

CORRIGENDA

Corrigendum to the financial statements of the European Coal and Steel Community at 31 December 2000

(Official Journal of the European Communities C 185 of 30 June 2001)

(2001/C 363/19)

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'REPORT OF THE EUROPEAN COURT OF AUDITORS**on the financial statements of the European Coal and Steel Community at 31 December 2000**

1. This report concerns the reliability of the accounts drawn up by the Commission in accordance with Article 45c of the Treaty establishing the European Coal and Steel Community.
2. The Court has audited the accounts and financial statements of the European Coal and Steel Community at 31 December 2000 in accordance with generally accepted auditing standards and carried out such checks as it considered necessary. By means of this audit the Court has obtained a reasonable basis for the opinion expressed below.
3. Without wishing in any way to undermine the unqualified opinion expressed below, the Court draws attention to the fact that, in 2000, the Commission changed the method it uses for entering commitments received and given for currency-swap transactions in the accounts. As a result of this, the balance between commitments received and given for this type of transaction is no longer included in the balance sheet, whereas previously it was. The data for 1999 have been restated in order to make them comparable.
4. In the Court's opinion, the attached financial statements (balance sheet at 31 December 2000, profit-and-loss account, statement of the allocation of the surplus for the financial year then ended and notes to the financial statements), which have been drawn up in accordance with generally accepted accounting principles, give a true and fair view of the assets and financial situation of the European Coal and Steel Community at 31 December 2000 and of the results of its operations for the year then ended.

Luxembourg, 8 June 2001

Jan O. KARLSSON

President of the Court of Auditors

Vítor CALDEIRA

Member of the Court of Auditors'

**FINANCIAL STATEMENTS OF THE EUROPEAN COAL AND STEEL COMMUNITY AT
31 DECEMBER 2000**

(2001/C 185/02)

The ECSC's balance sheet, profit-and-loss account and statement of the allocation of profit for the year ending 31 December 2000 were submitted to the Commission for approval under written procedure No E/306/2001 of 20 June 2001 and are shown in this financial report as approved by the Commission.

ECSC financial statements at 31 December 2000

(Amounts in euro)

— Before allocation of surplus —

ASSETS

	31 December 2000	31 December 1999
Balances with central banks (Note C.1)	84 650	95 385
Loans and advances		
— repayable on demand	8 331 435	4 975 072
— with agreed maturity dates or periods of notice (Note C.2.1)	25 381 261	71 316 975
— loans (Note C.2.2)	611 297 253	931 643 446
Total	<u>645 009 949</u>	<u>1 007 935 493</u>
Loans and advances to customers (Note C.3)		
— loans	1 459 488 702	1 541 269 262
— levy	61 041	63 217
— fines	38 950 716	37 195 283
— interest subsidies repayable	3 304 216	4 539 978
Total	<u>1 501 804 675</u>	<u>1 583 067 740</u>
Bonds and other fixed-income securities (Note C.4)		
— issued by public bodies	973 765 678	1 214 680 318
— issued by other borrowers	705 940 156	503 230 250
Shares and other variable-income securities (Note C.5)	44 040 538	50 318 525
Total	<u>1 723 746 372</u>	<u>1 768 229 093</u>
Land and buildings (Note C.6)	0	710 287
Other assets (Note C.7)	5 170 347	9 025 480
Prepayments and accrued income (Note C.8)	96 173 610	106 529 763
TOTAL ASSETS	<u>3 971 989 603</u>	<u>4 475 593 241</u>
Off-balance-sheet commitments (Note C.23)	430 881 628	427 969 333

— Before allocation of surplus —

LIABILITIES

	31 December 2000	31 December 1999
LIABILITIES VIS-À-VIS THIRD PARTIES		
Amounts owed to credit institutions (Note C.9)		
— repayable on demand	352 822	0
— with agreed maturity dates or periods of notice	981 277 746	1 408 815 543
Total	981 630 568	1 408 815 543
Debts evidenced by certificates (Note C.10)	1 062 076 396	1 027 547 730
Other liabilities (Note C.11)	7 494 034	23 630 708
Accruals and deferred income (Note C.12)	91 947 305	89 402 188
Total liabilities vis-à-vis third parties	2 143 148 303	2 549 396 169
ECSC OPERATING BUDGET (Note C.13)	835 516 282	949 154 370
PROVISIONS FOR LIABILITIES AND CHARGES		
Guarantee Fund (Note C.14.1)	565 000 000	553 000 000
Provisions for major exposures (Note C.14.2)	17 000 000	18 000 000
Other provisions (Note C.14.3)	158 663 347	155 196 643
Total provisions	740 663 347	726 196 643
RESERVES AND SURPLUS (Note C.15)		
Special Reserve	176 055 284	176 055 284
Former Pension Fund	74 577 321	72 959 662
Surplus brought forward	213 454	666 841
Surplus for the financial year (Note C.16)	1 815 612	1 164 272
Total reserves and surplus	252 661 671	250 846 059
TOTAL LIABILITIES	3 971 989 603	4 475 593 241
Off-balance-sheet commitments (Note C.23)	426 626 265	415 913 293

Profit-and-loss account for the year ending 31 December 2000

(Amounts in euro)

CHARGES

	Financial year 2000	Financial year 1999
Interest payable and similar charges (Note C.17)	170 536 669	179 314 809
Commission paid	439 219	439 353
Net losses on financial operations		
— exchange difference (Note B.2)	862 006	1 429 678
— losses on bonds and other fixed-income securities	6 703 555	3 940 390
— value adjustments for bonds and other fixed-income securities (Note C.4)	2 960 265	36 720 808
— value adjustments for shares and other variable-income securities (Note C.5)	13 920 110	0
Total	<u>24 445 936</u>	<u>42 090 876</u>
Administrative overheads (Note C.18)	5 000 000	5 000 000
Value adjustments for land and buildings (Note C.6)	166 180	328 378
Other operating charges (Note C.19)	315 884	308 312
Value adjustments for loans and advances and provisions for liabilities and commitments:		
— value adjustment for loans and advances	12 590 342	13 479 465
— allocation to the Guarantee Fund (Note C.14.1)	12 000 000	23 000 000
— allocation to other provisions for liabilities and charges (Notes C.13 and C.14.3)	17 134 135	2 874 287
Total	<u>41 724 477</u>	<u>39 353 752</u>
Extraordinary charges	270 668	2 984 370
Legal commitments for the financial year (Note C.13)	129 942 347	145 553 799
Allocation to the provisions for financing the ECSC operating budget (Note C.13)	0	34 000 000
TOTAL CHARGES	<u>372 841 380</u>	<u>449 373 649</u>
Surplus for the financial year (Note C.16)	1 815 612	1 164 272
TOTAL	<u>374 656 992</u>	<u>450 537 921</u>

INCOME

	Financial year 2000	Financial year 1999
Interest receivable and similar income (Note C.20) (including interest on fixed-income securities: 73 696 657 in 2000 and 64 332 666 in 1999)	248 795 316	254 449 772
Commissions received	93 400	0
Net profit on financial operations		
— profit on bonds and other fixed-income securities	2 158 217	17 405 532
— withdrawal of value adjustments for bonds and other fixed-income securities	16 334 306	0
— withdrawal of value adjustments for shares and other variable-income securities (Note C.5)	7 951 984	7 483 752
Total	26 444 507	24 889 284
Withdrawals of value adjustments for loans and advances and from the provisions for liabilities and commitments:		
— withdrawal of value adjustments for loans and advances	13 155 711	13 760 280
— withdrawal from the provision for major exposures (Note C.14.2)	1 000 000	5 000 000
— withdrawal from the provision for budgetary contingencies (Note C.14.3)	0	21 000 000
— withdrawal from other provisions for liabilities and charges (Note C.14.3)	0	26 131 467
Total	14 155 711	65 891 747
Other operating income (Note C.21)	2 122 461	455 630
Extraordinary income	2 427 191	14 166
Income relating to the ECSC operating budget (Note C.22)	74 618 406	104 837 322
Withdrawal from the provision for financing the ECSC operating budget	6 000 000	0
TOTAL INCOME	374 656 992	450 537 921

Allocation of the surplus for the year ending 31 December 2000

(Amounts in euro)

	Financial year 2000	Financial year 1999
Surplus brought forward at 1 January	213 454	666 841
Surplus for the year to be allocated	1 815 612	1 164 272
Total	2 029 066	1 831 113
Allocation to the former Pension Fund (Note C.15)	0	1 617 659
Surplus brought forward at 31 December	2 029 066	213 454

NOTES RELATING TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2000

(Amounts in euro)

A. THE ECSC

The European Coal and Steel Community (ECSC) was established by the Treaty of 18 April 1951. According to the Treaty, the task of the ECSC is to contribute to the economic expansion of the Member States through the establishment of a common market for coal and steel. Since the ECSC Treaty is due to expire on 23 July 2002, the rate of the ECSC levy was reduced to zero in 1998 (Commission Decision of 23 December 1997), and the ECSC's lending activity has been virtually discontinued since July 1997 (Commission Decision of 22 June 1994). Thus most of the ECSC's funds now come from the net balance obtained in the management of the various reserves and provisions.

All ECSC assets and liabilities will be transferred to the European Community after 23 July 2002. The net value will be regarded as funds (referred to as the assets of the 'ECSC in liquidation') intended for research in the sectors connected with the coal and steel industry.

B. ACCOUNTING PRINCIPLES AND METHODS

1. Presentation of the financial statements

The financial statements are drawn up in accordance with generally recognised accounting principles.

The accounting principles and evaluation methods used for the items in the financial statements take account of the constraints imposed on and resolutions applicable to the ECSC under the Treaties and other ECSC-related decisions adopted by the institutions of the European Communities.

The accounting methods used also take account of the fact that the ECSC will not operate after 23 July 2002, when the ECSC Treaty expires.

They are presented in accordance with Council Directives 78/660/EEC and 86/635/EEC ⁽¹⁾ on the annual accounts and consolidated accounts of banks and other financial institutions wherever these are applicable and subject to the abovementioned necessary adjustments.

2. Conversion of foreign currency

The currency used by the ECSC for its annual accounts is the euro (EUR).

All foreign currency transactions carried out by the ECSC are converted into euro at the monthly rate communicated by the European Central Bank.

⁽¹⁾ OJ L 222, 14.8.1978 and OJ L 372, 31.12.1986.

The value of non-financial assets/liabilities is converted into euro at the monthly rate applicable on the date on which they were acquired or on which their value was last adjusted.

On the balance sheet date, financial assets/liabilities are converted into euro at the monthly rate applicable on that date. Negative differences are entered under 'charges' in the profit-and-loss account, while positive differences are deferred and entered under 'accruals and deferred income' on the liabilities side.

2.1. Conversion rates

The following rates have been used for converting year-end balance-sheet amounts expressed in national currency into euro:

Euro zone			
Belgian and Luxembourg francs		40,3399	
German mark		1,95583	
French franc		6,55957	
Finnish markka		5,94573	
Dutch guilder		2,20371	
Irish pound		0,787564	
Italian lira		1936,27	
Austrian schilling		13,76030	
Spanish peseta		166,386	
Non-euro zone		31 December	
		2000	1999
Danish krone		7,46310	7,44330
Swedish krone		8,83130	8,56250
Greek drachma		340,750	330,300
Pound sterling		0,624100	0,621700
Swiss franc		1,5232	1,60510
United States dollar		0,93050	1,00460
Japanese yen		106,92	102,730

2.2. At 31 December 2000, the various currencies listed above, together with the euro, made up the ECSC's balance sheet as follows:

<i>(euro)</i>		
Currency	Assets	Liabilities
Euro	1 650 343 022	1 796 054 968
Belgian franc	69 192 651	26 208 740
German mark	364 261 435	407 062 393
Portuguese escudo	151 882 376	136 507 645
French franc	471 465 894	453 751 385
Finnish markka	682 910	0
Dutch guilder	2 331 523	1 038 635
Irish pound	403 488	0
Luxembourg franc	117 079 036	115 868 453
Italian lira	169 856 195	106 701 393
Austrian schilling	7 998 709	3 702 982
Spanish peseta	33 017 931	30 475 906
Sub-total	3 038 515 170	3 077 372 500
Danish krone	735 979	0
Greek drachma	1 235 840	0
Swedish krone	298 417	0
Pound sterling	633 165 746	594 608 120
Swiss franc	411 929	413 535
United States dollar	297 097 329	194 347 999
Japanese yen	529 193	105 247 449
Total	3 971 989 603	3 971 989 603

3. Treasury investment and valuation of bonds and other securities

The ECSC's internal prudential rules stipulate that portfolio investments are to be confined to securities issued by first-ranking entities. However in 1998, under an agreement to restructure the debt of a defaulting debtor, the ECSC exceptionally acquired shares and other variable-income securities from a private-sector company.

Bonds and other fixed-income securities and shares and other variable-income securities are valued at the average purchase price or the market value obtaining at the end of the financial year, whichever is the lower.

This principle is not applied in the case of securities considered as financial fixed assets, which are valued at the average purchase price or the redemption value, whichever is the lower.

4. ECSC operating budget

Part of the ECSC's funds are made available to the ECSC operating budget, which is adopted annually by the Commission after informing the Council and consulting the European Parliament.

The commitments entered into by the operating budget vis-à-vis third parties and the provisions for financing the operating budget are shown under the heading 'ECSC operating budget' (see Note C.13).

5. Fines and interest subsidies

Fines and interest subsidies whose repayment has been requested are not regarded as ECSC resources until they have actually been paid. Fines imposed but not yet paid and interest subsidies whose repayment has been requested are therefore allocated to provisions (see Note C.14.3.a).

6. Presentation of comparative figures for 1999

Following a change in the presentation of the 2000 financial statements, the 1999 figures have been reprocessed to make them comparable.

C. EXPLANATORY NOTES TO THE HEADINGS IN THE BALANCE SHEET AND THE PROFIT-AND-LOSS ACCOUNTS

1. Balances with central banks

This item represents the ECSC's balances with central banks of certain Member States.

2. Loans and advances to credit institutions

2.1. With agreed maturity dates or periods of notice

The breakdown of the remaining time to maturity of these operations is as follows:

	(euro)	
	31 December	
	2000	1999
Up to three months	25 381 261	60 700 922
Three months to one year	—	10 616 053
Total	25 381 261	71 316 975

2.2. Loans

The breakdown of the remaining time to maturity of these operations is as follows:

	(euro)	
	31 December	
	2000	1999
Up to three months	40 095 286	60 655 213
Three months to one year	215 609 298	250 263 601
One to five years	284 383 600	538 569 222
Over five years	71 209 069	82 155 410
Total	611 297 253	931 643 446

3. Loans and advances to customers

3.1. Loans

The loans granted to credit institutions are shown under 'Loans and advances to credit institutions' (see Note C.2).

The other loans break down as follows:

	31 December	
	2000	1999
<i>(euro)</i>		
1. Loans disbursed from borrowed funds		
— amounts outstanding	1 546 451 118	1 622 783 270
— value adjustments	- 143 192 092	- 143 847 841
Sub-total	1 403 259 026	1 478 935 429
2. Loans from the special reserve for financing subsidised housing		
Interim total	19 509 794	21 862 834
	1 422 768 820	1 500 798 263
The breakdown of these loans by time remaining to maturity at 31 December is as follows:		
	2000	1999
— Up to three months	131 767 190	41 007 561
— Three months to one year	315 397 548	63 949 913
— One to five years	593 899 440	1 015 442 411
— Over five years	524 896 734	524 246 220
3. Loans paid from the former Pension Fund to officials of the European Communities for housing construction	36 087 234	39 218 203
4. Loan repayments overdue and interest on arrears	632 648	1 252 796
Grand total	1 459 488 702	1 541 269 262

NB. Loans are generally guaranteed by Member States, banks or businesses or by mortgages.

3.2. Levy

The 1998, 1999 and 2000 levy rate was 0 %, so the claims at 31 December 2000 therefore relate to previous years.

This item breaks down as follows:

	31 December	
	2000	1999
Gross amount	5 621 065	6 061 793
Value adjustments	- 5 560 024	- 5 998 576
Net amount	61 041	63 217

It includes in particular EUR 5 551 715 subject to legal proceedings (EUR 5 281 288 at 31 December 1999).

3.3. Fines

This item contains the Commission's claims on companies fined in accordance with the rules set out in the Treaty.

After value adjustment it amounts to EUR 38 950 716 (EUR 37 195 283 at 31 December 1999).

This item has two main components.

A fine totalling EUR 104 364 350 that the Commission imposed on steel companies for infringing the rules on competition in the marketing of steel beams (Decision 94/215/ECSC ⁽¹⁾ of 16 February 1994). In its judgement of 11 March 1999, the Court of First Instance reduced the total fines by EUR 24 774 000 to EUR 79 590 350. EUR 50 631 350 had been paid in fines by 31 December 1999. Seven companies have lodged appeals against the judgement of the Court of First Instance.

A fine totalling EUR 27 380 000 was imposed by the Commission (Decision 98/247/ECSC ⁽²⁾ of 21 January 1998) under Article 65 of the Treaty on steel companies for concerted agreement on the formula for calculating the alloy surcharge. Payments totalling EUR 14 740 000 have been received, while two-thirds of the companies affected by the decision have lodged appeals with the Court of First Instance.

3.4. Interest subsidies to be recovered

This item comprises claims on companies in receipt of subsidised loans which the Commission has been obliged to ask to reimburse all or part of the interest subsidy already paid.

4. Bonds and other fixed-income securities

4.1. Composition

Bonds and other fixed-income securities break down as follows:

	Value adjustments on bonds and other fixed-income securities Allocation (withdrawal)	31 December	
		2000	1999
<i>(euro)</i>			
Issued by public bodies:			
Gross value		995 016 008	1 223 352 880
Value adjustments	(10 670 434)	- 21 250 330	- 31 920 764
Net value		973 765 678	1 191 432 116
Own-debt securities:			
Gross value		0	23 359 671
Value adjustments	(111 469)	0	- 111 469
Net value		0	23 248 202
Issued by other borrowers:			
Gross value		710 521 782	510 404 016
Value adjustments	(2 592 140)	- 4 581 626	- 7 173 766
Net value		705 940 156	503 230 250
Total bonds:			
Gross value		1 705 537 790	1 757 116 567
Value adjustments	(13 374 043)	- 25 831 956	- 39 205 999
Net value		1 679 705 834	1 717 910 568

⁽¹⁾ OJ L 116, 6.5.1994.

⁽²⁾ OJ L 100, 1.4.1998.

4.2. Maturities in 2001

Securities in the portfolio reaching final maturity during 2001 represent the following amounts:

	<i>(euro)</i>
— Issued by public bodies	170 282 570
— Issued by other borrowers	177 832 751
Total	348 115 321

4.3. Financial fixed assets (see Note B.3)

Financial fixed assets are defined as securities that will remain in the portfolio until their final maturity. They comprise mainly short- or medium-term paper and own-debt securities repurchased for servicing ECSC borrowings.

At 31 December 2000, financial fixed assets totalled EUR 48 519 675.

The redemption value of these securities is EUR 1 548 471 less than the average acquisition price.

4.4. Return on investment

Treasury investments take account of the maturity dates and liquidity requirements applicable to ECSC financial operations. They are subject to strict criteria with regard to the financial standing of the counterparty.

The return on investment (calculated by the method of the Association of Investment Management and Research) was 4,72 % in 2000.

5. Shares and other variable-income securities

Shares and other variable-income securities break down as follows:

	Value adjustments on shares and other variable-income securities Allocation (withdrawal)	<i>(euro)</i> 31 December	
		2000	1999
Gross amount		98 139 651	98 449 511
Value adjustments	5 968 127	– 54 099 113	– 48 130 986
Net value		44 040 538	50 318 525

These shares and other variable-income securities were received by the ECSC as part of the restructuring plan of a defaulting debtor (see Note B.3).

A part of one of these securities, representing a net value of EUR 8 287 500, was the subject of a loan contract with a credit institution (maturity date 1 July 2004 with call option 1 July 2002).

6. Land and buildings

(euro)

	Date of acquisition	Acquisition price	Net value at 31.12.1999	Operations during the year			Net value at 31.12.2000
				Acquisitions	Net book value of disposals	Value adjustments	
Lisbon building	1986-1993	2 670 796	590 301		459 114	131 187	0
Lease on Milan building	1986	879 882	119 986		84 993	34 993	0
Total			710 287		544 107	166 180	0

The various buildings owned by the ECSC were originally leased to the European Community. The rent paid on such leases provided a return on the funds invested by the ECSC.

Under the terms of the leases, in 1994 and 1995, the Commission repaid the outstanding principal due to the ECSC with a view to transferring ownership officially from the ECSC to the European Community.

The transfer of ownership of the buildings in Lisbon and Milan was completed in 2000.

For the ECSC, this transaction generated a capital gain of EUR 1 987 121, this being the difference between the transfer price (EUR 2 531 228) and the net book value (EUR 544 107) at the date of transfer entered under 'other operating income' in the profit-and-loss account.

7. Other assets

Other assets break down as follows:

(euro)

	31 December	
	2000	1999
— Withholding taxes and VAT to be reclaimed	2 374 098	2 530 182
— Loans to officials	2 763 544	6 467 479
— Miscellaneous	32 705	27 819
Total	5 170 347	9 025 480

8. Prepayments and accrued income

Prepayments and accrued income break down as follows:

(euro)

	31 December	
	2000	1999
— Interest on loans and swaps	74 306 162	76 126 468
— Interest on deposits and securities portfolio	25 819 166	30 998 437
— Issuing costs and redemption premiums	2 750 794	4 743 361
	102 876 122	111 868 266
— Cumulative value adjustments	- 6 702 512	- 5 338 503
Total	96 173 610	106 529 763

9. Amounts owed to credit institutions

The remaining time to maturity on these operations is as follows:

	(euro)	
	31 December	
	2000	1999
Repayable on demand	352 822	0
With agreed maturity dates or periods of notice:		
— Borrowings		
Up to three months	59 539 460	100 388 336
Three months to one year	374 269 101	293 297 086
One to five years	543 151 231	976 419 166
Over five years	4 317 954	38 710 955
Total	981 277 746	1 408 815 543

10. Debts evidenced by certificates

This item comprises loan securities.

EUR 240 430 841 of the borrowings outstanding at 31 December 2000 is due to reach maturity during the 2001 financial year.

11. Other liabilities

Other liabilities break down as follows:

	(euro)	
	31 December	
	2000	1999
Current account, ECSC operating budget	7 431 189	20 542 964
Advance payments for transfer of buildings ⁽¹⁾	0	2 531 228
Other	62 845	556 516
Total	7 494 034	23 630 708

⁽¹⁾ In accordance with the possibility offered under the decision of 11 June 1992, in the course of 1994 and 1995 the Commission had made advance payments in respect of the transfer of the buildings leased to it by the ECSC (Note C.6).

12. Accruals and deferred income

Accruals and deferred income break down as follows:

	(euro)	
	31 December	
	2000	1999
Interest on borrowings and credit lines	76 202 004	79 638 283
Commissions on loans	132 307	146 412
Issuing premiums	3 684 239	4 739 972
Deferred positive exchange differences	11 928 755	4 877 521
Total	91 947 305	89 402 188

13. ECSC operating budget

This item comprises commitments for the operating budget totalling EUR 434 516 282 (EUR 556 154 370 at 31 December 1999) and provisions associated with financing the operating budget totalling EUR 401 000 000 (EUR 393 000 000 at 31 December 1999).

In 2000, commitments for the ECSC operating budget were as follows:

(euro)					
	Amounts at 31.12.1999	New legal commitments	Payments	Cancellations	Amounts at 31.12.2000
Redeployment	151 518 884	30 766 000	37 348 300	14 035 007	130 901 577
Research	194 306 352	80 464 744	88 184 208	1 983 944	184 602 943
Interest subsidies (Article 54)	2 172 448	—	332 579	1 702 324	137 545
Interest subsidies (Article 56)	85 175 105	—	11 191 524	33 467 792	40 515 789
Social measures steel industry	49 858 038	—	14 811 683	15 129 714	19 916 641
Social measures coal industry (Rechar)	73 123 543	18 711 603	28 084 535	5 308 824	58 441 787
Total	556 154 370	129 942 347	179 952 830	71 627 605	434 516 282

The provision for financing future operating budgets and the provision for budgetary contingencies were as follows:

(euro)				
	Amount at 31.12.1999	Allocation	Withdrawal 2000	Amount at 31.12.2000
Provision for financing future operating budgets ⁽¹⁾ :	334 000 000		6 000 000	
— provision for the 2001 operating budget ⁽²⁾				108 000 000
— provision for the 2002 operating budget and provision for the system for priming/smoothing the Coal and Steel Research Fund				220 000 000
Provision for budgetary contingencies ⁽³⁾	59 000 000	14 000 000		73 000 000
Total	393 000 000	14 000 000	6 000 000	401 000 000

⁽¹⁾ This provision was constituted by the budgetary authority when it approved the 1997 ECSC operating budget. It was prompted by the reduction of the levy to 0 % from 1998 and the need to plan for the regular financing of future operational budgets until 2002.

In addition, the mechanism for financing the Coal and Steel Research Fund to be set up after 23 July 2002 provides for a system for priming and smoothing the Fund which will use this provision (Commission Decision of 6 September 2000 (COM(2000) 518 final and 519 final).

⁽²⁾ Commission Decision No 2749/2000 of 13 December 2000.

⁽³⁾ This provision is intended to guarantee the planned ECSC commitments to the resources of the 2001 and 2002 operating budgets.

14. Provision for liabilities and charges

14.1. Guarantee Fund

The Guarantee Fund is intended to cover lending and borrowing operations. After allocation of EUR 12 million, the Guarantee Fund totalled EUR 565 million at 31 December 2000. This reinforcing of the Guarantee Fund is connected with the forthcoming expiry of the ECSC Treaty.

On 11 September 1996 the Commission confirmed its intention of maintaining reserves to cover 100 % of those loans outstanding after 23 July 2002 which are not guaranteed by the government of a Member State. This means that the Guarantee Fund must be gradually increased to approximately EUR 572 million (calculated at the conversion rate applicable on 31 December 2000). At 31 December 2000, this coverage was 98,8 % on condition that there is no default on the loans due to mature before 23 July 2002.

The Guarantee Fund increased as follows:

<i>(euro)</i>		
31.12.1999	Allocation 2000	31.12.2000
553 000 000	12 000 000	565 000 000

14.2. Provision for major exposures

Against the background of the expiry of the ECSC Treaty in 2002 and the gradual reduction in outstanding loans, exposure is becoming increasingly concentrated on a limited number of large loans (these large exposures are defined in accordance with Directive 92/121/EEC of 21 December 1992 on the monitoring and control of large exposures).

The provision for major exposures concerns loans exceeding 25 % of the ECSC's own funds which are not covered by first-rate guarantees.

It is intended to provide cover specifically for this concentration of risk and to enable the ECSC to weather any major default.

The provision, calculated on the basis of outstanding major exposures at 31 December 2000 according to a procedure recommended by a firm of international experts, totals EUR 17 million (EUR 18 million at 31 December 1999).

14.3. Other provisions

This item comprises provisions for fines and interest subsidies repayable totalling EUR 42 272 249 (EUR 41 735 261 at 31 December 1999) and other provisions totalling EUR 116 391 098 (EUR 113 461 382 at 31 December 1999).

(a) Provisions for fines and interest subsidies repayable (Note B.5):

<i>(euro)</i>			
	31 December 1999	Change in 2000 balance sheet	31 December 2000
Provision for fines and surcharges for late payment to be paid	37 195 283	1 755 433	38 950 716
Provision for interest subsidies repayable	4 539 978	- 1 218 445	3 321 533
Total	41 735 261		42 272 249

(b) Other provisions:

	31 December 1999	Operations in 2000			(euro)
		Allocation	Withdrawal	Exchange-rate movement	31 December 2000
Provision for interest-rate risk ⁽¹⁾	53 157 495	484 115	—	- 204 419	53 437 191
Provision for special costs relating to banking activities ⁽²⁾	200 000	—	—	—	200 000
Provision for appeal against Decision 94/215/ECSC ⁽³⁾	51 598 263	2 342 351	—	—	53 940 614
Provision for appeal against Decision 98/247/ECSC ⁽⁴⁾	8 505 624	307 669	—	—	8 813 293
Total	113 461 382	3 134 135	—	- 204 419	116 391 098

⁽¹⁾ Following the default of one borrower, long-term securities issued by the ECSC (i.e. with a maturity date after 2002) are no longer paired with asset items bearing an equivalent interest rate. Under the principle of caution and in view of the expiry of the ECSC Treaty in 2002, a provision has been constituted to fully cover interest-rate risks.

⁽²⁾ This provision was created to cover any legal costs and other unforeseen expenditure. The risk in question is primarily in the legal field because the ECSC has less recourse, for its operations, to national agents who bear all expenditure relating to loan operations.

⁽³⁾ This provision was created from the fines paid under Decision 94/215/ECSC of 16 February 1994 to cover the possible reimbursement of the amounts received should the Court of Justice rule in favour of the companies which have appealed against the judgement of the Court of First Instance of 11 March 1999 (Note C.3.3).

⁽⁴⁾ This provision was created from the fines paid under Decision 98/247/ECSC of 21 January 1998 to cover the possible reimbursement of the amounts received should the Court of First Instance rule in favour of the companies which have appealed against this Decision (Note C.3.3).

15. Reserves

	(euro)				
	Reserves at 31.12.1999 after allocation	Allocation (withdrawal)	Reserves at 31.12.2000 before allocation	Allocation at 31.12.2000	Reserves at 31.12.2000 after allocation
Special reserve	176 055 284	0	176 055 284	0	176 055 284
Former Pension Fund	74 577 321	0	74 577 321	0	74 577 321
Total	250 632 605	0	250 632 605	0	250 632 605

The Special Reserve is used to grant loans from ECSC own funds to finance subsidised housing.

The former Pension Fund originally represented the ECSC's total pension obligations prior to 5 March 1968. Since that date, the Member States have assumed responsibility, via the general budget, for the payment of staff pensions. This fund is used to finance housing loans for officials of the European Communities and has also been used to grant special loans to the coal and steel industries.

16. Analysis of the result for the financial year

Overall ECSC performance is influenced by both the result of non-budgetary operations (lending/borrowing — treasury investment — exchange-rate variations) and the out-turn of the ECSC operating budget.

16.1. *Non-budgetary operations*

Result	31 December	
	2000	1999
Gross operating margin before changes in provisions		
— Lending/borrowing operations	2 179 046	2 065 277
— Interest on bank accounts	2 604 998	6 319 306
— Transactions concerning portfolio securities	78 095 255	50 243 418
— Exchange-rate difference	- 862 006	- 1 429 678
— Miscellaneous	1 691 025	- 2 855 568
Total	83 708 318	54 342 755
Net changes in provisions		
— Provision for liabilities and charges ⁽¹⁾	- 3 134 135	23 257 179
— Provision for major exposures ⁽²⁾	1 000 000	5 000 000
— Value adjustments in respect of loans and advances	565 369	280 815
Result of non-budgetary operations	82 139 552	82 880 749
Amount allocated to financing the operating budget ⁽³⁾	- 54 323 940	- 79 716 477
Result after deducting the net balance allocated to the operating budget	27 815 612	3 164 272

⁽¹⁾ Note C.14.3.b.

⁽²⁾ Note C.14.2.

⁽³⁾ In accordance with the change of accounting method on 31 December 1992, income received during the 1999 financial year has been allocated to financing the 1999 operating budget (net balance as in Note C.16.2).

16.2. *Out-turn of the ECSC operating budget*

	31 December	
	2000	1999
Out-turn of the budget		
Expenditure		
— Administrative expenditure (Note C.18)	5 000 000	5 000 000
— Legal commitments (Note C.11)	129 942 347	145 553 799
— Financing of future operating budgets	0	34 000 000
Total	134 942 347	184 553 799
Revenue (net amounts)		
— Levy (Note C.22)	—	—
— Fines (Note C.22)	—	16 605 836
— Repayment of interest subsidies (Note C.22)	1 955 203	2 557 049
— Miscellaneous (Note C.22)	1 035 599	320 008
— Cancellations of legal commitments (Note C.22)	71 627 605	85 354 429
— Financing of future operating budgets	6 000 000	—
— Net balance for the year (Note C.16.1)	54 323 940	79 716 477
Total	134 942 347	184 553 799
Budget out-turn	0	0

16.3. Result for the financial year

	(euro)	
	31 December	
	2000	1999
Result from non-budgetary operations after deducting the net balance allocated to the operating budget (Note C.16.1)	27 815 612	3 164 272
Out-turn of the budget (Note C.16.2)	0	0
Total	27 815 612	3 164 272
Allocation to/withdrawal from provisions for financing the operating budget/budgetary contingencies (Note C.14.3a)	- 14 000 000	21 000 000
Allocation to the Guarantee Fund (Note C.14.1)	- 12 000 000	- 23 000 000
Result before allocation	1 815 612	1 164 272

17. Interest and similar charges

	(euro)	
	31 December	
	2000	1999
Interest on borrowings and swaps	168 492 330	177 112 390
Bank interest	51 772	44 317
Issuing costs and redemption premiums	1 992 567	2 158 102
Total	170 536 669	179 314 809

18. Administrative overheads

The ECSC paid a lump sum of EUR 5 million to the general budget of the Commission of the European Communities to cover its administrative expenditure.

19. Other operating charges

	(euro)	
	31 December	
	2000	1999
Borrowing costs	128 969	98 417
SWIFT/Reuters charges	158 354	192 031
Other	28 561	17 864
Total	315 884	308 312

20. Interest received and other income

	(euro)	
	31 December	
	2000	1999
Interest on loans and swaps	168 699 495	179 588 983
Payment and redemption premiums	2 072 568	2 208 051
Bank interest	2 696 044	6 637 370
Interest on bonds and other fixed-income securities	73 603 257	64 332 665
Interest on shares and other variable-income securities	1 723 951	1 682 703
Total	248 795 316	254 449 772

21. Other operating income

(euro)

	31 December	
	2000	1999
Lapsed coupons and bonds	5 456	12 681
Other income from lending activities	1 961	—
Miscellaneous	2 115 044	442 949
Total	2 122 461	455 630

22. Income relating to the operating budget

(euro)

	31 December	
	2000	1999
Levy ⁽¹⁾	—	—
Fines ⁽²⁾	—	16 605 836
Miscellaneous	1 035 598	320 008
Cancellation of legal commitments (Note C.13)	71 627 605	85 354 429
Repayment of interest subsidies (Note B.5 and C.3.4) ⁽³⁾	1 955 203	2 557 049
Total	74 618 406	104 837 322

⁽¹⁾ The ECSC is authorised under the Treaty to impose a levy on coal and steel produced by undertakings in the Community. The levy is calculated on the basis of the average values in the Community of the various products concerned. The European Commission decided to set the levy rate for the 1998, 1999 and 2000 financial years at 0 %.

⁽²⁾ This item comprises the revenue from fines imposed by the Commission in accordance with Articles 58 and 65 of the ECSC Treaty, together with surcharges for late payment.

⁽³⁾ This item comprises the revenue from the repayments of interest subsidies which the Commission was obliged to demand.

23. Off-balance-sheet commitments**23.1. Commitments received**

(euro)

	31 December	
	2000	1999
Commitments arising from swaps		
— Notional capital commitments relating to interest-rate swaps	229 991 973	222 436 108
— Capital commitments relating to interest-rate and currency swaps	200 889 655	205 533 225
Total	430 881 628	427 969 333

23.2. Commitments given

(euro)

	31 December	
	2000	1999
(a) Commitments arising from swaps Notional capital commitments relating to interest-rate swaps	229 991 973	222 436 108
(b) Capital commitments relating to interest-rate and currency swaps	196 628 836	193 464 504
(c) Receipts from lapsed coupons and bonds	5 456	12 681
Total	426 626 265	415 913 293

The ECSC has always been keen to meet the commitments it has entered into and therefore has traditionally honoured coupons even after they have lapsed.

24. Changes in the financial situation for the year ending 31 December 2000

	<i>(million euro)</i>	
	2000	1999
Origin of funds		
Balance of profit-and-loss account	1,8	1,2
Items not involving a movement of funds		
— Amortisation of issuing costs and redemption premiums	2,0	2,2
— Value adjustments in respect of financial assets (withdrawals)	- 7,4	29,2
— Value adjustments in respect of tangible assets	0,2	0,3
— Value adjustments in respect of loans and advances, net	0,7	15,7
— Decrease in 'Provision for legal commitments'	- 121,6	- 139,5
— Increase (decrease) in 'Provision for financing the ECSC operating budget'	8,5	- 41,3
— Increase (decrease) in accruals and deferred payments	- 4,5	- 9,4
— Decrease in accruals and deferred income and issuing costs/ redemption premiums	7,0	11,3
— Increase (decrease) in 'Other liabilities'	- 12,1	- 1,8
— Increase in 'Other assets'	7,4	41,3
— Allocation to (withdrawal from) the provisions for liabilities and charges	2,9	- 9,4
— Allocation to (withdrawal from) the provision for major exposures	- 1,0	- 5,0
— Allocation to (withdrawal from) the provision for changes in the euro rate	- 0,7	16,9
— Exchange-rate adjustments in respect of borrowings and loans	- 12,6	20,8
— Allocation to the Guarantee Fund/Special Reserve	12,0	23,0
Total funds	- 117,4	- 44,5
Other resources		
— Proceeds from borrowings	—	—
— Loan repayments	425,4	463,5
— Disposals of buildings	0,5	0,3
— Decreases in bank balances and securities portfolio	94,8	91,8
Total resources	403,3	511,1
Use of funds		
— Loan disbursements/increase in loans and advances	3,8	—
— Redemption of borrowings	399,5	511,1
Total uses	403,3	511,1