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AUDITOR'S REPORT FOR THE YEAR ENDED 31/12/2009

PARTY OF THE EUROPEAN FREE ALLIANCE

CONVENTION : FINS-2009-08

According to the audit mandate, I have audited the Party financial statement prepared by the Party Accountant for the year ending 31/12/2009 as laid out pages 4 to 9 of this document.

1.1. Respective responsibilities of the Party and the auditor

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 annual financial statements.

I 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 my audit opinions.

1.2. Basis of Opinions

I 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 such 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 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.

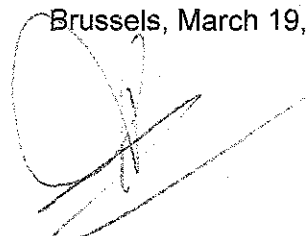


1.3. Opinions

In my 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.
- I have received all necessary explanations for the purpose of my work.

Brussels, March 19, 2010.



Martine BRANCART

EUROPEAN FREE ALLIANCE ASBL

**Statement of Assets, Liabilities and Accumulated Surplus
as at 31 december 2009**

| | 31/12/2009 |
|---|-------------------|
| | € |
| Current assets | |
| Bank balances | 4.795,33 |
| Receivables | |
| - Prepaid expenses and sundry receivables | 47.087,70 |
| - Income to receive | 45.320,00 |
| | <u>97.203,03</u> |
| Fixed assets | |
| Equipment at cost, less depreciation | <u>1.304,76</u> |
| TOTAL ASSEST | 98.507,79 |
| Accumulated surplus | |
| Social fund as of December 31, 2008 | 12.317,43 |
| Result 1/1/09-31/12/09 | -21.664,92 |
| Social fund as of December 31, 2009 | <u>-9.347,49</u> |
| Liabilities | |
| Accounts payable and accrued liabilities | 92.472,11 |
| Salaries | 15.383,17 |
| | <u>107.855,28</u> |
| TOTAL LIABILITIES | 98.507,79 |

EUROPEAN FREE ALLIANCE ASBL

**Comparison of actual and budgeted income, expenditure
and surplus/deficit for the period ended 31 December 2009**

| | Actual 12 months € | Budget 2009 € |
|---|-----------------------------------|------------------------------|
| Income | | |
| Subsidy from European Parliament | 226.288,76 | 226.600,00 |
| Member Contribution | 60.780,00 | 67.500,00 |
| Observer fees | 2.100,00 | |
| Participation fees | 2.062,16 | |
| Donations | 2.099,97 | 1.200,00 |
| Contribution out of the social fund | 12.317,43 | |
| Other income | 20,00 | 7.000,00 |
| Total income | 305.668,32 | 302.300,00 |
| Expenditure | | |
| Personnel cost | 130.836,46 | 145.000,00 |
| Infrastructure and operating costs | 6.964,86 | 27.780,00 |
| Administrative expenditure | 12.608,89 | 23.079,30 |
| Meeting and representation costs | 107.742,90 | 78.500,00 |
| Information and publication costs | 56.353,00 | 27.940,70 |
| Non eligible expenditure | 509,70 | |
| Total expenditure | 315.015,81 | 302.300,00 |
| Total surplus/deficit for the year | -9.347,49 | |

Balance sheet / Profit and loss statement

View options

| Balance: Type | Balance / Profit & Loss | Show |
|----------------|-------------------------|--------------------------|
| Financial year | 2009 | Period |
| Compare with | | |
| | 2009 | |
| | Closing balance (Debit) | Closing balance (Credit) |

Balance sheet

Assets

Fixed assets

Tangible assets

Furniture and vehicles

| | | |
|--|-----------|-----------|
| 240100 - Furniture and Desk Equipment | 14.789,13 | |
| 240910 - Furniture and Desk Equipment depreciation | | 13.484,37 |

Total: Furniture and vehicles

1.304,76

Total: Tangible assets

1.304,76

Total: Fixed assets

1.304,76

Current assets

Amounts receivable within one year

Trade debtors

| | | |
|---------------------------|-----------|--|
| 400000 - Customers | 15.137,86 | |
| 406000 - Advance payments | 11.245,50 | |

Total: Trade debtors

26.383,36

Other amounts receivable

| | | |
|---|-----------|-------|
| 414000 - Income receivable | 45.320,00 | |
| 416910 - Other debtors: Coppieters fund | 20.305,88 | |
| 416920 - Other debtors: EFA Youth | | 68,00 |

Total: Other amounts receivable

65.557,88

Total: Amounts receivable within one year

91.941,24

Cash at bank and in hand

| | | |
|--------------------------------------|----------|-----------|
| 550200 - KBC -68 | | 42.283,80 |
| 550300 - KBC -62 | 4.246,24 | |
| 550400 - KBC -78 - Saving account | 316,58 | |
| 550500 - KBC -86 - Saving account EP | 43,61 | |
| 570000 - Cash in hand | 188,90 | |

Total: Cash at bank and in hand

37.488,47

Deferred charges and accrued income (Asset)

| | | |
|---------------------------|--------|--|
| 490000 - Deferred charges | 466,46 | |
|---------------------------|--------|--|

Total: Deferred charges and accrued income (Asset)

466,46

Total: Current assets

54.919,23

Total: Assets

56.223,99

Liabilities

Social fund

Allocated funds

| | | |
|-------------------------------|--|-----------|
| 131000 - Social passive funds | | 12.317,43 |
|-------------------------------|--|-----------|

Total: Allocated funds

12.317,43

Total: Social fund

12.317,43

Debts

Amounts payable within one year (toel. X)

| | | |
|--|--|-------|
| 489100 - Other debts interest of subvention account - 86 | | 12,87 |
|--|--|-------|

C. Trade debts

| | | |
|---|-------------------|-------------------|
| 440000 - Suppliers | | 43.042,19 |
| 444000 - Invoice to be received | | 7.133,25 |
| Total: C. Trade debts | | 50.175,44 |
| E. Taxes, salaries and social security | | |
| 454000 - Social security contributions | 2.727,69 | |
| 455000 - Remunerations | | 2.609,02 |
| 456000 - Holiday pay | | 15.501,84 |
| Total: E. Taxes, salaries and social security | | 15.383,17 |
| Total: Amounts payable within one year (toel. X) | | 65.571,48 |
| Total: Debts | | 65.571,48 |
| Total: Liabilities | | 77.888,91 |
| Result (Loss) | 21.664,92 | |
| Total: Balance sheet | 136.452,77 | 136.452,77 |

Profit and loss statement

Income statement

Operating income (code 70/74)

Turnover

| | | |
|--|--|------------|
| 701000 - Subvention of the European parliament | | 226.288,76 |
| 702000 - Member contributions | | 60.780,00 |
| 703000 - observer fees | | 2.100,00 |
| 704000 - Participation Fees | | 2.062,16 |
| 705000 - Donations | | 2.099,97 |
| 707000 - Other income | | 20,00 |

Total: Turnover

293.350,89

Total: Operating income (code 70/74)

293.350,89

Financial income

Other financial charges

| | | |
|------------------------|--------|--|
| 658000 - Bank Interest | 804,67 | |
|------------------------|--------|--|

Total: Other financial charges

804,67

Other financial profits

| | | |
|--|--|--------|
| 757010 - Payment differences on purchase | | 24,74 |
| 758000 - Bank Interest | | 270,23 |

Total: Other financial profits

294,97

Total: Financial income

509,70

Total: Income statement

292.841,19

Staff costs

salaries

Wages, social charges and pension

| | |
|--|-----------|
| 620200 - Remunerations Salaried staff | 85.482,86 |
| 620210 - Provision holiday pay | 11.769,37 |
| 621000 - Employer's contribution social secu | 25.776,76 |

Total: Wages, social charges and pension

123.028,99

Total: salaries

123.028,99

staff mission expenses

Wages, social charges and pension

| | |
|---------------------------------|--------|
| 623400 - Staff mission expenses | 780,00 |
|---------------------------------|--------|

Total: Wages, social charges and pension

780,00

Total: staff mission expenses

780,00

other personnel costs

Wages, social charges and pension

| | |
|----------------------------------|----------|
| 623000 - Other personnel charges | 2.098,80 |
| 623100 - Medical services | 142,61 |
| 623200 - Meal tickets | 2.524,60 |
| 623300 - Insurance Employees | 787,49 |

Total: Wages, social charges and pension

5.553,50

| | | |
|--|-------------------|---------------|
| Other operating income | | |
| 749100 - Tax withheld reduction | | 545,78 |
| Total: Other operating income | | 545,78 |
| Total: other personnel costs | 5.007,72 | |
| Operating charges | | |
| Services and goods | | |
| 613240 - Fees Social Bureau | 1.346,00 | |
| 613260 - Fees Ticket Restaurant | 673,75 | |
| Total: Services and goods | 2.019,75 | |
| Total: Operating charges | 2.019,75 | |
| Total: Staff costs | 130.836,46 | |
| Infrastructure and operating costs | | |
| Operating charges | | |
| Services and goods | | |
| 613500 - Insurances | 278,50 | |
| Total: Services and goods | 278,50 | |
| Depreciations and devaluations on starting costs | | |
| 630200 - Depreciation. tangible assets | 888,03 | |
| Total: Depreciations and devaluations on starting cos | 888,03 | |
| Total: Operating charges | 1.166,53 | |
| office rental charges and maintenance costs | | |
| Services and goods | | |
| 610000 - Rent building | 4.500,00 | |
| Total: Services and goods | 4.500,00 | |
| Total: office rental charges and maintenance costs | 4.500,00 | |
| stationary and office supplies | | |
| Services and goods | | |
| 610100 - Rent Office Equipment | 1.298,33 | |
| Total: Services and goods | 1.298,33 | |
| Total: stationary and office supplies | 1.298,33 | |
| Total: Infrastructure and operating costs | 6.964,86 | |
| Operational costs | | |
| Financial charges | | |
| 670100 - Advance levy on income derived fr | 40,54 | |
| Other financial charges | | |
| 650400 - Bank Charges | 874,42 | |
| 653200 - Interests suppliers | 19,14 | |
| 659000 - Payment differences | 470,08 | |
| Total: Other financial charges | 1.363,64 | |
| Total: Financial charges | 1.404,18 | |
| stationary and office supplies | | |
| Services and goods | | |
| 612500 - Office Equipment | 688,91 | |
| Total: Services and goods | 688,91 | |
| Total: stationary and office supplies | 688,91 | |
| postal and telecommunication | | |
| Services and goods | | |
| 612100 - Telephone | 1.756,65 | |
| 612110 - GSM | 1.146,35 | |
| 612200 - Postage | 96,67 | |
| Total: Services and goods | 2.999,67 | |
| Total: postal and telecommunication | 2.999,67 | |
| Accounting and auditing costs | | |
| Services and goods | | |
| 613210 - Fees Audit | 9.516,13 | |
| 613220 - Fees Accountant | | 2.000,00 |

| | |
|---|-----------|
| <i>Total: Services and goods</i> | 7.516,13 |
| <i>Total: Accounting and auditing costs</i> | 7.516,13 |
| <i>Total: Operational costs</i> | 12.608,89 |

Meeting and representation costs

EFA youth

| | |
|----------------------------------|----------|
| Services and goods | |
| 615400 - EFAY | 3.000,00 |
| <i>Total: Services and goods</i> | 3.000,00 |
| <i>Total: EFA youth</i> | 3.000,00 |

Costs for meetings of the political party GA

| | |
|--|-----------|
| Services and goods | |
| 615110 - General Assembly | 87.366,63 |
| <i>Total: Services and goods</i> | 87.366,63 |
| <i>Total: Costs for meetings of the political party GA</i> | 87.366,63 |

Bureau Meetings

| | |
|----------------------------------|----------|
| Services and goods | |
| 615120 - Bureau Meeting | 9.100,04 |
| <i>Total: Services and goods</i> | 9.100,04 |
| <i>Total: Bureau Meetings</i> | 9.100,04 |

Participation in seminars and Conferences

| | |
|---|----------|
| Services and goods | |
| 615130 - Conferences | 895,54 |
| 615140 - Other Meeting costs | 7.310,71 |
| <i>Total: Services and goods</i> | 8.206,25 |
| <i>Total: Participation in seminars and Conferences</i> | 8.206,25 |

Representation Costs

| | |
|--|------------|
| Services and goods | |
| 615300 - Representation presents | 69,98 |
| <i>Total: Services and goods</i> | 69,98 |
| <i>Total: Representation Costs</i> | 69,98 |
| <i>Total: Meeting and representation costs</i> | 107.742,90 |

information publication

Operating charges

| | |
|--|-----------|
| Services and goods | |
| 612510 - Leaflets, booklayers | 1.143,41 |
| 612520 - Informatics Costs | 2.301,46 |
| 615200 - Information and publication costs | 1.552,00 |
| 615500 - European Elections | 51.082,26 |
| <i>Total: Services and goods</i> | 56.079,13 |
| <i>Total: Operating charges</i> | 56.079,13 |

Miscellaneous administrative costs

| | |
|--|-----------|
| Services and goods | |
| 611103 - Fees other | 140,50 |
| 613230 - Fees Translators | 133,37 |
| <i>Total: Services and goods</i> | 273,87 |
| <i>Total: Miscellaneous administrative costs</i> | 273,87 |
| <i>Total: information publication</i> | 56.353,00 |

Result (Loss)

| | | |
|---|-------------------|-------------------|
| Total: Profit and loss statement | 317.856,56 | 21.664,92 |
| | | 317.856,56 |

