

*The Secretary General*

FB/vs

Bruxelles, le 27 avril 2006

305684 02.05.2006

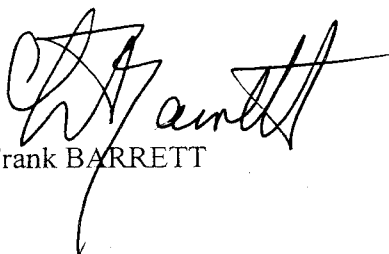
M. Josep BORRELL FONTELLES  
Président  
Parlement européen  
Bur. PHS 11B014  
Bruxelles

Objet: Crédits inscrits sur le poste 3701 – exercice 2005

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 l'exercice 2005.

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



Frank BARRETT

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

**BUDGET ITEM 3701**  
**OF THE BUDGET**  
**OF THE EUROPEAN PARLIAMENT**

**FINANCIAL YEAR**  
**ENDING 31 DECEMBER 2005**

**UNION FOR EUROPE OF THE NATIONS GROUP  
ANNUAL ACCOUNTS FOR BUDGET ITEM 3701**

**TABLE OF CONTENTS**

	<u>Page</u>
Report of the external auditors	3
Balance sheet	5
Statement of revenue and expenditure	6
Notes to the annual accounts	9

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 year ending 31 December 2005**

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 financial year ended 31 December 2005, which are laid out on pages 5 to 15.

1. Respective responsibilities of the Group and the auditors

According 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 financial statements.

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

2. Basis of Opinion

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

In accordance with 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 adopted by the Secretaries General of the Political Groups on 15 September 2005;
- 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.

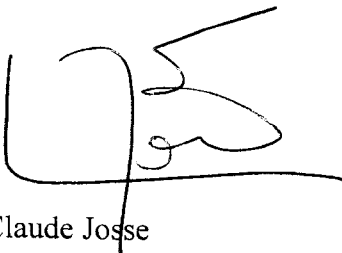
### 3. Opinion

- As a result of our work, we did not identify any significant non conformity with the provisions laid out in the Rules governing appropriation item 3701 or with the Group's internal rules.
- The overall presentation of the revenue and expenditure statement and of the balance sheet complies with the harmonised chart of accounts adopted by the Secretaries General of the Political Groups.
- 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.
- Based on the transactions that we have tested, we did not become aware of any significant departure from the principle of sound financial management.
- In our opinion, the financial statements present fairly, in all material respects, the financial position of the UEN Group at 31 December 2005 and its revenue and expenditure for the financial year then ended, in accordance with the accounting principles and policies laid out in note 1 to the financial statements, which were applied on a basis consistent with that of the preceding financial period.

In accordance with our audit mandate, we have prepared a management letter which presents our comments on the internal controls and procedures of the Group.

Brussels, 15 April 2006

Ernst & Young Reviseurs d'Entreprises SCC  
Represented by



Claude Josse  
Partner

**UNION FOR EUROPE OF THE NATIONS GROUP**

**ANNUAL ACCOUNTS FOR BUDGET ITEM 3701  
FINANCIAL YEAR ENDED 31 DECEMBER 2005**

**BALANCE SHEET**

		Amounts in Euros	
		31 December 2005	31 December 2004
	Notes		
<b><u>ASSETS</u></b>			
<b>FIXED ASSETS</b>			
<b>Chapter 1 Intangible and tangible assets</b>			
1.	Intangible assets	-	-
2.	Tangible assets	11,733.36	13,444.18
	1 and 8		
<b>CURRENT ASSETS</b>			
<b>Chapter 2 Debtors, stocks and other working assets</b>			
1.	Suppliers	6,876.12	-
2.	Staff	-	-
3.	VAT	70,111.38	25,617.02
4.	Stocks	-	-
5.	Various	2,069.42	123.35
<b>Chapter 3 Financial assets</b>			
1.	Financial securities	-	-
2.	Cash and cash equivalent	384,929.77	383,283.36
<b>Chapter 4 Deferred charges and accrued income</b>			
1.	Deferred charges	-	-
2.	Accrued income	-	-
<b>TOTAL ASSETS</b>		<b>475,720.05</b>	<b>422,467.91</b>
<b><u>LIABILITIES</u></b>			
<b>Chapter 1 Reserves</b>			
1.	Carry forward to next financial year	430,496.38	273,455.17
<b>Chapter 2 Financial debts</b>			
1.	Financial debts of a residual duration > 1 year	-	-
2.	Financial debts of a residual duration ≤ 1 year	-	-
<b>Chapter 3 Other debts</b>			
1.	Other debts	-	-
2.	Charges settled in 2005 but paid in 2006	45,223.67	149,012.74
<b>Chapter 4 Deferred income/accrued charges</b>			
1.	Deferred income	-	-
2.	Accrued charges	-	-
<b>TOTAL LIABILITIES</b>		<b>475,720.05</b>	<b>422,467.91</b>

*See notes annexed to the accounts*

**UNION FOR EUROPE OF THE NATIONS GROUP**

**ANNUAL ACCOUNTS FOR BUDGET ITEM 3701  
FINANCIAL YEAR ENDED 31 DECEMBER 2005**

**STATEMENT OF REVENUE AND EXPENDITURE**

	Amounts in Euros	
	Year ended 31 December 2005	Six months ended 31 December 2004
	Notes	
<b><u>RECEIPTS</u></b>		
<b>Chapter 1 Grants and other receipts from the European Parliament</b>		
1. E.P. allocation	1,659,969.00	822,430.00
2. Other E.P. resources	11,758.00	-
	<u>1,671,727.00</u>	<u>822,430.00</u>
<b>Chapter 2 Own resources</b>		
1. Interest and assimilated products	9,585.67	1,215.34
2. Profit on currency exchange	-	-
3. Miscellaneous	-	-
4. VAT reimbursements	902.49	47,258.70
5. Amount carried forward from the previous financial year	273,455.17	166,687.22
	<u>283,943.33</u>	<u>215,161.26</u>
<b>TOTAL RECEIPTS</b>	<u>1,955,670.33</u>	<u>1,037,591.26</u>
<b>GRAND TOTAL</b>	<u>1,955,670.33</u>	<u>1,037,591.26</u>
<b><u>EXPENDITURE</u></b>		
<b>Chapter 1 Staff</b>		
1. Secretariat missions	309,846.54	110,569.65
2. Recruitment	-	-
3. Traineeships	43,599.65	9,973.63
4. Salaries and related costs, fees	115,361.28	50,618.45
5. Staff training	7,794.62	-
6. Staff representation costs	-	-
	<u>476,602.09</u>	<u>171,161.73</u>

*See notes annexed to the accounts*

**UNION FOR EUROPE OF THE NATIONS GROUP**

**ANNUAL ACCOUNTS FOR BUDGET ITEM 3701**

**FINANCIAL YEAR ENDED 31 DECEMBER 2005**

**STATEMENT OF REVENUE AND EXPENDITURE (CONTINUED)**

	Notes	Amounts in Euros	
		31 December 2005	31 December 2004
<b>Chapter 2 Equipment, routine administrative costs and operating costs</b>			
1. Equipment, operating expenditure, computer-related engineering and maintenance	1 and 8	10,113.42	2,075.68
2. Equipment, telecommunications-related installation and maintenance expenditure, office machinery, furniture and technical installations	1 and 8	7,534.23	9,045.13
3. Stationery and office supplies		13,128.52	13,000.03
4. Postage and telecommunications		39,643.84	16,454.69
5. Printing and photocopying costs	6	12,350.25	2,673.62
6. Office rental costs		31,606.00	7,368.50
7. Depreciation (as of 2005, included in Chapter 2, articles 1 and 2 above)	1 and 8	-	3,319.40
		<u>114,376.26</u>	<u>53,937.05</u>
<b>Chapter 3 Documentation, studies and research</b>			
1. Newspapers, magazines, press agencies and books		26,613.89	10,024.67
2. Studies and research		10,320.08	-
3. Databases		-	-
		<u>36,933.97</u>	<u>10,024.67</u>
<b>Chapter 4 Legal and accountancy fees, financial and other charges</b>			
1. Legal costs		-	-
2. Accounting costs/audits		12,000.00	12,000.00
3. Financial charges and losses on currency exchange		3,792.86	152.15
4. Translation and interpretation costs		-	-
5. Other operating expenditure		-	-
		<u>15,792.86</u>	<u>12,152.15</u>
<b>Chapter 5 Cost of meetings and representation</b>			
1. Official Group meetings		51,381.47	21,959.37
2. Other meetings and conferences		-	-
3. Expenditure on entertainment		23,873.32	1,726.17
4. Guests		28,720.99	35,710.99
5. Individual fact finding missions of members		-	-
		<u>103,975.78</u>	<u>59,396.53</u>

*See notes annexed to the accounts*



**UNION FOR EUROPE OF THE NATIONS GROUP**

**ANNUAL ACCOUNTS FOR BUDGET ITEM 3701  
FINANCIAL YEAR ENDED 31 DECEMBER 2005**

**STATEMENT OF REVENUE AND EXPENDITURE (CONTINUED)**

	Notes	Amounts in Euros	
		31 December 2005	31 December 2004
<b>Chapter 6 Publication and publicity</b>			
1. Posters, leaflets and booklets		2,300.00	-
2. Advertising inserts and audiovisual advertising		10,233.15	94.10
3. Advertising material, gadgets, publicity by telecommunication equipments		22,237.20	-
4. Internet sites + e-publicity		10,179.67	33,791.56
5. Visits to Institutions, information stands		1,700.00	-
		<u>46,650.02</u>	<u>33,885.66</u>
<b>Chapter 7 Members of Parliament</b>			
1. Members' political and information activities, administrative expenses and political and information activities of national delegations	7	730,842.97	423,578.30
		<u>730,842.97</u>	<u>423,578.30</u>
<b>Chapter 8 Grants, subscriptions and contributions</b>			
1. Subsidies		-	-
2. Subscriptions		-	-
		<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURE</b>		<u>1,525,173.95</u>	<u>764,136.09</u>
Credit repayable to the European Parliament			
Amount carried forward to the next financial year		<u>430,496.38</u>	<u>273,455.17</u>
<b>GRAND TOTAL</b>		<u>1,955,670.33</u>	<u>1,037,591.26</u>

*See notes annexed to the accounts*

# UNION FOR EUROPE OF THE NATIONS GROUP

FINANCIAL YEAR ENDED 31 DECEMBER 2005

## NOTES TO THE ANNUAL ACCOUNTS

### NOTE 1: BASIS OF THE ACCOUNTS AND ACCOUNTING PRINCIPLES

#### **Basis of the accounts**

The accompanying accounts of the Union for Europe of the Nations Group have been prepared to comply with:

- the 3701 financial rules approved by the Bureau of the European Parliament on 1 February 2001 and revised by the Bureau on 1 July 2003 (PE 335.475/BUR);
- the internal financial rules of the Union for Europe of the Nations Group;
- the accounting principles and the harmonised accounting plan adopted by the Secretaries General of the Groups on 15 September 2005.

In accordance with the 3701 financial rules:

- the movements on the accounts and the balances must be entered in the accounting ledgers;
- all accounting entries, including adjustments to the accounts, must be based on dated and numbered supporting documents, to which they must refer;
- the accounting records must be organised so as to leave a trail for all accounting entries.

#### **Accounting principles mandated by Financial Regulations and Rules**

1. In accordance with the 3701 financial rules, the annual accounts are drawn up in accordance with the following generally accepted accounting principles:
  - going concern basis;
  - prudence;
  - consistent accounting methods;
  - comparability of information;
  - materiality;
  - no netting;
  - reality over appearance.

*These notes form an integral part of the accounts*

## UNION FOR EUROPE OF THE NATIONS GROUP

### FINANCIAL YEAR ENDED 31 DECEMBER 2005

#### NOTES TO THE ANNUAL ACCOUNTS (CONTINUED)

2. Pursuant to Rule 2.5.3 of the Rules on the use of appropriations from budget item 3701, the annual accounts are prepared on a modified accrual basis, based on the following rules:
- All expenditure relative to activities of the current or previous financial years is recorded in the accounts of the current year, upon authorisation by the authorising officer responsible and payment by the accountant, if the actual payment is made no later than during the month following the end of the financial year.
  - All expenditure of a financial year, paid during the month following the end of the financial year, is recorded in the expenditure accounts of the current financial year with counterpart a liability account (number chapter 3.2) in the balance sheet.
  - All expenditure, for which actual payment is made later than the end of the month following the closure of the financial period, is recorded in the accounts of the next financial period. No provisions may be made for expenditure of the current financial year not paid by the end of the month following the end of that financial year, or for risks and future charges.
  - All revenue is recorded in the income accounts upon establishment by the authorising officer. All revenue established and not received in the course of the financial year is registered on a balance sheet account in chapter 4 (deferred charges and accrued income).

#### **Specific accounting policies**

##### Exchange policy

The accounts are kept in Euro. Revenue and expenditure in other currencies are converted in Euro at the exchange rate applicable on the bank transfer. The balance sheet accounts in other currencies are not remeasured at the end of the financial year.

##### Depreciations of tangible fixed assets

Assets with a unit value of 420 Euros or more and being intended to be used for the activities of the Group on a lasting basis are entered in the inventory and in the balance sheet. Fixed assets are recorded at their acquisition cost and are depreciated on a monthly basis following the straight line method, using the following annual percentages:

These notes form an integral part of the accounts

## UNION FOR EUROPE OF THE NATIONS GROUP

### FINANCIAL YEAR ENDED 31 DECEMBER 2005

#### NOTES TO THE ANNUAL ACCOUNTS (CONTINUED)

Software	: 25.0 %
Hardware	: 25.0 %
Telecommunications and audiovisual equipment	: 25.0 %
Technical equipment	: 12.5 %
Other installations and machines	: 12.5 %
Office furniture	: 10.0 %

A summary of movements on tangible fixed assets during the year is presented in Note 8.

Up to and including the previous financial year, the Group recorded fixed assets and calculated their written-down values in accordance with Commission Regulation (EC) No 2909/2000 of 29 December 2000. This Regulation required depreciation to be calculated on the basis of a full year.

On 27 April 2005, the Commission adopted Regulation (EC) No 643/2005 to replace Regulation No 2909/2000. Regulation 643 foresees that the value of fixed assets is depreciated on a monthly basis. The Group decided to use Regulation 643 for the preparation of its annual accounts for the current financial year.

#### Valuation methods applied for financial assets

Financial assets are valued at nominal value or fair market value, whichever is lower. Interest income on financial assets is recognised in the accounts upon receipt.

#### Valuation methods applied for receivables, other assets and debts

Receivables, other assets and liabilities are stated at nominal value. Value reductions on receivables and other assets are recorded if there is uncertainty concerning their collectibility.

#### **Financial period**

In accordance with article 2.1.1 of the 3701 financial rules, the financial year is based on the calendar year from 1 January to 31 December, except in a year of European elections. In a year of European elections, article 2.1.1 of the 3701 financial rules foresees that there are two distinct six-monthly financial periods which extend respectively from 1 January to 30 June and from 1 July to 31 December.

As European elections were held in 2004, the comparative figures, presented in the accompanying annual accounts, cover the six-month financial period ended 31 December 2004.

These notes form an integral part of the accounts

**UNION FOR EUROPE OF THE NATIONS GROUP**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2005**

**NOTES TO THE ANNUAL ACCOUNTS (CONTINUED)**

**NOTE 2: CARRY FORWARD TO THE NEXT FINANCIAL YEAR**

In accordance with the Rules on the use of appropriations from budget item 3701, 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. Credits not used at 31 December 2005 which may be carried forward to the following financial year are detailed below:

	<u>€</u>
1. Credits received by our group for the financial year 2005	1,659,969.00
2. Maximum amount of carry forward to 2006 (50% of 1.)	829,984.50
3. Difference between total revenue and total expenditure at the end of the financial year 2005	430,496.38
4. Credits to be returned to the European Parliament	<u>-</u>
5. Carry forward to financial year 2006	<u><u>430,496.38</u></u>

**NOTE 3: VAT RECOVERABLE**

VAT paid, for which the Union for Europe of the Nations Group anticipates to obtain refund from the relevant tax authorities in application of the privileges and immunities of the European Institutions, is detailed as follows at 31 December 2005:

	<u>€</u>
VAT France	2,280.32
VAT Ireland	8,983.26
VAT Portugal	1,744.34
VAT Danemark	1,820.73
VAT Poland	37,404.45
VAT Latvia	9,729.12
VAT Lithuania	6,877.02
VAT Netherlands	<u>1,272.14</u>
	€ <u><u>70,111.38</u></u>

*These notes form an integral part of the accounts*

**UNION FOR EUROPE OF THE NATIONS GROUP**

**FINANCIAL YEAR ENDED 31 DECEMBER 2005**

**NOTES TO THE ANNUAL ACCOUNTS (CONTINUED)**

**NOTE 4: SUPPLIERS**

The amount of € 6,876.12 recorded under this heading represents amounts recoverable from suppliers and guarantee deposits.

**NOTE 5: OTHER DEBTS**

The amount recorded in other debts in the balance sheet at 31 December 2005 (€ 45,223.67) consists of expenditure related to the 2005 financial year and paid until 31 January 2006 in application of article 2.5.3 of the Rule PE 335.475/BUR.

**NOTE 6: FINANCIAL COMMITMENTS**

At 31 December 2005 the group has concluded the following long standing (>1 year) financial commitments:

1. Renting of copying machines OCE Belgium, cost 8,998.20 €/year
2. Renting of copying machines OCE Belgium, cost 5,475.60 €/year.

*These notes form an integral part of the accounts*

**UNION FOR EUROPE OF THE NATIONS GROUP****FINANCIAL YEAR ENDED 31 DECEMBER 2005****NOTES TO THE ANNUAL ACCOUNTS****NOTE 7: DETAIL OF THE EXECUTION OF THE DECENTRALISED CREDITS OF CHAPTER 7  
ARTICLE 2**

The detail of the decentralised credits executed for Chapter 7.2 of the accounting plan annexed to the 3701 financial rules is the following:

<b>Article</b>	<b>Category</b>	<b>Year ended 31 December 2005</b>	<b>%</b>	<b>Six months period ended 31 December 2004</b>	<b>%</b>
1.	Staff	4,837.02	0.7%	3,122.82	0.7%
2.	Secretariat - equipment and expenses	22,431.34	3.1%	2,836.96	0.7%
3.	Documentation, studies and research	238,552.32	32.6%	95,337.16	22.5%
4.	Legal, accounting, financial and other operating costs	-	-	-	-
52.	Other meetings and conferences	220,264.28	30.1%	240,199.64	56.7%
53.	Representation costs	-	-	-	-
54.	Guests	86,900.58	11.9%	30,121.32	7.1%
61.	Posters, leaflets and booklets	65,635.46	9.0%	36,026.00	8.5%
62.	Advertising inserts and audiovisual advertising	28,676.69	3.9%	13,616.50	3.2%
63.	Advertising material, gadgets, publicity by telecommunication equipments	6,902.96	1.0%	2,317.90	0.6%
64.	Websites Internet sites + e-publicity	5,235.04	0.7%	-	-
65.	Visits to institutions; information stands	51,407.28	7.0%	-	-
	<b>Total Chapter 7.2</b>	<b>730,842.97</b>	<b>100%</b>	<b>423,578.30</b>	<b>100%</b>

*These notes form an integral part of the accounts*

UNION FOR EUROPE OF THE NATIONS GROUP  
 FINANCIAL STATEMENT RELATIVE TO THE USE OF THE CREDITS OF ITEM 3701 OF THE BUDGET OF THE EUROPEAN PARLIAMENT  
 FINANCIAL YEAR ENDED 31 DECEMBER 2005

NOTES ANNEXED TO THE ANNUAL ACCOUNTS

Note 8: Recapitulative table of fixed assets:

Category and write-down rate	IT software	IT hardware	Telecommunications equipment	Technical equipment and supplies	Miscellaneous machinery and installations	Movable property (seats, desks, cabinets)	Total
	(€)	(€)	(€)	(€)	(€)	(€)	(€)
<b>Historical cost</b>							
Opening balances (historical cost)	4.797,16	15.166,25	5.725,20			1.040,64	26.729,25
Less Items sold and entered in profit-and-loss account		5.313,14					5.313,14
Plus Acquisitions during the financial year		3.448,52	1.323,74				4.772,26
Plus Transfers							0,00
Result Closing balance at historical cost	4.797,16	13.301,63	7.048,94	0,00	0,00	1.040,64	26.188,37
<b>Accumulated depreciation</b>							
Opening balances (accumulated depreciation)	3.597,87	5.216,50	4.418,67			52,03	13.285,07
Less Accumulated depreciation of items sold and entered in p/l account		5.313,14					5.313,14
Plus Depreciation charge for the financial year	1.199,29	4.180,85	998,88			104,06	6.483,08
Result Closing balance at historical cost	4.797,16	4.084,21	5.417,55	0,00	0,00	156,09	14.455,01
<b>Written-down values</b>							
Net book value of fixed assets on 31/12/2004	1.199,29	9.949,75	1.306,53	0,00	0,00	988,61	13.444,18
Net book value of fixed assets on 31/12/2005	0,00	9.217,42	1.631,39	0,00	0,00	884,55	11.733,36