



EUROPEAN HEALTH AND DIGITAL EXECUTIVE
AGENCY (HaDEA)

Accounting Officer

Final Annual Accounts for the period from 1/4/2021 to 31/12/2021

of European Health and Digital Executive Agency (HaDEA)

TABLE OF CONTENTS

1.	CERTIFICATION OF THE ACCOUNTS	3
2.	BACKGROUND INFORMATION NOTE	4
3.	FINANCIAL STATEMENTS AND EXPLANATORY NOTES	9
	BALANCE SHEET	11
	STATEMENT OF FINANCIAL PERFORMANCE	12
	CASHFLOW STATEMENT	13
	STATEMENT OF CHANGES IN NET ASSETS	14
	NOTES TO THE FINANCIAL STATEMENTS	15
4.	THE BUDGET IMPLEMENTATION REPORTS AND EXPLANATORY NOTES	31

1. CERTIFICATION OF THE ACCOUNTS

I acknowledge my responsibility for the preparation and presentation of the annual accounts of Health and Digital Executive Agency in accordance with Article 246 of the Financial Regulation ('FR')¹ and I hereby certify that the annual accounts of HaDEA for the period 1 April 2021 to 31 December 2021 have been prepared in accordance with title XIII of the FR 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 HaDEA'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 HaDEA.

Lydia PAPADIMITRIOU
Accounting Officer of HaDEA

¹ REGULATION (EU, Euratom) 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, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012.

2. BACKGROUND INFORMATION NOTE

1.1. General background for the Agency

Establishment and cessation

The European Health and Digital Executive Agency, known also as HaDEA, is an executive agency of the European Union based in Brussels that aims to boost Europe by building, from earth to space, a healthy society, a digital economy and a competitive industry.

HaDEA was established on 16 February 2021 by Commission Implementing Decision 2021/173 of 12 February 2021 to allow for all necessary administrative preparations before its operational kick-off on 1 April 2021. In addition to the main activities, according to the same Implementing Decision, Article 21(3), HaDEA took over from CHAFAE² any support activities not attached to a specific programme from 1 April 2021.

Mission

The mission of HaDEA is to implement actions that strengthen Europe in the domains of health, food safety, digital technologies and networks, industrial capacities and space. We provide high quality and service-oriented support, with the aim to enable European society to become more healthy, resilient, fair, and European industry to become more competitive. We ensure that the projects funded by the HaDEA deliver concrete results that benefit the lives of all EU citizens and provide the European Commission with valuable input for its policies.

Main operational activities

In performing its tasks, the Agency works closely together with its six parent DGs (SANTE is the lead parent DG, together with CNECT, DEFIS, GROW, RTD and HERA³). Close contacts between the Agency and its parent DGs take place at different levels: through the Steering Committee meetings with all, parent DGs, through participation in the parent DGs' management meetings, through regular programme-specific meetings, and through further contacts at unit and working level.

HaDEA addresses the Commission's ambition to help rebuild a post-COVID-19 Europe at its heart, which will be greener, digital, more resilient and better fit for the current and forthcoming challenges.

HaDEA will contribute to the above ambition by implementing the following programmes (with indicative budgets):

- EU4Health programme: €4.7 billion (out of a total budget of €5,1 billion);
- Horizon Europe: Pillar II, Cluster 1: Health: €4,1 billion;
- Single Market Programme: Food safety: health for humans, animals and plants along the food chain and better training for safer food: €1,3 billion;
- Digital Europe Programme: €0,8 billion;
- Connecting Europe Facility: Digital: €1,7 billion;
- Horizon Europe: Pillar II, cluster 4: Digital, Industry and Space: €5,6 billion.

From 2021 to 2023, additional budget amounting to €1,6 billion will be available from the Next Generation EU fund for actions that are part of the Digital and Health strands of the Horizon Europe programme. The expected total budget managed by HaDEA will amount to over €20 billion over the 7-year period of the 2021-2027 MFF. In addition, the Agency will take over the outstanding financial commitments and projects from the predecessor programmes ("legacy").

² The Consumers, Health, Agriculture and Food Executive Agency, known also as CHAFAE ceased to exist as of 1 April 2021 and thereafter it shall to be wound up in accordance with Article 3(2) of Regulation (EC) No 58/2003 and paragraphs (2) to (5) of article 21 under the same Implementing Decision (EU) 2021/173.

³ From December 2021

Governance

HaDEA operates under the Commission's supervision in accordance with Article 20 of Council Regulation (EC) No 58/2003. HaDEA's two core management and supervision bodies are:

- The Steering Committee, which is composed of members appointed by the Commission, is responsible for managing and supervising the Agency. It is made up of representatives of the Commission. The chairperson is nominated from its members and remains in charge for two years. In the reporting period April 2021 to December 2021 the HaDEA Steering Committee met six times.
- The Director represented the executive agency and acted as authorising officer by delegation. The Commission Implementing Decision (EU) 2021/173 of 12 February 2021 foresees a transitional period for the HaDEA, during which the Commission shall manage the Agency. For this purpose, the Director-General of the Directorate-General for Health and Food Safety acted as interim Director and exercised all the duties assigned to the Director for the period from 1/4/2021 to 15 February 2022. In the meantime, the Commission had launched a procedure to nominate a Director for the Agency. With the Commission's recent (18 January 2022) appointment of a Director for the Agency who took up functions as from 16 February 2022, the transitional period for HaDEA can be considered as ended. This will also mark the end of the nomination period of the interim Director.

Sources of financing

HaDEA does not receive any external financing. All the financial resources stem from the general budget of the European Union and can be split as follows:

- Annual balancing subsidy from the partner DGs;
- Operational subsidies relating to Grant/Delegation/Contribution agreements with different services of the Commission.

1.2. Annual accounts

Basis for preparation

The legal framework and the deadlines for the preparation of the annual accounts are set down in the Standard Financial Regulation (SFR)⁴. As per this regulation, 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).

Accounting Officer

In accordance with the SFR, the Steering Committee of the entity 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 the decision of the HaDEA Steering Committee SC1(2021)16 of 26 February 2021, Ms L. PAPADIMITRIOU is appointed as the Accounting Officer of HaDEA as of 1 April 2021. In addition, following the interim's Director's Decision⁵, Mr. St. KYTHREOTIS is appointed as the Deputy Accounting Officer of HaDEA as of 21/09/2021.

⁴ COMMISSION REGULATION (EC) No 2008/651 of 9 July 2008 amending the No 2004/1653 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 2003/58 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes.

⁵ Ares(2021)5767021, 21/09/2021

Composition of the annual accounts

These accounts cover the period from 1 April to 31 December⁶ and comprise the financial statements and the reports on the implementation of the budget. While the financial statements and the complementary notes are prepared on an accrual accounting basis, the budget implementation reports are based primarily on movements of cash.

It should be noted that these accounts cover only the administrative part of the HaDEA's budget. The operational part is included in the accounts of the Commission.

⁶ HaDEA operational kick-off 1 April 2021

1.3. Operational Highlights (Administrative Budget)

In 2021, the first year of operations for HaDEA, the originally approved operating budget amounted to EUR 35.630 Million for the financial year 2021, as from 01 of April 2021 when the Agency became operational. The agency revenue, at that time, comprised only EU and NGEU contributions. The uncertainty linked to the level of contribution from EFTA and Third Countries for 2021 together with the COVID-19 pandemic situation and the anticipated impact on the budget, resulted in further budget revisions. HaDEA operating budget was amended 3 times. The first amendment was approved in June and resulted in a budget decrease to EUR 30.598 Million (including NGEU and EFTA contributions).

The second amendment resulted in a further decrease to EUR 25.901 Million. With this 2nd amendment, and based on a more accurate assessment of the operating context, HaDEA revised and adjusted, in agreement with the parent DGs, the split of the contribution per programme, resulting in a higher contribution for HE, EU4HEALTH and SMP and a lower contribution for CEF and DEP. With this amendment the amount that had been foreseen under Title 3 to cover the corporate IT tools for grant management (eGrants/ Sedia) was also returned after confirmation that these costs would be covered by the parent DGs.

The third amendment resulted in an increased administrative budget to EUR 26.977 Million (including EFTA and NGEU but excluding Third Countries contributions). This increase was mainly linked to two reasons:

- The budget was amended in order to include the appropriations related to open commitments, transferred by CINEA following the Re-organisation resulting from the MFF 2021-27 and a formal Agreement between CINEA and HaDEA on the transfer of transactions linked to commitments with a RAL >0 (ToF). The increase of the operating budget was covered by additional payment appropriations on the subsidy line, via a debit note addressed by HaDEA to CINEA for the exact amount of the balance on the budgetary commitments subject to the transfer.
- Due to the closure of CHAFAA, C1 appropriations (appropriations of 2021 budget) and C8* appropriations (appropriations corresponding to carried forward commitments) were inscribed in HaDEA in order to deal with the outstanding open commitments transferred from CHAFAA. Those appropriations correspond to the sum of open amounts of the migrated commitments. The relevant payment appropriations were transferred by DG SANTE to HaDEA.

The Steering Committee approved the budget amendment 3 acknowledging the budget increase of C1 and C8 credits of the open RAL from Chafea and CINEA.

At the end of the year, HaDEA had implemented 95.1% of its commitment appropriations approved by the Steering Committee under amendment 3 (EUR 25.660 Million), during the concerned period (1/4/2021-31/12/2021). As previously mentioned, it was a challenging year for HaDEA to estimate and to execute the budget in particular with the Covid 19 pandemic situation and with many uncertainties and the constantly evolving context in a new entity.

For the payments executed by HaDEA under administrative budget C1 appropriations, the final implementation rate is of 75,5% (EUR 20.213 Million). HaDEA expected to have a higher execution rate. An important amount of costs booked under title 2 to cover services to be provided by OIB were not paid since OIB was not able to provide a final SLA nor a debit note on time. A few specific contracts, notably for ex post audits and experts to support the accountant as well as IT and communication contracts, were signed in the last 2 quarters of the year. This means that no payments could be expected and executed during the financial year. The open commitments (RAL) of an amount of EUR 5.278 Million, have been carried forward to 2022.

Credits	Commitment Appropriations including ToF from CINEA and CHAFAA (EUR)	Consumed Commitment appropriations (EUR)	%
C1	26.773.226	25.500.088	95,2
C8*	203.683	160.014	78.6

Total	26.976.909	25.660.102	95.1
-------	------------	------------	------

Payment Appropriations (EUR)	Consumed payment appropriations (EUR)	%
26.773.226	20.213.17	75,5
Payment Appropriations C8 RAL transferred from CHAFEA (EUR)	Consumed payment appropriations (EUR)	%
203.683	160.014	78,6

3. 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.

TABLE OF CONTENTS

BALANCE SHEET	11
STATEMENT OF FINANCIAL PERFORMANCE	12
CASHFLOW STATEMENT	13
STATEMENT OF CHANGES IN NET ASSETS.....	14
NOTES TO THE FINANCIAL STATEMENTS	15
1. SIGNIFICANT ACCOUNTING POLICIES	16
2. NOTES TO THE BALANCE SHEET	21
3. NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE	25
4. CONTINGENT LIABILITIES AND ASSETS	27
5. EVENTS AFTER THE BALANCE SHEET DATE AND DISCLOSURE.....	27
6. OTHER SIGNIFICANT DISCLOSURES.....	28
7. FINANCIAL RISK MANAGEMENT	30

BALANCE SHEET

EUR '000

	Note	31.12.2021
NON-CURRENT ASSETS		
<i>Property, plant and equipment</i>	2.1	1
		1
CURRENT ASSETS		
<i>Cash and cash equivalents</i>	2.2	6 604
<i>Prepaid Expenses</i>	2.3	248
<i>Exchange receivables and non-exchange recoverables</i>	2.4	24
		6 876
TOTAL ASSETS		6 877
CURRENT LIABILITIES		
<i>Provisions</i>	2.5	(213)
<i>Payables and other liabilities</i>	2.6	(1 339)
<i>Accrued charges</i>	2.7	(4 093)
		(5 646)
TOTAL LIABILITIES		(5 646)
NET ASSETS		1 231
<i>Adjustment related to the Transfer of Files from CHAFEA</i>	2.8	205
<i>Economic result of the year</i>		1 026
NET ASSETS		1 231

STATEMENT OF FINANCIAL PERFORMANCE

		EUR '000
	Note	01.04.2021- 31.12.2021
REVENUE		
Revenue from non-exchange transactions		
<i>Funds from the Commission</i>	3.1	24 697
		24 697
Revenue from exchange transactions		
<i>Other</i>		7
		7
Total revenue		24 704
EXPENSES		
<i>Staff costs</i>	3.2	(18 700)
<i>Other expenses</i>	3.3	(4 978)
Total expenses		(23 677)
ECONOMIC RESULT OF THE YEAR		1 026

CASHFLOW STATEMENT⁷

EUR '000

01.04.2021-
31.12.2021

<i>Economic result of the year</i>	1 026
------------------------------------	-------

Operating Activities

<i>Adjustment related to the Transfer of Files from CHAFAEA</i>	205
<i>Depreciation and amortization</i>	0
<i>(Increase)/decrease in Cash and cash equivalent</i>	(6 604)
<i>(Increase)/decrease in Prepaid Expenses</i>	(248)
<i>(Increase)/decrease in exchange receivables and non-exchange recoverables</i>	(24)
<i>Increase/(decrease) in provisions</i>	213
<i>Increase/(decrease) in payables</i>	1 339
<i>Increase/(decrease) in accrued charges</i>	4 093

Investing Activities

<i>(Increase)/decrease in intangible assets and property, plant and equipment</i>	(1)
---	------

NET CASHFLOW	0
---------------------	----------

<i>Net increase/(decrease) in cash and cash equivalents</i>	6 604
<i>Cash and cash equivalents at the beginning of the year</i>	-
<i>Cash and cash equivalents at year-end</i>	6 604

⁷ Following the SLA(ARES)2082029 24/3/2021, Appendix 4 par. 4.3.1 Treasury Services between EC and HaDEA, the treasury of HaDEA is integrated into the Commission's treasury system. All payments and receipts are processed via the Commission's treasury and registered on inter-company accounts. Because of this, HaDEA does not have any bank accounts.

STATEMENT OF CHANGES IN NET ASSETS

EUR '000

	Adjustments related to the Transfer of Files from CHAFA	Economic result of the year	Net Assets
BALANCE AS AT 01.04.2021		-	-
<i>Economic result of the year</i>	205	1 026	1 231
BALANCE AS AT 31.12.2021	205	1 026	1 231

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 stakeholders.

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), understand ability, timeliness, comparability and verifiability.

1.2. BASIS OF PREPARATION

1.2.1. Reporting period

The reporting period of the accounts is 1 April 2021 and ends on 31 December 2021. As this is the first year of operation there are no comparative amounts in the financial statements of 2021.

1.2.2. Currency and basis for conversion

The 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	31.12.2021	Currency	31.12.2021
BGN	1.9558	PLN	4.5969
CZK	26.858	RON	4.949
DKK	7.4364	SEK	10.2503
GBP	0.84028	CHF	1.0331
HRK	7.5156	JPY	130.38
HUF	369.19	USD	1.1326

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.

1.2.4. Application of new and revised European Union Accounting Rule (EAR)

Revised EAR which is effective for annual period beginning on or after 1 January 2021

On 17 December 2020 the Accounting Officer of the European Commission adopted the revised EU Accounting Rule 11 'Financial Instruments' (EAR 11) which is applicable as from 1 January 2021. The revised EAR 11 is based on the new IPSAS 41 (International Public Sector Accounting Standards) on 'Financial Instruments', the amended IPSAS 28 "Financial instruments-presentation" and the amended IPSAS 30 "Financial instruments-disclosures" which were issued in August 2018. It establishes the financial reporting principles for financial assets and financial liabilities.

Changes from the application of the revised EAR 11

The only financial instruments of the entity, are cash and cash equivalents and the receivables from exchange transactions. In accordance with the revised EAR 11 requirements, the entity has classified these receivables as "financial assets at amortised cost" ('loans and receivables' in prior periods). The entity has applied the impairment requirements of the revised EAR 11 to the receivables and has recognised the required adjustment of the loss allowance in the accumulated surplus or deficit on 1 April 2021.

1.3. BALANCE SHEET

1.3.1. 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>	4 % to 10 %
<i>Plant and equipment</i>	10 % to 25 %
<i>Furniture and vehicles</i>	10 % to 25 %
<i>Computer hardware</i>	25 % to 33 %
<i>Other</i>	10 % to 33 %

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. Leases are classified as finance leases or operating leases.

Finance leases are leases where substantially all the risks and rewards incidental to ownership are transferred to the lessee.

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 an asset nor a liability recognised in the balance sheet.

1.3.2. 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.

1.3.3. Exchange receivables and non-exchange recoverables

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

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

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

1.3.4. Cash and cash equivalents

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

1.3.5. 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 is 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 the fair value as at the date of the acquisition. The corresponding expenses are entered in the accounts when the supplies or services are delivered and accepted by the entity.

1.3.6. Accrued and deferred revenue and charges

Transactions and events are recognised in the financial statements in the period to which they relate. At period-end, if an invoice is not yet issued but the service has been rendered, or 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 period-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. These 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, revenue 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. For the EU entities, transfers mostly comprise funds received from the Commission (e.g. balancing subsidy to the traditional agencies, operating subsidy for the delegation agreements).

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.

(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 the incurring of liabilities that result in decreases in net assets. They include both the expenses from exchange transactions and expenses from non-exchange transactions.

Expenses from exchange transactions arising from the purchase of goods and services are recognised when the supplies are delivered and accepted by the entity. The transactions are carried at the fair value as at the date of the acquisition.

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 period-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 either a possible obligation 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 where it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.

A contingent liability also arises in the rare circumstances where a present obligation exists but cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the accounts. They are 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 consolidated annual accounts of the EU.

2. NOTES TO THE BALANCE SHEET

ASSETS

2.1. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and are expected to be used during more than one reporting period.

EUR '000

	Furniture and vehicles	TOTAL
<i>Gross carrying amount at 01.04.2021</i>		
<i>Additions</i>	1	1
Gross carrying amount at 31.12.2021	1	1
<i>Accumulated depreciation at 01.04.2021</i>		
<i>Depreciation charge for the year</i>	(0)	(0)
Accumulated depreciation at 31.12.2021	(0)	(0)
NET CARRYING AMOUNT AT 31.12.2021	1	1
NET CARRYING AMOUNT AT 01.04.2021	-	-

Due to the closure of CHAFEA as of 1 April 2021, HaDEA received two tangible assets with net book value of an amount of EUR 1.479.75, from the date of transfer. For those assets we run the depreciation for the period from 1 April until 31 December 2021.

2.2. CASH AND CASH EQUIVALENTS

HaDEA does not have a bank account. The treasury of HaDEA is integrated into the Commission's treasury system⁸. All payments and receipts are processed via the Commission's treasury and registered on inter-company account (liaison account). All transactions via this account are systematically made through the Commission and managed through ABAC, SAP and SWIFT systems.

Each time the Agency requests a subsidy instalment from DG SANTE, it is booked on this liaison account. The amount of kEUR 6 604 corresponds to the balance available on the liaison account.

In accordance with the revised EAR 11 requirements, the entity has classified these receivables as 'financial assets at amortised cost' ('loans and receivables' in prior periods). The entity has applied the impairment requirements of the revised EAR 11 to the receivables.

2.3. PREPAID EXPENSES

Prepaid Expenses are expenses that have been paid in advance. In this line its included. Its related to an advance payment from HaDEA to SCIC (Translation Services) amounted kEUR 248.

⁸ SLA (ARES)2082029 24/3/2021, Appendix 4 par. 4.3.1 Treasury Services signed between EC and HaDEA

2.4. EXCHANGE RECEIVABLES & NON-EXCHANGE RECOVERABLES

Exchange transactions are transactions in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange. Non-exchange transactions are transactions in which an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

The amounts included under this heading are of a current nature and can be broken down as follows:

EUR '000

01.04.2021-31.12.2021

Receivables from exchange transactions

<i>EU consolidated entities and staff</i>	21
---	----

<i>Deferred charges</i>	3
-------------------------	---

Total	24
--------------	-----------

LIABILITIES

2.5. PROVISIONS

A provision is a liability of uncertain timing or amount. Provisions can be distinguished from other liabilities such as payables and accruals because there is uncertainty about the timing or amount of the future expenditure required in settlement.

EUR '000

31.12.2021

<i>Provisions</i>	213
-------------------	-----

Under this title is a provision recognised for the ex-Chafea staff which move with the programmes that were transferred to other executive agencies (see note 6.4) and for which there is a liability for the payment of subsistence allowance, daily allowance and removal cost in line with their contractual provisions.

2.6. PAYABLES AND OTHER LIABILITIES

Payables are liabilities to pay for goods or services that have been received or supplied and - unlike accrued charges - have already been invoiced or formally agreed with the supplier. Payables can relate to both exchange transactions (such as the purchase of goods and services) and non-exchange transactions (e.g. cost claims from beneficiaries of grants, pre-financing or other EU funding).

EUR '000

31.12.2021

<i>Pre-financing received from EC - balancing subsidy</i>	1 333
<i>Other amounts payable</i>	6
<i>Suppliers</i>	0
Total	1 339

The pre-financing liability of an amount of kEUR 1 333 relates to the unused amounts of the subsidy received by DG SANTE in 2021. The amount will be returned to the Commission in 2022.

The other amounts payable of an amount of kEUR 6 is related to the open invoices that were received at the year-end of other institutions and will be paid in 2022.

2.7. ACCRUED CHARGES

Accruals are liabilities to pay for goods or services that have been received or supplied but - unlike payables - have not yet been invoiced or formally agreed with the supplier. They include amounts due to employees (e.g. accruals for untaken holidays). The calculation of accruals is based on the open amount of budgetary commitments at year-end. The portion of the estimated accrued charges relating to pre-financing paid has been recorded as a reduction of the pre-financing amounts.

EUR '000

01.04.2021-
31.12.2021

<i>Accrued charges</i>	4 093
------------------------	-------

Accrued charges are expenses corresponding to goods and services provided to the Agency in 2021 but not invoiced at year end. The pending payment obligations of the Agency (called RAL – "Reste à Liquider") have been analysed to estimate the amount of accruals.

The amount relates to :

- Goods and services delivered by suppliers in 2021 but not invoiced at year-end (kEUR 537), like IT consultancy, use of interim staff, IT maintenance, office supplies, trainings, staff perquisites;
- Accruals with consolidated entities concern goods and services provided by other EU institutions in 2021 in the framework of Service Level Agreement and not yet invoices as of 31/12.2021 (kEUR 2 957). The amount is distributed between different services of the Commission. In this amount is included the rent of the HaDEA's premises for the period 1/4/2021 to 31/12/2021.
- Charges relating to untaken annual leave by staff of an amount of kEUR 599.

2.8. ADJUSTMENT RELATED TO THE TRANSFER OF FILES FROM CHAFEA

HaDEA, as the legal successor of CHAFEA was responsible for executing the outstanding payments of CHAFEA after 1/4/2021. To do this HaDEA received the corresponding funds. From these funds an amount of kEUR 205 was not finally paid.

This amount, is presented under this heading, affects the economic result of HaDEA for 2021 and will be trasfered back to the Commission in 2022.

3. NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE**REVENUE****NON-EXCHANGE REVENUE****3.1. FUNDS FROM THE COMMISSION**

EUR '000

31.12.2021

Funds from the Commission

24 697

The heading funds from the Commission corresponds to the amounts of the balancing subsidy used for the administrative activities of HaDEA until 31 December 2021, including the outstanding payments of CHAFEA after 1/4/2021 .

EXPENSES**3.2. STAFF COSTS**

This heading includes the expenses for salaries, allowances and other employment-related benefits. Based on the service level agreement between the entity and the Commission, the calculations of staff-related costs is carried out by the Commission's Office for Administration and Payment of Individual Entitlements (also known as the Paymaster's Office - PMO). The pensions of the entity 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 several factors, the most important of which is years of service. Both the entity staff and the EU budget contribute to the pension scheme, with the contribution percentage being revised annually in line with the changes in the Staff Regulation governing the scheme. The cost to the EU Budget is not reflected in the entity accounts. Similarly, no provision related to the future pension payments is recognised in the annual accounts of the entity, as the obligation falls to the Commission. Consequently, both the annual cost to the EU budget, and the future benefits payable to the entity staff, are accounted for in the Commission's annual accounts as part of its provision for pensions and other post-employment benefits. The pension costs included in the Commission's Statement of Financial Performance represent current service cost (rights accrued during the year due to service) and interest cost (unwinding of the liability discounting) which have arisen following the year-end actuarial valuation of the employee benefits liabilities.

EUR '000

31.12.2021

Staff costs

18 700

3.3. OTHER EXPENSES

Included under this heading are expenses of administrative nature such as external non IT services, operating leasing expenses, communications and publications, training costs etc.

EUR '000

	31.12.2021
<i>Expenses with other Consolidated entities</i>	3 859
<i>External non IT services</i>	516
<i>Provisions for other liabilities and charges</i>	213
<i>External IT services</i>	180
<i>Communications and publications</i>	137
<i>Office supplies and maintenance</i>	30
<i>Training costs</i>	24
<i>Missions</i>	7
<i>Property, plant and equipment related expenses</i>	0
<i>Other</i>	11
Total	4 978

- Expenses with other consolidated entities include annual fees that are related to the Service Level Agreements (SLA) that HaDEA signed with the different services of the Commission (DG BUDG, DG DIGIT, OIB, OIL, PMO).

The most significant cost under this heading is the rent of the HaDEA's premises of an amount of kEUR 2 268. The SLA for the rental agreement with the OIB has not been signed yet and therefore the figures disclosed are based on estimate. The amounts to be paid during the expected duration of the rental agreement with OIB are estimated as follows:

EUR '000

	Future amounts to be paid			
	< 1 year	1- 5 years	> 5 years	Total
<i>Buildings</i>	3 035	12 759	6 768	22 562

Moreover an amount of kEUR 869 relate to IT services that HaDEA received from DG DIGIT.

Under this section are also included the rental, charges and removal cost related to the premises of the Drosbach building rented from the Office for Infrastructure and Logistics in Luxembourg (OIL) until ex-CHAFAEA staff fully transferred to Brussels premises of HaDEA.

- External non IT services mainly relates to interim staff costs, and
- External IT services relates to costs for external IT consultants.
- Expenses related to office supplies and missions are relative minor due to the impact of the COVID-19 crisis.

4. CONTINGENT LIABILITIES AND ASSETS

4.1 CONTINGENT LIABILITY

Transfer of CHAFEA TASKS

As a consequence of the transfer of CHAFEA tasks to other executive agencies (see note 2.5 and 6.4), the staff of CHAFEA that has been recruited by HaDEA, benefits from installation and daily subsistence allowances, as well as removal expenses. There is a “remote” possibility of economic outflows due to allowances for CHAFEA staff moving from Luxembourg to Brussels in addition to provisions (45% staff) entered in the account. The obligation will be settled by the Executive Agency.

Property taxes on the rent of HaDEA’s premises

OIB informed HaDEA that HaDEA should not pay any property taxes for 2021, because all the space HaDEA is using in COV2- Brussels is under the ‘newer’ clauses and OIB has only accepted to pay the taxes based on the ‘older’ clause. For the above reason HaDEA did not put aside any funds to cover this part and OIB had not put aside any funds either. Eventhough OIB is under legal dispute with the landlord of the building for this issue they have assessed this risk as very low. Consequently, it is not probable for the agency to pay the property taxes for the year 2021 (estimated amount of euro 87 000).

5. EVENTS AFTER THE BALANCE SHEET DATE AND DISCLOSURE

5.1 RUSSIA-UKRAINE WAR

In accordance with EU accounting rule 19, Events after Reporting Date, the war in Ukraine, that began in February 2022 is a non-adjusting event, thus not requiring any adjustments to the figures reported in these financial statements at 31 December 2021. For subsequent reporting periods, the war 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 facts and circumstances at the time of preparation of these financial statements, in particular the evolving situation, there is no financial impact.

6. OTHER SIGNIFICANT DISCLOSURES

6.1. OUTSTANDING COMMITMENTS TRANSFERRED FROM CHAFAEA TO HaDEA

The outstanding commitments not yet expensed comprise the budgetary RAL ('Reste à Liquider') less related amounts that have been included as expenses in the current period's statement of financial performance. The RAL represents the open budgetary 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.

The CHAFAEA open commitments (RAL), as of 1 April 2021 were transferred to HaDEA and amount to kEUR 1 057. This relates to the following :

- Expenses of kEUR756 paid from 1/4/2021 to 31/12/2021 but occurred before the closure of CHAFAEA on 31/3/2021;
- Expenses paid and occurred in the period from 1/4/2021 onwards (accounting, IT services) of an amount of kEUR 96k;
- Unconsumed open RAL of an amount of kEUR 205k.

EUR '000

31.12.2021

Outstanding commitments transferred from CHAFAEA to HaDEA

1 057

6.2. RELATED PARTIES

The related parties of the entity are the other EU consolidated entities and the key management personnel of these entities. As transactions between the relevant entity and the parties involved take place as part of the normal operations of the entity and on terms and conditions that are normal for such transactions, no specific disclosures are required.

6.3. KEY MANAGEMENT ENTITLEMENTS

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

31.12.2021

Interim Director

AD 15.2

The 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. HaDEA's interim Director is paid under Commission's payroll. The Interim Director exercised all the duties assigned to him for the period from 1/4/2021 to 15 February 2022. From 16 February 2022, onwards, the European Commission appointed a new Director for the Agency.

From 15.02.2022

Director

AD 14.4

6.4. Transfer of tasks from CHAFAEA to HADEA

Following Communication to the Commission C(2020) 7876 of 11 November 2020 on Delegation of implementation tasks to Executive Agencies for the 2021-2027 EU programmes, the tasks of the CHAFAEA were transferred to other executive agencies. As a consequence, the staff of CHAFAEA was recruited by other executive agencies and they benefitted from installation and daily allowances, as well as removal expenses. DG HR confirmed that all the allowances (installation, removal, daily allowances) are paid/borne by each receiving Executive Agency.

HaDEA should therefore only pay for ex-CHAFEA staff who moved to follow the programme/horizontal functions to HaDEA. The part of the subsistence allowance, daily allowance and removal cost are calculated under provisions (see note 2.5).

6.5 Coronavirus outbreak

During 2021, the coronavirus outbreak continued to have a global impact. Based on the information available at the date of the signature of these annual accounts, the main financial effects of the coronavirus outbreak on the Agency's activities have been described in the reports on the implementation of the budget and in the notes to the financial statements.

7. FINANCIAL RISK MANAGEMENT

7.1. 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 (the entity has no significant interest rate risk and other price risk).

(1) Currency risk is the risk that the entity operations will be affected by changes in exchange rates. This risk arises from the change in the 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. The entity 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 non-payment or other failure to meet a contractual obligation. The default events include a delay in 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.

7.2. CURRENCY RISKS

Exposure to currency risk at 31 December 2021

At 31 December 2021, the financial assets are composed of exchange receivables and non-exchange recoverables, represented by accrued income. The financial liabilities are composed of accounts payable represented by accrued charges. Their ending balances are mainly quoted in EUR, the entity is thus not exposed to currency risk.

7.3. CREDIT RISK

At 31 December 2021, the financial assets comprise exchange receivables and non-exchange recoverables that are neither past due nor impaired, the entity is thus not exposed to credit risk.

Financial assets by risk category

The receivables from consolidated entities are considered receivables from entities with prime and high grade. They are mainly related to the liason account with EC amounted to kEUR 6 603 at year end. The remaining amount relates to other consolidated entities or counterparties without external credit rating risk.

7.4. LIQUIDITY RISK

Maturity analysis of financial liabilities by remaining contractual maturity

The financial liabilities are mainly composed of accounts payable. All the accounts payable have remaining contractual maturity of less than 1 year.

4. 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.

TABLE OF CONTENTS

1.	BUDGETARY PRINCIPLES AND STRUCTURE.....	33
2.	RESULT OF THE IMPLEMENTATION OF THE BUDGET	35
3.	RECONCILIATION OF ECONOMIC RESULT WITH BUDGET RESULT	36
4.	IMPLEMENTATION OF BUDGET REVENUE.....	37
5.	IMPLEMENTATION OF BUDGET EXPENDITURE	38
6.	OUTSTANDING COMMITMENTS.....	50
7.	GLOSSARY	53

1. BUDGETARY PRINCIPLES AND STRUCTURE

HaDEA receives its own operating budget in the form of an annual subsidy. As an autonomous EU body the revenue of the Agency comprises an annual subsidy from the European Commission as stipulated in Article 25 of the “Delegation Act”, and additional revenue from the Next Generation EU budget (NGEU) and from participation of EFTA and Third countries to certain of the delegated programmes.

The subsidy is transferred by the Commission to the Agency in several instalments. If the budget result is positive, it shall be the subject of a recovery order issued by the Commission at the annual closure of the Agency's accounts. The amounts recovered shall be considered as general revenue.

The Director of the Agency is the Authorising Officer responsible for the implementation of the Agency's operating budget, in line with article 25 of the COMMISSION REGULATION (EC) No 1653/2004.

1.1. BUDGETARY PRINCIPLES

HaDEA as an executive agency has an operating budget governed by the Commission Regulation 1653/2004. According to Article 15 of Regulation EC 58/2003, the operating budget covers exclusively the administrative expenditure for the financial year.

The establishment and implementation of the HaDEA budget is governed by the following principles:

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 HaDEA 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 expenditure with the exception of revenue assigned to specific items of expenditure, 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 two months of their adoption.

1.2. STRUCTURE AND PRESENTATION OF THE BUDGET

HaDEA has a separate legal personality and its administrative budget consists of the revenue statement, the expenditures statement and the establishment plan. Revenue and expenditure of the Agency 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. It is organised by: TITLE → CHAPTER → ARTICLE → ITEM.

The Operating budget of HaDEA consists only of non-differentiated appropriations.

Title 1: “Staff expenditures”

This title includes expenses for personnel linked to the agency: salaries, allowances and social costs, recruitment expenses, training, services provided by DG HR and PMO, social benefits and interim services.

Title 2: “Infrastructure and operating expenditures”

This title includes expenses related to: rent and charges, purchase of equipment, furniture, office supplies, service legal agreements with DG Budget, DIGIT and other services related to the operating activities.

Title 3: “Programmes support expenditures”

This title includes expenses linked to the agency's operations: expert meetings, missions, expenditure link to IT corporate tools, communication and dissemination activities, ex-post audits directly related to operational activities.

2. RESULT OF THE IMPLEMENTATION OF THE BUDGET

		EUR '000
	Title	2021
Revenue		26 993
of which:		
Contribution from EU (administrative)	20	26 960
EEA/EFTA contributions	30	17
Other income	90	16
Expenditure		(20 213)
of which:		
Staff expenditure	1	(18 083)
Administrative expenditure	2	(1 874)
Operational expenditure	3	(256)
Payment appropriation carried over to the following year		(5 287)
of which:		
Staff expenditure	1	(988)
Administrative expenditure	2	(3 284)
Operational expenditure	3	(1 015)
Payments made on commitments transferred by CHAFEA		(160)
Exchange rate differences		0
Budget result		1 333

3. RECONCILIATION OF ECONOMIC RESULT WITH BUDGET RESULT

	1/4/2021-31/12/2021
ECONOMIC RESULT OF THE YEAR	1 026
Adjustment for accrual items (items not in the budgetary result but included in the economic result)	3 249
<i>Adjustments for Accrual Cut-off n-1</i>	(968)
<i>Adjustments for accrual cut-off (net)</i>	4 090
<i>Unpaid invoices at year end but booked in expenses</i>	-
<i>Depreciation, amortization and impairment of intangible and tangible assets</i>	0
<i>Provisions for other liabilities and charges</i>	213
<i>Recovery orders issued in the year and not yet cashed</i>	(1)
<i>Payments made from carry-over of payment appropriations</i>	160
<i>Other adjustments against balance sheet</i>	(248)
<i>Other result manual entries linked to the transfer of files from CHAFEA</i>	-
<i>Other individually immaterial</i>	2
Adjustment for budgetary items (item included in the budgetary result but not in the economic result)	(2 942)
<i>Asset acquisitions (less unpaid amounts)</i>	(1)
<i>New pre-financing received in the year and remaining open as at 31 December</i>	1 333
<i>Entitlements established in previous year and cashed in the year (including transfer of subsidy from CHAFEA)</i>	1 057
<i>Payment appropriations carried over to next year</i>	(5 287)
<i>Cancellation of unused carried over payment appropriations from previous year</i>	(44)
<i>Other individual immaterial</i>	-
BUDGET RESULT OF THE YEAR	1 333

4. IMPLEMENTATION OF BUDGET REVENUE

4.1. Implementation of budget revenue

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	10=5-8
20	Contribution from EU (administrative)	35 630	26 960	26 960	0	26 960	26 960	0	26 960	100 %	0
Total Chapter 20		35 630	26 960	26 960	0	26 960	26 960	0	26 960	100 %	0
Total Title 20		35 630	26 960	26 960	0	26 960	26 960	0	26 960	100 %	0

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	10=5-8
30	EEA/EFTA contributions	0	17	17	0	17	17	0	17	100 %	0
Total Chapter 30		0	17	17	0	17	17	0	17	100 %	0
Total Title 30		0	17	17	0	17	17	0	17	100 %	0

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	10=5-8
90	Other income	0	0	16	0	16	16	0	16	-	0
Total Chapter 90		0	0	16	0	16	16	0	16	-	0
Total Title 90		0	0	16	0	16	16	0	16	-	0

GRAND TOTAL		35 630	26 977	26 993	0	26 993	26 993	0	26 993	100 %	0
--------------------	--	---------------	---------------	---------------	----------	---------------	---------------	----------	---------------	--------------	----------

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	Budget appropriations				Additional appropriations			Total approp. available
		Initial adopted budget	Amending budgets	Transfers	Final adopted budget	Carry-overs	Assigned revenue	Total	
		1	2	3	4=1+2+3	5	6	7=5+6	8=4+7
1111	Salaries Temporary Agents	5 923	(283)	0	5 639	0	0	0	5 639
1112	Allowances Temporary Agents	2 098	(690)	0	1 407	0	0	0	1 407
1121	Salaries Contractual Agents	9 876	(1 491)	0	8 385	0	0	0	8 385
1122	Allowances Contractual Agents	4 669	(2 113)	0	2 556	0	0	0	2 556
1141	Support services & Trainees	673	(131)	0	542	0	0	0	542
Total Chapter 11		23 238	(4 708)	0	18 530	0	0	0	18 530
1211	Recruitment	40	(35)	0	5	0	0	0	5
1221	Individual Entitlements	522	17	0	539	0	0	0	539
1231	Training	346	(45)	0	301	0	0	0	301
1241	Medical Services	100	21	0	121	0	0	0	121
1242	Mobility & Social expenses for the staff	637	(94)	0	543	0	0	0	543
1251	Representation expenses and internal meetings	30	(15)	0	15	0	0	0	15
Total Chapter 12		1 675	(152)	0	1 523	0	0	0	1 523
Total Title 1		24 913	(4 859)	0	20 054	0	0	0	20 054

5.1.2. Breakdown & changes in commitment appropriations – Title 2

EUR '000

	Item	Budget appropriations				Additional appropriations			Total approp. available
		Initial adopted budget	Amending budgets	Transfers	Final adopted budget	Carry-overs	Assigned revenue	Total	
		1	2	3	4=1+2+3	5	6	7=5+6	8=4+7
2111	Rent of building and associated costs	3 040	(10)	0	3 030	0	0	0	3 030
Total Chapter 21		3 040	(10)	0	3 030	0	0	0	3 030
2211	ICT purchases, hard & software and maintenance	75	417	0	492	0	0	0	492
2212	ICT Services	1 720	(439)	0	1 281	0	0	0	1 281
Total Chapter 22		1 795	(22)	0	1 773	0	0	0	1 773
2311	Furniture, technical installations and associated	180	109	0	289	0	0	0	289
2312	Office supplies, documentation & correspondence	28	3	0	31	0	0	0	31
2313	Charges, insurance & operating expenses	35	38	0	73	0	0	0	73
Total Chapter 23		243	149	0	392	0	0	0	392
Total Title 2		5 078	117	0	5 195	0	0	0	5 195

5.1.3. Breakdown & changes in commitment appropriations – Title 3

	Item	Budget appropriations				Additional appropriations			Total appropri. available
		Initial adopted budget	Amending budgets	Transfers	Final adopted budget	Carry-overs	Assigned revenue	Total	
		1	2	3	4=1+2+3	5	6	7=5+6	8=4+7
3111	Experts and external meetings	125	53	0	178	0	0	0	178
3112	Missions	327	(264)	0	63	0	0	0	63
3113	External audits	420	(114)	0	306	0	0	0	306
3114	Communication, information and linguistic services	1 317	(532)	0	785	0	0	0	785
3116	Specific IT expenses	3 450	(3 258)	0	192	0	0	0	192
Total Chapter 31		5 639	(4 114)	0	1 525	0	0	0	1 525
Total Title 3		5 639	(4 114)	0	1 525	0	0	0	1 525
GRAND TOTAL		35 630	(8 857)	0	26 773	0	0	0	26 773

5.2. Breakdown & changes in payment appropriations

5.2.1. Breakdown & changes in payment appropriations – Title 1

EUR '000

	Item	Budget appropriations				Additional appropriations			Total appropri. available
		Initial adopted budget	Amending budgets	Transfers	Final adopted budget	Carry-overs	Assigned revenue	Total	
		1	2	3	4=1+2+3	5	6	7=5+6	8=4+7
1111	Salaries Temporary Agents	5 923	(283)	0	5 639	0	0	0	5 639
1112	Allowances Temporary Agents	2 098	(690)	0	1 407	0	0	0	1 407
1121	Salaries Contractual Agents	9 876	(1 491)	0	8 385	0	0	0	8 385
1122	Allowances Contractual Agents	4 669	(2 113)	0	2 556	0	0	0	2 556
1141	Support services & Trainees	673	(131)	0	542	0	0	0	542
Total Chapter 11		23 238	(4 708)	0	18 530	0	0	0	18 530
1211	Recruitment	40	(35)	0	5	0	0	0	5
1221	Individual Entitlements	522	17	0	539	12	0	12	551
1231	Training	346	(45)	0	301	18	0	18	319
1241	Medical Services	100	21	0	121	8	0	8	129
1242	Mobility & Social expenses for the staff	637	(94)	0	543	0	0	0	543
1251	Representation expenses and internal meetings	30	(15)	0	15	0	0	0	15
Total Chapter 12		1 675	(152)	0	1 523	39	0	39	1 562
Total Title 1		24 913	(4 859)	0	20 054	39	0	39	20 092

5.2.2. Breakdown & changes in payment appropriations – Title 2

EUR '000

	Item	Budget appropriations				Additional appropriations			Total appropri. available
		Initial adopted budget	Amending budgets	Transfers	Final adopted budget	Carry-overs	Assigned revenue	Total	
		1	2	3	4=1+2+3	5	6	7=5+6	8=4+7
2111	Rent of building and associated costs	3 040	(10)	0	3 030	0	0	0	3 030
Total Chapter 21		3 040	(10)	0	3 030	0	0	0	3 030
2211	ICT purchases, hard & software and maintenance	75	417	0	492	7	0	7	499
2212	ICT Services	1 720	(439)	0	1 281	0	0	0	1 281
Total Chapter 22		1 795	(22)	0	1 773	7	0	7	1 780
2311	Furniture, technical installations and associated	180	109	0	289	7	0	7	296
2312	Office supplies, documentation & correspondence	28	3	0	31	0	0	0	31
2313	Charges, insurance & operating expenses	35	38	0	73	17	0	17	90
Total Chapter 23		243	149	0	392	24	0	24	416
Total Title 2		5 078	117	0	5 195	31	0	31	5 226

5.2.3. Breakdown & changes in payment appropriations – Title 3

	Item	Budget appropriations				Additional appropriations			Total appropri. available
		Initial adopted budget	Amending budgets	Transfers	Final adopted budget	Carry-overs	Assigned revenue	Total	
		1	2	3	4=1+2+3	5	6	7=5+6	8=4+7
3111	Experts and external meetings	125	53	0	178	0	0	0	178
3112	Missions	327	(264)	0	63	0	0	0	63
3113	External audits	420	(114)	0	306	0	0	0	306
3114	Communication, information and linguistic services	1 317	(532)	0	785	71	0	71	856
3116	Specific IT expenses	3 450	(3 258)	0	192	63	0	63	255
Total Chapter 31		5 639	(4 114)	0	1 525	134	0	134	1 658
Total Title 3		5 639	(4 114)	0	1 525	134	0	134	1 658
GRAND TOTAL		35 630	(8 857)	0	26 773	204	0	204	26 977

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 2022			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
1111	Salaries Temporary Agents	5 639	5 569	0	0	5 569	99 %	0	0	0	70	0	0	70
1112	Allowances Temporary Agents	1 407	1 289	0	0	1 289	92 %	0	0	0	118	0	0	118
1121	Salaries Contractual Agents	8 385	8 248	0	0	8 248	98 %	0	0	0	138	0	0	138
1122	Allowances Contractual Agents	2 556	2 295	0	0	2 295	90 %	0	0	0	261	0	0	261
1141	Support services & Trainees	542	523	0	0	523	96 %	0	0	0	19	0	0	19
Total Chapter 11		18 530	17 924	0	0	17 924	97 %	0	0	0	606	0	0	606
1211	Recruitment	5	3	0	0	3	50 %	0	0	0	3	0	0	3
1221	Individual Entitlements	539	368	0	0	368	68 %	0	0	0	171	0	0	171
1231	Training	301	195	0	0	195	65 %	0	0	0	106	0	0	106
1241	Medical Services	121	91	0	0	91	75 %	0	0	0	30	0	0	30
1242	Mobility & Social expenses for the staff	543	486	0	0	486	89 %	0	0	0	57	0	0	57
1251	Representation expenses and internal meetings	15	5	0	0	5	33 %	0	0	0	10	0	0	10
Total Chapter 12		1 523	1 147	0	0	1 147	75 %	0	0	0	376	0	0	376
Total Title 1		20 054	19 071	0	0	19 071	95 %	0	0	0	983	0	0	983

5.3.2. Implementation of commitment appropriations - Title 2

EUR '000

	Item	Total approp. available	Commitments made					Appropriations carried over to 2022			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
2111	Rent of building and associated costs	3 030	3 027	0	0	3 027	100 %	0	0	0	3	0	0	3
Total Chapter 21		3 030	3 027	0	0	3 027	100 %	0	0	0	3	0	0	3
2211	ICT purchases, hard & software and maintenance	492	479	0	0	479	97 %	0	0	0	13	0	0	13
2212	ICT Services	1 281	1 281	0	0	1 281	100 %	0	0	0	0	0	0	0
Total Chapter 22		1 773	1 760	0	0	1 760	99 %	0	0	0	13	0	0	13
2311	Furniture, technical installations and associated	289	288	0	0	288	100 %	0	0	0	1	0	0	1
2312	Office supplies, documentation & correspondence	31	15	0	0	15	48 %	0	0	0	16	0	0	16
2313	Charges, insurance & operating expenses	73	69	0	0	69	95 %	0	0	0	4	0	0	4
Total Chapter 23		392	372	0	0	372	95 %	0	0	0	20	0	0	20
Total Title 2		5 195	5 158	0	0	5 158	99 %	0	0	0	37	0	0	37

5.3.3. Implementation of commitment appropriations - Title 3

EUR '000

	Item	Total approp. available	Commitments made					Appropriations carried over to 2022			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
3111	Experts and external meetings	178	126	0	0	126	71 %	0	0	0	52	0	0	52
3112	Missions	63	8	0	0	8	13 %	0	0	0	55	0	0	55
3113	External audits	306	303	0	0	303	99 %	0	0	0	4	0	0	4
3114	Communication, information and linguistic services	785	641	0	0	641	82 %	0	0	0	144	0	0	144
3116	Specific IT expenses	192	192	0	0	192	100 %	0	0	0	0	0	0	0
Total Chapter 31		1 525	1 271	0	0	1 271	83 %	0	0	0	254	0	0	254
Total Title 3		1 525	1 271	0	0	1 271	83 %	0	0	0	254	0	0	254
GRAND TOTAL		26 773	25 500	0	0	25 500	95 %	0	0	0	1 273	0	0	1 273

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 2022				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
1111	Salaries Temporary Agents	5 639	5 569	0	0	5 569	99 %	0	0	0	0	70	0	0	70
1112	Allowances Temporary Agents	1 407	1 289	0	0	1 289	92 %	0	0	0	0	118	0	0	118
1121	Salaries Contractual Agents	8 385	8 248	0	0	8 248	98 %	0	0	0	0	138	0	0	138
1122	Allowances Contractual Agents	2 556	2 295	0	0	2 295	90 %	0	0	0	0	261	0	0	261
1141	Support services & Trainees	542	191	0	0	191	35 %	332	0	0	332	19	0	0	19
Total Chapter 11		18 530	17 592	0	0	17 592	95 %	332	0	0	332	606	0	0	606
1211	Recruitment	5	0	0	0	0	0 %	3	0	0	3	3	0	0	3
1221	Individual Entitlements	551	219	10	0	229	42 %	149	0	0	149	171	2	0	173
1231	Training	319	24	1	0	24	8 %	171	0	0	171	106	17	0	123
1241	Medical Services	129	14	8	0	22	17 %	77	0	0	77	30	0	0	30
1242	Mobility & Social expenses for the staff	543	235	0	0	235	43 %	251	0	0	251	57	0	0	57
1251	Representation expenses and internal meetings	15	0	0	0	0	0 %	5	0	0	5	10	0	0	10
Total Chapter 12		1 562	491	19	0	510	33 %	656	0	0	656	376	20	0	396
Total Title 1		20 092	18 083	19	0	18 102	90 %	988	0	0	988	983	20	0	1 002

5.4.2. Implementation of payment appropriations - Title 2

EUR '000

	Item	Total approp. availab.	Payments made					Appropriations carried over to 2022				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
2111	Rent of building and associated costs	3 030	350	0	0	350	12 %	2 677	0	0	2 677	3	0	0	3
Total Chapter 21		3 030	350	0	0	350	12 %	2 677	0	0	2 677	3	0	0	3
2211	ICT purchases, hard & software and maintenance	499	286	2	0	289	58 %	193	0	0	193	13	4	0	18
2212	ICT Services	1 281	1 172	0	0	1 172	91 %	109	0	0	109	0	0	0	0
Total Chapter 22		1 780	1 458	2	0	1 461	82 %	301	0	0	301	13	4	0	18
2311	Furniture, technical installations and associated	296	7	0	0	8	3 %	281	0	0	281	1	7	0	7
2312	Office supplies, documentation & correspondence	31	3	0	0	3	9 %	12	0	0	12	16	0	0	16
2313	Charges, insurance & operating expenses	90	56	17	0	73	82 %	12	0	0	12	4	0	0	4
Total Chapter 23		416	66	17	0	84	20 %	305	0	0	305	20	7	0	27
Total Title 2		5 226	1 874	20	0	1 894	36 %	3 284	0	0	3 284	37	11	0	48

5.4.3. Implementation of payment appropriations - Title 3

EUR '000

	Item	Total approp. availab.	Payments made					Appropriations carried over to 2022				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
3111	Experts and external meetings	178	71	0	0	71	40 %	55	0	0	55	52	0	0	52
3112	Missions	63	1	0	0	1	2 %	7	0	0	7	55	0	0	55
3113	External audits	306	16	0	0	16	5 %	287	0	0	287	4	0	0	4
3114	Communication, information and linguistic services	856	31	70	0	101	12 %	611	0	0	611	144	1	0	145
3116	Specific IT expenses	255	138	51	0	189	74 %	55	0	0	55	0	12	0	12
Total Chapter 31		1 658	256	121	0	377	23 %	1 015	0	0	1 015	254	13	0	266
Total Title 3		1 658	256	121	0	377	23 %	1 015	0	0	1 015	254	13	0	266
GRAND TOTAL		26 977	20 213	160	0	20 373	76 %	5 287	0	0	5 287	1 273	44	0	1 317

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 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
1111	Salaries Temporary Agents	0	0	0	0	5 569	5 569	0	0	0
1112	Allowances Temporary Agents	0	0	0	0	1 289	1 289	0	0	0
1121	Salaries Contractual Agents	0	0	0	0	8 248	8 248	0	0	0
1122	Allowances Contractual Agents	0	0	0	0	2 295	2 295	0	0	0
1141	Support services & Trainees	0	0	0	0	523	191	0	332	332
Total Chapter 11		0	0	0	0	17 924	17 592	0	332	332
1211	Recruitment	0	0	0	0	3	0	0	3	3
1221	Individual Entitlements	12	10	0	23	368	219	0	149	172
1231	Training	18	1	0	19	195	24	0	171	190
1241	Medical Services	8	8	0	16	91	14	0	77	94
1242	Mobility & Social expenses for the staff	0	0	0	0	486	235	0	251	251
1251	Representation expenses and internal meetings	0	0	0	0	5	0	0	5	5
Total Chapter 12		39	19	0	58	1 147	491	0	656	714
Total Title 1		39	19	0	58	19 071	18 083	0	988	1 046

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 forward from previous year	Decommit. Revaluation Cancellations	Pay-ments	Total	Commitments made during the year	Pay-ments	Cancel-lation of commit. which cannot be carried forward	Commit. outstanding at year-end	
		1	2	3	4=1+2-3	5	6	7	8=5-6-7	9=4+8
2111	Rent of building and associated costs	0	0	0	0	3 027	350	0	2 677	2 677
Total Chapter 21		0	0	0	0	3 027	350	0	2 677	2 677
2211	ICT purchases, hard & software and maintenance	7	2	0	9	479	286	0	193	202
2212	ICT Services	0	0	0	0	1 281	1 172	0	109	109
Total Chapter 22		7	2	0	9	1 760	1 458	0	301	311
2311	Furniture, technical installations and associated	7	0	0	8	288	7	0	281	288
2312	Office supplies, documentation & correspondence	0	0	0	0	15	3	0	12	12
2313	Charges, insurance & operating expenses	17	17	0	34	69	56	0	12	46
Total Chapter 23		24	17	0	42	372	66	0	305	347
Total Title 2		31	20	0	51	5 158	1 874	0	3 284	3 335

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 Cancel-lations	Pay-ments	Total	Commit-ments made during the year	Pay-ments	Cancel-lation of commit. which cannot be carried forward	Commit. outstanding at year-end	
		1	2	3	4=1+2-3	5	6	7	8=5-6-7	9=4+8
3111	Experts and external meetings	0	0	0	0	126	71	0	55	55
3112	Missions	0	0	0	0	8	1	0	7	7
3113	External audits	0	0	0	0	303	16	0	287	287
3114	Communication, information and linguistic services	71	70	0	141	641	31	0	611	752
3116	Specific IT expenses	63	51	0	114	192	138	0	55	169
Total Chapter 31		134	121	0	255	1 271	256	0	1 015	1 270
Total Title 3		134	121	0	255	1 271	256	0	1 015	1 270
GRAND TOTAL		204	160	0	364	25 500	20 213	0	5 287	5 651

7. GLOSSARY

Administrative appropriations

Appropriations to cover the running costs of the entities (staff, buildings, office equipment).

Adopted budget

Draft budget becomes the adopted budget as soon as approved by the Steering Committee.

Amending budget

Decision adopted during the budget year to amend (increase, decrease, transfer) aspects of the adopted budget of that year.

Appropriations

Budget funding.

The budget forecasts both commitments (legal pledges to provide finance) and payments (cash or bank transfers to the beneficiaries) appropriations. The budget shall contain differentiated appropriations, which consist of commitment appropriations and payment appropriations, and non-differentiated appropriations. 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.

Assigned revenue

Revenue dedicated to finance specific items of expenditure.

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.

Budget implementation

Consumption of the budget through expenditure and revenue operations.

Budget item / Budget line / Budget position

Revenue and expenditure are shown in the budget structure 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 commitment

Operation by which the authorising officer responsible reserves the budget appropriations necessary to cover for subsequent payments to honour legal commitments.

Cancellation of appropriations

Appropriations which have not been used by the end of the financial year and which cannot be carried over, shall be cancelled. 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 value of legal obligations (contracts, grant agreements or decisions) that could be signed in during the financial year.

De-commitment

Operation whereby the authorising officer responsible cancels wholly or partly the reservation of appropriations previously made by means of a budgetary commitment.

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.

Economic result

Impact on the balance sheet of expenditure and revenue based on accrual accounting rules.

Entitlements established

Right to collect income from a debtor as recognised through the issuing of a recovery order.

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 currencies at the date of the accounts.

Expenditure

Term used to describe spending the budget from all types of funds sources.

Grants

Direct financial contributions from the budget to third-party beneficiaries, engaged in activities that serve Union policies.

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, as represented by an appropriation.

For joint undertakings (and EIT), 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 can be re-activated until financial year "N+3".

Legal basis / basic act

The legal act adopted by the legislative authority (usually the Council and European Parliament) specifying the objective of a Union spending programme, the purpose of the appropriations, the rules for intervention, expiry date and the relevant financial rules to serve as a legal basis for the implementation of the spending programme.

Legal commitment

The act whereby the Authorising Officer enters into an obligation towards third parties which results in a charge for the Union budget.

Common forms of legal commitments are contracts in the case of procurement, grant agreements and grant decisions.

Non-differentiated appropriations

Appropriations which meet annual needs and must therefore be committed during the budget year. Non-differentiated appropriations apply to administrative expenditure and the amounts on the budget line are the same for commitments and payment appropriations.

Only amounts qualifying for automatic carryover can be disbursed in the following year. Non-differentiated appropriations which have not been used, i.e. committed, by the end of the year, are cancelled (unless, exceptionally, permission is given by a Commission decision for a non-automatic carryover).

Operational appropriations

Operational appropriations finance the different policies, mainly in the form of grants or procurement.

Outstanding commitments

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

Payment appropriations

Payment appropriations cover expenditure due in the current year, arising from legal commitments entered in the current year and/or earlier years.

RAL (Reste à liquider)

Amount remaining to be paid on a budgetary commitment at a given moment. Cf. Outstanding commitments

Surplus

Positive difference between revenue and expenditure, which has to be returned to the funding authority. Cf. Budget result

Transfer between budget lines

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.