



*The Secretary General*

FB/mv

Bruxelles, le 25 avril 2005

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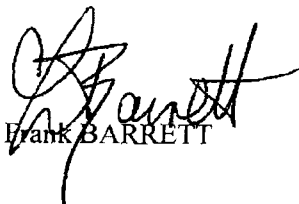
M. Josep BORRELL FONTELLES  
Président  
Parlement européen  
Bur. PHS 11B011  
Bruxelles

**Objet: Crédits inscrits sur le poste 3701 –2ème semestre exercice 2004**

Monsieur le Président,

Je vous prie de bien vouloir trouver ci-joint le rapport des auditeurs externes concernant les comptes du Groupe Union pour l'Europe des Nations pour le 2ème semestre de l'exercice 2004.

Je vous prie de croire, Monsieur le Président, à l'assurance de ma haute considération.

  
Frank BARRETT

**UNION FOR EUROPE OF THE NATIONS GROUP  
(UEN GROUP)**

AUDITED FINANCIAL STATEMENTS  
RELATIVE TO THE USE OF  
THE CREDITS OF ITEM 3701 OF THE BUDGET  
OF THE EUROPEAN PARLIAMENT

FINANCIAL PERIOD  
OF SIX MONTHS  
ENDING 31 DECEMBER 2004

**UNION FOR EUROPE OF THE NATIONS GROUP**

**FINANCIAL STATEMENTS RELATIVE TO THE USE OF THE CREDITS  
OF ITEM 3701 OF BUDGET OF THE EUROPEAN PARLIAMENT**

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Union for Europe of the Nations Group  
of the European Parliament  
Building PHS 6C03  
Rue Wiertz  
1047 Brussels

**Report of the external auditors  
on the financial statements relative to the use of the credits of item 3701  
of the budget of the European Parliament  
for the financial period of six months ending 31 December 2004**

In accordance with our audit mandate, we have audited the financial statements of the Union for Europe of the Nations Group, prepared by the Group's Accountant for the six month period ended 31 December 2004, which are laid out on pages 5 to 11 of this document.

1. Respective responsibilities of the Group and the auditors

Pursuant to the rules on the use of appropriation from budget item 3701 of the European Parliament (hereafter "the Rules"), the Group is responsible to the Parliament for the conformity of appropriation usage and for the preparation of the Group's annual financial statements.

Our responsibility is to plan and perform the required work to verify the financial statement prepared by the political group, and to report to the group on this financial statement.

2. Basis of Opinion

We conducted our audit in accordance with International standards on Auditing as issued by the IASSB. These standards require the auditor to plan and perform the audit to obtain reasonable assurance to support his audit opinions. An audit includes an examination, on a sample basis, of evidence relevant to the opinions.

Pursuant to the specific requirements of our audit mandate, our audit work included specific procedures aiming at gathering reasonable audit evidence that

- Expenditures have been charged to the correct item in the budget of the Group;
- Appropriations are available;
- Expenditures are in conformity with the Rules governing appropriation item 3701;
- Principles of sound financial management have been applied;
- Payments orders are supported by original documentation or certified true copies;
- The accounts have been laid out in accordance with the harmonised chart of accounts foreseen in the Rules;
- The accounts have been prepared in accordance with accounting principles as laid out in articles 186 to 196 of the Implementing Rules (Commission Regulation No 2342/2002), or that departures are adequately explained in the notes to the accounts.

We have obtained all information and explanation that we have requested for the purpose of our audit.

### 3. Opinions

- As a result of our work, we did not identify any material non conformity with the provisions laid out in the Rules governing appropriation item 3701 or with the Group's internal rules.
- We do not have to report any significant deviations from the principle of sound financial management.
- The overall presentation of the revenue and expenditure statement and of the balance sheet is in conformity with the harmonised chart of accounts foreseen in the Rules governing the appropriation of line 3701.
- We do not have to report departures from accounting principles laid out in articles 186 to 196 of the Implementing Rules, unless adequately disclosed in the notes to the financial statements.
- In our opinion, the financial statements annexed on pages 5 to 11 present, taking into account the accounting principles explained in Notes 1 to 4 thereto, a true and fair view of the financial position and revenue and expenditure of the UEN Group for the financial period of six months ending on 31 December 2004.

Brussels, 20 April 2005

Ernst & Young Reviseurs d'Entreprises SCC  
Represented by

Claude Josse  
Partner

**UNION FOR EUROPE OF THE NATIONS GROUP**

**FINANCIAL STATEMENTS RELATIVE TO THE USE OF THE CREDITS  
OF ITEM 3701 OF THE BUDGET OF THE EUROPEAN PARLIAMENT**

**STATEMENT OF REVENUE AND EXPENDITURE  
FOR THE FINANCIAL PERIOD OF SIX MONTHS ENDED 31 DECEMBER 2004**

	Amounts in Euros			
	31 December 2004			30 June 2004
	Actual	Budget	Difference	Actual
<b>REVENUE</b>				
<b>Chapter 1 E.P. Subsidies and other resources</b>				
1. E.P. subsidy	822,430.00	822,430.00	-	864,697.00
2. Other E.P. resources	-	-	-	-
	<u>822,430.00</u>	<u>822,430.00</u>	<u>-</u>	<u>864,697.00</u>
<b>Chapter 2 Own resources</b>				
1. Interest	1,215.34	-	1,215.34	-
2. Profit on currency exchange	-	-	-	-
3. Miscellaneous	-	-	-	2,166.43
4. VAT refund	47,258.70	47,259.00	-0.30	6,635.19
5. Amount carried forward from the preceding financial year	166,687.22	141,160.00	25,527.22	369,108.62
	<u>215,161.26</u>	<u>188,419.00</u>	<u>26,742.26</u>	<u>377,910.24</u>
<b>TOTAL REVENUE</b>	<u>1,037,591.26</u>	<u>1,010,849.00</u>	<u>26,742.26</u>	<u>1,242,607.24</u>
<b>EXPENDITURE</b>				
<b>Chapter 1 Staff</b>				
1. Secretariat mission	110,569.65	176,868.00	-66,298.35	194,987.55
2. Recruitment	-	1,000.00	-1,000.00	-
3. Traineeships	9,973.63	10,000.00	-26.37	30,254.84
4. Salaries and related costs, fees	50,618.45	75,000.00	-24,381.55	57,422.20
5. Staff training	-	1,000.00	-1,000.00	-
6. Staff entertainment	-	-	-	-
	<u>171,161.73</u>	<u>263,868.00</u>	<u>-92,706.27</u>	<u>282,664.59</u>

See notes annexed to the accounts

**UNION FOR EUROPE OF THE NATIONS GROUP**

**FINANCIAL STATEMENTS RELATIVE TO THE USE OF THE CREDITS  
OF ITEM 3701 OF THE BUDGET OF THE EUROPEAN PARLIAMENT**

**STATEMENT OF REVENUE AND EXPENDITURE**

**FOR THE FINANCIAL PERIOD OF SIX MONTHS ENDED 31 DECEMBER 2004 (CONT'D)**

	Amounts in Euros			
	31 December 2004			30 June 2004
	Actual	Budget	Difference	Actual
<b>Chapter 2 Equipment, routine administrative expenditure and operating expenditure</b>				
1. Equipment, operating expenditure, computer-related engineering and maintenance	2,075.68	3,500.00	-1,424.32	2,271.82
2. Equipment, telecommunications-related installation and maintenance expenditure, office machinery, furniture and technical installations	9,045.13	10,000.00	-954.87	1,471.13
3. Depreciation	3,319.40	-	3,319.40	1,968.72
4. Stationery and office supplies	13,000.03	13,100.00	-99.97	3,740.46
5. Postage and telecommunications	16,454.69	16,500.00	-45.31	28,215.64
6. Printing and photocopying costs	2,673.62	3,200.00	-526.38	4,151.34
7. Office rental costs	7,368.50	7,400.00	-31.50	5,099.14
	<u>53,937.05</u>	<u>53,700.00</u>	<u>237.05</u>	<u>46,918.25</u>
<b>Chapter 3 Documentation, studies and research</b>				
1. Newspapers, magazines, press agencies and books	10,024.67	10,050.00	-25.33	16,173.87
2. Studies and research	-	8,000.00	-8,000.00	12,000.00
3. Databases	-	-	-	-
	<u>10,024.67</u>	<u>18,050.00</u>	<u>-8,025.33</u>	<u>28,173.87</u>
<b>Chapter 4 Legal and accounting cost, financial charges and other operating expenditure</b>				
1. Legal costs	-	500.00	-500.00	-
2. Accounting costs	12,000.00	12,000.00	-	12,000.00
3. Financial charges and losses on currency exchange transactions	152.15	500.00	-347.85	591.40
4. Other operating expenditure	-	500.00	-500.00	321.20
	<u>12,152.15</u>	<u>13,500.00</u>	<u>-1,347.85</u>	<u>12,912.60</u>

See notes annexed to the accounts

**UNION FOR EUROPE OF THE NATIONS GROUP**

**FINANCIAL STATEMENTS RELATIVE TO THE USE OF THE CREDITS  
OF ITEM 3701 OF THE BUDGET OF THE EUROPEAN PARLIAMENT**

**STATEMENT OF REVENUE AND EXPENDITURE**

**FOR THE FINANCIAL PERIOD OF SIX MONTHS ENDED 31 DECEMBER 2004 (CONT'D)**

	Amounts in Euros			
	31 December 2004			30 June 2004
	Actual	Budget	Difference	Actual
<b>Chapter 5 Expenditure on meetings and entertainment</b>				
1. Group meetings	21,959.37	26,600.00	-4,640.63	42,454.66
2. Other meetings and conferences	-	3,050.00	-3,050.00	15,387.01
3. Expenditure on entertainment	1,726.17	1,800.00	-73.83	1,585.09
4. Guests	35,710.99	35,800.00	-89.01	24,256.39
	<u>59,396.53</u>	<u>67,250.00</u>	<u>-7,853.47</u>	<u>83,683.15</u>
<b>Chapter 6 Publication and advertising</b>				
1. Posters, leaflets and booklets	-	8,000.00	-8,000.00	9,139.40
2. Publicity inserts and audiovisual advertising	94.10	200.00	-105.90	872.10
3. Publicity material, novelty items	-	2,000.00	-2,000.00	-
4. Internet sites	33,791.56	40,000.00	-6,208.44	3,240.22
5. Visits to Institutions, information stands	-	-	-	-
	<u>33,885.66</u>	<u>50,200.00</u>	<u>-16,314.34</u>	<u>13,251.72</u>
<b>Chapter 7 Members</b>				
1. Mission expenses	656.06	1,000.00	-343.94	1,399.51
2. Staff	2,466.76	2,500.00	-33.24	-
3. Equipment, operating expenditure	2,836.96	4,000.00	-1,163.04	3,153.55
4. Documentation, studies, research	95,337.16	98,000.00	-2,662.84	51,705.42
5. Legal and accounting costs, financial charges	-	-	-	-
6. Other meetings and conferences	240,199.64	278,281.00	-38,081.36	305,571.14
7. Guests	30,121.32	40,000.00	-9,878.68	44,496.27
8. Posters, leaflets and booklets	36,026.00	90,000.00	-53,974.00	154,477.80
9. Publicity inserts and audiovisual advertising	13,616.50	14,000.00	-383.50	41,814.02
10. Publicity material, novelty items	2,317.90	3,000.00	-682.10	3,142.01
11. Internet sites	-	13,000.00	-13,000.00	2,556.12
12. Visits to Institutions, information stands	-	500.00	-500.00	-
	<u>423,578.30</u>	<u>544,281.00</u>	<u>-120,702.70</u>	<u>608,315.84</u>

See notes annexed to the accounts



**UNION FOR EUROPE OF THE NATIONS GROUP**

**FINANCIAL STATEMENTS RELATIVE TO THE USE OF THE CREDITS  
OF ITEM 3701 OF THE BUDGET OF THE EUROPEAN PARLIAMENT**

**STATEMENT OF REVENUE AND EXPENDITURE  
FOR THE FINANCIAL PERIOD OF SIX MONTHS ENDED 31 DECEMBER 2004 (CONT'D)**

	Amounts in Euros			
	31 December 2004			30 June 2004
	Actual	Budget	Difference	Actual
<b>Chapter 8 Subsidies and subscriptions</b>	-	-	-	-
<b>Chapter 9 Provisional appropriations and contingency reserve</b>	-	-	-	-
<b>TOTAL EXPENDITURE</b>	<u>764,136.09</u>	<u>1,010,849.00</u>	<u>-246,712.91</u>	<u>1,075,920.02</u>
<b>AMOUNT CARRIED FORWARD TO THE FOLLOWING FINANCIAL YEAR</b>	<u>273,455.17</u>	<u>-</u>	<u>-</u>	<u>166,687.22</u>

See notes annexed to the accounts

**UNION FOR EUROPE OF THE NATIONS GROUP**

**FINANCIAL STATEMENTS RELATIVE TO THE USE OF THE CREDITS  
OF ITEM 3701 OF THE BUDGET OF THE EUROPEAN PARLIAMENT**

**BALANCE SHEET AT 31 DECEMBER 2004**

		Amounts in Euros	
		31 December 2004	30 June 2004
		<u>NOTE</u>	
<b>ASSETS</b>			
I	Fixed assets	2	13,444.18      5,333.47
I	Financial securities <i>Bank account KBC</i>		383,283.36    218,638.65
II	Financial claims <i>VAT recoverable</i> <i>Other receivables</i>	3	25,617.02      14,662.21 -                    -
III	Prepayments and accrued income		123.35          5,531.14
		TOTAL	<u>422,467.91</u> <u>244,165.47</u>
<b>LIABILITIES</b>			
I	Financial debts		-                    -
II	Other debts	4	149,012.74      77,478.25
III	Accruals and deferred income		-                    -
AMOUNT CARRIED FORWARD TO THE FOLLOWING FINANCIAL YEAR		5	<u>273,455.17</u> <u>166,687.22</u>
		TOTAL	<u>422,467.91</u> <u>244,165.47</u>

See notes annexed to the accounts

## UNION FOR EUROPE OF THE NATIONS GROUP

### FINANCIAL STATEMENTS RELATIVE TO THE USE OF THE CREDITS OF ITEM 3701 OF THE BUDGET OF THE EUROPEAN PARLIAMENT

FINANCIAL PERIOD OF SIX MONTHS ENDED 31 DECEMBER 2004

#### NOTES ANNEXED TO THE ANNUAL ACCOUNTS

##### Note 1 - Accounting rules and basis of the accounts

The accounts of the Union for Europe of the Nations Group are prepared in application of the Rules of the Bureau on the use of appropriations from budget item 3701 of the European Parliament. The accounts are maintained on the basis of receipts and expenditure with the exception of the modifications described below (modified cash basis of accounting).

- Equipment, with an acquisition value greater than € 420 and having a useful life exceeding one year, is taken up in fixed assets in the balance sheet and are depreciated in accordance with Regulation 2909/2000 relating to the accounting treatment of fixed assets of the European Communities.
- VAT, for which the Group has claimed refund, are taken up in the balance sheet unless it appears that that recovery from the relevant national authorities is impossible.
- In accordance with the possibility foreseen in article 2.5.3. of the Rule PE 335.475/BUR, the expenditure, related to a financial year and paid no later than the last day of the first month of the following financial year, is recorded in the statement of revenue of that year and taken up in other debts in the balance sheet.

##### Note 2 - Fixed assets

As from the year 2002, equipment with an acquisition value greater than € 420, having a useful life exceeding one year, is taken up in an inventory list detailing quantity and value.

The net book value of the Group's fixed assets at 31 December 2004 is presented below (amounts in Euros):

<u>Category</u>	<u>Acquisition value</u>	<u>Cumulative depreciations</u>	<u>Net book value</u>
Software	4.797,16	3.597,87	1.199,29
Computer-related material	15.166,25	5.216,50	9.949,75
Telecommunication and audiovisual equipment	5.725,20	4.418,67	1.306,53
Furniture	1040,64	52,03	988,61
Total	<u>26.729,25</u>	<u>13.285,07</u>	<u>13.444,18</u>

The depreciations of the accounting year are calculated in accordance with Regulation 2909/2000 and are recorded in the statement of revenue and expenditure under chapter 2 of the budget.

These notes form an integral part of the accounts

## UNION FOR EUROPE OF THE NATIONS GROUP

### FINANCIAL STATEMENTS RELATIVE TO THE USE OF THE CREDITS OF ITEM 3701 OF THE BUDGET OF THE EUROPEAN PARLIAMENT

FINANCIAL PERIOD OF SIX MONTHS ENDED 31 DECEMBER 2004

#### NOTES ANNEXED TO THE ANNUAL ACCOUNTS (CONT'D)

##### Note 3 - VAT recoverable

The VAT recoverable shown in the balance sheet represents VAT paid, for which the Union for Europe of the Nations Group has claimed refund from the relevant tax authorities in application of the privileges and immunities of the European Institutions.

The VAT recoverable in the balance sheet at 31 December 2004 is detailed below:

	€
VAT France	175,46
VAT Ireland	6.971,53
VAT Portugal	1.744,34
VAT Poland	13.914,10
VAT Latvia	859,59
VAT Lithuania	1.952,00
	€ <u>25.617,02</u>

##### Note 4 - Other debts

The amount recorded in other debts in the balance sheet at 31 December 2004 (€ 149.012,74) consists of expenditure related to the 2004 financial year and paid until 31 January 2005 in application of article 2.5.3. of the Rule PE 335.475/BUR.

##### Note 5 - Carry forward of credits to the following financial year

In accordance with the Rules on the use of appropriations from budget item 3701 of the European Parliament, credits that are not used during the financial year may be carried over to the following financial year up to a maximum of 50% of the annual appropriations received from the European Parliament's budget.

At 31 December 2004, credits not used from budget item 3701 of the European Parliament and carried over to the following financial year, including own resources, amount to € 273.455,17.

These notes form an integral part of the accounts