



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

**BUDGET ITEM 400**

**BUDGET PERIOD 2014/II**

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**REPORT OF THE EXTERNAL AUDITORS ON THE ANNUAL ACCOUNTS RELATIVE TO THE USE OF  
THE CREDITS OF ITEM 400 OF THE BUDGET OF THE EUROPEAN PARLIAMENT FOR THE PERIOD  
FROM 1 JULY 2014 TO 31 DECEMBER 2014**

**EFD<sup>2</sup>  
EUROPE OF FREEDOM AND DIRECT DEMOCRACY  
AUDITOR'S REPORT**

In accordance with the audit mandate, we have audited the Group's Financial Statement prepared by the Group Accountant for the budget period 2014/II ending 31/12/2014 as presented on pages 1 to 14 of this document.

**Respective responsibilities of the Group and the auditor**

Pursuant to the rules on the use of appropriation from budget item 400 (hereafter "the Rules"), the Group is responsible to the European Parliament for the conformity of appropriation usage and of the preparation of the group's budget period 2014/II financial report.

We are responsible for planning and carrying out the required work to verify the financial report prepared by the Group and to report with reasonable assurance our audit opinions to the Group.

**Basis of Opinions**

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

The audit work included specific procedures aimed at gathering sufficient and appropriate audit evidence that:

- a) the statement of revenue and expenditure gives a true and fair view of the group's financial position for the budget period concerned;
- b) the balance sheet gives a true and fair view of the Group's assets at the end of the budget period,
- c) 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<sup>1</sup>, have been observed in the preparation and presentation of the accounts or, where appropriate, a divergence from these overall considerations is adequately explained by a note to the financial statements.

<sup>1</sup> Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union (Official Journal L 298, 26.10.2012, p.1).



- d) an effective and efficient internal control system for the management of operations, which includes effective segregation of the duties of authorising officer and accounting officer or of the equivalent functions, is in place;
- e) the accounts have been presented in accordance with the harmonised Accounting Plan in Part 2 of the Rules;
- f) the expenditure complies with the provisions of the Rules;
- g) the expenditure has been charged to the correct item in the budget of the Group;
- h) the appropriations were available;
- i) the principles of sound financial management have been applied;
- j) payment orders are substantiated by original supporting documents (or certified true copies);
- k) the Group's internal rules have been observed.

The audit work included verification of the risk management activities of the Group and on the quality of management and control systems. If necessary, recommendations for improving the conditions of implementation of operations and promoting sound financial management were issued.

The audit work also included assessment of the suitability and effectiveness of internal management systems and the performance of departments in implementing policies, programmes and actions by reference to the risks associated with them; and assessment of the efficiency and effectiveness of the internal control and audit systems applicable to every budget implementation operation.


### Opinions

- As a result of our work, we did not identify any material non-conformity with the dispositions laid out in the Rules or with the Group's internal rules including the internal control system.
- The overall presentation of the income and expense statement and of the balance sheet complies with the chart of account provided with the Rules.
- 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 financial position of the Group at 31/12/2014 and of the revenue and expenses for the 6 months ending 31/12/2014

Zaventem, April 17<sup>th</sup>, 2015

RSM INTERAUDIT CVBA-SCRL  
REGISTERED AUDITORS  
REPRESENTED BY

  
KARINE MORRIS  
PARTNER

  
BERNARD DE GRAND RY  
PARTNER

## BALANCE SHEET EFDD Group in the European Parliament end of budget period 2014/II (31/12/2014)

		2014/II	2014/I
	<i>notes</i>		
<b><u>ASSETS</u></b>			
<b>FIXED ASSETS</b>			
<b>Chapter 1 Intangible and tangible assets</b>	<b>3</b>		
.1 Intangible assets		0,00	0,00
.2 Tangible assets		61.567,99	22.643,61
<b>Sub total chapter 1</b>		<b>61.567,99</b>	<b>22.643,61</b>
<b>CURRENT ASSETS</b>			
<b>Chapter 2 Debtors, stocks and other working assets</b>	<b>5</b>		
.1 Debtors		5.233,21	0,00
.2 Staff		0,00	0,00
.3 VAT		59.305,50	86.971,63
.4 Stocks		0,00	0,00
.5 Various		0,00	0,00
<b>Sub total chapter 2</b>		<b>64.538,71</b>	<b>86.971,63</b>
<b>Chapter 3 Financial assets</b>			
.1 Financial securities	<b>4</b>	0,00	0,00
.2 Cash and cash equivalent		1.907.318,67	806.362,80
<b>Sub total chapter 3</b>		<b>1.907.318,67</b>	<b>806.362,80</b>
<b>Chapter 4 Deferred charges and accrued income</b>			
.1 Deferred charges		0,00	0,00
.2 Accrued income		8.789,82	0,00
<b>Sub total chapter 4</b>		<b>8.789,82</b>	<b>0,00</b>
<b>TOTAL ASSETS</b>		<b>2.042.215,19</b>	<b>915.978,04</b>

**LIABILITIES**

	<i>notes</i>	<u>2014/II</u>	<u>2014/I</u>
<b>Chapter 1 Reserves</b>			
.1 Carry forward to next budgeting period	1	1.615.413,22	822.047,84
<b>Sub total chapter 1</b>		<u>1.615.413,22</u>	<u>822.047,84</u>
<b>Chapter 2 Financial debts</b>			
.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
<b>Sub total chapter 2</b>		<u>0,00</u>	<u>0,00</u>
<b>Chapter 3 Other debts</b>			
.1 Other debts		0,00	0,00
.2 Charges settled in current period but paid in next period		377.799,49	93.930,20
<b>Sub total chapter 3</b>		<u>377.799,49</u>	<u>93.930,20</u>
<b>Chapter 4 Deferred income/accrued charges</b>			
.1 Deferred income		0,00	0,00
.2 Accrued charges		49.002,48	0,00
<b>Sous Total Chapitre 4</b>		<u>49.002,48</u>	<u>0,00</u>
<b>TOTAL LIABILITIES</b>		<u>2.042.215,19</u>	<u>915.978,04</u>

**Statement of revenue and expenditure of the EFDD Group in the  
European Parliament  
budget period 2014/II (period from 01/07/2014 - 31/12/2014)**

	2014/II	2014/I
	<i>Notes</i>	
<b><u>RECEIPTS</u></b>		
<i>Chapter 1 Grants and other receipts from the European Parliament</i>		
.1 EP allocation	2.001.698,79	1.229.127,65
.2 Other EP resources	0,00	0,00
<b>Subtotal for Chapter 1</b>	<b>2.001.698,79</b>	<b>1.229.127,65</b>
<i>Chapter 2 Own resources</i>		
.1 Interest and assimilated products	1.753,85	3.423,57
.2 Profit on currency exchange	2.918,70	1.902,68
.3 Miscellaneous	0,00	0,00
.5 Amount carried forward from previous budget period	822.047,84	1.131.941,90
<b>Subtotal for Chapter 2</b>	<b>826.720,39</b>	<b>1.137.268,15</b>
 <b>Total receipts</b>	 <b>2.828.419,18</b>	 <b>2.366.395,80</b>
 <b>Grand total</b>	 <b>2.828.419,18</b>	 <b>2.366.395,80</b>

<b>EXPENDITURE</b>	<i>Notes</i>	<u>2014/II</u>	<u>2014/I</u>
<i>Chapter 1 Staff</i>			
.1 Secretariat missions		165.487,71	172.929,40
.2 Recruitment		50.134,06	0,00
.3 Traineeships		25.964,78	80.915,02
.4 Salaries and related costs, fees		43.962,61	109.659,03
.5 Staff training		5.443,50	11.679,89
.6 Staff representation costs		0,00	0,00
<b>Subtotal for Chapter 1</b>		<b><u>290.992,66</u></b>	<b><u>375.183,34</u></b>
<i>Chapter 2 Equipment, routine administrative costs and operating costs</i>			
.1 Equipment, operating expenditure, computer-related engineering and maintenance	3	7.955,60	3.536,23
.2 Equipment, telecommunications-related installation and maintenance expenditure, office machinery, furniture and technical installations	3	6.615,13	4.822,72
.3 Stationery and office supplies		933,26	0,00
.4 Postage and telecommunications		8.769,64	8.504,65
.5 Printing and photocopying costs		4.682,87	1.866,50
.6 Office rental costs		0,00	0,00
<b>Subtotal for Chapter 2</b>		<b><u>28.956,50</u></b>	<b><u>18.730,10</u></b>
<i>Chapter 3 Documentation, studies and research</i>			
.1 Newspapers, magazines, press agencies and books		19.661,41	3.994,33
.2 Studies and research		0,00	0,00
.3 Databases		900,00	0,00
<b>Subtotal for Chapter 3</b>		<b><u>20.561,41</u></b>	<b><u>3.994,33</u></b>
<i>Chapter 4 Legal and accountancy fees, financial and other charges</i>			
.1 Legal costs		0,00	0,00
.2 Accounting costs/audits		7.680,00	1.600,00
.3 Financial charges and losses from currency exchange	2	2.816,51	6.292,66
.4 Translation and interpretation costs		0,00	0,00
.5 Other operating expenditure		0,00	0,00
<b>Subtotal for Chapter 4</b>		<b><u>10.496,51</u></b>	<b><u>7.892,66</u></b>
<i>Chapter 5 Cost of meetings and representation</i>			
.1 Group meetings		0,00	32.854,28
.2 Other meetings and conferences		16.648,66	10.678,33
.3 Expenditure on entertainment		26.402,76	2.666,08
.4 Guests		0,00	2.159,05
.5 Individual fact finding missions of members		0,00	0,00
<b>Subtotal for Chapter 5</b>		<b><u>43.051,42</u></b>	<b><u>48.357,74</u></b>



**EXPENDITURE**

<i>Notes</i>	<u>2014/II</u>	<u>2014/I</u>
<i>Chapter 6 Publications and publicity</i>		
.1 Posters, leaflets and booklets	0,00	0,00
.2 Advertising inserts and audiovisual advertising	0,00	4.989,00
.3 Advertising material, novelty items, telecommunication advertising	77.700,93	0,00
.4 Internet sites + e-publicity	1.629,91	4.645,00
.5 Visits to institutions, information stands	0,00	0,00
<b>Subtotal for Chapter 6</b>	<b><u>79.330,84</u></b>	<b><u>9.634,00</u></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)	690.614,14	1.077.555,79
<b>Subtotal for Chapter 7</b>	<b><u>690.614,14</u></b>	<b><u>1.077.555,79</u></b>
<i>Chapter 8 Grants, subscriptions and contributions</i>		
.1 Subsidies	0,00	3.000,00
.2 Subscriptions	0,00	0,00
<b>Subtotal for Chapter 8</b>	<b><u>0,00</u></b>	<b><u>3.000,00</u></b>
<b>Total expenditure</b>	<b><u>1.164.003,48</u></b>	<b><u>1.544.347,96</u></b>
Credits repayable to European Parliament	49.002,48	0,00
Amount carried forward	1.615.413,22	822.047,84
<b>Grand total</b>	<b><u>2.828.419,18</u></b>	<b><u>2.366.395,80</u></b>

## NOTES TO THE ACCOUNTS BUDGET PERIOD 2014/II (ENDING 31/12/2014)

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, 11 July 2007, 20 September 2010, 23 March 2011, 26 September 2011, 2 July 2012, 11 March 2013, 24 February 2014 and 14 April 2014
- 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 400 the accounts are held on a modified accrual system.

All expenditure relative to activities of the current financial year or previous financial years is registered in the accounts of the current budget 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 budget period.

All expenditure of a financial year paid during the month following the end of the budget period is booked on the expenditure accounts of the current budget period 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 budget 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 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 authorising officer. All revenue established and not received in the course of the budget period 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 400.

#### Note 1: Carry forward to next financial year (art 2.9.2 of the 400 fin. rules):

1: Credits received by our group for the 2014 financial year	3.230.826,44 €
2: Maximum amount of carry forward to 2015 financial year	1.615.413,22 €
3: Remainder at the end of the 2014 financial year	1.664.415,70 €
4: Credits to be returned to the EP	49.002,48 €
5: Carry forward to 2015 financial year	1.615.413,22 €

#### 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	25,00	%
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.

#### 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 concluded the following substantial long standing (>1 year) financial commitments:

Renting of 1 photocopier machine Ricoh MP 6502 contract up until November 2019  
(Cost: 5.626,97 €/Year)

Note 6: Comparison of the figures:

According to article 2.1.1 of the financial rules governing budget item 400 this report covers the period 2014/II which last from 01/07/2014 to 31/12/2014.

The budget period 2014/I lasted from 01/01/2014 to 30/06/2014

**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	Category	Execution	%	Execution	%
		2014/II		2014/I	
1	Staff	87.154,46	12,62%	93.018,80	8,63%
2	Secretariat – equipment and expenses	10.886,84	1,58%	30.420,29	2,82%
3	Documentation, studies and research	77.436,91	11,22%	64.171,80	5,96%
4	Legal, accounting, financial and other operating costs	0,00		0,00	
52	Other meetings and conferences	90.640,91	13,12%	211.584,24	19,64%
53	Representation costs	0,00		0,00	
54	Guests	11.509,08	1,67%	37.973,91	3,52%
61	Posters, leaflets and booklets	229.269,66	33,20%	430.713,40	37,97%
62	Advertising inserts and audiovisual advertising	123.448,41	17,88%	141.282,54	13,11%
63	Advertising material, gadgets, publicity by telecommunication equipments	37.664,62	5,45%	37.866,91	3,51%
64	Websites Internet sites + e-publicity	3.542,97	0,51%	30.472,81	2,83%
65	Visits to institutions; information stands	19.060,28	2,76%	51,09	0,00%
	<b>total article 7.1</b>	<b>690.614,14</b>	<b>100%</b>	<b>1.077.555,79</b>	<b>100%</b>

Category and write-down rate	IT software	IT hardware	Telecom- munications equipment	Technical equipment and supplies	Miscellaneous machinery and seats, desks,	Movable property (seats, desks,	Total
	25% (€)	25% (€)	25% (€)	12.5% (€)	12.5% (€)	10% (€)	(€)
Historical cost							
Opening balances (historical cost)	24.653,22	12.642,28	20.867,85	0,00	1.772,53	3.803,06	63.738,94
Less Items sold and entered in profit-and-loss account	0,00	0,00	-577,68	0,00	0,00	0,00	-577,68
Plus Acquisitions during the financial year	0,00	11.592,12	35.113,68	0,00	0,00	1.500,00	48.205,80
Plus Transfers	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Result Closing balance at historical cost	24.653,22	24.234,40	55.403,85	0,00	1.772,53	5.303,06	111.367,06
Accumulated depreciation							
Opening balances (accumulated depreciation)	11.646,97	10.524,97	14.813,89	0,00	1.107,93	3.001,57	41.095,33
Less Accumulated depreciation of items sold and entered in p/l account	0,00	0,00	-228,67	0,00	0,00	0,00	-228,67
Plus Depreciation charge for the financial year	2.601,25	1.865,91	4.126,82	0,00	110,78	227,65	8.932,41
Result Closing balance at historical cost	14.248,22	12.390,88	18.712,04	0,00	1.218,71	3.229,22	49.799,07
Written-down value							
Net book value of fixed assets on 30/06/2014	13.006,25	2.117,31	6.053,96	0,00	664,60	801,49	22.643,61
Net book value of fixed assets on 31/12/2014	10.405,00	11.843,52	36.691,81	0,00	553,82	2.073,84	61.567,99