

2019

2019 Financial Statements

(with independent Auditor's Report)



UNION FOR THE MEDITERRANEAN
Union pour la Méditerranée
الإتحاد من أجل المتوسط



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

2019 Financial Statements

**Independent Auditor's Report in accordance with
International Standards on Auditing**

**SECRETARIAT OF THE UNION FOR THE MEDITERRANEAN
Financial Statements
for the year ended December 31, 2019**

INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH INTERNATIONAL STANDARDS ON AUDITING

To the Secretariat of the Union for the Mediterranean

Opinion

We have audited the financial statements of the Secretariat of the Union for the Mediterranean (the Organization), which comprise the statement of financial position as at December 31, 2019, the statement of financial performance, the statement of changes in net assets/equity, the cash flow statement, the statement of comparison of budget and actual amounts, and the notes thereto for the year then ended, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Organization as at December 31, 2019 and of 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 Organization in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Other matters

The Union for Mediterranean constitutes a framework for political, economic and social relations between the European Union and the Southern and Eastern Mediterranean countries and the Secretariat of the Union for the Mediterranean was established by a decision of Heads of State and Government of the Union for Mediterranean. The financial statements of Secretariat of the Union for the Mediterranean have been audited applying International Standards on Auditing.

The financial statements of the Organization for the year ended December 31, 2018, were audited by another auditor who expressed an unmodified opinion on those statements on July 31, 2019.

Responsibilities of Management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS (Note 2 of the accompanying notes to the financial statements), and for such internal control as they determine 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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 Organization'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 Organization'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 Organization 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.

ERNST & YOUNG, S.L.

This report corresponds to the
distinctive stamp No. 20/20/09668
issued by Col·legi de Censors Jurats
de Comptes de Catalunya



Angel Luís Martínez Fuentes

July 2, 2020



FINANCIAL STATEMENTS OF THE UNION FOR THE MEDITERRANEAN SECRETARIAT

The Financial Statements of the Union for the Mediterranean Secretariat for the year 2019 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 Legal and Administration: Omar Rakib

Signature:

Date: 30/06/2020

Director of Legal and Administration: Evagoras Vryonides

P.O

Signature:

Date: 30/06/2020

Secretary General: Nasser Kamel

Signature:

Date: 30/06/2020



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.



1. Statement of financial position

	Note	2.019	2.018
ASSETS		EUR	EUR
Current Assets			
Cash and cash equivalents	4	6.781.062	3.899.287
Receivables	5	1.386.954	1.517.791
Inventories			
Prepayments	7	33.414	33.259
Other current assets	7	28.895	53.872
Total current assets		8.230.325	5.504.209
Non-current assets			
Receivables			
Investment in associates			
Other financial assets	10	70.985	70.800
Infrastructure, plant and equipment	8	501.583	646.689
Land and buildings			
Intangible assets	9	14.016	112.926
Other non-financial assets			
Total non-current assets		586.584	830.415
Total assets		8.816.909	6.334.625
LIABILITIES			
Current Liabilities			
Payables	12	979.989	1.536.903
Contribution received in advance	13	4.713.919	2.111.153
Deferred contributions	13	2.529.250	1.192.282
Short-term provisions/Accruals	12	62.214	718.666
Short-term borrowings			
Current portion of long-term borrowings			
Total current liabilities		8.285.372	5.559.003
Non-current liabilities			
Payables			
Long-term borrowings			
Long-term provisions			
Employee benefits			
Total non-current liabilities			
NET ASSETS/EQUITY			
Capital Grant Member States & EC	16	496.928	722.240
Other capital Grant received	16	18.671	37.376
Reserves			
Accumulated surplus/(deficit)	16	15.938	16.006
Total net assets/equity		531.537	775.622
Total liabilities and net assets/equity		8.816.909	6.334.625



2. Statement of financial performance

	Note	2019	2018
Revenue	17	EUR	EUR
<i>European Commission Contribution</i>		3.868.771	3.997.193
<i>Member States contribution</i>		576.329	1.164.828
<i>Capital grant transfer to results</i>		276.526	226.450
<i>Services in-kind</i>		2.375.763	2.063.497
<i>Other Revenue</i>		1.601.263	1.338.530
<i>Interest revenue</i>		101	
Total revenue		8.698.753	8.790.498
Expenses	18		
<i>Wages, salaries and employee benefits</i>		4.310.621	4.452.048
<i>Operating expenses</i>		2.899.692	2.931.092
<i>Grant and other transfer payments</i>			
<i>Supplies and consumable used</i>		1.211.812	1.173.116
<i>Depreciation and amortization expenses</i>		276.526	226.450
<i>Impairment of property, plant and equipment</i>			
<i>Other expenses</i>		169	
<i>Finance costs</i>			
Total expenses		8.698.821	8.782.707
Surplus/(Deficit) for the period		-68	7.791



3. Statement of changes in Net Assets/Equity

	<i>Contributed Capital</i>	<i>Capital Grant</i>	<i>Other Reserves</i>	<i>Accumulated Surpluses/(Deficits)</i>	<i>Total</i>
Balance at December 31, 2017 carried forward	0	690.183	0	8.215	698.398
<i>Changes in net assets/equity for 2018</i>					
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		69.432			69.432
Deficit/surplus for the period				7.791	7.791
Total recognized revenue and expense for the period	0	69.432	0	7.791	77.223
Balance at December 31, 2018 carried forward	0	759.615	0	16.006	775.621
<i>Changes in net assets/equity for 2019</i>					
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		-244.016			-244.016
Deficit/surplus for the period				-68	-68
Total recognized revenue and expense for the period	0	-244.016	0	-68	-244.085
Balance at December 31, 2019 carried forward	0	515.599	0	15.938	531.537



4. Statement of Cash flow

	2.019	2.018
Cash flow statement from operating activities	EUR	EUR
Receipts		
<i>Taxation</i>		
<i>Sales of goods and services</i>		
<i>Grants</i>	10.059.885	4.670.703
<i>Interest received</i>	101	
<i>Other receipts</i>	289.528	215.393
Payments		
<i>Employee costs</i>	-3.320.543	-2.442.653
<i>Suppliers</i>	-4.065.415	-3.867.778
<i>Interest paid</i>		
<i>Other payments</i>	-36.443	-55.266
Net cash flows from operating activities	2.927.112	-1.479.601
Cash flows from investing activities		
<i>Purchase of plant and equipment</i>	-45.338	-412.760
<i>Proceeds from sale of plant and equipment</i>		
<i>Proceeds from sale of investments</i>		
<i>Purchase of foreign currency securities</i>		
Net cash flows from investing activities	-45.338	-412.760
Cash flow from financing activities		
<i>Proceeds from borrowings</i>		
<i>Repayment of borrowings</i>		
<i>Distribution/dividend to government</i>		
Net cash flows from financing activities		
Net increase/(decrease) in cash and cash equivalents	2.881.775	-1.892.361
<i>Cash and cash equivalents at beginning of period</i>	<i>3.899.287</i>	<i>5.791.648</i>
<i>Cash and cash equivalents at end of period</i>	<i>6.781.062</i>	<i>3.899.287</i>



5. Statement of Comparison of Budget and Actual Amounts

					Actual amount FFSS versus Actual Amount Budget						
	note ref.	Original Budget 2019	Actual Budget 2019	Actual FFSS 2019	Difference Actual FFSS and Actual Budget	EASME grant agreement/ GIZ	Services in kind (Rent office)	Assets	Others	Difference Original Budget and Actual (FFSS)	Difference Original Budget and Actual Budget
Revenue	22										
European Commission Contribution		4.210.000	3.872.799	3.868.771	-4.028	12.227		-16.255		341.229	337.201
Member States contribution		1.410.000	592.583	576.329	-16.255			-16.255		833.671	817.417
Capital Grant transfer to result				276.526	276.526			276.526		-276.526	0
Services in-kind		1.600.000	1.722.020	2.375.763	653.743		653.743			-775.763	-122.020
Other Revenue		1.200.000	1.558.195	1.601.263	43.067	43.067				-401.263	-358.195
Interest revenue				101	101				101	-101	0
Total revenue		8.420.000	7.745.598	8.698.753	953.155	55.294	653.743	244.017	101	-278.753	674.402
Expenses	22										
Operating expenses		4.000.000	3.785.200	3.840.495	55.294	55.294				159.505	214.800
Wages, salaries and employee benefits		2.045.000	1.647.799	1.647.799	0					397.201	397.201
Human Resources in kind		1.600.000	1.722.020	1.722.020	0					-122.020	-122.020
Supplies and consumable used		755.000	590.579	1.211.812	621.234		653.743	-32.510		-456.812	164.421
Grant and other transfer payments					0					0	0
Depreciation and amortization expenses				276.526	276.526			276.526		-276.526	0
Impairment of property, plant and equipment					0					0	0
Other expenses		20.000		169	169				169	19.831	20.000
Finance costs					0					0	0
Total expenses		8.420.000	7.745.598	8.698.821	953.224	55.294	653.743	244.017	169	-278.821	674.402
Surplus/(Deficit) for the period		0	0	-68	-68	0	0	0	-69	68	0



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 Organization 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 22 give further details of the income and expenditure budget and actual results.

Before 1st 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 1st 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 3.7*)
- Right of use of the premises (*See note 3.15*)
- Contributions in kind (*See note 3.15*)

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 Organization 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 InforEuro¹ 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, cash at banks and short-term deposits.

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 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. Other financial assets

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate.

3.7. 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.

¹ http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/index_en.cfm



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:

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

(*) Installations shown in the table above refers to the fit-out cost for Organization additional offices allocated in Pedro i Pons (Barcelona) as established in the Work Programme 2017. Offices have been rent for a period of five years and the fitting out works as per the rent contract provisions were performed by the landlord during the first year of the contract. The following factor has been considered in determining the useful life of this asset according to the IPSAS 17. 72 (d) *Legal or similar limits on the use of the asset, such as the expiry dates of related leases*". Thus, depreciation of installations has been calculated and spread over the useful life, 4 years.

Tangible assets held by the Organization are non-cash generation assets. Non-cash generation assets are assets other than are held with the primary objective of generating a commercial return.

Items of property, plant and equipment or any significant part of an asset are derecognized at time of their disposal, or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit when the asset is derecognized.

The threshold established by the Organization to consider an item 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 €.

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.

For non-cash-generating assets, if there is any indication, or when annual impairment tests are required



for an asset, the recoverable service amount of the asset is estimated. The recoverable amount of an asset is the greater of the fair value of the asset that does not generate cash less costs to sell and its value in use.

Where the carrying amount of an asset exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable service amount.

In evaluating value in use, the depreciation replacement cost approach is chosen, as it has determined that this is appropriate due to the nature of the assets. Under this approach, the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

In determining fair value less costs to sell, the price of the assets in a binding arrangement in an arm's-length transaction, adjusted for incremental costs that would be directly attributed to the disposal of the asset is used. If there is no binding agreement, but the asset is traded on an active market, fair value less cost to sell is the asset's market price less cost of disposal. If there is no binding sale agreement or active market for an asset, the group determines fair value less cost to sell on the basis of the best available information.

Depreciation and impairment reviews are undertaken for all assets at least annually. At the end of the year, there were no indications of impairment of assets.

3.8. 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 item² 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 €.

Tangible assets held by the Organization are non-cash generation assets.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the surplus or deficit

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



when the asset is derecognized.

3.9. Leases

Finance leases are leases that transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The lessee also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the group will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the lease term and the estimated useful life of the asset.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the group. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

3.10. 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.

3.11. 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.

3.12. 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.

3.13. 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). Revenue from Member States contributions is recognised up to the amount expensed in the period. As per Statutes, provision IX.4, any funds remaining uncommitted at the end of each financial year is carried over to the budget for the following year.
- 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.

3.14. 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.

Dedicated contributions are the amounts recorded by the organization associated with increases in economic resources related to its operating activities. The amount of revenue is determined by agreement between the entity and donor. The revenue is recognized, at a fair value, matching revenues with expenditures in the period in which those expenditures are incurred for all its funds. Contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred.

In case a pre-financing is received, the amount of the pre-financing is reduced (wholly or partially) by the acceptance of eligible costs and amounts returned.

3.15. 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.

3.16. 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 at the fair value, 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 at the fair value 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.

3.17. Statement of cash-flow

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

3.18. 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 1st to December 31st.

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 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 2019)
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:

	2019	2018
Cash on hand and balances with banks	6.781.063	3.816.287
Short-term deposit		83.000
	6.781.063	3.899.287



Short term deposit contracted during 2018, has been cancelled at its final maturity in 2019.

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 31st December of 2019, the amount shown in the Statement of financial performance is detailed as follows:

	2019	2018
Current contributions receivable		
European Commission	1.352.799	1.517.791
Member States		
Other donors	34.155	
Other receivable		
Total current contributions receivable	1.386.954	1.517.791

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 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.

	2019	2018
Prepayments	33.414	33.259
Deposits with suppliers		
Value-added tax receivables	28.895	53.872
Staff advances		
Other receivables		
Total other current assets	62.309	87.131

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 2019-2018 are as follows:

Assets	2019			2018		
	Initial Value	Accumulated depreciation	Net Value	Initial Value	Accumulated depreciation	Net Value
Vehicles and transport	110.262	64.813	45.449	110.262	53.787	56.475
Furniture	565.681	375.612	190.069	563.515	319.135	244.380
Office equipment	104.463	49.665	54.799	103.558	39.236	64.322
Communications and electronic equipment	47.958	17.486	30.473	45.096	9.658	35.438
IT equipment	276.899	209.439	67.460	269.331	168.717	100.614
Other equipment	26.748	18.656	8.092	22.738	14.401	8.337
Installations	139.524	34.281	105.243	137.124	0	137.124
	1.271.535	769.952	501.583	1.251.624	604.934	646.690

Additions, disposals of infrastructure, plant and equipment for 2018-2019 are as follows:

(net value)	Vehicles and transport	Furniture	Office equipment	Communication equipment	IT equipment	Other equipment	Installations	Total
31st December 2017	20.170	258.754	62.663	12.971	145.804	10.364	0	510.727
Asset reclassification								0
Additions	43.028	38.374	11.902	26.114	363	2.279	137.124	259.184
Disposals					-2.208			-2.208
Revaluation adjustments								0
Write-off	-6.723	-52.748	-10.243	-3.647	-43.346	-4.306		-121.013
(net value)	Vehicles and transport	Furniture	Office equipment	Communication equipment	IT equipment	Other equipment	Installations	Total
31st December 2018	56.475	244.380	64.322	35.438	100.613	8.337	137.124	646.689
Asset reclassification								0
Additions		2.167	905	2.862	7.568	4.010	2.400	19.911
Disposals								0
Revaluation adjustments								0
Write-off	-11.026	-56.478	-10.429	-7.828	-40.721	-4.255	-34.281	-165.018
31st December 2019	45.449	190.069	54.798	30.472	67.460	8.092	105.243	501.583

During 2018, the UfM has acquired furniture and installations to equip new premises. The additions are shown at the end of 2018 and the amortization period starts in 2019 to reflect the real use of the goods.

NOTE 9. INTANGIBLE ASSETS

Details of intangible assets for 2019-2018 are as follows:

Intangible Assets	2019			2018		
	Initial Value	Accumulated depreciation	Net Value	Initial Value	Accumulated depreciation	Net Value
Software and Licences	438.810	424.794	14.016	426.211	313.285	112.926
	438.810	424.794	14.016	426.211	313.285	112.926



Additions, disposals of intangible assets for 2018-2019 are as follows:

31st December 2017	179.456	179.456
Asset reclassification		
Additions	36.699	36.699
Disposals		
Revaluation adjustments		
Write-off	-103.229	-103.229
31st December 2018	112.926	112.926
Asset reclassification		
Additions	12.598	12.598
Disposals		
Revaluation adjustments		
Write-off	-111.508	-111.508
31st December 2019	14.016	14.016

NOTE 10. OTHER FINANCIAL ASSETS

UfM has deposit a guarantee of 70.985€, corresponding to the lease agreement for new offices.

NOTE 11. BORROWINGS

UfMS has no borrowing to report

NOTE 12. PAYABLES

	2019	2018
Accounts payable		
Suppliers	826.264	1.326.021
Reimbursement	28.081	33.015
Repayment of Grants		
Payables, Beneficiaries of Grants		35.933
Other payables	125.644	141.934
Total accounts payable	979.989	1.536.903
Accruals		
Suppliers	62.214	93.130
Other payables		625.536
Total accruals	62.214	718.666
Total accounts payable and accruals	1.042.203	2.255.569

NOTE 13. CONTRIBUTIONS IN ADVANCE AND DEFERRED REVENUE

	2019	2018
Contributions received in advance and Deferred Contributions		
European Commission pre-financing	2.520.000	
Member states contribution in advance	42.250	
Projects Contribution received in advance	66.933	
Other contribution received in advance	2.084.737	2.111.153
Member states contribution (deferred)	1.996.117	1.066.804
Deferred contributions for projects	369.286	73.743
Other deferred contributions	163.846	51.735
	7.243.169	3.303.435



NOTE 14. PROVISIONS FOR LIABILITIES AND CHARGES

UfMS has no provisions to report

NOTE 15. COMMITMENTS AND CONTINGENCIES

Capital commitments

UfMS has no capital commitments to report

Operating leases

Future minimum lease payments under operating leases for the following periods are:

<i>Land and buildings</i>	<i>2019</i>	<i>2018</i>
Due within one year	137.783	139.049
Due within two to five years	332.976	470.759
Later than five years	0	0
Total	470.759	609.807

Minimum lease payments recognized as an expense during the period amount to 139.049 € (2018: 89.408 €). Leased premises are contracted for the remaining period up to May 2023, with renewal options available for five years. The lease payments increase by an amount equal to the ruling inflation rate on the anniversary date of the contract.

Contingencies

UfMS has no contingencies to report

NOTE 16. 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:

<i>CAPITAL GRANT</i>	<i>EC & MS</i>	<i>Other (Generalitat)</i>	<i>Total</i>
31st December 2017	634.118	56.065	690.183
Additions	295.882		295.882
Capital grant transfer to result	-207.760	-18.690	-226.450
31st December 2018	722.240	37.375	759.615
Additions	32.509		32.509
Capital grant transfer to result	-257.821	-18.705	-276.526
31st December 2019	496.928	18.670	515.598



The result of the year has been a deficit of 68€. Accumulated surpluses from previous period are shown in the following table:

Accumulated surplus and deficit

31st December 2017	8.215
<i>Surplus of the period</i>	<i>7.791</i>
31st December 2018	16.006
<i>Deficit of the period</i>	<i>-68</i>
31st December 2019	15.938

NOTE 17. REVENUE

	2019	2018
Contributions		
<i>Member State Contributions</i>	576.329	1.164.828
<i>European Commission Contribution (EASME)</i>	12.227	104.844
<i>European Commission Contribution (ENI)</i>	3.856.544	3.892.349
	4.445.100	5.162.021
Capital grant transfer to results		
<i>Capital grant European Commission and Member States</i>	257.821	207.760
<i>Capital Grant Generalitat</i>	18.705	18.690
	276.526	226.450
Services in kind		
<i>Human Resources - in kind</i>	1.722.020	1.428.685
<i>Rent office - in kind</i>	653.743	634.812
<i>Technical assistance - in kind</i>		
	2.375.763	2.063.497
Other Revenue (dedicated contributions & Others)		
<i>Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)</i>	310.401	
<i>Swedish International Development Cooperation Agency</i>	1.290.862	1.329.187
<i>Norwegian contribution - Administrative/indirect costs</i>		7.973
<i>EC Interests for late payment</i>		
<i>Others</i>		1.370
	1.601.263	1.338.530
Interest Revenue		
<i>Interest Bank accounts</i>	101	
<i>Interest European Commission bank accounts</i>		
	101	
	8.698.753	8.790.498



NOTE 18. EXPENSES

	2019	2018
Wages, salaries and employee benefits		
Personnel expenses	2.588.601	3.023.363
Contributions in kind	1.722.020	1.428.685
	4.310.621	4.452.048
Operating expenses		
Horizontal Activities	647.290	559.378
Business Development	344.989	214.661
Transport and Urban development	264.514	277.212
Energy & Climate Change	314.525	394.027
Water & Environment (*)	798.440	828.541
Higher Education and Research	182.472	181.233
Social & Civil Affairs	347.462	476.041
	2.899.692	2.931.092
Supplies and consumable used		
Leases and royalties	792.792	731.885
Repairs and maintenance	185.711	146.184
Consultancy services	51.600	80.767
Transport	1.655	5.806
Insurance	3.620	6.716
Banking and similar services	1.179	1.023
Advertising, publicity and public relations		
Utilities	145.055	166.234
Other services	30.370	34.501
	1.211.982	1.173.116
Depreciation		
Depreciation intangible assets	111.508	103.229
Depreciation tangible assets	165.018	123.221
	276.526	226.450
	8.698.821	8.782.707

(*) Including services as per EASME agreement

The accrued professional fees corresponding to the year ended as December 2019 for the auditors of UfM, for the audit of Financial Statements has amounted to 7.865€.

NOTE 19. DEDICATED CONTRIBUTIONS (FUNDS RECEIVED & SUB-GRANTING)

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

- Activities under the Cooperation Agreement No 10402 between UfM and Swedish International Development Cooperation Agency. The purpose of the Programme is to support UfMS core activities targeted to Mena Countries in 3 priority areas:
 - 1) Women Empowerment and gender equality,
 - 2) Water, Environment and Blue Economy, and
 - 3) Energy and Climate Change.



- Activities under the Framework Implementation Agreement (12/2008-12/2021) between UfM and Deutsche Gesellschaft Internationale Zusammenarbeit (GIZ). The overall objective of the Framework Agreement for the period December 2018 to December 2021 is to strengthen the exchange between the private sector, civil society and government actors within the UfM in the areas of employment and trade. In the framework of the agreement, the contributions were established thorough specific grant/financing agreement per action during the reporting period: provision of experts, supply of material and equipment, operating and administrative costs, and other contributions such as technical advice and financial contributions through financing agreements.
- Activities under the Grant Agreement No/Ref 881619 between UfM and Executive Agency for Small and Medium-sized Enterprises (EASME) for the period from 1st November 2019 to 31st October 2022. Specific funds for designated activities for "Promoting the Blue Economy in the Mediterranean Sea Basin" were included in the Grant Agreement with DG EASME. A financial agreement with GIZ is related to these activities on Blue economy and will be part of the co-financing of the EASME Grant. The objective of the action is to contribute to the further implementation of the UfM Ministerial Declaration on the Blue Economy and to support the work of three components of the Blue Economy Forum and notably, the Blue Economy Working Group, the Stakeholder Conference/Event and the Mediterranean Blue Economy Stakeholder Platform.

Dedicated contributions	2019
Swedish International Development Cooperation Agency	1.290.861
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	310.401
European Commission-EASME	12.227
Total Dedicated contributions	1.613.489

- Activities under the Cooperation Agreement No/Ref NAF-18/0002 between UfM and Norwegian Ministry of Foreign Affairs. On December 2019, a cooperation with MFA of Norway were engaged for a period of 1 year. This agreement provides through the Secretariat grants to UfM-labelled projects in agreed priority areas. The maximum amount foreseen is €600.000 to finance projects targeting the employability of youth and women in North Africa. The pre-financing received in 2019 amounts to 295.543 €.

Specific reporting for each dedicated contribution is submitted to each donor and subject to audit in accordance with the provisions of the agreement with the donor.

NOTE 20. FINANCIAL REVENUES AND EXPENSES

Interest Revenue	2019	2018
Bank account interest (EC dedicated bank account)		
Other bank accounts interests	101	
	101	0



NOTE 21. 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 22. COMPARISON BETWEEN APPROVED BUDGET AND ACTUAL AMOUNTS

The UfM Secretariat's 2019 original budget was approved by the Senior Officials' Meeting on 3rd October 2018, and the Grant Agreement with the European Commission was signed on 17th December 2018. 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	2019 Contributions in Human Resources (seconded staff costs)	2019 (in real figures "in cash")	2018 Contributions in Human Resources (seconded staff costs)	2018 (in real figures "in cash")
Algeria	27.900	20.000		20.000
Bulgaria		10.000		10.000
Croatia		10.000		10.000
Cyprus	171.900	5.000	171.629	5.000
Egypt	134.604		108.163	
France	427.174	400.000	330.114	400.000
Germany		400.000		400.000
Greece				50.000
Hungary		40.000		40.000
Ireland		25.000		25.000
Israel		50.000		
Italy	103.555	55.000	45.000	30.000
Luxemburg		30.000		40.000
Malta	122.728		111.629	
Monaco		30.000		30.000
Morocco	158.822		76.331	70.000
Portugal	307.108	20.000	358.282	20.000
Slovakia		10.000		10.000
Spain	103.850	345.000	111.840	350.000
The Czech Republic		3.899		15.430
The Netherlands		100.000		100.000
Tunisia	70.600			
Turkey	93.779		85.346	20.000
	1.722.020	1.553.899	1.398.333	1.645.430
Contributions in kind		1.722.020		1.398.333
Total Member States Contributions		3.275.919		3.043.763



Other contributions informed in the Budget of 2019 have been (other revenue as per FFSS):

- Swedish International Development Cooperation Agency
- *Deutsche Gesellschaft Internationale Zusammenarbeit (GIZ)*

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 2018 = 32.510 (See note 8 and note 9)
- Amortization for the period = 276.526 (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 No: No: 881619 Promoting the Blue Economy in the Mediterranean Sea Basin (EASME grant) and other minor costs not linked with the European Commission Grant Agreement.

	Actual Budget 2019	Actual FFSS 2019	Accounting Basis	Entity Basis			Difference Actual FFSS and Actual Budget
			Assets	EASME grant agreement	Services in kind (Rent office)	Others	
Revenue							
European Commission Contribution	3.872.799	3.868.771	-16.255	12.227			-4.028
Member States contribution	592.583	576.329	-16.255				-16.255
Capital Grant transfer to result		276.526	276.526				276.526
Services in-kind	1.722.020	2.375.763			653.743		653.743
Other Revenue	1.558.195	1.601.263		43.067			43.067
Interest revenue		101				101	101
Total revenue	7.745.598	8.698.753	244.017	55.294	653.743	101	953.155
Expenses							
Operating expenses	3.785.200	3.840.495	3.840.495	55.294			55.294
Wages, salaries and employee benefits	1.647.799	1.647.799	1.647.799				0
Human Resources in kind	1.722.020	1.722.020	1.722.020				0
Supplies and consumable used	590.579	1.211.812	1.211.812		653.743		621.234
Grant and other transfer payments							0
Depreciation and amortization expenses		276.526	276.526				276.526
Impairment of property, plant and equipment							0
Other expenses		169	169			169	169
Finance costs							0
Total expenses	7.745.598	8.698.821	8.698.821	55.294	653.743	169	953.224
Surplus/(Deficit) for the period	0	-68	-8.454.805	0	0	-69	-68

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	2019 Budget	2019 Expenditure
Activities-Operational Expenditure	4.000.000	3.785.200
Human Resources	3.645.000	3.369.819
General Administration	755.000	590.579
Contingency Reserve	20.000	0
GRAND TOTAL	8.420.000	7.745.598

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	2019 Budget	2019 Expenditure
1	Activities-Operational Expenditure		
1.1	Technical Support for projects and activities	2.022.800	1.646.664
1.2	Platforms, regional experts groups meetings & conferences	1.212.200	1.398.821
1.3	Follow-up and monitoring for projects and activities	365.000	387.618
1.4	Outreach & visibility for projects and Activities	400.000	352.098
	Subtotal Activities-Operational Expenditure	4.000.000	3.785.200

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

Line	Item	2019 Budget	2019 Expenditure
2	Human Resources		
2.1	Executive direction and management	949.000	1.070.340
2.2	Advisors and seconded experts	920.130	885.432
2.4	Technical and administrative staff	1.375.988	1.095.458
2.5	Employer Social Security	399.882	318.589
	Subtotal Human Resources	3.645.000	3.369.819

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	2019 Budget	2019 Expenditure
3	General Administration		
3.1	Leases	134.400	139.049
3.2	Office Services and Maintenance	147.000	185.711
3.3	Consultancy Services	99.000	51.600
3.4	Transport	4.500	1.655
3.5	Insurances	11.000	3.620
3.6	Utilities	203.500	145.055
3.7	Banking and similar services	1.000	1.179
3.8	Other Services	45.400	30.201
3.9	Furniture, Equipment and others	109.200	32.510
	Subtotal General Administration	755.000	590.579



NOTE 23. 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 2019 and 2018, 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€ and 90.500€, respectively. The amounts informed by the countries regarding to the salaries paid to the Deputy Secretaries General is 647.198€ for 2019 and 556.769€ for 2018.

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 24. 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.

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. After the announcement of WHO on 11th March 2020 considering the COVID-19 as a pandemic, in many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

The UfMS has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Organization for future periods.

However, the organization have been working to minimize the impact of the outbreak taking the proper measures in order to downsize the effects in the operational activities. As per the current estimations and the cash-flow position, there is no significant doubt the entity's ability to continue as a going concern.