



T C L M

registered auditors

EUROPEAN FREE ALLIANCE

Financial statements
For the period 1/1/2005-31/12/2005

8 May 2006

member of
RSM International

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TCLM is an independent
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EUROPEAN FREE ALLIANCE

Statement of Assets, Liabilities and Accumulated Surplus as at 31 december 2005

	31/12/2005
	€
Current assets	
Bank balances	21.940,59
Receivables	
- Prepaid expenses and sundry receivables	10.312,79
- Income to receive	65.306,00

	97.559,38
 Fixed assets	
Equipment at cost, less depreciation	<u>5.127,17</u>
 TOTAL ASSETS	 <u>102.686,55</u>
 Accumulated surplus:	
Social fund	30.521,33
Perte 1/1 - 31/12/2005	-2.049,07

at 31 december	28.472,26
 Liabilities	
Accounts payable and accrued liabilities	12.521,28
Salaries	61.693,01

	74.214,29
 TOTAL LIABILITIES	 <u>102.686,55</u>

See

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Comparison of actual and budgeted income, expenditure and surplus/deficit for the period ended 31 December 2005

	Actual 12 months	Budget 2005
	€	€
Income		
Subsidy from European Parliament	217.906,00	219.051,72
Member contribution	59.430,00	53.700,00
Observer fees		1.200,00
Participation fee	5.034,67	2.000,00
Donations	4.800,00	6.000,00
Income in kind	5.833,33	10.000,00
Contribution out of the social fund	2.049,07	3.000,00
Other income	7.115,51	
Bank interest - net	267,93	
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Total income	302.436,51	294.951,72
Expenditure		
Staff costs	144.858,85	136.201,72
Operational & infrastructure costs	30.020,46	26.000,00
Operational costs	16.247,96	9.550,00
Meetings and representation costs	70.250,17	66.200,00
Information and publication costs	35.225,74	46.500,00
Expenditure relating to contributions in kind	5.833,33	10.000,00
Non eligible expenditure	0,00	500,00
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Total expenditure	302.436,51	294.951,72
Total surplus/deficit for the year	<u>0,00</u>	<u>0,00</u>

4.

EUROPEAN FREE ALLIANCE

Notes to the Financial Statements for the year ended 31 December 2005

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 2005.

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. It has been decided that the contribution for 2005 amounts to € 2.049, 07.

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.



Auditor's report

Unqualified auditor's report

Period 1/1/2005-31/12/2005

According to the audit mandate, we have audited the European Free Alliance financial statement prepared by the Party Accountant for the year ending 31 December 2005 as laid out on pages 1 to 3 of this documents

Respective responsibilities of the Party and the auditors

Pursuant to the provisions of Regulation (EC) No 2003/2004 of the European Parliament and of the Council, the European Free Alliance is responsible to 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 IASSB. 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 provisions of Article 9.2 of the Regulation No 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, respectively Article 8 of the same Regulation,

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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,
- Fixed asset valuation and amortisation complies with the provisions of Article 9.2 of the Regulation No 2004/2003;
- Proper account of donors was maintained (Section 6b of same regulation);
- Revenue was found compliant the provision of Section 6c of the same Regulation;
- 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, May 8, 2006

T C L M – Toelen, Cats, Morlie & Co

Legally represented by



Luc TOELEN
Statutory Auditor
Partner



Karine MORRIS
Statutory Auditor
Partner