



Gruppe du Parti Populaire Européen (Démocrates-Chrétiens) et Démocrates Européens au Parlement européen
Group of the European People's Party (Christian Democrats) and European Democrats in the European Parliament
Fraktion der Europäischen Volkspartei (Christdemokraten) und europäischer Demokraten im Europäischen Parlament

Le Président - The Chairman- Der Vorsitzende

507167 00.04.2009

Bruxelles, le 27 avril 2009


Monsieur Hans-Gert POETTERING
Président
Parlement européen

Cher Monsieur le Président,

Veillez trouver en annexe le rapport d'Audit accompagné des comptes de notre Groupe au 31 décembre 2008 en accord avec la réglementation régissant l'utilisation des crédits du poste budgétaire 4000 adoptée par le Bureau en date du 30 juin 2003.

Ce document est destiné à la publication sur l'Intranet du Parlement européen.

Je vous prie d'agréer, Monsieur le Président, l'expression de mes sentiments les meilleurs.


Joseph DAUL

annexe

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**Group of the European People's Party
(Christian Democrats) and European
Democrats in the European Parliament,
Luxembourg**

Short Form Report
on the Accounts of
Budget Item 4000 for
the year from
1 January 2008 to
31 December 2008



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REPORT OF THE REVISEUR D'ENTREPRISES

Following our appointment, we have audited the accompanying annual accounts of the Group of the European People's Party (Christian Democrats) and European Democrats in the European Parliament ('the Group'), which comprise the balance sheet as at 31 December 2008 and the revenue and expenditure statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the annual accounts

The management is responsible for the preparation and fair presentation of these annual accounts in accordance with the rules adopted by the European Parliament Bureau in the version of 30 June 2003, as subsequently amended, in respect of the procedures for the use of resources of budget item 4000 of the European Parliament and with the Group's internal rules (hereafter: 'Applicable Rules'), as well as the financial regulation of the Group. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the Réviseur d'Entreprises

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the Institut des Réviseurs d'Entreprises. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgement of the Réviseur d'Entreprises, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the overall presentation of the annual accounts. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

By carrying out our work, we have verified that expenditure has been made in accordance with the Applicable Rules as well as the Group's financial regulations.

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

- Expenditures have been charged to the correct budget item;
- Appropriations are available;
- The principles of sound financial management have been applied;
- Expenditure conformed to Applicable Rules;
- Payment orders are supported by original documentation (or certified copies);
- The accounts have been prepared in accordance with the harmonised accounting plan 4000;
- The accounts have been prepared in accordance with generally accepted accounting principles as laid out in articles 186 to 196 of the Implementing Rules. Departures from these principles have been adequately explained by means of notes to the prepared annual accounts.

Opinion

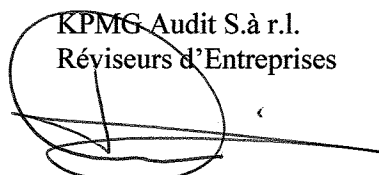
In our opinion the annual accounts give a true and fair view of the financial position of the Group as at 31 December 2008 and of the revenue and expenditure statement for the year then ended in accordance with the Applicable Rules.

As a result of our work:

- We did not identify any significant non conformity with the provisions laid out in the Applicable Rules;
- We noted that the overall presentation of the revenue and expenditure statement for the year 2008 and the balance sheet as at 31 December 2008 complies with the chart of accounts set out by the Applicable Rules;
- Generally accepted accounting principles are adequately explained by means of notes to the annual accounts.

Luxembourg, April 22, 2009

KPMG Audit S.à r.l.
Réviseurs d'Entreprises



P. Wies

**Balance sheet of the Group of the European People's Party
(Christian Democrats) and European Democrats
in the European Parliament
for budget item 4000 as at 31 December 2008**

ASSETS	Notes	<u>31/12/2008</u> EUR		<u>31/12/2007</u> EUR	
I Tangible and intangible fixed assets					
I.1 Intangible fixed assets		-		-	
I.2 Tangible fixed assets	6	<u>412,919</u>	412,919	<u>305,543</u>	305,543
II Debtors, stocks and other current assets					
II.1 Suppliers	3.2	38,857		36,957	
II.2 Staff		-		-	
II.3 Value added tax		192,161		135,771	
II.4 Stocks		-		-	
II.5 Others		<u>94,873</u>	325,891	<u>90,122</u>	262,850
III Financial assets					
III.1 Securities	3.1	2,013,178		8,380,678	
III.2 Cash and bank		<u>7,186,054</u>	9,199,232	<u>2,297,320</u>	10,677,998
IV Accrued income and deferred charges					
IV.1 Deferred charges		-		55,073	
IV.2 Accrued income		<u>14,153</u>	<u>14,153</u>	<u>32,906</u>	<u>87,979</u>
TOTAL			<u><u>9,952,195</u></u>		<u><u>11,334,370</u></u>
LIABILITIES					
I Reserves					
		<u>7,405,677</u>	7,405,677	<u>9,074,297</u>	9,074,297
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 Others	3.3	23,563		46,887	
III.2 Charges settled in the year and paid in the following year		<u>2,522,955</u>	2,546,518	<u>2,213,186</u>	2,260,073
IV Accrued charges and deferred income					
IV.1 Deferred income		-		-	
IV.2 Accrued charges		<u>-</u>	-	<u>-</u>	-
TOTAL			<u><u>9,952,195</u></u>		<u><u>11,334,370</u></u>

The notes are an integral part of these annual accounts.

**Resources available of the Group of the European People's Party
(Christian Democrats) and European Democrats
in the European Parliament
for budget item 4000 for the year from 1 January to 31 December 2008**

	Notes	01/01/2008 - 31/12/2008 EUR	01/01/2007 - 31/12/2007 EUR
I REVENUE			
I.1 EP SUBSIDIES AND OTHER EP REVENUE			
I.1.1 Allocation from EP	4.1	21,694,617	18,197,622
I.1.2 Other revenue from EP		-	-
		<u>21,694,617</u>	<u>18,197,622</u>
I.2. OWN RESOURCES			
I.2.1 Interest and similar receipts		635,192	457,907
I.2.2 Exchange gains		46,926	11,320
I.2.3 Miscellaneous resources	4.4	12,056	33,330
I.2.4 VAT reimbursements		-	-
I.2.5 Amount carried forward from the preceding financial year		9,074,297	8,946,788
		<u>9,768,471</u>	<u>9,449,345</u>
TOTAL REVENUE		<u><u>31,463,088</u></u>	<u><u>27,646,967</u></u>

The notes are an integral part of these annual accounts.

**Expenditure of the Group of the European People's Party
(Christian Democrats) and European Democrats
in the European Parliament
for budget item 4000 for the year from 1 January to 31 December 2008**

	Notes	01/01/2008 - 31/12/2008 EUR	01/01/2007 - 31/12/2007 EUR
II EXPENDITURE			
II.1 STAFF			
II.1.1 Secretariat missions	4.2	2,674,134	3,015,844
II.1.2 Recruitment		5,000	30,072
II.1.3 Traineeships		302,505	212,164
II.1.4 Salaries and related costs, fees		1,206,696	1,198,632
II.1.5 Staff training		215,100	154,716
II.1.6 Staff entertainment		82,093	72,594
		4,485,528	4,684,022
II.2 EQUIPMENT, ROUTINE ADMINISTRATIVE EXPENDITURE AND OPERATING EXPENDITURE			
II.2.1 Equipment, operating expenditure, computer engineering and maintenance		616,963	215,389
II.2.2 Equipment, telecommunications-related installation and maintenance expenditure, office machinery, furniture and technical installations		248,344	224,778
II.2.3 Stationery and office supplies		38,742	27,567
II.2.4 Postage and telecommunications		215,516	204,200
II.2.5 Printing and photocopying costs		491,035	244,300
II.2.6 Office rental costs		165,342	153,533
		1,775,942	1,069,767
II.3 DOCUMENTATION, STUDIES AND RESEARCH			
II.3.1 Newspapers, magazines, press agencies and books		319,453	251,859
II.3.2 Studies and research		43,003	4,842
II.3.3 Databases		3,120	-
		365,576	256,701
II.4 LEGAL AND ACCOUNTING COSTS, FINANCIAL CHARGES AND OTHER OPERATING EXPENDITURE			
II.4.1 Legal costs		-	-
II.4.2 Accounting and audit costs		38,652	58,473
II.4.3 Financial charges and exchange losses		121,627	97,943
II.4.4 Translation and interpreting costs		7,439	721
II.4.5 Other operating expenditure		120,306	43,530
		288,024	200,667

The notes are an integral part of these annual accounts.

**Expenditure of the Group of the European People's Party
(Christian Democrats) and European Democrats
in the European Parliament
for budget item 4000 for the year from 1 January to 31 December 2008
(continued)**

	Notes	01/01/2008 - 31/12/2008 EUR	01/01/2007 - 31/12/2007 EUR
II.5 EXPENDITURE ON MEETINGS AND ENTERTAINMENT			
II.5.1 Official Group meetings		922,035	416,156
II.5.2 Other meetings and conferences		1,665,619	1,284,633
II.5.3 Expenditure on entertainment		152,445	89,047
II.5.4 Guests		-	8,320
II.5.5 Fact-finding missions		351,738	225,740
		<u>3,091,837</u>	<u>2,023,896</u>
II.6 PUBLICATIONS AND ADVERTISING			
II.6.1 Posters, booklets, publications		489,440	402,487
II.6.2 Advertising inserts and audiovisual advertising		714,119	282,662
II.6.3 Advertising material, novelty items, telecommunications advertising		2,407,304	2,076,663
II.6.4 Internet sites and cyber advertising		173,819	2,300
II.6.5 Visits to institutions, information stands		502,604	70,713
		<u>4,287,286</u>	<u>2,834,825</u>
II.7 MEMBERS			
II.7.1 Decentralised political and information activities	4.3	9,746,418	7,490,092
		<u>9,746,418</u>	<u>7,490,092</u>
II.8 SUBSIDIES AND SUBSCRIPTIONS			
II.8.1 Subsidies		16,800	12,700
II.8.2 Subscriptions		-	-
		<u>16,800</u>	<u>12,700</u>
TOTAL EXPENDITURE		<u>24,057,411</u>	<u>18,572,670</u>
BROUGHT FORWARD TO FUTURE PERIOD		<u>7,405,677</u>	<u>9,074,297</u>
TOTAL		<u>31,463,088</u>	<u>27,646,967</u>

The notes are an integral part of these annual accounts.

**Group of the European People's Party (Christian Democrats) and
European Democrats in the European Parliament
Notes to the accounts for the year ended 31 December 2008**

1 Basis of preparation

The accounts have been prepared in accordance with the rules concerning the use of resources of the budget item, '4000 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 Presidency of the European Parliament (hereafter referred to as 'EP') in the version of 30 June 2003 (PE335.475/BUR/Rev.2) and revised by the Presidency of the EP on 22 March 2006 and 11 July 2007.

2 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 '4000 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 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 position III.2 ('Charges settled in the year and paid in the following year').

Valuation principles

Money market funds shown under the position 'financial assets' are valued at the lower of cost or market value. 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.

**Group of the European People's Party (Christian Democrats) and
European Democrats in the European Parliament
Notes to the accounts for the year ended 31 December 2008**

2 Significant accounting and valuation principles (continued)

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

Up to 31 December 2004, the EPP-ED applied the procedures of regulation (EC) No. 2909/2000 in respect of the depreciation of tangible fixed assets. Depreciation was applied on an annual basis and the maximum applicable amount had been depreciated.

As from 27 April 2005, rule EC No. 643/2005 applies. This rule states that fixed assets are depreciated starting the month of purchase of the asset. The EPP-ED group has applied the rule as per 1 January 2005.

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:

	Depreciation p.a.
Office equipment and machinery	12.5% or 25%
Furniture and fleet vehicles	10% and 25%
Computer equipment	25%

**Group of the European People's Party (Christian Democrats) and
European Democrats in the European Parliament
Notes to the accounts for the year ended 31 December 2008**

2 Significant accounting and valuation principles (continued)

Reserves

At year end 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 surplus brought forward to the budgetary period 2009 is calculated as follows:

	EUR
1. Subsidies received from the EP for 2008	19,438,235
2. Supplementary appropriations received from the EP in 2008	2,256,382
3. Total received from the EP	21,694,617
4. Maximum amount transferable to the next accounting period (50 % of the subsidies received from the EP for 2008)	9,719,118
5. Total revenue in 2008	31,463,088
6. Total expenditures in 2008	24,057,411
7. Difference between income and expenses 2008	7,405,677
8. Subsidies to be transferred to the EP	-
9. Amount carried forward to the accounting period 2009	7,405,677

The Group has received supplementary appropriations of EUR 2,256,382 from the EP in December 2008. Based on a decision of the Bureau of the EP the supplementary appropriations do not apply Art. 2.1.6 of the procedures for the use of resources of budget item 4000 of the European Parliament. As consequence, the supplementary appropriations are not included in the calculation of the maximum amount transferable to the next accounting period. However the supplementary appropriations should be expensed before 31 March 2009. As the amount of expenditures booked between the date of reception of the supplementary appropriations and 31 December 2008 exceeds the supplementary appropriations, it is concluded that they are fully spent by 31 December 2008.

**Group of the European People's Party (Christian Democrats) and
European Democrats in the European Parliament
Notes to the accounts for the year ended 31 December 2008**

3 Significant Balance Sheet Positions

3.1 Financial assets as at 31 December 2008 are presented as follows:

	31/12/2008	31/12/2007
	EUR	EUR
Money market funds	2,013,178	8,380,678
Total securities	2,013,178	8,380,678
Term deposits	-	800,000
Current accounts	7,184,158	1,496,389
Petty cash	1,896	931
Total cash and bank	7,186,054	2,297,320
 TOTAL FINANCIAL ASSETS	9,199,232	10,677,998

The securities have been valued at lower of cost or market as at 31 December 2008. The market value of the money market funds at year end amounts to EUR 2,184,634 (2007: EUR 8,596,159). The EPP-ED has pledged shares in money market funds with a current market value of EUR 279,681 (2007: EUR 267,961) in order to obtain a credit line. As per 31 December 2008, the credit line remains undrawn.

- 3.2 Debtors, stock and other current assets of EUR 325,891 (31 December 2007: EUR 262,850) are due within one year. Of the above amount EUR 64,123 are included in 'other debtors', representing subsidies to national delegations (31 December 2007: EUR 87,926) for which the recipients of the funds have not yet rendered account for by supplying documentation (non-justified advances). These expenses will be accounted for in the revenue and expenditure statement once the receipts have been processed.
- 3.3 Other debts of EUR 2,546,518 (31 December 2007: EUR 2,260,073) represent expenditures accounted for during the period and payable within the first month after the year end, as well as expenses incurred and paid for by staff prior to 31 December 2008 amounting to EUR 23,563 (31 December 2007: EUR 46,887) to be reimbursed in 2009.

**Group of the European People's Party (Christian Democrats) and
European Democrats in the European Parliament
Notes to the accounts for the period ended 31 December 2008
(continued)**

4 Significant Revenue and Expenditure account items

- 4.1 Subsidies from the EP represent resources made available to cover secretarial costs and expenses for other political and information activities.
- 4.2 Travel costs for staff members of the Group secretariat amount to EUR 3,672,622 in 2008 (2007: EUR 3,651,181).

Travel costs are split as follows:

	01/01/2008- 31/12/2008 EUR	01/01/2007- 31/12/2007 EUR
Plenary sessions	2,559,154	2,897,309
Mini plenary sessions and other	114,980	118,535
II.1.1 Subtotal secretariat missions	2,674,134	3,015,844
Other secretariat mission costs are included under the following headings:		
II.1.2. Missions in relation with recruitment	-	4,784
II.1.5. Missions related to staff training	2,103	4,636
II.4.2. Missions relating to accounting and audit costs	2,960	2,971
II.5.1. Official group meetings (outside official seats)	440,822	246,333
II.5.2. Other conferences/seminars	460,246	339,145
II.5.5. Fact-finding missions	72,948	21,516
II.6.5 Open days (information stands)	19,409	15,952
TOTAL TRAVEL COSTS	3,672,622	3,651,181

**Group of the European People's Party (Christian Democrats) and
European Democrats in the European Parliament
Notes to the accounts for the period ended 31 December 2008
(continued)**

4 Significant Revenue and Expenditure account items (continued)

- 4.3 Expenses under position II 7.1 relate to political activities and information activities of members as well as political and information activities of national delegations, and consist of the following categories:

Heading	01/01/2008-31/12/2008		01/01/2007-31/12/2007	
	EUR	in %	EUR	in %
Staff costs	821,864	8.43	824,860	11.01
Material, maintenance and operating expenses	131,742	1.35	145,552	1.94
Documentation, surveys and research expenses	93,163	0.96	58,029	0.77
Consulting fees and other administration expenses	120,244	1.23	65,718	0.88
Meetings and conferences	1,978,117	20.30	1,359,380	18.15
Representation costs	-	0.00	104,189	1.39
Invitations	1,407,239	14.44	1,058,303	14.13
Brochures and other publications	1,868,374	19.17	1,597,835	21.33
Adverts and audio-visual advertising	565,705	5.80	374,189	5.00
Promotional material	1,582,103	16.23	750,991	10.03
Internet	424,950	4.36	541,918	7.24
Visit groups	752,917	7.73	609,128	8.13
	<u>9,746,418</u>	<u>100.00</u>	<u>7,490,092</u>	<u>100.00</u>

- 4.4 The position 'Miscellaneous resources' represents income resulting from adjustments to the supplier accounts in respect of previous financial periods.

5 Commitments

As per 31 December 2008 'Other financial commitments' amount to EUR 351,798 (2007: EUR 595,487) and result from rental agreements for copy machines.

There is no commitment longer than one year from rental agreements for external offices.

**Group of the European People's Party (Christian Democrats) and
European Democrats in the European Parliament
Notes to the accounts for the period ended 31 December 2008
(continued)**

6 Tangible fixed assets

Category and depreciation rate	Computer software 25% (Euro)	Computer hardware 25% (Euro)	Telecom equipment 25% (Euro)	Technical equipment and supplies 12,5% (Euro)	Miscellaneous installations and machines 12,5% (Euro)	Furniture (chairs, desks, cupboards) 10% (Euro)	Total (Euro)
Historic cost							
Opening balances (historic cost)	41,119	510,056	237,727	105,772	29,346	58,178	982,198
Less Sales entered in profit and loss account	-	175,026	10,524	1,881	-	-	187,431
Add Acquisition during financial year	1,554	46,467	182,980	168	-	10,513	241,682
Add Transfers	-	-	-	-	-	-	-
Gives Closing balance at historic cost	42,673	381,497	410,183	104,059	29,346	68,691	1,036,449
Accumulated depreciation							
Opening balances (accumulated depreciation)	21,690	349,062	165,122	82,135	23,704	34,942	676,655
Less accumulated depreciation of fixed assets sold and entered in revenue and expenditure statement	-	170,809	9,008	470	-	-	180,287
Add depreciation for financial year	7,208	56,754	48,023	6,677	2,379	6,121	127,162
Gives Closing balance at historic cost	28,898	235,007	204,137	88,342	26,083	41,063	623,530
Net value							
Net accounting value as at 31/12/2007	19,429	160,994	72,605	23,637	5,642	23,236	305,543
Net accounting value as at 31/12/2008	13,775	146,490	206,046	15,717	3,263	27,628	412,919