

OPINION AB No 1/2014
OF THE ADMINISTRATIVE BOARD
OF THE AGENCY FOR THE COOPERATION OF ENERGY REGULATORS

of 10 June 2014

**ON THE APPROVAL OF THE FINAL ACCOUNTS FOR THE FINANCIAL
YEAR 2013**

THE ADMINISTRATIVE BOARD OF THE AGENCY FOR THE COOPERATION
OF ENERGY REGULATORS,

HAVING REGARD to Regulation (EC) No 713/2009 of the European Parliament and
of the Council of 13 July 2009 establishing an Agency for the Cooperation of Energy
Regulators¹, and, in particular, Articles 1(1) and 24(5),

HAVING REGARD to Decision AB No 22/2013 of the Administrative Board of the
Agency for the Cooperation of Energy Regulators of 12 December 2013 on the
adoption of the Financial Regulation of the Agency for the Cooperation of Energy
Regulators, and, in particular, Article 99(3),

HAVING REGARD to the preliminary observations of the European Court of
Auditors of 29 April 2014 on the annual accounts of the Agency for the Cooperation
of Energy Regulators for the financial year 2013,

WHEREAS:

- (1) On 29 April 2014, the European Court of Auditors issued its preliminary
observations on the annual accounts of the Agency for the Cooperation of Energy
Regulators for the financial year 2013.
- (2) On 28 May 2014, the Director has submitted to the attention of the Administrative
Board the final accounts for the financial year 2013.
- (3) The Administrative Board shall deliver an opinion on the final accounts of the
Agency,

¹ OJ L211, 14.8.2009, p. 1.

HAS ADOPTED THIS OPINION:

Article 1

The Administrative Board takes notes of the preliminary observations issued by the European Court of Auditors on the annual accounts for the financial year 2013, attached as per Annex 1 to this Opinion.

Article 2

A favourable opinion on the final accounts of the Agency for the financial year 2013 as attached in Annex 2 to this Opinion, is hereby adopted.

Article 3

The Administrative Board invites the Director to take immediate actions to remedy the shortcomings identified by the European Court of Auditors in its preliminary observations and to report in due course on the actions undertaken.

Article 4

This Opinion shall be communicated, together with the final accounts, to the accounting officer of the Commission, the European Court of Auditors, the European Parliament, and the Council by 1 July 2014.

Done at Ljubljana on 10 June 2014.

For the Administrative Board

Razvan Eugene Nicolescu

Chairman of the Administrative Board

ANNEX 1

TO OPINION AB 01/2014

**OF THE ADMINISTRATIVE BOARD OF THE AGENCY FOR THE
COOPERATION OF ENERGY REGULATORS**

ΕΒΡΟΠΕΪΣΚΑ ΣΜΕΤΗΑ ΠΑΛΑΤΑ
TRIBUNAL DE CUENTAS EUROPEO
EVROPSKÝ ÚČETNÍ DVŮR
DEN EUROPÆISKE REVISIONSRET
EUROPÄISCHER RECHNUNGSHOF
EUROOPA KONTROLLIKODA
ΕΥΡΩΠΑΪΚΟ ΕΛΕΓΚΤΙΚΟ ΣΥΝΕΔΡΙΟ
EUROPEAN COURT OF AUDITORS
COUR DES COMPTES EUROPÉENNE
CÚIRT INIÚCHÓIRÍ NA HEORPA



EUROPSKI REVIZORSKI SUD
CORTE DEI CONTI EUROPEA
EIROPAS REVĪZIJAS PALĀTA
EUROPOS AUDITO RŪMAI

EURÓPAI SZÁMVEVŐSZÉK
IL-QORTI EWROPEA TAL-AWDITURI
EUROPESE REKENKAMER
EUROPEJSKI TRYBUNAŁ OBRACHUNKOWY
TRIBUNAL DE CONTAS EUROPEU
CURTEA DE CONTURI EUROPEANĂ
EURÓPSKY DVOR AUDÍTOROV
EVROPSKO RAČUNSKO SODIŠČE
EUROOPAN TILINTARKASTUSTUOMIOISTUIN
EUROPEISKA REVISIONSRÄTTEN

Preliminary observations with a view to a report on the annual accounts
of the Agency for Cooperation of Energy Regulators
for the financial year 2013

These preliminary observations were adopted by Chamber IV at its meeting of 29 April 2014.

INTRODUCTION

1. The Agency for Cooperation of Energy Regulators (hereinafter “the Agency”, aka “ACER”), which is located in Ljubljana, was created by Regulation (EC) No 713/2009 of the European Parliament and of the Council². The Agency's main task is to assist National Regulatory Authorities in exercising, at Union level, the regulatory tasks that they perform in the Member States and, where necessary, to coordinate their action. Under the REMIT regulation³, the Agency was given new additional responsibilities, together with national regulatory authorities, regarding the monitoring of the European wholesale energy market⁴.

INFORMATION IN SUPPORT OF THE STATEMENT OF ASSURANCE

2. The audit approach taken by the Court comprises analytical audit procedures, direct testing of transactions and an assessment of key controls of the Agency's supervisory and control systems. This is supplemented by evidence provided by the work of other auditors (where relevant) and an analysis of management representations.

STATEMENT OF ASSURANCE

3. Pursuant to the provisions of Article 287 of the Treaty on the Functioning of the European Union (TFEU), the Court has audited:

² OJ L 211, 14.8.2009, p. 1.

³ Regulation No 1227/2011 of the European Parliament and of the Council of 25 October 2011, OJ L 326, 8.12.2011, p. 1, which assigns an important role to the Agency in supervising trading in wholesale energy markets across Europe.

⁴ **Annex II** summarises the Agency's competences and activities. It is presented for information purposes.

- (a) the annual accounts of the Agency, which comprise the financial statements⁵ and the reports on the implementation of the budget⁶ for the financial year ended 31 December 2013, and
- (b) the legality and regularity of the transactions underlying those accounts.

The management's responsibility

4. The management is responsible for the preparation and fair presentation of the annual accounts of the Agency and the legality and regularity of the underlying transactions⁷:

- (a) The management's responsibilities in respect of the Agency's annual accounts include designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies on the basis of the accounting rules adopted by the Commission's accounting officer⁸; making accounting estimates that are reasonable in the circumstances. The Director approves the annual accounts of the Agency after its accounting officer has prepared them on the basis of all available information and established a note to accompany the accounts in which he declares, *inter alia*, that he has reasonable assurance that they present a true and fair view of the financial position of the Agency in all material respects.

⁵ These include the balance sheet and the economic outturn account, the cash flow table, the statement of changes in net assets and a summary of the significant accounting policies and other explanatory notes.

⁶ These comprise the budgetary outturn account and the annex to the budgetary outturn account.

⁷ Articles 39 and 50 of Commission Delegated Regulation (EU) No 1271/2013 (OJ L 328, 7.12.2013, p. 42).

⁸ The accounting rules adopted by the Commission's accounting officer are derived from the International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants or, where relevant, the International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

(b) The management's responsibilities in respect of the legality and regularity of the underlying transactions and compliance with the principle of sound financial management consist of designing, implementing and maintaining an effective and efficient internal control system comprising adequate supervision and appropriate measures to prevent irregularities and fraud and, if necessary, legal proceedings to recover funds wrongly paid or used.

The auditor's responsibility

5. The Court's responsibility is, on the basis of its audit, to provide the European Parliament and the Council⁹ with a statement of assurance as to the reliability of the annual accounts and the legality and regularity of the underlying transactions. The Court conducts its audit in accordance with the IFAC International Standards on Auditing and Codes of Ethics and the INTOSAI International Standards of Supreme Audit Institutions. These standards require the Court to plan and perform the audit to obtain reasonable assurance as to whether the annual accounts of the Agency are free from material misstatement and the transactions underlying them are legal and regular.

6. The audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the accounts and the legality and regularity of the underlying transactions. The procedures selected depend on the auditor's judgement, which is based on an assessment of the risks of material misstatement of the accounts and material non-compliance by the underlying transactions with the requirements in the legal framework of the European Union, whether due to fraud or error. In assessing these risks, the auditor considers any internal controls relevant to the preparation and fair presentation of the accounts, as well as the supervisory and control systems that are implemented to ensure the legality and regularity of underlying transactions, and designs audit procedures that are appropriate in the circumstances. The audit also entails evaluating the appropriateness of accounting policies, the

reasonableness of accounting estimates and the overall presentation of the accounts.

7. The Court considers that the audit evidence obtained is sufficient and appropriate to provide a basis for its statement of assurance.

Opinion on the reliability of the accounts

8. In the Court's opinion, the Agency's annual accounts present fairly, in all material respects, its financial position as at 31 December 2013 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation and the accounting rules adopted by the Commission's accounting officer.

Opinion on the legality and regularity of the transactions underlying the accounts

9. In the Court's opinion, the transactions underlying the annual accounts for the year ended 31 December 2013 are legal and regular in all material respects.

10. The comments which follow do not call the Court's opinions into question.

COMMENTS ON BUDGETARY MANAGEMENT

11. The Agency carried over 1,9 million euro or 56 % of total committed title II appropriations (Agency's building and associated costs), mainly related to the implementation of the REMIT regulation. This is an operational, multiannual activity and should have been budgeted under title III, a shortcoming which was rectified in subsequent commitment appropriations.

12. In addition, the Agency carried over 3,1 million euro or 91 % of total committed title III appropriations, also related to the implementation of the REMIT regulation. The exceptionally high rate of carry-over for title III is mainly

⁹ Article 107 of Regulation (EU) No 1271/2013.

due to some 3 million euro in additional funding received through an amended budget approved on 31 October 2013.

OTHER COMMENTS

13. The Agency held 5,5 million euro in cash at year-end, which included some 3 million euro relating to the late budget amendment (see paragraph 12). Nevertheless, average cash balances during the year were significantly higher than justified by operational requirements.

FOLLOW-UP OF PREVIOUS YEARS' COMMENTS

14. An overview of the corrective actions taken in response to the Court's comments from previous years is provided in **Annex I**.

Follow-up of previous years' comments

Year	Court's comment	Status of corrective action (Completed / Ongoing / Outstanding / N/A)
2011	The high level of appropriations not used and of carry-overs as well as the low level of payments indicate shortcomings in budget planning and implementation and are at odds with the budgetary principle of annuality.	Completed
2011	There is room to improve the transparency of recruitment procedures. As an example, vacancy notices did not specify the maximum number of candidates to be put on a reserve list and made no reference to the possibility of appeal. Moreover the questions for written tests and interviews and their weightings were not prepared before the examination of the applications.	Completed
2012	In order to cover higher school fees, the Agency grants staff whose children attend primary or secondary school a top up allowance in addition to the education allowances provided for in the Staff Regulations ¹ . Total 2012 top up allowances amounted to some 23 000 euro. They are not covered by the Staff Regulations and are therefore irregular.	Completed
Year	Court's comment	Status of corrective action (Completed / Ongoing / Outstanding / N/A)

2012	The Agency carried over committed appropriations under title II (Agency's building and associated costs) of its budget amounting to 1,7 million euro, representing 81 % of total committed title II appropriations. These carry-overs mainly relate to the implementation of the REMIT regulation which is ongoing. Since the implementation is linked to the Agency's operational activities, it should normally have been budgeted under title III.	Completed
2012	In 2012, the Agency made 20 budget transfers of some 1 million euro and affecting 43 budget lines. This indicates weaknesses in budget planning.	Completed
2012	The Agency held 4,2 million euro in cash at the year end, including the 2011 budget surplus of 1,6 million euro which resulted from an excessive call for funds in 2011 and was recovered by the Commission in January 2013. This is not consistent with a rigorous treasury management.	Ongoing
2012	The audited recruitment procedures revealed shortcomings affecting transparency and an equal treatment of candidates: questions for interviews and tests were not set before the examination of the applications. The conditions for admission to written tests and interviews and for being included in the list of suitable candidates were not specified in sufficient detail and the measures taken to ensure the anonymity of candidates sitting written tests were inadequate.	Ongoing

¹ Article 3 of Annex VII provides for twice the basic allowance of 252,81 euro = 505,62 euro.

Agency for the Cooperation of Energy Regulators (Ljubljana)**Competences and activities**

<p>Areas of Union competence deriving from the Treaty</p> <p><i>(Article 114 (ex Article 95 TEC) and Article 194 of the Treaty on the Functioning of the European Union)</i></p>	<p>The European Parliament and the Council shall, acting in accordance with the ordinary legislative procedure and after consulting the Economic and Social committee, adopt the measures for the approximation of the provisions laid down by law, regulation or administrative action in Member States which have as their object the establishment and functioning of the internal market.</p> <p>In the context of the establishment and functioning of the internal market and with regard for the need to preserve and improve the environment, Union policy on energy shall aim, in a spirit of solidarity between Member States to:</p> <ul style="list-style-type: none"> (a) ensure the functioning of the energy market; (b) ensure security of energy supply in the Union; (c) promote energy efficiency and energy saving and the development of new and renewable forms of energy; and (d) promote the interconnection of energy networks. <p>The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall establish the measures necessary to achieve these objectives. Such measures shall be adopted after consultation of the Economic and Social Committee and the Committee of the Regions.</p>
<p>Competences of the Agency</p> <p><i>(As specified in Regulation (EC) No 713/2009 of the European Parliament and of the Council; Commission Regulation (EU) No 838/2010; Regulation (EU) No 1227/2011 of the European Parliament and of the Council)</i></p>	<p>Objectives</p> <p>The purpose of the Agency is to assist National Regulatory Authorities in exercising, at Union level, the regulatory tasks that they perform in the Member States and, where necessary, to coordinate their action.</p> <p>Tasks</p> <ul style="list-style-type: none"> – To complement and coordinate the work of National Regulatory Authorities, – to participate in the creation of European network rules, – to take, under certain conditions, binding individual decisions on terms and conditions for access and operational security for cross-border infrastructure, – to give advice on various energy-related issues to the European institutions, – to monitor and report developments on the energy markets, – to formulate a proposal to the Commission on the annual cross-border infrastructure compensation sum for the ITC mechanism, – to cooperate with the national regulatory authorities, ESMA, competent financial authorities of the Member States and where appropriate with national competition authorities to monitor the wholesale energy markets, – to assess the operation and transparency of different categories of market places and ways of trading, – to make recommendations to the Commission as regards market rules, records of transactions, orders to trade, standards and procedures which could improve market integrity and the functioning of the internal market, – to assist the NRAs in assessing the consistent application of the Projects of Common Interests (PCIs) identification criteria/Cost-Benefit Analysis (CBA) methodology, in evaluating their cross border relevance within a region and in presenting such an assessment to the Regional Groups, – to provide an opinion on the draft regional lists of the electricity and gas PCIs and on the consistent application of the criteria and the cost-benefit analysis across regions, – to provide an opinion to the Commission and the Member States on the methodologies for a harmonised energy system-wide CBA at Union-wide level proposed by the ENTSOs, – to monitor the implementation of PCIs, – to facilitate the sharing of good practices and provide recommendations on incentives and common methodology to evaluate the incurred higher risks of investments in electricity and gas transmission.
<p>Governance</p>	<p>Administrative Board</p> <p><i>Composition</i></p> <p>Two members appointed by the European Parliament, two members appointed by the Commission and five members appointed by the Council. Each member has an alternate.</p>

	<p><i>Tasks</i></p> <p>The Administrative Board adopts the Agency's work programme and the budget. It ensures that the Agency carries out its mission and performs the tasks assigned to it in accordance with the Agency Regulation.</p> <p>Director</p> <p>Appointed by the Administrative Board after a favourable opinion from the Board of Regulators and on the basis of a list of candidates proposed by the Commission.</p> <p>Board of Regulators</p> <p><i>Composition</i></p> <p>A senior representative of the regulatory authorities from each Member State and one non-voting representative of the Commission. Each member has an alternate, nominated by the national regulatory authority from each Member State.</p> <p><i>Tasks</i></p> <ul style="list-style-type: none"> – the Board provides opinions to the Director on the opinions, recommendations and decisions that are considered for adoption, – provides guidance to the Director in the execution of its tasks, – delivers an opinion to the Administrative Board on the candidate to be appointed as Director, and – approves the work programme of the Agency. <p>External audit</p> <p>European Court of Auditors.</p> <p>Discharge authority</p> <p>European Parliament acting on a recommendation from the Council.</p>
<p>Resources made available to the Agency in 2013 (2012)</p>	<p>Budget 2013 (2012)</p> <p>11,9 (7,2) million euro</p> <p>Staff as at 31 December 2013 (2012)</p> <p>Posts listed in the establishment plan: 51 (43)</p> <p>Posts occupied on 31 December: 49 (42)</p> <p>Other staff: 20 (14)</p> <p>Total staff: 69 (57), of which assigned to:</p> <ul style="list-style-type: none"> – operational tasks: 41 (34) – administrative tasks: 28 (23)
<p>Products and services 2013</p>	<ul style="list-style-type: none"> – One Framework Guideline (Gas: FG on rules regarding harmonised transmission tariff structures). Public consultations organised as required under Article 10 of Regulation (EC) No 713/2009, including workshop. – Network codes <ul style="list-style-type: none"> (a) Seven Reasoned Opinions on Network Codes (Electricity: Network Code on Forward Capacity Allocation, Network Code on System Operations, Network Code on Operational Planning and Scheduling, Network Code on Load Frequency Control and Reserve, Network Code on Demand Connection; Gas: Network Code on Balancing and Network Code on Interoperability and Data Exchange). (b) Four Qualified Recommendations on Network Codes (all in Electricity: Network Code for Requirements for Grid Connection Applicable to all Generators, Network Code on Capacity Allocation and Congestion Management, Network Code on Operational Security and Network Code on Operational Planning and Scheduling). (c) Three Recommendations (Electricity: Network Code on Demand Connection, Network Code on Load Frequency Control and Reserves; Gas: Network Code on Gas Balancing of Transmission Networks). – Opinion on ENTSO-E Work Programme for 2013. – Opinion on ENTSO-E Work Programme for 2014. – Opinion on Capacity Market for the ITRE Committee of the European Parliament.

- Opinion on the ENTSO-E Winter Outlook Report 2012/2013 and Summer Review 2012.
- Opinion on whether long run average incremental costs are suitable for the assessment of infrastructure costs to be used in the inter-transmission system operator (TSO) compensation mechanism.
- Opinion on the ENTSO-E R&D Roadmap 2013-2022 and implementation Plan 2014-2016.
- Opinion on ENTSO-E Annual Report 2012.
- Opinion on ENTSO-E Summer Outlook Report 2013 and Winter Review 2012/2013.
- Opinion on the ENTSO-E Manual of Procedures (Transparency Platform).
- Opinion on ENTSSOG 2011 Annual Report.
- Opinion on ENTSSOG 2013 Work Programme.
- Opinion on 2012/2013 Gas Winter Supply Outlook.
- Opinion on Gas Regional Investment Plans (GRIPS) 2011(12) - 2020(21).
- Opinion on Gas Summer Supply Outlook.
- Opinion on ENTSSOG 2012 Annual Report.
- Opinion on Gas TYNDP 2013-2022.
- Opinion on the format, defined by ENTSSOG, which can be used to download data from the transparency platform (Regulation 715/2009, Annex I, 3.1.1.(1) (e)).
- Opinion on ENTSSOG 2014 Work Programme.
- Opinion on the consistent application of the criteria and the CBA methodology for submitted projects across regions and evaluation of their European added value.
- Guidance on Development of Network Code amendment proposal on Incremental and New Capacity (Gas).
- Update of the 2nd edition of the Guidance on the REMIT application, 3rd edition of the guidance on the application of REMIT definitions, and update of Q&A paper.
- Recommendation on New Regulatory Framework for Inter-TSO Compensation.
- Recommendation to the EC on the Records of Transactions (balancing market contracts and transportation contracts).
- Recommendation regarding Cross-border Cost Allocation Requests submitted in the framework of the first Union list of electricity and gas projects of common interest.
- Annual Report on REMIT activities.
- ITC monitoring report 2012.
- Report on Capacity Remuneration Mechanisms and the Internal Electricity Market.
- Report on ENTSO-E and ENTSSOG implementation of the tasks in Article 8(1), (2) and (3) of Regulation 714/2009 and Article 8(1), (2) and (3) of Regulation 715/2009 respectively.
- High-Level Conclusions of an Internal Workshop (with concerned NRAs) on Loop flows.
- A Joint ACER-CEER Market Monitoring Report (Article 11 of Regulation (EC) No 713/2009) was issued on 28 November; a presentation took place in Brussels.
- The Regional Initiatives Status Review for 2012 was published in February.
- Four On-line Gas Regional Initiatives (GRIs) and Four On-line Electricity Regional Initiatives (ERIs) quarterly reports were published.
- On 17 May the Agency organised its Annual Conference “Energy Markets: 2014 and beyond”; 200 participants attended.

Source: Annex provided by the Agency.

ANNEX 2

TO OPINION AB 01/2014

**OF THE ADMINISTRATIVE BOARD OF THE AGENCY FOR THE COOPERATION
OF ENERGY REGULATORS**

Final Accounts of the European Agency for the Cooperation of Energy Regulators

and

Report on Budgetary and Financial Management

1 January – 31 December 2013

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CERTIFICATION OF ANNUAL ACCOUNTS

The annual accounts of the Agency for the Cooperation of Energy Regulators (hereinafter 'the Agency') for the year 2013 have been prepared in accordance with Title IX of the Agency's Financial Regulation as well as the accounting rules adopted by the European Commission's Accounting Officer.

I acknowledge my responsibility for the preparation and presentation of the annual accounts of the Agency in accordance with Article 50 of the Agency's Financial Regulation.

I have obtained from the authorising officer, who certified its reliability, all the necessary information 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 fairly, in all material aspects, the financial position, the results of the operations and the cash-flow of the Agency.

13 May 2014



Rodica Mandroc,

Accounting and Budget Officer

INTRODUCTION

LEGAL BASIS

The European Agency for the Cooperation of Energy Regulators (hereinafter referred to as 'the Agency') with the seat in Ljubljana, Slovenia has been established by Regulation (EC) No 713/2009 of the European Parliament and of the Council of 13 July 2009 (the "founding Regulation").

The overall mission of the Agency, according to its founding Regulation, is to assist national regulatory authorities (NRAs) to perform their duties at the European Union level and to coordinate their actions whenever necessary.

The Agency's activities are also governed by the following regulations:

- Regulation (EU) No 838/2010 of 23 September 2010 of the European Parliament and of the Council on Inter-TSO Compensation Mechanism;
- Regulation (EU) No 1227/2011 of 25 October 2011 of the European Parliament and of the Council on wholesale energy market integrity and transparency;
- Regulation (EU) No 347/2013 of 17 April 2013 of the European Parliament and of the Council on guidelines for trans-European energy infrastructure and repealing Decision No 1364/2006/EC and amending Regulation (EC) No 713/2009, (EC) No 714/2009 and (EC) No 715/2009.

BACKGROUND INFORMATION

According to the founding Regulation, the Agency's governing bodies on administrative matters are the Administrative Board and the Director.

The Director of the Agency, Mr Alberto Pototschnig is, according to Article 17 of the founding Regulation, responsible for representing the Agency and in charge of its management.

The Administrative Board, chaired by Mr Piotr Woźniak, is composed of nine members with two members appointed by the European Parliament, five members appointed by the Council and two members appointed by the European Commission. Each member has an alternate.

The Administrative Board shall give an opinion on the final accounts of the Agency as drawn up by the Director in accordance with Article 24(4) and (5) of the founding Regulation.

The Agency's expenditures for 2013 were integrally financed through an annual subsidy from the general budget of the European Union.

In accordance with Article 43(1) of the Agency's Financial Regulation adopted by the Administrative Board with Decision AB n° 22/2011, the Administrative Board appointed Mrs Rodica Mandroc on 22 September 2011 as the Accounting and Budget Officer of the

Agency.

The following accounts together with a report on budgetary and financial management have been drawn up in accordance with Articles 92 – 99 of the Agency's Financial Regulation and Article 24 of the founding Regulation.

PART I – FINANCIAL STATEMENTS

The funds necessary to perform the Agency's operations are received in the form of an annual subsidy from the general budget of the European Union. The initial subsidy for the financial year 2013 amounted to €8,941,220 and has been upwardly adjusted by additional funding towards the end of the year amounting to €2,989,000 assigned to cover expenditure related to the energy market monitoring project. The approval and receipt of this additional funding by the end of October 2013 had a significant impact on the economic and budgetary result for the financial year ending 31 December 2013. The economic outturn account for the year ending 31 December 2013 shows a large positive result of €4.7m (€1.2m in 2012) mainly due to the late receipt of the additional funding whose effective expenditure had to be carried forward in the 2014 financial year.

The impact of the additional funds can be as well observed in the closing balance of the cash and cash equivalents for the financial year showing a closing amount of €5.4m (€2.4 in 2012).

The impact on the budgetary result is presented and detailed in the second part of the annual accounts report.

The following financial statements and notes have been drawn up for the financial year ending 31 December 2013.

ECONOMIC OUTTURN ACCOUNT

for the year ending 31 December 2013

	Notes	1 January - 31 December 2013 €	1 January - 31 December 2012 €
REVENUE	1		
European Commission subsidy		11,514,296.22	6,549,243.89
Other operating revenue		222,373.08	71.09
TOTAL OPERATING REVENUE		11,736,669.30	6,549,314.98
ADMINISTRATIVE AND OPERATIONAL EXPENSES	2		
Staff expenses		4,474,523.55	3,767,277.39
Fixed asset related expenses		193,198.48	163,348.70
Other administrative expenses		1,524,328.50	963,066.20
Operational expenses		574,308.30	447,366.67
TOTAL ADMINISTRATIVE AND OPERATIONAL EXPENSES		6,766,358.83	5,341,058.96
SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES		4,970,310.47	1,208,256.02
FINANCIAL OPERATIONS	3		
Financial operations expenses		52.29	300.00
SURPLUS/ (DEFICIT) FROM FINANCIAL ACTIVITIES		(52.29)	(300.00)
ECONOMIC RESULT OF THE YEAR		4,970,258.18	1,207,956.02

BALANCE SHEET

ASSETS

<i>as of 31 December 2013</i>	Notes	1 January - 31 December 2013 €	1 January - 31 December 2012 €
NON-CURRENT ASSETS			
Intangible fixed assets	4	1,324,759.39	20,402.97
Tangible fixed assets	5	440,087.51	401,064.16
Plant and equipment		1,218.27	1,710.22
Computer hardware		300,897.86	307,927.38
Furniture and vehicles		56,963.92	44,269.10
Other fixtures and fittings		81,007.46	47,157.46
TOTAL NON-CURRENT ASSETS		1,764,846.90	421,467.13
CURRENT ASSETS			
Short-term receivables	6	798,136.14	58,186.25
Current receivables		475,901.55	553.50
Sundry receivables		23,014.50	15,900.52
Prepaid expenses and accrued income		299,220.09	41,732.23
Cash and cash equivalents	7	5,468,548.31	4,215,005.25
TOTAL CURRENT ASSETS		6,266,684.45	4,273,191.50
TOTAL CURRENT AND NON-CURRENT ASSETS		8,031,531.35	4,694,658.63

EQUITY AND LIABILITIES

		1 January - 31 December 2013 €	1 January - 31 December 2012 €
EQUITY			
Accumulated surplus/(deficit)		2,134,886.85	926,930.83
Economic result of the year		4,970,258.18	1,207,956.02
TOTAL EQUITY		7,105,145.03	2,134,886.85
CURRENT LIABILITIES			
Accounts payable	8	926,386.32	2,559,771.78
Current payables		0.00	8,948.77
Accrued expenses and deferred income		507,402.51	269,250.46
Accounts payable with consolidated entities		418,983.81	2,281,572.55
TOTAL CURRENT LIABILITIES		926,386.32	2,559,771.78
TOTAL EQUITY AND LIABILITIES		8,031,531.35	4,694,658.63

CASH FLOW STATEMENT

	Note	1 January - 31 December 2013 €	1 January - 31 December 2012 €
Surplus/(deficit) from operating activities		4,970,310.47	1,208,256.02
Cash Flows from Operating Activities			
<u>Adjustments</u>			
Amortization (intangible fixed assets)		8,932.22	8,388.73
Depreciation (tangible fixed assets)		184,266.26	154,019.05
Depreciation (transferred fixed assets)		748.96	0.00
Amount written off (tangible fixed assets)		0.00	940.92
(Increase)/decrease in Short term Receivables		(739,949.89)	0.00
(Increase)/decrease in Other Liabilities		238,152.05	0.00
Increase/(decrease) in Current payables		(8,948.77)	0.00
Increase/(decrease) in Liabilities related to consolidated entities		(1,862,588.74)	0.00
Net Cash Flow from Operating Activities		2,790,922.56	1,371,604.72
Cash Flows from Investing Activities			
Purchase of tangible and intangible fixed assets		(1,537,327.21)	(97,312.81)
Net Cash Flow from Investing Activities		(1,537,327.21)	(97,312.81)
Financing Activities			
Financial operations revenues/expenses		(52.29)	(300.00)
Net Cash Flow from Financing Activities		(52.29)	(300.00)
Net increase/(decrease) in cash and cash equivalents		1,253,543.06	1,273,991.91
Cash and cash equivalents at the beginning of the period		4,215,005.25	4,215,005.25
Cash and cash equivalents at the end of the period	7	5,468,548.31	2,387,634.18

STATEMENT OF CHANGES IN NET ASSETS

as at 31 December 2013

Net Assets	Opening balance	Economic result of the year	Total Net Assets
	€	€	€
Balance as of 1 January 2013	2,134,886.85	0.00	2,134,886.85
Economic result of the year	0.00	4,970,258.18	4,970,258.18
Balance as of 31 December 2013	2,134,886.85	4,970,258.18	7,105,145.03

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING POLICIES AND PRINCIPLES

The objective of the financial statements in general is to provide users with an overview on the financial performance, position and cash flow of an entity. For a public entity like the Agency this objective is more specific as the information contained is used in the decision making process as well as to demonstrate the accountability of the Agency towards the resources entrusted to it.

The financial statements for the year 2013 were prepared on the basis of the European Commission Accounting Rules as laid down by the accounting officer of the European Commission, applicable to the specific environment of the European Union and which are based on the International Public Sector Accounting Standards and International Financial Reporting Standards. The financial statements are prepared on an accrual basis whereas the reports on the implementation of the budget are prepared on a cash basis. Reconciliation between the two methods is presented in the second part of this report.

The accounting system of the Agency contains general and budget accounts with the functional currency being Euro. The budget accounts provide a detailed picture on the implementation of the budget and are based on cash accounting principles. The general accounts prepared on an accrual accounting basis present the financial performance and position of the Agency as at the end of the financial year.

CURRENCY AND BASIS FOR CONVERSION

Functional and reporting currency

The functional and reporting currency used in the preparation of the financial statements for the Agency is Euro.

Transactions

Foreign currency transactions were converted into Euros in accordance with Article 6 of the general Implementing Rules using the official European Commission exchange rates of the day on which the payment order was drawn up.

Foreign exchange gains and losses resulting from the settlement of transactions in foreign currency are recognised in the economic outturn account.

CHART OF ACCOUNTS

The chart of accounts used by the Agency follows the structure of the chart of accounts used by the European Commission (PCUE).

ECONOMIC OUTTURN ACCOUNT - NOTES

1. Revenue

The 2013 revenues of the Agency consist of

- the subsidy received from the general budget of the European Union,
- income on fixed assets transferred from the parent Directorate,
- income resulted from the application of salary and country coefficient adjustments, and
- foreign exchange realised gains.

	31 December 2013	31 December 2012
	€	€
European Commission subsidy	11,514,296.22	6,549,243.89
Other operating revenue	222,373.08	71.09
	11,736,669.30	6,549,314.98

2. Expenses

Staff expenses consist of personnel-related expenses such as salaries, allowances and other welfare benefits.

Fixed assets-related expenses contain the charge of amortisation of intangible assets and the depreciation of tangible assets for the financial year ending 31 December 2013.

Other administrative expenses consist of costs associated with the building, office running costs, including the cost of physical inventory that does not qualify as financial assets, as well as the cost of interim personnel.

Operational expenses include the cost of operational missions, meetings, workshops, public hearings and other operational expenditure incurred for the functioning of the Agency.

Administrative and operational expenses	31 December 2013	31 December 2012
	€	€
Staff expenses	4,474,523.55	3,767,277.39
Fixed asset related expenses	193,198.48	163,348.70
Other administrative expenses	1,524,328.50	963,066.20
Operational expenses	574,308.30	447,366.67
	6,766,358.83	5,341,058.96

3. Financial expense

Financial expenses relate to bank charges for operating the Agency bank accounts.

Financial expenses	31 December 2013	31 December 2012
	€	€
Financial operations expenses	52.29	300.00

BALANCE SHEET - NOTES

NON-CURRENT ASSETS

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

Fixed assets are assets with a useful life of more than one reporting period. The valuation of fixed assets in the financial statements of the Agency is based at their acquisition price. The book value of these assets is equal to their acquisition price increased or decreased by revaluations, decreased by depreciation and amounts written off.

For the record of fixed assets the Agency uses ABAC Assets2 as inventory application, which is an integrated part of the ABAC platform. Two main categories can be distinguished: intangible and tangible assets.

4. Intangible fixed assets

Intangible fixed assets recorded in the inventory of the Agency consist of assets without physical substance and are represented by acquisitioned software and internally generated intangible assets still under construction at year end.

Intangible assets at book value	31 December 2013	31 December 2012
	€	€
Intangible assets	15,111.89	37,173.02
Intangible assets under construction	1,309,647.50	0.00
	1,324,759.39	37,173.02

5. Tangible fixed assets

Assets with a physical substance recorded in the inventory of the Agency consist mainly of furniture, computer hardware, telecommunication and audio-visual equipment and a small number of other equipment and fittings.

Tangible fixed assets at book value	31 December 2013	31 December 2012
	€	€
Plant and equipment	1,218.27	1,710.22

Computer hardware	300,897.86	307,927.38
Furniture and vehicles	56,963.92	44,269.10
Other fixtures and fittings	81,007.46	47,157.46
	440,087.51	401,064.16

Amortisation and depreciation

Depreciation and amortisation as a systematic allocation of the loss in value over the useful life of an asset is calculated using the straight-line method with the following rates:

Type of asset	Straight line depreciation and amortisation rate
Computer software	25%
Furniture	10%
Transport and kitchen equipment	12.5%
Computer hardware	25%
Technical equipment	25%
Telecommunication audio-visual equipment	25%

Details on the classification and depreciation amounts of the fixed assets can be found in the following table:

FIXED ASSETS											
01.01.2013-31.12.2013											
Account number	Asset category	Opening balance	Additions during the year	Assets transferred from DG ENER	Closing balance	Depreciation Rate and Method	Opening balance	Depreciation charge for the year	Depreciation of assets transferred from DG ENER	Accumulated Depreciation	Closing book value
21001000	Computer software	37,173.02	3,641.14	0.00	40,814.16	L 25%	16,770.05	8,932.22	0.00	25,702.27	15,111.89
21400001	Intangible assets under construction	0.00	1,309,647.50	0.00	1,309,647.50	0.00%	0.00	0.00	0.00	0.00	1,309,647.50
23001000	Plant, machinery and equipment	2,225.65	0.00	0.00	2,225.65	L 12.5%	515.43	491.95	0.00	1,007.38	1,218.27
24001000	Furniture and rolling stock	53,275.94	18,787.44	0.00	72,063.38	L 10%; 12.5%, 25%	9,006.84	6,092.62	0.00	15,099.46	56,963.92
24101000	Computer hardware	544,708.79	146,137.37	1,711.95	692,558.11	L 25%	236,781.41	154,129.88	748.96	391,660.25	300,897.86
24201000	Other fixtures and fittings	62,302.08	57,401.81	0.00	119,703.89	L 25%	15,144.62	23,551.81	0.00	38,696.43	81,007.46
	Totals	699,685.48	1,535,615.26	1,711.95	2,237,012.69		278,218.35	193,198.48	748.96	472,165.79	1,764,846.90

CURRENT ASSETS

Receivables

Receivables are carried at original invoice amount less any write-down for impairment. A write-down for impairment of receivables is established only where there is objective evidence that the Agency will not be able to collect all amounts due according to the original terms of the receivables, with the impaired amount being recognised in the economic outturn for the year.

6. Short-term receivables

The Agency benefits from a direct exemption for VAT from the Slovenian state for purchases above the threshold amount of €60. For purchases where the direct exemption is impracticable to obtain, the VAT is refunded by the Slovenian state on a quarterly basis.

The advance payment made to one of the contractors and recorded as short-term pre-financing relates to services expected to be provided in the course of 2014 by the respective contractor.

Salary advances paid to staff members are processed and/or recovered by the Pay Master Office (PMO) from the staff member salary in the month following that of the payment.

Deferred charges consist of prepayments made during the year mainly on subscriptions and insurance premiums, recovery of overpaid salaries of staff members, December related bank charges and deposit made for the rental of furnished offices from Poslovni Center za Opravljanje Celovitih Pisarniskih Storitve d.o.o.

Overpaid salaries to staff members derive from the application of Council Regulation 1416/2013 from 17 December 2013 on the adjustment of countries' correction coefficient with effect from 1 July 2013. Effective recovery was initiated in February 2014.

	31 December 2013	31 December 2012
	€	€
VAT receivable	901.55	553.50
Short term pre-financing	475,000.00	0.00
Salary advances paid to staff	23,014.50	15,900.52
Deferred charges		
Prepayments	74,985.27	38,781.88
Accrued income	221,284.92	0.00
Bank charges	9.90	10.35
Deposits and guarantees	2,940	2,940
	798,136.14	58,186.25

7. Cash and cash equivalents

The main bank account of the Agency and the imprest account are held with UniCredit AG Germany based on a banking services contract signed between the two parties. At 31

December 2013 the balance of the main bank account contained the 2013 budgetary outturn (approx. €0.4m) that yet has to be returned to the general budget of the general budget of the European Union, and the related cash needed to honour the Agency's financial obligations carried over into 2014 including the extra funds received (€3m) in the form of an budgetary adjustment in November 2013.

	31 December 2013	31 December 2012
	€	€
Bank account	5,458,261.60	4,209,349.08
Imprest account	10,006.98	5,509.70
Petty cash	279.73	146.47
	5,468,548.31	4,215,005.25

EQUITY AND LIABILITIES

8. Current liabilities

As of 31 December 2013 the Agency settled all its current obligations towards its suppliers.

Accrued expenses relate mainly to goods or service delivered at the end of the financial year but for which the invoices have not been received amounting to €397,772.99. According to Staff Regulation (Annex V – Leave, Article 4) the staff members are entitled to a compensation equal to one thirtieth of his/her monthly remuneration for each leave day due to him/her at the time of leaving the service. A holiday compensation amounting to €109 629.52 has been calculated and recognised as accrued expenses for all untaken annual leave entitlements as at the end of the 2013 financial year.

The budgetary outturn result remains the property of the European Commission and the Agency has an obligation to return the unused amount of the pre-financing. The 2013 related budgetary outturn will be returned during 2014 on the request of the European Commission.

Interest yields on the pre-financing fall under the same obligation and have to be returned to the European Commission. The interest earned during the financial year 2013 amounting to €3,060.03 (2012: €6,829.63) will be returned during 2014 at the request of the European Commission.

	31 December 2013	31 December 2012
	€	€
Accounts payable	0.00	8,948.77
Accrued expenses	507,402.51	269,250.46
Repayable positive budgetary outturn (incl. interest)	418,983.81	2,281,572.55
	926,386.32	2,559,771.78

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies for the financial year 2013.

OTHER DISCLOSURE

Contribution in kind

During the financial year 2013 the following contributions in kind have been accepted:

From the Council of European Energy Regulators:

- office space, logistical and secretarial support for the Agency's liaison office in Brussels free of any rent, fees and charges.

From the Government of the Republic of Slovenia:

- use of office space offered free of any rent or related charges pursuant to the Seat Agreement signed on 26 November 2010 for the first two years of the Agency operation. The rent-free period ended on 31 January 2013, date from which the Agency is covering the cost of its premises.

In both cases neither the legal title nor the economic ownership has passed to the Agency, therefore the non-exchange component of these transactions is not accounted for in the accounts of the Agency.

EVENTS AFTER BALANCE SHEET DATE

The Agency has not identified any material event after its balance sheet date that would have an impact on its financial performance and position.

PART II – REPORT ON BUDGETARY AND FINANCIAL MANAGEMENT

The approved EU subsidy for the Agency for the financial year 2013 amounted to €11,930,220, including a budget amendment amounting to €2,989,000 received in October 2013. There was no agreement reached for any contribution towards the Agency from the EFTA states.

The following table presents the implementation of these appropriations for the period between 1 January and 31 December 2013:

Title Chapter	Heading	Appropriation (1)	Committed (2)	% Committed	Paid (3)	% Paid	Balance Commitment (1-2)	Balance Payment (2-3)
TITLE 1	Expenditure relating to staff and resources							
CHAPTER 11	Staff in active employment	4,941,299.00	4,722,872.83	95.58%	4,661,284.38	94.33%	218,426.17	61,588.45
CHAPTER 12	Missions and duty travel	105,000.00	92,515.02	88.11%	72,674.96	69.21%	12,484.98	19,840.06
CHAPTER 13	Socio-medical infrastructure	23,500.00	23,075.05	98.19%	6,236.50	26.54%	424.95	16,838.55
CHAPTER 14	Social services	25,000.00	24,670.95	98.68%	22,044.91	88.18%	329.05	2,626.04
	TOTAL TITLE 1	5,094,799.00	4,863,133.85	95.45%	4,762,240.75	93.47%	231,665.15	100,893.10
TITLE 2	Agency's building and associated costs							
CHAPTER 20	Agency's premises costs	661,110.00	657,242.84	99.42%	538,767.78	81.49%	3,867.16	118,475.06
CHAPTER 21	Data processing	1,888,896.00	1,886,431.42	99.87%	469,933.83	24.88%	2,464.58	1,416,497.59
CHAPTER 22	Movable property and associated costs	157,100.00	151,616.73	96.51%	79,016.46	50.30%	5,483.27	72,600.27
CHAPTER 23	Current administrative expenditure	453,103.00	437,195.94	96.49%	315,851.22	69.71%	15,907.06	121,344.72
CHAPTER 24	Computer infrastructure, telecommunication and postage	238,800.00	234,675.49	98.27%	91,777.65	38.43%	4,124.51	142,897.84
	TOTAL TITLE 2	3,399,009.00	3,367,162.42	99.06%	1,495,346.94	43.99%	31,846.58	1,871,815.48
TITLE 3	Operational expenditure							
CHAPTER 30	Representation expenses	20,000.00	20,000.00	100.00%	9,464.43	47.32%	0.00	10,535.57
CHAPTER 31	Operational missions	240,000.00	237,796.94	99.08%	202,701.04	84.46%	2,203.06	35,095.90
CHAPTER 32	Stakeholder involvement, public relations and website	157,875.00	142,967.31	90.56%	82,002.31	51.94%	14,907.69	60,965.00
CHAPTER 33	Translations	24,537.00	10,379.00	42.30%	4,617.20	18.82%	14,158.00	5,761.80
CHAPTER 34	Professional indemnity	5,000.00	5,000.00	100.00%	5,000.00	100.00%	0.00	0.00
CHAPTER 35	REMIT operations	2,989,000.00	2,988,735.90	99.99%	0.00	0.00%	264.10	2,988,735.90
	TOTAL TITLE 3	3,436,412.00	3,404,879.15	99.08%	303,784.98	8.84%	31,532.85	3,101,094.17
	GRAND TOTAL BUDGET 2013	11,930,220.00	11,635,175.42	97.53%	6,561,372.67	55.00%	295,044.58	5,073,802.75

A detailed description of the 2013 budget implementation can be found under the 'Revenue' and 'Expenditure' sub-sections of the 'Budgetary Management' section of this report.

Other revenue recorded by the Agency as assigned revenue stemming from the fund source IC4 and amounting to €4,198.52 resulted from recovered overpaid amounts during the financial year 2013. From this assigned revenue, €1,661.61 was used towards the expenditure to which it had been assigned.

The following table presents the implementation of these appropriations for the period between 1 January and 31 December 2013:

Chapter	Heading	Appropriation (1)	Committed (2)	% Committed	Paid (3)	% Paid	Balance Commitment (1-2)	Balance Payment (2-3)
CHAPTER 12	Missions and duty travel	1500.00	0	0.00%	0	0.00%	1500.00	0
CHAPTER 14	Social services	1200.00	1200	100.00%	0	0.00%	0.00	1200
CHAPTER 31	Operational missions	1498.52	461.61	30.80%	461.61	30.80%	1036.91	0
	TOTAL FUND SOURCE C4	4,198.52	1,661.61	39.58%	461.61	10.99%	2,536.91	1,200.00

A detailed description of this budget implementation can be found under the 'Revenue' and 'Expenditure' sub-sections of the 'Budgetary Management' section of this report.

In addition to the current year appropriations an amount of €1,951,409.40 was carried forward from the financial year 2012 to honour the payment appropriations from the commitments estimated by the Agency at that point in time. An amount of €1,832,595.01 was consumed by the end of the financial year 2013 with the difference of €118,814.39 to be returned to the European Commission during the financial year 2014.

The following table presents the implementation of these appropriations for the period between 1 January and 31 December 2013:

Title Chapter	Heading	Appropriation (1)	Committed (2)	% Committed	Paid (3)	% Paid	Balance Commitment (1-2)	Balance Payment (2-3)
TITLE 1	Expenditure related to employees of the agency							
CHAPTER 11	Staff in active employment	172,049.72	100,619.85	58.48%	100,619.85	58.48%	71,429.87	0.00
CHAPTER 12	Missions and duty travel	36,209.00	20,366.32	56.25%	20,366.32	56.25%	15,842.68	0.00
CHAPTER 13	Socio-medical infrastructure	9,602.82	7,483.80	77.93%	7,483.80	77.93%	2,119.02	0.00
CHAPTER 14	Social services	1,152.51	782.62	67.91%	782.62	67.91%	369.89	0.00
	TOTAL TITLE 1	219,014.05	129,252.59	59.02%	129,252.59	59.02%	89,761.46	0.00
TITLE 2	Agency's building and associated costs							
CHAPTER 20	Agency premises costs	2,099.17	599.11	28.54%	599.11	28.54%	1,500.06	0.00
CHAPTER 21	Data processing	1,403,505.69	1,403,505.69	100.00%	1,403,505.69	100.00%	0.00	0.00
CHAPTER 22	Movable property and associated costs	72,133.34	71,593.11	99.25%	71,593.11	99.25%	540.23	0.00
CHAPTER 23	Current administrative expenditure	134,324.03	117,610.11	87.56%	117,610.11	87.56%	16,713.92	0.00
CHAPTER 24	Postal charges, telecommunication and computer infrastr.	39,840.40	36,942.38	92.73%	36,942.38	92.73%	2,898.02	0.00
	TOTAL TITLE 2	1,651,902.63	1,630,250.40	98.69%	1,630,250.40	98.69%	21,652.23	0.00
TITLE 3	Operational expenditure							
CHAPTER 30	Representation expenses	5,861.25	5,233.38	89.29%	5,233.38	89.29%	627.87	0.00
CHAPTER 31	Operational missions	3,958.08	2,312.28	58.42%	2,312.28	58.42%	1,645.80	0.00
CHAPTER 32	Stakeholder involvement, public relations and website	63,827.89	59,600.61	93.38%	59,600.61	93.38%	4,227.28	0.00
CHAPTER 33	Translations	1,845.50	945.75	51.25%	945.75	51.25%	899.75	0.00
CHAPTER 34	Professional indemnity	5,000.00	5,000.00	100.00%	5,000.00	100.00%	0.00	0.00
	TOTAL TITLE 3	80,492.72	73,092.02	90.81%	73,092.02	90.81%	7,400.70	0.00
	GRAND TOTAL	1,951,409.40	1,832,595.01	93.91%	1,832,595.01	93.91%	118,814.39	0.00

More details on the implementation of these commitments can be found under the 'Revenue' and 'Expenditure' sub-sections of the 'Budgetary Management' section of this report.

BUDGETARY OUTTURN ACCOUNT

The Budgetary Outturn Account presents on a cash basis the actual amounts cashed as income and the amount of cash consumed to honour the payment of commitments, as well the amounts of unutilised and cancelled appropriations.

	31 December 2013 €	31 December 2012 €
INCOME		
Commission subsidy	11,930,220.00	7,241,850.00
Other income - assigned revenue	4,198.52	4,039.98
TOTAL INCOME	11,934,418.52	7,245,889.98
EXPENSES		
Expenditure related to employees of the Agency - Title I		
Payments	4,762,240.75	4,150,059.22
Carry-forwards	102,093.10	219,014.05
Agency's building and associated expenses - Title II		
Payments	1,495,346.94	447,374.60
Carry-forwards	1,871,815.48	1,651,902.63
Operational expenditure - Title III		
Payments	304,246.59	244,352.51
Carry-forwards	3,101,094.17	80,492.72
TOTAL EXPENSES	11,636,837.03	6,793,195.73
Total appropriations not utilised	297,581.49	448,654.27
BUDGETARY OUTTURN BEFORE SPECIAL ITEMS	297,581.49	452,694.25
Cancelled carry-overs	118,814.39	240,693.78
Exchange rate differences	(472.10)	(781.92)
BUDGETARY OUTTURN	415,923.78	692,606.11
Interest generated by the end of the financial year to be returned to the Commission	3,060.03	6,829.63
Total to be returned to the Commission	418,983.81	699,435.74

BUDGET IMPLEMENTATION

The following tables present the detailed budget implementation by budget Titles, as well as individual budget lines – Fund Source C1 (see also headings for C4 and C8).

	31 December 2013 €
Budget implementation current year – Fund source C1	
TITLE 1	
Budget	5,094,799.00
Committed	4,863,133.85
Paid	4,762,240.75
Carry forward	100,893.10
Total expenditure	4,863,133.85
Appropriations not utilized	231,665.15
Executed	95.45%
TITLE 2	
Budget	3,399,009.00
Committed	3,367,162.42
Paid	1,495,346.94
Carry forward	1,871,815.48
Total expenditure	3,367,162.42
Appropriations not utilized	31,846.58
Executed	99.06%
TITLE 3	
Budget	3,436,412.00
Committed	3,404,879.15
Paid	303,784.98
Carry forward	3,101,094.17
Total expenditure	3,404,879.15
Appropriations not utilized	31,532.85
Executed	99.08%
TOTAL	
Budget	11,930,220.00
Committed	11,635,175.42
Paid	6,561,372.67
Carry forward	5,073,802.75
Total expenditure	11,635,175.42
Appropriations not utilized	295,044.58
Executed	97.53%

Implementation of 2013 budget - fund source C1



Detailed budget implementation of current year appropriations – fund source C1

B.L.	Official Budget Item Description	Appropriation (1)	Committed (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	Balance Commitment (1-2)	Balance Payment (2-3)
A-1100	Basic Salaries and correction	2,696,187.	2,613,381.85	96.93%	2,613,381.85	96.93%	82805.15	0
A-1101	Family allowances	332,800.	318,632.53	95.74%	318,632.53	95.74%	14167.47	0
A-1102	Expatriation and foreign residence allowances	420,423.	413,980.08	98.47%	413,980.08	98.47%	6442.92	0
	Sum:	3,449,410.00	3345994.46	97.00%	3,345,994.46	97.00%	103415.54	0
A-1110	Contract agents	273,599.	258,110.40	94.34%	258,110.40	94.34%	15488.6	0
A-1111	Seconded National Experts	553,100.	514,436.29	93.01%	514,436.29	93.01%	38663.71	0
	Sum:	826,699.00	772,546.69	93.45%	772,546.69	93.45%	54152.31	0
A-1120	Training and information for staff	114,000.	100,142.14	87.84%	70,388.96	61.74%	13857.86	29753.18
	Sum:	114,000.00	100142.14	87.84%	70,388.96	61.74%	13857.86	29753.18
A-1130	Insurance against sickness	103,361.	100,755.62	97.48%	100,755.62	97.48%	2605.38	0
A-1131	Insurance against accidents and occupational disease	17,179.	16,456.72	95.80%	16,456.72	95.80%	722.28	0
A-1132	Unemployment insurance for temporary staff	38,242.	37,787.30	98.81%	37,787.30	98.81%	454.7	0
	Sum:	158,782.00	154999.64	97.62%	154,999.64	97.62%	3762.36	0
A-1140	Birth and death grants	1,983.	863.73	43.56%	863.73	43.56%	1119.27	0
A-1141	Annual travel expenses from the place of work to origin	63,367.	56,213.88	88.71%	56,213.88	88.71%	7153.12	0
A-1142	Schooling fees	5,000.	3,400.00	68.00%	3,400.00	68.00%	1600	3400
	Sum:	70,350.00	60477.61	85.97%	57,077.61	81.13%	9872.39	3400
A-1160	Expenditure related to recruitment	72,500.	72,500.00	100.00%	63,170.33	87.13%	0	9329.67
A-1161	Travel expense to take up duty	8,500.	2,315.37	27.24%	2,315.37	27.24%	6184.63	0
A-1162	Installation resettlement and transfer allowances	73,777.	50,274.79	68.14%	50,274.79	68.14%	23502.21	0
A-1163	Temporary daily subsistence allowances	30,717.	27,282.26	88.82%	27,282.26	88.82%	3434.74	0
	Sum:	185,494.00	152372.42	82.14%	143,042.75	77.11%	33121.58	9329.67
A-1170	Supplementary clerical and interim services	100,000.	99,775.87	99.78%	83,811.86	83.81%	224.13	15964.01
A-1171	Administrative assistance	36,564.	36,564.00	100.00%	33,422.41	91.41%	0	3141.59
	Sum:	136,564.00	136339.87	99.84%	117,234.27	85.85%	224.13	19105.6
A-1200	Mission expenses Administrative staff	35,000.	30,293.52	86.55%	24,264.37	69.33%	4706.48	6029.15
A-1201	Mission expenses Director	30,000.	24,221.50	80.74%	20,748.91	69.16%	5778.5	3472.59
A-1202	Mission expenses Director Office staff	40,000.	36,000.00	90.00%	27,661.68	69.15%	2000	10338.32
	Sum:	105,000.00	92515.02	88.11%	72,674.96	69.21%	12484.98	19840.06

B.L.	Official Budget Item Description	Appropriation (1)	Committed (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	Balance Commitment (1-2)	Balance Payment (2-3)
A-1300	Medical services and equipment	23,500.	23,075.05	98.19%	6,236.50	26.54%	424.95	16838.55
	Sum:	23,500.00	23075.05	98.19%	6,236.50	26.54%	424.95	16838.55
A-1401	Social welfare of staff	20,000.	19,979.09	99.90%	19,529.47	97.65%	20.91	449.62
	Sum:	20,000.00	19979.09	99.90%	19,529.47	97.65%	20.91	449.62
A-1410	Staff Committee	5,000.	4,691.86	93.84%	2,515.44	50.31%	308.14	2176.42
	Sum:	5,000.00	4691.86	93.84%	2,515.44	50.31%	308.14	2176.42
A-2000	Rent	406,501.	406,369.92	99.97%	337,283.78	82.97%	131.08	69086.14
A-2001	Removal costs	8,799.	8,786.00	99.85%	6,871.00	78.09%	13	1915
	Sum:	415,300.00	415155.92	99.97%	344,154.78	82.87%	144.08	71001.14
A-2010	Utilities	90,500.	90,500.00	100.00%	78,404.62	86.63%	0	12095.38
A-2011	Cleaning and maintenance	33,000.	33,000.00	100.00%	27,508.02	83.36%	0	5491.98
	Sum:	123,500.00	123500	100.00%	105,912.64	85.76%	0	17587.36
A-2020	Insurance	3,500.	2,693.85	76.97%	2,693.85	76.97%	806.15	0
	Sum:	3,500.00	2693.85	76.97%	2,693.85	76.97%	806.15	0
A-2030	Security and surveillance of buildings	30,210.	30,210.00	100.00%	15,091.06	49.95%	0	15118.94
A-2031	Health and safety at work	900.	813.00	90.33%	813.00	90.33%	87	0
	Sum:	31,110.00	31023	99.72%	15,904.06	51.12%	87	15118.94
A-2040	Other expenditure on buildings	87,700.	84,870.07	96.77%	70,102.45	79.93%	2829.93	14787.62
A-2041	Audio & Video equipment-maintenance	0.	0.	0.00%	0.	0.00%	0	0
	Sum:	87,700.00	84870.07	96.77%	70,102.45	79.93%	2829.93	14787.62
A-2100	Consumables	3,500.	3,416.57	97.62%	1,244.97	35.57%	83.43	2171.6
A-2101	Software	41,709.	41,709.10	100.00%	41,709.10	100.00%	0	0
A-2102	Subscriptions IT	138,400.	136,461.38	98.60%	105,735.21	76.40%	1938.62	30726.17
A-2103	REMIT Hosting Services	160,000.	159,914.34	99.95%	59,953.92	37.47%	85.66	99960.42
A-2104	REMIT applications development	995,000.	994,999.90	100.00%	124,997.50	12.56%	0	870002.4
A-2105	REMIT monitoring software	75,000.	75,000.00	100.00%	75,000.00	100.00%	0	0
A-2106	REMIT consultancy	475,287.	474,930.13	99.92%	61,293.13	12.90%	356.87	413637
	Sum:	1,889,896.00	1886431.42	99.87%	469,933.83	24.88%	2454.58	1416497.59
A-2210	Purchase of furniture	36,600.	33,316.73	91.03%	17,178.84	46.94%	3283.27	16137.89
	Sum:	36,600.00	33316.73	91.03%	17,178.84	46.94%	3283.27	16137.89

B.L.	Official Budget Item Description	Appropriation (1)	Committed (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	Balance Commitment (1-2)	Balance Payment (2-3)
A-2220	Transportation costs	17,000.00	14,800.00	87.06%	13,153.02	77.37%	2200	1646.98
	Sum:	17,000.00	14800	87.06%	13,153.02	77.37%	2200	1646.98
A-2230	Library acquisitions	103,500.00	103,500.00	100.00%	48,684.60	47.04%	0	54815.4
	Sum:	103,500.00	103500	100.00%	48,684.60	47.04%	0	54815.4
A-2300	Stationery and office supplies	15,000.00	14,607.82	97.39%	8,198.10	54.65%	392.18	6409.72
	Sum:	15,000.00	14607.82	97.39%	8,198.10	54.65%	392.18	6409.72
A-2310	Bank charges	2,000.00	300.00	15.00%	178.74	8.94%	1700	121.26
	Sum:	2,000.00	300	15.00%	178.74	8.94%	1700	121.26
A-2320	Legal expenses	0.	0.	0.00%	0	0	0	0
A-2321	Expert consultation	224,000.00	221,875.00	99.05%	205,947.26	91.94%	2125	15927.74
	Sum:	224,000.00	221875	99.05%	205,947.26	91.94%	2125	15927.74
A-2330	Administrative Board meetings	37,500.00	29,000.00	77.33%	9,388.56	25.04%	8500	19611.44
A-2331	Board of Regulators meetings	125,200.00	125,200.00	100.00%	56,586.36	45.20%	0	68613.64
A-2332	Board of Appeal meetings	24,200.00	24,200.00	100.00%	13,871.08	57.32%	0	10328.92
A-2333	External participants to meetings	5,003.00	4,005.12	80.05%	4,005.12	80.05%	997.88	0
A-2334	EU Agencies Network	20,200.00	18,008.00	89.15%	17,676.00	87.50%	2192	332
	Sum:	212,103.00	200413.12	94.49%	101,527.12	47.87%	11689.88	98886
A-2400	Postal charges	4,200.00	4,200.00	100.00%	2,741.67	65.28%	0	1458.33
	Sum:	4,200.00	4200	100.00%	2,741.67	65.28%	0	1458.33
A-2410	Telecommunications subscriptions and charges	37,600.00	37,200.00	98.94%	30,643.79	81.50%	400	6556.21
	Sum:	37,600.00	37200	98.94%	30,643.79	81.50%	400	6556.21
A-2420	Hardware and other equipment	197,000.00	193,275.49	98.11%	58,392.19	29.64%	3724.51	134883.3
	Sum:	197,000.00	193275.49	98.11%	58,392.19	29.64%	3724.51	134883.3
B3-000	Representation expenses	20,000.00	20,000.00	100.00%	9,464.43	47.32%	0	10535.57
	Sum:	20,000.00	20000	100.00%	9,464.43	47.32%	0	10535.57
B3-100	Operational Missions Gas Department	75,000.00	75,000.00	100.00%	62,099.53	82.80%	0	12900.47
B3-101	Operational Missions Electricity Department	90,000.00	87,796.94	97.55%	73,178.04	81.31%	2203.06	14618.9
B3-102	Operational Missions Market Monitoring Department	75,000.00	75,000.00	100.00%	67,423.47	89.90%	0	7576.53
	Sum:	240,000.00	237796.94	99.08%	202,701.04	84.46%	2203.06	35095.9

B.L.	Official Budget Item Description	Appropriation (1)	Committed (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	Balance Commitment (1-2)	Balance Payment (2-3)
B3-200	Public hearings workshops conferences	72,875.	66,321.20	91.01%	61,785.20	84.78%	6553.8	4536
B3-201	Website set up and maintenance	45,000.	44,680.00	99.29%			320	44680
B3-202	Publications information material	15,000.	14,945.11	99.63%	12,268.11	81.79%	54.89	2677
B3-203	Reports production	25,000.	17,021.00	68.08%	7,949.00	31.80%	7979	9072
	Sum:	157,875.00	142967.31	90.56%	82,002.31	51.94%	14907.69	60965
B3-300	Translation at CDT	24,537.	10,379.00	42.30%	4,617.20	18.82%	14158	5761.8
	Sum:	24,537.00	10379	42.30%	4,617.20	18.82%	14158	5761.8
B3-400	Insurance	5,000.	5,000.00	100.00%	5,000.00	100.00%	0	0
	Sum:	5,000.00	5000	100.00%	5,000.00	100.00%	0	0
B3-500	Hosting deployment and operations	2,089,000.	2,088,735.90	99.99%			264.1	2088735.9
B3-502	SMARTS development licenses and consultancy	900,000.	900,000.00	100.00%			0	900000
B3-504	REMIT hardware	0.	0.	0.00%			0	0
	Sum:	2,989,000.00	2988735.9	99.99%			264.1	2988735.9
	Sum:	11,930,220.00	11635175.42	97.53%	6561372.67	55.00%	295044.58	5073802.75

BUDGET IMPLEMENTATION CURRENT YEAR – FUND SOURCE C4

**31 December
 2013
 €**

TITLE 1

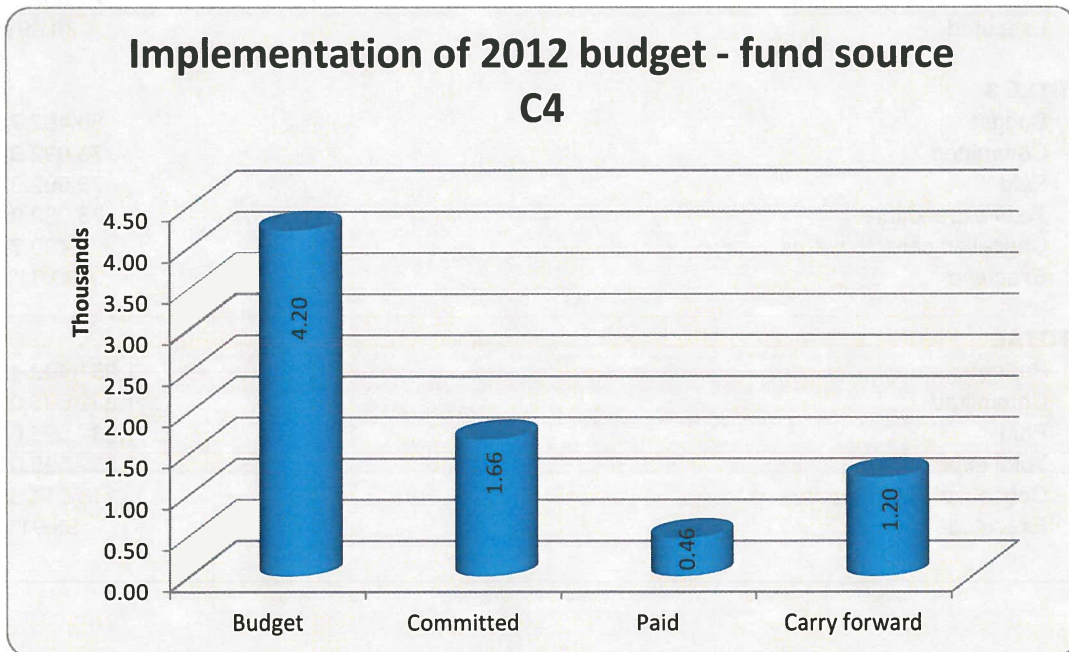
Budget	2,700.00
Committed	1,200.00
Paid	0.00
Carry forward	1,200.00
Total expenditure	1,200.00
Appropriations not utilized	1,500.00
Executed	44.44%

TITLE 3

Budget	1,498.52
Committed	461.61
Paid	461.61
Total expenditure	461.61
Appropriations not utilized	1,036.91
Executed	30.80%

TOTAL

Budget	4,198.52
Committed	1,661.61
Paid	461.61
Carry forward	1,200.00
Total expenditure	1,661.61
Appropriations not utilized	2,536.91
Executed	39.58%



B.L.	Official Budget Item Description	Appropriation (1)	Committed (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	Balance Commitment (1-2)	Balance Payment (2-3)
A-1202	Mission expenses Director Office staff	1,500		0.00%			1500	
	Sum:	1,500.00		0.00%			1500	
A-1401	Social welfare of staff	1,200	1,200.00	100.00%			0	1200
	Sum:	1,200.00	1200	100.00%			0	1200
B3-100	Operational Missions Gas Department	1,499	461.61	30.80%	461.61	30.80%	1036.91	0
	Sum:	1,498.52	461.61	30.80%	461.61	30.80%	1036.91	0
	Sum:	4,198.52	1661.61	39.58%	461.61	10.99%	2536.91	1200

BUDGET IMPLEMENTATION APPROPRIATION FUND SOURCE – C8

31 December
2013
€

TITLE 1

Budget	219,014.05
Committed	129,252.59
Paid	129,252.59
Total expenditure	129,252.59
Cancelled carry forwards	89,761.46
Executed	59.02%

TITLE 2

Budget	1,651,902.63
Committed	1,630,250.40
Paid	1,630,250.40
Total expenditure	1,630,250.40
Cancelled carry forwards	21,652.23
Executed	98.69%

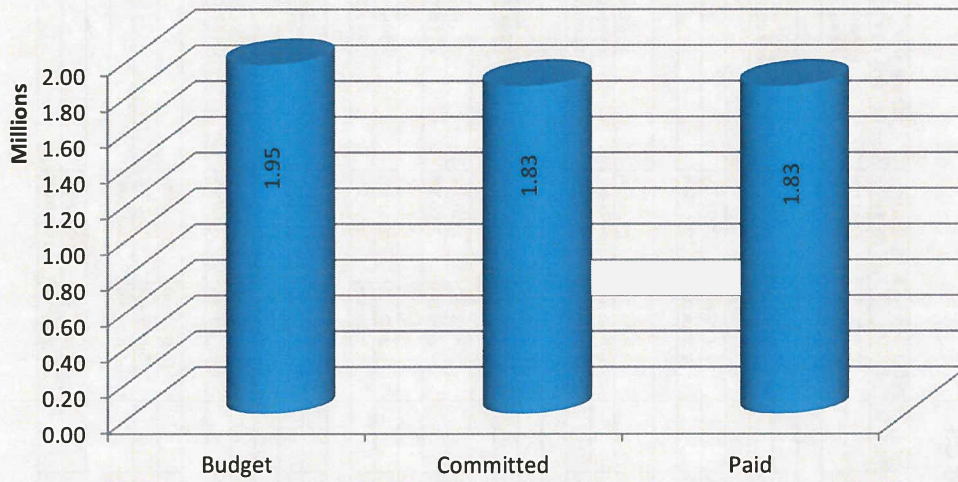
TITLE 3

Budget	80,492.72
Committed	73,092.02
Paid	73,092.02
Total expenditure	73,092.02
Cancelled carry forwards	7,400.70
Executed	90.81%

TOTAL

Budget	1,951,409.40
Committed	1,832,595.01
Paid	1,832,595.01
Total expenditure	1,832,595.01
Cancelled carry forwards	118,814.39
Executed	93.91%

Implementation of 2012 budget - fund source C8



Detailed budget implementation of appropriations carried forward – fund source C8

B.L.	Official Budget Item Description	Appropriation	Committed (2)	% Committed	Paid (3)	% Paid (3/1)	Balance Commitment (1-2)	Balance Payment (2-3)
A-1120	Training and information for staff	57,821.	40,132.47	69.41%	40,132.47	69.41%	17,688.42	0
	Sum:	57,820.89	40,132.47	69.41%	40,132.47	69.41%	17,688.42	0
A-1142	Schooling fees	82,476.	32,733.15	39.69%	32,733.15	39.69%	49,743.26	0
	Sum:	82,476.41	32,733.15	39.69%	32,733.15	39.69%	49,743.26	0
A-1160	Expenditure related to recruitment	17,728.	17,728.31	100.00%	17,728.31	100.00%	0	0
	Sum:	17,728.31	17,728.31	100.00%	17,728.31	100.00%	0	0
A-1170	Supplementary clerical and interim services	6,630.	4,740.75	71.51%	4,740.75	71.51%	1,888.96	0
A-1171	Administrative assistance	7,394.	5,285.17	71.48%	5,285.17	71.48%	2,109.23	0
	Sum:	14,024.11	10,025.92	71.49%	10,025.92	71.49%	3,998.19	0
A-1200	Mission expenses Administrative staff	36,209.	20,366.32	56.25%	20,366.32	56.25%	15,842.68	0
	Sum:	36,209.00	20,366.32	56.25%	20,366.32	56.25%	15,842.68	0
A-1300	Medical services and equipment	9,603.	7,483.80	77.93%	7,483.80	77.93%	2,119.02	0
	Sum:	9,602.82	7,483.8	77.93%	7,483.80	77.93%	2,119.02	0
A-1401	Social welfare of staff	1,153.	782.62	67.91%	782.62	67.91%	369.89	0
	Sum:	1,152.51	782.62	67.91%	782.62	67.91%	369.89	0
A-2000	Rent	1,511.	568.00	37.59%	568.00	37.59%	943	0
	Sum:	1,511.00	568	37.59%	568.00	37.59%	943	0
A-2040	Other expenditure on buildings	588.	31.11	5.29%	31.11	5.29%	557.06	0
	Sum:	588.17	31.11	5.29%	31.11	5.29%	557.06	0
A-2101	Software	1,343,000.	1,343,000.00	100.00%	1,343,000.00	100.00%	0	0
A-2102	Subscriptions IT	60,506.	60,505.69	100.00%	60,505.69	100.00%	0	0
	Sum:	1,403,505.69	1,403,505.69	100.00%	1,403,505.69	100.00%	0	0
A-2210	Purchase of furniture	51,999.	51,998.72	100.00%	51,998.72	100.00%	0	0
	Sum:	51,998.72	51,998.72	100.00%	51,998.72	100.00%	0	0

B.L.	Official Budget Item Description	Appropriation (1)	Committed (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	Balance Commitment (1-2)	Balance Payment (2-3)
A-2220	Transportation costs	4,199.	3,831.80	91.26%	3,831.80	91.26%	366.75	0
	Sum:	4,199.55	3,831.8	91.26%	3,831.80	91.26%	366.75	0
A-2230	Library acquisitions	15,936.	15,762.59	98.91%	15,762.59	98.91%	173.48	0
	Sum:	15,936.07	15,762.59	98.91%	15,762.59	98.91%	173.48	0
A-2300	Stationery and office supplies	918.	690.24	75.16%	690.24	75.16%	228.1	0
	Sum:	918.34	690.24	75.16%	690.24	75.16%	228.1	0
A-2310	Bank charges	146.	0.00	0.00%			146.45	0
	Sum:	146.45	0	0.00%	0	0.00%	146.45	0
A-2321	Expert consultation	80,092.	68,850.90	85.97%	68,850.90	85.97%	11240.76	0
	Sum:	80,091.66	68,850.9	85.97%	68,850.90	85.97%	11240.76	0
A-2330	Administrative Board meetings	12,598.	7,692.88	61.07%	7,692.88	61.07%	4904.79	0
A-2331	Board of Regulators meetings	37,044.	37,044.28	100.00%	37,044.28	100.00%	0	0
A-2333	External participants to meetings	3,526.	3,331.83	94.50%	3,331.83	94.50%	193.82	0
	Sum:	53,167.58	48,068.97	90.41%	48,068.97	90.41%	5098.61	0
A-2400	Postal charges	815.	168.10	20.62%	168.10	20.62%	647.1	0
	Sum:	815.20	168.1	20.62%	168.10	20.62%	647.1	0
A-2410	Telecommunications subscriptions and charges	4,456.	2,205.55	49.49%	2,205.55	49.49%	2250.92	0
	Sum:	4,456.47	2,205.55	49.49%	2,205.55	49.49%	2250.92	0
A-2420	Hardware and other equipment	34,569.	34,568.73	100.00%	34,568.73	100.00%	0	0
	Sum:	34,568.73	34,568.73	100.00%	34,568.73	100.00%	0	0
B3-000	Representation expenses	5,861.	5,233.38	89.29%	5,233.38	89.29%	627.87	0
	Sum:	5,861.25	5,233.38	89.29%	5,233.38	89.29%	627.87	0
B3-100	Operational Missions Gas Department	3,958.	2,312.28	58.42%	2,312.28	58.42%	1645.8	0
	Sum:	3,958.08	2,312.28	58.42%	2,312.28	58.42%	1645.8	0

B.L.	Official Budget Item Description	Appropriation (1)	Committed (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	Balance Commitment (1-2)	Balance Payment (2-3)
B3-200	Public hearings workshops conferences	6,241.	6,091.61	97.61%	6,091.61	97.61%	148.94	0
B3-201	Website set up and maintenance	39,990.	39,990.00	100.00%	39,990.00	100.00%	0	0
B3-202	Publications information material	1,331.	1,025.00	77.02%	1,025.00	77.02%	305.84	0
B3-203	Reports production	16,267.	12,494.00	76.81%	12,494.00	76.81%	3772.5	0
	Sum:	63,827.89	59600.61	93.38%	59,600.61	93.38%	4227.28	0
B3-300	Translation at ODT	1,846.	945.75	51.25%	945.75	51.25%	899.75	0
	Sum:	1,845.50	945.75	51.25%	945.75	51.25%	899.75	0
B3-400	Insurance	5,000.	5,000.00	100.00%	5,000.00	100.00%	0	0
	Sum:	5,000.00	5000	100.00%	5,000.00	100.00%	0	0
	Sum:	1,951,409.40	1832595.01	93.91%	1832595.01	93.91%	118814.39	0

BUDGETARY OUTTURN RECONCILIATION

Given the different basis of the presentation of the information between the budgetary and financial statements, reconciliation is performed between the two systems, as follows:

RECONCILIATION BETWEEN ACCRUAL BASED ECONOMIC RESULT AND CASH BASED BUDGET RESULT		
	2013	2012
Economic result for the year	4,970,258.18	1,207,956.02
Adjustment for accrual items (items not in the budgetary result but included in the economic result)		
Adjustments for Accrual Cut-off (reversal 31.12.N-1)	(230,468.58)	(384,104.59)
Adjustments for Accrual Cut-off (cut-off 31.12.N)	432,417.24	230,468.58
Amount from liaison account with Commission booked in the Economic Outturn Account	(6,232.24)	(13,149.07)
Unpaid invoices at year end but booked in charges	0.00	15,501.95
Depreciation of intangible and tangible assets	193,198.48	161,945.38
Accrued income	(221,284.92)	0.00
Payments made from carry over of payment appropriations	1,832,595.01	590,143.87
Bank charges and received interest at year end	(3,069.93)	(10.35)
Adjustment for budgetary items (item included in the budgetary result but not in the economic result)		
Asset acquisitions	(1,536,578.25)	(97,312.81)
New pre-financing paid in the year 2013 and remaining open as at 31.12.2013	(475,000.00)	0.00
New pre-financing received in the year 2013 and remaining open as at 31.12.2013	415,923.78	692,606.11
Payment appropriations carried over to N+1	(5,075,002.75)	(1,951,409.40)
Cancellation of unused carried over payment appropriations from previous year	118,814.39	240,693.78
Other non-reconciled items	(118.73)	58.56
total	415,451.68	693,388.03
Budgetary result	415,923.78	692,606.11
Including amount of exchange rate differences	(472.10)	781.92
Amount not explained	0.00	0.00

BUDGETARY MANAGEMENT

Budgetary principles

The budget of the Agency has been established in compliance with the principles of unity, budgetary accuracy, annuality, equilibrium, unit of account, universality, specification, sound financial management and transparency, as set out in the Agency's Financial Regulation.

Subsidy from the general budget of the European Union

Commitment and payment appropriations amounting to €11,930,220 were allocated to the Agency in 2013 from the general budget of the European Union. This included a budget amendment of €2,989,000 and was allocated as follows:

ACER Budget 2013	€
Title I	5,094,799
Title II	3,399,009
Title III	3,436,412
Total	<u>11,930,220</u>

Budget and accounting management systems

In order to record and keep track of the budgetary transactions, the Agency uses ABAC, the same financial system used by the European Commission, with the SAP system integrated as back-end for the accounting part. The Business Objects web platform is used as the reporting tool. The workflow access in ABAC allows for an instant audit trail and provides the authorising officer with an overview on the segregation of duties compliance as required under the 'four-eyes' principle. The inventories are managed by the Agency in accordance with its Financial Regulation and the system used to record inventory items is ABAC Assets2.

Nomenclature

The nomenclature of appropriations is as follows:

- C1: Appropriations voted in the current budget
- C4: Internal assigned revenue (current year)
- C8: Commitments carried forward corresponding appropriations
- IC1: Universal income voted in the budget
- IC4: Internal assigned revenue

REVENUE

For the financial year ending 31 December 2013 the Agency's budget was funded by a subsidy from the general European Union budget amounting to €11,930,220. On top of the annual subsidy an amount of €4,198.052 was recognised under the fund source IC4 as

assigned revenue stemming from recovered overpaid amounts.

Non-budgetary revenue in the form of bank interest received on the daily account balance amounting to €3,060.03 and recorded in the accounts of the Agency will be returned to the European Commission according to Article 51 of the Agency's Financial Regulation. Also to be returned to the European Commission is the positive result of the budgetary outturn amounting to €415,923.78, containing the unused 2013 appropriation of €297,581.49, the cancelled appropriations carried forward from 2012 amounting to €118,814.39 and an exchange rate loss of €472.10.

EXPENDITURE

Current year appropriations – C1

Title	Heading	Original Budget	Budget amendment	Final Budget	Commitments	Commitment execution	Payments	Payment execution
TITLE 1	EXPENDITURE RELATING TO EMPLOYEES OF THE AGENCY	5,886,199.00	0.00	5,094,799.00	4,863,133.85	95.45%	4,762,240.75	93.47%
TITLE 2	AGENCY'S BUILDING AND ASSOCIATED COSTS	2,652,609.00	0.00	3,399,009.00	3,367,162.42	99.06%	1,495,346.94	43.99%
TITLE 3	OPERATIONAL EXPENDITURE	402,412.00	2,989,000.00	3,436,412.00	3,404,879.15	99.08%	303,784.98	8.84%
	TOTAL BUDGET 2011	8,941,220.00	2,989,000.00	11,930,220.00	11,635,175.42	97.53%	6,561,372.67	55.00%

Title 1

The budget allocated under Title 1 was implemented to a level of 95.45% during the financial year 2013. The budgetary reserve set aside for salaries indexation was cancelled as the proposed indexation has not been approved.

Title 2

The Agency managed to finalise most of the tender procedures launched during the financial year 2013 and this resulted in a high implementation of the allocated budget under Title 2.

A few large and complex tender procedures also lengthy in terms of processing time, led to a low implementation of the payment appropriations resulting in the need to carry forward these funds into the following financial year.

Title 3

The budget amendment requested during 2013 necessary to ensure continuity in the implementation of Regulation (EU) No 1227/2011 on Wholesale energy market integrity and transparency, received towards the end of October 2013. The Agency managed to place all the planned orders before the end of the year, which resulted in a high implementation of the commitment appropriation. However, the late approval of the budget amendment resulted in the need to carry forward these funds into the following year to honour the legal obligations and the implementation of the payment appropriations for this title remained low.

Current year assigned revenue – C4

Title	Heading	Assigned revenue	Commitments	Commitment execution	Payments	Payment execution
TITLE 1	EXPENDITURE RELATING TO EMPLOYEES OF THE AGENCY	2,700.00	1,200.00	44.44%	-	0.00%
TITLE 3	OPERATIONAL EXPENDITURE	1,498.52	461.61	30.80%	461.61	30.80%
	TOTAL	4,198.52	1,661.61	39.58%	461.61	10.99%

From the overpaid amounts amounting to €4,198.52 recorded as assigned revenue for the financial year an amount of €1,661.61 was used before the year end to cover expenditure for which it was assigned to.

Carry forward appropriation – fund source C8

Title	Heading	Budget carried forward from 2012	Commitments	Commitment execution	Payments	Payment execution
TITLE 1	EXPENDITURE RELATING TO EMPLOYEES OF THE AGENCY	219,014.00	129,252.59	59.02%	129,252.59	59.02%
TITLE 2	AGENCY'S BUILDING AND ASSOCIATED COSTS	1,651,903.00	1,630,250.40	98.69%	1,630,250.40	98.69%
TITLE 3	OPERATIONAL EXPENDITURE	80,492.00	73,092.02	90.81%	73,092.02	90.81%
	TOTAL	1,951,409.00	1,832,595.01	93.91%	1,832,595.01	93.91%

Title 1

Appropriations carried forward under Title 1 related mainly to recruitment costs for the vacant positions published during 2012, staff training costs, schooling fees and missions expenditure. The majority of cancelled appropriation related to the decision to stop the payment of schooling top-up fees. The cancelled amounts will be returned to the European Commission during 2014.

Title 2

Most of the appropriations carried forward under this title were consumed in order to honour obligations the Agency had towards its suppliers. The unused portion was cancelled and is to be returned to the European Commission.

Title 3

Appropriations carried forward under this Title to cover outstanding operational expenditure from the financial year 2013 resulted in a minor saving given the margin recorded on mission orders which was no longer needed as most claims were more or less matching the orders. A minor saving was also recorded under the production of reports leading to an overall implementation of the carried forward budget under this Title of 90.81%.

Budget transfers

During the financial year 2013 a number of budgetary transfers took place in order to reallocate resources from areas where budgetary savings were identified towards areas of scarce resources to ensure the achievement of the year's objectives. There were 12 lots of approved budgetary transfers made within and between titles including one budget transfer above the 10% limit as approved by the Administrative Board.

The following table presents the detailed budgetary transfers made during the financial year.

Budget Line	Acceptance Date	Fund Source	Amended Budget (C1)	17/12/2012 Initial Budget	17/12/2012 Initial Budget	31/07/2013 Normal Transfer	27/02/2013 Normal Transfer	09/09/2013 Normal Transfer	10/07/2013 Normal Transfer	01/09/2013 Normal Transfer	05/09/2013 Normal Transfer	17/09/2013 Normal Transfer	02/10/2013 Normal Transfer	08/10/2013 Normal Transfer	07/12/2013 Normal Transfer	08/12/2013 Normal Transfer	29/11/2013 Normal Transfer	Credit Available Com Amount
A0100	Basis Salaries and correction	C1	2,403,986.00	542,168.00														2,696,187.00
A0101	Family allowance	C1	345,970.00	79,030.00											-51,200.00			332,800.00
A0102	Expatriation and foreign residence allowances	C1	409,399.00	92,334.00											-36,300.00			429,423.00
A0110	Contract agents	C1	294,053.00	66,546.00											-43,000.00		-15,000.00	273,599.00
A0111	Seconded National Experts	C1	486,580.00	110,420.00												-6,800.00		593,100.00
A0120	Training and information for staff	C1	73,437.00	16,953.00		9,000.00											15,000.00	114,000.00
A0130	Insurance against sickness and occupational disease	C1	92,254.00	20,607.00											-10,500.00			103,351.00
A0131	Insurance against accidents and occupational disease	C1	24,177.00	5,462.00											-2,000.00			17,779.00
A0132	Unemployment insurance for temporary staff	C1	31,204.00	7,039.00														39,242.00
A0140	Birth and death grants	C1	1,618.00	365.00														1,983.00
A0141	Annual travel expenses from the place of work to o	C1	60,110.00	13,697.00											-6,900.00			53,207.00
A0142	Schooling fees	C1	122,396.00	27,605.00											-130,000.00		-5,000.00	5,000.00
A0160	Supplements related to recruitment	C1	84,046.00	18,955.00											-30,000.00			72,000.00
A0161	Travel expenses to take up duty	C1	29,660.00	5,337.00											-20,000.00			9,500.00
A0162	Installation resettlement and transfer allowances	C1	49,692.00	11,185.00														73,777.00
A0163	Supplements related to daily subsistence allowances	C1	45,453.00	9,794.00											-6,900.00		-13,000.00	30,717.00
A0170	Supplementary clerical and interim services	C1	81,597.00	16,403.00														100,000.00
A0171	Administrative assistance	C1	29,835.00	6,729.00														36,564.00
A0180	Mission Expenses Administrative staff	C1	46,998.00	11,042.00											-20,000.00			35,000.00
A01201	Mission Expenses Director	C1	24,479.00	5,521.00														30,000.00
A01202	Office staff	C1	32,639.00	7,361.00														40,000.00
A01900	Medical services and equipment	C1	19,175.00	4,325.00														23,500.00
A01401	Social welfare of staff	C1	12,240.00	2,760.00														20,000.00
A0110	Staff Committee	C1	4,080.00	920.00														5,000.00
A02000	Rent	C1	486,580.00	110,421.00		-9,000.00											-18,500.00	486,581.00
A02001	Removed costs	C1	122,394.00	27,605.00														140,000.00
A02010	Utilities	C1	89,756.00	20,244.00														105,000.00
A02011	Cleaning and maintenance	C1	40,798.00	9,202.00														37,600.00
A02020	Insurance	C1	12,240.00	2,760.00														13,000.00
A02030	Security and surveillance of buildings	C1	66,277.00	14,723.00														11,500.00
A02041	Health and safety at work	C1	5,160.00	1,840.00														48,700.00
A02040	Other expenditure on buildings	C1	81,597.00	18,403.00														900.00
A02041	Audio-visuals equipment maintenance	C1	4,080.00	920.00														5,000.00
A02100	Consumables	C1	12,240.00	2,760.00														100,000.00
																		0.00
																		3,500.00
																		11,500.00

Budget Line	Acceptance Date	04/11/2013	17/12/2012	17/12/2012	31/01/2013	27/02/2013	06/06/2013	10/07/2013	01/09/2013	05/09/2013	17/09/2013	02/10/2013	06/10/2013	07/11/2013	08/11/2013	20/11/2013	Credit Available Com Amount
Description	Amended Budget (C1)	Initial Budget	Initial Budget	Normal Transfer	Normal Transfer	Normal Transfer	Normal Transfer	Normal Transfer	Normal Transfer	Normal Transfer	Normal Transfer	Normal Transfer	Normal Transfer	Normal Transfer	Normal Transfer	Normal Transfer	
A02101 Software	C1	48,958.00	11,042.00														41,706.10
A02102 Subscriptions IT	C1	131,207.00	29,593.00														138,400.00
A02103 FEMT Hosting Services	C1	40,798.00	9,202.00														60,000.00
A02104 FEMT applications development	C1	28,659.00	9,441.00														984,999.90
A02105 FEMT monitoring software	C1	20,399.00	4,601.00														75,000.00
A02106 FEMT consultancy	C1	32,639.00	7,381.00														475,287.00
A02210 Purchase of furniture	C1	58,750.00	13,250.00														46,000.00
A02220 Transportation costs	C1	24,479.00	6,521.00														17,000.00
A02290 Library acquisitions	C1	57,118.00	12,882.00														86,500.00
A02300 Stationery and office supplies	C1	16,319.00	3,681.00														15,000.00
A02310 Bank charges	C1	1,632.00	369.00														2,000.00
A02320 Legal expenses	C1	16,319.00	3,681.00														2,000.00
A02321 Expert consultation	C1	206,387.00	73,613.00														294,000.00
A02390 Administrative Board meetings	C1	42,430.00	9,870.00														37,500.00
A02391 Board of Regulators meetings	C1	172,332.00	38,868.00														125,200.00
A02392 Board of Appeal meetings	C1	52,252.00	11,778.00														26,500.00
A02393 External participants to meetings	C1	28,893.00	6,516.00														25,000.00
A02394 EU Agencies Network	C1	4,080.00	920.00														20,200.00
A02400 Postal charges	C1	4,243.00	857.00														4,200.00
A02410 Telecommunications subscriptions and charges	C1	81,597.00	18,403.00														37,600.00
A02420 Hardware and other equipment	C1	48,958.00	11,042.00														220,000.00
B03000 Representation expenses	C1	20,000.00															20,000.00
B03100 Operational Missions Gas	C1	75,000.00															75,000.00
B03101 Operational Missions Electricity	C1	75,000.00															90,000.00
B03102 Operational Missions Market Monitoring Department	C1	75,000.00															75,000.00
B03200 Conferences, workshops	C1	72,875.00															72,875.00
B03201 Website set up and maintenance	C1	15,000.00															45,000.00
B03202 Publications information material	C1	15,000.00															15,000.00
B03203 Reports production	C1	25,000.00															25,000.00
B03300 Translation of COT	C1	24,527.00															24,527.00
B03400 Insurance	C1	5,000.00															5,000.00
B03600 Hosting development and operations	C1	2,000,000.00															2,000,000.00
B03602 SMARTS development, license and consultancy	C1	900,000.00															900,000.00
B03604 FEMT hardware	C1	89,000.00															89,000.00
		2,389,000.00	7,365,798.00														11,950,220.00

PART III – ESTABLISHMENT PLAN

The numbers of temporary posts as authorised under the 2013 budget are as follows:

Function group and grade	2013	
	Authorised under EU Budget	
	Permanent Posts	Temporary Posts
AD 16	0	0
AD 15	0	0
AD 14	0	1
AD 13	0	0
AD 12	0	0
AD 11	0	4
AD 10	0	0
AD 9	0	2
AD 8	0	6
AD 7	0	6
AD 6	0	4
AD 5	0	11
AD total	0	34
AST 11	0	0
AST 10	0	0
AST 9	0	0
AST 8	0	0
AST 7	0	0
AST 6	0	0
AST 5	0	1
AST 4	0	0
AST 3	0	14
AST 2	0	0
AST 1	0	0
AST total	0	15
TOTAL	0	49
GRAND TOTAL	49	