

EUROPE OF NATIONS AND FREEDOM (ENF)
Mr. de Danne
Secretary General
Rue Wiertz 60 B 047
B-1047 Brussels

19 May 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

This report supersedes our report dated 12 April 2017 following the receipt of additional supporting documentation on 16 May 2017.

QUALIFIED 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 the following pages 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 documentation (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.

Basis for Qualified Opinion

As a result of our work, we identified the following instances of non compliance with the dispositions laid out in the Rules governing appropriation Item 400 or with the Group internal rules:

- The Group's income statement includes costs for a total amount of € 53.876,31 for which we could not obtain adequate supporting documentation;
- The obligations arising from the Rules on the Use of appropriations from Budget Item 400, in particular from Article 2.3 Procurement have not been met for 10 service providers with a total value of € 492.506,88.


Opinions

As a result of our work, in our opinion:

- We identified material non compliance with the dispositions laid out in the Rules governing appropriation Item 400 or with the Group internal rules, as described in the Basis for Qualified Opinion section of our report;
- Except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, 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;
- Except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, no departures from generally accepted accounting principles have been established;
- Except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, payment orders are supported by original documentation (or certified true copies);
- Except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, expenditures have been charged to the correct item in the budget of the Group;
- Except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, expenditures are conformed to the Rules governing appropriation Item 400;

- The principle of sound financial management has not consistently been applied notably in the instances referred to in the Basis for Qualified Opinion section of our report, as well as in several other instances such as expenses for meetings and representations (meals), gadgets and consumables;
- Except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, 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;
- Except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the financial statements give 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 year ending 31 December 2016;
- Except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, we have received all necessary explanations for the purpose of our work.

Ernst & Young Réviseurs d'Entreprises scrl
Auditor
Represented by



Danielle Vermaelen
Partner*
Acting on behalf of a BVBA/SPRL

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ENF

Europe of Nations
and Freedom

**REPORT BY THE ENF GROUP
IN THE EUROPEAN PARLIAMENT**

BUDGET ITEM 400

2016

 **ENF**
Europe of Nations and Freedom


Ludovic de Danne
Secretary-General

Ludovic de Danne
Secrétaire Général



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Balance sheet

	<i>Notes</i>	<u>2015</u>	<u>2016</u>
Assets			
FIXED ASSETS			
<i>Chapter 1 Intangible and tangible assets</i>			
.1	Intangible assets	-	-
.2	Tangible assets	10.641,00	14.647,34
Subtotal for Chapter 1		<u>10.641,00</u>	<u>14.647,34</u>
CURRENT ASSETS			
<i>Chapter 2 Debtors, stocks and other working assets</i>			
.1	Debtors	-	-
.2	Staff	-	-
.3	VAT	-	-
.4	Stocks	-	-
.5	Various	133.336,11	163.415,88
Subtotal for Chapter 2		<u>133.336,11</u>	<u>163.416,38</u>
<i>Chapter 3 Financial assets</i>			
.1	Financial securities	-	-
.2	Cash and cash equivalent	713.270,60	695.716,00
Subtotal for Chapter 3		<u>713.270,60</u>	<u>695.716,00</u>
<i>Chapter 4 Deferred charges and accrued income</i>			
.1	Deferred charges	518.644,67	137.045,28
.2	Accrued income	-	-
Subtotal for Chapter 4		<u>518.644,67</u>	<u>137.045,28</u>
TOTAL ASSETS		<u>1.375.892,38</u>	<u>1.010.824,50</u>

			<i>Notes</i>	<u>2015</u>	<u>2016</u>
Liabilities					
<i>Chapter 1 Reserves</i>					
.1	Carry forward to next financial year	1		760.349,80	845.704,22
Subtotal for Chapter 1				<u>760.349,80</u>	<u>845.704,22</u>
<i>Chapter 2 Financial debts</i>					
.1	Financial debts of a residual duration 1 year			-	-
.2	Financial debts of a residual duration /≠ 1 year			-	-
Subtotal for Chapter 2				<u>-</u>	<u>-</u>
<i>Chapter 3 Other debts</i>					
.1	Other debts	5		615.542,58	163.263,15
.2	Charges settled in N but paid in N+1				
Subtotal for Chapter 3				<u>615.542,58</u>	<u>163.263,15</u>
<i>Chapter 4 Deferred income / accrued charges</i>					
.1	Deferred income				1.857,13
.2	Accrued charges				
Subtotal for Chapter 4				<u>-</u>	<u>1.857,13</u>
TOTAL LIABILITIES				<u>1.375.892,38</u>	<u>1.010.824,50</u>

		<i>Notes</i>	<u>2015</u>	<u>2016</u>
Receipts				
<i>Chapter 1 Grants and other receipts from the European Parliament</i>				
.1	EP allocation		1.586.919,50	3.273.417,48
.2	Other EP resources			
Subtotal for Chapter 1			<u>1.586.919,50</u>	<u>3.273.417,48</u>
<i>Chapter 2 Own resources</i>				
.1	Interest and assimilated products			
.2	Profit on currency exchange		-	4.305,96
.3	Miscellaneous		-	-
.4	VAT reimbursements		-	-
.5	Amount carried forward from previous financial year		-	760.349,80
Subtotal for Chapter 2			<u>-</u>	<u>764.655,76</u>
Total receipts			<u>1.586.919,50</u>	<u>4.038.073,24</u>
Grand total			<u>1.586.919,50</u>	<u>4.038.073,24</u>

Expenditure

	<i>Notes</i>	<u>2015</u>	<u>2016</u>
<i>Chapter 1 Staff</i>			
.1 Secretariat missions		69.320,99	457.961,57
.2 Recruitment			
.3 Traineeships		8.598,13	17.278,34
.4 Salaries and related costs, fees			
.5 Staff training			736,90
.6 Staff representation costs			
Subtotal for Chapter 1		<u>77.919,12</u>	<u>475.976,81</u>
<i>Chapter 2 Equipment, routine administrative costs and operating costs</i>			
.1 Equipment, operating expenditure, computer-related engineering and maintenance		52.388,54	130.552,64
.2 Equipment, telecommunications-related installation and maintenance expenditure, office machinery, furniture and technical installations	3	418,61	3.616,61
.3 Stationery and office supplies		5.674,15	1.681,94
.4 Postage and telecommunications		687,94	17.212,19
.5 Printing and photocopying costs		15.701,09	198,71
.6 Office rental costs			
Subtotal for Chapter 2		<u>74.870,18</u>	<u>153.262,09</u>
<i>Chapter 3 Documentation, studies and research</i>			
.1 Newspapers, magazines, press agencies and books			99,99
.2 Studies and research		8.148,96	25.000,00
.3 Databases			
Subtotal for Chapter 3		<u>8.148,96</u>	<u>25.099,99</u>
<i>Chapter 4 Legal and accountancy fees, financial and other charges</i>			
.1 Legal costs			
.2 Accounting costs/audits			
.3 Financial charges and losses from currency exchange	2	408,61	1.190,03
.4 Translation and interpretation costs			6.624,36
.5 Other operating expenditure		5.400,00	14.940,00
Subtotal for Chapter 4		<u>5.808,61</u>	<u>22.754,39</u>



Chapter 5 Cost of meetings and representation

.1 Official Group meetings		
.2 Other meetings and conferences	27.700,00	175.683,17
.3 Expenditure on entertainment	9.749,45	141.163,03
.4 Guests		5.153,49
.5 Individual fact finding missions of members		
Subtotal for Chapter 5	37.449,45	321.999,69

Chapter 6 Publications and publicity

.1 Posters, leaflets and booklets	1.481,00	81.036,19
.2 Advertising inserts and audiovisual advertising		13.597,17
.3 Advertising material, gadgets, publicity by telecommunication equipments	72.350,15	232.997,09
.4 Internet sites + e-publicity		31.085,09
.5 Visits to institutions, information stands		
Subtotal for Chapter 6	73.831,15	358.715,54

Chapter 7 Members of Parliament

.1 Members' political and information activities, administrative expenses and political and information activities of national delegations (details attached)	548.542,23	1.831.610,51
Subtotal for Chapter 7	548.542,23	1.831.610,51

Chapter 8 Grants, subscriptions and contributions

.1 Subsidies	-	
.2 Subscriptions	-	2.950,00
Subtotal for Chapter 8	-	2.950,00

Total expenditure	826.569,70	3.192.369,02
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Credits repayable to European Parliament	-	-
Amount carried forward to next financial year	1 760.349,80	845.704,22

Grand total	1.586.919,50	4.038.073,24
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Notes to the 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 and revised by the Bureau on 22 March 2006, 11 July 2007, 20 September 2010, 23 March 2011, 26 September 2011, 2 July 2012, 11 March 2013, 24 February 2014, 14 April 2014 and 27 April 2015.
- 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

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 financial 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 year 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 year not paid by the end of the month following the end of this financial year 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.

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Note 1: Carry forward to next financial year (art 2.9.2 of the 400 fin. rules):

1: Credits received by our group for the 2016 financial year:	3.273.417, 48 €
2: Maximum amount of carry forward to 2017 financial year:	1.636.708, 74 €
3: Remainder at the end of the 2016 financial year:	845.704, 22 €
4: Credits to be returned to the EP:	0 €
5: Carry forward to 2017 financial year:	845.704, 22 €

Note 2: Exchange policy:

The revenue and expenditure in other currencies are converted in euro following the exchange rate of the bank on the transaction day

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:

Not applicable

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:



None.

Note 6: Comparison of the figures:

According to article 2.1.1 of the financial rules governing budget item 400 this report covers the financial year 2016 which last from 01/01/2016 to 31/12/2016.
Comparative figures for the previous budget period from 15/06/2015 to 31/12/2015 are also presented.

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

The ENF group has granted the following technical support to political parties and foundations as defined in article 11 of the EP Bureau decision dated 29 March 2004.

- Providing room N3.3 in Strasbourg for a FENL meeting on 14/12/2016 without requiring technical assistance, cleaning nor security

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Chapter 7 article 1

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

Chapter / article	Heading	Execution budget period 2015	%	Execution budget period 2016	%
10	Staff	27.598,99	5,03%	246.031,88	13,43%
20	Secretariat - equipment and expenses	21.575,50	3,93%	100.091,86	5,46%
30	Documentation, studies and research	44.441,75	8,10%	41.336,30	2,26%
40	Legal, accounting, financial and other operating costs	1.150,00	0,21%	31.800,00	1,74%
52	Other meetings and conferences	36.696,65	6,69%	161.875,06	8,84%
53	Representation costs	38.096,99	6,95%	147.708,64	8,06%
54	Guests	9.983,54	1,82%	15.356,87	0,84%
61	Posters, leaflets and booklets	109.333,76	19,93%	440.396,24	24,04%
62	Advertising inserts and audiovisual advertising	29.366,58	5,35%	113.496,83	6,20%
63	Advertising material, gadgets, publicity by telecommunication equipments	164.488,52	29,99%	182.446,31	9,96%
64	Websites Internet Sites + e-publicity	65.809,95	12,00%	335.570,52	18,32%
65	Visits to institutions; information stands		0,00%	15.500,00	0,85%
	TOTAL ART. 7.1.	548.542,23	100,00%	1.831.610,51	100%

Financial inventory financial year 2016

Category and depreciation rate		Computer hardware 25% (Euro)	Telecom equipment 25% (Euro)	Total
Historic Cost	Opening balances (historic cost)	4.756,20	6.303,26	11.059,46
	Less Sales entered in profit and loss account			
	Add Acquisitions during financial year		7.622,95	7.622,95
	Add Transfers			
	Gives closing balance at historical cost	4.756,20	13.926,21	18.682,41
Accumulated depreciation	Opening balances (accumulated depreciation)	140,00	278,46	418,46
	Less accumulated depreciation of fixed assets sold and entered in profit and loss account			
	Add depreciation for financial year	1.189,05	2.427,56	3.616,61
	Gives Closing balance at historic cost	1.329,05	2.706,02	4.035,07
Net value	Net accounting value as at 31/12/2015	4.616,20	6.024,80	10.641,00
	Net accounting value as at 31/12/2016	3.427,15	11.220,19	14.647,34