



EUROPEAN RESEARCH EXECUTIVE AGENCY (REA)

# **Final Annual Accounts European Research Executive Agency**

## **Financial Statements Reports on the implementation of the budget**

### **Financial year 2020**

The opinion of the REA Steering Committee is given by written procedure  
The accounts are sent to the Commission's Accounting Officer, the European Court of Auditors, the European Parliament and the Council.  
They will also be published on the REA website: <http://ec.europa.eu/research/rea/>

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## 1. INTRODUCTION

### 1.1. Legal Basis

The financial statements of REA and its report on budget implementation for 2020 were prepared in accordance with:

- Commission Regulation (EC) No 1653/2004 of the Council of 21 September 2004, on a Standard Financial Regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the Statute for executive agencies to be entrusted with certain tasks in the management of Community programmes, as last amended by Commission Regulation (EC) No 651/2008 of 09 July 2008;
- Regulation (EU, Euratom) 2018/1046 on the financial rules applicable to the general budget of the Union, repealing Regulation (EU, Euratom) No 966/2012 (2012 Financial Regulation);
- The Accounting Rules on accrual accounting adopted by the Accounting Officer of the Commission in December 2004 and last updated in December 2020.

### 1.2. Background Information

The European Research Executive Agency (hereinafter referred to as “REA” or as “the Agency”) was established in December 2007 by Commission Decision 2008/46/EC<sup>1</sup>. This Decision was repealed and replaced by Commission Decision 2013/778/EU<sup>2</sup> of 13 December 2013 establishing REA for the period 01.01.2014 to 31.12.2024.

REA operates in accordance with Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes, including budget implementation.

The Agency is entrusted with the management of selected actions of various parts of the Specific Programme Implementing Horizon 2020 – The Framework Programme for Research and Innovation (2014-2020)<sup>3</sup>, as well as with the implementation of the legacy of parts of specific programmes within the Seventh Framework Programme (Decision 1982/2006/EC).

The REA Delegation Act and its Annexes, adopted on 20 December 2013 by Commission Decision C(2013) 9418, state which parts of Horizon 2020 are delegated to REA, which tasks are managed for each project and how REA interacts with the European Commission (i.e. with REA’s parent DGs). It also details the mandate regarding the support services. The mandate was subsequently updated (see below).

Under the **current mandate**, REA:

- manages the following Horizon 2020 activities:
  - under “Excellent Science”:
    - Marie Skłodowska-Curie Actions;
    - Future Emerging Technologies – FET-Open<sup>4</sup>;

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<sup>1</sup> OJ L 11 of 15.1.2008, p.9.

<sup>2</sup> OJ L 346 of 20.12.2013, p.54.

<sup>3</sup> Regulation (EU) No 1291/2013 of the European Parliament and of the Council of 11 December 2013 establishing Horizon 2020 – the Framework Programme for Research and Innovation (2014-2020) and repealing Decision No 1982/2006/EC, OJ L 347 of 20.12.2013, p.104.

<sup>4</sup> For calls as of June 2019, the responsibility was transferred to the European Innovation Council Task Force, which is part of DG RTD. REA continues to support the implementation of these calls while remaining fully responsible for the management of projects financed under calls closing before June 2019.

- under “Industrial Leadership”:
    - Space Research;
  - under “Societal Challenges”:
    - Societal Challenge 2 – Food security, sustainable agriculture and forestry, marine & maritime and inland water research and the bio-economy;
    - Societal Challenge 6 – Europe in a changing world: Inclusive, innovative and reflective societies;
    - Societal Challenge 7 – Secure Societies – Protecting freedom and security of Europe and its citizens;
  - under “Horizon 2020 Specific Objectives”:
    - Spreading Excellence and Widening Participation;
    - Science with and for Society.
- continues to manage the legacy of all the FP7 actions from the previous mandate: Marie Curie Actions – People Specific Programme; Space Research and Security Research, both under the Cooperation Specific Programme; FP7 SME actions under the Capacities Specific Programme;
- Regarding support services, REA’s mandate since 2014 serves more clients and provides more services:
- For expert management: REA contracts and pays all expert evaluators for all services managing “Horizon 2020” except the European Research Council Executive Agency, some Joint Undertakings and “Horizon 2020 – Euratom”. Expert monitors (also referred to as "reviewers") remain to be managed by each service;
  - For participant validation services: REA provides validation services to all Horizon 2020 services and to a number of other programmes (e.g. Erasmus+, Creative Europe, Europe for Citizenship, COSME, programmes in the fields of health and consumers, justice and home affairs as well as agricultural promotion);

The Delegation Act was last amended by the Commission Decision C(2017) 4900 of 14 July 2017. This extension of the mandate entered into force on 1 January 2018 and delegated the following additional tasks to REA:

- to provide extended services related to the legal validation of participants and the preparation of financial capacity checks, in response to the obligation of the Single Electronic Data Interchange Area – SEDIA (based on Article 95(2) of the Financial Regulation), for all Direct Management operations (grants and procurements) managed by the Commission, the Executive Agencies and Joint Undertakings;
- to implement projects generating EU classified information funded under Societal Challenge 7 of Horizon 2020;
- 2020 was the last year of the 2014-2020 Multi Annual Financial Framework (MFF). Under its new mandate (2021-2027), the Agency will continue to manage the legacy of the previous programmes, to provide support services to applicants for grants and procurement operations. After the adoption of the new single establishment act, which is expected to enter into force on 1 April 2021, REA will also implement several parts of the successor to Horizon 2020, Horizon Europe as well as part of 2 other EU programmes (Promotion of Agricultural Products and Research Fund for Coal and Steel).

**External Audit**

The European Court of Auditors is required to scrutinise REA's accounts in line with the requirements of Article 248 of the Treaty on the Functioning of the EU.

**Discharge**

The European Parliament is the discharge Authority within the EU. This means that, following the audit and finalisation of the annual accounts, it falls to the Council to recommend and then to the European Parliament to give a discharge to the Director of REA for a given financial year.

## 2. FINANCIAL STATEMENTS 2020

### 2.1. REA balance sheet as of 31.12.2020 (in euros)

	Notes (section 2.5.2)	31.12.2020	31.12.2019	Variation Amount	Variation %
<b>ASSETS</b>		<b>13,260,955</b>	<b>13,063,398</b>	<b>197,557</b>	<b>2%</b>
<b>NON CURRENT ASSETS</b>		<b>1,967,564</b>	<b>2,318,663</b>	<b>-351,098</b>	<b>-15%</b>
<b>INTANGIBLE FIXED ASSETS</b>	2.5.2.1	<b>695,496</b>	<b>395,410</b>	<b>300,086</b>	<b>76%</b>
<b>TANGIBLE FIXED ASSETS</b>	2.5.2.2	<b>1,272,068</b>	<b>1,923,253</b>	<b>-651,184</b>	<b>-34%</b>
Plant and equipment		0	0		
Furniture and vehicles		6,908	7,808	-900	-12%
Computer hardware		31,885	79,250	-47,365	-60%
Others fixtures and fittings		1,115,539	1,679,939	-564,399	-34%
Computer hardware under finance lease		117,736	156,256	-38,520	-25%
<b>CURRENT ASSETS</b>		<b>11,293,391</b>	<b>10,744,735</b>	<b>548,655</b>	<b>5%</b>
<b>EXCHANGE RECEIVABLES</b>	2.5.2.3	<b>11,292,418</b>	<b>3,612,453</b>	<b>7,679,964</b>	<b>213%</b>
Current receivable customers		5,942	32,724	-26,782	-82%
Deferred charges		2,565,934	2,993,529	-427,594	-14%
Deferred charges with consolidated entities		176,373	55,669	120,703	217%
Sundry receivables		68,269	66,221	2,047	3%
Sundry receivables with consolidated entities		8,475,900	0	8,475,900	
Current receivable consolidated entities		0	457,310	-457,310	-100%
Accrued income		0	7,000	-7,000	-100%
<b>NON EXCHANGE RECEIVABLES</b>	2.5.2.4	<b>973</b>	<b>1,055</b>	<b>-82</b>	<b>-8%</b>
Accrued income		0	165	-165	-100%
Other current receivable		0	890	-890	-100%
Other current receivable with consolidated entities		973	0	973	
<b>CASH AND CASH EQUIVALENTS</b>	2.5.2.5	<b>0</b>	<b>7,131,227</b>	<b>-7,131,227</b>	<b>-100%</b>
<b>TOTAL LIABILITIES AND NET ASSET</b>		<b>13,260,955</b>	<b>13,063,398</b>	<b>197,557</b>	<b>2%</b>
<b>NON CURRENT LIABILITIES</b>		<b>90,242</b>	<b>121,153</b>	<b>-30,910</b>	
<b>NON CURRENT FINANCIAL LIABILITIES</b>	2.5.2.6	<b>90,242</b>	<b>121,153</b>	<b>-30,910</b>	<b>-26%</b>
Long Term Lease		90,242	121,153	-30,910	-26%
<b>CURRENT LIABILITIES</b>		<b>5,730,664</b>	<b>4,281,906</b>	<b>1,448,758</b>	<b>34%</b>
<b>CURRENT FINANCIAL LIABILITIES</b>	2.5.2.7	<b>44,704</b>	<b>33,881</b>	<b>10,824</b>	<b>32%</b>
Short Term Lease		44,704	33,881	10,824	32%
<b>CURRENT PAYABLE</b>	2.5.2.8	<b>506,381</b>	<b>65,932</b>	<b>440,449</b>	<b>668%</b>
Current payable vendor		83,167	64,971	18,196	28%
Other current payable		44,827	0	44,827	
Current payable consolidated entities		378,387	0	378,387	
Other current payable consolidated entities		0	961	-961	-100%
<b>SUNDRY PAYABLES</b>	2.5.2.9	<b>0</b>	<b>23,487</b>	<b>-23,487</b>	<b>-100%</b>
<b>ACCOUNT PAYABLE CONSOLIDATED ENTITIES</b>	2.5.2.10	<b>688,975</b>	<b>384,439</b>	<b>304,536</b>	<b>79%</b>
Prefinancing from consolidated entities		688,975	384,439	304,536	79%
<b>ACCRUED CHARGES AND DEFERRED INCOME</b>	2.5.2.11	<b>4,490,604</b>	<b>3,774,167</b>	<b>716,437</b>	<b>19%</b>
Accrued charges		2,215,914	1,524,914	691,000	45%
Accrued charges with consolidated entities		2,274,690	1,855,581	419,109	23%
Deferred income with consolidated entities		0	393,672	-393,672	-100%
<b>NET ASSET</b>		<b>7,440,049</b>	<b>8,660,340</b>	<b>-1,220,291</b>	<b>-14%</b>
<b>ACCUMULATED SURPLUS / (DEFICIT)</b>		<b>8,660,340</b>	<b>9,208,718</b>	<b>-548,379</b>	<b>-6%</b>
<b>ECONOMIC RESULT OF THE YEAR (profit+/loss-)</b>		<b>-1,220,291</b>	<b>-548,379</b>	<b>-671,912</b>	<b>123%</b>

## 2.2. REA Statement of financial performance (in euros)

	Notes (section 2.5.3)	31.12.2020	31.12.2019	Variation Amount	Variation %
<b>ECONOMIC RESULT OF THE YEAR</b>		<b>-1,220,291</b>	<b>-548,379</b>	<b>(671,912)</b>	<b>-123%</b>
<b>OPERATING REVENUE</b>		<b>79,108,528</b>	<b>75,580,028</b>	<b>3,528,499</b>	<b>5%</b>
<b>NON-EXCHANGE REVENUES</b>		<b>78,519,882</b>	<b>75,298,394</b>	<b>3,222,796</b>	<b>4%</b>
Other non exchange revenue		0	1,308		
Subsidy of he Commission	2.5.3.1	78,519,882	75,297,086	3,222,796	4%
<b>EXCHANGE REVENUES</b>		<b>588,646</b>	<b>281,634</b>	<b>307,012</b>	<b>109%</b>
Fixed assets related revenue		0	0	0	
Income w ith consolidated entities	2.5.3.2	558,136	241,566	316,570	131%
Exchange rate differences gains	2.5.3.3	542	335	207	62%
Other miscellaneous revenues	2.5.3.4	29,968	39,734	-9,766	-25%
<b>OPERATING EXPENSES</b>		<b>80,328,819</b>	<b>76,128,407</b>	<b>4,200,412</b>	<b>6%</b>
<b>EXCHANGE EXPENSES</b>		<b>80,328,819</b>	<b>76,128,407</b>	<b>4,200,412</b>	<b>6%</b>
Staff expenses	2.5.3.5	58,309,283	54,295,380	4,013,903	7%
Interest expenses	2.5.3.6	3,239	1,222	2,017	165%
Financial expenses	2.5.3.7	5,750			
Administrative and IT expenses	2.5.3.8	8,570,829	8,644,914	-74,085	-1%
Assets related expenses	2.5.3.9	766,358	806,968	-40,609	-5%
Land and building	2.5.3.10	12,672,340	12,379,153	293,187	2%
Exchange rate differences losses	2.5.3.11	1,020	770	250	32%

### 2.3. REA Cash flow statement (in euros)

	NOTES (section 2.5.4)	31.12.2020	31.12.2019
<b>Economic result of the year</b>		<b>-1,220,291</b>	<b>-548,379</b>
<b>Operating activities</b>			
Amortization (intangible fixed assets) (+)		69,806	63,424
Depreciation (tangible fixed assets) (+)		696,552	743,544
provision for doubtful debtor (+)		5,750	-
(Increase)/decrease in exchange receivables and non exchange recoverables - non current		-	-
(Increase)/decrease in non exchange receivable - current		-83	4,944
(Increase)/decrease in exchange receivable - current		476,295	-464,347
(Increase)/decrease in Receivables - Liaison Account with Commision -		-8,475,900	-
(Increase)/decrease in deferred charges and in echange and not exchange accrued income		314,056	853,950
Increase/(decrease) in provisions - non current			
Increase/(decrease) in provisions - current			
Increase/(decrease) in financial liabilities - non current		-30,910	121,153
Increase/(decrease) in financial liabilities - current		10,824	33,881
Increase/(decrease) in payables - non current			
Increase/(decrease) in payables - current		721,498	128,158
Increase/(decrease) in accrued charges and in exchange and not exchange differed income		716,437	951,136
<b>Total Operating activities net cash Flow</b>		<b>-6,715,966</b>	<b>1,887,464</b>
<b>Investing activities</b>			
(Increase)/decrease in intangible assets		-369,892	-246,003
(Increase)/decrease in tangible assets		-45,368	-814,453
<b>Total Investing activities net cash Flow</b>		<b>-415,260</b>	<b>-1,060,457</b>
<b>NET CASHFLOW</b>		<b>-7,131,227</b>	<b>827,007</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>-7,131,227</b>	<b>827,007</b>
Cash and cash equivalents at the beginning of the period		7,131,227	6,304,220
Cash and cash equivalents at year end		-	7,131,227



## 2.4. REA statement of changes in net assets (in euros)

	Accumulated Surplus (+) / Deficit (-)	Economic result of the year	Net assets (total)
<b>Balance as of 31 December 2019</b>	9,208,718	-548,379	8,660,340
Changes in accounting policies	0	0	0
<b>Balance as of 01 January 2020</b>	9,208,718	-548,379	<b>8,660,340</b>
Fair value movements			0
Allocation of the Economic Result of Previous Year	-548,379		
Economic Result of the year		-1,220,291	-1,220,291
<b>Balance as of 31 December 2020</b>	<b>8,660,340</b>	<b>-1,220,291</b>	<b>7,440,049</b>

## **2.5. Notes to the financial statements**

These financial statements cover the period from 1 January 2020 until 31 December 2020.

### ***2.5.1. Significant accounting policies***

#### ***Legal basis and accounting rules***

The accounts are kept in accordance with Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies.

REA being fully consolidated in the Commission accounts, the 2020 REA financial statements and report on implementation of the budget have been established in accordance with the legal basis described in the introduction.

These financial statements are prepared on the basis of the EU Accounting Rules as adopted by the Commission's Accounting Officer which adapt the International Public Sector Accounting Standards (IPSAS) (and in some cases the International Financial Reporting Standards) to the specific environment of the EU. The reports on implementation of the budget continue to be primarily based on movements of cash.

The accounting system of REA comprises general accounts and budget accounts. These accounts are kept in euros on the basis of the calendar year. The budget accounts give a detailed picture of the implementation of the budget. They are based on the modified cash accounting principle<sup>5</sup>. The general accounts allow for the preparation of the financial statements as they show all charges and income for the financial year and are designed to establish the financial position in the form of a balance sheet as at 31 December.

REA's financial statements have been drawn up using the methods of preparation as set out in the accounting rules laid down by the Commission's Accounting Officer.

#### ***Accounting principles***

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

Article 53 of the standard financial regulation for executive agencies<sup>6</sup> sets out the accounting principles to be applied in drawing up the financial statements:

#### ***Going concern basis***

When preparing financial statements an assessment of an entity's ability to continue as a going concern shall be made. Financial statements shall be prepared on a going-concern basis unless there is an intention to liquidate the entity or to cease operating, or if there is no realistic alternative but to do so. These financial statements have been prepared in accordance with the going-concern principle, which means that the Agency is deemed to have been established for an indefinite duration.

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<sup>5</sup> This differs from cash-based accounting because of elements such as carryovers.

<sup>6</sup> Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes and amended by Commission Regulation (EC) No 651/2008 of 09 July 2008.

### *Prudence*

The principle of prudence means that assets and income shall not be overstated and liabilities and charges shall not be understated. However, the principle of prudence does not allow the creation of hidden reserves or undue provisions.

### *Consistent accounting methods*

The principle of consistent accounting methods means that the structure of the components of the financial statements and the accounting methods and valuation rules may not be changed from one year to the next.

The Agency's Accounting Officer may not depart from the principle of consistent accounting methods other than in exceptional circumstances, in particular:

- a) in the event of a significant change in the nature of the entity's operations;
- b) where the change made is for the sake of a more appropriate presentation of the accounting operations.

### *Comparability of information*

The principle of comparability of information means that for each item the financial statements shall also show the amount of the corresponding item in the previous year.

Where the presentation or the classification of one of the components of the financial statements is changed, the corresponding amounts for the previous year shall be made comparable and reclassified. Where it is impossible to reclassify items, this shall be explained in the notes to the financial statements.

### *Materiality*

The materiality principle means that all operations which are of significance for the information sought shall be taken into account in the financial statements. Materiality shall be assessed in particular by reference to the nature of the transaction or the amount.

Transactions may be aggregated where:

- a) the transactions are identical in nature, even if the amounts are large;
- b) the amounts are negligible;
- c) aggregation offers more clarity in the financial statements.

### *No netting*

The no-netting principle means that receivables and debts may not be offset against each other, nor may charges and income, except where charges and incomes derive from the same transaction, from similar transactions or from hedging operations and provided that they are not individually material.

### *Reality over appearance*

The principle of reality over appearance means that accounting events recorded in the financial statements shall be presented by reference to their economic nature.

### *Accrual-based accounting*

The accrual-based accounting principle means that transactions and events shall be entered in the accounts when they occur and not when amounts are actually paid or recovered. They shall be booked to the financial years to which they relate.

### *Exception to the accounting principles*

Where, in a specific case, the Accounting Officer considers that an exception should be made to the application of one of the accounting principles defined above this exception must be duly substantiated and reported in the annex to the financial statements.

In parallel, the overall considerations (or accounting principles) to be followed when preparing the financial statements are also laid down in EU Accounting Rule 1 and are the same as those described in IPSAS 1, that is: fair presentation, accrual basis, going concern basis, consistency of presentation, aggregation, no offsetting and comparative information.

### ***Basis of preparation***

#### *Functional and reporting currency*

The financial statements are presented in euros, which is the functional and reporting currency of the EU.

#### *Transactions and balances*

Foreign currency transactions are recorded using the exchange rates prevailing at the date of the transactions.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary items in foreign currency into euros at year-end are recognised in the statement of financial performance.

#### *Chart of Accounts*

The chart of accounts used by REA follows the structure of the chart of accounts of the European Commission.

#### *Use of estimates*

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts presented and disclosed in the *Financial Statements* of REA. Significant estimates and assumptions in these financial statements require judgment and are used for, but not limited to, accrued income and charges, provisions, contingent assets and liabilities. Actual results reported in future periods may be different from these estimates. Changes in estimates are reflected in the period in which they become known.

### ***Balance sheet***

The balance sheet of REA is consisting of assets and liabilities.

#### *Assets*

Assets are non-physical/physical economically valued items owned and controlled by REA with the expectation that they will provide future benefit to the Agency.

#### *Intangible assets*

An intangible asset is an asset that is not physical in nature.

In the balance sheet of REA, intangible assets are mostly consisting of software licences. The latter are stated at historical acquisition cost less accumulated depreciation and adjusted for

eventual impairment. Intangible assets are amortised on a straight-line basis over the estimated / contractual useful life of the concerned asset.

According to EU Accounting Rule 6, internally developed intangible assets can be capitalised when the relevant capitalisation criteria are met. All costs directly attributable to the creation, production and preparation of the asset, to make it operational as intended by the management of the Agency, should be capitalised.

Costs associated with research activities, non-capitalisable development and maintenance are recognised (in the Statement of financial performance) as expenses when incurred.

REA considers a useful life of 4 years (25% amortisation rate) for its intangible assets.

#### *Tangible assets (Property, plant and equipment)*

A tangible asset is an asset that has a physical form.

Tangible fixed assets are stated at historical acquisition cost less accumulated depreciation and adjusted for eventual impairment.

Historical acquisition cost includes expenditures that are directly attributable to the acquisition or construction of the asset. Subsequent costs can be included in the asset's gross book value (or recognised as a separate asset), when these subsequent costs can be reliably measured and provide future economic benefit to the Agency.

Fixed asset repairs and maintenance costs are recognised as expenses (in the statement of financial performance) when incurred.

According to EU Accounting Rule 7, fixed assets are depreciated over their useful life and according to the straight-line depreciation method.

The following rates are applicable for the depreciation of fixed assets:

Asset type	Depreciation rate
Buildings	4%-10%
Plant and equipment	25%
Furniture and vehicles	10%-25%
Computer hardware	25%
Other fixed fixtures and fittings	10%-25%-33%

Pro-rata temporis depreciation is considered for assets acquired through the accounting year.

Assets under construction are not depreciated as long as not ready for use.

The gain/loss on the disposal of fixed assets is calculated by the difference between the proceeds of the sale of the asset and the net book value of the disposed asset. The gain/loss from the disposal of the asset is recognised in the Statement of financial performance.

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. Leases are classified as either finance leases or operating leases.

When entering a finance lease as a lessee, the assets acquired under the finance lease are recognised as assets and the associated lease obligations as liabilities as from the commencement of the lease term. Finance leases are leases where substantially all the risks and rewards incidental to ownership are transferred to the lessee. The assets and liabilities are recognised at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Over the period of the lease term, the assets held under finance leases are depreciated over the shorter

of the asset's useful life and the lease term. The minimum lease payments are apportioned between the finance charge (the interest element) and the reduction of the outstanding liability (the capital element). The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability, which is presented as current/non-current, as applicable. Contingent rents are charged as expenses in the period in which they are incurred.

#### *Receivables*

Current receivables (whose maturity is of less than 12 months at the balance sheet date) are included under current assets in the balance sheet.

Receivables are carried at their original value less an eventual write-down for impairment. A receivable write-down is accounted for when there is an objective risk that the receivable will be only partially or will not (at all) be collected at the date it becomes due or later. The amount of the write-down is calculated as the difference between the asset's book value and the expected recoverable amount. The write-down is recognised in the Statement of financial performance.

#### *Cash and cash equivalents*

Cash and cash equivalents refer to the line item on the balance sheet that reports the value of the Agency's assets that are cash or can be converted into cash immediately. They include cash-at-hand and deposits at banks.

#### *Liabilities*

Liabilities in the balance sheet of the Agency represent financial debts or obligations that arise during the course of the Agency's operations.

#### *Provisions*

Provisions are recognised when REA has a present legal or constructive obligation towards third parties as a result of past events, it is more likely that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. The amount of the provision is the best estimate of the expenses expected to be required to settle the present obligation at the reporting date.

#### *Payables*

Payables are recorded at their original amount when vendor invoices are received; related expenses are recognised in the Statement of financial performance when the goods and/or services are received and accepted by REA.

#### *Accruals and deferrals*

In accordance with the EU Accounting Rules, which aim at ensuring that the financial statements reflect a true and fair view of the Agency's operations, transactions and events are recognised in the financial statements in the period they relate to.

Therefore, an expense accrual is recorded in a specific accounting period when the related expense is incurred over the concerned period (goods / services have been delivered) but the invoice is not yet received and accounted for.

Revenue accruals are recorded in a specific accounting period when related services / goods have been delivered during the concerned period but the invoice has not yet been issued and accounted for.

On the other hand, should there be an invoice received/issued for goods / services not yet received / delivered, the related expense / revenue will be deferred and recognised in the subsequent accounting period (in which goods / services will be received / delivered).

### ***Statement of financial performance***

#### ***Revenue***

Non-exchange revenue represents the vast majority of REA's revenues and mainly consists of subsidies from the EU.

Exchange revenue is the revenue from the sale of goods and services. It is recognised when the goods / services are delivered to the purchaser. If services are rendered over successive accounting periods, associated revenue is recognised based on the stage of completion at the reporting date.

Interest income consists of received bank interests.

#### ***Expenses***

Exchange expenses arise from the purchase of goods/services. They are recorded in the Statement of financial performance when incurred, i.e. when related goods/services are delivered / consumed (according to the principles of accrual-based accounting).

Non-exchange expenses relate to transfers to beneficiaries and can be of two types mainly: entitlements and transfers under agreement.

Transfers to beneficiaries are recognised as expenses when (i.e. in the accounting period during which) the event giving rise to the transfer occurred under the condition that:

- the nature of the transfer is allowed by a regulation (Financial, Staff, other Regulation) and/or the transfer has been made according to a contract signed with the beneficiary;
- all eligibility criteria have been met by the beneficiary for the transfer to be made.

When a request for payment or cost claim is received and meets the above mentioned recognition criteria, it is expensed for the eligible amount. At the end of the accounting period, incurred eligible expenses (due to the beneficiaries but) not yet requested/claimed are estimated and recorded as accrued expenses.

### ***Contingent assets and liabilities***

#### ***Contingent assets***

A contingent asset is a possible asset that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not fully within the control of REA. It is not recognised because the amount of the asset cannot be measured with sufficient reliability. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

#### ***Contingent liabilities***

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not fully within the control of REA; or a present obligation that arises

from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or, in the rare circumstances where the amount of the obligation cannot be measured with sufficient reliability.

### **Consolidation**

According to Article 57 of the Standard Financial Regulation for the executive agencies, REA's accounts are consolidated with the Commission's annual accounts.

### **2.5.2. Notes to the Balance sheet**

#### **Non current assets**

##### **(1) Intangible fixed assets**

The intangible fixed assets at REA consist of computer software and internally generated IT tools.

To be capitalised, computer software should have a purchase price above € 700.

In compliance with Accounting Rule 6, internally developed intangible assets are capitalised since January 2010. Considering the size of REA's administrative budget, the threshold amount for capitalisation has been set at € 100,000.

The variation of the intangible fixed assets in 2020 is detailed as follows (in euros):

<b>Intangible Fixed Assets</b>	<b>Computer Software</b>	<b>Internally developed intangible fixed assets</b>	<b>Intangible assets under construction</b>	<b>Total</b>
<b>Gross carrying amounts 31.12.2019 (EUR)</b>	<b>4,258,440.43</b>	<b>1,278,908.84</b>	<b>189,122.14</b>	<b>5,726,471.41</b>
Additions			369,892.08	<b>369,892.08</b>
Disposals				<b>0.00</b>
Transfer between headings				<b>0.00</b>
<b>Gross carrying amounts 31.12.2020 (EUR)</b>	<b>4,258,440.43</b>	<b>1,278,908.84</b>	<b>559,014.22</b>	<b>6,096,363.49</b>
<b>Accumulated amortization and impairment 31.12.2019 (EUR)</b>	<b>-4,256,613.45</b>	<b>-1,074,447.84</b>		<b>-5,331,061.29</b>
Amortization	-974.98	-68,831.00		<b>-69,805.98</b>
Disposals				<b>0.00</b>
<b>Accumulated amortization and impairment 31.12.2020 (EUR)</b>	<b>-4,257,588.43</b>	<b>-1,143,278.84</b>	<b>0.00</b>	<b>-5,400,867.27</b>
<b>Net carrying amounts 31.12.2020 (EUR)</b>	<b>852.00</b>	<b>135,630.00</b>	<b>559,014.22</b>	<b>695,496.22</b>

In 2014, the Commission set up the Common Implementation Centre (CIC) in DG RTD, responsible for the implementation and support of IT systems for Horizon 2020. Following a partnership agreement, the CIC (representing the Research and Innovation DGs and DIGIT) has developed several IT tools (COMPASS, SYGMA,...). The development costs of these IT tools are shared among DGs without any financial participation of REA. DG Research and Innovation is the owner of these tools.

The Agency has nevertheless developed internally intangible assets for the management of the FP7 actions in order to cover functionalities that are not provided by the central tools. These assets are now fully amortised.

Since last 2018, the Agency is developing a new tool to facilitate the planning of the operational management of e-grants activities (OMEGA). This tool will be also used by other executive Agencies in the future. Some modules have already been put in production in 2018



and 2019. At the end of 2020, some modules are still under constructions. The developments of this year amounts to € 369,892.

### *(2) Tangible fixed assets*

Tangible fixed assets at REA consist of technical equipment, furniture, computer hardware, leasehold improvements, telecommunication and audio-visual equipment. Leasehold improvements and telecommunication and audio-categories are grouped under fixtures and fittings.

To be capitalised, tangible fixed assets should have a purchase price above € 700. Items with lower value are treated as expenses of the year; however, they are registered in the physical inventory.

The Agency has signed a usufruct contract for the Building COV2 covering the period 2008-2023 and a service-level agreement with OIB for the rent of COVE. The rent/usufruct instalments are paid annually and registered as expenses (not capitalised).

Nevertheless, the works made for the initial fitting out of the building COV2 have been capitalised over a useful life of 10 years under "other fixtures and fittings". These works are now fully depreciated.

The variation of the tangible fixed assets in 2020 is detailed as follows (in euros):

<b>Tangible Fixed Assets</b>	<b>Plant and Equipment</b>	<b>Furniture and vehicles</b>	<b>Computer hardware</b>	<b>Other Fixtures and Fittings</b>	<b>Other PPE Under leasing</b>	<b>Total</b>
<b>Gross carrying amounts 31.12.2019 (EUR)</b>	2,420.22	30,683.47	1,233,078.87	7,781,093.47	174,435.20	9,221,711.23
Additions		3,952.72	8,626.48	26,208.96	6,579.80	45,367.96
Disposals			-270,021.09			-270,021.09
<b>Gross carrying amounts 31.12.2020 (EUR)</b>	2,420.22	34,636.19	971,684.26	7,807,302.43	181,015.00	8,997,058.10
<b>Accumulated amortization and impairment 31.12.2019 (EUR)</b>	-2,420.22	-22,875.47	-1,153,828.87	-6,101,154.94	-18,179.20	-7,298,458.70
Depreciation		-4,852.72	-55,991.48	-590,608.44	-45,099.80	-696,552.44
Disposals			270,021.09			270,021.09
<b>Accumulated amortization and impairment 31.12.2020 (EUR)</b>	-2,420.22	-27,728.19	-939,799.26	-6,691,763.38	-63,279.00	-7,724,990.05
<b>Net carrying amounts 31.12.2020 (EUR)</b>	0.00	6,908.00	31,885.00	1,115,539.05	117,736.00	1,272,068.05

The main movement in tangible fixed assets that calls for a comment concern the category "Computer hardware". REA has carried out 2 decommissioning of obsolete IT equipment.

### **Current Assets**

#### *(3) Exchange receivables*

*Current receivable customers (€ 5,942)*

At the end of 2020, three recovery orders are open for a total value of € 11,692. As one of them was emitted last year and the debtor is bankrupt, the agency has booked a write-down for bad debt since the chances of recovering this amount (€ 5,750) are very low. Last year, three recovery order were not cashed at the end of December for a total amount of € 32,724. One of these recovery order (€ 24,000) was waived this year.

### *Deferred charges (€ 2,565,935)*

The deferred charges include the part of the usufruct instalment for REA's premises (offices in COV2) paid in 2020 and related to 2021 (2,479,221). This amount decreased by € 333,203 compared to 2019 because the Agency has reduced the surfaces occupied in the building COV2 and payable to a third party. The other prepaid charges (€ 86,714) mainly relates to IT maintenance.

### *Deferred charges consolidated entities (€ 176,373)*

The following amounts have already been invoiced but the services and material not yet delivered:

- € 165,000 from SCIC for audio-visual equipment;
- € 11,373 from DG EAC for trainees (period January to February 2021).

### *Sundry Receivables (€ 68,269)*

The sundry receivables relate to salary regularisations or other regularisations linked to the payroll vis-à-vis staff.

### *Sundry Receivables with consolidated entities (€ 8,475,900)*

Since March 2020, REA has been using DG BUDG's treasury services. The subsidy from the parent DG is no longer paid on REA's bank account. Each time the Agency requests a subsidy instalment from DG RTD, it is booked on a liaison account. The Commission executes all the payments authorised and validated by the Agency from the Commission's bank account. The counter part of the payment transactions executed on behalf of the Agency are also booked on the liaison account. The amount of € 8,475,900 corresponds to the balance available on the liaison account and is therefore considered as an amount receivable from the Commission.

### *Current receivable consolidated entities*

Tere are no uncashed recovery orders with other institution at the end of this year.

#### *(4) Non exchange receivables (€ 973)*

The amount relates to payroll regularisations with a consolidated entity.

#### *(5) Cash and cash equivalents*

As REA has been using the DG BUDG treasury services since March 2020, it closed its current bank account held with ING in June 2020. The Agency does not hold any petty cash or other cash equivalents.

### ***Non current liabilities***

#### *(6) Non current financial liabilities (€ 90,242)*

The amount corresponds to the portion of the debt due in more than one year for photocopiers acquired by the Agency via a financial lease contract.

## ***Current liabilities***

### *(7) Current financial liabilities (€ 44,704)*

The amount corresponds to the portion of the debt due within one year for photocopiers acquired by the Agency via a financial lease contract.

### *(8) Current payables*

#### *Current payable vendor (€ 83,167)*

The amount relates to outstanding commercial invoices with suppliers of goods and services.

#### *Other current payable (€ 44,827)*

Requests for reimbursement have been introduced by the staff at the end of 2020 for the purchase of office chairs in the context of compulsory teleworking following the pandemic. This amount will be reimbursed in 2021.

#### *Current payable with consolidated entities (€ 378,387)*

REA received at the end of 2020 several debit notes from consolidated entities that will be settled in 2021. These debit notes concern audiovisual equipment delivery and maintenance, services delivered by DG DIGIT and trainings delivered by EUSA in 2020.

### *(9) Sundry payables*

All amounts were settled at the end of December 2020.

### *(10) Accounts payable to consolidated entities*

#### *Pre-financing from consolidated entities (€ 688,975)*

The amount corresponds to the 2020 positive budgetary outturn to be reimbursed to DG Research and Innovation in 2021 after adoption of the final 2020 accounts.

### *(11) Accrued charges and deferred income*

#### *Accrued charges (€ 2,215,914)*

Accrued charges are expenses corresponding to goods and services provided to the Agency in 2020 but not invoiced at year end. The pending payment obligations of the Agency (called RAL – "Reste à Liquider") have been analysed to estimate the amount of accruals.

The amount relates to:

- goods and services delivered by suppliers in 2020 but not invoiced at year-end (€ 522,424), like IT consultancy, use of interim staff, IT maintenance, office supplies, legal support, trainings, staff perquisites;
- charges relating to untaken annual leave by staff € (1,693,490).

#### *Accrued charges with consolidated entities (€ 2,274,690)*

Accruals with consolidated entities concern goods and services provided by other EU institutions in 2020 in the framework of a Service Level Agreement and not yet invoiced as of 31.12.2020. The amount is distributed between different services of the Commission:

– OIB:	€ 1,963,837
– DG HR:	€ 256,963
– PMO:	€ 47,390
– EPSO:	€ 6,500

### **2.5.3. Notes to the Statement of financial performance**

#### ***Non-exchange revenues***

##### *(1) Subsidy of the Commission (€ 78,519,882)*

The Commission's subsidy is equal to the part of the Commission's contribution to the operating budget, received in 2020 by REA, used to cover the total expenditure of the year (the payments done during the year as well as the outstanding payment obligations at year-end – called RAL), reduced by the cancellation of unused amounts carried over from the previous year (unused RAL from previous year) and the recovery of unduly paid amounts (other income) and increased by the exchange rate losses (see budget outturn table under section 3.2).

This method for determining revenue follows the cashed-based accounting principle and results from the budget outturn.

#### ***Exchange revenues***

##### *(2) Income with consolidated entities (€ 558,136)*

This corresponds to the recovery of unduly paid amounts booked in charges in 2019 and to the re-invoicing to ERCEA of the rent of REA's 19<sup>th</sup> floor for the period from 01/01/2020 to 23/09/2020 (€ 393,672).

##### *(3) Exchange rate differences (€ 542)*

The amount results from exchange gains on payments in foreign currency.

##### *(4) Other operating revenue – miscellaneous (€ 29,968)*

The miscellaneous revenues include the re-invoicing of:

- legal costs incurred by the Agency in the context of a legal proceeding against beneficiaries of a grant (granted on the operational budget),
- amounts unduly paid and booked in charges in 2019 subsequently recovered in 2020.

#### ***Expenses***

##### *(5) Staff expenses (€ 58,309,283)*

Compared to last year, staff costs have increased by approximately € 4 million (7%). As in previous years, the number of positions occupied has increased as well as the cost of salaries due to indexation, seniority progression and reclassifications. Moreover, there is also an impact on staff costs as a result of the pandemic: Workload increased to mitigate this impact and the accrual for untaken holidays is therefore higher than last year due to a high number of days of untaken holidays. On the other hand, some recruitments were delayed reducing accordingly the staff expenses initially foreseen for 2020.

Staff expenses include:

- the gross salaries, allowances, social and pension contributions, an accrual for untaken holidays and other staff costs (€ 57,861,477);
- the amount paid to DG EAC for the trainees employed by the Agency during 2020 (€ 58,563);
- The employer's contribution to the school transport, contribution to staff public transport passes and other staff perquisites (€ 389,243).

*(6) Interest expenses (€ 3,239)*

It represents the interest expenses paid in 2020 for the financial leasing of photocopiers.

*(7) Financial expenses (€ 5,750)*

This amount corresponds to the write down for doubtful debts.

*(8) Administrative and IT expenses (€ 8,570,829)*

- € 6,063,727 relate to services provided by consolidated entities (OIB, DG DIGIT, DG HR, DG BUDG, DG SCIC, PMO, EPSO) in the framework of Service-Level agreements;
- € 2,483,102 relate to services or goods provided by external contractors in the following fields:

- material, office supplies, licence fees, maintenance (€ 845,455);
- IT support (€ 685,501);
- non IT services such as outsourced ex-post controls, interim staff (€ 602,168);
- missions (€ 138,601);
- legal assistance (€ 96,025);
- training (€ 66,703);
- communication (€22,619);
- Experts and related expenditure (€ 19,120);
- recruitment (€ 5,892);
- other (€ 1,018).

- € 24,000 relate to the waiving of 2 debit notes.

Compared to 2019, the total of administrative and IT expenses remained stable; however, some expenditure items have significantly decreased due to the impact of the pandemic namely:

- Missions (- € 0.44 million)
- Interim staff expenses (- € 0.29 million)
- Communication (- € 0.14 million)
- Experts and related expenditure (- € 0,13 million)
- Training costs (- € 0.12 million)

*(9) Assets related expenses (€ 766,358)*

These expenses relate to the depreciation charges of the Agency's tangible and intangible fixed assets respectively € 696,552 and € 69,806.

Depreciation expenses decreased compared to 2019 as some equipment is fully depreciated and not replaced.

*(10) Land and Building (€ 12,672,340)*

The amount includes the rent/usufruct instalments for REA's premises (offices in COV2 and the evaluation facility in COVE) and other building charges like maintenance, security and insurance.

Part of these expenses relate to services provided by consolidated entities in the framework of Service-Level agreements. This part represents € 8,890,269.

*(11) Exchange rate losses. (€ 1,020)*

Exchange rate losses result from payments in foreign currency.

**2.5.4. Notes to the Cash-flow statement**

Cashflow information is used to provide a basis for assessing the ability of REA to generate cash and cash equivalents, and its needs to utilise those cashflows.

The cashflow statement is prepared using the indirect method. This means that the economic result for the financial year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of revenue or expense associated with investing cashflows.

Cashflows arising from transactions in a foreign currency are recorded in the EU's reporting currency (Euro), by applying to the foreign currency amount the exchange rate between the euro and the foreign currency at the date of the cashflow.

The cashflow statement reports cashflows during the period classified by operating and investing activities.

*(1) Operating activities*

Operating activities reflect the cash generated / (used) from regular activities of REA. These are the majority of the activities performed.

*(2) Investing activities*

Investing activities reflect the cash generated / (used) from the acquisition and disposal of intangible and tangible fixed assets. The objective is to show the real investments made by REA.

As mentioned above, since March 2020, REA is using DG BUDG's treasury services. All payments and receipts are processed via the Commission's treasury system and booked on an inter-company account (liaison account).

The variation on this inter-company account is reflected under (Increase)/decrease in Receivables – Liaison Account with Commission –.

The Agency closed its current bank account held with ING in June 2020 and the balance of its bank account was transferred to the Commission's bank account.

**2.5.5. Contingent assets and liabilities**

The Municipality of Saint-Josse has invoiced the municipal tax on office space for the 2019 fiscal year to the bare owner of the Covent Garden building, which it considered as the

taxpayer. In accordance with the usufruct contract, such taxes are to be repaid by REA. The bare owner therefore lodged a complaint against this decision as REA is the ultimate party paying the taxes while it is exempted from payment of taxes under the protocol on privileges and immunities.

The Legal Service of the European Commission supports the bare owner on its complaint against the Municipality on behalf of OIB and the Executives Agencies concerned.

Despite the arguments of the lawyers of the bare owner contesting the interpretation of the municipality tax regulation with regard to the identification of the, there is nevertheless a risk that the College of the Municipality decides to maintain the tax. In such a case, based on Art. 17.2 of the usufruct contract, the bare owner would claim to REA the reimbursement of the taxes (€ 566,182 for fiscal years 2019 and 2020) paid to the Municipality.

To date, the decision of the College of the Municipality on this issue has still not been communicated to REA. If the contestation from the bare owner is rejected by the Municipality, the EC Legal Service would consider to further pursue the case before Court.

#### **2.5.6. Other disclosures**

##### ***Commitment for future expenditure***

<b>Commitments for future expenditure</b>	
Commitments made in 2020 and not yet paid as of 31.12.2020	4,744,782
Future charges related to the REA building	7,005,708
<b>Total</b>	<b>11,750,490</b>

Commitments made in 2020 and not yet paid as of 31.12.2020 correspond to the part of the budgetary RAL that will be used to pay for invoices related to services or goods that will be rendered in 2021. The amount increased with € 382,377€ compared to 2019.

The total future charges relate to the usufruct contract signed with a third party for the building COV2. It amounts to € 7,005,708. The period covered runs until 23.09.2023.

##### ***Covid***

The coronavirus outbreak has had huge impacts on the EU economy in 2020. Despite the challenges faced at the beginning of the pandemic, REA managed to quickly adapt its processes, way of working and continued to deliver of its objectives. Based on the information available at the date of the signature of these annual accounts, the main financial effects of the coronavirus outbreak on the Agency's activities have been described in the reports on the implementation of the budget and in the notes to the financial statements.

Indeed, the Agency had to reduce its 2020 budget. Additionnal transfers were also introduced. The detailed credit operations and reasons are explained under point 3.4.1. of the reports on the implementation of the budget of REA.

With respect to the statement of financial performance, compared to the 2019 annual accounts, some expenses decreased due to the pandemic, even though the impact of the latter cannot be assessed precisely. The detailed explanation is available in the notes related to the statement of financial performance under point 2.5.3.

## ***Brexit***

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

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

### ***2.5.7. Financial Instruments***

Financial instruments comprise cash, current receivables, current payables, amounts due to and recoverable from consolidated entities. Financial instruments may give rise to credit, liquidity, interest rate and foreign currency risks. Information about how they are managed is set out below.

#### ***Credit risk***

The credit risk is the risk of loss due to a debtor's default, when a contracted party fails to meet its contractual obligations.

It should be underlined that differed charges and receivables mainly concern consolidated entities.

REA has no credit risk anymore linked to the current bank account as it closed its bank account in June 2020. Moreover, as the largest amount of its receivables concerns consolidated entities which benefit from a "prime" rating, the credit risk is very limited and the maximum exposure to credit risk can be summarised as follows:

	<b>All receivables with third parties and accruals &amp; deferrals</b>	<b>Receivables with consolidated entities</b>	<b>Cash equivalent</b>	<b>Current bank account</b>
<b>31.12.2020</b>				
Counterparties <b>with</b> external credit rating:	0.00	8,476,873.19	0.00	0.00
Prime and high grade		8,476,873.19		
Upper medium grade				
Lower medium grade				
Non-investment grade				
Counterparties <b>without</b> external credit rating:	2,872,510.53	0.00	0.00	0.00
Debtors who never defaulted	2,872,510.53			
Debtors who defaulted in the past				



Age of financial assets not impaired 31.12.2020	Neither past due nor impaired	Past due but not impaired			Total
		< 1 year	1-5 years	> 5 years	
Receivables with third parties	2,640,145.02				2,640,145.02
Receivables with consolidated entities	8,476,873.19				8,476,873.19

### ***Liquidity risk***

Liquidity risk is the risk that a given asset cannot be converted quickly enough into cash to prevent a loss or meet an obligation.

The liquidity risk of the Agency is also very limited as the EU budgetary principles ensure that overall resources for a given year are sufficient for the execution of payments. These resources are held by the Commission and reflected in an inter-company account. Assets are liquid.

At the end of 2020, the Agency has a long term lease liability of € 90,242. The short-term payables are equal to € 1,195,357 out of which € 1,067,362 vis-à-vis consolidated entities.

### ***Foreign currency risk and interest rate risk***

Currency risk is the risk that the value of operations or investments will be affected by changes in exchange rates.

As only very few transactions are in other currency and amounts are not significant, REA has no foreign currency risk.

As the Agency has no bank account anymore and does not borrow money, it is not exposed to interest rate risk.

### ***2.5.8. Changes in accounting policies***

No change in accounting policy was introduced in 2020.

### ***2.5.9. Related party disclosures***

The related parties of REA are the key management personnel. They are responsible for the strategic direction and operational management of the Agency and are entrusted with significant authority to execute their mandate.

The highest-ranking civil servants of REA are shown hereunder.

Highest grade description	Grade	Number of persons in this grade
Director, Heads of Department and Heads of Unit	AD14	6
Heads of Unit	AD13	10
Heads of Unit	AD12	2

Transactions with these parties take place as part of the normal operations of the Agency and no specific disclosure requirements are necessary for these transactions in accordance with the EU accounting rules.

Their entitlements are composed of salary and allowances as determined for the relevant grade by the Staff Regulations. Further information can be found in the Staff Regulations published on the Europa website which is the official document describing the rights and

obligations of all officials of the EU. Key management personnel have not received any preferential loans.

### **2.5.10. Post balance sheet events**

Subsequent events are defined as events which occur between the year-end and the date on which the accounts are issued. Two types of events can be identified:

- subsequent events relating to an existing situation at year-end; the financial effect needs to be reflected in the annual accounts;
- subsequent events not related to an existing situation at 31 December of the financial year; no accounting entry is necessary, but the nature of the event, the estimate of the financial effect or the indication of impossibility of carrying out the estimate should be mentioned in the notes to the financial statements if the amount is significant.

The annual accounts and related notes were prepared using the most recently available information and this is reflected in the information presented above. At the date of signature of these accounts, the Accounting Officer has been informed of a transfer of IT material from REA to DIGIT.

In the context of the integration of the DIGIT’s Digital Workplace Solutions (DWP) services and according to the Service Level Agreement SLA DIGIT-043-05 Appendix A-8 DWP<sup>7</sup>, all IT equipment and licences, registered in REA’s inventory on 31.12.2020 (assets and non assets), identified to support the DWP Services, will be transferred in 2021 to DIGIT with effect on 1.01.2021 for IT equipment and on 01.04.2021 for copiers in leasing. The IT equipment to be transferred on 1.01.2021 represents the following values as of 31.12.2020:

<b>IT equipment</b>	<b>Acquisition value</b>	<b>Accumulated Depreciation</b>	<b>Net value 31/12/2020</b>
Asset	221,827.65 €	-201,613.65 €	20,214.00 €
Non Asset	950,342.88 €		
<b>Grand Total</b>	<b>1,172,170.53 €</b>		
<b>Copiers in leasing</b>	<b>Acquisition value</b>	<b>Accumulated Depreciation</b>	<b>Net value 31/12/2020</b>
Asset	181,015.00 €	-63,279.00 €	117,736.00 €

No further material issues had come to the attention of – or were reported to – the Accounting Officer that would require separate disclosure under this section.

<sup>7</sup> ARES(2021)620510 of 26/1/2021

### 3. REPORTS ON THE IMPLEMENTATION OF THE BUDGET

#### 3.1. Introduction

##### 3.1.1. Budgetary structure

The budgetary accounts are kept in accordance with the Standard Financial Regulation for executive agencies.

The budget is the instrument which, for each financial year, forecasts and authorises the revenue and expenditure considered necessary for the implementation of the Agency's activities.

The budget structure for REA consists only of non-differentiated administrative appropriations, meaning that the commitment and the payment appropriations are of the same amount. Non-differentiated appropriations are used to finance operations of an annual nature (which comply with the principle of annuality).

The appropriations are split into commitment and payment appropriations:

- Commitment appropriations (CA): cover the total cost of the legal obligations entered into for the current financial year;
- Payment appropriations (PA): cover expenditure arising from commitments entered into in the current financial year and/or the previous financial year.

The main sources of appropriations are:

- The budget for the current year, which corresponds to the initial adopted budget and its subsequent amending budgets and transfers (fund source C1);
- The non-differentiated payment appropriations carried over from the previous year (fund source C8).

The 2020 budget is distributed in the following budget titles:

Budget Title	2020 Commitment appropriations (C1)	Payment Appropriations carried over from 2019 (C8)	TOTAL
Title 1 - Staff expenditure	60,529,435	349,281	60,878,716
Title 2 - Infrastructure and operating expenditure	11,912,190	1,904,009	13,816,199
Title 3 - Programme support expenditure	7,268,140	4,536,802	11,804,942
TOTAL	79,709,765	6,790,092	86,499,857

Title 1 budget lines are related to staff expenditure:

- Chapter 11: remuneration, allowances and charges for the statutory Staff of the Agency paid directly to the staff member and included in the salary pay slip as well as expenses for interim supportive staff and trainees;
- Chapter 12: specific Staff related charges, costs for missions, training courses, medical service, staff perquisites (e.g. public transport reimbursements) and internal meeting expenses are incorporated under this chapter. The costs of recruitments and of any change of personnel incurred by the Agency are also included.

Title 2 budget lines relate to infrastructure and operating expenditure:

- Chapter 21: Building expenditure. The rent is fixed through a usufruct contract signed by the Agency and/or the Commission following a tender procedure launched to the benefit to the European Commission and its consolidated entities. Charges for the maintenance,

- cleaning, security, heating, etc. of the building, and costs of the fitting out of premises are also included under this chapter;
- Chapter 22: ICT expenditure. This includes the purchase of equipment, licences, support for maintenance, specific IT developments and IT services;
  - Chapter 23: Movable property and Current Operating expenditure. This chapter covers the costs of furniture and office supplies for the Agency and its staff and other current operating expenditure.

Title 3 budget lines relate to programme support expenditure:

- Chapter 31: Programme Management expenditure such as external communication, information and ICT expenses as well as external audits and missions. This budget chapter concerns administrative expenditure directly related to the management of operational activities delegated to the Agency.
- Chapter 32: Common Support Services expenditure, such as building and ICT expenses for the Common Evaluation Platform and Common Support Services as well as meetings of experts.

### ***3.1.2. Budgetary principles***

The budget of REA has been established in compliance with the principles of unity, budget accuracy, annuality, equilibrium, unit of account, universality, specification, sound financial management and transparency as set out in the standard Financial Regulation for the executive agencies.

#### *Principle of annuality*

The appropriations entered in the budget shall be authorised for one financial year which shall run from 1 January to 31 December, inclusive.

Commitments shall be entered in the accounts on the basis of the legal commitments entered into up to 31 December.

Payments shall be entered in the accounts for a financial year on the basis of the payments effected by the Accounting Officer by 31 December of that year at the latest.

#### *Principle of equilibrium*

The Agency's budget revenue and payment appropriations must be in balance.

Commitment appropriations may not exceed the amount of the Community subsidy, plus own revenue and any other revenue. The Agency may not raise loans.

#### *Principle of unit of account*

The budget shall be drawn up and implemented in Euro and the accounts shall be presented in Euro. However, for cash-flow purposes, the Accounting Officer and, in the case of imprest accounts, imprest administrators shall be authorised to carry out operations in national currencies.

#### *Principle of universality*

Total revenue shall cover all expenditure. All revenue and expenditure shall be entered in full without any adjustment against each other.

### *Principle of specification*

The appropriations in their entirety shall be earmarked for specific purposes by title and chapter; the chapters shall be further subdivided into articles and items.

The Executive Agency's Director, following powers delegated by the Steering Committee, may authorise transfers from one article to another within each chapter. Transfers between chapters/titles may be authorised by the Agency's Steering Committee.

### *Principle of sound financial management*

Budget appropriations shall be used in accordance with the principle of sound financial management, that is to say, in accordance with the principles of economy, efficiency and effectiveness.

The principle of economy requires that the resources used by the Agency for the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price.

The principle of efficiency is concerned with the best relationship between resources employed and results achieved.

The principle of effectiveness is concerned with attaining the specific objectives set and achieving the intended results.

### *Principle of transparency*

The budget shall be drawn up and implemented and the accounts presented in compliance with the principle of transparency. The budget, as finally adopted, shall be published in the Official Journal of the European Union and amending budgets shall be published in an appropriate way within two months of their adoption.

#### **3.1.3. Key data**

<b>Budget</b>	<b>€ 79,709,765</b>
<b>Commitments Appropriations (fund source C1)</b>	99,54% of the current year's commitment appropriations are implemented 9,91% of the appropriations are carried forward to 2021
<b>Payments</b>	90,09% of the current year's payment appropriations are implemented 97,5% of the payment appropriations carried-over from 2019 are implemented

#### **3.2. Budget Result**

The budgetary outturn account was prepared in accordance with the requirements of Article 244 of Commission Regulation (EU, Euratom) No 2018/1046 and in accordance with Article 56 of the Standard Financial Regulation for executive agencies.

The revenue entered in the accounts is the amount actually received during the course of the year. For the purpose of calculating the budget result for the year, expenditure comprises payments made against the year's appropriations plus any of the appropriations for that year that are carried over to the following year. Payments made against the year's appropriations mean payments that are made by the accounting officer by 31 December of the financial year.

The following are added to or deducted from the resulting figure:

- the cancellations of payment appropriations carried over from previous years (added),
- the balance of exchange-rate gains (added) and losses (deducted) recorded during the year.

***Budget outturn table in EUR***

		2020	2019	
<b>REVENUE</b>				
	Balancing Commission subsidy	+	79,208,856.79	75,681,525.01
	Revenue accruing from other EU bodies and institutions		457,310.21	
	Other income	+	198,719.85	179,080.15
<b>TOTAL REVENUE (a)</b>			<b>79,864,886.85</b>	<b>75,860,605.16</b>
<b>EXPENDITURE</b>				
<i>Title I: Staff</i>				
	Payments	-	60,082,231.31	56,793,664.22
	Appropriations carried over	-	408,061.38	349,280.74
<i>Title II: Administrative Expenses</i>				
	Payments	-	8,850,186.10	9,600,326.38
	Appropriations carried over	-	2,866,909.75	1,904,009.13
<i>Title III: Operating Expenditure</i>				
	Payments	-	2,549,742.28	2,581,908.07
	Appropriations carried over	-	4,587,785.70	4,536,801.98
<b>TOTAL EXPENDITURE (b)</b>			<b>79,344,916.52</b>	<b>75,765,990.52</b>
<b>OUTTURN FOR THE FINANCIAL YEAR (a-b)</b>			<b>519,970.33</b>	<b>94,614.64</b>
	Cancellation of unused payment appropriations carried over from previous year	+	169,481.93	290,259.27
	Exchange differences for the year (gain +/loss -)	+/-	-477.22	-434.81
<b>BALANCE OF THE OUTTURN ACCOUNT FOR THE FINANCIAL YEAR</b>			<b>688,975.04</b>	<b>384,439.10</b>
<b>Commission subsidy</b>			<b>78,519,881.75</b>	
<b>Pre-financing remaining open to be reimburse to the Commission in year N+1</b>			<b>688,975.04</b>	

The 2020 budget result amounts to € 688,975.04 and corresponds to:

- € 364,848.48: current year commitment appropriations (C1) not used,
- € 155,121.85: miscellaneous revenue (recovery orders issued and cashed by the Agency) not used in the financing of the Agency's operating budget (out of € 198,719.85),
- € 169,481.93: appropriations carried over from 2019 to 2020 (C8) and not used,
- € - 477,22: exchange rate losses.

## Reconciliation of the 2020 economic result with the 2020 budgetary result

	2020
<b>Economic result (+ for surplus and - for deficit)</b>	<b>-1,220,291.06</b>
<b>Adjustment for accrual items (items included in the economic result but not in the budgetary result)</b>	
Adjustments for Accrued charges and deferred income (reversal previous year)	-3,820,925.19
Adjustments for Accrued charges and deferred income (cut off current year)	4,586,860.05
Unpaid invoices at year end but booked in charges	224,471.05
Depreciation of intangible and tangible assets	766,358.42
Amounts written off and losses on trade debtors	38,582.39
Recovery Orders issued and not yet cashed	-5,851.03
Payments made from carry over of payment appropriations	6,620,609.92
Adjustment for deferred charges and accrued income (cut off current year)	-2,555,240.12
Adjustment for deferred charges and accrued income (reversal previous years)	3,036,603.37
Other *)	
<b>Ajustment for budgetary items (item included in the budgetary result but not in the economic result)</b>	
Asset acquisitions (excluding unpaid amounts at year end and including paid amount in N for assets received in N-1)	-408,680.24
New pre-financing paid in the year 2020 and remaining open as at 31.12.2020	
New pre-financing received in the year and remaining open at year end (31/12)	688,975.04
Budgetary recovery orders issued in the previous years and cashed in the year	457,310.21
Capital payments on financial leasing for year N	-26,532.87
Payment appropriations carried over to the next year	-7,862,756.83
Cancellation of unused carried over payment appropriations from previous year	169,481.93
Invoices booked in charge in the previous year but paid in the current year	0.00
Other **)	0.00
<b>total</b>	<b>688,975.04</b>
<b>Budgetary result including amount of exchange rate differences</b>	<b>688,975.04</b>
<b>Amount of exchange rate differences included in the budgetary result</b>	<b>-477.22</b>
Delta not explained	0.00

The economic result shown in the Statement of financial performance (point 2.2) differs from the budgetary result shown in the budget outturn account (point 3.2) because the economic result is based on accrual accounting principles (revenues and expenses are recorded when they occur; income is reported in the period it is earned regardless of when it is received and expenses are reported in the period they are incurred whether they are paid or not) while the budget result is based on modified cash accounting rules (revenues are recorded in the period they are cashed and expenses are recorded in the period they are paid, carry-over of appropriations are also recorded).

The difference between the economic result and the budgetary result can be explained and reconciled inter alia by the following elements:

- The economic result takes into account accrued charges via cut off correction entries. Expenses related to services provided or goods delivered in the current year but not paid at 31/12/N are charged in the financial year while the budgetary result takes also into account amounts of invoices received and paid at 31/12/N relating to services still to be provided or goods still to be delivered in the next financial year.
- The movement in provisions linked to the end-of-year estimates following the accrual based principle (e.g. untaken holidays) only impact the economic result. The budget result is not impacted as long as these provisions are not paid.
- The economic result only takes into account the depreciation expense of the fixed assets while the budgetary result takes into account the purchase cost of the fixed asset in the financial year it is paid.
- The economic result comprises all the revenues generated during the financial year even if entitlements established were not collected. The budgetary result takes into account the revenue collected from entitlement established in the course of the year and amounts

collected from entitlements established in previous years. The entitlements established in the current year but not yet collected are not comprised in the budgetary result.

- The economic result takes into account expenses on carried over appropriations from the previous year when they are related to services provided or goods delivered in the current financial year while the budgetary result is not impacted by the payments done on carried over appropriations from the previous year. On the contrary, the cancellation of unused appropriations carried over from the previous year increases the budgetary result.
- The economic result does not take into account deferred charges. Expenses that are prepaid in the current financial year but related to services to be provided in subsequent years are not charged in the current financial year but in the year to which they relate. The budgetary result is however impacted when the amount has been paid in the current financial year.

### 3.3. Budget Revenue

Income Budget Line	Type of revenue	Budget 2020	Amendments	Final Budget	Entitlements established	Revenue received	Outstanding at year end
2000	European Commission subsidy	80,544,799	-835,034	79,709,765	79,208,857	79,208,857	0
4000	revenues accruing from other EU Bodies	p.m.		p.m.	457,310	457,310	0
9000	Miscellaneous revenue	p.m.		p.m.	210,321	198,720	11,601
<b>TOTAL</b>		<b>80,544,799</b>	<b>-835,034</b>	<b>79,709,765</b>	<b>79,876,488</b>	<b>79,864,887</b>	<b>11,601</b>

In accordance with Article 5 of the Standard Financial regulation for Executive Agencies, the revenue of the Agency shall comprise the grant awarded by the Commission and any other revenue, including assigned revenue within the meaning of Article 15 thereof.

The balancing subsidy paid by DG RTD in 2020 amounts to € 79,208,857

The revenue accruing from other EU Bodies concerns the amount of the rent that REA has re-invoiced to ERCEA following an agreement between the two agencies. It corresponds to the surface put at the disposal of ERCEA for the period from 19/11/2019 to 23/09/2020. The debit note issued at the end of December 2019 was settled in January 2020.

The miscellaneous revenue relates to the recovery of:

- amounts overpaid to the OIB and Medical Service under the SLAs for the year 2019 and subsequently recovered: € 157,464
- legal costs incurred by the agency in the context of a legal proceeding against beneficiaries of a grant granted on the operational budget and to be recovered from the beneficiaries: € 26,250
- recovery of amounts overpaid to contractors: € 26,442
- penalties against a contractor: € 165

A part of this revenue (€ 11,601) was not cashed at the end of December.



### **3.4. Budget Expenditure**

#### **3.4.1. Overview 2020 budget and transfers**

##### ***Initial budget***

The REA Steering Committee adopted the 2020 administrative budget on 13 December 2019 for a total amount of € 80,544,799 (EU28: € 75,104,639 + EFTA/EEA contribution: € 1,776,529 + third country contribution: € 3,663,631). The initial budget was subsequently reduced by € 644,276 compared to the draft budget. This amount corresponds to the Agency's contribution to SUMMA and paid by DG RTD as requested by DG BUDG.

Compared to the final budget 2019, the initial budget 2020 is increased with € 4,742,714, equivalent to 6%. The change stems from increases in title 1 (€ 4,170,210) and in title 3 (€ 748,740), compensated by the decrease in title 2 (€ -176,236).

On Title 1, the increase mainly results from new recruitments, a lower vacancy rate, the salary indexation, the impact of reclassifications and career progression linked to seniority and successful selections for a higher function group. The increase in the number of employees has also an impact on the staff related charges and on the professional development budget. It should be noted, however, that the 2020 budget related to interim supportive agents is reduced in comparison with 2019.

On Title 3, appropriations for the “Common Support Services expenditure” increased mainly to cover higher average prices and different building-specific methods of calculation applied by OIB. Expenses related to IT *intra-muros* consultants are also higher than in 2019 due to the development of IT Tools for Programme Management. Moreover, the mission budget is increased, in line with the increase of staff and a higher number of projects to review. The communication costs are also higher in 2020 to cover the acquisition of promotional material, the production of video on Horizon Europe for experts, the organisation of cluster meetings and translation services.

On the contrary, expenses on Title 2 are decreasing in 2020 due to the transfer of the 19<sup>th</sup> floor to ERCEA. This saving is however partially absorbed by higher costs related to the services provided by DG BUDG and the delivery of new furniture by the PMO.

##### ***Budget transfers***

This year, in a particular context due to the impact of the pandemic, the Agency had to reduce its budget and proceed with transfers between budget lines. Staff and programme management expenditure are the most impacted.

The Agency presented an amended budget, adopted by the Steering Committee by written procedure in November 2020.

The budget is reduced by € 835,034, representing 1% of the total initial budget due to lower than expected needs on title 1 and title 3, not fully compensated by higher forecasted expenditure on title 2. Indeed, compared to the initial budget, title 1 and title 3 are respectively reduced by € 1,047,125 (-1.7%) and € 488,850 (-6.2%) while title 2 is only increased by € 700,941 (+6.2%).

On the one hand, the following surpluses have been identified enabling to fund the increased below-mentioned needs and leaving an unused balance of € 835,034:

<b>Budget Line</b>	<b>Description</b>	<b>Amount (EUR)</b>	<b>Reason</b>
<b>1111</b>	<i>Temporary Agents – remuneration, allowances and charges</i>	<b>- 605,715</b>	due to delay in recruitments because of negative impact of the pandemic, a salary indexation lower than estimated and also, to a lesser extend, to higher parental leaves
<b>1121</b>	<i>Contract Agents – remuneration, allowances and charges</i>	<b>- 39,985</b>	
<b>1132</b>	<i>Interim Supportive Agents and Trainees</i>	<b>-106,930</b>	the Agency decreased the number of interim staff and trainees because of the pandemic.
<b>1211</b>	<i>Specific Staff-related Charges, Support Services for the management of Staff Rights and Payroll, Charges relating to Recruitment and Change of Personnel</i>	<b>- 31,805</b>	Costs are reduced following the delay in recruitments.
<b>1221</b>	<i>Training Courses for the Professional and Personal Development of Staff</i>	<b>- 237,770</b>	due to the pandemic, several planned external coaching sessions have been cancelled as well as other training events, including team buildings.
<b>1222</b>	<i>Missions related to the Professional and Personal Development of Staff</i>	<b>-7,500</b>	due to the limitations imposed on travelling in relation to COVID-19
<b>1231</b>	<i>Representation expenses, Events and Internal meetings</i>	<b>-18,500</b>	Needs are significantly reduced due to the Covid-19 pandemic
<b>2221</b>	<i>Data Processing and application development and associated expenditure</i>	<b>- 44,765</b>	ICT expenses have been adjusted to cope with the current context of the pandemic.
<b>2321</b>	<i>Office Supplies and Other Current Operating expenditure</i>	<b>- 1,870</b>	The additional costs related to legal assistance are more than compensated by a decrease of several other expenses due to COVID-19.
<b>3111</b>	<i>Communication, Information, Publications, Linguistic Services and Training Courses for the Management of Programmes and associated expenses</i>	<b>- 223,650</b>	Expenses are reduced because the cancellation or postponement of actions/activities initially foreseen due to the pandemic
<b>3112</b>	<i>ICT Infrastructure, Environment and Systems related to the Programme Management and associated expenses</i>	<b>- 8,860</b>	Due to minor adjustments taking into account the actual execution
<b>3121</b>	<i>External Audits</i>	<b>- 47,655</b>	Cancellation of the 2020 batch of External Audits since the necessary audits on FP7 projects will be performed by REA's own ex-post auditors.
<b>3122</b>	<i>Missions and Other expenses related to the Administrative Management of Programmes</i>	<b>- 417,010</b>	Most of the 2020 missions were cancelled due to the travel restrictions linked to COVID-19.
<b>3221</b>	<i>ICT, Logistics, Acquisition and Provision of Information, Current Operating expenditure and associated costs</i>	<b>- 13,850</b>	Expenses are reduced due to the inability of SCIC to perform enhancement of audio/visual equipment works because of the COVID-19 pandemic
<b>3231</b>	<i>Meetings of Experts and associated costs</i>	<b>-188,500</b>	As evaluations are performed remotely for the period of lockdown, expenses for drinks and food served during expert meetings are significantly lower than expected, as well as the cost related to the print shop (closed as of July 2020) in the COVE building

On the other hand, the following budget lines have been reinforced to cover expenses higher than expected:

Budget Line	Description	Amount (EUR)	Reason
1224	<i>Mobility and Other Social expenses</i>	+1,080	Due to minor adjustments taking into account the actual execution.
2111	<i>Rent / Usufruct instalments, Building Charges and associated expenses</i>	+544,445	The commitment needs to be increased following a decision of the Commune de Saint-Josse-ten-Noode valid from 2019 until 2023 to collect municipal tax on office space and a clause in the usufruct contract stating that REA has to pay such taxes. In addition, the amount budgeted for Building expenditure increases also due to the update of the final amounts for the SLA with DG HR/DS.
2211	<i>ICT Environment (Infrastructure, Systems and Services)</i>	+58,131	Results mostly from the cost of enhancement of teleworking conditions/equipment for staff made necessary by the pandemic
2311	<i>Furniture, Materials and Technical Installations and associated expenditure</i>	+145,000	mostly due to the purchase of new furniture.
3211	<i>Building Rent / Usufruct instalments, Building charges and associated expenses for the Common Support Services and Evaluation Platform</i>	+410,675	The commitment needs to be increased following a decision of the Commune de Saint-Josse-ten-Noode valid from 2019 until 2023 to collect to collect municipal tax on office space and a clause in the usufruct contract stating that REA has to pay such taxes. Important works are planned as the evaluation facility is not used by experts during the period of pandemic. Note that this reinforcement will be reversed in the December 2020 transfer.

End of November, a transfer of € 21,000 inside chapter 11 was authorised by the Director to increase the appropriations on budget line 1121 “Contract Agents – remuneration, allowances and charges” to cover the end of year necessary adjustments made in relation with salaries paid to Contract Agents that were retired during the year.

The corresponding deduction is made from the Budget line 1132 “*Interim supportive agents and Trainees*”, as the necessary budget has been revised downwards, due to absences of the Interim Agents.

In December, the Agency performed a last review of its budget to identify needs for adjustment and to optimise the budget execution. The Steering Committee approved, consequently, on 14 December 2020 a budget transfer of € 695,520.

On the one hand, a reinforcement of the following budget lines is necessary to cover needs identified by the end of the year:

Budget Line	Description	Amount (EUR)	Reason
1211	<i>Specific Staff-related Charges, Support Services for the management of Staff Rights and Payroll, Charges relating to Recruitment and Change of Personnel</i>	+ 181,920	Increase of the contribution to the day care facilities (CPE – Centre de la Petite Enfance) for the staff’s children via the SLA with OIB.
1223	<i>Medical Service</i>	+5,000	Increase of the medical service costs via SLA between REA and DG HR / Medical Service.
1224	<i>Mobility and Other Social expenses</i>	+55,035	Reimbursement of teleworking equipment to staff (ergonomic chairs and screens) following the decision of DG HR.
3121	<i>External Audits</i>	+10,260	Recommitment on outstanding committed amounts of

Budget Line	Description	Amount (EUR)	Reason
			externally contracted ex-post audits in 2019 that could not be finalised before 31/12/2020.
<b>3221</b>	<i>ICT, Logistics, Acquisition and Provision of Information, Current Operating expenditure and associated costs</i>	<b>+443,305</b>	Investment on the Common Evaluation Platform by enhancing and revamping of obsolete meeting rooms to fit the new needs of Project Officers, Call Coordinators and Expert Evaluators of Horizon 2020 evaluation process and soon Horizon Europe, notably in a context of more extensive use of remote evaluation work.

On the other hand, the appropriations on the following budget lines can be decreased enabling to fund the above-mentioned needs:

Budget Line	Description	Amount (EUR)	Reason
<b>2311</b>	<i>Furniture, Materials and Technical Installations and associated expenditure</i>	<b>- 111,050</b>	Lower than expected spending for office furniture
<b>2321</b>	<i>Office Supplies and Other Current Operating expenditure</i>	<b>-8,900</b>	Partial cancellation of the budget earmarked for legal assistance
<b>3111</b>	<i>Communication, Information, Publications, Linguistic Services and Training Courses for the Management of Programmes and associated expenses</i>	<b>-12,900</b>	Postponement of the provision of new space on Europa to 2021
<b>3122</b>	<i>Missions and Other expenses related to the Administrative Management of Programmes</i>	<b>- 50,440</b>	Final update of the budget needs for missions in 2020.
<b>3211</b>	<i>Building Rent / Usufruct instalments, Building charges and associated expenses for the Common Support Services and Evaluation Platform</i>	<b>- 512,230</b>	Cancellation of the reserve for taxes claimed by the Commune of Saint-Josse-ten-Noode and decreased needs for some building charges . See point 2.5.5 of the annual accounts for detailed explanation.

The initial 2020 budget and the transfers are presented in the table hereafter in EUR



Expenditure Titles, Chapters, Articles and Items	Official Name of the Expenditure Budget Lines	Initial Budget 2020	Budget Amendment 2020/01	1st Amended 2020 Administrative Budget after transfer adopted by the SC on 19.11.2020	Internal Transfer 2020/01	BUDGET 2020 following Transfer 2020/01	Internal Transfer 2020-02	BUDGET 2020 following the Transfer 2020/02	
<b>TOTAL EXPENDITURE</b>		<b>80,544,799</b>	<b>-835,034</b>	<b>79,709,765</b>	<b>0</b>	<b>79,709,765</b>	<b>0</b>	<b>79,709,765</b>	
<b>Title</b>	<b>1</b>	<b>STAFF EXPENDITURE</b>	<b>61,334,605</b>	<b>-1,047,125</b>	<b>60,287,480</b>	<b>0</b>	<b>60,287,480</b>	<b>241,955</b>	<b>60,529,435</b>
<b>Chapter</b>	<b>11</b>	<b>Remunerations, Allowances and Charges</b>	<b>58,500,485</b>	<b>-752,630</b>	<b>57,747,855</b>	<b>0</b>	<b>57,747,855</b>	<b>0</b>	<b>57,747,855</b>
<b>Article</b>	<b>111</b>	<b>Staff occupying an employment in the establishment plan</b>	<b>23,512,960</b>	<b>-605,715</b>	<b>22,907,245</b>	<b>0</b>	<b>22,907,245</b>	<b>0</b>	<b>22,907,245</b>
Item	1111	Temporary Agents - Remuneration, Allowances and Charges	23,512,960	-605,715	22,907,245	0	22,907,245	0	22,907,245
<b>Article</b>	<b>112</b>	<b>Contract Agents</b>	<b>34,282,995</b>	<b>-39,985</b>	<b>34,243,010</b>	<b>21,000</b>	<b>34,264,010</b>	<b>0</b>	<b>34,264,010</b>
Item	1121	Contract Agents - Remuneration, Allowances and Charges	34,282,995	-39,985	34,243,010	21,000	34,264,010	0	34,264,010
<b>Article</b>	<b>113</b>	<b>Other Staff Remunerations, Allowances and Charges</b>	<b>704,530</b>	<b>-106,930</b>	<b>597,600</b>	<b>-21,000</b>	<b>576,600</b>	<b>0</b>	<b>576,600</b>
Item	1131	Seconded National Experts - Allowances and Charges	0	0	0	0	0	0	0
Item	1132	Interim supportive agents and Trainees	704,530	-106,930	597,600	-21,000	576,600	0	576,600
<b>Chapter</b>	<b>12</b>	<b>Professional Development and Social expenditure</b>	<b>2,834,120</b>	<b>-294,495</b>	<b>2,539,625</b>	<b>0</b>	<b>2,539,625</b>	<b>241,955</b>	<b>2,781,580</b>
<b>Article</b>	<b>121</b>	<b>Specific Staff-related Charges, Support Services for the management of Staff Rights and Payroll, Charges relating to Recruitment and Change of Personnel</b>	<b>1,839,525</b>	<b>-31,805</b>	<b>1,807,720</b>	<b>0</b>	<b>1,807,720</b>	<b>181,920</b>	<b>1,989,640</b>
Item	1211	Specific Staff-related Charges, Support Services for the management of Staff Rights and Payroll, Charges relating to Recruitment and Change of Personnel	1,839,525	-31,805	1,807,720	0	1,807,720	181,920	1,989,640
<b>Article</b>	<b>122</b>	<b>Professional and Personal Development and Social expenses for Staff</b>	<b>959,595</b>	<b>-244,190</b>	<b>715,405</b>	<b>0</b>	<b>715,405</b>	<b>60,035</b>	<b>775,440</b>
Item	1221	Training Courses for the Professional and Personal Development of Staff	601,485	-237,770	363,715	0	363,715	0	363,715
Item	1222	Missions related to the Professional and Personal Development of Staff	21,655	-7,500	14,155	0	14,155	0	14,155
Item	1223	Medical Service	173,225	0	173,225	0	173,225	5,000	178,225
Item	1224	Mobility and Other Social expenses	163,230	1,080	164,310	0	164,310	55,035	219,345
<b>Article</b>	<b>123</b>	<b>Representation expenses, Events and Internal meetings</b>	<b>35,000</b>	<b>-18,500</b>	<b>16,500</b>	<b>0</b>	<b>16,500</b>	<b>0</b>	<b>16,500</b>
Item	1231	Representation expenses, Events and Internal meetings	35,000	-18,500	16,500	0	16,500	0	16,500

Expenditure Titles, Chapters, Articles and Items	Official Name of the Expenditure Budget Lines	Initial Budget 2020	Budget Amendment 2020/01	1st Amended 2020 Administrative Budget after transfer adopted by the SC on 19.11.2020	Internal Transfer 2020/01	BUDGET 2020 following Transfer 2020/01	Internal Transfer 2020-02	BUDGET 2020 following the Transfer 2020/02
<b>Title 2</b>	<b>INFRASTRUCTURE AND OPERATING EXPENDITURE</b>	<b>11,331,199</b>	<b>700,941</b>	<b>12,032,140</b>	<b>0</b>	<b>12,032,140</b>	<b>-119,950</b>	<b>11,912,190</b>
Chapter 21	Building expenditure	7,612,670	544,445	8,157,115	0	8,157,115	0	8,157,115
Article 211	Rent / Usufruct instalments and Building Charges	7,612,670	544,445	8,157,115	0	8,157,115	0	8,157,115
Item 2111	Rent / Usufruct instalments, Building Charges and associated expenses	7,612,670	544,445	8,157,115	0	8,157,115	0	8,157,115
Chapter 22	ICT expenditure	3,218,424	13,366	3,231,790	0	3,231,790	0	3,231,790
Article 221	ICT Environment	2,660,984	58,131	2,719,115	0	2,719,115	0	2,719,115
Item 2211	ICT Environment (Infrastructure, Systems and Services)	2,660,984	58,131	2,719,115	0	2,719,115	0	2,719,115
Article 222	Data Processing and application development	557,440	-44,765	512,675	0	512,675	0	512,675
Item 2221	Data Processing and application development and associated expenditure	557,440	-44,765	512,675	0	512,675	0	512,675
Chapter 23	Movable property and Current Operating expenditure	500,105	143,130	643,235	0	643,235	-119,950	523,285
Article 231	Furniture, Materials and Technical Installations	169,110	145,000	314,110	0	314,110	-111,050	203,060
Item 2311	Furniture, Materials and Technical Installations and associated expenditure	169,110	145,000	314,110	0	314,110	-111,050	203,060
Article 232	Current Operating expenditure	330,995	-1,870	329,125	0	329,125	-8,900	320,225
Item 2321	Office Supplies and Other Current Operating expenditure	330,995	-1,870	329,125	0	329,125	-8,900	320,225
<b>Title 3</b>	<b>PROGRAMME SUPPORT EXPENDITURE</b>	<b>7,878,995</b>	<b>-488,850</b>	<b>7,390,145</b>	<b>0</b>	<b>7,390,145</b>	<b>-122,005</b>	<b>7,268,140</b>
Chapter 31	Programme Management expenditure	1,556,570	-697,175	859,395	0	859,395	-53,080	806,315
Article 311	Communication, Information and ICT expenditure related to the Management of Delegated Programmes	781,880	-232,510	549,370	0	549,370	-12,900	536,470
Item 3111	Communication, Information, Publications, Linguistic Services and Training Courses for the Management of Programmes and associated expenses	275,215	-223,650	51,565	0	51,565	-12,900	38,665
Item 3112	ICT Infrastructure, Environment and Systems related to the Programme Management and associated expenses	506,665	-8,860	497,805	0	497,805	0	497,805
Article 312	External Audits, Missions and Other expenses related to the Management of Delegated Programmes	774,690	-464,665	310,025	0	310,025	-40,180	269,845
Item 3121	External Audits	50,000	-47,655	2,345	0	2,345	10,260	12,605
Item 3122	Missions and Other expenses related to the Administrative Management of Programmes	724,690	-417,010	307,680	0	307,680	-50,440	257,240
Chapter 32	Common Support Services expenditure	6,322,425	208,325	6,530,750	0	6,530,750	-68,925	6,461,825
Article 321	Common Support Services and Evaluation Platform – Building expenditure	5,418,730	410,675	5,829,405	0	5,829,405	-512,230	5,317,175
Item 3211	Building Rent / Usufruct instalments, Building charges and associated expenses for the Common Support Services and Evaluation Platform	5,418,730	410,675	5,829,405	0	5,829,405	-512,230	5,317,175
Article 322	Common Support Services and Evaluation Platform – ICT, Logistics, Information and Current Operating expenditure	678,695	-13,850	664,845	0	664,845	443,305	1,108,150
Item 3221	ICT, Logistics, Acquisition and Provision of Information, Current Operating expenditure and associated costs	678,695	-13,850	664,845	0	664,845	443,305	1,108,150
Article 323	Meetings of Experts	225,000	-188,500	36,500	0	36,500	0	36,500
Item 3231	Meetings of Experts and associated costs	225,000	-188,500	36,500	0	36,500	0	36,500

### **3.4.2. Implementation of 2020 commitment and payment appropriations – fund source C1**

Despite the particular working conditions linked to the measures put in place in the context of the COVID-19 pandemic, the Agency managed to maintain a high rate of implementation in both commitment and payment appropriations. Indeed, the overall implementation rate reaches 99.5% in commitment appropriations (99,95% in 2019) and 90.1% in payment appropriations (90,99% in 2019). Only 0.5% (€ 364,848) of the commitment appropriations remains unused and 9,9% (€ 7,862,757) of the non-differentiated appropriations are carried forward to 2021 to cover the payment of services/goods delivered in 2020 but not invoiced at the end of December or to be delivered early 2021.

Out of the € 7,862,757 carried forward:

- € 3,636,459 concern the budget line 3211 including the rent and building charges for the evaluation platform that OIB did not invoice in 2020,
- € 1,922,623 concern the budget 2111, more specifically the part of the building charges not yet invoiced by OIB and the security expenses still to be invoiced by DG HR.
- € 631,286 relate mainly to installation of audio-visual equipment in the evaluation platform that will be done in 2021 and to maintenance costs not yet invoiced in December 2020.

The total budget amounts to € 79,709,765 out of which € 79,344,917 are committed and € 71,482,160 are paid. Appropriations are distributed as follows:

- 75,94% on title 1 "Staff expenditure" (+0.5% compared to 2019);
- 14,94% on title 2 "Infrastructure and operating expenditure" (-0.24% compared to 2019);
- 9,12% on title 3 "Programme support expenditure" (-0.29% compared to 2019).

As regards title 1, 94,45% (+0.5% compared to 2019) of the amount committed covers the remuneration, allowances and charges of the staff (interim supportive agents and trainees excluded). 185 temporary agents and 596 contract agents were employed at the end of December 2020 equivalent to 95% of the authorised positions. 4.60% of the committed amount is related to professional development and social expenditure. The remaining balance concerns the use of "interimaires" to compensate for long term absences, parental leave and part time work.

With respect to title 2, the building expenditure (rent/usufruct instalments, building charges and associated costs) and the ICT expenditure (IT equipment and services) represent respectively 68.48% (-1.3% compared to 2019) and 27.13% (+0.6% compared to 2019) of the amount committed under this title. The remaining amount concerns movable property and current operating expenditure. The ratios are stables compared to last year.

As regards title 3, 88.91% (81.55% in 2019) of the amount is committed to cover the expenditure related to the provision of administrative and logistical support services to participants, Commission services, other agencies and joint undertakings. The expenditure consists mainly in building expenses and ICT expenses incurred for the provision of Common Support Services and the management of the Evaluation Platform.

The programme management expenditure represents 11.09% (18.45% in 2019) of the amount committed under this title and relates to communication activities, ICT environment, audits of FP7 beneficiaries carried out by external contractors and missions carried out as part of the management of projects subsidised by the Agency. The needs related to this chapter are reduced compared to last year du to the COVID-19 pandemic.



Expenditure Titles, Chapters, Articles and Items	Official Name of the Expenditure Budget Lines	Appropriations 2020 (C1)	Commitment Appropriations (CA)				Payment Appropriations (PA)				
			Implemented Commitment appropriations		Unused Commitment appropriations		Implemented Payment appropriations		Outstanding RAL to carry forward to 2021		
			value	%	value	%	value	%	value	%	
		A	B	C = B/A	D = A-B	E = D/A	F	G = F/A	H = B-F	I = H/B	
<b>TOTAL EXPENDITURE</b>		<b>79,709,765.00</b>	<b>79,344,916.52</b>	<b>99.5%</b>	<b>364,848.48</b>	<b>0.5%</b>	<b>71,482,159.69</b>	<b>90.1%</b>	<b>7,862,756.83</b>	<b>9.9%</b>	
<b>Title</b>	<b>1</b>	<b>STAFF EXPENDITURE</b>	<b>60,529,435.00</b>	<b>60,490,292.69</b>	<b>99.9%</b>	<b>39,142.31</b>	<b>0.1%</b>	<b>60,082,231.31</b>	<b>99.3%</b>	<b>408,061.38</b>	<b>0.7%</b>
<b>Chapter</b>	<b>11</b>	<b>Remunerations, Allowances and Charges</b>	<b>57,747,855.00</b>	<b>57,725,904.96</b>	<b>100.0%</b>	<b>21,950.04</b>	<b>0.0%</b>	<b>57,627,042.51</b>	<b>99.8%</b>	<b>98,862.45</b>	<b>0.2%</b>
<b>Article</b>	<b>111</b>	<b>Staff occupying an employment in the establishment plan</b>	<b>22,907,245.00</b>	<b>22,900,070.89</b>	<b>100.0%</b>	<b>7,174.11</b>	<b>0.0%</b>	<b>22,900,070.89</b>	<b>100.0%</b>	<b>0.00</b>	<b>-</b>
Item	1111	Temporary Agents - Remuneration, Allowances and Charges	22,907,245.00	22,900,070.89	100.0%	7,174.11	0.0%	22,900,070.89	100.0%	0.00	-
<b>Article</b>	<b>112</b>	<b>Contract Agents</b>	<b>34,264,010.00</b>	<b>34,258,373.05</b>	<b>100.0%</b>	<b>5,636.95</b>	<b>0.0%</b>	<b>34,258,373.05</b>	<b>100.0%</b>	<b>0.00</b>	<b>-</b>
Item	1121	Contract Agents - Remuneration, Allowances and Charges	34,264,010.00	34,258,373.05	100.0%	5,636.95	0.0%	34,258,373.05	100.0%	0.00	-
<b>Article</b>	<b>113</b>	<b>Other Staff Remunerations, Allowances and Charges</b>	<b>576,600.00</b>	<b>567,461.02</b>	<b>98.4%</b>	<b>9,138.98</b>	<b>1.6%</b>	<b>468,598.57</b>	<b>82.6%</b>	<b>98,862.45</b>	<b>17.4%</b>
Item	1131	Seconded National Experts - Allowances and Charges	p.m.	p.m.	-	p.m.	-	p.m.	-	p.m.	-
Item	1132	Interim supportive agents and Trainees	576,600.00	567,461.02	98.4%	9,138.98	1.6%	468,598.57	82.6%	98,862.45	17.4%
<b>Chapter</b>	<b>12</b>	<b>Professional Development and Social expenditure</b>	<b>2,781,580.00</b>	<b>2,764,387.73</b>	<b>99.4%</b>	<b>17,192.27</b>	<b>0.6%</b>	<b>2,455,188.80</b>	<b>88.8%</b>	<b>309,198.93</b>	<b>11.2%</b>
<b>Article</b>	<b>121</b>	<b>Specific Staff-related Charges, Support Services for the management of Staff Rights and Payroll, Charges relating to Recruitment and Change of Personnel</b>	<b>1,989,640.00</b>	<b>1,980,015.00</b>	<b>99.5%</b>	<b>9,625.00</b>	<b>0.5%</b>	<b>1,886,448.18</b>	<b>95.3%</b>	<b>93,566.82</b>	<b>4.7%</b>
Item	1211	Specific Staff-related Charges, Support Services for the management of Staff Rights and Payroll, Charges relating to Recruitment and Change of Personnel	1,989,640.00	1,980,015.00	99.5%	9,625.00	0.5%	1,886,448.18	95.3%	93,566.82	4.7%
<b>Article</b>	<b>122</b>	<b>Professional and Personal Development and Social expenses for Staff</b>	<b>775,440.00</b>	<b>768,466.23</b>	<b>99.1%</b>	<b>6,973.77</b>	<b>0.9%</b>	<b>553,736.68</b>	<b>72.1%</b>	<b>214,729.55</b>	<b>27.9%</b>
Item	1221	Training Courses for the Professional and Personal Development of Staff	363,715.00	356,742.38	98.1%	6,972.62	1.9%	315,712.12	88.5%	41,030.26	11.5%
Item	1222	Missions related to the Professional and Personal Development of Staff	14,155.00	14,155.00	100.0%	0.00	0.0%	9,615.62	67.9%	4,539.38	32.1%
Item	1223	Medical Service	178,225.00	178,225.00	100.0%	0.00	0.0%	118,058.93	66.2%	60,166.07	33.8%
Item	1224	Mobility and Other Social expenses	219,345.00	219,343.85	100.0%	1.15	0.0%	110,350.01	50.3%	108,993.84	49.7%
<b>Article</b>	<b>123</b>	<b>Representation expenses, Events and Internal meetings</b>	<b>16,500.00</b>	<b>15,906.50</b>	<b>96.4%</b>	<b>593.50</b>	<b>3.6%</b>	<b>15,003.94</b>	<b>94.3%</b>	<b>902.56</b>	<b>5.7%</b>
Item	1231	Representation expenses, Events and Internal meetings	16,500.00	15,906.50	96.4%	593.50	3.6%	15,003.94	94.3%	902.56	5.7%

Expenditure Titles, Chapters, Articles and Items	Official Name of the Expenditure Budget Lines	Appropriations 2020 (C1)	Commitment Appropriations (CA)				Payment Appropriations (PA)				
			Implemented Commitment appropriations		Unused Commitment appropriations		Implemented Payment appropriations		Outstanding RAL to carry forward to 2021		
			value	%	value	%	value	%	value	%	
		A	B	C = B/A	D = A-B	E = D/A	F	G = F/A	H = B-F	I = H/B	
<b>Title</b>	<b>2</b>	<b>INFRASTRUCTURE AND OPERATING EXPENDITURE</b>	<b>11,912,190.00</b>	<b>11,717,095.85</b>	<b>98.4%</b>	<b>195,094.15</b>	<b>1.6%</b>	<b>8,850,186.10</b>	<b>75.5%</b>	<b>2,866,909.75</b>	<b>24.5%</b>
<b>Chapter</b>	<b>21</b>	<b>Building expenditure</b>	<b>8,157,115.00</b>	<b>8,087,153.29</b>	<b>99.1%</b>	<b>69,961.71</b>	<b>0.9%</b>	<b>6,094,530.78</b>	<b>75.4%</b>	<b>1,992,622.51</b>	<b>24.6%</b>
<b>Article</b>	<b>211</b>	<b>Rent / Usufruct instalments and Building Charges</b>	<b>8,157,115.00</b>	<b>8,087,153.29</b>	<b>99.1%</b>	<b>69,961.71</b>	<b>0.9%</b>	<b>6,094,530.78</b>	<b>75.4%</b>	<b>1,992,622.51</b>	<b>24.6%</b>
Item	2111	Rent / Usufruct instalments, Building Charges and associated expenses	8,157,115.00	8,087,153.29	99.1%	69,961.71	0.9%	6,094,530.78	75.4%	1,992,622.51	24.6%
<b>Chapter</b>	<b>22</b>	<b>ICT expenditure</b>	<b>3,231,790.00</b>	<b>3,141,335.52</b>	<b>97.2%</b>	<b>90,454.48</b>	<b>2.8%</b>	<b>2,505,594.76</b>	<b>79.8%</b>	<b>635,740.76</b>	<b>20.2%</b>
<b>Article</b>	<b>221</b>	<b>ICT Environment</b>	<b>2,719,115.00</b>	<b>2,628,660.52</b>	<b>96.7%</b>	<b>90,454.48</b>	<b>3.3%</b>	<b>2,240,231.89</b>	<b>85.2%</b>	<b>388,428.63</b>	<b>14.8%</b>
Item	2211	ICT Environment (Infrastructure, Systems and Services)	2,719,115.00	2,628,660.52	96.7%	90,454.48	3.3%	2,240,231.89	85.2%	388,428.63	14.8%
<b>Article</b>	<b>222</b>	<b>Data Processing and application development</b>	<b>512,675.00</b>	<b>512,675.00</b>	<b>100.0%</b>	<b>0.00</b>	<b>0.0%</b>	<b>265,362.87</b>	<b>51.8%</b>	<b>247,312.13</b>	<b>48.2%</b>
Item	2221	Data Processing and application development and associated expenditure	512,675.00	512,675.00	100.0%	0.00	0.0%	265,362.87	51.8%	247,312.13	48.2%
<b>Chapter</b>	<b>23</b>	<b>Movable property and Current Operating expenditure</b>	<b>523,285.00</b>	<b>488,607.04</b>	<b>93.4%</b>	<b>34,677.96</b>	<b>6.6%</b>	<b>250,060.56</b>	<b>51.2%</b>	<b>238,546.48</b>	<b>48.8%</b>
<b>Article</b>	<b>231</b>	<b>Furniture, Materials and Technical Installations</b>	<b>203,060.00</b>	<b>203,058.63</b>	<b>100.0%</b>	<b>1.37</b>	<b>0.0%</b>	<b>48,243.94</b>	<b>23.8%</b>	<b>154,814.69</b>	<b>76.2%</b>
Item	2311	Furniture, Materials and Technical Installations and associated expenditure	203,060.00	203,058.63	100.0%	1.37	0.0%	48,243.94	23.8%	154,814.69	76.2%
<b>Article</b>	<b>232</b>	<b>Current Operating expenditure</b>	<b>320,225.00</b>	<b>285,548.41</b>	<b>89.2%</b>	<b>34,676.59</b>	<b>10.8%</b>	<b>201,816.62</b>	<b>70.7%</b>	<b>83,731.79</b>	<b>29.3%</b>
Item	2321	Office Supplies and Other Current Operating expenditure	320,225.00	285,548.41	89.2%	34,676.59	10.8%	201,816.62	70.7%	83,731.79	29.3%

Expenditure Titles, Chapters, Articles and Items	Official Name of the Expenditure Budget Lines	Appropriations 2020 (C1)	Commitment Appropriations (CA)				Payment Appropriations (PA)				
			Implemented Commitment appropriations		Unused Commitment appropriations		Implemented Payment appropriations		Outstanding RAL to carry forward to 2021		
			value	%	value	%	value	%	value	%	
Title	3	PROGRAMME SUPPORT EXPENDITURE	A	B	C = B/A	D = A-B	E = D/A	F	G = F/A	H = B-F	I = H/B
			7,268,140.00	7,137,527.98	98.2%	130,612.02	1.8%	2,549,742.28	35.7%	4,587,785.70	64.3%
<b>Chapter</b>	<b>31</b>	<b>Programme Management expenditure</b>	<b>806,315.00</b>	<b>801,176.44</b>	<b>99.4%</b>	<b>5,138.56</b>	<b>0.6%</b>	<b>481,136.62</b>	<b>60.1%</b>	<b>320,039.82</b>	<b>39.9%</b>
<b>Article</b>	<b>311</b>	<b>Communication, Information and ICT expenditure related to the Management of Delegated Programmes</b>	<b>536,470.00</b>	<b>536,463.37</b>	<b>100.0%</b>	<b>6.63</b>	<b>0.0%</b>	<b>329,207.57</b>	<b>61.4%</b>	<b>207,255.80</b>	<b>38.6%</b>
Item	3111	Communication, Information, Publications, Linguistic Services and Training Courses for the Management of Programmes and associated expenses	38,665.00	38,661.57	100.0%	3.43	0.0%	36,692.55	94.9%	1,969.02	5.1%
Item	3112	ICT Infrastructure, Environment and Systems related to the Programme Management and associated expenses	497,805.00	497,801.80	100.0%	3.20	0.0%	292,515.02	58.8%	205,286.78	41.2%
<b>Article</b>	<b>312</b>	<b>External Audits, Missions and Other expenses related to the Management of Delegated Programmes</b>	<b>269,845.00</b>	<b>264,713.07</b>	<b>98.1%</b>	<b>5,131.93</b>	<b>1.9%</b>	<b>151,929.05</b>	<b>57.4%</b>	<b>112,784.02</b>	<b>42.6%</b>
Item	3121	External Audits	12,605.00	7,473.07	59.3%	5,131.93	40.7%	1,592.34	21.3%	5,880.73	78.7%
Item	3122	Missions and Other expenses related to the Administrative Management of Programmes	257,240.00	257,240.00	100.0%	0.00	0.0%	150,336.71	58.4%	106,903.29	41.6%
<b>Chapter</b>	<b>32</b>	<b>Common Support Services expenditure</b>	<b>6,461,825.00</b>	<b>6,336,351.54</b>	<b>98.1%</b>	<b>125,473.46</b>	<b>1.9%</b>	<b>2,068,605.66</b>	<b>32.6%</b>	<b>4,267,745.88</b>	<b>67.4%</b>
<b>Article</b>	<b>321</b>	<b>Common Support Services and Evaluation Platform – Building expenditure</b>	<b>5,317,175.00</b>	<b>5,317,170.54</b>	<b>100.0%</b>	<b>4.46</b>	<b>0.0%</b>	<b>1,680,711.06</b>	<b>31.6%</b>	<b>3,636,459.48</b>	<b>68.4%</b>
Item	3211	Building Rent / Usufruct instalments, Building charges and associated expenses for the Common Support Services and Evaluation Platform	5,317,175.00	5,317,170.54	100.0%	4.46	0.0%	1,680,711.06	31.6%	3,636,459.48	68.4%
<b>Article</b>	<b>322</b>	<b>Common Support Services and Evaluation Platform – ICT, Logistics, Information and Current Operating expenditure</b>	<b>1,108,150.00</b>	<b>991,912.82</b>	<b>89.5%</b>	<b>116,237.18</b>	<b>10.5%</b>	<b>360,626.42</b>	<b>36.4%</b>	<b>631,286.40</b>	<b>63.6%</b>
Item	3221	ICT, Logistics, Acquisition and Provision of Information, Current Operating expenditure and associated costs	1,108,150.00	991,912.82	89.5%	116,237.18	10.5%	360,626.42	36.4%	631,286.40	63.6%
<b>Article</b>	<b>323</b>	<b>Meetings of Experts</b>	<b>36,500.00</b>	<b>27,268.18</b>	<b>74.7%</b>	<b>9,231.82</b>	<b>25.3%</b>	<b>27,268.18</b>	<b>100.0%</b>	<b>0.00</b>	<b>-</b>
Item	3231	Meetings of Experts and associated costs	36,500.00	27,268.18	74.7%	9,231.82	25.3%	27,268.18	100.0%	0.00	-

### **3.4.3. Implementation of commitment and payment appropriations carried over from 2019 – Fund source C8**

The 2019 appropriations that were carried forward to 2020 (C8 appropriations in 2021) amount to € 6,790,091.85. Out of this amount € 6,620,609.92, equivalent to 97.5% (95% in 2019) of the carried over appropriations, are paid and € 169,481.93 are not used and consequently cancelled.

The implementation rate of C8 appropriations carried over has improved with a further 2,5% in 2020 compared to 2019. The reinforced monitoring put in place since 2017 has helped to reduce the rate of cancelled appropriations from 22% in 2016 to 2,5% in 2020.

On title 1 "Staff expenditure", the unused appropriations carried over represent € 56,234 (16% of the appropriations carried over on this title). It stems mainly from an under implementation on the budget lines 1132 "Interim supportive agents and trainees", 1211 "Specific Staff-related Charges, Support Services for the management of Staff Rights and Payroll, Charges relating to Recruitment and Change of Personnel" and 1221 "Training courses for the professional and personal development of staff" for the following reason:

- Line 1132: the days actually worked by interim support staff and invoiced are less than the number of working days originally ordered,
- Line 1211: the statement of expenses received by PMO and the Medical Service for certain services provided in 2019 is lower than our estimates,
- Line 1221: some optional services foreseen in some contracts signed in 2019 were finally not provided, some staff members have not claimed in 2020 for the reimbursement of their external training authorised in 2019,

The cancellation of appropriations on the title 2 "Infrastructure and operating expenditure" represents 2.5% of the total carried over amount and equals € 46,874€. Out of this amount, € 11,569 concern the building expenditure, € 27,149 ICT expenditure, the balance is split between different lines and amounts are not significant.

With respect to chapter 21, the actual costs invoiced by OIB and DG HR for the security services is lower than expected. The amount is immaterial compared the appropriations carried over.

With regard to chapter 22 "ICT expenditure", the actual costs invoiced by DG DIGIT for IT services is lower than expected; the number of documents printed was also lower than estimated and part of the amount foreseen for the external support for the audio-visual equipment has not been used.

On title 3 "Programme support expenditure", the unused carried over appropriations amount to € 66,373.91 (1.5% of the appropriations carried over on this title). The cancellation of appropriations concerns mainly the following budget lines:

- 3111 " Communication, Information, Publications, Linguistic Services and Training Courses for the Management of Programmes and associated expenses": € 15,920.84 have not been used because reimbursements to the participants to the AAAS symposium were lower than the amount committed.
- 3122 "Missions and Other expenses related to the Administrative Management of Programmes": € 14,208.24 were not used because services in one legal assistance contract were partially cancelled as the Agency won the case.
- 3221 "CT, Logistics, Acquisition and Provision of Information, Current Operating expenditure and associated costs": € 21,319.70 are left for the same reasons mentioned above with respect to chapter 22 "ICT expenditure".

The detailed budget implementation is provided in the table hereafter.

Expenditure Titles, Chapters, Articles and Items	Official Name of the Expenditure Budget Lines	Appropriations 2020 (C8) carried over from 2019	Implemented Payment appropriations		Cancellation unused appropriations (carried over from 2019)		
			value	%	value	%	
TOTAL EXPENDITURE		A	B	C = B/A			
		6,790,091.85	6,620,609.92	97.5%	169,481.93	2.5%	
<b>Title</b>	<b>1</b>	<b>STAFF EXPENDITURE</b>	<b>349,280.74</b>	<b>293,046.59</b>	<b>83.9%</b>	<b>56,234.15</b>	<b>16.1%</b>
<b>Chapter</b>	<b>11</b>	<b>Remunerations, Allowances and Charges</b>	<b>154,271.78</b>	<b>141,375.77</b>	<b>91.6%</b>	<b>12,896.01</b>	<b>8.4%</b>
<b>Article</b>	<b>111</b>	<b>Staff occupying an employment in the establishment plan</b>	<b>0.00</b>	<b>0.00</b>	<b>-</b>	<b>0.00</b>	<b>-</b>
Item	1111	Temporary Agents - Remuneration, Allowances and Charges	0.00	0.00	-	0.00	-
<b>Article</b>	<b>112</b>	<b>Contract Agents</b>	<b>0.00</b>	<b>0.00</b>	<b>-</b>	<b>0.00</b>	<b>-</b>
Item	1121	Contract Agents - Remuneration, Allowances and Charges	0.00	0.00	-	0.00	-
<b>Article</b>	<b>113</b>	<b>Other Staff Remunerations, Allowances and Charges</b>	<b>154,271.78</b>	<b>141,375.77</b>	<b>91.6%</b>	<b>12,896.01</b>	<b>8.4%</b>
Item	1131	Seconded National Experts - Allowances and Charges	p.m.	p.m.	-	p.m.	-
Item	1132	Interim supportive agents and Trainees	154,271.78	141,375.77	91.6%	12,896.01	8.4%
<b>Chapter</b>	<b>12</b>	<b>Professional Development and Social expenditure</b>	<b>195,008.96</b>	<b>151,670.82</b>	<b>77.8%</b>	<b>43,338.14</b>	<b>22.2%</b>
<b>Article</b>	<b>121</b>	<b>Specific Staff-related Charges, Support Services for the management of Staff Rights and Payroll, Charges relating to Recruitment and Change of Personnel</b>	<b>48,622.28</b>	<b>31,617.33</b>	<b>65.0%</b>	<b>17,004.95</b>	<b>35.0%</b>
Item	1211	Specific Staff-related Charges, Support Services for the management of Staff Rights and Payroll, Charges relating to Recruitment and Change of Personnel	48,622.28	31,617.33	65.0%	17,004.95	35.0%
<b>Article</b>	<b>122</b>	<b>Professional and Personal Development and Social expenses for Staff</b>	<b>144,916.72</b>	<b>119,949.08</b>	<b>82.8%</b>	<b>24,967.64</b>	<b>17.2%</b>
Item	1221	Training Courses for the Professional and Personal Development of Staff	64,319.73	41,637.47	64.7%	22,682.26	35.3%
Item	1222	Missions related to the Professional and Personal Development of Staff	4,894.92	2,609.54	53.3%	2,285.38	46.7%
Item	1223	Medical Service	60,153.00	60,153.00	100.0%	0.00	0.0%
Item	1224	Mobility and Other Social expenses	15,549.07	15,549.07	100.0%	0.00	0.0%
<b>Article</b>	<b>123</b>	<b>Representation expenses, Events and Internal meetings</b>	<b>1,469.96</b>	<b>104.41</b>	<b>7.1%</b>	<b>1,365.55</b>	<b>92.9%</b>
Item	1231	Representation expenses, Events and Internal meetings	1,469.96	104.41	7.1%	1,365.55	92.9%
<b>Title</b>	<b>2</b>	<b>INFRASTRUCTURE AND OPERATING EXPENDITURE</b>	<b>1,904,009.13</b>	<b>1,857,135.26</b>	<b>97.5%</b>	<b>46,873.87</b>	<b>2.5%</b>
<b>Chapter</b>	<b>21</b>	<b>Building expenditure</b>	<b>1,014,302.12</b>	<b>1,002,733.20</b>	<b>98.9%</b>	<b>11,568.92</b>	<b>1.1%</b>
<b>Article</b>	<b>211</b>	<b>Rent / Usufruct instalments and Building Charges</b>	<b>1,014,302.12</b>	<b>1,002,733.20</b>	<b>98.9%</b>	<b>11,568.92</b>	<b>1.1%</b>
Item	2111	Rent / Usufruct instalments, Building Charges and associated expenses	1,014,302.12	1,002,733.20	98.9%	11,568.92	1.1%
<b>Chapter</b>	<b>22</b>	<b>ICT expenditure</b>	<b>800,681.65</b>	<b>773,532.32</b>	<b>96.6%</b>	<b>27,149.33</b>	<b>3.4%</b>
<b>Article</b>	<b>221</b>	<b>ICT Environment</b>	<b>558,557.38</b>	<b>531,408.05</b>	<b>95.1%</b>	<b>27,149.33</b>	<b>4.9%</b>
Item	2211	ICT Environment (Infrastructure, Systems and Services)	558,557.38	531,408.05	95.1%	27,149.33	4.9%
<b>Article</b>	<b>222</b>	<b>Data Processing and application development</b>	<b>242,124.27</b>	<b>242,124.27</b>	<b>100.0%</b>	<b>0.00</b>	<b>0.0%</b>
Item	2221	Data Processing and application development and associated expenditure	242,124.27	242,124.27	100.0%	0.00	0.0%
<b>Chapter</b>	<b>23</b>	<b>Movable property and Current Operating expenditure</b>	<b>89,025.36</b>	<b>80,869.74</b>	<b>90.8%</b>	<b>8,155.62</b>	<b>9.2%</b>
<b>Article</b>	<b>231</b>	<b>Furniture, Materials and Technical Installations</b>	<b>38,875.60</b>	<b>33,530.84</b>	<b>86.3%</b>	<b>5,344.76</b>	<b>13.7%</b>
Item	2311	Furniture, Materials and Technical Installations and associated expenditure	38,875.60	33,530.84	86.3%	5,344.76	13.7%
<b>Article</b>	<b>232</b>	<b>Current Operating expenditure</b>	<b>50,149.76</b>	<b>47,338.90</b>	<b>94.4%</b>	<b>2,810.86</b>	<b>5.6%</b>
Item	2321	Office Supplies and Other Current Operating expenditure	50,149.76	47,338.90	94.4%	2,810.86	5.6%
<b>Title</b>	<b>3</b>	<b>PROGRAMME SUPPORT EXPENDITURE</b>	<b>4,536,801.98</b>	<b>4,470,428.07</b>	<b>98.5%</b>	<b>66,373.91</b>	<b>1.5%</b>
<b>Chapter</b>	<b>31</b>	<b>Programme Management expenditure</b>	<b>450,529.11</b>	<b>414,732.30</b>	<b>92.1%</b>	<b>35,796.81</b>	<b>7.9%</b>
<b>Article</b>	<b>311</b>	<b>Communication, Information and ICT expenditure related to the Management of Delegated Programmes</b>	<b>209,184.58</b>	<b>193,263.74</b>	<b>92.4%</b>	<b>15,920.84</b>	<b>7.6%</b>
Item	3111	Communication, Information, Publications, Linguistic Services and Training Courses for the Management of Programmes and associated expenses	31,810.55	15,889.71	50.0%	15,920.84	50.0%
Item	3112	ICT Infrastructure, Environment and Systems related to the Programme Management and associated expenses	177,374.03	177,374.03	100.0%	0.00	0.0%
<b>Article</b>	<b>312</b>	<b>External Audits, Missions and Other expenses related to the Management of Delegated Programmes</b>	<b>241,344.53</b>	<b>221,468.56</b>	<b>91.8%</b>	<b>19,875.97</b>	<b>8.2%</b>
Item	3121	External Audits	94,811.88	89,144.15	94.0%	5,667.73	6.0%
Item	3122	Missions and Other expenses related to the Administrative Management of Programmes	146,532.65	132,324.41	90.3%	14,208.24	9.7%
<b>Chapter</b>	<b>32</b>	<b>Common Support Services expenditure</b>	<b>4,086,272.87</b>	<b>4,055,695.77</b>	<b>99.3%</b>	<b>30,577.10</b>	<b>0.7%</b>
<b>Article</b>	<b>321</b>	<b>Common Support Services and Evaluation Platform – Building expenditure</b>	<b>3,851,019.89</b>	<b>3,849,587.67</b>	<b>100.0%</b>	<b>1,432.22</b>	<b>0.0%</b>
Item	3211	Building Rent / Usufruct instalments, Building charges and associated expenses for the Common Support Services and Evaluation Platform	3,851,019.89	3,849,587.67	100.0%	1,432.22	0.0%
<b>Article</b>	<b>322</b>	<b>Common Support Services and Evaluation Platform – ICT, Logistics, Information and Current Operating expenditure</b>	<b>211,843.90</b>	<b>190,524.20</b>	<b>89.9%</b>	<b>21,319.70</b>	<b>10.1%</b>
Item	3221	ICT, Logistics, Acquisition and Provision of Information, Current Operating expenditure and associated costs	211,843.90	190,524.20	89.9%	21,319.70	10.1%
<b>Article</b>	<b>323</b>	<b>Meetings of Experts</b>	<b>23,409.08</b>	<b>15,583.90</b>	<b>66.6%</b>	<b>7,825.18</b>	<b>33.4%</b>
Item	3231	Meetings of Experts and associated costs	23,409.08	15,583.90	66.6%	7,825.18	33.4%

### 3.5. REA staffing

The number of occupied posts increased from 753 at the end of 2019 to 781 at the end of 2020 (+4%) corresponding to 3 additional temporary agents (including seconded officials) and 25 contractual agents.

The average occupancy rate of the staff plan increased from 93% in 2018 to 96% in 2019.

<b>ESTABLISHMENT PLAN</b>				
<i>All Seconded Officials and Temporary Agents</i>				
Function Group and Category	2019	Occupied as of 31/12/2019	2020	Occupied as of 31/12/2020
AD16				
AD15				
AD14	9	6	9	6
AD13	11	9	12	10
AD12	11	9	13	9
AD11	13	8	13	8
AD10	14	10	20	17
AD9	36	34	44	42
AD8	29	36	27	22
AD7	24	27	23	33
AD6	27	28	23	23
AD5		2		3
<b>TOTAL AD</b>	<b>174</b>	<b>169</b>	<b>184</b>	<b>173</b>
AST11				
AST10		1		1
AST9	4	2	4	1
AST8	3	1	3	1
AST7	1	4	1	1
AST6		5		6
AST5				2
AST4				
AST3				
AST2				
AST1				
<b>TOTAL AST</b>	<b>8</b>	<b>13</b>	<b>8</b>	<b>12</b>
<b>GRAND TOTAL (AD+AST)</b>	<b>182</b>	<b>182</b>	<b>192</b>	<b>185</b>
<b>STAFF PLAN (EQUIVALENT ALLOWANCE OF POSTS IN APPROPRIATIONS)</b>				
<i>Only Contract Agents</i>				
Function Group	2019	Occupied as of 31/12/2019	2020	Occupied as of 31/12/2020
FG IV	247	225	252	235
FG III	224	205	247	226
FG II	123	135	128	129
FG I	3	6	3	6
<b>TOTAL</b>	<b>597</b>	<b>571</b>	<b>630</b>	<b>596</b>
Of which:				
Financed from the contributions from the EU general budget:	563	563	593	593
Financed from "appropriations accruing from contributions from (non-European Economic Area) third parties to research and technological development (2014 to 2020)":	34	8	37	3
<b>ALL STAFF PLAN</b>				
<i>ALL AGENTS (except Interim Staff)</i>				
	2019	Occupied as of 31/12/2019	2020	Filled in as of 31/12/2020
<b>Temporary Agents including Officials</b>	<b>182</b>	<b>182</b>	<b>192</b>	<b>185</b>
<b>Contract Agents</b>	<b>597</b>	<b>571</b>	<b>630</b>	<b>596</b>
<b>GRAND TOTAL</b>	<b>779</b>	<b>753</b>	<b>822</b>	<b>781</b>

### 3.6. Glossary and Abbreviations

Term	Definition
ABAC	Name given to the Commission's accounting system which, since 2005, has been enriched by accrual accounting rules. Apart from the cash-based budgetary accounts, the Commission produces accrual-based accounts which recognise revenue when earned, rather than when collected. Expenses are recognised when incurred rather than when paid. This contrasts with cash basis budgetary accounting that recognises transactions and other events only when cash is received or paid.
Accounting	The act of recording and reporting financial transactions, including the creation of the transaction, its recognition, processing, and summarisation in the financial statements.
Administrative appropriations	Administrative appropriations cover the running costs of the Institutions and entities (staff, buildings, office equipment).
Adjustment	Amending budget or transfer of funds from one budget item to another
Adopted budget	The adopted budget approved by the REA Steering Committee (in line with the budget on the budget line in the general EU budget covering the subsidy to the Agency, as approved by the Budgetary Authority). Cf. Budget.
Agencies	EU bodies having a distinct legal personality, and to whom budget implementing powers may be delegated under strict conditions. They are subject to a distinct discharge from the discharge authority.
Amending budget	Decision adopted during the budget year to amend (increase, decrease, transfer) aspects of the adopted budget of that year.
Annuality	The budgetary principle according to which expenditure and revenue is programmed and authorised for one year, starting on 1 January and ending on 31 December.
Appropriations	The budget forecasts both commitments (legal pledges to provide finance, provided that certain conditions are fulfilled) and payments (cash or bank transfers to the beneficiaries). Appropriations for commitments and payments often differ – differentiated appropriations – because multiannual programmes and projects are usually fully committed in the year they are decided and are paid over the years as the implementation of the programme and project progresses. Non-differentiated appropriations apply to administrative expenditure, for agricultural market support and direct payments for which commitment appropriations equal payment appropriations.
Assigned revenue External/Internal	Dedicated revenue received to finance specific items of expenditure. Main sources of external assigned revenue are <i>financial contributions from third countries to programmes financed by the Union</i> . <i>Main sources of internal assigned revenue is revenue from third parties in respect of goods, services or work supplied at their request or revenue arising from the repayment of amounts wrongly paid and revenue from the sale of publications and films, including those on an electronic medium.</i> The complete list of items constituting assigned revenue is given in Article 21(2) of the Financial Regulation.
Authorizing Officer (AO)	The AO is responsible in each institution for authorising revenue and expenditure operations in accordance with the principles of sound financial management and for ensuring that the requirements of legality and regularity are complied with.

Term	Definition
Budget	Annual financial plan, drawn up according to budgetary principles, that provides forecasts and authorises, for each financial year, an estimate of future costs and revenue and expenditures and their detailed description and justification, the latter included in budgetary remarks.
Budget result	The difference between income received and amounts paid, including adjustments for carry-overs, cancellations and exchange rate differences. The resulting amount will have to be reimbursed to the funding authority as provided in the Financial Regulation for Agencies.
Budget implementation	Consumption of the budget through expenditure and revenue operations.
Budget item / Budget line / Budget position	As far as the budget structure is concerned, revenue and expenditure are shown in the budget in accordance with a binding nomenclature which reflects the nature and purpose of each item, as imposed by the budgetary authority. The individual headings (title, chapter, article or item) provide a formal description of the nomenclature.
Budgetary authority	Institutions with decisional powers on budgetary matters: the European Parliament and the Council of Ministers
Budgetary commitment	A budgetary commitment is a reservation of appropriations to cover for subsequent expenses.
Cancellation of appropriations	Unused appropriations that may no longer be used.
Carryover of appropriations	Exception to the principle of annuality in so far as appropriations that could not be used in a given budget year may, under strict conditions, be exceptionally carried over for use during the following year.
Commitment appropriations	Commitment appropriations cover the total cost of legal obligations (contracts, grant agreements/decisions) that could be signed in the current financial year. Article 7 FR: <i>Commitment appropriations cover the total cost in the current financial year of legal obligations (contracts, grant agreements/decisions) entered into for operations extending over more than one year.</i>
De-commitment	Cancellation of a reservation of appropriations
Differentiated appropriations	Differentiated appropriations are used to finance multiannual operations; they cover, for the current financial year, the total cost of the legal obligations entered into for operations whose implementation extends over more than one financial year. Art. 7 FR: <i>Differentiated appropriations are entered for multiannual operations. They consist of commitment appropriations and payment appropriations.</i>
Earmarked revenue	Revenue earmarked for a specific purpose, such as income from foundations, subsidies, gifts and bequests, including the earmarked revenue specific to each institution. (Cf. Assigned revenue)
Economic result	Impact on the balance sheet of expenditure and revenue based on accrual accounting rules.
Entitlements established	Entitlements are recovery orders that the European Union must establish for collecting income.
Exchange rate difference	The difference resulting from currency exchange rates applied to the transactions concerning countries outside the euro area, or from the revaluation of assets and liabilities in foreign currency at the closure.
Expenditure	Term used to describe spending the budget from all types of funds sources.
Financial Regulation (FR)	Adopted through the ordinary legislative procedure after consulting the European Court of Auditors, this regulation lays down the rules for the establishment and implementation of the general budget of the European Union (OJ L 298, 26.10.2012, p.1)



Term	Definition
Funds Source	Type of appropriations (e.g.: C1, C8,...)
Grants	Direct financial contributions, by way of donation, from the budget in order to finance either an action intended to help achieve an objective that is part of an EU policy or the functioning of a body which pursues an aim of general European interest or has an objective forming part of an EU policy.
Implementation	Cf. Budget implementation
Income	Cf. Revenue
Legal base (basic act)	The legal base is, as a general rule, a law based on an article in the Treaty giving competence to the Community for a specific policy area and setting out the conditions for fulfilling that competence including budget implementation. Certain Treaty articles authorise the Commission to undertake certain actions, which imply spending, without there being a further legal act.
Legal commitment	A legal commitment establishes a legal obligation towards third parties.
Non-differentiated appropriations	Non-differentiated appropriations are for operations of an annual nature. (Article 10 FR). Non-differentiated appropriations apply to administrative expenditure.
Operational appropriations	Operational appropriations finance the different policies, mainly in the form of grants or procurement.
Outstanding commitment	Legal commitments having not fully given rise to liquidation by payments. Cf. RAL
Outturn	Cf. Budgetary result
Payment	A payment is a cash disbursement to honour legal obligations.
Payment appropriations	Payment appropriations cover expenditure due in the current year, arising from legal commitments entered in the current year and/or earlier years (Article 7 FR).
RAL	Sum of outstanding commitments. Outstanding commitments (or RAL, from the French ' <i>reste à liquider</i> ') are defined as the amount of appropriations committed that have not yet been paid. They stem directly from the existence of multiannual programmes and the dissociation between commitment and payment appropriations. (Cf. <i>Outstanding commitments</i> )
Recovery	The recovery order is the procedure by which the Authorising officer (AO) registers an entitlement for the Commission in order to retrieve the amount which is due. The entitlement is the right that the Commission has to claim the sum which is due by a debtor, usually a beneficiary.
Result	Cf. Outturn
Revenue	Term used to describe income from all sources financing the budget.
Rules of application	Detailed rules for the implementation of the financial regulation. They are set out in a Commission regulation adopted after consulting all institutions and cannot alter the financial regulation upon which they depend.
Surplus	Positive difference between revenue and expenditure (see budgetary result) which has to be returned to the funding authority as provided in the Financial Regulation.
Transfer	Transfers between budget lines imply the relocation of appropriations from one budget line to another, in the course of the financial year, and thereby they constitute an exception to the budgetary principle of specification. They are, however, expressly authorised by the Treaty on the Functioning of the European Union under the conditions laid down in the Financial Regulation. The FR identifies different types of transfers depending on whether they are between or within budget titles, chapters, articles or headings and require different levels of authorisation.