

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



**BUDGET ITEM 400**

**BUDGETARY PERIOD 2019/2**

## CONTENTS

	<u>Page</u>
Audit report _____	3
Balance sheet – Assets _____	6
Balance sheet – Liabilities _____	7
Profit and Loss accounts - Statements of revenue _____	9
Profit and Loss accounts - Statements of expenditure _____	10
Notes to the accounts budgetary period 2019/2 (31/12/2019) _____	13
Execution of chapter 7, article 1 _____	17
Table inventory 2019/2 (31/12/2019) _____	19

**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 2019 TO 31 DECEMBER 2019**

**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 2019/2 ending 31/12/2019 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 2019/2 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 31/12/2019 and of the revenue and expenses for the year ending 31/12/2019.

Zaventem, April 27 2020



RSM INTERAUDIT CV-SC  
REGISTERED AUDITORS  
REPRESENTED BY  
KARINE MORRIS  
PARTNER

**BUDGETARY PERIOD 2019/2 (31/12/2019)**

**BALANCE SHEET**

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

Budget period 2019/2

		<u>2019/2</u>	<u>2019/1</u>
	<i>notes</i>		
<b><u>ASSETS</u></b>			
<b>FIXED ASSETS</b>			
<b><i>Chapter 1 Intangible and tangible assets</i></b>	3		
.1 Intangible assets		0,00	0,00
.2 Tangible assets		117.450,94	130.158,05
<b>Sub total chapter 1</b>		<b><u>117.450,94</u></b>	<b><u>130.158,05</u></b>
<b>CURRENT ASSETS</b>			
<b>Chapter 2 Debtors, stocks and other working assets</b>	5		
.1 Suppliers		12.889,84	35.549,12
.2 Staff		2.748,64	16.790,10
.3 VAT		206.894,52	164.103,28
.4 Stocks		0,00	0,00
.5 Various		2.882,39	9.579,49
<b>Sub total chapter 2</b>		<b><u>225.415,39</u></b>	<b><u>226.021,99</u></b>
<b><i>Chapter 3 Financial assets</i></b>			
.1 Financial securities	4		
.2 Cash and cash equivalent		7.297.783,86	5.505.076,83
<b>Sub total chapter 3</b>		<b><u>7.297.783,86</u></b>	<b><u>5.505.076,83</u></b>
<b>Chapter 4 Deferred charges and accrued income</b>			
.1 Deferred charges		47.652,87	44.936,42
.2 Accrued income		38,60	
<b>Sub total chapter 4</b>		<b><u>47.691,47</u></b>	<b><u>44.936,42</u></b>
<b>TOTAL ASSETS</b>		<b><u>7.688.341,66</u></b>	<b><u>5.906.193,29</u></b>

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

Budget period 2019/2

<b><u>LIABILITIES</u></b>	<i>notes</i>	<u>2019/2</u>	<u>2019/1</u>
<b>Chapter 1 Reserves</b>			
.1 Carry forward to next financial year	1 and 5	5.710.037,50	5.119.044,77
<b>Sub total chapter 1</b>		<b><u>5.710.037,50</u></b>	<b><u>5.119.044,77</u></b>
<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>		<b><u>0,00</u></b>	<b><u>0,00</u></b>
<b>Chapter 3 Other debts</b>	5		
.1 Other debts		6.030,50	939,59
.2 Charges settled in N but paid in N+1		1.894.545,54	774.974,45
.3 Debt to EP		1.486,68	1.486,68
<b>Sub total chapter 3</b>		<b><u>1.902.062,72</u></b>	<b><u>777.400,72</u></b>
<b>Chapter 4 Deferred income/accrued charges</b>			
.1 Deferred income		76.220,59	9.723,80
.2 Accrued charges		20,85	24,00
<b>Sous Total Chapitre 4</b>		<b><u>76.241,44</u></b>	<b><u>9.747,80</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>7.688.341,66</u></b>	<b><u>5.906.193,29</u></b>

**BUDGETARY PERIOD 2019/2 (31/12/2019)**  
**STATEMENT OF REVENUE AND EXPENDITURE**



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

Budgetary period 2019/2

		<u>2019/2</u>	<u>2019/1</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	5 6.700.518,97	7.908.818,04
.2	Other EP resources		
<b>Subtotal for Chapter 1</b>		<b><u>6.700.518,97</u></b>	<b><u>7.908.818,04</u></b>
<b><u>Chapter 2 Own resources</u></b>			
.1	Interest and assimilated products	19.146,91	116,67
.2	Profit on currency exchange	2 7.047,78	5.850,23
.3	Miscellaneous	1.991,53	5.576,82
.4	Amount carried forward from previous financial year	5 5.117.558,09	4.767.312,05
<b>Subtotal for Chapter 2</b>		<b><u>5.145.744,31</u></b>	<b><u>4.778.855,77</u></b>
<b>Total receipts</b>		<b><u>11.846.263,28</u></b>	<b><u>12.687.673,81</u></b>
<b>Grand total</b>		<b><u>11.846.263,28</u></b>	<b><u>12.687.673,81</u></b>

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

Budgetary period 2019/2

<b><u>Expenditure</u></b>	<i>Notes</i>	<u>2019/2</u>	<u>2019/1</u>
<b><u>Chapter 1 Staff</u></b>			
.1 Secretariat missions		863.638,44	819.999,10
.2 Recruitment		1.018,36	36.987,06
.3 Traineeships		135.466,99	46.306,07
.4 Salaries and related costs, fees		918.761,61	981.958,81
.5 Staff training		114.004,87	137.753,82
.6 Staff representation costs		6.905,42	0,00
<b>Subtotal for Chapter 1</b>		<b><u>2.039.795,69</u></b>	<b><u>2.023.004,86</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	26.385,04	24.599,28
.2 Equipment, telecommunications-related installation and maintenance expenditure, office machinery, furniture and technical installations	3	38.600,28	26.134,55
.3 Stationery and office supplies		2.301,61	2.596,41
.4 Postage and telecommunications		29.558,27	22.963,42
.5 Printing and duplicating		18.934,00	10.321,81
<b>Subtotal for Chapter 2</b>		<b><u>115.779,20</u></b>	<b><u>86.615,47</u></b>
<b><u>Chapter 3 Documentation, studies and research</u></b>			
.1 Newspapers, magazines, press agencies and books		45.004,14	28.882,96
.2 Studies and research		17.511,33	0,00
.3 Databases		0,00	3.600,00
<b>Subtotal for Chapter 3</b>		<b><u>62.515,47</u></b>	<b><u>32.482,96</u></b>
<b><u>Chapter 4 Legal and accountancy fees, financial and other charges</u></b>			
.1 Legal costs		3.327,50	0,00
.2 Accounting costs/audits		24.940,00	37.388,41
.3 Financial charges and losses from currency exchange	2	3.080,46	1.809,47
.4 Translation and interpretation costs		29.382,00	9.079,00
.5 Other operating expenditure		1.003,20	284,16
<b>Subtotal for Chapter 4</b>		<b><u>61.733,16</u></b>	<b><u>48.561,04</u></b>
<b><u>Chapter 5 Cost of meetings and representation</u></b>			
.1 Group meetings		25.879,53	0,00
.2 Other meetings and conferences		37.607,02	878.102,86
.3 Expenditure on entertainment		39.927,13	122.794,59
.4 Guests		3.653,18	0,00
.5 Individual fact finding missions of members		21.429,76	75.920,65
<b>Subtotal for Chapter 5</b>		<b><u>128.496,62</u></b>	<b><u>1.076.818,10</u></b>

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

Budgetary period 2019/2

	<i>Notes</i>	<u>2019/2</u>	<u>2019/1</u>
<b><u>Chapter 6 Publications and publicity</u></b>			
.1 Posters, leaflets and booklets		68.445,94	71.753,44
.2 Advertising inserts and audiovisual advertising		70.422,46	179.114,65
.3 Advertising material, gadgets, publicity by telecommunication equipments		54.050,13	30.729,00
.4 Internet sites + e-publicity	3	177.259,75	197.953,44
.5 Visits to institutions, information stands		1.315,42	81.884,73
<b>Subtotal for Chapter 6</b>		<b><u>371.493,70</u></b>	<b><u>561.435,26</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 <i>(details attached)</i>		3.328.286,94	3.688.866,50
<b>Subtotal for Chapter 7</b>		<b><u>3.328.286,94</u></b>	<b><u>3.688.866,50</u></b>
<b><u>Chapter 8 Grants, subscriptions and contributions</u></b>			
.1 Subsidies		15.000,00	37.719,85
.2 Membership fees		13.125,00	13.125,00
<b>Subtotal for Chapter 8</b>		<b><u>28.125,00</u></b>	<b><u>50.844,85</u></b>
<b>Total expenditure</b>		<b><u>6.136.225,78</u></b>	<b><u>7.568.629,04</u></b>
Credits repayable to European Parliament		0,00	0,00
Amount carried forward to next financial year	1 and 5	5.710.037,50	5.119.044,77
<b>Grand total</b>		<b><u>11.846.263,28</u></b>	<b><u>12.687.673,81</u></b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**BUDGETARY PERIOD 2019/2 (31/12/2019)**

## **NOTES TO THE ACCOUNTS BUDGETARY PERIOD 2019 2 (ENDING 31 DECEMBER 2019)**

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, on 11 February 2019 and on 1 July 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 budgetary period or previous financial years is registered in the accounts of the current budgetary 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 budgetary period.

All expenditure of a budgetary period paid during the month following the end of the budgetary period is booked on the expenditure accounts of the current budgetary 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 budgetary period 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 budgetary period not paid by the end of the month following the end of this budgetary 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 budgetary 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 budgetary year:

1: Credits received by our group for the 2019/2 budgetary period:	6.700.518,97€
2: Max. amount of carry forward to 2020 budgetary period:	7.304.668,51€
3: Remainder at the end of the 2019/2 budgetary period:	5.710.037,50€
4: Credits to be returned to the EP:	N A
5: Carry forward to 2020 financial year:	5.710.037,50€

The carry forward to the next financial year (2020) includes a reserve of 877.609,69€ earmarked to cover the costs resulting from the termination of employment contracts following Brexit.

### 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 budgetary 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 budgetary 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.

On basis of a final report of OLAF the authorising officer of the S&D group has ordered in 2015 the registration of a recovery order for an amount of 204.831,88€, reduced to 133.099,64€ in 2016. In the course of the second half year of 2019, the Group was informed by the concerned national authorities that they closed the concerned procedure without a positive outcome for the Parliament. Therefore the Group cancelled both its receivable as its provision for value reduction in its accounts during the budgetary period 2019/2.

The Group expressed a debt towards European Parliament for eventually reimbursable allocations regarding the budget period 2019 1 (1.486,68€). The amount was under a recovery procedure, accounted for under the receivables, but in order to anticipate the risk of non-recoverability a corresponding debt towards European Parliament has been accounted for.

In the course of the 2019/2 budgetary period the Group's authorising officer decided on the non-recoverability of this receivable. In its 2019/2 accounts the Group thus reduced accordingly its carry-forward from 2019/1 and its 2019/2 allocation from the European Parliament by 1.486,68€. The Group requested the European Parliament's administration to draw up a recovery order in order for the Group to reimburse this amount to the European Parliament.

Our group has concluded the following substantial long standing (>1 year) financial commitments:  
Maintenance contract 2 defibrillators Eurodist up until 2020 cost: 400 €/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 budgetary period 2019 2 which lasts from 01/07/2019 to 31/12/2019.

#### Note 7: Technical support to European political parties and foundation Regulation: (EU) 1141/2014

The S&D Group has not granted any technical support to political parties and foundations as defined in article 13 of the EP Bureau decision dated 12 June 2017.

**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 budgetary period 2019/2	%	Execution financial year 2019/1	%
10	Staff	1.156.243,15	34,74%	1.512.212,34	40,99%
20	Equipment / routine administrative expenditure and operating	25.849,31	0,78%	38.583,66	1,05%
30	Documentation, studies and research	60.589,18	1,82%	62.667,03	1,70%
40	charges and other operating expenditure	1.442,87	0,04%	27.645,53	0,75%
52	Meetings and conferences	577.493,71	17,35%	545.411,54	14,79%
54	Guests	9.302,46	0,28%	28.271,94	0,77%
61	Posters, leaflets and booklets	101.069,33	3,04%	363.435,43	9,85%
62	Advertising inserts and audiovisual advertising	441.719,95	13,27%	264.147,28	7,16%
63	Advertising material, gadgets, etc.	580.089,13	17,43%	368.678,88	9,99%
64	Internet Sites	250.576,25	7,53%	284.009,67	7,70%
65	Visits to institutions, info stands	123.911,60	3,72%	193.803,20	5,25%
	<b>Total execution chapter 7 article 1</b>	<b>3.328.286,94</b>	<b>100,00%</b>	<b>3.688.866,50</b>	<b>100,00%</b>

**DETAIL OF THE PROPERTY AND EQUIPMENT**  
**BALANCE SHEET FINANCIAL YEAR 2019/2 (31/12/2019)**

**TABLE INVENTORY 2019/2 (31/12/2019)**

**Analysis of the property and equipment on**

Financial Year : 01/07/19..31/12/19

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
--------------------------------	--------------------------	--------------------------	-----------------------------	--	--	----------------------------------	-------

H I S T O R I C A L	C O S T	Opening balances 2019 (historical cost)	368.282,23	174.700,86	199.842,67	0,00	24.296,61	5.039,52	771.961,89	
		Less Items sold and entered in profit and loss account in 2019	5.175,62	8.836,47	0,00	0,00	0,00	0,00	0,00	14.012,09
		Plus Acquisitions during the financial year 2019	5.740,00	4.745,17	11.143,64	0,00	0,00	0,00	0,00	21.628,81
		Plus Transfers	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
		Result Closing balance at historical cost	368.846,61	170.609,56	210.786,31	0,00	24.296,61	5.039,52	779.578,61	

A C C U M U L A T I O N	d e p r e c i a t i o n	Opening balances (accumulated depreciation)	313.038,93	145.050,59	165.665,02	0,00	13.994,10	4.055,20	641.803,84	
		Less Accumulated depreciation of items sold and entered in p/l account	5.175,62	8.836,47	0,00	0,00	0,00	0,00	0,00	14.012,09
		Plus Depreciation charge for the financial year 2019	15.682,30	8.924,86	8.612,37	0,00	892,45	223,94	34.335,92	
		Result Closing balance at historical cost	323.545,61	145.138,98	174.277,39	0,00	14.886,55	4.279,14	662.127,67	

Net book value of fixed assets on 01/07/19	55.243,30	29.650,27	33.977,65		10.302,51	984,32	130.158,05
Net book value of fixed assets on 31/12/19	45.301,00	25.470,58	36.508,92	0,00	9.410,06	760,38	117.450,94