



**REPORT BY THE EFD GROUP
IN THE EUROPEAN PARLIAMENT**

BUDGET ITEM 4000

BUDGET PERIOD 2009/2

EFD
Europe of Freedom and Democracy

AUDITOR'S REPORT

Unqualified Auditor's Report

According to the audit mandate, we have audited the EFD Financial Statement prepared by the Group Accountant for the budget period 2009-2 ending 31/12/2009 as laid out in pages 1 to 13 of this document.

Respective responsibilities of the Group and the Auditors

Pursuant to the rules on the use of appropriation from Budget Item 4000 (hereafter "the Rule"), the Group is responsible before the Institution of the conformity of appropriation usage and of the preparation of the group annual financial statements.

We have the responsibility to plan and carry out the required work to verify the financial statement prepared by the political group and to report to the Group with a reasonable assurance our audit opinions.

Basis of Opinions

We conducted the audit in accordance with International Standards on Auditing as issued by the IASSB. This standard requires the auditor to plan and carry out his work in such a way as to obtain sufficient and appropriate evidence and explanations to support our audit opinions. An audit includes an examination, on a sample basis, of evidence relevant to the opinions.

The audit work included specific procedures aiming at gathering sufficient and appropriate audit evidence 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;
- Payment orders are supported by original documentations (or certified true copies);
- Accounts have been laid out in accordance with the harmonised chart of account;
- Accounts have been prepared in accordance with generally accepted accounting principles as laid out in articles 186 to 196 of the Implementing Rules or, that departures are adequately explained by means of note to the prepared accounts.

Opinions

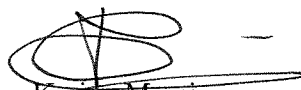
- As a result of our work, we did not identify any material non-conformity with the dispositions laid out in the Rule governing appropriation item 4000 or with the Group's internal rules;
- The overall presentation of the income and expense statement and of the balance sheet complies with the chart of account provided with the rules governing the appropriation line 4000;
- No departures from generally accepted accounting principles have been established;
- The principle of sound financial management has been applied;
- In our opinion, the balance sheet gives a true and fair view of the state of affairs of the Group at 31/12/2009 and of the revenue and expenses for the 6 months ending 31/12/2009;
- We have received all necessary explanations for the purpose of our work.

Zaventem, April 19, 2010

RSM InterAudit
Legally represented by



Bernard de Grand Ry
Registered Auditor
Partner



Karine Morris
Registered Auditor
Partner

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BALANCE SHEET EFD GROUP IN THE EUROPEAN PARLIAMENT

END OF BUDGETING PERIOD 2009/2 (31/12/2009)

		<u>2009/2</u>	<u>2009/1</u>
ASSETS	<i>notes</i>		
FIXED ASSETS			
<i>Chapter 1 Intangible and tangible assets</i>	3		
.1 Intangible assets		0,00	0,00
.2 Tangible assets		17.763,73	0,00
Sub total chapter 1		17.763,73	0,00
CURRENT ASSETS			
Chapter 2 Debtors, stocks and other working assets	5		
.1 Debtors		1.348,55	0,00
.2 Staff		1.364,06	0,00
.3 VAT		38.649,87	0,00
.4 Stocks		0,00	0,00
.5 Various			0,00
Sub total chapter 2		41.362,48	0,00
<i>Chapter 3 Financial assets</i>			
.1 Financial securities	4	0,00	0,00
.2 Cash and cash equivalent		468.284,60	0,00
Sub total chapter 3		468.284,60	0,00
Chapter 4 Deferred charges and accrued income			
.1 Deferred charges		0,00	0,00
.2 Accrued income		0,00	0,00
Sub total chapter 4		0,00	0,00
TOTAL ASSETS		527.410,81	0,00

LIABILITIES

	<i>notes</i>	<u>2009/2</u>	<u>2009/1</u>
Chapter 1 Reserves			
.1 Carry forward to next budgeting period	1	412.684,71	0,00
Sub total chapter 1		<u>412.684,71</u>	<u>0,00</u>
Chapter 2 Financial debts			
.1 Financial debts of a residual duration > 1 year		0,00	0,00
.2 Financial debts of a residual duration </= 1 year		0,00	0,00
Sub total chapter 2		<u>0,00</u>	<u>0,00</u>
Chapter 3 Other debts			
.1 Other debts		0,00	0,00
.2 Charges settled in current period but paid in next period		114.726,10	0,00
Sub total chapter 3		<u>114.726,10</u>	<u>0,00</u>
Chapter 4 Deferred income/accrued charges			
.1 Deferred income		0,00	0,00
.2 Accrued charges		0,00	0,00
Sous Total Chapitre 4		<u>0,00</u>	<u>0,00</u>
TOTAL LIABILITIES		<u>527.410,81</u>	<u>0,00</u>

**STATEMENT OF REVENUE AND EXPENDITURE OF THE EFD GROUP IN THE
EUROPEAN PARLIAMENT**

BUDGETING PERIOD 2009/2 (PERIOD FROM 01/07/2009 - 31/12/2009)

	<i>Notes</i>	<u>2009/2</u>	<u>2009/1</u>
<u>Receipts</u>			
<i>Chapter 1 Grants and other receipts from the European Parliament</i>			
.1	EP allocation	1.113.177,00	0,00
.2	Other EP resources	<u>0,00</u>	<u>0,00</u>
Subtotal for Chapter 1		<u>1.113.177,00</u>	<u>0,00</u>
<i>Chapter 2 Own resources</i>			
.1	Interest and assimilated products	717,59	0,00
.2	Profit on currency exchange	2 0,00	0,00
.3	Miscellaneous	0,00	0,00
.5	Amount carried forward from previous financial year	<u>0,00</u>	<u>0,00</u>
Subtotal for Chapter 2		<u>717,59</u>	<u>0,00</u>
Total receipts		<u>1.113.894,59</u>	<u>0,00</u>
Grand total		<u>1.113.894,59</u>	<u>0,00</u>

Expenditure	<i>Notes</i>	<u>2009/2</u>	<u>2009/1</u>
<i>Chapter 1 Staff</i>			
.1 Secretariat missions		67.877,88	0,00
.2 Recruitment		1.898,56	0,00
.3 Traineeships		19.500,00	0,00
.4 Salaries and related costs, fees		41.000,00	0,00
.5 Staff training		0,00	0,00
.6 Staff representation costs		0,00	0,00
Subtotal for Chapter 1		<u>130.276,44</u>	<u>0,00</u>
<i>Chapter 2 Equipment, routine administrative costs and operating costs</i>			
Equipment, operating expenditure, computer-related engineering and maintenance	3	1.479,32	0,00
Equipment, telecommunications-related installation and maintenance expenditure, office machinery, furniture and technical installations	3	2.158,03	0,00
.3 Stationery and office supplies		875,06	0,00
.4 Postage and telecommunications		136.983,58	0,00
.5 Printing and photocopying costs		6.905,85	0,00
.6 Office rental costs		0,00	0,00
Subtotal for Chapter 2		<u>148.401,84</u>	<u>0,00</u>
<i>Chapter 3 Documentation, studies and research</i>			
.1 Newspapers, magazines, press agencies and books		2.809,31	0,00
.2 Studies and research		0,00	0,00
.3 Databases		0,00	0,00
Subtotal for Chapter 3		<u>2.809,31</u>	<u>0,00</u>
<i>Chapter 4 Legal and accountancy fees, financial and other charges</i>			
.1 Legal costs		0,00	0,00
.2 Accounting costs/audits		1.117,43	0,00
.3 Financial charges and losses from currency exchange	2	0,00	0,00
.4 Translation and interpretation costs		636,80	0,00
.5 Other operating expenditure		0,00	0,00
Subtotal for Chapter 4		<u>1.754,23</u>	<u>0,00</u>
<i>Chapter 5 Cost of meetings and representation</i>			
.1 Group meetings		0,00	0,00
.2 Other meetings and conferences		645,70	0,00
.3 Expenditure on entertainment		7.717,40	0,00
.4 Guests		242,40	0,00
.5 Individual fact finding missions of members		0,00	0,00
Subtotal for Chapter 5		<u>8.605,50</u>	<u>0,00</u>
<i>Chapter 6 Publications and publicity</i>			
.1 Posters, leaflets and booklets		62.212,88	0,00
.2 Advertising inserts and audiovisual advertising		0,00	0,00
Advertising material, novelty items, telecommunication			
.3 advertising		4.070,00	0,00
.4 Internet sites + e-publicity		312,39	0,00

.5 Visits to institutions, information stands	0,00	0,00
Subtotal for Chapter 6	66.595,27	0,00
<i>Chapter 7 Members of Parliament</i>		
Members' political and information activities, administrative		
.1 expenses	342.767,29	0,00
and political and information activities of national delegations (details attached)		
Subtotal for Chapter 7	342.767,29	0,00
<i>Chapter 8 Grants, subscriptions and contributions</i>		
.1 Subsidies	0,00	0,00
.2 Subscriptions	0,00	0,00
Subtotal for Chapter 8	0,00	0,00
Total expenditure	701.209,88	0,00
Credits repayable to European Parliament	0,00	
Amount carried forward to next financial year	412.684,71	0,00
Grand total	1.113.894,59	0,00

NOTES TO THE ACCOUNTS BUDGETING PERIOD 2009/2

The accounts, hereafter, have been prepared in conformity with:

- the 4000 financial rules approved by the Bureau of the European Parliament on 30 June 2003 and revised by the Bureau on 22 March 2006 (PE 335.475/BUR) and 11 July 2007
- the internal financial rules of the Group
- the accounting principles and the harmonised accounting plan adopted by the Secretaries General of the political groups.

Accounting principles

1. Movements on the accounts and the balances shall be entered in the accounting ledgers.
2. All accounting entries, including adjustments to the accounts, shall be based on dated and numbered supporting documents, to which they shall refer.
3. The accounting system must be such as to leave a trail for all accounting entries.

The financial statements shall be drawn up in accordance with the generally accepted accounting principles, namely:

- going-concern basis;
- prudence;
- consistent accounting methods;
- comparability of information;
- materiality;
- no netting;
- reality over appearance;

Pursuant to Rule 2.5.3 of the Rules on the use of appropriations from budget item 4000 the accounts are held on a modified accrual system.

All expenditure relative to activities of the current or previous financial years is registered in the accounts of the current year, 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 booked on the expenditure accounts of the current financial year and as debt on the balance (chapter III.2).

All expenditure for which actual payment is made later than the end of the month following the closure of the financial period or for risks and future charges is registered in the accounts of the next financial year.

No provisions will be made for expenditure of the current financial period not paid by the end of the month following the end of this financial period or for risks and future charges.

All revenue is registered 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 in chapter IV (deferred charges and accrued income).

Classification

The classification of the expenditure on the expenditure accounts follows the principle of classification by destination by the accounting plan annexed to the Rules on the use of appropriations from article 4000.

Note 1: Carry forward to next financial year (art 2.9.2 of the 4000 fin. rules):

1: Credits received by our group for the 2009/2 budgeting period:	1.113.177,00 €
2: Maximum amount of carry forward to next budgeting period:	1.113.117,00 €
3: Remainder at the end of the 2009/2 budgeting period:	412.684,71 €
4: Credits to be returned to the EP:	0,00 €
5: Carry forward to next financial year:	412.684,71 €

Note 2: Exchange policy:

The revenue and expenditure in other currencies are converted in euro following the exchange rate of the bank on the transaction day.

Note 3: Depreciations of fixed assets:

Assets with a unit value of 420 Euros or more and being intended to serve the activities of the group on a lasting basis are entered in the inventory and the Group's balance sheet. Fixed assets are to be valued at their acquisition price and depreciated on a monthly basis following the straight line method by the following annual percentages:

Software	25.0	%
Hardware:	25.0	%
Telecommunications and audiovisual equipment:	25.0	%
Technical equipment:	12.5	%
Other installations and machines:	12.5	%
Office furniture:	10.0	%

A recapitulative table of the assets in the balance sheet is annexed

Note 4: Valuation method for financial securities:

Not applicable

Note 5: Valuation of receivables, debts and other assets:

Receivables, debts and other assets are stated at their nominal value. Value reductions on receivables and other assets are accounted for if there is any uncertainty regarding their collectability.

Our group has not concluded any substantial long standing (>1 year) financial commitments.

Note 6: Other debts – reimbursement to EP

Not applicable

Note 7: Comparison of the figures:

According to article 2.1.1 of the financial rules governing budget item 4000 this report covers the period 2009/2 which last from 01/07/2009 to 31/12/2009. No comparative figures can be presented since this is the first report of the EFD Group.

DETAIL OF THE EXECUTION OF THE DECENTRALISED CREDITS**CHAPTER 7 ARTICLE 1.**

Ventilation following the accounting plan annexed to the 4000 financial rules

CHAPTER /ARTICLE	CATEGORY	EXECUTION 2009/2	%	EXECUTION 2009/1	%
1	Staff	85.840,80	25,04%	0,00	0,00%
2	Secretariat – equipment and expenses	2.205,51	0,64%	0,00	0,00%
3	Documentation, studies and research	53.900,00	15,72%	0,00	0,00%
4	Legal, accounting, financial and other operating costs	0,00	0,00 %	0,00	0,00%
52	Other meetings and conferences	67.864,45	19,80%	0,00	0,00%
53	Representation costs	1.000,00	0,29%		
54	Guests	14.018,88	4,09 %	0,00	0,00%
61	Posters, leaflets and booklets	50.162,76	14,63%	0,00	0,00%
62	Advertising inserts and audiovisual advertising	60.041,51	17,52%	0,00	0,00%
63	Advertising material, gadgets, publicity by telecommunication equipments	63,00	0,02%	0,00	0,00%
64	Websites Internet sites + e-publicity	7.670,38	2,24 %	0,00	0,00%
65	Visits to institutions; information stands	0,00	0,00 %	0,00	0,00%
	TOTAL ARTICLE 7.1	342.767,29	100 %	0,00	0,00%



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%	(€)	
Historical cost	Opening balances (historical cost)	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	
	Less Items sold and entered in profit-and-loss account in 2009/2	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	
	Plus Acquisitions during the budgetary period 2009/2	3.843,22	13.164,78	20.934,15	4.119,00	1.345,03	3.308,02	46.714,20					
	Plus Transfers	0,00	0,00	0,00	0,00	0,00	0,00	0,00					
	Result Closing balance at historical cost	3.843,22	13.164,78	20.934,15	4.119,00	1.345,03	3.308,02	46.714,20					
Accumulated depreciation	Opening balances (accumulated depreciation)	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	
	Less Accumulated depreciation of items sold and entered in p/1 account	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	
	Plus Depreciation charge for the budgetary period 2009/2	320,27	9.261,54	13.744,30	4.119,00	182,15	1.323,21	28.950,47					
	Result Closing balance at historical cost	320,27	9.261,54	13.744,30	4.119,00	182,15	1.323,21	28.950,47					
Written-down values	Net book value of fixed assets on 30/06/2009	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	
	Net book value of fixed assets on 31/12/2009	3.522,95	3.903,24	7.189,85	0,00	1.162,88	1.984,81	17.763,73					