

**NON-PROFIT ASSOCIATION  
HELSINKI-TALLINN EUREGIO**

**ANNUAL REPORT**

**2012**

## NON-PROFIT ASSOCIATION HELSINKI-TALLINN EUREGIO

### 2012 ANNUAL REPORT

Commercial registry code:	80195874
Principal activity:	The objective of the association is to contribute to the cross-border regional cooperation between Estonia and Finland and to make the association's cooperation area well known.
Financial year:	1 January – 31 December 2012
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## 2012 ANNUAL ACTIVITY REPORT

The association was established on 22 June 1999 to achieve the objectives set out in Helsinki- Tallinn Euregio cooperation agreement. Helsinki-Tallinn Euregio was registered as a non-profit association on 3 December 2003. The aim of the association is to strengthen the cooperation between Estonian and Finnish capital regions and to find new opportunities for joint activities.

Main spheres of activity:

- Forum for political debates
- Cross-border and inter-regional cooperation projects
- Exchanging experience with its partner organisations
- Mediating know-how and information

Members:

The City of Helsinki (<http://www.hel.fi/>)

The City of Tallinn (<http://www.tallinn.ee/>)

Uusimaa Regional Council (<http://www.uudenmaanliitto.fi/>)

The Republic of Estonia ([www.riik.ee](http://www.riik.ee)) represented by Harju County Government (<http://www.harju.ee/>)

The Union of Harju County Municipalities (<http://www.hol.ee/>)

Helsinki - Tallinn Euregio had one general meeting, two Board meetings, one virtual board meeting, three secretariat meetings and over ten bilateral meetings in 2012.

The Board had five members and they did not receive any salary.

Helsinki - Tallinn Euregio had two project managers in 2012; the system of outsourcing services was used.

The total sum of the salaries of the employees with social and unemployment tax as well as vacation reserve was 41413 €

The priorities in 2012 were: interaction in spatial and regional planning (3.1), creation of innovative and a barrier free entrepreneurship environment (3.2) and continuous development of twin-region of arts and sciences (3.3).

For implementation of priorities in 2012 Euregio focused mainly on fulfilment of the project - Helsinki-Tallinn Transport and Planning Scenarios – H-TTransPlan (priorities 3.1, 3.2, 3.3). Euregio is the lead partner and together with the Finnish partners the project has 14 partners. The project has also 15 associated partners (without financial contribution). The aim of the project is to provide analysis for improving transport connections of Helsinki – Tallinn Twin-City region. Mobility studies, studies of cargo flows, maritime transport as well as economic and entrepreneurship were carried out during the project. As a result of the urban planning, transport, and entrepreneurship focus groups 4 scenarios for development of transport connections and twin-city region development were worked out.

The results of the project also include a joint Vision and agreed Road Map of transport

development and urban planning. Euregio organised the final conference on the 22<sup>nd</sup> of November in Helsinki where participated 110 regions' transport and planning experts. The essential content-related activities ended in 2012 but the prolongation of the project until April 2013 was applied for from the funding programme due to the postponement in the public tendering process for a study in the City of Helsinki. The prolongation application was approved by the Interreg programme. 47150 euros has been spent in 2012 for the implementation of the project.

- (3.1, 3.2) In 2012 a contact seminar for the representatives of Uusimaa Region and Harju County was organised in Uusimaa for the exchange of experiences between the representatives of the municipalities, for starting cooperation relations and finding partners from both sides of the Gulf as well as for mapping the potential cooperation interests;

- (3.2 and 3.3) the work on development of cooperation of twin-city TVs was continued, meetings and roundtables were organised;

- (3.3) The preparations were made to introduce a project "Let's make it innovative!" which focused on the enhancement of the innovation environment of the capital region and during this project more than 1000 Helsinki city's staff members answered questions on knowledge management and innovation. The proposal came from the Helsinki City via universities but due to the lack of financial resources, the City of Tallinn did not accept to carry out a comparative study in Tallinn. The project was prepared in cooperation with Aalto University and Estonian Business School.

- (3.2. and 3.3.) Euregio made preparations for the OECD study on cross-border regional innovation policy that would cover Helsinki-Tallinn region. The content of the research project is the analyses of the regional innovation policies including identifying the opportunities for improvement of innovation support mechanisms. Euregio has formed a consortium of the City of Tallinn, the City of Helsinki, the Uusimaa Regional Council, and the Finnish Ministry of Transport, the Ministry of Economic Affairs and Communications and is signing partnership agreements with all partners of the consortium. Euregio represents the consortium partners in the cooperation agreement signed with OECD. In order to enable the analysis to be made in the framework of the OECD project, a substantial methodological background report was prepared for that and a large number of interviews with the experts of the innovation area and project partners were carried out;

- (3.1 and 3.2) Helsinki-Tallinn Euregio 8th Forum "Transport Visions on the Eastern Shore of the Baltic Sea" was carried out which focused on the future of transport and logistics in the region, on H-TTransPlan and Rail Baltic projects as well as international cooperation.

Activities planned for the year 2013:

- the reporting process of the H-TTransPlan project will continue, the conclusions will be made, the final report will be prepared;

- the preparatory work for new H-TTransPlan follow-up projects will be started;

- the administrative work for the OECD study on cross-border regional innovation policy will continue;

- the coordination of the activities planned in Helsinki and Tallinn will be continued, including information exchange, exchange of experiences, identifying opportunities for organising joint events;

- the work on enhancement of partnership between Uusimaa Region and Harju County and working out a tourism project will continue;

- organisation of joint roundtables and preparatory workshops for the fair “Mardilaat/Mardin Markkinat”;
- participation in the activities of the BSSSC;
- organisation of network meetings for preparations for the new EU budget period 2014-2020 and preparation of new projects;
- Euregio will continue finding partners for the present interest groups and organisations involved in Euregio activities for development of cooperation and working out joint projects.

## ANNUAL ACCOUNTS

### BALANCE SHEET

ASSETS	31.12.2012	in EUR	31.12.2011 in EUR	Note no
<b>CURRENT ASSETS</b>				
Money and bank accounts		38 478	62 394	2
Advance payments for the costs of the future periods		263 300	116 575	3
<b>TOTAL CURRENT ASSETS</b>		301 778	178 969	
<b>TOTAL FIXED ASSETS</b>		301 778	178 969	
<b>LIABILITIES</b>				
Liabilities and net assets				
Liabilities				
Short-term liabilities				
Debts and advance payments		15 057	9 892	7
Receivables from target financing, endowments, subsidies		217 108	92 965	10
<b>TOTAL SHORT-TERM LIABILITIES</b>		232 165	102 542	
<b>TOTAL LIABILITIES</b>		232 165	102 542	
Net assets				
Cumulative total net gain of previous periods		76 427	80 963	
Total net gain of the accounting year		-6 814	- 4 536	
<b>TOTAL NET ASSETS</b>		69 613	76 427	
<b>TOTAL LIABILITIES and NET ASSETS</b>		301 778	178 969	

## REVENUE AND EXPENDITURE ACCOUNT

	2012	2011	Note no
REVENUE			
Membership fees	88 240	88 240	11
Endowments and subsidies	201 157	196 250	12
<b>TOTAL REVENUES</b>	<b>289 397</b>	<b>284 490</b>	
COSTS			
Revenues from projects financed for specific purposes	-206 086	-204 819	13
Various operational expenditure	-70 697	-62 208	14
Labour costs	-19 497	-22 067	15
<b>TOTAL COSTS</b>	<b>-296 280</b>	<b>-289 094</b>	
<b>TOTAL NET GAIN</b>	<b>-6 883</b>	<b>-4 604</b>	
Financial revenues and costs	69	68	



## CASH-FLOW STATEMENTS

	2012	2011	Note no
<b>Cash flow from the principal activity</b>			
Total net gain of the accounting year	- 6 883	-4 604	
Change in unpaid and advance payments of principal activity	- 146 725	-116 575	
Change in liabilities and advance payments of principal activity	129 623	61 734	
<b>Total cash flow of the principal activity</b>	-23 985	-59 445	
<b>Cash flow from investment activity</b>			
Interests received	69	68	
<b>Total cash flow from investment activity</b>	69	68	
<b>TOTAL CASH FLOW</b>	-23 916	-59 377	
Money and equivalents by the beginning of the period	62 394	121 771	2
Money and change in equivalents to money	-23 916	-59 377	
Money and equivalents by the end of the period	38 478	62 394	2

### CHANGE IN NET ASSETS

	Total net gain	Total net assets
31.12.2010	80 963	80 963
Net gain of the accounting year	- 4 536	- 4 536
31.12.2011	76 427	76 427
Corrected saldo 31.12.2011	76 427	76 427
Net gain of the accounting year	- 6 814	- 6 814
31.12.2012	69 613	69 613

## NOTES ON THE ANNUAL ACCOUNTS

### **Note 1. Bases for the annual accounts**

#### **General Information**

Annual accounts of 2012 are compiled ensuing from the good accounting framework of the Republic of Estonia. Main requirements of the good accounting framework are established in the Accounting Act that is supplemented by the Regulations of the Republic of Estonia and the Minister of Finance, as well as guidelines, standards, and recommendations issued by the Estonian Accounting Standards Board.

While entering the total net gain of 2012 into accounts, the Guideline 14 of the Estonian Accounting Standards Board “Non-profit Associations and Foundations” was taken as a basis. As non-profit association Helsinki-Tallinn Euregio is a non-profit association belonging to the public sector additional requirements of the general guidelines of the accounting of the Republic of Estonia have been followed when formulating the principles of accounting and presenting the report.

Annual accounts have been drafted in euros.

#### **Financial assets**

While assessing financial assets a method of corrected acquisition cost is used.

The transactions are reflected on the day when they take place.

#### **Money and its equivalents**

In the cash-flow statements, cash, transferable deposits in the banks, and money market shares are reflected as money and its equivalents.

#### **Transactions in foreign currency**

Transactions in foreign currency and financial assets and liabilities fixed in foreign currency.

While reflecting the transactions fixed in foreign currency, the official exchange rates of the Bank of Estonia effective on the day of transaction has been taken as a basis. Revenue and loss gained from foreign currency transactions are reflected in the income statement as revenue and expenditure of the period.

#### **Financial liabilities**

While assessing financial liabilities a method of corrected acquisition cost is used.

The transactions are reflected on the day when they take place.

#### **Endowments and subsidies**

Targeted financing is reflected as revenue in those periods when costs appear for the compensation of which the targeted financing is meant. Targeted financing that is received for the costs appeared during the previous periods or that do not cause additional conditions

targeted into the future are reflected as revenue in the period when the targeted financing took place. Targeted financing is not reflected as revenue before there is enough certainty that the company complies with the conditions connected with the targeted financing and the targeted financing is received. Possible liabilities accompanied by targeted financing are reflected in the report as appropriations or potential liabilities. Targeted financing is reflected on gross method.

Non-profit association Helsinki-Tallinn Euregio as a non-profit association belonging to the public sector follows in addition to the above mentioned the requirements of the general guidelines of the accounting of the Republic of Estonia while reflecting the target financing. If the target financing is transferred to the intermediary, then the intermediary reflects it as an outstanding payment based on the accrual method of accounting.

## Revenues

Membership fees are reflected as revenue in those periods when they are received.

## Note 2. Money (in euros)

	31.12.12	31.12.11
Bank accounts	38478	56003
Term deposits	0	6391
<b>Total</b>	<b>38 478</b>	<b>62 394</b>

## Note 3. Outstanding payments and advance payments

	31.12.2011	Division by the remaining deadline			Notes no
		During 12 months	During 1-5 years	Over 5 years	
Other outstanding payments	116 517	116 517			
Accrued income	116 517	116 517			5
Advance payments	58	58			
Costs of the future periods	58	58			
<b>Total outstanding payments and advance payments</b>	<b>116 575</b>	<b>116 575</b>			

	31.12.2012	Division by the remaining deadline			Note no
		During 12 months	During 1-5 years	Over 5 years	
Advance payments of taxes and claims	465	465			4
Other outstanding payments	262 835	262 835			
Accrued income	262 835	262 835			5
<b>Total outstanding payments and advance payments</b>	<b>263 300</b>	<b>263 300</b>			

#### Note 4. Advance payments of taxes and tax arrears

	31.12.2012		31.12.2011	
	Advance payment	Tax arrears	Advance payment	Tax arrears
Personal income tax	0	891	0	850
Social tax	0	1 653	0	1587
Compulsory pension	0	52	0	52
Unemployment tax	0	210	0	202
Remains of advance payment	465	0		
<b>Total advance payments of taxes and tax arrears</b>	<b>465</b>	<b>2806</b>	<b>0</b>	<b>2691</b>

#### Note 5. Other claims

	31.12.2011	Division by the remaining deadline			Note no
		During 12 months	During 1-5 years	Over 5 years	
Accrued income	116 517	116 517			
Helsinki city	2 917	2 917			
ERDF	113 600	113 600			
<b>Total other claims</b>	<b>116 517</b>	<b>116 517</b>			

	31.12.2012	Division by the remaining deadline			Note no
		During 12 months	During 1-5 years	Over 5 years	
Accrued income	262 835	262 835			
Helsinki city	2 917	2 917			
ERDF	259 918	259 918			
<b>Total other claims</b>	<b>262 835</b>	<b>262 835</b>			

Helsinki-Tallinn Euregio has partly paid the participation fee of the City of Helsinki in the OECD STUDY ON CROSS-BORDER REGIONAL INNOVATION POLICIES. In 2013 there will be transferred 2917 € by the City of Helsinki.

In 2011 began the project with acronym HT-Transplan with Helsinki-Tallinn Euregio being the lead partner. In 2012 the obligation of the lead partner was to collect invoices and present the financial report to the INTERREG IVA secretariat. The amount 259 918 € contains claims towards INTERREG IVA for the financial period 01.09.2011 – 31.12.2012. From this amount 52 809 € is the claim of Helsinki-Tallinn Euregio and 207 109 € is the claim of partners.

#### Note 6. Rent in euros

Rapporteur as tenant

	2012	2011
Costs of rent	2346	2264
	<b>31.12.2012</b>	<b>31.12.2011</b>
During 12 months	2450	2450
During 1-5 years	2500	2500
Over 5 years	2600	2600

In 2008 the contract with the City of Tallinn has been signed for renting the office premises Vabaduse väljak 10.

## Note 7. Debts and prepayments

	31.12.2011	Division by the remaining deadline			Note no
		During 12 months	During 1-5 years	Over 5 years	
Debts to suppliers	1 449	1 449			
Debts to employees	5 471	5 471			8
Debts for taxes	2 691	2 691			4
Other debts	281	281			
Accrued	281	281			9
<b>Total Debts and Prepayments</b>	<b>9892</b>	<b>9892</b>			

	31.12.2012	Division by the remaining deadline			Note no
		During 12 months	During 1-5 years	Over 5 years	
Debts to suppliers	6 443	6 443			
Debts to employees	5 301	5 301			8
Debts for taxes	2 806	2 806			4
Other debts	507	507			
Accrued	507	507			9
<b>Total Debts and Prepayments</b>	<b>15 057</b>	<b>15 057</b>			

### Note 8. Debts to employees

	31.12.2012	31.12.2011	Note No
Wage liability	1 980	1 887	
Vacation pay liability	3 267	3 584	
Liabilities to employees for their costs	54	0	
<b>Total Debts to employees</b>	<b>5 301</b>	<b>5 471</b>	<b>7</b>

### Note 9. Other Debts

	31.12.2011	Division by the remaining deadline			Note no
		During 12 months	During 1-5 years	Over 5 years	
Other Debts	281	281			7
Credit card debt	281	281			
<b>Total</b>	<b>281</b>	<b>281</b>			

	31.12.2012	Division by the remaining deadline			Note no
		During 12 months	During 1-5 years	Over 5 years	
Other Debts	507	507			7
Credit card debt	507	507			
<b>Total</b>	<b>507</b>	<b>507</b>			

### Note 10. Liabilities related to financing for specific purpose

Gross method



	31.12.2010	Income	Gains/ amortisation	31.12 2011	Note No
Targeted financing for basic activities' expenses					
OECD	18 750	0	- 18 750	0	
Interreg IVA H-Ttransplan partners	0	92 650	0	92 650	
<b>Total targeted financing for basic activities expenses</b>	18 750	92 650	-18 750	92 650	3
<b>Total targeted payments, donations, grants</b>	18 750	92 650	-18 750	92 650	
	31.12.2011	Income	Gains/ amortisation	31.12 2012	Note No
Targeted financing for basic activities' expenses					
OECD	0	10 000	0	10 000	
Interreg IVA H-Ttransplan partners	92 650	158 940	-44 482	207 108	
<b>Total targeted financing for basic activities expenses</b>	92 650	168 940	-44 482	217 108	3
<b>Total targeted payments, donations, grants</b>	92 650	168 940	-44 482	217 108	

In the framework of the OECD project Helsinki-Tallinn Euregio collects the participation fees from other partners and transfers them in whole amount to the OECD. In 2012 the Finnish Ministry of Labor (*TEM*) paid for their participation fee 10 000€ the fee was transferred to OECD in full amount.

Helsinki-Tallinn Euregio is a lead partner in the H-TTransplan project that started in 2011. The lead partner has an obligation to collect and submit financial reports to the Interreg IVA Secretariat. The sum 92 650 € includes the claims of the project partners to Euregio during the financial period 01.04-31.12.2011. In 2012 incomings in the amount of 44482 € of partners money have been transferred to the partners. During the period 01.01.2012-31.12.2012 have the partners claimed 158940 € from Euregio.

**Note 11. Revenues from the partners**

	<b>2012</b>	<b>2011</b>
<b>Non-targeted allocations</b>		
Participation fees	88 240	88 240
<b>Total of revenues from the partners</b>	<b>88 240</b>	<b>88 240</b>

**Note 12. Endowments and subsidies**

	<b>2012</b>	<b>2011</b>
Targeted financing for basic activities	42 217	34 278
Income transferred to Partners of the Interreg IVA project	158 940	124 472
Income transferred to OECD	<b>0</b>	37 500
<b>Total Endowments and subsidies</b>	<b>201 157</b>	<b>196 250</b>

**Note 13. Direct costs of the projects with targeted financing**

	<b>2012</b>	<b>2011</b>
Transportation costs	316	837
Rent	0	100
Office costs	1206	3486
Research and development costs	4578	430
Travel and daily allowances	866	944
National and local taxes	4 055	3 348
Labor costs	20 606	19 794

Printing costs	1 176	<b>0</b>
Costs transferred to partners	158 940	161 972
Other costs	14 343	13 908
<b>Total Direct costs of the projects with targeted financing</b>	<b>206 086</b>	<b>204 819</b>

#### **Note 14. Various operational expenditure**

	<b>2012</b>	<b>2011</b>
Rent	<b>4 986</b>	<b>7 218</b>
Different office costs	6 550	7 600
Research and Development costs	8 833	<b>0</b>
Travel and Daily allowances	18 592	6 865
National and local taxes	4 588	5 234
Purchasing services	27 148	35 291
<b>Total of Various Operational Expenditure</b>	<b>70 697</b>	<b>62 208</b>

#### **Note 15. Labor costs**

	<b>2012</b>	<b>2011</b>
Wages costs	29 804	29 447
Social insurance taxes	9 922	9 864
Unemployment insurance	411	419
Vacation reserve	-33	1 684

<b>Total labor costs</b>	<b>40 104</b>	<b>41 414</b>
From this indicated as direct cost for projects with targeted financing	20 606	19 794
<b>Average number of workers with full-time employment</b>	<b>2</b>	<b>2</b>

#### **Note 16. Financial income and charges**

	<b>2012</b>	<b>2011</b>
Interest income	69	68
Other interest income	69	68
<b>Total of financial income and charges</b>	<b>69</b>	<b>68</b>

#### **Note 17. Related parties**

<b>Number of members by the end of the financial year</b>		
	<b>31.12. 2012</b>	<b>31.12. 2011</b>
Juridical institutions	5	5

There are no related parties.

## **SIGNATURES OF THE MANAGEMENT BOARD TO THE ANNUAL REPORT 2012**

Management Board of the non-profit association Helsinki - Tallinn Euregio has compiled an annual report of the year 2012 which includes a management report and annual accounts.

Annual report is compiled in euros.

Annual report of the year 2012 has been approved on ....., 2013 by the Management Board and it has been signed by all the representatives of the members of the Association.

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Taavi Aas  
Member of the Board

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Pekka – Markus Sauri  
Member of the Board

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Ülle Rajasalu  
Member of the Board

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Ossi Ilmari Savolainen  
Member of the Board

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Kaupo Rätsepp  
Member of the Board