

Europol Public Information



The Hague, 13 June 2017
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FINAL ANNUAL ACCOUNTS

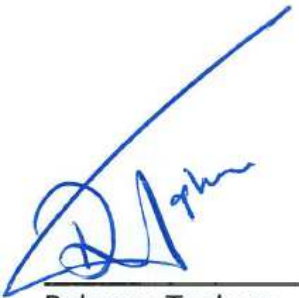
Financial Statements & Reports on the Implementation of the Budget

Financial Year 2016

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, together with the opinion of the Management Board, to the European Parliament, national parliaments, the Council, the European Commission's Accounting Officer and the European Court of Auditors by 1 July 2017 in accordance with Article 60 of the Europol Regulation and Article 99 of the Financial Regulation (FR) applicable to Europol.



Rebecca Topham
Accounting Officer

The Hague, 13 June 2017



Rob Wainwright
Executive Director

The Hague, 19 June 2017

Table of Contents

CERTIFICATE	4
INTRODUCTION	5
FINANCIAL STATEMENTS.....	9
BALANCE SHEET	10
STATEMENT OF FINANCIAL PERFORMANCE	11
CASH FLOW STATEMENT.....	12
STATEMENT OF CHANGES IN NET ASSETS	13
NOTES TO THE FINANCIAL STATEMENTS	14
1. SIGNIFICANT ACCOUNTING POLICIES	14
2. NOTES TO THE BALANCE SHEET	20
3. NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE	30
4. NOTES TO THE CASH-FLOW STATEMENT	31
5. CONTINGENT ASSETS AND LIABILITIES AND OTHER SIGNIFICANT DISCLOSURES	32
6. FINANCIAL INSTRUMENTS.....	32
7. CHANGES IN ACCOUNTING POLICIES	34
8. RELATED PARTY DISCLOSURE	34
9. EVENTS AFTER THE BALANCE SHEET DATE	34
10. RECONCILIATION BETWEEN STATEMENT OF FINANCIAL PERFORMANCE AND BUDGET RESULT	35
REPORTS ON THE IMPLEMENTATION OF THE BUDGET.....	36
INTRODUCTION and CONTENT.....	37
2.1. Explanatory notes on the budget implementation	38
2.1.1. Budget implementation 2016	38
2.1.2. Budget implementation of assigned revenue and expenditure	40
2.1.3. Implementation of appropriations carried forward from 2015 to 2016	42
2.1.4. Appropriations carried over from 2016 to 2017	43
2.1.5. Revenue 2016.....	44
2.1.6. Budget transfers 2016	45
2.1.7. Budget Result 2016	45
2.2. Budget Implementation Tables.....	47
Table 1: Budget implementation 2016	47
Table 2: Budget implementation of the assigned revenue and expenditure.....	49
Table 3: Implementation of appropriations carried forward from 2015 to 2016	53
Table 4: Appropriations carried over from 2016 to 2017	54
Table 5: Revenue 2016.....	55
Table 6: List of Transfers 2016	56
Table 7: Budget result 2016.....	60

CERTIFICATE

The final annual accounts of Europol for the year 2016 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 a reasonable assurance that the final accounts present fairly, in all material aspects, the financial position, the results of the operations and the cash-flow of Europol.



Rebecca Topham
Accounting Officer

Europol Public Information

INTRODUCTION

Basis for preparation

As a general rule, all aspects of the final accounts 2016 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

At its meeting of 6 April 2009 the Justice and Home Affairs (JHA) Council adopted the Council Decision (2009/371/JHA) bringing Europol into life as an agency of the European Union as from 1 January 2010.

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
- Integrity
- Accountability
- Initiative
- Teamwork

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 this intelligence work and the services of Europol's operational coordination centre and secure information network. The European Cybercrime Centre (EC3) at Europol has become the focal point in the EU's fight against cybercrime, contributing to an enhanced response to online crimes. 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 intelligence on organised crime.

Key developments in the financial year 2016

Counter terrorism

Europe faces the most serious terrorist threat for over 10 years. The Paris attacks of January 2015 have marked a shift towards a broader strategy of Jihadist terrorism, and the so called Islamic State (IS) in particular, to intimidate Western countries, with successive terror attacks across European countries. The terrorist attack in Berlin/Germany in December 2016 represented another tragic terrorist incident. Against this background, the 2015 European Agenda on Security, completed by the European Commission's communication of September 2016 on the Security Union, highlighted priority areas of particular relevance for Europol.

Counter terrorism authorities in Europe have significantly increased their efforts to respond to the elevated terrorist threat. At EU level, the European Counter Terrorism Centre (ECTC) was launched at Europol in January 2016, based on the initiative of the Justice and Home Affairs (JHA) Council, including the Internet Referral Unit (IRU) as a capability which was established mid-2015 with a view to tackling unprecedented levels of terrorism propaganda online. The establishment of the ECTC recognises political and operational consensus, for the first time in the EU counter terrorism policy context, that a cornerstone for cooperation at EU level is needed, in order to support national counter terrorism efforts. In April 2016, Europol was granted an amending budget to reinforce staff at the ECTC. The related funding enabled Europol to strengthen its workforce with 25 additional Temporary Agents, 5 additional Contract Agents and 5 additional Seconded National Experts.

Positive results were achieved by the end of 2016. Task Force Fraternité at Europol, established to support the investigations into the French and Belgian terror attacks, facilitated an effective response of respective European counter terrorism authorities, with a

Europol Public Information

prodigious data volume of information shared for analysis purposes. The ECTC at Europol also assisted 127 other counter terrorism investigations in 2016 (an almost 50 percent increase compared to 2015 with 86 investigations), supported by the Joint Liaison Team (JLT) of EU Member States and third countries at Europol.

From an overall perspective, information-sharing on counter terrorism, across European countries, as well as through and with Europol, reached an all-time high by the end of 2016. In the Europol Information System (EIS), there were 7,884 entries of foreign terrorist fighters (contributed by 20 EU Member States and 7 third parties) by the end of 2016 (the data had more than doubled compared to the end of 2015, with 3,740 entries contributed by 17 EU Member States and 7 third parties). By the end of 2016, Europol also held more than 10 times as much information on 'person entities' in its respective analytical database, compared with January 2015 when the terror attacks took place in Paris (Charlie Hebdo etc.).

Facilitated illegal immigration

The increasing involvement of organised criminal networks in facilitating illegal immigration in recent times called for an enhanced and coordinated response from European law enforcement agencies. The 2015 European Agenda on Migration provided the overall framework for a horizontal response across EU Member States.

Europol was tasked by the JHA Council with strengthening its capabilities and launched the European Migrant Smuggling Centre (EMSC) in February 2016. During the first year, the EMSC's migrant smuggling specialists and analysts comprehensively supported European police and border control authorities in coordinating highly complex cross-border anti-smuggling operations. The centre focuses on geographical criminal hotspots, and on building a better capability across the EU to fight organised people smuggling networks operating in them. Over the last year, almost 12,000 operational messages were submitted via Europol's secure communication network, representing a 34% increase compared to 2015. The operational messages contained data on over 17,400 new suspected migrant smugglers and helped launch 2,057 new international investigations. Nearly a quarter of these investigations were related to identity and/or document fraud. In addition, 22 print shops or document forgery factories were identified and dismantled. An innovative system of case management has allowed the EMSC to closely support over 90 highly-complex migrant smuggling investigations.

During 2016, Europol deployed its first group of 10 guest officers in September 2016 and an additional group of 21 guest officers nearer the end of the year to migration hotspots. Europol staff was also regularly deployed to support secondary security checks. In 2016, 4,823 persons, 655 documents and 719 means of communication (emails, mobile devices, etc.) were referred for secondary security checks by Europol in the migration hotspots.

Against this background, Europol's operational delivery to EU Member States' law enforcement authorities and cooperation partners increased further throughout 2016, continuing the trend of previous years and demonstrating the growing demand and trust towards the organisation as a key EU law enforcement service provider. As an example, searches in the EIS more than doubled in 2016 (1,436,838 compared to 633,639 by the end of 2015), exceeding by far the forecasted results. A more detailed account of Europol's operational delivery is set out in the Consolidated Annual Activity Report (CAAR) for 2016 which also contains the assessment of the Management Board (MB) of Europol.

Europol Public Information

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 2016¹. 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 annual accounts of Europol does not encompass the separate reporting on the implementation of the DA.

¹ REPORT PURSUANT TO ARTICLE 21 (1) (b) OF THE DELEGATION AGREEMENT FOR THE FINANCIAL YEAR 2016 - reference EDOC# 878866-v5B

FINANCIAL STATEMENTS

Europol Public Information
BALANCE SHEET

EUR

ASSETS	Note	31.12.2016	31.12.2015
NON-CURRENT ASSETS		30,944,341	26,469,552
Intangible fixed assets	2.1.	6,123,084	2,602,060
Computer software		2,515,170	2,602,060
Under construction		3,607,914	-
Tangible fixed assets	2.1.	24,814,342	23,860,577
Land and buildings		9,107,301	9,645,684
Plant and equipment		225,022	353,496
Computer hardware		7,229,783	6,297,971
Furniture and vehicles		2,173,885	2,187,604
Other fixtures and fittings		4,959,048	5,375,823
Assets under financial lease		1,119,302	-
Non-current receivables and recoverables	2.2.	6,915	6,915
Long-term receivables		6,915	6,915
CURRENT ASSETS		26,446,612	20,336,323
Short-term pre-financing	2.3.	2,163,072	2,104,118
Short-term pre-financing		5,706,737	3,144,245
Accrued charges on pre-financing		-3,543,666	-1,040,127
Short-term Receivables		4,542,379	2,306,317
Current receivables	2.4.	1,570,987	945,674
Sundry receivables	2.5.	171,754	84,754
Other receivables: Accrued income	2.6.	27,052	27,568
Deferred charges	2.6.	2,770,746	1,247,945
Receivables with consolidated EU entities	2.7.	1,840	377
Cash and cash equivalents	2.8.	19,741,161	15,925,888
TOTAL ASSETS		57,390,952	46,805,874
LIABILITIES			
NON-CURRENT LIABILITIES		6,107,885	611,113
Pensions and other employee benefits	2.9.	4,781,961	-
Provisions for risks and charges		-	-
Other liabilities	2.10.	1,325,924	611,113
CURRENT LIABILITIES		14,042,283	12,845,924
Provisions for risks and charges	2.11.	31,000	46,399
Financial liabilities	2.12.	393,121	-
Payables		13,618,162	12,799,525
Current payables	2.13.	55,103	13,130
Sundry payables	2.14.	248,482	922,517
Other payables: Accrued charges	2.15.	4,833,426	5,056,341
Deferred income	2.15.	18,620	149,130
Accrued charges with consolidated EU entities	2.15.	9,484	683
Accounts payable with consolidated EU entities	2.16.	8,453,048	6,657,723
NET ASSETS		37,240,785	33,348,838
Accumulated surplus/deficit		33,348,838	34,908,915
Economic result of the year		3,891,947	-1,560,077
TOTAL LIABILITIES		57,390,952	46,805,874

STATEMENT OF FINANCIAL PERFORMANCE

EUR

	Note	31.12.2016	31.12.2015
REVENUE	3.1.	104,898,310	95,859,602
Non-exchange revenue			
European Union Contribution ²		103,781,320	95,202,276
Other non-exchange revenue		468,751	652,283
Exchange revenue		648,239	5,043
EXPENDITURE	3.2.	-101,006,363	-97,419,679
Operational expenditure		-18,513,052	-20,515,213
Administrative expenditure:		-87,258,765	-76,899,466
Staff		-60,549,356	-54,420,104
Fixed asset-related		-8,108,199	-9,554,658
Other		-13,827,385	-12,924,704
Financial expenditure		-8,371	-5,000
SURPLUS/ DEFICIT FROM ORDINARY ACTIVITIES		3,891,947	-1,560,077
Extraordinary gains		-	-
Extraordinary losses		-	-
SURPLUS/ DEFICIT FROM EXTRAORDINARY ITEMS		-	-
ECONOMIC RESULT OF THE YEAR		3,891,947	-1,560,077

² Includes the Delegation Agreement and Hotspot Grant Agreement.

CASH FLOW STATEMENT

EUR

	Note	31.12.2016	31.12.2015
Economic result of the year		3,891,947	-1,560,077
Operational activities			
Amortisation (intangible fixed assets)		1,596,489	2,292,974
Depreciation (tangible fixed assets)		6,496,410	6,849,039
Increase (-)/Decrease in provisions for risks and charges		-15,399	-31,446
Increase (-)/Decrease in short-term pre-financing		-58,954	-2,104,118
Increase (-)/Decrease in short-term receivables		-2,234,598	5,821
Increase (-)/Decrease in receivables related to consolidated EU entities		-1,464	2,075
Increase(-)/Decrease in other long-term liabilities		714,811	32,720
Increase (-)/Decrease in accounts payable		-976,687	2,924,309
Increase (-)/Decrease in liabilities related to consolidated EU entities		1,795,324	4,036,402
Other non-cash movements		408,966	192,846
Net cash-flow from operational activities	4.1.	11,616,846	12,640,545
Investing activities			
Increase (-) of tangible and intangible fixed assets		-12,598,824	-4,550,430
Proceeds from tangible and intangible fixed assets		15,290	15,303
Net cash-flow from investing activities	4.2.	-12,583,534	-4,535,127
Increase/ decrease (-) in pension and employee benefits liability	4.3.	4,781,961	-
Net increase/decrease (-) in cash and cash equivalents		3,815,273	8,105,418
Cash and cash equivalents at the beginning of the year		15,925,888	7,820,470
Cash and cash equivalents at year-end		19,741,161	15,925,888

STATEMENT OF CHANGES IN NET ASSETS

EUR

	Accumulated Surplus/ Deficit	Economic result of the year	Net Assets (Total)
Balance as at 31 December 2015	34,908,915	-1,560,077	33,348,838
Changes in accounting policies	-	-	-
Balance as at 1 January 2016	34,908,915	-1,560,077	33,348,838
Allocation of the economic result of previous year	-1,560,077	1,560,077	-
Economic result of the year 2016	-	3,891,947	3,891,947
Balance as at 31 December 2016	33,348,838	3,891,947	37,240,785

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.³ 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 2 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 (EU Accounting Rule 2).

³ 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 (EU Accounting Rule 2).

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 (EU Accounting Rule 2).

Consistency of presentation

According to this principle the presentation and classification of items in the financial statements shall be retained from one period to the next (EU Accounting Rule 2).

Aggregation

Each material class of similar items shall be presented separately in the financial statements. Items of a dissimilar nature or function shall be presented separately unless they are immaterial (EU Accounting Rule 2).

Offsetting

Assets and liabilities, and revenue and expenses, shall not be offset unless required or permitted by an EU Accounting rule (EU Accounting Rule 2).

Comparative Information

Except when an EU Accounting Rule permits or requires otherwise, comparative information shall be disclosed in respect of the previous period for all amounts reported in the financial statements. When the presentation or classification of items in the financial statements is amended, comparative amounts shall be reclassified unless the reclassification is impracticable (EU Accounting Rule 2).

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 capitalisable include all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. Costs associated with research activities, non-capitalisable development costs and maintenance costs are recognised as expenses 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.

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 are 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 2016 Europol's fixed assets increased by € 8.8M. 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 2016 and fulfilling the recognition criteria for fixed assets as defined in Accounting Rule 7 amounted to € 1.27M compared to € 411K in 2015.

In 2016 Europol finalised 4 disposal procedures involving 457 fixed assets. These disposal procedures resulted in a write-off of € 15,282 and a gain of € 4,947. These disposals can be found categorised as follows:

Asset class	Reason for disposal	No of items
Buildings	Obsolescence	1
Computer hardware	Obsolescence	447
Other Fixtures and Fittings	Obsolescence	3
Furniture and vehicles	Obsolescence	6

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

There were a total of 9 ICT development projects run in 2016. From this total, 8 projects reached or were estimated to reach the threshold set for capitalisation. Two projects were finalised and released in 2016 and the other six were scheduled to be finalised in 2017 and 2018. The latter are classed as Intangible assets under construction (see table on page 23).

Research and development costs

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

The results:

Non-capitalised cost	Research cost	Non-capitalised development cost
One project		
Cost of the year	-	43,687

In-house ICT projects capitalised as at 31.12.2016	Research cost	Capitalised development cost
Two projects		
Cost of the year	-	1,222,960

Projects under construction as at 31.12.2016	Research cost	To be capitalised development cost
Six projects		
Cost of the year	-	3,607,914

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 in financial liabilities (non-current and current). The interest element of the finance cost is charged to the Statement of Financial Performance over the lease period so as to produce a constant periodic interest rate on the remaining balance of the liability for each period. The assets held under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

In 2016 Europol opted for a finance lease to purchase three IT-server storage upgrades. The amounts payable under these finance leases are disclosed (in accordance with EU Accounting Rule 8) as follows:

Europol Public Information

Amounts payable under finance leases	Minimum lease payments €	Future finance charges €	Present value of minimum lease payments €
2015	-	-	-
Within one year (current portion)	140,456.32	-9,416.04	131,040.28

The lease term is five years and the borrowing rate 3% for all upgrades.

Depreciation

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

Type of asset	Straight line depreciation 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 2016	Internally- generated Computer Software	Other Computer Software	Total Computer Software	Intangible assets under construction	Total
Gross carrying amounts 01.01.2016	2,185,839	13,743,820	15,929,658	-	15,929,658
Additions	1,222,960	286,640	1,509,599	3,607,914	5,117,513
Disposals	-	-	-	-	-
Gross carrying amounts 31.12.2016	3,408,798	14,030,460	17,439,258	3,607,914	21,047,171
Accumulated amortization and impairment 01.01.2016	-2,056,219	-11,271,379	-13,327,598	-	-
Amortization	-155,098	-1,441,391	-1,596,489	-	1,596,489
Disposals	-	-	-	-	-
Accumulated amortization and impairment 31.12.2016	-2,211,317	-12,712,771	-14,924,087	-	-
Net carrying amounts 31.12.2016	1,197,481	1,317,689	2,515,170	3,607,914	6,123,084

Tangible fixed assets

Year 2016	Buildings	Plant and Equipment	Computer hardware	Furniture and vehicles	Other Fixtures and Fittings	Under Finance Lease	Total
Gross carrying amounts 01.01.2016	11,761,726	947,784	27,653,196	4,816,059	14,797,427	-	59,976,190
Additions	-	5,625	4,402,350	469,086	1,293,848	1,310,403	7,481,311
Disposals	-2,152	-	-404,337	-29,016	-3,214	-	-438,719
Other changes ⁴	-	-20,556	-	-	-	-	-20,556
Gross carrying amounts 31.12.2016	11,759,574	932,852	31,651,208	5,256,128	16,088,061	1,310,403	66,998,226
Accumulated depreciation and impairment 01.01.2016	-2,116,042	-594,288	-21,355,225	-2,628,455	-9,421,604	-	-36,115,614
Depreciation	-536,633	-118,253	-3,470,537	-469,264	-1,710,622	-191,101	-6,496,410
Disposals	402	-	404,337	15,476	3,214	-	423,429
Other changes	-	4,711	-	-	-	-	4,711
Accumulated depreciation and impairment 31.12.2016	-2,652,273	-707,830	-24,421,425	-3,082,243	-11,129,013	-191,101	-42,183,885
Net carrying amounts 31.12.2016	9,107,301	225,022	7,229,783	2,173,885	4,959,048	1,119,302	24,814,342

⁴ Adjustment of overstatement from 2015.

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 the pre-financing received in respect of the Delegation Agreement minus the amount of estimated expenditure during 2016 (accrued charges).

2.4. Current receivables

	31.12.2016	31.12.2015
Open debtors (customers)	203,814	278,521
Open debtors (member states)	698,485	34,506
Open debtors (non-member states)	14,087	5,518
Open debtors (other)	3,026	300
VAT and other taxes	651,575	626,829
Total	1,570,987	945,674

Europol pays the invoices from local suppliers with VAT and claims the VAT refund from the Host State on a quarterly basis.

2.5. Sundry receivables

	31.12.2016	31.12.2015
Staff – salary and mission advances	114,884	66,115
Other – Expenditure to be allocated	56,870	18,639
Total	171,754	84,754

2.6. Other

	31.12.2016	31.12.2015
Accrued income	27,052	27,568
Deferred charges	2,770,746	1,247,945
Total	2,797,798	1,275,513

The amount for **accrued income** relates to amounts recoverable by Europol relating to reimbursements and the outcome of one litigation case from 2016, but the debts towards Europol will only be recognised in the budget (revenue) 2017. Similarly the amount for **deferred charges** relates to invoices paid by Europol to suppliers in 2016, but relating to a period in 2017 (or beyond).

2.7. Short-term receivables with consolidated entities

This amount involves two entities:

1. Directorate General from the European Commission
2. European Police College (CEPOL)

Both transactions are staff-related.

2.8. Cash and cash equivalents

These relate only to bank accounts as follows:

	31.12.2016	31.12.2015
Europol current account	14,772,504	15,287,376
Short-term deposits ⁵	4,560,015	-
Local staff Pension Fund ⁶	408,642	372,988
Total	19,741,161	15,925,888

These bank accounts are held with ING (The Netherlands).

NON-CURRENT LIABILITIES

2.9. Pensions and other employee benefits

Historic elements

In October 2015, the Council of the European Union decided⁷ 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 to be paid to:

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

⁵ Planned Assets for the Defined Benefit Obligation. See point 2.9.

⁶ See notes under point 2.10. below.

⁷ 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 2016

a) Previous reporting periods of the fund

In 2016 an inconsistency was discovered that affected the fund's Closing Report as at 31.12.2015 for an amount of € 135,824. This amount was therefore charged against the Europol Budget 2016 (fund source IC4) generated by the income as a result of the surplus mentioned under b) above.

Furthermore at the time of closure the fund had a claim towards Europol for an amount of € 35,230. As this claim also had to be part of the Planned Assets available to cover the Defined Benefit Obligations, this amount was also charged against the Europol Budget 2016 (fund source IC4) generated by the income as a result of the surplus mentioned under b) above.

b) In-house actuarial reassessment

At the year-end 2016 Europol made an in-house actuarial assessment of the Defined Benefit Obligation, resulting in a growth of the residual Defined Benefit Obligation 2016 by € 50,774 to € 4,781,961. This increase in Defined Benefit Obligations 2016 triggered a coverage ratio of 98.94% whereas 100% is required. In order to supplement the missing 1.06% Europol charged € 50,774 to its Statement of Financial Performance 2016 as an accrued charge.

The total accumulated effect on the financial result of Europol due to the above corrections was € 221,828. This amount (aside from a small difference of € 118) is the difference between the total Defined Benefit Obligations and the Planned Assets (see point 2.8. above).

Potential effect on the financial result 2017

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) have 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 shall become other income for Europol. At 31.12.2016 the amount was € 178,253.

The table below summarises the total Defined Benefit Obligations:

	31.12.2016	31.12.2015
Pension Liabilities payable	3,307,424	-
Surplus to Member States	1,296,284	-
Surplus to former participants (or lawful heirs)	178,253	-
Total	4,781,961	-

2.10. Other long-term liabilities

	31.12.2016	31.12.2015
Unemployment fund liability towards staff ⁸	-	238,125
Local staff pension contribution	408,642	372,988
Leasing liability on computer hardware	917,282	-
Total	1,325,924	611,113

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. Monthly the employer and employee contributions are set aside on a ring-fenced bank account with the sole purpose to finance the premiums to be paid to the third party. 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. This makes Europol liable to cover the pension rights related to 2015 and 2016. An internal worst case actuarial calculation established the pension cost in relation to 2015 and 2016 to be € 168K. Since the internal calculation is considerable lower than the available bank balance, no external actuarial calculation was deemed necessary to provide an external assurance on the financial health of the bank balance.

The difference between the amount shown above for the leasing liability and the total amount shown as a financial lease in the tangible fixed assets table on page 22 is the calculation for the short-term leasing liability (see point 2.12. below).

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

Provision	Litigation cases	Unemployment fund liability towards staff
Balance at the beginning of the year	19,000	27,399
Additions	14,000	-
Utilised	-2,000	-27,399
Unused	-	-
Transferred to non-current	-	-
Total as at 31.12.2016	31,000	-

The provision for the litigation cases provides for the applicants' legal costs involving four open cases. The provision for the Unemployment fund liability towards staff was fully utilised due to the fund being dissolved in 2016.

⁸ The Unemployment Fund, under Europol's former staff regulation, was dissolved in 2016.

CURRENT LIABILITIES**2.12. Current Financial Liabilities**

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

2.13. Current payables

	31.12.2016	31.12.2015
Amounts payable - vendors	1,182,974	1,360,095
Amounts payable - Member States	35,838	6,544
Invoices / credit notes pending verification	-1,163,708	-1,353,509
Total	55,103	13,130

2.14. Sundry payables

	31.12.2016	31.12.2015
Fixed assets – goods received ⁹	242,185	410,295
Pre-financing received from Member States re UMF2 ¹⁰ Grant	-	12,222
Grant agreement with EUIPO ¹¹	-	500,000
Retroactive salary adjustment payment to ex-staff	6,297	-
Total	248,482	922,517

2.15. Other accounts payable

	31.12.2016	31.12.2015
Accrued charges ¹²	3,818,298	4,078,151
Accrued charges with consolidated entities	9,484	683
Accrual for untaken annual leave at year-end	1,015,127	978,190
Deferred income ¹³	18,620	149,130
Total	4,861,529	5,206,154

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.

⁹ Fixed assets received, but not yet invoiced.

¹⁰ This amount was reimbursed to Member States in 2016.

¹¹ Reclassed in 2016 as accounts payable with consolidated EU entities (note 2.16.)

¹² Invoices paid in 2017 relating to goods/services delivered in 2016 and expensed (not capitalised).

¹³ Receipts 2016 to be put to budget 2017.

2.16. Accounts payable with consolidated EU entities

	31.12.2016	31.12.2015
Surplus from EC subsidy ¹⁴	1,868,249	897,850
Balance on pre-financing received for the Delegation Agreement	5,456,334	5,759,873
Balance on pre-financing received for the Hotspot Grant	395,969	-
Grant agreements with EUIPO	717,107	-
Accounts payable Commission - other	15,388	-
Total	8,453,048	6,657,723

The grant agreements with the EU Intellectual Property Office (EUIPO) are for the fight against intellectual property rights infringements.

3. NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE

The main explanations for the amounts under revenue and expenditure can be found in the reports on the implementation of the budget (see pages 37 to 44). The differences between the Statement of Financial Performance and the budget result can be found in the reconciliation on page 34. Therefore these notes only contain supplementary information.

3.1. Revenue

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

The amount for exchange transactions relates mainly to the reimbursement of mission costs, speakers' fees and gains on foreign exchange transactions.

The main amount for non-exchange transactions relates to the EC Subsidy. Other non-exchange transactions include VAT refunds, credit interest on bank accounts etc.

3.2. Expenditure

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 just over € 2M.

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 externalized to the Office for administration and payment of individual

¹⁴ This is the budget result from 2016 (see page 58 below).

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 € 2.8M. Another large difference 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

These other administrative expenses include the rental and maintenance of buildings and insurance costs.

Financial expenses

These relate to bank and credit card charges.

4. NOTES TO THE CASH-FLOW STATEMENT

Cashflow 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 relate to the other change for tangible fixed assets (see table on page 24) and 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 increase in employee benefits (see point 2.9. above).

5. CONTINGENT ASSETS AND LIABILITIES AND OTHER SIGNIFICANT DISCLOSURES

5.1. Contingent Assets

There were no contingent assets as at 31 December 2016.

5.2. Contingent Liabilities

The total amount disclosed as contingent liabilities is € 110K and relates to four outstanding litigation cases. Two of these cases relate to damages and legal expenses incurred during proceedings (€ 30K) and the other two relate to compensation for the abnormal duration of the procedure (€ 80K). However for all cases the likelihood of the liability materialising is low.

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 2016 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 2017 after deducting all eligible 2016 expenses amounted to € 5,376,177.

5.3.3. Other contractual commitments

Europol's contractual obligations as at 31.12.2016 not covered by the RAL (see above) totals € 2,883,855. This calculation considers contracts up to the earliest date possible to end the contract and possible penalty costs.

6. FINANCIAL INSTRUMENTS

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

Credit risk

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

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

31 December 2016	Receivables with			
	Member States	Third parties including accruals & deferrals	Consolidated entities	Bank accounts
Counterparties with external credit rating	1,350,060	-	-	15,181,146
Prime and high grade	1,254,846	-	-	-
Upper medium grade	271	-	-	15,181,146
Counterparties without external credit rating	-	3,197,394	1,840	-
Debtors who never defaulted	-	3,197,394	1,840	-

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 31.12.2016:

31 December 2016	< 1 year
Payables with third parties	303,585
Payables with consolidated entities	8,453,048
Total liabilities	8,756,633

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.

As at 31.12.2016, Europol had no assets or liabilities exposed in currencies other than the Euro.

7. CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies for the financial year 2016.

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	227,638
Deputy Director	AD14	1	153,369
Deputy Director	AD13	2	347,607
Total remuneration 2016			728,614

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.

10. RECONCILIATION BETWEEN STATEMENT OF FINANCIAL PERFORMANCE AND BUDGET RESULT

Description	Amount
Economic result (Statement of Financial Performance)	3,891,947
Accruals/deferrals reversed from 2015	-4,940,884
Accruals/deferrals 2016	5,381,079
Unpaid invoices at 31.12.2016	68,566
Depreciation and amortisation of fixed assets	8,092,175
Provisions (impact of the year)	12,000
Value reductions (impact of the year)	73,062
Uncashed recovery orders issued in 2016	-52,469
Payments made from carry forward 2015	8,840,969
Internally-generated fixed assets ¹⁵	-4,830,873
Fixed Asset corrections	-341,684
Other general ledger corrections	56,960
Corrections previous years	-638
Adjustment to recognise employee benefit liability	4,781,961
Asset acquisitions (excluding unpaid amounts)	-6,335,516
Open pre-financing paid in 2016	-3,024,215
Open pre-financing received in 2016	2,376,001
Cashed recovery orders issued before 2016	292,224
Cashed balance sheet recovery orders issued in 2016	267,795
Payment appropriations carried forward to 2017	-18,977,641
Cancellation of unused payment appropriations from 2015	1,612,811
Adjustment for 2015 carry forward appropriations assigned revenue	4,677,757
Payments 2016 in Statement of Financial Performance 2015	-52,884
VAT corrections	-254
Total = Budget result 2016	1,868,249

¹⁵ This is the total amount capitalised in 2016 and considered under construction.

REPORTS ON THE IMPLEMENTATION OF THE BUDGET

1. INTRODUCTION

This report provides the information of the 2016 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 2016 Budget are:

2.1 Explanatory notes on the budget implementation

- 2.1.1 Budget implementation 2016
- 2.1.2 Budget implementation of the assigned revenue and expenditure
- 2.1.3 Implementation of appropriations carried forward from 2015 to 2016
- 2.1.4 Appropriations carried forward from 2016 to 2017
- 2.1.5 Revenue 2016
- 2.1.6 Budget transfers 2016
- 2.1.7 Budget result 2016

2.2 Budget implementation tables

- Table 1: Budget implementation 2016
- Table 2: Budget implementation of the assigned revenue and expenditure
- Table 3: Implementation of appropriations carried forward from 2015 to 2016
- Table 4: Appropriations carried over from 2016 to 2017
- Table 5: Revenue 2016
- Table 6: List of budget Transfers 2016
- Table 7: Budget result 2016

2.1. Explanatory notes on the budget implementation

In this section explanatory notes are provided for the implementation of the 2016 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 2016
C4	Refunds	Internal Assigned revenue
C5	Refunds carried over	Internal Assigned revenue
C8	Automatic carry forward	Carried forward from 2015 to
RO	Refunds	Other External Assigned

The Europol budget 2016 amounting to € 100.24M and was adopted by the Europol Management Board in December 2015. The budget under fund source C1 was amended by € 2.03M in total to reinforce staff at the European Counter-Terrorism Centre (ECTC) and for the bank interest received on the Europol's bank account. The total adopted budget excluding external assigned revenue was € 102.27M. In addition € 2M was added under fund source R0 for external assigned revenue. Amendments were made for grants for secondary security checks at hotspots (€ 1.5M) and for the fight against Intellectual Property Rights infringements (€ 0.5M).

2.1.1. Budget implementation 2016 (fund source C1)

In order to measure the budget performance, several key performance indicators (KPIs) directly linked to the Europol Work Plan 2016 were set at the beginning of the year, following recommendations from 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 2017. 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 2015 should not exceed 5%.

The final outcome of the KPIs for 2016 was as follows:

- The implementation of commitment appropriations (referred to in this report under Section 2.2 'Expenditure (C1 – current year)') was 99.8% and therefore well above the target of 95%.
- The overall payment rate was just above the target of 90% and came to 91.2%. In line with the expectation, the payment rate for Title 1 and Title 3 was above target (99.1% and 81.6% respectively) while the payment rate for Title 2 (60.6%) was below target. The reason for not achieving the target for Title 2 (Administrative expenditure) is mainly due to the structure of the

Europol Public Information

expenditure and the lengthy process which is necessary before (sub-) contractors and the Host State can invoice service-level-agreement activities related to maintenance and additional work to Europol's Headquarters.

- The target for the cancellation of the carry forward commitments from 2015 (Section 2.4 Carry forward from 2015 to 2016 (C8)) was not reached as the cancelled carry forward amounted to 15.4%. A total of € 1.6M was not used and is incorporated in the final budget result.

Title 1 – Staff related expenditure

The implementation rate of commitments for Title 1 was 100% and the payment rate came to 99.1%. The budget under Title 1 was amended by € 1.8M mainly for the additional staff reinforcing ECTC.

A number of transfers from other Titles (amounting to € 1.1M) were made to Chapter 11 (Staff in active employment) to cover the shortage in the budget related to the retroactive salary increase (+3.3%) and the increase of the weighting coefficient for the Netherlands from 7.8% to 8%.

The budget was fully committed and 0.9% of the budget under Title 1 was carried forward to 2017 mainly for staff expenditure (e.g. recruitments, medical and training expenses) and expenditure related to external services (e.g. catering, conference and move services).

Title 2 – Other administrative expenditure

The implementation rate for commitments for Title 2 came to 99.8% and the payment rate came to 60.6%.

A large part of the building expenditure related to the long-term replacement plan and preventive maintenance will only be invoiced (and therefore spent) in 2017. Other building-related expenditure is traditionally slower as it requires involvement of (sub-) contractors and the Host State before invoicing. In addition, a transfer was made late in the year to place orders for furniture (for the new staff resulting from the amending budget 2016). The related invoices will only be received and the budget therefore spent in 2017.

The commitment implementation rate for the administrative ICT and telecommunication costs was 100%. The commitments relate mostly to on-going running network and telecommunication expenditure (Call centre services, Accrual Based Accounting system fees, internet website hosting, etc.) as well as software maintenance and consultancy services for the ICT administrative systems (Facility Management Information System, Human Resources System, Integrated Resources Information System, etc.).

For the rest of this Title, the majority of the budget was implemented for annual statutory expenditure (Management Board, including working groups and Joint Supervisory Body) with a high commitment implementation rate (99.2%).

During the year the budget under Title 2 was increased by € 430K. This was mainly a result of moving funds from Title 3 to Title 2 for ICT expenditure due to changes in

the ICT Work Plan. Savings found within Title 2 were used for building-related expenditure (e.g. higher cost for a new service contract with the Host State and expenditure related to the strategic housing roadmap).

An amount of € 3.5M was carried forward, representing 39.2% of the budget under Title 2. Out of the carried forward amount, 67.4% was for facilities-related expenditure, 17.8% for administrative ICT and the remaining 14.7% was for other administrative expenditure (including statutory expenditure).

Title 3 – Operational activities

The overall commitment implementation rate under Title 3 came to 99.2% and the payment rate was 81.6%.

The implementation of Chapter 30 – Operations was very much affected by the late receipt of the grant from the ISF Police 2015 emergency fund for secondary security checks at hotspots. All expenses incurred since March 2016 needed to be temporarily charged against the regular budget for as long as no additional funding was cashed. When, at the end of November 2016, the pre-financing amount of € 1.2M was cashed expenditure was corrected to the specific budget item for the grant and the amounts under the regular budget became available again. The released budget under Chapter 30 amounting to € 222K remained unspent.

The implementation of the operational ICT and operational telecommunication costs was 100% and the payment rate 77.1%.

The implementation in the other chapters under Title 3 (Seconded National Experts, European Police Chiefs Convention and Heads of Europol National Units) was very high and both rates (commitments and payments) reached 100%.

The budget for Seconded National Experts was amended for an additional € 200K for new experts within ECTC and was fully consumed. In the second half of the year a number of budget transfers were executed, mainly from the operational to the administrative ICT budget, due to changes in the ICT Work Plan. Also some transfers were needed to increase the budget in areas where the expenditure for hotspots mainly occurred.

An amount of € 4.9M was carried forward, representing 17.6% of the budget in Title 3. Out of the carried forward amount, 88% related to operational information and telecommunication costs. The remaining 12% related to the other operational activities in Chapter 30.

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 2016 (fund source C4) and the funds carried forward (fund source C5):

C4: During the year 2016 an overall amount of € 1.25M was established and cashed. The majority of funds, amounting to € 677K were recovered from the dissolution of the Europol Pension and Unemployment Funds. Other refunds relate to ICT and to

other operational activities (refunds for meetings, missions, operational subsidies, etc.).

Of the new appropriations 18.2% were committed and 15.5% spent. The available budget (amounting to € 1.02M) was carried over (to fund source C5) and open commitments (amounting to € 32.9K) were carried forward automatically to fund source C8.

C5: The assigned revenue appropriations carried forward from 2015 amounted to € 522K which derived from various refunds. During the year 2016 almost all funds were committed (99.9%). A total of 64.3% of all commitment appropriations were paid, amounting to € 336K. The remaining outstanding appropriations (€ 186.3K) were carried forward to 2017 for further implementation.

R0: The external assigned revenue included in the budgetary accounts amounted to € 18M. This related to four different agreements for which the implementation of two had already started in 2015 and continued into 2017:

- € 9.56M was transferred to Europol to the budget line 1184 - Pensions under Europol convention from the remainder of the Europol Pension Fund (EPF). The Fund was closed and the EPF's assets and liabilities were fully integrated in Europol's financial administration. A total commitment of € 4.9M was taken and € 4.8M paid. The remaining open budget and open commitments amounting to € 4.7M was carried forward to 2017.
- € 9M for a Delegation Agreement with the European Commission (Directorate General Migration and Home Affairs) which entrusted Europol with support tasks during a portion of the policy cycle 2015-2017. This was included under Chapter 36. It concerned European Multidisciplinary Platform against Criminal Threats (EMPACT) activities prioritised by JHA Council and as laid down in the Operational Action Plans which had been implemented since 2015. An amount of € 3.66M was carried forward from 2015. In addition the Delegation Agreement was amended during 2016 and an additional amount of € 2M was received from the European Commission. Furthermore, € 0.3M previously paid out as pre-financing to Member States was reimbursed to Europol and became available again for new commitments. Overall almost € 6M was available for implementation in the year 2016. By the end of the year a total of € 5M was committed and € 3M (or 51.1%) was paid. An amount of € 2.9M was carried forward to 2017.
- Also under Chapter 36 € 1.5M was received for the grant agreement from the ISF Police 2015 emergency fund for secondary security checks at hotspots. An amount of just over € 1.1M (73.6%) was paid and the remaining € 396K was carried forward to 2017.
- Under Chapter 37 € 500K was carried forward from 2015 for a grant agreement with the European Union Intellectual Property Office (EUIPO) for the fight against Intellectual Property Rights infringements. In December 2016 another agreement was signed for an amount of € 500K (so in total € 1M was received). 72.2% of the appropriations were committed and 28.3% paid. The remainder of € 717K was carried forward to 2017.

2.1.3. Implementation of appropriations carried forward from 2015 to 2016

The carry forward to 2016 came to a total of € 10.45M to cover existing commitments. The majority of this was carried forward from commitments taken under fund source C1 (€ 10.3M, representing 10.8% of the 2015 budget). An amount of € 174K was carried forward from the appropriations arising from internal assigned revenue (fund sources C4 and C5).

The final implementation rate of the carry forward was 84.6% at the end of the year, which was 3.2% lower than in 2015. A total of € 1.6M was not used and was thus incorporated in the final budget result. Out of the € 1.6M not used:

- € 55K related to Title 1, which was 9% of the carried forward amount under Title 1 (€ 629K)
- € 267K related to Title 2, which was 6% of the carried forward amount under Title 2 (€4.2M)
- € 1.3M related to Title 3, which was 23% of the carried forward amount under Title 3 (€5.48M)

The largest un-used amounts related to:

- An amount of € 111K remained unspent for construction works related to functional and technical improvements for the operational rooms within Europol's headquarters. When the commitments were taken at the end of 2015 the original order was placed with the Host State for an amount of € 1.53M, whereas the actual expenditure turned out to be lower than envisaged.
- The Europol Analysis System € 445K remained unspent. During 2016 it transpired that the supplier could not deliver to the full extent of the original order placed. As a consequence a settlement agreement was reached and € 424K was not spent. In addition more than € 21K remained unspent as work did not materialise as initially foreseen and ordered.
- An amount of € 255K remained unspent for various other ICT consultancies for which the final invoices received turned out lower than the amounts and hours originally planned.
- The TESTA network for which € 362K remained unspent. The majority of this (€ 227K) was a consequence of the delayed migration from the original to the new supplier. As a consequence the commitments for the new supplier were not fully used.

2.1.4. Appropriations carried over from 2016 to 2017

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 € 8.98M was carried forward. This represented 9% of the overall budget (€ 102.3M) and was nearly € 1.5M less than in the previous year. Out of the € 8.98M carried-over:

- € 588K concerned Title 1 (Staff), which was 0.9% of the Title 1 budget (€ 65.46M).
- € 3.47M concerned Title 2 (Administrative Expenditure), which was 39.2% of the Title 2 budget (€ 8.87M).
- € 4.92M concerned Title 3 (Operational Expenditure), which was 17.6% of the Title 3 budget (€ 27.95M).

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

Payment appropriations (fund sources C5/ C4 to C8)

The payment appropriations (open commitments) available at 31 December 2016 arising from assigned revenue and not fully paid shall be carried over automatically for one year only (to fund source C8).

- A part of the assigned revenue appropriations under fund source C4 which derived from various refunds had been committed but not paid. The amount of payment appropriations of € 33K relates to operational ICT is carried forward to 2017 to fund source C8 for final payments in 2017.
- An amount of € 186K payments appropriations (open commitments) not fully paid under fund source C5 is carried forward to fund source C8 for future payments.

Commitment appropriations (fund sources C5/ C4 to C5)

The appropriations available at 31 December 2016 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 € 1.02M was carried forward as follows:

- A total of € 1.02M was collected up until the end of December and not committed under fund source C4. The amount was carried forward to fund source C5 for commitments in 2017.

- A remaining amount of € 201 was not committed under fund source C5. This amount remains under fund source C5.

Article 15 FR Carry-over of external assigned revenue (R0 to R0)

The unspent appropriations for external assigned revenue shall be carried over automatically. An amount of € 4.16M was carried over from 2015. In addition € 13.87M was received in 2016. All unused revenue amounting to € 8.76M was carried over to 2017. Out of the € 8.76M carried-over:

- € 4.7M concerned the assigned revenue related to the Europol Pension Fund and the Unemployment Fund under Chapter 11.
- € 2.9M concerned the implementation of the Delegation Agreement for the EMPACT activities under Chapter 36.
- € 396K related to the secondary security check at hotspots under Chapter 36.
- € 717K related to the grant agreement for the fight against Intellectual Property Rights infringements under Chapter 37.

2.1.5. Revenue 2016

The revenue of Europol was almost fully covered by the Community subsidy, amounting to € 102.27M in 2016. Out of that total, € 1.1M related to the Subsidy for the European School.

In April 2016 the European Parliament adopted the Amending Budget No.1 to the general budget for 2016. This resulted in the reinforcement of staffing levels of the European Counter-Terrorism Centre in Europol by adding € 2M and 35 posts (25 Temporary Agents, 5 Contract Agents and 5 Seconded National Experts). In November the budget was amended for the bank interest received in accordance with Article 58 of the Financial Regulation applicable to Europol (€ 33K).

An outstanding amount (€ 34K) of internal assigned revenue from 2015 was carried over to 2016. During the year 2016 other internal assigned revenue amounting to € 1.28M was established and 96% of this was cashed. Besides various refunds from operational and ICT expenditure amounting to € 301K, an amount of € 678K results from the dissolution of the Europol Pension Fund and the remainder of the Unemployment Fund and € 268K was for liquidated damages from a settlement agreement with the new TESTA supplier.

With reference to the external assigned revenue, an amount of € 14M was established and almost fully cashed. Out of the € 14M external assigned revenue:

- € 9.56M was for the integration of the Europol Pension Fund,
- € 2.46M was for the EMPACT Delegation Agreement,
- € 1.5M related to the grant agreement for hotspots,
- € 500K related to the fight against intellectual property right infringements.

This revenue was linked to expenditure budget items where it will be re-used for future expenditure in the new budgetary year (2017). Outstanding recovery orders amounting to € 213K were carried over to 2017 for future cashing.

2.1.6. Budget transfers 2016

Throughout the year a total number of 48 transfers were made for a total amount of almost € 4.96M (or 4.9% of the budget).

Overall the budget under Title 1 (+€ 498K) and Title 2 (+€ 430K) was increased by transfers from Title 3 (-€ 928K). In addition, amending budgets totalling € 2.03M were added of which € 1.83M was added to Title 1 and € 0.2M to Title 3. Additional amending budgets were obtained for external assigned revenue amounting to €2M under Title 3.

The budget 2016 was drawn up without margins and contingencies. The budget implementation was carefully monitored throughout the year and 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 (+3.3%) and the weighting coefficient increase for the Netherlands from 7.8% to 8% that needed to be implemented at the end of the year. Also, for particular needs concerning the service level agreement for the Europol headquarters and the office environment, transfers were made to continue with the necessary maintenance and workspace initiatives in the area of facilities. Furthermore, a number of transfers within the ICT budget items were made in order to adjust the budget allocation to the latest developments within the ICT Work Plan.

In addition, some transfers were necessary to take into account differences between the planning and the implementation of the budget due to urgent situations in certain crime areas (e.g. activities related to the hotspots). Due to the late cashing of the pre-financing amount of the grant agreement, several transfers were done in order to temporarily cover grant expenditure under the regular budget. These transfers were then reversed when the pre-financing was received, corrections made and the regular budget was available again.

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

2.1.7. Budget Result 2016

The overall budget result (surplus) for the financial year 2016 was € 1.868M, broken down as follows:

- An amount of € 253K of the 2016 budget was not committed and lapsed. The majority of the unused budget was within Operations (Chapter 30). This was mainly a result of the late receipt of the grant from the ISF Police 2015 emergency fund for the secondary security checks at hotspots. All expenses incurred since March 2016 needed to be temporarily charged against the regular budget for as long as no additional funding was cashed. When at the end of November 2016 the pre-financing amount of € 1.2M was cashed, expenditure was corrected to the specific budget item for the grant and the amounts under the regular budget became available again.

Europol Public Information

- An amount of € 1.6M of appropriations carried forward from 2015 to 2016 were not used and therefore lapsed.
- The exchange rate difference was € 1.4K (gain).

2.2. Budget Implementation Tables

Table 1: Budget implementation 2016

Chapter	Description	Final Budget (1)	Committed (2)	Rate Committed = (2) / (1)	CA Not Used = (1) - (2)	Paid (3)	Rate Paid = (3) / (1)	PA Carried Over to 2017 = (2) - (3)	Rate Carried Over (2)
A-11	Staff in active employment	60,719,591	60,719,591	100%	-	60,624,001	100%	95,590	0%
A-13	Sociomedical infrastructure	908,922	908,921	100%	(1)	737,981	81%	170,940	19%
A-14	Training	229,324	229,324	100%	-	150,690	66%	78,634	34%
A-15	Other staff-related expenditure	3,539,105	3,539,105	100%	-	3,311,132	94%	227,973	6%
A-16	Entertainment and representation expenses	58,342	55,994	96%	(2,348)	41,105	70%	14,889	26%
	Total Title 1	65,455,284	65,452,935	100%	(2,349)	64,864,909	99%	588,027	1%
A-20	Rental of buildings and associated costs	4,657,300	4,657,029	100%	(271)	2,524,695	54%	2,132,334	46%
A-21	Administrative information technology	1,962,650	1,957,661	100%	(4,989)	1,338,227	68%	619,434	32%
A-22	Movable property and associated costs	766,800	763,096	100%	(3,704)	536,861	70%	226,235	30%
A-23	Current administrative expenditure	249,900	246,530	99%	(3,370)	200,521	80%	46,009	18%
A-24	Postal charges and telecommunications	434,000	431,587	99%	(2,413)	124,721	29%	306,866	71%
A-25	Statutory expenditure	796,000	789,480	99%	(6,520)	648,008	81%	141,473	18%
	Total Title 2	8,866,650	8,845,382	100%	(21,268)	5,373,031	61%	3,472,351	39%

Europol Public Information

Chapter	Description	Final Budget (1)	Committed (2)	Rate Committed = (2) / (1)	CA Not Used = (1) - (2)	Paid (3)	Rate Paid = (3) / (1)	PA Carried Over to 2017 = (2) - (3)	Rate Carried Over (2)
B3-0	Operations	5,928,550	5,706,646	96%	(221,904)	5,115,139	86%	591,508	10%
B3-1	Operational information technology	18,059,300	18,053,617	100%	(5,683)	13,846,228	77%	4,207,389	23%
B3-2	Telecommunication costs for operational activities	777,000	775,798	100%	(1,202)	670,868	86%	104,931	14%
B3-3	Seconded National Experts (Operational)	2,900,000	2,900,000	100%	-	2,888,709	100%	11,291	0%
B3-4	EPCC	208,000	207,461	100%	(539)	207,461	100%	-	0%
B3-5	Heads of Europol National Units	80,000	79,366	99%	(634)	79,366	99%	-	0%
	Total Title 3	27,952,850	27,722,888	99%	(229,962)	22,807,770	82%	4,915,118	18%
	Total	102,274,784	102,021,205	100%	(253,579)	93,045,710	91%	8,975,495	9%

Table 2: Budget implementation of the assigned revenue and expenditure

C4 – Internal revenue and expenditure

Chapter	Description	Revenue Cashed (1)	Committed (2)	Rate Committed = (2) / (1)	Paid (3)	Rate Paid = (3) / (1)	CA Carried Over to 2017 = (1) - (2)	PA Carried Over to 2017 = (2) - (3)
A-11	Staff in active employment	695,606	186,527	27%	186,527	27%	509,078	-
	Total Title 1	695,606	186,527	27%	186,527	27%	509,078	-
A-21	Administrative information technology	63,843	-	0%	-	0%	63,843	-
A-23	Current administrative expenditure	16,783	-	0%	-	0%	16,783	-
	Total Title 2	80,627	-	0%	-	0%	80,627	-
B3-0	Operations	115,051	-	0%	-	0%	115,051	-
B3-1	Operational information technology	330,394	32,888	10%	-	0%	297,506	32,888
B3-2	Telecommunication costs for operational activities	4,871	-	0%	-	0%	4,871	-
B3-4	EPCC	19,588	7,108	36%	7,108	36%	12,480	-
	Total Title 3	469,904	39,996	9%	7,108	2%	429,908	32,888
	Total	1,246,137	226,523	18%	193,636	16%	1,019,613	32,888

Europol Public Information

C5 - Assigned revenue appropriations carried forward from 2015

Chapter	Description	Carried Over (1)	Committed (2)	Rate Committed = (2) / (1)	Paid (3)	Rate Paid = (3) / (1)	CA Carried Over to 2017 = (1) - (2)	PA Carried Over to 2017 = (2) - (3)
A-11	Staff in active employment	43,020	43,020	100%	43,020	100%	-	-
A-15	Other staff-related expenditure	121	121	100%	121	100%	-	-
A-16	Entertainment and representation expenses	26,362	26,362	100%	23,922	91%	-	2,440
	Total Title 1	69,503	69,503	100%	67,063	96%	-	2,440
A-21	Administrative information technology	197,306	197,306	100%	40,320	20%	-	156,986
A-22	Movable property and associated costs	700	700	100%	-	0%	-	700
A-23	Current administrative expenditure	59,076	59,076	100%	48,926	83%	-	10,150
A-24	Postal charges and telecommunications	26,934	26,934	100%	11,117	41%	-	15,817
	Total Title 2	284,016	284,016	100%	100,363	35%	-	183,653
B3-0	Operations	49,262	49,061	100%	49,061	100%	201	-
B3-1	Operational information technology	69,126	69,126	100%	69,126	100%	-	-
B3-2	Telecommunication costs for operational activities	49,916	49,916	100%	49,916	100%	-	-
B3-5	Heads of Europol National Units	178	178	100%	178	100%	-	-
	Total Title 3	168,482	168,281	100%	168,281	100%	201	-
	Total	522,001	521,800	100%	335,708	64%	201	186,093

R0 – External assigned revenue and expenditure

Chapter	Description	Revenue Cashed (1)	Committed (2)	Rate Committed = (2) / (1)	Paid (3)	Rate Paid = (3) / (1)	CA Carried Over to 2017 = (1) - (2)	PA Carried Over to 2017 = (2) - (3)
1 1	Staff in active employment	9,555,786	4,949,482	52%	4,824,600	50%	4,606,304	124,882
	Total Title 1	9,555,786	4,949,482	52%	4,824,600	50%	4,606,304	124,882
3 6	Operational expenditure related to subsidies and grants	7,469,497	6,131,387	82%	4,154,440	56%	1,338,111	1,976,947
3 7	Operational expenditure related to research and development projects	1,000,000	721,886	72%	282,893	28%	278,114	438,992
	Total Title 3	8,469,497	6,853,272	81%	4,437,333	52%	1,616,225	2,415,939
	Total	18,025,283	11,802,754	65%	9,261,933	51%	6,222,529	2,540,822

Breakdown of R0:**R0 – External assigned revenue and expenditure – published**

Chapter	Description	Revenue Cashed (1)	Committed (2)	Rate Committed = (2) / (1)	Paid (3)	Rate Paid = (3) / (1)	CA Carried Over to 2017 = (1) - (2)	PA Carried Over to 2017 = (2) - (3)
3 6	Operational expenditure related to subsidies and grants	1,500,000	1,155,000	77%	1,104,031	74%	345,000	50,969
3 7	Operational expenditure related to research and development projects	1,000,000	721,886	72%	282,893	28%	278,114	438,992
	Total Title 3	2,500,000	1,876,886	75%	1,386,924	55%	623,114	489,961
	Total	2,500,000	1,876,886	75%	1,386,924	55%	623,114	489,961

**R0 – External assigned revenue and expenditure – Ring-fenced for Pension Fund and EMPACT Delegation Agreement
(not published)**

Chapter	Description	Revenue Cashed (1)	Committed (2)	Rate Committed = (2) / (1)	Paid (3)	Rate Paid = (3) / (1)	CA Carried Over to 2017 = (1) - (2)	PA Carried Over to 2017 = (2) - (3)
1 1	Staff in active employment	9,555,786	4,949,482	52%	4,824,600	50%	4,606,304	124,882
	Total Title 1	9,555,786	4,949,482	52%	4,824,600	50%	4,606,304	124,882
3 6	Operational expenditure related to subsidies and grants	5,969,497	4,976,387	83%	3,050,409	51%	993,111	1,925,978
	Total Title 3	5,969,497	4,976,387	83%	3,050,409	51%	993,111	1,925,978
	Total	15,525,283	9,925,869	64%	7,875,009	51%	5,599,414	2,050,860
Total R0		18,025,283	11,802,754	65%	9,261,933	51%	6,222,529	2,540,822

Table 3: Implementation of appropriations carried forward from 2015 to 2016

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	100,026	100,026	100%	-	0%
12	Administrative Missions	-	-	-	-	-
13	Sociomedical infrastructure	185,396	164,300	89%	21,096	11%
14	Training	126,042	103,876	82%	22,166	18%
15	Other staff-related expenditure	202,784	196,096	97%	6,688	3%
16	Entertainment and representation expenses	14,785	9,362	63%	5,423	37%
	Total Title 1	629,034	573,659	91%	55,374	9%
20	Rental of buildings and associated costs	3,115,074	2,993,648	96%	121,426	4%
21	Administrative information technology	641,650	562,020	88%	79,630	12%
22	Movable property and associated costs	180,011	175,718	98%	4,294	2%
23	Current administrative expenditure	36,922	31,674	86%	5,248	14%
24	Postal charges and telecommunications	99,549	70,770	71%	28,779	29%
25	Statutory expenditure	160,680	133,444	83%	27,236	17%
	Total Title 2	4,233,887	3,967,273	94%	266,614	6%
30	Operations	344,506	296,584	86%	47,922	14%
31	Operational information technology	4,449,017	3,604,804	81%	844,213	19%
32	Telecommunication costs for operational activities	794,832	397,526	50%	397,306	50%
33	Seconded National Experts (Operational)	1,602	703	44%	898	56%
34	EPCC	484	-	0%	484	100%
35	Heads of Europol National Units	419	419	100%	-	0%
	Total Title 3	5,590,859	4,300,036	77%	1,290,823	23%
	Total	10,453,780.25	8,840,968.90	85%	1,612,811	15%

Table 4: Appropriations carried over from 2016 to 2017

Description	Fund Source Sender	Fund Source Receiver	Carry Over of Commitment Appropriations	Carry Over of Payment Appropriations	Total
Payment Appropriations Current Budget	C1	C8	-	8,975,495	8,975,495
Payment Appropriations arising from internal assigned revenue	C4	C8	-	32,888	32,888
Commitment Appropriations arising from internal assigned revenue	C4	C5	1,019,613	-	1,019,613
Payment Appropriations arising from internal assigned revenue	C5	C8	-	186,093	186,093
Commitment Appropriations arising from internal assigned revenue	C5	C5	201	-	201
Payment Appropriations arising from external assigned revenue	R0	R0	6,222,529	2,540,822	8,763,351
Total			7,242,343	11,735,297	18,977,641

Table 5: Revenue 2016

Item	Heading	Established Revenue	Cashed Revenue 2016	Outstanding amount
9000	Regular subsidy from the Community	101,142,000	101,142,000	-
9001	Subsidy for European School	1,100,000	1,100,000	-
9200	Other revenue (IC1) Amending Budget	32,784	32,784	-
9200	Other revenue (IC11)	420	420	-
9200	Other revenue (IC41)	34,215	16,177	18,037
9200	Other revenue (IC4)	1,282,280	1,229,812	52,469
9201	Proceeds of taxation of staff (IC4)	148	148	-
9010	Other subsidies and grants (IR1)	4,455,947	4,313,742	142,205
9200	Other revenue (IR1)	9,555,786	9,555,786	-
	Total revenue	117,603,580	117,390,869	212,711

Table 6: List of Transfers 2016

Budget Line	Description	Initial Budget	Amending Budget	Transfers	Final Budget	Actual Committed
1100	Basic salaries	34,300,000	1,582,784	(1,578,506)	34,304,278	34,304,278
1101	Family allowances	4,256,000	-	553,246	4,809,246	4,809,246
1102	Expatriation and foreign-residence allowances	5,224,000	-	254,218	5,478,218	5,478,218
1110	Contract staff	6,450,000	250,000	1,421,181	8,121,181	8,121,181
1120	Insurance against sickness	1,213,000	-	(19,413)	1,193,587	1,193,587
1121	Insurance against accidents and occupational disease	180,000	-	(3,868)	176,132	176,132
1122	Insurance against unemployment	444,000	-	12,035	456,035	456,035
1130	Childbirth and death allowances and grants	6,500	-	(1,146)	5,354	5,354
1131	Travel expenses for annual leave	750,000	-	(6,568)	218,432	218,432
1141	Shift work and standby duty	225,000	-	(841)	49,159	49,159
1150	Expenditure related to Recruitment	414,000	-	33,600	447,600	447,600
1151	Travel expenses on taking up duties and at end of contract	50,000	-	(841)	49,159	49,159
1152	Installation, resettlement and transfer allowances for temporary agents	456,000	-	(25,623)	430,377	430,377
1153	Removal expenses for temporary agents	190,000	-	61,384	251,384	251,384
1154	Temporary daily subsistence allowances for temporary agents	200,000	-	196,059	396,059	396,059
1160	Salary weightings	3,011,000	-	150,110	3,161,110	3,161,110
1181	Local Staff	415,000	-	17,724	432,724	432,724
1300	Catering costs	430,000	-	(36,607)	393,393	393,393
1310	Medical service	518,000	-	(44,099)	473,901	473,901
1320	Sports activities	20,000	-	-	20,000	20,000
1321	Social events	23,000	-	(1,372)	21,628	21,627
1400	Training of staff	325,000	-	(95,676)	229,324	229,324
1501	PMO Management costs	330,000	-	10,000	340,000	340,000

Europol Public Information

Budget Line	Description	Initial Budget	Amending Budget	Transfers	Final Budget	Actual Committed
1510	Supplementary clerical and interim services	340,000	-	(28,000)	312,000	312,000
1520	Other external services	1,340,000	-	(293,790)	1,046,211	1,046,211
1530	European School	1,946,000	-	(105,105)	1,840,895	1,840,895
1600	General entertainment and representation expenses	68,000	-	(9,658)	58,342	55,994
Title 1	STAFF	63,124,500	1,832,784	498,000	65,455,284	65,452,935
2000	Rent	250,000	-	(1,548)	248,452	248,452
2010	Insurance of building(s)	39,000	-	(2,642)	36,358	36,358
2020	Water, gas, electricity and local taxes	587,500	-	(164,500)	423,000	422,963
2030	Cleaning and treatment of waste	410,000	-	28,000	438,000	438,000
2040	Security equipment and maintenance of security installations	50,000	-	(7,400)	42,600	42,373
2042	Health and safety at work	10,000	-	(5,800)	4,200	4,193
2050	Other building related expenditure	2,725,000	-	739,690	3,464,690	3,464,690
2100	Administrative purchase and maintenance of HW and SW	707,000	-	370,000	1,077,000	1,072,872
2104	Administrative ICT consultancy	126,500	-	(31,850)	94,650	93,900
2105	Administrative ICT External Service Provision	689,000	-	102,000	791,000	790,888
2200	Technical equipment and installations	14,000	-	(5,300)	8,700	8,156
2210	Furniture and other acquisitions	321,000	-	15,000	336,000	333,417
2221	Maintenance, repair and other expenditures of transport equipment	30,000	-	17,000	47,000	47,000
2222	Car insurance	20,000	-	(3,500)	16,500	16,131
2223	Fuel	25,000	-	(6,000)	19,000	19,000
2230	Library expenses, purchase of books, subscriptions to newspapers and periodicals	40,000	-	-	40,000	40,000
2231	Open sources	310,000	-	(10,400)	299,600	299,392
2300	Stationery and office supplies	65,000	-	(6,100)	58,900	58,888
2310	Bank charges	5,000	-	4,000	9,000	9,000

Europol Public Information

Budget Line	Description	Initial Budget	Amending Budget	Transfers	Final Budget	Actual Committed
2320	Legal expenses	35,000	-	(3,500)	31,500	31,379
2321	Damages and compensation	-	-	2,100	2,100	2,067
2330	Miscellaneous insurance	32,000	-	10,000	42,000	42,000
2331	Uniforms and working clothes	23,500	-	14,000	37,500	37,483
2332	Administrative translation services	6,000	-	9,500	15,500	14,307
2334	External administrative expertise	207,000	-	(181,100)	25,900	25,382
2335	Administrative meetings	25,000	-	(10,500)	14,500	13,570
2336	Other expenditure	45,000	-	(32,000)	13,000	12,454
2400	Postal and delivery charges	90,000	-	(20,000)	70,000	70,000
2410	Administrative Telecommunications costs	464,000	-	(100,000)	364,000	361,587
2500	Management Board Meetings	595,000	-	(147,000)	448,000	447,389
2501	Management Board Working Groups	85,000	-	(41,000)	44,000	43,800
2502	Management Board Secretariat	5,000	-	-	5,000	4,076
2510	Joint Supervisory Body Costs	390,000	-	(96,000)	294,000	290,738
2520	Internal auditor	10,000	-	(5,000)	5,000	3,478
Total 2	OTHER ADMINISTRATIVE EXPENDITURE	8,436,500	-	430,150	8,866,650	8,845,382
3000	Meetings	2,107,000	-	169,300	2,276,300	2,133,126
3001	Translations	10,500	-	(8,050)	2,450	2,450
3002	Printing	70,000	-	-	70,000	68,172
3003	Missions	2,091,500	-	350,000	2,441,500	2,441,500
3004	External expertise	297,000	-	(69,400)	227,600	224,091
3005	Expertise training for third parties	396,000	-	(154,600)	241,400	229,975
3006	Operational equipment	125,000	-	(17,500)	107,500	90,543
3007	Operational subsidies	150,000	-	(35,000)	115,000	83,051
3008	Operational training	467,700	-	(82,900)	384,800	373,282
3010	Liaison Bureaux outside the Netherlands	62,000	-	-	62,000	60,457
3100	Operational purchase and maintenance of HW and SW	12,306,000	-	(244,000)	12,062,000	12,062,000

Europol Public Information

Budget Line	Description	Initial Budget	Amending Budget	Transfers	Final Budget	Actual Committed
3105	Operational ICT External Service Provision	6,488,300	-	(491,000)	5,997,300	5,991,617
3200	Operational telecommunications costs	1,140,000	-	(363,000)	777,000	775,798
3300	Seconded National Experts (Operational)	2,700,000	200,000	-	2,900,000	2,900,000
3400	EPCC	170,000	-	38,000	208,000	207,461
3500	Heads of Europol National Units	100,000	-	(20,000)	80,000	79,366
Title 3	OPERATIONAL ACTIVITIES	28,681,000	200,000	(928,150)	27,952,850	27,722,888
TOTAL		100,242,000	2,032,784	-	102,274,784	102,021,205

Amending budget (published) for external assigned revenue

Budget Line	Description	Initial Budget	Amending Budget	Transfers	Final Budget	Actual Committed
B3-600	Operational expenditure related to subsidies and grants	pm	1,500,000	-	1,500,000	1,104,031
B3-700	Operational expenditure related to research and development projects	pm	500,000	-	500,000	350,000
Title 3	OPERATIONAL ACTIVITIES	-	2,000,000	-	2,000,000	1,454,031
TOTAL		-	2,000,000	-	2,000,000	1,454,031

Table 7: Budget result 2016

	2016	2015
REVENUE		
Union contribution, cashed	102,242,000	94,860,000
Other revenue, cashed	15,148,869	8,194,044
TOTAL REVENUE (a)	117,390,869	103,054,044
EXPENDITURE		
Budget Title 1: Staff		
Payments current year	69,943,099	57,616,341
Appropriations carried over to next year	5,830,731	698,537
Budget Title 2: Administrative		
Payments current year	5,473,394	6,068,532
Appropriations carried over to next year	3,736,630	4,517,903
Budget Title 3: Operational		
Payments current year	27,420,493	24,342,104
Appropriations carried over to next year	9,410,279	9,915,097
TOTAL EXPENDITURE (b)	121,814,627	103,158,514
RESULT FOR THE FINANCIAL YEAR BEFORE SPECIAL ITEMS (a-b)	(4,423,758)	(104,469)
Cancellation of unused payment appropriations carried over from the previous year	1,612,811	700,502
Adjustment for carry-over from the previous year – assigned revenue	4,677,757	303,136
Exchange rate differences	1,439	(1,318)
BUDGET RESULT 2016	1,868,249	897,850