



# FY2014 FINAL ANNUAL ACCOUNTS

2015-120

FINANCIAL STATEMENTS  
&  
BUDGET IMPLEMENTATION REPORT



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# CERTIFICATION OF THE ACCOUNTING OFFICER AND STATEMENT OF THE EXECUTIVE DIRECTOR

## CERTIFICATION OF THE ACCOUNTING OFFICER

The annual accounts of eu-LISA for the year 2014 have been prepared in accordance with the Title IX of the Financial Regulation (EU) No 966/2012 applicable to the general budget of the European Union, the accounting rules adopted by the Commission's Accounting Officer and the accounting principles and methods adopted by myself.

I acknowledge my responsibility for the preparation and presentation of the annual accounts of eu-LISA in accordance with article 33 (3) and (4) of the establishing Regulation (EU) No 1077/2011 of the European Parliament and the Council of 25 of October 2011, article 68 of the Financial Regulation (Regulation (EU) No 966/2012 of the European Parliament and the Council of 25 of October 2012) and articles 50, 98 and 99 of the Financial Regulation of eu-LISA.

I have obtained from the authorising officer, who certified its reliability, all the information necessary for the production of the accounts that show eu-LISA's assets and liabilities and the budgetary implementation.

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



**Mrs. Adrienn Karkó**  
Accounting Officer ad interim

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## STATEMENT OF THE EXECUTIVE DIRECTOR

I, the undersigned, Krum Garkov, Executive Director of the eu-LISA, in my capacity as Authorizing Officer

Declare that I have provided to the Accounting Officer the complete and reliable information necessary for the production of the accounts,

The information contained in this report gives a true and fair view,

State that I have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management,

Confirm that I am not aware of anything not reported here which could harm the interests of eu-LISA and European Institutions in general.

This reasonable assurance is based on my own judgment and on the information at my disposal, such as the results of the self-assessment, the audits performed by the European Court of Auditors and the Internal Audit Service of European Commission, certificates issued by the national authorities and the work of the internal auditor.



**Mr. Krum Garkov**  
Executive Director

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# INTRODUCTION

The European Agency of the operational management of large-scale IT systems in the area of freedom, security and justice was established by the Regulation (EU) No 1077/2011 of European Parliament and of the Council of 25 of October 2011. The seat of the Agency is Tallinn, Estonia; tasks relating to development and operational management are carried out in Strasbourg, France; a backup site is installed in Sankt Johann im Pongau, Austria.

The Agency is responsible for the operational management of the second-generation Schengen Information System (SIS II), the Visa Information System (VIS) and Eurodac.

The Agency may also be made responsible for the preparation, development and operational management of large-scale IT systems in the area of freedom, security and justice other than those referred above, subject to legislative provisions and taking into consideration developments in research and the results of pilot schemes. Operational management consists of all the tasks necessary to keep large-scale IT systems functioning in accordance with the specific provisions applicable to each of them, including responsibility for the communication infrastructure used by them. Those large-scale IT systems shall not exchange data or enable sharing of information or knowledge, unless so provided in a specific legal basis. The 2014 financial statements of eu-LISA and its reports on budget implementation for 2014 were prepared in conformity with the provisions of Title IX "Presentation of the accounts & accounting" of the Financial Regulation of eu-LISA, adopted by its Management Board with decision no 2014-005 of 07/02/2014.

The accounts have also been drawn up in accordance with the accounting rules adopted by the Accounting Officer of the Commission. The accounting system of eu-LISA – being an institution according to article 151 of the Financial Regulation ("FR"- Reg.966/2012) – serves to organise the budgetary and financial information in such a way that figures can be entered, filed and registered. The accounting system consists of general accounts and budgetary accounts. The accounts are kept in euro and on the basis of the calendar year.

The accounting officer of the Commission shall, in accordance with Article 143 of the FR, after consulting the accounting officers of the other institutions and of the bodies referred to in Article 141 of the FR, adopt the accounting rules and the harmonised chart of accounts to be applied by all the institutions, the offices referred to in Title V of part two and all the bodies referred to in Article 141 of the FR.

Eu-LISA comprehensively applies the Commission's accounting rules, comprising of 18 rules. A subsequent adaption may be foreseen according to arising specific requirements due to the nature of the Agency's business transactions. In order to provide guidance on the application of the accounting rules, an accounting manual has been drawn up by unit BUDG C.2. of Commission that is applied respectively by the Agency.

# 2014 FINANCIAL STATEMENTS

## 1. Balance Sheet - Assets

		31/12/2014	31/12/2013	Variation
<b>A. NON CURRENT ASSETS</b>				
Intangible assets		4,906,645.10	3,804,567.74	1,102,077.36
	Land and buildings	2,221,850.00	2,244,333.00	-22,483.00
	Plant and equipment	808.00	1,130.00	-322.00
	Furniture and vehicles	44,491.00	13,980.54	30,510.46
	Computer hardware	2,152,480.00	2,236,077.00	-83,597.00
	Other fixtures and fittings	118,695.00	132,256.00	-13,561.00
	Buildings under construction	11,890.00	0.00	11,890.00
Property, plant and equipment		4,550,214.00	4,627,776.54	-77,562.54
<b>TOTAL NON CURRENT ASSETS</b>		<b>9,456,859.10</b>	<b>8,432,344.28</b>	<b>1,024,514.82</b>
<b>B. CURRENT ASSETS</b>				
	Customer gross amount	891.38	0.00	891.38
	Deferred charges	70,235.31	0.00	70,235.31
	Sundry receivables	6,593,298.89	186.54	6,593,112.35
	Receivables from consolidated entities	0.00	2,225.05	-2,225.05
	Other current receivables	6,129,058.39	-0.12	6,129,058.51
Exchange receivables		12,793,483.97	2,411.47	12,791,072.50
Non-exchange receivables		1,303,644.93	710,069.32	593,575.61
Cash and cash equivalents		0.00	3,187,666.93	-3,187,666.93
<b>TOTAL CURRENT ASSETS</b>		<b>14,097,128.90</b>	<b>3,900,147.72</b>	<b>10,196,981.18</b>
<b>TOTAL ASSETS</b>		<b>23,553,988.00</b>	<b>12,332,492.00</b>	<b>11,221,496.00</b>



## 2. Balance Sheet – Liabilities

A. NET ASSETS	31/12/2014	31/12/2013	Variation
Accumulated surplus	7,504,966.00	0.00	7,504,966.00
Economic outturn for the year	10,273,932.41	7,504,966.00	2,768,966.41
Accumulated result	17,778,898.41	7,504,966.00	10,273,932.41
B. CURRENT LIABILITIES			
Provision for risks and charges	0.00	112,236.79	-112,236.79
Current payables	986,470.67	8,456.57	978,014.10
Sundry payables	0.00	2,158.36	-2,158.36
Sundry payables consolidated	0.00	24,014.19	-24,014.19
Accrued charges	4,788,618.92	4,680,660.09	107,958.83
Accounts payable	5,775,089.59	4,715,289.21	1,059,800.38
<b>TOTAL CURRENT LIABILITIES</b>	<b>5,775,089.59</b>	<b>4,827,526.00</b>	<b>947,563.59</b>
<b>TOTAL LIABILITIES</b>	<b>23,553,988.00</b>	<b>12,332,492.00</b>	<b>11,221,496.00</b>
<b>TOTAL ASSETS</b>	<b>23,553,988.00</b>	<b>12,332,492.00</b>	<b>9,263,705.90</b>

## 3. Statement of financial performance

	31/12/2014	31/12/2013	Variation
Adjustments/Provisions	12,470.75	0.00	12,470.75
Subsidy of the Commission	57,179,892.95	22,631,692.29	34,548,200.66
Other rev with cons entities	6,206.00	0.00	6,206.00
Contribution of EFTA countries	643,800.24	0.00	643,800.24
<b>Non-exchange revenues</b>	<b>57,842,369.94</b>	<b>22,631,692.29</b>	<b>35,210,677.65</b>
Financial income	11,843.34	0.00	11,843.34
Fixed assets related revenues	0.00	8,834,403.61	-8,834,403.61
Other exchange revenues	1,163.15	27.76	1,135.39
<b>Exchange revenues</b>	<b>13,006.49</b>	<b>8,834,431.37</b>	<b>-8,821,424.88</b>
<b>Total revenue</b>	<b>57,855,376.43</b>	<b>31,466,123.66</b>	<b>26,389,252.77</b>
Operating expenses	-25,880,454.13	-10,899,814.51	-14,980,639.62
<b>Operational expenses</b>	<b>-25,880,454.13</b>	<b>-10,899,814.51</b>	<b>-14,980,639.62</b>
Staff expenses	-11,651,288.94	-6,126,705.48	-5,524,583.46
Finance costs	-4,430.13	-81.00	-4,349.13
Other administrative expenses	-2,888,726.31	-3,049,152.73	160,426.42
Expenses with consolidated entities	-833,521.88	-254,411.19	-579,110.69
Adjustments/Provisions	0.00	-112,236.79	112,236.79
Fixed asset related expenses	-6,320,926.03	-3,518,747.94	-2,802,178.09
Exchange losses	-2,096.60	-8.02	-2,088.58
<b>Administrative expenses</b>	<b>-21,700,989.89</b>	<b>-13,061,343.15</b>	<b>-8,639,646.74</b>
<b>Total expenses</b>	<b>-47,581,444.02</b>	<b>-23,961,157.66</b>	<b>-23,620,286.36</b>
<b>ECONOMIC OUTTURN FOR THE YEAR</b>	<b>10,273,932.41</b>	<b>7,504,966.00</b>	<b>2,768,966.41</b>

## 4. Cash-flow Table (Indirect Method)

Cash Flows from ordinary activities	31/12/2014	31/12/2013
<b>Surplus from ordinary activities</b>	<b>10,273,932.41</b>	<b>7,504,966.00</b>
<b>Operating activities</b>		
Amortization (intangible fixed assets)	1,755,273.19	4,873,778.91
Depreciation (tangible fixed assets)	1,324,153.28	19,297,658.60
Decrease in Provisions for risks and liabilities	-112,236.79	112,236.79
Increase in Short term Receivables	-13,386,873.16	-710,255.74
Decrease in Receivables related to consolidated EU entities	2,225.05	-2,225.05
Increase in Accounts payable	1,083,814.57	4,686,404.21
Decrease in Liabilities related to consolidated EU entities	-24,014.19	28,885.00
<b>Net cash Flow from operating activities</b>	<b>916,274.36</b>	<b>35,791,448.72</b>
<b>Cash Flows from investing activities</b>		
Increase of tangible and intangible fixed assets	-4,103,941.29	-32,603,781.79
<b>Net cash flow from investing activities</b>	<b>-4,103,941.29</b>	<b>-32,603,781.79</b>
Net increase/(decrease) in cash and cash equivalents	-3,187,666.93	3,187,666.93
<b>Cash and cash equivalents at the beginning of the period</b>	<b>3,187,666.93</b>	<b>0</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>0.00</b>	<b>3,187,666.93</b>

## 5. Statement of changes in net assets

Net assets	Reserves		Accumulated Surplus / Deficit	Economic result of the year	Net assets (total)
	Fair value reserve	Other reserves			
					0.00
<b>Balance as of 31 December 2013</b>	0.00	0.00	0.00	7,504,966.00	7,504,966.00
Changes in accounting policies	0.00	0.00	0.00	0.00	0.00
<b>Balance as of 1 January 2014</b>	0.00	0.00	0.00	7,504,966.00	7,504,966.00
Economic result of the year				10,273,932.41	10,273,932.41
<b>Balance as of 31 December 2014</b>	0.00	0.00	0.00	17,778,898.41	17,778,898.41

## 6. Notes to the Financial Statements

### 6.1 Accounting Policies

According to article 94 of the Financial Regulation of the European Agency for the Operational Management of Large-Scale It Systems in the area of Freedom, Security and Justice, approved by Management Board Decision No 2014-005 07/02/2014 (hereinafter "eu-LISA FR"), the accounting officer of the Agency shall apply the rules and the harmonised chart of accounts adopted by the accounting officer of the Commission based on internationally accepted accounting standards for the public sector in accordance with article 143 of the general Financial Regulation (EU, Euratom) No 966/2012 (hereinafter "FR").

According to articles 95 - 96 of the eu-LISA FR, the financial statements present information, including information on accounting policies, in a manner that ensures it is relevant, reliable, comparable and understandable. The financial statements are drawn up in accordance with generally accepted accounting principles as outlined in the accounting rules referred to in article 143 of FR. In accordance with article 143 of FR, the accounting officer of the Commission has adopted the accounting rules and the harmonised chart of accounts to be applied by all the institutions and all the bodies referred to in article 141 of the FR.

Eu-LISA comprehensively applies the Commission's accounting rules without diverging from those standards.

Annual accounts of the eu-LISA have been prepared according to the generally accepted accounting principles outlined in the accounting rules referred to in article 143 of FR as mentioned in article 95 of eu-LISA FR. Those are:

- Going concern basis
- Prudence
- Consistent accounting methods
- Comparability of information
- Materiality
- No netting
- Reality over appearance
- Accrual-based accounting

## 6.2 Legal Framework - Accrual accounting standards at Eu-LISA

The accounting system of eu-LISA comprises of general accounts and budget accounts. These are kept in Euro, based on calendar year, in accordance with the provisions of article 100 of the eu-LISA FR.

- The general accounts allow for the preparation of the Financial Statements as they show all revenues and expenses for the financial year irrespective of the time they are cashed. They are designed to establish the financial position of eu-LISA in the form of a balance sheet and Statement of financial performance at 31 December each year.
- The budget accounts give detailed picture of the implementation of the budget.

The agency applies the accrual-based accounting; therefore, the Financial Statements show all the charges and income for the financial year, regardless of the date of payment or collection.

For Management purposes, eu-LISA has implemented the following computer systems:

- ABAC Workflow for budgetary accounting accompanied by ABAC ASSETS to facilitate registering/tracking tangible and intangible asset items
- SAP FI for General Ledger accounting.

Both systems are managed and maintained by the European Commission, in accordance with a service level agreement with eu-LISA. Both systems had previously been validated by the Accounting Officer of the Commission and the validation was reinforced by eu-LISA's accounting officer at 7<sup>th</sup> of August 2013 after extensive testing from April 2013 on, in relation with the procedures set up by the services of the Commission relating to the transfer of responsibilities for financial management.

## 6.3 Notes to the Balance Sheet

### 6.3.1 Non-current assets

"Non-current" or "fixed" assets are stated at historical cost, less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to eu-LISA and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred. Items recognized in the accounts with a value lower than 420,- € are considered as expenses and they are included directly in the Statement of financial performance.

Depreciation charge is calculated using the straight-line method in order to allocate depreciation cost to the assets' residual values over their estimated useful lives, as follows:

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

Eu-LISA has adopted the same depreciation percentages as the ones implemented by the European Commission. As a result, eu-LISA's individual accounts for fixed assets and associated expenses (depreciation/amortization) need no adjustments for consolidation purposes as assets are valued based on the same underlying assumptions.

#### Opening balance: transfer of assets

A migration of assets to EU-LISA from the Commission (DG Home) in 2013 was effected through a non-exchange transaction and mainly consisted of the second generation Schengen Information System (SIS II), the Visa Information System (VIS) and EURODAC (systems). The operational management of these systems is

the Agency's core task. In the absence of reliable and complete information in respect to their total development costs, they were recorded in the Agency's accounts at their net book values as per the Commission's books and updated at year end (approximately €6.56 million at time of transfer (November 2013) and € 2.06 million at 31 December 2014). These values relate mainly to hardware and off-the-shelf software components and did not include software development costs.

## Intangible fixed assets

An intangible asset is an identifiable non-monetary asset without physical substance.

		Internally generated Computer Software	Other Computer Software	Total Computer Software	Other Intangible assets	Intangible assets under construction	Total
<b>Gross carrying amounts 01.01.2014</b>	+	0.00	8,678,346.65	8,678,346.65	0.00	0.00	8,678,346.65
Additions	+	0.00	2,857,350.55	2,857,350.55	0.00	0.00	2,857,350.55
Disposals	-	0.00	0.00	0.00	0.00	0.00	0.00
Transfer between headings	+/-	0.00	0.00	0.00	0.00	0.00	0.00
Other changes	+/-	0.00	0.00	0.00	0.00	0.00	0.00
<b>Gross carrying amounts 31.12.2014</b>		0.00	11,535,697.20	11,535,697.20	0.00	0.00	11,535,697.20
<b>Accumulated amortization and impairment 01.01.2014</b>	-	0.00	-4,873,778.91	-4,873,778.91	0.00	0.00	-4,873,778.91
Amortization	-	0.00	-1,755,273.19	-1,755,273.19	0.00		-1,755,273.19
Write-back of amortization	+	0.00	0.00	0.00	0.00	0.00	0.00
Disposals	+	0.00	0.00	0.00	0.00	0.00	0.00
Impairment	-	0.00	0.00	0.00	0.00	0.00	0.00
Write-back of impairment	+	0.00	0.00	0.00	0.00	0.00	0.00
Transfer between headings	+/-	0.00	0.00	0.00	0.00	0.00	0.00
Other changes	+/-	0.00	0.00	0.00	0.00	0.00	0.00
<b>Accumulated amortization and impairment 31.12.2014</b>		0.00	-6,629,052.10	-6,629,052.10	0.00	0.00	-6,629,052.10
<b>Net carrying amounts 31.12.2014</b>		0.00	4,906,645.10	4,906,645.10	0.00	0.00	4,906,645.10



### Tangible fixed assets

A tangible asset is an identifiable non-monetary asset with physical substance.

Items acquired whose purchase price is 420,- € or above, with a period of use greater than one year, are recorded in the fixed assets accounts. Items with an acquisition price value below 420,- € have been reflected in the accounts as running expenses.

The assets are valued at their acquisition price, less depreciation and impairment. The depreciation method chosen is the monthly straight-line method.

EU Accounting rule 7 "Property, Plant & Equipment", adopted by eu-LISA, applies accordingly.

		Land	Buildings	Plant and Equipment	Computer hardware	Furniture and vehicles	Other Fixtures and Fittings	Tangible assets under construction	Total
<b>Gross carrying amounts 01.01.2014</b>	+	<b>1.490.000,00</b>	<b>775.000,00</b>	<b>1.290,94</b>	<b>21.469.235,81</b>	<b>14.950,64</b>	<b>174.957,75</b>	<b>0,00</b>	<b>23.925.435,14</b>
Additions	+	0,00	8.610,00	0,00	1.165.097,05	33.547,86	27.445,83	11.890,00	1.246.590,74
Disposals	-	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Other changes (1)	+/-	0,00	0,00	0,00	-282.342,42	0,00	0,00	0,00	-282.342,42
<b>Gross carrying amounts 31.12.2014</b>		<b>1.490.000,00</b>	<b>783.610,00</b>	<b>1.290,94</b>	<b>22.351.990,44</b>	<b>48.498,50</b>	<b>202.403,58</b>	<b>11.890,00</b>	<b>24.889.683,46</b>
<b>Accumulated amortization and impairment 01.01.2014</b>	-	<b>0,00</b>	<b>-20.667,00</b>	<b>-160,94</b>	<b>-19.233.158,81</b>	<b>-970,10</b>	<b>-42.701,75</b>	<b>0,00</b>	<b>-19.297.658,60</b>
Depreciation	-	0,00	-31.093,00	-322,00	-1.248.566,05	-3.037,40	-41.006,83	0,00	-1.324.025,28
Write-back of depreciation	+	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Disposals	+	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Impairment (1)	-	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Other changes (1)	+/-	0,00	0,00	0,00	282.214,42	0,00	0,00	0,00	282.214,42
<b>Accumulated amortization and impairment 31.12.2014</b>		<b>0,00</b>	<b>-51.760,00</b>	<b>-482,94</b>	<b>-20.199.510,44</b>	<b>-4.007,50</b>	<b>-83.708,58</b>	<b>0,00</b>	<b>-20.339.469,46</b>
<b>Net carrying amounts 31.12.2014</b>		<b>1.490.000,00</b>	<b>731.850,00</b>	<b>808,00</b>	<b>2.152.480,00</b>	<b>44.491,00</b>	<b>118.695,00</b>	<b>11.890,00</b>	<b>4.550.214,00</b>

### 6.3.2 Current Assets

According to EU Accounting Rule 4.9 and 17.16 all revenue needs to be split into revenue from exchange transactions and revenue from non-exchange transactions. The same split is required for the receivables. In a non-exchange transaction an entity receives (gives) value from (to) another entity without directly giving (receiving) approximately equal value in exchange. The following tables highlight the material items shown on the face of the Balance sheet.

#### Exchange receivables – Sundry receivables

Sundry receivables		31/12/2014	31/12/2013	Variation
	Personnel	601,39	186,54	414,85
	Automatic liaison account central treasury	-31.519.986,29	0,00	-31.519.986,29
	Manual liaison account central treasury	38.112.683,79	0,00	38.112.683,79
<b>Total</b>		<b>6.593.298,89</b>	<b>186,54</b>	<b>6.593.112,35</b>

#### Centralized treasury

With effective date of 16 June 2014, eu-LISA has implemented Centralised Treasury Management by the European Commission, DG Budget.

The Centralised Treasury Management by DG BUDG includes the following services:

- Bank execution of all payments;
- Cash management;
- Reconciliation of payments;
- Follow-up of exceptions related to payments executed;
- Reception of receipts;
- Control of cost and revenue related to banking services;
- Management of relationship with banks (including contracts management and tender procedures);
- Treasury related risk management.

The main reasons for the implementation decision were the following:

1. DG Budget is regularly audited on the management of the security configuration in ABAC Accounting (SAP). The segregation of incompatible roles is a key aspect, and notably small entities may face challenges on how to implement the segregation of duties. In particular, a single person combining the authorisations to execute the payment run and to effect the bank reconciliation is classified as presenting a critical risk. For the sake of segregation of incompatible roles, EU Commission – DG Budget – recommends to assign these roles to separate users of SAP. If an entity is not in a position to sufficiently segregate these roles, it should ensure that appropriate procedures are in place to mitigate the risks. Eu-LISA having only an accounting officer and one deputy accounting officer,

mutually deputising, was continuously exposed to that risk.

2. According to article 60 of Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of the Financial Regulation (EU, Euratom) No 966/2012, the accounting officer shall ensure that the balance on the bank accounts does not deviate significantly from the cash-flow forecasts. According to the laid down cash supply intervals for the EU balancing subsidy, the minimum forecasting period for the agency's cash flow forecast was three months. As the real cash movements within such a long period are hard to predict precisely, the forecast results turned out to be quite unreliable. Hence there was a need to keep a considerable cash buffer in order to avoid illiquidity, which in turn was in conflict with the stipulation of article 60.
3. The average balance on the agency's bank account is to be considered as "working capital". The provision of treasury services by DG BUDG eliminates the need of working capital for the agency and improves the overall efficiency in the management of the EU cash resources.

As a consequence of the implementation of Centralised Treasury Management, eu-LISA has no longer own bank accounts for expenditure or revenue, all disbursements being executed via the Commission payment architecture and paid via DG BUDG's banks in the Company Code of the Commission (BG32). Payments are processed when they are finally validated by an Authorising Officer. At accounting level, any such payment, executed by DG BUDG on behalf of eu-LISA, credits an intercompany liaison account, its balance disclosed in the sundry receivables table above. The balance of the automatic and manual account replaces the bank account and represents the net "virtual" treasury position of the agency in accounting terms.

### Exchange receivables – Other current receivables

Other current receivables		31/12/2014	31/12/2013	*shown among sundry payables for 2013
	Depenses diverses a imputer	9.222,89	-0,12	
ABAC Assets	Goods received, not yet linked to an invoice	6.074.488,23	0,0 *	-2.158,36
	Vendors step 1 (eligibility to be confirmed)	45.347,27	0,0 *	229.937,27
<b>Total</b>		<b>6.129.058,39</b>	<b>-0,12</b>	<b>227.778,91</b>

Due to the fact the "Goods received not invoiced-44450000" general ledger had significant debit balance it has to be presented among current assets on the face of the Balance sheet. The balance is to a large extent made up of payments for intangible assets invoices that are to be capitalized starting from 01/01/2015.

### Non-exchange receivables

Non-exchange receivables	31/12/2014	31/12/2013	Variation
Receivables from member states (VAT)	653.010,99	710.069,32	-57.058,33
Accrued income	650.633,94	0,00	644.427,94
<b>Total</b>	<b>1.303.644,93</b>	<b>710.069,32</b>	<b>593.575,61</b>

Receivables from member states covers outstanding VAT receivables as detailed below. The Agency can claim back VAT paid under the terms of the Protocol on the privileges and immunities (PPI) and Art. 151(1)(aa) of the VAT Directive which states that the EU is exempted from VAT. As for credit risk exposure these Member States belong to prime/high grade debtors by external rating companies so, the risk is considered to be insignificant.

Country	31/12/2014	31/12/2013
France	326.162,26	433.527,05
Austria	246.575,49	246.575,49
Estonia	79.503,69	29.966,78
Other	769,55	0,00
<b>Total</b>	<b>653.010,99</b>	<b>710.069,32</b>

Accrued income calculation is based on estimate provided by BFU according to Art. 32 (1) of the establishing regulation.

### Cash and cash equivalents

	31/12/2014	31/12/2013	Variation
Cash and cash equivalents	0,00	3.187.666,93	-3.187.666,93

As a consequence of the implementation of Centralised Treasury Management, eu-LISA has closed its bank account at ING Belgium, that's why there is no more cash balance at the end of the year. As already outlined in the comments to Centralized Treasury Management, the balance of the automatic and manual intercompany liaison account represents the net "virtual" treasury position of the agency in accounting terms, disclosed among sundry receivables.

## 6.3.3 Current liabilities

### Accounts payable

Accounts payable	31/12/2014	31/12/2013	Variation
Current payables	986.470,67	8.456,57	978.014,10
Sundry payables	0,00	2.158,36	-2.158,36
Sundry payables consolidated	0,00	24.014,19	-24.014,19
Accrued charges	4.788.618,92	4.680.660,09	107.958,83
<b>Total</b>	<b>5.775.089,59</b>	<b>4.715.289,21</b>	<b>1.059.800,38</b>

Besides several vendor open items of minor amounts, the relatively high balance of current payables was mainly due to an invoice for EURODAC recast of 731.301,60 €, received on 09/12/2014. Liquidity risk is

considered to be insignificant as current payables are fully covered by the balance of automatic and manual liaison account among sundry receivables representing virtual cash balance in the framework of centralized treasury management.

The accrued charges of 4.788.618,92 € are split per GL account as follows:

GL account	Description	31/12/2014	31/12/2013
60010000	Operational activities	3.371.339,87	3.249.506,15
61001500	Rental Expenses	60,00	33.906,25
61002000	Maintenance & Security - Buildings	508.365,72	390.569,80
61010000	Office Supplies & maintenance	378.690,64	106.860,92
61020000	Communications & publications	151.132,61	89.629,05
61040000	Insurance - others	1.247,60	688,69
61060000	Recruitment costs	4.861,52	0,00
61070000	Training Costs	43.756,66	79.396,93
61080000	Missions	52.586,32	22.566,15
61085000	Experts and related expenditure	81.684,71	285.197,87
62000000	Staff Costs (excluding SNEs and others experts)	96.617,14	165.436,77
62040000	Staff perquisites and social activities	84.346,71	7.328,90
62050000	Allowances (excluding SNEs and other Experts)	121.833,98	246.842,55
62051000	Allowances for SNEs and other Experts	4.575,94	2.730,06
<b>Total accrued charges in P&amp;L</b>		<b>4.901.099,42</b>	<b>4.680.660,09</b>
4904/4903	of which booked against step 1 verification	-112.480,50	0,00
49055000	<b>Total accrued charges in Balance sheet</b>	<b>4.788.618,92</b>	<b>4.680.660,09</b>

Accrued charges are recorded in order to respect the notion of accrual-based accounting; therefore, the Financial Statements show all the charges and revenues for the financial year, regardless of the date of payment or collection. Amounts are based on best possible estimates at time of the submission of the final accounts taking into account the value of goods and services received in 2014 by the Agency to which no corresponding invoices were registered by the balance sheet date.

At year end 2014 the agency has no foreign exchange risk exposure as all receivables and payables are EUR denominated.

#### 6.3.4 Net Assets – changes in net assets

The statement of net assets contains the economic result of the year and the year before, as in 2014 there were neither changes in accounting policies nor any other events justifying such changes. Eu-LISA's accounts are prepared based on accrual accounting.

#### 6.3.5 Post balance sheet events

No significant post balance sheet event occurred between 31 December 2014 (balance sheet date) and the date of submission of the provisional accounts.

### 6.3.6 Details on Contingencies and Other Significant Disclosures

Services in kind	Estimated amount for 2014 :	End date
Free use of office building in Tallinn offered by the host State	291.182,82	31/08/2017

Estimation is based on office area of 1.443,5 m<sup>2</sup>. Estonia as host state offered rent-free use of the headquarters offices until 31/08/2017 with possible extension in case the final premises are not yet made available to the Agency.

Description	31/12/2014
Maintenance contract	550.000,00
Cleaning contract	67.000,00
Security contract	1.546.073,00
Courier services	45.500,00
Internet services	7.410,00
Rental services	69.039,54
<b>Total</b>	<b>2.285.022,54</b>

Eu-Lisa has long term/multi-annual contractual commitments outstanding at year end 2014 in the amount of 2.285.022,54 €, as shown in the above table for future funding. The remaining budgetary commitments are renewed in ABAC on a yearly basis.

### 6.3.7 Related party disclosures

The highest staff grade at present at the Agency is AD14. There is one employee belonging to this grade. There is no loan provided to this employee on preferential rate.



## 6.4 Notes to the Statement of financial performance

NB: 2013 comparative figures indicate data from 22/5/2013 (financial independence) till end of 2013.

### 6.4.1 Revenues

	31/12/2014	31/12/2013	Variation
Adjustments/Provisions	12.470,75	0,00	12.470,75
Subsidy of the Commission	57.179.892,95	22.631.692,29	34.548.200,66
Other rev with cons entities	6.206,00	0,00	6.206,00
Contribution of EFTA countries	643.800,24	0,00	643.800,24
<b>Total non-exchange revenues</b>	<b>57.842.369,94</b>	<b>22.631.692,29</b>	<b>35.210.677,65</b>
<b>Exchange revenues</b>	<b>13.006,49</b>	<b>8.834.431,37</b>	<b>-8.821.424,88</b>
<b>Total revenue</b>	<b>57.855.376,43</b>	<b>31.466.123,66</b>	<b>26.389.252,77</b>

#### Non-exchange revenues

Besides a foreseen contribution from the countries associated with the implementation, application and development of the Schengen acquis and EURODAC-related measures, as well as – if applicable – any other financial contribution from the Member States, the main revenue of the agency consists of a subsidy from the Union entered in the general budget of the European Union ("Balancing Commission Subsidy").

Associated countries' contribution is booked as accrued income based on calculation provided by BFU.

#### Exchange revenues

Besides several low value items, exchange revenue mainly consisted of interest revenue received in the amount of 11.843,34 € on cash deposit on the agency's ING bank account in 1<sup>st</sup> and 2<sup>nd</sup> quarter 2014.

### 6.4.2 Operational Expenses

	31/12/2014	31/12/2013	Variation
Operational expenses	-25,880,454.13	-10,899,814.51	-14,980,639.62

Please see budget implementation report for further details.

### 6.4.3 Administrative Expenses

#### Staff expenses

The amount of 11.651.288,94 € is split per nature as follows:

Description	31/12/2014	31/12/2013
Staff basic expenses	8.018.720,47	3.568.465,95
Social security contribution	407.116,93	334.567,92
Staff perq. and social activities	70.371,41	25.711,27
Salary allowances	2.969.793,71	2.173.884,26
Allowances for SNEs	185.286,42	24.076,08
Total staff expenses	11.651.288,94	6.126.705,48

Currently there are 120 employees working for eu-LISA. This number was gradually reached by year end 2013 beginning of 2014.

The salaries of eu-LISA's staff are calculated by the Office for the Administration and Payment of Individual Entitlements of the Commission (PMO) according to Service Level Agreement between the two institutions. The Agency provides PMO with all the data necessary for the calculation of the staff's salaries on the basis of which PMO establishes individual entitlements. The Agency is responsible for checking and processing the payments to the individuals. PMO is audited by the Court of Auditors.

### Other administrative expenses

Description	31/12/2014	31/12/2013
Office Supply & maintenance	1.252.689,37	355.921,99
Communication. & publication	399.747,84	126.630,11
Insurance/Legal - others	2.795,61	688,69
Car & Transport Exp.	45,01	21.711,01
Recruitment costs	26.911,24	131.903,43
Training Costs	286.882,20	111.723,72
Missions	666.121,32	337.473,07
Experts & Related Exp.	254.074,48	451.013,06
IT COSTS OPERATIONAL	0,00	484.958,40
OTH.EXT.SERV PROV	-540,76	1.027.103,29
Total other administrative expenses	2.888.726,31	3.049.126,77

### Fixed assets related expenses

Description	31/12/2014	31/12/2013
Amortization of intangible fixed assets	1.755.273,19	1.180.984,24
Depreciation of tangible fixed assets	1.324.025,28	1.147.068,99
Amounts written off	128,00	308,00
License fee	41.771,81	33.906,25
Rental expenses	55.026,93	68.883,40
Maintenance and security- building	3.144.700,82	1.087.597,06
Total fixed asset related expenses	6.320.926,03	3.518.747,94

Please also refer to detailed fixed assets movement tables explained as part of Balance sheet/Assets.

#### **6.4.4 Financial Expenses**

4.262,99 € were paid as expense on late payment of invoices by eu-LISA in 2014 relating to 8 invoices.

# 2014 BUDGET IMPLEMENTATION REPORT

## 7. Budgetary Implementation

The budget is the instrument which, for each financial year, forecasts and implements the revenue and expenditure considered necessary for the Agency.

The budget is established and implemented in compliance with the principles of unity, budgetary accuracy, annuality, equilibrium, unit of account, universality, specification, sound financial management and transparency:

- unity and budget accuracy: all eu-LISA expenditure and revenue must be incorporated in a single budget document must be booked on a budget line and expenditure must not exceed authorized appropriations;
- annuality: the appropriations entered are authorized for a single year and must therefore be used during that year;
- equilibrium: the revenue and expenditure shown in the budget must be in balance (estimated revenue must equal payment appropriations);
- unit of account: the budget is drawn up and implemented in euro (EUR) and the accounts are presented in euro;
- universality: this principle comprises two rules:
  - the rule of non-assignment, meaning that budget revenue must not be earmarked for specific items of expenditure (total revenue must cover total expenditure);
  - the gross budget rule, meaning that revenue and expenditure are entered in full in the budget without any adjustment against each other;
- specification: each appropriation is assigned to a specific purpose and a specific objective;
- sound financial management: budget appropriations are used in accordance with the principle of sound financial management, namely in accordance with the principles of economy, efficiency and effectiveness;
- transparency: the budget is established and implemented and the accounts presented in compliance with the principle of transparency - the budget and amending budgets are published in the website of the eu-LISA.

### 7.1 Initial budget, transfers and amending budgets

The 2014 budget was adopted by the Management Board in the framework of the adoption of the Annual Work Programme.

In accordance with the provisions of the Agency's financial regulation, the transfer of appropriations is allowed under a number of formal criteria. The Agency performed 32 such transfers in 2014.

Amending budget n. 1 was adopted by the Management Board on 25 September 2014. The amendment consisted of an increase of approximately EUR 5,5 million in payment appropriations from DG HOME to the Agency to cover 2014 operational expenditure related to the systems under management, and in particular to

VIS/BMS and SIS II. This is consistent with the estimations made by the Agency in its draft 2014 Budget, which was later reduced to the levels of the initial budget. The need for such additional appropriations is illustrated by the 98.80% consumption of payment credits in Title 3.

The table below summarises at chapter level the internal budgetary transfers operated by the Agency, as well as the amending budget approved by the Management Board in 2014.

Budget Chapter	COMMITMENTS				PAYMENTS			
	Initial budget	Transfers	Amending budgets	Final budget	Initial budget	Transfers	Amending budgets	Final budget
<b>TITLE 1 - STAFF EXPENDITURE</b>	<b>18,290,000</b>	<b>-5,385,191</b>		<b>12,904,809</b>	<b>18,290,000</b>	<b>-5,385,191</b>		<b>12,904,809</b>
A-11-Salaries & allowances	17,372,000	-5,504,450		11,867,550	17,372,000	-5,504,450		11,867,550
A-12-Expenditure related to recruitment	108,000	-88,002		19,998	108,000	-88,002		19,998
A-13-Mission Expenses	210,000	196,166		406,166	210,000	196,166		406,166
A-14-Socio-Medical Infrastructure	200,000	79,276		279,276	200,000	79,276		279,276
A-15-Training for Staff	400,000	-68,181		331,819	400,000	-68,181		331,819
<b>TITLE 2 - ADMINISTRATIVE AND OPERATING EXPENDITURE</b>	<b>16,850,000</b>	<b>618,328</b>		<b>17,468,328</b>	<b>16,850,000</b>	<b>618,328</b>		<b>17,468,328</b>
A-20-Expenditure for premises	10,788,000	1,060,530		11,848,530	10,788,000	1,060,530		11,848,530
A-21-Corporate IT & Telecom	2,850,000	427,921		3,277,921	2,850,000	427,921		3,277,921
A-22-Movable Property and Associated Costs	445,000	-366,398		78,602	445,000	-366,398		78,602
A-23-Current Administrative Expenditure	500,000	-339,122		160,878	500,000	-339,122		160,878
A-24-Mail	30,000	-28,000		2,000	30,000	-28,000		2,000
A-25-Management Board	400,000	-202,936		197,064	400,000	-202,936		197,064
A-26-Information and Publications	400,000	-786		399,214	400,000	-786		399,214
A-27-External Support Services	587,000	-100,196		486,804	587,000	-100,196		486,804
A-28-Security	850,000	167,316		1,017,316	850,000	167,316		1,017,316
<b>TITLE 3 - OPERATIONAL EXPENDITURE</b>	<b>24,240,000</b>	<b>4,766,863</b>		<b>29,006,863</b>	<b>24,240,000</b>	<b>4,766,863</b>	<b>5,530,715</b>	<b>34,537,578</b>
B3-0-Shared System Infrastructure (CORE Systems)	9,050,000	-7,748,777		1,301,223	4,050,000	-3,932,425		117,575
B3-1-SIS II	0	0		0	5,000,000	-992,467	3,787,199	7,794,732
B3-2-VIS/BMS	6,500,000	14,580,353		21,080,353	6,500,000	14,018,596	1,743,516	22,262,112
B3-3-EURODAC	5,500,000	-4,977,842		522,158	5,500,000	-2,241,607		3,258,393
B3-6-Ext Supp Services directly related to CORE Systems	1,550,000	3,691,460		5,241,460	1,550,000	-1,242,722		307,278
B3-7-Meetings missions dir related to the CORE systems	950,000	-580,728		369,272	950,000	-548,653		401,347
B3-8-Training directly related to operations	690,000	-197,602		492,398	690,000	-293,860		396,140
<b>TOTAL</b>	<b>59,380,000</b>	<b>0</b>		<b>59,380,000</b>	<b>59,380,000</b>	<b>0</b>	<b>5,530,715</b>	<b>64,910,715</b>

## 7.2 Budget Implementation of 2014 appropriations

### 7.2.1 Implementation of the budget of the year (fund source C1)

As far as the 2014 appropriations (fund source C1) are concerned the Agency reached a high level of budget implementation, exceeding 99% in both commitment and payment appropriations taking into consideration the automatic as well as non-automatic carryover of appropriations.

Most of the available appropriations under Title 2 were earmarked for the renovation and extension of the



Strasbourg site (chapter 20), for which a non-automatic carry forward of EUR 10,232,443 in commitment appropriations (and a corresponding amount of carry over of payment appropriations) was authorised by the Management Board in January 2015.

BUDGET TITLE	COMMITMENTS (C1)			PAYMENTS (C1)		
	Budgeted	Consumed	%	Budgeted	Consumed	%
<b>Title 1 – Staff expenditure</b>	<b>12,904,809</b>	<b>12,758,939</b>	<b>98.87</b>	<b>12,904,809</b>	<b>12,758,939</b>	<b>98.87</b>
<i>of which, executed</i>		12,758,939	98.87		12,444,306	96.43
<i>of which, automatic carry forward</i>		-	-		314,633	2.44
<i>of which, non-automatic carry forward</i>		-	-		-	-
<b>Title 2 – Infrastructure and Operating expenditure</b>	<b>17,468,328</b>	<b>17,468,328</b>	<b>100.00</b>	<b>17,468,328</b>	<b>17,468,328</b>	<b>100.00</b>
<i>of which, executed</i>		7,235,885	41.42		2,320,156	13.28
<i>of which, automatic carry forward</i>		-	-		4,915,729	28.14
<i>of which, non-automatic carry forward</i>		10,232,443	58.58		10,232,443	58.58
<b>Title 3 – Operational expenditure</b>	<b>29,006,863</b>	<b>28,747,317</b>	<b>99.11</b>	<b>34,537,578</b>	<b>34,124,207</b>	<b>98.80</b>
<b>TOTAL EUR</b>	<b>59,380,000</b>	<b>58,974,584</b>	<b>99.32</b>	<b>64,910,715</b>	<b>64,351,475</b>	<b>99.14</b>
<i>of which, executed</i>		48,742,141	82.09		48,888,669	75.32
<i>of which, carried forward</i>		10,232,443	17.23		15,462,805	23.82

### 7.2.2 Implementation of the budget for other fund sources

In addition to the budget of the year (fund source C1), the Agency implemented appropriations:

- from internal assigned revenue (fund source C4);
- from internal assigned revenue carried over (fund source C5);
- carry forward of commitments (differentiated in Title 3 and non-differentiated in Titles 1 and 2) and the corresponding payment (non-differentiated only) appropriations (fund source C8);
- carry forward of commitments without the corresponding payment appropriations (fund source C9).

BUDGET TITLE	Fund Source	COMMITMENTS			PAYMENTS		
		Budgeted	Consumed	% Commit	Credit Available Pay Amount	Consumed	% Payment
<b>Title 1 – Staff expenditure</b>	C5	875	875	100.00%	875	875	100.00%
	C8	515,313	321,292	62.35%	515,313	321,292	62.35%
	C9	18,434	0	0.00%	-	-	
<b>Title 2 – Administrative and Operating expenditure</b>	C8	6,105,833	4,609,660	75.50%	6,105,833	4,609,660	75.50%
	C9	1,234,370	0	0.00%	-	-	
<b>Title 3 – Operational expenditure</b>	C4	470	470	100.00%	470	470	100.00%
	C8	76,390,213 *	75,572,003	98.93%	-	-	
	C9	324,550	0	0.00%	-	-	

\*In section 7.2.4 of the final accounts 2013, chapter 37 commitment carry-forwards were omitted, resulting in a difference of EUR 247,644.88 with the total presented in this table.

### 7.2.3 Implementation of the C1 budget by chapter



TITLE/CHAPTER	COMMITMENTS			PAYMENTS		
	Budgeted	Consumed	Available	Budgeted	Consumed	Available
<b>TITLE 1 - STAFF EXPENDITURE</b>	<b>12,904,809</b>	<b>12,758,939</b>	<b>145,870</b>	<b>12,904,809</b>	<b>12,444,306</b>	<b>460,503</b>
A-11-Salaries & allowances	11,867,550	11,736,942	130,608	11,867,550	11,736,942	130,608
A-12-Expenditure related to recruitment	19,998	19,998	0	19,998	15,136	4,862
A-13-Mission Expenses	406,166	406,166	0	406,166	379,656	26,510
A-14-Socio-Medical Infrastructure	279,276	265,228	14,049	279,276	54,041	225,236
A-15-Training for Staff	331,819	330,605	1,214	331,819	258,531	73,288
<b>TITLE 2 - ADMINISTRATIVE AND OPERATING EXPENDITURE</b>	<b>17,468,328</b>	<b>7,235,885</b>	<b>10,232,443</b>	<b>17,468,328</b>	<b>2,320,156</b>	<b>15,148,172</b>
A-20-Expenditure for premises	11,848,530	1,616,087	10,232,443	11,848,530	311,861	11,536,670
A-21-Corporate IT & Telecom	3,277,921	3,277,921	0	3,277,921	1,238,404	2,039,516
A-22-Movable Property and Associated Costs	78,602	78,602	0	78,602	59,996	18,606
A-23-Current Administrative Expenditure	160,878	160,878	0	160,878	141,807	19,071
A-24-Mail	2,000	2,000	0	2,000	1,767	233
A-25-Management Board	197,064	197,064	0	197,064	69,153	127,910
A-26-Information and Publications	399,214	399,214	0	399,214	103,503	295,711
A-27-External Support Services	486,804	486,804	0	486,804	161,063	325,741
A-28-Security	1,017,316	1,017,316	0	1,017,316	232,602	784,714
<b>TITLE 3 - OPERATIONAL EXPENDITURE</b>	<b>29,006,863</b>	<b>28,747,317</b>	<b>259,546</b>	<b>34,537,578</b>	<b>34,124,207</b>	<b>413,371</b>
B3-0-Shared System Infrastructure (CORE Systems)	1,301,223	1,301,223	0	117,575	114,575	3,000
B3-1-SIS II	0	0	0	7,794,732	7,794,732	0
B3-2-VIS/BMS	21,080,353	20,989,728	90,625	22,262,112	22,262,112	0
B3-3-EURODAC	522,158	353,237	168,921	3,258,393	3,050,807	207,586
B3-6-Ext Supp Services directly related to CORE Systems	5,241,460	5,241,460	0	307,278	307,278	0
B3-7-Meetings missions dir related to the CORE systems	369,272	369,272	0	401,347	393,011	8,336
B3-8-Training directly related to operations	492,398	492,398	0	396,140	201,691	194,449
<b>TOTAL</b>	<b>59,380,000</b>	<b>48,742,141</b>	<b>10,637,859</b>	<b>64,910,715</b>	<b>48,888,669</b>	<b>16,022,046</b>

## 7.2.4 Comments

### Title 1: Staff expenditure

The main expenditure under the title was incurred in the payment of salaries and allowances of the Agency's staff. It should be mentioned that the draft budget was adopted at a time when the Agency was still in the process of recruiting most of its staff, and that requirements were overestimated. As actual data –based on recorded expenditure- started to become available at the beginning of the year, it was possible to transfer a substantial amount of surplus commitments –approximately EUR 5.4 million- to other Titles, and in particular to Title 3- Operational expenditure.

At the end of the year, commitment consumption reached 99% and payment consumption 96%. EUR 315,000

of payment appropriations were automatically carried over to 2015.

The use of commitments from the previous year (fund source C8) reached 62%, resulting in a cancellation of EUR 194,000.

## **Title 2: Administrative and operating expenditure**

The majority of appropriations under the title were earmarked for the reconstruction and expansion of the Strasbourg site, whose cost is estimated at EUR 20 million. The tender procedure, launched in August 2014 as a negotiated procedure for security reasons, due to its complexity was not completed by the end of the year; this resulted in a proposal for the Management Board in January 2015 to carry forward EUR 10.2 million of commitment appropriations to 2015, with the corresponding carry over of payment appropriations.

Due to the above circumstances, at the end of the year the implementation of C1 appropriations reached 41%, while payment consumption remained at 13%. This difference resulted in EUR 4.9 million of payment appropriations automatically carried over to 2015 – this is a significant amount which will require careful management to avoid cancellations, mainly in the area of corporate IT, security, information and publications.

The use of commitments from the previous year (fund source C8) reached 76%, resulting in a cancellation of EUR 1.5 million, mainly related to commitments migrated to the Agency upon financial independence in 2013.

## **Title 3: Operational expenditure**

In the first part of the year, budget monitoring and planning in the Title focused on the substantial amount of global commitments originated in 2013, to ensure their utilisation through conversion in individual commitments before the end of 2014. This was particularly evident for the SIS II new MWO framework contract signed in March 2013, where the L1 commitment LIS.252 with reference 'MWO SIS II HOME-C2-2012-09' worth EUR 25 million was entirely consumed after the contractual vehicle became available.

As far as the consumption of the budget of the year (fund source C1) is concerned, the rate of utilisation of both commitments and payments reached 99%. It should be noted that an increase of payment appropriations in September 2014 of EUR 5.5 million resulted fully justified in the light of the implementation rate at year end. These additional appropriations were made available by DG HOME through internal reallocation. In addition to that, EUR 4.8 million of additional appropriations were transferred from staff and running costs within the Agency's budget.

The VIS/BMS chapter saw a remarkable evolution, increasing the volume of appropriations by more than three times compared to the initial budget. This increase was justified by a substantial number of new requirements on the system which became necessary during the year in system evolutions. In spite of this remarkable growth, final implementation rates remained very satisfactory indicating a strong skill in the planning and execution of contract and budgetary management of this System.

In chapter 30 (Shared system infrastructure) and 37 (external support services), commitments largely exceeded payments. In the first case, a number of individual commitments were operated in Q4, while in the latter, a significant global commitment was made at year end corresponding to the advanced level of the framework contract negotiation which was eventually completed in February 2015, allowing for sufficient commitment appropriations to be available at the beginning of the contract.

C8 commitments in Title 3, including new commitments, decommitments and consumption by payments, evolved from about EUR 40 million at the end of 2013, reaching EUR 75.6 million during 2014, with EUR 70.2 million carried forward to 2015.

With a significant reduction from 2013, improved alignment of the contractual and budgeting cycles required the creation of three global commitments as detailed in the section below, one of them to support the external resources framework contract to be signed in Q1 2015, and in particular its Lot 1 for IT services; the other two to support VIS/BMS evolutions through Service Contracts 10 and 11, for which the negotiation was still on-going at the end of the year.

### 7.2.5 Open commitments

#### A- 2014 COMMITMENTS AUTOMATICALLY CARRIED FORWARD TO 2015 IN TITLE 1 AND 2, BY BUDGETARY CHAPTER

The following amounts indicate the amount outstanding at the end of 2014, for which a budgetary and legal commitment exist, but for which the contract is still being implemented. Such outstanding amounts will be available in 2015 only with fund source C8.

Budget Chapter	Outstanding amount (RAL)
<b>TITLE 1 - STAFF EXPENDITURE</b>	<b>314,633</b>
A-11-Salaries & allowances	
A-12-Expenditure related to recruitment	4,862
A-13-Mission Expenses	26,510
A-14-Socio-Medical Infrastructure	211,187
A-15-Training for Staff	72,074
<b>TITLE 2 - OPERATIONAL AND ADMINISTRATIVE</b>	<b>4,915,728</b>
A-20-Expenditure for premises	1,304,226
A-21-Corporate IT & Telecom	2,039,516
A-22-Movable Property and Associated Costs	18,606
A-23-Current Administrative Expenditure	19,071
A-24-Mail	233
A-25-Management Board	127,910
A-26-Information and Publications	295,711
A-27-External Support Services	325,741
A-28-Security	784,714
<b>TOTAL</b>	<b>5,230,361</b>



**B- 2014 COMMITMENTS AUTOMATICALLY CARRIED FORWARD TO 2015 IN TITLE 3, BY BUDGETARY CHAPTER**

The table below indicates the amount outstanding at the end of 2014 in Title 3, for which a budgetary and legal commitment exist, but for which the contract is still being implemented, so that outstanding payments exist. Such open amounts will require payments from the budget of future financial years.

The table presents Title 3 commitments with an open amount at the end of 2014 which were either:

- a) created in 2013 or earlier (migrated from DG HOME);
- b) created in 2014 as individual or provisional commitments;
- c) created in 2014 as global (L1) commitments.

Budget Chapter	carry-forward of commitments from 2013 with an open amount at the end of 2014 (a)	carry-forward of commitments from 2014 with an open amount at the end of 2014 (b)	open amounts on global commitments (L1) (c)	carry-forward of commitments to 2015 (a+b+c)
<b>TITLE 3 - OPERATIONAL EXPENDITURE</b>	<b>45,118,436.12</b>	<b>12,596,649.39</b>	<b>12,480,027.46</b>	<b>70,195,112.97</b>
B3-0-Shared System Infrastructure (CORE Systems)	0.00	1,186,647.64		1,186,647.64
B3-1-SIS II	21,268,862.68	0.00		21,268,862.68
B3-2-VIS/BMS	16,638,764.85	9,131,570.74	8,834,705.89	34,605,041.48
B3-3-EURODAC	7,079,508.59	353,237.00		7,432,745.59
B3-6-Ext Supp Services directly related to CORE Systems	131,300.00	1,567,910.00	3,645,321.57	5,344,531.57
B3-7-Meetings missions dir related to the CORE systems	0.00	66,576.88		66,576.88
B3-8-Training directly related to operations	0.00	290,707.13		290,707.13

**C - Status of 2014 global commitments (L 1) for conversion into individual commitments (L2) in 2015**

[illegible]

## 7.3 Budget Outturn Account 2014

The Outturn for the financial year corresponds to the total PF revenues actually cashed minus the total payments incurred during the year 2014 (cashed and appropriations carried over). minus previous year's unused payment appropriations.

		2014	2013
<b>REVENUE</b>			
Balancing Commission subsidy	+	57.179.892,95	19.000.000,00
Other subsidy from Commission (Phare, IPA,...)	+		
Fee income	+		
Other income	+	12.312,99	
		<b>57.192.205,94</b>	<b>19.000.000,00</b>
<b>EXPENDITURE</b>			
<i>Title I: Staff</i>			
Payments	-	12.445.181,27	6.141.791,97
Appropriations carried over	-	314.632,88	516.188,22
<i>Title II: Administrative Expenses</i>			
Payments	-	2.320.156,31	1.603.453,44
Appropriations carried over	-	15.148.171,68	6.105.833,08
<i>Title III: Operating Expenditure</i>			
Payments	-	34.124.676,86	10.009.371,35
Appropriations carried over	-		0,00
		<b>64.352.819,00</b>	<b>24.376.638,06</b>
		<b>-7.160.613,06</b>	<b>-5.376.638,06</b>
Cancellation of unused payment appropriations carried over from previous year	+	1.690.194,29	2.627.863,24
Adjustment for carry-over from the prev. year of appropriations av. at 31.12 from ass. Rev.	+	874,84	0,00
Exchange differences for the year (gain +/loss -)	+/-	-1.561,15	19,74
		<b>-5.471.105,08</b>	<b>-2.748.755,08</b>
Balance year N-1	+/-	0,00	
Positive balance from year N-1 reimbursed in year N to the Commission	-		
<b>Result used for determining amounts in general accounting</b>		<b>-5.471.105,08</b>	<b>-2.748.755,08</b>
<b>Commission subsidy - agency registers accrued revenue and Commission accrued expense</b>		<b>57.179.892,95</b>	<b>19.000.000,00</b>
<b>Pre-financing remaining open to be reimbursed by agency to Commission in year N+1</b>		<b>0,00</b>	<b>0,00</b>

For the 2014 financial year, the balance of the budget outturn amounts to -5.471.105,08 €.

## 7.4 Reconciliation between budgetary and accrual based accounts (EUR)

		sign +/-	amount
	<b>Economic result (+ for surplus and - for deficit) of the consolidation reporting package including table M2</b>	<b>+/-</b>	<b>10,273,932.41</b>
	<i>Ajustment for accrual items (items not in the budgetary result but included in the economic result)</i>		
<b>A</b>	Adjustments for Accrual Cut-off (reversal 31.12.N-1)	-	-4,792,896.88
<b>B</b>	Adjustments for Accrual Cut-off (cut- off 31.12.N )	+	4,180,230.17
<b>C</b>	Amount from liaison account with Commission booked in the Economic Outturn Account	-	
<b>D</b>	Unpaid invoices at year end but booked in charges (class 6)	+	69,979.49
<b>E</b>	Depreciation of intangible and tangible assets (1)	+	3,079,426.47
<b>F</b>	Provisions (1)	+	
<b>G</b>	Value reductions (1)	+	
<b>H</b>	Recovery Orders issued in in class 7 and not yet cashed	-	
<b>la</b>	Prefinancing given in previous year and cleared in the year	+	
<b>lb</b>	Prefinancing received in previous year and cleared in the year	-	
<b>J</b>	Payments made from carry over of payment appropriations	+	4,930,952.17
<b>K</b>	Other *)	+/-	
	<i>Ajustment for budgetary items (item included in the budgetary result but not in the economic result)</i>		
<b>M</b>	Asset acquisitions (less unpaid amounts)	-	-9,420,628.85
<b>N</b>	New pre-financing paid in the year and remaining open as at 31.12.	-	
<b>O</b>	New pre-financing received in the year and remaining open as at 31.12.	+	
<b>P</b>	Budgetary recovery orders issued before and cashed in the year	+	
<b>Q</b>	Budgetary recovery orders issued in on balance sheet accounts (not 7 or 6 accounts) and cashed	+	
<b>R</b>	Capital payments on financial leasing (they are budgetary payments but not in the economic result)	-	
<b>S</b>	Payment appropriations carried over to 2015	-	- 15,462,804.56
<b>T</b>	Cancellation of unused carried over payment appropriations from previous year	+	1,690,194.29
<b>U</b>	Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	+	874.84
<b>V</b>	Payments for pensions ( they are budgetary payments but booked against provisions)	-	
<b>W</b>	Palements for stocks of leave and supplementary hours ( they are budgetary payments but booked against provisions)	-	
<b>X</b>	Other **)	+/-	
	<b>total</b>		<b>-5,450,740.45</b>
	<b>Budgetary result (+ for surplus) (2)</b>		<b>-5,471,105.08</b>
	Including amount of exchange rate differences (3)		-1,561.15
	Delta not explained		20,364.63

## 7.5 Establishment plan 2014

Function group and grade	PERMANENT POSTS		TEMPORARY POSTS	
	2014	2013	2014	2013
AD 16	—	—	—	—
AD 15	—	—	—	—
AD 14	—	—	1	1
AD 13	—	—	2	2
AD 12	—	—	3	3



AD 11	—	—	1	1
AD 10	—	—	5	4
AD 9	—	—	6	7
AD 8	—	—	10	—
AD 7	—	—	16	26
AD 6	—	—	11	—
AD 5	—	—	20	31
<b>Total AD</b>	—	—	<b>75</b>	<b>75</b>
AST 11	—	—	—	—
AST 10	—	—	—	—
AST 9	—	—	—	—
AST 8	—	—	1	—
AST 7	—	—	1	2
AST 6	—	—	4	—
AST 5	—	—	12	15
AST 4	—	—	11	4
AST 3	—	—	15	23
AST 2	—	—	1	1
AST 1	—	—	—	—
<b>Total AST</b>	—	—	<b>45</b>	<b>45</b>
AST/SC 6	—	—	—	—
AST/SC 5	—	—	—	—
AST/SC 4	—	—	—	—
AST/SC 3	—	—	—	—
AST/SC 2	—	—	—	—
AST/SC 1	—	—	—	—
<b>Total AST/SC</b>	—	—	—	—
<b>Grand Total</b>	—	—	<b>120</b>	<b>120</b>

## External personnel

Contract Agents	Authorised 2014	Recruited as of 31.12.2014
Function Group IV	4	4
Function Group III	2	2
Function Group II	—	—
Function Group I	—	—
<b>Total</b>	<b>6</b>	<b>6</b>
Seconded National Experts	Authorised 2014	Recruited as of 31.12.2014
<b>Total</b>	<b>6</b>	<b>5</b>

