



Brussels, 15 June 2017

FINAL

FINANCIAL STATEMENTS 2016

THE COUNCIL OF THE EUROPEAN UNION

AND

THE EUROPEAN COUNCIL

TABLE OF CONTENTS

1.	BALANCE SHEET 31 DECEMBER 2016	2
2.	STATEMENT OF FINANCIAL PERFORMANCE	3
3.	CASH FLOW TABLE (INDIRECT METHOD)	4
4.	CERTIFICATION OF THE ACCOUNTS	5
5.	NOTES	6
5.1	Significant accounting policies	6
5.1.1	Accounting principles	6
5.1.2	Currency and basis for conversion	6
5.1.3	Balance sheet	7
5.1.4	Statement of financial performance	8
5.2	Balance Sheet	9
5.2.1	Intangible assets	9
5.2.2	Property, plant and equipment	9
5.2.3	Current assets	12
5.2.4	Net Assets/liabilities	12
5.2.5	Non-current liabilities	12
5.2.6	Current liabilities	13
5.3	Statement of financial performance	14
5.3.1	Non-exchange revenues	14
5.3.2	Exchange revenues	14
5.3.3	Expenses	14
5.4	Contingent assets and liabilities	15
5.5	Long term operational lease	16
6.	RECONCILIATION BETWEEN ECONOMIC AND BUDGETARY RESULT	17

1. BALANCE SHEET 31 DECEMBER 2016

	Notes Page	31.12.2016	31.12.2015	Variation
ASSETS				
<u>Intangible assets</u>	9	11.879.050,30	11.283.038,27	596.012,03
<u>Property, plant and equipment</u>		658.528.278,78	654.440.537,93	4.087.740,85
Land and buildings		520.063.759,58	288.808.274,86	231.255.484,72
Plant and equipment		1.162.004,01	1.219.994,22	(57.990,21)
Furniture and vehicles		5.262.205,09	3.190.525,92	2.071.679,17
Computer hardware		8.713.368,05	7.570.333,82	1.143.034,23
Other fixtures and fittings		10.143.429,04	3.080.821,19	7.062.607,85
Tangible assets under construction		66.612.539,88	301.882.752,36	(235.270.212,48)
Leasing		46.570.973,13	48.687.835,56	(2.116.862,43)
<u>Non-current receivables</u>		42.488,24	51.388,69	(8.900,45)
Non-current exchange receivables		42.488,24	51.388,69	(8.900,45)
NON CURRENT ASSETS		670.449.817,32	665.774.964,89	4.674.852,43
<u>Exchange receivables</u>	12	3.163.530,14	3.993.702,92	(830.172,78)
Current receivables customer gross amount		194.040,70	93.213,94	100.826,76
Current receivables customer amount written down		(55.263,74)	(55.263,74)	0,00
Deferred charges		2.136.985,65	2.317.565,23	(180.579,58)
Sundry receivables		180.391,01	234.517,73	(54.126,72)
Current receivables with consolidated entities		643.208,26	1.259.111,74	(615.903,48)
Accrued income exchange		48.885,42	29.484,15	19.401,27
Accrued income exchange with consolidated entities		15.282,84	115.073,87	(99.791,03)
<u>Current recoverable (non-exchange transaction)</u>		13.514.675,26	13.070.677,68	443.997,58
Current receivables member states		13.128.914,08	11.934.227,82	1.194.686,26
Accrued income non-exchange		166.749,01	476.624,89	(309.875,88)
Accrued income with consolidated entities non-exchange		(97.558,03)	5.348,86	(102.906,89)
Deferred charges non exchange		148.038,65	15.351,68	132.686,97
Current recoverable other (non-exchange transaction)		168.531,55	639.124,43	(470.592,88)
<u>Cash and cash equivalents</u>		8.680.945,31	2.242.327,21	6.438.618,10
CURRENT ASSETS		25.359.150,71	19.306.707,81	6.052.442,90
ASSETS		695.808.968,03	685.081.672,70	10.727.295,33
LIABILITIES				
<u>NET ASSETS/LIABILITIES</u>	12			
Accumulated surplus / deficit		622.798.086,60	602.358.380,73	20.439.705,87
Economic result of the year Profit (+) and Loss (-)		(11.524.213,84)	20.439.705,87	(31.963.919,71)
NET ASSETS/LIABILITIES		611.273.872,76	622.798.086,60	(11.524.213,84)
<u>NON CURRENT LIABILITIES</u>	12			
Employee benefits		9.517.451,94	7.396.836,55	2.120.615,39
Other financial liabilities Other		15.001.889,44	31.310.392,68	(16.308.503,24)
NON CURRENT LIABILITIES		24.519.341,38	38.707.229,23	(14.187.887,85)
<u>CURRENT LIABILITIES</u>	13	29.482.778,22	1.875.423,99	27.607.354,23
Current provisions		29.166.274,99	1.244.463,00	27.921.811,99
Current financial liabilities		316.503,23	630.960,99	(314.457,76)
<u>Accounts payable</u>		14.398.387,55	5.422.678,11	8.975.709,44
Current payables vendors		10.556.318,97	5.165.439,87	5.390.879,10
Current payables with consolidated entities		3.471.742,65	0,00	3.471.742,65
Sundry payables		92.601,98	107.238,24	(14.636,26)
Accounts Payables with consolidated entities		277.723,95	150.000,00	127.723,95
<u>Accrued charges and deferred income</u>		16.134.588,12	16.278.254,77	(143.666,65)
Accrued charges		9.722.841,98	13.362.788,56	(3.639.946,58)
Deferred income		45.635,39	35.230,72	10.404,67
Accrued charges with consolidated entities		6.366.110,75	2.880.235,49	3.485.875,26
CURRENT LIABILITIES		60.015.753,89	23.576.356,87	36.439.397,02
LIABILITIES		695.808.968,03	685.081.672,70	10.727.295,33

2. STATEMENT OF FINANCIAL PERFORMANCE

Financial Performance Statement		
	2016	2015
	Revenues (+) / Expenses (-)	Revenues (+) / Expenses (-)
REVENUE		
NON-EXCHANGE REVENUES		
Recovery of expenses	511.572.681,03	521.627.258,28
Revenue from staff	53.720.495,26	52.804.948,77
Other non exchange revenue	13.852.185,77	14.822.309,51
Revenue from funding institutions	444.000.000,00	454.000.000,00
NON-EXCHANGE REVENUES	511.572.681,03	521.627.258,28
EXCHANGE REVENUE		
Financial income	2.931,61	1.294,18
Interest income	2.931,51	1.292,28
Other financial income	0,00	1,90
Financial income - rounding differences - Exch	0,10	0,00
Other exchange revenue	9.835.867,54	9.821.568,59
Fixed Assets related income	141.004,40	164.251,75
Income from other exchange operations (3rd parties)	7.977.626,28	7.774.447,58
Income from consolidated EU entities	1.666.585,69	1.880.245,75
Exchange rate differences gains (from operating and financial activities)	50.651,17	1.975,74
Sales revenue	0,00	647,77
EXCHANGE REVENUE	9.838.799,15	9.822.862,77
REVENUE	521.411.480,18	531.450.121,05
EXPENSES		
Staff costs	(306.924.456,01)	(294.524.246,26)
Pension costs - Others	(670.130,26)	(152.228,22)
Changes in employee benefits & actuarial assumptions	(2.032.485,46)	(982.563,96)
Finance costs	(731.457,03)	(2.505.903,68)
Other financial expenses	(1.081.181,45)	(113.752,91)
Other expenses	(221.495.983,81)	(212.731.720,15)
Fixed assets related expenses	(39.665.013,78)	(37.463.958,82)
Land and buildings expenses with 3rd party	(9.482.435,02)	(6.780.158,43)
Other	(109.012.977,82)	(103.409.258,01)
Other expenses from consolidated entities	(63.294.327,84)	(64.990.715,10)
Exchange rate differences losses (from operating and financial activities)	(41.229,35)	(87.629,79)
EXPENSES	(532.935.694,02)	(511.010.415,18)
SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES	(11.524.213,84)	20.439.705,87

3. CASH FLOW TABLE (INDIRECT METHOD)

Cash Flows from ordinary activities	2016	2015
Surplus/(deficit) from ordinary activities	(11.524.213,84)	20.439.705,87
Adjustments		
Amortization (intangible fixed assets) +	3.919.151,56	2.388.330,52
Depreciation (tangible fixed assets) +	35.716.400,13	35.033.611,97
Increase/(decrease) in Provisions for risks and liabilities	27.921.811,99	280.590,49
Increase/(decrease) in Value reduction for doubtful debts	(251.282,88)	263.121,09
(Increase)/decrease in Long term Receivables	8.900,45	10.469,76
(Increase)/decrease in Short term Receivables	20.573,43	(4.444.998,93)
(Increase)/decrease in Receivables related to consolidated EU entities	616.884,65	67.765,84
Increase/(decrease) in Other Long term liabilities	(16.308.503,24)	31.310.392,68
Increase/(decrease) in Current liabilities	4.918.118,43	(3.373.188,17)
Increase/(decrease) in Liabilities related to consolidated EU entities	3.599.466,60	(500.110,47)
(Gains)/losses on sale of Property, plant and equipment	9.672.447,50	564,10
Net Cash Flow from operating activities	58.309.754,78	81.476.254,75
Purchase of tangible and intangible fixed assets (-)	(54.008.381,27)	(81.775.488,60)
Proceeds from tangible and intangible fixed assets (+)	16.629,20	30.058,40
Net Cash Flow from investing activities	(53.991.752,07)	(81.745.430,20)
Increase/(decrease) in employee benefits	2.120.615,39	559.063,76
Net increase/(decrease) in cash and cash equivalents	6.438.618,10	289.888,31
Cash and cash equivalents at the beginning of the period	2.242.327,21	1.952.438,90
Cash and cash equivalents at the end of the period	8.680.945,31	2.242.327,21

4. CERTIFICATION OF THE ACCOUNTS

The annual accounts of the Council of the European Union and the European Council for the year 2016 have been prepared in accordance with the Title IX of the Financial Regulation applicable to the general budget of the European Union, the accounting rules adopted by the Commission's Accounting Officer and the accounting principles and methods adopted by myself.

I acknowledge my responsibility for the preparation and presentation of the annual accounts of the Council of the European Union and the European Council in accordance with Article 68 of the Financial Regulation.

I have obtained from the authorising officers, who certified its reliability, all the information necessary for the production of the accounts that show the Council of the European Union's and the European Council's assets and liabilities and the budgetary implementation.

I hereby certify that 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 Council of the European Union and the European Council.

A handwritten signature in black ink, appearing to read 'L. HESS', with a horizontal line drawn underneath it.

Lucy Jane HESS
Accounting Officer

5. NOTES

5.1 Significant accounting policies

5.1.1 Accounting principles

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

If they are to present a true and fair view, financial statements must not only supply relevant information to describe the nature and range of an Institution's activities, explain how it is financed and supply definitive information on its operations, but do so in a clear and comprehensible manner which allows comparisons between financial years. It is with these goals in mind that the present document has been drawn up.

The accounting system of the European Institutions comprises general accounts and budget accounts. These accounts are kept in euro on the basis of the calendar year. The budget accounts give a detailed picture of the implementation of the budget. They are based on the modified cash accounting principle.¹ The general accounts allow for the preparation of the financial statements as they show all charges and income for the financial year and are designed to establish the financial position in the form of a balance sheet at 31 December.

The financial statements are drawn up in accordance with generally accepted accounting principles as outlined in the EU accounting rules. These rules are based on the internationally accepted accounting standards for the public sector (IPSAS).

In accordance with the EU accounting rules the revenues and receivables are split into revenue/receivables from exchange transactions and revenue/receivables from non-exchange transactions. The latter refers to transactions for which no direct approximately equal value is given in return to another entity.

5.1.2 Currency and basis for conversion

These financial statements are presented in euros. Unless stated otherwise all amounts are expressed in euros.

Foreign currency transactions are translated into euros using the exchange rates prevailing at the dates of the transactions or at the date of the purchase (fixed assets). Year-end balances of monetary assets and liabilities denominated in foreign currencies are converted into euros on the basis of the exchange rates applying on 31 December 2016.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial performance.

¹ This differs from cash-based accounting because of elements such as carry-overs.

5.1.3 Balance sheet

5.1.3.1 *Intangible assets*

Acquired computer software licenses are valued at its acquisition price, or at its development costs for in-house developed software, less accumulated depreciation and impairment losses. Computer software is considered as intangible fixed assets if either its unit value or the total value of the number of the same piece of software multiplied with its unit value is above the threshold of EUR 420. The amortization rate is 25 %.

The capitalised costs of the in-house developed software 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 for the internal development of software are capitalised, if the total development costs exceed EUR 500.000. Costs associated with research activities, non-capitalisable development costs and maintenance costs are recognised as expenses as incurred.

5.1.3.2 *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 Council 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 and works of art are not depreciated as they are 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 to their residual values over their estimated useful lives. The depreciation rates can be found in the overview on page 11.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Following this impairment test an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of financial performance.

5.1.3.3 *Receivables*

Receivables are carried at original invoice amount less write-down for impairment. A write-down for impairment of receivables is calculated on the basis of an evaluation of the outstanding receivables taking into account the age of the receivables or objective evidence that the General Secretariat of the Council may not be able to collect the amounts due. 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.

The split between receivables further to exchange or to non-exchange transactions is made in accordance with the pre-defined split in the consolidation package 2016 of the European Commission. For example, receivables on member states are by default classified as non-exchange transactions whereas receivables on staff are by default "exchange". Although some actual transactions would justify a presentation under another heading, these financial statements

2016 are in line with the figures 2016 presented for consolidation purposes, as the differences are not considered material enough justifying a deviation.

5.1.3.4 *Employee benefits*

The European Union operates defined benefit pension plans. A defined benefit plan is a pension plan that generally defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The defined benefit obligation is calculated by actuaries using the projected unit credit method. The gross liability is reduced with taxes on the pension payments. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in the statement of financial performance.

5.1.3.5 *Provisions*

Provisions for risks and charges are recognized when a present legal or constructive obligation exists 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 recognized for future operating losses.

5.1.3.6 *Accounts payable*

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 EU.

5.1.3.7 *Accrued and deferred income and charges*

According to the EU accounting rules, transactions and events are recognised in the financial statements in the period to which they relate. At the end of the accounting period, accrued expenses are recognised based on an (estimated) amount of the goods received, the works carried out or the services rendered.

Revenue is also accounted for in the period to which it relates. At year-end, if an invoice is not yet issued but the service has been rendered, the supplies have been delivered by the Council, an accrued income will be recognised in the financial statements.

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

5.1.4 Statement of financial performance

The statement of financial performance includes all revenues and expenses that are recognized in the year, i.e. the period in which the generating (= economic) event took place.

The total operating revenue is split out between exchange and non-exchange transactions. In a non-exchange revenue transaction the Council has been receiving value without directly giving approximately equal value in return.

5.2 Balance Sheet

5.2.1 Intangible assets

	Computer Software	Intangible assets under construction	Total
Gross carrying amounts beginning of the year	21.179.189,43	3.294.379,84	24.473.569,27
Additions	3.683.167,40	831.996,19	4.515.163,59
Other changes	788.522,35	(2.232.624,83)	(1.444.102,48)
Gross carrying amounts end of the year	25.650.879,18	1.893.751,20	27.544.630,38
Accumulated depreciation and impairment beginning of the year	(13.190.531,00)	0,00	(13.190.531,00)
Depreciation of the year	(3.919.151,56)	0,00	(3.919.151,56)
Other changes	1.444.102,48	0,00	1.444.102,48
Accumulated depreciation and impairment end of the year	(15.665.580,08)	0,00	(15.665.580,08)
Net carrying amounts end of the year	9.985.299,10	1.893.751,20	11.879.050,30

5.2.2 Property, plant and equipment

5.2.2.1 Land and buildings

During 2016 The Council acquired a further piece of land relating to Chaussee d'Etterbeek 68, Brussels. The total acquisition costs (including notary fees etc.) is EUR 3.801,00. Building investments in 2016 concern Europa as well as several projects for the Justus Lipsius and the Lex building

5.2.2.2 Europa Building

On 1 July 2016 the GSC took ownership of the Europa building. During the summer extensive acceptance checks were carried out, along with final fitting out works. Use of the building as intended by management is deemed to have taken place from 1 December 2016. Depreciation of the building is effected from this date.

Where components of the building, with significant cost, have been identified as having a shorter useful economic life to the main building, these have been recorded separately and the corresponding depreciation charged. Individual assets acquired with the building have also been separately recorded in the financial management system. All individual items that have been identified and included in the 2016 inventory exercise are depreciated from 1 July 2016. Any individual assets that have not been recorded in the inventory exercise are kept with the main building at 31.12.2016. Once located and recorded in the 2017 inventory exercise, the correct useful economic life will be applied and depreciation retroactively adjusted.

It was decided that the "*Compromis de Vente*", foreseen in the convention for the acquisition of the Europa building, would not be signed between the General Secretariat of the Council and the

Regie des Batiments of the Belgian State. The consequence of this is that the final price of the building acquired had not been fixed at 31 December 2016.

The amount transferred from Assets Under Construction to Buildings represents actual amounts that have been invoiced to the GSC and verified. The difference between these costs and the estimated final price are recorded in Assets Under Construction. The estimated amounts still to be paid, after advance payments have been taken into consideration, are recorded as a provision in the Balance Sheet.

Once the final act has been concluded the relevant costs will be transferred and depreciation updated accordingly.

5.2.2.3 *Tangible assets under construction*

Balance 01.01.2016		301.882.752,36
The investments in 2016 were:		
Advance Payments Europa building	4.000.000,00	
Interest for the year on accumulated advance payments	<u>(1.076.744,25)</u>	
Investments related to the Europa building		2.923.255,75
Transfer to the Europa building and to other headings related to the Europa building		<u>(265.496.094,88)</u>
Other investments during the year and provision for the Europa building		27.960.105,74
Finalised constructions, transferred to other headings		<u>(657.479,09)</u>
Balance 31.12.2016		66.612.539,88
This balance at 31.12.2016 comprises:		
Accumulated advance payments for the Europa building		28.668.052,71
Accumulated interest on accumulated advance payments		9.835.221,02
Other investments and provision for the Europa building		28.109.266,15

The interest cost in 2016 on the advance payments made for the Europa building is presented in the statement of financial performance under Finance costs.

The other fixed assets under construction are several projects related to the Justus Lipsius and the Lex building and IT-hardware.

Property, plant and equipment: Overview

	Land	Buildings	Plant and Equipment	Computer hardware	Furniture and vehicles	Other Fixtures and Fittings	Tangible assets under Finance lease	Tangible Fixed Assets under Construction	Total
Gross carrying amounts at the beginning of reporting year	73.293.850,02	577.274.369,13	2.639.572,72	37.994.265,15	8.991.188,29	11.895.272,22	52.921.560,39	301.882.752,36	1.066.892.830,28
Additions	3.801,00	1.154.373,47	168.870,12	5.339.313,74	683.917,55	1.648.440,15	0,00	40.494.501,65	49.493.217,68
Disposals	0,00	0,00	(49.107,53)	(3.009.408,19)	(536.564,21)	(188.772,35)	0,00	0,00	(3.783.852,28)
Transfer between headings	0,00	255.735.431,34	0,00	360.444,54	1.929.171,01	8.060.051,12	0,00	(266.153.573,97)	(68.475,96)
Other changes	0,00	0,00	0,00	18.140,62	0,00	2.756,00	0,00	(9.611.140,16)	(9.590.243,54)
Gross carrying amounts at the end of reporting year	73.297.651,02	834.164.173,94	2.759.335,31	40.702.755,86	11.067.712,64	21.417.747,14	52.921.560,39	66.612.539,88	1.102.943.476,18
Accumulated amortization and impairment at the beginning of reporting year	0,00	(361.759.944,29)	(1.419.578,50)	(30.423.931,33)	(5.800.662,37)	(8.814.451,03)	(4.233.724,83)	-	(412.452.292,35)
Depreciation	0,00	(25.624.511,59)	(225.385,94)	(4.563.636,22)	(536.370,35)	(2.649.633,61)	(2.116.862,42)	-	(35.716.400,13)
Write-back of depreciation	-	-	-	-	-	0,00	0,00	-	0,00
Disposals	0,00	0,00	47.633,14	2.986.860,00	531.525,17	188.371,88	0,00	-	3.754.390,19
Other changes	0,00	(13.609,50)	0,00	11.319,74	0,00	1.394,66	-0,01	-	(895,11)
Accumulated amortization and impairment at the end of reporting year	0,00	(387.398.065,38)	(1.597.331,30)	(31.989.387,81)	(5.805.507,55)	(11.274.318,10)	(6.350.587,26)	0,00	(444.415.197,40)
Net carrying amounts 31.12.2014	73.297.651,02	446.766.108,56	1.162.004,01	8.713.368,05	5.262.205,09	10.143.429,04	46.570.973,13	66.612.539,88	658.528.278,78
Depreciation %	0%	4%-10%	12,5%-25%	25%	0%-25%	12,5-33%	4%	0%	

5.2.3 Current assets

5.2.3.1 *Exchange receivables and current recoverable non-exchange*

Current receivables on member states (13,1 m.) relate to a large extent to the non-spent part of the "envelopes" paid to member states for their delegates' travel expenses and to interpretation costs.

Deferred charges (2,1 m.) relate to prepaid expenses for the year 2017, such as maintenance costs for software, subscriptions and the rent for buildings.

Current receivables with consolidated entities (0,6 m.) relate to prepaid costs and accrued revenues with consolidated entities.

Current recoverable other (0,1 m.) mainly relate to court cases and transfer of staff pension rights.

Accrued income relates to various income items concerning 2016, which are invoiced in 2017.

Sundry receivables relate to receivables on staff such as advance payments for salaries and mission expenses.

5.2.3.2 *Cash and cash equivalents*

	31.12.2016	31.12.2015
Bank accounts	8.679.695,31	2.241.077,21
Imprest accounts	1.250,00	1.250,00
Total	8.680.945,31	2.242.327,21

5.2.4 Net Assets/liabilities

	Accumulated Surplus / Deficit	Economic result for the year	Net assets / liabilities
Balance as of 31 December 2015	602.358.380,73	20.439.705,87	622.798.086,60
Allocation of the Economic outcome of Previous Year	20.439.705,87	(20.439.705,87)	-
Economic Result of the year - Prov. Closure 2016		(11.524.213,84)	(11.524.213,84)
Balance as of 31 December 2016	622.798.086,60	(11.524.213,84)	611.273.872,76

5.2.5 Non-current liabilities

5.2.5.1 *Provision for employee benefits*

This heading relates to the present value of the defined benefit pension obligation at the balance sheet date towards the former and current President and Secretaries-General. The increase of the provision is mainly explained by "actuarial gains and losses from experience".

5.2.5.2 Other financial liabilities

This item relates to the long term financial obligations (payable after 2017) further to the contract the Council signed with Luxembourg, for the occupation of the ECCL (European Convention Center Luxemburg) for an unlimited period of time, but for at least 35 years.

The original financial obligation amounted to EUR 54.016.109,42. It is reimbursable by means of 35 yearly equal instalments, including interest, and is payable on 1 December of each year. The Council has the right at any time to pay additional reimbursements of the occupation allowance.

In 2016 the Council paid the instalments for 2016 plus an additional reimbursement of EUR 15.992.000,00.

The payable amount for 2017 is included under Current liabilities and given below.

The reconciliation between the total of future minimum lease payments at the reporting date, and their present value is as follows:

Future minimum lease payments as of 31.12.2016	18.725.787,40
Net interest from 2017 onwards	(3.407.394,73)
Present value of future minimum lease payments as of 31.12.2016	15.318.392,67

Present value of future minimum lease payments as of 31.12.2016	
Liabilities Long Term > 5 years	13.653.749,52
Liabilities Long Term > 1 year and < 5 years	1.348.139,92
Current financial liabilities < 1 year	316.503,23
Total :	15.318.392,67

5.2.6 Current liabilities

5.2.6.1 Current provisions

This includes a provision for legal cases, which is partly based on the average of the actual annual expenditure of the past, and estimated final costs for the Europa building.

5.2.6.2 Current financial liabilities

This item relates to the amount payable in 2017 for the finance lease obligations arising from the lease on the ECCL.

5.2.6.3 Accounts payable

Current payables vendors (10,5 m.) relate to suppliers' invoices, received in 2016 but not yet paid.

Sundry payables (0,1 m.) include payables towards staff and various payables to third parties.

Accrued charges (9,7 m.) include among others the suppliers invoices to be received for 3 m. and the value of the stock of untaken leave and supplementary hours for 5 m.

Accrued charges and accounts payable with consolidated EU entities include interpretation costs 2016 to be paid in 2017 for a total of 5,7 m.

Deferred income includes income concerning 2017 that was already invoiced and/or received in 2016.

5.3 Statement of financial performance

The statement of financial performance includes all revenues and expenses that are recognised in 2016, i.e. the period in which the generating (economic) event took place.

5.3.1 Non-exchange revenues

Revenue from staff relates mainly to withholdings on salary payments such as income tax and pension contributions. It also includes the transfer of pension rights by staff.

Revenue from funding institutions refers to the funds received from the European Commission.

Other non-exchange revenue relates mainly to accrued revenues from member states as a result of the un-spent part of the "envelopes" paid for their delegates travel expenses.

5.3.2 Exchange revenues

Income from other exchange operations relates mainly to interpretation costs charged to member states.

Income from consolidated EU entities relates to services provided and costs charged to other EU institutions.

5.3.3 Expenses

Staff and pension costs relates mainly to salaries and staff allowances. It also includes the employers part of sickness insurance costs.

Changes in employee benefits & actuarial assumptions relates to the change in the provision for employee benefits (pension).

Finance costs relate mainly to the interest costs for the finance lease of the ECCL in Luxembourg.

Property, plant and equipment related expenses include depreciation of fixed assets, impairment losses and losses on disposals as well as building expenses with 3rd parties (energy, rents, insurance, maintenance etc.).

Other includes the travel expenses of the member states' delegates, IT costs, mission costs of staff and other administrative costs.

Other expenses from consolidated entities relate to costs for interpretation services and official publications.

The total Research and Development costs during 2016 amounted to 3,2 M.

5.4 Contingent assets and liabilities

Contingent assets:

	31.12.2016	31.12.2015
Suppliers guarantees received	5.585.980,91	5.492.513,34
TOTAL Contingent Assets	5.585.980,91	5.492.513,34

Contingent liabilities:

	31.12.2016	31.12.2015
Provision for legal cases	1.218.000,00	1.199.500,00
TOTAL Contingent Liabilities	1.218.000,00	1.199.500,00

Other Significant Disclosures:

	31.12.2016	31.12.2015
Legal commitments (for which budget commitments have not yet been made)	20.334.779,44	17.563.014,02
Operational lease	438.926,23	659.897,11
Précompte Immobilier and regional tax (on operational lease)	37.278,53	42.261,69
Europa building under construction (estimated costs minus the advance payments). The net amount to be paid when the building is delivered will be financed with a financial lease contract.	13.560.325,00	15.034.219,00
Legal commitments for which budget commitments were made but which have not yet been executed (RAL)	39.250.543,19	29.858.591,69
TOTAL Other Significant Disclosures	73.621.852,39	63.157.983,51

The GSC is currently engaged in a further legal case, the decision on which is not expected until the end of 2017. At 31 December 2016 the Council was not able to reliably estimate either the probability of the outcome or the eventual amount to be paid. For this reason no disclosure of the amount claimed is made in the final financial statements.

5.5 Long term operational lease

BUILDINGS	START	END					Total 2017 ->
			2016	1 Year 2017	1-5 Years 2018-2022	> 5 Years 2023 ->	
Overijse (halls 1 & 2)	1/02/2002	31/07/2017	382.633,03	182.988,19	0,00	0,00	182.988,19
Overijse - Précompte Immobilier			15.145,10	8.834,64	0,00	0,00	8.834,64
Total Overijse			397.778,13	191.822,83	0,00	0,00	191.822,83
InfEuropa (Rond Point Schuman)	1/06/2005	31/12/2017	253.735,64	255.938,04	0,00	0,00	255.938,04
InfEuropa - Précompte Immobilier and regional tax			28.443,89	28.443,89	0,00	0,00	28.443,89
Total InfEuropa			282.179,53	284.381,93	0,00	0,00	284.381,93

Recapitulate:

Operational Lease	636.368,67	438.926,23	0,00	0,00	438.926,23
Précompte Immobilier and regional tax	43.588,99	37.278,53	0,00	0,00	37.278,53
Total	679.957,66	476.204,76	0,00	0,00	476.204,76

6. RECONCILIATION BETWEEN ECONOMIC AND BUDGETARY RESULT

Under the Financial Regulation (FR) applicable to the general budget of the European Union, the accounting system consists of general accounts and budgetary accounts, presented and kept in euros (see Article 151 FR), each following different principles. Furthermore, and in accordance with Article 141 FR, the annual accounts of the EU comprise two main elements: (1) the financial statements (general accounting) and (2) the budgetary accounts.

The general accounts are kept in accordance with accrual accounting principles, which means that the effects of transactions and other events are recognised when those transactions or events occur. The budgetary accounts are kept according to modified cash accounting rules. The term "modified" cash accounting is used as, apart from the payments made and revenue received, also the carry-overs are included.

Economic result 2016	(11.524.213,84)
Adjustment for accrual items (items not in the budgetary result but included in the economic result)	
Adjustments for Accrual Cut-off (reversal 31.12.2015)	12.052.311,65
Adjustments for Accrual Cut-off (cut-off 31.12.2016)	(13.062.657,69)
Funds received from Commission booked in the statement of financial performance	(444.000.000,00)
Unpaid invoices at year end but booked in charges (class 6)	7.863.455,85
Depreciation of intangible and tangible fixed assets	39.635.551,69
Provisions	2.855.996,49
Value reductions	(251.282,88)
Recovery Orders issued in 2016 in class 7 and not yet cashed	(989.348,07)
Prefinancing given in previous year and cleared in the year	3.470,98
Payments made from carry over of payment appropriations	38.376.837,49
Interest cost 2016 on advance payments for Europa building	1.076.744,25
Exchange rate differences	(9.421,82)
Adjustment for budgetary items (item included in the budgetary result but not in the economic result)	
Asset acquisitions (less unpaid amounts)	(17.000.626,88)
New pre-financing paid in the year 2016 and remaining open as at 31.12.2016	(3.032,80)
New pre-financing received in the year and remaining open as at 31.12.2016	171.423,95
Budgetary recovery orders issued before 2016 and cashed in the year	2.323.223,98
Capital payments on financial leasing (they are budgetary payments but not in the economic result)	(16.622.960,99)
Payment appropriations carried over to 2017	(85.592.460,23)
Cancellation of unused carried over payment appropriations from previous year	9.069.556,52
Carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	19.516.208,54
Payments for pensions	(582.000,33)
Payments for stocks of leave and supplementary hours	153.950,00
Other	(14.979,27)
Budgetary result 2016	(456.554.253,41)

The budgetary result 2016 is calculated as follows:

Recovered revenues 2016	75.466.965,11
Recovered revenues 2016 accrued before 2016	2.053.487,94
Commitments 2016 (payments and carry-overs)	(518.828.361,55)
Cancelled appropriations carried over from 2015	8.978.377,83
Appropriations from assigned revenues 2016	(24.315.901,43)
Cancelled appropriations assigned revenues carried over from 2015	91.178,69
Budgetary result 2016	(456.554.253,41)