

**ANNUAL ACCOUNTS**

**EUROPEAN CONSERVATIVES AND REFORMISTS GROUP**

**BUDGET ITEM 400  
OF THE BUDGET  
OF THE EUROPEAN PARLIAMENT**

**FINANCIAL YEAR ENDING  
31 DECEMBER 2011**

**EUROPEAN CONSERVATIVES AND REFORMISTS GROUP**

**FINANCIAL YEAR ENDED 31 DECEMBER 2011**

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the European Parliament  
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Rue Wiertz  
1047 Brussels

**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 TWELVE MONTHS PERIOD ENDING 31 DECEMBER 2011**

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In accordance with our audit mandate, we have audited the accompanying financial statements of the European Conservatives and Reformists Group prepared by the Group's Accountant, which comprise the balance sheet at 31 December 2011, the statement of income and expenditures for the year then ended, and a summary of significant accounting policies and other explanatory notes. These financial statements are laid out on pages 6 to 13.

**Responsibilities of the Group**

Pursuant to the Rules on the use of appropriation from budget item 400 of the European Parliament (hereafter "the Rules"), the Group is responsible to the Parliament for the conformity of appropriation usage and for the preparation and fair presentation of the Group's financial statements in accordance with the principles set out in these rules. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making estimates that are reasonable in the circumstances. It also includes ensuring the respect of the Rules of budget item 400.

**Auditor's responsibilities**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as issued by the International Auditing and Assurance Standards Board (IAASB). The audit includes all tests of transactions, existence, ownership and valuation of assets and liabilities that are considered necessary. The nature and extent of the audit procedures depend on the auditor's judgment, including the assessment of the group's accounting system and, where we wish to place reliance on it, the internal control system. An audit also includes evaluating the appropriateness of accounting policies used as well as evaluating the overall presentation of the financial statements.



Our audit involved such tests of the accounting records and other auditing procedures as were considered necessary to form an independent view and, in accordance with the specific requirements of our audit mandate, to report with reasonable assurance 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;
- Payments orders are supported by original documentations or certified true copies;
- Accounts have been laid out in accordance with the harmonised chart of accounts included in the Rules;
- Accounts have been prepared in accordance with generally accepted accounting principles as laid out in articles 124 and 125 of Council Regulation 1605/2002 of 25 June 2002, or that departures are adequately explained in the notes to the accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to enable us to reach reasonable conclusions.

### **Opinions**

- As a result of our work, we did not identify any material non conformity with the dispositions laid out in the Rules governing appropriation item 400 or with the Group's internal rules.
- The accounts are presented in accordance with the harmonized Chart of Accounts foreseen in the Rules.
- We do not have to report departures from accounting principles laid out in articles 124 and 125 of Council Regulation 1605/2002 of 25 June 2002, unless adequately disclosed in the notes to the financial statements.
- The principle of sound financial management has been applied.



- In our opinion, the financial statements give a true and fair view of the state of affair of the European Conservatives and Reformists Group at 31 December 2011 and its income and expenditures for the twelve months ending 31 December 2011, in accordance with the accounting principles and policies laid out in note 1 to the financial statements.
- We have received all necessary explanations for the purpose of our work.

Sint-Stevens-Woluwe, 4 April 2012

PwC Revisiteurs d'Entreprises scrl  
Represented by

A handwritten signature in black ink, appearing to be 'F. Cattoir', written over the text 'Represented by'.

François Cattoir  
Director

EUROPEAN CONSERVATIVES AND REFORMISTS GROUP

ANNUAL STATEMENTS RELATING TO THE USE OF THE CREDIT OF ITEM 400  
OF THE BUDGET OF THE EUROPEAN PARLIAMENT

BALANCE SHEET AT 31 DECEMBER 2011

	NOTE	Amounts in Euro	
		31/12/2011	31/12/2010
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
<b>Chapter 1 Intangible and tangible fixed assets</b>			
1 Intangible fixed assets		0,00	0,00
2 Tangible fixed assets	1 and 9	38.255,30	48.419,13
<b>Sub total chapter 1</b>		<b>38.255,30</b>	<b>48.419,13</b>
<b>CURRENT ASSETS</b>			
<b>Chapter 2 Debtors, stocks and other current assets</b>			
1 Suppliers	7	9.416,05	0,00
2 Staff		0,00	0,00
3 VAT	6	77.300,59	68.525,73
4 Stocks		0,00	0,00
5 Others		0,00	879,17
<b>Sub total chapter 2</b>		<b>86.716,64</b>	<b>69.404,90</b>
<b>Chapter 3 Cash and banks</b>			
1 Securities			
2 Cash		1.060.541,49	813.067,31
<b>Sub total chapter 3</b>		<b>1.060.541,49</b>	<b>813.067,31</b>
<b>Chapter 4 Deferred charges and accrued income</b>			
1 Deferred charges	4	7.442,28	7.180,61
2 Accrued income	5	109.253,00	0,00
<b>Sub total chapter 4</b>		<b>116.695,28</b>	<b>7.180,61</b>
<b>TOTAL ASSETS</b>		<b>1.302.208,71</b>	<b>938.071,95</b>
<b>LIABILITIES</b>			
<b>Chapter 1 Reserves</b>			
1 Balance carried forward	2	1.175.962,26	684.384,73
<b>Sub total chapter 1</b>		<b>1.175.962,26</b>	<b>684.384,73</b>
<b>Chapter 2 Financial debts</b>			
1 Financial debts of more than one year		0,00	0,00
2 Financial debts of less than one year		0,00	0,00
<b>Sub total chapter 2</b>		<b>0,00</b>	<b>0,00</b>
<b>Chapter 3 Other debts</b>			
1 Other debts		0,00	0,00
2 Charges settled during 2011 but paid in 2012	1 and 3	126.246,45	253.687,22
<b>Sub total chapter 3</b>		<b>126.246,45</b>	<b>253.687,22</b>
<b>Chapter 4 Deferred income and accrued charges</b>			
1 Deferred income		0,00	0,00
2 Accrued charges		0,00	0,00
<b>Sub total chapter 4</b>		<b>0,00</b>	<b>0,00</b>
<b>TOTAL LIABILITIES</b>		<b>1.302.208,71</b>	<b>938.071,95</b>

EUROPEAN CONSERVATIVES AND REFORMISTS GROUP

ANNUAL STATEMENTS RELATING TO THE USE OF THE CREDIT OF ITEM 400  
OF THE BUDGET OF THE EUROPEAN PARLIAMENT

STATEMENT OF REVENUES AND EXPENDITURE  
FOR THE YEAR ENDED 31 DECEMBER 2011

	NOTE	Amounts in Euro		
		31/12/2011	31/12/2010	
<b>REVENUE</b>				
<b>Chapter 1 EP subsidies and other EP revenue</b>				
1.	Allocation from EP	3.831.260,00	3.648.336,00	
2.	Other revenue from EP	0,00	0,00	
<b>Subtotal for Chapter 1</b>		<u>3.831.260,00</u>	<u>3.648.336,00</u>	
<b>Chapter 2 Own resources</b>				
1.	Interest and similar receipts	35.296,99	21.411,84	
2.	Exchange gains	0,00	0,00	
3.	Miscellaneous resources	0,00	0,00	
4.	Amount carried forward from the preceding financial year	684.384,73	376.140,53	
<b>Subtotal for Chapter 2</b>		<u>719.681,72</u>	<u>397.552,37</u>	
<b>Total revenue</b>		<u>4.550.941,72</u>	<u>4.045.888,37</u>	
<b>Grand total</b>		<u>4.550.941,72</u>	<u>4.045.888,37</u>	
<b>EXPENDITURE</b>				
<b>Chapter 1 Staff</b>				
1.	Secretariat Missions	595.126,80	656.246,70	
2.	Recruitment	5.439,49	16.821,21	
3.	Traineeships	141.252,52	128.378,05	
4.	Salaries and related costs, fees	146.575,01	231.818,60	
5.	Staff training	0,00	9.387,30	
6.	Staff entertainment	0,00	0,00	
<b>Sub total for Chapter 1</b>		<u>888.393,82</u>	<u>1.042.651,86</u>	
<b>Chapter 2 Equipment, routine administrative expenditure and operating expenditure</b>				
1.	Equipment, operating expenditure, computer-engineering and maintenance	1 and 8	3.798,70	18.718,27
2.	Equipment, telecommunications-related installation and maintenance expenditure, office machinery, furniture and technical installations	1 and 8	3.392,86	1.557,15
3.	Stationery and office supplies		8.657,50	4.815,00
4.	Postage and telecommunications		60.588,89	84.135,13
5.	Printing and photocopying costs		33.888,79	25.161,48
6.	Office rental costs		66.098,80	111.099,83
7.	Depreciation	1 and 9	15.434,10	12.902,82
<b>Subtotal for Chapter 2</b>			<u>191.859,64</u>	<u>258.389,68</u>

EUROPEAN CONSERVATIVES AND REFORMISTS GROUP

ANNUAL STATEMENTS RELATING TO THE USE OF THE CREDIT OF ITEM 400  
OF THE BUDGET OF THE EUROPEAN PARLIAMENT

STATEMENT OF REVENUES AND EXPENDITURE  
FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

	NOTE	Amounts in Euro	
		31/12/2011	31/12/2010
<b>Chapter 3 Documentation, studies &amp; research</b>			
Newspapers, magazines, press agencies and			
1. books		57.143,30	61.548,18
2. Studies and research		0,00	440,00
3. Databases		0,00	
<b>Subtotal for Chapter 3</b>		<u>57.143,30</u>	<u>61.988,18</u>
<b>Chapter 4 Legal and accounting fees, financial charges and other operating expenditure</b>			
1. Legal costs		5.685,31	2.877,99
2. Accounting/audit costs		11.350,93	9.000,00
3. Financial charges and exchange losses		34.169,70	24.051,08
4. Translation and interpreting costs		0,00	0,00
5. Other operating expenditure		18.939,74	21.975,56
<b>Subtotal for Chapter 4</b>		<u>70.145,68</u>	<u>57.904,63</u>
<b>Chapter 5 Expenditure on meetings and entertainment</b>			
1. Official Group meetings		89.185,88	104.696,46
2. Other meetings and conferences		139.053,79	119.765,22
3. Expenditure on entertainment		2.385,81	14.138,20
4. Guests		27.240,20	71.196,99
5. Fact-finding missions by individual Members		177.824,01	89.238,16
<b>Subtotal for Chapter 5</b>		<u>435.689,69</u>	<u>399.035,03</u>
<b>Chapter 6 Publication and advertising</b>			
1. Posters, booklets, publications		17.254,04	14.361,32
2. Advertising inserts and audiovisual advertising Advertising material, novelty items,		3.910,00	11.959,35
3. telecommunications advertising		71.987,16	77.372,21
4. Internet sites and cyber advertising		30.090,02	35.296,78
5. Visits to institutions, information stands		0,00	0,00
<b>Subtotal for Chapter 6</b>		<u>123.241,22</u>	<u>138.989,66</u>
<b>Chapter 7 Members</b>			
1. Decentralised political and information activities (details attached)	8	1.608.506,11	1.402.544,60
<b>Subtotal for Chapter 7</b>		<u>1.608.506,11</u>	<u>1.402.544,60</u>
<b>Chapter 8 Subsidies and subscriptions</b>			
1. Subsidies		0,00	0,00
2. Subscriptions		0,00	0,00
<b>Subtotal for Chapter 8</b>		<u>0,00</u>	<u>0,00</u>
<b>Total expenditure</b>		<u>3.374.979,46</u>	<u>3.361.503,64</u>
<b>Balance carried forward</b>	2	1.175.962,26	684.384,73



## **EUROPEAN CONSERVATIVES AND REFORMISTS GROUP**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FINANCIAL YEAR ENDED 31 DECEMBER 2011**

#### **NOTE 1: BASIS OF THE ACCOUNTS AND ACCOUNTING PRINCIPLES**

##### **Basis of preparation**

The financial statements of the European Conservatives and Reformists Group have been prepared to comply with:

- The 400 financial rules approved by the Bureau of the European Parliament on 30 June 2003 and amended by the Bureau on 22 March 2006, on 11 July 2007, on 20 September 2010 and on 26 September 2011 (PE 422.537/BUR);
- The internal financial rules of the European Conservatives and Reformists Group;
- The accounting principles and the harmonised accounting plan included in the 400 financial rules.

In accordance with the 400 financial rules:

- The movements on the accounts and the balances must be entered in the accounting ledgers;
- All accounting entries, including adjustments to the accounts, must be based on dated and numbered supporting documents, to which they must refer;
- The accounting records must be organised so as to leave a trail for all accounting entries.

##### **Significant accounting and valuation principles**

1. The financial statements have been prepared in accordance with the 400 financial rules and with the following generally accepted accounting principles:
  - Going concern;
  - Prudence;
  - Consistent accounting methods;
  - Comparability of information;
  - Materiality;
  - No netting;
  - Reality over appearance;
  - Accrual accounting principle, subject to other provisions of the Rules as detailed in item 2 here below.
2. According to article 2.5.3 of the Rules on the use of appropriations from budget item 400, the financial statements are prepared on a modified accrual basis, based on the following rules:
  - All expenditure relative to activities of the current or previous financial years is recorded in the accounts of the current 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 financial year.
  - All expenditure of a financial year, paid during the month following the end of the financial year, is recorded in the expenditure accounts of the current financial year with as counterpart a liability (chapter 3.2) in the balance sheet.
  - All expenditure, for which actual payment is made later than the end of the month following the closing of the financial period, is recorded in the accounts of the next financial period. No provisions may be made for expenditure of the current financial year not paid by the end of the month following the end of that financial year, or for risks and future charges.
  - All revenue is recorded 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.

## EUROPEAN CONSERVATIVES AND REFORMISTS GROUP

### NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 31 DECEMBER 2011

#### 3. Classification

- The classification of expenditure follows the principle of classification by destination as foreseen by article 2.5.2 of the Rules on the use of appropriations from budget item 400.

#### Specific accounting policies

##### Exchange policy

The accounts are kept in Euro. Revenue and expenditure in other currencies are converted in Euro at the exchange rate applicable on the bank transfer. The balance sheet accounts in other currencies are not remeasured at the end of the accounting period.

##### Depreciation of tangible fixed assets

Assets with a unit value of 420 Euro or more with a life of more than one year are entered in the inventory and in the balance sheet. At the end of each financial year, the value of the inventory, with appropriate depreciation, subdivided by the type of asset, are recorded in the Groups' financial statement following the straight line method, using the following annual percentages:

Software	25,0%
Hardware	25,0%
Telecommunications and audiovisual equipment	25,0%
Technical equipment and supplies	12,5%
Other installations and machines	12,5%
Office furniture	10,0%

A summary of movements on tangible fixed assets during the accounting period is presented in Note 9.

##### Valuation methods applied for securities and cash

Financial assets are valued at nominal value or fair market value, whichever is lower. Interest income is recognised in the accounts upon receipt.

##### Valuation methods applied for receivables, other assets and debts

Receivables, other assets and debts are stated at nominal value. Value reductions on receivables and other assets are recorded if there is uncertainty concerning their collectability.

##### Comparison to the figures

According to article 2.1.1 of the financial rules governing budget item 400, this report covers the financial year 2011 and the comparative figures cover financial year 2010.

## EUROPEAN CONSERVATIVES AND REFORMISTS GROUP

### NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 31 DECEMBER 2011

#### **NOTE 2: CARRY FORWARD TO THE NEXT BUDGETING PERIOD**

In accordance with article 2.1.6 of the Rules on the use of appropriations from budget item 400, appropriations that are not used during the financial year may be carried over to the following financial year up to a maximum of 50% of the annual appropriations received from the European Parliament's budget.

	€
Credits received by our group for the 2011 budgeting period	3.831.260,00
Maximum amount of carry forward to 2012 budgeting period	1.915.630,00
Remainder at the end of the 2011 budgeting period	1.175.962,26
Credits to be returned to EP	-
Carry forward to financial year 2012	1.175.962,26

The amount carried forward for the 2010 budgeting period of €684.384,73 has been recognized in own resources in 2011.

#### **NOTE 3: CHARGES SETTLED IN 2011 BUT PAID IN 2012**

In application of article 2.5.3 of the Rule PE 422.537/BUR, this amount of €126.246,45 corresponds to expenditure related to the 2011 accounting period and paid before 31 January 2012.

#### **NOTE 4: DEFERRED CHARGES**

The amount recorded under this heading of the balance sheet as at 31 December 2011 (€7.442,28) consists of an invoice of €8.930,74 (£7.853,25) for a registration covering period 01/11/2011-31/10/2012. Two months were correctly expensed in 2011 (€1.488,46).

#### **NOTE 5: ACCRUED INCOME**

In connection with the article 1.3.1 of the 400 financial rules, this amount is related to the reallocation of appropriations as a result of a change in the composition of the group during financial year 2011. The proportional reallocation of appropriation is carried out at the beginning of the following financial year (i.e. 2012). Hence, the amount of €109.253,00 is classified in the balance sheet as accrued income.

#### **NOTE 6: VAT RECOVERABLE**

This relates to VAT paid, for which the European Conservatives and Reformists Group anticipates to obtain refund from the relevant tax authorities in application of the privileges and immunities of the European Institutions. VAT recoverable at 31 December 2011 is composed as follows:

	€
VAT Poland	1.226,92
VAT Lithuania	946,06
VAT United Kingdom	67.681,20
VAT Czech Republic	7.446,41
	77.300,59

#### **NOTE 7: SUPPLIERS**

The amount of €9.416,05 (£8.280,00) consists of one advance invoice paid for an event to be held in March 2012.

These notes form an integral part of the accounts

**EUROPEAN CONSERVATIVES AND REFORMISTS GROUP**

**NOTES TO THE FINANCIAL STATEMENTS**

**FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**NOTE 8: DETAIL OF THE EXECUTION OF THE DECENTRALISED CREDITS OF CHAPTER 7 ARTICLE 1**

The detail of the decentralised credits executed for Chapter 7.1 of the accounting plan annexed to the 400 financial rules is the following:

<b>Article</b>	<b>Category</b>	<b>Year ended 31 December 2011</b>	<b>%</b>	<b>Year ended 31 December 2010</b>	<b>%</b>
1.	Missions	717,86	0,04%	191,47	0,01%
2.	Secretariat - equipment and expenses	231,50	0,01%	0,00	0,00%
3.	Documentation, studies and research	67.333,03	4,19%	66.714,06	4,76%
4.	Legal, accounting, financial and other operating costs	117,37	0,01%	600,00	0,04%
52.	Other meetings and conferences	500.545,86	31,12%	411.943,86	29,37%
53.	Expenditure on entertainment	0,00	0,00%	0,00	0,00%
54.	Guests	109.408,49	6,80%	94.123,98	6,71%
61.	Posters, booklets and publications	384.506,24	23,90%	417.490,00	29,77%
62.	Advertising inserts and audiovisual advertising	180.123,47	11,20%	78.272,86	5,58%
63.	Advertising material, novelty items, telecommunications advertising	200.488,45	12,46%	185.793,12	13,25%
64.	Internet sites and cyber advertising	20.503,28	1,27%	68.747,23	4,90%
65.	Visits to institutions, information stands	144.530,56	8,99%	78.668,02	5,61%
	<b>Total Chapter 7.1</b>	<b>1.608.506,11</b>	<b>100%</b>	<b>1.402.544,60</b>	<b>100%</b>

**EUROPEAN CONSERVATIVES AND REFORMISTS GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2011**

**NOTE 9: RECAPITULATIVE TABLE OF FIXED ASSETS**

Category and write-down rate	IT software	IT hardware	Telecom-munications equipment	Technical equipment and supplies	Miscellaneous machinery and installations	Movable property (seats, desks, cabinets)	Total	
	25% (€)	25% (€)	25% (€)	12,5% (€)	12,5% (€)	10% (€)	(€)	
<b>Historical cost</b>	Opening balances (historical cost)	0,00	7.204,57	22.871,99	0,00	25.035,45	10.645,79	65.757,80
	Less Items sold and entered in profit-and-loss during the financial year							0,00
	Plus Acquisitions during the financial year	0,00	0,00	2.917,55	0,00	0,00	2.352,72	5.270,27
	Plus Transfers							
	Result Closing balance at historical cost	0,00	7.204,57	25.789,54	0,00	25.035,45	12.998,51	71.028,07
<b>Accumulated depreciation</b>	Opening balances (accumulated depreciation)	0,00	1.061,44	6.815,81	0,00	4.780,17	4.681,24	17.338,66
	Less Accumulated depreciation of items sold and entered in p/l account for the financial year							0,00
	Plus Depreciation charge for the financial year	0,00	1.801,14	6.907,92	0,00	3.996,39	2.728,66	15.434,11
	Result Closing balance at historical cost	0,00	2.862,58	13.723,73	0,00	8.776,56	7.409,90	32.772,77
<b>Written-down values</b>	Net book value of fixed assets on 31/12/2010	0,00	6.143,13	16.056,18	0,00	20.255,28	5.964,55	48.419,14
	Net book value of fixed assets on 31/12/2011	0,00	4.341,99	12.065,81	0,00	16.258,89	5.588,61	38.255,30