

**Group of the European People's Party
(Christian Democrats)
in the European Parliament**

Short Form Report
on the Accounts of
Budget Item 400 for
the year ended
31 December 2013



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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Following our appointment, we have audited the accompanying annual accounts of the Group of the European People's Party (Christian Democrats) in the European Parliament ('the Group'), which comprise the balance sheet as at 31 December 2013 and the revenue and expenditure statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the annual accounts

The Management is responsible for the preparation and fair presentation of these annual accounts in accordance with the rules adopted by the European Parliament Bureau in the version of 30 June 2003, as subsequently amended, in respect of the procedures for the use of resources of budget item 400 of the European Parliament and with the Group's internal rules (hereafter: 'Applicable Rules'), and for such internal control as the Management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the Réviseur d'Entreprises agréé

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgement of the Réviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the annual accounts.

By carrying out our work, we have verified that expenditure has been made in accordance with the Applicable Rules as well as the Group's financial regulations.

Our audit work included specific procedures aimed at gathering sufficient and appropriate audit evidence that:

- Expenditures have been charged to the correct budget item;
- Appropriations are available;
- The principles of sound financial management have been applied;
- Expenditure conformed to Applicable Rules;
- Payment orders are supported by original documentation (or certified copies);
- The annual accounts have been prepared in accordance with the harmonised accounting plan 400;
- The annual accounts have been prepared in accordance with generally accepted accounting principles as laid out in articles 186 to 194 of the Implementing Rules. Departures from these principles have been adequately explained by means of notes to the prepared annual accounts.
- 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.

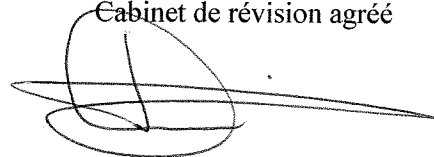
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the annual accounts of the Group as at 31 December 2013 are prepared, in all material respects, in accordance with the Applicable Rules.

Luxembourg, 28 April 2014

KPMG Luxembourg S.à r.l.
Cabinet de révision agréé



P. Wies

**Balance sheet of the Group of the European People's Party
(Christian Democrats)
in the European Parliament
for budget item 400 as at 31 December 2013**

ASSETS		Notes	<u>31/12/2013</u> EUR		<u>31/12/2012</u> EUR	
I	Tangible and intangible fixed assets					
I.1	Intangible fixed assets		-		-	
I.2	Tangible fixed assets	3, 7	<u>92.332</u>	92.332	<u>111.325</u>	111.325
II	Debtors, stocks and other current assets	4.1				
II.1	Suppliers		49.899		12.000	
II.2	Staff		49.863		22.330	
II.3	Value added tax		15.040		26.491	
II.4	Stocks		-		-	
II.5	Others		<u>42.787</u>	157.589	<u>143.633</u>	204.454
III	Cash and bank	4.2				
III.1	Securities		190.493		208.287	
III.2	Cash		<u>8.585.850</u>	8.776.343	<u>4.927.781</u>	5.136.068
IV	Deferred charges/Accrued income					
IV.1	Deferred charges		55.744		-	
IV.2	Accrued income		<u>157.375</u>	213.119	<u>-</u>	-
TOTAL ASSETS				<u><u>9.239.383</u></u>		<u><u>5.451.847</u></u>

**Balance sheet of the Group of the European People's Party
(Christian Democrats)
in the European Parliament
for budget item 400 as at 31 December 2013
(continued and end)**

LIABILITIES		Notes	31/12/2013		31/12/2012	
			EUR	EUR	EUR	EUR
I	Reserves	3				
I.1	Balance carried forward		<u>7.642.156</u>	7.642.156	<u>4.177.571</u>	4.177.571
II	Financial debts					
II.1	Financial debts of more than one year		-	-	-	-
II.2	Financial debts of less than one year		<u>-</u>	-	<u>-</u>	-
III	Other debts	4.3				
III.1	Other debts		-	-	-	-
III.2	Charges settled in the year/period and paid in the following year		<u>1.586.686</u>	1.586.686	<u>1.274.276</u>	1.274.276
IV	Accrued charges/Deferred income					
IV.1	Accrued charges		-	-	-	-
IV.2	Deferred income		<u>10.541</u>	10.541	<u>-</u>	-
TOTAL LIABILITIES				<u><u>9.239.383</u></u>		<u><u>5.451.847</u></u>

**Resources available of the Group of the European People's Party
(Christian Democrats)
in the European Parliament
for budget item 400 for the year ended 31 December 2013**

	Notes	01/01/2013 - 31/12/2013 EUR	01/01/2012 - 31/12/2012 EUR
I REVENUE			
I.1 EP SUBSIDIES AND OTHER EP REVENUE			
I.1.1 Allocation from EP	3, 5.1	21.680.180	21.127.608
I.1.2 Other revenue from EP		-	-
		<u>21.680.180</u>	<u>21.127.608</u>
I.2 OWN RESOURCES			
I.2.1 Interest and similar receipts		217.127	181.464
I.2.2 Exchange gains		4.166	3.984
I.2.3 Miscellaneous resources	5.2	465	7.360
I.2.4 Amount carried forward from the preceding financial year		4.177.571	1.831.510
		<u>4.399.329</u>	<u>2.024.318</u>
TOTAL REVENUE	3	<u><u>26.079.509</u></u>	<u><u>23.151.926</u></u>

**Expenditure of the Group of the European People's Party
(Christian Democrats)
in the European Parliament
for budget item 400 for the year ended 31 December 2013
(continued)**

	Notes	01/01/2013 - 31/12/2013 EUR	01/01/2012 - 31/12/2012 EUR
II EXPENDITURE			
II.1 STAFF			
II.1.1 Secretariat missions		3.305.906	3.137.431
II.1.2 Recruitment		4.773	14.309
II.1.3 Traineeships		299.960	325.174
II.1.4 Salaries and related costs, fees		1.046.249	1.799.367
II.1.5 Staff training		111.354	107.756
II.1.6 Staff entertainment		85.538	69.973
		4.853.780	5.454.010
II.2 EQUIPMENT, ROUTINE ADMINISTRATIVE EXPENDITURE AND OPERATING EXPENDITURE			
II.2.1 Equipment, operating expenditure, computer engineering and maintenance		287.797	281.400
II.2.2 Equipment, telecommunications-related installation and maintenance expenditure, office machinery, furniture and technical installations		51.899	108.551
II.2.3 Stationery and office supplies		14.828	12.025
II.2.4 Postage and telecommunications		140.523	136.215
II.2.5 Printing and photocopying costs		253.209	313.453
II.2.6 Office rental costs		90.258	81.245
		838.514	932.889
II.3 DOCUMENTATION, STUDIES AND RESEARCH			
II.3.1 Newspapers, magazines, press agencies and books		207.106	268.640
II.3.2 Studies and research		2.500	10.870
II.3.3 Databases		-	600
		209.606	280.110
II.4 LEGAL AND ACCOUNTING COSTS, FINANCIAL CHARGES AND OTHER OPERATING EXPENDITURE			
II.4.1 Legal costs		11.688	1.900
II.4.2 Accounting and audit costs		64.540	51.590
II.4.3 Financial charges and exchange losses		47.692	58.962
II.4.4 Translation and interpreting costs		2.652	99.795
II.4.5 Other operating expenditure		13.710	49.103
		140.282	261.350

**Expenditure of the Group of the European People's Party
(Christian Democrats)
in the European Parliament
for budget item 400 for the year ended 31 December 2013
(continued and end)**

	Notes	01/01/2013 - 31/12/2013 EUR	01/01/2012 - 31/12/2012 EUR
II.5 EXPENDITURE ON MEETINGS AND ENTERTAINMENT			
II.5.1 Official Group meetings		728.183	1.211.636
II.5.2 Other meetings and conferences		930.861	1.144.580
II.5.3 Expenditure on entertainment		90.653	123.197
II.5.4 Guests		29.163	24.235
II.5.5 Fact-finding missions by individual Members		151.574	181.306
		<u>1.930.434</u>	<u>2.684.954</u>
II.6 PUBLICATIONS AND ADVERTISING			
II.6.1 Posters, booklets, publications		394.910	413.310
II.6.2 Advertising inserts and audiovisual advertising		212.708	236.365
II.6.3 Advertising material, novelty items, telecommunications advertising		1.792.695	985.047
II.6.4 Internet sites and cyber advertising		462.228	460.037
II.6.5 Visits to institutions, information stands		596.994	564.898
		<u>3.459.535</u>	<u>2.659.657</u>
II.7 MEMBERS			
II.7.1 Decentralised political and information activities	5.3	7.000.702	6.695.540
		<u>7.000.702</u>	<u>6.695.540</u>
II.8 SUBSIDIES AND SUBSCRIPTIONS			
II.8.1 Subsidies		4.500	5.845
II.8.2 Subscriptions		-	-
		<u>4.500</u>	<u>5.845</u>
TOTAL EXPENDITURE	3	<u>18.437.353</u>	<u>18.974.355</u>
BALANCE CARRIED FORWARD	3	<u>7.642.156</u>	<u>4.177.571</u>
GRAND TOTAL OF REVENUE AND EXPENDITURE		<u>26.079.509</u>	<u>23.151.926</u>

**Group of the European People's Party (Christian Democrats)
in the European Parliament
Notes to the accounts for the year ended 31 December 2013**

1 General

Officially recognised as the Christian Democrat Group on 23 June 1953, pursuant to the Resolution of the Common Assembly of the European Coal and Steel Community, the Group changed its name, following the European elections in 2009 from 'Group of the European People's Party (Christian Democrats) and European Democrats' to 'Group of the European People's Party (Christian Democrats)' hereafter referred to as 'EPP Group'.

With 275 Members as at 31 December 2013, the EPP Group is the largest political Group in the European Parliament (hereafter referred to as 'EP').

2 Basis of preparation

The accounts have been prepared in accordance with the rules concerning the use of resources of the budget item, '400 Expenditure for political and information activities and secretarial costs of the groups and members with no affiliation to any political party', as adopted by the Bureau of the EP in the version of 30 June 2003, revised by the Bureau of the EP on 22 March 2006, on 11 July 2007, on 29 September 2010, on 23 March 2011, on 26 September 2011, on 2 July 2012 and on 11 March 2013.

According to article 2.1.1 of the financial rules governing budget item 400 this report covers the financial year 2013.

3 Significant accounting and valuation principles

The accounts have been prepared on the historic cost basis and in accordance with the generally accepted accounting principles, namely:

- going concern;
- prudence;
- consistent accounting methods;
- comparability of information;
- no netting;
- substance over form.

According to article 2.5.3 of the budget item '400 Expenditure for political and information activities and secretarial costs of the groups and members with no affiliation to any political party', the accounts are drawn up on a modified accrual basis. All expenses occurred up to 31 December of the current budgetary period and paid before 31 January the following year are accounted for as expense in the reporting period. Expenses of the accounting period that are settled after the balance sheet date are shown in the balance sheet under position III.2 'Charges settled in the year and paid in the following year'.

Group of the European People's Party (Christian Democrats)
in the European Parliament
Notes to the accounts for the year ended 31 December 2013
(continued)

3 Significant accounting and valuation principles (continued)

Valuation principles

Fixed-term securities shown under the position III. 'Cash and bank' are valued at lower of cost or market. The fixed term deposits are valued at their nominal value.

Debtors are recorded at their nominal value while liabilities are stated at their repayment value.

Foreign currencies

The accounts are expressed in Euros (EUR).

All balances in foreign currencies are converted with the exchange rate as per balance sheet date, except for fixed assets which are valued at their acquisition cost.

Income and expenditure in foreign currencies are converted to EUR at the exchange rate of the second last day of the previous month as published by the European Central Bank (ECB).

Gains and losses on foreign exchange are recognised as income or expense in accordance with the imparity principle.

Tangible fixed assets

Fixed assets are depreciated starting the month of purchase of the asset. The EPP Group has applied the rule as per 1 January 2005.

Assets with an acquisition cost higher than EUR 420 and a normal useful economic life of more than one year are capitalised and depreciated on a straight line basis as follows:

	<u>Depreciation p.a.</u>
Software	25,0%
Hardware	25,0%
Telecommunications equipment	25,0%
Technical equipment	12,5%
Miscellaneous installations and machines	12,5%
Furniture (chairs, desks, cupboards)	10,0%

A recapitulative table of the assets in the balance sheet is available under point 7.

**Group of the European People's Party (Christian Democrats)
in the European Parliament**
Notes to the accounts for the year ended 31 December 2013
(continued)

3 Significant accounting and valuation principles (continued and end)

Reserves

At year end a maximum of 50% of the annual subsidies may be brought forward to the following year. Surpluses in excess of this amount have to be transferred to the EP.

The balance carried forward to the financial period 2014 is calculated as follows:

	EUR
1. Subsidies received from the EP for 2013	21.680.180 ✓
2. Maximum amount transferable to next accounting period (50% of the subsidies received from the EP for 2013)	10.840.090 ✓
3. Total revenue in 2013	26.079.509 ✓
4. Total expenditures in 2013	18.437.353 ✓
5. Difference between revenue and expenditures 2013	7.642.156 ✓
6. Subsidies to be transferred to the EP	-
7. Amount carried forward to the following accounting year 2014	7.642.156 ✓

**Group of the European People's Party (Christian Democrats)
in the European Parliament
Notes to the accounts for the year ended 31 December 2013
(continued)**

4 Significant balance sheet positions

4.1 Debtors, stocks and other current assets of EUR 157.589 (31 December 2012: EUR 204.454) are due within one year.

Caption II.2 'Staff' of EUR 49.863 (31 December 2012: EUR 22.330) represents advances to staff for which recipients of the funds have not yet provided supplying documentation (non-justified advances).

Caption II.5 'Others' includes an amount of EUR 40.389 representing subsidies to national delegations' external offices (31 December 2012: EUR 31.619) for which the recipients of the funds have not yet provided supporting documentation (non-justified advances). These expenses will be accounted for in the revenue and expenditure statement once the receipts have been processed.

4.2 Cash and banks as at 31 December 2013 are presented as follows:

	31/12/2013	31/12/2012
	EUR	EUR
Share certificates	150	-
Fixed-rate securities	190.343	208.287
Total securities	190.493	208.287
Term deposits	7.859.957	4.800.150
Current accounts	723.375	124.879
Petty cash	2.518	2.752
Total cash	8.585.850	4.927.781
TOTAL	8.776.343	5.136.068

The securities are valued at lower of cost or market. The market value of the securities at year end amounts to EUR 190.343 (31 December 2012: EUR 208.287). Value adjustments from the application of the lower cost market value principle of EUR 38.306 (31 December 2012: EUR -) are included under Caption I.2.1 'Interests and similar receipts'. The share certificates are valued at cost of acquisition and can be redeemed at nominal value.

4.3 Caption III 'Other debts' includes EUR 1.586.686 (31 December 2012: EUR 1.274.276) representing expenditures accounted for during the period and payable within the first month after the year end.

**Group of the European People's Party (Christian Democrats)
in the European Parliament
Notes to the accounts for the year ended 31 December 2013
(continued)**

5 Significant revenue and expenditure positions

- 5.1 Subsidies from the EP represent resources made available to cover secretarial costs and expenses for other political and information activities.
- 5.2 Caption I.2.3 'Miscellaneous resources' represents income resulting from adjustments to the supplier accounts in respect of previous financial periods.
- 5.3 Expenses under position II.7.1 'Decentralised political and information activities' relate to political and information activities of members as well as political and information activities of national delegations, and consist of the following categories:

Heading	01/01/2013-31/12/2013		01/01/2012- 31/12/2012	
	EUR	in %	EUR	in %
Staff costs	313.516	4,48%	302.068	4,51%
Material, maintenance and operating expenses	3.243	0,05%	3.489	0,05%
Documentation, surveys and research expenses	255.475	3,65%	186.834	2,79%
Meetings and conferences	1.749.315	24,99%	1.752.027	26,17%
Invitations	978.993	13,98%	1.086.908	16,23%
Brochures and other publications	1.144.658	16,35%	1.038.701	15,51%
Adverts and audio-visual advertising	476.121	6,80%	360.019	5,38%
Promotional material	1.015.629	14,51%	982.209	14,67%
Internet	448.934	6,41%	517.067	7,72%
Visit groups	614.818	8,78%	466.218	6,96%
	7.000.702	100,00%	6.695.540	100,00%

**Group of the European People's Party (Christian Democrats)
in the European Parliament
Notes to the accounts for the year ended 31 December 2013
(continued)**

6 Commitments

As per 31 December 2013 'Other financial commitments' amount to EUR 414.070 (31 December 2012: EUR 479.865) and result from rental agreements for copy machines.

There is no commitment longer than one year from rental agreements for external offices.

**Group of the European People's Party (Christian Democrats)
in the European Parliament
Notes to the accounts for the year ended 31 December 2013
(continued)**

7 Tangible fixed assets

Category and depreciation rate	Computer software 25% (Euro)	Computer hardware 25% (Euro)	Telecom equipment 25% (Euro)	Technical equipment and supplies 12,50% (Euro)	Miscellaneous installations and machines 12,5% (Euro)	Furniture (chairs, desks, cupboards) 10% (Euro)	Total (Euro)
Historic cost							
Opening balances (historic cost)	34.477	210.569	391.121	12.088	10.890	61.146	720.291
Less Sales entered in profit and loss account	7.382	65.905	24.563	0	1.052	0	98.902
Add Acquisitions during financial year		5.409	13.469	0	0	7.794	26.672
Add Transfers							
Gives Closing balance at historic cost	27.095	150.073	380.027	12.088	9.838	68.940	648.061
Accumulated depreciation							
Opening balances (accumulated depreciation)	26.008	194.259	332.671	7.965	10.117	37.946	608.966
Less accumulated depreciation of fixed assets sold and entered in profit and loss account	7.382	65.905	23.396	0	1.052	0	97.735
Add depreciation for financial year	4.352	9.299	25.953	879	207	3.808	44.498
Gives Closing balance at historic cost	22.978	137.653	335.228	8.844	9.272	41.754	555.729
Net value							
Net accounting value as at 31/12/2012	8.469	16.310	58.450	4.123	773	23.200	111.325
Net accounting value as at 31/12/2013	4.117	12.420	44.799	3.244	566	27.186	92.332

**Group of the European People's Party (Christian Democrats)
in the European Parliament
Notes to the accounts for the year ended 31 December 2013
(continued and end)**

8 Technical support to political parties and foundations (EC regulation 2004/2003)

The EPP Group has not granted any technical support to political parties and foundations (namely to the European People's Party or to the Centre for European Studies) as defined in article 11 of the EP Bureau decision dated 29 March 2004.