

European Police College

2007 FINAL ACCOUNTS

European Police College

TABLE OF CONTENTS

1.	INTRODUCTION	3
2.	FINAL ACCOUNTS	4
2.1	BALANCE SHEET	4
2.2	ECONOMIC OUTTURN ACCOUNT	6
2.3	STATEMENT OF CASHFLOW	8
2.4	CHANGES IN CAPITAL	9
3.	BUDGET IMPLEMENTATION	10
4.	ASSURANCE STATEMENT OF THE DIRECTOR	11
	NOTES TO THE FINANCIAL STATEMENTS (Annex)	12

I. INTRODUCTION

The 2007 Financial Statements and budget execution reports, hereinafter, have been prepared in accordance with the International Public Sector Accounting Standards.

Major aspects in the 2007 financial statements are the following:

The Final Accounts have been drawn on the accruals basis prior to the introduction of a commitment based approach in 2008 as specified within the Financial Regulations.

The accounts have as much as possible been prepared in accordance with the budgetary principles contained within the adopted financial regulation of unity, annuality, equilibrium, universality, specification, sound financial management and transparency.

The transfer to fixed assets has been made in the Budget outturn section of the Economic Outturn Account, although then adjusted to account for depreciation.

The carry-overs in the Balance Sheet relate to contracted obligations entered into in 2007 for completion in 2008.

The preliminary accounts have been subject to audit by the European Court of Auditors and the preliminary observations have been taken into consideration.

The major aspects regarding the implementation of the annual budget are:

- Total available appropriations were € 7.4 million, of which € 5.6 million (75 %) have been committed.
- Payments made totalled € 3.9 million (70 % of the committed amounts).

2. FINAL ACCOUNTS

2.1 Balance Sheet

BALANCE SHEET - ASSETS			
At 31st December 2007			
	Note	2007	2,006
NON CURRENT ASSETS			
INTANGIBLE FIXED ASSETS		7,656	
TANGIBLE FIXED ASSETS			
<i>Land & Buildings</i>			
<i>Plant & Equipment</i>			
<i>Computer Hardware</i>		85,067	
<i>Furniture & Vehicles</i>		53,834	37,487
<i>Other Fixtures & fittings</i>			
<i>Leasing</i>			
INVESTMENTS			
LOANS			
Long-term pre-financing more than 1 year			
Long-terms receivables more than 1 year			
TOTAL NON CURRENT ASSETS	1.1.1	146,557	37,487
CURRENT ASSETS			
Stock			
Short-term pre-financing	1.1.2	181,500	
Short-term receivables			
<i>Current receivables</i>			
<i>Long-term receivables falling due within a year</i>		102,281	297,529
<i>Sundry receivables</i>			
<i>Others</i>			
Cash investments			
Cash and cash equivalents		4,585,876	3,681,849
TOTAL CURRENT ASSETS		4,869,657	3,979,378
TOTAL ASSETS		5,016,214	4,016,865

BALANCE SHEET - LIABILITIES			
At 31st December 2007			
	Note	2007	2006
CAPITAL			
RESERVES			
<i>Accumulated surplus / deficit</i>		67,750	
<i>Economic result for the year</i>		970,992	67,750
TOTAL CAPITAL		1,038,742	67,750
MINORITY INTEREST			
NON CURRENT LIABILITIES			
Employee benefits			
Provisions for risks & liabilities			
Financial liabilities			
<i>Financial guarantees</i>			
<i>Borrowings</i>			
<i>Held-for-trading liabilities</i>			
Other long-term liabilities		1,190,462	
TOTAL NON CURRENT LIABILITIES		1,190,462	-
CURRENT LIABILITIES			
Employee benefits			
Provisions for risks & liabilities			
Financial liabilities			
<i>Borrowings falling due within 1 year</i>			
<i>Held-for-trading liabilities due within 1 year</i>			
Account payable			
<i>Current payables</i>		2,070,094	2,183,261
<i>Long-term liabilities falling due within 1 year</i>			
<i>Sundry payables</i>		22,980	
<i>Others</i>			
Consolidated EC entities		693,936	1,765,854
TOTAL CURRENT LIABILITIES		2,787,010	3,949,115
TOTAL CURRENT ASSETS		5,016,214	4,016,865

2.1.1 ASSETS

2.1.1.1 NON-CURRENT ASSETS

Fixed assets are booked at purchase price less accumulated depreciation. Individual assets are booked when their value is equal or greater than € 420. However, separate components, which have a value smaller than € 420, are also booked when they are part of a whole or a bundle of items.

Fixed assets are depreciated using the straight-line method over their expected useful life. Depreciation is done on an annual basis.

2.1.1.2 CURRENT ASSETS

Committed expenditure of € 563,576 carried over to 2008, is included in Current Payables, against € 460,715 carried over in the previous year.

2.1.2 LIABILITIES

2.1.2.1 LONG TERM LIABILITIES

These are related to a balance of € 1.190.462 of advances unspent on the ongoing MEDA grant funded project running until 2009

2.1.2.2 CURRENT LIABILITIES

The balance of advances of € 601.239 on the AGIS grant funded project that ceases in 2008, are included in Consolidated EC Entities.

2.2 ECONOMIC OUTTURN ACCOUNT

Below, the Economic Outturn Account provides information on the reconciliation between budget implementation and the economic results of the financial year.

ECONOMIC OUTTURN ACCOUNT FOR THE YEAR ENDED 31 DECEMBER, 2007			
	2007 BUDGET	2007 ACTUAL	2006
Revenue:			
Commission subsidy	7,439,000	7,439,000	5,000,000
2006 Monies written back			
TOTAL	7,439,000	7,439,000	5,000,000
Expenditure:			
Staff	2,523,500	1,953,746	1,460,221
Administration	601,500	340,057	402,858
Programmes & Activities	4,314,000	3,340,272	2,416,975
TOTAL	7,439,000	5,634,075	4,280,054
ANNUAL SURPLUS		1,804,925	719,946
Transfers		113,746	84,737
2006 Monies written back		435,976	
FINAL SURPLUS		2,354,647	804,683
Commission monies not drawn down		-989,000	
SURPLUS			
to be reimbursed to the Commission		€ 1,365,647	
Reconciliation with Economic Out-turn A/C			
Fixed asset purchases incl. above	152,891		
Depreciation	-43,821		
2006 Monies	-503,726	394,656	
ECONOMIC RESULT		€ 970,991	

2.2.1 OPERATING REVENUES

The total appropriations available for the 2007 financial year of € 7.4 million relate to the annual subsidy of the European Communities.

In addition € 0.4 million of unused monies were written back from the previous year.

2.2.2 OPERATING EXPENDITURE

Title 1

The recruitment plan has not been able to fulfil during the built up phase. In addition, costs for allowances, insurances, the cost coefficient etc. have been lower than calculated, resulting in a total under-run of € 570.000 (23%) in Staff costs.

Title 2

A delay in the refurbishment of the new office building gave an under-spend for equipment, furniture etc. and contributed to an under-run of € 261.000 (43%).

Title 3

Lower expenditure due to less number of participants and cancelled activities as well as training activities not carried out, like e-learning, implementation of common curricula etc. resulted in activity costs running € 974.000 (23%) under budget.

2.2.3 FINANCIAL ADJUSTMENTS

The 'Transfers' relate to 'Old' CEPOL monies and transfers from 2006 amounting to € 98.013, together with exchange gains of € 15.732

2.3 STATEMENT OF CASHFLOW

The following table provides information on the inflow and outflow of cash during the financial year.

Cash-Flow Table (Indirect Method)	2,007	2,006
Cash Flows from ordinary activities		
Surplus/(deficit) from ordinary activities	970,992	67,750
Operating activities		
Adjustments		
Amortisation intangible assets	1,880	
Depreciation tangible assets	41,941	
Increase in Short-term pre-financing	-181,500	
Increase in Short-term receivables	-473,194	-297,530
Decrease in Accounts Payable	-90,187	2,183,261
Increase in consolidated EC entities	786,987	1,765,855
Net cash Flow from operating activities	1,056,918	3,719,336
Cash Flows from investing activities		
Purchase of Fixed assets	-152,891	-37,487
Net cash flow from investing activities	-152,891	-37,487
Net increase/(decrease) in cash and cash equivalents	904,027	3,681,849
Cash and cash equivalents at the beginning of the period	3,681,849	
Cash and cash equivalents at the end of the period	4,585,876	3,681,849

2.4 STATEMENT OF CHANGES IN CAPITAL

The following table provides information on the changes registered in the capital accounts during the financial year.

Statement of Changes in Capital			
Capital	Accumulated Surplus / Deficit	Economic result of the year	Capital (total)
Balance as of 31 December 2006		67,749.96	67,749.96
Changes in accounting policies 1)			0.00
Balance as of 1 January 2007 (if restated)	0.00	67,749.96	67,749.96
Allocation of the Economic Result of Previous Year	67,749.96	-67,749.96	0.00
Economic result of the year		970,991.54	970,991.54
Balance as of 31 December 2007	67,749.96	970,991.54	1,038,741.50

3. BUDGET IMPLEMENTATION

The final budget implementation report shown in the following page reflects the use of the appropriations made available to CEPOL and provides detailed information on the use of those appropriations in the different areas of activity.

2007 Budget Status Report								
2007 Year end Budget Status Report								
					2007	2007		2006
Chapter	Title, Chapter and Description	Original Budget Appropriations	Transfers	Appropriations after Transfers	Total Commitments Euros	Appropriations unspent Euros	% Budget	Total Commitments
11	Staff in Active Employment	2,683,500	- 255,000	2,428,500	1,898,594	529,906	21.82%	1,420,856
13	Missions & Duty Travel	40,000	25,000	65,000	52,406	12,594	19.38%	33,005
14	Sociomedical Infrastructure	15,000	-	15,000	-	15,000	100.00%	5,338
16	Social welfare	5,000	-	5,000	1,427	3,573	71.46%	704
17	Entertainment and representation expenses	10,000	-	10,000	1,319	8,681	86.81%	318
	Title 1	€ 2,753,500	-€ 230,000	€ 2,523,500	€ 1,953,746	€ 569,754		1,460,221
20	Buildings, Equipment & Miscellaneous Expenditure	62,500	88,000	150,500	76,980	73,520	48.85%	61,977
21	Information & Communication	166,000	9,000	157,000	140,630	16,370	10.43%	162,056
22	Moveable Property & Associated Costs	84,500	140,000	224,500	61,424	163,076	72.64%	122,107
23	Administrative & Financing costs	55,500	11,000	66,500	58,677	7,823	11.76%	54,251
24	Postal Charges	3,000	-	3,000	2,346	654	21.81%	2,467
	Title 2	€ 371,500	€ 230,000	€ 601,500	€ 340,057	€ 261,443		402,858
30	Bodies and Organs	374,000	134,000	508,000	467,112	40,888	10.93%	420,284
31	Courses and Seminars	2,831,500	134,000	2,697,500	2,246,580	450,920	15.93%	1,296,637
32	Other Activity Related Costs	858,500	-	858,500	539,851	318,649	37.12%	693,708
33	Evaluation	40,000	-	40,000	33,547	6,453	16.13%	6,346
35	Missions, Entertainment & Other operational activities	150,000	-	150,000	33,091	116,909	77.94%	
37	Translation	60,000	-	60,000	20,090	39,910	66.52%	
	Title 3	€ 4,314,000	€ 0	€ 4,314,000	€ 3,340,271	€ 973,729		2,416,975
	Total	€ 7,439,000	€ 0	€ 7,439,000	€ 5,634,075	€ 1,804,925		4,280,054
	Adjustments;							
	Exchange rate gains					15,733		
	Financial adj on 2006 surplus					67,750		
	Transfer 'Old CEPOL'							-84,737
	Monies not drawn down					- 989,000		
	2006 reserves written back					435,976		
	Old CEPOL monies applied to conference					30,263		
	NET FINANCIAL SURPLUS					1,365,648		804,683

Final Accounts for 2007 adopted by the Director of CEPOL on 31 July 2008

4. Assurance Statement of the Director

I confirm, to the best of my knowledge and belief and in recognition of the preliminary findings of the European Court of Auditors the following:

- a) A commitment based system was not in place during 2007 and compromised a proper budget control of the costs. Budget transfers were made after the expenditure was incurred and new budget lines were created within the accounting system without approval by the authorising officer.
- b) A paper based system was introduced in December 2007 with effect from 1 January 2008. ABAC was introduced in June 2008 given control of the budget implementation and of the follow up.
- c) Appropriations have been used which have been identified by the auditors as private costs to be recovered. Recovery of the costs has been initiated.
 - Recovery of private use of *mobile phones* in 2007, in total 2,420 pounds (for all staff), has been executed via PMO.
 - Recovery of the use of CEPOL *pool cars* in 2007, in total 1,157 pounds (for all staff) has been executed via PMO.
 - Recovery of costs for private *taxi/transport* to airports/train-stations in 2007 has been initiated by the Director and an instruction has been issued to the Accounting Officer for recovery of the costs.
- d) Prior to becoming an EU agency CEPOL received funds in 2003/2004 for an AGIS project regarding the development of an electronic network. The project was carried out by the LSOP, Senior Police College, in the Netherlands. An audit performed by the internal audit services have identified costs incurred under that project as non-eligible. CEPOL has responded to those findings and is awaiting further decision.

Bramshill 31 July 2008

Ulf Göransson

NOTES TO THE FINANCIAL STATEMENTS

The following Accounting Principles were followed when drawing up the 2007 Final Accounts:

1. CEPOL is deemed to have been established for an indefinite duration.
Going concern basis (Financial Regulation art.78, Implementing Rules art.187, IPSAS 1):
2. Assets and income have not been overstated; liabilities and expenses have not been understated. No hidden reserves have been created.
Prudence (Financial Regulation art.78, Implementing Rules art.188, IPSAS 1)
3. The accounting methods and valuation may not be changed from one year to the next.
Consistency of accounting methods and presentation (Financial Regulation art.78, Implementing Rules art.189, IPSAS 1):
4. The financial statements shall show the amount of the corresponding item for the previous year. Where the presentation or the classification of one of the components is changed, the corresponding amounts for the previous year shall be made comparable and reclassified.
Comparability of information (Financial Reg. art.78, Implementing Rules art.190, IPSAS 1):
5. The financial statements have been presented so that items that are material by virtue of their nature should be presented separately in the financial statements. Items that are material by virtue of their size but with the same nature can be aggregated. Immaterial amounts should be aggregated with amounts of similar nature or function and need to be presented separately.
Materiality and aggregation (Financial Reg. art.78, Implementing Rules art.191, IPSAS 1):
6. Assets and liabilities may not be offset against each other, nor may revenues and expenses, save where the revenues and expenses derive from the same transaction, from similar transactions or from hedging operations and provided that they are not individually material.
Offsetting, no netting (Financial Reg. art.78, Implementing Rules art.192, IPSAS 1):
7. In order to represent faithfully the transactions and other events that it purports to represent, it is necessary that they are accounted for and presented in accordance with their substance and economic reality and not merely their legal form.
Substance over form, Reality over appearance (Financial Regulation art.78, Implementing Rules art.193, IPSAS 1):
8. Assets and liabilities shall be valued at purchase price or production cost, less any accumulated depreciation and impairment losses.
Valuation of assets and liabilities (Financial Regulation art.79, Implementing Rules art.195, IPSAS 1 and 17):