



# S&D Group

30 June 2014

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

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Socialists & Democrats Group  
Rue Wiertz 60  
B-1000 Brussels

13 November 2014

*This auditor's report overrules the auditor's report dated 6 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 13 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 gives 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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## BALANCE SHEET of the Group of the Progressive Alliance of Socialists & Democrats in the European Parliament

End of budget period 2014/1 (30.06.2014)

		<u>2014/1</u>	<u>2013</u>
	<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		<u>181.350,94</u>	<u>175.587,61</u>
<b>Sub total chapter 1</b>		<u><u>181.350,94</u></u>	<u><u>175.587,61</u></u>
<b>CURRENT ASSETS</b>			
<b>Chapter 2 Debtors, stocks and other working assets</b>	<b>5</b>		
.1 Suppliers		61.732,78	71.415,96
.2 Staff		13.313,06	3.325,32
.3 VAT		174.610,47	145.870,08
.4 Stocks		0,00	0,00
.5 Various		<u>92.771,74</u>	<u>48.367,10</u>
<b>Sub total chapter 2</b>		<u><u>342.428,05</u></u>	<u><u>268.978,46</u></u>
<b>Chapter 3 Financial assets</b>			
.1 Financial securities	<b>4</b>	0,00	0,00
.2 Cash and cash equivalent		<u>4.794.768,82</u>	<u>6.722.699,81</u>
<b>Sub total chapter 3</b>		<u><u>4.794.768,82</u></u>	<u><u>6.722.699,81</u></u>
<b>Chapter 4 Deferred charges and accrued income</b>			
.1 Deferred charges		97.270,23	88.122,97
.2 Accrued income		<u>30.363,56</u>	<u>21.677,91</u>
<b>Sub total chapter 4</b>		<u><u>127.633,79</u></u>	<u><u>109.800,88</u></u>
<b>TOTAL ASSETS</b>		<u><u>5.446.181,60</u></u>	<u><u>7.277.066,76</u></u>



**LIABILITIES**

	<i>notes</i>	<u>2014/1</u>	<u>2013</u>
<b>Chapter 1 Reserves</b>			
.1 Carry forward to next financial year	1	<u>4.159.920,36</u>	<u>4.588.461,62</u>
<b>Sub total chapter 1</b>		<u>4.159.920,36</u>	<u>4.588.461,62</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		<u>0,00</u>	<u>0,00</u>
<b>Sub total chapter 2</b>		<u>0,00</u>	<u>0,00</u>
<b>Chapter 3 Other debts</b>	5		
.1 Other debts		113,71	0,00
.2 Charges settled in N but paid in N+1		<u>1.286.147,53</u>	<u>2.688.572,04</u>
<b>Sub total chapter 3</b>		<u>1.286.261,24</u>	<u>2.688.572,04</u>
<b>Chapter 4 Deferred income/accrued charges</b>			
.1 Deferred income		0,00	0,00
.2 Accrued charges		<u>0,00</u>	<u>33,10</u>
<b>Sous Total Chapitre 4</b>		<u>0,00</u>	<u>33,10</u>
<b>TOTAL LIABILITIES</b>		<u>5.446.181,60</u>	<u>7.277.066,76</u>

# PROFIT AND LOSS ACCOUNT of the Group of the Progressive Alliance of Socialists & Democrats in the European Parliament

budget period 2014/1 (period from 01/01/2014 till 30/06/2014)

	<u>2014/1</u>	<u>2013</u>
<i>Notes</i>		
<b><u>Receipts</u></b>		
<b><u>Chapter 1 Grants and other receipts from the European Parliament</u></b>		
.1 EP allocation	7.956.247,29	15.387.769,85
.2 Other EP resources		0,00
<b>Subtotal for Chapter 1</b>	<b><u>7.956.247,29</u></b>	<b><u>15.387.769,85</u></b>
<b><u>Chapter 2 Own resources</u></b>		
.1 Interest and assimilated products	20.694,00	102.886,67
.2 Profit on currency exchange	2 8.664,43	14.706,57
.3 Miscellaneous	687,73	30.090,02
.4 Amount carried forward from previous financial year	4.588.461,62	6.701.575,85
<b>Subtotal for Chapter 2</b>	<b><u>4.618.507,78</u></b>	<b><u>6.849.259,11</u></b>
<b>Total receipts</b>	<b><u>12.574.755,07</u></b>	<b><u>22.237.028,96</u></b>
<b>Grand total</b>	<b><u>12.574.755,07</u></b>	<b><u>22.237.028,96</u></b>

## **Expenditure**

	Notes	<u>2014/1</u>	<u>2013</u>
<b><u>Chapter 1 Staff</u></b>			
.1	Secretariat missions	691.892,61	1.748.287,00
.2	Recruitment	2.366,20	111.075,56
.3	Traineeships	69.406,56	345.855,90
.4	Salaries and related costs, fees	403.011,38	752.465,29
.5	Staff training	163.520,82	213.534,55
.6	Staff representation costs	5.785,36	7.317,12
<b>Subtotal for Chapter 1</b>		<b><u>1.335.982,93</u></b>	<b><u>3.178.535,42</u></b>
<b><u>Chapter 2 Equipment, routine administrative costs and operating costs</u></b>			
.1	Equipment, operating expenditure, computer-related engineering and maintenance	3 36.202,77	70.030,68
.2	Equipment, telecommunications-related installation and maintenance expenditure, office machinery, furniture and technical installations	3 63.789,43	128.580,81
.3	Stationery and office supplies	3.978,04	9.875,93
.4	Postage and telecommunications	20.742,26	43.891,88
.5	Printing and duplicating	19.482,14	35.883,42
<b>Subtotal for Chapter 2</b>		<b><u>144.194,64</u></b>	<b><u>288.262,72</u></b>
<b><u>Chapter 3 Documentation, studies and research</u></b>			
.1	Newspapers, magazines, press agencies and books	43.737,36	95.860,78
.2	Studies and research	88.941,00	316.527,66
.3	Databases	0,00	0,00
<b>Subtotal for Chapter 3</b>		<b><u>132.678,36</u></b>	<b><u>412.388,44</u></b>
<b><u>Chapter 4 Legal and accountancy fees, financial and other charges</u></b>			
.1	Legal costs	4.285,49	6.229,32
.2	Accounting costs/audits	50.457,90	35.162,00
.3	Financial charges and losses from currency exchange	2 9.725,12	12.805,88
.4	Translation and interpretation costs	7.008,00	54.730,46
.5	Other operating expenditure	0,00	0,19
<b>Subtotal for Chapter 4</b>		<b><u>71.476,51</u></b>	<b><u>108.927,85</u></b>
<b><u>Chapter 5 Cost of meetings and representation</u></b>			
.1	Group meetings	16.588,23	338.749,12
.2	Other meetings and conferences	1.209.152,49	2.296.904,50
.3	Expenditure on entertainment	158.366,07	134.561,53
.4	Guests	2.514,91	14.611,69
.5	Individual fact finding missions of members	80.864,27	336.634,12
<b>Subtotal for Chapter 5</b>		<b><u>1.467.485,97</u></b>	<b><u>3.121.460,96</u></b>





	Notes	<u>2014/1</u>	<u>2013</u>
<b><u>Chapter 6 Publications and publicity</u></b>			
.1	Posters, leaflets and booklets	154.879,59	168.799,00
.2	Advertising inserts and audiovisual advertising Advertising material,gadgets,publicity by	115.623,73	216.540,30
.3	telecommunication equipments	53.600,00	214.340,81
.4	Internet sites + e-publicity	211.703,36	392.595,98
.5	Visits to institutions, information stands	35.609,29	105.210,04
<b>Subtotal for Chapter 6</b>		<b><u>571.415,97</u></b>	<b><u>1.097.486,13</u></b>
<b><u>Chapter 7 Members of Parliament</u></b>			
.1	Members' political and information activities, administrative expenses and political and information activities of national delegations (details attached)	4.665.148,33	9.370.230,73
<b>Subtotal for Chapter 7</b>		<b><u>4.665.148,33</u></b>	<b><u>9.370.230,73</u></b>
<b><u>Chapter 8 Grants, subscriptions and contributions</u></b>			
.1	Subsidies	202,00	71.275,09
.2	Membership fees	26.250,00	0,00
<b>Subtotal for Chapter 8</b>		<b><u>26.452,00</u></b>	<b><u>71.275,09</u></b>
<b>Total expenditure</b>		<b><u>8.414.834,71</u></b>	<b><u>17.648.567,34</u></b>
Credits repayable to European Parliament		0,00	0,00
Amount carried forward to next financial year		4.159.920,36	4.588.461,62
<b>Grand total</b>		<b><u>12.574.755,07</u></b>	<b><u>22.237.028,96</u></b>

NOTES TO THE ACCOUNTS BUDGET PERIOD 2014/1 (ENDING 30<sup>TH</sup> OF JUNE 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, revised by the Bureau on 22 March 2006, on 11 July 2007, 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 harmonised accounting plan adopted by the Secretaries-General of the political groups

Accounting principles and evaluation methods

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 budget period 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 budget period.



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 budget period:

1: Credits received by our group for the 2014/1 budget period:	7.956.247,29€
2: Max. amount of carry forward to 2014/2 budget period:	no limitation
3: Remainder at the end of the 2014/1 budget period:	4.159.920,36€
4: Credits to be returned to the EP:	0,00€
5: Carry forward to 2014/2 budget period:	4.159.920,36€

### Note 2: Exchange policy:

The revenue and expenditure in other currencies are converted in euro following the exchange rate of the first day of the month. The balance sheet accounts in other currencies are translated into euro at the exchange rate of the end of the budget period.

### 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:

Financial securities are registered on the balance sheet for their net value at the end of the budget period.

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 5 photocopy machines OCE France contract up until November 2018  
cost: 33.192,96,00 €/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 2014/1 which lasts from 01/01/2014 to 30/06/2014. For practical reasons no comparative figures for the identical period of 2013 can be presented. Therefore 12 months' worth of figures has been mentioned for 2013.

Breakdown of outturn of decentralised appropriations

Chapter 7 article1

Breakdown in accordance with the Accounting Plan annexed to the Rules on the use of the appropriations from budget item 400

Chapter/ Article	Heading	Execution budget period 2014/1	%	Execution fin. year 2013	%
10	Staff	1.752.806,86	37,57%	3.590.145,37	38,31%
20	Equipment / routine administrative expenditure and operating	45.768,63	0,98%	122.550,87	1,31%
30	Documentation, studies and research	61.499,53	1,32%	161.196,60	1,72%
40	charges and other operating expenditure	14.714,53	0,32%	71.766,98	0,77%
52	Meetings and conferences	741.186,37	15,89%	1.871.073,12	19,97%
54	Guests	53.197,36	1,14%	150.800,15	1,61%
61	Posters, leaflets and booklets	579.326,94	12,42%	732.604,09	7,82%
62	Advertising inserts and audiovisual advertising	307.763,90	6,60%	520.979,29	5,56%
63	Advertising material, gadgets, etc.	564.772,36	12,11%	1.025.395,88	10,94%
64	Internet Sites	231.758,93	4,97%	297.957,42	3,18%
65	Visits to institutions, info stands	312.352,92	6,70%	825.760,96	8,81%
	Total execution chapter 7 article 1	4.665.148,33	100,00%	9.370.230,73	100,00%

Immo. - Valeur comptable 01  
Lois d'amortissement: SOCIETE  
PSDE

17. septembre 2014  
Page 1  
CIPelt

Immobilisation: Filtre date compla. immo.: 01/01/14..30/06/14

Sous-totaux: Code sous-classe immo.

	Coût acquisitor 31/12/13	Ajout dans la période	Cession dans la période	Coût acquisition 30/06/14	Amortissement 31/12/13	Amortissement dans la période	Amort. cumulée déclassés	Amortissement cumul. 30/06/14	Valeur comptable 31/12/13	Valeur comptable 30/06/14
<b>Sous-total: 05</b>	174.047,43	25.200,50	-4.320,00	194.928,03	-114.983,24	-23.455,19	-4.320,00	-134.158,43	59.054,19	60.759,60
<b>Sous-total: 10</b>	149.497,08	17.038,66	-735,29	165.800,45	-83.225,71	-13.589,50	-735,29	-106.080,02	56.271,37	59.720,43
<b>Sous-total: 30</b>	137.978,64	14.407,98	-12.718,94	139.667,68	-83.073,77	-13.223,21	-12.718,94	-83.578,04	54.904,87	56.089,54
<b>Sous-total: 45</b>	11.546,25	0,00	0,00	11.546,25	-8.517,70	-04,45	0,00	-8.922,15	3.028,55	2.524,10
<b>Sous-total: 50</b>	4.189,52	0,00	0,00	4.189,52	-1.860,89	-181,45	0,00	-2.042,35	2.328,63	2.147,17
<b>Total</b>	<b>477.258,92</b>	<b>56.647,24</b>	<b>-17.774,23</b>	<b>516.131,93</b>	<b>-301.671,51</b>	<b>-50.883,91</b>	<b>-17.774,23</b>	<b>-334.780,99</b>	<b>175.587,61</b>	<b>181.350,94</b>