

**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 2017 to
31 December 2017

Group of the European People's Party
(Christian Democrats)
in the European Parliament
ASP Building
Rue Wiertz 60
B-1047 BRUSSELS

Report of the auditor

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 2017 and the revenue and expenditure statement for the period from 1st January 2017 to 31 December 2017, and a summary of significant accounting policies and other explanatory notes.

We have been appointed as auditor for the audit of annuals accounts as of December 31, 2015 for the first time, and the agreement could be tacitly renewed for five consecutive years. We have performed the audit of the annual accounts of the Group for 3 consecutive years.

Report on the audit of the annual accounts

Unqualified opinion

We have audited the annual accounts of the Group, which comprise the balance sheet as at 31 December 2017, the revenue and expenditure statement for the year then ended and the notes to the annual accounts, characterised by a balance sheet total of € 8.256.567 and a grand total of revenue and expenditure for the year of € 25.940.154.

In our opinion, the annual accounts give a true and fair view of the Group's assets and financial position as at 31 December 2017, as well as of its results for the year then ended, in accordance with the rules adopted by the European Parliament Bureau in the version of 30 June 2003, lastly revised by the Bureau on 27 April 2015, 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').

Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the annual accounts' section in this report. We have complied with all the ethical requirements that are relevant to the audit of annual accounts in Belgium, including those concerning independence.

We have obtained from the Management and Group officials the explanations and information necessary for performing our audit.

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

Responsibilities of the Management for the annual accounts

The Management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the 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.

In preparing the annual accounts, the Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

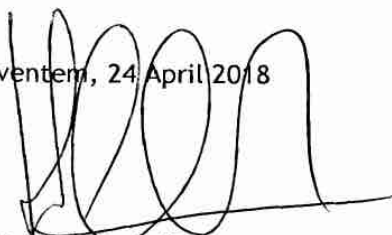
We communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

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

- the statement of revenue and expenditure gives a true and fair view of the group's financial position for the financial year concerned;
- the balance sheet gives a true and fair view of the group's assets at the end of the financial year;

- the overall considerations on financial statements in the rules adopted by the Accounting Officer of the Commission set out in Articles 143 and 144 of the Financial Regulation 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;
- 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;
- the accounts have been presented in accordance with the harmonised Accounting Plan in Part 2 of the rules Item 400;
- the expenditure complies with the provisions of the rules Item 400 ;
- the expenditure has been charged to the correct item in the budget of the group ;
- the appropriations were available;
- the principles of sound financial management have been applied;
- payment orders are substantiated by original supporting documents (or certified true copies);
- the Group's internal rules have been observed.

Zaventem, 24 April 2018



BDO Réviseurs d'Entreprises Soc. Civ. SCRL
Auditor
Represented by Gert Claes

**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 2017**

| ASSETS | Notes | <u>31/12/2017</u> EUR | | <u>31/12/2016</u> EUR | |
|---------------------|---|--------------------------|-------------------------|--------------------------|-------------------------|
| I | Tangible and intangible fixed assets | | | | |
| I.1 | Intangible fixed assets | - | | - | |
| I.2 | Tangible fixed assets | 3, 7 | <u>106.107</u> | 106.107 | <u>122.149</u> |
| | | | | | 122.149 |
| II | Debtors, stocks and other current assets | 4.1 | | | |
| II.1 | Suppliers | | 14.029 | | 8.117 |
| II.2 | Staff | | 39.617 | | 30.351 |
| II.3 | Value added tax | | 5.242 | | 8.248 |
| II.4 | Stocks | | - | | - |
| II.5 | Others | | - | 58.888 | - |
| | | | | | 46.716 |
| III | Cash and bank | 4.2 | | | |
| III.1 | Securities | | 212.430 | | 169.320 |
| III.2 | Cash | | <u>7.664.349</u> | 7.876.779 | <u>9.313.509</u> |
| | | | | | 9.482.829 |
| IV | Deferred charges/Accrued income | 4.3 | | | |
| IV.1 | Deferred charges | | 184.054 | | 134.176 |
| IV.2 | Accrued income | | <u>30.739</u> | 214.793 | <u>62</u> |
| | | | | | 134.238 |
| TOTAL ASSETS | | | <u><u>8.256.567</u></u> | | <u><u>9.785.932</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 2017**

| LIABILITIES | | Notes | <u>31/12/2017</u> EUR | | <u>31/12/2016</u> EUR | |
|--------------------------|--|--------------|--|-----------|--|-----------|
| I | Reserves | | | | | |
| I.1 | Balance carried forward | 3 | <u>6.609.772</u> | 6.609.772 | <u>8.004.762</u> | 8.004.762 |
| 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 | | | | | |
| III.1 | Other debts | 4.4 | - | | - | |
| III.2 | Charges settled in the period and paid in the following period | | <u>1.646.795</u> | 1.646.795 | <u>1.751.496</u> | 1.751.496 |
| IV | Accrued charges/Deferred income | | | | | |
| IV.1 | Accrued charges | | | | | |
| IV.2 | Deferred income | | | - | <u>29.674</u> | 29.674 |
| TOTAL LIABILITIES | | | <u><u>8.256.567</u></u> | | <u><u>9.785.932</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 period ended 31 December 2017**

| | Notes | 01/01/2017 - 31/12/2017 EUR | 01/01/2016 - 31/12/2016 EUR |
|--|--------|-----------------------------------|-----------------------------------|
| I REVENUE | | | |
| L1 EP SUBSIDIES AND OTHER EP REVENUE | | | |
| I.1.1 Allocation from EP | 3, 5.1 | 17.789.758 | 17.400.048 |
| I.1.2 Other revenue from EP | | - | - |
| | | <u>17.789.758</u> | <u>17.400.048</u> |
| L2 OWN RESOURCES | | | |
| I.2.1 Interest and similar receipts | | 140.597 | 168.676 |
| I.2.2 Exchange gains | | 4.166 | 8.860 |
| I.2.3 Miscellaneous resources | 5.2 | 871 | 10.227 |
| I.2.4 Amount carried forward from the preceding financial year | | 8.004.762 | 8.719.884 |
| | | <u>8.150.396</u> | <u>8.907.647</u> |
| TOTAL REVENUE | | <u>25.940.154</u> | <u>26.307.695</u> |

**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 2017**

| | Notes | 01/01/2017 - 31/12/2017 EUR | 01/01/2016 - 31/12/2016 EUR |
|--|-------|-----------------------------------|-----------------------------------|
| II EXPENDITURE | | | |
| II.1 STAFF | | | |
| II.1.1 Secretariat missions | | 3.407.344 | 3.368.233 |
| II.1.2 Recruitment | | 8.901 | 5.266 |
| II.1.3 Traineeships | | 417.434 | 343.174 |
| II.1.4 Salaries and related costs, fees | | 669.820 | 619.164 |
| II.1.5 Staff training | | 170.950 | 168.641 |
| II.1.6 Staff representation | | 87.428 | 105.516 |
| | | 4.761.877 | 4.609.994 |
| II.2 EQUIPMENT, ROUTINE ADMINISTRATIVE EXPENDITURE AND OPERATING EXPENDITURE | | | |
| II.2.1 Equipment, operating expenditure, computer engineering and maintenance | | 142.225 | 153.422 |
| II.2.2 Equipment, telecommunications-related installation and maintenance expenditure, office machinery, furniture and technical installations | | 64.194 | 82.111 |
| II.2.3 Stationery and office supplies | | 26.321 | 48.806 |
| II.2.4 Postage and telecommunications | | 132.476 | 153.453 |
| II.2.5 Printing and photocopying costs | | 249.931 | 292.120 |
| II.2.6 Office rental costs | | - | - |
| | | 615.147 | 729.912 |
| II.3 DOCUMENTATION, STUDIES AND RESEARCH | | | |
| II.3.1 Newspapers, magazines, press agencies and books | | 209.991 | 198.218 |
| II.3.2 Studies and research | | 145.899 | 15.000 |
| II.3.3 Databases | | - | - |
| | | 355.890 | 213.218 |
| II.4 LEGAL AND ACCOUNTING COSTS, FINANCIAL CHARGES AND OTHER OPERATING EXPENDITURE | | | |
| II.4.1 Legal costs | | 3.600 | 8.897 |
| II.4.2 Accounting and audit costs | | 15.671 | 33.547 |
| II.4.3 Financial charges and exchange losses | | 30.818 | 24.784 |
| II.4.4 Translation and interpreting costs | | 20.065 | 14.520 |
| II.4.5 Other operating expenditure | | 13.563 | 16.449 |
| | | 83.717 | 98.197 |

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 2017
(continued)**

| | 01/01/2017 - 31/12/2017 | 01/01/2016 - 31/12/2016 |
|--|----------------------------|----------------------------|
| Notes | EUR | EUR |
| II.5 EXPENDITURE ON MEETINGS AND ENTERTAINMENT | | |
| II.5.1 Official Group meetings | 847.205 | 814.547 |
| II.5.2 Other meetings and conferences | 1 007.158 | 852.211 |
| II.5.3 Expenditure on representation | 106.831 | 151.182 |
| II.5.4 Guests | 21.928 | 5.407 |
| II.5.5 Fact-finding missions by individual Members | 205.167 | 173.973 |
| | 2.188.289 | 1.997.320 |
| II.6 PUBLICATIONS AND ADVERTISING | | |
| II.6.1 Posters, booklets, publications | 358.345 | 333.088 |
| II.6.2 Advertising inserts and audiovisual advertising | 413.653 | 389.896 |
| II.6.3 Advertising material, novelty items, telecommunications advertising | 769.725 | 806.044 |
| II.6.4 Internet sites and cyber advertising | 1.209.958 | 1.169.929 |
| II.6.5 Visits to institutions, information stands | 897.967 | 769.311 |
| | 3.649.648 | 3.468.268 |
| II.7 MEMBERS | | |
| II.7.1 Decentralised political and information activities | 7 670.814 | 7.183.524 |
| | 7.670.814 | 7.183.524 |
| II.8 SUBSIDIES AND SUBSCRIPTIONS | | |
| II.8.1 Subsidies | 5.000 | 2.500 |
| II.8.2 Subscriptions | - | - |
| | 5.000 | 2.500 |
| TOTAL EXPENDITURE | 19.330.382 | 18.302.933 |
| BALANCE CARRIED FORWARD | 6.609.772 | 8.004.762 |
| GRAND TOTAL OF REVENUE AND EXPENDITURE | 25.940.154 | 26.307.695 |

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 2017**

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 217 Members as at 31 December 2017, 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, on 14 April 2014 and 27 April 2015.

According to article 2.1.1 of the financial rules governing budget item 400 this report covers the financial year 2017 which lasts from 1 January 2017 to 31 December 2017.

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 financial year 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 2017
(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 2017
(continued)**

3 Significant accounting and valuation principles (continued and end)

Reserves

At year end 2017 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 January 2017 to 31 December 2017 is calculated as follows:

| | EUR |
|--|------------|
| 1. Subsidies received from the EP for 2017 | 17.789.758 |
| 2. Maximum amount transferable to next accounting period (50% of the subsidies received from the EP for 2017) | 8.894.879 |
| 3. Total revenue in 2017 | 25.940.154 |
| 4. Total expenditures in 2017 | 19.330.382 |
| 5. Difference between revenue and expenditures 2017 | 6.609.772 |
| 6. Subsidies to be transferred to the EP | - |
| 7. Amount carried forward to the following accounting year 2018 | 6.609.772 |

**Group of the European People's Party (Christian Democrats)
in the European Parliament
Notes to the accounts for the period ended 31 December 2017
(continued)**

4 Significant balance sheet positions

- 4.1 Debtors, stocks and other current assets of EUR 58.888 (31 December 2016: EUR 46.716) are due within one year.

Caption II.2 'Staff' of EUR 39.617 (31 December 2016: EUR 30.351) represents mainly advances to staff for which recipients of the funds have not yet provided supplying documentation (non-justified advances).

- 4.2 Cash and banks as at 31 December 2017 are presented as follows:

| | 31/12/2017 | 31/12/2016 |
|-------------------------|-------------------|-------------------|
| | EUR | EUR |
| Share certificates | 150 | 150 |
| Fixed-rate securities | 212.280 | 169.170 |
| Total securities | 212.430 | 169.320 |
| Current accounts | 7.658.386 | 9.309.538 |
| Petty cash | 5.963 | 3.971 |
| Total cash | 7.664.349 | 9.313.509 |
| TOTAL | 7.876.779 | 9.482.829 |

The securities are valued at lower of cost or market. The market value of the securities at the period ended 31 December 2017 amounts to EUR 212.430 (31 December 2016: EUR 169.320). Value adjustments, from the application of the lower cost or market value principle of EUR 43.110 are included under Caption I.2.1 'Interest and similar receipts'. (31 December 2016: EUR 15.465 addition to provision has been recognised.)

- 4.3 Caption IV.1 'Deferred charges' EUR 184.054 (31 December 2016: EUR 134.176) represents prepaid newspaper/news agency subscriptions and lease contracts. These expenses are related to the following financial year.
Caption IV.2 'Accrued income' EUR 30.739 (31 December 2016: EUR 62) is a receivable amount from the European Parliament related to changes in the composition of the political groups in 2017.
- 4.4 Caption III 'Other debts' includes EUR 1.646.795 (31 December 2016: EUR 1.751.496) representing expenditures accounted for the period from 1 January 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 2017
(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 | 01/01/2017-31/12/2017 | | 01/01/2016-31/12/2016 | |
|---|-----------------------|----------------|-----------------------|----------------|
| | EUR | in % | EUR | in % |
| Staff costs | - | 0,00% | 24.424 | 0,34% |
| Material, maintenance and operating expenses | 19.114 | 0,25% | 3.976 | 0,06% |
| Documentation, surveys and research expenses | 191.131 | 2,49% | 258.695 | 3,60% |
| Consulting fees and other administration expenses | - | 0,00% | - | 0,00% |
| Meetings and conferences | 2.311.812 | 30,14% | 2.112.139 | 29,40% |
| Representation costs | - | 0,00% | - | 0,00% |
| Invitations | 748.130 | 9,75% | 756.956 | 10,54% |
| Brochures and other publications | 885.835 | 11,55% | 807.581 | 11,24% |
| Adverts and audio-visual advertising | 657.587 | 8,57% | 608.557 | 8,47% |
| Promotional material | 1.530.743 | 19,96% | 1.512.802 | 21,06% |
| Internet | 763.429 | 9,95% | 578.397 | 8,05% |
| Visit groups | 563.033 | 7,34% | 519.997 | 7,24% |
| | <u>7.670.814</u> | <u>100,00%</u> | <u>7.183.524</u> | <u>100,00%</u> |

6 Commitments

As per 31 December 2017 'Other financial commitments' amount to EUR 567.531 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 2017
(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) | 26.100 | 150.341 | 403.950 | 12.749 | 9.012 | 70.428 | 672.580 |
| Less Sales entered in profit and loss account | 6.851 | 7.418 | 13.928 | 0 | 0 | 0 | 28.197 |
| Add Acquisitions during financial year | 0 | 13.521 | 26.863 | 0 | 0 | 0 | 40.384 |
| Add Transfers | | | | | | | |
| Gives Closing balance at historic cost | 19.249 | 156.444 | 416.885 | 12.749 | 9.012 | 70.428 | 684.767 |
| Accumulated depreciation | | | | | | | |
| Opening balances (accumulated depreciation) | 25.387 | 127.492 | 322.158 | 11.034 | 9.012 | 55.348 | 550.431 |
| Less accumulated depreciation of fixed assets sold and entered in profit and loss account | 6.851 | 7.418 | 13.928 | 0 | 0 | 0 | 28.197 |
| Add depreciation for financial year | 379 | 12.352 | 38.619 | 644 | 0 | 4.432 | 56.426 |
| Gives Closing balance at historic cost | 18.915 | 132.426 | 346.849 | 11.678 | 9.012 | 59.780 | 578.660 |
| Net value | | | | | | | |
| Net accounting value as at 31/12/2016 | 713 | 22.849 | 81.792 | 1.715 | 0 | 15.080 | 122.149 |
| Net accounting value as at 31/12/2017 | 334 | 24.018 | 70.036 | 1.071 | 0 | 10.648 | 106.107 |

**Group of the European People's Party (Christian Democrats)
in the European Parliament
Notes to the accounts for the period ended 31 December 2017
(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 Wilfried Martens Centre for European Studies) as defined in the EC Regulation 2004/2003 and in article 11 of the EP Bureau decision dated 29 March 2004.

The foundation of the EPP Group, namely the Robert Schuman Foundation for the cooperation among Christian-Democrats in Europe, is incorporated under the laws of Grand Duchy of Luxembourg and publishes its accounts according to the applicable law in the official bulletin "Memorial" section C in Luxembourg.