

Report of S&D
Group of the Progressive Alliance of
Socialists & Democrats in the European
Parliament
(S&D Group)
Budget Item 400
of the budget
of the European Parliament
Financial year
ending 31 December 2012

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Socialists & Democrats Group
Rue Wiertz 60
B-1000 Brussels

30 April 2013

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 financial year ending 31 December 2012

UNQUALIFIED AUDITOR'S REPORT

According to the audit mandate, we have audited the Group Financial Statement prepared by the Group Accountant for the year 2012 ending 31/12/2012 as laid out in pages 1 to 14 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;

- Payments orders are supported by original documentations (or certified true copies);
- Accounts have been laid out in accordance with the harmonized 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.
- 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;

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 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.
- 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.
- In our opinion, the financial statement gives a true and fair view of the state of affair of the Group at 31/12/2012 and of the revenue and expenses for the 12 months ending 31/12/2012.
- We have received all necessary explanations for the purpose of our work.

Ernst & Young Réviseurs d'Entreprises soci-
represented by



Danielle Vermaelen
Partner

13DV0442

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

End of financial year 2012

		<u>fin. year 2012</u>	<u>fin. year 2011</u>
	<i>notes</i>		
<u>ASSETS</u>			
FIXED ASSETS			
<i>Chapter 1 Intangible and tangible assets</i>	3		
.1 Intangible assets		0,00	0,00
.2 Tangible assets		182.232,40	133.561,46
Sub total chapter 1		<u>182.232,40</u>	<u>133.561,46</u>
CURRENT ASSETS			
<i>Chapter 2 Debtors, stocks and other working assets</i>	5		
.1 Suppliers		32.575,51	68.776,48
.2 Staff		2.385,24	9.742,38
.3 VAT		128.154,77	176.244,26
.4 Stocks		0,00	0,00
.5 Various		22.008,51	61.343,09
Sub total chapter 2		<u>185.124,03</u>	<u>316.106,21</u>
<i>Chapter 3 Financial assets</i>			
.1 Financial securities	4	0,00	0,00
.2 Cash and cash equivalent		8.589.995,46	7.927.436,46
Sub total chapter 3		<u>8.589.995,46</u>	<u>7.927.436,46</u>
<i>Chapter 4 Deferred charges and accrued income</i>			
.1 Deferred charges		87.957,04	48.483,59
.2 Accrued income		7.975,34	19.614,19
Sub total chapter 4		<u>95.932,38</u>	<u>68.097,78</u>
TOTAL ASSETS		<u>9.053.284,27</u>	<u>8.445.201,91</u>

LIABILITIES

	notes	<u>fin. year 2012</u>	<u>fin. year 2011</u>
Chapter 1 Reserves			
.1 Carry forward to next financial year	1	<u>6.701.575,85</u>	<u>6.105.401,87</u>
Sub total chapter 1		<u>6.701.575,85</u>	<u>6.105.401,87</u>
Chapter 2 Financial debts			
.1 Financial debts of a residual duration > 1 year			0,00
.2 Financial debts of a residual duration <= 1 year			68,63
Sub total chapter 2		<u>0,00</u>	<u>68,63</u>
Chapter 3 Other debts			
.1 Other debts	5	497,50	0,00
.2 Charges settled in N but paid in N+1		<u>2.291.516,92</u>	<u>2.275.487,39</u>
Sub total chapter 3		<u>2.292.014,42</u>	<u>2.275.487,39</u>
Chapter 4 Deferred income/accrued charges			
.1 Deferred income		59.694,00	64.244,02
.2 Accrued charges		<u>0,00</u>	<u>0,00</u>
Sous Total Chapitre 4		<u>59.694,00</u>	<u>64.244,02</u>
TOTAL LIABILITIES		<u>9.053.284,27</u>	<u>8.445.201,91</u>

Expenditure

	Notes	<u>fin. year 2012</u>	<u>fin. year 2011</u>
<u>Chapter 1 Staff</u>			
.1		1.730.108,84	1.955.065,68
.2		118.971,67	95.140,95
.3		351.380,67	309.047,66
.4		757.239,05	359.586,18
.5		201.148,67	159.464,85
.6		3.110,04	4.374,24
Subtotal for Chapter 1		<u>3.161.958,94</u>	<u>2.882.679,56</u>
<u>Chapter 2 Equipment, routine administrative costs and operating costs</u>			
.1			
	3	53.466,30	42.183,07
.2			
	3	120.283,20	122.422,69
.3		11.669,54	10.293,88
.4		39.382,76	167.251,99
.5		15.823,29	29.624,16
Subtotal for Chapter 2		<u>240.625,09</u>	<u>371.775,79</u>
<u>Chapter 3 Documentation, studies and research</u>			
.1		78.630,57	74.220,38
.2		183.576,50	14.540,63
.3		0,00	0,00
Subtotal for Chapter 3		<u>262.207,07</u>	<u>88.761,01</u>
<u>Chapter 4 Legal and accountancy fees, financial and other charges</u>			
.1		2.255,80	633,13
.2		43.448,25	38.540,00
.3			
	2	8.973,69	10.850,70
.4		108.732,00	16.354,00
.5		780,97	506,37
Subtotal for Chapter 4		<u>164.190,71</u>	<u>66.884,20</u>
<u>Chapter 5 Cost of meetings and representation</u>			
.1		181.962,35	292.175,43
.2		769.354,30	606.814,63
.3		236.101,08	119.280,00
.4		10.642,45	17.182,58
.5		360.205,11	367.239,38
Subtotal for Chapter 5		<u>1.558.265,29</u>	<u>1.402.692,02</u>

	Notes	<u>fin. year 2012</u>	<u>fin. year 2011</u>
<u>Chapter 6 Publications and publicity</u>			
.1	Posters, leaflets and booklets	80.226,00	56.582,98
.2	Advertising inserts and audiovisual advertising Advertising material, gadgets, publicity by	203.617,34	446.188,88
.3	telecommunication equipments	7.210,89	156.754,80
.4	Internet sites + e-publicity	194.957,95	163.612,35
.5	Visits to institutions, information stands	48.717,12	33.402,54
Subtotal for Chapter 6		<u>534.729,30</u>	<u>856.541,55</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)	8.531.526,76	7.993.802,24
Subtotal for Chapter 7		<u>8.531.526,76</u>	<u>7.993.802,24</u>
<u>Chapter 8 Grants, subscriptions and contributions</u>			
.1	Subsidies	66.094,66	33.000,00
.2	Membership fees	0,00	0,00
Subtotal for Chapter 8		<u>66.094,66</u>	<u>33.000,00</u>
Total expenditure		<u>14.519.597,82</u>	<u>13.696.136,37</u>
Credits repayable to European Parliament		0,00	0,00
Amount carried forward to next financial year		6.701.575,85	6.105.401,87
Grand total		<u>21.221.173,67</u>	<u>19.801.538,24</u>

NOTES TO THE ACCOUNTS FINANCIAL YEAR 2012

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 and on 2 July 2012.
- 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 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 400.

Note 1: Carry forward to next financial year:

1: Credits received by our group for the 2012 financial year:	14.907.889,02€
2: Max. amount of carry forward to 2013 financial year	7.453.944,51€
3: Remainder at the end of the 2012 financial year:	6.701.575,85€
4: Credits to be returned to the EP:	0,00€
5: Carry forward to 2013 financial year:	6.701.575,85€

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: 36.804,24 €/year

Renting of 2 photocopier machines MPC 4000, 1 photocopier machine PRO 1357 and 1
photocopier machine MPC 2050
Ricoh contract up until August 2014
cost: 23.239,32 €/year

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 fin. year 2012	%	Execution fin. year 2011	%
10	Staff	3.441.437,39	40,34%	3.350.242,46	41,91%
20	Equipment / routine administrative expenditure and operating	152.587,04	1,79%	145.939,04	1,83%
30	Documentation, studies and research	252.726,53	2,96%	255.327,93	3,19%
40	charges and other operating expenditure	63.865,08	0,75%	87.349,22	1,09%
52	Meetings and conferences	1.336.281,51	15,66%	1.147.593,68	14,36%
54	Guests	91.908,26	1,08%	61.056,58	0,76%
61	Posters, leaflets and booklets	666.597,53	7,81%	792.600,16	9,92%
62	Advertising inserts and audiovisual advertising	496.806,81	5,82%	524.620,10	6,56%
63	Advertising material, gadgets, etc.	896.564,58	10,51%	834.955,45	10,45%
64	Internet Sites	291.072,78	3,41%	229.666,24	2,87%
65	Visits to institutions, info stands	841.679,25	9,87%	564.451,38	7,06%
	Total execution chapter 7 article 1	8.531.526,76	100,00%	7.993.802,24	100,00%

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

Financial year : 2012

	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 2012 (historical cost)	136.282,60	134.591,83	82.220,84	0,00	12.196,25	4.189,52	369.481,04
I	Less Items sold and entered in profit and loss account in 2012	15.804,88	45.561,53	5.866,04	0,00	0,00	0,00	67.232,45
S	Plus Acquisitions during the financial year 2012	42.709,00	43.048,94	25.100,54	0,00	0,00	0,00	110.858,48
O	Plus Transfers	0,00	0,00	311,46	0,00	-311,46	0,00	0,00
F	Result Closing balance at historical cost	163.186,72	132.079,24	101.766,80	0,00	11.884,79	4.189,52	413.107,07
I								
A	Opening balances (accumulated depreciation)	66.892,26	112.030,70	50.456,22	0,00	5.405,31	1.135,09	235.919,58
C	Less Accumulated depreciation of items sold and entered in p/l account	15.804,88	45.561,53	5.866,04	0,00	0,00	0,00	67.232,45
C	Plus Depreciation charge for the financial year 2012	29.599,65	14.287,95	15.919,39	0,00	2.017,65	362,90	62.187,54
U	Result Closing balance at historical cost	80.687,03	80.757,12	60.509,57	0,00	7.422,96	1.497,99	230.874,67
I								
A	Net book value of fixed assets on 31/12/2011	69.390,34	22.561,13	31.764,62	0,00	6.790,94	3.054,43	133.561,46
C	Net book value of fixed assets on 31/12/2012	82.499,69	51.322,12	41.257,23	0,00	4.461,83	2.691,53	182.232,40