

Alliance of Liberals and Democrats for Europe

**Report of the financial statements
of budget article 4000**

for

**the period from January 1, 2007
to December 31, 2007**

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**Report of the external auditors on the financial statements
relative to the use of the credits of item 4000
of the budget of the European Parliament
for the year ending 31 December 2007**

Alliance of Liberals and Democrats for Europe

Bâtiment Leo 55c37
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B-1047 Brussels

In accordance with our audit mandate, we have audited the financial statements of the Alliance of Liberals and Democrats for Europe, prepared by the Group's Accountant for the twelve month period ended 31 December 2007.

1. Respective responsibilities of the Group and the auditors

Pursuant to the rules on the use of appropriation from budget item 4000 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 statements prepared by the political Group, and to report to the Group on this financial statements.

2. Basis of Opinion

We conducted our audit in accordance with International standards on Auditing as issued by the IASB. 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.

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 4000;
- 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 4000 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 4000.
- 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, taking into account the accounting principles explained in Note 2, give a true and fair view of the financial position and revenue and expenditure of the ALDE Group for the financial year ending on 31 December 2007.

Without qualifying our opinion, we draw your attention to the fact that this report cancels and replaces the report on the financial statements relative to the use of the credits of item 4000 of the budget of the European Parliament for the year ending 31 December 2007, already issued on 25 April 2008.

ERNST & YOUNG
Société Anonyme
Réviseur d'Entreprises



Werner WEYNAND

17 June 2008

Balance sheet
As of December 31, 2007
(expressed in EUR)

<u>ASSETS</u>	2007	2006
FIXED ASSETS		
	<i>notes</i>	
Chapter 1 : Intangible and tangible assets	5	
.1 Intangible assets	24.738,02	35.153,02
.2 Tangible assets	64.134,44	56.216,71
Sub total chapter 1	88.872,46	91.369,73
CURRENT ASSETS		
Chapter 2 : Debtors, stocks and other working assets	6	
.1 Suppliers	52.311,81	41.175,78
.2 Staff	0,00	0,00
.3 VAT	68.362,58	185.909,03
.4 Stocks	0,00	0,00
.5 Various	285,20	285,20
Sub total Chapter 2	120.959,59	227.370,01
Chapter 3 : Financial assets		
.1 Financial securities	0,00	0,00
.2 Cash and cash equivalent	3.608.208,15	3.999.132,15
Sub total Chapter 3	3.608.208,15	3.999.132,15
Chapter 4 : Deferred charges and accrued income		
.1 Deferred charges	178.121,15	32.397,44
.2 Accrued income	925,01	6.935,50
Sub total Chapter 4	179.046,16	39.332,94
TOTAL ASSETS	3.997.086,36	4.357.204,83

LIABILITIES**2007****2006***notes***Chapter 1 : Reserves**

.1 Carry forward to next financial year	3	2.801.715,90	3.262.885,19
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Sub total chapter 1

2.801.715,90	3.262.885,19
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Chapter 2 : Financial debts

.1 Financial debts of residual duration > 1 year		0,00	0,00
.2 Financial debts of residual duration ≤ 1 year		0,00	0,00

Sub total Chapter 2

0,00	0,00
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Chapter 3 : Other debts

.1 Other debts		2.967,82	883.014,10
.2 Charges settled in 2007 but paid in 2008		1.192.402,64	211.305,54

Sub total Chapter 3

1.195.370,46	1.094.319,64
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Chapter 4 : Deferred income / accrued income

.1 Deferred income		0,00	0,00
.2 Accrued charges		0,00	0,00

Sub total Chapter 4

0,00	0,00
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TOTAL LIABILITIES

3.997.086,36	4.357.204,83
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Alliance of Liberals and Democrats for Europe

Profit and loss account

For the period from January 1 to December 31, 2007
(expressed in EUR)

<u>A. RECEIPTS</u>	2007	2006
<i>Chapter 1 : Grants and other receipts from the European Parliament</i>		
.1 EP allocation	6.703.291,00	6.491.892,38
.2 Other EP resources	0,00	33.878,00
Sub total chapter 1	6.703.291,00	6.525.770,38
<i>Chapter 2 : Own resources</i>		
.1 Interest and assimilated products	212.138,89	176.001,16
.2 Profit on currency exchange	0,00	73,06
.3 Miscellaneous	80.610,80	46.700,76
.4 VAT refund	4.509,84	30.714,09
.5 Amount carried forward from previous financial year	3.262.885,19	2.891.672,10
Sub total Chapter 2	3.560.144,72	3.145.161,17
TOTAL RECEIPTS	10.263.435,72	9.670.931,55
GRAND TOTAL	10.263.435,72	9.670.931,55

Alliance of Liberals and Democrats for Europe

Profit and loss account (continued)
For the period from January 1 to December 31, 2007
(expressed in EUR)

B. EXPENDITURES	2007	2006
Chapter 1 : Staff		
.1 Secretariat missions	1.368.947,68	1.240.099,06
.2 Recruitment	8.630,35	20.671,60
.3 Traineeships	113.887,46	100.468,74
.4 Salaries and related costs, fees	29.045,13	0,00
.5 Staff training	41.799,92	19.522,07
.6 Staff representation costs	22.174,44	9.725,09
Sub total chapter 1	1.584.484,98	1.390.486,56
Chapter 2 : Equipment, routine administrative costs and operating costs		
.1 Equipment, operating expenditure, computer- related engineering and maintenance	4.356,52	7.582,59
.2 Equipment, telecommunications-related installation and maintenance expenditure, office machinery, furniture and technical installations	29.481,15	28.852,14
.3 Stationery and office supplies	29.394,43	29.733,56
.4 Postage and telecommunications	82.110,60	71.511,97
.5 Printing and photocopying costs	54.596,78	51.451,52
.6 Office rental costs	0,00	0,00
Sub total chapter 2	199.939,48	189.131,78
Chapter 3 : Documentation, studies and research		
.1 Newspapers, magazines, press agencies and books	13.925,96	13.768,75
.2 Studies and research	0,00	11.314,25
.3 Databases	0,00	0,00
Sub total chapter 3	13.925,96	25.083,00

Alliance of Liberals and Democrats for Europe

Profit and loss account (continued)

For the period from January 1 to December 31, 2007
(expressed in EUR)

<u>B. EXPENDITURES</u>	2007	2006
Chapter 4 : Legal and accountancy fees, financial and other charges		
.1 Legal costs	0,00	1.890,00
.2 Accounting costs/audits	117.237,84	44.076,00
.3 Financial charges and losses from currency exchange	3.398,31	3.117,87
.4 Translation and interpretation costs	12.751,07	2.870,00
.5 Other operating expenditure	33.489,38	8.569,63
Sub total chapter 4	166.876,60	60.523,50
Chapter 5 : Cost of meetings and representation		
.1 Official group meetings	196.556,23	234.091,52
.2 Other meetings and conferences	1.140.813,39	592.676,91
.3 Expenditure on entertainment	56.988,91	63.906,46
.4 Guests	5.124,00	0,00
.5 Individual fact finding missions of members	0,00	0,00
Sub total chapter 5	1.399.482,53	890.674,89
Chapter 6 : Publications and publicity		
.1 Posters, leaflets and booklets	95.275,97	57.768,21
.2 Advertising inserts and audiovisual advertising	158.604,08	67.218,12
.3 Advertising material, gadgets, publicity by telecommunication equipments	387.441,74	230.446,64
.4 Internet sites and e-publicity	59.344,92	24.839,65
.5 Visits to institutions, information stands	142.027,18	164.207,13
Sub total chapter 6	842.693,89	544.479,75

Alliance of Liberals and Democrats for Europe

Profit and loss account (continued)
For the period from January 1 to December 31, 2007
(expressed in EUR)

<u>B. EXPENDITURES</u>	2007	2006
Chapter 7 : Members		
.1 Member's political and information activities, administrative expenses and political and information activities of national delegations	3.222.464,88	3.250.425,39
Chapter 8 : Grants, subscriptions and contributions		
.1 Subsidies	25.000,00	25.000,00
.2 Subscriptions	6.851,50	6.837,72
Sub total chapter 8	31.851,50	31.837,72
TOTAL EXPENDITURE	7.461.719,82	6.382.642,59
Credits repayable to European Parliament	0,00	25.403,77
Amount carried forward to next financial year	2.801.715,90	3.262.885,19
GRAND TOTAL	10.263.435,72	9.670.931,55

Notes to the financial statements
For the period from January 1 to December 31, 2007

NOTE 1 - CORPORATE INFORMATION

The present financial statements relate to the Alliance of Liberals and Democrats for Europe (ALDE) in the European Parliament.

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

Prerequisite

1. Movements on the accounts and the balances shall be entered in the accounting ledgers.
2. All accounting entries, including adjustments to the accounts, shall be based on dated and numbered supporting documents, to which they shall refer.
3. The accounting system must be such as to leave trail for all accounting entries.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements shall be drawn up in accordance with the generally accepted accounting principles, namely:

- going concern basis,
- prudence,
- consistent accounting methods,
- comparability of information,
- materiality,
- no netting,
- substance over form.

Basis of preparation

The accounts hereafter have been prepared in conformity with:

- the 4000 financial rules approved by the Bureau of the European Parliament on 30 June 2003 and revised by the Bureau on 22 March 2006 (PE 335,475/BUR).
- the internal financial rules of the Group
- the accounting principles and the harmonized accounting plan adopted by the Political Groups on September 15, 2005.

Notes to the financial statements (continued)
For the period from January 1 to December 31, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pursuant to Rule 2.5.3 of the Rules on the use of appropriations from budget item 4000 the accounts are held on a modified accrual system.

All expenditure relative to activities of the current or previous financial years is registered in the accounts of the current year, upon authorization by the authorizing 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 booked on the expenditure accounts of the current financial year with counterpart a balance account (chapter III.2).

All expenditure for which actual payment is made later than the end of the month following the closure of the financial period or for risks and future charges is registered in the accounts of the next financial period.

No provisions will be made for expenditure of the current financial period not paid by the end of the month following the end of this financial period or for risks and future charges.

All revenue is registered in the income accounts upon establishment by the authorizing officer.

All revenue established and not received in the course of the financial year is registered on a balance sheet account in chapter IV (deferred charges and accrued income).

The classification of the expenditure on the charge accounts follows the principle of classification by destination by the accounting plan annexed to the Rules on the use of appropriations from Article 4000.

NOTE 3 - CARRY FORWARD TO NEXT FINANCIAL YEAR (IN EUR)

1. Credits received by our group for the financial year 2007:	6.703.291,00
2. Maximum amount of carry forward to 2008 (50% of 1):	3.351.645,50
3. Difference between total revenue and total expenditure at the end of the 2007 financial year:	2.801.715,90
4. Credits to be returned to the European Parliament:	0,00
5. Carry forward to financial year 2008:	2.801.715,90

Notes to the financial statements (continued)
For the period from January 1 to December 31, 2007

NOTE 4 - FOREIGN CURRENCY TRANSACTION

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.

NOTE 5 - FIXED ASSETS (IN EUR)

Assets with a unit value of 420 Euros or more and being intended to serve the activities of the group on a lasting basis are entered in the inventory and the Group's balance sheet. Fixed assets are to be valued at their acquisition price and depreciated on a monthly basis following the straight line method by the following annual percentages:

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 recapitulative table of the assets in the balance sheet is annexed

NOTE 6 - DEBTORS, STOCKS AND OTHER WORKING ASSETS

Receivable, debts and other assets are stated at their nominal value. Value reductions on receivables and other assets are accounted for if there is any uncertainty regarding their collectibility.

Our group has concluded the following substantial long standing (> 1 year) financial commitments, for:

- 1) Renting of photocopy (4) machines OCE Belgium up to 28/02/2010
cost = 26.030€ / year
- 2) Renting of photocopy (3) machines XEROX up to 01/11/2008
Cost = 17.537€ / year

Alliance of Liberals and Democrats for Europe

Notes to the financial statements (continued)
For the period from January 1 to December 31, 2007

CATEGORY AND WRITE-DOWN RATE	IT SOFTWARE 25%	IT HARDWARE 25%	TELECOMMUNICATIONS EQUIPMENT 25%	TECHNICAL EQUIPMENT AND SUPPLIES 12,5%	MISCELLANEOUS MACHINERY AND INSTALLATIONS 12,5%	MOVABLE PROPERTY (seats, desks, cabinets) 10%	TOTAL
HISTORICAL COST							
Opening balances (historical cost)	117.268,12	48.906,34	5.343,26	7.386,73	22.487,09	3.280,85	204.672,39
Less items sold and entered in profit and loss account	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Plus Acquisitions during the financial year	0,00	10.934,78	0,00	585,78	0,00	12.189,60	23.710,16
Plus Transfers	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Result Closing balance at historical cost	117.268,12	59.841,12	5.343,26	7.972,51	22.487,09	15.470,45	228.382,55
ACCUMULATED DEPRECIATION							
Opening balances (accumulated depreciation)	82.208,07	24.135,50	1.934,33	2.371,07	1.908,35	745,18	113.302,50
Less Accumulated depreciation of items sold and entered in p/l account	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Plus Depreciation charge for the financial year	10.322,03	9.510,83	1.140,10	978,26	2.810,89	1.445,48	26.207,59
Result Closing balance at historical cost	92.530,10	33.646,33	3.074,43	3.349,33	4.719,24	2.190,66	139.510,09
WRITTEN-DOWN VALUES							
Net book value of fixed assets on 31/12/2006	35.060,05	24.770,84	3.408,93	5.015,66	20.578,74	2.535,67	91.369,89
Net Book value of fixed assets on 31/12/2007	24.738,02	26.194,79	2.268,83	4.623,18	17.767,85	13.279,79	88.872,46
One asset, bought in 2005, has been transferred from category Technical equipment to Miscellaneous.							

Notes to the financial statements (continued)
For the period from January 1 to December 31, 2007

DETAIL OF THE EXECUTION OF THE DECENTRALISED CREDITS
CHAPTER 7 ARTICLE 1

Ventilation following the accounting plan annexed to the 4000 financial rules

CHAPTER/ ARTICLE	CATEGORY	EXECUTION Year N	%	EXECUTION Year N-1	%
1	Staff
2	Secretariat – equipment and expenses	330.531,49	10	679.544,22	21
3	Documentation, studies and research	14.766,26	1	18.476,94	1
4	Legal, accounting, financial and other operating costs	/		437,65	/
52	Other meetings and conferences	814.765,57	25	1.016.724,97	31
53	Representation costs	144.017,13	4	41.993,34	1
54	Guests	/	/	/	/
61	Posters, leaflets and booklets	1.025.587,48	32	976.660,76	30
62	Advertising inserts and audiovisual advertising	148.264,83	5	110.583,10	3
63	Advertising material, gadgets, publicity by telecommunication equipments	291.476,55	9	173.647,26	5
64	Websites Internet sites + e-publicity	266.102,23	8	232.357,15	7
65	Visits to institutions; information stands	186.953,34	6	/	/
	TOTAL ARTICLE 7.1	3.222.464,88	100%	3.250.425,39	100%