

MC (12) 31

Annual Accounts

Financial year 2011

Financial Statements

Report on the implementation of the budget

Report on budgetary and financial management

These Annual Accounts have been prepared by the Accounting Officer and drawn up by the Administrative Manager, under his own responsibility, on 28 June 2012.

They are sent to the Management Committee, which shall give an opinion on them.

Riga, 28 June 2012

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1.1 Introduction

The Body of European Regulators for Electronic Communications (referred to as “BEREC”) and the Office (referred to as the “Office” or the “BEREC Office”) were created within Regulation (EC) No 1211/2009 of the European Parliament and of the Council of 25 November 2009, with the objective to increase the consistency in the implementation of the EU regulatory framework and thus to improve the functioning of the single market.

BEREC is composed of the Board of Regulators. The Board of Regulators is composed of one representative of the National Regulatory Authority (referred to as “NRA”) established in each Member State with primary responsibility for overseeing the day-to-day operation of the markets for electronic communications networks and services.

The Commission attends BEREC’s meetings as observer and is represented at high level, as well.

The NRAs from the EFTA States and from the States that are candidates for accession to the European Union have also observer status and are represented at high level.

The Board of Regulators shall appoint its Chair and Vice-Chairs from among its members, subject to the rules of procedure of BEREC. The term of office of the Chair and of the Vice-Chairs is one year.

BEREC has the following role:

- (a) to develop and disseminate among NRAs regulatory best practice, such as common approaches, methodologies or guidelines on the implementation of the EU regulatory framework;
- (b) on request, to provide assistance to NRAs on regulatory issues;
- (c) to deliver opinions on the draft decisions, recommendations and guidelines of the Commission, referred to in this Regulation, the Framework Directive and the Specific Directives;
- (d) to issue reports and provide advice, upon a reasoned request of the Commission or on its own initiative, and to deliver opinions to the European Parliament and the Council, upon a reasoned request or on its own initiative, on any matter regarding electronic communications within its competence;
- (e) on request, to assist the European Parliament, the Council, the Commission and the NRAs in relations, discussions and exchanges with third parties; and assist the Commission and NRAs in the dissemination of regulatory best practices to third parties.

BEREC is supported by the BEREC Office. The Office is established as a Union body with legal personality within the meaning of Article 185 of the Financial Regulation.

Following an application by the Government of the Republic of Latvia to host the seat of the BEREC Office, on 31 May 2010 the Representatives of the Governments of the EU Member States took unanimous Decision to locate the BEREC Office in Riga.

The Office performs its tasks under the guidance of the Board of Regulators and has to:

- provide professional and administrative support services to BEREC;
- collect information from NRAs and exchange and transmit information in relation to the role and tasks set out in Articles 2(a) and 3;

- disseminate regulatory best practices among NRAs, in accordance with Article 2(a);
- assist the Chair in the preparation of the work of the Board of Regulators;
- set up Expert Working Groups, upon request of the Board of Regulators, and provide support to ensure the smooth functioning of those Groups.

The BEREC Office is comprised of a Management Committee and an Administrative Manager. The Management Committee is composed of 1 representative of all 27 Members States' NRAs and the Commission.

The BEREC Office is structured as follows:

- Programme Management Unit;
- Administration and Finance Unit;
- Executive Support.

As per 28 June 2012 the BEREC Office has 21 employees, incl. the Administrative Manager and till the end of 2012 it is expected to reach in total 28 people.

The BEREC Board of Regulators and the Management Committee convene at least 4 regular plenary meetings per year, which are held on a rotation principle in different EU Members States, EFTA countries or candidate countries for accession to the EU.

The decisions to be taken by the Board of Regulators and the Management Committee are prepared by a special working group, called "Contact Network", composed of senior representatives of all members. The Contact Network usually has its meeting 2 weeks prior to each plenary meeting.

More information about the functions and activities of BEREC and its Office can be found at/in:

- BEREC web page: <http://berec.europa.eu>
- Regulation (EC) No 1211/2009 of the European Parliament and of the Council of 25 November 2009 establishing the Body of European Regulators for Electronic Communications (BEREC) and the Office Text with EEA relevance, Official Journal L 337, 18/12/2009 P. 0001 - 0010
- Decision № 349 of 2011 taken by common accord between the Representatives of the Governments of the Member States on the location of the seat of the Office of the Body of European Regulators for Electronic Communications (BEREC), Official Journal L 156, 23/06/2010 P. 0012 – 0012
- Current EU regulatory framework for electronic communications: http://ec.europa.eu/information_society/policy/ecomms/eu-rules/index_en.htm
- BEREC Office premises:
 - o Zigfrida Annas Meierovica Bulvaris 14, 2nd floor, Riga LV-1050
 - o Tel. +371 6611 7590
 - o E-mail: berec@berec.europa.eu

The BEREC Office shall publish an annual report on its activities together with its financial statements (annual accounts and budget implementation).

The objectives of financial statements are to provide information about the financial position, performance and cash flows of the BEREC Office.

The financial statements have been prepared according to the accounting rules adopted by the European Commission's accountant, following the principles of accrual-based accountancy where the economic outturn, balance and cash flow are concerned.

The general accounts are accrual accounts which mean that the effects of transactions and other events are recognised when those transactions or events occur (and not only when cash or its equivalent is received or paid). They are based on the IPSAS (International Public Sector Accounting Standards). The general accounts allow for the preparation of the financial statements as they show all revenues and expenses for the financial year and are designed to establish the financial position in the form of a balance sheet at 31 December.

The budget execution is prepared on the basis of a modified cash accounting. In cash accounting system, payments made and revenue received are recorded. Modified cash accounts means that payment appropriations carried over are also recorded. They are used to produce the budgetary outturn account and reports on budget implementation.

These provisions lead to discrepancies between the general accounts and the budget accounts.

The accounting policies have been applied consistently throughout the period.

According to Article 83 of its Financial Regulation, the BEREC Office's Administrative Manager, after receiving the Court of Auditors' observations on the provisional accounts of the Office, shall draw up the final accounts of the Office, under his own responsibility, and send them to the Management Committee, which shall give an opinion on these accounts. The Administrative Manager shall send the final accounts, together with the opinion of the Management Committee, to the Commission's accounting officer, the Court of Auditors, the European Parliament and the Council, by 1 July of the following year at the latest.

1.2 Legal Framework

This report has been prepared in accordance with Article 76 of the Financial Regulation of the BEREC Office adopted on 23 December 2010 by the Management Committee decision MC(10)44.

1.3 Accounting principles

Based on Article 78 of the Financial Regulation of the BEREC Office, the financial statements are drawn up in accordance with the generally accepted accounting principles specified in the detailed rules for implementing the general Financial Regulation, namely:

a) Going concern basis principle

The going-concern principle means that for the purposes of preparing the financial statements, the BERECE Office is deemed to be established for an indefinite duration.

b) Principle of prudence

The principle of prudence means that assets and income have not been overstated and liabilities and charges have not been understated. No hidden reserves or undue provisions have been created.

c) Principle of consistent accounting methods

The principle of consistent accounting methods means that the structure of the components of the financial statements and the accounting methods and valuation rules has not been changed from one year to the next.

d) Principle of comparability of information

The principle of comparability of information means that for each item the financial statements also show the amount of the corresponding item the previous year.

Where, pursuant to previous paragraph, the presentation or the classification of one of the components of the financial statements is changed, the corresponding amounts for the previous year have been made comparable and reclassified. Where it has been impossible to reclassify items, this shall be explained in the annex.

e) Materiality principle

The materiality principle means that all operations which are of significance for the information sought have been taken into account in the financial statements. Materiality has been assessed in particular by reference to the nature of the transaction or the amount.

Transactions may be aggregated where:

- (a) The transactions are identical in nature, even if the amounts are large;
- (b) The amounts are negligible;
- (c) Aggregation makes for clarity in the financial statements.

f) No-netting principle

The no-netting principle means that receivables and debts may not be off-set against each other, nor may charges and income, save where charges and income derive from the same transaction, from similar transactions or from hedging operations and provided that they are not individually material.

g) Principle of reality over appearance

The principle of reality over appearance means that accounting events recorded in the financial statements have been presented by reference to their economic nature.

h) Accrual-based accounting principle

The accrual-based accounting principle means that transactions and events have been entered in the accounts when they occurred and not when amounts were actually paid or recovered. They shall be booked to the financial years to which they relate.

Currency

The financial statements of the BEREC Office are presented in Euros.

Transactions in foreign currencies

Economic transactions in other currencies than in Euros have been converted into Euros on the basis of European Commission's official rate.

Due to the BEREC Office's seat outside of the Eurozone, in Riga (Latvia), a substantial number of transactions during the reporting period occurred in Latvian Lats (LVL).

Financial autonomy

The BEREC Office became financially autonomous on 12 September 2011.

Previously all financial and budgetary transactions were under the responsibility of the parent DG, INFSO.

Therefore the present financial statements only cover the period from 12 September to 31 December 2011.

1.4 Certificate of the Accounting Officer

These Annual accounts of the BEREC Office for the year 2011 have been prepared in accordance with the Financial Regulation of the Office and the accounting rules adopted by the Commission's Accounting Officer, as are to be applied by all the institutions, agencies and joint undertakings.

I acknowledge my responsibility for the preparation and presentation of the annual accounts of the BEREC Office in accordance with Article 43 of the Financial Regulation of the Office.

I have obtained from the Authorising Officer, who guaranteed its reliability, all the information necessary for the production of the accounts that show the Office's assets and liabilities and the budgetary implementation.

I hereby certify that based on this information, and on such checks as I deemed necessary to sign off the accounts, I have a reasonable assurance that the accounts present a true and fair view of the financial position of the Office in all material aspects.

(Signed)

Isaac Jimenez Carvajal

Accounting Officer

2 Financial statements 2011

2.1 Balance Sheet

Balance Sheet - Assets	Note	2011	2010	Variations
ASSETS				
NON CURRENT ASSETS				
INTANGIBLE ASSETS	3.1.1.1			
<i>Computer software</i>		0.00		0.00
TOTAL INTANGIBLE ASSETS		0.00		0.00
EQUIPMENT	3.1.1.2			
<i>Computer Hardware</i>		33,024.82		33,024.82
<i>Furniture</i>		2,922.29		2,922.29
TOTAL TANGIBLE ASSETS		35,947.11		35,947.11
TOTAL NON CURRENT ASSETS		35,947.11		35,947.11
CURRENT ASSETS				
SHORT-TERM PRE-FINANCING	3.1.2.1			
PF – Procurement oper.		0.00		0.00
SHORT-TERM RECEIVABLES	3.1.2.2			
Current Receivables		8,273.76		8,273.76
Current receivables with consolidated EC entities		0,00		0,00
Other short-term receivables		0.00		0.00
CASH AND CASH EQUIVALENTS	3.1.2.3	639,943.65		639,943.65
TOTAL CURRENT ASSETS		648,217.41		648,217.41
TOTAL		684,164.52		684,164.52

Balance Sheet – Liabilities	Note	2011	2010	Variations
LIABILITIES				
CAPITAL				
ECONOMIC RESULT OF the YEAR		89,017.48		89,017.48
CURRENT LIABILITIES	3.1.3			
Short-term provisions		7,157.61		7,157.61
Accounts Payable				
Current Payables		4,665.39		4,665.39
Other accounts payable against consolidated EU entities		27,679.16		27,679.16
Accrual Liabilities Payables		112,591.04		112,591.04
Accrued charges with consolidated EU entities		20,597.76		20,597.76
Pre-financing received from consolidated EU entities		422,456.08		422,456.08
TOTAL CURRENT LIABILITIES		595,147.04		595,147.04
TOTAL		684,164.52		684,164.52

2.2 Economic outturn account

	Note n°	2011	2010	Variation
OPERATIONAL REVENUES - MISCELLANEOUS		22,609.09		22,609.09
EU SUBSIDY (COMMISSION)		756,375.12		756,375.12
TOTAL OPERATIONAL INCOME	3.2.1	778,984.21		778,984.21
Administrative expenses				
All Staff expenses		-364,711.61		-364,711.61
Fixed asset related expenses		-4,125.88		-4,125.88
Other administrative expenses		-205,517.58		-205,517.58
Operational expenses				
Operational expenses		-115,611.66		-115,611.66
TOTAL OPERATIONAL EXPENSES	3.2.2	-689,966.73		-689,966.73
SURPLUS FROM OPERATIONAL ACTIVITIES		89,017.48		89,017.48
Financial revenues		0.00		0.00
Financial expenses	3.2.3	0.00		0.00
SURPLUS/ (DEFICIT) FROM NON OPERATIONAL ACTIVITIES		0.00		0.00
SURPLUS FROM ORDINARY ACTIVITIES		89,017.48		89,017.48
Extraordinary gains (+)		0.00		0.00
Extraordinary losses (-)		0.00		0.00
SURPLUS/(DEFICIT) FROM EXTRAORDINARY ITEMS		0.00		0.00
ECONOMIC RESULT FOR THE YEAR		89,017.48		89,017.48

2.3 Cash flow

(Indirect method)

	2011	2010
Cash Flows from ordinary activities		
Surplus/(deficit) from ordinary activities	89,017.48	
Operating activities		
<u>Adjustments</u>		
Amortization (intangible fixed assets) +	0.00	
Depreciation (tangible fixed assets) +	4,125.88	
Increase in Provisions for risks and liabilities	7,157.61	
(Increase)/decrease in Short term Pre-financing	0.00	
Increase in Short term Receivables	-8,273.76	
(Increase)/decrease in Receivables related to consolidated EU entities	0.00	
Increase in Accounts payable	137,854.19	
Increase in Liabilities related to consolidated EU entities	450,135.24	
Net cash Flow from operating activities	680,016.64	

Cash Flows from investing activities		
Increase of tangible and intangible fixed assets (-)	-40,072.99	
Net cash flow from investing activities	-40,072.99	

Net increase in cash and cash equivalents	639,943.65	
Cash and cash equivalents at the beginning of the period	0.00	
Cash and cash equivalents at the end of the period	639,943.65	

2.4 Statement of Changes in Net assets

Net assets	Reserves		Accumulated Surplus / Deficit	Economic result of the year	Net assets (total)
	Fair value reserve	Other reserves			
Balance as of 31 December 2010	0.00	0.00	0.00	0.00	0.00
Changes in accounting policies 1)	0.00	0.00	0.00		0.00
Balance as of 1 January 2011	0.00	0.00	0.00	0.00	0.00
Fair value movements					0.00
Movement in Guarantee Fund reserve					0.00
Allocation of the Economic Result of Previous Year			0.00	0.00	0.00
Amounts credited to Member States					0.00
Economic result of the year	0.00	0.00		89,017.48	89,017.48
Balance as of 31 December 2011	0.00	0.00	0.00	89,017.48	89,017.48

2.5 Budgetary outturn account

		2011	2010
REVENUE			
Balancing Commission subsidy	+	1,178,785.61	
TOTAL REVENUE (a)		1,178,785.61	0.00
EXPENDITURE			
<i>Title I: Staff</i>			
Payments	-	383,474.98	
Appropriations carried over	-	69,568.74	
<i>Title II: Administrative Expenses</i>			
Payments	-	94,948.63	
Appropriations carried over	-	120,537.38	
<i>Title III: Operating Expenditure</i>			
Payments	-	45,722.26	
Appropriations carried over	-	33,676.53	
TOTAL EXPENDITURE (b)		747,928.52	0.00
OUTTURN FOR the FINANCIAL YEAR (a-b)		430,857.09	0.00
Cancellation of unused payment appropriations carried over from previous year	+	0.00	
Exchange differences for the year (gain +/- loss -)	+/-	-8,401.01	
BALANCE OF the OUTTURN ACCOUNT FOR the FINANCIAL YEAR		422,456.08	0.00
Balance year N-1	+/-	0.00	
Positive balance from year N-1 reimbursed in year N to the Commission	-	0.00	
Result used for determining amounts in general accounting		422,456.08	0.00
Commission subsidy - agency registers accrued revenue and Commission accrued expense		756,329.53	
Pre-financing remaining open to be reimbursed by agency to Commission in year N+1		422,456.08	
Not included in the budget outturn:			
Interest generated by 31/12/N on the Commission balancing subsidy funds and to be reimbursed to the Commission (liability)	+	1,656.11	

2.6 Reconciliation of the accrual based result with the budget result

	sign +/-	amount
Economic result (- for loss) of the consolidation reporting package including table M2	+/-	89,017.48
Adjustment for accrual items (items not in the budgetary result but included in the economic result)		
A Adjustments for Accrual Cut-off (reversal 31.12.N-1)	-	0.00
B Adjustments for Accrual Cut-off (cut- off 31.12.N) Amount from liaison account with Commission booked in the Economic	+	134,465.50
C Outturn Account	-	0.00
D Unpaid invoices at year end but booked in charges (class 6)	+	31,067.85
E Depreciation of intangible and tangible assets	+	4,125.88
F Provisions	+	7,157.61
G Value reductions	+	0.00
H Recovery Orders issued in 2011 in class 7 and not yet cashed	-	0.00
I		
a Prefinancing given in previous year and cleared in the year	+	0.00
I		
b Prefinancing received in previous year and cleared in the year	-	0.00
J Payments made from carry-over of payment appropriations	+	0.00
K Other	+/-	0.00
L Exchange rate differences	+/-	8,401.01
Adjustment for budgetary items (item included in the budgetary result but not in the economic result)		
M Asset acquisitions (less unpaid amounts) New pre-financing paid in the year 2011 and remaining open as at	-	-40,072.99
N 31.12.2011 New pre-financing received in the year 2011 and remaining open as at	-	0.00
O 31.12.2011	+	422,456.08
P Budgetary recovery orders issued before 2011 and cashed in the year Budgetary recovery orders issued in 2011 on balance sheet accounts	+	0.00
Q (not 7 or 6 accounts) and cashed Capital payments on financial leasing (they are budgetary payments but	+	0.00
R not in the economic result)	-	0.00
S Payment appropriations carried over to 2012 Cancellation of unused carried over payment appropriations from	-	-223,782.65
T previous year	+	0.00
U Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	+	0.00
V Payments for pensions (they are budgetary payments but booked against provisions)	-	0.00
W Payments for stocks of leave and supplementary hours (they are budgetary payments but booked against provisions)	-	0.00
X Other	+/-	
total		432,835.77
Budgetary result (+ for surplus)		422,456.08
Delta not explained		-10,379.69

3 Annex to Financial Statements

3.1 Notes to the Balance Sheet

3.1.1 Non-current assets

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

Fixed assets are assets with an acquisition price value above 420.00 Euros and are expected to be used during more than one year. Assets, which do not fall under the above described criteria, have been charged against expenses and are reflected in the economic outturn account. Repairs and maintenance are recognised as running expenses during the financial period in which they are incurred.

The BEREC Office assets are tagged with label stickers. The physical inventory check of BEREC Office's assets is to be performed annually.

The assets were valued in the financial statements at their purchase price minus depreciations, in order to give a fair view of the BEREC Office assets.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. The depreciation method chosen is the straight-line method. The BEREC Office fixed assets are depreciated on a monthly basis. The depreciation rates are the coefficients used at the European Commission. The applied depreciation annual percentage rates per asset types are as follows:

Intangible fixed assets:

Computer software	25.0%
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Tangible fixed assets:

Specific equipment	25.0%
Computers, servers, printers etc.	25.0%
Telecommunications and audio-visual equipment	25.0%
Office furniture	10.0% and 25.0%

3.1.1.1 Intangible fixed assets

Intangible assets are identifiable non-monetary assets without physical substance.

The BEREK Office doesn't have intangible fixed assets during the reporting period.

3.1.1.2 Tangible fixed assets

Tangible fixed assets are assets that are held by the BEREK Office for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one reporting period.

The BEREK Office tangible fixed assets consist of office furniture, printing and copying equipment, computers, servers and accessories, and other electronic office equipment.

2011		Computer hardware	Furniture	Total
Gross carrying amounts 01.01.2011	+	0.00	0.00	0.00
Additions	+	37,023.64	3,049.35	40,072.99
Gross carrying amounts 31.12.2011		37,023.64	3,049.35	40,072.99
Accumulated amortization and impairment 01.01.2011	-	0.00	0.00	0.00
Depreciation	-	-3,998.82	-127.06	-4,125.88
Accumulated amortization and impairment 31.12.2011		-3,998.82	-127.06	-127.06
Net carrying amounts 31.12.2011		33,024.82	2,922.29	35,947.11

3.1.2 Current assets

3.1.2.1 Short-term pre-financing

Pre-financing is a payment intended to provide the beneficiary with a float, i.e. cash advance.

During 2011, the BEREC Office did not provide pre-financing.

3.1.2.2 Short-term receivables

Receivables are carried at original invoice amount less write-down for impairment. A write-down for impairment of receivables is established when there is objective evidence that the BEREC Office will not be able to collect all amounts due according to the original terms of receivables.

The BEREC Office receivables comprise mainly the VAT to be recovered from Latvian Taxation Authorities. In accordance with the seat agreement and the protocol on privileges and immunities of the European Union, the BEREC Office is entitled to VAT reimbursements for purchases with a value of more than 125 LVL.

3.1.2.3 Cash and equivalents

The BEREC Office has two bank accounts opened in UniCredit in Germany. The bank balances at the end of the reporting period were:

	31/12/2011	31/12/2010
EUR account (Euros)	553,507.55 EUR	0
LVL account (Latvian Lats)	60,462.05 LVL	0

During 2011, the BEREC Office received one financial transfer corresponding to the subsidy (pre-financing) from the European Commission for an amount of 1,178,785.61 EUR.

3.1.3 Current liabilities

3.1.3.1 Short-terms provisions

The Commission adopted on 24 November 2011 a Proposal for a Council Regulation adjusting the remuneration and pension of EU civil servants by 1.7%. On 19 December 2011, the Council formally took a decision not to adopt the Commission proposal to adjust the remuneration and pensions of EU staff. Moreover, the Council decided to bring an action before the Court of Justice against the Commission for not applying the Exception Clause. The Commission decided on 11 January 2012 to bring an action against the Council in the Court of Justice for not adopting the annual adjustment to remuneration and pensions of EU staff.

Therefore, in compliance with the EU accounting rules, the BEREC Office booked in its 2011 accounts a short term provision for these outstanding salary payments relating to July-December 2011.

3.1.3.2 Accounts payable

Payables are amounts due to a creditor, including transactions arising from the purchase of goods and services.

Current payables consist of amounts owed by the BEREC Office at the end of the reporting period for invoices, claims and requests for reimbursement that have been received.

Accrued charges represent estimate of liabilities that is not supported by an invoice or a cost claim or an expense summary at the end of the reporting period. Accrued charges have been estimated on the basis of accounting information provided by the authorising officers. Unspent annual leave is included and reflects the BEREC Office staff annual leave days carried over to the following year.

The amount of 422,456.08 EUR represents the part of the Commission subsidy (pre-financing) to be reimbursed.

3.2 Notes to the economic outturn account

3.2.1 Operational revenue

In accordance with the principle of accrual-based accounting, the financial statements shall show the income for the financial year, i.e. when they were recognised, regardless of the date of collection.

The BEREC Office revenue during year 2011 consists mainly in the European Commission subsidy.

Other operational revenue takes into account the value of assets transferred by the Commission and realised/unrealised exchange rate gains.

3.2.2 Operational expenses

In accordance with the principle of accrual-based accounting, the financial statements shall show the charges for the financial year, i.e. when they were recognised, regardless of the date of payment.

Administrative expenses relate to the BEREC Office's administrative activities (budget titles 1: Staff and 2: Other administrative expenditure).

Staff expenses include the BEREC Office staff related costs (basic salaries, allowances, contract agents, family allowances, insurance, social contributions etc.) covered by the Staff Regulations and Conditions of Employment of Other Servants of the European Union, as well as the allowances for Seconded National Experts.

Fixed assets expenses reflect depreciation charges for the year.

Other administrative expenses consist of other expenses incurred from the BEREC Office daily activities, such as utilities, office supplies, meetings organising expenses, etc.

During the year 2011, no rent was paid. As stated in the seat agreement, the Government of the Republic of Latvia is paying the rent of the premises during the first two years. The BEREC Office has only paid the running costs (public utilities: electricity, water, heating, etc.).

Provisions for risks and liabilities (annual salary increase not approved by the Council) amount to 7,157.61 EUR;

Operational expenses include the following:

- Realised/Unrealised Exchange rate losses for 8,446.60 EUR;
- Other operational expenses to cover the BEREC Office operational activities (budget title 3: Operational activities) amounting to 113,711.53 EUR.

3.2.3 Financial expenses

No financial expenses were incurred in 2011.

3.3 Contingent liabilities

Operating lease

The BEREK Office does not have operating lease expenses during 2011.

Commitments for future funding

Contractual commitments, for which budget commitments as of 31.12.2011 had not yet been made, were not present.

Carry-over to 2012

Budget Title	Type of expenditure	Automatic Carryover of Payment Appropriations to 2012
1	Staff	69,568.74
2	Building/premises and Administrative expenses	120,537.38
3	Operational expenses	33,676.53
	Total	223,782.65

Legal cases

The BEREK Office had no legal case open at the end of 2011.

3.4 Related parties

The BEREC Office is managed by the Administrative Manager, who also performs the duties of Authorising Officer, under the supervision of the Management Committee. However, in accordance with the BEREC Office Financial Regulation Article 34, the Administrative Manager may delegate his/her powers of budget implementation to staff of the Office covered by the Staff Regulations.

As of 31.12.2011 the BEREC Office had in total 1 Authorising Officer and 1 Authorising Officer by sub-delegation who are temporary agents in the following grades:

Grade	Number of persons
AD14	1
AD9	1
Total	2

3.5 Other Significant Disclosures

Non-exchange transactions: free rental of premises during 2 years provided by the Latvian Government.

In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Disclosure and recognition of non-exchange transaction is governed by EU Accounting rule 17 which is based on International Public Accounting Standard (IPSAS) 23.

Therefore, the BEREC Office is disclosing the following services in-kind:

As stated in the Seat Agreement and the Memorandum of Understanding between the Government of Latvia and the BEREC Office, the Latvian Government is covering the first 2 years of rental expenses/lease expenses of the BEREC Office building. The Latvian Government has also supervised and financed the construction and infrastructure adaptation works required to make the office building in Riga operational according to plans supplied by the BEREC Office.

The premises have a total gross usable space of 780.83 m². This gross usable space is based on the needs of an estimated staff of 30 persons and meeting room space appropriate for the activities of the BEREC Office. The annual estimated cost is around 30.000 EUR.

3.6 Events after the balance sheet date

No material issues were reported to the Accounting Officer of the BEREK Office that would require separate disclosure under this section.

4 Reports on implementation of the budget 2011

4.1 Budgetary principles

In Accordance with the BEREC Office Financial Regulation Title II, the establishment and implementation of the budget of the BEREC Office shall comply with the following principles:

a) Principles of unity and budget accuracy

This principle means that no revenue shall be collected and no expenditure effected unless booked to a line in the BEREC Office's budget.

An appropriation must not be entered in the budget if it is not for an item of expenditure considered necessary.

No expenditure may be committed or authorised in excess of the appropriations authorised by the budget.

b) Principle of annuality

The appropriations entered in the budget shall be authorised for one financial year which shall run from 1 January to 31 December.

c) Principle of equilibrium

This means that the budget revenue and payment appropriations must be in balance.

d) Principle of unit of account

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

e) Principle of universality

Total revenue shall cover total payment appropriations and all revenue and expenditure shall be entered in full without any adjustment against each other.

f) Principle of specification

The appropriations in their entirety shall be earmarked for specific purposes by title and chapter; the chapters shall be further subdivided into articles and items.

g) Principle of sound financial management

Budget appropriations shall be used in accordance with the principle of sound financial management – in accordance with the principles of economy, efficiency and effectiveness.

h) Principle of transparency

The budget is established and implemented and the accounts presented in compliance with the principle of transparency - the budget and amending budgets are published in the Official Journal of the European Communities.

4.2 Budget 2011 – Initial and Amended

The tables below present the Budget 2011 in terms of appropriations for revenue, commitment and payment.

In July 2011, an Amending Budget (hereinafter, AB) was proposed to adapt it to the Office's actual expenditures during its first year of set-up.

Amending Budget 1/2011 as detailed below was adopted the Management Committee on 30 September 2011 by Decision MC(11)20.

The distribution of appropriations among Titles and Articles of the Budget 2011 is as follows.

REVENUE

Revenues in EUR	Budget 2011	Amending Budget AB 1/2011	New Appropriations 2011
1. Revenue from fees and charges			
2. European Community Subsidy	3,579,000	-1,769,000	1,810,000
3. Third countries contribution (incl. EFTA and candidate countries)	p.m.		p.m.
4. Other contributions (*)	200,000	-200,000	0
5. Administrative operations			
6. Revenues from services rendered against payment			
7. Correction of budgetary imbalances			
Total revenues	3,779,000	-1,969,000	1,810,000

(*) Estimated voluntary contributions from Member States or from their National Regulatory Authorities (NRAs). These contributions shall be used to finance specific items of operational expenditure as defined in an agreement to be concluded between the Office and the Member States of their NRAs.

EXPENDITURE

Commitment appropriations in EUR

<u>Expenditure</u>	Budget 2011	Amending Budget AB 1/2011	New Appropriations 2011
Title 1 Staff Expenditure			
11 Salaries and allowances	1,827,000	-883,000	944,000
12 Expenditure relating to Staff recruitment	300,000	-215,000	85,000
13 Mission expenses	56,000	69,000	125,000
14 Socio-medical infrastructure	21,000	-20,000	1,000
142 Professional development			
- For Temporary Agents	21,000	40,000	61,000
- For Contract Agents	5,000	7,000	12,000
17 Reception and Events	10,000		10,000
Title 1 – Total	2,240,000	-1,002,000	1,238,000
Title 2 Infrastructure and operating/running expenditure			
20 Rental of buildings and associated costs	350,000	-300,000	50,000
21 Information and Communication technology	165,000		165,000
22 Movable property and associated costs	103,000	-18,000	85,000
23 Current administrative expenditure	52,000	-32,000	20,000
24 Postage / Telecommunications	16,000	-4,000	12,000
25 Meeting expenses	103,000	-13,000	90,000
Title 2 – Total	789,000	-367,000	422,000
Title 3 Operational expenditure			
30 Studies on selected aspects of Economic Regulation	250,000	-230,000	20,000
31 Studies on Market Analysis aspects	200,000	-200,000	
32 Workshops and other measures for improved Regulatory Cooperation	100,000	-35,000	65,000
33 Exchanges of Best practices and Technical expertise	100,000	-50,000	50,000
34 Member States expert group	100,000	-85,000	15,000
Title 3 – Total	750,000	-600,000	150,000
Total Expenditure	3,779,000	-1,969,000	1,810,000

Payment appropriations in EUR

<u>Expenditure</u>	Budget 2011	Amending Budget AB 1/2011	New Appropriations 2011
Title 1 Staff Expenditure			
11 Salaries and allowances	1,827,000	-883,000	944,000
12 Expenditure relating to Staff recruitment	300,000	-215,000	85,000
13 Mission expenses	56,000	69,000	125,000
14 Socio-medical infrastructure	21,000	-20,000	1,000
142 Professional development	26,000	47,000	73,000
17 Reception and Events	10,000		10,000
Title 1 – Total	2,240,000	-1,002,000	1,238,000
Title 2 Infrastructure and operating/running expenditure			
20 Rental of buildings and associated costs	350,000	-300,000	50,000
21 Information and Communication technology	165,000		165,000
22 Movable property and associated costs	103,000	-18,000	85,000
23 Current administrative expenditure	52,000	-32,000	20,000
24 Postage / Telecommunications	16,000	-4,000	12,000
25 Meeting expenses	103,000	-13,000	90,000
Title 2 – Total	789,000	-367,000	422,000
Title 3 Operational expenditure			
30 Studies on selected aspects of Economic Regulation	250,000	-230,000	20,000
31 Studies on Market Analysis aspects	200,000	-200,000	
32 Workshops and other measures for improved Regulatory Cooperation	100,000	-35,000	65,000
33 Exchanges of Best practices and Technical expertise	100,000	-50,000	50,000
34 Member States expert group	100,000	-85,000	15,000
Title 3 – Total	750,000	-600,000	150,000
Total Expenditure	3,779,000	-1,969,000	1,810,000

4.3 Budget 2011 - Execution

The BEREC Office became financially autonomous on 12 September 2011. Previously all financial and budgetary transactions were under the responsibility of the parent DG in the Commission, DG INFSO.

Therefore the present budget implementation only covers the period from 12 September to 31 December 2011.

The budget implemented by the Commission (DG INFSO) until financial autonomy on the 12 September 2011 amounted to 631,214.39 EUR.

Only C1 appropriations (appropriations of the current year) were transferred to the BEREC Office.

Revenues in EUR	Amended Budget 1/2011 *	Budget executed
1. Revenue from fees and charges		
2. European Community Subsidy	1,178,785.61	1,178,785.61
3. Third countries contribution (incl. EFTA and candidate countries)		
4. Other contributions (*)		
Total revenues	1,178,785.61	1,178,785.61

* The budget implemented by the Commission (DG INFSO) until financial autonomy on the 12 September 2011 has been deducted from the Amended Budget 1/2011 approved by the Management Committee on 30 September 2011.

EXPENDITURE

Commitment appropriations in EUR

Budget line	Description	Amended Budget 1/2011 *	Appropriations committed at 31/12/2011	(%)
	Budget 2011	1,178,785.61	747,928.52	63.4%
1	STAFF	725,873.51	453,043.72	62.4%
1 1	STAFF IN ACTIVE EMPLOYMENT	482,148.57	268,388.06	55.7%
1 1 0	Staff in active employment	339,048.57	180,088.45	53.1%
1 1 0 0	Basic salaries	255,048.57	133,878.20	52.5%
1 1 0 1	Family allowances	48,000.00	18,277.38	38.1%
1 1 0 2	Expatriation and foreign-residence allowances	36,000.00	27,932.87	77.6%
1 1 1	Contract staff and other staff	114,000.00	71,453.25	62.7%
1 1 1 0	Contract staff	30,000.00	13,175.47	43.9%
1 1 1 1	Seconded national experts	84,000.00	58,277.78	69.4%
1 1 2	Employer's social security contributions	14,100.00	10,820.66	76.7%
1 1 2 0	Insurance against sickness	9,000.00	6,729.36	74.8%
1 1 2 1	Insurance against accidents and occupational disease	2,100.00	1,534.84	73.1%
1 1 2 2	Insurance against unemployment	3,000.00	2,556.46	85.2%
1 1 2 3	Constitution or maintenance of pension rights			
1 1 3	Miscellaneous allowances and grants	15,000.00	6,025.70	40.2%
1 1 3 0	Childbirth and death allowances and grants			
1 1 3 1	Travel expenses for annual leave	15,000.00	6,025.70	40.2%
1 1 3 9	Other allowances			
1 1 9	Salary weightings	0.00	0.00	
1 1 9 0	Salary weightings			
1 1 9 1	Adjustments to remunerations			
1 2	MISCELLANEOUS EXPENDITURE ON STAFF RECRUITMENT AND TRANSFER	85,000.00	84,744.73	99.7%
1 2 0	Recruitment expenses	10,809.96	10,554.69	97.6%
1 2 0 0	Travel expenses	6,993.96	6,738.69	96.4%
1 2 0 1	Miscellaneous expenditure on staff recruitment	3,816.00	3,816.00	100.0%
1 2 1	Expenses on entering/leaving	74,190.04	74,190.04	100.0%
1 2 1 0	Travel expenses on entering/leaving	740.19	740.19	100.0%
1 2 1 1	Installation, resettlement and transfer allowances	39,732.22	39,732.22	100.0%
1 2 1 2	Removal expenses	11,816.48	11,816.48	100.0%
1 2 1 3	Daily subsistence allowances	21,901.15	21,901.15	100.0%
1 3	MISSIONS AND DUTY TRAVEL	75,814.01	50,000.00	66.0%
1 3 0 0	Mission expenses, duty travel expenses and other ancillary expenditure	75,814.01	50,000.00	66.0%
1 4	SOCIOMEDICAL SERVICES AND TRAINING	73,475.00	40,475.00	55.1%
1 4 0	Medical service	1,000.00	1,000.00	100.0%
1 4 0 0	Medical service	1,000.00	1,000.00	100.0%
1 4 1	Language courses and training	72,475.00	39,475.00	54.5%
1 4 1 0	Language courses and training	72,475.00	39,475.00	54.5%
1 5	TEMPORARY ASSISTANCE	0.00	0.00	
1 5 0 0	Interim services and other temporary assistance (consultants, etc.)			

Budget line	Description	Amended Budget 1/2011 *	Appropriations committed at 31/12/2011	(%)
1 7	REPRESENTATION AND MISCELLANEOUS STAFF COSTS	9,435.93	9,435.93	100.0%
1 7 0 0	Representation, receptions and events, and miscellaneous staff expenses	9,435.93	9,435.93	100.0%
2	BUILDINGS, EQUIPMENT AND MISCELLANEOUS OPERATING EXPENDITURE	302,912.10	215,486.01	71.1%
2 0	RENTAL OF BUILDINGS AND ASSOCIATED COSTS	50,000.00	28,321.67	56.6%
2 0 0	Buildings and associated costs	50,000.00	28,321.67	56.6%
2 0 0 0	Rent			
2 0 0 1	Insurance			
2 0 0 2	Water, gas, electricity and heating	20,000.00	5,000.00	25.0%
2 0 0 3	Cleaning			
2 0 0 4	Fitting-out and maintenance of premises	1,000.00	0.00	0.0%
2 0 0 5	Security and surveillance of buildings	13,723.00	13,723.00	100.0%
2 0 0 9	Other expenditure relating to the acquisition, construction or maintenance of a building	15,277.00	9,598.67	62.8%
2 1	INFORMATION TECHNOLOGY PURCHASES	133,783.06	95,471.65	71.4%
2 1 0	Information technology purchases	133,783.06	95,471.65	71.4%
2 1 0 0	Computer equipment	93,783.06	55,471.65	59.1%
2 1 0 1	Software	5,000.00	5,000.00	100.0%
2 1 0 2	Other external data processing services	35,000.00	35,000.00	100.0%
2 2	MOVABLE PROPERTY AND ASSOCIATED COSTS	23,060.35	0.00	0.0%
2 2 0	Technical installations and electronic office equipment	0.00	0.00	
2 2 0 0	Technical installations and electronic office equipment			
2 2 1	Furniture	23,060.35	0.00	0.0%
2 2 1 0	Furniture	23,060.35	0.00	0.0%
2 2 9	Other movable property and associated costs	0.00	0.00	
2 2 9 0	Books, newspapers and documentation			
2 2 9 1	Cars, transport vehicles, and maintenance and repairs			
2 2 9 9	Other movable property, and maintenance and repairs			
2 3	CURRENT ADMINISTRATIVE EXPENDITURE	18,628.24	15,128.24	81.2%
2 3 0	Stationery and office supplies	15,128.24	15,128.24	100.0%
2 3 0 0	Stationery and office supplies	15,128.24	15,128.24	100.0%
2 3 2	Financial charges	3,500.00	0.00	0.0%
2 3 2 0	Bank charges	1,000.00	0.00	0.0%
2 3 2 1	Exchange rate losses	2,000.00	0.00	0.0%
2 3 2 9	Other financial charges	500.00	0.00	0.0%
2 3 3	Legal expenses	0.00	0.00	
2 3 3 0	Legal expenses			
2 3 3 1	Damages			
2 3 5	Other operating expenses	0.00	0.00	
2 3 5 0	Miscellaneous insurances			
2 3 5 9	Departmental removals and other operating expenses			
2 4	POSTAGE AND TELECOMM.	12,000.00	12,000.00	100.0%

Budget line	Description	Amended Budget 1/2011 *	Appropriations committed at 31/12/2011	(%)
2 4 0 0	Postage and delivery charges	2,000.00	2,000.00	100.0%
2 4 1 0	Telecommunication charges	10,000.00	10,000.00	100.0%
2 5	EXPENDITURE ON FORMAL AND OTHER MEETINGS	65,440.45	64,564.45	98.7%
2 5 0 0	Meetings in general	65,440.45	64,564.45	98.7%
3	OPERATIONAL EXPENDITURE	150,000.00	79,398.79	52.9%
3 0	Studies on selected aspects of Economic Regulation	20,000.00	0.00	0.0%
3 0 0 0	Studies on selected aspects of Economic Regulation	20,000.00	0.00	0.0%
3 1	Studies on Market Analysis aspects	0.00	0.00	
3 1 0 0	Studies on Market Analysis aspects			
3 2	Workshops and other measures for improved Regulatory Cooperation	65,000.00	64,398.79	99.1%
3 2 0 0	Workshops and other measures for improved Regulatory Cooperation	65,000.00	64,398.79	99.1%
3 3	Exchanges of Best practices and Technical expertise	50,000.00	0.00	0.0%
3 3 0 0	Exchanges of Best practices and Technical expertise	50,000.00		0.0%
3 4	Member States expert group	15,000.00	15,000.00	100.0%
3 4 0 0	Member States expert group	15,000.00	15,000.00	100.0%

* The budget implemented by the Commission (DG INFOS) until financial autonomy on the 12 September 2011 has been deducted from the Amended Budget 1/2011 approved by the Management Committee on 30 September 2011.

** For Title 1 – article 11, excluding the Commitments that cannot be carried-forward (C9)

Payment appropriations in EUR

Budget line	Description	Amended Budget 1/2011 *	Payments at 31/12/2011	(%)	Appropriations carried-forward to 2012
	Budget 2011	1,178,785.61	524,145.87	44.5%	223,782.65
1	STAFF	725,873.51	383,474.98	52.8%	69,568.74
1 1	STAFF IN ACTIVE EMPLOYMENT	482,148.57	268,388.06	55.7%	0.00
1 1 0	Staff in active employment	339,048.57	180,088.45	53.1%	0.00
1 1 0 0	Basic salaries	255,048.57	133,878.20	52.5%	
1 1 0 1	Family allowances	48,000.00	18,277.38	38.1%	
1 1 0 2	Expatriation and foreign-residence allowances	36,000.00	27,932.87	77.6%	
1 1 1	Contract staff and other staff	114,000.00	71,453.25	62.7%	0.00
1 1 1 0	Contract staff	30,000.00	13,175.47	43.9%	
1 1 1 1	Seconded national experts	84,000.00	58,277.78	69.4%	
1 1 2	Employer's social security contributions	14,100.00	10,820.66	76.7%	0.00
1 1 2 0	Insurance against sickness	9,000.00	6,729.36	74.8%	
1 1 2 1	Insurance against accidents and occupational disease	2,100.00	1,534.84	73.1%	
1 1 2 2	Insurance against unemployment	3,000.00	2,556.46	85.2%	
1 1 2 3	Constitution or maintenance of pension rights				
1 1 3	Miscellaneous allowances and grants	15,000.00	6,025.70	40.2%	0.00
1 1 3 0	Childbirth and death allowances and grants				
1 1 3 1	Travel expenses for annual leave	15,000.00	6,025.70	40.2%	
1 1 3 9	Other allowances				
1 1 9	Salary weightings	0.00	0.00		0.00
1 1 9 0	Salary weightings				
1 1 9 1	Adjustments to remunerations				
1 2	MISCELLANEOUS EXPENDITURE ON STAFF RECRUITMENT AND TRANSFER	85,000.00	79,218.59	93.2%	5,526.14
1 2 0	Recruitment expenses	10,809.96	9,791.49	90.6%	763.20
1 2 0 0	Travel expenses	6,993.96	6,738.69	96.4%	0.00
1 2 0 1	Miscellaneous expenditure on staff recruitment	3,816.00	3,052.80	80.0%	763.20
1 2 1	Expenses on entering/leaving	74,190.04	69,427.10	93.6%	4,762.94
1 2 1 0	Travel expenses on entering/leaving	740.19	740.19	100.0%	0.00
1 2 1 1	Installation, resettlement and transfer allowances	39,732.22	36,169.28	91.0%	3,562.94
1 2 1 2	Removal expenses	11,816.48	11,816.48	100.0%	0.00
1 2 1 3	Daily subsistence allowances	21,901.15	20,701.15	94.5%	1,200.00
1 3	MISSIONS AND DUTY TRAVEL	75,814.01	30,747.33	40.6%	19,252.67
1 3 0 0	Mission expenses, duty travel expenses and other ancillary expenditure	75,814.01	30,747.33	40.6%	19,252.67
1 4	SOCIOMEDICAL SERVICES AND TRAINING	73,475.00	3,605.00	4.9%	36,870.00
1 4 0	Medical service	1,000.00	0.00	0.0%	1,000.00
1 4 0 0	Medical service	1,000.00		0.0%	1,000.00
1 4 1	Language courses and training	72,475.00	3,605.00	5.0%	35,870.00
1 4 1 0	Language courses and training	72,475.00	3,605.00	5.0%	35,870.00
1 5	TEMPORARY ASSISTANCE	0.00	0.00		0.00
1 5 0 0	Interim services and other temporary assistance				0.00

Budget line	Description	Amended Budget 1/2011 *	Payments at 31/12/2011	(%)	Appropriations carried-forward to 2012
	(consultants, etc.)				
1 7	REPRESENTATION AND MISCELLANEOUS STAFF COSTS	9,435.93	1,516.00	16.1%	7,919.93
1 7 0 0	Representation, receptions and events, and miscellaneous staff expenses	9,435.93	1,516.00	16.1%	7,919.93
2	BUILDINGS, EQUIPMENT AND MISCELLANEOUS OPERATING EXPENDITURE	302,912.10	94,948.63	31.3%	120,537.38
2 0	RENTAL OF BUILDINGS AND ASSOCIATED COSTS	50,000.00	3,378.40	6.8%	24,943.27
2 0 0	Buildings and associated costs	50,000.00	3,378.40	6.8%	24,943.27
2 0 0 0	Rent				0.00
2 0 0 1	Insurance				0.00
2 0 0 2	Water, gas, electricity and heating	20,000.00	1,534.62	7.7%	3,465.38
2 0 0 3	Cleaning				0.00
2 0 0 4	Fitting-out and maintenance of premises	1,000.00		0.0%	0.00
2 0 0 5	Security and surveillance of buildings	13,723.00	1,843.78	13.4%	11,879.22
2 0 0 9	Other expenditure relating to the acquisition, construction or maintenance of a building	15,277.00		0.0%	9,598.67
2 1	INFORMATION TECHNOLOGY PURCHASES	133,783.06	41,095.77	30.7%	54,375.88
2 1 0	Information technology purchases	133,783.06	41,095.77	30.7%	54,375.88
2 1 0 0	Computer equipment	93,783.06	33,788.54	36.0%	21,683.11
2 1 0 1	Software	5,000.00		0.0%	5,000.00
2 1 0 2	Other external data processing services	35,000.00	7,307.23	20.9%	27,692.77
2 2	MOVABLE PROPERTY AND ASSOCIATED COSTS	23,060.35	0.00	0.0%	0.00
2 2 0	Technical installations and electronic office equipment	0.00	0.00		0.00
2 2 0 0	Technical installations and electronic office equipment				0.00
2 2 1	Furniture	23,060.35	0.00	0.0%	0.00
2 2 1 0	Furniture	23,060.35			0.00
2 2 9	Other movable property and associated costs	0.00	0.00		0.00
2 2 9 0	Books, newspapers and documentation				0.00
2 2 9 1	Cars, transport vehicles, and maintenance and repairs				0.00
2 2 9 9	Other movable property, and maintenance and repairs				0.00
2 3	CURRENT ADMINISTRATIVE EXPENDITURE	18,628.24	10,434.29	56.0%	4,693.95
2 3 0	Stationery and office supplies	15,128.24	10,434.29	69.0%	4,693.95
2 3 0 0	Stationery and office supplies	15,128.24	10,434.29	69.0%	4,693.95
2 3 2	Financial charges	3,500.00	0.00	0.0%	0.00
2 3 2 0	Bank charges	1,000.00		0.0%	0.00
2 3 2 1	Exchange rate losses	2,000.00		0.0%	0.00
2 3 2 9	Other financial charges	500.00		0.0%	0.00
2 3 3	Legal expenses	0.00	0.00		0.00
2 3 3 0	Legal expenses				0.00
2 3 3 1	Damages				0.00

Budget line	Description	Amended Budget 1/2011 *	Payments at 31/12/2011	(%)	Appropriations carried-forward to 2012
2 3 5	Other operating expenses	0.00	0.00		0.00
2 3 5 0	Miscellaneous insurances				0.00
2 3 5 9	Departmental removals and other operating expenses				0.00
2 4	POSTAGE AND TELECOMM.	12,000.00	2,050.90	17.1%	9,949.10
2 4 0 0	Postage and delivery charges	2,000.00	76.79	3.8%	1,923.21
2 4 1 0	Telecommunication charges	10,000.00	1,974.11	19.7%	8,025.89
2 5	EXPENDITURE ON FORMAL AND OTHER MEETINGS	65,440.45	37,989.27	58.1%	26,575.18
2 5 0 0	Meetings in general	65,440.45	37,989.27	58.1%	26,575.18
3	OPERATIONAL EXPENDITURE	150,000.00	45,722.26	30.5%	33,676.53
3 0	Studies on selected aspects of Economic Regulation	20,000.00	0.00	0.0%	0.00
3 0 0 0	Studies on selected aspects of Economic Regulation	20,000.00		0.0%	0.00
3 1	Studies on Market Analysis aspects	0.00	0.00		0.00
3 1 0 0	Studies on Market Analysis aspects				
3 2	Workshops and other measures for improved Regulatory Cooperation	65,000.00	40,571.26	62.4%	23,827.53
3 2 0 0	Workshops and other measures for improved Regulatory Cooperation	65,000.00	40,571.26	62.4%	23,827.53
3 3	Exchanges of Best practices and Technical expertise	50,000.00	0.00	0.0%	0.00
3 3 0 0	Exchanges of Best practices and Technical expertise	50,000.00		0.0%	0.00
3 4	Member States expert group	15,000.00	5,151.00	34.3%	9,849.00
3 4 0 0	Member States expert group	15,000.00	5,151.00	34.3%	9,849.00

* The budget implemented by the Commission (DG INFSO) until financial autonomy on the 12 September 2011 has been deducted from the Amended Budget 1/2011 approved by the Management Committee on 30 September 2011.

4.4 Budgetary execution (commitments and payments) in 2011 by Title

	Commitment appropriations		
Budget Title	Commitment Credit Available	Commitment Accepted	% Committed / Available
Title 1 – Total	725,873.51	453,043.72	62.4%
Title 2 – Total	302,912.10	215,486.01	71.1%
Title 3 – Total	150,000.00	79,398.79	52.9%
Total Expenditure	1,178,785.61	747,928.52	63.4%

	Payment appropriations		
Budget Title	Payment Credit Available	Payment Request Accepted	% Paid / Available
Title 1 – Total	725,873.51	383,474.98	52.8%
Title 2 - Total	302,912.10	94,948.63	31.3%
Title 3 - Total	150,000.00	45,722.26	30.5%
Total Expenditure	1,178,785.61	524,145.87	44.5%

Commitments are entered in the accounts on the basis of the legal commitments entered into up to 31 December and payments on the basis of the payments made by the Accounting Officer by 31 December of that year, at the latest.

The BEREK Office has only non-dissociated appropriations; therefore commitment and payment appropriations are equal.

Non-differentiated appropriations corresponding to obligations duly contracted at the close of the financial year are carried over automatically to the following financial year only.

Commitment and Payment Appropriations carried-forward to 2012

Budget Title	Commitment Accepted	Payment Request Accepted	Payment Carried-Forward	% Carried-Forward / Committed
Title 1 – Total	453,043.72	383,474.98	69,568.74	15.4%
Title 2 – Total	215,486.01	94,948.63	120,537.38	55.9%
Title 3 – Total	79,398.79	45,722.26	33,676.53	42.4%
Total Expenditure	747,928.52	524,145.87	223,782.65	29.9%

Carry-over of appropriations (223,782.65 EUR) relates to:

- Title I: Staff related costs such as missions, medical examinations (SLA with Medical Service of the Commission), training (external contractors and SLAs with the Commission and EAS) and representation/miscellaneous costs;
- Title II: General administration of the Office (premises utilities, IT hardware, software and related services, etc.), administrative assistance from other institutions (e.g. SLAs with OIB, DG BUDG) and organisation costs of Management Committee and Experts Working Groups;
- Title III: Operational activities such as translations, organisation of events, reimbursement of participants/experts to meetings organised by the BEREC Office, etc.

The carry-over percentage is 29.9% of total established commitments.

As it was the first year of functioning, and the financial autonomy was granted on 12 September, several invoices and debit notes from other EU institutions/agencies were pending to be received at the end of the year.

5 Report on budgetary and financial management

5.1.1 Budget

In accordance with article 11 of the Council Regulation (EC) No 1211/2009 establishing the BEREC Office, the revenues and resources of the Office shall consist, in particular, of:

- a subsidy from the Union, entered under the appropriate headings of the general budget of the European Union (Commission Section), as decided by the budgetary authority and in accordance with Point 47 of the IIA of 17 May 2006;
- financial contributions from Member States or from their NRAs made on a voluntary basis in accordance with Article 5(2). These contributions shall be used to finance specific items of operational expenditure as defined in the agreement to be concluded between the Office and the Member States or their NRAs pursuant to Article 19(1)(b) of Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities.

During 2011, the BEREC Office has only received a subsidy from the Commission.

The expenditure of the Office shall cover staff, administrative, infrastructure and operational expenses and are divided into 3 titles as follows:

- TITLE 1 - Staff expenses
- TITLE 2 - Buildings, equipment and miscellaneous operating expenses
- TITLE 3 - Operational expenses

Having become financially autonomous on 12 September 2011, the BEREC Office is establishing its first annual financial statements for the period 12 September 2011 to 31 December 2011. These statements don't include the execution of the budget before autonomy which was under the responsibility of the Commission (DG INFSO).

At the date of autonomy the BEREC Office has taken over all contracts and obligations from DG INFSO.

The budget 2011 shows funds from the actual year – fund source C1 - that were transferred from the European Commission.

5.1.2 Financial Management

In year 2011, the main achievements were:

- Setting up the financial and accounting systems (ABAC and SAP systems from the Commission were implemented);
- Design and implementation of a budget structure;
- Training of all the financial actors involved in the financial circuits;
- Transfer of all existing financial transactions from the European Commission to the BEREC Office;
- Establishment of major Service level agreements, framework contracts and service contracts for the full operation of the Office;

6 Staff 2011

Function group and grade	2011			
	Authorised under the EU Budget		Filled as of 31/12/2011	
	Permanent posts	Temporary Posts	Permanent posts	Temporary Posts*
AD 16				
AD 15				
AD 14		1		1
AD 13				
AD 12				
AD 11				
AD 10				
AD 9		2		2
AD 8				
AD 7		2		2
AD 6				
AD 5		4		3
AD total		9		8
AST 11				
AST 10				
AST 9				
AST 8				
AST 7				
AST 6				
AST 5				
AST 4				
AST 3		2		2
AST 2				
AST 1		1		1
AST total		3		3
TOTAL		12		11
GRAND TOTAL	12		11	

* One Temporary Agent AD5 was under recruitment and started at 16/01/2012

Contract Agents	Authorised 2011	Recruited as of 31/12/2011*
Function Group IV	0	0
Function Group III	1	1
Function Group II	1	0
Function Group I	0	0
Total	2	1

* One contract Agent FG II was under recruitment and started at 01/01/2012

Seconded National Experts (SNE)	Authorised 2011	Recruited as of 31/12/2011
Total	8	6