

# **ANNUAL FINANCIAL REPORT 2023**

**based on German Associations Law**

**of VRI-Verband der Reibbelagindustrie e.V.**

**Köln, Robert-Perthel-Str. 49**

**issued by  
Tax Attorney Dr. Winfried Eggers  
Maybachstr. 12, 50670 Köln**

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# **I. REPORT**

## **1. AUDIT ASSIGNMENT**

The board of

**VRI-Verband der Reibbelagindustrie e.V. (VRI), Cologne,**

entrusted me with the verification of the accountancy of the association for the year 2023, and mandated me to issue the association's annual financial report 2023 as well as the statement of assets and liabilities as per 31.12.2023.

I conducted the examination in April and May 2024 in my chancellery and in the office of VRI.

During the audit I was unhesitatingly supported by the accounting person responsible, Mr. Franz-Josef Krämer. The requested information was provided and the needed accounts, bills and receipts, contracts and other documents were presented.

In a completeness statement the General Manager of VRI assured, that all relevant transactions are recorded in accounting. Risks of particular importance were not given according to this declaration.

The association's annual financial report 2023 and the statement of assets and liabilities as per 31.12.2023 of VRI are in the following summarized at 5. and 6..

For order processing and my responsibility towards third parties, the „General Conditions of Contract for Auditors” are considered as agreed.

## **2. LEGAL STATUS OF THE VRI**

The association is a legal association of civil law. It was established on 1 December 1982, registered domicile in Düsseldorf. By resolution of the General Meeting of 22 June 1984, it was moved to Cologne and was registered on 22 November 1984 under the number 8892 in the register of the local court of Cologne. The current statutes of the VRI are dated 7 June 2013. The membership fees are regulated in the contribution rules of 7 June 2013, effective from 2013.

## **2.1 Members of the VRI**

Members of the association in the year of report were as follows:

1. Alstom-Flertex SAS , Gennevilliers (France)
2. Bremskerl-Reibbelagwerke Emmerling GmbH & CO. KG, Estorf (Germany)
3. EREN BALATACILIK SAN VE TİC. AŞ., Kemalpaşa-Izmir (Turkey)
4. Becorit GmbH, Recklinghausen (Germany)
5. FRIMA GmbH, Meinerzhagen (Germany)
6. Gama S.p.A., Ancarano (Italy)
7. ICER Brakes S.A., Pamplona (Spain)
8. ITT Italia S.R.L., Barge (Italy)
9. Knorr-Bremse Pamplona, S.L., Pamplona (Spain)
10. Lumag, Budzyn (Poland)
11. Metelli S.p.A., Cologne (BS) (Italy)
12. Otto Zimmermann GmbH, Sinsheim (Germany)
13. MAT/Roulunds Braking Holdings ApS, Odense (Denmark)
14. Schaeffler Friction Products GmbH, Morbach (Germany)
15. STS Friction GmbH, Moers (Germany)
16. TENNECO – Federal-Mogul Friction Products GmbH, Bad Camberg (Germany)
17. TMD Friction Holdings GmbH, Leverkusen (Germany)
18. ZF Aftermarket Iberica, Mutilva Baja (Spain)
19. ZF Slovakia a.s., Trnava (Slovak Republic)

## **2.2 Object of the Association**

The object of the association is to the exclusion of any commercial pursuit:

1. to safeguard and promote the general and immaterial interests of the friction materials industry,
2. to promote technical and commercial cooperation among the manufacturers of friction materials on an international level and to assure the quality standard of friction materials as an essential contribution to the road safety of vehicles in cooperation with national and international legislative and supervisory bodies,
3. to participate in the development of standards for the protection of the environment and the employees at the working places in the competent committees as far as the friction material industry is involved, and to support the friction material industry in the fulfilment of the relevant legal requirements.

Organs of the association are according to § 5 of the statutes:

1. General Meeting
2. Board of Directors
3. Managing Director

## **2.4 Board of Directors**

The Board of Directors in the year under review was formed by Messrs:

Horst Bruhnke, Nienburg	(Chairman)
Dr. Dirk Meyer, Cologne	(Vice-Chairman)
Holger Schaus, Bad Camberg	
Sebastian Marin, Leverkusen	(until 16 June 2023)
Rogelio Mörath, Neusäß	(since 16 June 2023)

## **2.5 Managing Director**

Managing Director in the year under review was

Andreas Jandl

## **3. FISCAL STRUCTURE OF THE VRI**

The VRI is registered under the tax number 217/5963/1039 at the tax office Köln-Nord. The VRI has been recognized by notice of exemption from the tax office Köln-Nord as a professional association under the terms of § 5 paragraph 1 No. 5 Corporation Tax Act.

As a tax-exempted professional association, the VRI is in principle not subject to taxation of income. However, it is subject to a partial income tax, in cases where the VRI operates a commercial business under the terms of § 14 of the tax code (AO). As far as the VRI gets income from interests, royalties, leasing or tenancy the VRI is in principle also not subject to income taxation (§ 14 sentence 3 AO). Payments received in remuneration of delivery of goods or services are subject to VAT according to general VAT rules.

## **4. ACCOUNTING SYSTEM OF THE VRI**

The VRI has done his accounting by systematically bookkeeping in the rooms of the association. It is carried out by Mr. Franz-Josef Krämer by means of the DATEV accounting software. According to the result of my review the bills and receipts are carefully preserved. The bookkeeping is consecutive, complete, correct and conclusive.

An association's statutory financial report and statement of assets are appropriate for the financial report of the VRI, from which the association's legal income and wealth can be read with sufficient clarity. The net result of the VRI is therefore based on German associations law in the form of an annual account and with an additional statement of net assets in accordance with §§ 259/260 BGB (German Civil Code). As part of these statements, the real incoming and outgoing payments in 2023 are recorded and compared calculational (cash basis accounting). A separate form of provisions or reserves is not necessary. Acquisition costs are fully deducted in the year of payment, leaving depreciations are also obsolete. The issue of the report on actual receipts and payments (compared to a balance sheet), may occasionally cause result displacements between two consecutive years, but are offset intertemporally on a medium-term basis. As the association's results are strictly accounted on a cash basis, there is no need for booking reserves or accruals. The assets of the association will be represented at year-end based on the fair value of individual assets, the state of the financial accounts and the receivables and liabilities existing at the key date.

## 5. ECONOMIC SITUATION IN THE CALENDAR YEAR 2023 AND ANNUAL FINANCIAL REPORT

The development of income and expenses in the reporting year was as follows  
(in comparison with the values of the 2023 budget):

	Actual 2023 €	Budget 2023 €	Difference €
<b>INCOME:</b>			
Admission fees	0,00	0,00	0,00
Membership fees	84.350,00	84.350,00	0,00
Licence fees	124.250,00	145.005,00	-20.755,00
Other income (interests etc.)	127.659,00	99.481,00	28.178,00
Charging of costs of the FEMFM	261.573,00	273.946,00	-12.373,00
<b>Total of income:</b>	<b>597.832,00</b>	<b>602.782,00</b>	<b>-4.950,00</b>
<b>EXPENDITURE:</b>			
Personnel costs	269.493,98	269.700,00	-206,02
General expenses	305.104,14	325.081,00	-19.976,86
Machinery and equipment	9.276,14	8.000,00	1.276,14
<b>Total of expenditure:</b>	<b>583.874,26</b>	<b>602.781,00</b>	<b>-18.906,74</b>
<b>ANNUAL RESULT 2023:</b>	<b>13.957,74</b>	<b>0,00</b>	<b>13.957,74</b>

The result in the year 2023 shows an accounting surplus of income over expenditure in the amount of **13.957,74 €**.

## **6. ASSETS OF THE ASSOCIATION**

The commercial and tax law is not applicable on the valuation of property and liability items within the law of associations. Neither the precautionary principle nor the principle of individual valuation is directly applicable. There is also no rule, obligating the associations to make depreciations on property income. Decisive for the form of list of assets is its legal purpose according to § 260 BGB (German Civil Code): the members of the association are entitled to gain information on the actual value of the association's assets at year end.

Basis of calculating the value of assets is the market value (= market value of the individual assets). It is therefore reasonable to make adjustments to the actual market value, if necessary. Exceptions may apply to those assets assigned to economic business activities (§ 14 AO). For those assets commercial and tax law is applicable. However, the VRI has no such assets. For reasons of simplification, the statement of assets is generated on estimates, generally based on the current accountancy and on a conservative estimate of a current market value of 10.000,00 € for computer software and 10.000 € for office equipment. This results in the following association's assets as per 31.12.2023:

### **ASSETS:**

Computer software	€ 10.000,00	
Office equipment	€ 10.000,00	
Cash and deposit in bank	€ 226.589,22	<b>€ 246.589,22</b>

<b>DEBITS:</b>	<b>€ 0,00</b>
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<b>ASSOCIATION'S ASSETS per 31.12.2023:</b>	<b>€ 246.589,22</b>
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## **7. CONCLUSION AND AUDITOR'S STATEMENT**

The presented annual report meets the requirements of the German Law of Associations.

Based on my review I certify the presented annual financial report for the year and the association's assets per 31.12.2023 as follows:

According to my expert review, the accountancy, the association's annual financial report and the statement of assets comply with the principles of a correct handling of associations law and accounting.

Köln, 02.05.2024

Dr. Winfried Eggers  
Tax Attorney

## II. EXPLANATION ON THE REPORT

### 1. ANNUAL ACCOUNT

#### a. INCOME

**ADMISSION FEES** € 0,00

*(Preceding year: 0,00)*

**CONTRIBUTIONS OF MEMBERS** € 84.350,00

*(Preceding year: 85.850,00)*

These are contributions of the ordinary members (# 8200)

**LICENCE FEES WVA** € 124.250,00

*(Preceding year: 155.160,00)*

Containing the sum of:

# 8201 Licence fees non-EU-countries	€ 55.100,00
# 8301 Licence fees domestic	€ 30.150,00
# 8336 Licence fees EU-countries	€ 39.000,00

**OTHER INCOME** € 127.659,00

*(Preceding year: 102.340,27)*

Containing the sum of:

# 2650 Interest income	€ 599,33
# 2709 Other income	€ 172,93
# 2742 Damage compensation	€ 197,70
# 2743 Investment subsidies	€ 3.000,00
# 8202 Refund patent costs non-EU countries	€ 5.416,00
# 8204 Refund patent costs EU-countries	€ 69.496,00
# 8402 Refund patent costs 19%	€ 37.777,00
# 8827 Asset sale	€ 11.000,00

Remark: The following allowances in kind were accounted for tax purposes only and do not influence VRI's income:

# 8611 Income in kind (vehicle)	€ 7.707,82
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**CHARGINGS TO FEMFM****€ 261.573,01***(Preceding year: 384.743,79)*

These are chargings for the work done for the purpose of the FEMFM according to the Service Agreement dated 29.11.2012.

# 8400 Monthly statements € 261.573,01

**b. EXPENSES****PERSONNEL COSTS****€ 269.493,98***(Preceding year: 318.214,84)*

Containing the sum of:

# 2749 Refund	€ -383,50
# 4120 Salaries and wages	€ 48.021,58
# 4127 Management salaries	€ 183.320,04
# 4130 Social security contributions	€ 29.193,53
# 4138 Contributions Berufsgenossensch.	€ 677,66
# 4144 Temporary jobs social sec. contrib.	€ 1.834,56
# 4149 Tax	€ 45,48
# 4151 Temporary jobs salaries in kind	€ 600,00
# 4152 Personal salaries in kind	€ 7.682,00
# 4169 Social expenditures	€ 448,45
# 4170 Personnel benefits (VWL)	€ 260,00
# 4175 Refund travel costs	€ 964,80
# 4194 Tax on temporary jobs	€ 124,80
# 4195 Temporary jobs salaries	€ 6.240,00
# 4198 Tax	€ 22,50
# 8610 Compensation salaries in kind	€ -1.850,00
# 8611 Compensation income in kind (vehicle)	€ -7.707,92

**GENERAL EXPENSES****€ 305.104,14***(Preceding year: 395.171,88)*

Containing the sum of the following accounts:

**VEHICLE COSTS****€ 11.328,49***(Preceding year: 6.421,18)*

Containing the sum of:

# 4510 Vehicle tax	€	-5,00
# 4520 Vehicle insurance	€	2.568,10
# 4530 Current expenditures	€	1.333,94
# 4540 Repairs	€	1.894,44
# 4570 Leasing of vehicle	€	3.495,25
# 4580 Other vehicle costs	€	1.941,35
# 4595 Taxi	€	100,41

**OFFICE RENT INCLUDING CHARGES****€ 18.210,48***(Preceding year: 18.210,48)*

Containing the sum of:

# 4210 Office rent	€	13.800,00
# 4240 Gas, water, electricity	€	1.447,08
# 4250 Office cleaning	€	3.332,34

**CONSULTATION FEE****€ 14.609,47***(Preceding year: 9.980,23)*

Containing the sum of:

# 4950 Consultation fee	€	9.756,57
# 4957 Audit fee	€	4.852,90

**PATENT COSTS****€ 188.995,67***(Preceding year: 309.026,176)*

Containing the sum of:

# 4381 Contributions PMA	€ 13.951,00
# 4951 Patent costs	€ 119.997,71
# 4952 Patent costs re-transfer	€ 55.046,96

**TELEPHONE****€ 1.576,19***(Preceding year: 1.763,35)*

# 4920 Telephone	€ 1.576,19
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**REPRESENTATION, MEETINGS, TRAVEL,  
GENERAL MEETING****€ 22.344,41***(Preceding year: 2.161,79)*

Containing the sum of:

# 1700 Other costs	€ 61,60
# 4610 Meetings	€ 15.142,17
# 4631 Gifts (deductible)	€ 46,66
# 4632 Tax	€ 13,16
# 4650 Hospitality	€ 1.345,05
# 4653 Gifts (Aufmerksamkeiten)	€ 350,37
# 4654 Hospitality (non-deductible)	€ 111,37
# 4660 Travel expenses	€ 1.024,43
# 4663 Travel expenses	€ 1.613,06
# 4664 Travel expenses	€ 584,51
# 4666 Travel expenses	€ 2.065,19

**OFFICE SUPPLIES****€ 1.084,37***(Preceding year: 4.402,04)*

Containing the sum of:

# 4930 Office supplies	€ 97,04
# 4940 Literature	€ 987,33

**ACCOUNTING COSTS** € 5.713,90

*(Preceding year: 7.292,05)*

# 4955 Accounting fees € 5.713,90

**RENT AND MAINTENANCE OF MACHINERY** € 9.276,14

*(Preceding year: 7.824,98)*

Containing the sum of:

# 4806 Maintenance hard-/software € 7.296,14

# 4965 Leasing costs € 1.980,00

**INTERNET PRESENCE** € 8.769,00

*(Preceding year: 8.084,00)*

# 4926 Webhosting/Domain € 8.769,00

**CONTRIBUTIONS** € 7.645,90

*(Preceding year: 3.814,50)*

# 4380 Contributions € 7.645,90

**POSTAGE** € 38,64

*(Preceding year: 465,69)*

# 4910 Postage € 38,64

**FINANCIAL CHARGES** € 2.039,98

*(Preceding year: 807,26)*

# 4970 Bank fees € 2.039,98

**INSURANCES** € 3.008,60

*(Preceding year: 3.102,60)*

# 4360 Insurances € 3.008,60

**OTHER EXPENSES****€ 3.323,78***(Preceding year: 3.323,78)*

Containing the sum of:

# 4390 Other expenses	€ 75,00
# 4900 Other expenses	€ 317,21
# 4945 Seminar expenditures	€ 150,00
# 4946 Social expenditures	€ 4.483,58

**TAXES****€ 12.727,62***(Preceding year: 16.316,76)*

Containing the sum of:

# 1571 Input VAT 7%	€ 283,96
# 1576 Input VAT 19%	€ 19.108,57
# 1577 Input VAT § 13b 19%	€ 22.844,91
# 1579 Refund VAT § 13b 19%	€ -22.844,91
# 1741 Salaries tax	€ 801,11
# 1771 VAT 7%	€ -2.110,50
# 1776 VAT 19%	€ -58.340,97
# 1780 Prepaid VAT	€ 34.276,94
# 1781 Prepaid VAT, 1/11	€ 6.782,00
# 1787 VAT § 13b 19%	€ -54.126,62
# 1789 VAT current year	€ 1.651,38
# 1790 VAT preceding year	€ -1.738,32
# 1791 VAT earlier years	€ 9.199,39
# 2213 Corporate tax	€ 146,99
# 2216 Surcharge	€ 8,06
# 4301 Input VAT non deductible 7%	€ 91,90
# 4306 Input VAT non deductible 19%	€ 3.918,49
# 2382 Donation	€ 300,00

**OFFICE EQUIPMENT****€ 1.616,69***(Preceding year: 0,00)*

# 0490 Office equipment	€ 1.616,69
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## 2. STATEMENT OF ASSETS

### a. ASSETS

**SOFTWARE AND OFFICE EQUIPMENT** € 20.000,00

Vehicle, software, and office equipment values are estimated at a fair market value as per 31.12.2023 as follows:

Software	€ 10.000,00
Office equipment	€ 10.000,00

**CASH AND BANK ACCOUNT** € 226.589,22

Reflecting the verified various account balances per 31.12.2023 as follows:

# 1000 Cash	€ 86,15
# 1200 Deutsche Bank 496 638 800	€ 51.931,18
# 1205 Mastercard	€ -51,74
# 1210 Deutsche Bank 496 638 810	€ 70.441,83
# 1220 Deutsche Bank 496 638 861	€ 346,06
# 1230 Deutsche Bank 496 638 862	€ 103.835,74

**RECEIVABLES** € 0,00

**Total assets:** € 246.589,22

### b. LIABILITIES

**LIABILITIES** € 0,00

**ASSOCIATIONS'S ASSETS per 31.12.2023:** € 246.589,22

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