

***UNION FOR THE MEDITERRANEAN SECRETARIAT***  
**Financial Statements**  
**(With Independent Auditor's Report)**

**December 31, 2017**



Union pour la Méditerranée  
Union for the Mediterranean  
الإتحاد من أجل المتوسط



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## **INDEPENDENT AUDITOR'S REPORT**

### To the Secretariat of the Union for the Mediterranean

#### **Opinion**

We have audited the financial statements of the Union for the Mediterranean Secretariat (UfMS) (the Organisation), which comprise the statement of financial position as at December 31, 2017, and the statement of financial performance, statement of changes in net assets/equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Organisation as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organisation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organisation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organisation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organisation's financial reporting process.





## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

17 July 2018

MOORE STEPHENS ADDVERIS  
AUDITORES Y CONSULTORES, S.L.P.  
Aribau, 153, entlo. 1ª, 08036 Barcelona, Spain



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Jorge Blanquer Ruiz  
Partner







## FINANCIAL STATEMENTS OF THE UNION FOR THE MEDITERRANEAN SECRETARIAT

The Financial Statements of the Union for the Mediterranean Secretariat for the year 2017 have been prepared in accordance with the relevant financial provisions of the UfMS Statutes and with the accounting principles, rules and methods set out in the notes to the financial statements.

We have obtained all the information necessary for the production of the accounts that show the UfM Secretariat assets and liabilities and the budgetary implementation.

We hereby certify that based on this information, and on such checks as we deemed necessary to sign off the accounts of the UfM Secretariat, we have a reasonable assurance that the accounts present fairly, in all material aspects, the financial position, the results of the operations and the cash flows of the UfMS.

Deputy Director of Administration: Mr. Omar Rakib

Signature:

Date: 16/07/2018

Director of Legal and Administration: Ms. Anny Shakalli

Signature:

Date: 16/07/2018

Senior Deputy Secretary General: Mr. Jorge Borrego

Signature:

Date: 16/07/2018



## **FINANCIAL STATEMENTS AND NOTES**

1. Statement of Financial Position;
2. Statement of Financial Performance;
3. Statement of Changes in Net Assets/Equity;
4. Statement of Cash Flow;
5. Statement of Comparison of Budget and Actual Amounts;
6. Notes to the financial statements.



### Statement of financial position

	Note	2.017	2.016
ASSETS		EUR	EUR
<b>Current Assets</b>			
Cash and cash equivalents	4	5.791.648	4.211.162
Receivables	5	1.124.035	542.200
Inventories			0
Prepayments	7	4.060	24.518
Other current assets	7	97.706	32.515
<b>Total current assets</b>		<b>7.017.449</b>	<b>4.810.394</b>
<b>Non-current assets</b>			
Receivables			
Investment in associates			
Other financial assets			
Infrastructure, plant and equipment	8	510.727	431.243
Land and buildings			
Intangible assets	9	179.456	219.122
Other non-financial assets			
<b>Total non-current assets</b>		<b>690.183</b>	<b>650.365</b>
<b>Total assets</b>		<b>7.707.632</b>	<b>5.460.759</b>
LIABILITIES		EUR	EUR
<b>Current Liabilities</b>			
Payables	11	1.911.952	887.889
Contribution received in advance	12	4.141.102	2.710.000
Deferred contributions	12	913.830	781.778
Short-term provisions/Accruals	11	42.350	420.342
Short-term borrowings			
Current portion of long-term borrowings			
		<b>7.009.234</b>	<b>4.800.009</b>
<b>Non-current liabilities</b>			
Payables			
Long-term borrowings			
Long-term provisions			
Employee benefits			
		<b>0</b>	<b>0</b>
<b>NET ASSETS/EQUITY</b>			
Capital Grant Member States & EC	15	634.118	575.610
Other capital Grant received	15	56.065	74.755
Reserves			0
Accumulated surplus/(deficit)	15	8.215	10.385
		<b>698.398</b>	<b>660.750</b>
		<b>7.707.632</b>	<b>5.460.759</b>



### Statement of financial performance

	Note	2017	2016
Revenue	16	EUR	EUR
<i>European Commission Contribution</i>		3.625.427	3.019.171
<i>Member States contribution</i>		1.208.749	1.082.557
<i>Capital grant transfer to results</i>		198.711	123.446
<i>Services in-kind</i>		2.261.312	2.668.776
<i>Other Revenue</i>		762.765	78.017
<i>Interest revenue</i>		61	846
<b>Total revenue</b>		<b>8.057.025</b>	<b>6.972.814</b>
Expenses	17	EUR	EUR
<i>Wages, salaries and employee benefits</i>		3.792.818	4.007.415
<i>Operating expenses</i>		2.746.398	1.652.827
<i>Grant and other transfer payments</i>		0	0
<i>Supplies and consumable used</i>		1.321.268	1.190.677
<i>Depreciation and amortization expenses</i>		198.711	123.446
<i>Impairment of property, plant and equipment</i>		0	0
<i>Other expenses</i>		0	0
<i>Finance costs</i>		0	0
<b>Total expenses</b>		<b>8.059.195</b>	<b>6.974.366</b>
<b>Surplus/(Deficit) for the period</b>		<b>-2.170</b>	<b>-1.552</b>



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### Statement of changes in Net Assets/Equity

	Contributed Capital	Capital Grant	Other Reserves	Accumulated Surpluses/(Deficits)	Total
Balance at December 31, 2015 carried forward	0	663.549	0	11.937	675.486
<b>Changes in net assets/equity for 2016</b>					
Loss on property revaluation					0
Gain on revaluation of investments					0
Exchange differences on translating foreign operations					0
Net revenue recognized directly in net assets/equity		-13.184			-13.184
Deficit/surplus for the period				-1.552	-1.552
<b>Total recognized revenue and expense for the period</b>	<b>0</b>	<b>-13.184</b>	<b>0</b>	<b>-1.552</b>	<b>-14.736</b>
Balance at December 31, 2016 carried forward	0	650.365	0	10.385	660.750
<b>Changes in net assets/equity for 2017</b>					
Loss on property revaluation					0
Gain on revaluation of investments					0
Exchange differences on translating foreign operations					0
Net revenue recognized directly in net assets/equity		39.818			39.818
Deficit/surplus for the period				-2.170	-2.170
<b>Total recognized revenue and expense for the period</b>	<b>0</b>	<b>39.818</b>	<b>0</b>	<b>-2.170</b>	<b>37.648</b>
Balance at December 31, 2017 carried forward	0	690.183	0	8.215	698.398





### Cash flow Statement

	2.017	2.016
Cash flow statment from operating activities	EUR	EUR
<b>Receipts</b>		
<i>Taxation</i>		
<i>Sales of goods and services</i>		
<i>Grants</i>	6.872.374	5.030.435
<i>Interest received</i>	61	2.013
<i>Other receipts</i>	149.542	310.771
<b>Payments</b>		
<i>Employee costs</i>	-2.330.654	-2.287.124
<i>Suppliers</i>	-2.714.001	-1.858.495
<i>Interest paid</i>		
<i>Other payments</i>	-88.693	-119.274
<b>Net cash flows from operating activities</b>	<b>1.888.629</b>	<b>1.078.326</b>
<b>Cash flows from investing activities</b>		
<i>Purchase of plant and equipment</i>	-308.142	-281.175
<i>Proceeds from sale of plant and equipment</i>		
<i>Proceeds from sale of investments</i>		
<i>Purchase of foreign currency securities</i>		
<b>Net cash flows from investing activities</b>	<b>-308.142</b>	<b>-281.175</b>
<b>Cash flow from financing activities</b>		
<i>Proceeds from borrowings</i>		
<i>Repayment of borrowings</i>		
<i>Distribution/dividend to government</i>		
<b>Net cash flows from financing activities</b>		
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1.580.487</b>	<b>797.151</b>
<i>Cash and cash equivalents at beginning of period</i>	<i>4.211.162</i>	<i>3.414.010</i>
<i>Cash and cash equivalents at end of period</i>	<i>5.791.648</i>	<i>4.211.162</i>

Statement of Comparison of Budget and Actual Amounts

note ref.	Original Budget 2017	Actual Budget 2017	Actual FFSS 2017	Actual amount FFSS versus Actual Amount Budget					Difference Original Budget and Actual Budget
				Difference Actual FFSS and Actual Budget	EASME grant agreement	Services in kind (Rent office)	Assets	Others	
<b>21</b>									
<b>Revenue</b>									
European Commission Contribution	4.210.000	3.564.035	3.625.427	61.392	180.657		-119.264		584.573
Member States contribution	1.800.000	1.328.013	1.208.749	-119.264			-119.264		591.251
Member States contribution - funds carried over		684.144		-684.144				-684.144	0
Capital Grant transfer to result			198.711	198.711			198.711		-198.711
Services in-kind	1.800.000	1.485.401	2.261.312	775.910	41.510	734.400			-461.312
Other Revenue	610.000	750.620	762.765	12.145				12.145	-152.765
Interest revenue			61	61	36			24	-61
<b>Total revenue</b>	<b>8.420.000</b>	<b>7.812.214</b>	<b>8.057.024</b>	<b>244.810</b>	<b>222.203</b>	<b>734.400</b>	<b>-39.818</b>	<b>-671.975</b>	<b>362.976</b>
<b>21</b>									
<b>Expenses</b>									
Operating expenses	3.184.000	2.613.193	2.746.404	133.211	116.597			16.614	437.596
Wages, salaries and employee benefits	2.506.000	2.201.811	2.265.906	64.095	64.095				240.094
Human Resources in kind	1.800.000	1.485.401	1.526.912	41.510	41.510				273.088
Supplies and consumable used	910.000	827.665	1.321.262	493.597		734.400	-238.528	-2.275	-411.262
Grant and other transfer payments				0					0
Depreciation and amortization expenses			198.711	198.711			198.711		-198.711
Impairment of property, plant and equipment				0					0
Other expenses	20.000			0					20.000
Finance costs				0					0
<b>Total expenses</b>	<b>8.420.000</b>	<b>7.128.070</b>	<b>8.059.194</b>	<b>931.124</b>	<b>222.203</b>	<b>734.400</b>	<b>-39.818</b>	<b>14.338</b>	<b>360.806</b>
<b>Surplus/(Deficit) for the period</b>	<b>0</b>	<b>684.144</b>	<b>-2.170</b>	<b>-686.314</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-686.314</b>	<b>2.170</b>
									<b>-684.144</b>





## NOTES ON FINANCIAL STATEMENT

### NOTE 1. GENERAL INFORMATION

The Union for the Mediterranean (UfM) was established on 13 July 2008 at the Paris Summit as a continuation of the Euro-Mediterranean Partnership (Euro-Med), also known as the Barcelona Process, launched in 1995.

The UfM constitutes a framework for political, economic and social relations between the European Union and the Southern and Eastern Mediterranean countries and is inspired by the goals set out in the Barcelona Declaration, namely working towards the creation of an area of peace, stability, security and shared economic prosperity, as well as full respect of democratic principles, human rights and fundamental freedoms and promotion of understanding between cultures and civilizations in the Euro-Mediterranean region.

The Secretariat of the Union for the Mediterranean was established by a decision of Heads of State and Government of the UfM and its Statutes were adopted on 3rd March 2010 by a decision of the Senior Officials of the Member States.

#### ***Governance***

Based in Barcelona, the Union for the Mediterranean comprises the 28 EU member states, the European Commission and 15 Mediterranean countries.

The members of the Union for the Mediterranean meet on a regular basis at the level of Senior Officials from the Ministries of Foreign Affairs of the 43 countries, EU institutions and the League of Arab States. The Senior Officials Meetings (SOM) oversees and coordinates the work of the Union for the Mediterranean. They approve the budget and the work programme of the Secretariat and prepare ministerial meetings. They also discuss the project proposals submitted by the Secretariat for approval and endorsement. Senior Officials take decisions by consensus.

The meetings of the Union for the Mediterranean are chaired by a twin co-presidency, one from the European Union side and the other from the Mediterranean side. The twin co-presidency principle applies to all levels: summits, ministerial meetings, and officials' level meetings.

#### ***Mission and mandate***

The mandate and mission of the Secretariat of the Union for the Mediterranean (hereinafter UfMS/ the Organization) have been defined in the Paris and Marseille Declarations as well as in the Statutes adopted on 3 March 2010. It is recalled that the mandate of the UfM Secretariat focuses on identifying, processing,



promoting and coordinating regional projects, which are in line with the principles and rules of international law, enhance and strengthen cooperation and positively impact the lives of citizens.

It is also recalled that on establishing the UfM, the Heads of State and Government identified six priority areas in the final declaration of the Paris Summit:

- De-pollution of the Mediterranean
- Maritime and land highways
- Civil protection
- Alternative energies: Mediterranean solar plan
- Higher education and research, Euro-Mediterranean University
- The Mediterranean Business Initiative

A Headquarters Agreement between Spain and the Secretariat grants the Secretariat privileges and immunities for carrying out its activities.

The Organisation is funded primarily by voluntary contributions from its member countries as well as by these contributions' equivalents from the European Union's budget, within the framework of an annual Work Programme and Budget adopted by Senior Officials on annual basis. Note 3.11, note 3.12 and note 21 give further details of the income and expenditure budget and actual results for 2017.

Before 1<sup>st</sup> of October of each year, the Secretary General, together with the concerned Deputy Secretary General, submit to the Senior Officials the draft annual budget for the revenue and the expenditure of the Secretariat. Senior Officials adopt the annual budget with any amendments deemed proper and return the budget for implementation to the Secretariat by 1<sup>st</sup> December of the same year. The financial year of the Secretariat is the calendar year.

## **NOTE 2. BASIS OF THE PREPARATION AND PRESENTATION**

The financial statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSASs) issued by the International Public Sector Accounting Standards Board





IPSASB), based on International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) issued by International Accounting Standards Board (IASB).

When IPSASB does not prescribe any specific standard, IFRSs and IASs are applied.

The principal accounting policies adopted are set out below.

#### 2.1. Financial Statements

In accordance with IPSAS 1, a complete set of financial statements have been prepared as follows:

- Statement of Financial Position;
- Statement of Financial Performance;
- Statement of Cash Flow;
- Statement of comparison between approved Budget and Actual Amounts;
- Notes to the financial statements, comprising a summary of significant accounting policies and other relevant information.

#### 2.2. Materiality and the use of judgments and estimates

The materiality will be considered in determining whether, for example, a particular accounting policy should be adopted or a point of information should be separately disclosed in the financial statements of the entity. Also, the materiality of an item should be considered when determining whether the omission or misstatement of a point of information could undermine not only the relevance, but also the faithful representation, understanding or verifiability of financial and non-financial information presented.

The financial statements include amounts based on judgments, estimates and assumptions by management. Changes in estimates are reflected in the period in which they become known.

#### 2.3. First-time adoption of IPSAS and transitional provisions

The first set of financial statements prepared in accordance with IPSAS was performed in 2015. The adoption of IPSAS required changes to the accounting policies previously followed by the UfM Secretariat in the following aspects:

- Fixed assets (*See note 3.6*)
- Right of use of the premises (*See note 3.14*)
- Contributions in kind (*See note 3.14*)

Use of transitional provisions and early adoption of accounting policies are permitted on the initial adoption of IPSAS. Transitional provisions have been applied in the initial recognition of assets.

#### 2.4. Going Concern

The financial statements have been prepared on a going concern basis. Management has a reasonable expectation that the Organisation will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Statutes provisions, the regular meetings of Senior Officials of Member States (SOM), the Work



Programme and the Budget approved by Member States, together with the annual Grant from the European Commission constitute the key factors confirming the continuity of UfM and UfM Secretariat.

### **NOTE 3. SIGNIFICANT ACCOUNTING POLICIES**

#### **3.1. Foreign currency**

All assessed contributions are payable in euros. Voluntary and dedicated contributions are accepted in euros and other currencies. Assets and liabilities denominated in foreign currencies are translated into euros at the exchange rates prevailing on the date of the Statement of Financial Position.

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

At each reporting date, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing on the reporting date as per InforEuro<sup>1</sup> exchange rates. Both realised and unrealised gains and losses resulting from the settlement of such transactions, and from the retranslation at the reporting date of assets and liabilities denominated in foreign currencies, are recognised in the Statement of Financial Performance.

#### **3.2. Cash and cash equivalents**

Cash and cash equivalents are held at nominal value and comprise cash on hand and cash at banks.

#### **3.3. Accounts receivable**

The balance of accounts receivable includes, amounts due from Member States for assessed contributions and from Member States and other contributors for voluntary and dedicated contributions. Receivables are carried at original amount less write-down for impairment. A write-down for impairment of receivables is established when there is objective evidence that the Organization will not be able to collect all amounts due according to the original terms of receivables.

#### **3.4. Prepayments**

The UfMS regularly incurs expenses that are either paid periodically or as one off. When such expenses are prepaid, an asset is recognized. This is charged to expenses gradually as the prepaid expense is

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<sup>1</sup> [http://ec.europa.eu/budget/contracts\\_grants/info\\_contracts/inforeuro/index\\_en.cfm](http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/index_en.cfm)





consumed. Prepayments allow costs to be apportioned over more than one reporting period rather than being expensed when paid.

Prepayments shall be recognized as current asset at transacted amount when a prepayment is made. Prepaid expense will be charged as an expense on a systematic and rational basis related to use.

### 3.5. Other Current Assets

Other current Assets are composed for other receivables, such as deposits with suppliers, credited amounts from tax office, staff advances, etc. different from contributions. The other current assets are recognized when revenue is earned but cash or its equivalent is yet to be received.

### 3.6. Infrastructure, plant and equipment

Infrastructure, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is provided for property, plant and equipment over their estimated useful life using the straight-line method, except for land, which is not subject to depreciation. The estimated useful lives for the assets are provided in the table below.

<b>Tangible Assets</b>	<b>Linear coefficient</b>	<b>Estimated useful life (in years)</b>
Land	N/A	N/A
Vehicles and transport	10%	10
Furniture	10%	10
Office equipment	10%	10
Communications equipment	20%	5
IT equipment	25%	4
Other equipment	33%	3

The threshold established by the Organization to consider an item<sup>2</sup> as an asset is above 100€, under this amount it will be considered as an expense for the period, as long as the sum of these amounts on a yearly basis is not over 15.000 €.

A transitional provision was applied in the initial recognition of infrastructure, plant and equipment that were purchased or donated before 1<sup>st</sup> January 2015. Assets in the form of infrastructure, plant and equipment acquired prior to 1<sup>st</sup> January 2015 were expensed at the date of purchase and were not recognized as assets. Those assets were recognized by 1<sup>st</sup> January of 2015 and the initial effect of the recognition of infrastructure, plant and equipment was shown as an adjustment to the opening balance

<sup>2</sup> Items can be composed by group of sub-items of the same nature or complementary of each other.



of 2015 as non-current assets. According to IPSAS these financial statements include quantitative information corresponding to the previous year, so the comparative figures have been restated.

Capital grants are awarded by the European Commission, Member States or International/ Governmental public entities or other private entities for the establishment or acquisition of non-current assets, in accordance with the recognition and measurement standards. Capital grants are recorded on the liability side of the financial position at the amount granted and transfer to result at the same rate of the transfer of non-currents assets to result.

Depreciation and impairment reviews are undertaken for all assets at least annually.

### 3.7. Intangible assets

Intangible assets are stated at historical cost less accumulated depreciation and any impairment losses. Depreciation is provided for intangible assets over their estimated useful life using the straight-line method. The estimated useful lives for the assets are provided in the table below.

<i>Intangible Assets</i>	<i>Linear coefficient</i>	<i>Estimated useful life (in years)</i>
Software	33%	3
Licences and rights	33%	3

The threshold established by the Organization to consider an item<sup>3</sup> as an asset is above 100€, under this amount it will be considered as an expense for the period, as long as the sum of these amounts on a yearly basis is not over 15.000 €..

A transitional provision was applied in the initial recognition of intangible assets that were purchased or donated before 1st January 2015. Intangible assets acquired prior to 1st January 2015 were expensed at the date of purchase and were not recognized as intangible assets. Those assets were recognized by 1st

<sup>3</sup> Items can be composed by group of sub-items of the same nature or complementary of each other.





January 2015 and the initial effect of the recognition of intangible assets is shown as an adjustment to the opening balance of 2015 as non-current assets.

### 3.8. Accounts payable and accrued liabilities

Accounts payable are financial liabilities in respect of goods or services which were acquired and received by the UfMS and for which the invoices were received from the suppliers.

Accruals are liabilities for goods and services which were received by or provided to the UfMS during the year and which were not invoiced by suppliers as at the reporting date.

### 3.9. Contributions in advance and Deferred revenues

Contributions in advance and deferred revenues arise from Agreements between the UfMS and its contributors – including governments, international organizations, and private and public institutions. Deferred revenue is recognized when:

- A contractual Agreement is confirmed in writing by both the Organization and contributor; and
- the funds are earmarked and due in a future period.

Contributions in advance include any advances from non-exchange transactions.

Contributions in advance and deferred revenues are presented as non-current if the revenue is due one year later than the reporting date.

### 3.10. Provisions and contingent liabilities

Provisions are made where the UfMS has a present legal or constructive obligation as a result of past events and it is probable that the UfMS will be required to settle the obligation.

Other commitments, which do not meet the recognition criteria for liabilities, are disclosed in the notes to the financial statements as contingent liabilities when their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of the UfMS.

### 3.11. Revenue

Revenue comprises gross inflows of economic benefits or service potentially received and receivable by the UfMS during the year, which represent an increase in net assets/equity. The Organization recognizes revenue following the established criteria of IPSAS 9 (Revenue from Exchange Transactions) and IPSAS 23 (Revenue from Non-Exchange Transactions).

The main sources of revenue for UfMS include but are not limited to (Non-exchange revenue)

- European Commission contribution. The contribution is recorded when a binding Agreement is signed between both parties.
- Member States contributions. Voluntary and dedicated contributions as well as pledges of voluntary contributions confirmed in writing (Agreements, letters, mention in minutes of flash records of Senior Official Meetings, e-mail) are recognized as non-exchange transactions as per





the International Public Sector Accounting Standard 23, "Revenue from non-exchange transactions (taxes and transfers).

- In-kind contributions of goods and services. In-kind contributions of goods and services that directly support approved operations and activities and can be reliably measured, are recognized and valued at fair value. These contributions include the use of premises, utilities and personnel. In-kind contributions of goods are treated as both revenue and assets upon receipt of the goods. In-kind contributions of services are treated as both revenue and expense upon recognition. The revenue is recognised when the expenditure has been incurred, which is when specific performance conditions are met.

When the revenue is received but the expenditure does not incur, it is reported as advance contribution on the Statement of financial position. The excess of funds treatment depends on the conditions of the related Agreement. Thus, it will be recognised as deferred contribution or as a liability waiting to be returned to the grantor.

### 3.12. Dedicated Contributions

In addition to general contributions to the UfMS annual Budget, Member States or any other contributors (international organisations, private sector entities, foundations, etc.) may provide dedicated contributions. These contributors participate to the financing of the UfM Secretariat's core activities (Operational Budget) earmarking their funds/resources to a specific sector, activity, operation etc. These contributions are framed through written arrangements and/or conventions of partnership including provisions of cost-sharing, where applicable, settlement of final amount and specific reporting. Funds (contribution in real figures) are used in accordance with UfMS rules and procedures.

### 3.13. Expenses

In accordance with the accrual basis of accounting, expense recognition occurs at the time of the delivery of goods or services by the supplier or service provider. Expenses are recorded in the accounting records and recognized in the financial statements of the period to which they relate.

### 3.14. Non-exchange transaction

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 receiving approximately equal value in exchange.

#### Goods in kind/Assets in kind

At the establishment of the UfM Secretariat, the local authorities (Generalitat de Catalunya) provided the Organization with equipment and furniture for its functioning at its headquarters in Barcelona- Spain.



These goods received by the Organization are recorded as assets and have the same treatment in terms of nature (capital grant in form of assets) and in terms of impairment and depreciation.

#### **Services in kind**

Services in-kind are voluntary services provided to the UfMS by an individual or individuals or any other contributor. Such services may include free technical assistance (expertise, studies, etc.), services of conference organization or secondment of staff from other governments or international organizations.

For transactions where the recipient entity considers that the donor/grant-giver has imposed conditions, they will set up a liability for the obligation generally to the value of the money received, which will be reduced as the conditions are satisfied (by spending the money or through other actions) in accordance with the Agreement. There is no such requirement for grants with restriction and revenue is recognized immediately.

#### **Staff Cost**

The UfMS has recognised staff cost as services in kind in the Performance Statement both as income and expenses in accordance with certificates/supporting documents provided by the sending administration or organization of seconded members of staff. Thus, there is no final impact on the Performance Statement.

#### **Office Rent**

Services in kind- representing the provision of premises (Palau de Pedralbes) free of charge as per the Headquarters Agreement, is recognised as per IPSAS 23 revenue from non-exchange transactions. Thus, there is no final impact on the Performance Statement.

#### **Technical assistance and services of conference's organization**

These services are recognised as non-exchange transactions in line with IPSAS 23. Thus, there is no impact on the performance statement.

#### **Co-organization of conferences and workshops**

In case where the UfMS, on the basis of Agreements, provides or contributes to the logistical organization or resources and services to third parties, related expenditure is registered as usual without specific different accounting treatment.

As the above-mentioned Agreements are arrangements of cost sharing of conferences, related third parties are contributing in kind to the concerned conferences. Those contributions are not recognized in the accounts unless the concerned conferences or workshops are substantially or exclusively in the benefit





of the UfMS. Furthermore, in order to be recognized in the accounts, reliable data on the value of these contributions is to be provided by the third party in reasonable time.

### 3.15. Statement of cash-flow

The statement of cash-flow is prepared using the direct method.

### 3.16. Comparison between approved Budget and Actual Amounts

The UfM Secretariat Budget preparation and approval follows the Statutes provisions, namely Section IX "Budget of the Secretariat" and internal implementing procedures and circulars. The approved budget covers the fiscal period from January 1<sup>st</sup> to December 31<sup>st</sup>.

The budget framework follows partially cash-based system, for instance treatment of assets, provisions and some resources in-kind follow cash-based procedure: the purchase of assets (equipment, furniture, etc.) is expensed, provisions (i.e. provisions for risks) and some resources in kind-as not generating an actual flow of funds- are not reflected in the budget.

The budget is presented for adoption in two formats: on one hand on the basis of functional and outlined classification: Headings (Activities-Operational expenditure, Human resources, General Administration), and on the other hand on the basis of Activity Based Budgeting (ABB) methodology for the Heading "Activities-Operational" as per the matrix below:

- a) Actions' instruments on the UfMS interventions in support of initiatives and projects/programmes cycle and regional cooperation.
  - 1. Technical support for projects and activities
  - 2. Platforms, regional expert's groups meetings and conferences
  - 3. Outreach and visibility of projects and activities
  - 4. Follow-up and monitoring missions for projects and activities
- b) Core Activities:
  - 1. Promoting regional dialogue: based on policy guidelines given by UfM Member States in terms of regional policy platforms in the framework of its mandate, the Secretariat is contributing to operationalize decisions taken at political level.
  - 2. Promoting regional projects and initiatives: in this respect, priority is given to support, monitor and follow up the implementation of already labelled projects as well as to develop project pipelines as appropriate in order to maintain a balance between delivering results on the ground and developing new activities.

Member States contributions and the European Union Contribution are, as per the Statutes, provided on voluntary and balanced basis. Contributions of Member States can be delivered in two forms: In real figures and in terms of Human resources provisions (in kind).

The contribution of the European Commission is framed on a yearly basis through a Grant Agreement which foresees:

- 1. The eligibility rules of the expenditure
- 2. Rule of co-financing (i.e. Member States 50%- European Commission 50% for 2017)
- 3. Period of implementation



In addition to annual contribution of Member States other funds or resources can be provided as dedicated contribution from MS or other entities (international organizations, foundations, etc.).

The financial statements are prepared on the accrual basis, following IPSAS, using a classification based on the nature of expenses in the statement of financial performance, for the fiscal period from January 1st to December 31st. The financial statements and budget documents are prepared for the same period.

Reconciliation between the actual amounts on a comparable basis is presented in the Statement of Comparison of Budget and Actual Amounts (in similar format and classification schemes as the Statement of Financial Performance).

#### NOTE 4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following statement of financial position amounts:

	2017	2016
<i>Cash on hand and balances with banks</i>	5.791.648	4.211.162
<i>Short-term investments</i>	0	0
	5.791.648	4.211.162

#### NOTE 5. RECEIVABLES

All contributions receivables were recorded as revenue in the year in which the donor's contribution was confirmed in writing (Agreements, letters, mention in minutes of flash records of Senior Official Meetings, e-mail). The receivable balance includes outstanding amounts which are split between current and non-current based on when the amounts become due. At 31<sup>st</sup> December of 2017, the amount shown in the Statement of financial performance is detailed as follows:

	2017	2016
<i>Current contributions receivable</i>		
European Commission	1.044.035	542.200
Member States	80.000	
Other donors		
Other receivable		
<b>Total current contributions receivable</b>	<b>1.124.035</b>	<b>542.200</b>





#### NOTE 6. INVENTORIES

UfMS has no inventories to report

#### NOTE 7. PREPAYMENTS AND OTHER CURRENT ASSETS

Prepayments are payments made in advance of the period to which the expense relates and include advances to suppliers of conference organization and insurance (the payment of which is deferred in monthly amounts over the year). Value-added tax (VAT) receivables relate to amounts which are due to be reimbursed to the UfMS by the Spanish Government.

	2017	2016
Prepayments	4.060	24.518
Deposits with suppliers		
Value-added tax receivables	97.706	32.515
Staff advances		
Other receivables		
<b>Total other current assets</b>	<b>101.766</b>	<b>57.032</b>

#### NOTE 8. INFRASTRUCTURE, PLANT AND EQUIPMENT

IPSAS 17 allows a period of up to five years before requiring full recognition of infrastructure, plant and equipment. Assets in the form of infrastructure, plant and equipment acquired prior to 1st January 2015 were expensed at the date of purchase and had not been recognized as assets. Those assets were recognized by 1st January of 2015 and the initial effect of the recognition of infrastructure, plant and equipment was shown as an adjustment to the opening balance of 2015 as non- current assets.

Details of infrastructure, plant and equipment for 2017 are as follows:

Assets	Initial Value	Accumulated depreciation	Net Value
<i>Vehicles and transport</i>	67.234	47.064	20.170
<i>Furniture</i>	525.141	266.386	258.754
<i>Office equipment</i>	91.656	28.993	62.663
<i>Communications and electronic equipment</i>	18.982	6.011	12.971
<i>IT equipment</i>	271.176	125.371	145.804
<i>Other equipment</i>	20.458	10.095	10.364
	<b>994.647</b>	<b>483.920</b>	<b>510.727</b>

When accumulated depreciation of infrastructure, plant and equipment is calculated for the first time, the calculation is made for the entire year, irrespective of the date on which the asset was placed in



service. Thus, for those assets purchased during one year the depreciation starts at the beginning of the next year.

<i>(net value)</i>	Vehicles and transport	Furniture	Office equipment	Communication equipment	IT equipment	Other equipment	Total
<b>31st December 2016</b>	<b>26.894</b>	<b>275.585</b>	<b>69.352</b>	<b>1.969</b>	<b>51.610</b>	<b>5.833</b>	<b>431.243</b>
<i>Asset reclassification</i>							0
<i>Additions</i>	0	32.523	2.407	12.596	130.749	6.925	185.200
<i>Disposals</i>							0
<i>Revaluation adjustments</i>							0
<i>Write-off</i>	-6.723	-49.354	-9.096	-1.595	-36.555	-2.394	-105.716
<b>31st December 2017</b>	<b>20.170</b>	<b>258.754</b>	<b>62.663</b>	<b>12.971</b>	<b>145.804</b>	<b>10.364</b>	<b>510.727</b>

#### NOTE 9. INTANGIBLE ASSETS

Intangible Assets	Initial Value	Accumulated depreciation	Net Value
<i>Software and Licences</i>	389.513	210.057	179.456
	<b>389.513</b>	<b>210.057</b>	<b>179.456</b>

<i>(net value)</i>	Software and licences	Total
<b>31st December 2016</b>	<b>219.122</b>	<b>219.122</b>
<i>Asset reclassification</i>		0
<i>Additions</i>	53.328	53.328
<i>Disposals</i>		0
<i>Revaluation adjustments</i>		0
<i>Write-off</i>	-92.994	-92.994
<b>31st December 2017</b>	<b>179.456</b>	<b>179.456</b>

#### NOTE 10. BORROWINGS

UfMS has no borrowing to report



**NOTE 11. PAYABLES**

	2017	2016
<b>Accounts payable</b>		
Suppliers	1.713.156	710.313
Reimbursement	49.781	57.514
Repayment of Grants		
Payables, Beneficiaries of Grants	24.928	
Other payables	124.086	120.062
<b>Total accounts payable</b>	<b>1.911.952</b>	<b>887.889</b>
<b>Accruals</b>		
Suppliers	42.350	420.342
Other payables		
<b>Total accruals</b>	<b>42.350</b>	<b>420.342</b>
<b>Total accounts payable and accruals</b>	<b>1.954.302</b>	<b>1.308.231</b>

**NOTE 12. CONTRIBUTIONS IN ADVANCE AND DEFERRED REVENUE**

	2017	2016
<b>Contributions received in advance and Deferred Contributions</b>		
European Commission pre-financing	2.520.000	2.520.000
Member States contributions in advance	30.000	140.000
Projects Contributions received in advance	35.343	50.000
Other contributions received in advance	1.591.102	
Member States contributions (deferred)	684.144	478.340
Deferred contributions for projects	117.648	246.744
Other deferred contributions	76.694	56.694
	<b>5.054.932</b>	<b>3.491.778</b>





**NOTE 13. PROVISIONS FOR LIABILITIES AND CHARGES**

UfMS has no provisions to report

**NOTE 14. CONTINGENCIES AND CAPITAL COMMITMENT**

UfMS has no contingencies to report

**NOTE 15. NET ASSET/EQUITY**

Capital grants awarded by the European Commission and Member States are linked to the acquisition of assets. They are recorded on the liability side of the financial position at the amount granted and transfer to result at the same rate of the transfer of non-currents assets to result.

Amounts allocated to other capital grants are linked to the assets provided by the Generalitat de Catalunya to the UfMS in 2010 and transfer to result at the same rate of the depreciation of the assets.

Details of capital grants during the year are shown in the following table:

<b>CAPITAL GRANT</b>	<b>EC &amp; MS</b>	<b>Others (Generalitat)</b>	<b>Total</b>
<b>31<sup>st</sup> December 2015</b>	<b>570.104</b>	<b>93.445</b>	<b>663.549</b>
<i>Additions</i>	<i>110.262</i>		<i>110.262</i>
<i>Capital grant transfer to result</i>	<i>-104.757</i>	<i>-18.689</i>	<i>-123.446</i>
<b>31<sup>st</sup> December 2016</b>	<b>575.609</b>	<b>74.756</b>	<b>650.365</b>
<i>Additions</i>	<i>238.528</i>		<i>238.528</i>
<i>Capital grant transfer to result</i>	<i>-180.019</i>	<i>-18.691</i>	<i>-198.711</i>
<b>31<sup>st</sup> December 2017</b>	<b>634.118</b>	<b>56.065</b>	<b>690.183</b>

The result of the year has been a deficit of -2.170€. Accumulated surpluses from previous period are show in the following table:

<b>Accumulated surplus and deficit</b>	
<b>31<sup>st</sup> December 2015</b>	<b>11.937</b>
<i>Deficit of the period</i>	<i>-1.552</i>
<b>31<sup>st</sup> December 2016</b>	<b>10.385</b>
<i>Deficit of the period</i>	<i>-2.170</i>
<b>31<sup>st</sup> December 2017</b>	<b>8.215</b>



**NOTE 16. REVENUE**

	2017	2016
<b>REVENUES</b>		
<b>Contributions</b>		
Member State Contributions	1.208.749	950.684
Member State Contributions- funds carried over	180.657	131.874
European Contribution <sup>4</sup>	3.444.771	3.019.171
	<b>4.834.177</b>	<b>4.101.729</b>
<b>Capital grant transfer to results</b>		
Capital grant European Commission and Member States	180.019	104.756
Capital Grant Generalitat	18.691	18.690
	<b>198.711</b>	<b>123.446</b>
<b>Services in kind</b>		
Human Resources - in kind	1.526.912	1.859.367
Rent office - in kind	734.400	734.400
Technical assistance - in kind		75.009
	<b>2.261.312</b>	<b>2.668.776</b>
<b>Other Revenue (dedicated contributions &amp; Others)</b>		
Swedish International Development Cooperation Agency	696.990	
Spanish contribution - UfM Annual Regional Forum	50.000	
Spanish contribution - UfM Women conference (AECID)		40.000
"You Match" Global Initiative on Innovative Employment Services for Youth-GIZ		32.264
Norwegian contribution - Administrative/indirect costs	15.774	4.210
EC Interests for late payment		809
Others		734
	<b>762.764</b>	<b>78.017</b>
<b>Interest Revenue</b>		
Interest Bank accounts	61	811
Interest European Commission bank accounts		36
	<b>61</b>	<b>846</b>
	<b>8.057.025</b>	<b>6.972.814</b>

<sup>4</sup> European Contribution includes funds received from "Grant Contract – ENI/2016/378-557" and "Grant Agreement N°: EASME/EMFF/2016/1.2.1.1/SI2.738983"



**NOTE 17. EXPENSES**

	2017	2016
<b><i>Wages, salaries and employee benefits</i></b>		
<i>Personnel expenses</i>	2.265.906	2.148.048
<i>Contributions in kind</i>	1.526.912	1.859.367
	<b>3.792.818</b>	<b>4.007.415</b>
<b><i>Operating expenses</i></b>		
<i>Horizontal Activities</i>	516.896	473.478
<i>Business Development</i>	352.149	144.685
<i>Transport and Urban development</i>	379.831	106.879
<i>Energy &amp; Climate Change</i>	371.197	263.161
<i>Water &amp; Environment</i>	669.134	277.143
<i>Higher Education and Research</i>	221.205	122.258
<i>Social &amp; Civil Affairs</i>	235.985	265.223
	<b>2.746.398</b>	<b>1.652.827</b>
<b><i>Supplies and consumable used</i></b>		
<i>Leases and royalties</i>	734.400	734.400
<i>Repairs and maintenance</i>	160.031	226.370
<i>Consultancy services</i>	104.500	64.625
<i>Transport</i>	2.173	3.213
<i>Insurance</i>	39.238	36.054
<i>Banking and similar services</i>	578	343
<i>Advertising, publicity and public relations</i>		169
<i>Utilities</i>	179.548	80.234
<i>Other services</i>	100.800	45.269
	<b>1.321.268</b>	<b>1.190.677</b>
<b><i>Depreciation</i></b>		
<i>Depreciation intangible assets</i>	92.994	40.655
<i>Depreciation tangible assets</i>	105.716	82.792
	<b>198.711</b>	<b>123.446</b>
	<b>8.059.195</b>	<b>6.974.366</b>



The accrued professional fees corresponding to the year ended as December 2017 for the auditors of UfM, for the audit of Financial Statements has amounted to 19.360,00 €.

**NOTE 18. DEDICATED CONTRIBUTIONS (FUNDS RECEIVED & SUB-GRANTING)**

For the reporting period, the following arrangements for dedicated contributions have been implemented:

- Programme Agreement with Norway
- Swedish International Development Cooperation Agency
- Spanish contribution dedicated to the Annual Regional Forum
- Grant Agreement №: EASME/EMFF/2016/1.2.1.1/SI2.738983 with European Commission "Promoting the Blue Economy in the Mediterranean"

<i>Dedicated contributions</i>	<i>2017</i>
<i>European Commission-EASME</i>	180.657
<i>Swedish International Development Cooperation Agency</i>	696.990
<i>Spanish contribution - Annual Regional Forum</i>	50.000
<i>Norwegian contribution - Administrative/indirect costs</i>	15.774
<b><i>Total Dedicated contributions</i></b>	<b>943.421,00</b>

**NOTE 19. FINANCIAL REVENUES AND EXPENSES**

<i>Interest Revenue</i>	<i>2017</i>	<i>2016</i>
<i>Bank account interest (EC dedicated bank account)</i>	61	36
<i>Other bank accounts interests</i>		811
	<b>61</b>	<b>846</b>

**NOTE 20. PROPOSED ALLOCATION AND THE RESULTS OF THE PERIOD**

According to the Statutes of the Organization, any funds remaining uncommitted at the end of each financial year shall be carried over to the budget for the following year and thereby reduce the required budgetary allocation in that following year.





## NOTE 21. COMPARISON BETWEEN APPROVED BUDGET AND ACTUAL AMOUNTS

The UfM Secretariat's 2017 original budget was approved by the Senior Officials' Meeting on 5<sup>th</sup> December 2016, and the Grant Agreement with the European Commission was signed on 8<sup>th</sup> December 2016. The original budget objectives and policies and subsequent revisions are explained more fully in the explanatory note and the Work Programme, also associated to the Grant Agreement and Budget Outcomes reports issued on a semester basis in conjunction with the financial statements.

Detailed Contributions of Member States as per budgetary year have been as follows:

MEMBER STATES CONTRIBUTIONS				
Countries	2017 Contributions in Human Resources	2017	2016 Contributions in Human Resources	2016
Algeria				20.000
Croatia		20.000		10.000
Cyprus	163.522	5.000	162.609	5.000
Egypt			152.533	
France	681.752	400.000	684.470	400.000
Germany		400.000		400.000
Greece		20.000		20.000
Hungary				
Ireland		25.000		25.000
Israel			90.000	
Italy	45.000	130.000	86.708	50.000
Jordan				
Lebanon				2.370
Luxemburg		80.000		
Malta	115.841		116.166	
Monaco		30.000		30.000
Morocco			16.642	80.000
Portugal	346.693	20.000	336.279	20.000
Slovakia				
Slovenia				
Spain	112.756	200.000	68.247	200.000
The Czech Republic		3.818		3.683
The Netherlands		100.000		100.000
Tunisia	19.838		71.105	
Turkey		100.000	74.608	100.000
	<b>1.485.402</b>	<b>1.533.818</b>	<b>1.859.367</b>	<b>1.466.052</b>
Contributions in kind		1.485.402		1.859.367
		<b>3.019.220</b>		<b>3.325.419</b>

Other contributions informed in the Budget of 2017 have been (other revenue as per FFSS):

- Swedish International Development Cooperation Agency
- Spanish contribution - Annual Regional Forum
- Norwegian contribution



The financial statements differ from the budget in the following aspects:

- Basis difference: the budget is approved on partial cash basis system
- Entity differences: the budget deals only with European Commission Grant Agreement framework excluding certain activities.

The difference as per the accounting basis is mainly explained by the activation of the assets and the related amortization for the period:

- Assets activation for 2017 = 238.528,21 (See note 8 and note 9)
- Amortization for the period = 198.710,70 (See note 8 and note 9)

The difference as per the entity basis is mainly explained by the inclusion in the financial statement of services in kind such as the rent of the office, cost related to the Grant Agreement N°: EASME/EMFF/2016/1.2.1.1/SI2.738983 (EASME grant) and other minor costs not linked with the European Commission Grant Agreement.

			Accounting Basis	Entity Basis			Difference Actual FFSS and Actual Budget
	Actual Budget 2017	Actual FFSS 2017	Assets	EASME grant agreement	Services in kind (Rent office)	Funds carried over and others	
Revenue							
European Commission Contribution	3.564.035	3.625.427	-119.264	180.657			61.392
Member States contribution	1.328.013	1.208.749	-119.264				-119.264
Member States contribution - funds carried over	684.144					-684.144	-684.144
Capital Grant transfer to result		198.711	198.711				198.711
Services in-kind	1.485.401	2.261.312		41.510	734.400		775.910
Other Revenue	750.620	762.765				12.145	12.145
Interest revenue		61		36		24	61
Total revenue	7.812.214	8.057.024	-39.818	222.203	734.400	-671.975	244.810
Expenses							
Operating expenses	2.613.193	2.746.404		116.597		16.614	133.211
Wages, salaries and employee benefits	2.201.811	2.265.906		64.095			64.095
Human Resources in kind	1.485.401	1.526.912		41.510			41.510
Supplies and consumable used	827.665	1.321.262	-238.528		734.400	-2.275	493.597
Grant and other transfer payments							0
Depreciation and amortization expenses		198.711	198.711				198.711
Impairment of property, plant and equipment							0
Other expenses							0
Finance costs							0
Total expenses	7.128.070	8.059.194	-39.818	222.203	734.400	14.338	931.124
Surplus/(Deficit) for the period	684.144	-2.170		0	0	-686.314	-686.314



There are also differences in formats and classification schemes adopted for presentation of financial statements and the budget. The structure of the budget is presented by headings:

Budget Heading	2017 Budget	2017 Expenditure
<b>Activities-Operational Expenditure</b>	<b>3.758.000</b>	<b>3.159.429</b>
<b>Human Resources</b>	<b>3.732.000</b>	<b>3.140.162</b>
<b>General Administration</b>	<b>910.000</b>	<b>828.480</b>
<b>Contingency Reserve</b>	<b>20.000</b>	<b>0</b>
<b>GRAND TOTAL</b>	<b>8.420.000</b>	<b>7.128.071</b>

*Personnel (Budget) = Wages, Salaries and employee benefits (FFSS) – Experts in House*  
*Operational expenditure (Budget) = Operating expenses (FFSS) + Experts in House*

The operational expenditure (operating expenses as per FFSS) are shown in the budget as follows:

Line	Item	2017 Budget	2017 Expenditure
<b>1</b>	<b>Activities-Operational Expenditure</b>		
1.1	Technical Support for projects and activities	1.545.000	1.022.288
1.2	Platforms, regional experts groups meetings & conferences	1.463.000	1.190.839
1.3	Follow-up and monitoring missions for projects and activities	350.000	477.818
1.4	Outreach & visibility for projects and Activities	400.000	468.484
	<b>Subtotal Activities-Operational Expenditure</b>	<b>3.758.000</b>	<b>3.159.429</b>

According to the Activity Based Budget methodology Human Resources is classified as follows:

Line	Item	2017 Budget	2017 Expenditure
<b>2</b>	<b>Human Resources</b>		
2.1	Executive direction and management	1.142.000	904.176
2.2	Advisors and seconded experts	1.008.000	862.306
2.4	Technical and administrative staff	1.224.000	1.065.725
2.5	Employer Social Security	358.000	307.956
	<b>Subtotal Human Resources</b>	<b>3.732.000</b>	<b>3.140.162</b>

One of the main differences regarding the format and classification scheme is in relation with the "Supplies and consumable used" (FFSS) that includes the amount of General Administration budget excluding the assets (activation of the assets).

Line	Item	2017 Budget	2017 Expenditure
<b>3</b>	<b>General Administration</b>		
3.1	Reinforcing UfM internal capacities	335.000	329.048
3.2	Ensuring sustainability on internal Management	575.000	499.432
	<b>Subtotal General Administration</b>	<b>910.000</b>	<b>828.480</b>





**NOTE 22. RELATED PARTIES AND KEY MANAGEMENT DISCLOSURE**

The key management personnel of the UfMS consists of the Secretary General and Deputy Secretaries General as they have the executive authority and responsibility for the overall running of the UfMS in accordance with its Statutes. The aggregate remuneration paid to key management personnel during the years ended in December 2017 and 2016, except the Deputy Secretaries General paid by their countries, including salaries, allowances and other entitlements paid in accordance with the Staff Rules and Regulations have amounted to 180.000,00 euros and 180.000,00 euros, respectively. The amounts informed by the countries regarding to the salaries paid to the Deputy Secretaries General is 399.058,31€ euros for 2017 and 616.949,00 euros for 2016.

There are no advances or credits conceded, nor have there been contracted bonds for pensions or life insurance with any member, actual or old, of the Key management personnel.

**NOTE 23. EVENTS AFTER THE REPORTING DATE**

After the closing date, no material issues came to the attention of the UfM Secretariat or were reported to it which would require modification of the Financial Statements or separate disclosure under this section. The Financial Statements and related notes were prepared using the most recently available information and this is reflected in the information presented.

