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Groupe 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

Bruxelles, le 27 avril 2012

Monsieur Martin SCHULZ
Président
Parlement européen

Cher Monsieur le Président,

Veillez trouver en annexe le rapport d'Audit accompagné des comptes de notre Groupe au 31 décembre 2011 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)
in the European Parliament**

Short Form Report
on the Accounts of
Budget Item 400 for
the year ended
31 December 2011



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REPORT OF THE REVISEUR D'ENTREPRISES AGREÉ

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 2011 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 400 of the European Parliament and with the Group's internal rules (hereafter: '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.

Responsibility of the Réviseur d'Entreprises agréé

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 for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 agréé, 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 agréé 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 appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the annual accounts.

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 annual accounts have been prepared in accordance with the harmonised accounting plan 400;
- The annual accounts have been prepared in accordance with generally accepted accounting principles as laid out in articles 186 to 194 of the Implementing Rules. Departures from these principles have been adequately explained by means of notes to the prepared annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

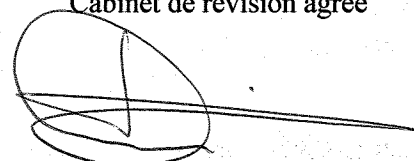
In our opinion the annual accounts give a true and fair view of the financial position of the Group as at 31 December 2011 and of the revenue and expenditure statement for the year ended 31 December 2011 in accordance with the Applicable Rules.

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 ended 31 December 2011 and the balance sheet as at 31 December 2011 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 25, 2012

KPMG Luxembourg S.à r.l.
Cabinet de révision agréé



P. Wies

**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 2011**

ASSETS	Notes	<u>31/12/2011</u> EUR		<u>31/12/2010</u> EUR	
I Tangible and intangible fixed assets					
I.1 Intangible fixed assets		-		-	
I.2 Tangible fixed assets	7	<u>158,295</u>	158,295	<u>243,224</u>	243,224
II Debtors, stocks and other current assets					
II.1 Suppliers	4.1	1,526		2,376	
II.2 Staff		17,677		24,082	
II.3 Value added tax		30,693		73,730	
II.4 Stocks		-		-	
II.5 Others		<u>101,885</u>	151,781	<u>113,711</u>	213,899
III Cash and banks					
III.1 Securities	4.2	190,950		1,356,525	
III.2 Cash		<u>2,280,757</u>	2,471,707	<u>1,809,247</u>	3,165,772
TOTAL ASSETS			<u><u>2,781,783</u></u>		<u><u>3,622,895</u></u>
LIABILITIES					
I Reserves					
I.1 Balance carried forward	3	<u>1,831,510</u>	1,831,510	<u>1,720,288</u>	1,720,288
II Financial debts					
II.1 Financial debts of more than one year		-		-	
II.2 Financial debts of less than one year		-		-	
III Other debts					
III.1 Other debts	4.3	55,451		11,037	
III.2 Charges settled in the year and paid in the following year		<u>894,822</u>	950,273	<u>1,891,570</u>	1,902,607
TOTAL LIABILITIES			<u><u>2,781,783</u></u>		<u><u>3,622,895</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 400 for the year ended 31 December 2011**

	Notes	01/01/2011 - 31/12/2011 EUR	01/01/2010 - 31/12/2010 EUR
I REVENUE			
I.1 EP SUBSIDIES AND OTHER EP REVENUE			
I.1.1 Allocation from EP	5.1	20,336,271	19,990,381
I.1.2 Other revenue from EP		-	-
		<u>20,336,271</u>	<u>19,990,381</u>
I.2 OWN RESOURCES			
I.2.1 Interest and similar receipts		184,843	180,047
I.2.2 Exchange gains		6,268	7,543
I.2.3 Miscellaneous resources	5.2	6,128	22,365
I.2.4 Amount carried forward from the preceding financial year		1,720,288	2,182,192
		<u>1,917,527</u>	<u>2,392,147</u>
TOTAL REVENUE		<u><u>22,253,798</u></u>	<u><u>22,382,528</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 400 for the year ended 31 December 2011**

	Notes	01/01/2011 - 31/12/2011 EUR	01/01/2010 - 31/12/2010 EUR
II EXPENDITURE			
II.1 STAFF			
II.1.1 Secretariat missions	5.3	3,468,229	3,163,718
II.1.2 Recruitment		12,707	24,649
II.1.3 Traineeships		351,837	321,287
II.1.4 Salaries and related costs, fees		1,961,579	2,408,063
II.1.5 Staff training		118,756	121,353
II.1.6 Staff entertainment		95,395	91,619
		6,008,503	6,130,689
II.2 EQUIPMENT, ROUTINE ADMINISTRATIVE EXPENDITURE AND OPERATING EXPENDITURE			
II.2.1 Equipment, operating expenditure, computer engineering and maintenance	5.4	374,543	589,389
II.2.2 Equipment, telecommunications-related installation and maintenance expenditure, office machinery, furniture and technical installations	5.5	142,090	300,314
II.2.3 Stationery and office supplies		12,972	46,201
II.2.4 Postage and telecommunications		199,783	215,957
II.2.5 Printing and photocopying costs		422,229	273,184
II.2.6 Office rental costs		154,143	169,446
		1,305,760	1,594,491
II.3 DOCUMENTATION, STUDIES AND RESEARCH			
II.3.1 Newspapers, magazines, press agencies and books	5.6	318,753	255,191
II.3.2 Studies and research		-	45,594
II.3.3 Databases		-	-
		318,753	300,785
II.4 LEGAL AND ACCOUNTING COSTS, FINANCIAL CHARGES AND OTHER OPERATING EXPENDITURE			
II.4.1 Legal costs		-	-
II.4.2 Accounting and audit costs		52,160	33,299
II.4.3 Financial charges and exchange losses		455,100	286,905
II.4.4 Translation and interpreting costs		291,867	101,238
II.4.5 Other operating expenditure		75,255	26,249
		874,382	447,691

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 400 for the year ended 31 December 2011
(continued)**

	Notes	01/01/2011 - 31/12/2011 EUR	01/01/2010 - 31/12/2010 EUR
II.5 EXPENDITURE ON MEETINGS AND ENTERTAINMENT			
II.5.1 Official Group meetings		1,103,291	919,651
II.5.2 Other meetings and conferences	5.7	712,873	1,157,134
II.5.3 Expenditure on entertainment		232,232	272,317
II.5.4 Guests		-	-
II.5.5 Fact-finding missions by individual Members		235,848	423,316
		<u>2,284,244</u>	<u>2,772,418</u>
II.6 PUBLICATIONS AND ADVERTISING			
II.6.1 Posters, booklets, publications		413,473	646,623
II.6.2 Advertising inserts and audiovisual advertising		76,520	77,803
II.6.3 Advertising material, novelty items, telecommunications advertising		1,090,621	1,488,606
II.6.4 Internet sites and cyber advertising		400,484	473,440
II.6.5 Visits to institutions, information stands		773,634	322,467
		<u>2,754,732</u>	<u>3,008,939</u>
II.7 MEMBERS			
II.7.1 Decentralised political and information activities	5.8	6,866,114	6,401,426
		<u>6,866,114</u>	<u>6,401,426</u>
II.8 SUBSIDIES AND SUBSCRIPTIONS			
II.8.1 Subsidies		9,800	5,800
II.8.2 Subscriptions		-	-
		<u>9,800</u>	<u>5,800</u>
TOTAL EXPENDITURE		<u>20,422,288</u>	<u>20,662,240</u>
BALANCE CARRIED FORWARD		<u>1,831,510</u>	<u>1,720,288</u>
GRAND TOTAL OF REVENUE AND EXPENDITURE		<u>22,253,798</u>	<u>22,382,528</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 year ended 31 December 2011**

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 as 'EPP Group'.

With 269 Members as at 31 December 2011, 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 and on 26 September 2011.

According to article 2.1.1 of the financial rules governing budget item 400 this report covers the financial year 2011.

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 '400 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').

**Group of the European People's Party (Christian Democrats)
in the European Parliament
Notes to the accounts for the year ended 31 December 2011
(continued)**

3 Significant accounting and valuation principles (continued)

Valuation principles

Fixed-term securities 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. 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>
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 the 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 year ended 31 December 2011
(continued)**

3 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 balance carried forward to the budgetary period 2012 is calculated as follows:

	EUR
1. Subsidies received from the EP for 2011	20,336,271
2. Maximum amount transferable to next accounting period (50% of the subsidies received from the EP for 2011)	10,168,136
3. Total revenue in 2011	22,253,798
4. Total expenditures in 2011	20,422,288
5. Difference between revenue and expenditures 2011	1,831,510
6. Subsidies to be transferred to the EP	-
7. Amount carried forward to the following accounting year 2012	1,831,510

**Group of the European People's Party (Christian Democrats)
in the European Parliament
Notes to the accounts for the year ended 31 December 2011
(continued)**

4 Significant balance sheet positions

4.1 Debtors, stocks and other current assets of EUR 151,781 (31 December 2010: EUR 213,899) are due within one year.

Caption II.2 'Staff' of EUR 17,677 (31 December 2010: EUR 24,082) represents advances to staff for which recipients of the funds have not yet provided supporting documentation (non-justified advances).

Caption II.5 'Others' includes an amount of EUR 30,117 representing subsidies to national delegations' external offices (31 December 2010: EUR 45,637) for which the recipients of the funds have not yet provided supporting 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 2011 are presented as follows:

	31/12/2011	31/12/2010
	EUR	EUR
Fixed-rate securities	190,950	1,356,525
Total securities	190,950	1,356,525
Term deposits	2,054,928	1,000,000
Current accounts	222,870	808,537
Petty cash	2,959	710
Total cash	2,280,757	1,809,247
TOTAL	2,471,707	3,165,772

The securities are valued at lower of cost or market. The market value of the securities at year end amounts to EUR 190,950 (31 December 2010: EUR 1,356,525). Value adjustments from the application of the lower cost market value principle of EUR 404,175 (31 December 2010: EUR 198,002) are included under caption II.4.3 'Financial charges and exchange losses'.

4.3 Other debts of EUR 894,822 (31 December 2010: EUR 1,902,607) represent expenditures accounted for during the period and payable within the first month after the year end.

**Group of the European People's Party (Christian Democrats)
in the European Parliament
Notes to the accounts for the year ended 31 December 2011
(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 Travel costs for staff members of the EPP Group secretariat amount to EUR 4,000,154 (31 December 2010: EUR 3,926,239).

Travel costs are included in the following captions:

	01/01/2011- 31/12/2011	01/01/2010- 31/12/2010
	EUR	EUR
II.1.1 Secretariat missions	3,468,229	3,163,718
II.1.2 Recruitment	-	537
II.1.5 Staff training	1,158	1,281
II.4.2 Accounting and audit costs	1,565	-
II.5.1 Group meetings (outside official seats)	461,537	368,031
II.5.2 Other meetings and conferences	9,584	324,207
II.5.5 Fact-finding missions by individual members	52,756	52,857
II.6.5 Visits to institutions, information stands	5,325	15,608
TOTAL TRAVEL COSTS	<u>4,000,154</u>	<u>3,926,239</u>

- 5.4 As from 2011, expenditures related to internet subscription (EUR 16,771) were moved from II.2.1 'Equipment, operating expenditure, computer engineering and maintenance' to II.2.4 'Postage and telecommunications'. The comparative figures have not been restated.
- 5.5 As from 2011, expenditures related to the hiring of fax machines (EUR 4,375) were moved from II.2.2 'Equipment, telecommunications-related installation and maintenance expenditure, office machinery, furniture and technical installations' to II.2.4 'Postage and telecommunications'. The comparative figures have not been restated.

As from 2011, the costs of hiring photocopy machines (EUR 118,487) were moved from II.2.2 'Equipment, telecommunications-related installation and maintenance expenditure, office machinery, furniture and technical installations' to II.2.5 'Printing and photocopying costs'. The comparative figures have not been restated.

**Group of the European People's Party (Christian Democrats)
in the European Parliament
Notes to the accounts for the year ended 31 December 2011
(continued)**

5 Significant revenue and expenditure positions (continued)

5.6 As from 2011, the costs of distribution publication (EUR 55,106) were moved from II.3.1 'Newspapers, magazines, press agencies and books' to II.6.1 'Posters, booklets, publications'. The comparative figures have not been restated.

5.7 As from 2011, costs of interpretations (EUR 290,095) were moved from II.5.2 'Other meetings and conferences' to II.4.4 'Translation and interpreting costs'. The comparative figures have not been restated.

As from 2011, the Intercultural Dialogue event classified previously as II.5.2 'Other meetings and conferences' (EUR 25,036) was regrouped and included into II.5.1 'Official group meetings'. The comparative figures have not been restated.

5.8 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	01/01/2011-31/12/2011		01/01/2010-31/12/2010	
	EUR	in %	EUR	in %
Staff costs	273,991	3.99%	304,494	4.76%
Material, maintenance and operating expenses	4,946	0.07%	5,644	0.09%
Documentation, surveys and research expenses	272,132	3.96%	198,201	3.10%
Consulting fees and other administration expenses	7,080	0.10%	7,711	0.12%
Meetings and conferences	1,708,848	24.89%	1,601,630	25.02%
Representation costs	-	0.00%	-	0.00%
Invitations	1,127,709	16.42%	1,073,436	16.77%
Brochures and other publications	1,118,664	16.29%	961,717	15.02%
Adverts and audio-visual advertising	364,065	5.30%	300,902	4.70%
Promotional material	978,815	14.26%	935,630	14.62%
Internet	482,459	7.03%	563,015	8.80%
Visit groups	527,405	7.68%	449,046	7.01%
	6,866,114	100.00%	6,401,426	100.00%

6 Commitments

As per 31 December 2011 'Other financial commitments' amount to EUR 528,953 (31 December 2010: EUR 451,706) 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 year ended 31 December 2011
(continued)**

7 Tangible fixed assets

Category and depreciation rate	Computer software 25% EUR	Computer hardware 25% EUR	Telecom equipment 25% EUR	Technical equipment and supplies 12.50% EUR	Miscellaneous installations and machines 12.50% EUR	Furniture (chairs, desks, cupboards) 10% EUR	Total EUR
Historical cost							
Opening balances (historical cost)	35,691	274,383	428,241	32,367	13,313	61,146	845,141
Less Items sold and entered in profit and loss account in 2011	267	38,982	60,066	33,688	1,958	18,950	153,911
Add Acquisitions during financial year	9,955	33,109	21,874	13,409	-	18,950	97,297
Add Transfers							
Gives Closing balance at historical cost	45,379	268,510	390,049	12,088	11,355	61,146	788,527
Accumulated depreciation							
Opening balances (accumulated depreciation)	26,231	211,552	292,461	30,241	12,004	29,428	601,917
Less accumulated depreciation of fixed assets sold and entered in profit and loss account	191	13,704	49,540	24,715	1,933	-	90,083
Add depreciation for financial year	5,973	34,263	72,323	1,295	285	4,259	118,398
Gives Closing balance at historical cost	32,013	232,111	315,244	6,821	10,356	33,687	630,232
Net value							
Net accounting value as at 31/12/2010	9,460	62,831	135,780	2,126	1,309	31,718	243,224
Net accounting value as at 31/12/2011	13,366	36,399	74,805	5,267	999	27,459	158,295

**Group of the European People's Party (Christian Democrats)
in the European Parliament
Notes to the accounts for the year ended 31 December 2011
(continued)**

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 Centre for European Studies) as defined in article 11 of the EP Bureau decision dated 29 March 2004.