

VRC



Bedrijfsrevisoren - Reviseurs d'Entreprises - Registered Auditors

West Point Park
't Hofveld 6 C3
1702 Groot-Bijgaarden

Tel: 02 464 20 50

EGEA AISBL

Audit report on the financial statements as of 31 December 2013

VRC BEDRIJFSREVISOREN – VRC REVISEURS D'ENTREPRISES – VRC REGISTERED AUDITORS

Burgerlijke vennootschap onder de vorm van een cooperatieve vennootschap met beperkte aansprakelijkheid

Société Civile sous forme d'une société coopérative à responsabilité limitée

Maatschappelijke zetel | Siège social | Registered address: 8820 Torhout, Lichterveldestraat 39 A

BTW | TVA | VAT BE 0462 836 191 – RPR | RPM Ger. Arr. | Arr. Jud. 0462 836 191

Vennoten | Associés | Partners: Vander Donckt Hedwig – Roobrouck Bart – Christiaens Yves – Vander Donckt Frederik – Geeroms Andre – Motte Brigitte - Van Steenberge Bart



KRESTON A member of Kreston International | A global network of independent accounting firms

Mission:

Upon the request of EGEA aisbl's board of directors, VRC Registered Auditors, represented by Brigitte Motte, has been asked to perform an audit of EGEA financial statements as at December 31, 2013.

1. Presentation of the entity

EGEA : European Garage Equipment Association. The association is an international not-for-profit association incorporated under the Belgian Law under the number 883.057.910. EGEA is not VAT registered.

Activity:

The association, whose activities are completely non-profit, is vested with the mission of performing scientific, economic, technical and administrative studies of all problems relating to the manufacture and distribution of garage equipment and which concern international economic integration, in particular within the EU, together with research into and application of suitable solutions to such problems.

More particularly, the objectives for which the association is established are:

- To encourage and to promote a unity of purpose among European members of the garage equipment industry including manufacturers, distributors and dealers in the fields of interest of its members and specifically, but not exclusively, the pursuance of:
- The establishment in the interest of quality, safety, and efficiency, of common standards for the design, construction, installation and operation of garage equipment;
- The exchange of information on existing and proposed European and national regulations affecting the design, construction, installation, operation and servicing of garage equipment, and preparation of representations to the EU and national governments to seek alliances with other associations;
- The standardization of vehicle in-servicing testing procedures within Europe;
- The harmonization of dates of garage equipment tradeshow throughout Europe. Each member country retains the right to determine its own dates;
- The collection and exchange of market information in order to prepare and circulate general European market data.

2. Presentation of the financial statements

2.1 Income statement (in euro cent)

INCOME STATEMENT	31/12/2013
Membership fees	166.960,00
Refund of costs	13.779,62
Other income	172,29
TOTAL SALES	180.911,91
Services and other goods	214.029,72
Personnel costs	19.763,09
TOTAL OPERATING CHARGES	233.792,81
OPERATING RESULT	-52.880,90
Financial Charges	-257,58
RESULT ON ACTIVITIES	-53.138,48
RESULT BEFORE TAXES	-53.138,48
NET RESULT	-53.138,48

2.2 Balance sheet (in euro cent)

STATUTORY ACCOUNTS	31/12/2013
Cash at bank and in hand	176.227,50
TOTAL CURRENT ASSETS	176.227,50
TOTAL ASSETS	176.227,50
Accumulated profits	170.740,90
Result of the year	-53.138,48
EQUITY	117.602,42
Amounts payable after more than one year	0,00
Amounts payable within one year	58.347,44
Accrued charges and deferred income	277,64
TOTAL AMOUNTS PAYABLE	58.625,08
TOTAL LIABILITIES	176.227,50

ASSETS **€ 176.227,50**

Current assets: **€ 176.227,50**

ING Current account **€ 176.227,50**

The amount in accordance with the bank statement at 31.12.2013

LIABILITIES **€ 176.227,50**

Accumulated profit per 31.12.2013 **€ 117.602,42**

Accumulated profit per 31/12/2012 **170.740,90**

Result of the year 2013 **-53.138,48**

Short term liabilities **€ 58.625,08**

- **Suppliers** **57.507,44**

The suppliers balance is detailed as follows:

- FEDERAUTO	701,24
- Ossborne Clarke	3.361,41
- Xen Consultancy	11.277,55
- Euroactiv.com PLC	300,00
- TRB sa	55,00
- Arkadin Belux SA	137,59
- FIGIEFA aisbl	41.674,65

The balances have been paid in 2014 and the amount due by Figiefa has been reconciled with the accounts of Figiefa aisbl.

- **Invoices to receive** **840,00**
 Consulting fees (Xen Consultancy)

- **Accrued charges and deferred costs** **277,64**

- Meetings costs	60,05
- Bank charges	217,59

These costs are linked to the year 2013 but paid in 2014.

Comments

During our audit, we noticed some points of attention we would like to share with you:

A. VAT status

From the date of its incorporation as an association (2006), EGEA association has never been registered for VAT purpose as its activities were not subject to VAT legislation.

Legislation has changed though and it seems that this change has not been correctly communicated to the management of the association.

For 2013, we have noticed that the purchase invoices, related to services given by Xen Consulting (a UK VAT registered person) for a total amount of € 57.145,55, were not correctly treated for VAT purposes in Belgium. The transaction is to be considered as an “intra-communautaire” transaction. EGEA should have asked the VAT authorities a special VAT registration. Belgian VAT should/would have been paid and recovered, if the association fulfilled the conditions of a VAT registered entity. The latter is however not the case for EGEA.

The consequence of the non application of this obligation is that for the year 2013 an amount of € 12.000,56 corresponding to the Belgian VAT rate (21%) on the total Xen Consulting fees is due to the VAT authorities.

If this issue is pointed out during a tax control, penalties and interests could be charged in addition to the amount of VAT. Therefore, we recommend to the board of directors to seek advice from a VAT consultant and to regularize on a spontaneous manner the amount due.

B. Tax on assets of the association (taxe sur le patrimoine)

We have identified a large amount of cash at bank at year end (ING current account for a total amount of € 176.227,50). We understand that these cash reserves are dating/resulting from the past.

It is worthwhile to mention that the Belgian tax authorities have introduced a tax on assets for associations. The tax amounts to 0,17% on the long term assets of the company. It is generally calculated on the market value of the tangible assets and the market value of the financial investments. In general, the tax authorities look at the annual need for working capital of the association and consider the surplus as a financial asset. It is worthwhile to note that the first € 25.000 are exempted of tax.

In the case of EGEA, it could be possible that the tax authorities, when performing a control, consider part of the cash on bank as a financial asset and decide to apply the rate of 0,17% on a determined amount.

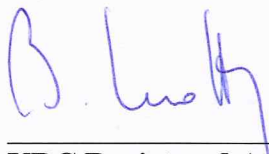
C. Insurance covering the responsibility of the board members decisions

The board of directors, treasurer and secretary general of the association are taking decisions binding the association. As such it is preferable that the responsibility of the decisions makers is covered by an insurance.

3. Conclusions

We proceeded with the audit of the financial statements as of December 31, 2013 of the association and concluded that the accounting records are maintained in accordance with the legal and regulatory requirements applicable in Belgium except for what is mentioned in the paragraph related to “VAT status”.

Brussels, May 26, 2014



VRC Registered Auditors

SC s.f.d. SCRL

Represented by Brigitte Motte