



**DECISION NO 19-W-3**  
**OF THE ADMINISTRATIVE BOARD**  
**OF THE EUROPEAN FISHERIES CONTROL AGENCY**  
**of 20/06/2019**

**relating to the adoption of the Final Annual Accounts for financial year 2018**

---

**European Fisheries Control Agency**

Email: [efca@efca.europa.eu](mailto:efca@efca.europa.eu) – Tel: +34 986 12 06 10 – Fax: +34 886 12 52 37

Address: Edificio Odriozola, Avenida García Barbón 4, E-36201 Vigo – Spain

Postal Address: EFCA - Apartado de Correos 771 - E-36200 Vigo – Spain

✓

THE ADMINISTRATIVE BOARD OF THE EUROPEAN FISHERIES CONTROL AGENCY,

Having regard to AB Decision No 13-W-09 of 31 December 2013 concerning the Financial Regulation of the European Fisheries Control Agency, and in particular Article 99 thereof,

Considering that, on receiving the Court of Auditors' observations on the provisional accounts of the Agency, the Accounting Officer shall draw up the final accounts of the Agency and the Executive Director shall send them to the Administrative Board, which shall give an opinion on these accounts,

Considering that the Accounting Officer shall send the final accounts, together with the opinion of the Administrative Board, to the Accounting Officer of the Commission, the Court of Auditors, the European Parliament and the Council, by 1 July of the following financial year,

HAS DECIDED AS FOLLOWS:

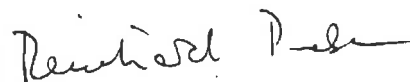
*Article 1*

The Final Annual accounts as attached in the Annex are adopted.

*Article 2*

The present Decision shall enter into force on the day of adoption by the Administrative Board.

Done in Vigo, on 20 June 2019



Reinhard Priebe  
Chair of the Administrative Board

J

**ANNEX**

**FINAL ANNUAL ACCOUNTS FOR FINANCIAL YEAR 2018**

4





# **Final ANNUAL ACCOUNTS of the European Fisheries Control Agency (EFCA)**

## **Financial Year 2018**

**Financial Statements  
Reports on the Implementation of the Budget**



## Table of Contents

CERTIFICATE .....	4
INTRODUCTION .....	5
Part I: FINANCIAL STATEMENTS .....	8
I.1 BALANCE SHEET.....	9
I.2 STATEMENT OF FINANCIAL PERFORMANCE .....	10
I.3 CASH FLOW STATEMENT .....	11
I.4 STATEMENT OF CHANGES IN NET ASSETS .....	12
I.5 NOTES TO THE FINANCIAL STATEMENTS .....	13
1. SIGNIFICANT ACCOUNTING POLICIES .....	13
2. NOTES TO THE BALANCE SHEET .....	16
3. NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE .....	23
4. NOTES TO THE CASH-FLOW STATEMENT .....	26
5. CONTINGENT ASSETS AND LIABILITIES AND OTHER SIGNIFICANT DISCLOSURES .....	27
6. PROTECTION OF THE AGENCY'S BUDGET .....	29
7. FINANCIAL INSTRUMENTS .....	30
8. CHANGES IN ACCOUNTING POLICIES.....	32
9. RELATED PARTY DISCLOSURE.....	33
10. EVENTS AFTER THE REPORTING DATE.....	33
Part II: REPORTS ON IMPLEMENTATION OF THE BUDGET .....	34
II.1 BUDGETARY STRUCTURE, PRINCIPLES AND MAIN EVENTS .....	35
II.2 BUDGET RESULT 2018 .....	38
II.3 RECONCILIATION OF ECONOMIC RESULT WITH BUDGET RESULT .....	39
II.4 BUDGET REVENUE .....	40
II.5 BUDGET EXPENDITURE.....	41
II.6 EVOLUTION OF COMMITMENTS OUTSTANDING (RAL) .....	45
II.7 ANNEXES TO THE BUDGETARY ACCOUNTS.....	47
ANNEX 1: REPORT ON THE BUDGETARY AND FINANCIAL MANAGEMENT (RBFM) .....	47
ANNEX 2: STAFF ESTABLISHMENT PLAN 2018.....	51
ANNEX 3: GLOSSARY TERMS AND ABBREVIATIONS.....	52

# CERTIFICATE

The Annual Accounts of the European Fisheries Control Agency for the year 2018 have been prepared in accordance with the Title IV Chapter 4 Section 3 and Title XIII of the Financial Regulation applicable to the general budget of the European Union, the accounting rules adopted by the Commission's Accounting Officer and the accounting principles and methods adopted by myself.

I acknowledge my responsibility for the preparation and presentation of the Annual Accounts of the EFCA in accordance with Article 50 of the Agency's Financial Regulation.

I have obtained from the Authorising Officer, who certified its reliability, all the information necessary for the production of the accounts that show the EFCA's assets and liabilities and the budgetary implementation.

I hereby certify that based on this information, and on such checks as I deemed necessary to sign off the accounts, I have a reasonable assurance that the accounts present fairly, in all material aspects, the financial position, the results of the operations and the cash flows of the Agency.

Vigo, 28 May 2019



Marcel Dedić  
Accounting Officer



# INTRODUCTION

## LEGAL BASIS

The Annual Accounts of European Fisheries Control Agency (herein also “EFCA” or “the Agency”) have been established in accordance with the following legislation:

- The Financial Regulation as adopted by its Administrative Board on 31 December 2013
- Regulation (EU, Euratom) n° 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union
- The "Framework Financial Regulation" for the bodies referred to in Article 70 of the above mentioned general financial regulation<sup>1</sup>
- The EU Accounting rules, methods and guidelines as adopted and provided by the Accounting Officer of the European Commission.

These Final Annual Accounts shall be sent, together with the opinion of the Administrative Board, to the Accounting Officer of the European Commission, the European Court of Auditors, the European Parliament and the Council by 1 July of the following financial year in accordance with Article 99 of the EFCA Financial Regulation.

## BACKGROUND INFORMATION

EFCA was established by Council Regulation (EC) n° 768/2005<sup>2</sup> of 26 April 2005 creating a Community Fisheries Control Agency. The regulation was last amended by Regulation (EU) n° 2016/1626, extending the mission of the Agency to cooperate with the European Border and Coast Guard Agency (EBCGA/FRONTEX) and the European Maritime Safety Agency (EMSA) to support national authorities carrying out coastguard functions.

### *Mission*

The objective of the Agency is to organise the operational coordination of fisheries control and inspection activities of the Member States (MS) and to assist them to cooperate in order to comply with the rules of the Common Fisheries Policy ensuring its effective and uniform application.

### *Tasks*

- EFCA coordinates the fisheries control joint operations of the Member States through the pooling of data and intelligence, joint risk analysis, inspection means and training of inspectors;
- EFCA, in cooperation with EMSA and FRONTEX, also assists the Member States Authorities delivering missions falling under the European Coast Guard function;
- EFCA assists the European Commission by analysing catch certificates and processing statements received from third countries, in addition to background research on trade statistics, fleet composition, characteristics of the fishing industries, etc.;
- EFCA collaborates with the Regional Fora of the Member States and supports them in the implementation of the Control Regime applying to the Common Fisheries Policy (CFP);

---

<sup>1</sup> The current regulation (EU no 1271/2013 of 30 September 2013) is about to be replaced by the new framework financial regulation for decentralised agencies adopted by the Commission on 18 December 2019 (C(2018) 8599) and subject to a two month objection period by the European Parliament and Council before entering into force. Pursuant to this, EFCA should adopt its own new financial rules based on the new framework financial regulation in a view of an entry into force on 1 July 2019.

<sup>2</sup> In the interests of clarity, EFCA's Founding Regulation of 2005 was replaced by a codified text, Regulation (EU) 2019/473 of the European Parliament and of the Council of 19 March 2019 on the European Fisheries Control Agency (OJ L 83, 25.3.2019, p. 18). Regulation (EU) 2019/473 entered into force on 14 April 2019, incorporating the initial Founding Regulation and subsequent amendments.

- EFCA also assists Member States by providing training on the implementation of the Illegal, Unreported and Unregulated (IUU) fishing Regulation and develops a Core Curriculum for the training of Union inspectors, as well as for national fisheries inspectors;
- EFCA supports the Union in the international dimension of the CFP in the fight against IUU fishing and providing capacity building assistance to third countries.

### ***The financial reporting year***

As a result of the attribution of the new tasks in relation to the European coastguard initiative, the Budget had increased substantially since 2017 compared to previous years (€17.4 million in 2018 and €17.1 million in 2017 compared to €9.9 million in 2016). The resulting significant increase in operational and administrative activities, as well as the additional human resources continue to be mirrored in the 2018 Annual Accounts, showing substantial increases in income, expenses, financial assets, current liabilities and the economic result of the year compared to 2016.

However, compared to 2017, the financial reporting year 2018 stabilised with the increased levels. EFCA operated its chartered Offshore Patrol Vessel (OPV) for a first complete year, for fisheries control purposes and also including multipurpose operations. EFCA continued the inter-Agency cooperation on Coast Guard Functions, hosting inter alia the Annual Coast Guard Event and using airborne assets within the framework of the Service Level Agreement (SLA) between EFCA and FRONTEX. In addition, EFCA started its first year of activities related to PESCAO, a project for improved regional fisheries governance in western Africa managed by DG Development and Cooperation (DEVCO) and financed by the European Development Fund (EDF). EFCA has signed a delegation/grant agreement in March 2018 with the delegation of the EU in Senegal, assigning a maximum of €2,585,000 EU grant contribution over five years to the Agency, from which €517,000 were received as a first Pre-Financing instalment in March 2018.

### ***Seat***

The Agency is a body of the European Union as referred to in Article 70 of Regulation (EU, Euratom) n° 2018/1046 on the financial rules applicable to the general budget of the Union. It has legal personality and is represented by its Executive Director who is appointed by the Administrative Board of the Agency. The seat of the Agency is Vigo, Spain. The Protocol on the Privileges and Immunities of the European Communities applies to the Agency. On 1 July 2008, the Agency started operating from its current headquarters at Edificio Odriozola, Avenida García Barbón 4 – 36201 Vigo.

### ***Governance***

EFCA is governed by the Administrative Board which is composed of one representative per Member State and six representatives of the European Commission. The duration of office of each member shall be five years as from the date of appointment. The term of office may be renewed. The Administrative Board elects a Chairperson from the Commission representatives and elects a Deputy Chairperson from among its members. The terms of office of the Chairperson and Deputy Chairperson shall be three years, renewable once.

The Administrative Board meets at least twice a year. It has, among others, the powers:

- to appoint and dismiss the Executive Director;
- to appoint the Accounting Officer;
- to adopt the Annual Report of the Agency for the previous year;
- to adopt the Programming Document containing the Annual Work Programme and Multiannual Work Programme of the Agency for the coming years;
- to adopt the final Budget before the beginning of the financial year;
- to give an opinion on the Final Annual Accounts of the Agency for the previous financial year.

In line with article 48 of the founding regulation of the Agency, in 2017 the second Five Year Independent External Evaluation of EFCA was commissioned by the Administrative Board for the

period 2012-2016. It confirmed EFCA's positive performance across the different evaluation criteria and stated, amongst other, that "EFCA's strong performance was supported by adequate governance arrangements and working practices, with commendable efficiency efforts, e.g. use of e-administration".

The Administrative Board issued recommendations to the European Commission regarding changes to the Founding Regulation, the Agency and its working practices. The evaluation findings and recommendations were forwarded by the European Commission to the European Parliament and the Council, and were made public (<https://www.efca.europa.eu/en/content/external-evaluation-2017>).

The recommendations issued by the Administrative Board are being taken into consideration in the Programming Document of the Agency. The implementation of the Administrative Board's recommendations is followed up in the Administrative Board meetings.

### ***Audit and Discharge***

The audit of the Agency is performed by the European Court of Auditors on the legality and regularity of the underlying transactions of the annual accounts, and by an independent external auditor who verifies that the annual accounts properly present the income, expenditure and financial position of the Agency.

The discharge in respect of the implementation of the budget of the year is granted by the European Parliament, upon recommendation from the Council to the Executive Director of the Agency. The discharge decision shall cover the accounts of all the revenue and expenditure of the Agency, the budget result and the assets and liabilities of the Agency shown in the financial statement.

## **STRUCTURE OF THE REPORT**

In accordance with Article 92 of the EFCA Financial Regulation, the accounts consist of the financial statements of the Agency (general accounts) and of the reports on the implementation of the budget (budgetary accounts), each following different accounting principles (please cf. Note 1 for more details). This report therefore consists of two parts:

### ***Part I: Annual Financial Statements***

The general accounts are accrual accounts, meaning that the effects of transactions and other events are recognised when those transactions or events take place. They are drawn up in accordance with the accounting rules adopted by the European Commission's Accounting Officer. These rules were initially adopted on 28 December 2004 and modified from time to time until the issuance of these Annual Accounts, and are accrual based accounting policies derived from the International Public Sector Accounting Standards (IPSAS) or by default, International Financial Reporting Standards (IFRS).

### ***Part II: Annual Reports on the implementation of the budget***

The budgetary accounts are modified cash accounts. As in any cash accounting system, payments made and revenue received are recorded in the period in which the cash transaction occurs. These accounts are termed 'modified' because payment appropriations carried over are also recorded. Their purpose is for drawing up the budget result and reports on budget implementation.

## **Part I: FINANCIAL STATEMENTS**

(All amounts disclosed in EUR)

## I.1 BALANCE SHEET (BS)

BS HEADING	Note	31.12.2018	31.12.2017	Variation
<b>NON-CURRENT ASSETS</b>		<b>580,240.04</b>	<b>611,488.68</b>	<b>-31,248.64</b>
Intangible assets	2.1.	76,729.00	183,950.00	-107,221.00
Intangible assets		76,729.00	183,950.00	-107,221.00
<b>Property, Plant and Equipment</b>	<b>2.2.</b>	<b>503,511.04</b>	<b>427,538.68</b>	<b>75,972.36</b>
Plant and equipment		16,315.00	18,982.00	-2,667.00
Computer hardware		234,093.00	318,723.68	-84,630.68
Furniture and vehicles		76,501.04	27,379.00	49,122.04
Other fixtures and fittings		176,602.00	62,454.00	114,148.00
<b>Financial assets (non-current)</b>	<b>2.3.&amp;7</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Long-term receivables and recoverables</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Pre-financing</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>CURRENT ASSETS</b>		<b>2,923,826.38</b>	<b>5,383,018.74</b>	<b>-2,459,192.36</b>
<b>Financial assets (current)</b>	<b>2.3.&amp;7</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Receivables and recoverables</b>	<b>2.4.</b>	<b>439,599.97</b>	<b>438,351.37</b>	<b>1,248.60</b>
Accounts receivable from consolidated EU entities		10,512.80	0.00	10,512.80
Sundry receivables		61,503.59	8,408.96	53,094.63
Deferred charges		367,427.48	429,938.87	-62,511.39
Accrued income		156.10	3.54	152.56
<b>Pre-financing</b>	<b>2.5.</b>	<b>5,799.32</b>	<b>328,869.18</b>	<b>-323,069.86</b>
<b>Cash and cash equivalents</b>	<b>2.6.</b>	<b>2,478,427.09</b>	<b>4,615,798.19</b>	<b>-2,137,371.10</b>
<b>TOTAL ASSETS</b>	<b>A</b>	<b>3,504,066.42</b>	<b>5,994,507.42</b>	<b>-2,490,441.00</b>
<b>NON-CURRENT LIABILITIES</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Provisions for risks and liabilities (long-term)</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Financial liabilities (non-current)</b>	<b>2.7.&amp;7</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Long-term liabilities to consolidated entities</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Other long-term liabilities</b>	<b>2.7.</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>CURRENT LIABILITIES</b>		<b>1,040,570.11</b>	<b>2,174,321.00</b>	<b>-1,133,750.89</b>
<b>Provisions for risks and liabilities</b>	<b>2.7.</b>	<b>2,643.68</b>	<b>0.00</b>	<b>2,643.68</b>
<b>Financial liabilities (current)</b>	<b>2.7.&amp;7</b>	<b>71,725.37</b>	<b>0.00</b>	<b>71,725.37</b>
<b>Payables</b>		<b>966,201.06</b>	<b>2,174,321.00</b>	<b>-1,208,119.94</b>
Sundry payables	2.8.	45,780.64	6,774.30	39,006.34
Accrued charges	2.9.	692,924.91	1,807,126.38	-1,114,201.47
Accounts payable to consolidated EU entities	2.10.	227,495.51	360,420.32	-132,924.81
<b>TOTAL LIABILITIES</b>	<b>L</b>	<b>1,040,570.11</b>	<b>2,174,321.00</b>	<b>-1,133,750.89</b>
<b>NET ASSETS</b>	<b>A-L</b>	<b>2,463,496.31</b>	<b>3,820,186.42</b>	<b>-1,356,690.11</b>
<b>Accumulated surplus/deficit</b>	<b>R</b>	<b>3,820,186.42</b>	<b>1,378,800.11</b>	<b>2,441,386.31</b>
<b>Economic result of the year</b>	<b>A-L-R</b>	<b>-1,356,690.11</b>	<b>2,441,386.31</b>	<b>-3,798,076.42</b>

## I.2 STATEMENT OF FINANCIAL PERFORMANCE (SFP)

	Note	2018	2017	Variation
<b>OPERATING REVENUE</b>		<b>17,131,281.63</b>	<b>17,207,869.12</b>	<b>-76,587.49</b>
European Union Contribution	3.1.1.	16,686,007.00	17,207,869.12	-521,862.12
Other non-exchange revenue	3.1.2.	445,274.63	0.00	445,274.63
Other exchange revenue	3.1.3.	0.00	0.00	0.00
<b>OPERATING EXPENSES</b>		<b>-18,487,863.74</b>	<b>-14,768,556.63</b>	<b>-3,719,307.11</b>
Operating expenses	3.2.1.	-7,280,103.61	-4,387,240.28	-2,892,863.33
Administrative expenses	3.2.2.	-11,207,760.13	-10,381,316.35	-826,443.78
<b>SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES</b>		<b>-1,356,582.11</b>	<b>2,439,312.49</b>	<b>-3,795,894.60</b>
Financial revenue	3.3.	469.39	2,548.05	-2,078.66
Financial expenses	3.3.	-577.39	-474.23	-103.16
<b>SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES</b>		<b>-1,356,690.11</b>	<b>2,441,386.31</b>	<b>-3,798,076.42</b>
Extraordinary gains		0.00	0.00	0.00
Extraordinary losses		0.00	0.00	0.00
<b>SURPLUS/(DEFICIT) FROM EXTRAORDINARY ITEMS</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>ECONOMIC RESULT OF THE YEAR</b>		<b>-1,356,690.11</b>	<b>2,441,386.31</b>	<b>-3,798,076.42</b>

### I.3 CASH FLOW STATEMENT

	Note	2018	2017
Economic result of the year		<b>-1,356,690.11</b>	<b>2,441,386.31</b>
<b>Operating activities</b>			
Amortization (intangible fixed assets) +		116,154.42	189,096.00
Depreciation (tangible fixed assets) +		222,273.43	232,131.09
Increase/(decrease) in Provisions for risks and liabilities		2,643.68	-5,000.00
Increase/(decrease) in Value reduction for doubtful debts		0.00	0.00
(Increase)/decrease in Stock		0.00	0.00
(Increase)/decrease in Long term Pre-financing		0.00	0.00
(Increase)/decrease in Short term Pre-financing		323,069.86	-328,869.18
(Increase)/decrease in Long term Receivables		0.00	0.00
(Increase)/decrease in Short term Receivables		9,264.20	-312,859.96
(Increase)/decrease in Receivables related to consolidated EU entities		-10,512.80	0.00
Increase/(decrease) in Other Long term liabilities		0.00	0.00
Increase/(decrease) in Other Short term liabilities		71,725.37	0.00
Increase/(decrease) in Accounts payable		-1,075,195.13	1,250,753.08
Increase/(decrease) in Liabilities related to consolidated EU entities		-132,924.81	-162,403.21
Other non-cash movements		0.00	0.00
<i>Increase/(decrease) in Employee benefits</i>		0.00	0.00
<b>Net cash-flow from operating activities</b>	<b>4.1.</b>	<b>-1,830,191.89</b>	<b>3,304,234.13</b>
<b>Investing activities</b>			
(Increase)/Decrease in intangible assets and property, plant and equipment		-307,179.21	-219,503.09
Proceeds from tangible and intangible fixed assets (+)		0.00	125.00
<b>Net cash-flow from investing activities</b>	<b>4.2.</b>	<b>-307,179.21</b>	<b>-219,378.09</b>
<b>Net cash-flow from financing activities</b>	<b>4.3.</b>	<b>0.00</b>	<b>0.00</b>
Net increase/(decrease) in cash and cash equivalents		<b>-2,137,371.10</b>	<b>3,084,856.04</b>
Cash and cash equivalents at the beginning of the year		<b>4,615,798.19</b>	<b>1,530,942.15</b>
<b>Cash and cash equivalents at year end</b>		<b>2,478,427.09</b>	<b>4,615,798.19</b>

## I.4 STATEMENT OF CHANGES IN NET ASSETS

	Note	Accumulated Surplus/Deficit	Economic result of the year	Net Assets (Total)
<b>Balance as at 31 December 2017</b>		1,378,800.11	2,441,386.31	3,820,186.42
Changes in accounting policies		0.00	0.00	0.00
<b>Balance as at 1 January 2018</b>		<b>1,378,800.11</b>	<b>2,441,386.31</b>	<b>3,820,186.42</b>
Allocation of the economic result of previous year		2,441,386.31	-2,441,386.31	0.00
Economic result of the year		0.00	-1,356,690.11	-1,356,690.11
<b>Balance as at 31 December 2018</b>		<b>3,820,186.42</b>	<b>-1,356,690.11</b>	<b>2,463,496.31</b>



## **I.5 NOTES TO THE FINANCIAL STATEMENTS**

### **(1.1.2018 – 31.12.2018)**

#### **1. SIGNIFICANT ACCOUNTING POLICIES**

##### **1.1. Legal basis and Accounting rules**

The following Annual Accounts together with the reports on implementation of the budget of EFCA have been drawn up in accordance with Article 95 of EFCA Financial Regulation.

These Financial Statements are prepared on the basis of the EU Accounting rules as adopted by the Commission's Accounting Officer which adapt the International Public Sector Accounting Standards (and in some cases the International Financial Reporting Standards) to the specific environment of the EU. The reports on implementation of the budget continue to be primarily based on movements of cash.

The accounting system of EFCA consists of general accounts and budget accounts. These accounts are kept in Euro based on the calendar year. The budget accounts give a detailed picture of the implementation of the budget. They are based on the modified cash accounting principle.<sup>3</sup> The general accounts allow for the preparation of the Financial Statements as they show all charges and income for the financial year and are designed to establish the financial position in the form of a Balance Sheet as at 31 December.

##### **1.2. Accounting principles**

The objectives of the Financial Statements are to provide information about the financial position, the performance and the cash flows of an entity that is useful to a wide range of users. For a public sector entity such as EFCA, the objectives are more specifically to provide information useful for decision-making and to demonstrate the accountability of the entity for the resources entrusted to it.

Article 95 of EFCA Financial Regulation sets out the accounting principles to be applied in drawing up the financial statements. The overall considerations (or accounting principles) to be followed when preparing the financial statements are laid down in EU Accounting Rule n° 1 and are the same as those described in IPSAS n° 1 "Presentation of Financial Statements":

##### **Fair presentation**

Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses set out in the EU Accounting rules. The application of EU Accounting rules, with additional disclosures when necessary, is presumed to result in Financial Statements that achieve a fair presentation (EU Accounting Rule n° 1).

##### **Accrual Basis**

In order to meet their objectives, Financial Statements are prepared on the accrual basis of accounting. Under this basis, the effects of transactions and other events are recognised when they occur (and not when cash or its equivalent is received or paid) and they are recorded in the accounting records and reported in the Financial Statements of the period to which they relate (EU Accounting Rule n° 1).

---

<sup>3</sup> This differs from cash-based accounting because of elements such as carry-forwards and carry-overs.

## **Going concern**

When preparing Financial Statements, the entity's ability to continue as a going concern shall be assessed. The Financial Statements shall be prepared on a going concern basis unless there is an intention to liquidate the entity or to cease its operations, or if there is no realistic alternative but to do so. These Financial Statements have been prepared in accordance with the going concern principle, which means that EFCA is deemed to have been established for an indefinite duration (EU Accounting Rule n° 1).

## **Consistency of presentation**

According to this principle, the presentation and classification of items in the Financial Statements shall be retained from one period to the next (EU Accounting Rule n° 1).

## **Aggregation**

Each material class of similar items shall be presented separately in the Financial Statements. Items of a dissimilar nature or function shall be presented separately unless they are immaterial (EU Accounting Rule n° 1).

## **Offsetting**

Assets and liabilities, and revenue and expenses, shall not be offset unless required or permitted by an EU Accounting rule (EU Accounting Rule n° 1).

## **Comparative Information**

Except when an EU Accounting rule permits or requires otherwise, comparative information shall be disclosed in respect of the previous period for all amounts reported in the Financial Statements. When the presentation or classification of items in the Financial Statements is amended, comparative amounts shall be reclassified unless the reclassification is impracticable (EU Accounting Rule n° 1).

According to article 95 of EFCA Financial Regulation, the financial statements shall present information, including the information on accounting policies, in a manner that ensures it is relevant, reliable, comparable and understandable (as explained in EU Accounting Rule n° 1 and IPSAS n° 1).

### **1.3. Basis of preparation**

#### **Functional and reporting currency**

The Financial Statements are presented in euros, which is the functional and reporting currency of the EU and of EFCA (article 21 of EFCA Financial Regulation).

#### **Transactions and balances**

Foreign currency transactions are recorded using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary items in foreign currency into euros at year end are recognised in the Statement of Financial Performance.

#### **Chart of Accounts**

The Chart of Accounts used by EFCA follows the structure of the Chart of Accounts of the European Commission (PCUE).

## **Use of estimates**

Preparation of Financial Statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the amounts presented and disclosed in the Financial Statements of EFCA. The significant estimates and assumptions in these Financial Statements require judgment and are used for, but not limited to, accrued income and charges, provisions, contingent assets and liabilities. Actual results reported in future periods may be different from these estimates. Changes in estimates are reflected in the period in which they become known.

### **1.4. Changes in accounting policies and prior period adjustments**

In accordance with EU Accounting Rule n° 14, changes in Accounting Policies should be applied in such manner that the financial statements, including the comparative information for prior periods, are presented as if the new accounting policy had always been in use. Comparative information should be restated for each prior period presented unless it is impracticable to do so.

## 2. NOTES TO THE BALANCE SHEET

Assets are resources controlled by the Agency as a result of past events and from which future economic benefits or service potential are expected to flow.

### 2.1. Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance. Acquired computer software licences are stated at historical cost less accumulated amortisation and impairment losses. The assets are amortised on a straight-line basis over their estimated useful lives. The estimated useful lives of intangible assets depend on their specific useful economic lifetime.

Amortisation is the systematic allocation of the depreciable amount of an intangible asset over its useful life (EU Accounting Rule n° 6).

Internally developed intangible assets are capitalised when the criteria of the relevant EU Accounting Rule n° 6 are met. The capitalisable costs include all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. Costs associated with research activities, non-capitalisable development costs and maintenance costs are recognised as expenses when incurred.

During the year 2018, EFCA has incurred the following research and development costs related to IT Projects which have not met the capitalisation criteria:

Not capitalised costs	IT Research cost	IT Development cost
Financial year 2017	0.00	307,735.10
Financial year 2018	0.00	106,990.00

These costs were recognised in the category of Administrative expenses together with other IT operational costs (please see also Note 3.2.2 below).

As required by the EC Accounting Rule n° 6, the Internally Generated Software items are capitalised if their eligible development costs are above a locally established capitalisation threshold. The Agency decided to implement a local capitalisation threshold of €100,000 (recommended by the European Court of Auditors (ECA) as best practice for entities with an annual budget below €40 million).

### 2.2. Property, plant and equipment

All property, plant and equipment items are valued at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the Agency and its cost can be measured reliably. Repairs and maintenance costs are charged to the Statement of Financial Performance during the financial period in which they are incurred.

Assets under construction are not depreciated, as these assets are not yet available for use. Depreciation is the systematic allocation of the depreciable amount of an asset over its useful economic lifetime (EU Accounting Rule n° 7).

Gains or losses on disposals of assets are determined by comparing the proceeds less the selling expenses with the carrying amount of the disposed asset. They are included in the Statement of Financial Performance.

According to EC guidelines and automatically embedded in the electronic Asset Register (ABAC Assets), the assets are considered as such when their nominal value is equal or above €420<sup>4</sup>.

The assets registration system, integrated in the Agency's accounting systems, is identical to the one used by the European Commission (ABAC Assets) and it is operational in EFCA since July 2008. The amortisation and depreciation are automatically calculated and posted in SAP on a monthly basis.

Intangible assets and Property, Plant and Equipment are both reflected in the Balance Sheet at their net book value.

The following amortisation/depreciation rates are used by the Agency (automatically applied in SAP based on the products selected from the catalogue of ABAC Assets):

Asset type	A Depreciation rate, consolidation manual	B Depreciation rate used by reporting entity
<b><u>Intangible assets</u></b>		
Software for personal computers and servers	25%	25.0%
<b><u>Tangible assets</u></b>		
<b><u>Land</u></b>	0%	0.0%
<b><u>Buildings</u></b>	4%	4.0%
<b><u>Plant and equipment</u></b>		
Scientific and laboratory equipment	25%	25.0%
Tools for industry and workshops	12.5%	12.5%
Lifting and mechanical handling equipment for public works, prospecting and mining	12.5%	12.5%
Control and transmission devices, motors, compression, vacuum and pumping equipment	12.5%	12.5%
Equipment for the supply and treatment of electric power	12,5%, 25%	12,5%, 25%
Specific electric equipment	25%	25.0%
<b><u>Furniture and vehicles</u></b>		
Office, laboratory and workshop furniture	10%	10.0%
Electrical office equipment, printing and mailing equipment	25%	25.0%
Printshop and postroom equipment	12.5%	12.5%
Equipment and decorations for garden, kitchen, canteen, restaurant, crèche and school	12.5%	12.5%
Motorised outdoor equipment	25%	25.0%
Specific furniture and equipment for schools, crèches and childcare centres	25%	25.0%
Furniture for restaurant/cafeteria/bar area	10%, 12,5%	10%, 12,5%
Cash registers and card acceptor devices	25%	25.0%
Antiques, artistic works, collectors' items	0%	0.0%
Transport equipment (vehicles and accessories)	25%	25.0%
<b><u>Computer hardware</u></b>		
Computers, servers, accessories, data transfer equipment, printers, screens	25%	25.0%
Copying equipment, digitising and scanning equipment	25%	25.0%
<b><u>Other fixtures and fittings</u></b>		
Telecommunications equipment	25%	25.0%
Audiovisual equipment	25%	25.0%
Computer, scientific and general books, documentation		
Computer books, CDs, DVDs	33%	33.0%
Scientific books, general books, CDs, DVDs	25%	25.0%
Health, safety and protective equipment, medical equipment, fire-fighting equipment, equipment for surveillance and security services	12.5%	12.5%
Medical and nursing equipment	25%	25.0%
other	10%	10.0%
<b><u>Tangible fixed assets under construction</u></b>	0%	0.0%

The table 'MOVEMENTS IN FIXED ASSETS' on the following page shows the opening balances, acquisitions, disposals, transfers and closing balances of the main asset classes for 2018, split between gross carrying amounts and amortisations/depreciations.

## Leases

EFCA does not have leases of tangible assets, where to have substantially all the risks and rewards of ownership and which would be classified as finance leases.

<sup>4</sup> A substantial increase of this threshold is under discussion, however, should EFCA decide to change it, it would not affect the 2018 Accounts.

Leases where the lessor retains a significant portion of the risks and rewards inherent to ownership are classified as operating leases. Payments made under operating leases are recognised as an expense in the statement of financial performance on a straight-line basis over the period of the lease. Further disclosures on the operating leases of the Agency can be found under Note 5.3.2. further below.

### MOVEMENTS IN FIXED ASSETS DURING 2018

	Gross Carrying Amounts					Accumulated Depreciation					Net Carrying Amounts 01.01.18	Net Carrying Amounts 31.12.18
ASSET CLASS	Opening Balance 01.01.18	Additions	Disposals	Transfers between headings	Closing Balance 31.12.18	Opening Balance 01.01.18	Amortisation and depreciation charge of the year	Amort/Depr of disposals	Charge of transfers between headings	Closing Balance 31.12.18		
Computer Software	278,625.02	8,933.42	0.00	0.00	287,558.44	-270,988.02	-7,965.42	0.00	0.00	-278,953.44	7,637.00	8,605.00
Internally Generated Software (*)	922,374.00	0.00	0.00	0.00	922,374.00	-746,061.00	-108,189.00	0.00	0.00	-854,250.00	176,313.00	68,124.00
Intangibles under construction	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Intangible Fixed Assets</b>	<b>1,200,999.02</b>	<b>8,933.42</b>	<b>0.00</b>	<b>0.00</b>	<b>1,209,932.44</b>	<b>-1,017,049.02</b>	<b>-116,154.42</b>	<b>0.00</b>	<b>0.00</b>	<b>-1,133,203.44</b>	<b>183,950.00</b>	<b>76,729.00</b>
Plant and Equipment	77,503.34	6,150.00	0.00	0.00	83,653.34	-58,521.34	-8,817.00	0.00	0.00	-67,338.34	18,982.00	16,315.00
Furniture	180,247.41	61,949.75	0.00	0.00	242,197.16	-152,868.41	-12,827.71	0.00	0.00	-165,696.12	27,379.00	76,501.04
Computer hardware	1,222,198.11	75,671.73	0.00	0.00	1,297,869.84	-903,474.43	-160,302.41	0.00	0.00	-1,063,776.84	318,723.68	234,093.00
Fixtures & Fittings	229,917.40	154,474.31	0.00	0.00	384,391.71	-167,463.40	-40,326.31	0.00	0.00	-207,789.71	62,454.00	176,602.00
Fixed assets under construction	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Tangible Fixed Assets</b>	<b>1,709,866.26</b>	<b>298,245.79</b>	<b>0.00</b>	<b>0.00</b>	<b>2,008,112.05</b>	<b>-1,282,327.58</b>	<b>-222,273.43</b>	<b>0.00</b>	<b>0.00</b>	<b>-1,504,601.01</b>	<b>427,538.68</b>	<b>503,511.04</b>
<b>TOTAL Fixed Assets (Net Book Value)</b>	<b>2,910,865.28</b>	<b>307,179.21</b>	<b>0.00</b>	<b>0.00</b>	<b>3,218,044.49</b>	<b>-2,299,376.60</b>	<b>-338,427.85</b>	<b>0.00</b>	<b>0.00</b>	<b>-2,637,804.45</b>	<b>611,488.68</b>	<b>580,240.04</b>

Notes:

(\*) please refer to Note 2.1. for details on the capitalisation policy for Internally Generated Software

### 2.3. Financial assets

Applying the EU Accounting Rule n° 11, the financial assets of the Agency consists in its receivables and current bank accounts. Receivables arise when the Agency provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities more than 12 months of the balance sheet date. Receivables (including deferred charges and accrued income) are classified in the category of financial instruments of “Loans and receivables”. Further disclosures are presented below in Note 7 “Financial Instruments”.

### 2.4. Current receivables and recoverables

Receivables are carried at original amount less write-down for impairment. A write-down for impairment of receivables is established when there is objective evidence that the Agency will not be able to collect all amounts due according to the original terms of receivables. The amount of the write-down is the difference between the asset's carrying amount and the recoverable amount. The amount of the write-down is recognised in the Statement of Financial Performance.

Current receivables and recoverables	31.12.2018	31.12.2017
<b>Current customer receivables</b>	<b>0.00</b>	<b>0.00</b>
<b>Amounts due from other consolidated entities</b>	<b>10,512.80</b>	<b>0.00</b>
-exchange	10,512.80	0.00
-non-exchange	0.00	0.00
<b>Sundry receivables</b>	<b>61,503.59</b>	<b>8,408.96</b>
Staff	61,100.71	8,006.08
Others	402.88	402.88
<b>Deferred charges</b>	<b>367,427.48</b>	<b>429,938.87</b>
<b>Accrued Income</b>	<b>156.10</b>	<b>3.54</b>
<b>TOTAL</b>	<b>439,599.97</b>	<b>438,351.37</b>

The amounts above, unless specifically stated otherwise, have the nature of receivables and recoverable from **exchange** transactions.

The **amounts due from other consolidated entities** is an open Debit Note with FRONTEX regarding inter-Agency staff regularisations.

The increase in **Sundry receivables** is related exclusively to prepaid expenses for staff missions (due to the expiry of the travel Agency framework contract at year-end).

The **deferred charges** for 2018 include €250,000 of prepaid expenses for the EFCA chartered Vessel for January 2019. The remaining amount represents mostly prepaid expenses for software licenses and other maintenance, insurance and service contracts that are associated with deliveries of services for periods ending after the 31 December 2018.

The **accrued income** refer to interests received after year-end but still accrued in the reporting year.



## 2.5. Pre-Financing (Short-term receivable)

The amount of €5,799.32 represents remaining Pre-Financing to be recovered from EMSA for services provided in previous years and as defined in the Service Level Agreement between the two agencies.

## 2.6. Cash and cash equivalents

Applying the EU Accounting Rule n° 11, the cash and cash equivalents are classified in the category of financial instruments "Available for sale". Further disclosures are presented below in Note 7 "Financial Instruments".

Cash and Cash equivalents	31.12.2018	31.12.2017
<b>Unrestricted cash</b>	<b>2,478,427.09</b>	<b>4,615,798.19</b>
Treasury and Central Bank accounts	0.00	0.00
Current accounts (bank accounts)	2,477,537.95	4,614,750.27
Imprest accounts	0.00	0.00
Cash in hand ("Caisses")	889.14	1,047.92
Transfers (Cash in transit) *)	0.00	0.00
Short-term deposits and other cash equivalents < 3 months	0.00	0.00
<b>Restricted cash</b>	<b>0.00</b>	<b>0.00</b>
<b>TOTAL</b>	<b>2,478,427.09</b>	<b>4,615,798.19</b>

The Agency has bank accounts in Belgium with ING BANK NV Belgium and in Spain with Banco Bilbao Vizcaya Argentaria SA (BBVA).

The Cash Flow Statement presented under I.3 above provides the users of the financial statements with a basis to assess:

- (a) the ability of the entity to generate cash and cash equivalents, and
- (b) the needs of the entity to utilize those cash flows.

More details on the Cash Flow Statement can be found below in section 4 "Notes to the Cash Flow Statement".

## 2.7. Non-current liabilities, Financial liabilities and provisions for risks and liabilities

Applying the provisions of the EU Accounting Rule n° 11, the financial liabilities of the Agency consists in its payables. They are classified as current liabilities, except for maturities more than 12 months after the balance sheet date. Payables (including accrued charges, deferred income and other liabilities) are classified in the category of financial instruments "Other financial liabilities". Further disclosures are presented below in Note 7 "Financial Instruments".

Provisions are recognised when the Agency has a present legal or constructive obligation towards third parties as a result of past events, when it is more likely than not that an outflow of resources will be required to settle the obligation and when the amount can be reliably estimated. The amount of the provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

A financial liability was recognised in 2018 following the receipt of the first Pre-Financing instalment of €517,000 from the PESCAO Grant (see background information under "The financial reporting year", p.6). In accordance with EU Accounting Rule N° 5, Pre-financing is measured at the amount initially recognised on the balance sheet less eligible expenses, including estimated amounts where necessary, incurred during the period. Charges incurred and accrued for activities during 2018 amount to €445,274.63, leading to the disclosed net liability of €71,725.37. In principle, this open amount is not due until the payment of the balance

at the estimated end of the project in 2022, however, an annual clearing exercise is performed, which is why the Agency chose to disclose it as a short-term liability.

As for provisions for risks and liabilities, a new provision was recognised in 2018 relating to a possible supplemental recovery of unused funds for ad-hoc grants by the Commission.

Short-Term Provisions	31.12.2018	31.12.2017
Opening Balance	0.00	5,000.00
Additional provisions	2,643.68	0.00
Unused Amounts reversed	0.00	-1,200.00
Amounts Used	0.00	-3,800.00
Transfers from Long-term provisions	0.00	0,00
Others	0.00	0,00
<b>TOTAL Closing Balance</b>	<b>2,643.68</b>	<b>0.00</b>

All the adjustments for the indexation and for the annual review of the country coefficient for Spain were calculated by PMO and accounted for timely in the last payroll run of the year (December 2018) for the period 01.07.2018-31.12.2018, so no provisions were needed for this.

## 2.8. Current Payables

Payables arising from the purchase of goods and services are recognised at invoice reception for the original amount. The corresponding expenses are entered in the accounts when the supplies or services are delivered and accepted by the Agency.

The payables of the Agency are not related only to the purchase of goods or services. They are pending cost claims from governmental experts invited to meetings organised in the framework of Agency's operational activities or from own staff for missions. They are recorded as payables for the requested amount when the cost claim is received. Upon verification and acceptance of the eligible costs, the payables are valued at the accepted and eligible amount.

An overview of the major items of sundry payables is presented below:

Current payables	31.12.2018	31.12.2017
<b>Amounts payable – suppliers, Member states, etc.</b>	<b>0.00</b>	<b>0.00</b>
<b>Sundry Payables</b>	<b>45,780.64</b>	<b>6,774.30</b>
Staff	40,648.80	0.00
Assets - Goods received without invoice	5,131.84	6,774.30
<b>Amounts payable to public bodies</b>	<b>0.00</b>	<b>0.00</b>
<b>TOTAL</b>	<b>45,780.64</b>	<b>6,774.30</b>

The amount of €40,648.80 relates exclusively to payables to the Commission in relation to EFCA ex-staff (regularisation of payments to pensioners).

## 2.9. Accrued charges

According to the EU Accounting rules, transactions and events are recognised in the financial statements in the period to which they relate. At the end of the accounting period, accrued expenses are recognised based on an estimated amount of the transfer obligation of the period. The calculation of accrued expenses is done in accordance with practical guidelines issued by the Agency (the Carry-forward procedure) which aim at ensuring that the financial statements reflect a true and fair view.

As a result, expenditure related to goods or services provided to the Agency during the financial year 2018, but neither invoiced nor paid at the end of the year, are estimated and recognised as accrued charges.

Moreover, some accrued amounts are also taking into account specific additional payment obligations stemming from 2018 activities on top of the carry-forward amounts (like for example untaken leave of staff).

Unlike for 2018, 2017 accrued charges with FRONTEX for Multipurpose Aerial Surveillance and Seaborne means and with EMSA for the provision of a Vessel and specific IMS/IUU services amounted to €1.1 million. In 2018, EFCA needed to accrue only some administrative charges with the Commission and other consolidated EU entities.

Accrued Charges	31.12.2018	31.12.2017
Untaken annual leave	154,145.72	120,747.07
Other accrued charges	512,731.45	495,464.41
Accrued Charges with consolidated EU entities	26,047.74	1,190,914.90
<b>TOTAL</b>	<b>692,924.91</b>	<b>1,807,126.38</b>

## 2.10. Accounts payable to consolidated EU entities

At the end of 2018, there is a surplus of the EU subsidy of €162,944.98 that has to be returned to the European Commission in the coming year. The amount corresponds to the budgetary outturn result of the year (cf. II.2 in Part II of this report).

During 2018, the surplus of the 2017 subsidy (€240,699.81) has been repaid to the European Commission. Since 1 January 2014, the bank interest from funds representing EU subsidy is not repayable anymore to the European Commission (for more details on the accounting treatment of interest, please see Note 3.3. "Financial result").

Accounts payable to consolidated EU entities	31.12.2018	31.12.2017
Repayable positive budget outturn (EU subsidy)	162,944.98	240,699.81
Pre-Financing Ad-hoc grants Pilot Projects	64,550.53	119,720.51
<b>TOTAL</b>	<b>227,495.51</b>	<b>360,420.32</b>

The pilot-project "Modernising Fisheries Controls and Optimising Vessel Monitoring for the through the use of Innovative European Systems (MARSURV)" ceased activities at the end of 2018. The Pre-Financing payable shown is the estimated remaining amount of the €420.000 ad-hoc grant to be reimbursed to the Commission once the final report is sent and accepted (see Note 3.1.1. below for further details).

## 3. NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE

### 3.1. Revenue

Non-exchange revenue makes up the vast majority of the Agency's revenue and represents mainly the EU subsidy.

#### 3.1.1. European Union subsidy

Non-exchange revenue	2018	2017
European Union subsidy	16,650,055.02	16,872,300.19
Income from EU consolidated Grants (PP EUCG/MARSURV)	35,951.98	335,568.93
Income from other Grants (EDF-PESCAO)	445,274.63	0.00
<b>TOTAL</b>	<b>17,131,281.63</b>	<b>17,207,869.12</b>

Two ad-hoc grants from the Commission for pilot projects were received during 2016 ("Creation of a European coastguard function" which finished in 2017 already and "Modernising Fisheries Controls and Optimising Vessel Monitoring through the use of Innovative European Systems" which finished in 2018). The part matching the costs incurred only during 2018 was recognised as income for 2018 for €38,444.50. Adjustments for non-recovered costs/final commitments from previous years were also recognised in 2018. The below table summarises the payments implemented (budget accounting) and income recognised (accrual accounting) since the receipt of the two grants in 2016 in function of their budget commitments entered into and their respective charges:

Ad-hoc grants for Pilot Projects	Expenses Ref.	Budget appropriations	Budget payments 2016-2018 (Cash Acc.)	CHARGES 2016 (Accrual Acc.)	CHARGES 2017 (Accrual Acc.)	CHARGES 2018 (Accrual Acc.)	CHARGES Final Adjustments (Accrual Acc.)	CUMUL. CHARGES 2016-2018 (Accrual Acc.)
<b>PP EUCC</b>								
Seconded National Experts (SNEs)	Staff	135,842.00	135,842.00	135,842.00	0.00	0.00	0.00	135,842.00
Capacity Building Training	Operational	40,000.00	27,889.28	16,000.00	11,889.28	0.00	1,464.72	29,354.00
Mediterranean Sea and Black Sea	Operational	154,158.00	144,407.04	125,000.00	19,407.04	0.00	1,178.96	145,586.00
<b>Subtotal EUCC</b>		<b>330,000.00</b>	<b>308,138.32</b>	<b>276,842.00</b>	<b>31,296.32</b>	<b>0.00</b>	<b>2,643.68</b>	<b>310,782.00</b>
<b>PP MARSURV</b>								
Contract Staff	Staff	41,000.00	18,347.21	0.00	0.00	18,347.21	0.00	18,347.21
Seconded National Experts (SNEs)	Staff	117,000.00	113,131.72	17,868.56	95,263.16	0.00	0.00	113,131.72
Maritime Surve. Pooled Cap.&IUU	Operational	227,101.27	221,377.80	0.00	209,009.45	13,593.29	-5,136.20	217,466.54
Data Monitoring and Networks	Operational	34,898.73	6,504.00	0.00	0.00	6,504.00	0.00	6,504.00
<b>Subtotal MARSURV</b>		<b>420,000.00</b>	<b>359,360.73</b>	<b>17,868.56</b>	<b>304,272.61</b>	<b>38,444.50</b>	<b>-5,136.20</b>	<b>355,449.47</b>
<b>GRAND TOTAL</b>		<b>750,000.00</b>	<b>667,499.05</b>	<b>294,710.56</b>	<b>335,568.93</b>	<b>38,444.50</b>	<b>-2,492.52</b>	<b>666,231.47</b>

### 3.1.2. Other non-exchange revenue

In relation to the EDF-Grant for the PESCAO project (see background information under "The financial reporting year", p.6), the part matching the costs incurred during 2018 was recognised as income for 2018 for €445,274.63. The below table summarises the commitments and payments implemented (cash/budget accounting) and income recognised in function of the charges incurred (accrual accounting) in the first year:

PESCAO GRANT	Expenses Ref.	Budget appropriations 2018	Budget commitments 2018 (Cash Acc.)	Budget payments 2018 (Cash Acc.)	CHARGES 2018 (Accrual Acc.)
Contract staff	Staff	88,480.00	88,480.00	88,480.00	88,480.00
Seconded National Experts (SNEs)	Staff	103,520.00	102,787.07	102,787.07	102,787.07
Operational Expenditure	Operational	403,849.00	278,579.73	197,243.70	254,007.56
<b>TOTAL</b>		<b>595,849.00</b>	<b>469,846.80</b>	<b>388,510.77</b>	<b>445,274.63</b>

### 3.1.3. Other exchange revenue

Exchange revenue is the revenue from exchange transactions which are defined as those transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange. The typical exchange revenue for the Agency is related to procurement of goods and services.

There was no such income for 2018.

### 3.2. Expenses

According to the principle of accrual based accounting, the Financial Statements take account of expenses relating to the reporting period, without taking into consideration the payment date, i.e. when the goods or services are used or consumed.

The Agency incurs mostly exchange expenses arising from the purchase of goods and services. The costs are recognised when the supplies are delivered and accepted by the Agency. When an invoice, debit note, request for payment or cost claim is received and meets the eligibility criteria, it is recognised as an expense for the eligible amount.

#### 3.2.1. Operational Expenses

The operational expenses include the expenditure with main operational activities carried out in the frame of the mission and tasks of the Agency.

Exchange Operational Expenses	2018	2017
Chartering Off-Shore Patrol Vessels (OPVs) and related expenses	4,399,678.67	2,243,791.57
Multipurpose Aerial Surveillance (MAS)	408,540.93	447,288.72
PESCAO Operational Costs	254,007.56	0.00
Other operational expenses	2,217,876.45	1,696,159.99
<b>TOTAL</b>	<b>7,280,103.61</b>	<b>4,387,240.28</b>

In 2018 they are made up mainly of expenses for the charter of Off-shore Patrol Vessels (OPV), Multipurpose Aerial Surveillance with FRONTEX, other operational expenses such as experts invited to various technical meetings for their specific expertise and mission expenses related to operational tasks, and costs in relation to the PESCAO project (see Note 3.1.2. for details on the latter).

#### 3.2.2. Administrative Expenses

Administrative Expenses	2018	2017
<b>Staff expenses</b>	<b>7,725,622.70</b>	<b>7.010.670,18</b>
<b>Amortisation/depreciation and Fixed assets-related expenses</b>	<b>338,427.85</b>	<b>421.352,09</b>
<b>Other administrative expenses</b>	<b>3,143,709.58</b>	<b>2.949.294,08</b>
Maintenance, security, insurance and other costs related to the office premises	478,969.84	318.945,30
Training and recruitment	74,366.51	116.028,43
Missions, experts	146,326.24	186.467,16
IT related expenditure including research and development costs	1,292,924.28	1.460.745,43
Expenses with other internal/external services providers (non-IT)	566,804.55	581.120,45
Office supplies, communications, legal exp. and insurance	583,744.50	285.104,64
Net loss/(gain) from foreign exchange <sup>5</sup>	573.66	882,67
<b>TOTAL</b>	<b>11,207,760.13</b>	<b>10.381.316,35</b>

<sup>5</sup> Since the 2015 Annual Accounts, the net result from foreign exchange transactions is reclassified under Administrative expenses as it is generated mostly by payments related to staff. This approach is maintained for consistency.

The main administrative expenses are as follows:

- staff expenses consisting mainly of salaries and allowances of the staff working in the Operations and Administration units of the Agency;
- tangible and intangible assets: the amortisation/depreciation charge of the year<sup>6</sup>;
- other administrative expenses for which the main headings are detailed above.

Herein are also included all IT operational costs of the year including 2018 costs for IT projects for research and development not eligible for capitalisation as Internally Generated Intangible Assets (please see disclosures under “Intangible Assets” in Note 2.1. above).

The overall increase of €0.8 million versus the previous year can be mainly explained by the increase of staff expenses (+10%, amongst others due to an unexpectedly high increase of the salary indexation coefficient for Spain), the increase for Maintenance and security (+50%) and Office supplies and works related to the first floor of the EFCA building in use since 2018 (+73%).

The transactions with the European Commission and other EU agencies included in Administrative Expenses are related mainly to services provided under various Service Level Agreements (translation, publication, training, IT systems, personnel administration, etc.).

Admin expenses with EC and other EU agencies	2018	2017
Administrative expenses with consolidated entities	524,999.85	529,006.29
<b>TOTAL</b>	<b>524,999.85</b>	<b>529,006.29</b>

### 3.3. Financial result

Financial result	2018	2017
Financial revenues	469.39	2,548.05
Financial expenses	-577.39	-474.23
<b>TOTAL</b>	<b>-108.00</b>	<b>2,073.82</b>

Interests are not due to the Commission, but owned by the Agency (Art. 58 of EFCA Financial Regulation adopted by the Administrative Board on 31<sup>st</sup> of December 2013).

Financial expenses consist in bank charges. No interest for late payments (incurred according the provisions of Financial Regulation) was paid in 2018.

## 4. NOTES TO THE CASH-FLOW STATEMENT

Cashflow information is used to provide a basis for assessing the ability of the Agency to generate cash and cash equivalents, and its needs to utilise those cashflows.

The cashflow statement is prepared using the indirect method. This means that the economic result of the financial year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of revenue or expense associated with investing cashflows.

<sup>6</sup> Impairment tests were performed for Cash-generating assets, Non-cash generating assets and internally-generated Intangible Assets. No permanent impairment of the net book value is expected or could be identified and consequently no impairment losses were recognised for the year 2018.

Cashflows arising from transactions in a foreign currency are recorded in the EU's reporting currency (Euro), by applying to the foreign currency amount the exchange rate between the euro and the respective foreign currency at the date of the cashflow.

#### **4.1. Operating activities**

Operating activities are the activities of the EU that are not investing activities. These are the majority of the activities performed.

#### **4.2. Investing activities**

Investing activities are the acquisition and disposal of intangible assets and property, plant and equipment and of other investments which are not included in cash equivalents. The objective is to show the real investments made by EFCA.

#### **4.3. Financing activities.**

The Agency does not have this type of activities.

### **5. CONTINGENT ASSETS AND LIABILITIES AND OTHER SIGNIFICANT DISCLOSURES**

#### **5.1. Contingent assets**

A contingent asset is a possible asset that arises from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not entirely within the control of the Agency. It is not recognised in the Balance Sheet because the amount of the asset cannot be measured with sufficient reliability. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

#### **5.2. Contingent liabilities**

A contingent liability is a possible obligation that arises from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not entirely within the control of the Agency. It can also be a present obligation that arises from past events, but it is not recognised because:

- it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or,
- the amount of the obligation cannot be measured with sufficient reliability.

##### **5.2.1. Outstanding commitments not yet expensed (Carry-overs)**

	31.12.2018	31.12.2017
Automatic carry-forward (RAL C1 and C4)	2,108,287.64	4,294,423.17
Adjustments for cut-off impact and open Vendors	-561,195.16	-1,402,287.43
<b>Outstanding commitments not yet expensed</b>	<b>1,547,092.48</b>	<b>2,892,135.74</b>

The amount disclosed above is the budgetary RAL ("Reste à Liquider") less the amounts carried-forward that have been included either as expenses in the 2018 Statement of Financial Performance or recognised as acquisitions of assets. The budgetary RAL is an amount representing the open commitments for which payments and/or de-commitments have not yet been made.



### 5.3. Other significant disclosures

#### 5.3.1. Services in kind (EU Accounting Rule n° 17)

The Agency receives services in kind under the form of free use of the office building as part of the Seat Agreement with the Host Member State (Spain) and free services granted within the synergies with other EU bodies (EMSA, FRONTEX).

Services in kind	Estimated amount for the year 2018	Estimated amount for the year 2017
Free use of the office Building offered by the Host Member State (SPAIN)	721,500.00	672,750.00
Free Integrated Maritime services from EMSA (IMS, Sat AIS, CMS)	4,187,000.00	3,725,000.00
Free Maritime Aerial surveillance services (use of FRONTEX assets, data and information)	1,516,500.00	1,066,500.00
<b>TOTAL</b>	<b>6,425,000.00</b>	<b>5,464,250.00</b>

Concerning the Seat of the Agency, Spanish Authorities (MAPAMA) informed the Agency and the Administrative Board that the lease for the current office building was extended for a period of 5 years until the end of 2022. The new lease comprises the first floor of the building which was available and free of use for EFCA from mid-2017. The amount of services in kind disclosed above is an estimation of the rent based on payments when the Agency was covering it from its own funds, updated to include the additional floor.

Promoting the EU coastguard initiative, specifically towards an integrated maritime surveillance, EFCA cooperates with other agencies and bodies active in the maritime domain. The EFCA IMS Service (formerly MARSURV) is the result of a long standing cooperation with EMSA. The IMS Service, developed and hosted by EMSA, provides for a real time integrated maritime picture, that integrates and fuses VMS data, AIS, Sat-AIS and LRIT data. In close cooperation between the two agencies, this application has been further refined to become a very specific fisheries control coordination tool, in support of EFCA, DG MARE and MS activities. The improvements include the provision of worldwide nautical charts, specific reference information (fishing areas and maritime boundaries), fisheries specific information (gear types, licenses), remote sensing information, amongst other. In accordance with the existing SLA between EMSA and EFCA signed on 26 June 2015, as amended, EMSA does not charge EFCA for the provision, management, maintenance and user defined upgrades of the EFCA IMS Service. The above figure for these services in kind is an indicative estimation of the proportionate amount EFCA would presumably have to pay on the market otherwise. The increase of the 2018 estimation compared to 2017 results from an increased number and value of user accesses.

Similarly, EFCA has been receiving since 2016 data and information free of charge from FRONTEX Maritime Aerial Surveillance Operations dedicated to border control. In order to estimate the services in kind, the approximate number of flights for which information at EFCA was received is multiplied by an estimated average cost rate per flying hour. The increase in 2018 is due to a higher number of flights providing useful information to EFCA operations compared to 2017.

#### 5.3.2. Operating leases

Assets subject to an operating lease are generating rental expenditure.

EFCA entered into an operating lease contract for the renting of the 7<sup>th</sup> floor space of the premises where the seat of the Agency is located. The contractual terms and conditions are valid as long as the Agency maintains its premises in this building.



The corresponding rental expenses are recognised as part of the building related expenses (cf. Note 3.2.2. above)

Operating Lease	2018	2017
Rent expenses 7 <sup>th</sup> floor of premises	34,680.00	34,680.00

Operating Lease	Charges paid in 2018	Charges to be paid next year	Charges to be paid later than one year	Total charges to be paid
<b>34,680.00</b>	34,680.00	34,680.00	138,720.00	173,400.00

### 5.3.3. Significant legal commitments

Legal commitments	2018	2017
Chartering of EFCA Offshore Fisheries Patrol Vessel (OPV) January-March 2019	1,000,000.00	975,000.00
Rental of 7 <sup>th</sup> floor	34,680.00	34,680.00
General building maintenance	20,496.96	20,497.96
Utilities consumption	69,417.71	65,123.75
Security/parking	18,000.00	18,000.00
External Audit Services	19,402.50	12,816.00
<b>TOTAL</b>	<b>1,161,997.17</b>	<b>1,126,117.71</b>

In December 2017 EFCA concluded a framework contract (FWC) for the chartering of an Offshore Fisheries Patrol Vessel following a public tender, with a budget ceiling of €20.0 million over max. 4 years. The amount disclosed above relates to the 4<sup>th</sup> specific contract signed in December 2018 for the chartering of 80 days from 07.01.2019 onwards and represents the only binding commitment entered into already in relation with this FWC for 2019 at reporting date.

There are some commitments originated because the Agency entered into long-term legal commitments in respect of amounts that were not yet covered by commitment appropriations in the budget of the year 2018. This relates to amounts the Agency is committed to pay in future under administrative contracts existing at the balance sheet date. In addition to the rental contract presented above, there is also the contract for the general maintenance of the building, electricity and security/parking. The amounts above are estimations at the level of a yearly consumption (please see also 5.3.1. above for the office building). Furthermore, in 2018 the Agency had entered into a two-year contract for External Audit Services as required by the Financial Regulation.

## 6. PROTECTION OF THE AGENCY'S BUDGET

### 6.1. Recoveries

Under direct management, and in accordance with the Financial Regulation, the Authorising Officer should establish recovery orders for amounts unduly paid. Recoveries are then implemented by direct bank transfer from the debtor (e.g. a supplier) or by offsetting from other amounts that the Agency owes to the debtor. The Financial Regulation foresees additional procedures to ensure the collection of Recovery Orders overdue, which are the object of a specific follow up by the Accounting Officer of the Agency.

### 6.2. Preventive mechanisms

In addition to the corrective mechanisms mentioned above, EFCA uses a number of preventive mechanisms to protect the budget. Preventive actions include checks made on eligibility of

expenditure being claimed by beneficiaries. These ex-ante controls are intended to provide reasonable assurance on the legality and regularity of expenditure being paid.

## 7. FINANCIAL INSTRUMENTS

Financial instruments consist of cash, current receivables and recoverables, current payables, amounts due to and from consolidated entities including accruals and deferrals.

### • Valuation of Financial Instruments

All the financial assets and liabilities of EFCA are valued at Fair value or Amortised cost. An overview of their classification, measurement and treatment of changes in carrying amount is presented below:

Financial Instrument	Category	Measurement	Change in carrying amount
Cash and cash equivalents	Available for sale	Fair value (FV)	FV reserve in Net Assets
Receivables	Loans and receivables	Amortised cost	Economic Outturn Acc.
Deferred charges and accrued income	Loans and receivables	Amortised cost	Economic Outturn Acc.
Payables	Other financial liabilities	Amortised cost	Economic Outturn Acc.
Accrued charges and deferred income	Other financial liabilities	Amortised cost	Economic Outturn Account
Other liabilities	Other financial liabilities	Amortised cost	Economic Outturn Acc.

### • Disclosure requirements

Financial instruments give rise to liquidity, credit, interest rate and foreign currency risks. The information on how those risks are managed is set out below.

The carrying amounts of financial instruments are as follows:

Carrying amounts	31.12.2018	31.12.2017
<b>Financial assets</b>		
Current receivables	0.00	0.00
Other receivables	61,503.59	8,408.96
Deferred charges and accrued income	367,583.58	429,942.41
Pre-financing	5,799.32	328,869.18
Cash and deposits	2,478,427.09	4,615,798.19
<b>TOTAL financial assets</b>	<b>2,913,313.58</b>	<b>5,383,018.74</b>
<b>Financial liabilities</b>		
Current payables	227,495.51	360,420.32
Other liabilities	117,506.01	6,774.30
Accrued charges and deferred income	692,924.91	1,807,126.38
<b>Total financial liabilities</b>	<b>1,037,926.43</b>	<b>2,174,321.00</b>
<b>TOTAL net financial instruments</b>	<b>1,875,387.15</b>	<b>3,208,697.74</b>

### • Liquidity risk

Liquidity risk is the risk that arises from the difficulty of selling an asset; for example, the risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss or meet an obligation. Liquidity risk arises from the ongoing financial obligations, including settlement of payables.

The Agency manages its liquidity risk by continually monitoring its actual cash positions and by launching its funding request based on forecast of its expected outflows.

Details of contractual maturities for assets and liabilities form an important source of information for managing the liquidity risk.

Liquidity risk on the financial assets and liabilities is not managed on the basis of contractual maturity because they are not held for settlement according to such maturity and will be settled before contractual maturity at fair value.

Therefore, according to disclosure requirements of liquidity risks, a maturity analysis of non-derivative financial liabilities (except accruals and deferrals) showing the remaining contractual maturities is presented below:

Remaining contractual maturities	<1 year	1-5 years	>5 years	Total
<u>As at 31 December 2018</u>				
Payables with third parties	117,506.01	0.00	0.00	117,506.01
Payable with consolidated entities	227,495.51	0.00	0.00	227,495.51
<b>TOTAL Financial liabilities</b>	<b>345,001.52</b>	<b>0.00</b>	<b>0.00</b>	<b>345,001.52</b>
<u>As at 31 December 2017</u>				
Payables with third parties	6,774.30	0.00	0.00	6,774.30
Payable with consolidated entities	360,420.32	0.00	0.00	360,420.32
<b>TOTAL Financial liabilities</b>	<b>367,194.62</b>	<b>0.00</b>	<b>0.00</b>	<b>367,194.62</b>

The following measures are in place to manage liquidity risk:

- Bank accounts opened in the name of EFCA may not be overdrawn.
- The treasury and payment operations are highly automated and rely on modern information systems. Specific procedures are applied to guarantee system security and to ensure segregation of duties in line with the Financial Regulation, the internal control standards, and audit principles.
- EU budget principles ensure that overall cash resources for a given year are always sufficient for the execution of all payments.

#### • Credit risk

Credit risk is the risk of loss due to a debtor/borrower non-payment of a loan or other line of credit (either the principal or interest or both) or other failure to meet a contractual obligation. The default events include a delay in repayments, restructuring of borrower repayments and bankruptcy. With the most important financial asset being the cash held at banks, the following measures are in place to manage the credit risk:

- Treasury resources are kept with commercial banks.
- Specific guidelines are applied for the selection of these commercial banks in order to further minimise counterparty risk to which the Agency is exposed:
- All commercial banks are selected by call for tenders. The minimum short-term credit rating required for admission to the tendering procedures is Moody's P-1 or equivalent (S&P A-1 or Fitch F1). A lower level may be accepted in specific and duly justified circumstances.
- The EU contribution is requested up to four times a year based on cash forecasts. The level of cash held at banks, proportional to the average amount of quarterly payments executed from available funds, should be higher €0.5 million, which was agreed as buffer (approximately 1-month of salaries worth) and with alarm levels close to €1.0 million when a new cash request is triggered. In 2018 the amounts kept overnight in the bank accounts fluctuated between €0.8 million and €15.4 million with an overall amount of payments executed (for both C1 and C8 funds) that equals €18.8 million.

- As a cash contingency plan, there is a second strong financial institution that has won the tender for financial services organised in 2013 and where in case of rating deterioration of current banks, the Agency could open bank accounts and arrange the transfer of its available funds.

The other receivables are constantly monitored for prompt recovery.

At year end, the maximum exposure to credit risk is as follows:

<b>CREDIT QUALITY DISCLOSURES</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
<b>Counterparties with external credit rating</b>	<b>2,478,427.09</b>	<b>4,615,798.19</b>
Prime and higher rate	1,958,975.48	0.00
Upper medium grade	519,451.61	4,609,062.66
Lower medium grade	0.00	6,735.53
Non-investment grade	0.00	0.00
<b>Counterparties without external credit rating</b>	<b>432,655.58</b>	<b>767,220.55</b>
European Commission and consolidated entities	16,312.12	328,869.18
Other debtors who did not default	416,343.46	438,351.37
<b>TOTAL financial assets</b>	<b>2,911,082.67</b>	<b>5,383,018.74</b>

The maximum exposure to credit risk for amounts due from consolidated entities and other receivables is equal to the carrying amount.

The current (customer) receivables/open recoveries disclosed above are non-impaired as they are neither past due nor there are reasons to believe that the full recoverability of the debt is doubtful.

- **Interest rate risk**

As the Agency is not allowed to borrow any money, the interest rate risk at EFCA could arise only in relation with the cash held at bank and therefore is limited. The interest rate for cash held in current bank accounts is governed by the terms and conditions of the framework contracts signed with the banks. For the main bank account the interest rate granted by ING BANK Belgium is linked to the market interest rate with the related possible daily fluctuation.

- **Foreign currency risk**

Currency risk is the risk that the EU's operations or its investments' value will be affected by changes in exchange rates. This risk arises from the change in price of one currency against another. As all the EFCA's financial assets and liabilities are in Euro, the Agency is not impacted by the foreign currency risk.

- **Interest rate sensitivity analysis**

Considering the limited impact that EFCA could experience from interest rate risk, an interest rate sensitivity analysis is not relevant.

## **8. CHANGES IN ACCOUNTING POLICIES**

There have been no changes in accounting policies for the financial year 2018.

## 9. RELATED PARTY DISCLOSURE

The related parties of EFCA are the key management personnel who hold positions of responsibility within the Agency. They are responsible for the strategic direction and operational management of the entity and are entrusted with significant authority to execute their mandate.

Highest grade description	Grade	Number of persons of this grade
Executive Director	AD15_1	1

The transactions of the Agency with the key management personnel during financial year 2018 consist only of the remuneration, allowances and other entitlements as determined for grade AD15 by the Staff Regulations of the Officials of the European Communities. There are no loans or other amounts outside provisions of the Staff Regulation being granted to management or staff.

Therefore, no other specific disclosure requirements are necessary for these transactions in accordance with the EU Accounting rules.

## 10. EVENTS AFTER THE REPORTING DATE

All of the events after balance sheet date requiring adjustment and with a material impact have been recorded so far in these 2018 Final Annual Accounts and their related notes. The most available information was reflected in all the figures and disclosures presented above. The following events after balance sheet date do not require adjustment of the 2018 Accounts:

1. Preparedness for a no-deal Brexit: By November 2018, EFCA started preparing a contingency plan for addressing the consequence in the fisheries control sector for a no-deal BREXIT defining the main threats at sea and ashore and potential mitigation measures with Member States, EFCA and Commission. The first seminar was held in January 2019, followed by two other seminars conducted in February 2019. During this process, a draft operation plan to address the identified threats in the North Sea and Western Waters was developed in collaboration with the concerned Member States.

At the date of issue of the accounts, no other material issues came to the attention of the Accounting Officer of the Agency or were reported to him that would require separate disclosure under this section.

## **Part II: REPORTS ON IMPLEMENTATION OF THE BUDGET**

(All amounts disclosed in EUR)

## II.1 BUDGETARY STRUCTURE, PRINCIPLES AND MAIN EVENTS

The budget accounts (Part II) are modified cash accounts. As in any cash accounting system, payments made and revenue received are recorded in the period in which the cash transaction occurs. These accounts are termed 'modified' because payment appropriations carried over are also recorded. Their purpose is for drawing up the budget result and reports on budget implementation.

### DESCRIPTION OF THE BUDGETARY ACCOUNTS

In accordance with the Financial Regulation and Implementing Rules of the Agency, the budget accounts shall provide a detailed record of budget implementation and shall record all budget revenue and expenditure operations (voted appropriations, commitments and payments of the financial year, entitlements established, etc.).

The budget is adopted annually by the Members of the Administrative Board, taking into account the general budgetary nomenclature and the Agency Implementing Rules on the structure and presentation of the statement of expenditure.

Title I budget lines are related to staff expenditure like salaries and allowances of the staff members working for the Agency and recruitment costs such as removal expenditure, installation costs, daily subsistence allowance, etc. In addition, this title comprises also expenditure for seconded national experts (SNEs), interim staff services, trainings, medical expenses and administrative missions.

Title II budget lines comprise all buildings- and infrastructure expenditures and related services like maintenance and security, utilities, ICT equipment and services. Also incorporated in this title are all expenditure generated by the various Service Level Agreements (SLAs) signed with the Commission and other consolidated EU entities.

Title III budget lines provide the implementation of all the activities carried out in the frame of the missions and tasks assigned to the Agency by its establishing Council Regulation (EC) n° 768/2005 of 26 April 2005 and as last amended in 2016. There are four chapters under Title III which are organised around the main operational activities carried out by the Agency as follows:

- Chapter 33 – Coordination
- Chapter 34 – Assistance and expertise
- Chapter 35 – Harmonisation and standardisation
- Chapter 36 – PESCAO operational expenditure (Ext. assigned revenue).

### BUDGETARY PRINCIPLES

As provided for in EFCA's Financial Regulation, the establishment and implementation of the Agency's budget shall comply with the principles of unity and budget accuracy, annuality, equilibrium, unit of account, universality, specification, sound financial management and transparency, each of which is briefly described hereunder:

#### *1. Principle of unity and budget accuracy*

- The budget is the instrument which, for each financial year, forecasts and authorises the revenue and expenditure considered necessary for the Agency's activities.
- No revenue shall be collected and no expenditure effected unless booked to a line in the budget.
- An appropriation must not be entered in the budget if it is not for an item of expenditure considered necessary.
- No expenditure may be committed or authorised in excess of the appropriations authorised by the budget.

## *2. Principle of annuality*

- The appropriations entered in the budget shall be authorised for one financial year which shall run from 1 January to 31 December, inclusive.
- Commitments shall be entered in the accounts on the basis of the legal commitments entered into up to 31 December.
- Payments shall be entered in the accounts for a financial year on the basis of the payments effected by the accounting officer by 31 December of that year at the latest.

## *3. Principle of equilibrium*

- The Agency's budget revenue and payment appropriations must be in balance.
- Commitment appropriations may not exceed the amount of the voted budget, plus own revenue and any other revenue. The Agency may not raise loans.

## *4. Principle of unit of account*

- The budget shall be drawn up and implemented in Euro and the accounts shall be presented in Euro.

## *5. Principle of universality*

- Total revenue shall cover all expenditure. All revenue and expenditure shall be entered in full without any adjustment against each other.

## *6. Principle of specification*

- The appropriations in their entirety shall be earmarked for specific purposes by title and chapter; the chapters shall be further subdivided into articles and items.
- The Executive Director may authorise transfers from one article to another within each chapter.

## *7. Principle of sound financial management*

- Budget appropriations shall be used in accordance with the principle of sound financial management, that is to say, in accordance with the principles of economy, efficiency and effectiveness.
- The principle of economy requires that the resources used by the Agency for the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price.
- The principle of efficiency is concerned with the best relationship between resources employed and results achieved.
- The principle of effectiveness is concerned with attaining the specific objectives set and achieving the intended results.

## *8. Principle of transparency*

- The budget shall be drawn up and implemented and the accounts presented in compliance with the principle of transparency.
- The budget, as finally adopted, shall be published in the Official Journal of the European Communities and amending budgets shall be published in an appropriate way within two months of their adoption.



## TYPES OF APPROPRIATIONS USED BY EFCA

The Agency makes use of non-differentiated appropriations, i.e. appropriations of annual nature, for its administrative expenditure (Titles I and II) as well as for operational expenditure (Title III).

## MAIN EVENTS WITH INFLUENCE ON THE 2018 BUDGET AND ITS IMPLEMENTATION

The Budgetary exercise 2018 has been the second year with significantly increased activities following the amendment of EFCA's founding regulation by the European Parliament and the Council relating to the European Coast Guard initiative in 2016. For these activities €16.8 million were received from the Commission as regular subsidy. In addition, EFCA started its first year of activities related to the PESCAO project<sup>7</sup>, for which €0.5 million were received as a first Pre-Financing instalment in March 2018 as external assigned revenue, contributing to a total of €17.4 million of total budget revenues received during 2018.

Despite this increase, like in the previous year, the implementation for commitments was very high throughout all Budget Titles (99.7% for "C1"-Commitment appropriations of the year and 98.6% in total).

Regarding payments, the overall implementation (including Assigned Revenue and Carry-overs from 2017) was with 87.9% higher than previous years, and all commitments carried-forward are in principle scheduled to be implemented during 2019 ('planned carry-forwards'). The cancellation rates for payment appropriations were in line or slightly lower than previous year (overall 1.5% of total payment appropriations and 4.6% of "C8"-commitments carried-forward from 2017 were lapsing or cancelled).

While the activities related to the two ad-hoc grants originally received in 2016 ceased in 2018 and are finishing their budget impact, new "R0"-Assigned Revenue for the above-mentioned PESCAO project were implemented during 2018. The total implementation rates for assigned revenue were 73.8% for commitments and 54.2% for payments (please refer also to Notes 3.1.1. and 3.1.2. in Part I of this report for further details).

Overall, the 2018 implementation and budget management can be considered very satisfactory for a second year with significant additional appropriations.

The following tables provide details for all Budget titles and items. For further information on the financial management and budget execution during 2018 please refer also to the 'Report on the Budgetary and Financial Management (RBFM)' in Annex I.

---

<sup>7</sup> The PESCAO project for capacity building and additional training and assistance missions in particular Western Africa countries is managed by DG Development and Cooperation (DEVCO) and financed by the European Development Fund (EDF). EFCA has signed a delegation agreement in March 2018 assigning a maximum of €2.6 million EU contribution over five years to the Agency.

## II.2 BUDGET RESULT 2018

### (1.1.2018 – 31.12.2018)

REVENUES		2018	2017
Balancing Commission subsidy	+	16,813,000.00	17.113.000,00
Other subsidy from Commission (Phare, IPA...)	+	517,000.00	0,00
Fee income	+	0.00	0,00
Other Income	+	73,665.17	871,31
<b>TOTAL REVENUE (a)</b>		<b>17,403,665.17</b>	<b>17.113.871,31</b>
EXPENDITURE			
Title I: Staff			
Payments	-	7,984,903.76	7.266.256,61
Appropriations carried over	-	58,835.58	101.966,79
Title II: Administrative Expenses			
Payments	-	1,559,143.11	1.953.135,68
Appropriations carried over	-	483,662.79	874.705,51
Title III: Operating Expenditure			
Payments	-	5,614,319.33	3.773.705,72
Appropriations carried over	-	1,855,628.45	3.437.471,38
<b>TOTAL EXPENDITURE (b)</b>		<b>17,556,493.02</b>	<b>17.407.241,69</b>
<b>OUTTURN FOR THE FINANCIAL YEAR (a-b)</b>		<b>-152,827.85</b>	<b>-293.370,38</b>
Cancellation of unused payment appropriations carried over from previous year	+	196,625.98	53.594,28
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned	+	119,720.51	481.358,58
Exchange differences for the year (gain +/-loss -)	+/-	-573.66	-882,67
<b>BALANCE OF THE OUTTURN ACCOUNT FOR THE FINANCIAL YEAR</b>		<b>162,944.98</b>	<b>240.699,81</b>
Balance year N-1	+/-	240,699.81	67.534,09
Positive balance from year N-1 reimbursed in year N to the Commission	-	-240,699.81	-67.534,09
<b>Result used for determining amounts in general accounting</b>		<b>162,944.98</b>	<b>240.699,81</b>
<b>Commission subsidy - Agency registers accrued revenue and Commission accrued expense</b>		<b>16,650,055.02</b>	<b>16.872.300,19</b>
<b>Pre-financing remaining open to be reimbursed by Agency to Commission in year N+1</b>		<b>162,944.98</b>	<b>240.699,81</b>

## II.3 RECONCILIATION OF ECONOMIC RESULT WITH BUDGET RESULT

all figures in EUR		2018
<b>ECONOMIC RESULT OF THE YEAR (SPF)</b>		<b>-1,356,690.11</b>
<b><u>1. Adjustment for items not included in the budgetary result but included in the economic result</u></b>		
Increase/(Decrease) of unpaid invoices at year end but booked in charges		110,731.71
Increase/(Decrease) of cumulative Depreciation of intangible and tangible fixed assets		338,427.85
Increase/(Decrease) of Provisions and Liabilities		-1,104,832.11
Decrease/(Increase) of Recovery orders issued during year not cashed in by year end		-70,485.67
Increase/(Decrease) of Debts towards EU-Institutions		-132,924.81
<b>Subtotal 1</b>		<b>-859,083.03</b>
<b><u>2. Adjustment for items included in the budgetary result but not included in the economic result</u></b>		
Increase/(Decrease) of Asset acquisitions		-307,179.21
Decrease/(Increase) of Pre-financing		323,069.86
Decrease/(Increase) of Deferred charges (Prepaid expenses of next year)		62,511.39
<b>Subtotal 2</b>		<b>78,402.04</b>
<b><u>3. Reconciliation items between Budget and General Accounts (Payments)</u></b>		
<i>Cash outs in banks but not in Budgetary reports (+)</i>		46,402.67
<i>Cash ins in Budgetary reports but not in Banks (+)</i>		3.54
<i>Cash ins in banks but not in Budgetary reports (-)</i>		-360.63
<i>Cash outs in Budgetary reports but not in Banks (-)</i>		-338.80
<i>Remaining reconciliation items not identified</i>		-1,533.71
<b>Subtotal 3</b>		<b>44,173.07</b>
Payment appropriations carried over from previous year (Automatic Carry-Over)		4,294,423.17
Carry-over from the previous year arising from assigned revenue		119,720.51
Payment appropriations carried over to next year (RAL)		-2,398,126.82
Exchange differences for the year (gain +/-loss -)		-573.66
Balance of the Budget Outturn Account previous year		240,699.81
<b>BALANCE OF THE BUDGET OUTTURN ACCOUNT FOR THE FINANCIAL YEAR</b>		<b>162,944.98</b>

## II.4 BUDGET REVENUE

Ref.	Budget Line description	Income appropriations		Entitlements established			Revenue received				
		Initial budget adopted	Final budget adopted	Current year	Carried Forward from previous years	Total	Current year	Carried Forward from previous years	Total	%	Outstanding
		1	2	3	4	5=3+4	6	7	8=6+7	9=8/2	10=5-8
10	Contribution from the General EU Budget	16,813,000	16,813,000	16,813,000	0	16,813,000	16,813,000	0	16,813,000	100.0%	0
20	Services rendered by the Agency	0	0	0	0	0	0	0	0		0
30	Revenue from Grants	0	595,849	517,000	0	517,000	517,000	0	517,000	86.8%	0
300	Pilot Project European Coast Guard (EUCG)	0	0	0	0	0	0	0	0		0
310	Pilot Project MARSURV	0	0	0	0	0	0	0	0		0
320	PESCAO - Improved regional fisheries	0	595,849	517,000	0	517,000	517,000	0	517,000	86.8%	0
90	Miscellaneous Revenue	0	0	73,665	0	73,665	73,665	0	73,665		0
900	Recovery of pre-financing	0	0	70,685	0	70,685	70,685	0	70,685		0
920	Recovery of expenses	0	0	2,981	0	2,981	2,981	0	2,981		0
	<b>BUDGET REVENUE TOTAL</b>	<b>16,813,000</b>	<b>17,408,849</b>	<b>17,403,665</b>	<b>0</b>	<b>17,403,665</b>	<b>17,403,665</b>	<b>0</b>	<b>17,403,665</b>	<b>100.0%</b>	<b>0</b>

## II.5 BUDGET EXPENDITURE

### COMMITMENTS OF THE YEAR

Ref.	Budget Line description	Commitment appropriations of the year				Additional Commitment appropriations		Total Commitment appropriations available	Commitments made							
		Initial budget adopted	Amending budget	Transfers	Final budget adopted	Carry-overs	Assigned revenue		from final budget adopted	%	from Carry-overs	%	from Assigned revenue	%	Total made	%
		1	2	3	4=1+2+3	5	6		8	9=8/4	10	11=10/5	12	13=12/6	14=8+10+12	15=14/7
A-1100	Salaries and Allowances Officials and Tempora	6,352,000	0	87,100	6,439,100	0	0	6,439,100	6,438,106	100.0%	0		0		6,438,106	100.0%
A-1111	Salaries and Allowances Contract Staff	450,000	0	58,550	508,550	0	41,000	549,550	508,505	100.0%	0		18,347	44.7%	526,852	95.9%
A-1112	Interim Staff	160,000	0	-39,000	121,000	0	0	121,000	120,989	100.0%	0		0		120,989	100.0%
A-1113	PESCAO - Contract staff	0	0	0	0	0	88,480	88,480	0		0		88,480	100.0%	88,480	100.0%
A-1116	Seconded national experts	320,000	0	-21,500	298,500	0	3,868	302,368	298,320	99.9%	0		0	0.0%	298,320	98.7%
A-1117	PESCAO - Seconded National Experts	0	0	0	0	0	103,520	103,520	0		0		102,787	99.3%	102,787	99.3%
A-1200	Candidates recruitment and other related costs	20,000	0	-10,800	9,200	0	0	9,200	9,146	99.4%	0		0		9,146	99.4%
A-1210	Installation costs of TA (removal DSA and insta	145,000	0	105,710	250,710	0	0	250,710	250,701	100.0%	0		0		250,701	100.0%
A-1300	Administrative Missions	100,000	0	-40,400	59,600	0	0	59,600	59,536	99.9%	0		0		59,536	99.9%
A-1410	Social Welfare of staff and Medical service	30,000	0	-16,700	13,300	0	0	13,300	13,267	99.8%	0		0		13,267	99.8%
A-1420	Language courses and other training for staff	120,000	0	-11,300	108,700	0	0	108,700	108,006	99.4%	0		0		108,006	99.4%
A-1700	Reception and representation costs	2,000	0	-1,500	500	0	0	500	295	59.0%	0		0		295	59.0%
TITLE I TOTAL		7,699,000	0	110,160	7,809,160	0	236,868	8,046,028	7,806,871	100.0%	0		209,614	88.5%	8,016,485	99.6%
A-2000	Rental costs	60,000	0	-7,320	52,680	0	0	52,680	52,680	100.0%	0		0		52,680	100.0%
A-2010	Utilities and Services	162,000	0	-11,400	150,600	0	0	150,600	150,534	100.0%	0		0		150,534	100.0%
A-2050	Security and Surveillance	168,000	0	-16,000	152,000	0	0	152,000	151,989	100.0%	0		0		151,989	100.0%
A-2051	Other Building Expenditure	45,000	0	31,150	76,150	0	0	76,150	76,146	100.0%	0		0		76,146	100.0%
A-2100	ICT hardware and software	310,000	0	8,340	318,340	0	0	318,340	318,178	99.9%	0		0		318,178	99.9%
A-2101	ICT External Services	655,000	0	-191,800	463,200	0	0	463,200	463,175	100.0%	0		0		463,175	100.0%
A-2110	Telecommunication charges and equipment	60,000	0	-10,330	49,670	0	0	49,670	49,621	99.9%	0		0		49,621	99.9%
A-2200	Technical installations and electronic office equ	32,000	0	15,000	47,000	0	0	47,000	46,966	99.9%	0		0		46,966	99.9%
A-2210	Furniture and workplace improvements	38,000	0	86,300	124,300	0	0	124,300	124,237	99.9%	0		0		124,237	99.9%
A-2301	Current Administrative Expenditure (stationary f	53,000	0	-11,300	41,700	0	0	41,700	40,392	96.9%	0		0		40,392	96.9%
A-2500	Meetings of Administrative nature (AB Adv.B etc	72,000	0	0	72,000	0	0	72,000	72,000	100.0%	0		0		72,000	100.0%
A-2600	Translation and interpretation services	200,000	0	10,000	210,000	0	0	210,000	209,954	100.0%	0		0		209,954	100.0%
A-2620	External Services	245,000	0	-34,800	210,200	0	0	210,200	210,151	100.0%	0		0		210,151	100.0%
A-2700	Communication expenses	55,000	0	22,000	77,000	0	0	77,000	76,782	99.7%	0		0		76,782	99.7%
TITLE II TOTAL		2,155,000	0	-110,160	2,044,840	0	0	2,044,840	2,042,806	99.9%	0		0		2,042,806	99.9%
B3-300	Coordination	775,000	0	-263,500	511,500	0	1,344	512,844	510,051	99.7%	0		1,344	100.0%	511,395	99.7%
B3-400	Assistance and Expertise	565,000	0	-202,675	362,325	0	12,111	374,436	346,752	95.7%	0		12,111	100.0%	358,863	95.8%
B3-410	Operational application maintenance and develo	760,000	0	-37,700	722,300	0	50,000	772,300	702,988	97.3%	0		6,504	13.0%	709,492	91.9%
B3-500	Harmonisation and Standardisation	4,859,000	0	503,875	5,362,875	0	80,436	5,443,311	5,359,426	99.9%	0		70,684	87.9%	5,430,110	99.8%
B3-600	PESCAO - Operational Expenditure	0	0	0	0	0	403,849	403,849	0		0		278,580	69.0%	278,580	69.0%
TITLE III TOTAL		6,959,000	0	0	6,959,000	0	547,740	7,506,740	6,919,218	99.4%	0		369,223	67.4%	7,288,440	97.1%
TOTAL BUDGET 2018		16,813,000	0	0	16,813,000	0	784,608	17,597,608	16,768,895	99.7%	0		578,837	73.8%	17,347,732	98.6%

## COMMITMENT APPROPRIATIONS CARRIED OVER AND LAPSING

Ref.	Budget Line description	Total Commitment appropriations available	Commitment appropriations carried over to 2019				Commitment appropriations lapsing				
			Assigned revenue	by decision	Total carried over	%	from final budget adopted	from Carry-overs	from Assigned revenue	Total lapsing	%
			1	3	4=2+3	5=4/1	6	7	8	9=6+7+8	10=9/1
A-1100	Salaries and Allowances Officials and Tempora	6,439,100	0	0	0	0.0%	994	0	0	994	0.0%
A-1111	Salaries and Allowances Contract Staff	549,550	0	0	0	0.0%	45	0	22,653	22,698	4.1%
A-1112	Interim Staff	121,000	0	0	0	0.0%	11	0	0	11	0.0%
A-1113	PESCAO - Contract staff	88,480	0	0	0	0.0%	0	0	0	0	0.0%
A-1116	Seconded national experts	302,368	0	0	0	0.0%	180	0	3,868	4,048	1.3%
A-1117	PESCAO - Seconded National Experts	103,520	733	0	733	0.7%	0	0	0	0	0.0%
A-1200	Candidates recruitment and other related costs	9,200	0	0	0	0.0%	54	0	0	54	0.6%
A-1210	Installation costs of TA (removal DSA and insta	250,710	0	0	0	0.0%	9	0	0	9	0.0%
A-1300	Administrative Missions	59,600	0	0	0	0.0%	64	0	0	64	0.1%
A-1410	Social Welfare of staff and Medical service	13,300	0	0	0	0.0%	33	0	0	33	0.2%
A-1420	Language courses and other training for staff	108,700	0	0	0	0.0%	694	0	0	694	0.6%
A-1700	Reception and representation costs	500	0	0	0	0.0%	205	0	0	205	41.0%
	<b>TITLE I TOTAL</b>	<b>8,046,028</b>	<b>733</b>	<b>0</b>	<b>733</b>	<b>0.0%</b>	<b>2,289</b>	<b>0</b>	<b>26,521</b>	<b>28,810</b>	<b>0.4%</b>
A-2000	Rental costs	52,680	0	0	0	0.0%	0	0	0	0	0.0%
A-2010	Utilities and Services	150,600	0	0	0	0.0%	66	0	0	66	0.0%
A-2050	Security and Surveillance	152,000	0	0	0	0.0%	11	0	0	11	0.0%
A-2051	Other Building Expenditure	76,150	0	0	0	0.0%	4	0	0	4	0.0%
A-2100	ICT hardware and software	318,340	0	0	0	0.0%	162	0	0	162	0.1%
A-2101	ICT External Services	463,200	0	0	0	0.0%	25	0	0	25	0.0%
A-2110	Telecommunication charges and equipment	49,670	0	0	0	0.0%	49	0	0	49	0.1%
A-2200	Technical installations and electronic office equ	47,000	0	0	0	0.0%	34	0	0	34	0.1%
A-2210	Furniture and workplace improvements	124,300	0	0	0	0.0%	63	0	0	63	0.1%
A-2301	Current Administrative Expenditure (stationary f	41,700	0	0	0	0.0%	1,308	0	0	1,308	3.1%
A-2500	Meetings of Administrative nature (AB Adv.B etc	72,000	0	0	0	0.0%	0	0	0	0	0.0%
A-2600	Translation and interpretation services	210,000	0	0	0	0.0%	46	0	0	46	0.0%
A-2620	External Services	210,200	0	0	0	0.0%	49	0	0	49	0.0%
A-2700	Communication expenses	77,000	0	0	0	0.0%	218	0	0	218	0.3%
	<b>TITLE II TOTAL</b>	<b>2,044,840</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>2,034</b>	<b>0</b>	<b>0</b>	<b>2,034</b>	<b>0.1%</b>
B3-300	Coordination	512,844	0	0	0	0.0%	1,449	0	0	1,449	0.3%
B3-400	Assistance and Expertise	374,436	0	0	0	0.0%	15,573	0	0	15,573	4.2%
B3-410	Operational application maintenance and devel	772,300	0	0	0	0.0%	19,312	0	43,496	62,808	8.1%
B3-500	Harmonisation and Standardisation	5,443,311	1	0	1	0.0%	3,449	0	9,751	13,200	0.2%
B3-600	PESCAO - Operational Expenditure	403,849	125,269	0	125,269	31.0%	0	0	0	0	0.0%
	<b>TITLE III TOTAL</b>	<b>7,506,740</b>	<b>125,270</b>	<b>0</b>	<b>125,270</b>	<b>1.7%</b>	<b>39,782</b>	<b>0</b>	<b>53,247</b>	<b>93,029</b>	<b>1.2%</b>
	<b>TOTAL BUDGET 2018</b>	<b>17,597,608</b>	<b>126,003</b>	<b>0</b>	<b>126,003</b>	<b>0.7%</b>	<b>44,105</b>	<b>0</b>	<b>79,768</b>	<b>123,873</b>	<b>0.7%</b>

## PAYMENTS OF THE YEAR

Ref.	Budget Line description	Payment appropriations of the year				Additional Payment appropriations		Total Payment appropriations available	Payments made							
		Initial budget adopted	Amending budget	Transfers	Final budget adopted	Carry-overs	Assigned revenue		from final budget adopted	%	from Carry-overs	%	from Assigned revenue	%	Total made	%
		1	2	3	4=1+2+3	5	6		8	9=8/4	10	11=10/5	12	13=12/6	14=8+10+12	15=14/7
A-1100	Salaries and Allowances Officials and Tempora	6,352,000	0	87,100	6,439,100	13,460	0	6,452,560	6,434,207	99.9%	6,430	47.8%	0		6,440,637	99.8%
A-1111	Salaries and Allowances Contract Staff	450,000	0	58,550	508,550	0	41,000	549,550	508,505	100.0%	0		18,347	44.7%	526,852	95.9%
A-1112	Interim Staff	160,000	0	-39,000	121,000	7,842	0	128,842	118,188	97.7%	6,909	88.1%	0		125,096	97.1%
A-1113	PESCOAO - Contract staff	0	0	0	0	0	88,480	88,480	0		0		88,480	100.0%	88,480	100.0%
A-1116	Seconded national experts	320,000	0	-21,500	298,500	0	3,868	302,368	298,320	99.9%	0		0	0.0%	298,320	98.7%
A-1117	PESCOAO - Seconded National Experts	0	0	0	0	0	103,520	103,520	0		0		102,787	99.3%	102,787	99.3%
A-1200	Candidates recruitment and other related costs	20,000	0	-10,800	9,200	2,250	0	11,450	9,146	99.4%	1,146	50.9%	0		10,292	89.9%
A-1210	Installation costs of TA (removal DSA and insta	145,000	0	105,710	250,710	0	0	250,710	250,701	100.0%	0		0		250,701	100.0%
A-1300	Administrative Missions	100,000	0	-40,400	59,600	2,666	0	62,266	53,939	90.5%	2,412	90.5%	0		56,351	90.5%
A-1410	Social Welfare of staff and Medical service	30,000	0	-16,700	13,300	14,622	0	27,922	9,246	69.5%	13,804	94.4%	0		23,050	82.6%
A-1420	Language courses and other training for staff	120,000	0	-11,300	108,700	16,258	0	124,958	92,743	85.3%	12,583	77.4%	0		105,325	84.3%
A-1700	Reception and representation costs	2,000	0	-1,500	500	0	0	500	295	59.0%	0		0		295	59.0%
	<b>TITLE I TOTAL</b>	<b>7,699,000</b>	<b>0</b>	<b>110,160</b>	<b>7,809,160</b>	<b>57,099</b>	<b>236,868</b>	<b>8,103,127</b>	<b>7,775,289</b>	<b>99.6%</b>	<b>43,283</b>	<b>75.8%</b>	<b>209,614</b>	<b>88.5%</b>	<b>8,028,187</b>	<b>99.1%</b>
A-2000	Rental costs	60,000	0	-7,320	52,680	0	0	52,680	52,680	100.0%	0		0		52,680	100.0%
A-2010	Utilities and Services	162,000	0	-11,400	150,600	8,584	0	159,184	136,120	90.4%	8,311	96.8%	0		144,431	90.7%
A-2050	Security and Surveillance	168,000	0	-16,000	152,000	108,793	0	260,793	112,627	74.1%	107,422	98.7%	0		220,049	84.4%
A-2051	Other Building Expenditure	45,000	0	31,150	76,150	6,773	0	82,923	60,891	80.0%	6,755	99.7%	0		67,645	81.6%
A-2100	ICT hardware and software	310,000	0	8,340	318,340	63,839	0	382,179	247,267	77.7%	63,829	100.0%	0		311,096	81.4%
A-2101	ICT External Services	655,000	0	-191,800	463,200	145,358	0	608,558	309,759	66.9%	141,468	97.3%	0		451,227	74.1%
A-2110	Telecommunication charges and equipment	60,000	0	-10,330	49,670	10,418	0	60,088	38,546	77.6%	7,022	67.4%	0		45,568	75.8%
A-2200	Technical installations and electronic office equ	32,000	0	15,000	47,000	2,865	0	49,865	38,295	81.5%	2,865	100.0%	0		41,160	82.5%
A-2210	Furniture and workplace improvements	38,000	0	86,300	124,300	383,579	0	507,879	45,015	36.2%	383,579	100.0%	0		428,593	84.4%
A-2301	Current Administrative Expenditure (stationary f	53,000	0	-11,300	41,700	17,233	0	58,933	30,767	73.8%	16,802	97.5%	0		47,569	80.7%
A-2500	Meetings of Administrative nature (AB Adv.B etc	72,000	0	0	72,000	0	0	72,000	72,000	100.0%	0		0		72,000	100.0%
A-2600	Translation and interpretation services	200,000	0	10,000	210,000	9,430	0	219,430	202,246	96.3%	9,430	100.0%	0		211,676	96.5%
A-2620	External Services	245,000	0	-34,800	210,200	100,994	0	311,194	149,001	70.9%	96,347	95.4%	0		245,347	78.8%
A-2700	Communication expenses	55,000	0	22,000	77,000	16,840	0	93,840	63,930	83.0%	16,629	98.8%	0		80,559	85.8%
	<b>TITLE II TOTAL</b>	<b>2,155,000</b>	<b>0</b>	<b>-110,160</b>	<b>2,044,840</b>	<b>874,706</b>	<b>0</b>	<b>2,919,546</b>	<b>1,559,143</b>	<b>76.2%</b>	<b>860,458</b>	<b>98.4%</b>	<b>0</b>		<b>2,419,601</b>	<b>82.9%</b>
B3-300	Coordination	775,000	0	-263,500	511,500	132,825	1,344	645,669	457,739	89.5%	92,116	69.4%	1,344	100.0%	551,200	85.4%
B3-400	Assistance and Expertise	565,000	0	-202,675	362,325	59,229	15,101	436,656	241,094	66.5%	56,571	95.5%	12,368	81.9%	310,034	71.0%
B3-410	Operational application maintenance and devel	760,000	0	-37,700	722,300	373,604	50,000	1,145,904	355,098	49.2%	338,400	90.6%	6,504	13.0%	700,003	61.1%
B3-500	Harmonisation and Standardisation	4,859,000	0	503,875	5,362,875	2,796,960	80,436	8,240,271	4,342,927	81.0%	2,706,968	96.8%	0	0.0%	7,049,895	85.6%
B3-600	PESCOAO - Operational Expenditure	0	0	0	0	0	403,849	403,849	0		0		197,244	48.8%	197,244	48.8%
	<b>TITLE III TOTAL</b>	<b>6,959,000</b>	<b>0</b>	<b>0</b>	<b>6,959,000</b>	<b>3,362,619</b>	<b>550,730</b>	<b>10,872,349</b>	<b>5,396,859</b>	<b>77.6%</b>	<b>3,194,056</b>	<b>95.0%</b>	<b>217,460</b>	<b>39.5%</b>	<b>8,808,375</b>	<b>81.0%</b>
	<b>TOTAL BUDGET 2018</b>	<b>16,813,000</b>	<b>0</b>	<b>0</b>	<b>16,813,000</b>	<b>4,294,423</b>	<b>787,598</b>	<b>21,895,022</b>	<b>14,731,292</b>	<b>87.6%</b>	<b>4,097,797</b>	<b>95.4%</b>	<b>427,075</b>	<b>54.2%</b>	<b>19,256,163</b>	<b>87.9%</b>

## PAYMENT APPROPRIATIONS CARRIED OVER AND LAPSING

Ref.	Budget Line description	Total Payment appropriatio ns available	Payment appropriations carried over to 2019					Payment appropriations lapsing				
			Automatic Carry-overs	by decision	Assigned revenue	Total carried- over	%	from final budget adopted	from autom. Carry-overs	from Assigned revenue	Total lapsing	%
			1	2	3	4	5=2+3+4	6=5/1	7	8	9	10=7+8+9
A-1100	Salaries and Allowances Officials and Tempora	6,452,560	3,900	0	0	3,900	0.1%	994	7,030	0	8,024	0.1%
A-1111	Salaries and Allowances Contract Staff	549,550	0	0	0	0	0.0%	45	0	22,653	22,698	4.1%
A-1112	Interim Staff	128,842	2,801	0	0	2,801	2.2%	11	934	0	945	0.7%
A-1113	PESCAO - Contract staff	88,480	0	0	0	0	0.0%	0	0	0	0	0.0%
A-1116	Seconded national experts	302,368	0	0	0	0	0.0%	180	0	3,868	4,048	1.3%
A-1117	PESCAO - Seconded National Experts	103,520	0	0	733	733	0.7%	0	0	0	0	0.0%
A-1200	Candidates recruitment and other related costs	11,450	0	0	0	0	0.0%	54	1,104	0	1,158	10.1%
A-1210	Installation costs of TA (removal DSA and insta	250,710	0	0	0	0	0.0%	9	0	0	9	0.0%
A-1300	Administrative Missions	62,266	5,597	0	0	5,597	9.0%	64	254	0	318	0.5%
A-1410	Social Welfare of staff and Medical service	27,922	4,021	0	0	4,021	14.4%	33	818	0	851	3.0%
A-1420	Language courses and other training for staff	124,958	15,264	0	0	15,264	12.2%	694	3,675	0	4,369	3.5%
A-1700	Reception and representation costs	500	0	0	0	0	0.0%	205	0	0	205	41.0%
	TITLE I TOTAL	8,103,127	31,582	0	733	32,315	0.4%	2,289	13,815	26,521	42,625	0.5%
A-2000	Rental costs	52,680	0	0	0	0	0.0%	0	0	0	0	0.0%
A-2010	Utilities and Services	159,184	14,414	0	0	14,414	9.1%	66	273	0	339	0.2%
A-2050	Security and Surveillance	260,793	39,363	0	0	39,363	15.1%	11	1,370	0	1,381	0.5%
A-2051	Other Building Expenditure	82,923	15,255	0	0	15,255	18.4%	4	18	0	22	0.0%
A-2100	ICT hardware and software	382,179	70,912	0	0	70,912	18.6%	162	10	0	172	0.0%
A-2101	ICT External Services	608,558	153,416	0	0	153,416	25.2%	25	3,891	0	3,916	0.6%
A-2110	Telecommunication charges and equipment	60,088	11,075	0	0	11,075	18.4%	49	3,396	0	3,445	5.7%
A-2200	Technical installations and electronic office equ	49,865	8,671	0	0	8,671	17.4%	34	0	0	34	0.1%
A-2210	Furniture and workplace improvements	507,879	79,223	0	0	79,223	15.6%	63	0	0	63	0.0%
A-2301	Current Administrative Expenditure (stationary f	58,933	9,625	0	0	9,625	16.3%	1,308	431	0	1,739	3.0%
A-2500	Meetings of Administrative nature (AB Adv.B etc	72,000	0	0	0	0	0.0%	0	0	0	0	0.0%
A-2600	Translation and interpretation services	219,430	7,708	0	0	7,708	3.5%	46	0	0	47	0.0%
A-2620	External Services	311,194	61,150	0	0	61,150	19.7%	49	4,647	0	4,697	1.5%
A-2700	Communication expenses	93,840	12,852	0	0	12,852	13.7%	218	210	0	428	0.5%
	TITLE II TOTAL	2,919,546	483,663	0	0	483,663	16.6%	2,034	14,247	0	16,282	0.6%
B3-300	Coordination	645,669	52,312	0	0	52,312	8.1%	1,449	40,709	0	42,158	6.5%
B3-400	Assistance and Expertise	436,656	105,658	0	2,733	108,391	24.8%	15,573	2,658	0	18,231	4.2%
B3-410	Operational application maintenance and develo	1,145,904	347,890	0	0	347,890	30.4%	19,312	35,204	43,496	98,012	8.6%
B3-500	Harmonisation and Standardisation	8,240,271	1,016,499	0	70,685	1,087,183	13.2%	3,449	89,993	9,751	103,192	1.3%
B3-600	PESCAO - Operational Expenditure	403,849	0	0	206,605	206,605	51.2%	0	0	0	0	0.0%
	TITLE III TOTAL	10,872,349	1,522,359	0	280,023	1,802,381	16.6%	39,782	168,563	53,247	261,592	2.4%
	TOTAL BUDGET 2018	21,895,022	2,037,603	0	280,756	2,318,359	10.6%	44,105	196,626	79,768	320,499	1.5%



## II.6 EVOLUTION OF COMMITMENTS OUTSTANDING (RAL)

### CARRY-FORWARD / RAL FROM 2017

Ref.	Budget Line description	Commitments outstanding at the end of 2017 (RAL 2017)														
		RAL from final budget adopted	RAL from Assigned Revenue	Total RAL 2017	Payments made from final budget adopted	Payments made from Assigned Revenue	Total Payments made from RAL	Decommit./ Cancellation final budget adopted		Decommit./ Cancellation Assigned Revenue		Total Decommit./ Cancellation RAL 2017	%	Final RAL from final budget adopted	Final RAL from Assigned Revenue	Total Final RAL 2017
		1	2	3=1+2	4	5	6=4+5	7=1-4	8=7/1	9=2-5	10=9/2	11=7+9	12=11/3	13=1-4-7	14=2-5-9	15=3-6-11
A-1100	Salaries and Allowances Officials and Tempora	13,460	0	13,460	6,430	0	6,430	7,030	52.2%	0		7,030	52.2%	0	0	0
A-1111	Salaries and Allowances Contract Staff	0	0	0	0	0	0	0		0		0		0	0	0
A-1112	Interim Staff	7,842	0	7,842	6,909	0	6,909	934	11.9%	0		934	11.9%	0	0	0
A-1113	PESCAO - Contract staff	0	0	0	0	0	0	0		0		0		0	0	0
A-1116	Seconded national experts	0	0	0	0	0	0	0		0		0		0	0	0
A-1117	PESCAO - Seconded National Experts	0	0	0	0	0	0	0		0		0		0	0	0
A-1200	Candidates recruitment and other related costs	2,250	0	2,250	1,146	0	1,146	1,104	49.1%	0		1,104	49.1%	0	0	0
A-1210	Installation costs of TA (removal DSA and insta	0	0	0	0	0	0	0		0		0		0	0	0
A-1300	Administrative Missions	2,666	0	2,666	2,412	0	2,412	254	9.5%	0		254	9.5%	0	0	0
A-1410	Social Welfare of staff and Medical service	14,622	0	14,622	13,804	0	13,804	818	5.6%	0		818	5.6%	0	0	0
A-1420	Language courses and other training for staff	16,258	0	16,258	12,583	0	12,583	3,675	22.6%	0		3,675	22.6%	0	0	0
A-1700	Reception and representation costs	0	0	0	0	0	0	0		0		0		0	0	0
	<b>TITLE I TOTAL</b>	<b>57,099</b>	<b>0</b>	<b>57,099</b>	<b>43,283</b>	<b>0</b>	<b>43,283</b>	<b>13,815</b>	<b>24.2%</b>	<b>0</b>		<b>13,815</b>	<b>24.2%</b>	<b>0</b>	<b>0</b>	<b>0</b>
A-2000	Rental costs	0	0	0	0	0	0	0		0		0		0	0	0
A-2010	Utilities and Services	8,584	0	8,584	8,311	0	8,311	273	3.2%	0		273	3.2%	0	0	0
A-2050	Security and Surveillance	108,793	0	108,793	107,422	0	107,422	1,370	1.3%	0		1,370	1.3%	0	0	0
A-2051	Other Building Expenditure	6,773	0	6,773	6,755	0	6,755	18	0.3%	0		18	0.3%	0	0	0
A-2100	ICT hardware and software	63,839	0	63,839	63,829	0	63,829	10	0.0%	0		10	0.0%	0	0	0
A-2101	ICT External Services	145,358	0	145,358	141,468	0	141,468	3,891	2.7%	0		3,891	2.7%	0	0	0
A-2110	Telecommunication charges and equipment	10,418	0	10,418	7,022	0	7,022	3,396	32.6%	0		3,396	32.6%	0	0	0
A-2200	Technical installations and electronic office equ	2,865	0	2,865	2,865	0	2,865	0	0.0%	0		0	0.0%	0	0	0
A-2210	Furniture and workplace improvements	383,579	0	383,579	383,579	0	383,579	0	0.0%	0		0	0.0%	0	0	0
A-2301	Current Administrative Expenditure (stationary f	17,233	0	17,233	16,802	0	16,802	431	2.5%	0		431	2.5%	0	0	0
A-2500	Meetings of Administrative nature (AB Adv.B etc	0	0	0	0	0	0	0		0		0		0	0	0
A-2600	Translation and interpretation services	9,430	0	9,430	9,430	0	9,430	0	0.0%	0		0	0.0%	0	0	0
A-2620	External Services	100,994	0	100,994	96,347	0	96,347	4,647	4.6%	0		4,647	4.6%	0	0	0
A-2700	Communication expenses	16,840	0	16,840	16,629	0	16,629	210	1.2%	0		210	1.2%	0	0	0
	<b>TITLE II TOTAL</b>	<b>874,706</b>	<b>0</b>	<b>874,706</b>	<b>860,458</b>	<b>0</b>	<b>860,458</b>	<b>14,247</b>	<b>1.6%</b>	<b>0</b>		<b>14,247</b>	<b>1.6%</b>	<b>0</b>	<b>0</b>	<b>0</b>
B3-300	Coordination	132,825	0	132,825	92,116	0	92,116	40,709	30.6%	0		40,709	30.6%	0	0	0
B3-400	Assistance and Expertise	59,229	2,991	62,220	56,571	2,991	59,562	2,658	4.5%	0	0.0%	2,658	4.3%	0	0	0
B3-410	Operational application maintenance and develo	373,604	0	373,604	338,400	0	338,400	35,204	9.4%	0		35,204	9.4%	0	0	0
B3-500	Harmonisation and Standardisation	2,796,960	0	2,796,960	2,706,968	0	2,706,968	89,993	3.2%	0		89,993	3.2%	0	0	0
B3-600	PESCAO - Operational Expenditure	0	0	0	0	0	0	0		0		0		0	0	0
	<b>TITLE III TOTAL</b>	<b>3,362,619</b>	<b>2,991</b>	<b>3,365,610</b>	<b>3,194,056</b>	<b>2,991</b>	<b>3,197,047</b>	<b>168,563</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>168,563</b>	<b>5.0%</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>TOTAL</b>	<b>4,294,423</b>	<b>2,991</b>	<b>4,297,414</b>	<b>4,097,797</b>	<b>2,991</b>	<b>4,100,788</b>	<b>196,626</b>	<b>4.6%</b>	<b>0</b>	<b>0.0%</b>	<b>196,626</b>	<b>4.6%</b>	<b>0</b>	<b>0</b>	<b>0</b>

## CARRY-FORWARD / NEW RAL 2018

Ref.	Budget Line description	Commitments of the year 2018 (RAL 2018)											
		Commitments made from final budget adopted	Commitments made from Assigned Revenue	Total Commitments made	Payments made from final budget adopted	Payments made from Assigned Revenue	Total Payments made	RAL from final budget adopted	%	RAL made from Assigned Revenue	%	Total RAL 2018	%
		1	2	3=1+2	4	5	6=4+5	7=1-4	8=7/1	9=2-5	10=9/2	11=7+9	12=11/3
A-1100	Salaries and Allowances Officials and Temporal	6,438,106	0	6,438,106	6,434,207	0	6,434,207	3,900	0.1%	0		3,900	0.1%
A-1111	Salaries and Allowances Contract Staff	508,505	18,347	526,852	508,505	18,347	526,852	0	0.0%	0	0.0%	0	0.0%
A-1112	Interim Staff	120,989	0	120,989	118,188	0	118,188	2,801	2.3%	0		2,801	2.3%
A-1113	PESCAO - Contract staff	0	88,480	88,480	0	88,480	88,480	0		0	0.0%	0	0.0%
A-1116	Seconded national experts	298,320	0	298,320	298,320	0	298,320	0	0.0%	0		0	0.0%
A-1117	PESCAO - Seconded National Experts	0	102,787	102,787	0	102,787	102,787	0		0	0.0%	0	0.0%
A-1200	Candidates recruitment and other related costs	9,146	0	9,146	9,146	0	9,146	0	0.0%	0		0	0.0%
A-1210	Installation costs of TA (removal DSA and insta	250,701	0	250,701	250,701	0	250,701	0	0.0%	0		0	0.0%
A-1300	Administrative Missions	59,536	0	59,536	53,939	0	53,939	5,597	9.4%	0		5,597	9.4%
A-1410	Social Welfare of staff and Medical service	13,267	0	13,267	9,246	0	9,246	4,021	30.3%	0		4,021	30.3%
A-1420	Language courses and other training for staff	108,006	0	108,006	92,743	0	92,743	15,264	14.1%	0		15,264	14.1%
A-1700	Reception and representation costs	295	0	295	295	0	295	0	0.0%	0		0	0.0%
	<b>TITLE I TOTAL</b>	<b>7,806,871</b>	<b>209,614</b>	<b>8,016,485</b>	<b>7,775,289</b>	<b>209,614</b>	<b>7,984,904</b>	<b>31,582</b>	<b>0.4%</b>	<b>0</b>	<b>0.0%</b>	<b>31,582</b>	<b>0.4%</b>
A-2000	Rental costs	52,680	0	52,680	52,680	0	52,680	0	0.0%	0		0	0.0%
A-2010	Utilities and Services	150,534	0	150,534	136,120	0	136,120	14,414	9.6%	0		14,414	9.6%
A-2050	Security and Surveillance	151,989	0	151,989	112,627	0	112,627	39,363	25.9%	0		39,363	25.9%
A-2051	Other Building Expenditure	76,146	0	76,146	60,891	0	60,891	15,255	20.0%	0		15,255	20.0%
A-2100	ICT hardware and software	318,178	0	318,178	247,267	0	247,267	70,912	22.3%	0		70,912	22.3%
A-2101	ICT External Services	463,175	0	463,175	309,759	0	309,759	153,416	33.1%	0		153,416	33.1%
A-2110	Telecommunication charges and equipment	49,621	0	49,621	38,546	0	38,546	11,075	22.3%	0		11,075	22.3%
A-2200	Technical installations and electronic office equ	46,966	0	46,966	38,295	0	38,295	8,671	18.5%	0		8,671	18.5%
A-2210	Furniture and workplace improvements	124,237	0	124,237	45,015	0	45,015	79,223	63.8%	0		79,223	63.8%
A-2301	Current Administrative Expenditure (stationary f	40,392	0	40,392	30,767	0	30,767	9,625	23.8%	0		9,625	23.8%
A-2500	Meetings of Administrative nature (AB Adv.B etc	72,000	0	72,000	72,000	0	72,000	0	0.0%	0		0	0.0%
A-2600	Translation and interpretation services	209,954	0	209,954	202,246	0	202,246	7,708	3.7%	0		7,708	3.7%
A-2620	External Services	210,151	0	210,151	149,001	0	149,001	61,150	29.1%	0		61,150	29.1%
A-2700	Communication expenses	76,782	0	76,782	63,930	0	63,930	12,852	16.7%	0		12,852	16.7%
	<b>TITLE II TOTAL</b>	<b>2,042,806</b>	<b>0</b>	<b>2,042,806</b>	<b>1,559,143</b>	<b>0</b>	<b>1,559,143</b>	<b>483,663</b>	<b>23.7%</b>	<b>0</b>		<b>483,663</b>	<b>23.7%</b>
B3-300	Coordination	510,051	1,344	511,395	457,739	1,344	459,084	52,312	10.3%	0	0.0%	52,312	10.2%
B3-400	Assistance and Expertise	346,752	12,111	358,863	241,094	9,378	250,472	105,658	30.5%	2,733	22.6%	108,391	30.2%
B3-410	Operational application maintenance and devel	702,988	6,504	709,492	355,098	6,504	361,602	347,890	49.5%	0	0.0%	347,890	49.0%
B3-500	Harmonisation and Standardisation	5,359,426	70,684	5,430,110	4,342,927	0	4,342,927	1,016,499	19.0%	70,684	100.0%	1,087,183	20.0%
B3-600	PESCAO - Operational Expenditure	0	278,580	278,580	0	197,244	197,244	0		81,336	29.2%	81,336	29.2%
	<b>TITLE III TOTAL</b>	<b>6,919,218</b>	<b>369,223</b>	<b>7,288,440</b>	<b>5,396,859</b>	<b>214,470</b>	<b>5,611,329</b>	<b>1,522,359</b>	<b>22.0%</b>	<b>154,753</b>	<b>41.9%</b>	<b>1,677,112</b>	<b>23.0%</b>
	<b>TOTAL</b>	<b>16,768,895</b>	<b>578,837</b>	<b>17,347,732</b>	<b>14,731,292</b>	<b>424,084</b>	<b>15,155,376</b>	<b>2,037,603</b>	<b>12.2%</b>	<b>154,753</b>	<b>26.7%</b>	<b>2,192,356</b>	<b>12.6%</b>

## II.7 ANNEXES TO THE BUDGETARY ACCOUNTS

### ANNEX 1: REPORT ON THE BUDGETARY AND FINANCIAL MANAGEMENT (RBFM)<sup>8</sup>

## YEAR 2018

### **BACKGROUND AND INTRODUCTION**

In accordance to article 93 of the Financial Regulation applicable to EFCA<sup>9</sup>, each Agency shall prepare a report on budgetary and financial management for the financial year by 31 March of the following year.

The presentation of this report on budgetary and financial management has been prepared in accordance with Articles 93 to 97 of the Financial Regulation applicable to EFCA<sup>10</sup>. The information contained in this report derives from the draft EFCA Annual Report for 2018 to be approved by the Administrative Board on April 10<sup>th</sup> 2019.

In 2018, EFCA has continued to benefit from efficiency-saving measures taken in the past. The project of e-Administration has included the implementation of systems such as Missions Integrated Processing System (MIPS), e-Invoicing, e-Submission, e-Request and Accrual Based Accounting (ABAC) Assets Order, among other efforts of rationalisation and paperless approach in the different financial processes. In 2018, EFCA has implemented ARES (Advanced Records System) and has worked on the on-boarding processes of AGM<sup>11</sup> (for expert's reimbursements) and Sysper (the automation of HR processes).

In 2018, EFCA reached a level of 95% of financial transactions managed electronically. It also handled a 23% increase in payments transactions due to the increase in activity, without using additional resources.

### **I. OVERVIEW OF THE BUDGET**

#### **1.1 Initial budget, amending budgets and final budget**

EFCA received a total budget of €16.8 million as a contribution from the General EU Budget for 2018. In addition, EFCA started its first year of activities related to the PESCAO project<sup>12</sup>, for which €0.5 million were received in 2018 (Amendment of Budget 2018), contributing to a total of €17.4 million of total budget received during 2018.

TITLE	Description	Voted budget		Amendments		Description	Final Budget	
		CA	PA	CA	PA		CA	PA
TITLE I	Staff	7,699,000	7,699,000	192,000	192,000	PESCAO PROJECT GRANT	7,891,000	7,891,000
TITLE II	Building and ICT	2,155,000	2,155,000				2,155,000	2,155,000
TITLE III	Operations	6,959,000	6,959,000	403,849	403,849		7,362,849	7,362,849
TOTAL		16,813,000	16,813,000	595,849	595,849		17,408,849	17,408,849

### **List of amending budgets adopted**

<sup>8</sup> Ref. Ares(2019)2206725 – 28/03/2019

<sup>9</sup> Decision No 13-W-09 of the Administrative Board of the European Fisheries Control Agency of 31<sup>st</sup> December 2013 concerning the Financial Regulation of the EFCA

<sup>10</sup> Decision No 13-W-09 of the Administrative Board of the European Fisheries Control Agency of 31<sup>st</sup> December 2013 concerning the Financial Regulation of the EFCA

<sup>11</sup> Advanced Gateway to your Meetings (AGM) is the European Commission's system for planning and organising meetings involving external experts.

<sup>12</sup> The PESCAO project for capacity building and additional training and assistance missions in particular Western Africa countries is managed by DG Development and Cooperation (DEVCO) and financed by the European Development Fund (EDF). EFCA has signed a delegation agreement in March 2018 assigning a maximum of €2.6 million EU contribution over five years to the Agency.

In April, to support the PESCAO implementation, the Administrative Board amended through written procedure the Programming Document containing the Multiannual work Programme 2018-2019 and the Annual work programme 2018, and the Budget and Establishment plan for 2018, to add the grant agreement signed between EFCA and the European Commission covering a five-year period 2018-2022.

Amendment Number	Date of adoption	Main subject description	Impact on commitment appropriations	Impact on payment appropriations
1	11/04/2018	Grant agreement for the Project PESCAO between the European Commission and the European Fisheries Control Agency	595,849	595,849

### List of transfers adopted by the Director

N°	Expenditure Title	Date of approval	Impact on appropriations (non-differentiated)
1	Title II - Administrative	27/03/2018	27,050
2	Title II - Administrative	26/06/2018	87,000
3	Title II. Administrative	29/08/2018	12,200
4	Title II. Administrative	29/08/2018	13,250
5	Title I. Staff	06/12/2018	141,200
6	From Title II Administrative to Title I Staff	06/12/2018	110,160
7	Title III. Operational	07/12/2018	503,875
8	Title II. Administrative	18/12/2018	69,200

The annual salary adjustments (known in November) represented an increase of over 5% of the costs for the year, which had to be covered from other budget lines in Titles I and II (transfers 5 and 6 above). There was one significant transfer (transfer 7) done within Title III to cover the specific contract for the continuity of chartering a vessel under the framework contract successfully signed in December 2017.

## 1.2 Budget Implementation

EFCA achieved a 99.7% budget implementation in commitments and 86.7% in payments for the C1 fund source funds. EFCA has kept this high level of budget implementation (99%) during the past 4 years.

See below the breakdown of the implementation for each Title in 2018.

TITLE	VOTED BUDGET		BUDGET IMPLEMENTATION C1 fund source					
	BUDGET 2017	Transfers	COMMITMENTS			PAYMENTS		
			ABAC CA (€)	Committed (€)	% exec	ABAC PA (€)	Paid (€)	% exec
TITLE I	7,699,000	110,160	7,809,160	7,806,871	100%	7,809,160	7,775,289	100%
TITLE II	2,155,000	-110,160	2,044,840	2,042,806	99.9%	2,044,840	1,559,143	76%
TITLE III	6,959,000	0	6,959,000	6,919,218	99.4%	6,959,000	5,396,859	78%
TOTAL	16,813,000	0	16,813,000	16,768,895	99.74%	16,813,000	14,731,292	87.6%

In terms of commitments carried forward from 2017, EFCA consumed 95.4%

EFCA cancelled 1.5% of the payment appropriations in 2018 including all fund sources, as follows:

PAYMENT APPROPRIATIONS					
Description	PA 2018	Paid	CF 2018-2019	Cancelled PA	%
Subsidy 2018 (C1)	16,813,000	14,731,292	2,037,603	<b>44,105</b>	0.2%
PESCAO grant (R0)	595,849	388,511	81,336		0.0%
Carry Forward 2017-2018 (C8)	4,294,423	4,097,797	-	<b>196,626</b>	0.9%
Carry Forward 2017-2018 (R0)	119,721	37,220	2,733	<b>79,768</b>	0.4%
C4 revenue	72,029	-	72,029	-	0.0%
<b>TOTALS</b>	<b>21,895,022</b>	<b>19,254,819</b>	<b>2,193,701</b>	<b>320,499</b>	<b>1.5%</b>

As of the implementation of grants received in previous years, the pilot project “Modernising Fisheries Control and Optimising Vessel Monitoring through the use of innovative European Systems (MARSURV)” ended at the end of 2018 with an 88% of implementation.

Further details on the budget implementation are available in the 2018 Final annual accounts and Annual Report of EFCA.

## II. MULTI-ANNUAL OVERVIEW

EFCA’s founding regulation was amended<sup>13</sup> in 2016 by Regulation (EU) 2016/1626 extending the EFCA role to European cooperation on coast guard functions. EFCA cooperates with Frontex and EMSA to support national authorities carrying out coast guard functions.

Below the EU budget contributions defined for 2018 and 2019, and the draft budget proposed for 2020. The resources for 2021 – 2024 will be indicated following the adoption of the Multiannual Financial Framework 2021-2027.

EXPENDITURE	2018	2019	2020	2021
Title I – Staff	7,699,000	8,120,000	8,257,000	
Title II - Administrative	2,155,000	1,634,000	1,584,000	
Title III – Operational	6,959,000	6,993,000	7,059,000	
<b>Total expenditure</b>	<b>16,813,000</b>	<b>16,747,000</b>	<b>16,900,000</b>	

## III. REVENUE

The General Budget will continue to be the main source of revenue for EFCA during 2019-2020. The PESCAO grant implementation period extends up to 2022, having estimated €0.5 million contributions for 2019 and 2020. See below the details of 2018-2021.

REVENUE	2018	2019	2020	2021
EU Subsidy	17,247,000	17,400,000	17,247,000	
Other grants	595,849	500,000	500,000	
Other revenue	p.m	p.m	p.m	
<b>Total revenues</b>	<b>17,842,849</b>	<b>17,900,000</b>	<b>17,747,000</b>	

<sup>13</sup> [http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L\\_.2016.251.01.0080.01.ENG&toc=OJ:L:2016:251:TOC](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2016.251.01.0080.01.ENG&toc=OJ:L:2016:251:TOC)

The implementation of revenue in 2018, as well as the forecast for 2019 is presented in the table below:

Revenue	2018 Revenue implemented by the Agency	2019 Revenue estimated
<b>1. EU contribution</b>	16,813,000	16,747,000
Of which Operational (Title 3)	6,959,000	6,993,000
of which assigned revenue deriving from previous years' surpluses	67,534	240 699
<b>3 THIRD COUNTRIES CONTRIBUTION (incl. EFTA and candidate countries)</b>		
<b>4 OTHER CONTRIBUTIONS</b>		
<i>of which delegation</i>		
<i>agreement, ad hoc grants</i>	517,000	500,000
<b>5. MIXCELANEOUS REVENUE</b>	73,665	p.m..
<b>TOTAL REVENUE</b>	<b>17 403 665</b>	<b>17,247,000</b>

## ANNEX 2: STAFF ESTABLISHMENT PLAN 2018

Category	2018			
	Authorised under the EU Budget		Filled as of 31/12/2018	
	Officials	TA	Officials	TA
AD 16				
AD 15		1		1
AD 14				
AD 13		2		2
AD 12		3		2
AD 11				
AD 10		3		3
AD 9		6		6
AD 8		14		14
AD 7		2		2
AD 6				
AD 5				
<b>TOTAL AD</b>		<b>31</b>		<b>30</b>
AST 11				
AST 10		7		7
AST 9		3		3
AST 8		3		3
AST 7		8		8
AST 6		2		2
AST 5		6		6
AST 4		1		1
AST 3				
AST 2				
AST 1				
<b>TOTAL AST</b>		<b>30</b>		<b>30</b>
<b>TOTAL AST/SC</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL</b>	<b>61</b>		<b>60</b>	

### ANNEX 3: GLOSSARY TERMS AND ABBREVIATIONS<sup>14</sup>

Term	Definition
ABAC	This is the name given to the Commission's accounting system, which since 2005 has been enriched by accrual accounting rules. Apart from the cash-based budget accounts, the Commission produces accrual-based accounts which recognise revenue when earned, rather than when collected. Expenses are recognised when incurred rather than when paid. This contrasts with cash basis budgetary accounting that recognises transactions and other events only when cash is received or paid.
Accounting	The act of recording and reporting financial transactions, including the creation of the transaction, its recognition, processing, and summarisation in the financial statements.
Administrative appropriations	Administrative appropriations cover the running costs of the Institutions and entities (staff, buildings, office equipment).
Adjustment	Amending budget or transfer of funds from one budget item to another
Adopted budget	Draft budget becomes the adopted budget as soon as it is approved by the Budgetary Authority. Cf. Budget.
Agencies	EU bodies having a distinct legal personality, and to whom budget implementing powers may be delegated under strict conditions. They are subject to a distinct discharge from the discharge authority.
Amending budget	Decision adopted during the budget year to amend (increase, decrease, transfer) aspects of the adopted budget of that year.
Annuality	The budgetary principle according to which expenditure and revenue is programmed and authorised for one year, starting on 1 January and ending on 31 December.
Appropriations	Budget funding. The budget forecasts both commitments (legal pledges to provide finance, provided that certain conditions are fulfilled) and payments (cash or bank transfers to the beneficiaries). Appropriations for commitments and payments often differ — differentiated appropriations — because multiannual programmes and projects are usually fully committed in the year they are decided and are paid over the years as the implementation of the programme and project progresses. Non-differentiated appropriations apply to administrative expenditure, for agricultural market support and direct payments and commitment appropriations equal payment appropriations.
Assigned revenue External/Internal	Dedicated revenue received to finance specific items of expenditure. Main sources of external assigned revenue are <i>financial contributions from third countries to programmes financed by the Union</i> . <i>Main sources of internal assigned revenue is revenue from third parties in respect of goods, services or work supplied at their request; (c) revenue arising from the repayment of amounts</i>

<sup>14</sup> Definitions to large extent provided by DG BUDG services (apply mutatis mutandis to decentralised agencies like EFCA)



	<p><i>wrongly paid and revenue from the sale of publications and films, including those on an electronic medium.</i></p> <p>The complete list of items constituting assigned revenue is given in the Financial Regulation Art.21.2.</p>
Authorising Officer (AO)	The AO is responsible in each institution for authorising revenue and expenditure operations in accordance with the principles of sound financial management and for ensuring that the requirements of legality and regularity are complied with.
Budget	Annual financial plan, drawn up according to budgetary principles, that provides forecasts and authorises, for each financial year, an estimate of future costs and revenue and expenditures and their detailed description and justification, the latter included in budgetary remarks.
Budget result	The difference between income received and amounts paid, including adjustments for carry-overs, cancellations and exchange rate differences. The resulting amount will have to be reimbursed to the funding authority as provided in the Financial Regulation for Agencies.
Budget implementation	Consumption of the budget through expenditure and revenue operations.
Budget item / Budget line / Budget position	As far as the budget structure is concerned, revenue and expenditure are shown in the budget in accordance with a binding nomenclature which reflects the nature and purpose of each item, as imposed by the budgetary authority. The individual headings (title, chapter, article or item) provide a formal description of the nomenclature.
Budgetary authority	Institutions with decisional powers on budgetary matters: the European Parliament and the Council of Ministers
Budgetary commitment	A budgetary commitment is a reservation of appropriations to cover for subsequent expenses.
Cancellation of appropriations	Unused appropriations that may no longer be used.
Carryover of appropriations	Exception to the principle of annuality in so far as appropriations that could not be used in a given budget year may, under strict conditions, be exceptionally carried over for use during the following year.
Commitment appropriations	Commitment appropriations cover the total cost of legal obligations (contracts, grant agreements/decisions) that could be signed in the current financial year. Art. 7 FR: <i>Commitment appropriations cover the total cost in the current financial year of legal obligations (contracts, grant agreements/decisions) entered into for operations extending over more than one year.</i>
De-commitment	Cancellation of a reservation of appropriations
Differentiated appropriations	Differentiated appropriations are used to finance multiannual operations; they cover, for the current financial year, the total cost of the legal obligations entered into for operations whose implementation extends over more than one financial year. Art. 7 FR: <i>Differentiated appropriations are entered for multiannual operations. They consist of commitment appropriations and payment appropriations.</i>
Earmarked revenue	Revenue earmarked for a specific purpose, such as income from foundations, subsidies, gifts and bequests, including the

	earmarked revenue specific to each institution. (Cf. Assigned revenue)
ECA	European Court of Auditors
Economic result	Impact on the balance sheet of expenditure and revenue based on accrual accounting rules.
Entitlements established	Entitlements are recovery orders that the European Union must establish for collecting income.
Exchange rate difference	The difference resulting from currency exchange rates applied to the transactions concerning countries outside the euro area, or from the revaluation of assets and liabilities in foreign currency at the closure.
Expenditure	Term used to describe spending the budget from all types of funds sources.
Financial regulation (FR)	Adopted through the ordinary legislative procedure after consulting the European Court of Auditors, this regulation lays down the rules for the establishment and implementation of the general budget of the European Union. (OJ L 298, 26.10.2012)
Funds Source	Type of appropriations (e.g.: C1, C2, etc.)
Grants	Direct financial contributions, by way of donation, from the budget in order to finance either an action intended to help achieve an objective part of an EU policy or the functioning of a body which pursues an aim of general European interest or has an objective forming part of an EU policy.
Implementation	Cf. Budget implementation
Income	Cf. Revenue
Joint Undertakings (JUs)	A legal EU-body established under the TFEU. The term can be used to describe any collaborative structure proposed for the <i>"efficient execution of Union research, technological development and demonstration programmes"</i> .
Lapsing appropriations	Unused appropriations to be cancelled at the end of the financial year. <i>Lapsing</i> means the cancellation of all or part of the authorisation to make expenditures and/or incur liabilities which is represented by an appropriation.
Legal base (basic act)	The legal base or basis is, as a general rule, a law based on an article in the Treaty giving competence to the Community for a specific policy area and setting out the conditions for fulfilling that competence including budget implementation. Certain Treaty articles authorise the Commission to undertake certain actions, which imply spending, without there being a further legal act.
Legal commitment	A legal commitment establishes a legal obligation towards third parties.
Non-differentiated appropriations	Non-differentiated appropriations are for operations of an annual nature. (Art. 9 FR). In the EU-Budget non-differentiated appropriations apply to administrative expenditure, for agricultural market support and direct payments
Operational appropriations	Operational appropriations finance the different policies, mainly in the form of grants or procurement.
Outstanding commitment	Legal commitments having not fully given rise to liquidation by payments. Cf. RAL.
Outturn	Cf. Budget result
Payment	A payment is a cash disbursement to honour legal obligations.

Payment appropriations	Payment appropriations cover expenditure due in the current year, arising from legal commitments entered in the current year and/or earlier years (Art. 7 FR).
RAL	Sum of outstanding commitments. Outstanding commitments (or RAL, from the French ' <i>reste à liquider</i> ') are defined as the amount of appropriations committed that have not yet been paid. They stem directly from the existence of multiannual programmes and the dissociation between commitment and payment appropriations. (Cf. <i>Outstanding commitments</i> )
Recovery	The recovery order is the procedure by which the Authorising officer (AO) registers an entitlement by the Commission in order to retrieve the amount which is due. The entitlement is the right that the Commission has to claim the sum which is due by a debtor, usually a beneficiary.
Result	Cf. Outturn
Revenue	Term used to describe income from all sources financing the budget.
Rules of application	Detailed rules for the implementation of the financial regulation. They are set out in a Commission regulation adopted after consulting all institutions and cannot alter the financial regulation upon which they depend.
Surplus	Positive difference between revenue and expenditure (see Budget result) which has to be returned to the funding authority as provided in the Financial Regulation.
Transfer	Transfers between budget lines imply the relocation of appropriations from one budget line to another, in the course of the financial year, and thereby they constitute an exception to the budgetary principle of specification. They are, however, expressly authorised by the Treaty on the Functioning of the European Union under the conditions laid down in the Financial Regulation. The FR identifies different types of transfers depending on whether they are between or within budget titles, chapters, articles or headings and require different levels of authorization.