

**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 July 2014 to
31 December 2014



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Group of the European People's Party
(Christian Democrats)
in the European Parliament
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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 as at 31 December 2014 and the revenue and expenditure statement for the period from 1st July 2014 to 31 December 2014, 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 overall considerations on financial statements in the rules adopted by the Accounting Officer of the Commission referred to in articles 143 and 144 of the Financial Regulation have been observed in the preparation of the semi-annual accounts or, where appropriate, a divergence from these overall considerations is adequately explained by a note to the 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.

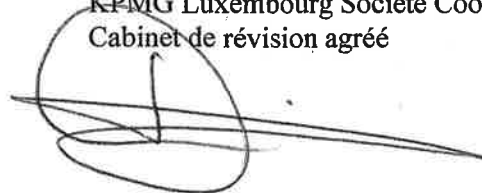
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the semi-annual accounts of the Group as at 31 December 2014 and for the period from 1st July 2014 to 31 December 2014 are prepared, in all material respects, in accordance with the Applicable Rules.

Luxembourg, 29 April 2015

KPMG Luxembourg Société Coopérative
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 2014**

ASSETS	Notes	<u>31/12/2014</u>		<u>30/06/2014</u>	
		EUR		EUR	
I	Tangible and intangible fixed assets				
I.1	Intangible fixed assets	-		-	
I.2	Tangible fixed assets	3, 7	<u>150.376</u>	150.376	<u>85.359</u>
					85.359
II	Debtors, stocks and other current assets	4.1			
II.1	Suppliers			26.161	
II.2	Staff		37.094	496.342	
II.3	Value added tax		31.607	26.931	
II.4	Stocks		-		
II.5	Others		<u>2.397</u>	71.098	<u>2.397</u>
					551.831
III	Cash and bank	4.2			
III.1	Securities		128.121		172.420
III.2	Cash		<u>11.184.955</u>	11.313.076	<u>8.381.922</u>
					8.554.342
IV	Deferred charges/Accrued income				
IV.1	Deferred charges		60.827		21.482
IV.2	Accrued income		<u>124.096</u>	184.923	<u>59.705</u>
					81.187
TOTAL ASSETS			<u><u>14.719.473</u></u>		<u><u>9.272.719</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 31 December 2014**

LIABILITIES		Notes	<u>31/12/2014</u> EUR		<u>30/06/2014</u> EUR	
I	Reserves	3				
I.1	Balance carried forward		<u>10.031.253</u>	10.031.253	<u>7.649.246</u>	7.649.246
III	Other debts	4.3				
III.1	Other debts				10.299	
III.2	Charges settled in the period and paid in the following period		<u>1.579.614</u>	1.579.614	<u>1.576.113</u>	1.586.412
IV	Accrued charges/Deferred income					
IV.1	Accrued charges		73.191		-	
IV.2	Deferred income		<u>35.415</u>	108.606	<u>37.061</u>	37.061
TOTAL LIABILITIES			<u><u>11.719.473</u></u>		<u><u>9.272.719</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 31 December 2014**

	Notes	01/07/2014 - 31/12/2014 EUR	01/01/2014 - 30/06/2014 EUR
I REVENUE			
L1 EP SUBSIDIES AND OTHER EP REVENUE			
I.1.1 Allocation from EP	3, 5.1	8.771.809	11.147.283
		<u>8.771.809</u>	<u>11.147.283</u>
L2 OWN RESOURCES			
I.2.1 Interest and similar receipts		68.177	101.128
I.2.2 Exchange gains		575	563
I.2.3 Miscellaneous resources	5.2	26.174	69.157
I.2.4 Amount carried forward from the preceding financial period		7.649.246	7.642.156
		<u>7.744.172</u>	<u>7.813.004</u>
TOTAL REVENUE		<u><u>16.515.981</u></u>	<u><u>18.960.287</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 31 December 2014**

	Notes	01/07/2014 - 31/12/2014 EUR	01/01/2014 - 30/06/2014 EUR
II EXPENDITURE			
II.1 STAFF			
II.1.1 Secretariat missions		1.567.711	1.338.309
II.1.2 Recruitment		320	2.250
II.1.3 Traineeships		85.732	119.816
II.1.4 Salaries and related costs, fees		405.528	462.562
II.1.5 Staff training		60.861	69.903
II.1.6 Staff entertainment		59.331	25.354
		2.179.483	2.018.194
II.2 EQUIPMENT, ROUTINE ADMINISTRATIVE EXPENDITURE AND OPERATING EXPENDITURE			
II.2.1 Equipment, operating expenditure, computer engineering and maintenance		156.793	120.536
II.2.2 Equipment, telecommunications-related installation and maintenance expenditure, office machinery, furniture and technical installations		42.677	29.150
II.2.3 Stationery and office supplies		15.951	34.482
II.2.4 Postage and telecommunications		76.244	72.904
II.2.5 Printing and photocopying costs		106.536	178.878
II.2.6 Office rental costs		-	22.565
		398.201	458.515
II.3 DOCUMENTATION, STUDIES AND RESEARCH			
II.3.1 Newspapers, magazines, press agencies and books		90.601	143.861
II.3.2 Studies and research		-	-
II.3.3 Databases		-	-
		90.601	143.861
II.4 LEGAL AND ACCOUNTING COSTS, FINANCIAL CHARGES AND OTHER OPERATING EXPENDITURE			
II.4.1 Legal costs		3.600	-
II.4.2 Accounting and audit costs		49.019	53.320
II.4.3 Financial charges and exchange losses		69.210	48.406
II.4.4 Translation and interpreting costs		242	-
II.4.5 Other operating expenditure		14.434	2.669
		136.505	104.395

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 31 December 2014
(continued)**

	Notes	01/07/2014 - 31/12/2014 EUR	01/01/2014 - 30/06/2014 EUR
II.5 EXPENDITURE ON MEETINGS AND ENTERTAINMENT			
II.5.1 Official Group meetings		176.418	588.985
II.5.2 Other meetings and conferences		309.164	451.597
II.5.3 Expenditure on entertainment		23.615	84.809
II.5.4 Guests		2.347	6.244
II.5.5 Fact-finding missions by individual Members		63.527	72.212
		<u>575.071</u>	<u>1.203.847</u>
II.6 PUBLICATIONS AND ADVERTISING			
II.6.1 Posters, booklets, publications		163.734	189.577
II.6.2 Advertising inserts and audiovisual advertising		19.812	175.747
II.6.3 Advertising material, novelty items, telecommunications advertising		353.793	413.497
II.6.4 Internet sites and cyber advertising		137.003	385.006
II.6.5 Visits to institutions, information stands		267.807	293.025
		<u>942.149</u>	<u>1.456.852</u>
II.7 MEMBERS			
II.7.1 Decentralised political and information activities	5.3	2.162.718	5.925.377
		<u>2.162.718</u>	<u>5.925.377</u>
TOTAL EXPENDITURE		<u>6.484.728</u>	<u>11.311.041</u>
BALANCE CARRIED FORWARD		<u>10.031.253</u>	<u>7.649.246</u>
GRAND TOTAL OF REVENUE AND EXPENDITURE		<u>16.515.981</u>	<u>18.960.287</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 31 December 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 219 Members as at 31 December 2014, (2013: 274 Members), 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 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 July 2014 to 31 December 2014 because 2014 was an election year. Comparative figures represent figures as per 30 June 2014.

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 liabilities, under position III.2 'Charges settled in the period and paid in the following period'.

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

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 tangible fixed 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 31 December 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 31 December 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. Subsidies received from the EP for the period from 1 July 2014 to 31 December 2014	8.771.809
	<hr/>
	19.919.092
3. Maximum amount transferable to next budgetary period (50% of the subsidies received from the EP for 2014)	9.959.546
4. Remainder at the end of 31 December 2014	10.031.253
5. Subsidies to be transferred to the EP	71.707
6. Amount carried forward to the following budgetary period	9.959.546

The reported surplus brought forward of EUR 10.031.253 (30 June 2014: EUR 7.649.246) as stated in the report exceeds the 50% ceiling which can be brought forward. The surplus of EUR 71.707 is to return to the Parliament.

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 31 December 2014
(continued)**

4 Significant balance sheet positions

- 4.1 Debtors, stocks and other current assets of EUR 71.098 (30 June 2014: EUR 551.831) are due within one year.

Caption II.2 'Staff' of EUR 37.094 (30 June 2014: EUR 496.342) represents mainly advances to staff for which recipients of the funds have not yet provided supplying documentation (non-justified advances).

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

	31/12/2014	30/06/2014
	EUR	EUR
Share certificates	150	150
Fixed-rate securities	127.971	172.270
Total securities	128.121	172.420
Term deposits	10.812.863	7.812.863
Current accounts	367.190	563.681
Petty cash	4.902	5.378
Total cash	11.184.955	8.381.922
TOTAL	11.313.076	8.554.342

The securities are valued at lower of cost or market. The market value of the securities at the period ended 31 December 2014 amounts to EUR 128.121 (30 June 2014: EUR 172.420). Value adjustments from the application of the lower cost or market value principle of EUR 44.299 are included under Caption II.4.3 'Financial charges and exchange losses'.

- 4.3 Caption III 'Other debts' includes EUR 1.579.614 (30 June 2014: EUR 1.576.113) representing expenditures accounted for the period from 1 July to 31 December and payable until 31 January.

**Group of the European People's Party (Christian Democrats)
in the European Parliament
Notes to the accounts for the period ended 31 December 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	01/07/2014-31/12//2014		01/01/2014-30/06//2014	
	EUR	in %	EUR	in %
Staff costs	7.109	0,33%	40.526	0,68%
Material, maintenance and operating expenses	645	0,03%	588	0,01%
Documentation, surveys and research expenses	65.201	3,01%	258.537	4,36%
Consulting fees and other administration expenses	-	0,00%	-	0,00%
Meetings and conferences	559.841	25,89%	1.311.044	22,13%
Representation costs		0,00%	-	0,00%
Invitations	281.664	13,02%	631.382	10,66%
Brochures and other publications	330.336	15,27%	1.277.721	21,56%
Adverts and audio-visual advertising	148.647	6,87%	630.062	10,63%
Promotional material	367.915	17,01%	1.025.979	17,31%
Internet	249.448	11,53%	369.464	6,24%
Visit groups	151.912	7,02%	380.074	6,41%
	<u>2.162.718</u>	<u>100,00%</u>	<u>5.925.377</u>	<u>100,00%</u>

6 Commitments

As per 31 December 2014 'Other financial commitments' amount to EUR 314.535 (30 June 2014: EUR 321.363) 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 31 December 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)	27.612	145.990	358.385	12.088	9.838	68.940	622.853
Less Sales entered in profit and loss account	0	5.935	25.530	0	414	0	31.879
Add Acquisitions during financial year	0	14.278	72.555	0	0	0	86.833
Add Transfers							
Gives Closing balance at historic cost	27.612	154.333	405.410	12.088	9.424	68.940	677.807
Accumulated depreciation							
Opening balances (accumulated depreciation)	24.359	129.578	320.875	9.303	9.385	43.995	537.495
Less accumulated depreciation of fixed assets sold and entered in profit and loss account	0	5.448	25.301	0	414	0	31.163
Add depreciation for financial year	1.309	4.915	12.117	404	113	2.241	21.099
Gives Closing balance at historic cost	25.668	129.045	307.691	9.707	9.084	46.236	527.431
Net value							
Net accounting value as at 30/06/2014	3.253	16.412	37.510	2.785	453	24.945	85.358
Net accounting value as at 31/12/2014	1.944	25.288	97.719	2.381	340	22.704	150.376

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

