2010 discharge: EU general budget, Court of Justice

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PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2010, as part of the 2010 discharge procedure.

Analysis of the accounts of the EU Institutions: Section IV - **Court of Justice**.

CONTENT: this Commission document sets out the consolidated annual accounts of the European Union for the financial year 2010 as prepared on the basis of the information presented by the institutions, organisations and bodies of the EU, in accordance with Article 129 (2) of the Financial Regulation applicable to the EU's General Budget, including the Court of Justice.

(1) Purpose: the document helps to bring insight into the EU budget mechanism and the **way in which the budget has been managed and spent in 2010**. It recalls that European Union's operational expenditure covers the various headings of the financial framework and takes different forms, depending on how the money is paid out and managed.

In accordance with the Financial Regulation, the Commission implements the general budget using the following methods: direct centralised management: direct implementation of the budget by the Commission services; indirect centralised management: the Commission confers tasks of implementation of the budget to bodies of EU law or national law, such as the EU agencies of public law or with public service missions; decentralised management: the Commission delegates certain tasks for implementation of the budget to third countries; **shared management**: under this method of management budget implementation tasks are delegated to Member States. The majority of the expenditure falls under this mode "Shared Management" involving the delegation of tasks to Member States, covering such areas as agricultural spending and Structural Actions.

The document also presents the different financial actors involved in the budget process (accounting officers, internal officers and authorising officers) and recalls their respective roles in the context of the tasks of sound financial management.

Amongst the other legal elements relating to the implementation of the EU budget presented in this document, the paper focuses on the following issues:

- accounting principles applicable to the management of EU spending (business continuity, consistency of accounting methods, comparability of information ...);
- consolidation methods of figures for all major controlled entities (institutions and agencies);
- the recognition of financial assets in the EU (tangible and intangible assets, financial assets and other miscellaneous investments);
- the way in which EU public expenditure is committed and spent, including pre-financing;
- the means of recovery following irregularities detected;
- the modus operandi of the accounting system:
- the audit process followed by the European Parliament's granting of the discharge.

To recall, the **final control is the discharge of the budget for a given financial year**. The discharge represents the political aspect of the external control of budget implementation and is the decision by which the European Parliament, acting on a Council recommendation, "releases" the Commission from its

responsibility for management of a given budget by marking the end of that budget's existence (please refer to the follow-up reports presented in this procedure file).

Lastly, the document presents a series of tables and detailed technical indicators on (i) the balance sheet; (ii) the economic outturn account; (iii) cashflow tables; (iv) technical annexes concerning the financial statements.

Implementation of appropriations under Section IV of the budget for the financial year 2010: the document comprises a series of detailed tables, the most important concerning the implementation of the budget. As regards the Court of Justice's expenditure, the table on the financial and budgetary implementation of this institution shows the following:

(A) Table showing the commitment appropriations:

- Commitments: EUR 325 million (97.89% rate of implementation)
- Carry-overs to 2011: EUR 1 million (0.44% of authorised appropriations)
- Cancelled: EUR 6 million

(B) Table showing the implementation of payments:

- Payments: EUR 323 million (92.40% rate of implementation)
- Carry-overs to 2011: EUR 18 million (5.24% of authorised appropriations)
- Cancellations: EUR 8 million.

Lastly, the annexes detail specific expenditure of the institutions, in particular:

- **pensions**: an administrative budget heading includes the pension obligations towards the Members and former members of the Court of Justice (and General Court) and the European Union Civil Service Tribunal;
- **joint sickness insurance scheme**: a valuation is also made for the estimated liability that the EU has regarding its contributions to the Joint Sickness Insurance Scheme in relation to its retired staff. This gross liability has been valued at EUR 3 791 million for 2010.
- **buildings**: another heading covers the amounts included correspond to amounts committed to be paid during the term of the contracts. Included here is the outstanding contractual obligation of EUR 83 million concerning the renovation costs of buildings of the Court of Justice.

(3) Budget implementation – conclusions: the main characteristics of the budget implementation of the Court of Justice for 2010 were as follows:

- **intense judicial activity**: 1 406 cases were brought before the three courts comprising the Court of Justice; this figure is the highest in the institution’s history and reflects the constant increase in the volume of European Union litigation. In 2010 631 new cases were brought before the Court, which amounts to a very significant increase compared with 2009 (562 new cases) and constitutes **the highest number of cases brought in the Court’s history**. The situation is identical as regards references for a preliminary ruling. In 2010 **the number of references for a preliminary ruling** submitted was, for the second year in succession, the highest ever reached, and it exceeded the number in 2009 by 27.4% (385 cases in 2010 compared with 302 cases in 2009);
- the past year also saw the departure of two members and of the registrar of the Court of Justice and of four members of the General Court, partly as a result of the renewal of the General Court’s membership. The new members of the Court of Justice and the General Court are the first to have been appointed under the new procedure introduced by the Treaty of Lisbon, that is to say, following an opinion of the panel provided for in Article 255 TFEU.

For further details on the budgetary implementation of expenditure of Section IV of the budget (Court of Justice), please refer to the Annual Activity Report 2010 of the Court of Justice.