

EIOPA

FINAL ACCOUNTS

**EUROPEAN INSURANCE AND
OCCUPATIONAL PENSIONS AUTHORITY**

2011

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Certification EIOPA Final Annual Accounts 2011

The Final Annual Accounts of the European Insurance and Occupational Pensions Authority (EIOPA) 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 and community bodies.

I acknowledge my responsibility for the preparation and presentation of the annual accounts of the Agency 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 Agency'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 Agency in all material aspects.

Frankfurt am Main,

20 June 2012



Tanja Leimbach
Accounting Officer

FINANCIAL STATEMENTS OF EIOPA

(Articles 76 (a) and 80 EIOPA Financial Regulation)

1. Representation of the Organisation

1.1. Establishment and Legal Status

The European Insurance and Occupational Pensions Authority (EIOPA) was established by Regulation (EU) No 1094/2010 of the European Parliament and the Council of 24 November 2010 establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/79/EC (hereinafter "EIOPA Regulation").

EIOPA is a Union body with legal personality. It was established on 1 January 2011 and took up activities as the legal successor of the Committee of European Insurance and Occupational Pensions Supervisors (CEIOPS). By the date of establishment of EIOPA, all assets and liabilities and all pending operations of CEIOPS were automatically transferred to EIOPA. CEIOPS draw up a statement of its assets and liabilities by the date of its closing. An independent auditor audited and approved this statement. An adjustment of the assets and liabilities to the accounting rules of the European Communities took place by the establishment date of EIOPA on 1 January 2011 and EIOPA draw up an opening balance of all its assets and liabilities under the European Communities rules.

The seat of EIOPA is in Frankfurt am Main, Germany, at Weshafenplatz 1.

According to article 1(6) of the Regulation No 1094/2010 of the European Parliament and the Council the objective of EIOPA is to protect the public interest by contributing to short, medium and long-term stability and effectiveness of the financial system, for the Union economy, its citizens and business.

EIOPA shall contribute to:

- improving the functioning of the internal market, including in particular a sound, effective and consistent level of regulation and supervision,
- ensuring the integrity, transparency, efficiency and orderly functioning of financial markets,
- strengthening international supervisory coordination,
- preventing regulatory arbitrage and promoting equal conditions of competition,

- ensuring the taking of risks related to insurance, reinsurance and occupational pensions activities is appropriately regulated and supervised, and
- enhancing customer protection.

EIOPA is a body of the Community as referred to at article 185 of The Financial Regulation (EC, Euratom) n°1605/2002 of the Council of 25 June 2002, amended by Council Regulation (EC, Euratom) n° 1995/2006 of 13 December 2006. It is represented by its Executive Director, Mr Carlos Montalvo, appointed by the Agency Board of Supervisors on 25 February 2011 with effect of 1 April 2011. In the first three months of 2011, Mr Olivies Salles of the European Commission, Directorate MARKT, assumed responsibilities as interim Executive Director, according to article 76(2) of the EIOPA Regulation. The Protocol on the Privileges and Immunities of the European Communities applies to the Agency.

EIOPA is composed of the following bodies:

- a. The Board of Supervisors The Board of Supervisors shall give guidance to the work of the Authority. It also adopts the annual and multi-annual work programme as well as the budget of the Authority. It is composed of a Chairperson (non-voting), the head of the national public authority competent for the supervision of financial institutions in each Member State, one representative of the Commission (non-voting), one representative of the ESRB (non-voting), one representative of each of the other two European Supervisory Authorities (EBA and ESMA both non-voting). It meets at least three times per year and at least twice per year together with the Stakeholder Groups. It appoints and dismisses the Chairperson and the Executive Director.
- b. The Management Board. The Management Board shall ensure that the Authority carries out its mission and performs the tasks assigned to it. It shall exercise its budgetary powers and propose to the Board of Supervisors the annual and multi-annual work programmes. It is composed of a Chairperson and six other members of the Board of Supervisors elected by the voting members of the Board of Supervisors for a term of two-and-a-half-years. The Management Board meets before every meeting of the Board of Supervisors, at least five times a year.
- c. The Chairperson. The Chairperson prepares the work of the Board of Supervisors and chairs its meetings but has no voting rights. Together with six other members of the Board of Supervisors, elected by and from the voting members of the Board of Supervisors, the Chairperson

forms the Management Board and chairs its meetings. The Chairperson is appointed for a term of five years which can be extended once.

- d. The Executive Director. The Executive Director is responsible for the management of the Authority and its functioning. He shall implement the annual work programme, prepare the multi-annual work programme, implement the Authority's budget and prepare the work of the Management Board. The Executive Director participates in meetings of the Management Board without the right to vote. He is appointed for a five-year term which can be extended once.
- e. The Board of Appeal. The Board of Appeal is a joint body of the European Supervisory Authorities. It is composed of six members and six alternates. Two members of the Board of Appeal and two alternates are appointed by the Management Board of the Authority. The term of the members is five years with an option to extend once. The Board of Appeal designates its President who convenes meetings when necessary.

2. Legal Base for Drawing up the Annual Accounts

The annual accounts of EIOPA have been established in accordance with the following legislation:

The Financial Regulation of the EIOPA adopted by the Management Board on 10 January 2011.

The "Framework Financial Regulation" Commission Regulation (EC, EURATOM) No 652/2008 of July 2008 amending Regulation (EC, EURATOM) No 2343/2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, EURATOM) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities.

The accounting rules, methods and guidelines as adopted and provided by the Accountant of the Commission.

3. EIOPA Financial Statements

3.1 EIOPA - Balance Sheet – Assets

3.2 EIOPA - Balance Sheet – Liabilities

3.3 EIOPA - Economic Outturn Account

3.4 EIOPA Cash Flow Table

3.5 EIOPA - Statement of Changes in Capital

3.6 EIOPA - Notes to the Financial Statement

3.7 EIOPA – Notes to the Economic Outturn Account

3.8 EIOPA – Notes to the EIOPA Cash flow Table

3.9 EIOPA – Notes to the Statement of Changes in Capital

3.10 EIOPA – Contingent Liabilities and Other Disclosures

3.11 – EIOPA – Related Party Disclosure

3.12. EIOPA – Events after the Balance Sheet Date

3.1. EIOPA - Balance Sheet- Assets

	Annex n°	31.12.2011	01.01.2011*
ASSETS			
A. NON CURRENT ASSETS			
Intangible assets	A1	255.559,00	287.137,70
Property, plant and equipment	A2	506.736,30	326.123,39
Land and buildings		0,00	0,00
Plant and equipment		0,00	0,00
Computer hardware		163.780,00	80.690,97
Furniture and vehicles		156.603,00	139.629,11
Other fixtures and fittings		186.353,30	105.803,31
Long-term receivables		146.621,97	146.029,71
Long-term receivables		146.621,97	146.029,71
TOTAL NON CURRENT ASSETS		908.917,27	759.290,80
B. CURRENT ASSETS			
Short-term receivables		259.364,22	788.157,02
Current receivables	A8, A9	215.014,95	737.129,39
Sundry receivables	A8	11.930,16	
Other - deferred charges		32.419,11	51.027,63
Cash and cash equivalents	A10	5.827.270,55	2.854.696,80
TOTAL CURRENT ASSETS		6.086.634,77	3.642.853,82
TOTAL		6.995.552,04	4.402.144,62

* EIOPA Opening Balance

3.2. EIOPA - Balance Sheet- Liabilities

	Annex n°	31.12.2011	01.01.2011*
LIABILITIES			
A. Capital	4	689.153,48	613.261,09
Accumulated surplus/deficit		613.850,51	613.261,09
Economic outturn for the year - profit+ /loss-		75.302,97	0,00
B. Minority interest		0,00	0,00
C. NON CURRENT LIABILITIES		0,00	0,00
TOTAL		689.153,48	613.261,09
D. CURRENT LIABILITIES		6.306.398,56	3.788.883,53
Provisions for risks and charges	L4	94.328,64	186.224,35
Accounts payable		6.212.069,92	3.602.659,18
Current and sundry payables	L5	2.981.608,41	3.532.001,55
Other			
Accrued charges	L7	373.497,53	70.657,63
Accrued charges with consolidated EU entities	N1	6.927,50	
Accounts payable with consolidated EU entities	R	2.850.036,48	0,00
<i>Pre-financing received from consolidated EU entities</i>		2.804.969,81	0,00
<i>Other accounts payable against consolidated EU entities</i>		45.066,67	0,00
TOTAL D. CURRENT LIABILITIES		6.306.398,56	3.788.883,53
TOTAL		6.995.552,04	4.402.144,62

* EIOPA Opening Balance

3.3. EIOPA - Economic Outturn Account

	Annex n°	2011
Other operating revenue		6.582.710,19
TOTAL OPERATING REVENUE	E1	6.582.710,19
Administrative expenses	E2, E3	-6.233.592,77
All Staff expenses		-3.500.827,75
Fixed asset related expenses		-183.490,65
Other administrative expenses		-2.549.274,37
Operational expenses	E2	-271.926,70
Other operational expenses		-271.926,70
TOTAL OPERATING EXPENSES		-6.505.519,47
SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES		77.190,72
Financial revenues	E4	0,00
Financial expenses	E5	-1.887,75
SURPLUS/ (DEFICIT) FROM NON OPERATING ACTIVITIES		-1.887,75
SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES		75.302,97
ECONOMIC OUTTURN FOR THE YEAR		75.302,97

3.4. EIOPA - Cash flow Table (Indirect Method)

	2011
Cash Flows from ordinary activities	
Surplus/(deficit) from ordinary activities	75.302,97
Operating activities	
<u>Adjustments</u>	
Amortization (intangible fixed assets) +	89.075,50
Depreciation (tangible fixed assets) +	94.415,15
Increase/(decrease) in Provisions for risks and liabilities*	-91.895,71
Increase/(decrease) in Value reduction for doubtful debts	0,00
(Increase)/decrease in Stock	0,00
(Increase)/decrease in Long term Pre-financing	0,00
(Increase)/decrease in Short term Pre-financing	0,00
(Increase)/decrease in Long term Receivables	-592,26
(Increase)/decrease in Short term Receivables*	528.792,80
(Increase)/decrease in Receivables related to consolidated EU entities	0,00
Increase/(decrease) in Other Long term liabilities	0,00
Increase/(decrease) in Accounts payable*	-240.625,74
Increase/(decrease) in Liabilities related to consolidated EU entities*	2.850.036,48
Other non-cash movements	2.751,28
Net cash Flow from operating activities	3.307.260,47
Cash Flows from investing activities	
Increase of tangible and intangible fixed assets (-)	-334.686,72
Proceeds from tangible and intangible fixed assets (+)	
Net cash flow from investing activities	-334.686,72
Increase/(decrease) in Employee benefits	0,00
Net increase/(decrease) in cash and cash equivalents	2.972.573,75
Cash and cash equivalents at the beginning of the period	2.854.696,80
Cash and cash equivalents at the end of the period	5.827.270,55

* Delta of values at 31.12.2011 against values at 01.01.2011 of EIOPA Opening Balance

3.5. EIOPA – Statement of Changes in Capital

Net assets	Reserves		Accumulated Surplus / Deficit	Economic result of the year	Net assets (total)
	Fair value reserve	Other reserves			
Balance as of 1 January 2011 (EIOPA Opening Balance)	0,00	0,00	613.261,09	0,00	613.261,09
Other 2)			589,42		589,42
Fair value movements					0,00
Movement in Guarantee Fund reserve					0,00
Allocation of the Economic Result of Previous Year			0,00	0,00	0,00
Amounts credited to Member States					0,00
Economic result of the year				75.302,97	75.302,97
Balance as of 31 December 2011	0,00	0,00	613.850,51	75.302,97	689.153,48

2) Please, specify 'Other'	Fair value reserve	Other reserves	Acc. Surplus / Deficit	Eco. result of the year	Net assets (total)
Adjustments assets and ABAC assets variance			589,42		589,42
Total Other	0,00	0,00	589,42	0,00	589,42

3.6. Notes to the EIOPA Financial Statements

3.6.1. Accounting Principles

General accounting principles as set out by the EIOPA Financial Regulation (article 78) are:

- **Principle of going concern**

The going-concern principle means that the Agency is deemed to be established for an indefinite duration. Would there be objective indications that the Agency is to cease its activities; the accounting officer shall present this information in the annex, indicating the reasons. She shall apply the accounting rules with a view to determining its liquidation value.

- **Principle of prudence**

The principle of prudence means that assets and income shall not be overstated and liabilities and charges shall not be understated. However, the principle of prudence does not allow the creation of hidden reserves or undue provisions

- **Principle of consistent accounting methods**

The principle of consistent accounting methods means that the structure of the components of the financial statements and the accounting methods and valuation rules may not be changed from one year to the next.

The Agency's accounting officer may not depart from the principle of consistent accounting methods other than in exceptional circumstances, in particular:

- (a) in the event of a significant change in the nature of the entity's operations;
- (b) where the change made is for the sake of a more appropriate presentation of the accounting operations.

- **Principle of comparability of information**

The principle of comparability of information means that for each item the financial statements shall also show the amount of the corresponding item in the previous year. Where, the presentation or the classification of one of the components of the financial statements is changed, the corresponding amounts for the previous year shall be made comparable and reclassified. Where it is impossible to reclassify items, this shall be explained in the annex to the financial statements.

- **Principle of materiality**

The materiality principle means that all operations which are of significance for the information sought shall be taken into account in the financial

statements. Materiality shall be assessed in particular by reference to the nature of the transaction or the amount.

Transactions may be aggregated where:

- (a) the transactions are identical in nature, even if the amounts are large;
- (b) the amounts are negligible;
- (c) aggregation makes for clarity in the financial statements.

- **Principle of “not netting”**

The no-netting principle means that receivables and debts may not be offset against each other, nor may charges and income, save where charges and income derive from the same transaction, from similar transactions or from hedging operations and provided that they are not individually material.

- **Principle of reality over appearance**

The principle of reality over appearance means that accounting events recorded in the financial statements shall be presented by reference to their economic nature.

- **Principle of accrual-based accounting**

The accrual-based accounting principle means that transactions and events shall be entered in the accounts when they occur and not when amounts are actually paid or recovered. They shall be booked to the financial years to which they relate.

Exceptions to the accounting principles

Where, in a specific case, the accounting officer considers that an exception should be made to the content of one of the accounting principles defined above this exception must be duly substantiated and reported in the annex to the financial statements.

3.6.2. Non-current Assets

According to the accounting rules assets are considered as such in case their nominal value exceed € 420,00. Assets are carried at its cost less any accumulated depreciation and any accumulated impairment losses. EIOPA uses the straight-line depreciation method. Depreciation takes place pro-rata temporis from the month of first use or delivery of the asset in the EIOPA premises in line with the depreciation rates used by the European Communities.

At the establishment date of EIOPA all tangible and intangible fixed assets held by CEIOPS were transferred to EIOPA at their net carrying amount and adjusted to the accounting rules of the European Communities. The EIOPA opening balance as at 01.01.2011 states the values of the assets carried over.

Since September 2011 EIOPA uses the asset registration system of the European Commission, ABAC Assets, replacing the Excel-based inventory system

introduced by CEIOPS. All tangible and tangible fixed assets were loaded in the system at their gross carrying amounts minus depreciation on 20 December 2011.

The assets loaded mainly concern computer software and hardware, furniture and office and media equipment as well as fixtures and fittings which require dismantling at the expiry of the rental contract of the office space. The net value of the assets at year end is **€ 762.295,30**.

EIOPA performed a physical inventory in summer 2011. No impairments or write-offs have been undertaken.

Depreciation rates applied:

Asset type	Depreciation rate used by EIOPA
<u>Intangible assets</u>	
Software for personal computers and servers	25,0%
<u>Tangible assets</u>	
<u>Furniture and vehicles</u>	
Office, laboratory and workshop furniture	10,0%
Equipment and decorations for garden, kitchen, canteen, restaurant, crèche and school	12,5%
Furniture for restaurant/cafeteria/bar area	10%, 12,5%
Antiques, artistic works, collectors' items	0,0%
<u>Computer hardware</u>	
Computers, servers, accessories, data transfer equipment, printers, screens	25,0%
Copying equipment, digitising and scanning equipment	25,0%
<u>Other fixtures and fittings</u>	
Telecommunications equipment	25,0%
Audiovisual equipment	25,0%
other	10,0%
<u>Tangible fixed assets under construction</u>	0,0%

Intangible Fixed Assets - A1

2011		Other Computer Software	Total Computer Software	Total
Gross carrying amounts 01.01.2011 (EIOPA Opening Balance)	+	324.834,14	324.834,14	324.834,14
Additions	+	57.939,50	57.939,50	57.939,50
Disposals	-	0,00	0,00	0,00
Transfer between headings	+/-	0,00	0,00	0,00
Other changes (2)	+/-	0,00	0,00	0,00
Gross carrying amounts 31.12.2011		382.773,64	382.773,64	382.773,64
Accumulated amortization and impairment 01.01.2011	-	-37.696,44	-37.696,44	-37.696,44
Amortization	-	-89.075,50	-89.075,50	-89.075,50
Write-back of amortization	+		0,00	0,00
Disposals	+		0,00	0,00
Impairment (2)	-		0,00	0,00
Write-back of impairment	+		0,00	0,00
Transfer between headings	+/-		0,00	0,00
Other changes (2)	+/-	-442,70	-442,70	-442,70
Accumulated amortization and impairment 31.12.2011		-127.214,64	-127.214,64	-127.214,64
Net carrying amounts 31.12.2011		255.559,00	255.559,00	255.559,00

(2) Please, give details on Other changes and Impairment	Gross amount	Amortization & Impairment	Net amount
Other computer software: System induced variance after manual load of inventory in ABAC Assets		-442,70	-442,70
Total	0,00	-442,70	-442,70

Tangible Fixed Assets – A2

2011		Computer hardware	Furniture and vehicles	Other Fixtures and Fittings	Total
Gross carrying amounts 01.01.2011 (EIOPA Opening Balance)	+	164.525,01	221.085,02	219.935,54	605.545,57
Additions	+	132.124,08	39.999,78	104.623,36	276.747,22
Disposals	-				0,00
Transfer between headings	+/-				0,00
Other changes (1)	+/-	-0,02	-0,02	-0,03	-0,07
Gross carrying amounts 31.12.2011		296.649,07	261.084,78	324.558,87	882.292,72
					0,00
Accumulated amortization and impairment 01.01.2011	-	-83.834,04	-81.455,91	-114.132,23	-279.422,18
Depreciation	-	-49.031,08	-23.274,78	-22.109,29	-94.415,15
Write-back of depreciation	+				0,00
Disposals	+				0,00
Impairment (1)	-				0,00
Write-back of impairment	+				0,00
Transfer between headings	+/-				0,00
Other changes (1)	+/-	-3,95	248,91	-1.964,05	-1.719,09
Accumulated amortization and impairment 31.12.2011		-132.869,07	-104.481,78	-138.205,57	-375.556,42
Net carrying amounts 31.12.2011		163.780,00	156.603,00	186.353,30	506.736,30

(1) Please, give details on Other changes and Impairment	Gross amount	Amortization & Impairment	Net amount
Computer hardware: System induced variance after manual load of inventory in ABAC Assets	-0,02	-3,95	-3,97
Furniture and rolling stock: System induced variance after manual load of inventory in ABAC Assets	-0,02	248,91	248,89
Other Fixtures and fittings: System induced variance after manual load of inventory in ABAC Assets	-0,03	-1.964,05	-1.964,08
TOTAL	-0,07	-1.719,09	-1.719,16

Long-term Receivables – A5

EIOPA holds two deposit accounts with Postbank to cover for potential future rental contract liabilities classified as long-term receivables due to their long-term purpose. Their value at year end is **€ 146.621,97** (€ 146.029,71 on 01.01.2011). The difference of € 592,26 is interest earned in 2011 not accessible to EIOPA.

3.6.3. Current Assets

Current Receivables (A8, A9)

Current receivables relate to VAT to be recovered from Member States, mainly Germany, equal to **€ 215.014,95**. The amount at 01.01.2011, € 737.129,39, is for the recovery of wage taxes from Member State authorities which CEIOPS paid to the German tax authorities for its seconded national experts. In addition, it also shows the outstanding receivable from the European Commission in relation to the Grant agreement for an action GR/2010/G1/70. Both receivables were settled in 2011.

Current receivables	31.12.2011			01.01.2011 (EIOPA Opening Balance)			
	Receivables from	Gross Total	Amounts written down (-)	Net Value	Gross Total	Amounts written down (-)	Net Value
Customers				0,00			0,00
Member States		215.014,95		215.014,95	114.357,09		114.357,09
EFTA				0,00			0,00
Third States				0,00			0,00
Other current receivables (1)				0,00	622.772,30		622.772,30
Total		215.014,95	0,00	215.014,95	737.129,39	0,00	737.129,39

Sundry receivables (A8)

Sundry receivables amount to **€ 11.930,16**, mainly for staff advances.

Sundry receivables	31.12.2011			
	Receivables from	Gross Total	Amounts written down (-)	Net Value
Staff		11.930,16		11.930,16
Other (2)				0,00
Total		11.930,16	0,00	11.930,16

Deferred charges

The amount of deferred charges is **€ 32.419,11** for prepaid expenses of maintenance and service contracts.

Cash and cash equivalent (A 10)

EIOPA holds in total three accounts, one current account with Citibank Frankfurt for the execution of payments and another current account with Postbank Frankfurt. One additional cash account is held with Postbank.

The Postbank account relates to the former CEIOPS activities and will be closed after the final registration of CEIOPS' liquidation at the local court of Frankfurt.

The cash and cash equivalents positions of EIOPA at year-end amount to **€ 5.827.270,55** (€ 2.854.696,80 on 01.01.2011).

For the execution of payments EIOPA makes use of bank transfers generated by the centralised ABAC/SAP system since the roll out on 19 April 2011. Before, EIOPA executed bank transfers via the Multiweb system of Citibank Frankfurt and Postbank Frankfurt.

3.6.4. Non-current Liabilities

Capital (4)

The capital is equal to **€ 689.153,48** at year-end.

It is the result of the accumulated surplus as at 1 January 2011 (EIOPA Opening Balance), € 613.261,09, plus adjustments due to the upload of assets in the asset registration system (€ 589,42) and the result of the economic outturn account of 2011, € 75.302,97.

3.6.5. Current Liabilities

Provisions for Risks and Charges (L4)

The provision for risks and charges amounts to **€ 94.328,64** at year end and was created to cover for the salary pay hike refused by the Council of the European Union and for the dismantling and restoring of the office space used by EIOPA at termination of the rental contract. A reclassification to accrued charges took place for expenses related to legal and tax advice of previous years.

Description	01.01.2011 **	Additional provisions	Unused amounts reversed	Amounts used	Transfer from long-term	Other	31.12.2011
	400	410	420	430	435	490	
	(+)	(+)	(-)	(-)	(+)	(+/-)	
Legal cases							0,00
Other *	186.224,35	60.562,40	-35.129,30	-82.841,35		-34.487,46	94.328,64
Total	186.224,35	60.562,40	-35.129,30	-82.841,35	0,00	-34.487,46	94.328,64

* Please specify "Other"	01.01.2011	Additional provisions	Unused amounts reversed	Amounts used	Transfer from long-term	Other***	31.12.2011
Legal and tax advice	51.851,66		-2.500,00	-14.864,20		-34.487,46	---
Dismantling building	33.766,24	39.855,15					73.621,39
Annual closing activities	75.000,00		-28.641,20	-46.358,80			---
Other provisions	25.606,45		-3.988,10	-21.618,35			---
2011 salary increase		20.707,25					20.707,25
Total	186.224,35	60.562,40	-35.129,30	-82.841,35	---	-34.487,46	94.328,64

** EIOPA Opening Balance

*** Reclassification from provisions to accrued charges

Current and Sundry Payables (L5)

Current payables raise to **€ 2.981.608,41** for unpaid supplier invoices received by year-end equal to € 14.258,03. They also include short-term liabilities to Member States in an amount of € 2.967.350,38 which are mainly constituted by

- Reserves accumulated during CEIOPS activities which remain for reimbursement to the Members States (€ 2.390.234,80),
- pre-paid Member State contributions for 2012 equal to € 482.398,92, and
- other payables in an amount of € 94.716,66.

It is foreseen to set off the reserves accumulated during CEIOPS activities against future EIOPA Member States contributions. At the date of closure, an amount of € 146.621,97 was kept on deposit accounts which are blocked for the use of EIOPA as they are intended to cover for future rental liabilities. Therefore, these funds are excluded from the offsetting as long as the deposit accounts are not changed into another form of guarantee.

Accrued Charges (L7, N1)

Accrued charges are equal to **€ 380.425,03** and cover for services rendered and goods delivered to EIOPA by year-end but for which invoices were received in 2012.

An amount of **€ 6.927,50** is foreseen for accrued charges with consolidated EU entities, mainly for translation, publication and system maintenance related services. Another **€ 373.497,53** cover for services and goods from other third parties.

Third-party related accrued charges in an amount of **€ 286.034,72** consist of cost claims from staff, experts who were invited to the EIOPA Stakeholder Meetings in 2011 and other suppliers. An amount of **€ 87.462,81** is considered for untaken leave.

Surplus Pre-financing Commission Subsidy (R)

This position includes the surplus of the budgetary outturn account 2011 to be repaid to the European Commission plus the interest earned in 2011. The total amount is **€ 2.850.036,48**.

3.7. Notes to the EIOPA Economic Outturn Account

3.7.1 Operating Revenue

Other Operating Revenue (E1)

In accordance with the weighting votes set out in article 3(3) of the Protocol (No. 36) on transnational transitions (recital Nr 68 EIOPA Regulation) EIOPA is financed by Union funds (40%) and contributions by Member States (60%).

In 2011 Member States and EFTA countries contributed with 55% and the Commission with 45% to the budget of EIOPA.

According to the EIOPA Financial Regulation, the Community subsidy paid to the Authority constitutes for its budget a balancing subsidy which counts 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 year. The part of the balance exceeding the amount of the Community subsidy shall be entered in the budget for the following financial year as revenue.

In order to reflect the financing structure in the redistribution of the balance of the outturn account an agreement with the Commission is being formalised to arrange for a refund in 2013 according to the distribution key of the contributions received.

Other operating revenue equals **€ 6.582.710,19** and represents the expenditure of EIOPA related to the part of the Community subsidy and the contributions received from Member States. Further positions are exchange rate gains and miscellaneous income. The break-down is as follows:

- Revenue related to Member State contributions: **€5.120.160,00**
- Revenue related to Community subsidy: **€ 1.462.030,19**
- Miscellaneous income: **€ 420,00**
- Exchange rate gains: **€ 100,00**

3.7.2 Operating Expenses

Administrative Expenses (E2, E3)

Administrative expenses consist of:

- Staff expenses equal to **€ 3.500.827,75** for salaries, employers contributions to the social security and allowances to staff.

- Fixed assets related expenses equal to **€ 183.490,65** for regular depreciation of intangible and tangible fixed assets. No impairments nor disposals were made.
- Other administrative expenses equal to **€ 2.549.274,37** including **€ 691.477,88** for building related expenditure (office lease and other maintenance costs). This position also contains "other expense" in an amount of **€ 1.857.796,49** including expenditure for operating lease, office supplies and maintenance, publicity and legal advice, contributions to insurances, recruitment, training, staff missions, expert reimbursements, IT maintenance and for other external services provider. An amount of **€ 61.337,25** covered by "other expenses" is allocated to expenditure with consolidated entities under service level agreements with the European Commission (translations, IT system maintenance).

Operational Expenses (E2)

The total amount is **€ 271.926,70** for:

- Other operational expenses are equal to **€ 269.389,11**. This position consists of expenditure for the Agency's operational activities, namely the development of the Common Supervisory Culture focussing on training for national supervisors, staff exchanges and secondments. In addition, the collection of information which translates in the development and maintenance of a central European database.
- Exchange rate losses equal to **€ 2.537,59**.

Non-operating Activities

Expenses for non-operating activities relate to other financial expenses at **€ 1.887,75**.

3.7.3 Economic Result of the Year

The economic result of the year is **€ 75.302,97**.

This result is determined by the European Community accounting rules consisting of

- on one hand, in a calculation based on a cash principle and on the budgetary outturn for the determining of the revenue from the Communities (European Commission subsidy) and from the Member States to inscribe in the Economic Outturn Account,
- and on the other hand, the calculation of the expenditure in the Economic Outturn Account on a full accrual-based accounting principle.

3.8. Notes to the EIOPA Cash flow Table

The cash flow provides a basis to assess the ability of the Agency to generate cash and cash equivalents, and the needs of the entity to utilise those cash flows.

EIOPA uses the indirect method to prepare its cash flow table.

The cash flows are classified by operating, investing and financing activities.

The operating cash flow represents the economic outturn of the financial year adjusted for the effects of transactions with non-cash nature (e.g. deferrals, accruals, depreciation). EIOPA's operating cash flow is **€ 3.307.260,47**.

EIOPA utilised **€ -334.686,72** for investments in tangible and intangible assets (cash flow from investing activities) with a net increase in cash and cash equivalents of **€ 2.972.573,75**.

For the calculation of the cash flow table, the year-end amounts were set in relation to the related amounts of the EIOPA opening balance at 01.01.2011.

3.9. Notes to the Statement of Changes in Capital

Capital at 1 January 2011 (EIOPA opening balance)	€ 613.261,09
Adjustments due to asset loading in assets registration system	589,42
	<hr/>
	<u>Subtotal</u>
	613.850,51
Economic Result of the Year	€ 75.302,97
Capital at 31 December 2011	€ 689.153,48

3.10. Contingent Liabilities and Other Disclosures

A contingent liability is disclosed in the notes to the financial statements when the Agency has a possible obligation resulting of a past event and, it is possible that an outflow of resources embodying economic benefits or service potential will be required to settle the required obligation. This should be in the near future. The contingent for liability of the Agency amounts to **€ 104.240,54**. It corresponds to the outstanding RAL (*Reste à liquider*) equal to **€ 65.068,54** after deducting all eligible expenses that have been already booked in the Economic Outturn account (accrued expenses). Other obligations relate to the operating lease of IT equipment (**€ 39.172,00**).

During 2011, EIOPA could benefit from services in kind related to the office rental contract in which a lease free period was agreed during the first 10 months for additional office space rented and a discounted rate of 75%

applies in the following 26 months. The services in kind rendered by the EIOPA landlord amount to **€ 181.317,48** in 2011.

3.11. Related Party Disclosure

Key management personnel hold positions of responsibility within the Agency. They are responsible for the strategic direction and operational management of the entity and are entrusted with significant authority to execute their mandate.

Highest grade description	Grade	Number of persons of this grade
Chairperson	AD 15	1
Executive Director	AD 14	1

The balance position of the Agency with the key management personnel for its activity period as autonomous entity during the financial year 2011 is composed of the salary and allowances as determined by the Staff Regulations of the Officials of the European Communities for the Chairperson of the entity in grade AD 15 and the Executive Director of the entity in grade AD 14.

3.12. Events after the Balance Sheet Date

All events after balance sheet date with any material impact are recorded in the final annual accounts.

BUDGET IMPLEMENTATION REPORTS

(Articles 76 (b) and 81 EIOPA Financial Regulation)

1 EIOPA Budget Outturn Account

2 EIOPA Budget Implementation Credit of the Year – C1 Credits

**3 EIOPA Reconciliation of the Accrual based with the Budget
Result**

4 EIOPA Notes to the Budget Implementation Reports

1. EIOPA Budget Outturn Account

		2011
REVENUE		
	Balancing Commission subsidy	+
	Member States contributions	+
	Fee income	+
	Other income	+
		4.267.000,00
		5.120.035,36
		35,42
	TOTAL REVENUE (a)	9.387.070,78
EXPENDITURE		
	<i>Title I: Staff</i>	
	Payments	-
	Appropriations carried over	-
		4.416.502,33
		46.495,43
	<i>Title II: Administrative Expenses</i>	
	Payments	-
	Appropriations carried over	-
		1.652.484,40
		121.616,54
	<i>Title III: Operating Expenditure</i>	
	Payments	-
	Appropriations carried over	-
		207.171,86
		135.392,82
	TOTAL EXPENDITURE (b)	6.579.663,38
	OUTTURN FOR THE FINANCIAL YEAR (a-b)	2.807.407,40
	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 -)	+/-
		-2.437,59
	BALANCE OF THE OUTTURN ACCOUNT FOR THE FINANCIAL YEAR	2.804.969,81
	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	2.804.969,81
	Commission subsidy - agency registers accrued revenue and Commission accrued expense	1.462.030,19
	Pre-financing remaining open to be reimbursed by agency to Commission in year N+1	2.804.969,81

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)	+
		45.066,67

2. EIOPA Budget Implementation Credit of the Year – C1

Title I: Staff Expenditure

Official Budget Item	Official Budget Item Description (En)	Commitment	Commitment	%	Payment	Payment	%	RAL	Budget 2011
		Appropriations	Amount Accepted	Committed	Appropriations	Amount Accepted	Paid	(rest a liquider)	Cancelled
		Euro 1	Euro 2	(2/1)	Euro 3	Euro 4	(4/3)	Euro (2-3)	Euro (1-2)
1	STAFF EXPENDITURE								
1100	Basic salaries	2,423,360.00	2,408,505.47	99.39%	2,423,360.00	2,408,505.47	99.39%	-	14,854.53
1101	Family allowances	203,628.00	193,466.68	95.01%	203,628.00	193,466.68	95.01%	-	10,161.32
1102	Expatriation and foreign residence allowances	322,212.00	319,750.84	99.24%	322,212.00	319,750.84	99.24%	-	2,461.16
1110	Seconded national experts	503,900.00	429,697.48	85.27%	503,900.00	429,697.48	85.27%	-	74,202.52
1111	Contract agents	145,000.00	142,188.32	98.06%	145,000.00	142,188.32	98.06%	-	2,811.68
1112	Trainees	25,000.00	-	0.00%	25,000.00	-	0.00%	-	25,000.00
1120	Salaries and allowances local staff	58,766.10	58,766.10	100.00%	58,766.10	58,766.10	100.00%	-	-
1121	Social securities and pensions	500.00	457.77	91.55%	500.00	457.77	91.55%	-	42.23
1130	Insurance against sickness	106,193.00	85,905.76	80.90%	106,193.00	85,905.76	80.90%	-	20,287.24
1131	Insurance against accidents and occupational disease	21,913.00	17,930.86	81.83%	21,913.00	17,930.86	81.83%	-	3,982.14
1132	Insurance against unemployment	40,454.00	33,271.43	82.25%	40,454.00	33,271.43	82.25%	-	7,182.57
1140	Birth and death allowances	4,214.00	-	0.00%	4,214.00	-	0.00%	-	4,214.00
1141	Travel expenses for annual leave	47,461.00	35,320.23	74.42%	47,461.00	35,320.23	74.42%	-	12,140.77
1170	Interim services	10,535.00	-	0.00%	10,535.00	-	0.00%	-	10,535.00
1171	External services	22,070.00	22,015.25	99.75%	22,070.00	22,015.25	99.75%	-	54.75

Official Budget Item	Official Budget Item Description (En)	Commitment	Commitment	%	Payment	Payment	%	RAL	Budget 2011
		Appropriations	Amount Accepted	Committed	Appropriations	Amount Accepted	Paid	(rest a liquider)	Cancelled
		Euro	Euro	(2/1)	Euro	Euro	(4/3)	Euro	Euro
		1	2		3	4		(2-3)	(1-2)
1180	Sundry recruitment expenses	117,240.00	101,026.78	86.17%	117,240.00	82,866.78	70.68%	18,160.00	16,213.22
1181	Travelling expenses	10,240.00	3,942.15	38.50%	10,240.00	1,942.15	18.97%	2,000.00	6,297.85
1182	Installation allowance	111,000.00	90,401.14	81.44%	111,000.00	90,401.14	81.44%	-	20,598.86
1183	Moving expenses	11,520.00	-	0.00%	11,520.00	-	0.00%	-	11,520.00
1184	Temporary daily allowance	60,603.90	42,045.96	69.38%	60,603.90	42,045.96	69.38%	-	18,557.94
1190	Salary weighting	83,712.00	33,594.51	40.13%	83,712.00	33,594.51	40.13%	-	50,117.49
1300	Administrative mission expenses	381,478.00	367,478.00	96.33%	381,478.00	357,323.75	93.67%	10,154.25	14,000.00
1400	Schools and kindergartens	10,000.00	-	0.00%	10,000.00	-	0.00%	-	10,000.00
1401	Other socio-medical expenditure	18,000.00	11,705.20	65.03%	18,000.00	8,705.20	48.36%	3,000.00	6,294.80
1600	Training	52,000.00	51,527.83	99.09%	52,000.00	48,410.97	93.10%	3,116.86	472.17
1700	Representation expenses, receptions and events	19,000.00	14,000.00	73.68%	19,000.00	3,935.68	20.71%	10,064.32	5,000.00
1	TOTAL TITLE 1	4,810,000.00	4,462,997.76	92.79%	4,810,000.00	4,416,502.33	91.82%	46,495.43	347,002.24

Title II: Infrastructure and Administrative Expenditure

Official Budget Item	Official Budget Item Description (En)	Commitment	Commitment Amount Accepted	%	Payment	Payment Amount Accepted	%	RAL (rest a liquider)	Budget 2011
		Appropriations Euro 1	Euro 2	Committed (2/1)	Appropriations Euro 3	Euro 4	Paid (4/3)	Euro (2-3)	Cancelled Euro (1-2)
2	INFRASTRUCTURE AND ADMINISTRATIVE EXPENDITURE								
2000	Rental of building	505,539.26	424,171.67	83.90%	505,539.26	424,171.67	83.90%	-	81,367.59
2010	Insurance	5,000.00	4,167.29	83.35%	5,000.00	4,167.29	83.35%	-	832.71
2020	Utilities	154,760.74	154,760.74	100.00%	154,760.74	144,760.74	93.54%	10,000.00	-
2030	Electricity	23,000.00	23,000.00	100.00%	23,000.00	16,424.43	71.41%	6,575.57	-
2040	Maintenance and cleaning	50,320.00	39,859.06	79.21%	50,320.00	39,403.67	78.31%	455.39	10,460.94
2050	Fitting out premises and refurbishment works	75,000.00	7,532.58	10.04%	75,000.00	7,532.58	10.04%	-	67,467.42
2090	Other expenditure on buildings	79,680.00	3,973.28	4.99%	79,680.00	358.28	0.45%	3,615.00	75,706.72
2100	Purchase of hardware	220,213.65	134,594.14	61.12%	220,213.65	134,594.14	61.12%	-	85,619.51
2101	Purchase of software	131,700.00	43,626.00	33.13%	131,700.00	43,626.00	33.13%	-	88,074.00
2102	Cabling and building	53,000.00	52,908.60	99.83%	53,000.00	52,246.77	98.58%	661.83	91.40
2103	Website extension	38,590.00	26,460.00	68.57%	38,590.00	23,520.00	60.95%	2,940.00	12,130.00
2104	Hardware and software maintenance	216,196.35	191,316.75	88.49%	216,196.35	148,943.01	68.89%	42,373.74	24,879.60
2105	Website maintenance	50,000.00	30,521.97	61.04%	50,000.00	30,521.97	61.04%	-	19,478.03
2200	Technical equipment and installations	27,500.00	1,100.00	4.00%	27,500.00	1,100.00	4.00%	-	26,400.00
2201	Purchase new furniture	102,500.00	94,925.57	92.61%	102,500.00	94,925.57	92.61%	-	7,574.43
2300	Stationery and office supplies	51,400.00	49,414.41	96.14%	51,400.00	42,291.97	82.28%	7,122.44	1,985.59
2301	Leasing movable property	26,000.00	21,675.84	83.37%	26,000.00	15,881.93	61.08%	5,793.91	4,324.16

Official Budget Item	Official Budget Item Description (En)	Commitment	Commitment Amount Accepted	%	Payment	Payment Amount Accepted	%	RAL (rest a liquider)	Budget 2011
		Appropriations Euro	Euro	Committed	Appropriations Euro	Euro	Paid	Euro	Cancelled Euro
2302	Documentation and library expenditure	7,000.00	2,613.96	37.34%	7,000.00	243.71	3.48%	2,370.25	4,386.04
2310	Bank charges	5,000.00	5.00	0.10%	5,000.00	-	0.00%	5.00	4,995.00
2320	Legal advice	30,000.00	812.88	2.71%	30,000.00	812.88	2.71%	-	29,187.12
2321	Tax advice	30,000.00	3,142.10	10.47%	30,000.00	3,142.10	10.47%	-	26,857.90
2330	Miscellaneous insurance	15,000.00	7,567.46	50.45%	15,000.00	7,567.46	50.45%	-	7,432.54
2331	Other administrative expenditure	20,000.00	11,931.43	59.66%	20,000.00	9,752.53	48.76%	2,178.90	8,068.57
2400	Postal and delivery charges	10,000.00	2,400.76	24.01%	10,000.00	1,900.76	19.01%	500.00	7,599.24
2410	Telecommunication charges	74,455.20	66,851.00	89.79%	74,455.20	60,467.37	81.21%	6,383.63	7,604.20
2411	Telecommunication equipment and installations	20,144.80	19,843.89	98.51%	20,144.80	11,637.89	57.77%	8,206.00	300.91
2500	Information and publication costs	90,290.61	13,611.61	15.08%	90,290.61	11,751.61	13.02%	1,860.00	76,679.00
2501	Translation costs, including the CdT	259,709.39	6,000.00	2.31%	259,709.39	3,022.50	1.16%	2,977.50	253,709.39
2502	Studies	-	-	-	-	-	-	-	-
2600	General meeting expenses	230,000.00	210,000.00	91.30%	230,000.00	209,402.62	91.04%	597.38	20,000.00
2610	Stakeholder group meetings	196,000.00	92,549.99	47.22%	196,000.00	85,549.99	43.65%	7,000.00	103,450.01
2620	Management Board meetings	26,000.00	2,910.58	11.19%	26,000.00	2,910.58	11.19%	-	23,089.42
2630	Board of Supervisors meetings	83,000.00	19,852.38	23.92%	83,000.00	19,852.38	23.92%	-	63,147.62
2640	Board of Appeal meetings	30,000.00	10,000.00	33.33%	30,000.00	-	0.00%	10,000.00	20,000.00
2	TOTAL TITLE 2	2,937,000.00	1,774,100.94	60.41%	2,937,000.00	1,652,484.40	56.26%	121,616.54	1,162,899.06

Title III: Operating Expenditure

Official Budget Item	Official Budget Item Description (En)	Commitment	Commitment	%	Payment	Payment	%	RAL	Budget 2011
		Appropriations	Amount Accepted	Committed	Appropriations	Amount Accepted	Paid	(rest a liquider)	Cancelled
		Euro	Euro	(2/1)	Euro	Euro	(4/3)	Euro	Euro
3	OPERATING EXPENDITURE	1	2		3	4		(2-3)	(1-2)
3100	Organisation of seminars	271,934.53	219,886.99	80.86%	271,934.53	99,357.61	36.54%	120,529.38	52,047.54
3101	External experts	18,770.98	18,770.79	100.00%	18,770.98	18,770.79	100.00%	-	0.19
3102	Other expenditure	2,923.10	2,923.10	100.00%	2,923.10	2,923.10	100.00%	-	-
3103	Operational missions of staff	7,121.39	7,121.39	100.00%	7,121.39	7,121.39	100.00%	-	-
3200	Centralised database	998,030.00	-	0.00%	998,030.00	-	0.00%	-	998,030.00
3201	Secure communication with external parties	101,220.00	32,112.41	31.73%	101,220.00	32,112.41	31.73%	-	69,107.59
3202	Information on securities	1,500,000.00	61,750.00	4.12%	1,500,000.00	46,886.56	3.13%	14,863.44	1,438,250.00
3203	Operational missions of staff	20,000.00	-	0.00%	20,000.00	-	0.00%	-	20,000.00
3	TOTAL TITLE 3	2,920,000.00	342,564.68	11.73%	2,920,000.00	207,171.86	7.09%	135,392.82	2,577,435.32
-	TOTAL FUND SOURCE C1	10,667,000.00	6,579,663.38	61.68%	10,667,000.00	6,276,158.59	58.84%	303,504.79	4,087,336.62

3. EIOPA Reconciliation of the Accrual based with the Budget Result

	sign +/-	amount
Economic result (- for loss) of the consolidation reporting package including table M2	+/-	75.302,97
<i>Adjustment for accrual items (items not in the budgetary result but included in the economic result)</i>		
A Adjustments for Accrual Cut-off (reversal 01.01.2011 EIOPA Opening Balance)	-	
B Adjustments for Accrual Cut-off (cut- off 31.12.N)	+	313.518,46
C Amount from liaison account with Commission booked in the Economic Outturn Account	-	
D Unpaid invoices at year end but booked in charges (class 6)	+	14.258,03
E Depreciation of intangible and tangible assets (1)	+	183.490,65
F Provisions (1)	+	60.562,40
G Value reductions (1)	+	
H Recovery Orders issued in 2011 in class 7 and not yet cashed	-	
la Pre-financing given in previous year and cleared in the year	+	
lb Pre-financing received in previous year and cleared in the year	-	
J Payments made from carry over of payment appropriations	+	
K Other *)	+/-	
L Exchange rate differences (2) (3)	+/-	

Adjustment for budgetary items (item included in the budgetary result but not in the economic result)		
M Asset acquisitions (less unpaid amounts)	-	-327.359,67
N New pre-financing paid in the year 2011 and remaining open as at 31.12.2011	-	0,00
O New pre-financing received in the year 2011 and remaining open as at 31.12.2011	+	2.804.969,81
P Budgetary recovery orders issued before 2011 and cashed in the year	+	0,00
Q Budgetary recovery orders issued in 2011 on balance sheet accounts (not 7 or 6 accounts) and cashed	+	0,00
R Capital payments on financial leasing (they are budgetary payments but not in the economic result)	-	0,00
S Payment appropriations carried over to 2012	-	-303.504,79
T Cancellation of unused carried over payment appropriations from previous year	+	0,00
U Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	+	0,00
V Payments for pensions (they are budgetary payments but booked against provisions)	-	
W Payments for stocks of leave and supplementary hours (they are budgetary payments but booked against provisions)	-	
X Other **)	+/-	
total		2.821.237,86
Budgetary result (+ for surplus) (4)		2.804.969,81
Delta not explained		-16.268,05

4. EIOPA Notes to the Budget Implementation Reports

4.1. Budgetary Principles

The establishment and implementation of the Agency's budget shall comply with the principles of unity and budget accuracy, annuality, equilibrium, unit of account, universality, specification, sound financial management and transparency as provided for in the EIOPA Financial Regulation (article 3).

Principle of unity and budget accuracy

The budget is the instrument which, for each financial year, forecasts and authorises the revenue and expenditure considered necessary for the Agency's activities. No revenue shall be collected and no expenditure effected unless booked to a line in the budget. An appropriation must not be entered in the budget if it is not for an item of expenditure considered necessary. No expenditure may be committed or authorised in excess of the appropriations authorised by the budget.

Principle of annuality

The appropriations entered in the budget shall be authorised for one financial year which shall run from 1 January to 31 December, inclusive. Commitments shall be entered in the accounts on the basis of the legal commitments entered into up to 31 December. Payments shall be entered in the accounts for a financial year on the basis of the payments effected by the accounting officer by 31 December of that year at the latest.

Principle of equilibrium

The Agency's budget revenue and payment appropriations must be in balance. Commitment appropriations may not exceed the amount of the voted budget, plus own revenue and any other revenue. The Agency may not raise loans.

Principle of unit of account

The budget shall be drawn up and implemented in Euro and the accounts shall be presented in Euro.

Principle of universality

Total revenue shall cover all expenditure. All revenue and expenditure shall be entered in full without any adjustment against each other.

Principle of specification

The appropriations in their entirety shall be earmarked for specific purposes by title and chapter; the chapters shall be further subdivided into articles and items. The Executive Director may authorise transfers from one article to another within each chapter.

Principle of sound financial management

Budget appropriations shall be used in accordance with the principle of sound financial management, that is to say, in accordance with the principles of economy, efficiency and effectiveness. The principle of economy requires that the resources used by the Agency for the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price. The principle of efficiency is concerned with the best relationship between resources employed and results achieved. The principle of effectiveness is concerned with attaining the specific objectives set and achieving the intended results.

Principle of transparency

The budget shall be drawn up and implemented and the accounts presented in compliance with the principle of transparency. The budget, as finally adopted, shall be published in the Official Journal of the European Communities and amending budgets shall be published in an appropriate way within two months of their adoption.

4.2. Budgetary Outturn Account

The budget shall provide a detailed record of budgetary implementation. The budgetary accounts shall record all budgetary revenue and expenditure operations of the Agency.

EIOPA 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 Nr 68 EIOPA Regulation).

The Community subsidy paid to the Authority constitutes for its budget a balancing subsidy which counts 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 year. The part of the balance exceeding the amount of the Community subsidy shall be entered in the budget for the following financial year as revenue.

On the basis of the aforementioned, and regardless of the fact that contributions from Member States accounted for 60% of the total budget, following a communication from DG BUDG we have had to allocate the full 100% surplus to the European Commission as pre-financing. This is an issue currently subject to discussion, as Member States consider that 60% of the surplus should be refunded to them.

The total budgetary income is equal to **€ 9.387.070,78** broken down as follows:

- Balancing Commission subsidy at **€ 4.267.000,00** representing 40% of the EIOPA budget and cashed in 2011.
- Member States contributions at **€ 5.120.035,36** representing 80% of the Member States budget and cashed in 2011.
- Other income resulting of miscellaneous transactions **€ 35,42**.

The total expenditure of the Agency is **€ 6.579.663,38** resulting in a balance of the outturn account (after deduction of exchange rate differences equal to € 2.437,59) of **€ 2.804.969,81** which is foreseen for reimbursement to the European Commission as pre-financing received in 2011.

4.3. Budgetary Accounts

EIOPA budget accounts:

Title1: Staff and staff related expenditure, such as basic salaries for Temporary Agents and contractual staff, family allowances, expenditure for seconded national experts and local staff, employer social security contributions, recruitment expenses, staff missions, staff training, expenses for the socio-medical infrastructure and representation costs.

Title 2: Administrative expenditure covering for rental and property expenses, IT and telecommunication costs, expenses for legal advice, office supplies, postage, publication expenditure and costs relating to the organisation of EIOPA's working group and board meetings.

Title 3: Operational expenditure in line with the tasks and powers assigned to the Agency according to Regulation (EU) No 1094/2010 of the European Parliament and the Council of 24 November 2010, especially for the development of a Common Supervisory Culture focussing on training for national supervisors, staff exchanges and secondments. Secondly, for the collection of information which translates in the development and maintenance of a central European.

BUDGETARY AND FINANCIAL MANAGEMENT REPORT

(Article 76 EIOPA Financial Regulation)

1.1. General Accounting

The financial statement of EIOPA is set up according articles 76 to 82 of to the EIOPA Financial Regulation. EIOPA 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).

1.2. Financial Systems and Management

The major focus of EIOPA in 2011 was the setting up and the further extension of the Agency.

EIOPA a newly created Agency in force since 1 January 2011 took up activities as the legal successor of the Committee of European Insurance and Occupational Pensions Supervisors (CEIOPS). By the date of establishment of EIOPA, all assets, liabilities and all pending operations of CEIOPS were automatically transferred to EIOPA. As newly generated Agency the budget analysis only relates to C1 funds in 2011.

In its inauguration meeting on 10 January 2011 the EIOPA Management Board adopted and approved the principal financial rules and the EIOPA Financial Regulation in order to enable EIOPA to execute its powers as European Agency.

EIOPA introduced ABAC, the accounting system used by the European Commission for the budgetary accounting, on 19 April 2011. During a transition period, from 1 January to 19 April 2011, EIOPA 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 EIOPA implemented SAP on 19 April 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 CEIOPS, for the financial accounting. A transition balance was drawn up at the date of transition and loaded together with the EIOPA opening balance in the system.

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

In September 2011 EIOPA established the asset registration system of the European Commission (ABAC Assets) to replace the former Excel-based inventory system introduced by CEIOPS. ABAC Assets is integrated in the Agency's accounting system.

1.3. Budget Execution

The EIOPA Management Board approved the budget 2011 in its inauguration meeting on 10 January 2011.

At the end of its first year, EIOPA registered a budget execution ratio for commitments of 61.68% and for payments of 58.84%. The concrete split per title is as follows:

TITLE	DESCRIPTION	APPROPRIATION (1)	COMMITTED (2)	% COMMITTED (2/1)	PAID (3)	% PAID (3/1)
1	STAFF EXPENDITURE	4,810,000.00	4,462,997.76	92.79%	4,416,502.33	91.82%
2	INFRASTRUCTURE AND ADMINISTRATIVE EXPENDITURE	2,937,000.00	1,774,100.94	60.41%	1,652,484.40	56.26%
3	OPERATING EXPENDITURE	2,920,000.00	342,564.68	11.73%	207,171.86	7.09%
	TOTAL FUND SOURCE C1	10,667,000.00	6,579,663.38	61.68%	6,276,158.59	58.84%

The main driver of the execution ratio has been Title 1. The high percentage budget execution in Title 1, in particular in the first year of the Agency, reflects the link between EIOPA's staff requests and the objectives of the Authority, and reinforces the case of staff requests in 2012 and 2013.

100% realisations of the establishment plan in 2011 was the main driven factor of the high budget execution ratio.

In relation to Title 2, 2011 was a transitional year from CEIOPS to EIOPA and a preparatory year for new procedures and requests. Therefore translations of a big volume of regulations and procedures in all European languages are expected to be processed starting with 2012. Rental costs benefited from the negotiation of the contract for the premises. In addition to that, in a time where efforts are expected from public and private institutions, EIOPA has reduced where possible the cost of organization of meetings, in particular those of the Board of Supervisors and Management Board. This was also the approach followed regarding information and publication costs, so that CEIOPS 2010 annual report was only published in the website, in order to further cut costs.

Regarding Title 3, in its October 2011 meeting, the EIOPA Board of Supervisors adopted the Data Specification Report, including exchange of individual information for identified needs and mandated ITDC to further develop the EIOPA Data Specifications Report. Further the EIOPA Board of Supervisors adopted the report on the IT Strategy and mandated that EIOPA implement the IT-related goals set out in the IT strategy report.

For EIOPA ITDC to deliver IT-related objectives, ITDC has to commence the procurement and implementation of IT systems in February 2012. Therefore the executed budget ratio in 2011 was driven by the fact that no expenditure was authorised, nor committed, before a clear strategic decision in such core area was taken by the Board of Supervisors.

To summarize, EIOPA’s execution rate as a first year agency is particularly high for Title 1, driven by the need of staff resources to deliver the tasks mandated, very low on Title 3, due to the decision not to start spending (nor to carry forward) the resources allocated to the IT projects without a clear strategic decision from the Board of Supervisors, and average regarding Title 2, where the idea to find areas where costs may be cut has prevailed over the fact that there were resources available in the first year budget.

1.4. EIOPA Carry Forward 2011 – 2012 C8 credits

Commitments carried over in the change of the year 2011 – 2012 per title were as follow:

TITLE	DESCRIPTION	Commitments RAL
1	STAFF EXPENDITURE	46,495.43
2	INFRASTRUCTURE AND ADMINISTRATIVE EXPENDITURE	121,616.54
3	OPERATING EXPENDITURE	135,392.82
	TOTAL GENERAL	303,504.79

1.5. EIOPA Budget Transfers 2011 (balance per budget line)

Title		Initial budget	Transfers	Total budget
Chapter				after transfers
Lines	Description	1	2	3 = 1 + 2
1	STAFF EXPENDITURE			
11	Staff in active employment			
1100	Basic salaries	2,343,360.00	80,000.00	2,423,360.00
1101	Family allowances	263,628.00	(60,000.00)	203,628.00
1102	Expatriation and foreign residence allowances	322,212.00	-	322,212.00
1110	Seconded national experts	503,900.00	-	503,900.00
1111	Contract agents	165,000.00	(20,000.00)	145,000.00
1112	Trainees	50,000.00	(25,000.00)	25,000.00
1120	Salaries and allowances local staff	228,370.00	(169,603.90)	58,766.10
1121	Social securities and pensions	500.00	-	500.00
1130	Insurance against sickness	106,193.00	-	106,193.00
1131	Insurance against accidents and occupational disease	21,913.00	-	21,913.00
1132	Insurance against unemployment	40,454.00	-	40,454.00
1140	Birth and death allowances	4,214.00	-	4,214.00
1141	Travel expenses for annual leave	37,926.00	9,535.00	47,461.00
1170	Interim services	21,070.00	(10,535.00)	10,535.00
1171	External services	21,070.00	1,000.00	22,070.00
1180	Sundry recruitment expenses	10,240.00	107,000.00	117,240.00

Title		Initial budget	Transfers	Total budget
Chapter				after transfers
Lines	Description	1	2	3 = 1 + 2
1	STAFF EXPENDITURE			
1181	Travelling expenses	10,240.00	-	10,240.00
1182	Installation allowance	16,000.00	95,000.00	111,000.00
1183	Moving expenses	11,520.00	-	11,520.00
1184	Temporary daily allowance	16,000.00	44,603.90	60,603.90
1190	Salary weighting	33,712.00	50,000.00	83,712.00
11	Total chapter	4,227,522.00	102,000.00	4,329,522.00
13	Mission expenses, travel and incidental expenses			
1300	Administrative mission expenses	492,478.00	(111,000.00)	381,478.00
13	Total chapter	492,478.00	(111,000.00)	381,478.00
14	Socio-medical infrastructure			
1400	Schools and kindergartens	10,000.00	-	10,000.00
1401	Other socio-medical expenditure	18,000.00	-	18,000.00
14	Total chapter	28,000.00	-	28,000.00
16	Training			
1600	Training	52,000.00	-	52,000.00
16	Total chapter	52,000.00	-	52,000.00

Title		Initial budget	Transfers	Total budget
Chapter				after transfers
Lines	Description	1	2	3 = 1 + 2
1	STAFF EXPENDITURE			
17	Representation expenses, receptions and events			
1700	Representation expenses, receptions and events	10,000.00	9,000.00	19,000.00
17	Total chapter	10,000.00	9,000.00	19,000.00
1	TOTAL TITLE 1	4,810,000.00	-	4,810,000.00

Title		Initial budget	Transfers	Total budget after transfers
Chapter Lines	Description	1	2	3 = 1 + 2
2	INFRASTRUCTURE AND ADMINISTRATIVE EXPENDITURE			
20	Rental of building and associated costs			
2000	Rental of building	600,500.00	(94,960.74)	505,539.26
2010	Insurance	5,000.00	-	5,000.00
2020	Utilities	124,800.00	29,960.74	154,760.74
2030	Electricity	23,000.00	-	23,000.00
2040	Maintenance and cleaning	50,320.00	-	50,320.00
2050	Fitting out premises and refurbishment works	10,000.00	65,000.00	75,000.00
2090	Other expenditure on buildings	79,680.00	-	79,680.00
20	Total chapter	893,300.00	-	893,300.00
21	Information and communication technology			
2100	Purchase of hardware	284,000.00	(63,786.35)	220,213.65
2101	Purchase of software	256,000.00	(124,300.00)	131,700.00
2102	Cabling and building	52,300.00	700.00	53,000.00
2103	Website extension	14,000.00	24,590.00	38,590.00
2104	Hardware and software maintenance	85,000.00	131,196.35	216,196.35
2105	Website maintenance	50,000.00	-	50,000.00
21	Total chapter			

Title		Initial budget	Transfers	Total budget after transfers
Chapter Lines	Description	1	2	3 = 1 + 2
2	INFRASTRUCTURE AND ADMINISTRATIVE EXPENDITURE			
		741,300.00	(31,600.00)	709,700.00
22	Movable property and associated costs			
2200	Technical equipment and installations	50,000.00	(22,500.00)	27,500.00
2201	Purchase new furniture	80,000.00	22,500.00	102,500.00
22	Total chapter	130,000.00	-	130,000.00
23	Current administrative expenditure			
2300	Stationery and office supplies	21,400.00	30,000.00	51,400.00
2301	Leasing movable property	16,000.00	10,000.00	26,000.00
2302	Documentation and library expenditure	7,000.00	-	7,000.00
2310	Bank charges	5,000.00	-	5,000.00
2320	Legal advice	30,000.00	-	30,000.00
2321	Tax advice	30,000.00	-	30,000.00
2330	Miscellaneous insurance	15,000.00	-	15,000.00
2331	Other administrative expenditure	20,000.00	-	20,000.00
23	Total chapter	144,400.00	40,000.00	184,400.00
24	Postage and telecommunications			
2400	Postal and delivery charges	10,000.00	-	10,000.00

Title		Initial budget	Transfers	Total budget after transfers
Chapter Lines	Description	1	2	3 = 1 + 2
2	INFRASTRUCTURE AND ADMINISTRATIVE EXPENDITURE			
2410	Telecommunication charges	87,000.00	(10,000.00)	77,000.00
2411	Telecommunication equipment and installations	16,000.00	1,600.00	17,600.00
24	Total chapter	113,000.00	(8,400.00)	104,600.00
25	Information and publishing			
2500	Information and publication costs	80,000.00	10,290.61	90,290.61
2501	Translation costs, including the CdT	270,000.00	(10,290.61)	259,709.39
2502	Studies	-	-	-
25	Total chapter	350,000.00	-	350,000.00
26	Meeting expenses			
2600	General meeting expenses	210,000.00	20,000.00	230,000.00
2610	Stakeholder group meetings	216,000.00	(20,000.00)	196,000.00
2620	Management Board meetings	26,000.00	-	26,000.00
2630	Board of Supervisors meetings	83,000.00	-	83,000.00
2640	Board of Appeal meetings	30,000.00	-	30,000.00
26	Total chapter	565,000.00	-	565,000.00
2	TOTAL TITLE 2	2,937,000.00	-	2,937,000.00

Title		Initial budget	Transfers	Total budget after transfers
Chapter Lines	Description	1	2	3 = 1 + 2
3	OPERATING EXPENDITURE			
31	Common Supervisory Culture: training for national supervisors and staff exchanges and secondments			
3100	Organisation of seminars	137,100.00	134,834.53	271,934.53
3101	External experts	134,900.00	(116,129.02)	18,770.98
3102	Other expenditure	11,200.00	(8,276.90)	2,923.10
3103	Operational missions of staff	17,550.00	(10,428.61)	7,121.39
31	Total chapter	300,750.00	-	300,750.00
32	Collection of information; developing and maintenance of a central European database			
3200	Centralised database	998,030.00	-	998,030.00
3201	Secure communication with external parties	101,220.00	-	101,220.00
3202	Information on securities	1,500,000.00	-	1,500,000.00
3203	Operational missions of staff	20,000.00	-	20,000.00
32	Total chapter	2,619,250.00	-	2,619,250.00
3	TOTAL TITLE 3	2,920,000.00	-	2,920,000.00
-	TOTAL GENERAL	10,667,000.00	-	10,667,000.00

1.6. EIOPA Establishment Plan 2011

Function group and grade	2011	
	Filled as of 31/12/2011	
	Permanent posts	Temporary Posts
AD 16		
AD 15		1
AD 14		1
AD 13		1
AD 12		2
AD 11		3
AD 10		6
AD 9		3
AD 8		4
AD 7		8
AD 6		3
AD 5		5
AD total		37
AST 11		
AST 10		0
AST 9		0
AST 8		0
AST 7		1
AST 6		3
AST 5		1
AST 4		0
AST 3		0
AST 2		4
AST 1		0
AST total		9
TOTAL		46
GRAND TOTAL	46	

Contract Agents	Filled as at: 31.12.2011
Function Group IV	2
Function Group III	1
Function Group II	3
Function Group I	
Total	6

Seconded National Experts	Filled as at: 31.12.2011
Total	4