

S&D Group

31 December 2014

By
Ernst & Young Réviseurs d'Entreprises
represented by
Danielle Vermaelen
Partner

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Socialists & Democrats Group
Rue Wiertz 60
B-1000 Brussels

24 March 2015

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 second part of the financial year 2014 ending 31 December 2014

UNQUALIFIED AUDITOR'S REPORT

According to the audit mandate, we have audited the Group Financial Statement prepared by the Group Accountant for the second part of year 2014 ending 31/12/2014 as laid out in pages 5 to 18 of this document.

Respective responsibilities of the Group and the auditors

Pursuant to the rules on the use of appropriations 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 IASB. 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

- The statement of revenue and expenditure gives a true and fair view of the group's financial position for the financial year concerned;
- The balance sheet gives a true and fair view of the group's assets at the end of the financial year;
- The group's internal rules have been observed;
- 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;



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- Payment orders are supported by original documentations (or certified true copies);
- Accounts have been laid out in accordance with the harmonized accounting plan;
- The overall considerations on financial statements in the rules adopted by the Accounting Officer of the Commission referred to in Articles 143 and 144 of the Financial Regulation (Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25.10.2012 on the financial rules applicable to the general budget of the Union (Official Journal L 298, 26.10.2012, p.1)) have been observed in the preparation and presentation of the accounts or, where appropriate, a divergence from these overall considerations is adequately explained by a note to the financial statements;
- An effective and efficient internal control system for the management of operations, which includes effective segregation of the duties of authorizing officer and accounting officer or of the equivalent functions, is in place.

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;
- Payment orders are supported by original documentations (or certified true copies);
- Appropriations are available;
- Expenditures have been charged to the correct item in the budget of the Group;
- Expenditures are conformed to the Rules governing appropriation Item 400;
- The principle of sound financial management has been applied;
- An effective and efficient internal control system for the management operations, which includes effective segregation of the duties of authorizing officer and accounting officer or of the equivalent functions;
- In our opinion, the half-year financial statements gives a true and fair view of the state of affair of the Group at 31/12/2014 and of the revenue and expenses for the 6 months ending 31/12/2014;
- We have received all necessary explanations for the purpose of our work.

Ernst & Young Réviseurs d'Entreprises scrl
Auditor
Represented by



Danielle Vermaelen
Partner

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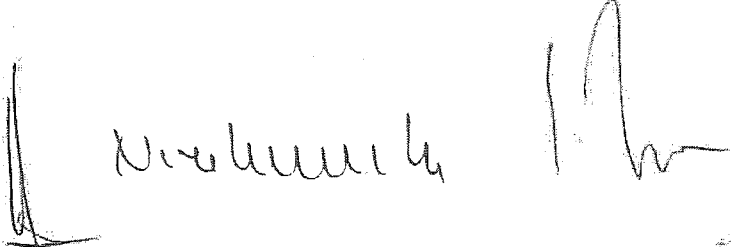
FINANCIAL YEAR 2014

BALANCE SHEET

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

End of financial year 2014

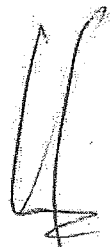
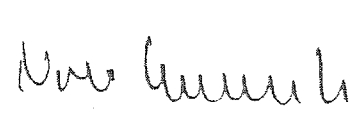
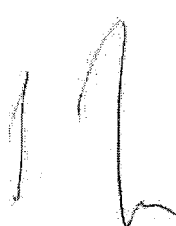
		<u>2014/2</u>	<u>2014/1</u>
	notes		
<u>ASSETS</u>			
FIXED ASSETS			
<i>Chapter 1 Intangible and tangible assets</i>	3		
.1 Intangible assets		0,00	0,00
.2 Tangible assets		<u>217.781,39</u>	<u>181.350,94</u>
Sub total chapter 1		<u>217.781,39</u>	<u>181.350,94</u>
CURRENT ASSETS			
<i>Chapter 2 Debtors, stocks and other working assets</i>	5		
.1 Suppliers		36.871,12	61.732,78
.2 Staff		4.493,93	13.313,06
.3 VAT		145.747,69	174.610,47
.4 Stocks		0,00	0,00
.5 Various		56.562,87	92.771,74
Sub total chapter 2		<u>243.675,61</u>	<u>342.428,05</u>
<i>Chapter 3 Financial assets</i>			
.1 Financial securities	4	0,00	0,00
.2 Cash and cash equivalent		<u>6.915.799,56</u>	<u>4.794.768,82</u>
Sub total chapter 3		<u>6.915.799,56</u>	<u>4.794.768,82</u>
<i>Chapter 4 Deferred charges and accrued income</i>			
.1 Deferred charges		56.683,58	97.270,23
.2 Accrued income		<u>11.350,70</u>	<u>30.363,56</u>
Sub total chapter 4		<u>68.034,28</u>	<u>127.633,79</u>
TOTAL ASSETS		<u>7.445.290,84</u>	<u>5.446.181,60</u>



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LIABILITIES

	notes	<u>2014/2</u>	<u>2014/1</u>
Chapter 1 Reserves			
.1 Carry forward to next financial year	1	<u>5.422.248,48</u>	<u>4.159.920,36</u>
Sub total chapter 1		<u>5.422.248,48</u>	<u>4.159.920,36</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		<u>0,00</u>	<u>0,00</u>
Sub total chapter 2		<u>0,00</u>	<u>0,00</u>
Chapter 3 Other debts	5		
.1 Other debts		29,96	113,71
.2 Charges settled in N but paid in N+1		<u>2.023.012,40</u>	<u>1.286.147,53</u>
Sub total chapter 3		<u>2.023.042,36</u>	<u>1.286.261,24</u>
Chapter 4 Deferred Income/accrued charges			
.1 Deferred income		0,00	0,00
.2 Accrued charges		<u>0,00</u>	<u>0,00</u>
Sous Total Chapitre 4		<u>0,00</u>	<u>0,00</u>
TOTAL LIABILITIES		<u>7.445.290,84</u>	<u>5.446.181,60</u>

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BUDGET PERIOD 2014/2

STATEMENT OF REVENUE AND EXPENDITURE

**PROFIT AND LOSS ACCOUNT of the Group of the Progressive Alliance
of Socialists & Democrats in the European Parliament**

budget period 2014/2 (period from 01/07/2014 till 31/12/2014)

	<u>2014/2</u>	<u>2014/1</u>
	Notes	
<u>Receipts</u>		
<u>Chapter 1 Grants and other receipts from the European Parliament</u>		
.1 EP allocation	7.663.236,94	7.956.247,29
.2 Other EP resources		
Subtotal for Chapter 1	<u>7.663.236,94</u>	<u>7.956.247,29</u>
<u>Chapter 2 Own resources</u>		
.1 Interest and assimilated products	25.087,03	20.694,00
.2 Profit on currency exchange	2 7.603,09	8.664,43
.3 Miscellaneous	1.224,85	687,73
.4 Amount carried forward from previous financial year	4.159.920,36	4.588.461,62
Subtotal for Chapter 2	<u>4.193.835,33</u>	<u>4.618.507,78</u>
Total receipts	<u>11.857.072,27</u>	<u>12.574.755,07</u>
Grand total	<u>11.857.072,27</u>	<u>12.574.755,07</u>

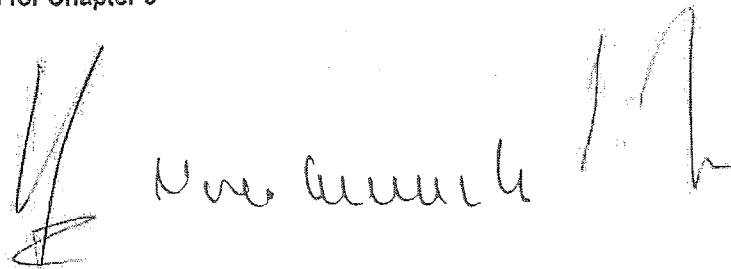
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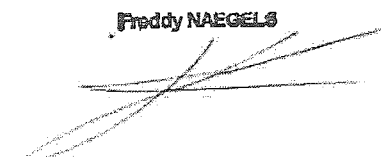
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Expenditure



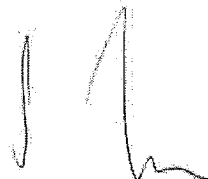
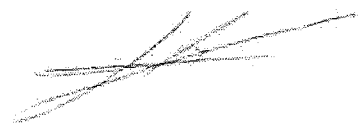
	Notes	<u>2014/2</u>	<u>2014/1</u>
<u>Chapter 1 Staff</u>			
.1	Secretariat missions	732.273,21	691.892,61
.2	Recruitment	459,67	2.366,20
.3	Traineeships	148.354,77	69.406,56
.4	Salaries and related costs, fees	255.655,03	403.011,38
.5	Staff training	110.913,55	163.520,82
.6	Staff representation costs	3.400,00	5.785,36
Subtotal for Chapter 1		<u>1.251.056,23</u>	<u>1.335.982,93</u>
<u>Chapter 2 Equipment, routine administrative costs and operating costs</u>			
.1	Equipment, operating expenditure, computer-related engineering and maintenance	3 36.306,50	36.202,77
.2	Equipment, telecommunications-related installation and maintenance expenditure, office machinery, furniture and technical installations	3 49.822,75	63.789,43
.3	Stationery and office supplies	4.152,61	3.978,04
.4	Postage and telecommunications	43.368,45	20.742,26
.5	Printing and duplicating	29.767,75	19.482,14
Subtotal for Chapter 2		<u>163.418,06</u>	<u>144.194,64</u>
<u>Chapter 3 Documentation, studies and research</u>			
.1	Newspapers, magazines, press agencies and books	36.167,65	43.737,36
.2	Studies and research	193.000,00	88.941,00
.3	Databases	0,00	0,00
Subtotal for Chapter 3		<u>229.167,65</u>	<u>132.678,36</u>
<u>Chapter 4 Legal and accountancy fees, financial and other charges</u>			
.1	Legal costs	0,00	4.285,49
.2	Accounting costs/audits	28.194,30	50.457,90
.3	Financial charges and losses from currency exchange	2 4.052,28	9.725,12
.4	Translation and interpretation costs	41.332,00	7.008,00
.5	Other operating expenditure	500,00	0,00
Subtotal for Chapter 4		<u>74.078,58</u>	<u>71.476,51</u>
<u>Chapter 5 Cost of meetings and representation</u>			
.1	Group meetings	16.737,52	16.588,23
.2	Other meetings and conferences	393.069,76	1.209.152,49
.3	Expenditure on entertainment	32.524,96	158.366,07
.4	Guests	0,00	2.514,91
.5	Individual fact finding missions of members	101.793,01	80.864,27
Subtotal for Chapter 5		<u>544.125,25</u>	<u>1.467.485,97</u>



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	Notes	<u>2014/2</u>	<u>2014/1</u>
<u>Chapter 6 Publications and publicity</u>			
.1	Posters, leaflets and booklets	81.042,05	154.879,59
.2	Advertising inserts and audiovisual advertising	90.821,91	115.623,73
.3	Advertising material, gadgets, publicity by telecommunication equipments	2.860,00	53.600,00
.4	Internet sites + e-publicity	184.366,28	211.703,36
.5	Visits to institutions, information stands	1.332,88	35.609,29
Subtotal for Chapter 6		<u>360.423,12</u>	<u>571.415,97</u>
<u>Chapter 7 Members of Parliament</u>			
.1	Members' political and information activities, administrative expenses and political and information activities of national delegations <i>(details attached)</i>	3.784.429,90	4.665.148,33
Subtotal for Chapter 7		<u>3.784.429,90</u>	<u>4.665.148,33</u>
<u>Chapter 8 Grants, subscriptions and contributions</u>			
.1	Subsidies	15.000,00	202,00
.2	Membership fees	13.125,00	26.250,00
Subtotal for Chapter 8		<u>28.125,00</u>	<u>26.452,00</u>
Total expenditure		<u>6.434.823,79</u>	<u>8.414.834,71</u>
Credits repayable to European Parliament		0,00	0,00
Amount carried forward to next financial year		5.422.248,48	4.159.920,36
Grand total		<u>11.857.072,27</u>	<u>12.574.755,07</u>

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

BUDGET ITEM 400

BUDGET PERIOD 2014/2

NOTES TO THE ACCOUNTS BUDGET PERIOD 2014/2 (ENDING 31ST OF DECEMBER 2014)

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, on 2 July 2012, on 11 March 2013, on 24 February 2014 and on 14 April 2014.
- 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:


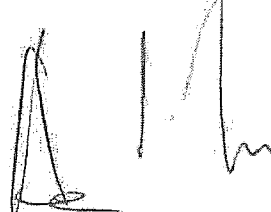

- going-concern basis;
- prudence;
- consistent accounting methods;
- comparability of information;
- materiality;
- no netting;
- reality over appearance;

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 financial year or previous financial years is registered in the accounts of the current budget 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 budget period.

All expenditure of a financial year paid during the month following the end of the budget period is booked on the expenditure accounts of the current budget period 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 budget period or for risks and future charges is registered in the accounts of the next financial year.

  
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No provisions will be made for expenditure of the current budget period not paid by the end of the month following the end of this budget 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 budget period 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 budget period:

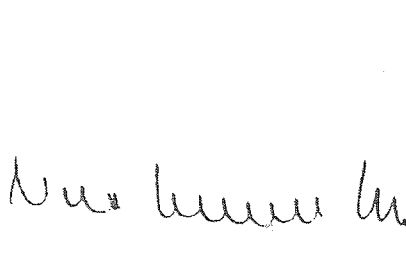
1: Credits received by our group for the 2014 financial year:	15.619.484,23€
2: Max. amount of carry forward to 2015 financial year:	7.809.742,12€
3: Remainder at the end of the 2014 financial year:	5.422.248,48€
4: Credits to be returned to the EP:	0,00€
5: Carry forward to 2015 financial year:	5.422.248,48€

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:



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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 Canon contract up until November 2018

cost: 33.192,96,00 €/year

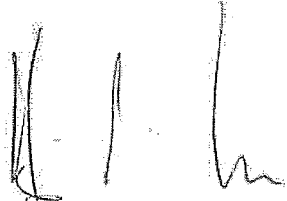
Renting of 10 photocopier machines Ricoh contract up until November 2019

cost: 19.235,16 €/year

Note 6: Comparison of the figures

According to article 2.1.1. of the financial rules governing budget item 400 this report covers the period 2014/2 which lasts from 01/07/2014 to 31/12/2014.

The budget period 2014/1 lasted from 01/01/2014 to 30/06/2014.

New business for

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EXECUTION OF THE CREDITS ALLOCATED TO THE NATIONAL DELEGATIONS

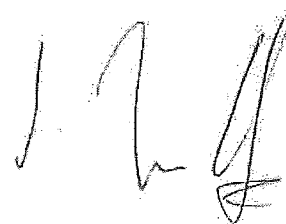
Breakdown of outturn of decentralised appropriations

Chapter 7 article1

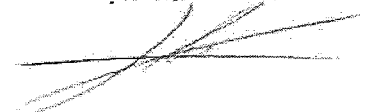
Breakdown in accordance with the Accounting Plan annexed to the Rules on the use of the appropriations from budget item 400

Chapter/ Article	Heading	Execution budget period 2014/2	%	Execution budget period 2014/1	%
10	Staff	1.708.277,25	45,14%	1.752.806,86	37,57%
20	expenditure and operating expenditure	59.137,14	1,56%	45.768,63	0,98%
30	Documentation, studies and research	47.653,55	1,26%	61.499,53	1,32%
40	charges and other operating expenditure	11.978,08	0,32%	14.714,53	0,32%
52	Meetings and conferences	557.241,92	14,72%	741.186,37	15,89%
54	Guests	43.831,43	1,16%	53.197,36	1,14%
61	Posters, leaflets and booklets	279.163,92	7,38%	579.326,94	12,42%
62	Advertising inserts and audiovisual advertising	172.783,13	4,57%	307.763,90	6,60%
63	Advertising material, gadgets, etc.	514.080,33	13,58%	564.772,36	12,11%
64	Internet Sites	153.272,29	4,05%	231.758,93	4,97%
65	Visits to institutions, info stands	237.010,86	6,26%	312.352,92	6,70%
	Total execution chapter 7 article 1	3.784.429,90	100,00%	4.665.148,33	100,00%

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Detail of the property and equipment

Balance sheet

BUDGET PERIOD 2014/2

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

budgetary period : 2014/2

	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 I S	Opening balances 2014/1 (historical cost)	194.928,03	165.800,45	139.667,68	0,00	11.546,25	4.189,52	516.131,93
t o s	Less items sold and entered in profit and loss account in 2014/2	3.867,37	14.662,73	12.958,69	0,00	0,00	0,00	31.488,79
r i c	Plus Acquisitions during the budgetary period 2014/2	60.024,75	10.685,82	15.125,68	0,00	1.090,00	0,00	86.926,25
i c a	Plus Transfers	0,00	0,00	0,00	0,00	0,00	0,00	0,00
i	Result Closing balance at historical cost	251.085,41	161.823,54	141.834,67	0,00	12.636,25	4.189,52	571.569,39

d e p r e c i a t i o n	Opening balances (accumulated depreciation)	134.158,43	106.080,02	83.578,04	0,00	8.922,15	2.042,35	334.780,99
	Less Accumulated depreciation of items sold and entered in p/l account	3.867,37	14.662,73	12.958,69	0,00	0,00	0,00	31.488,79
	Plus Depreciation charge for the budgetary period 2014/2	23.310,32	13.324,93	13.263,28	0,00	415,81	181,46	50.495,80
	Result Closing balance at historical cost	153.601,38	104.742,22	83.882,63	0,00	9.337,96	2.223,81	353.788,00

	Net book value of fixed assets on 30/06/2014	60.769,60	59.720,43	56.089,64	0,00	2.624,10	2.147,17	181.350,94
	Net book value of fixed assets on 31/12/2014	97.484,03	57.081,32	57.952,04	0,00	3.298,29	1.965,71	217.781,39

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New balance sheet

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