

ALLIANCE OF LIBERALS AND DEMOCRATS FOR EUROPE



**ANNUAL REPORT BY
THE ALDE GROUP
TO THE EUROPEAN PARLIAMENT**

BUDGET ITEM 400

FINANCIAL YEAR 2012

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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 2012 TO 31 DECEMBER 2012**

ALLIANCE OF LIBERALS AND DEMOCRATS FOR EUROPE

Unqualified Auditor's Report

According to the audit mandate, we have audited the Financial Statement prepared by the Group Accountant for the budget period 2012 ending 31/12/2012 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 400 (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 400;
- 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 194 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 400 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 400;
- 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 31/12/2012 and of the revenue and expenses for the year ending 31/12/2012;
- We have received all necessary explanations for the purpose of our work.

Zaventem, April 16, 2013

RSM INTERAUDIT CVBA-SCRL
REGISTERED AUDITORS
REPRESENTED BY

A handwritten signature in blue ink, appearing to read 'B. de Grand Ry'.

BERNARD DE GRAND RY
PARTNER

A handwritten signature in blue ink, appearing to read 'K. Morris'.

KARINE MORRIS
PARTNER

BALANCE SHEET Group ALDE
End of financial year 2012

	<i>notes</i>	<u>31/12/12</u>	<u>31/12/11</u>
ASSETS			
FIXED ASSETS			
Chapter 1 Intangible and tangible assets			
.1	Intangible assets	14.262,20	26.468,33
.2	Tangible assets	<u>37.110,87</u>	<u>51.029,68</u>
Subtotal chapter 1		<u>51.373,07</u>	<u>77.498,01</u>
CURRENT ASSETS			
Chapter 2 Debtors, stocks and other working assets			
.1	Suppliers	87.324,42	57.416,00
.2	Staff	---	---
.3	VAT	77.478,72	44.386,75
.4	Stocks	---	---
.5	Various	---	---
Subtotal chapter 2		<u>164.803,14</u>	<u>101.802,75</u>
Chapter 3 Financial assets			
.1	Financial securities	---	---
.2	Cash and cash equivalent	<u>2.583.641,59</u>	<u>2.424.461,98</u>
Subtotal chapter 3		<u>2.583.641,59</u>	<u>2.424.461,98</u>
Chapter 4 Deferred charges and accrued income			
.1	Deferred charges	89.983,54	145.708,08
.2	Accrued income	<u>0</u>	<u>---</u>
Subtotal chapter 4		<u>89.983,54</u>	<u>145.708,08</u>
TOTAL ASSETS		<u>2.889.801,34</u>	<u>2.749.470,82</u>

BALANCE SHEET Group ALDE
End of financial year 2012

LIABILITIES	<i>notes</i>	<u>31/12/12</u>	<u>31/12/11</u>
Chapter 1 Reserves			
.1 Carry forward to next financial year		2.099.781,20	2.217.011,66
Subtotal chapter 1		<u>2.099.781,20</u>	<u>2.217.011,66</u>
Chapter 2 Financial debts			
.1 Financial debts of a residual duration > 1 year		---	---
.2 Financial debts of a residual duration <= 1 year		---	---
Subtotal chapter 2		<u>---</u>	<u>---</u>
Chapter 3 Other debts			
.1 Other debts		---	---
.2 Charges settled in N but paid in N+1		769.568,14	532.459,16
Subtotal chapter 3		<u>769.568,14</u>	<u>532.459,16</u>
Chapter 4 Deferred income/accrued charges			
.1 Deferred income		20.452,00	---
.2 Accrued charges		---	---
Subtotal Chapter 4		<u>20.452,00</u>	<u>---</u>
TOTAL LIABILITIES		<u>2.889.801,34</u>	<u>2.749.470,82</u>

**PROFIT AND LOSS ACCOUNT of the ALDE Group
for financial year 2012**

	<i>notes</i>	<u>Year 2012</u>	<u>Year 2011</u>
<u>Receipts</u>			
<i>Chapter 1 Grants and other receipts from the European Parliament</i>			
.1	EP allocation	6.673.356,00	6.477.389,00
.2	Other EP resources	---	---
Subtotal for Chapter 1		<u>6.673.356,00</u>	<u>6.477.389,00</u>
<i>Chapter 2 Own resources</i>			
.1	Interest and assimilated products	64.087,38	73.927,92
.2	Profit on currency exchange	0,43	---
.3	Miscellaneous	0,01	
.4	VAT reimbursements		
.5	Amount carried forward from previous financial year	<u>2.217.011,66</u>	<u>2.341.959,74</u>
Subtotal for Chapter 2		<u>2.281.099,48</u>	<u>2.415.887,66</u>
Total receipts		<u>8.954.455,48</u>	<u>8.893.276,66</u>
Grand total		<u>8.954.455,48</u>	<u>8.893.276,66</u>

**PROFIT AND LOSS ACCOUNT of the ALDE Group
for financial year 2012**

Expenditure	<i>notes</i>	<u>Year 2012</u>	<u>Year 2011</u>
<i>Chapter 1 Staff</i>			
.1 Secretariat missions		1.411.518,91	1.436.506,65
.2 Recruitment		36,00	3.030,51
.3 Traineeships		177.079,79	157.108,66
.4 Salaries and related costs, fees		---	---
.5 Staff training		44.283,22	45.639,25
.6 Staff representation costs		270,70	
Subtotal for Chapter 1		<u>1.633.188,62</u>	<u>1.642.285,07</u>
<i>Chapter 2 Equipment, routine administrative costs and operating costs</i>			
.1 Equipment, operating expenditure, computer-related engineering and maintenance		21.655,47	37.903,41
.2 Equipment, telecommunications-related installation and maintenance expenditure, office machinery, furniture and technical installations		40.841,17	41.317,30
.3 Stationery and office supplies		5.792,86	14.765,54
.4 Postage and telecommunications		48.581,12	112.400,21
.5 Printing and photocopying costs		54.519,74	56.223,84
.6 Office rental costs		---	---
Subtotal for Chapter 2		<u>171.390,36</u>	<u>262.610,30</u>
<i>Chapter 3 Documentation, studies and research</i>			
.1 Newspapers, magazines, press agencies and books		4.435,49	1.239,00
.2 Studies and research		---	967,50
.3 Databases		---	---
Subtotal for Chapter 3		<u>4.435,49</u>	<u>2.206,50</u>
<i>Chapter 4 Legal and accountancy fees, financial and other charges</i>			
.1 Legal costs		12.069,11	3.639,17
.2 Accounting costs/audits		23.175,00	16.050,00
.3 Financial charges and losses from currency exchange		2.456,38	3.790,99
.4 Translation and interpretation costs		26.175,38	43.396,89
.5 Other operating expenditure		2.465,88	13.868,18
Subtotal for Chapter 4		<u>66.341,75</u>	<u>80.745,23</u>

**PROFIT AND LOSS ACCOUNT of the ALDE Group
for financial year 2012**

<u>Expenditure</u>	<i>notes</i>	<u>Year 2012</u>	<u>Year 2011</u>
<i>Chapter 5 Cost of meetings and representation</i>			
.1 Official Group meetings		114.685,58	139.903,18
.2 Other meetings and conferences		993.158,50	964.416,96
.3 Expenditure on entertainment		86.670,26	75.774,16
.4 Guests		---	3.940,63
.5 Individual fact finding missions of members		---	---
Subtotal for Chapter 5		<u>1.194.514,34</u>	<u>1.184.034,93</u>
<i>Chapter 6 Publications and publicity</i>			
.1 Posters, leaflets and booklets		100.381,59	178.789,53
.2 Advertising inserts and audiovisual Advertising		307.046,88	244.190,48
.3 Advertising material, gadgets, publicity by telecommunication equipments		82.032,45	31.776,23
.4 Internet sites + e-publicity		39.092,70	32.541,03
.5 Visits to institutions, information stands		45.056,45	69.059,94
Subtotal for Chapter 6		<u>573.610,07</u>	<u>556.357,21</u>
<i>Chapter 7 Members of Parliament</i>			
.1 Members' political and information activities, administrative expenses and political and information activities of national delegations (<i>details attached</i>)		3.163.399,46	2.906.671,68
Subtotal for Chapter 7		<u>3.163.399,46</u>	<u>2.906.671,68</u>
<i>Chapter 8 Grants, subscriptions and contributions</i>			
.1 Subsidies		47.794,19	35.000,00
.2 Subscriptions		---	6.354,08
Subtotal for Chapter 8		<u>47.794,19</u>	<u>41.354,08</u>
Total expenditure		<u>6.854.674,28</u>	<u>6.676.265,00</u>
Credits repayable to European Parliament		-----	---
Amount carried forward to next financial year		<u>2.099.781,20</u>	<u>2.217.011,66</u>
Grand total		<u>8.954.455,48</u>	<u>8.893.276,66</u>

NOTE 1 - CORPORATE INFORMATION

The present financial statements relate to the Alliance of Liberals and Democrats for Europe (ALDE) in the European Parliament.

The financial year begins on 1 January and ends on 31 December.

Prerequisite

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 trail for all accounting entries.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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,
- substance over form.

Basis of preparation

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 and revised by the Bureau on 22 March 2006, on 11 July 2007 (PE 335,475/BUR); on 20 September 2010, on 23 March 2011, on 26 September 2011 and on 2 July 2012.
- the internal financial rules of the Group
- the accounting principles and the harmonized accounting plan adopted by the Political Groups on 15 September 2005.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 or previous financial years is registered in the accounts of the current year, upon authorization by the authorizing 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 with counterpart a balance account (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 period.

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 authorizing 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).

The classification of the expenditure on the charge 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 4 - CARRY FORWARD TO NEXT FINANCIAL YEAR (IN EUR)

1. Credits received by our group for the financial year N	6.673.356,00
2. Maximum amount of carry forward to 2012 budgeting period	3.336.678,00
3. Difference between total revenue and total expenditure at the end of the financial year	2.099.781,20
4. Credits to be returned to the European Parliament:	-
5. Carry forward to financial year 2013:	2.099.781,20

NOTE 5 - FOREIGN CURRENCY TRANSACTION

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

NOTE 6 - FIXED ASSETS (IN EURO)

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	25,00	%
Hardware:	25,00	%
Telecommunications and audiovisual equipment:	25,00	%
Technical equipment:	12,50	%
Other installations and machines:	12,50	%
Office furniture:	10,00	%

A recapitulative table of the assets in the balance sheet is annexed

NOTE 7 - DEBTORS, STOCKS AND OTHER WORKING ASSETS

Receivable, 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.

NOTE 8 - FINANCIAL COMMITMENTS

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

Renting of photocopier machines from OCE Belgium up to 30/11/2015:
Cost: 30.000 €/ year

Renting of photocopier machines from XEROX up to 30/03/2015 and 30/03/2016
Cost: 13.860 €/ year

DETAIL OF THE EXECUTION OF THE DECENTRALISED CREDITS**CHAPTER 7, ARTICLE 1**

Ventilation following the accounting plan annexed to the 400 financial rules.

Chapter / Article	Heading	Execution Year 2012	%	Execution Year 2011	%
1	Staff			0,00	0,00
2	Secretariat - equipment and expenses	146.187,26	4,62	217.426,77	7,48
3	Documentation, studies and research			0	0,00
4	Legal, accounting, financial and other operating costs			0,00	0,00
52	Other meetings and conferences	806.570,59	25,50	644.479,67	22,17
53	Representation costs	160.150,70	5,06	133.583,19	4,59
54	Guests			0	0,00
61	Posters, leaflets and booklets	0		0	0,00
62	Advertising inserts and audiovisual advertising	1.275.481,73	40,32	1.226.411,35	42,19
63	Advertising material, gadgets, publicity by telecommunication equipments	233.077,28	7,37	245.161,08	8,43
64	Websites Internet Sites + e-publicity	275.689,72	8,71	184.441,12	6,34
65	Visits to institutions; information stands	266.242,18	8,42	255.168,50	8,80
	<u>TOTAL ART. 7.1.</u>	<u>3.163.399,46</u>	<u>100,00</u>	<u>2.906.671,68</u>	<u>100,00</u>

Category and depreciation rate	IT software 25%	IT hardware 25%	Telecom- munications equipment 25%	Technical equipment and supplies 12,5%	Miscellaneous machinery and installations 12,5%	Movable property (seats, desks, cabinets) 10%	TOTAL
Opening balances 2012 (historical cost)	177.231,70	91.813,89	11.630,37	9.201,69	35.743,79	26.368,68	351.990,12
Less Items sold and entered in profit and loss account in 2012	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Plus Acquisitions during the budgetary period 2012	0,00	2.444,63	5.231,38	0,00	0,00	0,00	7.676,01
Plus Transfers	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Result Closing balance at historical cost	177.231,70	94.258,52	16.861,75	9.201,69	35.743,79	26.368,68	359.666,13
Opening balances (accumulated depreciation)	150.763,37	78.957,17	4.918,50	7.610,06	21.280,29	10.962,71	274.492,10
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 2012	12.206,13	9.053,94	4.942,63	664,80	4.392,29	2.541,17	33.800,96
Result Closing balance at historical cost	162.969,50	88.011,11	9.861,13	8.274,86	25.672,58	13.503,88	308.293,06
Net book value of fixed assets on 31/12/2011	26.468,33	12.856,72	6.711,87	1.591,63	14.463,50	15.405,97	77.498,02
Net book value of fixed assets on 31/12/2012	14.262,20	6.247,41	7.000,62	926,83	10.071,21	12.864,80	51.373,07