

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

**Short Form Report
on the Accounts of
Budget Item 4000 for
the period from
1 July 2009 to
31 December 2009**



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REPORT OF THE RÉVISEUR D'ENTREPRISES

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 31 December 2009 and the revenue and expenditure statement for the period from 1 July 2009 to 31 December 2009, 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 2009 and of the revenue and expenditure statement for the period from 1 July 2009 to 31 December 2009 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 period from 1 July 2009 to 31 December 2009 and the balance sheet as at 31 December 2009 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, 26 April 2010

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



P. Wies

**Balance sheet of the Group of the European People's Party
(Christian Democrats)
in the European Parliament
for budget item 4000 as at 31 December 2009**

ASSETS	Notes	<u>31/12/2009</u> EUR		<u>30/06/2009</u> EUR	
I Tangible and intangible fixed assets					
I.1 Intangible fixed assets				-	
I.2 Tangible fixed assets	6	<u>333,010</u>	333,010	<u>360,431</u>	360,431
II Debtors, stocks and other current assets	4.1				
II.1 Suppliers		-		35,103	
II.2 Staff		10,313		512,822	
II.3 Value added tax		93,241		341,899	
II.4 Stocks		-		-	
II.5 Others		<u>106,998</u>	210,552	<u>119,877</u>	1,009,702
III Cash and banks	4.2				
III.1 Securities		249,145		249,145	
III.2 Cash		<u>2,577,871</u>	2,827,016	<u>1,622,120</u>	1,871,265
TOTAL ASSETS			<u><u>3,370,578</u></u>		<u><u>3,241,398</u></u>
LIABILITIES					
I Reserves		<u>2,182,192</u>	2,182,192	<u>2,613,307</u>	2,613,307
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	4.3				
III.1 Other debts		-		-	
III.2 Charges settled in the period and paid in the following period		<u>1,188,386</u>	1,188,386	<u>628,091</u>	628,091
TOTAL LIABILITIES			<u><u>3,370,578</u></u>		<u><u>3,241,398</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)
in the European Parliament
for budget item 4000 for the period from 1 July 2009 to 31 December 2009**

	Notes	01/07/2009 - 31/12/2009 EUR	01/01/2009 - 30/06/2009 EUR
I REVENUE			
I.1 EP SUBSIDIES AND OTHER EP REVENUE			
I.1.1 Allocation from EP	5.1	9,785,783	9,929,396
I.1.2 Other revenue from EP		-	-
		<u>9,785,783</u>	<u>9,929,396</u>
I.2. OWN RESOURCES			
I.2.1 Interest and similar receipts		7,191	232,781
I.2.2 Exchange gains		1,847	85,018
I.2.3 Miscellaneous resources	5.4	10,754	38,177
I.2.4 Amount carried forward from the preceding financial period		2,613,307	7,405,677
		<u>2,633,099</u>	<u>7,761,653</u>
TOTAL REVENUE		<u><u>12,418,882</u></u>	<u><u>17,691,049</u></u>

The notes are an integral part of these annual accounts.

**Expenditure of the Group of the European People's Party
(Christian Democrats)
in the European Parliament
for budget item 4000 for the period from 1 July 2009 to 31 December 2009**

	Notes	01/07/2009 - 31/12/2009 EUR	01/01/2009 - 30/06/2009 EUR
II EXPENDITURE			
II.1 STAFF			
II.1.1 Secretariat missions	5.2	1,337,026	1,588,371
II.1.2 Recruitment		8,322	499
II.1.3 Traineeships		161,903	213,919
II.1.4 Salaries and related costs, fees		673,638	751,137
II.1.5 Staff training		112,497	122,380
II.1.6 Staff entertainment		57,420	37,312
		<u>2,350,806</u>	<u>2,713,618</u>
II.2 EQUIPMENT, ROUTINE ADMINISTRATIVE EXPENDITURE AND OPERATING EXPENDITURE			
II.2.1 Equipment, operating expenditure, computer engineering and maintenance		526,357	838,797
II.2.2 Equipment, telecommunications-related installation and maintenance expenditure, office machinery, furniture and technical installations		143,685	140,189
II.2.3 Stationery and office supplies		18,147	17,251
II.2.4 Postage and telecommunications		128,032	101,384
II.2.5 Printing and photocopying costs		609,175	609,308
II.2.6 Office rental costs		101,664	88,954
		<u>1,527,060</u>	<u>1,795,883</u>
II.3 DOCUMENTATION, STUDIES AND RESEARCH			
II.3.1 Newspapers, magazines, press agencies and books		142,207	150,674
II.3.2 Studies and research		3,894	49,035
II.3.3 Databases		10,178	-
		<u>156,279</u>	<u>199,709</u>
II.4 LEGAL AND ACCOUNTING COSTS, FINANCIAL CHARGES AND OTHER OPERATING EXPENDITURE			
II.4.1 Legal costs		-	-
II.4.2 Accounting and audit costs		41,629	73,066
II.4.3 Financial charges and exchange losses		34,034	70,274
II.4.4 Translation and interpreting costs		17,591	21,128
II.4.5 Other operating expenditure		78,574	156,061
		<u>171,828</u>	<u>320,529</u>

The notes are an integral part of these annual accounts.

**Expenditure of the Group of the European People's Party
(Christian Democrats)
in the European Parliament
for budget item 4000 for the period from 1 July to 31 December 2009
(continued)**

	Notes	01/07/2009 - 31/12/2009 EUR	01/01/2009 - 30/06/2009 EUR
II.5 EXPENDITURE ON MEETINGS AND ENTERTAINMENT			
II.5.1 Official Group meetings		558,565	415,252
II.5.2 Other meetings and conferences		1,072,819	775,862
II.5.3 Expenditure on entertainment		108,869	260,648
II.5.4 Guests		120	-
II.5.5 Fact-finding missions by individual Members		110,614	136,449
		<u>1,850,987</u>	<u>1,588,211</u>
II.6 PUBLICATIONS AND ADVERTISING			
II.6.1 Posters, booklets, publications		119,839	273,217
II.6.2 Advertising inserts and audiovisual advertising		133,538	346,785
II.6.3 Advertising material, novelty items, telecommunications advertising		390,376	767,541
II.6.4 Internet sites and cyber advertising		-	492,500
II.6.5 Visits to institutions, information stands		115,038	863,791
		<u>758,791</u>	<u>2,743,834</u>
II.7 MEMBERS			
II.7.1 Decentralised political and information activities	5.3	3,419,137	5,710,283
		<u>3,419,137</u>	<u>5,710,283</u>
II.8 SUBSIDIES AND SUBSCRIPTIONS			
II.8.1 Subsidies		1,800	5,675
II.8.2 Subscriptions		-	-
		<u>1,800</u>	<u>5,675</u>
TOTAL EXPENDITURE		<u>10,236,690</u>	<u>15,077,742</u>
BALANCE CARRIED FORWARD		<u>2,182,192</u>	<u>2,613,307</u>
TOTAL		<u>12,418,882</u>	<u>17,691,049</u>

The notes are an integral part of these annual accounts.

**Group of the European People's Party (Christian Democrats)
in the European Parliament
Notes to the accounts for the period ended 31 December 2009**

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 265 Members as at 31 December 2009, 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, '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 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.

As a result of the beginning of the legislative period 2009-2014, a report is prepared for the period from 1 July 2009 to 31 December 2009.

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 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 month 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 period under review 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 2009
(continued)**

3 Significant accounting and valuation principles (continued)

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.

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. The EPP 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:

	<u>Depreciation p.a.</u>
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)
in the European Parliament
Notes to the accounts for the period ended 31 December 2009
(continued)**

3 Significant accounting and valuation principles (continued)

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 reported surplus brought forward of EUR 2,182,192 (30.06.2009: EUR 2,613,307) as stated in the report is fully available for use to the following year.

The balance carried forward is calculated as follows:

	EUR
1. Subsidies received from the EP for the period from 1 January 2009 to 30 June 2009	9,929,396
2. Subsidies received from the EP for the period from 1 July 2009 to 31 December 2009	9,785,783
3. Revenues received from the EP for 2009	19,715,179
4. Maximum amount transferable to next accounting period (50% of the subsidies from EP for 2009)	9,857,590
5. Total revenue in 2009	27,496,624
6. Total expenditures in 2009	25,314,432
7. Difference between revenue and expenditures 2009	2,182,192
8. Subsidies to be transferred to the EP	-
9. Amount carried forward to the following accounting period 2010	2,182,192

**Group of the European People's Party (Christian Democrats)
in the European Parliament
Notes to the accounts for the period ended 31 December 2009
(continued)**

4 Significant balance sheet positions

- 4.1 Debtors, stocks and other current assets of EUR 210,552 (30 June 2009: EUR 1,009,702) are due within one year.

Caption 'II.2 Staff' of EUR 10,313 (30 June 2009: EUR 512,822) represents advances to staff for which recipients of the funds have not yet provided supplying documentation (non-justified advances).

Caption 'II.5 Others' includes an amount of EUR 29,857 representing subsidies to national delegations (30 June 2009: EUR 69,237) for which the recipients of the funds have not yet provided supplying documentation (non-justified advances). These expenses will be accounted for in the revenue and expenditure statement once the receipts have been processed.

- 4.2 Cash and banks as at 31 December 2009 are presented as follows:

	31/12/2009	30/06/2009
	EUR	EUR
Money market funds	249,145	249,145
Total securities	249,145	249,145
Term deposits	500,000	-
Current accounts	2,076,559	1,619,454
Petty cash	1,312	2,666
Total cash	2,577,871	1,622,120
TOTAL	2,827,016	1,871,265

The securities have been valued at lower of cost or market as at 31 December 2009. The market value of the money market funds at period end amounts to EUR 283,118 (30 June 2009: EUR 282,379). The EPP has pledged shares in money market funds with a current market value of EUR 283,118 (30 June 2009: EUR 282,379) in order to obtain a credit line. As per 31 December 2009, the credit line remains undrawn.

- 4.3 Other debts of EUR 1,188,386 (30 June 2009: EUR 628,091) represent expenditures accounted for during the period and payable within the first month after the period end.

**Group of the European People's Party (Christian Democrats)
in the European Parliament
Notes to the accounts for the period ended 31 December 2009
(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 Total travel costs for staff members of the EPP Group secretariat amount to EUR 1,953,550 (30 June 2009: EUR 1,883,183).

Travel costs are included in the following captions:

	01/07/2009- 31/12/2009	01/01/2009- 30/06/2009
	EUR	EUR
II.1.1 Secretariat missions	1.309.480	1.588.371
II.1.2 Missions in relation with recruitment	-	-
II.1.5 Missions related to staff training	-	911
II.4.2 Missions relating to accounting and audit costs	-	1.207
II.5.1 Official group meetings (outside official seats)	441.740	184.461
II.5.2 Other conferences/seminars	185.164	93.990
II.5.5 Fact-finding missions	17.166	13.590
II.6.5 Open days (information stands)	-	653
TOTAL TRAVEL COSTS	1.953.550	1.883.183

- 5.3 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	01/07/2009-31/12/2009		01/01/2009-30/06/2009	
	EUR	in %	EUR	in %
Staff costs	171,114	5.00	328,314	5.75
Material, maintenance and operating expenses	4,239	0.12	48,482	0.85
Documentation, surveys and research expenses	217,617	6.36	134,981	2.36
Consulting fees and other administration expenses	-	-	37,312	0.65
Meetings and conferences	703,341	20.57	984,363	17.24
Representation costs	-	-	-	-
Invitations	580,635	16.98	641,638	11.24
Brochures and other publications	606,944	17.75	1,236,595	21.66
Adverts and audio-visual advertising	243,983	7.14	526,008	9.21
Promotional material	489,615	14.32	987,810	17.30
Internet	261,869	7.66	284,869	4.99
Visit groups	139,780	4.09	499,911	8.75
	3,419,137	100.00	5,710,283	100.00

- 5.4 'Miscellaneous resources' represent income resulting from adjustments to the supplier accounts in respect of previous financial periods.

**Group of the European People's Party (Christian Democrats)
in the European Parliament
Notes to the accounts for the period ended 31 December 2009
(continued)**

6 Commitments

As per 31 December 2009 'Other financial commitments' amount to EUR 471,178 (30 June 2009: EUR 404,580) 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) in the European Parliament
Notes to the accounts for the period ended 31 December 2009
 (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 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)	32,648	353,637	416,293	50,605	21,016	72,667	946,866
Less Sales entered in profit and loss account		-21,276	-4,491	-13,790	-253	-26,969	-66,779
Add Acquisition during financial year	2,972	15,098	47,403				65,473
Add Transfers							0
Gives Closing balance at historic cost	35,620	347,459	459,205	36,815	20,763	45,698	945,560
Accumulated depreciation							
Opening balances (accumulated depreciation)	22,360	230,581	231,813	40,082	18,565	43,034	586,435
Less accumulated depreciation of fixed assets sold and entered		-20,092	-4,127	-9,005	-252	-18,950	-52,426
Add depreciation for financial year	3,248	32,473	36,616	3,367	723	2,114	78,541
Gives Closing balance at historic cost	25,608	242,962	264,302	34,444	19,036	26,198	612,550
Net value							
Net accounting value as at 30/06/09	10,288	123,056	184,480	10,523	2,451	29,633	360,431
Net accounting value as at 31/12/09	10,012	104,497	194,903	2,371	1,727	19,500	333,010