

FINAL ANNUAL ACCOUNTS

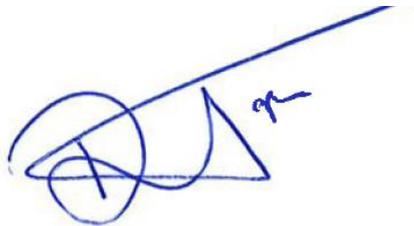
Financial Statements & Reports on the Implementation of the Budget

Financial Year 2019

Europol Public Information

These final accounts have been prepared in accordance with Articles 98 and 99 of the Financial Regulation applicable to Europol.

These final accounts, together with the opinion of the Management Board, shall be sent to the Accounting Officer of the Commission, the Court of Auditors, the European Parliament and the Council and national parliaments, by 1 July 2020 in accordance with Article 60 of the Europol Regulation and Article 102 of the Financial Regulation applicable to Europol.

A handwritten signature in blue ink, consisting of a large circle on the left, a vertical line through it, and a horizontal line extending to the right, ending in a small flourish.

Rebecca Topham, 29 May 2020
The Accounting Officer of the
European Union Agency for Law Enforcement Cooperation (Europol)

A handwritten signature in blue ink, featuring a large, stylized 'C' on the left, followed by 'De Bolle' in a cursive script, and a horizontal line extending to the right.

Catherine De Bolle, 29 May 2020
Executive Director of the
European Union Agency for Law Enforcement Cooperation (Europol),

Table of Contents

CERTIFICATE 3

INTRODUCTION 4

FINANCIAL STATEMENTS..... 7

 BALANCE SHEET 8

 STATEMENT OF FINANCIAL PERFORMANCE 9

 CASH FLOW STATEMENT..... 10

 STATEMENT OF CHANGES IN NET ASSETS 11

 NOTES TO THE FINANCIAL STATEMENTS 12

 1. SIGNIFICANT ACCOUNTING POLICIES 12

 2. NOTES TO THE BALANCE SHEET 18

 3. NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE 31

 4. NOTES TO THE CASH-FLOW STATEMENT 34

 5. CONTINGENT ASSETS AND LIABILITIES AND OTHER SIGNIFICANT
DISCLOSURES 35

 6. FINANCIAL INSTRUMENTS..... 35

 7. CHANGES TO ACCOUNTING RULES..... 37

 8. RELATED PARTY DISCLOSURE 37

 9. EVENTS AFTER THE REPORTING PERIOD..... 38

 10. RECONCILIATION BETWEEN STATEMENT OF FINANCIAL PERFORMANCE AND
BUDGET RESULT..... 39

REPORTS ON THE IMPLEMENTATION OF THE BUDGET..... 40

 2.1. Explanatory notes on the budget implementation 42

 2.1.1. Revenue 2019..... 42

 2.1.2. Expenditure 2019 43

 2.1.3. Budget implementation 2019 44

 2.1.4. Budget implementation of assigned revenue 45

 2.1.5. Implementatiion of appropriations carried forward from 2018 to 2019 46

 2.1.6. Appropriations carried over from 2019 to 2020 46

 2.1.7. Budget transfers 2019 47

 2.1.8. Budget result 2019..... 48

 2.2. Tables of the budget implementation 2019 49

 Table 1: Revenue 2019..... 49

 Table 2: Expenditure 2019..... 49

 Table 3: Budget implementation 2019..... 50

 Table 4: Budget implementation of assigned revenue 51

 Table 5: Implementation of appropriations carried forward from 2018 to 2019 54

 Table 6: Appropriations carried over from 2019 to 2020 55

 Table 7: List of Transfers 2019 56

 Table 8: Budget result 2019..... 57

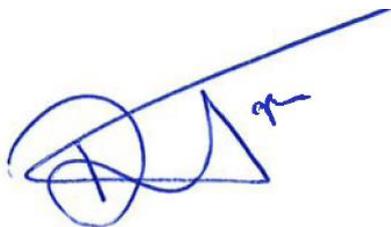
CERTIFICATE

The final annual accounts of Europol for the year 2019 have been prepared in accordance with the Financial Regulation applicable to the general budget of the European Union and the accounting rules adopted by the European Commission's Accounting Officer, as are to be applied by all the institutions, agencies and joint undertakings, and in accordance with Title IX of the Financial Regulation applicable to Europol.

I acknowledge my responsibility for the preparation and presentation of the final annual accounts of Europol in accordance with Article 77 of the Financial Regulation applicable to the general budget of the European Union and with Article 49 of the Financial Regulation applicable to Europol.

I have obtained from the Authorising Officer, who certified its reliability, all the information necessary for the production of the final accounts that show the assets and liabilities of Europol 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 reasonable assurance that the final accounts present fairly, in all material aspects, the financial position, the results of the operations and the cash-flow of Europol.



Rebecca Topham
The Accounting Officer of the
European Union Agency for Law Enforcement Cooperation (Europol)

INTRODUCTION

Basis for preparation

As a general rule, all aspects of the final annual accounts 2019 have been drawn up in accordance with the Financial Regulation applicable to Europol adopted by Europol's Management Board and with the European Commission's accounting rules and methods adopted by the European Commission's Accounting Officer following the principles of accrual-based accounting. The budgetary implementation reports are prepared on the basis of the modified cash-based accounting principle.

The final accounts of Europol include the financial statements and the budgetary implementation reports. They are drawn up by the Accounting Officer in accordance with Article 49 of the Financial Regulation applicable to Europol.

The financial statements comprise of the balance sheet, statement of financial performance, cash-flow statement and statement of changes in net assets. The notes to the financial statements supplement and comment on the information presented in the statements.

The objective of the financial statements is to provide information about the financial position, performance and cash-flows of Europol to demonstrate the accountability of the agency for the resources entrusted to it.

Throughout this document, figures are rounded so the sum of the individual amounts may differ from the totals.

Reporting entity

Regulatory context

Europol's work is founded on the Europol Regulation (Regulation 2016/794)¹ which became applicable in full in May 2017, taking effect in all EU Member States that are part of the Europol cooperation framework. The Europol Regulation enables Europol to step up its efforts to fight terrorism, cyber-crime and other serious and organised forms of crime, while, at the same time, enhancing Europol's governance and accountability arrangements towards the European Parliament, in particular by establishing the Joint Parliamentary Scrutiny Group (JPSG) in order to introduce national parliament oversight by EU Member States.

Europol's Strategy 2020+, including the mission, vision and values was endorsed by the Management Board of Europol, and is directly linked to the objective of Europol as laid out in Article 88 of the Treaty of the European Union, i.e. "to support and strengthen action by the Member States' police authorities and other law enforcement services and their mutual cooperation in preventing and combating serious crime affecting two or more Member States, terrorism and forms of crime which affect a common interest covered by a Union policy."

Mission

Europol's mission is to support its Member States in preventing and combating all forms of serious international and organised crime, cybercrime and terrorism.

¹ Regulation (EU) 2016/794 of the European Parliament and of the Council of 11 May 2016 on the European Union Agency for Law Enforcement Cooperation (Europol) and replacing and repealing Council Decisions 2009/371/JHA, 2009/934/JHA, 2009/935/JHA, 2009/936/JHA and 2009/968/JHA, Official Journal of the European Union, L 135/53 – L 135/114, 24 May 2016

Vision

Europol's vision is to ensure an effective EU response to the threats of serious international and organised crime, cybercrime and terrorism in the EU, by acting as the principal information hub, delivering agile operational support and providing European policing solutions in conjunction with our network of partners.

Values

In line with Europol's vision and mission, the following organisational values guide the conduct, activities and goals of Europol:

- **Service:**
We deliver the outcomes our colleagues, partners, and stakeholders need. We do so diligently, effectively, and efficiently, and we adhere to the EU public service principles.
- **Integrity:**
We do the right thing. We do it consistently and reliably, with respect for others. We adhere to our Code of Conduct.
- **Accountability:**
We accept responsibility for our actions. We align our behaviour with the goals of our organisation. We collaborate to achieve desired outcomes.
- **Initiative:**
We pro-actively take action and bring about innovative solutions. We gauge our actions to continuously strive for improved performance.
- **Partnership:**
We build trust relationships across the law enforcement community and beyond. We provide agile operational support to Member States and cooperation partners.
- **Diversity:**
We foster diversity in the workplace. We uphold an inclusive corporate culture. We create and maintain conditions where we have equal opportunities to develop and contribute.

A new Code of Conduct of Europol was put in force at the end of 2019. This Code aims to promote an organisational culture that is consistent with the mission, vision and values of Europol. It outlines the standards of integrity and of personal and professional conduct that staff are expected to meet in discharging their responsibilities, individually, towards colleagues and other stakeholders including the law enforcement community, cooperation partners and the public. Europol is committed to providing a work environment, which supports the implementation of this Code at all levels of the organisation.

Nature of Europol's work

Europol uses its unique information capabilities and the expertise of its staff and the Liaison Bureaux community of Member States and cooperation partners hosted at Europol to identify and track the most dangerous criminal and terrorist networks in Europe. Law enforcement authorities in the EU rely on the work and services of Europol's 24/7 operational centre and secure information network, as well as strategic and operational analysis and support, including on-the-spot deployments covering the full range of Europol's capabilities.

The European Counter Terrorism Centre (ECTC) at Europol, including the Internet Referral Unit (IRU) to tackle unprecedented levels of terrorism propaganda online, provides a focal point for joint cooperation at EU level, aimed at supporting national counter terrorism efforts.

Europol Public Information

The European Cybercrime Centre (EC3) at Europol has become the central platform in the EU's fight against cybercrime, contributing to an enhanced response to criminal activity online.

The European Serious Organised Crime Centre (ESOCC), which incorporates the European Migrant Smuggling Centre (EMSC), supports EU Member States to deliver operational results to address the EU crime priorities: Drug trafficking, facilitation of illegal immigration, organised theft and burglary, trafficking in human beings, excise and Missing Trader Intra-Community (MTIC) fraud, firearms trafficking, criminal finances document fraud and financial as well as environmental crime.

From an overall perspective, Europol's work contributes to the disruption of criminal and terrorist networks, to the arrest of thousands of dangerous criminals, to the recovery of millions of Euro in criminal proceeds, and to the rescue from harm of hundreds of victims, including children trafficked for sexual exploitation. Europol also acts as a major centre of expertise in key fields of law enforcement activity and as a European centre for strategic analysis on organised crime.

Reporting on the progress of Europol's work in 2019

The Consolidated Annual Activity (CAAR) 2019 provides a full account of Europol's progress in relation to the multi-annual strategic goals and objectives, as defined in the Europol Strategy, and the objectives contained in the 2019 Work Programme.

FINANCIAL STATEMENTS

BALANCE SHEET

ASSETS	Note	31.12.2019	31.12.2018
NON-CURRENT ASSETS		42,604,086	36,569,634
Intangible fixed assets	2.1.	18,723,452	14,665,145
Computer software		8,021,678	4,562,240
Computer software under Financial lease		297,091	415,928
Under construction		10,404,683	9,686,977
Tangible fixed assets	2.1.	23,873,719	21,897,574
Land and buildings		7,730,066	8,107,094
Plant and equipment		125,979	208,348
Computer hardware		6,737,799	6,675,601
Furniture and vehicles		2,022,303	1,898,752
Other fixtures and fittings		4,790,840	2,859,796
Assets under financial lease		2,466,732	2,147,983
Non-current receivables and recoverables	2.2.	6,915	6,915
Long-term receivables		6,915	6,915
CURRENT ASSETS		33,508,539	36,818,216
Short-term pre-financing	2.3.	849,634	3,668,008
Short-term pre-financing		3,293,287	5,006,458
Accrued charges on pre-financing		-2,443,653	-1,338,450
Short-term Receivables		9,251,826	7,473,783
Current receivables	2.4.	2,076,385	2,712,374
Sundry receivables	2.5.	481,132	215,262
Other receivables: Accrued income	2.6.	20,086	32,880
Deferred charges ²	2.6.	6,672,212	4,481,058
Receivables with consolidated EU entities	2.7.	2,011	32,208
Cash and cash equivalents	2.8.	23,407,079	25,676,425
TOTAL ASSETS		76,112,624	73,387,850
LIABILITIES			
NON-CURRENT LIABILITIES		5,216,038	5,796,762
Pensions and other employee benefits	2.9.	3,371,330	3,199,584
Provisions for risks and charges		-	-
Other liabilities	2.10.	1,844,708	2,597,178
CURRENT LIABILITIES		12,113,902	13,422,097
Provisions for risks and charges	2.11.	10,000	17,000
Financial liabilities	2.12.	402,617	632,081
Payables		11,701,284	12,773,017
Current payables	2.13.	55,190	46,232
Sundry payables	2.14.	802,775	335,695
Other payables: Accrued charges	2.15.	7,021,982	5,316,154
Deferred income	2.15.	10,338	15,871
Accrued charges with consolidated EU entities	2.15.	206,879	178,341
Accounts payable with consolidated EU entities	2.16.	3,604,120	6,880,724
NET ASSETS		58,782,685	54,168,990
Accumulated surplus/deficit		54,168,990	43,965,482
Economic result of the year		4,613,695	10,203,508
TOTAL LIABILITIES		76,112,624	73,387,850

² Includes deferred charges with consolidated EU entities.

STATEMENT OF FINANCIAL PERFORMANCE

	Note	31.12.2019	31.12.2018
REVENUE	3.1.	140,748,754	132,857,030
Non-exchange revenue		135,942,602	129,045,225
Recovery of expenses		691	-
European Union Contribution		135,941,910	129,045,225
Exchange revenue		4,806,152	3,811,805
Interest income on late payment		8,079	-
Revenue from consolidated EU entities		1,701,599	957,585
Exchange rate gains		678	2,291
Fixed asset-related income		-	25,537
Sales revenue		-7,177 ³	32,203
Contribution from Denmark		2,684,998	2,491,501
Other exchange revenue		417,976	302,688
EXPENDITURE	3.2.	136,135,059	122,653,521
Operational expenditure		25,539,339	23,799,103
Administrative expenditure		110,595,718	98,854,417
Staff expenses		76,387,531	72,280,056
Finance expenses		166,194	106,116
Fixed asset-related		9,765,459	8,760,465
Expenses with consolidated EU entities		9,068,577	4,398,023
Other: Administrative and IT expenses		8,903,140	7,364,346
External service provider (non-IT)		2,291,581	2,097,035
Rent		248,452	245,466
Building – maintenance, insurance and security		3,761,970	3,598,987
Exchange rate losses		2,814	3,923
SURPLUS/DEFICIT FROM ORDINARY ACTIVITIES		4,613,695	10,203,508
Extraordinary gains		-	-
Extraordinary losses		-	-
SURPLUS/DEFICIT FROM EXTRAORDINARY ITEMS		-	-
ECONOMIC RESULT OF THE YEAR		4,613,695	10,203,508

³ Accrual reversal from year n-1 larger than income booked in 2019.

CASH FLOW STATEMENT

	Note	31.12.2019	31.12.2018
Economic result of the year		4,613,695	10,203,508
Operational activities			
Amortisation (intangible fixed assets)		1,727,388	1,255,689
Depreciation (tangible fixed assets)		7,483,902	7,504,776
Increase (-)/Decrease in provisions for risks and charges		-7,000	-
Increase (-)/Decrease in short-term pre-financing		2,818,374	-1,488,810
Increase (-)/Decrease in short-term receivables		-1,808,240	-2,104,759
Increase (-)/Decrease in receivables related to consolidated EU entities		30,197	-32,148
Increase(-)/Decrease in other long-term liabilities		-752,470	1,051,054
Increase (-)/Decrease in accounts payable		2,204,871	1,187,782
Increase (-)/Decrease in liabilities related to consolidated EU entities		-3,276,603	1,463,069
Other non-cash movements		-229,463	252,979
Net cash-flow from operational activities	4.1	12,804,650	19,293,140
Investing activities			
Increase (-) of tangible and intangible fixed assets		-15,245,742	-12,396,722
Proceeds from tangible and intangible fixed assets		-	40,278
Net cash-flow from investing activities	4.2	-15,245,742	-12,356,444
Increase/decrease (-) in pension and employee benefits liability	4.3	171,746	-131,401
Net increase/decrease (-) in cash and cash equivalents		-2,269,346	6,805,295
Cash and cash equivalents at the beginning of the year		25,676,425	18,871,130
Cash and cash equivalents at year-end		23,407,079	25,676,425

STATEMENT OF CHANGES IN NET ASSETS

	Accumulated Surplus/ Deficit	Economic result of the year	Net Assets (Total)
Balance as at 31 December 2018	43,965,482	10,203,508	54,168,990
Changes in accounting policies	-	-	-
Balance as at 1 January 2019	43,965,482	10,203,508	54,168,990
Allocation of the economic result of previous year	10,203,508	-10,203,508	-
Economic result of the year 2019	-	4,613,695	4,613,695
Balance as at 31 December 2019	54,168,990	4,613,695	58,782,685

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

1.1. Accounting rules

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

The accounting system of Europol comprises general accounts and budget accounts. These accounts are kept in Euro on the basis of the calendar year. The budget accounts give a detailed picture of the implementation of the budget. They are based on the modified cash accounting principle.⁴ The general accounts allow for the preparation of the financial statements as they show all charges and income for the financial year and are designed to establish the financial position in the form of a balance sheet as at 31 December.

Europol's financial statements have been drawn up using the methods of preparation as set out in the accounting rules laid down by the European Commission's Accounting Officer.

1.2. Accounting principles

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

The overall considerations (or accounting principles) to be followed when preparing the financial statements are laid down in EU Accounting rule 1 and are the same as those described in IPSAS 1, that is:

Fair presentation

Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses set out in European Commission's Accounting Rules. The application of European Commission's Accounting Rules, with additional disclosures when necessary, is presumed to result in financial statements that achieve a fair presentation.

⁴ This differs from cash-based accounting because of elements such as carry forward commitments.

Accrual Basis

In order to meet their objectives, financial statements are prepared on the accrual basis of accounting. Under this basis, the effects of transactions and other events are recognised when they occur (and not as cash or its equivalent is received or paid) and they are recorded in the accounting records and reported in the financial statements in the periods to which they relate.

Going concern basis

When preparing financial statements an assessment of an entity's ability to continue as a going concern shall be made. Financial statements shall be prepared on a going concern basis unless there is an intention to liquidate the entity or to cease operating, or if there is no realistic alternative but to do so. These financial statements have been prepared in accordance with the going concern principle, which means that Europol is deemed to have been established for an indefinite duration.

Consistency of presentation

According to this principle the presentation and classification of items in the financial statements shall be retained from one period to the next.

Aggregation

Each material class of similar items shall be presented separately in the financial statements. Items of a dissimilar nature or function shall be presented separately unless they are immaterial.

Offsetting

Assets and liabilities, and revenue and expenses, shall not be offset unless required or permitted by an EU Accounting rule.

Comparative Information

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

1.3. Basis of preparation

1.3.1. Currency and basis for conversion

Functional and reporting currency

The financial statements are presented in Euro, which is the functional and reporting currency of the EU and of Europol (Article 21 of the Financial Regulation applicable to Europol).

Transactions and balances in foreign currencies

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

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

Chart of Accounts

The chart of accounts used by Europol follows the structure of the chart of accounts of the European Commission.

Use of estimates

Preparation of the financial statements in conformity with generally-accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect reported amounts presented and disclosed in the Financial Statements of Europol. Significant estimates and assumptions in these financial statements require judgment and are used for, but not limited to, accrued income and charges, provisions, contingent assets and liabilities. Actual results reported in future periods may be different from these estimates. Changes in estimates are reflected in the period in which they become known.

1.4. Balance Sheet

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

1.4.1. Intangible fixed assets

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

Currently Europol uses a 25% amortisation rate for its intangible assets.

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

Internally-generated intangible assets are capitalised when the relevant criteria of the EU Accounting rules are met. The costs that meet these criteria include all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. Costs associated with research activities, development costs that do not meet the criteria to be capitalised and maintenance costs are recognised as expenses as incurred.

1.4.2. Tangible fixed assets

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

Assets under construction are not depreciated as these assets are not yet available for use.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life (EU Accounting Rule 7).

The depreciation is calculated using the straight-line method. Please see note 2.1. for the rates.

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

1.4.3. Leases

Leases of intangible and tangible assets, where Europol has (substantially) all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The rental obligations, net of finance charges, are included in other liabilities (non-current and current). The interest element of the finance cost is charged to the Statement of Financial Performance over the lease period so as to produce a constant periodic interest rate on the remaining balance of the liability for each period. The assets held under finance leases are amortised/depreciated over the shorter of the assets' useful life and the lease term.

Leases where the lessor retains a significant portion of the risks and rewards inherent to ownership are classified as operating leases. Payments made under operating leases are recognised as an expense in the Statement of Financial Performance on a straight-line basis over the period of the lease. As at the year-end 2019, Europol had no operating leases.

1.4.4. Pre-financing amounts

The initial recognition of pre-financing is based on the original amount received or given. Subsequent recognition is based on the original amount received or given, less eligible expenses, including estimated amounts where necessary, incurred during the period (EU Accounting Rule 3).

1.4.5. Receivables

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

See note 1.4.10 below concerning the treatment of accrued income at year-end.

1.4.6. Cash and cash equivalents

Cash and cash equivalents are financial instruments and classified as available for sale financial assets. They include cash at hand and deposits held at call with banks.

1.4.7. Pensions and other employee benefits

The Staff Regulations of Officials of the European Communities provide for various employee benefits (retirement pensions, invalidity pensions, survivors' pensions, medical insurance) for staff in service, invalidated staff and retired staff.

Each year of service performed by European Commission employees entitles them to various benefits (sickness, retirement, etc.). These benefits, which they will receive after a period of activity, constitute a commitment on the part of the European Communities which must be entered in the accounts. The arrival of new staff, the retirement of serving staff, and changes in interest rates or in mortality tables are all factors or assumptions that have a direct influence on the valuation of those commitments. The commitments are constantly changing and must be valued at the close of each reporting period.

The principle underlying all the detailed requirements of the applicable accounting rule is that the cost of providing employee benefits should be recognised in the period in which the benefit is earned by the employee, rather than when it is paid or payable. The principal objectives of post-employment accounting are to measure the cost associated with employees' benefits and to recognise that cost over the employees' respective service periods. The periodic costs of post-employment plans have to be assigned properly to the periods in which the related economic benefits are received by the employers incurring these costs.

It should be noted that due to the consolidation of these obligations and the required funding thereto is transferred to the European Commission, the described benefits cannot to be found in Europol's annual accounts but only in the consolidated accounts of the European Commission.

1.4.8. Provisions

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

1.4.9. Payables

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

1.4.10. Accrued and deferred income and charges

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

Revenue is also accounted for in the period to which it relates. At the year-end, if an invoice is not yet issued but the service has been rendered/goods have been delivered by Europol or a contractual agreement exists, accrued income is recognised in the financial statements.

In addition, at the year-end, if an invoice is issued but the services have not yet been rendered or the goods supplied have not yet been delivered, the revenue or charges will be deferred and recognised in the subsequent accounting period.

1.5. Statement of Financial Performance

Revenue and expenditure are accounted for in accordance with the principle of accrual-based accounting.

1.5.1. Revenue

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets.

Non-exchange revenue makes up the vast majority of Europol's revenue and includes mainly the EU subsidy and own resource amounts.

Exchange revenue is revenue from fees, mission reimbursements, gains from fixed asset disposals, bank credit interest and exchange rate conversion gains.

1.5.2. Expenditure

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets. Distributions of the result of the year are not considered as expenses.

According to the principle of accrual-based accounting, the financial statements take account of expenditure relating to the reporting period, without taking into consideration the payment date; meaning when the goods or services were delivered/provided.

1.6. Contingent Assets and Liabilities

1.6.1. Contingent assets

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

1.6.2. Contingent liabilities

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Europol; or a present obligation that arises from past events but is not recognised because: it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or, in the rare circumstances where the amount of the obligation cannot be measured with sufficient reliability.

2. NOTES TO THE BALANCE SHEET

NON-CURRENT ASSETS

2.1. Intangible and tangible fixed assets

During 2019 Europol's fixed assets increased by a gross amount of € 15M. The Host State carried out a number of additional works within the Europol Headquarters in order to meet the business demands of the organisation. In September 2019 Europol signed a cost-free leasing agreement for the use of its new temporary satellite building in order to accommodate the growth in staff. The works were executed by contractors for the Host State, which in turn invoiced Europol. The total amount delivered in 2019 and fulfilling the recognition criteria for fixed assets as defined in Accounting Rule 7 amounted to € 4M compared to € 473K in 2018.

In 2019 Europol finalised four disposal procedures involving 785 fixed assets. These disposal procedures resulted in the retirement of assets with an initial acquisition value of € 1.6M. These disposals can be found categorised as follows:

Asset class	Reason for disposal	No of items
Computer hardware	End of life	779
Furniture	Broken	6

In accordance with EU Accounting Rule 6 regarding internally-generated intangible fixed assets, Europol kept its threshold at € 200K.

There were twenty two ICT development projects run in 2019. From this total, eleven projects reached (or are estimated to reach) the threshold set for capitalisation. Two projects were finalised and released in 2019 and the other five are scheduled to be finalised in 2020 or 2021. Three projects under construction were classified as finalised in 2019. Two projects classified in previous years as under construction were finalised, but did not reach the

Europol Public Information

threshold of € 200,000. The costs capitalised under these projects therefore have been expensed.

Research and development cost

Europol has used its time-tracking system as a basis for the calculations. In the time-tracking system, each staff member and external consultant working within the project has recorded the hours worked with a link to the task performed. The tasks have been split into two phases; research and development. In addition to this, the tasks within the development phase have been split into two categories depending on their nature. This has been done in accordance with Accounting rule 6; costs directly qualifying for capitalisation and costs expensed for the given year. For the calculation of Europol employees the average staff costs per salary grade, provided by the European Commission, have been taken as basis.

The result:

Non-capitalised cost	Research cost	Non-capitalised development cost
Eleven projects		
Cost of the year	-	543,792

In-house ICT projects capitalised as at 31.12.2019	Research cost	Capitalised development cost
Thirteen projects		
Cost of the year	-	12,759,886

Projects under construction as at 31.12.2019	Research cost	To be capitalised development cost
Nine projects		
Cost of the year	-	10,404,683

Leasing

Leases of tangible and intangible assets, where Europol has (substantially) all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The interest element of the finance lease payment is charged to expenditure over the period of the lease at a constant periodic rate in relation to the balance outstanding. The rental obligations, net of finance charges, are included in financial liabilities (non-current and current). The interest element of the finance cost is charged to the Statement of Financial Performance over the lease period so as to produce a constant periodic interest rate on the remaining balance of the liability for each period. The assets held under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

In 2019 Europol opted for financial leases to purchase computer hardware and IT-Storage and Software. Europol has registered these as fixed assets under the asset class Computer Hardware for an amount of € 1.7M. The financing costs for the five-year leasing period amounted to € 140K and the depreciation period is four years.

At the end of 2019, due to budget savings realised in different areas of the organisation and the priority of budget optimisation, Europol management decided to cancel some of the existing leasing contracts and transform them into a purchase (buy back).

Europol Public Information

In total the outstanding liabilities for 2020 and beyond for five leasing contracts have been reduced by € 1.2M.

Depreciation

The depreciation rates used by Europol can be found in the table below:

Type of asset	Rate
Intangible (computer software)	25%
Leasehold improvements	25%
Buildings	4%
Plant and equipment	12.5%
Computer hardware	25%
Vehicles	25%
Furniture	10%
Kitchen, cafeteria equipment	12.5%
Telecommunication and audio-visual equipment	25%

Details of the intangible and tangible fixed assets can be found on the next two pages.

Intangible fixed assets

Year 2018	Internally-generated computer software	Other computer software	Total computer software	Under Financial Lease	Under construction	Total
Gross carrying amounts 01.01.2019	7,691,897	13,403,394	21,095,291	475,346	9,686,977	31,257,614
Additions	5,067,989	-	5,067,989	-	717,705	5,785,695
Disposals	-	-	-	-	-	-
Gross carrying amounts 31.12.2019	12,759,886	13,403,394	26,163,280	475,346	10,404,683	37,043,309
Accumulated amortisation and impairment 01.01.2019	-3,129,657	-13,403,394	-16,533,051	-59,418	-	-16,592,469
Amortisation	-1,608,551	-	-1,608,551	-118,837	-	-1,727,388
Disposals	-	-	-	-	-	-
Accumulated amortisation and impairment 31.12.2019	-4,738,208	-13,403,394	-18,141,602	-178,255	-	-18,319,857
Net carrying amounts 31.12.2019	8,021,678	-	8,021,678	297,091	10,404,683	18,723,452

Tangible fixed assets

Year 2018	Buildings	Plant and equipment	Computer hardware	Furniture and vehicles	Other fixtures and fittings	Under finance lease	Total
Gross carrying amounts 01.01.2019	11,833,876	1,141,979	35,436,117	5,999,408	18,065,609	3,518,752	75,995,741
Additions	175,669	6,500	3,563,519	627,210	4,114,402	1,526,917	10,014,216
Disposals	-4,495	-	-472,150	-71,461	-6,063	-	-554,168
Other changes	-	-	-	-	-	-	-
Gross carrying amounts 31.12.2019	12,005,050	1,148,479	38,527,486	6,555,157	22,173,947	5,045,669	85,455,788
Accumulated depreciation and impairment 01.01.2019	-3,726,782	-933,631	-28,760,516	-4,100,656	-15,205,813	-1,370,769	-54,098,167
Depreciation	-549,597	-88,869	-3,495,275	-489,090	-2,183,358	-1,208,168	-8,014,356
Disposals	1,395	-	466,104	56,892	6,063	-	530,453
Other changes	-	-	-	-	-	-	-
Accumulated depreciation and impairment 31.12.2019	-4,274,984	-1,022,500	-31,789,687	-4,532,854	-17,383,107	-2,578,937	-61,582,069
Net carrying amounts 31.12.2019	7,730,066	125,979	6,737,799	2,022,303	4,790,840	2,466,732	23,873,719

2.2. Long-term receivables

The total amount relates to a guarantee/deposit paid for Europol's postal services.

CURRENT ASSETS

2.3. Short-term Pre-financing

The total gross amount relates to pre-financing paid out to the beneficiaries of grants from the budget for the European Multidisciplinary Platform against Criminal Threats (EMPACT) for which a final cost claim had not been finalised as at 31.12.2019.

The amount of estimated expenditure during 2019 (accrued charges) has been obtained from the beneficiaries of the pre-financing.

2.4. Current receivables

	31.12.2019	31.12.2018
Open debtors (customers)	58,696	210
Open debtors (member states)	1,279,599	2,277,900
Open debtors (non-member states)	34,940	28,007
Open debtors (other)	14,206	20,502
VAT and other taxes	688,945	385,755
Total	2,076,385	2,712,374

Europol pays the invoices from local suppliers including VAT and claims (on invoices with a net amount of € 225 and above) a VAT refund from the Host State on a quarterly basis. The amount mentioned in the table above for VAT and other taxes relates only to the fourth quarter 2019 as the claim will only be prepared and sent in 2020.

2.5. Sundry receivables

	31.12.2019	31.12.2018
Staff – salary-related and mission advances	88,066	55,362
Other – expenditure to be allocated	393,065	159,901
Total	481,132	215,262

The amount for other expenditure to be allocated mainly relates (86%) to advance payments to Guest Officers deployed at Hotspots. The remaining 14% relates to a credit card statement still to be charged to the budget as at 31.12.2019.

2.6. Other

	31.12.2019	31.12.2018
Accrued income	20,086	32,880
Deferred charges	3,546,298	2,825,925
Deferred charges with consolidated EU entities	3,125,914	1,655,133
Total	6,692,298	4,513,938

The amount for accrued income relates to amounts recoverable by Europol relating to reimbursements and the outcome of one litigation case, but the debts towards Europol

Europol Public Information

will only be recognised in the budget (revenue) 2020. Similarly the amount for deferred charges relates to invoices paid by Europol to suppliers in 2019, but relating to a period in 2020 (or beyond).

The deferred charges with consolidated EU entities can be broken down as follows:

EU Entity	Description of deferral	Amount
European Commission	Contribution to European School	1,571,774
European Commission	Decryption Platform	1,554,140
Total		3,125,914

2.7. Short-term receivables with consolidated entities

This amount can be broken down as follows:

EU Entity	Description	Amount
European Commission	Secure line connection costs	1,158
Eurojust	Secure line connection costs	646
European External Action Service	Staff-related	208
Total		2,011

2.8. Cash and cash equivalents

These relate only to bank accounts as follows:

	31.12.2019	31.12.2018
Europol	20,144,436	22,097,886
Savings I ⁵	2,957,039	3,132,399
Savings II ⁶	305,604 ⁷	446,141
Total	23,407,079	25,676,425

NON-CURRENT LIABILITIES

2.9. Pensions and other employee benefits

Historic elements

In October 2015, the Council of the European Union decided⁸ to dissolve the Europol Pension Fund as of 1 January 2016 and to consider Europol as the legal successor of the fund in respect of all contracts concluded by, liabilities incumbent on and property acquired by the fund, and of claims of the fund towards third parties. In practice all

⁵ Ring-fenced for the planned assets for the defined benefit obligations. See notes under point 2.9..

⁶ Ring-fenced for the local staff pension fund. See notes under point 2.10..

⁷ Includes an amount of € 4,296 credit interest earned on Europol funds. Therefore the actual balance for the local staff pension fund is € 301,308.

⁸ Council Decision (EU) 2015/1889 on the dissolution of the Europol Pension Fund as published in OJEU L/276, 21.10.2015 pages 60-64.

Europol Public Information

the fund's assets and liabilities upon the closure of the fund were transferred to Europol.

The assets obtained are considered as Planned Assets (PA) and the liabilities inherited are hereafter referred to as Defined Benefit Obligations (DBO). Due to the link with external assigned revenue (budget fund source R0) the PA can only be used by Europol to make payments related to the DBO. Under the DBO, Europol also recognises surpluses remaining to be paid to former active participants of the fund or their lawful heirs.

Disclosure on DBO (Pursuant to EU Accounting Rule (EAR) 12)

At the year-end 2019 Europol made an in-house actuarial assessment of the DBO, resulting in an increase of the residual DBO 2019 by € 171K to € 3.4M.

The table below summarises the DBO 2019, compared to 2018:

	31.12.2019	31.12.2018
Pension liabilities payable	3,307,087	3,071,430
Surplus to Member States	-	63,911
Surplus to former participants (or lawful heirs)	64,243	64,243
Total	3,371,330	3,199,584

The DBO 2019 is set up in accordance with the actuarial assumption described in the Annex to the Council Decision on the dissolution of the Europol Pension Fund. This Annex does not refer to the most typical assumptions such as annual indexation, pensionable age, change of medical costs, etc. These typical assumptions were not required to be disclosed in the Annex as not changing over time. Therefore Europol only discloses those actuarial assumptions specifically referred to in the Annex. Some have changed during 2019 compared to 2018.

	31.12.2019	31.12.2018
Discount Rate	DNB ⁹ 2019	DNB 2018
Actuarial value for deferred pensioners or persons not entitled to a pension	Max value of pension, transfer right or severance grant	Max value of pension, transfer right or severance grant
Mortality table (healthy people)	EULT 2018 ¹⁰ , 2019 data	EULT 2018, 2018 data
Mortality table (invalids)	EULT 2018 + 3 years, 2019 data	EULT 2018 + 3 years, 2018 data
Marriage rate when leaving service	Real situation	Real situation
Age difference between spouses	Real situation	Real situation
Future administrative costs	NPV¹¹ of foreseeable costs	NPV of foreseeable costs

⁹ Each year the Dutch National Bank (DNB) provides discount rates to be used by all NL-based pension schemes.

¹⁰ EU life table as provided by the EC's actuary ESTAT (EUROSTAT) for the period 2018-2022 whilst awaiting a review in 2023.

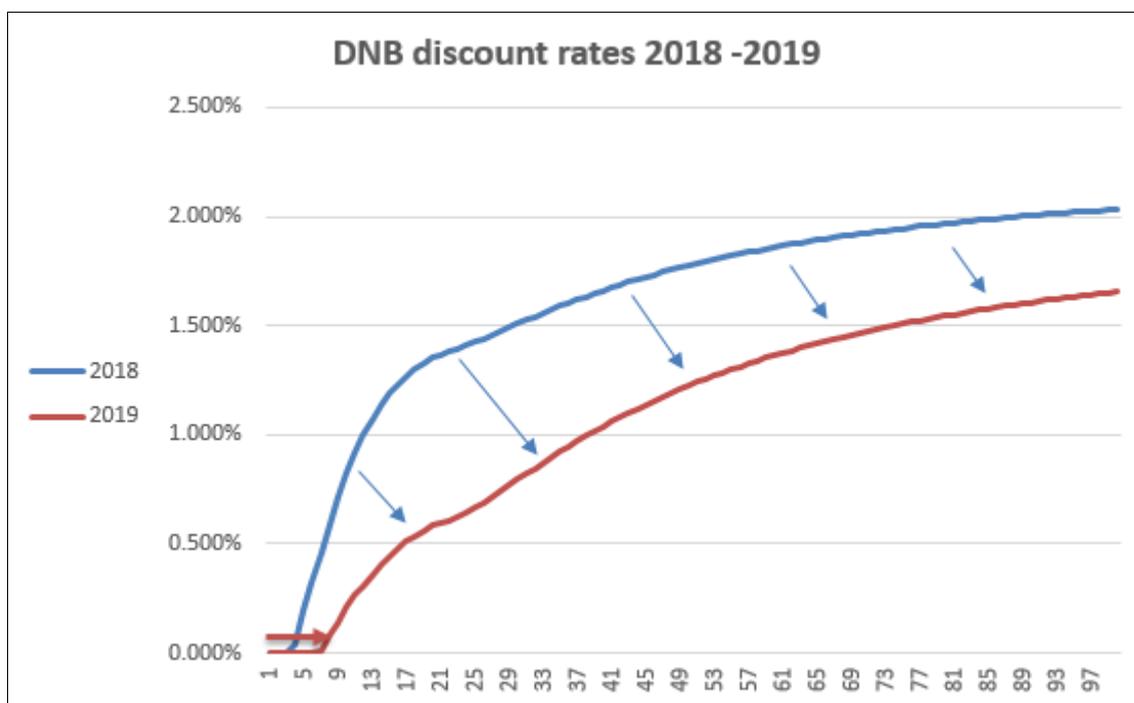
¹¹ Net present value.

Europol Public Information

The change in DBO 2019 compared to 2018 is a result of the negative change in the DNB rate (financial assumption) and the negative mortality table/medical cost adjustment (demographic actuarial assumptions), aside the further decrease due to benefits paid in 2019 can be detailed as follows:

	31.12.2019	31.12.2018
Opening balance	3,199,584	3,330,986
Benefits paid in year	-176,366	-147,531
Actuarial G/L demographic assumption	61,941	-61,698
Actuarial G/L financial assumption	286,171	77,828
Total after accounting for actuarial changes	3,371,330	3,199,584

The 2018 impact on the DBO from a case of mortality had no further positive financial effect in 2019. The financial effect from a new death in 2019 was minimal as the entitlements of the surviving spouse and the deceased does not differ materially. The increase in longevity 2019 (vs 2018) and an increase in medical costs, both demographic assumptions, generated a negative growth of the DBO. Additional increase of the DBO is required due to the drop of the discount rates, being financial assumptions, during 2019 compared to 2018.



In order to test the sensitivity of the actuarial assumptions, Europol should disclose a 10 basic point (or 0.1%) upward/downward adjustment of the most important actuarial assumptions. For the DBO of Europol, only a measurement of the sensitivity of the discount rate is required. The sensitivity effect was immaterial:

	0.1% up	0.1% down
Sensitivity analysis 0.1% Discount Rate Adjustment 2019	-3,471	3,471
Sensitivity analysis 0.1% Discount Rate Adjustment 2018	-345	345

Contrary to the statement of being immaterial whereas the 2019 DNB discount rates already went down compared to 2018, the effect of any further 0.1% discount rate

Europol Public Information

adjustment on the 2019 DNB discount rates was still 11.6 times more material as the sensitivity impact of 2018. This sensitivity effect is expected to increase again in 2020 if the DNB rates 2020 would decline even further than the 2019 rates declined compared to 2018.

Disclosure on PA (Pursuant to EAR 12)

All PA are invested in cash held on a ring-fenced bank account (see point 2.8. above) with an EU-based financial institution that did in 2019 not charge negative credit interest. It is troublesome that more and more EU-based financial institutions introduce negative credit interest for all/most of their professional clients. The only PA movement in 2019, other than benefits paid, was interest cashed in 2019 for a total of € 1,640.

For future PA inflow it is important to note is that pursuant to Article 4(b) of the Council Decision on the dissolution of the Europol Pension Fund, former active participants of the fund (or their lawful heirs) had until October 2017, being two years after publication of the Council Decision, to communicate their beneficiary details to Europol. If not provided or found by Europol by that date, the remaining portion of the related PA should have become other income for Europol. At 31.12.2019 the amount was € 64,243. Following its own legal advice, Europol did not yet consider the amount of € 64,243 as other income 2017, 2018 or even 2019 as a more robust file of administrative actions taken by Europol should support such recognition. This recognition is expected to occur in 2020 and not 2019 as previously disclosed due to prioritisation of tasks in 2019.

Disclosure on the net DBO liability (Pursuant to EAR 12)

	31.12.2019	31.12.2018
DBO	3,371,330	3,199,584
PA	-2,955,514	-3,130,759
Net DBO liability	415,816	68,825

This increased net DBO liability 2019 reduced the 2018 coverage ratio of 97.85% to only 87.67%, whereas 100% is required. In order to supplement the missing 12.33% Europol charged € 415,816 (2018: € 68,825) to its Statement of Financial Performance 2019 as a provision. This provision is expected to be partly offset in 2020 by the revenue expected as described above (€ 64,243). Further corrections are currently not envisaged to be made whereas the majority of the DBO is payable in excess of at least the next financial year(s) to come.

2.10. Other long-term liabilities

	31.12.2019	31.12.2018
Local staff pension fund	301,308	444,359
Leasing liability on computer hardware	1,543,400	1,994,370
Leasing liability on computer software	-	158,449
Total	1,844,708	2,597,178

The liability for the local staff pension fund reduced when settling the premiums 2013-2014 in 2019.

Europol Public Information

Local staff members recruited prior to 2010, and still having an employment contract after 2010, are entitled to a Defined Benefit old age pension accrual under Dutch labour law pursuant to the applicable pension scheme characteristics. The premium payments needed thereto are given to a third party who provided assurance that the liabilities were accrued by obtaining the required assets thereto periodically. Such an approach classifies this scheme to be a Defined Contributions or DC-scheme, even though the underlying entitlement is a defined benefit entitlement for the staff member.

As a consequence Europol set aside the employer and employees' contributions onto a ring-fenced bank account (see point 2.8. above) on a monthly basis, with an EU-based financial institution that does not charge negative interest. The sole purpose of this bank account's balance is to finance the premiums to be paid to the new DC pension reinsurer.

In 2014, a tender procedure to secure a new DC pension reinsurer as from 2015 onwards failed, meaning that no premiums have been settled in relation to the employment period beyond 01.01.2015.

In light of the provisions of Article 73(4) of the Europol Regulation adopted in May 2016, allowing local staff members to "jump" to a contract governed by the Conditions of Employment of Other Servants of the European Union ('CEOS') at the latest on 1 May 2018, it was not considered appropriate to launch another tender during this transitional period.

The last local staff member entered into a contract governed by the CEOS effective on 1st January 2018. Consequently, no further Dutch labour law Defined Benefit pension rights were accrued beyond 31 December 2017.

In 2019, Europol requested external legal advice in order to assure compliance with Dutch law whilst tendering for a new DC pension reinsurer for the pensions entitlements linked to the period 2015-2017. In light of the requirements set in this advice, it is expected that these (historical) entitlements will be settled by the end of 2020/beginning of 2021.

Disclosure of outstanding DC liability

The absence of a pension reinsurer for these three years (2015-2017) currently makes Europol liable to cover the pension rights of the concerned local staff members until the DC premiums are paid to a pension reinsurer. An internal worst-case actuarial calculation made as at 31.12.2019, established the pension cost in relation to these three years to be € 271,420.

The prudence applied in 2017 and 2018 of increasing the projected future cash flow between the date of retirement and the actuarially-defined time of death by 8% per year of retroactivity, is disbanded in the calculation for the 2019 DC liability. The rationale thereto is that the projected future cash flows in 2019 (also in 2017-2018) are not calculated at NPV and therefore already include a material provision for possible retroactive costs.

The internal calculation of the remaining DC liability is € 29,888 lower than the available bank balance. Hence, in accordance with the principles of sound financial management, no external actuarial calculation was deemed necessary to provide an external assurance on the financial health of the fund.

Future treatment of possible surplus PA and classification of DC as a long-term liability

In 2019, Europol requested external legal advice in relation to how, under Dutch law, material excess funds of the PA, if any, should be treated. Prior to making any decision on which option to pursue, it is required to settle the outstanding DC liability for the period 2015-2017. Consequently, it is not expected that such decision will be implemented by the end of 2020. It is therefore prudent to consider these liabilities as long-term.

2.11. Provisions for risks and charges (short-term)

Provision	Litigation cases
Balance at the beginning of the year	17,000
Additions	-
Utilised	-7,000
Unused	-
Transferred to non-current	-
Total as at 31.12.2019	10,000

This provision for litigation cases provides for the applicants’ legal costs involving two open cases that were also disclosed as a short-term provision in the 2018 accounts. The reason they remain in 2019 is due to the non-responsiveness of the counterparties to Europol’s initial attempt to make contact, the links to other cases and the cessation of rights to a third party. This meant the settlement of the amounts proved more difficult than initially anticipated. Europol is aiming to deal with the matter in 2020.

CURRENT LIABILITIES

2.12. Current Financial Liabilities

The total amount relates to the short-term leasing liabilities on computer hardware (€ 244,169) and software (€ 158,449).

2.13. Current payables

	31.12.2019	31.12.2018
Amounts payable - vendors	1,788,756	1,867,549
Amounts payable - Member States	196,966	44,470
Amounts payable – public bodies	31,717	-
Invoices / credit notes pending verification	-1,962,249	-1,865,788
Total	55,190	46,232

2.14. Sundry payables

	31.12.2019	31.12.2018
Fixed assets – goods received ¹²	740,411	335,695
Amounts payable - staff	62,364	-
Total	802,775	335,695

¹² Fixed assets received in 2019, but not yet paid.

2.15. Other accounts payable

	31.12.2019	31.12.2018
Accrued charges ¹³	5,647,032	4,145,992
Accrued charges with consolidated entities	206,879	178,341
Accrual for untaken annual leave at year-end	1,374,949	1,170,162
Deferred income ¹⁴	10,338	15,871
Total	7,239,199	5,510,366

The total amount for accrued charges with consolidated entities can be broken down as follows:

EU Entity	Description of accrual	Amount
European Commission	Interpretation services	135,456
European Commission	Publications	44,544
EMCDDA	Publications	10,000
European Commission	Management costs	8,406
EU-LISA	Meeting costs (shared)	6,843
EU-LISA	Payroll balances	1,630
Total		206,879

According to the EU Staff Regulation, Annex V: Leave, Article 4, if the person at the time of leaving the service has not used their annual leave, they shall be paid compensation equal to one thirtieth of their monthly remuneration for each leave day due to them. Therefore the calculation (based on average salary rates) for untaken annual leave has been recognised as an accrued charge.

2.16. Accounts payable with consolidated EU entities

	31.12.2019	31.12.2018
Surplus from European Commission subsidy ¹⁵	2,363,548	1,106,807
Balance on pre-financing received for the Delegation Agreement ¹⁶	-	3,366,988
Balance on pre-financing received for the SIRIUS Grant	413,905	248,978
Balance on pre-financing received for the WB (Western Balkans) Grant	593,964	933,582
Balance on pre-financing received for Grant agreements with EUIPO	212,784	1,219,990
Other accounts payable	19,920	4,379
Total	3,604,120	6,880,724

Details on the grants can be found under within the budget implementation reports starting from page 39 below.

¹³ Invoices to be paid in 2020 relating to goods/services delivered in 2019 and expensed (not capitalised).

¹⁴ Receipts 2019 to be put to budget 2020.

¹⁵ This is the budget result (see page 56 below).

¹⁶ Cost claim finalised and paid in 2019.

3. NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE

Europol's financial statements are prepared on an accrual-basis by which transactions are recorded in the period to which they relate. The result for the year using this basis is indicated in the Statement of Financial Performance. However, Europol uses a modified cash accounting system for preparing the budget result. In this system, only payments made and revenue received in the year as well as the carry-forward of appropriations to the following year are recorded.

All differences between the Statement of Financial Performance and the budget result can be found in the reconciliation on page 38.

3.1. Revenue

The revenue has been split between non-exchange and exchange transactions in accordance with the EU Accounting Rules.

The difference between the revenue in the budgetary result and the statement of financial performance of € 2.3M is broken down as follows:

Description	Difference
New pre-financing received	2,851,262
Budgetary recovery orders issued in 2019 on balance sheet accounts and cashed	1,117,036
Reversal of cut-offs 2018	943,761
Budgetary recovery orders issued before 2019 and cashed in the year	68,189
Interest on late payment correction	405
Exchange rate gains	-678
Uncashed recovery orders	-34,088
Cut-offs 2019 ¹⁷	-2,600,579
Total	2,345,308

3.2. Expenditure

A total of >€ 15.4M is included in the Statement of Financial Performance relating to expenditure made from budgetary commitments carry forward from 2018. This is not included in the budgetary result 2019 as it relates to the implementation of the European Commission Subsidy 2018. However details of this implementation can be found in the budget implementation reports on page 51.

Operational

The total amount of expenses (including accruals and deferrals) amounted to € 27.9M broken down as follows:

¹⁷ Includes budget surplus 2019.

Europol Public Information

Description	Difference
Purchase and maintenance of Hardware and Software	8,884,808
ICT External Service Provision	6,247,052
Meetings	2,912,209
EMPACT grants	2,828,367
Deployments	2,753,639
Missions	2,351,601
Telecommunications costs	1,028,832
Training	792,286
Research and development projects	541,224
European Police Chiefs' Convention	198,430
WEB services and publications	148,409
Expertise training for third parties	143,172
Equipment	127,672
Other grants	99,199
External expertise	97,134
Heads of Europol National Units	43,113
Liaison Bureaux outside the Netherlands	15,828
Other	256
Decryption platform	-1,313,977
Total	27,899,254

The difference of € 2.4M between the € 27.9M expenditure and the result in the Statement of Financial Performance of € 25.5M is due to the adjustment required for the internally-generated intangible assets in order to correctly reduce the expenses for consultants that worked on projects considered eligible to be capitalised or expected to be capitalised (under construction).

Staff

These expenses contain personnel-related expenses such as salaries, allowances, social security contributions and other welfare expenses.

All salary calculations resulting in the total staff expenses included in the Statement of Financial Performance of Europol are outsourced to the Office for administration and payment of individual entitlements (also known as the Paymaster's Office - PMO) which is a central office of the European Commission audited by the European Court of Auditors.

The material differences between the staff costs detailed in the budget result and those in the Statement of Financial Performance can be explained as follows:

- Internally-generated intangible assets - € 3.4M decrease due to the capitalised and expected to be capitalised (under construction) staff costs;
- Annual leave accrual (see point 2.15. above) - € 1.4M increase;
- Deferred charge for contribution to the European School - € 1.6M decrease to ensure the expenses were divided over the school year 2019/2020;
- Adjustment to provision for the pension liability (see point 2.10. above) - € 172K increase.

Finance expenses

This amount relates to interest on late payment (€ 1.3K), interest on leasing (€ 161K) and bank charges (€ 4K).

Fixed asset-related

These expenses contain the charged depreciation of tangible (€ 8M) and amortisation of intangible (€ 1.7M) fixed assets. The latter includes the amortisation for the internally-generated intangible assets. It also includes an amount of € 24K as tangible fixed assets written-off.

Expenses with consolidated entities

The expenses with consolidated entities can be broken down as follows:

Entity	Description of expense	Amount
European Commission JRC ¹⁸	Decryption Platform and media-monitoring costs	4,521,000
European Commission HR ¹⁹	European School, training and other staff-related services	2,839,037
European Commission SCIC ²⁰	Interpretation services	570,400
European Commission PMO ²¹	Administrative charges (salaries)	454,508
European Commission DIGIT ²² and Budget	Financial system (ABAC) fees and Cloud services	281,325
EU IPO ²³	Renewal of trademark and closure of grant	164,879
European Commission OP ²⁴	Publications, distribution and storage	92,886
Translation Centre for EU Bodies	Translation services	52,051
European External Action Service	Liaison Office in the U.S.	40,359
European Food Safety Authority	Permanent secretariat costs	31,804
Council of the European Union	Seminar and rental of office space	17,329
Eurojust	Training	3,000
Total		9,068,577

¹⁸ Joint Research Centre

¹⁹ Human Resources and Security

²⁰ Interpretation

²¹ Paymaster's Office

²² Informatics

²³ European Union Intellectual Property Office

²⁴ Publications Office

Other administrative and IT expenses

The total amount of € 8.9M can be broken down as follows:

Description of expense	Amount
Experts and related expenditure	5,481,449
Office supplies and maintenance	2,155,328
Communications and publications	755,073
Recruitment	278,291
Training	128,819
Insurance (other than building)	54,758
Transport	39,070
Legal	9,179
Missions	1,173
Total	8,903,140

4. NOTES TO THE CASH-FLOW STATEMENT

Cash-flow information is used to provide a basis for assessing the ability of Europol to generate cash and cash equivalents, and its needs to utilise those cash flows.

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

The cash flow statement presented, reports cash flows during the period classified by operating and investing activities.

4.1. Operating activities

Operating activities are the activities of Europol that are not investing activities. These are the majority of the activities performed. Other changes under this activity mainly relate to the decrease to the financial liability for the short-term finance lease (see point 2.12. above) on tangible fixed assets.

4.2. Investing activities

Investing activities are the acquisition and disposal of intangible and tangible fixed assets and of other investments which are not included in cash equivalents. The objective is to show the real investments made by Europol.

4.3. Employee benefits

This relates to the increase in employee benefits (see point 2.9. above).

5. CONTINGENT ASSETS AND LIABILITIES AND OTHER SIGNIFICANT DISCLOSURES

5.1. Contingent Assets

Europol has no contingent assets to disclose as at 31 December 2019.

5.2. Contingent Liabilities

The total amount disclosed as a contingent liability is € 15K and relates to one outstanding litigation case for which there is the possibility Europol should cover the applicant's legal costs.

5.3. Other significant disclosures

5.3.1. Services-in-kind

In accordance with EU Accounting rule 17, Europol discloses its free use of its office buildings (including parking facilities) during the year 2019, offered by the Host State. The total amount disclosed for the year 2019 is:

Building	Amount	Offered until
Headquarters	12,500,000	01/03/2031
Temporary satellite	462,499	31/12/2023
Total	12,962,499	

The annual rent for the temporary satellite building is € 1,387,497. However as Europol signed the lease agreement at the beginning of September 2019, the amount disclosed has been calculated on a pro rata basis.

5.3.2. Remaining net RAL (Reste à Liquider)

The total amount of budget commitments carried forward to 2020 after deducting all eligible 2019 expenses amounted to € 11,142,967.

5.3.3. Other contractual commitments

Europol's contractual obligations as at 31.12.2019 not covered by the RAL (see above) totals € 7,033,695. This calculation considers contracts up to the earliest date possible to end the contract and possible penalty costs.

6. FINANCIAL INSTRUMENTS

Financial instruments comprise of cash, current receivables/recoverables, current payables and amounts due to and from consolidated entities. Financial instruments give rise to risks such as credit, liquidity and market (interest rates and foreign currency exchange).

Credit risk

Credit risk is the risk of loss due to a debtor's/borrower's non-payment of a loan or other line of credit (either the principal amount, accrued interest or both) or other failure to meet a contractual obligation. The default events include a delay in repayments, restructuring of borrower repayments and bankruptcy.

The table below provides for the credit quality of Europol's financial assets that are neither past due or impaired.

31 December 2019	Receivables with			
	Member States	Third parties including accruals & deferrals	Consolidated entities	Bank accounts
Counterparties with external credit rating	1,968,544	-	2,011	23,407,079
Prime and high grade	1,797,017	-	2,011	18,380,829
Upper medium grade	93,290	-	-	4,336,482
Lower medium grade	78,236	-	-	689,768
Non-investment grade	-	-	-	-
Counterparties without external credit rating	-	7,288,186	-	-
Debtors who never defaulted	-	7,288,186	-	-
Debtors who defaulted in the past	-	-	-	-

The total for the Member States can be broken down as follows:

Member State	Grade	Amount
The Netherlands	Prime and high	1,747,487
Germany		41,881
Sweden		7,649
France	Upper medium	47,260
Belgium		36,556
United Kingdom		9,474
Spain	Lower medium	46,796
Slovenia		30,904
Italy		536
Total		1,968,544

Regarding the bank accounts, due to the current financial market, Europol has spread the risk between five banks. Up until 31.12.2019 this approach has also meant that Europol has avoided being charged with negative interest. However this has only been possible due to the fact that Europol was able to secure agreements with the banks belonging to the framework contact of the European Commission which, after renewal in 2019, is no longer possible from 2020. Therefore it is envisaged that Europol will need to charge negative interest to its budget from 2020.

Liquidity risk

Liquidity risk arises from the ongoing financial obligations, including settlement of payables.

Europol manages liquidity risk by monitoring forecasts and actual cash flows.

The table on the next page shows Europol's liabilities (payables) that had a remaining contractual maturity as at 31.12.2019:

31 December 2019	< 1 year	1-5 years	Total
Local staff pension liability	-	301,308	301,308
Payables third parties (including Member states)	857,965	-	857,965
Payables with consolidated entities	3,604,120	-	3,604,120
Total liabilities	4,462,085	301,308	4,763,393

Market risk

Interest rate risk

Europol does not borrow any money; as a consequence it was not exposed to interest rate risk. However as mentioned under credit risk above, it is foreseen that negative interest will be accrued from 2020 due to the situation with the financial markets and being unable to make use of the conditions of the revised framework contract with the European Commission.

Foreign currency risk

Currency risk is the risk that Europol's operations or its investments' value will be affected by changes in exchange rates. This risk arises from the change in price of one currency against another.

However all financial assets and liabilities as at 31.12.2019 were in Euro, so Europol has no foreign currency risk.

7. CHANGES TO ACCOUNTING RULES

The Accounting Officer of Europol adopted a new threshold from which configuration items (fixed assets) should be capitalised. This threshold increased from € 420 to € 700 and became applicable from 01.01.2019.

8. RELATED PARTY DISCLOSURE

In accordance with EU Accounting Rule 15, Europol discloses its related parties as its key management personnel. Key management personnel are the directorate members (top management) of Europol. The total remuneration of the directorate members and the number of individuals, on a full-time equivalent basis, are provided for in the table on the next page:

Europol Public Information

Position	Grade	Number of Individuals	Total remuneration
Executive Director	AD15	1	251,654
Deputy Executive Director	AD13/14	3	573,585
Total remuneration 2019			825,239

9. EVENTS AFTER THE REPORTING DATE

In accordance with EU Accounting Rule 19, Europol discloses the following as events after the reporting date:

9.1. Withdrawal of the United Kingdom from the EU

On 29 March 2017, in accordance with Article 50 of the Treaty on European Union (TEU), the European Council was notified of the United Kingdom's intention to withdraw from the European Union and the European Atomic Energy Community (EURATOM). The Withdrawal Agreement (WA)²⁵ entered into force on 1 February 2020, setting out specific provisions in relation to the contribution of the United Kingdom to the Union budget, including for the transition period which will end on 31 December 2020, unless it is prolonged under the terms of the WA. Against this background, the annual accounts of Europol for the financial year 2019 do not include accounting provisions related to this circumstance, as a potential impact on the financial situation of Europol was not quantifiable at the year-end 2019.

9.2. COVID-19

In response to the Coronavirus Disease (COVID)-19, which was categorised as a global pandemic on 11 March 2020, Europol put in place a permanent Crisis Management Team (CMT), with all core business and administrative functions being maintained from Europol Headquarters and through teleworking by Europol staff members. The final annual accounts of Europol for the financial year 2019 do not include accounting provisions related to this circumstance, as a potential impact on the financial situation of Europol by the COVID-19 was not quantifiable at the year-end 2019. Considering the COVID-19 pandemic as a post-balance sheet event for the establishment of the final annual accounts for 2019, also no adjustments to the figures reported in these annual accounts are required. For subsequent reporting periods, the impact of the COVID-19 pandemic may affect the recognition and measurement of assets and liabilities on the balance sheet and also of some revenue and expenses recognised in the statement of financial performance. Based on the information available at the date of signature of these final annual accounts, the financial effects of the coronavirus outbreak cannot be reliably estimated.

²⁵ Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community (2019/C 384 I/01), Official Journal of the European Union, C 384 I/1 – C 384 I/193, 12 November 2019

10. RECONCILIATION BETWEEN STATEMENT OF FINANCIAL PERFORMANCE AND BUDGET RESULT

The difference between the budget result and the Statement of Financial Performance is explained as follows:

Description	Amount
Economic result (Statement of Financial Performance) 2019	4,613,695
Accruals/deferrals 2019	397,555
Accruals/deferrals reversed from 2018	-908,126
Adjustment for 2018 carry forward appropriations assigned revenue	9,108,957
Adjustment to employee benefit liability	171,746
Cancellation of unused payment appropriations from 2018	1,557,227
Cashed balance sheet recovery orders issued in 2019	1,117,036
Cashed recovery orders issued before 2019	68,189
Closure of Delegation Agreement	-3,366,988
Depreciation and amortisation of fixed assets	9,741,744
Fixed asset acquisitions (excluding unpaid amounts at 31.12.2019)	-7,632,568
Fixed asset corrections	-12,763
Internally-generated fixed assets ²⁶	-5,785,695
Open pre-financing paid in 2019	-3,346,109
Open pre-financing received in 2019	2,851,262
Other general ledger corrections	524
Payment appropriations carried forward to 2020	-22,802,657
Payments 2019 in Statement of Financial Performance different year	-9,199
Payments made from carry forward 2018	15,436,938
Pre-financing given in previous year and cleared in 2019	1,665,644
Pre-financing received in previous year and cleared in 2019	-500,000
Provisions (impact of the year)	-7,000
Uncashed recovery orders issued in 2019	-34,088
Unpaid, but expensed, invoices at 31.12.2019	14,509
Value reductions (impact of the year)	23,715
Total = Budget result 2019	2,363,548

²⁶ This is the total amount capitalised in 2019 and considered under construction.

REPORTS ON THE IMPLEMENTATION OF THE BUDGET

1. INTRODUCTION

This report provides information about the 2019 budget implementation. The budget has been implemented in accordance with the Financial Regulation applicable to Europol following the budgetary principles.

2. CONTENT

The main elements of the report are:

2.1 Explanatory notes on the budget implementation

- 2.1.1 Revenue 2019
- 2.1.2 Expenditure 2019
- 2.1.3 Budget implementation 2019
- 2.1.4 Budget implementation of assigned revenue
- 2.1.5 Implementation of appropriations carried forward from 2018 to 2019
- 2.1.6 Appropriations carried forward from 2019 to 2020
- 2.1.7 Budget transfers 2019
- 2.1.8 Budget result 2019

2.2 Budget implementation tables

- Table 1: Revenue 2019
- Table 2: Expenditure 2019
- Table 3: Budget implementation 2019
- Table 4: Budget implementation of assigned revenue
- Table 5: Implementation of appropriations carried forward from 2018 to 2019
- Table 6: Appropriations carried over from 2019 to 2020
- Table 7: List of budget transfers 2019
- Table 8: Budget result 2019

2.1. Explanatory notes on the budget implementation

In this section explanatory notes are provided for the implementation of the 2019 budget. The tables containing the amounts are provided in the next section (Tables 1–8). Throughout these explanations, fund sources for the different types of appropriations are mentioned, the definitions for which are as follows:

Fund Source	Description	Presentation in the reports
Expenditure fund sources		
C1	Initial Budget	Adopted budget for 2019
C3	Non-automatic carry over	Carried over budget from 2018 to 2019
C4	Refunds current	Internal assigned revenue (current year)
C5	Refunds carried forward	Internal assigned revenue (carried forward)
C8	Automatic carry forward	Carried forward commitments from 2018 to 2019
R0	External resources/ grants	Other external assigned revenue, funds and contributions
Income fund sources		
IC1	Initial Budget	Revenue 2019
IC4(1)	Re-funds current year (N-1)	Internal assigned revenue current year (carried forward)
IR1(1)	External resources/ grants	Other external assigned revenue, funds and contributions

2.1.1. Revenue 2019

In December 2018 the Europol budget 2019, amounting to € 138.3M (including € 2.3M for the European School as fund source IC1), was adopted by the Europol Management Board (Table 1).

During the year 2019, an amount of € 1.5M was established as internal assigned revenue (fund source IC4/IC41) of which € 1.1M was cashed. This revenue was linked to expenditure budget items where it will be used for future expenditure in the budgetary year 2020. Outstanding recovery orders amounting to € 384K were carried forward to 2020 for future cashing.

An amount of € 497K paid out as pre-financing to Member States was recovered for the grants not-used relating to a delegation agreement for EMPACT²⁷ (fund source IR11).

The budget for external assigned revenue (fund source IR1) was amended for three activities, amounting to € 3.2M:

- SIRIUS²⁸: The grant agreement for international digital cooperation – cross border access to electronic evidence was amended by € 630K to

²⁷ European multidisciplinary platform against criminal threats

²⁸ Grant agreement with the European Commission (FPI - Service for Foreign Policy Instruments) for an action entitled: international digital cooperation – cross border access to electronic evidence.

Europol Public Information

come to the total amount of € 1.63M. A second pre-financing amount of € 408K was cashed during the year.

- EUIPO²⁹: A new Service Level Agreement was signed between EUIPO and Europol for an amount of € 80K to finance actions in the field of acquisition fraud. The amount was cashed in 2019 and carried over to 2020.
- DK: The contribution to Europol from the Kingdom of Denmark³⁰ for the budget year 2019 represents an amount of € 2.7M.

Furthermore, an amount of € 1.6K was cashed for bank interest received for the Europol Pension fund (fund source IR1).

2.1.2. Expenditure 2019

In order to measure budget performance, several key performance indicators (KPIs) directly linked to the Europol Work Plan 2019 were set at the beginning of the year.

Budget performance was measured based on implementation (commitments and payments) against budget. The target set for the commitment implementation rate was at least 95%. For the payment implementation rate it was at least 90% in order to secure a reasonable carry forward to the following year. In addition, the cancellation of the carry forward commitments from 2018 should not exceed 5%.

The final outcome of the KPIs for 2019 is as follows:

- The implementation of commitment appropriations was 99.4%.
- The overall payment rate was 86.6%. The target was not met due to transfers within the budget that were made relatively late in the year, followed by commitments for which the payments are only expected in 2020.
- The cancelled carry forward commitments amounted to 9%. A total of € 1.6M was not used and was incorporated in the final budget result. This was largely due to de-committing remaining amounts for provisional commitments, and for unused funds for EMPACT grants (€ 429K returned pre-financing by Member States).

The 2019 budget increased by € 8.1M compared to 2018 (€ 13.1M if excluding the one-off amount of € 5M for the Decryption Platform) and came to € 138.3M (Table 2). In addition to this, an amount of € 26.1M was carried forward from 2018 for other fund sources and an amount of € 4.8M was newly established and cashed to add up to a total € 169.2M of financial resources in 2019.

²⁹ A grant agreement with European Union Intellectual Property Office to ensure the continuation of financing actions carried out under the Agreement on Strategic Co-operation between the two entities. The European Serious Organised Crime Centre, Intellectual Property Crime Coordinated Coalition (IPC3)

³⁰ Following the application of the Europol Regulation on 1 May 2017, Denmark is regarded as a third country with respect to Europol. This is a consequence of the application of the Protocol (no 22) annexed to the TFEU on the position of Denmark, under which the Kingdom of Denmark does not take part in the adoption of measures pursuant to Title V of Part Three of the TFEU and such measures are not binding upon nor applicable in Denmark. The Agreement on Operational and Strategic Cooperation between the Kingdom of Denmark and Europol ("Denmark agreement") was signed on 29 April 2017 with the purpose to establish cooperative relations.

2.1.3. Budget implementation 2019 (fund source C1)

Title 1 – Staff-related expenditure

The final budget under Title 1 amounted to € 82M with an implementation rate for commitments of 99.9% and for payments of 99.1% (Table 3). The amending budget, resulting from the agreement with Denmark under fund source R0 (external assigned revenue € 2.7M), was used to cover salary expenditure.

A number of transfers from Title 1 (Staff) amounting to € 2M were made to Title 3 (Operational Activities) in order to re-use the savings generated from vacancies (both Temporary Agents and Contract Agents), together with the delayed recruitments caused by the adoption of the new HR legal framework (TA2f).

An amount of €98K remained unused and 1.2% or € 627K of the budget under Title 1 was carried forward to 2020, mainly for staff related expenditure (e.g. recruitments, medical and training expenses) and expenditure relating to facilities (e.g. catering, removal services, audio-visual support and hospitality services).

Title 2 – Other administrative expenditure

The final budget under Title 2 amounted to € 12.9M with an implementation rate for commitments of 96.6% and for payments of 52.3% (Table 3).

The payment implementation for building-related expenditure is normally slower as it requires involvement of (sub-) contractors before the Host State can issue invoices.

Commitments carried forward relate to on-going running costs (facilities, network and telecommunication, software maintenance and consultancy services, governance and statutory expenditure) for which payments are expected in 2020.

During the year, the budget under Title 2 decreased by € 1.2M, mainly due to the agreement of the Host State to cover the majority of expenses for the Satellite building.

An amount of € 444K remained unused, while € 5.7M was carried forward to 2020, representing 44.3% of the budget under Title 2.

Title 3 – Operational activities

The final budget under Title 3 amounted to € 43.3M, with a 99.4% commitment rate and a 73.1% payment rate (Table 3).

34.3% or € 14.8M of the budget available under Title 3 was used to support operational activities (of which € 3.5M for operational and other meetings, € 2.8M for missions, € 3M for deployments and € 4M for EMPACT grants). 54.8% or € 23.7M of the budget was implemented for ICT operational activities (e.g. FITE project and ICT sustainment costs). Another 10.3% or € 4.5M was used for other operational activities (e.g. SNE costs, EPCC and HENU meetings).

The budget under Title 3 was increased by € 3.3M transferred savings from Title 1 and Title 2.

An amount of € 267K lapsed, while an overall amount of € 11.4M was carried forward to 2020, representing 26.3% of the budget under Title 3.

2.1.4. Budget implementation of assigned revenue (fund sources C4, C5, R0)

Internal Assigned Revenue

With regard to the implementation of internal assigned revenue (Table 4), there is a distinction between funds established in 2019 (fund source C4) and funds carried forward from 2018 (fund source C5):

C4: During the year 2019, an overall amount of € 1.1M was established and cashed. An amount of € 38K was implemented and the remaining budget was carried over (to fund source C5) and will be implemented in 2020.

C5: Appropriations carried forward from 2018 amounting to € 728K were fully committed. The unpaid amount of € 39.9K was carried forward (to fund source C8) and will be implemented in 2020.

External Assigned Revenue

External assigned revenue (fund source R0) included in the budgetary accounts came to € 12.1M. With regard to the implementation of external assigned revenue, there is a distinction between the funds that were established in 2019 (e.g. new agreements) and the funds from before 2019 for which the implementation continued into the year. An amount of € 8.4M was carried forward from 2018 and € 3.7M was cashed in 2019. The outstanding amount of € 4M was carried over to 2020 of which € 946K was already committed.

The external assigned revenue was implemented for the following activities:

- Following the agreement between Europol and Denmark, a contribution amounting to € 2.7M was received in 2019. The full amount was used and paid under budget item 1100 – Basic salaries.
- Under budget item 1184 – Pensions under Europol convention, an amount of € 3.1M was carried forward from 2018 for the further implementation of the Europol Pension Fund surplus after the Fund's closure. € 177K was paid and the remainder amounting to € 3M was carried forward to 2020.
- € 2.9M was carried forward from 2018 for a delegation agreement under budget item 3600 – Operational expenditure related to subsidies and grants that entrusted Europol with support tasks during a part of the EMPACT policy cycle 2015-2018. In addition, an amount of € 497K previously paid out as pre-financing to Member States was reimbursed to Europol. Unspent funds, amounting to € 3.4M, were paid back to the European Commission.
- Under budget item 3700 – Operational expenditure related to research and development projects, agreements were implemented for three different purposes:
 - EUIPO: € 1.2M was carried forward from previous grant agreements. An amount of € 80K was cashed for the new grant agreement (SLA) related to 2020 budget for the field of acquisition

Europol Public Information

fraud. An amount of € 183K was carried forward for implementation in 2020.

- SIRIUS: € 245K was carried forward from previous years and a second pre-financing amount of € 408K was cashed for the grant agreement to support an action on international digital cooperation – cross border access to electronic evidence. An amount of € 293K was carried forward for implementation in 2020.
- WB: € 934K was carried forward from previous years to implement a pilot project to deploy Europol Liaison Officers in the Western Balkans. In 2019 an amount € 389K was paid and the remaining € 545K was carried forward for implementation in 2020.

2.1.5. Implementation of appropriations carried forward from 2018 to 2019 (fund sources C3 and C8)

The carry forward to 2019 (Table 5) came to a total of € 17M to cover existing commitments (including € 5M in fund source C3 for the decryption platform). The final implementation rate of the carry forward was 90.8%, 0.8% lower than in 2018. The cancelled carry forward commitments amounted to 9.1%: a total of € 1.6M was not used and was incorporated in the final budget result. The unused funds were related mainly to the following:

- € 117K relates to Title 1, which is 15% of the amount carried forward under this Title (€ 807K); the unused funds in this area were for staff expenditure (e.g. trainings and recruitment) and external services (e.g. move and hospitality services).
- € 231K relates to Title 2, for building-related expenditure, administrative telecommunication costs and statutory expenditure in this area. This represented 8% of the total amount carried forward under this Title (€ 3M).
- € 1.2M relates to Title 3, which is 9% of the amount carried forward under Title 3 (€ 13.2M). This was mainly coming from EMPACT grants (€ 429K), missions (€ 260K), ICT expenditure (€ 173K) and meetings (€ 108K).
- The non-automatic carry forward (C3) of € 5M for the Decryption Platform was implemented for 97.5% and the remaining amount (€ 123K) lapsed.

2.1.6. Appropriations carried over from 2019 to 2020

With regard to the carry-over of appropriations from 2019 to 2020 (Table 6), there is a distinction between the funds corresponding to Carry forward of payment appropriations related to the current budget, Carry-over of appropriations corresponding to internal assigned revenue and Carry-over of appropriations corresponding to external assigned revenue. All appropriations have been carried over in accordance with Article 12 of the Europol Financial Regulation.

Appropriations corresponding to the budget 2019 (fund source C1 to C8)

An amount of € 17.7M of payment appropriations covering existing commitments was carried forward from fund source C1 to C8. This represented 13% of the overall budget (€ 138.3M). Out of the € 17.7M carried forward:

- € 627K concerned Title 1 (Staff), which was 0.9% of the total Title 1 budget (€ 82.2M).
- € 5.7M concerned Title 2 (Administrative Expenditure), which was 47.7% of the total Title 2 budget (€ 12.9M).
- € 11.4M concerned Title 3 (Operational Expenditure), which was 26.9% of the total Title 3 budget (€ 43.3M).

Appropriations corresponding to internal assigned revenue (fund source C4 to C5 and C5 to C8)

For internal assigned revenue an amount of € 1.1M under fund source C4 was carried over to 2020 as fund source C5. In addition, the outstanding payment appropriations of fund source C5 to cover existing commitments of € 40K were carried forward to C8.

Appropriations corresponding to external assigned revenue (fund source R0 to R0)

For external assigned revenue (amounting to € 4M), € 3M of commitment appropriations were carried over and € 946K of payment appropriations were carried forward to 2020.

- € 3M relates to the Europol Pension Fund;
- € 183K relates to the grant agreement for EUIPO;
- € 545K relates to the grant agreement for WB;
- € 293K relates to the grant agreement for SIRIUS.

2.1.7. Budget transfers 2019

Throughout the year, a total number of 25 transfers (14 less than in 2018) were made for a total amount of almost € 7M (or 5.1% of the budget) (Table 7).

Overall the budget under Title 3 were increased (+€ 3.3M) by transfers from Title 1 (-€ 2.1K) and Title 2 (-€1.2M).

It was possible to transfer funds to Title 3 (Operational activities) due to the underspending in Title 1 (Staff) generated from the late implementation of the new TA2f contracts as well as from the vacancies for Temporary Agents and Contract Agents. Moreover, the decision of the Host State to cover the majority of costs for the JWF Satellite Building allowed transfers from Title 2 (Other administrative expenditure).

Europol Public Information

For Title 3 (Operational activities), the budget was increased in particular in the area of ICT, in order to finalize new activities related to the re-planning which happened during 2019. In particular, a need of new funds materialised in order to launch the Forensic IT Environment project, the replacement of existing Hosts Servers end of life and to close some IT leasing costs incurred in previous years.

All transfers were decided by the Executive Director in accordance with Article 26(1) of the Financial Regulation applicable to Europol.

2.1.8. Budget result 2019

The overall budget result for the financial year 2019 comes to € 2.4M. This includes the following (Table 8):

- An amount of € 808K of the 2019 budget was not committed and lapsed;
- An amount of € 1.6M of appropriations carried forward from 2018 to 2019 was not used.

The exchange rate difference in 2019 was a loss of € 2K.

2.2. Tables of the budget implementation 2019

Table 1: Revenue 2019

Item	Fund source	Heading	Published budget	Established revenue	Cashed revenue	Outstanding amount
A-9000	IC1	Regular subsidy from the Community	136,032,458	136,032,458	136,032,458	-
A-9001	IC1	Subsidy for European School	2,273,000	2,273,000	2,273,000	-
A-9200	IC41	Other internal generated revenue carried over from previous year	-	399,154	398,291	863
A-9200	IC4	Other internal generated revenue established in the current year	-	1,102,222	719,254	382,968
A-9010	IR11	Other subsidies and grants carried over from previous year	-	496,706	496,706	-
A-9010	IR1	Other subsidies and grants established in the current year	630,000	487,715	487,715	-
A-9101	IR1	Contribution Denmark	2,684,998	2,684,998	2,684,998	-
A-9200	IR1	Other revenue established in the current year	-	1,640	1,640	-
Total revenue			141,620,456	143,477,893	143,094,062	383,831

Table 2: Expenditure 2019

Fund source	Heading	Carried forward from 2018	New established budget 2019	Total budget 2019
C1	Budget 2019		138,305,458	138,305,458
C4	Internal assigned revenue established in the current year	-	1,117,545	1,117,545
C5	Internal assigned revenue carried over from previous year	728,216	-	728,216
R0	External assigned revenue	8,380,741	3,671,059	12,051,800
C8	Automatic carry forward from 2018	11,994,165	-	11,994,165
C3	Non - automatic carry forward from 2018	5,000,000	-	5,000,000
Total expenditure		26,103,122	143,094,062	169,197,184

Europol Public Information

Table 3: Budget implementation 2019 (fund source C1)

Chapter	Description	Final budget (1)	Committed (2)	Rate committed =(2)/(1)	CA not used =(1)-(2)	Paid (3)	Rate paid =(3)/(1)	PA carried over to 2020 =(2)-(3)	Rate carried over =(2)- (3)/(2)
A-11	Staff in active employment	76,645,198	76,635,530	100%	9,668	76,600,159	100%	35,371	0%
A-13	Sociomedical infrastructure	1,075,000	1,022,569	95%	52,431	820,142	76%	202,427	19%
A-14	Training	135,000	135,000	100%	-	73,831	55%	61,169	45%
A-15	Other staff-related expenditure	4,207,610	4,174,885	99%	32,724	3,872,549	92%	302,337	7%
A-16	Entertainment and representation expenses	96,000	92,749	97%	3,251	66,948	70%	25,800	27%
Total Title 1		82,158,808	82,060,734	100%	98,074	81,433,629	99%	627,105	1%
A-20	Rental of buildings and associated costs	8,208,700	8,057,847	98%	150,853	3,363,996	41%	4,693,851	57%
A-21	Administrative information technology	1,617,100	1,610,299	100%	6,801	1,354,491	84%	255,807	16%
A-22	Movable property and associated costs	1,336,800	1,156,936	87%	179,864	870,921	65%	286,014	21%
A-23	Current administrative expenditure	394,050	301,130	76%	92,920	218,382	55%	82,749	21%
A-24	Postal charges and telecommunications	739,800	726,963	98%	12,837	503,979	68%	222,985	30%
A-25	Statutory expenditure	587,500	586,941	100%	559	426,171	73%	160,770	27%
Total Title 2		12,883,950	12,440,115	97%	443,835	6,737,939	52%	5,702,176	44%
B3-0	Operations	15,074,200	14,837,852	98%	236,348	11,095,870	74%	3,741,982	25%
B3-1	Operational information technology	22,636,000	22,633,869	100%	2,131	15,322,120	68%	7,311,749	32%
B3-2	Telecommunication costs for operational activities	936,500	936,390	100%	110	933,400	100%	2,991	0%
B3-3	Seconded National Experts (Operational)	4,110,000	4,109,141	100%	859	4,109,141	100%	-	0%
B3-4	EPCC	295,000	267,964	91%	27,036	84,936	29%	183,029	62%
B3-5	Heads of Europol National Units	90,000	90,000	100%	-	73,388	82%	16,612	18%
B3-8	Decryption Platform	121,000	120,934	100%	66	-	0%	120,934	100%
Total Title 3		43,262,700	42,996,151	99%	266,549	31,618,854	73%	11,377,297	26%
Total		138,305,458	137,497,000	99%	808,458	119,790,422	87%	17,706,578	13%

Table 4: Budget implementation of assigned revenue**Fund source C4 - Internal assigned revenue**

Item	Description	Revenue cashed (1)	Committed (2)	Rate committed =(2)/(1)	Paid (3)	Rate paid =(3)/(1)	CA carried over to 2020 =(1)-(2)	PA carried over to 2020 =(2)-(3)
1100	Basic salaries	1,197	-	-	-	-	1,197	-
1520	Other external services	12,256	-	-	-	-	12,256	-
	Total Title 1	13,453	-	-	-	-	13,453	-
2050	Other building related expenditure	7,749	-	-	-	-	7,749	-
2100	Administrative purchase and maintenance of HW & SW	89,700	-	-	-	-	89,700	-
2210	Furniture and other acquisitions	225	-	-	-	-	225	-
2500	Management Board Meetings	36,027	-	-	-	-	36,027	-
	Total Title 2	133,701	-	-	-	-	133,701	-
3000	Meetings	47,362	23,904	50%	23,904	50%	23,458	-
3003	Missions	39,860	-	-	-	-	39,860	-
3009	Deployments	1,233	-	-	-	-	1,233	-
3020	EMPACT grants	623,592	-	-	-	-	623,592	-
3030	Other Grants	21,769	-	-	-	-	21,769	-
3100	Operational purchase and maintenance of HW and SW	187,455	14,405	8%	14,405	8%	173,049	-
3200	Operational telecommunications costs	44,621	-	-	-	-	44,621	-
3400	EPCC	4,500	-	-	-	-	4,500	-
	Total Title 3	970,392	38,309	4%	38,309	4%	932,082	-
	Total	1,117,545	38,309	3%	38,309	3%	1,079,236	-

Fund source C5 - Assigned revenue appropriations carried forward from 2018

Item	Description	Carried forward (1)	Committed (2)	Rate committed = (2)/(1)	Paid (3)	Rate paid = (3)/(1)	CA carried over to 2020 = (1)-(2)	PA carried over to 2020 = (2)-(3)
1100	Basic salaries	3,853	3,853	100%	3,853	100%	-	-
	Total Title 1	3,853	3,853	100%	3,853	100%	-	-
2050	Other building related expenditure	223,316	223,316	100%	223,316	100%	-	-
2100	Administrative purchase and maintenance of HW & SW	110,632	110,632	100%	110,632	100%	-	-
2336	Other expenditure	1,769	1,769	100%	1,769	100%	-	-
2210	Furniture and other acquisitions	4,038	4,038	100%	4,038	100%	-	-
2500	Management Board Meetings	280	280	100%	280	100%	-	-
	Total Title 2	340,035	340,035	100%	340,035	100%	-	-
3000	Meetings	7,037	7,037	100%	7,037	100%	-	-
3003	Missions	26,194	26,194	100%	26,194	100%	-	-
3020	EMPACT grants	172,528	172,528	100%	137,932	80%	-	34,596
3030	Other Grants	42,709	42,709	100%	37,364	87%	-	5,345
3100	Operational purchase and maintenance of HW and SW	130,337	130,337	100%	130,337	100%	-	-
3200	Operational telecommunications costs	2,243	2,243	100%	2,243	100%	-	-
3400	EPCC	3,280	3,280	100%	3,280	100%	-	-
	Total Title 3	384,328	384,328	100%	344,387	90%	-	39,941
	Total	728,216	728,216	100%	688,276	95%	-	39,941

Europol Public Information

Fund source R0 – External assigned revenue and expenditure

Item	Description	Carried forward from 2018 (1)	Established budget in 2019	Committed (2)	Rate Committed =(2)/(1)	Paid (3)	Rate Paid =(3)/(1)	CA Carried Over to 2020 =(1)-(2)	PA Carried Over to 2020 =(2)-(3)
1100	Basic salaries (DK)	-	2,684,998	2,684,998	100%	2,684,998	100%	-	-
1184	Pensions under Europol convention	3,130,759	1,640	290,758	9%	176,885	6%	2,841,641	113,873
Total Title 1		3,130,759	2,686,638	2,975,756	51%	2,861,883	49%	2,841,641	113,873
3600	Operational expenditure related to subsidies and grants – Delegation agreement	2,876,244	496,706	3,372,950	100%	3,372,950	100%	-	-
3700	Operational expenditure related to research and development projects - EUIPO grant	1,195,084	80,000	1,193,391	94%	1,091,786	86%	81,694	101,605
3700	Operational expenditure related to research and development projects - SIRIUS grant	245,071	407,715	545,061	83%	359,578	55%	107,724	185,483
3700	Operational expenditure related to research and development projects - WB grant	933,582	-	933,582	100%	388,699	42%	-	544,883
Total Title 3		5,249,982	984,421	6,044,985	97%	5,213,014	84%	189,418	831,971
Total		8,380,741	3,671,059	9,020,741	75%	8,074,897	67%	3,031,059	945,844

Table 5: Implementation of appropriations carried forward from 2018 to 2019 (fund sources C3 and C8)

Chapter	Description	Carried forward (1)	Paid (2)	Rate paid = (2)/(1)	PA not used = (1)-(2)	Rate PA not used = (2)/(1)
11	Staff in active employment	99,119	85,985	87%	13,134	13%
13	Sociomedical infrastructure	231,314	216,571	94%	14,743	6%
14	Training	131,042	99,601	76%	31,441	24%
15	Other staff-related expenditure	327,973	279,589	85%	48,385	15%
16	Entertainment and representation expenses	17,197	7,879	46%	9,317	54%
	Total Title 1	806,645	689,625	85%	117,020	15%
20	Rental of buildings and associated costs	2,009,209	1,862,527	93%	146,682	7%
21	Administrative information technology	312,511	294,149	94%	18,362	6%
22	Movable property and associated costs	343,101	338,317	99%	4,784	1%
23	Current administrative expenditure	50,033	42,791	86%	7,242	14%
24	Postal charges and telecommunications	142,867	114,251	80%	28,616	20%
25	Statutory expenditure	160,357	134,691	84%	25,665	16%
	Total Title 2	3,018,077	2,786,727	92%	231,350	8%
30	Operations	1,844,711	937,806	51%	906,905	49%
31	Operational information technology	6,189,953	6,030,791	97%	159,162	3%
32	Telecommunication costs for operational activities	27,455	13,930	51%	13,525	49%
33	Seconded National Experts (Operational)	2,772	2,631	95%	141	5%
34	EPCC	104,326	98,699	95%	5,628	5%
35	Heads of Europol National Units	225	-	0%	225	100%
38	Decryption Platform (C3)	5,000,000	4,876,729	98%	123,271	2%
	Total Title 3	13,169,443	11,960,586	91%	1,208,857	9%
	Total	16,994,165	15,436,938	91%	1,557,227	9%

Table 6: Appropriations carried over from 2019 to 2020

Description	Fund source sender	Fund source receiver	Carry Over of Commitment Appropriations	Carry Over of Payment Appropriations	Total
Payment Appropriations Current Budget	C1	C8	-	17,706,578	17,706,578
Payment Appropriations arising from internal assigned revenue	C5	C8	-	39,941	39,941
Commitment Appropriations arising from internal assigned revenue	C4	C5	1,079,236		1,079,236
Payment Appropriations arising from external assigned revenue	R0	R0	3,031,059	945,844	3,976,903
Total			4,110,295	18,692,363	22,802,657

Table 7: List of Transfers 2019

Chapter	Description	Initial budget	Amending budget	Transfers	Final budget	Actual Committed
A-11	Staff in active employment	77,816,418	-	-1,171,220	76,645,198	76,635,530
A-13	Sociomedical infrastructure	1,239,000	-	-164,000	1,075,000	1,022,569
A-14	Training	150,000	-	-15,000	135,000	135,000
A-15	Other staff-related expenditure	4,903,840	-	-696,230	4,207,610	4,174,885
A-16	Entertainment and representation expenses	96,000	-	-	96,000	92,749
	Total Title 1	84,205,258	-	-2,046,450	82,158,808	82,060,734
A-20	Rental of buildings and associated costs	9,039,000	-	-830,300	8,208,700	8,057,847
A-21	Administrative information technology	1,784,000	-	-166,900	1,617,100	1,610,299
A-22	Movable property and associated costs	1,414,000	-	-77,200	1,336,800	1,156,936
A-23	Current administrative expenditure	428,700	-	-34,650	394,050	301,130
A-24	Postal charges and telecommunications	830,000	-	-90,200	739,800	726,963
A-25	Statutory expenditure	600,000	-	-12,500	587,500	586,941
	Total Title 2	14,095,700	-	-1,211,750	12,883,950	12,440,115
B3-0	Operations	14,878,500	-	195,700	15,074,200	14,837,852
B3-1	Operational information technology	19,386,000	-	3,250,000	22,636,000	22,633,869
B3-2	Telecommunication costs for operational activities	1,350,000	-	-413,500	936,500	936,390
B3-3	Seconded National Experts (Operational)	4,000,000	-	110,000	4,110,000	4,109,141
B3-4	EPCC	300,000	-	-5,000	295,000	267,964
B3-5	Heads of Europol National Units	90,000	-	-	90,000	90,000
B3-8	Decryption Platform	-	-	121,000	121,000	120,934
	Total Title 3	40,004,500	-	3,258,200	43,262,700	42,996,151
	Total	138,305,458	-	-	138,305,458	137,497,000

Table 8: Budget result 2019

	2019	2018
REVENUE		
Union contribution, cashed	138,305,458	130,245,520
Other revenue, cashed	4,788,604	6,746,755
TOTAL REVENUE (a)	143,094,062	136,992,275
EXPENDITURE		
Budget Title 1: Staff		
Payments current year	84,299,365	81,611,543
Appropriations carried over to next year	3,596,071	3,941,257
Budget Title 2: Administrative		
Payments current year	7,077,975	7,925,304
Appropriations carried over to next year	5,835,877	3,358,112
Budget Title 3: Operational		
Payments current year	37,214,565	27,754,042
Appropriations carried over to next year	13,370,709	18,803,753
TOTAL EXPENDITURE (b)	151,394,562	143,394,012
RESULT FOR THE FINANCIAL YEAR BEFORE SPECIAL ITEMS (a-b)	-8,300,500	-6,401,736
Cancellation of unused payment appropriations carried over from the previous year	1,557,227	1,029,950
Adjustment for carry-over from the previous year – assigned revenue	9,108,957	6,480,224
Exchange rate differences	-2,137	-1,631
BUDGET RESULT	2,363,548	1,106,807