



Der Vorsitzende - The Chairman - Le Président

Mr Antonio Tajani  
President of the European Parliament  
PHS 09B011

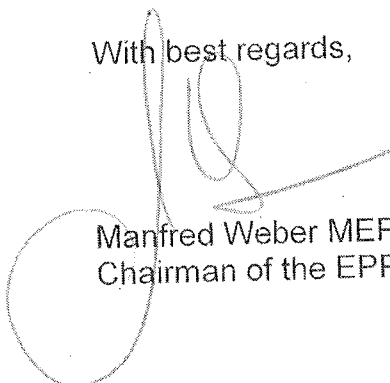
Brussels, 26 April 2017

Dear Mr President,

Please find attached the Audit report together with the annual accounts of our Group for the period ended 31 December 2016, in accordance with the Rules on the use of appropriations from budget item 400.

This document will be published on the intranet of the European Parliament.

With best regards,



Manfred Weber MEP  
Chairman of the EPP Group in the European Parliament

Annex : 1

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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 period from  
1 January 2016 to  
31 December 2016

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

## Report of the auditor

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 2016 and the revenue and expenditure statement for the period from 1st January 2016 to 31 December 2016, 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 that give a true and fair view in accordance with the rules adopted by the European Parliament Bureau in the version of 30 June 2003, lastly revised by the Bureau on 27 April 2015, 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 auditor

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 (ISA's) as adopted in Belgium. 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 auditor, 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 auditor 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. 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:

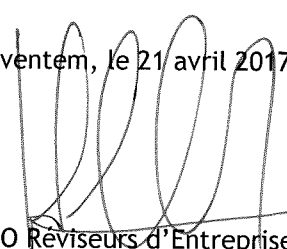
- The overall considerations on financial statements in the rules adopted by the Accounting Officer of the Commission referred to in articles 143 and 144 of the Financial Regulation have been observed in the preparation of the annual accounts or, where appropriate, a divergence from these overall considerations is adequately explained by a note to the annual accounts;
- An effective and efficient internal control system for the management of operations, which includes effective segregation of the duties of authorising officer and accounting officer or of the equivalent functions;
- The accounts have been prepared in accordance with the harmonised Accounting Plan 400 in Part 2 of the Rules;
- The expenditures have been charged to the correct item in the budget of the Group;
- The appropriations were 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 Group's internal rules have been observed.

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 2016 and for the period from 1st January 2016 to 31 December 2016 are prepared, in all material respects, in accordance with the Applicable Rules.

Zaventem, le 21 avril 2017

  
BDO Réviseurs d'Entreprises Soc. Civ. SCRL  
Auditor  
Represented by Gert Claes

**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 2016**

ASSETS	Notes	<u>31-12-16</u> EUR		<u>31-12-15</u> EUR	
<b>I</b>	<b>Tangible and intangible fixed assets</b>				
I.1	Intangible fixed assets	-		-	
I.2	Tangible fixed assets	3, 7	<u>122.149</u>	122.149	<u>135.635</u>
					135.635
<b>II</b>	<b>Debtors, stocks and other current assets</b>	4.1			
II.1	Suppliers		8.117		108.627
II.2	Staff		30.351		29.150
II.3	Value added tax		8.248		9.367
II.4	Stocks		-		-
II.5	Others		-	46.716	-
					<u>226</u>
					147.370
<b>III</b>	<b>Cash and bank</b>	4.2			
III.1	Securities		169.320		153.852
III.2	Cash		<u>9.313.509</u>	9.482.829	<u>13.202.074</u>
					13.355.926
<b>IV</b>	<b>Deferred charges/Accrued income</b>	4.3			
IV.1	Deferred charges		134.176		312.733
IV.2	Accrued income		<u>62</u>	134.238	<u>12.392</u>
					325.125
<b>TOTAL ASSETS</b>			<u><u>9.785.932</u></u>		<u><u>13.964.056</u></u>

**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 2016**

LIABILITIES	Notes	<u>31-12-16</u> EUR		<u>31-12-15</u> EUR	
<b>I Reserves</b>	<b>3</b>				
I.1 Balance carried forward		<u>8.004.762</u>	8.004.762	<u>10.536.408</u>	10.536.408
<b>II Financial debts</b>					
II.1 Financial debts of more than one year		-	-	-	-
II.2 Financial debts of less than one year		<u>-</u>	-	<u>-</u>	-
<b>III Other debts</b>	<b>4.4</b>				
III.1 Other debts		-	-	1.100	-
III.2 Charges settled in the period and paid in the following period		<u>1.751.496</u>	1.751.496	<u>3.381.684</u>	3.382.784
<b>IV Accrued charges/Deferred income</b>					
IV.1 Accrued charges		-	-	-	-
IV.2 Deferred income		<u>29.674</u>	29.674	<u>44.864</u>	44.864
<b>TOTAL LIABILITIES</b>		<u>9.785.932</u>		<u>13.964.056</u>	

**Resources available of the Group of the European People's Party  
(Christian Democrats)  
in the European Parliament  
for budget item 400 for the period ended 31 December 2016**

	Notes	01/01/2016 - 31/12/2016 EUR	01/01/2015 - 31/12/2015 EUR
<b>I REVENUE</b>			
<b>I.1 EP SUBSIDIES AND OTHER EP REVENUE</b>			
I.1.1 Allocation from EP	3, 5.1	17.400.048	17.439.765
I.1.2 Other revenue from EP		-	-
		<u>17.400.048</u>	<u>17.439.765</u>
<b>I.2 OWN RESOURCES</b>			
I.2.1 Interest and similar receipts		168.676	223.683
I.2.2 Exchange gains		8.860	2.493
I.2.3 Miscellaneous resources	5.2	10.227	12.035
I.2.4 Amount carried forward from the preceding financial year		8.719.884	9.959.546
		<u>8.907.647</u>	<u>10.197.757</u>
<b>TOTAL REVENUE</b>		<u><u>26.307.695</u></u>	<u><u>27.637.522</u></u>

**Expenditure of the Group of the European People's Party  
(Christian Democrats)  
in the European Parliament  
for budget item 400 for the period ended 31 December 2016**

	Notes	01/01/2016 - 31/12/2016 EUR	01/01/2015 - 31/12/2015 EUR
<b>II EXPENDITURE</b>			
<b>II.1 STAFF</b>			
II.1.1 Secretariat missions		3.368.233	3.179.254
II.1.2 Recruitment		5.266	12.176
II.1.3 Traineeships		343.174	214.576
II.1.4 Salaries and related costs, fees		619.164	1.051.792
II.1.5 Staff training		168.641	139.314
II.1.6 Staff representation		105.516	83.500
		<b>4.609.994</b>	<b>4.680.612</b>
<b>II.2 EQUIPMENT, ROUTINE ADMINISTRATIVE EXPENDITURE AND OPERATING EXPENDITURE</b>			
II.2.1 Equipment, operating expenditure, computer engineering and maintenance		153.422	251.021
II.2.2 Equipment, telecommunications-related installation and maintenance expenditure, office machinery, furniture and technical installations		82.111	86.350
II.2.3 Stationery and office supplies		48.806	34.671
II.2.4 Postage and telecommunications		153.453	120.394
II.2.5 Printing and photocopying costs		292.120	218.966
II.2.6 Office rental costs		-	-
		<b>729.912</b>	<b>711.402</b>
<b>II.3 DOCUMENTATION, STUDIES AND RESEARCH</b>			
II.3.1 Newspapers, magazines, press agencies and books		198.218	221.754
II.3.2 Studies and research		15.000	-
II.3.3 Databases		-	-
		<b>213.218</b>	<b>221.754</b>
<b>II.4 LEGAL AND ACCOUNTING COSTS, FINANCIAL CHARGES AND OTHER OPERATING EXPENDITURE</b>			
II.4.1 Legal costs		8.897	11.073
II.4.2 Accounting and audit costs		33.547	50.327
II.4.3 Financial charges and exchange losses		24.784	21.445
II.4.4 Translation and interpreting costs		14.520	5.525
II.4.5 Other operating expenditure		16.449	11.845
		<b>98.197</b>	<b>100.215</b>

The notes form an integral part of the accounts.



**Expenditure of the Group of the European People's Party  
(Christian Democrats)  
in the European Parliament  
for budget item 400 for the period ended 31 December 2016  
(continued)**

	Notes	01/01/2016 - 31/12/2016 EUR	01/01/2015 - 31/12/2015 EUR
<b>II.5 EXPENDITURE ON MEETINGS AND ENTERTAINMENT</b>			
II.5.1 Official Group meetings		814.547	722.755
II.5.2 Other meetings and conferences		852.211	674.834
II.5.3 Expenditure on representation		151.182	125.936
II.5.4 Guests		5.407	5.545
II.5.5 Fact-finding missions by individual Members		173.973	113.478
		<u>1.997.320</u>	<u>1.642.548</u>
<b>II.6 PUBLICATIONS AND ADVERTISING</b>			
II.6.1 Posters, booklets, publications		333.088	426.560
II.6.2 Advertising inserts and audiovisual advertising		389.896	599.129
II.6.3 Advertising material, novelty items, telecommunications advertising		806.044	1.258.626
II.6.4 Internet sites and cyber advertising		1.169.929	648.948
II.6.5 Visits to institutions, information stands		769.311	450.006
		<u>3.468.268</u>	<u>3.383.269</u>
<b>II.7 MEMBERS</b>			
II.7.1 Decentralised political and information activities	5.3	7.183.524	6.356.314
		<u>7.183.524</u>	<u>6.356.314</u>
<b>II.8 SUBSIDIES AND SUBSCRIPTIONS</b>			
II.8.1 Subsidies		2.500	5.000
II.8.2 Subscriptions		-	-
		<u>2.500</u>	<u>5.000</u>
<b>TOTAL EXPENDITURE</b>		<u>18.302.933</u>	<u>17.101.114</u>
<b>BALANCE CARRIED FORWARD</b>		<u>8.004.762</u>	<u>10.536.408</u>
<b>GRAND TOTAL OF REVENUE AND EXPENDITURE</b>		<u>26.307.695</u>	<u>27.637.522</u>

The notes form an integral part of the accounts.

**Group of the European People's Party (Christian Democrats)  
in the European Parliament  
Notes to the accounts for the period ended 31 December 2016**

**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 216 Members as at 31 December 2016, 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, on 2 July 2012, on 11 March 2013, on 24 February 2014, on 14 April 2014 and 27 April 2015.

According to article 2.1.1 of the financial rules governing budget item 400 this report covers the financial year 2016 which lasts from 1 January 2016 to 31 December 2016.

**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 financial year 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 liabilities, under position III.2 'Charges settled in the period 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 2016**  
**(continued)**

**3 Significant accounting and valuation principles (continued)**

*Valuation principles*

Fixed-term securities are 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.

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 tangible fixed 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 period ended 31 December 2016**  
**(continued)**

**3 Significant accounting and valuation principles (continued and end)**

*Reserves*

At year end 2016 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 financial period from 1 January 2016 to 31 December 2016 is calculated as follows:

	<b>EUR</b>
1. Subsidies received from the EP for 2016	17.400.048
2. Maximum amount transferable to next accounting period (50% of the subsidies received from the EP for 2016)	8.700.024
3. Total revenue in 2016	26.307.695
4. Total expenditures in 2016	18.302.933
5. Difference between revenue and expenditures 2016	8.004.762
6. Subsidies to be transferred to the EP	-
7. Amount carried forward to the following accounting year 2017	8.004.762

**Group of the European People's Party (Christian Democrats)  
in the European Parliament**  
**Notes to the accounts for the period ended 31 December 2016**  
**(continued)**

**4 Significant balance sheet positions**

4.1 Debtors, stocks and other current assets of EUR 46.716 (31 December 2015: EUR 147.370) are due within one year.

Caption II.2 'Staff' of EUR 30.351 (31 December 2015: EUR 29.150) represents mainly advances to staff for which recipients of the funds have not yet provided supplying documentation (non-justified advances).

4.2 Cash and banks as at 31 December 2016 are presented as follows:

	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>EUR</b>	<b>EUR</b>
Share certificates	150	150
Fixed-rate securities	169.170	153.702
<b>Total securities</b>	<b>169.320</b>	<b>153.852</b>
Current accounts	9.309.538	13.195.415
Petty cash	3.971	6.659
<b>Total cash</b>	<b>9.313.509</b>	<b>13.202.074</b>
<b>TOTAL</b>	<b>9.482.829</b>	<b>13.355.926</b>

The securities are valued at lower of cost or market. The market value of the securities at the period ended 31 December 2016 amounts to EUR 169.320 (31 December 2015: EUR 153.852). Value adjustments, from the application of the lower cost or market value principle of EUR 15.465 are included under Caption I.2.1 'Interest and similar receipts'. (31 December 2015: EUR 19.712 addition to provision has been recognised.)

4.3 Caption IV.1 'Deferred charges' EUR 134.176 (31 December 2015: EUR 312.733) represents prepaid newspaper/news agency subscriptions and lease contracts. These expenses are related to the following financial year.

4.4 Caption III 'Other debts' includes EUR 1.751.496 (31 December 2015: EUR 3.381.684) representing expenditures accounted for the period from 1 January to 31 December and payable until 31 January.

**Group of the European People's Party (Christian Democrats)  
in the European Parliament  
Notes to the accounts for the period ended 31 December 2016  
(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 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	01/01/2016-31/12/2016		01/01/2015-31/12/2015	
	EUR	in %	EUR	in %
Staff costs	24.424	0,34%	7.000	0,11%
Material, maintenance and operating expenses	3.976	0,06%	2.404	0,04%
Documentation, surveys and research expenses	258.695	3,60%	274.382	4,31%
Consulting fees and other administration expenses	-	0,00%	-	0,00%
Meetings and conferences	2.112.139	29,40%	1.688.759	26,57%
Representation costs	-	0,00%	-	0,00%
Invitations	756.956	10,54%	811.126	12,76%
Brochures and other publications	807.581	11,24%	926.180	14,57%
Adverts and audio-visual advertising	608.557	8,47%	449.163	7,07%
Promotional material	1.512.802	21,06%	1.266.198	19,92%
Internet	578.397	8,05%	467.291	7,35%
Visit groups	519.997	7,24%	463.811	7,30%
	<u>7.183.524</u>	<u>100,00%</u>	<u>6.356.314</u>	<u>100,00%</u>

**6 Commitments**

As per 31 December 2016 'Other financial commitments' amount to EUR 356.203 and result from rental agreements for copy machines.

**Group of the European People's Party (Christian Democrats)  
in the European Parliament**  
**Notes to the accounts for the period ended 31 December 2016**  
(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 12,5% (Euro)	Furniture (chairs, desks, cupboards) 10% (Euro)	Total (Euro)
<b>Historic cost</b>							
Opening balances (historic cost)	26.100	154.632	421.300	12.088	9.424	68.940	692.484
Less Sales entered in profit and loss account	0	14.977	46.442	0	412	0	61.831
Add Acquisitions during financial year	0	10.686	29.092	661	0	1.488	41.927
Add Transfers							
Gives Closing balance at historic cost	26.100	150.341	403.950	12.749	9.012	70.428	672.580
<b>Accumulated depreciation</b>							
Opening balances (accumulated depreciation)	25.009	130.194	331.059	10.403	9.424	50.760	556.849
Less accumulated depreciation of fixed assets sold and entered in profit and loss account	0	14.977	46.441	0	412	0	61.830
Add depreciation for financial year	378	12.275	37.540	631	0	4.588	55.412
Gives Closing balance at historic cost	25.387	127.492	322.158	11.034	9.012	55.348	550.431
<b>Net value</b>							
Net accounting value as at 31/12/2015	1.091	24.438	90.241	1.685	0	18.180	135.635
Net accounting value as at 31/12/2016	713	22.849	81.792	1.715	0	15.080	122.149

**Group of the European People's Party (Christian Democrats)  
in the European Parliament  
Notes to the accounts for the period ended 31 December 2016  
(continued and end)**

**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 Wilfried Martens Centre for European Studies) as defined in the EC Regulation 2004/2003 and in article 11 of the EP Bureau decision dated 29 March 2004. The foundation of the EPP Group, namely the Robert Schuman Foundation for the cooperation among Christian-Democrats in Europe, is incorporated under the laws of Grand Duchy of Luxembourg and publishes its accounts according to the applicable law in the official bulletin "Memorial" section C in Luxembourg.