



EUROPEAN  
COURT  
OF AUDITORS

ANNUAL ACCOUNTS OF THE EUROPEAN COURT OF AUDITORS  
FOR THE FINANCIAL YEAR 2018

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ACCOUNTING OFFICER

Luxembourg, 04 April 2019

## CERTIFICATION OF THE ACCOUNTS

### **Certification for the annual accounts 2018 of the European Court of Auditors**

The annual accounts of the European Court of Auditors for the year 2018 have been prepared in accordance with the Title IX<sup>1</sup> of the Financial Regulation applicable to the general budget of the European Union, the accounting rules adopted by the Commission's Accounting Officer and the accounting principles and methods adopted by myself.

I acknowledge my responsibility for the preparation and presentation of the annual accounts of the European Court of Auditors in accordance with art 68<sup>2</sup> of the Financial Regulation.

I have obtained from the authorising officer, who certified its reliability, all the information necessary for the production of the accounts that show the European Court of Auditors' 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 European Court of Auditors.

Pilar Calvo Fuentes

Accounting Officer of the European Court of Auditors

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<sup>1</sup> Cf. - Title XIII of the new Financial Regulation entered into force on January 2019.

<sup>2</sup> Cf. - Article 77 of the new Financial Regulation entered into force on January 2019



## Audit report

To the Management of  
**European Court of Auditors - ECA**

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### *Our opinion*

In our opinion, the accompanying financial statements give a true and fair view of the financial position of European Court of Auditors - ECA (the “Company”) as at 31 December 2018, and of the results of its operations, its cash flows and the changes in net assets for the year then ended in accordance with Regulation (EU, Euratom) N°966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) N°1605/2002 (OJ L 298, 26.10.2012, p. 1) and its subsequent amendments hereinafter referred to as the “Financial Regulation” and Commission Delegated Regulation (EU) N°1268/2012 of 29 October 2012 (OJ L 362, 31.12.2012, p. 1) laying down detailed rules of application of this Financial Regulation and its subsequent amendments.

### ***What we have audited***

The Company’s financial statements comprise:

- the Balance Sheet as at 31 December 2018;
- the Statement of Financial Performance for the year then ended;
- the Cash Flow Statement for the year then ended;
- Statement of changes in Net Assets for the year then ended; and
- the notes to the financial statements from page 11 to page 19, which include a summary of significant accounting policies.

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### *Basis for opinion*

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the “Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the financial statements” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

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#### *Other information*

The Management is responsible for the other information. The other information comprises the information stated in the Budget information financial year 2018 on page 20, but does not include the financial statements and our audit report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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#### *Responsibilities of the Management and those charged with governance for the financial statements*

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulation (EU, Euratom) N°966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) N°1605/2002 (OJ L 298, 26.10.2012, p. 1) and its subsequent amendments hereinafter referred to as the 'Financial Regulation' and Commission Delegated Regulation (EU) N°1268/2012 of 29 October 2012 (OJ L 362, 31.12.2012, p. 1) laying down detailed rules of application of this Financial Regulation and its subsequent amendments, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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#### *Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the financial statements*

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management;
- conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers, Societe cooperative  
Represented by

Luxembourg, 4 April 2019



Rima Adas

**FINANCIAL STATEMENTS AND EXPLANATORY NOTES<sup>1</sup>****Balance Sheet**

	Note	31 December 2018	31 December 2017
(euro)			
<b>Non - Current Assets</b>			
Intangible assets	3.1.	1 498 642	1 977 442
Property, plant and equipment	3.2.	69 967 785	74 664 292
		<b>71 466 427</b>	<b>76 641 734</b>
<b>Current Assets</b>			
Receivables	3.3.	778 811	655 198
Cash and cash equivalents	3.4.	6 978 107	7 110 125
		<b>7 756 918</b>	<b>7 765 323</b>
<b>Total Assets</b>		<b>79 223 345</b>	<b>84 407 057</b>
<b>Current Liabilities</b>			
Payables	3.5.	5 525 274	6 042 069
		<b>5 525 274</b>	<b>6 042 069</b>
<b>Total Liabilities</b>		<b>5 525 274</b>	<b>6 042 069</b>
<b>Net Assets</b>		<b>73 698 071</b>	<b>78 364 988</b>
Accumulated surplus / deficit		78 364 988	85 369 678
Economic result for the year		(4 666 917)	(7 004 690)
<b>Net Assets</b>		<b>73 698 071</b>	<b>78 364 988</b>

<sup>1</sup> The accompanying notes form an integral part of these financial statements.

**Statement of Financial Performance**

	Note	2018	2017
Funds transferred from the Commission to other institutions	4.1.	118 700 000	115 900 000
Revenue from administrative operations	4.2.	21 365 678	20 918 724
Other operating revenue	4.3.	16 044	10 460
<b>Total operating revenue</b>	4.4.	<b>140 081 722</b>	<b>136 829 184</b>
Staff expenses	4.5.	(118 261 079)	(115 939 175)
Assets related expenses	4.6.	(7 012 492)	(7 512 025)
Other administrative expenses	4.7.	(19 455 185)	(20 366 931)
Operational expenses	4.8.	(12 032)	(7 168)
<b>Total operating expenses</b>		<b>(144 740 788)</b>	<b>(143 825 299)</b>
<b>Surplus/(deficit) from operating activities</b>		<b>(4 659 066)</b>	<b>(6 996 115)</b>
Financial expenses	4.9.	(7 851)	(8 575)
<b>Surplus/(deficit) from non operating activities</b>		<b>(7 851)</b>	<b>(8 575)</b>
<b>Economic result of the year</b>		<b>(4 666 917)</b>	<b>(7 004 690)</b>



**Cash Flow Statement**

	(euro)	
	2018	2017
<b>Economic result of the year</b>	<b>(4 666 917)</b>	<b>(7 004 690)</b>
<b>Operating activities - Adjustments</b>		
Amortisation	1 168 768	1 566 045
Depreciation	5 835 786	5 927 200
(Increase)/decrease in Receivables	(123 613)	36 257
Increase/(decrease) in Payables	(516 795)	687 182
<b>Net cash flow from operating activities</b>	<b>1 697 229</b>	<b>1 211 994</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and intangible assets (-)	(1 838 282)	(2 476 990)
Proceeds from-property, plant and equipment and intangible assets (+)	9 035	18 780
<b>Net cash flow from investing activities</b>	<b>(1 829 247)</b>	<b>(2 458 210)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(132 018)</b>	<b>(1 246 216)</b>
<i>Cash and cash equivalents at the beginning of the year</i>	7 110 125	8 356 341
<i>Cash and cash equivalents at the end of the year</i>	6 978 107	7 110 125

**Statement of changes in Net Assets**

	(euro)		
Net assets	Accumulated Surplus / (Deficit)	Economic result of the year	Total
<b>Balance as at 31.12.2017</b>	<b>85 369 678</b>	<b>(7 004 690)</b>	<b>78 364 988</b>
Allocation of the prior year economic result	<b>(7 004 690)</b>	7 004 690	-
Economic result of the year	-	(4 666 917)	(4 666 917)
<b>Balance as at 31.12.2018</b>	<b>78 364 988</b>	<b>(4 666 917)</b>	<b>73 698 071</b>

## ***Accounting policies and notes to the financial statements***

### **1. General**

The European Court of Auditors (hereafter the "Court") was established by the Treaty of Brussels of 22 July 1975 and started operating in October 1977, with its headquarters in Luxembourg.

#### **Mission of the European Court of Auditors**

The European Court of Auditors mission is to contribute to improving EU financial management, promote accountability and transparency, and act as the independent guardian of the financial interests of the citizens of the Union. The ECA's role as the EU's independent external auditor is to check that EU funds are correctly accounted for, are raised and spent in accordance with the relevant rules and regulations and have achieved value for money.

The ECA checks if the budget of the European Union has been implemented correctly, and that EU funds have been raised and spent legally and in accordance with the principles of sound financial management.

The ECA is the EU institution for auditing the EU's finances and is committed to being an efficient organisation at the forefront of developments in public audit and administration.

The financial year of the Court runs from 1 January to 31 December.

### **2. Legal basis and accounting rules**

#### **2.1. Basis of presentation**

The financial statements of the Court are drawn up in accordance with Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 298, 26.10.2012, p. 1) and its subsequent amendments hereinafter referred to as the 'Financial Regulation' and Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 (OJ L 362, 31.12.2012, p. 1) laying down detailed rules of application of this Financial Regulation and its subsequent amendments.

## 2.2. Accounting principles

The financial statements are prepared on the basis of accrual-based accounting rules that are based on International Public Sector Accounting Standards (IPSAS). These EU Accounting Rules are adopted by the Accounting Officer of the Commission after a consultation of the other institutions.

The accounting principles to be followed when preparing the financial statements are laid down in EU accounting rule 1 "Financial Statements" and are the same as those described in IPSAS 1, that is: fair presentation, accrual basis, going concern, consistency of presentation, aggregation, offsetting and comparative information. The qualitative characteristics of financial reporting according to article 144 of the Financial Regulation are relevance, reliability, understandability and comparability.

In accordance with IPSAS and generally accepted accounting principles, the financial statements necessarily include amounts based on estimates and assumptions by management based on the most reliable information available.

## 2.3. Currency and basis for conversion

The financial statements are presented in euro, the euro being the EU's functional and reporting currency.

Foreign currency transactions are translated into euro using the exchange rate prevailing at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial performance.

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

## 2.4. Intangible assets

Acquired computer software licences are stated at historical cost less accumulated amortisation and impairment losses. The assets are amortised on a straight-line basis over four years. Internally developed intangible assets are capitalised when the relevant criteria of the EU accounting rules are met. The costs that can be capitalised include all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by the Court

management. Costs associated with research activities, not capitalised development costs and maintenance costs are recognised as expenses as incurred.

## 2.5. Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the Court and its cost can be measured reliably. Repairs and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred. As the Court does not borrow money to fund the acquisition of property, plant and equipment, there are no borrowing costs related to such purchases.

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Land and works of art are not depreciated as they are deemed to have an indefinite useful life. Assets under construction are not depreciated as these assets are not yet available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	4 %
Plant, machinery and tools	12,5 % to 25 %
Furniture and vehicle fleet	10 % to 25 %
Computer hardware	25 %
Other fixtures and fittings	12,5 % to 25 %

## 2.6. Provisions

Provisions are recognised when the Court has a present legal or constructive obligation towards third parties as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses. The amount of the provision is the best estimate of the expenditures expected to be required to settle the present obligation at the reporting date.

## 2.7. Recognition of expenses

According to the EU accounting rules, transactions and events are recognised in the financial statements in the period to which they relate. At the end of the accounting period, accrued expenses are recognised based on an estimated amount of the transfer obligation of the period. The calculation of accrued expenses is done in accordance with detailed operational and practical guidelines issued by the Accounting Officer which aim at ensuring that the financial statements reflect a true and fair view.

## 2.8. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the EU; or a present obligation that arises from past events but is not recognised because: it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or in the rare circumstances where the amount of the obligation cannot be measured with sufficient reliability.

### 3. Notes to the Balance Sheet

#### Non-Current Assets

##### 3.1. Intangible assets

The movements in intangible assets during the year 2018 were:

	(euro)
Gross carrying amounts at 31.12.2017	7 790 514
Additions	689 968
Disposals	-
Transfer between asset categories	-
Other changes	-
<b>Gross carrying amounts 31.12.2018</b>	<b>8 480 482</b>
Accumulated amortisation at 31.12.2017	(5 813 072)
Amortisation charge for the year	(1 168 768)
Amortisation written back	-
Disposals	-
Transfer between asset categories	-
<b>Accumulated amortisation at 31.12.2018</b>	<b>(6 981 840)</b>
<b>Net carrying amounts 31.12.2018</b>	<b>1 498 642</b>
Net carrying amounts 31.12.2017	1 977 442

In 2018, 134 601 euros associated with research activities were recognised.

##### 3.2. Property, Plant and Equipment

The movements in Property, plant and equipment during the year 2018 were:

	(euro)							
	Land and Buildings	Plant and equipments	Furniture and vehicle	Computer hardware	Other fixtures and fittings	Land and Buildings under construction	Tangible assets under construction	Total
Gross carrying amounts at 31.12.2017	125 183 698	1 081 076	5 299 281	4 366 231	2 260 289	1 480 179	15 000	139 685 754
Additions	2 774	51 468	338 984	36 434	13 617	705 037	-	1 148 314
Disposals	-	(1 820)	(18 151)	(93 598)	(24 034)	-	-	(137 603)
Transfer between asset categories	2 078 995	-	15 000	-	-	(2 078 995)	(15 000)	-
Other changes	-	-	-	-	-	-	-	-
<b>Gross carrying amounts 31.12.2018</b>	<b>127 265 467</b>	<b>1 130 724</b>	<b>5 635 114</b>	<b>4 309 067</b>	<b>2 249 872</b>	<b>106 221</b>	<b>-</b>	<b>140 696 465</b>
Accumulated amortisation at 31.12.2017	(55 670 916)	(821 910)	(3 293 856)	(3 284 922)	(1 949 858)	-	-	(65 021 462)
Depreciation charge for the year	(4 637 130)	(77 754)	(468 434)	(455 562)	(196 906)	-	-	(5 835 786)
Depreciation written back	-	1 820	15 170	89 398	22 180	-	-	128 568
Disposals	-	-	-	-	-	-	-	-
Transfer between asset categories	-	-	-	-	-	-	-	-
<b>Accumulated amortisation at 31.12.2018</b>	<b>(60 308 046)</b>	<b>(897 844)</b>	<b>(3 747 120)</b>	<b>(3 651 086)</b>	<b>(2 124 584)</b>	<b>-</b>	<b>-</b>	<b>(70 728 680)</b>
<b>Net carrying amounts 31.12.2018</b>	<b>66 957 421</b>	<b>232 880</b>	<b>1 887 994</b>	<b>657 981</b>	<b>125 288</b>	<b>106 221</b>	<b>-</b>	<b>69 967 785</b>
Net carrying amounts 31.12.2017	69 512 782	259 166	2 005 425	1 081 309	310 431	1 480 179	15 000	74 664 292

## Current Assets

### 3.3. Receivables

	(euro)	
	31 December 2018	31 December 2017
Current receivables mainly related to recovered VAT	7 848	(5 770)
Sundry receivables mainly related to payroll and mission advances	171 408	82 724
Deferred charges for building rentals and IT contracts	599 555	578 244
<b>Total</b>	<b>778 811</b>	<b>655 198</b>

### 3.4. Cash and cash equivalents

	(euro)	
	31 December 2018	31 December 2017
Petty cash	18	1 122
Bank current account	75 865	206 765
Fiduciary account	6 902 224	6 902 238
<b>Total</b>	<b>6 978 107</b>	<b>7 110 125</b>

A fiduciary account was opened on 27 January 2010 by the European Court of Auditors with the Banque et Caisse d'Épargne de l'État, Luxembourg. This fiduciary account allowed the Court to manage the budget granted by the budgetary authority in relation to the K3 building project (see Note 5.3). On 14 March 2014, the Court requested the European Parliament and Council to allow the use of the estimated remaining budget of the K3 project (7 million euro) for the necessary and compulsory technical upgrade of the Court's K2 building. This proposal was approved by the European Parliament and Council on 1<sup>st</sup> April 2014. On 23 March 2015, the Court announced to the European Parliament and Council that the final remaining budget of the K3 project amounted to 9,4 million euro and, as the estimated cost for the K2 upgrade was 7 million euro, on 12 May 2015 2,4 million euro were returned to the EU budget. The Court expects that the implementation of the works will take place in 2019-2020.



## Current Liabilities

### 3.5. Payables

	(euro)	
	31 December 2018	31 December 2017
Current payables	(863)	65 297
Sundry payables related to payroll and staff	(24 806)	(18 589)
Accrued charges	5 397 447	5 866 734
Accounts payable to consolidated EU entities	153 496	128 627
<b>Total</b>	<b>5 525 274</b>	<b>6 042 069</b>

## 4. Notes to the Statement of Financial Performance

4.1. “Funds transferred from the Commission to other institutions”: the amount corresponds to the monthly calls for funds made by the Court to the Commission to replenish its bank account.

4.2. “Revenue from administrative operations”: for the most part, this heading is made up of deductions from the salaries of members and staff in respect of tax and social contributions.

4.3. “Other operating revenue” arises among others from exchange rate gains.

4.4. Revenues were generated from exchange and non-exchange transactions as follows:

	(euro)	
	<b>2018</b>	<b>2017</b>
Revenue from exchange transactions	45 119	27 791
Revenue from non-exchange transactions	140 036 602	136 801 393
<b>Total revenue</b>	<b>140 081 721</b>	<b>136 829 184</b>

4.5. “Staff expenses” include the salaries of members, statutory staff, contractual agents and temporary staff.

4.6. The “Assets related expenses” consist of the depreciation/amortisation of the tangible and intangible assets.

4.7. The most significant items of the “other administrative expenses” were:

- IT and telecommunications
- Missions expenses
- Cleaning and security services.

4.8. “Operational expenses” arise among others from exchange rate losses.

4.9. “Financial expenses” are bank charges levied on the Court's current and fiduciary accounts.

## 5. Other significant disclosures

### 5.1. Contingent assets

The following bank guarantees have been given by suppliers following contractual obligations:

	(euro)	
	31 December 2018	31 December 2017
Renovation building	148 234	230 264
Project management building K3	10 339	10 339
Insurance company	1 361	1 361
Telecommunication	20 000	20 000
<b>Total</b>	<b>179 934</b>	<b>261 964</b>

### 5.2. Commitments for future funding

	(euro)	
	31 December 2018	31 December 2017
Operational lease for Buildings	475 000	475 000
Operational lease for IT material, cars and other equipments	1 983 058	1 760 453
<b>Subtotal</b>	<b>2 458 058</b>	<b>2 235 453</b>
Commitments against appropriations not yet consumed – RAL (“Restant à liquider”) -, after deduction of accruals for 2018	6 839 712	5 959 568
<b>Total</b>	<b>9 297 770</b>	<b>8 195 021</b>

The RAL is an element of budgetary accounting representing the value of outstanding commitments. This is the difference between commitments entered into and payments, which is due to the time-lag between entering into a commitment and proceeding to the related payment.

### 5.3. The Court's buildings projects

The Court occupied its headquarters building (the “K1” building) in 1988 and purchased it and the land it stands on outright in 1990. In 1999, the Court signed a framework agreement with the Luxembourg State through which it was given the right to use a second parcel of land for 49 years (renewable once) for the construction of an extension (the “K2” building) in return for a payment of one euro. However for the second extension, the “K3” building, due to different arrangements for carrying out the project

it was necessary that the Luxembourg State and the Court concluded a new framework agreement on 22 February 2008.

As regards the two pieces of land relative to the two extensions (“K2” and “K3”) mentioned above, the state has sold these to the Court for a symbolic one euro.

For its part should the Court ever consider ceding one or other of the buildings to a third party other than the Community body or institution, the Court will return the land to the ownership of the State in return for a symbolic one euro, the latter disposing also of an option to buy the building at a price to be determined by an independent expert. In case the state decides not to exercise this option, it would provide a right to use the land to the purchasers of the building.

#### 5.4. Contingent liabilities

There are no contingent liabilities.

#### 5.5 Other events after the closure - Brexit consequences

With regards to the consequences of Brexit, based on the current situation and latest information available, there is no financial impact on the accounts.

**BUDGET INFORMATION FINANCIAL YEAR 2018****A Computation of the budget result**

The budget result of the year is computed based on the figures of the budgetary implementation.

	(euro)
Payments on appropriations of the year 2018	(133 077 436)
Payments made from carry over of payment appropriations	(6 997 582)
Payments on appropriation related to earmarked revenue	(20 507)
Recovery orders of the year, cashed during the year 2018	21 375 481
Budgetary recovery orders issued before 2017 and cashed in the year 2018	356
Adjustment on recovery orders from previous years	-
Payment appropriations carried over to 2019	(7 519 933)
Appropriation carried over from previous years	7 908 750
Adjustment for carry-over from previous year of appropriations available at 31.12 arising from assigned revenue	98 806
<b>Budget result</b>	<b>(118 232 065)</b>

**B Reconciliation of economic result with budget result**

	(euro)
<b>Economic result of the year</b>	<b>(4 666 917)</b>
<b>Adjustment for items included in the economic result but not in the budget result</b>	<b>(105 087 405)</b>
Difference between accruals end of previous year and end of current year	145 823
Amount from liaison account with the Commission booked in the Economic Outturn Account	(118 700 000)
Unpaid invoices at year end but booked in charges (class 6)	(590 720)
Depreciation of intangible and tangible assets	7 141 994
Provisions	-
Value reductions	12 920
Recovery orders issued in 2018 in class 7 not yet cashed	356
Payments made from carry over of payment appropriations	6 997 582
Other	(87 273)
Exchange rate differences	(8 087)
<b>Adjustment for items included in the budget result but not in the economic result</b>	<b>(8 477 743)</b>
Asset acquisitions (paid during the year)	(1 967 784)
Budgetary recovery orders issued before 2018 and cashed in the year	-
Payment appropriations carried over to 2019	(7 519 933)
Cancellation of unused carried over payment appropriations from previous year	911 168
Adjustment for carry-over from previous year of appropriations available at 31.12 arising from assigned revenue	98 806
Payments for pensions ( they are budgetary payments but booked against provisions)	-
Other	-
<b>Budget result</b>	<b>(118 232 065)</b>



## Independent Assurance report

To the Management of the  
**European Court of Auditors**

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We have examined that the financial resources assigned by the European Commission to the European Court of Auditors (hereafter the “Court”) have been used for their intended purposes and that the control procedures put in place by the authorising officers provide the necessary guarantees to ensure the compliance of financial operations with the applicable rules and regulations for the financial resources made available and used for the period from 1 January 2018 to 31 December 2018.

The maintenance of books and records and the establishing and maintaining of appropriate controls are the responsibility of the Management of the Court. Our responsibility is to express our opinion based on our examination.

We conducted our examination in accordance with the International Standard on Assurance Engagements “Assurance Engagements other than Audits or Reviews of Historical Financial Information” (ISAE 3000) as adopted by the “Commission de Surveillance du Secteur Financier”. This standard requires that we plan and perform our examination such that misuse of the resources materially affecting the books of the Court are detected with reasonable assurance. Our work consisted primarily of examining on a test and sample basis, evidence supporting the fact that:

- The resources assigned to the Court have been used for their intended purposes;
- The control procedures put in place provide the necessary guarantees to ensure the compliance of financial operations with the applicable rules and regulations.

The criteria used for our examination are the following rules and regulations:

- Regulation (EU, Euratom) N°966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget (hereafter the “Budget”) of the Union and repealing Council Regulation (EC, Euratom) N°1605/2002 (hereafter the “Financial Regulation”).
- Commission Delegated Regulation (EU) N°1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) N°966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union (hereafter the “Implementing Rules”).
- Decision N°38-2016 of 2 June 2016 of European Court of Auditors laying down the Rules for implementing the Rules of Procedure of the Court of Auditors, in particular Articles 16 and 42 thereof as amended by the Court at its meeting of 14 September 2017.

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- Decision N°54-2016 of the European Court of Auditors concerning the internal rules for the implementation of its Budget of 12 September 2016 as amended by Decision N°58-2017 on its meeting of 14 December 2017. These provisions form part of the procedures established by the Treaties, or agreements made by virtue thereof, which concern the operational process linked to the implementation of the Budget.

In particular, the following Internal Rules have been used as criteria:

- Article 7.1 - Signatures - "Each of the parties involved in the drafting, control and registration of operations to establish and recover revenue or to commit sums and make payments shall sign and date their involvement".
- Article 8 - Building projects - "The President shall present to the European Parliament and the Council any building project likely to have significant financial implications for the Court's budget. Before the Court gives its approval to any contractual undertaking concerning such a project, the service responsible shall submit an explanatory document justifying the compatibility of the project with the financial framework".
- Article 11.2 - "Before signing, the persons empowered to sign bank credit transfer orders shall verify, in particular, that the bank credit transfer orders correspond to the payment orders".
- Article 16.2 - "The request for transfer shall be accompanied by the information enumerated in Article 16.2".
- Article 17.4 - "The authorising officers shall be responsible for ensuring that, at the end of the year, the only amounts carried over are those in respect of which there is a legal obligation to do so".
- Article 19.1 - Property inventories - "An inventory of tangible assets shall be kept in a database common to all the authorising officers in accordance with the procedures laid down by the Secretary-General, after consulting the Accounting Officer".
- Article 21.1 - Minimum management and internal control procedures - "The management and internal control procedures shall be drawn up by the authorising officers in accordance with the minimum internal control standards adopted by the Court".

We believe our examination provides a reasonable basis for our opinion.

Based on our work described in this report, nothing has come to our attention that causes us to believe that in all material respects and based on the criteria described above:

- The resources assigned to the Court have not been used for their intended purposes;
- The control procedures in place do not provide the necessary guarantees to ensure the compliance of financial operations with the applicable rules and regulations.



Our report is solely for the purpose set forth in the first paragraph and for your information and is not to be used for any other purpose or to be distributed to any other parties, except for publication purpose in the European Official Journal.

PricewaterhouseCoopers, Societe cooperative  
Represented by

Luxembourg, 4 April 2019

A handwritten signature in black ink, appearing to read 'R. Adas', is written over a light grey rectangular background.

Rima Adas