

Contact points of  
National Parliaments of EU Member States  
By email only

**Final annual accounts for the financial year 2021, including the opinion of the Management Board of Europol on the final annual accounts**

Dear Madam, Sir,

In accordance with Article 60 of the Europol Regulation and Article 102 of the Financial Regulation applicable to Europol, please find enclosed, for your information, the final annual accounts of Europol for the financial year 2021 and the opinion of the Europol Management Board on these final accounts.

The final accounts were established on 9 June 2022. The opinion of the Europol Management Board on the final annual accounts was adopted on 28 June 2022.

These final accounts for the financial year 2021, alongside the opinion of the Europol Management on the final annual accounts 2021, have been sent with separate letters to the European Parliament, the Council of the EU, the European Court of Auditors (ECA) and the European Commission's Accounting Officer.

Yours faithfully,

**Rebecca** Digitally signed by  
Rebecca Topham  
**Topham** Date: 2022.06.29  
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Rebecca Topham  
The Accounting Officer of the  
European Union Agency for Law Enforcement Cooperation (Europol)

Encl.

- Final annual accounts – Financial statements and reports on the implementation of the budget – Financial Year 2021, 9 June 2022, Europol file no. 1208543v6A
- Opinion of the Management Board on the final annual accounts of Europol for the financial year 2021, 28 June 2022, MBS 065.2022, Europol file no. 1233340v1A

# **FINAL ANNUAL ACCOUNTS**

## **Financial Statements & Reports on the Implementation of the Budget**

### **Financial Year 2021**

These final accounts have been prepared in accordance with Articles 98 and 99 of the Financial Regulation applicable to Europol.

These final accounts shall be sent to the Accounting Officer of the European Commission, the European Court of Auditors, the Council of the European Union and the European Parliament by 1 July 2022 in accordance with Article 60 of the Europol Regulation and Article 102 of the Financial Regulation applicable to Europol.

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*Rebecca Topham*

The Accounting Officer of the  
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Executive Director of the  
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## CERTIFICATE

The final annual accounts of Europol for the year 2021 have been prepared in accordance with the Financial Regulation applicable to the general budget of the European Union and the accounting rules adopted by the European Commission's Accounting Officer, as are to be applied by all the institutions, agencies and joint undertakings, and in accordance with Title IX of the Financial Regulation applicable to Europol.

I acknowledge my responsibility for the preparation and presentation of the final annual accounts of Europol in accordance with Article 77 of the Financial Regulation applicable to the general budget of the European Union and with Article 49 of the Financial Regulation applicable to Europol.

I have obtained from the Authorising Officer, who certified its reliability, all the information necessary for the production of the final accounts that show the assets and liabilities of Europol 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 reasonable assurance that the final accounts present fairly, in all material aspects, the financial position, the results of the operations and the cash-flow of Europol.

Digitally signed  
by Rebecca  
Topham  
Date: 2022.06.09  
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Rebecca Topham  
The Accounting Officer of the  
European Union Agency for Law Enforcement Cooperation (Europol)

# INTRODUCTION

## Basis for preparation

As a general rule, all aspects of the final annual accounts 2021 have been drawn up in accordance with the Financial Regulation applicable to Europol adopted by Europol's Management Board and with the European Commission's accounting rules and methods adopted by the European Commission's Accounting Officer following the principles of accrual-based accounting. The budgetary implementation reports are prepared on the basis of the modified cash-based accounting principle.

The final accounts of Europol include the financial statements and the budgetary implementation reports. They are drawn up by the Accounting Officer in accordance with Article 49 of the Financial Regulation applicable to Europol.

The financial statements comprise of the balance sheet, statement of financial performance, cash-flow statement and statement of changes in net assets. The notes to the financial statements supplement and comment on the information presented in the statements.

The objective of the financial statements is to provide information about the financial position, performance and cash flows of Europol to demonstrate the accountability of the agency for the resources entrusted to it.

Throughout this document, figures are rounded so the sum of the individual amounts may differ from the totals.

## Reporting entity

### Regulatory context

Europol's work is founded on the Europol Regulation (Regulation 2016/794)<sup>1</sup> which became applicable in full in May 2017, taking effect in all EU Member States that are part of the Europol cooperation framework. The Europol Regulation enables Europol to step up its efforts to fight terrorism, cyber-crime and other serious and organised forms of crime, while, at the same time, enhancing Europol's governance and accountability arrangements towards the European Parliament, in particular by establishing the Joint Parliamentary Scrutiny Group (JPSG) in order to introduce national parliament oversight by EU Member States.

Europol's Strategy 2020+, including the mission, vision and values was endorsed by the Management Board (MB) of Europol, and is directly linked to the objective of Europol as laid out in Article 88 of the Treaty of the European Union, i.e. "to support and strengthen action by the Member States' police authorities and other law enforcement services and their mutual cooperation in preventing and combating serious crime affecting two or more Member States, terrorism and forms of crime which affect a common interest covered by a Union policy."

Europol's Strategy 2020+ is founded on the following guiding strategic priorities, which aim at effectively and efficiently delivering the services and support expected from Member States and operational cooperation partners:

1. Be the EU criminal information hub making full use of data from an extensive network of partners;

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<sup>1</sup> Regulation (EU) 2016/794 of the European Parliament and of the Council of 11 May 2016 on the European Union Agency for Law Enforcement Cooperation (Europol) and replacing and repealing Council Decisions 2009/371/JHA, 2009/934/JHA, 2009/935/JHA, 2009/936/JHA and 2009/968/JHA, Official Journal of the European Union, L 135/53 – L 135/114, 24 May 2016

## Europol Public Information

2. Deliver agile operational support;
3. Be a platform for European policing solutions;
4. Be at the forefront of innovation and research for law enforcement;
5. Be the model EU law enforcement organisation with robust performance, good governance and accountability, promoting diversity and staff engagement.

### Mission

Europol's mission is to support its Member States in preventing and combating all forms of serious international and organised crime, cybercrime and terrorism.

### Vision

Europol's vision is to ensure an effective EU response to the threats of serious international and organised crime, cybercrime and terrorism in the EU, by acting as the principal information hub, delivering agile operational support and providing European policing solutions in conjunction with our network of partners.

### Values

In line with Europol's vision and mission, the following organisational values guide the conduct, activities and goals of Europol:

- **Service:**  
We deliver the outcomes our colleagues, partners, and stakeholders need. We do so diligently, effectively, and efficiently, and we adhere to the EU public service principles.
- **Integrity:**  
We do the right thing. We do it consistently and reliably, with respect for others. We adhere to our Code of Conduct.
- **Accountability:**  
We accept responsibility for our actions. We align our behaviour with the goals of our organisation. We collaborate to achieve desired outcomes.
- **Initiative:**  
We pro-actively take action and bring about innovative solutions. We gauge our actions to continuously strive for improved performance.
- **Partnership:**  
We build trust relationships across the law enforcement community and beyond. We provide agile operational support to Member States and cooperation partners.
- **Diversity:**  
We foster diversity in the workplace. We uphold an inclusive corporate culture. We create and maintain conditions where we have equal opportunities to develop and contribute.

The Code of Conduct of Europol aims to promote an organisational culture that is consistent with the mission, vision and values of Europol. It outlines the standards of integrity and of personal and professional conduct that staff and all other persons working for or at Europol are expected to meet in discharging their responsibilities, individually, towards colleagues and other stakeholders including the law enforcement community, cooperation partners and the public. Europol is committed to providing a work environment, which supports the implementation of this Code at all levels of the organisation. The results of an ethics survey conducted by Europol's Internal Audit Capability (IAC) in Q1 2021 have shown a high level of awareness by staff on the expected behaviour under Europol's Code of Conduct and a strong ethical culture.

### Nature of Europol's work

Europol uses its unique information capabilities and the expertise of its staff and the Liaison Bureaux community of Member States and cooperation partners hosted at Europol to identify and track the most dangerous criminal and terrorist networks in Europe. Law enforcement authorities in the EU rely on the work and services of Europol's 24/7 operational centre and secure information network, as well as strategic and operational analysis and support, including on-the-spot deployments covering the full range of Europol's capabilities.

The European Counter Terrorism Centre (ECTC) at Europol, including the Internet Referral Unit (IRU) to tackle continuously high levels of terrorism propaganda online, provides a focal point for joint cooperation at EU level, aimed at supporting national counter terrorism efforts.

The European Cybercrime Centre (EC3) at Europol represents the central platform in the EU's fight against cybercrime, contributing to an enhanced response to criminal activity online.

Following its establishment in 2020, the European Financial and Economic Crime Centre (EFECC) expands Europol's range of operational support in the areas of fraud, money laundering, asset recovery, corruption and counterfeiting.

The European Serious Organised Crime Centre (ESOCC), which incorporates the European Migrant Smuggling Centre (EMSC), supports EU Member States to deliver operational results to address the EU crime priorities: Cybercrime, drug trafficking, facilitation of illegal immigration, organised property crime, trafficking in human beings, excise and Missing Trader Intra Community (MTIC) fraud, illicit firearms trafficking, criminal finances and money laundering, document fraud as well as environmental crime. This is complemented by the High-Value Targets (HVTs) approach, bring together Operational Taskforces (OTFs) to counteract high risk Organised Crime Groups (OCGs).

From an overall perspective, Europol's work contributes to the disruption of criminal and terrorist networks, to the arrest of thousands of dangerous criminals, to the recovery of millions of Euro in criminal proceeds, and to the rescue from harm of hundreds of victims, including children trafficked for sexual exploitation. Europol also acts as a major centre of expertise in key fields of law enforcement activity and as a European centre for strategic analysis on organised crime.

### Reporting on the progress of Europol's work in 2021

The Consolidated Annual Activity (CAAR) 2021, which will be released by mid-2022, provides a full account of Europol's progress in relation to the multi-annual strategic goals and objectives, as defined in the Europol Strategy, and the objectives contained in the 2021 Work Programme.

### Withdrawal of the United Kingdom from the EU

On 1 January 2021, the Trade and Cooperation Agreement (TCA)<sup>2</sup> between the EU and the United Kingdom became applicable which includes dedicated provisions on the cooperation with Europol. Preparations for the departure of the United Kingdom from the Europol cooperation framework as a Member State were successfully completed on time, allowing for continued operational cooperation of the competent authorities of the United Kingdom with

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<sup>2</sup> Trade and Cooperation Agreement between the European Union and the European Atomic Energy Community, of the one part, and the United Kingdom of Great Britain and Northern Ireland, of the other part, Official Journal of the European Union, L444/14 – L444/1449, 31 December 2020.



## Europol Public Information

and through Europol. No dedicated accounting provisions were required for the financial year 2021 in the annual accounts.

### COVID-19

In response to the Coronavirus Disease (COVID)-19, which was categorised as a global pandemic on 11 March 2020, Europol put in place a permanent Crisis Management Team (CMT), with all core business and administrative functions being maintained from Europol's buildings and through teleworking by Europol staff members. The annual accounts of Europol for the financial year 2020 did not require accounting provisions related to this circumstance.

Europol closely monitored its budget expenditure, including necessary adjustments, on a continuous basis. While the COVID-19 pandemic required an investment of € 0.73M in payments in 2021, in particular for hygienic measures, the trend of a significant reduction of missions and meetings at Europol (compared to pre-COVID pandemic times) continued also in 2021. In addition, the new rules to make use of short-term costed Seconded National Experts (SNEs) in support of OTFs and Guest Experts (GEs) for operational activities became applicable in October 2021 only. These developments resulted in an amending budget to reduce the last EU subsidy instalment for 2021 by € 4M, with a view to ensure prudent budget spending (adopted by the October 2021 Management Board in line with the Europol Financial Rules).

The impact of the COVID-19 pandemic – including emerging and changing trends in serious and organised crime – was analysed by Europol and reported to Member States throughout the year. Europol exerted a high level of resilience and preparedness to absorb the impact of the COVID-19 pandemic throughout the organisation. Operational support activities were prioritised by Europol, such as the dismantling of an encrypted phone network service widely used by criminal networks (with over 800 suspects having been arrested; more than 8 tons of cocaine, 22 tons of cannabis (resin) and 2 tons of (met-) amphetamine confiscated; over € 42M in value of worldwide (crypto-) currencies seized), as well as dedicated action days to target child trafficking, with 92 minor victims identified across Europe and 33 traffickers arrested.

# FINANCIAL STATEMENTS

## BALANCE SHEET

<b>ASSETS</b>	<b>Note</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
<b>NON-CURRENT ASSETS</b>		<b>59,840,230</b>	<b>51,069,024</b>
<b>Intangible assets</b>	<b>2.1.</b>	<b>30,346,361</b>	<b>24,479,329</b>
Computer software		23,196,973	20,321,406
Computer software under Financial lease		59,418	178,255
Under construction		7,089,969	3,979,669
<b>Tangible assets</b>	<b>2.1.</b>	<b>29,488,853</b>	<b>26,577,763</b>
Land and buildings		7,224,089	7,854,389
Plant and equipment		377,124	78,545
Computer hardware		15,632,113	11,138,150
Furniture and vehicles		2,131,244	2,177,050
Other fixtures and fittings		3,418,396	3,810,814
Assets under financial lease		705,887	1,518,815
<b>Non-current receivables and recoverables</b>	<b>2.2.</b>	<b>5,016</b>	<b>11,931</b>
Long-term receivables		5,016	11,931
<b>CURRENT ASSETS</b>		<b>57,200,075</b>	<b>47,438,577</b>
<b>Short-term pre-financing paid</b>	<b>2.3.</b>	<b>5,267,813</b>	<b>4,503,252</b>
EMPACT and other grant beneficiaries		5,148,816	4,503,252
Consolidated entities		118,998	-
<b>Short-term Receivables</b>		<b>11,153,480</b>	<b>9,561,319</b>
Current receivables	2.4.	1,826,835	2,394,654
Sundry receivables	2.5.	470,202	411,849
Other receivables: Accrued income	2.6.	61,370	27,975
Deferred charges <sup>3</sup>	2.6.	8,715,011	6,726,123
Receivables with consolidated EU entities	2.7.	80,063	718
<b>Cash and cash equivalents</b>	<b>2.8.</b>	<b>40,778,781</b>	<b>33,374,006</b>
<b>TOTAL ASSETS</b>		<b>117,040,305</b>	<b>98,507,601</b>
<b>NON-CURRENT LIABILITIES</b>		<b>6,871,934</b>	<b>4,600,779</b>
Pensions and other employee benefits	2.9.	3,118,095	3,424,453
Pre-financing received from consolidated EU entities	2.10.	2,041,681	-
Other liabilities	2.11.	1,712,159	1,176,325
<b>CURRENT LIABILITIES</b>		<b>18,202,791</b>	<b>19,412,568</b>
Provisions for risks and charges	2.12.	-	12,000
Financial liabilities	2.13.	258,139	551,818
<b>Payables</b>		<b>17,944,652</b>	<b>18,848,750</b>
Current payables	2.14.	39,299	435
Sundry payables	2.15.	1,685,141	3,386,164
Other payables: Accrued charges	2.16.	7,939,363	6,948,828
Deferred income	2.16.	-	1,257
Accrued charges with consolidated EU entities	2.16.	115,915	23,101
Accounts payable with consolidated EU entities	2.17.	8,164,934	8,488,964
<b>NET ASSETS</b>		<b>91,965,580</b>	<b>74,494,254</b>
Accumulated surplus/deficit		75,218,204	59,147,446 <sup>4</sup>
Accumulated re-measurements of employee benefits		-637,292	-723,950
Economic result of the year		17,384,668	16,070,758
<b>TOTAL LIABILITIES</b>		<b>117,040,305</b>	<b>98,507,601</b>

<sup>3</sup> Includes deferred charges with consolidated EU entities.

<sup>4</sup> Includes adjustments to result previous years.

## STATEMENT OF FINANCIAL PERFORMANCE

	Note	31.12.2021	31.12.2020
<b>REVENUE</b>	<b>3.1.</b>	<b>170,558,275</b>	<b>150,886,694</b>
<b>Non-exchange revenue</b>		<b>164,095,023</b>	<b>145,722,098</b>
Grants/agreements with non-consolidated entities		199,950	-
Other		29,438	-
European Union Contribution		163,865,635	145,722,098
<b>Exchange revenue</b>		<b>6,463,253</b>	<b>5,164,596</b>
Revenue from consolidated EU entities		2,205,495	1,837,840
Exchange rate gains		4,774	1,108
Intangible and tangible asset-related		73,833	-
Sales revenue		12,220	-450
Contribution from Denmark		3,933,571	2,965,556
Other		233,361	360,542
<b>EXPENDITURE</b>	<b>3.2.</b>	<b>153,173,607</b>	<b>134,815,936</b>
<b>Operational expenditure</b>		<b>33,551,788</b>	<b>26,428,627</b>
<b>Administrative expenditure</b>		<b>119,621,820</b>	<b>108,387,309</b>
Staff expenses		82,849,882	79,262,124
Finance expenses		77,142	82,979
Intangible and tangible asset-related		15,740,336	11,259,759
Expenses with consolidated EU entities		5,748,930	2,914,743
Other: Administrative and IT expenses		8,249,651	7,913,772
External service provider (non-IT)		2,815,086	2,075,801
Rent and IT operating lease		268,218	248,452
Building – maintenance, insurance and security		3,867,373	4,628,147
Exchange rate losses		5,202	1,532
<b>SURPLUS/DEFICIT FROM ORDINARY ACTIVITIES</b>		<b>17,384,668</b>	<b>16,070,758</b>
Extraordinary gains		-	-
Extraordinary losses		-	-
<b>SURPLUS/DEFICIT FROM EXTRAORDINARY ITEMS</b>		<b>-</b>	<b>-</b>
<b>ECONOMIC RESULT OF THE YEAR</b>		<b>17,384,668</b>	<b>16,070,758</b>

## CASH FLOW STATEMENT

	Note	31.12.2021	31.12.2020
Economic result of the year		17,384,668	16,070,758
<b>Operational activities</b>			
Amortisation (intangible assets)		6,441,751	3,095,396
Depreciation (tangible assets)		9,335,436	8,163,521
Increase (-)/Decrease in provisions for risks and charges		-12,000	2,000
Increase (-)/Decrease in short-term pre-financing		-645,563	-3,653,619
Increase (-)/Decrease in long-term receivables		6,915	-5,016
Increase (-)/Decrease in short-term receivables		-1,512,817	-310,786
Increase (-)/Decrease in receivables related to consolidated EU entities		-198,343	1,293
Increase(-)/Decrease in other long-term liabilities		535,833	-668,382
Increase (-)/Decrease in accounts payable		-580,067	2,262,621
Increase (-)/Decrease in liabilities related to consolidated EU entities		1,717,650	4,884,844
Other non-cash movements		-293,680	149,201
<b>Net cash-flow from operational activities</b>	<b>4.1</b>	<b>32,179,784</b>	<b>29,991,831</b>
<b>Investing activities</b>			
Increase (-) of tangible and intangible assets		-24,555,473	-19,719,680
Proceeds from tangible and intangible assets		165	842
<b>Net cash-flow from investing activities</b>	<b>4.2</b>	<b>-24,555,308</b>	<b>-19,718,838</b>
<b>Increase/decrease (-) in pension and employee benefits liability</b>	<b>4.3</b>	<b>-219,700</b>	<b>-306,066</b>
Net increase/decrease (-) in cash and cash equivalents		7,404,775	9,966,927
Cash and cash equivalents at the beginning of the year		33,374,006	23,407,079
<b>Cash and cash equivalents at year-end</b>		<b>40,778,781</b>	<b>33,374,006</b>

## STATEMENT OF CHANGES IN NET ASSETS

	Accumulated Surplus/ Deficit	Economic result of the year	Net Assets (Total)
<b>Balance as at 31 December 2020</b>	<b>58,423,496</b>	<b>16,070,758</b>	<b>74,494,254</b>
Changes in accounting policies	-	-	-
<b>Balance as at 1 January 2021</b>	<b>58,423,496</b>	<b>16,070,758</b>	<b>74,494,254</b>
Re-measurements of employee benefit liabilities <sup>5</sup>	86,658	-	86,658
Allocation of the economic result of previous year	16,070,758	-16,070,758	-
Economic result of the year 2021	-	17,384,668	17,384,668
<b>Balance as at 31 December 2021</b>	<b>74,580,912</b>	<b>17,384,668</b>	<b>91,965,580</b>

<sup>5</sup> This is the net result of changes to actuarial demographic and financial assumptions in accordance with EU Accounting Rule 12 (Employee benefits).

# NOTES TO THE FINANCIAL STATEMENTS

## 1. SIGNIFICANT ACCOUNTING POLICIES

### 1.1. Accounting rules

These financial statements are prepared on the basis of the EU Accounting Rules as adopted by the Commission's Accounting Officer which adapt the International Public Sector Accounting Standards (IPSAS) and in some cases the International Financial Reporting Standards (IFRS) to the specific environment of the EU, while the reports on the implementation of the budget continue to be primarily based on movements of cash.

The accounting system of Europol comprises general accounts and budget accounts. These accounts are kept in Euro on the basis of the calendar year. The budget accounts give a detailed picture of the implementation of the budget. They are based on the modified cash accounting principle.<sup>6</sup> The general accounts allow for the preparation of the financial statements as they show all charges and income for the financial year and are designed to establish the financial position in the form of a balance sheet as at 31 December.

Europol's financial statements have been drawn up using the methods of preparation as set out in the accounting rules laid down by the European Commission's Accounting Officer.

### 1.2. Accounting principles

The objectives of the financial statements are to provide information about the financial position, performance and cash flows of Europol that is useful to a wide range of users. For a public sector entity such as Europol, the objectives are more specifically to provide information useful for decision-making, and to demonstrate the accountability of the entity for the resources entrusted to it.

The overall considerations (or accounting principles) to be followed when preparing the financial statements are laid down in EU Accounting rule 1 and are the same as those described in IPSAS 1, that is:

#### **Fair presentation**

Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses set out in European Commission's Accounting Rules. The application of European Commission's Accounting Rules, with additional disclosures when necessary, is presumed to result in financial statements that achieve a fair presentation.

#### **Accrual Basis**

In order to meet their objectives, financial statements are prepared on the accrual basis of accounting. Under this basis, the effects of transactions and other events are recognised when they occur (and not as cash or its equivalent is received or paid) and they are recorded in the

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<sup>6</sup> This differs from cash-based accounting because of elements such as carry forward commitments.

accounting records and reported in the financial statements in the periods to which they relate.

### **Going concern basis**

When preparing financial statements an assessment of an entity's ability to continue as a going concern shall be made. Financial statements shall be prepared on a going concern basis unless there is an intention to liquidate the entity or to cease operating, or if there is no realistic alternative but to do so. These financial statements have been prepared in accordance with the going concern principle, which means that Europol is deemed to have been established for an indefinite duration.

### **Consistency of presentation**

According to this principle, the presentation and classification of items in the financial statements shall be retained from one period to the next.

### **Aggregation**

Each material class of similar items shall be presented separately in the financial statements. Items of a dissimilar nature or function shall be presented separately unless they are immaterial.

### **Offsetting**

Assets and liabilities, and revenue and expenses, shall not be offset unless required or permitted by an EU Accounting rule.

### **Comparative Information**

Except when an EU Accounting Rule permits or requires otherwise, comparative information shall be disclosed in respect of the previous period for all amounts reported in the financial statements. When the presentation or classification of items in the financial statements is amended, comparative amounts shall be reclassified unless the reclassification is impracticable).

## **1.3. Basis of preparation**

### **1.3.1. Currency and basis for conversion**

#### **Functional and reporting currency**

The financial statements are presented in Euro, which is the functional and reporting currency of the EU and of Europol (Article 18 of the Financial Regulation applicable to Europol).

#### **Transactions and balances in foreign currencies**

Foreign currency transactions are recorded using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions or from the translation of monetary items in foreign currency into Euro at the year-end are recognised in the Statement of Financial Performance.



## Chart of Accounts

The chart of accounts used by Europol follows the structure of the chart of accounts of the European Commission.

### Use of estimates

Preparation of the financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect reported amounts presented and disclosed in the Financial Statements of Europol. Significant estimates and assumptions in these financial statements require judgment and are used for, but not limited to, accrued income and charges, provisions, contingent assets and liabilities. Actual results reported in future periods may be different from these estimates. Changes in estimates are reflected in the period in which they become known.

#### 1.4. Balance Sheet

Assets are resources controlled by Europol as a result of past events and from which future economic benefits or service potential are expected to flow.

##### 1.4.1. Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance. 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 their estimated useful lives. The estimated useful lives of intangible assets depend on their specific economic lifetime or legal lifetime determined by an agreement.

Currently Europol uses a 25% amortisation rate for its intangible assets.

Amortisation is the systematic allocation of the depreciable amount of an intangible asset over its useful life (EU Accounting Rule 6).

Internally generated intangible assets are capitalised when the relevant criteria of the EU Accounting rules are met. The costs that meet these criteria include all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. Costs associated with research activities, development costs that do not meet the criteria to be capitalised and maintenance costs are recognised as expenses as incurred.

##### 1.4.2. Tangible assets

All tangible assets (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 Europol 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.

Assets under construction are not depreciated, as these assets are not yet available for use.

## Europol Public Information

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life (EU Accounting Rule 7).

The depreciation is calculated using the straight-line method. Please see note 2.1. for the rates.

Gains or losses on disposals are determined by comparing proceeds less selling expenses with the carrying amount of the disposed asset and are included in the Statement of Financial Performance.

### **1.4.3. Leases**

Leases of intangible and tangible assets, where Europol has (substantially) all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The rental obligations, net of finance charges, are included in other liabilities (non-current and current). The interest element of the finance cost is charged to the Statement of Financial Performance over the lease period so as to produce a constant periodic interest rate on the remaining balance of the liability for each period. The assets held under finance leases are amortised/depreciated over the shorter of the assets' useful life and the lease term.

Leases where the lessor retains a significant portion of the risks and rewards inherent to ownership are classified as operating leases. Payments made under operating leases are recognised as an expense in the Statement of Financial Performance on a straight-line basis over the period of the lease.

### **1.4.4. Pre-financing amounts**

The initial recognition of pre-financing is based on the original amount received or given. Subsequent recognition is based on the original amount received or given, less eligible expenses, including estimated amounts where necessary, incurred during the period (EU Accounting Rule 3).

### **1.4.5. Receivables**

Receivables are carried at the original amount less write-down for impairment. A write-down for impairment of receivables is established when there is objective evidence that Europol will not be able to collect all amounts due according to the original terms of receivables. The amount of the write-down is the difference between the asset's carrying amount and the recoverable amount. The amount of the write-down is recognised in the Statement of Financial Performance.

See note 1.4.10 below concerning the treatment of accrued income at year-end.

### **1.4.6. Cash and cash equivalents**

Cash and cash equivalents are financial instruments and classified as available for sale financial assets. They include cash at hand and deposits held at call with banks.

#### **1.4.7. Pensions and other employee benefits**

The Staff Regulations of Officials of the European Communities provide for various employee benefits (retirement pensions, invalidity pensions, survivors' pensions, medical insurance) for staff in service, invalidated staff and retired staff.

Each year of service performed by European Commission employees entitles them to various benefits (sickness, retirement, etc.). These benefits, which they will receive after a period of activity, constitute a commitment on the part of the European Communities which must be entered in the accounts. The arrival of new staff, the retirement of serving staff, and changes in interest rates or in mortality tables are all factors or assumptions that have a direct influence on the valuation of those commitments. The commitments are constantly changing and must be valued at the close of each reporting period.

The principle underlying all the detailed requirements of the applicable accounting rule is that the cost of providing employee benefits should be recognised in the period in which the benefit is earned by the employee, rather than when it is paid or payable. The principal objectives of post-employment accounting are to measure the cost associated with employees' benefits and to recognise that cost over the employees' respective service periods. The periodic costs of post-employment plans have to be assigned properly to the periods in which the related economic benefits are received by the employers incurring these costs.

It should be noted that due to the consolidation of these obligations and the required funding thereto is transferred to the European Commission, the described benefits cannot to be found in Europol's annual accounts but only in the consolidated accounts of the European Commission.

#### **1.4.8. Provisions**

Provisions are recognised when Europol 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. The amount of the provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

#### **1.4.9. Payables**

Payables arising from the purchase of goods and services are recognised at invoice reception for the original amount and corresponding expenses are entered in the accounts when the supplies or services are delivered and accepted by Europol.

#### **1.4.10. Accrued and deferred income and charges**

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, which aim at ensuring that the financial statements reflect a true and fair view.

Revenue is also accounted for in the period to which it relates. At the year-end, if an invoice is not yet issued but the service has been rendered/goods have been delivered by Europol or a contractual agreement exists, accrued income is recognised in the financial statements.

In addition, at the year-end, if an invoice is issued but the services have not yet been rendered or the goods supplied have not yet been delivered, the revenue or charges will be deferred and recognised in the subsequent accounting period.

## **1.5. Statement of Financial Performance**

Revenue and expenditure are accounted for in accordance with the principle of accrual-based accounting.

### **1.5.1. Revenue**

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets.

Non-exchange revenue makes up the vast majority of Europol's revenue and includes mainly the EU subsidy and own resource amounts.

Exchange revenue is revenue from fees, mission reimbursements, gains from disposals of intangible and tangible assets, bank credit interest and exchange rate conversion gains.

### **1.5.2. Expenditure**

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets. Distributions of the result of the year are not considered as expenses.

According to the principle of accrual-based accounting, the financial statements take account of expenditure relating to the reporting period, without taking into consideration the payment date; meaning when the goods or services were delivered/provided.

## **1.6. Contingent Assets and Liabilities**

### **1.6.1. Contingent assets**

A contingent asset is a possible asset 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 Europol. It is not recognised because the amount of the obligation cannot be measured with sufficient reliability. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

### **1.6.2. 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 Europol; 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.

## 2. NOTES TO THE BALANCE SHEET

### NON-CURRENT ASSETS

#### 2.1. Intangible and tangible assets

During 2021 Europol's intangible and tangible assets increased by a gross amount of € 24.5M. The largest investments were made in computer hardware (€ 9.8M) and in the development of internally generated intangible assets (€ 12.3M). The Host State carried out a number of additional works within the Europol Headquarters and the Temporary Satellite Building in order to meet the business demands of the organisation. In 2021, as a result of COVID-19, Europol had to invest in assets in order to mitigate the spread of the virus and protect its staff members, contractors and visitors. The works were executed by contractors for the Host State, which in turn invoiced Europol. The total amount delivered in 2021, fulfilling the recognition criteria for assets as defined in EU Accounting Rule 7, amounted to € 2.5M compared to € 2.2M in 2020.

In 2021, Europol finalised four disposal procedures involving 545 assets. These disposal procedures (see table below) resulted in the retirement of assets with an initial acquisition value of € 0.4M.

Asset class	Reason for disposal	No of items
Computer software	End of life	7
Computer hardware	End of life	182
Other fixtures and fittings	End of life	356

In accordance with EU Accounting Rule 6 regarding internally generated intangible assets, Europol maintained its threshold for capitalisation at € 200K.

There were twenty-eight ICT development projects run in 2021. From this total, twenty projects reached (or are estimated to reach) the threshold set for capitalisation. Out of those twenty projects, four projects were finalised and released in 2021 and the other sixteen are scheduled to be finalised in 2022 or 2023. Two projects classified as under construction in previous years were classified as finalised in 2021. Five projects classified in previous years as under construction, are expected to receive further investments in 2022 and 2023 and will thus be kept as assets under construction. Two projects classified in previous years as under construction were finalised in 2021, but did not reach the threshold and thus their classification was adjusted.

#### Research and development costs

Europol has used its time-tracking system as a basis for the calculations. In the time-tracking system, each staff member and external consultant working within the project has recorded the hours worked with a link to the task performed. The tasks have been split into two phases, research and development. In addition to this, the tasks within the development phase have been split into two categories depending on their nature. This has been done in accordance with EU Accounting rule 6; costs directly qualifying for capitalisation and costs expensed for the given year. For the calculation of Europol employees, the average staff costs per salary grade, provided by the European Commission, have been taken as basis.

## Europol Public Information

The result:

Non-capitalised cost	Research cost	Non-capitalised development cost
<b>Eight projects</b>		
Cost of the year	-	197,550

In-house ICT projects capitalised as at 31.12.2021	Research cost	Capitalised development cost
<b>Four projects</b>		
Cost of the year	-	6,533,627

Projects under construction as at 31.12.2021	Research cost	Capitalised development cost
<b>Sixteen projects</b>		
Cost of the year	-	5,848,300

Projects under construction released as IGIA at 31.12.2021		Transfer of capitalised development cost
<b>Two projects</b>		
Reclassified asset under construction value	-	2,664,853

### Leasing

Finance leasing:

Leasing of tangible and intangible assets, where Europol has (substantially) all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The interest element of the finance lease payment is charged to expenditure over the period of the lease at a constant periodic rate in relation to the balance outstanding. The rental obligations, net of finance charges, are included in the financial liabilities (non-current and current). The interest element of the finance cost is charged to the statement of financial performance over the lease period so as to produce a constant periodic interest rate on the remaining balance of the liability for each period. The assets held under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

In 2021, Europol signed two new contracts for finance leases to purchase assets to implement the car fleet strategy.

In total the outstanding liabilities for 2022 and beyond for seven leasing contracts amounts to € 1M.

Operating leasing:

Leasing is classified as an operating lease if it does not substantially transfer all the risks and rewards incidental to Europol. Risks include the possibilities of losses from idle capacity, technological obsolescence or changes in value because of changing economic conditions.

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Rewards may be represented by the expectation of service potential or profitable operation over the asset's economic life and of gain from appreciation in value or realisation of a residual value. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the user's benefit.

In 2021, Europol signed one new contract for an operating lease to lease a car implementing the car fleet strategy.

In total the outstanding liabilities for 2022 and beyond for the operating lease contract amounts to € 32K.

#### Depreciation

The depreciation rates used by Europol can be found in the following table:

Type of asset	Rate
Intangible (computer software)	25%
Leasehold improvements	25%
Buildings	4%
Plant and equipment	12.5%
Computer hardware	25%
Vehicles	25%
Furniture	10%
Kitchen, cafeteria equipment	12.5%
Telecommunication and audio-visual equipment	25%

Details of the intangible and tangible assets can be found on the next two pages.

**Intangible assets**

Year 2021	Internally-generated computer software	Other computer software	Total computer software	Under Financial Lease	Under construction	Total
<b>Gross carrying amounts 01.01.2021</b>	<b>28,036,174</b>	<b>13,394,519</b>	<b>41,430,692</b>	<b>475,346</b>	<b>3,979,669</b>	<b>45,885,707</b>
Additions	6,533,627	-	9,198,481	-	5,775,155	12,308,782
Disposals	-	-57,077	-57,077	-	-	-57,077
Transfer between headings	2,664,854	-	-	-	-2,664,854	-
<b>Gross carrying amounts 31.12.2021</b>	<b>37,234,655</b>	<b>13,337,442</b>	<b>50,572,097</b>	<b>475,346</b>	<b>7,089,969</b>	<b>58,137,412</b>
<b>Accumulated amortisation and impairment 01.01.2021</b>	<b>-5,056,464</b>	<b>-16,052,823</b>	<b>-21,109,286</b>	<b>-297,091</b>	<b>-</b>	<b>-21,406,377</b>
Amortisation	-191,635	-6,131,279	-6,322,914	-118,837	-	-6,441,751
Disposals	-	57,077	57,077	-	-	57,077
<b>Accumulated amortisation and impairment 31.12.2021</b>	<b>-5,248,099</b>	<b>-22,127,025</b>	<b>-27,375,123</b>	<b>-415,928</b>	<b>-</b>	<b>-27,791,051</b>
<b>Net carrying amounts 31.12.2021</b>	<b>31,986,556</b>	<b>-8,789,583</b>	<b>23,196,973</b>	<b>59,418</b>	<b>7,089,969</b>	<b>30,346,361</b>



## Tangible assets

Year 2021	Buildings	Plant and equipment	Computer hardware	Furniture and vehicles	Other fixtures and fittings	Under finance lease	Total
<b>Gross carrying amounts 01.01.2021</b>	<b>12,719,572</b>	<b>1,174,469</b>	<b>44,836,403</b>	<b>7,215,346</b>	<b>23,095,945</b>	<b>5,222,674</b>	<b>94,264,409</b>
Additions	-	352,963	9,883,979	420,537	1,457,502	131,710	12,246,691
Disposals	-	-	-113,505	-	-249,658	-	-363,163
Other changes	-	-	-	-	-	-	-
<b>Gross carrying amounts 31.12.2021</b>	<b>12,719,572</b>	<b>1,527,432</b>	<b>54,606,877</b>	<b>7,635,883</b>	<b>24,303,789</b>	<b>5,354,385</b>	<b>106,147,937</b>
<b>Accumulated depreciation and impairment 01.01.2021</b>	<b>-4,865,183</b>	<b>-1,095,924</b>	<b>-33,698,253</b>	<b>-5,038,296</b>	<b>-19,285,131</b>	<b>-3,703,859</b>	<b>-67,686,646</b>
Depreciation	-630,300	-54,384	-5,390,016	-466,343	-1,849,755	-944,638	-9,335,436
Disposals	-	-	113,505	-	249,493	-	362,998
Other changes	-	-	-	-	-	-	-
<b>Accumulated depreciation and impairment 31.12.2021</b>	<b>-5,495,483</b>	<b>-1,150,308</b>	<b>-38,974,764</b>	<b>-5,504,639</b>	<b>-20,885,393</b>	<b>-4,648,498</b>	<b>-76,659,084</b>
<b>Net carrying amounts 31.12.2021</b>	<b>7,224,089</b>	<b>377,124</b>	<b>15,632,113</b>	<b>2,131,244</b>	<b>3,418,396</b>	<b>705,887</b>	<b>29,488,853</b>

## 2.2. Long-term receivables

The total amount relates to an accommodation rental deposit for a Europol staff member posted in the U.S.

### CURRENT ASSETS

## 2.3. Short-term Pre-financing

EMPACT and other grant beneficiaries – this amount represents pre-financing paid out for which a final cost claim had not been finalised as at 31.12.2021, less the estimated expenditure during 2021 (accrued charges) the calculation for which was, for high-value grants, obtained from the beneficiaries.

Consolidated entities – this amount relates to the agreement with Eurojust connected to Phase 2 of the SIRIUS project. The agreement represents the continuation and enhancement of the SIRIUS Project, aiming at further supporting the implementation of new EU legislation in the e-evidence field. This amount also includes the deduction of estimated accrued charges for expenditure during 2021.

## 2.4. Current receivables

	31.12.2021	31.12.2020
Open debtors (customers)	67,082	4,206
Open debtors (member states)	1,059,827	1,688,053
Open debtors (non-member states)	11,263	15,750
Open debtors (other)	-	6,235
VAT and other taxes	688,663	680,410
<b>Total</b>	<b>1,826,835</b>	<b>2,394,654</b>

Europol pays the invoices from local suppliers including VAT and claims (on invoices with a net amount of € 225 and above) a VAT refund from the Host State on a quarterly basis. The amount mentioned in the table above for VAT and other taxes relates only to the fourth quarter 2021, as the claim will only be prepared and sent in 2022.

## 2.5. Sundry receivables

	31.12.2021	31.12.2020
Staff – salary-related and mission advances	470,202	408,928
Other – expenditure to be allocated	-	2,921
<b>Total</b>	<b>470,202</b>	<b>411,849</b>

## 2.6. Other

	31.12.2021	31.12.2020
Accrued income	61,370	27,975
Deferred charges	6,480,571	4,828,578
Deferred charges with consolidated EU entities	2,234,440	1,897,545
<b>Total</b>	<b>8,776,380</b>	<b>6,754,098</b>

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Accrued income relates to amounts receivable as at 31.12.2021 where the debts towards Europol will only be recognised in the budget (revenue) 2022. The amount for accrued income can be divided between exchange (€ 31,932) and non-exchange (€ 29,438) revenue. The exchange revenue relates to amounts recoverable by Europol relating to reimbursements and the outcome of two litigation cases. The non-exchange revenue relates to the reimbursement of operational support from 2018 and a claim for the settlement of penalties on a contract.

The amounts for deferred charges relate to invoices paid by Europol to suppliers in 2021, but relating to a period in 2022 (or beyond).

The deferred charges with consolidated EU entities can be broken down as follows:

EU Entity	Description of deferral	Amount
European Commission	Contribution to European School	2,040,379
European Commission	Decryption Platform maintenance, electricity and security	190,968
European Council	Office rental in Brussels	3,094
<b>Total</b>		<b>2,234,440</b>

### 2.7. Short-term receivables with consolidated entities

This amount can be broken down as follows:

EU Entity	Description	Amount
European Union Intellectual Property Office (EUIPO)	SLA concerning frauds against users of the EU IP system	80,000
European Parliament	Salary-related	63
<b>Total</b>		<b>80,063</b>

### 2.8. Cash and cash equivalents

These relate to bank accounts and funds held using the central treasury service of the European Commission as follows:

	31.12.2021	31.12.2020
Europol *	38,042,603	30,420,278
Europol pension fund	2,433,412	2,650,962
Local staff pension fund *	302,766	302,766
<b>Total</b>	<b>40,778,781</b>	<b>33,374,006</b>

\* Central treasury service of the European Commission.

## NON-CURRENT LIABILITIES

### 2.9. Pensions and other employee benefits

#### Historic elements

In October 2015, the Council of the European Union decided<sup>7</sup> to dissolve the Europol Pension Fund as of 1 January 2016 and to consider Europol as the legal successor of the fund in respect of all contracts concluded by, liabilities incumbent on and property acquired by the fund, and of claims of the fund towards third parties. In practice all the fund's assets and liabilities upon the closure of the fund were transferred to Europol.

The assets obtained are considered as Planned Assets (PA) and the liabilities inherited are hereafter referred to as Defined Benefit Obligations (DBO). Due to the link with external assigned revenue (budget fund source R0), the PA can only be used by Europol to make payments related to the DBO. Under the DBO, Europol also recognises surpluses remaining to be paid to former active participants of the fund or their lawful heirs.

#### Disclosure on DBO (Pursuant to EU Accounting Rule (EAR) 12)

At the year-end 2021, Europol made an in-house actuarial assessment of the DBO, resulting in a decrease of the residual DBO 2020 by € 306K to € 3.1M.

The table below summarises the DBO 2021, compared to 2020:

	31.12.2021	31.12.2020
Pension liabilities payable	3,053,852	3,360,210
Surplus to Member States	-	-
Surplus to former participants (or lawful heirs)	64,243	64,243
<b>Total</b>	<b>3,118,095</b>	<b>3,424,453</b>

The DBO 2021 is set up in accordance with the actuarial assumption described in the Annex to the Council Decision on the dissolution of the Europol Pension Fund. This Annex does not refer to the most typical assumptions such as annual indexation, pensionable age, change of medical costs, etc. These typical assumptions were not required to be disclosed in the Annex as not changing over time. Therefore Europol only discloses those actuarial assumptions specifically referred to in the Annex. Some have changed during 2021 compared to 2020:

<sup>7</sup> Council Decision (EU) 2015/1889 on the dissolution of the Europol Pension Fund as published in OJEU L/276, 21.10.2015 pages 60-64.

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	31.12.2021	31.12.2020
Discount Rate	DNB <sup>8</sup> 2021	DNB 2020
Actuarial value for deferred pensioners or persons not entitled to a pension	Max value of pension, transfer right or severance grant	Max value of pension, transfer right or severance grant
Mortality table (healthy people)	EULT 2018 <sup>9</sup> , 2021 data	EULT 2018, 2020 data
Mortality table (invalids)	EULT 2018 + 3 years, 2021 data	EULT 2018 + 3 years, 2020 data
Marriage rate when leaving service	Real situation	Real situation
Age difference between spouses	Real situation	Real situation
<b>Future administrative costs</b>	<b>NPV<sup>10</sup> of foreseeable costs</b>	<b>NPV of foreseeable costs</b>

The change in DBO 2021 compared to 2020 is a result of the positive change in the DNB rate (financial assumption) and the negative mortality table/medical cost adjustment (demographic actuarial assumptions), aside the further decrease due to benefits paid in 2021 can be detailed as follows:

	31.12.2021	31.12.2020
Opening balance	3,424,453	3,371,330
Benefits paid in year	-219,700	-306,066
Actuarial G/L demographic assumption	94,593	146,909
Actuarial G/L financial assumption	-181,251	212,281
<b>Total after accounting for actuarial changes</b>	<b>3,118,095</b>	<b>3,424,453</b>

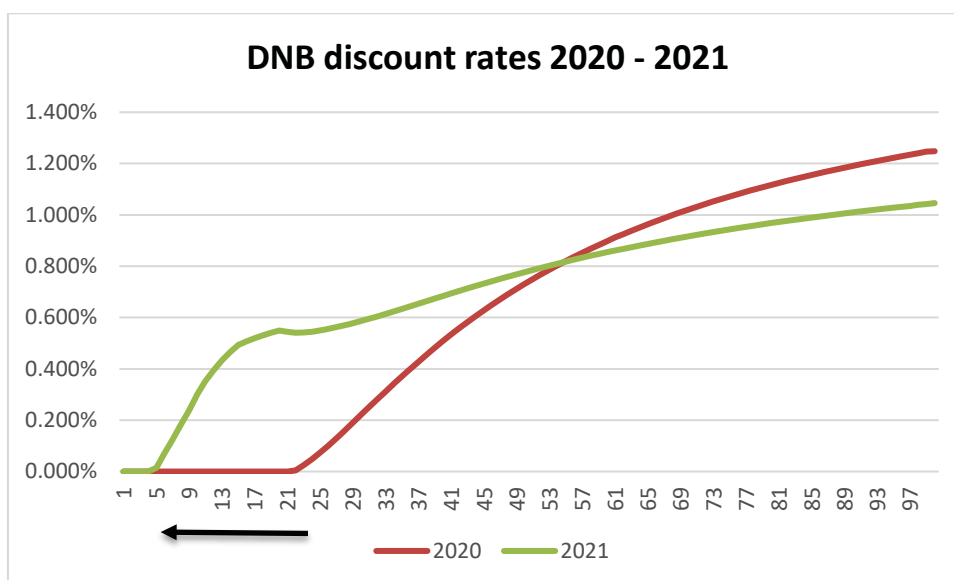
The increase in longevity 2021 (compared to 2020) and a material increase in medical costs, both demographic assumptions, generated a negative growth of the DBO.

Contrary to an increase in 2020, in 2021 a material decrease of the DBO is implemented due to the rise of the discount rates, being financial assumptions. The period of negative/zero interest is decreased from 24 years in 2020 to 4 years only in 2021. Such adjustment has a material impact in all NPV calculations ultimo 2021.

<sup>8</sup> Each year the Dutch National Bank (DNB) provides discount rates to be used by all NL-based pension schemes.

<sup>9</sup> EU life table as provided by the EC's actuary ESTAT (EUROSTAT) for the period 2018-2022 whilst awaiting a review in 2023.

<sup>10</sup> Net present value.



In order to test the sensitivity of the actuarial assumptions, Europol should disclose a 10 basic point (or 0.1%) upward/downward adjustment of the most important actuarial assumptions. For the DBO of Europol, only a measurement of the sensitivity of the discount rate is required. The sensitivity effect was still not very material, though more material than in 2020:

	0.1% up	0.1% down
Sensitivity analysis 0.1% Discount Rate Adjustment 2021	-35,733	34,774
Sensitivity analysis 0.1% Discount Rate Adjustment 2020	-20,087	11,163

As can be seen above, a 0.1% increase in discount rates has a positive effect whereas it shortens the period the discount rate is set at 0% from 2025 to 2024 having a positive effect of € 36K. A 0.1% reduction has an equal impact as it only lengthens the period of 0% from 2025 to 2026, resulting in a correction of € 35k.

**Disclosure on PA (Pursuant to EAR 12)**

All PA are invested in cash held on a ring-fenced bank account (see point 2.8. above) with an EU-based financial institution that did in 2021 not charge negative credit interest. The only PA movement in 2021, other than benefits paid, was interest cashed in 2021 for a total of € 1.6K and a discount on sickness insurances of € 551.

For future PA inflow, it is important to note is that pursuant to Article 4(b) of the Council Decision on the dissolution of the Europol Pension Fund, former active participants of the fund (or their lawful heirs) had until October 2017, being two years after publication of the Council Decision, to communicate their beneficiary details to Europol. If not provided or found by Europol by that date, the remaining portion of the related PA should have become other income for Europol. At 31.12.2021, the amount remained the same as in 2020 at € 64K. Following its own legal advice, Europol did not yet consider the amount of € 64K as other income 2017, 2018, 2019, 2020 or even 2021 as a more robust file of administrative actions taken by Europol should support such recognition. This recognition is expected to occur in 2022 and not 2019, 2020 or 2021 as previously disclosed due to prioritisation of tasks.

**Disclosure on the net DBO liability (Pursuant to EAR 12)**

	31.12.2021	31.12.2020
DBO	3,118,095	3,424,453
PA	-2,433,413 <sup>11</sup>	-2,650,961
<b>Net DBO liability</b>	<b>684,682</b>	<b>773,491</b>

The decrease in net DBO liability 2021 slightly improved the 2020 coverage ratio of 77.41% to 78.04% in 2021, whereas 100% is required. In order to recognise this decrease in DBO liability Europol will correct € 86,658 (including credits for bank interest and recuperation of insurances) to its Balance Sheet as re-measurements of employee benefit liabilities. This adjustment is expected to grow further in 2022 by the revenue expected as described above (€ 64,243). Further corrections are currently not envisaged to be made, whereas the majority of the DBO is payable in excess of at least the next financial year(s) to come.

**2.10. Pre-financing received from consolidated entities**

This relates to the net amount of pre-financing received from consolidated entities, detailed as follows:

Entity	Net pre-financing open	Short description
European Commission - DG NEAR	1,397,936	Fighting organised crime in the EaP region.
CEPOL	362,801	EUROMED POLICE V, WB PaCT, TOPCOP
European Commission - FPI	280,944	International Digital Cooperation - Cross border access to electronic evidence (SIRIUS Phase 2).
<b>Total</b>	<b>2,041,681</b>	

Europol has split the outstanding net pre-financing amounts with consolidated EU entities between long-term (above table) and short-term (see table under point 2.17. below).

**2.11. Other long-term liabilities**

	31.12.2021	31.12.2020
Leasing liability on computer hardware	736,871	873,559
Pre-financing liability with non-consolidated entities	672,521	-
Local staff pension fund	302,766	302,766
<b>Total</b>	<b>1,712,159</b>	<b>1,176,325</b>

**Leasing liability**

See point 1.4.3. above.

<sup>11</sup> Equal to bank balance under point 2.8 above.

**Pre-financing liability with non-consolidated entities**

This relates to the net amount of pre-financing received from non-consolidated entities, detailed as follows:

Entity	Net pre-financing open	Short description
Engineering - Ingegneria Informatic	83,696	A.I.D.A.: Artificial Intelligence and advanced Data Analytics for Law Enforcement Agencies.
Fundacion Centro de Tecnologias	213,999	GRACE: Global Response Against Child Exploitation based on big-data technologies supported by advanced AI powered algorithms.
Airbus Defence and Space	116,378	INFINITY: A flagship project to revolutionise how Law Enforcement Agencies view, analyse and share information to combat crime and terrorism
Commissariat A L Energie Atomique et aux Energies Alternatives	258,448	STARLIGHT: Sustainable Autonomy and Resilience for Law Enforcement Agencies using AI against High priority Threats.
<b>Total</b>	<b>672,521</b>	

**Local staff pension fund**

Local staff members recruited prior to 2010, and still having an employment contract after 2010, are entitled to a Defined Benefit old age pension accrual under Dutch labour law pursuant to the applicable pension scheme characteristics. The premium payments needed thereto are given to a third party who provided assurance that the liabilities were accrued by obtaining the required assets thereto periodically. Such an approach classifies this scheme to be a Defined Contributions or DC-scheme, even though the underlying entitlement is a defined benefit entitlement for the staff member.

As a consequence, Europol set aside the employer and employees' contributions on a monthly basis with an EU-based financial institution. The sole purpose of this balance is to finance the premiums to be paid to the new DC pension reinsurer.

In 2014, a tender procedure to secure a new DC pension reinsurer as from 2015 onwards failed. As a result, no premiums have been settled in relation to the employment period beyond 1 January 2015.

In light of the provisions of Article 73(4) of the Europol Regulation adopted in May 2016, allowing local staff members to move to a contract governed by the Conditions of Employment of Other Servants of the European Union ('CEOS') at the latest on 1 May 2018, it was not considered appropriate to launch another tender during this transitional period.

The last local staff member entered into a contract governed by the CEOS effective from 1 January 2018. Consequently, no further Dutch labour law Defined Benefit pension rights were accrued beyond 31 December 2017.



In 2019, Europol requested external legal advice in order to assure compliance with Dutch law whilst tendering for a new DC pension reinsurer for the pension entitlements linked to the period 2015-2017. In light of the requirements set in this advice, which was only converted into actionable decisions in 2020 and 2021, in 2021 a new tender procedure to secure a new DC pension insurer was drafted, which was launched in January 2022. The call for tender (2113/C5/N- Dutch Pension Rights) however did not bring forward an interest from economic operators by its closure date in February 2022. Thus Europol is now contemplating on the next procurement steps to be taken.

### **Disclosure of outstanding DC liability**

The absence of a pension reinsurer for these three years (2015-2017) currently makes Europol liable to cover the pension rights of the concerned local staff members until the DC premiums are paid to a pension reinsurer. An internal worst-case actuarial calculation made as at 31 December 2021, established the pension cost in relation to these three years to be € 274K. This amount is similar as the amount disclosed in 2020, due to the lack of longevity adjustments in the demographic population.

The internal calculation of the remaining DC liability is € 28,705 lower than the available funds of € 302,766. Hence, in accordance with the principles of sound financial management, no external actuarial calculation was deemed necessary to provide an external assurance on the financial health of the fund.

### **Future treatment of possible surplus PA and classification of DC as a long-term liability**

In 2019 and 2020 Europol requested external legal advice in relation to how, under Dutch law, material excess funds of the PA, if any, should be treated. Prior to making any decision on which option to pursue, it is required to settle the outstanding DC liability for the period 2015-2017. As the required tender procedure thereto is still to start in 2022, it is therefore prudent to consider these liabilities as long-term.

## **2.12. Provisions for risks and charges (short-term)**

Provision	Litigation cases
Balance at the beginning of the year	12,000
Additions	-
Utilised	-
Unused	-12,000
Transferred to non-current	-
<b>Total as at 31.12.2021</b>	<b>-</b>

The provision (involving two litigation cases) at the beginning of the year is considered as unused in 2021 as, to date, the applicants have not submitted any claim regarding legal costs. Under the court's jurisprudence, a claim must be submitted within a "reasonable" period of time (estimated around 2 years). Europol thus considers that the applicants have waived their right.

## **CURRENT LIABILITIES**

### **2.13. Current Financial Liabilities**

The total amount relates to the short-term leasing liabilities on computer hardware.

## 2.14. Current payables

	31.12.2021	31.12.2020
Amounts payable - vendors	1,746,607	1,386,817
Amounts payable - Member States	264,872	169,796
Amounts payable – public bodies	-	63,182
Invoices / credit notes / cost claims pending verification	-1,972,180	-1,619,360
<b>Total</b>	<b>39,299</b>	<b>435</b>

## 2.15. Sundry payables

	31.12.2021	31.12.2020
Intangible and tangible assets – goods received <sup>12</sup>	497,904	1,773,632
Pre-financing liability with non-consolidated entities	1,187,237	1,628,962
Amounts payable - staff	-	-16,429
<b>Total</b>	<b>1,685,141</b>	<b>3,386,164</b>

The amount for pre-financing received from non-consolidated entities can be broken down as follows:

Entity	Net pre-financing open	Short description
Engineering - Ingegneria Informatic	502,178	A.I.D.A.: Artificial Intelligence and advanced Data Analytics for Law Enforcement Agencies.
Fundacion Centro de Tecnologias	233,453	GRACE: Global Response Against Child Exploitation based on big-data technologies supported by advanced AI powered algorithms.
Airbus Defence and Space	279,306	INFINITY: A flagship project to revolutionise how Law Enforcement Agencies view, analyse and share information to combat crime and terrorism
Commissariat A L Energie Atomique et aux Energies Alternatives	172,299	STARLIGHT: Sustainable Autonomy and Resilience for Law Enforcement Agencies using AI against High priority Threats.
<b>Total</b>	<b>1,187,237</b>	

<sup>12</sup> Assets received in 2021, but not paid.

## 2.16. Other accounts payable

	31.12.2021	31.12.2020
Accrued charges <sup>13</sup>	5,093,807	4,385,547
Accrued charges with consolidated entities	115,915	23,101
Accrual for untaken annual leave at year-end	2,729,641	2,563,281
Deferred income	-	1,257
<b>Total</b>	<b>7,939,363</b>	<b>6,973,186</b>

The total amount for accrued charges with consolidated entities can be broken down as follows:

EU Entity	Description of accrual	Amount
European Commission (DG PMO)	Salary management and staff permit (laissez-passer) costs	51,185
European Commission (DG JRC)	Decryption Platform and media-monitoring costs	32,730
European Commission (DG DIGIT)	Financial system (ABAC) hosting fees	32,000
<b>Total</b>		<b>115,915</b>

Regarding the accrual for untaken annual leave, according to the EU Staff Regulation (Annex V, Article 4), if a person at the time of leaving the service has not used their annual leave, they shall be paid compensation equal to one thirtieth of their monthly remuneration for each leave day due to them. Therefore the calculation (based on average salary rates) for untaken annual leave has been recognised as an accrued charge.

## 2.17. Accounts payable with consolidated EU entities

	31.12.2021	31.12.2020
Surplus from European Commission subsidy <sup>14</sup>	5,098,619	3,349,469
Balance on pre-financing received for the SIRIUS Grant	394,866	327,103
Balance on pre-financing received for the SIRIUS Phase 2 Contribution Agreement	140,472	-
Balance on pre-financing received for the WB (Western Balkans) Grant	787,470	1,047,380
Balance on pre-financing received for the EaP Region Contribution Agreement	931,957	2,485,156
Balance on pre-financing received for Service Level Agreements with EUIPO	571,549	414,662
Balance on pre-financing received for Service Level agreements with CEPOL	240,000	865,194
<b>Total</b>	<b>8,164,934</b>	<b>8,488,964</b>

Europol has split the outstanding net pre-financing amounts with consolidated EU entities between short-term (above table) and long-term (see table under point 2.10. above).

<sup>13</sup> Invoices to be paid in 2022 relating to goods/services delivered in 2021 and expensed (not capitalised).

<sup>14</sup> This is the budget result (see page 61 below).

Details on the grants can be found under within the budget implementation reports starting from page 42 below.

### 3. NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE

Europol's financial statements are prepared on an accrual-basis by which transactions are recorded in the period to which they relate. The result for the year using this basis is indicated in the Statement of Financial Performance. However, Europol uses a modified cash accounting system for preparing the budget result. In this system, only payments made and revenue received in the year as well as the carry-forward of appropriations to the following year are recorded.

All differences between the Statement of Financial Performance and the budget result can be found in the reconciliation on page 41.

#### 3.1. Revenue

The revenue has been split between non-exchange and exchange transactions in accordance with the EU Accounting Rules.

The difference between the revenue in the budgetary result and the statement of financial performance of € 6.8M is broken down as follows:

Description	Difference
New pre-financing received	7,510,373
Pre-financing received in previous years closed 2021	-2,167,031
Cashed balance sheet recovery orders issued in 2021	1,694,613
Reversal of cut-offs 2020	1,440,850
Budgetary recovery orders issued before 2021 and cashed in the year	24,071
Value corrections on assets	-73,833
Exchange rate gains	-4,774
Uncashed recovery orders	-12,537
Cut-offs 2021 <sup>15</sup>	-1,599,671
<b>Total</b>	<b>6,812,061</b>

#### 3.2. Expenditure

A total of >€ 18.6M is included in the Statement of Financial Performance relating to expenditure made from budgetary commitments carried forward from 2020. This is not included in the budgetary result 2021, as it relates to the implementation of the European Commission Subsidy 2020. However, details of this implementation can be found in the budget implementation reports on page 58.

<sup>15</sup> Includes budget surplus 2021.

## Operational

The total amount of expenses (including accruals and deferrals) amounted to € 39.2M broken down as follows:

Description	Difference
Maintenance of hardware and software	12,934,608
ICT External Service Provision	10,156,991
Grants (including ATLAS € 2,764,853)	6,177,375
Deployments	2,877,344
Telecommunications costs	2,700,805
Missions	1,042,306
Training and representation expenses	993,878
Liaison Bureaux outside the Netherlands	935,411
Meetings	686,712
WEB services, publications, audio visuals and equipment	195,649
External expertise	159,943
Decryption platform	159,408
EPCC	94,644
Research and development	74,038
Expertise training for third parties	24,795
Heads of Europol National Units	13,504
<b>Total</b>	<b>39,227,410</b>

The difference of € 5.7M between the € 39.2M expenditure and the result in the statement of financial performance of € 33.5M, is due to the adjustment required for the internally-generated intangible assets in order to correctly reduce the expenses for consultants that worked on projects considered eligible to be capitalised or expected to be capitalised (under construction).

## Staff

These expenses contain personnel-related expenses such as salaries, allowances, social security contributions and other welfare expenses.

All salary calculations resulting in the total staff expenses included in the Statement of Financial Performance of Europol are outsourced to the Office for administration and payment of individual entitlements (also known as the Paymaster's Office - PMO) which is a central office of the European Commission audited by the European Court of Auditors.

The material differences between the staff costs detailed in the budget result and those in the Statement of Financial Performance can be explained as follows:

- Internally-generated intangible assets - € 6.6M decrease due to the capitalised and expected to be capitalised (under construction) staff costs;
- Annual leave accrual (see point 2.16. above) - € 2.7M increase;
- Adjustment for the pension benefits paid (see point 2.9. above) - € 220K decrease.

## Finance expenses

This amount relates to interest on late payments (€ 11K), interest on leasing (€ 45K) and bank charges (€ 21K). The increase (€ 15K) in the latter compared to 2020 is due to the negative interest charged by Europol's banks during the year until Europol began using the central treasury services of the European Commission in October 2021.

## Intangible and tangible asset-related

These expenses contain the charged depreciation of tangible (€ 9.3M) and amortisation of intangible (€ 6.4M) assets. The latter includes the amortisation for the internally generated intangible assets.

## Expenses with consolidated entities

The expenses with consolidated entities (including accruals and deferrals) can be broken down as follows:

Entity	Description of expense	Amount
European Commission HR <sup>16</sup>	European School, training and other staff-related services	3,425,907
European Commission JRC <sup>17</sup>	Decryption Platform and media-monitoring costs	639,121
European Commission PMO <sup>18</sup>	Administrative charges (salaries) and staff permit costs (laissez-passer)	544,525
European Commission DIGIT <sup>19</sup> and BUDG	Financial system (ABAC) fees, Cloud services and Treasury Management services	399,262
EUIPO <sup>20</sup>	Reimbursement of grant-related funds	322,237
Eurojust	Contribution Agreement cut-off	204,682
European Commission SCIC <sup>21</sup>	Interpretation services	76,608
Translation Centre for EU Bodies	Translation services	76,393
European Food Safety Authority	Permanent secretariat costs	23,327
European Commission OP <sup>22</sup>	Publications, distribution and storage	22,719
Council of the European Union	Rental of office space	12,497
European Parliament	Inter-institutional contract for Green Public Procurement (GPP) helpdesk	1,652
<b>Total</b>		<b>5,748,930</b>

<sup>16</sup> Human Resources and Security

<sup>17</sup> Joint Research Centre

<sup>18</sup> Paymaster's Office

<sup>19</sup> Informatics

<sup>20</sup> European Union Intellectual Property Office

<sup>21</sup> Interpretation

<sup>22</sup> Publications Office

## Other administrative and IT expenses

The total amount of € 8.2M can be broken down as follows:

Description of expense	Amount
Experts and related expenditure	5,260,730
Office supplies and maintenance	1,630,584
Communications and publications	1,040,509
Recruitment	58,854
Training	102,297
Legal	95,784
Insurance (other than building)	31,945
Transport	28,948
<b>Total</b>	<b>8,249,651</b>

## 4. NOTES TO THE CASH-FLOW STATEMENT

Cash-flow information is used to provide a basis for assessing the ability of Europol to generate cash and cash equivalents, and its needs to utilise those cash flows.

The cash flow statement is prepared using the indirect method. This means that the economic result of the financial year (Statement of Financial Performance) is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of revenue or expense associated with investing cash flows.

The cash flow statement presented, reports cash flows during the period classified by operating and investing activities.

### 4.1. Operating activities

Operating activities are the activities of Europol that are not investing activities. These are the majority of the activities performed. Other changes under this activity mainly relate to the decrease to the financial liability for the short-term finance lease (see point 2.13. above) on tangible assets.

### 4.2. Investing activities

Investing activities are the acquisition and disposal of intangible and tangible assets and of other investments, which are not, included in cash equivalents. The objective is to show the real investments made by Europol.

### 4.3. Employee benefits

This relates to the decrease in the employee benefits liability and the adjustments to demographic and financial remeasurements (see point 2.9. above).

## 5. CONTINGENT ASSETS AND LIABILITIES AND OTHER SIGNIFICANT DISCLOSURES

### 5.1. Contingent Assets

Europol has no contingent assets to disclose as at 31 December 2021.

### 5.2. Contingent Liabilities

Europol has no contingent liabilities to disclose as at 31 December 2021.

### 5.3. Other significant disclosures

#### 5.3.1. Services-in-kind

In accordance with EU Accounting rule 17, Europol discloses its free use of its office buildings (including parking facilities) during the year 2021, offered by the Host State. The total amount disclosed for the year 2021 is:

Building	Amount	Offered until
Headquarters	12,500,000	01/03/2031
Temporary satellite	1,387,497	31/12/2023
<b>Total</b>	<b>13,887,497</b>	

#### 5.3.2. Remaining net RAL (Reste à Liquider)

The total amount of budget commitments carried forward to 2022 after deducting all eligible 2021 expenses amounted to € 19.4M.

#### 5.3.3. Other contractual commitments

Europol's contractual obligations as at 31.12.2021 not covered by the RAL (see above) totals € 12.6M. This calculation considers contracts up to the earliest date possible to end the contract and possible penalty costs.

## 6. FINANCIAL INSTRUMENTS

On 17 December 2020 the Accounting Officer of the European Commission adopted the updated EU Accounting Rule 11 *Financial Instruments*, which became applicable as from 1 January 2021 and replaced the previous accounting rule adopted in 2011.

The revised accounting rule aligns the EU Accounting Rules on financial instruments to the recent changes of the underlying International Public Sector Accounting Standards (IPSAS), mainly the replacement of IPSAS 29 *Financial Instruments: Recognition and Measurement* with IPSAS 41 *Financial Instruments*.



## Europol Public Information

The main changes are as follows:

- New classification principles for financial assets;
- New impairment model for financial assets;
- Introduction of amended guidance on liabilities from financial guarantees issued in non-exchange transactions (i.e. at a price below fair value).

Under the previous accounting rule, loss estimation applied only if there had been a loss event up to the balance sheet date, e.g. a bankruptcy or overdue payment. For estimated future events, the previous accounting rule did not allow one to recognise a loss. Under the revised accounting rule however, loss estimation always applies. This is because the new rule requires to recognise impairment based on expectations, i.e. based on past experience and expected future events.

The estimation needs to take into account the following three points:

1. Probabilities (by evaluating possible outcomes);
2. Time value of money (i.e. discounting to NPV);
3. 'Reasonable and supportable' information for past events, current conditions and forecasts for the future, if available without undue cost and effort.

In order to comply with the three points above, an entity usually needs to enter into complicated statistical calculations. This requires modelling which involves, for example credit ratings for the debtors, probabilities of default. However, for receivables, the revised accounting rule allows simplification and the use of 'practical expedients' instead of modelling.

The revised accounting rule also influences the financial risk management disclosures for financial assets and liabilities as follows:

### **Credit risk**

This requires an analysis of the credit quality of financial assets (relevant only to loans and cash and cash equivalents), the changes in the impairment allowance, and age analysis of exchange receivables. For Europol this means:

Cash and cash equivalents: Europol only has one bank account held for the Europol Pension Fund (as Europol's funds are held with the central treasury services of the European Commission). The bank used for this balance is BCEE which has a sound financial standing, as does its sole shareholder, the state of Luxembourg. That is why the international rating agencies Standard & Poor's and Moody's have granted the bank ratings of AA+/A-1+ and Aa1/P-1 respectively.

Analysis of the age of exchange receivables:

31 December 2021	Not past due	Past due 0-30 days	Past due 31-90 days	Past due 91 days - 1 year	Total
Receivables from third parties	59,786	7,296			67,082
Receivables from staff <sup>23</sup>	390,670	24,451	27,666	32,432	475,218
Funds held with central treasury service of EC	38,345,369				38,345,369
Receivables from consolidated entities	80,000		63		80,063
Receivables for litigation cases and other refunds	31,932				31,932
<b>Total</b>	<b>38,907,757</b>	<b>31,747</b>	<b>27,729</b>	<b>32,432</b>	<b>38,999,664</b>

### Liquidity risk

This requires an analysis of the maturity for payables, borrowings and financial guarantee contracts. For Europol this relates to the long-term liabilities other than that for employee benefits and leasing. The total amount of € 975K (see point 2.11 above) is classed with a maturity period of 1-5 years.

### Market risk

This requires an analysis of the foreign currency exposure of financial assets/liabilities and of the interest rate risk for bonds. However for Europol (relating only to the financial assets and liabilities) there was no foreign currency exposure as at 31.12.2021, as all amounts were in Euro.

## 7. CHANGES TO ACCOUNTING RULES

The change to EU Account Rule 11 mentioned under Financial Instruments above, had no impact on the financial statements and thus no adjustments were required.

There were no other changes to the accounting rules during 2021.

## 8. RELATED PARTY DISCLOSURE

In accordance with EU Accounting Rule 15, Europol discloses its related parties as its key management personnel. Key management personnel are the directorate members (top management) of Europol. The total remuneration of the directorate members and the number of individuals, on a full-time equivalent basis, are provided for in the following table:

Position	Grade	Number of Individuals	Total remuneration
Executive Director	AD15	1	239,802
Deputy Executive Director	AD14	3	571,339
<b>Total remuneration 2021</b>			<b>811,141</b>

<sup>23</sup> Salary-related debts (for example overpaid allowances), mission and salary advances.

## **9. EVENTS AFTER THE REPORTING DATE**

### War in Ukraine

In accordance with the EU Accounting Rule 19 (Events after the reporting date), the war in Ukraine, that began in February 2022, is a non-adjusting event, thus not requiring adjustments to the figures reported in these financial statements as at 31 December 2021. Based on the facts and circumstances at the time of preparation of these financial statements, in particular the evolving situation, a financial effect of the war in Ukraine with respect to Europol's 2021 final annual accounts has not been identified. For subsequent reporting periods, the situation will be re-assessed accordingly.

### Other

Aside from the unsuccessful call for tender (2113/C5/N- Dutch Pension Rights) mentioned under point 2.11., there were no other events after the reporting date beknown to the Accounting Officer of Europol as at the date of submission of the final accounts 2021.

## **10. RECONCILIATION BETWEEN STATEMENT OF FINANCIAL PERFORMANCE AND BUDGET RESULT**

The difference between the budget result and the Statement of Financial Performance is explained in the table on the next page.

Europol Public Information

Description	Amount
Economic result (Statement of Financial Performance) 2021	17,384,668
Accruals/deferrals 2021	1,123,960
Accruals/deferrals reversed from 2020	62,294
Adjustment for 2020 carry forward appropriations assigned revenue	10,702,251
Adjustment to employee benefit liability	-219,700
Cancellation of unused payment appropriations from 2020	2,926,585
Cashed balance sheet recovery orders issued in 2021	1,694,613
Cashed recovery orders issued before 2021	24,071
Depreciation and amortisation of intangible and tangible assets	15,584,334
Intangible and tangible asset acquisitions (excluding unpaid amounts at 31.12.2021)	-13,841,938
Internally generated intangible assets <sup>24</sup>	-12,117,147
Open pre-financing paid in 2021	-8,909,148
Open pre-financing received in 2021	7,510,373
Other general ledger corrections	-135
Payment appropriations carried forward to 2022	-37,028,367
Payments 2021 in Statement of Financial Performance 2020	-78,879
Payments made from carry forward 2020	18,572,790
Pre-financing given in previous year(s) and cleared in 2021	3,970,165
Pre-financing received in previous year(s) and cleared in 2021	-2,167,031
Provisions (impact of the year)	-12,000
Uncashed recovery orders issued in 2021	-12,537
Value reductions (impact of the year)	-109,466
Unpaid invoices at 31.12.2021	38,865
<b>Total = Budget result 2021</b>	<b>5,098,619</b>

<sup>24</sup> This is the total amount capitalised in 2021 and considered under construction.

# REPORTS ON THE IMPLEMENTATION OF THE BUDGET

## **1. INTRODUCTION**

This report provides information about the 2021 budget implementation. The budget has been implemented in accordance with the Financial Regulation applicable to Europol following the budgetary principles.

## **2. CONTENT**

The main elements of the report are:

### **2.1 Explanatory notes on the budget implementation**

- 2.1.1 Revenue 2021
- 2.1.2 Expenditure 2021
- 2.1.3 Budget implementation 2021
- 2.1.4 Budget implementation of assigned revenue
- 2.1.5 Implementation of appropriations carried forward from 2020 to 2021
- 2.1.6 Appropriations carried over from 2021 to 2022
- 2.1.7 Budget transfers 2021
- 2.1.8 Budget result 2021

### **2.2 Budget implementation tables**

- Table 1: Revenue 2021
- Table 2: Expenditure 2021
- Table 3: Budget implementation 2021
- Table 4: Budget implementation of assigned revenue
- Table 5: Implementation of appropriations carried forward from 2020 to 2021
- Table 6: Appropriations carried forward from 2021 to 2022
- Table 7: List of budget transfers 2021
- Table 8: Budget result 2021

## 2.1. Explanatory notes on the budget implementation

The tables containing the amounts are provided in the next section (Tables 1–8). Throughout these explanations, fund sources for the different types of appropriations are mentioned, the definitions for which are as follows:

Fund Source	Description	Presentation in the reports
<b>Income fund sources</b>		
IC1	Initial Budget	Revenue 2021
IC4(1)	Refunds current year (N-1)	Internal assigned revenue current year (carried forward)
IR1(1)	External resources/ grants	External assigned revenue, funds and contributions
<b>Expenditure fund sources</b>		
C1	Initial Budget	Adopted budget for 2021
C4	Refunds current year	Internal assigned revenue (current year)
C5	Refunds carried forward	Internal assigned revenue (carried forward)
C8	Automatic carry forward	Carried forward commitments from 2020 to 2021
R0	External resources/ grants	External assigned revenue, funds and contributions

### 2.1.1. Revenue 2021

In December 2020, the Europol budget 2021 amounting to € 173M was adopted by the Europol Management Board. However as an effect of the COVID-19 pandemic as well as the delayed implementation of the regularity framework allowing direct funding of Seconded National Experts (SNEs) via the High-Value Targets/Operational Task Force (HVT/OTF) grants, the budget was reduced<sup>25</sup> by € 4M which was deducted from the final subsidy call-up from the European Commission.

An amount of € 2.7M was established as internal assigned revenue (fund source IC4/IC41) of which € 2.1M was cashed (paid). This cashed revenue was linked to expenditure budget items and the outstanding amount (non-cashed recovery orders) amounting to € 660K was carried forward to 2022.

The budget for external assigned revenue (fund source IR1) was amended during the year for various grant agreements, contribution agreements and service level agreements (SLAs), for an additional € 5.4M, of which € 2.4M was cashed. The following agreements were amended and cashed in 2021:

<sup>25</sup> EDOC# 1183340 Amending Budget IV 2021

- **HORIZON 2020<sup>26</sup>:**
  - o STARLIGHT: A new agreement for 4 years was established in 2021, from 1/10/2021 onwards, aiming at implementing and improving Artificial Intelligence (AI) solutions to Law Enforcement Agencies (LEAs) with secure and effective tools. The 2021 budget was amended with an amount of € 891K of which € 431K was cashed during the year.
- **European Union Intellectual Property Office (EUIPO):**

The 2021 budget was amended with a total amount of € 1M, specified as follows:

  - o IP Crime: A new agreement for 2021 was concluded under the service level agreement. This was signed for an amount of € 950K in order to finance actions against Intellectual Property crime. The amount of the new agreement was fully cashed during the year.
  - o Fraud: A new agreement for 2021 was concluded under the service level agreement for an amount of € 80K, in order to finance actions in the field of acquisition fraud. The amount was already cashed in 2020 and carried over to 2021 for agreed activities for 2021. In addition, a new recovery order amounting to € 80K was established in 2021 (for agreed activities for 2022) and was carried forward to 2022.
- **SIRIUS<sup>27</sup> Phase 2:**

The agreement represents the continuation and enhancement of the SIRIUS Project, aiming at further supporting the implementation of new EU legislation in the e-evidence field. The 2021 budget was amended with an amount of € 3.5M of which € 626K was cashed during the year.

Also included in fund source IR1 was:

- The contribution to Europol from the Kingdom of Denmark<sup>28</sup> for the budget year 2021, which represented an amending budget of € 3.9M, was fully cashed in July.
- An amount of € 2.2K was cashed for bank interest for the Europol Pension fund.

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<sup>26</sup> Grant agreements (as part of consortia) with the EC Research Executive Agency to leverage artificial intelligence and big-data technologies to revolutionise how Law Enforcement Agencies (LEAs) view, analyse and share information to combat crime and terrorism.

<sup>27</sup> Grant agreement to support an action on international digital cooperation – cross border access to electronic evidence. An amount of € 405K was cashed during the year for the fourth pre-financing.

<sup>28</sup> Following the application of the Europol Regulation on 1 May 2017, Denmark is regarded as a third country with respect to Europol. This is a consequence of the application of the Protocol (no 22) annexed to the TFEU on the position of Denmark, under which the Kingdom of Denmark does not take part in the adoption of measures pursuant to Title V of Part Three of the TFEU and such measures are not binding upon nor applicable in Denmark. The Agreement on Operational and Strategic Cooperation between the Kingdom of Denmark and Europol (“Denmark agreement”) was signed on 29 April 2017 with the purpose to establish cooperative relations.



### 2.1.2. Expenditure 2021

In order to measure budget performance, several key performance indicators (KPIs) directly linked to the Europol Work Plan 2021 were set at the beginning of the year.

Budget performance was measured based on implementation (commitments and payments) against budget.

- The target set for the commitment implementation rate was at least 95%.
- The payment implementation rate was indicated at (at least) 90% in order to secure a reasonable carry forward to the following year.
- In addition, the cancellation of the carry forward commitments from 2020 should not exceed 5%.

In 2021, implementation was highly impacted by the COVID-19 outbreak. The year-end KPI results represent a remarkable achievement, considering the disruption caused by the pandemic, which resulted in many occurrences of underspending and late implementation out of Europol's control.

The final outcome of the KPIs for 2021 was as follows:

- The implementation of commitment appropriations was 99%, 1% below 2020 but € 18.6M above in absolute terms.
- The overall payment rate was 84%. The target was not met due to transfers within the budget that were made relatively late in the year, in order to allow for a higher implementation of the funds, followed by commitments for which the payments are expected early 2022.
- The cancelled carry-forward commitments amounted to 13%: a total of € 2.9M was not used and was incorporated in the final budget result. The amounts not used were due to operational activities not implemented mainly in the areas of EMPACT grants (€ 742K), ATLAS (€ 480K), ICT (€ 280K), Deployments (€ 247K) and meetings and missions (€ 215K). The remaining amounts lapsed under the other Titles.

In the sections below, an explanation is provided regarding the implementation of the budget in different fund sources (Table 2) amounting to a total of € 209.6M.

### 2.1.3. Budget implementation 2021 (fund source C1)

#### Title 1 – Staff-related expenditure

The final budget under Title 1 amounted to € 93.2M with an implementation rate for commitments of 99% and for payments of 98% (Table 3).

A number of transfers within Title 1 and from other Titles, amounting to additional € 1.1M in total, were made during the year, of which, at the end, € 210K was included in the € 4M amending budget for the subsidy reduction. The additional budget transferred into Title 1 went mainly to Basic Salaries due to a lower vacancy rate than originally foreseen.

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An amount of € 742K or 1% of the available budget remained unused, mainly due to reduced expenses for Other External Services (€ 433K) and lower salary costs, following the reduced final weighting coefficient for 2021 (€ 254K).

2% or € 1.4M of the budget under Title 1 was carried forward to 2022, mainly for expenditure relating to facilities (e.g. catering, medical services, training of staff, hospitality services, moving expenses and security services).

### Title 2 – Other administrative expenditure

The final budget under Title 2 amounted to € 11.8M with an implementation rate for commitments of 91% and for payments of 53% (Table 3). The payment implementation for building-related expenditure is normally slower as it requires the involvement of (sub-) contractors before the Host State can issue invoices.

During the year, transfers for a total of € -742K were made within Title 2, of which € 40K was included in the overall € 4M subsidy reduction. The remaining amount was the result of savings realised from activities not performed as originally planned due to the COVID-19 pandemic, as well as a delay in the SHR building project.

An amount of € 1.1M or 10% of the available budget remained unused, mainly due to the late postponement to 2022 of the Building Integration System (BIS) project to replace the Europol Security Management System (SMS) upgrade, which did not allow to repurpose the funds on time (around € 1.3M).

€ 4.4M was carried forward to 2022, representing 37% of the budget under Title 2. Commitments carried forward were related to facility costs, both for the main Headquarters (HQ) and for the Temporary Satellite Building 1 (TSB1), such as works in the HQ and buildings maintenance € 2.9M, furniture € 521K etc.. € 507K was related mainly to ICT Administrative Telecom costs (€ 211K) and ICT Administrative purchase and maintenance of hardware and software (maintenance and renewals of licenses) (€ 207K). € 107K related to interpretation costs for the Management Board meeting in December 2021.

### Title 3 – Operational activities

The final budget under Title 3 amounted to € 63.9M, with a commitment rate close to 100% and a payment rate of 68% (Table 3).

28% or € 18.1M of the budget available under Title 3 was used to support strategic operational activities, amongst which € 4M was for EMPACT grants, € 3.6M for Deployments, € 3.5M for the grant for the ATLAS community, € 2.4M for meetings and missions, € 2M for grants for High Value Targets/Operational Task Force - HVT/ OTF and €1.2M for operational training. 64% or € 40.8M of the budget was implemented for ICT operational activities (e.g. Interoperability project, telecommunication and sustainment costs). Another 6% or € 3.7M was used for other operational activities (e.g. SNE costs, HENU meetings and Liaison Bureau costs). Moreover, 2% or € 1.1M was invested in Decryption capabilities projects.

Overall, € 8.9M savings were realized under Title 3 as an effect of the limitation of activities imposed by the pandemic. Of these savings, € 4.6M was transferred to ICT for the purchase and maintenance of hardware and software, as well as other ICT

external services. Additionally € 342K savings was repurposed towards Title 1 and a final amount of € 3.8M savings in meetings, HVT/OTF and for the EPCC event, were included in the € 4M amending budget reduction deducted from the final subsidy call-up from the EC.

An amount of € 305K lapsed, while an overall amount of € 19.9M was carried forward to 2022, representing 31% of the budget available under Title 3. Of the € 19.9M, € 15.1M was related to ICT expenditure of which ICT consultancies (€ 8.1M) and operational purchase of hardware and software as well as maintenance renewal of the existing hardware and software licenses (€ 6.4M). € 303K was carried forward for ICT Telecommunication costs and € 234K for additional hardware for the Decryption Platform as well as some works/services needed towards the end of the year. Moreover, € 3M was carried forward in operational activities, such as mainly EMPACT grants (€ 807K), Meetings and Missions (€ 747K), ATLAS grant (€ 700K), Deployments (€ 661K), Operational Equipment (€ 638K), HVT/OTF grants (€ 376K) and Operational Training (€350K).

#### **2.1.4. Budget implementation of assigned revenue (fund sources C4, C5, R0)**

##### **Internal Assigned Revenue (fund sources C4, C5)**

With regard to the implementation of internal assigned revenue (Table 4), there is a distinction between funds established in 2021 (fund source C4) and funds carried forward from 2020 (fund source C5):

C4: This type of revenue relates to refunds and other revenue, such as repayments, tax reimbursements, revenue from third parties, unspent pre-financing by MS etc. During the year 2021, an overall amount of € 2.1M was established and cashed. The implementation was limited to € 261K (13%) of which € 202K (10%) was paid. An amount of € 1.8M budget and € 59K commitments was carried over to fund source C5, in order to be implemented in 2022.

C5: The C5 budget relates to cashed and unused assigned revenue from the previous year (under C4 funds) (C4 -> C5).

Appropriations carried forward from 2020 amounting to € 1.3M were almost fully committed, mainly in the areas of EMPACT (€ 844K) and ICT (€ 267K).

The total unpaid amount of € 197K was carried forward (to fund source C8) and will be implemented in 2022. An amount of € 2.8K, which was not committed, lapsed.

##### **External Assigned Revenue**

With regard to the implementation of external assigned revenue (fund source R0), there is a distinction between the funds that were established in 2021 (e.g. new agreements) and the funds from before 2021 for which the implementation continued into the year.

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External assigned revenue included in the budgetary accounts came to € 15.8M, of which € 9.5M was carried over from 2020 and the remaining € 6.3M was established and cashed in 2021. € 9.6M was committed during the year, of which € 6.5M was paid. € 6.2M of commitments appropriations and € 3.1M of payments appropriation were carried over to 2022 as per table 4 (page 57).

The external assigned revenue was implemented for the following activities:

- **Under budget item 1100** (Basic salaries): Following the agreement between Europol and Denmark, a contribution amounting to € 3.9M was received in 2021. The full amount was used and paid under this budget item.
  
- **Under budget item 1184** (Pensions under the Europol Convention): An amount of € 2.7M was carried forward from 2020 for the further implementation of the Europol Pension Fund during 2021. Of this amount, € 341K or 13% was committed and € 220K or 8% was paid. The remaining amount of € 2.4M, of which € 2.3M (commitment appropriations) and € 121K (payment appropriations), was carried forward to 2022.
  
- **Under budget item 3600** (Operational expenditure related to subsidies and grants), two agreements were implemented:
  - **EMPACT EaP**: A new amount of € 2.5M was established during the year for the contribution agreement with DG NEAR. A total of € 801K was committed and € 149K was paid. The remaining budget was carried over for further implementation in 2022. This agreement originates from 2020 and was carried forward to 2021.
  - **CEPOL**: An additional € 865K was established for a SLA with CEPOL. A total of € 775K was committed and € 262K was paid. The remaining budget was carried over for further implementation in 2022. This agreement originates from 2020 and was carried forward to 2021.
  
- **Under budget item 3700** (Operational expenditure related to research and development projects), several agreements were implemented for different purposes:
  - **EUIPO Fraud** - to support law enforcement authorities preventing fraud against users of the EU IP Systems. A budget of € 107K was carried over from 2020, € 94K was paid and the remainder was carried over for further implementation in 2022.
  - **EUIPO IP Crime** - to support law enforcement authorities preventing crime related to Intellectual Property Rights. Out of the amending budget of € 950K cashed in the year, an amount of € 471K was paid and the remaining amount was carried forward to 2022. An amount of € 313K from 2020 was carried forward of which € 19.2K was implemented in 2021 and the remaining amount of € 295K was returned to EUIPO and closed.
  - **SIRIUS/SIRIUS2**: € 353K was carried forward from previous years and a new pre-financing amount of € 1M was cashed during the year. An amount of € 685K was paid and the remaining € 183K of open commitments and € 515K available budget were carried forward for implementation in 2022.
  - **WB (Western Balkans)**: € 1M was carried forward from previous years of which € 350K was committed in 2021, € 189K was paid and the remaining funds of € 859K was carried forward to 2022 for the closure of the agreement.
  - **HORIZON 2020**: An amount of € 1.6M was carried over from previous years. During 2021, an amount of € 431K was cashed for a new grant agreement - H2020

Starlight. Of the total available budget of € 2.1M, € 1.3M was committed and € 200K paid. The remaining funds of € 1.9M were carried over to 2022.

### **2.1.5. Implementation of appropriations carried forward from 2020 to 2021 (fund source C8)**

The carry forward to 2021 (Table 5) came to a total of € 21.5M to cover existing commitments established during 2020. The final implementation rate of the carry forward was 86%, which was, in absolute amounts, € 3.3M above 2020. The cancelled carry forward commitments amounted to 13%. A total of € 2.9M was not used and was therefore incorporated in the final budget result. The unused funds were mainly related to the following:

- € 334K for Title 1, which is 21% of the amount carried forward under this Title (€ 1.6M); the unused funds were for staff expenditure (e.g. training, recruitment, catering, and external services (e.g. removal services)).
- € 474K for Title 2, for building related expenditure, administrative telecommunication costs and statutory expenditure. This represented 12% of the total amount carried forward under this Title (€ 3.9M).
- € 2.1M for Title 3, which is 13% of the amount carried forward under Title 3 (€ 16M). This was mainly coming from EMPACT grants (€ 742K), ATLAS (480K), ICT expenditure (€ 280K), deployments (€ 274K) and meetings and missions (€ 215K).

### **2.1.6. Appropriations carried forward from 2021 to 2022**

With regard to the carry-over of appropriations from 2021 to 2022 (Table 6), there is a distinction between the funds corresponding to the carry-over of payment appropriations related to the current budget, carry-over of appropriations corresponding to internal assigned revenue and carry-over of appropriations corresponding to external assigned revenue. All appropriations were carried over in accordance with Article 12 of the Europol Financial Regulation.

#### **Appropriations corresponding to the budget 2022 (fund source C1 to C8)**

An amount of € 25.7M of payment appropriations covering existing commitments was carried forward from fund source C1 to C8. This represented 15% of the overall budget (€ 169M). Out of the € 25.7M carried forward:

- € 1.4M concerned Title 1 (Staff), which was 2% of the total Title 1 budget (€ 93.2M). Of the expenses carried forward to 2022, € 1M related to the Strategic Housing Roadmap (SHR) project under other external services and the remaining amount related to other staff costs such as medical services, catering and training.
- € 4.4M concerned Title 2 (Administrative Expenditure), which was 37% of the total Title 2 budget (€ 11.8M). Of the expenses carried forward € 3.8M related to several facility-related costs both for the HQ and for the SHR project. The remaining amount of € 514K was carried forward mainly in ICT.
- € 19.9M concerned Title 3 (Operational Expenditure), which was 31% of the total Title 3 budget (€ 63.9M). Of the amount carried forward to 2022, € 14.5K related to the ICT area, € 807K to EMPACT, € 747K to meetings and missions, € 700K to ATLAS,

€ 661K to Deployments, € 638K to Operational Equipment, € 318K to External Expertise, € 376K to HVT/OTF and € 317K to operational training.

#### **Appropriations arising from internal assigned revenue (fund source C5 to C8)**

Appropriations arising from internal assigned revenue carried over to fund source C8 amounted, at the end of the year, to € 197K mainly for operational equipment. These funds will be further implemented in 2022.

#### **Appropriations corresponding to internal assigned revenue (fund sources C4 to C5 and C4 to C8)**

For internal assigned revenue, an amount of € 1.8M under fund source C4 was carried over to 2021 to fund source C5 as available budget for implementation in 2022. In addition the outstanding payment appropriations of fund source C4 to cover existing commitments of € 59K, was carried forward to C8 for further implementation in 2022.

#### **Appropriations corresponding to external assigned revenue (fund source R0 to R0)**

For external assigned revenue (amounting to € 9.3M), € 6.2M of commitment appropriations (available budget) and € 3.1M of payment appropriations (open commitments) were carried over to 2022. The appropriations related to:

- € 2.4M - Europol Pension Fund;
- € 2.3M - contribution agreement for EMPACT EaP;
- € 1.9M - grant agreements under Horizon 2021;
- € 859K - grant agreement for WB;
- € 603K - SLA with CEPOL;
- € 479K - SLA for EUIPO IP Crime;
- € 13K - SLA for EUIPO Fraud;
- € 698K - grant agreement for SIRIUS and contribution agreement for SIRIUS2.

### **2.1.7. Budget transfers 2021**

Throughout the year, a total number of 40 transfers<sup>29</sup> (3 more than in 2020) were made for a total amount of almost € 10.7M (or 6% of the budget) (Table 7). In total, an amount of € 4M was saved and deducted from the final subsidy call-up from the EC, via an amending budget.

In Title 1 (Staff), a total of € 1.1M was transferred in due to a better vacancy rate than originally foreseen. Finally, € 210K was not used and included in the € 4M amending budget for the subsidy reduction.

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<sup>29</sup> Plus one additional transfer related to a technical correction in fund source C4, therefore not part of the calculation above.

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In Title 2 (Other Administrative Expenditure), the € 742K savings generated by the delays in implementation of activities due to the COVID-19 pandemic, were almost fully re-purposed towards continued works for the set-up of the new office environment for safe working as well as towards ICT operational activities. As the last Management Board meeting of the year did not happen physically due to the COVID-19 pandemic, € 40K savings were realised and included in the overall € 4M subsidy reduction.

In Title 3 (Operational activities) overall € 8.9M savings materialised due to lower spending in meetings and missions, HVT/OTF, Deployments and other operational activities impacted by the COVID 19 pandemic. Out of this amount, € 4.6M was repurposed towards operational ICT costs and € 3.8M was included in the overall € 4M budget reduction from the final subsidy call-up from the EC as mentioned above. The remaining € 342K savings were repurposed towards Title 1.

All transfers were approved by the Executive Director in accordance with Article 26(1) of the Financial Regulation applicable to Europol.

### 2.1.8. Budget result 2021

The overall budget result (surplus) for the financial year 2021 came to € 5.1M. This includes the following (Table 8):

- An amount of € 2.2M of the 2021 budget was not committed and lapsed.
- An amount of € 2.9M of appropriations carried forward from 2020 to 2021 was not used.
- An amount of € 2.8K of internal assigned revenue (C5) carried forward from 2020 to 2021 was not committed and lapsed.

The exchange rate difference in 2021 was a loss of € 428.

## 2.2. Tables of the budget implementation 2021

Table 1: Revenue 2021

Item	Fund source	Heading	Published budget		Established Revenue	Cashed Revenue	Outstanding amount
			Initially adopted	Amending budget			
9000	IC1	Regular subsidy from the Community	172,964,254	-4,000,000	168,964,254	168,964,254	-
9200	IC41	Other internal generated revenue carried over from previous year	-	-	442,655	442,655	-
9200	IC4	Other internal generated revenue established in the current year	-	-	2,276,269	1,615,952	660,317
9010	IR1	Other subsidies and grants established in the current year	-	5,413,092	2,491,753	2,411,753	80,000
9101	IR1	Contribution Denmark	-	3,933,571	3,933,571	3,933,571	-
9200	IR1	Other revenue established in the current year	-	-	2,151	2,151	-
		<b>Total revenue</b>	<b>172,964,254</b>	<b>5,346,663</b>	<b>178,110,653</b>	<b>177,370,336</b>	<b>740,317</b>

Table 2: Expenditure 2021

Fund source	Heading	CF from 2020	New established budget	Total budget 2021
C1	Budget 2021	-	168,964,254	168,964,254
C4	Internal assigned revenue established in the current year	-	2,058,607	2,058,607
C5	Internal assigned revenue carried over from previous year	1,250,615	-	1,250,615
R0	External assigned revenue	9,451,635	6,347,475	15,799,111
C8	Automatic carry forward from 2020	21,499,375	-	21,499,375
	<b>Total expenditure</b>	<b>32,201,626</b>	<b>177,370,336</b>	<b>209,571,962</b>



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Table 3: Budget implementation 2021 (fund source C1)

Chapter	Description	Final Budget (1)	Committed (2)	Rate Committ ed = $(2)/(1)$	CA Not Used = $(1)-(2)$	Paid (3)	Rate Paid = $(3)/(1)$	PA Carried Over to 2022 = $(2)-(3)$	Rate Carried Over = $(2)-(3)/(1)$
A-11	Staff in active employment	85,644,454	85,390,397	100%	254,057	85,390,397	100%	-	0%
A-13	Sociomedical infrastructure	935,200	906,254	97%	28,946	649,092	69%	257,162	27%
A-14	Training	129,500	129,500	100%	-	75,654	58%	53,846	42%
A-15	Other staff-related expenditure	6,432,300	5,999,601	93%	432,699	4,923,822	77%	1,075,779	17%
A-16	Entertainment and representation expenses	64,500	38,441	60%	26,059	27,009	42%	11,432	18%
	<b>Total Title 1</b>	<b>93,205,954</b>	<b>92,464,192</b>	<b>99%</b>	<b>741,762</b>	<b>91,065,973</b>	<b>98%</b>	<b>1,398,219</b>	<b>2%</b>
A-20	Rental of buildings and associated costs	7,231,700	6,525,136	90%	706,564	3,405,295	47%	3,119,841	43%
A-21	Administrative information technology	1,648,200	1,647,876	100%	324	1,351,910	82%	295,966	18%
A-22	Movable property and associated costs	1,070,300	971,193	91%	99,107	390,167	36%	581,026	54%
A-23	Current administrative expenditure	460,500	377,122	82%	83,378	276,983	60%	100,139	22%
A-24	Postal charges and telecommunications	987,500	965,378	98%	22,122	746,832	76%	218,546	22%
A-25	Statutory expenditure	413,500	202,478	49%	211,022	95,650	23%	106,828	26%
	<b>Total Title 2</b>	<b>11,811,700</b>	<b>10,689,182</b>	<b>90%</b>	<b>1,122,518</b>	<b>6,266,837</b>	<b>53%</b>	<b>4,422,346</b>	<b>37%</b>
B3-0	Operations	18,377,500	18,115,284	99%	262,216	13,376,646	73%	4,738,637	26%
B3-1	Operational information technology	39,754,400	39,746,688	100%	7,712	25,159,749	63%	14,586,940	37%
B3-2	Telecommunication costs for operational activities	1,051,700	1,051,080	100%	620	747,943	71%	303,137	29%
B3-3	Seconded National Experts (Operational)	3,558,500	3,544,677	100%	13,823	3,544,677	100%	-	0%
B3-4	EPCC	125,000	104,094	83%	20,906	104,094	83%	-	0%
B3-5	Heads of Europol National Units	23,600	23,600	100%	0	13,504	57%	10,096	43%
B3-8	Decryption Platform	1,055,900	1,055,750	100%	150	820,856	78%	234,893	22%
	<b>Total Title 3</b>	<b>63,946,600</b>	<b>63,641,173</b>	<b>100%</b>	<b>305,427</b>	<b>43,767,470</b>	<b>68%</b>	<b>19,873,702</b>	<b>31%</b>
	<b>Total</b>	<b>168,964,254</b>	<b>166,794,547</b>	<b>99%</b>	<b>2,169,707</b>	<b>141,100,280</b>	<b>84%</b>	<b>25,694,267</b>	<b>15%</b>

Table 4: Budget implementation of assigned revenue

## Fund source C4 - Internal assigned revenue

Item	Description	Revenue Cashed (1)	Committed (2)	Rate Committed = (2)/(1)	Paid (3)	Rate Paid = (3)/(1)	CA Carried Over to 2022 = (1)-(2)	PA Carried Over to 2022 = (2)-(3)
1100	Basic salaries	1,334	-	0%	-	0%	1,334	-
	<b>Total Title 1</b>	<b>1,334</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>0%</b>	<b>1,334</b>	<b>-</b>
2050	Other building related expenditure	3,406	-	0%	-	0%	3,406	-
2100	Administrative purchase and maintenance of HW & SW	92,167	-	0%	-	0%	92,167	-
2210	Furniture and other acquisitions	7,866	-	0%	-	0%	7,866	-
2500	Management Board Meetings	701	-	0%	-	0%	701	-
	<b>Total Title 2</b>	<b>104,140</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>0%</b>	<b>104,140</b>	<b>-</b>
3000	Meetings	9,069	-	0%	-	0%	9,069	-
3003	Missions	6,448	-	0%	-	0%	6,448	-
3009	Deployments	595	-	0%	-	0%	595	-
3020	EMPACT grants	1,641,618	261,034	16%	201,608	12%	1,380,585	59,426
3030	Other Grants	24,698	-	0%	-	0%	24,698	-
3040	HVT/OTF	28,297	-	0%	-	0%	28,297	-
3100	Operational purchase and maintenance of HW and SW	241,792	-	0%	-	0%	241,792	-
3300	SNE	616	-	0%	-	0%	616	-
	<b>Total Title 3</b>	<b>1,953,133</b>	<b>261,034</b>	<b>13%</b>	<b>201,608</b>	<b>10%</b>	<b>1,692,099</b>	<b>59,426</b>
	<b>Total</b>	<b>2,058,607</b>	<b>261,034</b>	<b>13%</b>	<b>201,608</b>	<b>10%</b>	<b>1,797,573</b>	<b>59,426</b>

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Fund source C5 – Internal assigned revenue carried forward from 2020

Item	Description	Carried Over (1)	Committed (2)	Rate Committed = (2)/(1)	Paid (3)	Rate Paid = (3)/(1)	CA Carried Over to 2022 = (1)-(2)	PA Carried Over to 2022 = (2)-(3)
1100	Basic salaries	1,110	1,110	100%	1,110	100%	-	-
1150	Expenditure related to Recruitment	484	484	100%	484	100%	-	-
1152	Installation, resettlement and transfer allowances for temporary agents	164	164	100%	164	100%	-	-
1520	Other external services	255	-	0%	-	0%	255	-
	<b>Total Title 1</b>	<b>2,013</b>	<b>1,758</b>	<b>87%</b>	<b>1,758</b>	<b>87%</b>	<b>255</b>	<b>-</b>
2050	Other building related expenditure	43,539	43,539	100%	43,539	100%	-	-
2100	Administrative purchase and maintenance of HW & SW	96,417	96,417	100%	96,417	100%	-	-
2210	Furniture and other acquisitions	1,159	1,159	100%	1,159	100%	-	-
2310	Bank charges	4,580	4,580	100%	4,580	100%	-	-
	<b>Total Title 2</b>	<b>145,695</b>	<b>145,695</b>	<b>100%</b>	<b>145,695</b>	<b>100%</b>	<b>-</b>	<b>-</b>
3000	Meetings	10,171	10,171	100%	10,171	100%	-	-
3003	Missions	3,232	3,232	100%	3,232	100%	-	-
3006	Operational equipment	34,562	34,562	100%	-	0%	-	34,562
3020	EMPACT grants	844,422	844,422	100%	682,416	81%	-	162,007
3030	Other Grants	37,110	37,110	100%	37,110	100%	-	-
3100	Operational purchase and maintenance of HW and SW	170,359	170,359	100%	170,359	100%	-	-
3200	Operational telecommunications costs	552	552	100%	552	100%	-	-
3400	EPCC	2,500	-	0%	-	0%	2,500	-
	<b>Total Title 3</b>	<b>1,102,907</b>	<b>1,100,407</b>	<b>100%</b>	<b>903,838</b>	<b>82%</b>	<b>2,500</b>	<b>196,569</b>
	<b>Total</b>	<b>1,250,615</b>	<b>1,247,860</b>	<b>100%</b>	<b>1,051,291</b>	<b>84%</b>	<b>2,755</b>	<b>196,569</b>

Europol Public Information

Fund source R0 – External assigned revenue and expenditure

Item	Description	CF from 2020	Established budget in 2021 (1)	Committed (2)	Rate Committed = (2)/(1)	Paid (3)	Rate Paid = (3)/(1)	CA Carried Over to 2022 = (1)-(2)	PA Carried Over to 2022 = (2)-(3)
1100	Basic salaries		3,933,571	3,933,571	100%	3,933,571	100%	-	-
1184	Pensions under Europol convention	2,650,973	2,653,124	340,566	13%	219,712	8%	2,312,558	120,854
	<b>Total Title 1</b>	<b>2,650,973</b>	<b>6,586,695</b>	<b>4,274,137</b>	<b>65%</b>	<b>4,153,283</b>	<b>63%</b>	<b>2,312,558</b>	<b>120,854</b>
3600	Operational expenditure related to subsidies and grants - <b>EaP</b>	2,485,156	2,485,156	800,871	32%	149,222	6%	1,684,285	651,649
3600	Operational expenditure related to subsidies and grants - <b>CEPOL</b>	865,194	865,194	775,194	90%	262,393	30%	90,000	512,801
3700	Operational expenditure related to research and development projects - <b>EUIPO Fraud</b>	107,397	107,397	107,397	100%	94,357	88%	-	13,041
3700	Operational expenditure related to research and development projects - <b>EUIPO IP Crime</b>	313,847	1,263,847	1,171,847	93%	785,338	62%	92,000	386,509
3700	Operational expenditure related to research and development projects - <b>SIRIUS</b>	352,726	1,383,733	868,328	63%	685,433	50%	515,405	182,895
3700	Operational expenditure related to research and development projects - <b>WB</b>	1,047,380	1,047,380	350,066	33%	188,602	18%	697,314	161,464
3700	Operational expenditure related to research and development projects - <b>H2021</b>	1,628,962	2,059,708	1,271,695	62%	199,950	10%	788,013	1,071,745
	<b>Total Title 3</b>	<b>6,800,662</b>	<b>9,212,415</b>	<b>5,345,398</b>	<b>58%</b>	<b>2,365,296</b>	<b>26%</b>	<b>3,867,018</b>	<b>2,980,102</b>
	<b>Total</b>	<b>9,451,635</b>	<b>15,799,111</b>	<b>9,619,535</b>	<b>61%</b>	<b>6,518,578</b>	<b>41%</b>	<b>6,179,576</b>	<b>3,100,956</b>

Table 5: Implementation of appropriations carried forward from 2020 to 2021 (fund source C8)

Chapter	Description	Carried Forward (1)	Paid (2)	Rate Paid =(2)/(1)	PA Not Used =(1)-(2)	Rate PA Not Used =(1)- (2)/(1)
A-11	Staff in active employment	2,974	-	0%	2,974	100%
A-13	Sociomedical infrastructure	388,256	293,953	76%	94,304	24%
A-14	Training	66,314	58,130	88%	8,184	12%
A-15	Other staff-related expenditure	1,125,764	907,099	81%	218,665	19%
A-16	Entertainment and representation expenses	23,161	13,666	59%	9,495	41%
	<b>Total Title 1</b>	<b>1,606,470</b>	<b>1,272,848</b>	<b>79%</b>	<b>333,622</b>	<b>21%</b>
A-20	Rental of buildings and associated costs	3,052,080	2,865,409	94%	186,671	6%
A-21	Administrative information technology	437,919	329,418	75%	108,501	25%
A-22	Movable property and associated costs	116,535	75,223	65%	41,312	35%
A-23	Current administrative expenditure	91,437	61,271	67%	30,166	33%
A-24	Postal charges and telecommunications	240,935	136,858	57%	104,077	43%
A-25	Statutory expenditure	3,018	38	1%	2,980	99%
	<b>Total Title 2</b>	<b>3,941,924</b>	<b>3,468,217</b>	<b>88%</b>	<b>473,707</b>	<b>12%</b>
B3-0	Operations	2,915,229	1,089,677	37%	1,825,552	63%
B3-1	Operational information technology	13,013,613	12,728,102	98%	285,511	2%
B3-2	Telecommunication costs for operational activities	22,139	13,946	63%	8,193	37%
	<b>Total Title 3</b>	<b>15,950,981</b>	<b>13,831,725</b>	<b>87%</b>	<b>2,119,256</b>	<b>13%</b>
	<b>Total</b>	<b>21,499,375</b>	<b>18,572,790</b>	<b>86%</b>	<b>2,926,585</b>	<b>14%</b>

**Table 6: Appropriations carried forward from 2021 to 2022**

Description	Fund Source Sender	Fund Source Receiver	Carry Over of Commitment Appropriations	Carry Over of Payment Appropriations	Total
Payment Appropriations Current Budget	<b>C1</b>	<b>C8</b>	-	25,694,267	25,694,267
Payment Appropriations arising from internal assigned revenue	<b>C5</b>	<b>C8</b>	-	196,569	196,569
Commitment Appropriations arising from internal assigned revenue	<b>C4</b>	<b>C5</b>	1,797,573	-	1,797,573
Payment Appropriations arising from internal assigned revenue	<b>C4</b>	<b>C8</b>	-	59,426	59,426
Commitment and Payment Appropriations arising from external assigned revenue	<b>R0</b>	<b>R0</b>	6,179,576	3,100,956	9,280,532
			<b>7,977,149</b>	<b>29,051,219</b>	<b>37,028,367</b>

Table 7: List of Transfers 2021

Chapter	Description	Initial Budget	Amending Budget	Transfers	Final Budget	Actually Committed
A-11	Staff in active employment	83,973,254	-	1,671,200	85,644,454	85,390,397
A-13	Socio medical infrastructure	1,052,000	-	-116,800	935,200	906,254
A-14	Training	130,000	-	-500	129,500	129,500
A-15	Other staff-related expenditure	7,102,000	-210,000	-459,700	6,432,300	5,999,601
A-16	Entertainment and representation expenses	74,500	-	-10,000	64,500	38,441
	<b>Total Title 1</b>	<b>92,331,754</b>	<b>-210,000</b>	<b>1,084,200</b>	<b>93,205,954</b>	<b>92,464,192</b>
A-20	Rental of buildings and associated costs	7,851,000	-	-619,300	7,231,700	6,525,136
A-21	Administrative information technology	1,780,000	-	-131,800	1,648,200	1,647,876
A-22	Movable property and associated costs	1,026,000	-	44,300	1,070,300	971,193
A-23	Current administrative expenditure	457,000	-	3,500	460,500	377,122
A-24	Postal charges and telecommunications	953,000	-	34,500	987,500	965,378
A-25	Statutory expenditure	527,000	-40,000	-73,500	413,500	202,478
	<b>Total Title 2</b>	<b>12,594,000</b>	<b>-40,000</b>	<b>-742,300</b>	<b>11,811,700</b>	<b>10,689,182</b>
B3-0	Operations	26,223,500	-3,600,000	-4,246,000	18,377,500	18,115,284
B3-1	Operational information technology	35,070,000	-	4,684,400	39,754,400	39,746,688
B3-2	Telecommunication costs for operational activities	1,150,000	-	-98,300	1,051,700	1,051,080
B3-3	Seconded National Experts (Operational)	4,235,000	-	-676,500	3,558,500	3,544,677
B3-4	EPCC	300,000	-150,000	-25,000	125,000	104,094
B3-5	Heads of Europol National Units	60,000	-	-36,400	23,600	23,600
B3-8	Decryption Platform	1,000,000	-	55,900	1,055,900	1,055,750
	<b>Total Title 3</b>	<b>68,038,500</b>	<b>-3,750,000</b>	<b>-341,900</b>	<b>63,946,600</b>	<b>63,641,173</b>
	<b>Total</b>	<b>172,964,254</b>	<b>-4,000,000</b>	<b>-</b>	<b>168,964,254</b>	<b>166,794,547</b>

Table 8: Budget result 2021

Description	2021	2020
<b>REVENUE</b>		
Union contribution, cashed	168,964,254	149,071,567
Other revenue, cashed	8,406,082	11,588,550
<b>TOTAL REVENUE (a)</b>	<b>177,370,336</b>	<b>160,660,117</b>
<b>EXPENDITURE</b>		
<b>Budget Title 1: Staff</b>		
Payments current year	95,221,014	87,497,641
Appropriations carried over to next year	3,832,965	4,259,456
<b>Budget Title 2: Administrative</b>		
Payments current year	6,412,531	6,722,601
Appropriations carried over to next year	4,526,486	4,087,619
<b>Budget Title 3: Operational</b>		
Payments current year	47,238,212	38,416,050
Appropriations carried over to next year	28,668,916	23,854,551
<b>TOTAL EXPENDITURE (b)</b>	<b>185,900,124</b>	<b>164,837,919</b>
<b>RESULT FOR THE FINANCIAL YEAR BEFORE SPECIAL ITEMS (a-b)</b>	<b>-8,529,788</b>	<b>-4,177,802</b>
Cancellation of unused payment appropriations carried over from the previous year	2,926,585	2,471,557
Adjustment for carry-over from the previous year – assigned revenue	10,702,251	5,056,138
Exchange rate differences	-428	-424
<b>BALANCE OF THE OUTTURN ACCOUNT FOR THE FINANCIAL YEAR</b>	<b>5,098,619</b>	<b>3,349,469</b>



MANAGEMENT BOARD

# Opinion of the Management Board on the final annual accounts of Europol for the financial year 2021

The Management Board:

- Having regard to Article 60 (4) and (5) of Regulation (EU) 2016/794 of the European Parliament and of the Council of 11 May 2016 (OJEU L 135/53 of 24 May 2016) establishing the European Union Agency for Law Enforcement Cooperation (Europol), and Article 102 (3) of the Financial Regulation (FR) applicable to Europol as adopted by the Management Board on 4 October 2019;
- Having considered the preliminary observations of the European Court of Auditors (ECA) with a view to an annual report on EU Agencies for the financial year 2021, and more specifically Europol; Europol's final annual accounts 2021; and Europol's Consolidated Annual Activity Report (CAAR) 2021, on which the Board drew up an analysis and assessment;
- Taking into account the statements of assurance provided by Europol's Accounting Officer, as contained in the final annual accounts 2021, and by the Executive Director as Europol's Authorising Officer as well as the Deputy Executive Director in charge of risk management and internal control, as included in the CAAR 2021;
- Taking into account the information concerning audit activities by the Internal Audit Service (IAS) of the Commission, the Internal Audit Capability (IAC) and the Executive Director regarding the audit activities performed in 2021 and the response actions taken by Europol:
  - a) Declares that it has reasonable assurance, on the basis of the information in its possession, that the final annual accounts for the financial year 2021 are, subject to the ECA's observations on the final annual accounts to be issued, reliable, and that the underlying revenue and payment transactions, taken as a whole, are legal and regular;
  - b) Confirms that Europol's CAAR 2021 provides a fair and accurate account of the implementation of the budget granted to the Agency by its budgetary authority;
  - c) Requests Europol to give due attention to and act upon the observations of the ECA;
  - d) Recalls its observations as set out in its analysis and assessment of the CAAR 2021.

For the Management Board,



Jérôme Bonet  
Chairperson