

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

BUDGET ITEM 4000

BUDGET PERIOD 2009-1



registered auditors

PSE
Parliamentary Group of the party of European Socialists

Auditor's Report

Unqualified Auditor's Report

According to the audit mandate, we have audited the PSE Financial Statement prepared by the Group Accountant for the budget period 2009-1 ending 30/6/2009 as laid out in pages 1 to 13 of this document.

Respective responsibilities of the Group and the Auditors

Pursuant to the rules on the use of appropriation from Budget Item 4000 (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 IASSB. 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 4000;

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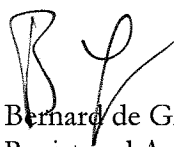
- Principles of sound financial management have been applied;
- Payment orders are supported by original documentations (or certified true copies);
- Accounts have been laid out in accordance with the harmonised chart of account;
- Accounts have been prepared in accordance with generally accepted accounting principles as laid out in articles 186 to 196 of the Implementing Rules or, that departures are adequately explained by means of note to the prepared accounts.

Opinions

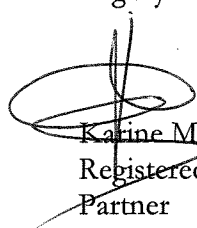
- As a result of our work, we did not identify any material non-conformity with the dispositions laid out in the Rule governing appropriation item 4000 or with the Group's internal rules;
- The overall presentation of the income and expense statement and of the balance sheet complies with the chart of account provided with the rules governing the appropriation line 4000;
- 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 state of affairs of the Group at 30/06/2009 and of the revenue and expenses for the 6 months ending 30/06/2009;
- We have received all necessary explanations for the purpose of our work.

Brussels, October 28, 2009

T C L M – Toelen, Cats, Morlie & Co
Legally represented by



Bernard de Grand Ry
Registered Auditor
Partner



Karine Morris
Registered Auditor
Partner

budgeting period 2009/1

BALANCE SHEET

BALANCE SHEET Socialist Group in the European Parliament
End of budgeting period 2009/1 (30/06/2009)

		<u>fin. year 2009/1</u>	<u>fin. year 2008</u>
	<i>notes</i>		
<u>ASSETS</u>			
FIXED ASSETS			
Chapter 1 Intangible and tangible assets	3		
.1 Intangible assets		0,00	0,00
.2 Tangible assets		70.550,81	68.984,02
Sub total chapter 1		<u>70.550,81</u>	<u>68.984,02</u>
CURRENT ASSETS			
Chapter 2 Debtors, stocks and other working assets	5		
.1 Suppliers		123.878,65	64.944,05
.2 Staff		31.950,96	30.103,66
.3 VAT		318.696,82	217.499,77
.4 Stocks		0,00	0,00
.5 Various		32.747,55	57.834,18
Sub total chapter 2		<u>507.273,98</u>	<u>370.381,66</u>
Chapter 3 Financial assets			
.1 Financial securities	4	0,00	0,00
.2 Cash and cash equivalent		5.289.348,19	9.059.202,58
Sub total chapter 3		<u>5.289.348,19</u>	<u>9.059.202,58</u>
Chapter 4 Deferred charges and accrued income			
.1 Deferred charges		16.933,56	58.511,35
.2 Accrued income		0,00	90.562,41
Sub total chapter 4		<u>16.933,56</u>	<u>149.073,76</u>
TOTAL ASSETS		<u>5.884.106,54</u>	<u>9.647.642,02</u>

LIABILITIES

	notes	<u>fin. year 2009/1</u>	<u>fin. year 2008</u>
Chapter 1 Reserves			
.1 Carry forward to next budgeting period	1	4.436.462,45	6.847.894,06
Sub total chapter 1		<u>4.436.462,45</u>	<u>6.847.894,06</u>
Chapter 2 Financial debts			
.1 Financial debts of a residual duration > 1 year		0,00	0,00
.2 Financial debts of a residual duration </= 1 year		0,00	156,96
Sub total chapter 2		<u>0,00</u>	<u>156,96</u>
Chapter 3 Other debts	5		
.1 Other debts		5.877,00	25.833,08
.2 Charges settled in N but paid in N+1		1.441.767,09	2.773.757,92
Sub total chapter 3		<u>1.447.644,09</u>	<u>2.799.591,00</u>
Chapter 4 Deferred income/accrued charges			
.1 Deferred income		0,00	0,00
.2 Accrued charges		0,00	0,00
Sous Total Chapitre 4		<u>0,00</u>	<u>0,00</u>
TOTAL LIABILITIES		<u>5.884.106,54</u>	<u>9.647.642,02</u>

budgeting period

2009/1

STATEMENT OF REVENUE AND EXPENDITURE

Statement of revenue and expenditure of the Socialist Group in the European Parliament

budgeting period 2009/1 (period from 01/01/2009 to 30/06/2009)

	<u>Year 2009/1</u>	<u>Year 2008</u>
<i>Notes</i>		
<u>Receipts</u>		
<u>Chapter 1 Grants and other receipts from the European Parliament</u>		
.1 EP allocation	7.357.317,00	16.149.152,00
.2 Other EP resources	0,00	0,00
Subtotal for Chapter 1	<u>7.357.317,00</u>	<u>16.149.152,00</u>
<u>Chapter 2 Own resources</u>		
.1 Interest and assimilated products	52.319,24	550.796,29
.2 Profit on currency exchange	2 9.473,84	11.153,45
.3 Miscellaneous	26.204,38	88.244,94
.5 Amount carried forward from previous financial year	6.847.894,06	6.604.146,44
Subtotal for Chapter 2	<u>6.935.891,52</u>	<u>7.254.341,12</u>
Total receipts	<u>14.293.208,52</u>	<u>23.403.493,12</u>
Grand total	<u>14.293.208,52</u>	<u>23.403.493,12</u>

Expenditure

Notes Year 2009/1 Year 2008

Chapter 1 Staff

.1	Secretariat missions		969.533,03	1.770.955,58
.2	Recruitment		9.476,60	12.439,11
.3	Traineeships		111.864,58	296.266,93
.4	Salaries and related costs, fees		343.692,35	813.419,98
.5	Staff training		76.101,01	190.160,09
.6	Staff representation costs		3.091,00	2.674,53

Subtotal for Chapter 1

1.513.758,57 **3.085.916,22**

Chapter 2 Equipment, routine administrative costs and operating costs

.1	Equipment, operating expenditure, computer-related engineering and maintenance	3	9.820,23	24.659,83
.2	Equipment, telecommunications-related installation and maintenance expenditure, office machinery, furniture and technical installations	3	82.153,68	159.239,99
.3	Stationery and office supplies		8.971,04	9.327,81
.4	Postage and telecommunications		90.546,86	168.898,00
.5	Printing and duplicating		25.658,92	28.158,86

Subtotal for Chapter 2

217.150,73 **390.284,49**

Chapter 3 Documentation, studies and research

.1	Newspapers, magazines, press agencies and books		49.676,38	92.136,11
.2	Studies and research		128.492,64	271.800,21
.3	Databases		0,00	0,00

Subtotal for Chapter 3

178.169,02 **363.936,32**

Chapter 4 Legal and accountancy fees, financial and other charges

.1	Legal costs		4.340,00	970,00
.2	Accounting costs/audits		47.848,50	61.013,83
.3	Financial charges and losses from currency exchange	2	15.757,66	11.549,47
.4	Translation and interpretation costs		11.738,00	16.051,00
.5	Other operating expenditure		0,00	392,52

Subtotal for Chapter 4

79.684,16 **89.976,82**

Chapter 5 Cost of meetings and representation

.1	Group meetings		11.945,77	452.691,31
.2	Other meetings and conferences		876.018,12	1.145.325,55
.3	Expenditure on entertainment		196.231,23	268.457,18
.4	Guests		9.665,16	7.515,80
.5	Individual fact finding missions of members		232.796,25	291.794,54

Subtotal for Chapter 5

1.326.656,53 **2.165.784,38**

	<u>Year 2009/1</u>	<u>Year 2008</u>
<u>Chapter 6 Publications and publicity</u>		
.1 Posters, leaflets and booklets	113.586,64	121.071,72
.2 Advertising inserts and audiovisual advertising Advertising material, gadgets, publicity by telecommunication equipments	128.290,99	91.000,00
.3	473.034,04	474.927,98
.4 Internet sites + e-publicity	80.366,77	303.096,42
.5 Visits to institutions, information stands	94.323,07	78.915,64
Subtotal for Chapter 6	<u>889.601,51</u>	<u>1.069.011,76</u>
<u>Chapter 7 Members of Parliament</u>		
.1 Members' political and information activities, administrative expenses and political and information activities of national delegations (details attached)	5.594.656,34	9.335.689,07
Subtotal for Chapter 7	<u>5.594.656,34</u>	<u>9.335.689,07</u>
<u>Chapter 8 Grants, subscriptions and contributions</u>		
.1 Subsidies	57.069,21	55.000,00
.2 Membership fees	0,00	0,00
Subtotal for Chapter 8	<u>57.069,21</u>	<u>55.000,00</u>
Total expenditure	<u>9.856.746,07</u>	<u>16.555.599,06</u>
Credits repayable to European Parliament	0,00	0,00
Amount carried forward to next budgeting period	4.436.462,45	6.847.894,06
Grand total	<u>14.293.208,52</u>	<u>23.403.493,12</u>

Detail of the property and equipment

budgeting period

2009/1

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

budgetary period: 2009/1

Category and depreciation rate	IT software 25% 05	IT hardware 25% 10	Telecom- munications equipment 25% 30	Technical equipment and supplies 12,5%	Miscellaneous machinery and installations 12,5% 45	Movable property (seats, desks, cabinets) 10% 50	TOTAL
Opening balances 2009/1 (historical cost)	46.524,64	131.618,31	59.539,20	0,00	21.049,07	560,50	259.291,72
Less items sold and entered in profit and loss account in 2009/1	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Plus Acquisitions during the budgetary period 2009/1	573,75	7.023,41	6.172,34		4.485,00	0,00	18.254,50
Plus Transfers	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Result Closing balance at historical cost	47.098,39	138.641,72	65.711,54	0,00	25.534,07	560,50	277.546,22

Opening balances (accumulated depreciation)	30.763,49	106.075,48	47.446,49	0,00	5.629,88	392,36	190.307,70
Less Accumulated depreciation of items sold and entered in p/l account	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Plus Depreciation charge for the budgetary period 2009/1	3.382,26	8.341,00	3.480,70	0,00	1.455,72	28,03	16.687,71
Result Closing balance at historical cost	34.145,75	114.416,48	50.927,19	0,00	7.085,60	420,39	206.995,41

Net book value of fixed assets on 31/12/2008	15.761,15	25.542,83	12.092,71	0,00	15.419,19	168,14	68.984,02
Net book value of fixed assets on 30/06/2009	12.952,64	24.225,24	14.784,35	0,00	18.448,47	140,11	70.550,81

NOTES TO THE ACCOUNTS BUDGET PERIOD 2009-1

The accounts, hereafter, have been prepared in conformity with:

- the 4000 financial rules approved by the Bureau of the European Parliament on 30 June 2003, revised by the Bureau on 22 March 2006 and on 11 July 2007.
- 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 4000 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 current 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 period or for risks and future charges is registered in the accounts of the next financial year.

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 budgeting 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 OCé France contract up until January 2014
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 4000 this report covers the period 2009/1 which lasts from 01/01/2009 to 30/06/2009. For practical reasons no comparative figures for the identical period of 2008 can be presented. Therefore 12 months worth of figures have been mentioned for 2008.

No provisions will be made for expenditure of the current financial period not paid by the end of the month following the end of this financial 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 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 4000.

Note 1: Carry forward to next budgeting period:

1: Credits received by our group for the 2009-1 budgeting period:	7.357.317,00€
2: Max. amount of carry forward to 2009-2 budgeting period	no limitation
3: Remainder at the end of the 2009-1 budgeting period:	4.436.462,45€
4: Credits to be returned to the EP:	0,00€
5: Carry forward to 2009-2 budgeting period:	4.436.462,45€

As indicated in our report on the 2008 financial year the entire amount of supplementary credits obtained at the end of 2008 has been used in the course of 2008. Accordingly the Group has no payment obligations to the EP.

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 budgeting 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:

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 4000

Chapter/ Article	Heading	Execution budg. period 2009/1	%	Execution Fin. Year 2008	%
10	Staff	2.495.085,66	44,60%	4.717.671,17	50,53%
20	Equipment / routine administrative expenditure and operating expenditure	87.515,39	1,56%	177.199,86	1,90%
30	Documentation, studies and research	130.417,20	2,33%	216.961,68	2,32%
40	charges and other operating expenditure	56.476,63	1,01%	126.255,58	1,35%
52	Meetings and conferences	781.227,59	13,96%	1.212.522,74	12,99%
54	Guests	69.289,53	1,24%	35.174,61	0,38%
61	Posters, leaflets and booklets	947.705,02	16,94%	1.030.240,80	11,04%
62	Advertising inserts and audiovisual advertising	215.323,56	3,85%	412.552,47	4,42%
63	Advertising material, gadgets, etc.	353.819,62	6,32%	598.157,46	6,41%
64	Internet Sites	180.200,69	3,22%	216.996,57	2,32%
65	Visits to institutions, info stands	277.595,45	4,96%	591.956,13	6,34%
	Total execution chapter 7 article 1	5.594.656,34	100,00%	9.335.689,07	100,00%