



Alliance of Liberals and Democrats for **Europe**
Alliance des Démocrates et des Libéraux pour l'**Europe**

Alexander Beels
Secretary General

Brussels, 29 April 2005

306033 02.05.2005

European Parliament
Rue Wiertz - Wiertzstraat
PHS 55 C 17
B-1047 Bruxelles
Tel: + 32 2 284 25 61
Fax: + 32 2 230 95 34
e-mail: abeels@europarl.eu.int
Web: <http://alde.europarl.eu.int>

Mr. Josep BORRELL FONTELLES
President of the European Parliament
PHS 11B11

Dear Sir,

Herewith, I have the honour to send you the report of our external auditors on the ALDE accounts 2004.

Yours sincerely,

cc. Mr. Roger Vanhaeren

GROUP OF THE ALLIANCE OF LIBERALS AND DEMOCRATS
FOR EUROPE

REPORT ON THE FINANCIAL STATEMENTS
OF BUDGET ARTICLE 3701
FOR THE PERIOD FROM JULY 1, 2004
TO DECEMBER 31, 2004

Group of the Alliance of Liberals and Democrats for Europe

TABLE OF CONTENTS

Page 2 Report of Ernst & Young

Page 3 Balance sheet as at December 31, 2004

Page 4 -5 Statement of revenue and expenditure for the period from July 1, 2004 to
December 31, 2004

Page 6 Statement of cash flows

Page 7-8 Notes to the accounts

Group of the Alliance of Liberals and Democrats for Europe
rue Wiertz
Bâtiment PHS 55C15/17

B-1047 BRUXELLES

Following our appointment, we have audited the financial statements of the Group of the Alliance of Liberals and Democrats for Europe for the period ended December 31, 2004. These financial statements are the responsibility of the General Secretary. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the accounting records are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the General Secretary, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group of the Alliance of Liberals and Democrats for Europe as at December 31, 2004 and of the results of its operations for the period then ended in accordance with International Financial Reporting Standards.

ERNST & YOUNG
Société Anonyme



Werner WEYNAND

Luxembourg, April 25, 2005

Group of the Alliance of Liberals and Democrats for Europe
BALANCE SHEET AS AT DECEMBER 31, 2004
 (expressed in EURO)

A S S E T S	December 31, 2004	June 30, 2004
I) Fixed assets (Note 3)	40,621.39	51,962.62
II) Stocks	7,649.13	---
III) <i>Cash and cash equivalents</i>		
KBC, deposits	2,380,000.00	449,209.76
KBC, current account EURO	90,159.44	21,851.39
KBC, current account EURO (MEP's activities)	(3,360.18)	302,386.13
BPS, current account EURO	2,273.52	2,629.52
Cash in hand	---	710.00
	-----	-----
	2,469,072.78	776,786.80
III) Debtors (Note 4)		
Accrued interest	520.47	63.22
Other debtors	41,129.26	2,330.00
	-----	-----
	41,649.73	2,393.22
IV) Prepayments	13,635.06	11,512.51
	-----	-----
TOTAL ASSETS	2,572,628.09	842,655.15
	=====	=====

The accompanying notes form an integral part of these financial statements

Group of the Alliance of Liberals and Democrats for Europe
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE PERIOD FROM JULY 1, 2004 TO DECEMBER 31, 2004
(expressed in EURO)

A. REVENUES	6 months ended December 31, 2004	6 months ended June 30, 2004
 Chap. I : Appropriations and other payments		
Appropriation from the EP (Note 2)	2,784,313.00	1,740,734.00
 Chap. II : Own revenues		
1. Bank interests	12,843.75	11,405.56
2. Miscellaneous	38,233.61	22,900.58
3. VAT reimbursement	3,260.33	15,082.14
4. Revenue brought forward (Note 2)	675,855.57	1,088,559.68
	<hr/>	<hr/>
	730,193.26	1,137,947.96
	<hr/>	<hr/>
	3,514,506.26	2,878,681.96
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form an integral part of these financial statements

Group of the Alliance of Liberals and Democrats for Europe
STATEMENT OF REVENUE AND EXPENDITURE - continued
FOR THE PERIOD FROM JULY 1, 2004 TO DECEMBER 31, 2004
(expressed in EURO)

B. EXPENDITURES	6 months ended December 31, 2004	6 months ended June 30, 2004
Chap. I : Personnel expenditures		
Secretariat's travel expenses	307,611.98	344,145.49
Recruitment	7,996.00	1,868.00
Salaries and social charges/Auxiliaries and others	178.25	98,856.17
Interns wages	6,215.30	---
Training expenses	6,890.30	2,780.32
	<u>328,891.83</u>	<u>447,649.98</u>
Chap. II : Office expenditures and administrative expenses		
Informatics	1,563.19	2,373.64
General equipment, agencement, engineering, and other technical equipment	18,761.74	20,327.54
Depreciation of the assets (Note 3)	12,581.15	12,467.04
Office supplies	12,574.24	1,044.05
Communications and Mailing expenses	16,328.78	19,912.08
Printing charges	2,010.75	---
Other operating expenses	2,942.85	1,738.39
Change in Stock	(7,649.13)	---
	<u>59,113.57</u>	<u>57,862.74</u>
Chap. III : Documentation, studies subscriptions and research		
Newspapers, books, magazines	9,601.63	4,253.24
Chap. IV : Legal and accounting costs, financial charges and other operating expenses		
Accounting	18,313.03	17,000.00
Financial charges	12.36	1,779.30
Financial expenses	767.84	2,243.60
	<u>19,093.23</u>	<u>21,022.90</u>
Chap. V : Group events and activities		
Group meetings	79,891.85	---
Other meetings and conferences	21,863.11	95,013.42
Representation expenses	65,624.08	39,167.81
	<u>167,379.04</u>	<u>134,181.23</u>
Chap. VI : Publication and advertising		
	57,350.30	97,629.36
Chap. VII : Members		
Political and information activities of the members, administrative expenses and national delegation	766,638.23	1,308,425.65
Chap. VIII : Subsidies and contributions		
Subsidies	750.00	85,000.00
Contributions	---	46,801.29
	<u>750.00</u>	<u>131,801.29</u>
TOTAL EXPENDITURE	<u>1,408,817.83</u>	<u>2,202,826.39</u>
RESULT OF THE PERIOD	<u>2,105,688.43</u>	<u>675,855.57</u>
	=====	=====

The accompanying notes form an integral part of these financial statements

Group of the Alliance of Liberals and Democrats for Europe
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM JULY 1, 2004 TO DECEMBER 31, 2004
(expressed in EURO)

	December 31, 2004	June 30, 2004
Cash flows from operating activities		
Net result	2,105,688.43	675,855.57
Loss on disposal of equipment	359.49	273.67
Depreciation and impairment	12,581.15	12,467.04
Revenue brought forward	(675,855.57)	(1,088,559.68)
	1,442,773.50	(399,963.40)
(Increase) / Decrease in other debtors / Prepayments	(41,379.06)	(3,737.84)
Increase / (Decrease) in other creditors	300,140.08	(416,149.80)
(Increase) / Decrease in Stocks	(7,649.13)	—
	251,111.89	(419,887.64)
Cash flows from investing activities		
Purchase of equipment	(1,599.41)	(1,291.88)
	(1,599.41)	(1,291.88)
Net cash flows (used in) from investing activities		
Net increase / (decrease) in cash and cash equivalents	1,692,285.98	(821,142.92)
Cash and cash equivalents at January 1 / July 1	776,786.80	1,597,929.72
	2,469,072.78	776,786.80
	2,469,072.78	776,786.80

Group of the Alliance of Liberals and Democrats for Europe
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JULY 1, 2004 TO DECEMBER 31, 2004

NOTE 1 - CORPORATE INFORMATION

The present financial statements relate to the Group of the Alliance of Liberals and Democrats for Europe (ELDR).

The financial year begins on 1 January and ends on December 31.

These financial statements cover the 6 months period from July 1 to December 31, due the change of legislature at the European Parliament.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements of the Group of the Alliance of Liberals and Democrats for Europe have been prepared in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the IASB, and International Accounting Standards and Standing Interpretations Committee interpretations approved by the IASC.

The accounts have been prepared in accordance with the use of appropriations in budget item 3701 adopted by the Bureau of the Group on September 14, 2004.

The financial statements have been prepared on an historical cost basis.

Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Fixed assets

Fixed assets are stated at cost less cumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset.

Debtors

Debtors include accrued interest and advance payments.

Group of the Alliance of Liberals and Democrats for Europe
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JULY 1, 2004 TO DECEMBER 31, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term time deposit.

Revenue brought forward

Revenues are made on appropriations from the European Parliament and are recognized as revenue in the year they are earned in agreement with the rules and regulations of the budget item 3701 adopted by the Bureau of the European Parliament, any appropriation not used at year end may be automatically carried over to the following financial year and is shown as own revenues in the statement of revenue and expenditure.

NOTE 3 - FIXED ASSETS (IN EUR)

	December 31, 2004	June 30, 2004
Cost at the beginning of the period	100,984.02	101,190.05
Additions	1,599.41	1,291.88
Disposals	(971.07)	(1,497.91)
	-----	-----
Cost at the end of the period	101,612.36	100,984.02
Depreciation at the beginning of the period	(49,021.40)	(37,778.60)
Depreciation of the period	(12,581.15)	(12,467.04)
Reversal on disposals	611.58	1,224.24
	-----	-----
Depreciation at the end of the period	(60,990.97)	(49,021.40)
	-----	-----
Net book value at the end of the period	40,621.39	51,962.62
	=====	=====

NOTE 4 - DEBTORS AND OTHER CREDITORS

Debtors and other creditors are due within one year.