



EUROPEAN
COURT
OF AUDITORS

Secretary-General

Luxembourg, 18 May 2020

REPORT BY THE EXTERNAL AUDITOR ON THE COURT OF AUDITORS'

ACCOUNTS FOR THE FINANCIAL YEAR 2019

NOTE TO READERS

Without prejudice to the provisions of Article 287 of the Treaty on the functioning of the European Union, which gives the Court of Auditors responsibility for auditing all of the Union's revenue and expenditure, and the provisions of Article 319 of the said Treaty on the granting of the discharge, the Court of Auditors has had its revenue and expenditure accounts audited by an external auditor every year since the close of the financial year 1987.

The reports which the external auditor of the Court of Auditors drew up in respect of the Court's accounts for the financial years 1987 to 1991 were sent only to the Chairman of the European Parliament's Budgetary Control Committee.

Pursuant to a decision taken by the Members of the Court of Auditors at the Court meeting of 8 July 1993, the external auditor's reports have since been published in the *Official Journal of the European Union*, starting with the report on the financial year 1992.

For the Court of Auditors
Eduardo RUIZ GARCÍA
Secretary-General of the European Court of Auditors



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ANNUAL ACCOUNTS OF THE EUROPEAN COURT OF AUDITORS FOR THE FINANCIAL YEAR 2019

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EUROPEAN
COURT
OF AUDITORS

ACCOUNTING OFFICER

Luxembourg, 21 April 2020

CERTIFICATION OF THE ACCOUNTS

Certification for the annual accounts 2019 of the European Court of Auditors

The annual accounts of the European Court of Auditors for the year 2019 have been prepared in accordance with the Title XIII of the Financial Regulation applicable to the general budget of the European Union, the accounting rules adopted by the Commission's Accounting Officer and the accounting principles and methods adopted by myself.

I acknowledge my responsibility for the preparation and presentation of the annual accounts of the European Court of Auditors in accordance with art 77 of the Financial Regulation.

I have obtained from the authorising officer, who certified its reliability, all the information necessary for the production of the accounts that show the European Court of Auditors' 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 fairly, in all material aspects, the financial position, the results of the operations and the cash-flow of the European Court of Auditors.

Digitally signed by MARIA PILAR
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Pilar Calvo Fuentes

Accounting Officer of the European Court of Auditors

Independent auditor's report



Audit Report

To the Management

Report on the audit of the financial statements

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of European Court of Auditors - ECA (the "Company") as at 31 December 2019, and of the results of its operations, its cash flows and the changes in net assets for the year ended in accordance with Regulation (EU, Euratom) N°966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) N°1605/2002 (OJ L 298, 26.10.2012, p. 1) and its subsequent amendments hereinafter referred to as the "Financial Regulation" and Commission Delegated Regulation (EU) N°1268/2012 of 29 October 2012 (OJ L 362, 31.12.2012, p. 1) laying down detailed rules of application of this Financial Regulation and its subsequent amendments.

What we have audited

The Company's financial statements comprise:

- the balance sheet as at 31 December 2019;
- the statement of financial performance from 1 January 2019 to 31 December 2019;
- the cash flow statement from 1 January 2019 to 31 December 2019;
- the statement of changes in net assets from 1 January 2019 to 31 December 2019; and
- the notes to the financial statements from page 12 to page 21, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Institut des Réviseurs d'Entreprises" (IRE). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the IRE are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF) together with the ethical requirements that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

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Other information

The Management is responsible for the other information. The other information comprises the information included in the Budget information financial year 2019 but does not include the financial statements and our audit report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management and those charged with governance for the financial statements

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with Regulation (EU, Euratom) N°966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) N°1605/2002 (OJ L 298, 26.10.2012, p. 1) and its subsequent amendments hereinafter referred to as the 'Financial Regulation' and Commission Delegated Regulation (EU) N°1268/2012 of 29 October 2012 (OJ L 362, 31.12.2012, p. 1) laying down detailed rules of application of this Financial Regulation and its subsequent amendments, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the IRE will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the IRE, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management;
- conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 24 April 2020

Electronically signed by:
Rima Adas



Rima Adas

Financial statements and explanatory notes¹

Balance Sheet

		(euro)	
	Note	31 December 2019	31 December 2018
Non - Current Assets			
Intangible assets	3.1.	1 854 724	1 498 642
Property, plant and equipment	3.2.	65 598 923	69 967 785
		67 453 647	71 466 427
Current Assets			
Receivables	3.3.	1 503 909	778 811
Cash and cash equivalents	3.4.	7 657 157	6 978 107
		9 161 066	7 756 918
Total Assets		76 614 713	79 223 345
Current Liabilities			
Provisions	3.5.	75 000	-
Payables	3.6.	5 896 916	5 525 274
		5 971 916	5 525 274
Total Liabilities		5 971 916	5 525 274
Net Assets		70 642 797	73 698 071
Accumulated surplus / deficit		73 698 071	78 364 988
Economic result for the year		(3 055 274)	(4 666 917)
Net Assets		70 642 797	73 698 071

¹ The accompanying notes form an integral part of these financial statements.

Statement of Financial Performance

		(euro)	
	Note	2019	2018
Funds transferred from the Commission to other institutions	4.1.	122 900 000	118 700 000
Revenue from administrative operations	4.2.	22 402 722	21 365 678
Other operating revenue	4.3.	9 381	16 044
Total operating revenue	4.4.	145 312 103	140 081 722
Staff expenses	4.5.	(122 051 232)	(118 261 079)
Assets related expenses	4.6.	(6 509 109)	(7 012 492)
Other administrative expenses	4.7.	(19 793 738)	(19 455 185)
Operational expenses	4.8.	(5 618)	(12 032)
Total operating expenses		(148 359 697)	(144 740 788)
Surplus/(deficit) from operating activities		(3 047 594)	(4 659 066)
Financial expenses	4.9.	(7 680)	(7 851)
Surplus/(deficit) from non operating activities		(7 680)	(7 851)
Economic result of the year		(3 055 274)	(4 666 917)

Cash Flow Statement

	(euro)	
	2019	2018
Economic result of the year	(3 055 274)	(4 666 917)
Operating activities - Adjustments		
Amortisation	866 471	1 168 768
Depreciation	5 626 928	5 835 786
Increase/(decrease) in Provisions	75 000	-
(Increase)/decrease in Receivables	(725 098)	(123 613)
Increase/(decrease) in Payables	371 642	(516 795)
Net cash flow from operating activities	3 159 669	1 697 229
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets (-)	(2 496 330)	(1 838 282)
Proceeds from-property, plant and equipment and intangible assets (+)	15 711	9 035
Net cash flow from investing activities	(2 480 619)	(1 829 247)
Net increase/(decrease) in cash and cash equivalents	679 050	(132 018)
<i>Cash and cash equivalents at the beginning of the year</i>	<i>6 978 107</i>	<i>7 110 125</i>
<i>Cash and cash equivalents at the end of the year</i>	<i>7 657 157</i>	<i>6 978 107</i>

Statement of changes in Net Assets

(euro)			
Net assets	Accumulated Surplus / (Deficit)	Economic result of the year	Total
Balance as at 31.12.2018	78 364 988	(4 666 917)	73 698 071
Allocation of the prior year economic result	(4 666 917)	4 666 917	-
Economic result of the year	-	(3 055 274)	(3 055 274)
Balance as at 31.12.2019	73 698 071	(3 055 274)	70 642 797

Accounting policies and notes to the financial statements

1. General

The European Court of Auditors (hereafter the ECA) was established by the Treaty of Brussels of 22 July 1975 and started operating in October 1977, with its headquarters in Luxembourg.

Mission of the European Court of Auditors

The ECA mission is to contribute to improving EU financial management, promote accountability and transparency, and act as the independent guardian of the financial interests of the citizens of the Union. The ECA's role as the EU's independent external auditor is to check that EU funds are correctly accounted for, are raised and spent in accordance with the relevant rules and regulations and have achieved value for money.

The ECA checks if the budget of the European Union has been implemented correctly, and that EU funds have been raised and spent legally and in accordance with the principles of sound financial management.

The ECA is committed to being an efficient organisation at the forefront of developments in public audit and administration. It presents observations and recommendations to the European Parliament, the Council of the EU, and national governments and parliaments, as well as the general public.

The financial year of the ECA runs from 1 January to 31 December.

2. Legal basis and accounting rules

2.1. Basis of presentation

The financial statements of the ECA are drawn up in accordance with Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 298, 26.10.2012, p. 1) and its subsequent amendments hereinafter referred to as the 'Financial Regulation' and Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 (OJ L 362, 31.12.2012, p. 1) laying down detailed rules of application of this Financial Regulation and its subsequent amendments.

2.2. Accounting principles

In accordance with article 80 of the Financial Regulation, the EU prepares its financial statements on the basis of accrual-based accounting rules that are based on International Public Sector Accounting Standards (IPSAS). These EU Accounting Rules are adopted by the Accounting Officer of the Commission after a consultation of the other institutions.

The overall considerations (or accounting principles) to be followed when preparing the financial statements are laid down in EU Accounting Rule 1 'Financial Statements' and are the same as those described in IPSAS 1: fair presentation, accrual basis, going concern, consistency of presentation, materiality, aggregation, offsetting and comparative information. The qualitative characteristics of financial reporting are relevance, faithful representation (reliability), understandability, timeliness, comparability and verifiability.

2.3. Currency and basis for conversion

The financial statements are presented in euro, the euro being the EU's functional and reporting currency.

Foreign currency transactions are translated into euro using the exchange rate prevailing at the date of the transaction.

Foreign exchange 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 recognised in the statement of financial performance. Different conversion methods apply to property, plant and equipment and intangible assets, which retain their value in euros at the date when they were purchased.

Year-end balances of monetary assets and liabilities denominated in foreign currencies are converted into euro on the basis of the European Central Bank (ECB) exchange rates applying on 31 December.

2.4. Intangible assets

Acquired computer software licences are stated at historical cost less accumulated amortisation and impairment losses. The assets are amortised on a straight-line basis over four years. Internally developed intangible assets are capitalised when the relevant criteria of the EU accounting rules are met. The costs that can be capitalised include all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by the ECA management. Costs associated with research activities, not capitalised development costs and maintenance costs are recognised as expenses as incurred.

2.5. Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the ECA and its cost can be measured reliably. Repairs and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred. As the ECA does not borrow money to fund the acquisition of property, plant and equipment, there are no borrowing costs related to such purchases.

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Land and works of art are not depreciated as they are deemed to have an indefinite useful life. Assets under construction are not depreciated, as these assets are not yet available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	4 %
Plant, machinery and tools	12,5 % to 25 %
Furniture and vehicle fleet	10 % to 25 %
Computer hardware	25 %
Other fixtures and fittings	12,5 % to 25 %

2.6. Provisions

Provisions are recognised when the ECA has a present legal or constructive obligation towards third parties as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses. The amount of the provision is the best estimate of the expenditures expected to be required to settle the present obligation at the reporting date.

2.7. Recognition of expenses

According to the EU accounting rules, transactions and events are recognised in the financial statements in the period to which they relate. At the end of the accounting period, accrued expenses are recognised based on an estimated amount of the transfer obligation of the period. The calculation of accrued expenses is done in accordance with detailed operational and practical guidelines issued by the Accounting Officer which aim at ensuring that the financial statements reflect a true and fair view.

2.8. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the EU; or a present obligation that arises from past events but is not recognised because: it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or in the rare circumstances where the amount of the obligation cannot be measured with sufficient reliability.

3. Notes to the Balance Sheet

Non-Current Assets

3.1. Intangible assets

The movements in intangible assets during the year 2019 were:

	(euro)
Gross carrying amounts at 31.12.2018	8 480 482
Additions	1 222 553
Disposals	-
Transfer between asset categories	-
Other changes	-
Gross carrying amounts 31.12.2019	9 703 035
Accumulated amortisation at 31.12.2018	(6 981 840)
Amortisation charge for the year	(866 471)
Amortisation written back	-
Disposals	-
Transfer between asset categories	-
Accumulated amortisation at 31.12.2019	(7 848 311)
Net carrying amounts 31.12.2019	1 854 724
Net carrying amounts 31.12.2018	1 498 642

The above amounts relate primarily to computer software.

In 2019, no costs associated with research activities were recognised.

3.2. Property, Plant and Equipment

The movements in Property, plant and equipment during the year 2019 were:

						(euro)	
	Land and Buildings	Plant and equipments	Furniture and vehicle	Computer hardware	Other fixtures and fittings	Land and Buildings under construction	Total
Gross carrying amounts at 31.12.2018	127 265 467	1 130 724	5 635 114	4 309 067	2 249 872	106 221	140 696 465
Additions	60 892	97 169	170 621	653 500	40 704	250 891	1 273 777
Disposals	-	(17 520)	(125 374)	(180 239)	(44 271)	-	(367 404)
Transfer between asset categories	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-
Gross carrying amounts 31.12.2019	127 326 359	1 210 373	5 680 361	4 782 328	2 246 305	357 112	141 602 838
Accumulated amortisation at 31.12.2018	(60 308 046)	(897 844)	(3 747 120)	(3 651 086)	(2 124 584)	-	(70 728 680)
Depreciation charge for the year	(4 565 239)	(66 222)	(477 505)	(475 496)	(42 466)	-	(5 626 928)
Depreciation written back	-	17 405	117 967	175 463	40 858	-	351 693
Disposals	-	-	-	-	-	-	-
Transfer between asset categories	-	-	-	-	-	-	-
Accumulated amortisation at 31.12.2019	(64 873 285)	(946 661)	(4 106 658)	(3 951 119)	(2 126 192)	-	(76 003 915)
Net carrying amounts 31.12.2019	62 453 074	263 712	1 573 703	831 209	120 113	357 112	65 598 923
Net carrying amounts 31.12.2018	66 957 421	232 880	1 887 994	657 981	125 288	106 221	69 967 785

Current Assets

3.3. Receivables

	(euro)	
	31 December 2019	31 December 2018
Current receivables mainly related to recovered VAT	1 038	7 848
Sundry receivables mainly related to payroll and mission advances	110 639	171 408
Deferred charges	1 392 232	599 555
Total	1 503 909	778 811

3.4. Cash and cash equivalents

	(euro)	
	31 December 2019	31 December 2018
Petty cash	445	18
Bank current account	1 005 389	75 865
Fiduciary account	6 651 323	6 902 224
Total	7 657 157	6 978 107

A fiduciary account was opened on 27 January 2010 by the ECA with the Banque et Caisse d'Épargne de l'État, Luxembourg. This fiduciary account allowed the ECA to manage the budget granted by the budgetary authority in relation to the K3 building project (see Note 5.3). On 14 March 2014, the ECA requested the European Parliament and Council to allow the use of the estimated remaining budget of the K3 project (7 million euro) for the necessary and compulsory technical upgrade of the ECA's K2 building. This proposal was approved by the European Parliament and Council on 1st April 2014. On 23 March 2015, the ECA announced to the European Parliament and Council that the final remaining budget of the K3 project amounted to 9,4 million euro and, as the estimated cost for the K2 upgrade was 7 million euro, on 12 May 2015 2,4 million euro were returned to the EU budget. The ECA expects that the implementation of the works will take place in a near future.

Current Liabilities

3.5. Provisions

This section relates to ongoing actions brought against ECA and the estimation of their possible financial impact.

3.6. Payables

	(euro)	
	31 December 2019	31 December 2018
Current payables	(13 213)	(863)
Sundry payables related to payroll and staff	(14 826)	(24 806)
Accrued charges	5 216 771	5 397 447
Accounts payable to consolidated EU entities	708 184	153 496
Total	5 896 916	5 525 274

4. Notes to the Statement of Financial Performance

4.1. “Funds transferred from the Commission to other institutions”: the amount corresponds to the monthly calls for funds made by the ECA to the Commission to replenish its bank account.

4.2. “Revenue from administrative operations”: for the most part, this heading is made up of deductions from the salaries of members and staff in respect of tax and social contributions.

4.3. “Other operating revenue” arises among others from exchange rate gains.

4.4. Revenues were generated from exchange and non-exchange transactions as follows:

	(euro)	
	2019	2018
Revenue from exchange transactions	19 055	45 119
Revenue from non-exchange transactions	145 293 048	140 036 602
Total revenue	145 312 103	140 081 721

4.5. “Staff expenses” include the salaries of members, statutory staff, contractual agents and temporary staff.

4.6. The “Assets related expenses” consist of the depreciation/amortisation of the tangible and intangible assets.

4.7. The most significant items of the “other administrative expenses” were:

- IT and telecommunications
- Missions expenses
- Cleaning and security services.

4.8. “Operational expenses” arise among others from exchange rate losses.

4.9. “Financial expenses” are bank charges levied on the ECA's current and fiduciary accounts.

5. Other significant disclosures

5.1. Contingent assets

The following bank guarantees have been given by suppliers following contractual obligations:

	(euro)	
	31 December 2019	31 December 2018
Renovation building	-	148 234
Project management building K3	10 339	10 339
Insurance company	1 361	1 361
Telecommunication	20 000	20 000
Total	31 700	179 934

5.2. Commitments for future funding

	(euro)	
	31 December 2019	31 December 2018
Operational lease for Buildings	475 000	475 000
Operational lease for IT material, cars and other equipments	2 535 569	1 983 058
Subtotal	3 010 569	2 458 058
Commitments against appropriations not yet consumed – RAL ("Restant à liquider") -, after deduction of accruals for 2019	5 723 228	6 839 712
Total	8 733 797	9 297 770

The RAL is an element of budgetary accounting representing the value of outstanding commitments. This is the difference between commitments entered into and payments, which is due to the time-lag between entering into a commitment and proceeding to the related payment.

5.3. Land and buildings

The ECA moved into its main building (K1) in 1988 and purchased it and the land it stands on outright in 1990. In 1999, we signed a framework agreement with the Grand Duchy of Luxembourg, giving us the right to use a second parcel of land for 49 years (renewable once) to build an extension (K2) at the symbolic cost of one euro. For the second extension (K3), however, because of different arrangements for carrying out the project a new framework agreement was needed; we signed this with the Grand Duchy of Luxembourg on 22 February 2008. We purchased the land on which K3 stands for the same symbolic cost of one euro.

Should the ECA ever consider ceding one of the buildings to a third party other than an EU body or institution, it must transfer the land back to the Grand Duchy (again for one euro), and the latter will

also have the option to purchase the building at a price to be determined by an independent expert. If the Grand Duchy decides not to exercise this option, it would grant the right to use the land to the building's purchasers.

5.4. Contingent liabilities

There are no contingent liabilities.

5.5. Significant events after closure – consequences of Brexit

The current situation and latest available information confirm that Brexit will have no financial impact on the accounts.

5.6. Significant events after closure – consequences of the Covid-19 crisis

The outbreak of the coronavirus does not require any adjustments to the figures reported for 2019. Based on the information available at the time of transmission of these accounts, the financial effects of the coronavirus outbreak for subsequent reporting periods cannot be estimated reliably.

Budget information financial year 2019

Computation of the budget result

The budget result of the year is computed based on the figures of the budgetary implementation. A detailed analysis of the budget, its context, justification and impact is presented in a report on the budgetary and financial management of the ECA.

	(euro)
Payments on appropriations of the year 2019	(137 799 512)
Payments made from carry over of payment appropriations	(6 553 576)
Payments on appropriation related to earmarked revenue	(92 858)
Recovery orders of the year, cashed during the year 2019	22 401 226
Budgetary recovery orders issued before 2018 and cashed in the year 2019	-
Adjustment on recovery orders from previous years	(356)
Payment appropriations carried over to 2020	(6 786 252)
Appropriation carried over from previous years	7 406 944
Adjustment for carry-over from previous year of appropriations available at 31.12 arising from assigned revenue	6 632
Budget result	(121 417 752)

Reconciliation of economic result with budget result

	(euro)
Economic result of the year	(3 055 274)
Adjustment for items included in the economic result but not in the budget result	(110 064 129)
Difference between accruals end of previous year and end of current year	(119 938)
Amount from liaison account with the Commission booked in the Economic Outturn Account	(122 900 000)
Unpaid invoices at year end but booked in charges (class 6)	(205 088)
Depreciation of intangible and tangible assets	6 635 767
Provisions	-
Value reductions	-
Recovery orders issued in 2019 in class 7 not yet cashed	(13 856)
Payments made from carry over of payment appropriations	6 553 576
Other	(16 543)
Exchange rate differences	1 953
Adjustment for items included in the budget result but not in the economic result	(8 298 349)
Asset acquisitions (paid during the year)	(2 372 097)
Budgetary recovery orders issued before 2019 and cashed in the year	-
Payment appropriations carried over to 2020	(6 786 252)
Cancellation of unused carried over payment appropriations from previous year	853 368
Adjustment for carry-over from previous year of appropriations available at 31.12 arising from assigned revenue	6 632
Payments for pensions (they are budgetary payments but booked against provisions)	-
Other	-
Budget result	(121 417 752)

Independent Assurance report

To the Management of the European Court of Auditors





Independent Assurance report

To the Management of the
European Court of Auditors

We have examined that the financial resources assigned by the European Commission to the European Court of Auditors (hereafter the “Court”) have been used for their intended purposes and that the control procedures put in place by the authorising officers provide the necessary guarantees to ensure the compliance of financial operations with the applicable rules and regulations for the financial resources made available and used for the period from 1 January 2019 to 31 December 2019.

The maintenance of books and records and the establishing and maintaining of appropriate controls are the responsibility of the Management of the Court. Our responsibility is to express our opinion based on our examination.

We conducted our examination in accordance with the International Standard on Assurance Engagements “Assurance Engagements other than Audits or Reviews of Historical Financial Information” (ISAE 3000) as adopted by the “Commission de Surveillance du Secteur Financier”. This standard requires that we plan and perform our examination such that misuse of the resources materially affecting the books of the Court are detected with reasonable assurance. Our work consisted primarily of examining on a test and sample basis, evidence supporting the fact that:

- The resources assigned to the Court have been used for their intended purposes;
- The control procedures put in place provide the necessary guarantees to ensure the compliance of financial operations with the applicable rules and regulations.

The criteria used for our examination are the following rules and regulations:

- Regulation (EU, Euratom) N°966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget (hereafter the “Budget”) of the Union and repealing Council Regulation (EC, Euratom) N°1605/2002 (hereafter the “Financial Regulation”).
- Commission Delegated Regulation (EU) N°1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) N°966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union (hereafter the “Implementing Rules”).
- Decision N°38-2016 of 2 June 2016 of European Court of Auditors laying down the Rules for implementing the Rules of Procedure of the Court of Auditors, in particular Articles 16 and 42 thereof as amended by the Court at its meeting of 14 September 2017.



- Decision N°54-2016 of the European Court of Auditors concerning the internal rules for the implementation of its Budget of 12 September 2016 as amended by Decision N°58-2017 on its meeting of 14 December 2017. These provisions form part of the procedures established by the Treaties, or agreements made by virtue thereof, which concern the operational process linked to the implementation of the Budget.

In particular, the following Internal Rules have been used as criteria:

- Article 7.1 - Signatures - “Each of the parties involved in the drafting, control and registration of operations to establish and recover revenue or to commit sums and make payments shall sign and date their involvement”.
- Article 8 - Building projects - “The President shall present to the European Parliament and the Council any building project likely to have significant financial implications for the Court’s budget. Before the Court gives its approval to any contractual undertaking concerning such a project, the service responsible shall submit an explanatory document justifying the compatibility of the project with the financial framework”.
- Article 11.2 - “Before signing, the persons empowered to sign bank credit transfer orders shall verify, in particular, that the bank credit transfer orders correspond to the payment orders”.
- Article 16.2 - “The request for transfer shall be accompanied by the information enumerated in Article 16.2”.
- Article 17.4 - “The authorising officers shall be responsible for ensuring that, at the end of the year, the only amounts carried over are those in respect of which there is a legal obligation to do so”.
- Article 19.1 - Property inventories - “An inventory of tangible assets shall be kept in a database common to all the authorising officers in accordance with the procedures laid down by the Secretary-General, after consulting the Accounting Officer”.
- Article 21.1 - Minimum management and internal control procedures - “The management and internal control procedures shall be drawn up by the authorising officers in accordance with the minimum internal control standards adopted by the Court”.

We believe our examination provides a reasonable basis for our opinion.

Based on our work described in this report, nothing has come to our attention that causes us to believe that in all material respects and based on the criteria described above:

- The resources assigned to the Court have not been used for their intended purposes;
- The control procedures in place do not provide the necessary guarantees to ensure the compliance of financial operations with the applicable rules and regulations.



Our report is solely for the purpose set forth in the first paragraph and for your information and is not to be used for any other purpose or to be distributed to any other parties, except for publication purpose in the European Official Journal.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 24 April 2020

Electronically signed by:
Rima Adas

A handwritten signature in blue ink, appearing to read "Adas", with a stylized flourish at the end.

Rima Adas