

1. Report on implementation of the General Budget 2017, section VII

1.1 Overall comments

1.1.1 Appropriations of the year (C1 credits)

The approved CoR budget for 2017 was of € 93.3 mios (3.04% more than the final budget of 2016 – after Draft Amending Budget 3/2016).

98% or **€ 91.5 mios** of all appropriations have been committed by the end of 2017 and **89.9%** or **€ 83.9 mios** have been paid.

1.1.1.1 Commitments

At the end of the year, the percentage committed from the approved budget was 98%.

By the end of December 2017, the commitment execution rate for Title 1 "Expenditure relating to persons working with the Committee" was 97.7% and 99.0% for Title 2 "Buildings, equipment and miscellaneous operating expenditure".

There were some € 1.8 mios or 2% of all C1 credits left uncommitted at the end of the year and thus were returned back to the EU budget. Both in relative and monetary terms, this was more compared to the result of 2016 where € 1.2 mios (1.3%) were left uncommitted in C1 credits.

1.1.1.2 Payments

The overall execution rate for payments at the end of December 2017 was 89.9%, higher than in the recent years: 2016 (89.6%), 2015 (88.4%), 2014 (89.8%), 2013 (89.2%), or 2012 (89.4%).

It is to be noted that the final payment execution rate at the end of the budget cycle will be higher, as part of the committed credits related to 2017 was carried forward to C8 credits of 2018 and will be paid in 2018. The actual payment execution rate for 2017 will only be known by the end of 2018 when the final payment execution rate of C8 credits of 2018 will be determined.

Title 1: Expenditure relating to persons working with the Committee

In this title, most of the payments relate to staff remunerations. For budgetary items 1200, 1202 and 1204, the total budget amounted to € 49.9 mios of which 98.5% was paid as at 31 December 2017. This is slightly less in percentage terms than in December 2016, when € 47.3 mios or 99.4% were paid out. Somewhat higher payment execution in 2016 in this position was to an extent the result of the transfers out of BL 1200 during the year.

At the end of the year, the amount of € 8.4 mios or 94.7% was paid from budget item 1004 "Members travel and subsistence allowances, attendance at meetings and associated expenditure". This is higher in percentage and in monetary terms than in the same period of the last year (92.6% and € 7.6 mios respectively).

Title 2: Buildings, equipment and miscellaneous operating expenditure

In total, 77.1 % of the Title 2 budget was paid out by the end of the year 2017, principally due to the 86.2% payment execution rate of chapter 20 "Buildings and associated costs". The other chapters of Title 2 showed lower payment execution rates.

1.1.1.3 2017 in comparison to 2016 and 2015

The following table gives a comparative overview of execution rates for commitments and payments per title, at the end of December for the years 2017, 2016 and 2015.

Outturn as at end of December

	2017			2016			2015		
	Budget 000 €	Commitments	Payments	Budget 000 €	Commitments	Payments	Budget 000 €	Commitments	Payments
T1	69 460	97.7%	94.3%	66 283	98.9%	95.1%	63 545	99.7%	95.2%
T2	23 835	99.0 %	77.1 %	24 263	98.0 %	74.5 %	24 442	97.7%	74 %
T10	-	-	-	-	-	-	880	-	-
Total	93 295	98%	89.9%	90 546	98.7%	89.6%	88 867	98.2%	88.4%

Title 1: Expenditure relating to persons working with the Committee

The execution rate for commitments as at 31 December 2017 is a bit lower than the rate of 2016 and 2015. The payment execution rate (more representative indicator) is also a bit lower than the rate of 2016 and 2015.

Title 2: Buildings, equipment and miscellaneous operating expenditure

The execution rate for commitments and payments as at 31 December 2017 was slightly higher than the equivalent rate in 2016 and 2015.

1.1.2 Carried forward appropriations (C8 credits)

The appropriations committed in 2016 but not yet paid out by the end of that year were carried forward and converted into C8 credits of 2017. In total, € 8.3 mios – or 9.2% of the CoR's 2016 budget – were transferred into C8 credits during January 2017. This amount was mainly derived from C1 credits of 2016.

The total amount of C8 credits carried forward from 2016 to 2017 was lower in monetary and percentage terms than in the previous year when € 8.8 mios (or 9.9% of the CoR's 2015 budget) was carried forward to 2016.

The following table gives a summary per title of the carried forward appropriations from 2016 to 2017 (C8) as at 31 December 2017 (€ and %).

Carried forward appropriations 2016 to 2017

	Budget (€)	Commitments	Payments
T1	2,560,816	90.1%	85.4%
T2	5,736,163	87.7%	84.6%
Total	8,296,979	88.5%	84.9%

At the end of December 2017, the execution rate for C8 credits of 2017 was 84.9%. In total € 7 mios were paid out during this year. This is comparable to the execution levels observed in 2016 (83.7%).

As a consequence, € 1.3 million or 15.1% of C8 credits of 2017 was left unutilised and returned back to the EU budget at the end of 2017.

1.1.3 Summary of funds returned to the EU budget at the end of 2017

At the end of the financial year 2017, the Committee returned some € 3.1 mios to the EU budget. This amount represented all unutilised funds for C1 (€ 1.8 mios) and C8 (€ 1.3 mios) credits in 2017 and equals to 3.3% of CoR 2017 Budget.

This was higher than in 2016 when a total of some € 2.6 mios or 2.9% of 2016 CoR's budget was left unutilised and therefore returned back to the EU budget at the end of the year. For comparison, 4.1% were left unutilized in 2015, 2.7% were left unutilized in 2014, 4.3% in 2013 and only 2.1% were left unutilised in 2010, the lowest and best year so far in this respect.

The amount returned to EU budget at the end of 2017 was a total comprising two main elements:

- The first element is € **1.8 mios in 2017 C1 budget appropriations** that were not committed by the end of the year.
- The second element is € **1.3 mios in 2017 C8 appropriations**, (i.e. C1 2016 budget appropriations carried over to 2017), that were not paid out by the end of the year 2017.

1.2 Detailed execution analysis

1.2.1 Execution tables

1.2.1.1 Appropriations 2017 (C1 Credits of 2017)

Ch. / Item	Description	Budget [a]	Commit. [b]	% [b/a]	Payments [c]	% [c/a]
10	Members of the institution	9,067,955	9,067,955	100.0%	8,517,380	93.9%
1000	Salaries, allowances and payments	160,000	160,000	100.0%	92,217	57.6%
1004	Travel and subsistence allowances, attendance at meetings and associated expenditure	8,882,955	8,882,955	100.0%	8,415,005	94.7%
105	Courses for Members of the institution	25,000	25,000	100.0%	10,157	40.6%
12	Officials and temporary staff	50,034,174	49,136,309	98.2%	49,136,309	98.2%
1200	Remuneration and allowances	49,549,423	48,884,818	98.7%	48,884,818	98.7%
1202	Paid overtime	61,000	29,662	48.6%	29,662	48.6%
1204	Entitlements on entering the service, transfer and leaving the service	278,000	213,252	76.7%	213,252	76.7%
1220	Staff retired in the interest of the service	145,751	8,578	5.9%	8,578	5.9%
14	Other staff and external services	8,940,048	8,338,642	93.3%	7,028,760	78.6%
1400	Other staff	2,848,975	2,779,561	97.6%	2,725,570	95.7%
1402	Interpreter services	3,691,000	3,691,000	100.0%	2,613,738	70.8%
1404	Graduate traineeships, grants and exchanges of officials	817,816	791,881	96.8%	785,090	96.0%
1408	Entitlements on entering the service, transfer and leaving the service	75,000	60,000	80.0%	28,215	37.6%
1420	Supplementary services for the translation service	1,086,057	595,000	54.8%	495,687	45.6%
1422	Expert advice related to consultative work	421,200	421,200	100.0%	380,460	90.3%
16	Other expenditure relating to persons working with the institution	1,418,225	1,330,494	93.8%	819,442	57.8%
1610	Miscellaneous expenditure on recruitment	40,000	25,018	62.5%	17,021	42.6%
1612	Further training, retraining and information for staff	397,700	379,903	95.5%	170,313	42.8%
162	Missions	495,000	495,000	100.0%	358,910	72.5%
1630	Social welfare	20,000	6,000	30.0%	4,116	20.6%
1632	Internal social policy	31,000	30,000	96.8%	26,045	84.0%
1633	Mobility/Transport	60,000	60,000	100.0%	20,411	34.0%
1634	Medical service	124,525	84,690	68.0%	31,394	25.2%
1638	Early Childhood Centre and approved day nurseries	250,000	249,883	100.0%	191,233	76.5%
20	Buildings and associated costs	14,930,066	14,785,715	99.0%	12,871,980	86.2%
2000	Rent	1,560,605	1,560,605	100.0%	1,547,889	99.2%
2001	Annual lease payments	7,984,698	7,984,698	100.0%	7,984,698	100.0%
2007	Fitting-out of premises	1,134,349	1,129,863	99.6%	66,959	5.9%
2008	Other expenditure on buildings	42,090	39,517	93.9%	17,188	40.8%
2022	Cleaning and maintenance	2,150,025	2,108,728	98.1%	1,679,748	78.1%
2024	Energy consumption	419,439	378,533	90.2%	760	0.2%
2026	Security and surveillance of buildings	1,583,386	1,551,993	98.0%	1,549,639	97.9%
2028	Insurance	55,474	31,778	57.3%	25,100	45.2%
21	Data processing, equipment and furniture: purchase, hire and maintenance	4,720,014	4,639,893	98.3%	3,448,109	73.1%
2100	Purchase, servicing and maintenance of equipment and software; related work	1,338,952	1,338,759	100.0%	965,041	72.1%
2102	Outside assistance for the operation, development and maintenance of software systems	1,850,184	1,849,958	100.0%	1,369,785	74.0%
2103	Telecommunications	168,927	168,904	100.0%	168,904	100.0%
212	Furniture	95,657	53,210	55.6%	12,799	13.4%

214	Technical equipment and installations	1,181,775	1,144,542	96.8%	864,653	73.2%
216	Vehicles	84,519	84,519	100.0%	66,928	79.2%
23	Administrative expenditure	338,409	321,396	95.0%	210,029	62.1%
230	Stationery, office supplies and miscellaneous consumables	127,253	117,815	92.6%	94,814	74.5%
231	Financial charges	1,500	1,500	100.0%	95	6.4%
232	Legal costs and damages	30,000	30,000	100.0%	10,500	35.0%
236	Postage on correspondence and delivery charges	65,975	65,945	100.0%	28,797	43.6%
238	Other administrative expenditure	113,681	106,136	93.4%	75,823	66.7%
25	Meetings and conferences	898,509	898,509	100.0%	492,331	54.8%
2540	Costs of meetings organized in Brussels	141,442	141,442	100.0%	118,343	83.7%
2541	Third parties	72,000	72,000	100.0%	42,280	58.7%
2542	Organisation of events (in Brussels or in decentralised locations) in partnership with local and regional authorities, with their associations and with the other Union Institutions	577,767	577,767	100.0%	281,806	48.8%
2546	Representation expenses	107,300	107,300	100.0%	49,903	46.5%
26	Expertise and information: acquisition, archiving, production and distribution	2,947,546	2,945,048	99.9%	1,357,164	46.0%
2600	Relationships with press (European, national, regional, local or specialised) and conclusion of partnerships with audiovisual, written or radio medias	750,640	750,616	100.0%	381,864	50.9%
2602	Edition and distribution of paper, audiovisual, electronic or web-based (Internet/Intranet) information supports	936,041	936,041	100.0%	363,049	38.8%
2604	Official Journal	77,000	77,000	100.0%	76,955	99.9%
2620	External expertise and studies	449,410	448,513	99.8%	214,655	47.8%
2622	Documentation and library expenditure	127,903	126,578	99.0%	91,218	71.3%
2624	Expenditure on archive resources	140,000	139,750	99.8%	116,934	83.5%
264	Expenditure on publishing, dissemination of information and participation in public events: information and communication activities	466,552	466,552	100.0%	112,490	24.1%
Total Budget:		93,294,946	91,463,960	98.0%	83,881,505	89.9%

1.2.1.2 Carried forward appropriations (C8 credits of 2017)

Ch. / Item	Description	Budget [a]	Commit. [b]	% [b/a]	Payments [c]	% [c/a]
10	Members of the institution	751,513	675,406	89.9%	634,203	84.4%
1000	Salaries, allowances and payments	121,948	45,841	37.6%	45,841	37.6%
1004	Travel and subsistence allowances, attendance at meetings and associated expenditure	609,303	609,303	100.0%	579,392	95.1%
105	Courses for Members of the institution	20,262	20,262	100.0%	8,970	44.3%
12	Officials and temporary staff	0	0	N/A	0	N/A
1200	Remuneration and allowances	0	0	N/A	0	N/A
1202	Paid overtime	0	0	N/A	0	N/A
1204	Entitlements on entering the service, transfer and leaving the service	0	0	N/A	0	N/A
129	Provisional appropriation	0	0	N/A	0	N/A
14	Other staff and external services	1,401,500	1,350,157	96.3%	1,274,475	90.9%
1400	Other staff	57,949	57,201	98.7%	57,201	98.7%
1402	Interpreter services	1,131,546	1,131,546	100.0%	1,062,589	93.9%
1404	Graduate traineeships, grants and exchanges of officials	34,478	5,191	15.1%	5,191	15.1%
1408	Entitlements on entering the service, transfer and leaving the service	70,000	67,135	95.9%	67,135	95.9%
1420	Supplementary services for the translation service	75,786	57,343	75.7%	57,304	75.6%
1422	Expert advice related to consultative work	31,741	31,741	100.0%	25,054	78.9%
16	Other expenditure relating to persons working with the institution	407,803	280,859	68.9%	278,324	68.2%
1610	Miscellaneous expenditure on recruitment	5,119	2,908	56.8%	2,908	56.8%
1612	Further training, retraining and information for staff	189,352	151,928	80.2%	151,928	80.2%
162	Missions	107,732	50,178	46.6%	50,165	46.6%
1630	Social welfare	2,468	900	36.5%	900	36.5%
1632	Internal social policy	3,642	2,175	59.7%	2,175	59.7%
1633	Mobility/Transport	36,679	35,993	98.1%	35,993	98.1%
1634	Medical service	62,806	36,776	58.6%	34,253	54.5%
1638	Early Childhood Centre and approved day nurseries	6	0	0.0%	0	0.0%
20	Buildings and associated costs	2,269,548	1,735,700	76.5%	1,714,365	75.5%
2000	Rent	38,440	38,440	100.0%	22,393	58.3%
2001	Annual lease payments	37,791	5,174	13.7%	5,174	13.7%
2007	Fitting-out of premises	1,136,288	1,116,814	98.3%	1,116,814	98.3%
2008	Other expenditure on buildings	145,204	143,804	99.0%	143,804	99.0%
2022	Cleaning and maintenance	324,140	224,702	69.3%	219,414	67.7%
2024	Energy consumption	489,770	141,989	29.0%	141,989	29.0%
2026	Security and surveillance of buildings	33,698	2,726	8.1%	2,726	8.1%
2028	Insurance	64,217	62,052	96.6%	62,052	96.6%
21	Data processing, equipment and furniture: purchase, hire and maintenance	1,127,703	1,101,163	97.6%	1,098,913	97.4%
2100	Purchase, servicing and maintenance of equipment and software; related work	432,970	428,716	99.0%	428,716	99.0%
2102	Outside assistance for the operation, development and maintenance of software systems	557,278	551,431	99.0%	551,431	99.0%
2103	Telecommunications					
212	Furniture	17,681	16,681	94.3%	16,681	94.3%
214	Technical equipment and installations	113,354	101,630	89.7%	99,380	87.7%
216	Vehicles	6,419	2,705	42.1%	2,705	42.1%
23	Administrative expenditure	127,685	97,262	76.2%	74,254	58.2%
230	Stationery, office supplies and miscellaneous consumables	37,912	30,891	81.5%	30,891	81.5%

231	Financial charges	1,618	75	4.6%	75	4.6%
232	Legal costs and damages	24,833	24,833	100.0%	1,825	7.3%
236	Postage on correspondence and delivery charges	30,982	15,456	49.9%	15,456	49.9%
238	Other administrative expenditure	32,340	26,007	80.4%	26,007	80.4%
25	Meetings and conferences	271,852	231,837	85.3%	211,808	77.9%
2540	Costs of meetings organized in Brussels	45,432	36,708	80.8%	36,708	80.8%
2541	Third parties	13,266	13,266	100.0%	7,355	55.4%
2542	Organisation of events (in Brussels or in decentralised locations) in partnership with local and regional authorities, with their associations and with the other Union Institutions	149,980	149,964	100.0%	135,846	90.6%
2546	Representation expenses	63,174	31,900	50.5%	31,900	50.5%
26	Expertise and information: acquisition, archiving, production and distribution	1,939,375	1,867,441	96.3%	1,755,957	90.5%
2600	Relationships with press (European, national, regional, local or specialised) and conclusion of partnerships with audiovisual, written or radio medias	638,347	606,078	94.9%	567,327	88.9%
2602	Edition and distribution of paper, audiovisual, electronic or web-based (Internet/Intranet) information supports	631,818	626,926	99.2%	616,840	97.6%
2604	Official Journal	32,500	0	0.0%		0.0%
2620	External expertise and studies	252,867	252,867	100.0%	252,867	100.0%
2622	Documentation and library expenditure	48,697	48,640	99.9%	47,423	97.4%
2624	Expenditure on archive resources	28,014	25,798	92.1%	25,798	92.1%
264	Expenditure on publishing, dissemination of information and participation in public events: information and communication activities	307,132	307,132	100.0%	245,701	80.0%
Total Budget:		8,296,979	7,339,827	88.5%	7,042,300	84.9%

1.2.1.3 Appropriations corresponding to assigned revenue of the year (C4 credits of 2017)

Ch. / Item	Description	Budget [a]	Commit. [b]	% [b/a]	Payments [c]	% [c/a]
10	Members of the institution	0	0	N/A	0	N/A
1000	Salaries, allowances and payments	0	0	N/A	0	N/A
1004	Travel and subsistence allowances, attendance at meetings and associated expenditure	0	0	N/A	0	N/A
105	Courses for Members of the institution	0	0	N/A	0	N/A
12	Officials and temporary staff	0	0	N/A	0	N/A
1200	Remuneration and allowances	0	0	N/A	0	N/A
1202	Paid overtime	0	0	N/A	0	N/A
1204	Entitlements on entering the service, transfer and leaving the service	0	0	N/A	0	N/A
129	Provisional appropriation	0	0	N/A	0	N/A
14	Other staff and external services	20,325	10,785	53.1%	10,785	53.1%
1400	Other staff	0	0	N/A	0	N/A
1402	Interpreter services	15,730	10,150	64.5%	10,150	64.5%
1404	Graduate traineeships, grants and exchanges of officials	0	0	N/A	0	N/A
1408	Entitlements on entering the service, transfer and leaving the service	0	0	N/A	0	N/A
1420	Supplementary services for the translation service	3,960	0	0.0%	0	0.0%
1422	Expert advice related to consultative work	635	635	100.0%	635	100.0%
16	Other expenditure relating to persons working with the institution	376,189	341,184	90.7%	199,834	53.1%
1610	Miscellaneous expenditure on recruitment	0	0	N/A	0	N/A
1612	Further training, retraining and information for staff	0	0	N/A	0	N/A
162	Missions	3,247	0	0.0%	0	0.0%
1630	Social welfare	0	0	N/A	0	N/A
1632	Internal social policy	0	0	N/A	0	N/A
1633	Mobility/Transport	0	0	N/A	0	N/A
1634	Medical service	0	0	N/A	0	N/A
1638	Early Childhood Centre and approved day nurseries	372,942	341,184	91.5%	199,834	53.6%
20	Buildings and associated costs	2,805,803	2,805,803	100.0%	1,374,780	49.0%
2000	Rent	0	0	N/A	0	N/A
2001	Annual lease payments	1,100,000	1,100,000	100.0%	1,051,625	95.6%
2007	Fitting-out of premises	1,149,200	1,149,200	100.0%	0	0.0%
2008	Other expenditure on buildings	0	0	N/A	0	N/A
2022	Cleaning and maintenance	5,086	5,086	100.0%	0	0.0%
2024	Energy consumption	511,296	511,296	100.0%	282,933	55.3%
2026	Security and surveillance of buildings	0	0	N/A	0	N/A
2028	Insurance	40,222	40,222	100.0%	40,222	100.0%
21	Data processing, equipment and furniture: purchase, hire and maintenance	92,687	85,340	92.1%	74,015	79.9%
2100	Purchase, servicing and maintenance of equipment and software; related work	83,413	80,685	96.7%	69,360	83.2%
2102	Outside assistance for the operation, development and maintenance of software systems	0	0	N/A	0	N/A
2103	Telecommunications	4,619	0	0.0%	0	0.0%
212	Furniture	0	0	N/A	0	N/A
214	Technical equipment and installations	4,655	4,655	100.0%	4,655	100.0%
216	Vehicles	0	0	N/A	0	N/A
23	Administrative expenditure	0	0	N/A	0	N/A

230	Stationery, office supplies and miscellaneous consumables	0	0	N/A	0	N/A
231	Financial charges	0	0	N/A	0	N/A
232	Legal costs and damages	0	0	N/A	0	N/A
236	Postage on correspondence and delivery charges	0	0	N/A	0	N/A
238	Other administrative expenditure	0	0	N/A	0	N/A
25	Meetings and conferences	0	0	N/A	0	N/A
2540	Costs of meetings organized in Brussels	0	0	N/A	0	N/A
2541	Third parties	0	0	N/A	0	N/A
2542	Organisation of events (in Brussels or in decentralised locations) in partnership with local and regional authorities, with their associations and with the other Union Institutions	0	0	N/A	0	N/A
2546	Representation expenses	0	0	N/A	0	N/A
26	Expertise and information: acquisition, archiving, production and distribution	2,648	2,648	100.0%	821	31.0%
2600	Relationships with press (European, national, regional, local or specialised) and conclusion of partnerships with audiovisual, written or radio medias	0	0	N/A	0	N/A
2602	Edition and distribution of paper, audiovisual, electronic or web-based (Internet/Intranet) information supports	0	0	N/A	0	N/A
2604	Official Journal	0	0	N/A	0	N/A
2620	External expertise and studies	0	0	N/A	0	N/A
2622	Documentation and library expenditure	0	0	N/A	0	N/A
2624	Expenditure on archive resources	0	0	N/A	0	N/A
264	Expenditure on publishing, dissemination of information and participation in public events: information and communication activities	2,648	2,648	100.0%	821	31.0%
Total Budget:		3,297,652	3,245,760	98.4%	1,660,235	50.3%

1.2.1.4 Appropriations corresponding to assigned revenue carried over from previous year (C5 credits of 2017)

Ch. / Item	Description	Budget [a]	Commit. [b]	% [b/a]	Payments [c]	% [c/a]
10	Members of the institution	0	0	N/A	0	N/A
1000	Salaries, allowances and payments	0	0	N/A	0	N/A
1004	Travel and subsistence allowances, attendance at meetings and associated expenditure	0	0	N/A	0	N/A
105	Courses for Members of the institution	0	0	N/A	0	N/A
12	Officials and temporary staff	4,064	4,064	100.0%	4,064	100.0%
1200	Remuneration and allowances	4,064	4,064	100.0%	4,064	100.0%
1202	Paid overtime	0	0	N/A	0	N/A
1204	Entitlements on entering the service, transfer and leaving the service	0	0	N/A	0	N/A
129	Provisional appropriation	0	0	N/A	0	N/A
14	Other staff and external services	710	710	100.0%	710	100.0%
1400	Other staff	0	0	N/A	0	N/A
1402	Interpreter services	0	0	N/A	0	N/A
1404	Graduate traineeships, grants and exchanges of officials	710	710	100.0%	710	100.0%
1408	Entitlements on entering the service, transfer and leaving the service	0	0	N/A	0	N/A
1420	Supplementary services for the translation service	0	0	N/A	0	N/A
1422	Expert advice related to consultative work	0	0	N/A	0	N/A
16	Other expenditure relating to persons working with the institution	3,366	3,366	100.0%	3,366	100.0%
1610	Miscellaneous expenditure on recruitment	0	0	N/A	0	N/A
1612	Further training, retraining and information for staff	0	0	N/A	0	N/A
162	Missions	3366	3366	100.0%	3366	100.0%
1630	Social welfare	0	0	N/A	0	N/A
1632	Internal social policy	0	0	N/A	0	N/A
1633	Mobility/Transport	0	0	N/A	0	N/A
1634	Medical service	0	0	N/A	0	N/A
1638	Early Childhood Centre and approved day nurseries	0	0	N/A	0	N/A
20	Buildings and associated costs	310,171	310,171	100.0%	310,171	100.0%
2000	Rent	0	0	N/A	0	N/A
2001	Annual lease payments	0	0	N/A	0	N/A
2007	Fitting-out of premises	0	0	N/A	0	N/A
2008	Other expenditure on buildings	0	0	N/A	0	N/A
2022	Cleaning and maintenance	0	0	N/A	0	N/A
2024	Energy consumption	310,171	310,171	100.0%	310,171	100.0%
2026	Security and surveillance of buildings	0	0	N/A	0	N/A
2028	Insurance	0	0	N/A	0	N/A
21	Data processing, equipment and furniture: purchase, hire and maintenance	6,821	6,821	100.0%	6,821	100.0%
2100	Purchase, servicing and maintenance of equipment and software; related work	0	0	N/A	0	N/A
2102	Outside assistance for the operation, development and maintenance of software systems	0	0	N/A	0	N/A
2103	Telecommunications	6,821	6,821	100.0%	6,821	100.0%
212	Furniture	0	0	N/A	0	N/A
214	Technical equipment and installations	0	0	N/A	0	N/A
216	Vehicles	0	0	N/A	0	N/A
23	Administrative expenditure	0	0	N/A	0	N/A
230	Stationery, office supplies and miscellaneous consumables	0	0	N/A	0	N/A

231	Financial charges	0	0	N/A	0	N/A
232	Legal costs and damages	0	0	N/A	0	N/A
236	Postage on correspondence and delivery charges	0	0	N/A	0	N/A
238	Other administrative expenditure	0	0	N/A	0	N/A
25	Meetings and conferences	0	0	N/A	0	N/A
2540	Costs of meetings organized in Brussels	0	0	N/A	0	N/A
2541	Third parties	0	0	N/A	0	N/A
2542	Organisation of events (in Brussels or in decentralised locations) in partnership with local and regional authorities, with their associations and with the other Union Institutions	0	0	N/A	0	N/A
2546	Representation expenses	0	0	N/A	0	N/A
26	Expertise and information: acquisition, archiving, production and distribution	0	0	N/A	0	N/A
2600	Relationships with press (European, national, regional, local or specialised) and conclusion of partnerships with audiovisual, written or radio medias	0	0	N/A	0	N/A
2602	Edition and distribution of paper, audiovisual, electronic or web-based (Internet/Intranet) information supports	0	0	N/A	0	N/A
2604	Official Journal	0	0	N/A	0	N/A
2620	External expertise and studies	0	0	N/A	0	N/A
2622	Documentation and library expenditure	0	0	N/A	0	N/A
2624	Expenditure on archive resources	0	0	N/A	0	N/A
264	Expenditure on publishing, dissemination of information and participation in public events: information and communication activities	0	0	N/A	0	N/A
Total Budget:		325,132	325,132	100.0%	325,132	100.0%

1.2.2 Comments (C1 credits)

1.2.2.1 Chapter 10 – Members

– Budgetary item 1000

This budgetary item includes the fixed contributions to the Members for their internet & office costs, IT and telecom equipment but also the cost of "laissez-passer" and insurance premium for sickness and accidents.

The below table gives the allocation for the different types of costs and the comparative information with the payment execution 2016.

	2017					2016	
	Budget	Commitments	%	Payments	%	Payments	%
Internet & office costs	80,000	80,000	100	70,877	88.6	85,785	90.3
Insurance costs	10,000	10,000	100	1,090	10.9	0	0
IT and telecom equipment	35,000	35,000	100	20,250	57.86	218,250	91.3
"Laissez-passer" costs	35,000	35,000	100	0	0	18,017	18.0
Total	160,000	160,000	100	92,217	57.6	322,052	72.5

The low payment execution rate for the insurance element resulted from the payment scheme in place with the insurance company: invoice related to year N is only received in year N+1 and paid using carried forward appropriations.

As far as "laissez-passer" are concerned, we haven't received any invoice on 31/12/2017. They will arrive in 2018.

The initial budget had been cut and was not sufficient. Therefore, an additional amount of € 45,000 was necessary and transferred from other budgetary items in the course of 2017.

– Budgetary item 1004

This budgetary item includes the fixed meeting allowances and transports re-imbursments to the Members that attended official meetings of the Committee during the year.

In total, 6,978 reimbursement requests were submitted by effective and alternate Members by the end of 2017, of which 74 were put on hold given the lack of supporting documents (compared to 71 in 2016, 72 in 2015, and 73 in 2014). Those reimbursements covered 10,252 travel days and 9,946 meeting days.

The following table details the cumulated payments made to Members for the various types of meetings with a comparison to 2016, 2015 and 2014.

Meetings	2017	2016	2015	2014
Plenary sessions & Bureau meetings in Brussels	2,571,170	1,951,622	2,670,803	2,348,320
Extraordinary bureau meetings outside Brussels	166,313	58,014	168,502	68,969
Conference of Presidents	32,550	9,273	3,990	28,169
Commissions	3,336,972	3,264,768	3,267,522	3,021,997
Commission for Administrative & Financial Affairs (CAFA)	40,837	42,104	49,319	49,954
Working Groups	136,565	134,101	94,708	148,392
Political Groups	411,423	358,722	407,854	320,141
Seminars & Conferences	714,768	634,877	369,371	397,594
Presidency	164,435	159,117	118,860	65,913
Individual attendances	602,654	521,891	394,840	391,499

Other	237,318	193,497	212,920	248,835
Athens Summit	0	0	0	429,952
Bratislava Summit	0	320,786	0	0
Total	8,415,005	7,648,772	7,758,689	7,519,735

The increase compared to last year is mainly explained by the fact that the presence rate at the April 2016 Plenary Session had been far below expectations due to the terrorist attacks in 2016.

The increase in costs of Conference of Presidents is explained by the fact that the Conference has become an official body of the CoR since end of 2016 which explains a higher number of meetings.

It is also to be noted that since the new mandate, there is an increased attendance rate to the commissions' meetings.

As far as individual attendances are concerned, the increase has been influenced by the change of the organigram in 2015 and partially also by the organisation of new activities. In addition, in 2017 some "local events" have been organised that were also financed under this budget.

The following table indicates the number of days of travels and meetings since 2010:

Year	Travel days	Meeting days
2010	7,387	7,072
2011	8,406	8,025
2012	8,507	7,928
2013	8,169	7,615
2014	8,560	7,233
2015	9,295	8,081
2016	9,321	9,025
2017	10,252	9,946

The surplus of this budgetary item, € 467,950 was carried forward to 2018 and will be used to fund:

- the abovementioned 74 pending files for an estimated total of K€ 89;
- the cost of meetings that took place early 2018 and for which formal invitations were sent in 2017 for the remaining budget.

An amount of € 195,000 of appropriations was transferred to other budgetary items in the course of 2017.

- **Budgetary item 105**

This budgetary item includes the contribution of the Committee to the costs of training of the Members (linguistic and others). In 2017, 14 requests were financed for a total of € 10,157 (compared to € 4,738 in 2016, € 5,602 in 2015, or € 5,208 in 2014). 16 additional requests, related to 2017, are expected to be received in the course of 2018 and paid using carried forward credits.

An amount of € 10,000 of appropriations was transferred from other budgetary items in the course of 2017.

1.2.2.2 Chapter 12 – Officials and temporary staff

– Budgetary item 1200

This budgetary item includes the various remuneration costs paid to the active staff members during the year 2017 based on the authorised establishment plan and in compliance with the rights established by the Staff Regulation and the Appointing Authority.

The following table indicates the various remuneration costs paid in 2017 and their comparative amounts for the years 2016 and 2015.

	2017	2016	2015
Basic pays	37,953,633	36,345,965	34,874,945
Expatriation allowances	5,145,905	4,908,023	4,679,704
Child allowances	3,467,545	3,296,885	3,169,930
Sickness insurance contributions	1,350,806	1,294,259	1,250,086
Annual trip contributions	592,815	546,611	532,053
Accident insurance contributions	152,804	190,632	184,165
Secretarial allowances	20,152	24,934	35,388
Unemployment insurance contributions	66,355	55,793	50,272
Other allowances and reimbursements	134,803	96,765	100,780
Total	48,884,818	46,759,867	44,877,323

The appropriations needed for staff salaries have been calculated taking into account the EU Staff Regulation and the European Commission's recommendations. The main components of the increase in appropriations for 2017 are:

- 2016 salary indexation, i.e. difference between full year cost in 2017 and 6m effect already included in 2016 budget;
- 2017 salary indexation, i.e. 6 months effect;
- statutory step increases;
- promotions of staff in accordance with principles laid down in the EU Staff Regulation;
- cost of 2 new Irish translation posts obtained in 2017 budget process;
- further reduction in real vacancy rates from some 4.5%-5.0% at the end of 2016 to some 2.0%-2.5% at the end of 2017.

The increase in remuneration cost was to some extent limited by 1.8% staff cut in 2017 (reduction of 9 posts) in the framework of 5% staff cut by 2017.

– Budgetary item 1202

This budgetary item includes the overtime paid to staff members during the year. The payments are in line with last year.

In general, the number of hours of overtime are difficult to predict in advance as they result by definition from situations of urgency or exceptional work pressure (art. 56 SR); moreover, priority is given to recuperation of overtime rather than payment of overtime worked (payment of overtime only allowed when service reasons prevented timely recuperation).

Also in accordance to article 56 SR and annex VI, only staff in grades AST1-AST4 and SC1-SC6 (as well as contract agents in FGI and FGII) are eligible for compensatory leave or remuneration of overtime. With the subsequent promotion exercises in times of staff reductions, the number of staff members in those grades is decreasing year after year.

– **Budgetary item 1204**

This budgetary item includes the amounts paid to staff members during the year further to entering, transfers or ending of service for the Committee.

The exact amount needed for those entitlements is impossible to predict as it depends on a series of variables on which we have no impact: number of new recruits, their place of recruitment and family composition at the time of recruitment and the time they take before settling in Brussels, as well as the number of departures/retirements and their place of resettlement

The following table indicates the various types of entitlements paid in 2017 and their comparative amounts for the years 2016 and 2015.

	2017	2016	2015
Moving costs	6,067	19,945	1,700
Travel costs	6,963	3,160	7,163
Daily allowances	73,950	54,104	101,491
Installation allowances	28,656	79,643	57,099
Balance with other Institutions	97,615	51,097	30,696
Others	0	1,994	0
Total	213,251	209,943	198,149

Given the limited resources (staff cuts and transfers to the EP) the recruitments were in line with the needs of the institution.

– **Budgetary item 1220**

This budget line is used to cover leave (art. 42c SR) or retirement (art. 50 SR) in the interest of the service.

In 2017, one staff member was admitted to the benefit of an allowance and this entitlement was only due as from 01/11/2017. This explains the very low execution rate in 2017.

An amount of € 54,249 of appropriations was transferred to other budgetary items in the course of 2017.

1.2.2.3 Chapter 14 – Other staff & external services

– **Budgetary item 1400**

This budgetary item includes the amounts paid to contractual and interim agents as well as to the medical and special advisors working for the Committee.

The following table indicates the amounts paid to each type of other staff in 2017 and their comparative amounts for the years 2016 and 2015.

	2017	2016	2015
Contractual agents	2,475,270	2,351,665	2,340,831
Interim agents	156,457	225,617	145,634
Medical and special advisor	93,843	98,882	86,419
Total	2,725,570	2,676,164	2,572,884

The recruitment of contract staff members allows also the institution to ensure appropriate business continuity in case of long term absences (maternity/parental leaves), in case of an exceptional workload or in order to implement specific time limited projects. The initial budget provisions available at the beginning of the year were not sufficient. A credit transfer was therefore requested early 2017 in order to cope with all potential requests for replacement/temporarily reinforcement during the year. As a matter of fact, it is of course impossible to predict with precision the number of maternity leaves and other long term absences at the beginning of the year as well as the exact grade and the individual allowances of each potential candidate to be recruited.

The recruitment of interim agents is depending on the unpredictable needs of the services concerned and is impossible to predict precisely.

The overall number of requests was above initial expectations, especially in some core business areas where an additional temporary support was required. The invoice concerning the salary indexation as from July 2017 and the invoice relating to December 2017 were not yet received at year-end and will be paid using the C8 credits of 2018 which explains the lower execution of C1 credit appropriations.

An amount of € 330,000 of appropriations was transferred from budgetary item 1402 in the course of 2017.

– **Budgetary item 1402**

This budgetary item includes the amounts paid for the interpretation services of the Commission and the European Parliament. In 2017, the payment execution rate slightly increased compared to the previous year (from 69.2% to 70.8%).

Besides the fact that the two other institutions still need to submit their final debit notes for November and December 2017, it is estimated that a surplus of € 0.3 million will remain. This surplus will finance the interpretation services for the plenary session at the end of January 2018 as this meeting was convoked in 2017 and the legal commitments have been taken in 2017.

A total amount of € 330,000 of appropriations was transferred to budgetary item 1400 in the course of 2017.

– **Budgetary item 1404**

This budgetary item includes the allowances paid to seconded national experts and to trainees.

The following table indicates the amounts paid for each type of costs in 2017 and their comparative amounts for the years 2016 and 2015.

	2017	2016	2015
Seconded National Experts	499,768	392,771	320,211
Trainees	285,322	254,551	225,800
Total	785,090	647,322	546,011

The change between 2017 and 2016 is mainly explained by the fact that an amount of € 103.000 was transferred to other budget lines in 2016.

– **Budgetary item 1408**

This budgetary item is used to cover outsourcing costs for files related to pensions and departures such as unemployment benefits, transfers of pension rights and recalculations, as well as for the handling of staff members' privileges and immunities by the Commission's Welcome Office in accordance with the terms of two Service Level Agreements between the CoR and the Commission.

The payment relating to the SLA Welcome Office has been done in 2017. The other one is traditionally subject to a recovery order sent in the following year. It explains why the available credits have been carried forward to 2018 (C8).

– **Budgetary item 1420**

This budgetary item includes the costs of the translation works outsourced to external third parties.

Appropriations on this budget line have increased over the last two years in the context of a cooperation agreement signed with the EP and the resulting reduction in translation staff.

However, it is to be noted that in 2017 the translation directorate is still continuing the transition period towards a significant increase in outsourcing. Outsourcing accounted for 9.74% of translations in 2015, 16.61% in 2016 and 17.1% in 2017. This outsourcing rate is to a large extent dependent on the parallel staff reduction which has not been significant in 2017.

An amount of € 32.143 was transferred to other budgetary items during 2017.

– **Budgetary item 1422**

This budgetary item includes the travel reimbursements and allowances granted to experts and speakers invited in the context of the consultative works or other events of the Committee.

The following table indicates the cumulated amounts paid to experts and speakers in 2017 and their comparative amounts for the years 2016 and 2015

	2017	2016	2015
Experts	216,471	138,717	100,796
Speakers	163,989	167,087	154,448
Total	380,460	305,804	255,244

In total 220 claims for experts and 180 for speakers have been reimbursed. As far as experts are concerned, it is a considerable increase compared to 2016 (160 claims for experts).

45 files were put on hold given the lack of supporting documents (compared to 33 in 2016, 20 in 2015 and 25 in 2014) and will be paid in 2018 with the reported credit once these files are completed according to the regulation.

1.2.2.4 Chapter 16 – Other expenditure relating to persons working with the Committee

– **Budgetary item 1610**

This budgetary item includes the costs of recruitment of new staff on the basis of the declarations of travel and subsistence allowances submitted after the interviews and/or medical check-up according to the provisions applicable. The payment execution rate decreased a lot compared to the previous year (from 88.6% to 42.6%).

A certain amount is expected to be reimbursed under C8 appropriations in 2018 due to the fact that a large number of candidates were invited end-November and in December 2017.

By nature, related expenses are difficult to predict. However, as of 2018, the participation of the institution to the travel expenses of candidates will be based on a flat rate approach which will allow for a more accurate budget planning and forecast.

– **Budgetary item 1612**

This budgetary item includes the costs of trainings (internal or external) organised for staff working for the Committee. Compared to the previous year, the payment execution rate remained stable (42.8% compared to 46.5%).

The remaining payments will be made in 2018 (using carried forward appropriations) upon receipt of the corresponding invoices. The final execution rate of 2018 C8 credits is expected to be close to 100%.

An amount of € 37,436 of appropriations was transferred to other budgetary items in the course of 2017.

– **Budgetary item 162**

This budgetary item includes the costs of missions for staff working for the Committee (travel costs & fixed allowances). The payment execution rate decreased slightly compared to the previous year (from 76.2% to 72.5%). However taking into account the high number of missions scheduled early 2018 that were authorized end of 2017 and the number of open reimbursement files to be reimbursed in 2018 using C8 credits, the final budget consumption is expected to be about 95%.

A total amount of € 100,000 of appropriations was transferred from other budgetary items in the course of 2017 because the available budget was expected to be insufficient to support the political work of the CoR. At the end, this transfer was however not necessary as the actual costs of missions were much lower than foreseen namely due to the increasing use of low-budget airplane tickets.

– **Budgetary item 1630**

This budgetary item is used for occasional assistance expenses to officials or temporary agents (or their relatives) facing difficult situations, in the context of an inter-institutional policy agreed on this matter. The payment execution rate remained low as in the previous year (20.6%). By nature, related expenses are difficult to predict.

– **Budgetary item 1632**

This budgetary item includes the contribution of the Committee to the Staff Committee as well as the costs related to internal social events (i.e. '20 years of service' ceremony, support to military protection, language courses for spouses, birth gift, etc) and legal advices to staff members.

– **Budgetary item 1633**

This budgetary item includes the costs related to the mobility policy applied by the Committee towards its staff starting from January 1st, 2010 (inter-institutional policy). The low payment execution rate is explained by the policy that foresees that requests for reimbursements are submitted at the expiration of the subscription period. As a consequence, most requests of staff members are received after year-end and are thus reimbursed from the carried forward appropriations.

– **Budgetary item 1634**

This budgetary item includes the costs of the compulsory medical visits for the staff members as well as medical furniture's, medical controls, medicines and other expenses considered as medically necessary. The low payment execution rate (25.2%) is explained by (i) the fact that several reimbursement requests had not been introduced before the end of 2017 and are expected to arrive in 2018 and (ii) some invoices for medical equipment, training for social workers are to be received in 2018.

– **Budgetary item 1638**

This budgetary item includes the contribution of the Committee to the inter-institutional children gardens and early childhood centres used by its staff members, the costs of which increased constantly over the last years.

In 2017, the payment rate was 76.5%. Remaining amounts will be paid in 2018 with C8 credits once final accounts are established.

In 2017, almost 2/3 of the credits of this budget line (425.000€) were allocated to other purposes (and transferred to other budget lines) for the following reasons:

- Payment for CPE is made in two steps: provisional payment in year n (on the basis of estimates) and balance payment in year n+1 (on the basis of actual presences).
- In the course of 2016, OIB started implementing a new calculation method which resulted in a significant reduction of the contributions due for 2015 and 2016. It follows that in the end of 2016, CoR received from OIB an unexpected reimbursement of around 200.000€ for the year 2015 (committed as C4 credits in 2017). As also the estimates for the year 2016 were revised downwards, this resulted in an additional recovery of almost 200.000€ in 2017.
- It follows that the 2017 credits in excess were made available for credit transfer towards other budget lines.

An amount of € 425,000 of appropriations was therefore transferred to other budgetary items in the course of 2017.

1.2.2.5 Chapter 20 – Buildings & associated costs

– **Budgetary item 2000**

This budgetary item includes:

- The contribution of the Committee to the renting fees & related charges of the building VMA (Van Maerland rented to the Commission) but practically paid by the EESC that is acting as the single paying agent towards the Commission;
- The cost for the renting of rooms for plenary sessions within the facilities of other European Institutions (Parliament).

The following table indicates the two types of costs paid in 2017 and their comparative amounts for the years 2016 and 2015.

	2017	2016	2015
Renting fee & charges VMA building	1,524,105	1,499,913	1,481,779
Renting rooms for plenary sessions	23,784	21,760	37,804
Total	1,547,889	1,521,673	1,519,583

An amount of € 51,530 of appropriations was transferred to other budgetary items in the course of 2017.

– **Budgetary item 2001**

This budgetary item includes the contribution of the Committee to the annual lease payments paid for the 5 following buildings: JDE, BvS, REM, TR74 & B68 (more detailed information regarding buildings is available in sections 3 and 4). It also includes the annual renting fees for bridges and accesses between those buildings. For the 5 leased buildings, the Committee is co-lessee together with the EESC and acted, in 2017, as the single paying agent towards external lessors of all building except for the JDE. On its side, the EESC paid its contribution (1.1 Mio€) directly to the Committee through inter-entity invoicing arrangements (as in previous years).

The following table indicates the two types of costs paid in 2017 (with C1 credits) and their comparative amounts for the years 2016 and 2015.

	2017	2016	2015
Lease payments for 4 buildings (JDE is paid by EESC)	7.977.321	8,402,203	8,811,637
Other renting fees (bridges & access between buildings)	7,377	19,502	919
Total	7,984,698	8,421,705	8,812,556

It has to be noted that two specific factors have affected the year 2016:

- as a consequence of the advance payment of 2015, € 1.1 mios of lease payments 2016 have been paid under the C1 credits of 2015 thus decreasing the payments under C1 credits 2016;
- € 0.9 mios have been paid under C1 credits 2016 as pre-payment of leases 2017 (approved by Budget Authority –DEC 01/2016) thus increasing the payments under C1 credits of 2016 with the objective to free this amount in 2017 C1 credits and to reallocate it to buildings' renovation related projects.

2017 has also been affected as follows:

- as a consequence of the advance payment of 2016, € 0.9 mios of lease payments 2017 have been paid under the C1 credits of 2016 thus decreasing the payments under C1 credits 2017;

The following table indicates the total amount of lease payments made to external lessors for leases of years 2017, 2016 and 2015 for each individual building (for the Committee and for the EESC):

<i>Total payments to external lessors</i>	2017	2016	2015
JDE	10,623,164	10,438,488	10,374,628
BvS	6,064,972	5,959,595	5,923,136
TR74	1,582,958	1,554,969	1,527,474
B68	2,167,213	2,126,335	2,102,053
REM	139,314	116,148	102,550
Total	20,577,621	20,195,535	20,029,841

For the JDE, BvS and the B68 buildings, the annual increase between 2015 and 2017 is explained by the annual indexation (based on the Belgian harmonised indices of consumer prices as contractually foreseen). For the TR74 building, the yearly indexation is definitively fixed at 1.80% in the contract, also explaining the increase between 2015 and 2017.

Regarding the REM building, the full capital portion of lease payments was paid anticipatively by the two Committees in 2006 and 2007; as a consequence, from 2008, amounts paid only included the annual indexation. This situation will be valid for the remaining period of the leasing (until 2034).

The following table indicates the total amount of lease payments made to external lessors for leases of years 2015, 2016 and 2017 by the Committee per fund source (including the contribution received from the EESC):

<i>Total payments to external lessors per fund source</i>	2017	2016	2015
C1 credits (CoR contribution)	7,977,321	7,466,323	7,666,275
C4 credits (mainly EESC contribution of the year)	1,041,257	1,145,362	1,063,939
C5 credits (EESC contribution carried over)	0	0	0
C8 credits (CoR contribution)	0	0	0
C1 N-1	935,880	1,145,362	925,000
Total	9,954,458	9,757,047	9,655,214

An amount of € 935,880 was transferred to budget item 2007 in the course of 2017 for the renovation works of the JDE entrance hall.

– **Budgetary item 2007**

This budgetary item includes the costs of the fitting out of premises. The commitments made on this line relate to work that started or were ordered in 2017 but will be finalised and paid in 2018. This explains the low rate of payments in 2017. Payments will occur during 2018 using carried forward appropriations.

The biggest part of the commitments is foreseen to cover the renovation works of the JDE's entrance hall.

An amount of € 935,880 was transferred from budget item 2001 in the course of 2017.

– **Budgetary item 2008**

This budgetary item includes other expenditure on buildings such as engineering and EMAS consulting services or other studies for various projects.

Part of the surveys ordered on this budget item is used to order works on budgetary item 2007.

– **Budgetary item 2022**

This budgetary item includes the cost of the various cleaning and maintenance works necessary for the proper functioning of the buildings. The payment execution rate is a bit lower compared to the previous year (78.1% compared to 82.3% in 2016).

An amount of € 178,698 of appropriations was transferred from budget item 2024 in the course of 2017.

– **Budgetary item 2024**

This budgetary item includes the cost of the energy consumption of the buildings (water, electricity, gas and heating).

Further to invoicing arrangements between the Committee and the EESC (based on the Cooperation Agreement signed between them), the CoR received an amount of € 511,296 in 2017 (C4 credits) from the EESC as the Committee acted as single paying agent for this budgetary item towards external suppliers (as in previous years).

An amount of 0.3 million € was also available on C5 credits. This concerned reimbursements of 2016 from the Brussels Region mainly following a decision of the Court but also due to payment of premiums for various projects aiming to reduce energy consumption.

In 2017, payments were mainly done from those assigned revenue (C5 first and C4 then) which explains why only 0.2% payments were made on C1 credits in 2017. The remaining payments will be done on carried forward C8 credits.

However, it is to be noted that the global estimations for the year (C1, C4 and C5 credits together) were around € 1.4 million, but the final execution rate is expected to be lower because of the favourable climate conditions, decreasing energy costs and a better energy consumption management that resulted in economies.

An amount of € 178,698 of appropriations was transferred to budgetary item 2022 in the course of 2017.

– **Budgetary item 2026**

This budgetary item includes the cost of the security guards working in the various buildings of the Committee. Further to invoicing arrangements between the Committee and the EESC, the CoR transferred mainly the total related budget in 2017 to the EESC as this latter acted as single paying agent for this budgetary item towards external suppliers (as in previous years). This arrangement explained the high payment execution rate.

In addition, this budgetary item includes a minor amount (Own services) for the human costs of security and surveillance in respect of buildings and the cost of security services for the CoR Plenary Sessions and Summits held outside the CoR/EESC buildings.

Saving on this expenditure position was to a large extent possible due to a continuous positive cooperation with the European Parliament (in this case regarding the CoR Plenary Sessions held in the premises of the EP) that has led, among others, to lower security related costs than expected for the CoR for these Plenary Sessions.

An amount of € 294,154 of appropriations was therefore transferred to other budgetary items in the course of 2017.

– **Budgetary item 2028**

This budgetary item includes the cost of insurance premium paid in relation with the buildings.

As far as C1 credits are concerned, the low payment rate (46.5%) is explained by the fact that further to invoicing arrangements between the Committee and the EESC, the CoR received an amount of € 40,222 in 2017 from the EESC (C4 credits) which was used in priority as the Committee acted as single paying agent for this budgetary item towards external suppliers (as in previous years).

The unspent amount on C1 is explained by the fact that the insurance contract has a deductible clause of € 25,000 in case of damages. To cover this deductible franchise, an amount is kept in reserve. Since no claims occurred this year, the amount was not spent.

1.2.2.6 Chapter 21 – Data processing, equipment and furniture: purchase, hire and maintenance

Overall, the payment execution rate for this chapter increased compared to the previous year (from 70.5% to 73.1%).

A total net amount of € 458,431 was transferred from other budgetary items in the course of 2017 (net effect).

1.2.2.7 Chapter 23 – Current administrative expenditure

Overall, the payment execution rate for this chapter increased in 2017 compared to the previous year (from 54.5% to 62.1%).

1.2.2.8 Chapter 25 – Meetings and conferences

Overall, the payment execution rate for this chapter decreased compared to 2016 (from 65.3% to 54.8%). Payment rate is not really comparable from one year to the other, as it is to a large extent affected by the delays in receiving final invoices from external suppliers.

A total net amount of € 95,217 of appropriations was transferred from budgetary item 1638 in the course of 2017 (DEC 1/2017).

1.2.2.9 Chapter 26 – Expertise and information

Overall, the payment execution rate for this chapter increased in 2017 compared to the previous year (from 39.9% to 46.0%). This low level is mainly explained by delays in receiving final invoices from external suppliers. This trend concerned nearly all budgetary items.

A total amount of € 380,864 of appropriations was transferred from other budgetary items in the course of 2017 (net effect).

1.2.3 Comments (C8 credits)

The C8 credits include the portion of the commitments validated during the previous year that was effectively paid during the current year.

The overall payment execution rate of C8 credits in 2017 was 84.9% for a cumulated amount of € 7,042,300. Added to the amount of payments made already in 2016 on commitments funded by C1, C4 and C5 credits (€ 83,001,657), the final payment execution rate of the year 2016 amounts to € 90,043,957 or 97%. This is slightly more in percentage terms in comparison to the year 2015 where the final payment execution rate reached 96.6% (C1, C4 and C5 credits all together).

1.2.4 Comments (C4 credits)

The C4 credits include the assigned revenues cashed in during the current year by the Committee. According to the Article 14 of the Financial Regulation, these credits must be used before C1 credits. If these revenues are not used during the current year, they are carried over to the next year (and become C5 credits).

As in previous years, most of the C4 credits of the Committee concerned the invoicing arrangements with the EESC (mainly regarding annual payments of leased buildings, energy consumption and insurance premium) as already mentioned in the section 1.2.2.5 and an additional amount of € 1,149,200 for the contribution of the EESC to the renovation works of the JDE's entrance hall.

An amount of € 0.2 Mio was also reimbursed by the Commission as a regularization of the contribution paid in excess to the early childhood center.

1.2.5 Comments (C5 credits)

The C5 credits include the assigned revenues cashed in during the previous years by the Committee and carried over to the current year. According to the Article 14 of the Financial Regulation, these credits must be engaged before C4 and C1 credits as they will be automatically cancelled at the end of the year.

At the end of the year 100% of those credits have been committed and even paid.

1.3 Budget Outturn 2017

Revenue 2017 (universal & assigned)	11.820.854
<i>Universal income (IC1)</i>	8.708.070
<i>Internal assigned income (IC4)</i>	3.112.784
Payments from appropriations 2017 & assigned revenue	- 85.866.872
<i>Appropriations 2017 (C1 credits)</i>	- 83.881.505
<i>Assigned revenue 2017 (C4 credits)</i>	- 1.660.235
<i>Carried over assigned revenue from 2016 to 2017 (C5 credits)</i>	- 325.132
Payments appropriation carried forward/over to 2018	- 9.219.871
<i>Unused committed appropriations 2017 (C1 to C8 credits)</i>	- 7.582.455
<i>Unused committed assigned revenue 2017 (C4 & C5 to C8 credits)</i>	- 1.585.525
<i>Unused assigned revenue 2017 (C4 to C5 credits)</i>	- 51.891
Cancellations of unused payment appropriations from previous years	1.254.679
<i>Unused carried forward/over appropriations from previous years (C8 credits)</i>	1.254.679
Budget Outturn 2017	- 82.011.210

1.4 Incomes

The following table summarises the various types of incomes of the Committee and their respective situation at the end of the year 2017.

Fund source / Item	Description	Budget	Established	Cashed	Not cashed
IC1	Universal income	8,617,936	8,708,070	8,708,070	0
400	Proceeds from taxation on the salaries, wages and allowances of members of the institution, officials, other servants and recipients of pensions	3,712,965	3,864,481	3,864,481	0
403	Proceeds of the temporary contribution from the salaries of members of the body, officials and other servants in active employment	p.m.	30	30	0
404	Proceeds from the special levy on the salaries of members of the body, officials and other servants in active employment	742,421	775,491	775,491	0
410	Staff contributions to the pension scheme	4,161,684	4,029,892	4,029,892	0
411	Transfer or purchase of pension rights by staff	p.m.	38,176	38,176	0
412	Contributions to the pension scheme by officials and temporary staff on leave on personal grounds	p.m.	0	0	0
520	Revenue from investments or loans granted, bank and other interest on the body's accounts	866	0	0	0
522	Interest from pre-financing	p.m.	0	0	0
590	Other revenue from administrative operations	p.m.	0	0	0
900	Miscellaneous revenue	p.m.	0	0	0
IC4	Assigned revenue	0	3,112,784	3,112,784	0
500	Proceeds from the sale of movable property	p.m.	0	0	0
502	Proceeds from the sale of publications, printed works and films	p.m.	0	0	0
5110	Proceeds from letting and subletting immovable property	p.m.	1,100,000	1,100,000	0
5111	Reimbursement of charges connected with lettings	p.m.	0	0	0
550	Proceeds from the supply of services and works for other institutions or bodies, including refunds by other institutions or bodies of mission allowances paid on their behalf	p.m.	1,708,619	1,708,619	0
551	Revenue from third parties in respect of services or work supplied at their request	p.m.	0	0	0
570	Revenue arising from the repayment of amounts wrongly paid	p.m.	7,494	7,494	0
571	Revenue earmarked for a specific purpose, such as income from foundations, subsidies, gifts and bequests, including the earmarked revenue specific to the committee	p.m.	0	0	0
573	Other contributions and refunds in connection with the administrative operation of the body	p.m.	296,671	296,671	0
580	Revenue arising from indemnities connected with renting	p.m.	0	0	0
581	Revenue from insurance payments received	p.m.	0	0	0
	Total	8,617,936	11,820,854	11,820,854	0

The IC4 incomes ('assigned revenue') cashed during 2017 (€ 3,112,784) were made available in the form of C4 credits (commitments & payments) in 2017 except for one minor amount of € 251.46 that was cashed at the end of 2017 and inscribed as C4 in 2018.

2. List of transfers of appropriations of the year 2017

During 2017 the following transfers of appropriations submitted by the CoR were approved by the Council and Parliament:

INF 1/2017

The purpose of this transfer was to reinforce the following budget lines:

- **216 "Vehicles"** (for € 15,000) in order to allow the CoR to finance the transporting arrangements that are needed for the enlarged CoR Conference of Presidents visits abroad;
- **264 "Expenditure on publishing, dissemination of information and participation in public events: information and communication activities"** (for € 147,608) in order to allow the CoR Political groups to carry out their planned 2017 communication activities in full.

The total amount of the transfer is € **162,608**. It was approved in June and executed thereafter.

INF 2/2017

The purpose of this transfer was to reinforce the following budget lines:

- **105 "Courses for Members of the institution"** (for € 10,000) in order to allow the CoR to finance higher demand from CoR Members side for the language courses this year;
- **162 "Missions"** (for € 100,000) in order to allow the CoR to carry out additional unforeseen missions due to, in particular, the increased dialogue with citizens through substantially stepping up of political activities and initiatives at regional level, and local events that requires additional presence of staff alongside CoR members.

The total amount of the transfer is € **110,000**. It was approved in June and executed thereafter.

INF 3/2017

The purpose of this transfer was to reinforce the following budget line **2102 "Outside assistance for the operation, development and maintenance of software systems"** in order to allow the CoR to finance the acquisition of the new Translation Management System (TMS) software and the corresponding services.

This is a joint EESC/CoR project and the CoR is paying its share of the joint expenditure. The amount of the transfer is € **32,143 (CoR share)**. It was approved in June and executed thereafter.

INF 4/2017

The purpose of this transfer is to reinforce the budget line **2622 "Documentation and library expenditure"** in order to allow the CoR to advance with the digitalization of the library and respect the obligations arising from the inter-institutional cooperation (with EC and EESC), i.e. to pay for the **replacement of the library management software** following the inter-institutional call for tender.

The amount of the transfer is € **45,224**. It was approved in October and executed thereafter.

INF 5/2017

The purpose of this transfer is to reinforce the IT related budget line **2100 "Purchase, servicing and maintenance of equipment and software, and related work"** to reinforce the CoR/EESC joint IT infrastructure programme. It will be used to finance the replacement of core network switches and connection modules in the JDE and B68-T74 buildings.

This is a joint EESC/CoR project and the CoR is paying its share of the joint expenditure. The amount of the transfer is € 65,604 (CoR share).

This transfer was approved in October and executed thereafter.

INF 6/2017

The purpose of this transfer is to reinforce the budget line 214 "**Technical equipment and installations**" in order to finance mainly the following projects:

- (i) the security related investment in the technical equipment that would guarantee a sufficient level of protection for persons and goods in the CoR/EESC buildings in Brussels (the CoR financed share of this joint CoR/EESC project is € 195,684), and
- (ii) renovation of the JDE 52 meeting room following the completion of the technical study allowing, among others, to determine the exact needs and the related cost of the renovation of individual meeting/conference rooms (estimated cost of the project is € 150,000).

The total amount of the transfer is € 345,684.

This transfer was approved in November and executed thereafter.

DEC 1/2017

The purpose of this transfer is to reinforce 4 communication related budget lines, namely:

- 2542 (Organization of events) by € 95,217;
- 2600 (Relationships with press and medias) by € 37,608;
- 2602 (Information supports) by € 162,000; and
- 2622 (Documentation and library expenditure) by € 1,032;

all in order to allow the CoR to finance 4 different communication related projects:

- 1) the roll-out of communication activities, in particular **local events in all EU member states** involving CoR members, MEPs and local politicians (for example Citizens Dialogues) on the achievements and the future of EU cohesion policy;
- 2) **Social media** supported reaching out to audiences which the CoR hardly reaches and communicates to so far via innovative communication tools. This includes in particular promotion of the "Reflecting on Europe" survey, developed as an innovative action this year;
- 3) **COP23 communication support** and Bonn 6-17 November 2017. This reinforcement makes the most of the new political situation in which Governors and Mayors from across the Atlantic are now as keen as their EU counterparts to deliver on the Paris agreement;
- 4) update of **website hosting services** and Content Management System.

The total amount of the transfer is € 295,857.

This transfer was approved in November and executed thereafter.

3. Financial statements of the Committee as of December 31st, 2017

2.1 Economic Outturn Account

2.1.1 Summary comparative table 2017 and 2016

	31/12/2017	31/12/2016
Surplus / Deficit of the year	-1.137.352	280,425
From ordinary activities	3.722.186	5,169,413
Revenue	91.118.980	90,722,066
Staff expenses	-53.041.535	- 50,636,780
Depreciation, amounts written-off & provisions	-3.360.483	- 3,331,434
Land & building related expenses	-4.107.885	- 4,446,965
Other expenses	-26.886.891	- 27,137,474
From financial activities	-4.859.538	- 4,888,988
Revenue	0	43
Expenses	-4.859.538	- 4,889,031

2.1.2 Comments

2.1.2.1 Revenue

The following table indicates the various types of revenue allowing the Committee to fund its budget execution for the years 2016 and 2017.

	2017	2016	Variation	
Treasury transfers from EC	80,400,000	81,100,000	-700,000	-0.9%
Staff contributions	8,715,373	8,343,824	371,549	4.45%
Revenue with other EU institutions	1,988,725	943,602	1,045,123	110.75%
Other	14,882	334,683	-319,801	-95.6%
Total	91,118,980	90,722,109	396,871	0.44%

There has been a little decrease of treasury requests to the Commission.

The increase of revenue with other EU institutions is mainly explained by an amount of € 1.1 mios received end of the year from the EESC as contribution for the renovations works of the JDE's entrance hall.

Last year, the other revenues were mainly impacted by two reimbursement for a total of € 0.3 mios received from the IBGE (Brussels Institute for management of environment) following (i) a court decision won by the Institutions - C-163/14 for € 289,255 and (ii) a reimbursement "energy premium", following the investments made in replacing the window frames in BvS for € 20,916.

2.1.2.2 Expenses

In total, the expenses resulting from normal activities have increased by € 1.8 mios.

Staff expenses have increased by € 2.4 mios. The main components of the increase in 2017 are:

- 2016 salary indexation, i.e. difference between full year cost in 2017 and 6m effect already included in 2016 budget;
- 2017 salary indexation, i.e. 6 months effect;
- statutory step increases;
- promotions of staff in accordance with principles laid down in the EU Staff Regulation;
- cost of 2 new Irish translation posts obtained in 2017 budget process;
- further reduction in real vacancy rates from some 4.5%-5.0% at the end of 2016 to some 2.0%-2.5% at the end of 2017.

The increase in remuneration cost was to some extent limited by 1.8% staff cut in 2017 (reduction of 9 posts) in the framework of 5% staff cut by 2017.

Land and building related expenditures have decreased by 0.3 mio, mainly due to a decrease in maintenance and security costs.

2.1.3 Reconciliation Economic & Budget result

The following table details the reconciliation items between the economic and the budgetary results (as computed in section 1.3 above).

Economic outturn 2017	-	1.137.352
Adjustment for accrual items (items not in the budgetary result but included in the economic result)	-	70.293.928
<i>Adjustments for Accrual Cut-off (reversal 31.12.2017)</i>	-	3.341.798
<i>Adjustments for Accrual Cut-off (cut- off 31.12.2017)</i>		3.184.163
<i>Amount from liaison account with Commission booked in the Economic Outturn Account</i>	-	80.400.000
<i>Unpaid invoices at year end but booked in charges</i>	-	159.231
<i>Depreciation of intangible and tangible fixed assets</i>		3.360.417
<i>Provisions</i>		-
<i>Recovery orders issued during the year but uncashed at year-end</i>		-
<i>Value reductions</i>		66
<i>Payments made from carry over of payment appropriations (C8 credits)</i>		7.042.300
<i>Exchange rate differences</i>		20.155
<i>Prefinancing received in previous year and cleared in the year</i>		-
Adjustment for budgetary items (item included in the budgetary result but not in the economic result)	-	10.579.930
<i>Asset acquisitions (less unpaid amounts)</i>	-	585.942
<i>Pre-financing paid in 2017 and open at year end</i>		-
<i>Recovery orders issued before the year and cashed in the year</i>		5.280
<i>Capital payments on financial leasing (they are budgetary payments but not in the economic result)</i>	-	2.031.522
<i>Payment appropriations carried forward/over to 2018</i>	-	9.219.872
<i>Cancellation of unused carried over payment appropriations from previous year</i>		1.254.679
<i>Other</i>	-	2.553
Budget Outturn 2017	-	82.011.210

2.2 Balance Sheet

2.2.1 Assets

2.2.1.1 Summary comparative table 2017 & 2016

	31/12/2017	31/12/2016
Intangible assets (NBV)	85,353	58,546
Computer Software's	85,353	58,546
Tangible assets (NBV)	64,729,527	67,572,662
Plant, Machinery & Equipment	40,181	44,685
Furniture & Vehicles	273,947	326,264
Computer Hardware	446,345	364,049
Other Fixtures & Fittings	297,464	288,435
Land & Buildings under financial lease	63,671,590	66,549,229
Short term receivables	8,845,087	9,865,669
Customers	183	10,366
VAT	744	1,543
Staff receivables	20,923	17,757
Pre-financing		
Accruals & Deferrals	8,823,237	9,836,003
Cash & cash equivalents	1,024,828	1,612,149
Bank accounts	1,024,828	1,612,149
TOTAL ASSETS	74,684,795	79,109,027

2.2.1.2 Comments

Leased buildings transactions

Excluding the amounts available in cash on the bank accounts of the Committee at year-end, most of the assets (98 % in 2017 and also in 2016) are resulting from the transactions generated by the leased buildings (land & buildings and deferrals).

More detailed information regarding buildings is available in section 1.2.2.5.

The following table details the total gross booked value (GBV) of the 5 leased buildings and its respective accounting allocation between the Committee and the EESC (both co-lessees in all cases):

Building	CoR	EESC	Total
JDE (Belliard I & II)	46,979,040	95,381,686	142,360,726
BvS (Belliard III & IV)	20,643,284	41,912,122	62,555,406
B68	16,784,665	11,189,777	27,974,442
TR74	14,250,099	9,500,066	23,750,165
REM	5,101,705	5,101,706	10,203,411
TOTAL	103,758,793	163,085,357	266,844,150

The following table details the net booked value (NBV) of the 5 leased buildings as recorded in the accounts of the Committee. It also provides the annual depreciation charge recorded in the economic outturn account in 2017:

Building	GBV	Annual depreciation charge	Cumulated depreciation	NBV
JDE	46,979,040	1,365,473	18,547,675	28,431,364
BvS	20,643,284	534,547	8,820,030	11,823,254
B68	16,784,665	459,227	6,429,172	10,355,492
TR74	14,250,099	385,924	4,888,370	9,361,729
REM	5,101,705	132,468	1,401,955	3,699,750
Total	103,758,793	2,877,639	40,087,203	63,671,589

Overall variation

The decrease of the assets between 2017 and 2016 is mainly explained by the effect of annual depreciation charge of the fixed assets compensated by the evolution of the available cash & cash equivalent at year-end.

The following table details the split of the gross book value (GBV) between land and built part of each building. According to the accounting standards, the annual depreciation referred to in the table before, is only applied on the built part and land is not depreciated.

Building (CoR)	Land	Built	GBV
JDE	12,842,214	34,136,826	46,979,040
BvS	7,279,602	13,363,682	20,643,284
B68	5,304,000	11,480,665	16,784,665
TR74	4,602,000	9,648,099	14,250,099
REM	1,790,000	3,311,705	5,101,705
Total	31,817,816	71,940,977	103,758,793

2.2.2 Liabilities

2.2.2.1 Summary comparative table 2017 & 2016

	31/12/2017	31/12/2016
Accumulated surplus / deficit	14,507,861	15,645,213
Accumulated surplus / deficit from previous years	15,645,213	15,364,788
Economic result of the year	-1,137,352	280,425
Long term liabilities	53,516,962	56,672,400
Financial lease debt	53,516,962	56,672,400
Short term liabilities	6,659,971	6,791,414
Financial lease debt (falling due within the year)	3,155,438	2,967,402
Suppliers	631,206	771,910
Staff payables	8,987	8,011
Other payables	27,154	68,942
Accruals & Deferrals	2,855,160	2,975,149
TOTAL LIABILITIES	74,684,795	79,109,027

2.2.2.2 Comments

Leased building transactions

As for the assets, excluding the accumulated economic results, most of the liabilities of the Committee were resulting from the transactions generated by the leased buildings (94.2% in 2017 and 94.0% in 2016). At the end of 2017, the financial lease debt (including the portion falling due within the year) amounted to € 56,672,400.

The following table details the total financial lease debt of the 5 buildings and its respective accounting allocation between the Committee and the EESC (both co-lessees in all cases):

Buiding	CoR	EESC	Total
JDE	24,074,299	48,878,122	72,952,422
BvS	11,501,152	23,350,825	34,851,977
B68	9,941,128	6,627,418	16,568,546
TR74	11,155,821	7,437,214	18,593,034
REM	0	0	0
Total	56,672,400	86,293,579	142,965,979

The financial lease debt of the REM building was fully reimbursed anticipatively in 2006 and 2007. Until the end of the leasing period, only the contractual annual indexation (contingent rent) will be paid (until 2034).

The following table details the financial lease debt of the Committee for each building and according to its various maturity years:

Buiding	Total	2018	2019-2023	> 2023
JDE	24,074,299	1,264,212	7,583,421	15,226,667
BvS	11,501,152	872,569	5,213,877	5,414,706
B68	9,941,128	561,234	3,256,231	6,123,663
TR74	11,155,821	457,423	2,953,933	7,744,464
REM	0	0	0	0
Total	56,672,400	3,155,438	19,007,462	34,509,500

The following table details the accounting share of the Committee in the various elements of annual lease payments made during 2017. The Capital payments reduced the lease debt of the Committee:

Buiding	Capital	Interests	Contingent rent	Total
JDE	1,191,170	1,390,932	923,542	3,505,644
BvS	823,178	651,009	527,254	2,001,441
B68	534,509	473,387	292,432	1,300,328
TR74	418,545	531,230	0	949,775
REM	0	0	69,657	69,657
Total	2,967,402	3,046,557.52	1,812,885.39	7,826,845

According to the information provided for the payment execution of the budgetary item 2001 (section 1.2.2.5), the Committee paid a total amount of € 9,954,458 as annual lease payments for 2017 to external lessors. Given the contribution received from the EESC of € 1,100,000, the net amount paid by the Committee equalled € 8,854,458. This net amount was higher than the accounting share of these lease payments (as mentioned in the table above) by € 1,027,613 (€ 8,854,458 - € 7,826,845). This difference, in disfavour of the Committee (and recorded in the economic outturn account as other expense), resulted from the difference between:

- The fixed (once and for all) accounting share of the leased buildings; and
- The allocation of effective annual lease payments between the Committee and the EESC that evolves over time with the effective use of these buildings.

Contingent liabilities

A contingent liability is still disclosed for a pending dispute with a former CoR official.

No provision is made for the moment as there is currently no obligation that could lead in future payments. CoR is awaiting the ruling of the General Court (to whom the Civil Service Tribunal jurisdiction was transferred since 01/09/2016) in an action lodged by a former CoR official on 13/11/2015 after CoR ratified the conclusion of an independent invalidity committee denying recognition that the invalidity suffered by the applicant is occupational in origin.

It is however at this stage difficult to make a reliable estimate of its financial effect in the event the General Court would rule in favour of the applicant. The ruling is expected for the summer 2018.

3. Situation of the premises of the Committees

Building	Entry into force of lease contract	Reception	Duration	Rent/ lease payments on entry into force of contract €	Initial index	2017 annual rent/lease payments	CoR advance payments €	Reduction following advance payment €
BvS	01/01/2001	01/07/2001	27 years	4,467,233	Average IPCH for Belgium for 2000	6,064,972	0	0
JDE	15/12/2000	01/06/2004	27 years from the theoretical date of reception (18/02/04)	6,709,288 until the theoretical date of reception; 8,280,000 years from the theoretical date of reception	Average IPCH for Belgium for 2000	10,623,164	2,636,132 (paid in 2002 & 2004)	The basic payment was reduced from 8,280,000 to 7,824,551
B68	01/01/2004	01/01/2004	27 years	1,679,826 (*1)	IPCH for Belgium for October 2003	2,167,213	0	0
T74	01/02/2005	01/05/2005	27 years	1 st payment: 1,503,477 and from second payment: 1,277,898	Fixed at 1,8%	1,582,958	0	0
REM	02/12/2005	01/06/2007	27 years from the provisional date of reception	610,136 (*2)	Average IPCH for Belgium for January 2005	139,314 (*3)	2,740,000 paid (2,140,000 + 600,000 (60% EESC and 40% CoR) and 570,175	0
VMA	01/04/2007	-	12 years + automatic renewal	2,458,439 (*4)	Average IPCH for Belgium for 2000	3,582,758	0	0

(*1) In addition to the annual lease payment, a specific fixed annual payment of 264,782 € was due for ten years (non indexable).

(*2) Two half-yearly amounts of 305,068 €; the amount will be reduced following advance payments.

(*3) Starting 2008, only annual indexation is paid.

(*4) including charges estimated at € 0.6 mios per annum.

4. Main accounting principles

The accounting principles underlying the preparation of the financial statements find their origin in the Financial Regulation and its Implementing Rules. They are also influenced by the accounting rules and the Harmonised Chart of Accounts issued by the accountant of the Commission.

The accounting rules are based on the Accrual based Accounting Principle and largely inspired by International Public Sector Accounting Standards (IPSAS).

4.1 Economic outturn account

4.1.1 Revenue

The vast majority of revenue is funds transferred from the Commission. All transfers received on the bank account of the CoR within the reporting year are recognised as revenue.

4.1.2 Expenditure

Exchange expenses arising from the purchase of goods are recognised when the supplies are delivered and accepted by the CoR. They are valued at original invoice cost.

When any request for payment or cost claim is received and meets the recognition criteria, it is recognised as an expense for the eligible amount.

At year-end, incurred eligible expenses not yet invoiced are estimated and recorded as accrued expenses.

4.2 Balance sheet

4.2.1 Tangible and intangible fixed assets

Tangible and intangible fixed assets are valued at their historic value less depreciation and impairment if any.

Only the following items are considered as assets and enter into the balance sheet:

- items with a unit value **equal or higher than 420€**.
- with a lifetime of more than one year
- which are not consumables

The elements that should be included in the cost of inventoried items are its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

All other repairs and maintenance are charged to the economic outturn account during the financial period in which they are incurred.

Subsequent costs are included in the asset's carrying amount (if an item cannot have a separate life from the main asset) or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the CoR and the cost of the item can be measured reliably.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Type of asset	Depreciation rate
Intangible assets	25%
Land	0%
Buildings	4%
Plant and equipment	12.5% to 25%
Furniture and vehicles	10% to 25%
Other fixtures and fittings	12.5% to 25%
Computer hardware	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 included in the economic outturn account.

4.2.2 Internally generated intangible assets

An intangible asset arising from the development phase of an internal project shall be recognised as an asset if, and only if, it can be demonstrated all of the following:

- (a) The technical feasibility of completing the intangible asset so that it will be available for use;
- (b) The intention to complete the intangible asset and use or sell it;
- (c) The ability to use or sell the intangible asset;
- (d) How the intangible asset will generate probable future economic benefits or the usefulness of the intangible asset;
- (e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management.

The threshold for capitalisation of Development costs for a single project has been established at 1.000.000€ according to the standards of the European Commission and the Economic and Social Committee.

Expenditure on research (or on the research phase of an internal project) shall be recognised as an expense when it is incurred.

4.2.3 Leases

Land and buildings, where the CoR bears substantially all the risks and rewards of ownership, are classified as financial leases. Financial leases are classified at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The present value of the lease expenses is treated as debt, and interest is imputed on this amount and shown as part of the income statement. The rental obligations, net of finance charges, are included in other long-term liabilities. The interest element of the finance cost is charged to the economic outturn account over the lease period so as to produce a constant periodic interest rate on the remaining balance of the liability for each period.

Buildings acquired under financial leases are depreciated over 25 years. Land is not depreciated.

Leases where the lessor retains a significant portion of the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to the economic outturn account on a straight-line basis over the period of the lease.

4.2.4 Receivables

Receivables are carried at original invoice amount less write-down for impairment. A write down for impairment of receivables is established when there is objective evidence that CoR will not be able to collect all amounts due according to the original terms of receivables. The amount of the write-down is recognised in the economic outturn account statement.