



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 30 avril 2013

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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 2012 en accord avec la réglementation régissant l'utilisation des crédits du poste budgétaire 400.

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 2012



KPMG Luxembourg S.à.r.l.
9, allée Scheffer
L-2520 Luxembourg

Telephone +352 22 51 51 1
Fax +352 22 51 71
Internet www.kpmg.lu
Email info@kpmg.lu

Group of the European People's Party
(Christian Democrats)
in the European Parliament
ASP Building
Rue Wiertz 60
B-1047 Brussels

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

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 2012 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.

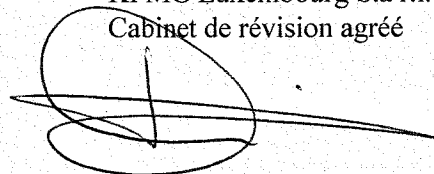
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the annual accounts of the Group as at 31 December 2012 are prepared, in all material respects, in accordance with the Applicable Rules.

Luxembourg, 29 April 2013

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 2012**

ASSETS	Notes	31/12/2012 EUR	31/12/2011 EUR
I	Tangible and intangible fixed assets		
I.1	Intangible fixed assets	-	-
I.2	Tangible fixed assets	7 <u>111,325</u>	<u>111,325</u> 158,295
II	Debtors, stocks and other current assets	4.1	
II.1	Suppliers	12,000	1,526
II.2	Staff	22,330	17,677
II.3	Value added tax	26,491	30,693
II.4	Stocks	-	-
II.5	Others	<u>143,633</u>	<u>204,454</u> 101,885
III	Cash and banks	4.2	
III.1	Securities	208,287	190,950
III.2	Cash	<u>4,927,781</u>	<u>2,280,757</u> 2,471,707
TOTAL ASSETS		<u><u>5,451,847</u></u>	<u><u>2,781,783</u></u>
LIABILITIES			
I	Reserves		
I.1	Balance carried forward	3 <u>4,177,571</u>	<u>4,177,571</u> 1,831,510
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	-	55,451
III.2	Charges settled in the year and paid in the following year	<u>1,274,276</u>	<u>1,274,276</u> 894,822
TOTAL LIABILITIES		<u><u>5,451,847</u></u>	<u><u>2,781,783</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 2012**

		Notes	01/01/2012 - 31/12/2012 EUR	01/01/2011 - 31/12/2011 EUR
I	REVENUE			
I.1	EP SUBSIDIES AND OTHER EP REVENUE			
I.1.1	Allocation from EP	5.1	21,127,608	20,336,271
I.1.2	Other revenue from EP		-	-
			<u>21,127,608</u>	<u>20,336,271</u>
I.2	OWN RESOURCES			
I.2.1	Interest and similar receipts		181,464	184,843
I.2.2	Exchange gains		3,984	6,268
I.2.3	Miscellaneous resources	5.2	7,360	6,128
I.2.4	Amount carried forward from the preceding financial year		1,831,510	1,720,288
			<u>2,024,318</u>	<u>1,917,527</u>
	TOTAL REVENUE		<u><u>23,151,926</u></u>	<u><u>22,253,798</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 2012**

	Notes	01/01/2012 - 31/12/2012 EUR	01/01/2011- 31/12/2011 EUR
II EXPENDITURE			
II.1 STAFF			
II.1.1 Secretariat missions		3,137,431	3,468,229
II.1.2 Recruitment		14,309	12,707
II.1.3 Traineeships		325,174	351,837
II.1.4 Salaries and related costs, fees		1,799,367	1,961,579
II.1.5 Staff training		107,756	118,756
II.1.6 Staff entertainment		69,973	95,395
		5,454,010	6,008,503
II.2 EQUIPMENT, ROUTINE ADMINISTRATIVE EXPENDITURE AND OPERATING EXPENDITURE			
II.2.1 Equipment, operating expenditure, computer engineering and maintenance		281,400	374,543
II.2.2 Equipment, telecommunications-related installation and maintenance expenditure, office machinery, furniture and technical installations		108,551	142,090
II.2.3 Stationery and office supplies		12,025	12,972
II.2.4 Postage and telecommunications		136,215	199,783
II.2.5 Printing and photocopying costs		313,453	422,229
II.2.6 Office rental costs		81,245	154,143
		932,889	1,305,760
II.3 DOCUMENTATION, STUDIES AND RESEARCH			
II.3.1 Newspapers, magazines, press agencies and books		268,640	318,753
II.3.2 Studies and research		10,870	-
II.3.3 Databases		600	-
		280,110	318,753
II.4 LEGAL AND ACCOUNTING COSTS, FINANCIAL CHARGES AND OTHER OPERATING EXPENDITURE			
II.4.1 Legal costs		1,900	-
II.4.2 Accounting and audit costs		51,590	52,160
II.4.3 Financial charges and exchange losses		58,962	455,100
II.4.4 Translation and interpreting costs		99,795	291,867
II.4.5 Other operating expenditure		49,103	75,255
		261,350	874,382

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 2012
(continued)**

	Notes	01/01/2012 - 31/12/2012 EUR	01/01/2011- 31/12/2011 EUR
II.5 EXPENDITURE ON MEETINGS AND ENTERTAINMENT			
II.5.1 Official Group meetings		1,211,636	1,103,291
II.5.2 Other meetings and conferences		1,144,580	712,873
II.5.3 Expenditure on entertainment		123,197	232,232
II.5.4 Guests		24,235	-
II.5.5 Fact-finding missions by individual Members		181,306	235,848
		2,684,954	2,284,244
II.6 PUBLICATIONS AND ADVERTISING			
II.6.1 Posters, booklets, publications		413,310	413,473
II.6.2 Advertising inserts and audiovisual advertising		236,365	76,520
II.6.3 Advertising material, novelty items, telecommunications advertising		985,047	1,090,621
II.6.4 Internet sites and cyber advertising		460,037	400,484
II.6.5 Visits to institutions, information stands		564,898	773,634
		2,659,657	2,754,732
II.7 MEMBERS			
II.7.1 Decentralised political and information activities	5.3	6,695,540	6,866,114
		6,695,540	6,866,114
II.8 SUBSIDIES AND SUBSCRIPTIONS			
II.8.1 Subsidies		5,845	9,800
II.8.2 Subscriptions		-	-
		5,845	9,800
TOTAL EXPENDITURE		18,974,355	20,422,288
BALANCE CARRIED FORWARD		4,177,571	1,831,510
GRAND TOTAL OF REVENUE AND EXPENDITURE		23,151,926	22,253,798

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 2012**

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 270 Members and three observers as at 31 December 2012, 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 and on 2 July 2012.

According to article 2.1.1 of the financial rules governing budget item 400 this report covers the financial year 2012.

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 2012
(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 2012
(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 2013 is calculated as follows:

	EUR
1. Subsidies received from the EP for 2012	21,127,608
2. Maximum amount transferable to next accounting period (50% of the subsidies received from the EP for 2012)	10,563,804
3. Total revenue in 2012	23,151,926
4. Total expenditures in 2012	18,974,355
5. Difference between revenue and expenditures 2012	4,177,571
6. Subsidies to be transferred to the EP	-
7. Amount carried forward to the accounting year 2013	4,177,571

**Group of the European People's Party (Christian Democrats)
in the European Parliament
Notes to the accounts for the year ended 31 December 2012
(continued)**

4 Significant balance sheet positions

4.1 Debtors, stocks and other current assets of EUR 204,454 (31 December 2011: EUR 151,781) are due within one year.

Caption II.2 'Staff' of EUR 22,330 (31 December 2011: EUR 17,677) 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 31,619 representing subsidies to national delegations' external offices (31 December 2011: EUR 30,117) 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 2012 are presented as follows:

	31/12/2012	31/12/2011
	EUR	EUR
Fixed-rate securities	208,287	190,950
Total securities	208,287	190,950
Term deposits	4,800,150	2,054,928
Current accounts	124,879	222,870
Petty cash	2,752	2,959
Total cash	4,927,781	2,280,757
TOTAL	5,136,068	2,471,707

The securities are valued at lower of cost or market. The market value of the securities at year end amounts to EUR 208,287 (31 December 2011: EUR 190,950). Value adjustments from the application of the lower cost market value principle of EUR - (31 December 2011: EUR 404,175) are included under Caption II.4.3 'Financial charges and exchange losses'.

4.3 Caption III 'Other debts' includes EUR 1,274,276 (31 December 2011: EUR 894,822) representing 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 2012
(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' concerns mainly insurance reimbursement for stolen equipment.
- 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	01/01/2012-31/12/2012		01/01/2011-31/12/2011	
	EUR	in %	EUR	in %
Staff costs	302,068	4.51%	273,991	3.99%
Material, maintenance and operating expenses	3,489	0.05%	4,946	0.07%
Documentation, surveys and research expenses	186,834	2.79%	272,132	3.96%
Consulting fees and other administration expenses	-	0.00%	7,080	0.10%
Meetings and conferences	1,752,027	26.17%	1,708,848	24.89%
Representation costs	-	0.00%	-	0.00%
Invitations	1,086,908	16.23%	1,127,709	16.42%
Brochures and other publications	1,038,701	15.51%	1,118,664	16.29%
Adverts and audio-visual advertising	360,019	5.38%	364,065	5.30%
Promotional material	982,209	14.67%	978,815	14.26%
Internet	517,067	7.72%	482,459	7.03%
Visit groups	466,218	6.96%	527,405	7.68%
	6,695,540	100.00%	6,866,114	100.00%

6 Commitments

As per 31 December 2012 'Other financial commitments' amount to EUR 479,865 (31 December 2011: EUR 528,953) 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 2012
(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 12.50% (Euro)	Miscellaneous installations and machines 12.50% (Euro)	Furniture (chairs, desks, cupboards) 10% (Euro)	Total (Euro)
Historic cost							
Opening balances (historic cost)	45,379	268,510	390,049	12,088	11,355	61,146	788,527
Less Sales entered in profit and loss account	10,902	61,266	35,130	-	465	-	107,763
Add Acquisitions during financial year	-	3,325	36,202	-	-	-	39,527
Add Transfers	-	-	-	-	-	-	-
Gives Closing balance at historic cost	34,477	210,569	391,121	12,088	10,890	61,146	720,291
Accumulated depreciation							
Opening balances (accumulated depreciation)	32,013	232,111	315,244	6,821	10,356	33,687	630,232
Less accumulated depreciation of fixed assets sold and entered in profit and loss account	10,902	55,054	33,104	-	465	-	99,525
Add depreciation for financial year	4,897	17,202	50,531	1,144	226	4,259	78,259
Gives Closing balance at historic cost	26,008	194,259	332,671	7,965	10,117	37,946	608,966
Net value							
Net accounting value as at 31/12/2011	13,366	36,399	74,805	5,267	999	27,459	158,295
Net accounting value as at 31/12/2012	8,469	16,310	58,450	4,123	773	23,200	111,325

**Group of the European People's Party (Christian Democrats)
in the European Parliament
Notes to the accounts for the year ended 31 December 2012
(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.