



PUBLIC HEALTH EXECUTIVE AGENCY

Director

2007

FINAL ACCOUNTS

Financial Statements & Budgetary Reports

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CERTIFICATION OF THE ACCOUNTS & STATEMENT OF THE DIRECTOR

Certification

The annual accounts of the Executive Agency for the Public Health Programme (hereafter "the Agency") have been prepared in accordance with Title VI of the Financial Regulation of the Agency (Commission Regulation (EC) N° 1653/2004) as well as the accounting rules and methods adopted by the Commission's Accounting Officer.

I hereby certify that based on the information provided by the Authorising Officer, I have reasonable assurance that the accounts present, in all material respects, a true and fair view of the financial position of the Agency.

Statement of the Director

I, the undersigned, Director of Executive Agency for the Public Health Programme (hereafter "the Agency"), in my capacity as authorising officer,

- Declare that the information contained in this report gives a true and fair view.

- State that I have reasonable assurance that the resources assigned to the activities described in the Annual Activity Report have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

This reasonable assurance is based on my own judgment and on the information at my disposal, such as the results of the self-assessment, the work of the internal audit capability, the observations of the Internal Audit Services .

- Confirm that I am not aware of anything not reported here which could harm the interests of the Institution.

Luxembourg, 5/06/2008

[signed]

Silvia BENTO

Accounting Officer

[signed]

Luc BRIOL

Director

PART I

1. INTRODUCTION

The Executive Agency for Public Health (PHEA) has been established by Commission Decision (2004/858/EC) of 15th December 2004.

It is responsible for implementing tasks concerning the Community action in the field of Public Health. The Programme of Community action in the field of Public Health (2003-2008) was adopted by Decision Nr 1786/2002/EC of the European Parliament and of the Council of 23rd September 2002.

Under the Community programme in the field of Public Health, PHEA is responsible for implementing the following tasks:

- (a) managing all the phases in the lifetime of specific projects and the necessary checks to that end, taking the relevant decisions where the Commission has empowered it to do so;
- (b) adopting the instruments of budget execution for revenue and expenditure and carrying out, where the Commission has empowered it to do so, all the operations necessary for the management of the Community programme and, in particular, those linked to the award of contracts and grants;
- (c) providing logistical, scientific and technical support, in particular by organising technical meetings (management of expert working groups), preparatory studies, seminars or conferences.

PHEA became fully autonomous on 15th December 2006 for the implementation and management of the 2007 budget. Therefore, 2007 is the first year that annual accounts are presented.

2. ANNUAL ACCOUNTS

2.1. Legal basis

The 2007 financial statements and reports on budget implementation of PHEA were prepared in conformity with:

- **Council Regulation N° 58/2003 of 19th December 2002** - laying down the statute for Executive Agencies to be entrusted with certain tasks in the management of Community Programme
- **Commission Decision of 15th December 2004** - setting up the Executive Agency for the Public Health Programme, for the management of Community action in the field of Public Health – pursuant to Council Regulation (EC) No 58/2003
- **Commission Regulation N°1653/2004 of 21st September**- on a standard financial regulation for the Executive Agencies pursuant to the Council Regulation N°58/2003 – in absence of expressly laid down rules general financial regulation shall be applied (Commission Regulation N°2342/2002 of 23rd December, Council Regulation N°1605/2002 of 25 June 2002)

- **Accounting Rules** (based on IPSAS) adopted by the Accounting Officer of the Commission in December 2004.

2.2. Agency Accounts

The Agency accounts comprise the general accounts and budget accounts, kept in euros on the basis of the calendar year. Each of them follows different principles.

- **General accounts**

The general accounts allow the preparation of financial statements: Balance sheet, economic outturn, statement of changes in net capital, cash flow table and annex to the financial statements.

They are accrual accounts, which mean that the effects of the transactions or events are recognised when they occur, independently of the moment of the payment or receipt.

The purpose of the financial statements is to provide information on the financial situation, performance, as also the changes in the financial situation of the Agency.

- **Budget accounts**

The budget accounts give a detailed picture of the implementation of the budget.

They are modified cash accounts. This means that, as in any cash system any payment made or revenue received are recorded. Although they are modified, as opposed to the pure cash accounts, the payments appropriations carried over are also recorded.

They allow the preparation of the budget implementation reports as also the budgetary outturn account.

Both accounts have different purposes, therefore they are complementary.

Discrepancies between the general accounts and budget accounts are explained via a reconciliation of items as presented in point 6 of the Part II.

The accounts must be compliant with the rules, accurate, comprehensive and present a true and fair view of the financial position and also of the budget execution.

3. ACCOUNTING PRINCIPLES

In conformity with the Article 53 of the Commission Regulation EC N°1653/2004, financial statements are prepared accordingly with the following generally accepted accounting principles:

- Going concern basis
- Prudence
- Consistent accounting methods

- Comparability of information
- Materiality
- No netting
- Reality over appearance
- Accrual-based accounting

4. CONSOLIDATION

According to the Article 57 of the Commission Regulation EC N°1653/2004, PHEA accounts are consolidated with the Commission's annual accounts.

5. ACCOUNTING RULES

The accounting rules applied by the agency must allow the consolidation with the Commission accounts accordingly with § 11 Commission Regulation EC N°1653/2004 and Articles 133, 185 of Financial Regulation.

Additional information is provided in the notes to financial statements (Point 5 of Part II).

PART II- Financial Statements

1. BALANCE SHEET

		BALANCE SHEET 31-12-2007	
		NOTES	EUR 2007
ASSETS			
I.NON-CURRENT ASSETS			123.711
	Intangible fixed assets	5.2	39.876
21001	Computer software		53.071
21008	Acc Depreciation		-13.195
	Tangible fixed assets	5.2	83.835
23001	Plant, Mach&Equip		2.521
24001	Furniture		9.372
24101	Computer hardware		104.913
24201	Other Fixtures and fittings		19.587
23 008+24..08	Acc Depreciation		-52.558
II.CURRENT ASSETS			3.235.781
	Short time receivables	5.3.1	320
45290+47901	Receivables from Consolidated Entities		320
	Cash & Equivalents	5.3.2	3.235.461
51092	BCEE		3.235.461
TOTAL ASSETS			3.359.492
LIABILITIES			
II. CURRENT LIABILITIES			2.008.107
	Provisions for risks & charges	5.4.1	29.123
48900	Short term provisions		29.123
	Payables to consolidated entities	5.4.2	1.724.488
44790	Subsidy 2008		1.025.000
44790	Subsidy to be reimbursed to the EC		578.717
47000	Interests to be reimbursed to the EC		111.104
47000+45202	Other amounts payable to Consolidated Entities		9.667
	Other amounts payable	5.4.3	35.711
44001	Suppliers		32.993
44010	Others amounts payable		1.113
45491	Contribution Pension		649
45492	Contribution Sickness		330
45493	Taxes retained		455
45622	Contribution Accident		52
45800	Contribution Unemployment		119
	Invoices to be received & Accruals	5.4.4	218.785
49055	Accrued Charges		126.665
49055	Accrued Charges -Consolidated entities		92.121
TOTAL LIABILITIES			2.008.107
CAPITAL (NET ASSETS/LIABILITIES)		5.5	
	Economic result of the year		1.351.385
TOTAL CAPITAL			1.351.385
TOTAL LIABILITIES+CAPITAL			3.359.492

2. ECONOMIC OUTTURN ACCOUNT

ECONOMIC OUTTURN ACCOUNT 31-12-2007		
		<i>EUR</i>
	NOTES	2007
OPERATING REVENUE		4.607.096
Total revenue registered by the Agency		4.607.096
Subsidy 2007 received from the European Commission	5.6.1	4.100.000
Subsidy for commitments 2006 carried over to 2007	5.6.1	996.595
Subsidy to be reimbursed in 2008	5.6.1	-578.717
Revenue from administrative operations (NBV of fixed assets transfer)	5.6.2	89.218
OPERATING / ADMINISTRATIVE EXPENSES	5.7	3.255.673
Staff expenditure	5.7.1	1.738.792
62000 Staff costs		1.544.359
62020 Pension & Unemployment Temp		8.344
62030 Social security		25.731
62050 Allowances		160.358
Fixed-assets-related expenses	5.7.2	45.399
63010 Depreciation of intangible fixed assets		13.195
63020 Depreciation of tangible fixed assets		32.204
Other Administrative expenses	5.7.3	1.471.482
61010 Office Supplies & Maintenance,		29.675
61020 Communication& Publication		23.111
61060 Recruitment costs		7.498
61070 Training costs		3.511
61080 Missions		58.090
61085 Experts and related expenditure		367.261
61100 Expenses with consolidated entities		465.021
61090 Goods & Services int proc		517.316
SURPLUS FROM OPERATING ACTIVITIES		1.351.424
Financial operations expenses		39
65025 Other financial expenses	5.7.4	39
ECONOMIC RESULT FOR THE YEAR		1.351.385

3. CASHFLOW TABLE

CASHFLOW TABLE 31-12-2007

EUR

2007

CASH FLOW FROM OPERATING ACTIVITIES	
Surplus from operating activities	1.351.385
ADJUSTMENTS	
Amortization	13.195
Depreciation	32.204
Increase/(decrease) in short term receivables	- 320
Increase/(decrease) in provisions	29.123
Increase/(decrease) in accounts payable	254.496
Increase/(decrease) in liabilities related to consolidated entities	1.724.488
Net Book Value -Assets transfer from EC	- 89.218
NET CASHFLOW FROM OPERATING ACTIVITIES	3.315.353
CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of intangible and tangible assets	- 79.892
NET CASHFLOW FROM INVESTING ACTIVITIES	- 79.892
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	3.235.461
Cash and cash equivalents at the beginning of the year	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	3.235.461

4. STATEMENT OF CHANGES IN CAPITAL

STATEMENT OF CHANGES IN CAPITAL 31-12-2007

EUR

	Reserves		Accumulated surplus/deficit	Economic Outturn	Total Net assets/liabilities
	Fair value reserve	Other reserve			
Balance as of 31/12/2006	-	-	-	-	-
Balance as of 01/01/2007	-	-	-	-	-
Economic outturn of the year	-	-	-	1.351.385	-
Balance as of 31/12/2007	-	-	-	1.351.385	1.351.385

5. NOTES TO THE FINANCIAL STATEMENTS

5.1. Currency and basis conversion

Functional and reporting currency: financial statements are presents in euros

Transactions and balances: no transactions were executed in foreign currency

5.2. Intangible and tangible assets

- The intangible and tangible assets are registered at the historical amount, which comprises its purchase price, (including any import duties and non-refundable purchase taxes) and any directly attributable expenditure on preparing the asset for its intended use.
- The materiality threshold used is 420 euros, which means that below this amount the expense is booked as a charge of the exercise.
- Repairs and maintenance are charged to the economic period in which they have incurred.
- Depreciation is calculated since the month of the asset reception and booked monthly, using the straight-line method to allocate the costs to the residual values over the estimated useful lives.

The depreciation rates used are listed below:

Assets	Depreciation rate
Intangible assets – Computer Software	25%
Plant, machinery and equipment	25%
Furniture	10% , 25%
Fixtures and fittings	10%
Computer hardware	25%

- Intangible net fixed assets –39.876 €

During 2007, PHEA purchased several software licences for the total amount of 53.071 € Adobe Acrobat, SPSS software (Statistic tool).

- Tangible net assets – 83.835 €

In 2007, the Commission transferred a group of assets which were in use in the Agency premises, bought by DG SANCO before PHEA'S autonomy.

The transfer was done from the management centres of DIGIT and OIL for the IT equipment and furniture respectively. The items transferred are detailed in the annex of note PHEA D(2007)/101310 signed by the Director of the Agency and the Director

of Directorate C of DG SANCO. The assets were transferred at gross book value on 01/01/2007 with the accumulated depreciation on 31/12/2006. This transaction created a profit, recognised in the accounts for the net amount of 89.218 €

The purchase of fixed assets during 2007 was mainly computer hardware: printers, portables, copiers.

Variation of fixed assets is presented below:

INTANGIBLES ASSETS		
	Computer Software 21001	Total
Gross book value at 31-12-2006	-	-
Additions	53.071	53.071
Disposals	-	-
Transfer between headings	-	-
Other changes	-	-
1.Gross carrying amounts 31-12-2007	53.071	53.071
Accumulated amortization at 31-12-2006	-	-
Amortization of the year	13.195	13.195
Write-back of amortization	-	-
Disposals	-	-
Impairment	-	-
Write-back of impairment	-	-
Transfer between headings	-	-
2.Accumulated amortization and impairment at 31-12-2007	13.195	13.195
A.NET BOOK VALUE (1-2)	39.876	39.876

TANGIBLES ASSETS

	Plant,Mach. & Equipment 23001	Furniture and Rolling 24001	Computer Hardware 24101	Other Fixtures & Fittings 24201	Total
Gross book value at 31-12-2006	-	-	-	-	-
Additions-Purchase 2007	-	-	25.956	865	26.821
Additions-Transfer from European Commission (a)	2.521	9.372	78.958	18.722	109.573
Disposals	-	-	-	-	-
Transfer between headings	-	-	-	-	-
Other changes	-	-	-	-	-
1.Gross carrying amounts 31-12-2007	2.521	9.372	104.913	19.587	136.393
Accumulated amortization at 31-12-2006	-	-	-	-	-
Amortization-Transfer from European Commission (a)	420	1.371	14.663	3.900	20.355
Amortization of the year	630	1.014	25.663	4.896	32.204
Write-back of amortization	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Write-back of impairment	-	-	-	-	-
Transfer between headings	-	-	-	-	-
2.Accumulated amortization and impairment at 31-12-2007	1.050	2.385	40.326	8.797	52.558
B.NET BOOK VALUE (1-2)	1.471	6.987	64.587	10.790	83.835
TOTAL NET FIXED ASSETS (A+B)					123.711

a) Assets transferred from Commission to PHEA by the net book value at 01/01/2007, registered as a donation in the GL account 7400700-Other Income-Fixed assets- Methodology indicated by DG Budget. Assets bought by DG SANCO before the autonomy of the Agency.

5.3. Current Assets

5.3.1. *Receivables from consolidated Entities -320 €*

This item concerns amounts receivable from consolidated entities. An amount of 226 € is due by the Commission (PMO) concerning the "Indémnité différentielle". This results from the difference of grades of the detached officials in functions in the Agency.

An amount of 94€ must be recovered from CDT concerning salary regularisations between consolidated entities.

5.3.2. *Cash & Equivalents – 3.235.461 €*

The amount included in this item corresponds to bank balance at 31/12/2007 in the bank account held by PHEA at "Banque et Caisse d' Epargne de l'Etat-Luxembourg".

It includes the amount of 1.025.000 € received on 31st December 2007 as the first part of the pre-financing for 2008.

The bank account was opened in November 2006 under the framework contract signed between the Commission and BCEE.

The Agency does not manage any petty cash.

5.4. Liabilities

5.4.1. *Provisions for risks and charges – 29.123 €*

This item concerns the estimation of the provision for holidays not taken until 31/12/2007.

According to the principle of accrual based accounting the cost related to the days not taken must be recognised during the year the services occurred.

The amount was calculated at the daily gross salary.

5.4.2. *Payables to consolidated entities – 1.724.488 €*

This item includes liabilities towards consolidated entities as detailed below:

- **Subsidy 2008-1st instalment**

An amount of 1.025.000 € was received on the 31st December corresponding to the first instalment of the operating subsidy of the Agency for the financial year of 2008.

- **The balance to be reimbursed**

The amount of 578.717 € concerning the balance to be reimbursed to the Commission is part of the 2007 subsidy that remains after the payments made in 2007 and the payments appropriations carried-over to 2008, according to the article 18 of the Commission Decision C(2004) 4839 of 8/12/2004. The details of calculation are presented in the table Budget outturn (Point 1 in Part III).

- **Interests to be reimbursed**

The amount of 111.104 € must be reimbursed to the Commission, according to the article 18 of the Commission Decision C(2004) 4839 of 8/12/2004. This amount derives from the interests generated during 2007 by the bank account held by the Agency.

- **Other amounts payable to consolidated entities**

The amount of 9.667 € results from differences computed in salaries regularisations. An amount of 6.121 € must be recovered by the European Parliament and an amount of 3.405 € must be recovered by the Commission (PMO).

5.4.3. *Other amounts payable – 35.711 €*

- **Suppliers**

The amount of 32.923 € concerns open invoices at 31/12/2007 in the Agency's accounts as detailed below:

44001 Suppliers	32.993
Qwentes Kantors SA	1.547
Wagon lits Tourisme	139
Siemens	28.394
Getsys	1.253
OIL	1.660

- **Social Contributions**

This item includes amounts concerning social costs (Unemployment contribution, sickness, accident insurance, pensions, taxes, etc) incurred in December due to the Salary correction paid at the end of 2007 for a total amount of 2.718 €

5.4.4. *Invoices to be received & Accruals – 218.785 €*

This item concerns the expenses for invoices not received until 31/12/2007, but nevertheless booked in charges according to the principle of accrual-based accounting.

The services were provided, the goods were received and the events took place in 2007, but the invoices or note expenses were not received until the end of the year.

The amounts were estimated according to each nature of expense:

- Missions: Estimated costs (mission order)
- Services (IT, SLA): pro-rata temporis, % of completion

- Furniture, office supplies, drinks: goods receipt/order

Below, the detail of the accruals registered:

Invoices to be received Accruals	218.785
49055 Accrued Charges	126.665
Missions	19.190
IT Services provided by Siemens, IRIS	19.854
Maintenance Copiers	432
Experts & Related Expenditure	87.189
49055 Accrued Charges -Consolidated Entities	92.121
Training -DG Admin	6.738
SLA-Administrative assistance -décompte 2007-PMO	3.776
SLA-Medical service	2.790
SLA -DIGIT	61.850
Office supplies	10.721
Furniture	2.946
Drinks	3.301

5.5. Capital

The capital of 1.351.385 € is only composed of the economic result of the year, since it is the first year that PHEA is preparing annual accounts.

The economic result of the year is different from the budgetary outturn due the differences between the general accounts and the budget accounts. Additional information concerning the reconciliation between both accounts is provided in point 6 of the Part II.

The amount can be explained as the part of non-reimbursed subsidy to the Commission in order to cover the obligations already created in 2007 (1.508.606 €) as also the profit generated by the transfer of assets (89.218 €) adjusted by: accruals, provisions, depreciations, open invoices, asset acquisitions.

5.6. Revenue

5.6.1. Subsidy-4.517.878 €

- **Subsidy received from European Commission for 2007: 4.100.000 €**

This amount concerns the subsidy received for 2007 from European Commission to cover operating expenditure.

- **Subsidy received from European Commission for commitments 2006 carried over to 2007: 996.595 €**

This amount concerns the payments appropriations corresponding to the commitments registered in Commission accounts in 2006 and transferred to PHEA following the autonomy.

- **Subsidy to be reimbursed: 578.717 €**

This amount will be reimbursed to the European Commission in 2008. Additional information can be found in the table Budget Outturn in Point 1 of Part III.

5.6.2. Net book value of assets transferred from the Commission: 89.218 €

- Gross amount: 109.573€
- Cumulated Depreciation : 20.355€

Details in the point 5.2 of Part II.

5.7. Operating/Administrative expenditure

All goods and services provided by consolidated entities are booked in the account "Expenses with consolidated entities".

5.7.1. Staff Costs - 1.738.792 €

This item includes the staff costs (Basic salary, allowances, social security, pension, insurances) with Temporary and Contractual Agents, as also the provision for holidays not taken.

5.7.2. Fixed assets related expenses – 45.399 €

This item includes the depreciation of the year of the intangible and tangible fixed assets.

The amount is calculated using the straight-line method at the aforementioned depreciation rates. The depreciations are booked monthly starting at the asset reception month.

Details in point 5.2 of Part II.

5.7.3. *Other Administrative Expenses - 1.471.482 €*

This item includes the remaining operating costs detailed as following:

- **Office supplies & Maintenance - 29.675 €**

This item includes expensed amounts in offices supplies, and maintenance of equipment provided by third parties.

- **Communication & Publication - 23.111 €**

This item includes expenses with publications provided by Qwentas Kantor concerning the production of PHEA's brochure.

- **Recruitment costs - 7.498 €**

This item includes the costs concerning the amounts reimbursed to candidates who come for the interviews in the Agency. The amounts reimbursed comprise: travel cost and a daily allowance (contribution in hotel costs).

- **Training costs - 3.511 €**

This item includes the costs related to training provided by third parties.

- **Missions - 58.090 €**

This item includes the expenses concerning missions' expenses of the staff: travel costs, hotel, daily allowances, etc.

- **Experts and related expenditure - 367.261 €**

This item includes the amounts related to experts (daily allowances, travel costs) who participated in the evaluation exercise for the call 2007, as well as the reimbursement of the travel expenses to the participants in the meetings organized by PHEA in the context of the Public Health Programme.

- **Expenses with consolidated entities - 465.021 €**

This item includes all expenses with consolidated entities: CDT, PMO, Medical Service, DIGIT, DG BUDGET, OPOCE, OIL.

This comprises not only the expenses related to the Services covered by the several Service level agreement signed, but also rent, furniture, office supplies, publications, translations, etc.

Information about these costs incurred in 2007 is provided below:

Consolidated Entities	Amount	Nature of service
CDT	20.333	Translation of Budget ,call 2007 and website
DG Admin	6.738	Training
DG Budget	50.000	Service Level Agreement-ABAC 2007 (Implementation fee + Fee 2007)
DIGIT	71.850	Service Level Agreement- IT services, ABAC ASSETS 2007 (Implementation fees)
OIL	269.123	Rent and Charges 2007 of HITEC building, furniture, office supplies and drinks
OPOCE	8.875	Publication of the budget
PMO	29.987	SLA-Administrative assistance 2006 and 2007
SERV MED	8.116	SLA-Fees 2006 and 2007
Total	465.021	

- **Goods, services and internal procurement - 517.316 €**

This item includes several services provided as detailed below:

Goods & Services Intern, procurement	Amount	Nature of service
Price Waterhouse Coopers	81.984	Consultancy and edition
Vedior	91.725	Interim services
Siemens, Iris, ONE 4 EU, Nashuatec ...	343.607	IT services
Total	517.316	

5.7.4. Other Financial expenses - 39 €

This item includes bank charges incurred during 2007.

6. RECONCILIATION OF THE ACCRUAL BASED RESULT WITH BUDGET RESULT

RECONCILIATION OF THE ACCRUAL BASED RESULT WITH BUDGET RESULT 31-12-2007

EUR

	sign +/-	amount
Economic results (for loss) Economic Outturn	+/-	1.351.385
Adjustments for Accrual Cut-off (reversal 31.12.N-1)	-	
Adjustments for Accrual Cut-off (cut- off 31.12.N)	+	218.785
Amount from liaison account with Commission booked in the Economic Outturn Account	-	
Unpaid invoices at year end but booked in charges (class 6)	+	31.771
Depreciation of intangible and tangible fixed assets (1)	+	45.399
Provisions (1)	+	29.123
Value reductions (1)	+	
Recovery Orders issued in class 7 and not yet cashed	-	
Cleared pre-financing in the year (they are in the economic result but not in the budgetary result)	+	
Payments made from carry-over of payment appropriations	+	
Other – transfer of assets	+/-	-89.218
Exchange rate differences (2) (3)	+/-	
Asset acquisitions (less unpaid amounts)	-	-78.639
New pre-financing paid in the year	-	
New pre-financing received in the year and remaining open as at	+	578.717
Budgetary recovery orders issued before and cashed in the year	+	
Budgetary recovery orders issued in on balance sheet accounts (not 7 or 6 accounts) and cashed	+	
Capital payments on financial leasing (they are budgetary payments but not in the economic result)	-	
Payment appropriations carried over to 2008	-	-1.508.606
Cancellation of unused carried-over payment appropriations from previous year	+	
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	+	
Payments for pensions (they are budgetary payments but booked against provisions)	-	
Payments for stocks of leave and supplementary hours (they are budgetary payments but booked against provisions)	-	
Other	+/-	
total		578.717
Budgetary result (+ for surplus) (4)		578.717
Delta not explained		0

As previously explained, the results of general accounts and budget accounts are different due to the difference of approach between the two accounting systems.

The Economic result is +1.351.385 € and the Budgetary result is 578.717 €

While the budget accounts give a picture of the budget implementation based in the principle of cash modified¹, the general accounts² provide information about the financial position, performance and changes in capital.

The differences between the Economic and Budgetary results can be explained as follows:

- Accruals -218.785 € Costs charged in 2007 exercise considering that the transaction or event as occurred in 2007, nevertheless the payment will be done in 2008.
- Invoices to be received -31.771 € Costs charged in 2007 exercise, nevertheless the payment will occur in 2008.
- Depreciation - 45.399 € In general accounts, the charge to be registered to the exercise corresponds to the depreciation of the assets.
- Although in budgetary accounts the charge corresponds to the expense made: 78.639 € (costs of acquisition already paid).
- Provisions - 29.123 € This amount charged in the general accounts to cover the holidays not taken is not considered as an expense in the budgetary accounts, because no outflow occurred.
- Profit from the transfer of assets - 89.218 € This transaction produced a profit in terms of general accounts, since the assets have increase as a contra party of a donation. Although it is not considered in budgetary terms, since no in- or out- cash flow has occurred.
- Payments appropriations carried over to 2008 - 1.508.606 € This amount intends to cover commitments from 2007 carried over to 2008. It is recorded in budgetary accounts, but not in general accounts.
- Pre-financing open in 31/12/2007 - 578.717 € This amount is adjusted to the economic results since, it is not considered as revenue considering that no expense is connected. Furthermore, the amount is to be returned to the Commission so it is treated as a liability, while in budget accounts this amount is considered as revenue.

¹ which means that the expenses or revenues are recorded when an in- or outflow occurs. The appropriations carried over are also recorded.

² which means that the effects of the transactions or events are recognised when they occur, independently of the moment of the payment or receipt.

PART III-Reports on budget Implementation

1. BUDGET OUTTURN ACCOUNT

1. BUDGET OUTTURN ACCOUNT		
2007		
		<i>EUR</i>
		2.007
REVENUE		
Commission subsidy-2007 (for the operating budget -Titles 1,2 and 3 - of the agency)	+	4.100.000
Commission subsidyfor commitments carried over from 2006 to 2007	+	996.595
TOTAL REVENUE (a)		5.096.595
EXPENDITURE		
Title I:Expenses for personnel linked to the agency		
Payments	-	1.934.592
	-	1.843.940
C1		1.807.514
C8		36.425
Appropriations carried over 2008	-	90.652
Title II: Central Support Costs		
Payments	-	1.094.133
	-	540.115
C1		319.489
C8		220.628
Appropriations carried over 2008	-	554.018
Title III: Expenditure linked to the Agency Operations		
Payments	-	1.489.153
	-	625.216
C1		323.863
C8		301.354
Appropriations carried over 2008	-	863.937
TOTAL PAYMENTS		3.009.272
TOTAL CARRIED OVER		1.508.606
TOTAL EXPENDITURE (b)		4.517.878
OUTTURN FOR THE FINANCIAL YEAR (a-b)		578.717
BALANCE OF THE OUTTURN ACCOUNT FOR THE FINANCIAL YEAR TO BE REIMBURSED TO THE COMMISSION		578.717
Not included in the budget outturn:		
Interest received by 31/12/N on the Commission subsidy funds and to be reimbursed to the Commission (liability)	+	111.104

2. BUDGET IMPLEMENTATION REPORTS

CREDIT OF THE YEAR -2007 - C1

EUR

REVENUE	Revised Budget 06-2007	Receipts 31-12-2007
101000 European Community Contribution	4.100.000	4.100.000
TOTAL	4.100.000	4.100.000

EXPENDITURE Commitment Item	Revised Budget 06-2007	Transfers	Budget 2007 current	Commitments Execution 31-12-2007	%	Payments Execution 31-12-2007	%	Commitments carried forward 2008
A01100 Basic Salary	655.000	0	655.000	632.224	97%	632.224	97%	0
A01101 Allowances	170.000	0	170.000	162.253	95%	162.253	95%	0
A01110 Contractual Agents	1.033.000	-130.000	903.000	881.116	98%	881.116	98%	0
A01120 Cov.risks dis.,acc.	29.000	0	29.000	25.731	89%	25.731	89%	0
A01121 Cov.risk unemp.&pens	8.000	1.000	9.000	8.344	93%	8.344	93%	0
A01200 Recruitment expenses	18.000	0	18.000	7.498	42%	7.498	42%	0
A01210 Payroll Service	24.000	0	24.000	20.000	83%	16.059	67%	3.941
A01300 Medical service	36.000	0	36.000	36.000	100%	0	0%	36.000
A01301 Train.,lang.cr.staff	40.000	-11.000	29.000	20.000	69%	150	1%	19.850
A01400 Interim Agents	140.000	-35.000	105.000	105.000	100%	74.139	71%	30.861
TITLE 1	2.153.000	-175.000	1.978.000	1.898.167	96%	1.807.514	91%	90.653
A02000 Rent& Ch.:W/E/H/S/C	395.000	-40.000	355.000	355.000	100%	231.620	65%	123.380
A02001 Oth.Expend.on build.	284.000	0	284.000	284.000	100%	0	0%	284.000
A02100 P&M eq./soft./U.sup.	60.000	20.000	80.000	79.165	99%	51.824	65%	27.341
A02102 U.Sup.&Telecom-DIGIT	80.000	-10.000	70.000	61.850	88%	0	0%	61.850
A02210 Purchase and maintenance	20.000	0	20.000	20.000	100%	1.882	9%	18.118
A02220 Lib.stocks: B,N,Tmag	5.000	-3.000	2.000	1.266	63%	766	38%	500
A02300 Office supplies	15.000	0	15.000	15.000	100%	3.300	22%	11.700
A02310 Bank Charges	2.000	-1.500	500	500	100%	7	1%	493
A02312 Other Financial Charges	1.000	-1.000	0	0	-	0	-	0
A02320 Legal Advice	10.000	-10.000	0	0	-	0	-	0
A02330 Other insurances	1.000	0	1.000	0	-	0	-	0
A02331 Exp.internal meeting	0	0	0	0	-	0	-	0
A02400 Postal Charges	8.000	-6.000	2.000	2.000	100%	0	-	2.000
A02500 Trans.serv.-CDT Lux.	30.000	-5.000	25.000	24.984	100%	20.333	81%	4.651
A02501 Other Services	50.000	-20.000	30.000	29.741	99%	9.756	33%	19.985
TITLE 2	961.000	-76.500	884.500	873.506	99%	319.489	36%	554.017
B03100 Meetings & Info.days	500.000	122.100	622.100	622.100	100%	145.813	23%	476.287
B03101 Mis.&All.ext.exp.	170.000	0	170.000	170.000	100%	137.561	81%	32.439
B03102 Mission of staff	80.000	-10.000	70.000	70.000	100%	38.688	55%	31.312
B03103 Representation Allowance	1.000	-100	900	900	100%	819	91%	81
B03200 Data collection IT	105.000	90.000	195.000	192.529	99%	0	-	192.529
B03201 Dedic.IT syst.sup.op	80.000	-30.000	50.000	8.367	17%	0	-	8.367
B03300 Co.,Ed.,Pu.,Web.Co.	40.000	84.500	124.500	123.904	100%	982	1%	122.922
B03310 Transl.& Interp.Exp.	10.000	-10.000	0	0	-	0	-	0
B03311 St.,Co.,Adv.& oth.se	0	5.000	5.000	0	0%	0	0%	0
TITLE 3	986.000	251.500	1.237.500	1.187.800	96%	323.863	26%	863.937
TOTAL	4.100.000	0	4.100.000	3.959.472	97%	2.450.866	60%	1.508.607

CREDITS CARRIED OVER 2006-2007

C8

EUR

Commitment Item	Commitments Carried over 2006-2007	Commitments Execution 31-12-2007	%	Payments Execution 31-12-2007	Non paid Commitments- Payments	Decommitments
A01200 Recruitment expenses	26.707	0	0%	0	0 €	26.707
A01210 Payroll Service	19.000	10.152	53%	10.152	0 €	8.848
A01300 Medical service	19.000	5.326	28%	5.326	0 €	13.674
A01301 Train.,lang.cr.staff	59.000	3.361	6%	3.361	0 €	55.639
A01400 Interim Agents	44.056	17.586	40%	17.586	0 €	26.470
TITLE 1	167.763	36.425	22%	36.425	0	131.338
A02000 Rent& Ch.:W/E/H/S/C	10.260	256	2%	256	0 €	10.004
A02100 P&M eq./soft./U.sup.	121.285	121.083	100%	116.083	5.000 €	202
A02102 U.Sup.&Telecom-DIGIT	63.000	0	0%	0	0 €	63.000
A02210 Purchase and maintenance	3.251	3.251	100%	0	3.251 €	0
A02220 Lib.stocks: B,N,Tmag	1.467	1.233	84%	1.233	0 €	234
A02300 Office supplies	15.363	9.902	64%	9.902	0 €	5.461
A02501 Other Services	93.154	93.154	100%	93.154	0 €	0
TITLE 2	307.780	228.878	74%	220.628	8.251	78.901
B03100 Meetings & Info.days	24.227	0	0%	0	0 €	24.227
B03101 Mis.&All.ext.exp.	30.621	0	0%	0	0 €	30.621
B03102 Mission of staff	3.594	73	2%	73	0 €	3.521
B03103 Representation Allowance	1.000	0	0%	0	0 €	1.000
B03200 Data collection IT	299.170	294.785	99%	203.305	91.480 €	4.385
B03201 Dedic.IT syst.sup.op	7.597	7.597	100%	7.597	0 €	0
B03300 Co.,Ed.,Pu.,Web,Co.	154.843	90.379	58%	90.379	0 €	64.465
TITLE 3	521.052	392.833	75%	301.354	91.480	128.219
TOTAL	996.595	658.137	66%	558.406	99.730	338.457

3. NOTES ON BUDGET IMPLEMENTATION

PHEA as an Executive Agency has an operating budget governed by the Commission Regulation N°1653/2004. According to Article 15 of Regulation EC N°58/2003, the operating budget covers exclusively the administrative expenditure for the financial year.

The subsidy is transferred to the Agency in 3 instalments (January, May and September).

The budget consists of non-differentiated appropriations.

Exercice 2007

- Revenue is composed by an annual subsidy transferred by the Commission. Initially in 2007 the subsidy was 5.800.000 € and reduced in June to 4.100.000 €

The subsidy was received in 2 instalments (January and May).

- The budget for 2007 was committed for an amount of 3.959.472 € corresponding to 97% of the budget.

The payment execution for 2007 commitments reached the amount of 2.450.866 € corresponding to 60% of the budget.

A total amount of 1.508.607 € was carried over to 2008.

Compliant with the Financial Regulation; the unused staff expenses were decommitted at the end of the year.

- Concerning the commitments carried from 2006, a transfer of 996.595 € was made, as also the cash transfer for the same amount registered in the bank account at 03/01/2007.

A total of 558.406 € was paid in 2007 corresponding to 56% of the transfer.

A decommitment of 338.458 € was made to close the accounts.

Expenditure is divided into 3 titles:

– **Title 1: Expenses for personnel linked to the Agency**

This title includes expenses for: salaries, allowances and social costs, recruitment expenses, training, interim services.

Title 1	€	%
Budget Allocated	1.978.000	48% of the total budget
Commitments Execution	1.898.167	96%
Payment Execution	1.807.514	91%
Carry Forward to 2008	90.653	5% of the Commitment execution

Comments:

- 96% of the budget was committed and 91% was paid.
- The carry-forward of amounts concerns the services provided by PMO and DG ADMIN – medical service and training (SLA) as also interim services committed in 2007 exercise but to be paid in 2008.

– **Title 2: Central Support costs**

This title includes expenses related to: rent and charges, purchase of equipment, furniture, office supplies, service legal agreements with DG Budget, DIGIT and other services related to the operating activity.

Title 2	€	%
Budget Allocated	884.500	22% of the total budget
Commitments Execution	873.506	99%
Payment Execution	319.489	36%
Carry Forward 2008	554.017	64% of the Commitment execution

Comments:

- 99% of the budget was committed and 36% was paid.
- The amounts carried forward concerns legal commitments originated during 2007. The most substantial amount is related to the expenditure in the Drosbach building for fitting the premises. The move was delayed and will occur during the first quarter of 2008.
- An amount concerning services in the context of the SLA signed with DIGIT at the end of 2007, was also carried forward to 2008.

– **Title 3: Expenditure linked to the Agency's operations**

This title includes expenses for: meetings, external experts for the call exercise, missions, IT expenditures and other services directly related with operational activities.

Title 3	€	%
Budget Allocated	1.237.500	30% of the total budget
Commitments Execution	1.187.800	96%
Payment Execution	323.863	26%
Carry Forward 2008	863.937	73% of the Commitment execution

Comments:

- 96% of the budget was committed and 26% was paid.
- The carry-forward of amounts concerns legal commitments originated during 2007. The most substantial amount is related to meetings planned and organised for the last quarter of 2007, early 2008.
- An amount concerning IT services – Data Collection and Web, was carried forward.
- Concerning missions, further amount was also carried forward in order to cover the missions occurred in 2007 but not yet declared or paid until the end of the year, as well as to cover missions already prepared for the early 2008.

4. HUMAN RESOURCES ON 31-12-2007

Categories and grades	31-12-2007	Planned
Temporary Agents		
AD14	1	1
AD11	1	1
AD8	2	2
AD6	—	—
AD5	1	1
AST7	1	1
AST5	3	3
Total Temporary Agents	9	9
Contractual Agents		
IV	9	12
III	6	7
II	4	5
I	1	1
Total Contractual Agents	20	25
TOTAL	29	34

5. CONTRACTS ON 31-12-2007

Budget line	Contract	Contractor	Signature Date	Amount	Amount paid
A0-2501	Specific contract no. 245 Framework contract no. DIGIT - 05850 - Lot 1 - LSA	SERCO Belgium	20-12-07	14.084	0
B0-3300	Specific Contract 108 Framework Contract DGIT 05722-02 LOT 4	ONE4EU Belgium	28-11-07	70.000	0
B0-3200	Specific Contract 101 Framework Contract DGIT 05722-02 LOT 4	ONE4EU Belgium	28-11-07	78.503	0
B0-3200	Specific Contract 27 Framework Contract DIGIT 05714 Lot 1C	SIEMENS-IBM- ARHS CONSORTIUM	30-11-07	77.900	0
B0-3200	Specific Contract 26 Framework Contract DIGIT 05714 Lot 1C	SIEMENS-IBM- ARHS CONSORTIUM	30-11-07	36.126	0
B0-3200	Specific contract 6 Framework Contract DIGIT 05722-02 LOT 4	ONE4EU Belgium	04-12-06	104.700	101.115
B0-3300	Specific contract Qwentes/PHEA/2006/2 Framework Contract SANCO/2005/A4/05 Lot 1	Qwentes Kantor	29-12-06	11.060	6.526
B0-3200	Specific contract 26 Framework Contract DIGIT 05717 Lot 2	Siemens	20-12-06	94.970	3.490

6. REPORT ON FINANCIAL MANAGEMENT IN 2007

The Executive Agency for the Public Health programme was set up by Commission Decision of 15th December 2004.

With the transfer of powers to the Agency by its parent Directorate General, DG SANCO, on 1st January 2007, the Public Health Executive Agency became responsible for the implementation of the Public Health Programme budget transferred to the Agency.

The implementation of the Agency's Administrative budget - an annual subsidy transferred by the Commission to the Agency's bank account - is regulated by the Commission Regulation (EC) N 1653/2004 on a standard financial regulation for Executive Agencies.

- **Financial Management and Internal Control**

The Public Health Executive Agency has opted for a centralised organisational structure based on Commission designed Financial Circuit Model 4, « Full centralisation of financial transactions »³. According to the Model, the verification of financial aspects of a transaction must ensure that the operation is legal, regular and in due respect of the principle of sound financial management and that all related steps have been carried out correctly in conformity with the applicable regulatory requirements.

The financial circuits in place are compliant with the "four eyes principle", meaning that the roles of initiation and verification are separated to ensure clearer accountability. The centralised financial ex-ante control function is not involved in the initiation of financial operations. All main financial procedures are documented and published on the intranet.

The Agency operates in respect of the Commission-wide 24 Internal Control Standards, which aim at an effective operation of the control environment. In this perspective, and with the help of an external audit and consultancy company, the Agency performed a full risk assessment and internal control review.

- **Accounting systems**

Having concluded a Service Level Agreement with DG BUDG, the Agency implemented and uses the Commission hosted ABAC and SAP accounting tools. PHEA was the first Agency where the module BCS (Budget Control System), was launched. Since December 2007 the Agency also disposes of ABAC Assets, a specific ABAC module to manage fixed assets.

To cash its operation grant and to effectuate payments, the Agency has opened a bank account in EUR benefiting from the same framework contract conditions as the Commission does. All transactions via this account are systematically made through the Commission managed ABAC, SAP and SWIFT systems, implying the validation of each financial transaction by both the Agency's authorizing officer and accountant.

The 2007 financial statements and reports on budget implementation of PHEA were prepared in conformity with:

- **Council Regulation N° 58/2003 of 19th December 2002** - laying down the statute for Executive Agencies to be entrusted with certain tasks in the management of Community Programmes
- **Commission Decision of 15th December 2004** - setting up the Executive Agency for the Public Health Programme, for the management of Community actions in the field of Public Health – pursuant to Council Regulation (EC) No 58/2003
- **Commission Regulation N°1653/2004 of 21st September** - on a standard financial regulation for the executive agencies pursuant to the Council Regulation N°58/2003 – in absence of expressly laid down rules, the general financial

³ provided for in the Annex to the Action 79 of the White Paper on reforming the Commission,

200/2000/COM, "Reforming the Commission – a White Paper – Part II – Action Plan" dated 01.03.2000.

regulation shall be applied (Commission Regulation N° 2342/2002 of 23rd December, Council Regulation N°1605/2002 of 25th June 2002)

- **Accounting Rules** (based on IPSAS) adopted by the Accounting Officer of the Commission in December 2004.