



EBA MB 2012 054

EUROPEAN BANKING AUTHORITY 2011 ANNUAL ACCOUNTS

CERTIFICATION LETTER FROM THE EBA ACCOUNTING OFFICER

The Annual accounts of the European Banking Authority for the year 2011 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 Commission's Accounting Officer, as are to be applied by all the institutions, agencies and joint undertakings.

I acknowledge my responsibility for the preparation and presentation of the annual accounts of the Authority in accordance with article 61 of the Financial Regulation.

I have obtained from the Authorising Officer, who guaranteed its reliability, all the information necessary for the production of the accounts that show the Authority's assets and liabilities and the budgetary implementation.

I hereby certify that based on this information, and on such checks as I deemed necessary to sign off the accounts, I have a reasonable assurance that the accounts present a true and fair view of the financial position of the Authority in all material aspects.

Done in London, on June 1, 2012



Yves Lecoanet

Accounting Officer

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1. GENERAL INFORMATION

EUROPEAN BANKING AUTHORITY

The European Banking Authority (“the EBA” or “the Authority”) is an independent EU Authority established by Regulation (EC) No. 1093/2010 of the European Parliament and of the Council of 24 November 2010, and published in the Official Journal of the European Union (L 331/12) on 15 December, 2010.

The EBA was established and started its operation as of 1 January 2011, and besides its new mandates has taken over all existing and ongoing tasks and responsibilities from the Committee of European Banking Supervisors (CEBS).

The EBA has a broad mandate including, but not limited to preventing regulatory arbitrage, guaranteeing a level playing field in regulation, strengthening international supervisory coordination, promoting supervisory convergence, enhancing consumer protection and providing advice to the EU institutions in the areas of banking, payments and e-money regulation as well as on issues related to corporate governance, auditing and financial reporting.

As an integral part of the European System of Financial Supervisors (ESFS), the EBA works in close cooperation with its sister authorities, the European Insurance and Occupational Pensions Authority (EIOPA) and the European Securities and Markets Authority (ESMA) in the Joint Committee, and with the European Systemic Risks Board (ESRB).

FUNDING

The EBA is financed from Union funds (40%) and through contributions from Member States (60%) made in accordance with the weighting of votes set out in article 3(3) of the Protocol (No. 36) on transnational transitions (Recital Number 68 of the EBA Regulation).

AUTHORITY STRUCTURE

The European Banking Authority (EBA) is governed by its Board of Supervisors and its Management Board. The Board of Supervisors is in charge of taking the main decisions related to the EBA’s mandate and of giving guidance to the work of the EBA. The Management Board is making the decisions related to the operations of the EBA, and to the execution of its Annual Work Programme.

The Authority is represented by the Chairperson who is responsible for preparing the work of the Board of Supervisors and chairs its meetings as well as those of the Management Board. The Chairperson’s term of office is five years and it may be extended once.

The Executive Director is in charge of the implementation of the Annual Work Programme of the EBA under the guidance of the Board of Supervisors and under the control of the Management Board. The Executive Director’s term of office is five years and it may be extended once.

The EBA is organized in three clusters (Oversight, Regulation, Operations) and two units (Policy analysis and coordination, Consumer protection). To carry its tasks, it works together with experts from national authorities within a number of working groups and task forces.

The Annual Work Programme, published on the EBA’s website every year describes the objectives and specific tasks to be carried by the clusters and units of the EBA.

2. FINANCIAL STATEMENTS

2.1 Balance Sheet

	Note	31.12.2011	01.01.2011
-			
NON-CURRENT ASSETS			
<i>Tangible fixed assets</i>	3.2.1		
Computer Hardware		74,815	64,127
Furniture		84,247	108,347
Other fixture and fittings		418,310	486,932
Total		577,372	659,406
CURRENT ASSETS			
Current receivables	3.3.1	170,754	223,486
Sundry receivables	3.3.2	206,683	
Prepaid expenses	3.3.3	66,360	194,129
EU entities		-	740,375
Cash and cash equivalents	3.3.4	6,378,023	2,756,875
Total		6,821,820	3,914,866
TOTAL ASSETS		7,399,192	4,574,272
LIABILITIES			
NON-CURRENT LIABILITIES			
Provision for risks and charges	3.4	784,316	0
Total		784,316	0
CURRENT LIABILITIES			
Current payables	3.5	2,319,492	3,117,509
Deferred revenues		-	580,000
Sundry payables		4,569	63,524
EU entities	3.6	3,637,111	0
Total		5,961,172	3,761,033
TOTAL LIABILITIES		6,745,488	3,761,033
NET ASSETS			
Accumulated results from previous years		813,239	813,239
Economic outturn for the financial year - profit/(loss)		(159,535)	0
TOTAL NET ASSETS		653,704	813,239

2.2 Economic Outturn Account

	Note	2011
OPERATING REVENUE	3.7	
Contribution from the Member States		7,413,000
Contribution from EFTA countries		199,000
EU Subsidy		1,493,139
Foreign currency conversion gains		124,415
TOTAL OPERATING REVENUE		9,229,554
OPERATING EXPENSES	3.8	
Staff expenses	3.8.1	5,359,276
Building and related expenses	3.8.2	864,118
Other expenses	3.8.3	2,538,050
Fixed asset related expenses	3.8.4	449,258
Foreign currency conversion losses		175,525
TOTAL OPERATING EXPENSES		9,386,227
SURPLUS (DEFICIT) FROM OPERATING ACTIVITIES		(156,673)
NON OPERATING REVENUES (EXPENSES)	3.9	
Financial expenses	3.9	(2,862)
SURPLUS/ (DEFICIT) FROM NON OPERATING ACTIVITIES		(2,862)
SURPLUS/ (DEFICIT) FROM ORDINARY ACTIVITIES		(159,535)
SURPLUS/ (DEFICIT) FROM EXTRAORDINARY ITEMS		-
ECONOMIC OUTTURN FOR THE YEAR		(159,535)

2.3 Cash Flow Table

	2011
CASH FLOW FROM ORDINARY ACTIVITIES	
Surplus /(deficit) from ordinary activities	(159,535)
Operating activities	
Depreciation of Tangible fixed assets	449,242
Increase/(decrease) in provisions for risks and liabilities	182,903
(Increase)/decrease in short term receivables	714,194
Increase/ (decrease) in accounts payable	(1,161,558)
Increase/ (decrease) in liabilities related to consolidated EU Entities	3,637,111
Other non cash movements	-
Net cash flow from operating activities	3,662,357
CASH FLOW FROM INVESTING ACTIVITIES	
(Increase)/decrease in tangible fixed assets	(41,209)
Net cash flow from investing activities	(41,209)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,621,148
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	2,756,875
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6,378,023

2.4 Statements of Changes in Net Assets

	Accumulated Surplus	Net Surplus for the year	Total Net Assets
Balance as at 1 January 2011	813,239	-	813,239
Net result of the year	-	(159,535)	(159,535)
Balance as at 31 December 2011	813,239	(159,535)	653,704

3. NOTES TO FINANCIAL STATEMENTS

3.1 Summary of significant accounting policies

The annual accounts of the European Banking Authority (the “Authority”) comprise the financial statements and the reports on the implementation of the budget.

As the Authority was established on 1 January 2011, the annual accounts refer only to the financial year 2011.

The financial statements show all charges and income for the financial year based on accrual accounting rules complying with the EC Accounting Rules and are designed to establish the financial position in the form of a balance sheet as at 31 December. Specifically the principles applied in drawing up the financial statements are:

- going concern basis;
- prudence;
- consistent accounting methods;
- comparability of information;
- materiality;
- no netting;
- reality over appearance;
- accrual-based accounting.

The budgetary accounts give a detailed picture of the implementation of the budget. They are based on the modified cash accounting principle.

Basis of preparation

In line with article 76 of the EBA funding regulation all assets and liabilities and all pending operations of CEBS have been automatically transferred to the Authority.

The EBA opening balance has been established on the basis of the CEBS Accounts as at 31/12/2010, audited by an independent auditor, restated to comply with EU accounting rules.

Functional and reporting currency

The Euro is the functional and reporting currency of the Authority and amounts shown in the financial statements are presented in Euros (€) unless indicated otherwise. Any slight differences versus the actual balances are due to rounding.

Currency and basis for conversion

All foreign currency transactions are recorded using the exchange rate prevailing at the date of the transaction. Gains and losses resulting from the settlement of foreign currency transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Economic Outturn Account.

Use of estimates

In accordance with IPSAS and generally accepted accounting principles, the financial statements include amounts based on estimates and assumptions by management based on the most reliable information available. Significant estimates include, but are not limited to, amounts for provisions, accounts receivables, accrued income and charges, contingent assets and liabilities, and degree of impairment of intangible assets and property, plant and equipment. Actual results could differ from those estimates. Changes in estimates are reflected in the period in which they become known.

Non current assets

Non current assets correspond to the fixed assets received from the Committee of European Banking Supervisors on 1 January 2011 and to the acquisitions made in 2011. Amounts entered in the EBA opening balance correspond to the values from the audited CEBS accounts, after restatement to the EU rules which have included following aspects:

- Valuation at cost including translation at historical exchange rate, less accumulated depreciation and impairment losses
- Cancellation of values lower than 420€ per item
- Review of useful life duration for calculation of the depreciation.

Type of asset	Useful life (years)	Annual depreciation rate
Hardware	4	25%
Other fixtures and fittings	4	25%
Movable furniture	10	10%

Other fixtures and fittings which cannot be reused in the case where the offices would be relocated are depreciated on the duration from the acquisition date till 31/12/2012, the date at which EBA may exert the break clause of the lease contract of the offices.

Assets under construction are not amortised and include items which were not put into use as of the end of 2011.

Leases

Lease of intangible assets where the Authority have substantially all the risks and reward of ownership are classified as financial leases. There are no items to be reported under this category.

Leases where the lesser retains a significant portion of the risks and rewards inherent to the ownership are classified as operating leases. Payments made under operating leases are charged to the Economic Outturn Account for the portion accrued during the financial year. This is the case for the rent paid.

Receivables

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

If any, the amount of write-down is charged to the Economic Outturn Account.

Cash and cash equivalents

Cash include only cash in hands as there are no other cash equivalents or liquid investments to be reported. Currently, the Authority works with two banks. One is used to collect the Budget contributions and execute the payments (Citigroup). The other one (Co-Operative Bank) inherited from CEBS is to be closed at the beginning of 2012.

Payables

Payables arising from the purchase of goods and services are recognized at invoices reception for the original amount and corresponding expenses are entered in the accounts when the supplies are delivered and accepted by the Authority.

Accrued expenses

In accordance with EC Accounting Rules no. 10 complemented by chapter 19 under IPSAS 19 (Provisions, contingent liabilities and contingent assets) accruals are made to recognize the amounts to be paid for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees (for example, amounts relating to accrued vacation pay). The accruals are determined based on estimates received from the authorizing officer (assessed based on the part of the carry-overs to be applied to 2011). These accruals are reported under current liabilities-current payables.

Revenue

EBA's revenue consist of the contribution received from National Supervisory Authorities from the Member States and third countries' Observers (60%) and from the subsidy received from the EU (40%).

Based on Article 15.4 of the EBA Financial Regulation, the EU subsidy constitutes for the budget of the Authority a balancing subsidy. As a result of this, the EU subsidy is recognized as revenue to the extent of the amount necessary to cover the budget expenditure. The difference with the amount actually received is to be returned to the Commission and booked as a liability.

Contributions from the National Supervisory Authorities are recognised as revenue when these resources are approved together with the budget by the Board of Supervisors.

Expenditure

Expenses arising from the purchase of goods and services are recognized when the supplies are delivered and accepted by the Authority. They are valued at original invoice cost.

At year-end, incurred eligible expenses already due to the beneficiaries but not yet reported are estimated and recorded as accrued expenses.

Contingent assets and liabilities

In line with EC Accounting Rule no.10 the term contingent is used for liabilities and assets that are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Employee benefits

The staff of the Authority is entitled to pensions rights according to the pension scheme as defined in the Staff Regulations of the European Communities. The corresponding pension benefits are managed and paid by the European Commission. In compliance with Article 83a of the Staff Regulations, the contribution needed to fund the scheme is financed by the General Budget of the European Community and no employer contribution is paid by the Authority. As a result of this, no pension liability is recognized in the balance sheet of the Authority.

3.2 Non - current assets

Non - current assets are fixed assets used and owned by the Authority and are composed of tangible, intangible and other non-current assets.

3.2.1 Tangible fixed assets

Tangible fixed assets include mainly furniture, fixtures and IT equipment.

2011		Computer hardware	Furniture and vehicles	Other fixtures and fittings	Tangible Fixed Assets under construction	Total
Gross carrying amounts 01.01.2011	+	88,703	239,735	1,621,928		1,950,366
Additions	+	35,058	0	332,151		367,209
Disposals	-					
Transfer between headings	(+/-)					
Other changes (1)	(+/-)					
Gross carrying amounts 31.12.2011		123,761	239,735	1,954,079		2,317,575
Accumulated amortisation and impairment 01.01.2011	-	(24,576)	(131,388)	(1,134,996)		(1,290,960)
Depreciation	-	(24,369)	(24,100)	(400,773)		(449,242)
Write-back of depreciation	+					
Disposals	+					
Impairment (1)	-					
Write-back of impairment	+					
Transfer between headings	(+/-)					
Other changes (1)	(+/-)					
Accumulated amortisation and impairment 31.12.2011		(48,945)	(155,488)	(1,535,769)		(1,740,203)
Net carrying amounts as at 31/12/2011		74,815	84,247	418,310		577,372

Additions for other fixtures and fittings include a amount of 326 000 € representing the re-instatement cost of the offices to their original state at the termination of the lease as requested by the contract. The counterpart is recorded as short term provision (see Note 3.4).

This amount is amortized on two years up to 31/12/2012, date at which the EBA may exert the break clause.

3.3 Current assets

3.3.1 Current receivables

Current Receivables	31.12.2011
VAT recoverable	170,754
Total	170,754

The recoverable VAT relates to payments to suppliers made during the year 2011 and still to be refunded by UK Authorities.

3.3.2 Sundry receivables

Sundry Receivables	31.12.2011
Amount to be recovered from City of London	178,929
Amounts to be regularised from staff	25,236
Salary advances	2,519
Total	206,683

The amount to be recovered from City of London corresponds to the reduction in the business rates to which the EBA is entitled in virtue of its Privileges and Immunities. This amount is expected to be received in April.

The amount to be recovered from staff corresponds essentially to taxes paid on behalf of seconded staff under CEBS agreements.

3.3.3 Prepaid expenses

	31.12.2011
Prepaid business rates	58,847
Prepaid insurance	7,513
Total	66,360

Those amounts represent expenses for the offices related to the first quarter 2012.

3.3.4 Cash and cash equivalents

Cash	31.12.2011
Citigroup (GBP Account)	335,339
Citigroup (EURO Account)	4,948,634
Co-Operative Bank	1,094,050
Total	6,378,023

3.4 Provisions for risks and charges

	31.12.2011
Salary adjustment disputed by the Council	182,903
Re-instatement cost of the offices	326,000
CEBS open invoices to be settled	275,413
Total	784,316

The salary adjustment proposed by the European Commission pursuant to the staff regulations has not been accepted by the Council. The settlement is pending the result of the legal proceedings currently in progress before the European Court of Justice.

The lease contract for the premises provides for the obligation for EBA to re-instate the offices to their original state. The cost to cover this obligation is estimated to 326 000 €.

The liabilities inherited from CEBS included accrued charges for services rendered from 2007 to 2010 for which the invoices were not received at 31/12/2011.

3.5 Current payables

Current Payables	31.12.2011
Payables to suppliers	382,132
Payables to Member States	1,173,237
Accrued charges-untaken annual leaves	148,459
Accrued charges-other	614,269
Accrued charges-European institutions	1,395
Total	2,319,492

Payables to Member States include supplier invoices for services provided by the National Supervisory Authorities for 410 254 € as well the liability related to the distribution of the 2010 CEBS accumulated surplus for 762,982 €, as decided by the Board of Supervisors on 9/12/2011.

Accrued charges correspond to invoices to be received at 31/12/2011 for services rendered in 2011.

3.6 Payables - EU entities

Payables EU entities	31.12.2011
Subsidy to reimburse to the European Commission	3,579,861
Other payables to the European Commission	57,250
Total	3,637,111

The subsidy to reimburse to the European Commission corresponds to the budgetary result for the financial year 2011 which was determined on a modified cash basis. The detailed calculation is presented in the Budget Outturn Account (Note 4.1).

EBA is financed by Union funds (40%) and contributions by Member States (60%) in accordance with the weighting votes set out in article 3(3) of the Protocol (No. 36) on transnational transitions (recital No 68 EBA Regulation). According to articles 15.4 and 16.1 of the EBA Financial Regulation, the Community subsidy paid to the Authority constitutes for its budget a balancing subsidy which is accounted for as pre-financing. If the balance of the budgetary outturn account is positive it shall be repaid to the Commission up to the amount of the Community subsidy paid during the year.

EBA has therefore allocated 100% of the surplus to the European Commission.

At the time of establishing the final EBA annual accounts, this is still an issue subject to discussion, as Member States consider that 60% of the surplus should be refunded to them. In a letter dated 17/04/2012 and with a view to abide by the existing 60/40 funding proportion, the European Commission has indicated that the surplus arising from budget 2011 would be deducted from the 2013 budget contributions, resulting in the reimbursement to the national authorities for the part corresponding to their contribution.

3.7 Operating revenue

The Authority's 2011 revenue comes from the following sources:

Operating revenue	2011
Contribution from Member States	7,413,000
Contribution from EFTA countries	199,000
EU Subsidy	1,493,139
Foreign currency conversion gains	124,415
Total	9,229,554

The contributions from the Member States and from the EFTA countries represent 100% of their 2011 contribution based on the approved Budget.

The subsidy paid in 2011 by the Directorate-General for Internal Market was 5.073 000 €. Based on Article 16.1 of the financial regulation, the unused part of this subsidy, which corresponds to the Budget Outturn Account in amount of 3,579,861 € has to be reimbursed to the Commission. The difference in amount of 1,493,139 € is recognized as operating revenue.

3.8 Operating expenses

3.8.1 Staff expenses

Staff expenses	2,011
Salaries and related allowances	5,255,103
Social security	104,173
Total	5,359,276

3.8.2 Building and related expenses

Building and related expenses	2011
Rent	529,571
Related expenses	334,547
Total	864,118

3.8.3 Other expenses

Other expenses	2011
Office supplies	98,475
Publicity and Legal	26,540
Recruitment	52,054
Training	22,348
Travel	237,337
Experts and related expenditure	234,151
IT support cost	184,445
Other services	356,727
Operational activities	1,325,974
Total	2,538,050

3.8.4 Fixed assets related expenses

	2011
Depreciation of fixed assets	286,258
Amortization of the offices re-instatement cost	163,000
Total	449,258

3.9 Non-operating revenue (expenses)

Non-operating revenue	2011
Non –operating revenue	-
Total	-
Non-operating expense	
Bank charges	(2,862)
Total	(2,862)
Total Non Operating activities Net	(2,862)

3.10 Contingent liabilities

1. Operating lease commitments for rent: payments still to be made at 31 December 2011 up 31 December 2012, date at which EBA may exert the break clause, amount to 961,930 €. This amount includes a penalty of 234 288 €.

The contractual payments are scheduled as follows:

Description	Charges still to be paid			
	<1yr	1-5 yrs	>5 yrs	Total charges to be paid
Operating lease-Tower 42	961,930	-	-	961,930
Total	961,930	-	-	961,930

2. Other contingent liabilities include the part of the budgetary commitments which have not been recognised in expenses at 31/12/2011.

Budgetary commitments	2011
Commitments carried forward to 2012	1,617,813
Less expenses already recognised	(1,408,051)
Net budgetary commitments as at 31/12/2011	209,762

3.11 Related party disclosure

Highest grades description	Grade	Number of persons of this grade
Chair Person	AD 15	1
Executive Director	AD 14	1

The remuneration equivalent to the grades of the key management personnel in the table can be found in the Official Journal L338/1 of 22 December 2010.

3.12 Events after the balance sheet date

At the date of issue of the accounts, no material issue came to the attention of the accounting officer of the Authority or were reported to him that would require separate disclosure under that section. The annual accounts and related notes were prepared using the most available information and this is reflected in the information presented above.

4. BUDGET IMPLEMENTATION REPORTS

(Articles 76(b) and 81 of EBA Financial Regulation)

4.1 Budget Outturn Account

REVENUE		
Balancing Commission subsidy	+	5,073,000
Contributions from National Supervisory Authorities	+	7,413,000
Contributions from Observers	+	199,000
Other income	+	
Total Revenue (a)		12,685,000
EXPENDITURE		
<i>Title I: Staff</i>		
Payments	-	5,308,649
Appropriations carried over	-	501,809
<i>Title II: Administrative Expenditure</i>		
Payments	-	1,400,590
Appropriations carried over	-	458,729
<i>Title III: Operating Expenditure</i>		
Payments	-	726,978
Appropriations carried over	-	657,275
Total Expenditure (b)		9,054,030
Outturn for the financial year (a-b)		3,630,970
Cancellation of unused payment appropriations carried over from previous year	+	
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	+	
Exchange differences for the year (gain +/- loss -)	+/-	(51,109)
Balance of the Outturn Account for the financial year		3,579,861
Balance year N-1	+/-	
Positive balance from year N-1 reimbursed in year N to the Commission	-	
Result used for determining amounts in general accounting		3,579,861
Commission subsidy - agency registers accrued revenue and Commission accrued expense		1,493,139
Pre-financing remaining open to be reimbursed by agency to Commission in year N+1		3,579,861

Not included in the budget outturn:

Interest generated by 31/12/N on the Commission balancing subsidy funds and to be reimbursed to the Commission (liability)	+	57,250
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4.2 Reconciliation of the budget outturn versus the net result

In order to reconcile the budget outturn result to the net result for the period, differences between budget accounting and accrual accounting need to be taken into account. These differences can be attributed to timing or permanent differences. The most significant of these differences are the following:

1. In budget accounting, capital expenditures are recorded as current year expenses. In accrual accounting, these types of expenditures are capitalised and depreciated over the useful life span of the assets.
2. In budget accounting, revenue is required to cover all committed expenditures at 31 December. In accrual accounting, revenue and expenses only include amounts corresponding to the financial year. The difference is treated as deferred revenue or accrued expenses in accrual accounting.
3. In Budget accounting, revenues are expressed on a cash basis and consist of cash received until the 31st December of the year. In accrual accounting revenue is measured at the fair value of the consideration received or receivable (see accounting policy).

Economic Outturn for the year		+/-	(159,535)
Ajustment for accrual items (items not in the budgetary result but included in the economic result)			
A	Adjustments for Accrual Cut-off (reversal 31.12.2010)	-	0
B	Adjustments for Accrual Cut-off (cut- off 31.12.2011)	+	764,123
C	Amount from liaison account with Commission booked in the Economic Outturn Account	-	0
D	Unpaid invoices at year end but booked in charges (class 6)	+	792,387
E	Depreciation of intangible and tangible assets (1)	+	449,258
F	Provisions (1)	+	182,903
G	Value reductions (1)	+	0
H	Recovery Orders issued in 2011 in class 7 and not yet cashed	-	
Ia	Pre-financing given in previous year and cleared in the year	+	0
Ib	Pre-financing received in previous year and cleared in the year	-	0
J	Payments made from carry over of payment appropriations	+	0
K	Sundry receivables (City of London) not in the budget outturn	+/-	(178,929)
L	Other items	+/-	(94,825)
Ajustment for budgetary items (item included in the budgetary result but not in the economic result)			
			0
M	Asset acquisitions (less unpaid amounts)	-	(41,209)
N	New pre-financing paid in the year 2011 and remaining open as at 31.12.2011	-	(66,360)
O	New pre-financing received in the year 2011 and remaining open as at 31.12.2011	+	3,579,861
P	Budgetary recovery orders issued before 2011 and cashed in the year	+	
Q	Budgetary recovery orders issued in 2011 on balance sheet accounts (not 7 or 6 accounts) and cashed	+	0
R	Capital payments on financial leasing (they are budgetary payments but not in the economic result)	-	0
S	Payment appropriations carried over to 2012	-	(1,617,813)
T	Cancellation of unused carried over payment appropriations from previous year	+	0
U	Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from	+	0
V	Payments for pensions (they are budgetary payments but booked against provisions)	-	0
W	Payments for stocks of leave and supplementary hours (they are budgetary payments but booked	-	0
X	VAT included in the budget outturn and not in the economic outturn	+/-	(30,000)
	total		3,579,861
Budget Outturn account for the financial year			3,579,861

4.4 Budget implementation

The following table shows the detailed implementation by budget line.

	Title	Appropriations (1)	Committed (2)	% Committed (3) = (2)/(1)	Paid (4)	% Paid (5) = (4)/(1)	Carried Forward (6)	Appropriations cancelled (7) = (1)-(4)-(6)
A-1100	Basic salaries	2,528,036	2,499,185	99%	2,499,185	99%	0	28,851
A-1101	Family allowances	185,362	165,394	89%	165,394	89%	0	19,968
A-1102	Expatriation and foreign residence allowances	342,195	327,254	96%	327,254	96%	0	14,941
A-1110	Seconded national experts	244,000	126,517	52%	126,517	52%	0	117,483
A-1111	Contract agents	154,825	154,825	100%	154,825	100%	0	0
A-1120	Salaries	5,094	5,094	100%	5,094	100%	0	0
A-1125	Seconded from supervisory authorities	738,792	638,099	86%	235,901	32%	402,198	100,694
A-1130	Insurance against sickness	89,492	85,257	95%	85,257	95%	0	4,235
A-1131	Insurance against accidents and occupational disease	20,477	17,804	87%	17,804	87%	0	2,673
A-1132	Insurance against unemployment	36,348	33,532	92%	33,532	92%	0	2,816
A-1140	Birth and death grants	10,000	0	0%	0	0%	0	10,000
A-1141	Travel expenses for annual leave	72,976	30,764	42%	30,764	42%	0	42,211
A-1142	Other allowances and repayments	0	0	0%	0	0%	0	0
A-1150	Overtime	10,000	10,000	100%	0	0%	10,000	0

	Title	Appropriations (1)	Committed (2)	% Committed (3) = (2)/(1)	Paid (4)	% Paid (5) = (4)/(1)	Carried Forward (6)	Appropriations cancelled (7)= (1)-(4)-(6)
A-1160	Salary weighting	986,912	948,855	96%	948,855	96%	0	38,057
A-1200	Expenditure on recruitment procedure	66,000	65,610	99%	23,741	36%	41,869	390
A-1210	Travel expenses of recruited staff and family	45,000	4,313	10%	4,313	10%	0	40,687
A-1220	Installation, resettlement and transfer allowances	212,220	168,543	79%	168,543	79%	0	43,677
A-1230	Removal expenses	44,000	23,271	53%	23,271	53%	0	20,729
A-1240	Temporary daily subsistence allowances	122,742	95,697	78%	95,697	78%	0	27,045
A-1260	Provisional appropriation	0	0	0%	0	0%	0	0
A-1270	Freelance proofreading	0	0	0%	0	0%	0	0
A-1290	External services	130,029	121,659	94%	87,361	67%	34,298	8,370
A-1300	Administrative mission expenses	237,650	236,321	99%	235,677	99%	644	1,329
A-1400	Medical service	23,000	13,832	60%	11,205	49%	2,627	9,168
A-1410	Early childhood centres and other creches	5,000	0	0%	0	0%	0	5,000
A-1600	Training	64,500	23,060	36%	13,387	21%	9,673	41,440
A-1700	Representation expenses, receptions and events	33,000	15,574	47%	15,074	46%	500	17,426
	Title 1 - Staff expenditure	6,407,650	5,810,459	91%	5,308,649	83%	501,809	597,191
A-2000	Rental of building	828,381	612,691	74%	438,023	53%	174,668	215,691
A-2010	Insurance	67,253	22,638	34%	21,823	32%	815	44,615
A-2020	Water, gas, electricity, heating	380,400	220,200	58%	72,212	19%	147,988	160,200

	Title	Appropriations (1)	Committed (2)	% Committed (3) = (2)/(1)	Paid (4)	% Paid (5) = (4)/(1)	Carried Forward (6)	Appropriations cancelled (7)= (1)-(4)-(6)
A-2030	Maintenance and cleaning	40,352	24,886	62%	19,115	47%	5,770	15,466
A-2040	Taxes - London Business rates	381,994	243,754	64%	243,754	64%	0	138,240
A-2050	Fitting out premises and refurbishment works	274,000	12,609	5%	2,925	1%	9,684	261,391
A-2100	Purchase of hardware and software	122,525	86,707	71%	57,099	47%	29,608	35,818
A-2103	Maintenance of hardware and software	78,416	67,532	86%	64,220	82%	3,312	10,884
A-2105	Website	96,679	45,781	47%	37,592	39%	8,189	50,898
A-2201	Hire of technical equipment and installations	15,120	4,834	32%	2,494	16%	2,340	10,286
A-2202	Maintenance and repairs	38,880	9,363	24%	7,713	20%	1,651	29,517
A-2300	Stationery and office supplies	74,167	66,154	89%	52,658	71%	13,496	8,013
A-2301	Subscriptions to newspapers and periodicals	44,841	30,109	67%	30,109	67%	0	14,732
A-2310	Bank and financial charges	3,533	2,067	58%	1,893	54%	173	1,467
A-2320	Legal advise	33,600	29,127	87%	26,570	79%	2,557	4,473
A-2332	Other administrative expenditure	4,500	2,777	62%	2,314	51%	463	1,723
A-2400	Postal and delivery charges	5,000	5,000	100%	2,632	53%	2,368	0
A-2410	Telecommunication charges	121,000	117,784	97%	97,624	81%	20,161	3,216
A-2420	Telecommunication equipement and installations	10,000	0	0%	0	0%	0	10,000
A-2500	Information and publication costs	141,112	102,678	73%	100,798	71%	1,880	38,434
A-2501	Translation costs, including the CdT	89,047	24,564	28%	21,895	25%	2,669	64,483
A-2502	Studies	0	0	0%	0	0%	0	0

	Title	Appropriations (1)	Committed (2)	% Committed (3) = (2)/(1)	Paid (4)	% Paid (5) = (4)/(1)	Carried Forward (6)	Appropriations cancelled (7)= (1)-(4)-(6)
A-2600	General meeting expenses	75,000	61,032	81%	58,616	78%	2,416	13,968
A-2610	Reimbursement of costs for BSG members	108,000	42,916	40%	27,916	26%	15,000	65,084
A-2612	Expenses relating to consultations	79,200	0	0%	0	0%	0	79,200
A-2620	Management Board meetings	26,000	0	0%	0	0%	0	26,000
A-2630	Board of Supervisors meetings	63,000	7,275	12%	2,355	4%	4,920	55,725
A-2631	Other expenses relating to Board of Supervisors	20,000	12,241	61%	8,241	41%	4,000	7,759
A-2640	Reimbursement of members cost and per diem	30,000	4,600	15%	0	0%	4,600	25,400
	Title 2 - Administrative expenditure	3,252,000	1,859,319	57%	1,400,590	43%	458,729	1,392,681
B3-100	Training for national supervisors, staff exchanges	450,134	33,702	7%	1,336	0%	32,366	416,432
B3-110	Operational missions of staff	346,645	191,033	55%	143,177	41%	47,856	155,612
B3-200	Reporting application	525,000	381,000	73%	143,500	27%	237,500	144,000
B3-210	Financial institutions register	50,000	35,000	70%	0	0%	35,000	15,000
B3-220	Collaboration & document management	60,000	49,000	82%	25,000	42%	24,000	11,000
B3-230	Secure communication	150,000	120,000	80%	120,000	80%	0	30,000
B3-240	Upgrade EBA infrastructure	140,000	5,638	4%	5,638	4%	0	134,362
B3-250	Maintenance and running costs	400,000	326,000	82%	119,000	30%	207,000	74,000
B3-260	Steering	115,000	100,594	87%	50,594	44%	50,000	14,406
B3-270	Ad hoc reporting and requests	122,000	0	0%	0	0%	0	122,000

	Title	Appropriations (1)	Committed (2)	% Committed (3) = (2)/(1)	Paid (4)	% Paid (5) = (4)/(1)	Carried Forward (6)	Appropriations cancelled (7)= (1)-(4)-(6)
B3-280	Training & Promotion	100,000	6,350	6%	0	0%	6,350	93,650
B3-290	Feasibility studies / Information planning	200,000	3,691	2%	3,691	2%	0	196,309
B3-300	Support Systems implementation	139,571	131,929	95%	114,726	82%	17,202	7,642
B3-310	Audits & Advices equivalent services	75,000	316	0%	316	0%	0	74,684
B3-320	XBRL Network	150,000	0	0%	0	0%	0	150,000
	Title 3 - Operational expenditure	3,023,350	1,384,252	46%	726,978	24%	657,275	1,639,098
	GRAND TOTAL	12,683,000	9,054,030	71%	7,436,217	59%	1,617,813	3,628,970

5. BUDGETARY AND FINANCIAL MANAGEMENT REPORT

5.1. General Accounting

The financial statement of EBA is set up according articles 76 to 82 of to the EBA Financial Regulation. EBA applies the principles of budgetary accounting and accrual based accounting compliant with the accounting rules of the European Communities and the International Public Sector Accounting Standards (IPSAS).

5.2. Financial Systems and Management

The major focus of EBA in 2011 was the setting up and the further extension of the Authority.

EBA, a newly created Agency took up activities on 1 January 2011 as the legal successor of the Committee of European Banking Supervisors (CEBS). By the date of establishment of EBA, all assets, liabilities and all pending operations of CEBS were automatically transferred to EBA.

In its inauguration meeting on 12 January 2011 the EBA Management Board adopted and approved the principal financial rules and the EBA Financial Regulation in order to enable EBA to execute its powers as European Agency.

EBA introduced ABAC, the accounting system used by the European Commission for the budgetary accounting, on 10 June 2011. During a transition period, from 1 January to 10 June 2011, EBA used an Excel-based tool for its budgetary accounting. At the date of the transition a report with commitments and payments loaded in ABAC was drawn up.

Payments made prior to the implementation of ABAC are not reflected in ABAC (only in the transition system). Each time that a report on budgetary consumption and execution is tracked from ABAC a manual aggregation in an Excel spread sheet is being made to fully reflect the initial budget and the consumption of commitments and payments for the entire financial year. Starting 2012 ABAC all financial transactions are fully represented in ABAC.

For the general accounting EBA implemented SAP on 10 June 2011. SAP is the accounting system used by the European Commission which is directly linked to ABAC. Until this date, it used SAGE¹, the system established by CEBS, for the financial accounting. A transition balance as at 10 June 2011 was established.

¹ SAGE is tailor-made accounting system for small and medium-sized business companies, organisations and institutions.

On 28 August 2011 EBA established the asset registration system of the European Commission (ABAC Assets) in order to track physically the individual items of the fixed assets. ABAC Assets is integrated in the Agency's accounting system.

No system existed for that purpose in CEBS.

During the months of August and September 2011, EBA proceeded with a physical inventory of the fixed assets received from CEBS. No significant variances have been identified.

5.3. Budget Execution

The EBA Management Board approved the budget 2011 in its inauguration meeting on 12 January 2011.

At the end of its first year, EBA registered a budget execution ratio for commitments of 71% and for payments of 59%. The concrete split per title is as follows:

Title	Budget Appropriations (1)	Committed (2)	Committed %	Paid (3)	% Paid (3/1)	Carry Forward	Not Committed
Title 1 - Staff expenditure	6,407,650	5,810,459	91%	5,308,649	83%	501,809	597,191
Title 2 - Administrative expenditure	3,252,000	1,859,319	57%	1,400,590	43%	458,729	1,392,681
Title 3 - Operational expenditure	3,023,350	1,384,252	46%	726,978	24%	657,275	1,639,098
Total	12,683,000	9,054,030	71%	7,436,217	59%	1,617,813	3,628,970

The commitment execution rate of 91% in Title 1 is in line with the number of positions filled at 31/12/2011 (41 out of 46 foreseen in the establishment plan). The lower rate in terms of payments (83%) is mainly due to the late invoicing of the seconded staff by the National Supervisory Authorities.

Lower level of execution in Title 3 relates mainly to the IT area. It is explained by both a longer than expected recruitment of the necessary IT staff and length in the procurement procedure. Though the Authority's internal objectives were not fully achieved, the objectives related to the Development and maintenance of a central database, belonging to the core mission of the Authority, were actually achieved.

Other expenses in title 3 such as trainings related to Supervisory culture were mainly financed by National Supervisory Authorities as opposed to by the EBA, as originally anticipated.

The report on detailed implementation of the budget by budget line is shown in note 4.4

6. BUDGET TRANSFERS

Budget Line	Description	INITIAL Budget appropriations (a)	Transfers 2011 (b)	FINAL Budget (after transfers) appropriations (a+b)
A-1100	Basic salaries	2,528,036.00		2,528,036.00
A-1101	Family allowances	145,362.00	40,000.00	185,362.00
A-1102	Expatriation and foreign residence allowances	342,195.00		342,195.00
A-1110	Seconded national experts	120,000.00	124,000.00	244,000.00
A-1111	Contract agents	300,000.00	-145,175.26	154,824.74
A-1120	Salaries	250,000.00	-244,905.84	5,094.16
A-1125	Seconded from supervisory authorities	859,387.00	-120,594.69	738,792.31
A-1130	Insurance against sickness	89,492.00		89,492.00
A-1131	Insurance against accidents and occupational disease	20,477.00		20,477.00
A-1132	Insurance against unemployment	31,348.00	5,000.00	36,348.00
A-1140	Birth and death grants	10,000.00		10,000.00
A-1141	Travel expenses for annual leave	120,000.00	-47,024.05	72,975.95
A-1142	Other allowances and repayments	5,000.00	-5,000.00	0.00
A-1150	Overtime	10,000.00		10,000.00
A-1160	Salary weighting	582,006.00	404,905.84	986,911.84
11	total chapter 11	5,413,303.00	11,206.00	5,424,509.00
A-1200	Expenditure on recruitment procedure	66,000.00		66,000.00
A-1210	Travel expenses of recruited staff and family	45,000.00		45,000.00
A-1220	Installation, resettlement and transfer allowances	242,220.00	-30,000.00	212,220.00
A-1230	Removal expenses	14,000.00	30,000.00	44,000.00
A-1240	Temporary daily subsistence allowances	122,742.00		122,742.00
A-1260	Provisional appropriation	86,206.00	-86,206.00	0.00
A-1270	Freelance proofreading	30,000.00	-30,000.00	0.00

Budget Line	Description	INITIAL Budget appropriations (a)	Transfers 2011 (b)	FINAL Budget (after transfers) appropriations (a+b)
A-1290	External services	25,029.00	105,000.00	130,029.00
12	total chapter 12	631,197.00	-11,206.00	619,991.00
A-1300	Administrative mission expenses	471,000.00	-233,350.00	237,650.00
13	total chapter 13	471,000.00	-233,350.00	237,650.00
A-1400	Medical service	23,000.00		23,000.00
A-1410	Early childhood centres and other creches	5,000.00		5,000.00
14	total chapter 14	28,000.00	0.00	28,000.00
A-1600	Training	64,500.00		64,500.00
16	total chapter 16	64,500.00	0.00	64,500.00
A-1700	Representation expenses, receptions and events	26,000.00	7,000.00	33,000.00
17	total chapter 17	26,000.00	7,000.00	33,000.00
	TOTAL TITLE 1	6,634,000.00	-226,350.00	6,407,650.00
A-2000	Rental of building	847,381.00	-19,000.00	828,381.00
A-2010	Insurance	67,253.00		67,253.00
A-2020	Water, gas, electricity, heating	410,400.00	-30,000.00	380,400.00
A-2030	Maintenance and cleaning	40,352.00		40,352.00
A-2040	Taxes - London Business rates	381,994.00		381,994.00
A-2050	Fitting out premises and refurbishment works	300,000.00	-26,000.00	274,000.00
20	total chapter 20	2,047,380.00	-75,000.00	1,972,380.00
A-2100	Purchase of hardware and software	122,525.00		122,525.00
A-2103	Maintenance of hardware and software	78,416.00		78,416.00
A-2105	Website	96,679.00		96,679.00
21	total chapter 21	297,620.00	0.00	297,620.00
A-2201	Hire of technical equipment and installations	15,120.00		15,120.00
A-2202	Maintenance and repairs	38,880.00		38,880.00
22	total chapter 22	54,000.00	0.00	54,000.00
A-2300	Stationery and office supplies	44,167.00	30,000.00	74,167.00
A-2301	Subscriptions to newspapers and periodicals	25,000.00	19,841.00	44,841.00

Budget Line	Description	INITIAL Budget appropriations (a)	Transfers 2011 (b)	FINAL Budget (after transfers) appropriations (a+b)
A-2310	Bank and financial charges	3,533.00		3,533.00
A-2320	Legal advise	5,300.00	28,300.00	33,600.00
A-2332	Other administrative expenditure	0.00	4,500.00	4,500.00
23	total	78,000.00	82,641.00	160,641.00
A-2400	Postal and delivery charges	5,000.00		5,000.00
A-2410	Telecommunication charges	95,000.00	26,000.00	121,000.00
A-2420	Telecommunication equipment and installations	10,000.00		10,000.00
24	total chapter 24	110,000.00	26,000.00	136,000.00
A-2500	Information and publication costs	111,112.00	30,000.00	141,112.00
A-2501	Translation costs, including the CdT	119,047.00	-30,000.00	89,047.00
A-2502	Studies	19,841.00	-19,841.00	0.00
25	total chapter 25	250,000.00	-19,841.00	230,159.00
A-2600	General meeting expenses	75,000.00		75,000.00
A-2610	Reimbursement of costs for BSG members	108,000.00		108,000.00
A-2612	Expenses relating to consultations	100,000.00	-20,800.00	79,200.00
A-2620	Management Board meetings	26,000.00		26,000.00
A-2630	Board of Supervisors meetings	83,000.00	-20,000.00	63,000.00
A-2631	Other expenses relating to Board of Supervisors	0.00	20,000.00	20,000.00
A-2640	Reimbursement of members cost and per diem	30,000.00		30,000.00
26	total chapter 26	422,000.00	-20,800.00	401,200.00
	TOTAL TITLE 2	3,259,000.00	-7,000.00	3,252,000.00
B3-100	Training for national supervisors, staff exchanges	500,000.00	-49,866.00	450,134.00
B3-110	Operational missions of staff	0.00	346,645.16	346,645.16
31	total chapter 31	500,000.00	296,779.16	796,779.16
B3-200	Reporting application	525,000.00		525,000.00
B3-210	Financial institutions register	50,000.00		50,000.00
B3-220	Collaboration & document management	60,000.00		60,000.00
B3-230	Secure communication	150,000.00		150,000.00

Budget Line	Description	INITIAL Budget appropriations (a)	Transfers 2011 (b)	FINAL Budget (after transfers) appropriations (a+b)
B3-240	Upgrade EBA infrastructure	140,000.00		140,000.00
B3-250	Maintenance and running costs	400,000.00		400,000.00
B3-260	Steering	115,000.00		115,000.00
B3-270	Ad hoc reporting and requests	150,000.00	-28,000.00	122,000.00
B3-280	Training & Promotion	100,000.00		100,000.00
B3-290	Feasibility studies / Information planning	200,000.00		200,000.00
32	total chapter 32	1,890,000.00	-28,000.00	1,862,000.00
B3-300	Support Systems implementation	175,000.00	-35,429.16	139,570.84
B3-310	Audits & Advices equivalent services	75,000.00		75,000.00
B3-320	XBRL Network	150,000.00		150,000.00
33	total chapter 33	400,000.00	-35,429.16	364,570.84
	TOTAL TITLE 3	2,790,000.00	233,350.00	3,023,350.00
	Grand Total	12,683,000.00	0.00	12,683,000.00

The standard and general budget structure adopted by the EBA at the beginning of the 2011 needed to be adapted according to the real needs of the Authority. In general, because the budget was prepared before the first year of the activity, there was no past experience available. The transfers were essentially made within the title except one related to missions in order to correctly record operational missions under Title 3 as operational expenditures.