



European
Conservatives
and Reformists
Group

D 306787 27.04.2017

The Secretary General

Brussels, 25 April, 2017

Antonio TAJANI MEP
The President
The European Parliament
PHS O9B 111
Rue Wiertz
1047 - Brussels

Dear Mr President,

Re: ECR Group - Annual Accounts

I have pleasure to let you have as an attachment to this letter the audited annual accounts for the year ending 31 December 2016, in accordance with the Rules of the European Parliament.

With kind regards,

Yours sincerely,

Frank Barrett
Secretary-General

(Attachment: Annual Accounts - 1 original copy)

European Conservatives and Reformists Group

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**European
Conservatives
and Reformists
Group**

FINANCIAL STATEMENTS

EUROPEAN CONSERVATIVES AND REFORMISTS GROUP

**BUDGET ITEM 400
OF THE BUDGET
OF THE EUROPEAN PARLIAMENT**

**FINANCIAL YEAR ENDING
31 December 2016**

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REPORT OF THE EXTERNAL AUDITORS ON THE ANNUAL ACCOUNTS RELATIVE TO THE USE OF THE CREDITS OF ITEM 400 OF THE BUDGET OF THE EUROPEAN PARLIAMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016

EUROPEAN CONSERVATIVES AND REFORMISTS GROUP

AUDITOR'S REPORT

In accordance with the audit mandate, we have audited the Group's Financial Statement prepared by the Group Accountant for the financial year 2016 ending 31/12/2016 as presented on pages 1 to 13 of this document.

Respective responsibilities of the Group and the auditor

Pursuant to the rules on the use of appropriation from budget item 400 (hereafter "the Rules"), the Group is responsible to the European Parliament for the conformity of appropriation usage and of the preparation of the group's financial year 2016 financial report.

We are responsible for planning and carrying out the required work to verify the financial report prepared by the Group and to report with reasonable assurance our audit opinions to the Group.

Basis of Opinions

We have conducted the audit in accordance with International Standards on Auditing as issued by the IAASB. This standard requires the auditor or auditing company to plan and carry out the work in such a way as to obtain sufficient and appropriate evidence and explanations to support audit opinions. An audit includes an examination, on a sample basis, of evidence relevant to the opinions.

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

- a) the statement of revenue and expenditure gives a true and fair view of the group's financial position for the budget period concerned;
- b) the balance sheet gives a true and fair view of the Group's assets at the end of the budget period,
- c) 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 Regulation¹, have been observed in the preparation and presentation of the accounts or, where appropriate, a divergence from these overall considerations is adequately explained by a note to the financial statements.
- d) 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, is in place;
- e) the accounts have been presented in accordance with the harmonised Accounting Plan in Part 2 of the Rules;
- f) the expenditure complies with the provisions of the Rules;
- g) the expenditure has been charged to the correct item in the budget of the Group;

¹ Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union (Official Journal L 298, 26.10.2012, p.1).

- h) the appropriations were available;
- i) the principles of sound financial management have been applied;
- j) payment orders are substantiated by original supporting documents (or certified true copies);
- k) the Group's internal rules have been observed.

The audit work included verification of the risk management activities of the Group and on the quality of management and control systems. If necessary, recommendations for improving the conditions of implementation of operations and promoting sound financial management were issued.

The audit work also included assessment of the suitability and effectiveness of internal management systems and the performance of departments in implementing policies, programmes and actions by reference to the risks associated with them; and assessment of the efficiency and effectiveness of the internal control and audit systems applicable to every budget implementation operation.

Opinions

- As a result of our work, we did not identify any material non-conformity with the dispositions laid out in the Rules or with the Group's internal rules including the internal control system.
- The overall presentation of the income and expense statement and of the balance sheet complies with the chart of account provided with the Rules.
- No departures from generally accepted accounting principles have been established.
- The principle of sound financial management has been applied.
- In our opinion, the balance sheet gives a true and fair view of the financial position of the Group at 31/12/2016 and of the revenue and expenses for the year ending 31/12/2016

Zaventem, April 20, 2017

A handwritten signature in black ink, appearing to be 'K. Morris', is written over the printed name.

RSM INTERAUDIT CVBA-SCRL
REGISTERED AUDITORS
REPRESENTED BY
KARINE MORRIS
PARTNER

BALANCE SHEET

EUROPEAN CONSERVATIVES AND REFORMISTS GROUP

ANNUAL STATEMENTS RELATING TO THE USE OF THE CREDIT OF ITEM 400
OF THE BUDGET OF THE EUROPEAN PARLIAMENT

BALANCE SHEET AS AT 31 DECEMBER 2016

	31/12/2016	31/12/2015
<u>NOTE</u>	<u>Amounts in Euro</u>	<u>Amounts in Euro</u>
ASSETS		
FIXED ASSETS		
Chapter 1 Intangible and tangible assets		
1 Intangible assets		
2 tangible assets	31.778,63	21.157,35
Subtotal chapter 1	<u><u>31.778,63</u></u>	<u><u>21.157,35</u></u>
CURRENT ASSETS		
Chapter 2 Debtors, stocks and other working assets		
1 Suppliers	17.287,54	64.738,38
2 Staff		
3 VAT	138.703,34	121.415,13
4 Stocks		
5 Various	-	-
Subtotal chapter 2	<u><u>155.990,88</u></u>	<u><u>186.153,51</u></u>
Chapter 3 Financial assets		
1 Financial securities		
2 Cash and cash equivalent	3.377.776,00	2.568.471,45
Subtotal chapter 3	<u><u>3.377.776,00</u></u>	<u><u>2.568.471,45</u></u>
Chapter 4 Deferred charges and accrued income		
1 Deferred charges		
2 Accrued income	0,00	62.140,62
Subtotal chapter 4	<u><u>0,00</u></u>	<u><u>62.140,62</u></u>
TOTAL ASSETS	<u><u>3.565.545,51</u></u>	<u><u>2.837.922,93</u></u>
LIABILITIES		
Chapter 1 Reserves		
1 Carry forward to next financial year	2.808.500,21	2.508.687,92
Subtotal chapter 2	<u><u>2.808.500,21</u></u>	<u><u>2.508.687,92</u></u>
Chapter 2 Financial debts		
1 Financial debts of a residual duration > 1year	0,00	0,00
2 Financial debts of a residual duration ≤ 1year	0,00	0,00
Subtotal chapter 2	<u><u>0,00</u></u>	<u><u>0,00</u></u>
Chapter 3 Other debts		
1 Other debts	51.003,12	23.809,37
2 Charges settled in 2016 but paid in 2017	706.042,18	305.425,64
Subtotal chapter 3	<u><u>757.045,30</u></u>	<u><u>329.235,01</u></u>
TOTAL LIABILITIES	<u><u>3.565.545,51</u></u>	<u><u>2.837.922,93</u></u>

STATEMENT OF INCOME AND EXPENDITURE

EUROPEAN CONSERVATIVES AND REFORMISTS GROUP

**ANNUAL STATEMENTS RELATING TO THE USE OF THE CREDIT OF ITEM 400
OF THE BUDGET OF THE EUROPEAN PARLIAMENT**

**STATEMENT OF REVENUES AND EXPENDITURE
FOR YEAR ENDED 31 DECEMBER 2016**

	<u>31/12/2016</u>	<u>31/12/2015</u>
	<u>Amounts in Euro</u>	<u>Amounts in Euro</u>
RECEIPTS		
Chapter 1 Grants and other receipts from the European Parliament		
1. EP allocation	6.125.338,48	5.959.186,21
2. Other EP resources	0,00	0,00
Subtotal for Chapter 1	<u>6.125.338,48</u>	<u>5.959.186,21</u>
Chapter 2 Own resources		
1. Interest and assimilated products	9.026,74	16.751,54
2. Profit on currency exchange	0,00	0,00
3. Miscellaneous	0,00	0,00
4. VAT refund	0,00	0,00
5. Amount carried forward from previous financial year	2.508.687,92	1.597.560,96
Subtotal for Chapter 2	<u>2.517.714,66</u>	<u>1.614.312,50</u>
Total receipts	<u>8.643.053,14</u>	<u>7.573.498,71</u>
Grand total	<u>8.643.053,14</u>	<u>7.573.498,71</u>
EXPENDITURE		
Chapter 1 Staff		
1. Secretariat Missions	901.945,41	780.115,11
2. Recruitment	6.981,34	20.623,28
3. Traineeships	234.279,45	200.190,96
4. Salaries and related costs, fees	471.911,63	353.544,92
5. Staff training	33.588,28	3.366,80
6. Staff representation costs	0,00	0,00
Subtotal for Chapter 1	<u>1.648.706,11</u>	<u>1.357.841,07</u>

EUROPEAN CONSERVATIVES AND REFORMISTS GROUP

ANNUAL STATEMENTS RELATING TO THE USE OF THE CREDIT OF ITEM 400
OF THE BUDGET OF THE EUROPEAN PARLIAMENT

STATEMENT OF REVENUES AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

	<u>31/12/2016</u>	<u>31/12/2015</u>
	Amounts in Euro	Amounts in Euro
Chapter 2 Equipment, routine administrative costs and operating costs		
1. Equipment, operating expenditure, computer-related, engineering and maintenance	3.109,95	261,47
2. Equipment, telecommunications related installation and maintenance expenditure, office machinery, furniture and technical installations	199,84	1.656,94
3. Stationery and office supplies	15.359,35	5.103,75
4. Postage and telecommunications	56.839,71	44.786,26
5. Printing and photocopying costs	28.799,65	46.576,10
6. Office rental costs	59.127,48	25.942,94
7. Depreciation	10.724,69	3.939,41
Subtotal for Chapter 2	<u>174.160,67</u>	<u>128.266,87</u>
Chapter 3 Documentation, studies & research		
1. Newspapers, magazines, press agencies and books	76.090,93	104.630,34
2. Studies and research	0,00	25.488,40
3. Databases	0,00	0,00
Subtotal for Chapter 3	<u>76.090,93</u>	<u>130.118,74</u>
Chapter 4 Legal and accountancy fees, financial and others charges		
1. Legal costs	14.454,28	966,90
2. Accounting costs/audits	6.000,00	5.000,00
3. Financial charges and losses currency exchange	17.094,18	24.054,74
4. Translation and interpretation costs	0,00	0,00
5. Other operating expenditure	44.197,18	74.019,97
Subtotal for Chapter 4	<u>81.745,64</u>	<u>104.041,61</u>
Chapter 5 Cost of meetings and representation		
1. Official Group meetings	268.192,35	272.455,97
2. Other meetings and conferences	284.217,33	352.888,38
3. Expenditure on entertainment	1.642,04	3.318,09
4. Guests	78.827,20	84.130,29
5. Individual fact finding missions of members	192.422,14	81.949,75
Subtotal for Chapter 5	<u>825.301,06</u>	<u>794.742,48</u>

EUROPEAN CONSERVATIVES AND REFORMISTS GROUP

**ANNUAL STATEMENTS RELATING TO THE USE OF THE CREDIT OF ITEM 400
OF THE BUDGET OF THE EUROPEAN PARLIAMENT**

**STATEMENT OF REVENUES AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

	<u>31/12/2016</u>	<u>31/12/2015</u>
	Amounts in Euro	Amounts in Euro
Chapter 6 Publication and publicity		
1. Posters, leaflets and booklets	22.238,81	29.006,21
2. Advertising inserts and audiovisual advertising Advertising material, gadgets, publicity by telecommunication	78.312,37	16.196,20
3. equipments	220.767,06	32.028,03
4. Internet sites + e-publicity	39.788,09	72.532,21
5. Visits to institutions, information stands	34.694,78	19.549,80
Subtotal for Chapter 6	<u>395.801,11</u>	<u>169.312,45</u>
Chapter 7 Members		
1. Members' political and information activities, administrative expenses and political and information activities of national delegations	2.632.747,41	2.380.487,57
Subtotal for Chapter 7	<u>2.632.747,41</u>	<u>2.380.487,57</u>
Total expenditure	<u>5.834.552,93</u>	<u>5.064.810,79</u>
Amount carried forward to the next financial year	2.808.500,21	2.508.687,92
Total	8.643.053,14	7.573.498,71

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: BASIS OF THE ACCOUNTS AND ACCOUNTING PRINCIPLES

Basis of preparation

The accounts, hereafter, have been prepared in conformity with:

- The 400 financial rules approved by the Bureau of the European Parliament on 30 June 2003, revised by the Bureau on 22 March 2006 (PE 335.475/BUR), on 11 July 2007, on 20 September 2010, on 23 March 2011, on 26 September 2011, on 02 July 2012, on 11 March 2013, on 24 February 2014 and 14 April 2014 and 27 April 2015.
- The internal financial rules of the Group;
- The accounting principles and the harmonized accounting plan adopted by the Secretaries-General of the political groups on 15/09/2005.

Accounting principles

- 1) Movements on the accounts and the balances shall be entered in the accounting ledgers.
- 2) All accounting entries, including adjustments to the accounts, shall be based on dated and numbered supporting documents, to which they shall refer.
- 3) The accounting system must be such as to leave a trail for all accounting entries.

The financial statements shall be drawn up in accordance with the generally accepted accounting principles, namely:

- Going-concern basis;
- Prudence;
- Consistent accounting methods;
- Comparability of information;
- Materiality;
- No netting;
- Reality over appearance.

Pursuant to Rule 2.5.3 of the Rules on the use of appropriations from budget item 400 the accounts are held on a modified accrual system.

All expenditure relative to activities of the current or previous financial years is registered in the accounts of the current financial year, upon authorization by the authorizing officer responsible and payment by the accountant, if the actual payment is made no later than during the month following the end of the financial year.

All expenditure of a financial year paid during the month following the end of the financial year is booked on the expenditure accounts of the current financial year with counterpart a balance account (chapter III.2).

All expenditure for which actual payment is made later than the end of the month following the closure of the financial year or for risks and future charges is registered in the accounts of the next financial year.

No provisions will be made for expenditure of the current financial year not paid by the end of the month following the end of this financial year or for risks and future charges.

All revenue is registered in the income accounts upon establishment by the authorising officer.

All revenue established and not received in the course of the financial year is registered on a balance sheet account in chapter IV (deferred charges and accrued income).

Classification

The classification of the expenditure on the charge accounts follows the principle of classification by destination by the accounting plan annexed to the Rules on the use of appropriations from Article 400.

Specific accounting policies

Exchange policy

The revenue and expenditure in other currencies are converted in euro following the exchange rate of the day of the payment. The balance sheet accounts in other currencies are translated into euro at the exchange of the end of the financial year.

Depreciation of tangible fixed assets

Assets with a unit value of 420 Euros or more and being intended to serve the activities of the group on a lasting basis are entered in the inventory and the Group's balance sheet. Fixed assets are to be valued at their acquisition price and depreciated on a monthly basis following the straight line method by the following annual percentages:

Software	25,0%
Hardware	25,0%
Telecommunications and audiovisual equipment	25,0%
Technical equipment and supplies	12,5%
Other installations and machines	12,5%
Office furniture	10,0%

A recapitulative table of the assets in the balance sheet is annexed in Note 9.

Valuation methods for financial securities

Non applicable

Valuation of receivables, debts and other assets

Receivables, debts and other assets are stated at their nominal value. Value reductions on receivables and other assets are accounted for if there is any uncertainty regarding their collectability.

Comparison to the figures

According to article 2.1.1. one of the financial rules governing budget item 400 this report covers the period 2016 which lasts from 01/01/2016 to 31/12/2016.

Technical support to European Political parties and foundations Regulation (CE 2004/2003)

The group has not granted any technical support to political parties and foundations as defined in article 11 of the EP Bureau decision dated 29 March 2004.

NOTE 2: CARRY FORWARD TO THE NEXT BUDGETING PERIOD

In accordance with article 2.1.6 of the Rules on the use of appropriations from budget item 400, appropriations that are not used during the financial year may be carried over to the following financial year up to a maximum of 50% of the annual appropriations received from the European Parliament's budget.

	€
Credits received by our group for 2016 financial year	6.125.338,48
Maximum amount of carry forward to 2016 financial Year	3.062.669,24
Difference between total revenue and total expenditure at the end of the 2016 financial year	2.808.500,21
Credits to be returned to the EP	0
Carry forward to 2016 financial year	2.808.500,21

NOTE 3: CHARGES SETTLED IN 2016 BUT PAID IN 2016

In application of article 2.5.3 of the Rule PE 422.537/BUR, an amount of € 706.042,18 corresponds to expenditure related to the 2016 accounting period and paid before 31 January 2017.

NOTE 4: VAT RECOVERABLE

This relates to VAT paid for which the European Conservatives and Reformists Group anticipates to obtain refund from the relevant tax authorities in application of the privileges and immunities of the European Institutions. VAT recoverable at 31 December 2015 is composed as follows:

	€
VAT Denmark	5,44
VAT Germany	6.127,81
VAT United Kingdom	124.317,95
VAT Romania	974,58
VAT France	7.171,10
VAT Poland	106,46
	138.703,34

NOTE 5: DETAIL OF THE EXECUTION OF THE DECENTRALISED CREDITS OF CHAPTER 7 ARTICLE 1

The detail of the decentralised credits executed for Chapter 7.1 of the accounting plan annexed to the 400 financial rules is the following:

Article	Category	Year 31 December 2016	%	Year 31 December 2015	%
1.	Staff	0	0.00%	0	0.00%
2.	Secretariat - equipment and expenses	0	0.00 %	1505.70	0.06 %
3.	Documentation, studies and research	134233.05	5.10 %	150243.45	6.31 %
4.	Legal, accounting, financial and other operating costs	0	0.00%	0	0.00%
52.	Other meetings and conferences	1084345.92	41.19 %	953656.38	40.06 %
53.	Expenditure on entertainment		0.00%		0.00%
54.	Guests	207681.14	7.89 %	137278.57	5.77 %
61.	Posters, booklets and publications	333077.27	12.65 %	406339.27	17.07 %
62.	Advertising inserts and audiovisual advertising	309285.30	11.75 %	205655.81	8.64 %
63.	Advertising material, novelty items, telecommunications advertising	372886.38	14.16 %	343387.13	14.43 %
64.	Internet sites and cyber advertising	93726.83	3.56 %	52457.83	2.20 %
65.	Visits to institutions; information stands	97511.52	3.70%	129963.43	5.46%
	Total Chapter 7.1	2632747.41	100%	2380487.57	100%

FINANCIAL INVENTORY FINANCIAL YEAR 2016 (31/12/2016)

Category and		IT software	IT hardware	Telecom- munications equipment	Technical equipment and supplies	Miscellaneo us machinery and installations	Movable property (seats, desks, cabinets)	Total
write-down rate		25%	25%	25%	12.5%	12.5%	10%	
		(€)	(€)	(€)	(€)	(€)	(€)	(€)
Historical cost	Opening balances (historical cost)	0,00	51.738,28	0,00	0,00	30.288,71	36.667,23	118.694,22
	Less Items sold and entered in profit-and-loss			0,00				0,00
	Plus Acquisitions during the financial year	0,00	21.345,97	0,00		0,00	0,00	21.345,97
	Plus Transfers		0,00	0,00		0,00	0,00	0,00
	Result Closing balance at historical cost	0,00	73.084,25	0,00	0,00	30.288,71	36.667,23	140.040,19
Accumulated depreciation	Opening balances (accumulated)	0,00	40.041,10	0,00	0,00	21.566,76	34.376,08	95.983,94
	Less Accumulated depreciation of items sold and entered in p/l account							0,00
	Plus Depreciation charge for the financial year	0,00	7.613,20	0,00		2.825,38	286,11	10.724,69
	Plus Depreciation charge from transfers		0,00	0,00		0,00	0,00	0,00
	Result Closing balance at historical cost	0,00	47.654,30	0,00	0,00	24.392,14	34.662,19	106.708,63
Written-down values	Net book value of fixed assets on 31/12/2015	0,00	11.697,18	0,00	0,00	8.581,91	878,46	21.157,55
	Net book value of fixed assets on 31/12/2016	0,00	25.429,95	0,00	0,00	5.896,57	2.005,04	33.331,56