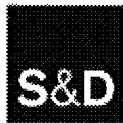


**REPORT BY THE GROUP OF THE PROGRESSIVE  
ALLIANCE OF SOCIALISTS & DEMOCRATS  
IN THE EUROPEAN PARLIAMENT**



Group of the Progressive Alliance of  
**Socialists & Democrats**  
in the European Parliament

**BUDGET ITEM 400**

**FINANCIAL YEAR 2018**

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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 JANUARY TO 31 DECEMBER 2018**

**GROUP OF THE PROGRESSIVE ALLIANCE OF SOCIALISTS AND DEMOCRATS  
IN THE EUROPEAN PARLIAMENT  
AUDITOR'S REPORT**

In accordance with the audit mandate, we have audited the Group's Financial Statement prepared by the Group Accountant for the financial year 2018 ending 31/12/2018 as presented on pages 1 to 19 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 financial year 2018 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 set out in Article 80 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.
- 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.

<sup>1</sup> Regulation (EU, Euratom) No 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012.

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 31/12/2018 and of the revenue and expenses for the year ending 31/12/2018

Zaventem, April 12, 2019

A handwritten signature in black ink, appearing to be "Karine Morris".

RSM INTERAUDIT CVBA-SCRL  
REGISTERED AUDITORS  
REPRESENTED BY  
KARINE MORRIS  
PARTNER

**FINANCIAL YEAR 2018**

**BALANCE SHEET**

## BALANCE SHEET of the Group of the Progressive Alliance of Socialists & Democrats in the European Parliament

		Financial year 2018	
		2018	2017
		<i>notes</i>	
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
<b>Chapter 1 Intangible and tangible assets</b>		3	
.1	Intangible assets		0,00
.2	Tangible assets	166.519,86	246.293,63
<b>Sub total chapter 1</b>		<b>166.519,86</b>	<b>246.293,63</b>
<b>CURRENT ASSETS</b>			
<b>Chapter 2 Debtors, stocks and other working assets</b>		5	
.1	Suppliers	46.747,33	150.564,48
.2	Staff	7.426,36	25.338,97
.3	VAT	152.790,15	135.124,98
.4	Stocks		
.5	Various	16.921,77	22.597,66
<b>Sub total chapter 2</b>		<b>223.885,61</b>	<b>333.626,09</b>
<b>Chapter 3 Financial assets</b>		4	
.1	Financial securities		
.2	Cash and cash equivalent	6.666.328,83	7.404.294,36
<b>Sub total chapter 3</b>		<b>6.666.328,83</b>	<b>7.404.294,36</b>
<b>Chapter 4 Deferred charges and accrued income</b>			
.1	Deferred charges	69.937,47	67.326,37
.2	Accrued income		
<b>Sub total chapter 4</b>		<b>69.937,47</b>	<b>67.326,37</b>
<b>TOTAL ASSETS</b>		<b>7.126.671,77</b>	<b>8.051.540,45</b>

**BALANCE SHEET of the Group of the Progressive Alliance of  
Socialists & Democrats in the European Parliament**

Financial year 2018

<b>LIABILITIES</b>	<i>notes</i>	<b>2018</b>	<b>2017</b>
<b>Chapter 1 Reserves</b>			
.1 Carry forward to next financial year	1	4.767.312,05	5.811.621,53
<b>Sub total chapter 1</b>		<b>4.767.312,05</b>	<b>5.811.621,53</b>
<b>Chapter 2 Financial debts</b>			
.1 Financial debts of a residual duration > 1 year			0,00
.2 Financial debts of a residual duration <= 1 year			0,00
<b>Sub total chapter 2</b>		<b>0,00</b>	<b>0,00</b>
<b>Chapter 3 Other debts</b>	5		
.1 Other debts		1.587,13	4.073,01
.2 Charges settled in N but paid in N+1		2.357.587,26	2.201.155,97
<b>Sub total chapter 3</b>		<b>2.359.174,39</b>	<b>2.205.228,98</b>
<b>Chapter 4 Deferred income/accrued charges</b>			
.1 Deferred income		160,83	34.689,94
.2 Accrued charges		24,50	
<b>Sous Total Chapitre 4</b>		<b>185,33</b>	<b>34.689,94</b>
<b>TOTAL LIABILITIES</b>		<b>7.126.671,77</b>	<b>8.051.540,45</b>

**FINANCIAL YEAR 2018**

**STATEMENT OF REVENUE AND EXPENDITURE**



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

Financial year 2018

			2018	2017
		<i>Notes</i>		
<b>Receipts</b>				
<b><i>Chapter 1 Grants and other receipts from the European Parliament</i></b>				
.1	EP allocation		15.791.631,68	15.610.388,25
.2	Other EP resources			
<b>Subtotal for Chapter 1</b>			<b>15.791.631,68</b>	<b>15.610.388,25</b>
<b><i>Chapter 2 Own resources</i></b>				
.1	Interest and assimilated products		38.696,02	34.579,57
.2	Profit on currency exchange	2	4.992,73	7.834,71
.3	Miscellaneous	5	8.105,00	9.234,69
.4	Amount carried forward from previous financial year		5.811.621,53	5.417.411,78
<b>Subtotal for Chapter 2</b>			<b>5.863.415,28</b>	<b>5.469.060,75</b>
<b>Total receipts</b>			<b>21.655.046,96</b>	<b>21.079.449,00</b>
<b>Grand total</b>			<b>21.655.046,96</b>	<b>21.079.449,00</b>

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

Financial year 2018

<b>Expenditure</b>		<i>Notes</i>	2018	2017
<b>Chapter 1 Staff</b>				
.1	Secretariat missions		2.232.860,40	2.004.907,35
.2	Recruitment		27.789,64	32.306,93
.3	Traineeships		367.295,39	397.173,13
.4	Salaries and related costs, fees		1.569.527,54	1.309.912,06
.5	Staff training		275.204,83	268.514,42
.6	Staff representation costs		7.960,00	6.074,16
<b>Subtotal for Chapter 1</b>			<b>4.480.637,80</b>	<b>4.018.888,05</b>
<b>Chapter 2 Equipment, routine administrative costs and operating costs</b>				
.1	Equipment, operating expenditure, computer-related engineering and maintenance	3	49.249,10	43.336,57
.2	Equipment, telecommunications-related installation and maintenance expenditure, office machinery, furniture and technical installations	3	67.045,06	82.327,63
.3	Stationery and office supplies		10.523,96	15.499,24
.4	Postage and telecommunications		52.226,70	103.429,72
.5	Printing and duplicating		42.209,56	34.631,39
<b>Subtotal for Chapter 2</b>			<b>221.254,38</b>	<b>279.224,55</b>
<b>Chapter 3 Documentation, studies and research</b>				
.1	Newspapers, magazines, press agencies and books		102.551,32	68.251,46
.2	Studies and research		133.529,69	252.000,00
.3	Databases		0,00	0,00
<b>Subtotal for Chapter 3</b>			<b>236.081,01</b>	<b>320.251,46</b>
<b>Chapter 4 Legal and accountancy fees, financial and other charges</b>				
.1	Legal costs		10.808,49	47.781,17
.2	Accounting costs/audits		35.550,00	38.800,00
.3	Financial charges and losses from currency exchange	2	7.967,06	8.697,46
.4	Translation and interpretation costs		78.504,45	117.641,52
.5	Other operating expenditure	5	0,00	0,01
<b>Subtotal for Chapter 4</b>			<b>132.830,00</b>	<b>212.920,16</b>
<b>Chapter 5 Cost of meetings and representation</b>				
.1	Group meetings		12.916,97	1.081,83
.2	Other meetings and conferences		1.445.003,95	1.042.931,34
.3	Expenditure on entertainment		103.770,65	115.381,30
.4	Guests		17.369,52	15.311,96
.5	Individual fact finding missions of members		393.842,91	493.183,02
<b>Subtotal for Chapter 5</b>			<b>1.972.904,00</b>	<b>1.667.889,45</b>

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

		Financial year 2018		
		Notes	2018	2017
<b>Chapter 6 Publications and publicity</b>				
.1	Posters, leaflets and booklets		185.931,60	138.951,00
.2	Advertising inserts and audiovisual advertising		413.785,77	114.742,77
.3	Advertising material, gadgets, publicity by telecommunication equipments		150.936,96	104.478,45
.4	Internet sites + e-publicity	3	750.816,14	420.577,83
.5	Visits to institutions, information stands		95.759,16	84.720,26
<b>Subtotal for Chapter 6</b>			<b>1.597.229,63</b>	<b>863.470,31</b>
<b>Chapter 7 Members of Parliament</b>				
.1	Members' political and information activities, administrative expenses and political and information activities of national delegations (details attached)		8.151.600,26	7.839.003,49
<b>Subtotal for Chapter 7</b>			<b>8.151.600,26</b>	<b>7.839.003,49</b>
<b>Chapter 8 Grants, subscriptions and contributions</b>				
.1	Subsidies		68.855,83	39.930,00
.2	Membership fees		26.342,00	26.250,00
<b>Subtotal for Chapter 8</b>			<b>95.197,83</b>	<b>66.180,00</b>
<b>Total expenditure</b>			<b>16.887.734,91</b>	<b>15.267.827,47</b>
Credits repayable to European Parliament			0,00	0,00
Amount carried forward to next financial year			4.767.312,05	5.811.621,53
<b>Grand total</b>			<b>21.655.046,96</b>	<b>21.079.449,00</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**FINANCIAL YEAR 2018**

## NOTES TO THE ACCOUNTS FINANCIAL YEAR 2018

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, on 14 April 2014, on 27 April 2015, on 10 December 2018 and on 11 February 2019.
- 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 financial year or previous financial years is registered in the accounts of the current financial 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 year or for risks and future charges is registered in the accounts of the next budgetary period.

No provisions will be made for expenditure of the current financial year not paid by the end of the month following the end of this financial year 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 400.

### Note 1: Carry forward to next financial year:

1: Credits received by our group for the 2018 financial year:	15.791.631,68€
2: Max. amount of carry forward to 2019 financial year:	7.895.815,84€
3: Remainder at the end of the 2018 financial year:	4.767.312,05€
4: Credits to be returned to the EP	0,00€
5: Carry forward to 2019 financial year:	4.767.312,05€

The carry forward to the next financial year (2019) includes a reserve earmarked to cover the costs resulting from the termination of employment contracts following Brexit.

The amount of this contingent liability is estimated at 500.000 GBP or 563.507€.

### 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 financial year.

### 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 financial year.

### 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.

**EXECUTION OF THE CREDITS ALLOCATED TO THE NATIONAL DELEGATIONS**

**BREAKDOWN OF OUTTURN OF DECENTRALISED APPROPRIATIONS**  
**CHAPTER 7 ARTICLE 1**

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

**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 financial year 2018	%	Execution financial year 2017	%
10	Staff	3.212.555,32	39,41%	3.166.331,89	40,39%
20	Equipment / routine administrative expenditure and operating	85.974,63	1,05%	78.639,86	1,00%
30	Documentation, studies and research	103.221,20	1,27%	78.259,64	1,00%
40	charges and other operating expenditure	10.776,89	0,13%	8.467,53	0,11%
52	Meetings and conferences	1.756.528,54	21,55%	1.436.877,06	18,33%
54	Guests	104.038,08	1,28%	90.026,51	1,15%
61	Posters, leaflets and booklets	395.314,53	4,85%	494.881,53	6,31%
62	Advertising inserts and audiovisual advertising	612.697,69	7,52%	434.415,11	5,54%
63	Advertising material, gadgets, etc.	840.956,46	10,32%	783.851,51	10,00%
64	Internet Sites	576.209,18	7,07%	492.449,55	6,28%
65	Visits to institutions, info stands	453.327,74	5,56%	774.803,30	9,88%
	<b>Total execution chapter 7 article 1</b>	<b>8.151.600,26</b>	<b>100,00%</b>	<b>7.839.003,49</b>	<b>100,00%</b>



**DETAIL OF THE PROPERTY AND EQUIPMENT**  
**BALANCE SHEET FINANCIAL YEAR 2018**

**TABLE INVENTORY 2018**

**Analysis of the property and equipment on the balance sheet and depreciations**

Financial Year : 01/01/18..31/12/18

	Category and depreciation rate	IT Software 25% 05	IT Hardware 25% 10	Telecom Equip. 25% 30	Technical Equip. & Supplies 12.5% 40	Misc. Mach & Install 12.5% 45	Movable property 10% 50	TOTAL
<b>H</b>	Opening balances 2017 (historical cost)	431.465,22	187.653,03	197.542,31	0,00	17.921,61	5.039,52	839.621,69
<b>I</b>	Less Items sold and entered in profit and loss account in 2018	42.900,60	7.345,00	2.964,98	0,00	0,00	0,00	53.210,58
<b>C</b>								
<b>O</b>	Plus Acquisitions during the financial year 2018	7.159,88	5.398,90	13.382,33	0,00	6.375,00	0,00	32.316,11
<b>S</b>								
<b>T</b>	Plus Transfers	0,00	0,00	0,00	0,00	0,00	0,00	0,00
<b>A</b>								
<b>L</b>	Result Closing balance at his torical cost	395.724,50	185.706,93	207.959,66	0,00	24.296,61	5.039,52	818.727,22

<b>A</b>	Opening balances (accumulated depreciation)	300.817,26	133.154,55	144.310,15	0,00	11.662,76	3.383,34	593.328,06
<b>C</b>								
<b>U</b>	Less Accumulated depreciation of items sold and entered in p/l account	42.900,60	7.345,00	2.964,98	0,00	0,00	0,00	53.210,58
<b>M</b>								
<b>U</b>	Plus Depreciation charge for the financial year 2018	62.407,26	21.504,01	26.399,33	0,00	1.331,38	447,90	112.089,88
<b>L</b>								
<b>A</b>								
<b>T</b>	Result Closing balance at his torical cost	320.323,92	147.313,56	167.744,50	0,00	12.994,14	3.831,24	652.207,36

	Net book value of fixed assets on 01/01/18	130.647,96	54.498,48	53.232,16		6.258,85	1.656,18	246.293,63
	Net book value of fixed assets on 31/12/18	75.400,58	38.393,37	40.215,16	0,00	11.302,47	1.208,28	166.519,86