

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

BUDGET ITEM 4000

BUDGET PERIOD 2009-2

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

**Report of the external auditors on the annual accounts
relative to the use of the credits of item 4000
of the budget of the European Parliament
for the period from 1 July 2009 to 31 December 2009**

Unqualified Auditor's Report

According to the audit mandate, we have audited the Financial Statement prepared by the Group Accountant for the budget period 2009-2 ending 31/12/2009 as laid out in pages 1 to 12 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;

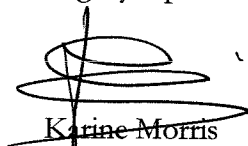
- Accounts have been laid out in accordance with the harmonised chart of account;
- Accounts have been prepared in accordance with generally accepted accounting principles as laid out in articles 186 to 196 of the Implementing Rules or, that departures are adequately explained by means of note to the 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 31/12/2009 and of the revenue and expenses for the 6 months ending 31/12/2009;
- We have received all necessary explanations for the purpose of our work.

Zaventem, April 26, 2010

RSM InterAudit
Legally represented by



Karine Morris
Registered Auditor
Partner



Bernard de Grand Ry
Registered Auditor
Partner

budgeting period

2009/2

BALANCE SHEET

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

End of financial year 2009 (31/12/2009)

		<u>31/12/2009</u>	<u>30/06/2009</u>
	<i>notes</i>		
<u>ASSETS</u>			
FIXED ASSETS			
Chapter 1 Intangible and tangible assets			
.1 Intangible assets	3	0,00	0,00
.2 Tangible assets		78.055,52	70.550,81
Sub total chapter 1		<u>78.055,52</u>	<u>70.550,81</u>
CURRENT ASSETS			
Chapter 2 Debtors, stocks and other working assets			
.1 Suppliers	5	65.870,14	123.878,65
.2 Staff		28.829,68	31.950,96
.3 VAT		254.941,72	318.696,82
.4 Stocks		0,00	0,00
.5 Various		26.587,12	32.747,55
Sub total chapter 2		<u>376.228,66</u>	<u>507.273,98</u>
Chapter 3 Financial assets			
.1 Financial securities	4	0,00	0,00
.2 Cash and cash equivalent		6.316.322,08	5.289.348,19
Sub total chapter 3		<u>6.316.322,08</u>	<u>5.289.348,19</u>
Chapter 4 Deferred charges and accrued income			
.1 Deferred charges		41.870,80	16.933,56
.2 Accrued income		0,00	0,00
Sub total chapter 4		<u>41.870,80</u>	<u>16.933,56</u>
TOTAL ASSETS		<u>6.812.477,06</u>	<u>5.884.106,54</u>

LIABILITIES

	notes	<u>31/12/2009</u>	<u>30/06/2009</u>
Chapter 1 Reserves			
.1 Carry forward to next budgeting period	1	4.483.345,05	4.436.462,45
Sub total chapter 1		<u>4.483.345,05</u>	<u>4.436.462,45</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		5.143,08	0,00
Sub total chapter 2		<u>5.143,08</u>	<u>0,00</u>
Chapter 3 Other debts	5		
.1 Other debts		1.831,60	5.877,00
.2 Charges settled in N but paid in N+1		2.322.157,33	1.441.767,09
Sub total chapter 3		<u>2.323.988,93</u>	<u>1.447.644,09</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>6.812.477,06</u>	<u>5.884.106,54</u>

budgeting period

2009/2

STATEMENT OF REVENUE AND EXPENDITURE

**Statement of revenue and expenditure of the Group of the Progressive Alliance of
Socialists & Democrats in the European Parliament**

budgeting period 2009/2 (period from 01/07/2009 to 31/12/2009)

	<u>Period 2009/2</u>	<u>Period 2009/1</u>
	<i>Notes</i>	
<u>Receipts</u>		
<u>Chapter 1 Grants and other receipts from the European Parliament</u>		
.1 EP allocation	6.877.186,00	7.357.317,00
.2 Other EP resources	0,00	0,00
Subtotal for Chapter 1	<u>6.877.186,00</u>	<u>7.357.317,00</u>
<u>Chapter 2 Own resources</u>		
.1 Interest and assimilated products	52.389,15	52.319,24
.2 Profit on currency exchange	2.012,76	9.473,84
.3 Miscellaneous	8.531,97	26.204,38
.4 Amount carried forward from previous financial year	4.436.462,45	6.847.894,06
Subtotal for Chapter 2	<u>4.499.396,33</u>	<u>6.935.891,52</u>
Subtotal receipts	<u>11.376.582,33</u>	<u>14.293.208,52</u>
Grand total	<u>11.376.582,33</u>	<u>14.293.208,52</u>

Expenditure

	Notes	<u>Period 2009/2</u>	<u>Period 2009/1</u>
<u>Chapter 1 Staff</u>			
.1	Secretariat missions	805.634,64	969.533,03
.2	Recruitment	609,80	9.476,60
.3	Traineeships	90.483,01	111.864,58
.4	Salaries and related costs, fees	313.363,90	343.692,35
.5	Staff training	92.483,94	76.101,01
.6	Staff representation costs	289,90	3.091,00
Subtotal for Chapter 1		<u>1.302.865,19</u>	<u>1.513.758,57</u>
<u>Chapter 2 Equipment, routine administrative costs and operating costs</u>			
.1	Equipment, operating expenditure, computer-related engineering and maintenance	3 10.243,60	9.820,23
.2	Equipment, telecommunications-related installation and maintenance expenditure, office machinery, furniture and technical installations	3 59.346,67	82.153,68
.3	Stationery and office supplies	4.000,15	8.971,04
.4	Postage and telecommunications	96.804,72	90.546,86
.5	Printing and duplicating	16.795,01	25.658,92
Subtotal for Chapter 2		<u>187.190,15</u>	<u>217.150,73</u>
<u>Chapter 3 Documentation, studies and research</u>			
.1	Newspapers, magazines, press agencies and books	38.188,48	49.676,38
.2	Studies and research	3.227,00	128.492,64
.3	Databases	2.350,00	0,00
Subtotal for Chapter 3		<u>43.765,48</u>	<u>178.169,02</u>
<u>Chapter 4 Legal and accountancy fees, financial and other charges</u>			
.1	Legal costs	440,30	4.340,00
.2	Accounting costs/audits	43.354,00	47.848,50
.3	Financial charges and losses from currency exchange	2 10.689,50	15.757,66
.4	Translation and interpretation costs	8.946,00	11.738,00
.5	Other operating expenditure	210,16	0,00
Subtotal for Chapter 4		<u>63.639,96</u>	<u>79.684,16</u>
<u>Chapter 5 Cost of meetings and representation</u>			
.1	Group meetings	30.564,83	11.945,77
.2	Other meetings and conferences	108.419,28	876.018,12
.3	Expenditure on entertainment	185.778,05	196.231,23
.4	Guests	2.366,40	9.665,16
.5	Individual fact finding missions of members	81.422,40	232.796,25
Subtotal for Chapter 5		<u>408.550,96</u>	<u>1.326.656,53</u>

	<u>Period 2009/2</u>	<u>Period 2009/1</u>
<u>Chapter 6 Publications and publicity</u>		
.1 Posters, leaflets and booklets	45.774,43	113.586,64
.2 Advertising inserts and audiovisual advertising Advertising material,gadgets,publicity by telecommunication	50.000,00	128.290,99
.3 equipments	76.364,88	473.034,04
.4 Internet sites + e-publicity	243.190,80	80.366,77
.5 Visits to institutions, information stands	0,00	94.323,07
ubtotal for Chapter 6	<u>415.330,11</u>	<u>889.601,51</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)	4.409.621,82	5.594.656,34
ubtotal for Chapter 7	<u>4.409.621,82</u>	<u>5.594.656,34</u>
<u>Chapter 8 Grants, subscriptions and contributions</u>		
.1 Subsidies	10.926,01	57.069,21
.2 Membership fees	51.347,60	0,00
ubtotal for Chapter 8	<u>62.273,61</u>	<u>57.069,21</u>
otal expenditure	<u>6.893.237,28</u>	<u>9.856.746,07</u>
redits repayable to European Parliament	0,00	0,00
ount carried forward to next budgeting period	4.483.345,05	4.436.462,45
and total	<u>11.376.582,33</u>	<u>14.293.208,52</u>

NOTES TO THE ACCOUNTS BUDGET PERIOD 2009-2

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.

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€
Credits received by our group for the 2009-2 budgeting period:	6.877.186,00€
2: Max. amount of carry forward to 2010 financial year	7.117.251,50€
3: Remainder at the end of the 2009-2 budgeting period:	4.483.345,05€
4: Credits to be returned to the EP:	0,00€
5: Carry forward to 2010 financial year:	4.483.345,05€

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.

Our group has concluded the following substantial long standing (>1 year) financial commitments:

Renting of 5 photocopier machines Océ France contract up until January 2014
cost: 33.192,96,00 €/year

Renting of 6 photocopier machines VP 2075 and 1 photocopier machine VL 3622
Océ Belgium contract up until October 2014
cost: 36.180,00 €/year

Renting of 2 photocopier machines MPC 4000 and 1 photocopier machine PRO 1357
Ricoh contract up until August 2014
cost: 23.234,76 €/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 2009/2 which lasts from 01/07/2009 to 31/12/2009.

The budgeting period 2009/1 lasted from 01/01/2009 to 30/06/2009.

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 4000

Chapter/ Article	Heading	Execution budg. period 2009/2	%	Execution budg. period 2009/1	%
10	Staff	2.175.653,57	49,34%	2.495.085,66	44,60%
20	Equipment / routine administrative expenditure and operating expenditure	54.949,34	1,25%	87.515,39	1,56%
30	Documentation, studies and research	48.792,67	1,11%	130.417,20	2,33%
40	charges and other operating expenditure	41.847,57	0,95%	56.476,63	1,01%
52	Meetings and conferences	538.195,74	12,21%	781.227,59	13,96%
54	Guests	10.770,39	0,24%	69.289,53	1,24%
61	Posters, leaflets and booklets	517.348,70	11,73%	947.705,02	16,94%
62	Advertising inserts and audiovisual advertising	143.952,26	3,26%	215.323,56	3,85%
63	Advertising magterial, gadgets, etc.	442.245,26	10,03%	353.819,62	6,32%
64	Internet Sites	232.401,33	5,27%	180.200,69	3,22%
65	Visits to institutions, info stands	203.464,99	4,61%	277.595,45	4,96%
	Total execution chapter 7 article 1	4.409.621,82	100,00%	5.594.656,34	100,00%

Detail of the property and equipment

budgeting period

2009/2

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

budgetary period : 2009/2

	Category and depreciation rate	IT software 25% 05	IT hardware 25% 10	Telecom- munications equipment 25% 30	Technical equipment and supplies 12,5% 45	Miscellaneous machinery and installations 12,5% 45	Movable property (seats, desks, cabinets) 10% 50	TOTAL
H	Opening balances 2009/2 (historical cost)	47.098,39	138.641,72	65.711,54	0,00	25.534,07	560,50	277.546,22
I	Less items sold and entered in profit and loss account in 2009/2	1.165,94	3.503,58	12.776,01	0,00	0,00	0,00	17.445,53
C	Plus Acquisitions during the budgetary period 2009/2	15.278,64	3.028,04	5.836,07		5.245,00	0,00	29.387,75
O	Plus Transfers	0,00	0,00	0,00	0,00	0,00	0,00	0,00
S	Result Closing balance at historical cost	61.211,09	138.166,18	58.771,60	0,00	30.779,07	560,50	289.488,44
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A	Opening balances (accumulated depreciation)	34.145,75	114.416,48	50.927,19	0,00	7.085,60	420,39	206.995,41
c	Less Accumulated depreciation of items sold and entered in p/l account	1.165,94	3.503,58	12.776,01	0,00	0,00	0,00	17.445,53
c	Plus Depreciation charge for the budgetary period 2009/2	5.277,72	9.140,56	5.252,93	0,00	2.183,81	28,02	21.883,04
u	Result Closing balance at historical cost	38.257,53	120.053,46	43.404,11	0,00	9.269,41	448,41	211.432,92
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	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
	Net book value of fixed assets on 31/12/2009	22.953,56	18.112,72	15.367,49	0,00	21.509,66	112,09	78.055,52