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Communication from the Commission to the European Parliament, the Council and the Court of Auditors - Annual Accounts of the European Commission 2020

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CERTIFICATION OF THE ACCOUNTS

The annual accounts of the European Commission for the year 2020 have been prepared in accordance with the Financial Regulation applicable to the general budget of the European Union and the accounting rules adopted by myself in my capacity as the Commission's Accounting Officer, as are to be applied by all the institutions and Union bodies.

I acknowledge my responsibility for the preparation and presentation of the annual accounts of the European Commission in accordance with Article 77 of the Financial Regulation.

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

I hereby certify that based on this information, and on such checks as I deemed necessary to sign off the accounts, I have a reasonable assurance that the accounts present fairly, in all material aspects, the financial position, the results of the operations and the cash flow of the European Commission.

Rosa ALDEA BUSQUETS

Accounting Officer of the Commission

18 June 2021

FINANCIAL STATEMENTS AND EXPLANATORY NOTES

It should be noted that due to the rounding of figures into millions of euros, some financial data in the tables below may appear not to add-up.

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BALANCE SHEET

		<i>EUR million</i>	
	Note	31.12.2020	31.12.2019
NON-CURRENT ASSETS			
<i>Intangible assets</i>	2.1	256	209
<i>Property, plant and equipment</i>	2.2	8 499	8 180
<i>Investments accounted for using the equity method</i>	2.3	588	591
<i>Financial assets</i>	2.4	97 945	65 427
<i>Pre-financing</i>	2.5	34 361	26 011
<i>Exchange receivables and non-exchange recoverables</i>	2.6	45 928	3 585
		187 577	104 004
CURRENT ASSETS			
<i>Financial assets</i>	2.4	13 591	4 220
<i>Pre-financing</i>	2.5	29 092	25 870
<i>Exchange receivables and non-exchange recoverables</i>	2.6	28 269	19 988
<i>Inventories</i>	2.7	74	62
<i>Cash and cash equivalents</i>	2.8	15 380	18 538
		86 406	68 677
TOTAL ASSETS		273 984	172 681
NON-CURRENT LIABILITIES			
<i>Pension and other employee benefits</i>	2.9	(115 408)	(97 050)
<i>Provisions</i>	2.10	(3 730)	(3 490)
<i>Financial liabilities</i>	2.11	(83 734)	(52 360)
		(202 872)	(152 899)
CURRENT LIABILITIES			
<i>Provisions</i>	2.10	(1 518)	(1 097)
<i>Financial liabilities</i>	2.11	(10 608)	(1 390)
<i>Payables</i>	2.12	(33 107)	(27 793)
<i>Accrued charges and deferred income</i>	2.13	(63 708)	(66 374)
		(108 940)	(96 654)
TOTAL LIABILITIES		(311 812)	(249 553)
NET ASSETS		(37 828)	(76 873)
<i>Reserves</i>	2.14	3 501	3 306
<i>Amounts to be called from Member States*</i>	2.15	(41 329)	(80 179)
NET ASSETS		(37 828)	(76 873)

* The European Parliament adopted a budget on 18 December 2020 which provides for the payment of the Commission's short-term liabilities from own resources to be collected by, or called up from, the Member States in 2021. Additionally, under article 83 of the Staff Regulations (Council Regulation 259/68 of 29 February 1968 as amended), the Member States shall jointly guarantee the liability for pensions.

STATEMENT OF FINANCIAL PERFORMANCE

EUR million

	Note	2020	2019
REVENUE			
Revenue from non-exchange transactions			
GNI resources		125 393	108 820
Traditional own resources		19 559	21 235
VAT		17 858	18 128
Fines		452	4 291
Recovery of expenses	3.1	1 355	2 627
UK Withdrawal Agreement		47 456	-
Other	3.2	3 263	(2 288)
		215 337	152 813
Revenue from exchange transactions			
Financial revenue	3.3	3 424	1 798
Other	3.4	687	725
		4 111	2 522
Total Revenue		219 448	155 335
EXPENSES			
Implemented by Member States	3.5		
European Agricultural Guarantee Fund		(40 461)	(43 951)
European Agricultural Fund for Rural Development and other rural development instruments		(14 467)	(13 541)
European Regional Development Fund & Cohesion Fund		(41 118)	(35 178)
European Social Fund		(13 677)	(11 218)
Other		(2 701)	(2 608)
Implemented by the Commission, executive agencies and trust funds	3.6	(22 120)	(18 965)
Implemented by other EU agencies and bodies	3.7	(4 497)	(3 820)
Implemented by third countries and int. organisations	3.7	(4 178)	(4 085)
Implemented by other entities	3.7	(3 257)	(2 878)
Staff and pension costs	3.8	(8 485)	(8 163)
Finance costs	3.9	(2 160)	(1 458)
Other	3.10	(4 976)	(4 866)
Total Expenses		(162 099)	(150 730)
ECONOMIC RESULT OF THE YEAR		57 349	4 605

CASHFLOW STATEMENT

EUR million

	2020	2019
<i>Economic result of the year</i>	57 349	4 605
Operating activities		
<i>Amortisation</i>	33	30
<i>Depreciation</i>	762	800
<i>(Increase)/decrease in loans</i>	(40 631)	1 203
<i>(Increase)/decrease in pre-financing</i>	(11 572)	(1 572)
<i>(Increase)/decrease in exchange receivables and non-exchange recoverables</i>	(50 624)	745
<i>(Increase)/decrease in inventories</i>	(13)	5
<i>Increase/(decrease) in pension and other employee benefits</i>	18 359	17 185
<i>Increase/(decrease) in provisions</i>	662	753
<i>Increase/(decrease) in financial liabilities</i>	40 592	(1 504)
<i>Increase/(decrease) in payables</i>	5 314	(4 745)
<i>Increase/(decrease) in accrued charges and deferred income</i>	(2 667)	3 874
<i>Prior year budgetary surplus taken as non-cash revenue</i>	(3 218)	(1 803)
<i>Remeasurement of employee benefits liability (non-cash movement not included in statement of financial performance)</i>	(15 131)	(14 073)
<i>Other non-cash movements</i>	44	99
Investing activities		
<i>(Increase)/decrease in intangible assets and property, plant and equipment</i>	(1 161)	(952)
<i>(Increase)/decrease in investments accounted for using the equity method</i>	3	(1)
<i>(Increase)/decrease in available for sale financial assets</i>	(1 196)	(2 936)
<i>(Increase)/decrease in financial assets at fair value through surplus or deficit</i>	(62)	(121)
NET CASHFLOW	(3 157)	1 592
<i>Net increase/(decrease) in cash and cash equivalents</i>	(3 157)	1 592
<i>Cash and cash equivalents at the beginning of the year</i>	18 538	16 946
<i>Cash and cash equivalents at year-end</i>	15 380	18 538

STATEMENT OF CHANGES IN NET ASSETS

	<i>EUR million</i>			
	Amounts to be called from Member States Accumulated Surplus/(Deficit)	Other reserves	Fair value reserve	Net Assets
BALANCE AS AT 31.12.2018	(68 885)	2 957	229	(65 700)
<i>Movement in Guarantee Fund reserve</i>	(21)	21	-	-
<i>Fair value movements</i>	-	-	148	148
<i>Remeasurements in employee benefits liability</i>	(14 073)	-	-	(14 073)
<i>Other</i>	(1)	(48)	-	(49)
<i>2018 budget result credited to Member States</i>	(1 803)	-	-	(1 803)
<i>Economic result of the year</i>	4 605	-	-	4 605
BALANCE AS AT 31.12.2019	(80 179)	2 930	377	(76 873)
<i>Movement in Guarantee Fund reserve</i>	(173)	173	-	-
<i>Fair value movements</i>	-	-	93	93
<i>Remeasurements in employee benefits liability</i>	(15 131)	-	-	(15 131)
<i>Other</i>	22	(71)	-	(49)
<i>2019 budget result credited to Member States</i>	(3 218)	-	-	(3 218)
<i>Economic result of the year</i>	57 349	-	-	57 349
BALANCE AS AT 31.12.2020	(41 329)	3 031	470	(37 828)

NOTES TO THE FINANCIAL STATEMENTS

For further information in addition to the notes below, please also see the 2020 EU consolidated annual accounts.

Note that in the following tables amounts concerning the UK are still shown under the heading Member States as although the UK departed the Union on 1 February 2020, during the transition period up to 31 December 2020 it continued to have a financial relationship with the Union equivalent to that of a Member State.

1. SIGNIFICANT ACCOUNTING POLICIES

The European Commission (hereinafter referred to as the Commission) applies the accounting policies of the European Union (hereinafter referred to as the EU). A summary of the significant EU accounting policies is given below.

1.1. LEGAL BASIS AND ACCOUNTING RULES

The accounts of the EU are kept in accordance with Regulation (EU, Euratom) No 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30 July 2018, p. 1) hereinafter referred to as the 'Financial Regulation' (FR).

In accordance with article 80 of the Financial Regulation, the EU prepares its financial statements on the basis of accrual-based accounting rules that are based on International Public Sector Accounting Standards (IPSAS). These accounting rules, adopted by the Accounting Officer of the Commission, have to be applied by all the institutions and EU bodies falling within the scope of consolidation in order to ensure the internal consistency of the EU consolidated accounts.

Application of new and amended European Union Accounting Rules (EAR)

New EAR which are effective for annual periods beginning on or after 1 January 2020

There are no new EAR which became effective for annual periods beginning on or after 1 January 2020.

New EAR adopted but not yet effective at 31 December 2020

On 17 December 2020 the Accounting Officer of the European Commission adopted the revised EAR 11 'Financial Instruments', which is effective for accounting periods beginning on or after 1 January 2021. The revised EAR 11 has been updated in line with the new IPSAS 41 'Financial Instruments' and establishes the principles for the financial reporting of the financial assets and financial liabilities held by the EU entities.

The main changes and their expected impacts on the EU 2021 accounts are as follows:

New classification and measurement principles for financial assets

The revised EAR 11 introduces a principles-based approach to the classification of financial assets which is based on two criteria: the management model which an entity applies for managing its financial assets and the contractual cash-flow characteristics of those assets. Depending on these criteria, financial assets are classified in the categories financial assets at amortised cost (AC), financial assets at fair value through net assets/equity (FVNA), or financial assets at fair value through surplus and deficit (FVSD).

Financial assets with contractual terms that represent solely principal and interests are classified as either AC (if the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows) or FVNA (if the financial asset is held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets). Financial assets that do not meet the criteria to be classified as either AC or FVNA, in particular financial assets for which the contractual cashflows do not represent solely principal and interests or which are held within other management models, are classified as FVSD.

In line with these principles, in the 2021 EU annual accounts all equity investments which are currently classified as 'available for sale' will be reclassified as FVSD. Debt securities are also expected to be reclassified as FVSD, given that the EU manages these asset portfolios and evaluates their performance on a fair value basis. The related fair value reserve will be released to Net Assets.

New impairment model

Whereas the current impairment model is based on incurred losses, the revised EAR 11 introduces a forward-looking impairment model based on expected credit losses, taking into account all possible

default events and any credit enhancements that are integral to the contractual terms. As regards the applicable time horizon a staging approach applies: as long as there is no significant increase in credit risk, the impairment allowance is measured at an amount equal to the 12-months expected credit loss (stage 1). In case of a significant increase in credit risk (stage 2) and for credit-impaired financial assets, the impairment allowance equals the life time expected credit loss. The new impairment model applies to all financial assets measured at AC or at FVNA, loan commitments and financial guarantee contracts.

It is expected that the new forward-looking impairment model will lead to a recognition of an additional impairment allowance in the 2021 EU annual accounts, in particular in relation to the loans for financial assistance provided to partner countries under the MFA and Euratom programmes.

Financial guarantee accounting

Under the current EAR 11, most financial guarantees – in particular those provided at no or nominal consideration – are accounted for in accordance with the principles of EAR 10 'Provisions, contingent liabilities and contingent assets', hence either recognised as provisions or disclosed as contingent liabilities depending on the probability of loss.

The revised EAR 11 requires the application of the financial guarantee accounting requirements to all financial guarantee contracts, which should be initially recognised either at fair value or at the life time expected credit loss in case no reliable measure of fair value can be determined. At subsequent measurement, financial guarantee contracts should be measured at the higher of (i) the amount of the loss allowance, and (ii) the amount initially recognised less, when appropriate, the cumulative amount of amortisation recognised in accordance with the principles of EAR 4 'Revenue from exchange transactions'.

As a consequence, in the 2021 EU accounts the existing financial guarantee contracts are expected to be reclassified from financial provisions to the financial guarantee liability categories and re-measured to the higher of the life time expected credit loss, and – if applicable – the amount initially recognised as provisions less accumulated amortisation. This change is expected to trigger an increase in the financial liabilities on the balance sheet, in particular in relation to the guarantees provided to the EIB Group under the External Lending Mandate.

The new requirements shall be applied retrospectively and subject to the specific transitional provisions in the revised EAR 11. In particular, no restatement of comparatives is required. Hence, the impacts of any remeasurements will be recognised in Net Assets at the initial application date of the revised EAR 11.

1.2. ACCOUNTING PRINCIPLES

The objective of financial statements is to provide information about the financial position, performance and cashflows of an entity that is useful to a wide range of users. For the EU as a public sector entity, 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. It is with these goals in mind that the present document has been drawn up.

The overall considerations (or accounting principles) to be followed when preparing the financial statements are laid down in EU accounting rule 1 'Financial Statements' and are the same as those described in IPSAS 1: fair presentation, accrual basis, going concern, consistency of presentation, materiality, aggregation, offsetting and comparative information.

The qualitative characteristics of financial reporting are relevance, faithful representation (reliability), understandability, timeliness, comparability and verifiability.

1.3. CONSOLIDATION

Scope of consolidation

The consolidated financial statements of the EU comprise all significant controlled entities, joint arrangements and associates. The complete list of entities falling under the scope of consolidation, which now comprises 52 controlled entities and 1 associate, can be found in note 9. Among the controlled entities are the EU institutions (including the Commission, but not the European Central Bank) and the EU agencies (except those of the former 2nd pillar, i.e. the Common and Foreign Security Policy). The

European Coal and Steel Community in Liquidation (ECSC i.L.) is also considered as a controlled entity. The EU's only associate is the European Investment Fund (EIF).

Entities falling under the scope of consolidation but immaterial to the EU consolidated financial statements as a whole need not be consolidated or accounted for using the equity method where to do so would result in excessive time or cost to the EU. These entities are referred to as 'Minor entities' and are separately listed in note 9. In 2020, 8 entities have been classified as such minor entities.

Controlled entities

In order to determine the scope of consolidation, the control concept is applied. Controlled entities are entities for which the EU is exposed, or has right, to variable benefits from its involvement and has the ability to affect the nature and amount of those benefits through its power over the other entity. This power must be presently exercisable and must relate to the relevant activities of the entity. Controlled entities are fully consolidated. The consolidation begins at the first date on which control exists, and ends when such control no longer exists.

The most common indicators of control within the EU are: creation of the entity through founding treaties or secondary legislation, financing of the entity from the EU budget, the existence of voting rights in the governing bodies, audit by the European Court of Auditors and discharge by the European Parliament. An individual assessment for each entity is made in order to decide whether one or all of the criteria listed above are sufficient to result in control.

All material inter-entity transactions and balances between EU controlled entities are eliminated, while unrealised gains and losses on such transactions are not material and so have not been eliminated.

Joint Arrangements

A joint arrangement is an agreement of which the EU and one or more parties have joint control. Joint control is the agreed sharing of control of an arrangement by way of a binding arrangement, which exists only when decisions about the relevant activities require the unanimous consent of parties sharing control. Joint agreements can be either joint ventures or joint operations. A joint venture is a joint arrangement that is structured through a separate vehicle and whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Participations in joint ventures are accounted for using the equity method (see note 1.5.4). A joint operation is a joint arrangement whereby the parties that have joint control of the arrangements have rights to the assets, and obligations for the liabilities, related to the arrangement. Participations in joint operations are accounted for by recognising in the EU's financial statements its assets and liabilities, revenues and expenses, as well as its share of assets, liabilities, revenues and expenses jointly held or incurred.

Associates

Associates are entities over which the EU has, directly or indirectly, significant influence but not exclusive or joint control. It is presumed that significant influence exists if the EU holds directly or indirectly 20 % or more of the voting rights. Participations in associates are accounted for using the equity method (see note 1.5.4).

Non-consolidated entities the funds of which are managed by the Commission

The funds of the Joint Sickness Insurance Scheme for staff of the EU, the European Development Fund and the Participants Guarantee Fund are managed by the Commission on the behalf of these entities. However, since these entities are not controlled by the EU, they are not consolidated in its financial statements.

1.4. BASIS OF PREPARATION

Financial statements are presented annually. The accounting year begins on 1 January and ends on 31 December.

1.4.1. Currency and basis for conversion

Functional and reporting currency

The financial statements are presented in millions of euros, unless stated otherwise, the euro being the EU's functional currency.

Transactions and balances

Foreign currency transactions are translated into euros using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the re-translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial performance. Translation differences on non-monetary financial instruments classified as available for sale financial assets are included in the fair value reserve.

Different conversion methods apply to property, plant and equipment and intangible assets, which retain their value in euros at the rate that applied at the date when they were purchased.

Year-end balances of monetary assets and liabilities denominated in foreign currencies are converted into euros on the basis of the European Central Bank (ECB) exchange rates applying on 31 December:

Euro exchange rates

Currency	31.12.2020	31.12.2019	Currency	31.12.2020	31.12.2019
BGN	1.9558	1.9558	PLN	4.5597	4.2568
CZK	26.2420	25.4080	RON	4.8683	4.783
DKK	7.4409	7.4715	SEK	10.0343	10.4468
GBP	0.8990	0.8508	CHF	1.0802	1.0854
HRK	7.5519	7.4395	JPY	126.4900	121.9400
HUF	363.8900	330.5300	USD	1.2271	1.1234

1.4.2. Use of estimates

In accordance with IPSAS and generally accepted accounting principles, the financial statements necessarily include amounts based on estimates and assumptions by management based on the most reliable information available. Significant estimates include, but are not limited to: amounts for employee benefit liabilities, financial risk of accounts receivable and the amounts disclosed in the notes concerning financial instruments, accrued revenue and charges, provisions, degree of impairment of intangible assets and property, plant and equipment, net realisable value of inventories, contingent assets and liabilities. Actual results could differ from those estimates. Changes in estimates are reflected in the period in which they become known, if the change affects the period only, or that period and future periods, if the change affects both.

1.5. BALANCE SHEET

1.5.1. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. An asset is identifiable if it is either separable (i.e. it is capable of being separated or divided from the entity, e.g. by being sold, transferred, licensed, rented, or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the entity intends to do so), or arises from binding arrangements (including rights from contracts or other legal rights), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations).

Acquired intangible assets are stated at historical cost less accumulated amortisation and impairment losses. Internally developed intangible assets are capitalised when the relevant criteria of the EU Accounting Rules are met and the expenses relate solely to the development phase of the asset. The capitalisable costs include all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. Costs associated with research

activities, non-capitalisable development costs and maintenance costs are recognised as expenses as incurred.

Intangible assets are amortised on a straight-line basis over their estimated useful lives (3 to 11 years). The estimated useful lives of intangible assets depend on their specific economic life time or legal life time determined by an agreement.

1.5.2. Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition, construction or transfer of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the EU and its cost can be measured reliably. Repairs and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred.

Land is not depreciated as it is deemed to have an indefinite useful life. Assets under construction are not depreciated, as these assets are not yet available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives, as follows:

Type of asset	Straight line depreciation rate
<i>Buildings</i>	4 % to 10 %
<i>Space assets</i>	8 % to 25 %
<i>Plant and equipment</i>	10 % to 25 %
<i>Furniture and vehicles</i>	10 % to 25 %
<i>Computer hardware</i>	25 % to 33 %
<i>Other</i>	10 % to 33 %

Gains or losses on disposals are determined by comparing proceeds less selling expenses with the carrying amount of the disposed asset and are included in the statement of financial performance.

Leases

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

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

An operating lease is a lease other than a finance lease, i.e. a lease where the lessor retains substantially all the risks and rewards incidental to ownership of an asset. When entering an operating lease as a lessee, the operating lease payments are recognised as an expense in the statement of financial performance on a straight-line basis over the lease term with neither a leased asset nor a leasing liability presented in the statement of financial position.

1.5.3. Impairment of non-financial assets

An impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through amortisation or depreciation (as applicable). Assets that have an indefinite useful life are not subject to amortisation/depreciation and are tested annually for impairment. Assets that are subject to amortisation/depreciation are tested for impairment whenever there is an indication at the reporting date that an asset may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable (service) amount. The recoverable (service) amount is the higher of an asset's fair value less costs to sell and its value in use.

Intangible assets and property, plant and equipment residual values and useful lives are reviewed, and adjusted if appropriate, at least once per year. If the reasons for impairments recognised in previous years no longer apply, the impairment losses are reversed accordingly.

1.5.4. Investments accounted for using the equity method

Participations in associates and joint ventures

Investments accounted for using the equity method are initially recognised at cost, with the initial carrying amount subsequently being increased or decreased to recognise further contributions, the EU's share of the surplus or deficit of the investee, any impairments and dividends. The initial cost together with all movements give the carrying amount of the investment in the financial statements at the balance sheet date. The EU's share of the investee's surplus or deficit is recognised in the statement of financial performance, and its share of investee's movements in equity is recognised in the reserves within net assets. Distributions received from the investment reduce the carrying amount of the asset.

If the EU's share of deficits of an investment accounted for using the equity method equals or exceeds its interest in the investment, the EU discontinues recognising its share of further losses ('unrecognised losses'). After the EU's interest is reduced to zero, additional losses are provided for and a liability is recognised only to the extent that the EU has incurred legal or constructive obligation or made payments on behalf of the entity.

If there are indications of impairment, a write-down to the lower recoverable amount is necessary. The recoverable amount is determined as described under note **1.5.3**. If the reason for impairment ceases to apply at a later date, the impairment loss is reversed to the carrying amount that would have been determined had no impairment loss been recognised.

In cases where the EU holds 20 % or more of an investment capital fund, it does not seek to exert significant influence. Such funds are therefore treated as financial instruments and categorised as available for sale financial assets.

Associates and joint ventures classified as minor entities (see note **1.3**) are not accounted for under the equity method. EU contributions to those entities are accounted for as an expense of the period.

1.5.5. Financial assets

Classification

The EU classifies their financial assets in the categories 'financial assets at fair value through surplus or deficit', 'loans and receivables', 'held-to-maturity investments' and 'available for sale financial assets'. The classification of financial instruments is determined at initial recognition and re-evaluated at each balance sheet date.

(i) Financial assets at fair value through surplus or deficit

A financial asset is classified in the category 'fair value through surplus or deficit' if acquired principally for the purpose of being sold in the short term, or if so designated by the entity. Derivatives are also presented in this category. Assets in this category are classified as current assets if they are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the EU provides money, goods or services directly to a debtor with no intention of trading the receivable, or in case the EU is subrogated to the rights of the original lender following a payment made by the EU under a guarantee contract. Payments due within 12 months of the balance sheet date are classified as current assets. Payments due after 12 months from the balance sheet date are classified as non-current assets. Loans and receivables include term deposits with the original maturity above three months.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the EU has the positive intention and ability to hold to maturity. During this financial year, the EU did not hold any investments in this category.

(iv) Available for sale financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are classified as either current or non-current assets, depending on the period of time the EU expects to hold them. Investments in entities that are neither consolidated nor accounted for using the equity method and other equity-type investments (e.g. Risk Capital Operations) are also classified as available for sale financial assets.

Initial recognition and measurement

Purchases and sales of financial assets classified as 'at fair value through surplus or deficit', 'held-to-maturity' or 'available for sale', are recognised on their trade-date – the date on which the EU commits to purchase or sell the asset. Cash equivalents and loans are recognised when cash is deposited in a financial institution or advanced to borrowers. Financial instruments are initially recognised at fair value. For all financial assets not carried at fair value through surplus or deficit, transactions costs are added to the fair value at initial recognition. Financial assets carried at fair value through surplus or deficit are initially recognised at fair value and transaction costs are expensed in the statement of financial performance.

The fair value of a financial asset on initial recognition is normally the transaction price (i.e. the fair value of the consideration received), unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets (e.g. in case of some derivative contracts). However, when a long-term loan that carries no interest or an interest below market conditions is granted, its fair value can be estimated as the present value of all future cash receipts discounted using the prevailing market rate of interest for a similar instrument with a similar credit rating.

Loans granted are measured at their nominal amount, which is considered to be the fair value of the loan. The reasoning for this is as follows:

- The 'market environment' for EU lending is very specific and different from the capital market used to issue commercial or government bonds. As lenders in these markets have the opportunity to choose alternative investments, the opportunity of doing so is factored into market prices. However, this opportunity for alternative investments does not exist for the EU, which is not allowed to invest money on the capital markets; it only borrows funds for the purpose of lending at the same rate. This means that there is no alternative lending or investment option available to the EU for the sums borrowed. Thus, there is no opportunity cost and therefore no basis of comparison with market rates. In fact, the EU lending operation itself represents the market. Essentially, since the opportunity cost 'option' is not applicable, the market price does not fairly reflect the substance of the EU lending transactions. Therefore, it is not appropriate to determine the fair value of EU lending with reference to commercial or government bonds.
- Furthermore, as there is no active market or similar transactions to compare with, the interest rate to be used by the EU for fair valuing its lending operations under the EFSM, BOP and other such loans, should be the interest rate charged.
- In addition, for these loans, there are compensating effects between loans and borrowings due to their back-to-back character. Thus, the effective interest for the loan equals the effective interest

rate for the related borrowings. The transaction costs incurred by the EU and then recharged to the beneficiary of the loan are directly recognised in the statement of financial performance.

Financial instruments are derecognised when the rights to receive cashflows from the investments have expired or the EU has transferred substantially all risks and rewards of ownership to another party.

Subsequent measurement

- a) Financial assets at fair value through surplus or deficit are subsequently carried at fair value. Gains and losses arising from changes in the fair value of the 'financial instruments at fair value through surplus or deficit' category are included in the statement of financial performance in the period in which they arise.
- b) Loans and receivables are carried at amortised cost using the effective interest method. In the case of loans granted on borrowed funds, the same effective interest rate is applied to both the loans and borrowings since these loans have the characteristics of 'back-to-back operations' and the differences between the loan and the borrowing conditions and amounts are not material. The transaction costs incurred by the EU and then recharged to the beneficiary of the loan are directly recognised in the statement of financial performance.
- c) Held to maturity assets are carried at amortised cost using the effective interest method. The EU currently holds no held to maturity investments.
- d) Available for sale financial assets are subsequently carried at fair value. Gains and losses arising from changes in the fair value of available for sale financial assets are recognised in the fair value reserve, except for translation differences on monetary assets, which are recognised in the statement of financial performance. When assets classified as available for sale financial assets are derecognised or impaired, the cumulative fair value adjustments previously recognised in the fair value reserve are recognised in the statement of financial performance. Interest on available for sale financial assets calculated using the effective interest method is recognised in the statement of financial performance. Dividends on available for sale equity instruments are recognised when the EU's right to receive payment is established.

The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities and over-the-counter derivatives), the EU establishes a fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cashflow analysis, option pricing models and other valuation techniques commonly used by market participants.

Investments in Venture Capital Funds, classified as available for sale financial assets, which do not have a quoted market price in an active market are valued at the attributable net asset value, which is considered as an equivalent of their fair value.

In cases where the fair value of investments in equity instruments that do not have a quoted market price in an active market cannot be reliably measured, these investments are valued at cost less impairment losses.

Impairment of financial assets

A financial asset is impaired and a loss is recognised if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event (or events) has an impact on the estimated future cashflows of the financial asset that can be reliably estimated. The EU assesses at each reporting date whether there is objective evidence that a financial asset is impaired.

(a) *Assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cashflows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of financial performance. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. The calculation of the present value of the estimated future

cashflows of a collateralised financial asset reflects the cashflows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the statement of financial performance.

(b) *Assets carried at fair value*

In the case of equity investments classified as available for sale financial assets, a significant or permanent (prolonged) decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the statement of financial performance – is removed from reserves and recognised in the statement of financial performance. Impairment losses recognised in the statement of financial performance on equity instruments are not reversed through the statement of financial performance. If, in a subsequent period, the fair value of a debt instrument classified as available for sale financial asset increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the statement of financial performance.

1.5.6. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other directly attributable costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. When inventories are held for distribution at no charge or for a nominal charge, they are measured at the lower of cost and current replacement cost. Current replacement cost is the cost the EU would incur to acquire the asset on the reporting date.

1.5.7. Pre-financing amounts

Pre-financing is a payment intended to provide the beneficiary with a cash advance, i.e. a float. It may be split into a number of payments over a period defined in the particular contract, decision, agreement or basic legal act. The float or advance is either used for the purpose for which it was provided during the period defined in the agreement or it is repaid. If the beneficiary does not incur eligible expenditure, they have the obligation to return the pre-financing advance to the EU. As the EU retains control over the pre-financing and is entitled to a refund for the ineligible part, the amount is presented as an asset.

Pre-financing is initially recognised on the balance sheet when cash is transferred to the recipient. It is measured at the amount of the consideration given. In subsequent periods pre-financing is measured at the amount initially recognised on the balance sheet less the eligible expenses (including estimated amounts where necessary) incurred during the period.

Interest on pre-financing is recognised as it is earned in accordance with the provisions of the relevant agreement. An estimate of the accrued interest revenue, based on the most reliable information, is made at the year-end and included in the balance sheet.

Other advances to Member States, which originate from reimbursement by the EU of amounts paid as advances by the Member States to their beneficiaries (including 'financial instruments under shared management'), are recognised as assets and presented under the heading 'Pre-financing'. Other advances to Member States are subsequently measured at the amount initially recognised on the balance sheet less a best estimate of the eligible expenses incurred by final beneficiaries, calculated on the basis of reasonable and supportable assumptions.

The contributions to EU trust funds not consolidated in the European Commission, or to other unconsolidated entities, are classified as pre-financing since their purpose is to give a float to the trust fund to allow it to finance specific actions defined under the trust fund's objectives. The EU contributions to trust funds are measured at the initial amount of the EU contribution less eligible expenses, including estimated amounts where necessary, incurred by the trust fund during the reporting period and allocated to the EU contribution in accordance with the underlying agreement.

1.5.8. Exchange receivables and non-exchange recoverables

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

Receivables from exchange transactions meet the definition of financial instruments and are thus classified as loans and receivables and measured accordingly (see note **1.5.5**). The financial instruments notes disclosures concerning receivables from exchange transactions include accrued revenue and deferred charges from exchange transactions, as they are not material. A general write-down based on past experience is made for outstanding recovery orders not already subject to a specific write-down.

Recoverables from non-exchange transactions are carried at fair value as at the date of acquisition (adjusted for interest and penalties) less write-down for impairment. A write-down for impairment of recoverables from non-exchange transactions is established when there is objective evidence that the EU will not be able to collect all amounts due according to the original terms of recoverables from non-exchange transactions. The amount of the write-down is the difference between the asset's carrying amount and the recoverable amount. The amount of the write-down is recognised in the statement of financial performance. A general write-down, based on past experience, is also made for outstanding recovery orders not already subject to a specific write-down. See note **1.5.14** concerning the treatment of accrued revenue at year-end. Amounts displayed and disclosed as recoverables from non-exchange transactions are not financial instruments, as they do not arise from a contract that would give rise to a financial liability or equity instrument. However, in the notes to the financial statements recoverables from non-exchange transactions are disclosed together with receivables from exchange transactions where appropriate.

1.5.9. Cash and cash equivalents

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

1.5.10. Employee benefits

The EU provides a set of benefits (emoluments and social security) to employees. For accounting purposes these have to be classified into short-term and post-employment benefits.

Short-term employee benefits

Short-term employee benefits are those benefits due to be settled before twelve months after the end of the reporting period in which employees rendered the service, such as salaries, annual and paid sick leaves, and other short-term allowances. Short-term employee benefits are recognised as an expense when the related service is provided. A liability is recognised for the amount expected to be paid if the EU has a present legal or constructive obligation to pay as a result of past service provided by the employee and the obligation can be estimated reliably.

Post-employment benefits

The EU grants a set of post-employment benefits to employees, which include retirement, invalidity and survival pensions provided under the Pension Scheme of the European Officials (PSEO), as well as medical coverage provided under the Joint Sickness Insurance Scheme (JSIS) (see note **2.9**). These benefits are provided under a single plan – although split in two schemes – and they must be treated similarly so as to give a fair presentation of the situation and reflect the economic reality:

- i. Pension Scheme of European Officials (PSEO): The benefits granted under this notionally funded¹ scheme relate to seniority, invalidity and survival, as well as, family allowances, death before retirement to those employees that work or worked in the EU Institutions, Agencies and other EU bodies or are survivors of deceased officials or pensioners. Staff contribute one third of the expected cost of these benefits from their salaries.
- ii. Joint Sickness Insurance Scheme (JSIS): Under this scheme, the EU provides health coverage for staff of the European Commission, Institutions, Agencies and other EU bodies through the reimbursement of medical expenses. The benefits granted to the 'inactives' of this scheme (i.e. pensioners, orphans, etc.) are classified as post-employment benefits.

The EU also provides post-employment benefits to members of the EU institutions via separate pension schemes. These are shown under the heading 'Other retirement benefit schemes'. Under these schemes the EU provides pension benefits to members of the Commission, Court of Justice and General Court, Court of Auditors, Council, European Parliament, Ombudsman, Data Protection Supervisor, Civil Service Tribunal. The EU provides health coverage to the members of the EU Institutions via the JSIS.

The above post-employment benefits qualify as defined benefit obligations of the EU and are calculated at each reporting date by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligation is performed annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

The post-employment benefits provided to EU staff are incorporated in a single plan comprising both a pension scheme (PSEO) and a sickness insurance scheme (JSIS), with the right to coverage under the JSIS scheme being dependent on having acquired the right to coverage under the PSEO scheme. Under the terms of this single plan, as set out in the Staff Regulation, certain entitlements, such as the right to a deferred and reduced pension under the PSEO scheme, are acquired after 10 years of service. However, the entitlements acquired under the single plan by the employee's subsequent service are materially higher than those initial entitlements as reflected by subsequent annually accrued pension rights.

Therefore, in order to depict the economic substance of the underlying transaction required by the faithful representation qualitative characteristic of financial reporting as outlined in both EAR 1 and the IPSAS Conceptual Framework, the service cost incurred is accrued on a straight-line basis over staff's estimated active service period, i.e. the period from the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service) until the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases. This approach is applied consistently to the benefits provided for under the single plan.

Remeasurements of the net defined benefit liability comprise actuarial gains and losses and the return on plan assets, and are recognised immediately in net assets.

The EU recognises the net interest expense (income) and other expenses related to the defined benefit plans in the statement of financial performance within the heading 'staff and pension costs'.

When benefits provided are changed or curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in the statement of financial performance. Gains and losses on settlement are recognised when the settlement occurs. Past service cost is recognised immediately in the statement of financial performance, unless the changes are conditional on the employees remaining in service for a specified period of time.

¹ The PSEO is a notional (virtual) fund with defined benefits in which staff's contributions serve to finance their future pensions. Although there is no actual investment fund, the amount that would have been collected by such a fund is considered to have been invested in the Member States' long-term bonds and is reflected in the pension liability that is registered in the annual accounts of the European Union. Member States jointly guarantee the payment of the benefits pursuant to Article 83 of the Staff Regulations and Article 4(3) of the Treaty on European Union (see COM(2018) 829 for a detailed description of the scheme).

1.5.11. Provisions

Provisions are recognised when the EU has a present legal or constructive obligation towards third parties as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses. 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. Where the provision involves a large number of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities ('expected value' method).

Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

1.5.12. Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through surplus or deficit, financial liabilities carried at amortised cost or as financial guarantee liabilities.

Borrowings are composed of borrowings from credit institutions and debts evidenced by certificates. They are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred, then subsequently carried at amortised cost using the effective interest method; any difference between proceeds, net of transaction costs, and the redemption value is recognised in the statement of financial performance over the period of the borrowings using the effective interest method. In the case of loans granted on borrowed funds, the effective interest method may not be applied to loans and borrowings, based on materiality considerations. The transaction costs incurred by the EU and then recharged to the beneficiary of the loan are directly recognised in the statement of financial performance.

Financial liabilities categorised at fair value through surplus or deficit include derivatives where fair value is negative. They follow the same accounting treatment as financial assets at fair value through surplus or deficit, see note **1.5.5**.

Financial guarantee liabilities are initially recognised at fair value, being the premium received. Subsequently, financial guarantee liabilities are measured at the higher of the best estimate of the expenses expected to be required to settle the financial guarantee liability and the amount initially recognised less, when appropriate, cumulative amortisation. The EU recognises a financial guarantee liability when it receives consideration for granting of the guarantee, that is at market terms, or when the fair value of the guarantee can be measured reliably. In case no active market for a directly equivalent guarantee contract exists, the EU discloses the guarantee given as a contingent liability (see note **1.7.2**) or – when it is more likely than not that an outflow of resources will be required to settle the obligation – the EU recognises a provision (see note **1.5.11**).

Financial liabilities are classified as non-current liabilities, except for maturities less than 12 months after the balance sheet date.

EU trust funds that are considered as part of the Commission's operational activities (i.e. trust funds Madad and Colombia) are accounted for in the Commission accounts and further consolidated in the EU annual accounts. Therefore, contributions from other donors to the EU trust funds fulfil the criteria of revenues from non-exchange transactions under conditions and they are presented as financial liabilities until the conditions attached to the contributions transferred are met, i.e. eligible costs are incurred by the trust fund. The trust fund is required to finance specific projects and return remaining funds at the time of winding-up. At the balance sheet date the outstanding contribution liabilities are measured at contributions received less the expenses incurred by the trust fund, including estimated amounts when necessary. For reporting purposes the net expenses are allocated to the contributions of other donors in proportion to net contributions paid as at 31 December. This allocation of contributions is only indicative. When the trust fund is wound up the actual split of remaining resources will be decided by the trust fund board.

1.5.13. Payables

A significant amount of the payables of the EU are unpaid cost claims from beneficiaries of grants or other EU funding (non-exchange transactions). They are recorded as payables for the requested amount when the cost claim is received. Upon verification and acceptance of the eligible costs, the payables are valued at the eligible amount.

Payables arising from the purchase of goods and services are recognised at invoice reception for the original amount and the corresponding eligible expenses are entered in the accounts when the supplies or services are delivered and accepted by the EU.

1.5.14. Accrued and deferred revenue and charges

Transactions and events are recognised in the financial statements in the period to which they relate. At year-end, if an invoice is not yet issued but the service has been rendered, the supplies have been delivered by the EU or a contractual agreement exists (e.g. by reference to a treaty), an accrued revenue will be recognised in the financial statements. In addition, at year-end, if an invoice is issued but the services have not yet been rendered or the goods supplied have not yet been delivered, the revenue will be deferred and recognised in the subsequent accounting period.

Expenses are also accounted for in the period to which they relate. At the end of the accounting period, accrued expenses are recognised based on an estimated amount of the transfer obligation of the period. The calculation of accrued expenses is done in accordance with detailed operational and practical guidelines issued by the Commission which aim at ensuring that the financial statements provide a faithful representation of the economic and other phenomena they purport to represent. By analogy, if a payment has been made in advance for services or goods that have not yet been received, the expense will be deferred and recognised in the subsequent accounting period.

1.6. STATEMENT OF FINANCIAL PERFORMANCE

1.6.1. Revenue

REVENUE FROM NON-EXCHANGE TRANSACTIONS

The vast majority of the EU's revenue relates to non-exchange transactions as follows:

GNI based resources and VAT resources

Revenue is recognised for the period for which the Commission sends out a call for funds to the Member States claiming their contribution. They are measured at their 'called amount'. As VAT and GNI resources are based on estimates of the data for the budgetary year concerned, they may be revised as changes occur until the final data are issued by the Member States. The effect of a change in estimate is included when determining the net surplus or deficit for the period in which the change occurred.

Traditional own resources

Recoverables from non-exchange transactions and related revenues are recognised when the relevant monthly 'A' statements (including duties collected and amounts due that are guaranteed and not contested) are received from the Member States. At the reporting date, revenue collected by the Member States for the period but not yet paid to the Commission is estimated and recognised as accrued revenue. The quarterly 'B' statements (including duties neither collected nor guaranteed, as well as guaranteed amounts that have been contested by the debtor) received from the Member States are recognised as revenue less the collection costs to which they are entitled. In addition, a value reduction is recognised for the amount of the estimated recovery gap.

Fines

Revenue from fines is recognised when the EU's decision imposing a fine has been taken and it is officially notified to the addressee. After the decision to impose a fine, the undertakings have two months from the date of notification:

- a) either to accept the decision, in which case they must pay the fine within the time limit laid down and the amount is definitively collected by the EU; or
- b) not to accept the decision, in which case they lodge an appeal under EU law.

Even if appealed, the fine must be paid within the time limit of three months laid down, as the appeal does not have suspensory effect (Article 278 TFEU). The cash received is used to clear the recoverable. However, subject to the agreement of the Commission's Accounting Officer, the undertaking may present a bank guarantee for the amount instead. In that case the fine remains as a recoverable. If neither cash nor a guarantee is received and there are doubts about the undertaking's solvency, a value reduction on the entitlement is recognised.

If the undertaking appeals against the decision, and has already provisionally paid the fine, the amount is disclosed as a contingent liability, or, if it appears probable that the General Court may not rule in favour of the EU, a provision is recognised to cover this risk. If a guarantee is given instead, the outstanding recoverable is written down.

The accumulated interest received by the Commission on the bank accounts where received payments are deposited is recognised as revenue, and any contingent liability is increased accordingly.

Since 2010, all provisionally cashed fines are managed by the Commission in a specifically created fund (BUFI) and invested in financial instruments.

REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from the sale of goods and services is recognised when the significant risk and rewards of ownership of the goods are transferred to the purchaser. Revenue associated with a transaction involving the provision of services is recognised by reference to the stage of completion of the transaction at the reporting date.

Interest revenue and expense

Interest revenue and expense are recognised in the statement of financial performance using the effective interest method. This is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest revenue or interest expense over the relevant period. When calculating the effective interest rate, the EU estimates cashflows considering all contractual terms of the financial instrument (for example prepayment options) but does not consider future credit losses. The calculation includes all fees and interest rate points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest revenue is recognised using the rate of interest to discount the future cashflows for the purpose of measuring the impairment loss.

Revenue from dividends

Revenue from dividends and similar distributions is recognised when the right to receive payment is established.

1.6.2. Expenses

Expenses from non-exchange transactions account for the majority of the EU's expenses. They relate to transfers to beneficiaries and can be of three types: entitlements, transfers under agreement and discretionary grants, contributions and donations.

Transfers are recognised as expenses in the period during which the events giving rise to the transfer occurred, as long as the nature of the transfer is allowed by regulation (Financial Regulation, Staff Regulations, or other regulation) or an agreement has been signed authorising the transfer, any eligibility criteria have been met by the beneficiary, and a reasonable estimate of the amount can be made.

When a request for payment or cost claim is received and meets the recognition criteria, it is recognised as an expense for the eligible amount. At year-end, incurred eligible expenses due to the beneficiaries but not yet reported are estimated and recorded as accrued expenses.

Expenses from exchange transactions arising from the purchase of goods and services are recognised when the supplies are delivered and accepted by the EU. They are valued at their original invoice amount. Furthermore, at the balance sheet date, expenses related to the service delivered during the period for which an invoice has not yet been received or accepted are estimated and recognised in the statement of financial performance.

1.7. CONTINGENT ASSETS AND LIABILITIES

1.7.1. Contingent assets

A contingent asset is a possible asset that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the EU. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

1.7.2. 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 wholly within the control of the EU, or a present obligation that arises from past events but is not recognised, either 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. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

1.8. CASHFLOW STATEMENT

Cashflow information is used to provide a basis for assessing the ability of the EU 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 (the EU does not have financing activities).

Operating activities are the activities of the EU that are not investing activities. These are the majority of the activities performed. Loans granted to beneficiaries (and the related borrowings, when applicable) are not considered as investing (or financing) activities as they are part of the general objectives and thus daily operations of the EU.

Investing activities are the acquisition and disposal of intangible assets and property, plant and equipment and of other investments which are not included in cash equivalents. Investing activities do not include loans granted to beneficiaries. The objective is to show the real investments made by the EU.

2. NOTES TO THE BALANCE SHEET

ASSETS

2.1. INTANGIBLE ASSETS

	<i>EUR million</i>
<i>Gross carrying amount at 31.12.2019</i>	394
<i>Additions</i>	80
<i>Disposals</i>	(4)
<i>Transfer between asset categories</i>	0
<i>Other changes</i>	-
Gross carrying amount at 31.12.2020	470
<i>Accumulated amortisation at 31.12.2019</i>	(185)
<i>Amortisation charge for the year</i>	(33)
<i>Amortisation written back</i>	-
<i>Disposals</i>	4
<i>Transfer between asset categories</i>	0
<i>Other changes</i>	-
Accumulated amortisation at 31.12.2020	(214)
NET CARRYING AMOUNT AT 31.12.2020	256
<i>NET CARRYING AMOUNT AT 31.12.2019</i>	209

2.2. PROPERTY, PLANT AND EQUIPMENT

EUR million

	Land and buildings	Space assets	Plant and equipment	Furniture and vehicles	Computer hardware	Other	Finance leases	Assets under construction	Total
<i>Gross carrying amount at 31.12.2019</i>	1 464	5 680	260	67	226	154	1 549	3 172	12 572
<i>Additions</i>	7	6	11	2	17	3	4	1 048	1 100
<i>Disposals</i>	(20)	(16)	(7)	(2)	(20)	(7)	(2)	–	(72)
<i>Transfer between asset categories</i>	19	–	(0)	–	3	1	(3)	(21)	(0)
<i>Other changes</i>	–	–	–	–	–	–	–	0	0
Gross carrying amount at 31.12.2020	1 471	5 670	264	66	227	153	1 548	4 201	13 600
<i>Accumulated depreciation at 31.12.2019</i>	(917)	(2 000)	(240)	(58)	(196)	(131)	(850)	–	(4 392)
<i>Depreciation charge for the year</i>	(35)	(635)	(10)	(3)	(18)	(8)	(53)	–	(762)
<i>Depreciation written back</i>	–	–	–	–	–	–	–	–	–
<i>Disposals</i>	7	10	7	2	20	6	1	–	53
<i>Transfer between asset categories</i>	–	–	0	–	(2)	(0)	2	–	(0)
Accumulated depreciation at 31.12.2020	(945)	(2 625)	(243)	(59)	(197)	(133)	(899)	–	(5 101)
NET CARRYING AMOUNT AT 31.12.2020	526	3 045	20	8	29	20	649	4 201	8 499
<i>NET CARRYING AMOUNT AT 31.12.2019</i>	547	3 680	20	9	30	23	699	3 172	8 180

2.3. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The participation of the EU - represented by the Commission - in the European Investment Fund (EIF) is treated as an associate using the equity method of accounting. At 31 December 2020, the EU holds 29.7 % of the ownership interest in EIF (2019: 29.7 %).

<i>EUR million</i>	
European Investment Fund	
Participation at 31.12.2019	591
<i>Contributions</i>	-
<i>Dividends received</i>	-
<i>Share of net result</i>	38
<i>Share in the net assets</i>	(42)
Participation at 31.12.2020	588

EIF summarised financial information:

<i>EUR million</i>		
	31.12.2020	31.12.2019
	Total EIF	Total EIF
<i>Assets</i>	3 256	2 965
<i>Liabilities</i>	(1 277)	(975)
<i>Revenue</i>	322	337
<i>Expenses</i>	(194)	(161)
<i>Surplus/(deficit)</i>	129	176

Reconciliation of the above summarised financial information to the carrying amount of the interest held in the EIF is as follows:

<i>EUR million</i>		
	31.12.2020	31.12.2019
<i>Net assets of the associate</i>	1 979	1 990
EC ownership interests in EIF	29.7%	29.7%
<i>Carrying amount</i>	588	591

The Commission has paid-in 20 % of its subscribed shares in the EIF capital at 31 December 2020, the amount uncalled being as follows:

<i>EUR million</i>		
	Total EIF capital	EU subscription
<i>Total share capital</i>	4 500	1 337
<i>Paid-in</i>	(900)	(267)
Uncalled	3 600	1 070

2.4. FINANCIAL ASSETS

	Note	31.12.2020	EUR million 31.12.2019
Non-current			
Available for sale financial assets	2.4.1	14 906	13 941
Financial assets at fair value through surplus or deficit	2.4.2	193	134
Loans	2.4.3	82 846	51 352
		97 945	65 427
Current			
Available for sale financial assets	2.4.1	3 163	2 932
Financial assets at fair value through surplus or deficit	2.4.2	6	3
Loans	2.4.3	10 421	1 285
		13 591	4 220
Total		111 536	69 647

2.4.1. Available for sale financial assets

	31.12.2020	EUR million 31.12.2019
BUFI investments	1 598	1 863
European Bank for Reconstruction and Development	188	188
	1 786	2 051
<i>Guarantee Funds for budgetary guarantees:</i>		
EFSI Guarantee Fund	7 526	6 654
Guarantee Fund for external actions	2 794	2 545
EFSD Guarantee Fund	692	595
	11 012	9 794
<i>Financial instruments supported by the EU budget:</i>		
Horizon 2020	3 097	2 455
Connecting Europe Facility	764	699
EU SME Equity Facilities	533	507
European Fund for South East Europe	163	166
Green for Growth Fund	143	70
Energy Efficiency Finance Facility	104	105
Risk Sharing Finance Facility	96	597
Risk Capital Operations	82	112
Other	289	317
	5 271	5 028
Total	18 069	16 873
Non-current	14 906	13 941
Current	3 163	2 932

2.4.2. Financial assets at fair value through surplus or deficit

Type of derivative	31.12.2020		EUR million 31.12.2019	
	Notional amount	Fair value	Notional amount	Fair value
Foreign currency forward contract	417	6	393	3
Guarantee on equity portfolio	3 197	193	1 439	134
Total	3 614	199	1 832	137
Non-current	3 197	193	1 439	134
Current	417	6	393	3

Fair value hierarchy of financial assets measured at fair value

	<i>EUR million</i>	
	31.12.2020	31.12.2019
<i>Level 1: Quoted prices in active markets</i>	13 865	13 949
<i>Level 2: Observable inputs other than quoted prices</i>	2 712	1 543
<i>Level 3: Valuation techniques with inputs not based on observable market data</i>	1 691	1 518
Total	18 268	17 010

Reconciliation of financial assets measured using valuation techniques with inputs not based on observable market data (level 3)

	<i>EUR million</i>
<i>Opening balance at 1.1.2020</i>	1 518
<i>Purchases, sales, issues and settlements</i>	179
<i>Gains or losses for the period in financial income or finance costs</i>	10
<i>Gains or losses in net assets</i>	(17)
<i>Transfers into level 3</i>	–
<i>Transfers out of level 3</i>	–
<i>Other</i>	1
Closing balance at 31.12.2020	1 691

2.4.3. Loans

		<i>EUR million</i>	
	Note	31.12.2020	31.12.2019
<i>Loans for financial assistance</i>	2.4.3.1	93 193	52 564
<i>Loans for budget programmes</i>	2.4.3.2	75	73
Total		93 268	52 637
<i>Non-current</i>		82 846	51 352
<i>Current</i>		10 421	1 285

2.4.3.1. Loans for financial assistance

	<i>EUR million</i>					
	EFSM	SURE	BOP	MFA	Euratom	Total
<i>Total at 31.12.2019</i>	47 394	–	201	4 754	214	52 564
<i>New loans</i>	–	39 500	–	1 675	100	41 275
<i>Repayments</i>	–	–	–	(617)	(35)	(651)
<i>Exchange differences</i>	–	–	–	–	–	–
<i>Changes in carrying amount</i>	2	3	0	0	0	6
<i>Impairment</i>	–	–	–	–	–	–
Total at 31.12.2020	47 396	39 503	201	5 813	279	93 193
<i>Non-current</i>	37 050	39 500	200	5 783	250	82 783
<i>Current</i>	10 346	3	1	30	29	10 410

The change in carrying amount corresponds to the change in accrued interests.

Nominal value of loans for financial assistance at 31 December 2020 total EUR 92 565 million (2019: EUR 51 941 million).

Loans effective interest rates (expressed as a range of interest rates)

	31.12.2020	31.12.2019
<i>European Financial Stabilisation Mechanism (EFSM)</i>	0.50% - 3.75%	0.50% - 3.75%
<i>Support to mitigate Unemployment Risks in an Emergency (SURE)</i>	0.00% - 0.30%	–
<i>Balance of Payment (BOP)</i>	2.88%	2.88%
<i>Macro Financial Assistance (MFA)</i>	0.00% - 3.69%	0.00% - 3.82%
<i>Euratom</i>	0.00% - 5.76%	0.08% - 5.76%

2.4.3.2. Loans for budget programmes

Impairment on loans for budget programmes

	<i>EUR million</i>					
	31.12.2019	Additions	Reversals	Write-off	Other	31.12.2020
<i>Loans for budget programmes</i>	10	3	–	–	–	13
<i>Subrogated loans</i>	658	73	–	–	(4)	726
Total	668	75	–	–	(4)	739

Nominal value of loans for budget programmes at 31 December 2020 total EUR 728 million (2019: EUR 680 million).

2.5. PRE-FINANCING

	Note	31.12.2020	31.12.2019
<i>EUR million</i>			
Non-current			
Pre-financing	2.5.1	30 417	21 906
Other advances to Member States	2.5.2	3 825	4 045
Contribution to Trust Funds		119	60
		34 361	26 011
Current			
Pre-financing	2.5.1	25 765	22 978
Other advances to Member States	2.5.2	3 327	2 892
		29 092	25 870
Total		63 453	51 881

2.5.1. Pre-financing

	Gross amount	Cleared via accruals	Net amount at 31.12.2020	Gross amount	Cleared via accruals	Net amount at 31.12.2019
<i>EUR million</i>						
Shared Management						
EAFRD & other rural development instruments	3 193		3 193	3 193		3 193
ERDF & CF	23 074	(3 846)	19 229	17 985	(3 540)	14 444
ESF	8 222	(1 348)	6 874	6 830	(1 530)	5 301
Other	4 192	(1 520)	2 672	3 549	(1 463)	2 086
Direct Management						
Implemented by:						
Commission	17 368	(10 940)	6 428	13 162	(8 633)	4 529
EU executive agencies	18 567	(10 931)	7 636	16 522	(10 339)	6 184
Trust funds	1 121	(843)	278	858	(665)	194
Indirect Management						
Implemented by:						
Other EU agencies & bodies	4 770	(3 659)	1 110	4 038	(3 158)	880
Third countries	1 515	(1 043)	471	1 491	(861)	630
International organisations	9 068	(6 020)	3 048	8 289	(5 317)	2 972
Other entities	11 675	(6 433)	5 242	10 574	(6 104)	4 471
Total	102 764	(46 583)	56 181	86 493	(41 609)	44 884
Non-current	30 417	-	30 417	21 906	-	21 906
Current	72 347	(46 583)	25 765	64 587	(41 609)	22 978

2.5.2. Other advances to Member States

	31.12.2020	31.12.2019
<i>EUR million</i>		
Advances to Member States for financial instruments under shared management	3 520	3 304
Aid Schemes	3 633	3 634
Total	7 153	6 937
Non-current	3 825	4 045
Current	3 327	2 892

2.6. EXCHANGE RECEIVABLES AND NON-EXCHANGE RECOVERABLES

EUR million

	Note	31.12.2020	31.12.2019
Non-current			
Recoverables from non-exchange transactions	2.6.1	44 279	2 436
Receivables from exchange transactions	2.6.2	1 649	1 150
		45 928	3 585
Current			
Recoverables from non-exchange transactions	2.6.1	26 779	19 172
Receivables from exchange transactions	2.6.2	1 490	816
		28 269	19 988
Total		74 197	23 573

2.6.1. Recoverables from non-exchange transactions

EUR million

	Note	31.12.2020	31.12.2019
Non-current			
Member States	2.6.1.1	2 231	2 422
UK Withdrawal Agreement	2.6.1.2	40 629	–
Accrued income and deferred charges	2.6.1.4	1 261	–
Other recoverables		158	14
		44 279	2 436
Current			
Member States	2.6.1.1	7 163	6 117
UK Withdrawal Agreement	2.6.1.2	6 827	–
Competition fines	2.6.1.3	11 295	11 301
Accrued income and deferred charges	2.6.1.4	572	1 581
Other recoverables		922	173
		26 779	19 172
Total		71 058	21 607

2.6.1.1. Recoverables from Member States

EUR million

	31.12.2020	31.12.2019
TOR A accounts	5 297	5 478
TOR separate accounts	1 460	1 591
Own resources to be received	2 188	7
Impairment	(892)	(931)
Other	–	–
Own resource recoverables	8 053	6 145
European Agricultural Guarantee Fund (EAGF)	1 378	1 722
European Agricultural Fund for Rural Development (EAFRD) and other rural development instruments	720	879
Impairment	(837)	(822)
EAGF and rural development recoverables	1 260	1 779
Pre-financing recovery	53	443
VAT paid and recoverable	10	11
Other recoverables from Member States	17	161
Total	9 393	8 539
<i>Non-current</i>	<i>2 231</i>	<i>2 422</i>
<i>Current</i>	<i>7 163</i>	<i>6 117</i>

2.6.1.2. UK Withdrawal agreement

	Article 140	Article 142	Other	EUR million 31.12.2020
Due from the UK	34 966	14 338	275	49 579
Due to the UK	-	-	(2 122)	(2 122)
Total	34 966	14 338	(1 847)	47 456
Non-current	28 196	14 327	(1 894)	40 629
Current	6 769	11	47	6 827

Article 140 – Outstanding Commitments

	EUR million 31.12.2020
Outstanding budgetary commitments at 31.12.2020 as reported in the budgetary implementation reports	303 197
Commitments on non-differentiated budget lines: amount of payment appropriations carried over automatically	(1 196)
Commitments where the UK has an opt-out	(1 826)
Commitments financed by assigned revenue	(4 709)
Payment appropriations available from internal assigned revenue	(1 128)
Other adjustments (non-automatic carryovers of commitment appropriations)	10
Adjusted budgetary commitments at 31.12.2020 on which UK share is applied	294 347
UK share of the adjusted budgetary commitments	36 376
Net financial corrections related to 2014-2020 or previous programme periods	(0)
TOR relating to 2020 and made available to the Union in 2021	(402)
Amounts owed by the UK under Article 140	35 973
Estimated non-implementation	(1 008)
Total	34 966
Non-current	28 196
Current	6 769

Article 142 – Union liabilities at end 2020

	Pension Scheme of European Officials	Joint Sickness Insurance Scheme	Other retirement schemes	EUR million 31.12.2020
Unpaid 31.12.2020 Liability	100 741	12 935	2 344	116 020
UK Share	12 450	1 599	290	14 338
Non-current	12 450	1 599	279	14 327
Current	-	-	11	11

Other amounts

	<i>EUR million</i>
	31.12.2020
Due from the UK:	
Article 136	230
Article 147	46
	275
Due to the UK:	
Article 141	(1 766)
Article 143	(93)
Article 144	(46)
Article 145	(183)
Article 146	(33)
	(2 122)
Total	(1 847)
<i>Non-current</i>	(1 894)
<i>Current</i>	47

2.6.1.3. Recoverables from competition fines

	<i>EUR million</i>	
	31.12.2020	31.12.2019
Recoverable from fines gross amount	14 503	14 606
Provisional payments	(3 023)	(3 125)
Impairment	(186)	(180)
Total	11 295	11 301
<i>Non-current</i>	-	-
<i>Current</i>	11 295	11 301

2.6.1.4. Accrued income and deferred charges

	<i>EUR million</i>	
	31.12.2020	31.12.2019
Other accrued income	1 754	1 502
Deferred charges relating to non-exchange transactions	79	79
Total	1 833	1 581
<i>Non-current</i>	1 261	-
<i>Current</i>	572	1 581

2.6.2. Receivables from exchange transactions

	<i>EUR million</i>	
	31.12.2020	31.12.2019
Non-current		
<i>Late payment interest</i>	1 641	1 137
<i>Other receivables</i>	8	13
	1 649	1 150
Current		
<i>Customers</i>	243	205
<i>Impairment on receivables from customers</i>	(181)	(148)
<i>Deferred charges relating to exchange transactions</i>	202	142
<i>Other</i>	1 226	617
	1 490	816
Total	3 139	1 966

2.7. INVENTORIES

	<i>EUR million</i>	
	31.12.2020	31.12.2019
<i>Scientific materials</i>	59	47
<i>Other</i>	15	15
Total	74	62

2.8. CASH AND CASH EQUIVALENTS

	<i>EUR million</i>	
	31.12.2020	31.12.2019
<i>Accounts with Treasuries and Central Banks</i>	11 342	15 519
<i>Current accounts</i>	80	91
<i>Imprest accounts</i>	8	7
<i>Transfers (cash in transit)</i>	0	0
Bank accounts for budget implementation	11 430	15 617
Cash belonging to financial instruments	2 446	1 567
Cash relating to fines	1 458	1 258
Cash relating to trust funds	46	97
Total	15 380	18 538

LIABILITIES

2.9. PENSION AND OTHER EMPLOYEE BENEFITS

Net employee benefit scheme liability

	Pension Scheme of European Officials	Other retirement benefit schemes	Joint Sickness Insurance Scheme	31.12.2020 Total	EUR million 31.12.2019 Total
<i>Defined Benefit Obligation</i>	100 741	1 732	13 289	115 762	97 359
<i>Plan assets</i>	N/A	N/A	(354)	(354)	(309)
Net liability	100 741	1 732	12 935	115 408	97 050

Actuarial assumptions - employee benefits

	Pension Scheme of European Officials	Joint Sickness Insurance Scheme
2020		
<i>Nominal discount rate</i>	0.4%	0.5%
<i>Expected inflation rate</i>	1.2%	1.3%
<i>Real discount rate</i>	(0.8)%	(0.8)%
<i>Expected rate of salary increases</i>	1.8%	1.8%
<i>Medical cost trend rates</i>	N/A	2.6%
<i>Retirement age</i>	63/64/66	63/64/66
2019		
<i>Nominal discount rate</i>	1.1%	1.2%
<i>Expected inflation rate</i>	1.3%	1.3%
<i>Real discount rate</i>	(0.2)%	(0.1)%
<i>Expected rate of salary increases</i>	1.8%	1.8%
<i>Medical cost trend rates</i>	N/A	3.0%
<i>Retirement age</i>	63/64/66	63/64/66

Movement in present value of employee benefits defined benefit obligation

	Pension Scheme of European Officials	Other retirement benefit Schemes	Joint Sickness Insurance Scheme	EUR million Total
Present value as at 31.12.2019	83 842	1 446	12 071	97 359
Recognised in statement of financial performance				
<i>Current service cost</i>	3 441	94	348	3 883
<i>Interest expense</i>	919	14	145	1 077
Recognised in net assets				
<i>Remeasurements in employee benefits liabilities</i>				
<i>Actuarial (gains)/losses from experience</i>	2 348	4	(141)	2 211
<i>Actuarial (gains)/losses from demographic assumptions</i>	-	-	-	-
<i>Actuarial (gains)/losses from financial assumptions</i>	11 896	209	964	13 069
Other				
<i>Benefits paid</i>	(1 706)	(34)	(97)	(1 837)
Present value as at 31.12.2020	100 741	1 732	13 289	115 762

Movement in present value of plan assets of the Joint Sickness Insurance Scheme

EUR million

Present value as at 31.12.2019	309
<i>Net movement in plan assets</i>	45
Present value as at 31.12.2020	354

Pension Scheme of European Officials sensitivity

A ten basis points change in the assumed discount rate would have the following effects:

EUR million

	2020		2019	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
<i>Defined benefit obligation</i>	(2 247)	2 319	(1 797)	1 854

A ten basis points change in the expected salary increases rate would have the following effects:

EUR million

	2020		2019	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
<i>Defined benefit obligation</i>	2 206	(2 143)	1 774	(1 724)

A one year change in the assumed retirement age would have the following effects:

EUR million

	2020		2019	
	One year increase	One year decrease	One year increase	One year decrease
<i>Defined benefit obligation</i>	(1 104)	1 417	(620)	771

Joint Sickness Insurance Scheme sensitivity

A ten basis points change in the assumed medical cost trend rates would have the following effects:

EUR million

	2020		2019	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
<i>The aggregate of the current service cost and interest cost components of net periodic post-employment medical costs</i>	15	(14)	8	(8)
<i>Defined benefit obligation</i>	397	(385)	352	(341)

A ten basis points change in the assumed discount rate would have the following effects:

EUR million

	2020		2019	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
<i>Defined benefit obligation</i>	(348)	361	(311)	322

A ten basis points change in the expected salary increases rate would have the following effects:

EUR million

	2020		2019	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
<i>Defined benefit obligation</i>	(38)	37	(30)	29

A one year change in the assumed retirement age would have the following effects:

EUR million

	2020		2019	
	One year increase	One year decrease	One year increase	One year decrease
<i>Defined benefit obligation</i>	(401)	421	(363)	383

2.10. PROVISIONS

	<i>EUR million</i>						
	Amount at 31.12.2019	Additional provisions	Unused amounts reversed	Amounts used	Transfer between categories	Change in estimation	Amount at 31.12.2020
<i>Legal cases:</i>							
<i>Agriculture</i>	440	168	(4)	(435)	-	-	170
<i>Other</i>	5	13	(1)	(1)	-	-	17
<i>Nuclear site dismantling</i>	2 132	-	-	(30)	-	325	2 426
<i>Financial</i>	1 938	812	(1)	(225)	-	(2)	2 523
<i>Other</i>	71	59	(10)	(8)	-	-	112
Total	4 586	1 053	(16)	(699)	-	323	5 248
Non-current	3 490	743	(4)	(435)	(392)	329	3 730
Current	1 097	310	(12)	(263)	392	(6)	1 518

2.11. FINANCIAL LIABILITIES

	Note	<i>EUR million</i>	
		31.12.2020	31.12.2019
Non-current			
<i>Financial liabilities at amortised cost</i>	2.11.1	83 730	52 351
<i>Financial liabilities at fair value through surplus or deficit</i>	2.11.2	4	9
		83 734	52 360
Current			
<i>Financial liabilities at amortised cost</i>	2.11.1	10 518	1 367
<i>Financial liabilities at fair value through surplus or deficit</i>	2.11.2	0	4
<i>Financial guarantee liabilities</i>		90	20
		10 608	1 390
Total		94 342	53 750

2.11.1. Financial liabilities at amortised cost

	Note	<i>EUR million</i>	
		31.12.2020	31.12.2019
<i>Borrowings for financial assistance</i>	2.11.1.1	93 192	52 564
<i>Other financial liabilities</i>	2.11.1.2	1 055	1 154
Total		94 248	53 718
<i>Non-current</i>		83 730	52 351
<i>Current</i>		10 518	1 367

2.11.1.1. Borrowings for financial assistance

	EUR million					Total
	EFSM	SURE	BOP	MFA	Euratom	
<i>Total at 31.12.2019</i>	47 394	–	201	4 754	214	52 564
<i>New loans</i>	–	39 500	–	1 675	100	41 275
<i>Repayments</i>	–	–	–	(617)	(35)	(651)
<i>Exchange differences</i>	–	–	–	–	–	–
<i>Changes in carrying amount</i>	2	3	0	0	(0)	5
Total at 31.12.2020	47 396	39 503	201	5 813	279	93 192
<i>Non-current</i>	37 050	39 500	200	5 783	250	82 782
<i>Current</i>	10 346	3	1	30	29	10 410

Borrowings effective interest rates (expressed as a range of interest rates)

	31.12.2020	31.12.2019
<i>European Financial Stabilisation Mechanism (EFSM)</i>	0.50% - 3.75%	0.50% - 3.75%
<i>Support to mitigate Unemployment Risks in an Emergency (SURE)</i>	0.00% - 0.30%	–
<i>Balance of Payment (BOP)</i>	2.88%	2.88%
<i>Macro Financial Assistance (MFA)</i>	0.00% - 3.69%	0.00% - 3.82%
<i>Euratom</i>	0.00% - 5.68%	0.00% - 5.68%

2.11.1.2. Other financial liabilities

	EUR million	
	31.12.2020	31.12.2019
Non-current		
<i>Finance lease liabilities</i>	729	800
<i>Buildings paid for in instalments</i>	184	210
<i>Other</i>	35	51
	948	1 061
Current		
<i>Finance lease liabilities</i>	72	67
<i>Buildings paid for in instalments</i>	26	24
<i>Fines to be reimbursed</i>	8	–
<i>Other</i>	2	1
	108	93
Total	1 055	1 154

Finance lease liabilities

	Future amounts to be paid			Total Liability
	< 1 year	1 - 5 years	> 5 years	
<i>Land and buildings</i>	67	303	419	789
<i>Other fixed assets</i>	5	7	–	12
Total at 31.12.2020	72	310	419	801
<i>Interest element</i>	44	133	76	253
Total future minimum lease payments at 31.12.2020	116	443	495	1 054
<i>Total future minimum lease payments at 31.12.2019</i>	115	451	602	1 168

2.11.2. Financial liabilities at fair value through surplus or deficit

EUR million

Type of derivative	31.12.2020		31.12.2019	
	Notional amount	Fair value	Notional amount	Fair value
Guarantee on equity portfolio	215	1	752	10
FX option (put spread)	14	4	13	2
Total	229	4	765	12
Non-current	229	4	148	9
Current	0	0	617	4

Fair value hierarchy of financial liabilities measured at fair value

EUR million

	31.12.2020	31.12.2019
Level 1: Quoted prices in active markets	–	–
Level 2: Observable inputs other than quoted prices	4	2
Level 3: Valuation techniques with inputs not based on observable market data	1	10
Total	4	12

2.12. PAYABLES

EUR million

	Gross Amount	Adjustments*	Net Amount at 31.12.2020	Gross Amount	Adjustments*	Net Amount at 31.12.2019
Cost claims and invoices received from:						
Member States						
EAFRD & other rural development instruments	17		17	21		20
ERDF & CF	12 651	(2 698)	9 954	8 068	(2 437)	5 631
ESF	3 479	(370)	3 109	2 882	(558)	2 325
Other	796	(90)	706	854	(45)	809
Private and public entities	1 485	(182)	1 302	1 562	(180)	1 381
Total costs claims & invoices received	18 428	(3 341)	15 088	13 386	(3 220)	10 166
EAGF	16 160	N/A	16 160	16 255	N/A	16 255
Sundry Payables	1 859	N/A	1 859	1 372	N/A	1 372
Total	36 447	(3 341)	33 107	31 014	(3 220)	27 793

* Estimated non-eligible amounts and pending other advances to Member States.

2.13. ACCRUED CHARGES AND DEFERRED INCOME

	<i>EUR million</i>	
	31.12.2020	31.12.2019
<i>Accrued charges</i>	63 667	66 185
<i>Deferred income</i>	1	138
<i>Other</i>	39	52
Total	63 708	66 374

The split of accrued charges is as follows:

	<i>EUR million</i>	
	31.12.2020	31.12.2019
<i>EAGF</i>	24 599	28 193
<i>EAFRD and other rural development instruments</i>	18 622	18 583
<i>ERDF and CF</i>	8 766	9 525
<i>ESF</i>	3 009	3 016
<i>Other</i>	8 670	6 867
Total	63 667	66 185

NET ASSETS

2.14. RESERVES

		<i>EUR million</i>	
	Note	31.12.2020	31.12.2019
<i>Fair value reserve</i>	2.14.1	470	377
<i>Guarantee Fund reserve</i>		3 043	2 870
<i>Other reserves</i>		(12)	59
Total		3 501	3 306

2.14.1. Fair value reserve

Movements during the period of fair value reserve related to the available for sale financial assets:

	<i>EUR million</i>	
	31.12.2020	31.12.2019
<i>Included in fair value reserve</i>	71	176
<i>Included in statement of financial performance</i>	22	(28)
Total	93	148

2.15. AMOUNTS TO BE CALLED FROM MEMBER STATES

	<i>EUR million</i>
Amounts to be called from Member States at 31.12.2019	80 179
<i>Return of 2019 budget surplus to Member States</i>	3 218
<i>Movement in Guarantee Fund reserve</i>	173
<i>Remeasurements in employee benefits liability</i>	15 131
<i>Other reserve movements</i>	(22)
<i>Economic result of the year</i>	(57 349)
Total amounts to be called from Member States at 31.12.2020	41 329

3. NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE

REVENUE

REVENUE FROM NON-EXCHANGE TRANSACTIONS: TRANSFERS

3.1. RECOVERY OF EXPENSES

	<i>EUR million</i>	
	2020	2019
<i>Shared management</i>	1 281	2 547
<i>Direct management</i>	53	65
<i>Indirect management</i>	21	16
Total	1 355	2 627

3.2. OTHER REVENUE FROM NON-EXCHANGE TRANSACTIONS

	<i>EUR million</i>	
	2020	2019
<i>Contribution from Member States to the Innovation Fund</i>	2 080	–
<i>Contribution of third countries and accession countries</i>	1 254	1 451
<i>Contribution from Member States for external aid</i>	1 075	331
<i>Staff taxes and contributions</i>	983	966
<i>Transfer of assets</i>	317	47
<i>Budgetary adjustments</i>	214	(1 719)
<i>Adjustment of provisions</i>	15	16
<i>Agricultural levies</i>	1	2
<i>Funding of institutions</i>	(3 411)	(3 725)
<i>Other</i>	735	343
Total	3 263	(2 288)

REVENUE FROM EXCHANGE TRANSACTIONS

3.3. FINANCIAL REVENUE

	<i>EUR million</i>	
	2020	2019
<i>Interest on:</i>		
<i>Late payments</i>	1 129	133
<i>Loans</i>	1 167	1 178
<i>Other</i>	60	67
<i>Issue premiums</i>	674	2
<i>Premium on financial guarantee liability</i>	258	193
<i>Dividend</i>	22	29
<i>Financial revenue from financial assets or liabilities at fair value through surplus or deficit</i>	70	125
<i>Realised gains on sale of available for sale financial assets</i>	41	69
<i>Other</i>	2	2
Total	3 424	1 798

3.4. OTHER REVENUE FROM EXCHANGE TRANSACTIONS

	<i>EUR million</i>	
	2020	2019
<i>Foreign exchange gains</i>	356	335
<i>Share of net result of EIF</i>	38	53
<i>Fee and premium revenue related to financial instruments</i>	34	43
<i>Sales of goods</i>	17	16
<i>Fixed assets related revenue</i>	2	4
<i>Other</i>	240	274
Total	687	725

EXPENSES

3.5. SHARED MANAGEMENT

	<i>EUR million</i>	
<i>Implemented by Member States</i>	2020	2019
<i>European Agricultural Guarantee Fund</i>	40 461	43 951
<i>European Agricultural Fund for Rural Development and other rural development instruments</i>	14 467	13 541
<i>European Regional Development Fund and Cohesion Fund</i>	41 118	35 178
<i>European Social Fund</i>	13 677	11 218
<i>Other</i>	2 701	2 608
Total	112 425	106 495

3.6. DIRECT MANAGEMENT

	<i>EUR million</i>	
	2020	2019
<i>Implemented by the Commission</i>	11 455	8 458
<i>Implemented by EU Executive Agencies</i>	10 029	10 095
<i>Implemented by Trust funds</i>	636	412
Total	22 120	18 965

3.7. INDIRECT MANAGEMENT

	<i>EUR million</i>	
	2020	2019
<i>Implemented by other EU agencies and bodies</i>	4 497	3 820
<i>Implemented by third countries</i>	559	637
<i>Implemented by international organisations</i>	3 620	3 448
<i>Implemented by other entities</i>	3 257	2 878
Total	11 933	10 783

3.8. STAFF AND PENSION COSTS

	<i>EUR million</i>	
	2020	2019
<i>Staff costs</i>	3 524	3 442
<i>Pension costs</i>	4 960	4 721
Total	8 485	8 163

3.9. FINANCE COSTS

	<i>EUR million</i>	
	2020	2019
<i>Interest expenses:</i>		
<i>Borrowings</i>	1 160	1 172
<i>Other</i>	22	21
<i>Issue costs</i>	672	1
<i>Finance leases</i>	47	52
<i>Impairment losses on available for sale financial assets</i>	41	19
<i>Impairment loss on loans and receivables</i>	110	105
<i>Realised loss on sale of available for sale financial assets</i>	5	5
<i>Loss on financial assets or liabilities at fair value through surplus or deficit</i>	21	57
<i>Other</i>	81	25
Total	2 160	1 458

3.10. OTHER EXPENSES

	<i>EUR million</i>	
	2020	2019
<i>Adjustment of provisions</i>	1 386	1 294
<i>Administrative and IT expenses</i>	940	883
<i>Fixed assets related expenses</i>	832	825
<i>Foreign exchange losses</i>	561	328
<i>Funding and contributions to other EU bodies</i>	511	491
<i>Land and buildings management expenses</i>	230	220
<i>Operating lease expenses</i>	152	188
<i>Reduction of fines by the Court of Justice</i>	6	91
<i>Other</i>	358	544
Total	4 976	4 866

The aggregate amount of research and development expenditure recognised as an expense during 2020 is as follows:

	<i>EUR million</i>	
	2020	2019
<i>Research costs</i>	391	381
<i>Non-capitalised development costs</i>	85	69
Total	476	449

3.11. SEGMENT REPORTING BY MULTIANNUAL FINANCIAL FRAMEWORK HEADING (MFF)

	<i>EUR million</i>						
	Smart and inclusive growth	Sustainable growth	Security and citizenship	Global Europe	Administration	Not assigned to MFF headings*	Total
<i>GNI resources</i>	-	-	-	-	-	125 393	125 393
<i>Traditional own resources</i>	-	-	-	-	-	19 559	19 559
<i>VAT</i>	-	-	-	-	-	17 858	17 858
<i>Fines</i>	-	-	-	-	-	452	452
<i>Recovery of expenses</i>	610	713	17	14	0	-	1 355
<i>UK Withdrawal Agreement</i>	-	-	-	-	-	47 456	47 456
<i>Other</i>	1 470	2 113	794	248	816	(2 177)	3 263
Revenue from non-exchange transactions	2 080	2 826	811	262	816	208 542	215 337
<i>Financial revenue</i>	331	0	0	9	0	3 084	3 424
<i>Other</i>	135	(19)	(5)	(3)	221	359	687
Revenue from exchange transactions	466	(19)	(5)	5	221	3 443	4 111
Total revenue	2 546	2 807	806	267	1 036	211 985	219 448
<i>Expenses implemented by Member States:</i>							
<i>EAGF</i>	-	(40 461)	-	-	-	-	(40 461)
<i>ERDF & other rural develop. instruments</i>	-	(14 467)	-	-	-	-	(14 467)
<i>ERDF & CF</i>	(41 118)	-	-	-	-	-	(41 118)
<i>ESF</i>	(13 677)	-	-	-	-	-	(13 677)
<i>Other</i>	(594)	(641)	(1 325)	(141)	-	-	(2 701)
<i>Implemented by the Commission, executive agencies and trust funds</i>	(12 743)	(728)	(2 943)	(5 693)	(12)	(1)	(22 120)
<i>Implemented by other EU agencies and bodies</i>	(3 287)	(67)	(1 114)	(29)	-	-	(4 497)
<i>Implemented by third countries and international organisations</i>	(543)	(6)	(195)	(3 435)	-	-	(4 178)
<i>Implemented by other entities</i>	(2 457)	(11)	(2)	(787)	(0)	-	(3 257)
<i>Staff and pension costs</i>	(1 767)	(387)	(500)	(706)	(5 125)	-	(8 485)
<i>Finance costs</i>	(40)	(38)	(0)	(37)	(66)	(1 979)	(2 160)
<i>Other expenses</i>	(2 676)	(229)	(162)	(135)	(1 215)	(559)	(4 976)
Total expenses	(78 902)	(57 035)	(6 241)	(10 962)	(6 418)	(2 540)	(162 099)
Economic result of the year	(76 356)	(54 228)	(5 435)	(10 695)	(5 382)	209 446	57 349

* 'Not assigned to MFF headings' includes off-budget operations and unallocated programmes with individually immaterial amounts.

4. CONTINGENT LIABILITIES AND ASSETS

4.1. CONTINGENT LIABILITIES

4.1.1. Budgetary guarantees

	31.12.2020			31.12.2019		
	Ceiling	Signed	Disbursed	Ceiling	Signed	Disbursed
<i>EIB external lending mandate guarantees</i>	35 372	32 530	20 050	37 929	31 521	20 014
<i>EFSI guarantee</i>	25 543	23 831	18 590	25 797	21 889	17 634
<i>EFSD guarantee</i>	1 370	438	34	50	-	-
Total	62 285	56 799	38 673	63 775	53 410	37 648

EUR million

4.1.2. Guarantees relating to financial assistance (borrowing and lending activities)

	31.12.2020			31.12.2019		
	Drawn	Undrawn	Total	Drawn	Undrawn	Total
<i>EFSM</i>	47 396	-	47 396	47 394	-	47 394
<i>SURE</i>	39 503	46 363	85 867	-	-	-
<i>BOP</i>	201	-	201	201	-	201
<i>MFA</i>	5 813	1 335	7 148	4 754	560	5 314
<i>Euratom</i>	279	100	379	214	200	414
Total	93 193	47 798	140 991	52 564	760	53 324

EUR million

4.1.3. Guarantees given for EU financial instruments

	31.12.2020	31.12.2019
	<i>Horizon 2020</i>	1 860
<i>Connecting Europe Facility</i>	579	684
<i>Risk Sharing Finance Facility</i>	37	110
<i>Other</i>	49	38
Total	2 524	2 416

EUR million

4.1.4. Legal cases

	31.12.2020	31.12.2019
	<i>Fines</i>	2 985
<i>Agriculture</i>	66	199
<i>Cohesion</i>	341	341
<i>Other</i>	2 164	2 123
Total	5 556	5 791

EUR million

4.2. CONTINGENT ASSETS

	31.12.2020	EUR million 31.12.2019
<i>Guarantees received:</i>		
<i>Performance guarantees</i>	74	75
<i>Other guarantees</i>	2	6
<i>Other contingent assets</i>	58	31
Total	133	113

5. BUDGETARY AND LEGAL COMMITMENTS

	Note	31.12.2020	31.12.2019
<i>EUR million</i>			
<i>Outstanding budgetary commitments not yet expensed</i>	5.1	248 788	249 357
<i>Shared management legal commitments under the current MFF pending implementation</i>	5.2	–	72 832
<i>Significant legal commitments in other areas</i>	5.3	5 620	10 227
Total		254 408	332 416

5.1. OUTSTANDING BUDGETARY COMMITMENTS NOT YET EXPENSED

	31.12.2020	31.12.2019
<i>EUR million</i>		
<i>Outstanding budgetary commitments not yet expensed</i>	248 788	249 357

5.2. SHARED MANAGEMENT LEGAL COMMITMENTS UNDER THE CURRENT MFF PENDING IMPLEMENTATION

Funds	Financial framework 2014-2020 (A)	Legal commitments according to latest Commission Decision (B)	Budget commitments including decommitments (C)	Legal commitments pending implementation (B-C)
<i>EUR million</i>				
<i>European Regional Development Fund and Cohesion Fund</i>	261 889	261 690	261 690	–
<i>European Social Fund</i>	93 642	93 498	93 498	0
<i>European Neighbourhood Policy Instrument</i>	–	–	–	–
<i>Fund for European Aid to the most Deprived</i>	3 814	3 813	3 813	–
HEADING 1B: COHESION POLICY FUNDS	359 345	359 000	359 000	0
<i>European Agricultural Fund for Rural Development</i>	126 909	100 063	100 063	(0)
<i>European Maritime and Fisheries Fund</i>	5 749	5 655	5 655	–
HEADING 2: NATURAL RESOURCES	132 658	105 718	105 718	(0)
<i>Asylum and Migration Fund</i>	4 576	4 576	4 576	(0)
<i>Internal Security Fund</i>	3 172	3 172	3 172	(0)
HEADING 3: SECURITY & CITIZENSHIP	7 747	7 747	7 747	(0)
Total	499 750	472 466	472 466	0

5.3. SIGNIFICANT LEGAL COMMITMENTS IN OTHER AREAS

	Note	EUR million	
		31.12.2020	31.12.2019
Connecting Europe Facility		4 140	7 680
Copernicus		–	601
Galileo		–	438
Fisheries agreements		172	223
Operating lease commitments	5.3.1	894	844
Other contractual commitments		414	440
Total		5 620	10 227

5.3.1. Operating lease commitments

	Future amounts to be paid			Total
	< 1 year	1- 5 years	> 5 years	
Buildings	123	352	410	885
IT materials and other equipment	3	6	–	9
Total	126	358	410	894

6. FINANCIAL RISK MANAGEMENT

6.1. CURRENCY RISK

Exposure of the EC to currency risk at year-end – net position

EUR million

	31.12.2020						Total
	USD	GBP	DKK	SEK	EUR	Other	
Financial assets							
Available for sale financial assets	593	42	15	14	17 386	20	18 069
Financial assets at fair value through surplus or deficit	(417)	-	-	-	616	-	199
Loans*	21	-	-	-	46	9	75
Receivables and recoverables	1	1 201	114	176	72 050	656	74 197
Cash and cash equivalents	106	61	153	367	13 146	1 548	15 380
	303	1 303	282	556	103 243	2 233	107 921
Financial liabilities							
Financial liabilities at fair value through surplus or deficit	-	-	-	-	(1)	(4)	(4)
Payables	0	(0)	(0)	(1)	(33 101)	(5)	(33 107)
	0	(0)	(0)	(1)	(33 101)	(9)	(33 111)
Total	303	1 303	281	556	70 142	2 225	74 810

EUR million

	31.12.2019						Total
	USD	GBP	DKK	SEK	EUR	Other	
Financial assets							
Available for sale financial assets	577	62	17	9	16 189	21	16 873
Financial assets at fair value through surplus or deficit	(393)	-	-	-	529	-	137
Loans*	17	-	-	-	49	7	73
Receivables and recoverables	8	801	62	93	22 476	133	23 573
Cash and cash equivalents	93	309	318	431	15 824	1 563	18 538
	302	1 172	396	533	55 068	1 723	59 194
Financial liabilities							
Financial liabilities at fair value through surplus or deficit	(0)	-	-	-	(10)	(2)	(12)
Payables	(3)	(0)	-	(1)	(27 786)	(3)	(27 793)
	(3)	(0)	-	(1)	(27 796)	(5)	(27 806)
Total	299	1 172	396	531	27 272	1 717	31 388

* Excluding back-to-back loans for financial assistance.

If the EUR had strengthened against the currency concerned by 10 % then this would have had the following impact:

EUR million

	Economic result			
	USD	GBP	DKK	SEK
2020	(10)	(115)	(24)	(49)
2019	(10)	(101)	(35)	(48)

EUR million

	Net assets			
	USD	GBP	DKK	SEK
2020	(17)	(4)	(1)	(1)
2019	(17)	(6)	(2)	(1)

If the EUR had weakened against the currency concerned by 10 % then this would have had the following impact:

	Economic result			
	USD	GBP	DKK	SEK
2020	13	140	30	60
2019	12	123	42	58

EUR million

	Net assets			
	USD	GBP	DKK	SEK
2020	21	5	2	2
2019	20	7	2	1

EUR million

6.2. INTEREST RATE RISK

The following table illustrates the interest rate sensitivity of available for sale financial assets assuming a possible change in interest rates of +/- 100 basis points (1 %).

	Increase (+) / decrease (-) in basis points		Effect on net assets
2020: Available for sale financial assets	+100		(428)
	-100		458
2019: Available for sale financial assets	+100		(395)
	-100		426

EUR million

6.3. CREDIT RISK

Analysis of the age of financial assets that are not impaired

	Total	Neither past due nor impaired	Past due but not impaired		
			< 1 year	1-5 years	> 5 years
Loans	93 268	93 268	0	-	-
Receivables and recoverables	74 197	59 415	499	14 028	256
Financial assets at fair value through surplus or deficit	199	199	-	-	-
Total at 31.12.2020	167 664	152 881	499	14 028	256
Loans	52 637	52 636	1	-	-
Receivables and recoverables	23 573	9 018	2 718	11 542	295
Financial assets at fair value through surplus or deficit	137	137	-	-	-
Total at 31.12.2019	76 347	61 791	2 719	11 542	295

EUR million

Credit quality of financial assets that are neither past due nor impaired

EUR million

	31.12.2020					
	Available for sale*	Financial assets at FVSD**	Loans	Receivables and recoverables	Cash	Total
Counterparties with external credit rating						
<i>Prime and high grade</i>	8 111	199	2 000	53 303	12 845	76 457
<i>Upper medium grade</i>	3 227	–	35 040	1 525	780	40 572
<i>Lower medium grade</i>	1 743	–	48 139	1 880	1 594	53 357
<i>Non-investment grade</i>	262	–	7 964	140	158	8 525
	13 344	199	93 142	56 848	15 377	178 911
Counterparties without external credit rating						
<i>Debtors without defaults in the past</i>	–	–	125	2 563	3	2 691
<i>Debtors with defaults in the past</i>	–	–	0	4	–	4
	–	–	125	2 567	3	2 695
Total	13 344	199	93 268	59 415	15 380	181 606

EUR million

	31.12.2019					
	Available for sale*	Financial assets at FVSD**	Loans	Receivables and recoverables	Cash	Total
Counterparties with external credit rating						
<i>Prime and high grade</i>	8 013	137	–	3 589	14 534	26 273
<i>Upper medium grade</i>	3 329	–	22 998	1 434	3 443	31 204
<i>Lower medium grade</i>	1 906	–	24 711	1 864	299	28 779
<i>Non-investment grade</i>	216	–	4 855	477	257	5 806
	13 464	137	52 564	7 364	18 533	92 061
Counterparties without external credit rating						
<i>Debtors without defaults in the past</i>	–	–	72	1 652	5	1 730
<i>Debtors with defaults in the past</i>	–	–	–	2	–	2
	–	–	72	1 654	5	1 731
Total	13 464	137	52 636	9 018	18 538	93 793

* Available for sale financial assets (excluding instruments in money market funds and other equity instruments).

** Financial assets at fair value through surplus or deficit.

6.4. LIQUIDITY RISK

Maturity analysis of financial liabilities by remaining contractual maturity

EUR million

	< 1 year	1-5 years	> 5 years	Total
<i>Borrowings</i>	(10 410)	(20 230)	(62 553)	(93 192)
<i>Payables</i>	(33 107)	-	-	(33 107)
<i>Financial guarantee liabilities</i>	(90)	-	-	(90)
<i>Other financial liabilities</i>	(108)	(436)	(512)	(1 055)
Total at 31.12.2020	(43 714)	(20 665)	(63 065)	(127 444)
<i>Borrowings</i>	(1 273)	(19 312)	(31 978)	(52 564)
<i>Payables</i>	(27 793)	-	-	(27 793)
<i>Financial guarantee liabilities</i>	(20)	-	-	(20)
<i>Other financial liabilities</i>	(93)	(421)	(640)	(1 154)
Total at 31.12.2019	(29 180)	(19 733)	(32 618)	(81 531)

Financial instruments at fair value through surplus or deficit

EUR million

	< 1 year	1-5 years	> 5 years	Total
<i>Derivative pay leg</i>	(417)	(4)	(1)	(421)
<i>Derivative receive leg</i>	423	-	-	423
Net cash flows at 31.12.2020	5	(4)	(1)	1
<i>Derivative pay leg</i>	(397)	(2)	(7)	(406)
<i>Derivative receive leg</i>	395	-	-	395
Net cash flows at 31.12.2019	(2)	(2)	(7)	(10)

6.5. CARRYING AMOUNT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The following classes of financial assets and liabilities are not measured at fair value: cash and cash equivalents, loans, exchange receivables and non-exchange recoverables, borrowings and other financial liabilities at amortised cost. The carrying amount of those financial assets and liabilities is considered as a reasonable approximation of their fair value.

7. RELATED PARTY DISCLOSURES

The related parties of the entity are the EU consolidated entities and the key management personnel of these entities. Transactions between these entities take place as part of the normal operations of the EU and as this is the case, no specific disclosure requirements are necessary for these transactions in accordance with the EU accounting rules.

Details on key management entitlements are provided in note **7** of the EU consolidated annual accounts.

8. EVENTS AFTER THE BALANCE SHEET DATE

At the date of signature of these accounts no material issues had come to the attention of or were reported to the Accounting Officer of the Commission that would require separate disclosure under this section. The accounts and related notes were prepared using the most recently available information and this is reflected in the information presented.

BUDGETARY IMPLEMENTATION REPORTS

It should be noted that due to the rounding of figures into millions of euros, some financial data in the tables below may appear not to add-up.

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EU BUDGET RESULT

	EUR million	
	2020	2019
Revenue for the financial year	174 306	163 918
Payments against current year appropriations	(171 721)	(157 428)
Payment appropriations carried over to year N+1	(2 086)	(1 615)
Cancellation of unused appropriations carried over from year N-1	78	75
Evolution of assigned revenue (B)-(A)	1 398	(1 736)
<i>Unused appropriations at the end of current year (A)</i>	7 694	9 092
<i>Unused appropriations at the end of previous year (B)</i>	9 092	7 356
Exchange rate differences for the year	(207)	4
Budget result	1 768	3 217

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

BUDGET REVENUE

EUR million

Title	Initial adopted budget	Final adopted budget	Entitlements established	Revenue
1 Own resources	151 638	159 832	162 382	160 141
11 - Sugar levies	-	-	0	0
12 - Customs duties	22 157	18 507	22 107	19 867
13 - VAT	18 945	17 344	17 191	17 191
14 - GNI	110 536	123 980	122 944	122 944
15 - Correction of budgetary imbalances	-	-	147	147
16 - Reduction of GNI based contribution of the Netherlands and Sweden	-	-	(8)	(8)
3 Surpluses, balances and adjustments	-	2 102	3 173	3 167
4 Miscellaneous community taxes, levies and duties	1 270	1 270	1 251	1 237
5 Revenue accruing from the administrative operation of the institution	15	15	287	255
6 Contributions and refunds in connection with union agreements and programmes	130	130	8 864	8 154
7 Default interest and fines	115	361	17 027	629
8 Borrowing and lending operations	2	2	-	-
9 Miscellaneous revenue	15	15	12	6
Total	153 185	163 727	192 998	173 589

BUDGET EXPENDITURE: COMMITMENTS BY MULTIANNUAL FINANCIAL FRAMEWORK (MFF) HEADING

EUR million

MFF Heading	Initial adopted budget	Final adopted budget	Total appropriations available	Commitments made
1 Smart and inclusive growth	83 931	83 918	90 870	89 563
1a: Competitiveness for growth and jobs	25 285	25 273	30 287	29 315
1b: Economic, social and territorial cohesion	58 646	58 646	60 582	60 248
2 Sustainable growth: natural resources	59 907	59 956	62 730	60 823
of which: Market related expenditure and direct payments	43 410	43 459	44 855	44 315
3 Security and citizenship	3 729	7 152	8 152	7 702
4 Global Europe	10 262	11 350	12 240	11 950
5 Administration	6 046	6 046	6 441	6 229
6 Compensations	-	-	-	-
8 Negative reserve and deficit carried over from the previous financial year	-	-	-	-
9 Special Instruments	588	1 236	1 306	1 108
O Innovation Fund (IF)	-	-	1 337	5
Total	164 462	169 659	183 075	177 381

BUDGET EXPENDITURE: PAYMENTS BY MULTIANNUAL FINANCIAL FRAMEWORK (MFF) HEADING

EUR million

MFF Heading	Initial adopted budget	Final adopted budget	Total appropriations available	Payments made
1 Smart and inclusive growth	72 354	77 278	88 334	83 541
1a: Competitiveness for growth and jobs	22 308	21 753	28 726	24 057
1b: Economic, social and territorial cohesion	50 046	55 525	59 607	59 484
2 Sustainable growth: natural resources	57 904	58 772	61 448	60 595
of which: Market related expenditure and direct payments	43 380	43 419	45 018	44 456
3 Security and citizenship	3 685	6 293	7 331	6 333
4 Global Europe	8 929	10 386	11 928	11 412
5 Administration	6 049	6 048	6 773	6 186
6 Compensations	–	–	–	–
8 Negative reserve and deficit carried over from the previous financial year	–	–	–	–
9 Special Instruments	419	1 106	1 128	1 108
0 Innovation Fund (IF)	–	–	1 337	1
Total	149 340	159 883	178 278	169 176

1. IMPLEMENTATION OF EC BUDGET REVENUE

EUR million

Title	Income appropriations		Entitlements established			Revenue			Receipts as % of budget	Out-standing
	Initial budget adopted	Final budget adopted	Current year	Carried over	Total	On entitlements of current year	On entitlements carried over	Total		
1 Own resources	151 638	159 832	160 092	2 291	162 382	160 086	55	160 141	100 %	2 241
3 Surpluses, balances and adjustments	–	2 102	3 167	7	3 173	3 167	0	3 167	151 %	7
4 Miscellaneous community taxes, levies and duties	1 270	1 270	1 241	9	1 251	1 228	9	1 237	97 %	13
5 Revenue accruing from the administrative operation of the institution	15	15	266	21	287	241	14	255	1700 %	32
6 Contributions and refunds in connection with union agreements and programmes	130	130	7 320	1 545	8 864	6 880	1 274	8 154	6272 %	711
7 Default interest and fines	115	361	1 078	15 949	17 027	159	470	629	174 %	16 398
8 Borrowing and lending operations	2	2	–	–	–	–	–	–	0 %	–
9 Miscellaneous revenue	15	15	6	7	12	5	1	6	39 %	7
Total	153 185	163 727	173 169	19 829	192 998	171 765	1 824	173 589	106 %	19 409

2. IMPLEMENTATION OF EC BUDGET EXPENDITURE

2.1. MFF: BREAKDOWN & CHANGES IN COMMITMENT & PAYMENT APPROPRIATIONS

EUR million

MFF Heading	Commitment appropriations						Payment appropriations					
	Budget appropriations			Additional appropriations		Total approp. available	Budget appropriations			Additional appropriat.		Total approp. available
	Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carry-overs	Assigned revenue		Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carry-overs	Assigned revenue	
1	2	3=1+2	4	5	6=3+4+5	7	8	9=7+8	10	11	12=9+10+11	
1 Smart and inclusive growth	83 931	(12)	83 918	520	6 431	90 870	72 354	4 925	77 278	151	10 904	88 334
1a: Competitiveness for growth and jobs	25 285	(12)	25 273	3	5 012	30 287	22 308	(555)	21 753	139	6 835	28 726
1b: Economic, social and territorial cohesion	58 646	-	58 646	518	1 419	60 582	50 046	5 479	55 525	13	4 069	59 607
2 Sustainable growth: natural resources	59 907	49	59 956	467	2 308	62 730	57 904	867	58 772	677	1 999	61 448
of which: Market related expenditure and direct payments	43 410	49	43 459	467	929	44 855	43 380	39	43 419	670	929	45 018
3 Security and citizenship	3 729	3 423	7 152	-	1 000	8 152	3 685	2 607	6 293	9	1 030	7 331
4 Global Europe	10 262	1 089	11 350	47	843	12 240	8 929	1 457	10 386	38	1 503	11 928
5 Administration	6 046	(0)	6 046	-	395	6 441	6 049	(1)	6 048	329	396	6 773
6 Compensations	-	-	-	-	-	-	-	-	-	-	-	-
8 Negative reserve and deficit carried over from the previous financial year	-	-	-	-	-	-	-	-	-	-	-	-
9 Special Instruments	588	649	1 236	49	21	1 306	419	688	1 106	1	21	1 128
0 Innovation Fund (IF)	-	-	-	-	1 337	1 337	-	-	-	-	1 337	1 337
Total	164 462	5 197	169 659	1 083	12 334	183 075	149 340	10 543	159 883	1 205	17 190	178 278

2.2. MFF: IMPLEMENTATION OF COMMITMENT APPROPRIATIONS

EUR million

MFF Heading	Total appropri. available	Commitments made					Appropriat. carried over to 2021			Appropriations lapsing			
		from final adopted budget	from carry- overs	from assigned revenue	Total	%	assigned revenue	carry- overs by decision	Total	from final adopted budget	from carry- overs	from assigned revenue	Total
	1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+ 11+12
1 Smart and inclusive growth	90 870	83 890	520	5 152	89 563	99 %	1 219	22	1 241	6	–	59	65
1a: Competitiveness for growth and jobs	30 287	25 254	3	4 058	29 315	97 %	954	14	967	5	–	0	5
1b: Economic, social and territorial cohesion	60 582	58 636	518	1 095	60 248	99 %	265	8	274	1	–	59	60
2 Sustainable growth: natural resources	62 730	59 475	463	886	60 823	97 %	445	475	920	6	4	976	986
of which: Market related expenditure and direct payments	44 855	42 979	463	873	44 315	99 %	56	475	531	5	4	0	9
3 Security and citizenship	8 152	7 152	–	550	7 702	94 %	450	–	450	1	–	0	1
4 Global Europe	12 240	11 349	47	555	11 950	98 %	288	–	288	1	–	0	2
5 Administration	6 441	5 984	–	245	6 229	97 %	149	–	149	62	–	1	62
6 Compensations	–	–	–	–	–	0 %	–	–	–	–	–	–	–
8 Negative reserve and deficit carried over from the previous financial year	–	–	–	–	–	0 %	–	–	–	–	–	–	–
9 Special Instruments	1 306	1 059	49	–	1 108	85 %	13	–	13	177	–	8	185
0 Innovation Fund (IF)	1 337	–	–	5	5	0 %	1 332	–	1 332	–	–	–	–
Total	183 075	168 909	1 078	7 393	177 381	97 %	3 896	497	4 393	253	4	1 044	1 302

2.3. MFF: IMPLEMENTATION OF PAYMENT APPROPRIATIONS

EUR million

MFF Heading	Total appropri. available	Payments made					Appropriations carried over to 2021				Appropriations lapsing			
		from final adopted budget	from carry- overs	from assigned revenue	Total	%	auto- matic carry- overs	carry- overs by decis.	assigned revenue	Total	from final adopted budget	from carry- overs	from assigned revenue	Total
	1	2	3	4	5=2+ 3+4	6=5/1	7	8	9	10=7+ 8+9	11	12	13	14=11+ 12+13
1 Smart and inclusive growth	88 334	77 097	129	6 316	83 541	95 %	149	12	4 579	4 740	21	23	9	53
1a: Competitiveness for growth and jobs	28 726	21 587	118	2 352	24 057	84 %	134	12	4 474	4 620	19	21	9	49
1b: Economic, social and territorial cohesion	59 607	55 509	11	3 964	59 484	100 %	15	-	105	120	1	2	0	4
2 Sustainable growth: natural resources	61 448	58 263	670	1 662	60 595	99 %	24	475	338	837	9	6	0	16
of which: Market related expenditure and direct payments	45 018	42 919	664	873	44 456	99 %	18	475	56	548	8	6	0	14
3 Security and citizenship	7 331	5 896	7	430	6 333	86 %	11	381	600	991	5	2	0	7
4 Global Europe	11 928	10 328	35	1 049	11 412	96 %	37	17	454	508	4	4	1	8
5 Administration	6 773	5 676	308	202	6 186	91 %	311	0	192	503	62	21	2	84
6 Compensations	-	-	-	-	-	0 %	-	-	-	-	-	-	-	-
8 Negative reserve and deficit carried over from the previous financial year	-	-	-	-	-	0 %	0	-	-	-	-	-	-	-
9 Special Instruments	1 128	1 106	0	2	1 108	98 %	0	-	13	13	0	0	6	6
0 Innovation Fund (IF)	1 337	-	-	1	1	0 %	-	-	1 336	1 336	-	-	-	-
Total	178 278	158 366	1 149	9 661	169 176	95 %	532	885	7 511	8 928	101	56	18	174

2.4. MFF: MOVEMENTS IN OUTSTANDING COMMITMENTS (RAL)

EUR million

MFF Heading	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at end of the year
	Commit. carried forward from prev. year	Decommitments/ Revaluations/ Cancellations	Payments	Commitm. outstanding at year-end	Commit. made during the year	Payments	Cancellation of commitm. which cannot be carried-over	Commitm. outstanding at year-end	
	1	2	3	4=1+2+3	5	6	7	8=5+6+7	9=4+8
1 <i>Smart and inclusive growth</i>	220 627	(1 875)	(71 673)	147 079	89 563	(11 868)	(6)	77 689	224 769
1a: <i>Competitiveness for growth and jobs</i>	40 300	(954)	(14 384)	24 962	29 315	(9 673)	(5)	19 636	44 598
1b: <i>Economic, social and territorial cohesion</i>	180 327	(921)	(57 289)	122 117	60 248	(2 195)	(0)	58 053	180 170
2 <i>Sustainable growth: natural resources</i>	40 876	(122)	(15 695)	25 058	60 823	(44 900)	-	15 923	40 982
of which: <i>Market related expenditure and direct payments</i>	432	(5)	(262)	165	44 315	(44 193)	-	122	286
3 <i>Security and citizenship</i>	6 183	(119)	(2 225)	3 839	7 702	(4 108)	-	3 594	7 433
4 <i>Global Europe</i>	29 154	(672)	(7 862)	20 620	11 950	(3 550)	(1)	8 400	29 020
5 <i>Administration</i>	342	(22)	(317)	3	6 229	(5 869)	(0)	361	364
6 <i>Compensations</i>	-	-	-	-	-	-	-	-	-
8 <i>Negative reserve and deficit carried over from the previous financial year</i>	-	-	-	-	-	-	-	-	-
9 <i>Special Instruments</i>	1	(0)	(0)	-	1 108	(1 108)	-	0	0
0 <i>Innovation Fund (IF)</i>	-	-	-	-	5	(1)	-	4	4
Total	297 183	(2 811)	(97 773)	196 599	177 381	(71 403)	(7)	105 971	302 570

2.5. MFF: OUTSTANDING COMMITMENTS BY YEAR OF ORIGIN

EUR million

MFF Heading	<2014	2014	2015	2016	2017	2018	2019	2020	Total
1 Smart and inclusive growth	3 347	878	1 741	4 079	21 655	46 203	68 942	77 924	224 769
2 Sustainable growth: natural resources	120	271	1 286	1 209	2 388	7 633	12 142	15 934	40 982
3 Security and citizenship	24	9	34	231	637	1 251	1 652	3 594	7 433
4 Global Europe	1 339	607	1 140	2 128	3 351	4 734	7 298	8 423	29 020
5 Administration	-	-	-	-	0	0	3	361	364
6 Compensations	-	-	-	-	-	-	-	-	-
8 Negative reserve and deficit carried over from the previous financial year	-	-	-	-	-	-	-	-	-
9 Special Instruments	-	-	-	-	-	-	0	0	0
0 Innovation Fund (IF)	-	-	-	-	-	-	-	4	4
Total	4 830	1 765	4 201	7 646	28 030	59 821	90 037	106 240	302 570

The set up of the new Commission involved an internal re-organisation of services. Re-allocating the related transactions resulted in a shift of outstanding amount between years. The overall amount of outstanding commitments remains unchanged.

2.6. POLICY AREA: BREAKDOWN AND CHANGES IN COMMITMENT AND PAYMENT APPROPRIATIONS

EUR million

Policy area	Commitment appropriations						Payment appropriations					
	Budget appropriations			Additional appropriations		Total appropriations available	Budget appropriations			Additional appropriations		Total appropriations available
	Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carried -over	Assigned revenue		Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carried -over	Assigned revenue	
1	2	3=1+2	4	5	6=3+4+5	7	8	9=7+8	10	11	12=9+10+11	
01 Economic and financial affairs	551	(21)	530	-	249	779	1 501	(15)	1 486	4	370	1 861
02 Internal market, industry, entrepreneurship and SMEs	3 204	(2)	3 202	-	252	3 454	2 707	45	2 752	16	455	3 222
03 Competition	116	1	117	-	6	124	116	1	117	13	6	136
04 Employment, social affairs and inclusion	14 882	693	15 574	243	729	16 546	13 394	1 500	14 894	11	866	15 772
05 Agriculture and rural development	58 699	(38)	58 661	467	2 280	61 408	57 008	735	57 742	677	2 027	60 447
06 Mobility and transport	4 871	(0)	4 871	-	157	5 028	3 065	136	3 202	5	159	3 366
07 Environment	556	(3)	553	-	12	565	411	23	434	5	10	449
08 Research and innovation	7 988	(0)	7 988	-	2 209	10 197	7 094	(129)	6 964	36	3 341	10 341
09 Communications networks, content and technology	2 684	(1)	2 684	-	461	3 145	2 311	26	2 337	11	629	2 976
10 Direct research	453	-	453	3	630	1 085	446	(14)	433	66	558	1 056
11 Maritime affairs and fisheries	1 097	67	1 163	-	207	1 370	905	57	961	2	153	1 117
12 Financial stability, financial services and capital markets union	114	(8)	106	-	4	110	115	(8)	107	4	4	115
13 Regional and urban policy	42 472	303	42 775	324	798	43 896	36 055	4 612	40 668	11	3 319	43 998
14 Taxation and customs union	177	1	178	-	14	192	170	23	193	5	17	216
15 Education and culture	4 829	0	4 829	-	823	5 653	4 457	(25)	4 432	18	1 082	5 533
16 Communication	219	0	220	-	12	231	217	(14)	203	13	11	228
17 Health and food safety	669	(42)	627	-	34	661	625	(29)	596	9	33	638
18 Migration and home affairs	2 678	3 088	5 766	-	972	6 737	2 787	2 509	5 296	7	1 030	6 333
19 Foreign policy instruments	907	(24)	883	-	83	966	809	9	818	4	80	902
20 Trade	120	(0)	119	-	3	123	119	(1)	118	3	3	124

EUR million

Policy area	Commitment appropriations						Payment appropriations					
	Budget appropriations			Additional appropriations		Total appropriations available	Budget appropriations			Additional appropriations		Total appropriations available
	Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carried-over	Assigned revenue		Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carried-over	Assigned revenue	
1	2	3=1+2	4	5	6=3+4+5	7	8	9=7+8	10	11	12=9+10+11	
21 International cooperation and development	3 819	(67)	3 753	1	327	4 081	3 321	139	3 459	21	377	3 857
22 Neighbourhood and enlargement negotiations	4 249	300	4 549	-	153	4 702	3 365	995	4 360	13	399	4 772
23 Humanitarian aid and civil protection	1 325	1 353	2 678	46	41	2 765	1 347	544	1 891	8	350	2 249
24 Fight against fraud	85	(0)	84	-	1	85	81	(1)	80	7	1	87
25 Commission's policy coordination and legal advice	262	1	263	-	12	275	263	1	264	20	12	295
26 Commission's administration	1 169	44	1 213	-	220	1 432	1 169	49	1 218	158	220	1 596
27 Budget	73	(0)	73	-	8	81	73	(0)	73	16	8	97
28 Audit	20	(0)	20	-	1	21	20	(0)	20	1	1	22
29 Statistics	162	(1)	161	-	20	181	159	(11)	148	5	28	182
30 Pensions and related expenditure	2 133	(18)	2 115	-	0	2 115	2 133	(18)	2 115	-	0	2 115
31 Language services	411	0	411	-	70	481	411	0	411	22	70	503
32 Energy	2 399	(0)	2 399	-	201	2 600	1 870	(206)	1 664	5	223	1 893
33 Justice and consumers	282	3	285	-	8	293	278	20	298	4	8	311
34 Climate action	181	(1)	180	-	1 338	1 518	115	13	128	4	1 338	1 470
40 Reserves	607	(430)	177	-	-	177	424	(424)	-	-	-	-
Total	164 462	5 197	169 659	1 083	12 334	183 075	149 340	10 543	159 883	1 205	17 190	178 278

2.7. POLICY AREA: IMPLEMENTATION OF COMMITMENT APPROPRIATIONS

EUR million

Policy area	Total approp. available	Commitments made					Appropriations carried over to 2021			Appropriations lapsing			
		from final adopted budget	from carry-overs	from assigned revenue	Total	%	assigned revenue	carry-overs by decision	Total	from final adopted budget	from carry-overs	from assigned revenue	Total
	1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
01 Economic and financial affairs	779	527	–	237	764	98 %	12	1	13	2	–	0	2
02 Internal market, industry, entrepreneurship and SMEs	3 454	3 200	–	206	3 406	99 %	46	–	46	2	–	0	2
03 Competition	124	116	–	3	120	97 %	3	–	3	1	–	0	1
04 Employment, social affairs and inclusion	16 546	15 561	243	519	16 322	99 %	196	9	205	5	–	14	19
05 Agriculture and rural development	61 408	58 179	463	1 042	59 684	97 %	335	475	810	7	4	903	914
06 Mobility and transport	5 028	4 870	–	116	4 986	99 %	41	–	41	1	–	0	1
07 Environment	565	553	–	10	562	100 %	2	–	2	1	–	0	1
08 Research and innovation	10 197	7 988	–	2 077	10 065	99 %	132	–	132	0	–	0	0
09 Communications networks, content and technology	3 145	2 682	–	454	3 136	100 %	7	–	7	1	–	0	1
10 Direct research	1 085	441	3	99	542	50 %	531	12	543	0	–	0	0
11 Maritime affairs and fisheries	1 370	1 163	–	4	1 166	85 %	130	–	130	1	–	74	74
12 Financial stability, financial services and capital markets union	110	106	–	2	107	97 %	2	–	2	1	–	0	1
13 Regional and urban policy	43 896	42 773	324	645	43 742	100 %	100	–	100	1	–	53	54
14 Taxation and customs union	192	177	–	12	189	98 %	2	–	2	1	–	0	1
15 Education and culture	5 653	4 825	–	716	5 541	98 %	108	–	108	4	–	0	4
16 Communication	231	219	–	7	225	97 %	5	–	5	1	–	0	1
17 Health and food safety	661	626	–	28	654	99 %	6	–	6	1	–	0	1
18 Migration and home affairs	6 737	5 765	–	530	6 294	93 %	442	–	442	1	–	0	1

Policy area	Total approp. available	Commitments made					Appropriations carried over to 2021			Appropriations lapsing			
		from final adopted budget	from carry-overs	from assigned revenue	Total	%	assigned revenue	carry-overs by decision	Total	from final adopted budget	from carry-overs	from assigned revenue	Total
	1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
19 Foreign policy instruments	966	883	-	54	937	97 %	28	-	28	1	-	0	1
20 Trade	123	116	-	2	118	96 %	2	-	2	3	-	0	3
21 International cooperation and development	4 081	3 743	1	207	3 951	97 %	120	-	120	10	-	0	10
22 Neighbourhood and enlargement negotiations	4 702	4 545	-	37	4 582	97 %	116	-	116	4	-	0	4
23 Humanitarian aid and civil protection	2 765	2 678	46	31	2 755	100 %	10	-	10	0	-	0	0
24 Fight against fraud	85	84	-	1	84	99 %	0	-	0	1	-	0	1
25 Commission's policy coordination and legal advice	275	255	-	7	262	95 %	5	-	5	8	-	0	8
26 Commission's administration	1 432	1 210	-	137	1 347	94 %	82	-	82	3	-	0	3
27 Budget	81	72	-	5	77	96 %	3	-	3	1	-	0	1
28 Audit	21	20	-	1	20	96 %	0	-	0	0	-	0	0
29 Statistics	181	159	-	8	168	93 %	12	-	12	1	-	0	1
30 Pensions and related expenditure	2 115	2 106	-	-	2 106	100 %	-	-	-	8	-	0	8
31 Language services	481	407	-	51	459	95 %	19	-	19	4	-	0	4
32 Energy	2 600	2 397	-	137	2 534	97 %	64	-	64	2	-	0	2
33 Justice and consumers	293	283	-	4	288	98 %	4	-	4	1	-	0	1
34 Climate action	1 518	180	-	6	185	12 %	1 332	-	1 332	0	-	0	0
40 Reserves	177	-	-	-	-	0 %	-	-	-	177	-	-	177
Total	183 075	168 909	1 078	7 393	177 381	97 %	3 896	497	4 393	253	4	1 044	1 302

2.8. POLICY AREA: IMPLEMENTATION OF PAYMENT APPROPRIATIONS

EUR million

Policy area	Payments made						Appropriations carried over to 2021				Appropriations lapsing			
	Total approp. available	from final adopted budget	from carry-overs	from assigned revenue	Total	%	automatic carry-overs	carry-overs by decis.	assigned revenue	Total	from final adopted budget	from carry-overs	from assigned revenue	Total
	1	2	3	4	5=2+3+4	6=5/1	7	8	9	10=7+8+9	11	12	13	14=11+12+13
01 Economic and financial affairs	1 861	1 479	3	339	1 822	98 %	5	0	31	36	2	0	0	2
02 Internal market, industry, entrepreneurship and SMEs	3 222	2 737	13	105	2 855	89 %	13	-	350	363	2	2	0	4
03 Competition	136	104	12	3	119	87 %	13	-	3	16	1	0	0	2
04 Employment, social affairs and inclusion	15 772	14 879	8	696	15 583	99 %	11	-	156	167	4	3	14	21
05 Agriculture and rural development	60 447	57 233	671	1 600	59 503	98 %	24	475	427	926	10	7	0	17
06 Mobility and transport	3 366	3 192	4	44	3 239	96 %	6	-	115	122	3	1	0	5
07 Environment	449	430	4	8	443	99 %	3	-	2	5	1	1	0	1
08 Research and innovation	10 341	6 924	33	1 262	8 219	79 %	40	-	2 078	2 118	0	3	0	4
09 Communications networks, content and technology	2 976	2 321	10	123	2 453	82 %	12	-	505	517	5	1	0	6
10 Direct research	1 056	359	54	90	503	48 %	61	12	468	541	1	11	0	13
11 Maritime affairs and fisheries	1 117	958	2	111	1 071	96 %	3	-	42	45	0	0	0	1
12 Financial stability, financial services and capital markets union	115	102	3	2	107	93 %	5	-	2	7	1	0	0	1
13 Regional and urban policy	43 998	40 654	10	3 317	43 981	100 %	13	-	2	15	1	1	0	2
14 Taxation and customs union	216	186	5	10	200	93 %	7	-	8	14	1	0	0	1
15 Education and culture	5 533	4 410	17	479	4 907	89 %	18	-	602	620	4	1	0	6
16 Communication	228	189	12	6	207	91 %	13	-	6	19	1	1	0	2
17 Health and food safety	638	586	7	26	620	97 %	9	-	7	15	2	1	0	3
18 Migration and home affairs	6 333	4 907	6	408	5 321	84 %	9	379	622	1 009	1	1	0	2

EUR million

Policy area	Total apppr. available	Payments made				Appropriations carried over to 2021					Appropriations lapsing			
		from final adopted budget	from carry-overs	from assigned revenue	Total	%	automatic carry-overs	carry-overs by decis.	assigned revenue	Total	from final adopted budget	from carry-overs	from assigned revenue	Total
	1	2	3	4	5=2+3+4	6=5/1	7	8	9	10=7+8+9	11	12	13	14=11+12+13
19 Foreign policy instruments	902	813	3	65	881	98 %	4	-	15	19	1	0	0	1
20 Trade	124	111	3	2	116	93 %	4	-	1	5	3	0	0	3
21 International cooperation and development	3 857	3 425	19	217	3 662	95 %	22	-	159	181	12	2	0	14
22 Neighbourhood and enlargement negotiations	4 772	4 342	12	234	4 588	96 %	13	-	165	178	4	1	0	5
23 Humanitarian aid and civil protection	2 249	1 867	7	314	2 188	97 %	7	17	36	60	0	1	0	1
24 Fight against fraud	87	70	6	1	77	89 %	7	-	0	7	2	1	0	3
25 Commission's policy coordination and legal advice	295	236	19	6	261	88 %	20	-	6	26	8	1	0	9
26 Commission's administration	1 596	1 073	151	107	1 331	83 %	141	0	112	254	3	7	1	12
27 Budget	97	66	16	3	85	87 %	6	-	5	11	1	0	0	1
28 Audit	22	19	1	1	20	92 %	1	-	1	1	0	0	0	0
29 Statistics	182	142	4	7	153	84 %	5	-	21	26	1	1	0	3
30 Pensions and related expenditure	2 115	2 106	-	-	2 106	100 %	0	-	-	0	8	-	0	8
31 Language services	503	385	21	46	451	90 %	22	-	25	47	4	2	0	5
32 Energy	1 893	1 649	5	24	1 677	89 %	7	-	200	206	9	1	0	9
33 Justice and consumers	311	288	3	4	295	95 %	4	2	4	10	5	1	0	6
34 Climate action	1 470	124	4	2	130	9 %	4	-	1 336	1 340	0	0	0	0
40 Reserves	-	-	-	-	-	0 %	-	-	-	-	-	-	-	-
	178 278	158 366	1 149	9 661	169 176	95 %	532	885	7 511	8 928	101	56	18	174

2.9. POLICY AREA: MOVEMENTS IN OUTSTANDING COMMITMENTS (RAL)

EUR million

Policy area	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at end of the year
	Commitm. carried forward from prev. year	Decommitments/ Revaluations/ Cancellations	Payments	Commitm. outstanding at year-end	Commitm. made during the year	Payments	Cancellation of commitm. which cannot be carried- over	Commitm. outstanding at year-end	
	1	2	3	4=1+2+3	5	6	7	8=5+6+7	9=4+8
01 Economic and financial affairs	2 176	(42)	(1 257)	877	764	(565)	-	199	1 076
02 Internal market, industry, entrepreneurship and SMEs	3 289	(32)	(1 877)	1 379	3 406	(978)	(1)	2 427	3 806
03 Competition	13	(0)	(12)	-	120	(107)	-	13	13
04 Employment, social affairs and inclusion	45 418	(558)	(15 119)	29 741	16 322	(464)	-	15 858	45 599
05 Agriculture and rural development	36 637	(27)	(14 668)	21 942	59 684	(44 835)	(0)	14 849	36 790
06 Mobility and transport	12 451	(195)	(2 964)	9 293	4 986	(275)	(1)	4 710	14 003
07 Environment	1 431	(19)	(319)	1 093	562	(124)	-	439	1 531
08 Research and innovation	15 493	(365)	(5 507)	9 621	10 065	(2 711)	(2)	7 351	16 972
09 Communications networks, content and technology	3 088	(114)	(1 108)	1 866	3 136	(1 345)	(0)	1 791	3 657
10 Direct research	230	(26)	(134)	70	542	(369)	(0)	173	243
11 Maritime affairs and fisheries	3 465	(76)	(868)	2 521	1 166	(203)	-	963	3 484
12 Financial stability, financial services and capital markets union	15	(1)	(12)	2	107	(95)	-	13	14
13 Regional and urban policy	129 126	(319)	(40 873)	87 934	43 742	(3 108)	(0)	40 633	128 568
14 Taxation and customs union	157	(3)	(102)	52	189	(99)	-	90	142
15 Education and culture	3 218	(123)	(1 305)	1 791	5 541	(3 602)	(0)	1 939	3 729
16 Communication	68	(5)	(54)	10	225	(153)	(0)	72	82
17 Health and food safety	514	(46)	(232)	236	654	(388)	-	266	502
18 Migration and home affairs	5 368	(48)	(1 904)	3 416	6 294	(3 417)	-	2 877	6 293
19 Foreign policy instruments	1 107	(118)	(410)	579	937	(471)	(0)	465	1 045

EUR million

Policy area	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at end of the year
	Commitm. carried forward from prev. year	Decommitments/ Revaluations/ Cancellations	Payments	Commitm. outstanding at year-end	Commitm. made during the year	Payments	Cancellation of commitm. which cannot be carried- over	Commitm. outstanding at year-end	
	1	2	3	4=1+2+3	5	6	7	8=5+6+7	
20 Trade	24	(1)	(15)	8	118	(101)	-	17	25
21 International cooperation and development	10 040	(212)	(2 805)	7 022	3 951	(856)	-	3 095	10 117
22 Neighbourhood and enlargement negotiations	15 746	(273)	(3 618)	11 854	4 582	(970)	-	3 611	15 466
23 Humanitarian aid and civil protection	1 320	(47)	(831)	442	2 755	(1 357)	(0)	1 398	1 840
24 Fight against fraud	34	(6)	(15)	13	84	(62)	-	23	35
25 Commission's policy coordination and legal advice	22	(1)	(20)	1	262	(241)	-	20	21
26 Commission's administration	202	(9)	(183)	10	1 347	(1 148)	(0)	199	209
27 Budget	16	(0)	(16)	-	77	(69)	-	9	9
28 Audit	1	(0)	(1)	-	20	(19)	-	1	1
29 Statistics	132	(12)	(57)	63	168	(96)	-	72	135
30 Pensions and related expenditure	-	-	-	-	2 106	(2 106)	(0)	-	-
31 Language services	22	(2)	(21)	-	459	(431)	-	28	28
32 Energy	5 681	(93)	(1 274)	4 313	2 534	(403)	(1)	2 129	6 443
33 Justice and consumers	248	(35)	(97)	116	288	(198)	-	90	206
34 Climate action	433	(3)	(95)	335	185	(35)	-	151	485
40 Reserves	-	-	-	-	-	-	-	-	-
Total	297 183	(2 811)	(97 773)	196 599	177 381	(71 403)	(7)	105 971	302 570

2.10. POLICY AREA: OUTSTANDING COMMITMENTS BY YEAR OF ORIGIN

EUR million

Policy area	<2014	2014	2015	2016	2017	2018	2019	2020	Total
01 Economic and financial affairs	95	-	-	3	4	596	179	199	1 076
02 Internal market, industry, entrepreneurship and SMEs	20	16	54	96	208	327	659	2 427	3 806
03 Competition	-	-	-	-	-	-	-	13	13
04 Employment, social affairs and inclusion	489	147	425	867	4 213	9 337	14 262	15 858	45 599
05 Agriculture and rural development	58	198	1 153	1 087	1 916	6 488	11 040	14 849	36 790
06 Mobility and transport	2	188	327	1 090	1 407	2 398	3 880	4 710	14 003
07 Environment	60	48	108	82	132	398	257	445	1 531
08 Research and innovation	198	294	560	853	1 507	2 362	3 788	7 411	16 972
09 Communications networks, content and technology	9	43	55	152	171	435	826	1 966	3 657
10 Direct research	11	4	2	1	10	8	34	173	243
11 Maritime affairs and fisheries	60	2	2	4	480	944	1 029	963	3 484
12 Financial stability, financial services and capital markets union	-	0	-	-	0	0	1	13	14
13 Regional and urban policy	2 360	12	114	684	12 993	29 157	42 615	40 633	128 568
14 Taxation and customs union	-	0	0	1	1	12	36	90	142
15 Education and culture	9	21	32	89	332	446	861	1 939	3 729
16 Communication	-	0	0	0	0	1	9	72	82
17 Health and food safety	2	7	8	15	31	62	112	266	502
18 Migration and home affairs	25	5	29	213	605	1 147	1 391	2 878	6 293
19 Foreign policy instruments	7	19	15	35	77	152	275	465	1 045
20 Trade	-	-	0	1	2	2	4	17	25
21 International cooperation and development	337	228	431	632	1 313	1 634	2 425	3 118	10 117
22 Neighbourhood and enlargement negotiations	753	352	685	1 435	1 757	2 676	4 196	3 611	15 466
23 Humanitarian aid and civil protection	-	2	1	1	53	89	296	1 398	1 840

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EUR million

Policy area	<2014	2014	2015	2016	2017	2018	2019	2020	Total
24 Fight against fraud	-	-	0	-	1	5	7	23	35
25 Commission's policy coordination and legal advice	-	-	-	-	-	0	1	20	21
26 Commission's administration	-	0	0	0	0	1	8	199	209
27 Budget	-	-	-	-	-	-	-	9	9
28 Audit	-	-	-	-	-	-	-	1	1
29 Statistics	-	-	1	0	4	15	44	72	135
30 Pensions and related expenditure	-	-	-	-	-	-	0	(0)	-
31 Language services	-	-	-	-	-	-	0	28	28
32 Energy	335	155	166	235	731	1 024	1 668	2 129	6 443
33 Justice and consumers	-	0	8	12	24	25	48	90	206
34 Climate action	-	22	27	57	58	80	86	155	485
40 Reserves	-	-	-	-	-	-	-	-	-
Total	4 830	1 765	4 201	7 646	28 030	59 821	90 037	106 240	302 570

The set up of the new Commission involved an internal re-organisation of services. Re-allocating the related transactions resulted in a shift of outstanding amount between years. The overall amount of outstanding commitments remains unchanged.

RECONCILIATION OF ECONOMIC RESULT WITH BUDGET RESULT

EUR million

	2020	2019
ECONOMIC RESULT OF THE YEAR	57 349	4 605
Revenue		
<i>Entitlements established in current year but not yet collected</i>	(1 289)	(6 184)
<i>Entitlements established in previous years and collected in current year</i>	3 878	8 648
<i>Accrued revenue (net)</i>	(48 762)	3 341
Expenses		
<i>Accrued expenses (net)</i>	8 213	8 389
<i>Amount from liaison account</i>	3 411	3 725
<i>Expenses prior year paid in current year</i>	(457)	(3 832)
<i>Net-effect pre-financing</i>	(17 524)	(10 922)
<i>Payment appropriations carried over to next year</i>	(1 416)	(2 927)
<i>Payments made from carry-overs & cancellation of unused payment appropriations</i>	2 642	1 238
<i>Movement in provisions</i>	3 882	3 865
<i>Other</i>	(4 493)	(3 107)
BUDGET RESULT OF THE YEAR	5 434	6 839
BUDGET RESULT OTHER INSTITUTIONS	(3 666)	(3 622)
BUDGET RESULT OF THE YEAR (EU)	1 768	3 217