

Auditor's report to the bureau of the Group
concerning art. 4000 of the E.P. budget:
the balance sheet and the summary of
revenues and expenditures

Independence/Democracy Group
Non-profit Association

31 December 2007

by
Ernst & Young & Partners Burg. BVBA
represented by
Patrick Rottiers, Auditor

**AUDITOR'S REPORT TO THE BUREAU OF THE "INDEPENDENCE/DEMOCRACY GROUP",
CONCERNING ART. 4000 OF THE E.P. BUDGET:**

**THE BALANCE SHEET AT 31 DECEMBER 2007 AND THE SUMMARY OF REVENUES
AND EXPENDITURES OF THE FINANCIAL YEAR 2007**

Ladies and gentlemen,

According to the audit mandate, we have audited the Group Financial Statements prepared by the Group Accountant for the year ended 31 December 2007.

The balance sheet at 31 December 2007 and the summary of revenues and expenditures statement for the financial year 2007 are enclosed with our report.

Pursuant to the rules on the use of appropriation from budget item 4000 (hereafter "the Rule"), the Group is responsible before the Institution of the conformity of appropriate usage and of the preparation of the group annual financial statements.

We have the responsibility to plan and carry out the required work to verify the financial statement prepared by the political group and to report to the group with a reasonable assurance, our audit opinions.

We conducted the audit in accordance with International Standards on Auditing as issued by the IASSB. This standard requires the auditor to plan and carry out his work in such a way as to obtain sufficient and appropriate evidence and explanations to support our audit opinions. An audit includes an examination, on a sample basis, of evidence relevant to the opinions.

The audit work included specific procedures aiming at gathering sufficient and appropriate audit evidence that:

- Expenditures have been charged to the correct item in the budget of the Group.
- Appropriations are available.
- Expenditures are conformed to the Rules governing appropriation item 4000.
- Principles of sound financial management have been applied.
- Payment orders are supported by original documentation (or certified true copies).
- Accounts have been laid out in accordance with the harmonised chart of account.
- Accounts have been prepared in accordance with generally accepted accounting principles as laid out in articles 186 to 196 of the Implementing Rules or, that departures are adequately explained by means of note to the prepared accounts.

The undersigned, Ernst & Young & Partners - Auditors, with office at 52, Joe Englishstraat in Antwerp, declares that, with regard to the financial statements of 2007 audited, of which the balance-sheet total of the group amounts to € 937.114,76, and of which the statement of revenues and expenditures closes with a profit of € 724.545,74, (revenue: € 2.546.334,24, expenditure: € 1.821.788,50):

- As a result of our work, we did not identify any material non conformity with the dispositions laid out in the Rule governing appropriation item 4000 or with the Group internal rules.
- The overall presentation of the income and expense statement and of the balance sheet complies with the chart of account provided with the rules governing the appropriation line 4000.
- No departures from generally accepted accounting principles have been established.
- The principle of sound financial management has been applied.
- In our opinion, the balance sheet gives a true and fair view of the state of affair of the Group at 31 December 2007 and of the revenue and expenses for the period ending 31 December 2007.
- We have received all necessary explanations for the purpose of our work.

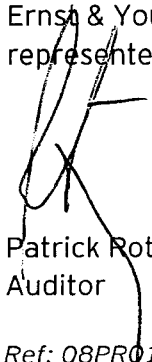
We completed our audit on 24 March 2008.

Annexes:

- Balance sheet,
- Summary of revenues and expenditures,
- Notes to the annual accounts financial year 2007,
- Details of the execution of the decentralised credits,
- Financial inventory financial year 2007.

Antwerp, 2 April 2008

Ernst & Young & Partners, Burg. BVBA
represented by



Patrick Rottiers
Auditor

Ref: 08PR0101

Annexes



BALANCE SHEET Group IND/DEM
End of financial year 2007

		<u>2007</u>	<u>2006</u>
	<i>notes</i>		
ASSETS			
FIXED ASSETS			
Chapter 1 Intangible and tangible assets	3		
.1 Intangible assets		0,00	0,00
.2 Tangible assets		33.563,93	25.796,11
Sub total chapter 1		<u>33.563,93</u>	<u>25.796,11</u>
CURRENT ASSETS			
Chapter 2 Debtors, stocks and other working assets	5		
.1 Suppliers		0,00	0,00
.2 Staff		347,47	391,76
.3 VAT		110.042,93	89.197,64
.4 Stocks		0,00	0,00
.5 Various		757,33	327,56
Sub total chapter 2		<u>111.147,73</u>	<u>89.916,96</u>
Chapter 3 Financial assets			
.1 Financial securities	4	0,00	0,00
.2 Cash and cash equivalent		792.403,10	992.788,94
Sub total chapter 3		<u>792.403,10</u>	<u>992.788,94</u>
Chapter 4 Deferred charges and accrued income			
.1 Deferred charges		0,00	0,00
.2 Accrued income		0,00	0,00
Sub total chapter 4		<u>0,00</u>	<u>0,00</u>
TOTAL ASSETS		<u>937.114,76</u>	<u>1.108.502,01</u>

LIABILITIES

	<i>notes</i>	<u>2007</u>	<u>2006</u>
Chapter 1 Reserves			
.1 Carry forward to next financial year	1	724.545,74	996.907,36
Sub total chapter 1		<u>724.545,74</u>	<u>996.907,36</u>
Chapter 2 Financial debts			
.1 Financial debts of a residual duration > 1 year		0,00	0,00
.2 Financial debts of a residual duration </= 1 year		0,00	0,00
Sub total chapter 2		<u>0,00</u>	<u>0,00</u>
Chapter 3 Other debts			
.1 Other debts		0,00	0,00
.2 Charges settled in 2007 but paid in 2008		212.569,02	111.594,65
Sub total chapter 3		<u>212.569,02</u>	<u>111.594,65</u>
Chapter 4 Deferred income/accrued charges			
.1 Deferred income		0,00	0,00
.2 Accrued charges		0,00	0,00
Sous Total Chapitre 4		<u>0,00</u>	<u>0,00</u>
TOTAL LIABILITIES		<u>937.114,76</u>	<u>1.108.502,01</u>



PROFIT AND LOSS ACCOUNT of the IND/DEM Group
for financial year 2007

	<u>2007</u>	<u>2006</u>
	<i>Notes</i>	
<u>Receipts</u>		
<i>Chapter 1 Grants and other receipts from the European Parliament</i>		
.1 EP allocation	1.502.291,87	2.034.263,00
.2 Other EP resources	0,00	0,00
Subtotal for Chapter 1	<u>1.502.291,87</u>	<u>2.034.263,00</u>
<i>Chapter 2 Own resources</i>		
.1 Interest and assimilated products	41.833,05	32.430,32
.2 Profit on currency exchange	2 1.018,62	441,28
.3 Miscellaneous	4.283,34	16.239,20
.4 VAT reimbursements	0,00	0,00
.5 Amount carried forward from previous financial year	996.907,36	825.698,14
Subtotal for Chapter 2	<u>1.044.042,37</u>	<u>874.808,94</u>
Total receipts	<u>2.546.334,24</u>	<u>2.909.071,94</u>
Grand total	<u>2.546.334,24</u>	<u>2.909.071,94</u>

Expenditure

	Notes	<u>2007</u>	<u>2006</u>
<i>Chapter 1 Staff</i>			
.1		232.777,05	244.163,04
.2		2.098,32	5.503,08
.3		51.517,16	109.774,90
.4		150.849,44	224.371,72
.5		2.428,05	1.907,53
.6		0,00	227,49
Subtotal for Chapter 1		<u>439.670,02</u>	<u>585.947,76</u>
<i>Chapter 2 Equipment, routine administrative costs and operating costs</i>			
.1	3	14.594,60	9.684,41
.2	3	3.536,72	36.493,13
.3		57,45	1.634,25
.4		12.255,87	12.216,81
.5		9.205,78	6.995,18
.6		0,00	0,00
Subtotal for Chapter 2		<u>39.650,42</u>	<u>67.023,78</u>
<i>Chapter 3 Documentation, studies and research</i>			
.1		11.897,71	12.349,07
.2		0,00	0,00
.3		0,00	0,00
Subtotal for Chapter 3		<u>11.897,71</u>	<u>12.349,07</u>
<i>Chapter 4 Legal and accountancy fees, financial and other charges</i>			
.1		0,00	0,00
.2		13.467,00	13.287,42
.3	2	3.505,90	5.381,23
.4		821,74	126,60
Subtotal for Chapter 4		<u>17.794,64</u>	<u>18.795,25</u>
<i>Chapter 5 Cost of meetings and representation</i>			
.1		31.295,17	0,00
.2		15.116,90	151,60
.3		4.777,41	5.196,51
.4		1.772,42	2.705,14
Subtotal for Chapter 5		<u>52.961,90</u>	<u>8.053,25</u>
<i>Chapter 6 Publications and publicity</i>			
.1		84.835,66	30.930,57
.2		67.019,87	9.944,10
.3		0,00	996,00
.4		1.503,42	765,74
.5		0,00	1.460,00
Subtotal for Chapter 6		<u>153.358,95</u>	<u>44.096,41</u>

NOTES TO THE ANNUAL ACCOUNTS FINANCIAL YEAR 2007

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) and 11 July 2007
- the internal financial rules of the Group
- the accounting principles and the harmonised accounting plan adopted by the Secretary Generals.

Accounting principles

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 a trail for all accounting entries.

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;
- reality over appearance;

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 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 booked on the expenditure accounts of the current financial year and as debt on the balance (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 year.

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 authorising 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).

Classification

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

For the sake of clarity in general and clear budgeting in particular, the Group decided to classify expenditure by destination and not by nature, thereby departing from the practice of previous years.

Scrupulous adherence to the comparability principle, however, would have compelled us to recalculate all the balances from the previous financial year in accordance with this new accounting policy and present them in the new format. Since the extra work this would have created far outweighed the benefits of scrupulous adherence to the comparability principle, this action was not taken.

These two changes in accounting policy affect neither the authenticity nor the accuracy of the picture presented by the accounts for the present year.

Note 1: Carry forward to next financial year (art 2.9.2 of the 4000 fin. rules):

1: Credits received by our group for the financial year 2007:	1.502.291, 87 €
2: Maximum amount of carry forward to 2007 (50% of 1):	751.145, 94 €
3: Difference between total revenue and total expenditure at the end of financial year 2007 :	724.545, 74 €
4: Credits to be returned to the EP:	0, 00 €
5: Carry forward to financial year 2008:	724.545,74 €

Note 2: Exchange policy:

The revenue and expenditure in other currencies are converted in euro following the exchange rate of the bank on the transaction day.

Note 3: Depreciations of fixed assets:

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:

Vehicles	25.0	%
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	%

Exceptional depreciations were charged due to theft of equipment

A recapitulative table of the assets in the balance sheet is annexed

Note 4: Valuation method for financial securities:

Not applicable

Note 5: Valuation of receivables, debts and other assets:

Receivables, 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:

Leasing J. Van Breda : Renting Contract - Copycenter C165 V-FL - 5 ans

Xerox Business Office Products : Support Contract - Copycenter C165 V-FL - 5 ans

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 2007	%	EXECUTION 2006	%
1	Staff	283.888,82	25,66%	255.122,29	21,70 %
2	Secretariat – equipment and expenses	55.073,76	4,98 %	47.633,32	4,05%
3	Documentation, studies and research	59.811,97	5,41 %	61.574,65	5,24 %
4	Legal, accounting, financial and other operating costs	0,00	0,00 %	0,00	0,00 %
52	Other meetings and conferences	132.421,99	11,97%	20.6256,86	17,54%
54	Guests	5.541,91	0,50 %	4.982,98	0,42%
61	Posters, leaflets and booklets	394.045,81	35,61%	50.4926,48	42,94%
62	Advertising inserts and audiovisual advertising	143.732,15	12,99%	59.544,12	5,06%
63	Advertising material, gadgets, publicity by telecommunication equipments	26.571,21	2,40 %	26.954,24	2,29 %
64	Websites Internet sites + e-publicity	50,11	0,00 %	811,33	0,07 %
65	Visits to institutions; information stands	5.317,13	0,48 %	8.092,79	0,69 %
	TOTAL ARTICLE 7.1	1.106.454,86	100 %	1.175.899,06	100%



Category and	Vehicles	Software	Hardware	Telecom-	Technical	Miscellaneous	Mobile
	25%	25%	25%	25%	10.5%	10.5%	10%
	(E)	(E)	(E)	(E)	(E)	(E)	(E)

Historical cost	5.115,24	699,00	31.419,90	14.464,17	1.306,00	0,00	10.613,10	63.617,41
Opening balances (historical cost)								
Less Items sold and entered in profit-and-loss account			-4.690,00	-915,70				-5.605,70
Plus Acquisitions during the financial year	11.940,74		6.676,35	1.947,99		1.246,00		21.811,08
Plus Transfers								
Result Closing balance at historical cost	17.055,98	699,00	33.406,25	15.496,46	1.306,00	1.246,00	10.613,10	79.822,79

Accumulated depreciation	5.115,24	349,50	16.893,18	10.760,13	653,00	0,00	4.050,25	37.821,30
Opening balances (accumulated depreciation)								
Less Accumulated depreciation of items sold and entered in p/l account			-4.690,00	-915,70				-5.605,70
Plus Depreciation charge for the financial year	2.736,43	174,75	7.859,74	1.943,95	163,25	103,83	1.061,31	14.043,26
Result Closing balance at historical cost	7.851,67	524,25	20.062,92	11.788,38	816,25	103,83	5.111,56	46.258,86

Written-down values	0,00	349,50	14.526,72	3.704,04	653,00	0,00	6.562,85	25.796,11
Net book value of fixed assets on 31/12//2006								
Net book value of fixed assets on 31/12/2007	9.204,31	174,75	13.343,33	3.708,08	489,75	1.142,17	5.501,54	33.563,93