



DECISION No 20-W-5
OF THE ADMINISTRATIVE BOARD
OF THE EUROPEAN FISHERIES CONTROL AGENCY
of 23/06/2020
relating to the adoption of the Final Annual Accounts for financial year 2019

THE ADMINISTRATIVE BOARD OF THE EUROPEAN FISHERIES CONTROL AGENCY,

Having regard to AB Decision No 19-W-5 of 28 August 2019 concerning the Financial Regulation of the European Fisheries Control Agency, and in particular Article 102 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 Executive Director 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 23.06.2020.



Reinhard Priebe
Chair of the Administrative Board

ANNEX

FINAL ANNUAL ACCOUNTS FOR FINANCIAL YEAR 2019



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

Financial Year 2019

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	22
4. NOTES TO THE CASH-FLOW STATEMENT	25
5. CONTINGENT ASSETS AND LIABILITIES AND OTHER SIGNIFICANT DISCLOSURES	25
6. PROTECTION OF THE AGENCY'S BUDGET	28
7. FINANCIAL INSTRUMENTS	28
8. CHANGES IN ACCOUNTING POLICIES.....	31
9. RELATED PARTY DISCLOSURE.....	31
10. EVENTS AFTER THE REPORTING DATE.....	31
Part II: REPORTS ON IMPLEMENTATION OF THE BUDGET	33
II.1 BUDGETARY STRUCTURE, PRINCIPLES AND MAIN EVENTS	34
II.2 BUDGET RESULT 2019	37
II.3 RECONCILIATION OF ECONOMIC RESULT WITH BUDGET RESULT	38
II.4 BUDGET REVENUE	39
II.5 BUDGET EXPENDITURE.....	40
II.6 EVOLUTION OF COMMITMENTS OUTSTANDING (RAL)	44
II.7 ANNEXES TO THE BUDGETARY ACCOUNTS.....	46
ANNEX 1: REPORT ON THE BUDGETARY AND FINANCIAL MANAGEMENT (RBFM)	46
ANNEX 2: STAFF ESTABLISHMENT PLAN 2019.....	50
ANNEX 3: GLOSSARY TERMS AND ABBREVIATIONS.....	51

CERTIFICATE

I acknowledge my responsibility for the preparation and presentation of the annual accounts of the European Fisheries Control Agency (EFCA) in accordance with Article 102 of the Framework Financial Regulation ('FFR'), and I hereby certify that the annual accounts of the Agency for the year 2019 have been prepared in accordance with Title IX of the FFR and the accounting rules adopted by the Commission's Accounting Officer, as are to be applied by all the institutions and union bodies.

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.

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-flow of the Agency.

Vigo, 25 May 2020

A handwritten signature in blue ink, appearing to read 'M. Dedić', is written over a faint, light blue circular stamp or watermark.

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 29 August 2019
- 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
- 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 102 of the EFCA Financial Regulation.

BACKGROUND INFORMATION

EFCA was established by Council Regulation (EC) n° 768/2005¹ 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);
- 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.

¹ 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.

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 (€16.8 million in 2019 compared to €9.9 million in 2016). The resulting increases in operational and administrative activities, as well as the additional human resources continue to be mirrored in the 2019 Annual Accounts, showing substantial increases in income, expenses, financial assets, current liabilities and the economic result of the year compared to 2016.

Compared to 2018, however, the financial reporting year 2019 showed -as planned- lower levels for administrative expenses as a consequence of the previous' s years more intensive investments in ICT, furniture and logistics related to the offices. Staff expenses increased slightly -as planned- to the extent foreseen under the staff regulations and with the establishment fully filled during 2019. As regards operating expense, EFCA operated its chartered Offshore Patrol Vessel (OPV) for a second complete year for fisheries control purposes and multipurpose operations, and EFCA continued the inter-Agency cooperation on Coast Guard Functions with FRONTEX and EMSA (with lower expenses following the end of the two related pilot projects 2016-2018). The Agency furthermore continued its second 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 had 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.

More detailed information on the Agency's operations and achievements during 2019 will be disclosed in the Annual Report 2019.

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 once 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 97 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	31.12.2019	31.12.2018	Variation
NON-CURRENT ASSETS		358,702.04	580,240.04	-221,538.00
Intangible assets	2.1.	28,455.00	76,729.00	-48,274.00
Intangible assets		28,455.00	76,729.00	-48,274.00
Property, Plant and Equipment	2.2.	330,247.04	503,511.04	-173,264.00
Plant and equipment		12,115.00	16,315.00	-4,200.00
Computer hardware		98,430.00	234,093.00	-135,663.00
Furniture and vehicles		76,956.04	76,501.04	455.00
Other fixtures and fittings		142,746.00	176,602.00	-33,856.00
Financial assets (non-current)	2.3.&7	0.00	0.00	0.00
Long-term receivables and recoverables		0.00	0.00	0.00
Pre-financing		0.00	0.00	0.00
CURRENT ASSETS		3,207,435.86	2,923,826.38	283,609.48
Financial assets (current)	2.3.&7	0.00	0.00	0.00
Receivables and recoverables	2.4.	370,097.80	439,599.97	-69,502.17
Accounts receivable from consolidated EU entities		54.35	10,512.80	-10,458.45
Sundry receivables		7,504.80	61,503.59	-53,998.79
Deferred charges		362,275.97	367,427.48	-5,151.51
Accrued income		262.68	156.10	106.58
Pre-financing	2.5.	80,000.00	5,799.32	74,200.68
Cash and cash equivalents	2.6.	2,757,338.06	2,478,427.09	278,910.97
TOTAL ASSETS	A	3,566,137.90	3,504,066.42	62,071.48
NON-CURRENT LIABILITIES		0.00	0.00	0.00
Provisions for risks and liabilities (long-term)		0.00	0.00	0.00
Financial liabilities (non-current)	2.7.&7	0.00	0.00	0.00
Long-term liabilities to consolidated entities		0.00	0.00	0.00
Other long-term liabilities	2.7.	0.00	0.00	0.00
CURRENT LIABILITIES		940,231.54	1,040,570.11	-100,338.57
Provisions for risks and liabilities	2.7.	2,643.68	2,643.68	0.00
Financial liabilities (current)	2.7.&7	180,478.94	71,725.37	108,753.57
Payables		757,108.92	966,201.06	-209,092.14
Sundry payables	2.8.	170.03	45,780.64	-45,610.61
Accrued charges	2.9.	497,982.24	692,924.91	-194,942.67
Accounts payable to consolidated EU entities	2.10.	258,956.65	227,495.51	31,461.14
TOTAL LIABILITIES	L	940,231.54	1,040,570.11	-100,338.57
NET ASSETS	A-L	2,625,906.36	2,463,496.31	162,410.05
Accumulated surplus/deficit	R	2,463,496.31	3,820,186.42	-1,356,690.11
Economic result of the year	A-L-R	162,410.05	-1,356,690.11	1,519,100.16

I.2 STATEMENT OF FINANCIAL PERFORMANCE (SFP)

	Note	2019	2018	Variation
OPERATING REVENUE		16,902,022.31	17,131,281.63	-229,259.32
European Union Contribution	3.1.1.	16,488,043.88	16,686,007.00	-197,963.12
Other non-exchange revenue	3.1.2.	413,978.43	445,274.63	-31,296.20
Other exchange revenue	3.1.3.	0.00	0.00	0.00
OPERATING EXPENSES		-16,739,967.69	-18,487,863.74	1,747,896.05
Operating expenses	3.2.1.	-6,198,312.25	-7,280,103.61	1,081,791.36
Administrative expenses	3.2.2.	-10,541,655.44	-11,207,760.13	666,104.69
SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES		162,054.62	-1,356,582.11	1,518,636.73
Financial revenue	3.3.	1,059.13	469.39	589.74
Financial expenses	3.3.	-703.70	-577.39	-126.31
SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES		162,410.05	-1,356,690.11	1,519,100.16
Extraordinary gains		0.00	0.00	0.00
Extraordinary losses		0.00	0.00	0.00
SURPLUS/(DEFICIT) FROM EXTRAORDINARY ITEMS		0.00	0.00	0.00
ECONOMIC RESULT OF THE YEAR		162,410.05	-1,356,690.11	1,519,100.16

I.3 CASH FLOW STATEMENT

	Note	2019	2018
Economic result of the year		162,410.05	-1,356,690.11
Operating activities			
Amortization (intangible fixed assets) +		48,274.00	116,154.42
Depreciation (tangible fixed assets) +		211,190.48	222,273.43
Increase/(decrease) in Provisions for risks and liabilities		0.00	2,643.68
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		-74,200.68	323,069.86
(Increase)/decrease in Long term Receivables		0.00	0.00
(Increase)/decrease in Short term Receivables		59,043.72	9,264.20
(Increase)/decrease in Receivables related to consolidated EU entities		10,458.45	-10,512.80
Increase/(decrease) in Other Long term liabilities		0.00	0.00
Increase/(decrease) in Other Short term liabilities		108,753.57	71,725.37
Increase/(decrease) in Accounts payable		-240,553.28	-1,075,195.13
Increase/(decrease) in Liabilities related to consolidated EU entities		31,461.14	-132,924.81
Other non-cash movements		0.00	0.00
<i>Increase/(decrease) in Employee benefits</i>		0.00	0.00
Net cash-flow from operating activities	4.1.	316,837.45	-1,830,191.89
Investing activities			
(Increase)/Decrease in intangible assets and property, plant and equipment		-38,659.48	-307,179.21
Proceeds from tangible and intangible fixed assets (+)		733.00	0.00
Net cash-flow from investing activities	4.2.	-37,926.48	-307,179.21
Net cash-flow from financing activities	4.3.	0.00	0.00
Net increase/(decrease) in cash and cash equivalents		278,910.97	-2,137,371.10
Cash and cash equivalents at the beginning of the year		2,478,427.09	4,615,798.19
Cash and cash equivalents at year end		2,757,338.06	2,478,427.09

I.4 STATEMENT OF CHANGES IN NET ASSETS

	Note	Accumulated Surplus/Deficit	Economic result of the year	Net Assets (Total)
Balance as at 31 December 2018		3,820,186.42	-1,356,690.11	2,463,496.31
Changes in accounting policies		0.00	0.00	0.00
Balance as at 1 January 2019		3,820,186.42	-1,356,690.11	2,463,496.31
Allocation of the economic result of previous year		-1,356,690.11	1,356,690.11	0.00
Economic result of the year		0.00	162,410.05	162,410.05
Balance as at 31 December 2019		2,463,496.31	162,410.05	2,625,906.36

I.5 NOTES TO THE FINANCIAL STATEMENTS

(1.1.2019 – 31.12.2019)

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 98 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.² 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 98 of EFCA Financial Regulation makes reference to 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).

² 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 98 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 18 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 2019, 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 2018	0.00	106,990.00
Financial year 2019	0.00	118,130.85

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.

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
Intangible assets		
Software for personal computers and servers	25%	25.0%
Tangible assets		
Land	0%	0.0%
Buildings	4%	4.0%
Plant and equipment		
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%
Furniture and vehicles		
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%
Computer hardware		
Computers, servers, accessories, data transfer equipment, printers, screens	25%	25.0%
Copying equipment, digitising and scanning equipment	25%	25.0%
Other fixtures and fittings		
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%
Tangible fixed assets under construction	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 2019, 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.

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 2019

ASSET CLASS	Gross Carrying Amounts						Accumulated Depreciation						Net Carrying Amounts 01.01.19	Net Carrying Amounts 31.12.19
	Opening Balance 01.01.19	Additions	Disposals	Transfers between headings	Post-capitalisation & Investment - support	Closing Balance 31.12.19	Opening Balance 01.01.19	Amortisation and depreciation charge of the year	Amort/Depr of disposals	Charge of transfers between headings	Depreciation Post- capitalisation & Write-ups	Closing Balance 31.12.19		
Computer Software	287,558.44	0.00	-4,769.06	0.00	0.00	282,789.38	-278,953.44	-2,285.00	4,769.06	0.00	0.00	-276,469.38	8,605.00	6,320.00
Internally Generated Software (*)	922,374.00	0.00	-57,120.00	0.00	0.00	865,254.00	-854,250.00	-45,989.00	57,120.00	0.00	0.00	-843,119.00	68,124.00	22,135.00
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	0.00	0.00
Intangible Fixed Assets	1,209,932.44	0.00	-61,889.06	0.00	0.00	1,148,043.38	-1,133,203.44	-48,274.00	61,889.06	0.00	0.00	-1,119,588.38	76,729.00	28,455.00
Plant and Equipment	83,653.34	0.00	-9,624.04	0.00	0.00	74,029.30	-67,338.34	-4,200.00	9,624.04	0.00	0.00	-61,914.30	16,315.00	12,115.00
Furniture	242,197.16	9,216.44	-7,887.60	0.00	0.00	243,526.00	-165,696.12	-8,761.44	7,887.60	0.00	0.00	-166,569.96	76,501.04	76,956.04
Computer hardware	1,297,869.84	5,022.73	-185,991.12	0.00	0.00	1,116,901.45	-1,063,776.84	-140,685.73	185,991.12	0.00	0.00	-1,018,471.45	234,093.00	98,430.00
Fixtures & Fittings	384,391.71	15,837.80	-88,164.13	0.00	8,582.51	320,647.89	-207,789.71	-57,185.80	87,431.13	0.00	-357.51	-177,901.89	176,602.00	142,746.00
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	0.00	0.00
Tangible Fixed Assets	2,008,112.05	30,076.97	-291,666.89	0.00	8,582.51	1,755,104.64	-1,504,601.01	-210,832.97	290,933.89	0.00	-357.51	-1,424,857.60	503,511.04	330,247.04
TOTAL Fixed Assets (Net Book Value)	3,218,044.49	30,076.97	-353,555.95	0.00	8,582.51	2,903,148.02	-2,637,804.45	-259,106.97	352,822.95	0.00	-357.51	-2,544,445.98	580,240.04	358,702.04

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 customer receivables and recoverables	31.12.2019	31.12.2018
Current customer receivables	0.00	0.00
Amounts due from other consolidated entities	54.35	10,512.80
-exchange	54.35	10,512.80
-non-exchange	0.00	0.00
Sundry receivables	7,504.80	61,503.59
Staff	7,101.92	61,100.71
Others	402.88	402.88
Deferred charges	362,275.97	367,427.48
Accrued Income	262.68	156.10
TOTAL	370,097.80	439,599.97

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

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

Sundry receivables from staff are mainly advances and prepaid expenses for missions.

The **deferred charges** for 2019 include €220,000 of prepaid expenses for the EFCA chartered Vessel for January 2020. 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 2019.

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 €80,000.00 represents open Pre-Financing paid to EMSA for continued services still to be provided in the framework of 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	31.12.2019	31.12.2018
Unrestricted cash	2,757,338.06	2,478,427.09
Treasury and Central Bank accounts	0.00	0.00
Current accounts (bank accounts)	2,755,539.69	2,477,537.95
Imprest accounts	0.00	0.00
Cash in hand ("Caisses")	1,798.37	889.14
Transfers (Cash in transit) *)	0.00	0.00
Short-term deposits and other cash equivalents < 3 months	0.00	0.00
Restricted cash	0.00	0.00
TOTAL	2,757,338.06	2,478,427.09

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 €517,000.00 from the PESCAO Grant (see background information under "The financial reporting year", p.6). A second pre-financing of €522,732.00 was received in 2019 and the interim report for the first year of operations was accepted. 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 and 2019 amount

to a total of €859,253.06, leading to the disclosed net liability of €180,478.94. 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, the provision from 2018 relating to a possible supplemental recovery of unused funds for ad-hoc grants by the Commission was maintained in 2019:

Short-Term Provisions	31.12.2019	31.12.2018
Opening Balance	2,643.68	0.00
Additional provisions	2,643.68	2,643.68
Unused Amounts reversed	-2,643.68	0.00
Amounts Used	0.00	0.00
Transfers from Long-term provisions	0.00	0.00
Others	0.00	0.00
TOTAL Closing Balance	2,643.68	2,643.68

All the adjustments for the indexation and for the annual review of the country coefficient for Spain were calculated by the Office for the Administration and Payment of Individual Entitlements of the European Commission (PMO), and accounted for timely in the last payroll run of the year (December 2019) for the period 01.07.2019-31.12.2019, 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	31.12.2019	31.12.2018
Amounts payable – suppliers, Member states, etc.	0.00	0.00
Sundry Payables	170.03	45,780.64
Staff	0.00	40,648.80
Assets - Goods received without invoice	0.00	5,131.84
Amounts payable to public bodies	0.00	0.00
Returned payments to be relaunched	170.03	0.00
TOTAL	170.03	45,780.64

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 2019, 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 2019 activities on top of the carry-forward amounts (like for example untaken leave of staff).

Regarding consolidated EU entities, in 2019 EFCA needed to accrue only for some administrative charges with the Commission.

Accrued Charges	31.12.2019	31.12.2018
Untaken annual leave	184,392.65	154,145.72
Other accrued charges	291,240.71	512,731.45
Accrued Charges with consolidated EU entities	22,348.88	26,047.74
TOTAL	497,982.24	692,924.91

2.10. Accounts payable to consolidated EU entities

At the end of 2019, there is a surplus of the EU subsidy of €258,956.65 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 2019, the surplus of the 2018 subsidy (€162,944.98) 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	31.12.2019	31.12.2018
Repayable positive budget outturn (EU subsidy)	258,956.65	162,944.98
Pre-Financing Ad-hoc grants Pilot Projects	0.00	64,550.53
TOTAL	258,956.65	227,495.51

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	2019	2018
European Union subsidy	16,488,043.35	16,650,055.02
Income from EU consolidated Grants (PP EUCG/MARSURV)	0.53	35,951.98
Income from other Grants (EDF-PESCAO)	413,978.43	445,274.63
TOTAL	16,902,022.31	17,131,281.63

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 2019 was recognised

as income for 2019 for €413,978.43. 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 two years:

PESCAO GRANT	Expenses Ref.	Budget approp. 2018-2019	Budget commitments 2018-2019 (Cash Acc.)	Budget payments 2018-2019 (Cash Acc.)	CHARGES 2018 (Accrual Acc.)	CHARGES 2019 (Accrual Acc.)	CUMUL. CHARGES 2018-2019 (Accrual Acc.)
Contract staff	Staff	188,480.00	207,128.84	207,128.84	88,480.00	118,648.84	207,128.84
Seconded Nat. Experts (SNEs)	Staff	203,520.00	173,042.50	173,042.50	102,787.07	70,255.43	173,042.50
Operational Expenditure	Operational	703,848.75	543,879.73	475,071.26	254,007.56	225,074.16	479,081.72
TOTAL		1,095,848.75	924,051.07	855,242.60	445,274.63	413,978.43	859,253.06

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 2019.

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	2019	2018
Chartering Off-Shore Patrol Vessels (OPVs) and related operational expenses	4,328,290.55	4,399,678.67
Multipurpose Aerial Surveillance (MAS)	0.00	408,540.93
PESCAO Operational Costs	225,074.16	254,007.56
Other operational expenses	1,644,947.54	2,217,876.45
TOTAL	6,198,312.25	7,280,103.61

In 2019 they are made up mainly of expenses for the charter of Off-shore Patrol Vessels (OPV), 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 also Note 3.1.2.).

3.2.2. Administrative Expenses

Administrative Expenses	31.12.2019	31.12.2018
Staff expenses	7,969,435.34	7,725,622.70
Amortisation/depreciation and Fixed assets-related expenses	260,197.48	338,427.85
Other administrative expenses	2,312,022.62	3,143,709.58
Maintenance, security, insurance and other costs related to the office premises	404,379.27	478,969.84
Training and recruitment	69,223.12	74,366.51
Missions, experts	95,830.79	146,326.24
IT related expenditure including research and development costs	1,195,035.92	1,292,924.28
Expenses with other internal/external services providers (non-IT)	317,926.80	566,804.55
Office supplies, communications, legal expenses and insurance	229,299.05	583,744.50
Net loss/(gain) from foreign exchange	327.67	573.66
TOTAL	10,541,655.44	11,207,760.13

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 year³;
- other administrative expenses for which the main headings are detailed above.

Herein are also included all IT operational costs of the year including 2019 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 decrease of €0.7 million versus the previous year are explained by a decrease of office supplies, works and furniture related mainly to the first floor of the EFCA building in use since 2018, fewer administrative external services (e.g. translations) compared to previous years and fewer ICT-related purchases and fixed-assets related expenses. Staff expenses increased by 3% overall, in line with the budget and the provisions of the staff regulations and with a fully filled establishment plan in 2019.

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	2019	2018
Administrative expenses with consolidated entities	273,320.52	524,999.85
TOTAL	273,320.52	524,999.85

3.3. Financial result

Financial result	2019	2018
Financial revenues	1,059.13	469.39
Financial expenses	-703.70	-577.39
TOTAL	355.43	-108.00

³ 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 2019.

Interests are not due to the Commission, but owned by the Agency (Art. 61 of the EFCA Financial Regulation).

Financial expenses consist in bank charges. No interest for late payments (incurred according to the provisions of Financial Regulation) was paid in 2019.

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.

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)

RAL	31.12.2019	31.12.2018
Automatic carry-forward (C1 and C4 only)	2,376,859.76	2,108,287.64
Adjustments for cut-off impact and open Vendors	-666,635.68	-561,195.16
Outstanding commitments not yet expensed	1,710,224.08	1,547,092.48

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 2019 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 2019	Estimated amount for the year 2018
Free use of the office Building offered by the Host Member State (SPAIN)	776,334.00	721,500.00
Free Integrated Maritime services from EMSA	1,625,000.00	4,187,000.00
Free Maritime Aerial surveillance services (use of FRONTEX Services, Assets and Experts)	2,373,360.00	1,516,500.00
TOTAL	4,774,697.00	6,425,000.00

Concerning the Seat of the Agency, Spanish Authorities informed the Agency and the Administrative Board in 2017 that the lease for the current office building had been extended for a period of 5 years until the end of 2022. The new lease comprises also the first floor of the building. The amount of services in kind disclosed above is an estimation of the rent based on the last information available to the Agency (July 2011), updated to include the additional floor. In order to reflect the consumer price developments since 2011, for 2019 the value was in addition adjusted for the assumed increase of the rent since then⁴.

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.

⁴ On the basis of the Spanish Consumer Price Index (IPC) of the National Statistics Institute (INE), a 7.6% increase would have applied to a rent between July 2011 and July 2019.

The CMS services (Copernicus) and Sat AIS component (Sat AIS contract concluded by EMSA) previously included in the estimations are not included in the 2019 calculation any longer, as CMS services are covered by a Commission budget and the Sat AIS component is now completely integrated in the EFCA IMS.

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. While in 2019 the number of flights decreased slightly compared to 2018, the cost rate indicated by FRONTEX increased considerably. It should be noted, however, that only a small number of flights was operated exclusively for EFCA purposes (34 out of 319), while the value of the service shown above assumes the full costs of all flights as if operated for EFCA purposes exclusively.

Other services in kind, with regards to Capacity sharing through the cooperation with EMSA, include a Remotely Piloted Aircraft System (RPAS) and SatCom services (since September 2019) enabling boarding assessments, surveillance during boarding and post boarding analysis to be carried out remotely and thereby benefiting fisheries inspections and control, and a pollution response equipment (since May 2019), both provided by EMSA on board of the chartered Off-shore Patrol Vessel for multipurpose capacity. As EFCA was not in a position to estimate these services reliably, and in line with EU Accounting Rule n° 17, only the nature and type for these services are disclosed here.

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 7th 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	2019	2018
Rent expenses 7 th floor of premises	34,680.00	34,680.00

Operating Lease	Charges paid in 2019	Charges to be paid next year	Charges to be paid later than one year	Total charges to be paid
34,680.00	34,680.00	34,680.00	69,360.00	104,040.00

5.3.3. Significant legal commitments

Legal commitments	2019	2018
Chartering of EFCA Offshore Fisheries Patrol Vessel (OPV) Jan-April 2020	1,244,600.00	1,000,000.00
General building maintenance	20,496.96	20,496.96
Utilities consumption	49,725.22	69,417.71
Security/parking	18,000.00	18,000.00
External Audit Services	12,935.00	19,402.50
TOTAL	1,345,757.18	1,127,317.17

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 specific contract signed in December 2019 for the chartering from January to April 2020 and represents the only binding commitment entered into already in relation with this FWC for 2020 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 2019. 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 Acc.
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	31.12.2019	31.12.2018
Financial assets		
Current receivables	0.00	0.00
Other receivables	7,504.80	61,503.59
Deferred charges and accrued income	362,538.65	367,583.58
Pre-financing	80,000.00	5,799.32
Cash and deposits	2,757,338.06	2,478,427.09
TOTAL financial assets	3,207,381.51	2,913,313.58
Financial liabilities		
Current payables	258,956.65	227,495.51
Other liabilities	180,648.97	117,506.01
Accrued charges and deferred income	497,982.24	692,924.91
Total financial liabilities	937,587.86	1,037,926.43
TOTAL net financial instruments	2,269,793.65	1,875,387.15

- **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 2019</u>				
Payables with third parties	180,648.97	0.00	0.00	180,648.97
Payable with consolidated entities	258,956.65	0.00	0.00	258,956.65
TOTAL Financial liabilities	439,605.62	0.00	0.00	439,605.62
<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
TOTAL Financial liabilities	345,001.52	0.00	0.00	345,001.52

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 or negotiated procedures. 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 2019 the amounts kept overnight in the bank accounts fluctuated between €1.2 million and €14.9 million with an overall amount of payments executed (all fund sources) that equals €16.8 million.

The other receivables are constantly monitored for prompt recovery.

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

CREDIT QUALITY DISCLOSURES	31.12.2019	31.12.2018
Counterparties with external credit rating	2,757,338.06	2,478,427.09
Prime and higher rate	2,757,338.06	1,958,975.48
Upper medium grade	0.00	519,451.61
Lower medium grade	0.00	0.00
Non-investment grade	0.00	0.00
Counterparties without external credit rating	450,097.80	445,399.29
European Commission and consolidated entities	80,054.35	16,312.12
Other debtors who did not default	370,043.45	429,087.17
TOTAL financial assets	3,207,435.86	2,923,826.38

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 2019.

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 2019 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 in these 2019 Final Annual Accounts and their related notes. The most available information was reflected in all the figures and disclosures presented above. The following event after balance sheet date does not require adjustment of the 2019 Accounts:

1. *On 31 January 2020 the United Kingdom formally left the European Union ("BREXIT"). During 2019, EFCA took actions in cooperation with the Commission and concerned Member States, to actively prepare for the potential impact of a no-deal BREXIT scenario*

on the joint inspection and surveillance activities. EFCA also took actions in cooperation with the Commission and Member States to prepare for a possible scenario of BREXIT with a withdrawal agreement in place addressing the transition period. EFCA will continue to monitor the development following the BREXIT and update its preparedness and contingency measures as necessary.

- 2. During the first half of 2020, the coronavirus outbreak has had huge impacts on the EU economy. As a non-adjusting event, the outbreak of the coronavirus does not require any adjustments to the figures reported in these annual accounts. For subsequent reporting periods, COVID-19 may affect the recognition and measurement of some assets and liabilities on the balance sheet and also of some revenue and expenses recognised in the statement of financial performance. Based on the information available at the date of signature of these annual accounts, the financial effects of the coronavirus outbreak cannot be reliably estimated.*

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 five chapters under Title III which are organised around the main operational activities carried out by the Agency as follows:

- Chapter 3300 – Coordination
- Chapter 3400 – Assistance and expertise
- Chapter 3410 – Operational application maintenance and development
- Chapter 3500 – Harmonisation and standardisation
- Chapter 3600 – 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 2019 BUDGET AND ITS IMPLEMENTATION

EFCA received during 2019 €16.7 million from the Commission as regular subsidy from the General EU Budget, representing a decrease of 0.4% in respect of 2018. In addition, EFCA engaged in its second year of activities related to the PESCAO project⁵, for which €0.5 million were received as a second Pre-Financing instalment in March 2019 as external assigned revenue, contributing to a total of €17.3 million of total budget revenues received during 2019.

Like in the previous years, the implementation for commitments was very high throughout all Budget Titles (99.9% for “C1”-Commitment appropriations of the year and 98.8% in total).

Regarding payments, the overall implementation (including Assigned Revenue and Carry-overs from 2018) was 85.8%, comparable to the previous year, and all commitments carried-forward are in principle scheduled to be implemented during 2020 ('planned carry-forwards'). The overall cancellation rate for payment appropriations was lower than previous year, with 0.8% of total payment appropriations. The cancellation rate for “C8”-commitments carried-forward from 2018 was 6.5% of the appropriations carried forward and slightly higher in relative terms than previous year, however, in absolute terms it was lower (€0.1 million compared to €0.2 million in 2018).

For the budget from assigned revenues the total implementation rates in 2019 (including carry-overs from 2018) was 69.8% for commitments and 65.9% for payments, stemming almost exclusively from the above-mentioned PESCAO project (please refer also to Notes 3.1.1. and 3.1.2. in Part I of this report for further details).

Overall, the 2019 implementation and budget management can be considered very satisfactory.

The following tables provide details for all Budget titles and items. For further information on the financial management and budget execution during 2019 please refer also to the 'Report on the Budgetary and Financial Management (RBFM)' in Annex I.

⁵ 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 2019

(1.1.2019 – 31.12.2019)

REVENUES		2019	2018
Balancing Commission subsidy	+	16,747,000.00	16,813,000.00
Other subsidy from Commission (Delegation agreement,...)	+	522,732.00	517,000.00
Fee income	+	0.00	0.00
Other Income	+	10,138.76	73,665.17
TOTAL REVENUE (a)		17,279,870.76	17,403,665.17
EXPENDITURE			
Title I: Staff			
Payments	-	8,058,215.63	7,984,903.76
Appropriations carried over	-	127,834.06	58,835.58
Title II: Administrative Expenses			
Payments	-	1,155,886.20	1,559,143.11
Appropriations carried over	-	380,129.28	483,662.79
Title III: Operating Expenditure			
Payments	-	5,604,370.44	5,614,319.33
Appropriations carried over	-	2,190,778.83	1,855,628.45
TOTAL EXPENDITURE (b)		17,517,214.44	17,556,493.02
OUTTURN FOR THE FINANCIAL YEAR (a-b)		-237,343.68	-152,827.85
Cancellation of unused payment appropriations carried over from previous year	+	136,104.20	196,625.98
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned	+	360,523.80	119,720.51
Exchange differences for the year (gain +/-loss -)	+/-	-327.67	-573.66
BALANCE OF THE OUTTURN ACCOUNT FOR THE FINANCIAL YEAR		258,956.65	162,944.98
Balance year N-1	+/-	162,944.98	240,699.81
Positive balance from year N-1 reimbursed in year N to the Commission	-	-162,944.98	-240,699.81
Result used for determining amounts in general accounting		258,956.65	162,944.98
Commission subsidy - Agency registers accrued revenue and Commission accrued expense		16,488,043.35	16,650,055.02
Pre-financing remaining open to be reimbursed by Agency to Commission in year N+1		258,956.65	162,944.98

II.3 RECONCILIATION OF ECONOMIC RESULT WITH BUDGET RESULT

all figures in EUR		2019
ECONOMIC RESULT OF THE YEAR (SPF)		162,410.05
<u>1. Adjustment for items not included in the budgetary result but included in the economic result</u>		
Increase/(Decrease) of unpaid invoices at year end but booked in charges		63,142.96
Increase/(Decrease) of cumulative Depreciation of intangible and tangible fixed assets		-93,358.47
Increase/(Decrease) of Provisions and Liabilities		-194,942.67
Decrease/(Increase) of Recovery orders issued during year not cashed in by year end		64,350.66
Increase/(Decrease) of Debts towards EU-Institutions		31,461.14
Subtotal 1		-129,346.38
<u>2. Adjustment for items included in the budgetary result but not included in the economic result</u>		
Increase/(Decrease) of Asset acquisitions		314,896.47
Decrease/(Increase) of Pre-financing		-74,200.68
Decrease/(Increase) of Deferred charges (Prepaid expenses of next year)		5,151.51
Subtotal 2		245,847.30
<u>3. Reconciliation items between Budget and General Accounts (Payments)</u>		
Cash outs in banks but not in Budgetary reports (+)		44,958.67
Cash ins in Budgetary reports but not in Banks (+)		0.00
Cash ins in banks but not in Budgetary reports (-)		-1,486.28
Cash outs in Budgetary reports but not in Banks (-)		0.00
Remaining reconciliation items not identified		3,887.33
Subtotal 3		47,359.72
Payment appropriations carried over from previous year (Automatic Carry-Over)		2,108,287.02
Carry-over from the previous year arising from assigned revenue		360,523.80
Payment appropriations carried over to next year (RAL)		-2,698,742.17
Exchange differences for the year (gain +/-loss -)		-327.67
Balance of the Budget Outturn Account previous year		162,944.98
BALANCE OF THE BUDGET OUTTURN ACCOUNT FOR THE FINANCIAL YEAR		258,956.65

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	16,747,000	16,747,000	16,747,000	0	16,747,000	16,747,000	0	16,747,000	100.0%	0
20	Services rendered by the Agency	0	0	0	0	0	0	0	0		0
30	Revenue from Grants	0	500,000	522,732	0	522,732	522,732	0	522,732	104.5%	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	500,000	522,732	0	522,732	522,732	0	522,732	104.5%	0
90	Miscellaneous Revenue	0	0	10,139	0	10,139	10,139	0	10,139		0
900	Recovery of pre-financing	0	0	6,251	0	6,251	6,251	0	6,251		0
920	Recovery of expenses	0	0	3,888	0	3,888	3,888	0	3,888		0
	BUDGET REVENUE TOTAL	16,747,000	17,247,000	17,279,871	0	17,279,871	17,279,871	0	17,279,871	100.2%	0

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 Temporal	6,950,000	0	-122,100	6,827,900	0	0	6,827,900	6,827,538	100.0%	0		0		6,827,538	100.0%
A-1111	Salaries and Allowances Contract Staff	515,000	0	3,950	518,950	0	0	518,950	518,943	100.0%	0		0		518,943	100.0%
A-1112	Interim Staff	0	0	29,900	29,900	0	0	29,900	29,875	99.9%	0		0		29,875	99.9%
A-1113	PESCAO - Contract staff	0	0	0	0	0	118,800	118,800	0		0		118,649	99.9%	118,649	99.9%
A-1116	Seconded national experts	315,000	0	21,400	336,400	0	0	336,400	336,367	100.0%	0		0		336,367	100.0%
A-1117	PESCAO - Seconded National Experts	0	0	0	0	0	81,933	81,933	0		0		70,255	85.7%	70,255	85.7%
A-1200	Candidates recruitment and other related costs	20,000	0	0	20,000	0	0	20,000	19,229	96.1%	0		0		19,229	96.1%
A-1210	Installation costs of TA (removal DSA and instal	114,000	0	-37,900	76,100	0	0	76,100	76,005	99.9%	0		0		76,005	99.9%
A-1300	Administrative Missions	65,000	0	-14,600	50,400	0	0	50,400	49,813	98.8%	0		0		49,813	98.8%
A-1410	Social Welfare of staff and Medical service	20,000	0	9,000	29,000	0	0	29,000	28,093	96.9%	0		0		28,093	96.9%
A-1420	Language courses and other training for staff	120,000	0	-45,350	74,650	0	0	74,650	72,843	97.6%	0		0		72,843	97.6%
A-1700	Reception and representation costs	1,000	0	0	1,000	0	0	1,000	89	8.9%	0		0		89	8.9%
	TITLE I TOTAL	8,120,000	0	-155,700	7,964,300	0	200,733	8,165,033	7,958,796	99.9%	0		188,904	94.1%	8,147,700	99.8%
A-2000	Rental costs	53,000	0	-300	52,700	0	0	52,700	52,680	100.0%	0		0		52,680	100.0%
A-2010	Utilities and Services	133,000	0	-400	132,600	0	0	132,600	131,995	99.5%	0		0		131,995	99.5%
A-2050	Security and Surveillance	135,000	0	-19,700	115,300	0	0	115,300	114,606	99.4%	0		0		114,606	99.4%
A-2051	Other Building Expenditure	70,000	0	1,330	71,330	0	0	71,330	71,056	99.6%	0		0		71,056	99.6%
A-2100	ICT hardware and software	220,000	0	54,220	274,220	0	0	274,220	274,168	100.0%	0		0		274,168	100.0%
A-2101	ICT External Services	400,000	0	-62,000	338,000	0	0	338,000	336,797	99.6%	0		0		336,797	99.6%
A-2110	Telecommunication charges and equipment	55,000	0	-6,600	48,400	0	0	48,400	47,605	98.4%	0		0		47,605	98.4%
A-2200	Technical installations and electronic office equ	34,000	0	11,850	45,850	0	0	45,850	45,166	98.5%	0		0		45,166	98.5%
A-2210	Furniture and workplace improvements	38,000	0	-4,600	33,400	0	0	33,400	32,945	98.6%	0		0		32,945	98.6%
A-2301	Current Administrative Expenditure (stationary f	40,000	0	1,400	41,400	0	0	41,400	41,398	100.0%	0		0		41,398	100.0%
A-2500	Meetings of Administrative nature (AB Adv.B etc	72,000	0	1,500	73,500	0	0	73,500	73,500	100.0%	0		0		73,500	100.0%
A-2600	Translation and interpretation services	55,000	0	-51,060	3,940	0	0	3,940	3,710	94.2%	0		0		3,710	94.2%
A-2620	External Services	274,000	0	-23,900	250,100	0	0	250,100	250,041	100.0%	0		0		250,041	100.0%
A-2700	Communication expenses	55,000	0	5,360	60,360	0	0	60,360	60,348	100.0%	0		0		60,348	100.0%
	TITLE II TOTAL	1,634,000	0	-92,900	1,541,100	0	0	1,541,100	1,536,015	99.7%	0		0		1,536,015	99.7%
B3-300	Coordination	600,000	0	-87,400	512,600	0	0	512,600	509,303	99.4%	0		0		509,303	99.4%
B3-400	Assistance and Expertise	540,000	0	5,400	545,400	0	1,508	546,908	545,294	100.0%	0		0	0.0%	545,294	99.7%
B3-410	Operational application maintenance and develo	645,000	0	138,600	783,600	0	0	783,600	781,425	99.7%	0		0		781,425	99.7%
B3-500	Harmonisation and Standardisation	5,208,000	0	192,000	5,400,000	0	1	5,400,001	5,396,543	99.9%	0		0	0.0%	5,396,543	99.9%
B3-600	PESCAO - Operational Expenditure	0	0	0	0	0	448,290	448,290	0		0		265,300	59.2%	265,300	59.2%
	TITLE III TOTAL	6,993,000	0	248,600	7,241,600	0	449,799	7,691,399	7,232,564	99.9%	0		265,300	59.0%	7,497,864	97.5%
	TOTAL BUDGET	16,747,000	0	0	16,747,000	0	650,532	17,397,532	16,727,375	99.9%	0		454,204	69.8%	17,181,580	98.8%

COMMITMENT APPROPRIATIONS CARRIED OVER AND LAPSING

Ref.	Budget Line description	Total Commitment appropriations available	Commitment appropriations carried over to 2020				Commitment appropriations lapsing				
			Assigned revenue	by decision	Total carried-over	%	from final budget adopted	from Carry-overs	from Assigned revenue	Total lapsing	%
		1	2	3	4=2+3	5=4/1	6	7	8	9=6+7+8	10=9/1
A-1100	Salaries and Allowances Officials and Temporal	6,827,900	0	0	0	0.0%	362	0	0	362	0.0%
A-1111	Salaries and Allowances Contract Staff	518,950	0	0	0	0.0%	7	0	0	7	0.0%
A-1112	Interim Staff	29,900	0	0	0	0.0%	25	0	0	25	0.1%
A-1113	PESCAO - Contract staff	118,800	151	0	151	0.1%	0	0	0	0	0.0%
A-1116	Seconded national experts	336,400	0	0	0	0.0%	33	0	0	33	0.0%
A-1117	PESCAO - Seconded National Experts	81,933	11,678	0	11,678	14.3%	0	0	0	0	0.0%
A-1200	Candidates recruitment and other related costs	20,000	0	0	0	0.0%	771	0	0	771	3.9%
A-1210	Installation costs of TA (removal DSA and installation)	76,100	0	0	0	0.0%	95	0	0	95	0.1%
A-1300	Administrative Missions	50,400	0	0	0	0.0%	587	0	0	587	1.2%
A-1410	Social Welfare of staff and Medical service	29,000	0	0	0	0.0%	907	0	0	907	3.1%
A-1420	Language courses and other training for staff	74,650	0	0	0	0.0%	1,807	0	0	1,807	2.4%
A-1700	Reception and representation costs	1,000	0	0	0	0.0%	911	0	0	911	91.1%
	TITLE I TOTAL	8,165,033	11,829	0	11,829	0.1%	5,504	0	0	5,504	0.1%
A-2000	Rental costs	52,700	0	0	0	0.0%	20	0	0	20	0.0%
A-2010	Utilities and Services	132,600	0	0	0	0.0%	605	0	0	605	0.5%
A-2050	Security and Surveillance	115,300	0	0	0	0.0%	694	0	0	694	0.6%
A-2051	Other Building Expenditure	71,330	0	0	0	0.0%	274	0	0	274	0.4%
A-2100	ICT hardware and software	274,220	0	0	0	0.0%	52	0	0	52	0.0%
A-2101	ICT External Services	338,000	0	0	0	0.0%	1,203	0	0	1,203	0.4%
A-2110	Telecommunication charges and equipment	48,400	0	0	0	0.0%	795	0	0	795	1.6%
A-2200	Technical installations and electronic office equipment	45,850	0	0	0	0.0%	684	0	0	684	1.5%
A-2210	Furniture and workplace improvements	33,400	0	0	0	0.0%	455	0	0	455	1.4%
A-2301	Current Administrative Expenditure (stationary funds)	41,400	0	0	0	0.0%	2	0	0	2	0.0%
A-2500	Meetings of Administrative nature (AB Adv.B etc)	73,500	0	0	0	0.0%	0	0	0	0	0.0%
A-2600	Translation and interpretation services	3,940	0	0	0	0.0%	230	0	0	230	5.8%
A-2620	External Services	250,100	0	0	0	0.0%	59	0	0	59	0.0%
A-2700	Communication expenses	60,360	0	0	0	0.0%	12	0	0	12	0.0%
	TITLE II TOTAL	1,541,100	0	0	0	0.0%	5,085	0	0	5,085	0.3%
B3-300	Coordination	512,600	0	0	0	0.0%	3,297	0	0	3,297	0.6%
B3-400	Assistance and Expertise	546,908	0	0	0	0.0%	106	0	1,508	1,614	0.3%
B3-410	Operational application maintenance and development	783,600	0	0	0	0.0%	2,175	0	0	2,175	0.3%
B3-500	Harmonisation and Standardisation	5,400,001	0	0	0	0.0%	3,458	0	620	4,078	0.1%
B3-600	PESCAO - Operational Expenditure	448,290	182,990	0	182,990	40.8%	0	0	0	0	0.0%
	TITLE III TOTAL	7,691,399	182,990	0	182,990	2.4%	9,036	0	2,128	11,164	0.1%
	TOTAL BUDGET	17,397,532	194,819	0	194,819	1.1%	19,625	0	2,128	21,753	0.1%

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	6,950,000	0	-122,100	6,827,900	3,900	0	6,831,800	6,816,030	99.8%	3,900	100.0%	0		6,819,930	99.8%
A-1111	Salaries and Allowances Contract Staff	515,000	0	3,950	518,950	0	0	518,950	518,943	100.0%	0		0		518,943	100.0%
A-1112	Interim Staff	0	0	29,900	29,900	2,801	0	32,701	0	0.0%	2,801	100.0%	0		2,801	8.6%
A-1113	PESCAO - Contract staff	0	0	0	0	0	118,800	118,800	0		0		118,649	99.9%	118,649	99.9%
A-1116	Seconded national experts	315,000	0	21,400	336,400	0	0	336,400	336,367	100.0%	0		0		336,367	100.0%
A-1117	PESCAO - Seconded National Experts	0	0	0	0	0	81,933	81,933	0		0		70,255	85.7%	70,255	85.7%
A-1200	Candidates recruitment and other related costs	20,000	0	0	20,000	0	0	20,000	19,229	96.1%	0		0		19,229	96.1%
A-1210	Installation costs of TA (removal DSA and insta	114,000	0	-37,900	76,100	0	0	76,100	76,005	99.9%	0		0		76,005	99.9%
A-1300	Administrative Missions	65,000	0	-14,600	50,400	5,597	0	55,997	44,592	88.5%	3,920	70.0%	0		48,513	86.6%
A-1410	Social Welfare of staff and Medical service	20,000	0	9,000	29,000	4,021	0	33,021	20,798	71.7%	4,021	100.0%	0		24,819	75.2%
A-1420	Language courses and other training for staff	120,000	0	-45,350	74,650	15,264	0	89,914	37,257	49.9%	9,620	63.0%	0		46,877	52.1%
A-1700	Reception and representation costs	1,000	0	0	1,000	0	0	1,000	89	8.9%	0		0		89	8.9%
	TITLE I TOTAL	8,120,000	0	-155,700	7,964,300	31,582	200,733	8,196,615	7,869,311	98.8%	24,262	76.8%	188,904	94.1%	8,082,477	98.6%
A-2000	Rental costs	53,000	0	-300	52,700	0	0	52,700	52,680	100.0%	0		0		52,680	100.0%
A-2010	Utilities and Services	133,000	0	-400	132,600	14,414	0	147,014	126,777	95.6%	14,166	98.3%	0		140,943	95.9%
A-2050	Security and Surveillance	135,000	0	-19,700	115,300	39,363	0	154,663	93,403	81.0%	37,604	95.5%	0		131,007	84.7%
A-2051	Other Building Expenditure	70,000	0	1,330	71,330	15,255	0	86,585	58,754	82.4%	15,105	99.0%	0		73,860	85.3%
A-2100	ICT hardware and software	220,000	0	54,220	274,220	70,912	0	345,132	178,984	65.3%	70,327	99.2%	0		249,311	72.2%
A-2101	ICT External Services	400,000	0	-62,000	338,000	153,416	0	491,416	235,273	69.6%	144,036	93.9%	0		379,309	77.2%
A-2110	Telecommunication charges and equipment	55,000	0	-6,600	48,400	11,075	0	59,475	38,635	79.8%	9,587	86.6%	0		48,221	81.1%
A-2200	Technical installations and electronic office equ	34,000	0	11,850	45,850	8,671	0	54,521	31,898	69.6%	8,671	100.0%	0		40,569	74.4%
A-2210	Furniture and workplace improvements	38,000	0	-4,600	33,400	79,223	0	112,623	1,306	3.9%	79,223	100.0%	0		80,529	71.5%
A-2301	Current Administrative Expenditure (stationary f	40,000	0	1,400	41,400	9,625	0	51,025	34,258	82.7%	8,645	89.8%	0		42,903	84.1%
A-2500	Meetings of Administrative nature (AB Adv.B etc	72,000	0	1,500	73,500	0	0	73,500	68,386	93.0%	0		0		68,386	93.0%
A-2600	Translation and interpretation services	55,000	0	-51,060	3,940	7,708	0	11,648	3,710	94.2%	7,708	100.0%	0		11,418	98.0%
A-2620	External Services	274,000	0	-23,900	250,100	61,150	0	311,250	199,569	79.8%	55,898	91.4%	0		255,468	82.1%
A-2700	Communication expenses	55,000	0	5,360	60,360	12,852	0	73,212	32,253	53.4%	12,707	98.9%	0		44,960	61.4%
	TITLE II TOTAL	1,634,000	0	-92,900	1,541,100	483,663	0	2,024,763	1,155,886	75.0%	463,677	95.9%	0		1,619,563	80.0%
B3-300	Coordination	600,000	0	-87,400	512,600	52,312	0	564,912	437,445	85.3%	37,521	71.7%	0		474,966	84.1%
B3-400	Assistance and Expertise	540,000	0	5,400	545,400	105,658	2,733	653,791	281,925	51.7%	98,753	93.5%	1,225	44.8%	381,904	58.4%
B3-410	Operational application maintenance and devel	645,000	0	138,600	783,600	347,890	0	1,131,490	473,686	60.4%	342,630	98.5%	0		816,315	72.1%
B3-500	Harmonisation and Standardisation	5,208,000	0	192,000	5,400,000	1,087,183	1	6,487,183	4,132,262	76.5%	1,005,341	92.5%	0	0.0%	5,137,603	79.2%
B3-600	PESCAO - Operational Expenditure	0	0	0	0	0	506,605	506,605	0		0		277,828	54.8%	277,828	54.8%
	TITLE III TOTAL	6,993,000	0	248,600	7,241,600	1,593,043	509,339	9,343,981	5,325,318	73.5%	1,484,245	93.2%	279,053	54.8%	7,088,615	75.9%
	TOTAL BUDGET	16,747,000	0	0	16,747,000	2,108,287	710,072	19,565,359	14,350,516	85.7%	1,972,183	93.5%	467,957	65.9%	16,790,655	85.8%

PAYMENT APPROPRIATIONS CARRIED OVER AND LAPSING

Ref.	Budget Line description	Total Payment appropriatio ns available	Payment appropriations carried over to 2020					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	11=10/1
A-1100	Salaries and Allowances Officials and Tempora	6,831,800	11,508	0	0	11,508	0.2%	362	0	0	362	0.0%
A-1111	Salaries and Allowances Contract Staff	518,950	0	0	0	0	0.0%	7	0	0	7	0.0%
A-1112	Interim Staff	32,701	29,875	0	0	29,875	91.4%	25	0	0	25	0.1%
A-1113	PESCOAO - Contract staff	118,800	0	0	151	151	0.1%	0	0	0	0	0.0%
A-1116	Seconded national experts	336,400	0	0	0	0	0.0%	33	0	0	33	0.0%
A-1117	PESCOAO - Seconded National Experts	81,933	0	0	11,678	11,678	14.3%	0	0	0	0	0.0%
A-1200	Candidates recruitment and other related costs	20,000	0	0	0	0	0.0%	771	0	0	771	3.9%
A-1210	Installation costs of TA (removal DSA and insta	76,100	0	0	0	0	0.0%	95	0	0	95	0.1%
A-1300	Administrative Missions	55,997	5,221	0	0	5,221	9.3%	587	1,677	0	2,264	4.0%
A-1410	Social Welfare of staff and Medical service	33,021	7,295	0	0	7,295	22.1%	907	0	0	907	2.7%
A-1420	Language courses and other training for staff	89,914	35,586	0	0	35,586	39.6%	1,807	5,644	0	7,450	8.3%
A-1700	Reception and representation costs	1,000	0	0	0	0	0.0%	911	0	0	911	91.1%
	TITLE I TOTAL	8,196,615	89,484	0	11,829	101,313	1.2%	5,504	7,320	0	12,824	0.2%
A-2000	Rental costs	52,700	0	0	0	0	0.0%	20	0	0	20	0.0%
A-2010	Utilities and Services	147,014	5,217	0	0	5,217	3.5%	605	248	0	854	0.6%
A-2050	Security and Surveillance	154,663	21,203	0	0	21,203	13.7%	694	1,759	0	2,453	1.6%
A-2051	Other Building Expenditure	86,585	12,301	0	0	12,301	14.2%	274	150	0	424	0.5%
A-2100	ICT hardware and software	345,132	95,184	0	0	95,184	27.6%	52	585	0	636	0.2%
A-2101	ICT External Services	491,416	101,524	0	0	101,524	20.7%	1,203	9,380	0	10,583	2.2%
A-2110	Telecommunication charges and equipment	59,475	8,971	0	0	8,971	15.1%	795	1,488	0	2,283	3.8%
A-2200	Technical installations and electronic office equ	54,521	13,268	0	0	13,268	24.3%	684	0	0	684	1.3%
A-2210	Furniture and workplace improvements	112,623	31,639	0	0	31,639	28.1%	455	0	0	455	0.4%
A-2301	Current Administrative Expenditure (stationary f	51,025	7,141	0	0	7,141	14.0%	2	979	0	981	1.9%
A-2500	Meetings of Administrative nature (AB Adv.B etc	73,500	5,114	0	0	5,114	7.0%	0	0	0	0	0.0%
A-2600	Translation and interpretation services	11,648	0	0	0	0	0.0%	230	0	0	230	2.0%
A-2620	External Services	311,250	50,472	0	0	50,472	16.2%	59	5,252	0	5,311	1.7%
A-2700	Communication expenses	73,212	28,096	0	0	28,096	38.4%	12	145	0	157	0.2%
	TITLE II TOTAL	2,024,763	380,129	0	0	380,129	18.8%	5,085	19,986	0	25,071	1.2%
B3-300	Coordination	564,912	71,858	0	0	71,858	12.7%	3,297	14,791	0	18,088	3.2%
B3-400	Assistance and Expertise	653,791	263,368	0	0	263,368	40.3%	106	6,905	1,508	8,519	1.3%
B3-410	Operational application maintenance and devel	1,131,490	307,740	0	0	307,740	27.2%	2,175	5,260	0	7,435	0.7%
B3-500	Harmonisation and Standardisation	6,487,183	1,264,281	0	0	1,264,281	19.5%	3,458	81,841	1	85,300	1.3%
B3-600	PESCOAO - Operational Expenditure	506,605	0	0	228,778	228,778	45.2%	0	0	0	0	0.0%
	TITLE III TOTAL	9,343,981	1,907,246	0	228,778	2,136,024	22.9%	9,036	108,798	1,509	119,342	1.3%
	TOTAL BUDGET	19,565,359	2,376,860	0	240,606	2,617,466	13.4%	19,625	136,104	1,509	157,238	0.8%

II.6 EVOLUTION OF COMMITMENTS OUTSTANDING (RAL)

CARRY-FORWARD / RAL FROM 2018

Ref.	Budget Line description	Commitments outstanding at the end of 2018 (RAL 2018)														
		RAL from final budget adopted	RAL from Assigned Revenue	Total RAL 2018	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 2018	%	Final RAL from final budget adopted	Final RAL from Assigned Revenue	Total Final 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	13=1-4-7	14=2-5-9	15=3-6-11
A-1100	Salaries and Allowances Officials and Tempora	3,900	0	3,900	3,900	0	3,900	0	0.0%	0		0	0.0%	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	2,801	0	2,801	2,801	0	2,801	0	0.0%	0		0	0.0%	0	0	0
A-1113	PESCOAO - 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	PESCOAO - Seconded National Experts	0	0	0	0	0	0	0		0		0		0	0	0
A-1200	Candidates recruitment and other related costs	0	0	0	0	0	0	0		0		0		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	5,597	0	5,597	3,920	0	3,920	1,677	30.0%	0		1,677	30.0%	0	0	0
A-1410	Social Welfare of staff and Medical service	4,021	0	4,021	4,021	0	4,021	0	0.0%	0		0	0.0%	0	0	0
A-1420	Language courses and other training for staff	15,264	0	15,264	9,620	0	9,620	5,644	37.0%	0		5,644	37.0%	0	0	0
A-1700	Reception and representation costs	0	0	0	0	0	0	0		0		0		0	0	0
	TITLE I TOTAL	31,582	0	31,582	24,262	0	24,262	7,320	23.2%	0		7,320	23.2%	0	0	0
A-2000	Rental costs	0	0	0	0	0	0	0		0		0		0	0	0
A-2010	Utilities and Services	14,414	0	14,414	14,166	0	14,166	248	1.7%	0		248	1.7%	0	0	0
A-2050	Security and Surveillance	39,363	0	39,363	37,604	0	37,604	1,759	4.5%	0		1,759	4.5%	0	0	0
A-2051	Other Building Expenditure	15,255	0	15,255	15,105	0	15,105	150	1.0%	0		150	1.0%	0	0	0
A-2100	ICT hardware and software	70,912	0	70,912	70,327	0	70,327	585	0.8%	0		585	0.8%	0	0	0
A-2101	ICT External Services	153,416	0	153,416	144,036	0	144,036	9,380	6.1%	0		9,380	6.1%	0	0	0
A-2110	Telecommunication charges and equipment	11,075	0	11,075	9,587	0	9,587	1,488	13.4%	0		1,488	13.4%	0	0	0
A-2200	Technical installations and electronic office equ	8,671	0	8,671	8,671	0	8,671	0	0.0%	0		0	0.0%	0	0	0
A-2210	Furniture and workplace improvements	79,223	0	79,223	79,223	0	79,223	0	0.0%	0		0	0.0%	0	0	0
A-2301	Current Administrative Expenditure (stationary f	9,625	0	9,625	8,645	0	8,645	979	10.2%	0		979	10.2%	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	7,708	0	7,708	7,708	0	7,708	0	0.0%	0		0	0.0%	0	0	0
A-2620	External Services	61,150	0	61,150	55,898	0	55,898	5,252	8.6%	0		5,252	8.6%	0	0	0
A-2700	Communication expenses	12,852	0	12,852	12,707	0	12,707	145	1.1%	0		145	1.1%	0	0	0
	TITLE II TOTAL	483,663	0	483,663	463,677	0	463,677	19,986	4.1%	0		19,986	4.1%	0	0	0
B3-300	Coordination	52,312	0	52,312	37,521	0	37,521	14,791	28.3%	0		14,791	28.3%	0	0	0
B3-400	Assistance and Expertise	105,658	2,733	108,391	98,753	1,225	99,978	6,905	6.5%	1,508	55.2%	8,413	7.8%	0	0	0
B3-410	Operational application maintenance and devel	347,890	0	347,890	342,630	0	342,630	5,260	1.5%	0		5,260	1.5%	0	0	0
B3-500	Harmonisation and Standardisation	1,087,183	0	1,087,183	1,005,341	0	1,005,341	81,841	7.5%	0		81,841	7.5%	0	0	0
B3-600	PESCOAO - Operational Expenditure	0	81,336	81,336	0	58,315	58,315	0		23,021	28.3%	23,021	28.3%	0	0	0
	TITLE III TOTAL	1,593,043	84,069	1,677,112	1,484,245	59,540	1,543,785	108,798	0	24,529	29.2%	133,327	7.9%	0	0	0
	TOTAL	2,108,287	84,069	2,192,356	1,972,183	59,540	2,031,723	136,104	6.5%	24,529	29.2%	160,633	7.3%	0	0	0

CARRY-FORWARD / NEW RAL 2019

Ref.	Budget Line description	Commitments of the year 2019 (RAL 2019)											
		Commitment s made from final budget adopted	Commitment s made from Assigned Revenue	Total Commitment s 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 2019	%
		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 Tempora	6,827,538	0	6,827,538	6,816,030	0	6,816,030	11,508	0.2%	0		11,508	0.2%
A-1111	Salaries and Allowances Contract Staff	518,943	0	518,943	518,943	0	518,943	0	0.0%	0		0	0.0%
A-1112	Interim Staff	29,875	0	29,875	0	0	0	29,875	100.0%	0		29,875	100.0%
A-1113	PESCAO - Contract staff	0	118,649	118,649	0	118,649	118,649	0		0	0.0%	0	0.0%
A-1116	Seconded national experts	336,367	0	336,367	336,367	0	336,367	0	0.0%	0		0	0.0%
A-1117	PESCAO - Seconded National Experts	0	70,255	70,255	0	70,255	70,255	0		0	0.0%	0	0.0%
A-1200	Candidates recruitment and other related costs	19,229	0	19,229	19,229	0	19,229	0	0.0%	0		0	0.0%
A-1210	Installation costs of TA (removal DSA and insta	76,005	0	76,005	76,005	0	76,005	0	0.0%	0		0	0.0%
A-1300	Administrative Missions	49,813	0	49,813	44,592	0	44,592	5,221	10.5%	0		5,221	10.5%
A-1410	Social Welfare of staff and Medical service	28,093	0	28,093	20,798	0	20,798	7,295	26.0%	0		7,295	26.0%
A-1420	Language courses and other training for staff	72,843	0	72,843	37,257	0	37,257	35,586	48.9%	0		35,586	48.9%
A-1700	Reception and representation costs	89	0	89	89	0	89	0	0.0%	0		0	0.0%
	TITLE I TOTAL	7,958,796	188,904	8,147,700	7,869,311	188,904	8,058,216	89,484	1.1%	0	0.0%	89,484	1.1%
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	131,995	0	131,995	126,777	0	126,777	5,217	4.0%	0		5,217	4.0%
A-2050	Security and Surveillance	114,606	0	114,606	93,403	0	93,403	21,203	18.5%	0		21,203	18.5%
A-2051	Other Building Expenditure	71,056	0	71,056	58,754	0	58,754	12,301	17.3%	0		12,301	17.3%
A-2100	ICT hardware and software	274,168	0	274,168	178,984	0	178,984	95,184	34.7%	0		95,184	34.7%
A-2101	ICT External Services	336,797	0	336,797	235,273	0	235,273	101,524	30.1%	0		101,524	30.1%
A-2110	Telecommunication charges and equipment	47,605	0	47,605	38,635	0	38,635	8,971	18.8%	0		8,971	18.8%
A-2200	Technical installations and electronic office equ	45,166	0	45,166	31,898	0	31,898	13,268	29.4%	0		13,268	29.4%
A-2210	Furniture and workplace improvements	32,945	0	32,945	1,306	0	1,306	31,639	96.0%	0		31,639	96.0%
A-2301	Current Administrative Expenditure (stationary f	41,398	0	41,398	34,258	0	34,258	7,141	17.2%	0		7,141	17.2%
A-2500	Meetings of Administrative nature (AB Adv.B etc	73,500	0	73,500	68,386	0	68,386	5,114	7.0%	0		5,114	7.0%
A-2600	Translation and interpretation services	3,710	0	3,710	3,710	0	3,710	0	0.0%	0		0	0.0%
A-2620	External Services	250,041	0	250,041	199,569	0	199,569	50,472	20.2%	0		50,472	20.2%
A-2700	Communication expenses	60,348	0	60,348	32,253	0	32,253	28,096	46.6%	0		28,096	46.6%
	TITLE II TOTAL	1,536,015	0	1,536,015	1,155,886	0	1,155,886	380,129	24.7%	0		380,129	24.7%
B3-300	Coordination	509,303	0	509,303	437,445	0	437,445	71,858	14.1%	0		71,858	14.1%
B3-400	Assistance and Expertise	545,294	0	545,294	281,925	0	281,925	263,368	48.3%	0		263,368	48.3%
B3-410	Operational application maintenance and devel	781,425	0	781,425	473,686	0	473,686	307,740	39.4%	0		307,740	39.4%
B3-500	Harmonisation and Standardisation	5,396,543	0	5,396,543	4,132,262	0	4,132,262	1,264,281	23.4%	0		1,264,281	23.4%
B3-600	PESCAO - Operational Expenditure	0	265,300	265,300	0	219,512	219,512	0		45,788	17.3%	45,788	17.3%
	TITLE III TOTAL	7,232,564	265,300	7,497,864	5,325,318	219,512	5,544,830	1,907,246	26.4%	45,788	17.3%	1,953,034	26.0%
	TOTAL	16,727,375	454,204	17,181,580	14,350,516	408,417	14,758,932	2,376,860	14.2%	45,788	10.1%	2,422,647	14.1%

II.7 ANNEXES TO THE BUDGETARY ACCOUNTS

ANNEX 1: REPORT ON THE BUDGETARY AND FINANCIAL MANAGEMENT (RBFM)



Ref. Ares(2020)1865834 - 01/04/2020



EUROPEAN FISHERIES CONTROL AGENCY (EFCA)

REPORT ON THE BUDGETARY AND FINANCIAL MANAGEMENT (RBFM)

YEAR 2019



1. BACKGROUND AND INTRODUCTION

In accordance to article 103 of the Financial Regulation applicable to EFCA¹, the Agency shall prepare a report on budgetary and financial management for the financial year. The Executive Director shall send the report to the European Parliament, the Council, the Commission and the Court of Auditors, by 31 March of the following year.

The report referred to in paragraph 2 shall give an account, both in absolute terms and expressed as a percentage, at least, of the rate of implementation of appropriations together with summary information on the transfers of appropriations among the various budget items.

The presentation of this report has been prepared in accordance with the guidelines for EU bodies and proposed common structure provided by the Commission. The information contained in this report derives from the draft EFCA Annual Report for 2019 to be approved by the Administrative Board on April 2 2020.

In 2019, EFCA has continued to benefit from efficiency-saving measures taken in the area of e-administration.

- As part of the implementation of Sysper, the first set of basic Sysper modules was opened up to staff on 1 March 2019. The possibility to properly use those modules was gradually increased until the end of 2019 and dependant on the support from the Directorate-General for Human Resources and Security (DG HR), the Directorate-General for Informatics (DG DIGIT) and the Paymaster's Office (PMO).
- The AGM system was implemented and EFCA started using the system in July 2019. This system has brought great efficiencies in the financial workflows related to the experts' reimbursement of travel expenditure.
- Feasibility study of a budget programming tool. EFCA explored the different alternatives in other EU Agencies and the Commission that would fulfil its needs. The implementation will start in 2020.

From the total payments in 2019, around 68% were carried out without an ex ante verification, in line with the rate of 2018. The quarterly ex-post verification exercises have shown an accumulated error rate of 0.3%, similar to the one in 2018 exercise.

2. OVERVIEW OF THE BUDGET

2.1. Initial budget, amending budgets and final budget

EFCA received a total budget of €16.7 million as a contribution from the General EU Budget for 2019, representing a decrease of 0.4% in respect of 2018. In addition, EFCA received resources during the course of 2019 in relation to the grant for Improved Regional fisheries governance in Western Africa (PESCAO project), to be implemented from 2018-2022. In total, the grant awarded equalled €2.5 million, from which €0.5 million was earmarked for 2019.

Following the recommendations provided by the Commission in the Budget circular 2019 in respect of the annual salary adjustments applicable from July 2019, as well as considering the high impact of the salary adjustments already applicable from July 2018, EFCA launched an amendment to the Final Budget 2019 as approved by the AB in October 2018. This amendment realigned the figures between Titles for 2019.

¹ Decision No 19-W-05 of the Administrative Board of the European Fisheries Control Agency of 29th August 2019 concerning the Financial Regulation of the EFCA

TITLE	Description	Voted budget		Amendments		Final Budget	
		CA	PA	CA	PA	CA	PA
TITLE I	Staff	7,775,000	7,775,000	345,000	345,000	8,120,000	8,120,000
TITLE II	Building and ICT	1,979,000	1,979,000	-345,000	-345,000	1,634,000	1,634,000
TITLE III	Operations	6,993,000	6,993,000	0	0	6,993,000	6,993,000
TOTAL		16,747,000	16,747,000	0	0	16,747,000	16,747,000

List of amending budgets adopted

Amendment Number	Date of adoption	Main subject description	Impact on commitment appropriations	Impact on payment appropriations
1	10/01/2019	Amendment of the Budget 2019. Adjustment of Titles I and II.	345,000	345,000

List of transfers adopted by the Director

Nº	Expenditure Title	Date of approval	Impact on appropriations (non-differentiated)
1	Title II - Administrative	29/11/2019	60 060
2	Title I. Staff	29/11/2019	38 950
3	From Title I to Title III Operational	09/12/2019	248 600
4	Title I. Staff	16/12/2019	29 900
5	Title II - Administrative	16/12/2019	15 600
6	Title III Operational	17/12/2019	87 400

The first transfer in 2019 was performed only in November, which indicates accurate programming of the budget. The annual salary adjustments (known in November) was lower than the rate used for the programming (recommended in Budget Circular 2019). The surplus in Title I and II was transferred to Title III to cover further chartering of assets.

2.2. Budget Implementation

The budget has been successfully implemented in 2019 with a 99.9% execution for commitments and 86% for payments. In particular, on the operational expenditure, the commitment implementation was of 99.9% from which 27.3% was carried forward for payment in 2020.

See below the breakdown of the implementation for each Title in 2019.

TITLE	Voted Budget	Transfers	CA (€)	Committed (€)	% exec	PA (€)	Paid (€)	% exec
TITLE I	8,120,000	-155,700	7,964,300	7,958,796	99.9%	7,964,300	7,869,311	99%
TITLE II	1,634,000	-92,900	1,541,100	1,536,015	99.7%	1,541,100	1,155,886	75%
TITLE III	6,993,000	248,600	7,241,600	7,232,564	99.9%	7,241,600	5,325,318	74%
TOTAL	16,747,000	0	16,747,000	16,727,375	99.9%	16,747,000	14,350,516	85.7%

In terms of commitments carried forward from 2018, EFCA consumed 94%.

EFCA cancelled 0.8% of the payment appropriations in 2019 including all fund sources. This includes the ad-hoc grants revenue and amounts carried forward from 2018.

The implementation of the ad-hoc grant PESCAO has been 72%, and the remaining of this assigned revenue will be implemented in 2020.

Further details on the budget implementation are available in the 2019 provisional annual accounts and Annual Report of EFCA.

3. MULTI-ANNUAL OVERVIEW

EFCA's founding regulation was amended² in 2016 by Regulation (EU) 2016/1626 extending EFCA's 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 2019 and 2020, the draft budget proposed for 2021 and envisaged estimate for 2022. The resources for 2021-2022 will be confirmed following the adoption of the Multiannual Financial Framework 2021-2027.

EXPENDITURE	2019	2020	2021	2022
Title I – Staff	8,120,000	8,591,000	8,643,000	8,880,000
Title II - Administrative	1,634,000	1,570,000	1,617,000	1,580,000
Title III – Operational	6,993,000	6,739,000	6,740,000	6,740,000
Total expenditure	16,747,000	16,900,000	17,000,000	17,200,000

4. REVENUE

The General Budget will continue to be the main source of revenue for EFCA during 2019-2022. The PESCAO grant implementation period extends up to 2022, having estimated €0,6 and 0.2 million contributions for 2021 and 2022. See below the details of 2018-2022.

REVENUE	2019	2020	2021	2022
EU Subsidy	16,747,000	16,900,000	17,000,000	17,200,000
Other grants	500,000	680,000	621,000	245,000
Other revenue	p.m	p.m	p.m	p.m
Total revenues	17,247,000	17,580,000	17,621,000	17,445,000

The implementation of revenue in 2019, as well as the forecast for 2020 is presented in the table below:

Revenue	2019 Revenue implemented by the agency	2020 Revenue estimated
1. EU contribution	16,747,000	16,900,000
Of which Operational (Title 3)	6,993,000	6,739,000
of which assigned revenue deriving from previous years' surpluses	240 699	162,945
3 THIRD COUNTRIES CONTRIBUTION (incl. EFTA and candidate countries)		
4 OTHER CONTRIBUTIONS		
of which delegation agreement, ad hoc grants	500,000	680,000
5. MIXCELANEOUS REVENUE	p.m..	p.m
TOTAL REVENUE	17,247,000	17,580,000

² 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

ANNEX 2: STAFF ESTABLISHMENT PLAN 2019

Category	2019			
	Authorised posts under the EU Budget		Occupied posts at 31/12/2019 ⁶	
	Officials	TA	Officials	TA
AD 16				
AD 15		1		1
AD 14		2		2
AD 13		1		1
AD 12		2		2
AD 11				
AD 10		6		6
AD 9		6		6
AD 8		13		13
AD 7		1		1
AD 6				
AD 5				
TOTAL AD		32		32
AST 11				
AST 10		6		6
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				
TOTAL AST		29		29
TOTAL AST/SC				
TOTAL	61		61	

⁶ Job offers sent before 31 December 2019 concerning 2 posts are counted here as posts filled.

ANNEX 3: GLOSSARY TERMS AND ABBREVIATIONS⁷

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>

⁷ 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.