



Council of the  
European Union

025518/EU XXVII.GP  
Eingelangt am 30/06/20

Brussels, 30 June 2020  
(OR. en)

9260/20

FIN 423

#### COVER NOTE

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From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
date of receipt:	30 June 2020
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union

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No. Cion doc.:	COM(2020) 289 final
Subject:	COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL AND THE COURT OF AUDITORS ANNUAL ACCOUNTS OF THE EUROPEAN COMMISSION FOR THE FINANCIAL YEAR 2019

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Delegations will find attached document COM(2020) 289 final.

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Encl.: COM(2020) 289 final



Brussels, 26.6.2020  
COM(2020) 289 final

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN  
PARLIAMENT, THE COUNCIL AND THE COURT OF AUDITORS**

**ANNUAL ACCOUNTS OF THE EUROPEAN COMMISSION FOR THE FINANCIAL  
YEAR 2019**

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## **CERTIFICATION OF THE ACCOUNTS**

The annual accounts of the European Commission for the year 2019 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 2020*

# **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**

EUR million

	Note	31.12.2019	31.12.2018
<b>NON-CURRENT ASSETS</b>			
<i>Intangible assets</i>	2.1	209	168
<i>Property, plant and equipment</i>	2.2	8 180	8 098
<i>Investments accounted for using the equity method</i>	2.3	591	591
<i>Financial assets</i>	2.4	65 427	63 917
<i>Pre-financing</i>	2.5	26 011	25 807
<i>Exchange receivables and non-exchange recoverables</i>	2.6	3 585	415
		<b>104 004</b>	<b>98 997</b>
<b>CURRENT ASSETS</b>			
<i>Financial assets</i>	2.4	4 220	3 875
<i>Pre-financing</i>	2.5	25 870	24 502
<i>Exchange receivables and non-exchange recoverables</i>	2.6	19 988	23 903
<i>Inventories</i>	2.7	62	67
<i>Cash and cash equivalents</i>	2.8	18 538	16 946
		<b>68 677</b>	<b>69 293</b>
<b>TOTAL ASSETS</b>		<b>172 681</b>	<b>168 290</b>
<b>NON-CURRENT LIABILITIES</b>			
<i>Pension and other employee benefits</i>	2.9	(97 050)	(79 865)
<i>Provisions</i>	2.10	(3 490)	(3 013)
<i>Financial liabilities</i>	2.11	(52 360)	(52 764)
		<b>(152 899)</b>	<b>(135 642)</b>
<b>CURRENT LIABILITIES</b>			
<i>Provisions</i>	2.10	(1 097)	(820)
<i>Financial liabilities</i>	2.11	(1 390)	(2 489)
<i>Payables</i>	2.12	(27 793)	(32 539)
<i>Accrued charges and deferred income</i>	2.13	(66 374)	(62 500)
		<b>(96 654)</b>	<b>(98 348)</b>
<b>TOTAL LIABILITIES</b>		<b>(249 553)</b>	<b>(233 990)</b>
<b>NET ASSETS</b>		<b>(76 873)</b>	<b>(65 700)</b>
<i>Reserves</i>	2.14	3 306	3 186
<i>Amounts to be called from Member States*</i>	2.15	(80 179)	(68 885)
<b>NET ASSETS</b>		<b>(76 873)</b>	<b>(65 700)</b>

\* The European Parliament adopted a budget on 4 December 2019 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 2020. 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

		<i>EUR million</i>	
	Note	2019	2018
<b>REVENUE</b>			
<b>Revenue from non-exchange transactions</b>			
<i>GNI resources</i>		108 820	105 780
<i>Traditional own resources</i>	3.1	21 235	22 767
<i>VAT</i>		18 128	17 624
<i>Fines</i>		4 291	6 740
<i>Recovery of expenses</i>	3.2	2 627	2 213
<i>Other</i>	3.3	(2 288)	(674)
		<b>152 813</b>	<b>154 450</b>
<b>Revenue from exchange transactions</b>			
<i>Financial revenue</i>	3.4	1 798	3 103
<i>Other</i>	3.5	725	716
		<b>2 522</b>	<b>3 819</b>
<b>Total Revenue</b>		<b>155 335</b>	<b>158 270</b>
<b>EXPENSES</b>			
<i>Implemented by Member States</i>	3.6		
<i>European Agricultural Guarantee Fund</i>		(43 951)	(43 527)
<i>European Agricultural Fund for Rural Development and other rural development instruments</i>		(13 541)	(13 149)
<i>European Regional Development Fund &amp; Cohesion Fund</i>		(35 178)	(30 230)
<i>European Social Fund</i>		(11 218)	(11 935)
<i>Other</i>		(2 608)	(2 826)
<i>Implemented by the Commission, executive agencies and trust funds</i>	3.7	(18 965)	(17 576)
<i>Implemented by other EU agencies and bodies</i>	3.8	(3 820)	(3 622)
<i>Implemented by third countries and int. organisations</i>	3.8	(4 085)	(4 016)
<i>Implemented by other entities</i>	3.8	(2 878)	(3 569)
<i>Staff and pension costs</i>	3.9	(8 163)	(7 789)
<i>Finance costs</i>	3.10	(1 458)	(1 640)
<i>Other</i>	3.11	(4 866)	(4 019)
<b>Total Expenses</b>		<b>(150 730)</b>	<b>(143 897)</b>
<b>ECONOMIC RESULT OF THE YEAR</b>		<b>4 605</b>	<b>14 372</b>

## CASHFLOW STATEMENT

	<i>EUR million</i>	
	2019	2018
<i>Economic result of the year</i>	4 605	14 372
<b>Operating activities</b>		
<i>Amortisation</i>	30	29
<i>Depreciation</i>	800	705
<i>(Increase)/decrease in loans</i>	1 203	1 037
<i>(Increase)/decrease in pre-financing</i>	(1 572)	(1 012)
<i>(Increase)/decrease in exchange receivables and non-exchange recoverables</i>	745	(12 278)
<i>(Increase)/decrease in inventories</i>	5	(5)
<i>Increase/(decrease) in pension and other employee benefits</i>	17 185	7 369
<i>Increase/(decrease) in provisions</i>	753	571
<i>Increase/(decrease) in financial liabilities</i>	(1 504)	(974)
<i>Increase/(decrease) in payables</i>	(4 745)	(6 837)
<i>Increase/(decrease) in accrued charges and deferred income</i>	3 874	(814)
<i>Prior year budgetary surplus taken as non-cash revenue</i>	(1 803)	(556)
<i>Remeasurement of employee benefits liability (non-cash movement not included in statement of financial performance)</i>	(14 073)	(4 432)
<i>Other non-cash movements</i>	99	(70)
<b>Investing activities</b>		
<i>(Increase)/decrease in intangible assets and property, plant and equipment</i>	(952)	(1 307)
<i>(Increase)/decrease in investments accounted for using the equity method</i>	(1)	(9)
<i>(Increase)/decrease in available for sale financial assets</i>	(2 936)	(1 964)
<i>(Increase)/decrease in financial assets at fair value through surplus or deficit</i>	(121)	7
<b>NET CASHFLOW</b>	<b>1 592</b>	<b>(6 167)</b>
<i>Net increase/(decrease) in cash and cash equivalents</i>	1 592	(6 167)
<i>Cash and cash equivalents at the beginning of the year</i>	16 946	23 113
<i>Cash and cash equivalents at year-end</i>	18 538	16 946

**STATEMENT OF CHANGES IN NET ASSETS**

	EUR million			
	Amounts to be called from Member States Accumulated Surplus/(Deficit)	Other reserves	Fair value reserve	Net Assets
<b>BALANCE AS AT 31.12.2017</b>	<b>(78 077)</b>	<b>2 788</b>	<b>275</b>	<b>(75 014)</b>
<i>Movement in Guarantee Fund reserve</i>	(186)	186	-	-
<i>Fair value movements</i>	-	-	(46)	(46)
<i>Remeasurements in employee benefits liability</i>	(4 432)	-	-	(4 432)
<i>Other</i>	(7)	(17)	-	(24)
<i>2017 budget result credited to Member States</i>	(556)	-	-	(556)
<i>Economic result of the year</i>	14 372	-	-	14 372
<b>BALANCE AS AT 31.12.2018</b>	<b>(68 885)</b>	<b>2 957</b>	<b>229</b>	<b>(65 700)</b>
<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
<b>BALANCE AS AT 31.12.2019</b>	<b>(80 179)</b>	<b>2 930</b>	<b>377</b>	<b>(76 873)</b>

# **NOTES TO THE FINANCIAL STATEMENTS**

*For further information in addition to the notes below, please also see the 2019 EU consolidated annual accounts.*

# 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 2019

The following new EAR, adopted by the Accounting Officer of the Commission, became mandatorily effective for annual periods beginning on or after 1 January 2019:

- EAR 20 'Public Sector Combinations', which is based on IPSAS 40 'Public Sector Combinations', establishes the requirements for classifying, recognising and measuring public sector combinations, i.e. the bringing together of separate operations into one public sector entity.

The standard distinguishes between two types of public sector combinations: amalgamations and acquisitions. An amalgamation is a public sector combination in which either no party to the combination gains control on one or more operations, or, in case one party to the combination does gain control, there is evidence that the combination has the economic substance of an amalgamation (the standard provides several indicators relating to the consideration and the decision-making process to allow for that assessment). An acquisition is a public sector combination in which one party to the combination gains control of one or more operations and there is evidence that the combination is not an amalgamation.

Public sector combinations which are classified as an amalgamation are accounted for by applying the modified pooling-of-interests method, which requires that the resulting entity shall recognise the identifiable assets, liabilities and any non-controlling interests subject to the combination at their carrying amount with a corresponding increase or decrease in net assets (i.e. without giving rise to goodwill).

Public sector combinations which are classified as acquisitions are accounted for by applying the acquisition method, which requires that the identifiable assets acquired and liabilities assumed are recognised at their acquisition-date fair-values, and any non-controlling interest in the acquired operation is recognised at the proportionate share of the acquired operations' identifiable net assets. Unlike an amalgamation an acquisition gives rise to goodwill (measured as the excess of the consideration transferred and any non-controlling interest over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed).

The standard foresees distinct disclosure requirements in order to enable the users of the EU financial statements to evaluate the nature and financial effects of an amalgamation or acquisition, as well as the financial effects of adjustments recognised in the current reporting period relating to such transactions that occurred during the period or previous reporting periods.

Since there were no public sector combinations during the reporting period the new standard has no effect on the 2019 financial statements.

#### New EAR adopted but not yet effective at 31 December 2019

There are no new EAR adopted but not yet effective at 31 December 2019.

## 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 consolidated entities can be found in note 9. It now comprises 52 controlled entities and 1 associate. 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 2<sup>nd</sup> 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. Those entities are referred to as 'Minor entities' and are separately listed in note 9. In 2019, 7 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, revenue and expense, as well as its share of assets, liabilities, revenue and expense 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 their behalf. 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	31.12.2019	31.12.2018	Currency	31.12.2019	31.12.2018
<b>BGN</b>	<b>1.9558</b>	1.9558	<b>PLN</b>	<b>4.2568</b>	4.3014
<b>CZK</b>	<b>25.4080</b>	25.7240	<b>RON</b>	<b>4.783</b>	4.6635
<b>DKK</b>	<b>7.4715</b>	7.4673	<b>SEK</b>	<b>10.4468</b>	10.2548
<b>GBP</b>	<b>0.8508</b>	0.8945	<b>CHF</b>	<b>1.0854</b>	1.1269
<b>HRK</b>	<b>7.4395</b>	7.4125	<b>JPY</b>	<b>121.9400</b>	125.8500
<b>HUF</b>	<b>330.5300</b>	320.9800	<b>USD</b>	<b>1.1234</b>	1.145

## 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 lifetime or legal lifetime 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 possibility 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 EU contributions to the trust funds of the European Development Fund or other unconsolidated entities are also 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-exchanges 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 funded<sup>1</sup> 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 caption 'staff and pension costs'.

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<sup>1</sup>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).

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.

#### 1.5.11. 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 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 accepted and eligible amount.

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

#### 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 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:

##### 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.

In case 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 had been given instead, the outstanding recoverable is written down as required.

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 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 31.12.2018</i>	333
<i>Additions</i>	71
<i>Disposals</i>	(10)
<i>Transfer between asset categories</i>	0
<i>Other changes</i>	-
<b>Gross carrying amount at 31.12.2019</b>	<b>394</b>
<i>Accumulated amortisation at 31.12.2018</i>	(165)
<i>Amortisation charge for the year</i>	(30)
<i>Amortisation written back</i>	0
<i>Disposals</i>	10
<i>Transfer between asset categories</i>	(0)
<i>Other changes</i>	-
<b>Accumulated amortisation at 31.12.2019</b>	<b>(185)</b>
<b>NET CARRYING AMOUNT AT 31.12.2019</b>	<b>209</b>
<i>NET CARRYING AMOUNT AT 31.12.2018</i>	168



## 2.2. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Space assets	Plant and equipment	Furniture and vehicles	Computer hardware	Other	Finance leases	Assets under construction	Total
									EUR million
Gross carrying amount at 31.12.2018	1 450	5 259	266	69	235	161	1 548	2 759	11 747
Additions	10	10	10	2	15	3	4	829	883
Disposals	(0)	(0)	(16)	(4)	(24)	(11)	(3)	-	(58)
Transfer between asset categories	4	411	0	(0)	(0)	1	-	(416)	(0)
Other changes	-	-	-	-	-	-	-	(0)	(0)
<b>Gross carrying amount at 31.12.2019</b>	<b>1 464</b>	<b>5 680</b>	<b>260</b>	<b>67</b>	<b>226</b>	<b>154</b>	<b>1 549</b>	<b>3 172</b>	<b>12 572</b>
Accumulated depreciation at 31.12.2018	(875)	(1 341)	(246)	(58)	(200)	(130)	(798)	-	(3 649)
Depreciation charge for the year	(42)	(659)	(10)	(4)	(20)	(9)	(56)	-	(800)
Depreciation written back	-	-	-	-	-	-	(0)	-	(0)
Disposals	0	0	16	4	24	8	4	-	56
Transfer between asset categories	-	-	-	0	0	(0)	-	-	0
<b>Accumulated depreciation at 31.12.2019</b>	<b>(917)</b>	<b>(2 000)</b>	<b>(240)</b>	<b>(58)</b>	<b>(196)</b>	<b>(131)</b>	<b>(850)</b>	<b>-</b>	<b>(4 392)</b>
<b>NET CARRYING AMOUNT AT 31.12.2019</b>	<b>547</b>	<b>3 680</b>	<b>20</b>	<b>9</b>	<b>30</b>	<b>23</b>	<b>699</b>	<b>3 172</b>	<b>8 180</b>
NET CARRYING AMOUNT AT 31.12.2018	575	3 918	20	11	35	30	750	2 759	8 098

## 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 2019, the EU holds 29.7 % of the ownership interest in EIF (2018: 29.7 %).

EUR million

European Investment Fund	
<b>Participation at 31.12.2018</b>	<b>591</b>
<i>Contributions</i>	-
<i>Dividends received</i>	(3)
<i>Share of net result</i>	53
<i>Share in the net assets</i>	(49)
<b>Participation at 31.12.2019</b>	<b>591</b>

EIF summarised financial information:

EUR million

	31.12.2019	31.12.2018
	Total EIF	Total EIF
<i>Assets</i>	2 965	2 662
<i>Liabilities</i>	(975)	(674)
<i>Revenue</i>	337	291
<i>Expenses</i>	(161)	(167)
<i>Surplus/(deficit)</i>	176	124

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

EUR million

	31.12.2019	31.12.2018
<i>Net assets of the associate</i>	1 990	1 988
<b>EC ownership interests in EIF</b>	<b>29.70%</b>	<b>29.70%</b>
<i>Carrying amount</i>	591	591

The Commission has paid-in 20 % of its subscribed shares in the EIF capital at 31 December 2019, the amount uncalled being as follows:

EUR million

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

## 2.4. FINANCIAL ASSETS

	Note	EUR million	
		31.12.2019	31.12.2018
<b>Non-current</b>			
Available for sale financial assets	2.4.1	13 941	12 345
Financial assets at fair value through surplus or deficit	2.4.2	134	14
Loans	2.4.3	51 352	51 559
		<b>65 427</b>	<b>63 917</b>
<b>Current</b>			
Available for sale financial assets	2.4.1	2 932	1 592
Financial assets at fair value through surplus or deficit	2.4.2	3	2
Loans	2.4.3	1 285	2 281
		<b>4 220</b>	<b>3 875</b>
<b>Total</b>		<b>69 647</b>	<b>67 793</b>

### 2.4.1. Available for sale financial assets

	EUR million	
	31.12.2019	31.12.2018
<i>BUFI investments</i>	1 863	1 888
<i>European Bank for Reconstruction and Development</i>	188	188
	<b>2 051</b>	<b>2 076</b>
<i>Guarantee Funds for budgetary guarantees:</i>		
<i>EFSI Guarantee Fund</i>	6 654	5 000
<i>Guarantee Fund for external actions</i>	2 545	2 465
<i>EFSD Guarantee Fund</i>	595	9
	<b>9 794</b>	<b>7 474</b>
<i>Financial instruments supported by the EU budget:</i>		
<i>Horizon 2020</i>	2 455	2 031
<i>Connecting Europe Facility</i>	699	540
<i>Risk Sharing Finance Facility</i>	597	679
<i>EU SME Equity Facilities</i>	507	464
<i>European Fund for South East Europe</i>	166	115
<i>Risk Capital Operations</i>	112	113
<i>Energy Efficiency Finance Facility</i>	105	101
<i>Other</i>	387	343
	<b>5 028</b>	<b>4 386</b>
<b>Total</b>	<b>16 873</b>	<b>13 937</b>
<i>Non-current</i>	13 941	12 345
<i>Current</i>	2 932	1 592

### 2.4.2. Financial assets at fair value through surplus or deficit

Type of derivative	EUR million			
	31.12.2019		31.12.2018	
	Notional amount	Fair value	Notional amount	Fair value
<i>Foreign currency forward contract</i>	393	3	476	2
<i>Guarantee on equity portfolio</i>	1 439	134	674	14
<b>Total</b>	<b>1 832</b>	<b>137</b>	<b>1 150</b>	<b>16</b>
<i>Non-current</i>	1 439	134	674	14
<i>Current</i>	393	3	476	2

## Fair value hierarchy of financial assets measured at fair value

	<i>EUR million</i>	
	31.12.2019	31.12.2018
<i>Level 1: Quoted prices in active markets</i>	13 949	12 487
<i>Level 2: Observable inputs other than quoted prices</i>	1 543	275
<i>Level 3: Valuation techniques with inputs not based on observable market data</i>	1 518	1 191
<b>Total</b>	<b>17 010</b>	<b>13 953</b>

## 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 1.1.2019</i>	1 191
<i>Purchases, sales, issues and settlements</i>	173
<i>Gains or losses for the period in financial income or finance costs</i>	90
<i>Gains or losses in net assets</i>	71
<i>Transfers into level 3</i>	-
<i>Transfers out of level 3</i>	-
<i>Other</i>	(8)
<b>Closing balance at 31.12.2019</b>	<b>1 518</b>

## 2.4.3. Loans

		<i>EUR million</i>	
	Note	31.12.2019	31.12.2018
<i>Loans for financial assistance</i>	2.4.3.1	52 564	53 775
<i>Other loans</i>	2.4.3.2	73	64
<b>Total</b>		<b>52 637</b>	<b>53 840</b>
<i>Non-current</i>		51 352	51 559
<i>Current</i>		1 285	2 281

## 2.4.3.1. Loans for financial assistance

	<i>EUR million</i>				
	EFSM	BOP	MFA	Euratom	Total
<i>Total at 31.12.2018</i>	47 400	1 734	4 388	254	53 775
<i>New loans</i>	-	-	420	-	420
<i>Repayments</i>	-	(1 500)	(52)	(40)	(1 592)
<i>Exchange differences</i>	-	-	-	-	-
<i>Changes in carrying amount</i>	(6)	(33)	(1)	(0)	(40)
<i>Impairment</i>	-	-	-	-	-
<b>Total at 31.12.2019</b>	<b>47 394</b>	<b>201</b>	<b>4 754</b>	<b>214</b>	<b>52 564</b>
<i>Non-current</i>	46 800	200	4 112	178	51 290
<i>Current</i>	594	1	643	35	1 273

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

Nominal value of loans for financial assistance at 31 December 2019 total EUR 51 941 million (2018: EUR 53 114 million).

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

	31.12.2019	31.12.2018
Macro Financial Assistance (MFA)	0 % - 3.82 %	0 % - 3.82 %
Euratom	0.08 % - 5.76 %	0.08 % - 5.76 %
Balance of Payment (BOP)	2.88 %	2.88 % - 3.38 %
European Financial Stability Mechanism (EFSM)	0.50 % - 3.75 %	0.50 % - 3.75 %

2.4.3.2. Other loans

	EUR million	
	31.12.2019	31.12.2018
Loans with special conditions	73	64
<b>Total</b>	<b>73</b>	<b>64</b>
Non-current	62	37
Current	12	27

Nominal value of other loans at 31 December 2019 total EUR 680 million (2018: EUR 615 million).

Impairment on other loans

	EUR million					
	31.12.2018	Additions	Reversals	Write-off	Other	31.12.2019
Loans with special conditions	8	2	-	-	-	10
Subrogated loans	579	75	-	-	4	658
<b>Total</b>	<b>587</b>	<b>77</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>668</b>

## 2.5. PRE-FINANCING

	Note	31.12.2019	31.12.2018
<i>EUR million</i>			
<b>Non-current</b>			
<i>Pre-financing</i>	2.5.1	21 906	21 615
<i>Other advances to Member States</i>	2.5.2	4 045	4 122
<i>Contribution to Trust Funds</i>		60	71
		<b>26 011</b>	<b>25 807</b>
<b>Current</b>			
<i>Pre-financing</i>	2.5.1	22 978	22 106
<i>Other advances to Member States</i>	2.5.2	2 892	2 396
		<b>25 870</b>	<b>24 502</b>
<b>Total</b>		<b>51 881</b>	<b>50 309</b>

### 2.5.1. Pre-financing

	Gross amount	Cleared via accruals	Net amount at 31.12.2019	Gross amount	Cleared via accruals	Net amount at 31.12.2018
<i>EUR million</i>						
<b>Shared Management</b>						
<i>EAFRD &amp; other rural development instruments</i>	3 193		3 193	3 743		3 743
<i>ERDF &amp; CF</i>	17 985	(3 540)	14 444	18 088	(3 461)	14 627
<i>ESF</i>	6 830	(1 530)	5 301	6 548	(1 147)	5 401
<i>Other</i>	3 549	(1 463)	2 086	4 684	(2 498)	2 186
<b>Direct Management</b>						
<i>Implemented by:</i>						
<i>Commission</i>	13 162	(8 633)	4 529	12 827	(8 523)	4 304
<i>EU executive agencies</i>	16 522	(10 339)	6 184	15 012	(9 540)	5 472
<i>Trust funds</i>	858	(665)	194	585	(432)	152
<b>Indirect Management</b>						
<i>Implemented by:</i>						
<i>Other EU agencies &amp; bodies</i>	4 038	(3 158)	880	3 830	(2 975)	856
<i>Third countries</i>	1 491	(861)	630	1 546	(879)	667
<i>International organisations</i>	8 289	(5 317)	2 972	7 684	(5 053)	2 631
<i>Other entities</i>	10 574	(6 104)	4 471	9 107	(5 426)	3 681
<b>Total</b>	<b>86 493</b>	<b>(41 609)</b>	<b>44 884</b>	<b>83 655</b>	<b>(39 933)</b>	<b>43 721</b>
<i>Non-current</i>	21 906	-	21 906	21 615	-	21 615
<i>Current</i>	64 587	(41 609)	22 978	62 040	(39 933)	22 106

### 2.5.2. Other advances to Member States

	31.12.2019	31.12.2018
<i>EUR million</i>		
<i>Advances to Member States for financial instruments under shared management</i>	3 304	3 675
<i>Aid Schemes</i>	3 634	2 843
<b>Total</b>	<b>6 937</b>	<b>6 518</b>
<i>Non-current</i>	4 045	4 122
<i>Current</i>	2 892	2 396

## 2.6. EXCHANGE RECEIVABLES AND NON-EXCHANGE RECOVERABLES

	Note	31.12.2019	EUR million 31.12.2018
<b>Non-current</b>			
Recoverables from non-exchange transactions	2.6.1	2 436	409
Receivables from exchange transactions	2.6.2	1 150	6
		<b>3 585</b>	<b>415</b>
<b>Current</b>			
Recoverables from non-exchange transactions	2.6.1	19 172	22 075
Receivables from exchange transactions	2.6.2	816	1 828
		<b>19 988</b>	<b>23 903</b>
<b>Total</b>		<b>23 573</b>	<b>24 318</b>

### 2.6.1. Recoverables from non-exchange transactions

	Note	31.12.2019	EUR million 31.12.2018
<b>Non-current</b>			
Member States	2.6.1.1	2 422	397
Other recoverables		14	12
		<b>2 436</b>	<b>409</b>
<b>Current</b>			
Member States	2.6.1.1	6 117	10 836
Competition fines	2.6.1.2	11 301	9 727
Accrued income and deferred charges	2.6.1.3	1 581	1 291
Other recoverables		173	222
		<b>19 172</b>	<b>22 075</b>
<b>Total</b>		<b>21 607</b>	<b>22 485</b>

## 2.6.1.1. Recoverables from Member States

	<i>EUR million</i>	
	31.12.2019	31.12.2018
<i>TOR A accounts</i>	5 478	5 609
<i>TOR separate accounts</i>	1 591	1 612
<i>Own resources to be received</i>	7	2 758
<i>Impairment</i>	(931)	(991)
<i>Other</i>	-	86
<b>Own resource recoverables</b>	<b>6 145</b>	<b>9 075</b>
<i>European Agricultural Guarantee Fund (EAGF)</i>	1 722	1 708
<i>European Agricultural Fund for Rural Development (EAFRD) and other rural development instruments</i>	879	955
<i>Impairment</i>	(822)	(788)
<b>EAGF and rural development recoverables</b>	<b>1 779</b>	<b>1 875</b>
<b>Pre-financing recovery</b>	<b>443</b>	<b>145</b>
<b>VAT paid and recoverable</b>	<b>11</b>	<b>12</b>
<b>Other recoverables from Member States</b>	<b>161</b>	<b>127</b>
<b>Total</b>	<b>8 539</b>	<b>11 232</b>
<i>Non-current</i>	2 422	397
<i>Current</i>	6 117	10 836

## 2.6.1.2. Recoverables from competition fines

	<i>EUR million</i>	
	31.12.2019	31.12.2018
<i>Recoverable from fines gross amount</i>	14 606	13 022
<i>Provisional payments</i>	(3 125)	(3 131)
<i>Impairment</i>	(180)	(164)
<b>Total</b>	<b>11 301</b>	<b>9 727</b>
<i>Non-current</i>	-	-
<i>Current</i>	11 301	9 727

## 2.6.1.3. Accrued income and deferred charges

	<i>EUR million</i>	
	31.12.2019	31.12.2018
<i>Other accrued income</i>	1 502	1 238
<i>Deferred charges relating to non-exchange transactions</i>	79	53
<b>Total</b>	<b>1 581</b>	<b>1 291</b>
<i>Non-current</i>	-	0
<i>Current</i>	1 581	1 291



## 2.6.2. Receivables from exchange transactions

	<i>EUR million</i>	
	31.12.2019	31.12.2018
<b>Non-current</b>		
<i>Late payment interest</i>	1 137	–
<i>Other receivables</i>	13	6
	<b>1 150</b>	<b>6</b>
<b>Current</b>		
<i>Customers</i>	205	181
<i>Impairment on receivables from customers</i>	(148)	(141)
<i>Deferred charges relating to exchange transactions</i>	142	157
<i>Other</i>	617	1 631
	<b>816</b>	<b>1 828</b>
<b>Total</b>	<b>1 966</b>	<b>1 834</b>

## 2.7. INVENTORIES

	<i>EUR million</i>	
	31.12.2019	31.12.2018
<i>Scientific materials</i>	47	52
<i>Other</i>	15	16
<b>Total</b>	<b>62</b>	<b>67</b>

## 2.8. CASH AND CASH EQUIVALENTS

	<i>EUR million</i>	
	31.12.2019	31.12.2018
<i>Accounts with Treasuries and Central Banks</i>	15 519	12 932
<i>Current accounts</i>	91	79
<i>Imprest accounts</i>	7	5
<i>Transfers (cash in transit)</i>	0	0
Bank accounts for budget implementation	<b>15 617</b>	<b>13 017</b>
Cash belonging to financial instruments	<b>1 567</b>	<b>2 377</b>
Cash relating to fines	<b>1 258</b>	<b>1 438</b>
Cash relating to trust funds	<b>97</b>	<b>114</b>
<b>Total</b>	<b>18 538</b>	<b>16 946</b>

## 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	31.12.2019 Total	EUR million 31.12.2018 Total
<i>Defined Benefit Obligation</i>	83 842	1 446	12 071	97 359	80 160
<i>Plan assets</i>	N/A	N/A	(309)	(309)	(296)
<b>Net liability</b>	<b>83 842</b>	<b>1 446</b>	<b>11 762</b>	<b>97 050</b>	<b>79 865</b>

Actuarial assumptions - employee benefits

	Pension Scheme of European Officials	Joint Sickness Insurance Scheme
<b>2019</b>		
<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
<b>2018</b>		
<i>Nominal discount rate</i>	1.9%	2.0%
<i>Expected inflation rate</i>	1.4%	1.5%
<i>Real discount rate</i>	0.5%	0.5%
<i>Expected rate of salary increases</i>	1.9%	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
<b>Present value as at 31.12.2018</b>	<b>70 017</b>	<b>1 154</b>	<b>8 990</b>	<b>80 160</b>
<b>Recognised in statement of financial performance</b>				
<i>Current service cost</i>	2 824	82	277	3 183
<i>Interest expense</i>	1 339	20	180	1 539
<b>Recognised in net assets</b>				
<i>Remeasurements in employee benefits liabilities</i>				
<i>Actuarial (gains)/losses from experience</i>	1 910	70	(339)	1 641
<i>Actuarial (gains)/losses from demographic assumptions</i>	-	-	-	-
<i>Actuarial (gains)/losses from financial assumptions</i>	9 339	143	3 065	12 547
<b>Other</b>				
<i>Benefits paid</i>	(1 587)	(23)	(101)	(1 711)
<b>Present value as at 31.12.2019</b>	<b>83 842</b>	<b>1 446</b>	<b>12 071</b>	<b>97 359</b>

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

EUR million

<b>Present value as at 31.12.2018</b>	<b>296</b>
<i>Net movement in plan assets</i>	14
<b>Present value as at 31.12.2019</b>	<b>309</b>

## Joint Sickness Insurance Scheme sensitivity

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

EUR million

	2019		2018	
	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>	8	(8)	12	(12)
<i>Defined benefit obligation</i>	352	(341)	253	(246)

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

EUR million

	2019		2018	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
<i>Defined benefit obligation</i>	(311)	322	(219)	226

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

EUR million

	2019		2018	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
<i>Defined benefit obligation</i>	(30)	29	(26)	25

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

EUR million

	2019		2018	
	One year increase	One year decrease	One year increase	One year decrease
<i>Defined benefit obligation</i>	(363)	383	(91)	54

## Pension Scheme of European Officials sensitivity

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

EUR million

	2019		2018	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
<i>Defined benefit obligation</i>	(1 797)	1 854	(1 434)	1 478

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

EUR million

	2019		2018	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
<i>Defined benefit obligation</i>	1 774	(1 724)	1 427	(1 388)

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

EUR million

	2019		2018	
	One year increase	One year decrease	One year increase	One year decrease
<i>Defined benefit obligation</i>	(620)	771	(573)	645

## 2.10. PROVISIONS

	<i>EUR million</i>						
	Amount at 31.12.2018	Additional provisions	Unused amounts reversed	Amounts used	Transfer between categories	Change in estimation	Amount at 31.12.2019
<i>Legal cases:</i>							
<i>Agriculture</i>	270	439	–	(269)	–	–	440
<i>Other</i>	11	1	(7)	(1)	–	–	5
<i>Nuclear site dismantling</i>	1 933	–	–	(34)	–	233	2 132
<i>Financial</i>	1 551	587	(1)	(206)	–	7	1 938
<i>Other</i>	68	28	(9)	(16)	–	–	71
<b>Total</b>	<b>3 833</b>	<b>1 056</b>	<b>(17)</b>	<b>(526)</b>	<b>–</b>	<b>240</b>	<b>4 586</b>
<b>Non-current</b>	<b>3 013</b>	<b>868</b>	<b>(1)</b>	<b>(273)</b>	<b>(357)</b>	<b>239</b>	<b>3 490</b>
<b>Current</b>	<b>820</b>	<b>188</b>	<b>(17)</b>	<b>(252)</b>	<b>357</b>	<b>1</b>	<b>1 097</b>

## 2.11. FINANCIAL LIABILITIES

	Note	31.12.2019	31.12.2018
<i>EUR million</i>			
<b>Non-current</b>			
<i>Financial liabilities at amortised cost</i>	2.11.1	52 351	52 757
<i>Financial liabilities at fair value through surplus or deficit</i>	2.11.2	9	7
		<b>52 360</b>	<b>52 764</b>
<b>Current</b>			
<i>Financial liabilities at amortised cost</i>	2.11.1	1 367	2 475
<i>Financial liabilities at fair value through surplus or deficit</i>	2.11.2	4	15
<i>Financial guarantee liabilities</i>		20	-
		<b>1 390</b>	<b>2 489</b>
<b>Total</b>		<b>53 750</b>	<b>55 253</b>

### 2.11.1. Financial liabilities at amortised cost

	Note	31.12.2019	31.12.2018
<i>EUR million</i>			
<i>Borrowings for financial assistance</i>	2.11.1.1	52 564	53 775
<i>Other financial liabilities</i>	2.11.1.2	1 154	1 456
<b>Total</b>		<b>53 718</b>	<b>55 231</b>
<i>Non-current</i>		52 351	52 757
<i>Current</i>		1 367	2 475

#### 2.11.1.1. Borrowings for financial assistance

	EFSM	BOP	MFA	Euratom	Total
<i>EUR million</i>					
<i>Total at 31.12.2018</i>	47 400	1 734	4 388	254	53 775
<i>New loans</i>	-	-	420	-	420
<i>Repayments</i>	-	(1 500)	(52)	(40)	(1 592)
<i>Exchange differences</i>	-	-	-	-	-
<i>Changes in carrying amount</i>	(6)	(33)	(1)	(0)	(40)
<b>Total at 31.12.2019</b>	<b>47 394</b>	<b>201</b>	<b>4 754</b>	<b>214</b>	<b>52 564</b>
<i>Non-current</i>	46 800	200	4 112	178	51 290
<i>Current</i>	594	1	643	35	1 273

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

	31.12.2019	31.12.2018
<i>Macro Financial Assistance (MFA)</i>	0% - 3.82%	0% - 3.82%
<i>Euratom</i>	0% - 5.68%	0% - 5.68%
<i>Balance of Payment (BOP)</i>	2.88%	2.88% - 3.38%
<i>European Financial Stability Mechanism (EFSM)</i>	0.50% - 3.75%	0.50% - 3.75%

## 2.11.1.2. Other financial liabilities

	<i>EUR million</i>	
	31.12.2019	31.12.2018
<b>Non-current</b>		
<i>Finance lease liabilities</i>	800	860
<i>Buildings paid for in instalments</i>	210	235
<i>Other</i>	51	141
	<b>1 061</b>	<b>1 235</b>
<b>Current</b>		
<i>Finance lease liabilities</i>	67	64
<i>Buildings paid for in instalments</i>	24	23
<i>Fines to be reimbursed</i>	-	125
<i>Other</i>	1	9
	<b>93</b>	<b>221</b>
<b>Total</b>	<b>1 154</b>	<b>1 456</b>

## Finance lease liabilities

	<i>EUR million</i>			
	Future amounts to be paid			Total Liability
	< 1 year	1 - 5 years	> 5 years	
<i>Land and buildings</i>	63	291	499	852
<i>Other fixed assets</i>	5	10	-	15
<b>Total at 31.12.2019</b>	<b>67</b>	<b>301</b>	<b>499</b>	<b>867</b>
<i>Interest element</i>	48	150	103	301
<b>Total future minimum lease payments at 31.12.2019</b>	<b>115</b>	<b>451</b>	<b>602</b>	<b>1 168</b>
<i>Total future minimum lease payments at 31.12.2018</i>	115	450	710	1 275

## 2.11.2. Financial liabilities at fair value through surplus or deficit

	<i>EUR million</i>			
Type of derivative	31.12.2019		31.12.2018	
	Notional amount	Fair value	Notional amount	Fair value
<i>Guarantee on equity portfolio</i>	752	10	536	20
<i>FX option (put spread)</i>	13	2	11	2
<b>Total</b>	<b>765</b>	<b>12</b>	<b>546</b>	<b>22</b>
<i>Non-current</i>	148	9	82	7
<i>Current</i>	617	4	464	15

## Fair value hierarchy of financial liabilities measured at fair value

	<i>EUR million</i>	
	31.12.2019	31.12.2018
<i>Level 1: Quoted prices in active markets</i>	-	-
<i>Level 2: Observable inputs other than quoted prices</i>	2	2
<i>Level 3: Valuation techniques with inputs not based on observable market data</i>	10	20
<b>Total</b>	<b>12</b>	<b>22</b>

## 2.12. PAYABLES

					<i>EUR million</i>	
	Gross Amount	Adjustments*	Net Amount at 31.12.2019	Gross Amount	Adjustments*	Net Amount at 31.12.2018
<i>Cost claims and invoices received from:</i>						
<i>Member States</i>						
<i>EAFRD &amp; other rural development instruments</i>	21		20	247		247
<i>ERDF &amp; CF</i>	8 068	(2 437)	5 631	10 761	(1 724)	9 037
<i>ESF</i>	2 882	(558)	2 325	5 195	(496)	4 699
<i>Other</i>	854	(45)	809	632	(75)	557
<i>Private and public entities</i>	1 562	(180)	1 381	1 461	(179)	1 282
<b>Total costs claims &amp; invoices received</b>	<b>13 386</b>	<b>(3 220)</b>	<b>10 166</b>	<b>18 296</b>	<b>(2 475)</b>	<b>15 822</b>
<b>EAGF</b>	<b>16 255</b>	<b>N/A</b>	<b>16 255</b>	<b>14 772</b>	<b>N/A</b>	<b>14 772</b>
<b>Own Resources Payables</b>	<b>-</b>	<b>N/A</b>	<b>-</b>	<b>769</b>	<b>N/A</b>	<b>769</b>
<b>Sundry Payables</b>	<b>1 372</b>	<b>N/A</b>	<b>1 372</b>	<b>1 176</b>	<b>N/A</b>	<b>1 176</b>
<b>Total</b>	<b>31 014</b>	<b>(3 220)</b>	<b>27 793</b>	<b>35 013</b>	<b>(2 475)</b>	<b>32 539</b>

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

## 2.13. ACCRUED CHARGES AND DEFERRED INCOME

	<i>EUR million</i>	
	31.12.2019	31.12.2018
<i>Accrued charges</i>	66 185	62 263
<i>Deferred income</i>	138	213
<i>Other</i>	52	24
<b>Total</b>	<b>66 374</b>	<b>62 500</b>

The split of accrued charges is as follows:

	<i>EUR million</i>	
	31.12.2019	31.12.2018
<i>EAGF</i>	28 193	29 387
<i>EAFRD and other rural development instruments</i>	18 583	18 687
<i>ERDF and CF</i>	9 525	5 863
<i>ESF</i>	3 016	2 321
<i>Other</i>	6 867	6 005
<b>Total</b>	<b>66 185</b>	<b>62 263</b>

## NET ASSETS

### 2.14. RESERVES

	Note	31.12.2019	EUR million 31.12.2018
Fair value reserve	2.14.1	377	229
Guarantee Fund reserve		2 870	2 849
Other reserves		59	108
<b>Total</b>		<b>3 306</b>	<b>3 186</b>

#### 2.14.1. Fair value reserve

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

	31.12.2019	EUR million 31.12.2018
Included in fair value reserve	176	(68)
Included in statement of financial performance	(28)	22
<b>Total</b>	<b>148</b>	<b>(46)</b>

### 2.15. AMOUNTS TO BE CALLED FROM MEMBER STATES

	EUR million
<b>Amounts to be called from Member States at 31.12.2018</b>	<b>68 885</b>
Return of budget surplus to Member States	1 803
Movement in Guarantee Fund reserve	21
Remeasurements in employee benefits liability	14 073
Other reserve movements	1
Economic result of the year	(4 605)
<b>Total amounts to be called from Member States at 31.12.2019</b>	<b>80 179</b>



### 3. NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE

#### REVENUE

#### REVENUE FROM NON-EXCHANGE TRANSACTIONS: OWN RESOURCES

##### 3.1. TRADITIONAL OWN RESOURCES

	<i>EUR million</i>	
	2019	2018
<i>Customs duties</i>	21 235	22 763
<i>Sugar levies</i>	0	4
<b>Total</b>	<b>21 235</b>	<b>22 767</b>

#### REVENUE FROM NON-EXCHANGE TRANSACTIONS: TRANSFERS

##### 3.2. RECOVERY OF EXPENSES

	<i>EUR million</i>	
	2019	2018
<i>Shared management</i>	2 547	2 116
<i>Direct management</i>	65	65
<i>Indirect management</i>	16	31
<b>Total</b>	<b>2 627</b>	<b>2 213</b>

##### 3.3. OTHER REVENUE FROM NON-EXCHANGE TRANSACTIONS

	<i>EUR million</i>	
	2019	2018
<i>Contribution of third countries and accession countries</i>	1 451	1 347
<i>Staff taxes and contributions</i>	966	954
<i>Contribution from Member States for external aid</i>	331	594
<i>Transfer of assets</i>	47	85
<i>Adjustment of provisions</i>	16	97
<i>Agricultural levies</i>	2	4
<i>Budgetary adjustments</i>	(1 719)	(726)
<i>Funding of institutions</i>	(3 725)	(3 493)
<i>Other</i>	343	465
<b>Total</b>	<b>(2 288)</b>	<b>(674)</b>

## REVENUE FROM EXCHANGE TRANSACTIONS

### 3.4. FINANCIAL REVENUE

	EUR million	
	2019	2018
<i>Interest on:</i>		
<i>Late payments</i>	133	1 458
<i>Loans</i>	1 178	1 259
<i>Other</i>	67	63
<i>Premium on financial guarantee liability</i>	193	121
<i>Dividend</i>	29	103
<i>Financial revenue from financial assets or liabilities at fair value through surplus or deficit</i>	125	29
<i>Realised gains on sale of available for sale financial assets</i>	69	23
<i>Other</i>	3	48
<b>Total</b>	<b>1 798</b>	<b>3 103</b>

### 3.5. OTHER REVENUE FROM EXCHANGE TRANSACTIONS

	EUR million	
	2019	2018
<i>Foreign exchange gains</i>	335	318
<i>Share of net result of EIF</i>	53	37
<i>Fee and premium revenue related to financial instruments</i>	43	54
<i>Sales of goods</i>	16	18
<i>Fixed assets related revenue</i>	4	7
<i>Other</i>	274	281
<b>Total</b>	<b>725</b>	<b>716</b>

## EXPENSES

### 3.6. SHARED MANAGEMENT

	EUR million	
Implemented by Member States	2019	2018
<i>European Agricultural Guarantee Fund</i>	43 951	43 527
<i>European Agricultural Fund for Rural Development and other rural development instruments</i>	13 541	13 149
<i>European Regional Development Fund and Cohesion Fund</i>	35 178	30 230
<i>European Social Fund</i>	11 218	11 935
<i>Other</i>	2 608	2 826
<b>Total</b>	<b>106 495</b>	<b>101 666</b>

### 3.7. DIRECT MANAGEMENT

	<i>EUR million</i>	
	2019	2018
<i>Implemented by the Commission</i>	8 458	8 146
<i>Implemented by EU Executive Agencies</i>	10 095	8 962
<i>Implemented by Trust funds</i>	412	468
<b>Total</b>	<b>18 965</b>	<b>17 576</b>

### 3.8. INDIRECT MANAGEMENT

	<i>EUR million</i>	
	2019	2018
<i>Implemented by other EU agencies and bodies</i>	3 820	3 622
<i>Implemented by third countries</i>	637	679
<i>Implemented by international organisations</i>	3 448	3 337
<i>Implemented by other entities</i>	2 878	3 569
<b>Total</b>	<b>10 783</b>	<b>11 208</b>

### 3.9. STAFF AND PENSION COSTS

	<i>EUR million</i>	
	2019	2018
<i>Staff costs</i>	3 442	3 328
<i>Pension costs</i>	4 721	4 461
<b>Total</b>	<b>8 163</b>	<b>7 789</b>

### 3.10. FINANCE COSTS

	<i>EUR million</i>	
	2019	2018
<i>Interest expenses:</i>		
<i>Borrowings</i>	1 172	1 252
<i>Other</i>	21	25
<i>Finance leases</i>	52	56
<i>Impairment losses on available for sale financial assets</i>	19	25
<i>Impairment loss on loans and receivables</i>	105	126
<i>Realised loss on sale of available for sale financial assets</i>	5	20
<i>Loss on financial assets or liabilities at fair value through surplus or deficit</i>	57	95
<i>Other</i>	26	41
<b>Total</b>	<b>1 458</b>	<b>1 640</b>

### 3.11. OTHER EXPENSES

	<i>EUR million</i>	
	2019	2018
<i>Adjustment of provisions</i>	1 294	919
<i>Fixed assets related expenses</i>	1 046	953
<i>Administrative and IT expenses</i>	883	831
<i>Funding and contributions to other EU bodies</i>	491	470
<i>Foreign exchange losses</i>	328	328
<i>Operating lease expenses</i>	188	195
<i>Reduction of fines by the Court of Justice</i>	91	1
<i>Other</i>	544	322
<b>Total</b>	<b>4 866</b>	<b>4 019</b>

Expenses relating to research and development are as follows:

	<i>EUR million</i>	
	2019	2018
<i>Research costs</i>	381	373
<i>Non-capitalised development costs</i>	69	58
<b>Total</b>	<b>449</b>	<b>430</b>

### 3.12. SEGMENT REPORTING BY MULTI ANNUAL FINANCIAL FRAMEWORK HEADING (MFF)

	EUR million						
	Smart and inclusive growth	Sustainable growth	Security and citizenship	Global Europe	Administration	Not assigned to MFF headings*	Total
GNI resources	-	-	-	-	-	108 820	108 820
Traditional own resources	-	-	-	-	-	21 235	21 235
VAT	-	-	-	-	-	18 128	18 128
Fines	-	-	-	-	-	4 291	4 291
Recovery of expenses	1 520	1 076	10	22	0	-	2 627
Other	1 202	29	43	214	830	(4 607)	(2 288)
<b>Revenue from non-exchange transactions</b>	<b>2 722</b>	<b>1 104</b>	<b>54</b>	<b>235</b>	<b>830</b>	<b>147 867</b>	<b>152 813</b>
Financial revenue	423	1	0	11	0	1 363	1 798
Other	155	(12)	(5)	13	243	330	725
<b>Revenue from exchange transactions</b>	<b>578</b>	<b>(11)</b>	<b>(5)</b>	<b>24</b>	<b>243</b>	<b>1 693</b>	<b>2 522</b>
<b>Total revenue</b>	<b>3 300</b>	<b>1 093</b>	<b>49</b>	<b>260</b>	<b>1 073</b>	<b>149 561</b>	<b>155 335</b>
<i>Expenses implemented by Member States:</i>							
EAGF	-	(43 951)	-	-	-	-	(43 951)
EAFRD & other rural develop. instruments	-	(13 541)	-	-	-	-	(13 541)
ERDF & CF	(35 178)	-	-	-	-	-	(35 178)
ESF	(11 218)	-	-	-	-	-	(11 218)
Other	(512)	(668)	(1 382)	(46)	-	(0)	(2 608)
Implemented by the Commission, executive agencies and trust funds	(12 763)	(676)	(1 060)	(4 446)	(19)	0	(18 965)
Implemented by other EU agencies and bodies	(2 799)	(62)	(927)	(32)	-	-	(3 820)
Implemented by third countries and international organisations	(526)	(2)	(242)	(3 314)	(0)	-	(4 085)
Implemented by other entities	(2 037)	(1)	(1)	(839)	(0)	-	(2 878)
Staff and pension costs	(1 637)	(350)	(444)	(604)	(5 129)	-	(8 163)
Finance costs	(113)	(56)	(0)	(9)	(79)	(1 200)	(1 458)
Other expenses	(2 287)	(493)	(137)	(136)	(1 475)	(337)	(4 866)
<b>Total expenses</b>	<b>(69 070)</b>	<b>(59 800)</b>	<b>(4 194)</b>	<b>(9 427)</b>	<b>(6 702)</b>	<b>(1 538)</b>	<b>(150 730)</b>
<b>Economic result of the year</b>	<b>(65 770)</b>	<b>(58 707)</b>	<b>(4 145)</b>	<b>(9 167)</b>	<b>(5 629)</b>	<b>148 023</b>	<b>4 605</b>

\* '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

*EUR million*

	31.12.2019			31.12.2018		
	Ceiling	Signed	Disbursed	Ceiling	Signed	Disbursed
<i>EIB external lending mandate guarantees</i>	37 929	31 521	20 014	40 417	30 889	20 510
<i>EFSI guarantee</i>	25 797	21 889	17 634	25 898	19 842	15 764
<i>EFSD guarantee</i>	50	-	-	-	-	-
<b>Total</b>	<b>63 775</b>	<b>53 410</b>	<b>37 648</b>	<b>66 315</b>	<b>50 731</b>	<b>36 273</b>

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

*EUR million*

	31.12.2019			31.12.2018		
	Drawn	Undrawn	Total	Drawn	Undrawn	Total
<i>EFSM</i>	47 394	-	47 394	47 400	-	47 400
<i>BOP</i>	201	-	201	1 734	-	1 734
<i>MFA</i>	4 754	560	5 314	4 388	980	5 368
<i>Euratom</i>	214	200	414	254	200	454
<b>Total</b>	<b>52 564</b>	<b>760</b>	<b>53 324</b>	<b>53 775</b>	<b>1 180</b>	<b>54 955</b>

#### 4.1.3. Guarantees given for EU financial instruments

*EUR million*

	31.12.2019	31.12.2018
<i>Horizon 2020</i>	1 584	1 467
<i>Risk Sharing Finance Facility</i>	110	642
<i>Connecting Europe Facility</i>	684	579
<i>Other</i>	38	29
<b>Total</b>	<b>2 416</b>	<b>2 717</b>

#### 4.1.4. Legal cases

*EUR million*

	31.12.2019	31.12.2018
<i>Fines</i>	3 128	3 187
<i>Agriculture</i>	199	653
<i>Cohesion</i>	341	26
<i>Other</i>	2 123	1 823
<b>Total</b>	<b>5 791</b>	<b>5 688</b>

## 4.2. CONTINGENT ASSETS

	<i>EUR million</i>	
	31.12.2019	31.12.2018
<i>Guarantees received:</i>		
<i>Performance guarantees</i>	75	79
<i>Other guarantees</i>	6	7
<i>Other contingent assets</i>	31	25
<b>Total</b>	<b>113</b>	<b>111</b>

## 5. BUDGETARY AND LEGAL COMMITMENTS

	Note	31.12.2019	31.12.2018
<i>EUR million</i>			
<i>Outstanding budgetary commitments not yet expensed</i>	5.1	249 357	234 621
<i>Shared management legal commitments under the current MFF pending implementation</i>	5.2	72 832	143 883
<i>Significant legal commitments in other areas</i>	5.3	10 227	14 592
<b>Total</b>		<b>332 416</b>	<b>393 097</b>

### 5.1. OUTSTANDING BUDGETARY COMMITMENTS NOT YET EXPENSED

	31.12.2019	31.12.2018
<i>EUR million</i>		
<i>Outstanding budgetary commitments not yet expensed</i>	249 357	234 621

### 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>	262 585	262 407	220 447	41 960
<i>European Social Fund</i>	92 912	92 751	78 841	13 910
<i>European Neighbourhood Policy Instrument</i>	–	–	–	–
<i>Fund for European Aid to the most Deprived</i>	3 814	3 813	3 235	578
<b>HEADING 1B: COHESION POLICY FUNDS</b>	<b>359 310</b>	<b>358 971</b>	<b>302 524</b>	<b>56 448</b>
<i>European Agricultural Fund for Rural Development</i>	100 079	100 079	85 404	14 675
<i>European Maritime and Fisheries Fund</i>	5 749	5 687	4 828	859
<b>HEADING 2: NATURAL RESOURCES</b>	<b>105 829</b>	<b>105 766</b>	<b>90 232</b>	<b>15 534</b>
<i>Asylum and Migration Fund</i>	4 575	4 482	4 032	450
<i>Internal Security Fund</i>	3 159	3 095	2 695	401
<b>HEADING 3: SECURITY &amp; CITIZENSHIP</b>	<b>7 733</b>	<b>7 577</b>	<b>6 727</b>	<b>851</b>
<b>Total</b>	<b>472 872</b>	<b>472 315</b>	<b>399 483</b>	<b>72 832</b>



### 5.3. SIGNIFICANT LEGAL COMMITMENTS IN OTHER AREAS

	Note	EUR million	
		31.12.2019	31.12.2018
Connecting Europe Facility		7 680	11 554
Copernicus		601	1 267
Galileo		438	493
Fisheries agreements		223	46
Operating lease commitments	5.3.1	844	796
Other contractual commitments		440	435
<b>Total</b>		<b>10 227</b>	<b>14 592</b>

#### 5.3.1. Operating lease commitments

	Future amounts to be paid			Total
	< 1 year	1- 5 years	> 5 years	
Buildings	139	371	326	836
IT materials and other equipment	2	5	–	8
<b>Total</b>	<b>141</b>	<b>376</b>	<b>326</b>	<b>844</b>

## 6. FINANCIAL INSTRUMENTS DISCLOSURES

### 6.1. CURRENCY RISKS

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

EUR million

	31.12.2019						Total
	USD	GBP	DKK	SEK	EUR	Other	
<b>Financial assets</b>							
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
	<b>302</b>	<b>1 172</b>	<b>396</b>	<b>533</b>	<b>55 068</b>	<b>1 723</b>	<b>59 194</b>
<b>Financial liabilities</b>							
Financial liabilities at fair value through surplus or deficit	(0)	-	-	-	(10)	(2)	(12)
Payables	(3)	(0)	-	(1)	(27 786)	(3)	(27 793)
	<b>(3)</b>	<b>(0)</b>	<b>-</b>	<b>(1)</b>	<b>(27 796)</b>	<b>(5)</b>	<b>(27 806)</b>
<b>Total</b>	<b>299</b>	<b>1 172</b>	<b>396</b>	<b>531</b>	<b>27 272</b>	<b>1 717</b>	<b>31 388</b>

EUR million

	31.12.2018						Total
	USD	GBP	DKK	SEK	EUR	Other	
<b>Financial assets</b>							
Available for sale financial assets	619	57	18	7	13 220	17	13 937
Financial assets at fair value through surplus or deficit	(475)	-	-	-	491	-	16
Loans*	6	-	-	-	53	5	64
Receivables and recoverables	-	4 109	98	108	19 777	226	24 318
Cash and cash equivalents	43	1 520	287	406	13 197	1 493	16 946
	<b>193</b>	<b>5 686</b>	<b>403</b>	<b>522</b>	<b>46 737</b>	<b>1 741</b>	<b>55 282</b>
<b>Financial liabilities</b>							
Financial liabilities at fair value through surplus or deficit	-	-	-	-	(20)	(2)	(22)
Payables	(0)	-	-	-	(32 538)	(1)	(32 539)
	<b>(0)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(32 558)</b>	<b>(2)</b>	<b>(32 561)</b>
<b>Total</b>	<b>193</b>	<b>5 686</b>	<b>403</b>	<b>522</b>	<b>14 179</b>	<b>1 738</b>	<b>22 721</b>

\* 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
2019	(10)	(101)	(35)	(48)
2018	(5)	(512)	(35)	(47)

EUR million

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

2018 (13) (5) (2) (1)

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

<i>EUR million</i>				
	Economic result			
	USD	GBP	DKK	SEK
2019	12	123	42	58
2018	6	625	43	57

<i>EUR million</i>				
	Net assets			
	USD	GBP	DKK	SEK
2019	20	7	2	1
2018	16	6	2	1

## 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 %).

<i>EUR million</i>		
	Increase (+) / decrease (-) in basis points	Effect on net assets
2019: Available for sale financial assets	+100	(395)
	-100	426
2018: Available for sale financial assets	+100	(303)
	-100	325

## 6.3. CREDIT RISK

Analysis of the age of financial assets that are not impaired

<i>EUR million</i>					
	Total	Neither past due nor impaired	Past due but not impaired		
			< 1 year	1-5 years	> 5 years
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	-	-	-
<b>Total at 31.12.2019</b>	<b>76 347</b>	<b>61 791</b>	<b>2 719</b>	<b>11 542</b>	<b>295</b>
Loans	53 840	53 840	-	-	-
Receivables and recoverables	24 318	14 399	6 577	3 208	134
Financial assets at fair value through surplus or deficit	16	16	-	-	-
<b>Total at 31.12.2018</b>	<b>78 174</b>	<b>68 254</b>	<b>6 577</b>	<b>3 208</b>	<b>134</b>

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

EUR million

	31.12.2019					
	Available for sale*	Financial assets at FVSD**	Loans	Receivables and recoverables	Cash	Total
<b>Counterparties with external credit rating</b>						
<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
	<b>13 464</b>	<b>137</b>	<b>52 564</b>	<b>7 364</b>	<b>18 533</b>	<b>92 061</b>
<b>Counterparties without external credit rating</b>						
<i>Debtors without defaults in the past</i>	–	–	72	1 652	5	1 730
<i>Debtors with defaults in the past</i>	–	–	–	2	–	2
	–	–	<b>72</b>	<b>1 654</b>	<b>5</b>	<b>1 731</b>
<b>Total</b>	<b>13 464</b>	<b>137</b>	<b>52 636</b>	<b>9 018</b>	<b>18 538</b>	<b>93 793</b>

EUR million

	31.12.2018					
	Available for sale*	Financial assets at FVSD**	Loans	Receivables and recoverables	Cash	Total
<b>Counterparties with external credit rating</b>						
<i>Prime and high grade</i>	8 097	16	–	8 546	13 941	30 600
<i>Upper medium grade</i>	2 903	–	23 513	746	2 622	29 784
<i>Lower medium grade</i>	1 487	–	25 774	1 454	163	28 877
<i>Non-investment grade</i>	–	–	4 488	199	217	4 904
	<b>12 487</b>	<b>16</b>	<b>53 775</b>	<b>10 944</b>	<b>16 942</b>	<b>94 165</b>
<b>Counterparties without external credit rating</b>						
<i>Debtors without defaults in the past</i>	–	–	62	3 455	3	3 520
<i>Debtors with defaults in the past</i>	–	–	2	0	–	2
	–	–	<b>64</b>	<b>3 455</b>	<b>3</b>	<b>3 522</b>
<b>Total</b>	<b>12 487</b>	<b>16</b>	<b>53 840</b>	<b>14 399</b>	<b>16 946</b>	<b>97 687</b>

\* 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

	<i>EUR million</i>			
	< 1 year	1-5 years	> 5 years	Total
<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)
<b>Total at 31.12.2019</b>	<b>(29 180)</b>	<b>(19 733)</b>	<b>(32 618)</b>	<b>(81 531)</b>
<i>Borrowings</i>	(2 254)	(17 363)	(34 158)	(53 775)
<i>Payables</i>	(32 539)	-	-	(32 539)
<i>Other financial liabilities</i>	(221)	(533)	(702)	(1 456)
<b>Total at 31.12.2018</b>	<b>(35 013)</b>	<b>(17 897)</b>	<b>(34 860)</b>	<b>(87 770)</b>

Financial instruments at fair value through surplus or deficit

	<i>EUR million</i>			
	< 1 year	1-5 years	> 5 years	Total
<i>Derivative pay leg</i>	(397)	(2)	(7)	(406)
<i>Derivative receive leg</i>	395	-	-	395
<b>Net cash flows at 31.12.2019</b>	<b>(2)</b>	<b>(2)</b>	<b>(7)</b>	<b>(10)</b>
<i>Derivative pay leg</i>	(490)	(2)	(6)	(498)
<i>Derivative receive leg</i>	477	-	-	477
<b>Net cash flows at 31.12.2018</b>	<b>(14)</b>	<b>(2)</b>	<b>(6)</b>	<b>(21)</b>

## 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 PARTIES

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

The annual accounts and related notes were prepared using the most recently available information and this is reflected in the information presented above. At the date of signature of these accounts two key material matters are disclosed below, the departure of the United Kingdom from the European Union and the EU reaction to the coronavirus outbreak. No further 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.

### Coronavirus disease 2019 (COVID-19)

During the first half of 2020, the coronavirus outbreak has had huge global impacts. As a non-adjusting event, the outbreak of the coronavirus does not require any adjustments to the figures reported. For subsequent reporting periods, the implementation of the immediate response initiatives proposed by the Commission (including the reactivation of the Emergency Support Instrument (ESI) and further reinforcement of the Union Civil Protection Mechanism (UCPM/rescEU), the Coronavirus Response Investment Initiative (CRII and CRII+) and the support to mitigate Unemployment Risks in an Emergency (SURE) following the COVID-19 outbreak) will affect the recognition, measurement or reclassification of some assets and liabilities in the financial statements:

- Activation of the Emergency Support Instrument (ESI) and further reinforcement of the Union Civil Protection Mechanism (UCPM/rescEU):

Given the depth of the crisis following the COVID-19 outbreak as well as the extent and nature of the needs requiring support from the EU budget, the EU reactivated the ESI instrument. This instrument, originally established in March 2016 to address the emergency situation which had arisen following the massive influx of refugees in Greece (see Council Regulation (EU) 2016/369 of 15 March 2016), has been reactivated for a period of 3 years (2020-22) to finance expenditure necessary to address the COVID-19 pandemic for the period 1 February 2020 to 31 January 2022 (see Council regulation (EU) 2020/521 of 14 April 2020). To further this objective, the 2020 budget was amended to include EUR 2.7 billion in commitment appropriations and EUR 1.4 billion in payment appropriations (see Definitive Adoption (EU, Euratom) 2020/537 of Amending budget No 2 of the European Union for the financial year 2020 of 17 April 2020). The reactivation will allow the Union to deploy measures preventing and mitigating severe consequences in one or more Member States and to address in a coordinated manner the needs related to the COVID-19 disaster, by complementing any assistance provided under other EU instruments. The instrument is centrally managed by the Commission and mainly focuses on direct procurement and grants, whilst in certain cases actions will be implemented through partners such as international organisations.

As a complementary measure to the ESI, the Union Civil Protection Mechanism/rescEU was reinforced to allow wider stock-piling and coordination of essential resource distribution across Europe (see Commission Implementing Decision (EU) 2019/570, as amended by Commission Implementing Decision 2020/414 of 19 March 2020 and Commission Implementing Decision (EU) 2020/452 of 26 March 2020). To this purpose the 2020 budget was amended to include a further EUR 0.3 billion in commitment appropriations and EUR 0.2 billion in payment appropriations. The reinforcement of the UCPM/rescEU will support Member States in purchasing some of the needed equipment (including therapeutics, medical equipment, Personal Protective Equipment, laboratory supplies), thus increasing the volume as well as complementing and widening the scope of priority items purchased through the joint procurement under the Joint Procurement Agreement, a coordinated approach giving Member States a strong position when negotiating with the industry on availability and price of medical products. The rescEU direct grants will provide 100 % financing from the EU budget, which includes full financing for development of these capacities and full financing of deployment of equipment. The equipment purchased will be hosted by one or more Member States, while decision making is organised at EU level, providing emergency supplies over and beyond national stocks. It will be available to all Member States and will be used in case of insufficient national availability.

- Coronavirus Response Investment Initiative (CRII and CRIIplus):

CRII, implemented by Regulation 2020/460 of the European Parliament and the Council of 30 March 2020, introduced specific measures to mobilise investments in the healthcare systems of Member States and in other sectors of their economies in response to the COVID-19 outbreak by providing immediate liquidity to accelerate up to EUR 37 billion of European public investment, introducing flexibility in applying EU spending rules and extending the scope of the EU Solidarity Fund. CRIIplus, implemented by Regulation 2020/558 of the European Parliament and the Council of 23 April 2020, introduced further measures to provide exceptional flexibility for the use of the European Structural and Investments Funds. The 2019 balance sheet includes EUR 6.8 billion as current pre-financing since these amounts were originally intended to be recovered during 2020. However, as a consequence of the CRII, the amounts will now remain with the Member States so as to be used to accelerate investments related to the COVID-19 outbreak. As the CRII foresees the clearance or recovery of pre-financing at closure, and eligibility periods may end in 2022, this EUR 6.8 billion of current pre-financing will likely all be reclassified, in conformity with the accounting rules, to non-current in the 2020 financial statements.

- European instrument for temporary Support to mitigate Unemployment Risks in an Emergency (SURE) following the COVID-19 outbreak:

As part of its emergency support package to tackle the economic impact of the COVID-19 crisis, the EU adopted on 19 May 2020 Council Regulation (EU) 2020/672 establishing the SURE instrument to help workers keep their jobs during the crisis. SURE is a temporary scheme which can provide up to EUR 100 billion of financial assistance (loans under favourable terms) to Member States. The instrument enables Member States to request EU financial assistance to help finance the sudden and severe increases of national public expenditure, as from 1 February 2020, related to national short-time work schemes and similar measures, including for self-employed persons, or to some health-related measures, in particular at the work place in response to the crisis. To enable the EU to provide financial assistance under SURE, the Commission shall be empowered to borrow on the capital markets or with financial institutions on behalf of the EU to a maximum amount of EUR 100 billion. SURE loans will be backed by the EU budget and guarantees provided by Member States according to their share in the EU's GNI. The total amount of guarantees will be EUR 25 billion and the instrument will become active only when all guarantees have been provided. The instrument is limited until 31 December 2022.

- Next Generation EU:

Furthermore, on 27 May 2020 President von der Leyen presented a new proposal for the EU long-term budget (multiannual financial framework) 2021-2027 and sectoral programmes boosted by 'Next Generation EU'<sup>2</sup>, an emergency temporary recovery instrument, to help repair the immediate economic and social damage brought about by the coronavirus pandemic, kickstart the recovery and prepare for a better future for the next generation. This proposal is currently being discussed with Member States and the European Parliament. Should an agreement be reached based on this proposal, many EU budget programmes would be topped-up by funds raised through borrowings by the EU. Given the size of the proposed amounts, it would have a significant impact on the content of future EU balance sheets; the specific impact can only be assessed once the final proposal has been approved by the budget authority and its implementation starts.

## Departure of United Kingdom from the European Union

On 1 February 2020 the United Kingdom ceased to be a Member State of the European Union. Following the conclusion of the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community (the 'Withdrawal

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<sup>2</sup> [https://ec.europa.eu/info/strategy/eu-budget/eu-long-term-budget/2021-2027\\_en](https://ec.europa.eu/info/strategy/eu-budget/eu-long-term-budget/2021-2027_en)



Agreement') between the two parties, the United Kingdom committed to pay all its obligations under the current MFF and previous financial perspectives following from its membership of the Union.

At the date of signature of these accounts, and based on the Withdrawal Agreement concluded and already in operation, there is no financial impact to be reported in these accounts.

# **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	
	2019	2018
Revenue for the financial year	163 918	159 318
Payments against current year appropriations	(157 428)	(154 833)
Payment appropriations carried over to year N+1	(1 615)	(1 675)
Cancellation of unused appropriations carried over from year N-1	75	106
Evolution of assigned revenue (B)-(A)	(1 736)	(1 114)
<i>Unused appropriations at the end of current year (A)</i>	9 144	7 408
<i>Unused appropriations at the end of previous year (B)</i>	7 408	6 295
Exchange rate differences for the year	4	(1)
<b>Budget result</b>	<b>3 217</b>	<b>1 802</b>

# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

## BUDGET REVENUE

					<i>EUR million</i>
	Title	Initial adopted budget	Final adopted budget	Entitlements established	Revenue
1	Own resources	146 305	144 795	147 056	144 766
	11 - Sugar levies	-	-	(1)	(1)
	12 - Customs duties	21 471	21 471	23 656	21 365
	13 - VAT	17 739	17 739	17 775	17 775
	14 - GNI	107 095	105 585	105 700	105 700
	15 - Correction of budgetary imbalances	-	-	(81)	(81)
	16 - Reduction of GNI based contribution of the Netherlands and Sweden	-	-	7	7
3	Surpluses, balances and adjustments	-	1 803	1 811	1 805
4	Miscellaneous community taxes, levies and duties	1 231	1 231	1 212	1 203
5	Revenue accruing from the administrative operation of the institution	25	25	285	264
6	Contributions and refunds in connection with union agreements and programmes	130	130	14 112	12 568
7	Default interest and fines	115	115	18 575	2 625
8	Borrowing and lending operations	3	3	3	3
9	Miscellaneous revenue	15	15	13	7
	<b>Total</b>	<b>147 824</b>	<b>148 117</b>	<b>183 069</b>	<b>163 240</b>

## 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	80 527	80 627	92 794	90 536
1a: Competitiveness for growth and jobs	23 335	23 435	27 826	25 782
1b: Economic, social and territorial cohesion	57 192	57 192	64 969	64 754
2 Sustainable growth: natural resources	59 642	59 642	62 846	60 600
of which: Market related expenditure and direct payments	43 192	43 192	44 806	43 962
3 Security and citizenship	3 787	3 787	4 065	3 874
4 Global Europe	11 319	11 625	13 454	13 111
5 Administration	5 828	5 828	6 226	6 000
6 Compensations	-	-	-	-
8 Negative reserve and deficit carried over from the previous financial year	-	-	-	-
9 Special Instruments	577	565	618	295
<b>Total</b>	<b>161 680</b>	<b>162 074</b>	<b>180 004</b>	<b>174 416</b>

## 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	67 557	67 823	82 553	75 535
1a: Competitiveness for growth and jobs	20 522	20 261	26 044	21 748
1b: Economic, social and territorial cohesion	47 035	47 561	56 510	53 787
2 Sustainable growth: natural resources	57 400	57 837	61 252	59 521
of which: Market related expenditure and direct payments	43 116	43 113	44 933	43 885
3 Security and citizenship	3 527	3 291	3 575	3 256
4 Global Europe	9 358	8 953	10 933	10 108
5 Administration	5 829	5 827	6 588	6 004
6 Compensations	–	–	–	–
8 Negative reserve and deficit carried over from the previous financial year	–	–	–	–
9 Special Instruments	412	647	671	295
<b>Total</b>	<b>144 083</b>	<b>144 377</b>	<b>165 573</b>	<b>154 719</b>



# 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 current year	On entitlements of current year	On carried over		
1 Own resources	146 305	144 795	147 013	44	147 056	144 754	12	144 766	100 %	2 291
3 Surpluses, balances and adjustments	-	1 803	1 811	-	1 811	1 805	-	1 805	100 %	7
4 Miscellaneous community taxes, levies and duties	1 231	1 231	1 203	10	1 212	1 193	10	1 203	98 %	9
5 Revenue accruing from the administrative operation of the institution	25	25	272	13	285	256	8	264	1056 %	21
6 Contributions and refunds in connection with union agreements and programmes	130	130	13 557	555	14 112	12 273	294	12 568	9667 %	1 545
7 Default interest and fines	115	115	5 456	13 119	18 575	2 355	271	2 625	2283 %	15 949
8 Borrowing and lending operations	3	3	3	-	3	3	-	3	110 %	-
9 Miscellaneous revenue	15	15	6	7	13	6	1	7	43 %	7
<b>Total</b>	<b>147 824</b>	<b>148 117</b>	<b>169 322</b>	<b>13 747</b>	<b>183 069</b>	<b>162 644</b>	<b>596</b>	<b>163 240</b>	<b>110 %</b>	<b>19 829</b>

## 2. IMPLEMENTATION OF EC BUDGET EXPENDITURE

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

EUR million

MFF Heading	Commitment appropriations					Payment appropriations					Total approp. available	
	1	2	3=1+2	4	5	6=3+4+5	7	8	9=7+8	10		11
	Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carry-overs	Assigned revenue	Total approp. available	Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carry-overs	Assigned revenue	Total approp. available
1 Smart and inclusive growth	80 527	100	80 627	0	12 166	92 794	67 557	266	67 823	131	14 600	82 553
1a: Competitiveness for growth and jobs	23 335	100	23 435	0	4 390	27 826	20 522	(260)	20 261	118	5 664	26 044
1b: Economic, social and territorial cohesion	57 192	-	57 192	-	7 777	64 969	47 035	526	47 561	13	8 935	56 510
2 Sustainable growth: natural resources	59 642	(0)	59 642	460	2 745	62 846	57 400	437	57 837	672	2 743	61 252
of which: Market related expenditure and direct payments	43 192	-	43 192	460	1 155	44 806	43 116	(3)	43 113	665	1 155	44 933
3 Security and citizenship	3 787	(0)	3 787	-	279	4 065	3 527	(237)	3 291	9	276	3 575
4 Global Europe	11 319	306	11 625	34	1 795	13 454	9 358	(406)	8 953	64	1 916	10 933
5 Administration	5 828	0	5 828	1	397	6 226	5 829	(2)	5 827	362	399	6 588
6 Compensations	-	-	-	-	-	-	-	-	-	-	-	-
8 Negative reserve and deficit carried over from the previous financial year	-	-	-	-	-	-	-	-	-	-	-	-
9 Special Instruments	577	(12)	565	30	24	618	412	236	647	0	24	671
<b>Total</b>	<b>161 680</b>	<b>394</b>	<b>162 074</b>	<b>525</b>	<b>17 405</b>	<b>180 004</b>	<b>144 083</b>	<b>294</b>	<b>144 377</b>	<b>1 238</b>	<b>19 958</b>	<b>165 573</b>

## 2.2. MFF: IMPLEMENTATION OF COMMITMENT APPROPRIATIONS

EUR million

MFF Heading	Total appropri. available				Commitments made				Appropriat. carried over to 2020				Appropriations lapsing				Total 13=10+ 11+12
	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	92 794	80 540	0	9 996	90 536	98 %	2 074	36	2 110	52	-	97	149				
1a: Competitiveness for growth and jobs	27 826	23 406	0	2 376	25 782	93 %	2 013	3	2 016	27	-	1	28				
1b: Economic, social and territorial cohesion	64 969	57 134	-	7 620	64 754	100 %	60	33	93	25	-	96	121				
2 Sustainable growth: natural resources	62 846	59 161	438	1 001	60 600	96 %	1 330	467	1 797	14	21	414	449				
of which: Market related expenditure and direct payments	44 806	42 718	438	807	43 962	98 %	348	467	815	8	21	-	29				
3 Security and citizenship	4 065	3 737	-	137	3 874	95 %	142	-	142	50	-	0	50				
4 Global Europe	13 454	11 622	34	1 454	13 111	97 %	340	1	341	2	-	0	2				
5 Administration	6 226	5 764	1	235	6 000	96 %	161	-	161	63	0	0	64				
6 Compensations	-	-	-	-	-	0 %	-	-	-	-	-	-	-				
8 Negative reserve and deficit carried over from the previous financial year	-	-	-	-	-	0 %	-	-	-	-	-	-	-				
9 Special Instruments	618	295	-	-	295	48 %	8	94	102	175	30	16	221				

<b>Total</b>	<b>180 004</b>	<b>161 120</b>	<b>473</b>	<b>12 823</b>	<b>174 416</b>	<b>97 %</b>	<b>4 055</b>	<b>598</b>	<b>4 653</b>	<b>356</b>	<b>51</b>	<b>527</b>	<b>934</b>
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## 2.3. MFF: IMPLEMENTATION OF PAYMENT APPROPRIATIONS

EUR million

MFF Heading	Payments made				Appropriations carried over to 2020				Appropriations lapsing					
	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
	Total approp. available	from final adopted budget	from carry-overs	from assigned revenue	Total	%	auto-carry-overs	carry-overs by decis.	assigned revenue	Total	from final adopted budget	from carry-overs	from assigned revenue	Total
1 Smart and inclusive growth	82 553	67 637	113	7 785	75 535	91 %	151	3	6 813	6 967	32	18	1	52
1a: Competitiveness for growth and jobs	26 044	20 090	102	1 555	21 748	84 %	138	3	4 108	4 249	30	16	1	48
1b: Economic, social and territorial cohesion	56 510	47 547	10	6 230	53 787	95 %	13	-	2 705	2 718	2	2	0	4
2 Sustainable growth: natural resources	61 252	57 163	637	1 721	59 521	97 %	198	467	1 023	1 687	9	35	-	44
of which: Market related expenditure and direct payments	44 933	42 449	631	806	43 885	98 %	190	467	349	1 006	7	34	-	42
3 Security and citizenship	3 575	3 153	7	96	3 256	91 %	9	-	180	188	129	2	0	131
4 Global Europe	10 933	8 908	60	1 140	10 108	92 %	39	-	772	811	6	4	4	14
5 Administration	6 588	5 478	335	191	6 004	91 %	285	0	206	492	64	27	1	92
6 Compensations	-	-	-	-	-	0 %	-	-	-	-	-	-	-	-
Negative reserve and deficit carried over from the previous financial year	-	-	-	-	-	0 %	0	-	-	-	-	-	-	-

9 Special Instruments	671	295	0	-	295	44 %	1	-	8	9	352	0	16	368
<b>Total</b>	<b>165 573</b>	<b>142 633</b>	<b>1 152</b>	<b>10 934</b>	<b>154 719</b>	<b>93 %</b>	<b>682</b>	<b>470</b>	<b>9 001</b>	<b>10 154</b>	<b>592</b>	<b>86</b>	<b>22</b>	<b>700</b>

## 2.4. MFF: MOVEMENTS IN OUTSTANDING COMMITMENTS (RAL)

MFF Heading	Commitments outstanding at the end of previous year							Commitments of the current year				Total commitm. outstanding at end of the year
	1	2	3	4=1+2+3	5	6	7	8=5+6+7	9=4+8			
	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	Total commitm. outstanding at end of the year			
1 <i>Smart and inclusive growth</i>	206 991	(1 360)	(66 413)	139 217	90 536	(9 122)	(4)	81 410	220 627			
1a: <i>Competitiveness for growth and jobs</i>	37 006	(738)	(13 367)	22 901	25 782	(8 380)	(4)	17 397	40 298			
1b: <i>Economic, social and territorial cohesion</i>	169 985	(622)	(53 046)	116 317	64 754	(742)	(0)	64 012	180 329			
2 <i>Sustainable growth: natural resources</i>	40 047	(253)	(15 133)	24 661	60 600	(44 387)	(0)	16 213	40 874			
of which: Market related expenditure and direct payments	359	(6)	(235)	117	43 962	(43 650)	-	313	430			
3 <i>Security and citizenship</i>	5 834	(269)	(1 934)	3 632	3 874	(1 323)	-	2 551	6 183			
4 <i>Global Europe</i>	27 352	(1 200)	(6 918)	19 234	13 111	(3 190)	(0)	9 920	29 154			
5 <i>Administration</i>	374	(28)	(344)	3	6 000	(5 660)	(1)	339	342			
6 <i>Compensations</i>	-	-	-	-	-	-	-	-	-			
Negative reserve and deficit carried over from the previous financial year	-	-	-	-	-	-	-	-	-			
9 <i>Special Instruments</i>	0	(0)	(0)	-	295	(295)	-	1	1			
<b>Total</b>	<b>280 599</b>	<b>(3 109)</b>	<b>(90 742)</b>	<b>186 747</b>	<b>174 416</b>	<b>(63 977)</b>	<b>(5)</b>	<b>110 434</b>	<b>297 181</b>			

EUR million



## 2.5. MFF: OUTSTANDING COMMITMENTS BY YEAR OF ORIGIN

MFF Heading	EUR million									
	<2013	2013	2014	2015	2016	2017	2018	2019	Total	
1 Smart and inclusive growth	1 428	3 640	2 139	4 683	12 476	45 924	68 924	81 414	220 627	
2 Sustainable growth: natural resources	68	130	285	1 316	2 685	7 603	12 575	16 213	40 874	
3 Security and citizenship	33	18	20	53	433	1 223	1 851	2 552	6 183	
4 Global Europe	909	958	1 010	1 851	3 253	4 973	6 231	9 970	29 154	
5 Administration	-	-	0	-	0	1	2	339	342	
6 Compensations	-	-	-	-	-	-	-	-	-	
8 Negative reserve and deficit carried over from the previous financial year	-	-	-	-	-	-	-	-	-	
9 Special Instruments	-	-	-	-	-	-	0	1	1	
<b>Total</b>	<b>2 438</b>	<b>4 746</b>	<b>3 453</b>	<b>7 904</b>	<b>18 846</b>	<b>59 723</b>	<b>89 583</b>	<b>110 488</b>	<b>297 181</b>	



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							Total appropriable 12=9+10 +11
	1	2	3=1+2	4	5	6=3+ 4+5	7	8	9=7+8	10	11	12=9+10 +11			
	Initial adopted budget	Budget appropriations Amending budgets & transfers	Final adopted budget	Carried-over	Additional appropriations Assigned revenue	Total appropriable	Initial adopted budget	Budget appropriations Amending budgets & transfers	Final adopted budget	Carried-over	Additional appropriations Assigned revenue	Total appropriable			
01 Economic and financial affairs	336	(26)	310	-	462	773	1 204	(16)	1 188	32	763	1 982			
02 Internal market, industry, entrepreneurship and SMEs	2 796	0	2 796	-	269	3 065	2 473	(49)	2 424	15	466	2 905			
03 Competition	111	1	113	1	6	120	111	1	113	14	6	132			
04 Employment, social affairs and inclusion	14 753	(3)	14 751	-	1 881	16 631	11 910	527	12 437	11	2 562	15 010			
05 Agriculture and rural development	58 407	(3)	58 404	460	2 633	61 496	56 641	363	57 004	673	2 649	60 326			
06 Mobility and transport	4 808	(8)	4 800	-	173	4 973	2 510	92	2 601	5	119	2 725			
07 Environment	525	(0)	524	-	16	540	370	15	385	4	15	404			
08 Research and innovation	7 405	89	7 494	-	1 665	9 160	6 737	(112)	6 625	33	2 429	9 086			
09 Communications networks, content and technology	2 430	3	2 433	-	415	2 848	2 134	(155)	1 979	13	550	2 541			
10 Direct research	440	-	440	-	597	1 037	428	-	428	47	540	1 015			
11 Maritime affairs and fisheries	1 028	117	1 145	-	220	1 365	661	189	849	3	220	1 072			
12 Financial stability, financial services and capital markets union	119	1	119	-	5	124	120	(1)	119	4	5	128			
13 Regional and urban policy	41 290	268	41 559	30	6 030	47 618	34 799	196	34 994	13	6 506	41 512			
14 Taxation and customs union	177	(0)	177	-	13	191	176	(0)	176	6	13	195			
15 Education and culture	4 540	21	4 561	0	699	5 260	4 052	75	4 127	21	944	5 092			
16 Communication	216	(1)	215	-	12	228	213	(3)	210	15	12	237			
17 Health and food safety	617	(1)	616	-	48	664	561	(1)	561	10	49	620			

EUR million

Policy area	Commitment appropriations					Payment appropriations					Total appropri- available 12=9+10 +11	
	Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carried -over	Additional appropriations Assigned revenue	Total appropri- available 6=3+ 4+5	Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carried -over		Additional appropriations Assigned revenue
	1	2	3=1+2	4	5		7	8	9=7+8	10	11	
18 Migration and home affairs	2 271	549	2 821	-	253	3 073	2 576	(188)	2 388	8	271	2 667
19 Foreign policy instruments	869	(13)	856	-	57	913	722	24	746	3	63	812
20 Trade	116	(1)	115	-	3	118	115	(1)	114	4	3	121
21 International cooperation and development	3 717	14	3 730	-	287	4 017	3 301	(221)	3 081	25	332	3 438
22 Neighbourhood and enlargement negotiations	5 072	60	5 133	-	672	5 805	3 770	(267)	3 502	11	490	4 004
23 Humanitarian aid and civil protection	1 764	340	2 104	34	431	2 568	1 705	136	1 841	8	376	2 226
24 Fight against fraud	83	-	83	-	1	84	83	-	83	7	1	91
25 Commission's policy coordination and legal advice	260	1	261	-	12	273	260	0	260	20	12	292
26 Commission's administration	1 143	1	1 145	-	213	1 357	1 142	2	1 144	173	214	1 531
27 Budget	74	3	77	-	9	86	74	3	77	15	9	101
28 Audit	20	(0)	20	-	1	21	20	(0)	20	1	1	22
29 Statistics	160	(1)	159	-	16	175	144	(4)	140	6	27	173
30 Pensions and related expenditure	2 008	-	2 008	-	0	2 008	2 008	-	2 008	-	0	2 008
31 Language services	403	(3)	401	-	73	474	403	(3)	401	25	73	499
32 Energy	2 006	(0)	2 006	-	225	2 231	1 628	(112)	1 516	6	230	1 752
33 Justice and consumers	265	0	265	-	7	272	247	11	258	5	7	270
34 Climate action	165	(0)	165	-	1	166	108	(9)	99	4	1	104
40 Reserves	1 285	(1 016)	269	-	-	269	678	(199)	479	-	-	479
<b>Total</b>	<b>161 680</b>	<b>394</b>	<b>162 074</b>	<b>525</b>	<b>17 405</b>	<b>180 004</b>	<b>144 083</b>	<b>294</b>	<b>144 377</b>	<b>1 238</b>	<b>19 958</b>	<b>165 573</b>

## 2.7. POLICY AREA: IMPLEMENTATION OF COMMITMENT APPROPRIATIONS

EUR million

Policy area	Commitments made										Appropriations carried over to 2020				Appropriations lapsing			
	1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12					
Total approp. available	from final adopted budget	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					
01 Economic and financial affairs	773	308	-	393	701	91 %	69	-	69	3	-	0	3					
02 Internal market, industry, entrepreneurship and SMEs	3 065	2 793	-	169	2 962	97 %	99	-	99	3	-	1	4					
03 Competition	120	111	1	3	115	96 %	3	-	3	2	0	0	2					
04 Employment, social affairs and inclusion	16 631	14 696	-	1 776	16 472	99 %	43	32	75	23	-	62	85					
05 Agriculture and rural development	61 496	57 926	438	877	59 242	96 %	1 342	467	1 809	11	21	413	446					
06 Mobility and transport	4 973	4 797	-	92	4 889	98 %	81	-	81	2	-	0	2					
07 Environment	540	523	-	12	536	99 %	4	-	4	1	-	0	1					
08 Research and innovation	9 160	7 494	-	938	8 432	92 %	728	-	728	0	-	0	0					
09 Communications networks, content and technology	2 848	2 427	-	236	2 663	93 %	179	-	179	6	-	0	6					
10 Direct research	1 037	437	-	113	550	53 %	484	3	487	0	-	0	0					
11 Maritime affairs and fisheries	1 365	1 142	-	143	1 285	94 %	76	-	76	3	-	1	4					
12 Financial stability, financial services and capital markets union	124	100	-	3	103	83 %	2	-	2	20	-	0	20					
13 Regional and urban policy	47 618	41 502	-	5 906	47 408	100 %	74	50	124	7	30	50	86					
14 Taxation and customs union	191	176	-	9	185	97 %	4	-	4	1	-	0	1					
15 Education and culture	5 260	4 560	0	435	4 995	95 %	264	-	264	1	-	0	1					

EUR million

Policy area	Commitments made				Appropriations carried over to 2020				Appropriations lapsing				
	1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
	Total approp. available	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
16	228	214	-	7	221	97 %	5	-	5	1	-	0	1
17	664	612	-	28	640	96 %	20	-	20	4	-	0	4
18	3 073	2 820	-	124	2 944	96 %	129	-	129	1	-	0	1
19	913	856	-	31	887	97 %	26	-	26	0	-	0	0
20	118	114	-	2	115	97 %	1	-	1	2	-	0	2
21	4 017	3 726	-	204	3 930	98 %	83	1	84	3	-	0	3
22	5 805	5 131	-	606	5 737	99 %	66	-	66	2	-	0	2
23	2 568	2 103	34	416	2 553	99 %	15	-	15	0	-	0	1
24	84	83	-	0	83	99 %	1	-	1	0	-	0	0
25	273	254	-	7	261	96 %	5	-	5	7	-	0	7
26	1 357	1 141	-	129	1 270	94 %	84	-	84	4	-	0	4
27	86	76	-	6	82	96 %	3	-	3	1	-	0	1
28	21	19	-	1	20	96 %	1	-	1	0	-	0	0
29	175	157	-	6	163	93 %	10	-	10	2	-	0	2
30	2 008	1 996	-	0	1 996	99 %	0	-	0	12	-	-	12
31	474	395	-	45	440	93 %	28	-	28	6	-	0	6
32	2 231	2 004	-	100	2 104	94 %	125	-	125	2	-	0	2
33	272	263	-	4	267	98 %	3	-	3	2	-	0	2
34	166	165	-	1	165	99 %	1	-	1	0	-	0	0
40	269	-	-	-	-	0 %	-	46	46	223	-	-	223
<b>Total</b>	<b>180 004</b>	<b>161 120</b>	<b>473</b>	<b>12 823</b>	<b>174 416</b>	<b>97 %</b>	<b>4 055</b>	<b>598</b>	<b>4 653</b>	<b>356</b>	<b>51</b>	<b>527</b>	<b>934</b>



## 2.8. POLICY AREA: IMPLEMENTATION OF PAYMENT APPROPRIATIONS

EUR million

Policy area	Payments made				Appropriations carried over to 2020				Appropriations lapsing				Total 14=11+ 12+13	
	1 Total appror. available	2 from final adopted budget	3 from carry- overs	4 from assigned revenue	5=2+ 3+4 Total	6=5/1 %	7 automatic carry- overs	8 carry- overs by decis.	9 assigned revenue	10=7+ 8+9 Total	11 from final adopted budget	12 from carry- overs		13 from assigned revenue
01 Economic and financial affairs	1 982	1 181	30	572	1 783	90 %	4	-	191	194	3	2	0	5
02 Internal market, industry, entrepreneurship and SMEs	2 905	2 405	13	147	2 564	88 %	16	-	319	335	3	2	0	5
03 Competition	132	99	13	2	114	86 %	12	-	4	16	2	0	0	2
04 Employment, social affairs and inclusion	15 010	12 422	7	2 355	14 784	99 %	11	-	191	202	4	3	16	23
05 Agriculture and rural development	60 326	56 328	638	1 533	58 500	97 %	198	467	1 116	1 780	11	35	0	46
06 Mobility and transport	2 725	2 592	4	29	2 625	96 %	5	-	90	96	4	1	0	5
07 Environment	404	380	4	13	396	98 %	4	-	2	7	1	0	0	1
08 Research and innovation	9 086	6 588	30	489	7 107	78 %	37	-	1 939	1 976	0	3	0	3
09 Communications networks, content and technology	2 541	1 965	10	111	2 086	82 %	10	-	439	449	3	3	0	6
10 Direct research	1 015	363	42	104	509	50 %	62	3	436	501	0	6	0	6
11 Maritime affairs and fisheries	1 072	846	2	198	1 046	98 %	2	-	22	25	1	0	0	1
12 Financial stability, financial services and capital markets union	128	96	4	3	103	80 %	4	-	2	5	20	0	0	20
13 Regional and urban policy	41 512	34 980	11	3 921	38 912	94 %	11	-	2 585	2 596	3	2	0	5

Policy area	Payments made				Appropriations carried over to 2020					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	
14 Taxation and customs union	195	170	6	5	181	93 %	5	-	7	12	1	0	0	2
15 Education and culture	5 092	4 108	17	380	4 504	88 %	18	-	564	582	1	4	0	5
16 Communication	237	197	14	6	217	91 %	12	-	6	18	1	1	0	2
17 Health and food safety	620	551	9	29	588	95 %	8	-	20	29	1	1	0	3
18 Migration and home affairs	2 667	2 380	6	80	2 466	92 %	7	-	191	198	1	2	0	3
19 Foreign policy instruments	812	741	3	39	783	96 %	4	-	24	28	1	1	0	2
20 Trade	121	110	4	2	115	95 %	3	-	2	4	2	0	0	2
21 International cooperation and development	3 438	3 056	22	172	3 250	95 %	21	-	156	177	4	3	4	11
22 Neighbourhood and enlargement negotiations	4 004	3 487	10	177	3 674	92 %	13	-	313	326	2	1	0	3
23 Humanitarian aid and civil protection	2 226	1 833	8	327	2 168	97 %	8	-	49	57	1	0	0	1
24 Fight against fraud	91	74	6	0	80	88 %	7	-	1	8	2	2	0	4
25 Commission's policy coordination and legal advice	292	234	19	6	259	89 %	19	0	6	25	7	1	0	8
26 Commission's administration	1 531	1 011	164	101	1 275	83 %	130	0	113	244	4	9	0	13
27 Budget	101	62	14	4	80	79 %	14	-	5	19	1	1	0	2
28 Audit	22	19	1	1	20	92 %	1	-	1	1	0	0	0	0
29 Statistics	173	133	5	7	145	84 %	5	-	20	25	2	1	0	3
30 Pensions and related expenditure	2 008	1 996	-	-	1 996	99 %	0	-	0	0	12	-	-	12
31 Language services	499	378	23	40	441	89 %	17	-	33	50	6	1	0	7
32 Energy	1 752	1 504	6	79	1 588	91 %	6	-	151	157	6	1	0	7
33 Justice and consumers	270	251	4	4	259	96 %	4	-	3	8	3	1	0	4
34 Climate action	104	95	4	1	99	95 %	4	-	1	4	0	0	0	1
40 Reserves	479	-	-	-	-	0 %	-	-	-	-	479	-	-	479



EUR million

Policy area	Payments made			Appropriations carried over to 2020				Appropriations lapsing									
	Total approp. available	from final adopted budget	from carry-overs	from assigned revenue	from final adopted budget	from carry-overs	from assigned revenue	from final adopted budget	from carry-overs	from assigned revenue	Total						
1	165 573	142 633	1 152	10 934	5=2+ 3+4	154 719	93 %	6=5/1	7	8	9	10=7+ 8+9	11	12	13	14=11+ 12+13	700

## 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 commitment outstanding at end of the year
	1	2	3	4=1+2+3	5	6	7	8=5+6+7	
	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	
01 Economic and financial affairs	3 273	(15)	(1 311)	1 947	701	(472)	-	229	2 176
02 Internal market, industry, entrepreneurship and SMEs	2 913	(21)	(1 530)	1 362	2 962	(1 034)	(1)	1 927	3 289
03 Competition	13	(0)	(12)	-	115	(102)	-	13	13
04 Employment, social affairs and inclusion	44 192	(461)	(14 474)	29 258	16 472	(311)	(0)	16 161	45 419
05 Agriculture and rural development	35 938	(45)	(14 201)	21 692	59 242	(44 299)	(0)	14 943	36 634
06 Mobility and transport	10 281	(93)	(2 394)	7 794	4 889	(231)	(1)	4 658	12 451
07 Environment	1 422	(131)	(281)	1 010	536	(115)	-	421	1 431
08 Research and innovation	14 315	(146)	(5 101)	9 068	8 432	(2 005)	(1)	6 425	15 493
09 Communications networks, content and technology	2 646	(136)	(981)	1 529	2 663	(1 105)	(0)	1 558	3 087
10 Direct research	214	(27)	(123)	64	550	(386)	(0)	164	228
11 Maritime affairs and fisheries	3 302	(76)	(834)	2 392	1 285	(212)	(0)	1 073	3 465
12 Financial stability, financial services and capital markets union	15	(0)	(12)	3	103	(91)	-	12	15
13 Regional and urban policy	120 918	(287)	(37 895)	82 737	47 408	(1 017)	(0)	46 391	129 127
14 Taxation and customs union	158	(5)	(93)	60	185	(88)	(0)	97	157
15 Education and culture	2 858	(129)	(1 191)	1 537	4 995	(3 313)	(0)	1 681	3 218
16 Communication	67	(3)	(58)	6	221	(159)	(0)	62	68

EUR million

Policy area	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitment outstanding at end of the year
	1 Commitm. carried forward from prev. year	2 Decommitments/ Revaluations/ Cancellations	3 Payments	4=1+2+3 Commitm. outstanding at year-end	5 Commitm. made during the year	6 Payments	7 Cancellation of commitm. which cannot be carried- over	8=5+6+7 Commitm. outstanding at year-end	
17 Health and food safety	473	(12)	(237)	225	640	(351)	-	289	514
18 Migration and home affairs	5 143	(252)	(1 627)	3 263	2 944	(839)	-	2 105	5 368
19 Foreign policy instruments	1 066	(63)	(395)	607	887	(387)	(0)	500	1 107
20 Trade	24	(1)	(16)	8	115	(100)	-	16	24
21 International cooperation and development	9 571	(211)	(2 544)	6 816	3 930	(706)	-	3 224	10 040
22 Neighbourhood and enlargement negotiations	14 472	(789)	(3 065)	10 618	5 737	(609)	-	5 128	15 746
23 Humanitarian aid and civil protection	977	(42)	(579)	355	2 553	(1 588)	(0)	965	1 320
24 Fight against fraud	33	(2)	(18)	13	83	(61)	(0)	21	34
25 Commission's policy coordination and legal advice	21	(1)	(20)	0	261	(239)	(0)	22	22
26 Commission's administration	217	(10)	(194)	13	1 270	(1 081)	(0)	189	202
27 Budget	15	(1)	(14)	-	82	(66)	-	16	16
28 Audit	1	(0)	(1)	-	20	(19)	-	1	1
29 Statistics	122	(7)	(57)	57	163	(88)	-	75	132
30 Pensions and related expenditure	-	-	-	-	1 996	(1 996)	(0)	-	-
31 Language services	25	(1)	(23)	-	440	(418)	-	22	22
32 Energy	5 302	(137)	(1 292)	3 874	2 104	(296)	(1)	1 807	5 681
33 Justice and consumers	244	(4)	(97)	143	267	(162)	(0)	105	248
34 Climate action	368	(1)	(72)	295	165	(28)	-	138	433
40 Reserves	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>280 599</b>	<b>(3 109)</b>	<b>(90 742)</b>	<b>186 747</b>	<b>174 416</b>	<b>(63 977)</b>	<b>(5)</b>	<b>110 434</b>	<b>297 181</b>

## 2.10. POLICY AREA: OUTSTANDING COMMITMENTS BY YEAR OF ORIGIN

EUR million

Policy area	<2013	2013	2014	2015	2016	2017	2018	2019	Total
01 Economic and financial affairs	-	129	-	0	4	34	1 781	229	2 176
02 Internal market, industry, entrepreneurship and SMEs	16	18	25	82	130	372	719	1 927	3 289
03 Competition	-	-	-	-	-	-	-	13	13
04 Employment, social affairs and inclusion	230	867	179	748	2 304	10 139	14 792	16 161	45 419
05 Agriculture and rural development	0	58	199	1 160	2 214	6 752	11 309	14 943	36 634
06 Mobility and transport	2	3	297	501	1 747	2 066	3 179	4 658	12 451
07 Environment	56	43	58	132	117	168	436	421	1 431
08 Research and innovation	186	304	674	932	1 581	2 166	3 225	6 425	15 493
09 Communications networks, content and technology	10	5	79	95	254	335	748	1 562	3 087
10 Direct research	8	8	4	3	2	16	23	164	228
11 Maritime affairs and fisheries	12	87	3	5	342	914	1 029	1 073	3 465
12 Financial stability, financial services and capital markets union	-	-	0	-	-	1	2	12	15
13 Regional and urban policy	798	1 987	597	1 910	5 832	29 112	42 502	46 391	129 127
14 Taxation and customs union	-	-	0	0	5	8	46	97	157
15 Education and culture	11	13	44	103	171	490	705	1 681	3 218
16 Communication	0	-	0	0	0	1	5	62	68
17 Health and food safety	6	3	7	11	29	59	109	289	514
18 Migration and home affairs	37	16	8	47	395	1 147	1 613	2 105	5 368
19 Foreign policy instruments	4	8	52	60	87	149	247	500	1 107
20 Trade	-	-	-	0	1	3	4	16	24

EUR million

Policy area	<2013	2013	2014	2015	2016	2017	2018	2019	Total
21 International cooperation and development	266	327	372	664	1 041	1 871	2 249	3 251	10 040
22 Neighbourhood and enlargement negotiations	567	431	564	1 098	2 059	2 643	3 233	5 151	15 746
23 Humanitarian aid and civil protection	-	-	17	15	23	85	216	965	1 320
24 Fight against fraud	-	-	-	1	2	4	6	21	34
25 Commission's policy coordination and legal advice	-	-	-	-	-	-	0	22	22
26 Commission's administration	-	-	0	0	0	3	10	189	202
27 Budget	-	-	-	-	-	-	-	16	16
28 Audit	-	-	-	-	-	-	(0)	1	1
29 Statistics	-	0	0	2	3	13	39	75	132
30 Pensions and related expenditure	-	-	-	-	-	-	-	-	-
31 Language services	-	-	-	-	-	-	-	22	22
32 Energy	220	432	241	295	409	1 069	1 208	1 807	5 681
33 Justice and consumers	9	7	7	11	22	35	51	106	248
34 Climate action	-	-	26	30	74	70	96	138	433
40 Reserves	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2 438</b>	<b>4 746</b>	<b>3 453</b>	<b>7 904</b>	<b>18 846</b>	<b>59 723</b>	<b>89 583</b>	<b>110 488</b>	<b>297 181</b>

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

	2019	2018
<b>ECONOMIC RESULT OF THE YEAR</b>	<b>4 605</b>	<b>14 372</b>
<b>Revenue</b>		
<i>Entitlements established in current year but not yet collected</i>	(6 184)	(6 212)
<i>Entitlements established in previous years and collected in current year</i>	8 648	9 326
<i>Accrued revenue (net)</i>	3 341	(4 015)
<b>Expenses</b>		
<i>Accrued expenses (net)</i>	8 389	4 439
<i>Amount from liaison account</i>	3 725	3 568
<i>Expenses prior year paid in current year</i>	(3 832)	(6 086)
<i>Net-effect pre-financing</i>	(10 922)	(8 570)
<i>Payment appropriations carried over to next year</i>	(2 927)	(2 255)
<i>Payments made from carry-overs &amp; cancellation of unused payment appropriations</i>	1 238	1 471
<i>Movement in provisions</i>	3 865	3 509
<i>Other</i>	(3 107)	(4 220)
<b>BUDGET RESULT OF THE YEAR</b>	<b>6 839</b>	<b>5 327</b>
<b>BUDGET RESULT OTHER INSTITUTIONS</b>	<b>(3 622)</b>	<b>(3 525)</b>
<b>BUDGET RESULT OF THE YEAR (EU)</b>	<b>3 217</b>	<b>1 802</b>