	<u>14,119</u>	<u>15,808</u>
Information and publication costs		
Publication costs	47,864	26,880
Creation and operation of internet sites	17,500	9,019
Publicity costs	3,999	83,343
Communications equipment	4,893	4,150
Seminars and exhibitions	43,090	-
	<u>117,346</u>	<u>123,392</u>
Bank charges	840	525
Total operating and administrative expenses	<u>278,595</u>	<u>287,070</u>

