
Financial report 2019
Stichting European Journalism
Centre
Maastricht

17 April 2020

Compilation report issued 17 April 2020

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Management Board's report

The management board's report is available at the office in Maastricht.

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Financial statements

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Balance sheet as at 31 December 2019

(After proposal distribution of result)

Assets

		31 December 2019		31 December 2018	
		€	€	€	€
<i>Fixed assets</i>					
Property, plant and equipment	1				
Leasehold improvements		131,949		164,936	
Other fixed assets		41,283		61,627	
			173,232		226,563
<i>Current assets</i>					
Receivables	2				
Trade receivables	3	80,000		87,434	
Taxes and social security charges	4	8,519		4,359	
Other receivables, prepayments and accrued income	5	213,503		107,002	
			302,022		198,795
Cash and cash equivalents	6		3,159,072		3,145,623
Total assets			3,634,326		3,570,981

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Reserves and liabilities

		31 December 2019		31 December 2018	
		€	€	€	€
Reserves	7		1,089,142		1,119,951
Provisions	8				
Provision for dismantling costs		3,942		1,971	
Provision for value added taxes payable	9	61,103		0	
			65,045		1,971
Current liabilities	10				
Trade payables		294,350		747,544	
Payables relating to taxes and social security contributions	11	47,376		22,298	
Projects in progress	12	1,917,642		526,923	
Other liabilities and accrued expenses	13	220,771		1,152,294	
			2,480,139		2,449,059
Total equity and liabilities			3,634,326		3,570,981

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Income statement for the year 2019

		2019	2018
		€	€
Net Turnover			
Changes in projects in progress		6,036,172 (1,390,719)	4,837,290 (539,523)
Total operating income		4,645,453	4,297,767
Cost of projects		2,621,741	2,425,595
Wages and salaries		1,276,206	1,094,731
Social security charges		223,810	176,347
Pension contributions		86,136	63,179
Depreciation of tangible fixed assets	14	61,399	20,981
Other operating expenses	15	406,732	492,583
Total of sum of expenses		4,676,024	4,273,416
Total of operating result		(30,571)	24,351
Financial income and expense	16	(238)	185
		(30,809)	24,536

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Notes to the financial statements

Entity information

Registered address and registration number trade register

The registered and actual address of Stichting European Journalism Centre is Petrus Regoutplein 1 F 02, 6211 XX in Maastricht. Stichting European Journalism Centre is registered at the Chamber of Commerce under number 41078390.

General notes

The most important activities of the entity

The operations of Stichting European Journalism Centre are mainly comprised of:

- the presentation of a European Meeting place for journalists, fostering the exchange of experiences and opinions and developing projects of common interest;
- the providing of a further education institute for working journalists, editors and proprietors as well as specialization centre for advanced students;
- the providing of services and expertise to third parties in the media world.

Disclosure of going concern

The going concern of Stichting European Journalism Center faces some material uncertainty as a result of the ongoing COVID-19 pandemic, which is not yet quantifiable. Going concern highly depends on the grants which are provided by funders. The board is not aware of any changes in the grant policy of funders. Stichting European Journalism Centre has a resistivity of 5 months at balance sheet date which will be used in 2020 and on to maintain going concern.

The board has started a plan to decrease fix costs in 2020 to maintain the going concern and make sure the activities are continued. Part of this plan is increase efficiency and adapt digital working. The development of journalism in the European Union and worldwide are two of the most important goals of Stichting European Journalism Centre. The ability to travel and cross borders is a very important part of developing journalism abroad. In line with the plan of decreasing fixed costs the board is planning new way's of working as digital meetings and courses. This decreases travel costs and helps the environment.

Therefore accounting principles applied to the valuation of assets and liabilities and the determination of results in these financial statements are based on the assumption of continuity of the foundation.

Disclosure of estimates

In applying the principles and policies for drawing up the financial statements, the directors of Stichting European Journalism Centre make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the transparency required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

General accounting principles

The accounting standards used to prepare the financial statements

The financial statement is drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost.

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Disclosure of changes in accounting policies

Compared with previous year, there have been no changes in the accounting policies applied.

Conversion of amounts denominated in foreign currency

The financial statement is presented in euros, which is the functional and presentation currency of Stichting European Journalism Centre.

Transactions in foreign currencies are stated in the financial statements at the exchange rate of the functional currency on the transaction date.

Monetary assets and liabilities in foreign currencies are converted to the closing rate of the functional currency on the balance sheet date. The translation differences resulting from settlement and conversion are credited or charged to the income statement.

Non-monetary assets valued at historical cost in a foreign currency are converted at the exchange rate on the transaction date.

Operating leases

The corporation has lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of or incurred by the corporation. The lease contracts are recognised as operational leasing. Lease payments are recorded on a straight-line basis, taking into account reimbursements received from the lessor, in the income statement for the duration of the contract.

Accounting principles

Property, plant and equipment

Property, plant and equipment are valued at historical cost or production cost including directly attributable costs, less straight-line depreciation based on the expected future life and impairments. Impairments expected on the balance sheet date are taken into account.

For obligations to restore the asset after use (dismantling cost) a provision is recognised for the expected amount at the time of capitalisation. This amount is recognised as part of the carrying amount of the asset against which a provision is formed for the full amount.

Impairment of property, plant and equipment

As at each balance sheet date, the Company tests whether there are any indications of assets being subject to impairment. If any such indications exist, the recoverable amount of the asset is determined. If this proves to be impossible, the recoverable amount of the cash-generating unit to which the asset belongs is identified.

An asset is subject to impairment if its carrying amount exceeds its recoverable amount; the recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss is directly recognised in the income statement while the carrying amount of the asset concerned is concurrently reduced.

Fair value less costs to sell is determined based on the active market. For the purposes of determining value in use, cash flows are discounted. An impairment loss is directly expensed in the income statement.

If it is established that a previously recognised impairment loss no longer applies or has declined, the increased carrying amount of the assets in question is not set any higher than the carrying amount that would have been determined had no asset impairment been recognised.

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Construction contracts

Projects in progress consist of long term projects which are performed for clients. The projects in progress are carried at project revenue generated, which is comprised of project costs incurred. Where appropriate, recognised losses and progress billings are deducted from project contracts. Project contracts are recognised as a current liability where progress billings exceed project revenue.

Receivables

Receivables are initially valued at the fair value of the consideration to be received, including transaction costs if material. Receivables are subsequently valued at the amortised cost price. If there is no premium or discount and there are no transaction costs, the amortised cost price equals the nominal value of the accounts receivable. Provisions for bad debts are deducted from the carrying amount of the receivable.

Cash and cash equivalents

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is valued at nominal value.

Provisions

Provisions are measured at the best estimate of the amount that is necessary to settle the obligation as per the balance sheet date. The other provisions are carried at the nominal value of the expenditure that is expected to be necessary in order to settle the obligation, unless stated otherwise.

Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs. This is usually the nominal value.

Accounting principles for determining the result

The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

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Revenue recognition

Net turnover comprises the income from projects in progress. When progression is made on a project the revenue and also these cost are taken into account.

When the outcome of a contract can be estimated reliably, contract revenue and costs are recognised as revenue and costs in the income statement under the percentage-of-completion method. The stage of completion is measured by reference to the contract costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised as revenue in the income statement only to the extent of contract costs incurred that are likely to be recoverable; contract costs are recognised as expenses in the period in which they were incurred. When the outcome of a contract can be estimated reliably, revenue is recognised using the percentage-of-completion method by reference to the services provided up to the balance sheet date.

Profit or loss is determined as the difference between contract revenue and contract costs. Contract revenue comprises the initial amount agreed in the contract; variations in contract work, claims and incentive payments are also included in contract revenue to the extent that they may have been agreed with the customer and are capable of being reliably measured. Contract costs comprise costs that relate directly to the specific contract, costs that are attributable to contract activity in general and can be allocated to the contract, and such other costs as are specifically chargeable to the customer under the terms of the contract.

The zero profit method is applied as profit is not a goal neither an expectation. If it is probable that total contract costs will exceed total contract revenue, any expected excess of total contract costs over total contract revenue for the contract is recognised as an expense immediately within cost of sales.

The provision for the loss is recognised within construction contracts.

Wages

The benefits payable to personnel are recorded in the income statement on the basis of the employment conditions.

Applied policy of pension costs

Stichting European Journalism Centre applies the liability approach to account for all pension schemes. The premium payable during the reporting year is recorded as an expense. The contributions are recorded as personnel costs from the date that they become payable. Prepaid contributions are reported as accrual if this results in a repayment or a reduction in future payments. Contributions that are not yet paid are included as a liability in the balance sheet.

Depreciation of property, plant and equipment

Tangible fixed assets are depreciated from the date of initial use over the expected future economic life of the asset. Future depreciation is adjusted if there is a change in estimated future useful life. Gains and losses from the occasional sale of property, plant or equipment are included in depreciation.

Other operating expenses

Costs are determined on a historical basis and are attributed to the reporting year to which they relate.

Other interest income and related income

Interest income are recognised on a pro rata basis, taking account of the effective interest rate of the assets to which they relate.

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Notes to the balance sheet

1 Property, plant and equipment

	<i>Leasehold improve- ments</i>	<i>Other fixed assets</i>	<i>Total</i>
	€	€	€
Balance as at 1 January 2019			
Cost or manufacturing price	164,936	268,465	433,401
Accumulated depreciation	0	(206,838)	(206,838)
	<hr/>	<hr/>	<hr/>
Book value as at 1 January 2019	164,936	61,627	226,563
	<hr/>	<hr/>	<hr/>
Movements			
Additions	0	8,068	8,068
Depreciation	(32,987)	(28,412)	(61,399)
	<hr/>	<hr/>	<hr/>
Balance movements	(32,987)	(20,344)	(53,331)
	<hr/>	<hr/>	<hr/>
Balance as at 31 December 2019			
Cost or manufacturing price	164,936	276,533	441,469
Accumulated depreciation	(32,987)	(235,250)	(268,237)
	<hr/>	<hr/>	<hr/>
Book value as at 31 December 2019	131,949	41,283	173,232
	<hr/>	<hr/>	<hr/>
Depreciation percentages	20	20 - 33,33	
	<hr/>	<hr/>	

2 Receivables

Accounts receivable all have a remaining term to maturity of less than one year, unless stated otherwise. The fair value of the accounts receivable is close to the carrying amount, given the current nature of the accounts receivable and the fact that, where necessary, provisions for bad debt have been recognised.

3 Trade receivables

	<u>31-12-2019</u>	<u>31-12-2018</u>
	€	€
Trade receivables	80,000	108,358
Provision for doubtful debts	0	(20,924)
	<hr/>	<hr/>
	80,000	87,434
	<hr/>	<hr/>

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4 Taxes and social security charges

	<u>31-12-2019</u>	<u>31-12-2018</u>
	€	€
Social security contributions	8,519	4,354
Pension contributions	0	5
	<u>8,519</u>	<u>4,359</u>

5 Other receivables, prepayments and accrued income

	<u>31-12-2019</u>	<u>31-12-2018</u>
	€	€
Grants receivable	144,517	0
Retention money	31,832	31,832
Prepaid cost on projects	4,195	43,433
Other receivables and prepaid expenses	32,959	31,737
	<u>213,503</u>	<u>107,002</u>

6 Cash and cash equivalents

	<u>31-12-2019</u>	<u>31-12-2018</u>
	€	€
Deutsche Bank AG	0	3,009,831
Triodos Bank	3,142,675	119,587
ING Bank N.V.	14,605	14,850
Cash in hand	1,792	1,355
	<u>3,159,072</u>	<u>3,145,623</u>

The cash and cash equivalents are at the Foundation's free disposal.

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7 Reserves**Other reserve**

	<u>2019</u>	<u>2018</u>
	€	€
Balance as at 1 January	1,119,951	1,095,415
Appropriation of result	(30,809)	24,536
Balance as at 31 December	<u>1,089,142</u>	<u>1,119,951</u>

8 Provisions**Other provisions**

	<u>31-12-2019</u>	<u>31-12-2018</u>
	€	€
Provision for dismantling costs	3,942	1,971
Provision for value added taxes payable	61,103	0
	<u>65,045</u>	<u>1,971</u>

Provision for dismantling costs

	<u>2019</u>	<u>2018</u>
	€	€
Balance as at 1 January	1,971	0
Increase taken to result	1,971	1,971
Balance as at 31 December	<u>3,942</u>	<u>1,971</u>

Provision for value added taxes payable

	<u>2019</u>	<u>2018</u>
	€	€
Balance as at 1 January	0	0
Allocation chargeable to result of the provision	61,103	0
Balance as at 31 December	<u>61,103</u>	<u>0</u>

The provision for the value added taxes payable is taken into account for the expected payment to the Tax Authorities regarding the value added taxes investigation. The Tax Authorities have claimed € 177,828 but Stichting European Journalism Centre has prepared a report with support of the tax advisors of Mazars to recognize the amount for the provision. The provision will be used in 2020.

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10 Current liabilities

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to their short-term character.

11 Payables relating to taxes and social security contributions

	<u>31-12-2019</u>	<u>31-12-2018</u>
	€	€
Value added tax	22,798	0
Wage tax	24,578	22,298
	<u>47,376</u>	<u>22,298</u>

The value added taxes consist of the payable value added taxes in the report of the fourth quarter of 2019.

12 Projects in progress

	<u>31-12-2019</u>	<u>31-12-2018</u>
	€	€
Capitalized expenses construction contracts	(4,041,709)	(2,295,537)
Progress billings	5,959,351	2,822,460
	<u>1,917,642</u>	<u>526,923</u>

The constructions contracts where the work performed exceeds the recognised progress billings (positive value) is EUR 81,619 (2018: EUR 52,246). The constructions contracts where the performed work is lower then the recognised progress billings (negative value) is EUR 1,999,261 (2018: EUR 579,169).

13 Other liabilities and accrued expenses

	<u>31-12-2019</u>	<u>31-12-2018</u>
	€	€
Holiday allowance	126,230	119,560
Prepayments for projects	45,000	887,227
Grants payable	28,792	100,000
Other payables	20,749	45,507
	<u>220,771</u>	<u>1,152,294</u>

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Contingent assets and liabilities

Disclosure of off-balance sheet commitments

The management has started an investigation after the high result in 2017 on its own initiative into the possible tax liability for the corporate income tax. The results of this investigation are not yet known at the time of the finalization of the annual accounts. Any tax liability may have a negative effect on the capital and result, with a maximum impact of approximately EUR 100,000.

The opinion of the management is that there is no tax liability and that the high result of 2017 is exceptional.

Disclosure of operating leases

The property rental commitments for 2020 amount to EUR 26,000 for the Maastricht office and EUR 41,100 for the Brussels office.

The rental commitment for the Maastricht office at 31 December 2019 amounts to EUR 95,333 and has an average remaining maturity of 3 years and 8 months.

The rental commitment for the Brussels office at 31 December 2019 amounts to EUR 106,175 and has an average remaining maturity of 2 years and 7 months.

Subsequent events

Since February 2020 Stichting European Journalism Centre has had to contend with the consequences of the COVID-19 pandemic. This is likely to lead to a drop in grants and a decrease of the liquidity position. The board has recognized this situation and has taken measures to deal with this situation.

For the steps taken in the context of the impact, see the continuity section in this annual report.

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Notes to the profit and loss account**Average number of employees****2019**

Average number of employees	<u>Number</u> 24.00
-----------------------------	------------------------

2018

Average number of employees	<u>Number</u> 21.40
-----------------------------	------------------------

14 Depreciation of tangible fixed assets**Depreciation of property, plant and equipment**

	<u>2019</u> €	<u>2018</u> €
Depreciation of leasehold improvements	32,987	0
Depreciation of other fixed assets	28,412	20,981
	<u>61,399</u>	<u>20,981</u>

15 Other operating expenses

	<u>2019</u> €	<u>2018</u> €
Other expenses of employee benefits	57,058	47,405
Housing expenses	101,367	120,844
Office expenses	59,076	50,900
General expenses	114,056	109,245
Board costs	20,448	9,031
Business development	(16,696)	150,471
Other expenses	71,423	4,687
	<u>406,732</u>	<u>492,583</u>

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16 Financial income and expense

	<u>2019</u> €	<u>2018</u> €
Interest and similar income	0	185
Interest and similar expenses	(238)	0
	<u>(238)</u>	<u>185</u>

Maastricht, 17 April 2020
Stichting European Journalism Centre

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Accountant's compilation report

To: The board of Stichting European Journalism Centre

The financial statements of Stichting European Journalism Centre, Maastricht, have been compiled by us using the information provided by you. The financial statements comprise the balance sheet as at 31 December 2019 and the income statement for the year then ended with the accompanying explanatory notes. These notes include a summary of the accounting policies which have been applied.

This compilation engagement has been performed by us in accordance with Dutch law, including the Dutch Standard 4410, 'Compilation engagements', which is applicable to accountants. The standard requires us to assist you in the preparation and presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. To this end we have applied our professional expertise in accounting and financial reporting.

In a compilation engagement, you are responsible for ensuring that you provide us with all relevant information and that this information is correct. Therefore, we have conducted our work, in accordance with the applicable regulations, on the assumption that you have fulfilled your responsibility. To conclude our work, we have read the financial statements as a whole to consider whether the financial statements as presented correspond with our understanding of Stichting European Journalism Centre. We have not performed any audit or review procedures which would enable us to express an opinion or a conclusion as to the fair presentation of the financial statements.

During this engagement we have complied with the relevant ethical requirements prescribed by the 'Verordening Gedrags- en Beroepsregels Accountants' (VGBA). You and other users of these financial statements may therefore assume that we have conducted the engagement in a professional, competent and objective manner and with due care and integrity and that we will treat all information provided to us as confidential.

We would like to draw attention to the enclosure of going concern (page 7) of the financial statements in which the management has described the possible impact and consequences of the COVID-19 (Corona) virus. Also, the taken and planned measures to deal with the circumstances have been included. Furthermore, it is described that there are significant uncertainties. Therefore, at this point in time it is reasonably hard to properly assess what impact the COVID-19 virus has on the going concern. The current events and circumstances indicate that there is insecurity of material uncertainty, which may cause significant doubts whether the entity is able to continue as a going concern.

Utrecht The Netherlands, 17 April 2020

PricewaterhouseCoopers Compliance Services B.V.

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