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Report

by the Court of Auditors of the European Communities

on the balance sheet and accounts of the ECSC for the financial year
1977

COMMISSION
OF THE
EUROPEAN COMMUNITIES

200 rue de la Loi
1049 BRUSSELS

The President

4 October 1979

SG(79) D/11289

Dear Madam President,

Pursuant to Article 21 (Article 78e) of the Treaty establishing a Single Council and a Single Commission of the European Communities, the Court of Auditors has submitted, in the official languages of the Community, its report on the balance sheet and accounts of the ECSC for the financial year 1977.

I am pleased to forward it to you and would inform you that the necessary copies are available at the Commission's Publications Office in Luxembourg.

Yours sincerely,

(sgd) Roy Jenkins

Madam Simone Veil,
President of the European Parliament,
LUXEMBOURG.

DE EUROPÆISKE FÆLLESSKABER
REVISIONSRETEN

EUROPÄISCHE GEMEINSCHAFTEN
RECHNUNGSHOF

EUROPEAN COMMUNITIES
COURT OF AUDITORS



COMMUNAUTÉS EUROPÉENNES
COUR DES COMPTES

COMUNITÀ EUROPEE
CORTE DEI CONTI

EUROPESE GEMEENSCHAPPEN
REKENKAMER

ECSC

ANNUAL REPORT 1977

(Balance sheet and statement of income and expenditure)

This first report has been prepared by the Court of Auditors pursuant to Article 78 f (5) of the Treaty establishing the European Coal and Steel Community (Article 8 of the Treaty of 22 July 1975 amending certain financial provisions of the treaties establishing the European Communities).

The Court of Auditors thus assumes the same powers as exercised previously by the Auditor to the ECSC and limited by Article 21 of the Treaty of 8 April 1975 establishing a single Council and a single Commission of the European Communities to the non-administrative financial operations of the ECSC.

On 9 November 1978, the Court of Auditors received an amended version of the balance sheet and revenue and expenditure account forwarded on 12 May 1978. The corrections made consequent upon the comments of the Court are mainly due to:

- observance of the annuality of the accounts, by writing back into the accounts for this financial year the transactions which took place prior to 31 December;
- entry in the accounts as accrued charges of all the ECSC financial liabilities at 31 December 1977, even if it had been decided to have part of these charges debited against the financial year 1978;
- the revaluation at the exchange rate of 31 December of the liabilities to be discharged in national currencies;
- some differences in calculation which became apparent during the audit.

The accounts have been reconciled with the ledger and the subsidiary ledgers and the bank balances have been checked against the statements of the accounts drawn up at 31 December 1977.

On completion of these operations the Court of Auditors was able to append at the foot of the balance sheet and the revenue and expenditure accounts, the following certification:

"On the basis of our examination, we certify that these financial statements are in accordance with the books and records of the Commission.

In our opinion the Balance Sheet and the Statement of Income and Expenditure present fairly the financial position of the European Coal and Steel Community at 31 December 1977 and the result of its operations for the year then ended".

**EUROPEAN COAL AND STEEL COMMUNITY BALANCE SHEET
AT 31 DECEMBER 1977**

(All amounts are stated in European units of account)

A European unit of account represents the exchange value of the various currencies at the following rates of conversion: 1 European unit of account (EUA) = DM 2-58058 = Bfrs 40-3535 = Lfrs 40-3535 = Dkr 7-07974 = FF 5-76124 = Fl 2-78938 = Lit 1 067-50 = £ 0-641652 = £ Irl 0-641652 = Sfrs 2-45698 = US \$ 1-22506 = E 0-705077 = Can.\$ 1-34065 = u.a. 0-601596

ASSETS		LIABILITIES	
I. Disbursed loans	4 055 192 910-18	I. A. Borrowings	3 954 503 760-21
II. Cash and bank accounts	307 698 469-52	B. Reimbursement premiums to be paid	1 397 869-49
III. Short and medium-term placements	59 165 404-15	II. Reserves	
IV. Investments	104 022 873-42	A. Guarantee fund	183 000 000—
V. Fixed assets	306 158-88	B. Special fund	134 500 000—
VI. Recoverable issuing costs	62 611 936-42	III. Allocations	
VII. Miscellaneous	156 726 833-78	A. Financial aid	190 166 658-33
VIII. Accrued income	101 513 750-32	B. Other	68 362 414-28
		IV. Former pension fund	39 916 420-57
		V. Miscellaneous	146 355 498-75
		VI. Accrued liabilities	128 950 122-47
		VII. Unallocated balance	85 592-57
	<u>4 847 238 336-67</u>		<u>4 847 238 336-67</u>
Suspense accounts:		Suspense accounts:	
I. Enterprises' liabilities under guarantees	17 922 327-54	I. Liabilities under guarantees	17 922 327-54
II. Due-on debentures	2 035 018-60	II. Debentures to be paid	2 035 018-60

Note of the Court of Auditors

We have examined the accompanying financial statements comprising the Balance Sheet of the European Coal and Steel Community at 31 December 1977 and the Statement of Income and Expenditure for the year ended on that date.

Our examination has been carried out in accordance with the provisions of the Treaty of 22 July 1975, which amended certain financial provisions of the Treaties establishing the European Communities. On the basis of our examination, we certify that these financial statements are in accordance with the books and records of the Commission. In our opinion the Balance Sheet and the Statement of Income and Expenditure present fairly the financial position of the European Coal and Steel Community at 31 December 1977 and the result of its operations for the year then ended.

Luxembourg, 23 November 1978.

M. N. MURPHY
President

P. GAUDY
Member

European Coal and Steel Community

Commission of the European Communities

F.-X. ORTOLI
*Vice-President
of the Commission*

A. NICOLETTI
*Director-General
for Credit and Investments*

Explanatory notes to the balance sheet at 31 December 1977

ASSETS

I — Disbursed loans

A. Loans from borrowed funds

— in US dollars	1 699 222 895·25
— in German marks	867 642 032·57
— in Italian lira	116 495 307·17
— in Belgian francs	108 193 962·01
— in Dutch guilders	90 702 593·40
— in French francs	258 057 362·62
— in Luxembourg francs	168 083 567·24
— in Swiss francs	500 781 202·89
— in £	11 463 145·13
— in u.a.	20 279 390·15
— in Canadian dollars	55 943 012·72
— in pounds sterling	15 662 695·66
	<u>3 912 527 166·81</u>

B. Other loans

— Friuli	2 854 332·54
— From the special reserve for the financing of workers' housing projects	117 953 106·41
— From funds allocated for rehabilitation	275 988·87
— From funds allocated for technical research	2 310 607·45
— Miscellaneous	19 271 708·10
	<u>142 665 743·37</u>
	<u>4 055 192 910·18</u>

IV — Investments

Total investments amount to 104 022 873·42 EUA.

V — Fixed assets

This item includes properties owned by the ECSC. These are:

1. a building in Paris (in co-ownership with the two other European Communities);
2. a building in London held by the Community on long-lease tenure;
3. a building in Washington.

This amounts to 306 158·88 EUA.

VI — Recoverable issuing costs

The amount of 62 611 936·42 EUA represents the portion of issuing costs on current loans which has not yet been written off. These costs are recovered in annual instalments throughout the term of the loans.

VII — Miscellaneous

The total amount of 156 726 833·78 EUA under this item consists of:

1. 12 833 667·25 EUA due from debtors under the levy;
2. 3 481 515·14 EUA from miscellaneous debtors;
3. 140 411 651·39 EUA in funds earmarked for the payment of overdue coupons and drawn bonds.

VIII — Accrued income

This item consists of:

1. 94 614 064·19 EUA in interest and commissions receivable but not yet due on 31 December 1977;
2. 6 899 686·13 EUA in levy claimed over the month of December, and falling due after 31 December.

LIABILITIES

A. Borrowings

The breakdown by currency is as follows:

— in US dollars		1 715 956 769.46
— in German marks		879 412 767.67
— in Italian lira		118 032 786.88
— in Dutch guilders		90 714 782.49
— in Belgian francs		108 193 836.96
— in French francs		268 019 558.28
— in Luxembourg francs		167 998 253.13
— in Swiss francs		498 783 058.87
— in pounds sterling		31 169 543.61
— in u.a.		20 279 390.15
— in Canadian dollars		55 943 012.71
		<u>3 954 503 760.21</u>

B. Reimbursement premiums to be paid

— in French francs	1 366 893.24	
— in Belgian francs	<u>30 976.25</u>	1 397 869.49

III — Allocations

A. Financial aid

1. <i>For rehabilitation</i>		
— commitments entered into for outright grants	119 292 465.06	
2. <i>For technical and economic research</i>		
— commitments entered into for outright grants	51 235 811.02	
3. <i>Assistance under Article 56 (Industrial redevelopment and reconversion)</i>	8 173 170.95	
4. <i>Assistance under Article 54</i>	6 890 211.30	
5. <i>Assistance to coking coal and coke</i>	<u>4 575 000.—</u>	190 166 658.33

B. Other

68 362 414.28

IV — Former ECSC pension fund

This item totals 39 916 420.57 EUA. As of 5 March 1968 commitments for the payment of ECSC pensions were transferred to the Member States.

V — Miscellaneous: 146 355 498.75 EUA

This includes the sum of 140 411 235.37 EUA for coupons due and bonds and commissions payable on them, and the sum of 5 944 263.38 EUA for miscellaneous credit accounts at the end of the financial year.

VI — Accrued liabilities

This item comprises interest and commission payable but not yet due on 31 December 1977, totalling 128 950 122.47 EUA.

VII — Unallocated balance

The amount of 85 592.57 EUA under this heading represents an unallocated sum.

N.B. Until July 1961 the claims and related sureties for loans granted from borrowed funds as well as other assets were pledged to the Bank for International Settlements in Basle in favour of the holders of secured notes and coupons issued by the ECSC. The amounts pledged are:

— 28 326 304.39 EUA under item I,	— liabilities: 28 326 304.39 EUA under item
43 295.44 EUA under item II,	I and 526 355.49 EUA under item VI
549 022.54 EUA under item VIII,	

**EUROPEAN COAL AND STEEL COMMUNITY REVENUES AND EXPENDITURES
FROM 1 JANUARY TO 31 DECEMBER 1977**

(All amounts are stated in European units of account)

EXPENDITURE			INCOME	
A. Servicing of borrowing operations and guarantees		312 228 991·87	A. Servicing of lending operations and guarantees	328 604 045·32
B. Budgetary expenditure:			B. Levy	86 840 594·20
— Administrative expenditure	17 721 127·75		C. Other income:	
— Expenditure for research	34 666 007·61		— Interest to deposits and portfolio	30 430 794·40
— Expenditure for rehabilitation	30 752 994·56		— Fines and increases for overdue payment	8 108·38
— Assistance to coking and coke	5 275 000·—		— Miscellaneous	36 398·25
— Assistance (Article 56)	3 368 483·14			<u>30 475 301·03</u>
— Assistance (Article 54)	3 601 807·34		D. Adjustments — currency parities	43 186·34
		95 385 420·40		
C. Other expenditure:				
— Financial expenditure		84 010·45		
D. Excess of income over expenditure		38 264 704·17		
		<u>445 963 126·89</u>		<u>445 963 126·89</u>

Note of the Court of Auditors

We have examined the accompanying financial statements comprising the Balance Sheet of the European Coal and Steel Community at 31 December 1977 and the Statement of Income and Expenditure for the year ended on that date.

Our examination has been carried out in accordance with the provisions of the Treaty of 22 July 1975, which amended certain financial provisions of the Treaties establishing the European Communities. On the basis of our examination, we certify that these financial statements are in accordance with the books and records of the Commission. In our opinion the Balance Sheet and the Statement of Income and Expenditure present fairly the financial position of the European Coal and Steel Community at 31 December 1977 and the result of its operations for the year then ended.

Luxembourg, 23 November 1978.

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*Director-General
for Credit and Investments*

**Explanatory notes to statement of ECSC revenues and expenditures from 1 January
to 31 December 1977**

(in European units of account)

Expenditure

A. The expenditure for the servicing of borrowing operations and guarantees totalling 312 228 991.87 u.a. is broken down as follows:

Interest on funds borrowed	298 603 375.69
Fees to agent banks	2 881 323.97
Miscellaneous	1 030 813.73
Amortization of recoverable issue costs	9 713 478.48

Income

B. The income on the servicing of lending operations and guarantees totalling 328 604 045.32 u.a. is broken down as follows:

Interest on loans	308 099 757.31
Interest on available funds borrowed	10 307 933.58
Guarantee fees	93 120.06
Miscellaneous	10 103 234.37

