

Alliance of Liberals and Democrats for Europe

**Report of the annual accounts
of budget article 4000
for
the period from 1 January 2009
to 30 June 2009**

**Report of the external auditors on the annual accounts
relative to the use of the credits of item 4000
of the budget of the European Parliament
for the period from 1 January 2009 to 30 June 2009**

Alliance of Liberals and Democrats for Europe
Bâtiment PHS 55C37
Rue Wiertz
B-1047 Brussels

In accordance with our audit mandate, we have audited the annual accounts of the Alliance of Liberals and Democrats for Europe, prepared by the Group's Accountant for the six month period ended 30 June 2009.

1. Respective responsibilities of the Group and the auditors

Pursuant to the rules on the use of appropriation from budget item 4000 of the European Parliament (hereafter "the Rules"), the Group is responsible to the Parliament for the conformity of appropriation usage and for the preparation of the Group's annual financial statements.

Our responsibility is to plan and perform the required work to verify the financial statements prepared by the political Group, and to report to the Group on these annual accounts.

2. Basis of Opinion

We conducted our audit in accordance with International standards on Auditing as issued by the IASB. These standards require the auditor to plan and perform the audit to obtain reasonable assurance to support his audit opinion. An audit includes an examination, on a sample basis, of evidence relevant to the opinion.

Pursuant to the specific requirements of our audit mandate, our audit work included specific procedures aiming at gathering reasonable audit evidence that:

- Expenditures have been charged to the correct item in the budget of the Group;
- Appropriations are available;
- Expenditures are in conformity with the Rules governing appropriation item 4000;
- Principles of sound financial management have been applied;
- Payments orders are supported by original documentation or certified true copies;
- The accounts have been laid out in accordance with the harmonised chart of accounts foreseen in the rules;
- The accounts have been prepared in accordance with accounting principles as laid out in articles 186 to 196 of the Implementing Rules (Commission Regulation No 2342/2002), or that departures are adequately explained in the notes to the accounts.

We have obtained all information and explanation that we have requested for the purpose of our audit.

3. Opinions

- As a result of our work, we did not identify any material non conformity with the provisions laid out in the Rules governing appropriation item 4000 or with the Group's internal rules.
- We do not have to report any significant deviations from the principle of sound financial management.
- The overall presentation of the revenue and expenditure statement and of the balance sheet is in conformity with the harmonised chart of accounts foreseen in the Rules governing the appropriation of line 4000.
- We do not have to report departures from accounting principles laid out in articles 186 to 196 of the Implementing Rules, unless adequately disclosed in the notes to the financial statements.
- In our opinion, the financial statements annexed, taking into account the accounting principles explained in Note 2, give a true and fair view of the financial position and revenue and expenditure of the ALDE Group for the financial period from 1 January 2009 to 30 June 2009.

ERNST & YOUNG
Société Anonyme
Réviseur d'Entreprises



Werner WEYNAND

28 September 2009

Alliance of Liberals and Democrats for Europe

Balance sheet
As of 30 June 2009
(Budgeting period 2009-1)
(expressed in EUR)

| <u>ASSETS</u> | 30 June 2009 | 31 December 2008 |
|--|----------------------------|----------------------------|
| Chapter 1 : Intangible and tangible assets (note 5) | | |
| .1 Intangible assets | 370.395,97 | 514.287,76 |
| .2 Tangible assets | 71.212,06 | 59.293,89 |
| Sub total Chapter 1 | <u>441.608,03</u> | <u>573.581,65</u> |
| CURRENT ASSETS | | |
| Chapter 2 : Debtors, stocks and other working assets (note 6) | | |
| .1 Suppliers | 8.155,12 | 79.313,05 |
| .2 Staff | --- | --- |
| .3 VAT | 59.187,64 | 37.597,38 |
| .4 Stocks | --- | --- |
| .5 Various | --- | --- |
| Sub total Chapter 2 | <u>67.342,76</u> | <u>116.910,43</u> |
| Chapter 3 : Financial assets | | |
| .1 Financial securities | --- | --- |
| .2 Cash and cash equivalent | 1.642.474,08 | 3.096.337,88 |
| Sub total Chapter 3 | <u>1.642.474,08</u> | <u>3.096.337,88</u> |
| Chapter 4 : Deferred charges and accrued income | | |
| .1 Deferred charges | 36.721,22 | 40.561,09 |
| .2 Accrued income | --- | --- |
| Sub total Chapter 4 | <u>36.721,22</u> | <u>40.561,09</u> |
| TOTAL ASSETS | <u><u>2.188.146,09</u></u> | <u><u>3.827.391,05</u></u> |

LIABILITIES**30 June 2009****31 December 2008****Chapter 1 : Reserves**

.1 Carry forward to next budgeting period (note 3)

1.666.897,31

3.018.475,29

Sub total Chapter 1

1.666.897,31

3.018.475,29**Chapter 2 : Financial debts**

.1 Financial debts of residual duration > 1 year

.2 Financial debts of residual duration ≤ 1 year

Sub total Chapter 2

---**Chapter 3 : Other debts**

.1 Other debts

.2 Charges settled in 2008 but paid in 2009

521.248,78

808.871,42

Sub total Chapter 3

521.248,78

808.871,42**Chapter 4 : Deferred income / accrued income**

.1 Deferred income

44,34

.2 Accrued charges

Sub total Chapter 4

44,34**TOTAL LIABILITIES**

2.188.146,09

3.827.391,05

Alliance of Liberals and Democrats for Europe

Profit and loss account

For the period from 1 January to 30 June 2009
(Budgeting period 2009-1)
(expressed in EUR)

| <u>A. RECEIPTS</u> | 6 months ended 30 June 2009 | 12 months ended 31 December 2008 |
|---|--------------------------------|-------------------------------------|
| <i>Chapter 1 : Grants and other receipts from the European Parliament</i> | | |
| .1 EP allocation (Note 3) | 3.382.277,00 | 7.419.165,00 |
| .2 Other EP resources | --- | --- |
| Sub total Chapter 1 | <u>3.382.277,00</u> | <u>7.419.165,00</u> |
| <i>Chapter 2 : Own resources</i> | | |
| .1 Interest and assimilated products | 8.621,83 | 204.149,56 |
| .2 Profit on currency exchange (note 2) | --- | --- |
| .3 Miscellaneous | 7.264,68 | 2.945,99 |
| .4 VAT refund | 111,33 | 121,73 |
| .5 Amount carried forward from previous financial year | 3.018.475,29 | 2.801.715,90 |
| Sub total Chapter 2 | <u>3.034.473,13</u> | <u>3.008.933,18</u> |
| TOTAL RECEIPTS | <u>6.416.750,13</u> | <u>10.428.098,18</u> |
| GRAND TOTAL | <u><u>6.416.750,13</u></u> | <u><u>10.428.098,18</u></u> |

Alliance of Liberals and Democrats for Europe

Profit and loss account (continued)
 For the period from 1 January to 30 June 2009
 (Budgeting period 2009-1)
 (expressed in EUR)

| <u>B. EXPENDITURES</u> | 6 months ended 30 June 2009 | 12 months ended 31 December 2008 |
|--|--|---|
| Chapter 1 : Staff | | |
| .1 Secretariat missions | 679.084,79 | 1.317.085,29 |
| .2 Recruitment | --- | 5.201,95 |
| .3 Traineeships | 53.395,71 | 147.953,67 |
| .4 Salaries and related costs, fees | 19.196,83 | 7.585,36 |
| .5 Staff training | 31.142,49 | 55.083,25 |
| .6 Staff representation costs | 2.157,13 | 13.897,81 |
| Sub total Chapter 1 | <u>784.976,95</u> | <u>1.546.807,33</u> |
| Chapter 2 : Equipment, routine administrative costs and operating costs | | |
| .1 Equipment, operating expenditure, computer- related engineering and maintenance | 12.494,29 | 3.933,59 |
| .2 Equipment, telecommunications-related installation and maintenance expenditure, office machinery, furniture and technical installations (note 5) | 24.192,29 | 27.725,23 |
| .3 Stationery and office supplies | 2.856,14 | 17.195,74 |
| .4 Postage and telecommunications | 72.428,39 | 91.356,96 |
| .5 Printing and photocopying costs | 43.310,60 | 55.292,95 |
| .6 Office rental costs | --- | --- |
| Sub total chapter 2 | <u>155.281,71</u> | <u>195.504,47</u> |
| Chapter 3 : Documentation, studies and research | | |
| .1 Newspapers, magazines, press agencies and books | 7.906,30 | 14.713,27 |
| .2 Studies and research | --- | --- |
| .3 Databases | --- | --- |
| Sub total chapter 3 | <u>7.906,30</u> | <u>14.713,27</u> |

Alliance of Liberals and Democrats for Europe

Profit and loss account (continued)
 For the period from 1 January to 30 June 2009
 (Budgeting period 2009-1)
 (expressed in EUR)

| <u>B. EXPENDITURES (continued)</u> | 6 months ended 30 June 2009 | 12 months ended 31 December 2008 |
|--|--|---|
| Chapter 4 : Legal and accountancy fees, financial and other charges | | |
| .1 Legal costs | --- | --- |
| .2 Accounting costs/audits | 28.700,00 | 35.000,00 |
| .3 Financial charges and losses from currency exchange | 7.097,47 | 2.852,37 |
| .4 Translation and interpretation costs | 34.640,00 | 39.727,32 |
| .5 Other operating expenditure | 311,70 | 5.032,48 |
| Sub total Chapter 4 | <u>70.749,17</u> | <u>82.612,17</u> |
| Chapter 5 : Cost of meetings and representation | | |
| .1 Official group meetings | 137.799,00 | 121.193,02 |
| .2 Other meetings and conferences | 531.772,40 | 1.132.273,70 |
| .3 Expenditure on entertainment | 31.685,17 | 77.576,64 |
| .4 Guests | --- | 789,66 |
| .5 Individual fact finding missions of members | --- | --- |
| Sub total Chapter 5 | <u>701.256,57</u> | <u>1.331.833,02</u> |
| Chapter 6 : Publications and publicity | | |
| .1 Posters, leaflets and booklets (note 5) | 257.319,45 | 239.853,48 |
| .2 Advertising inserts and audiovisual advertising | 109.248,33 | 170.992,25 |
| .3 Advertising material, gadgets, publicity by telecommunication equipments | 10.969,02 | 130.701,33 |
| .4 Internet sites and e-publicity (note 5) | 31.380,73 | 228.472,36 |
| .5 Visits to institutions, information stands | 272.436,79 | 105.799,00 |
| Sub total Chapter 6 | <u>681.354,32</u> | <u>875.818,42</u> |

Alliance of Liberals and Democrats for Europe

Profit and loss account (continued)
 For the period from 1 January to 30 June 2009
 (Budgeting period 2009-1)
 (expressed in EUR)

| <u>B. EXPENDITURES (continued)</u> | 6 months ended 30 June 2009 | 12 months ended 31 December 2008 |
|---|--|---|
| Chapter 7 : Members | | |
| .1 Member's political and information activities, administrative expenses and political and information activities of national delegations (note 5) | 2.310.347,37 | 3.331.184,68 |
| Chapter 8 : Grants, subscriptions and contributions | | |
| .1 Subsidies | 35.000,00 | 25.000,00 |
| .2 Subscriptions | 2.980,43 | 6.149,53 |
| Sub total Chapter 8 | 37.980,43 | 31.149,53 |
| TOTAL EXPENDITURE | 4.749.852,82 | 7.409.622,89 |
| Credits repayable to European Parliament | --- | --- |
| Amount carried forward to next budgeting period (Note 3) | 1.666.897,31 | 3.018.475,29 |
| GRAND TOTAL | 6.416.750,13 | 10.428.098,18 |

Alliance of Liberals and Democrats for Europe

Notes to the annual accounts

For the period from 1 January to 30 June 2009
(Budgeting period 2009-1)

Note 1 - Corporate information

The present financial statements relate to the Alliance of Liberals and Democrats for Europe (ALDE) in the European Parliament.

The financial year begins on 1 January and ends on 31 December.

These financial statements cover 6 months period from 1 January to 30 June, due to the change of legislature at the European Parliament.

Prerequisite

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 trail for all accounting entries.

Note 2 - Summary of significant accounting policies

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.

Basis of preparation

The accounts hereafter have been prepared in conformity with:

- the 4000 financial rules approved by the Bureau of the European Parliament on 30 June 2003 and revised by the Bureau on 22 March 2006 and on 11 July 2007 (PE 335,475/BUR);
- the internal financial rules of the Group;
- the accounting principles and the harmonized accounting plan adopted by the Political Groups on 15 September 2005.

Notes to the annual accounts (continued)
For the period from 1 January to 30 June 2009
(Budgeting period 2009-1)

Note 2 - Summary of significant accounting policies (continued)

Pursuant to Rule 2.5.3 of the Rules on the use of appropriations from budget item 4000 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 authorization by the authorizing 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 authorizing 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).

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 4000.

Note 3 - Carry forward to next financial year (in eur)

| | |
|--|---------------|
| 1. Credits received by our group for the 2009-1 budgeting period: | 3.382.277 |
| 2. Maximum amount of carry forward to 2009-2 budgeting period: | No limitation |
| 3. Difference between total revenue and total expenditure at the end of the 2009-1 budgeting period: | 1.666.897 |
| 4. Credits to be returned to the European Parliament: | --- |
| 5. Carry forward to financial year 2009: | 1.666.897 |

Notes to the annual accounts (continued)
For the period from 1 January to 30 June 2009
(Budgeting period 2009-1)

Note 4 - Foreign currency transaction

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Note 5 - Fixed assets (in eur)

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.

* However web sites are amortized on the useful life basis.

Note 6 - Debtors, stocks and other working assets

Receivable, 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 7- Financial commitments

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

- Renting of photocopier machines (4) from OCE Belgium up to 28/02/2010:
Cost : 26.030 €/ year
- Renting of photocopier machines (5) from XEROX up to 01/12/2009 for three of them, 01/01/2011 and 09/05/2012 for the two others:
Cost : 19.600 €/ year

Alliance of Liberals and Democrats for Europe

Notes to the annual accounts (continued)
 For the period from 1 January to 30 June 2009
 (Budgeting period 2009-1)

| CATEGORY AND WRITE-DOWN RATE | IT SOFTWARE 25% * | IT HARDWARE 25% | TELECOMMUNICATIONS EQUIPMENT 25% | TECHNICAL EQUIPMENT AND SUPPLIES 12.5% | MISCELLANEOUS MACHINERY AND INSTALLATIONS 12.5% | MOVABLE PROPERTY (seats, desks, cabins) 10% | TOTAL |
|--|----------------------|--------------------|--|--|---|---|------------|
| HISTORICAL COST | | | | | | | |
| Opening balances (historical cost) | 782,328.63 | 63,150.40 | 5,952.55 | 9,201.69 | 29,658.48 | 15,470.45 | 905,762.20 |
| Less Items sold and entered in profit and loss account | | | | | | | |
| Plus Acquisitions during the financial year | 49,956.49 | 22,764.21 | | | 971.59 | | 73,692.29 |
| Plus Transfers | | | | | | | |
| Result Closing balance at historical cost | 832,285.12 | 85,914.61 | 5,952.55 | 9,201.69 | 30,630.07 | 15,470.45 | 979,454.49 |
| ACCUMULATED DEPRECIATION | | | | | | | |
| Opening balances (accumulated depreciation) | 268,040.87 | 42,869.99 | 4,158.91 | 4,455.36 | 8,917.71 | 3,737.71 | 332,180.55 |
| Less Accumulated depreciation of items sold and entered in p/l account | | | | | | | |
| Plus Depreciation charge for the financial year | 193,848.28 | 8,003.02 | 566.71 | 575.11 | 1,899.27 | 773.52 | 205,565.91 |
| Result Closing balance at historical cost | 461,889.15 | 50,873.01 | 4,725.62 | 5,030.47 | 10,816.98 | 4,511.23 | 537,846.46 |
| WRITTEN-DOWN VALUES | | | | | | | |
| Net book value of fixed assets on 31/12/2008 | 514,287.76 | 20,280.41 | 1,793.64 | 4,746.33 | 20,740.77 | 11,732.74 | 573,581.65 |
| Net Book value of fixed assets on 30/06/2009 | 370,395.97 | 35,041.60 | 1,226.93 | 4,177.22 | 19,813.09 | 10,959.22 | 441,608.03 |

* Web sites included in this caption are amortized on the useful life basis.

Alliance of Liberals and Democrats for Europe

Notes to the annual accounts (continued)
For the period from 1 January to 30 June 2009
(Budgeting period 2009-1)

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

Ventilation following the accounting plan annexed to the 4000 financial rules

| CHAPTER/ ARTICLE | CATEGORY | EXECUTION Year N (6 MONTHS) | % | EXECUTION Year N-1 | % |
|---------------------|--|-----------------------------------|-------------|-----------------------|-------------|
| 1 | Staff | --- | --- | --- | --- |
| 2 | Secretariat – equipment and expenses | 334.715,35 | 14 | 513.365,85 | 15 |
| 3 | Documentation, studies and research | 6.924,79 | 1 | 12.821,70 | 1 |
| 4 | Legal, accounting, financial and other operating costs | --- | --- | --- | --- |
| 52 | Other meetings and conferences | 492.670,15 | 21 | 777.860,99 | 23 |
| 53 | Representation costs | 51.625,91 | 2 | 106.242,61 | 3 |
| 54 | Guests | --- | --- | --- | --- |
| 61 | Posters, leaflets and booklets | 793.702,97 | 34 | 817.171,65 | 25 |
| 62 | Advertising inserts and audiovisual advertising | 97.498,36 | 4 | 183.067,25 | 5 |
| 63 | Advertising material, gadgets, publicity by telecommunication equipments | 194.372,81 | 8 | 287.868,89 | 9 |
| 64 | Websites Internet sites + e-publicity | 157.750,40 | 7 | 275.983,49 | 8 |
| 65 | Visits to institutions; information stands | 181.086,63 | 9 | 356.802,25 | 11 |
| | TOTAL ARTICLE 7.1 | 2.310.347,37 | 100% | 3.331.184,68 | 100% |