



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

BUDGET ITEM 400

2017

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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 JANUARY TO 31 DECEMBER 2017

EUROPE OF FREEDOM AND DIRECT DEMOCRACY - EFDD

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 year 2017 ending 31/12/2017 as presented on pages 1 to 19 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 year 2017 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 referred to in articles 143 and 144 of the Financial Regulation¹, 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 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union (Official Journal L 298, 26.10.2012, p.1).

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 31/12/2017 and of the revenue and expenses for the year ending 31/12/2017

Zaventem, April 16, 2018

RSM INTERAUDIT CVBA-SCRL
REGISTERED AUDITORS
REPRESENTED BY
KARINE MORRIS
PARTNER

FINANCIAL YEAR 2017
BALANCE SHEET



**BALANCE SHEET EFDD Group in the European Parliament
2017**

		<u>2016</u>	<u>2017</u>
ASSETS	<i>notes</i>		
FIXED ASSETS			
Chapter 1 Intangible and tangible assets			
.1 Intangible assets	3	0,00	0,00
.2 Tangible assets		46.057,96	57.326,57
Sub total chapter 1		<u>46.057,96</u>	<u>57.326,57</u>
CURRENT ASSETS			
Chapter 2 Debtors, stocks and other working assets			
.1 Debtors	5	0,00	2.547,85
.2 Staff		0,00	0,00
.3 VAT		88.520,30	139.996,36
.4 Stocks		0,00	0,00
.5 Various		0,00	0,00
Sub total chapter 2		<u>88.520,30</u>	<u>142.544,21</u>
Chapter 3 Financial assets			
.1 Financial securities	4	0,00	0,00
.2 Cash and cash equivalent		2.723.308,07	2.197.447,76
Sub total chapter 3		<u>2.723.308,07</u>	<u>2.197.447,76</u>
Chapter 4 Deferred charges and accrued income			
.1 Deferred charges		0,00	0,00
.2 Accrued income		50.827,81	0,00
Sub total chapter 4		<u>50.827,81</u>	<u>0,00</u>
TOTAL ASSETS		<u>2.908.714,14</u>	<u>2.397.318,54</u>



**BALANCE SHEET EFDD Group in the European Parliament
2017**

LIABILITIES	<i>notes</i>	<u>2016</u>	<u>2017</u>
Chapter 1 Reserves			
.1 Carry forward to next budgeting period	1	<u>1.909.892,62</u>	<u>1.826.839,77</u>
Sub total chapter 1		<u>1.909.892,62</u>	<u>1.826.839,77</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			
.1 Other debts		0,00	0,00
.2 Charges settled in current period but paid in next period		<u>161.246,75</u>	<u>349.696,54</u>
Sub total chapter 3		<u>161.246,75</u>	<u>349.696,54</u>
Chapter 4 Deferred income/accrued charges			
.1 Deferred income		0,00	0,00
.2 Accrued charges		<u>837.574,77</u>	<u>220.782,23</u>
Sous Total Chapitre 4		<u>837.574,77</u>	<u>220.782,23</u>
TOTAL LIABILITIES		<u>2.908.714,14</u>	<u>2.397.318,54</u>

FINANCIAL YEAR 2017
STATEMENT OF REVENUE AND EXPENDITURE



**Statement of revenue and expenditure of the EFDD Group in the European Parliament
2017**

	<u>2016</u>	<u>2017</u>
<i>Notes</i>		
Receipts		
<i>Chapter 1 Grants and other receipts from the European Parliament</i>		
.1 EP allocation	3.819.785,24	3.653.679,55
.2 Other EP resources	0,00	0,00
Subtotal for Chapter 1	<u>3.819.785,24</u>	<u>3.653.679,55</u>
<i>Chapter 2 Own resources</i>		
.1 Interest and assimilated products	6.198,82	1.465,72
.2 Profit on currency exchange	9.949,13	5.824,36
.3 Miscellaneous	0,00	0,00
.5 Amount carried forward from previous budget period	1.856.430,94	1.909.892,62
Subtotal for Chapter 2	<u>1.872.578,89</u>	<u>1.917.182,70</u>
Total receipts	<u>5.692.364,13</u>	<u>5.570.862,25</u>
Grand total	<u>5.692.364,13</u>	<u>5.570.862,25</u>



**Statement of revenue and expenditure of the EFDD Group in the European Parliament
2017**

Expenditure	<i>Notes</i>	<u>2016</u>	<u>2017</u>
<i>Chapter 1 Staff</i>			
.1 Secretariat missions		599.447,74	571.775,18
.2 Recruitment		7.777,13	5.659,36
.3 Traineeships		76.923,53	71.906,33
.4 Salaries and related costs, fees		344.125,00	713.643,45
.5 Staff training		4.954,62	45.160,77
.6 Staff representation costs		0,00	0,00
Subtotal for Chapter 1		<u>1.033.228,02</u>	<u>1.408.145,09</u>
<i>Chapter 2 Equipment, routine administrative costs and operating costs</i>			
.1 Equipment, operating expenditure, computer-related engineering and maintenance	3	16.466,33	20.189,03
.2 Equipment, telecommunications-related installation and maintenance expenditure, office machinery, furniture and technical installations	3	14.696,01	16.190,30
.3 Stationery and office supplies		243,74	678,36
.4 Postage and telecommunications		31.122,90	21.716,80
.5 Printing and photocopying costs		8.420,27	6.530,95
.6 Office rental costs		0,00	0,00
Subtotal for Chapter 2		<u>70.949,25</u>	<u>65.305,44</u>
<i>Chapter 3 Documentation, studies and research</i>			
.1 Newspapers, magazines, press agencies and books		37.912,77	49.143,77
.2 Studies and research		0,00	17.920,00
.3 Databases		900,00	0,00
Subtotal for Chapter 3		<u>38.812,77</u>	<u>67.063,77</u>
<i>Chapter 4 Legal and accountancy fees, financial and other charges</i>			
.1 Legal costs		352,29	0,00
.2 Accounting costs/audits		12.960,00	13.262,00
.3 Financial charges and losses from currency exchange	2	33.944,32	4.363,53
.4 Translation and interpretation costs		2.985,00	2.503,23
.5 Other operating expenditure		0,00	0,00
Subtotal for Chapter 4		<u>50.241,61</u>	<u>20.128,76</u>
<i>Chapter 5 Cost of meetings and representation</i>			
.1 Group meetings		0,00	0,00
.2 Other meetings and conferences		16.610,14	3.299,79
.3 Expenditure on entertainment		15.386,26	22.102,67
.4 Guests		3.075,88	4.370,05
.5 Individual fact finding missions of members		1.110,01	1.000,00
Subtotal for Chapter 5		<u>36.182,29</u>	<u>30.772,51</u>
<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, novelty items, telecommunication advertising		0,00	0,00
.4 Internet sites + e-publicity		1.543,62	449,50
.5 Visits to institutions, information stands		495,00	0,00
Subtotal for Chapter 6		<u>2.038,62</u>	<u>449,50</u>



**Statement of revenue and expenditure of the EFDD Group in the European Parliament
2017**

	<i>Notes</i>	<u>2016</u>	<u>2017</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>		1.713.444,18	1.913.875,18
Subtotal for Chapter 7		<u>1.713.444,18</u>	<u>1.913.875,18</u>
<i>Chapter 8 Grants, subscriptions and contributions</i>			
.1 Subsidies		0,00	17.500,00
.2 Subscriptions		0,00	0,00
Subtotal for Chapter 8		<u>0,00</u>	<u>17.500,00</u>
Total expenditure		<u>2.944.896,74</u>	<u>3.523.240,25</u>
Credits repayable to European Parliament		837.574,77	220.782,23
Amount carried forward		1.909.892,62	1.826.839,77
Grand total		<u>5.692.364,13</u>	<u>5.570.862,25</u>

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR 2017

NOTES TO THE ACCOUNTS FINANCIAL YEAR 2017

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.

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 2017 financial year:	3.653.679,55€
2: Maximum amount of carry forward to 2018 financial year:	1.826.839,77€
3: Remainder at the end of the 2017 financial year:	2.047.622,00€
4: Credits to be returned to the EP:	220.782,23€
5: Carry forward to 2018 financial year:	1.826.839,77€

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:

Renting of 1 photocopier machine Ricoh MP 6502 contract up until November 2019
(Cost: 5.626,97 €/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 financial year 2017, which last from 01/01/2017 to 31/12/2017.

Comparative figures for the previous financial year from 01/01/2016 to 31/12/2016 are also presented.

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

The EFDD 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.

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 2016	%	EXECUTION 2017	%
1	Staff	177.354,98	10,35%	168.559,49	8,81%
2	Secretariat – equipment and expenses	11.352,68	0,66%	14.807,63	0,77%
3	Documentation, studies and research	88.136,88	5,14%	72.751,48	3,80%
4	Legal, accounting, financial and other operating costs				
52	Other meetings and conferences	613.953,01	35,83%	449.486,27	23,49%
53	Representation costs				
54	Guests	13.760,00	0,80 %	7.710,49	0,40%
61	Posters, leaflets and booklets	444.599,80	25,95%	484.182,67	25,30%
62	Advertising inserts and audiovisual advertising	225.742,19	13,17%	507.947,77	26,54%
63	Advertising material, gadgets, publicity by telecommunication equipments	72.824,70	4,25%	137.922,72	7,21%
64	Websites Internet sites + e-publicity	25.073,77	1,46 %	17.610,90	0,92%
65	Visits to institutions; information stands	40.646,17	2,37%	52.895,76	2,76%
	TOTAL ARTICLE 7.1	1.713.444,18	100 %	1.913.875,18	100 %

DETAIL OF THE PROPERTY AND EQUIPMENT
BALANCE SHEET FINANCIAL YEAR 2017

EFD Ernst & Young Financial Advisory		Category and	IT software	IT hardware	Telecom- munications equipment	Technical equipment and supplies	Miscellaneous machinery and installations	Movable property (seats, desks, cabinets)	Total
		write-down rate	25%	25%	25%	12.5%	12.5%	10%	
			(€)	(€)	(€)	(€)	(€)	(€)	(€)
		0							
Historical cost	Opening balances (historical cost)	24.653,22	27.968,52	66.033,90	0,00	1.812,58	6.171,62	126.639,84	
	Less Items sold and entered in profit-and-loss account		-510,71	-1.940,52			0,00	-2.451,23	
	Plus Acquisitions during the financial year	15.580,00	2.378,50	17.944,85				35.903,35	
	Plus Transfers								
	Result Closing balance at historical cost	40.233,22	29.836,31	82.038,23	0,00	1.812,58	6.171,62	160.091,96	
Accumulated depreciation	Opening balances (accumulated depreciation)	24.653,22	12.226,09	39.090,51	0,00	562,54	4.049,52	80.581,88	
	Less Accumulated depreciation of items sold and entered in p/l account		-510,71	-1.940,52			0,00	-2.451,23	
	Plus Depreciation charge for the financial year	2.272,08	6.956,55	14.871,45		226,58	308,08	24.634,74	
	Result Closing balance at historical cost	26.925,30	18.671,93	52.021,44	0,00	789,12	4.357,60	102.765,39	
Written-down values	Net book value of fixed assets on 31/12/2016	0,00	15.742,43	26.943,39	0,00	1.250,04	2.122,10	46.057,96	
	Net book value of fixed assets on 31/12/2017	13.307,92	11.164,38	30.016,79	0,00	1.023,46	1.814,02	57.326,57	