



T C L M

TOELEN, CATS, MORLIE & Co

## **EUROPEAN FREE ALLIANCE**

**Financial statements for the year ended  
31 December 2004**

**23 June 2005**

## Auditor's report

### Unqualified auditor's report

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According to the audit mandate, we have audited the **European Free Alliance** financial statement prepared by the Party Accountant for the year ending 31/12/2004 as laid out pages 1 to 6 of this document.

#### *Respective responsibilities of the Party and the auditors*

Pursuant to the **term Council** Regulation 2003/2004, the **European Free Alliance** is responsible before the Institution of the conformity of subsidies usage and of the preparation of the Party annual financial statements.

We have the responsibility to plan and carry out the required work to verify the financial statement prepared by the political Party and to report to the Party with a reasonable assurance our audit opinions.

#### *Basis of Opinions*

We conducted the audit in accordance with International Standards on Auditing as issued by the IAASB. This standard requires the auditor to plan and carry out his work in such a way as to obtain sufficient and appropriate evidences and explanations to support his audit opinions. An audit includes an examination, on a sample basis, of evidence relevant to these opinions.

The audit work included specific procedures aiming at gathering sufficient and appropriate audit evidence that

- Financial statements give a true and fair view of the political Party Financial position as of the balance sheet date, and of the incomes and expenditures for the period; which namely means that accounts were prepared and presented in accordance with the Belgian legislation,
- Fixed asset valuation and amortisation complies with the provision of Article 9.2 of Council and Parliament Regulation 2004/2003,
- Proper accounts of donors was maintained (Section 6b of same regulation),
- Revenue was found compliant the provision of Section 6c of same Regulation,
- Nature of expenses was found compliant with the provision of article 7,8 of same Regulation.

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*Member of Jeffreys Henry International*

Opinions

In our opinion,

- Financial Statements give a true and fair view of the political Party Financial position as of the balance sheet date, and of the incomes and expenditures for the period,
- Proper account of donors was maintained,
- Revenue was found compliant the provision of Section 6c of Council Regulation 2003/2004,
- Nature of expenses was found compliant with the provision of article 7, respectively 8 of same Regulation,
- We have received all necessary explanations for the purpose of our work.

Brussels, 23 June 2005

T C L M – Toelen, Cats, Morlie & Co  
Legally represented by

Luc TOELEN  
Statutory Auditor  
Partner

**Statement of Assets, Liabilities and Accumulated Surplus  
as at 31 December 2004**

	2004
	€
<b>Current assets</b>	
Bank balances	83.610,77
Receivables	
- Prepaid expenses and sundry receivables	5.050,00
- Income to receive	30.643,02
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	119.303,79
<b>Fixed assets</b>	
Equipment at cost, less depreciation	<u>9.064,88</u>
<b>TOTAL ASSETS</b>	<u><u>128.368,67</u></u>
<b>Accumulated surplus:</b>	
Social fund	35.233,15
Contribution out of social fund	-4.711,82
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at 31 December	30.521,33
<b>Liabilities</b>	
Accounts payable and accrued liabilities	87.710,06
Salaries	6.137,28
Prepaid income	4.000,00
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	97.847,34
<b>TOTAL LIABILITIES</b>	<u><u>128.368,67</u></u>

## EUROPEAN FREE ALLIANCE

### Statement of Income and Expenditure for the year ended 31 December 2004

	2004 €
<b>Income</b>	
Subsidy from European Parliament	163.222,02
Member contribution	34.950,00
Contributions in kind	13.343,21
Other income	1.332,00
Contribution out of social fund	4.711,82
Bank interest - net	70,31
<b>Total income</b>	<b><u>217.629,36</u></b>
<b>Expenditure</b>	
Operational & infrastructure costs	38.462,85
Administration costs	12.892,07
Representation costs	58.785,50
Information costs and publications	46.372,21
Contributions from third parties	10.030,70
Salaries	46.553,40
Depreciation costs	4.532,63
<b>Total expenditure</b>	<b><u>217.629,36</u></b>
<b>Total surplus/(deficit) for the year</b>	<b>0,00</b>

## Notes to the Financial Statements for the year ended 31 December 2004

### Basis of accounting

1. These accounts have been prepared in accordance with accounting policies generally accepted in Belgium, as supplemented and amended to suit the specific needs of the association.

### Accrual base

2. All costs and revenues have been accounted for on an accrual base, and are related to the financial year 2004.

### Revenues

3. The contributions in kind are in line with the regulations and imply contributions for the good functioning of the association.

### Social Fund

4. The association has been created on 22 July 2004. The activities of the former organization have been transferred as a social fund. The use of the social fund for the financing of current expenses can only be done after approval of the Bureau within the limits set out by the General Assembly of 26 and 27 May 2005. For the first accounting year ending per 31 December 2004, € 4.711,82 has been exceptionally allocated to the own resources to cover current expenses.

### Fixed Assets

5. The association's policy is to expense minor items of office furniture and equipment (less than 420 € for each individual item). Major items are capitalized and depreciated based on the EC valuation rules on a straight-line basis.

### Value added tax

6. Expenses are recorded including value added tax.

### Overrun of individual budget lines

7. Overruns of individual budget lines are allowed as long as they remain within the limits of a margin of 20%. The overrun of the total budget will be considered as an ineligible expenditure for the calculation of the grant of the European Parliament.

**The above notes form part of these financial statements.**



## EUROPEAN FREE ALLIANCE

### Comparison of actual and budgeted income, expenditure and surplus/deficit for the year ended 31 December 2004

	Actual	Budget
	€	€
<b>Income</b>		
Subsidy from European Parliament	163.222,02	165.724,00
Member contribution	34.950,00	33.800,00
Contributions in kind	13.343,21	13.000,00
Other income	1.332,00	
Contribution out of social fund	4.711,82	10.000,00
Bank interest - net	70,31	
<b>Total income</b>	<b>217.629,36</b>	<b>222.524,00</b>
<b>Expenditure</b>		
Personnel costs	46.553,40	39.000,00
Operational & infrastructure costs	42.995,48	42.800,00
Administration costs	12.892,07	10.750,00
Meetings and representation costs	58.785,50	65.000,00
Information and publication costs	46.372,21	51.474,00
Expenditure relating to contributions in kind	10.030,70	13.000,00
Non eligible expenditure		500,00
<b>Total expenditure</b>	<b>217.629,36</b>	<b>222.524,00</b>
<b>Total surplus/deficit for the year</b>	<b><u>0,00</u></b>	<b><u>0,00</u></b>