

**ANNUAL ACCOUNTS**  
**EUROPEAN CONSERVATIVES AND REFORMISTS GROUP**

**BUDGET ITEM 4000**  
**OF THE BUDGET**  
**OF THE EUROPEAN PARLIAMENT**

**FINANCIAL YEAR ENDING**  
**31 DECEMBER 2009**

**EUROPEAN CONSERVATIVES AND REFORMISTS GROUP**

**FINANCIAL YEAR ENDED 31 DECEMBER 2009**

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## **REPORT OF THE EXTERNAL AUDITORS ON THE FINANCIAL STATEMENTS RELATIVE TO THE USE OF THE CREDITS OF ITEM 4000 OF THE BUDGET OF THE EUROPEAN PARLIAMENT FOR THE SIX MONTHS PERIOD ENDING 31 DECEMBER 2009**

In accordance with our audit contract, we have audited the accompanying financial statements of the European Conservatives and Reformists Group prepared by the Group's Accountant, which comprise the balance sheet at 31 December 2009, the statement of income and expenditures for the year then ended, and a summary of significant accounting policies and other explanatory notes. These financial statements are laid out on pages 6 to 14.

### **Responsibilities of the Group**

Pursuant to the Rules on the use of appropriation from budget item 4000 of the European Parliament (hereafter "the Rules"), the Group is responsible to the Parliament for the conformity of appropriation usage and for the preparation and fair presentation of the Group's financial statements in accordance with the principles set out in these rules. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making estimates that are reasonable in the circumstances. It also includes ensuring the respect of the Rules of budget item 4000.

### **Auditor's responsibilities**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as issued by the International Auditing and Assurance Standards Board (IAASB). The audit includes all tests of transactions, existence, ownership and valuation of assets and liabilities that are considered necessary. The nature and extent of the audit procedures depend on the auditor's judgment, including the assessment of the group's accounting system and, where we wish to place reliance on it, the internal control system. An audit also includes evaluating the appropriateness of accounting policies used as well as evaluating the overall presentation of the financial statements.

Our audit involved such tests of the accounting records and other auditing procedures as were considered necessary to form an independent view and, in accordance with the specific requirements of our audit mandate, to report with reasonable assurance that:

- Expenditures have been charged to the correct item in the budget of the Group;
- Appropriations are available;
- Expenditures are conformed to the Rules governing appropriation item 4000;
- Principles of sound financial management have been applied;
- Payments orders are supported by original documentations or certified true copies;
- Accounts have been laid out in accordance with the harmonised chart of accounts included in the Rules;
- Accounts have been prepared in accordance with generally accepted accounting principles as laid out in articles 124 and 125 of Council Regulation 1605/2002, or that departures are adequately explained in the notes to the accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to enable us to reach reasonable conclusions.

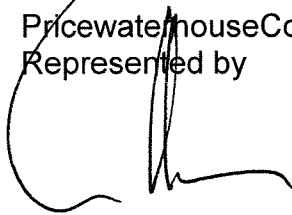
### **Opinion**

- As a result of our work, we did not identify any material non conformity with the dispositions laid out in the Rules governing appropriation item 4000 or with the Group's internal rules.
- The accounts are presented in accordance with the harmonized Chart of Accounts foreseen in the Rules.
- We do not have to report departures from accounting principles laid out in articles 124 and 125 of Council Regulation 1605/2002, unless adequately disclosed in the notes to the financial statements.
- The principle of sound financial management has been applied.

- In our opinion, the financial statements give a true and fair view of the state of affair of the European Conservatives and Reformists Group at 31 December 2009 and its income and expenditures for the six months ending 31 December 2009, in accordance with the accounting principles and policies laid out in note 1 to the financial statements.
- We have received all necessary explanations for the purpose of our work.

Sint-Stevens-Woluwe, 19 April 2010

PricewaterhouseCoopers Reviseurs d'Entreprises scrl  
Represented by



François Cattoir  
Director

EUROPEAN CONSERVATIVES AND REFORMISTS GROUP

ANNUAL STATEMENTS RELATING TO THE USE OF THE CREDIT OF ITEM 4000  
OF THE BUDGET OF THE EUROPEAN PARLIAMENT

BALANCE SHEET AT 31 DECEMBER 2009

	NOTE	Exercise 31/12/2009 EUR	
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
<b>Chapter 1 Intangible and tangible assets</b>			
1 Intangible assets			
2 tangible assets	1 and 6	41.381,04	
<b>Sub total chapter 1</b>		<b>41.381,04</b>	
<b>CURRENT ASSETS</b>			
<b>Chapter 2 Debtors, stocks and other working assets</b>			
1 Suppliers			
2 Staff			
3 VAT	4	56.094,06	
4 Stocks			
5 Various		879,17	
<b>Sub total chapter 2</b>		<b>56.973,23</b>	
<b>Chapter 3 Financial assets</b>			
1 Financial securities			
2 Cash and cash equivalent		627.280,46	
<b>Sub total chapter 3</b>		<b>627.280,46</b>	
<b>Chapter 4 Deferred charges and accrued income</b>			
1 Deferred charges			
2 Accrued income			
<b>Sub total chapter 4</b>		<b>0,00</b>	
<b>TOTAL ASSETS</b>		<b>725.634,73</b>	
<b>LIABILITIES</b>			
<b>Chapter 1 Reserves</b>			
1 Carry forward to next financial year	2	376.140,53	
<b>Sub total chapter 1</b>		<b>376.140,53</b>	
<b>Chapter 2 Financial debts</b>			
1 Financial debts of a residual duration > 1year		0,00	
2 Financial debts of a residual duration ≤ 1year		0,00	
<b>Sub total chapter 2</b>		<b>0,00</b>	
<b>Chapter 3 Other debts</b>			
1 Other debts		17.000,00	
2 Charges settled in 2009 but paid in 2010	1 and 3	332.494,20	
<b>Sub total chapter 3</b>		<b>349.494,20</b>	
<b>Chapter 4 Deferred income/accrued charges</b>			
1 Deferred income		0,00	
2 Accrued charges		0,00	
<b>Sub total chapter 4</b>		<b>0,00</b>	
<b>TOTAL LIABILITIES</b>		<b>725.634,73</b>	

**EUROPEAN CONSERVATIVES AND REFORMISTS GROUP**

**ANNUAL STATEMENTS RELATING TO THE USE OF THE CREDIT OF ITEM 4000  
OF THE BUDGET OF THE EUROPEAN PARLIAMENT**

**STATEMENT OF REVENUES AND EXPENDITURE  
FOR THE YEAR ENDED 31 DECEMBER 2009**

	<u>NOTE</u>	Amounts in Euros	
		<u>31/12/2009</u>	
		<u>(6 months)</u>	
<b>Receipts</b>			
<b>Chapter 1 Grants and other receipts from the European Parliament</b>			
1.	EP allocation	1.788.194,00	
2.	Other EP resources	0,00	
<b>Subtotal for Chapter 1</b>		<u>1.788.194,00</u>	
<b>Chapter 2 Own resources</b>			
1.	Interest and assimilated products	3.331,14	
2.	Profit on currency exchange	0,00	
3.	Miscellaneous	0,00	
4.	VAT refund	0,00	
5.	Amount carried forward from previous financial year	0,00	
<b>Subtotal for Chapter 2</b>		<u>3.331,14</u>	
<b>Total receipts</b>		<u>1.791.525,14</u>	
<b>Grand total</b>		<u>1.791.525,14</u>	
<b>EXPENDITURE</b>			
<b>Chapter 1 Staff</b>			
1.	Secretariat Missions	235.342,64	
2.	Recruitment	0,00	
3.	Traineeships	10.000,00	
4.	Salaries and related costs, fees	213.385,86	
5.	Staff training	3.945,00	
6.	Staff representation costs	0,00	
<b>Sub total for Chapter 1</b>		<u>462.673,50</u>	
<b>Chapter 2 Equipment, routine administrative costs and operating costs</b>			
1.	Equipment, operating expenditure, computer-related, engineering and maintenance	5.982,64	1 and 6
2.	Equipment, telecommunications related installation and maintenance expenditure, office machinery, furniture and technical installations	632,35	1 and 6
3.	Stationery and office supplies	9.184,64	
4.	Postage and telecommunications	21.900,20	
5.	Printing and photocopying costs	11.212,99	
6.	Office rental costs	54.618,32	
7.	Depreciation	4.435,85	
<b>Subtotal for Chapter 2</b>		<u>107.966,99</u>	

**EUROPEAN CONSERVATIVES AND REFORMISTS GROUP**

**ANNUAL STATEMENTS RELATING TO THE USE OF THE CREDIT OF ITEM 4000  
OF THE BUDGET OF THE EUROPEAN PARLIAMENT**

**STATEMENT OF REVENUES AND EXPENDITURE  
FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTINUED)**

		Amounts in Euros	
	<u>NOTE</u>	<u>31/12/2009</u>	
		<u>(6 months)</u>	
<b>Chapter 3 Documentation, studies &amp; research</b>			
1.	Newspapers, magazines, press agencies and books	11.812,22	
2.	Studies and research	0,00	
3.	Databases	1.978,59	
<b>Subtotal for Chapter 3</b>		<u>13.790,81</u>	
<b>Chapter 4 Legal and accountancy fees, financial and others charges</b>			
1.	Legal costs	6.426,87	
2.	Accounting costs/audits	0,00	
3.	Financial charges and losses currency exchange	18.658,20	
4.	Translation and interpretation costs	0,00	
5.	Other operating expenditure	4.304,66	
<b>Subtotal for Chapter 4</b>		<u>29.389,73</u>	
<b>Chapter 5 Cost of meetings and representation</b>			
1.	Official Group meetings	52.615,75	
2.	Other meetings and conferences	12.947,65	
3.	Expenditure on entertainment	2.513,13	
4.	Guests	30.294,14	
5.	Individual fact finding missions of members	48.722,97	
<b>Subtotal for Chapter 5</b>		<u>147.093,64</u>	
<b>Chapter 6 Publication and publicity</b>			
1.	Posters, leaflets and booklets	10.472,68	
2.	Advertising inserts and audiovisual advertising	688,92	
3.	Advertising material, gadgets, publicity by telecommunication equipments	83.134,94	
4.	Internet sites + e-publicity	32.168,87	
5.	Visits to institutions, information stands	0,00	
<b>Subtotal for Chapter 6</b>		<u>126.465,41</u>	
<b>Chapter 7 Members</b>			
1.	Members' political and information activities, administrative expenses and political and information activities of national delegations (details attached)	528.004,53	
		528.004,53	
<b>Subtotal for Chapter 7</b>		<u>528.004,53</u>	
<b>Chapter 8 Grants, subscriptions and contributions</b>			
1.	Subsidies	0,00	
2.	Subscriptions	0,00	
<b>Subtotal for Chapter 8</b>		<u>0,00</u>	
<b>Total expenditure</b>		<u>1.415.384,61</u>	
Credits repayable to European Parliament			
<b>Amount carried forward to the next financial year</b>		376.140,53	



**EUROPEAN CONSERVATIVES AND REFORMISTS GROUP**

**NOTES TO THE FINANCIAL STATEMENTS**

**FINANCIAL YEAR ENDED 31 DECEMBER 2009**

**NOTE 1: BASIS OF THE ACCOUNTS AND ACCOUNTING PRINCIPLES**

**Basis of preparation**

The financial statements of the European Conservatives and Reformists Group have been prepared to comply with:

- The 4000 financial rules approved by the Bureau of the European Parliament on 30 June 2003 and amended by the Bureau on 22 March 2006 and 11 July 2007 (PE 335.475/BUR);
- The internal financial rules of the European Conservatives and Reformists Group;
- The accounting principles and the harmonised accounting plan included in the 4000 financial rules.

In accordance with the 4000 financial rules:

- The movements on the accounts and the balances must be entered in the accounting ledgers;
- All accounting entries, including adjustments to the accounts, must be based on dated and numbered supporting documents, to which they must refer;
- The accounting records must be organised so as to leave a trail for all accounting entries.

**Significant accounting and valuation principles**

1. The financial statements have been prepared in accordance with the 4000 financial rules and with the following generally accepted accounting principles:
  - Going concern;
  - Prudence;
  - Consistent accounting methods;
  - Comparability of information;
  - Materiality;
  - No netting;
  - Reality over appearance;
  - Accrual accounting principle, subject to other provisions of the Rules as detailed in item 2 herebelow.
2. According to article 2.5.3 of the Rules on the use of appropriations from budget item 4000, the financial statements are prepared on a modified accrual basis, based on the following rules:

## EUROPEAN CONSERVATIVES AND REFORMISTS GROUP

### NOTES TO THE FINANCIAL STATEMENTS

#### FINANCIAL YEAR ENDED 31 DECEMBER 2009

- All expenditure relative to activities of the current or previous financial years is recorded in the accounts of the current period, upon authorisation by the authorising officer responsible and payment by the accountant, if the actual payment is made no later than during the month following the end of the financial year.
- All expenditure of a financial year, paid during the month following the end of the financial year, is recorded in the expenditure accounts of the current financial year with as counterpart a liability (chapter 3.2) in the balance sheet.
- All expenditure, for which actual payment is made later than the end of the month following the closing of the financial period, is recorded in the accounts of the next financial period. No provisions may be made for expenditure of the current financial year not paid by the end of the month following the end of that financial year, or for risks and future charges.
- All revenue is recorded in the income accounts upon establishment by the authorising officer. All revenue established and not received in the course of the financial year is registered on a balance sheet account.

#### 3. Classification

- The classification of expenditure follows the principle of classification by destination as foreseen by article 2.5.2 of the Rules on the use of appropriations from budget item 4000.

### Specific accounting policies

#### Exchange policy

The accounts are kept in Euro. Revenue and expenditure in other currencies are converted in Euro at the exchange rate applicable on the bank transfer. The balance sheet accounts in other currencies are not remeasured at the end of the accounting period.

#### Depreciations of tangible fixed assets

Assets with a unit value of EUR 420 or more with a life of more than one year are entered in the inventory and in the balance sheet. At the end of each financial year, the value of the inventory, with appropriate depreciation, subdivided by the type of asset, are recorded in the Groups' financial statement following the straight line method, using the following annual percentages:

Software	25,0%
Hardware	25,0%
Telecommunications and audiovisual equipment	25,0%
Technical equipment and supplies	12,5%
Other installations and machines	12,5%
Office furniture	10,0%

**EUROPEAN CONSERVATIVES AND REFORMISTS GROUP**

**NOTES TO THE FINANCIAL STATEMENTS**

**FINANCIAL YEAR ENDED 31 DECEMBER 2009**

A summary of movements on tangible fixed assets during the accounting period is presented in Note 7.

Valuation methods applied for securities and cash

Financial assets are valued at nominal value or fair market value, whichever is lower. Interest income is recognised in the accounts upon receipt.

Valuation methods applied for receivables, other assets and debts

Receivables, other assets and debts are stated at nominal value. Value reductions on receivables and other assets are recorded if there is uncertainty concerning their collectability.

Comparison to the figures

According to article 2.1.1 of the financial rules governing budget item 4000, this report covers the period 2009/1 which lasts from 1 July 2009 to 31 December 2009. As the European Conservatives and Reformists Group was created after the European elections and was not considered as a continuation of Union for Europe of the Nations Group, no comparative figures can be presented.

**NOTE 2: CARRY FORWARD TO THE NEXT BUDGETING PERIOD**

In accordance with article 2.1.6 of the Rules on the use of appropriations from budget item 4000, appropriations that are not used during the financial year may be carried over to the following financial year up to a maximum of 50% of the annual appropriations received from the European Parliament's budget.

	<u>EUR</u>
1. Credits received by our group for the 2009/2 budgeting period	1.788.194,00
2. Maximum amount of carry forward to 2010 budgeting period	894.097,00
3. Remainder at the end of the 2009/2 budgeting period	376.140,53
4. Credits to be returned to EP	<u>-</u>
5. Carry forward to financial year 2010	<u>376.140,53</u>

## EUROPEAN CONSERVATIVES AND REFORMISTS GROUP

### NOTES TO THE FINANCIAL STATEMENTS

#### FINANCIAL YEAR ENDED 31 DECEMBER 2009

As communicated by the President Mr Buzek in his letter dated 21 December 2009, former UEN Group was dissolved. Therefore and in accordance with Article 1.3.2: "Following the preparation of the financial statements as of the date of the dissolution of the group, the realisation of all assets and liabilities of the group shall be effected under the joint supervision of the former chairman of the group and of the Secretary-General of the European Parliament or his/her representative. The net assets, including any fixed assets, shall be reimbursed to the European Parliament. (...)".

Consequently and as communicated by Secretary General Frank Barrett on 26 January 2010, an amount of EUR 115.077,00, corresponding to the net assets after closing accounts at 30 June 2009 of UEN Group, was reimbursed to the European Parliament in January 2010.

#### **NOTE 3: OTHER DEBTS**

In application of article 2.5.3 of the Rule PE 335.475/BUR, the amount of EUR 332.494,20 corresponds to expenditure related to the second semester of the 2009 accounting period and paid at the latest as of 31 January 2010.

#### **NOTE 4: VAT RECOVERABLE**

This relates to VAT paid, for which the European Conservatives and Reformists Group anticipates to obtain refund from the relevant tax authorities in application of the privileges and immunities of the European Institutions. VAT recoverable at 31 December 2009 is composed as follows:

	<b>EUR</b>
VAT Poland	10.885,45
VAT United Kingdom	29.913,58
VAT Czech Republic	15.295,03
	<hr/> 56.094,06

EUROPEAN CONSERVATIVES AND REFORMISTS GROUP

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 31 DECEMBER 2009

**NOTE 5: DETAIL OF THE EXECUTION OF THE DECENTRALISED CREDITS OF CHAPTER 7 ARTICLE 1**

The detail of the decentralised credits executed for Chapter 7.1 of the accounting plan annexed to the 4000 financial rules is the following:

Article	Category	Year ended 31 December 2009	
		EUR	%
1.	Staff	1.800,00	0,34%
2.	Secretariat - equipment and expenses	231,11	0,04%
3.	Documentation, studies and research	17.000,00	3,22%
4.	Legal, accounting, financial and other operating costs	315,02	0,06%
52.	Other meetings and conferences	168.858,34	31,98%
53.	Expenditure on entertainment	0	0,00%
54.	Guests	55.053,40	10,43%
61.	Posters, booklets and publications	135.829,57	25,73%
62.	Advertising inserts and audiovisual advertising	18.555,20	3,51%
63.	Advertising material, novelty items, telecommunications advertising	56.753,67	10,75%
64.	Internet sites and cyber advertising	44.948,94	8,51%
65.	Visits to institutions; information stands	28.659,28	5,43%
	Total Chapter 7.1	528.004,53	100%

EUROPEAN CONSERVATIVES AND REFORMISTS GROUP

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 31 DECEMBER 2009

**NOTE 6: RECAPITULATIVE TABLE OF FIXED ASSETS' MOVEMENTS**

Category and write-down rate	IT software	IT hardware	Telecom-munications equipment	Technical equipment and supplies	Miscellaneous machinery and installations	Movable property (seats, desks, cabinets)	Total
	25% (€)	25% (€)	25% (€)	12.5% (€)	12.5% (€)	10% (€)	(€)
<b>Historical cost</b>							
Opening balances (historical cost)	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Less Items sold and entered in profit-and-loss account							0,00
Plus Acquisitions during the financial year	0,00	750,48	13.414,31		21.785,45	9.866,65	45.816,89
Plus Transfers							0,00
Result Closing balance at historical cost	0,00	750,48	13.414,31	0,00	21.785,45	9.866,65	45.816,89
<b>Accumulated depreciation</b>							
Opening balances (accumulated depreciation)	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Less Accumulated depreciation of items sold and entered in p/l account							0,00
Plus Depreciation charge for the financial year	0,00	347,20	1.337,07	0,00	1.393,07	1.358,51	4.435,85
Result Closing balance at historical cost	0,00	347,20	1.337,07	0,00	1.393,07	1.358,51	4.435,85
<b>Written-down values</b>							
Net book value of fixed assets on 01/07/2009	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Net book value of fixed assets on 31/12/2009	0,00	403,28	12.077,24	0,00	20.392,38	8.508,14	41.381,04

These notes form an integral part of the accounts