



KPMG Audit
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The management of the European Consortium for
Accreditation in Higher Education
Attn.: Mr. M. Frederiks
P.O. Box 85498
2508 CD THE HAGUE

The Hague, 9 June 2008

Dear Mr. Frederiks,

Auditor's report 2007

We confirm our agreement for you to include the auditor's report below in the 'Other information' accompanying the Annual report. The Annual report should be issued in accordance with the final draft presented to us, of which an initialed copy is enclosed.

"Auditor's report

To: The management of the European Consortium for Accreditation in Higher Education:

Report on the financial statements

We have audited the accompanying financial statements 2007 of the European Consortium for Accreditation in Higher Education (hereafter ECA), The Hague, which comprise the balance sheet as at 31 December 2007, the profit and loss account for the year then ended and the notes to the financial statements.

Management's responsibility

Management of ECA is responsible for the preparation and fair presentation of the financial statements, in accordance with the accounting principles as set out in the summary of significant accounting principles of the notes to the financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of all the material aspects concerning the financial position of ECA as at 31 December 2007, and of its result for the year then ended in accordance with the accounting principles as set out in the summary of significant accounting principles of the notes to the financial statements.

The Hague, 4 June 2008

KPMG ACCOUNTANTS N.V.

R.R.J. Smeets RA"

If you present the Annual report and the auditor's report on the internet, you should ensure that the Annual report is properly separated from other information on the internet site. Separation can be achieved, for example, by presenting the Annual report in an unchangeable format, stored as a separate file or by issuing a warning if the reader switches from the financial statements ("you are leaving the secured zone of the audited Annual report").

A copy of the Annual report should be signed by management and be presented to the participants. We would like to receive a copy of the undersigned Annual report and a copy of the minutes of the General Meeting of Participants.

We will be happy to provide any further information you may require.

Yours sincerely,

KPMG ACCOUNTANTS N.V.



R.R.J. Smeets RA

Enclosure(s):
Annual Report 2007

Initials for identification



ECA

**EUROPEAN CONSORTIUM FOR ACCREDITATION
IN HIGHER EDUCATION**

The Hague – The Netherlands

Annual Report, 31 December 2007

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Annual Report 31 December 2007

Annual accounts

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Balance sheet as at 31 December 2007

(after appropriation of net result)

	31-12-2007		31-12-2006	
	€	€	€	€
Currents assets				
Accounts receivable		-		8.000
Other current assets:				
Interest		2.636		438
Cash at bank		34.491		61.523
Total assets		<u>37.127</u>		<u>69.961</u>
Equity		19.010		47.700
Current liabilities				
Accounts Payable	14.574		11.899	
NVAO	<u>3.543</u>		<u>10.362</u>	
		18.117		22.261
Total liabilities		<u>37.127</u>		<u>69.961</u>

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Profit and loss account 2007

	outcome 2007 €	budget 2007 €	outcome 2006 €
Income			
Contribution	32.000	32.000	64.000
Other	1.884	500	1.401
Total income	<u>33.884</u>	<u>32.500</u>	<u>65.401</u>
Expenses			
Cost of Coordination	21.000	21.000	21.000
Information and communication	984	4.000	314
Meetings Management and Working groups	4.252	5.000	3.771
Contributions workshops	22.504	14.000	18.936
Travel expenses	10.644	16.000	3.945
Other	3.190	3.500	1.190
Total expenses	<u>62.574</u>	<u>63.500</u>	<u>49.156</u>
Net result	<u>(28.690)</u>	<u>(31.000)</u>	<u>16.245</u>



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Summary of Significant Accounting Policies

1. About ECA

The European Consortium for Accreditation in Higher Education (ECA) has been established in Cordoba in November 2003. The first activities with financial impact on the ECA-budget took place in 2004. The ultimate aim of the consortium is the achievement of mutual recognition of accreditation decisions among the participants.

The members of ECA believe that mutual recognition of accreditation decisions will contribute to the recognition of qualifications and the mobility of students in Europe. It will also make life easier for institutions and programmes operating across borders. When the mutual recognition agreements will be established institutions only need to apply for accreditation in one of the ECA member countries instead of obtaining accreditation in each country separately. Thus, by undertaking the necessary activities for mutual recognition ECA contributes to the achievement of the European Higher Education Area. The consortium will collaborate actively with other organisations and initiatives, such as ENQA, CEE, the Joint Quality Initiative and the ENIC/ NARIC network.

The Consortium is a project organisation and has its legal seat in The Hague, the Netherlands. The organisations participating in ECA will meet at least twice a year. In 2006, the meetings have been held in Bruges and Paris. In 2007, the meetings took place in Berlin and Barcelona.

2. Termination of ECA

In 2006 it was decided that the ECA organisation should terminate in case the achievement of mutual recognition was not satisfactory as at 31 december 2007. At the Barcelona meeting in December 2007 a number of mutual recognition agreements between members was signed. As a consequence the achievement of the aim was considered to be satisfactory. Therefore it was decided that ECA will continue (with renewed Agreement of Cooperation to be signed by participating organisations in June 2008). Consequently the compilation of the annual accounts 2007 is based on the principle of going concern.

3. Summary of Significant Accounting Principles

A. Basis of Preparation

These financial statements, which are expressed in Euro's, are prepared in accordance with Accounting Principles generally accepted in the Netherlands.

B. Assets

Assets are stated net of a provision for doubtful debts.

C. Cash at bank

Cash at bank are at the disposal of the consortium and are interest bearing at prevailing market rates.

D. Current liabilities

Current liabilities are stated at nominal value.

E. Income and expenses recognition

Income and expenses are accounted for in the period to which they relate.



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Notes to the balance sheet as at 31 December 2007

1 Current Assets

The current assets comprises of the interest receivable and cash at bank.

2 Reserves

Statement of Movements

	2007	2006
	€	€
As at January 1	47.700	31.455
Net result reporting year	(28.690)	16.245
As at December 31	<u>19.010</u>	<u>47.700</u>

3 Current Liabilities

The current liabilities comprise of accounts payable and an amount due to the NVAO.

Notes to the profit and loss account 2007

4 Income

In 2007 a contribution of € 2.000 was received from:

1. Österreichischer Akkreditierungsrat (AAC), Austria
2. Fachhochschulrat, Austria
3. Commission des Titres d'Ingénieurs, France (CTI)
4. Stiftung zur Akkreditierung von Studiengängen in Deutschland (GAC), Germany
5. Zentrale Evaluations- und Akkreditierungsagentur (ZEvA), Germany
6. Foundation for International Business Administration Accreditation (FIBAA), Germany
7. Akkreditierungs-, Zertifizierungs- und Qualitätssicherungs-Institut (ACQUIN), Germany
8. Agentur für Qualitätssicherung durch Akkreditierung von Studiengängen (AQAS), Germany
9. Akkreditierungsagentur für Studiengänge im Bereich Heilpädagogik, Pflege, Gesundheit und Soziale Arbeit, Germany (AHPGS)
10. The Higher Education and Training Awards Council (HETAC), Ireland
11. Nederlands-Vlaamse Accreditatie Organisatie (NVAO), the Netherlands/Flanders (2 * € 2.000)
12. Nasjonalt organ for kvalitet i utdanningen (NOKUT), Norway
13. Poustwowa Komisja Akredytyfikacyjna, Poland (PKA)
14. Agencia Nacional de Evaluación de la Calidad y Acreditación (ANECA) Spain
15. Organ für Akkreditierung und Qualitätssicherung der Schweizerischen Hochschulen (OAQ), Switzerland



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5. Expenses

Cost of coordination

	outcome 2007	budget 2007	outcome 2006
	€	€	€
Coordination: NVAO	20.000	20.000	20.000
Secretarial costs	1.000	1.000	1.000
Total	<u>21.000</u>	<u>21.000</u>	<u>21.000</u>

The coordinator/treasurer is responsible for:

- supporting the Management Group, encouraging the working groups and stimulating members to contribute actively to ECA;
- preparing the annual reports and any other publications of ECA;
- convening the meetings of ECA;
- preparing, organising and convening the meetings of the Management Group;
- establishing the financial statements and submitting them to the Management Group and the participants of ECA once they have been audited;
- preparing the annual budgets;
- collecting the annual subscriptions;
- collecting any other financial contributions to the activities of ECA.

In order to carry out the above-mentioned tasks, the Coordinator is supported by a secretariat.

Information and communication

	outcome 2007	budget 2007	outcome 2006
	€	€	€
Website	710	4.000	314
Logo, letters, envelopes, etc.	274	-	-
Total	<u>984</u>	<u>4.000</u>	<u>314</u>

Due to the decision to postpone the investment in an international website for accreditation, the realised costs for Information and communication is lower than the budget for the year 2006.



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Meetings management and working groups

	outcome 2007	budget 2007	outcome 2006
	€	€	€
Management meetings	3.652	4.000	2.821
Working groups	600	1.000	950
Total	<u>4.252</u>	<u>5.000</u>	<u>3.771</u>

Contribution workshops

In 2007, three workshops were held in Berlin (June 2007), Zurich (September 2007) and Barcelona (December 2007). For the workshop in Berlin, the ECA granted a contribution of € 6.000. For the workshop in Zurich, the ECA granted a contribution of € 6.500. For the workshop in Barcelona, the ECA directly paid organisational costs of € 10.004. The costs for workshops are higher than the budget due to the fact that the Zurich-workshop was an extra workshop, which was not budgeted for.

Travel expenses

These are the travel expenses of the coordinator and the chairman. The travelling costs are lower than the budget due to the fact that no speakers' fee (including travel expenses) have been directly paid by the ECA-organisation.

Other

These costs comprise of affiliated memberships and the costs of the auditor.

On behalf of the management group: The Hague, 4 June 2008

Rolf Heusser (OAQ), Chairman



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Profit Appropriation

The net result is added to the reserves.

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The Hague, 4 June 2008

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