

- EMSA -
Accounts
- 2011 -

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REPORT ON BUDGETARY AND FINANCIAL MANAGEMENT 2011

Art 76 EMSA Financial Regulation

INTRODUCTION:

CERTIFICATION LETTER FROM THE EMSA ACCOUNTING OFFICER.

The Annual accounts of the European Maritime Safety Agency for the year 2011 have been prepared in accordance with the Financial Regulation applicable to the general budget of the European Union and the accounting rules adopted by the Commission's Accounting Officer, as are to be applied by all the institutions, agencies and joint-undertakings.

I acknowledge my responsibility for the preparation and presentation of the annual accounts of the Agency in accordance with article 61 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 Agency's assets and liabilities and the budgetary implementation.

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

Done in Lisbon on June 11, 2012.

A handwritten signature in black ink, appearing to be 'M. Metzger', written over a horizontal line.

Michel Metzger
Accounting Officer

1. EMSA – BALANCE SHEET 2011 - ASSETS

Consolidation account			31.12.2011	31.12.2010
	ASSETS			
	A. NON CURRENT ASSETS			
210000	Intangible assets		3,342,202.98	2,076,049.96
200000	Property, plant and equipment		23,568,435.04	26,927,602.01
221000		Land and buildings	0.00	0.00
230000		Plant and equipment	16,406,759.00	18,788,214.00
241000		Computer hardware	1,043,783.71	1,235,296.00
240000		Furniture and vehicles	315,815.33	223,612.00
242000		Other fixtures and fittings	5,802,077.00	6,680,480.01
299000	Long-term pre-financing		290,136.00	290,136.00
range		Long-term pre-financing	290,136.00	290,136.00
	TOTAL NON CURRENT ASSETS		27,200,774.02	29,293,787.97
	B. CURRENT ASSETS			
310000	Inventories		0.00	0.00
405000	Short-term pre-financing		6,841,933.50	4,077,038.50
range		Short-term pre-financing	6,841,933.50	4,077,038.50
400000	Short-term receivables		948,746.18	591,343.36
401000		Current receivables	415,313.47	505,491.34
410900		Sundry receivables	18,609.20	20,527.77
490000		Other	456,625.38	43,427.40
490010		Accrued income	93,175.13	43,427.40
490011		Deferred charges	356,553.92	
490090		<i>Accrued income with consolidated EU entities</i>	6,896.33	
490091		<i>Deferred charges with consolidated EU entities</i>	0.00	
400009		<i>Short-term receivables with consolidated EU entities</i>	58,198.13	21,896.85
500000	Cash and cash equivalents		5,993,813.94	2,915,564.70
	TOTAL CURRENT ASSETS		13,784,493.62	7,583,946.56
	TOTAL		40,985,267.64	36,877,734.53

EMSA – BALANCE SHEET 2011 – LIABILITIES

Consolidation account			31.12.2011	31.12.2010
	LIABILITIES			
	A. Net Assets		36,097,705.03	32,944,333.28
100000	Reserves		0.00	0.00
140000	Accumulated surplus/deficit		32,944,333.28	37,030,302.15
141000	Economic outturn for the year - profit+/loss-		3,153,371.75	-4,085,968.87
	B. NON CURRENT LIABILITIES		84,649.11	79,652.50
161000	Employee benefits		0.00	0.00
163000	Provisions for risks and charges		0.00	0.00
172000	Other long-term liabilities		84,649.11	79,652.50
172100		Other long-term liabilities	84,649.11	79,652.50
172009		<i>Other LT liabilities with consolidated EU entities</i>	0.00	0.00
172019		<i>Pre-financing received from consolidated EU entities</i>	0.00	0.00
172029		<i>Other LT liabilities from consolidated EU entities</i>	0.00	0.00
	TOTAL A+B		36,182,354.14	33,023,985.78
	C. CURRENT LIABILITIES		4,802,913.50	3,853,748.75
483000	Provisions for risks and charges		110,000.00	16,412.97
440000	Accounts payable		4,692,913.50	3,837,335.78
441000		Current payables	480,069.95	177,255.88
442000		Long-term liabilities falling due within the year	0.00	0.00
443000		Sundry payables	71,523.35	156,349.52
491000		Other	1,705,761.24	3,227,777.35
491010		Accrued charges	1,687,151.80	3,227,777.35
491011		Deferred income	0.00	0.00
491090		<i>Accrued charges with consolidated EU entities</i>	18,609.44	
491091		<i>Deferred income with consolidated EU entities</i>	0.00	
440009		<i>Accounts payable with consolidated EU entities</i>	2,435,558.96	275,953.03
440019		<i>Pre-financing received from consolidated EU entities</i>	2,149,731.12	126,559.48
440029		<i>Other accounts payable against consolidated EU entities</i>	285,827.84	149,393.55
	TOTAL D. CURRENT LIABILITIES		4,802,913.50	3,853,748.75
	TOTAL		40,985,267.64	36,877,734.53

2. EMSA – ECONOMIC OUTTURN ACCOUNT 2011

Consolidation account		2011	2010
706199	Funds transferred from the Commission to other Institutions	0.00	0.00
740100	Contributions of EFTA countries belonging to the EEA	0.00	0.00
743000	Recovery of expenses	0.00	0.00
744000	Revenues from administrative operations	634,640.79	110,488.34
745000	Other operating revenue	50,222,649.52	45,491,899.00
777777	TOTAL OPERATING REVENUE	50,857,290.31	45,602,387.34
610000	Administrative expenses	-30,801,553.84	-30,640,531.43
6201,,	All Staff expenses	-16,683,039.56	-16,652,741.20
630100	Fixed asset related expenses	-6,196,438.67	-5,206,967.23
611000	Other administrative expenses	-7,922,075.61	-8,780,823.00
600000	Operational expenses	-16,900,322.72	-19,047,267.14
606000	Other operational expenses	-16,900,322.72	-19,047,267.14
666666	TOTAL OPERATING EXPENSES	-47,701,876.56	-49,687,798.57
	SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES	3,155,413.75	-4,085,411.23
750000	Financial revenues	0.00	0.00
650000	Financial expenses	-2,042.00	-557.64
	SURPLUS/ (DEFICIT) FROM NON OPERATING ACTIVITIES	-2,042.00	-557.64
	SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES	3,153,371.75	-4,085,968.87
790000	Extraordinary gains (+)		
690000	Extraordinary losses (-)		
	SURPLUS/(DEFICIT) FROM EXTRAORDINARY ITEMS	0.00	0.00
	ECONOMIC OUTTURN FOR THE YEAR	3,153,371.75	-4,085,968.87

3. EMSA – CASH FLOW 2011 TABLE (INDIRECT METHOD)

	2011	2010
Cash Flows from ordinary activities		
Surplus/(deficit) from ordinary activities	3,153,371.75	-4,085,968.87
Operating activities		
<u>Adjustments</u>		
Amortization (intangible fixed assets) +	657,269.05	494,377.42
Depreciation (tangible fixed assets) +	5,079,181.83	4,419,530.60
Increase/(decrease) in Provisions for risks and liabilities	93,587.03	-143,168.98
Increase/(decrease) in Value reduction for doubtful debts	0.00	-51,449.79
(Increase)/decrease in Long term Pre-financing	0.00	1,234,864.00
(Increase)/decrease in Short term Pre-financing	-2,764,895.00	5,437,250.50
(Increase)/decrease in Short term Receivables	-321,101.54	227,576.75
(Increase)/decrease in Receivables related to consolidated EU entities	-36,301.28	-15,403.20
Increase/(decrease) in Other Long term liabilities	4,996.61	3,131.74
Increase/(decrease) in Accounts payable	-1,304,028.21	779,909.33
Increase/(decrease) in Liabilities related to consolidated EU entities	2,159,605.93	-4,365,341.91
Other non-cash movements		146,306.56
Net cash Flow from operating activities	6,721,686.17	4,081,614.15
Cash Flows from investing activities		
Increase of tangible and intangible fixed assets (-)	-3,643,436.93	-9,443,479.01
Proceeds from tangible and intangible fixed assets (+)		
Net cash flow from investing activities	-3,643,436.93	-9,443,479.01
Net increase/(decrease) in cash and cash equivalents	3,078,249.24	-5,361,864.86
Cash and cash equivalents at the beginning of the period	2,915,564.70	8,277,429.56
Cash and cash equivalents at the end of the period	5,993,813.94	2,915,564.70

4. STATEMENT OF CHANGES IN CAPITAL - 2011

Net assets	Accumulated Surplus / Deficit	Economic result of the year	Net assets (total)
Balance as of 31 December 2010	37,030,302.15	-4,085,968.87	32,944,333.28
Changes in accounting policies 1)			0.00
Balance as of 1 January 2011 (if restated)	37,030,302.15	-4,085,968.87	32,944,333.28
Other 2)			0.00
Fair value movements			0.00
Movement in Guarantee Fund reserve			0.00
Allocation of the Economic Result of Previous Year	-4,085,968.87	4,085,968.87	0.00
Amounts credited to Member States			0.00
Economic result of the year		3,153,371.75	3,153,371.75
Balance as of 31 December 2011	32,944,333.28	3,153,371.75	36,097,705.03
Account	140000	141000	

5. ANNEXES

a. Accounting principles & basis of preparation

The EMSA Financial Statement 2011 has been drafted based on:

- EMSA Founding Regulation (Regulation 1406/2002/EC as amended)
- EMSA Financial Regulation as last amended by the Administrative Board on 18 December 2008
- EMSA Implementing Rules of the Financial Regulation as last amended by the Administrative Board on 15 June 2009
- EMSA Decision No 2009/30 on inventory rules (based on relevant Commission Regulations and guidelines)
- “Accounting Guidelines” as provided by the Commission Accountant and closing instructions

Generally accepted accounting principles as defined by the EMSA Financial Regulation (art. 78):

- a) Going concern basis
- b) prudence
- c) consistent accounting method
- d) comparability of information
- e) materiality
- f) no netting
- g) reality over appearance
- h) accrual based accounting

Basis of preparation

Functional and reporting currency

The Euro is the functional and reporting currency.

Currency and basis for conversion

All foreign currency transactions are recorded using the exchange rate prevailing at the date of the transaction. Gains and losses resulting from the settlement of foreign currency transactions and from the translation at year end exchange rates

of monetary assets and liabilities denominated in foreign currencies are recognized in the Economic Outturn Account.

Use of estimates

In accordance with IPSAS and generally accepted accounting principles, the financial statements 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, amounts for provisions, accounts receivables, accrued income and charges, contingent assets and liabilities, and degree of impairment of intangible assets and property, plant and equipment. Actual results could differ from those estimates. Changes in estimates are reflected in the period in which they become known.

b) Additional information

I. Fixed assets

The variation of the intangible fixed assets in 2011 is composed of:

2011	Internally generated Computer Software	Other Computer Software	Total Computer Software	Intangible assets under construction	Total
Gross carrying amounts 01.01.2011	0.00	2,240,267.26	2,240,267.26	1,014,729.96	3,254,997.22
Additions	0.00	500,463.47	500,463.47	1,422,958.60	1,923,422.07
Disposals			0.00		0.00
Transfer between headings	1,854,428.65		1,854,428.65	-1,854,428.65	0.00
Other changes (2)			0.00		0.00
Gross carrying amounts 31.12.2011	1,854,428.65	2,740,730.73	4,595,159.38	583,259.91	5,178,419.29
Accumulated amortization and impairment 01.01.2011		-1,178,947.26	-1,178,947.26		-1,178,947.26
Amortization		-657,269.05	-657,269.05		-657,269.05
Write-back of amortization			0.00		0.00
Accumulated amortization and impairment 31.12.2011	0.00	-1,836,216.31	-1,836,216.31	0.00	-1,836,216.31
Net carrying amounts 31.12.2011	1,854,428.65	904,514.42	2,758,943.07	583,259.91	3,342,202.98
Accounts			211000	214000	210000

In conformity with the EC Accounting Rule 7, amortisations have been recorded on a monthly basis in SAP.

As requested by the European Commission Rule 6, intangible assets under construction have been recorded from January 1st 2010. All projects starting after 1/1/2010 and having an estimated value exceeding 250.000 EUR (full costs) have been included in the account 214000. The first such project (Safe Sea Net V2) went into production/was rolled-out on December 31 (2011) and was therefore transferred to the account “internally generated computer software” (value: 1.85 million EUR).

The variation of the tangible fixed assets in 2011 is composed of:

2011	Plant and Equipment	Computer hardware	Furniture and vehicles	Other Fixtures and Fittings	Total
Gross carrying amounts 01.01.2011	26,948,069.25	3,069,201.10	345,431.94	9,180,669.70	39,543,371.99
Additions	479,944.11	742,995.80	109,365.35	387,709.60	1,720,014.86
Disposals	-319,050.00				-319,050.00
Transfer between headings					0.00
Other changes					0.00
Gross carrying amounts 31.12.2011	27,108,963.36	3,812,196.90	454,797.29	9,568,379.30	40,944,336.85
					0.00
Accumulated amortization and impairment 01.01.2011	-8,159,855.25	-1,833,905.10	-121,819.94	-2,500,189.69	-12,615,769.98
Depreciation	-2,861,399.11	-934,508.09	-17,162.02	-1,266,112.61	-5,079,181.83
Write-back of depreciation					0.00
Disposals	319,050.00				319,050.00
Impairment					0.00
Write-back of impairment					0.00
Transfer between headings					0.00
Other changes					0.00
Accumulated amortization and impairment 31.12.2011	-10,702,204.36	-2,768,413.19	-138,981.96	-3,766,302.30	-17,375,901.81
Net carrying amounts 31.12.2011	16,406,759.00	1,043,783.71	315,815.33	5,802,077.00	23,568,435.04
Accounts	230000	241000	240000	242000	200000

In conformity with the EC Accounting Rule 7, amortisations have been recorded on a monthly basis in SAP.

II. Long-term pre-financing

Account	Pre-financing with interest for the EU entity >1 yr	31.12.2011	31.12.2010
299290	PF implemented by other EU entities than the Commission (pre-financing given to third parties)	290,136.00	290,136.00
299200	Total	290,136.00	290,136.00
299000	TOTAL	290,136.00	290,136.00

The amount of € 290,136.00 is related to the pre-financing given by EMSA to the Equasis project (currently hosted by EMSA). This amount was originally booked as contingent asset at the end of 2009 and has been reclassified as long term pre-financing following the formal recognition of this debt by the Equasis Management Board.

III. Short-term pre-financing

Account	Pre-financing with interest for the EU entity <1 yr	31.12.2011	31.12.2010
405290	PF Implemented by other EU entities than the Commission (pre-financing given to third parties)	6,841,933.50	4,077,038.50
405297	Accrued charges on PF TP - Implemented by other EU entities than the Commission		
405000	Total	6,841,933.50	4,077,038.50

These pre-financings are mainly related to the anti-pollution call for tenders and other operational activities.

IV. **Short-term receivables**

			Current receivables	31.12.2011			31.12.2010		
Account			Receivables from	Gross Total	Amounts written down (-)	Net Value	Gross Total	Amounts written down (-)	Net Value
401100	401101	401102	Customers	152,447.56		152,447.56	110,151.52	0.00	110,151.52
401200	401201	401202	Member States	257,678.37		257,678.37	338,469.08		338,469.08
401300	401301	401302	EFTA	203.14		203.14			0.00
401600	401601	401602	Third States	1,065.03		1,065.03	37,900.98		37,900.98
401700	401701	401702	Other current receivables (1)	3,919.37		3,919.37	18,969.76		18,969.76
401000			Total	415,313.47	0.00	415,313.47	505,491.34	0.00	505,491.34

All receivables are carried out at the original amount less write-down for impairment when there is objective evidence that the Agency will not be able to collect all amounts due according to the original terms of receivables. Also recognized there is a general write-down in value of 25% of recoverable net balances past due for more than 12 months and less than two years and 100% above two years, for outstanding recovery orders not already subject to a specific write-down. This analysis is carried out on the situation of year end balances as they exist when preparing the financial statements.

The amount of write-down is charged to the Economic Outturn Account.

Current receivables from Member States are composed of VAT to be recovered (Portugal) while current receivables with Third States are linked to LRIT fees and charges to be collected.

(1) Other current receivables are composed of:

(1) Please specify "Other Current receivables":	Gross Total	Amounts written down (-)	Net Value	Gross Total	Amounts written down (-)	Net Value
Holidays paid on behalf of other Agencies	3,919.37		3,919.37	13,535.53		13,535.53
Receivable from Agencies or Inst.			0.00	5,350.73		5,350.73
Supplier debtors			0.00	83.50		83.50
Total	3,919.37	0.00	3,919.37	18,969.76	0.00	18,969.76

Sundry receivables totalling **€ 18,609.20** are composed of:

			Sundry receivables						
			31.12.2011			31.12.2010			
Account			Receivables from	Gross Total	Amounts written down (-)	Net Value	Gross Total	Amounts written down (-)	Net Value
			Staff	18,609.20		18,609.20	20,527.77		20,527.77
			Other (2)	0.00		0.00	0.00		0.00
410900			Total	18,609.20	0.00	18,609.20	20,527.77	0.00	20,527.77

The amount of € 18,609.20 is linked to some salary regularisation and other receivables from the staff.

Other – deferrals and accruals totalling **€ 456.625,38** are composed of:

- € 21.939,93 (interests to be received from banks)
- € 71.235,20 (accrued income – LRIT operations)
- € 356.553,92 (invoice related to the Q1/2012 rent & miscellaneous expenses)
- € 6.896,33 (accrued income with a consolidated entity)

Short-term receivables with consolidated EC entities totalling **€ 58.198,13** and composed of several receivables against:

- € 42.598,13 (EMCDDA)
- € 15.600,00 (CFCA)

v. Cash and cash equivalents

Account	Description	31.12.2011	31.12.2010
505000	<i>Unrestricted cash:</i>	5,993,813.94	2,915,564.70
505200	Treasury and Central Bank accounts		
505300	Current accounts (bank accounts)	5,993,813.94	2,915,564.70
505400	Imprest accounts		
505500	Cash in hand ("Caisses")		
505600	Transfers (Cash in transit) *)	0.00	
505700	Short-term deposits and other cash equivalents < 3 months		
506000	<i>Restricted cash:</i>	0.00	0.00
506100	Fines		
506200	Other		
500000	Total	5,993,813.94	2,915,564.70

Cash include only cash in hands as there are no other cash equivalents or liquid investments to be reported. Currently, the Agency uses three banks, one to collect the revenue from fees and charges and the subsidy (BBVA Portugal), one to execute the national payments (Banco Espirito Santo) and a third one to execute international payments (ING Belgium).

VI. **Capital**

The EMSA capital is increased by the positive economic outturn of the year 2011 (€ +3,153,371.75) to reach **€36,097,705.03**

VII. **Provisions for risks and charges (long-term)**

No long term provision was necessary in 2011.

VIII. **Other long term liabilities**

Totalling **€84.649,11** this account is composed of:

€77.676,80 - LRIT long term deposits and interests collected from the different customers

€ 6.972,31 – Financial interests to be reimbursed at the end of the Equasis project

IX. **Short-term liabilities**

A provision for risks and liabilities (short term) of **€110.000** has been constituted to cover the future payment of the 2011 salary increase refused by the Council.

Current payables are reaching **€ 480.069,95** and are constituted of invoices received, found eligible (the verification process being completed) but unpaid at year end.

Account	Current payables	31.12.2011	31.12.2010
441100	Vendors	20,046.53	-336,759.07
441200	Member States	436,381.56	426,724.77
441300	EFTA		
441600	Third States		
441700	Other (1)	23,641.86	87,290.18
441000	Total	480,069.95	177,255.88

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

Other current payables are composed of:

(1) Please specify "Other Current payables":	31.12.2011	31.12.2010
Debts linked to holidays paid on behalf of EMSA	6,118.86	10,669.80
Debts towards public bodies	17,523.00	76,620.38
Total	23,641.86	87,290.18

Sundry payables

Account	Sundry payables	31.12.2011	31.12.2010
443000	Staff	69,609.25	56,110.87
	Other (2)	1,914.10	100,238.65
	Total	71,523.35	156,349.52

Staff payables include mainly debt towards EMSA staff (composed mainly of GALP individual down payments) while Other (2) is composed of:

(2) Please specify "Other Sundry payables":	31.12.2011	31.12.2010
ONSS - insurance unempl - pension - caisse maladie - GALP	1,914.10	83,409.76
Other items (payment to be resent, ONSS, etc.)		16,828.87
ABAC Assets		0.02
Total	1,914.10	100,238.65

Deferrals and accruals are totalling **€1.687.151,80** and represent mainly invoices to be received in 2012 for services rendered or goods delivered in 2011 (accrued charges: € 1.481.949,40) and staff untaken holidays at 31/12/2011 (€ 205.162,40).

Account	Description	31.12.2011	31.12.2010
491010	Accrued charges	1,687,151.80	3,227,777.35
	Untaken annual leave *	205,162.40	231,574.76
	other accrued charges	1,481,989.40	2,996,202.59
491011	Deferred income	0.00	
491000	Total	1,687,151.80	3,227,777.35

In accordance with EC Accounting Rules no. 10 complemented by chapter 19 under IPSAS 19 (Provisions, contingent liabilities and contingent assets) accruals are made to recognize the amounts to be paid for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees (for example, amounts relating to accrued vacation pay). The accruals are determined based on estimates received from the authorizing officers (assessed based on the part of the carry-overs to be applied to 2012).

In accordance with EC Accounting Rule no. 12 a liability for untaken holidays (accumulating compensated absences) at year-end has been included on the balance sheet under the current liabilities heading (current payables).

Pre-financing received from consolidated EC entities reached **€2.149.731,12** and is composed of the DG MOVE outstanding pre-financing remaining open at year end (€ 2.020.581,12) plus a pre-financing received from DG ELARG (€ 129.150,00)

Other accounts payable against consolidated EC entities totalling **€285.827,84** include debts towards DG MOVE and EMCDDA:

€ 236.683,46 (DG MOVE - financial interests 2010 & 2011)
 € 49.144,38 (EMCDDA)

X. Contingent liabilities

Account	Other Significant Disclosures	31.12.2011	31.12.2010
904200	RAL - Commitments against appropriations not yet consumed	36,459,681.08	33,555,847.72
904370	Contractuel commitment (for which budget commitments have not yet been made) *)		
904400	Contributions to related organisations		
904100	Undrawn commitments		
904500	Operating lease commitments	0.00	
904000	TOTAL	36,459,681.08	33,555,847.72

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

XI. Contingent assets

Account	Description	31.12.2011	31.12.2010
901100	Guarantees received	6,179,375.39	3,621,021.30
901120	Guarantees for pre-financing	5,979,375.39	3,621,021.30
901130	Guarantees for fines pending		
901180	Performance guarantees	200,000.00	
901190	Other Guarantees a)		
901200	Borrowing agreements signed		
901300	EAGGF guarantees		
901400	Fraud and irregularities - structural actions		
901900	Other contingent assets b)		
901000	TOTAL	6,179,375.39	3,621,021.30