



AUDITORS' REPORT

TO THE CHIEF AGENT FOR THE CANADIAN ACTION PARTY / PARTI ACTION CANADIENNE

We have audited the Political Party Financial Transactions Return of the Canadian Action Party / Parti Action Canadienne for the year ended December 31, 2004. This return is the responsibility of the Chief Agent. Our responsibility is to express an opinion on this return based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statement is free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Our examination was designed to enable us to report as required under the Canada Elections Act. The Act does not require us to report that the accounting records include all the transactions of the Party and, thus, our examination was not designed to determine the extent of omissions, if any, from the accounting records.

In our opinion, this return of the Canadian Action Party / Parti Action Canadienne presents fairly the information contained in the accounting records on which the return is based.

Brampton, Ontario
June 20, 2005

McCarney Greenwood LLP

McCARNEY GREENWOOD LLP
Chartered Accountants

**THE CANADIAN ACTION PARTY /
PARTI ACTION CANADIENNE
2004 FINANCIAL STATEMENTS**

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AUDITORS' REPORT

TO THE CHIEF AGENT FOR THE CANADIAN ACTION PARTY / PARTI ACTION CANADIENNE

We have audited the balance sheet of the Canadian Action Party / Parti Action Canadienne as at December 31, 2004 and the statements of receipts and expenditures and cash flows for the year then ended. These financial statements are the responsibility of the Party's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Our examination was designed to enable us to report as required under the Canada Elections Act. The Act does not require us to report that the accounting records include all the transactions of the Party and, thus, our examination was not designed to determine the extent of omissions, if any, from the accounting records.

In our opinion, these financial statements present fairly the information contained in the accounting records of the Canadian Action Party / Parti Action Canadienne as at December 31, 2004 and the receipts and expenditures and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Brampton, Ontario
June 20, 2005

McCARNEY GREENWOOD LLP
Chartered Accountants

THE CANADIAN ACTION PARTY / PARTI ACTION CANADIENNE
BALANCE SHEET
AS AT DECEMBER 31, 2004

	2004	2003
	\$	\$
ASSETS		
Current		
Cash	13,752	19,388
Equipment (Note 3)	2,688	3,506
	16,440	22,894
LIABILITIES		
Current		
Payables and accrued liabilities	1,402	4,191
Loan payable to Paul Hellyer (Note 4)	79,296	49,296
	80,698	53,487
Note payable to Paul Hellyer (Note 5)	750,000	750,000
	830,698	803,487
NET LIABILITIES	(814,258)	(780,593)

See Accompanying Notes

On behalf of the Party:

..... Director

..... Director

THE CANADIAN ACTION PARTY / PARTI ACTION CANADIENNE
STATEMENT OF RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2004

	2004	2003
	\$	\$
RECEIPTS		
Contributions	38,164	47,282
Memberships and other	17,606	14,056
	55,770	61,338
EXPENDITURES		
Administrative	9,693	10,877
Advertising	8,360	7,337
Election expenses	14,540	-
Interest	30,000	-
Legal and audit	1,815	848
Miscellaneous	-	64
Salaries, wages and benefits	20,272	71,377
Telephone	4,755	5,946
	89,435	96,449
DEFICIENCY OF RECEIPTS OVER EXPENDITURES FOR THE YEAR	(33,665)	(35,111)
NET LIABILITIES, BEGINNING OF YEAR	(780,593)	(745,482)
NET LIABILITIES, END OF YEAR	(814,258)	(780,593)

See Accompanying Notes

THE CANADIAN ACTION PARTY / PARTI ACTION CANADIENNE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2004

	2004	2003
	\$	\$
OPERATING ACTIVITIES		
Deficiency of receipts over expenditures for the year	(33,665)	(35,111)
Add item not involving cash		
Amortization	818	1,503
	(32,847)	(33,608)
Net change in non-cash components of assets and liabilities		
Receivables	-	700
Payables and accrued liabilities	(2,789)	1,148
Loan payable to Paul Hellyer	30,000	48,027
	27,211	49,875
NET INCREASE IN CASH	(5,636)	16,267
CASH, BEGINNING OF YEAR	19,388	3,121
CASH, END OF YEAR	13,752	19,388

See Accompanying Notes

CANADIAN ACTION PARTY / PARTI ACTION CANADIENNE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004

1. ORGANIZATION

The organization is a registered political party under the Canada Elections Act. It is currently led by Paul Hellyer.

2. SIGNIFICANT ACCOUNTING POLICIES

Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Contributions

Contributions are recorded at fair market value and are recognized in the year of receipt.

Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is calculated on a declining balance basis at per annum rates which are expected to amortize the cost of the equipment over their estimated useful lives as follows:

Computer equipment	30%
Telephone equipment	20%
Furniture and fixtures	20%

3. EQUIPMENT

	2004		2003
	Cost	Accumulated Amortization	Net
	\$	\$	\$
Computer equipment	8,910	8,091	819
Telephone equipment	5,457	4,891	566
Furniture and fixtures	5,658	4,355	1,303
	20,025	17,337	2,688
			1,170
			707
			1,629
			3,506

Amortization in the year was \$818 (2003 - \$1,503) and is included in administrative expenditures.

**CANADIAN ACTION PARTY / PARTI ACTION CANADIENNE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004**

4. LOAN PAYABLE TO PAUL HELLYER

The loan payable to Paul Hellyer is without interest and with no specific terms of repayments.

5. NOTE PAYABLE TO PAUL HELLYER

The note payable to Paul Hellyer is payable on demand. It bears interest at 4% per annum payable yearly commencing January 1, 2004.

6. FINANCIAL INSTRUMENTS

Unless otherwise noted, it is management's opinion that the party is not exposed to significant interest rate, currency, or credit risks arising from its cash, receivables, accounts payable and accrued liabilities, and loans payable.