

EUROPEAN ASSOCIATION OF DISTANCE TEACHING UNIVERSITIES  
HEERLEN

Report on the annual accounts 2017

Compilation report provided

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INDEX	PAGE
<b>REPORT OF THE AUDITORS</b>	
Reason missing compilation report	2
Results	3
Financial position	4
<b>ANNUAL ACCOUNTS 2017</b>	
Consolidated balance sheet as at 31 december 2017	7
Consolidated profit and loss account for 2017	9
General notes to the financial statements	10
Disclosure on consolidated balance sheet as at 31 december 2017	14
Disclosure on consolidated profit and loss account for 2017	17
Balance sheet as at 31 december 2017	21
Profit and loss account for 2017	23
General disclosure of the company annual report	24
Disclosure on balance sheet as at 31 december 2017	25
Disclosure on profit and loss account 2017	27

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AUDITOR'S REPORT

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Our reference  
JRK2017/600160

From  
DVR/MK1/NVO

Dear secretary general and members,

In compliance with your instructions we have compiled a draft of the annual accounts 2017 of European Association of Distance Teaching Universities, Maastricht.

#### REASON MISSING COMPILATION REPORT

Because our work is not finished yet, it is not possible at this moment to present our compilation report to you. We will provide this after we receive the signed letter of representation.

## RESULTS

### Comparative report

The results in/decreased by € 35.000 to € 21.000 in comparison with the financial year 2016. A comparison between these two financial years shows the following picture. The figures have been taken from the profit and loss account.

	2017		2016		Vershil
	x € 1.000	%	x € 1.000	%	x € 1.000
Net turnover	591	100,0	555	100,0	36
	<u>591</u>	<u>100,0</u>	<u>555</u>	<u>100,0</u>	<u>36</u>
Costs					
Personnel expenses	405	68,7	417	75,1	(11)
Depreciation	1	0,1	1	0,2	-
Other operating costs	162	27,4	149	26,9	13
Sum of the operating costs	<u>568</u>	<u>96,2</u>	<u>567</u>	<u>102,2</u>	<u>2</u>
Operating results	23	3,8	(12)	(2,2)	34
Financial income and expense	(2)	(0,3)	(2)	(0,3)	-
Result from ordinary business operation before taxation	21	3,5	(14)	(2,5)	34
Taxation on result of ordinary activities	-	-	-	-	-
Result after taxation	<u>21</u>	<u>3,5</u>	<u>(14)</u>	<u>(2,5)</u>	<u>34</u>

## FINANCIAL POSITION

The analysis of the financial position is based on the following overview which in turn is based on the data from the balance sheet:

	31-12-2017		31-12-2016	
	x € 1.000	x € 1.000	x € 1.000	x € 1.000
<b>Liabilities</b>				
Equity	145		124	
Provisions	20		1	
		165		125
<b>Fixed Assets</b>				
Tangible fixed assets		-		1
Working capital		165		124
Receivables and prepayments and accrued income	46		50	
Cash and Bank	623		241	
		669		291
Minus: Short term debts		504		167
Working capital		165		124

We trust to have been of service. We are available to provide further explanation for your questions or comments.

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**CONSOLIDATED ANNUAL ACCOUNTS 2017**

Consolidated balance sheet as at 31 December 2017

Consolidated profit and loss account for 2017

General notes to the financial statements

Disclosure on consolidated balance sheet as at 31 December 2017

Disclosure on consolidated profit and loss account for 2017

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CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2017

	31 December 2017		31 December 2016	
	€	€	€	€
<b>ASSETS</b>				
<b>FIXED ASSETS</b>				
Tangible fixed assets (1)				
Equipment		0		735
<b>CURRENT ASSETS</b>				
Receivables and prepayments and accrued income (2)				
Trade debtors	11.460		7.302	
Other taxes and social security	0		6.788	
Prepayments and accrued income	34.846		34.816	
		46.306		48.906
Cash and Bank (3)		623.434		241.445
		<u>669.740</u>		<u>291.086</u>

	31 December 2017		31 December 2016	
	€	€	€	€
<b>EQUITY AND LIABILITIES</b>				
GROUP EQUITY	(4)	145.219		124.395
PROVISIONS	(5)			
Other provisions		20.248		0
CURRENT LIABILITIES, ACCRUALS AND DEFERRED INCOME	(6)			
Banks		484		0
Trade creditors		6.142		2.140
Other taxes and social security		26.581		27.890
Accruals and deferred income		471.066		136.661
		<u>504.273</u>		<u>166.691</u>
		<u>669.740</u>		<u>291.086</u>

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR 2017

	2017		2016	
	€	€	€	€
Net turnover	(7)	590.631		554.967
Costs				
Personnel expenses	(8)	405.494	416.857	
Depreciation	(9)	735	1.066	
Other operating costs	(10)	161.564	148.927	
		<u>567.793</u>		<u>566.850</u>
Operating results		22.838		(11.883)
Financial income and expense	(11)	(2.014)		(1.698)
Result from ordinary business operation before taxation		20.824		(13.581)
Taxation on result of ordinary activities		0		0
Result after taxation		<u>20.824</u>		<u>(13.581)</u>

European Association of Distance Teaching Universities, Maastricht

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

### Activities

The European Association of Distance Teaching Universities is an association with full legal capacity and is settled in Maastricht.

The associations' activities mainly consist in offering joint courses and managing networks for interested European Universities; advising and rendering services for open education and distance teaching to entrepreneurs, foundations and other institutes, all in accordance with the objective of the 100% subsidiary EOUN B.V.

### Business address

European Association of Distance Teaching Universities (registered under the Chamber of Commerce number 40188999) currently located at the Parkweg 27 Maastricht.

### Consolidation

In the annual accounts of European Association of Distance Teaching Universities the annual accounts from the following company is fully consolidated:

EOUN B.V. Maastricht.

#### CAPITAL INTERESTS

Company name, registered office	Subscribed capital	Included in consolidation
	%	
EOUN B.V. Maastricht	100,00	Yes

### General Principles consolidation

The consolidated annual accounts include the annual figures of European Association of Distance Teaching Universities as well as those of its 100% participation EOUN B.V., both registered at Maastricht.

The consolidated annual report is based on the principles of valuation of the assets and liabilities and the determination of the results from European Association of Distance Teaching Universities. The financial statements of the group companies are consolidated according to these principles. The transactions between the consolidated companies are eliminated.

## GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE (CONSOLIDATED) ANNUAL ACCOUNTS

The (consolidated) financial statements have been prepared in accordance with the Guideline for annual reporting 640 "Organizations without profit motive." Voluntarily, the provisions of Chapter 9 Book 2 of the Dutch Civil Code have been taken for the preparation of the financial statements.

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless mentioned otherwise, the relevant principle for the specific balance sheet item, assets and liabilities are presented at face value.

Income and expenses are accounted on accrual basis. Profit is only included when realized on balance sheet date. Liabilities and any losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

## PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES

### **Tangible fixed assets**

The tangible fixed assets are valued at the acquisition price, reduced by the cumulative depreciations and, if applicable, the special depreciations. The depreciations are based on the estimated economic lifespan and are calculated on the basis of a fixed percentage of the acquisition price, taking into account a residual value, if any. Depreciations are applied as of the moment of putting into use. No depreciations are applied on grounds.

### **Financial fixed assets**

Where significant influence is exercised participations in non-consolidated companies are valued under the net asset value method, but not lower than a nil value. This net asset value is based on the same accounting principles as applied by European Association of Distance Teaching Universities

### **Receivables**

The receivables are included at the face value, after deduction of the provisions deemed necessary for the risk of uncollectable claims. These provisions are determined on receivables which are send to the lawyer and the collection agency.

## Provisions

### *Other provisions*

#### *Provision for claims*

The provisions have a predominantly long-term character

## PRINCIPLES FOR THE DETERMINATION OF THE RESULT

### Determination of the result

The result is determined as the difference between net turnover and the costs of the reporting period regarding the previous mentioned principles of valuation. Benefits and charges are allocated to the year to which they relate. Profits are included only in so far as they have been realised on the balance sheet date. Losses which originate before the end of the year under report are taken into account if they became known before the preparation of the annual accounts.

### Net turnover

The net turnover are the revenues consisting of:

- Membership fees
- Hours delivered
- Conference fees
- Projects (results on closed projects)
- There are three other types of revenues. These revenues are:
  1. Empower: sharing knowledge about online teaching with other traditional universities;
  2. E-xcellence label: quality label developed by EADTU;
  3. OpenupEd: Moocs are judged with developed quality standards.

### Grants

Operating grants are obtained for three years. Each year there will be indicated which activities in the field of online and open education will be performed. These activities can be meetings, workshops, training and conferences.

Furthermore there will be received grants for specific projects which must be pre-applied. These grants are focused on a specific topic in the online and open education. These grants are obtained from the EU or the national agency NUFFIC.

There can be participation in projects of other educational institutions. Eoun B.V. is classified as partner and will receive funding.

European Association of Distance Teaching Universities, Maastricht

## Result after income taxes of the group companies

Where significant influence is exercised over participations, the group's share in the participations' results is included in the consolidated profit and loss account. This result is determined on the basis of the accounting principles applied by European Association of Distance Teaching Universities

## Tax

The European Association of Distance Teaching Universities is exempted for corporate income taxes according to article 2 and 4 income Tax 1969.

EOUN B.V. is exempted for corporate income taxes according to article 6b income Tax 1969.

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DISCLOSURE ON CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2017

**1. Tangible fixed assets**

	<u>Equipment</u>
	€
Bookvalue 1 January 2017	735
Depreciation	<u>(735)</u>
Bookvalue 31 December 2017	<u><u>0</u></u>

**2. Receivables and prepayments and accrued income**

	<u>31-12-2017</u>	<u>31-12-2016</u>
	€	€
Trade debtors		
Trade debtors	33.880	8.302
Provision for uncollectable accounts	<u>(22.420)</u>	<u>(1.000)</u>
	<u>11.460</u>	<u>7.302</u>
A provision for uncollectable accounts was not deemed to be necessary.		
Other taxes and social security		
Other taxes and social security	<u>0</u>	<u>6.788</u>
Prepayments and accrued income		
Other receivables Operating Grant	25.000	25.000
Deposits	4.914	4.914
Prepaid creditors	1.700	1.686
Other	<u>3.232</u>	<u>3.216</u>
	<u>34.846</u>	<u>34.816</u>

Among the prepayments and accrued income there are no receivables with a duration of more than one year.



	<u>31-12-2017</u>	<u>31-12-2016</u>
	€	€
<b>3. Cash and Bank</b>		
ABN AMRO Bank N.V.	623.211	241.123
Cash	<u>223</u>	<u>322</u>
	<u><u>623.434</u></u>	<u><u>241.445</u></u>

Cash at bank and in hand is at the organisation's free disposal.

#### 4. Group Equity

The disclosure of the equity capital is reported in the individual statements on page 23 of this report.

#### 5. Provisions

Other provisions

Projects provisions	<u>20.248</u>	<u>0</u>
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This concerns the provision of claims. The provision is calculated for the best estimate of the amount for which the liability can be settled.

#### 6. Current liabilities, accruals and deferred income

Banks

Cash in transit	<u>484</u>	<u>0</u>
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Trade creditors

Trade creditors	<u>6.142</u>	<u>2.140</u>
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Other taxes and social security

Value added tax	616	3.338
Wage tax	21.099	20.150
Pensions	<u>4.866</u>	<u>4.402</u>
	<u><u>26.581</u></u>	<u><u>27.890</u></u>

	<u>31-12-2017</u>	<u>31-12-2016</u>
	€	€
<b>Accruals and deferred income</b>		
Holiday pay	14.457	14.400
Holiday liabilities	14.386	16.951
Audit fees	7.000	7.000
Interest	34	68
Projects in progress	404.794	68.948
Payable other expenses	20.185	22.294
Payable projects	10.210	7.000
	<u>471.066</u>	<u>136.661</u>

## Liabilities not included in the balance-sheet

### Not recognized liabilities

#### *Claims*

In 2017 an audit was executed for the operating grants 2013, 2014, 2015 and the projects Sequent and Home. This audit was commissioned by the European Commission. This resulted in a claim imposed by the European Commission. The company is held liable for claiming double funding. A notice of objection has been made against this claim. No response has been received on this notice of objection. Therefore a provision has been calculated for an amount of € 20.248.

#### *Corporate Tax*

EOUN B.V. is exempted for corporate income taxes according to article 6b income Tax 1969. In 2018 there has been a consultation with the Dutch tax authorities about the dispensation of the corporate income taxes. The Dutch tax authorities has still not made a definitive decision about the dispensation. Therefore has been assumed that the dispensation has been granted.

### Multiple-year financial obligations

#### *Rent agreement*

EADTU has multiple-year financial obligations for renting an office. The rent amounts € 14.400 a year and for the parking lot € 1.600 a year. Indexation takes yearly place, from the first of April 2017.

DISCLOSURE ON CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR 2016

	2017	2016
	€	€
<b>7. Net turnover</b>		
Membership fees	301.579	270.949
Mutation work in progress	125.755	101.999
Hours delivered	82.953	91.498
Other receivables	10.189	13.389
Conference fees	70.155	77.132
	<u>590.631</u>	<u>554.967</u>
<b>8. Personnel expenses</b>		
Wages and salaries	301.165	315.371
Social security charges	40.760	40.944
Pension contributions	43.300	36.078
Other personnel expenses	20.269	24.464
	<u>405.494</u>	<u>416.857</u>
<i>Wages and salaries</i>		
Wages and salaries	303.672	305.497
Allocation holiday pay	57	1.887
Allocation holiday liabilities	(2.564)	7.987
	<u>301.165</u>	<u>315.371</u>
<i>Social security charges</i>		
Social security charges	<u>40.760</u>	<u>40.944</u>
<i>Pension contributions</i>		
Pension contributions	<u>43.300</u>	<u>36.078</u>

	2017	2016
	€	€
<i>Other personnel expenses</i>		
Travel allowances	1.173	1.561
Arbo-services	722	688
Courses and study expenses	1.438	6.900
Health insurance	11.341	12.087
Staff insurance	8	0
Labor costs internet fees	3.310	760
Other personnel expenses	2.277	2.468
	<u>20.269</u>	<u>24.464</u>
<b>9. Depreciation</b>		
<i>Depreciation tangible fixed assets</i>		
Equipment	<u>735</u>	<u>1.066</u>
<b>10. Other operating costs</b>		
Housing expenses	21.074	19.071
Office expenses	14.031	24.905
Selling expenses	43.225	48.990
Other operating expenses	83.234	55.961
	<u>161.564</u>	<u>148.927</u>
<i>Housing expenses</i>		
Hiring and rental charges	16.120	14.032
Insurance	341	338
Cleaning	1.045	186
Service costs	3.500	2.436
Other housing expenses	68	2.079
	<u>21.074</u>	<u>19.071</u>
<i>Office expenses</i>		
Office materials	568	655
IT expenses	8.038	15.801
Telephone	1.798	2.489
Postage	225	155
Contributions	1.498	1.471
Other office expenses	1.904	4.334
	<u>14.031</u>	<u>24.905</u>

	2017	2016
	€	€
<i>Selling expenses</i>		
Representation	349	375
Travel expenses	21.456	27.195
Provision for uncollectable accounts	21.420	21.420
	<u>43.225</u>	<u>48.990</u>
<i>Other operating expenses</i>		
Accountant costs	8.765	7.710
Administration costs (salaries)	1.770	1.184
Advisory costs	0	235
Advice expenses	678	0
Notary costs	0	(2.368)
Insurances	2.668	2.728
Small additions	188	2.695
Borrowing staff	42.127	43.996
Costs claims	20.248	0
Other operating expenses	6.790	(219)
	<u>83.234</u>	<u>55.961</u>
<b>11. Financial income and expense</b>		
<i>Interest expenses and similar charges</i>		
Interest and bank charges	1.964	1.698
Fines	50	0
	<u>2.014</u>	<u>1.698</u>

**ANNUAL ACCOUNTS 2017**

Balance sheet as at 31 December 2017

Profit and loss account for 2017

General disclosure of the company annual report

Disclosure on balance sheet as at 31 December 2017

Disclosure on profit and loss account 2017

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European Association of Distance Teaching Universities, Maastricht

BALANCE SHEET AS AT 31 DECEMBER 2017  
(after appropriation of results)

	31 December 2017		31 December 2016	
	€	€	€	€
<b>ASSETS</b>				
<b>FIXED ASSETS</b>				
Financial fixed assets	(12)			
Participations in group companies		97.834		75.319
<b>CURRENT ASSETS</b>				
Receivables and prepayments and accrued income	(13)			
Trade debtors		0		7.302
Cash and Bank	(14)	597.088		221.688
		<u>694.922</u>		<u>304.309</u>

	31 December 2017		31 December 2016	
	€	€	€	€
<i>EQUITY AND LIABILITIES</i>				
EQUITY CAPITAL	(15)			
Other reserves		145.219		124.395
CURRENT LIABILITIES, ACCRUALS AND DEFERRED INCOME	(16)			
Current account group companies		549.703		179.914
		<u>694.922</u>		<u>304.309</u>



PROFIT AND LOSS ACCOUNT FOR 2017

	2017		2016	
	€	€	€	€
Operating results		0		0
Financial income and expense	(17)	(1.691)		(1.434)
Result from ordinary business operation before taxation		(1.691)		(1.434)
Taxation on result of ordinary activities		0		0
		(1.691)		(1.434)
Result after income taxes of the group companies	(18)	22.515		(12.147)
Result after taxation		20.824		(13.581)

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European Association of Distance Teaching Universities, Maastricht

#### GENERAL DISCLOSURE OF THE COMPANY ANNUAL REPORT

The (consolidated) financial statements have been prepared in accordance with the Guideline for annual reporting 640 "Organizations without profit motive." Voluntarily, the provisions of Chapter 9 Book 2 of the Dutch Civil Code have been taken for the preparation of the financial statements.

The assets and liabilities and the determination of the result take place on the basis of general valuation as described in de general principles of the consolidated annual accounts.

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DISCLOSURE ON BALANCE SHEET AS AT 31 DECEMBER 2017

**12. Financial fixed assets**

	<u>31-12-2017</u>	<u>31-12-2016</u>
	€	€
Participations in group companies		
EOUN B.V. te Maastricht (100%)	97.834	75.319
	<u>97.834</u>	<u>75.319</u>
Concerning a 100% participation in EOUN B.V. located in Maastricht		

**13. Receivables and prepayments and accrued income**

Trade debtors		
Trade debtors	0	8.302
Provision for uncollectable accounts	0	(1.000)
	<u>0</u>	<u>7.302</u>

A provision for uncollectable accounts was not deemed to be necessary.

**14. Cash and Bank**

ABN AMRO Bank N.V.	<u>597.088</u>	<u>221.688</u>
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## 15. Equity capital

	<u>2017</u>	<u>2016</u>
	€	€
Other reserves		
Balance as at 1 January	124.395	137.976
Net profit	20.824	(13.581)
Balance as at 31 December	<u>145.219</u>	<u>124.395</u>

The general meeting of the members of the board has approved the annual report 2016. The appropriation of the results over 2016 has been settled conform the proposal of the board of directors.

## 16. Current liabilities, accruals and deferred income

	<u>31-12-2017</u>	<u>31-12-2016</u>
	€	€
Current account group companies		
EOUN B.V.	<u>549.703</u>	<u>179.914</u>

DISCLOSURE ON PROFIT AND LOSS ACCOUNT 2017

**17. Financial income and expense**

	<u>2017</u>	<u>2016</u>
	€	€
<i>Interest expenses and similar charges</i>		
Interest and bank charges	<u>1.691</u>	<u>1.434</u>

**18. Result after income taxes of the group companies**

Result of EOUN B.V.	<u>22.515</u>	<u>(12.147)</u>
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Concerning the net-result of the 100% participation in EOUN B.V. located in Maastricht.

Signature for approval directors

Maastricht, .....

Mr. A.T. Ferrer