



EASO Final Annual Accounts 2014

15 June 2015

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1. Introduction

1.1 *Short introduction*

The European Asylum Support Office (referred to as “EASO”) has been created within Regulation (EU) No 439/2010¹ of the European Parliament and of the Council establishing a European Asylum Support Office (referred to as “EASO Regulation”).

EASO contributes to the creation of a Common European Asylum System. EASO’s purpose is to facilitate, coordinate and strengthen practical cooperation among Member States on the many aspects of asylum, such as: providing practical and operational support to Member States; providing operational support to Member States subject to particular pressure on their asylum systems, including the coordination of asylum support teams made up of national asylum experts; and providing scientific and technical assistance for EU policymaking and legislation in all areas having a direct or indirect impact on asylum.

EASO's Tasks are:

- Permanent support: supporting and stimulating the common quality of the asylum process through common training, a common asylum curriculum, common quality and common Country of Origin Information.
- Special support: tailor-made assistance, capacity building, relocation, specific support and special quality-control processes.
- Emergency support: organising solidarity for Member States confronted with particular pressures by providing temporary support and assistance to repair or to rebuild the asylum system.
- Information and analysis support: sharing and merging information and data, analysis and assessment: not only comparing and sharing information, but also common trend analysis and common assessment.
- Third country support: supporting the external dimension, supporting partnerships with third countries to reach common solutions, for example by capacity building and regional protection programmes, and coordinating Member States’ actions on resettlement.

Following an application by the Government of the Republic of Malta to host the seat of EASO, on 25/02/2010 the Representatives of the Governments of the EU Member States took Decision to locate EASO in Valletta Harbour².

EASO is comprised of a Management Board and an Executive Director assisted by staff members.

The EASO Management Board is composed of one member from each Member State – except Denmark, two members from the European Commission and one non-voting member of the UNHCR. Denmark is invited to attend, as observer, all meetings of the Management Board and other relevant meetings.

The key functions of the Management Board, as the governing and planning body of EASO, are outlined in Article 29 of the EASO Regulation and include: the appointment of the Executive Director, adoption of the work programmes, annual reports, budget, and has overall responsibility for ensuring that EASO performs effectively its duties.

The Executive Director, who shall be independent in the performance of his tasks, is the legal representative of EASO and is responsible, inter alia, for the administrative management and for the implementation of the Work Programme and the decisions of the Management Board. The Executive

¹ OJ L 132, 29.5.2010, p. 11.

² OJ L 324, 9.12.2010, p. 47.

Director, Dr Robert K. Visser, took up office on 1 February 2011. He serves for a period of five year term of office, renewable once for three years.

The Accounting Officer is appointed by the Management Board. Mr Isaac Jiménez Carvajal took up this function on 16 August 2012.

The Internal audit function is performed by Internal Audit Service of the European Commission.

The External audit is performed by the European Court of Auditors, after considering the audit work performed by the independent external private auditor.

The Discharge Authority is the European Parliament, acting on a recommendation from the Council.

Every year, EASO shall publish a consolidated annual activity report on its activities, including its financial statements (annual accounts and budget implementation reports).

1.2 *Legal Framework*

This report has been prepared in accordance with the EASO Financial Regulation adopted by its Management Board, in particular its Title IX.

The EASO Accounting Officer shall send the provisional accounts to the accounting officer of the Commission and to the Court of Auditors by 1 March of the following year.

The Court of Auditors shall, by 1 June of the following year at the latest, make its observations on the provisional accounts. On receiving the Court of Auditors' observations on the provisional accounts, the EASO Accounting Officer shall draw up the final accounts. The Executive Director shall send them to the Management Board, which shall give an opinion on these accounts. The EASO Accounting Officer shall send the final accounts, together with the opinion of the Management 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.

The objectives of financial statements are to provide information about the financial position, performance and cash-flows of EASO.

The financial statements have been prepared according to the accounting rules adopted by the European Commission's accounting Officer, following the principles of accrual-based accountancy where the economic outturn, balance and cash flow are concerned.

The general accounts are accrual accounts which mean that the effects of transactions and other events are recognised when those transactions or events occur (and not only when cash or its equivalent is received or paid). They are based on the IPSAS (International Public Sector Accounting Standards). The general accounts allow for the preparation of the financial statements as they show all revenues and expenses for the financial year and are designed to establish the financial position in the form of a balance sheet at 31 December.

The budget execution is prepared on the basis of a modified cash accounting. In cash accounting system, payments made and revenue received are recorded. Modified cash accounts means that payment

appropriations carried over are also recorded. They are used to produce the budgetary outturn account and reports on budget implementation.

These provisions lead to discrepancies between the general accounts and the budget accounts.

The accounting policies have been applied consistently throughout the period.

1.3 *Certificate of the Accounting Officer*

These Final annual accounts of EASO for the financial year 2014 have been prepared in accordance with Title IX of the Financial Regulation applicable to the general budget of the European Union, the EASO Financial Regulation and the accounting rules adopted by the Commission's Accounting Officer, as are to be applied by all the institutions, agencies and joint undertakings.

I acknowledge my responsibility for the preparation and presentation of the annual accounts of EASO in accordance with the EASO Financial Regulation.

I have obtained from the Authorising Officer, who guaranteed its reliability, all the information necessary for the production of the accounts that show EASO'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 EASO.

SIGNED 15/06/2015

Isaac Jimenez Carvajal, Accounting Officer

1.4 *Statement of the Director*

I, the undersigned, Executive Director of the European Asylum Support Office (EASO) in my capacity as Authorising Officer:

- Declare that 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 the Annual Activity Report have been used for their intended purpose and in accordance with the principles of sound management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

This reasonable assurance is based on my own judgment and on the information at my disposal, such as the results of the self-assessment, ex-ante controls, the observations of the Internal Audit Service and the lessons learnt from the reports of the Court of Auditors for years prior to the year of this declaration.

- Confirm that I am not aware of anything not reported here which could harm the interests of EASO.

SIGNED 15/06/2015

Dr Robert K. Visser, Executive Director

1.5 *Accounting principles*

Based on the EASO Financial Regulation, the financial statements are drawn up in accordance with the generally accepted accounting principles specified in the detailed rules for implementing the general Financial Regulation, namely:

a) Going concern basis principle

The going-concern principle means that for the purposes of preparing the financial statements, EASO is deemed to be established for an indefinite duration.

b) Principle of prudence

The principle of prudence means that assets and income have not been overstated and liabilities and charges have not been understated. No hidden reserves or undue provisions have been created.

c) Principle of consistent accounting methods

The principle of consistent accounting methods means that the structure of the components of the financial statements and the accounting methods and valuation rules has not been changed from one year to the next.

d) Principle of comparability of information

The principle of comparability of information means that for each item the financial statements also show the amount of the corresponding item the previous year.

Where, pursuant to previous paragraph, the presentation or the classification of one of the components of the financial statements is changed, the corresponding amounts for the previous year have been made comparable and reclassified. Where it has been impossible to reclassify items, this shall be explained in the annex.

e) Materiality principle

The materiality principle means that all operations which are of significance for the information sought have been taken into account in the financial statements. Materiality has been assessed in particular by reference to the nature of the transaction or the amount.

Transactions may be aggregated where:

- (a) The transactions are identical in nature, even if the amounts are large;
- (b) The amounts are negligible;
- (c) Aggregation makes for clarity in the financial statements.

f) No-netting principle

The no-netting principle means that receivables and debts may not be off-set against each other, nor may charges and income, save where charges and income derive from the same transaction, from similar transactions or from hedging operations and provided that they are not individually material.

g) Principle of reality over appearance

The principle of reality over appearance means that accounting events recorded in the financial statements have been presented by reference to their economic nature.

h) Accrual-based accounting principle

The accrual-based accounting principle means that transactions and events have been entered in the accounts when they occurred and not when amounts were actually paid or recovered. They shall be booked to the financial years to which they relate.

Currency

The financial statements of EASO are presented in Euros.

Transactions in foreign currencies

Economic transactions in other currencies than in Euros have been converted into Euros on the basis of European Commission's official rate.

A very limited number of transactions during the reporting period occurred in foreign currencies.

Financial independence

EASO became financially independent on 20 September 2012.

2. Financial statements 2014

2.1 Balance Sheet

Balance Sheet - Assets	Note No	2014	2013	Variations
ASSETS				
NON CURRENT ASSETS	3.1.1			
INTANGIBLE FIXED ASSETS	3.1.1.1	148,428.00	107,353.00	41,075.00
<i>Computer software</i>		<i>148,428.00</i>	<i>107,353.00</i>	<i>41,075.00</i>
TANGIBLE FIXED ASSETS	3.1.1.2	456,686.00	377,053.83	79,632.17
<i>Furniture and Vehicles</i>		<i>15,386.00</i>	<i>12,626.56</i>	<i>2,759.44</i>
<i>Computer Hardware</i>		<i>381,664.00</i>	<i>294,643.27</i>	<i>87,020.73</i>
<i>Other fixtures and fittings</i>		<i>59,636.00</i>	<i>69,784.00</i>	<i>-10,148.00</i>
TOTAL NON CURRENT ASSETS		605,114.00	484,406.83	120,707.17
CURRENT ASSETS	3.1.2			
SHORT-TERM PRE-FINANCING	3.1.2.1	175,102.40	0.00	175,102.40
<i>PF – Procurement and grants</i>		<i>175,102.40</i>	<i>0.00</i>	<i>175,102.40</i>
SHORT-TERM RECEIVABLES	3.1.2.2	449,057.03	288,598.67	160,458.36
<i>Current Receivables</i>		<i>246,064.56</i>	<i>91,502.10</i>	<i>154,562.46</i>
<i>Other short-term receivables</i>		<i>21,210.06</i>	<i>7,803.84</i>	<i>13,406.22</i>
<i>Accrued Income</i>		<i>38,638.44</i>	<i>0.00</i>	<i>38,638.44</i>
<i>Deferred Charges</i>		<i>143,143.97</i>	<i>189,292.73</i>	<i>-46,148.76</i>
CASH AND CASH EQUIVALENTS	3.1.2.3	2,208,818.76	553,156.87	1,655,661.89
TOTAL CURRENT ASSETS		2,832,978.19	841,755.54	1,991,222.65
TOTAL		3,438,092.19	1,326,162.37	2,111,929.82

Balance Sheet – Liabilities	Note No	2014	2013	Variations
LIABILITIES				
CAPITAL				
ACCUMULATED RESULT PREVIOUS YEARS		393,217.26	-778,448.81	1,171,666.07
ECONOMIC RESULT of the YEAR		419,061.65	1,171,666.07	-752,604.42
CURRENT LIABILITIES	3.1.3			
Short-term provisions	3.1.3.1	10,000.00	65,313.98	-55,313.98
Accounts Payable	3.1.3.2	2,615,813.28	867,631.13	1,748,182.15
<i>Current Payables</i>		<i>44,962.75</i>	<i>75,065.40</i>	<i>-30,102.65</i>
<i>Other accounts Payable against consolidated EU entities</i>		<i>17,555.94</i>	<i>0.00</i>	<i>17,555.94</i>
<i>Accrued charges</i>		<i>987,564.10</i>	<i>680,635.11</i>	<i>306,928.99</i>
<i>Accrued charges with consolidated EU entities</i>		<i>150,176.93</i>	<i>105,205.46</i>	<i>44,971.47</i>
<i>Pre-financing received from consolidated EU entities</i>		<i>1,314,434.24</i>	<i>0.00</i>	<i>1,314,434.24</i>
<i>Deferred income</i>		<i>79,243.05</i>	<i>0.00</i>	<i>79,243.05</i>
<i>Other accounts Payable</i>		<i>21,876.27</i>	<i>6,725.16</i>	<i>15,151.11</i>
TOTAL CURRENT LIABILITIES		2,625,813.28	932,945.11	1,692,868.17
TOTAL		3,438,092.19	1,326,162.37	2,111,929.82

2.2 Statement of financial performance (Economic outturn account)

	Note No	2014	2013	Variation
EU SUBSIDY (COMMISSION)		11,193,240.74	9,500,000.00	1,693,240.74
OPERATIONAL REVENUES - MISCELLANEOUS		629,349.91	35,361.28	593,988.63
TOTAL OPERATIONAL INCOME	3.2.1	11,822,590.65	9,535,361.28	2,287,229.37
Administrative expenses		-8,487,955.33	-6,599,167.88	-1,888,787.45
<i>All Staff expenses</i>		-5,040,255.29	-4,002,363.18	-1,037,892.11
<i>Fixed assets related expenses</i>		-201,312.05	-79,663.19	-121,648.86
<i>Other administrative expenses</i>		-3,246,387.99	-2,517,141.51	-729,246.48
Operational expenses		-2,927,763.26	-1,764,625.05	-1,163,138.21
TOTAL OPERATIONAL EXPENSES	3.2.2	-11,415,718.59	-8,363,792.93	-3,051,925.66
SURPLUS FROM OPERATIONAL ACTIVITIES		406,872.06	1,171,568.35	-764,696.29
Financial revenues		12,451.38		12,451.38
Financial expenses		-261.79	97.72	-359.51
SURPLUS FROM NON OPERATIONAL ACTIVITIES		12,189.59	97.72	12,091.87
SURPLUS FROM ORDINARY ACTIVITIES		419,061.65	1,171,666.07	-752,604.42
Extraordinary gains (+)		0.00	0.00	0.00
Extraordinary losses (-)				
SURPLUS FROM EXTRAORDINARY ITEMS		0.00	0.00	0.00
ECONOMIC RESULT FOR THE YEAR		419,061.65	1,171,666.07	-752,604.42

2.3 Cash flow

(Indirect method)

	2014	2013
Cash Flows from ordinary activities		
Surplus from ordinary activities	419,061.65	1,171,666.07
Operating activities		
<u>Adjustments</u>		
Amortization (intangible fixed assets)+	40,631.31	10,466.20
Depreciation (tangible fixed assets) +	164,820.57	70,496.72
(Decrease) in Provisions for risks and liabilities	-55,313.98	-1,476.11
(Increase)/Decrease in Short term Pre-financing	-175,102.40	324,965.40
(Increase) in Short term Receivables	-160,458.36	-273,563.86
Decrease in Receivables related to consolidated EU entities	0.00	1,392.72
Increase/(Decrease) in Accounts payable	371,220.50	-1,530,135.58
Increase/(Decrease) in Liabilities related to consolidated EU entities	1,376,961.65	-464,621.93
Net cash Flow from (used in) operating activities	1,981,820.94	-690,810.37
Cash Flows from investing activities		
Increase of tangible and intangible fixed assets(-)	-326,159.05	-510,045.78
Net cash flow used in investing activities	-326,159.05	-510,045.78
Net increase in cash and cash equivalents	1,655,661.89	-1,200,856.15
Cash and cash equivalents at the beginning of the period	553,156.87	1,754,013.02
Cash and cash equivalents at the end of the period	2,208,818.76	553,156.87

2.4 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			
Balance as of 31 December 2013	0.00	0.00	-778,448.81	1,171,666.07	393,217.26
Changes in accounting policies					0.00
Balance as of 1 January 2014	0.00	0.00	-778,448.81	1,171,666.07	393,217.26
Fair value movements					0.00
Movement in Guarantee Fund reserve					0.00
Allocation of the Economic Result of Previous Year			1,171,666.07	-1,171,666.07	0.00
Amounts credited to Member States					0.00
Economic result of the year				419,061.65	419,061.65
Balance as of 31 December 2014	0.00	0.00	393,217.26	419,061.65	812,278.91

2.5 Budgetary outturn account

		2014	2013
REVENUE			
EU Contribution (Commission subsidy - Titles 1, 2 and 3)	+	12,100,000.00	9,500,000.00
Administrative operations and miscellaneous income	+	1,020,809.33	29,493.36
TOTAL REVENUE (a)		13,120,809.33	9,529,493.36
EXPENDITURE			
Title 1: Staff			
Payments	-	5,433,730.61	4,465,418.04
Appropriations carried over	-	318,178.32	150,053.63
Title 2: Administrative Expenses			
Payments	-	1,605,583.64	1,218,746.33
Appropriations carried over	-	844,197.80	569,315.11
Title 3: Operational Expenditure			
Payments	-	3,464,887.41	3,469,413.14
Appropriations carried over	-	981.87	0.00
Title 4: Operational Expenditure for specific projects (earmarked funds)			
Payments	-	254,105.23	0.00
Appropriations carried over	-	407,674.98	0.00
TOTAL EXPENDITURE (b)		12,329,339.86	9,872,946.25
OUTTURN FOR THE FINANCIAL YEAR (a-b)		791,469.47	-343,452.89
Cancellation of unused payment appropriations carried over from previous year	+	146,417.18	271,141.14
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	+	29,493.36	0.00
Exchange differences for the year (gain +/loss -)	+/-	11,772.58	-81.58
BALANCE OF THE OUTTURN ACCOUNT FOR THE FINANCIAL YEAR		979,152.59	-72,393.33
Balance year N-1	+/-	-72,393.33	138,543.78
Positive balance from year N-1 reimbursed in year N to the Commission	-	0.00	-138,543.78
Result used for determining amounts in general accounting		906,759.26	-72,393.33
Commission subsidy - agency registers accrued revenue and Commission accrued expense		11,193,240.74	
Pre-financing remaining open to be reimbursed by agency to Commission in year N+1		906,759.26	

3. Annex to the Financial Statements

3.1 *Notes to the Balance Sheet*

3.1.1 Non-current assets

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

Fixed assets are assets with an acquisition price value above 420 Euros and are expected to be used during more than one year. Assets, which do not fall under the above described criteria, have been charged against expenses and are reflected in the Statement of financial performance . Repairs and maintenance are recognised as running expenses during the financial period in which they are incurred.

EASO's assets are already tagged with label stickers. A full inventory is available and a physical inventory check of EASO's assets was performed in January 2014 and will be performed afterwards at least annually.

The assets were valued in the financial statements at their purchase price minus depreciation, in order to give a fair value of EASO's assets.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. The depreciation method chosen is the straight-line method. EASO's fixed assets are depreciated on a monthly basis. The depreciation rates are the coefficients used at the European Commission. The applied depreciation annual percentage rates per asset types are as follows:

Intangible fixed assets:	
Computer software	25.0%
Tangible fixed assets:	
Specific equipment	25.0%
Computers, servers, printers etc.	25.0%
Telecommunications and audiovisual equipment	25.0%
Office furniture	10.0% and 12.5%

3.1.1.1 Intangible fixed assets

Intangible assets are identifiable non-monetary assets without physical substance.

EASO's intangible fixed assets during the reporting period are composed of IT software.

2014		Computer Software
Gross carrying amounts 01.01.2014	+	119,082.95
Additions	+	81,706.31
Disposals	-	
Transfer between headings	+/-	
Other changes	+/-	
Gross carrying amounts 31.12.2014		200,789.26
Accumulated amortization and impairment 01.01.2014	-	-11,729.95
Amortization	-	-40,631.31
Write-back of amortization	+	
Disposals	+	
Impairment	-	
Write-back of impairment	+	
Transfer between headings	+/-	
Other changes	+/-	
Accumulated amortization and impairment 31.12.2014		-52,361.26
Net carrying amounts 31.12.2014		148,428.00

3.1.1.2 Tangible fixed assets

Tangible fixed assets are assets that are held by EASO for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one reporting period.

EASO's tangible fixed assets consist of office furniture, printing and copying equipment, computers, servers and accessories, and other electronic office equipment.

2014		Computer hardware	Furniture and vehicles	Other Fixtures and Fittings	Total
Gross carrying amounts 01.01.2014	+	349,259.50	14,301.57	98,492.82	462,053.89
Additions	+	233,163.51	4,588.86	8,858.00	246,610.37
Disposals	-	-2,157.63			-2,157.63
Transfer between headings	+/-				0.00
Other changes	+/-				0.00
Gross carrying amounts 31.12.2014		580,265.38	18,890.43	107,350.82	706,506.63
Accumulated amortization and impairment 01.01.2014	-	-54,616.23	-1,675.01	-28,708.82	-85,000.06

Depreciation	-	-143,985.15	-1,829.42	-19,006.00	-164,820.57
Write-back of depreciation	+				0.00
Disposals	+				0.00
Impairment	-				0.00
Write-back of impairment	+				0.00
Transfer between headings	+/-				0.00
Other changes	+/-				0.00
Accumulated amortization and impairment 31.12.2014		-198,601.38	-3,504.43	-47,714.82	-249,820.63
Net carrying amounts 31.12.2014		381,664.00	15,386.00	59,636.00	456,686.00

3.1.2 Current assets

3.1.2.1 Short-term pre-financing

Pre-financing is a payment intended to provide the beneficiary with a float, i.e. cash advance.

3.1.2.2 Short-term receivables

Receivables are carried at original invoice amount less write-down for impairment. A write-down for impairment of receivables is established when there is objective evidence that EASO will not be able to collect all amounts due according to the original terms of receivables.

EASO's receivables comprise mainly the VAT to be recovered from Maltese Tax Authorities for an amount of 243,008.56 EUR. In accordance with the Seat Agreement and the Protocol on privileges and immunities of the European Union, EASO is entitled to VAT reimbursements for purchases with a value of more than 240 EUR.

3.1.2.3 Cash and equivalents

EASO has one bank account opened with ING in Belgium. The bank balance at the end of the reporting period was:

	31/12/2014	31/12/2013*
EUR account	2,208,818.76 EUR	553,156.87 EUR

* The balance at ING was 560,234.77 EUR. A payment for 7,077.90 EUR was pending to be executed by the bank at 31/12/2013.

3.1.3 Current liabilities

3.1.3.1 Short-terms provisions

EASO has currently two legal cases pending at 31/12/2014, both before the Court of Justice of the European Union.

In both cases, the final ruling is foreseen by 2015 or beginning of 2016. Considering the less probable scenario of a compensation in the first of the cases, a provision of 10,000.00 EUR has been established.

3.1.3.2 Accounts payable

Payables are amounts due to a creditor, including transactions arising from the purchase of goods and services.

Current payables consist of amounts owed by EASO at the end of the reporting period for invoices, claims and requests for reimbursement that have been received.

Accrued charges represent estimate of liabilities that is not supported by an invoice or a cost claim or an expense summary at the end of the reporting period. Accrued charges have been estimated on the basis of accounting information provided by the authorising officers. Unspent annual leave is included and reflects EASO staff annual leave days carried over to the following year.

3.2 Notes to the Statement of financial performance

3.2.1 Operational revenue

In accordance with the principle of accrual-based accounting, the financial statements shall show the income for the financial year, i.e. when they were recognised, regardless of the date of collection.

EASO's revenue during year 2014 consists mainly in the European Commission subsidy (EU contribution for C1 appropriations).

During 2014, EASO received five bank transfers corresponding to the subsidy (pre-financing for EU contribution) from the European Commission for an amount of 12,100,000 EUR. The budgetary outturn calculation shows the part of Commission subsidy registered as income and the part of pre-financing remaining open to be reimbursed by EASO to the Commission in 2015.

Other operational revenue takes into account the value of fixed assets transferred by the Commission, reimbursements of expenses and realised/unrealised exchange rate gains.

REVENUE	EUR
Revenue from consolidated EC entities (EU Subsidy)	11,193,240.74
Revenue from consolidated EC entities (EU ENPI Project)	254,105.23
Revenue from Associate Country (Norway)	256,106.31
Revenue from cancellation of provisions	65,313.98
Fixed Assets related income	7,200.00
Income from consolidated EU entities (non-reconciled)	37,032.00
Recovery of expenses	9,447.95
Exchange rate differences gains (from operating activities)	144.44

3.2.2 Operational expenses

In accordance with the principle of accrual-based accounting, the financial statements shall show the charges for the financial year, i.e. when they were recognised, regardless of the date of payment.

Administrative expenses relate to EASO's administrative activities (budget titles 1: Staff expenditure and 2: Infrastructure and operating expenditures).

Staff expenditure include EASO staff related costs (basic salaries, allowances, contract agents, family allowances, insurance, social contributions, etc.) covered by the Staff Regulations and Conditions of Employment of Other Servants of the European Union, as well as the allowances for Seconded National Experts.

Fixed assets expenses reflect depreciation charges for the year 2014.

Infrastructure and operating expenditures consist of administrative expenses incurred from EASO daily activities, such as utilities, office supplies, meetings organising expenses, etc.

As regards the rent of the premises, EASO has only paid the rent for the ground floor from 1 January to 18 June 2014 (not included in the initial proposal from Malta) and the running costs (public utilities: electricity, water, etc.), and the 4 floors from 19 June 2014 on.

The provisions for risks and liabilities (legal cases in the CJEU) amount to 10,000.00 EUR.

Operational expenses are intended to cover EASO operational activities (budget titles 3 and 4: Operational expenditures).

3.3 *Contingent liabilities*

Operating lease

As stated in the Seat Agreement between the Government of Malta and EASO, the Maltese Government is covering the first 3 years of rental expenses/lease expenses of the EASO building in Valetta Harbour (3 of 4 floors occupied until 18 June 2014). EASO has covered one floor until that date, and the entirety from that date.

Operating lease	Total amount (EUR)
Due within one year	612,984.36
Due between one year and five years	2,451,937.44
Due later than five years	287,762.10

Commitments for future funding

Contractual commitments, for which budget commitments as of 31 December 2014 had not yet been made, were not present.

Legal cases

EASO had two legal cases open at the end of 2014, for which a provision of 10,000.00 EUR has been done.

3.4 *Related parties*

EASO is managed by the Executive Director, who also performs the duties of Authorising Officer, under the supervision of the Management Board. However, in accordance with the EASO Financial Regulation Article 40, the Executive Director may delegate his/her powers of budget implementation to EASO staff covered by the Staff Regulations.

As of 31/12/2014 EASO had in total 1 Authorising Officer and 3 Authorising Officers by delegation who are temporary agents in the following grades:

Grade	Number of persons
AD14	1
AD9	3
Total	4

3.5 *Financial risk management*

EASO is exposed to limited liquidity, interest rate, foreign currency exchange and credit risks which arise in the normal course of its operations. This note presents information about EASO's exposure to each of the above risks. Unless otherwise indicated, EASO prudently manages its investments.

Liquidity risk

Liquidity risk is the risk of EASO not being able to meet its obligations as they fall due. EASO does not have significant exposure to liquidity risk as it has resources from the budget of the European Union. The investments are held in liquid bank deposits.

Credit risk

Credit risk is the risk of financial loss to EASO if counterparties to financial instruments fail to meet their contractual obligations, and it arises principally from receivables, and cash and cash equivalents. EASO's accounts receivable are almost exclusively from EU member states, and therefore risks related to credit are considered minor.

EASO minimises the credit risk to its cash and cash equivalents by holding its funds in banks with high or upper medium grade credit ratings.

Currency risk

EASO receives its revenues in euros and incur expenses also in euros, and exceptionnally in other currencies. As a result, the foreign currency exchange risk arising from fluctuations of currency exchange rates is extremely limited.

Interest rate risk

EASO's bank account's interest rates are linked to the financial markets. EASO is to a very limited extent exposed to the risk of falling interest rates, since only 0.1 per cent of its revenue derived from investment income.

Fair values

At 31 December 2014, the carrying amounts of cash at bank, receivables, payables, and accrued expenses approximated their fair values.

3.6 *Other Significant Disclosures*

Non-exchange transactions: free rental of premises during 3 years provided by the Maltese Government.

In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Disclosure and recognition of non-exchange transaction is governed by EU Accounting rule 17 which is based on International Public Accounting Standard (IPSAS) 23.

Therefore, EASO is disclosing the following services in-kind:

As stated in the Seat Agreement between the Government of Malta and EASO, the Maltese Government is covering the first 3 years of rental expenses/lease expenses of the EASO building in Valetta Harbour (3 of 4 floors occupied until 18 June 2014). The Maltese Government has also supervised and partially financed the construction and infrastructure adaptation works required to make the office building in Valletta Harbour operational according to plans supplied by EASO.

3.7 *Events after the balance sheet date*

No material issues were reported to the Accounting Officer that would require separate disclosure under this section.

3.8 Reconciliation Statement of financial performance - Budgetary outturn account

In EASO, the general accounting is established on accrual basis (this means that the effects of the transactions or events are recognised when they occur, independently of the moment of the payment or receipt) and the budget is established on a modified cash basis (this means that the expenses or revenues are recorded when an in- or outflow occurs; the appropriations carried over are also recorded).

Where the financial statements and the budget are not prepared on a comparable basis, they need to be reconciled. In EU institutions and agencies, this reconciliation provides an explanation of the material differences between the amounts of the accounting result (statement of financial performance) and the budget result.

As required by IPSAS-24, the reconciliation will identify separately any basis, timing and entity differences.

EASO's budget and general accounts cover a calendar year; therefore there are no timing differences to report.

Entity differences are not present in EASO.

Basis differences occur as the approved budget is prepared on a modified cash basis while the general accounts are on accrual basis. In EASO, the basis differences can be mostly explained as follows:

	sign +/-	amount
Economic result (+ for surplus and - for deficit)	+/-	419,061.65
Adjustment for accrual items (items not in the budgetary result but included in the economic result)		
Adjustments for Accrual Cut-off (reversal 31.12.N-1)	-	-596,571.12
Adjustments for Accrual Cut-off (cut-off 31.12.N)	+	1,052,757.61
Unpaid invoices at year end but booked in charges (class 6)	+	44,962.75
Depreciation of intangible and tangible assets	+	201,312.05
Provisions	-	-55,313.98
Payments made from carry-over of payment appropriations	+	543,458.20
Others	+/-	-53,477.40
Adjustment for budgetary items (item included in the budgetary result but not in the economic result)		
Asset acquisitions (less unpaid amounts)	-	-326,159.05
New pre-financing paid in the year 2014 and remaining open as at 31.12.2014	-	-175,102.40
New pre-financing received in the year 2014 and remaining open as at 31.12.2014	+	1,314,434.24
Payment appropriations carried over to 2015	-	-1,571,032.97
Cancellation of unused payment appropriations carried over from previous year	+	146,417.18
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	+	29,493.36
Others	+/-	-72,393.33
Total		901,846.79
Budgetary result (+ for surplus)		906,759.26
Delta not explained		-4,912.47

4. Reports on the implementation of the budget 2014

4.1 *Budgetary principles*

In Accordance with the EASO Financial Regulation Title II, the establishment and implementation of the budget of EASO shall comply with the following principles:

a) Principles of unity and budget accuracy

This principle means that no revenue shall be collected and no expenditure effected unless booked to a line in EASO's 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.

b) 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.

c) Principle of equilibrium

This means that the budget revenue and payment appropriations must be in balance.

d) Principle of unit of account

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

e) Principle of universality

Total revenue shall cover total payment appropriations and all revenue and expenditure shall be entered in full without any adjustment against each other.

f) 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.

g) Principle of sound financial management

Budget appropriations shall be used in accordance with the principle of sound financial management – in accordance with the principles of economy, efficiency and effectiveness.

h) Principle of 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 Official Journal of the European Communities.

4.2 Budget 2014 – Initial, Amended, and transfers

In accordance with article 33 of the EASO Regulation, the revenues and resources of EASO shall consist, in particular, of:

- (a) a contribution from the Union entered in the general budget of the European Union;
- (b) any voluntary contribution from the Member States;
- (c) charges for publications and any service provided by EASO;
- (d) a contribution from the associate countries.

During 2014, EASO has received a subsidy from the Commission, a contribution from an associate country (Norway) and financing for a specific project called “ENPI Project”.

The expenditure of EASO shall cover staff remunerations, infrastructure and administrative expenditure, and operational expenditure and are divided into 4 titles as follows:

- Title 1 - Staff expenditure
- Title 2 - Infrastructure and operating expenditure
- Title 3 - Operational expenditure
- Title 4 - Operational expenditure for specific projects (earmarked appropriations)

In 2014, two Amending Budgets (hereinafter, AB) were adopted by the Management Board. In addition to these AB, the Authorising Officer or Authorising Officers by Delegation have approved a total of 14 budget transfers during the year.

The tables below present the Budget 2014 in terms of appropriations for revenue, commitment and payment.

The distribution of appropriations among Titles of the Budget 2014 is as follows.

Revenue

Budget Line	Description	Voted Budget 2014	Amending Budgets 2014	Final Appropriations 2014
2000	EU Contribution (Commission subsidy - Titles 1, 2 and 3)	14,656,000.00		14,656,000.00
3000	Third countries contributions		335,349.36	335,349.36
4000	Other contributions		661,780.21	661,780.21
5000	Administrative operations and miscellaneous income		10,844.94	10,844.94
	Budget revenues	14,656,000.00	1,007,974.51	15,663,974.51

Expenditures

Budget Title	Title Description	EASO adopted budget 2014		2014 EASO budget after amending budgets and budgetary transfers	
		Commitment	Payment	Commitment	Payment
Title 1	Staff expenditure	6,143,000.00	6,143,000.00	6,230,000.00	6,230,000.00
Title 2	Infrastructure and operating expenditures	2,486,000.00	2,486,000.00	2,745,194.30	2,745,194.30
Title 3	Operational expenditures	6,027,000.00	6,027,000.00	6,027,000.00	6,027,000.00
Title 4	Operational expenditures for specific projects			661,780.21	661,780.21
	Total expenditure	14,656,000.00	14,656,000.00	15,663,974.51	15,663,974.51

4.3 Budget 2014 – Execution

The present budget implementation report covers the period from 1 January to 31 December 2014.

C1 appropriations (appropriations of the current year), C8 appropriations (appropriations and commitments carried-forward from previous years), C4 appropriations (appropriations and commitments internally assigned), C5 appropriations (appropriations and commitments from internal assigned revenue carried over from previous year) and R0 appropriations (appropriations from external assigned revenue) were present.

Commitments are entered in the accounts on the basis of the legal commitments entered into up to 31 December and payments on the basis of the payments made by the Accounting Officer by 31 December of that year, at the latest.

EASO has non-dissociated appropriations for titles 1 and 2 (commitment and payment appropriations are equal and linked) and differentiated appropriations for title 3 and title 4.

4.3.1 Budget execution of Income appropriations

Income appropriations						
Budget Title	Fund Source	Description	Current budget	Revenue received	Remaining balance	Ratio (%)
Title 2	IC1	EU contribution (Commission subsidy - titles 1, 2 and 3)	14,656,000.00	12,100,000.00	2,556,000.00	82.56%
Title 3	IR1	Third country contributions (only Norway in 2014)	335,349.36	335,349.36	0.00	100.00%
Title 4	IR1	Other contributions (only ENPI Project in 2014)	661,780.21	661,780.21	0.00	100.00%
Title 5	IC1	Administrative operations and miscellaneous income	10,844.94	10,844.94	0.00	100.00%
	IC4		0.00	24,856.42	0.00	

4.3.2 Budget execution of Commitment appropriations

Commitment appropriations					
Budget Title	Fund Source	Current budget	Current execution	Remaining balance	Ratio (%)
Title 1	C1	6,130,000.00	5,650,007.36	479,992.64	92.17%
	C4	1,454.12	1,115.63	338.49	76.72 %
	C5	447.45	447.45	0.00	100.00 %
	C8	149,606.18	78,579.70	71,026.48	52.52 %
	R0	100,000.00	6,000.00	94,000.00	6.00 %
Total Title 1		6,381,507.75	5,736,150.14	645,357.61	89.89%
	C1	2,509,844.94	2,185,386.17	324,458.77	87.07%

Title 2	C5	29,045.91	29,045.91	0.00	100.00 %
	C8	540,269.20	464,878.50	75,390.70	86.05 %
	R0	235,349.36	43,569.59	191,779.77	18.51 %
Total Title 2		3,314,509.41	2,722,880.17	591,629.24	82.15%
Title 3	C1	6,027,000.00	4,585,582.71	1,441,417.29	76.08%
	C4	12,496.32	1,020.12	11,476.20	8.16 %
	C8	1,922,539.53	1,559,682.69	362,856.84	81.13%
Total Title 3		7,962,035.85	6,146,285.52	1,815,750.33	77.19%
Title 4	R0	661,780.21	614,645.40	47,134.81	92.88 %
Total Title 4		661,780.21	614,645.40	47,134.81	92.88 %
Total Commitment Appropriations		18,319,833.22	15,219,961.23	3,099,871.99	83.08%

4.3.3 Budget execution of Payment appropriations

Payment appropriations					
Budget Title	Fund Source	Current budget	Current execution	Remaining balance	Ratio (%)
Title 1	C1	6,130,000.00	5,432,167.53	697,832.47	88.62 %
	C4	1,454.12	1,115.63	338.49	76.72 %
	C5	447.45	447.45	0.00	100.00 %
	C8	149,606.18	78,579.70	71,026.48	52.52 %
	R0	100,000.00	0.00	100,000.00	0.00 %
Total Title 1		6,381,507.75	5,512,310.31	869,197.44	86.38 %
Title 2	C1	2,509,844.94	1,576,537.73	933,307.21	62.81 %
	C5	29,045.91	29,045.91	0.00	100.00 %
	C8	540,269.20	464,878.50	75,390.70	86.05 %
	R0	235,349.36	0.00	235,349.36	0.00 %
Total Title 2		3,314,509.41	2,070,462.14	1,244,047.27	62.47 %

Title 3	C1	6,027,000.00	3,453,372.96	2,573,627.04	57.30 %
	C4	12,496.32	11,514.45	981.87	92.14 %
Total Title 3		6,039,496.32	3,464,887.41	2,574,608.91	57.37 %
Title 4	R0	661,780.21	254,105.23	407,674.98	38.40 %
Total Title 4		661,780.21	254,105.23	407,674.98	38.40 %
Total Payment appropriations		16,397,293.69	11,301,765.09	5,095,528.60	68.92 %

4.4 *Carry-over from 2014 to 2015*

The carry-over is intended to cover pending expenditure at the end of the year (several invoices and debit notes from contractors and EU institutions/agencies were pending to be received).

Carry-over of appropriations relates to:

- Title 1: Staff expenditure such as missions, schooling and representation/miscellaneous costs;
- Title 2: Infrastructure and operating expenditure (IT hardware, software and related services, etc.), administrative assistance from other EU institutions (e.g. SLAs with PMO), translations and publications, business consultancy (EASO independent evaluation) and organisation costs of Management Board meetings;
- Title 3: Operational expenditure such as translations and publications, organisation of events, reimbursement of participants/experts to meetings organised by EASO, etc.
- Title 4: Operational expenditure for specific projects (ENP countries participating in the work of EASO) such as translations, staff travel costs, organisation of events, reimbursement of participants/experts to meetings organised by EASO , etc.

4.4.1 **Non-differentiated C1 appropriations carried-over from 2014 to 2015**

Non-differentiated C1 appropriations (Title 1 and Title 2) corresponding to obligations duly contracted at the close of the financial year are carried over automatically to the following financial year only, together with the payment appropriations.

Budget Title	Description	Commitment execution 2014	Payment execution 2014	RAL Commitment and payment appropriations carried-over to 2015	Ratio carry-over / commitments
Title 1	Staff expenditure	5,650,007.36	5,432,167.53	217,839.83	3.86%
Title 2	Infrastructure and operating expenditures	2,185,386.17	1,576,537.73	608,848.44	27.86%

4.4.2 C4 appropriations carried-over from 2014 to 2015

C4 appropriations (internally assigned funds) are carried over automatically to the following financial year as C5 appropriations, together with the payment appropriations.

Budget Title	Description	Current budget 2014	Current execution 2014	Carry-over to 2015	Ratio (%)
Title 1	Staff expenditure	1,454.12	1,115.63	338.49	23.28%
Title 3	Operational expenditures	12,496.32	11,514.45	981.87	7.86%

4.4.3 R0 appropriations carried-over from 2014 to 2015

R0 appropriations (externally assigned funds) are carried over automatically to the following financial year together with the payment appropriations.

Budget Title	Description	Current budget 2014	Current execution 2014	Carry-over to 2015	Ratio (%)
Title 1	Staff expenditure	100,000.00	0.00	100,000.00	100.00%
Title 2	Infrastructure and operating expenditures	235,349.36	0.00	235,349.36	100.00%
Title 4	Operational expenditures for specific projects (earmarked appropriations)	661,780.21	254,105.23	407,674.98	61.60%

4.4.4 Differentiated appropriations carried-over from 2014 to 2015

Differentiated C1 appropriations (Title 3) corresponding to obligations duly contracted at the close of the financial year are carried over automatically to the following financial year, under C8 appropriations, without the payment appropriations.

Budget Title	Description	Commitment execution 2014	Payment execution 2014 (only C1)	RAL Commitment appropriations carried-over to 2015	Ratio carry-over / commitments
Title 3	Operational expenditures	4,585,582.71	2,305,115.20	2,280,467.51	49.73%

Differentiated C8 appropriations (Title 3), from previous years, are carried over automatically to the following financial year, under C8 appropriations, without the payment appropriations.

Budget Title	Description	Commitment execution 2014	Payment execution 2014 (under C1)	RAL Commitment appropriations -over to 2015	Ratio carry-over / commitments
Title 3	Operational expenditures	1,559,682.69	1,148,257.76	411,424.93	26.38%