

**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 2019 to
31 December 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 31st December 2019 and the revenue and expenditure statement for the period from 1st July 2019 to 31 December 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 31st 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 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 31st December 2019, the revenue and expenditure statement for the period from 1st July 2019 to 31st December 2019 and the notes to the semi-annual accounts, characterised by a balance sheet total of € 6,322,901 and a grand total of revenue and expenditure for the period of € 10,950,520.

In our opinion, the semi-annual accounts give a true and fair view of the Group's assets and financial position as at 31 December 2019, as well as of its results for the period from 1st July 2019 to 31st December 2019, in accordance with the rules adopted by the European Parliament Bureau in the version of 30th June 2003, lastly revised by the Bureau on 13 January 2020, 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.

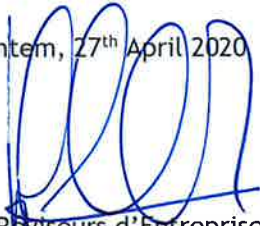
We communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

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, 27th April 2020



BDO Reviseurs 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 31 December 2019**

ASSETS	Notes	<u>31/12/2019</u> EUR	<u>30/06/2019</u> EUR
I	Tangible and intangible fixed assets		
I.1	Intangible fixed assets	-	-
I.2	Tangible fixed assets	3, 7 <u>79.891</u>	79.891 <u>78.875</u>
			78.875
II	Debtors, stocks and other current assets	4.1	
II.1	Suppliers	15.596	36.853
II.2	Staff	3.338	-
II.3	Value added tax	2.654	3.320
II.4	Stocks	-	-
II.5	Others	-	21.588
			40.173
III	Cash and bank	4.2	
III.1	Securities	292.454	250.544
III.2	Cash	<u>5.794.322</u>	<u>4.495.166</u>
			4.745.709
IV	Deferred charges/Accrued income	4.3	
IV.1	Deferred charges	115.411	112.688
IV.2	Accrued income	<u>19.235</u>	<u>9.484</u>
			122.172
TOTAL ASSETS		<u>6.322.901</u>	<u>4.986.930</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 2019**

LIABILITIES		Notes	<u>31/12/2019</u> EUR	<u>30/06/2019</u> EUR
I	Reserves	3		
I.1	Balance carried forward		<u>4.399.276</u>	<u>2.982.769</u>
			4.399.276	2.982.769
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		125.388	17.243
III.2	Charges settled in the period and paid in the following period		<u>1.541.801</u>	<u>1.495.813</u>
			1.667.189	1.513.056
IV	Accrued charges/Deferred income			
IV.1	Accrued charges			
IV.2	Deferred income		<u>256.436</u>	<u>491.105</u>
			256.436	491.105
TOTAL LIABILITIES			<u>6.322.901</u>	<u>4.986.930</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 2019**

	Notes	01/07/2019 - 31/12/2019 EUR	01/01/2019 - 30/06/19 EUR
I			
REVENUE			
I.1			
EP SUBSIDIES AND OTHER EP REVENUE			
I.1.1	3, 5.1	7.918.951	9.219.952
I.1.2		-	-
		7.918.951	9.219.952
I.2			
OWN RESOURCES			
I.2.1		46.030	50.693
I.2.2		366	596
I.2.3	5.2	2.404	902
I.2.4		2.982.769	4.152.046
		3.031.569	4.204.237
TOTAL REVENUE		10.950.520	13.424.189

**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 2019**

	Notes	01/07/2019 - 31/12/2019 EUR	01/01/2019 - 30/06/19 EUR
II EXPENDITURE			
II.1 STAFF			
II.1.1 Secretariat missions		1.385.575	1.263.907
II.1.2 Recruitment		2.642	5.454
II.1.3 Traineeships		182.554	173.435
II.1.4 Salaries and related costs, fees		222.110	359.065
II.1.5 Staff training		62.575	226.906
II.1.6 Staff representation		41.451	20.944
		1.896.907	2.049.711
II.2 EQUIPMENT, ROUTINE ADMINISTRATIVE EXPENDITURE AND OPERATING EXPENDITURE			
II.2.1 Equipment, operating expenditure, computer engineering and maintenance		59.322	115.384
II.2.2 Equipment, telecommunications-related installation and maintenance expenditure, office machinery, furniture and technical installations		24.990	29.090
II.2.3 Stationery and office supplies		13.043	6.740
II.2.4 Postage and telecommunications		46.161	40.914
II.2.5 Printing and photocopying costs		113.863	150.623
II.2.6 Office rental costs		-	-
		257.379	342.751
II.3 DOCUMENTATION, STUDIES AND RESEARCH			
II.3.1 Newspapers, magazines, press agencies and books		189.201	181.350
II.3.2 Studies and research		67.690	10.946
II.3.3 Databases		-	-
		256.891	192.296
II.4 LEGAL AND ACCOUNTING COSTS, FINANCIAL CHARGES AND OTHER OPERATING EXPENDITURE			
II.4.1 Legal costs		800	-
II.4.2 Accounting and audit costs		13.841	15.665
II.4.3 Financial charges and exchange losses		11.536	17.354
II.4.4 Translation and interpreting costs		-	-
II.4.5 Other operating expenditure		17.008	4.877
		43.185	37.896

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 2019
(continued)**

	Notes	01/07/2019 - 31/12/2019 EUR	01/01/2019 - 30/06/19 EUR
II.5 EXPENDITURE ON MEETINGS AND ENTERTAINMENT			
II.5.1 Official Group meetings		140.852	590.607
II.5.2 Other meetings and conferences		58.659	207.912
II.5.3 Expenditure on representation		47.836	73.667
II.5.4 Guests		8.620	2.589
II.5.5 Fact-finding missions by individual Members		75.979	80.913
		331.946	955.688
II.6 PUBLICATIONS AND ADVERTISING			
II.6.1 Posters, booklets, publications		63.639	196.383
II.6.2 Advertising inserts and audiovisual advertising		111.870	108.331
II.6.3 Advertising material, novelty items, telecommunications advertising		445.904	473.796
II.6.4 Internet sites and cyber advertising		241.341	426.251
II.6.5 Visits to institutions, information stands		302.353	451.298
		1.165.107	1.656.059
II.7 MEMBERS			
II.7.1 Decentralised political and information activities	5.3	2.599.829	5.207.019
		2.599.829	5.207.019
II.8 SUBSIDIES AND SUBSCRIPTIONS			
II.8.1 Subsidies		-	-
II.8.2 Subscriptions		-	-
		-	-
TOTAL EXPENDITURE		6.551.244	10.441.420
BALANCE CARRIED FORWARD		4.399.276	2.982.769
GRAND TOTAL OF REVENUE AND EXPENDITURE		10.950.520	13.424.189

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 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 182 Members as at 31 December 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, 01 July 2019 and 13 January 2020.

According to article 2.1.1 of the financial rules governing budget item 400 this report covers the period from 01 July 2019 to 31 December 2019. As 2019 is an election year, comparative figures represent figures as per 30 June 2019.

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. 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 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 31 December 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 July 2019 to 31 December 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. Subsidies received from the EP for the period from 1 July 2019 to 31 December 2019	7.918.951
	17.138.903
3. Maximum amount transferable to next budgetary period (50% of the subsidies received from the EP for 2019)	8.569.452
4. Total revenue in the period from 1 July 2019 to 31 December 2019	10.950.520
5. Total expenditures in the period from 1 July 2019 to 31 December 2019	6.551.244
6. Difference between revenue and expenditures in the period from 1 July 2019 to 31 December 2019	4.399.276
7. Subsidies to be transferred to the EP	-
8. Amount carried forward to the following budgetary period	4.399.276

The reported surplus brought forward of EUR 4.399.276 (30 June 2019: EUR 2.982.769) as stated in the report is fully available for use for the budgetary period 2020.

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 2019
(continued)**

4 Significant balance sheet positions

4.1 Debtors, stocks and other current assets of EUR 21.588 (30 June 2019 EUR 40.173) are due within one year.

4.2 Cash and banks as at 31 December 2019 are presented as follows:

	31/12/2019	30/06/2019
	EUR	EUR
Share certificates	150	150
Fixed-rate securities	292.304	250.394
Total securities	292.454	250.544
Current accounts	5.787.962	4.488.552
Petty cash	6.360	6.613
Total cash	5.794.322	4.495.165
TOTAL	6.086.776	4.745.709

The securities are valued at lower of cost or market. The market value of the securities at the period ended 31 December 2019 amounts to EUR 292.454 (30 June 2019: EUR 250.544). Value adjustments, from the application of the lower cost or market value principle of EUR 38.337 are included under Caption I.2.1 'Interest and similar receipts'. (30 June 2019: EUR 2.447 addition to provision has been recognised.)

4.3 Caption IV.1 'Deferred charges' EUR 115.411 (30 June 2019: EUR 112.688) represents prepaid newspaper/news agency subscriptions and lease contracts. These expenses are related to the following financial period.

Caption IV.2 'Accrued income' EUR 19.235 (30 June 2019: EUR 9.484) represents a credit note related to staff costs adjustments for December 2019.

4.4 Caption III 'Other debts' includes EUR 1.667.189 (30 June 2019: EUR 1.513.056) representing expenditures accounted for the period from 1 July to 31 December and payable until 31 January as well as mission expenses incurred in the accounting period has reimbursed in 2020.

**Group of the European People's Party (Christian Democrats)
in the European Parliament
Notes to the accounts for the period ended 31 December 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	01/07/2019-31/12/2019		01/01/2019-	30/06/2019
	EUR	in %	EUR	in %
Staff costs	-	0,00%	-	0,00%
Material, maintenance and operating expenses	-	0,00%	451	0,01%
Documentation, surveys and research expenses	41.862	1,61%	189.432	3,64%
Consulting fees and other administration expenses	-	0,00%	-	0,00%
Meetings and conferences	649.394	24,97%	1.255.487	24,11%
Representation costs	-	0,00%	-	0,00%
Invitations	295.581	11,37%	442.597	8,50%
Brochures and other publications	135.366	5,21%	934.706	17,95%
Adverts and audio-visual advertising	176.320	6,78%	506.167	9,72%
Promotional material	756.580	29,10%	1.058.481	20,33%
Internet	354.011	13,62%	450.826	8,66%
Visit groups	190.715	7,34%	368.872	7,08%
	<u>2.599.829</u>	<u>100,00%</u>	<u>5.207.019</u>	<u>100,00%</u>

6 Commitments

As per 31 December 2019 'Other financial commitments' amount to EUR 399.856 (30 June 2019: EUR 410.928) 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 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 12,50% (Euro)	Furniture (chairs, desks, cupboards) 10% (Euro)	Total (Euro)
Historic cost							
Opening balances (historic cost)	19.249	171.452	431.828	12.749	9.012	70.428	714.718
Less Sales entered in profit and loss account	0	0	6.450	0	0	0	6.450
Add Acquisitions during financial year	0	9.523	11.540	3.732	0	0	24.795
Add Transfers							
Gives Closing balance at historic cost	19.249	180.975	436.918	16.481	9.012	70.428	733.063
Accumulated depreciation							
Opening balances (accumulated depreciation)	19.249	145.556	385.149	12.365	9.012	64.512	635.843
Less accumulated depreciation of fixed assets sold and entered in profit and loss account	0	0	6.450	0	0	0	6.450
Add depreciation for financial year	0	6.455	15.954	119	0	1.251	23.779
Gives Closing balance at historic cost	19.249	152.011	394.653	12.484	9.012	65.763	653.172
Net value							
Net accounting value as at 30/06/2019	0	25.896	46.679	384	0	5.916	78.875
Net accounting value as at 31/12/2019	0	28.964	42.265	3.997	0	4.665	79.891

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