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(Information)

COURT OF AUDITORS**REPORT BY THE INDEPENDENT AUDITOR ON THE COURT OF AUDITORS' ACCOUNTS FOR
THE FINANCIAL YEAR 2001**

(2002/C 268/01)

NOTE TO READERS

Without prejudice to the provisions of Article 248 of the Treaty establishing the European Community, which gives the Court of Auditors responsibility for auditing all of the Community's revenue and expenditure, and the provisions of Article 276 of the said Treaty concerning the granting of discharge, the Court of Auditors has had its revenue and expenditure accounts audited by an independent auditor every year since the close of the financial year 1987.

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

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

For the Court of Auditors

Juan Manuel FABRA VALLES

President

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Certificate concerning the regularity and fairness of the financial statements at 31 December 2001

To the Members of the European Court of Auditors

In accordance with the instructions given to us by the European Court of Auditors, we have examined:

- the accounting data sent by the European Court of Auditors to the Commission for the purpose of drawing up the revenue and expenditure account and the balance sheet of the European Communities for the financial year 2001,
- the financial statements of the European Court of Auditors at 31 December 2001, which were drawn up on the basis of the same accounting data and prepared for the purpose of publication in the *Official Journal of the European Communities*.

The accounting data and the financial statements are the responsibility of the European Court of Auditors. Our responsibility is, on the basis of our audit work, to express an opinion on the accounting data and the financial statements.

We have conducted our work in accordance with international auditing standards. These standards require us to plan and carry out our work in such a way as to obtain reasonable assurance that the accounting data and the financial statements do not contain any material misstatement. As required, the audit included an examination, on the basis of a sample, of the evidence in support of the amounts and information contained in the accounting data and financial statements. It also included an appraisal of the accounting principles and practices applied and of the significant estimates used by the European Court of Auditors in drawing up the accounts, as well as a review of their overall presentation. We think that the audit provided a reasonable basis for the opinion expressed.

In our opinion, the enclosed accounting data and financial statements give a true and fair view, in accordance with the Financial Regulation, the implementing rules, generally accepted accounting principles and the European Court of Auditors' Internal Rules, of the assets and financial position of the European Court of Auditors at 31 December 2001 and of the economic result and the revenue and expenditure for the financial year then ended.

Luxembourg, 23 July 2002.

KPMG Audit

Auditors

S. NYE

Report on the administrative and accounting procedures, the soundness of the financial management and the internal control system

To the Members of the European Court of Auditors

As part of our audit of the annual financial statements of the European Court of Auditors for the financial year ending 31 December 2001, we examined the administrative and accounting procedures, the soundness of the financial management and the internal control system. The purpose of our examination was to ensure that the various departments of the Court of Auditors can be reasonably sure that:

- they have a clear view of the extent to which operational objectives are being achieved,
- the basis on which the published financial statements are drawn up is reliable,
- the financial management of the Court of Auditors complies with current regulations.

The current regulations in question are:

- the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities, as last amended by Council Regulation (EC, ECSC, Euratom) No 762/2001,
- Commission Regulation (Euratom, ECSC, EC) No 3418/93 of 9 December 1993 laying down detailed rules for the implementation of certain provisions of the Financial Regulation of 21 December 1977, as amended by Regulation (EC) No 1687/2001,
- the Internal Rules of the European Court of Auditors for the implementation of the Court's budget, laid down by Court Decision No 97-47 of 4 December 1997 (as last amended by Written Procedure No 3/97 of 16 January 1998).

We therefore examined very closely the control environment, risk evaluation, control activities, information and communications systems and management procedures of the European Court of Auditors. The initial descriptive phase was followed by systems evaluation based on sample checks of supporting documents and interviews with staff. The nature and extent of our tests were determined by our appraisal of the control environment. We think that our work forms a reasonable basis for our conclusions regarding the European Court of Auditors' procedures, the soundness of its financial management and its internal control system.

In our opinion the current internal control rules ensure that the operational objectives are achieved satisfactorily, the financial statements are reliably drawn up and the legal framework is complied with.

Luxembourg, 23 July 2002.

KPMG Audit

Auditors

S. NYE

Financial statements at 31 December 2001

Balance sheet at 31 December 2001

(in 1 000 EUR)

	Notes	2001	2000
ASSETS			
Intangible fixed assets	2	128	48
Tangible fixed assets	2	24 367	20 425
Land and buildings		13 248	14 179
Plant, machinery and tools		253	361
Furniture and vehicle fleet		385	472
Computer hardware		391	413
Tangible assets in course of construction, advances and payments on account in respect of tangible assets		10 090	5 000
Financial assets	3	289	289
Other financial assets		289	289
Stocks	4	132	124
Short-term assets	5	763	410
Current assets		216	78
Sundry debtors		547	332
Disposable assets		946	856
Transitional accounts		16	—
Total assets		26 641	22 152
LIABILITIES			
Own capital	6	24 559	20 510
Economic result for the financial year		4 049	3 613
Results carried over from previous years		20 510	16 897
Long-term liabilities	7	87	27
Other long-term liabilities		87	27
Short-term liabilities	7	1 695	1 365
Other short-term financial liabilities		31	242
Current liabilities		1 664	1 123
— Community institutions and bodies		980	645
— Sundry creditors		684	478
Transitional accounts		300	250
Total liabilities		26 641	22 152

The notes annexed hereto form an integral part of these financial statements.

Statement of economic result at 31 December 2001

(in 1 000 EUR)

	Notes	2001	2000
Positive adjustments			
Decrease in expenditure: increase in assets			
— Intangible fixed assets	2	146	16
— Tangible fixed assets	2	5 617	5 415
— Stocks		7	—
Write-back of depreciation	2	122	531
Revenue arising from budgetary entitlements acquired during the year and not collected	8	92	28
		5 984	5 990
Negative adjustments			
Decrease in revenue: decrease in assets			
— Tangible fixed assets	2	(157)	(441)
— Stocks		—	(8)
— Collection of entitlements established in previous years	9	(28)	(143)
Allocation for depreciation	2	(1 706)	(1 669)
Non-budgetary expenditure	10	(44)	(116)
		(1 935)	(2 377)
Economic result for the year	6	4 049	3 613

The notes annexed hereto form an integral part of these financial statements.

Statement of revenue and expenditure for the financial years at 31 December 2001

(in 1 000 EUR)

	Notes	2001	2000
Revenue			
Contribution from the general revenue of the European Communities		58 393	55 798
— European Court of Auditors' own revenue	11		
— Community levies and dues deducted from remuneration		9 112	8 572
— Revenue accruing from the administrative operation of the institution		1 546	1 250
— Miscellaneous revenue	13	6	63
<i>Total revenue</i>		69 057	65 683
Expenditure			
Expenditure relating to persons working for the institution	12		
— Members of the institution		5 916	5 847
— Staff in active employment		47 998	45 739
— Allowances and miscellaneous contributions relating to termination of service		—	26
— Missions and duty travel		1 932	2 078
— Other		1 337	1 313
		57 183	55 003
Operating expenditure			
— Expenditure on immovable property		7 775	7 591
— Expenditure on data-processing		1 078	999
— Movable property and associated costs		565	569
— Current administrative expenditure		496	502
— Publishing and information		1 213	857
— Other	13	434	597
		11 561	11 115
<i>Total expenditure</i>		68 744	66 118
Balance for the financial year	14	313	(435)

The notes annexed hereto form an integral part of these financial statements.

Notes to the financial statements at 31 December 2001

ACCOUNTING PRINCIPLES

1. The accounts of the European Court of Auditors are kept and the financial statements drawn up in accordance with the provisions of the Financial Regulation of 21 December 1977, as last amended by Council Regulation (EC, ECSC, Euratom) No 762/2001 of 9 April 2001, and the provisions of Commission Regulation (Euratom, ECSC, EC) No 3418/93 of 9 December 1993, as amended by Regulation No 1687/2001 of 21 August 2001, laying down detailed rules for the implementation of certain provisions of the Financial Regulation.

In accordance with Article 136 of the said implementing rules, the financial statements are presented in accordance with generally accepted accounting principles, including the principles provided for in Council directives, except where otherwise provided for by regulation.

The acquisition cost of the land and the net value, calculated after depreciation, of the other tangible fixed assets are entered on the assets side for the entire period of their use.

Tangible and intangible fixed assets other than land and buildings are not recorded in fixed assets accounts unless their value is EUR 420 or more, as a result of the Commission decision of 16 November 2000 updating, with effect from 1 January 2000, the amounts specified in Regulation (Euratom, ECSC, EC) No 3418/93 laying down detailed rules for the implementation of the Financial Regulation.

The European Court of Auditors has calculated the depreciation of its fixed assets in accordance with Commission Regulation (EC) No 2909/2000 of 29 December 2000 on the accounting management of the European Communities' non-financial fixed assets.

BALANCE SHEET

2. **Tangible and intangible fixed assets**

The Court's tangible and intangible fixed assets are valued at their acquisition value in national currency, converted into euro at the accounting rate in force at the time of purchase.

Changes in value and depreciation data, calculated using the straight-line method and by complete year, were as follows at the end of the financial year:

(in 1 000 EUR)

	Land and buildings	Plant, machinery and tools	Furniture and vehicle fleet	Computer hardware	Fixed assets in course of construction and payments on accounts	Total
<i>Acquisition value</i>						
At end of the previous year	24 532	1 074	1 410	1 771	5 000	33 787
Changes over the year:						
— Acquisitions	28	52	149	298	5 090	5 617
— Disposals and withdrawals	—	(17)	(109)	(31)	—	(157)
— Variations due to change in threshold	—	—	—	—	—	—
At end of the financial year	24 560	1 109	1 450	2 038	10 090	39 247
<i>Depreciation and value adjustments</i>						
At end of the preceding financial year	(10 353)	(713)	(938)	(1 358)	—	(13 362)
Changes over the financial year:						
— Recorded	(959)	(159)	(202)	(320)	—	(1 640)
— Cancelled following disposal, withdrawal	—	16	75	31	—	122
At end of the financial year	(11 312)	(856)	(1 065)	(1 647)	—	(14 880)
Net book value At end of financial year	13 248	253	385	391	10 090	24 367

The fixed assets in course of construction include an amount of EUR 10 090 000 relating to the planned extension of the Court building.

The heading 'intangible fixed assets' includes computer software packages acquired that are covered by a site licence or a major account contract.

<i>(in 1 000 EUR)</i>	
	Computer software
<i>Acquisition value</i>	
At end of the preceding financial year	118
Changes over the financial year:	
— Acquisitions in the financial year	146
At end of the financial year	264
<i>Depreciation and reductions in value</i>	
At end of the preceding financial year	(70)
Changes over the financial year:	
— recorded	(66)
At end of the financial year	(136)
Net book value at end of financial year	128

3. Financial assets

The heading 'Other financial assets' comprises two operating funds, one of which relates to the Office for Official Publications of the European Communities, and the other to the Translation Centre for the bodies of the European Union.

<i>(in 1 000 EUR)</i>			
	Acquisition value at 31.12.2000	Changes over the financial year	Acquisition value at 31.12.2001
<i>Guarantees and advances granted</i>			
1. Guarantees	1	—	1
2. Advances granted	288	—	288
Total	289	—	289

There is no reduction in value to be recorded for the financial year 2001.

4. Stocks

The stocks comprise office supplies and other consumables, valued at the price of the last supplies entered. Where the acquisition cost is expressed in national currency, it is converted into euro at the accounting rate used in drawing up the balance sheet.

5. Short-term assets

The heading 'Current assets' at the year-end is broken down as follows:

<i>(in 1 000 EUR)</i>		
	2001	2000
Claims relating to Community institutions and bodies	146	57
Sundry debtors	70	21
Total	216	78

The item 'Sundry debtors' consists solely of claims relating to staff, and mainly concerns advances paid on mission expenses already incurred but not yet charged.

6. Own capital

In the old presentation of the accounts that applied until 31 December 1999, own capital was the contra-entry of tangible and intangible fixed assets and stocks.

For the financial year 2001, the total for own capital comprises the economic result for the year and the result carried over from previous years.

The result carried over from previous financial years corresponds to own capital and the contra-entry of revenue to be collected for the financial year 2000.

The economic result for the year comprises the result of the implementation of the budget for the year and the result of adjustments.

The result of the implementation of the budget for the year can only be established on consolidation of the financial statements by the European Commission.

Consequently, for the other institutions, the economic result for the financial year is limited to the sum of the positive and negative adjustments entered in accounts of non-budgetary expenditure and revenue.

7. Liabilities**7.1. Long-term liabilities**

The item 'Other long-term liabilities' comprises the part of the architect's and consulting engineer's fees withheld as a performance guarantee for their work in respect of the extension of the Court building.

7.2. Short-term liabilities

The item 'Other short-term financial liabilities' comprises payments effected in accordance with Article 6 of the Financial Regulation, between 1 and 15 January of the following financial year (formerly called 'Payments in hand').

The item 'Community institutions and bodies' comprises sums due to the European Communities Sickness Insurance Fund and the balance to be carried forward to the following financial year.

The item 'Sundry creditors' mainly comprises sums due in respect of social and insurance contributions for staff as well as mission expenses still to be invoiced by the credit card organisation.

8. Revenue arising from budgetary entitlements acquired during the financial year and not collected

This item concerns revenue established during the financial year under review and not yet collected.

9. Revenue arising from budgetary entitlements established during previous financial years

This item concerns revenue established in a previous financial year which has been collected and entered in the accounts in the financial year under review.

10. Non-budgetary expenditure

This item concerns sundry expenditure which could not be materially booked to the budget.

REVENUE AND EXPENDITURE**11. European Court of Auditors' own revenue**

The European Court of Auditor's own revenue is entered in the accounts on the basis of the amounts actually received during the financial year.

The heading 'Revenue accruing from the administrative operation of the institution' comprises mainly:

- revenue accruing from the publication of the European Court of Auditors' reports and opinions in the *Official Journal of the European Communities*,
- the payment of actuarial reserves by national pension bodies and provident societies by way of transfers of officials' pension rights.

12. Expenditure

Expenditure for the financial year, which is shown in the statement of revenue and expenditure, represents the payments made against the appropriations for the financial year and against the appropriations carried over from the previous financial year in accordance with the provisions of the applicable regulations.

In accordance with the sixth subparagraph of Article 6 of the Financial Regulation, the expenditure for the financial year is entered in the accounts for that year on the basis of the expenditure for which authorisation reached the Financial Controller not later than 31 December and the accounting officer not later than the following 10 January, and for which payment was effected by the accounting officer not later than 15 January.

13. Exchange differences

Exchange gains or losses are entered in the statement of revenue and expenditure as 'Miscellaneous revenue' or 'Operating expenditure — Other'.

14. Balance for the financial year

The balance for the year is the difference between the total revenue for the year and the expenditure against appropriations specific to the year and appropriations carried forward from the previous year.

The changes in the balance to be carried forward to the following financial year are as follows:

	<i>(in 1 000 EUR)</i>	
	2001	2000
Balance carried forward from previous years	465	900
Balance for the year	313	(435)
Balance to be carried forward to the following financial year	778	465

15. Budgetary implementation

The implementation of the budget for the financial year 2001 can be divided up into the implementation of appropriations brought forward and the implementation of appropriations for the financial year.

- (a) Appropriations brought forward represent, on the one hand, all the commitments chargeable to the Court that have been entered into but not settled before the year-end and, on the other hand, appropriations which the budgetary authority has decided to carry forward. Appropriations brought forward from the previous year and not used during the following year lapse:

(in 1 000 EUR)

	Appropriations carried forward from 2000 to 2001	Payments	Lapsed appropriations
Expenditure relating to persons working for the institution			
— Members of the institution	50	46	4
— Staff in active employment	54	44	10
— Missions and duty travel	460	416	44
— Other	264	234	30
	828	740	88
Operating expenditure			
— Expenditure on immovable property	5 355	5 335	20
— Expenditure on data processing	106	100	6
— Movable property and associated costs	125	120	5
— Current administrative expenditure	181	161	20
— Publishing and information	954	815	139
— Other	197	162	35
	6 918	6 693	225
<i>Total</i>	7 746	7 433	313

- (b) The implementation of the appropriations for the financial year represents the payments made against appropriations committed. The unpaid balance of the commitments may be carried forward to the following financial year. Appropriations still uncommitted at the end of the year usually lapse:

(in 1 000 EUR)

	Appropriations for the year	Commitments chargeable to the year	Payments	Appropriations carried forward to 2002	Lapsed appropriations
Expenditure relating to persons working for the institution					
— Members of the institution	5 950	5 944	5 870	74	6
— Staff in active employment	49 387	48 024	47 954	70	1 363
— Missions and duty travel	2 163	2 163	1 516	647	—
— Other	1 509	1 493	1 103	390	16
	59 009	57 624	56 443	1 181	1 385
Buildings, equipment and sundry items of operating expenditure					
— Expenditure on immovable property	10 289	10 288	2 440	7 848	1
— Expenditure on data processing	1 090	1 089	978	111	1
— Movable property and associated costs	600	593	445	148	7
— Current administrative expenditure	564	563	335	228	1
— Publishing and information	1 234	1 233	398	835	1
— Other	601	578	272	306	23
	14 378	14 344	4 868	9 476	34
<i>Total</i>	73 387	71 968	61 311	10 657	1 419

Payments against appropriations carried forward (euro 7 433 000) and the appropriations for the year (euro 61 311 000) totalled euro 68 744 000 which is equal to the total expenditure shown in the statement of revenue and expenditure for the financial year 2001.
