



European Institute of
Innovation & Technology

Annual accounts of the
European Institute of
Innovation and Technology

Financial year 2019

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CERTIFICATION OF THE ACCOUNTS

I acknowledge my responsibility for the preparation and presentation of the annual accounts of EIT, the European Institute of Innovation and Technology in accordance with Article 102 of the Framework Financial Regulation ('FFR')¹ and I hereby certify that the annual accounts of the EIT for the year 2019 have been prepared in accordance with Title IX of the FFR 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 EIT'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 the EIT.

Rosa ALDEA BUSQUETS

**Accounting Officer of the
European Institute of Innovation and
Technology**

¹ COMMISSION DELEGATED REGULATION (EU) 2019/715 of 18 December 2018 on the framework financial regulation for the bodies set up under the TFEU and Euratom Treaty and referred to in Article 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council.

BACKGROUND INFORMATION ON EIT

The European Institute of Innovation and Technology (EIT), with seat in Budapest (Hungary), has been established by Regulation (EC) No 294/2008 of the European Parliament and of the Council of 11 March 2008 (the founding Regulation) as amended by Regulation No 1292/2013 of 11 December 2013.

EIT's overall mission is to facilitate technological innovation to foster Europe's global competitiveness. Today, EIT is Europe's largest innovation ecosystem connecting and empowering the continent's knowledge triangle to create products and services that solve societal challenges.

EIT makes innovation happen by bringing together the key ingredients – business, education and research to form dynamic pan-European partnerships. The EIT's Knowledge and Innovation Communities (KICs) work in areas that make a difference to our planet, the EU and its citizens: from climate, digitisation, efficient and renewable energies to health, sustainable raw materials and food, with manufacturing and urban mobility selected as two additional areas of focus starting from 2019. EIT delivers on Europe's commitment to the UN's Sustainable Development Goals and contributes to the overarching objectives of the Europe 2020 strategy on fostering growth and creating jobs.

EIT is an integral part of Horizon 2020, the EU's Framework Programme for Research and Innovation. Horizon 2020 is a key pillar of the Innovation Union – a Europe 2020 flagship initiative that aims to enhance Europe's global competitiveness.

The Governing Board is the principal governing body of the EIT entrusted with the role of strategic leadership and the overall direction of the operational activities implemented by the EIT Headquarters. It is composed of high-level members experienced in higher education, research, innovation and business. It shall be responsible for steering the activities of the EIT, for the selection, designation and evaluation of the KICs, and for all other strategic decisions.

Annual Accounts

Following Article 49 of the Framework Financial regulation (FFR)², the Governing Board of the EIT appoints the Accounting Officer who is, amongst other tasks, responsible for preparation of the annual accounts, which are consolidated in those of the EU.

Following Article 51 of the FFR, the annual accounts are prepared in accordance with the rules adopted by the accounting officer of the Commission (EU Accounting Rules, EAR), which are based on internationally accepted accounting standards for the public sector (IPSAS). The annual accounts cover the period from 1 January to 31 December and comprise the 'financial statements' and the 'reports on the implementation of the budget'. While the financial statements and the complimentary notes are based on principles of accrual accounting adapted to the specific environment of the European Union, the budget implementation reports are primarily based on movements of cash.

Following the decision No 29/2018 of the EIT's Governing Board of 20 September 2018, the Accounting Officer of the Commission acts, as of 1 October 2018, as the Accounting Officer of EIT.

Highlights of the year

In 2019, EIT continued to enhance its role as a smart investor in innovation, by refining and implementing its strategy for Knowledge and Innovation Communities' financial sustainability, to ensure a smooth and predictable transition towards their gradual financial independence from the EIT. EIT further promoted collaboration and competition among the existing Knowledge and Innovation Communities by implementing targeted cross-KIC actions such as the EIT label and the development of a common Entrepreneurship and Innovation Agenda.

To further enhance impact and to incentivise innovation in new areas of societal challenges, EIT expanded its portfolio of EIT's Knowledge and Innovation Communities, reaching a total portfolio of eight and having commitment appropriations of EUR 483 million in 2019. This was built on the existing six Knowledge and Innovation Communities (three designated in 2009, two in 2014 and one in 2016) adding

² COMMISSION DELEGATED REGULATION (EU) 2019/715 of 18 December 2018 on the framework financial regulation for the bodies set up under the TFEU and Euratom Treaty and referred to in Article 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council

two additional Knowledge and Innovation Communities (in the themes of Added-value Manufacturing and Urban Mobility).

Through the INNOVEIT 2019 and EIT Awards 2019, EIT increased number of awareness events in EU Member States. The sixth edition of the EIT Alumni Connect event all marked great moments of the EIT in 2019 and resulted in a highly successful year in the history of the EIT.

The EIT budget for 2019 amounted to kEUR 557 897. For commitments, EIT reached an implementation rate of 97 %, which was significantly above the 2018 execution rate of 92 %. For payments, EIT maintained the high level of execution of 98 %.

Further details can be found in section 1.3 of the budgetary implementation reports.

In the financial statements, the impact of the above-mentioned activities can be seen in:

- The increase of the revenue - subsidy from the Commission, contributions and others - (kEUR 73 885 more than in 2018);
- The increase of the operational costs of the agency (kEUR 91 671 more than in 2018).

FINANCIAL STATEMENTS AND EXPLANATORY NOTES

It should be noted that due to the rounding of figures into thousands of euros (kEUR), some financial data in the tables below may appear not to add-up.

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BALANCE SHEET

EUR '000

	Note	31.12.2019	31.12.2018
NON-CURRENT ASSETS			
<i>Intangible assets</i>	2.1	24	102
<i>Property, plant and equipment</i>	2.2	59	132
<i>Exchange receivables and non-exchange recoverables</i>	2.3	1	1
		84	236
CURRENT ASSETS			
<i>Exchange receivables and non-exchange recoverables</i>	2.3	9 421	8 578
		9 421	8 578
TOTAL ASSETS		9 505	8 814
CURRENT LIABILITIES			
<i>Payables and other liabilities</i>	2.4	(10 540)	(10 499)
<i>Accrued charges</i>	2.5	(125 488)	(80 813)
		(136 028)	(91 312)
TOTAL LIABILITIES		(136 028)	(91 312)
NET ASSETS		(126 524)	(82 499)
<i>Accumulated deficit</i>		(82 499)	(56 509)
<i>Economic result of the year</i>		(44 025)	(25 989)
NET ASSETS		(126 524)	(82 499)

STATEMENT OF FINANCIAL PERFORMANCE

	Note	2019	2018
<i>EUR '000</i>			
REVENUE			
Revenue from non-exchange transactions	3.1		
<i>Funds from the Commission</i>		414 693	340 808
<i>Reversal of provisions</i>		-	181
<i>Recovery of expenses</i>		-	63
		414 693	341 052
Revenue from exchange transactions			
<i>Other exchange revenue</i>	3.2	34	32
		34	32
Total revenue		414 727	341 084
EXPENSES			
<i>Operational costs</i>	3.3	(451 894)	(360 223)
<i>Staff costs</i>	3.4	(4 939)	(4 853)
<i>Finance costs</i>	3.5	-	(68)
<i>Other expenses</i>	3.6	(1 919)	(1 930)
Total expenses		(458 752)	(367 074)
ECONOMIC RESULT OF THE YEAR		(44 025)	(25 989)

CASHFLOW STATEMENT³

	<i>EUR '000</i>	
	2019	2018
<i>Economic result of the year</i>	(44 025)	(25 989)
Operating activities		
<i>Depreciation and amortization</i>	152	231
<i>(Increase)/decrease in exchange receivables and non-exchange recoverables</i>	(843)	(8 383)
<i>Increase/(decrease) in provisions</i>	–	(250)
<i>Increase/(decrease) in payables and other liabilities</i>	41	6 190
<i>Increase/(decrease) in accrued charges</i>	44 675	24 506
<i>Increase/(decrease) in cash contributions</i>	–	–
<i>Increase/(decrease) in in-kind contributions</i>	–	–
Investing activities		
<i>(Increase)/decrease in intangible assets and property, plant and equipment</i>	–	(5)
NET CASHFLOW	–	(3 701)
<i>Net increase/(decrease) in cash and cash equivalents</i>	–	(3 701)
<i>Cash and cash equivalents at the beginning of the year</i>	–	3 701
<i>Cash and cash equivalents at year-end</i>	–	–

³ Following the appointment of the Accounting Officer of the Commission as the Accounting Officer of EIT, the treasury of EIT was integrated into the Commission's treasury system. Because of this, EIT does not have any bank accounts of its own except for an imprest account. All payments and receipts are processed via the Commission's treasury system and registered on intercompany accounts which are presented under the heading exchange receivables.

STATEMENT OF CHANGES IN NET ASSETS

	Accumulated Surplus/(Deficit)	Economic result of the year	EUR '000 Net Assets
BALANCE AS AT 31.12.2017	(74 134)	17 625	(56 509)
<i>Allocation of the 2017 economic result</i>	17 625	(17 625)	-
<i>Economic result of the year</i>	-	(25 989)	(25 989)
BALANCE AS AT 31.12.2018	(56 509)	(25 989)	(82 499)
<i>Allocation of the 2018 economic result</i>	(25 989)	25 989	-
<i>Economic result of the year</i>	-	(44 025)	(44 025)
BALANCE AS AT 31.12.2019	(82 499)	(44 025)	(126 524)

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

1.1. ACCOUNTING PRINCIPLES

The objective of financial statements is to provide information about the financial position, performance and cashflows of an entity that is useful to a wide range of users.

The overall considerations (or accounting principles) to be followed when preparing the financial statements are laid down in EU Accounting Rule 1 'Financial Statements' and are the same as those described in IPSAS 1: fair presentation, accrual basis, going concern, consistency of presentation, materiality, aggregation, offsetting and comparative information. The qualitative characteristics of financial reporting are relevance, faithful representation (reliability), understandability, timeliness, comparability and verifiability.

1.2. BASIS OF PREPARATION

1.2.1. Reporting period

Financial statements are presented annually. The accounting year begins on 1 January and ends on 31 December.

1.2.2. Currency and basis for conversion

The annual accounts are presented in thousands of euros, the euro being the EU's functional currency. Foreign currency transactions are translated into euros 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 re-translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial performance. Different conversion methods apply to property, plant and equipment and intangible assets, which retain their value in euros at the date when they were purchased.

Year-end balances of monetary assets and liabilities denominated in foreign currencies are translated into euros on the basis of the European Central Bank (ECB) exchange rates applying on 31 December.

Euro exchange rates

Currency	31.12.2019	31.12.2018	Currency	31.12.2019	31.12.2018
BGN	1.9558	1.9558	PLN	4.2568	4.3014
CZK	25.4080	25.7240	RON	4.783	4.6635
DKK	7.4715	7.4673	SEK	10.4468	10.2548
GBP	0.8508	0.8945	CHF	1.0854	1.1269
HRK	7.4395	7.4125	JPY	121.9400	125.8500
HUF	330.5300	320.9800	USD	1.1234	1.145

1.2.3. Use of estimates

In accordance with IPSAS and generally accepted accounting principles, the financial statements necessarily include amounts based on estimates and assumptions by management based on the most reliable information available. Significant estimates include, but are not limited to: amounts for employee benefit liabilities, accrued and deferred revenue and charges, provisions, financial risk on accounts receivable, contingent assets and liabilities, and degree of impairment of assets. Actual results could differ from those estimates.

Reasonable estimates are an essential part of the preparation of financial statements and do not undermine their reliability. An estimate may need revision if changes occur in the circumstances on which the estimate was based or as a result of new information or more experience. By its nature, the revision

of an estimate does not relate to prior periods and is not the correction of an error. The effect of a change in accounting estimate shall be recognised in the surplus or deficit in the periods in which it becomes known.

1.3. BALANCE SHEET

1.3.1. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. An asset is identifiable if it is either separable (i.e. it is capable of being separated or divided from the entity, e.g. by being sold, transferred, licensed, rented, or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the entity intends to do so), or arises from binding arrangements (including rights from contracts or other legal rights), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations).

Acquired intangible assets are stated at historical cost less accumulated amortisation and impairment losses. Internally developed intangible assets are capitalised when the relevant criteria of the EU accounting rules are met and the expenses relate solely to the development phase of the asset. The capitalisable costs 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.

Intangible assets are amortised on a straight-line basis over their estimated useful lives (3 to 11 years). The estimated useful lives of intangible assets depend on their specific economic lifetime or legal lifetime determined by an agreement.

1.3.2. Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition, construction or transfer 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 entity 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. Land is not depreciated, as it is deemed to have an indefinite useful life. Assets under construction are not depreciated as these assets are not yet available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives, as follows:

Type of asset	Straight line depreciation rate
<i>Buildings</i>	<i>4 % to 10 %</i>
<i>Plant and equipment</i>	<i>10 % to 25 %</i>
<i>Furniture and vehicles</i>	<i>10 % to 25 %</i>
<i>Computer hardware</i>	<i>25 % to 33 %</i>
<i>Other</i>	<i>10 % to 33 %</i>

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.

Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. Leases are classified as either finance leases or operating leases.

Finance leases are leases where substantially all the risks and rewards incidental to ownership are transferred to the lessee. When entering a finance lease as a lessee, the assets acquired under the finance lease are recognised as assets and the associated lease obligations as liabilities as from the commencement of the lease term. The assets and liabilities are recognised at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Over the period of the lease term, the assets held under finance leases are depreciated over the shorter of the asset's useful life and the lease term. The minimum lease payments are apportioned between the finance charge (the interest element) and the reduction of the outstanding liability (the capital element). The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability, which is presented as current/non-current, as applicable. Contingent rents shall be charged as expenses in the period in which they are incurred.

An operating lease is a lease other than a finance lease, i.e. a lease where the lessor retains substantially all the risks and rewards incidental to ownership of an asset. When entering an operating lease as a lessee, the operating lease payments are recognised as an expense in the statement of financial performance on a straight-line basis over the lease term with neither a leased asset nor a leasing liability presented in the statement of financial position.

1.3.3. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation/depreciation and are tested annually for impairment. Assets that are subject to amortisation/depreciation are tested for impairment whenever there is an indication at the reporting date that an asset may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable (service) amount. The recoverable (service) amount is the higher of an asset's fair value less costs to sell and its value in use.

Intangible assets and property, plant and equipment residual values and useful lives are reviewed, and adjusted if appropriate, at least once per year. If the reasons for impairments recognised in previous years no longer apply, the impairment losses are reversed accordingly.

1.3.4. Financial assets

Financial assets are classified in the following categories: 'financial assets at fair value through surplus or deficit', 'loans and receivables', 'held-to-maturity investments' and 'available for sale financial assets'. The classification of the financial instruments is determined at initial recognition and re-evaluated at each balance sheet date.

(i) *Financial assets at fair value through surplus or deficit*

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by the entity. Derivatives are also presented in this category. Assets in this category are classified as current assets if they are expected to be realised within 12 months of the balance sheet date. During this financial year, the entity did not hold any investments in this category.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the entity provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in non-current assets, except for maturities within 12 months of the balance sheet date. Loans and receivables include term deposits with the original maturity above three months.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the entity has the positive intention and ability to hold to maturity. During this financial year, the entity did not hold any investments in this category.

(iv) Available for sale financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are classified as either current or non-current assets, depending on the period of time the entity expects to hold them, which is usually the maturity date. During this financial year, the entity did not hold any investments in this category.

Initial recognition and measurement

Purchases and sales of financial assets at fair value through surplus or deficit, held-to-maturity and available for sale are recognised on their trade date, i.e. the date on which the entity commits to purchase or sell the asset. Cash equivalents and loans are recognised when cash is deposited in a financial institution or advanced to borrowers. Financial instruments are initially recognised at fair value. For all financial assets not carried at fair value through surplus or deficit, transaction costs are added to the fair value at initial recognition.

Financial instruments are derecognised when the rights to receive cashflows from the investments have expired or the entity has transferred substantially all risks and rewards of ownership to another party.

Subsequent measurement

Financial assets at fair value through surplus or deficit are subsequently carried at fair value, with gains and losses arising from changes in the fair value being included in the statement of financial performance in the period in which they arise.

Loans and receivables and held-to maturity investments are carried at amortised cost using the effective interest method.

Available for sale financial assets are subsequently carried at fair value. Gains and losses arising from changes in the fair value are recognised in the fair value reserve. Interest on available for sale financial assets, calculated using the effective interest method, is recognised in the statement of financial performance.

The entity assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired and whether an impairment loss should be recorded in the statement of financial performance.

1.3.5. Pre-financing amounts

Pre-financing is a payment intended to provide the beneficiary with a cash advance, i.e. a float. It may be split into a number of payments over a period defined in the particular contract, decision, agreement or basic legal act. The float or advance is either used for the purpose for which it was provided during the period defined in the agreement or it is repaid. If the beneficiary does not incur eligible expenditure, he has the obligation to return the pre-financing advance to the entity. Thus, as the entity retains control over the pre-financing and is entitled to a refund for the ineligible part, the amount is presented as an asset.

Pre-financing is initially recognised on the balance sheet when cash is transferred to the recipient. It is measured at the amount of the consideration given. In subsequent periods pre-financing is measured at the amount initially recognised on the balance sheet less eligible expenses (including estimated amounts where necessary) incurred during the period.

1.3.6. Receivables and 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 meet the definition of financial instruments and are thus classified as loans and receivables and measured accordingly (see 1.3.4 above).

Recoverables from non-exchange transactions are carried at original amount (adjusted for interests and penalties) 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 recoverables. 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.

1.3.7. Cash and cash equivalents

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

1.3.8. Provisions

Provisions are recognised when the entity has a present legal or constructive obligation towards third parties as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses. The amount of the provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date. Where the provision involves a large number of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities ('expected value' method).

Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

1.3.9. Payables

Included under accounts payable are both amounts related to exchange transactions such as the purchase of goods and services and to non-exchange transactions e.g. to cost claims from beneficiaries, grants or other EU funding, or pre-financing received (see note **1.4.1**).

Where grants or other funding are provided to the beneficiaries, the cost claims are recorded as payables for the requested amount when the cost claim is received. Upon verification and acceptance of the eligible costs, the payables are valued at the accepted and eligible amount.

Payables arising from the purchase of goods and services are recognised at invoice reception for the original amount and corresponding expenses are entered in the accounts when the supplies or services are delivered and accepted by the entity.

1.3.10. Accrued and deferred revenue and charges

Transactions and events are recognised in the financial statements in the period to which they relate. At year-end, if an invoice is not yet issued but the service has been rendered, the supplies have been delivered by the entity or a contractual agreement exists (e.g. by reference to a contract), an accrued revenue 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 will be deferred and recognised in the subsequent accounting period.

Expenses are also accounted for 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 Accounting Officer which aim at ensuring that the financial statements provide

a faithful representation of the economic and other phenomena they purport to represent. By analogy, if a payment has been made in advance for services or goods that have not yet been received, the expense will be deferred and recognised in the subsequent accounting period.

1.4. STATEMENT OF FINANCIAL PERFORMANCE

1.4.1. Revenue

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Depending on the nature of the underlying transactions in the statement of financial performance it is distinguished between:

(i) Revenue from non-exchange transactions

Revenue from non-exchange transactions are taxes and transfers because the transferor provides resources to the recipient entity without the recipient entity providing approximately equal value directly in exchange.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes. The entity shall recognise an asset in respect of transfers when the entity controls the resources as a result of a past event (the transfer) and expects to receive future economic benefits or service potential from those resources, and when the fair value can be reliably measured. An inflow of resources from a non-exchange transaction recognised as an asset (i.e. cash) is also recognised as revenue, except to the extent that the entity has a present obligation in respect of that transfer (condition), which needs to be satisfied before the revenue can be recognised. Until the condition is met the revenue is deferred and recognised as a liability (pre-financing received).

(ii) Revenue from exchange transactions

Revenue from the sale of goods and services 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.

1.4.2. Expenses

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets/equity. 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 entity. They are valued at the original invoice amount. Furthermore, at the balance sheet date expenses related to the service delivered during the period for which an invoice has not yet been received or accepted are recognised in the statement of financial performance.

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 or an agreement 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 expense.

1.5. CONTINGENT ASSETS AND LIABILITIES

1.5.1. 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 entity. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

1.5.2. 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 entity; 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. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

2. NOTES TO THE BALANCE SHEET

ASSETS

2.1. INTANGIBLE ASSETS

	EUR '000
<i>Gross carrying amount at 31.12.2018</i>	475
Gross carrying amount at 31.12.2019	475
<i>Accumulated amortisation at 31.12.2018</i>	(373)
<i>Amortisation charge for the year</i>	(78)
Accumulated amortisation at 31.12.2019	(451)
NET CARRYING AMOUNT AT 31.12.2019	24
<i>NET CARRYING AMOUNT AT 31.12.2018</i>	102

The above amounts relate primarily to computer software.

2.2. PROPERTY, PLANT AND EQUIPMENT

					EUR '000
	Plant and equipment	Furniture and vehicles	Computer hardware	Other	TOTAL
<i>Gross carrying amount at 31.12.2018</i>	1	102	546	92	742
Gross carrying amount at 31.12.2019	1	102	546	92	742
<i>Accumulated depreciation at 31.12.2018</i>	(1)	(82)	(453)	(74)	(610)
<i>Depreciation charge for the year</i>	-	(11)	(53)	(9)	(73)
Accumulated depreciation at 31.12.2019	(1)	(93)	(506)	(83)	(683)
NET CARRYING AMOUNT AT 31.12.2019	-	9	40	9	59
<i>NET CARRYING AMOUNT AT 31.12.2018</i>	-	20	93	18	132

There were no additions or disposals of assets during 2019.

2.3. EXCHANGE RECEIVABLES & NON-EXCHANGE RECOVERABLES

		EUR '000	
	Note	31.12.2019	31.12.2018
Non-current			
<i>Receivables from exchange transactions</i>		1	1
		1	1
Current			
<i>Recoverables from exchange transactions</i>	2.3.1	9 129	8 401
<i>Receivables from non-exchange transactions</i>	2.3.1	292	177
		9 421	8 578
Total		9 422	8 579

2.3.1. Current recoverables and receivables

		EUR '000	
		31.12.2019	31.12.2018
Recoverables from non-exchange transactions			
<i>Member States</i>		292	177
		292	177
Receivables from exchange transactions			
<i>Customers</i>		–	34
<i>Central treasury liaison accounts</i>		9 065	8 346
<i>Deferred charges relating to exchange transactions</i>		64	–
<i>Other</i>		0	21
		9 129	8 401
Total		9 421	8 578

The main element concerns the treasury liaison/intercompany accounts with the Commission that represents a virtual bank account of EIT. Following the appointment of the Accounting Officer of the Commission as the Accounting Officer of EIT, the treasury of EIT was integrated into the Commission's treasury system. Because of this, EIT does not have any bank accounts of its own. All payments and receipts are processed via the Commission's treasury and registered on intercompany accounts which are presented under this heading. The result of the incoming and outgoing payments represents the ending cash balance.

Deferred charges related to exchange transactions, comprise rent and other fees paid in advance for 2020.

Recoverables from Member States contain VAT amounts to be recovered from the Republic of Hungary. EIT benefits from a direct exemption for VAT from the Republic of Hungary for purchases above the threshold amount of EUR 240. For purchases where the direct exemption is impracticable to obtain, the VAT is refunded by the Republic of Hungary on a yearly basis.

LIABILITIES

2.4. PAYABLES AND OTHER LIABILITIES

	<i>EUR '000</i>	
	31.12.2019	31.12.2018
<i>Pre-financing received from Commission</i>	9 761	8 581
<i>Public bodies</i>	0	1 106
<i>Current payables</i>	779	813
<i>Sundry payables</i>	0	(1)
Total	10 540	10 499

The outstanding amount for the pre-financing received represents the unused amount of the 2019 Commission subsidy that is kept by EIT and used in the following year.

The sub-heading current payables concerns amounts owed to suppliers (kEUR 779). In 2018 the amounts owed to public bodies (kEUR 1 106) related to a grant agreement concluded with a KIC, which was not paid at the year end due to a disagreement on the amount of the final balance between the KIC and EIT which postponed the payment execution to 2019.

2.5. ACCRUED CHARGES

	<i>EUR '000</i>	
	31.12.2019	31.12.2018
<i>Accrued charges</i>	125 488	80 813

Accrued charges are the amounts estimated by the authorising officer of costs incurred for services and goods delivered in 2019 but not yet invoiced or processed by the end of the year. They are composed of estimated operational expenses of kEUR 123 690 connected to grants agreements where no cost claim has been validated by 31 December 2019.

EIT pays pre-financing for grants during the financial year and final payments in the following year. EIT makes accruals on the grant amount based on KIC's final report and payment requests. After the final payment by EIT, an ex-post audit on sample transactions takes place which may result in recovery of grants unduly paid.

The amounts presented under this heading are net of pre-financing, i.e. the portion of the estimated accrued charges which relates to pre-financing amounts paid has been recorded as a reduction of the pre-financing amounts.

Included under this heading are also accrued expenses for staff related costs (kEUR 77), building, equipment and other administrative costs (kEUR 74), and other services related to operational activities (kEUR 1 548).

The heading also includes accrued charges for untaken leave of kEUR 99.

3. NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE

REVENUE

3.1. NON-EXCHANGE REVENUE

	<i>EUR '000</i>	
	2019	2018
<i>Funds from the Commission</i>	414 693	340 808
<i>Adjustments of provisions</i>	-	181
<i>Recovery of expenses</i>	-	63
Total	414 693	341 052

The heading funds from the Commission corresponds to the amounts of the balancing subsidy used during 2019. Unused amounts are recorded as pre-financing liabilities under accounts payable (see note 2.4) and used in the following year.

The increase compared to the prior year is due to the increase in EIT's activities – see also operational costs (note 3.3).

The 2018 adjustments of provisions comprised a reversal of provisions (i.e. revenue) following a finalisation of the underlying court case.

The 2018 recovery of expenses related to a recovery of unduly paid grants discovered in a sample of transactions by the ex-post audit. The ex-post audits of KIC grants awarded in 2018 (where the final payment was made in 2019) are still on-going and therefore no amounts in this respect were recorded in 2019.

3.2. OTHER EXCHANGE REVENUE

	<i>EUR '000</i>	
	2019	2018
<i>Foreign exchange gains</i>	27	12
<i>Other</i>	7	21
Total	34	32

The foreign exchange gains include both amounts related to realised and unrealised exchange gains. The corresponding exchange losses are included under other expenses (see note 3.6).

EXPENSES

3.3. OPERATIONAL COSTS

	<i>EUR '000</i>	
	2019	2018
<i>Operational costs</i>	451 894	360 223

Included under this heading are mainly estimated accrued expenses incurred in respect of the KIC grants awarded in the year. For the details of calculation of the accruals please refer to note 2.5. The operational costs also include amounts related to expert fees, stakeholder's events and other operational activities.

The increase of kEUR 91 671 is primarily due to an increase in value of the grants given to the KIC (kEUR 91 328). The rest is due to increase in communication and stakeholders related activities as well as ex-post audit cost and KIC experts fees.

3.4. STAFF COSTS

	EUR '000	
	2019	2018
<i>Staff costs</i>	4 939	4 853

Included under this heading are salary expenses and other employment-related allowances and benefits. Calculations related to staff costs are, based on the service level agreement, entrusted to the European Commission's Office for administration and payment of individual entitlements (also known as the Paymaster's Office-PMO).

The pensions of the EIT staff members are covered by the Pension Scheme of European Officials. This pension scheme is a defined benefit plan, i.e. the amount of benefit an employee will receive on retirement depends on factors such as age and years of service. Both EIT staff and the Commission contribute to the pension scheme and the contribution percentage is revised yearly to reflect the changes in the Staff Regulation. The cost to the Commission is not reflected in the EIT accounts. Similarly, the future benefits payable to the EIT staff are accounted for in the liabilities of the Commission, as it is the Commission who will pay out these benefits. No provisions related to the future pensions are made in these accounts.

3.5. FINANCE COSTS

	EUR '000	
	2019	2018
<i>Finance costs</i>	-	68

In 2018 the heading comprised interest on late payments and other financial expenses connected with bank charges. No such expenses were incurred during 2019.

3.6. OTHER EXPENSES

	EUR '000	
	2019	2018
<i>External non IT services</i>	428	236
<i>External IT services</i>	293	397
<i>Expenses with other consolidated entities</i>	275	237
<i>Property, plant and equipment related expenses</i>	264	316
<i>Missions</i>	242	298
<i>Experts expenses</i>	154	184
<i>Communications & publications</i>	50	36
<i>Operating leasing expenses</i>	47	41
<i>Foreign exchange losses</i>	23	28
<i>Training costs</i>	22	60
<i>Other</i>	121	97
Total	1 919	1 930

The increase of kEUR 192 in expenses related to external non IT services is due to: increase in cost of interim agents (higher number, higher grade), increase of meeting expenses and office supplies.

The operating lease expenses relate to the rent of offices in Budapest and Brussels. The property, plant and equipment expenses comprise the service costs (maintenance, security, taxes etc.) of these offices and also the depreciation and amortisation of fixed assets (see note 2.1 and 2.2).

An overview of the amounts to be committed and paid during the remaining term of this lease contract, including rent and related charges, is as follows:

	Future amounts to be paid			EUR '000
	< 1 year	1- 5 years	> 5 years	Total
<i>Buildings</i>	64	228	221	513
<i>IT materials and other equipment</i>	7	18	-	25
Total	71	245	221	538

4. OTHER SIGNIFICANT DISCLOSURES

4.1. OUTSTANDING COMMITMENTS NOT YET EXPENSED

	<i>EUR '000</i>	
	31.12.2019	31.12.2018
<i>Outstanding commitments not yet expensed</i>	20 025	28 632

The outstanding commitments not yet expensed consists of the budgetary RAL ('Reste à Liquider') less related amounts that have been included as expenses in the 2019 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.

4.2. SERVICES IN KIND

According to the Article 3 of the Host Agreement between the Hungarian Government and EIT, entered in force in 2010 the headquarters building in Budapest and the related services (maintenance, security services, etc.) are provided to EIT free of charge. The contract is valid for 20 years and its yearly value is estimated to be kEUR 654.

4.3. RELATED PARTIES

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

4.4. KEY MANAGEMENT ENTITLEMENTS

The highest ranked civil servant of the EIT is the Director, who executes the role of the Authorising Officer.

	31.12.2019	31.12.2018
<i>Director</i>	<i>AD 14</i>	<i>AD 11</i>

The Director is remunerated in accordance with the Staff Regulations of the European Union that are published on the Europa website, which is the official document describing the rights and the obligations of all officials of the EU.

4.5. EVENTS AFTER REPORTING DATE

During the first half of 2020, the coronavirus outbreak has had huge impacts on the EU economy. As a non-adjusting event, the outbreak of the coronavirus does not require any adjustments to the figures reported in these annual accounts. For subsequent reporting periods, COVID-19 may affect the recognition and measurement of some assets and liabilities on the balance sheet and also of some revenue and expenses recognised in the statement of financial performance. Based on the information available at the date of signature of these annual accounts, the financial effects of the coronavirus outbreak cannot be reliably estimated.

5. FINANCIAL RISK MANAGEMENT

5.1. TYPES OF RISK

Market risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate, because of variations in market prices. Market risk embodies not only the potential for loss, but also the potential for gain. It comprises currency risk, interest rate risk and other price risk (EIT has no significant other price risk).

- (1) Currency risk is the risk that the EIT 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.
- (2) 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. EIT does not have any securities thus it is not exposed to the interest rate 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.

Liquidity risk is the risk that arises from the difficulty in 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.

5.2. CURRENCY RISKS

Exposure to currency risk at year-end

At 31 December 2019 the financial assets are composed of exchange receivables and non-exchange recoverables. The financial liabilities comprise current payables and accrued charges. The ending balances of both financial liabilities and financial assets are mainly quoted in EUR. The impact of other currencies is individually immaterial. At year-end EIT thus does not have any significant exposure to currency risks.

5.3. CREDIT RISK

Financial assets that are neither past due nor impaired

The financial assets are entirely composed of receivables and recoverables that are neither past due nor impaired.

Financial assets by risk category

At 31 December 2019 the financial assets are composed of receivables and recoverables from entities with a prime external credit rating amounting kEUR 9 065, from entities with lower medium grade amounting kEUR 292 and entities who never defaulted amounting kEUR 65.

5.4. LIQUIDITY RISK

Maturity analysis of financial liabilities by remaining contractual maturity

The financial liabilities are composed of accounts payable with contractual maturity of less than 1 year and accrued charges that are also classified under current liabilities.

THE BUDGET IMPLEMENTATION REPORTS AND EXPLANATORY NOTES

It should be noted that due to the rounding of figures into thousands of euros (kEUR), some financial data in the tables below may appear not to add-up.

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1. BUDGETARY PRINCIPLES, STRUCTURE AND HIGHLIGHTS OF THE BUDGETARY IMPLEMENTATION

1.1. BUDGETARY PRINCIPLES

The establishment and implementation of the budget of EIT is governed by the following basic principles set out in the Title II of the EIT Financial Regulation:

Principles of unity and budget accuracy

This principle means that no revenue shall be collected and no expenditure effected unless booked to a line in the budget of EIT. No expenditure may be committed or authorised in excess of the appropriations authorised by the budget. An appropriation may be entered in the budget only if it is for an item of expenditure which is considered necessary.

Principle of annuality

The appropriations entered in the budget shall be authorised for a financial year, which shall run from 1 January to 31 December. As specified in its Financial Regulation, EIT is subject to an exception to the annuality principle (the "N+3" rule), whereby any unused appropriations may be entered in the estimate of revenue and expenditure of up to the following three financial years. These appropriations must be used first.

Principle of equilibrium

Revenue and payment appropriations shall be in balance.

Principle of unit of account

The budget shall be drawn up and implemented in euros and the accounts shall be presented in euros.

Principle of universality

Total revenue shall cover total payment appropriations and all revenue and expenditure shall be entered in full without any adjustment against each other.

Principle of specification

Appropriations shall be earmarked for specific purposes by title and chapter. The chapters shall be further subdivided into articles and items.

Principle of sound financial management

Appropriations shall be used in accordance with the principle of sound financial management, namely in accordance with the principles of economy, efficiency and effectiveness.

Principle of transparency

The budget shall be established and implemented and the accounts presented in accordance with the principle of transparency. A summary of the budget of the EIT and any amending budget of the EIT, as definitively adopted, shall be published in the Official Journal of the European Union within three months of their adoption. The budget and any amending budgets shall be published on EIT's internet site within four weeks of adoption and shall be transmitted for information to the European Parliament and the Council, to the Commission and the Court of Auditors.

1.2. STRUCTURE AND PRESENTATION OF THE BUDGET

EIT makes use of non-differentiated appropriations for its administrative expenditure and of differentiated appropriations for its operational expenditure.

Following the provisions of the EIT Financial Regulation, the budget accounts shall consist of a statement of revenue and a statement of expenditure. The budget is distributed in the following titles:

Title 1 budget lines are related to staff expenditure such as salaries and allowances for persons working with EIT. It also includes recruitment expenses, staff missions, expenses for the socio-medical infrastructure and representation costs.

Title 2 budget lines relate to all infrastructure, equipment, meetings, studies, and miscellaneous administrative expenditure.

Title 3 budget lines provide for the implementation of the activities and tasks assigned to EIT in accordance with its establishing Regulation (EC) No 294/2008 as amended by Regulation (EU) No 1292/2013.

Title 4: These are cancelled appropriations that are not implemented during the financial year and can be re-entered in the following three financial years. Therefore, the implementation rate of Title 4 will be always zero.

1.3. HIGHLIGHTS OF THE BUDGETARY IMPLEMENTATION

Since 2010, the EIT Community has supported more than 1 200 business ideas, supported and created hundreds of start-ups, and now these start-ups are increasingly becoming commercial successes. This continued in 2019 with a remarkable number of outputs scheduled for completion and outlined in the 2019 work programme. In 2019, EIT also contributed to the overarching objectives of the Europe 2020 strategy on fostering growth and creating jobs by improving results, breakthrough technologies, services and sustainability of the operations of its Knowledge and Innovation Communities through synergies and multiplication of successful cooperation activities.

During 2019 and beyond, EIT focuses on three strategic objectives:

1. Incentivising Growth, Impact and Sustainability through the EIT
2. Enhancing the EIT's Impact
3. New Delivery Mechanisms and Results-oriented Monitoring

The EIT budget for 2019 amounted to kEUR 557 897. For commitments, EIT reached an implementation rate of 97 % (Titles 1 – 3), which was significantly above the execution rate of 2018 (2018: 92 %, 2017: 91 %, 2016: 95 %, 2015: 91 %). This improvement took place on all titles. On Title 1, the execution rate increased from 96 % to 98 %, which comes from better planning of salary expenses, socio-medical costs and external staff costs. On Title 2, the appropriations were implemented at a higher rate than in 2018, namely at 89 % (2018: 84 %). This result is achieved by efficient implementation on building related activities, more predictable public transport costs as well as meeting costs. The implementation rate of commitment appropriations on Title 3 (97 %) is higher than in 2018 (92 %) mainly owing to improvement in planning and implementation in the field of KIC grants, KIC audits, experts for business plan assessments and reporting and Alumni activities.

For payments, EIT kept the high level of execution at 98 %.

The EIT budget is financed mainly by European Commission subsidy (91 %), third country contribution (9 %), and other revenues. 81 % of other revenue comes from repayments of KIC grants following ex-post audits. The remaining 19 % is received from the surplus for 2018 and other revenue from administrative operations.

2. RESULT OF THE IMPLEMENTATION OF THE BUDGET

EUR '000

	Title	2019	2018
Revenue		416 031	345 294
of which:			
European Union subsidy	2	378 564	312 887
Third countries contributions (including EFTA and candidate countries)	3	37 425	32 290
Revenue accruing from the administrative operation of the institution	5	8	21
Contribution and refunds in connection with the operational activities of the institution	7	34	95
Expenditure		(405 988)	(337 587)
of which:			
Staff expenditure	1	(5 596)	(5 284)
Administrative expenditure	2	(686)	(861)
Operational expenditure	3	(399 706)	(331 443)
Payment appropriat. carried over to the following year		(517)	(734)
of which:			
Staff expenditure	1	(233)	(439)
Administrative expenditure	2	(284)	(295)
Cancellation of unused appropr. carried over from year n-1		137	1 733
Evolution of assigned revenue (B)-(A)		95	(97)
Unused appropriations at the end of current year (A)		2	97
Unused appropriations at the end of previous year (B)		97	-
Exchange rate differences		4	(16)
Budget result		9 761	8 593

Note: Out of the kEUR 137 cancelled, kEUR 12 can be re-activated in subsequent years (see section 5.4.4. Implementation of payment appropriations – Title 4)

3. RECONCILIATION OF ECONOMIC RESULT WITH BUDGET RESULT

EUR '000

	2019	2018
ECONOMIC RESULT OF THE YEAR	(44 025)	(25 989)
Adjustment for accrual items (items not in the budgetary result but included in the economic result)	44 659	26 815
<i>Adjustments for accrual cut-off (net)</i>	44 675	26 425
<i>Unpaid invoices at year end but booked in expenses</i>	(779)	-
<i>Depreciation of intangible and tangible assets</i>	152	231
<i>Provision adjustments</i>		(181)
<i>Recovery orders issued in the year and not yet cashed</i>		34
<i>Correction of recovery orders issued last year</i>		
<i>Pre-financing paid in previous year and cleared in the year</i>		-
<i>Payments made against carry-over of payment appropriations</i>	614	305
<i>Other individually immaterial items</i>	(3)	2
Adjustment for budgetary items (item included in the budgetary result but not in the economic result)	9 126	7 767
<i>Asset acquisitions (less unpaid amounts)</i>		5
<i>New pre-financing received in the year and remaining open as at 31 December</i>	9 523	6 875
<i>Entitlements established in previous year and cashed in the year</i>		-
<i>Entitlements established on balance sheet accounts and cashed in the year</i>		-
<i>Payment appropriations carried over to next year</i>	(520)	(734)
<i>Cancellation of unused carried over payment appropriations from previous year</i>	137	1 733
<i>Adjustment for carry-over of assigned revenue appropriations from previous year</i>	(2)	(97)
<i>Other individually immaterial items</i>	(12)	(16)
BUDGET RESULT OF THE YEAR	9 761	8 593

4. IMPLEMENTATION OF BUDGET REVENUE

4.1. Implementation of budget revenue – Title 2

EUR '000

Item	Income appropriations		Entitlements established			Revenue				Out-standing
	Initial budget	Final budget	Current year	Carried over	Total	On entitlements of current year	On entitlements carried over	Total	%	
	1	2	3	4	5=3+4	6	7	8=6+7	9=8/2	
200 European Union subsidy	396 111	378 564	378 564	–	378 564	378 564	–	378 564	100 %	–
Total Chapter 20	396 111	378 564	378 564	–	378 564	378 564	–	378 564	100 %	–
Total Title 2	396 111	378 564	378 564	–	378 564	378 564	–	378 564	100 %	–

4.2. Implementation of budget revenue – Title 3

EUR '000

Item	Income appropriations		Entitlements established			Revenue				Out-standing
	Initial budget	Final budget	Current year	Carried over	Total	On entitlements of current year	On entitlements carried over	Total	%	
	1	2	3	4	5=3+4	6	7	8=6+7	9=8/2	
300 EFTA Contribution	9 227	9 425	9 425	–	9 425	9 425	–	9 425	100 %	–
Total Chapter 30	9 227	9 425	9 425	–	9 425	9 425	–	9 425	100 %	–
310 Third countries	28 000	28 000	28 000	–	28 000	28 000	–	28 000	100 %	–
Total Chapter 31	28 000	28 000	28 000	–	28 000	28 000	–	28 000	100 %	–
Total Title 3	37 227	37 425	37 425	–	37 425	37 425	–	37 425	100 %	–

4.3. Implementation of budget revenue – Title 5

EUR '000

	Income appropriations		Entitlements established			Revenue				Out-standing
	Initial budget	Final budget	Current year	Carried over	Total	On entitlements of current year	On entitlements carried over	Total	%	
	1	2	3	4	5=3+4	6	7	8=6+7	9=8/2	
520 Interest	-	-	0	-	0	0	-	0	-	-
Total Chapter 52	-	-	0	-	0	0	-	0	-	-
570 Amounts wrongly paid	-	-	7	-	7	7	-	7	-	-
Total Chapter 57	-	-	7	-	7	7	-	7	-	-
590 Other admin revenue	-	1	1	-	1	1	-	1	100 %	-
Total Chapter 59	-	1	1	-	1	1	-	1	100 %	-
Total Title 5	-	1	8	-	8	8	-	8	1 025 %	-

4.4. Implementation of budget revenue – Title 7

EUR '000

	Income appropriations		Entitlements established			Revenue				Out-standing
	Initial budget	Final budget	Current year	Carried over	Total	On entitlements of current year	On entitlements carried over	Total	%	
	1	2	3	4	5=3+4	6	7	8=6+7	9=8/2	
701 Ex post audit revenue	-	-	34	0	34	34	0	34	-	-
Total Chapter 70	-	-	34	0	34	34	0	34	-	-
Total Title 7	-	-	34	0	34	34	0	34	-	-
GRAND TOTAL	433 339	415 990	416 031	0	416 031	416 031	0	416 031	100 %	-

5. IMPLEMENTATION OF BUDGET EXPENDITURE

5.1. Breakdown & changes in commitment appropriations

5.1.1. Breakdown & changes in commitment appropriations – Title 1

EUR '000

Item	Initial adopted budget	Budget appropriations			Final budget adopted	Additional appropriations			Total	Total approp. available
		Amending budgets	Transfers			Carry-overs	Assigned revenue			
	1	2	3	4=1+2+3	5	6	7=5+6	8=4+7		
1100 Basic salaries	2 375	-	165	2 540	-	-	-	2 540		
1101 Allowances	795	-	110	905	-	-	-	905		
1102 Employers charges	125	-	18	143	-	-	-	143		
1110 Contract agents	850	-	5	855	-	-	-	855		
1121 Entering / leaving	130	-	15	145	-	-	-	145		
1130 Schooling	300	-	4	304	-	6	6	310		
Total Chapter 11	4 575	-	317	4 892	-	6	6	4 898		
1200 Recruitment expenses	30	(1)	(6)	23	-	-	-	23		
Total Chapter 12	30	(1)	(6)	23	-	-	-	23		
1300 Mission expenses	230	-	39	269	-	1	1	270		
Total Chapter 13	230	-	39	269	-	1	1	270		
1400 Restaurants and canteens	1	-	-	1	-	-	-	1		
1401 Medical expenses	35	(4)	(9)	21	-	-	-	21		
1402 Childhood centre	80	-	9	89	-	-	-	89		
1403 Social contacts	6	-	6	12	-	-	-	12		
1404 Other social expenses	4	-	5	9	-	-	-	9		
Total Chapter 14	126	(4)	10	131	-	-	-	131		
1500 Training	80	(8)	(15)	57	-	-	-	57		
Total Chapter 15	80	(8)	(15)	57	-	-	-	57		
1600 Agency staff	150	(185)	220	185	-	-	-	185		
1601 Seconded national experts (SNE)	75	(32)	(20)	23	-	-	-	23		
1602 Trainees	50	-	27	77	-	-	-	77		
1603 IT support	125	-	10	135	-	-	-	135		
1604 Administrative assistance	150	-	(4)	146	-	-	-	146		
1611 Translation	45	(13)	(12)	20	-	-	-	20		
Total Chapter 16	595	(230)	221	586	-	-	-	586		
1700 Representation	3	(2)	-	2	-	-	-	2		
Total Chapter 17	3	(2)	-	2	-	-	-	2		
Total Title 1	5 639	(245)	566	5 960	-	7	7	5 967		

5.1.2. Breakdown & changes in commitment appropriations – Title 2

EUR '000

Item	Budget appropriations				Additional appropriations			Total appropri- available
	Initial adopted budget	Amending budgets	Transfers	Final budget adopted	Carry-overs	Assigned revenue	Total	
	1	2	3	4=1+2+3	5	6	7=5+6	8=4+7
2000 Renting	65	(11)	(18)	36	-	-	-	36
2002 Building insurance	2	(2)	-	-	-	-	-	-
2003 Water, gas, electricity, heating	30	-	-	30	-	0	0	30
2004 Cleaning, maintenance	35	2	-	37	-	-	-	37
2005 Security and surveillance	7	-	1	7	-	-	-	7
2006 Fitting out of premises	10	(4)	(1)	5	15	-	15	20
2009 Other building expenditure	5	1	2	8	-	-	-	8
Total Chapter 20	153	(14)	(17)	123	15	0	15	138
2100 ICT equipment acquisition	131	40	(33)	138	-	1	1	140
2101 ICT maintenance	302	7	(64)	246	-	-	-	246
Total Chapter 21	433	47	(96)	384	-	1	1	386
2200 Acquisition technical equipment	-	4	(1)	3	-	-	-	3
2212 Transport cost	10	-	3	13	-	-	-	13
2220 Acquisition of furniture	4	-	-	4	10	1	11	14
Total Chapter 22	14	4	3	20	10	1	11	31
2300 Stationery	7	(2)	-	5	-	-	-	5
2301 Postage and delivery	6	-	-	6	-	-	-	6
2302 Telecommunication	40	-	5	45	-	-	-	45
2303 Legal expenses and damages	100	-	25	125	-	-	-	125
2304 Handling and moving	2	(2)	-	0	-	-	-	0
2306 Honoraria for Governing Board (GB) members	198	-	-	198	-	-	-	198
2309 Other administrative expenditure	1	(2)	3	1	-	-	-	1
Total Chapter 23	353	(6)	33	380	-	-	-	380
2400 Official Journal	2	(1)	-	1	-	-	-	1
2402 Purchase information	-	-	6	6	-	-	-	6
2403 Studies and surveys	9	-	5	14	-	-	-	14
Total Chapter 24	11	(1)	11	21	-	-	-	21
2500 Governing Board (GB) meetings and travels	180	-	(22)	158	-	-	-	158
2520 Internal meetings	3	(1)	2	4	-	-	-	4
Total Chapter 25	183	(1)	(20)	162	-	-	-	162
Total Title 2	1 147	30	(88)	1 090	25	2	27	1 116

5.1.3. Breakdown & changes in commitment appropriations – Title 3

EUR '000

Item	Budget appropriations				Additional appropriations			Total appropri- available
	Initial adopted budget	Amending budgets	Transfers	Final budget adopted	Carry-overs	Assigned revenue	Total	
	1	2	3	4=1+2+3	5	6	7=5+6	
3000 Knowledge Innovation Communities (KIC) grants	482 257	1 122	(69)	483 310	1 456	129	1 586	484 896
Total Chapter 30	482 257	1 122	(69)	483 310	1 456	129	1 586	484 896
3111 Planning, reporting and audits	2 885	(250)	(298)	2 337	–	–	–	2 337
3112 Knowledge triangle integration	597	(203)	(49)	345	–	–	–	345
3113 Fostering growth and creating impact	50	(30)	–	20	–	–	–	20
Total Chapter 31	3 532	(483)	(347)	2 702	–	–	–	2 702
3201 Strategic innovation agenda	15	(15)	–	–	–	–	–	–
3202 Communications and dissemination	1 110	(80)	–	1 030	–	–	–	1 030
3203 Alumni	280	(170)	–	110	–	–	–	110
3204 Stakeholder relations	660	(28)	(62)	570	–	–	–	570
3205 Awards	230	–	–	230	–	–	–	230
Total Chapter 32	2 295	(293)	(62)	1 940	–	–	–	1 940
3303 Monitoring and evaluation	139	(60)	–	79	–	–	–	79
Total Chapter 33	139	(60)	–	79	–	–	–	79
Total Title 3	488 223	287	(479)	488 031	1 456	129	1 586	489 617

5.1.4. Breakdown & changes in commitment appropriations – Title 4

EUR '000

Item	Budget appropriations				Additional appropriations			Total appropri- available
	Initial adopted budget	Amending budgets	Transfers	Final budget adopted	Carry-overs	Assigned revenue	Total	
	1	2	3	4=1+2+3	5	6	7=5+6	
4001 Cancelled appropriations of year n-1	–	–	–	–	33 683	–	33 683	33 683
4002 Cancelled appropriations of year n-2	–	–	–	–	27 514	–	27 514	27 514
Total Chapter 40	–	–	–	–	61 197	–	61 197	61 197
Total Title 4	–	–	–	–	61 197	–	61 197	61 197
GRAND TOTAL	495 009	72	0	495 080	62 678	139	62 817	557 897

5.2. Breakdown & changes in payment appropriations

5.2.1. Breakdown & changes in payment appropriations – Title 1

EUR '000

Item	Initial budget adopted	Budget appropriations			Final adopted budget	Additional appropriations			Total approp. available
		Amending budgets	Transfers			Carry-overs	Assigned revenue	Total	
	1	2	3	4=1+2+3	5	6	7=5+6		
1100 Basic salaries	2 375	–	165	2 540	–	–	–	2 540	
1101 Allowances	795	–	110	905	–	–	–	905	
1102 Employers charges	125	–	18	143	–	–	–	143	
1110 Contract agents	850	–	5	855	–	–	–	855	
1121 Entering / leaving	130	–	15	145	–	–	–	145	
1130 Schooling	300	–	4	304	13	6	19	323	
Total Chapter 11	4 575	–	317	4 892	13	6	19	4 911	
1200 Recruitment expenses	30	(1)	(6)	23	6	–	6	29	
Total Chapter 12	30	(1)	(6)	23	6	–	6	29	
1300 Mission expenses	230	–	39	269	20	1	21	290	
Total Chapter 13	230	–	39	269	20	1	21	290	
1400 Restaurants and canteens	1	–	–	1	–	–	–	1	
1401 Medical expenses	35	(4)	(9)	21	1	–	1	22	
1402 Childhood centre	80	–	9	89	8	–	8	96	
1403 Social contacts	6	–	6	12	–	–	–	12	
1404 Other social expenses	4	–	5	9	–	–	–	9	
Total Chapter 14	126	(4)	10	131	9	–	9	140	
1500 Training	80	(8)	(15)	57	34	–	34	91	
Total Chapter 15	80	(8)	(15)	57	34	–	34	91	
1600 Agency staff	150	(185)	220	185	194	–	194	379	
1601 Seconded national experts (SNE)	75	(32)	(20)	23	–	–	–	23	
1602 Trainees	50	–	27	77	11	–	11	88	
1603 IT support	125	–	10	135	135	–	135	271	
1604 Administrative assistance	150	–	(4)	146	18	–	18	164	
1611 Translation	45	(13)	(12)	20	–	–	–	20	
Total Chapter 16	595	(230)	221	586	358	–	358	944	
1700	3	(2)	–	2	–	–	–	2	
Total Chapter 17	3	(2)	–	2	–	–	–	2	
Total Title 1	5 639	(245)	566	5 960	439	7	446	6 405	

5.2.2. Breakdown & changes in payment appropriations – Title 2

EUR '000

Item	Initial budget adopted 1	Budget appropriations			Final adopted budget 4=1+2+3	Additional appropriations			Total 7=5+6	Total approp. available 8=4+7
		Amending budgets 2	Transfers 3			Carry-overs 5	Assigned revenue 6			
2000 Renting	65	(11)	(18)	36	28	–	–	28	65	
2002 Building insurance	2	(2)	–	–	–	–	–	–	–	
2003 Water, gas, electricity, heating	30	–	–	30	9	0	–	9	39	
2004 Cleaning, maintenance	35	2	–	37	27	–	–	27	63	
2005 Security and surveillance	7	–	1	7	19	–	–	19	26	
2006 Fitting out of premises	10	(4)	(1)	5	75	–	–	75	79	
2009 Other building expenditure	5	1	2	8	–	–	–	–	8	
Total Chapter 20	153	(14)	(17)	123	158	0	–	158	280	
2100 ICT equipment acquisition	131	40	(33)	138	48	1	–	49	188	
2101 ICT maintenance	302	7	(64)	246	50	–	–	50	296	
Total Chapter 21	433	47	(96)	384	98	1	–	99	484	
2200 Acquisition technical equipment	–	4	(1)	3	–	–	–	–	3	
2212 Transport cost	10	–	3	13	2	–	–	2	15	
2220 Acquisition of furniture	4	–	–	4	10	1	–	11	14	
Total Chapter 22	14	4	3	20	12	1	–	13	32	
2300 Stationery	7	(2)	–	5	0	–	–	0	5	
2301 Postage and delivery	6	–	–	6	1	–	–	1	6	
2302 Telecommunication	40	–	5	45	10	–	–	10	55	
2303 Legal expenses and damages	100	–	25	125	30	–	–	30	155	
2304 Handling and moving	2	(2)	–	0	–	–	–	–	0	
2306 Honoraria for Governing Board (GB) members	198	–	–	198	–	–	–	–	198	
2309 Other administrative expenditure	1	(2)	3	1	–	–	–	–	1	
Total Chapter 23	353	(6)	33	380	40	–	–	40	420	
2400 Official Journal	2	(1)	–	1	1	–	–	1	2	
2402 Purchase information	–	–	6	6	–	–	–	–	6	
2403 Studies and surveys	9	–	5	14	–	–	–	–	14	
Total Chapter 24	11	(1)	11	21	1	–	–	1	22	
2500 Governing Board (GB) meetings and travels	180	–	(22)	158	11	–	–	11	169	
2520 Internal meetings	3	(1)	2	4	–	–	–	–	4	
Total Chapter 25	183	(1)	(20)	162	11	–	–	11	173	
Total Title 2	1 147	30	(88)	1 090	320	2	–	322	1 412	

5.2.3. Breakdown & changes in payment appropriations – Title 3

EUR '000

Item	Initial budget adopted	Budget appropriations			Final adopted budget	Additional appropriations			Total approp. available
		Amending budgets	Transfers	Carry-overs		Assigned revenue	Total		
	1	2	3	4=1+2+3	5	6	7=5+6	8=4+7	
3000 Knowledge Innovation Communities (KIC) grants	420 498	(16 617)	(69)	403 812	8 465	129	8 595	412 407	
Total Chapter 30	420 498	(16 617)	(69)	403 812	8 465	129	8 595	412 407	
3111 Planning, reporting and audits	2 845	(125)	(298)	2 422	-	-	-	2 422	
3112 Knowledge triangle integration	469	(100)	(47)	322	-	-	-	322	
3113 Fostering growth and creating impact	50	(30)	-	20	-	-	-	20	
3114 New Knowledge and Innovation Communities	398	(222)	-	176	-	-	-	176	
Total Chapter 31	3 762	(477)	(345)	2 940	-	-	-	2 940	
3201 Strategic innovation agenda	15	(6)	-	9	-	-	-	9	
3202 Communications and dissemination	1 125	-	-	1 125	-	-	-	1 125	
3203 Alumni	227	(90)	-	137	-	-	-	137	
3204 Stakeholder relations	660	(60)	(65)	535	-	-	-	535	
3205 Awards	230	-	-	230	-	-	-	230	
Total Chapter 32	2 257	(156)	(65)	2 037	-	-	-	2 037	
3301 EIT-KIC relations	-	49	-	49	-	-	-	49	
3303 Monitoring and evaluation	139	(60)	-	79	-	-	-	79	
Total Chapter 33	139	(12)	-	128	-	-	-	128	
Total Title 3	426 656	(17 261)	(479)	408 916	8 465	129	8 595	417 511	

5.2.4. Breakdown & changes in payment appropriations – Title 4

EUR '000

Item	Initial budget adopted	Budget appropriations			Final adopted budget	Additional appropriations			Total approp. available
		Amending budgets	Transfers	Carry-overs		Assigned revenue	Total		
	1	2	3	4=1+2+3	5	6	7=5+6	8=4+7	
4001 Cancelled appropriations of year n-1	-	-	-	-	12	-	12	12	
Total Chapter 40	-	-	-	-	12	-	12	12	
Total Title 4	-	-	-	-	12	-	12	12	
GRAND TOTAL	433 441	(17 476)	0	415 965	9 236	139	9 375	425 339	

5.3. Implementation of commitment appropriations

5.3.1. Implementation of commitment appropriations - Title 1

EUR '000

Item	Total approp. available	Commitments made					Appropriations carried over to 2020			Appropriations lapsing			
		from final adopt. budget	from carry-overs	from assign. revenue	Total	%	Assign. revenue	By decision	Total	from final adopt. budget	from carry-overs	from assign. revenue	Total
	1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
1100 Basic salaries	2 540	2 518	-	-	2 518	99 %	-	-	-	22	-	-	22
1101 Allowances	905	905	-	-	905	100 %	-	-	-	-	-	-	-
1102 Employers charges	143	140	-	-	140	98 %	-	-	-	3	-	-	3
1110 Contract agents	855	852	-	-	852	100 %	-	-	-	3	-	-	3
1121 Entering / leaving	145	145	-	-	145	100 %	-	-	-	0	-	-	0
1130 Schooling	310	283	-	6	288	93 %	0	-	0	21	-	-	21
Total Chapter 11	4 898	4 842	-	6	4 847	99 %	0	-	0	50	-	-	50
1200 Recruitment expenses	23	17	-	-	17	74 %	-	-	-	6	-	-	6
Total Chapter 12	23	17	-	-	17	74 %	-	-	-	6	-	-	6
1300 Mission expenses	270	240	-	-	240	89 %	1	-	1	29	-	-	29
Total Chapter 13	270	240	-	-	240	89 %	1	-	1	29	-	-	29
1400 Restaurants and canteens	1	0	-	-	0	100 %	-	-	-	0	-	-	0
1401 Medical expenses	21	20	-	-	20	93 %	-	-	-	1	-	-	1
1402 Childhood centre	89	79	-	-	79	89 %	-	-	-	9	-	-	9
1403 Social contacts	12	11	-	-	11	92 %	-	-	-	1	-	-	1
1404 Other social expenses	9	7	-	-	7	86 %	-	-	-	1	-	-	1
Total Chapter 14	131	118	-	-	118	90 %	-	-	-	13	-	-	13
1500 Training	57	49	-	-	49	87 %	-	-	-	8	-	-	8
Total Chapter 15	57	49	-	-	49	87 %	-	-	-	8	-	-	8
1600 Agency staff	185	185	-	-	185	100 %	-	-	-	-	-	-	-
1601 Seconded national experts (SNE)	23	23	-	-	23	100 %	-	-	-	0	-	-	0
1602 Trainees	77	70	-	-	70	91 %	-	-	-	7	-	-	7

Item	Total approp. available	Commitments made					Appropriations carried over to 2020			Appropriations lapsing			
		from final adopt. budget	from carry-overs	from assign. revenue	Total	%	Assign. revenue	By decision	Total	from final adopt. budget	from carry-overs	from assign. revenue	Total
	1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
1603 IT support	135	135	-	-	135	100 %	-	-	-	-	-	-	-
1604 Administrative assistance	146	128	-	-	128	88 %	-	-	-	17	-	-	17
1611 Translation	20	15	-	-	15	74 %	-	-	-	5	-	-	5
Total Chapter 16	586	556	-	-	556	95 %	-	-	-	30	-	-	30
1700 Representation	2	1	-	-	1	50 %	-	-	-	1	-	-	1
Total Chapter 17	2	1	-	-	1	50 %	-	-	-	1	-	-	1
Total Title 1	5 967	5 823	-	6	5 829	98 %	1	-	1	136	-	-	136

5.3.2. Implementation of commitment appropriations - Title 2

EUR '000

Item	Total approp. available	Commitments made					Appropriations carried over to 2020			Appropriations lapsing			
		from final adopt. budget	from carry-overs	from assign. revenue	Total	%	Assign. revenue	By decision	Total	from final adopt. budget	from carry-overs	from assign. revenue	Total
		1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12
2000 Renting	36	36	-	-	36	100 %	-	-	-	-	-	-	-
2003 Water, gas, electricity, heating	30	30	-	-	30	100 %	0	-	0	-	-	-	-
2004 Cleaning, maintenance	37	33	-	-	33	91 %	-	-	-	3	-	-	3
2005 Security and surveillance	7	4	-	-	4	61 %	-	-	-	3	-	-	3
2006 Fitting out of premises	20	5	10	-	14	73 %	-	-	-	-	5	-	5
2009 Other building expenditure	8	8	-	-	8	98 %	-	-	-	0	-	-	0
Total Chapter 20	138	117	10	-	126	92 %	0	-	0	6	5	-	12
2100 ICT equipment acquisition	140	125	-	1	126	90 %	-	-	-	14	-	-	14
2101 ICT maintenance	246	232	-	-	232	94 %	-	-	-	14	-	-	14
Total Chapter 21	386	357	-	1	358	93 %	-	-	-	28	-	-	28
2200 Acquisition technical equipment	3	3	-	-	3	97 %	-	-	-	0	-	-	0
2212 Transport cost	13	11	-	-	11	82 %	-	-	-	2	-	-	2
2220 Acquisition of furniture	14	4	10	1	14	97 %	-	-	-	-	0	-	0
Total Chapter 22	31	17	10	1	28	91 %	-	-	-	2	0	-	3
2300 Stationery	5	5	-	-	5	97 %	-	-	-	0	-	-	0
2301 Postage and delivery	6	6	-	-	6	100 %	-	-	-	-	-	-	-
2302 Telecommunication	45	41	-	-	41	91 %	-	-	-	4	-	-	4
2303 Legal expenses and damages	125	125	-	-	125	100 %	-	-	-	-	-	-	-
2304 Handling and moving	0	0	-	-	0	64 %	-	-	-	0	-	-	0
2306 Honoraria for Governing Board (GB) members	198	158	-	-	158	80 %	-	-	-	40	-	-	40
2309 Other administrative expenditure	1	0	-	-	0	48 %	-	-	-	1	-	-	1
Total Chapter 23	380	335	-	-	335	88 %	-	-	-	45	-	-	45
2400 Official Journal	1	0	-	-	0	40 %	-	-	-	1	-	-	1
2402 Purchase information	6	-	-	-	-	0 %	-	-	-	6	-	-	6

Item	Total approp. available	Commitments made					Appropriations carried over to 2020			Appropriations lapsing			
		from final adopt. budget	from carry-overs	from assign. revenue	Total	%	Assign. revenue	By decision	Total	from final adopt. budget	from carry-overs	from assign. revenue	Total
	1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
2403 Studies and surveys	14	14	-	-	14	100 %	-	-	-	-	-	-	-
Total Chapter 24	21	14	-	-	14	68 %	-	-	-	7	-	-	7
2500 Governing Board (GB) meetings and travels	158	126	-	-	126	80 %	-	-	-	32	-	-	32
2520 Internal meetings	4	3	-	-	3	79 %	-	-	-	1	-	-	1
Total Chapter 25	162	130	-	-	130	80 %	-	-	-	33	-	-	33
Total Title 2	1 116	969	19	2	990	89 %	0	-	0	121	6	-	126

5.3.3. Implementation of commitment appropriations - Title 3

EUR '000

Item	Total approp. available	Commitments made					Appropriations carried over to 2020			Appropriations lapsing			
		from final adopt. budget	from carry-overs	from assign. revenue	Total	%	Assign. revenue	By decision	Total	from final adopt. budget	from carry-overs	from assign. revenue	Total
	1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
3000 Knowledge Innovation Communities (KIC) grants	484 896	469 206	-	95	469 301	97 %	34	-	34	14 104	1 456	-	15 560
Total Chapter 30	484 896	469 206	-	95	469 301	97 %	34	-	34	14 104	1 456	-	15 560
3111 Planning, reporting and audits	2 337	2 271	-	-	2 271	97 %	-	-	-	66	-	-	66
3112 Knowledge triangle integration	345	221	-	-	221	64 %	-	-	-	125	-	-	125
3113 Fostering growth and creating impact	20	-	-	-	-	0 %	-	-	-	20	-	-	20
Total Chapter 31	2 702	2 491	-	-	2 491	92 %	-	-	-	211	-	-	211
3202 Communications and dissemination	1 030	998	-	-	998	97 %	-	-	-	32	-	-	32
3203 Alumni	110	101	-	-	101	92 %	-	-	-	9	-	-	9
3204 Stakeholder relations	570	535	-	-	535	94 %	-	-	-	35	-	-	35
3205 Awards	230	230	-	-	230	100 %	-	-	-	-	-	-	-
Total Chapter 32	1 940	1 864	-	-	1 864	96 %	-	-	-	76	-	-	76
3303 Monitoring and evaluation	79	64	-	-	64	81 %	-	-	-	15	-	-	15
Total Chapter 33	79	64	-	-	64	81 %	-	-	-	15	-	-	15
Total Title 3	489 617	473 625	-	95	473 721	97 %	34	-	34	14 406	1 456	-	15 862

5.3.4. Implementation of commitment appropriations - Title 4

EUR '000

Item	Total approp. available	Commitments made			Appropriations carried over to 2020			Appropriations lapsing					
		from final adopt. budget	from carry-overs	from assign. revenue	Total	%	Assign. revenue	By decision	Total	from final adopt. budget	from carry-overs	from assign. revenue	Total
	1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
4001 Cancelled appropriations of year n-1	33 683	-	-	-	-	0 %	-	-	-	-	33 683	-	33 683
4002 Cancelled appropriations of year n-2	27 514	-	-	-	-	0 %	-	-	-	-	27 514	-	27 514
Total Chapter 40	61 197	-	-	-	-	0 %	-	-	-	-	61 197	-	61 197
Total Title 4	61 197	-	-	-	-	0 %	-	-	-	-	61 197	-	61 197
GRAND TOTAL	557 897	480 417	19	103	480 540	86 %	35	-	35	14 663	62 659	-	77 322

Title 4: These are cancelled appropriations that are not used in the financial year and can be re-entered in the following three financial years. Therefore the execution rate of Title 4 will be always zero percentage.

5.4. Implementation of payment appropriations

5.4.1. Implementation of payment appropriations - Title 1

EUR '000

Item	Total approp. availab.	Payments made					Appropriations carried over to 2020				Appropriations lapsing			
		from final adopt. budget	from carry-overs	from assign. revenue	Total	%	Autom. carry-overs	By decision	Assigned rev.	Total	from final adopt. budget	from carry-overs	from assign. rev.	Total
	1	2	3	4	5=2+3+4	6=5/1	7	8	9	10=7+8+9	11	12	13	14=11+12+13
1100 Basic salaries	2 540	2 518	-	-	2 518	99 %	-	-	-	-	22	-	-	22
1101 Allowances	905	905	-	-	905	100 %	-	-	-	-	-	-	-	-
1102 Employers charges	143	140	-	-	140	98 %	-	-	-	-	3	-	-	3
1110 Contract agents	855	852	-	-	852	100 %	-	-	-	-	3	-	-	3
1121 Entering / leaving	145	145	-	-	145	100 %	-	-	-	-	0	-	-	0
1130 Schooling	323	283	13	6	301	93 %	-	-	0	0	21	-	-	21
Total Chapter 11	4 911	4 842	13	6	4 860	99 %	-	-	0	0	50	-	-	50
1200 Recruitment expenses	29	15	6	-	21	73 %	2	-	-	2	6	-	-	6
Total Chapter 12	29	15	6	-	21	73 %	2	-	-	2	6	-	-	6
1300 Mission expenses	290	223	16	-	239	82 %	17	-	1	18	29	4	-	33
Total Chapter 13	290	223	16	-	239	82 %	17	-	1	18	29	4	-	33
1400 Restaurants and canteens	1	0	-	-	0	100 %	-	-	-	-	0	-	-	0
1401 Medical expenses	22	17	1	-	18	83 %	2	-	-	2	1	-	-	1
1402 Childhood centre	96	79	8	-	87	90 %	-	-	-	-	9	-	-	9
1403 Social contacts	12	11	-	-	11	89 %	0	-	-	0	1	-	-	1
1404 Other social expenses	9	7	-	-	7	86 %	-	-	-	-	1	-	-	1
Total Chapter 14	140	115	9	-	124	89 %	3	-	-	3	13	-	-	13
1500 Training	91	29	15	-	44	48 %	21	-	-	21	8	18	-	26
Total Chapter 15	91	29	15	-	44	48 %	21	-	-	21	8	18	-	26
1600 Agency staff	379	77	166	-	243	64 %	108	-	-	108	-	28	-	28
1601 Seconded national experts (SNE)	23	23	-	-	23	100 %	-	-	-	-	0	-	-	0
1602 Trainees	88	65	10	-	75	85 %	5	-	-	5	7	1	-	8
1603 IT support	271	75	135	-	210	78 %	60	-	-	60	-	-	-	-
1604 Administrative assistance	164	112	17	-	130	79 %	16	-	-	16	17	1	-	18
1611 Translation	20	14	-	-	14	69 %	1	-	-	1	5	-	-	5
Total Chapter 16	944	365	329	-	694	74 %	191	-	-	191	30	29	-	59
1700 Representation	2	1	-	-	1	50 %	-	-	-	-	1	-	-	1
Total Chapter 17	2	1	-	-	1	50 %	-	-	-	-	1	-	-	1
Total Title 1	6 405	5 590	387	6	5 983	93 %	233	-	1	235	136	51	-	188

5.4.2. Implementation of payment appropriations - Title 2

EUR '000

Item	Total approp. availab.	Payments made					Appropriations carried over to 2020					Appropriations lapsing			
		from final adopt. budget	from carry-overs	from assign. revenue	Total	%	Autom. carry-overs	By decision	Assigned rev.	Total	from final adopt. budget	from carry-overs	from assign. rev.	Total	
		2	3	4	5=2+3+4	6=5/1	7	8	9	10=7+8+9	11	12	13	14=11+12+13	
2000 Renting	65	36	28	-	64	100 %	0	-	-	0	-	-	-	-	
2003 Water, gas, electricity, heating	39	14	9	-	22	57 %	16	-	0	16	-	-	-	-	
2004 Cleaning, maintenance	63	5	24	-	30	47 %	28	-	-	28	3	3	-	6	
2005 Security and surveillance	26	4	18	-	23	86 %	-	-	-	-	3	1	-	4	
2006 Fitting out of premises	79	4	69	-	73	92 %	1	-	-	1	-	6	-	6	
2009 Other building expenditure	8	7	-	-	7	82 %	1	-	-	1	0	-	-	0	
Total Chapter 20	280	70	148	-	218	78 %	46	-	0	46	6	10	-	16	
2100 ICT equipment acquisition	188	99	48	-	147	78 %	25	-	1	26	14	0	-	14	
2101 ICT maintenance	296	175	31	-	206	70 %	57	-	-	57	14	19	-	33	
Total Chapter 21	484	274	79	-	353	73 %	82	-	1	83	28	19	-	47	
2200 Acquisition technical equipment	3	2	-	-	2	76 %	1	-	-	1	0	-	-	0	
2212 Transport cost	15	11	1	-	12	79 %	0	-	-	0	2	1	-	3	
2220 Acquisition of furniture	14	4	10	1	14	97 %	-	-	-	-	-	0	-	0	
Total Chapter 22	32	17	11	1	28	87 %	1	-	-	1	2	1	-	3	
2300 Stationery	5	2	0	-	2	45 %	3	-	-	3	0	0	-	0	
2301 Postage and delivery	6	5	0	-	5	84 %	1	-	-	1	-	0	-	0	
2302 Telecommunication	55	32	7	-	39	71 %	9	-	-	9	4	3	-	7	
2303 Legal expenses and damages	155	9	-	-	9	6 %	116	-	-	116	-	30	-	30	
2304 Handling and moving	0	0	-	-	0	64 %	-	-	-	-	0	-	-	0	
2306 Honoraria for Governing Board (GB) members	198	156	-	-	156	79 %	2	-	-	2	40	-	-	40	
2309 Other administrative expenditure	1	0	-	-	0	48 %	-	-	-	-	1	-	-	1	
Total Chapter 23	420	204	7	-	211	50 %	131	-	-	131	45	33	-	78	
2400 Official Journal	2	-	0	-	0	17 %	0	-	-	0	1	1	-	1	
2402 Purchase information	6	-	-	-	-	0 %	-	-	-	-	6	-	-	6	
2403 Studies and surveys	14	-	-	-	-	0 %	14	-	-	14	-	-	-	-	
Total Chapter 24	22	-	0	-	0	2 %	14	-	-	14	7	1	-	7	
2500 Governing Board (GB) meetings and travels	169	116	1	-	118	70 %	10	-	-	10	32	10	-	42	
2520 Internal meetings	4	3	-	-	3	79 %	-	-	-	-	1	-	-	1	
Total Chapter 25	173	120	1	-	121	70 %	10	-	-	10	33	10	-	42	
Total Title 2	1 412	685	247	1	932	66 %	284	-	1	285	121	74	-	194	

5.4.3. Implementation of payment appropriations - Title 3

EUR '000

	Total approp. availab.	Payments made				Appropriations carried over to 2020				Appropriations lapsing				
		from final adopt. budget	from carry- overs	from assign. revenue	Total	%	Autom. carry- overs	By decision	Assigned rev.	Total	from final adopt. budget	from carry- overs	from assign. rev.	Total
	1	2	3	4	5=2+3+4	6=5/1	7	8	9	10=7 +8+9	11	12	13	14=11+ 12+13
3000 Knowledge Innovation Communities (KIC) grants	412 407	395 684	8 465	129	404 279	98 %	-	-	-	-	8 127	-	-	8 127
Total Chapter 30	412 407	395 684	8 465	129	404 279	98 %	-	-	-	-	8 127	-	-	8 127
3111 Planning, reporting and audits	2 422	2 003	-	-	2 003	83 %	-	-	-	-	419	-	-	419
3112 Knowledge triangle integration	322	202	-	-	202	63 %	-	-	-	-	120	-	-	120
3113 Fostering growth and creating impact	20	-	-	-	-	0 %	-	-	-	-	20	-	-	20
3114 New Knowledge and Innovation Communities	176	167	-	-	167	95 %	-	-	-	-	9	-	-	9
Total Chapter 31	2 940	2 372	-	-	2 372	81 %	-	-	-	-	568	-	-	568
3201 Strategic innovation agenda	9	9	-	-	9	99 %	-	-	-	-	0	-	-	0
3202 Communications and dissemination	1 125	665	-	-	665	59 %	-	-	-	-	460	-	-	460
3203 Alumni	137	86	-	-	86	63 %	-	-	-	-	51	-	-	51
3204 Stakeholder relations	535	474	-	-	474	89 %	-	-	-	-	61	-	-	61
3205 Awards	230	225	-	-	225	98 %	-	-	-	-	5	-	-	5
Total Chapter 32	2 037	1 459	-	-	1 459	72 %	-	-	-	-	577	-	-	577
3301 EIT-KIC relations	49	22	-	-	22	46 %	-	-	-	-	26	-	-	26
3303 Monitoring and evaluation	79	39	-	-	39	49 %	-	-	-	-	40	-	-	40
Total Chapter 33	128	61	-	-	61	48 %	-	-	-	-	66	-	-	66
Total Title 3	417 511	399 577	8 465	129	408 172	98 %	-	-	-	-	9 339	-	-	9 339

5.4.4. Implementation of payment appropriations - Title 4

EUR '000

Item	Total approp. availab.	Payments made					Appropriations carried over to 2020				Appropriations lapsing			
		from final adopt. budget	from carry-overs	from assign. revenue	Total	%	Autom. carry-overs	By decision	Assigned rev.	Total	from final adopt. budget	from carry-overs	from assign. rev.	Total
	1	2	3	4	5=2+3+4	6=5/1	7	8	9	10=7+8+9	11	12	13	14=11+12+13
4001 Cancelled appropriations of year n-1	12	-	-	-	-	0 %	0	-	-	-	-	12	-	12
Total Chapter 40	12	-	-	-	-	0 %	-	-	-	-	-	12	-	12
Total Title 4	12	-	-	-	-	0 %	-	-	-	-	-	12	-	12
GRAND TOTAL	425 339	405 852	9 099	136	415 087	98 %	517	-	2	520	9 596	137	-	9 733

Title 4: These are cancelled appropriations that are not used in the financial year and can be re-entered in the following three financial years. Therefore the execution rate of Title 4 will be always zero percentage.

6. OUTSTANDING COMMITMENTS

6.1. Outstanding commitments – Title 1

EUR '000

Item	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at year-end
	Commitm. carried for- ward from pre- vious year	Decommit. Revaluation Cancel- lations	Pay- ments	Total	Commit- ments made during the year	Pay- ments	Cancel- lation of commit. which cannot be carried forward	Commit. outstand- ing at year-end	
	1	2	3	4=1+2-3	5	6	7	8=5-6-7	
1100 Basic salaries	-	-	-	-	2 518	2 518	-	-	-
1101 Allowances	-	-	-	-	905	905	-	-	-
1102 Employers charges	-	-	-	-	140	140	-	-	-
1110 Contract agents	-	-	-	-	852	852	-	-	-
1121 Entering / leaving	-	-	-	-	145	145	-	-	-
1130 Schooling	13	-	13	-	288	288	-	-	-
Total chapter 11	13	-	13	-	4 847	4 847	-	-	-
1200 Recruitment expenses	6	-	6	-	17	15	-	2	2
Total chapter 12	6	-	6	-	17	15	-	2	2
1300 Mission expenses	20	(4)	16	-	240	223	-	17	17
Total chapter 13	20	(4)	16	-	240	223	-	17	17
1400 Restaurants and canteens	-	-	-	-	0	0	-	-	-
1401 Medical expenses	1	-	1	-	20	17	-	2	2
1402 Childhood centre	8	-	8	-	79	79	-	-	-
1403 Social contacts	-	-	-	-	11	11	-	0	0
1404 Other social expenses	-	-	-	-	7	7	-	-	-
Total chapter 14	9	-	9	-	118	115	-	3	3
1500 Training	34	(18)	15	-	49	29	-	21	21
Total chapter 15	34	(18)	15	-	49	29	-	21	21
1600 Agency staff	194	(28)	166	-	185	77	-	108	108
1601 Seconded national experts (SNE)	-	-	-	-	23	23	-	-	-

Item	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at year-end
	Commitm. carried for- ward from pre- vious year	Decommit. Revaluation Cancel- lations	Pay- ments	Total	Commit- ments made during the year	Pay- ments	Cancel- lation of commit. which cannot be carried forward	Commit. outstand- ing at year-end	
	1	2	3	4=1+2-3	5	6	7	8=5-6-7	9=4+8
1602 Trainees	11	(1)	10	-	70	65	-	5	5
1603 IT support	135	-	135	-	135	75	-	60	60
1604 Administrative assistance	18	(1)	17	-	128	112	-	16	16
1611 Translation	-	-	-	-	15	14	-	1	1
Total chapter 16	358	(29)	329	-	556	365	-	191	191
1700 Representation	-	-	-	-	1	1	-	-	-
Total chapter 17	-	-	-	-	1	1	-	-	-
Total Title 1	439	(51)	387	-	5 829	5 596	-	233	233

6.2. Outstanding commitments – Title 2

EUR '000

Item	Commitments outstanding at the end of previous year				Commitments of the current year					Total commitm. outstanding at year-end
	Commitm. carried for- ward from pre- vious year	Decommit. Revaluation Cancel- lations	Pay- ments	Total	Commit- ments made during the year	Pay- ments	Cancel- lation of commit. which cannot be carried forward	Commit. outstand- ing at year-end		
	1	2	3	4=1+2-3	5	6	7	8=5-6-7	9=4+8	
2000 Renting	28	-	28	-	36	36	-	0	0	
2003 Water, gas, electricity, heating	9	-	9	-	30	14	-	16	16	
2004 Cleaning, maintenance	27	(3)	24	-	33	5	-	28	28	
2005 Security and surveillance	19	(1)	18	-	4	4	-	-	-	
2006 Fitting out of premises	60	(1)	59	-	14	14	-	1	1	
2009 Other building expenditure	-	-	-	-	8	7	-	1	1	
Total chapter 20	143	(4)	139	-	126	80	-	46	46	
2100 ICT equipment acquisition	48	(0)	48	-	126	99	-	26	26	
2101 ICT maintenance	50	(19)	31	-	232	175	-	57	57	
Total chapter 21	98	(19)	79	-	358	274	-	83	83	
2200 Acquisition technical equipment	-	-	-	-	3	2	-	1	1	
2212 Transport cost	2	(1)	1	-	11	11	-	0	0	
2220 Acquisition of furniture	-	-	-	-	14	14	-	-	-	
Total chapter 22	2	(1)	1	-	28	27	-	1	1	
2300 Stationery	0	(0)	0	-	5	2	-	3	3	
2301 Postage and delivery	1	(0)	0	-	6	5	-	1	1	
2302 Telecommunication	10	(3)	7	-	41	32	-	9	9	
2303 Legal expenses and damages	30	(30)	-	-	125	9	-	116	116	
2304 Handling and moving	-	-	-	-	0	0	-	-	-	
2306 Honoraria for Governing Board (GB) members	-	-	-	-	158	156	-	2	2	
2309 Other administrative expenditure	-	-	-	-	0	0	-	-	-	
Total chapter 23	40	(33)	7	-	335	204	-	131	131	

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. outstand-ing at year-end	
2400 Official Journal	1	(1)	0	–	0	–	–	0	0
2403 Studies and surveys	–	–	–	–	14	–	–	14	14
Total chapter 24	1	(1)	0	–	14	–	–	14	14
2500 Governing Board (GB) meetings and travels	11	(10)	1	0	126	116	–	10	10
2520 Internal meetings	–	–	–	–	3	3	–	–	–
Total chapter 25	11	(10)	1	0	130	120	–	10	10
Total Title 2	295	(68)	227	0	990	705	–	285	285

6.3. Outstanding commitments – Title 3

EUR '000

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. outstand- ing at year-end	
	1	2	3	4=1+2-3	5	6	7	8=5-6-7	9=4+8
3000 Knowledge Innovation Communities (KIC) grants	105 966	(29 970)	75 996	–	469 301	328 283	–	141 018	141 018
Total chapter 30	105 966	(29 970)	75 996	–	469 301	328 283	–	141 018	141 018
3111 Planning, reporting and audits	1 714	(116)	1 598	–	2 271	405	–	1 866	1 866
3112 Knowledge triangle integration	273	(59)	149	66	221	54	–	167	233
3114 New Knowledge and Innovation Communities	176	(5)	167	4	–	–	–	–	4
Total chapter 31	2 162	(179)	1 913	70	2 491	459	–	2 033	2 103
3201 Strategic innovation agenda	11	(2)	9	–	–	–	–	–	–
3202 Communications and dissemination	1 503	(3)	616	884	998	50	–	948	1 833
3203 Alumni	154	(14)	82	58	101	4	–	98	156
3204 Stakeholder relations	577	(128)	450	–	535	24	–	510	510
3205 Awards	–	–	–	–	230	225	–	5	5
Total chapter 32	2 246	(147)	1 157	942	1 864	303	–	1 561	2 503
3301 EIT-KIC relations	48	–	22	26	–	–	–	–	26
3303 Monitoring and evaluation	5	(5)	–	–	64	39	–	25	25
Total chapter 33	53	(5)	22	26	64	39	–	25	51
Total Title 3	110 427	(30 300)	79 088	1 039	473 721	329 083	–	144 637	145 676
GRAND TOTAL	111 161	(30 420)	79 703	1 039	480 540	335 384	–	145 156	146 194

7. GLOSSARY

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.

Accounting Officer

The role, powers and responsibilities of the accounting officer are set out in the Financial Regulation:

- proper implementation of payments,
- collection of revenue,
- recovery of amounts and offsetting,
- keeping, preparing and presenting the accounts,
- laying down the accounting rules and methods and the chart of accounts,
- laying down and validating the accounting systems and validating systems laid down by the authorising officer to supply or justify accounting information (local systems),
- treasury management,
- designation of the Imprest Administrators,
- opening and closing bank accounts in the name of the Institution.

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 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 and commitment appropriations equal payment appropriations.

Assigned revenue External/Internal

Dedicated revenue received to finance specific items of expenditure.

Main sources of external assigned revenue are *financial contributions from third countries to programmes financed by the Union*.

Main sources of internal assigned revenue are revenue from third parties in respect of goods, services or work supplied at their request, revenue arising from the repayment of amounts wrongly paid and revenue from the sale of publications and films, including those on an electronic medium.

The complete list of items constituting assigned revenue is given in the Financial Regulation Art. 21.

Authorising Officer by Delegation (AOD)

The AOD is responsible in each entity 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.

The AOD is responsible for taking all financial decision concerning actions under his/her responsibility. Particularly, he/she must take decisions to implement the budget based on his/her risk analysis.

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.

For agencies, 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.

Budget item / Budget line / Budget position

As far as the budget structure is concerned, revenue and expenditure are shown in the budget in accordance with a binding nomenclature, which reflects the nature and purpose of each item, as imposed by the budgetary authority. The individual headings (title, chapter, article or item) provide a formal description of the nomenclature.

Budgetary authority

Institutions with decisional powers on budgetary matters: for the EU institutions, the European Parliament and the Council of Ministers.

For the agencies and joint undertakings, their board is the budgetary authority.

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. Financial Regulation Art. 7: *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.*

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. Financial Regulation Art. 7: *Differentiated appropriations are entered for multiannual operations. They consist of commitment appropriations and payment appropriations.*

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.

For reference, Regulation (EU, Euratom) No 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

Funds Source

Type of appropriations

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 Treaty on the Functioning of the European Union. The term can be used to describe any collaborative structure proposed for the *"efficient execution of Union research, technological development and demonstration programmes"*.

Lapsing appropriations

Unused appropriations to be cancelled at the end of the financial year. *Lapsing* means the cancellation of all or part of the authorisation to make expenditures and/or incur liabilities, which is represented by an appropriation.

Only for joint undertakings, as specified in their Financial Rules, any unused appropriations may be entered in the estimate of revenue and expenditure of up to the following three financial years (the so-called "N+3" rule). Hence, lapsing appropriations for JUs could be re-activated until financial year "N+3".

Legal base (basic act)

The legal base or basis is, as a general rule, a law based on an article in the Treaty on the Functioning of the European Union giving competence to the Community for a specific policy area and setting out the conditions for fulfilling that competence including budget implementation. Certain articles from the treaty 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. (Financial Regulation Art. 9). 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.

Outstanding commitment

Outstanding commitments (or RAL, from the French 'reste à liquider') are defined as the amount of appropriations committed that have not yet been paid or legal commitments having not fully given rise to liquidation by payments. They stem directly from the existence of multiannual programmes and the dissociation between commitment and payment appropriations.

Outturn

Cf. Budget result

Payment

A payment is a 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 (Financial Regulation Art. 7).

RAL

Sum of outstanding commitments. Cf. Outstanding commitments

Recovery

The recovery order is the procedure by which the Authorising officer by Delegation (AOD) 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. Budget result

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 (Cf. 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. However, they are expressly authorised by the Treaty on the Functioning of the European Union under the conditions laid down in the Financial Regulation. The Financial Regulation identifies different types of transfers depending on whether they are between or within budget titles, chapters, articles or headings and require different levels of authorisation.