



# FINAL ACCOUNTS FOR 2012



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## 1.1. Introduction

The annual accounts are drawn up in accordance with Article 84 of European Agency for the Management of the Operational Cooperation at the External Borders of the Member States of the European Union (hereinafter Frontex) Financial Regulation adopted by the Management Board 30 June 2005 and amended by the Management Board decision no 36/2008 of 16 December 2008. The annual accounts of Frontex include the financial statements and the report on implementation of the budget.

The objectives of financial statements are to provide information about the financial position, performance and cash flows of Frontex.

The financial statements have been prepared according to the accounting rules adopted by the European Commission's accountant, following the principles of accrual based accountancy where the economic outturn, balance and cash flow are concerned. It should be noted that under Frontex Financial Regulation, the accounts consist of the general accounts and the budget accounts, both kept in euro.

The general accounts are accrual accounts which mean that the effects of transactions and other events are recognised when those transactions or events occur (and not only when cash or its equivalent is received or paid). They are based on the IPSAS (International Public Sector Accounting Standards). The general accounts allow for the preparation of the financial statements as they show all revenues and expenses for the financial year and are designed to establish the financial position in the form of a balance sheet at 31 December.

The budget execution is prepared on the basis of a modified cash accounting. In cash accounting system, payments made and revenue received are recorded. Modified cash accounts means that payment appropriations carried over are also recorded. They are used to produce the budgetary outturn account and reports on budget implementation.

These provisions lead to discrepancies between the general accounts and the budget accounts.

The accounting policies have been applied consistently throughout the period.

According to Article 82 of Frontex Financial Regulation, Agency's Accounting Officer shall send to the Commission's Accounting Officer and the Court of Auditors by no later than 1<sup>st</sup> of March of the following year its provisional accounts, together with the report on budgetary and financial management during the year.

The Director shall send the final accounts, together with the opinion of the Management Board, to the Commission's Accounting Officer, the Court of Auditors, the European Parliament and the Council, by 1<sup>st</sup> of July of the following year at the latest.

Finally the final accounts are presented to the Council and Parliament for discharge.

## 1.2. Legal Framework

This report has been prepared in accordance with Article 76 of the Financial Regulation of the Agency adopted 30 June 2005, amended by the Management Board decision no 36/2008 of 16 December 2008.

## 1.3. Accounting principles

Based on Article 78 of the Financial Regulation of Frontex, the financial statements are drawn up in accordance with the generally accepted accounting principles specified in the detailed rules for implementing the general Financial Regulation, namely:

### a) Going concern basis principle

The going-concern principle means that for the purposes of preparing the financial statements, Frontex is deemed to be established for an indefinite duration.

### b) Principle of prudence

The principle of prudence means that assets and income have not been overstated and liabilities and charges have not been understated. No hidden reserves or undue provisions have been created.

### c) 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 has not been changed from one year to the next.

### d) Principle of comparability of information

The principle of comparability of information means that for each item the financial statements also show the amount of the corresponding item the previous year.

Where, pursuant to previous paragraph, the presentation or the classification of one of the components of the financial statements is changed, the corresponding amounts for the previous year have been made comparable and reclassified. Where it has been impossible to reclassify items, this shall be explained in the annex.

### e) Materiality principle

The materiality principle means that all operations which are of significance for the information sought have been taken into account in the financial statements. Materiality has been 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.

### f) No-netting principle

The no-netting principle means that receivables and debts may not be off-set 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.

### g) Principle of reality over appearance

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

**h) Accrual-based accounting principle**

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

**Currency**

Frontex 2012 financial statements are presented in euro, the euro being the European Union's functional and reporting currency.

Economic transactions in other currencies than in euro have been converted into euro on the basis of European Commission's official rate "Infor-Euro".

Due to the Agency's location outside of Euro-zone, a substantial number of transactions during reporting period occurred in Polish Zlotys. Foreign currency exchange rate gains and losses resulting from transactions in other currencies than euro have been reflected in economic outturn account.

Year-end balances of monetary assets and liabilities denominated in foreign currencies are converted into euro on the basis of the exchange rates applying on 31 December 2012.

**Use of estimates**

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

## Declaration of Assurance of the Executive Director

I, the undersigned, Executive Director of Frontex, in my capacity as Authorising Officer,

- declare that the information contained in the annual accounts for the year 2012 report gives a true and fair view;
- state that I have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions. This reasonable assurance is based on my own judgment and on the information at my disposal, such as the results of the ex-ante and ex-post controls, the recommendations from the European Parliament's Committee for Budgets and the observations of the Court of Auditors; and
- confirm that I am not aware of any matter not reported in this declaration that could harm the interests of the Agency in general.

Warsaw, 6 June 2013



Ilkka Laitinen  
Executive Director

## Certificate of the Accounting Officer

The annual accounts of Frontex for the year 2012 have been prepared in accordance with the Financial Regulation applicable to the general budget of the European Union and the accounting rules adopted by the Commission's Accounting Officer, as are to be applied by all the institutions, agencies and joint undertakings.

I acknowledge my responsibility for the preparation and presentation of the annual accounts of Frontex in accordance with Article 68 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 Frontex'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 fairly, in all material aspects, the financial position, the results of the operations and the cash-flow of Frontex.

Warsaw, 6 June 2013



Polydoros Frantzeskakis  
Interim Accounting Officer

## 2. FINANCIAL STATEMENTS 2012

### 2.1. Balance Sheet

	Note	31.12.2012	31.12.2011	Variation
<b>A. NON CURRENT ASSETS</b>				
<b>Intangible fixed assets</b>	<b>3.1.1.1</b>	<b>2,981,507.85</b>	<b>1,859,455.22</b>	<b>1,122,052.63</b>
<b>Tangible fixed assets</b>	<b>3.1.1.2</b>	<b>4,848,907.03</b>	<b>5,155,658.05</b>	<b>-306,751.02</b>
Plant and equipment		65,889.00	83,763.00	-17,874.00
Computer hardware		3,590,804.15	3,679,973.05	-89,168.90
Furniture and vehicles		253,399.00	206,969.00	46,430.00
Other fixtures and fittings		938,814.88	1,184,953.00	-246,138.12
<b>Long-term receivables</b>	<b>3.1.1.3</b>	<b>11,013.80</b>	<b>14,775.71</b>	<b>-3,761.91</b>
<b>TOTAL NON CURRENT ASSETS</b>		<b>7,841,428.68</b>	<b>7,029,888.98</b>	<b>811,539.70</b>
<b>B. CURRENT ASSETS</b>				
<b>Short-term pre-financing</b>	<b>3.1.2.1</b>	<b>486,939.74</b>	<b>280,389.97</b>	<b>206,549.77</b>
<b>Short-term receivables</b>	<b>3.1.2.2</b>	<b>8,629,040.42</b>	<b>2,418,627.31</b>	<b>6,210,413.11</b>
Current receivables		2,190,070.02	2,196,891.50	-6,821.48
Sundry receivables		125,066.92	84,373.56	40,693.36
Other		6,313,903.48	137,362.25	6,176,541.23
<b>Cash and cash equivalents</b>	<b>3.1.2.3</b>	<b>13,457,781.61</b>	<b>37,302,506.51</b>	<b>-23,844,724.90</b>
<b>TOTAL CURRENT ASSETS</b>		<b>22,573,761.77</b>	<b>40,001,523.79</b>	<b>-17,427,762.02</b>
<b>TOTAL ASSETS</b>		<b>30,415,190.45</b>	<b>47,031,412.77</b>	<b>-16,616,222.32</b>

	Note	31.12.2012	31.12.2011	Variation
<b>C. CAPITAL</b>				
Accumulated surplus/deficit		22,383,022.56	18,419,791.74	3,963,230.82
Economic result of the year		-6,072,245.79	3,963,230.82	-10,035,476.61
<b>TOTAL CAPITAL</b>		<b>16,310,776.77</b>	<b>22,383,022.56</b>	<b>-6,072,245.79</b>
<b>D. CURRENT LIABILITIES</b>				
<b>Provisions for risks and charges</b>	<b>3.1.3.1</b>	<b>1,018,720.63</b>	<b>354,795.86</b>	<b>663,924.77</b>
<b>Accounts payables</b>	<b>3.1.3.2</b>	<b>13,085,693.05</b>	<b>24,293,594.35</b>	<b>-11,207,901.30</b>
Current payables		6,355,928.94	7,818,021.57	-1,462,092.63
Sundry payables		39,267.75	11,023.97	28,243.78
Other		6,690,496.36	16,464,548.81	-9,774,052.45
Accrued charges		6,630,417.19	15,711,568.80	-9,081,151.61
Deferrals and accruals with consolidated EC entities		0.00	53,812.43	-53,812.43
Accounts payable with consolidated EC entities		60,079.17	699,167.58	-639,088.41
<b>TOTAL CURRENT LIABILITIES</b>		<b>14,104,413.68</b>	<b>24,648,390.21</b>	<b>-10,543,976.53</b>
<b>TOTAL LIABILITIES</b>		<b>30,415,190.45</b>	<b>47,031,412.77</b>	<b>-16,616,222.32</b>

## 2.2. Economic Outturn Account

	Note	2012	2011
<b>Operating revenue:</b>	<b>3.2.1</b>		
Revenues from administrative operations		1,941.76	2,619.71
Other		82,950,193.30	115,438,494.75
<b>Operating Revenue total</b>		<b>82,952,135.06</b>	<b>115,441,114.46</b>
<b>Operating expenses:</b>	<b>3.2.2</b>		
<b>Administrative expenses:</b>		<b>-33,148,812.15</b>	<b>-32,919,106.38</b>
Staff expenses		-16,031,068.93	-15,647,604.41
Fixed asset related expenses		-2,849,089.11	-2,275,150.83
Other administrative expenses		-14,268,654.11	-14,996,351.14
<b>Operating expenses:</b>		<b>-55,860,931.43</b>	<b>-78,547,432.49</b>
Other operating expenses		-55,860,931.43	-78,547,432.49
<b>Operating expenses total</b>		<b>-89,009,743.58</b>	<b>-111,466,538.87</b>
<b>Surplus/(deficit) from operating activities</b>		<b>-6,057,608.52</b>	<b>3,974,575.59</b>
Financial operations expenses	<b>3.2.3</b>	-14,637.27	-11,344.77
<b>Surplus/(deficit) from non-operating activities</b>		<b>-14,637.27</b>	<b>-11,344.77</b>
<b>Surplus/(deficit) from ordinary activities</b>		<b>-6,072,245.79</b>	<b>3,963,230.82</b>
<b>Economic result for the year</b>		<b>-6,072,245.79</b>	<b>3,963,230.82</b>

## 2.3. Cash Flow

(Indirect method)

	2012	2011
<b>Surplus/(deficit) from ordinary activities</b>	<b>-6,072,245.79</b>	<b>3,963,230.82</b>
<b>Operating activities</b>		
Amortization (intangible fixed assets)	686,251.11	380,576.00
Depreciation (tangible fixed assets)	2,162,191.61	1,900,220.48
Increase/(decrease) in Provisions for risks and liabilities	663,924.77	354,795.86
(Increase)/decrease in Short term Pre-financing	-206,549.77	876,343.24
(Increase)/decrease in Long term Receivables	3,761.91	-14,775.71
(Increase)/decrease in Short term Receivables	-6,210,413.11	2,304,055.22
(Increase)/decrease in Receivables related to EC entities	0.00	3,418.53
Increase/(decrease) in Accounts payable	-10,568,812.89	9,940,770.02
Increase/(decrease) in Liabilities related to EC entities	-639,088.41	640,083.38
<b>Net Cash Flow from operating activities</b>	<b>-20,180,980.57</b>	<b>20,348,717.84</b>
<b>Investing activities</b>		
Purchase of tangible and intangible fixed assets (-)	-3,666,579.33	-4,357,853.75
Proceeds from tangible and intangible fixed assets (+)	2,835.00	0.00
<b>Net cash flow from investing activities</b>	<b>-3,663,744.33</b>	<b>-4,357,853.75</b>
Net increase/(decrease) in cash and cash equivalents	-23,844,724.90	15,990,864.09
Cash and cash equivalents at the beginning of the period	37,302,506.51	21,311,642.42
<b>Cash and cash equivalents at the end of the period</b>	<b>13,457,781.61</b>	<b>37,302,506.51</b>

## 2.4. Statement of changes in capital

Capital	Reserves		Accumulated Surplus / Deficit	Economic result of the year	Capital (total)
	Fair value reserve	Other reserves			
<b>Balance as of 31 December 2011</b>	<b>0.00</b>	<b>0.00</b>	<b>18,419,791.74</b>	<b>3,963,230.82</b>	<b>22,383,022.56</b>
Allocation of the economic result of previous year	0.00	0.00	3,963,230.82	-3,963,230.82	0.00
Economic result of the year	0.00	0.00	0.00	-6,072,245.79	-6,072,245.79
<b>Balance as of 31 December 2012</b>	<b>0.00</b>	<b>0.00</b>	<b>22,383,022.56</b>	<b>-6,072,245.79</b>	<b>16,310,776.77</b>

### 3. ANNEX TO FINANCIAL STATEMENTS

#### 3.1. Notes to the Balance Sheet

##### 3.1.1. Non current assets

Assets are resources controlled by Frontex as a result of past events and from which future economic benefits or service potential are expected to flow to the entity.

Fixed assets are assets with an acquisition price value above 420.00 euro and are expected to be used during more than one year. Assets, which do not fall under the above described criteria, have been charged against expenses and are reflected in the economic outturn account. Repairs and maintenance are recognised as running expenses during the financial period in which they are incurred.

The assets were valued in the financial statements at their purchase price minus depreciations, in order to give a fair view of Frontex assets.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. The depreciation method chosen is the straight-line method. Frontex fixed assets are depreciated on a monthly basis. The depreciation rates are the coefficients used at the European Commission. The applied depreciation annual percentage rates per asset types are as follows:

Intangible fixed assets:

Computer software	25.0%
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Tangible fixed assets:

Specific equipment	25.0%
Transport equipment	25.0%
Computers, servers, printers etc.	25.0%
Telecommunications and audiovisual equipment	25.0%
Security, safety and protective equipment	12.5%
Equipment for kitchen	12.5%
Office furniture	10.5%

**3.1.1.1. Intangible fixed assets**

	<b>Computer Software</b>	<b>Other Intangible fixed assets</b>	<b>Intangible assets under construction</b>	<b>Total</b>
<b>Gross carrying amounts 01.01.2012</b>	<b>2,160,805.59</b>	<b>20,130.76</b>	<b>676,878.90</b>	<b>2,857,815.25</b>
Additions	1,010,649.70	0.00	729,847.50	1,740,497.20
Transfer between headings	921,567.99	0.00	-676,878.90	244,689.09
<b>Gross carrying amounts 31.12.2012</b>	<b>4,093,023.28</b>	<b>20,130.76</b>	<b>729,847.50</b>	<b>4,843,001.54</b>
<b>Accumulated amortization and impairment 01.01.2012</b>	<b>-990,810.27</b>	<b>-7,549.76</b>	<b>0.00</b>	<b>-998,360.03</b>
Amortization	-681,219.11	-5,032.00	0.00	-686,251.11
Transfer between headings	-176,882.55	0.00	0.00	-176,882.55
<b>Accumulated amortization and impairment 31.12.2012</b>	<b>-1,848,911.93</b>	<b>-12,581.76</b>	<b>0.00</b>	<b>-1,861,493.69</b>
<b>Net carrying amounts 31.12.2012</b>	<b>2,153,123.68</b>	<b>7,549.00</b>	<b>820,835.17</b>	<b>2,981,507.85</b>

Intangible assets are identifiable non-monetary assets without physical substance.

Frontex intangible fixed assets consist mainly of computer software and licenses.

At the end of the year 2011, Frontex had three ICT-related projects not finalised, which were therefore reflected in 2011 financial statements as intangible assets under construction. More specifically, these projects relate to Eurosur project software, E-Registration application and OPERA tool. The mentioned projects were finalised in 2012 and then categorised as computer software.

As at 31.12.2012, the Agency had one ICT-related project ongoing (Sentinel), which will become operational in 2013.

**3.1.1.2. Tangible fixed assets**

	Plant and Equipment	Computer hardware	Furniture and vehicles	Other Fixtures and Fittings	Total
<b>Gross carrying amounts 01.01.2012</b>	<b>136,398.23</b>	<b>6,855,730.64</b>	<b>357,407.39</b>	<b>1,984,658.04</b>	<b>9,334,194.30</b>
Additions	43,895.32	1,673,542.87	95,960.86	112,683.08	1,926,082.13
Write offs	0.00	-151,966.10		-505.84	-152,471.94
Transfer between headings	-79,795.00	-117,813.05	-18,352.04	-28,729.00	-244,689.09
<b>Gross carrying amounts 31.12.2012</b>	<b>100,498.55</b>	<b>8,259,494.36</b>	<b>435,016.21</b>	<b>2,068,106.28</b>	<b>10,863,115.40</b>
<b>Accumulated amortization and impairment 01.01.2012</b>	<b>-52,635.23</b>	<b>-3,175,757.59</b>	<b>-150,438.39</b>	<b>-799,705.04</b>	<b>-4,178,536.25</b>
Depreciation	-35,171.32	-1,732,338.23	-36,913.86	-357,768.20	-2,162,191.61
Write-back of depreciation	0.00	149,468.10	0.00	168.84	149,636.94
Transfer between headings	53,197.00	89,937.51	5,735.04	28,013.00	176,882.55
<b>Accumulated amortization and impairment 31.12.2012</b>	<b>-34,609.55</b>	<b>-4,668,690.21</b>	<b>-181,617.21</b>	<b>-1,129,291.40</b>	<b>-6,014,208.37</b>
<b>Net carrying amounts 31.12.2012</b>	<b>65,889.00</b>	<b>3,590,804.15</b>	<b>253,399.00</b>	<b>938,814.88</b>	<b>4,848,907.03</b>

Tangible fixed assets are assets that are held by Frontex for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and are expected to be used during more than one reporting period.

Frontex tangible fixed assets consist of office furniture, printing and mailing equipment, transport vehicles, computers, servers and accessories, printers, copying equipment, audiovisual equipment, security equipment and other electronic office equipment.

The acquisition value of fixed assets which were still in use at 2012 year end, but fully depreciated (net value amounted to 0.00 euro), equalled to 3,402,516.54 euro.

Written off assets relate to the assets which are not in use any more but not disposed yet, i.e. they are under the Agency's control.

**3.1.1.3. Long-term receivables**

Long-term receivables equalling to 11,013.80 euro refer to an amount to be received from a debtor after year 2013.

### 3.1.2. Current assets

#### 3.1.2.1. Short-term pre-financing

Pre-financing is a payment intended to provide the beneficiary with a float, i.e. cash advance. It may be split into a number of payments over a period defined in the particular pre-financing agreement. The float or advance shall be used for the purpose for which it was provided during the period defined in the agreement. If the beneficiary does not incur eligible expenditures, he has the obligation to return the pre-financing advance to Frontex. The amount of the pre-financing is reduced (wholly or partially) by the acceptance of eligible costs and amounts returned, and this amount is recognised as an expense.

The short-term pre-financing balance 486,939.74 euro consists of following items:

- 396,420.32 euro advance payments made to Frontex suppliers for goods and services that will be delivered during year 2013;
- 4,291,503.45 euro pre-financing payments made to beneficiaries in relation to Frontex grant agreements;
- -4,200,984.03 euro estimated eligible amounts not yet cleared at year-end but deducted from pre-financing payments made to beneficiaries in relation to grant agreements.

**3.1.2.2. Short-term receivables**

Receivables from:	Total	Doubtful amounts	Amounts written off	Net value	Total	Doubtful amounts	Amounts written off	Net value
<b>Current receivables:</b>	<b>2,190,070.02</b>	<b>0.00</b>	<b>0.00</b>	<b>2,190,070.02</b>	<b>2,196,891.50</b>	<b>0.00</b>	<b>0.00</b>	<b>2,196,891.50</b>
VAT	2,181,871.84	0.00	0.00	2,181,871.84	2,191,020.72	0.00	0.00	2,191,020.72
Member States	0.00	0.00	0.00	0.00	1,420.52	0.00	0.00	1,420.52
Customers	8,198.18	0.00	0.00	8,198.18	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	4,450.26	0.00	0.00	4,450.26
<b>Other receivables:</b>	<b>6,313,903.48</b>	<b>0.00</b>	<b>0.00</b>	<b>6,313,903.48</b>	<b>137,362.26</b>	<b>0.00</b>	<b>0.00</b>	<b>137,362.26</b>
Deferred charges	95,919.59	0.00	0.00	95,919.59	132,602.59	0.00	0.00	132,602.59
Accrued income	6,217,983.89	0.00	0.00	6,217,983.89	4,759.67	0.00	0.00	4,759.67
Consolidated EU entities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Sundry receivables:</b>	<b>125,066.92</b>	<b>0.00</b>	<b>0.00</b>	<b>125,066.92</b>	<b>84,373.55</b>	<b>0.00</b>	<b>0.00</b>	<b>84,373.55</b>
Staff	125,066.92	0.00	0.00	125,066.92	84,373.55	0.00	0.00	84,373.55
<b>Total</b>	<b>8,629,040.42</b>	<b>0.00</b>	<b>0.00</b>	<b>8,629,040.42</b>	<b>2,418,627.31</b>	<b>0.00</b>	<b>0.00</b>	<b>2,418,627.31</b>

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

Frontex receivables as at 31.12.2012 comprise of following items:

Current receivables 2,190,070.02 euro:

- VAT to be recovered from Polish Taxation Authorities amounting to 2,181,871.84 euro, relating to invoices paid during year 2012. In accordance with taxation regulations, Frontex is entitled to VAT exempt purchases with value of greater than 500.00 PLN;
- Other receivables 8,198.18 euro refers to amounts to be received from debtors.

Other receivables 6,313,903.48 euro:

- Deferred charges 95,919.59 euro relate to prepaid expenses paid in 2012 but relate to year 2013 expenditure (newspapers subscriptions, insurance etc);
- Accrued income 6,217,983.89 euro includes 11,851.38 euro for 2012 income for which debit notes will be issued next year and 6,206,132.51 euro negative budget outturn result for which the reimbursement from the European Commission will be received in 2013.

Sundry receivables 125,066.92 euro includes various advance payments to staff that will be settled next year.

**3.1.2.3. Cash and cash equivalents**

	PLN	EUR	Exchange rate	Total EUR
<i>Current accounts:</i>				
Bank account PLN	243,376.75		4.0740	59,739.02
Bank account EUR		13,382,384.51	1.0000	13,382,384.51
<i>Imprest accounts:</i>				
Bank account PLN	34,690.37		4.0740	8,514.73
Bank account EUR		7,143.35	1.0000	7,143.35
<b>Total</b>	<b>278,067.12</b>	<b>13,389,527.86</b>		<b>13,457,781.61</b>

Cash and cash equivalents refer to the Agency's funds held on bank accounts.

As at 31.12.2012 the Agency held in total six bank accounts, three in euro and three in Polish Zlotys, kept in Nordea Bank Poland and BNP Paribas Bank Poland. Out of those six bank accounts two served as imprest accounts in Nordea Bank Poland for executing one-off urgent payments and payments of low value.

The bank account in Citibank Greece was closed in year 2012.

During the financial year 2012 Frontex received bank interests in total amount of 53,389.58 euro which shall be reimbursed to the Commission during year 2013.

### 3.1.3. Current liabilities

#### 3.1.3.1. Provisions for risks and charges

A provision is a liability of uncertain timing or amount. Provisions can be distinguished from other liabilities such as payables and accruals because there is uncertainty about the timing or amount of the future expenditure required in settlement.

The Council of the European Union decided in December 2011 not to increase the salaries of officials and other servants of the European Union by 1.7%, which corresponds to the original European Commission proposal. At the end of 2011 it was considered probable that the refused 1.7% salary adjustment would be remunerated to the Agency's staff in year 2012 which, however, was not realised. The salaries increase in 2012 was rejected, in addition, and as a result the financial statements include estimates for years 2011 and 2012, totalling to 1,018,720.63 euro.

#### 3.1.3.2. Accounts payables

	Balance as at 31.12.2012	Balance as at 31.12.2011
<b>Current payables:</b>	<b>6,355,928.94</b>	<b>7,818,021.57</b>
Member States	5,056,444.99	6,311,666.36
Vendors	1,040,592.08	1,292,613.76
Other payables from public bodies	162,336.57	123,510.80
Third States	78,718.73	59,365.86
EFTA	17,836.57	30,864.79
<b>Sundry payables:</b>	<b>39,267.75</b>	<b>11,023.97</b>
Invoices to be received for goods delivered in 2012	33,660.06	0.00
Staff	5,607.69	11,023.97
<b>Other payables:</b>	<b>6,690,496.36</b>	<b>16,464,548.81</b>
Accrued charges	6,357,520.45	15,388,744.87
Untaken holiday leave	272,896.74	322,823.93
Accounts payable with consolidated EC entities	60,079.17	699,167.58
Deferrals and accruals with consolidated EC entities	0.00	53,812.43
<b>Total</b>	<b>13,085,693.05</b>	<b>24,293,594.35</b>

Payables are amounts due to a creditor, including transactions arising from the purchase of goods and services. Frontex accounts payable are stated at the amount they are to be paid within one year.

Current payables 6,355,928.94 euro consist of amounts owed by Frontex at the end of the reporting period for invoices, claims and requests for reimbursement that have been received in 2012 but remained unpaid at year end.

Sundry payables 39,267.75 euro comprises of amounts to be paid with regards to the Agency's staff (salaries, social contributions etc.).

Accrued charges 6,357,520.45 euro represent estimate of liabilities that are not supported by invoices or cost claims or expense summaries at the end of the reporting period. Accrued and deferred charges have been estimated on the basis of accounting information provided by authorising officers. The amount of 272,896.74 euro refers to the Agency staff untaken holidays as at 31.12.2012, i.e. holiday days carried over to next year.

Accounts payable with consolidated EC entities 60,079.17 euro consists of bank interests 53,389.58 euro that are to be reimbursed to the Commission in 2013, plus other amounts to be paid to other EC entities for received services, in total amount of 6,689.59 euro.

### 3.2. Notes to the Economic Outturn Account

#### 3.2.1. Operating revenue

	<b>2012</b>
<b>Other operating revenues:</b>	
EC Subsidy	75,706,132.51
Switzerland contribution	3,261,640.97
Norway contribution	2,448,723.51
UK contribution	570,000.00
Exchange rate gains	518,860.95
Ireland contribution	250,000.00
Iceland contribution	149,960.09
Other operating revenue	44,875.27
Fixed assets related revenue	1,941.76
<b>Total</b>	<b>82,952,135.06</b>

In accordance with the principle of accrual-based accounting, the financial statements shall show the income for the financial year, i.e. when they were recognised, regardless of the date of collection.

Frontex revenue consists solely of non-exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

91.3% of Frontex revenue during year 2012 consists of the European Commission subsidy, followed by contributions from Schengen Associated countries and Member States.

Other operating revenue takes into account reimbursements of expenses.

**3.2.2. Operating expenses**

	<b>2012</b>
<b>Administrative Expenses:</b>	<b>33,148,812.15</b>
<b>Staff expenses</b>	<b>16,031,068.93</b>
<b>Fixed Assets Expenses</b>	<b>2,849,089.11</b>
<b>Administrative Expenses:</b>	<b>14,268,654.11</b>
Experts and meetings	4,625,977.87
Office premises rent and maintenance	4,068,538.62
ICT supportive services	2,076,663.25
Other goods and services	886,349.11
Office Supplies and maintenance	613,825.47
Communications and publications	606,080.76
Missions	465,936.66
Translation costs	356,544.50
ICT Research	263,163.75
Training costs	192,481.04
Recruitment costs	73,717.11
Publicity and Legal Expenses	39,375.97
<b>Operational Expenses:</b>	<b>55,860,931.43</b>
<b>Operational expenses</b>	<b>54,918,549.37</b>
<b>Exchange rate losses</b>	<b>942,382.06</b>
<b>Operating expenses total</b>	<b>89,009,743.58</b>

In accordance with the principle of accrual-based accounting, the financial statements shall show the charges for the financial year, i.e. when they were recognised, regardless of the date of payment.

Administrative expenses in the total amount of 33,148,812.15 euro relate to the Agency's administrative activities (budget titles 1: Staff and 2: Other administrative expenditure).

Staff expenses include Frontex staff related costs (basic salaries, allowances, contract agents, family allowances, insurance, social contributions etc.) covered by the Conditions of Employment of Other Servants of the European Communities.

Fixed assets expenses reflect depreciation charges for the year and net value of assets written off in 2012.

Administrative expenses consist of other expenses incurred from Frontex daily activities, such as rent of premises, Seconded National Experts' allowances, meetings organizing expenses, office supplies etc.

Operational expenses equalling to 55,860,931.43 euro relate to Frontex operational activities (budget title 3: Operational activities).

### **3.2.3. Financial expenses**

Financial expenses totalling to 14,637.27 euro relate to paid bank fees 7,834.93 euro and 6,802.34 euro to late payment interests to vendors.

### **3.3. Off balance sheet items**

#### **3.3.1. Contingent assets**

A contingent asset is a possible asset that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Agency.

As at 31.12.2012 Frontex did not have contingent assets.

#### **3.3.2. Contingent liabilities**

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Agency, 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
- The amount of the obligation cannot be measured with sufficient reliability.

#### **Operating lease**

Short-term operating lease expenses with regards to office premises rent to be paid during the year 2013 equal to 2,319,500.00 euro.

Long-term operating lease expenses have not been taken into account, since the contract with the lessor includes a clause stating the possibility to terminate the contract in six months advance notice period.

#### **Finance lease**

Frontex has not entered into finance lease contracts.

#### **Commitments for future funding**

Contractual commitments, for which budget commitments as at 31.12.2012 had not yet been made, amounted to 1,267,605.21 euro. This amount covers office maintenance, telecommunication and internet, translation services, and cleaning expenses foreseen during the year 2013.

RAL - Commitments against appropriations not yet consumed amount to 5,422,685.79 euro (i.e. total RAL for budgetary commitments 21,910,405.28 euro less cut-off expenses included in the economic outturn 16,487,719.49 euro).

### Legal cases

Frontex has one ongoing litigation related to tender procedures and four litigations related to former Frontex staff members.

The Applicant in the tender procedures related case has claimed damages for total amount of 9,358,915.00 euro suffered from the rejection of their offers, as well as legal costs incurred in connection with the Applications (around 20,000.00 euro).

The applicants in the staff cases have claimed damages for total amount of 10,000.00 euro, as well as legal costs incurred (around 10,000.00 euro).

However, it should be noted that the probability to lose the cases have been estimated very low.

### 3.4. Related parties

Frontex is managed by Executive Director who also performs the duties of Authorising Officer. However, in accordance with Frontex Financial Regulation Article 34, the Executive Director may delegate his powers of budget implementation to staff of the Agency covered by the Staff Regulations, in accordance with the conditions laid down by the financial rules, within the meaning of Article 185 of the general Financial Regulation, adopted by the Management Board.

As at 31.12.2012 Frontex had in total 1 Authorising Officer and 24 Authorising Officers by sub-delegation who were temporary agents in the following grades:

Grade	Number of persons
AD15	1
AD14	1
AD13	4
AD12	9
AD11	4
AD10	3
AD8	2
AST8	1
<b>Total</b>	<b>25</b>

### 3.5. Events after the balance sheet date

No material issues were reported to the Accounting Officer of the Agency that would require separate disclosure under this section.

## **4. REPORTS ON IMPLEMENTATION OF THE BUDGET 2012**

### **4.1. Budgetary principles**

In Accordance with Frontex Financial Regulation Title II, the establishment and implementation of the budget of the Agency shall comply with the following principles:

**a) Principles of unity and budget accuracy**

This principle means that no revenue shall be collected and no expenditure effected unless booked to a line in the Agency's 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.

**b) 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.

**c) Principle of equilibrium**

This means that the budget revenue and payment appropriations must be in balance.

**d) Principle of unit of account**

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

**e) Principle of universality**

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

**f) 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.

**g) Principle of sound financial management**

Budget appropriations shall be used in accordance with the principle of sound financial management - in accordance with the principles of economy, efficiency and effectiveness.

**h) Principle of transparency**

The budget is established and implemented and the accounts presented in compliance with the principle of transparency - the budget and amending budgets are published in the Official Journal of the European Communities.

## 4.2. Statement of Comparison of Budget and Actual Amounts 2012

		REVENUE							
Budget item		Original budget (1)	Budget amendments (2)	Final budget (3)	Entitlements established (4)	Cashed (5)	Difference Final-Actual (6)=(3)-(5)	Receipts as % of budget (7)=(5)/(3)	Outstanding (8)=(4)-(5)
9000	Subsidy from the Community Contributions from the Schengen Associated Countries	79,500,000.00	4,500,000.00	84,000,000.00	69,500,000.00	69,500,000.00	14,500,000.00	82.74%	0.00
9010	Contributions from the United Kingdom and Ireland	4,460,000.00	298,000.00	4,758,000.00	5,860,324.57	5,860,324.57	-1,102,324.57	123.17%	0.00
9020	Other revenue	1,000,000.00	-180,000.00	820,000.00	820,000.00	820,000.00	0.00	100.00%	0.00
9100		0.00	0.00	0.00	165,936.65	130,273.13	-130,273.13	0.00%	35,663.52
	<b>Total</b>	<b>84,960,000.00</b>	<b>4,618,000.00</b>	<b>89,578,000.00</b>	<b>76,346,261.22</b>	<b>76,310,597.70</b>	<b>13,267,402.30</b>	<b>85.19%</b>	<b>35,663.52</b>

		EXPENDITURE							
Budget title		2012 budget (1)	Carried over from 2011 (2)	Total budget (3)=(1)+(2)	Payments made (4)	% of total budget (5)=(4)/(3)	Difference Total-Actual (6)=(3)-(4)	Carried over to 2013 (7)	Not used (8)=(3)-(4)-(7)
1	Staff	20,788,800.00	296,676.15	21,085,476.15	20,552,166.82	97.47%	533,309.33	208,409.88	324,899.45
2	Administration Operating expenditure	9,069,500.00	2,467,256.41	11,536,756.41	8,909,066.45	77.22%	2,627,689.96	2,023,147.80	604,542.16
3		59,719,700.00	35,983,810.54	95,703,510.54	69,621,813.65	72.75%	26,081,696.89	19,526,347.60	6,555,349.29
	<b>Total</b>	<b>89,578,000.00</b>	<b>38,747,743.10</b>	<b>128,325,743.10</b>	<b>99,083,046.92</b>	<b>77.21%</b>	<b>29,242,696.18</b>	<b>21,757,905.28</b>	<b>7,484,790.90</b>

### Summary of key points

Frontex had an increase in the budget 2012 N2 during the second half of 2012 of € 4.6M, including the contribution of the Schengen associated countries which is linked to the EU contribution. The amendment 2012 N2 constitutes a partial release of the € 9.0M reserve fund put into place by the Budgetary Authority.

The table below gives the budget implementation figures and percentages for 2012 together with 2011 figures for comparison.

	2012		2011	
Commitment of Regular budget (C1) appropriations	€ 89,6	99%	€ 116,1	98%
Payment of Regular budget (C1) appropriations	€ 67,4	75%	€ 77,7	66%
Payment of Automatic carry-overs (C8)	€ 31,3	82%	€ 20,2	81%

Frontex issued 1.062 grants in 2012 for a total amount of € 53.1M. Out of these, 782 were closed after the final payment was made. On average the final payment is at 88% of the granted amount.

### 4.3. Budgetary Outturn Account

	2012	2011
<b>Revenue:</b>		
Commission subsidy	69,500,000.00	111,000,000.00
Other revenue	6,810,597.70	7,572,922.80
<b>Total revenue</b>	<b>76,310,597.70</b>	<b>118,572,922.80</b>
<b>Expenditure:</b>		
Title I: Staff		
Payments	-20,422,005.84	-20,341,791.18
Appropriations carried over	-208,409.88	-377,087.06
Title II: Administrative Expenses		
Payments	-6,863,646.54	-7,357,151.57
Appropriations carried over	-2,023,147.80	-2,386,845.50
Title III: Operating Expenditure		
Payments	-40,106,656.61	-49,972,469.74
Appropriations carried over	-19,526,347.60	-35,983,810.54
<b>Total expenditure</b>	<b>-89,150,214.27</b>	<b>-116,419,155.59</b>
<b>Outturn for the financial year</b>	<b>-12,839,616.57</b>	<b>2,153,767.21</b>
Cancellation of unused payment appropriations carried over from previous year	7,057,005.17	3,723,678.19
Adjustment for carry-over arising from assigned revenue	0.00	0.00
Exchange differences for the year (gain +/loss -)	-423,521.11	-971,229.51
<b>Balance of the Outturn Account for the financial year</b>	<b>-6,206,132.51</b>	<b>4,906,215.89</b>
Balance year N-1	541,480.70	-4,364,735.19
Balance from year N-1 reimbursed to the Commission	-541,480.70	0.00
<b>Final balance of the Outturn Account for the financial year</b>	<b>-6,206,132.51</b>	<b>541,480.70</b>
Not included in the budget outturn:		
<b>Interest received by 31/12/N on the Commission subsidy funds and to be reimbursed to the Commission (liability)</b>	<b>53,389.58</b>	<b>154,180.11</b>

#### 4.4. Budget transfers

Budget title	Original budget (1)	Amending budget 2 (2)	Transfers (3)	Final budget (4)=(1)+(2)+(3)
<b>Revenue:</b>				
Subsidy from the Community Contributions from the Schengen Associated Countries	79,500,000.00	4,500,000.00	0.00	84,000,000.00
Contributions from the United Kingdom and Ireland	4,460,000.00	298,000.00	0.00	4,758,000.00
	1,000,000.00	-180,000.00	0.00	820,000.00
<b>Revenue total</b>	<b>84,960,000.00</b>	<b>4,618,000.00</b>	<b>0.00</b>	<b>89,578,000.00</b>
<b>Expenditure:</b>				
Staff Administration Operating expenditure	20,550,000.00	0.00	238,800.00	20,788,800.00
	10,077,000.00	0.00	-1,007,500.00	9,069,500.00
	54,333,000.00	4,618,000.00	768,700.00	59,719,700.00
<b>Expenditure total</b>	<b>84,960,000.00</b>	<b>4,618,000.00</b>	<b>0.00</b>	<b>89,578,000.00</b>

Two budget amendments were presented for approval to the Management Board in 2012.

The first amending budget 2012 N1 approved by the MB in March 2012 was for additional posts in the establishment plan. Due to extensive deliberations the Budgetary Authority did not adopt the amending budget by the end of 2012 therefore rendering it obsolete.

A second budget amendment 2012 N2 was adopted by the MB on the 24 October 2012. This amendment took the form of an increase in the Frontex budget of € 4.6M, including the contribution of the Schengen associated countries which is linked to the EU contribution. The amendment 2012 N2 constitutes a partial release of the € 9.0M reserve fund put into place by the Budgetary Authority when adopting the Frontex budget for 2012 under the following conditions "The appropriations put into the reserve or parts of it shall be released in case this is necessary for the Agency to ensure the continuation of operations in the Mediterranean and at the border between Turkey and Greece".

#### 4.5. Reconciliation economic outturn versus budgetary outturn

<b>Economic result of the year</b>	<b>-6,072,245.79</b>
<b>Adjustment for accrual items (items not in the budgetary result but included in the economic result):</b>	<b>25,330,093.01</b>
Adjustments for Accrual Cut-off (reversal 31.12.2011)	-15,711,568.80
Adjustments for Accrual Cut-off (cut- off 31.12.2012 )	6,630,417.19
Unpaid invoices at year end but booked in charges	6,362,466.24
Depreciation of intangible and tangible assets	2,846,254.11
Provisions	663,924.77
Recovery Orders issued in 2012 in class 7 and not yet cashed	-35,663.52
Pre-financing given in previous year and cleared in the year	280,389.97
Pre-financing received in previous year and cleared in the year	-541,480.70
Payments made from carry over of payment appropriations	31,690,737.93
Other	-6,855,384.18
<b>Adjustment for budgetary items (item included in the budgetary result but not in the economic result):</b>	<b>-24,916,869.96</b>
Asset acquisitions (less unpaid amounts)	-3,630,084.26
New pre-financing paid in the year 2012 and remaining open as at 31.12.2012	-486,939.74
New pre-financing received in the year 2012 and remaining open as at 31.12.2012	-6,206,132.51
Budgetary recovery orders issued before 2012 and cashed in the year	1,420.52
Budgetary recovery orders issued in 2012 on balance sheet accounts and cashed	105,766.14
Payment appropriations carried over to 2013	-21,757,905.28
Cancellation of unused carried over payment appropriations from previous year	7,057,005.17
<b>Total</b>	<b>-5,659,022.74</b>
Delta not explained	-547,109.77
<b>Budgetary result</b>	<b>-6,206,132.51</b>

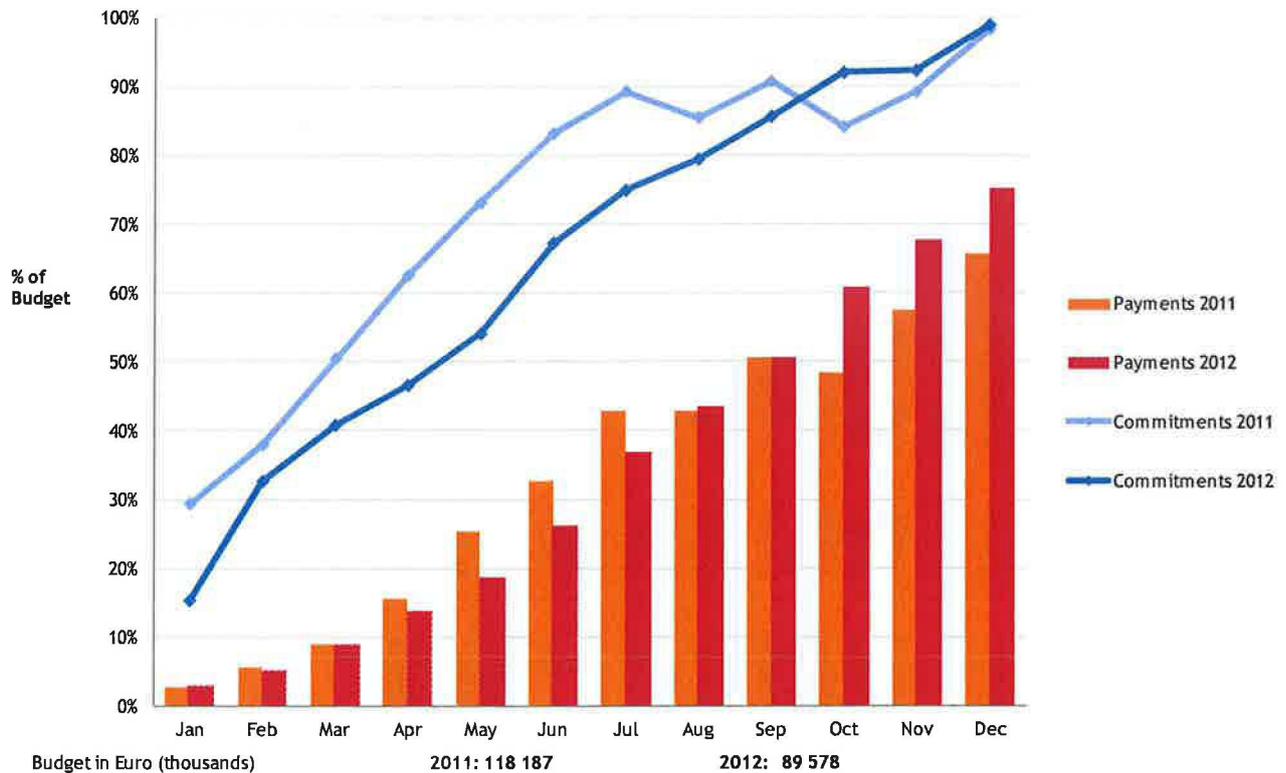
## 4.6. Current year appropriations C1 - committed in 2012 and paid in 2012

Budget item	Appropriations	Commitments		Payments		Carried Over to 2013			Not Used	
		Executed	%	Executed	%	Automatic Carry Over	Non-automatic Carry Over	Carry Over total		
	(1)	(2)	(3)=(2)/(1)	(4)	(5)=(4)/(1)	(6)	(7)	(8)=(6)+(7)	(9)=(1)-(4)-(8)	
<b>Title 1 Staff:</b>										
1100	Basic salaries	8,527,172.74	8,515,765.15	99.87%	8,515,765.15	99.87%	0.00	0.00	0.00	11,407.59
1101	Family allowances	1,145,241.65	1,145,241.65	100.00%	1,145,241.65	100.00%	0.00	0.00	0.00	0.00
1102	Expatriation and foreign residence allowances	1,389,691.78	1,389,365.36	99.98%	1,389,365.36	99.98%	0.00	0.00	0.00	326.42
1111	Contracted staff	3,007,815.55	3,007,815.55	100.00%	3,007,518.74	99.99%	296.81	0.00	296.81	0.00
1112	Seconded National Experts	4,176,846.72	4,164,383.34	99.70%	4,161,107.44	99.62%	3,275.90	0.00	3,275.90	12,463.38
1130	Insurance against sickness	386,003.17	386,003.17	100.00%	386,003.17	100.00%	0.00	0.00	0.00	0.00
1131	Insurance against accidents and occupational disease	56,845.75	56,845.75	100.00%	56,845.75	100.00%	0.00	0.00	0.00	0.00
1132	Insurance against unemployment	160,000.00	150,816.15	94.26%	150,816.15	94.26%	0.00	0.00	0.00	9,183.85
1140	Childbirth and death allowances and grants	5,000.00	793.25	15.87%	793.25	15.87%	0.00	0.00	0.00	4,206.75
1141	Travel expenses for annual leave	260,000.00	244,179.86	93.92%	244,179.86	93.92%	0.00	0.00	0.00	15,820.14
1150	Overtime	14,000.00	11,947.17	85.34%	11,947.17	85.34%	0.00	0.00	0.00	2,052.83
1180	Travel expenses on taking up duties and at end of contract	8,000.00	4,506.62	56.33%	3,305.98	41.32%	1,200.64	0.00	1,200.64	3,493.38
1181	Installation, resettlement and transfer allowances for temporary agents	63,910.37	63,910.37	100.00%	63,910.37	100.00%	0.00	0.00	0.00	0.00
1182	Removal expenses for temporary agents	60,000.00	55,544.39	92.57%	47,969.39	79.95%	7,575.00	0.00	7,575.00	4,455.61
1183	Temporary daily subsistence allowances for temporary agents	63,600.00	59,136.81	92.98%	59,136.81	92.98%	0.00	0.00	0.00	4,463.19
1185	Travel expenses at end of contract	5,000.00	4,709.59	94.19%	3,268.40	65.37%	1,441.19	0.00	1,441.19	290.41
1200	Translation and publication of notices	42,000.00	28,121.46	66.96%	28,121.46	66.96%	0.00	0.00	0.00	13,878.54
1201	Travel and subsistence costs of applicants	60,000.00	50,000.00	83.33%	46,103.66	76.84%	3,896.34	0.00	3,896.34	10,000.00
1202	Medical examinations	11,000.00	11,000.00	100.00%	4,795.53	43.60%	6,204.47	0.00	6,204.47	0.00
1203	Other recruitment costs	1,000.00	374.29	37.43%	374.29	37.43%	0.00	0.00	0.00	625.71
1300	Administrative missions	600,500.00	600,500.00	100.00%	584,865.30	97.40%	15,634.70	0.00	15,634.70	0.00
1410	Medical service	2,000.00	2,000.00	100.00%	0.00	0.00%	2,000.00	0.00	2,000.00	0.00
1500	Training and information of staff	323,289.00	259,143.04	80.16%	117,773.07	36.43%	141,369.97	0.00	141,369.97	64,145.96
1511	Costs of organising stages	91,400.00	91,400.00	100.00%	87,800.00	96.06%	3,600.00	0.00	3,600.00	0.00

Budget item	Appropriations	Commitments		Payments		Carried Over to 2013			Not Used	
		Executed	%	Executed	%	Automatic Carry Over	Non-automatic Carry Over	Carry Over total		
		(1)	(2)	(3)=(2)/(1)	(4)	(5)=(4)/(1)	(6)	(7)		(8)=(6)+(7)
1512	Supplementary clerical and interim services	171,011.00	171,011.00	100.00%	150,962.98	88.28%	20,048.02	0.00	20,048.02	0.00
1513	Other external services including expenses for Commission management costs	155,876.59	154,306.07	98.99%	152,439.23	97.79%	1,866.84	0.00	1,866.84	1,570.52
1600	Special assistance grants	1,595.68	1,595.68	100.00%	1,595.68	100.00%	0.00	0.00	0.00	0.00
<b>Total Title 1</b>		<b>20,788,800.00</b>	<b>20,630,415.72</b>	<b>99.24%</b>	<b>20,422,005.84</b>	<b>98.24%</b>	<b>208,409.88</b>	<b>0.00</b>	<b>208,409.88</b>	<b>158,384.28</b>
<b>Title 2 Other Administrative Expenditure:</b>										
2000	Rent	2,978,000.00	2,977,075.86	99.97%	2,977,075.86	99.97%	0.00	0.00	0.00	924.14
2010	Insurance	13,300.00	13,206.47	99.30%	13,206.47	99.30%	0.00	0.00	0.00	93.53
2020	Water, gas, electricity and heating	130,000.00	129,877.64	99.91%	103,390.65	79.53%	26,486.99	0.00	26,486.99	122.36
2030	Cleaning and maintenance	789,000.00	786,015.99	99.62%	751,180.25	95.21%	34,835.74	0.00	34,835.74	2,984.01
2040	Furnishing of premises	54,000.00	45,144.09	83.60%	32,320.72	59.85%	12,823.37	0.00	12,823.37	8,855.91
2090	Miscellaneous premises expenditure	146,000.00	144,194.01	98.76%	127,866.04	87.58%	16,327.97	0.00	16,327.97	1,805.99
2100	Purchase of data-processing equipment	246,500.00	244,874.18	99.34%	173,920.84	70.56%	70,953.34	0.00	70,953.34	1,625.82
2101	Software	307,100.00	307,042.23	99.98%	211,892.40	69.00%	95,149.83	0.00	95,149.83	57.77
2102	Maintenance and repair of data-processing equipment	745,245.00	745,184.37	99.99%	392,501.35	52.67%	352,683.02	0.00	352,683.02	60.63
2103	Consultancy and studies	952,055.00	952,055.00	100.00%	99,300.00	10.43%	852,755.00	0.00	852,755.00	0.00
2110	Telecommunications subscriptions and charges	430,500.00	428,468.62	99.53%	373,932.95	86.86%	54,535.67	0.00	54,535.67	2,031.38
2200	Technical equipment and installations	20,000.00	19,775.00	98.88%	0.00	0.00%	19,775.00	0.00	19,775.00	225.00
2210	Furniture	17,500.00	17,500.00	100.00%	15,828.96	90.45%	1,671.04	0.00	1,671.04	0.00
2230	Purchases and long-term lease of transport equipment	14,800.00	14,000.00	94.59%	13,010.00	87.91%	990.00	0.00	990.00	800.00
2231	Maintenance, use and repair and other expenditures of transport equipment	3,000.00	2,600.00	86.67%	1,731.68	57.72%	868.32	0.00	868.32	400.00
2232	Car insurance	2,000.00	1,851.46	92.57%	1,851.46	92.57%	0.00	0.00	0.00	148.54
2233	Fuel	11,000.00	11,000.00	100.00%	9,989.03	90.81%	1,010.97	0.00	1,010.97	0.00
2250	Documentation and library expenditure	18,000.00	17,872.67	99.29%	17,795.30	98.86%	77.37	0.00	77.37	127.33
2300	Stationery and office supplies	171,000.00	171,000.00	100.00%	158,414.93	92.64%	12,585.07	0.00	12,585.07	0.00
2310	Translation services	370,000.00	370,000.00	100.00%	356,544.50	96.36%	13,455.50	0.00	13,455.50	0.00
2311	Petty expenditure	4,000.00	4,000.00	100.00%	3,473.35	86.83%	526.65	0.00	526.65	0.00
2313	Health and safety at work	90,000.00	90,000.00	100.00%	49,467.62	54.96%	40,532.38	0.00	40,532.38	0.00
2320	Bank charges	5,000.00	5,000.00	100.00%	3,569.46	71.39%	1,430.54	0.00	1,430.54	0.00

Budget item	Appropriations	Commitments		Payments		Carried Over to 2013			Not Used	
		Executed	%	Executed	%	Automatic Carry Over	Non-automatic Carry Over	Carry Over total		
		(1)	(2)	(3)=(2)/(1)	(4)	(5)=(4)/(1)	(6)	(7)		(8)=(6)+(7)
2330	Legal expenses	57,000.00	54,432.17	95.50%	29,932.17	52.51%	24,500.00	0.00	24,500.00	2,567.83
2340	Auditing	5,000.00	4,200.00	84.00%	0.00	0.00%	4,200.00	0.00	4,200.00	800.00
2350	Security equipment	50,000.00	39,676.89	79.35%	14,126.89	28.25%	25,550.00	0.00	25,550.00	10,323.11
2351	Security services	70,000.00	68,834.70	98.34%	68,203.71	97.43%	630.99	0.00	630.99	1,165.30
2352	Uniforms and working clothes	30,000.00	24,264.07	80.88%	24,264.07	80.88%	0.00	0.00	0.00	5,735.93
2360	(D)ED representation & Entertainment	35,000.00	13,971.11	39.92%	8,757.47	25.02%	5,213.64	0.00	5,213.64	21,028.89
2400	Postal and delivery charges	134,500.00	125,823.16	93.55%	113,378.12	84.30%	12,445.04	0.00	12,445.04	8,676.84
2500	Interpretation services and equipment	150,000.00	140,916.02	93.94%	140,916.02	93.94%	0.00	0.00	0.00	9,083.98
2501	Travel and subsistence costs of delegates	200,000.00	194,300.00	97.15%	105,551.00	52.78%	88,749.00	0.00	88,749.00	5,700.00
2502	Other expenditure	100,000.00	81,994.44	81.99%	71,494.44	71.49%	10,500.00	0.00	10,500.00	18,005.56
2510	Other meetings and visits	200,000.00	123,992.49	62.00%	109,909.98	54.95%	14,082.51	0.00	14,082.51	76,007.51
2600	Corporate Identity	160,000.00	158,442.79	99.03%	113,672.38	71.05%	44,770.41	0.00	44,770.41	1,557.21
2610	Social events	100,000.00	98,425.39	98.43%	63,498.52	63.50%	34,926.87	0.00	34,926.87	1,574.61
2620	Communication and information activities	135,000.00	134,882.21	99.91%	52,452.26	38.85%	82,429.95	0.00	82,429.95	117.79
2630	Official publications/tender publications	125,000.00	124,901.31	99.92%	59,225.69	47.38%	65,675.62	0.00	65,675.62	98.69
<b>Total Title 2</b>		<b>9,069,500.00</b>	<b>8,886,794.34</b>	<b>97.99%</b>	<b>6,863,646.54</b>	<b>75.68%</b>	<b>2,023,147.80</b>	<b>0.00</b>	<b>2,023,147.80</b>	<b>182,705.66</b>

Budget item	Appropriations	Commitments		Payments		Carried Over to 2013			Not Used	
		Executed	%	Executed	%	Automatic Carry Over	Non-automatic Carry Over	Carry Over total		
		(1)	(2)	(3)=(2)/(1)	(4)	(5)=(4)/(1)	(6)	(7)		(8)=(6)+(7)
<b>Title 3 Operational Activities:</b>										
3000	Operations and projects, land borders	10,533,000.00	10,532,585.64	100.00%	7,284,231.11	69.16%	3,248,354.53	0.00	3,248,354.53	414.36
3010	Operations and projects, sea borders	24,965,000.00	24,965,000.00	100.00%	16,707,138.81	66.92%	8,257,861.19	0.00	8,257,861.19	0.00
3020	Operations and projects, air borders	2,450,000.00	2,450,000.00	100.00%	2,012,928.50	82.16%	437,071.50	0.00	437,071.50	0.00
3050	Return co-operation	9,993,000.00	9,993,000.00	100.00%	6,563,655.72	65.68%	3,429,344.28	0.00	3,429,344.28	0.00
3100	Risk analysis	1,225,000.00	1,220,280.21	99.61%	629,593.51	51.40%	590,686.70	0.00	590,686.70	4,719.79
3110	Frontex Situation Center	1,605,000.00	1,224,676.24	76.30%	726,517.86	45.27%	498,158.38	379,230.00	877,388.38	1,093.76
3200	Training	4,425,000.00	4,425,000.00	100.00%	2,711,108.39	61.27%	1,713,891.61	0.00	1,713,891.61	0.00
3300	Research and development	1,080,159.00	804,380.06	74.47%	608,661.82	56.35%	195,718.24	118,300.00	314,018.24	157,478.94
3310	Eurosur programme	2,250,000.00	2,249,912.53	100.00%	1,971,874.28	87.64%	278,038.25	0.00	278,038.25	87.47
3400	Pooled Resources network	591,841.00	589,587.60	99.62%	352,896.65	59.63%	236,690.95	0.00	236,690.95	2,253.40
3410	RABIT deployment	250,000.00	250,000.00	100.00%	240,753.56	96.30%	9,246.44	0.00	9,246.44	0.00
3500	Operational Missions not linked to a project	110,000.00	110,000.00	100.00%	104,614.30	95.10%	5,385.70	0.00	5,385.70	0.00
3510	IT services for Operational activities	35,000.00	18,032.78	51.52%	0.00	0.00%	18,032.78	0.00	18,032.78	16,967.22
3520	European Day for Border Guards (ED4BG)	206,700.00	206,692.67	100.00%	192,682.10	93.22%	14,010.57	0.00	14,010.57	7.33
<b>Total Title 3</b>		<b>59,719,700.00</b>	<b>59,039,147.73</b>	<b>98.86%</b>	<b>40,106,656.61</b>	<b>67.16%</b>	<b>18,932,491.12</b>	<b>497,530.00</b>	<b>19,430,021.12</b>	<b>183,022.27</b>
<b>Grand total</b>		<b>89,578,000.00</b>	<b>88,556,357.79</b>	<b>98.86%</b>	<b>67,392,308.99</b>	<b>75.23%</b>	<b>21,164,048.80</b>	<b>497,530.00</b>	<b>21,661,578.80</b>	<b>524,112.21</b>

**Figure 1.** Regular budget (C1) cumulative trend comparison with 2011

The 2012 budget appropriations of € 89.6M are lower when compared with 2011 of € 118.2M. This difference is due to the increase in Frontex 2011 budget by € 31.8M to respond to the Arab spring crisis. For 2012 99% of the appropriations have been committed which is slightly higher than in 2011 (98%). The payment implementation level of 75% is also higher compared with 2011 (66%). This marked improvement of the payment levels has a positive effect on the automatic carry-overs which are lower compared with 2011 and indicates improved budget management.

**Figure 2.** Co-financing of 2012 joint activities

Sector (amounts in Euro)	Specific decisions		Pre financing		Total final payments			
	#	Amount	#	Amount	#	Amount	% <sup>1</sup>	% <sup>2</sup>
Land borders	355	11 695 060	150	2 841 818	257	6 556 137	86%	14%
Sea borders	249	28 323 972	129	9 600 713	171	15 396 947	91%	9%
Air borders	145	2 037 124	59	422 725	120	1 401 915	84%	16%
Return ops	294	10 749 905	90	919 052	221	6 248 716	85%	15%
Situation center	18	251 376	9	69 142	12	110 594	88%	12%
Research & Development	1	21 087	0	0	1	19 556	93%	7%
	<b>1 062</b>	<b>53 078 524</b>	<b>437</b>	<b>13 853 450</b>	<b>782</b>	<b>29 733 865</b>	<b>88%</b>	<b>12%</b>

<sup>1</sup> percentage paid for grants that were finalised.

<sup>2</sup> percentage decommitted of finalised grants.

#### 4.7. Non-automatic carry over C2 - committed in 2011 and paid in 2012

Budget item	Carried Over from 2011	Executed Payments	Cancelled
	(1)	(2)	(3)=(1)-(2)
<b>Title 3 Operational Activities:</b>			
3100 Risk analysis	360,000.00	358,643.64	1,356.36
<b>Total Title 3</b>	<b>360,000.00</b>	<b>358,643.64</b>	<b>1,356.36</b>
<b>Grand Total</b>	<b>360,000.00</b>	<b>358,643.64</b>	<b>1,356.36</b>

In line with Article 10 of the Financial Regulation, a proposal for a decision on the non-automatic carry over for the amount of € 0.36M was adopted by the Management Board on the 8 and 9 February 2012. The contract was signed on the 22 March 2012. The final payment was made in September, resulting in 99.6% of the carry-over being consumed.

#### 4.8. Automatic carry over C4 - internal assigned revenue

Budget item	Appropriations	Commitments		Payments		Carried Over to 2013	
		Executed	%	Executed	%	Carried Over commitment appropriations	Carried over payment appropriations
	(1)	(2)	(3)=(2)/(1)	(4)	(5)=(4)/(1)	(6)=(1)-(2)	(7)=(1)
<b>Title 3 Operational Activities:</b>							
3000 Operations and projects, land borders	5,024.07	0.00	0.00%	0.00	0.00%	5,024.07	5,024.07
3010 Operations and projects, sea borders	63,750.23	63,750.23	100.00%	0.00	0.00%	0.00	63,750.23
3050 Return co-operation	9,230.57	9,230.57	100.00%	0.00	0.00%	0.00	9,230.57
3200 Training	18,321.61	7,877.68	43.00%	0.00	0.00%	10,443.93	18,321.61
<b>Total Title 3</b>	<b>96,326.48</b>	<b>80,858.48</b>	<b>83.94%</b>	<b>0.00</b>	<b>0.00%</b>	<b>15,468.00</b>	<b>96,326.48</b>
<b>Grand total</b>	<b>96,326.48</b>	<b>80,858.48</b>	<b>83.94%</b>	<b>0.00</b>	<b>0.00%</b>	<b>15,468.00</b>	<b>96,326.48</b>

Internal assigned revenue concerns pre-financing recovered from MS that did not fully utilise such funds. These are funds used from our regular budget (C1) voted by the budgetary authority. Their reuse is not conditioned by specific contracts or agreements with third parties. The sums can be used in the same way as the voted appropriations without further restrictions. Recovery orders amounting to € 96 326 were issued in 2012.

The amount 15,468.00 euro that was not committed as at 31.12.2012 is available for commitments in 2013, i.e. carried over to Fund Source C5. The amount committed in 2012 80,858.48 euro is available in 2013 only for payments, i.e. carried over to Fund Source C8.

## 4.9. Automatic carry over C8 - committed in 2011 and paid in 2012

Budget item	Carried Over from 2011	Executed Payments	Cancelled
	(1)	(2)	(3)=(1)-(2)
<b>Title 1 Staff:</b>			
1111 Contracted staff	7,400.00	0.00	7,400.00
1112 Seconded National Experts	13,744.69	0.00	13,744.69
1185 Travel expenses at end of contract	1,100.00	0.00	1,100.00
1201 Travel and subsistence costs of applicants	23,976.72	19,138.92	4,837.80
1202 Medical examinations	1,710.40	1,710.40	0.00
1300 Administrative missions	114,528.42	28,576.83	85,951.59
1410 Medical service	3,618.80	0.00	3,618.80
1430 Other expenditure	1,100.00	0.00	1,100.00
1500 Training and information of staff	106,325.95	66,667.50	39,658.45
1511 Costs of organising stages	4,200.00	900.00	3,300.00
1512 Supplementary clerical and interim services	15,071.17	11,685.17	3,386.00
1513 Other external services including expenses for Commission management costs	3,900.00	1,482.16	2,417.84
<b>Total Title 1</b>	<b>296,676.15</b>	<b>130,160.98</b>	<b>166,515.17</b>
<b>Title 2 Other Administrative Expenditure:</b>			
2020 Water, gas, electricity and heating	25,410.06	25,410.06	0.00
2030 Cleaning and maintenance of buildings and office installations and equipment	49,016.35	46,108.55	2,907.80
2040 Furnishing of premises	75,549.44	63,130.44	12,419.00
2090 Miscellaneous premises expenditure	861.79	861.79	0.00
2100 Purchase of data-processing equipment	160,719.76	159,542.78	1,176.98
2101 Software	288,660.44	223,480.98	65,179.46
2102 Maintenance and repair of data-processing equipment	231,248.76	217,203.45	14,045.31
2103 Consultancy and studies	1,076,633.68	956,656.68	119,977.00
2110 Telecommunications subscriptions and charges	89,584.59	84,770.52	4,814.07
2210 Furniture	6,965.32	6,744.86	220.46
2230 Purchases and long-term lease of transport equipment	7,768.44	7,033.39	735.05
2231 Maintenance, use and repair and other expenditures of transport equipment	1,358.23	0.00	1,358.23
2232 Car insurance	116.80	0.00	116.80
2233 Fuel	1,583.78	797.91	785.87
2250 Documentation and library expenditure	3,636.93	2,325.72	1,311.21
2300 Stationery and office supplies	19,833.72	16,653.81	3,179.91
2310 Translation services	12,616.75	0.00	12,616.75
2311 Petty expenditure	637.51	97.70	539.81
2313 Health and safety at work	37,552.48	36,637.35	915.13
2320 Bank charges	1,098.08	1,098.08	0.00
2330 Legal expenses	16,654.32	11,014.25	5,640.07
2350 Security equipment	13,139.00	5,599.00	7,540.00
2352 Uniforms and working clothes	5,998.29	3,889.61	2,108.68
2360 (D)ED representation & Entertainment	1,700.00	631.09	1,068.91
2400 Postal and delivery charges	23,701.09	9,318.12	14,382.97
2500 Interpretation services and equipment	671.91	91.64	580.27

Budget item	Carried Over from 2011	Executed Payments	Cancelled
	(1)	(2)	(3)=(1)-(2)
2501 Travel and subsistence costs of delegates	99,418.59	27,165.22	72,253.37
2502 Other expenditure	7,320.00	6,690.45	629.55
2510 Other meetings and visits	73,309.77	14,854.00	58,455.77
2600 Corporate Identity	59,329.00	56,471.37	2,857.63
2610 Social events	19,381.91	18,550.62	831.29
2620 Communication and information activities	21,997.71	21,652.30	345.41
2630 Official publications/tender publications	33,781.91	20,938.17	12,843.74
<b>Total Title 2</b>	<b>2,467,256.41</b>	<b>2,045,419.91</b>	<b>421,836.50</b>
<b>Title 3 Operational Activities:</b>			
3000 Operations and projects, land borders	4,664,747.70	3,842,791.07	821,956.63
3010 Operations and projects, sea borders	19,298,836.14	15,170,159.45	4,128,676.69
3020 Operations and projects, air borders	760,281.14	569,782.57	190,498.57
3050 Return co-operation	4,153,453.74	3,863,165.45	290,288.29
3100 Risk analysis	504,897.89	346,445.26	158,452.63
3110 Frontex Situation Center	789,771.78	717,210.75	72,561.03
3200 Training	2,664,733.18	2,090,776.71	573,956.47
3300 Research and development	516,275.20	459,687.68	56,587.52
3310 Eurosur programme	867,501.42	844,407.56	23,093.86
3400 Pooled Resources	80,061.50	52,740.94	27,320.56
3500 Miscellaneous operational activities	30,015.85	17,433.29	12,582.56
3510 Operational IT projects	1,293,235.00	1,181,912.70	111,322.30
<b>Total Title 3</b>	<b>35,623,810.54</b>	<b>29,156,513.43</b>	<b>6,467,297.11</b>
<b>Grand Total</b>	<b>38,387,743.10</b>	<b>31,332,094.32</b>	<b>7,055,648.78</b>

Automatic carry-overs are appropriations that were committed during 2011 but not paid by 31.12.2011. Payments had to be made before 31 December 2012.

The amount carried over automatically is significantly larger than last year: € 38.4M from 2011 to 2012 compared with € 24.7M from 2010 to 2011, an increase of 55%. This is largely due to the re-prioritisation of activities that took place to respond to the North African crisis.





