

ANNUAL ACCOUNTS

EUROPEAN CONSERVATIVES AND REFORMISTS GROUP

BUDGET ITEM 400
OF THE BUDGET
OF THE EUROPEAN PARLIAMENT

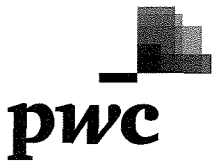
FINANCIAL YEAR ENDING
31 DECEMBER 2013



EUROPEAN CONSERVATIVES AND REFORMISTS GROUP
FINANCIAL YEAR ENDED 31 DECEMBER 2013

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European Conservatives and Reformists Group of the
European Parliament
Building ATR 07K081
Rue Wiertz
1047 Brussels

**REPORT OF THE EXTERNAL AUDITORS ON THE FINANCIAL STATEMENTS RELATIVE
TO THE USE OF THE CREDITS OF ITEM 400 OF THE BUDGET OF THE EUROPEAN
PARLIAMENT FOR THE TWELVE MONTHS PERIOD ENDING 31 DECEMBER 2013**

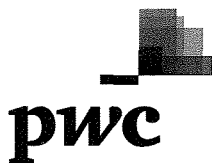
In accordance with our engagement letter dated 5 September 2013, we have audited the accompanying financial statements of the European Conservatives and Reformists Group (or "the Group") prepared by the Group's Accountant, which comprise the balance sheet as of 31 December 2013, the statement of income and expenditures for the year then ended, and a summary of significant accounting policies and other explanatory notes. These financial statements are laid out on pages 6 to 13.

Responsibilities of the Group

Pursuant to the Rules on the use of appropriation from budget item 400 of the European Parliament (hereafter "the Rules"), the European Conservatives and Reformists Group is responsible to the Parliament for the conformity of appropriation usage and for the preparation and fair presentation of the Group's financial statements in accordance with the principles set out in these rules. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making estimates that are reasonable in the circumstances. It also includes ensuring the respect of the Rules of budget item 400.

Auditor's responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as issued by the International Auditing and Assurance Standards Board (IAASB). The audit includes all tests of transactions, existence, ownership and valuation of assets and liabilities that are considered necessary. The nature and extent of the audit procedures depend on the auditor's judgment, including the assessment of the Group's accounting system and, where we wish to place reliance on it, the internal control system. An audit also includes evaluating the appropriateness of accounting policies used as well as evaluating the overall presentation of the financial statements.



Our audit involved such tests of the accounting records and other auditing procedures as were considered necessary to form an independent view and, in accordance with the specific requirements of our audit mandate, to report with reasonable assurance that:

- Expenditures are conformed to the Rules governing appropriation item 400;
- Appropriations are available;
- Payments orders are supported by original documentations or certified true copies;
- The financial statements have been laid out in accordance with the harmonised chart of accounts included in Part 2 of the Rules;
- The financial statements have been prepared in accordance with generally accepted accounting principles for the public sector as laid out in articles 143 and 144 of Regulation 966/2012 of 25 October 2012 (Financial Regulation), or that departures are adequately explained in the notes to the financial statements;
- Principles of sound financial management have been applied;
- Group's internal rules have been observed.

We believe that the audit evidence we have obtained is sufficient and appropriate to enable us to reach reasonable conclusions.

Opinion

As a result of our work, we did not identify any material non conformity with the dispositions laid out in the Rules governing appropriation item 400 or with the Group's internal rules.

The financial statements are presented in accordance with the harmonized Chart of Accounts foreseen in the Rules.

We do not report departures from accounting principles laid out in articles 143 and 144 of Regulation 966/2012 of 25 October 2012, unless adequately disclosed in the notes to the financial statements.

To the extent we have been able to verify it, the principle of sound financial management has been applied.



In our opinion, the financial statements give a true and fair view of the state of affair of the European Conservatives and Reformists Group at 31 December 2013 and its income and expenditures for the twelve months ending 31 December 2013, in accordance with the accounting principles and policies laid out in note 1 to the financial statements.

Sint-Stevens-Woluwe, 8 April 2014

PwC Reviseurs d'Entreprises scrl
Represented by

A handwritten signature in black ink, appearing to be 'F. Cattoir', written over the text 'Represented by'.

François Cattoir
Reviser d'Entreprises

EUROPEAN CONSERVATIVES AND REFORMISTS GROUP

**ANNUAL STATEMENTS RELATING TO THE USE OF THE CREDIT OF ITEM 400
OF THE BUDGET OF THE EUROPEAN PARLIAMENT**

BALANCE SHEET AT 31 DECEMBER 2013

		NOTE	Amounts in Euro	
			31/12/2013	31/12/2012
ASSETS				
FIXED ASSETS				
Chapter 1 Intangible and tangible fixed assets				
1	Intangible fixed assets		0,00	0,00
2	Tangible fixed assets	1 and 10	22.084,09	27.315,08
Subtotal chapter 1			22.084,09	27.315,08
CURRENT ASSETS				
Chapter 2 Debtors, stocks and other current assets				
1	Suppliers	8	5.500,00	1.803,06
2	Staff		0,00	0,00
3	VAT	7	292.881,08	141.545,89
4	Stocks		0,00	0,00
5	Others		0,00	998,11
Subtotal chapter 2			298.381,08	144.347,06
Chapter 3 Cash and banks				
1	Securities		0,00	0,00
2	Cash		1.066.087,54	1.625.461,50
Subtotal chapter 3			1.066.087,54	1.625.461,50
Chapter 4 Deferred charges and accrued income				
1	Deferred charges	4	5.118,25	8.671,97
2	Accrued income	5	31.402,85	0,00
Subtotal chapter 4			36.521,10	8.671,97
TOTAL ASSETS			1.423.073,81	1.805.795,61
LIABILITIES				
Chapter 1 Reserves				
1	Balance carried forward	2	1.050.302,42	1.576.501,29
Subtotal chapter 1			1.050.302,42	1.576.501,29
Chapter 2 Financial debts				
1	Financial debts of more than one year		0,00	0,00
2	Financial debts of less than one year		0,00	0,00
Subtotal chapter 2			0,00	0,00
Chapter 3 Other debts				
1	Other debts	2 and 6	0,00	31.898,00
2	Charges settled in 2013 but paid in 2014	1 and 3	372.771,39	197.396,32
Subtotal chapter 3			372.771,39	229.294,32
TOTAL LIABILITIES			1.423.073,81	1.805.795,61

EUROPEAN CONSERVATIVES AND REFORMISTS GROUP

**ANNUAL STATEMENTS RELATING TO THE USE OF THE CREDIT OF ITEM 400
OF THE BUDGET OF THE EUROPEAN PARLIAMENT**

STATEMENT OF REVENUES AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2013

	NOTE	Amounts in Euro	
		31/12/2013	31/12/2012
REVENUE			
Chapter 1 EP subsidies and other EP revenue			
1. Allocation from EP		4.046.038,85	3.764.574,00
2. Other revenue from EP		0,00	0,00
Subtotal for Chapter 1		<u>4.046.038,85</u>	<u>3.764.574,00</u>
Chapter 2 Own resources			
1. Interest and similar receipts		25.689,81	43.109,88
2. Exchange gains		0,00	0,00
3. Miscellaneous resources		0,00	0,00
4. Amount carried forward from the preceding financial year		1.576.501,29	1.175.962,26
Subtotal for Chapter 2		<u>1.602.191,10</u>	<u>1.219.072,14</u>
Total revenue		<u>5.648.229,95</u>	<u>4.983.646,14</u>
Grand total		<u>5.648.229,95</u>	<u>4.983.646,14</u>
EXPENDITURE			
Chapter 1 Staff			
1. Secretariat Missions		585.154,15	418.982,57
2. Recruitment		9.551,37	40.977,08
3. Traineeships		139.959,30	111.079,34
4. Salaries and related costs, fees		171.853,78	146.922,47
5. Staff training		8.927,36	3.752,96
6. Staff representation costs		0,00	0,00
Subtotal for Chapter 1		<u>915.445,96</u>	<u>721.714,42</u>
Chapter 2 Equipment, routine administrative expenditure and operating expenditure			
1. Equipment, operating expenditure, computer-related, engineering and maintenance		0,00	2.929,62
2. Equipment, telecommunications-related installation and maintenance expenditure, office machinery, furniture and technical installations		0,00	0,00
3. Stationery and office supplies		7.942,17	8.448,47
4. Postage and telecommunications		39.069,14	32.841,03
5. Printing and photocopying costs		37.166,06	35.269,69
6. Office rental costs		26.501,10	33.904,59
7. Depreciation	1 and 10	12.767,69	11.996,50
Subtotal for Chapter 2		<u>123.446,16</u>	<u>125.389,90</u>

EUROPEAN CONSERVATIVES AND REFORMISTS GROUP

**ANNUAL STATEMENTS RELATING TO THE USE OF THE CREDIT OF ITEM 400
OF THE BUDGET OF THE EUROPEAN PARLIAMENT**

**STATEMENT OF REVENUES AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2013
(continued)**

		Amounts in Euro	
	NOTE	31/12/2013	31/12/2012
Chapter 3	Documentation, studies & research		
1.	Newspapers, magazines, press agencies and books	62.152,59	55.043,86
2.	Studies and research	0,00	0,00
3.	Databases	2.930,05	0,00
	Subtotal for Chapter 3	<u>65.082,64</u>	<u>55.043,86</u>
Chapter 4	Legal and accountancy fees, financial charges and other operating expenditure		
1.	Legal costs	1.826,89	2.237,09
2.	Accounting/audits costs	12.250,00	12.000,00
3.	Financial charges and exchange losses	64.294,77	43.287,17
4.	Translation and interpreting costs	0,00	0,00
5.	Other operating expenditure	30.826,45	18.414,79
	Subtotal for Chapter 4	<u>109.198,11</u>	<u>75.939,05</u>
Chapter 5	Expenditure on meetings and entertainment		
1.	Official Group meetings	115.241,87	91.484,07
2.	Other meetings and conferences	306.150,88	216.131,04
3.	Expenditure on entertainment	3.705,28	3.397,17
4.	Guests	55.538,72	60.534,41
5.	Fact-finding missions by individual Members	189.020,98	172.663,77
	Subtotal for Chapter 5	<u>669.657,73</u>	<u>544.210,46</u>
Chapter 6	Publication and advertising		
1.	Posters, booklets and publications	15.229,77	18.417,61
2.	Advertising inserts and audiovisual advertising Advertising material, novelty items, telecommunication	100.259,17	10.947,19
3.	advertising	18.380,66	136.568,46
4.	Internet sites and cyber advertising	45.878,92	47.579,68
5.	Visits to institutions, information stands	0,00	0,00
	Subtotal for Chapter 6	<u>179.748,52</u>	<u>213.512,94</u>
Chapter 7	Members		
1.	Decentralised political and information activities (details attached)	9 2.535.348,41	1.671.334,22
	Subtotal for Chapter 7	<u>2.535.348,41</u>	<u>1.671.334,22</u>
	Total expenditure	<u>4.597.927,53</u>	<u>3.407.144,85</u>
	Balance carried forward	2 1.050.302,42	1.576.501,29

EUROPEAN CONSERVATIVES AND REFORMISTS GROUP

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 31 DECEMBER 2013

NOTE 1: BASIS OF THE ACCOUNTS AND ACCOUNTING PRINCIPLES

Basis of preparation

The financial statements of the European Conservatives and Reformists Group have been prepared to comply with:

- The 400 financial rules approved by the Bureau of the European Parliament on 30 June 2003 and amended by the Bureau on 22 March 2006, on 11 July 2007, on 20 September 2010, on 26 September 2011, on 2 July 2012 and 11 March 2013 (PE 422.537/BUR);
- The internal financial rules of the European Conservatives and Reformists Group;
- The accounting principles and the harmonised accounting plan included in the 400 financial rules.

In accordance with the 400 financial rules:

- The movements on the accounts and the balances must be entered in the accounting ledgers;
- All accounting entries, including adjustments to the accounts, must be based on dated and numbered supporting documents, to which they must refer;
- The accounting records must be organised so as to leave a trail for all accounting entries.

Significant accounting and valuation principles

1. The financial statements have been prepared in accordance with the 400 financial rules and with the following generally accepted accounting principles:
 - Going concern;
 - Prudence;
 - Consistent accounting methods;
 - Comparability of information;
 - Materiality;
 - No netting;
 - Reality over appearance;
 - Accrual accounting principle, subject to other provisions of the Rules as detailed in item 2 here below.
2. According to article 2.5.3 of the Rules on the use of appropriations from budget item 400, the financial statements are prepared on a modified accrual basis, based on the following rules:
 - All expenditure relative to activities of the current or previous financial years is recorded in the accounts of the current period, upon authorisation by the authorising 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 recorded in the expenditure accounts of the current financial year with as counterpart a liability in the balance sheet.
 - All expenditure, for which actual payment is made later than the end of the month following the closing of the financial period, is recorded in the accounts of the next financial period. No provisions may be made for expenditure of the current financial year not paid by the end of the month following the end of that financial year, or for risks and future charges.
 - All revenue is recorded 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.

EUROPEAN CONSERVATIVES AND REFORMISTS GROUP

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 31 DECEMBER 2013

3. Classification

- The classification of expenditure follows the principle of classification by destination as foreseen by article 2.5.2 of the Rules on the use of appropriations from budget item 400.

Specific accounting policies

Exchange policy

The accounts are kept in Euro. Revenue and expenditure in other currencies are converted in Euro at the exchange rate applicable on the bank transfer. The balance sheet accounts in other currencies except for banks and VAT receivables are not remeasured at the end of the accounting period.

Depreciation of tangible fixed assets

Assets with a unit value of 420 Euro or more with a life of more than one year are entered in the inventory and in the balance sheet. At the end of each financial year, the value of the inventory, with appropriate depreciation, subdivided by the type of asset, are recorded in the Groups' financial statement following the straight line method, using the following annual percentages:

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

A summary of movements on tangible fixed assets during the accounting period is presented in Note 10.

Valuation methods applied for securities and cash

Financial assets are valued at nominal value or fair market value, whichever is lower. Interest income is recognised in the accounts upon receipt.

Valuation methods applied for receivables, other assets and debts

Receivables, other assets and debts are stated at nominal value. Value reductions on receivables and other assets are recorded if there is uncertainty concerning their collectability.

Comparison to the figures

According to article 2.1.1 of the financial rules governing budget item 400, this report covers the financial year 2013 and the comparative figures cover financial year 2012.

EUROPEAN CONSERVATIVES AND REFORMISTS GROUP

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 31 DECEMBER 2013

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 50% of the annual appropriations received from the European Parliament's budget.

	€
Credits received by the Group for the 2013 budgeting period	4.046.038,85
Maximum amount of carry forward to 2014 budgeting period	2.023.019,43
Remainder at the end of the 2013 budgeting period	1.050.302,42
Credits to be received to EP	31.402,85
Carry forward to financial year 2014	1.050.302,42

The amount carried forward for the 2012 budgeting period of € 1.576.501,29 has been recognised in own resources in 2013.

NOTE 3: CHARGES SETTLED IN 2013 BUT PAID IN 2014

In application of article 2.5.3 of the Rule PE 422.537/BUR, this amount of € 372.771,39 corresponds to expenditure related to the 2013 accounting period and paid before 31 January 2014.

NOTE 4: DEFERRED CHARGES

The amount recorded under this heading of the balance sheet as at 31 December 2013 (€ 5.118,25) consists of an invoice of € 6.824,34 (£ 5.671,88) for a registration covering period 01/11/2013-30/06/2014. Two months were correctly expensed in 2013 (€ 1.706,09).

NOTE 5: ACCRUED INCOME

In connection with the article 1.3.1 of the 400 financial rules, this amount is related to the reallocation of appropriations as a result of a change in the composition of the Group during financial year 2013. The proportional reallocation of appropriation is carried out at the beginning of the following financial year (i.e. 2014). Hence the amount of € 31.402,85 is classified in the balance sheet as accrued income.

NOTE 6: OTHER DEBTS

In application of article 1.3.1 of the 400 financial rules, last year, this amount was related to the reallocation of appropriations as a result of a change in the composition of the Group during financial year 2012.

NOTE 7: VAT RECOVERABLE

This relates to VAT paid for which the European Conservatives and Reformists Group anticipates to obtain refund from the relevant tax authorities in application of the privileges and immunities of the European Institutions. VAT recoverable at 31 December 2013 is composed as follows:

	€
VAT Poland	1.811,27
VAT France	575,2
VAT Italy	672
VAT Lithuania	784,16
VAT United Kingdom	253.324,86
VAT Czech Republic	33.404,90
VAT Hungary	2.308,69
	292.881,08

EUROPEAN CONSERVATIVES AND REFORMISTS GROUP

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 31 DECEMBER 2013

NOTE 8: SUPPLIERS

The amount of € 5,500 consists of one advance invoice paid related to 2014 expenses.

EUROPEAN CONSERVATIVES AND REFORMISTS GROUP

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 31 DECEMBER 2013

NOTE 9: 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 400 financial rules is the following:

Article	Category	Year ended 31 December 2013	%	Year ended 31 December 2012	%
1.	Staff	0,00	0,00%	0,00	0,00%
2.	Secretariat equipment and expenses	3.630,00	0,14%	669,32	0,04%
3.	Documentation, studies and research	782.330,53	30,86%	182.228,57	10,90%
4.	Legal, accounting, financial and other operating costs	0,00	0,00%	0,00	0,00%
52.	Other meetings and conferences	552.814,52	21,80%	515.879,80	30,87%
53.	Expenditure on entertainment	0,00	0,00%	0,00	0,00%
54.	Guests	150.693,89	5,94%	152.785,44	9,14%
61.	Posters, booklets and publications	464.813,69	18,33%	336.241,87	20,12%
62.	Advertising inserts and audiovisual advertising	170.280,06	6,72%	77.599,87	4,64%
63.	Advertising material, novelty items, telecommunications advertising	223.274,74	8,81%	237.921,53	14,24%
64.	Internet sites and cyber advertising	38.828,05	1,53%	31.135,76	1,86%
65.	Visits to institutions, information stands	148.682,93	5,86%	136.872,06	8,19%
	Total Chapter 7.1	2.535.348,41	100%	1.671.334,22	100%

EUROPEAN CONSERVATIVES AND REFORMISTS GROUP
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2013

NOTE 10: RECAPITULATIVE TABLE OF FIXED ASSETS

	IT software		IT hardware		Telecom- munications equipment		Technical equipment and supplies		Miscellaneous machinery and installations		Movable property (seats, desks, cabinets)		Total
	25%	(€)	25%	(€)	25%	(€)	12.5%	(€)	12.5%	(€)	10%	(€)	
Historical cost													
Opening balances (historical cost)	0,00		35.134,80		0,00		0,00		30.288,71		34.585,23		100.008,74
Less Items sold and entered in profit-and-loss account	0,00		0,00		0,00		0,00		0,00		0,00		0,00
Plus Acquisitions during the financial year	0,00		7.536,70		0,00		0,00		0,00		0,00		7.536,70
Plus Transfers	0,00		0,00		0,00		0,00		0,00		0,00		0,00
Result Closing balance at historical cost	0,00		42.671,50		0,00		0,00		30.288,71		34.585,23		107.545,44
Accumulated depreciation													
Opening balances (accumulated depreciation)	0,00		24.304,90		0,00		0,00		14.874,82		33.513,94		72.693,66
Less Accumulated depreciation of items sold and entered in p/l account	0,00		0,00		0,00		0,00		0,00		0,00		0,00
Plus Depreciation charge for the financial year	0,00		8.267,53		0,00		0,00		3.786,09		714,07		12.767,69
Plus Depreciation charge from transfers	0,00		0,00		0,00		0,00		0,00		0,00		0,00
Result Closing balance at historical cost	0,00		32.572,43		0,00		0,00		18.660,91		34.228,01		85.461,35
Written-down values													
Net book value of fixed assets on 31/12/2012	0,00		10.829,90		0,00		0,00		15.413,89		1.071,29		27.315,08
Net book value of fixed assets on 31/12/2013	0,00		10.099,07		0,00		0,00		11.627,80		357,22		22.084,09