



Annual Report 2004

General Assembly of 30 June 2005

Annual Report for 2004

Bruegel was created as a legal entity, under the name “Centre européen d’économie internationale AISBL”, on 10 August 2004 by the signature of the Royal decree recognising the signature of its statute, which had formally taken place in June of the same year. Its first accounting year ended on 31 December 2004.

The project’s development had actually started on 1 April 2004 with the appointment of Jean Pisani-Ferry as project manager with a limited early-development mandate, under the oversight of a Steering Group where the 12 participating European states were represented. Before then, the early feasibility study had been carried out since 2003 by a French-German working group (Jean Pisani-Ferry and Christian Kastrop, assisted by Lionel Fontagné, Reiner König, Willi Leibfritz and Nicolas Véron). Some external expertise costs incurred during that early period (tax advice) have been taken over by Bruegel as costs linked to its creation.

The team stayed very limited in size throughout the year 2004: Jean Pisani-Ferry (compensated until September 2004 by the French Treasury, then by Bruegel), Nicolas Véron (hired first as an external consultant, until May 2004 by the French Treasury then by Bruegel, then compensated by Bruegel as part-time employee from September 2004 on), Noëlla Kuneben (hired in April 2004 as a temporary worker, then a Bruegel employee from end-August on), and Jozefien Van Damme (a Bruegel employee since mid-November 2004). In addition, Pierre Salzman did an internship as research assistant in September-October 2004, and Reiner König was compensated as external consultant for his work in the autumn on Bruegel’s future compensation policy. As regards the team’s location, Bruegel initially rented a small office space at B&S, a communication firm in Brussels, from April to August 2004, and then moved to offices at the Banque Nationale de Belgique in a suite of five office rooms equipped with furniture.

The activity of the year 2004 was essentially devoted to the outline of Bruegel’s broad strategic concept (research model and identity, outreach to members and to the public), the creation of the actual entity (negotiation of the agreement between founding member states, drafting and registration of the statute and bylaws), the securing of its initial funding (€1.1m contributed by governments in 2004, plus commitments covering 2005 and 2006), and extensive contacts with numerous European companies leading to the first corporate memberships (17 corporate members with headquarters in 7 different countries as of end-2004). Consultations were also held with a significant number of external third parties (research institutions and academics, policymakers, etc.).

The Steering Group (and “Interim Committee” formed of the same members, after the legal creation) formally met seven times, on 1 April, 11 May, 3 June, 7 July, 27 September, 21 October, and 15 November 2004. The corporate members met informally on 8 November and formally on 30 November to prepare the first General Assembly, as did the state members (Group of States) on 25 November 2004. The General Assembly itself held its first meeting in two sessions, on 7 December and 20 December 2004, endorsing the work carried out by the Steering Group / Internal Committee and electing the first, 10-member Board.

Thus, the preparatory work done in 2004 provided a sound and comprehensive basis for Bruegel’s actual launch, marked by its first Board meeting and presentation to the press in January 2005, and its start of operations planned throughout the year 2005.

2004 Accounts

1. Balance Sheet

	Gross	Depreciation	Net
Telephone exchange	4.964,82	689,49	4.275,33
IT Hardware	8.547,28	1.780,68	6.766,60
Total Fixed Assets			11.041,93
Receivables - Subscriptions			37.500,00
Receivables - Credit			1.202,93
Receivables - VAT			10.029,54
Receivables - Employees			1.171,10
Total Receivables			49.903,57
Bank			926.702,31
Cash			21,57
Total Assets			987.669,38
Suppliers			21.008,18
Rent payable			700,00
Internship payable			700,00
Total trade payables			22.408,18
Social security			103,52
Deferred holiday pay			10.590,29
Taxes, remunerations and social security payables			10.693,81
Deferred Income			46.809,00
Total Liabilities			79.910,99
Profit of the year			907.758,39

2. Income Statement

Postage	204,26
Phone, fax, Internet	2.660,44
Shipping	404,40
Office Supplies	3.549,75
Hardware Furniture	3.733,02
Documentation Cost	151,90
Hardware Rental	240,00
Expatriation expenses	8.929,07
Travel expenses	13.765,16
Miscellaneous expenses	5.049,84
Law advice	2.174,00
Accountant fees	1.500,00
Social Secretariat	2.768,10
External work	30.172,54
Consulting fees	831,74
Office Rent	9.349,28
Professional dues	125,00
Representation	2.439,25
Training	1.273,77
Photocopies	666,90
Hardware Maintenance & repair	62,10
Software maintenance	147,00
Temporary work	13.439,96
Services and other goods	103.637,48
Salaries	56.213,95
Holiday pay	117,39
Provision holiday pay	10.590,29
Workplace Accident Insurance	1.739,88
Social security	16.605,59
Social Abonment	373,60
Food & drink	33,30
Recruiting fees	1.358,55
Other personnel-related costs	4.585,84
Remunerations & Social Security Costs	91.618,39
Depreciation - Hardware	1.780,68
Depreciation - Telecom equipment	689,49
Depreciations, write-offs and provisions	2.470,17
Fiscal stamps	10,00
Registration Costs	480,00
Publication costs	107,68
Other operating expenses	597,68
Financial expenses	168,90
Subscriptions Income	1.106.251,01
Profit of the year	907.758,39

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STATUTORY AUDITOR'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2004
to the General Assembly of the International Association
to be held in June 2005

In accordance with legal and statutory requirements we are pleased to report to you on the performance of the audit mandate which you have entrusted to us.

We have audited the financial statements for the year **ended December 31, 2004** which have been prepared under the responsibility of the Board of directors and which show **a balance sheet total of 987.669,38 euros and a profit for the year of 907.758,39 euros.**

Unqualified audit opinion on the financial statements

We conducted our audit in accordance with the standards of the «Institut des Réviseurs d'Entreprises», as concerns such kind of associations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, taking into account the legal and regulatory requirements applicable to financial statements in Belgium.

In accordance with those standards, we considered the association's administrative and accounting organisation, as well as its internal control procedures. Association's officials have responded clearly to our requests for explanations and information and we thank them for this. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing accounting principles used and significant accounting estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, taking into account the applicable legal and regulatory requirements, the financial statements give a true and fair view of the association's assets, liabilities, financial position as of December 31, 2004 and the results of its operations for the year 2004 then ended.

Brussels, April 8th, 2005

[signed]
Marie-Chantal DEBROUX-LEDDET
Certified Auditor