



ALDE GROUP

31 December 2016

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

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Alliance Of Liberals & Democrats Group for Europe
Rue Wiertz 60
B-1000 Brussels

9 March 2017

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 2016

UNQUALIFIED AUDITOR'S REPORT

According to the audit mandate, we have audited the Group Financial Statement prepared by the Group Accountant for the year ending 31 December 2016 as laid out in pages 5 to 14 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 Rules"), 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;
- Payment orders are supported by original documentations (or certified true copies);
- Accounts have been laid out in accordance with the harmonized accounting plan;



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- 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 Rules 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 financial statements gives a true and fair view of the state of affair of the Group at 31 December 2016 and of the revenue and expenses for the financial year ending 31 December 2016;
- We have received all necessary explanations for the purpose of our work.

Ernst & Young Réviseurs d'Entreprises scrl
Represented by

Danielle Vermaelen
Partner*

* Acting on behalf of BVBA/SPRL

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BALANCE SHEET Group ALDE
End of financial year 01/01/2016-31/12/2016

		<u>2016</u>	<u>2015</u>
	<i>notes</i>		
ASSETS			
FIXED ASSETS			
Chapter 1 Intangible and tangible assets			
.1 Intangible assets	3	37.237,08	40.535,43
.2 Tangible assets		33.814,57	33.002,12
Sub total chapter 1		<u>71.051,65</u>	<u>73.537,55</u>
CURRENT ASSETS			
Chapter 2 Debtors, stocks and other working assets			
.1 Suppliers	4	63.689,20	37.169,23
.2 Staff			
.3 VAT		20.273,81	21.299,18
.4 Stocks			
.5 Various			
Sub total chapter 2		<u>83.963,01</u>	<u>58.468,41</u>
Chapter 3 Financial assets			
.1 Financial securities	5		
.2 Cash and cash equivalent		2.099.767,75	3.039.816,73
Sub total chapter 3		<u>2.099.767,75</u>	<u>3.039.816,73</u>
Chapter 4 Deferred charges and accrued income			
.1 Deferred charges		92.782,91	77.573,00
.2 Accrued income			
Sub total chapter 4		<u>92.782,91</u>	<u>77.573,00</u>
TOTAL ASSETS		<u>2.347.565,32</u>	<u>3.249.395,69</u>

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BALANCE SHEET Group ALDE
End of financial year 01/01/2016-31/12/2016

LIABILITIES	notes	<u>2016</u>	<u>2015</u>
Chapter 1 Reserves			
.1 Carry forward to next financial year	1	1.676.284,35	2.344.487,71
Sub total chapter 1		<u>1.676.284,35</u>	<u>2.344.487,71</u>
Chapter 2 Financial debts			
.1 Financial debts of a residual duration > 1 year			
.2 Financial debts of a residual duration <= 1 year			
Sub total chapter 2			
Chapter 3 Other debts			
.1 Other debts	5		
.2 Charges settled in N but paid in N+1		652.999,68	904.907,98
Sub total chapter 3		<u>652.999,68</u>	<u>904.907,98</u>
Chapter 4 Deferred income/accrued charges			
.1 Deferred income		18.281,29	
.2 Accrued charges			
Sous Total Chapitre 4		<u>18.281,29</u>	
TOTAL LIABILITIES		<u>2.347.565,32</u>	<u>3.249.395,69</u>

P. Stalman

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PROFIT AND LOSS ACCOUNT of the ALDE Group
for financial year 2016

	2016	2015
	<i>Notes</i>	
<u>Receipts</u>		
<i>Chapter 1 Grants and other receipts from the European Parliament</i>		
.1 EP allocation	5.758.860,24	5.692.114,22
.2 Other EP resources		
Subtotal for Chapter 1	5.758.860,24	5.692.114,22
<i>Chapter 2 Own resources</i>		
.1 Interest and assimilated products	13.063,81	18.980,28
.2 Profit on currency exchange	2.851,60	210,94
.3 Miscellaneous	5.619,86	134,60
.4 VAT reimbursements		
.5 Amount carried forward from previous financial year	2.344.467,71	2.497.681,96
Subtotal for Chapter 2	2.366.022,98	2.517.007,78
Total receipts	6.124.883,22	6.209.122,00
Grand total	6.124.883,22	6.209.122,00

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PROFIT AND LOSS ACCOUNT of the ALDE Group
for financial year 2016

<u>Expenditure</u>	Notes	<u>2016</u>	<u>2015</u>
<i>Chapter 1 Staff</i>			
.1 Secretariat missions		1.308.538,79	1.220.645,71
.2 Recruitment		1.850,98	2.437,91
.3 Traineeships		172.109,59	179.570,26
.4 Salaries and related costs, fees		-	-
.5 Staff training		67.949,34	69.035,77
.6 Staff representation costs		400,00	8.107,50
Subtotal for Chapter 1		<u><u>1.550.848,70</u></u>	<u><u>1.479.797,15</u></u>
<i>Chapter 2 Equipment, routine administrative costs and operating costs</i>			
.1 Equipment, operating expenditure, computer-related engineering and maintenance		58.496,37	71.721,35
.2 Equipment, telecommunications-related installation and maintenance expenditure, office machinery, furniture and technical installations		23.130,93	27.913,37
.3 Stationery and office supplies		12.211,60	7.854,25
.4 Postage and telecommunications		97.864,12	51.196,88
.5 Printing and photocopying costs		44.938,52	47.148,69
.6 Office rental costs		236.641,54	205.834,54
Subtotal for Chapter 2		<u><u>236.641,54</u></u>	<u><u>205.834,54</u></u>
<i>Chapter 3 Documentation, studies and research</i>			
.1 Newspapers, magazines, press agencies and books		6.847,81	6.787,92
.2 Studies and research		1.800,00	24.000,00
.3 Databases		-	-
Subtotal for Chapter 3		<u><u>8.647,81</u></u>	<u><u>30.787,92</u></u>
<i>Chapter 4 Legal and accountancy fees, financial and other charges</i>			
.1 Legal costs		924,28	39.247,17
.2 Accounting costs/audits		19.920,00	1.955,51
.3 Financial charges and losses from currency exchange	2	3.276,06	15.312,50
.4 Translation and interpretation costs		9.680,00	11.860,19
.5 Other operating expenditure		10.343,81	-
Subtotal for Chapter 4		<u><u>44.144,15</u></u>	<u><u>68.375,37</u></u>
<i>Chapter 5 Cost of meetings and representation</i>			
.1 Official Group meetings		70.918,53	53.648,01
.2 Other meetings and conferences		686.426,01	611.429,74
.3 Expenditure on entertainment		89.890,34	82.478,99
.4 Guests		1.662,45	-
.5 Individual fact finding missions of members		-	-
Subtotal for Chapter 5		<u><u>848.897,33</u></u>	<u><u>747.556,74</u></u>

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PROFIT AND LOSS ACCOUNT of the ALDE Group
for financial year 2016

<i>Chapter 6 Publications and publicity</i>			
.1	Posters, leaflets and booklets	158.216,63	149.308,38
.2	Advertising inserts and audiovisual advertising	161.937,76	149.708,16
.3	Advertising material, gadgets, publicity by telecommunication equipments	28.650,91	109.609,56
.4	Internet sites + e-publicity	188.227,61	41.612,07
.5	Visits to institutions, information stands	54.499,65	36.950,25
Subtotal for Chapter 6		<u>534.230,74</u>	<u>487.188,42</u>
<i>Chapter 7 Members of Parliament</i>			
.1	Members' political and information activities, administrative expenses and political and information activities of national delegations (details attached)	3.171.147,87	2.786.785,77
Subtotal for Chapter 7		<u>3.171.147,87</u>	<u>2.786.785,77</u>
<i>Chapter 8 Grants, subscriptions and contributions</i>			
.1	Subsidies	54.040,73	58.308,38
.2	Subscriptions		
Subtotal for Chapter 8		<u>54.040,73</u>	<u>58.308,380</u>
Total expenditure		<u>6.448.598,87</u>	<u>5.864.634,29</u>
Credits repayable to European Parliament			
Amount carried forward to next financial year		1.676.284,35	2.344.487,71
Grand total		<u>8.124.883,22</u>	<u>8.209.122,00</u>

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NOTES TO THE ANNUAL ACCOUNTS FINANCIAL YEAR 2016

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, on 14 April 2014 and on 27 April 2015.
- the internal financial rules of the Group
- the accounting principles and the harmonised accounting plan adopted by the Political Groups on 15 September 2005.

Accounting principles

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;
- substance over form ;

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 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 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 charge 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:

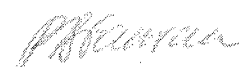
1: Credits received by our group for the financial year 2016:	5.758.860,24 €
2: Maximum amount of carry forward to financial year 2017:	2.879.430,12 €
3: Difference between total revenue and total expenditure at the end of the financial year 2016:	1.676.284,35 €
4: Credits to be returned to the EP:	0 €
5: Carry forward to financial year 2017:	1.676.284,35 €

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.

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 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.

Note 5: Financial commitments

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

Renting of photocopier machines from Canon Belgium up to 01/12/2020
Cost : 16 785 € / year

Renting of photocopier machines from Canon Strasbourg up to 01/04/2020
Cost : 15 000 € / year

Note 6: Comparison of figures

According to article 2.1.1 of the financial rules governing budget item '400 Expenditure for political and information activities and secretarial costs of the groups and members with no affiliation to any political party', this report covers the period from 1 January 2016 to 31 December 2016. Comparative figures for the previous budget period from 1 January 2015 to 31 December 2015 are also presented.

Note 7: Technical support to European political parties and foundations: (CE) 2004/2003

The ALDE Group has not granted any technical support to political parties and foundations as defined in article 11 of the EP Bureau decision dated 29 March 2004.


Paulina Boveington-Fauran
Head of Unit Accounts

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	CATEGORY	EXECUTION Year N	%	EXECUTION Year N-1	%
1	Staff	263.405,06	8%	191.982,86	7%
2	Secretariat – equipment and expenses	0	...	0	...
3	Documentation, studies and research	0		0	
4	Legal, accounting, financial and other operating costs	0		0	
52	Other meetings and conferences	1.018.466,91	32%	868.317,98	31%
53	Representation costs	134.863,43	4%	134.938,53	5%
54	Guests	0		0	
61	Posters, leaflets and booklets	0			
62	Advertising inserts and audiovisual advertising	865.344,78	27%	757.464,72	27%
63	Advertising material, gadgets, publicity by telecommunication equipments	339.324,94	11%	340.634,71	12%
64	Websites Internet sites + e-publicity	158.484,81	5%	210.903,24	8%
65	Visits to institutions; information stands	391.257,94	12%	282.542,73	10%
	TOTAL ARTICLE 7.1	3.171.147,87	100%	2.786.785,77	100%

M. Fauran

SITUATION AU 31/12/2016										
Category and write-down rate	IT SOFTWARE	IT HARDWARE	TELECOMMUNICATIONS EQUIPMENT	TECHNICAL EQUIPMENT AND SUPPLIES	MISCELLANEOUS EQUIPMENT MACHINERY AND INSTALLATIONS	MOVABLE PROPERTY (seats, desks, cabinets)	TOTAL			
HISTORICAL COST	25.00%	25.00%	25.00%	12.50%	12.50%	10.00%				
Opening balances (historical cost)	189,496.95	107,063.85	16,609.27	17,427.91	36,652.05	29,459.68	396,709.71			
Less items sold and entered in P&L account	0.00	-1,997.93	-5,671.89	-1,385.04	-35,743.79	0.00	-44,798.65			
Plus acquisitions during the financial year	8,130.00	14,449.26	2,608.24	0.00	2,426.00	0.00	27,613.50			
Plus transfers	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
Result Closing balance at historical cost	197,626.95	119,515.18	13,545.62	16,042.87	3,394.26	29,459.68	379,524.56			
ACCUMULATED DEPRECIATION										
Opening balances (accumulated depreciation)	148,961.53	97,994.85	9,174.54	11,049.54	34,644.44	21,347.27	323,172.17			
Less accumulated depreciation of items sold	0.00	-1,247.48	-5,671.89	-1,385.04	-35,743.79	0.00	-44,046.20			
Plus depreciation charge for the financial year	17,429.35	6,753.42	3,970.66	2,577.89	2,029.85	2,588.78	29,348.95			
Result closing balance at historical cost	160,389.88	103,500.79	7,473.31	12,242.39	990.50	23,936.05	308,472.92			
WRITTEN-DOWN VALUES										
Net book value of fixed assets on 31/12/2015	40,535.42	9,069.00	7,434.73	6,378.37	2,007.61	8,112.41	73,537.54			
Net book value of fixed assets on 31/12/2016	37,237.07	16,014.39	6,072.31	3,800.48	2,403.76	5,523.63	71,051.64			

Atkinson