

FRANK HUYBRECHTS
BEDRIJFSREVISOR

**Financial Audit Report
for the year ended December 31, 2011**

**PARTY OF THE EUROPEAN LEFT ASBL
RUE PARNAFFE 30
1050 BRUXELLES
BELGIUM**

Convention FINS-2011-5

BEDRIJFSREVISOR FRANK HUYBRECHTS BVBA

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Ondernemingsnummer 0889.872.951 - ING 363-0163175-61

According to the audit mandate, I have audited the financial statements, the balance sheet and the profit and loss account for the period of eligibility defined by the grant agreement of PARTY OF THE EUROPEAN LEFT ASBL prepared by its accountant for the year ending December 31, 2011 as laid out on pages 4 to 6 of this document.

1. Respective responsibilities of the party and the auditors

The Party is responsible to the European Parliament for the use of the grant and must comply with the provisions of the Regulation EC (No) 2004/2003 and the underlying acts. It is further responsible for the preparation of its annual financial statements.

I have the responsibility to plan and carry out the required work to verify the financial statements prepared by the Party and to report to the Party with a reasonable assurance our audit opinions.

2. Basis of Opinions

I conducted the audit in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standard Board (IAASB). This standard requires the auditor to plan and carry out his work in a way to obtain sufficient and appropriate evidences and explanations to support his audit opinions. An audit includes an examination, on a sample basis, of evidence relevant to these opinions.

The audit work included specific procedures to gather sufficient and appropriate audit evidence that

- the financial statements have been prepared in accordance with the national legislation applicable to the Party, are free of material misstatement and show a true and fair view of the financial position and the operating results;
- the financial documents submitted by the Party to Parliament are consistent with the financial provisions of the grant agreement;
- the expenditure declared was actually incurred;
- the statement of revenue is exhaustive;
- the obligations arising out of Articles 6, 7, 8, 9(2) and 10(2) of Regulation (EC) No 2004/2003 have been met;
- any surplus carried over to the next financial year has been used in the first quarter of the financial year, pursuant to Article 6a of the Bureau decision;
- the obligations arising out of Article 109(4) of the Financial Regulation have been met;
- the obligations arising from Article II.12 - *Eligible expenditure*, of the grant agreement have been met;
- the obligations arising from Article II.7 - *Award of contracts*, of the grant agreement have been met;

3. Opinions

In our opinion,

- the financial statements have been prepared in accordance with the national legislation applicable to the beneficiary, are free of material misstatement and show a true and fair view of the financial position and the operating results;
- the financial documents submitted by the Party to Parliament are consistent with the financial provisions of the grant agreement;
- the expenditure declared was actually incurred;
- the statement of revenue is exhaustive;
- the obligations arising from the Regulation (EC) No 2004/2003 have been met;
- the obligations arising from the Bureau decision have been met
- any surplus carried over to the next financial year has been used in the first quarter of the financial year, pursuant to Article 6a of the Bureau decision;
- the obligations arising out of Article 109(4) of the Financial Regulation have been met;
- the obligations arising from Article II.12 - Eligible expenditure, of the grant agreement have been met and we were able to reconcile the eligible expenditure with the financial statements;
- the obligations arising from Article II.7 - Award of contracts, of the grant agreement have not been met for every expenditure above 5.000,00 EUR: the total amount for which no formal offers were asked amount to 257.492,31 EUR. Although no formal offers were asked for these expenditures, the Party made the analysis to buy at the best quality/price report;
- We have received all necessary explanations for the purpose of our work.

This report replaces an earlier audit opinion dated June 28, 2012.

Appendices: 5 pp

- **Financial Statements as of December 31, 2011**
- **Budget 2011**
- **Eligible expenses for the carry-over period 1/1/2012-31/3/2012 (audited)**

Geel, August 9, 2012

BEDRIJFSREVISOR FRANK HUYBRECHTS BURG BVBA

Represented by

Frank Huybrechts



FRANK HUYBRECHTS
BEDRIJFSREVISOR

Partie de la Gauche Européenne (Company : 003)
 Balance sheet in T-shape by 31/12/2011 in EUR
 Financial year of (01/01/2011 - 31/12/2011)

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ASSETS		LIABILITIES	
FIXED ASSETS		12.598,92	CAPITAL AND RESERVES
Tangible assets		7.853,84	Accumulated results
Plant, machinery and equipment	3.880,98		24.789,81
23.1000 Plant, machinery and equipment	24.498,94		24.789,81
23.1006 Plant, machinery and equipment: Depreciation	20.615,98		
Furniture and vehicles	3.772,86		254.933,68-
24.1000 Office furniture	6.750,40		95.823,63-
24.1009 furniture en vehicles; depreciation	3.027,54-		
Financial assets			71.238,70-
Other financial assets			40.383,70-
28.8000 Cash guarantees	4.913,08		30.885,00-
4.913,08			24.384,93-
CREDITORS			5.150,00-
Amounts payable within one year			484,25
Trade debts	4.043,08		
41.0000 Suppliers			10.718,18-
44.0000 Invoices to be received			152.310,06-
45.0000 Taxes, remuneration and social security			
45.0000 Social Security Contrib.			
45.0000 Remuneration			
45.0000 Holiday pay			
46.0000 Accrued charges and deferred income			
46.0000 Carry-over grant EP			
TOTAL LIABILITIES		159.310,05-	
CURRENT ASSETS			230.133,87
Amounts receivable within one year			
Trade debtors	8.300,00		
40.0000 Customers			
40.7000 Doubtful amounts			
40.7000 Booked amounts written off memberships			
Other amounts receivable	20.500,00-		
41.1000 subsidies to be received			
41.1000 Cash in bank and in hand			
55.0000 KBC Bank EUR	19.332,15		
55.0000 PayPal	178,23		
57.0000 Cash in hand	250,98		
57.0010 Petty Cash ILS	13,57		
Deferr. charges and accrued income	20.045,59		
49.0000 Deferred charges	20.045,59		
TOTAL ASSETS		230.133,87	
			PROFIT
			0,00

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Partie de la Gauche Européenne (Company : 003)
Balance sheet in T-shape by 31/12/2011 in EUR
Financial year of (01/01/2011 - 31/12/2011)

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COSTS		PROFIT	
OPERATING CHARGES		859.074,49	OPERATING INCOME
Services and other goods	865.740,93		Other operating income
611000 Rent	21.336,12		743.000 Subsidies
611010 Maintenance	3.018,29		743.002 E. Summer university
612100 Water - Electricity	1.615,40		743.010 Carry-over grant EP
612200 Documentation costs	1.804,60		744.000 Memberships
612210 Publications, legales	114,59		749.002 Personal contribution lunch Vouchers
612220 Website	70,86		749.024 Recuperation withholding tax
612300 Office supplies	2.827,33		
612310 Printed matters	44.337,53		
612312 Rent meeting room	1.291,59		
612313 Catering	18.851,23		
612320 Post	2.185,84		
612330 Translations and interpreters	66.013,14		
612340 Publicity	16.180,61		
613100 Phone, fax, internet	5.673,49		
613210 Fees	34.680,27		
613215 Fees social secretary	2.971,82		
613300 Travel expenses: plane, train, tram, taxi...	109.530,02		
613510 Travel expenses: Hotels	113.400,21		
614100 Insurances	163,75		
615040 Congress, events	117.558,93		
615200 Resto	2.486,40		
620200 Remuneration, social security costs and pensions	179.51,20		
621000 Salaried staff	142.518,13		
623020 Emp contrib. soc. secur.	37.373,85		
623110 Meal vouchers	840,00		
623200 Medical costs	708,19		
623210 Canteen costs	18,29		
623300 Costs for the employer	4.270,00		
623300 Provision holiday pay	6.337,29		
630210 Depreciation and other amounts written off formation expenses, intangible and tangible fixed assets	3.362,60		
630210 Depreciation installations	2.684,55		
630220 Depreciation office furniture	678,05		
634000 Amounts written off stocks, contracts in progress and trade debtors (increase +, decrease -)	20.500,00		
634000 Increase (+) in amounts written off memberships	20.500,00		
643000 Other operating charges	10,78		
643000 Withholding tax	10,78		
OPERATING PROFIT		70.671,95	
FINANCIAL CHARGES			FINANCIAL INCOME
Interest and other debt charges		7.620,20	Income from current assets
650000 Interest/comcharges debt	5.541,88	7.510,00	Income current assets
Other financial charges		2.078,34	Other financial income
654000 Realized exchanges losses	6,29	75.400,00	Realized exchange gains
657000 Other financial charges	30,57	75.710,00	Payment differences
659000 Bankcharges	2.041,48	7,88	

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COSTS		PROFIT	
		FINANCIAL LOSS	7.451,04
Profit on ordinary activities, before taxes	63.227,91		
EXTRAORDINARY CHARGES			
Other extraordinary charges	832,49-	832,49-	
Other extraordinary charges	832,49-	832,49-	
EXTRAORDINARY PROFIT	832,49-		
Profit for the year, before taxes	64.060,40-		
Profit for the year	64.060,40-		
Profit for the year available for appropriation	64.060,40-		
Loss brought forward	88.860,21		
60.300	Losses brought forward		
LOSSES TO BE APPROPRIATED		24.799,81	
Loss to be carried forward	24.799,81-		
78.300	Loss to be carried forward		
RESULT APPROPRIATION		24.799,81-	
INCOME STATEMENT		0,00	
BALANCE AND INCOME STATEMENT		0,00	
TOTAL	0,00		

Partie de la Gauche Européenne (Company : 003)
Balance sheet in T-shape by 31/12/2011 in EUR
Financial year of (01/01/2011 - 31/12/2011)

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Budget 2011

EXPENDITURE		REVENUE	
		Budget	Actual
A.1: Personnel costs			
1. Salaries	204.000,00	181.244,94	
2. Contributions	€95.000,00	135.521,38	
3. Professional training	€84.000,00	44.615,78	
4. Staff mission expenses	€10.000,00	0,00	
5. Other personnel costs	€5.000,00	0,00	
6. A.2: Infrastructure and operating costs	€10.000,00	1.107,78	
1. Rent, charges and maintenance costs	€40.000,00	38.870,83	
2. Costs relating to the installation, operation and maintenance of equipment	€25.000,00	26.063,86	
3. Depreciation of movable and immovable property	€2.000,00	278,18	
4. Stationery and office supplies	€2.000,00	3.362,80	
5. Postal and telecommunications charges	€2.000,00	1.261,87	
6. Printing, translation and reproduction costs	€2.000,00	7.108,15	
7. Other infrastructure costs	€3.000,00	384,78	
A.3: Administrative expenditure			
1. Documentation costs (newspapers, press agencies, databases)	€4.000,00	30.701,89	
2. Costs of studies and research	€4.000,00	392,10	
3. Legal costs	€2.000,00	0,00	
4. Accounting and audit costs	€20.000,00	114.59	
5. Support to affiliated organisations and subsidies to third parties	€10.000,00	30.195,00	
6. Miscellaneous administrative costs	€2.000,00	0,00	
A.4: Meetings and representation costs			
1. Costs of meetings of the political party	€64.000,00	556.366,14	
2. Participation in seminars and conferences	€40.000,00	519.687,92	
3. Representation costs	€60.000,00	0,00	
4. Cost of invitations	€20.000,00	36.771,31	
5. Other meeting-related costs	€4.000,00	0,00	
A.5: Information and publication costs			
1. Publication costs	€30.000,00	27.901,84	
2. Creation and operation of Internet sites	€9.828,00	7.966,81	
3. Publicity costs	€50.000,00	32,27	
4. Communications equipment (gadgets)	€20.000,00	19.902,86	
5. Seminars and exhibitions	€5.000,00	0,00	
6. Election campaigns ¹	€60.000,00	0,00	
7. Other information-related costs	€5.000,00	0,00	
A.6: Expenditure relating to contributions in kind			
A.7: Allocation to "Provision to cover eligible expenditure to be incurred in the first quarter of N+1"		159.310,05	
A. TOTAL ELIGIBLE EXPENDITURE	1.029.828,00	996.395,98	
B.1: Non-eligible expenditure	0,00	27.138,31	
1. Allocations to other provisions			
2. Financial charges			
3. Exchange losses			
4. Doubtful claims on third parties			
5. Others (to be specified)			
B. TOTAL NON-ELIGIBLE EXPENDITURE	0,00	27.138,31	
C. TOTAL EXPENDITURE	1.029.828,00	1.023.533,60	
H.1 Allocation of own resources to the specific reserve account¹		64.060,40	
H. Profit/Loss for verifying compliance with the no-profit rule (G-H.1)¹	0,00	0,00	
G. Profit/Loss (F-C)	0,00	64.060,40	
F. TOTAL REVENUE	1.029.828,00	1.023.533,60	
E. REVENUE (to cover non-eligible expenditure	0,00	0,00	
F. TOTAL REVENUE	1.029.828,00	1.023.533,60	
D. REVENUE (to cover eligible expenditure)	1.029.828,00	1.023.533,60	
E.1 Additional other own resources (to cover non-eligible expenditure) (to be listed)			
E. REVENUE (to cover non-eligible expenditure)	0,00	0,00	
F. TOTAL REVENUE	1.029.828,00	1.023.533,60	

¹: Not applicable to political foundations at European level

Eligible expenses for the carry-over period 1/1/2012-31/3/2012 (audited)

Bills by Category	Spent
Rubrique 1: Frais de personnel	
1. Salaires	€ 45.713,63
2. Charges	16.817,70
3. Formation professionnelle	€ 0,00
4. Frais de mission du personnel	€ 0,00
5. Autres frais de personnel	€ 850,60
Total Rubrique 1	€ 63.381,93
Rubrique 2: Frais d'infrastructure	
1. Loyer, charges et frais d'entretien	€ 6.674,53
2. Frais d'installation, d'exploitation et d'entretien afférents aux équipements	€ 0,00
3. Frais d'amortissement des biens meubles et immeubles	€ 0,00
4. Papeterie et fournitures de bureau	€ 111,96
5. Affranchissement et télécommunication	€ 2.679,81
6. Frais d'impression, de traduction, de reproduction	€ 0,00
7. Autres frais d'infrastructure	€ 100,79
Total Rubrique 2	€ 9.567,09
Rubrique 3: Dépenses de fonctionnement	
1. Frais de documentation (journaux, age)	€ 50,00
2. Frais d'étude et de recherche	€ 0,00
3. Frais juridique	€ 1.452,00
4. Frais de comptabilité et d'audit	€ 0,00
5. Aide aux organisations affiliées et subventions à des tiers	€ 0,00
5. Frais divers de fonctionnement	€ 0,00
Total Rubrique 3	€ 1.502,00
Rubrique 4: Réunion et frais de représentation	
1. Frais de réunions du parti politique	€ 135.415,52
2. Participation à des séminaires et conférences	€ 0,00
3. Frais de représentation	€ 915,20
4. Frais pour les invitations	€ 0,00
5. Autres frais de réunions	€ 1.129,76
Total Rubrique 4	€ 137.460,48
Rubrique 5: Dépense d'information et de publication	
1. Frais de publication	€ 0,00
2. Création et exploitation de sites Internet	€ 0,00
3. Frais de publicité	€ 27.230,66
4. Matériel de communication (gadgets)	€ 2.257,79
5. Séminaires	€ 0,00
6. Expositions	€ 0,00
7. Autres frais d'information	€ 151,06
Total Rubrique 5	€ 29.639,51
Rubrique 6: Dépenses relatives aux appo!	
Total Rubrique 6	€ 63.381,93
Dépenses non éligibles	
1. Dotations aux provisions	€ 0,00
2. Charges financières	€ 2.242,67
3. Pertes de change	€ 0,00
4. Crédences douteuses	€ 328,00
5. Autres (à préciser)	€ 0,00
Total Dépenses non éligibles	€ 2.570,67
Total (exclus les Dépenses non éligibles)	€ 241.551,01

Annex : Clarification on Audit Opinion – Audit Report PARTY OF THE EUROPEAN LEFT ASBL dated August 9, 2012

Referring to my opinion, expressed in the audit report dated August 9, 2012, I would like to clarify following point:

- the obligations arising from Article II.7 - Award of contracts, of the grant agreement have not been met for every expenditure above 5.000,00 EUR: the total amount for which no formal offers were asked amount to 257.492,31 EUR. Although no formal offers were asked for these expenditures, the Party made the analysis to buy at the best quality/price report;

This part of the opinion refers to the *Article II.7 – Award of the Contract* of the Convention Fins-2011-5, concluded between

- The European Parliament, represented by M. Jerzy Buzek, and
- Party of the European Left ASBL, represented by M. Dieter Helm and M. Pierre Laurent.

Article II.7 – Award of the Contract stipulates:

If the beneficiary is required to conclude contracts for the purposes of implementing the work programme and those contracts constitute eligible expenditure under the operation budget, the Beneficiary shall be required to seek competitive tenders from potential contractors and to award the contract to the contractor making the most economically advantageous bid, i.e. the bid offering the best value for money; in so doing it shall observe the principles of transparency and equal treatment of potential contractors and shall take care to avoid any conflict of interests.

The Beneficiary shall bear sole liability in respect of the implementation of work programme and compliance with the provision of Decision. The Beneficiary must undertake to make all the arrangements required to ensure that the contract agrees to waive all rights vis-à-vis the European Parliament under the Decision

In order to be able as an auditor to check if the Beneficiary has sought competitive tenders and has chosen the most economically advantageous tender, the Beneficiary should

1. Have a formal written purchasing procedure
2. Ask written confirmations of all offers sought
3. Classify all orders received

For the moment, the Party of the European Left does not fulfill these 3 criteria's. As a result It's my opinion that article II.7 is not fully met, because of the lack of the formal procedure/offers.

FRANK HUYBRECHTS
BEDRIJFSREVISOR

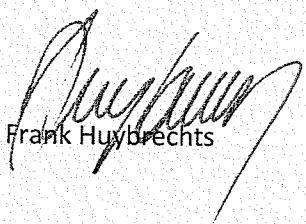
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However, based on our audit, which was done on a sample base as indicated in the audit report, we have no knowledge that the principles of Transparency, equal treatment of contractors and conflict of interest are not respected. As indicated in the second part of our expression, the Party of the European Left has confirmed and indicated to us that their purchasing procedure at this time is a more informal procedure, but as well leading to a decision based on the best quality/Prize report.

Geel, August 17, 2012

BEDRIJFSREVISOR FRANK HUYBRECHTS BURG BVBA

Represented by



A handwritten signature in black ink, appearing to read "Huybrechts".

Frank Huybrechts