



EUROPEAN  
COURT  
OF AUDITORS

# ANNUAL ACCOUNTS OF THE EUROPEAN COURT OF AUDITORS FOR THE FINANCIAL YEAR 2020

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EUROPEAN  
COURT  
OF AUDITORS

**Pilar Calvo Fuentes**  
Accounting officer

Luxembourg, 6 May 2021

## CERTIFICATION OF THE ACCOUNTS

### Certification for the annual accounts 2020 of the European Court of Auditors

The annual accounts of the European Court of Auditors for the year 2020 have been prepared in accordance with the Title XIII 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 77 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.

Digitally signed by  
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Pilar Calvo Fuentes

# Independent auditor's report



## Audit Report

To the Management

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## Report on the audit of the financial statements

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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 2020, 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) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012, (OJ L 193, 30.07.2018, p. 1).

### *What we have audited*

The Company's financial statements comprise:

- the balance sheet as at 31 December 2020;
  - the statement of financial performance from 1 January 2020 to 31 December 2020;
  - the cash flow statement from 1 January 2020 to 31 December 2020;
  - the statement of changes in net assets from 1 January 2020 to 31 December 2020; and
  - the notes to the financial statements from page 12 to page 20, 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 "Institut des Réviseurs d'Entreprises" (IRE). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the IRE 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 Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (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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*Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)  
R.C.S. Luxembourg B 65 477 - TVA LU25482518*



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**Other information**

The Management is responsible for the other information. The other information comprises the information included in the Budget information financial year 2020 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 these financial statements in accordance with Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012, (OJ L 193, 30.07.2018, p. 1), 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 IRE 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 IRE, we exercise professional judgment and maintain professional scepticism 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 circumstances, 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, Société coopérative  
Represented by

Luxembourg, 6 May 2021

Electronically signed by:  
Rima Adas

A handwritten signature in blue ink, appearing to read 'Adas', is written over a horizontal line.

Rima Adas

# Financial statements and explanatory notes<sup>1</sup>

## Balance Sheet

	Note	31 December 2020	31 December 2019
(euro)			
<b>Non - Current Assets</b>			
Intangible assets	3.1.	2 180 876	1 854 724
Property, plant and equipment	3.2.	61 684 358	65 598 923
		<b>63 865 234</b>	<b>67 453 647</b>
<b>Current Assets</b>			
Receivables	3.3.	1 517 898	1 503 909
Cash and cash equivalents	3.4.	8 274 895	7 657 157
		<b>9 792 793</b>	<b>9 161 066</b>
<b>Total Assets</b>		<b>73 658 027</b>	<b>76 614 713</b>
<b>Current Liabilities</b>			
Provisions	3.5.	-	75 000
Payables	3.6.	7 715 532	5 896 916
		<b>7 715 532</b>	<b>5 971 916</b>
<b>Total Liabilities</b>		<b>7 715 532</b>	<b>5 971 916</b>
<b>Net Assets</b>		<b>65 942 495</b>	<b>70 642 797</b>
Accumulated surplus / deficit		70 642 797	73 698 071
Economic result for the year		(4 700 302)	(3 055 274)
<b>Net Assets</b>		<b>65 942 495</b>	<b>70 642 797</b>

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



## Statement of Financial Performance

		(euro)	
	Note	2020	2019
Funds transferred from the Commission to other institutions	4.1.	121 400 000	122 900 000
Revenue from administrative operations	4.2.	22 784 764	22 402 722
Other operating revenue	4.3.	12 912	9 381
<b>Total operating revenue</b>	<b>4.4.</b>	<b>144 197 676</b>	<b>145 312 103</b>
Staff expenses	4.5.	(125 735 863)	(122 051 232)
Assets related expenses	4.6.	(6 048 435)	(6 509 109)
Other administrative expenses	4.7.	(17 102 484)	(19 793 738)
Operational expenses	4.8.	(4 028)	(5 618)
<b>Total operating expenses</b>		<b>(148 890 810)</b>	<b>(148 359 697)</b>
<b>Surplus/(deficit) from operating activities</b>		<b>(4 693 134)</b>	<b>(3 047 594)</b>
Financial expenses	4.9.	(7 168)	(7 680)
<b>Surplus/(deficit) from non operating activities</b>		<b>(7 168)</b>	<b>(7 680)</b>
<b>Economic result of the year</b>		<b>(4 700 302)</b>	<b>(3 055 274)</b>

## Cash Flow Statement

	(euro)	
	2020	2019
<b>Economic result of the year</b>	<b>(4 700 302)</b>	<b>(3 055 274)</b>
<b>Operating activities - Adjustments</b>		
Amortisation	469 191	866 471
Depreciation	5 541 016	5 626 928
Decrease in Provisions	(75 000)	75 000
Increase in Receivables	(13 989)	(725 098)
Increase in Payables	1 818 616	371 642
<b><i>Net cash flow from operating activities</i></b>	<b>3 039 532</b>	<b>3 159 669</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and intangible assets (-)	(2 460 022)	(2 496 330)
Proceeds from-property, plant and equipment and intangible assets (+)	38 228	15 711
<b><i>Net cash flow from investing activities</i></b>	<b>(2 421 794)</b>	<b>(2 480 619)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>617 738</b>	<b>679 050</b>
<i>Cash and cash equivalents at the beginning of the year</i>	7 657 157	6 978 107
<i>Cash and cash equivalents at the end of the year</i>	8 274 895	7 657 157

## Statement of changes in Net Assets

(euro)

Net assets	Accumulated Surplus / (Deficit)	Economic result of the year	Total
<b>Balance as at 31.12.2019</b>	<b>73 698 071</b>	<b>(3 055 274)</b>	<b>70 642 797</b>
Allocation of the prior year economic result	<b>(3 055 274)</b>	3 055 274	-
Economic result of the year	-	(4 700 302)	(4 700 302)
<b>Balance as at 31.12.2020</b>	<b>70 642 797</b>	<b>(4 700 302)</b>	<b>65 942 495</b>

## Accounting policies and notes to the financial statements

### 1. General

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

#### **Our Mission**

Through our independent, professional and impactful audit work, assess the economy, effectiveness, efficiency, legality and regularity of EU action to improve accountability, transparency and financial management, and thereby enhance citizens' trust and respond effectively to current and future challenge facing the EU.

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

### 2. Legal basis and accounting rules

#### 2.1. Basis of presentation

The financial statements of the ECA are drawn up in accordance with Regulation (EU, Euratom) No 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulation (EU) N°1296/2013, (EU) N°1301/2013, (EU) N°1303/2013, (EU) N°1304/2013, (EU) N°1309/2013, (EU) N°1316/2013, (EU) N°223/2014, (EU) N°283/2014, and Decision N°541/2014/EU and repealing Regulation (EU, Euratom) N°966/2012, (OJ L 193 of 30.07.2018, p1).

#### 2.2. Accounting principles

In accordance with article 80 of the Financial Regulation, the EU prepares its financial statements 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 overall considerations (or 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: fair presentation, accrual basis, going concern, consistency of presentation, materiality, aggregation, offsetting and comparative information. The qualitative characteristics of

financial reporting are relevance, faithful representation (reliability), understandability, timeliness, comparability and verifiability.

### **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. Different conversion methods apply to property, plant and equipment and intangible assets, which retain their value in euros at the date when they were purchased.

Year-end balances of monetary assets and liabilities denominated in foreign currencies are converted into euro on the basis of the European Central Bank (ECB) exchange rates applying 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 ECA 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 ECA 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 ECA does not borrow money to fund the acquisition of property, plant and equipment, there are no borrowing costs related to such purchases.

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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 ECA 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 2020 were:

	(euro)
Gross carrying amounts at 31.12.2019	9 703 035
Additions	795 343
Disposals	(1 653 009)
Transfer between asset categories	1 653 009
Other changes	-
<b>Gross carrying amounts 31.12.2020</b>	<b>10 498 378</b>
Accumulated amortisation at 31.12.2019	(7 848 311)
Amortisation charge for the year	(469 191)
Amortisation written back	-
Disposals	-
Transfer between asset categories	-
<b>Accumulated amortisation at 31.12.2020</b>	<b>(8 317 502)</b>
<b>Net carrying amounts 31.12.2020</b>	<b>2 180 876</b>
Net carrying amounts 31.12.2019	1 854 724

The above amounts relate primarily to computer software.

In 2020, no costs associated with research activities were recognised.

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

The movements in Property, plant and equipment during the year 2020 were:

	(euro)						
	Land and Buildings	Plant and equipments	Furniture and vehicle	Computer hardware	Other fixtures and fittings	Land and Buildings under construction	Total
Gross carrying amounts at 31.12.2019	127 326 359	1 210 373	5 680 361	4 782 328	2 246 305	357 112	141 602 838
Additions	102 398	98 868	164 826	965 973	64 718	267 896	1 664 679
Disposals	(19 211)	(30 985)	(56 047)	(329 039)	(33 408)	-	(468 690)
Transfer between asset categories	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-
<b>Gross carrying amounts 31.12.2020</b>	<b>127 409 546</b>	<b>1 278 256</b>	<b>5 789 140</b>	<b>5 419 262</b>	<b>2 277 615</b>	<b>625 008</b>	<b>142 798 827</b>
Accumulated amortisation at 31.12.2019	(64 873 285)	(946 661)	(4 106 658)	(3 951 119)	(2 126 192)	-	(76 003 915)
Depreciation charge for the year	(4 556 250)	(70 127)	(442 860)	(429 790)	(41 989)	-	(5 541 016)
Depreciation written back	121	30 869	46 432	322 090	30 950	-	430 462
Disposals	-	-	-	-	-	-	-
Transfer between asset categories	-	-	-	-	-	-	-
<b>Accumulated amortisation at 31.12.2020</b>	<b>(69 429 414)</b>	<b>(985 919)</b>	<b>(4 503 086)</b>	<b>(4 058 819)</b>	<b>(2 137 231)</b>	<b>-</b>	<b>(81 114 469)</b>
<b>Net carrying amounts 31.12.2020</b>	<b>57 980 132</b>	<b>292 337</b>	<b>1 286 054</b>	<b>1 360 443</b>	<b>140 384</b>	<b>625 008</b>	<b>61 684 358</b>
Net carrying amounts 31.12.2019	62 453 074	263 712	1 573 703	831 209	120 113	357 112	65 598 923

## **Current Assets**

### **3.3. Receivables**

	(euro)	
	31 December 2020	31 December 2019
Current receivables mainly related to recovered VAT	113	1 038
Sundry receivables mainly related to payroll and mission advances	176 151	110 639
Deferred charges	1 341 634	1 392 232
<b>Total</b>	<b>1 517 898</b>	<b>1 503 909</b>

### **3.4. Cash and cash equivalents**

	(euro)	
	31 December 2020	31 December 2019
Petty cash	445	445
Bank current account	1 923 087	1 005 389
Fiduciary account	6 351 363	6 651 323
<b>Total</b>	<b>8 274 895</b>	<b>7 657 157</b>

A fiduciary account was opened on 27 January 2010 by the ECA with the Banque et Caisse d'Épargne de l'État, Luxembourg. This fiduciary account allowed the ECA 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 ECA 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 ECA'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 ECA 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 approved the project in October 2019. The renovation work could not start until Q4 2020 due to the health crisis; the first renovated floor will be delivered in Q2 2021 and the project will be complete in Q3 2022.

## **Current Liabilities**

### **3.5. Provisions**

This section relates to ongoing actions brought against ECA and the estimation of their possible financial impact.



### 3.6. Payables

	(euro)	
	31 December 2020	31 December 2019
Current payables	(6 515)	(13 213)
Sundry payables related to payroll and staff	(17 166)	(14 826)
Accrued charges	6 926 492	5 216 771
Accounts payable to consolidated EU entities	812 721	708 184
<b>Total</b>	<b>7 715 532</b>	<b>5 896 916</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 ECA 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>2020</b>	<b>2019</b>
Revenue from exchange transactions	12 912	19 055
Revenue from non-exchange transactions	144 184 764	145 293 048
<b>Total revenue</b>	<b>144 197 676</b>	<b>145 312 103</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
- 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 ECA'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 2020	31 December 2019
Project management building K3	-	10 339
Insurance company	1 361	1 361
Telecommunication	20 000	20 000
<b>Total</b>	<b>21 361</b>	<b>31 700</b>

### 5.2. Commitments for future funding

	(euro)	
	31 December 2020	31 December 2019
Operational lease for Buildings	500 000	475 000
Operational lease for IT material, cars and other equipments	1 794 346	2 535 569
<b>Subtotal</b>	<b>2 294 346</b>	<b>3 010 569</b>
Commitments against appropriations not yet consumed – RAL ("Restant à liquider") -, after deduction of accruals for 2020	7 554 039	5 723 228
<b>Total</b>	<b>9 848 385</b>	<b>8 733 797</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. Land and buildings

The ECA moved into its main building (K1) in 1988 and purchased it and the land it stands on outright in 1990. In 1999, we signed a framework agreement with the Grand Duchy of Luxembourg, giving us the right to use a second parcel of land for 49 years (renewable once) to build an extension (K2) at the symbolic cost of one euro. For the second extension (K3), however, because of different arrangements for carrying out the project a new framework agreement was needed; we signed this with the Grand Duchy of Luxembourg on 22 February 2008. We purchased the land on which K3 stands for the same symbolic cost of one euro.

Should the ECA ever consider ceding one of the buildings to a third party other than an EU body or institution, it must transfer the land back to the Grand Duchy (again for one euro), and the latter will also have the option to purchase the building at a price to be determined by an independent expert. If the Grand Duchy decides not to exercise this option, it would grant the right to use the land to the building's purchasers.

In July 2020, the City of Luxembourg asked us for the retrocession of part of the land corresponding to the pedestrian walkways on rue Alcide de Gasperi and rue Heinrich Aigner, in return for a symbolic euro. A loss of 16 188 EUR has been recorded corresponding to a calculation between the value of the land in the assets and the area of the part retroceded.

#### **5.4. Contingent liabilities**

There are no contingent liabilities.

#### **5.5. Consequences of the Brexit**

On the 1<sup>st</sup> of February 2020, the United Kingdom ceased to be a Member State of the European Union. Following the conclusion of the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community (the 'Withdrawal Agreement') between the two parties, the United Kingdom committed to pay all its obligations under the current MFF and previous financial perspectives following from its membership of the Union. The United Kingdom has paid into the 2020 EU Budget during the year, and received payments, as if it were a Member State.

At the date of transmission of these accounts, and based on the Withdrawal Agreement concluded and already in operation, there is no financial impact to be reported in these accounts. For further information on the impact of the Withdrawal Agreement on the EU, please see the 2020 consolidated EU annual accounts.

#### **5.6. Consequences of the Covid-19 crisis**

The COVID outbreak did not have a direct impact on the accounts, did not require adjustment of the reported figures, and only had an impact on budget execution. The savings made on missions and salaries were invested mainly in IT equipment and infrastructure to facilitate the substantial increase in teleworking.

#### **5.7. The nomination of the current accounting officer as Director of the Translation, Linguistic services and Publication Directorate.**

The current Accounting Officer was appointed Director of the Translation, Linguistic services and Publication Directorate from the 1<sup>st</sup> of December 2020. Pending the appointment of the successor, and in order to avoid any conflict of interest, the delegation as authorising officer has been given directly to the Deputy Director by the Secretary General. The current Accounting Officer will continue to assure the interim until the appointment of the successor.

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# Budget information financial year 2020

## Computation of the budget result

The budget result of the year is computed based on the figures of the budgetary implementation. A detailed analysis of the budget, its context, justification and impact is presented in a report on the budgetary and financial management of the ECA.

	(euro)
Payments on appropriations of the year 2020	(137 132 963)
Payments made from carry over of payment appropriations	(6 009 855)
Payments on appropriation related to earmarked revenue	(110 863)
Recovery orders of the year, cashed during the year 2020	22 794 005
Budgetary recovery orders issued before 2019 and cashed in the year 2020	7 425
Adjustment on recovery orders from previous years	-
Payment appropriations carried over to 2021	(8 634 339)
Appropriation carried over from previous years	6 515 316
Adjustment for carry-over from previous year of appropriations available at 31.12 arising from assigned revenue	170 336
<b>Budget result</b>	<b>(122 400 938)</b>

## Reconciliation of economic result with budget result

	(euro)
<b>Economic result of the year</b>	<b>(4 700 302)</b>
<b>Adjustment for items included in the economic result but not in the budget result</b>	<b>(108 542 995)</b>
Difference between accruals end of previous year and end of current year	489 371
Amount from liaison account with the Commission booked in the Economic Outturn Account	(121 400 000)
Unpaid invoices at year end but booked in charges (class 6)	379 297
Depreciation of intangible and tangible assets	6 048 435
Provisions	-
Value reductions	-
Recovery orders issued in 2020 in class 7 not yet cashed	-
Payments made from carry over of payment appropriations	6 009 855
Other	(70 310)
Exchange rate differences	357
<b>Adjustment for items included in the budget result but not in the economic result</b>	<b>(9 157 641)</b>
Asset acquisitions (paid during the year)	(1 206 524)
Budgetary recovery orders issued before 2020 and cashed in the year	7 425
Payment appropriations carried over to 2021	(8 634 339)
Cancellation of unused carried over payment appropriations from previous year	505 461
Adjustment for carry-over from previous year of appropriations available at 31.12 arising from assigned revenue	170 336
Payments for pensions ( they are budgetary payments but booked against provisions)	-
Other	-
<b>Budget result</b>	<b>(122 400 938)</b>

# **Independent Assurance report**

To the Management of the European Court of Auditors





## 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 2020 to 31 December 2020.

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) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012, (OJ L 193, 30.07.2018, p. 1);
- 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;
- Decision No 2-2019 of the European Court of Auditors laying down the internal rules for the implementation of the Budget. 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 10.1 – Expenditure operations - “Every item of expenditure shall be committed, validated, authorised and paid in accordance with Articles 111 and 116 of the Financial Regulation. In particular, the authorising officer responsible shall personally check the supporting documents or shall, on his or her own responsibility, ascertain that this has been done, before taking the decision validating any budgetary operation”.
- Article 10.4 – Expenditure operations - “Administrative expenditure shall be charged to the budget for the financial year in which it is effected”.
- Article 11.1 - 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 in the computerized system (SAP)”.
- Article 17.1 – Validation and “passing for payment” - “Validation of any expenditure shall be based on supporting documents within the meaning of Article 24 of this Decision, attesting the creditor’s entitlement, on the basis of a statement of services actually rendered, supplies actually delivered or work actually carried out, or on the basis of other documents justifying payment, including recurring payments of subscriptions or training courses”.
- Article 19.1 – Staff expenditure - “For payments corresponding to staff expenditure, the endorsement “passed for payment” shall certify the existence of the supporting documents enumerated in Article 19.1”.
- Article 19.2 – Mission expenses - “The statement of mission expenses referred to in point 19.1(4)(b) shall indicate the place of mission, the dates and times of departure and arrival at the place of mission, travel expenses, subsistence expenses, and other expenses duly authorised on production of supporting documents”.
- Article 27.4 – Carry over - “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 31.2 - Building projects - “For any building project likely to have significant financial implications for the Court’s budget, the Court shall inform, in accordance with Article 266 of the Financial Regulation, the European Parliament and the Council as early as possible, and in any case before any prospecting of the local market takes place, in the case of building contracts, or before invitations to tender are issued, in the case of building works, about the building surface area required and the provisional planning. Before the Court gives its approval to any contractual commitment concerning such a project, the service responsible shall submit an explanatory document justifying the compatibility of the project with the financial framework”.
- Article 32.1 – Internal control procedures - “The responsible authorising officers shall follow the internal control framework drawn up by the Court. This framework sets up all the procedures and standards related to the internal control including rules related to the initiation of operations and ex-ante and ex-post controls of operation”.





- Article 38.1 - Property inventories - "An inventory of tangible assets shall be kept in the computerised system (SAP) accessible to all the authorising officers".

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, Société coopérative  
Represented by

Luxembourg, 6 May 2021

Electronically signed by:  
Rima Adas

A handwritten signature in blue ink, appearing to read 'Adas', is written over a faint, light blue electronic signature line.

Rima Adas