



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

**Short form report on the accounts of budget
item 400 of the budget
of the European Parliament**

**Financial year 2021
From 1 January to 31 December 2021**

25 April 2021

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**REPORT OF THE EXTERNAL AUDITORS ON THE ANNUAL ACCOUNTS RELATIVE TO
THE USE OF APPROPRIATIONS FROM BUDGET ITEM 400**

AUDITOR'S REPORT

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 December 31, 2021 and the revenue and expenditure statement for the period from January 1, 2021 to December 31, 2021, and a summary of significant accounting policies and other explanatory notes.

We have been appointed as auditor for the audit of annual accounts as of December 31, 2020, we have performed the audit of the annual accounts of the Group for 2 succeeding years.

Report on the audit of the annual accounts

Unqualified opinion

We have audited the annual accounts of the Group, which comprise the balance sheet as at December 31, 2021, the revenue and expenditure statement for the period from January 1, 2021 to December 31, 2021 and the notes to the annual accounts, characterized by a balance sheet total of € 16,201,654 and a grand total of revenue and expenditure for the period of € 26,978,509

In our opinion, the annual accounts give a true and fair view of the Group's assets and financial position as at December 31, 2021, as well as of its results for the period from January 1, 2021 to December 31, 2021, in accordance with the rules adopted by the Bureau of the European Parliament in the version of 30th June 2003, lastly revised by the Bureau on June 7, 2021, 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').

Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the annual accounts' section in this report. We have complied with all the ethical requirements that are relevant to the audit of annual accounts in Belgium, including those concerning independence.

We have obtained from the Management and Group officials the explanations and information necessary for performing our audit.

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



Responsibilities of the Management for the annual accounts

The Management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the 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.

In preparing the annual accounts, the Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

Our audit work included specific procedures aimed at gathering sufficient and appropriate audit evidence that:

- the statement of revenue and expenditure gives a true and fair view of the group's financial position for the financial period concerned;
- the balance sheet gives a true and fair view of the group's assets at the end of the financial period;
- the overall considerations on financial statements in the rules adopted by the Accounting Officer of the Commission set out in Articles 80 of the Financial Regulation have been observed in the preparation and presentation of the accounts, or where appropriate, a divergence from these overall considerations is adequately explained by a note to the financial statements;
- 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 presented in accordance with the harmonised Accounting Plan in Part 2 of the rules Item 400;
- the expenditure complies with the provisions of the rules Item 400 ;
- the expenditure has 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;
- payment orders are substantiated by original supporting documents (or certified true copies);
- the Group's internal rules have been observed.

Melle, April 25, 2022

Baker Tilly Belgium Bedrijfsrevisoren CVBA



Jan Smits
Audit Partner

Balance Sheet & Profit and loss

**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 2021**

ASSETS	Notes	<u>31/12/2021</u> EUR		<u>31/12/2020</u> EUR	
I	Tangible and intangible fixed assets				
I.1	Intangible fixed assets				
I.2	Tangible fixed assets	3, 7	115.741	115.741	137.202
II	Debtors, stocks and other current assets	4.1			
II.1	Suppliers		15.978	77.025	
II.2	Staff		-	500	
II.3	Value added tax		1.052	721	
II.4	Stocks		-	-	
II.5	Others		17.030	-	78.246
III	Cash and bank	4.2			
III.1	Securities		32.899	317.113	
III.2	Cash		15.870.788	15.903.687	11.675.262
IV	Deferred charges/Accrued income	4.3			
IV.1	Deferred charges		165.196	73.051	
IV.2	Accrued income		-	779	73.830
TOTAL ASSETS			<u>16.201.654</u>	<u>11.964.540</u>	

LIABILITIES	Notes	<u>31/12/2021</u> EUR		<u>31/12/2020</u> EUR	
I	Reserves	3			
I.1	Balance carried forward		13.332.556	13.332.556	10.197.966
II	Financial debts				
II.1	Financial debts of more than one year		-	-	
II.2	Financial debts of less than one year		-	-	
III	Other debts	4.4			
III.1	Other debts		38.473	15.635	
III.2	Charges settled in the period and paid in the following period		2.609.293	2.647.766	1.758.536
IV	Accrued charges/Deferred income				
IV.1	Accrued charges		212.704	8.038	
IV.2	Deferred income		8.628	221.332	8.038
TOTAL LIABILITIES			<u>16.201.654</u>	<u>11.964.540</u>	

**Resources and expenditure 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 2021**

	Notes	01/01/2021 - 31/12/2021 EUR	01/01/2020 - 31/12/2020 EUR
I REVENUE			
I.1 EP SUBSIDIES AND OTHER EP REVENUE			
I.1.1 Allocation from EP	3, 5.1	16.749.968	17.238.708
I.1.2 Other revenue from EP		-	-
		<u>16.749.968</u>	<u>17.238.708</u>
I.2 OWN RESOURCES			
I.2.1 Interest and similar receipts		27.338	46.456
I.2.2 Exchange gains		3.171	2.040
I.2.3 Miscellaneous resources	5.2	66	614
I.2.4 Amount carried forward from the preceding financial year		10.197.966	4.399.276
		<u>10.228.541</u>	<u>4.448.386</u>
TOTAL REVENUE		<u>26.978.509</u>	<u>21.687.094</u>

	Notes	01/01/2021 - 31/12/2021 EUR	01/01/2020 - 31/12/2020 EUR
II EXPENDITURE			
II.1 STAFF			
II.1.1 Secretariat missions		802.606	479.122
II.1.2 Recruitment		10.070	7.191
II.1.3 Traineeships		401.485	458.766
II.1.4 Salaries and related costs, fees		355.068	344.271
II.1.5 Staff training		101.601	180.354
II.1.6 Staff representation		57.080	104.430
		<u>1.727.910</u>	<u>1.574.134</u>
II.2 EQUIPMENT, ROUTINE ADMINISTRATIVE EXPENDITURE AND OPERATING EXPENDITURE			
II.2.1 Equipment, operating expenditure, computer engineering and maintenance		361.708	377.813
II.2.2 Equipment, telecommunications-related installation and maintenance expenditure, office machinery, furniture and technical installations		47.652	50.152
II.2.3 Stationery and office supplies		37.821	16.449
II.2.4 Postage and telecommunications		64.686	69.419
II.2.5 Printing and photocopying costs		228.249	191.454
II.2.6 Office rental costs		-	-
		<u>740.116</u>	<u>705.287</u>
II.3 DOCUMENTATION, STUDIES AND RESEARCH			
II.3.1 Newspapers, magazines, press agencies and books		344.166	350.950
II.3.2 Studies and research		72.298	86.593
II.3.3 Databases		-	-
		<u>416.464</u>	<u>437.543</u>

**Expenditure 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 2021**

	Notes	01/01/2021 - 31/12/2021 EUR	01/01/2020 - 31/12/2020 EUR
II.4 LEGAL AND ACCOUNTING COSTS, FINANCIAL CHARGES AND OTHER OPERATING EXPENDITURE			
II.4.1		-	-
II.4.2		7.681	9.256
II.4.3		319.657	37.328
II.4.4		-	-
II.4.5		35	1.230
		<u>327.373</u>	<u>47.814</u>
II.5 EXPENDITURE ON MEETINGS AND ENTERTAINMENT			
II.5.1		646.650	141.101
II.5.2		220.783	169.865
II.5.3		39.523	53.204
II.5.4		3.995	487
II.5.5		110.291	65.305
		<u>1.021.242</u>	<u>429.962</u>
II.6 PUBLICATIONS AND ADVERTISING			
II.6.1		238.981	264.535
II.6.2		550.044	580.961
II.6.3		629.491	416.826
II.6.4		1.671.243	711.959
II.6.5		131.403	54.750
		<u>3.221.162</u>	<u>2.029.031</u>
II.7 MEMBERS			
II.7.1	5.3	6.191.686	6.265.357
		<u>6.191.686</u>	<u>6.265.357</u>
II.8 SUBSIDIES AND SUBSCRIPTIONS			
II.8.1		-	-
II.8.2		-	-
		<u>-</u>	<u>-</u>
TOTAL EXPENDITURE		<u>13.645.953</u>	<u>11.489.128</u>
BALANCE CARRIED FORWARD		<u>13.332.556</u>	<u>10.197.966</u>
GRAND TOTAL OF REVENUE AND EXPENDITURE		<u>26.978.509</u>	<u>21.687.094</u>

Notes to the financial statements

**Group of the European People's Party (Christian Democrats)
in the European Parliament
Notes to the accounts for the period ended 31 December 2021**

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 177 Members as at 31 December 2021 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, on 27 April 2015, on 10 December 2018, on 11 February 2019, 01 July 2019, 13 January 2020, 6 July 2020 and 7 June 2021.

According to article 2.1.1 of the financial rules governing budget item 400 this report covers the period from 01 January 2021 to 31 December 2021.

3 Significant accounting and valuation principles

Movements on the accounts and the balances shall be entered in the accounting ledgers. All accounting entries, including adjustments to the accounts, shall be based on dated and numbered supporting documents, to which they shall refer.

The accounting system must be such as to leave a trail for all accounting entries.

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;
- materiality
- no netting;
- substance over form.

3 Significant accounting and valuation principles (continued)

According to article 2.5.3 of the 'Rules on the use of appropriations from budget item 400', the accounts are drawn up on a modified accrual system. 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

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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'.

No provisions will be made for expenditure of the current financial period not paid by the end of the month, following the end of this financial period or for risks and future charges.

All revenue is registered 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 in chapter IV (deferred charges and accrued income).

Valuation principles

Fixed-term securities are shown under the position III. 'Cash and banks' are valued at 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.

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.

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3 Significant accounting and valuation principles (continued and end)

Reserves

At year end a maximum of 50% of the annual subsidies may be brought forward to the following year. In 2021 the maximum carry forward has been increased to 75% due to limited activities caused by the COVID pandemic.

The balance carried forward to the financial year 2022 is calculated as follows:

	EUR
1. Subsidies received from the EP for 2021	16.749.968
2. Exceptional carry forward of 75% instead of 50% (Bureau decision 07/06/21) due to limited activities caused by the COVID Pandemic	12.562.476
3. Total revenue in 2021	26.978.509
4. Total expenditures in 2021	13.645.953
5. Difference between revenue and expenditures 2021	13.332.556
6. Subsidies to be transferred to the EP	770.080
7. Amount carried forward to the following accounting year 2022	12.562.476

The reported brought forward of EUR 13.332.556 (31 December 2020 EUR 10.197.966) as stated in the report is not fully available for use for the budgetary period 2022. An amount of EU 770.080 must be transferred to the European Parliament.

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4 Significant balance sheet positions

4.1 Debtors, stocks and other current assets of EUR 17.030 (31 December 2020 EUR 78.246) are due within one year.

4.2 Cash and banks as at 31 December 2021 are presented as follows:

	31/12/2021	31/12/2020
	EUR	EUR
Share certificates	150	150
Fixed-rate securities	32.749	316.963
Total securities	32.899	317.113
Current accounts	15.865.439	11.353.014
Petty cash	5.349	5.135
Total cash	15.870.788	11.358.149
TOTAL	15.903.687	11.675.262

The securities are valued at lower of cost or market. The market value of the securities at the period ended 31 December 2021 amounts to EUR 32.899 (31 December 2020: EUR 317.113). Value adjustments, from the application of the lower cost or market value principle of EUR 284.214 are included under Caption II.4.3 'Financial charges and exchange losses'. (31 December 2020 : EUR 30.679 addition to provision has been recognised.)

4.3 Caption IV.1 'Deferred charges' EUR 165.196 (31 December 2020: EUR 73.051) represents news agency subscriptions, social media and lease contracts. These expenses are related to the following financial period.

4.4 Caption III 'Other debts' includes EUR 2.647.766 (31 December 2020: EUR 1.758.536) representing expenditures accounted for the year 2021 and payable until 31 January as well as mission expenses incurred in the accounting period, reimbursed in 2022.

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Notes to the accounts for the period ended 31 December 2021

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	01/01/2021-31/12/2021		01/01/2020- 31/12/2020	
	EUR	in %	EUR	in %
Staff costs	-	0,00%	-	0,00%
Material, maintenance and operating expenses	0	0,00%	457	0,01%
Documentation, surveys and research expenses	429.854	6,94%	209.990	3,35%
Consulting fees and other administration expenses	-	0,00%	-	0,00%
Meetings and conferences	712.800	11,51%	610.883	9,75%
Representation costs	-	0,00%	-	0,00%
Invitations	358.790	5,79%	364.759	5,82%
Brochures and other publications	556.555	8,99%	517.537	8,26%
Adverts and audio-visual advertising	800.807	12,93%	1.001.365	15,98%
Promotional material	2.130.752	34,42%	2.215.781	35,37%
Internet	1.187.953	19,19%	1.260.831	20,12%
Visit groups	14.175	0,23%	83.754	1,34%
	<u>6.191.686</u>	<u>100,00%</u>	<u>6.265.357</u>	<u>100,00%</u>

6 Commitments

As per 31 December 2021 'Other financial commitments' amount to EUR 148.252,34 (31 December 2021: EUR 329.515) and result from rental agreements for copy machines.

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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)
HISTORICAL	Opening balances 2020 (historical cost)	19.249	243.599	445.398	16.481	9.012	74.588	808.327
	Less Items sold and entered in profit and loss account in 2021	13.101	80.760	87.397	4.717	6.166	22.908	215.048
	Plus Acquisitions during the financial year 2021	0	8.440	23.815	0	0	1.457	33.712
	Plus Transfers	0	0	0	0	0	0	0
	Result Closing balance at historical cost	6.148	171.279	381.816	11.764	2.846	53.137	626.990
ACCUMULATED	Opening balances (accumulated depreciation)	19.249	175.062	386.784	13.033	9.012	67.985	671.125
	Less Accumulated depreciation of items sold and entered in p/l account	13.101	80.760	87.397	4.717	6.166	22.908	215.048
	Plus Depreciation charge for the financial year 2021	0	25.180	26.971	727	0	2.295	55.173
	Result Closing balance at historical cost	6.148	119.482	326.358	9.043	2.846	47.372	511.249
Net value	Net book value of fixed assets on 01-01-21	0	68.537	58.614	3.448	0	6.603	137.202
	Net book value of fixed assets on 31-12-21	0	51.797	55.458	2.721	0	5.765	115.741

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8 ***Technical support to political parties and foundations (Regulation (EU, EURATOM) No 1141/2014)***

The EPP Group has not granted any technical support to political parties (namely to the European People's Party) as defined in article 32 of the Regulation (EU, EURATOM) No 1141/2014 of the European Parliament and of the Council of 22 October 2014 on the statute and funding of European political parties and European political foundations.

Now, for tomorrow

