



Mr David Maria Sassoli
President of the European Parliament
BRU - SPAAK 09B011

Brussels, 30 April 2020

Dear Mr President,

Please find enclosed the audited report on the utilisation of the budget 400 appropriations for the ID Group for the financial year 2019/2.

Sincerely,

Marco Zanni
Chair of the Identity and Democracy Group

Annex: Report by the ID Group in the European Parliament - Budg Item 400 2019/2

Copies: Mr Didier KLETHI, Mr Eduard REIJNDERS, Political Structures Financing Unit



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

BUDGET ITEM 400

2019/2

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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 JULY TO 31 DECEMBER 2019

**ID GROUP
IN THE EUROPEAN PARLIAMENT**

AUDITOR'S REPORT

In accordance with the audit mandate, we have audited the Group's Financial Statement prepared by the Group Accountant for the financial period 2019/2 ending 31/12/2019 as presented on pages 1 to 16 of this document.

Respective responsibilities of the Group and the auditor

Pursuant to the rules on the use of appropriation from budget item 400 (hereafter "the Rules"), the Group is responsible to the European Parliament for the conformity of appropriation usage and of the preparation of the group's financial period 2019/2 financial report.

We are responsible for planning and carrying out the required work to verify the financial report prepared by the Group and to report with reasonable assurance our audit opinions to the Group.

Basis of Opinions

We have conducted the audit in accordance with International Standards on Auditing as issued by the IAASB. This standard requires the auditor or auditing company to plan and carry out the work in such a way as to obtain sufficient and appropriate evidence and explanations to support audit opinions. An audit includes an examination, on a sample basis, of evidence relevant to the opinions.

The audit work included specific procedures aimed at gathering sufficient and appropriate audit evidence that:

- a) the statement of revenue and expenditure gives a true and fair view of the group's financial position for the budget period concerned;
- b) the balance sheet gives a true and fair view of the Group's assets at the end of the budget period,
- c) the overall considerations on financial statements in the rules adopted by the Accounting Officer of the Commission set out in Article 80 of the Financial Regulation 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.
- d) 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, is in place;
- e) the accounts have been presented in accordance with the harmonised Accounting Plan in Part 2 of the Rules;
- f) the expenditure complies with the provisions of the Rules;
- g) the expenditure has been charged to the correct item in the budget of the Group
- h) the appropriations were available;
- i) the principles of sound financial management have been applied;
- j) payment orders are substantiated by original supporting documents (or certified true copies);
- k) the Group's internal rules have been observed.

¹ Regulation (EU, Euratom) No 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012.

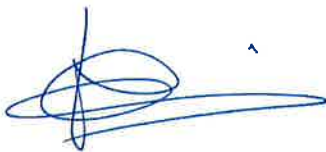
The audit work included verification of the risk management activities of the Group and on the quality of management and control systems. If necessary, recommendations for improving the conditions of implementation of operations and promoting sound financial management were issued.

The audit work also included assessment of the suitability and effectiveness of internal management systems and the performance of departments in implementing policies, programmes and actions by reference to the risks associated with them; and assessment of the efficiency and effectiveness of the internal control and audit systems applicable to every budget implementation operation.

Opinions

- As a result of our work, we did not identify any material non-conformity with the dispositions laid out in the Rules or with the Group's internal rules including the internal control system.
- The overall presentation of the income and expense statement and of the balance sheet complies with the chart of account provided with the Rules.
- 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 financial position of the Group at 31/12/2019 and of the revenue and expenses for the period ending 31/12/2019.

Zaventem, April 27, 2020



RSM INTERAUDIT CV-SC
REGISTERED AUDITORS
REPRESENTED BY
KARINE MORRIS
PARTNER

FINANCIAL YEAR 2019/2

BALANCE SHEET



**BALANCE SHEET ID Group in the European Parliament
2019/2**

	<u>2019/1</u>	<u>2019/2</u>
	<i>notes</i>	
ASSETS		
FIXED ASSETS		
<i>Chapter 1 Intangible and tangible assets</i>		
.1 Intangible assets	0,00	0,00
.2 Tangible assets	0,00	31.382,58
Sub total chapter 1	<u>0,00</u>	<u>31.382,58</u>
CURRENT ASSETS		
Chapter 2 Debtors, stocks and other working assets		
.1 Debtors	0,00	6.110,00
.2 Staff	0,00	0,00
.3 VAT	0,00	0,00
.4 Stocks	0,00	0,00
.5 Various	0,00	0,00
Sub total chapter 2	<u>0,00</u>	<u>6.110,00</u>
Chapter 3 Financial assets		
.1 Financial securities	0,00	0,00
.2 Cash and cash equivalent	0,00	2.568.815,61
Sub total chapter 3	<u>0,00</u>	<u>2.568.815,61</u>
Chapter 4 Deferred charges and accrued income		
.1 Deferred charges	0,00	39.467,36
.2 Accrued income	0,00	0,00
Sub total chapter 4	<u>0,00</u>	<u>39.467,36</u>
TOTAL ASSETS	<u>0,00</u>	<u>2.645.775,55</u>



**BALANCE SHEET ID Group in the European Parliament
2019/2**

	<u>2019/1</u>	<u>2019/2</u>
	<i>notes</i>	
LIABILITIES		
Chapter 1 Reserves		
.1 Carry forward to next financial year	1 0,00	1.615.210,08
Sub total chapter 1	0,00	1.615.210,08
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	0,00	0,00
Sub total chapter 2	0,00	0,00
Chapter 3 Other debts		
.1 Other debts	0,00	898.539,85
.2 Debt E.P.	0,00	0,00
Sub total chapter 3	0,00	898.539,85
Chapter 4 Deferred income/accrued charges		
.1 Deferred income	0,00	100.643,08
.2 Accrued charges	0,00	31.382,54
Sous Total Chapitre 4	0,00	132.025,62
TOTAL LIABILITIES	0,00	2.645.775,55

FINANCIAL YEAR 2019/2
STATEMENT OF REVENUE AND EXPENDITURE



**Statement of revenue and expenditure of the ID Group in the European Parliament
2019/2**

	2019/1	2019/2
	<i>Notes</i>	
<u>Receipts</u>		
<i>Chapter 1 Grants and other receipts from the European Parliament</i>		
.1 EP allocation	0,00	3.244.488,34
.2 Other EP resources	0,00	0,00
Subtotal for Chapter 1	0,00	3.244.488,34
<i>Chapter 2 Own resources</i>		
.1 Interest and assimilated products	0,00	0,00
.2 Profit on currency exchange	0,00	0,00
.3 Miscellaneous	0,00	0,00
.4 VAT reimbursements	0,00	0,00
.5 Amount carried forward from previous financial year	0,00	0,00
Subtotal for Chapter 2	0,00	0,00
 Total receipts	0,00	3.244.488,34
 Grand total	0,00	3.244.488,34



**Statement of revenue and expenditure of the ID Group in the European Parliament
2019/2**

Expenditure	<i>Notes</i>	<u>2019/1</u>	<u>2019/2</u>
<i>Chapter 1 Staff</i>			
.1 Secretariat missions		0,00	188.581,76
.2 Recruitment		0,00	198,33
.3 Traineeships		0,00	10.869,51
.4 Salaries and related costs, fees		0,00	35.671,08
.5 Staff training		0,00	3.855,00
.6 Staff representation costs		0,00	0,00
Subtotal for Chapter 1		0,00	239.175,68
<i>Chapter 2 Equipment, routine administrative costs and operating costs</i>			
.1 Equipment, operating expenditure, computer-related engineering and maintenance	3	0,00	26.223,04
.2 Equipment, telecommunications-related installation and maintenance expenditure, office machinery, furniture and technical installations	3	0,00	41.563,89
.3 Stationery and office supplies		0,00	0,00
.4 Postage and telecommunications		0,00	2.653,98
.5 Printing and photocopying costs		0,00	2.282,68
.6 Office rental costs		0,00	0,00
Subtotal for Chapter 2		0,00	72.723,59
<i>Chapter 3 Documentation, studies and research</i>			
.1 Newspapers, magazines, press agencies and books		0,00	0,00
.2 Studies and research		0,00	0,00
.3 Databases		0,00	0,00
Subtotal for Chapter 3		0,00	0,00
<i>Chapter 4 Legal and accountancy fees, financial and other charges</i>			
.1 Legal costs		0,00	9.045,06
.2 Accounting costs/audits		0,00	0,00
.3 Financial charges and losses from currency exchange	2	0,00	269,97
.4 Translation and interpretation costs		0,00	2.988,00
.5 Other operating expenditure		0,00	0,00
Subtotal for Chapter 4		0,00	12.303,03
<i>Chapter 5 Cost of meetings and representation</i>			
.1 Official Group meetings		0,00	21.905,82
.2 Other meetings and conferences		0,00	2.741,90
.3 Expenditure on entertainment		0,00	381,80
.4 Guests		0,00	1.578,98
.5 Individual fact finding missions of members		0,00	0,00
Subtotal for Chapter 5		0,00	26.608,50
<i>Chapter 6 Publications and publicity</i>			
.1 Posters, leaflets and booklets		0,00	0,00
.2 Advertising inserts and audiovisual advertising		0,00	0,00
.3 Advertising material, gadgets, publicity by telecommunication equipments		0,00	0,00
.4 Internet sites + e-publicity		0,00	0,00
.5 Visits to institutions, information stands		0,00	0,00
Subtotal for Chapter 6		0,00	0,00



**Statement of revenue and expenditure of the ID Group in the European Parliament
2019/2**

	<i>Notes</i>	<u>2019/1</u>	<u>2019/2</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>		0,00	1.278.467,46
Subtotal for Chapter 7		<u>0,00</u>	<u>1.278.467,46</u>
<i>Chapter 8 Grants, subscriptions and contributions</i>			
.1 Subsidies		0,00	0,00
.2 Subscriptions		0,00	0,00
Subtotal for Chapter 8		<u>0,00</u>	<u>0,00</u>
Total expenditure		<u>0,00</u>	<u>1.629.278,26</u>
Credits repayable to European Parliament		0,00	0,00
Amount carried forward to next financial year		0,00	1.615.210,08
Grand total		<u>0,00</u>	<u>3.244.488,34</u>

NOTES TO THE ACCOUNTS FINANCIAL YEAR 2019/2

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, 27 April 2015 and 10 December 2018 and 1 February 2019 and 1 July 2019.
- 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.

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 2019/2 budget period:	3.244.488,34 €
2: Maximum amount of carry forward to 2020 budget period:	1.622.244,17€
3: Remainder at the end of the 2019/2 budget period:	1.615.210,08 €
4: Credits to be returned to the EP:	0 €
5: Carry forward to 2020 budget period:	1.615.210,08€

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 audio-visual 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.

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 budget period 2019/2, which last from 01/07/2019 to 31/12/2019.

Since the group was founded as of July 1, 2019 no comparative figures are to be presented.

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

The ID group has not granted any technical support to political parties and foundations as defined in article 13 of the *Regulation (EU, EURATOM) No 1141/2014 of the European Parliament and of the Council of 22 October 2014 on the statute and funding of European political parties and European political foundations* (OJ L 317 of 4.11.2014, p. 1) (technical assistance is mentioned in Article 26 of the Regulation). The Bureau Decision of 29 March 2014 is replaced by the *Decision of the Bureau of the European Parliament of 12 June 2017 laying down the procedures for implementing Regulation (EU, EURATOM) No 1141/2014 of the European Parliament and of the Council on the statute and funding of European political parties and European political foundations* (OJ C 205 of 29.6.2017, p. 2).

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

Ventilation following the accounting plan annexed to the 400 financial rules

Chapter 7 article 1

Ventilation following the accounting plan annexed to the 400 financial rules

Chapter / article	Heading	Execution budget period 2019/2	%
10	Staff	63.511,81	4,97%
20	Secretariat - equipment and expenses	69.146,13	5,41%
30	Documentation, studies and research	71.052,00	5,56%
40	Legal, accounting, financial and other operating costs	3.176,35	0,25%
52	Other meetings and conferences	237.785,18	18,60%
53	Representation costs	3.896,20	0,30%
54	Guests	11.247,26	0,88%
61	Posters, leaflets and booklets	50.681,72	3,96%
62	Advertising inserts and audiovisual advertising	288.259,22	22,55%
63	Advertising material, gadgets, publicity by telecommunication equipments	223.644,33	17,49%
64	Websites Internet Sites + e-publicity	206.501,76	16,15%
65	Visits to institutions; information stands	0,00	0,00%
68	Donations	49.565,50	3,88%
	TOTAL ART. 7.1.	1.278.467,46	100%

DETAIL OF THE PROPERTY AND EQUIPMENT

BALANCE SHEET FINANCIAL YEAR 2019/2

Financial inventory financial year 2019

Category and depreciation rate		Audiovisual equipment 25% (Euro)	Telecom equipment 25% (Euro)	Software 25% (Euro)	Technical equipment 12,5% (Euro)	Office furniture 10% (Euro)	Total
Historic Cost	Opening balances (historic cost)	0,00	0,00	0,00	0,00	0,00	0,00
	Less Sales entered in profit and loss account						
	Add Acquisitions during financial year	387,39	7.085,30	27.735,39	2.619,91	58,11	37.886,10
	Add Transfers						
	Gives closing balance at historical cost	387,39	7.085,30	27.735,39	2.619,91	58,11	37.886,10
Accumulated depreciation	Opening balances (accumulated depreciation)	0,00	0,00	0,00	0,00	0,00	0,00
	Less accumulated depreciation of fixed assets sold and entered in profit and loss account						
	Add depreciation for financial year	160,02	2.281,39	3719,75	339,19	3,17	6.503,52
	Gives Closing balance at historic cost	160,02	2.281,39	3.719,75	339,19	3,17	6.503,52
Net value	Net accounting value as at 30/06/2019	0,00	0,00	0,00	0,00	0,00	0,00
	Net accounting value as at 31/12/2019	227,37	4.803,91	24.015,64	2.280,72	54,94	31.382,58