European Conservatives and Reformist Group

Financial statements

Budget item 400 of the budget of the European Parliament

Financial year 2022

22 May 2023

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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 European Conservatives and Reformist Group in the European Parliament ('the Group), which comprise the balance sheet as at December 31, 2022 and the revenue and expenditure statement for the period from January 1, 2022 to December 31, 2022, and a summary of significant accounting policies and other explanatory notes.

We have been re-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 4 succeeding 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 December 31, 2022, the revenue and expenditure statement for the period from January 1, 2022 to December 31, 2022 and the notes to the annual accounts, characterized by a balance sheet total of € 3 954 940,35 and a grand total of revenue and expenditure for the period of € 10 031 015,21.

In our opinion, the annual accounts give a true and fair view of the Group's assets and financial position as at December 31, 2022, as well as of its results for the period from January 1, 2022 to December 31, 2022, in accordance with the rules adopted by the Bureau of the European Parliament in the version of 30th June 2003, lastly revised by the Bureau on 4th July 2022, 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, May 22, 2023

Baker Tilly Bedrijfsrevisoren BV

Jan Smits
Audit Partner

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Balance Sheet & Profit and loss

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Balance sheet of the European Conservatives and Reformist Group
in the European Parliament
for budget item 400 as at 31 December 2022

	notes	2022	2021
ASSETS			
FIXED ASSETS			
Chapter 1 Intangible and tangible assets			
.1 Intangible assets		-	-
.2 Tangible assets		65.398,60	90.913,20
Sub total chapter 1		**65.398,60**	**90.913,20**
CURRENT ASSETS			
Chapter 2 Debtors, stocks and other working assets			
.1 Debtors			-
.2 Staff		-	-
.3 VAT		72.577,82	- 9.459,20
.4 Stocks		-	-
.5 Various		-	-
Sub total chapter 2		**72.577,82**	**- 9.459,20**
Chapter 3 Financial assets			
.1 Financial securities		-	-
.2 Cash and cash equivalent		3.804.077,91	5.318.740,63
Sub total chapter 3		**3.804.077,91**	**5.318.740,63**
Chapter 4 Deferred charges and accrued income			
.1 Deferred charges		12.886,02	91.842,61
.2 Accrued income		-	
Sub total chapter 4		**12.886,02**	**91.842,61**
TOTAL ASSETS		**3.954.940,35**	**5.492.037,24**

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Balance sheet of the European Conservatives and Reformist Group in the European Parliament for budget item 400 as at 31 December 2022

LIABILITIES	notes	2022	2021
Chapter 1 Reserves			
.1 Carry forward to next budgeting period		3.070.553,95	3.718.458,13
Sub total chapter 1		**3.070.553,95**	**3.718.458,13**
Chapter 2 Financial debts			
.1 Financial debts of a residual duration > 1 year		-	-
.2 Financial debts of a residual duration </= 1 year		-	-
Sub total chapter 2		**-**	**-**
Chapter 3 Other debts			
.1 Other debts		-	-
.2 Charges settled in current period but paid in next period		884.386,40	1.773.579,11
Sub total chapter 3		**884.386,40**	**1.773.579,11**
Chapter 4 Deferred income/accrued charges			
.1 Deferred income		-	-
.2 Accrued charges		-	-
Sous Total Chapitre 4		**-**	**-**
TOTAL LIABILITIES		**3.954.940,35**	**5.492.037,24**

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Statement of Revenues and Expenditure of the European Conservatives and Reformist Group in the European Parliament for budget item 400 as at 31 December 2022

	Notes	2022	2021
Receipts			
Chapter 1 Grants and other receipts from the European Parliament			
.1 EP allocation		6.184.095,02	6.004.923,12
.2 Other EP resources		-	-
Subtotal for Chapter 1		**6.184.095,02**	**6.004.923,12**
Chapter 2 Own resources			
.1 Interest and assimilated products		667,97	4.730,12
.2 Profit on curency exchange		-	
.3 Miscellaneous		127.794,09	-
.5 Amount carried forward from previous budget period		3.718.458,13	3.977.537,80
Subtotal for Chapter 2		**3.846.920,19**	**3.982.267,92**
Total receipts		**10.031.015,21**	**9.987.191,04**
Grand total		**10.031.015,21**	**9.987.191,04**

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Statement of Revenues and Expenditure
of the European Conservatives and Reformist Group
in the European Parliament
for budget item 400 as at 31 December 2022

Expenditure		*Notes*	2022	2021
Chapter 1 Staff				
.1	Secretariat missions		709.300,82	292.332,57
.2	Recruitment		-	-
.3	Traineeships		311.673,25	202.350,60
.4	Salaries and related costs, fees		287.195,68	269.023,98
.5	Staff training		8.196,00	13.184,36
.6	Staff representation costs		192,04	399,80
Subtotal for Chapter 1			**1.316.557,79**	**777.291,31**
Chapter 2 Equipment, routine administrative costs and operating costs				
.1	Equipment,operating expenditure,computer-related engineering and maintenance		64.251,17	63.919,60
.2	Equipment, telecomunications-related installation and maintenance expenditure, office machinery,furniture and technical installations		208,20	208,20
.3	Stationery and office supplies		1.149,39	11.854,59
.4	Postage and telecommunications		24.722,54	27.811,18
.5	Printing and photocopying costs		6.241,86	12.564,92
.6	Office rental costs		25.512,27	23.883,40
Subtotal for Chapter 2			**122.085,43**	**140.241,89**
Chapter 3 Documentation, studies and research				
.1	Newspapers,magazines, press agencies and books		45.850,34	74.027,05
.2	Studies and research		20.000,85	38.280,00
.3	Databases		-	-
Subtotal for Chapter 3			**65.851,19**	**112.307,05**
Chapter 4 Legal and accountancy fees, financial and other charges				
.1	Legal costs		-	-
.2	Accounting costs/audits		7.560,00	7.560,00
.3	Financial charges and losses from currency exchange		23.563,19	15.729,87
.4	Translation and interpretation costs		10.182,41	21.887,76
.5	Other operating expenditure		12.001,17	16.041,99
Subtotal for Chapter 4			**53.306,77**	**61.219,62**
Chapter 5 Cost of meetings and representation				
.1	Group meetings		277.712,44	12.089,08
.2	Other meetings and conferences		442.573,54	597.121,61
.3	Expenditure on entertainment		26.572,48	-
.4	Guests		-	-
.5	Individual fact finding missions of members		78.825,30	61.842,38
Subtotal for Chapter 5			**825.683,76**	**671.053,07**
Chapter 6 Publications and publicity				
.1	Posters, leaflets and booklets		16.436,75	50.221,70
.2	Advertising inserts and audiovisual advertising		21.225,79	83.205,00
.3	Advertising material,novelty items, telecommunication advertising		169.093,18	117.608,02
.4	Internet sites + e-publicity		82.146,52	65.698,78
.5	Visits to institutions, information stands		12.970,31	30,69
Subtotal for Chapter 6			**301.872,55**	**316.764,19**

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Balance sheet of the European Conservatives and Reformist Group in the European Parliament for budget item 400 as at 31 December 2022

	Notes	2022	2021
Chapter 7 Members of Parliament			
.1 Members' political and information activities, administrative expenses and political and information activities of national delegations *(details attached)*	3	4.275.103,77	4.189.855,68
Subtotal for Chapter 7		**4.275.103,77**	**4.189.855,68**
Chapter 8 Grants, subscriptions and contributions			
.1 Subsidies		-	-
.2 Subscriptions		-	-
Subtotal for Chapter 8		-	-
Total expenditure		**6.960.461,26**	**6.268.732,81**
Credits repayable to European Parliament		-	
Amount carried forward	2	3.070.553,95	3.718.458,23
Grand total		**10.031.015,21**	**9.987.191,04**

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Notes to the financial statements

NOTE 1: BASIS OF THE ACCOUNTS AND ACCOUNTING PRINCIPLES

Basis of preparation

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

- The 400 financial rules approved by the Bureau of the European Parliament on 30 June 2003, revised by the Bureau on 22 March 2006 (PE 335.475/BUR), on 11 July 2007, on 20 September 2010, on 23 March 2011, on 26 September 2011, on 02 July 2012, on 11 March 2013, on 24 February 2014 and 14 April 2014 and 27 April 2015, 10 December 2018,11 February 2019 and 1 July 2019, 13 January 2020, 6 July 2020, 7 June 2021 and 4th July 2022
- The internal financial rules of the Group;
- The accounting principles and the harmonized accounting plan adopted by the Secretaries-General of the political groups on 15/09/2005.

Accounting principles

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

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

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

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

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

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

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

All expenditure for which actual payment is made later than the end of the month following the closure of the financial year or for risks and future charges is registered in the accounts of the next financial year.
No provisions will be made for expenditure of the current financial year not paid by the end of the month following the end of this financial year or for risks and future charges.

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

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

Classification

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

Exchange policy

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

Depreciation of tangible fixed assets

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

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

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

Valuation methods for financial securities

Non applicable

Valuation of receivables, debts and other assets

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

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

The group has not granted any technical support to political parties and foundations as defined in article 13 of the EP Bureau decision dated 12 June 2017.

NOTE 2: CARRY FORWARD TO THE NEXT BUDGETING PERIOD

In accordance with article 2.1.6 of the Rules on the use of appropriations from budget item 400, appropriations that are not used during the financial year may be carried over to the following financial year up to a maximum of 75% of the annual appropriations received from the European Parliament's budget. This has increased from 50% to 75% due to limit activities caused by the COVID pandemic.

	€
Credits received by our group for 2022 financial period	6 184 762,99
Maximum amount of carry forward to 2023 financial period (75%)	4 638 572,24
Difference between total revenue and total expenditure at the end of the 2022 financial period	3 070 553,95
Credits to be returned to the EP	0,00
Carry forward to 2023 financial period	3 070 553,95

NOTE 3: DETAIL OF THE EXECUTION OF THE DECENTRALISED CREDITS OF CHAPTER 7 ARTICLE 1

The detail of the decentralised credits executed for Chapter 7.1 of the accounting plan annexed to the 4000 financial rules is the following:

Article	Category	Year 31 December 2022	%	Year 31 December 2021	%
1.	Staff	0	0,00%	0	0,00%
2.	Secretariat - equipment and expenses	2.000,12	0,05%	0	0,00%
3.	Documentation, studies and research	319.124,25	7,46%	429.388,15	10,25%
4.	Legal, accounting, financial and other operating costs	0	0,00%	0	0,00%
52.	Other meetings and conferences	1.257.112,58	29,41%	726.616,94	17,34%
53.	Expenditure on entertainment	179.348,26	4,20%	0	0,00%
54.	Guests	0	0,00%	71.866,71	1,72%
61.	Posters, booklets and publications	341.225,80	7,98%	403.723,21	9,64%
62.	Advertising inserts and audiovisual advertising	1.440.572,91	33,70%	1.771.431,38	42,28%
63.	Advertising material, novelty items, telecommunications advertising	584.108,17	13,66%	712.569,91	17,01%
64.	Internet sites and cyber advertising	86.372,60	2,02%	59.871,02	1,43%
65.	Visits to institutions; information stands	65.239,08	1,53%	14.388,36	0,34%
	Total Chapter 7.1	4.275.103,77	100%	4.189.855,68	100%

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Financial inventory financial period 2022

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European Conservatives and Reformist Group in the European Parliament

Financial inventory period 2022

	Category and write-down rate	IT software 25% (€)	IT hardware 25% (€)	Telecom-munications equipment 25% (€)	Technical equipment and supplies 12.5% (€)	Miscellaneous machinery and installations 12.5% (€)	Movable property (seats, desks, cabinets) 10% (€)	Total (€)
	0							
Historical cost	Opening balances (historical cost)		241.241,64		0,00	30.288,71	36.667,23	308.197,58
	Less Items sold and entered in profit-and-loss account						0,00	0,00
	Plus Acquisitions during the financial year		19.076,04					19.076,04
	Plus Transfers							
	Result Closing balance at historical cost	**0,00**	**260.317,68**	**0,00**	**0,00**	**30.288,71**	**36.667,23**	**327.273,62**
Accumulated depreciation	Opening balances (accumulated depreciation)	0,00	151.247,24	0,00	0,00	30.288,71	35.748,43	217.284,38
	Less Accumulated depreciation of items sold and entered in p/l account						0,00	
	Plus Depreciation charge for the financial year	0,00	44.382,44	0,00	0,00	0,00	208,20	44.590,64
	Result Closing balance at historical cost	**0,00**	**195.629,68**	**0,00**	**0,00**	**30.288,71**	**35.956,63**	**261.875,02**
Written-down values	**Net book value of fixed assets on 31/12/2021**	0,00	89.994,40	0,00	0,00	0,00	918,80	90.913,20
	Net book value of fixed assets on 31/12/2022	**0,00**	**64.688,00**	**0,00**	**0,00**	**0,00**	**710,60**	**65.398,60**

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