



registered auditors

member of
RSM International

Financial Statements

For the period

January 1, 2008-December 31, 2008

EUROPEAN FREE ALLIANCE

EUROPEAN FREE ALLIANCE

Statement of Assets, Liabilities and Accumulated Surplus as at 31 december 2008

	31/12/2008
	€
Current assets	
Bank balances	14.414,81
Receivables	
- Prepaid expenses and sundry receivables	7.758,93
- Income to receive	45.320,00

	67.493,74
Fixed assets	
Equipment at cost, less depreciation	<u>1.253,79</u>
TOTAL ASSETS	<u>68.747,53</u>
Accumulated surplus:	
Social fund as of December 31, 2007	24.248,77
result 1/1 - 31/12/2008	-11.931,34

Social fund as of December 31, 2008	12.317,43
Liabilities	
Accounts payable and accrued liabilities	53.000,58
Salaries	3.429,52

	56.430,10
TOTAL LIABILITIES	<u>68.747,53</u>

EUROPEAN FREE ALLIANCE

Comparison of actual and budgeted income, expenditure and surplus/deficit for the period ended 31 December 2008

	Actual 12 months	Budget 2008
	€	€
Income		
Subsidy from European Parliament	226.526,75	226.600,00
Member contribution	51.980,00	67.500,00
Participation fee	4.194,34	6.000,00
Observer fees	600,00	
Donations	3.665,80	1.200,00
Contribution out of the social fund	11.931,34	
Other income	3.934,30	1.000,00
Bank interest - net	713,10	
Total income	303.545,63	302.300,00
Expenditure		
Personnel costs	139.503,70	148.500,00
Infrastructure and operating costs	12.554,80	27.780,00
Administrative expenditure	13.689,79	23.079,30
Meeting and representation costs	99.657,58	75.000,00
Information and publication costs	21.389,76	27.940,70
Non eligible expenditure	16.750,00	0,00
Total expenditure	303.545,63	302.300,00
Total surplus/deficit for the year	<u>0,00</u>	<u>0,00</u>

EUROPEAN FREE ALLIANCE

Notes to the Financial Statements for the year ended 31 December 2008

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 2008.

Revenues

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

Contribution in kind to CMC

4. The total costs of the European Free Alliance contain costs for an amount of € 10.553,39 which are to be considered as a contribution in kind to CMC. These costs are not taken into account for the calculation of the grant.

Social Fund

5. 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. It has been decided that the contribution for 2008 amounts to € 11.931,34.

Fixed Assets

6. 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

7. Expenses are recorded including value added tax.

The above notes form part of these financial statements.

Auditor's report

Unqualified auditor's report

Period 1/1/2008-31/12/2008

According to the audit mandate, we have audited the financial statements of the party prepared by its accountant for the year ending 31/12/08 as laid out on pages 1 to 3 of this document.

Respective responsibilities of the party and the auditors

The party is responsible to the European Parliament for the use of the grant and must comply with the provisions of the Regulation EC (No) 2004/2003 and the underlying acts. It is further responsible for the preparation of its financial statements.

We have the responsibility to plan and carry out the required work to verify the financial statements prepared by the 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 issued by the IASSB. This standard requires the auditor to plan and carry out his work in a way 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 to gather sufficient and appropriate audit evidence that

- The financial statements have been prepared in accordance with the national legislation applicable to the party, are free of material misstatement and show a true and fair view of the financial position and the operating results;
- The financial documents submitted by the party to Parliament are consistent with the financial provisions of the grant agreement;
- The expenditure declared was actually incurred;
- The statement of revenue is exhaustive;
- The obligations arising of Articles 6, 7, 8, 9(2) and 10(2) of Regulation (EC) No 2004/2003 have been met;
- Any surplus carried over to the next financial year has been used in the first quarter of the financial year, pursuant to Article 6a of the bureau decision;

- The obligations arising out of Article 109(4) of the Financial Regulation have been met;
- Contributions in kind have actually been provided to the party and have been valued in compliance with the provisions of Article II.12.4 of the grant agreement.

Opinions

In our opinion,

- The Financial statements have been prepared in accordance with the national legislation applicable to the beneficiary, are free of material misstatement and show a true and fair view of the financial position and the operating results;
- The financial documents submitted by the party to Parliament are consistent with the financial provisions of the grant agreement;
- The expenditure declared was actually incurred;
- The statement of revenue is exhaustive;
- The obligations arising out of Articles 6, 7, 8, 9(2) and 10(2) of Regulation (EC) NO 2004/2003 have been met;
- Any surplus carried over to the next financial year has been used in the first quarter of the financial year, pursuant to Article 6a of the bureau decision;
- The obligations arising out of Article 109(4) of the Financial Regulation have been met;
- Contributions in kind have actually been provided to the party and have been valued in compliance with the provisions of Article II.12.4 of the grant agreement.
- We have received all necessary explanations for the purpose of our work.

Brussels, March 18, 2009

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

Luc TOELEN
Registered Auditor
Partner

Karine MORRIS
Registered Auditor
Partner