



# ALDE Group

30 June 2014

By  
Ernst & Young Réviseurs d'Entreprises  
represented by  
Danielle Vermaelen  
Partner

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Alliance Of Liberals & Democrats Group for Europe  
Rue Wiertz 60  
B-1000 Brussels

4 November 2014

***This auditor's report overrules the auditor's report dated 9 October 2014. Only one clarification (see text underlined) has been included at the request of the European Parliament's services.***

## **Report of the external auditors on the financial statements relative to the use of the credits of Item 400 of the budget of the European Parliament for the first part of the financial year 2014 ending 30 June 2014**

### **UNQUALIFIED AUDITOR'S REPORT**

According to the audit mandate, we have audited the Group Financial Statement prepared by the Group Accountant for the first part of year 2014 ending 30/06/2014 as laid out in pages 4 to 14 of this document.

#### **Respective responsibilities of the Group and the auditors**

Pursuant to the rules on the use of appropriations from Budget Item 400 (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 IASB. 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 400;
- 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 harmonized chart of account;

- Accounts have been prepared in accordance with generally accepted accounting principles as laid out in articles 186 to 194 of the Implementing Rules and the overall considerations on financial statements in the rules adopted by the Accounting Officer of the Commission referred to in Articles 143 and 144 of the Financial Regulation;
- An effective and efficient internal control system for the management of operations, which includes effective segregation of the duties of authorizing officer and accounting officer or of the equivalent functions.

### 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 400 or with the Group 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 400;
- No departures from generally accepted accounting principles have been established;
- The principle of sound financial management has been applied;
- An effective and efficient internal control system for the management operations, which includes effective segregation of the duties of authorizing officer and accounting officer or of the equivalent functions;
- In our opinion, the half-year financial statements give a true and fair view of the state of affair of the Group at 30/06/2014 and of the revenue and expenses for the 6 months ending 30/06/2014;
- We have received all necessary explanations for the purpose of our work.

Ernst & Young Réviseurs d'Entreprises scrl  
Represented by



Danielle Vermaelen  
Partner

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09/10/2014

**BALANCE SHEET Group ALDE**  
**FINANCIAL YEAR FROM 01/01/2014 TO 30/06/2014**

		<u>Exercice 2014/1</u>	<u>Exercice 2013</u>
	<i>notes</i>		
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
<b>Chapter 1 Intangible and tangible assets</b>	9	6.137,29	8.475,38
.1 Intangible assets		36.173,71	38.996,50
.2 Tangible assets			
<b>Sub total chapter 1</b>		<u>42.311,00</u>	<u>47.471,88</u>
<b>CURRENT ASSETS</b>			
<b>Chapter 2 Debtors, stocks and other working assets</b>	6		
.1 Suppliers		18.288,97	55.478,22
.2 Staff			
.3 VAT		64.978,68	130.998,54
.4 Stocks			
.5 Various			
<b>Sub total chapter 2</b>		<u>83.267,65</u>	<u>186.476,76</u>
<b>Chapter 3 Financial assets</b>			
.1 Financial securities	4		
.2 Cash and cash equivalent		1.819.775,72	2.245.775,65
<b>Sub total chapter 3</b>		<u>1.819.775,72</u>	<u>2.245.775,65</u>
<b>Chapter 4 Deferred charges and accrued income</b>			
.1 Deferred charges		40.542,14	86.715,72
.2 Accrued income			14.834,35
<b>Sub total chapter 4</b>		<u>40.542,14</u>	<u>101.550,07</u>
<b>TOTAL ASSETS</b>		<u>1.985.896,51</u>	<u>2.581.274,36</u>

09/10/2014

**LIABILITIES**

**Chapter 1 Reserves**

- .1 Carry forward to next financial year
- Sub total chapter 1**

notes	<u>Exercice 2014/1</u>	<u>Exercice 2013</u>
1	1.516.005,42	1.749.037,76
	<u>1.516.005,42</u>	<u>1.749.037,76</u>

**Chapter 2 Financial debts**

- .1 Financial debts of a residual duration > 1 year
  - .2 Financial debts of a residual duration <= 1 year
- Sub total chapter 2**


**Chapter 3 Other debts**

- .1 Other debts
  - .2 Charges settled in N but paid in N+1
- Sub total chapter 3**

5		
	449.158,39	832.236,60
	<u>449.158,39</u>	<u>832.236,60</u>

**Chapter 4 Deferred income/accrued charges**

- .1 Deferred income
  - .2 Accrued charges
- Sous Total Chapitre 4**

	20.732,70	
	<u>20.732,70</u>	

**TOTAL LIABILITIES**

	<u>1.985.896,51</u>	<u>2.581.274,36</u>
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**PROFIT AND LOSS ACCOUNT of the ALDE Group**  
 FINANCIAL YEAR FROM 01/01/14 TO 30/06/2014

	<u>Year 2014/1</u>	<u>2013</u>
	<i>Notes</i>	
<b>Receipts</b>		
<i>Chapter 1 Grants and other receipts from the European Parliament</i>		
.1 EP allocation	3.400.585,55	6.718.994,35
.2 Other EP resources		
<b>Subtotal for Chapter 1</b>	<u>3.400.585,55</u>	<u>6.718.994,35</u>
<i>Chapter 2 Own resources</i>		
.1 Interest and assimilated products	2.686,85	71.236,23
.2 Profit on currency exchange	333,56	108,99
.3 Miscellaneous	6.891,84	503,21
.4 VAT reimbursements		
.5 Amount carried forward from previous financial year	1.749.037,76	2.099.781,20
<b>Subtotal for Chapter 2</b>	<u>1.758.950,01</u>	<u>2.171.629,63</u>
<b>Total receipts</b>	<u>5.159.535,56</u>	<u>8.890.623,98</u>
<b>Grand total</b>	<u>5.162.222,41</u>	<u>8.961.860,21</u>



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**PROFIT AND LOSS ACCOUNT of the ALDE Group**  
**FINANCIAL YEAR FROM 01/01/14 TO 30/06/2014**

<u>Expenditure</u>	<i>Notes</i>	<u>2014/1</u>	<u>2013</u>
<i>Chapter 1 Staff</i>			
.1 Secretariat missions		595.295,03	1.541.679,74
.2 Recruitment		-	1.047,04
.3 Traineeships		48.003,51	211.306,35
.4 Salaries and related costs, fees		-	-
.5 Staff training		39.425,94	54.825,34
.6 Staff representation costs		-	-
<b>Subtotal for Chapter 1</b>		<b>682.724,48</b>	<b>1.808.858,47</b>
<i>Chapter 2 Equipment, routine administrative costs and operating costs</i>			
.1 Equipment, operating expenditure, computer-related engineering and maintenance	3	42.096,93	35.195,86
.2 Equipment, telecommunications-related installation and maintenance expenditure, office machinery, furniture and technical installations	3	10.940,47	30.848,72
.3 Stationery and office supplies		1.006,35	5.281,02
.4 Postage and telecommunications		33.537,43	50.210,73
.5 Printing and photocopying costs		27.003,70	48.920,01
.6 Office rental costs		-	-
<b>Subtotal for Chapter 2</b>		<b>114.584,88</b>	<b>170.456,34</b>
<i>Chapter 3 Documentation, studies and research</i>			
.1 Newspapers, magazines, press agencies and books		4.909,99	5.295,92
.2 Studies and research		-	-
.3 Databases		-	-
<b>Subtotal for Chapter 3</b>		<b>4.909,99</b>	<b>5.295,92</b>
<i>Chapter 4 Legal and accountancy fees, financial and other charges</i>			
.1 Legal costs		-	-
.2 Accounting costs/audits		41.550,00	-
.3 Financial charges and losses from currency exchange	2	3.998,60	7.909,52
.4 Translation and interpretation costs		10.727,91	18.060,48
.5 Other operating expenditure		6.035,23	1.049,82
<b>Subtotal for Chapter 4</b>		<b>62.311,74</b>	<b>27.019,82</b>





**PROFIT AND LOSS ACCOUNT of the ALDE Group**  
**FINANCIAL YEAR FROM 01/01/14 TO 30/06/2014**

<i>Chapter 5 Cost of meetings and representation</i>		
.1	Official Group meetings	85.529,86
.2	Other meetings and conferences	447.773,71
.3	Expenditure on entertainment	39.664,95
.4	Guests	-
.5	Individual fact finding missions of members	-
<b>Subtotal for Chapter 5</b>		<b>1.024.760,14</b>
<i>Chapter 6 Publications and publicity</i>		
.1	Posters, leaflets and booklets	70.931,33
.2	Advertising inserts and audiovisual advertising	159.840,00
.3	Advertising material, gadgets, publicity by telecommunication equipments	-6002,14
.4	Internet sites + e-publicity	13.016,40
.5	Visits to institutions, information stands, press events	43.838,02
<b>Subtotal for Chapter 6</b>		<b>571.283,61</b>
<i>Chapter 7 Members of Parliament</i>		
.1	Members' political and information activities, administrative expenses and political and information activities of national delegations (details attached)	1.974.936,78
<b>Subtotal for Chapter 7</b>		<b>3.486.714,28</b>
<i>Chapter 8 Grants, subscriptions and contributions</i>		
.1	Subsidies	35.000,00
.2	Subscriptions	-
<b>Subtotal for Chapter 8</b>		<b>47.197,91</b>
<b>Total expenditure</b>		<b>7.141.566,22</b>
Credits repayable to European Parliament		-
Amount carried forward to next financial year		1.516.005,42
<b>Grand Total</b>		<b>8.890.623,98</b>



## **NOTE 1 - CORPORATE INFORMATION**

The present financial statements relate to the Alliance of Liberals and Democrats for Europe (ALDE) in the European Parliament.

The Budget period begins on 1 January and ends on 30 June.

### ***Prerequisite***

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 trail for all accounting entries.

## **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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
- substance over form



### ***Basis of preparation***

The accounts hereafter have been prepared in conformity with :

- the 400 financial rules approved by the Bureau of the European Parliament on 30 June 2003 and revised by the Bureau on 22 March 2006, on 11 July 2007 (PE 335,475/BUR); on 20 September 2010; on 23 March 2011, on 26 September 2011, on 2 July 2012, on 11 March 2013, on 24 February 2014 and on 14 April 2014
- the internal financial rules of the Group
- the accounting principles and the harmonized accounting plan adopted by the Political Groups on 15 September 2005

### **NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Pursuant to Rule 2.5.3 of the Rules on the use of appropriations from budget item 400 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 budget period, upon authorisation by the authorizing officer responsible and payment by the accountant; in the actual payment is made no later than during the month following the end of the budget period.

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 with counterpart a balance account (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 period.

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

All revenue is registered in the income accounts upon establishment by the authorizing 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).

The classification of the expenditure on the charge accounts follows the principle of classification by destination by the accounting plan annexed to the Rules on the use of appropriations from Article 400.



**NOTE 4 - CARRY FORWARD TO NEXT BUDGET PERIOD (IN EUR)**

1. Credits received by our group for the budget period 2014/1	3.400.585,55
2. Maximum amount of carry forward to 2014/2 budget period	no limitation
3. Difference between total revenue and total expenditure at the end of the budget period	1.516.005,42
4. Credits to be returned to the European Parliament	0,00
5. Carry forward to budget period 2014/2	1.516.005,42

**NOTE 5 - FOREIGN CURRENCY TRANSACTION**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

**NOTE 6 - FIXED ASSETS (IN EUR)**

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	25,00%
Hardware	25,00%
Telecommunications and audiovisual equipment	25,00%
Technical equipment	12,50%
Other installations and machines	12,50%
Office furniture	10,00%

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



09/10/2014

## **NOTE 7 - DEBTORS, STOCKS AND OTHER WORKING ASSETS**

Receivable, 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.

## **NOTE 8 - FINANCIAL COMMITMENTS**

Our group has concluded the following substantial long standing (> 1 year) financial commitments, for :

Renting of photocopier machines from OCE Belgium up to 20/11/2015

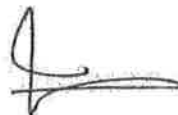
Cost : 30.000€/year

Renting of photocopier machines from Xerox up to 30/03/2015 and 30/03/2016

Cost : 13.860€/year

## **NOTE 9 COMPARISON OF THE FIGURES**

According to article 2.1.1 of the financial rules governing budget item '400 Expenditure for political and information activities and secretarial costs of the groups and members with no affiliation to any political party', this report covers the period from 1 January 2014 to 30 June 2014. For practical reasons, no comparative figures for the identical period of 2013 can be presented. Therefore 12 months' figures has been mentioned for 2013.



Valérie Glatigny

Head of Unit Accounts

09/10/2013

DETAIL OF THE EXECUTION OF THE DECENTRALISED CREDITS

CHAPTER 7, ARTICLE 1

Ventilation following the accounting plan annexed to the 400 financial rules

Chapter/ Article	Heading	Execution Year 2014 ( 6 months )	%	Execution Year 2013	%
1	Staff	97.995,50	4,96%	0,00	0,00%
2	Secretariat - equipment and expenses	0,00	0,00%	163.694,39	4,70%
3	Documentation, studies and research	0,00	0,00%	0,00	
4	Legal, accounting, financial and other operating costs	0,00	0,00%	0,00	
52	Other meetings and conferences	380.867,27	19,29%	752.572,20	21,58%
53	Representation costs	113.659,87	5,76%	187.318,75	5,37%
54	Guests	0,00	0,00%	0,00	
61	Posters, leaflets and booklets	0,00	0,00%	0,00	
62	Advertising inserts and audiovisual advertising	902.609,69	45,70%	1.553.762,73	44,56%
63	Advertising material, gadgets, publicity by telecommunication equipments	170.409,62	8,63%	249.836,28	7,17%
64	Websites Internet Sites + e-publicity	119.666,87	6,06%	262.896,67	7,54%
65	Visits to institutions, information stands	189.727,96	9,61%	316.633,26	9,08%
	<b>TOTAL ART.7.1.</b>	<b>1.974.936,78</b>	<b>100,00%</b>	<b>3.486.714,28</b>	<b>100,00%</b>

SITUATION AU 30/06/2014

Category and write-down rate	IT SOFTWARE 25,00%	IT HARDWARE 25,00%	TELECOMMUNICATIONS EQUIPMENT 25,00%	TECHNICAL EQUIPMENT AND SUPPLIES 12,50%	MISCELLANEOUS EQUIPMENT MACHINERY AND INSTALLATIONS 12,50%	MOVABLE PROPERTY (seats, desks, cabinets) 10,00%	TOTAL
<b>HISTORICAL COST</b>							
Opening balances (historical cost)	177.231,70	106.956,07	14.952,87	9.201,69	36.652,05	26.368,68	370.362,06
Less items sold and entered in P&L account	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Plus Acquisitions during the financial year	0,00	1.728,01	1.320,66	651,90	0,00	691,00	4.392,57
Plus transfers	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Result Closing balance at historical cost	177.231,70	107.684,08	16.273,53	9.853,59	36.652,05	27.059,68	374.754,63
<b>ACCUMULATED DEPRECIATION</b>							
Opening balances (accumulated depreciation)	168.756,32	92.459,97	7.055,38	6.754,10	29.864,35	16.000,05	322.890,17
Less accumulated depreciation of items sold	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Plus depreciation charge for the financial year	2.338,09	2.305,48	1.509,60	140,13	1.564,91	1.274,96	9.553,45
Result closing balance at historical cost	171.094,41	94.765,40	8.565,37	8.894,23	31.449,26	17.275,01	332.443,62
<b>WRITTEN-DOWN VALUES</b>							
Net book value of fixed assets on 31/12/2013	8.475,38	13.485,10	7.897,49	447,59	8.787,70	10.368,63	47.471,89
Net book value of fixed assets on 30/06/2014	6.137,26	12.048,68	7.708,22	659,36	4.802,79	9.784,67	42.311,01