



EUROPEAN COMMISSION  
European Innovation Council and  
Small & Medium-sized Enterprises Executive Agency (EISMEA)

# **FINAL ANNUAL ACCOUNTS OF THE EUROPEAN INNOVATION COUNCIL AND SMALL & MEDIUM-SIZED ENTERPRISE EXECUTIVE AGENCY (EISMEA)**

**Financial Year 2023**

**Financial Statements  
Reports on the budget implementation**

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## **CERTIFICATION OF THE ACCOUNTS**

I acknowledge my responsibility for the preparation and presentation of the annual accounts of the European Innovation Council and Small & Medium-sized Enterprises Executive Agency (EISMEA) in accordance with Title XIII of the Financial Regulation applicable to the general budget of the European Union and in accordance with Title VI of the Standard Financial Regulation for the Executive Agencies.

I hereby certify that the annual accounts of EISMEA for the year 2023 have been prepared in accordance with Title VI of the Standard Financial Regulation for the Executive Agencies and the accounting rules adopted by the Commission's Accounting Officer, as are to be applied by all the institutions and union bodies.

I have obtained from the Authorising Officer, who certified its reliability, all the information necessary for the production of the accounts that show the EISMEA's assets and liabilities and the budgetary implementation. Based on this information, and on such checks, as I deemed necessary to sign off the accounts, I have a reasonable assurance that the accounts present fairly, in all material aspects, the financial position, the results of the operations and the cash flow of EISMEA.

Brussels,

Olga Ciesielska

Accounting Officer of EISMEA

# INTRODUCTION

## LEGAL BASIS

The accounts of the European Innovation Council and Small & Medium-sized Enterprises Executive Agency (EISMEA), hereafter: the Agency, are kept in accordance with:

- Commission Regulation 1653/2004, of 21 September 2004, on a standard financial regulation for the executive agencies pursuant to Council Regulation 58/2003<sup>1</sup> laying down the Statute for executive agencies to be entrusted with certain tasks in the management of Community programmes amended by Commission Regulation 1821/2005 and by Commission Regulation 651/2008 of 9 July 2008;
- The accounting rules, methods and guidelines as adopted and provided by the Accountant of the Commission according to Regulation (EU, Euratom) No 2022/1046 of the European Parliament and of the Council of 18 July 2022, on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 The Commission Regulation (EC) No 2909/2000 of 29 December 2000 on the accounting management of the European Communities' non-financial fixed assets.
- The 20 accounting rules on accrual accounting adopted by the Accounting Officer of the Commission in December 2004 and last updated in December 2020.
- The European Commission's 2023 closure consolidation instructions.

## BACKGROUND INFORMATION

Executive Agencies are established by the Commission in accordance with Council Regulation (EC) No 58/2003<sup>1</sup> with the purpose of delegating certain tasks relating to the management of Union programmes, including budget implementation. This enables the Commission to focus on its core activities and to dispose of sufficient technical expertise for the management of such programmes with the goal to achieve a more efficient implementation.

The European Innovation Council and Small and Medium-sized Enterprises Executive Agency (EISMEA) was established on 1 April, 2021<sup>2</sup>. With a focus on innovation and the single market, it will create strong synergies to support the recovery of the European economy. The agency has been entrusted with the implementation of the following (parts of) Union programmes:

- Horizon Europe, pillar III: the European Innovation Council (EIC) and European Innovation Ecosystems (EIE);
- European Regional Development Fund: Interregional Innovation Investments;
- Single Market Programme: SME Pillar; Internal market; support to standardisation; and Consumers.

By implementing these programmes and the specific delegated tasks, the agency contributes to reaching the European Commission's objectives of a European Green Deal and a Europe fit for the digital age, hence contributing to its open strategic autonomy.

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<sup>1</sup> Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes (OJ L 11 of 16.01.2003).

<sup>2</sup> COMMISSION IMPLEMENTING DECISION (EU) 2021/173 of 12 February 2021

EISMEA's mission is to provide high quality support to European innovators, researchers, businesses, regions, and consumers. The agency aims to reinforce the European Union's position as a global leader in Research and Innovation, strengthen its Single Market, open up opportunities for SMEs and maintain high standards of protection for its citizens towards a more competitive, digital, green and inclusive EU. Its work is underpinned by six core values: client orientation, excellence, innovation, integrity, respect, and transparency.

The Agency has its own legal identity and its tasks are specified in the Act of Delegation. This means that EISMEA implements the delegated programmes autonomously with the Director acting as Authorising Officer by Delegation (AOD). EISMEA implements the EU programme budgets under direct management (Article 62(1)a and 69(2) of the Financial Regulation).

The Agency has its own administrative budget for which it receives from the EU an annual subsidy (in 2023: EUR 47 907 060). The administrative budget covers the running costs of the Agency, mainly staff expenditure, office related costs, experts and other services. The EISMEA's Director is the Authorising Officer (AO) for this budget.

EISMEA operates under the control of the Commission: it reports to the Directors-General of the parent Directorates-General (DGs) and to the Steering Committee, on the performance of the tasks assigned to the Agency. The Agency implements delegated tasks in close cooperation with its five parent DGs: (1) DG for Research and Innovation, (2) DG for Communications Networks, Content and Technology, (3) DG for Internal Market, Industry, Entrepreneurship and SMEs, (4) DG for Justice and Consumers and (5) DG for Regional and Urban Policy.

## **External Audit**

The European Court of Auditors is required to prepare a specific annual report on the Agency in line with the requirements of Article 248 of the EC Treaty<sup>3</sup>.

## **Discharge**

The European Parliament is the discharge authority within the EU. This means that, following the audit and provisionalisation of the annual accounts, it falls to the Council to recommend and then to the European Parliament to give a discharge to the Agency for a given financial year.

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<sup>3</sup> Art. 65 of the Commission Regulation (EC) n° 1653/2004 of the 21 December 2004 on a standard regulation for the executive agencies pursuant to Council Regulation (EC) n° 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes

**FINANCIAL STATEMENTS**

## BALANCE SHEET

EUR

|                                                           | Note | 31.12.2023       | 31.12.2022       |
|-----------------------------------------------------------|------|------------------|------------------|
| <b>NON-CURRENT ASSETS</b>                                 |      | <b>235 139</b>   | <b>927 314</b>   |
| <b>Intangible fixed assets</b>                            | 2.1  | -                | -                |
| <b>Tangible fixed assets</b>                              | 2.2  | <b>183 659</b>   | <b>927 314</b>   |
| Plant and equipment                                       |      | -                | -                |
| Computer hardware                                         |      | 28 921           | 4 994            |
| Fixtures and fittings                                     |      | 154 738          | 922 320          |
| <b>Long-term prefinancing</b>                             | 2.3  | <b>51 480</b>    | -                |
|                                                           |      |                  |                  |
| <b>CURRENT ASSETS</b>                                     |      | <b>7 053 368</b> | <b>5 612 784</b> |
| <b>Exchange receivables and non-exchange recoverables</b> | 2.4  | <b>43 678</b>    | <b>44 322</b>    |
| Current receivables                                       |      | 14 850           | -                |
| Current receivables from consolidated entities            |      | -                | 22 421           |
| Sundry receivables                                        |      | 28 828           | 21 901           |
| <b>Deferred charges</b>                                   | 2.5  | <b>107 854</b>   | <b>166 044</b>   |
| <b>Accrued income</b>                                     | 2.6  | <b>1 350 927</b> | <b>14 850</b>    |
| <b>Cash and cash equivalents</b>                          | 2.7  | <b>5 550 909</b> | <b>5 387 568</b> |
|                                                           |      |                  |                  |
| <b>TOTAL ASSETS</b>                                       |      | <b>7 288 507</b> | <b>6 540 098</b> |
|                                                           |      |                  |                  |
| <b>NON-CURRENT LIABILITIES</b>                            |      | <b>157 000</b>   | -                |
| <b>Provisions for risks and liabilities</b>               | 2.8  | <b>157 000</b>   | -                |
|                                                           |      |                  |                  |
| <b>CURRENT LIABILITIES</b>                                |      | <b>4 256 554</b> | <b>5 074 136</b> |
| <b>Provisions for risks and liabilities</b>               | 2.8  | <b>106 828</b>   | <b>28 180</b>    |
| <b>Payables</b>                                           |      | <b>1 513 689</b> | <b>1 909 177</b> |
| Current payables                                          | 2.9  | 104 861          | 42 764           |
| Accounts payable to consolidated EU entities              | 2.10 | 1 408 828        | 1 866 413        |
| <b>Accrued charges and deferred income</b>                | 2.11 | <b>2 636 037</b> | <b>3 136 779</b> |
| Accrued charges with non-consolidated entities            |      | 1 870 928        | 2 150 229        |
| Accrued charges with consolidated entities                |      | 765 109          | 986 550          |
|                                                           |      |                  |                  |
| <b>TOTAL LIABILITIES</b>                                  |      | <b>4 413 554</b> | <b>5 074 136</b> |
|                                                           |      |                  |                  |
| <b>NET ASSETS</b>                                         | 2.12 | <b>2 874 953</b> | <b>1 465 962</b> |
| <b>Accumulated surplus/(deficit)</b>                      |      | <b>1 465 962</b> | <b>1 367 338</b> |
| <b>Economic result of the year</b>                        |      | <b>1 408 991</b> | <b>98 624</b>    |

## STATEMENT OF FINANCIAL PERFORMANCE

EUR

|                                                        | Note  | 2023                | 2022                |
|--------------------------------------------------------|-------|---------------------|---------------------|
| <b>OPERATING REVENUE</b>                               |       | <b>48 134 395</b>   | <b>44 581 145</b>   |
| <b>Non-exchange revenue</b>                            | 3.1.1 | <b>46 544 640</b>   | <b>44 552 519</b>   |
| European Union Contribution                            |       | 46 544 640          | 44 552 519          |
| <b>Other non-exchange revenue</b>                      |       | -                   | -                   |
| <b>Exchange revenue</b>                                | 3.1.2 | <b>1 589 755</b>    | <b>28 626</b>       |
| Income from consolidated entities                      |       | 1 363 505           | 9 558               |
| Other miscellaneous revenues                           |       | 226 206             | 17 395              |
| Gains from exchange rate differences                   |       | 44                  | 1 673               |
| <b>OPERATING EXPENSES</b>                              |       | <b>(46 781 172)</b> | <b>(44 482 471)</b> |
| Staff expenditure                                      | 3.2.1 | (34 961 293)        | (33 751 329)        |
| Administrative expenses with non-consolidated entities | 3.2.2 | (5 881 745)         | (5 173 111)         |
| Expenses with consolidated entities                    | 3.2.3 | (5 158 661)         | (5 310 510)         |
| Fixed assets related expenses                          | 3.2.4 | (778 775)           | (245 457)           |
| Exchange differences                                   |       | (698)               | (2 064)             |
| <b>SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES</b>     |       | <b>1 353 223</b>    | <b>98 674</b>       |
| Financial revenue                                      | 3.3   | 58 739              | -                   |
| Financial expenses                                     | 3.4   | (2 971)             | (50)                |
| <b>SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES</b>      |       | <b>1 408 991</b>    | <b>98 624</b>       |
| Extraordinary gains                                    |       | -                   | -                   |
| Extraordinary losses                                   |       | -                   | -                   |
| <b>SURPLUS/(DEFICIT) FROM EXTRAORDINARY ITEMS</b>      |       | <b>-</b>            | <b>-</b>            |
| <b>ECONOMIC RESULT OF THE YEAR</b>                     |       | <b>1 408 991</b>    | <b>98 624</b>       |

## CASH FLOW STATEMENT

EUR

|                                                                  | Note | 2023               | 2022             |
|------------------------------------------------------------------|------|--------------------|------------------|
| <b>Economic result of the year</b>                               |      | <b>1 408 991</b>   | <b>98 624</b>    |
| <b>Operating activities</b>                                      | 4.1  | <b>(1 210 530)</b> | <b>1 370 375</b> |
| Amortisation                                                     |      | -                  | -                |
| Depreciation                                                     |      | 224 927            | 244 335          |
| (Increase)/Decrease in receivables and recoverables              |      | (204 501)          | 22 412           |
| (Increase)/Decrease in receivables from consolidated EU entities |      | (1 182 412)        | (22 421)         |
| (Increase)/Decrease in prepayments                               |      | 58 190             | 211 946          |
| Increase/(Decrease) in provisions                                |      | 235 648            | (21 490)         |
| Increase/(Decrease) in payables                                  |      | (217 204)          | 438 620          |
| Increase/(Decrease) in liabilities to consolidated EU entities   |      | (679 026)          | 495 852          |
| (Gains)/losses on sale of property, plant and equipment          |      | 553 848            | 1 122            |
| <b>Net cash-flow from operating activities</b>                   |      | <b>198 461</b>     | <b>1 469 000</b> |
| <b>Investing activities</b>                                      | 4.2  | <b>(35 120)</b>    | <b>(216 828)</b> |
| Purchase of intangible assets and property, plant and equipment  |      | (35 120)           | (216 828)        |
| <b>Net increase/(decrease) in cash and cash equivalents</b>      |      | <b>163 341</b>     | <b>1 252 172</b> |
| Cash and cash equivalents at the beginning of the year           |      | 5 387 568          | 4 135 396        |
| <b>Cash and cash equivalents at year-end</b>                     |      | <b>5 550 909</b>   | <b>5 387 568</b> |

## STATEMENT OF CHANGES IN NET ASSETS

EUR

|                                                       | Note | Accumulated<br>Surplus/Deficit | Economic<br>result of the<br>year | Net Assets<br>(Total) |
|-------------------------------------------------------|------|--------------------------------|-----------------------------------|-----------------------|
| <b>Balance as at 31 December 2022</b>                 |      | <b>1 465 962</b>               | <b>-</b>                          | <b>1 465 962</b>      |
| Changes in accounting policies                        |      | -                              | -                                 | -                     |
| <b>Balance as at 1 January 2023</b>                   |      | <b>1 465 962</b>               | <b>-</b>                          | <b>1 465 962</b>      |
| Allocation of the economic result of<br>previous year |      | -                              | -                                 | -                     |
| Economic result of the year                           |      | -                              | 1 408 991                         | 1 408 991             |
| <b>Balance as at 31 December 2023</b>                 |      | <b>1 465 962</b>               | <b>1 408 991</b>                  | <b>2 874 953</b>      |

## NOTES TO THE FINANCIAL STATEMENTS

A complete set of financial statements is used to give readers an overview of the financial results and the financial situation of the entity. The financial statements of EISMEA are comprised of four reports, which are as follows:

- Balance sheet. Presents the assets, liabilities, and equity of the Agency as of the reporting date. It also provides information about the liquidity and the capitalisation of the organisation.
- Statement of financial performance. Presents the revenue, expenses, and profits/loss generated during the reporting period. The report gives information about the operating results of the Agency.
- Cash flow statement. Presents the cash inflows and outflows that occurred during the reporting period. It can provide a useful comparison to the statement of financial performance, especially when the amount of profit or loss reported does not reflect the cash flows generated during the year.
- Statement of changes in net assets. Presents changes in equity during the reporting period.

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### 1.1. Legal basis and accounting rules

These accounts are kept in accordance with Commission Regulation (EC) N° 1653/2004 of 21 September 2004<sup>4</sup> on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) N° 58/2003. Art 2 of the standard financial regulation defines in which cases the executive agencies shall also apply the Financial Regulation applicable to the general budget of the European Communities (Regulation (EU, Euratom) N° 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union).

These financial statements are prepared on the basis of the EU Accounting Rules, as adopted by the Commission's Accounting Officer, which adapt the International Public Sector Accounting Standards (and in some cases the International Financial Reporting Standards) to the specific environment of the EU, while the reports on implementation of the budget continue to be primarily based on movements of cash.

The accounting system of the Agency comprises general accounts and budget accounts. These accounts are kept in Euro on the basis of the calendar year. The budget accounts give a detailed picture of the implementation of the budget. They are based on the modified cash accounting principle.<sup>5</sup> The general accounts allow for the preparation of the financial statements as they show all charges and income for the financial year and are designed to establish the financial position in the form of a balance sheet on 31 December.

#### 1.2. Accounting principles

The objectives of the financial statements are to provide information about the financial position, performance and cash flows of an entity that is useful to a wide range of users. For a public sector entity such as the Agency, the objectives are more specifically to provide information useful for decision making, and to demonstrate the accountability of the entity for the resources entrusted to it.

Article 53 of the standard financial regulation for executive agencies (Commission Regulation (EC) N° 1653/2004 amended by Commission Regulation (EC) N° 651/2008) sets out the accounting principles to be applied in drawing up the financial statements:

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<sup>4</sup> Amended by Commission Regulation (EC) No 651/2008 of 9<sup>th</sup> July 2008

<sup>5</sup> This differs from cash-based accounting because of elements such as carryovers.

## **Going-concern principle**

When preparing financial statements an assessment of an entity's ability to continue as a going concern shall be made. Financial statements shall be prepared on a going concern basis unless there is an intention to liquidate the entity or to cease operating, or if there is no realistic alternative but to do so. These financial statements have been prepared in accordance with the going concern principle, which means that the Agency is deemed to have been established for an indefinite duration.

## **Principle of prudence**

The principle of prudence implies that assets and income shall not be overstated and liabilities and charges shall not be understated. However, the principle of prudence does not allow the creation of hidden reserves or undue provisions.

## **Principle of consistent accounting methods**

The principle of consistent accounting methods means that the structure of the components of the financial statements and the accounting methods and valuation rules may not be changed from one year to the next.

The Agency's accounting officer may not depart from the principle of consistent accounting methods other than in exceptional circumstances, in particular:

- (a) in the event of a significant change in the nature of the entity's operations;
- (b) where the change made is for the sake of a more appropriate presentation of the accounting operations.

## **Principle of comparability of information**

The principle of comparability of information means that for each item the financial statements shall also show the amount of the corresponding item the previous year.

Where, the presentation or the classification of one of the components of the financial statements is changed, the corresponding amounts for the previous year shall be made comparable and reclassified. Where it is impossible to reclassify items, this shall be explained in the annex to the financial statements.

## **Principle of materiality**

The materiality principle means that all operations which are of significance for the information sought shall be taken into account in the financial statements. Materiality shall be assessed in particular by reference to the nature of the transaction or the amount.

Transactions may be aggregated where:

- (a) the transactions are identical in nature, even if the amounts are large,
- (b) the amounts are negligible,
- (c) aggregation makes for clarity in the financial statements.

## **Principle of no-netting**

The no-netting principle means that receivables and debts may not be offset against each other, nor may charges and income, except when offsetting reflects the substance of the transaction or other event.

## **Principle of reality over appearance**

The principle of reality over appearance means that accounting events recorded in the financial statements shall be presented by reference to their economic nature.

## **Accrual-based accounting principle**

In order to meet their objectives, financial statements are prepared on the accrual basis of accounting. Under this basis, the effects of transactions and other events are recognised when they occur (and not as cash or its equivalent is received or paid) and they are recorded in the accounting records and reported in the financial statements of the periods to which they relate.

## **Exception to the accounting principles**

Where, in a specific case, the accounting officer considers that an exception should be made to the content of one of the accounting principles defined above this exception must be duly substantiated and reported in the annex to the financial statements.

### **1.3. Basis of preparation**

#### **Functional and reporting currency**

The financial statements are presented in euros, which is the functional and reporting currency of the EU and of the Agency.

#### **Transactions and balances**

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

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary items in foreign currency into euros at year-end are recognised in the statement of financial performance.

#### **Chart of Accounts**

The chart of accounts used by the Agency follows the structure of the chart of accounts of the European Commission (PCUE).

#### **Use of estimates**

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts presented and disclosed in the Financial Statements of the Agency. Significant estimates and assumptions in these financial statements require judgment and are used for, but not limited to, accrued income and charges, provisions, contingent assets and liabilities. Actual results reported in future periods may be different from these estimates. Changes in estimates are reflected in the period in which they become known.

### **1.4. Balance Sheet**

Assets are resources controlled by the Agency as a result of past events and from which future economic benefits or service potential are expected to flow.

#### **1.4.1. Intangible fixed assets**

Intangible assets are identifiable non-monetary assets without physical substance. Acquired computer software licences are stated at historical cost less accumulated amortisation and impairment losses. The assets are amortised on a straight-line basis over their estimated useful lives. The estimated useful lives of intangible assets depend on their specific economic lifetime or legal lifetime determined by an agreement.

Currently the Agency uses 25% amortisation rate for its intangible assets.

Amortisation is the systematic allocation of the depreciable amount of an intangible asset over its useful life (EU Accounting Rule 6).

Internally developed intangible assets are capitalised when the relevant criteria of the EU Accounting rules are met. The costs capitalisable include all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. Costs associated with research activities, non-capitalisable development costs and maintenance costs are recognised as expenses as incurred.

#### **1.4.2. Tangible fixed assets**

Tangible fixed assets are identifiable non-monetary assets with physical substance. Tangible fixed assets are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the Agency and its cost can be measured reliably. Repairs and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred.

Assets under construction are not depreciated as these assets are not yet available for use.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life (EU Accounting Rule 7).

The depreciation is calculated using the straight-line method with the following rates:

| Type of asset                  | Straight line depreciation rate |
|--------------------------------|---------------------------------|
| Plant, machinery and equipment | 12.5 - 25%                      |
| Fixtures and fittings          | 5 - 25%                         |
| Computer hardware              | 25%                             |

Gains or losses on disposals are determined by comparing proceeds less selling expenses with the carrying amount of the disposed asset and are included in the statement of financial performance.

#### **1.4.3. Financial assets**

The Agency has as financial assets its exchange receivables and cash and cash equivalents. At initial recognition, they are classified in the category at amortised cost as the management model is to hold these non-derivative financial assets in order to collect the contractual cash flows.

Financial assets at amortised cost are included in current assets, except for those with maturity of more than 12 months from the reporting date.

The Agency recognises and measures an impairment loss for expected credit losses on financial assets that are measured at amortised cost.

The expected credit loss (ECL) is the present value of the difference between the contractual cash flows and the cash flows that the Agency expects to receive. The ECL incorporates reasonable and supportable information that is available without undue cost or effort at the reporting date.

For assets at amortised cost, the asset's carrying amount is reduced by the amount of the impairment loss which is recognised in the statement of financial performance. If, in a subsequent period, the amount of the impairment loss decreases, the previously recognised impairment loss is reversed through the statement of financial performance.

See notes 1.4.4, 1.4.5 and 6 below for more information.

#### **1.4.4. Exchange receivables and non-exchange recoverables**

The EU accounting rules require a separate presentation of exchange and non-exchange transactions. To distinguish between the two categories, the term 'receivable' is reserved for exchange transactions, whereas for non-exchange transactions, i.e. when the EU receives value from another entity without directly giving approximately equal value in exchange, the term 'recoverables' is used (e.g. recoverables from Member States related to own resources).

Receivables from exchange transactions are financial assets measured at amortized costs.

Recoverable from non-exchange transactions are carried at fair value as at the date of acquisition less write-down for impairment. A write-down for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of the recoverable. The amount of the write-down is the difference between the asset's carrying amount and the recoverable amount. The amount of the write-down is recognised in the statement of financial performance.

#### **1.4.5. Cash and cash equivalents**

Cash and cash equivalents are financial assets at amortized costs and include cash at hand, deposits held at call or at short notice with banks, and other short-term liquid investments with original maturities of three months or less.

#### **1.4.6. Provisions**

Provisions are recognised when the Agency has a present legal or constructive obligation towards third parties as a result of past events, it is more likely that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. The amount of the provision is the best estimate of the expenditures expected to be required to settle the present obligation at the reporting date.

#### **1.4.7. Financial liabilities**

The Agency has as financial liabilities its payables. They are classified as current liabilities, except for maturities more than 12 months after the balance sheet date. See note 1.4.88 below for more information.

#### **1.4.8. Payables**

A significant amount of payables are related to the purchase of goods or services. Those are recognised at the fair value as at the date of the acquisition and corresponding expenses are entered in the accounts when the supplies or services are delivered and accepted by the Agency.

#### **1.4.9. Accrued and deferred income and charges**

According to the EU Accounting rules, transactions and events are recognised in the financial statements in the period to which they relate. At the end of the accounting period, accrued expenses are recognised based on an estimated amount of the transfer obligation of the period. The calculation of accrued expenses is done in accordance with detailed operational and practical guidelines issued by the Commission and by the Agency which aim at ensuring that the financial statements reflect a true and fair view.

Revenue is also accounted for in the period to which it relates. At year-end, if an invoice is not yet issued but the service has been rendered, the supplies have been delivered by the Agency or a contractual agreement exists (i.e. by reference to a treaty), an accrued income will be recognised in the financial statements.

In addition, at year-end, if an invoice is issued but the services have not yet been rendered or the goods supplied have not yet been delivered, the revenue or charges will be deferred and recognised in the subsequent accounting period.

## **1.5. Statement of financial performance**

### **1.5.1. Revenue**

Non-exchange revenue makes up the vast majority of the Agency revenue and includes mainly EU subsidy.

Exchange revenue is the revenue from the sale of goods and services. It is recognised when the significant risk and rewards of ownership of the goods are transferred to the purchaser. Revenue associated with a transaction involving the provision of services is recognised by reference to the stage of completion of the transaction at the reporting date.

Interest income consists of received bank interest.

### **1.5.2. Expenses**

According to the principle of accrual-based accounting, the financial statements take account of expenses relating to the reporting period, without taking into consideration the payment date; meaning when the goods or services are used or consumed.

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or the incurring of liabilities that result in decreases in net assets. They include both the expenses from exchange transactions and expenses from non-exchange transactions.

Expenses from exchange transactions arising from the purchase of goods and services are recognised when the supplies are delivered and accepted by the Agency. They are valued at original invoice cost.

Expenses from non-exchange transactions relate to transfers to beneficiaries and can be of three types: entitlements, transfers under agreement and discretionary grants, contributions and donations.

Transfers are recognised as expenses in the period during which the events giving rise to the transfer occurred, as long as the nature of the transfer is allowed by regulation (Financial Regulation, Staff Regulations, or other regulation) or a contract has been signed authorising the transfer; any eligibility criteria have been met by the beneficiary; and a reasonable estimate of the amount can be made.

When a request for payment or cost claim is received and meets the recognition criteria, it is recognised as an expense for the eligible amount. At year-end, incurred eligible expenses due to the beneficiaries but not yet reported are estimated and recorded as accrued expenses.

## **1.6. Contingent Assets and Liabilities**

### **1.6.1. Contingent assets**

A contingent asset is a possible asset that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Agency. It is not recognised because the amount of the obligation cannot be measured with sufficient reliability. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

### **1.6.2. Contingent liabilities**

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Agency; or a present obligation that arises from past events but is not recognised because: it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or, in the rare circumstances where the amount of the obligation cannot be measured with sufficient reliability.

## 1.7. Consolidation

According to Article 57 of Commission Regulation 1653/2004, the Agency's accounts are consolidated with the Commission's annual accounts.

## 2. NOTES TO THE BALANCE SHEET

### NON-CURRENT ASSETS

The Agency uses ABAC Assets as inventory application which is an integrated part of the ABAC platform. The non-current intangible and tangible (property, plant and equipment) assets are called also fixed assets.

#### 2.1. Intangible fixed assets

To be entered in the financial inventory in the balance sheet intangible fixed assets must be controlled by the Agency and generate future economic benefits for the Agency. Moreover, the assets should have a purchase price above EUR 700. For internally developed intangible assets, the Agency applied the threshold of EUR 500 000.

The intangible fixed assets at the Agency consist of computer software.

|                                                                           | EUR               |
|---------------------------------------------------------------------------|-------------------|
|                                                                           | Computer Software |
| <b>A. Acquisition value</b>                                               |                   |
| Gross book value as at 31 <sup>st</sup> December 2022                     | <b>46 039</b>     |
| Variations of the year:                                                   |                   |
| Additions                                                                 | -                 |
| Disposals                                                                 | -                 |
| <b>Total gross book value as at 31<sup>st</sup> December 2023</b>         | <b>46 039</b>     |
| <b>B. Depreciation and value reduction</b>                                |                   |
| Accumulated depreciation as at 31 <sup>st</sup> December 2022             | <b>46 039</b>     |
| Variations of the year:                                                   |                   |
| Depreciation                                                              | -                 |
| Disposals                                                                 | -                 |
| <b>Total accumulated depreciation as at 31<sup>st</sup> December 2023</b> | <b>46 039</b>     |
| <b>NET BOOK VALUE (A-B)</b>                                               | <b>-</b>          |

#### 2.2. Tangible fixed assets

As a general rule, the Agency books as the fixed tangible assets only items with the purchase price above EUR 700. Items with lower value, such as digital cameras, monitors, furniture etc., are treated as expenses of the year but are however registered in the physical inventory.

The Agency's tangible fixed assets consist of technical equipment, furniture, computer hardware, telecommunication and audio-visual equipment.

|                                                                     |                   |                   |                     | EUR                |
|---------------------------------------------------------------------|-------------------|-------------------|---------------------|--------------------|
|                                                                     | Plant & equipment | Computer hardware | Fixtures & fittings | Total              |
| <b>A. Acquisition value</b>                                         |                   |                   |                     |                    |
| <b>Gross book value as at 31<sup>st</sup> December 2022</b>         | <b>2 421</b>      | <b>80 452</b>     | <b>3 453 429</b>    | <b>3 536 302</b>   |
| Variations of the year:                                             |                   |                   |                     |                    |
| Additions                                                           | -                 | 33 344            | 1 776               | <b>35 120</b>      |
| Disposals*                                                          | -                 | -                 | (3 153 076)         | <b>(3 153 076)</b> |
| Transfers                                                           | -                 | -                 | -                   | -                  |
| <b>Total gross book value as at 31 December 2023</b>                | <b>2 421</b>      | <b>113 796</b>    | <b>302 129</b>      | <b>418 346</b>     |
|                                                                     |                   |                   |                     |                    |
| <b>B. Depreciation and value reduction</b>                          |                   |                   |                     |                    |
| <b>Accumulated depreciation as at 31<sup>st</sup> December 2022</b> | <b>2 421</b>      | <b>75 458</b>     | <b>2 531 109</b>    | <b>2 608 988</b>   |
| Variations of the year:                                             |                   |                   |                     |                    |
| Depreciation                                                        | -                 | 9 417             | 215 510             | <b>224 927</b>     |
| Disposals                                                           | -                 | -                 | (2 599 228)         | <b>(2 599 228)</b> |
| Transfers                                                           | -                 | -                 | -                   | -                  |
| <b>Total accumulated depreciation as at 31 December 2023</b>        | <b>2 421</b>      | <b>84 875</b>     | <b>147 391</b>      | <b>234 687</b>     |
| <b>NET BOOK VALUE (A-B)</b>                                         | <b>-</b>          | <b>28 921</b>     | <b>154 738</b>      | <b>183 659</b>     |

\* In mid-September 2023 the Agency moved to the new building North Light, therefore all the fitting out works relating to the previous building (Covent Garden) were written off the Balance Sheet. In addition, the Agency transferred most of its furniture to OIB.

In 2023 there was no physical check of the assets held in the inventory of the Agency due to the move to the Northlight Building which had to be planned, organised and performed in a very short period of time and in addition, due to the move, most of the Agency's assets were transferred to OIB and HaDEA in the course of 2023. Latest physical check was done in December 2022 and there will be one performed in 2024.

### 2.3. Long-term prefinancing

|                                                   |               |          | EUR |
|---------------------------------------------------|---------------|----------|-----|
|                                                   | 2023          | 2022     |     |
| Long-term prefinancing with consolidated entities | 51 480        | -        |     |
| <b>Total</b>                                      | <b>51 480</b> | <b>-</b> |     |

Long-term prefinancing relates to the move of the Agency to the new building North Light and represents the working capital paid to OIB as an advance for the costs for running of the canteen (purchase of food and drinks (55% of this amount) and for interimaies and service providers (45%)).

## CURRENT ASSETS

### 2.4. Exchange receivables and non-exchange recoverables

|                                                |               |               | EUR |
|------------------------------------------------|---------------|---------------|-----|
|                                                | 2023          | 2022          |     |
| <i>Current receivables</i>                     | 14 850        | -             |     |
| <i>Less amounts written down</i>               | -             | -             |     |
| Sub-total current receivables                  | 14 850        | -             |     |
| Current receivables from consolidated entities | -             | 22 421        |     |
| Sundry receivables                             | 28 828        | 21 901        |     |
| <b>Total</b>                                   | <b>43 678</b> | <b>44 322</b> |     |

The current receivable represents recovery of legal costs incurred by the Agency in context of legal proceeding against beneficiaries of grants (granted on operational budget) which were re-invoiced to concerned beneficiary as EISMEA won the case.

Sundry receivables relate to the monthly salary regularizations concerning staff members and other balances linked to payroll paid to staff on behalf of the Commission and other institutions and not yet claimed by the Agency.

## 2.5. Deferred charges

|                                             | EUR            |                |
|---------------------------------------------|----------------|----------------|
|                                             | 2023           | 2022           |
| Deferred charges                            | 45 046         | 15 796         |
| Deferred charges with consolidated entities | 62 808         | 150 248        |
| <b>Total</b>                                | <b>107 854</b> | <b>166 044</b> |

Deferred charges consist of the anticipated charges for 2024 (i.e. maintenance contract with SCIC, transport costs, licenses and supplies not yet received) for which the invoices were received before 31 December 2023.

## 2.6. Accrued income

|                                           | EUR              |               |
|-------------------------------------------|------------------|---------------|
|                                           | 2023             | 2022          |
| Accrued income                            | 204 501          | 14 850        |
| Accrued income with consolidated entities | 1 146 426        | -             |
| <b>Total</b>                              | <b>1 350 927</b> | <b>14 850</b> |

Accrued income relates to:

- (a) rent charges relating to the usufruct contract for the Covent Garden building signed by the Agency in 2010 to be reimbursed from OIB as a consequence of the move of the Agency to North Light building (EUR 450 342),
- (b) rental charges to be reimbursed from OIB for part of the floor in the Covent Garden building occupied by HADEA for the years 2021-2023 (EUR 696 084),
- (c) extracontractual damages awarded by the court decision to EISMEA (EUR 200 000) that will be re-invoiced to concerned parties in 2024,
- (d) legal costs incurred by the Agency in context of legal proceeding against beneficiaries of grants (granted on operational budget) that will be re-invoiced to concerned parties in 2024 as EISMEA won the case (EUR 4 325) and
- (e) bank interest for the last quarter of 2023 (EUR 176).

## 2.7. Cash and cash equivalents

|                          | EUR              |                  |
|--------------------------|------------------|------------------|
|                          | 2023             | 2022             |
| Bank accounts            | 5 550 909        | 5 387 568        |
| Cash and imprest account | -                | -                |
| <b>Total</b>             | <b>5 550 909</b> | <b>5 387 568</b> |

This amount corresponds to the cash balance held by the Agency on 31 December 2023 on its bank account in EUR at ING bank. The Agency does not hold any petty cash.

The bank account is held with ING Belgium SA. The specific contract results from the procedure ERCEA/CAO/PN/2019/32, which EISMEA joined. It runs from 1 January 2020 until 31 December 2024.

## NON-CURRENT LIABILITIES

See note 2.8 below for more information.

## LIABILITIES

### 2.8. Provisions for risks and liabilities

The provisions for risk and liability cover (1) commitment resulting from the convention signed in December 2023 with OIB, for the transfer of the usufruct contract for the COV2 building to the Commission and relates to the amount to be paid to OIB at the end of the contract (in 2025) for bringing the building to its original state and (2) the legal services fees for the representation of the Agency in the national courts; the ongoing legal cases relate to the grants (covered by the operational budget of the Agency).

EUR

|                               | Amount at<br>31.12.2022 | Additional<br>provision | Unused<br>amounts<br>reversed | Amounts used   | Amount at<br>31.12.2023 |
|-------------------------------|-------------------------|-------------------------|-------------------------------|----------------|-------------------------|
| Legal services fees           | 18 680                  | 165 000                 | (10 450)                      | (9 402)        | 163 828                 |
| Staff installation allowances | 9 500                   | -                       | (9 500)                       | -              | -                       |
| Agreement with OIB            | -                       | 100 000                 | -                             | -              | 100 000                 |
| <b>Total</b>                  | <b>28 180</b>           | <b>265 000</b>          | <b>(19 950)</b>               | <b>(9 402)</b> | <b>263 828</b>          |
| <b>Non- current</b>           | <b>-</b>                | <b>157 000</b>          | <b>-</b>                      | <b>-</b>       | <b>157 000</b>          |
| <b>Current</b>                | <b>28 180</b>           | <b>108 000</b>          | <b>(19 950)</b>               | <b>(9 402)</b> | <b>106 828</b>          |

### 2.9. Current payables

The accounts payable as at 31 December 2023 comprise outstanding unpaid invoices and claims from suppliers and other public bodies.

EUR

|                                               | 2023           | 2022          |
|-----------------------------------------------|----------------|---------------|
| Amounts payable – suppliers and public bodies | 71 857         | 42 764        |
| Amounts payable - staff                       | 33 004         | -             |
| <b>Total</b>                                  | <b>104 861</b> | <b>42 764</b> |

### 2.10. Accounts payable to consolidated EU entities

EUR

|                                            | 2023             | 2022             |
|--------------------------------------------|------------------|------------------|
| Repayable positive budgetary outturn       | 1 362 420        | 1 474 854        |
| Other payables to consolidated EU entities | 46 408           | 391 559          |
| <b>Total</b>                               | <b>1 408 828</b> | <b>1 866 413</b> |

Repayable positive budgetary outturn - this amount will be reimbursed to the Commission in 2023 (for detailed calculations of the budgetary outturn please refer to the reports on the budget implementation).

Other payables to consolidated EU entities consist open invoices payable on the 31 December 2023 to the European Commission.

### 2.11. Accrued charges and deferred income

#### 2.11.1. Accrued charges with non-consolidated entities

This amount represents goods and services received in 2023 but not yet recorded as supplier payables as at 31 December 2023. The expenses are of two types:

(a) Invoices to be received, which correspond exactly to the amounts accrued.

(b) Provisions set aside to pay for services or goods received in 2023. As the exact amount was not known when provisionalising the accounts, estimation was made based on the contractual or other information.

|                                                     | EUR              |                  |
|-----------------------------------------------------|------------------|------------------|
|                                                     | 2023             | 2022             |
| Staff related expenses (incl. holiday compensation) | 899 892          | 886 350          |
| External audits                                     | 200 740          | 109 980          |
| Communication and publications                      | 344 401          | 484 124          |
| Support and services                                | 149 047          | 411 751          |
| IT Software and maintenance                         | 123 420          | 56 181           |
| Missions                                            | 82 000           | 22 000           |
| Trainings                                           | 38 372           | 71 568           |
| Legal charges and insurance                         | 29 615           | 107 156          |
| Other                                               | 3 441            | 1 119            |
| <b>Total</b>                                        | <b>1 870 928</b> | <b>2 150 229</b> |

According to the EU Staff Regulation, Annex V: Leave, Article 4, if the person at the time of leaving the service has not used up their annual leave, they shall be paid compensation equal to one thirtieth of their monthly remuneration for each leave's day due to them. The calculated amount of the holiday compensation (included in staff related expenses in the above table) is recognised as accrued expense and amounts to EUR 895 000 (2022: EUR 882 000).

#### 2.11.2. Accrued charges with consolidated entities

The amount of EUR 765 109 (2022: EUR 986 550) represents goods and services received in 2023 but not booked as suppliers payables on 31 December 2023. The accruals are based on the Service Level Agreements signed with Commission Directorates (DG BUDG, DIGIT, PMO, OIB and HR) or other EU bodies.

#### 2.12. Net Assets

The net assets amount to EUR 2 874 953 and comprise the total of the economic result of previous years for the amount of EUR 1 465 962 and the economic result of the current year – a profit for the amount of EUR 1 408 991.

The economic result of the year is different from the budgetary result due to the differences between the general accounts and the budgetary ones. Additional information concerning the reconciliation between both accounts is provided in the reports on the budget implementation.

### 3. NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE

#### 3.1. Operating revenue

Revenues consist mainly of the Union contribution (subsidy) received from the European Commission.

##### 3.1.1. Non-exchange revenue

|                                                 | EUR               |                   |
|-------------------------------------------------|-------------------|-------------------|
|                                                 | 2023              | 2022              |
| Gross European Union contribution               | 47 907 060        | 46 027 373        |
| (Subsidy to be reimbursed – budgetary outturn   | (1 362 420)       | (1 474 854)       |
| <b>Sub-total of European Union contribution</b> | <b>46 544 640</b> | <b>44 552 519</b> |
| Other non-exchange revenue                      | -                 | -                 |
| <b>Total</b>                                    | <b>46 544 640</b> | <b>44 552 519</b> |

The amount under European Union contribution represents the gross subsidy received for 2023 to cover the administrative autonomy of the Agency in 2023 less the budget result for the year (for

detailed calculations of the budgetary outturn please refer to the reports on the budget implementation).

### 3.1.2. Exchange revenue

|                                   | EUR              |               |
|-----------------------------------|------------------|---------------|
|                                   | 2023             | 2022          |
| Income from consolidated entities | 1 363 505        | 9 558         |
| Miscellaneous income              | 226 206          | 17 395        |
| Exchange rate gains               | 44               | 1 673         |
| <b>Total</b>                      | <b>1 589 755</b> | <b>28 626</b> |

Income from consolidated entities corresponds to the recovery of part of the amounts paid for various Service Level Agreements (SLAs) in excess of the services actually provided (OIB, DG BUDG and CPE). In addition, it contains two amounts relating to rent of the Covent Garden building (1) refund from OIB for the three and half months of 2023 rent paid to the owner of the Covent Garden building for which usufruct contract was transferred to OIB as of mid-September and (2) repayment of usage of EISMEA's space in the Covent Garden building by HaDEA (see note 2.6 for more details).

The miscellaneous revenues include the re-invoicing of:

- (a) amounts of unused provision estimated at the end of year 2023 (EUR 19 950),
- (b) extracontractual damages awarded by the court decision to EISMEA (EUR 200 000),
- (c) legal costs (EUR 4 325) incurred by the Agency in the context of a legal proceeding against beneficiaries of grants (granted on the operational budget) as EISMEA won the case,
- (d) expenses relating to rent (EUR 1 931).

The gains from exchange rate differences arose from payments to staff salaries in currencies other than EUR.

## 3.2. Operating expenses

### 3.2.1. Staff expenditure

Staff expenses amounting to EUR 34 961 293 contain personnel related expenses such as salaries, allowances, social security contributions and other welfare expenses.

All salary calculations giving the total staff expenses included in the Statement of financial performance of the Agency are externalized to the Office for administration and payment of individual entitlements (also known as the Paymaster's Office - PMO) which is a central office of the European Commission.

The PMO's mission is to manage the financial rights of permanent, temporary and contractual staff working at the Commission, to calculate and to pay their salaries and other financial entitlements. The PMO provides these services to other EU institutions and agencies as well. The PMO is also responsible for managing the health insurance fund of the Institutions, together with processing and paying the claims of reimbursement from staff members. The PMO also manages the pension fund and pays the pensions of retired staff members. PMO is being audited by the European Court of Auditors.

The Agency is only responsible for the communication to the PMO of reliable information allowing the calculation of the staff costs. It is also responsible to check that this information has been correctly handled in the monthly payroll report used for accounting payroll costs. It is not responsible for the calculation of the payroll costs performed by PMO.

### 3.2.2. Administrative expenses with non-consolidated entities

|                                  | EUR              |                  |
|----------------------------------|------------------|------------------|
|                                  | 2023             | 2022             |
| Rent and rental expenses         | 2 064 635        | 1 400 734        |
| Office supplies and maintenance  | 1 896            | 193 909          |
| Communication and publications   | 908 906          | 829 451          |
| Legal expenses and insurance     | 126 002          | 89 559           |
| Training and recruitment costs   | 268 178          | 314 427          |
| Missions                         | 521 120          | 352 507          |
| Experts and related expenses     | 23 733           | 47 262           |
| IT costs                         | 407 546          | 412 533          |
| Other external service providers | 1 559 729        | 1 532 729        |
| <b>Total</b>                     | <b>5 881 745</b> | <b>5 173 111</b> |

Other external service providers contain audits by external contractors, staff-related services, internal removal services as well as the cost of interim staff.

### 3.2.3. Expenses with consolidated entities

Expenses with consolidated entities amounting to EUR 5 158 661, this heading regroups different types of expenses with consolidated entities mainly for the Service Level Agreements signed with Commission Directorates (DG BUDG, DIGIT, PMO, OIB and HR) or other EU bodies.

### 3.2.4. Fixed assets related expenses

Fixed assets related expenses amounting to EUR 224 927 contain the charged amortisation/depreciation for the non-current intangible assets, property, plant and equipment and loss on disposal of assets EUR 553 848.

## 3.3. Financial revenue

The amount booked under this heading represents the interest earned on the Agency's bank account.

## 3.4. Financial expenses

The amount of EUR 2 971 represents interest on late payments.

## 4. NOTES TO THE CASH FLOW STATEMENT

Cash flow information is used to provide a basis for assessing the ability of the Agency to generate cash and cash equivalents, and its needs to utilise those cash flows.

The cash flow statement is prepared using the indirect method. This means that the economic result of the financial year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of revenue or expense associated with investing cash flows.

Cash flows arising from transactions in a foreign currency are recorded in the EU's reporting currency (Euro), by applying to the foreign currency amount the exchange rate between the euro and the foreign currency at the date of the cash flow.

The cash flow statement presented reports cash flows during the period classified by operating and investing activities (the Agency does not have financing activities).

#### 4.1. Operating activities

Operating activities are the activities of the EU that are not investing activities. These are the majority of the activities performed.

#### 4.2. Investing activities

Investing activities are the acquisitions of intangible assets and property, plant and equipment and of other investments which are not included in cash equivalents. The objective is to show the real investments made by the Agency.

### 5. CONTINGENT ASSETS AND LIABILITIES AND OTHER SIGNIFICANT DISCLOSURES

#### 5.1. Contingent Assets

There are no contingent assets or liabilities to disclose for the year ended 31 December 2023.

#### 5.2. Contingent Liabilities

As described in note 2.7, the Agency is party of legal proceedings in front of national courts. Depending on the courts' ruling the Agency may be obliged to cover administrative legal costs of those proceedings and additional claims. The Agency estimates that the maximum value of those potential costs is EUR 69 000. In addition, the Agency might be obliged to pay staff installation allowances for ex-CHAEFA staff that had a right to reallocate EUR 9 500.

#### 5.3. Other significant disclosures

##### 5.3.1. Outstanding commitments not yet expensed (carryovers)

|                                                                                        | EUR              |                  |
|----------------------------------------------------------------------------------------|------------------|------------------|
|                                                                                        | 2023             | 2022             |
| Automatic carryovers C1                                                                | 4 165 966        | 3 939 973        |
| Accrued expenses (excluding holiday compensation); deferred expenses and open invoices | (2 003 966)      | (2 541 211)      |
| <b>Outstanding commitments not yet expensed</b>                                        | <b>2 162 000</b> | <b>1 398 762</b> |

The amount disclosed above is the budgetary RAL ("Reste à Liquider") less accruals and plus suppliers' invoices received and not yet paid on 31 December 2023 that have been included as expenses in the 2023 statement of financial performance. The budgetary RAL is an amount representing the open commitments for which payments and/or de-commitments have not yet been made.

##### 5.3.2. Significant legal commitments

|                                                 | EUR      |                  |
|-------------------------------------------------|----------|------------------|
|                                                 | 2023     | 2022             |
| Operating lease - rental of the office premises | -        | 3 202 003        |
| Other contractual commitments                   | -        | -                |
| <b>Future commitments on existing contracts</b> | <b>-</b> | <b>3 202 003</b> |

The usufruct contract for the Covent Garden building signed by the Agency in 2010 was transferred to OIB as of mid-September due to the move of the Agency to new building - North Light.

## 6. FINANCIAL INSTRUMENTS

Financial instruments comprise cash, current receivables and recoverables, current payables, amounts due to and from consolidated entities. Financial instruments give rise to liquidity, credit, interest rate and foreign currency risks, information about which and how they are managed is set out below.

The carrying amounts of financial instruments are as follows:

|                                        | EUR                |                    |
|----------------------------------------|--------------------|--------------------|
|                                        | 2023               | 2022               |
| <b>Financial assets</b>                |                    |                    |
| Current receivables                    | 14 850             | 22 421             |
| Other receivables                      | 28 828             | 21 901             |
| Cash and deposits                      | 5 550 909          | 5 387 568          |
| <b>Total financial assets</b>          | <b>5 594 587</b>   | <b>5 431 890</b>   |
| <b>Financial liabilities</b>           |                    |                    |
| Long-term payables                     | -                  | -                  |
| Current payables                       | (71 857)           | (42 764)           |
| Other payables                         | (33 004)           | -                  |
| Payables to consolidated entities      | (1 408 828)        | (1 866 413)        |
| <b>Total financial liabilities</b>     | <b>(1 513 689)</b> | <b>(1 909 177)</b> |
| <b>Total net financial instruments</b> | <b>4 080 898</b>   | <b>3 522 713</b>   |

### Liquidity risk

Liquidity risk is the risk that arises from the difficulty of selling an asset; for example, the risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss or meet an obligation.

Liquidity risk arises from the ongoing financial obligations, including settlement of payables.

The Agency manages liquidity risk by continually monitoring forecast and actual cash flows.

Details of contractual maturities for assets and liabilities form an important source of information for the management of liquidity risk.

The table below provides detail on the contractual maturity of all financial instruments and other assets and liabilities. Liquidity risk on these items is not managed on the basis of contractual maturity because they are not held for settlement according to such maturity and will be settled before contractual maturity at fair value.

|                                            |                  |                    |                 |             |             | EUR                |
|--------------------------------------------|------------------|--------------------|-----------------|-------------|-------------|--------------------|
| As at 31 December 2023                     | On demand        | < 3 months         | 3 – 12 months   | 1 – 2 years | 2 – 5 years | Total              |
| <b>Assets</b>                              |                  |                    |                 |             |             |                    |
| Current receivables                        | -                | 14 850             | -               | -           | -           | 14 850             |
| Other receivables                          | -                | -                  | 28 828          | -           | -           | 28 828             |
| Cash and deposits                          | 5 550 909        | -                  | -               | -           | -           | 5 550 909          |
| <b>Total financial assets</b>              | <b>5 550 909</b> | <b>14 850</b>      | <b>28 828</b>   | <b>-</b>    | <b>-</b>    | <b>5 594 587</b>   |
| <b>Liabilities</b>                         |                  |                    |                 |             |             |                    |
| Long-term payables                         | -                | -                  | -               | -           | -           | -                  |
| Current payables                           | -                | (71 857)           | -               | -           | -           | (71 857)           |
| Other payables                             | -                | -                  | (33 004)        | -           | -           | (33 004)           |
| Payables to consolidated entities          | -                | (1 408 828)        | -               | -           | -           | (1 408 685)        |
| <b>Total financial liabilities</b>         | <b>-</b>         | <b>(1 480 685)</b> | <b>(33 004)</b> | <b>-</b>    | <b>-</b>    | <b>(1 513 689)</b> |
| <b>Cumulative liquidity surplus/ (gap)</b> | <b>5 550 909</b> | <b>(1 465 835)</b> | <b>(4 176)</b>  | <b>-</b>    | <b>-</b>    | <b>4 080 898</b>   |

Bank accounts opened in the name of the Agency may not be overdrawn.

Treasury and payment operations are highly automated and rely on modern information systems. Specific procedures are applied to guarantee system security and to ensure segregation of duties in line with the Financial Regulation, the internal control standards, and audit principles.

EU budget principles ensure that overall cash resources for a given year are always sufficient for the execution of all payments.

### Credit risk

Credit risk is the risk of loss due to a debtor's/borrower's non-payment of a loan or other line of credit (either the principal or interest or both) or other failure to meet a contractual obligation. The default events include a delay in repayments, restructuring of borrower repayments and bankruptcy. Mitigation measures on receivables – monitoring, reminders, etc.

Treasury resources are kept with commercial banks. The subsidy from the European Commission was requested three times during the year based on cash forecasts.

Specific guidelines are applied for the selection of commercial banks in order to further minimise counterparty risk to which the Agency is exposed:

- All commercial banks are selected by call for tenders. The minimum short term credit rating required for admission to the tendering procedures is Moody's P-1 or equivalent (S&P A-1 or Fitch F1). A lower level may be accepted in specific and duly justified circumstances.
- The credit ratings of the commercial banks where the Agency has accounts are reviewed on regular basis.

None of the Agency's financial assets are past due nor impaired. The maximum exposure to credit risk is:

|                                                       |                                                 |                                                 |                  |                                                 |                                                 | EUR              |
|-------------------------------------------------------|-------------------------------------------------|-------------------------------------------------|------------------|-------------------------------------------------|-------------------------------------------------|------------------|
| 31 December                                           | 2023                                            |                                                 |                  | 2022                                            |                                                 |                  |
|                                                       | Receivables<br>non-<br>consolidated<br>entities | Receivables<br>non-<br>consolidated<br>entities | Bank<br>accounts | Receivables<br>non-<br>consolidated<br>entities | Receivables<br>non-<br>consolidated<br>entities | Bank<br>accounts |
| <b>Counterparties with external credit rating:</b>    |                                                 |                                                 |                  |                                                 |                                                 |                  |
| Prime and high grade                                  | -                                               | -                                               | -                | -                                               | -                                               | -                |
| Upper medium grade                                    | -                                               | -                                               | 5 550 909        | -                                               | -                                               | 5 387 568        |
| Lower medium grade                                    | -                                               | -                                               | -                | -                                               | -                                               | -                |
| Non-investment grade                                  | -                                               | -                                               | -                | -                                               | -                                               | -                |
| <b>Counterparties without external credit rating:</b> |                                                 |                                                 |                  |                                                 |                                                 |                  |
| Debtors who never defaulted                           | 14 850                                          | 28 828                                          | -                | -                                               | 44 322                                          | -                |
| Debtors who defaulted in the past                     | -                                               | -                                               | -                | -                                               | -                                               | -                |
| <b>Total</b>                                          | <b>14 850</b>                                   | <b>28 828</b>                                   | <b>5 550 909</b> | <b>-</b>                                        | <b>44 322</b>                                   | <b>5 387 568</b> |

The Agency has a current account in ING Belgium. Its credit rating was as follows:

|            | Moody's | Fitch |
|------------|---------|-------|
| Short term | P-1     | F1+   |
| Long term  | Aa3     | AA-   |

### Interest rate risk

Interest rate risk is the possibility of a reduction in the value of a security, especially a bond, resulting from an increase in interest rates. In general, higher interest rates will lead to lower prices of fixed rate bonds, and vice versa.

Interest rate risk at the Agency arises from cash. It is recognised that interest rates fluctuate and the Agency accepts the risk and does not consider it to be material.

The Agency's treasury does not borrow any money; as a consequence, it is not exposed to interest rate risk. It does, however, earn interest on balances it holds on its banks accounts. The Agency has therefore put in place measures to ensure that interest earned on its bank accounts regularly reflects market interest rates, as well as their possible fluctuation.

### Foreign currency risk

Currency risk is the risk that the EU's operations or its investments' value will be affected by changes in exchange rates. This risk arises from the change in price of one currency against another.

Most financial assets and liabilities are in EUR, so in these cases the Agency has no foreign currency risk.

When miscellaneous receipts are received in currencies other than EUR, they are either transferred to the Agency's accounts held in the same currencies, if they are needed to cover for the execution of payments, or converted into EUR and transferred to accounts held in EUR.

### Fair value

The estimated fair values of all financial instruments of the Agency are equal to their book values as at 31 December 2023 and 31 December 2022. All financial assets and liabilities are receivable or repayable on demand or within one year.

## 7. CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies for the financial year 2023.

## 8. RELATED PARTY DISCLOSURE

The related parties of the Agency are the key management personnel. Transactions between the Agency and the key management personnel take place as part of the normal operations and as this is the case, no specific disclosure requirements are necessary for these transactions in accordance with the EU Accounting rules.

| Highest grade description                    | Grade | Number of persons of this grade |
|----------------------------------------------|-------|---------------------------------|
| Director, Heads of Department, Heads of Unit | AD14  | 4                               |
| Heads of Department, Heads of Unit           | AD13  | 4                               |

The remuneration equivalent to the grades of the key management personnel in the table can be found in Official Journal L 345/10 of 23 December 2008.

## 9. EVENTS AFTER THE BALANCE SHEET DATE AND DISCLOSURES

At the date of issue of the accounts, there were no material issues that came to the attention of the accounting officer of the Agency or were reported to her that would require separate disclosure under that section.

**REPORTS ON THE BUDGET IMPLEMENTATION  
OF THE EUROPEAN INNOVATION COUNCIL AND SMALL &  
MEDIUM-SIZED ENTERPRISE EXECUTIVE AGENCY  
(EISMEA)**

## 1. INTRODUCTION

### 1.1. EISMEA budget and its implementation

The first 2023 operating budget (hereafter referred to as administrative budget) of the Agency was adopted by Steering Committee on 13 December 2022 and it amounted to EUR 52 702 222 (including EFTA and Third Countries contributions). During the year 6 amending budgets were adopted by the Steering Committee which decreased the overall initial amount by EUR 4 795 162, resulting in a provisional budget of EUR 47 907 060.

The subsidy requested on the general budget amounted to EUR 47 907 060. The execution of commitment appropriations amounts to EUR 47 647 947 (99% of the available budget) and the execution of payment appropriations amounts to EUR 43 481 980 (91% of the available budget).

### Budgetary structure and principles

#### 1.1.1. Budgetary structure

The budgetary accounts are kept in accordance with the Financial Regulation and its rules of application. The budget is the instrument which, for each financial year, forecasts and authorises the revenue and expenditure considered necessary for the implementation of the Agency's Decision.

Every year, the Agency estimates its revenue and expenditure for the year and draws up a draft budget which it sends to the Commission. The Commission then sends it to the budgetary authority. On the basis of this draft budget, the Council draws its position which is then the subject of negotiations between the two arms of the budgetary authority. The President of the Parliament declares that the joint draft has been provisionally adopted, thus making the budget enforceable. The task of executing the budget is the responsibility of the Agency.

The budget structure for the Agency consists of administrative appropriations and has only non-differentiated appropriations, meaning that the commitment and the payment appropriations are of the same amount. Non-differentiated appropriations are used to finance operations of an annual nature (which comply with the principle of annuality).

The appropriations are split into commitment and payment appropriations:

- **Commitment appropriations (CA)** – cover the total cost of the legal obligations entered into for the current financial year.
- **Payment appropriations (PA)** – cover expenditure arising from commitments entered into in the current financial year and/or earlier financial years.

### Origin of Appropriations

The main source of appropriations is the Agency's budget for the current year. However, there are other types of appropriations resulting from the provisions of the Financial Regulation. They come from previous financial years or outside sources:

- Initial budget appropriations adopted for the current year can be supplemented with transfers between lines and by amending budgets.
- Appropriations carried over from previous year or made available again also supplement the current budget.

### Composition of Appropriations Available

- Initial budget = appropriations voted in year N-1;
- Provisional budget appropriations = initial budget appropriations adopted + amending budget appropriations + transfers + additional appropriations;

– Additional appropriations = assigned revenue (see above) + appropriations carried over from the previous financial year.

The provisional budget is distributed in the following titles:

| Budget title                             | EUR                         |                           |                      |
|------------------------------------------|-----------------------------|---------------------------|----------------------|
|                                          | Year 2023<br>Appropriations | Carried over<br>from 2022 | Total Budget<br>2023 |
| 1. Staff expenditure                     | 38 224 976                  | 1 283 366                 | 39 508 342           |
| 2. Infrastructure and operating expenses | 7 115 370                   | 1 305 328                 | 8 420 698            |
| 3. Programme support expenditure         | 2 566 714                   | 1 351 279                 | 3 917 993            |
| <b>Total</b>                             | <b>47 907 060</b>           | <b>3 939 973</b>          | <b>51 847 033</b>    |

### 1.1.2. Budgetary principles

The budget of the Agency has been established and implemented in compliance with the principles of unity, budget accuracy, annuality, equilibrium, unit of account, universality, specification, sound financial management and transparency.

- **Unity and budget accuracy** - all Agency's expenditure and revenues must be incorporated in a single budget documents, must be booked on a budget line and expenditure must not exceed authorised appropriation;
- **Annuity** – the appropriations entered are authorised for a single year and must therefore be used during that year;
- **Equilibrium** – the revenue and expenditure shown in the budget must be in balance (estimated revenue must equal payment appropriations);
- **Unit of account** – the budget is drawn up and implemented in euro (EUR) and the accounts are presented in euro;
- **Universality** – this principle comprises of two rules:
  - ✓ The rule of non-assignment, meaning that budget revenue must not be earmarked for specific items of expenditure (total revenue must cover total expenditure);
  - ✓ The gross budget rule, meaning that revenue and expenditure are entered in full in the budget without any adjustments against each other;
- **Specification** – each appropriation is assigned to specific purpose and specific objective;
- **Sound financial management** – budget appropriations are used in accordance with the principle of sound financial management, namely in accordance with the principle of economy, efficiency and effectiveness;
- **Transparency** – the budget is established and implemented and the accounts presented in compliance with the principle of transparency – the budget and amending budgets are published on the website of EISMEA.

## 2. BUDGET RESULT

### 2.1. Calculation of the Budget Result

The revenue entered in the accounts is the amount actually received during the course of the year. For the purposes of calculating the budget result for the year, expenditure comprises payments made against the year's appropriations plus any of the appropriations for that year that are carried over to the following year. Payments made against the year's appropriations means payments that are made by the accounting officer by 31 December of the financial year.

The following are added to or deducted from the resulting figure:

- the net balance of cancellations of payment appropriations carried over from previous years and any payments which, because of fluctuations in the euro rate, exceed non-differentiated appropriations carried over from the previous year; and
- the balance of exchange-rate gains and losses recorded during the year.

Payment appropriations carried over include automatic carryovers and carryovers by decision. The cancellation of unused payment appropriations carried over from the previous year shows the cancellations on appropriations carried over automatically and by decision.

## 2.2. Budget outturn table

|                                                                                          | EUR               |                   |
|------------------------------------------------------------------------------------------|-------------------|-------------------|
| BUDGET RESULT                                                                            | 2023              | 2022              |
| <b>REVENUE</b>                                                                           |                   |                   |
| Balancing Commission subsidy/Union contribution, cashed                                  | 47 907 060        | 46 027 373        |
| Other subsidy from Commission                                                            | -                 | -                 |
| Free income                                                                              | -                 | -                 |
| Other income                                                                             | 277 572           | 11 323            |
| <b>TOTAL REVENUE</b>                                                                     | <b>48 184 632</b> | <b>46 038 696</b> |
| <b>EXPENDITURE</b>                                                                       |                   |                   |
| <b>Title 1: Staff</b>                                                                    |                   |                   |
| Payments                                                                                 | 37 141 084        | 36 167 736        |
| Appropriations carried over                                                              | 886 612           | 1 283 366         |
| <b>Title 2: Administrative Expenses</b>                                                  |                   |                   |
| Payments                                                                                 | 5 648 440         | 4 961 172         |
| Appropriations carried over                                                              | 1 417 226         | 1 305 328         |
| <b>Title 3: Operating Expenditure</b>                                                    |                   |                   |
| Payments                                                                                 | 692 456           | 675 913           |
| Appropriations carried over                                                              | 1 862 128         | 1 351 279         |
| <b>TOTAL EXPENDITURE</b>                                                                 | <b>47 647 946</b> | <b>45 744 794</b> |
| <b>BUDGET RESULT FOR THE FINANCIAL YEAR BEFORE SPECIAL ITEMS</b>                         | <b>536 686</b>    | <b>293 902</b>    |
| Cancellation of unused appropriations carried over from previous year                    | 826 388           | 1 181 342         |
| Exchange rate differences                                                                | (654)             | (390)             |
| <b>Pre-financing remaining open to be reimbursed by agency to Commission in year N+1</b> | <b>1 362 420</b>  | <b>1 474 854</b>  |

The budget result for 2023 amounts to EUR 1 362 420 and is comprised of:

- EUR 259 114 – not used appropriations current year (budget 2023 not committed nor carried over);
- EUR 826 388 – not used payment appropriations carried forward from 2022;
- EUR 277 572 – other income relating to recovery of expenses for services delivered in 2022;
- (EUR 654) – exchange rate differences.

### 3. RECONCILIATION OF ECONOMIC RESULT WITH BUDGET RESULT

EUR

|                                                                                                                    | 2023             | 2022             |
|--------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| <b>ECONOMIC RESULT OF THE YEAR</b>                                                                                 | <b>1 408 991</b> | <b>98 624</b>    |
| <b>Adjustments for accrual items (items included in the economic result but not in the budget result)</b>          |                  |                  |
| Accrual Cut-off (reversal 31 December 2022)                                                                        | (3 136 779)      | (2 608 766)      |
| Accrual Cut-off (cut-off 31 December 2023)                                                                         | 2 636 037        | 3 136 779        |
| Unpaid invoices at year end but booked in charges                                                                  | 106 956          | 424 296          |
| Depreciation/amortisation of intangible and tangible assets and other amounts relating to disposal of fixed assets | 778 775          | 245 457          |
| Provisions                                                                                                         | 235 648          | (21 490)         |
| Recovery Orders issued in year 2023 and not yet cashed                                                             | -                | -                |
| Payments made from carry-over of payment appropriations                                                            | 3 113 585        | 1 517 665        |
| Deferred expenses (reversal 31 December 2022)                                                                      | 166 044          | 377 990          |
| Deferred expenses (cut-off 31 December 2023)                                                                       | (107 854)        | (166 044)        |
| Other (open invoices 2022, accrued income 2023 and reversal 2022, etc)                                             | (1 811 855)      | (30 817)         |
| <b>Adjustments for budgetary items (items included in the budget result but not in the economic result)</b>        |                  |                  |
| Asset acquisitions (less unpaid amounts)                                                                           | (35 120)         | (216 828)        |
| Pre-financing paid                                                                                                 | -                | -                |
| New pre-financing received in year 2023 and remaining open as at 31 December 2023                                  | 1 362 420        | 1 474 854        |
| Budgetary recovery orders issued before year 2023 and cashed in the year                                           | -                | 1 765            |
| Budgetary recovery orders issued in year 2023 on balance sheet accounts and not cashed                             | (14 850)         | -                |
| Payment appropriations carried over to year 2023                                                                   | (4 165 966)      | (3 939 973)      |
| Cancellation of unused carried over payment appropriations from previous year                                      | 826 388          | 1 181 342        |
| Other                                                                                                              |                  |                  |
| <b>Total</b>                                                                                                       | <b>153 429</b>   | <b>1 376 230</b> |
| <b>BUDGET RESULT OF THE YEAR</b>                                                                                   | <b>1 362 420</b> | <b>1 474 854</b> |

The financial statements of the year are prepared on the basis of accrual accounting principles by which transactions are recorded in the period to which they relate. The result for the year using the accrual basis is indicated in the Statement of Financial Performance. The budget result is however based on modified cash accounting rules. In the latter, only payments made and revenue cashed in the period as well as carry-over of appropriations are recorded. The economic result and the budget result both cover the same underlying transactions; therefore, it is a useful control to ensure that they are reconcilable.

The actual budgetary revenue for a financial year corresponds to the revenue collected from entitlements established in the course of the year and amounts collected from entitlements established in previous years. Therefore, the entitlements established in the current year but not yet collected are to be deducted from the economic result for reconciliation purposes as they do not form part of budgetary revenue. On the contrary, the entitlements established in previous years and collected in current year must be added to the economic result for reconciliation purposes.

The net accrued expenses mainly consist of accruals made for year-end cut-off purposes. While accrued expenses are not considered as budgetary expenditure, payments made in the current year relating to invoices registered in prior years are part of current year's budgetary expenditure.

The net effect of pre-financing is the combination of (1) the new pre-financing amounts paid in the current year and recognised as budgetary expenditure of the year and (2) the clearing of the pre-financing paid in current year or previous years through the acceptance of eligible costs. The latter represent an expense in accrual terms but not in the budgetary accounts since the payment of the initial pre-financing had already been considered as a budgetary expenditure at the time of its payment.

Besides the payments made against the year's appropriations, the appropriations for that year that are carried to the next year also need to be taken into account in calculating the budget result for the year. The same applies for the budgetary payments made in the current year from carry-overs and the cancellation of unused payment appropriations.

The movement in provisions relates to year-end estimates made in the accrual accounts (employee benefits mainly) that do not impact the budgetary accounts. Other reconciling amounts comprise different elements such as asset depreciation, asset acquisitions, capital lease payments and financial participations for which the budgetary and accrual accounting treatments differ.

#### 4. BUDGET REVENUE

In accordance with Article 5 of the Standard Financial Regulation for the Executive Agencies, the revenue of the agency shall comprise a grant awarded by the Communities and any other revenue, including assigned revenue within the meaning of Article 15 thereof.

| Type of revenue    | Initial budget    | Amendments         | Final budget      | Entitlements established | Revenue received  |
|--------------------|-------------------|--------------------|-------------------|--------------------------|-------------------|
| Commission subsidy | 52 702 222        | (4 795 162)        | 47 907 060        | 47 907 060               | 47 907 060        |
| Other income       | -                 | -                  | -                 | 292 422                  | 277 572           |
| <b>TOTAL</b>       | <b>52 702 222</b> | <b>(4 795 162)</b> | <b>47 907 060</b> | <b>48 199 482</b>        | <b>48 184 632</b> |

To cover its administrative costs for 2023 the Agency receives a subsidy from the EU budget. This subsidy of EUR 47 907 060 was paid in three instalments by DG RTD.

The other revenues consist of recovery of costs from commission (OIB, DG BUDG and CPE) legal and rent related expenses paid by the Agency in previous years.

## 5. BUDGET EXPENDITURE

### 5.1. Budget overview - commitment and payment appropriations fund source C1

EUR

| Budget line         | Description                                                | Initial budget (EUR) | Budget amendment No 1 (EUR) [transfers] | Budget amendment No 2 (EUR) [transfers] | Budget amendment No 3 (EUR) [transfers] | Budget amendment No 4 (EUR) [transfers] | Budget amendment No 5 (EUR) [transfers] | Budget amendment No 6 (EUR) [transfers] | Final budget (EUR) |
|---------------------|------------------------------------------------------------|----------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|--------------------|
| 1111                | Temporary Agents - Remunerations                           | 14 049 517           | -                                       | -                                       | -                                       | (1 751 937)                             | 140 000                                 | -                                       | 12 437 580         |
| 1112                | Temporary Agents - Allowances                              | 3 563 483            | -                                       | -                                       | -                                       | (294 503)                               | (90 000)                                | -                                       | 3 178 980          |
| 1121                | Contract Agents - Remuneration                             | 15 042 841           | -                                       | -                                       | (230 000)                               | 419 649                                 | (140 000)                               | -                                       | 15 092 490         |
| 1122                | Contract Agents - Allowances                               | 6 144 259            | -                                       | -                                       | -                                       | (2 095 119)                             | 75 000                                  | -                                       | 4 124 140          |
| 1131                | Seconded National Experts - Allowances and Charges (PM)    | 216 300              | (10 880)                                | -                                       | -                                       | (159 190)                               | 15 000                                  | -                                       | 61 230             |
| 1141                | Support services & trainees                                | 1 138 665            | 10 880                                  | -                                       | 230 000                                 | (24 795)                                | -                                       | -                                       | 1 354 750          |
| 1211                | Recruitment expenses                                       | 5 150                | -                                       | -                                       | -                                       | -                                       | -                                       | (3 950)                                 | 1 200              |
| 1221                | Individual entitlements of staff                           | 537 660              | -                                       | -                                       | -                                       | 66 340                                  | -                                       | -                                       | 604 000            |
| 1231                | Training                                                   | 684 950              | -                                       | -                                       | -                                       | (133 440)                               | -                                       | (229 741)                               | 321 769            |
| 1241                | Medical Service                                            | 108 150              | (33 891)                                | -                                       | -                                       | 1                                       | -                                       | -                                       | 74 260             |
| 1242                | Mobility & social expenses for the Staff                   | 869 835              | 41 918                                  | -                                       | -                                       | (42 843)                                | -                                       | 4 360                                   | 873 270            |
| 1251                | Representation expenses, events and Internal meetings      | 30 900               | 54 950                                  | -                                       | -                                       | 7 510                                   | -                                       | 7 947                                   | 101 307            |
| <b>Title 1</b>      | <b>Staff expenditure</b>                                   | <b>42 391 710</b>    | <b>62 977</b>                           | <b>-</b>                                | <b>-</b>                                | <b>(4 008 327)</b>                      | <b>-</b>                                | <b>(221 384)</b>                        | <b>38 224 976</b>  |
| 2111                | Rental of building and associated expenses                 | 4 613 679            | 65 689                                  | -                                       | -                                       | (159 288)                               | -                                       | (306 143)                               | 4 213 937          |
| 2211                | ICT Purchases, Hard - and Software & Maintenances          | 37 571               | 60 000                                  | 63 419                                  | -                                       | -                                       | -                                       | 219 945                                 | 380 935            |
| 2212                | ICT Services                                               | 2 252 119            | 149 000                                 | (63 419)                                | -                                       | (374 260)                               | -                                       | 365 404                                 | 2 328 844          |
| 2311                | Furniture, Technical Installations and associated expenses | 50 878               | -                                       | -                                       | -                                       | (1 558)                                 | -                                       | (22 506)                                | 26 814             |
| 2312                | Office Supplies, documentation & correspondence            | 32 669               | -                                       | -                                       | -                                       | (7 629)                                 | -                                       | -                                       | 25 040             |
| 2313                | Charges, insurances & other operating expenses             | 126 573              | (5 294)                                 | -                                       | -                                       | 17 291                                  | -                                       | 1 230                                   | 139 800            |
| <b>Title 2</b>      | <b>Infrastructure and operating expenditure</b>            | <b>7 113 489</b>     | <b>269 395</b>                          | <b>-</b>                                | <b>-</b>                                | <b>(525 444)</b>                        | <b>-</b>                                | <b>257 930</b>                          | <b>7 115 370</b>   |
| 3111                | Experts and external meetings                              | 244 217              | (103 716)                               | -                                       | -                                       | (41 941)                                | -                                       | -                                       | 98 560             |
| 3112                | Missions: Programme Management                             | 895 000              | 42 271                                  | -                                       | -                                       | (275 791)                               | -                                       | (129 418)                               | 532 062            |
| 3113                | External Audits                                            | 577 240              | (225 240)                               | -                                       | -                                       | (32 000)                                | -                                       | (69 787)                                | 250 213            |
| 3114                | Communication, Information and Linguistic services         | 1 314 054            | 120 825                                 | -                                       | -                                       | 88 341                                  | -                                       | 162 659                                 | 1 685 879          |
| 3115                | Seminars & specific Training                               | 166 512              | (166 512)                               | -                                       | -                                       | -                                       | -                                       | -                                       | -                  |
| <b>Title 3</b>      | <b>Programme support expenditure</b>                       | <b>3 197 023</b>     | <b>(332 372)</b>                        | <b>-</b>                                | <b>-</b>                                | <b>(261 391)</b>                        | <b>-</b>                                | <b>(36 546)</b>                         | <b>2 566 714</b>   |
|                     |                                                            |                      |                                         |                                         |                                         |                                         |                                         |                                         |                    |
| <b>Total budget</b> |                                                            | <b>52 702 222</b>    | <b>-</b>                                | <b>-</b>                                | <b>-</b>                                | <b>(4 795 162)</b>                      | <b>-</b>                                | <b>-</b>                                | <b>47 907 060</b>  |

## 5.2. Budget implementation

The below budgetary tables depict the details of the Agency's budget implementation in 2023

**Fund Source: C1**

| Budget line                                                            | Description                                               | Appropriation (1)<br>(EUR) | Committed (2)<br>(EUR) | % Committ ed (2/1) | Paid (3)<br>(EUR) | % Paid (3/1) | Balance Commitment (1-2)<br>(EUR) | Balance Payment (2-3)<br>(EUR) |
|------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------|------------------------|--------------------|-------------------|--------------|-----------------------------------|--------------------------------|
| <b>Title: 1 Staff expenditure</b>                                      |                                                           | <b>38 224 976</b>          | <b>38 027 697</b>      | <b>99%</b>         | <b>37 141 085</b> | <b>97%</b>   | <b>197 279</b>                    | <b>886 612</b>                 |
| <b>Chapter 11 – Remunerations, allowances &amp; charges</b>            |                                                           | <b>36 249 170</b>          | <b>36 063 340</b>      | <b>99%</b>         | <b>35 632 385</b> | <b>98%</b>   | <b>185 830</b>                    | <b>430 955</b>                 |
| 1111                                                                   | Temporary Agents - Remunerations                          | 12 485 580                 | 12 465 702             | 100%               | 12 465 702        | 100%         | 19 878                            | -                              |
| 1112                                                                   | Temporary Agents - Allowances                             | 3 171 980                  | 3 151 947              | 99%                | 3 151 947         | 99%          | 20 033                            | -                              |
| 1121                                                                   | Contract Agents - Remuneration                            | 15 051 490                 | 14 951 441             | 99%                | 14 951 441        | 99%          | 100 049                           | -                              |
| 1122                                                                   | Contract Agents - Allowances                              | 4 124 140                  | 4 082 301              | 99%                | 4 082 301         | 99%          | 41 839                            | -                              |
| 1131                                                                   | Seconded National Experts                                 | 61 230                     | 57 199                 | 93%                | 57 199            | 93%          | 4 031                             | -                              |
| 1141                                                                   | Support services & trainees                               | 1 354 750                  | 1 354 750              | 100%               | 923 795           | 68%          | -                                 | 430 955                        |
| <b>Chapter 12 – Professional development &amp; social expenditure</b>  |                                                           | <b>1 975 806</b>           | <b>1 964 357</b>       | <b>99%</b>         | <b>1 508 700</b>  | <b>76%</b>   | <b>11 449</b>                     | <b>455 657</b>                 |
| 1211                                                                   | Recruitment expenses                                      | 1 200                      | 1 200                  | 100%               | 289               | 24%          | -                                 | 911                            |
| 1221                                                                   | Individual entitlements of staff                          | 604 000                    | 604 000                | 100%               | 468 767           | 78%          | -                                 | 135 233                        |
| 1231                                                                   | Training                                                  | 321 769                    | 316 040                | 98%                | 201 507           | 63%          | 5 729                             | 114 533                        |
| 1241                                                                   | Medical Service                                           | 74 260                     | 74 260                 | 100%               | 28 968            | 39%          | -                                 | 45 292                         |
| 1242                                                                   | Mobility & social expenses for the Staff                  | 873 270                    | 873 270                | 100%               | 770 262           | 88%          | -                                 | 103 008                        |
| 1251                                                                   | Representation expenses, events and Internal meetings     | 101 307                    | 95 587                 | 94%                | 38 907            | 38%          | 5 720                             | 56 680                         |
| <b>Title: 2 Infrastructure and operating expenses</b>                  |                                                           | <b>7 115 370</b>           | <b>7 065 665</b>       | <b>99%</b>         | <b>5 648 439</b>  | <b>86%</b>   | <b>49 705</b>                     | <b>1 417 226</b>               |
| <b>Chapter 21 – Building expenditure</b>                               |                                                           | <b>4 213 937</b>           | <b>4 213 936</b>       | <b>100%</b>        | <b>3 632 282</b>  | <b>86%</b>   | <b>1</b>                          | <b>581 654</b>                 |
| 2111                                                                   | Rental of building and associated expenses                | 4 213 937                  | 4 213 936              | 100%               | 3 632 282         | 86%          | 1                                 | 581 654                        |
| <b>Chapter 22 – ICT expenses</b>                                       |                                                           | <b>2 709 779</b>           | <b>2 688 740</b>       | <b>99%</b>         | <b>1 970 865</b>  | <b>73%</b>   | <b>21 039</b>                     | <b>717 875</b>                 |
| 2211                                                                   | ICT Purchases Hard - and Software & Maintenances          | 380 935                    | 361 312                | 95%                | 140 930           | 37%          | 19 623                            | 220 382                        |
| 2212                                                                   | ICT Services                                              | 2 328 844                  | 2 327 428              | 100%               | 1 829 935         | 79%          | 1 416                             | 497 493                        |
| <b>Chapter 23 – Movable property and current operating expenditure</b> |                                                           | <b>191 654</b>             | <b>162 989</b>         | <b>85%</b>         | <b>45 292</b>     | <b>24%</b>   | <b>28 665</b>                     | <b>117 697</b>                 |
| 2311                                                                   | Furniture Technical Installations and associated expenses | 26 814                     | 9 047                  | 34%                | 9 046             | 34%          | 17 767                            | 1                              |
| 2312                                                                   | Office Supplies documentation & correspondence            | 25 040                     | 25 040                 | 100%               | 3 371             | 13%          | -                                 | 21 669                         |
| 2313                                                                   | Charges insurances & other operating expenses             | 139 800                    | 128 902                | 92%                | 32 875            | 24%          | 10 898                            | 96 027                         |
| <b>Title: 3 Programme support expenditure</b>                          |                                                           | <b>2 566 714</b>           | <b>2 554 585</b>       | <b>100%</b>        | <b>692 457</b>    | <b>27%</b>   | <b>12 129</b>                     | <b>1 862 128</b>               |
| <b>Chapter 31 – Programme management expenditure</b>                   |                                                           | <b>2 566 714</b>           | <b>2 554 585</b>       | <b>100%</b>        | <b>692 457</b>    | <b>27%</b>   | <b>12 129</b>                     | <b>1 862 128</b>               |
| 3111                                                                   | Experts and external meetings                             | 98 560                     | 89 411                 | 91%                | 33 545            | 34%          | 9 149                             | 55 866                         |
| 3112                                                                   | Missions: Programme Management                            | 532 062                    | 532 062                | 100%               | 418 830           | 79%          | -                                 | 113 232                        |
| 3113                                                                   | External Audits                                           | 250 213                    | 250 213                | 100%               | -                 | 0%           | -                                 | 250 213                        |
| 3114                                                                   | Communication, Information and Linguistic services        | 1 685 879                  | 1 682 899              | 100%               | 240 082           | 14%          | 2 980                             | 1 442 817                      |
| <b>Total</b>                                                           |                                                           | <b>47 907 060</b>          | <b>47 647 947</b>      | <b>99%</b>         | <b>43 481 981</b> | <b>91%</b>   | <b>259 113</b>                    | <b>4 165 966</b>               |

The breakdown by type of expenditure shows that the total staff expenditure accounts for about 79% of total commitments i.e. EUR 38 027 697. Throughout the year 2023 the salaries were calculated by PMO with which the Agency has a Service Level Agreement (SLA) since 2005. The infrastructure and operating expenditure of the Agency (EUR 7 065 665) comprises mainly purchases of office rent of 60% and IT equipment and IT services of about 38%. Programme support expenditure amounted to EUR 2 554 585 of which 66% are allocated to communication expenses. The rest consists mainly of missions (21%) and external audits (10%).

In 2023 the difference between commitments and payments amounted to EUR 4 165 966. This amount was carried forward to 2024 as it corresponds to legal commitments contracted in 2023 but not yet paid on 31 December 2023 (communication building rental support services and trainees, trainings and ICT expenses).

**Fund Source: C8**

| Budget line                                                            | Description                                               | Appropriation (1) (EUR) | Paid (2) (EUR)   | % Paid (2/1) | Balance Commitment (1-2) (EUR) | Balance Carried-forward (EUR) |
|------------------------------------------------------------------------|-----------------------------------------------------------|-------------------------|------------------|--------------|--------------------------------|-------------------------------|
| <b>Title: 1 Staff expenditure</b>                                      |                                                           | <b>1 283 365</b>        | <b>882 478</b>   | <b>69%</b>   | <b>400 887</b>                 | <b>-</b>                      |
| <b>Chapter 11 – Remunerations allowances &amp; charges</b>             |                                                           | <b>704 420</b>          | <b>652 173</b>   | <b>93%</b>   | <b>52 247</b>                  | <b>-</b>                      |
| 1141                                                                   | Support services & trainees                               | 704 420                 | 652 173          | 93%          | 52 247                         | -                             |
| <b>Chapter 12 – Professional development &amp; social expenditure</b>  |                                                           | <b>578 945</b>          | <b>230 305</b>   | <b>40%</b>   | <b>348 640</b>                 | <b>-</b>                      |
| 1211                                                                   | Recruitment expenses                                      | 4 493                   | -                | 0%           | 4 493                          | -                             |
| 1221                                                                   | Individual entitlements of staff                          | 53 091                  | 20 413           | 38%          | 32 678                         | -                             |
| 1231                                                                   | Training                                                  | 376 914                 | 155 173          | 41%          | 221 741                        | -                             |
| 1241                                                                   | Medical Service                                           | 66 737                  | 30 134           | 45%          | 36 603                         | -                             |
| 1242                                                                   | Mobility & social expenses for the Staff                  | 61 307                  | 13 298           | 22%          | 48 009                         | -                             |
| 1251                                                                   | Representation expenses, events and Internal meetings     | 16 403                  | 11 287           | 69%          | 5 116                          | -                             |
| <b>Title: 2 Infrastructure and operating expenses</b>                  |                                                           | <b>1 305 329</b>        | <b>1 049 230</b> | <b>80%</b>   | <b>256 099</b>                 | <b>-</b>                      |
| <b>Chapter 21 – Building expenditure</b>                               |                                                           | <b>802 880</b>          | <b>655 094</b>   | <b>82%</b>   | <b>147 786</b>                 | <b>-</b>                      |
| 2111                                                                   | Rental of building and associated expenses                | 802 880                 | 655 094          | 82%          | 147 786                        | -                             |
| <b>Chapter 22 – ICT expenses</b>                                       |                                                           | <b>377 918</b>          | <b>359 034</b>   | <b>95%</b>   | <b>18 884</b>                  | <b>-</b>                      |
| 2211                                                                   | ICT Purchases Hard - and Software & Maintenances          | 49 571                  | 39 571           | 80%          | 10 000                         | -                             |
| 2212                                                                   | ICT Services                                              | 328 347                 | 319 463          | 97%          | 8 884                          | -                             |
| <b>Chapter 23 – Movable property and current operating expenditure</b> |                                                           | <b>124 531</b>          | <b>35 102</b>    | <b>28%</b>   | <b>89 429</b>                  | <b>-</b>                      |
| 2311                                                                   | Furniture Technical Installations and associated expenses | 14 898                  | 888              | 6%           | 14 010                         | -                             |
| 2312                                                                   | Office Supplies documentation & correspondence            | 21 253                  | 14 829           | 70%          | 6 424                          | -                             |
| 2313                                                                   | Charges insurances & other operating expenses             | 88 380                  | 19 385           | 22%          | 68 995                         | -                             |
| <b>Title: 3 Programme support expenditure</b>                          |                                                           | <b>1 351 279</b>        | <b>1 181 877</b> | <b>87%</b>   | <b>169 402</b>                 | <b>-</b>                      |
| <b>Chapter 31 – Programme management expenditure</b>                   |                                                           | <b>1 351 279</b>        | <b>1 181 877</b> | <b>87%</b>   | <b>169 402</b>                 | <b>-</b>                      |
| 3111                                                                   | Experts and external meetings                             | 65 350                  | 32 107           | 49%          | 33 243                         | -                             |
| 3112                                                                   | Missions: Programme Management                            | 46 956                  | 42 005           | 89%          | 4 951                          | -                             |
| 3113                                                                   | External Audits                                           | 161 144                 | 156 731          | 97%          | 4 413                          | -                             |
| 3114                                                                   | Communication Information and Linguistic services         | 1 077 829               | 951 034          | 88%          | 126 795                        | -                             |
| <b>Total</b>                                                           |                                                           | <b>3 939 973</b>        | <b>3 113 585</b> | <b>79%</b>   | <b>826 388</b>                 | <b>-</b>                      |

The carry-forward of the appropriations from 2022 to 2023 amounted to EUR 3 939 973. Out of this amount EUR 3 113 585 was paid which represents 79% of the total commitments carried-forward (2022: 65%). The difference between commitments carried-forward from 2022 to 2023 and payments on those commitments totals to EUR 826 388 (2022: EUR 1 181 342) and will be reimbursed to the Commission in 2024.

## 6. EVOLUTION OF COMMITMENTS OUTSTANDING

EUR

|                                                                             | Item                                                  | Commitments outstanding at the end of previous year |                                     |                  |          | Commitments of the current year   |                   |                                                          |                                 | Total commitm. Outstanding at year-end |
|-----------------------------------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------|-------------------------------------|------------------|----------|-----------------------------------|-------------------|----------------------------------------------------------|---------------------------------|----------------------------------------|
|                                                                             |                                                       | Commitm. carried forward from previous year         | Decommit. Revaluation Cancellations | Pay-ments        | Total    | Commit-ments made during the year | Pay-ments         | Cancel-lation of commit. which cannot be carried forward | Commit. outstanding at year-end |                                        |
|                                                                             |                                                       | 1                                                   | 2                                   | 3                | 4=1+2-3  | 5                                 | 6                 | 7                                                        | 8=5-6-7                         | 9=4+8                                  |
| 1111                                                                        | Temporary Agents - Remunerations                      | -                                                   | -                                   | -                | -        | 12 465 702                        | 12 465 702        | -                                                        | -                               | -                                      |
| 1112                                                                        | Temporary Agents - Allowances                         | -                                                   | -                                   | -                | -        | 3 151 947                         | 3 151 947         | -                                                        | -                               | -                                      |
| 1121                                                                        | Contract Agents - Remunerations                       | -                                                   | -                                   | -                | -        | 14 951 441                        | 14 951 441        | -                                                        | -                               | -                                      |
| 1122                                                                        | Contract Agents - Allowances                          | -                                                   | -                                   | -                | -        | 4 082 301                         | 4 082 301         | -                                                        | -                               | -                                      |
| 1131                                                                        | Seconded National Experts - Allowances and Charges    | -                                                   | -                                   | -                | -        | 57 199                            | 57 199            | -                                                        | -                               | -                                      |
| 1141                                                                        | Support services & trainees                           | 704 420                                             | (52 247)                            | 652 173          | -        | 1 354 750                         | 923 795           | -                                                        | 430 955                         | 430 955                                |
| <b>Chapter 11 – Remunerations allowances &amp; charges</b>                  |                                                       | <b>704 420</b>                                      | <b>(52 247)</b>                     | <b>652 173</b>   | <b>-</b> | <b>36 063 340</b>                 | <b>35 632 385</b> | <b>-</b>                                                 | <b>430 955</b>                  | <b>430 955</b>                         |
| 1211                                                                        | Recruitment expenses                                  | 4 493                                               | (4 493)                             | -                | -        | 1 200                             | 289               | -                                                        | 911                             | 911                                    |
| 1221                                                                        | Individual entitlements of staff                      | 53 091                                              | (32 678)                            | 20 413           | -        | 604 000                           | 468 767           | -                                                        | 135 233                         | 135 233                                |
| 1231                                                                        | Training                                              | 376 914                                             | (221 741)                           | 155 173          | -        | 316 040                           | 201 507           | -                                                        | 114 533                         | 114 533                                |
| 1241                                                                        | Medical Services                                      | 66 737                                              | (36 603)                            | 30 134           | -        | 74 260                            | 28 968            | -                                                        | 45 292                          | 45 292                                 |
| 1242                                                                        | Mobility & social expenses for the Staff              | 61 307                                              | (48 009)                            | 13 298           | -        | 873 270                           | 770 262           | -                                                        | 103 008                         | 103 008                                |
| 1251                                                                        | Representation expenses, events and internal meetings | 16 403                                              | (5 116)                             | 11 287           | -        | 95 587                            | 38 907            | -                                                        | 56 680                          | 56 680                                 |
| <b>Total 12 – Professional development &amp; social expenditure</b>         |                                                       | <b>578,945</b>                                      | <b>(348 640)</b>                    | <b>230 305</b>   | <b>-</b> | <b>1 964 357</b>                  | <b>1 508 700</b>  | <b>-</b>                                                 | <b>455 657</b>                  | <b>455 657</b>                         |
| <b>Total Title 1 Staff expenditure</b>                                      |                                                       | <b>1 283 365</b>                                    | <b>(400 887)</b>                    | <b>882 478</b>   | <b>-</b> | <b>38 027 697</b>                 | <b>37 141 085</b> | <b>-</b>                                                 | <b>886 612</b>                  | <b>886 612</b>                         |
| 2111                                                                        | Rental of building and associated expenses            | 802 880                                             | (147 786)                           | 655 094          | -        | 4 213 936                         | 3 632 282         | -                                                        | 581 654                         | 581 654                                |
| <b>Total Chapter 21– Building expenditure</b>                               |                                                       | <b>802,880</b>                                      | <b>(147 786)</b>                    | <b>655 094</b>   | <b>-</b> | <b>4 213 936</b>                  | <b>3 632 282</b>  | <b>-</b>                                                 | <b>581 654</b>                  | <b>581 654</b>                         |
| 2211                                                                        | ICT Purchases Hard - and Software & Maintenances      | 49 571                                              | (10 000)                            | 39 571           | -        | 361 312                           | 140 930           | -                                                        | 220 382                         | 220 382                                |
| 2212                                                                        | ICT Services                                          | 328 347                                             | (8 884)                             | 319 463          | -        | 2 327 428                         | 1 829 935         | -                                                        | 497 493                         | 497 493                                |
| <b>Total Chapter 22 – ICT expenses</b>                                      |                                                       | <b>377 918</b>                                      | <b>(18 884)</b>                     | <b>359 034</b>   | <b>-</b> | <b>2 688 740</b>                  | <b>1 970 865</b>  | <b>-</b>                                                 | <b>717 875</b>                  | <b>717 875</b>                         |
| 2311                                                                        | Furniture Technical Installations and associated e    | 14 898                                              | (14 010)                            | 888              | -        | 9 047                             | 9 046             | -                                                        | 1                               | 1                                      |
| 2312                                                                        | Office supplies documentation & correspondence        | 21 253                                              | (6 424)                             | 14 829           | -        | 25 040                            | 3 371             | -                                                        | 21 669                          | 21 669                                 |
| 2313                                                                        | Charges Insurances & other operating expenses         | 88 380                                              | (68 995)                            | 19 385           | -        | 128 902                           | 32 875            | -                                                        | 96 027                          | 96 027                                 |
| <b>Total Chapter 23– Movable property and current operating expenditure</b> |                                                       | <b>124 531</b>                                      | <b>(89 429)</b>                     | <b>35 102</b>    | <b>-</b> | <b>162 989</b>                    | <b>45 292</b>     | <b>-</b>                                                 | <b>117 697</b>                  | <b>117 697</b>                         |
| <b>Total Title 2 Infrastructure and operating expenses</b>                  |                                                       | <b>1 305 329</b>                                    | <b>(256 099)</b>                    | <b>1 049 230</b> | <b>-</b> | <b>7 065 665</b>                  | <b>5 648 439</b>  | <b>-</b>                                                 | <b>1 417 226</b>                | <b>1 417 226</b>                       |

EUR

|                                                            | Item                                              | Commitments outstanding at the end of previous year |                                     |           |         | Commitments of the current year   |            |                                                          |                                 | Total commitm. Outstanding at year-end |
|------------------------------------------------------------|---------------------------------------------------|-----------------------------------------------------|-------------------------------------|-----------|---------|-----------------------------------|------------|----------------------------------------------------------|---------------------------------|----------------------------------------|
|                                                            |                                                   | Commitm. carried forward from previous year         | Decommit. Revaluation Cancellations | Pay-ments | Total   | Commit-ments made during the year | Pay-ments  | Cancel-lation of commit. which cannot be carried forward | Commit. outstanding at year-end |                                        |
|                                                            |                                                   | 1                                                   | 2                                   | 3         | 4=1+2-3 | 5                                 | 6          | 7                                                        | 8=5-6-7                         | 9=4+8                                  |
| 3111                                                       | Experts and external meetings                     | 65 350                                              | (33 243)                            | 32 107    | -       | 89 411                            | 33 545     | -                                                        | 55 866                          | 55 866                                 |
| 3112                                                       | Missions: Programme management                    | 46 956                                              | (4 951)                             | 42 005    | -       | 532 062                           | 418 830    | -                                                        | 113 232                         | 113 232                                |
| 3113                                                       | External Audits                                   | 161 144                                             | (4 413)                             | 156 731   | -       | 250 213                           | -          | -                                                        | 250 213                         | 250 213                                |
| 3114                                                       | Communication Information and Linguistic services | 1 077 829                                           | (126 795)                           | 951 034   | -       | 1 682 899                         | 240 082    | -                                                        | 1 442 817                       | 1 442 817                              |
| <b>Total Chapter 31 - Programme management expenditure</b> |                                                   | 1 351 279                                           | (169 402)                           | 1 181 877 | -       | 2 554 585                         | 692 457    | -                                                        | 1 862 128                       | 1 862 128                              |
| <b>Total Title 3 Programme support expenditure</b>         |                                                   | 1 351 279                                           | (169 402)                           | 1 181 877 | -       | 2 554 585                         | 692 457    | -                                                        | 1 862 128                       | 1 862 128                              |
| <b>GRAND TOTAL</b>                                         |                                                   | 3 939 973                                           | (826 388)                           | 3 113 585 | -       | 47 647 947                        | 43 481 981 | -                                                        | 4 165 966                       | 4 165 966                              |

## ANNEX TO THE BUDGET ACCOUNTS

| Term                          | Definition                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ABAC                          | This is the name given to the Commission's accounting system which since 2005 has been enriched by accrual accounting rules. Apart from the cash-based budget accounts the Commission produces accrual-based accounts which recognise revenue when earned rather than when collected. Expenses are recognised when incurred rather than when paid. This contrasts with cash basis budgetary accounting that recognises transactions and other events only when cash is received or paid.                                                                                                                                                                                             |
| Accounting                    | The act of recording and reporting financial transactions including the creation of the transaction its recognition processing and summarisation in the financial statements.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Administrative appropriations | Administrative appropriations cover the running costs of the Institutions and entities (staff buildings office equipment).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Adjustment                    | Amending budget or transfer of funds from one budget item to another.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Adopted budget                | Draft budget becomes the adopted budget as soon as it is approved by the Budgetary Authority. Cf. Budget.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Agencies                      | EU bodies having a distinct legal personality and to whom budget implementing powers may be delegated under strict conditions. They are subject to a distinct discharge from the discharge authority.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Amending budget               | Decision adopted during the budget year to amend (increase decrease transfer) aspects of the adopted budget of that year.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Annuality                     | The budgetary principle according to which expenditure and revenue is programmed and authorised for one year starting on 1 January and ending on 31 December.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Appropriations                | Budget funding. The budget forecasts both commitments (legal pledges to provide finance provided that certain conditions are fulfilled) and payments (cash or bank transfers to the beneficiaries). Appropriations for commitments and payments often differ — differentiated appropriations — because multiannual programmes and projects are usually fully committed in the year they are decided and are paid over the years as the implementation of the programme and project progresses. Non-differentiated appropriations apply to administrative expenditure for agricultural market support and direct payments and commitment appropriations equal payment appropriations. |
| Appropriations                | Dedicated revenue received to finance specific items of expenditure.<br>Main sources of external assigned revenue are <i>financial contributions from third countries to programmes financed by the Union</i> .<br><i>Main sources of internal assigned revenue is revenue from third parties in respect of goods services or work supplied at their request; (c) revenue arising from the repayment of amounts wrongly paid and revenue from the sale of publications and films including those on an electronic medium.</i> The complete list of items constituting assigned revenue is given in the Financial Regulation Art. 21(2).                                              |
| Authorising Officer           | The AO is responsible in each institution for authorising revenue and expenditure operations in accordance with the principles of sound financial management and for ensuring that the requirements of legality and regularity are complied with.                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| C1                            | Current Appropriations = Initial Budget + Amending Budget + Transfers                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| C2/C3                         | Appropriations non automatically carried over – carried over on Decision of the College                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| C4                            | Appropriations non automatically carried over – carried over on Decision of the College                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| C5                            | Appropriations arising from Internal Assigned Revenue cashed in the previous year and carried over to the current one                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| C8                            | Appropriations automatically carried forward from previous year to current year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| IC1                           | Universal revenue voted in the budget                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Budget                        | Annual financial plan drawn up according to budgetary principles that provides forecasts and authorises for each financial year an estimate of future costs and revenue and expenditures and their detailed description and justification the latter included in budgetary remarks.                                                                                                                                                                                                                                                                                                                                                                                                  |
| Budget result                 | The difference between income received and amounts paid including adjustments for carry-overs cancellations and exchange rate differences. The resulting amount will have to be reimbursed to the funding authority as provided in the Financial Regulation for Agencies.                                                                                                                                                                                                                                                                                                                                                                                                            |
| Budget implementation         | Consumption of the budget through expenditure and revenue operations.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Budgetary authority           | Institutions with decisional powers on budgetary matters: the European Parliament and the Council of Ministers.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

| Term                              | Definition                                                                                                                                                                                                                                                                                                                                                                                                            |
|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Budgetary commitment              | A budgetary commitment is a reservation of appropriations to cover for subsequent expenses.                                                                                                                                                                                                                                                                                                                           |
| Cancellation of appropriations    | Unused appropriations that may no longer be used.                                                                                                                                                                                                                                                                                                                                                                     |
| Carryover of appropriations       | Exception to the principle of annuality in so far as appropriations that could not be used in a given budget year may under strict conditions be exceptionally carried over for use during the following year.                                                                                                                                                                                                        |
| Commitment appropriations         | Commitment appropriations cover the total cost of legal obligations (contracts grant agreements/decisions) that could be signed in the current financial year. Art. 7 FR: <i>Commitment appropriations cover the total cost in the current financial year of legal obligations (contracts grant agreements/decisions) entered into for operations extending over more than one year.</i>                              |
| De-commitment                     | Cancellation of a reservation of appropriations.                                                                                                                                                                                                                                                                                                                                                                      |
| Differentiated appropriations     | Differentiated appropriations are used to finance multiannual operations; they cover for the current financial year the total cost of the legal obligations entered into for operations whose implementation extends over more than one financial year. Art. 7 FR: <i>Differentiated appropriations are entered for multiannual operations. They consist of commitment appropriations and payment appropriations.</i> |
| Earmarked revenue                 | Revenue earmarked for a specific purpose such as income from foundations subsidies gifts and bequests including the earmarked revenue specific to each institution. (Cf. Assigned revenue)                                                                                                                                                                                                                            |
| Economic result                   | Impact on the balance sheet of expenditure and revenue based on accrual accounting rules.                                                                                                                                                                                                                                                                                                                             |
| Entitlements established          | Entitlements are recovery orders that the European Union must establish for collecting income.                                                                                                                                                                                                                                                                                                                        |
| Exchange rate difference          | The difference resulting from currency exchange rates applied to the transactions concerning countries outside the euro area or from the revaluation of assets and liabilities in foreign currency at the closure.                                                                                                                                                                                                    |
| Expenditure                       | Term used to describe spending the budget from all types of funds sources.                                                                                                                                                                                                                                                                                                                                            |
| Financial regulation (FR)         | Adopted through the ordinary legislative procedure after consulting the European Court of Auditors this regulation lays down the rules for the establishment and implementation of the general budget of the European Union. (OJ L 298 26.10.2012 p. 1)                                                                                                                                                               |
| Funds Source                      | Type of appropriations (e.g.: C1 C2 etc.)                                                                                                                                                                                                                                                                                                                                                                             |
| Grants                            | Direct financial contributions by way of donation from the budget in order to finance either an action intended to help achieve an objective part of an EU policy or the functioning of a body which pursues an aim of general European interest or has an objective forming part of an EU policy.                                                                                                                    |
| Implementation                    | Cf. Budget implementation                                                                                                                                                                                                                                                                                                                                                                                             |
| Income                            | Cf. Revenue                                                                                                                                                                                                                                                                                                                                                                                                           |
| Joint Undertakings (JUs)          | A legal EU-body established under the TFEU. The term can be used to describe any collaborative structure proposed for the " <i>efficient execution of Union research technological development and demonstration programmes</i> ".                                                                                                                                                                                    |
| Lapsing appropriations            | Unused appropriations to be cancelled at the end of the financial year. <i>Lapsing</i> means the cancellation of all or part of the authorisation to make expenditures and/or incur liabilities which is represented by an appropriation.                                                                                                                                                                             |
| Legal base (basic act)            | The legal base or basis is as a general rule a law based on an article in the Treaty giving competence to the Community for a specific policy area and setting out the conditions for fulfilling that competence including budget implementation. Certain Treaty articles authorise the Commission to undertake certain actions which imply spending without there being a further legal act.                         |
| Legal commitment                  | A legal commitment establishes a legal obligation towards third parties.                                                                                                                                                                                                                                                                                                                                              |
| Non-differentiated appropriations | Non-differentiated appropriations are for operations of an annual nature. (Art. 9 FR). In the EU-Budget non-differentiated appropriations apply to administrative expenditure for agricultural market support and direct payments.                                                                                                                                                                                    |
| Operational appropriations        | Operational appropriations finance the different policies mainly in the form of grants or procurement.                                                                                                                                                                                                                                                                                                                |

| Term                   | Definition                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Outstanding commitment | Legal commitments having not fully given rise to liquidation by payments. Cf. RAL.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Outturn                | Cf. Budget result                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Payment                | A payment is a cash disbursement to honour legal obligations.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Payment appropriations | Payment appropriations cover expenditure due in the current year arising from legal commitments entered in the current year and/or earlier years (Art. 7 FR).                                                                                                                                                                                                                                                                                                                                                                                                                      |
| RAL                    | Sum of outstanding commitments. Outstanding commitments (or RAL from the French ' <i>reste à liquider</i> ') are defined as the amount of appropriations committed that have not yet been paid. They stem directly from the existence of multiannual programmes and the dissociation between commitment and payment appropriations. (Cf. <i>Outstanding commitments</i> )                                                                                                                                                                                                          |
| Recovery               | The recovery order is the procedure by which the Authorising officer (AO) registers an entitlement by the Commission in order to retrieve the amount which is due. The entitlement is the right that the Commission has to claim the sum which is due by a debtor usually a beneficiary.                                                                                                                                                                                                                                                                                           |
| Result                 | Cf. Outturn                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Revenue                | Term used to describe income from all sources financing the budget.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Rules of application   | Detailed rules for the implementation of the financial regulation. They are set out in a Commission regulation adopted after consulting all institutions and cannot alter the financial regulation upon which they depend.                                                                                                                                                                                                                                                                                                                                                         |
| Surplus                | Positive difference between revenue and expenditure (see Budget result) which has to be returned to the funding authority as provided in the Financial Regulation.                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Transfer               | Transfers between budget lines imply the relocation of appropriations from one budget line to another in the course of the financial year and thereby they constitute an exception to the budgetary principle of specification. They are however expressly authorised by the Treaty on the Functioning of the European Union under the conditions laid down in the Financial Regulation. The FR identifies different types of transfers depending on whether they are between or within budget titles chapters articles or headings and require different levels of authorization. |