



# PROVISIONAL ANNUAL ACCOUNTS OF THE TRANSLATION CENTRE 2018

CT/CA-009/2019/EN

In accordance with Article 98 of the Financial Regulation of the Translation Centre

# COMPONENTS OF THE ANNUAL ACCOUNTS

FINANCIAL STATEMENTS OF THE TRANSLATION CENTRE.....	2
A.1    Balance sheet .....	2
A.2    Statement of financial performance.....	3
A.3    Statement of changes in net assets/liabilities .....	4
A.4    Cash flow statement.....	5
A.5    Notes to the financial statements .....	6
A.6    Other information .....	25
REPORTS ON THE IMPLEMENTATION OF THE BUDGET OF THE TRANSLATION CENTRE .....	28
B.1.    Budgetary principles.....	29
B.2.    Type of appropriations .....	29
B.3.    Budget expenditure implementation 2018 and use of appropriations C1 .....	30
B.4.    Budget expenditure implementation 2018 and use of appropriations C8 .....	31
B.5.    Budget outturn.....	32
B.6.    Reconciliation of the budget outturn and the economic outturn.....	34
B.7.    Budget revenue from operational activities 2018 .....	35
B.8.    List of transfers 2018.....	37
REPORT ON BUDGETARY AND FINANCIAL MANAGEMENT 2018 .....	38
C.1    Financial resources and budgetary management .....	39
C.2    Achievement of targets for the year .....	48

# FINANCIAL STATEMENTS OF THE TRANSLATION CENTRE

## A.1 Balance sheet

in EUR

	ASSETS	Note	31.12.2018	31.12.2017	% change
<b>A.</b>	<b>NON-CURRENT ASSETS</b>		<b>744 482.00</b>	<b>1 554 006.00</b>	<b>-52.09%</b>
	INTANGIBLE FIXED ASSETS	1	182 963.00	706 454.00	-74.10%
	Computer software		182 963.00	706 454.00	-74.10%
	Computer software in progress		0.00	0.00	n/a
	TANGIBLE FIXED ASSETS	2	561 519.00	847 552.00	-33.75%
	Computer hardware		268 375.00	501 248.00	-46.46%
	Furniture and vehicles		32 287.00	37 991.00	-15.01%
	Plant, machinery and equipment		169.00	438.00	-61.42%
	Other fixtures and fittings		260 688.00	307 875.00	-15.33%
<b>B.</b>	<b>CURRENT ASSETS</b>		<b>32 885 618.07</b>	<b>36 596 259.85</b>	<b>-10.14%</b>
	STOCKS		927 000.00	456 000.00	103.29%
	Work in progress	3	927 000.00	456 000.00	103.29%
	SHORT-TERM RECEIVABLES		2 665 631.69	3 030 796.49	-12.05%
	Recoverable VAT and other receivables from the Member States (receivable from non-exchange transactions)	4	24 365.15	20 234.26	20.42%
	Accounts receivable from EU institutions & bodies	5	384 324.10	111 977.95	243.21%
	Accrued income from EU institutions & bodies	5	2 016 065.63	2 605 636.71	-22.63%
	Other accrued income		0.00	0.00	n/a
	Deferred expenses	6	199 037.90	233 295.87	-14.68%
	Sundry receivables	7	41 838.91	59 651.70	-29.86%
	CASH AND CASH EQUIVALENTS	8	29 292 986.38	33 109 463.36	-11.53%
	<b>TOTAL</b>		<b>33 630 100.07</b>	<b>38 150 265.85</b>	<b>-11.85%</b>

	LIABILITIES	Note	31.12.2018	31.12.2017	% change
<b>A.</b>	<b>CURRENT LIABILITIES</b>		<b>4 047 717.07</b>	<b>5 664 741.57</b>	<b>-28.55%</b>
	ACCOUNTS PAYABLE		4 047 717.07	5 664 741.57	-28.55%
	Accrued expenses	9	2 371 227.22	1 956 821.18	21.18%
	Suppliers	10	123 568.42	370 881.57	-66.68%
	Prefinancing received	11	1 548 227.21	3 327 214.11	-53.47%
	Other liabilities	12	4 694.22	9 824.71	-52.22%
<b>B.</b>	<b>NET ASSETS/LIABILITIES</b>		<b>29 582 383.00</b>	<b>32 485 524.28</b>	<b>-8.94%</b>
	Reserves	13	16 529 466.33	16 529 466.33	0.00%
	Accumulated result for previous financial years		15 956 057.95	20 112 553.32	-20.67%
	Economic outturn for the financial year		-2 903 141.28	-4 156 495.37	-30.15%
	<b>TOTAL</b>		<b>33 630 100.07</b>	<b>38 150 265.85</b>	<b>-11.85%</b>

## A.2 Statement of financial performance

in EUR

	Note	2018	2017	% change
<b>OPERATING REVENUE</b>		<b>43 124 568.23</b>	<b>41 891 216.37</b>	<b>2.94%</b>
<b>TOTAL REVENUE FROM OPERATIONS</b>		<b>41 989 987.61</b>	<b>41 019 222.65</b>	<b>2.37%</b>
Translation	14	40 539 061.68	39 619 840.29	2.32%
Interinstitutional cooperation – IATE database	15	734 002.93	803 462.86	-8.65%
Terminology	16	401 400.00	207 900.00	93.07%
Term lists	17	185 066.00	287 796.50	-35.70%
Subtitling	18	128 207.00	90 323.00	41.94%
Other revenue from operations	19	2 250.00	9 900.00	-77.27%
<b>OTHER OPERATING REVENUE</b>		<b>1 134 580.62</b>	<b>871 993.72</b>	<b>30.11%</b>
Sale/activation of fixed assets		0.00	0.00	n/a
Financial contribution from Luxembourg government*	20	243 250.00	243 250.00	0.00%
Miscellaneous revenue	21	420 330.62	481 743.72	-12.75%
Movements in work in progress	3	471 000.00	147 000.00	220.41%
<b>OPERATING EXPENSES</b>		<b>46 034 498.42</b>	<b>46 056 709.17</b>	<b>-0.05%</b>
Staff expenses	22	23 601 144.08	23 875 809.34	-1.15%
Administrative expenses	23	9 010 036.80	8 529 486.21	5.63%
Operational expenses	24	13 423 317.54	13 651 413.62	-1.67%
<b>SURPLUS FROM OPERATING ACTIVITIES</b>		<b>-2 909 930.19</b>	<b>-4 165 492.80</b>	<b>-30.14%</b>
<b>REVENUE FROM FINANCIAL OPERATIONS</b>		<b>7 899.42</b>	<b>10 341.39</b>	<b>-23.61%</b>
Bank interest		7 795.67	9 202.12	-15.28%
Exchange rate gain		103.75	1 139.27	-90.89%
<b>FINANCIAL EXPENSES</b>		<b>1 110.51</b>	<b>1 343.96</b>	<b>-17.37%</b>
Bank charges		995.91	836.61	19.04%
Exchange rate loss		114.60	507.35	-77.41%
<b>SURPLUS FROM NON-OPERATING ACTIVITIES</b>		<b>6 788.91</b>	<b>8 997.43</b>	<b>-24.55%</b>
<b>SURPLUS FROM ORDINARY ACTIVITIES</b>		<b>-2 903 141.28</b>	<b>-4 156 495.37</b>	<b>-30.15%</b>
<b>SURPLUS/DEFICIT FROM EXTRAORDINARY ACTIVITIES</b>		<b>0.00</b>	<b>0.00</b>	<b>n/a</b>
<b>ECONOMIC OUTTURN FOR THE YEAR</b>		<b>-2 903 141.28</b>	<b>-4 156 495.37</b>	<b>-30.15%</b>

\*Non-exchange transaction.

### A.3 Statement of changes in net assets/liabilities

in EUR

	Note	Reserves*		Accumulated surplus/deficit	Economic outturn for the year	Total net assets/ liabilities
		Capital	Reserves			
<b>Situation as at 31 December 2016</b>		<b>0.00</b>	<b>16 529 466.33</b>	<b>24 583 846.16</b>	<b>-4 471 292.84</b>	<b>36 642 019.65</b>
Movements in reserves		0.00	0.00	0.00	0.00	0.00
Allocation of the economic outturn 2016		0.00	0.00	-4 471 292.84	4 471 292.84	0.00
Economic outturn for the year		0.00	0.00	0.00	-4 156 495.37	-4 156 495.37
<b>Situation as at 31 December 2017</b>		<b>0.00</b>	<b>16 529 466.33</b>	<b>20 112 553.32</b>	<b>-4 156 495.37</b>	<b>32 485 524.28</b>
Movements in reserves		0.00	0.00	0.00	0.00	0.00
Allocation of the economic outturn 2017		0.00	0.00	-4 156 495.37	4 156 495.37	0.00
Economic outturn for the year		0.00	0.00	0.00	-2 903 141.28	-2 903 141.28
<b>Situation as at 31 December 2018</b>		<b>0.00</b>	<b>16 529 466.33</b>	<b>15 956 057.95</b>	<b>-2 903 141.28</b>	<b>29 582 383.00</b>

\* Article 67(a) of the Centre's Financial Regulation provides for a permanent prefinancing fund that guarantees financing for the proper functioning of the Centre until invoiced amounts have been received from clients. In accordance with Article 57(a) of the Regulation laying down detailed rules for the implementation of the Centre's Financial Regulation, the amount of this fund may not be less than four-twelfths of the appropriations for the financial year.

The statutory reserves (i.e. the permanent prefinancing fund) recognised under accounting rules in the financial statements should be distinguished from the budgetary reserves (i.e. the reserves for stability pricing and for exceptional investments) as listed in Chapter B.5 *Budget outturn* that do not fulfil the criteria for reserves in general accounting.

## A.4 Cash flow statement

in EUR

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Outturn from normal business	-2 903 141.28	-4 156 495.37
+ Depreciation	888 723.23	994 448.85
+/- Provision for risks and charges	0.00	0.00
+/- Welfare benefits	0.00	0.00
+/- Variation in stocks	-471 000.00	-147 000.00
+/- Variation in operating amounts receivable	365 164.80	429 626.86
+/- Variation in operating debts	-1 617 024.50	1 873 005.10
+/- Variation in other amounts receivable associated with the business	0.00	0.00
+/- Variation in other debts associated with the business	0.00	0.00
+/- (Profit)/Loss on sales of installations, equipment and immovable property	0.00	0.00
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>-3 737 277.75</b>	<b>-1 006 414.56</b>
<b>CASH FLOWS ASSOCIATED WITH LOANS AND BORROWING</b>		
+/- Financial assets (own funds)	0.00	0.00
+/- Financial assets (borrowed funds)	0.00	0.00
+/- Financial liabilities (funds originating from a credit)	0.00	0.00
<b>NET CASH FLOWS RESULTING FROM LOANS AND BORROWING</b>	<b>0.00</b>	<b>0.00</b>
<b>CASH FLOWS ASSOCIATED WITH INVESTMENT OPERATIONS</b>		
- Acquisitions of fixed assets	-79 199.23	-87 969.85
- Term deposits	0.00	0.00
+ Transfers of fixed assets	0.00	0.00
+ Reduction of financial assets	0.00	0.00
+/- Variation in amounts receivable and debts on fixed assets	0.00	0.00
+ Dividends paid	0.00	0.00
<b>NET CASH FLOWS ASSOCIATED WITH INVESTMENT TRANSACTIONS</b>	<b>-79 199.23</b>	<b>-87 969.85</b>
<b>CASH FLOWS ASSOCIATED WITH FINANCING TRANSACTIONS</b>		
+/- Financial liabilities	0.00	0.00
+/- Long-term liabilities	0.00	0.00
- Reimbursement to clients by bank	0.00	0.00
<b>NET CASH FLOWS ASSOCIATED WITH FINANCING TRANSACTIONS</b>	<b>0.00</b>	<b>0.00</b>
<b>CASH VARIATION</b>	<b>-3 816 476.98</b>	<b>-1 094 384.41</b>
Cash at the start	33 109 463.36	34 203 847.77
Cash at the end	29 292 986.38	33 109 463.36

## A.5 Notes to the financial statements

### 1. DESCRIPTION OF THE BUSINESS

The mission of the Translation Centre for the Bodies of the European Union is to provide translation services to the other decentralised EU agencies and assist those EU institutions and bodies that have their own translation services in times of peaks in workload. In addition, it participates in the work of the Interinstitutional Committee for Translation and Interpretation (ICTI), which works to promote collaboration based on the rules of subsidiarity and to achieve economies of scale in the translation field.

### 2. LEGAL FORM

The Centre was formally established in 1994 by Council Regulation (EC) No 2965/94 of 28 November 1994, as amended by Council Regulation (EC) No 1645/2003 of 18 June 2003.

The Centre is an agency governed by European public law with legal personality. It has its own financial resources constituted by the payments from the agencies, bodies, offices and institutions in exchange for services provided.

### 3. BASIS OF PRESENTATION

The annual accounts have been prepared on the basis of the Centre's accounting records, and are presented in compliance with the requirements of the Centre's Financial Regulation, as well as the accounting rules and methods adopted by the Commission's Accounting Officer.

The financial year begins on 1 January 2018 and ends on 31 December 2018.

The accounts are in euro.

### 4. ACCOUNTING PRINCIPLES

The Centre's financial statements are drawn up in accordance with the generally accepted accounting principles as specified in the Centre's Financial Regulation (Article 95), namely:

- (a) fair presentation;
- (b) accrual basis;
- (c) going concern;
- (d) consistency of presentation;
- (e) aggregation;
- (f) offsetting;
- (g) comparative information.

### 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 5.1 Intangible fixed assets

Intangible fixed assets include assets with an estimated useful life greater than one year and an acquisition cost greater than EUR 420 per item.

Purchased intangible fixed assets are stated at cost, less accumulated depreciation and any recognised impairment losses.

The cost of fixed asset improvements exceeding EUR 420 increases the acquisition cost of the related fixed asset.

Amortisation of intangible fixed assets is recorded on a monthly straight-line basis over their estimated useful lives, in accordance with accounting rule No 6 'Intangible fixed assets'. Intangible fixed assets consist mainly of software that is depreciated over four years.

## **5.2 Intangible fixed assets developed internally**

Internally developed intangible fixed assets comprise software specifically developed for the Centre with an estimated useful life greater than one year and an acquisition cost greater than EUR 150 000, built in-house or tendered to external contractors.

No intangible asset arising from research (or from the research phase of an internal project) is recognised as an asset, but as an expense when incurred.

An internal or external IT development project in the development phase is assessed as to whether it complies with the recognition criteria for an asset and whether the expenditure incurred relating to the project should be recognised as an intangible asset. The following specific conditions have to be met in order to demonstrate that the asset will generate probable future economic benefit or service potential at the end of the project:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the Centre's intention to complete the intangible asset and use or sell it;
- how the intangible asset will generate future economic benefits or service potential; and
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

At the end of the development phase, the project is expected to meet the definition of an asset.

Amortisation of intangible fixed assets developed internally is recorded on a monthly straight-line basis over their estimated useful lives, in accordance with accounting rule No 6 'Intangible fixed assets'.

## **5.3 Tangible fixed assets**

Tangible fixed assets include assets with an estimated useful life greater than one year and an acquisition cost greater than EUR 420 per item.

Purchased tangible fixed assets are stated at cost, less accumulated depreciation and any recognised impairment losses.

The cost of fixed asset improvements exceeding EUR 420 increases the acquisition cost of the related fixed asset.

Repairs and maintenance are charged to the expenses during the financial period in which they are incurred.

Depreciation is charged so as to write off the cost of tangible fixed assets, other than land and assets under construction, over their estimated useful lives, based on a monthly straight-line basis, using the depreciation rate given in the table below as defined by the European Commission.



**Table of depreciation rates**

Type of inventory	Straight-line depreciation rate
<b>Computer equipment</b>	25.00%
<b>Kitchens – Cafeterias – Nurseries</b>	
Small electrical equipment	25.00%
Cash registers	25.00%
Large kitchen equipment	12.50%
Specialist furniture for kitchens, cafeterias	12.50%
Specialist furniture for nurseries	25.00%
<b>PLANT, MACHINERY AND TOOLS</b>	
<b>Telecommunications and audio-visual equipment</b>	
Telephone and fax machines	
Headphones, earphones, microphones	25.00%
Cameras	25.00%
Videos	25.00%
Tape recorders and dictating equipment	25.00%
Projectors (slide and overhead)	25.00%
Photographic equipment	25.00%
Projection screens	25.00%
Televisions, radios, monitors (not including computers)	25.00%
<b>Technical equipment</b>	
Printers, mail security, building tools	12.50%
Measuring or laboratory equipment	25.00%
<b>Other plant, machinery and tools</b>	12.50%
<b>Movable shelving, partitions, false floors, false ceilings and wiring</b>	25.00%
<b>Vehicles</b>	25.00%
<b>Furniture</b>	10.00%
<b>Buildings</b>	4.00%
<b>Land</b>	Not applicable

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the net book value of the asset at the sale date, and is recognised through the profit and loss account.

#### 5.4 Low-value fixed assets

When durable goods are of a low value, they can be considered as being consumed in the financial year of their commissioning and are therefore accounted for under expenses and not under fixed assets. At present, the amount for low-value goods is EUR 420. Above this unit value, the goods always have to be recorded as fixed assets.

#### 5.5 Stocks

Stocks consist in work in progress made up of units for translation services (translation, modification, revision, editing, term lists, terminology) which are at an intermediate stage of the translation process at the end of the year.

The work in progress is valued at the lower of sale price or production cost, which is calculated by adding together direct and indirect costs associated with the volume of the translation services at different stages of completeness.

The difference in the value of the work in progress between 2017 and 2018 is recorded in 'Operating revenue' in the Statement of financial performance under the heading *Movements in work in progress*.

#### 5.6 Short-term receivables

Receivables are booked at their nominal value and are subsequently reduced by the appropriate provisions for doubtful and bad amounts. A write-down for impairment of receivables is established when there is objective evidence that the Centre will not be able to collect all the amounts due according to the original terms of the receivables.

The receivables for December translations invoiced in January of the following year are considered to be accrued income. This income is included in the revenues of the Statement of financial performance. For further details, see Note 5 of Chapter A.5.6. *Additional information*.

The Centre applies a treasury management policy that allows cash to be placed in term deposits in banks. Term deposits of more than three months are considered to be receivable, rather than cash equivalent.

### **5.7 Cash and cash equivalents**

The Centre's treasury is managed by the Accounting Officer via current accounts, savings accounts and term deposits of less than three months which are held in euro at the Banque et Caisse d'Épargne de l'État and BGL BNP Paribas. Cash deposits and withdrawals are accounted for on the value date shown on the bank statements.

### **5.8 Accounts payable**

Accounts payable are booked at their nominal value. Accounts payable represent a short-term liability to suppliers for goods delivered and services provided to the Centre before year-end, irrespective of whether or not the invoice has been received by the Centre.

Accounts payable also include the liability for unused holidays. The accrued liability for unused holidays is calculated based on the number of days of unused holidays by staff at year-end and their individual salary.

### **5.9 Provisions for risks and charges**

A provision is a present obligation arising from a past event, but there is uncertainty about timing and future outflow of resources for settling the obligation. The probability of an outflow is likely and can be reliably estimated. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision should be reversed as revenue. The reversal into revenues is accounted for only if it occurs in a different reporting period from that in which the provision was recognised. If this is the case, the initial creation of the provision is reversed.

A provision is used only for expenditure for which the provision was originally recognised. The existing provision is then used and expenses are charged against it.

### **5.10 Reserves – Permanent prefinancing fund**

Article 67(a) of the Centre's Financial Regulation provides for a permanent prefinancing fund that guarantees financing for the proper functioning of the Centre until invoiced amounts have been received from clients. In accordance with Article 57(a) of the Regulation laying down detailed rules for the implementation of the Centre's Financial Regulation, the amount of this fund may not be less than four-twelfths of the appropriations for the financial year.

### **5.11 Revenue**

Revenue from translations and other revenue for the year are recognised in the accounts when the corresponding services have been rendered and accepted by clients, net of discounts, regardless of when the corresponding collection of payments is made.

Interest income is accounted for on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Non-exchange transactions are those where an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange. Revenue from non-exchange transactions is measured at the amount of the increase in net assets recognised by the Centre. An example of non-exchange transactions is the financial contribution for rent received by the Centre from the Luxembourg government, as described in Note 20 of Chapter A.5.6. *Additional information.*

## **5.12 Expenses**

Expenses for the year are entered into the account once the services or goods have been received at the Centre, regardless of when the payment is made.

## **5.13 Transactions and balances denominated in foreign currencies**

Transactions denominated in foreign currencies during the year are converted into euro using the monthly exchange rate published by the European Commission, effective on the date of initiation of the payment order or recovery order relating to the transaction. Any exchange gains or losses made at the time of settlement of the transaction are taken into account as financial expenses or income in the Statement of financial performance for the corresponding year.

At the balance sheet date, financial assets, current assets and liabilities denominated in a foreign currency are converted into euro using the effective exchange rate published by the European Commission as at that date. Any resulting foreign exchange rate gains and losses are recorded in the current year's financial expenses or income, as appropriate.

## **5.14 Ordinary income**

Ordinary revenue and expenses arise from the Centre's core business and any event deriving from this business.

## **5.15 Extraordinary revenue and expenses**

Extraordinary revenue and expenses arise from events or transactions that are clearly distinct from the Centre's ordinary activities, as well as revenue and expenses from events or transactions that are not expected to recur frequently or regularly.

## **5.16 Economic outturn for the year**

The economic outturn for the year consists of revenue and expenses which have been included in the Statement of financial performance during the accounting year. All revenue and expenses recognised during the financial year have to be included in the economic outturn for the year. The economic outturn for the year will be equal to the net sum of the ordinary and extraordinary activities for the financial year.

## **5.17 Use of estimates**

The presentation of financial statements requires the Centre's management to make estimates and assumptions that affect the reported amounts of assets at the balance sheet date and the reported amounts of revenue and expenses during the reporting period. The Centre's management believes that the estimates and assumptions used will not significantly differ from the actual outcomes in the following reporting periods.

### **5.18 Change in accounting methods, valuation, depreciation or accounting policies**

The financial statements for the year ended 31 December 2018 were not restated to reflect any change in accounting methods, valuation, depreciation or accounting policies.

### **5.19 Cash flow statement**

The cash flow statement is prepared using the indirect method. Cash equivalents include current liquid assets which are easily convertible into cash for an amount agreed in advance. Cash flows from operating, investment and financial activities presented in the cash flow table are not offset.

### **5.20 Segment reporting**

Segment reporting concerns entities that have a distinguishable activity or group of activities for which it is appropriate to separately report financial information for the purpose of evaluating the entity's past performance in achieving its objectives and for making decisions about the future allocation of resources. In the context of the Centre, all the activities are considered to belong to one single activity and therefore the financial statements are presented as a single segment.

## 6. ADDITIONAL INFORMATION ON THE BALANCE SHEET, STATEMENT OF FINANCIAL PERFORMANCE AND CASH FLOW STATEMENT

### Note 1: Intangible fixed assets

	in EUR		
	Computer software	Computer software in progress	Total
<b>A. Purchase value</b>			
Previous year-end	5 708 546.23	0.00	5 708 546.23
<u>Changes during the financial year</u>			
Acquisitions in the financial year	0.00	0.00	0.00
Transfers between headings	0.00	0.00	0.00
<u>Year-end</u>	5 708 546.23	0.00	5 708 546.23
<b>B. Amortisation and reductions in value</b>			
Previous year-end	5 002 092.23	0.00	5 002 092.23
<u>Changes during the financial year</u>			
Depreciation for the financial year	523 491.00	0.00	523 491.00
Disposals and withdrawals	0.00	0.00	0.00
<u>Year-end</u>	5 525 583.23	0.00	5 525 583.23
<b>NET BOOK VALUE (A-B)</b>	<b>182 963.00</b>	<b>0.00</b>	<b>182 963.00</b>

The main part of the net book value of intangible fixed assets represents the internally developed asset called eCdT which is the Centre's programme for the management of the translation workflow. The capitalised expenses comprise both internal and external development costs. The first version of eCdT was released in May 2015 and this was also the date of the capitalisation of the asset. The overall development costs capitalised over the years 2013, 2014 and 2015 were EUR 1 725 737, of which EUR 611 210 were internal development costs and EUR 1 114 527 were external development costs. All subsequent development costs spent on the programme in 2018 were recorded under expenses.

Apart from the eCdT programme, there are no development costs for other projects that fulfil the criteria for capitalisation into fixed assets. Therefore, internal development costs are recorded in staff costs and external development costs are recorded in administrative expenses.

### Totally depreciated intangible fixed assets

The purchase value of fixed assets in use, which were totally depreciated on 31 December 2018, amounted to EUR 3 806 807 (EUR 3 545 080 in 2017).

## Note 2: Tangible fixed assets

in EUR

	Computer hardware	Furniture and vehicles	Plant, machinery and equipment	Other tangible fixed assets	Total
<b>A. Purchase value</b>					
Previous year-end	3 191 994.37	306 646.36	2 156.00	484 580.30	3 985 377.03
<u>Changes during the financial year</u>					
Acquisitions	64 151.30	1 909.92	0.00	13 138.01	79 199.23
Disposals and withdrawals	-22 753.13	-2 611.73	0.00	0.00	-25 364.86
<u>Year-end</u>	<b>3 233 392.54</b>	<b>305 944.55</b>	<b>2 156.00</b>	<b>497 718.31</b>	<b>4 039 211.40</b>
<b>B. Depreciations and value adjustments</b>					
Previous year-end	2 690 746.37	268 655.36	1 718.00	176 705.30	3 137 825.03
<u>Changes during the financial year</u>					
Depreciation for the financial year	297 024.30	7 530.92	269.00	60 325.01	365 149.23
Disposals and withdrawals	-22 753.13	-2 611.73	0.00	0.00	-25 364.86
Write-off of residual value	0.00	83.00	0.00	0.00	83.00
<u>Year-end</u>	<b>2 965 017.54</b>	<b>273 657.55</b>	<b>1 987.00</b>	<b>237 030.31</b>	<b>3 477 692.40</b>
<b>NET BOOK VALUE (A-B)</b>	<b>268 375.00</b>	<b>32 287.00</b>	<b>169.00</b>	<b>260 688.00</b>	<b>561 519.00</b>

### Totally depreciated tangible fixed assets

The purchase value of fixed assets in use, which were totally depreciated on 31 December 2018, amounted to EUR 2 445 559 (EUR 2 276 951 in 2017).

### Low-value tangible fixed assets

The Centre acquired tangible assets that were charged directly to expenses and amounted to EUR 14 447 and EUR 38 916 for the years ended 31 December 2018 and 2017, respectively. These assets are low-value tangible asset with an estimated useful life greater than one year and an individual acquisition cost lower than EUR 420.00. Low-value tangible assets are not recorded under fixed assets but are charged through expense accounts.

## Note 3: Work in progress

Work in progress	2018	2017	% change
Work in progress (in EUR)	927 000.00	456 000.00	103.29%
Documents in progress (in pages)	50 403.14	50 189.56	0.43%
Term lists in progress (in terms)	0.00	0.00	n/a

The increase in the financial valuation of the work in progress in 2018 in comparison with the stable number of number of document pages in progress at year-end 2018 can be explained by a higher proportion of documents that were at a later stage of advancement at year-end than in 2017. The increase in work in progress of EUR 471 000 is recorded in the *Statement of financial performance* under the heading *Movements in work in progress*.

#### Note 4: Recoverable VAT and other receivables from the Member States

As an EU body, the Centre benefits from VAT exemptions for the purchase of goods and services. In the case of the indirect exemption applied by the Portuguese tax authorities, the Centre has to claim back the VAT paid to its suppliers. The balance of VAT receivable is the sum of all claims submitted to the Portuguese tax authorities in the last quarter of 2018; no claims are outside the deadline for recovery.

in EUR			
VAT receivable from the Member States	2018	2017	% change
Nominal value of VAT claims (Portugal)	24 365.15	20 234.26	20.42%
Provision for claims outside the deadline	0.00	0.00	n/a
Net value of VAT receivable	24 365.15	20 234.26	20.42%

The receivables from Member States are considered receivables from non-exchange transactions.

#### Credit risk disclosure

The long-term credit rating of Portugal is BBB (Fitch).

## Note 5: Accounts receivable and accrued income from the EU institutions and bodies

in EUR

Clients	Accounts Receivable	Accrued income	Total
European Environment Agency (EEA)	0.00	23 206.00	23 206.00
European Training Foundation (ETF)	0.00	9 559.00	9 559.00
European Monitoring Centre for Drugs and Drug Addiction (EMCDDA)	0.00	615.00	615.00
European Medicines Agency (EMA)	0.00	197 049.80	197 049.80
European Agency for Safety and Health at Work (EU-OSHA)	0.00	119 569.00	119 569.00
European Union Intellectual Property Office (EUIPO)	0.00	621 267.53	621 267.53
European Foundation for the Improvement of Living and Working Conditions (Eurofound)	0.00	38 704.00	38 704.00
European Centre for the Development of Vocational Training (Cedefop)	5 453.00	0.00	5 453.00
European Union Agency for Fundamental Rights (FRA)	0.00	9 737.00	9 737.00
European Food Safety Authority (EFSA)	0.00	21 717.50	21 717.50
The European Union's Judicial Cooperation Unit (Eurojust)	6 355.00	4 522.75	10 877.75
European Maritime Safety Agency (EMSA)	0.00	6 857.00	6 857.00
European Aviation Safety Agency (EASA)	4 031.00	0.00	4 031.00
European Union Agency for Railways (ERA)	0.00	109 248.90	109 248.90
European Network and Information Security Agency (ENISA)	1 081.00	0.00	1 081.00
European Centre for Disease Prevention and Control (ECDC)	7 597.50	3 772.00	11 369.50
European Border and Coast Guard Agency (Frontex)	0.00	1 578.50	1 578.50
Education, Audiovisual and Culture Executive Agency (EACEA)	0.00	56 565.30	56 565.30
European Union Agency for Law Enforcement Training (CEPOL)	0.00	4 458.75	4 458.75
Consumers, Health, Agriculture and Food Executive Agency (Chafea)	0.00	111 235.30	111 235.30
European Defence Agency (EDA)*	11 333.00	0.00	11 333.00
European Chemicals Agency (ECHA)	0.00	112 530.75	112 530.75
European Fisheries Control Agency (EFCA)	0.00	7 708.00	7 708.00
Innovation and Networks Executive Agency (INEA)	0.00	2 603.50	2 603.50
European Research Council Executive Agency (ERCEA)	0.00	1 539.00	1 539.00
European Institute for Gender Equality (EIGE)	0.00	943.00	943.00
European Asylum Support Office (EASO)	320 198.00	376 652.00	696 850.00
Agency for the Cooperation of Energy Regulators (ACER)	0.00	2 952.00	2 952.00
European Securities and Markets Authority (ESMA)	0.00	3 527.00	3 527.00
European Banking Authority (EBA)	0.00	23 628.00	23 628.00
Office of the Body of European Regulators for Electronic Communications (BEREC)	0.00	2 590.10	2 590.10
The Single Resolution Board (SRB)*	0.00	66 673.75	66 673.75
European Commission – DG Employment, Social Affairs and Equal Opportunities (DG EMPL) and DG for Justice and Consumers (DG JUST)	0.00	30 876.00	30 876.00
Council of the European Union (Council)	0.00	7 065.00	7 065.00
European Court of Auditors (ECA)	0.00	838.60	838.60
Committee of the Regions of the European Union (COR)	690.00	2 300.00	2 990.00
European Economic and Social Committee (EESC)	0.00	1 273.00	1 273.00
European Central Bank (ECB)*	15 630.00	0.00	15 630.00
European Ombudsman (Ombudsman)	0.00	8 954.40	8 954.40
European Data Protection Supervisor (EDPS)	11 955.60	23 748.20	35 703.80
<b>TOTAL</b>	<b>384 324.10</b>	<b>2 016 065.63</b>	<b>2 341 479.93</b>

\*Non-consolidated entity



Accrued income represents income from invoices drawn up in January 2019 for translations delivered to clients in December 2018. The information on the average payment date is included in the budget implementation set out in Chapter B.7. *Budget revenue from operational activities 2018.*

#### Credit risk disclosure

The credit risk of receivables is low, as the Centre's clients are European agencies, bodies and institutions. All receivables fall into the category *Not past due and not impaired*.

#### Currency risk disclosure

The Centre is not exposed to currency risk as all receivables are in euro.

### **Note 6: Deferred expenses**

Deferred expenses consist of expenses paid by the Centre in the current year that relate to future accounting periods. An example of such an expense is annual maintenance, covering not only the current year, but also future accounting periods. The part of expenses relating to future accounting periods is recognised as a deferred expense in the balance sheet.

### **Note 7: Sundry receivables**

The balance of 'Sundry receivables' contains only short-term staff-related receivables.

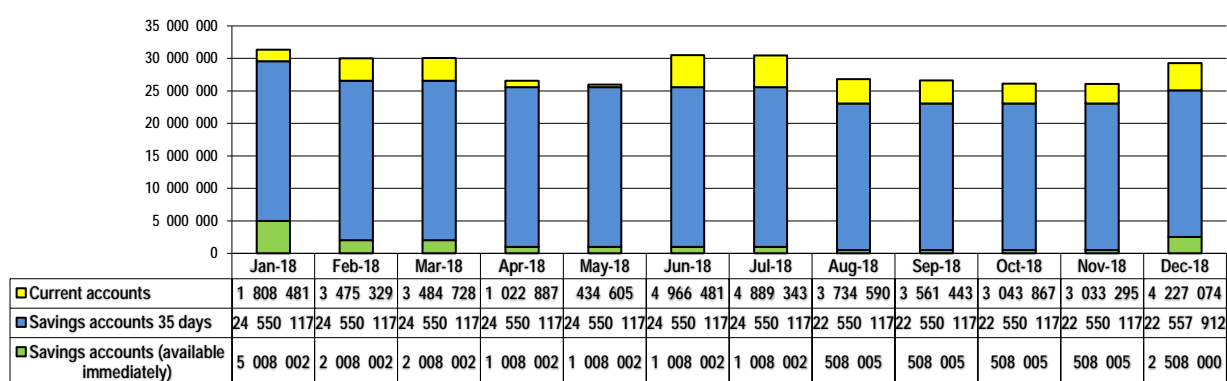
### **Note 8: Cash and cash equivalents**

The treasury is managed by the Centre's Accounting Officer. The investments are made on the basis of the Centre's treasury management policy, evaluation of the inter-banking market rates and cash forecasts.

Due to negative interest on the inter-bank financial market, the Centre has no open term deposits at year-end 2018.

### **Cash movements in 2018**

in EUR



## Breakdown of the cash balance

in EUR

Year	2018	2017	% change
Cash in bank – current accounts	4 227 073.98	3 551 344.73	19.03%
Cash in bank – savings accounts (available immediately)	2 508 000.06	5 008 001.96	-49.92%
Cash in bank – savings accounts 35 days	22 557 912.34	24 550 116.67	-8.11%
Cash in hand	0.00	0.00	n/a
<b>Total cash and cash equivalents</b>	<b>29 292 986.38</b>	<b>33 109 463.36</b>	<b>-11.53%</b>

## Credit risk disclosure:

in EUR

Bank	Long-term credit rating (Moody's)	Balance of cash and cash equivalents
Banque et Caisse d'Épargne de l'État	Aa2	9 770 682.70
BNP Paribas	A2	19 522 303.68
<b>TOTAL</b>		<b>29 292 986.38</b>

## Currency risk disclosure

The Centre is not exposed to currency risk as all cash balances are in euro.

## Note 9: Accrued expenses

in EUR

Accrued expenses	2018	2017	% change
Accrued expenses based on the carryover analysis	2 077 227.22	1 684 821.18	23.29%
Leave not taken by staff	294 000.00	272 000.00	8.09%
<b>Total</b>	<b>2 371 227.22</b>	<b>1 956 821.18</b>	<b>21.18%</b>

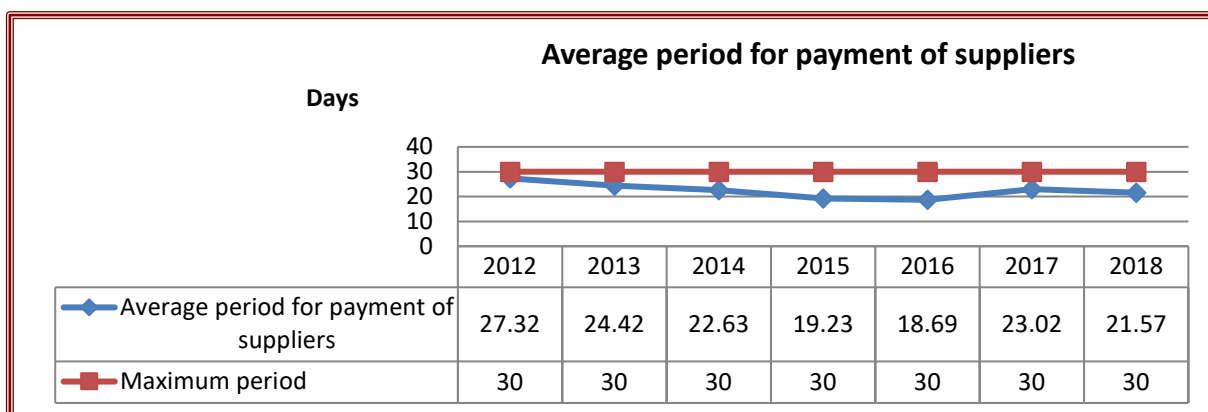
### *Leave not taken by staff*

Leave not taken by staff	2018	2017	% change
Number of days not taken	1 119.00	1 035.78	8.03%
Financial evaluation of leave not taken (in EUR)	294 000.00	272 000.00	8.09%

The accrued liability for leave not taken is calculated based on the number of days of unused holidays not taken by staff at year-end and their individual salary instead of an average salary. The increase in the financial evaluation of leave not taken (8.03%) is in line with the increase in the number of days not taken (8.09%).

## Note 10: Suppliers

Due to extremely low or negative interest rates on the financial markets, in 2015 the Centre abandoned the application of a target payment deadline to suppliers of 30 days. Since 2015, the payment has been executed immediately after the payment workflow in the budget accounting process has been completed. The average period for the payment of suppliers has decreased from 23.02 days in 2017 to 21.57 days in 2018 which is below the statutory deadline of 30 days.



#### Currency risk disclosure

The Centre is not exposed to currency risk as all liabilities are in euro.

#### **Note 11: Prefinancing received**

Clients	2018	2017
European Union Intellectual Property Office (EUIPO)	0.00	214 284.32
European Banking Authority (EBA)	105 259.45	456 889.24
European Training Foundation (ETF)	1 581.68	4 001.60
European Union Agency for Railways (ERA)	492 421.52	587 910.58
European Asylum Support Office (EASO)	776 599.00	1 929 322.21
European Monitoring Centre for Drugs and Drug Addiction (EMCDDA)	18 040.00	0.00
European Chemicals Agency (ECHA)	154 325.56	134 806.16
<b>TOTAL</b>	<b>1 548 227.21</b>	<b>3 327 214.11</b>

The advance payment mechanism allows the Centre to request prefinancing from clients before the translation service is completed. The prefinancing amounts to 80% of the cost of the translation requests sent to the Centre that are pending as of 30 November.

By year-end, ten clients had signed an amendment to the agreement allowing the collection of advance payments, and six clients had sent advances to the Centre with a total value of EUR 1 548 227.21. The advances will be cleared with the translation services invoiced in 2019.

#### **Note 12: Other liabilities**

The other liabilities are short-term staff-related liabilities.

#### **Note 13: Reserves – Permanent prefinancing fund**

Article 67(a) of the Centre's Financial Regulation provides for a permanent prefinancing fund that guarantees financing for the proper functioning of the Centre until invoiced amounts have been received from clients. In accordance with Article 57(a) of the Regulation laying down detailed rules for the implementation of the Centre's Financial Regulation, the amount of this fund may not be less than four-twelfths of the appropriations for the financial year, excluding 'Reserves' in Title 10.

The statutory reserves (i.e. the permanent prefinancing fund) recognised under accounting rules in the financial statements should be distinguished from the budgetary reserves (i.e. the reserves for stability pricing and for exceptional investments) as listed in Chapter B.5 *Budget outturn* that do not fulfil the criteria for reserves in general accounting.

As the budget for 2018 does not achieve the value covered by the fund in 2010, the balance of the permanent prefinancing fund has remained the same since 2010.

in EUR

Permanent prefinancing fund	Amount
Initial allocation	5 006 840.00
2003 allocation	3 322 850.33
2004 allocation	1 431 500.00
2005 allocation	0.00
2006 allocation	0.00
2007 allocation	999 143.00
2008 allocation	2 406 368.00
2009 allocation	1 196 465.00
2010 allocation	2 166 300.00
2011 allocation	0.00
2012 allocation	0.00
2013 allocation	0.00
2014 allocation	0.00
2015 allocation	0.00
2016 allocation	0.00
2017 allocation	0.00
2018 allocation	0.00
<b>Total</b>	<b>16 529 466.33</b>

# Note 14: Translations (including modification, editing and revision)

in EUR

Clients	2018	2017
European Environment Agency (EEA)	229 530.25	197 940.25
European Training Foundation (ETF)	131 500.40	102 361.25
European Monitoring Centre for Drugs and Drug Addiction (EMCDDA)	304 604.75	272 718.75
European Medicines Agency (EMA)	2 910 682.20	3 271 580.15
European Agency for Safety and Health at Work (EU-OSHA)	798 068.50	801 739.95
European Union Intellectual Property Office (EUIPO)	20 408 088.95	20 095 032.24
Community Plant Variety Office (CPVO)	23 455.50	57 525.40
European Union Agency for Law Enforcement Cooperation (Europol)	9 027.75	92 903.20
European Foundation for the Improvement of Living and Working Conditions (Eurofound)	280 569.50	367 958.25
European Centre for the Development of Vocational Training (Cedefop)	78 819.60	15 151.50
European Union Agency for Fundamental Rights (FRA)	892 949.80	1 044 449.25
European Investment Bank (EIB)*	0.00	1 230.00
European Food Safety Authority (EFSA)	159 551.90	278 446.10
The European Union's Judicial Cooperation Unit (Eurojust)	10 877.75	0.00
European Maritime Safety Agency (EMSA)	76 041.50	105 333.80
European Aviation Safety Agency (EASA)	20 759.00	40 925.50
European Union Agency for Railways (ERA)	1 210 677.22	305 529.41
European Network and Information Security Agency (ENISA)	21 412.60	16 044.75
European Centre for Disease Prevention and Control (ECDC)	149 882.50	339 728.50
European Border and Coast Guard Agency (Frontex)	486 810.50	328 158.05
Education, Audiovisual and Culture Executive Agency (EACEA)	694 644.60	471 859.70
Executive Agency for Small and Medium-sized Enterprises (EASME)	4 013.00	1 623.60
European Union Agency for Law Enforcement Training (CEPOL)	20 010.80	10 438.60
Consumers, Health and Food Executive Agency (Chafea)	736 136.15	518 949.45
European GNSS Agency (GSA)	35 971.35	4 083.60
European Defence Agency (EDA)*	16 528.00	5 181.25
European Chemicals Agency (ECHA)	1 272 718.55	2 701 705.66
European Fisheries Control Agency (EFCA)	215 130.05	237 000.60
Fusion for Energy Joint Undertaking (F4E JU)	20 296.35	28 158.10
Innovation and Networks Executive Agency (INEA)	23 527.00	38 159.75
European Institute of Innovation and Technology (EIT)	47 679.60	17 554.55
European Research Council Executive Agency (ERCEA)	31 571.50	17 541.50
Research Executive Agency (REA)	11 592.35	246.00
Clean Sky 2 Joint Undertaking (CS 2 JU)	0.00	1 886.00
European Institute for Gender Equality (EIGE)	88 494.30	238 973.90
SESAR Joint Undertaking (SESAR JU)*	14 288.50	17 261.00
Innovative Medicines Initiative 2 Joint Undertaking (IMI 2 JU)*	1 623.60	2 435.40
Fuel Cells and Hydrogen 2 Joint Undertaking (FCH 2 JU)*	943.00	0.00
European Asylum Support Office (EASO)	4 107 674.85	2 346 814.21
Agency for the Cooperation of Energy Regulators (ACER)	65 046.05	76 841.30
European Securities and Markets Authority(ESMA)	573 950.87	517 720.70
European Banking Authority (EBA)	920 930.33	1 253 265.36
European Insurance and Occupational Pensions Authority (EIOPA)	86 604.41	154 599.55
Office of the Body of European Regulators for Electronic Communications (BEREC)	15 396.35	128 687.20
European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA)	620 152.30	563 479.80
Electronic Components and Systems for European Leadership Joint Undertaking (ECSEL JU)*	2 829.00	2 829.00
Single Resolution Board (SRB)*	621 124.20	627 116.85
Secretariat-General of the European Schools (EURSC)*	16 359.00	13 564.85
Bio-based Industries Joint Undertaking (BBI JU)*	2 829.00	3 658.50
Shift2Rail Joint Undertaking (S2R JU)*	2 829.00	1 623.60
European Commission – DG Employment, Social Affairs and Equal Opportunities (DG EMPL) and DG for Justice and Consumers (DG JUST)	1 057 134.65	997 840.36
Council of the European Union (Council)	136 242.00	158 889.00
European Court of Auditors (ECA)	11 316.70	29 034.00
Committee of the Regions of the European Union (COR)	46 081.50	7 833.05
European Economic and Social Committee (EESC)	17 385.25	5 575.50
Court of Justice of the European Union (CJEU)	34 328.25	68 884.00
European Central Bank (ECB)*	54 741.00	84 199.45
European Ombudsman (Ombudsman)	272 348.95	207 938.40
European Data Protection Supervisor (EDPS)	435 279.15	321 630.65
<b>TOTAL</b>	<b>40 539 061.68</b>	<b>39 619 840.29</b>

\*Non-consolidated entities

The revenue for translation services is invoiced to clients on the basis of an agreed unit price per page and on the number of pages translated by the Centre.

#### Note 15: Interinstitutional cooperation – IATE database

in EUR

Clients	2018	2017
European Investment Bank (EIB)*	3 822.93	4 184.70
European Commission (EC)	305 834.55	334 776.19
European Parliament (EP)	152 917.27	167 388.09
Council of the European Union (Council)	114 687.96	125 541.08
European Court of Auditors (ECA)	19 114.66	20 923.52
Committee of the Regions of the European Union (CoR)	24 466.76	26 782.09
European Economic and Social Committee (EESC)	36 700.15	40 173.14
Court of Justice of the European Union (CJEU)	68 812.78	75 324.64
European Central Bank (ECB)*	7 645.87	8 369.41
<b>TOTAL</b>	<b>734 002.93</b>	<b>803 462.86</b>

\*Non-consolidated entities

The InterActive Terminology for Europe (IATE) database is a tool for terminology work used by the EU's translation services. The project's objective is to provide a web-based infrastructure for all EU terminology resources. The Centre is responsible for managing the IATE administration and technical support. The administration and development costs are invoiced to the institutions involved in the project.

#### Note 16: Terminology

in EUR

Clients	2018	2017
European Agency for Safety and Health at Work (EU-OSHA)	174 600.00	0.00
European Chemicals Agency (ECHA)	40 500.00	0.00
European Institute for Gender Equality (EIGE)	168 300.00	126 900.00
European Union Intellectual Property Office (EUIPO)	18 000.00	31 500.00
European Monitoring Centre for Drugs and Drug Addiction (EMCDDA)	0.00	49 500.00
<b>TOTAL</b>	<b>401 400.00</b>	<b>207 900.00</b>

\*Non-consolidated entity

The revenue for terminology services is invoiced to clients on the basis of an agreed unit price per man-day and on the number of days spent on the terminology work by the Centre.

## Note 17: Term lists

in EUR

Clients	2018	2017
European Medicines Agency (EMA)	2 244.00	2 046.50
European Agency for Safety and Health at Work (EU-OSHA)	19 200.00	32 802.00
European Union Intellectual Property Office (EUIPO)	160 726.00	226 096.00
European Centre for the Development of Vocational Training (Cedefop)	596.00	80.00
European Chemicals Agency (ECHA)	264.00	4 936.00
European Securities and Markets Authority (ESMA)	0.00	88.00
European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA)	0.00	88.00
Single Resolution Board (SRB)	88.00	0.00
European Commission – DG Employment, Social Affairs and Equal Opportunities (DG EMPL)	1 948.00	21 660.00
<b>TOTAL</b>	<b>185 066.00</b>	<b>287 796.50</b>

\*Non-consolidated entity

The revenue for term list services is invoiced to clients on the basis of an agreed unit price per term and on the number of terms translated by the Centre.

## Note 18: Subtitling

in EUR

Clients	2018	2017
European Training Foundation (ETF)	0.00	164.00
European Agency for Safety and Health at Work (EU-OSHA)	18 327.00	0.00
European Union Agency for Fundamental Rights (FRA)	1 476.00	0.00
European Food Safety Authority (EFSA)	2 952.00	0.00
European Chemicals Agency (ECHA)	70 725.00	32 062.00
European Union Intellectual Property Office (EUIPO)	22 304.00	19 885.00
European Centre for Disease Prevention and Control (ECDC)	1 025.00	1 066.00
European Fisheries Control Agency (EFCA)	0.00	3 731.00
European Border and Coast Guard Agency (Frontex)	0.00	9 184.00
European Commission – DG Employment, Social Affairs and Equal Opportunities (DG EMPL)	1 968.00	3 198.00
European Institute for Gender Equality (EIGE)	9 430.00	20 295.00
European Monitoring Centre for Drugs and Drug Addiction (EMCDDA)	0.00	738.00
<b>TOTAL</b>	<b>128 207.00</b>	<b>90 323.00</b>

The revenue for subtitling is invoiced to clients on the basis of an agreed unit price per minute of source video and per target language.

## Note 19: Other revenue from operations

Other revenue from operations relates to the revenue generated from the *ex post* quality checks on EU trade marks for the EUIPO. Under the agreement with EUIPO, 50% of the staff expenses for the *ex post* quality checks is invoiced to the EUIPO and the other 50% remains the Centre's expense. The last *ex post* quality checks were provided for the first quarter 2018 and the service was discontinued from 1 April 2018.

## Note 20: Financial contribution from the Luxembourg government – non-exchange revenues

Since October 2013, the Centre has been occupying new premises in Gasperich. The previous Nouvel Hémicycle building in Kirchberg was rented from the Luxembourg state at a favourable price. Therefore, in order to assist the Centre's relocation to the Drosbach building, the Luxembourg state committed to compensate the increased rental costs of the new premises in the form of a financial contribution amounting to EUR 243 250 per annum.

The financial contribution is the only revenue that fulfils the criteria of non-exchange revenue. All other revenue is considered to be revenue in exchange for services rendered by the Centre.

## Note 21: Miscellaneous revenue

Miscellaneous revenue mainly represents revenue from the subletting of the Centre's offices, parking spaces, data centre and from recovery of expenses paid in previous accounting periods.

The decrease in the miscellaneous revenue in 2018 compared with 2017 is due to a lower recovery of expenses paid in previous accounting periods. The most important part of expenses recovered from suppliers for expenses paid in previous year relates to the final clearance of energy costs of previous periods.

## Note 22: Staff expenses

in EUR		
Type of expense	2018	2017
Staff costs (excluding SNEs (Seconded National Experts) and other experts)	15 771 793.11	16 032 062.20
Pensions and temporary unemployment contributions	3 871 698.48	3 865 768.81
Staff requisites and social activities	13 324.80	9 822.56
Allowances (excluding SNEs and other experts)	3 944 327.69	3 968 155.77
<b>TOTAL</b>	<b>23 601 144.08</b>	<b>23 875 809.34</b>

The decrease in staff expenses is mainly due to a higher vacancy rate. As can be seen in Chapter A.6 *Other information*, the number of staff defined in the establishment plan decreased from 189 to 183 in 2018. This decrease compensates for the overall salary increase of 1.7% effective as of July 2018 and the impact of promotions and biennial step advancements for staff members.

The change in basic salaries has an impact on overall staff costs, pensions and unemployment contributions and allowances. The main allowances are family allowances, expatriation and foreign residence allowances, travel expenses for annual leave and allowances linked to recruitment or departing staff members.



## Note 23: Administrative expenses

in EUR

Type of expense	2018	2017
Rent of land & buildings	2 330 493.63	2 255 296.55
Operating lease expenses	179 818.21	186 210.84
Maintenance & security – building	529 029.62	351 097.48
Insurance – building	8 727.54	8 587.40
Office supplies & maintenance	913 097.52	780 857.41
Communications & publications	109 378.59	98 099.49
Publicity and legal expenses	20 526.75	12 465.00
Insurance – others	8 622.26	9 426.51
Transport expenses	3 427.34	2 799.60
Recruitment costs	23 809.93	19 956.66
Training costs	136 282.85	162 171.66
Missions	60 807.54	45 216.13
Experts and related expenditure	19 540.53	15 910.25
External operational IT costs	2 890 979.18	2 951 940.87
Other external non-IT services	463 071.57	305 337.29
Expenses with other consolidated entities	423 700.51	329 664.22
Depreciation of fixed assets	888 640.23	993 752.85
Other	83.00	696.00
<b>TOTAL</b>	<b>9 010 036.80</b>	<b>8 529 486.21</b>

On the account Office supplies & maintenance, a significant proportion of the expenses are from budget line 2100 Purchase, work on, servicing and maintenance of hardware and software. The totality of the increase can be explained by increased expenses on this budget item due to new framework contracts signed with suppliers.

The increase in other external, non-IT costs is mainly due to expenses for the Study on the Centre as the linguistic shared service provider and evaluation of the Centre in the sum of EUR 124 000.

Expenses with other consolidated entities are mainly expenses for children facilities managed by other institutions. The increase is due to the increase in the number of children of the Centre's staff.

## Note 24: Operational expenses

Operational expenses comprise direct operational costs relating to the Centre's core activity of translation. The costs of translations undertaken by external language service providers are recorded under operational expenses. The translations are carried out on the basis of framework contracts in force or negotiated procedures with external language service providers. The price of translations resulting from the tender procedures depends on the language combination, domain and type of translation (translation, modification, revision, editing, EU trade mark, Community design, term list and terminology).

Operational expenses decreased by 1.67% in 2018 although the number of pages delivered by the Centre increased by 1.16%. This is due to savings realised on external translations due to the progressive implementation of the new pricing structure in new framework contracts. At the 2018 year-end, 52% of framework contracts were compliant with the new pricing structure, and the savings generated by implementation of the new pricing structure in 2018 amounted to EUR 1 080 519.

## A.6 Other information

### Number of employees

The following table summarises the number of staff members in place for the years ended 31 December 2018 and 31 December 2017, as set out in the establishment plan:

Number of staff		
	2018	2017
Administrator	129	131
Assistant	54	58
<i>Total</i>	<b>183</b>	<b>189</b>

In addition to the staff defined in the establishment plan, the Centre also employs contract and agency staff. A detailed breakdown of the Centre's total staff in place, as at 31 December 2018, is set out in the following table:

Number of staff					
	Officials	Temporary agents	Contract agents	Agency staff	Total
Administrator	41	88	11	0	140
Assistant	9	45	12	5	71
<i>Total</i>	<b>50</b>	<b>133</b>	<b>23</b>	<b>5</b>	<b>211</b>

### Related party transactions

The Centre's key management staff as at 31 December 2018 are as follows:

Grade	Number of staff
AD 14	1
AD 13	1
AD 12	2
AD 11	1
<i>Total</i>	<b>5</b>

The remuneration of key management staff is in accordance with the Staff Regulations of Officials of the European Communities. The Director uses a business car for both business and private purposes. There were no other transactions, such as loans or bonuses, made to these staff members.

### The Management Board

The members of the Management Board do not receive any payment for their duties, except the reimbursement of travel expenses that are paid only to the Member State representatives.

### Contingent assets, contingent liabilities and other significant disclosures

#### a) Contingent assets

The Centre has not recognised any contingent assets in 2018.

## Performance guarantees

The Centre currently has three 'performance guarantees' that assure recovery of damages related to the execution of the contract with service providers. Their main features are summarised in the table below:

Company	No of contract	No of guarantee	Guarantee amount (EUR)	Start date	Expiry date
Postes et Télécommunications	CDT/WANSIII/2014 (lot 1)	2015/761002665	40 000	20/07/2015	30 days after expiry of contract
Postes et Télécommunications	CDT/WANSIII/2014 (lot 2)	2015/961002579	20 000	–	30 days after expiry of contract
ONET	CDT/NET16 (lot 1)	LGSE 2016 14013363	5 800	–	30 days after expiry of contract

## b) Commitments against appropriations not yet consumed

The budgetary RAL ('Reste à liquider') is an amount representing commitments carried over for which payments have not yet been made. This is the usual consequence if there is a carryover of credit appropriations. On 31 December 2018, the budgetary RAL totalled EUR 3 302 204.

The accounting RAL is the part of the budgetary RAL which has not yet been consumed via the cut-off (year-end accruals). The year-end accruals that have been included as expenses in the Statement of financial performance 2018 amount to EUR 2 200 796. Therefore, the accounting RAL amounts to EUR 1 101 408.

## c) Operating leases

Description	Start date	Expiry date	Total lease value	Payments made in the current year	in EUR	
					Outstanding payments due	
					Up to one year	One to five years
Bechtle servers	02.07.2014	01.07.2019	44 420.60	6 663.06	4 442.06	0.00
Hewlett Packard 1 servers	28.03.2014	27.03.2019	79 584.60	15 916.92	3 979.23	0.00
Hewlett Packard 2 servers	17.09.2014	16.09.2019	171 734.80	34 346.96	25 760.22	0.00
System storage	01.01.2017	31.12.2021	567 184.42	120 050.16	120 050.16	240 100.16
BMW Gran Tourer	09.12.2015	08.12.2019	26 132.64	5 988.73	7 077.59	0.00
<b>Total</b>			<b>889 057.06</b>	<b>182 965.83</b>	<b>160 764.83</b>	<b>240 100.32</b>

## d) Contractual commitments for which budget commitments have not yet been made

The Centre entered into long-term legal commitments in respect of amounts that were not yet covered by commitment appropriations in the budget. The amounts correspond to amounts committed to be paid during the term of the contracts that are not covered by budget commitments as of year-end 2018.

These include the outstanding contractual commitment of EUR 3 129 048 for the rent of the Drosbach building and EUR 385 560 to cover the rent of the eBRC building used within the framework of the Data Centre and Disaster Recovery Plan.

## e) Other off-balance sheet commitments

As of 31 December 2018, the Centre had no other off-balance sheet commitments.

**f) Post balance sheet events**

No significant events occurred subsequent to the balance sheet date that would have a material impact on the financial statements.

# REPORTS ON THE IMPLEMENTATION OF THE BUDGET OF THE TRANSLATION CENTRE

B.1	Budgetary principles.....	29
B.2	Type of appropriations .....	29
B.3	Budget expenditure implementation 2018 and use of appropriations C1 .....	30
B.4	Budget expenditure implementation 2018 and use of appropriations C8 .....	31
B.5	Budget outturn.....	32
B.6	Reconciliation of the budget outturn and the economic outturn.....	34
B.7	Budget revenue 2018.....	35
B.8	List of transfers 2018.....	37

## B.1. Budgetary principles

In implementing its budget, the Centre applies the following budgetary principles in accordance with its Financial Regulation:

- (a) Principle of unity and of budget accuracy
- (b) Principle of annuality
- (c) Principle of equilibrium
- (d) Principle of unit of account
- (e) Principle of universality
- (f) Principle of specification
- (g) Principle of sound financial management.

## B.2. Type of appropriations

The Centre makes use of non-differentiated appropriations for its budget.

The Centre makes use of the automatic carryover of appropriations.

The Centre does not account for assigned revenue.

### B.3. Budget expenditure implementation 2018 and use of appropriations C1

in EUR

Chapter	Heading	Budget appropriation (1)	Executed commitments (2)	% committed (2/1)	Appropriations cancelled (1-2)	Executed payments (3)	% paid (3/1)	RAL – appropriations carried forward (2-3)
11	Staff in active employment	25 483 200.00	23 968 736.80	94.06%	1 514 463.20	23 888 050.35	93.74%	80 686.45
13	Missions and duty travel	78 700.00	64 178.97	81.55%	14 521.03	51 689.76	65.68%	12 489.21
14	Socio-medical infrastructure	266 300.00	257 663.71	96.76%	8 636.29	192 741.70	72.38%	64 922.01
16	Social services	77 400.00	75 900.00	98.06%	1 500.00	70 493.64	91.08%	5 406.36
17	Entertainment and representation	2 500.00	1 096.45	43.86%	1 403.55	1 025.45	41.02%	71.00
<b>TITLE 1</b>	<b>STAFF</b>	<b>25 908 100.00</b>	<b>24 367 575.93</b>	<b>94.05%</b>	<b>1 540 524.07</b>	<b>24 204 000.90</b>	<b>93.42%</b>	<b>163 575.03</b>
20	Rental of buildings and associated costs	3 002 700.00	2 930 856.89	97.61%	71 843.11	2 680 475.31	89.27%	250 381.58
21	Data processing, information technology	3 000 000.00	2 885 407.27	96.18%	114 592.73	2 242 826.59	74.76%	642 580.68
22	Movable property and associated costs	63 200.00	48 397.27	76.58%	14 802.73	34 960.62	55.32%	13 436.65
23	Current administrative expenditure	288 300.00	240 115.47	83.29%	48 184.53	183 513.23	63.65%	56 602.24
24	Postage and telecommunications	129 200.00	105 416.41	81.59%	23 783.59	85 573.61	66.23%	19 842.80
25	Expenditure on meetings	30 150.00	28 159.72	93.40%	1 990.28	23 767.22	78.83%	4 392.50
26	Expenditure on Management Board meetings	57 500.00	43 208.00	75.14%	14 292.00	26 080.79	45.36%	17 127.21
27	Consultations, studies and surveys	140 000.00	27 550.00	19.68%	112 450.00	0.00	0.00%	27 550.00
<b>TITLE 2</b>	<b>BUILDINGS, EQUIPMENT AND SUNDRY OPERATING EXPENDITURE</b>	<b>6 711 050.00</b>	<b>6 309 111.03</b>	<b>94.01%</b>	<b>401 938.97</b>	<b>5 277 197.37</b>	<b>78.63%</b>	<b>1 031 913.66</b>
30	External translation and related services	13 409 850.00	12 990 565.00	96.87%	419 285.00	11 122 978.72	82.95%	1 867 586.28
31	Interinstitutional cooperation	813 100.00	797 780.01	98.12%	15 319.99	628 502.35	77.30%	169 277.66
32	Expenditure relating to the eCdT programme	300 000.00	292 684.40	97.56%	7 315.60	222 833.16	74.28%	69 851.24
<b>TITLE 3</b>	<b>OPERATIONAL EXPENDITURE</b>	<b>14 522 950.00</b>	<b>14 081 029.41</b>	<b>96.96%</b>	<b>441 920.59</b>	<b>11 974 314.23</b>	<b>82.45%</b>	<b>2 106 715.18</b>
<b>TITLE 10</b>	<b>RESERVES</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00%</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00%</b>	<b>0.00</b>
	<b>TOTAL BUDGET</b>	<b>47 142 100.00</b>	<b>44 757 716.37</b>	<b>94.94%</b>	<b>2 384 383.63</b>	<b>41 455 512.50</b>	<b>87.94%</b>	<b>3 302 203.87</b>

## B.4. Budget expenditure implementation 2018 and use of appropriations C8

in EUR

Chapter	Heading	Budget appropriation (1)	Executed commitments (2)	% committed (2/1)	Executed payments (3)	% paid (3/1)	Payment appropriations cancelled (1-3)
11	Staff in active employment	145 205.92	121 034.14	83.35%	76 644.64	52.78%	68 561.28
13	Missions and duty travel	55 863.20	55 863.20	100.00%	5 128.57	9.18%	50 734.63
14	Socio-medical infrastructure	55 014.61	55 014.61	100.00%	37 579.87	68.31%	17 434.74
16	Social services	467.25	467.25	100.00%	373.90	80.02%	93.35
<b>TITLE 1</b>	<b>STAFF</b>	<b>256 550.98</b>	<b>232 379.20</b>	<b>90.58%</b>	<b>119 726.98</b>	<b>46.67%</b>	<b>136 824.00</b>
20	Rental of buildings and associated costs	280 256.50	280 256.50	100.00%	253 224.40	90.35%	27 032.10
21	Data processing, information technology	591 815.14	591 815.14	100.00%	564 378.98	95.36%	27 436.16
22	Movable property and associated costs	21 168.51	21 168.51	100.00%	16 790.07	79.32%	4 378.44
23	Current administrative expenditure	35 800.52	35 800.52	100.00%	25 196.39	70.38%	10 604.13
24	Postage and telecommunications	24 977.27	24 977.27	100.00%	16 697.09	66.85%	8 280.18
26	Expenditure on Management Board meetings	10 751.10	10 751.10	100.00%	5 868.79	54.59%	4 882.31
27	Consultations, studies and surveys	124 500.00	124 500.00	100.00%	124 500.00	100.00%	0.00
<b>TITLE 2</b>	<b>BUILDINGS, EQUIPMENT AND SUNDRY OPERATING EXPENDITURE</b>	<b>1 089 269.04</b>	<b>1 089 269.04</b>	<b>100.00%</b>	<b>1 006 655.72</b>	<b>92.42%</b>	<b>82 613.32</b>
30	External translation and related services	2 229 955.09	2 229 955.09	100.00%	2 220 149.99	99.56%	9 805.10
31	Interinstitutional cooperation	180 257.92	180 257.92	100.00%	163 730.10	90.83%	16 527.82
32	Expenditure relating to the eCdT programme	59 014.22	59 014.22	100.00%	57 854.18	98.03%	1 160.04
<b>TITLE 3</b>	<b>OPERATIONAL EXPENDITURE</b>	<b>2 469 227.23</b>	<b>2 469 227.23</b>	<b>100.00%</b>	<b>2 441 734.27</b>	<b>98.89%</b>	<b>27 492.96</b>
<b>TOTAL BUDGET</b>		<b>3 815 047.25</b>	<b>3 790 875.47</b>	<b>99.37%</b>	<b>3 568 116.97</b>	<b>93.53%</b>	<b>246 930.28</b>



## B.5. Budget outturn

	in EUR		
	2018	2017	% change
<b>Budget revenue</b>	<b>41 195 142.01</b>	<b>43 886 355.89</b>	<b>-6.13%</b>
Translation	38 806 742.35	41 948 960.47	-7.49%
Terminology	401 400.00	269 100.00	49.16%
Term lists	191 270.00	286 674.50	-33.28%
Interinstitutional cooperation – IATE database	734 002.93	807 354.44	-9.09%
Subtitling	127 428.00	83 558.00	52.50%
Other operating revenues	4 725.00	10 125.00	-53.33%
<b>Revenue from operations</b>	<b>40 265 568.28</b>	<b>43 405 772.41</b>	<b>-7.23%</b>
Financial income	7 795.67	9 202.12	-15.28%
Financial contribution from Luxembourg government	243 250.00	243 250.00	0.00%
Miscellaneous	678 528.06	228 131.36	197.43%
<b>Budget expenditure</b>	<b>44 757 716.37</b>	<b>46 029 380.77</b>	<b>-2.76%</b>
<i>Title 1 – Staff</i>			
Payments	24 204 000.90	24 473 870.57	-1.10%
Appropriations carried over	163 575.03	256 550.98	-36.24%
<i>Title 2 – Buildings, equipment and miscellaneous operating expenditure</i>			
Payments	5 277 197.37	4 785 212.74	10.28%
Appropriations carried over	1 031 913.66	1 089 269.04	-5.27%
<i>Title 3 – Operational expenditure</i>			
Payments	11 974 314.23	12 955 250.21	-7.57%
Appropriations carried over	2 106 715.18	2 469 227.23	-14.68%
<b>Budget outturn for the financial year</b>	<b>-3 562 574.36</b>	<b>-2 143 024.88</b>	<b>66.24%</b>
<b>Other</b>	<b>246 919.43</b>	<b>318 618.12</b>	<b>-22.50%</b>
Appropriations carried forward and subsequently cancelled	246 930.28	317 986.20	-22.35%
Exchange rate differences	-10.85	631.92	-101.72%
<b>Balance of the budget outturn account for the financial year</b>	<b>-3 315 654.93</b>	<b>-1 824 406.76</b>	<b>81.74%</b>
Outturn for the previous year	2 115 924.47	-128 218.77	-1750.25%
<b>Allocation to reserves (1)</b>	<b>554 626.00</b>	<b>4 068 550.00</b>	<b>-86.37%</b>
Usage and cancellation of the reserve for stability pricing	254 626.00	3 475 550.00	-92.67%
Usage of the reserve for exceptional investments (eCdT)	300 000.00	593 000.00	-49.41%
<b>Budget outturn to carry forward</b>	<b>-645 104.46</b>	<b>2 115 924.47</b>	<b>-130.49%</b>

- (1) The movements on the reserves in 2018 include the usage of part of the budget reserve for stability pricing (EUR 254 626) in order to balance the amending budget 1/2018 and to allocate part of the budget outturn carried over from 2017 (EUR 2 115 924) to the 2018 budget outturn. The other movement concerns the usage of part of the budget reserve for exceptional investments (EUR 300 000) corresponding to expenditure on the eCdT programme in 2018.

Since the Centre was established, amounts have systematically been allocated to reserves by reducing the 'Budget outturn to carry forward'. Taking into consideration all the allocations to the reserves and to the permanent prefinancing fund since the Centre's establishment, which total EUR 26 580 593, the adjusted budget surplus to carry forward would amount to EUR 25 935 489 instead of EUR -645 104. Further explanations of the movements of reserves and the permanent prefinancing fund are set out in the table below.

The 'Budget outturn to carry forward' of EUR -645 104 will be incorporated in the amending budget 2019 by using the reserve for pricing stability in addition to the usage of the reserve already foreseen for 2019.

## RESERVES AND PREFINANCING FUND CREATED FROM THE BUDGET SINCE THE CENTRE'S ESTABLISHMENT

Name of the reserve	Balance 2018	Description of the reserve
Reserve for stability pricing	9 387 991	Reserve created in 2011 to offset the fluctuations in client forecasts which may prevent the Centre from achieving a balanced budget, and to maintain relatively stable prices for clients.
Reserve for exceptional investments	663 136	Reserve created in 2011 for the development of eCdT, the Centre's programme for the management of the translation workflow.
Reserve for the disputed salary increase	0	Reserve relating to the effect on staff expenditure in 2013 of the disputed salary increase for 2011, as well as the salary increases for 2012 and 2013. This reserve was used prior to being cancelled since the dispute was settled by a decision of the budgetary authority.
Reserve for relocation expenses	0	Reserve created to cover expenses relating to the Centre's relocation in 2013. The reserve was fully used to cover removal expenses in 2013.
<b>Total temporary reserves created from the budget</b>	<b>10 051 127</b>	
Permanent prefinancing fund	16 529 466	Article 67(a) of the Centre's Financial Regulation provides for a permanent prefinancing fund that guarantees financing for the proper functioning of the Centre; Article 57(a) of the Regulation, which lays down detailed rules for the implementation of the Financial Regulation, stipulates that the amount of this fund may not be less than four-twelfths of the appropriations for the financial year.
<b>Total reserves and pre-financing fund</b>	<b>26 580 593</b>	

in EUR

	Reserve for stability pricing	Reserve for exceptional investments	Reserve for disputed salary increase	Reserve for relocation expenses	Permanent prefinancing fund	Total reserves and permanent prefinancing fund
<b>Balance as at 31 December 2011</b>	3 134 000	5 100 564	0	0	16 529 466	24 764 030
Allocation to reserves	1 847 574	0	0	1 250 000	0	3 097 574
Use/cancellation of the reserve	0	-831 200	0	0	0	-831 200
<b>Balance as at 31 December 2012</b>	<b>4 981 574</b>	<b>4 269 364</b>	<b>0</b>	<b>1 250 000</b>	<b>16 529 466</b>	<b>27 030 404</b>
Allocation to reserves	3 723 567	0	1 480 500	0	0	5 204 067
Use/cancellation of the reserve	0	-339 106	0	-1 250 000	0	-1 589 106
<b>Balance as at 31 December 2013</b>	<b>8 705 141</b>	<b>3 930 258</b>	<b>1 480 500</b>	<b>0</b>	<b>16 529 466</b>	<b>30 645 365</b>
Allocation to reserves	11 031 061	0	777 000	0	0	11 808 061
Use/cancellation of the reserve	-4 106 650	-686 002	-2 257 500	0	0	-7 050 152
<b>Balance as at 31 December 2014</b>	<b>15 629 552</b>	<b>3 244 256</b>	<b>0</b>	<b>0</b>	<b>16 529 466</b>	<b>35 403 274</b>
Allocation to reserves	0	0	0	0	0	0
Use/cancellation of the reserve	-5 046 468	-961 757	0	0	0	-6 008 225
<b>Balance as at 31 December 2015</b>	<b>10 583 084</b>	<b>2 282 499</b>	<b>0</b>	<b>0</b>	<b>16 529 466</b>	<b>29 395 049</b>
Allocation to reserves	2 535 083	0	0	0	0	2 535 083
Use/cancellation of the reserve	0	-726 363	0	0	0	-726 363
<b>Balance as at 31 December 2016</b>	<b>13 118 167</b>	<b>1 556 136</b>	<b>0</b>	<b>0</b>	<b>16 529 466</b>	<b>31 203 769</b>
Allocation to reserves	0	0	0	0	0	0
Use/cancellation of the reserve	-3 475 550	-593 000	0	0	0	-4 068 550
<b>Balance as at 31 December 2017</b>	<b>9 642 617</b>	<b>963 136</b>	<b>0</b>	<b>0</b>	<b>16 529 466</b>	<b>27 135 219</b>
Allocation to reserves	0	0	0	0	0	0
Use/cancellation of the reserve	-254 626	-300 000	0	0	0	-554 626
<b>Balance as at 31 December 2018</b>	<b>9 387 991</b>	<b>663 136</b>	<b>0</b>	<b>0</b>	<b>16 529 466</b>	<b>26 580 593</b>

## B.6. Reconciliation of the budget outturn and the economic outturn

The Centre's financial statements are prepared on an accruals basis, with transactions recorded during the period to which they relate. On this basis, the result for the year is indicated in the Statement of financial performance. However, the Centre uses a modified cash accounting system for preparing the budget outturn account and for budget reporting. In this system, only the payments made and the revenue received in the period are recorded, together with the payment appropriations that are carried forward. The difference between the budget outturn and the economic outturn is shown in the table below.

in EUR		
	2018	2017
<b>Economic result of the year</b>	<b>-2 903 141.28</b>	<b>-4 156 495.37</b>
A. Adjustments for items not included in the budget outturn but included in the economic outturn		
1. Adjustment for accrual cut-off (liabilities)	2 494 795.64	2 327 702.75
2. Reversal of accrual cut-off from previous year	-2 327 702.75	-2 616 430.27
3. Depreciation of intangible and tangible fixed assets	888 723.23	994 448.85
4. Prefinancing given in previous year and cleared in the year	0.00	0.00
5. Prefinancing received in previous year and cleared in the year	-3 327 214.11	-1 171 346.40
6. Recovery orders issued and not yet cashed	-2 400 389.73	-2 717 614.66
7. Payments made from carryover of payment appropriations	3 568 116.97	3 312 266.39
8. Change in work in progress	-471 000.00	-147 000.00
9. Accrued interests	0.00	0.00
10. Accrued income	0.00	-516 512.48
11. Prepaid expenses	34 257.97	451 141.26
Subtotal	-1 540 412.78	-83 344.56
B. Adjustments for items included in the budget outturn but not included in the economic outturn		
1. Asset acquisitions	-79 199.23	-87 969.85
2. Budgetary recovery orders issued before and cashed in the year	2 710 185.16	2 678 209.81
3. Payment appropriations carried over to the following year	-3 302 203.87	-3 815 047.25
4. Appropriations carried forward and subsequently cancelled	246 930.28	317 986.20
5. New prefinancing received in the year and remaining open as at year-end	1 548 227.21	3 327 214.11
6. Other temporary differences	3 959.58	-4 959.85
Subtotal	1 127 899.13	2 415 433.17
<b>Balance of the budget outturn account for the financial year</b>	<b>-3 315 654.93</b>	<b>-1 824 406.76</b>

## B.7. Budget revenue from operational activities 2018

in EUR

REVENUE SOURCE BY AGENCY- CORRESPONDS TO A BUDGET LINE	BUDGETED REVENUES 2018 (A)	RECOVERY ORDERS EST- ABLISHED IN THE FINANCIAL YEAR (B)	ENTITLE- MENTS CARRIED OVER FROM 2017 (C)	AMOUNTS RECEIVED ON ENTITLE- MENTS CARRIED OVER (D)	AMOUNTS RECEIVED ON 2018 ENTITLE- MENTS (E)	AMOUNTS RECEIVED 2018 (F=D+E)	SUMS STILL TO BE COLLECTED (G=B+C-F)	AVERAGE COLLECTION DATE* (in days)
European Environment Agency (EEA)	181 300.00	206 324.25	0.00	0.00	206 324.25	206 324.25	0.00	-18.20
European Training Foundation (ETF)	62 500.00	130 935.73	0.00	0.00	130 935.73	130 935.73	0.00	-14.92
European Monitoring Centre for Drugs and Drug Addiction (EMCDDA)	365 900.00	322 029.75	0.00	0.00	322 029.75	322 029.75	0.00	-14.78
European Medicines Agency (EMA)	3 355 000.00	2 853 590.85	0.00	0.00	2 853 590.85	2 853 590.85	0.00	-24.82
European Agency for Safety and Health at Work (EU-OSHA)	703 100.00	1 001 113.50	0.00	0.00	1 001 113.50	1 001 113.50	0.00	-27.32
European Union Intellectual Property Office (EUIPO)	7 592 200.00	5 607 557.78	0.00	0.00	5 607 557.78	5 607 557.78	0.00	-35.19
EUIPO – EU trade marks	15 309 700.00	14 848 298.62	0.00	0.00	14 848 298.62	14 848 298.62	0.00	-31.50
Community Plant Variety Office (CPVO)	100 000.00	31 148.25	0.00	0.00	31 148.25	31 148.25	0.00	-20.90
European Union Agency for Law Enforcement Cooperation (Europol)	43 300.00	20 835.75	0.00	0.00	20 835.75	20 835.75	0.00	-8.38
European Foundation for the Improvement of Living and Working Conditions (Eurofound)	302 300.00	292 603.00	0.00	0.00	292 603.00	292 603.00	0.00	-22.00
European Centre for the Development of Vocational Training (Cedefop)	86 100.00	79 415.60	0.00	0.00	73 962.60	73 962.60	5 453.00	-0.55
European Union Agency for Fundamental Rights (FRA)	1 008 900.00	960 215.55	0.00	0.00	960 215.55	960 215.55	0.00	-17.00
European Investment Bank (EIB)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
European Food Safety Authority (EFSA)	247 400.00	187 240.90	0.00	0.00	187 240.90	187 240.90	0.00	-31.21
The European Union's Judicial Cooperation Unit (Eurojust)	0.00	6 355.00	0.00	0.00	0.00	0.00	6 355.00	0.00
European Maritime Safety Agency (EMSA)	124 700.00	71 644.50	0.00	0.00	71 644.50	71 644.50	0.00	-21.64
European Aviation Safety Agency (EASA)	176 000.00	20 759.00	0.00	0.00	16 728.00	16 728.00	4 031.00	23.00
European Union Agency for Railways (ERA)	900 000.00	1 135 555.46	0.00	0.00	1 135 555.46	1 135 555.46	0.00	-32.25
European Network and Information Security Agency (ENISA)	12 000.00	21 863.60	3 690.00	3 690.00	20 782.60	24 472.60	1 081.00	-14.10
European Centre for Disease Prevention and Control (ECDC)	240 900.00	168 906.50	0.00	0.00	161 309.00	161 309.00	7 597.50	-5.38
European Border and Coast Guard Agency (Frontex)	315 600.00	492 468.00	0.00	0.00	492 468.00	492 468.00	0.00	8.87
Education, Audiovisual and Culture Executive Agency (EACEA)	598 200.00	651 189.05	0.00	0.00	651 189.05	651 189.05	0.00	-20.36
Executive Agency for Small and Medium-sized Enterprises (EASME)	13 600.00	4 013.00	0.00	0.00	4 013.00	4 013.00	0.00	-10.50
European Union Agency for Law Enforcement Training (CEPOL)	53 200.00	15 552.05	0.00	0.00	15 552.05	15 552.05	0.00	-16.33
Consumers, Health, Agriculture and Food Executive Agency (Chafea)	1 120 900.00	796 748.15	0.00	0.00	796 748.15	796 748.15	0.00	-19.44
European GNSS Agency (GSA)	11 300.00	35 971.35	0.00	0.00	35 971.35	35 971.35	0.00	-9.00
European Defence Agency (EDA)	1 600.00	16 528.00	1 425.00	1 425.00	5 195.00	6 620.00	11 333.00	1.00
European Chemicals Agency (ECHA)	1 473 000.00	1 458 193.10	0.00	0.00	1 458 193.10	1 458 193.10	0.00	-22.00
European Fisheries Control Agency (EFCA)	200 000.00	216 852.05	0.00	0.00	216 852.05	216 852.05	0.00	-21.38
Fusion for Energy Joint Undertaking (F4E JU)	46 600.00	23 289.35	0.00	0.00	23 289.35	23 289.35	0.00	-5.20
Innovation and Networks Executive Agency (INEA)	26 000.00	20 923.50	0.00	0.00	20 923.50	20 923.50	0.00	-17.80
European Institute of Innovation and Technology (EIT)	110 200.00	47 679.60	0.00	0.00	47 679.60	47 679.60	0.00	-14.33

\*Payments before the due date give a negative figure (in blue), payments after the due date give a positive figure (in red).

REVENUE SOURCE BY AGENCY- CORRESPONDS TO A BUDGET LINE	BUDGETED REVENUES 2018  (A)	RECOVERY ORDERS EST- ABLISHED IN THE FINANCIAL YEAR (B)	ENTITLE- MENTS CARRIED OVER FROM 2017 (C)	AMOUNTS RECEIVED ON ENTITLE- MENTS CARRIED OVER (D)	AMOUNTS RECEIVED ON 2018 ENTITLE- MENTS (E)	AMOUNTS RECEIVED 2018 (F=D+E)	SUMS STILL TO BE COLLECTED (G=B+C-F)	AVERAGE COLLECTION DATE*  (in days)
European Research Council Executive Agency (ERCEA)	57 400.00	30 032.50	0.00	0.00	30 032.50	30 032.50	0.00	-11.00
Research Executive Agency (REA)	22 500.00	11 592.35	0.00	0.00	11 592.35	11 592.35	0.00	-26.33
Clean Sky 2 Joint Undertaking (CS 2 JU)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
European Institute for Gender Equality (EIGE)	249 700.00	265 281.30	0.00	0.00	265 281.30	265 281.30	0.00	-12.69
SESAR Joint Undertaking (SESAR JU)	43 700.00	14 288.50	0.00	0.00	14 288.50	14 288.50	0.00	-23.50
Innovative Medicines Initiative 2 Joint Undertaking (IMI 2 JU)	26 000.00	1 623.60	0.00	0.00	1 623.60	1 623.60	0.00	-7.00
Fuel Cells and Hydrogen 2 Joint Undertaking (FCH 2 JU)	9 200.00	943.00	0.00	0.00	943.00	943.00	0.00	-18.00
European Asylum Support Office (EASO)	1 837 000.00	2 664 665.14	0.00	0.00	2 344 467.14	2 344 467.14	320 198.00	-10.00
Agency for the Cooperation of Energy Regulators (ACER)	164 400.00	80 597.95	0.00	0.00	80 597.95	80 597.95	0.00	-24.88
European Securities and Markets Authority (ESMA)	805 000.00	620 423.37	0.00	0.00	620 423.37	620 423.37	0.00	-18.08
European Banking Authority (EBA)	805 000.00	793 425.84	0.00	0.00	793 425.84	793 425.84	0.00	-17.62
European Insurance and Occupational Pensions Authority (EIOPA)	122 100.00	87 033.16	0.00	0.00	87 033.16	87 033.16	0.00	-30.78
Office of the Body of European Regulators for Electronic Communications (BEREC)	120 000.00	23 450.55	0.00	0.00	23 450.55	23 450.55	0.00	-18.38
European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA)	836 800.00	621 029.80	0.00	0.00	621 029.80	621 029.80	0.00	-22.13
Electronic Components and Systems for European Leadership Joint Undertaking (ECSEL JU)	5 900.00	2 829.00	0.00	0.00	2 829.00	2 829.00	0.00	-37.00
Single Resolution Board (SRB)	900 000.00	682 536.65	0.00	0.00	682 536.65	682 536.65	0.00	-25.29
European Schools (EURSC)	3 900.00	16 359.00	0.00	0.00	16 359.00	16 359.00	0.00	-9.00
Bio-Based Industries Joint Undertaking (BBI JU)	0.00	3 854.00	0.00	0.00	3 854.00	3 854.00	0.00	1.50
Shift2Rail Joint Undertaking (S2R JU)	0.00	2 829.00	0.00	0.00	2 829.00	2 829.00	0.00	-26.00
Revenue from new clients	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
European Commission (DG EMPL and DG JUST)	1 085 000.00	1 109 877.05	84 753.70	84 753.70	1 109 877.05	1 194 630.75	0.00	-20.04
European Parliament (EP)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Council of the European Union (Council)	168 400.00	129 177.00	0.00	0.00	129 177.00	129 177.00	0.00	-11.64
European Court of Auditors (ECA)	11 300.00	14 049.60	0.00	0.00	14 049.60	14 049.60	0.00	-13.00
Committee of the Regions of the European Union (CoR)	0.00	44 057.50	0.00	0.00	43 367.50	43 367.50	690.00	-15.64
European Economic and Social Committee (EESC)	0.00	16 991.75	0.00	0.00	16 991.75	16 991.75	0.00	-9.25
Court of Justice of the European Union (CJEU)	0.00	42 241.25	22 109.25	22 109.25	42 241.25	64 350.50	0.00	-14.50
European Central Bank (ECB)	122 600.00	54 741.00	0.00	0.00	39 111.00	39 111.00	15 630.00	-15.50
European Ombudsman (Ombudsman)	108 300.00	289 357.80	0.00	0.00	289 357.80	289 357.80	0.00	-18.71
European Data Protection Supervisor (EDPS)	841 500.00	434 823.05	0.00	0.00	422 867.45	422 867.45	11 955.60	2.62
Interinstitutional projects with the institutions (IATE)	734 000.00	734 002.93	0.00	0.00	734 002.93	734 002.93	0.00	-0.89
<b>TOTAL REVENUE FROM OPERATIONS</b>	<b>43 861 200.00</b>	<b>40 537 914.43</b>	<b>111 977.95</b>	<b>111 977.95</b>	<b>39 419 587.40</b>	<b>40 265 568.28</b>	<b>384 324.10</b>	<b>-12.08</b>

\*Payments before the due date give a negative figure (in blue), payments after the due date give a positive figure (in red).

## B.8. List of transfers 2018

in EUR

No	Date	Reinforced line	Heading	Debited line	Heading	Amount
1	27/04/2018	2330	Legal expenses	1100	Basic salaries	1 000
2	06/07/2018	2395	Other services provided by institutions and agencies	1100	Basic salaries	500
3	23/08/2018	2700	Limited consultations, studies and surveys	2100	Purchase, work on, servicing and maintenance of hardware and software	40 000
4	05/10/2018	2000	Rental of buildings and associated costs	2040	Fitting-out of premises	900
5	23/10/2018	2120	External services for the operation, implementation, development and maintenance of software and systems	2100	Purchase, work on, servicing and maintenance of hardware and software	80 000
6	07/11/2018	1120	Professional training of staff	1100	Basic salaries	6 000
7	07/11/2018	2232	Hire of vehicles	2010	Insurance	500
8	15/11/2018	3001	Technical services related to language services	3000	External translation services	15 000
9	15/11/2018	2500	Meetings in general	3000	External translation services	150
10	22/11/2018	2550	Miscellaneous expenditure on the organisation of and participation in conferences, congresses and meetings	2394	Dissemination	2 000

**REPORT ON BUDGETARY AND FINANCIAL MANAGEMENT 2018**

C.1 Financial resources and budgetary management.....39

C.2 Achievement of targets for the year.....48

## C.1 Financial resources and budgetary management

### 1. Initial and amending budget

The Centre's initial budget for 2018 (EUR 48.5 million) was subject to one amending budget.

The amending budget was adopted by the Management Board by written procedure on 26 September 2018 in order to include the updated forecasts received from clients, to reflect the result of the re-examination of all expenditure items and to incorporate the budget surplus carried over from the previous year (EUR 2.1 million). Finally, the Centre modified the usage of the reserve for stability pricing in order to balance the budget.

From the outset, the 2018 budget was planned as a deficit budget (EUR 4.5 million) in order to enable the consumption of part of the cumulative budget surplus from previous years. Due to higher than expected requests from clients, the final budget outturn of the year achieved a deficit of EUR 3.3 million.

#### *Movements in the budget in 2018*

in EUR

Title	Heading	Final budget 2018	Amending budget 1/2018	Initial budget 2018
<b>Revenue</b>				
1	Payments from agencies, bodies, offices and institutions	43 127 200	684 800	42 442 400
2	Subsidy from the Commission	p.m.	p.m.	p.m.
3	Interinstitutional cooperation	734 000	-44 000	778 000
4	Other revenue	610 350	-119 200	729 550
5	Surplus carried over from the previous financial year and transfers from reserves from previous years	2 670 550	-1 856 300	4 526 850
6	Refunds to clients	p.m.	p.m.	p.m.
	<b>Grand total</b>	<b>47 142 100</b>	<b>-1 334 700</b>	<b>48 476 800</b>
<b>Expenditure</b>				
1	Staff	25 908 100	-843 700	26 751 800
2	Buildings, equipment and miscellaneous operating expenditure	6 711 050	-361 000	7 071 900
3	Operational expenditure	14 522 950	-130 000	14 653 100
10	Reserves	p.m.	p.m.	p.m.
	<b>Grand total</b>	<b>47 142 100</b>	<b>-1 334 700</b>	<b>48 476 800</b>



## 2. Revenue cashed

### *Comparative analysis of budget revenue for 2018 and 2017*

in EUR			
Budget revenue	2018	2017	% change
Total revenue relating to the core operational activity	40 265 568	43 405 772	-7.2%
Financial income	7 796	9 202	-15.3%
Financial contribution received	243 250	243 250	0.0%
Miscellaneous	678 528	228 132	197.4%
<b>Total budget revenue</b>	<b>41 195 142</b>	<b>43 886 356</b>	<b>-6.1%</b>

The Centre's budget revenue is primarily composed of the revenue received from invoicing clients for services provided. It is subject to strict financial control and monitoring in accordance with the applicable regulatory framework. The Centre regularly contacts each client to request forecasts for their planned translation volumes and expenditure, and closely monitors clients' budget forecasts and expenditure.

The cashed revenue decreased by 6.1% from EUR 43.9 million in 2017 to EUR 41.2 million in 2018. The revenue decrease was mainly due to the smaller advance payments received from clients in 2018 for translation services to be invoiced in 2019. The advance payments received in 2018 achieved EUR 1.5 million compared with EUR 3.3 million in 2017. The net impact of movements on the advances collected was EUR -1.8 million. The remaining difference in decrease of revenues can be explained by higher reductions offered to clients in 2018 by applying the new pricing policy. The total reduction offered to clients in 2017 amounted to EUR 3.2 million (-38 899 pages) while the reduction offered in 2018 achieved EUR 4.4 million (-53 292 pages), i.e. 1.2 million more than in 2017. This means that the average price paid by clients during 2018 for the standard translation service was EUR 68.60 per page whereas the list price for the standard translation service is EUR 82 per page. The price reduction stimulated demand for the translation of documents as shown by the fact that the number of pages other than EU trade marks received from clients increased by 11.7% (+38 753 pages) in 2018.

Taking into consideration the above two aspects that are not linked to the yearly activities, the revenues for 2018 are slightly superior to 2017; this can also be seen from the statistics on the volume of pages in Chapter C.2 and from the economic result of the year in Chapter A.2.

The overall number of pages invoiced to clients is broadly in line with the previous year. In 2018, there was a 0.7% decrease in the total invoiced pages to clients. Drilling down into the main revenue components reveals that the number of translated pages of documents other than EU trade marks increased by 8.6% (+24 363 pages), while the translation of pages of EU trade marks decreased by 29 816 pages. The main reason for the inconsistency between the decrease in invoiced pages (-0.7%) compared with the overall increase in page output (1.2%) is the higher number of pages provided to clients free of charge as part of the new pricing policy, as explained in the previous paragraph.

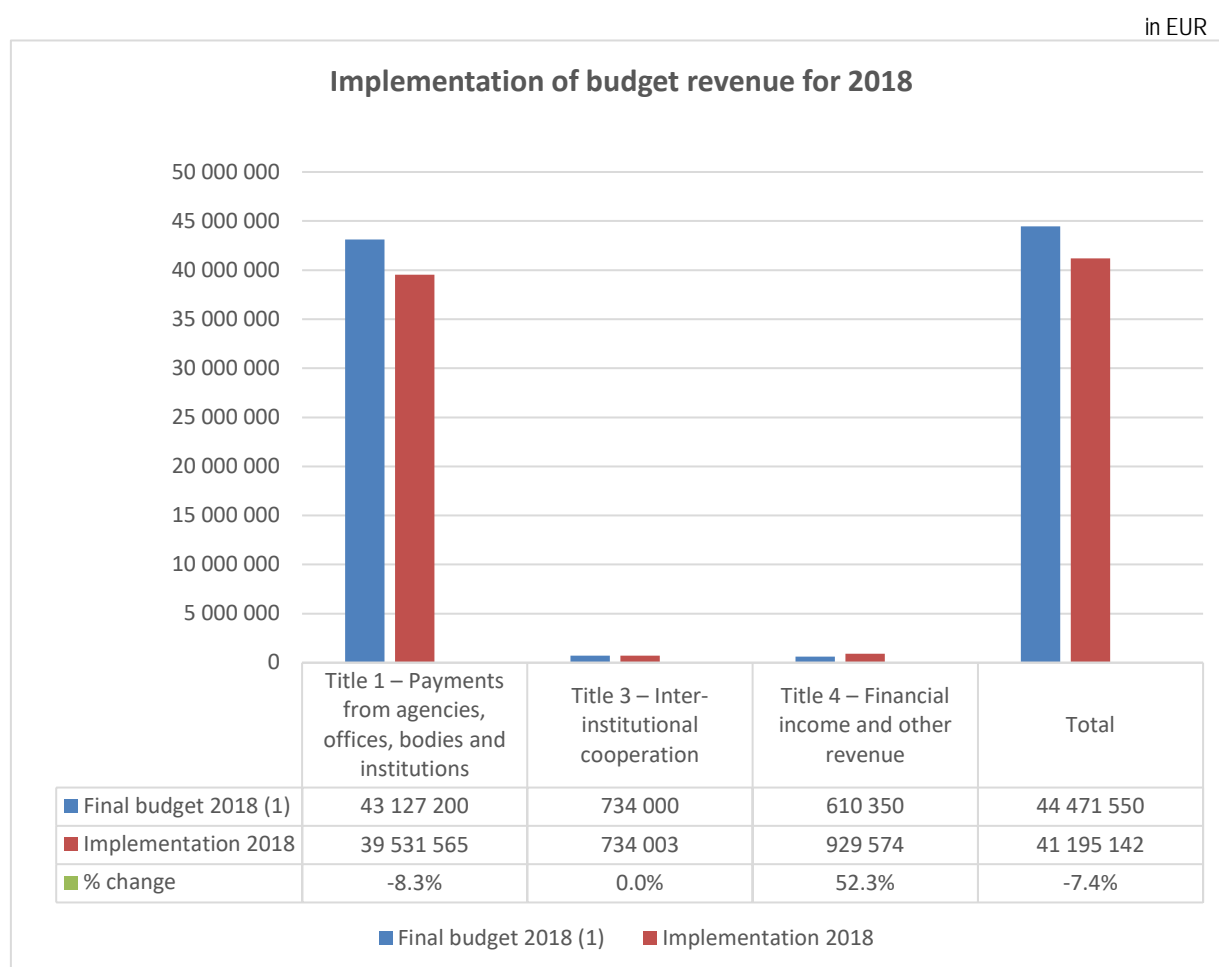
In 2018, financial income continued to decrease due to negative earnings on the financial markets in 2018. The main objective of the Centre's approach to treasury management in 2018 was to retain the nominal value of cash deposits and to avoid paying negative interest.

Since 2013, the Centre has received an annual financial contribution from the Luxembourg government of EUR 243 250 in order to compensate for the increased rental costs of the Drosbach building compared with the rental costs paid previously to the Luxembourg government for the Nouvel Hémicycle building.

The significant increase in miscellaneous revenues in 2018 is mainly due to re-invoicing DG OIL for rental of the office space on behalf of Chafea, which amounted to EUR 602 568. In 2018, the Centre collected rent for both 2017 and 2018. Other material items included in the miscellaneous revenues in 2018 are the

re-invoicing of data centre costs and parking spaces, as well as the collection of overpaid rent charges from previous years after the final statement was received in 2018 for the 2017 period.

### 3. Implementation of budget revenues



(1) Not including EUR 4 068 550 in Title 5 covering the 'Outturn for the previous year'

In 2018, the collection of revenue was 7.4% below the forecast in the amending budget 1/2018 (EUR -3.2 million), and the overall number of invoiced pages decreased by 0.7%. The decrease in collected revenues was visible for all documents, including EU trade marks. For documents other than EU trade marks the revenues were 11.3% below the forecast in the amending budget 1/2018, and for EU trade marks 3.0% below the forecast.

Lower collection of revenues from documents other than EU trade marks can be fully explained by the negative impact of the new pricing structure for the translation of documents introduced in January 2017. Based on information received from clients, the financial impact of the new pricing structure could not be reliably included in the budget forecasts. This was because the budget estimates for 2018 did not include the full impact of the new pricing structure for all clients, but only for the two main clients, the EUIPO and EMA. Given the financial impact of the new pricing structure for 2018, of -15.6%, and the EUIPO and EMA contributing a third of the Centre's revenues from documents, the lower collection of revenues from documents can be explained by the negative impact of the new pricing structure. For the amending budget 2019 and any subsequent budgets, the financial impact of the new pricing policy will be systematically included in the budget forecast by client.

A lower execution rate for EU trade marks was caused purely by a decrease in translation volumes. The number of EU trade mark pages delivered and invoiced to the EUIPO (412 834 pages) was 6.4% below

the forecast (441 350 pages) and -3.0% in financial terms. The decrease in revenues from EU trade marks is less than the decrease in the number of EU trade mark pages invoiced, because the fixed price component is not dependent on the number of pages delivered.

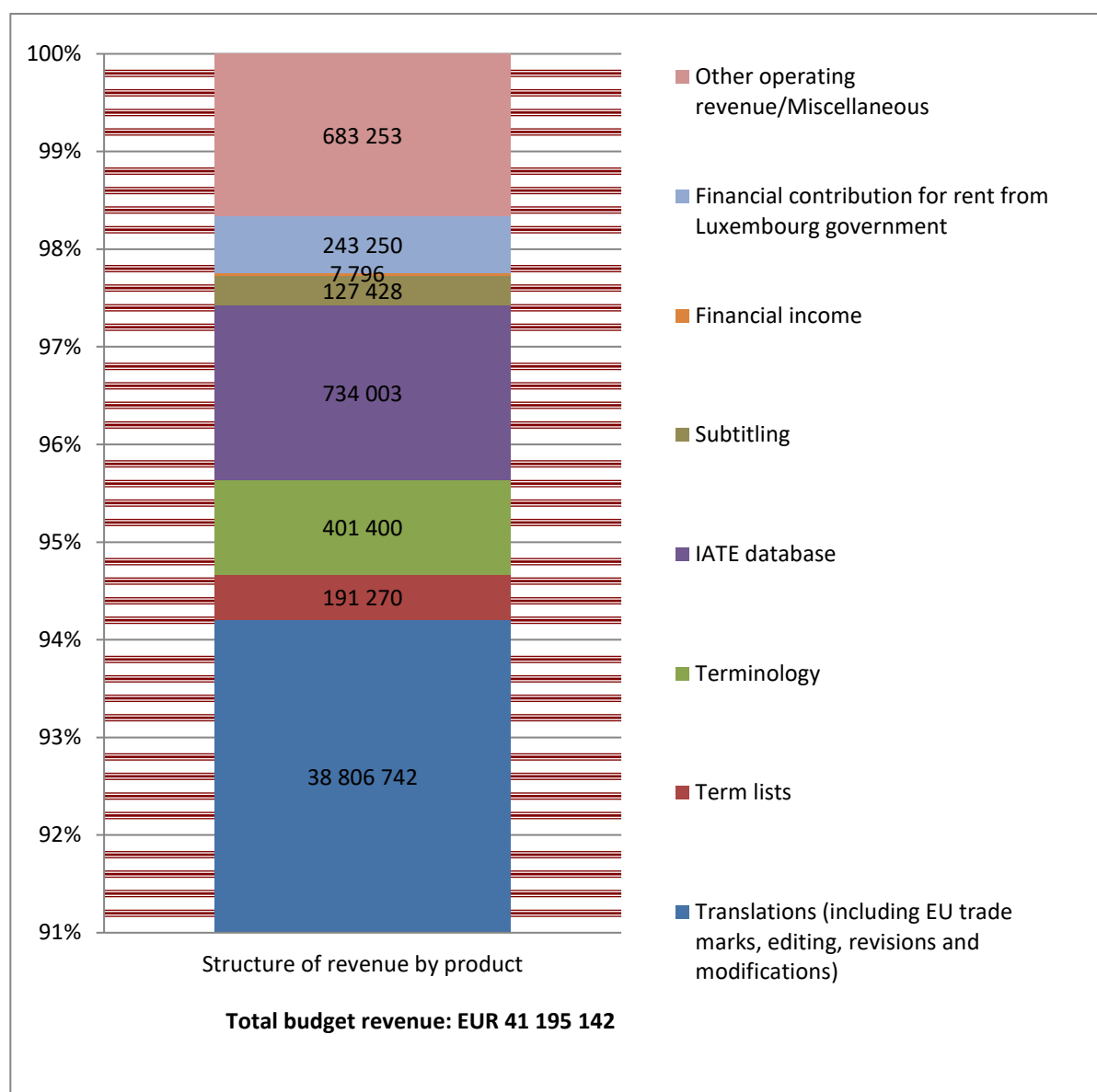
For more details on the progression of the number of pages handled by the Centre, see Fluctuations of forecasts versus actual volumes in 2018 in Chapter C.2. *Achievement of targets for the year.*

The over-execution of revenues from Financial income and Other operating revenue was due to the collection of revenue received in 2018 for the subletting of office space to the executive agency Chafea for 2017. At the 2017 year-end, the Centre had not yet reached agreement with DG OIL on the indexation of the rent charges for 2017; therefore, the revenue related to the 2017 rent (EUR 262 657) was only collected in 2018. Another revenue that was not forecast in the budget was the final clearance of building-related charges from the owner of the building for 2016, in the sum of EUR 71 550.

#### 4. Revenue broken down by activity

For 2018, the Centre's main source of revenue was translation work (translation of documents and EU trade marks, revision, editing and modification), representing some 94.2% of total revenue. The remaining 5.8% was the result of interinstitutional cooperation, terminology work, term lists, subtitling, a financial contribution from the Luxembourg government, bank interest and miscellaneous revenue, as shown in the graph above.

36.3% of the revenues from translation work were generated by the EU trade marks translated for the EUIPO (38.93% in 2017). Overall revenues from the Centre's biggest client, the EUIPO, in 2018 amounted to EUR 20 455 856, which represents 49.7% of the EUR 41 195 142 collected by the Centre in 2018 (46.5% in 2017).



## 5. Budget expenditure

### A. Execution of commitment appropriations

in EUR

Chapter	Heading	Expenditure 2018 (commitment execution)	Expenditure 2017 (commitment execution)	Change in EUR	% change
11	Staff in active employment	23 968 737	24 328 519	-359 782	-1.5%
13	Missions and duty travel	64 179	98 550	-34 371	-34.9%
14	Socio-medical infrastructure	257 664	250 518	7 146	2.9%
16	Social services	75 900	51 800	24 100	46.5%
17	Entertainment and representation	1 096	1 035	62	6.0%
<b>TITLE 1</b>	<b>STAFF</b>	<b>24 367 576</b>	<b>24 730 422</b>	<b>-362 846</b>	<b>-1.5%</b>
20	Rental of buildings and associated costs	2 930 857	2 850 980	79 876	2.8%
21	Data processing, information technology	2 885 407	2 497 002	388 405	15.6%
22	Movable property and associated costs	48 397	49 191	-794	-1.6%
23	Current administrative expenditure	240 115	211 652	28 464	13.5%
24	Postage and telecommunications	105 416	108 276	-2 859	-2.6%
25	Expenditure on formal and other meetings	28 160	3 708	24 452	659.4%
26	Expenditure on Management Board meetings	43 208	29 173	14 035	48.1%
27	Limited consultations, studies and surveys	27 550	124 500	-96 950	-77.9%
<b>TITLE 2</b>	<b>BUILDINGS, EQUIPMENT AND SUNDRY OPERATING EXPENDITURE</b>	<b>6 309 111</b>	<b>5 874 482</b>	<b>434 629</b>	<b>7.4%</b>
30	External translation and related services	12 990 565	14 056 920	-1 066 355	-7.6%
31	Interinstitutional cooperation	797 780	817 800	-20 020	-2.5%
32	Expenditure relating to the eCdT programme	292 684	549 758	-257 074	-46.8%
<b>TITLE 3</b>	<b>OPERATIONAL EXPENDITURE</b>	<b>14 081 029</b>	<b>15 424 477</b>	<b>-1 343 448</b>	<b>-8.7%</b>
<b>TITLE 10</b>	<b>RESERVES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>n/a</b>
	<b>TOTAL BUDGET</b>	<b>44 757 716</b>	<b>46 029 381</b>	<b>-1 271 664</b>	<b>-2.8%</b>

Due to rounding up, some figures do not represent the total figures exactly.

The execution of commitments in Title 1 decreased by 1.5% in 2018 compared with 2017 (EUR -362 846). The reasons for this decrease in staff costs are lower occupancy rates and a significant decrease in the number of promotions. Salary costs decreased even after applying the salary indexation of 1.7% for the latter half of 2018, promotions and step advancements.

The budget execution in Title 2 increased by 7.4% in 2018 compared with 2017 (EUR +434 629). The majority of the increase in Title 2 can be explained by an increase in Chapter 21 *Data processing, information technology*. This increase was due to postponement of some IT projects such as cloud services and the postponement of maintenance contracts from 2017 to 2018. The commitments in Chapter 25 *Expenditure on formal and other meetings* increased mainly due to organisation of the IATE 2 conference. This event promoted the new version of the IATE database maintained by the Centre.

The decrease in Chapter 27 *Limited consultations, studies and surveys* was due to the costs of the 'Study on the Centre as the linguistic shared service provider for the EU agencies and bodies' committed in 2017. In 2018, the Centre engaged consultancy services for implementation of Activity Based Management, but only EUR 27 550 out of EUR 137 750 was financed from the 2018 budget.

The expenditure for Title 3 decreased by 8.7% in 2018 (a decrease of EUR 1 343 448) due to the progressive application of the new pricing policy towards external linguistic providers. As a result of

application of the new framework contracts, the volume of translated pages is adjusted for the texts retrieved from translation memories. In 2018, an average reduction of 14.1% in terms of pages was received from suppliers, which represents EUR 1 080 519 in financial terms.

#### *Change in outsourcing of documents*

Description	in pages			
	2018	2017	Absolute change	Change in %
External language service providers (in pages)	570 144	545 447	24 697	4.5%
In-house translators	211 695	227 454	-15 759	-6.9%
Total pages	781 839	772 901	8 938	1.2%
% of outsourcing	72.9%	70.6%	2.4%	3.3%

Outsourcing increased in 2018 by 3.3% (72.9% in 2018 compared with 70.6% in 2017). The number of pages translated by the Centre's in-house translators decreased by 15 759 pages in 2018 compared with 2017. The pages by in-house translators also include EU trade mark pages translated by the Centre's translation memories without human intervention. The efficiency of translation memories for EU trade marks is constantly decreasing due to more extensive usage of translation memories by the EUIPO. Therefore, without taking into consideration the EU trade mark pages, the number of in-house translation pages increased compared with 2017.

The figures included in the table on outsourcing include the number of pages before retrieval from translation memories. Therefore, the above figures do not reflect the internal effort for translation, but rather the proportion of outsourcing on overall pages delivered to clients.

The increase of 4.5% in externally translated pages is in contradiction with the 7.6% decrease in the costs of external translation services under Chapter 30. This can be explained by usage of translation memories and progressive application of the new pricing policy towards external linguistic providers.

#### *B. Change in budget implementation (Titles 1-3)*

Description	in EUR			
	2018	Implementation 2018	2017	Implementation 2017
Budget	47 142 100	n/a	49 429 100	n/a
Commitments entered into	44 757 716	94.9%	46 029 381	93.1%
Appropriations cancelled	2 384 384	5.1%	3 399 719	6.9%
Payments made	41 455 513	87.9%	42 214 334	85.4%
Appropriations carried over	3 302 204	7.0%	3 815 047	7.7%

The execution of the budget expenditure improved over the previous year, with 94.9% of budget appropriations committed (93.1% in 2017) and the remaining 5.1% cancelled. The execution of payments increased as well (87.9% in 2018 compared with 85.4% in 2017), and 7.0% of the budget appropriations were carried over to the following year compared with 7.7% the previous year.

A total of EUR 2 384 384 of the budget in Titles 1-3 (5.1%) has not been used, which is significantly less than in the previous year, demonstrating that the Centre planned the budget in a more precise way. The under-consumption of expenses contributed to better financial results, that should be appreciated in particular given that the execution of revenues was 7.4% below the budget forecast (EUR -3.3 million). The under-consumption of expenses has thereby limited the negative financial impact of the under-execution of revenues. High execution of commitments can be observed across all budget titles, reaching almost 95% in 2018, as can be seen in the table below:

C. Budget implementation Titles 1-3 (including credit transfers)

in EUR

	Title 1		Title 2		Title 3		Total
Description	Amount	%	Amount	%	Amount	%	Amount
Budget	25 908 100	n/a	6 711 050	n/a	14 522 950	n/a	47 142 100
Commitments entered into	24 367 576	94.1%	6 309 111	94.0%	14 081 029	97.0%	44 757 716
Appropriations cancelled	1 540 524	5.9%	401 939	6.0%	441 921	3.0%	2 384 384
Payments made	24 204 001	93.4%	5 277 197	78.6%	11 974 314	82.5%	41 455 513
Appropriations carried forward	163 575	0.7%	1 031 914	15.4%	2 106 715	14.5%	3 302 204

### Title 1 – Staff

The initial budget in Title 1 was EUR 26 751 800. This decreased to EUR 25 908 100 in the amending budget 1/2018 due to lower than expected occupation rates and the departure of some staff. During 2018, 94.1% of the final budget (94.3% in 2017) was executed in terms of commitments, namely EUR 24 367 576 (EUR 24 730 422 in 2017), and 93.4% of the budget (93.3% in 2017) was consumed by payments. EUR 1 540 524 was left unused, representing 5.9% of the budget (EUR 1 490 478 and 5.7% in 2017). The main factor for under-execution of commitment was staff turnover in 2018, and therefore a lower fulfilment of the establishment plan. On the other hand, since commitments covering salaries and other staff-related expenditure cannot be carried over, the level of carryovers remained low (EUR 163 575 compared with EUR 256 551 in 2017). The relatively high budget implementation and the low amount of carryovers for Title 1 is due to the reasonable predictability of staff expenditure and good monitoring of payment execution in Title 1.

### Title 2 – Buildings, equipment and miscellaneous operating expenditure

The initial budget in Title 2 was EUR 7 071 900 which was reduced to EUR 6 711 050 in the amending budget 1/2018. This was close to the budget for 2017 which was EUR 6 936 700. The execution of commitments reached 94.0% in 2018, leaving EUR 401 939 unused. The implementation is significantly better than in 2017, when 84.7% of Title 2 was committed. The execution of payments is better in 2018, with the execution amounting to 82.5%, while the execution of payments was 69.0% in 2017.

The execution in the most important budget Chapter 20 covering rent and building-related charges has remained relatively high for many years, at 97.61% (98.2% in 2017), but the execution for IT expenses, the second most important budget chapter, increased to 96.18% which is significantly more than in 2017 (76.1%). This can be explained by the implementation of some postponed IT projects, such as document management and ARES or cloud services. On average, the execution of other chapters of Title 2 was around 80% due to the provisional nature of the commitments behind the expenses that cannot always be reliably estimated. The significant under-consumption in Chapter 27 *Consultations, studies and surveys* (19.68%) was mainly due to the postponement of part of the commitment for ABC and ABM consultancy services, because the main deliverables will only occur in 2019 and thus be covered from the 2019 budget.

The commitments carried over from 2018 to 2019 amounted to EUR 1 031 914, which is similar to the carryovers from 2017 to 2018 (EUR 1 089 269).

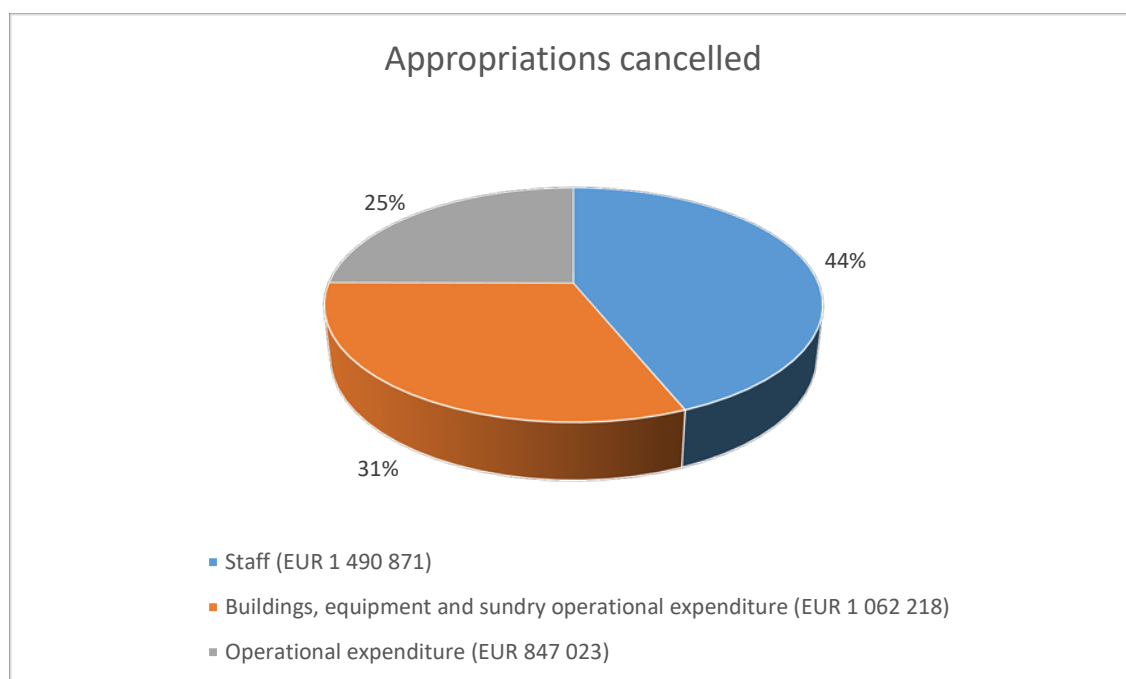
### Title 3 – Operational expenditure

The final budget in Title 3 was EUR 14 522 950, which was close to the figure in the initial budget 2018 (EUR 14 653 100). In Title 3, 97.0% of the budget (EUR 14 081 029) was used during 2018 compared with 94.8% used in 2017 (EUR 15 424 477). The budget execution of Title 3 in 2018 was thus 2.2% higher than the budget execution in 2017. The unused budget appropriations in this title are EUR 441 921 (EUR 847 023 in 2017), with EUR 417 285 of this relating to Item 3000 'External translation services' (EUR 703 080 in 2017).

The consumption in Title 3 is close to the budget appropriations available in the budget. The Centre will never be able to have full consumption of Title 3 because the translation requests received from clients are always subject to unpredictability, and the Centre must retain a certain margin for unforeseen translation requests. The Centre has carried out thorough monitoring of the consumption of Title 3 and, as result, in the amending budget, the Centre re-evaluated client forecasts and budget needs. Therefore, the execution of Title 3 as well as other titles is very close to the budget available.

The impact of the progressive implementation of the new pricing structure for the translation of documents for the Centre's external language service providers was reflected in the initial and amending budget from the outset.

#### *D. Appropriations cancelled*





## C.2 Achievement of targets for the year

The Centre closed the year with a total translation volume of 781 839 pages, which was 2.3% above the 764 323 pages planned in the initial budget for 2018 and 1.8% above the 768 118 pages planned in the amending budget 1/2018. Compared with 2017 (772 901 pages), there was a 1.2% increase in the total translation volume. These figures include documents and EU trade marks as well as those pages translated for the Centre's own needs. The number of translated pages invoiced following analysis to identify texts already in the Centre's translation memories is lower; this resulted in savings for clients and brings down the amount of invoiced pages to 720 402.

Documents accounted for 369 005 pages. This was 14.3% more pages than the target in the initial budget for 2018 (322 973 pages) and was 12.9% more than the target in the amending budget 1/2018 (326 768 pages). This also included 8 145 pages translated for the Centre's internal needs, of which most were for Management Board meetings (5 142 pages). The number of documents translated increased by 11.7% compared with 2017 (330 252 pages).

Of the total of 781 839 pages translated in 2018, 412 834 pages (52.8% of the total translated volume) accounted for EU trade marks, compared with 441 350 pages planned in the initial and amending budget for 2018. Compared with 2017, the number of translated EU trade marks decreased by 6.7% (-29 815 pages). EU trade marks remain the key product in the Centre's portfolio, amounting to 36.3% of the Centre's total revenue in 2018 (38.9% in 2017). In terms of invoiced pages, EU trade marks represented 57.3% of the total volume invoiced in 2018. The fluctuations of budget forecasts compared with actual invoiced volumes are shown in the chart below.

In addition to translation (which includes modification, editing and revision), the Centre offered other language services in 2018. Some 672 man-days were devoted to terminology work, and eight clients requested the translation of 47 861 'term list' entries, which includes 7 025 terms for Community Designs, 24 536 Euroclass terms and 176 other terms for the EUIPO. In 2017, the Centre produced 74 395 terms, mainly for the EUIPO, and undertook 231 man-days of terminology work.

Some 3 127 minutes of subtitling were produced for eight clients, of which 1 725 minutes were for the European Chemical Agency (ECHA) and 544 minutes for the EUIPO. In 2017, the Centre produced 2 455 minutes of subtitling, mainly for the ECHA and the EUIPO.

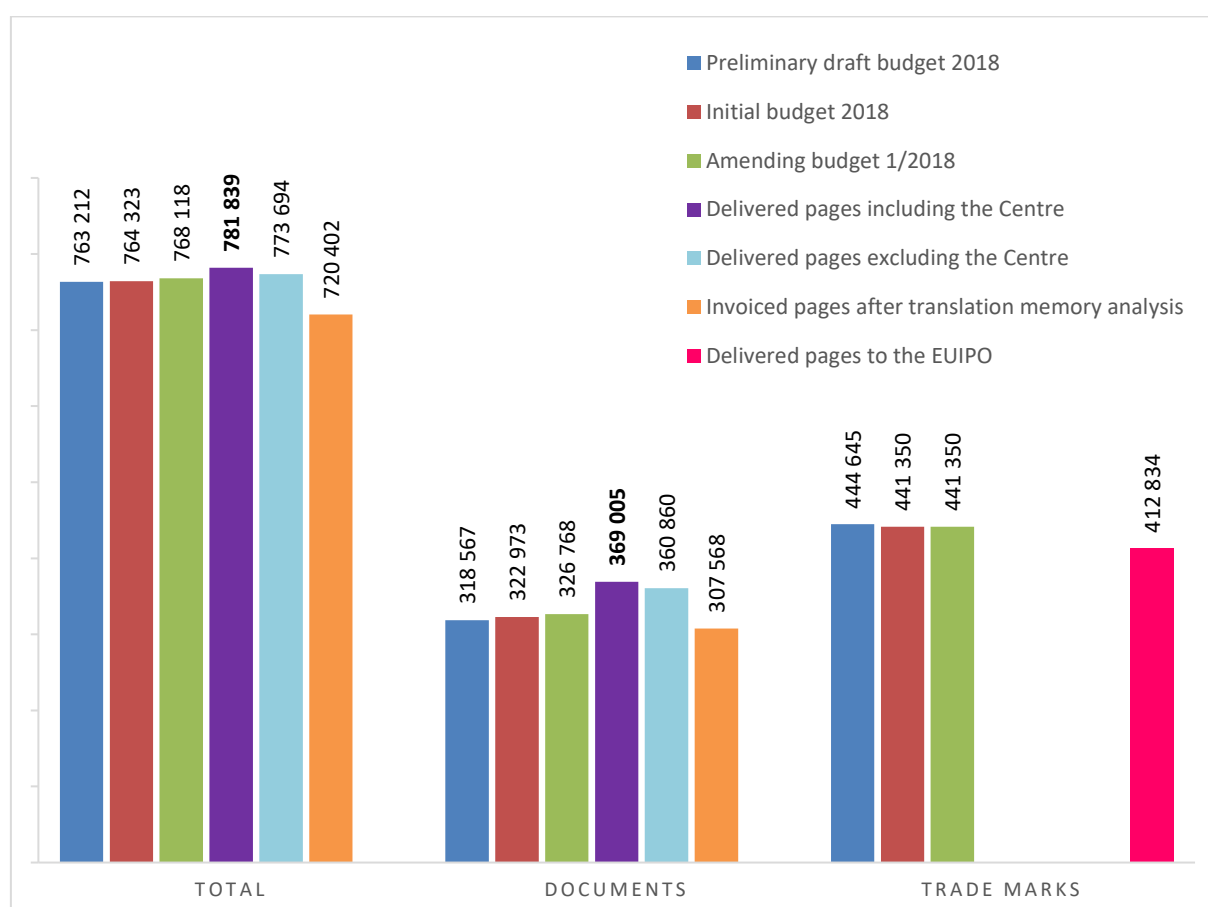
Based on the report from the working group, followed by the Centre's Management Board decision in October 2016, the Centre introduced a new pricing structure for the translation of documents as of January 2017. The new pricing structure grants a discount to clients for repetitive texts that are translated using the Centre's translation memories. As a result, the impact of the new pricing structure on the number of invoiced pages in 2018 was -15.9% (-53 292 pages), which corresponds to a total reduction of EUR 4 357 833 to the Centre's clients (-15.6%). The financial impact of the new pricing structure in 2017 was EUR 3 171 110 (-15.5%) with a reduction of 38 899 pages (-15.9%). The reduction in financial terms and in the number of pages was significantly higher in 2018 because a significant proportion of the pages and related revenues invoiced in 2017 was still driven by 2016 prices, for which the new pricing structure was not applied. In both years it was higher than expected, since the impact on the number of invoiced pages at the moment of implementation was estimated at -9.5%. The Centre also applies a similar pricing scheme to its suppliers that reflects the use of translation memories. In 2018, an average reduction of 14.1% in terms of pages was received from suppliers, which represents EUR 1 080 519 less in financial terms.

As part of the Centre's quality assurance assessment of its external language service providers, translations produced by its external providers are revised and evaluated by in-house translators prior to

delivery to clients. In 2018, in 98.7% of cases, the translations were assessed as being of reasonable or excellent quality.

Although the percentage of external translations of poor quality was low in 2018, the Centre took stringent measures against several contractors whose documents were judged to be repeatedly unsatisfactory. In 2018, a total of 460 outsourced translations were submitted to the Centre's internal assessment committee following an assessment of poor quality by the internal revisers. The results were judged to be conclusive, with poor quality being confirmed for 385 of them (83.7% of cases), and contractual measures taken against the contractors concerned. In some cases, these contractual measures included the termination of the framework contract, for instance if the contractor had provided raw or insufficiently edited machine translation output to the Centre.

Fluctuations of forecasts vs actual volumes in 2018 (in pages)



*Progression of pages translated 1995-2018*

