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NOTE

from :	General Secretariat
to :	Strategic Committee on Immigration, Frontiers and Asylum/Mixed Committee (EU-Iceland/Norway and Switzerland)/COREPER/Council
Subject :	FRONTEX Annual Accounts for 2006

1. Article 30(6) of the Council Regulation establishing a European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union provides that:

"By 1 July of the following year at the latest, the Executive Director shall send the final accounts, together with the opinion of the Management Board, to the Commission, the Court of Auditors, the European Parliament and the Council as well as the countries associated with the implementation, application and development of the Schengen acquis."

2. The attached Annual Accounts for 2006 was forwarded by the Frontex Agency to the Council on 27 June 2007.

FRONTEX

LIBERTAS SECURITAS JUSTITIA

European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union

ANNUAL ACCOUNTS

FOR 2006

Warsaw, May 2007

Summary

Introduction

Basis for preparation

The objectives of financial statements are to provide information about the financial position, performance and cash flows of the European Agency for the Management of the Operational Cooperation at the External Borders of the Member States of the European Union (hereinafter Frontex) that is useful to a wide range of users.

The financial statements have been prepared according to the accounting rules adopted by the European Commission's accountant, following the principles of accrual based accountancy where the economic outturn, balance and cash flow are concerned. For further information on accounting rules and principles refer to Section V, notes to the financial statements.

The budget execution is prepared on the basis of a modified cash accounting. Further information on the basis for budgetary data can be found in Section VI, notes on budget execution and financial management.

The accounting policies have been applied consistently throughout the period.

Frontex became financially independent from the Commission on 1 October 2006, therefore some expenditure has been stated to have been executed by the Commission and some by Frontex.

Reporting entity

These financial statements are for Frontex, a public sector entity established by the European Council Regulation (EC) 2007/2004/(26.10.2004, OJ L 349/25.11.2004); it is worth pointing out that these are the first financial statements prepared by Frontex, therefore no comparable data of the previous year was available.

Frontex's principal activity is to strengthen border security by ensuring the coordination of the Member States' activities in the implementation of Community measures relating to the management of the external borders.

In the heart of all Frontex activities is the establishment of risk analysis. Frontex assesses threats, looking at vulnerabilities, and weighing consequences. Thus Frontex has to balance and prioritise the resources against risks so that the agency can ensure that the activities coordinated by it are appropriate.

Frontex also coordinates the operational cooperation between Member States and Schengen Associated Countries at the EU external borders. Frontex strengthens border control and surveillance by ensuring the coordination of Member States' activities in the implementation of measures relating to the management of the external borders. To fulfil this task Frontex is seeking to introduce system solutions allowing for a better allocation of Member States' resources.

Another issue for Frontex is assistance to Member States in the field of training of national border guards, including the establishment of common training standards. Frontex contributes to the improvement of professionalism of Member States' border guards, thereby enabling the Integrated Border Management to function better. The Common Core Curriculum, developed further by Frontex in close cooperation with the member States is one of the main tools to achieve standardization of training. The Common Core Curriculum will be the first standardised training programme for the basic training of border guards across Europe.

Following up the development of research relevant for the control and surveillance of external borders is the subsequent task of the Agency. By doing that, Frontex strengthens border control capabilities of border guard institutions of the Member States through informing them on modern technologies and products available as well as ensuring that specific interests of border guard authorities are properly taken into account in security research.

Assistance to Member States in circumstances requiring increased technical and operational assistance at external borders. To be able to respond to short-notice events, Frontex has to prepare pre-positioned and pre-structured rapid intervention packages that could be rapidly deployed to a region to provide immediate assistance for one or several Member States.

Providing Member States with the necessary support in organizing joint return operations is another important task for Frontex. The role of the agency in joint returns is focussing on assisting Member States to organise joint return operations. Besides, Frontex, together with the experts from the Member States, is identifying best practices on the acquisition of travel documents and the removal of illegal third country nationals.

Frontex liaises closely with other Community and EU partners involved in the development of the security of the external borders, such as EUROPOL, CEPOL, the customs cooperation and the cooperation on phyto-sanitary and veterinary controls, in order to promote overall coherency. Frontex actively promotes cooperation with other border related law enforcement bodies responsible for internal security at EU level as forseen in the consept of integrated border management.

Apart from coordinating cooperation between EU Member States and/or Schengen Associated Countries, Frontex also cooperates with third countries' border security authorities, in line with general EU external policy. Concentrating on third countries that share common goals with the EU in terms of border management, such cooperation is always being targeted at sustainable partnership. In the gradual process, in which such partnership is developed, working arrangements concluded between Frontex and its third country partner precede practical measures.

1. Financial statements 2006

1.1 Balance Sheet

ASSETS	Note	31.12.2006	31.12.2005	LIABILITIES	Note	31.12.2006	31.12.2005
A. NON CURRENT ASSETS	2.1.1			**A. CURRENT LIABILITIES**	2.1.3		
Tangible fixed assets	2.1.1.1	**30,842.78**	**0.00**	**Provisions for risks and charges**	2.1.3.1	**83,528.60**	**0.00**
Computer hardware		28,357.93	0.00	**Accounts payable**		**4,711,489.03**	**0.00**
Other fixtures and fittings		2,484.85	0.00	Current payables	2.1.3.2	98,092.97	0.00
TOTAL NON CURRENT ASSETS		**30,842.78**	**0.00**	Sundry payables	2.1.3.3	118,540.97	0.00
				Other	2.1.3.4	2,248,800.14	0.00
B. CURRENT ASSETS	2.1.2			*Accrued charges and deferred income*		*2,246,996.14*	*0.00*
Short-term receivables	2.1.2.1	**74,782.47**	**0.00**	*Deferrals and accruals with consolidated EC entities*		*1,804.00*	*0.00*
Current receivables		35,633.51	0.00	Accounts payable with consolidated EC entities	2.1.3.5	2,246,054.95	0.00
Sundry receivables		32,220.60	0.00	*Pre-financing received from consolidated EC entities*		*2,234,453.65*	*0.00*
Other		2,526.20	0.00	*Other accounts payable against consolidated EC entities*		*11,601.30*	*0.00*
Accrued income		*2,221.94*	*0.00*	**TOTAL CURRENT LIABILITIES**		**4,795,017.63**	**0.00**
Deferrals and Accruals with consolidated EC entities		*304.26*	*0.00*				
Short-term receivables with consolidated EC entities		4,402.16	0.00	**B. NET ASSETS**			
				Economic result of the year (profit+/loss-)		**9,547,048.17**	**0.00**
Cash and cash equivalents	2.1.2.2	**14,236,440.55**	**0.00**				
TOTAL CURRENT ASSETS		**14,311,223.02**	**0.00**				
TOTAL ASSETS		**14,342,065.80**	**0.00**	**TOTAL LIABILITIES**		**14,342,065.80**	**0.00**

1.2 Economic outturn account

	Note	2006	2005
Revenues from administrative operations		2,074.61	0.00
Other operating revenue		15,379,660.28	0.00
TOTAL OPERATING REVENUE	2.2.1	15,381,734.89	0.00
Administrative expenses		-1,482,087.21	0.00
Staff expenses		-860,300.27	0.00
Fixed asset related expenses		-7,117.53	0.00
Other administrative expenses		-614,669.41	0.00
Operational expenses		-4,347,656.46	0.00
Other operational expenses		-4,347,656.46	0.00
TOTAL OPERATING EXPENSES	2.2.2	-5,829,743.67	0.00
SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES		**9,551,991.22**	**0.00**
Financial expenses	2.2.3	-4,943.05	0.00
SURPLUS/ (DEFICIT) FROM NON OPERATING ACTIVITIES		**-4,943.05**	**0.00**
SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES		**9,547,048.17**	**0.00**
ECONOMIC RESULT OF THE YEAR		**9,547,048.17**	**0.00**

1.3 Budget outturn versus economic outturn

	2006
Economic result of the year	**9,547,048.17**
Adjustment for accrual items (items not in the budgetary result but included in the economic result)	
Adjustments for Accrual Cut-off	2,175,186.99
Unpaid invoices at year end but booked in charges	157,782.97
Depreciation of intangible and tangible fixed assets	7,117.53
Provisions	83,528.60
Payments made from carry over of payment appropriations	0.00
Exchange rate differences	-207.65
Adjustment for budgetary items (item included in the budgetary result but not in the economic result)	
Asset acquisitions (less unpaid amounts)	-37,960.31
New pre-financing received in the year 2006 and remaining open as at 31.12.2006	2,234,453.55
Payment appropriations carried over to 2007	-11,932,496.30
Cancellation of unused carried over payment appropriations from previous year	0.00
Total	**2,234,453.55**
BUDGETARY RESULT	**2,234,453.55**

1.4 *Cash flow*

	2006	2005
Cash flows from ordinary activities		
Surplus/(deficit) from ordinary activities	**9,547,048.17**	**0.00**
Operating activities		
<u>Adjustments</u>		
Depreciation (tangible fixed assets) +	7,117.53	0.00
Increase/(decrease) in Provisions for risks and liabilities	83,528.60	0.00
(Increase)/decrease in Short term Receivables	-70,380.31	0.00
(Increase)/decrease in Receivables related to consolidated EC entities	-4,402.16	0.00
Increase/(decrease) in Accounts payable	2,465,434.08	0.00
Increase/(decrease) in Liabilities related to consolidated EC entities	2,246,054.95	0.00
Net cash flow from operating activities	**14,274,400.86**	**0.00**
Cash flows from investing activities		
Purchase of tangible and intangible fixed assets (-)	-37,960.31	0.00
Net cash flow from investing activities	**-37,960.31**	**0.00**
Net increase/(decrease) in cash and cash equivalents	14,236,440.55	0.00
Cash and cash equivalents at the beginning of the period	0.00	
Cash and cash equivalents at the end of the period	14,236,440.55	0.00

1.5 Statement of changes in capital

Capital	Reserves		Accumulated Surplus / Deficit	Economic result of the year	Capital (total)
	Fair value reserve	Other reserves			
Balance as of 31 December 2005	0.00	0.00	0.00	0.00	0.00
Economic result of the year	0.00	0.00	0.00	9,547,048.17	9,547,048.17
Balance as of 31 December 2006	**0.00**	**0.00**	**0.00**	**9,547,048.17**	**9,547,048.17**

1.6 Segment report

Policy area PA 18	**2006**
Operating revenue	
Revenues from administrative operations	2,074.61
Other operating revenues	15,379,660.28
TOTAL OPERATING REVENUE	15,381,734.89
Administrative expenses	
Staff expenses	-860,300.27
Fixed asset related expenses	-7,117.53
Other administrative expenses	-614,669.41
TOTAL ADMINISTRATIVE EXPENSES	-1,482,087.21
Operational expenses	-4,347,656.46
TOTAL OPERATIONAL EXPENSES	-4,347,656.46
Surplus/(Deficit) from operating activities	**9,551,991.22**

2. Annex to Financial Statements

2.1 Notes to the Balance Sheet

2.1.1 Non current assets

2.1.1.1 Tangible fixed assets

	Computer hardware	Other Fixtures and Fittings	**Total**
Gross carrying amounts 1.1.2006	0.00	0.00	0.00
Additions	34,902.04	3,058.27	37,960.31
Gross carrying amounts 31.12.2006	**34,902.04**	**3,058.27**	**37,960.31**
Accumulated depreciation and impairment 1.1.2006	0.00	0.00	0.00
Depreciation	-6,544.11	-573.42	-7,117.53
Accumulated depreciation and impairment 31.12.2006	**-6,544.11**	**-573.42**	**-7,117.53**
Net carrying amounts 31.12.2006	**28,357.93**	**2,484.85**	**30,842.78**

Tangible fixed assets are considered to be assets with an acquisition price value above 420 euros and are expected to be used during more than one year. The assets with an acquisition price value below 420 euros and with expected using year less than one year have been reflected in the accounts directly as running expenses.

The assets were valued at their acquisition price minus depreciations. The depreciation method chosen is the straight-line method. The depreciation annual percentage rates per asset types are as follows:

Computer hardware	25%
Other fixtures and fittings	25%

2.1.2 Current assets

2.1.2.1 Short-term receivables

Receivables from:	Balance as of 31 December 2006			
	Total	Doubtful amounts	Amounts written off	Net value
1. EC	4,706.42	0.00	0.00	0.00
2. Member States	35,633.51	0.00	0.00	0.00
3. Staff	32,491.58	0.00	0.00	0.00
4. Other Public Bodies	1,821.59	0.00	0.00	0.00
5. Private Persons	129.37	0.00	0.00	0.00
Total	**74,782.47**	**0.00**	**0.00**	**0.00**

1. European Commission

The open balance 4,706.42 euros corresponds to overpayment of ABAC service fee to DG ADMIN (4,402.16) and accrued income from European Training Foundation regarding withholdings from one their former staff member's salary who was recruited by FRONTEX Agency in 2006 (304.26).

2. Member States

The open balance of 35,633.51 euros corresponds to VAT to be recovered from Member States: Austria (2,039.18), Finland (770.00) and Poland (32,824.33).

3. Staff

The open balance 32,491.58 euros reflect advances for salaries (26,831.80), national security office in Poland (5,388.70) and accrued income for mission expenses reimbursement (271.08).

4. Other Public Bodies

Receivables from other Public Bodies in the amount of 1,821.59 euros contain accrued income for expenses reimbursement from different authorities in Member States.

5. Private Persons

The open balance of 129.37 euros corresponds to expenses reimbursement from a short-term expert.

2.1.2.2 Cash and equivalents

	PLN	EUR	Exchange rate	Total EUR
Current accounts:				
Bank account PLN	59,259.46		3,831000	15,468.41
Bank account EUR		14,220,972.14	1,000000	14,220,972.14
Total	**59,259.46**	**14,220,972.14**		**14,236,440.55**

The Agency held in total three bank accounts: two of them in Nordea Bank Poland and one in ING Bank in Brussels.
The interest is paid monthly.

2.1.3 Current liabilities

2.1.3.1 Provisions for risks and charges

The open balance of 83,528.60 euros corresponds to staff untaken holidays at the end of year.

2.1.3.2 Current payables

Payables to:	Balance as of 31 December 2006
1. Member States	56,722.17
2. Third States	451.93
3. EFTA	1,840.52
4. Private Companies	39,078.35
Total	**98,092.97**

The open balance in the total amount of 98,092.97 euros correspond to open invoices, cost claims, applications for reimbursement etc. from different authorities in Member States, Third States, EFTA States and from private companies at year end.

2.1.3.3 Sundry payables

The amount of 118,540.97 euros corresponds to miscellaneous amounts concerning staff expenses.

2.1.3.4 Other payables

	Balance as of 31 December 2006
Outstanding cost statements for year 2006, not covered by prefinancing (eligible expenses) (see Annex 1)	1,888,568.09
Pending invoices, not arrived up to 31/12/06	360,232.05
Total	**2,248,800.14**

The amount of 2,248,800.14 euros corresponds to pending amounts owed, whose invoices were not arrived up to 31/12/06. Also the estimated expenses of prefinancement given 2006 (see Annex 1) are included.

Annex 1 Outstanding cost statements

Budget item	Commit Position (Local Key)	Description	Commitments total	Payments total	Estimation expenses posted in 2006	Pending 31/12/06
3000	FRO.284.1.B2006	2006/OPS/13 GRANT 2ND ROUND - AUSTRIA	31,394.78	0.00	21,976.35	21,976.35
3000	FRO.289.1.B2006	2006/OPS/13 GRANT 2ND ROUND - FRANCE	3,644.85	0.00	2,551.40	2,551.40
3000	FRO.285.1.B2006	2006/OPS/13 GRANT 2ND ROUND - GERMANY	26,251.77	0.00	18,376.24	18,376.24
3000	FRO.286.1.B2006	2006/OPS/13 GRANT 2ND ROUND - HUNGARY	6,081.40	0.00	4,256.98	4,256.98
3000	FRO.288.1.B2006	2006/OPS/13 GRANT 2ND ROUND - LATVIA	2,596.38	1,298.19	1,817.47	519.28
3000	FRO.287.1.B2006	2006/OPS/13 GRANT 2ND ROUND- SLOVAK REPUBLIC	2,343.73	0.00	1,640.61	1,640.61
3000	FRO.208.1.B2006	2006/OPS/13/G/1 GRANT AUSTRIA	40,609.04	0.00	28,426.33	28,426.33
3000	FRO.210.1.B2006	2006/OPS/13/G/2 GRANT GERMANY	98,539.38	0.00	68,977.57	68,977.57
3000	FRO.243.1.B2006	2006/OPS/13/G/3 GRANT CZECH REPUBLIC	3,436.19	0.00	2,405.33	2,405.33
3000	FRO.211.1.B2006	2006/OPS/13/G/4 GRANT FINLAND	6,856.56	0.00	4,799.59	4,799.59
3000	FRO.209.1.B2006	2006/OPS/13/G/5 GRANT ESTONIA	6,566.69	0.00	4,596.68	4,596.68
3000	FRO.207.1.B2006	2006/OPS/3 GRANT PART I 2006/OPS/9/G PART II 2006/OPS/3/D2	100,867.17	0.00	70,607.02	70,607.02
3010	FRO.279.1.B2006	2006/OPS/10 GRANT FRANCE	22,725.00	13,635.00	15,907.50	2,272.50
3010	FRO.281.1.B2006	2006/OPS/10 GRANT GREECE	23,260.00	13,956.00	16,282.00	2,326.00
3010	FRO.278.1.B2006	2006/OPS/10 GRANT ITALY	22,725.00	13,635.00	15,907.50	2,272.50
3010	FRO.280.1.B2006	2006/OPS/10 GRANT SPAIN	22,725.00	13,635.00	15,907.50	2,272.50
3010	FRO.214.1.B2006	2006/OPS/15 GRANT 2006/OPS/15/G PART I HERA AND PART II HERA RESERVE	219,218.86	0.00	153,453.20	153,453.20
3010	FRO.215.1.B2006	2006/OPS/20/G GRANT AGIOS	41,851.72	0.00	29,296.20	29,296.20

Budget item	Commit Position (Local Key)	Description	Commitments total	Payments total	Estimation expenses posted in 2006	Pending 31/12/06
3010	FRO.213.1.B2006	2006/OPS/21/G LIFEGUARD HERA II GRANT SPAIN	2,990,990.56	1,495,495.28	2,093,693.39	598,198.11
3010	FRO.227.1.B2006	2006/OPS/8 GRANT JOINT OPERATION POSEIDON PART A POLAND	3,976.53	0.00	2,783.57	2,783.57
3010	FRO.226.1.B2006	2006/OPS/8 GRANT JOINT OPERATION POSEIDON PART B ITALY	9,941.33	0.00	6,958.93	6,958.93
3010	FRO.225.1.B2006	2006/OPS/8 GRANT JOINT OPERATION POSEIDON PART C GREECE	175,161.70	0.00	122,613.19	122,613.19
3010	FRO.224.1.B2006	2006/OPS/8 GRANT JOINT OPERATION POSEIDON PART D AUSTRIA	3,976.53	0.00	2,783.57	2,783.57
3010	FRO.228.1.B2006	2006/OPS/8 GRANT JOINT OPERATION POSEIDON PART E SPAIN	1,988.27	0.00	1,391.79	1,391.79
3010	FRO.249.1.B2006	2006/OPS/9 GRANT JOINT OPERATION NAUTILUS - GREECE	214,134.43	0.00	149,894.10	149,894.10
3010	FRO.308.1.B2006	2006/OPS/9 GRANT JOINT OPERATION NAUTILUS - GERMANY	603,134.79	0.00	371,533.08	371,533.08
3010	FRO.216.1.B2006	2006/OPS/9 GRANT JOINT OPERATION NAUTILUS - MALTA	82,487.65	0.00	57,741.36	57,741.36
3020	FRO.55.1.B2006	2006/OPS/22 GRANT PART A - GERMANY	10,534.55	0.00	7,374.19	7,374.19
3020	FRO.59.1.B2006	2006/OPS/22 GRANT PART B - SPAIN	69,932.35	0.00	48,952.65	48,952.65
3020	FRO.60.1.B2006	2006/OPS/22 GRANT PART C - FRANCE	4,249.58	0.00	2,974.71	2,974.71
3020	FRO.81.1.B2006	2006/OPS/22 GRANT PART D - NETHERLANDS	5,169.23	0.00	3,618.46	3,618.46
3020	FRO.61.1.B2006	2006/OPS/22 GRANT PART E - CZECH REPUBLIC	5,164.97	0.00	3,615.48	3,615.48
3020	FRO.62.1.B2006	2006/OPS/22 GRANT PART F - UK	4,678.04	0.00	3,274.63	3,274.63
3020	FRO.66.1.B2006	2006/OPS/22 GRANT PART G - PORTUGAL	30,497.29	0.00	21,348.10	21,348.10
3020	FRO.63.1.B2006	2006/OPS/22 GRANT PART H - ITALY	10,427.98	0.00	7,299.59	7,299.59
3050	FRO.218.1.B2006	2006/OPS/14 GRANT PART A DENMARK	19,345.60	0.00	13,541.92	13,541.92
3050	FRO.219.1.B2006	2006/OPS/14 GRANT PART B GERMANY	39,453.04	0.00	27,617.13	27,617.13

Budget item	Commit Position (Local Key)	Description	Commitments total	Payments total	Estimation expenses posted in 2006	Pending 31/12/06
3050	FRO.220.1.B2006	2006/OPS/14 GRANT PART C HUNGARY	5,337.16	0.00	3,736.01	3,736.01
3050	FRO.222.1.B2006	2006/OPS/14 GRANT PART D ITALY	8,371.68	0.00	5,860.18	5,860.18
3050	FRO.221.1.B2006	2006/OPS/14 GRANT PART E UNITED KINGDOM	6,330.12	0.00	4,431.08	4,431.08
Total			**4,986,976.90**	**1,551,654.47**	**3,440,222.56**	**1,888,568.09**

2.1.3.5 Accounts payable with consolidated EC entities

The total amount of 2,246,054.95 euros corresponds to the balance of outturn account for the 2006 financial year (2,234,453.65); to the bank interest yielded in 2006 (6,231.30) and amounts payable to DG ADMIN for administration services (5,370.00).

2.2 Notes to the economic outturn account

2.2.1 Operating revenue

	2006
European Commission subsidy (cashed)	17,363,742.62
Budget outturn (to be reversed to the EC)	-2,234,453.65
UK contribution	226,300.00
Exchange rate gains	23,619.62
Revenues from administrative operations	2,074.61
Other revenues	451.59
Total	**15,381,734.89**

2.2.2 Operating expenses

	2006
Staff expenses	-860,300.27
Fixed asset expenses	-7,117.53
Other administrative expenses	-543,744.90
Administrative expenses with consolidated EC entities	- 9,745.00
Exchange rate losses	- 61,179.51
Operational expenses	-4,347,656.46
Total	**-5,829,743.67**

2.2.3 Financial expenses

Financial expenses in the amount of 4,943.05 include bank charges paid to bank.

3 Legal Framework

The financial statements 2006 of the Agency are in euros.

This report on financial and budgetary management has been prepared in accordance with Article 76 of the Financial Regulation of the Agency adopted 30 June 2005. The Implementing Rules were adopted 12 December 2005.

Accounting principles

<u>Unit of account (Articles 17 and 80 of the Financial Regulation)</u>

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

<u>Going-concern (Article 78 of the Financial Regulation, Article 175 of the Financial Implementing Rules)</u>

For the purposes of preparing the financial statements, the institutions and the bodies referred to in Article 185 of the General Financial Regulation shall be deemed to be established for an indefinite duration.

<u>Prudence (Article 78 of the Financial Regulation, Article 176 of the Financial Implementing Rules)</u>

Assets and income shall not be overstated and liabilities and charges shall not be understated. The principle of prudence does not allow the creation of hidden reserves or undue provisions.

<u>Consistent accounting methods (Article 78 of the Financial Regulation, Article 177 of the Financial Implementing Rules)</u>

The structure of the components of the financial statements and the accounting methods and valuation rules may not be changed from one year to the next.

<u>Comparability of information (Article 78 of the Financial Regulation, Article 178 of the Financial Implementing Rules)</u>

For each item the financial statements shall also show the amount of the corresponding item the previous year.

Materiality (Article 78 of the Financial Regulation, Article 179 of the Financial Implementing Rules)

All operations which are of significance for the information sought shall be taken into account in the financial statements. Materiality shall be assessed in particular by reference to the nature of the transaction or the amount. Transactions may be aggregated where:
(a) the transactions are identical in nature, even if the amounts are large;
(b) the amounts are negligible;
(c) aggregation makes for clarity in the financial statements.

No-netting (Article 78 of the Financial Regulation, Article 180 of the Financial Implementing Rules)

Receivables and debts may not be offset against each other, nor may charges and income, save where charges and income derive from the same transaction, from similar transactions or from hedging operations and provided that they are not individually material.

Reality over appearance (Article 78 of the Financial Regulation, Article 181 of the Financial Implementing Rules)

Accounting events recorded in the financial statements shall be presented by reference to their economic nature.

Entry of transactions in the accounts (Article 79 of the Financial Regulation, Article 182 of the Financial Implementing Rules)

Every transaction shall be entered in the accounts where:
(a) the economic impact is such as to increase or reduce the assets or liabilities of the Agency;
(b) a reliable estimate can be given of its cost or value.

Valuation of assets and liabilities (Article 79 of the Financial Regulation, Article 183 of the Financial Implementing Rules)

Assets and liabilities shall be valued at purchase price or production cost. However, the value of non financial fixed assets shall be written down for depreciation. In addition a write-down may be applied where the value of an asset decreases and an increase in the value of a liability may be covered by a provision.

Accrual-based accounting (Article 79 of the Financial Regulation)

The financial statements shall show the charges and income for the financial year, regardless of the date of payment or collection.

4 Reports on implementation of the budget 2006

Financial Regulation Article 76(b) & 81

4.1 Budget execution 2006

REVENUE			EXPENDITURE													
Origin of revenue	Revenue entered in the final budget for the financial year	Revenue collected	**Expenditure allocation**	APPROPRIATIONS UNDER THE FINAL BUDGET					APPROPRIATIONS CARRIED OVER FROM THE PREVIOUS FINANCIAL YEAR			AVAILABLE APPROPRIATIONS (2004 budget and financial year 2003)				
				entered	committed	paid	carried over(*)	cancelled	entered	paid	cancelled	appropriations	committed	paid	carried over	Cancelled
Community subsidies	18 940 000	17 363 743	Title I Staff	4 700 000	4 188 093	3 032 185	1 065 412	511 907								
Other subsidies	0	0	Title II Administration	1 400 000	488 073	193 648	294 220 636 854 *931 074*	275 073								
Other revenue	226 300	226 300	Title III Operating expenditure	13 066 300	11 691 148	2 019 916	6 357 933 105 037 *6 462 970*	1 270 115	N.A.			N.A.				
TOTAL	**19 166 300**	**17 590 043**	**TOTAL**	**19 166 300**	**16 367 314**	**5 245 750**	**7 717 565** **741 891** ***8 459 456***	**2 057 095**								

* Including non-automatic carryovers (Management Board decision in written procedure on 7 February 2007).

4.2 Budgetary outturn account

Revenue	**2006**		
Commission subsidy		17 363 743	
Other income		226 300	
Total Revenue (a)		**17 590 043**	
Expenditure	**Paid by Commission**	**Frontex Expenditure**	**Total 2006**
Personnel expenditure (title 1)			
Payments	2 015 185	1 017 000	3 032 185
Automatic carryovers		1 065 412	1 065 412
Non-automatic carryovers		0	0
Administrative expenditure (title 2)			
Payments	124 691	68 957	193 648
Automatic carryovers		294 425	294 220
Non-automatic carryovers		636 854	636 854
Operational expenditure (title 3)			
Payments		2 299 368	2 299 368
Automatic carryovers		9 830 768	9 830 768
Non-automatic carryovers		105 037	105 037
Total expenditure (b)		**15 317 8211**	**17 457 697**
Outturn for the financial year (a-b)		**2 272 222**	
Cancellation of unused carryovers			
Exchange differences for the year		-37 768	
Balance carried over form year N-1		-	
Balance of the outturn account for the financial year		**2 234 454**	

4.3 Current year appropriations (2006-C1)

Title Chapter Article	Heading	Appropriations (final)	Committed	Not used	Paid	total CO
1	**STAFF**					
1 1	***Staff in active employment***					
1 1 0	Temporary staff holding a post provided for in the establishment plan	748 000	684 086	63 914	634 341	
1100	Basic salary	587 000	544 775	42 225	505 462	
1101	Family allowances	62 500	53 654	8 846	46 076	
1102	Expatriation and foreign-residence allowances	98 500	85 657	12 843	82 802	
1103	Secretarial allowances					
1 1 1	Other staff	2 682 400	2 622 130	60 270	2 030 680	552 073
1110	Auxiliary staff	770 000	709 730	60 270	667 885	7 000
1111	Contract staff	285 000	285 000		252 069	28 400
1112	Seconded national experts	1 627 400	1 627 400		1 110 727	516 673
1 1 3	Employer's social security contributions for temporary agents	44 900	37 416	7 484	36 042	
1130	Insurance against sickness	28 000	22 518	5 482	21 640	
1131	Insurance against accidents and occupational disease	6 500	5 715	785	5 538	
1132	Insurance against unemployment	10 400	9 183	1 217	8 864	
1133	Constitution of national pension rights					
1 1 4	Miscellaneous allowances and grants for temporary agents	14 200	9 118	5 082	9 118	
1140	Childbirth and death allowances and grants	5 000		5 000		
1141	Travel expenses for annual leave	9 200	9 118	82	9 118	
1 1 5	Overtime					

Title Chapter Article	Heading	Appropriations (final)	Committed	Not used	Paid	total CO
1 1 8	Allowances and expenses on entering and leaving the service and on transfer	381 000	381 000		79 748	301 252
1180	Travel expenses on taking up duties and at end of contract	30 500	30 500		1 297	29 203
1181	Installation, resettlement and transfer allowances for temporary agents	194 000	194 000		43 241	150 759
1182	Removal expenses for temporary agents	116 000	116 000		10 926	105 074
1183	Temporary daily subsistence allowances for temporary agents	40 500	40 500		24 284	16 216
1184	Temporary daily subsistence allowances: temporary accommodation for temporary agents					
1185	Travel expenses at end of contract					
1 1 9	Salary weightings					
	Chapter 1 1 — Total	***3 870 500***	***3 733 750***	***136 750***	***2 789 929***	***853 325***
1 2	***Recruitment***					
1 2 0	Recruitment	79 000	77 000	2 000	35 632	41 368
1200	Translation and publication of notices	1 000		1 000		
1201	Travel and subsitence costs of applicants	66 300	66 300		33 928	32 372
1202	Medical examinations	10 700	10 700		1 704	8 996
1203	Other recruitment costs	1 000		1 000		
	Chapter 1 2 — Total	***79 000***	***77 000***	***2 000***	***35 632***	***41 368***
1 3	***Administrative missions***					
1 3 0	Administrative missions	275 000	275 000		171 971	103 029
	Chapter 1 3 — Total	*275 000*	*275 000*		*171 971*	*103 029*
1 4	***Sociomedical infrastructure***					
1 4 0	Restaurants and canteens					
1 4 1	Medical service	1 500		1 500		

Title Chapter Article	Heading	Appropriations (final)	Committed	Not used	Paid	total CO
1 4 3	Other expenditure	1 000	500	500		500
	Chapter 1 4 — Total	***2 500***	***500***	***2 000***		***500***
1 5	***Other staff-related expenditure***					
1 5 0	Training and information of staff	25 000	16 020	8 980	5 422	10 598
1 5 1	Supplementary services	403 000	57 554	345 446	13 704	43 849
1510	Translation and interpretation services	320 000	2 754	317 246	276	2 478
1511	Costs of organising stages					
1512	Supplementary clerical and interim services					
1513	Other external services including expenses for Commission management costs	83 000	54 800	28 200	13 428	41 372
	Chapter 1 5 — Total	***428 000***	***73 574***	***354 426***	***19 126***	***54 447***
1 6	***Social welfare***					
1 6 0	Special assistance grants					
1 6 1	Social events	10 000	3 700	6 300	860	2 840
	Chapter 1 6 — Total	***10 000***	***3 700***	***6 300***	***860***	***2 840***
1 7	***Entertainment and representation expenses***					
1 7 0	Entertainment and representation expenses	35 000	24 570	10 430	14 667	9 903
	Chapter 1 7 — Total	***35 000***	***24 570***	***10 430***	***14 667***	***9 903***
	TITLE 1 — TOTAL	**4 700 000**	**4 188 093**	**511 907**	**3 032 185**	**1 065 412**

Title Chapter Article	Heading	Appropriations (final)	Committed	Not used	Paid	total CO
2	**OTHER ADMINISTRATIVE EXPENDITURE**					
2 0	***Rental of buildings and associated costs***					
2 0 0	Rent					
2 0 1	Insurance	3 000	2 600	400	2 387	213
2 0 2	Water, gas, electricity and heating	10 000	8 000	2 000	6 058	1 942
2 0 3	Cleaning and maintenance	25 000	17 000	8 000	12 698	4 302
2030	Cleaning and maintenance	25 000	17 000	8 000	12 698	4 302
2031	Treatment of waste					
2 0 4	Furnishing of premises	55 000	8 115	46 885	1 815	18 085
2 0 5	Security of buildings and persons	235 000		235 000		235 000
2050	Security equipment	235 000		235 000		235 000
2051	Security services					
2052	Health and safety at work					
2 0 8	Expenditure preliminary to the rental of immovable property					
2 0 9	Other expenditure					
	Chapter 2 0 — Total	***328 000***	***35 715***	***292 285***	***22 958***	***259 542***
2 1	***Data processing***					
2 1 0	Costs of equipment and data-processing related expenditure	478 000	101 162	376 838	6 840	411 322
2100	Purchase of data processing equipment	330 000	33 293	296 707	5 443	320 363
2101	Software	138 000	62 912	75 088	112	87 288
2102	Maintenance and repair of data processing equipment	10 000	4 957	5 043	1 286	3 671
2103	Consultancy and studies					
2104	Other data processing expenditure					
	Chapter 2 1 — Total	***478 000***	***101 162***	***376 838***	***6 840***	***411 322***

Title Chapter Article	Heading	Appropriations (final)	Committed	Not used	Paid	total CO
2 2	***Movable property and associated costs***					
2 2 0	Technical equipment and installations	10 000	2 255	7 745	2 255	
2 2 1	Furniture	25 000	15 081	9 919	13 178	1 903
2 2 3	Transport equipment	100 000		100 000		73 068
2230	Purchases and long-term lease of transport equipment	99 000		99 000		73 068
2231	Maintenance, use and repair and other expenditures of transport equipment					
2232	Car insurance					
2233	Fuel	1 000		1 000		
2 2 5	Documentation and library expenditure	4 000		4 000		
2250	Library expenses, purchase of books, subscriptions to newspapers and periodicals	4 000		4 000		
2251	Open sources					
	Chapter 2 2 — Total	***139 000***	***17 337***	***121 663***	***15 433***	***74 971***
2 3	***Current administrative expenditure***					
2 3 0	Stationery and office supplies	40 000	38 558	1 442	24 317	14 241
2 3 1	Financial charges	10 000	2 407	7 593	407	2 000
2310	Bank charges	10 000	2 407	7 593	407	2 000
2311	Exchange-rate losses					
2 3 3	Legal expenses and damages	5 000		5 000		
2330	Legal expenses	5 000		5 000		
2331	Damages and compensation					
2 3 4	Other administrative expenditure	45 000	9 400	35 600	8 722	678
2340	Miscellaneous insurance, transportation of goods, departmental removals and associated handling costs	5 000		5 000		
2341	Uniforms and working clothes					

Title Chapter Article	Heading	Appropriations (final)	Committed	Not used	Paid	total CO
2342	Translation services					
2343	Official publications, tender publications and reproduction of documents	40 000	9 400	30 600	8 722	678
2344	Petty expenditure					
2 3 5	Communication and information activities	7 500	7 320	180	7 242	78
	Chapter 2 3 — Total	***107 500***	***57 685***	***49 815***	***40 687***	***16 793***
2 4	***Postal charges and telecommunications***					
2 4 0	Postal and delivery charges	6 000	5 139	861	335	4 804
2 4 1	Telecommunications	97 500	66 750	30 750	46 972	19 778
2410	Telecommunications subscriptions and charges	97 500	66 750	30 750	46 972	19 778
2411	Purchase, installation and maintenance of telecommunications equipment and material					
2412	Maintenance of telecommunications equipment and material					
	Chapter 2 4 — Total	***103 500***	***71 889***	***31 611***	***47 307***	***24 582***
2 5	***Non-operational meetings***					
2 5 0	Management Board meetings	234 000	198 286	35 714	56 895	141 392
2500	Interpretation services and equipment	25 000	17 611	7 389	15 386	2 225
2501	Travel and subsistence costs of delegates	176 500	155 000	21 500	32 197	122 803
2502	Other expenditure	32 500	25 675	6 825	9 311	16 364
2 5 1	Other meetings and visits	10 000	6 000	4 000	3 528	2 472
	Chapter 2 5 — Total	***244 000***	***204 286***	***39 714***	***60 422***	***143 864***
	TITLE 2 — TOTAL	**1 400 000**	**488 073**	**911 927**	**193 648**	**931 279**
	TITLE 1 & 2 TOTAL	**6 100 000**	**4 676 166**	**1 423 834**	**3 225 833**	**1 996 691**

Title Chapter Article	Heading	Appropriations (final)	Committed	Not used	Paid	total CO
3	**OPERATIONAL ACTIVITIES**					
3 0	***Operations***					
3 0 0	Operations and pilot projects etc., land borders	898 000	876 262	21 738	25 633	872 367
3 0 1	Operations and pilot projects etc., sea borders	9 229 300	8 830 504	398 796	1 719 780	7 110 723
3 0 2	Operations and pilot projects etc., air borders	315 000	292 696	22 304	8 329	308 307
3 0 3	Operations and pilot projects etc., combined	380 000	357 584	22 416	17 676	357 508
3 0 4	Technical and operational assistance					
3 0 5	Return co-operation	267 000	265 060	1 940	38 424	226 636
	Chapter 3 0 — Total	***11 089 300***	***10 622 106***	***467 194***	***1 809 842***	***8 875 541***
3 1	***Risk Analysis***					
3 1 0	Risk analysis	187 000	116 147	70 853	28 102	113 113
	Chapter 3 1 — Total	***187 000***	***116 147***	***70 853***	***28 102***	***113 113***
3 2	***Training***					
3 2 0	Training	1 060 000	756 023	303 977	121 335	634 688
	Chapter 3 2 — Total	***1 060 000***	***756 023***	***303 977***	***121 335***	***634 688***
3 3	***Research and development***					
3 3 0	Research and development	120 000	96 872	23 128	6 914	108 285
	Chapter 3 3 — Total	***120 000***	***96 872***	***23 128***	***6 914***	***108 285***
3 4	***Management of technical equipment***					
3 4 0	Management of technical equipment	10 000		10 000		
	Chapter 3 4 — Total	***10 000***		***10 000***		

Title Chapter Article	Heading	Appropriations (final)	Committed	Not used	Paid	total CO
3 5	***Miscellaneous operational activities***					
3 5 0	Miscellaneous operational activities	100 000	100 000		53 722	46 278
	Chapter 3 5 — Total	***100 000***	***100 000***		***53 722***	***46 278***
3 9	***Operational reserve***					
3 9 0	Reserve	500 000		500 000		
	Chapter 3 9 — Total	***500 000***		***500 000***		
	TITLE 3 — TOTAL	**13 066 300**	**11 691 148**	**1 375 152**	**2 019 916**	**9 777 904**
	GRAND TOTAL	**19 166 300**	**16 367 314**	**2 798 986**	**5 245 750**	**11 774 595**

4.4 Automatic carry forward (2007-C8)

Title Chapter Article	**Heading**	**Commitments to be paid**
1	**STAFF**	
1110	Auxiliary staff	7 000
1111	Contract staff	28 400
1112	Seconded national experts	516 673
1180	Travel expenses on taking up duties and at end of contract	29 203
1181	Installation, resettlement and transfer allowances for temporary agents	150 759
1182	Removal expenses for temporary agents	105 074
1183	Temporary daily subsistence allowances for temporary agents	16 216
1201	Travel and subsitence costs of applicants	32 372
1202	Medical examinations	8 996
1 3 0	Administrative missions	103 029
1 4 3	Other expenditure	500
1 5 0	Training and information of staff	10 598
1510	Translation and interpretation services	2 478
1513	Other external services including expenses for Commission management costs	41 372
1 7 0	Entertainment and representation expenses	9 903
	TITLE 1 — TOTAL	**1 065 412**
2	**OTHER ADMINISTRATIVE EXPENDITURE**	
2 0 1	Insurance	213
2 0 2	Water, gas, electricity and heating	1 942
2030	Cleaning and maintenance	4 302
2 0 4	Furnishing of premises	6 300
2100	Purchase of data processing equipment	27 850
2101	Software	62 800
2102	Maintenance and repair of data processing equipment	3 671
2 2 1	Furniture	1 903
2 3 0	Stationery and office supplies	14 241
2310	Bank charges	2 000
2343	Official publications, tender publications and reproduction of documents	678
2 3 5	Communication and information activities	78
2 4 0	Postal and delivery charges	4 804
2410	Telecommunications subscriptions and charges	19 778

Title Chapter Article	Heading	Commitments to be paid
2500	Interpretation services and equipment	2 225
2501	Travel and subsistence costs of delegates	122 803
2502	Other expenditure	16 364
2 5 1	Other meetings and visits	2 472
	TITLE 2 — TOTAL	**294 425**
3	**OPERATIONAL ACTIVITIES**	
3 0 0	Operations and pilot projects etc., land borders	850 629
3 0 1	Operations and pilot projects etc., sea borders	7110 723
3 0 2	Operations and pilot projects etc., air borders	286 003
3 0 3	Operations and pilot projects etc., combined	339 908
3 0 5	Return co-operation	226 636
3 1 0	Risk analysis	88 045
3 2 0	Training	634 388
3 3 0	Research and development	89 958
3 5 0	Miscellaneous operational activities	46 278
	TITLE 3 — TOTAL	**9 672 867**
	GRAND TOTAL	**11 032 704**

4.5 Current year income (2006-IC1)

Post	Title	Appropriations (final)	Recovery orders	Received	To be received
1000	EC Subsidies	18 940 000	0	17 363 743	0
1100	Subsidies Schengen Associated Countries				
1200	Subsidies UK & Ireland	226 300	226 300	226 300	0
1300	Voluntary contributions				
Total for Title 1 contributions		**19 166 300**	**19 166 300**	**17 590 43**	**0**
4000	Bank Interest			6 231	
Total for Title 4: revenue administrative operations		**0**	**0**	**6 231**	**0**

5 Staff movements 2006

Category and grade	Posts 2007 (CONDITIONAL)		Posts 2006		Posts 2006 filled on 31/12/2006	
	Permanent	Temporary	Permanent	Temporary	Permanent	Temporary
AD16		0		0		0
AD15		0		0		0
AD14		1		1		1
AD13		1		1		1
AD12		6		6		3
AD11		7		4		1
AD10		7		3		2
AD9		1		1		0
AD8		2		2		1
AD7		0		0		0
AD6		0		0		0
AD5		0		0		0
Subtotal AD		**25**		**18**		**9**
AST11		0		0		0
AST10		0		0		0
AST9		0		0		0
AST8		5		4		3
AST7		4		2		2
AST6		3		1		1
AST5		8		2		2
AST4		2		0		0
AST3		2		1		1
AST2		0		0		0
AST1		0		0		0
Subtotal AST		**24**		**10**		**9**
GRAND TOTAL		**49**		**28**		**18**