

**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 period from
1 January 2014 to
30 June 2014



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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Following our appointment, we have audited the accompanying semi-annual accounts of the Group of the European People's Party (Christian Democrats) in the European Parliament ('the Group'), which comprise the balance sheet for the period from 1st January 2014 to 30 June 2014 and the revenue and expenditure statement for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the semi-annual accounts

The Management is responsible for the preparation and fair presentation of these semi-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 semi-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 semi-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 semi-annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the semi-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 semi-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 semi-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 semi-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 semi-annual accounts have been prepared in accordance with the harmonised accounting plan 400.
- The semi-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 semi-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.

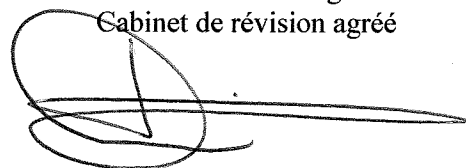
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the semi-annual accounts of the Group for the period from 1st January 2014 to 30 June 2014 are prepared, in all material respects, in accordance with the Applicable Rules.

Luxembourg, October 27, 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 30 June 2014**

ASSETS		Notes	<u>30/06/2014</u>		<u>31/12/2013</u>	
			EUR	EUR	EUR	EUR
I	Tangible and intangible fixed assets					
I.1	Tangible fixed assets	3, 7	<u>85.359</u>	85.359	<u>92.332</u>	92.332
II	Debtors, stocks and other current assets	4.1				
II.1	Suppliers		26.161		49.899	
II.2	Staff		496.342		49.863	
II.3	Value added tax		26.931		15.040	
II.4	Stocks		-		-	
II.5	Others		<u>2.397</u>	551.831	<u>42.787</u>	157.589
III	Cash and banks	4.2				
III.1	Securities		172.420		190.493	
III.2	Cash		<u>8.381.922</u>	8.554.342	<u>8.585.850</u>	8.776.343
IV	Deferred charges/Accrued income					
IV.1	Deferred charges		21.482		55.744	
IV.2	Accrued income		<u>59.705</u>	81.187	<u>157.375</u>	213.119
TOTAL ASSETS				<u><u>9.272.719</u></u>		<u><u>9.239.383</u></u>

The notes form an integral part of the accounts.

**Balance sheet of the Group of the European People's Party
(Christian Democrats)
in the European Parliament
for budget item 400 as at 30 June 2014**

LIABILITIES		Notes	<u>30/06/2014</u>		<u>31/12/2013</u>	
			EUR		EUR	
I	Reserves	3				
I.1	Balance carried forward		<u>7.649.246</u>	7.649.246	<u>7.642.156</u>	7.642.156
III	Other debts	4.3				
III.1	Other debts		10.299		-	
III.2	Charges settled in the year/period and paid in the following year		<u>1.576.113</u>	1.586.412	<u>1.586.686</u>	1.586.686
IV	Accrued charges/Deferred income					
IV.2	Deferred income		<u>37.061</u>	37.061	<u>10.541</u>	10.541
TOTAL LIABILITIES			<u><u>9.272.719</u></u>		<u><u>9.239.383</u></u>	

The notes form an integral part of the accounts.

**Resources available of the Group of the European People's Party
(Christian Democrats)
in the European Parliament
for budget item 400 for the period ended 30 June 2014**

	Notes	01/01/2014 - 30/06/2014 EUR	01/01/2013 - 31/12/2013 EUR
I REVENUE			
I.1 EP SUBSIDIES AND OTHER EP REVENUE			
I.1.1 Allocation from EP	3, 5.1	11.147.283	21.680.180
		<u>11.147.283</u>	<u>21.680.180</u>
I.2 OWN RESOURCES			
I.2.1 Interest and similar receipts		101.128	217.127
I.2.2 Exchange gains		563	4.166
I.2.3 Miscellaneous resources	5.2	69.157	465
I.2.4 Amount carried forward from the preceding financial year		7.642.156	4.177.571
		<u>7.813.004</u>	<u>4.399.329</u>
TOTAL REVENUE	3	<u><u>18.960.287</u></u>	<u><u>26.079.509</u></u>

The notes form an integral part of the accounts.

**Expenditure of the Group of the European People's Party
(Christian Democrats)
in the European Parliament
for budget item 400 for the period ended 30 June 2014**

	Notes	01/01/2014 - 30/06/2014 EUR	01/01/2013 - 31/12/2013 EUR
II EXPENDITURE			
II.1 STAFF			
II.1.1 Secretariat missions		1.338.309	3.305.906
II.1.2 Recruitment		2.250	4.773
II.1.3 Traineeships		119.816	299.960
II.1.4 Salaries and related costs, fees		462.562	1.046.249
II.1.5 Staff training		69.903	111.354
II.1.6 Staff entertainment		25.354	85.538
		2.018.194	4.853.780
II.2 EQUIPMENT, ROUTINE ADMINISTRATIVE EXPENDITURE AND OPERATING EXPENDITURE			
II.2.1 Equipment, operating expenditure, computer engineering and maintenance		120.536	287.797
II.2.2 Equipment, telecommunications-related installation and maintenance expenditure, office machinery, furniture and technical installations		29.150	51.899
II.2.3 Stationery and office supplies		34.482	14.828
II.2.4 Postage and telecommunications		72.904	140.523
II.2.5 Printing and photocopying costs		178.878	253.209
II.2.6 Office rental costs		22.565	90.258
		458.515	838.514
II.3 DOCUMENTATION, STUDIES AND RESEARCH			
II.3.1 Newspapers, magazines, press agencies and books		143.861	207.106
II.3.2 Studies and research		-	2.500
		143.861	209.606
II.4 LEGAL AND ACCOUNTING COSTS, FINANCIAL CHARGES AND OTHER OPERATING EXPENDITURE			
II.4.1 Legal costs		-	11.688
II.4.2 Accounting and audit costs		53.320	64.540
II.4.3 Financial charges and exchange losses		48.406	47.692
II.4.4 Translation and interpreting costs		-	2.652
II.4.5 Other operating expenditure		2.669	13.710
		104.395	140.282

The notes form an integral part of the accounts.

**Expenditure of the Group of the European People's Party
(Christian Democrats)
in the European Parliament
for budget item 400 for the period ended 30 June 2014
(continued)**

	Notes	01/01/2014 - 30/06/2014 EUR	01/01/2013 - 31/12/2013 EUR
II.5 EXPENDITURE ON MEETINGS AND ENTERTAINMENT			
II.5.1 Official Group meetings		588.985	728.183
II.5.2 Other meetings and conferences		451.597	930.861
II.5.3 Expenditure on entertainment		84.809	90.653
II.5.4 Guests		6.244	29.163
II.5.5 Fact-finding missions by individual Members		72.212	151.574
		<u>1.203.847</u>	<u>1.930.434</u>
II.6 PUBLICATIONS AND ADVERTISING			
II.6.1 Posters, booklets, publications		189.577	394.910
II.6.2 Advertising inserts and audiovisual advertising		175.747	212.708
II.6.3 Advertising material, novelty items, telecommunications advertising		413.497	1.792.695
II.6.4 Internet sites and cyber advertising		385.006	462.228
II.6.5 Visits to institutions, information stands		293.025	596.994
		<u>1.456.852</u>	<u>3.459.535</u>
II.7 MEMBERS			
II.7.1 Decentralised political and information activities	5.3	5.925.377	7.000.702
		<u>5.925.377</u>	<u>7.000.702</u>
II.8 SUBSIDIES AND SUBSCRIPTIONS			
II.8.1 Subsidies		-	4.500
II.8.2 Subscriptions		-	-
		<u>-</u>	<u>4.500</u>
TOTAL EXPENDITURE	3	<u>11.311.041</u>	<u>18.437.353</u>
BALANCE CARRIED FORWARD	3	<u>7.649.246</u>	<u>7.642.156</u>
GRAND TOTAL OF REVENUE AND EXPENDITURE		<u>18.960.287</u>	<u>26.079.509</u>

The notes form an integral part of the accounts.

**Group of the European People's Party (Christian Democrats)
in the European Parliament
Notes to the accounts for the period ended 30 June 2014**

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 274 Members as at 30 June 2014, the EPP Group is the largest political Group in the European Parliament (hereafter referred to as 'EP'). After the European Elections (taking place on 25 May 2014) the Group remained the largest political group with 220 members.

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 20 September 2010, on 23 March 2011, on 26 September 2011, on 2 July 2012, on 11 March 2013, on 24 February 2014 and on 14 April 2014.

According to article 2.1.1 of the financial rules governing budget item 400 this report covers the period from 1 January 2014 to 30 June 2014 because 2014 is an election year. No comparative figures for the identical period of 2013 can be presented. Therefore 12 months' figures have been mentioned for 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. In a European election year all expenses occurred up to 30 June of the current budgetary period and paid before 30 September the following year are accounted for as expense in the reporting period. Expenses of the budgetary 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 period ended 30 June 2014
(continued)**

3 Significant accounting and valuation principles (continued)

Valuation principles

Fixed-term securities are shown under the position III. 'Cash and banks' 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 period ended 30 June 2014
(continued)**

3 Significant accounting and valuation principles (continued and end)

Reserves

At year end 2014 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 from 1 July 2014 to 30 June 2014 is calculated as follows:

	EUR
1. Subsidies received from the EP for the period from 1 January 2014 to 30 June 2014	11.147.283
2. Maximum amount transferable to next budgetary period (50% of the subsidies received from the EP for 2014)	no limitation
3. Total revenue in the period from 1 January 2014 to 30 June 2014	18.960.287
4. Total expenditures in the period from 1 January 2014 to 30 June 2014	11.311.041
5. Difference between revenue and expenditures in the period from 1 January 2014 to 30 June 2014	7.649.246
6. Subsidies to be transferred to the EP	-
7. Amount carried forward to the following budgetary period	7.649.246

The reported surplus brought forward of EUR 7.649.246 (2013: EUR 7.642.156) as stated in the report is fully available for use for the second half of the budgetary period 2014.

According to paragraph 2.1.6 of the 'Rules on the use of appropriations from budget item 400' the two half-yearly budgetary periods shall be aggregated and regarded as constituting a single financial year for the calculation of the carry over in the election years.

**Group of the European People's Party (Christian Democrats)
in the European Parliament
Notes to the accounts for the period ended 30 June 2014
(continued)**

4 Significant balance sheet positions

4.1 Debtors, stocks and other current assets of EUR 551.831 (31 December 2013: EUR 157.589) are due within one year.

Caption II.2 'Staff' of EUR 496.342 (31 December 2013: EUR 49.863) represents mainly advances to staff for which recipients of the funds have not yet provided supplying documentation (non-justified advances). The amount includes the advances of two Strasbourg sessions in July.

Caption II.5 'Others' represents an amount of EUR 2.397 concerning advances (31 December 2013: EUR 40.389) 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 30 June 2014 are presented as follows:

	30/06/2014	31/12/2013
	EUR	EUR
Share certificates	150	150
Fixed-rate securities	172.270	190.343
Total securities	172.420	190.493
Term deposits	7.812.863	7.859.957
Current accounts	563.681	723.375
Petty cash	5.378	2.518
Total cash	8.381.922	8.585.850
TOTAL	8.554.342	8.776.343

The securities are valued at lower of cost or market. The market value of the securities at the period ended 30 June 2014 amounts to EUR 172.420 (31 December 2013: EUR 190.493). Value adjustments from the application of the lower cost or market value principle of EUR 38.177 are included under Caption II.4.3 'Financial charges and exchange losses'. The share certificates are valued at cost of acquisition.

4.3 Caption III 'Other debts' includes EUR 1.576.113 (31 December 2013: EUR 1.586.686) representing expenditures accounted for the period from 1 January to 30 June and payable until 30 September.

**Group of the European People's Party (Christian Democrats)
in the European Parliament**
Notes to the accounts for the period ended 30 June 2014
(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	01/01/2014-30/06//2014		01/01/2013- 31/12/2013	
	EUR	in %	EUR	in %
Staff costs	40.526	0,68%	313.516	4,48%
Material, maintenance and operating expenses	588	0,01%	3.243	0,05%
Documentation, surveys and research expenses	258.537	4,36%	255.475	3,65%
Consulting fees and other administration expenses	-	0,00%	-	0,00%
Meetings and conferences	1.311.044	22,13%	1.749.315	24,99%
Representation costs	-	0,00%	-	0,00%
Invitations	631.382	10,66%	978.993	13,98%
Brochures and other publications	1.277.721	21,56%	1.144.658	16,35%
Adverts and audio-visual advertising	630.062	10,63%	476.121	6,80%
Promotional material	1.025.979	17,31%	1.015.629	14,51%
Internet	369.464	6,24%	448.934	6,41%
Visit groups	380.074	6,41%	614.818	8,78%
	✓ 5.925.377	100,00%	✓ 7.000.702	100,00%

6 Commitments

As per 30 June 2014 'Other financial commitments' amount to EUR 321.363 (31 December 2013: EUR 414.070) and result from rental agreements for copy machines.

**Group of the European People's Party (Christian Democrats)
in the European Parliament
Notes to the accounts for the period ended 30 June 2014
(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 12,50% (Euro)	Furniture (chairs, desks, cupboards) 10% (Euro)	Total (Euro)
Historic cost							
Opening balances (historic cost)	27.095	150.073	380.027	12.088	9.838	68.940	648.061
Less Sales entered in profit and loss account	0	12.006	25.035	0	0	0	37.041
Add Acquisitions during financial year	517	7.923	3.393	0	0	0	11.833
Add Transfers							
Gives Closing balance at historic cost	27.612	145.990	358.385	12.088	9.838	68.940	622.853
Accumulated depreciation							
Opening balances (accumulated depreciation)	22.978	137.653	335.228	8.844	9.272	41.754	555.729
Less accumulated depreciation of fixed assets sold and entered in profit and loss account	0	12.006	23.876	0	0	0	35.882
Add depreciation for financial year	1.381	3.931	9.523	459	113	2.241	17.648
Gives Closing balance at historic cost	24.359	129.578	320.875	9.303	9.385	43.995	537.495
Net value							
Net accounting value as at 31/12/2013	4.117	12.420	44.799	3.244	566	27.186	92.332
Net accounting value as at 31/12/2014	3.253	16.412	37.510	2.785	453	24.945	85.358

**Group of the European People's Party (Christian Democrats)
in the European Parliament
Notes to the accounts for the period ended 30 June 2014
(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.