

Annual Accounts Financial Year 2020

These accounts have been drawn up by the Accounting Officer on 26/05/2021. The opinion of the Management Board was given on 25/06/2021.

The present annual accounts, together with the opinion of the Management Board, have been sent to the Commission's Accounting Officer, the Court of Auditors, the European Parliament and the Council on 28/06/2021.

The accounts will be published on the Eurofound website:

<http://www.eurofound.europa.eu>

Dublin, 28/06/2021



David Maddocks
Accounting Officer

DECISION NO 43 THE MANAGEMENT BOARD OF THE EUROPEAN FOUNDATION FOR THE IMPROVEMENT OF LIVING AND WORKING CONDITIONS

Having regard to Regulation (EU) 2019/127 of the European Parliament and of the Council of 16 January 2019 establishing the European Foundation for the improvement of living and working conditions (Eurofound), and repealing Council Regulation (EEC) No 1365/75¹

WHEREAS Article 16, point 4 states that the Accounting Officer shall draw up Eurofound's final accounts and that the Executive Director shall submit them to the Management Board for an opinion,

WHEREAS Article 16, point 5 states that the Management Board shall deliver an opinion on Eurofound's final accounts.

WHEREAS Article 16, point 6 states that the Accounting Officer shall, by 1 July at the latest following each financial year, forward these final accounts to the European Parliament, the Council, the Commission and the Court of Auditors, together with the Management Board's opinion,

HAS ADOPTED

The following opinion on the Final Accounts for the year 2020:

The Management Board takes note of Eurofound's Final Accounts for the year 2020 as well as the preliminary observation of the Court of Auditors.

The Management Board

- *Appreciates that the Court of Auditors gave full assurance on the reliability of the accounts and the legality and regularity of their underlying transactions,*
- *Acknowledges the preliminary observation of the Court and requests Eurofound to follow up on them.*

The Management Board gives a positive opinion on the Final Accounts for 2020 and invites the Accounting Officer to forward the accounts and this opinion to the European Parliament, the Council, the Commission and the Court of Auditors.

The Management Board looks forward to the final report of the Court of Auditors and the remarks of the European Parliament and the Council during the discharge procedure.

Done by a written procedure, on 25 June 2021

For the Management Board

The Chairperson

¹. OJ L 30, 31.1.2019, p. 74.

Attachments:

- Final annual accounts 2020
- Preliminary observations by the Court of Auditors on annual accounts 2020



Annual accounts of the European Foundation for the Improvement of Living and Working Conditions

Financial year 2020


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CERTIFICATION OF THE ACCOUNTS

I acknowledge my responsibility for the preparation and presentation of the annual accounts of the European Foundation for the Improvement of Living and Working Conditions in accordance with Article 102 of the Framework Financial Regulation ('FFR')¹ and I hereby certify that the annual accounts of the European Foundation for the Improvement of Living and Working Conditions for the year 2020 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 European Foundation for the Improvement of Living and Working Conditions' 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 European Foundation for the Improvement of Living and Working Conditions.

DocuSigned by:

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David MADDOCKS

**Accounting Officer of the European
Foundation for the Improvement of
Living and Working Conditions**

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 EUROFOUND

The European Foundation for the Improvement of Living and Working Conditions (Eurofound), based in Dublin (Ireland), is one of the decentralised agencies of the European Union. Established in 1975, the Agency functions based on a new founding regulation, which entered into force in February 2019². The regulation defines its mandate and governance arrangements.

Eurofound provides information, advice and expertise on working conditions and sustainable work, industrial relations, labour market change and quality of life and public services, to support the EU Institutions and bodies, Member States and Social Partners in shaping and implementing social and employment policies, as well as promoting social dialogue on the basis of comparative information, research and analysis.

The current Programming document 2017–2020 describes Eurofound’s planned work over the four-year programming period. Eurofound has chosen six strategic topic areas in which to carry out activities aimed at providing the knowledge to achieve upward convergence of living and working conditions in the European Union. These are:

- Working conditions and sustainable work
- Industrial relations
- Labour market change
- Quality of life and public services
- The digital age: Opportunities and challenges for work and employment
- Monitoring convergence in the European Union

The first four are the core areas where Eurofound has established its expertise over four decades and ensure continuity in the Agency’s work. The final two, on the digital age and convergence in the EU, introduce a new dimension into Eurofound’s activities as they capture cross-cutting challenges and paradigmatic changes that are likely to have a transforming influence on the areas at the centre of Eurofound’s work. Through the framework of these six topics, Eurofound will examine how living and working conditions can be improved through public policies and legislation, intervention of the social partners and practices at workplace level. The multiannual programme 2017–2020 sets out a specific work programme for each year of the programming period.

Eurofound's three regularly repeated pan-European surveys and three observatories contribute to the work in the topic areas.

² Regulation (EU) 2019/127 of the European Parliament and of the Council of 16 January 2019 establishing the European Foundation for the improvement of living and working conditions (Eurofound), and repealing Council Regulation (EC) No 1365/75, cf. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32019R0127>

EUROPEAN FOUNDATION FOR THE IMPROVEMENT
OF LIVING AND WORKING CONDITIONS
FINANCIAL YEAR 2020

FINANCIAL STATEMENTS AND EXPLANATORY NOTES

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

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BALANCE SHEET

		EUR	
	Note	31.12.2020	31.12.2019
NON-CURRENT ASSETS			
<i>Intangible assets</i>	2.1	0	0
<i>Property, plant and equipment</i>	2.2	832,128	844,424
		832,128	844,424
CURRENT ASSETS			
<i>Exchange receivables and non-exchange recoverables</i>	2.3	332,252	282,409
<i>Accrued income</i>	2.4	8,500	0
<i>Cash and cash equivalents</i>	2.5	5,624,584	5,376,448
		5,965,336	5,658,857
TOTAL ASSETS		6,797,464	6,503,281
CURRENT LIABILITIES			
<i>Payables and other liabilities</i>	2.6	(645,820)	(538,642)
<i>Accrued charges and deferred income</i>	2.7	(1,577,438)	(1,147,492)
<i>Provisions</i>	2.8	(50,000)	(30,000)
		(2,273,258)	(1,716,134)
TOTAL LIABILITIES		(2,273,258)	(1,716,134)
NET ASSETS		4,524,206	4,787,147
<i>Accumulated surplus</i>		4,787,147	4,309,586
<i>Economic result of the year</i>		(262,941)	477,561
NET ASSETS		4,524,206	4,787,147

STATEMENT OF FINANCIAL PERFORMANCE

	Note	2020	EUR 2019
REVENUE			
Revenue from non-exchange transactions			
<i>Subsidy of the Commission</i>	3.1	20,921,429	20,779,000
<i>Other</i>	3.1	166,048	248,206
<i>Liquidated damages</i>	3.1	0	28,131
		21,087,477	21,055,337
Revenue from exchange transactions			
<i>Other sales and revenue</i>	3.2	410,179	610,476
<i>Miscellaneous revenue</i>	3.2	601	148
<i>Exchange Rate Gains</i>	3.2	494	323
		411,274	610,947
Total revenue		21,498,751	21,666,284
EXPENSES			
<i>Operating costs</i>	3.3	(5,471,553)	(6,008,833)
<i>Staff costs</i>	3.4	(13,171,753)	(12,618,421)
<i>Fixed Asset related expenses</i>	3.5	(187,026)	(205,519)
<i>Other administrative expenses</i>	3.5	(2,911,163)	(2,352,222)
<i>Finance costs</i>	3.5	(19,640)	(2,085)
<i>Exchange Rate Losses</i>	3.5	(557)	(1,643)
Total expenses		(21,761,692)	(21,188,723)
ECONOMIC RESULT OF THE YEAR		(262,941)	477,561

CASHFLOW STATEMENT

	<i>EUR</i>	
	2020	2019
<i>Economic result of the year</i>	(262,941)	477,561
Operating activities		
<i>Depreciation and amortization</i>	183,220	203,617
<i>Increase/(decrease) in provisions</i>	20,000	10,000
<i>(Increase)/decrease in exchange receivables and non-exchange recoverables</i>	(58,343)	(51,083)
<i>Increase/(decrease) in payables</i>	1,398	(11,668)
<i>Increase/(decrease) in accrued charges & deferred income</i>	428,204	506,263
<i>Increase/(decrease) in Liabilities related to consolidated EU entities</i>	107,523	104,819
<i>Other non-cash movements</i>	3,806	1,902
Investing activities		
<i>(Increase)/decrease in intangible assets and property, plant and equipment</i>	(174,730)	(17,614)
NET CASHFLOW	248,137	1,223,797
<i>Net increase/(decrease) in cash and cash equivalents</i>	248,137	1,223,797
<i>Cash and cash equivalents at the beginning of the year</i>	5,376,448	4,152,651
<i>Cash and cash equivalents at year-end</i>	5,624,585	5,376,448

STATEMENT OF CHANGES IN NET ASSETS

	EUR		
	Accumulated Surplus/ (Deficit)	Economic result of the year	Net Assets
BALANCE AS AT 31.12.2018	4,252,872	56,714	4,309,586
<i>Allocation 2018 economic result</i>	56,714	(56,714)	-
<i>Economic result of the year</i>	-	477,561	477,561
BALANCE AS AT 31.12.2019	4,309,586	477,561	4,787,147
<i>Allocation 2019 economic result</i>	477,561	(477,561)	-
<i>Economic result of the year</i>	-	(262,941)	(262,941)
BALANCE AS AT 31.12.2020	4,787,147	(262,941)	4,524,206

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	31.12.2020	31.12.2019	Currency	31.12.2020	31.12.2019
BGN	1.9558	1.9558	PLN	4.5597	4.2568
CZK	26.2420	25.4080	RON	4.8683	4.783
DKK	7.4409	7.4715	SEK	10.0343	10.4468
GBP	0.8903	0.8508	CHF	1.0802	1.0854
HRK	7.5519	7.4395	JPY	126.4900	121.9400
HUF	363.8900	330.5300	USD	1.2271	1.1234

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 when incurred.

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

Intangible assets residual values and useful lives are reviewed, and adjusted if appropriate, at least once per year.

1.3.2. Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the 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>	4 % to 10 %
<i>Plant and equipment</i>	12.5 % to 25 %
<i>Furniture and vehicles</i>	10 % to 25 %
<i>Computer hardware</i>	25 %
<i>Other</i>	12.5 % to 25 %

Property, plant and equipment residual values and useful lives are reviewed, and adjusted if appropriate, at least once per year.

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 reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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. 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.

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 incurrance 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.

1.6. CONSOLIDATION

The accounts of this entity are fully consolidated in the EU consolidated annual accounts.

2. NOTES TO THE BALANCE SHEET

ASSETS

2.1. INTANGIBLE ASSETS

	EUR
	TOTAL
<i>Gross carrying amount at 31.12.2019</i>	3,726
Gross carrying amount at 31.12.2020	3,726
<i>Accumulated amortisation at 31.12.2019</i>	(3,726)
<i>Amortisation charge for the year</i>	0
Accumulated amortisation at 31.12.2020	(3,726)
NET CARRYING AMOUNT AT 31.12.2020	0
<i>NET CARRYING AMOUNT AT 31.12.2019</i>	0

The amounts under this heading entirely comprise computer software with the annual amortisation rate 25%.

2.2. PROPERTY, PLANT AND EQUIPMENT

	EUR					
	Land and buildings	Plant and equipment	Furniture and vehicles	Computer hardware	Other Fixtures	TOTAL
<i>Gross carrying amount at 31.12.2019</i>	8,025,022	70,456	717,792	806,943	841,722	10,461,935
<i>Additions</i>	174,730	-	-	-	-	174,730
<i>Disposals</i>	-	-	(6,779)	(97,494)	(16,540)	(120,813)
Gross carrying amount at 31.12.2020	8,199,752	70,456	711,013	709,449	825,182	10,515,852
<i>Accumulated depreciation at 31.12.2019</i>	(7,572,835)	(57,053)	(615,752)	(676,067)	(695,804)	(9,617,511)
<i>Depreciation charge for the year</i>	(41,775)	(8,549)	(31,327)	(61,866)	(43,509)	(187,026)
<i>Disposals</i>	-	-	6,779	97,494	16,540	120,813
Accumulated depreciation at 31.12.2020	(7,614,610)	(65,602)	(640,300)	(640,439)	(722,773)	(9,683,724)
NET CARRYING AMOUNT AT 31.12.2020	585,142	4,854	70,713	69,010	102,409	832,128
<i>NET CARRYING AMOUNT AT 31.12.2019</i>	452,187	13,403	102,040	130,876	145,918	844,424

2.3. EXCHANGE RECEIVABLES & NON-EXCHANGE RECOVERABLES

		EUR	
	Note	31.12.2020	31.12.2019
Current			
<i>Receivables from exchange transactions</i>	2.3.1	331,752	280,956
<i>Recoverables from non-exchange transactions</i>	2.3.2	500	1,452
Total		332,252	282,408

2.3.1. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	EUR	
	31.12.2020	31.12.2019
Current		
Staff	27,778	37,278
Deferred charges relating to exchange transactions	303,974	243,678
Total	331,752	280,956

Receivables from staff refers to amounts owed by staff for overpayment of allowances.

The deferred charges consist of 2020 pro-rata costs for insurance policies, software licences and subscriptions to journals and publications. Part of the cost was expensed in 2020 and the remaining (deferred) charge sits in the Balance sheet as a Current Asset.

2.3.2. RECOVERABLES FROM NON-EXCHANGE TRANSACTIONS

	EUR	
	31.12.2020	31.12.2019
Current		
Member States	500	1,452
Total	500	1,452

Recoverables from Member States represent a small sum owed by the local authority.

2.4. ACCRUED INCOME

	EUR	
	31.12.2020	31.12.2019
Accrued income	8,500	0

Accrued income is the amount earned in the year but which has not yet been received. The accrued income relates to the letting of Eurofound's premises to a television production company in December 2020.

2.5. CASH AND CASH EQUIVALENTS

	EUR	
	31.12.2020	31.12.2019
Current accounts	5,616,989	5,353,525
Imprest accounts	7,595	22,923
Total	5,624,584	5 376,448

Eurofound holds two current accounts with ING bank in Brussels; the main account from which all payments are made and the IPA account which holds cash received from DG NEAR for IPA projects.

Eurofound holds a local imprest account with AIB bank in Dublin. This account is used for small purchases made in cash, cheque or credit card. In addition it used to enable three direct debit payments for electricity, mobile phone and fuel card respectively.

LIABILITIES

2.6. PAYABLES

	<i>EUR</i>	
	31.12.2020	31.12.2019
<i>Pre-financing received from EC - operating subsidy</i>	372,250	538,297
<i>Pre-financing received from EC - balancing subsidy</i>	273,570	0
Total	645,820	538,297

The operating subsidy received from the Commission relates to projects funded outside of the ordinary budget of the agency. The balancing subsidy is the ordinary budget of the agency received from DG EMPL.

The pre-financing liability related to the balancing subsidy comprises the unused amounts of balancing subsidy received by Eurofound from DG EMPL in 2020. The amounts will be returned to DG EMPL in 2021.

The pre-financing liability related to the operating subsidy comprises a balance of EUR 243,679 from DG NEAR for IPA projects. IPA is the instrument for pre-accession countries and the funding allows for inclusion of those countries in Eurofound's surveys. The balance covers two contracts. The residual balance of EUR 49,918 from contract 377-705 is to be returned to DG NEAR. A debit note from DG NEAR is anticipated in 2021. The remaining balance of EUR 193,761 from contract 402-940 is available for consumption.

A further balance of EUR 128,570 relates to the DG GROW funded Future of Manufacturing in Europe (FOME) project which concluded in April 2019. This balance is to be returned to DG GROW and a debit note from DG GROW is anticipated in 2021.

2.7. ACCRUED CHARGES

	<i>EUR</i>	
	31.12.2020	31.12.2019
<i>Accrued charges</i>	1,577,438	1,147,491

Accrued charges are the amounts estimated by the authorising officer of costs incurred for services and goods delivered in year 2020 but not yet invoiced or processed by the end of the year. The basis of the accruals calculation is the open amount of budgetary commitments at year end. The heading includes estimated operating expenses of EUR 1,287,848 and staff expenses of EUR 289,590 for untaken leave.

2.8. PROVISIONS

	<i>EUR</i>	
	31.12.2020	31.12.2019
<i>Provisions</i>	50,000	30,000

A provision of EUR 50,000 is made in anticipation of the outcome of two ongoing court cases.

3. NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE

REVENUE

3.1. NON-EXCHANGE REVENUE

	<i>EUR</i>	
	31.12.2020	31.12.2019
<i>Subsidy of the Commission</i>	20,921,429	20,779,000
<i>Other</i>	166,048	248,206
<i>Liquidated damages</i>	0	28,131
Total	21,087,477	21,055,337

The heading subsidy of the Commission corresponds to the amounts of the Commission balancing subsidy of EUR 20,921,429 from DG EMPL used during 2020. Unused amounts are recorded as pre-financing liabilities under accounts payable (see note 2.6 above) and will be reimbursed to the Commission in 2020. The corresponding accrued expenses will be recorded in the financial statements of the Commission.

The other non-exchange revenue comprises of EUR 166,048 from DG NEAR for IPA projects. IPA is the instrument for pre-accession countries and the funding allows for inclusion of those countries in Eurofound's surveys.

3.2. EXCHANGE REVENUE

	<i>EUR</i>	
	31.12.2020	31.12.2019
<i>Other Sales and Revenue</i>	410,179	610,476
<i>Miscellaneous income</i>	601	148
<i>Realised Exchange Rate Gains</i>	494	323
Total	411,274	610,947

Other Sales and Revenue is comprised of EUR 218,531 from Norway and EUR 116,020 from Switzerland for their contribution to the 7th European Working Conditions Survey. Norway also contributed EUR 67,128 to the Network of Eurofound Correspondents survey. The remaining balance arises from EUR 8,500 for the letting of Eurofound's premises to a television production company. A further EUR 601 was received in royalties, a refund and a conference fee. Finally there was a currency exchange rate gain of EUR 494 in the year.

EXPENSES

3.3. OPERATING COSTS

	<i>EUR</i>	
	31.12.2020	31.12.2019
<i>Operating costs</i>	5,471,553	6,008,833

Included under this heading are operating expenses incurred in relation to core tasks of the Agency and tasks delegated by the Commission carried out in 2020.

3.4. STAFF COSTS

	EUR	
	31.12.2020	31.12.2019
<i>Staff costs</i>	13,171,753	12,618,421

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 Eurofound staff members are covered by the Pensions 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 the Eurofound 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 Eurofound's accounts. Similarly, the future benefits, payable to Eurofound 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 account.

3.5. OTHER EXPENSES

	EUR	
	31.12.2020	31.12.2019
<i>Fixed Asset related expenses</i>	187,026	205,519
<i>Rent of Land & Buildings</i>	23,093	22,920
<i>Maintenance & Security</i>	448,670	470,577
<i>Insurance - Building</i>	22,293	16,617
<i>Taxes</i>	21,564	21,131
<i>Office Supplies</i>	3,890	6,494
<i>Legal Expenses</i>	30,188	45,944
<i>Communications</i>	22,090	62,929
<i>Insurance - Others</i>	13,430	8,393
<i>Car & Transport expenses</i>	718	1,235
<i>Recruitment Costs</i>	12,534	93,067
<i>Training costs</i>	78,248	108,039
<i>Missions</i>	37,850	285,860
<i>IT Costs</i>	524,772	850,186
<i>Other external service provider (non-IT)</i>	197,883	247,985
<i>Expenses with other Consolidated Entities</i>	1,453,940	100,845
<i>Provision for other liabilities and charges</i>	20,000	10,000
<i>Other Financial Expenses</i>	19,640	2,085
<i>Realised Exchange Rate Losses</i>	557	1,643
Total	3,118,386	2,561,469

Fixed asset related expenses are mainly for the 2020 depreciation.

Previously, expenses with other consolidated entities, such as the European Commission and other EU agencies, for translations and publications etc. were included in the operating costs. From 2020 these costs are posted against the dedicated account for expenses with other consolidated entities. Hence we see an increase in expenses with other consolidated entities and corresponding decrease in operating costs.

Other financial expenses is mainly comprised of negative bank interest. From 3 December 2019, ING Bank applies the ECB interest rate. As the rate was negative in 2020, Eurofound incurred interest costs of EUR 19,160 throughout the year. Bank charges make up the remaining EUR 480.

4. OTHER SIGNIFICANT DISCLOSURES

4.1. OUTSTANDING COMMITMENTS NOT YET EXPENSED

	EUR	
	31.12.2020	31.12.2019
<i>Outstanding commitments not yet expensed</i>	3,661,442	5,424,643

The outstanding commitments not yet expensed comprises the budgetary RAL ('Reste à Liquider') less related amounts that have been included as expenses in the 2020 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. This is the normal consequence of the existence of multi annual programmes.

4.2. RELATED PARTIES

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

4.3. KEY MANAGEMENT ENTITLEMENTS

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

	31.12.2020	31.12.2019
<i>Executive Director</i>	AD15	AD15

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

4.4. COVID-19

During 2020, the coronavirus pandemic had a huge global impact. However, despite this, Eurofound continued its activities and was able to deliver its work programme without any significant negative impacts. Some budgetary changes were reported, however.

In Title 1, travel related expenditure decreased by 270K EUR (-88%), recruitment expenditure decreased by 93K EUR (-93%) and socio-medical expenditure decreased by 168K EUR (-63%). In Title 2, utility costs decreased by 43K EUR (-33%) and telecommunications decreased by 23K EUR (-55%). In Title 3, there was a 460K EUR (-89%) reduction in general and Management Board meeting costs, with further reductions in publication and marketing costs of 180K EUR (-52%) and 59K EUR (-26%) respectively.

These savings were allocated to other areas of Eurofound's budget. In Title 1, the savings were used to cover the increase of the country co-efficient from 119.2% to 129%. In Title 2, upgrades were made to the IT infrastructure, in particular audio-visual equipment for meeting rooms and the development of a new project management system. In Title 3, the bulk of the savings of 550K EUR were used to fund 7th European Working Conditions Survey fieldwork and another 300K EUR were allocated to other research projects. Further funding was also allocated to web application development and translation activities with each receiving about 100K EUR more.

Eurofound achieved a 99.9% implementation of the C1 budget appropriations for 2020. There was no significant increase in the carry forward of C1 appropriations.

4.5. BREXIT

On 1 February 2020 the United Kingdom ceased to be a Member State of the European Union. Following the conclusion of the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community (the 'Withdrawal Agreement') between the two parties, the United Kingdom committed to pay all its obligations under the current MFF and previous financial perspectives following from its membership of the Union. The United Kingdom has paid into the 2020 EU Budget during the year, and received payments, as if it were a Member State.

At the date of transmission of these accounts, and based on the Withdrawal Agreement concluded and already in operation, there is no financial impact to be reported in these accounts. For further information on the impact of the Withdrawal Agreement on the EU, please see the 2020 consolidated EU annual accounts.

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 (Eurofound has no significant other price risk).

- (1) Currency risk is the risk that Eurofound 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. Eurofound 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 2020, the financial assets are composed of exchange receivables and non-exchange recoverables. At 31 December 2020 financial liabilities are composed of accounts payable. At 31 December 2020 the ending balances of financial assets and financial liabilities did not include any material amounts quoted in currencies other than euro. Eurofound is thus not exposed to any significant currency risk.

5.3. CREDIT RISK

Financial assets that are neither past due nor impaired

At 31 December 2020 financial assets comprise entirely of exchange receivables and non-exchange recoverables that are neither past due nor impaired of EUR 5,924,173.

Financial assets by risk category

Receivables of EUR 5,616,989 relate to entities with prime and high grade, EUR 7,595 relate to entities with upper medium grade and EUR 299,588 relate to entities without external credit rating that never defaulted in the past.

5.4. LIQUIDITY RISK

Maturity analysis of financial liabilities by remaining contractual maturity

The financial liabilities are composed of operating lease commitments and commitments on administrative contracts with remaining contractual maturity of less than 1 year amounting to EUR 54,545.

THE BUDGET IMPLEMENTATION REPORTS AND EXPLANATORY NOTES

It should be noted that due to the rounding of figures, 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 Eurofound budget is governed by the following basic principles set out in Article 5 of the Financial Regulation of the Agency adopted on 30 August 2019:

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 Eurofound budget. 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 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.

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. The budget and any amending budgets shall be published in the Official Journal of the European Union within three months of their adoption.

1.2. STRUCTURE AND PRESENTATION OF THE BUDGET

Following the provisions of the Eurofound Financial Regulation adopted by Management Board decision WPR 2019/05 of 30 August 2019, the budget accounts shall consist of a statement of revenue and a statement of expenditure. The statement of expenditure must be set out on the basis of a nomenclature with a classification by purpose. That nomenclature shall be determined by Eurofound and shall make a clear distinction between administrative appropriations and operating appropriations:

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

Title 2 budget lines relate to all buildings, equipment and miscellaneous administrative expenditure.

Title 3 budget lines provide for the implementation of the activities and tasks assigned to Eurofound by its establishing Regulation (EU) No. 2019/127 of the European Parliament and of the Council of 16 January 2019 repealing Council Regulation (EC) No 1365/75.

Assigned revenue budget lines relate to financing of specific items of expenditure. They can be external or internal assigned revenue.

1.3. SUMMARY OF THE BUDGETARY IMPLEMENTATION

The final amended budget of Eurofound was 21,741,654.65 EUR in 2020. This amount includes appropriations from C1, C4 and new R0 funds of the current year.

General C1 budget appropriations available for activities authorised in the Programming Document 2020 amounted to 21,406,298.35 EUR. The final budget implementation (commitments) from C1 budget appropriations is 99.9 % (in 2019: 100%) whereas the final execution of payments is 80.5%. Remaining payments in carry forward commitments (RAL) are to be made in 2021.

The actual payment appropriations carried forward (RAL) at 4,168,672.13 EUR (or 19.5%) for final C1 appropriations were closely aligned with the original expectations at 4,097,215.00 EUR or 19.2% of C1 commitment appropriations (in 2019: 4,002,730.67 or 19.1%). The main variance is explained by increased project budget funding in the 7th EWCS fieldwork during the second half of the year resulting in a minor increase of carry forward appropriations to 2021.

2. RESULT OF THE IMPLEMENTATION OF THE BUDGET

	Title	2020	2019
<i>EUR</i>			
Revenue			
Balancing Commission subsidy		21,195,000	20,779,000
Other subsidy from Commission (IPA, Delegation agreement, ...)		0	1,033,651
Recovery of Expenses		805	0
Misc. revenue		601	0
Services rendered - General		171,422	110
Services rendered – External assigned revenue		334,551	108,775
TOTAL REVENUE (a)		21,702,379	21,921,536
Expenditure			
<i>Staff</i>	1		
Payments		(13,308,575)	(13,213,344)
Appropriations carried over to the following year		(187,613)	(279,596)
<i>Administrative Expenses</i>	2		
Payments		(1,219,671)	(1,209,955)
Appropriations carried over to the following year		(383,481)	(412,403)
<i>Operating Expenses</i>	3		
Payments		(2,976,976)	(2,749,994)
Appropriations carried over to the following year		(4,477,793)	(4,732,644)
TOTAL EXPENDITURE (b)		(22,554,109)	(22,597,936)
OUTTURN FOR THE FINANCIAL YEAR (a-b)		(851,730)	(676,400)
Cancellation of unused payment appropriations carried over from year n-1		143,234	226,704
Adjustment for carry-over from previous year appropriations ns available at 31.12 arising from assigned revenue		1,317,618	115,534
Exchange differences for the year (gain +/-loss -)		(63)	(1,326)
BALANCE OF THE OUTTURN ACCOUNT FOR THE FINANCIAL YEAR		609,059	(335,488)
Balance year N-1		(335,488)	141,975
Positive balance from year N-1 reimbursed in year N to the Commission		0	(141,975)
Result used for determining amounts in general accounting		273,570	(335,488)
Commission subsidy - agency registers accrued revenue / Commission accrued expense		20,921,429	
Pre-financing remaining open to be reimbursed by agency to Commission in 2021		273,570	

3. RECONCILIATION OF ECONOMIC RESULT WITH BUDGET RESULT

	EUR 2020
ECONOMIC RESULT OF THE YEAR	(262,941)
Adjustment for accrual items (items not in the budgetary result but included in the economic result)	
<i>Adjustments for accrual cut-off (net)</i>	115,730
<i>Depreciation of intangible and tangible assets</i>	187,026
<i>Provisions</i>	20,000
<i>Pre-financing received in previous year and cleared in the year</i>	(166,048)
<i>Payments made from carry-over of payment appropriations</i>	3,859,497
<i>Other individually immaterial items</i>	(13,075)
Adjustment for budgetary items (item included in the budgetary result but not in the economic result)	
<i>Asset acquisitions (less unpaid amounts)</i>	(174,730)
<i>Payment appropriations carried over to 2019</i>	(3,588,558)
<i>Cancellation of unused carried over payment appropriations from previous year</i>	143,234
<i>Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue</i>	1,317,618
<i>Adjustment for R0 payment appropriations</i>	(1,163,854)
<i>Total</i>	273,899
BUDGET RESULT OF THE YEAR	273,570
<i>Delta not explained</i>	329

4. IMPLEMENTATION OF BUDGET REVENUE

4.1 Implementation of budget revenue

EUR

Item		Revenue in Amending Budget	Entitlements established	Revenue Received	Outstanding at end of year
		1	2	3	4=2-3
1000 – IC1	European Union subsidy	21,195,000	21,195,000	21,195,000	-
5400 – IC4	Recovery of Expenses	80	1,305	805	500
5900 – IC1	Miscellaneous Revenue	601	601	601	-
6000 – IC1	Services Rendered - General	211,422	171,422	171,422	-
6000 – IR1	Services Rendered – External Assigned	334,551	334,551	334,551	-
Total		21,741,654	21,702,879	21,702,379	500

5. IMPLEMENTATION OF BUDGET EXPENDITURE

5.1 2020 Budget Execution – C1, C4, R0 Appropriations

EUR

Item	Appropriation	Committed Amount	% Committed	Paid Amount	% Paid	Carry forward to 2021	% Carry Forward	Cancellation of Appropriations
	1	2	3=2/1	4	5=4/2	6	7=6/2	8
1100 Basic salaries	7,337,655	7,337,655	100%	7,337,655	100%	-	0%	-
1101 Family allowances	1,154,656	1,154,656	100%	1,154,656	100%	-	0%	-
1102 Expatriation allowances	1,032,961	1,032,961	100%	1,032,961	100%	-	0%	-
1103 Secretarial allowances	5,108	5,108	100%	5,108	100%	-	0%	-
1120 Further training for staff	121,358	121,358	100%	66,543	54.8%	54,815	45.2%	-
1121 Contract agents	480,838	480,838	100%	480,838	100%	-	0%	-
1130 Insurance against sickness	276,101	276,101	100%	276,101	100%	-	0%	-
1131 Insurance against accident	30,932	30,932	100%	30,932	100%	-	0%	-
1132 Unemployment insurance	94,176	94,176	100%	94,176	100%	-	0%	-
1141 Travel expenses for annual leave	164,396	164,396	100%	164,396	100%	-	0%	-
1150 Overtime	-	-	-	-	-	-	-	-
1175 Other services & work sent out	346,788	346,788	100%	230,211	66.4%	116,577	33.6%	-
1176 Seconded officials from Member States	10,883	10,883	100%	10,883	100%	-	0%	-
1177 Trainee officials (stagiaires)	107,433	107,433	100%	107,433	100%	-	0%	-
1180 Misc. expend. on staff recruitment	6,634	6,634	100%	6,634	100%	-	0%	-
1181 Travel expenses	6,928	6,928	100%	6,928	100%	-	0%	-
1182 Installation & resettlement allowances	45,277	45,277	100%	45,277	100%	-	0%	-
1183 Removal expenses	29,731	29,731	100%	29,731	100%	-	0%	-
1184 Temporary daily subsistence allowances	50,733	50,733	100%	50,733	100%	-	0%	-
1190 Salary weightings	2,056,560	2,056,560	100%	2,056,560	100%	-	0%	-
1300 Mission, travel & incidental expenses – C1	38,167	38,167	100%	38,167	100%	-	0%	-
1300 Mission, travel & incidental expenses – C4	805	-	0%	-	0%	-	100%	-
1400 Restaurants and canteens	81,021	81,021	100%	74,633	92.1%	6,388	7.9%	-
1410 Medical services	9,600	9,600	100%	5,162	53.8%	4,439	46.2%	-
1420 Other welfare expenditure	6,457	6,457	100%	2,646	41%	3,811	59%	-
1430 Entertainment & representation exp.	212	212	100%	212	100%	-	0%	-
Total Title 1 – Staff C1 only	13,494,605	13,494,605	100%	13,308,576	98.6%	186,029	1.4%	-
Total Title 1 – Staff (C1, C4 R0 new)	13,495,410	13,494,605	100%	13,308,576	98.6%	186,029	1.4%	-

Item		Appropriation	Committed Amount	% Committed	Paid Amount	% Paid	Carry forward to 2021	% Carry Forward	Cancellation of Appropriations
		1	2	3=2/1	4	5=4/2	6	7=6/2	8
2010	Insurance	35,476	35,476	100%	30,311	85.4%	5,165	14.6%	-
2020	Water, gas, electricity, heating	87,000	87,000	100%	77,811	89.4%	9,189	10.6%	-
2030	Cleaning and maintenance	1,341	1,341	100%	1,341	100%	-	0%	-
2031	Facilities management	314,104	314,104	100%	273,286	87%	40,818	13%	-
2040	Fitting out of premises	127,763	109,846	86%	29,683	27%	80,163	73%	17,917
2090	Other expenditure	21,564	21,564	100%	21,564	100%	-	0%	-
2100	Rent	23,093	23,093	100%	23,093	100%	-	0%	-
2200	Technical equipment	18,149	18,149	100%	18,149	100%	-	0%	-
2204	Electronic office equipment	837,732	837,732	100%	602,302	71.9%	235,430	28.1%	-
2210	Furniture	3,442	3,442	100%	0	0%	3,442	100%	-
2230	Vehicles and transportation	718	718	100%	718	100%	-	0%	-
2250	Library expenses, purchase of books	94,963	94,963	100%	94,963	100%	0	0%	-
2300	Stationery and office supplies	2,061	2,061	100%	2,053	99.6%	8	0%	-
2310	Other current administrative expenditure	27,000	27,000	100%	18,922	70.1%	8,078	29.9%	-
2400	Postage and delivery charges	7,602	7,602	100%	7,408	97.4%	194	2.6%	-
2410	Telephone telegraph telex radio and television	19,060	19,060	100%	18,067	94.8%	993	5.2%	-
Total Title 2 – Administration C1 only		1,621,068	1,603,151	98.9%	1,219,671	76.1%	383,480	23.9%	17,917
Total Title 2 – Administration (C1, C4, R0)		1,621,068	1,603,151	98.9%	1,219,671	76.1%	383,480	23.9%	17,917
3000	Operational documentation system	964,791	964,655	100%	874,077	90.6%	90,578	9.4%	137
3010	Publication of results of studies	131,594	131,594	100%	117,925	89.6%	13,669	10.4%	-
3012	Marketing and promotion	169,010	169,010	100%	146,039	86.4%	22,971	13.6%	-
3030	Studies and pilot schemes	4,461,418	4,461,107	100%	1,166,155	26.1%	3,294,952	73.9%	312
3030	Studies – from assigned revenue – (IPA)	-	-	-	-	-	-	-	-
3030	Studies – from assigned revenue – R0	334,551	334,551	100%	135,519	40.5%	199,032	59.5%	-
3040	General costs of meetings	51,059	51,059	100%	51,059	100%	-	0%	-
3041	Interpretation costs	-	-	-	-	-	-	-	-
3042	Administrative Board meetings	4,954	4,954	100%	4,954	100%	-	0%	-
3050	Translation of study reports	507,798	507,797	100%	329,999	65%	177,798	35%	-
Total Title 3 – Operational C1 only		6,290,624	6,290,176	100%	2,690,208	42.8%	3,599,968	57.2%	449
Total Title 3 – Operational (C1, C4, R0)		6,625,175	6,624,727	100%	2,825,727	42.7%	3,798,999	57.3%	449
GRAND TOTAL – All Titles - C1 only		21,406,298	21,387,932	99.9%	17,218,455	80.5%	4,168,672	19.5%	18,366

5.2 2020 Budget Execution C8, C5 Appropriations

		EUR					
Item		Appropriations	Payments	% Paid	Cancelled	% Cancelled	
		Carried Forward from 2019					
		1	2	3=2/1	4	5=4/1	
1120	Further training for staff	28,407	16,775	59.1%	11,632	40.9%	
1175	Other services & work sent out	133,015	100,935	75.9%	32,080	24.1%	
1180	Misc. expend. on staff recruitment	44,052	43,552	98.9%	500	1.1%	
1300	Mission, travel & incidental expenses	11,754	3,585	30.5%	8,169	69.5%	
1400	Restaurants and canteens	29,534	28,996	98.2%	538	1.8%	
1410	Medical services	28,144	13,488	47.9%	14,656	52.1%	
1420	Other welfare expenditure	3,241	2,441	75.3%	800	24.7%	
1430	Entertainment & representation expenditure	671	-	0.0%	671	100.0%	
Total Title 1 – Staff		278,818	209,772	75.2%	69,046	24.8%	
2020	Water, gas, electricity, heating	23,104	23,104	100.0%	-	0.0%	
2031	Facilities management	79,324	74,323	93.7%	5,001	6.3%	
2040	Fitting out of premises	182,300	177,160	97.2%	5,140	2.8%	
2204	Electronic office equipment	96,158	96,158	100.0%	-	0.0%	
2210	Furniture	24,152	24,152	100.0%	-	0.0%	
2250	Library expenses	-	-	-	-	-	
2300	Stationery and office supplies	1,576	1,375	87.3%	201	12.7%	
2310	Other current administrative expenditure	3,574	3,574	100.0%	-	0.0%	
2400	Postage & delivery charges	1,414	93	6.6%	1,321	93.4%	
2410	Telecommunication	800	800	100.0%	-	0.0%	
Total Title 2 - Administration		412,402	400,739	97.2%	11,663	2.8%	
3000	Operational documentation system	96,691	96,691	100.0%	-	0.0%	
3010	Publication of results of studies	31,643	30,245	95.6%	1,398	4.4%	
3012	Marketing and promotion	79,369	75,363	95.0%	4,006	5.0%	
3030	Studies and pilot schemes	2,920,209	2,897,929	99.2%	22,280	0.8%	
3040	General costs of meetings	58,774	29,622	50.4%	29,152	49.6%	
3041	Interpretation costs	9,300	5,529	59.4%	3,771	40.6%	
3042	Governing Board meetings	14,922	13,004	87.1%	1,918	12.9%	
3050	Translation of study reports	100,602	100,602	100.0%	-	0.0%	
Total Title 3 - Operational		3,311,510	3,248,985	98.1%	62,525	1.9%	
GRAND TOTAL		4,002,730	3,859,496	96.4%	143,234	3.6%	

5.3 2020 Budget Execution R0 Appropriations – New in 2020 and Carry Forward

EUR

Item		Carry Forward/Over Balance of 2020	New Appropriations in 2020	Commitments in 2020	Appropriations cancelled/reclassified in 2020	Payments in 2020	Carry forward/over to 2021
IPA 2016 377-705							
3030	Studies and pilot schemes	42,318	-	778	-	-	42,318
	Total	42,318	-	778	-	-	42,318
IPA 2018 402-940							
3030	Studies and pilot schemes	400,367	-	296,072	104,294	40,557	255,515
	Total	400,367	-	296,072	104,294	40,557	255,515
Other assigned revenue							
3030	Studies and pilot schemes						
	Belgium participation in 7 th EWCS (2019)	160,500	-	-	-	-	160,500
	Slovenia participation in 7 th EWCS (2019)	32,150	-	-	-	-	32,150
	Norway participation in 7 th EWCS (2019)	213,498	-	208,308	-	29,649	183,849
	Switzerland participation in 7 th EWCS (2019)	85,542	-	81,042	-	81,042	4,500
	Norway participation in 7 th EWCS (2020)	-	218,531	218,531	-	129,899	88,632
	Switzerland participation in 7 th EWCS (2020)	-	116,020	116,020	-	5,620	110,400
	Total	491,690	334,551	623,901	104,294	246,210	580,031
GRAND TOTAL		934,375	334,551	920,751	104,294	286,767	877,864

6 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.