

**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 2019 to
30 June 2019**

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 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 30 June 2019 and the revenue and expenditure statement for the period from 1st January 2019 to 30 June 2019, 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 31 December 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 4,5 consecutive years.

Report on the audit of the semi-annual accounts *Unqualified opinion*

We have audited the semi-annual accounts of the Group, which comprise the balance sheet as at 30 June 2019, the revenue and expenditure statement for the period then ended and the notes to the semi-annual accounts, characterised by a balance sheet total of € 4,986,930 and a grand total of revenue and expenditure for the period of € 13,424,189.

In our opinion, the semi-annual accounts give a true and fair view of the Group's assets and financial position as at 30 June 2019, as well as of its results for the period 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 1 July 2019, 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 semi-annual accounts' section in this report. We have complied with all the ethical requirements that are relevant to the audit of semi-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 semi-annual accounts

The Management is responsible for the preparation of semi-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 semi-annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the semi-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 semi-annual accounts

Our objectives are to obtain reasonable assurance about whether the semi-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 semi-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.

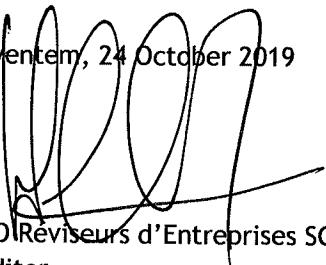
Our audit work included specific procedures aimed at gathering sufficient and appropriate audit evidence that:

- the statement of revenue and expenditure gives a true and fair view of the group's financial position for the financial period concerned;
- the balance sheet gives a true and fair view of the group's assets at the end of the financial period;
- the overall considerations on financial statements in the rules adopted by the Accounting Officer of the Commission set out in Articles 80 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 October 2019



BDO Réviseurs d'Entreprises 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 30 June 2019**

ASSETS	Notes	<u>30/06/2019</u>		<u>31/12/2018</u>	
		EUR		EUR	
I	Tangible and intangible fixed assets				
I.1	Intangible fixed assets	-		-	
I.2	Tangible fixed assets	3, 7	78.875	78.875	88.977
II	Debtors, stocks and other current assets	4.1			
II.1	Suppliers		36.853	43.334	
II.2	Staff		-	13.806	
II.3	Value added tax		3.320	9.512	
II.4	Stocks		-	-	
II.5	Others		40.173	-	66.652
III	Cash and bank	4.2			
III.1	Securities		250.544	216.225	
III.2	Cash		4.495.166	4.745.709	5.473.641
IV	Deferred charges/Accrued income	4.3			
IV.1	Deferred charges		112.688	97.794	
IV.2	Accrued income		9.484	122.172	206.334
TOTAL ASSETS			<u>4.986.930</u>	<u>5.933.398</u>	

**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 2019**

LIABILITIES		Notes	30/06/2019		31/12/2018	
			EUR		EUR	
I	Reserves	3				
I.1	Balance carried forward		<u>2.982.769</u>	2.982.769	<u>4.152.046</u>	4.152.046
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	4.4				
III.1	Other debts		17.243	-	-	-
III.2	Charges settled in the period and paid in the following period		<u>1.495.813</u>	1.513.056	<u>1.781.352</u>	1.781.352
IV	Accrued charges/Deferred income					
IV.1	Accrued charges					
IV.2	Deferred income		<u>491.105</u>	491.105	<u>-</u>	-
TOTAL LIABILITIES				<u><u>4.986.930</u></u>		<u><u>5.933.398</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 30 June 2019**

	Notes	01/01/2019 - 30/06/2019 EUR	01/01/2018 - 31/12/2018 EUR
I REVENUE			
I.1 EP SUBSIDIES AND OTHER EP REVENUE			
I.1.1 Allocation from EP	3, 5.1	9.219.952	18.282.239
I.1.2 Other revenue from EP			-
		<u>9.219.952</u>	<u>18.282.239</u>
I.2 OWN RESOURCES			
I.2.1 Interest and similar receipts		50.693	78.081
I.2.2 Exchange gains		596	1.731
I.2.3 Miscellaneous resources	5.2	902	4
I.2.4 Amount carried forward from the preceding financial year		4.152.046	6.609.772
		<u>4.204.237</u>	<u>6.689.588</u>
TOTAL REVENUE		<u><u>13.424.189</u></u>	<u><u>24.971.827</u></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 30 June 2019**

	01/01/2019 - 30/06/19	01/01/2018 - 31/12/2018
Notes	EUR	EUR
II EXPENDITURE		
II.1 STAFF		
II.1.1 Secretariat missions	1,263.907	3.424.018
II.1.2 Recruitment	5.454	15.380
II.1.3 Traineeships	173.435	477.515
II.1.4 Salaries and related costs, fees	359.065	566.113
II.1.5 Staff training	226.906	192.504
II.1.6 Staff representation	20.944	79.193
	2.049.711	4.754.723
II.2 EQUIPMENT, ROUTINE ADMINISTRATIVE EXPENDITURE AND OPERATING EXPENDITURE		
II.2.1 Equipment, operating expenditure, computer engineering and maintenance	115.384	165.830
II.2.2 Equipment, telecommunications-related installation and maintenance expenditure, office machinery, furniture and technical installations	29.090	62.139
II.2.3 Stationery and office supplies	6.740	44.459
II.2.4 Postage and telecommunications	40.914	88.994
II.2.5 Printing and photocopying costs	150.623	234.989
II.2.6 Office rental costs	-	-
	342.751	596.411
II.3 DOCUMENTATION, STUDIES AND RESEARCH		
II.3.1 Newspapers, magazines, press agencies and books	181.350	209.324
II.3.2 Studies and research	10.946	127.729
II.3.3 Databases	-	-
	192.296	337.053
II.4 LEGAL AND ACCOUNTING COSTS, FINANCIAL CHARGES AND OTHER OPERATING EXPENDITURE		
II.4.1 Legal costs	-	-
II.4.2 Accounting and audit costs	15.665	7.862
II.4.3 Financial charges and exchange losses	17.354	24.444
II.4.4 Translation and interpreting costs	-	18.717
II.4.5 Other operating expenditure	4.877	17.022
	37.896	68.045

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 2019
(continued)**

	01/01/2019 - 30/06/2019	01/01/2018 - 31/12/2018
Notes	EUR	EUR
II.5 EXPENDITURE ON MEETINGS AND ENTERTAINMENT		
II.5.1 Official Group meetings	590.607	1.113.495
II.5.2 Other meetings and conferences	207.912	931.747
II.5.3 Expenditure on representation	73.667	98.379
II.5.4 Guests	2.589	12.566
II.5.5 Fact-finding missions by individual Members	80.913	209.875
	<u>955.688</u>	<u>2.366.062</u>
II.6 PUBLICATIONS AND ADVERTISING		
II.6.1 Posters, booklets, publications	196.383	417.791
II.6.2 Advertising inserts and audiovisual advertising	108.331	440.138
II.6.3 Advertising material, novelty items, telecommunications advertising	473.796	1.046.751
II.6.4 Internet sites and cyber advertising	426.251	1.343.615
II.6.5 Visits to institutions, information stands	451.298	926.261
	<u>1.656.059</u>	<u>4.174.556</u>
II.7 MEMBERS		
II.7.1 Decentralised political and information activities	5.3 5.207.019	8.522.931
	<u>5.207.019</u>	<u>8.522.931</u>
II.8 SUBSIDIES AND SUBSCRIPTIONS		
II.8.1 Subsidies	-	-
II.8.2 Subscriptions	-	-
	<u>-</u>	<u>-</u>
TOTAL EXPENDITURE	<u>10.441.420</u>	<u>20.819.781</u>
BALANCE CARRIED FORWARD	<u>2.982.769</u>	<u>4.152.046</u>
GRAND TOTAL OF REVENUE AND EXPENDITURE	<u>13.424.189</u>	<u>24.971.827</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 2019**

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 30 June 2019, 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, on 27 April 2015, on 10 December 2018, on 11 February 2019 and on 01 July 2019.

According to article 2.1.1 of the financial rules governing budget item 400 this report covers the period from 1 January 2019 to 30 June 2019 as 2019 is an election year. No comparative figures for the identical period of 2018 can be presented. Therefore 12 months' figures have been mentioned for 2018.

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 'Rules on the use of appropriations from budget item 400', 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 31 July 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 30 June 2019
(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 30 June 2019
(continued)**

3 Significant accounting and valuation principles (continued and end)

Reserves

At year end 2019 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 2019 to 30 June 2019 is calculated as follows:

	EUR
1. Subsidies received from the EP for the period from 1 January 2019 to 30 June 2019	9.219.952
2. Maximum amount transferable to next budgetary period (50% of the subsidies received from the EP for 2019)	N.A
3. Total revenue in the period from 1 January 2019 to 30 June 2019	13.424.189
4. Total expenditures in the period from 1 January 2019 to 30 June 2019	10.441.420
5. Difference between revenue and expenditures in the period from 1 January 2019 to 30 June 2019	2.982.769
6. Subsidies to be transferred to the EP	-
7. Amount carried forward to the following budgetary period	2.982.769

The reported surplus brought forward of EUR 2.982.769 (2018: EUR 4.152.046) as stated in the report is fully available for use for the second half of the budgetary period 2019.

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 2019
(continued)**

4 Significant balance sheet positions

4.1 Debtors, stocks and other current assets of EUR 40.173 (31 December 2018 EUR 66.652) are due within one year.

4.2 Cash and banks as at 30 June 2019 are presented as follows:

	30/06/2019	31/12/2018
	EUR	EUR
Share certificates	150	150
Fixed-rate securities	250.394	216.075
Total securities	250.544	216.225
Current accounts	4.488.552	5.255.207
Petty cash	6.613	2.209
Total cash	4.495.165	5.257.416
TOTAL	4.745.709	5.473.641

The securities are valued at lower of cost or market. The market value of the securities at the period ended 30 June 2019 amounts to EUR 250.544 (31 December 2018: EUR 216.225). Value adjustments, from the application of the lower cost or market value principle of EUR 37.891 are included under Caption I.2.1 'Interest and similar receipts'. (31 December 2018: EUR 3.795 addition to provision has been recognised.)

4.3 Caption IV.1 'Deferred charges' EUR 112.688 (31 December 2018: EUR 97.794) represents prepaid newspaper/news agency subscriptions and lease contracts. These expenses are related to the following financial period.

Caption IV.2 'Accrued income' EUR 9.484 (31 December 2018: EUR 206.334) represents Value adjustments, from the application of the lower cost or market value principle.

4.4 Caption III 'Other debts' includes EUR 1.513.056 (31 December 2018: EUR 1.781.352) representing expenditures accounted for the period from 1 January to 30 June and payable until 31 July as well as mission expenses incurred in the accounting period has reimbursed in 2019/II.

**Group of the European People's Party (Christian Democrats)
in the European Parliament
Notes to the accounts for the period ended 30 June 2019
(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	01/01/2019-30/06//2019		01/01/2018- 31/12/2018	
	EUR	in %	EUR	in %
Staff costs	-	0,00%	14.850	0,17%
Material, maintenance and operating expenses	451	0,01%	2.300	0,03%
Documentation, surveys and research expenses	189.432	3,64%	260.283	3,05%
Consulting fees and other administration expenses	-	0,00%	-	0,00%
Meetings and conferences	1.255.487	24,11%	2.776.919	32,58%
Representation costs	-	0,00%	-	0,00%
Invitations	442.597	8,50%	757.551	8,89%
Brochures and other publications	934.706	17,95%	820.032	9,62%
Adverts and audio-visual advertising	506.167	9,72%	748.982	8,79%
Promotional material	1.058.481	20,33%	1.780.443	20,89%
Internet	450.826	8,66%	814.012	9,55%
Visit groups	368.872	7,08%	547.559	6,43%
	<u>5.207.019</u>	<u>100,00%</u>	<u>8.522.931</u>	<u>100,00%</u>

6 Commitments

As per 30 June 2019 'Other financial commitments' amount to EUR 410.928 (2018: EUR 499.395) 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 2019
(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 12,54% (Euro)	Furniture (chairs desks, cupboards) 10% (Euro)	Total (Euro)
Historic cost							
Opening balances (historic cost)	19.249	167.428	430.358	12.749	9.012	70.428	709.224
Less Sales entered in profit and loss account	0	2.950	3.800	0	0	0	6.750
Add Acquisitions during financial year	0	6.974	5.270	0	0	0	12.244
Add Transfers							
Gives Closing balance at historic cost	19.249	171.452	431.828	12.749	9.012	70.428	714.718
Accumulated depreciation							
Opening balances (accumulated depreciation)	19.208	142.388	374.097	12.323	9.012	63.219	620.247
Less accumulated depreciation of fixed assets sold and entered in profit and loss account	0	2.950	3.800	0	0	0	6.750
Add depreciation for financial year	41	6.118	14.852	42	0	1.293	22.346
Gives Closing balance at historic cost	19.249	145.556	385.149	12.365	9.012	64.512	635.843
Net value							
Net accounting value as at 31/12/2018	41	25.040	56.261	426	0	7.209	88.977
Net accounting value as at 30/06/2019	0	25.896	46.679	384	0	5.916	78.875

**Group of the European People's Party (Christian Democrats)
in the European Parliament
Notes to the accounts for the period ended 30 June 2019
(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 Regulation (EU, EURATOM) No 1141/2014 of the European Parliament and of the Council of 22 October 2014 on the statute and funding of European political parties and European political foundations and in article 13 of the Decision of the Bureau of the European Parliament of 12 June 2017 laying down the procedures for implementing Regulation (EU, EURATOM) No 1141/2014 of the European Parliament and of the Council on the statute and funding of European political parties and European political foundations.