



Accounts 2022 approval process: Notes & Proposal for adoption

Executive summary: audit and accounts 2022

The audit of the budget year 2022 was carried out by Grant Thornton Belgium mandated and directly contracted by the European Parliament for the third 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 legislation of the "generally accepted accounting procedure" (GAAP) has just been completed; the accounts 2022 are now submitted for final approval by the Spring Congress 2023. 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 and DG Finance respectively later in the year.

The audit took place on 13-17 March and all necessary documents were provided by us. It was a hybrid audit with some meetings held in the offices of the EGP and some held online. We received the final confirmation of the balance sheet on 17 April. Based on these figures, the FAB was consulted on the accounts 2022 on 18 April. The Committee provisionally adopted the accounts 2022 on 22 April.

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

The EGP has had total revenues of 6,7 million EUR (2021: 6,4 million EUR) and expenses of 6 million EUR (2021: 4 million EUR). The result per 31 December 2021 is -7.809,70 EUR.

This year EGP has to dissolve 7.809,70 EUR from the funds in order to cover the requirement for 10% own resources needed to co-finance the EP grant. Following the Congress in December 2022, it is proposed to reallocate the majority of this Fund (total available: 225.000 EUR) to the Campaign Fund and to the Operational Reserve in order to allow for more flexibility in the future use of reserves.

Conclusion & Proposal

The Committee proposes to the 37th EGP Congress on 2-3 June 2022 to adopt the accounts 2022.

This includes:

- Dissolving **175.000 EUR** from the Congress Fund and
- allocating **100.000 EUR** to the Campaign Fund, as previously decided by the Online Council, 4 December 2021, and allocating **67.190,3 EUR** to the Operational Reserve.
- **Deciding on a carry-over to 2023 of 1.382.268,72 EUR.**

Documents you receive

- (1) Balance sheet 2022 with Income Statement
- (2) Budget-actual comparison 2022: overview and breakdown in the Congress format including the development of funds
- (3) Audit report 2022 by Grant Thornton Belgium

Notes on the documents



(1) Balance sheet 2022 with Income Statement

The Balance sheet shows the outcome of the year 2022 in a profit & loss account format. Page 1 shows the activa (fixed assets like office equipment, cash assets), page 2 shows the passiva (funds, liabilities). Pages 3-5 give the profit and loss calculation (revenue minus expenditure).

Assets

The total assets of EGP per 31 December 2022 were 2,9 million EUR (2021: 3,7 million EUR). The total reserves (funds) were at 915.920 EUR (2021: 923.730 EUR), the fixed assets at 367.659 EUR (2021: 283.500 EUR) and cash assets at 2,37 million EUR (2021: 3,26 million EUR).

Fixed assets: The increase in fixed assets is mainly due to investment in the new EGP website started in 2022.

Current assets: A decrease of 0,9 million EUR (2,534 compared to 3,440 million in 2021) is due to a lower carry over from 2022 to 2023, than from 2021 to 2022. In addition: Deferred charges (81.189,02 EUR compared to 44.894 EUR in 2021) increased because of some payments done in 2022 for the services finalised or delivered in 2023.

Liabilities

Amounts payable: this has decreased considerably (1,986 million EUR compared to 2,810 million EUR in 2021) mainly because of the smaller carry-over and partly because of fluctuations of what happens financially in a year.

Provision holiday pay: according to Belgian labour law, this was due to more staff employed than in the previous years, as well as due to several salary indexations required by law in 2022.

Accrued charges and deferred income: This covers the carry-over as well as invoices received in the beginning of 2023 for the previous year.

Income

The total income in 2021 was 6,038 million EUR (2021: 4,154 million EUR). This includes

- the EP grant: 4,477 million EUR (2021: 4,347 million EUR) minus carry-over to 2023 of 1,382 million EUR (to 2022: 2,289 million EUR)
- membership fees: 464.591 EUR (2021: 484.962 EUR); the decrease is due to election results in some countries.
- participants' fees: 131.515 EUR (increase due to Copenhagen Congress).

Expenses

The total expenses in 2022 were 6,025 million EUR compared to 4,058 million EUR including the carry-over in 2021. Goods and services were 3,195 million EUR (2021: 1,735 million EUR). Personnel costs were 2,762 million EUR (2021: 2,264 million EUR) which is 45,84 % of total expenses (2021: 55,7 %; 2020: 62%; 2019: 39%, 2018: 38%, 2017: 33%).



Office charges have increased due to an increased presence in the office after the pandemic. Consultancy costs in 2022 were mainly related to setting and managing the Green Screen project and one research project. Both were completed in 2022.

Outcome

The financial outcome of the year is a loss of 7.809,70 EUR, i.e. this amount needed to be dissolved from the funds to cover the 10% own resources requirement to co-finance the EP grant.

(2) Budget-actual comparison 2022 in the Congress Format

2.1 Expenditure

In total, we had 5,98 million EUR eligible expenses (budget including carry over: 6,767 million EUR). This is an increase of 1,985 million EUR compared to 3,997 EUR in 2021. This is due to an increased level of physical events and activities post-pandemic and the organisation of an Extended Congress in Copenhagen.

Category 1: Personnel Costs

Overall, personnel costs were at the budgeted level (+718 EUR). Staff travel costs increased due to post-pandemic activities.

Category 2: Infrastructure and Operating Costs

We spent considerably less than budgeted (337.063 EUR compared to 525.000 EUR budgeted). The main reasons being that home office work arrangements continue(d) and some communication has shifted to free-of-charge services. Again, less was spent on translations than budgeted – though this only concerns statutory events as other translations are part of the project costs (e.g. TILT, other social media). .

Category 3: Administrative costs

We spent 358.303 EUR (7.697 EUR less than in the adopted budget). Extensive research had been commissioned which was completed in 2022. Legal and accounting costs were lower than anticipated.

Category 4: Meetings

2.085.268 EUR was spent in this category (2.718.934 EUR was budgeted), compared to 878.674 EUR spent in 2021. After the pandemic, the first events organised were bigger than budgeted, as participants were eager to reconnect, therefore the budget lines for the Spring Council and the Green Local Councillors conference were overspent. Also costs for organising events have increased compared to pre-pandemic times.

Category 5: Information and Publications

In 2022 we spent 116.797 EUR (2021: 159.425 EUR) compared to 615.000 in the adopted budget. Expenditure was still impeded considerably by ongoing difficulty in advertising Europe-wide due to the Facebook restrictions on political advertising. Also the Climate Campaign was discontinued as a distinct activity in favour of a broader campaign approach in the run-up to the election campaign for 2024.

Non-reimbursable (non-eligible) expenditure



This consists of Invoiced costs of 43.285 EUR (mainly the part of the salaries for which we receive a tax payback from the Belgian state) as well as 18.761 EUR of the corrective measure paid back to the European Parliament after the 2021 audit by the Authority, and the membership fee to the Global Greens.

2.2 Revenues

In 2022, the EGP received a grant of 4,477 million EUR from the European Parliament (compared to 4,347 million EUR in 2021). To be deducted from this amount is the unused grant of 1.382.268,72 EUR which will be carried over to 2023.

Our own resources amounted to 828.350 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.

In 2022, the own resources came mainly from membership fees (BL D.2.1, 464.591 EUR).

Donations (D.3) amount to 8.731 EUR (compared to 12.657 EUR in 2021). A revised fundraising plan is currently being developed bearing in mind the legal and practical limitations.

Participation fees to the Council and Congress (D.4.2) amounted to 131.515 EUR – a very exceptional level because of the very high participation in the Congress in Copenhagen.

In total, we generated an income of 7,595 million EUR leading to a nominal surplus turned carry-over to 2023 of 1,382 million EUR.

Ute Michel, EGP Treasurer
3 May 2023