

## Accounts 2021 approval process: Notes & Proposal for adoption

### Executive summary: audit and accounts 2021

The audit of the budget year 2021 was carried out by Grant Thornton Belgium, mandated and directly contracted by the European Parliament for the second time. Technically, the auditing process consists of three obligatory parts that follow each other: The first stage, i.e. the 'traditional' audit of the accounts according to the Belgian "generally accepted accounting procedure" (GAAP) has just been completed; the accounts 2021 are now submitted for final approval by the Spring Council 2022. The second part, the International Financial Reporting Standard (IFRS) audit, is currently under way; the third – and quite separate - part of the auditing process will be undertaken by the Authority supervising the European Political Parties later in the year.

The on-site audit took place on 7-8 March and all necessary documents were provided by us. It was a hybrid audit with some meetings held in the office of the EGP and some held online. We received the final confirmation of the balance sheet on 19 April. Based on these figures, the FAB was consulted on the accounts 2021 on 21 April. The Committee provisionally adopted the accounts 2021 on 23 April.

Grant Thornton Belgium has issued the audit report with unqualified opinion, i.e. without remarks. The report is provided to the Council as a separate document.

The EGP had total revenues of 6,4 million EUR (2020: 4,5 million EUR) including the carry-over from the previous year and before allocating a carry-over to the following year and expenses of 4,1 million EUR (2020: 3,0 million EUR). The result per 31 December 2021 is balanced after:

- allocating 100.000 EUR to the Campaign Fund, as decided by the Online Council, 6 December 2020, consisting of 91.176,79 EUR surplus (profit) and 8.823,21 EUR re-allocated from the Operational Reserve.
- allocating a carry-over to 2022 of 2.289.668,95 EUR (compared to 2.100.000 EUR foreseen in the adopted budget 2022).

### Conclusion & Proposal

**The Committee proposes to the 35<sup>th</sup> EGP Council on 3-5 June 2022 to adopt the accounts 2021. This includes:**

- **allocating 100.000 EUR to the Campaign Fund**, consisting of 91.176,79 EUR 'profit' and 8.823,21 EUR re-allocated from the Operational Reserve.
- **deciding on a carry-over to 2022 of 2.289.668,95 EUR**, based on the provision of 2.100.000 EUR in the budget 2022.

### Documents you receive

- (1) Balance sheet 2021 with Income Statement
- (2) Budget-actual comparison 2021: overview and breakdown in the Council format including the development of funds
- (3) Audit report 2021 by Grant Thornton Belgium

## Notes on the documents

### (1) Balance sheet 2021 with Income Statement

The Balance sheet shows the outcome of the year 2021 in a profit & loss account format. Pages 1-2 show the activa (fixed assets like office equipment, cash assets), page 3 shows the passiva (funds, liabilities). Pages 4-7 give the profit and loss calculation (revenue minus expenditure).

#### Assets

The total assets of EGP per 31 December 2021 were 3,734 million EUR (2020: 2,675 million EUR). The total reserves (funds) were at 923.730 EUR (2020: 832.553 EUR), the fixed assets at 283.500 EUR (2020: 271.000 EUR) and cash assets at 3,258 million EUR (2020: 2,364 million EUR).

Fixed assets: The increase in fixed assets is due to new office furniture and equipment bought for the EGP staff joining the office in 2021.

Current assets: The considerable increase of 1 million EUR (3,450 million EUR compared to 2,404 million EUR in 2020) is largely due to the unspent part of the EP grant 2021 (which is carried over to 2022). In addition: Deferred charges (44.894 EUR compared to 3.591 EUR in 2020) increased because of some payments done in 2021 for the services finalised or delivered in 2022.

#### Liabilities

Amounts payable: This has increased considerably (2,810 million EUR compared to 1,842 million EUR in 2020) mainly because of the substantial carry-over.

Provision holiday pay: according to Belgian labour law, this was due to more staff employed than in the previous year.

Accrued charges and deferred income: This covers the carry-over as well as invoices received in the beginning of 2022 for the previous year.

#### Income

The total income in 2021 was 4,154 million EUR (2020: 4,554 million EUR). This includes:

- the EP grant: 4,347 million EUR (2020: 3,9 million EUR) minus carry-over to 2022 of 2,289 million EUR (to 2021: 1,539 million EUR)
- membership fees full members: 484.962 EUR (2020: 467.878 EUR); the increase is due to successful election results by some member parties and a change in the economic coefficient for others.
- carry-over from 2021 to 2022 of 2,289 million EUR: The carry-over is booked as a decrease of income based on the auditor's advice and agreed with DG FINS (in 2021 it was booked as expenditure). This way of booking does not change the amount of the carry-over or the allocation to the Campaign Fund, which had been budgeted, but only the presentation of the financial result of the year in the income statement.
- participants' fees: 16.160 EUR. As the Budapest Autumn Council was planned as a physical meeting but had to be cancelled at short notice, no fees were charged for the reduced online Council).

## Expenses

The total expenses in 2021 were 4,058 million EUR excluding the carry-over to 2022 compared to 4,329 million EUR including the carry-over in 2020. Goods and services were 1,735 million EUR (2020: 2,525 including the carry over to 2021; 2019: 2,366 million EUR – and, for comparison, 2018: 1,681 million EUR). Personnel costs were 2,264 million EUR (2020: 1,740 million EUR) which is 55,7 % of total expenses (2020: 62%; 2019: 39%, 2018: 38%, 2017: 33%). The % increase is due to increased staff and reduced number of physical meetings compared to pre-Covid levels.

Office rent was much reduced due to only one office in 2021 (temporary overlap of two rents due to the move in 2020). Office charges were reduced due to reduced presence in the office due to the pandemic. Postal charges were higher due to an increase in physical activities compared to 2020. 2021 has seen an increase in costs for professional training needed for staff in an increased and re-organised office. Consultancy costs in 2021 were mainly related to setting and managing the Green Screen project and one research project. In 2021, we produced far more videos and therefore that cost went up (Photo/Video maker).

## Outcome

The financial outcome of the year before provision to funds is 2.380.845,74 EUR (2020: 1.767.051,60 EUR). Because of an expenditure much lower than budgeted, which was due to the continued impact of the Covid pandemic, we were able to re-allocate only 8.823,21 EUR from the Operational Reserve into the Campaign Fund and allocate the full profit of 91.176,79 EUR into the Campaign fund. The carry-over to 2022 is 2.289.668,95 EUR.

## (2) Budget-actual comparison 2021 in the Council Format

### 2.1 Expenditure

In total, we had 3,998 million EUR eligible expenses (budget including carry over: 6,403 million EUR). This is an increase of 1,245 million EUR compared to 2,752 EUR in 2020. This was possible mainly due to diversifying our activities and ways of working during the pandemic, increasing the staff and implementing new projects like Green Talking Heads and Green Screen.

#### Category 1: Personnel Costs

Staff travel costs didn't increase as initially foreseen due to the still ongoing pandemic.

#### Category 2: Infrastructure and Operating Costs

We spent considerably less than budgeted (326.608 EUR compared to 613.000 EUR budgeted). The main reasons being that less equipment was bought for the office due to the continued obligatory home office working in Belgium. We also spent less on translations – there were fewer resolutions at the online Councils than we would have had at physical Councils.

#### Category 3: Administrative costs

We spent 229.060 EUR (117.440 EUR less than in the adopted budget). Some of the research has been finalized in 2021. However, the bigger part of the research will be done in 2022. Legal and accounting costs were lower than anticipated.

#### Category 4: Meetings

This category was again hit the hardest by the Covid pandemic (878.674 EUR compared to 2,412 million EUR in the adopted budget). Roughly half of this (-784.000 EUR) occurred in budget line 4.1.5 whereas the other (statutory) planned meetings and activities were overall less affected. We incurred

some cost for the Autumn Council as it had to be cancelled at short notice due to the Covid pandemic.

The underspend which occurred in Joint activities FYEG/EGP was carried over to 2022.

#### Category 5: Information and Publications

In 2021, we spent 159.426 EUR (2020: 82.000 EUR) compared to 445.000 in the adopted budget. Expenditure was still impeded considerably by the Covid impact on planned physical campaign activities as well as ongoing difficulties in advertising Europe-wide due to the platforms' restrictions on political advertising.

#### Non-reimbursable (non-eligible) expenditure

This consists of Invoiced costs of 46.468 EUR (mainly the part of the salaries for which we receive a tax payback from the Belgian state) as well as 20.790 EUR of the corrective measure paid back to the European Parliament after the 2020 audit by the Authority.

## **2.2 Revenues**

In 2021, the EGP received a grant of 4,347 million EUR from the European Parliament (compared to 3,9 million EUR in 2020 and 3,4 million EUR in 2019). To be deducted from this amount is the unused grant of 2.289.668,95 EUR which will be carried over to 2022.

Our own resources amounted to 560.000 EUR. With these, the EGP has to

- a) co-finance 10% of the eligible expenses
- b) finance the own non-eligible expenses
- c) make provisions to funds.

The own resources came mainly from membership fees (BL D.2.1, 483.862 EUR).

Donations (D.3) are considerably higher than in 2020 (12.600 EUR compared to 3.200 EUR). This is still very much work in progress with the implementation of our fundraising plan.

Participation fees to the Councils (D.4.2) were only charged for the Spring Council (raised 16.000 EUR). Due to the cancellation of the Autumn Council in Budapest with only an online voting session taking place, no fees were charged. Thank you to all member parties and delegates who donated to the EGP on this occasion.

In total, we generated an income of 6,447 million EUR leading to a nominal surplus turned carry-over to 2022 of 2,289 million EUR.

Ute Michel, EGP Treasurer  
25 April 2022