

FINAL ANNUAL ACCOUNTS

Financial Statements & Reports on the Implementation of the Budget

Financial Year 2017

Europol Public Information

These final accounts have been prepared and signed off by the Accounting Officer and adopted by the Executive Director in accordance with Article 50 of the Financial Regulation (FR) applicable to Europol.

The Accounting Officer of Europol shall send these final accounts to the European Commission's Accounting Officer, the European Court of Auditors, the European Parliament and Council by 1 July 2018 in accordance with Article 60 of the Europol Regulation and Article 99 of the Financial Regulation (FR) applicable to Europol.

A handwritten signature in black ink, appearing to read 'Rebecca Topham', with a long horizontal line extending from the end of the signature.

Rebecca Topham, 6 June 2018
The Accounting Officer of the
European Union Agency for Law Enforcement Cooperation (Europol)

A handwritten signature in blue ink, appearing to read 'C. De Bolle', with a large circular flourish on the left and a horizontal line underneath.

Catherine De Bolle, 8 June 2018
The Executive Director of the
European Union Agency for Law Enforcement Cooperation (Europol)

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CERTIFICATE

The final annual accounts of Europol for the year 2017 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 68 of the Financial Regulation applicable to the general budget of the European Union and with Article 99 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.

A handwritten signature in black ink, consisting of a large, stylized 'R' followed by a series of loops and a long horizontal stroke extending to the right.

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

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INTRODUCTION

Basis for preparation

As a general rule, all aspects of the final annual accounts 2017 have been drawn up in accordance with the Financial Regulation applicable to Europol adopted by Europol's Management Board and with the EC 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 99 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

On 1 May 2017, the new Europol Regulation (Regulation 2016/794) became applicable, taking effect in all EU Member States that are part of the Europol cooperation framework. The Europol Regulation was adopted on 11 May 2016 with the vote of the European Parliament, enabling 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 mission, vision and values are 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 organised crime and terrorism.

Vision

Europol's vision is to contribute to a safer Europe by providing a unique and evolving set of operational products and services to support law enforcement authorities in the Member States.

Values

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

- **Service:**
We treat our colleagues and our cooperation partners in Member States and beyond with diligence, aiming to deliver the best possible, in order to address their needs effectively and efficiently;
- **Integrity:**
We uphold strong moral principles and do the right thing in a reliable way. Our Code of Conduct sets the framework for our ethics;
- **Accountability:**
We accept responsibility for our proposals, actions, and decisions, and we are willing to align our behaviour with the needs, priorities and goals of the organisation;
- **Initiative:**
We continuously strive to improve performance by doing or promoting new things relevant for our specific area and for the organisation and our partners;
- **Teamwork:**
We build good working relationships and cooperation in an open-minded manner, within and across the boundaries of our teams, organisation and cultures at Europol.

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.

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: Drugs trafficking, facilitation of illegal immigration, organised theft and burglary, trafficking in human beings, excise and Missing Trader Intrac Community (MTIC) fraud, firearms trafficking, criminal finances document fraud and 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.

Key developments in the financial year 2017

While the Consolidated Annual Activity (CAAR) 2017 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 2017 Work Programme, the following information from the CAAR is highlighted:

Core business

- 1,005,610 messages were exchanged in the Secure Information Exchange Network Application (SIENA) in 2017, representing an increase of 15% compared to the previous year, and an all-time peak. At the same time, the number of cases initiated in SIENA were 66,113 by the end of 2017, an increase of 43% compared to 2016.
- Regarding the use of Europol Information System (EIS), both the number of objects (1,062,236, +169%) and searches (2,478,825, +73%) improved significantly by the end of 2017, compared to the year-end 2016.
- The Serious Organised Crime Threat Assessment (SOCTA) 2017 was delivered, on the basis of which the priorities for the EU Policy Cycle 2018-2021 were adopted by the Council in March 2017. In the third quarter of 2017, the Internet Organised Crime Threat Assessment (IOCTA) 2017 was released.
- A total of 1,496 operations were supported by Europol in 2017 (an increase of 35% over 2016), including over 700 related to Serious and Organised Crime (SOC) including facilitated illegal immigration, over 400 operations in the area of counter-terrorism (more than three times as many as in 2016), 180 operations supported by EC3 in the area of cyber-crime.
- The EU IRU assessed over 24,000 internet contents related to terrorism and violent extremism (almost 20% more compared to 2016), for subsequent removal by Online Service Providers (OSPs).
- During 2017, Europol deployed a total of 339 mobile offices (a 53% increase compared to 2016), 268 short-term, 38 long-term and 33 permanent, in order to enable an agile handling of operational information and cross-checking on-the-spot, including secondary security checks in migration hotspots in Greece and Italy (with over 9,800 persons and 10,300 communication means checked in 2017).

Governance and administration

- Europol's budget implementation in 2017 was very successful: A commitment rate of 99.8% (same as in 2016), a budget outturn of 0.9% (1.7% in 2016) and a payment rate of 89%. The staff vacancy rate was 0% at the year-end 2017.

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- The results of the staff survey, with a response rate of 70%, showed an overall engagement index of 63% (8 percentage-points higher than in the previous survey from 2014), next to higher results in all 12 dimensions evaluated in the staff survey.
- The Europol Anti-Fraud Strategy was prepared by Europol and endorsed by the Management Board (MB), next to rules for the MB on the prevention and management of conflicts of interest. Europol also updated its code of conduct and developed further other key documentation (e.g. an essence statement for each of the five Europol Values, guidance on handling of gift items, conflict of interest management and whistle-blowing) related to upholding highest standards of ethical behaviour. Awareness sessions on the key aspects of the Europol ethics package were held across the organisation;

Implementation of the Delegation Agreement – Funding of operational actions under the EU Policy Cycle priorities

In line with guidance obtained by the European Commission, Europol reports separately on the implementation of the Delegation Agreement (DA) for the financial year 2017. The DA was concluded between the European Commission and Europol at the end of 2014, with a view to funding, as of the financial year 2015, activities of the Operational Action Plans (OAPs) which are established under the priorities of the EU Policy Cycle concerning the fight against serious and organised crime. While the overall financial value of the transactions of the DA are disclosed in the annual accounts of Europol, the discharge accountability in relation to the separate reporting on the implementation of the DA lies with the European Commission. Accordingly, the assurance certificate of the Accounting Officer in the final annual accounts of Europol does not encompass the separate reporting on the implementation of the DA.

Given that the DA came to an end in 2017, with the completion of the DA related activities taking until the end of June 2018, the DA implementation will be subject to an additional external audit in the course of 2018, regarding the entire period of the DA.

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). At the present moment, negotiations on the withdrawal arrangements are ongoing. Against this background, the annual accounts of Europol for the financial year 2017 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 2017.

FINANCIAL STATEMENTS

BALANCE SHEET

ASSETS	Note	31.12.2017	31.12.2016
NON-CURRENT ASSETS		32,973,656	30,944,341
Intangible fixed assets	2.1.	9,921,077	6,123,084
Computer software		3,041,037	2,515,170
Under construction		6,880,040	3,607,914
Tangible fixed assets	2.1.	23,045,664	24,814,342
Land and buildings		8,570,688	9,107,301
Plant and equipment		301,034	225,022
Computer hardware		6,769,321	7,229,783
Furniture and vehicles		1,964,693	2,173,885
Other fixtures and fittings		4,202,676	4,959,048
Assets under financial lease		1,237,252	1,119,302
Non-current receivables and recoverables	2.2.	6,915	6,915
Long-term receivables		6,915	6,915
CURRENT ASSETS		26,387,203	26,446,612
Short-term pre-financing	2.3.	2,179,198	2,163,072
Short-term pre-financing		8,492,261	5,706,737
Accrued charges on pre-financing		-6,313,064	-3,543,666
Short-term Receivables		5,336,876	4,542,379
Current receivables	2.4.	1,404,619	1,570,987
Sundry receivables	2.5.	325,619	171,754
Other receivables: Accrued income	2.6.	43,379	27,052
Deferred charges	2.6.	3,563,199	2,770,746
Receivables with consolidated EU entities	2.7.	60	1,840
Cash and cash equivalents	2.8.	18,871,130	19,741,161
TOTAL ASSETS		59,360,859	57,390,952
LIABILITIES			
NON-CURRENT LIABILITIES		4,877,110	6,107,885
Pensions and other employee benefits	2.9.	3,330,986	4,781,961
Provisions for risks and charges		-	-
Other liabilities	2.10.	1,546,124	1,325,924
CURRENT LIABILITIES		10,518,267	14,042,283
Provisions for risks and charges	2.11.	17,000	31,000
Financial liabilities	2.12.	379,101	393,121
Payables		10,122,166	13,618,162
Current payables	2.13.	11,175	55,103
Sundry payables	2.14.	397,367	248,482
Other payables: Accrued charges	2.15.	4,264,937	4,833,426
Deferred income	2.15.	30,668	18,620
Accrued charges with consolidated EU entities	2.15.	365	9,484
Accounts payable with consolidated EU entities	2.16.	5,417,655	8,453,048
NET ASSETS		43,965,482	37,240,785
Accumulated surplus/deficit		37,240,973	33,348,838
Economic result of the year		6,724,509	3,891,947
TOTAL LIABILITIES		59,360,859	57,390,952

STATEMENT OF FINANCIAL PERFORMANCE

	Note	31.12.2017	31.12.2016
REVENUE	3.1.	120,259,651	104,898,310
Non-exchange revenue			
European Union Contribution ¹		118,249,459	103,781,320
Other non-exchange revenue		1,794,500	468,751
Exchange revenue		215,692	648,239
EXPENDITURE	3.2.	-113,535,141	-101,006,363
Operational expenditure		-24,091,911	-18,513,052
Administrative expenditure:		-89,433,601	-82,493,311
Staff		-65,105,595	-60,549,356
Fixed asset-related		-7,802,243	-8,108,199
Other		-16,525,764	-13,827,385
Financial expenditure		-9,629	-8,371
SURPLUS/DEFICIT FROM ORDINARY ACTIVITIES		6,724,509	3,891,947
Extraordinary gains		-	-
Extraordinary losses		-	-
SURPLUS/DEFICIT FROM EXTRAORDINARY ITEMS			-
ECONOMIC RESULT OF THE YEAR		6,724,509	3,891,947

¹ Includes the Delegation Agreement and Hotspot II Grant Agreement.

CASH FLOW STATEMENT

	Note	31.12.2017	31.12.2016
Economic result of the year		6,724,509	3,891,947
Operational activities			
Amortisation (intangible fixed assets)		1,090,467	1,596,489
Depreciation (tangible fixed assets)		6,685,193	6,496,410
Increase (-)/Decrease in provisions for risks and charges		-14,000	-15,399
Increase (-)/Decrease in short-term pre-financing		-16,126	-58,954
Increase (-)/Decrease in short-term receivables		-796,277	-2,234,598
Increase (-)/Decrease in receivables related to consolidated EU entities		1,781	-1,464
Increase(-)/Decrease in other long-term liabilities		220,200	714,811
Increase (-)/Decrease in accounts payable		-460,604	-976,687
Increase (-)/Decrease in liabilities related to consolidated EU entities		-3,035,393	1,795,324
Other non-cash movements		-13,831	408,966
Net cash-flow from operational activities	4.1	10,385,920	11,616,846
Investing activities			
Increase (-) of tangible and intangible fixed assets		-10,498,104	-12,598,824
Proceeds from tangible and intangible fixed assets		693,128	15,290
Net cash-flow from investing activities	4.2	-9,804,976	-12,583,534
Increase/decrease (-) in pension and employee benefits liability	4.3	-1,450,975	4,781,961
Net increase/decrease (-) in cash and cash equivalents		-870,031	3,815,273
Cash and cash equivalents at the beginning of the year		19,741,161	15,925,888
Cash and cash equivalents at year-end		18,871,130	19,741,161

STATEMENT OF CHANGES IN NET ASSETS

	Accumulated Surplus/ Deficit	Economic result of the year	Net Assets (Total)
Balance as at 31 December 2016	33,348,838	3,892,135	37,240,973
Changes in accounting policies	-	-	-
Balance as at 1 January 2017	33,348,838	3,892,135	37,240,973
Allocation of the economic result of previous year	3,892,135	-3,892,135	-
Economic result of the year 2017	-	6,724,509	6,724,509
Balance as at 31 December 2017	37,240,973	6,724,509	43,965,482

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.² The general accounts allow for the preparation of the financial statements as they show all charges and income for the financial year and are designed to establish the financial position in the form of a balance sheet as at 31 December.

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.

Article 95 of the Financial Regulation applicable to Europol sets out the accounting principles to be applied in drawing up the financial statements.

The overall considerations (or accounting principles) to be followed when preparing the financial statements are laid down in EU Accounting rule 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 EC Accounting Rules. The application of EC Accounting Rules, with additional disclosures when necessary, is presumed to result in financial statements that achieve a fair presentation.

² 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 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 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 2016, Europol has 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, invalided staff and retired staff.

Each year of service performed by EC 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.

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

A significant amount of the payables are not related to the purchase of goods or services – instead they are unpaid cost claims from beneficiaries of grants or other EU funding. They are recorded as payables for the requested amount when the cost claim is received. Upon verification and acceptance of the eligible costs, the payables are valued at the accepted and eligible amount.

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.

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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 2017 Europol's fixed assets increased by € 6.5M. The Host State carried out a number of additional works within the Europol Headquarters in order to meet the business demands of the organisation. These works were executed by contractors for the Host State, which in turn invoiced Europol. The total amount delivered in 2017 and fulfilling the recognition criteria for fixed assets as defined in Accounting Rule 7 amounted to € 577K compared to the € 1.27M in 2016.

In 2017 Europol finalised 18 disposal procedures involving 538 fixed assets. These disposal procedures resulted in a retirement of assets with an initial acquisition value of € 2.9M. These disposals can be found categorised as follows:

Asset class	Reason for disposal	No of items
Computer hardware	Obsolescence	496
Software	Obsolescence	31
Furniture and vehicles	Obsolescence	11

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

There were a total of thirteen ICT development projects run in 2017. From these thirteen projects, nine reached, or were estimated to reach, the threshold set for capitalisation. Four

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projects were finalised and had not reached the threshold or had no prospect to reach the threshold. Out of the nine projects reaching the threshold, three were finalised and released in 2017. The remaining six are scheduled to be finalised in 2018 and 2019.

Research and development cost

Europol has used its time-tracking system as a basis for its calculations. In the time-tracking system, each staff member and external consultant working within the project records 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' costs, the average staff costs per category (AD, AST and CA) provided by Europol's salary administrator (European Commission) were taken as a basis.

The results:

Non-capitalised cost	Research cost	Non-capitalised development cost
One project		
Cost of the year	-	324,434

In-house ICT projects capitalised as at 31.12.2017	Research cost	Capitalised development cost
Five projects		
Cost of the year	-	4,974,423

Projects under construction as at 31.12.2017	Research cost	To be capitalised development cost
Seven projects		
Cost of the year	-	6,880,040

Leasing

Leases of tangible 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 as 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 2017 Europol opted for finance leases to purchase computer hardware and IT storage. Europol has registered fixed assets under the asset class Computer Hardware for € 477,449. The financing costs for the 5-year lease period amounted to € 67,587 and the depreciation period is 4 years.

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Amounts payable under finance leases	Minimum lease payments €	Future finance charges €	Present value of minimum lease payments €
Within one year (current portion)	303,685	-19,849	283,836

Depreciation

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

Type of asset	Rate
Intangible (computer software)	25%
Leasehold improvements (computer hardware)	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 2017	Internally-generated computer software	Other computer software	Total computer software	Intangible assets under construction	Total
Gross carrying amounts 01.01.2017	3,408,798	14,030,460	17,439,258	3,607,914	21,047,171
Additions	1,565,625	53,894	1,619,518	3,938,859	5,558,377
Disposals	-	-680,959	-680,959	-666,733	-1,347,692
Gross carrying amounts 31.12.2017	4,974,423	13,403,394	18,377,817	6,880,040	25,257,857
Accumulated amortisation and impairment 01.01.2017	-2,211,317	-12,712,771	-14,924,087	-	-14,924,087
Amortisation	-338,357	-752,110	-1,090,467	-	-1,090,467
Disposals		677,775	677,775	-	677,775
Accumulated amortisation and impairment 31.12.2017	-2,549,674	-12,787,106	-15,336,780	-	-15,336,780
Net carrying amounts 31.12.2017	2,424,749	616,288	3,041,037	6,880,040	9,921,077

Tangible fixed assets

Year 2017	Buildings	Plant and equipment	Computer hardware	Furniture and vehicles	Other fixtures and fittings	Under finance lease	Total
Gross carrying amounts 01.01.2017	11,759,574	932,852	31,651,208	5,256,128	16,088,061	1,310,403	66,998,226
Additions	-	188,059	2,786,142	292,974	1,195,102	477,449	4,939,726
Disposals	-	-	-2,264,845	-7,394	-24,916	-	-2,297,155
Other changes	-	-	-	-	-	-	-
Gross carrying amounts 31.12.2017	11,759,574	1,120,911	32,172,506	5,541,708	17,258,247	1,787,852	69,640,798
Accumulated depreciation and impairment 01.01.2017	-2,652,273	-707,830	-24,421,425	-3,082,243	-11,129,013	-191,101	-42,183,885
Depreciation	-536,613	-112,047	-3,228,124	-499,160	-1,949,750	-359,499	-6,685,193
Disposals	-	-	2,246,365	4,387	23,192	-	2,273,944
Other changes	-	-	-	-	-	-	-
Accumulated depreciation and impairment 31.12.2017	-3,188,886	-819,877	-25,403,185	-3,577,015	-13,055,571	-550,600	-46,595,134
Net carrying amounts 31.12.2017	8,570,688	301,034	6,769,321	1,964,693	4,202,676	1,237,252	23,045,664

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 amount relates to pre-financing paid out from both the pre-financing received in respect of the Delegation Agreement and from the budget for the European Multidisciplinary Platform against Criminal Threats (EMPACT), minus the amount of estimated expenditure during 2017 (accrued charges).

2.4. Current receivables

	31.12.2017	31.12.2016
Open debtors (customers)	22,669	203,814
Open debtors (member states)	680,351	698,485
Open debtors (non-member states)	7,892	14,087
Open debtors (other)	18,260	3,026
VAT and other taxes	675,447	651,575
Total	1,404,619	1,570,987

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.

2.5. Sundry receivables

	31.12.2017	31.12.2016
Staff – salary and mission advances	75,172	114,884
Other – expenditure to be allocated	250,447	56,870
Total	325,619	171,754

The main reason for the increase in amount for other expenditure to be allocated is the increase in advance payments made to Guest Officers deployed at Hotspots.

2.6. Other

	31.12.2017	31.12.2016
Accrued income	43,379	27,052
Deferred charges	3,563,199	2,770,746
Total	3,606,578	2,797,798

The amount for accrued income relates to amounts recoverable by Europol relating to reimbursements and the outcome of one litigation case from 2017, but the debts towards Europol will only be recognised in the budget (revenue) 2018. Similarly the amount for deferred charges relates to invoices paid by Europol to suppliers in 2017, but relating to a period in 2018 (or beyond).

2.7. Short-term receivables with consolidated entities

This amount involves only one entity – European External Action Service – and is staff-related.

2.8. Cash and cash equivalents

These relate only to bank accounts as follows:

	31.12.2017	31.12.2016
Europol current accounts	15,148,636	14,772,504
Savings account ³	3,278,135	4,560,015
Local staff pension fund ⁴	444,359	408,642
Total	18,871,130	19,741,161

During 2017 Europol joined, as a contracting authority, the framework contract with the European Commission for its banking services resulting in the use of four banks in total. This was done primarily to avoid negative interest on keeping its available funds with one bank due to the current financial climate.

NON-CURRENT LIABILITIES

2.9. Pensions and other employee benefits

Historic elements

In October 2015, the Council of the European Union decided⁵ 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 the fund's assets and liabilities upon the closure of the fund were transferred to Europol.

The assets obtained are considered as planned assets; the liabilities inherited are hereafter referred to as defined benefit obligations. Due to the link with external assigned revenue (budget fund source R0) the planned assets can only be used by Europol to make payments related to the defined benefit obligation. Under the defined benefit obligation, Europol also recognises the surpluses as:

- a) Payable to Member States, pursuant to the principles upon which Article 58(5) of the Europol Decision were based;
- b) Payable to former active participants of the fund or their lawful heirs; and
- c) A remainder of the subsidies paid to Europol from the general budget of the European Union.

³ Ring-fenced for the planned assets for the defined benefit obligations. See point 2.9.

⁴ See notes under point 2.10. below.

⁵ 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.

Effects on the financial result 2017

At the year-end 2017 Europol made an in-house actuarial assessment of the defined benefit obligations, resulting in a decline of the residual defined benefit obligation 2017 by € 1,450,975 to € 3,330,986.

The table below summarises the total defined benefit obligations:

	31.12.2017	31.12.2016
Pension liabilities payable	3,194,626	3,307,424
Surplus to Member States	67,866	1,296,284
Surplus to former participants (or lawful heirs)	68,494	178,253
Total	3,330,986	4,781,961

This decreased level of Defined Benefit Obligations 2017 versus the Planned Assets of € 3,278,135 (see point 2.8 above) triggered a coverage ratio of 98.41% whereas 100% is required. In order to supplement the missing 1.59% Europol charged € 52,851 (2016: € 50,774) to its Statement of Financial Performance 2017 as an accrued charge.

Potential effect on the financial result 2018

It is important to note is that pursuant to Article 4 (b) of the Council Decision, 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 this date, the remaining portion of the related Planned Assets should have become other income for Europol. At 31.12.2017 the amount was € 68,494.

After obtaining internal legal advice Europol did not consider the € 68,494 as other income 2017, as a more robust file of administrative actions taken by Europol should support such recognition.

2.10. Other long-term liabilities

	31.12.2017	31.12.2016
Local staff pension contribution	444,359	408,642
Leasing liability on computer hardware	1,101,765	917,282
Total	1,546,124	1,325,924

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 provided to a third party who assures the liabilities accrued by obtaining the required assets thereto periodically. On a monthly basis the employer and employee contributions are set aside to a ring-fenced bank account (see point 2.8 above) with the sole purpose of financing the premiums to be paid to the third party.

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In 2014 a tender procedure to secure a new service provider as from 2015 onwards failed meaning no fees have been settled in relation to the employment periods beyond 01.01.2015. No new tender was initiated in 2016 and 2017 as it was considered more efficient to run a new tender for a pension insurer after Article 73 (4) of the Europol Regulation would be implemented as this would determine the rights to be reinsured by the contractor. In January 2018 the last staff members subject to Article 73 (4) took up a contract in accordance with the Conditions of Employment of Other Servants, meaning as from January 2018 no further Dutch labour law Defined Benefit old age pension rights are accrued and a tender can be launched to secure the entitlements linked to the employment period 2015–2017.

The lack of having a pension reinsurer for these 3 years made Europol liable to cover the pension rights. An internal worst-case actuarial calculation established the pension cost in relation to 2015, 2016 and 2017 to be € 262,669. Since the internal calculation was considerably lower than the available bank balance, no external actuarial calculation was deemed necessary to provide an external assurance on the financial health of the fund.

In 2018 Europol will have to launch a legal review on determining how the excess funds of the Planned Assets will have to be treated under Dutch labour law:

- Considered other income for Europol, or;
- entitlements for the former Local Staff members in the form of a repayment of premiums or extra pension rights linked to their past employment, or;
- a possible combination of both aforementioned elements.

As both the tender and settlement of a left over balance are likely to trigger multi-year projects, it is 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	31,000
Additions	-
Utilised	-
Unused	-14,000
Transferred to non-current	-
Total as at 31.12.2017	17,000

The provision for the litigation cases provides for the applicants' legal costs involving three open cases.

CURRENT LIABILITIES

2.12. Current Financial Liabilities

The total amount relates to the short-term leasing liability on computer hardware.

2.13. Current payables

	31.12.2017	31.12.2016
Amounts payable - vendors	1,835,189	1,182,974
Amounts payable - Member States	2,889	35,838
Invoices / credit notes pending verification	-1,826,904	-1,163,708
Total	11,175	55,103

2.14. Sundry payables

	31.12.2017	31.12.2016
Fixed assets – goods received ⁶	396,651	242,185
Payments pending information	715	6,297
Total	397,367	248,482

2.15. Other accounts payable

	31.12.2017	31.12.2016
Accrued charges ⁷	3,059,826	3,818,298
Accrued charges with consolidated entities	365	9,484
Accrual for untaken annual leave at year-end	1,205,111	1,015,127
Deferred income ⁸	30,668	18,620
Total	4,295,969	4,861,529

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

	31.12.2017	31.12.2016
Surplus from EC subsidy ⁹	1,158,893	1,868,249
Balance on pre-financing received for the Delegation Agreement	3,250,070	5,456,334
Balance on pre-financing received for the Hotspot Grant	23,430	395,969
Balance on pre-financing received for Grant agreements with EUIPO	979,894	717,107
Other accounts payable	5,368	15,388
Total	5,417,655	8,453,048

⁶ Fixed assets received, but not yet paid.

⁷ Invoices to be paid in 2018 relating to goods/services delivered in 2017 and expensed (not capitalised).

⁸ Receipts 2017 to be put to budget 2018.

⁹ This is the budget result (see page 54 below).

3. NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE

3.1. Revenue

According to EU Accounting Rules, all revenue should be split between that from exchange transactions (EU Accounting Rule 4) and that from non-exchange transactions (EU Accounting Rule 17).

An overview of the total amount of revenue is provided below:

	Non-exchange	Exchange
EC Subsidy ¹⁰	113,464,720	
Cut-off 2017 - grants	9,485,219	
Agreement with Denmark ¹¹	1,455,171	
Host State reimbursement	209,913	
Private mobile phone reimbursements		79,019
NEUS connection reimbursements ¹²		47,346
Cut-off 2017 – accrued income		43,379
Mission-related reimbursements	26,553	14,173
Sale of fixed assets		25,810
Litigation cases	19,381	20,638
Operational subsidy refunds ¹³	18,815	
VAT refunds	11,249	
Exchange rate differences		6,299
Other reimbursements	634	6,080
Reverse cut-off 2016 - grants	-4,647,697	
Reverse cut-off 2016 – accrued income		-27,052
Total	120,043,959	215,692

3.2. Expenditure

A total of >€ 8.3M is included in the Statement of Financial Performance relating to expenditure made from carry forward budgetary commitments from 2016. This is not included in the budgetary result 2017 as it relates to the implementation of the EC Subsidy 2016. However details of this implementation can be found on page 51 of these accounts.

A net total of almost € 400K relates to accrual and deferral adjustments (cut-offs) for the years 2016 and 2017.

Operational

One of the large differences between the operational costs detailed in the budget result and those in the Statement of Financial performance is due to the capitalised and expected to be capitalised (under construction) costs of the Internally-generated intangible assets which totalled >€ 2.3M. Details can be found under point 2.1 above.

¹⁰ Total EC subsidy minus surplus to be paid back to the European Commission (see page 54).

¹¹ Further explanation provided on page 43.

¹² In accordance with the agreements with non-EU states, 50% of secure connection costs will be reimbursed to Europol.

¹³ Unused amounts of operational subsidies paid in previous years.

Staff

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

Almost all (aside from four staff with a local contract) salary calculations giving the total staff expenses included in the Statement of financial performance of the Agency 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.

One of the large differences between the staff costs detailed in the budget result and those in the Statement of Financial performance is due to the capitalised and expected to be capitalised (under construction) costs of the Internally-generated intangible assets which totalled >€ 2.4M. Another large difference (>€ 1.4M) relates to the adjustment for the employee benefit liability (see point 2.9. above).

Fixed asset-related

These expenses contain the charged depreciation of tangible and amortisation of intangible fixed assets and any amounts written-off.

Other

The total amount of € 16.5M can be broken down as follows:

	Amount
Maintenance, rent, security and insurance – building	3,726,021
Interest (mainly on leasing)	22,070
Office supplies and maintenance	1,867,215
Communications and publications	587,960
Legal	18,300
Insurance – others	44,428
Transport	51,401
Recruitment	403,468
Training	210,797
Missions	12,615
Experts and related expenditure	3,879,376
Other external services (non-IT)	1,914,847
Debts written-off	2,619
Expenses with consolidated entities ¹⁴	3,784,647
Total	16,525,764

Financial expenses

These relate to bank and credit card charges.

All differences between the Statement of Financial Performance and the budget result the can be found in the reconciliation on page 35.

¹⁴ More than 50% relates to Europol's contribution to the European School. A majority of the rest relates to interpretation, translation and publication costs.

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).

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 decrease in employee benefits (see point 2.9. above).

5. CONTINGENT ASSETS AND LIABILITIES AND OTHER SIGNIFICANT DISCLOSURES

5.1. Contingent Assets

The total amount of € 15K disclosed as a contingent asset as at 31 December 2017, concerns one outstanding litigation case and relates to covering Europol's legal costs.

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 EC Accounting rule 17, Europol discloses its free use of the office building (including parking facilities) during the year offered by the Host State. The estimated amount for the year 2017 was € 12.5M. This service-in-kind is, in principle, offered until the end of February 2031 (20-year lease agreement from 2011).

5.3.2. Remaining net RAL (Reste à Liquider)

The total amount of budget commitments carried forward to 2018 after deducting all eligible 2017 expenses amounted to € 9,216,240.

5.3.3. Other contractual commitments

Europol's contractual obligations as at 31.12.2017 not covered by the RAL (see above) totals € 2,657,449. 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 on the next page provides for the credit quality of Europol's financial assets that are neither past due or impaired.

Receivables with				
31 December 2017	Member States	Third parties including accruals & deferrals	Consolidated entities	Bank accounts
Counterparties <u>with</u> external credit rating	1,355,798	-	-	18,871,130
Prime and high grade	1,355,215	-	-	4,722,315
Upper medium grade	100	-	-	9,747,790
Lower medium grade	100	-	-	4,401,025
Non-investment grade	383	-	-	-
Counterparties <u>without</u> external credit rating	-	3,987,933	60	-
Debtors who never defaulted	-	3,986,571	60	-
Debtors who defaulted in the past	-	1,361	-	-

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 below shows Europol's liabilities (payables) that had a remaining contractual maturity as at 31.12.2017:

31 December 2017	< 1 year	1-5 years	Total
Payables with third parties	408,542	444,359	852,901
Payables with consolidated entities	5,417,655	-	5,417,655
Total liabilities	5,826,197	444,359	6,270,556

Market risk

Interest rate risk

Europol does not borrow any money; as a consequence it is not exposed to interest rate risk. It has, however, earned interest on balances it holds on its banks accounts. Europol retains this interest, in accordance with Article 58 of the Financial Regulation applicable to Europol, by way of an Amending Budget.

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.

Most financial assets and liabilities are in Euro, so in these cases Europol has no foreign currency risk.

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The table below provides an overview of Europol's market risk disclosures as at 31.12.2017:

31 December 2017	Euro	Euro equivalent	Total Euro
Monetary assets	24,214,920	-	24,214,920
Receivables with Member States	1,355,798	-	1,355,798
All receivables with third parties including accruals and deferrals	3,987,933	-	3,987,933
Receivables with consolidated entities	60	-	60
Cash and cash equivalents	18,871,130	-	18,871,130
Monetary liabilities	6,260,485	10,070	6,270,555
Payables with third parties	842,830	10,070 ¹⁵	852,901
Payables with consolidated entities	5,417,655	-	5,417,655
Net position	17,954,435	-10,070	17,944,365

7. CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies for the financial year 2017.

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 below:

Position	Grade	Number of Individuals	Total remuneration
Director	AD15	1	226,818
Deputy Director	AD14	1	158,612
Deputy Director	AD13	2	340,150
Total remuneration 2017			725,580

9. EVENTS AFTER THE BALANCE SHEET DATE

At the date these accounts were signed, no material issue came to the attention of the Accounting officer of Europol or was reported to her that would require a separate disclosure under that section.

¹⁵ Currencies include the British pound, Serbian dinar and Singaporean dollar.

10. RECONCILIATION BETWEEN STATEMENT OF FINANCIAL PERFORMANCE AND BUDGET RESULT

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

Description	Amount
Economic result (Statement of Financial Performance) 2017	6,724,509
Accruals/deferrals 2017	251,387
Accruals/deferrals reversed from 2016	-648,704
Adjustment for 2016 carry forward appropriations assigned revenue	9,783,165
Adjustment to employee benefit liability	-1,450,975
Cancellation of unused payment appropriations from 2016	834,972
Cashed balance sheet recovery orders issued in 2017	155,840
Cashed recovery orders issued before 2017	69,045
Depreciation and amortisation of fixed assets	7,775,666
Fixed asset acquisitions (excluding unpaid amounts at 31.12.2017)	-4,568,260
Fixed asset corrections	-96,933
Internally-generated fixed assets ¹⁶	-4,837,751
Open pre-financing paid in 2017	-2,799,159
Open pre-financing received in 2017	2,132,323
Other general ledger corrections	563
Payment appropriations carried forward to 2018	-18,756,290
Payments 2017 in Statement of Financial Performance 2016	-71,910
Payments made from carry forward 2016	8,359,503
Pre-financing received in 2016 and cleared in 2017	-1,500,000
Provisions (impact of the year)	-14,000
Uncashed recovery orders issued in 2017	-240,385
Unpaid invoices at 31.12.2017	29,890
Value reductions (impact of the year)	26,395
Total = Budget result 2017	1,158,893

¹⁶ This is the total amount capitalised in 2017 and considered under construction (including disposals).

REPORTS ON THE IMPLEMENTATION OF THE BUDGET

1. INTRODUCTION

This report provides the information of the 2017 budget implementation. The budget has been implemented in accordance with the Financial Regulation following the budgetary principles.

2. CONTENT

The main elements of the report on the implementation of the 2017 Budget are:

2.1 Explanatory notes on the budget implementation

- 2.1.1 Budget implementation 2017
- 2.1.2 Budget implementation of assigned revenue and expenditure
- 2.1.3 Implementation of appropriations carried forward from 2016 to 2017
- 2.1.4 Appropriations carried forward from 2017 to 2018
- 2.1.5 Revenue 2017
- 2.1.6 Budget transfers 2017
- 2.1.7 Budget result 2017

2.2 Budget implementation tables

- Table 1: Budget implementation 2017
- Table 2: Budget implementation of assigned revenue and expenditure
- Table 3: Implementation of appropriations carried forward from 2016 to 2017
- Table 4: Appropriations carried forward from 2017 to 2018
- Table 5: Revenue 2017
- Table 6: List of budget Transfers 2017
- Table 7: Budget result 2017

2.1. Explanatory notes on the budget implementation

In this section explanatory notes are provided for the implementation of the 2017 Budget. The tables containing the amounts for these notes are provided in the next section (Tables 1–7). Throughout these notes, fund sources for the different types of appropriations are mentioned. The definitions for which are as follows:

Fund Source Code	Concept	Presentation in the reports
C1	Initial Budget	Adopted budget for 2017
C4	Refunds	Internal assigned revenue (current year)
C5	Refunds carried forward	Internal assigned revenue (carried forward)
C8	Automatic carry forward	Carried forward from 2016 to 2017
R0	Refunds	Other external assigned revenue

The Europol budget 2017, amounting to € 114.6M, was adopted by the Management Board in December 2016. No amendments were made to the general budget under fund source C1. The budget under fund source R0 for external assigned revenue was, however, amended three times for a total amount of € 4.6M:

1. To ensure the continuation of secondary security checks at hotspots (€ 2.2M);
2. To continue supporting the fight against Intellectual Property Rights infringements as supported by EUIPO (€ 950K);
3. A contribution received from Denmark in line with the agreement¹⁷ (€ 1.46M).

The total budget for all fund sources available in 2017 (C1, C4, C5, C8 and R0) came to € 138.7M.

2.1.1. Budget implementation 2017 (fund source C1)

In order to measure the budget performance, several key performance indicators (KPIs) directly linked to the Europol Work Plan 2017 were set at the beginning of the year, following recommendations from the European Commission and the European Court of Auditors (ECA).

Budget performance was measured for the overall budget based on the implementation of the budget (commitments and payments). The target set for the commitment implementation rate was at least 95% and for the payment implementation rate it was recommended at least 90% of the budget at the end of the year in order to secure a reasonable carry forward to the following year. The targets for the payment implementation rates per Title were at least 90% for Title 1, 80% for Title 2 and 70% for Title 3. In addition the cancellation of the carry forward commitments from 2016 should not exceed 5%.

¹⁷ 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.

The final outcome of the KPIs for 2017 was as follows:

- The implementation of commitment appropriations, referred to in this report under Section 2.2 (Table 1), was 99.7% and therefore well above the target of 95%.
- The overall payment rate was just under the target at 89%. This was mainly due to the relatively late receipt of the separate funding from Denmark and late overall budget transfers to optimise implementation. In line with the expectation, the payment rate for Title 1 and Title 3 was above target (98.9% and 72.5% respectively) while the payment rate for Title 2 (72.3%) was slightly below the set target, but 11.7% higher than in 2016. The reason for not achieving the target for Title 2 (Administrative expenditure) was mainly due to the structure of the expenditure and the lengthy process necessary before sub-contractors and the Host State can invoice Service Level Agreement activities related to maintenance and additional work to the Europol building.
- The target for the cancellation of the carry forward commitments from 2016 (Section 2.2, Table 3) was not reached as the cancelled carry forward commitments amounted to 9.1%. A total of € 835K was not used and was therefore incorporated in the final budget result.

Title 1 – Staff related expenditure

The implementation rate of commitments for Title 1 was 99.9% and the payment rate came to 98.9%. The amending budget from the Denmark agreement under fund source R0 (external assigned revenue € 1.46M) and amounts carried forward under fund source C5 carried forward from 2016 (internal assigned revenue € 509K) were also used to cover salary expenditure.

The final salary and staff expenditure was higher than initially budgeted due to:

- The retroactive salary increase (+1.5%);
- The increase of the weighting coefficient for the Netherlands from 108% to 108.3%;
- A significant increase of expenditure for recruitment and other resettlement allowances due to the increase of staff.

A number of transfers from other budget items (amounting to € 854K) were made to Chapter 11 – Staff in active employment to cover the higher costs. Overall the budget in Title 1 only increased by € 127K due to some savings made in other areas under this Title (e.g. for other external services and for the European school).

The budget was fully committed and 1.1% of the budget under Title 1 was carried forward to 2018 mainly for staff expenditure (e.g. recruitments, medical and training expenses) and expenditure related to facilities (e.g. catering, removal services, audio visual support and consultancy services).

Title 2 – Other administrative expenditure

The implementation rate for commitments for Title 2 came to 99.6% and the payment rate was 72.3%.

The payment implementation for building-related expenditure is traditionally slower as it requires involvement of (sub) contractors before the Host State can issue an invoice. Therefore the payment rate for this part of the budget came to 66.4%. In addition, transfers were made late in the year to place orders for the replacement of end-of-life equipment and for activities related to the Strategic Housing Roadmap (SHR) and new furniture investments. An amount of € 2.1M was carried forward.

The commitment implementation rate for administrative ICT and telecommunication costs was 99.7% and the payment rate was 82.7%. The commitments related mostly to on-going running network and telecommunication expenditure and costs for software maintenance and consultancy services for the administrative systems (Facility Management Information System, Human Resources System, Integrated Resources Information System, etc.).

The implementation of governance and statutory expenditure was high. Both commitment and payment rates were above the set KPI for Title 2.

During the year the budget under Title 2 increased by € 373K from Title 3. This additional budget was used for the replacement of two video walls. In addition, the budget for Other building expenditure (Budget item 2050) was increased by € 529K to fund the necessary "one-off" activities related to the SHR. Savings were found in other facilities running costs and the budget for statutory expenditure was reduced by 24%.

An amount of € 2.68M is carried forward to 2018, representing 27.3% of the budget under Title 2. Out of the carried forward amount, 78.9% was for facilities-related expenditure, 14.5% for administrative ICT expenditure and the remaining 6.6% for other governance expenditure (including statutory expenditure).

Title 3 – Operational activities

The overall commitment implementation rate under Title 3 came to 99.3% and the payment rate was 72.5%.

The implementation of Chapter 30 – Operations - was very much affected by the budget for the European Multidisciplinary Platform against Criminal Threats (EMPACT) for which the funding for grants for Member States was integrated into the Europol budget for the first year. In previous years funds were implemented under a Delegation Agreement with the European Commission as external assigned revenue (fund source R0). An amount of € 4M was available for EMPACT activities including high and low value grants for Member States (MS). As not all the funds for EMPACT were applied for by MS, in particular the low value grants, part of the funds were transferred for other operational activities in the areas of ICT and facilities. Funds were only transferred late in the year after MS confirmed that they would not use the remaining funds in 2017 and after informing the Standing Committee on Operational Cooperation on Internal Security (COSI). By the end of the budgetary year, € 1.14M was transferred to other areas and the remaining € 277K was not used and consequently lapsed. A considerable part of the budget under this Chapter (33%) was implemented for operational meeting support for MS and third states. The final implementation rate for Chapter 30 was 97.6% and the payment rate came to 82.9%.

The implementation of the operational ICT and telecommunication budget was 100% and the payment rate came to 63%. As a result of the late budget transfers to these budget chapters, not all final amounts for hardware and software were implemented by the end of the budgetary year. Overall, the budget for operational ICT was increased during the year by € 886K. An amount of € 7.55M was carried forward to 2018.

The implementation of the other Chapters under Title 3 (Seconded National Experts, EPCC and HENU) was very high and both rates (commitments and payments) reached almost 100%.

An amount of € 8.8M is carried forward, representing 27% of the budget under Title 3. Out of the carried forward amount, 85% relates to the operational information and telecommunication costs. The remaining 15% relates to the other operational activities.

2.1.2. Budget implementation of assigned revenue and expenditure (fund sources C4, C5, R0)

With regard to the implementation of internal assigned revenue, there is a distinction between the funds that were established in 2017 (fund source C4) and the funds carried forward from 2016 (fund source C5):

C4: During the year 2017 an overall amount of € 294K was established and cashed. Of these funds 60%, amounting to € 175K, were recovered from ICT-related refunds. These funds were carried forward (to fund source C5) and will be implemented in 2018.

C5: The appropriations carried forward from 2016 amounted to € 1M and was fully implemented during 2017. More than half of the funds were used to cover the shortage due to the salary increase.

R0: The external assigned revenue included in the budgetary accounts came to € 13.5M. This related to five different agreements for which the implementation of four had already started before 2017 and continued into 2017:

- € 4.7M was carried forward from 2016 for the further implementation of the Europol Pension Fund surplus after the Fund's closure. € 1.5M was paid and the remainder amounting to € 3.3M was carried forward to 2018.
- € 2.9M was carried forward from 2016 for a delegation agreement which entrusted Europol with support tasks during a portion of the policy cycle 2015-2017 concerning EMPACT activities. In addition an amount of € 155K previously paid out as pre-financing to MS was reimbursed to Europol. By the end of the year 2017 € 1.15M was paid and € 1.9M was carried forward to 2018 for the final closure of the delegation agreement.
- In 2016 a grant agreement from the ISF Police 2015 emergency fund for secondary security checks at hotspots was received and the remaining open budget of € 396K was carried forward to 2017. The grant was fully implemented and closed. In 2017 a second grant for hotspots was received amounting to € 2.2M. All funds were committed and only a small amount of € 23K was carried forward to 2018 to cover for the final payments.
- An amount of € 717K was carried forward from 2016 and a new grant agreement of € 950K was signed in 2017 with the European Union Intellectual Property Office for the fight against Intellectual Property Rights infringements under Chapter 37. 90% of the budget was implemented in 2017 and the remaining € 954K will be implemented in 2018.
- Following the agreement made between Europol and Denmark as a consequence of the new Europol Regulation, for which Denmark did not ratify, a contribution amounting to € 1.46M was received. Almost the full amount was used in 2017 and the remaining balance will (after review and settlement) be reduced from future contributions in line with the contractual provisions.

2.1.3. Implementation of appropriations carried forward from 2016 to 2017

The final implementation rate of the carry forward is 90.9% which was considerably higher than last year (6.4%). The carry forward from 2016 came to a total of € 9.2M to cover existing commitments. A total of € 835K was not used and was thus incorporated in the final budget result. Out of the € 853K not used:

- € 59K related to Title 1, which was 10% of the carried forward amount under Title 1.
- € 125K related to Title 2, which was 3.4% of the carried forward amount under Title 2.
- € 651K related to Title 3, which was 13.2% of the carried forward amount under Title 3.

Unused amounts related to:

- € 127K for travel expenses after the final correction of the closure of the first grant for security checks at hotspots.
- € 417K for various ICT consultancies and € 31K for other software and hardware-related expenditure.
- € 79K for fixed telephone, internet and mobile telecommunication costs.

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- € 84K for various administrative and governance expenditure.
- € 62K for various operational expenditure.
- € 35K for various facilities-related expenditure.

2.1.4. Appropriations carried forward from 2017 to 2018

Article 14.5 of the Financial Regulation applicable to Europol - Carry-over of appropriations (fund sources C1 to C8)

Non-differentiated appropriations corresponding to obligations duly contracted at the end of the financial year shall be carried over automatically to the following financial year only.

Payment appropriations to cover existing commitments amounting to € 12.28M were carried forward. This represented 10.7% of the overall budget (€ 114.6M) and was almost € 3.1M more than in the previous year. Out of the € 12.28M carried forward:

- € 763K concerned Title 1 (Staff), which was 1.1% of the total Title 1 budget (€ 71.93M).
- € 2.68M concerned Title 2 (Administrative Expenditure), which was 27.3% of the total Title 2 budget (€ 9.82M).
- € 8.83M concerned Title 3 (Operational Expenditure), which was 26.9% of the total Title 3 budget (€ 32.87M).

Article 15(b) of the Financial Regulation applicable to Europol - Carry-over of internal assigned revenue

Commitment appropriations (fund sources C4 to C5)

The appropriations available at 31 December 2017 arising from assigned revenue shall be carried over automatically for one year, with the exception of external assigned revenue which may be used until the time the project is carried out. A total amount of € 294K is carried forward.

Article 15(a) of the Financial Regulation applicable to Europol - Carry-over of external assigned revenue (R0 to R0)

The unspent appropriations for external assigned revenue shall be carried over automatically. An amount of € 8.76M was carried over from 2016. In addition € 4.78M was received (cash) in 2017. All unused revenue amounting to € 3.88M and available commitments amounting to € 2.3M were carried forward to 2018. Out of the total carried forward amount of € 6.19M:

- € 3.28M concerned the assigned revenue related to the Europol Pension Fund under Chapter 11.
- € 1.93M concerned the implementation of the Delegation Agreement for the EMPACT activities under Chapter 36.
- € 23K related to the second Grant for the secondary security checks at hotspots under Chapter 36.
- € 954K related to the grant agreement for the fight against Intellectual Property Rights infringements under Chapter 37.
- € 5.1K related to the agreement with Denmark under Chapter 11.

2.1.5. Revenue 2017

The revenue of Europol was fully covered by the Community subsidy, amounting to € 114.62M in 2017, including € 1.6M for the European School.

During the year three amending budgets for external assigned revenue were adopted and fully cashed, amounting to € 4.61M:

1. A new grant agreement between EUIPO and Europol was signed in December 2017 to ensure the continuation of financing actions carried out under the Agreement on Strategic Co-operation between the two entities. The new grant amounting to € 950K was used by the European Serious Organised Crime Centre, Intellectual Property Crime Coordinated Coalition (IPC3) to implement the activities related to online infringements of intellectual property rights and online financial payment systems.
2. The Agreement between the Kingdom of Denmark and Europol was signed in April 2017 as a consequence of the new Europol Regulation, to which Denmark did not ratify. Denmark's resulting financial contribution to Europol for the budget year 2017 came to € 1.46M.
3. A new agreement to award a second grant for secondary security checks at hotspots, including training and deployment of Guest Officers and Europol staff for monitoring and guidance purposes, was signed in July 2017. The total amount of the grant was € 2.2M.

Besides this, € 155K previously paid out as pre-financing to MS was reimbursed to Europol as part of external assigned revenue related to the Delegation agreement for EMPACT. Only a small amount of € 246 was left uncashed by the end of the year and was therefore carried forward.

During the year 2017 an amount of € 296K was cashed as internal assigned revenue (fund source IC4/IC41). This revenue was linked to expenditure budget items where it will be re-used for future expenditure in the budgetary year 2018. Outstanding recovery orders amounting to € 240K were carried forward to 2018 for future cashing.

2.1.6. Budget transfers 2017

Throughout the year a total number of 64 transfers were made for a total amount of almost € 7M (or 6.1% of the total budget).

Overall the budget under Title 1 (+€ 127K) and Title 2 (+€ 373K) increased by transfers from Title 3 (-€ 500K).

The budget for 2017 was drawn up without margins and contingencies. Therefore all departments were encouraged to identify opportunities to reduce costs for their planned activities by applying efficiency savings or re-prioritising in order to support the salary increase (+1.5%) and the weighting coefficient increase for The Netherlands from 8% to 8.3% that needed to be implemented at the end of the year.

In addition some adjustments were necessary due to the relatively late cashing of funds received related to the agreement with Denmark. Towards the end of the year, and partially as a consequence of the low implementation of the budget for EMPACT to support MS via grants, some additional opportunities for re-prioritisation arose, in particular for needs in the areas of facilities and ICT.

All transfers were decided by the Executive Director in accordance with Article 27(1) of the Financial Regulation applicable to Europol.

2.1.7. Budget Result 2017

The overall budget result (surplus) for the financial year 2017 was € 1.2M, broken down as follows:

- An amount of € 320K of the 2017 budget was not committed and lapsed. The majority of the unused budget was within Operations (Chapter 30). This included an amount of € 177K for EMPACT grants which remained unspent due to limited applications.
- An amount of € 835K of appropriations carried forward from 2016 to 2017 was not used.
- The exchange rate difference was € 3.6K (gain).

2.2. Budget Implementation Tables

Table 1: Budget implementation 2017 (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 forward to 2018 (4) = (2)-(3)	Rate carried forward = (4)/(2)
A-11	Staff in active employment	67,070,384	67,051,198	100%	19,186	-67,019,954	100%	31,244	0%
A-13	Sociomedical infrastructure	944,100	934,138	99%	9,962	-708,414	75%	225,724	24%
A-14	Training	345,000	330,976	96%	14,024	-209,376	61%	121,600	35%
A-15	Other staff-related expenditure	3,486,179	3,468,959	100%	17,220	-3,103,822	89%	365,137	10%
A-16	Entertainment and representation expenses	83,000	79,674	96%	3,326	-60,447	73%	19,227	23%
	Total Title 1	71,928,663	71,864,946	100%	63,717	-71,102,013	99%	762,933	1%
A-20	Rental of buildings and associated costs	5,721,550	5,716,491	100%	5,059	-3,833,781	67%	1,882,710	33%
A-21	Administrative information technology	1,702,800	1,697,421	100%	5,379	-1,430,393	84%	267,027	16%
A-22	Movable property and associated costs	747,700	734,914	98%	12,786	-524,949	70%	209,965	28%
A-23	Current administrative expenditure	351,200	337,512	96%	13,688	-242,766	69%	94,746	27%
A-24	Postal charges and telecommunications	638,000	633,567	99%	4,433	-507,459	80%	126,108	20%
A-25	Statutory expenditure	663,200	662,719	100%	481	-562,807	85%	99,912	15%
	Total Title 2	9,824,450	9,782,622	100%	41,828	-7,102,154	72%	2,680,469	27%

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Chapter	Description	Final budget (1)	Committed (2)	Rate committed = (2)/(1)	CA not used = (1) - (2)	Paid (3)	Rate paid = (3)/(1)	PA carried forward to 2018 (4) = (2) - (3)	Rate carried forward = (4)/(2)
B3-0	Operations	8,679,800	8,472,018	98%	207,782	-7,192,546	83%	1,279,472	15%
B3-1	Operational information technology	19,543,900	19,537,342	100%	6,558	-12,156,183	62%	7,381,159	38%
B3-2	Telecommunication costs for operational activities	882,200	881,794	100%	406	-712,080	81%	169,714	19%
B3-3	Seconded National Experts (Operational)	3,386,100	3,386,066	100%	34	-3,386,066	100%	-	0%
B3-4	EPCC	268,500	268,500	100%	-	-267,500	100%	1,000	0%
B3-5	Heads of Europol National Units	110,000	110,000	100%	-	-108,680	99%	1,320	1%
	Total Title 3	32,870,500	32,655,720	99%	214,780	-23,823,055	72%	8,832,664	27%
	Total	114,623,613	114,303,288	100%	320,325	-102,027,222	89%	12,276,066	11%

Table 2: Budget implementation 2017 of assigned revenue and expenditure

Fund source C4 - Internal assigned revenue 2017

Item	Description	Revenue cashed (1)	Committed (2)	Rate committed = (2)/(1)	Paid (3)	Rate paid = (3)/(1)	CA carried forward to 2018 = (1)-(2)	PA carried forward to 2018 = (2)-(3)
1100	Basic salaries	18,990	-	0%	-	0%	18,990	-
	Total Title 1	18,990	-	0%	-	0%	18,990	-
2050	Other building related expenditure	3,000	-	0%	-	0%	3,000	-
2100	Administrative purchase and maintenance of HW & SW	78,823	-	0%	-	0%	78,823	-
2210	Furniture and other acquisitions	42,558	-	0%	-	0%	42,558	-
	Total Title 2	124,381	-	0%	-	0%	124,381	-
3000	Meetings	25,179	-	0%	-	0%	25,179	-
3003	Missions	28,537	-	0%	-	0%	28,537	-
3100	Operational purchase and maintenance of HW and SW	42,560	-	0%	-	0%	42,560	-
3200	Operational telecommunications costs	54,464	-	0%	-	0%	54,464	-
	Total Title 3	150,740	-	0%	-	0%	150,740	-
	Total	294,111	-	0%	-	0%	294,111	-

Fund source C5 - Assigned revenue appropriations carried forward from 2016

Item	Description	Carried forward (1)	Committed (2)	Rate committed = (2)/(1)	Paid (3)	Rate paid = (3)/(1)	CA carried forward to 2018 = (1)-(2)	PA carried forward to 2018 = (2)-(3)
1100	Basic salaries	509,078	509,078	100%	-509,078	100%	-	-
	Total Title 1	509,078	509,078	100%	-509,078	100%	-	-
2100	Administrative purchase and maintenance of HW and SW	63,843	63,843	100%	-63,843	100%	-	-
2210	Furniture and other acquisitions	11,500	11,500	100%	-11,500	100%	-	-
2336	Other expenditure	5,283	5,283	100%	-5,283	100%	-	-
	Total Title 2	80,627	80,627	100%	-80,627	100%	-	-
3000	Meetings	61,445	61,445	100%	-61,445	100%	-	-
3003	Missions	912	912	100%	-912	100%	-	-
3007	Operational subsidies	52,895	52,895	100%	-52,895	100%	-	-
3100	Operational purchase and maintenance of HW and SW	297,506	297,506	100%	-297,506	100%	-	-
3200	Operational telecommunications costs	6,822	6,822	100%	-6,822	100%	-	-
3400	EPCC	12,480	12,480	100%	-12,480	100%	-	-
	Total Title 3	432,060	432,060	100%	-432,060	100%	-	-
	Total	1,021,765	1,021,765	100%	-1,021,765	100%	-	-

Fund source R0 – External assigned revenue and expenditure

Item	Description	Revenue cashed (1)	Committed (2)	Rate committed = (2)/(1)	Paid (3)	Rate paid = (3)/(1)	CA carried forward to 2018 = (1)-(2)	PA carried forward to 2018 = (2)-(3)
1100	Basic salaries	1,455,171	1,450,000	100%	-1,450,000	100%	5,171	-
1184	Pensions under Europol convention	4,740,777	1,589,627	34%	-1,463,960	31%	3,151,150	125,667
Total Title 1		6,195,948	3,039,627	49%	-2,913,960	47%	3,156,321	125,667
3600	Operational expenditure related to subsidies and grants	5,676,833	5,115,336	90%	-3,726,842	66%	561,497	1,388,494
3700	Operational expenditure related to research and development projects	1,667,107	1,500,533	90%	-712,972	43%	166,574	787,560
Total Title 3		7,343,940	6,615,869	90%	-4,439,814	60%	728,071	2,176,055
Total		13,539,888	9,655,496	71%	-7,353,775	54%	3,884,392	2,301,721

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Breakdown of R0:

Published in 2017

Chapter	Description	Revenue cashed (1)	Committed (2)	Rate committed = (2)/(1)	Paid (3)	Rate paid = (3)/(1)	CA carried forward to 2018 = (1)-(2)	PA carried forward to 2018 = (2)-(3)
1 1	Staff in active employment	1,455,171	1,450,000	100%	-1,450,000	100%	5,171	-
	Total Title 1	1,455,171	1,450,000	100%	-1,450,000	100%	5,171	-
3 6	Operational expenditure related to subsidies and grants	2,205,936	2,205,936	100%	-2,182,506	99%	-	23,430
3 7	Operational expenditure related to research and development projects	950,000	783,426	82%	-25,151	3%	166,574	758,275
	Total Title 3	3,155,936	2,989,362	95%	-2,207,657	70%	166,574	781,705
	Total	4,611,107	4,439,362	96%	-3,657,657	79%	171,745	781,705

Carried forward from 2016

Chapter	Description	Revenue cashed (1)	Committed (2)	Rate committed = (2)/(1)	Paid (3)	Rate paid = (3)/(1)	CA carried forward to 2018 = (1)-(2)	PA carried forward to 2018 = (2)-(3)
1 1	Staff in active employment	4,740,777	1,589,627	34%	-1,463,960	31%	3,151,150	125,667
	Total Title 1	4,740,777	1,589,627	34%	-1,463,960	31%	3,151,150	125,667
3 6	Operational expenditure related to subsidies and grants	3,470,898	2,909,401	84%	-1,544,337	44%	561,497	1,365,064
3 7	Operational expenditure related to research and development projects	717,107	717,107	100%	-687,821	96%	-	29,286
	Total Title 3	4,188,005	3,626,507	87%	-2,232,158	53%	561,497	1,394,350
	Total	8,928,781	5,216,134	58%	-3,696,118	41%	3,712,647	1,520,016
	Total	13,539,888	9,655,496	71%	-7,353,775	54%	3,884,392	2,301,721

Table 3: Implementation of appropriations carried forward from 2016 to 2017 (Fund source C8)

Chapter	Description	Carried forward (1)	Paid (2)	Rate paid = (2)/(1)	PA not used = (1)-(2)	Rate PA not used (3)
11	Staff in active employment	95,590	-81,008	85%	14,582	15%
13	Sociomedical infrastructure	170,940	-163,880	96%	7,060	4%
14	Training	78,634	-61,861	79%	16,773	21%
15	Other staff-related expenditure	227,973	-212,375	93%	15,598	7%
16	Entertainment and representation expenses	17,328	-12,351	71%	4,977	29%
	Total Title 1	590,466	-531,475	90%	58,991	10%
20	Rental of buildings and associated costs	2,132,334	-2,126,054	100%	6,279	0%
21	Administrative information technology	776,420	-720,745	93%	55,675	7%
22	Movable property and associated costs	226,935	-222,077	98%	4,858	2%
23	Current administrative expenditure	56,159	-45,629	81%	10,530	19%
24	Postal charges and telecommunications	322,683	-286,916	89%	35,767	11%
25	Statutory expenditure	141,473	-129,554	92%	11,918	8%
	Total Title 2	3,656,004	-3,530,975	97%	125,028	3%
30	Operations	591,508	-401,160	68%	190,347	32%
31	Operational information technology	4,240,276	-3,847,552	91%	392,725	9%
32	Telecommunication costs for operational activities	104,931	-48,006	46%	56,925	54%
33	Seconded National Experts (Operational)	11,291	-335	3%	10,956	97%
34	EPCC		-			
35	Heads of Europol National Units		-			
	Total Title 3	4,948,006	-4,297,052	87%	650,953	13%
	Total	9,194,476	-8,359,503	91%	834,972	9%

Table 4: Appropriations carried forward from 2017 to 2018

Description	Fund source sender	Fund source receiver	Carry forward of CA	Carry forward of PA	Total
Payment appropriations current budget	C1	C8	-	12,276,066	12,276,066
Commitment appropriations arising from internal assigned revenue	C4	C5	294,111	-	294,111
Payment appropriations arising from external assigned revenue	R0	R0	3,884,392	2,301,721	6,186,113
Total			4,178,503	14,577,787	18,756,290

Table 5: Revenue 2017

Item	Fund source	Heading	Published budget	Established revenue	Cashed revenue	Outstanding amount
9000	IC1	Regular subsidy from the Community	113,009,613	113,009,613	113,009,613	-
9001	IC1	Subsidy for European School	1,614,000	1,614,000	1,614,000	-
9200	IC41	Other internally-generated revenue carried over from previous year		65,910	65,910	-
9200	IC4	Other internally-generated revenue established in the current year		469,801	230,151	239,650
9010	IR11	Other subsidies and grants carried over from previous year		92,593	92,593	-
9010	IR1	Other subsidies and grants established in the current year	3,155,936	3,219,429	3,219,183	246
9101	IR1	Contribution Denmark	1,455,171	1,455,171	1,455,171	-
9200	IR1	Other revenue established in the current year		9,590	9,590	-
Total revenue			119,234,720	119,936,108	119,696,212	239,896

Table 6: List of Transfers 2017

Chapter	Description	Initial budget	Transfers	Final budget
A-11	Staff in active employment	66,216,563	853,821	67,070,384
A-13	Sociomedical infrastructure	1,028,000	-83,900	944,100
A-14	Training	400,000	-55,000	345,000
A-15	Other staff-related expenditure	4,089,000	-602,821	3,486,179
A-16	Entertainment and representation expenses	68,000	15,000	83,000
	Total Title 1	71,801,563	127,100	71,928,663
A-20	Rental of buildings and associated costs	4,896,550	825,000	5,721,550
A-21	Administrative information technology	1,925,500	-222,700	1,702,800
A-22	Movable property and associated costs	757,500	-9,800	747,700
A-23	Current administrative expenditure	481,500	-130,300	351,200
A-24	Postal charges and telecommunications	521,500	116,500	638,000
A-25	Statutory expenditure	869,000	-205,800	663,200
	Total Title 2	9,451,550	372,900	9,824,450
B3-0	Operations	10,132,500	-1,452,700	8,679,800
B3-1	Operational information technology	18,630,000	913,900	19,543,900
B3-2	Telecommunication costs for operational activities	910,000	-27,800	882,200
B3-3	Seconded National Experts (Operational)	3,408,000	-21,900	3,386,100
B3-4	EPCC	200,000	68,500	268,500
B3-5	Heads of Europol National Units	90,000	20,000	110,000
	Total Title 3	33,370,500	-500,000	32,870,500
	Total	114,623,613	-	114,623,613

Table 7: Budget result 2017

	2017	2016
REVENUE		
Union contribution, cashed	114,623,613	102,242,000
Other revenue, cashed	5,072,599	15,148,869
TOTAL REVENUE (a)	119,696,212	117,390,869
EXPENDITURE		
Budget Title 1: Staff		
Payments current year	74,525,051	69,943,099
Appropriations carried over to next year	4,063,911	5,830,731
Budget Title 2: Administrative		
Payments current year	7,182,780	5,473,394
Appropriations carried over to next year	2,804,849	3,736,630
Budget Title 3: Operational		
Payments current year	28,694,930	27,420,493
Appropriations carried over to next year	11,887,530	9,410,279
TOTAL EXPENDITURE (b)	129,159,052	121,814,627
RESULT FOR THE FINANCIAL YEAR BEFORE SPECIAL ITEMS (a-b)	-9,462,840	-4,423,758
Cancellation of unused payment appropriations carried over from the previous year	834,972	1,612,811
Adjustment for carry-over from the previous year – assigned revenue	9,783,165	4,677,757
Exchange rate differences	3,595	1,439
BUDGET RESULT 2017	1,158,893	1,868,249