

European Aviation Safety Agency

Annex 2: Explanatory note on EASA 2008 Annual Accounts



EASA MB 02/2009

Cologne, 09 June 2009

MB Decision 08-2009 Annex 2 Explanatory note on EASA 2008 Annual Accounts



The Agency will be submitting the 2008 Annual Accounts for information to the Management Board at its June meeting. The corresponding document sent to the Budget Committee might still be subject to minor modifications depending on the expected report of the Court of Auditors after their visit from 27 to 30 of April.

1. Budget Outturn:

On a budgetary basis, the revenues are recognised when they have been collected. The expenditures are determined on the basis of the amounts committed. Capital expenditures are considered for their total amount when they are committed.

The budgetary outturn also includes cancellation of payment appropriations from last year which have not been used.



a. Preliminary outturn before carry over of assigned revenues from fees and charges.

	Certification activities	Regulatory activities	Total EASA
Cash collected	68.747	32.169	100.916
Use of assigned revenues from 2007	2.309		2.309
Total Income	71.056	32.169	103.225
T1 Staff Expenditure	24.691	15.114	39.805
T2 Administrative Expenditure	6.179	4.467	10.646
T3 Operating expenditure	25.039	12.031	37.070
Total Expenditure	55.909	31.612	87.521
Budgetary result for the year	15.147	557	15.704
Cancellation of unused payment appropriations from previous year	1.654	757	2.412
Budgetary result before carry over of assigned revenues from F&C	16.801	1.314	18.115

The budgetary result of the current year for regulatory activities financed by the subsidy amounts to 557 K€ resulting in an implementation rate for commitments of 98%.

For fees and charges, in spite of a level of expenditure close to the level forecasted in the Amending budget 2008 (55.9 M€ K€ versus 56.8 M€), the result is substantially higher than the breakeven assumed in the amending budget 2008 due to a higher level of invoicing (60.8 M€ versus 54.2 M€) and to an improvement in the cash collection process, demonstrated by the decrease in the amounts receivable in the balance sheet (8.7 M€ at 31/12/2008 versus 15.2 M€ at 31/12/2007).



b. Final Budgetary Outturn after carry over of assigned revenues for fees and charges.

	Preliminary Outturn 2008 before considering assigned revenues from fees and charges			Adjustments for carry over of assigned revenues	Final Outturn for 2008
	Certification activities	Regulatory activities	Total EASA		Total EASA
TOTAL REVENUE (a)	71.056	32.169	103.225	-2.309	100.916
Title I: Staff	24.691	15.114	39.805		39.805
Title II: Administrative expenses	6.179	4.467	10.646		10.646
Title III: Operating Expenditure	25.039	12.031	37.070		37.070
Appropriation carried over from external assigned revenue			0	29.509	29.509
TOTAL EXPENDITURE (b)	55.909	31.612	87.521	29.509	117.030
OUTTURN FOR THE FINANCIAL YEAR (a-b)	15.147	557	15.704	-31.818	-16.114
Cancellation of unused payment appropriations carried over from previous year	1.654	757	2.412		2.412
Budgetary result for the year	16.801	1.314	18.115	-31.818	-13.703
Assigned revenue from previous year	12.708		12.708	2.309	15.017
Exchange differences for the year (gain+/loss-)			0		4
BALANCE OF THE OUTTURN FOR THE FINANCIAL YEAR	29.509	1.314	30.823	-29.509	1.318

On a cumulated basis since 2007, the assigned revenue carried over from fees and charges amount to 29.5 M€.

Since the entry into force of the new Fees and charges Regulation (593/2007), most of the fees are invoiced in advance of the services to be rendered. The corresponding advance payments received from the industry are estimated to 22 M€ at the end of 2008, which explains the biggest part of the cumulated assigned revenue carried over.



2. Economic Outturn

OPERATING REVENUES

Fees and Charges
Contribution from EC entities
Recuperation of expenses
Contribution from German Ministry of Transport
Contribution from North Rhein-Westfalia State
Grants received (CARDS)
Contribution from EFTA/3rd countries

Total operating revenues

OPERATING EXPENSES

Staff expenses
Buildings and related expenses
Other expenses
Depreciation and write offs
Outsourcing and contracting activities

Total operating expenses

Surplus(Deficit) from operating activities

NON-OPERATING REVENUES(EXPENSES)

Financial operations revenues
Interest received from third parties
Financial operations expenses
Interest paid to third parties

Surplus(Deficit) from non-operating activities

Surplus(Deficit) from ordinary activities

Surplus(Deficit) from extraordinary activities

Net surplus for the period

CERTIFICATION	REGULATORY	TOTAL EASA
59.624	-	59.624
-	28.682	28.682
-	315	315
-	-	-
-	-	-
-	273	273
-	1.377	1.377
59.624	30.647	90.271
(23.354)	(14.331)	(37.685)
(3.486)	(2.234)	(5.721)
(2.656)	(1.874)	(4.531)
(1.077)	(620)	(1.696)
(19.090)	(6.377)	(25.467)
(49.663)	(25.437)	(75.100)
9.961	5.210	15.171
2.050		2.050
		-
(9)	(2)	(11)
(9)	(3)	(12)
2.032	(4)	2.028
11.993	5.206	17.199
11.993	5.206	17.199



The economic outturn is determined on an accrual accounting basis, which means that the revenue of the period is that corresponding to the activity performed and its remuneration during the period, regardless of the date at which the invoice is issued or paid. The expenses are recognised for the amounts actually incurred in the period, regardless of when it has been committed or paid. In particular, capital expenditures are capitalized and only a part from them, corresponding to their depreciation, is recognised the economic outturn. The economic outturn established on this basis reflects the economic results of the Agency's operations.

The positive result of the regulatory activities amounting to 5.2 M€ is explained by the fact that commitments which have been recognised for their entirety in the budgetary outturn have been taken into account only for a limited amount in the economic outturn. The expenses which have not been recognised in the economic outturn relate essentially to the SAP project (2.5 M€) and to Rulemaking and Research studies (2.0 M€).

The result of the Fees and charges activities amounting to 12 M€ include 2 M€ interest earned from the favourable cash position resulting from the advance payments.

Cost has been favourably impacted by the fact that a significant amount of overtime has been performed during 2008, the cost of which is not reflected in the accounts, because overtime does not give rise to additional payments by the Agency.

The distribution of Agency Overhead cost between Fees and Charges financed and Subsidy financed activities has been established in 2007 and might have to be reviewed in the light of the increased activities resulting from the first extension of the Agency's remit.

The level of continuing airworthiness performed in 2008 (around 32 000 Hours) is far below the level agreed on within the Enact Group.

For the above reasons it is considered as premature to draw final conclusions with regards to the level of fees and charges after only one full financial year of implementation of the new Regulation.