



**Group of the European People's Party
(Christian Democrats)
In the European Parliament**

**Short form report on the accounts of budget
item 400 of the budget
of the European Parliament**

**Financial year 2020
From 1 January to 31 December 2020**

15 April 2021

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**REPORT OF THE EXTERNAL AUDITORS ON THE ANNUAL ACCOUNTS RELATIVE
TO THE USE OF APPROPRIATIONS FROM BUDGET ITEM 400****AUDITOR'S REPORT**

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 December 31, 2020 and the revenue and expenditure statement for the period from January 1, 2020 to December 31, 2020, 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, 2020, we have performed the audit of the annual accounts of the Group for the first year.

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 December 31, 2020, the revenue and expenditure statement for the period from January 1, 2020 to December 31, 2020 and the notes to the annual accounts, characterized by a balance sheet total of € 11,964,540 and a grand total of revenue and expenditure for the period of € 21,687,094.

In our opinion, the annual accounts give a true and fair view of the Group's assets and financial position as at December 31, 2020, as well as of its results for the period from January 31, 2020 to December 31, 2020, in accordance with the rules adopted by the European Parliament Bureau in the version of 30th June 2003, lastly revised by the Bureau on July 6, 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 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:

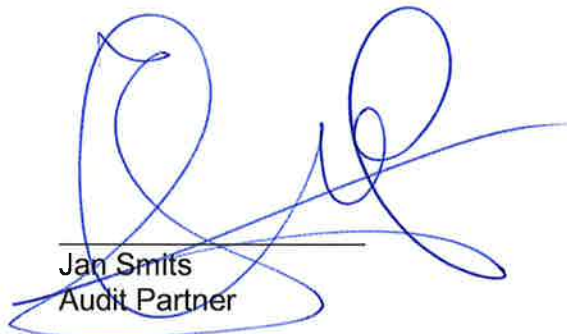
- the statement of revenue and expenditure gives a true and fair view of the group's financial position for the financial period concerned;
- the balance sheet gives a true and fair view of the group's assets at the end of the financial period;
- the overall considerations on financial statements in 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.

Melle, April 15, 2021

Baker Tilly Belgium Bedrijfsrevisoren CVBA



Jan Smits
Audit Partner

Balance Sheet & Profit and loss

**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 2020**

ASSETS	Notes	<u>31/12/2020</u> EUR	<u>31/12/2019</u> EUR
I	Tangible and intangible fixed assets		
I.1	Intangible fixed assets	-	-
I.2	Tangible fixed assets	3, 7 <u>137.202</u>	<u>79.891</u> 79.891
II	Debtors, stocks and other current assets	4.1	
II.1	Suppliers	77.025	15.596
II.2	Staff	500	3.338
II.3	Value added tax	721	2.654
II.4	Stocks	-	-
II.5	Others	78.246	21.588
III	Cash and bank	4.2	
III.1	Securities	317.113	292.454
III.2	Cash	<u>11.358.149</u>	<u>5.794.322</u> 6.086.776
IV	Deferred charges/Accrued income	4.3	
IV.1	Deferred charges	73.051	115.411
IV.2	Accrued income	<u>779</u>	<u>19.235</u> 134.646
TOTAL ASSETS		<u>11.964.540</u>	<u>6.322.901</u>

LIABILITIES	Notes	<u>31/12/2020</u> EUR	<u>31/12/2019</u> EUR
I	Reserves	3	
I.1	Balance carried forward	<u>10.197.966</u>	<u>4.399.276</u> 4.399.276
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	15.635	125.388
III.2	Charges settled in the period and paid in the following period	<u>1.742.901</u>	<u>1.541.801</u> 1.667.189
IV	Accrued charges/Deferred income		
IV.1	Accrued charges	8.038	
IV.2	Deferred income	<u>-</u>	<u>256.436</u> 256.436
TOTAL LIABILITIES		<u>11.964.540</u>	<u>6.322.901</u>

**Resources and expenditure 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 2020**

	Notes	01/01/2020 - 31/12/2020 EUR	01/07/2019 - 31/12/2019 EUR
I REVENUE			
I.1 EP SUBSIDIES AND OTHER EP REVENUE			
I.1.1		17.238.708	7.918.951
I.1.2	3, 5.1	-	-
		<u>17.238.708</u>	<u>7.918.951</u>
I.2 OWN RESOURCES			
I.2.1		46.456	46.030
I.2.2		2.040	366
I.2.3	5.2	614	2.404
I.2.4		4.399.276	2.982.769
		<u>4.448.386</u>	<u>3.031.569</u>
TOTAL REVENUE		<u>21.687.094</u>	<u>10.950.520</u>
	Notes	01/01/2020 - 31/12/2020 EUR	01/07/2019 - 31/12/2019 EUR
II EXPENDITURE			
II.1 STAFF			
II.1.1		479.122	1.385.575
II.1.2		7.191	2.642
II.1.3		458.766	182.554
II.1.4		344.271	222.110
II.1.5		180.354	62.575
II.1.6		104.430	41.451
		<u>1.574.134</u>	<u>1.896.907</u>
II.2 EQUIPMENT, ROUTINE ADMINISTRATIVE EXPENDITURE AND OPERATING EXPENDITURE			
II.2.1		377.813	59.322
II.2.2		50.152	24.990
II.2.3		16.449	13.043
II.2.4		69.419	46.161
II.2.5		191.454	113.863
II.2.6		-	-
		<u>705.287</u>	<u>257.379</u>
II.3 DOCUMENTATION, STUDIES AND RESEARCH			
II.3.1		350.950	189.201
II.3.2		86.593	67.690
II.3.3		-	-
		<u>437.543</u>	<u>256.891</u>
II.4 LEGAL AND ACCOUNTING COSTS, FINANCIAL CHARGES AND OTHER OPERATING EXPENDITURE			
II.4.1		-	800
II.4.2		9.256	13.841
II.4.3		37.328	11.536
II.4.4		-	-
II.4.5		1.230	17.008
		<u>47.814</u>	<u>43.185</u>

**Expenditure 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 2020**

	01/01/2020 - 31/12/2020	01/07/2019 - 31/12/2019
Notes	EUR	EUR
II.5 EXPENDITURE ON MEETINGS AND ENTERTAINMENT		
II.5.1 Official Group meetings	141.101	140.852
II.5.2 Other meetings and conferences	169.865	58.659
II.5.3 Expenditure on representation	53.204	47.836
II.5.4 Guests	487	8.620
II.5.5 Fact-finding missions by individual Members	65.305	75.979
	429.962	331.946
II.6 PUBLICATIONS AND ADVERTISING		
II.6.1 Posters, booklets, publications	264.535	63.639
II.6.2 Advertising inserts and audiovisual advertising	580.961	111.870
II.6.3 Advertising material, novelty items, telecommunications advertising	416.826	445.904
II.6.4 Internet sites and cyber advertising	711.959	241.341
II.6.5 Visits to institutions, information stands	54.750	302.353
	2.029.031	1.165.107
II.7 MEMBERS		
II.7.1 Decentralised political and information activities	5.3 6.265.357	2.599.829
	6.265.357	2.599.829
II.8 SUBSIDIES AND SUBSCRIPTIONS		
II.8.1 Subsidies	-	-
II.8.2 Subscriptions	-	-
	11.489.128	6.551.244
TOTAL EXPENDITURE	11.489.128	6.551.244
BALANCE CARRIED FORWARD	10.197.966	4.399.276
GRAND TOTAL OF REVENUE AND EXPENDITURE	21.687.094	10.950.520

Notes to the financial statements

Group of the European People's Party (Christian Democrats)
in the European Parliament
Notes to the accounts for the period ended 31 December 2020

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 187 Members as at 31 December 2020 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, 13 January 2020 and 6 July 2020.

According to article 2.1.1 of the financial rules governing budget item 400 this report covers the period from 01 January 2020 to 31 December 2020. The year 2019 was an election year, consequently, comparative figures cover the 6 month budget period from 01 July 2019 to 31 December 2019.

3 **Significant accounting and valuation principles**

Movements on the accounts and the balances shall be entered in the accounting ledgers.

All accounting entries, including adjustments to the accounts, shall be based on dated and numbered supporting documents, to which they shall refer.

The accounting system must be such as to leave a trail for all accounting entries.

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;
- materiality
- no netting;
- substance over form.

3 **Significant accounting and valuation principles (continued)**

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 system. 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'. No provisions will be made for expenditure of the current financial period not paid by the end of the month, following the end of this financial period 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).

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.

3 **Significant accounting and valuation principles (continued and end)**

Reserves

At year end a maximum of 50% of the annual subsidies may be brought forward to the following year. In 2020 the maximum carry forward has been increased to 75% due to limited activities caused by the COVID pandemic.

The balance carried forward to the financial year 2021 is calculated as follows:

	EUR
1. Subsidies received from the EP for 2020	17.238.708
2. Exceptional carry forward of 75% instead of 50% (bureau decision 06/07/2020 due to limited activities caused by the COVID Pandemic)	12.929.031
3. Total revenue in 2020	21.687.094
4. Total expenditures in 2020	11.489.128
5. Difference between revenue and expenditures 2020	10.197.966
6. Subsidies to be transferred to the EP	-
7. Amount carried forward to the following accounting year 2021	10.197.966

The reported surplus brought forward of EUR 10.197.966 (31 December 2019: EUR 4.399.276) as stated in the report is fully available for use for the budgetary period 2021.

4 Significant balance sheet positions

4.1 Debtors, stocks and other current assets of EUR 78.246 (31 December 2019 EUR 21.588) are due within one year.

4.2 Cash and banks as at 31 December 2020 are presented as follows:

	31/12/2020	31/12/2019
	EUR	EUR
Share certificates	150	150
Fixed-rate securities	316.963	292.304
Total securities	317.113	292.454
Current accounts	11.353.014	5.787.962
Petty cash	5.135	6.360
Total cash	11.358.149	5.794.322
TOTAL	11.675.262	6.086.776

The securities are valued at lower of cost or market. The market value of the securities at the period ended 31 December 2020 amounts to EUR 317.113 (31 December 2019: EUR 292.454). Value adjustments, from the application of the lower cost or market value principle of EUR 30.679 are included under Caption I.2.1 'Interest and similar receipts'.(31 December 2019 : EUR 38.337 addition to provision has been recognised.)

4.3 Caption IV.1 'Deferred charges' EUR 73.051 (31 December 2019: EUR 115.411) represents prepaid newspaper/news agency subscriptions and lease contracts. These expenses are related to the following financial period.
Caption IV.2 'Accrued income' EUR 779 (31 December 2019: EUR 19.235) represents a credit note related to staff costs adjustments for December 2020.

4.4 Caption III 'Other debts' includes EUR 1.758.536 (31 December 2019: EUR 1.667.189) representing expenditures accounted for the year 2020 and payable until 31 January as well as mission expenses incurred in the accounting period, reimbursed in 2021.

Group of the European People's Party (Christian Democrats)
in the European Parliament
Notes to the accounts for the period ended 31 December 2020

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	01/01/2020 - 31/12/2020		01/07/2019 - 31/12/2019	
	EUR	in %	EUR	in %
Staff costs	-	0,00%	-	0,00%
Material, maintenance and operating expenses	457	0,01%	-	0,00%
Documentation, surveys and research expenses	209.990	3,35%	41.862	1,61%
Consulting fees and other administration expenses	-	0,00%	-	0,00%
Meetings and conferences	610.883	9,75%	649.394	24,97%
Representation costs	-	0,00%	-	0,00%
Invitations	364.759	5,82%	295.581	11,37%
Brochures and other publications	517.537	8,26%	135.366	5,21%
Adverts and audio-visual advertising	1.001.365	15,98%	176.320	6,78%
Promotional material	2.215.781	35,37%	756.580	29,10%
Internet	1.260.831	20,12%	354.011	13,62%
Visit groups	83.754	1,34%	190.715	7,34%
	<u>6.265.357</u>	<u>100,00%</u>	<u>2.599.829</u>	<u>100,00%</u>

6 Commitments

As per 31 December 2020 'Other financial commitments' amount to EUR 329.515 (31december 2019: EUR 399.856) and result from rental agreements for copy machines.

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)	19.249	180.975	436.918	16.481	9.012	70.428	733.063
	Less Sales entered in profit and loss account	0	1.354	38.286	0	0	0	39.640
	Add Acquisitions during financial year	0	63.978	46.766		0	4.160	114.904
	Add Transfers							
	Gives Closing balance at historic cost	19.249	243.599	445.398	16.481	9.012	74.588	808.327
Accumulated depreciation	Opening balances (accumulated depreciation)	19.249	152.011	394.653	12.484	9.012	65.763	653.172
	Less accumulated depreciation of fixed assets sold and entered in profit and loss account	0	1.353	38.286	0	0	0	39.639
	Add depreciation for financial year	0	24.404	30.417	549	0	2.222	57.592
	Gives Closing balance at historic cost	19.249	175.062	386.784	13.033	9.012	67.985	671.125
	Net accounting value as at 31/12/2019	0	28.964	42.265	3.997	0	4.665	79.891
Net accounting value as at 31/12/2020	0	68.537	58.614	3.448	0	6.603	137.202	

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.

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