

CONTENTS

CERTIFICATION OF THE ACCOUNTS 4

FINANCIAL STATEMENTS AND EXPLANATORY NOTES 5

BALANCE SHEET 7

STATEMENT OF FINANCIAL PERFORMANCE 8

CASHFLOW STATEMENT 9

STATEMENT OF CHANGES IN NET ASSETS 10

NOTES TO THE FINANCIAL STATEMENTS 11

BUDGETARY IMPLEMENTATION REPORTS 53

CERTIFICATION OF THE ACCOUNTS

The annual accounts of the European Commission for the year 2016 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 68 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.

*[signed]*

Rosa ALDEA BUSQUETS

Accounting Officer of the Commission

23 June 2017

EUROPEAN COMMISSION

FINANCIAL YEAR 2016

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.

CONTENTS

BALANCE SHEET 7

STATEMENT OF FINANCIAL PERFORMANCE 8

CASHFLOW STATEMENT 9

STATEMENT OF CHANGES IN NET ASSETS 10

NOTES TO THE FINANCIAL STATEMENTS 11

1. SIGNIFICANT ACCOUNTING POLICIES 12

2. NOTES TO THE BALANCE SHEET 25

3. NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE 40

4. CONTINGENT LIABILITIES AND ASSETS 44

5. BUDGETARY AND LEGAL COMMITMENTS 45

6. FINANCIAL INSTRUMENTS DISCLOSURES 47

7. RELATED PARTIES 51

8. EVENTS AFTER THE BALANCE SHEET DATE 52

BALANCE SHEET

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | EUR millions |
|  | Note | 31.12.2016 | 31.12.2015 |
| NON-CURRENT ASSETS |  |  |  |
| Intangible assets | 2.1 | 135 | 128 |
| Property, plant and equipment | 2.2 | 6 832 | 5 592 |
| Investments accounted for using the equity method | 2.3 | 528 | 497 |
| Financial assets | 2.4 | 60 733 | 55 341 |
| Pre-financing | 2.5 | 21 777 | 29 884 |
| Exchange receivables and non-exchange recoverables | 2.6 | 729 | 899 |
|  |  | 90 734 | 92 341 |
| CURRENT ASSETS |  |  |  |
| Financial assets | 2.4 | 3 295 | 9 579 |
| Pre-financing | 2.5 | 23 964 | 15 360 |
| Exchange receivables and non-exchange recoverables | 2.6 | 10 607 | 9 215 |
| Inventories | 2.7 | 75 | 75 |
| Cash and cash equivalents | 2.8 | 27 579 | 20 660 |
|  |  | 65 521 | 54 889 |
| TOTAL ASSETS |  | 156 255 | 147 230 |
|  |  |  |  |
| NON-CURRENT LIABILITIES |  |  |  |
| Pension and other employee benefits | 2.9 | (66 550) | (63 208) |
| Provisions | 2.10 | (1 786) | (1 562) |
| Financial liabilities | 2.11 | (54 375) | (50 897) |
|  |  | (122 711) | (115 666) |
| CURRENT LIABILITIES |  |  |  |
| Provisions | 2.10 | (626) | (302) |
| Financial liabilities | 2.11 | (2 165) | (7 898) |
| Payables | 2.12 | (40 240) | (32 367) |
| Accrued charges and deferred income | 2.13 | (67 027) | (67 962) |
|  |  | (110 059) | (108 528) |
| TOTAL LIABILITIES |  | (232 770) | (224 194) |
|  |  |  |  |
| NET ASSETS |  | (76 515) | (76 964) |
|  |  |  |  |
| Reserves | 2.14 | 3 031 | 2 915 |
| Amounts to be called from Member States\* | 2.15 | (79 546) | (79 879) |
| NET ASSETS |  | (76 515) | (76 964) |

*\* The European Parliament adopted a budget on 1 December 2016 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 2017. Additionally, under article 83 of the Staff Regulations (Council Regulation 259/68 of 29 February 1968 as amended), the Member States shall jointly guarantee the liability for pensions.*

STATEMENT OF FINANCIAL PERFORMANCE

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | EUR millions |
|  | Note | 2016 | 2015 |
| REVENUE |  |  |  |
| Revenue from non-exchange transactions |  |  |  |
| GNI resources |  | 95 578 | 95 355 |
| Traditional own resources | 3.1 | 20 439 | 18 649 |
| VAT |  | 15 859 | 18 328 |
| Fines |  | 3 858 | 531 |
| Recovery of expenses | 3.2 | 1 946 | 1 547 |
| Other | 3.3 | 1 695 | 1 223 |
|  |  | **139 376** | **135 633** |
| Revenue from exchange transactions |  |  |  |
| Financial income | 3.4 | 1 746 | 1 787 |
| Other | 3.5 | 647 | 1 264 |
|  |  | 2 393 | 3 051 |
| Total Revenue |  | 141 769 | 138 684 |
| EXPENSES |  |  |  |
| Implemented by Member States | 3.6 |  |  |
| European Agricultural Guarantee Fund |  | (44 152) | (45 032) |
| European Agricultural Fund for Rural Development and other rural development instruments |  | (12 604) | (16 376) |
| European Regional Development Fund & Cohesion Fund |  | (35 045) | (38 745) |
| European Social Fund |  | (9 366) | (9 849) |
| Other |  | (1 606) | (2 380) |
| Implemented by the Commission, executive agencies and trust funds | 3.7 | (15 644) | (15 635) |
| Implemented by other EU agencies and bodies | 3.8 | (3 064) | (1 616) |
| Implemented by third countries and int. organisations | 3.8 | (3 259) | (3 031) |
| Implemented by other entities | 3.8 | (2 035) | (2 107) |
| Staff and pension costs | 3.9 | (6 911) | (7 537) |
| Changes in employee benefits actuarial assumptions |  | (992) | (2 008) |
| Finance costs | 3.10 | (1 857) | (1 933) |
| Share of net result of joint ventures and associates |  | 2 | (641) |
| Other | 3.11 | (3 462) | (4 655) |
| Total Expenses |  | **(139 994)** | **(151 546)** |
| ECONOMIC RESULT OF THE YEAR |  | 1 775 | (12 862) |

CASHFLOW STATEMENT

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | EUR millions |
|  | Note | 2016 | 2015 |
| Economic result of the year |  | 1 775 | (12 862) |
| Operating activities |  |  |  |
| Amortisation |  | 26 | 20 |
| Depreciation |  | 314 | 221 |
| (Increase)/decrease in loans |  | 1 726 | 1 455 |
| (Increase)/decrease in pre-financing |  | (497) | 7 287 |
| (Increase)/decrease in exchange receivables and non-exchange recoverables |  | (1 222) | 5 308 |
| (Increase)/decrease in inventories |  | 0 | 7 |
| Increase/(decrease) in pension and employee benefits liability | | 3 343 | 5 163 |
| Increase/(decrease) in provisions |  | 548 | (249) |
| Increase/(decrease) in financial liabilities |  | (2 254) | (920) |
| Increase/(decrease) in payables |  | 7 874 | (10 619) |
| Increase/(decrease) in accrued charges and deferred income | | (935) | 12 386 |
| Prior year budgetary surplus taken as non-cash revenue | | (1 349) | (1 435) |
| Other non-cash movements |  | 23 | 65 |
| Investing activities |  |  |  |
| (Increase)/decrease in intangible assets and property, plant and equipment | | (1 587) | (1 054) |
| (Increase)/decrease in investments accounted for using the equity method | | (31) | (87) |
| (Increase)/decrease in available for sale financial assets | | (835) | (214) |
| (Increase)/decrease in financial assets at fair value through surplus or deficit | | (0) | – |
| NET CASHFLOW |  | 6 920 | 4 472 |
|  |  |  |  |
| Net increase/(decrease) in cash and cash equivalents |  | 6 920 | 4 472 |
| Cash and cash equivalents at the beginning of the year | | 20 660 | 16 187 |
| Cash and cash equivalents at year-end |  | 27 579 | 20 660 |

STATEMENT OF CHANGES IN NET ASSETS

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | |  | | EUR millions |
|  | Reserves (A) | | Amounts to be called from Member States (B) | | Net Assets =(A)+(B) |
|  | Fair value reserve | Other reserves | Accumulated Surplus/(Deficit) | Economic result of the year |
| BALANCE AS AT 31.12.2014 | 202 | 2 438 | (54 147) | (11 226) | (62 734) |
| Movement in Guarantee Fund reserve | - | 189 | (189) | - | – |
| Fair value movements | 84 | - | - | - | 84 |
| Other | - | 2 | (20) | - | (18) |
| Allocation of the 2014 economic result | - | - | (11 226) | 11 226 | – |
| 2014 budget result credited to Member States | - | - | (1 435) | - | (1 435) |
| Economic result of the year | - | - | - | (12 862) | (12 862) |
| BALANCE AS AT 31.12.2015 | 286 | 2 629 | (67 016) | (12 862) | (76 964) |
| Movement in Guarantee Fund reserve | – | 82 | (82) |  | – |
| Fair value movements | 24 | – |  | – | 24 |
| Other | – | 9 | (11) |  | (2) |
| Allocation of the 2015 economic result | – | – | (12 862) | 12 862 | – |
| 2015 budget result credited to Member States |  |  | (1 349) |  | (1 349) |
| Economic result of the year |  |  |  | 1 775 | 1 775 |
| BALANCE AS AT 31.12.2016 | 311 | 2 720 | (81 321) | 1 775 | (76 515) |

NOTES TO THE FINANCIAL STATEMENTS

For further information in addition to the notes below, please also see the 2016 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. LEGAL BASIS AND ACCOUNTING RULES

The accounts of the EU are kept in accordance with Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 298, 26 October 2012, p. 1) hereinafter referred to as the 'Financial Regulation' and Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 (OJ L 362, 31 December 2012, p. 1) laying down detailed rules of application of this Financial Regulation.

In accordance with article 143 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 establish a uniform set of rules for accounting, valuation and presentation of the accounts with a view to harmonising the process for drawing up the financial statements and consolidation.

* 1. 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 according to article 144 of the Financial Regulation are relevance, reliability, understandability and comparability.

* 1. CONSOLIDATION

Scope of consolidation

The consolidated financial statements of the EU comprise all significant controlled entities (i.e. the EU institutions (including the Commission) and the EU agencies), associates and joint ventures. The complete list of consolidated entities can be found in note **9** of the EU financial statements. It now comprises 52 controlled entities and 1 associate. Entities that fall under the consolidation scope, but which are immaterial to the EU consolidated financial statements as a whole, need not be consolidated or accounted for using 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** - scope of consolidation. In 2016, 7 entities have been classified as minor entities.

Controlled entities

The decision to include an entity in the scope of consolidation is based on the control concept. Controlled entities are all entities for which the EU is exposed, or has right, to variable benefits from its involvement and has the liability 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.

Under this approach, the EU's institutions (except the European Central Bank) and agencies (excluding the agencies of the former 2nd pillar) are considered as under the exclusive control of the EU and are therefore included in the consolidation scope. Furthermore the European Coal and Steel Community (ECSC) in Liquidation is also considered as a controlled entity.

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 over which the EU and one or more parties have joint control. Joint control is contractually agreed sharing of control over an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of parties sharing control. Joint agreements can be either joint operations or joint ventures. In case a joint arrangement is structured through a separate vehicle and parties to the joint arrangement have rights to the net assets of the arrangement, this joint arrangement classifies as a joint venture. Participations in joint ventures are accounted for using the equity method (see note **1.5.4**). In case the parties have rights to the assets, and obligations for the liabilities, related to the arrangement, this joint arrangement is classified as a joint operation. In relation to its interest in joint operations, the EU recognises in its financial statements: its assets and liabilities, revenue and expense, as well as its share of assets, liabilities, revenue and expense held or incurred jointly.

Associates

Associates are entities over which the EU has, directly or indirectly, significant influence but not 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. BASIS OF PREPARATION

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

* + 1. Currency and basis for conversion

Functional and reporting currency

The financial statements are presented in millions of euros, the euro being the EU's functional and reporting 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 | 31.12.2016 | 31.12.2015 | Currency | 31.12.2016 | 31.12.2015 |
| BGN | 1.9558 | 1.9558 | PLN | 4.4103 | 4.2639 |
| CZK | 27.0210 | 27.0230 | RON | 4.5390 | 4.5240 |
| DKK | 7.4344 | 7.4626 | SEK | 9.5525 | 9.1895 |
| GBP | 0.8562 | 0.7340 | CHF | 1.0739 | 1.0835 |
| HRK | 7.5597 | 7.6380 | JPY | 123.4000 | 131.0700 |
| HUF | 309.8300 | 315.9800 | USD | 1.0541 | 1.0887 |

* + 1. 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, provisions, financial risk on inventories and accounts receivable, accrued income and charges, contingent assets and liabilities, degree of impairment of intangible assets and property, plant and equipment and amounts disclosed in the notes concerning financial instruments. Actual results could differ from those estimates. Changes in estimates are reflected in the period in which they become known.

* 1. BALANCE SHEET
     1. Intangible assets

Acquired computer software licences are stated at historical cost less accumulated amortisation and impairment losses. The assets are amortised on a straight-line basis over their estimated useful lives (3‑11 years). The estimated useful lives of intangible assets depend on their specific economic lifetime or legal lifetime determined by an agreement. Internally developed intangible assets are capitalised when the relevant criteria of the EU accounting rules are met and relate solely to the development phase of the asset. The costs capitalisable 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.

* + 1. 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 and works of art are not depreciated as they are 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 |
| Buildings | 4 % to 10 % |
| Space assets | 8 % to 20 % |
| Plant and equipment | 10 % to 25 % |
| Furniture and vehicles | 10 % to 25 % |
| Computer hardware | 25 % to 33 % |
| Other | 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

Leases of tangible assets, where the EU has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the inception of the lease’s commencement at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The interest element of the finance lease payment is charged to expenditure over the period of the lease at a constant periodic rate in relation to the balance outstanding. The rental obligations, net of finance charges, are included in financial liabilities (non-current and current). The interest element of the finance cost is charged to the statement of financial performance over the lease period so as to produce a constant periodic interest rate on the remaining balance of the liability for each period. The assets held under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases where the lessor retains a significant portion of the risks and rewards inherent to ownership are classified as operating leases. Operating lease payments are recognised as an expense in the statement of financial performance on a straight-line basis over the lease term.

* + 1. Impairment of non-financial assets

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 reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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. An asset’s carrying amount is written down immediately to its recoverable (service) amount if the asset’s carrying amount is greater than its estimated recoverable (service) amount. If the reasons for impairments recognised in previous years no longer apply, the impairment losses are reversed accordingly.

* + 1. 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. The EU's interest in these investments is recognised in the statement of financial performance, and its share in the movements in reserves is recognised in the fair value reserve in net assets. The initial cost together with all movements (further contributions, share of economic results and reserve movements, impairments, and dividends) give the book value of the investment in the financial statements at the balance sheet date. 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 **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 are not accounted for under the equity method. EU contributions to those entities are accounted for as an expense of the period.

* + 1. Financial assets

Classification

The EU classifies their financial assets in the following 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.

1. Financial assets at fair value through surplus or deficit

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by the EU. Derivatives are also categorised 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.

1. 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.

1. 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.

1. 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, which is usually the maturity date. 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 at fair value through surplus or deficit, held-to-maturity and available for sale are recognised on trade-date – the date on which the EU commits to purchase or sell the asset. Cash equivalents and loans are recognised when cash is advanced to the 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

1. 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.
2. 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.
3. Held to maturity assets are carried at amortised cost using the effective interest method. The EU currently holds no held to maturity investments.
4. 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

The EU assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred 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.

1. 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.

1. 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. 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. 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. The amount of the pre-financing may be reduced (wholly or partially) by the acceptance of eligible costs (which are recognised as expenses).

Pre-financing is, on subsequent balance sheet dates, measured at the amount initially recognised on the balance sheet less 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 on 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 pre-financing heading. 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. Exchange receivables and non-exchange recoverables

As the EU accounting rules require a separate presentation of exchange and non-exchange transactions, for the purpose of drawing up the accounts, receivables are defined as stemming from exchange transactions and recoverables are defined as stemming from non-exchange transactions, i.e. when the EU receives value from another entity without directly giving approximately equal value in exchange (for example 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 **1.5.5** above). The financial instruments notes disclosures concerning receivables from exchange transactions include accrued income and deferred charges from exchange transactions as they are not material.

Recoverables from non-exchange transactions are carried at original amount (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** below concerning the treatment of accrued income 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. 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. Pension and other employee benefits

Pension obligations

The EU operates defined benefit pension plans. Whilst staff contribute from their salaries one third of the expected cost of these benefits, the liability is not funded. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of any plan assets. The defined benefit obligation is calculated by actuaries 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.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in the statement of financial performance. Past-service costs are recognised immediately in statement of financial performance, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Post-employment sickness benefits

The EU provides health benefits to its employees through the reimbursement of medical expenses. A separate fund has been created for its day-to-day administration. Both current employees, pensioners, widowers and their relatives benefit from the system. The benefits granted to the "inactives" (pensioners, orphans, etc.) are classified as "Post-Employment Employee Benefits". Given the nature of these benefits, an actuarial calculation is required. The liability in the balance sheet is determined on a similar basis as that for the pension obligations (see above).

* + 1. 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).

* + 1. Financial liabilities

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

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

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.

Financial liabilities categorised at fair value through surplus or deficit include derivatives when their 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**.

* + 1. 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. Accrued and deferred income 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 income 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. STATEMENT OF FINANCIAL PERFORMANCE
     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 income. 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. If there are doubts about the undertaking's solvency, a value reduction on the entitlement is recognised. After the decision to impose a fine, the debtors have two months from the date of notification:

* 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 not to accept the decision, in which case they lodge an appeal under EU law.

However, 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 of the EU Treaty) or, under certain circumstances and subject to the agreement of the Commission's Accounting Officer, the debtor may present a bank guarantee for the amount instead.

If the undertaking appeals against the decision, and has already provisionally paid the fine, the amount is disclosed as a contingent liability. However, since an appeal against an EU decision by the addressee does not have suspensory effect, the cash received is used to clear the recoverable. If a guarantee is received instead of payment, the fine remains as a recoverable. 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, then the recoverable outstanding 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 income and expense

Interest income 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 income 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 income is recognised using the rate of interest to discount the future cashflows for the purpose of measuring the impairment loss.

Dividend income

Dividend income is recognised when the right to receive payment is established.

* + 1. 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 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. CONTINGENT ASSETS AND LIABILITIES
     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. 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 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.

* 1. 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. Operating activities also include investments such as investments in the European Investment Fund (EIF), the European Bank for Reconstruction and Development (EBRD) and venture capital funds. Indeed, the aim of these activities is to contribute to the achievement of policy objectives.

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.

1. NOTES TO THE BALANCE SHEET

ASSETS

* 1. INTANGIBLE ASSETS

|  |  |
| --- | --- |
|  | EUR millions |
|  |  |
| Gross carrying amount at 31.12.2015 | 219 |
| Additions | 30 |
| Disposals | (4) |
| Transfer between asset categories | – |
| Other changes | 7 |
| Gross carrying amount at 31.12.2016 | 252 |
| Accumulated amortisation at 31.12.2015 | (91) |
| Amortisation charge for the year | (26) |
| Amortisation written back | – |
| Disposals | 3 |
| Transfer between asset categories | – |
| Other changes | (2) |
| Accumulated amortisation at 31.12.2016 | (116) |
| NET CARRYING AMOUNT AT 31.12.2016 | 135 |
| NET CARRYING AMOUNT AT 31.12.2015 | 128 |

* 1. PROPERTY, PLANT AND EQUIPMENT

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  | EUR millions | |
|  | Land and buildings | Space assets | Plant and equipment | Furniture and vehicles | Computer hardware | Other | Finance leases | Assets under construction | TOTAL |
| Gross carrying amount at 31.12.2015 | 1 395 | 725 | 253 | 73 | 237 | 148 | 1 552 | 3 350 | 7 733 |
| Additions | 15 | 13 | 8 | 4 | 26 | 11 | 3 | 1 469 | 1 550 |
| Disposals | (2) | (2) | (7) | (3) | (21) | (5) | (3) | (0) | (43) |
| Transfer between asset categories | 25 | 2 864 | 2 | – | 2 | (0) | (2) | (2 891) | – |
| Other changes | 3 | 1 | 1 | 0 | 2 | 1 | 0 | (2) | 7 |
| Gross carrying amount at 31.12.2016 | 1 436 | 3 602 | 257 | 74 | 248 | 155 | 1 550 | 1 925 | 9 247 |
| Accumulated depreciation at 31.12.2015 | (765) | (141) | (226) | (56) | (194) | (103) | (656) | – | (2 141) |
| Depreciation charge for the year | (42) | (161) | (14) | (4) | (24) | (14) | (55) | – | (314) |
| Depreciation written back | – | – | 0 | – | – | – | – | – | 0 |
| Disposals | 2 | 2 | 7 | 3 | 21 | 5 | 3 | – | 42 |
| Transfer between asset categories | – | – | (0) | – | (2) | 0 | 2 | – | – |
| Other changes | (0) | (0) | (0) | (0) | (0) | (1) | (0) | – | (2) |
| Accumulated depreciation at 31.12.2016 | (806) | (300) | (233) | (58) | (201) | (112) | (705) | – | (2 415) |
|  |  |  |  |  |  |  |  |  |  |
| NET CARRYING AMOUNT AT 31.12.2016 | 631 | 3 302 | 24 | 16 | 47 | 43 | 844 | 1 925 | 6 832 |
| NET CARRYING AMOUNT AT 31.12.2015 | 630 | 584 | 28 | 16 | 43 | 45 | 896 | 3 350 | 5 592 |

* 1. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | EUR millions |
|  | Note | 31.12.2016 | 31.12.2015 |
| Participations in joint ventures |  | – | 5 |
| Participations in associates | 2.3.1 | 528 | 491 |
| Total |  | 528 | 497 |

* + 1. Participation in associates

|  |  |
| --- | --- |
|  | EUR millions |
|  | European Investment Fund |
| Participation at 31.12.2015 | 491 |
| Contributions | 41 |
| Dividends received | (6) |
| Share of net result | 34 |
| Changes in fair value reserve | (0) |
| Other equity movements | (32) |
| Participation at 31.12.2016 | 528 |

The following carrying amounts are attributable to the Commission based on its percentage of participation of 28.1 % at 31 December 2016 (2015: 26.5 %):

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  | EUR millions |
|  | 31.12.2016 | | 31.12.2015 | |
|  | Total EIF | EU's share | Total EIF | EU's share |
| Assets | 2 301 | 647 | 2 183 | 578 |
| Liabilities | (423) | (119) | (328) | (87) |
| Revenue | 240 | 67 | 192 | 51 |
| Expenses | (118) | (33) | (95) | (25) |
| Surplus/(deficit) | 122 | 34 | 97 | 26 |

The Commission has paid in 20 % of the EU participation, the balance being uncalled, corresponding at 31 December 2016 to the following amounts:

|  |  |  |
| --- | --- | --- |
|  |  | EUR millions |
|  | Total EIF capital | EU subscription |
| Total share capital | 4 382 | 1 232 |
| Paid-in | (876) | (246) |
| Uncalled | **3 506** | **986** |
|  |  |  |

* 1. FINANCIAL ASSETS

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | EUR millions |
|  | Note | 31.12.2016 | 31.12.2015 |
| Non-current financial assets |  |  |  |
| Available for sale financial assets | 2.4.1 | 7 721 | 5 820 |
| Loans | 2.4.3 | 53 012 | 49 521 |
|  |  | 60 733 | 55 341 |
| Current financial assets |  |  |  |
| Available for sale financial assets | 2.4.1 | 1 035 | 2 101 |
| Financial assets at fair value through surplus or deficit | 2.4.2 | 0 | – |
| Loans | 2.4.3 | 2 260 | 7 477 |
|  |  | 3 296 | 9 579 |
| Total |  | 64 029 | 64 919 |

* + 1. Available for sale financial assets

|  |  |  |
| --- | --- | --- |
|  |  | EUR millions |
|  | 31.12.2016 | 31.12.2015 |
| BUFI investments | 2 013 | 2 647 |
| European Bank for Reconstruction and Development | 188 | 188 |
|  | 2 201 | 2 835 |
| Guarantee Funds for budgetary guarantees: |  |  |
| Guarantee Fund for external actions | 2 069 | 2 002 |
| EFSI Guarantee Fund | 948 | - |
|  | 3 017 | 2 002 |
| Financial instruments supported by the EU budget: |  |  |
| Horizon 2020 | 1 213 | 765 |
| Risk Sharing Finance Facility | 719 | 773 |
| Connecting Europe Facility\* | 483 | 425 |
| ETF start up | 476 | 485 |
| Risk Capital Operations | 132 | 152 |
| European Fund for South East Europe | 118 | 118 |
| Other | 398 | 366 |
|  | 3 539 | 3 084 |
| Total | 8 757 | 7 921 |
| Non-current | 7 721 | 5 820 |
| Current | 1 035 | 2 101 |

*\* Previous year amounts relate to Project Bond Initiative and Loan Guarantee Instrument for TEN-T projects. These two instruments were merged in 2016 into Connecting Europe Facility.*

* + 1. Financial assets at fair value through surplus or deficit

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | EUR millions |
|  | 31.12.2016 | | | 31.12.2015 | | |
|  | Notional amount receive leg | Notional amount pay leg | Fair value | Notional amount receive leg | Notional amount pay leg | Fair value |
| Foreign currency forward contract | 50 | (50) | 0 | – | – | – |

Fair value hierarchy of financial assets measured at fair value

|  |  |  |
| --- | --- | --- |
|  |  | EUR millions |
|  | 31.12.2016 | 31.12.2015 |
| Level 1: Quoted prices in active markets | 7 224 | 6 459 |
| Level 2: Observable inputs other than quoted prices | 231 | 152 |
| Level 3: Valuation techniques with inputs not based on observable market data | 1 302 | 1 310 |
| Total | 8 757 | 7 921 |

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

|  |  |
| --- | --- |
|  | EUR millions |
|  |  |
| Opening balance at 31.12.2015 | 1 310 |
| Purchases and sales | 32 |
| Gains or losses for the period in financial income or finance costs | (54) |
| Gains or losses in net assets | 13 |
| Transfers into level 3 | – |
| Transfers out of level 3 | – |
| Other | – |
| Closing balance at 31.12.2016 | 1 302 |

* + 1. Loans

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | EUR millions |
|  | Note | 31.12.2016 | 31.12.2015 |
| Loans for financial assistance | 2.4.3.1 | 54 944 | 56 645 |
| Other loans | 2.4.3.2 | 328 | 353 |
| Total |  | 55 272 | 56 998 |
| Non-current |  | 53 012 | 49 521 |
| Current |  | 2 260 | 7 477 |

* + - 1. Loans for financial assistance

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | EUR millions |
|  | EFSM | BOP | MFA | Euratom | Total |
| Total at 31.12.2015 | 47 509 | 5 811 | 3 024 | 301 | 56 645 |
| New loans | 4 750 | - | 10 | – | 4 760 |
| Repayments | (4 750) | (1 500) | (70) | (49) | (6 369) |
| Exchange differences | - | - | – | – | – |
| Changes in carrying amount | (53) | (40) | – | – | (93) |
| Impairment | - | - | – | – | – |
| Total at 31.12.2016 | 47 456 | 4 272 | 2 964 | 252 | 54 944 |
| Non-current | 46 800 | 3 050 | 2 889 | 199 | 52 938 |
| Current | 656 | 1 222 | 75 | 53 | 2 006 |

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

Nominal value of loans for financial assistance at 31 December 2016 total EUR 54 198 million (2015: EUR 55 807 million).

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

|  |  |  |
| --- | --- | --- |
|  | 31.12.2016 | 31.12.2015 |
| Macro Financial Assistance (MFA) | 0 % - 4.54 % | 0 % - 4.54 % |
| Euratom | 0 % - 5.76 % | 0.08 % - 5.76 % |
| Balance of Payment (BOP) | 2.37 % - 3.37 % | 2.37 % - 3.62 % |
| European Financial Stability Mechanism (EFSM) | 0.62 % - 3.75 % | 0.62 % - 3.75 % |

* + - 1. Other loans

|  |  |  |
| --- | --- | --- |
|  |  | EUR millions |
|  | 31.12.2016 | 31.12.2015 |
| Loans with special conditions | 93 | 113 |
| Term deposits over 3 months | 235 | 240 |
| Total | 328 | 353 |
| Non-current | 74 | 83 |
| Current | 254 | 270 |

Nominal value of other loans at 31 December 2016 total EUR 668 million (2015: EUR 602 million).

Impairment on other loans

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | EUR millions |
|  | 31.12.2015 | Additions | Reversals | Write-off | Other | 31.12.2016 |
| Loans with special conditions | 13 | – | (6) | – | – | 7 |
| Subrogated loans | 218 | 114 | – | – | – | 332 |
| Total | 231 | 114 | (6) | – | – | 339 |

* 1. PRE-FINANCING

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | EUR millions |
|  | Note | 31.12.2016 | 31.12.2015 |
| Non-current pre-financing |  |  |  |
| Pre-financing | 2.5.1 | 20 095 | 28 548 |
| Other advances to Member States | 2.5.2 | 1 651 | 1 332 |
| Contribution to Trust Funds |  | 31 | 4 |
|  |  | 21 777 | 29 884 |
| Current pre-financing |  |  |  |
| Pre-financing | 2.5.1 | 21 781 | 11 581 |
| Other advances to Member States | 2.5.2 | 2 183 | 3 779 |
|  |  | 23 964 | 15 360 |
| Total |  | 45 741 | 45 244 |

* + 1. Pre-financing

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | EUR millions |
|  | Gross amount | Cleared via cut-off | Net amount at 31.12.2016 | Gross amount | Cleared via cut-off | Net amount at 31.12.2015 |
| Shared Management |  |  |  |  |  |  |
| EAFRD & other rural development instruments | 3 955 | – | 3 955 | 4 726 | (1 629) | 3 097 |
| ERDF & CF | 19 858 | (4 727) | 15 131 | 24 268 | (7 416) | 16 852 |
| ESF | 6 477 | (617) | 5 860 | 7 251 | (1 325) | 5 926 |
| Other | 4 219 | (2 393) | 1 826 | 4 359 | (2 365) | 1 994 |
| Direct Management |  |  |  |  |  |  |
| Implemented by: |  |  |  |  |  |  |
| Commission | 12 710 | (9 077) | 3 633 | 12 741 | (9 744) | 2 997 |
| EU executive agencies | 13 138 | (8 349) | 4 789 | 11 067 | (7 769) | 3 298 |
| Trust funds | 142 | (82) | 60 | 14 | (5) | 9 |
| Indirect Management |  |  |  |  |  |  |
| Implemented by: |  |  |  |  |  |  |
| Other EU agencies & bodies | 2 790 | (2 110) | 680 | 2 250 | (1 649) | 601 |
| Third countries | 1 861 | (1 135) | 726 | 2 151 | (1 229) | 922 |
| International organisations | 7 230 | (4 432) | 2 797 | 6 640 | (4 014) | 2 626 |
| Other entities | 6 496 | (4 077) | 2 418 | 5 327 | (3 521) | 1 806 |
| Total | 78 876 | (37 000) | 41 876 | 80 795 | (40 666) | 40 129 |
| Non-current | 20 095 | – | 20 095 | 28 548 | – | 28 548 |
| Current | 58 781 | (37 000) | 21 781 | 52 247 | (40 666) | 11 581 |

* + 1. Other advances to Member States

|  |  |  |
| --- | --- | --- |
|  |  | EUR millions |
|  | 31.12.2016 | 31.12.2015 |
| Advances to Member States for financial instruments  under shared management | 2 534 | 3 287 |
| Aid Schemes | 1 300 | 1 824 |
| Total | 3 834 | 5 111 |
| Non-current | 1 651 | 1 332 |
| Current | 2 183 | 3 779 |

* 1. EXCHANGE RECEIVABLES AND NON-EXCHANGE RECOVERABLES

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | EUR millions |
|  | Note | 31.12.2016 | 31.12.2015 |
| Non-current |  |  |  |
| Recoverables from non-exchange transactions | 2.6.1 | 727 | 899 |
| Receivables from exchange transactions | 2.6.2 | 2 | 0 |
|  |  | 729 | 899 |
| Current |  |  |  |
| Recoverables from non-exchange transactions | 2.6.1 | 10 266 | 8 844 |
| Receivables from exchange transactions | 2.6.2 | 341 | 372 |
|  |  | 10 607 | 9 215 |
| Total |  | 11 336 | 10 114 |

* + 1. Recoverables from non-exchange transactions

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | EUR millions |
|  | Note | 31.12.2016 | 31.12.2015 |
| Non-current |  |  |  |
| Member States | 2.6.1.1 | 700 | 856 |
| Accrued income and deferred charges | 2.6.1.2 | – | – |
| Other recoverables |  | 27 | 42 |
|  |  | 727 | 899 |
| Current |  |  |  |
| Member States | 2.6.1.1 | 8 122 | 6 803 |
| Fines |  | 1 808 | 1 601 |
| Accrued income and deferred charges | 2.6.1.2 | 153 | 242 |
| Other recoverables |  | 182 | 197 |
|  |  | 10 266 | 8 844 |
| Total |  | 10 993 | 9 742 |

* + - 1. Recoverables from Member States

|  |  |  |
| --- | --- | --- |
|  |  | EUR millions |
|  | 31.12.2016 | 31.12.2015 |
| Recoverables related to own resources: |  |  |
| Established in the A account | 3 261 | 3 041 |
| Established in the separate account | 1 437 | 1 283 |
| Own resources to be received | 1 764 | – |
| Impairment | (753) | (760) |
| Other | 36 | 10 |
| **Own resource recoverables** | **5 745** | **3 573** |
| Recoverables in the area of agriculture and rural development: |  |  |
| European Agricultural Guarantee Fund (EAGF) | 2 606 | 3 846 |
| European Agricultural Fund for Rural Development (EAFRD) | 924 | 750 |
| Temporary Rural Development Instrument (TRDI) | 30 | 26 |
| Special Accession Programme for Agriculture and Rural Development (SAPARD) | 167 | 175 |
| Impairment | (999) | (1 092) |
| **EAGF and rural development recoverables** | **2 729** | **3 705** |
| **Pre-financing recovery expected** | **293** | **313** |
| **VAT paid and recoverable** | **17** | **13** |
| **Other recoverables from Member States** | **39** | **56** |
| Total | 8 822 | 7 660 |
| Non-current | 700 | 856 |
| Current | 8 122 | 6 803 |

* + - 1. Accrued income and deferred charges

|  |  |  |
| --- | --- | --- |
|  |  | EUR millions |
|  | 31.12.2016 | 31.12.2015 |
| Cohesion, Agricultural & Rural Development Funds: Financial corrections | 9 | 10 |
| Other accrued income | 70 | 162 |
| Deferred charges relating to non-exchange transactions | 74 | 70 |
| Total | 153 | 242 |
| Non-current | – | – |
| Current | 153 | 242 |

* + 1. Receivables from exchange transactions

|  |  |  |
| --- | --- | --- |
|  |  | EUR millions |
|  | 31.12.2016 | 31.12.2015 |
| Non-current |  |  |
| Other receivables | 2 | 0 |
|  | **2** | **0** |
| Current |  |  |
| Customers | 189 | 167 |
| Impairment on receivables from customers | (124) | (105) |
| Deferred charges relating to exchange transactions | 162 | 142 |
| Others | 114 | 168 |
|  | **341** | **372** |
| Total | 343 | 372 |

* 1. INVENTORIES

|  |  |  |
| --- | --- | --- |
|  |  | EUR millions |
|  | 31.12.2016 | 31.12.2015 |
| Scientific materials | 54 | 55 |
| Other | 21 | 20 |
| Total | 75 | 75 |

* 1. CASH AND CASH EQUIVALENTS

|  |  |  |
| --- | --- | --- |
|  |  | EUR millions |
|  | 31.12.2016 | 31.12.2015 |
| Accounts with Treasuries and Central Banks | 24 566 | 17 119 |
| Current accounts | 127 | 110 |
| Imprest accounts | 5 | 4 |
| Transfers (cash in transit) | – | – |
| Other term deposits | – | 28 |
| Bank accounts for budget implementation and  other term deposits | **24 698** | **17 262** |
| Cash belonging to financial instruments | **1 390** | **1 298** |
| Cash relating to fines | **1 325** | **1 908** |
| Cash relating to trust funds | **167** | **192** |
| Total | 27 579 | 20 660 |

LIABILITIES

* 1. PENSION AND OTHER EMPLOYEE BENEFITS

Net employee benefit scheme liability

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | EUR millions |
|  | Pension Scheme of European Officials | Other retirement benefit schemes | Joint Sickness Insurance Scheme | 31.12.2016  Total | 31.12.2015  Total |
| Defined Benefit Obligation | 58 746 | 1 062 | 7 036 | 66 844 | 63 488 |
| Plan assets | N/A | N/A | (293) | (293) | (280) |
| Net liability | 58 746 | 1 062 | 6 742 | 66 550 | 63 208 |

Actuarial assumptions - employee benefits

|  |  |  |
| --- | --- | --- |
|  | Pension Scheme of European Officials | Joint Sickness Insurance Scheme |
| 2016 |  |  |
| Nominal discount rate | 1.7 % | 1.9 % |
| Expected inflation rate | 1.4 % | 1.5 % |
| Real discount rate | 0.3 % | 0.4 % |
| Expected rate of salary increases | 1.2 % | 1.1 % |
| Medical cost trend rates | N/A | 3.0 % |
| Retirement age | 63/64/66 | 63/64/66 |
| 2015 |  |  |
| Nominal discount rate | 2.0 % | 2.1 % |
| Expected inflation rate | 1.4 % | 1.4 % |
| Real discount rate | 0.6 % | 0.7 % |
| Expected rate of salary increases | 1.2 % | 1.2 % |
| Medical cost trend rates | N/A | 3.0 % |
| Retirement age | 63/64/65 | 63/64/66 |

Movement in present value of employee benefits defined benefit obligation

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  | EUR millions |
|  | Pension Scheme of European Officials | Other retirement benefit Schemes | Joint Sickness Insurance Scheme | Total |
| Present value as at 31.12.2015 | 54 967 | 859 | 7 662 | 63 488 |
| Current Service Cost | 2 267 | 75 | 283 | 2 626 |
| Interest cost | 1 264 | 18 | 161 | 1 442 |
| Net Actuarial (gains) and losses | 2 142 | 72 | (1 039) | 1 174 |
| Contributions from members | – | – | 24 | 24 |
| Benefits paid | (1 330) | (13) | (55) | (1 398) |
| Liability increase/(decrease) due to taxes on pensions | (565) | 52 | – | (512) |
| Present value as at 31.12.2016 | 58 746 | 1 062 | 7 036 | 66 844 |

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

|  |  |
| --- | --- |
|  | EUR millions |
|  |  |
| Present value as at 31.12.2015 | 280 |
| Net movement in plan assets | 14 |
| Present value as at 31.12.2016 | 293 |

5 year trend

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | EUR millions |
|  | 2012 | 2013 | 2014 | 2015 | 2016 |
| Present Value of the defined benefit obligation | 41 891 | 46 367 | 58 317 | 63 488 | 66 844 |
| Fair Value of plan assets | (271) | (264) | (272) | (280) | (293) |
| Employee benefits liability | 41 620 | 46 103 | 58 045 | 63 208 | 66 550 |

Amounts recognised in the Statement of Financial Performance

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  | EUR millions |
|  | Pension Scheme of European Officials | Other retirement benefit Schemes | Joint Sickness Insurance Scheme | Total |
| 2016 |  |  |  |  |
| *Current service cost* | *2 042* | *93* | *283* | *2 418* |
| *Interest cost* | *1 138* | *21* | *161* | *1 320* |
| *Past service cost* | *–* | *–* | *–* | *–* |
| *Change in plan assets* | *–* | *–* | *(45)* | *(45)* |
| Staff and pension costs | 3 180 | 114 | 399 | 3 693 |
| **Actuarial gains and losses** | **1 929** | **103** | **(1 039)** | **992** |
| Total | 5 108 | 217 | (640) | 4 685 |

Joint Sickness Insurance Scheme sensitivity

|  |  |  |
| --- | --- | --- |
|  |  | EUR millions |
|  | One percentage point increase | One percentage point decrease |
| The aggregate of the current service cost and interest cost components of net periodic post-employment medical costs | 89 | (74) |
| The accumulated post-employment benefit obligation for medical costs | 2 201 | (1 828) |

* 1. PROVISIONS

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  | EUR millions |
|  | Amount at 31.12.2015 | Additional provisions | Unused amounts reversed | Amounts used | Transfer between categories | Change in estimation | Amount at 31.12.2016 |
| Legal cases: |  |  |  |  |  |  |  |
| Agriculture | - | 40 | (21) | 0 | 129 | - | 149 |
| Cohesion | - | 19 | - | - | 198 | - | 217 |
| Other | 371 | 6 | (2) | (33) | (327) | 0 | 14 |
| Nuclear site dismantling | 1 078 | - | - | (29) | - | 64 | 1 113 |
| Financial | 410 | 536 | (7) | (53) | - | (6) | 880 |
| Fines | 4 | 20 | - | - | - | - | 23 |
| Other | 2 | 14 | 10 | (11) | - | - | 16 |
| Total | 1 864 | 636 | (21) | (125) | – | 57 | 2 412 |
| **Non-current** | **1 562** | **487** | **(22)** | **(3)** | **(303)** | **65** | **1 786** |
|  |  |  |  |  |  |  |  |
| **Current** | **302** | **149** | **1** | **(121)** | **303** | **(8)** | **626** |

* 1. FINANCIAL LIABILITIES

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | EUR millions |
|  | Note | 31.12.2016 | 31.12.2015 |
| Non-current financial liabilities |  |  |  |
| Financial liabilities at amortised cost | 2.11.1 | 54 375 | 50 897 |
| Financial liabilities at fair value through  surplus or deficit | 2.11.2 | – | – |
| Financial guarantee liabilities |  | – | – |
|  |  | 54 375 | 50 897 |
| Current financial liabilities |  |  |  |
| Financial liabilities at amortised cost | 2.11.1 | 2 164 | 7 898 |
| Financial liabilities at fair value through  surplus or deficit | 2.11.2 | 1 | – |
| Financial guarantee liabilities |  | – | – |
|  |  | 2 165 | 7 898 |
| Total |  | 56 540 | 58 794 |

* + 1. Financial liabilities at amortised cost

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | EUR millions |
|  | Note | 31.12.2016 | 31.12.2015 |
| Borrowings for financial assistance | 2.11.1.1 | 54 944 | 56 645 |
| Other financial liabilities | 2.11.1.2 | 1 596 | 2 149 |
| **Total** |  | **56 540** | **58 794** |
| Non-current |  | 54 375 | 50 897 |
| Current |  | 2 164 | 7 898 |

* + - 1. Borrowings for financial assistance

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | EUR millions |
|  | EFSM | BOP | MFA | Euratom | Total |
| Total at 31.12.2015 | 47 509 | 5 811 | 3 024 | 301 | 56 645 |
| New borrowings | 4 750 | – | 10 | – | 4 760 |
| Repayments | (4 750) | (1 500) | (70) | (49) | (6 369) |
| Exchange differences | – | – | – | – | – |
| Changes in carrying amounts | (53) | (40) | – | – | (93) |
| Total at 31.12.2016 | 47 456 | 4 272 | 2 964 | 252 | 54 944 |
| Non-current | 46 800 | 3 050 | 2 889 | 199 | 52 938 |
| Current | 656 | 1 222 | 75 | 53 | 2 006 |

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

|  |  |  |
| --- | --- | --- |
|  | 31.12.2016 | 31.12.2015 |
| Macro Financial Assistance (MFA) | 0 % - 4.54 % | 0 % - 4.54 % |
| Euratom | 0 % - 5.68 % | 0 % - 5.67 % |
| Balance of Payment (BOP) | 2.37 % - 3.37 % | 2.37 % - 3.62 % |
| European Financial Stability Mechanism (EFSM) | 0.62 % - 3.75 % | 0.62 % - 3.75 % |

* + - 1. Other financial liabilities

|  |  |  |
| --- | --- | --- |
|  |  | EUR millions |
|  | 31.12.2016 | 31.12.2015 |
| Non-current |  |  |
| Finance lease liabilities | 969 | 1 021 |
| Buildings paid for in instalments | 279 | 299 |
| Other | 190 | 139 |
|  | **1 438** | **1 459** |
| Current |  |  |
| Fines to be reimbursed | 25 | 625 |
| Finance lease liabilities | 54 | 45 |
| Buildings paid for in instalments | 20 | 19 |
| Other | 59 | 1 |
|  | **158** | **690** |
| Total | 1 596 | 2 149 |

Finance lease liabilities

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  | EUR millions |
|  | Future amounts to be paid | | | |
|  | < 1 year | 1 - 5 years | > 5 years | Total Liability |
| Land and buildings | 50 | 242 | 722 | 1 014 |
| Other tangible assets | 4 | 5 | – | 9 |
| Total at 31.12.2016 | 54 | 247 | 722 | 1 023 |
| Interest element | 57 | 195 | 209 | 461 |
| Total future minimum lease payments at 31.12.2016 | 111 | 442 | 931 | 1 484 |
| Total future minimum lease payments at 31.12.2015 | 93 | 442 | 1 040 | 1 575 |

* + 1. Financial liabilities at fair value through surplus and deficit

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | EUR millions |
|  | 31.12.2016 | | | 31.12.2015 | | |
|  | Notional amount receive leg | Notional amount pay leg | Fair value | Notional amount receive leg | Notional amount pay leg | Fair value |
| Foreign currency forward contract | 99 | (101) | 1 | – | – | – |

At 31 December 2016 all financial liabilities at fair value through surplus or deficit were categorised into level 2 of fair value hierarchy (valuation based on observable inputs other than quoted prices).

* 1. PAYABLES

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | EUR millions |
|  | Gross Amount | Adjust-  ments\* | Net Amount at 31.12.2016 | Gross Amount | Adjust-  ments\* | Net Amount at 31.12.2015 |
| **Cost claims and invoices received from:** |  |  |  |  |  |  |
| Member States |  |  |  |  |  |  |
| European Agricultural Fund for Rural Development & other rural development instruments | 500 | (34) | 467 | 2 621 | (230) | 2 391 |
| European Regional Development Fund & Cohesion Fund | 10 663 | (793) | 9 871 | 8 360 | (950) | 7 410 |
| European Social Fund | 4 145 | (95) | 4 050 | 3 355 | (2) | 3 353 |
| Other | 795 | (47) | 748 | 436 | (102) | 334 |
| Private and public entities | 1 677 | (169) | 1 507 | 1 928 | (223) | 1 705 |
| Total costs claims & invoices received | 17 781 | (1 138) | 16 643 | 16 700 | (1 507) | 15 193 |
| **EAGF** | **12 193** | **N/A** | **12 193** | **6 851** | **N/A** | **6 851** |
| **Own Resources Payables** | **10 441** | **N/A** | **10 441** | **9 506** | **N/A** | **9 506** |
| **Sundry Payables** | **962** | **N/A** | **962** | **816** | **N/A** | **816** |
| Total | 41 378 | (1 138) | 40 240 | 33 873 | (1 507) | 32 367 |

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

* 1. ACCRUED CHARGES AND DEFERRED INCOME

|  |  |  |
| --- | --- | --- |
|  |  | EUR millions |
|  | 31.12.2016 | 31.12.2015 |
| Accrued charges | 66 310 | 66 947 |
| Deferred income | 690 | 980 |
| Other | 26 | 34 |
| Total | 67 027 | 67 962 |

The split of accrued charges is as follows:

|  |  |  |
| --- | --- | --- |
|  |  | EUR millions |
|  | 31.12.2016 | 31.12.2015 |
| European Agricultural Guarantee Fund | 33 033 | 38 263 |
| European Agricultural Fund for Rural Development and  other rural development instruments | 17 024 | 14 806 |
| European Regional Development Fund and Cohesion Fund | 7 157 | 5 026 |
| European Social Fund | 3 473 | 2 636 |
| Other | 5 623 | 6 216 |
| Total | 66 310 | 66 947 |

NET ASSETS

* 1. RESERVES

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | EUR millions |
|  | Note | 31.12.2016 | 31.12.2015 |
| Fair value reserve | 2.14.1 | 311 | 287 |
| Guarantee Fund reserve |  | 2 643 | 2 561 |
| Other reserves |  | 77 | 68 |
| Total |  | 3 031 | 2 915 |

* + 1. Fair value reserve

Movements of fair value reserve during the period

|  |  |  |
| --- | --- | --- |
|  |  | EUR millions |
|  | 2016 | 2015 |
| Available for sale financial assets: |  |  |
| Included in fair value reserve | 25 | 79 |
| Included in statement of financial performance | 0 | (3) |
| Total | 25 | 77 |
| Relating to participations accounted for  using the equity method | (0) | 7 |
| Total | 24 | 85 |

* 1. AMOUNTS TO BE CALLED FROM MEMBER STATES

|  |  |
| --- | --- |
|  | EUR millions |
|  |  |
| **Amounts to be called from Member States at 31.12.2015** | **79 879** |
| Return of 2015 budget surplus to Member States | 1 349 |
| Movement in Guarantee Fund reserve | 82 |
| Other reserve movements | 12 |
| Economic result of the year | (1 775) |
| Total amounts to be called from Member States at 31.12.2016 | 79 546 |

1. NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE

REVENUE

REVENUE FROM NON-EXCHANGE TRANSACTIONS:   
OWN RESOURCES

* 1. TRADITIONAL OWN RESOURCES

|  |  |  |
| --- | --- | --- |
|  |  | EUR millions |
|  | 2016 | 2015 |
| Customs duties | 20 301 | 18 524 |
| Sugar levies | 138 | 125 |
| Total | 20 439 | 18 649 |

REVENUE FROM NON-EXCHANGE TRANSACTIONS: TRANSFERS

* 1. RECOVERY OF EXPENSES

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | EUR millions |
|  |  | 2016 | 2015 |
| Shared management |  | 1 876 | 1 465 |
| Direct management |  | 56 | 76 |
| Indirect management |  | 15 | 6 |
| Total |  | 1 946 | 1 547 |

* 1. OTHER REVENUE FROM NON-EXCHANGE TRANSACTIONS

|  |  |  |
| --- | --- | --- |
|  |  | EUR millions |
|  | 2016 | 2015 |
| Budgetary adjustments | 1 956 | 984 |
| Contribution of third countries and accession countries | 946 | 939 |
| Staff taxes and contributions | 901 | 815 |
| Contribution from Member States for external aid | 732 | 0 |
| Transfer of assets | 147 | 197 |
| Adjustment of provisions | 14 | 70 |
| Agricultural levies | 5 | 814 |
| Funding of institutions | (3 324) | (3 189) |
| Other | 318 | 592 |
| Total | 1 695 | 1 223 |

REVENUE FROM EXCHANGE TRANSACTIONS

* 1. FINANCIAL INCOME

|  |  |  |
| --- | --- | --- |
|  |  | EUR millions |
|  | 2016 | 2015 |
| Interest income on: |  |  |
| Pre-financing | (0) | 8 |
| Late payments | 108 | 20 |
| Available for sale financial assets | 17 | 45 |
| Loans | 1 436 | 1 601 |
| Cash and cash equivalents | 5 | 11 |
| Impaired financial assets | 9 | 7 |
| Other | 0 | 0 |
| **Total interest income** | **1 575** | **1 693** |
| **Dividend income** | **13** | **8** |
| **Realised gains on sale of available for sale financial assets** | **29** | **20** |
| **Financial income from financial assets or liabilities  at fair value through surplus or deficit** | **(0)** | **–** |
| **Other financial income** | **128** | **66** |
| Total | 1 745 | 1 787 |

* 1. OTHER REVENUE FROM EXCHANGE TRANSACTIONS

|  |  |  |
| --- | --- | --- |
|  |  | EUR millions |
|  | 2016 | 2015 |
| Foreign exchange gains | 320 | 949 |
| Fee and premium revenue related to financial instruments | 48 | 43 |
| Sales of goods | 14 | 20 |
| Property, plant and equipment related revenue | 3 | – |
| Other | 262 | 251 |
| Total | 647 | 1 264 |

EXPENSES

* 1. SHARED MANAGEMENT

|  |  |  |
| --- | --- | --- |
|  |  | EUR millions |
| Implemented by Member States | 2016 | 2015 |
| European Agricultural Guarantee Fund | 44 152 | 45 032 |
| European Agricultural Fund for Rural Development & other rural development instruments | 12 604 | 16 376 |
| European Regional Development Fund and Cohesion Fund | 35 045 | 38 745 |
| European Social Fund | 9 366 | 9 849 |
| Other | 1 606 | 2 380 |
| Total | 102 772 | 112 382 |

* 1. DIRECT MANAGEMENT

|  |  |  |
| --- | --- | --- |
|  |  | EUR millions |
|  | 2016 | 2015 |
| Implemented by the Commission | 9 287 | 10 097 |
| Implemented by EU Executive Agencies | 6 260 | 5 532 |
| Implemented by Trust funds | 97 | 6 |
| Total | 15 644 | 15 635 |

* 1. INDIRECT MANAGEMENT

|  |  |  |
| --- | --- | --- |
|  |  | EUR millions |
|  | 2016 | 2015 |
| Implemented by other EU agencies & bodies | 3 064 | 1 616 |
| Implemented by third countries | 876 | 905 |
| Implemented by international organisations | 2 382 | 2 126 |
| Implemented by other entities | 2 035 | 2 107 |
| Total | 8 358 | 6 754 |

* 1. STAFF AND PENSION COSTS

|  |  |  |
| --- | --- | --- |
|  |  | EUR millions |
|  | 2016 | 2015 |
| Staff costs | 3 218 | 3 126 |
| Pension costs | 3 693 | 4 411 |
| Total | 6 911 | 7 537 |

* 1. FINANCE COSTS

|  |  |  |
| --- | --- | --- |
|  |  | EUR millions |
|  | 2016 | 2015 |
| Interest expenses: |  |  |
| Borrowings | 1 426 | 1 588 |
| Other | 56 | 20 |
| Finance leases | 39 | 60 |
| Impairment losses on available for sale financial assets | 40 | 27 |
| Impairment loss on loans and receivables | 184 | 174 |
| Realised loss on sale of available for sale financial assets | 0 | 3 |
| Loss on financial assets or liabilities at fair value through surplus or deficit | 1 | – |
| Other finance costs | 111 | 60 |
| Total | 1 857 | 1 933 |

* 1. OTHER EXPENSES

|  |  |  |
| --- | --- | --- |
|  |  | EUR millions |
|  | 2016 | 2015 |
| Reduction of fines by the Court of Justice | 18 | 1 137 |
| Foreign exchange losses | 491 | 761 |
| Administrative and IT expenses | 713 | 754 |
| Property, plant and equipment related expenses | 726 | 637 |
| Adjustment of provisions | 680 | 517 |
| Funding and contributions to other EU bodies | 425 | 402 |
| Other | 408 | 447 |
| Total | 3 462 | 4 655 |

Expenses relating to research and development are as follows:

|  |  |  |
| --- | --- | --- |
|  |  | EUR millions |
|  | 2016 | 2015 |
| Research costs | 338 | 384 |
| Non-capitalised development costs | 43 | 60 |
| Total | 381 | 443 |

* 1. SEGMENT REPORTING BY MULTI ANNUAL FINANCIAL FRAMEWORK HEADING (MFF)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  | EUR millions |
|  | Smart and inclusive growth | Sustainable growth | Security and citizenship | Global Europe | Administration | Not assigned to MFF headings\* | Total |
| GNI resources | – | – | – | – | – | 95 578 | 95 578 |
| Traditional own resources | – | – | – | – | – | 20 439 | 20 439 |
| VAT | – | – | – | – | – | 15 859 | 15 859 |
| Fines | – | – | – | – | – | 3 858 | 3 858 |
| Recovery of expenses | 48 | 1 871 | 4 | 23 | – | 0 | 1 946 |
| Other | 785 | 171 | 28 | 105 | 869 | (262) | 1 695 |
| Non-exchange revenue | 834 | 2 041 | 32 | 128 | 869 | 135 473 | 139 376 |
| Financial income | 87 | 0 | 0 | 21 | (0) | 1 637 | 1 746 |
| Other | 121 | (11) | (7) | (5) | 222 | 328 | 647 |
| Exchange revenue | 208 | (11) | (7) | 16 | 222 | 1 965 | 2 393 |
| Total revenue | 1 041 | 2 030 | 25 | 144 | 1 091 | 137 438 | 141 769 |
| Expenses implemented by Member States: |  |  |  |  |  |  |  |
| EAGF | – | (44 152) | – | – | – | – | (44 152) |
| EAFRD & other rural develop. instruments | – | (12 604) | – | – | – | – | (12 604) |
| ERDF & CF | (35 045) | – | – | – | – | – | (35 045) |
| ESF | (9 366) | – | – | – | – | – | (9 366) |
| Other | (466) | (754) | (470) | 84 | – | – | (1 606) |
| Implemented by the Commission, executive agencies and trust funds | (10 143) | (544) | (957) | (3 951) | (50) | – | (15 644) |
| Implemented by other EU agencies and bodies | (2 028) | (110) | (662) | (265) | – | – | (3 064) |
| Implemented by third countries and international organisations | (274) | (5) | (188) | (2 792) | – | – | (3 259) |
| Implemented by other entities | (1 411) | (16) | (2) | (606) | (0) | – | (2 035) |
| Staff and pension costs | (1 593) | (345) | (390) | (575) | (4 008) | – | (6 911) |
| Changes in employee benefits actuarial assumptions | – | – | – | – | (992) | – | (992) |
| Finance costs | (173) | (47) | (1) | (20) | (95) | (1 520) | (1 857) |
| Share of net result of joint ventures and associates | 2 | – | – | – | – | – | 2 |
| Other expenses | (1 468) | (83) | (102) | (70) | (1 271) | (468) | (3 462) |
| Total expenses | (61 964) | (58 659) | (2 772) | (8 195) | (6 416) | (1 988) | (139 994) |
| Economic result of the year | (60 923) | (56 629) | (2 747) | (8 051) | (5 324) | 135 450 | 1 775 |

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

1. CONTINGENT LIABILITIES AND ASSETS

* 1. CONTINGENT LIABILITIES
     1. Budgetary guarantees

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | EUR millions |
|  |  | 31.12.2016 |  |  | 31.12.2015 |  |
|  | Ceiling | Signed | Disbursed | Ceiling | Signed | Ceiling |
| EIB external lending mandate guarantees | 40 645 | 30 161 | 21 145 | 41 764 | 28 741 | 19 450 |
| EFSI guarantee | 16 000 | 11 245 | 4 392 | 16 000 | 1 252 | 202 |
| Total | 56 645 | 41 406 | 25 537 | 57 764 | 29 993 | 19 652 |

* + 1. Guarantees relating to financial assistance (borrowing and lending activities)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | EUR millions |
|  | 31.12.2016 | | | 31.12.2015 | | |
|  | Drawn | Undrawn | Total | Drawn | Undrawn | Total |
| EFSM | 47 456 | – | 47 456 | 47 509 | – | 47 509 |
| BOP | 4 272 | – | 4 272 | 5 811 |  | 5 811 |
| MFA | 2 964 | 1 313 | 4 277 | 3 024 | 1 323 | 4 347 |
| Euratom | 252 | 300 | 552 | 301 | 300 | 601 |
| Total | 54 944 | 1 613 | 56 557 | 56 645 | 1 623 | 58 268 |

* + 1. Guarantees given for EU financial instruments

|  |  |  |
| --- | --- | --- |
|  |  | EUR millions |
|  | 31.12.2016 | 31.12.2015 |
| Horizon 2020 | 921 | 459 |
| Risk Sharing Finance Facility | 711 | 845 |
| Connecting Europe Facility\* | 465 | 429 |
| Other | 3 | – |
| Total | 2 101 | 1 733 |

*\* Previous year amount relates to Project Bond Initiative and Loan Guarantee Instrument for TEN-T projects. These two instruments were merged in 2016 into the Connecting Europe Facility.*

* + 1. Legal cases

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | EUR millions |
|  |  | 31.12.2016 | 31.12.2015 |
| Fines |  | 1 834 | 3 951 |
| Agriculture |  | 1 711 | 1 377 |
| Cohesion |  | 3 | 3 |
| Other |  | 506 | 835 |
| **Total** |  | **4 054** | **6 166** |

* 1. CONTINGENT ASSETS

|  |  |  |
| --- | --- | --- |
|  |  | EUR millions |
|  | 31.12.2016 | 31.12.2015 |
| Guarantees received: |  |  |
| Performance guarantees | 121 | 173 |
| Other guarantees | 6 | 3 |
| Other contingent assets | 33 | 46 |
| Total | 160 | 222 |

1. BUDGETARY AND LEGAL COMMITMENTS

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | EUR millions |
|  | Note | 31.12.2016 | 31.12.2015 |
| Outstanding budgetary commitments not yet expensed | 5.1 | 188 828 | 174 295 |
| Shared management legal commitments under the current MFF pending implementation | 5.2 | 276 351 | 338 755 |
| Significant legal commitments in other areas | 5.3 | 18 338 | 14 882 |
| Total |  | 483 517 | 527 932 |

* 1. OUTSTANDING BUDGETARY COMMITMENTS NOT YET EXPENSED

|  |  |  |
| --- | --- | --- |
|  |  | EUR millions |
|  | 31.12.2016 | 31.12.2015 |
| Outstanding budgetary commitments not yet expensed | 188 828 | 174 295 |

* 1. SHARED MANAGEMENT LEGAL COMMITMENTS UNDER THE CURRENT MFF PENDING IMPLEMENTATION

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | EUR millions |
| Funds | Financial framework 2014-2020 (A) | Legal commitments concluded (B) | Budget commitments (C ) | Decommit- ments (D) | Budget available under MFF (=A-C) | Legal commitments less budget commitments (=B-C+D) |
| European Regional Development Fund and Cohesion Fund | 262 058 | 262 058 | 102 172 | – | 159 886 | 159 886 |
| European Social Fund | 91 991 | 91 991 | 38 418 | – | 53 573 | 53 573 |
| Fund for European Aid to the most Deprived | 3 814 | 3 814 | 1 570 | – | 2 244 | 2 244 |
| HEADING 1B: COHESION POLICY FUNDS | 357 862 | 357 862 | 142 160 | – | 215 702 | 215 702 |
| European Agricultural Fund for Rural Development | 99 348 | 99 348 | 42 064 | – | 57 284 | 57 284 |
| European Maritime and Fisheries Fund | 5 749 | 5 749 | 2 392 | – | 3 358 | 3 358 |
| HEADING 2: NATURAL RESOURCES | 105 097 | 105 097 | 44 455 | – | 60 641 | 60 641 |
| Asylum and Migration Fund | 3 607 | 1 977 | 1 970 | – | 1 637 | 7 |
| Internal Security Fund | 2 195 | 981 | 981 | – | 1 214 | 0 |
| HEADING 3: SECURITY & CITIZENSHIP | 5 802 | 2 958 | 2 951 | – | 2 851 | 7 |
|  |  |  |  |  |  |  |
| Total | 468 761 | 465 917 | 189 566 | – | 279 195 | 276 351 |

* 1. SIGNIFICANT LEGAL COMMITMENTS IN OTHER AREAS

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | EUR millions |
|  | Note | 31.12.2016 | 31.12.2015 |
| Connecting Europe Facility |  | 13 799 | 10 051 |
| Copernicus |  | 2 393 | 2 939 |
| Galileo |  | 523 | 124 |
| Fisheries agreements |  | 247 | 373 |
| Operating lease commitments | 5.3.1 | 891 | 913 |
| Other contractual commitments |  | 485 | 483 |
| Total |  | 18 338 | 14 882 |

* + 1. Operating lease commitments

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | | EUR millions |
|  | Future amounts to be paid | | |  |
|  | < 1 year | 1- 5 years | > 5 years | Total |
| Buildings | 133 | 407 | 346 | 886 |
| IT materials and other equipment | 2 | 3 | – | 5 |
| Total | 135 | 410 | 346 | 891 |

1. FINANCIAL INSTRUMENTS DISCLOSURES

* 1. CURRENCY RISKS

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

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  | EUR millions |
|  | 31.12.2016 | | | | | | |
|  | USD | GBP | DKK | SEK | EUR | Other | Total |
| Financial assets |  |  |  |  |  |  |  |
| Available for sale financial assets | 228 | 58 | 14 | 42 | 8 394 | 21 | 8 757 |
| Financial assets at fair value through surplus or deficit | (49) | – | – | – | 50 | – | 0 |
| Loans\* | 4 | – | – | – | 315 | 10 | 328 |
| Receivables and recoverables | – | 591 | 49 | 80 | 10 611 | 4 | 11 336 |
| Cash and cash equivalents | 31 | 2 392 | 426 | 1 220 | 21 423 | 2 087 | 27 579 |
|  | 213 | 3 041 | 490 | 1 341 | 40 793 | 2 122 | 48 001 |
| Financial liabilities |  |  |  |  |  |  |  |
| Financial liabilities at fair value through surplus or deficit | (100) | – | – | – | 100 | – | (1) |
| Payables | (0) | – | – | – | (40 240) | (0) | (40 240) |
|  | (101) | – | – | – | (40 141) | (0) | (40 241) |
| Total | 113 | 3 041 | 490 | 1 341 | 652 | 2 122 | 7 760 |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  | EUR millions |
|  | 31.12.2015 | | | | | | |
|  | USD | GBP | DKK | SEK | EUR | Other | Total |
| Financial assets |  |  |  |  |  |  |  |
| Available for sale financial assets | 81 | 76 | 11 | 8 | 7 717 | 28 | 7 921 |
| Financial assets at fair value through surplus or deficit | – | – | – | – | – | – | – |
| Loans\* | 5 | – | – | – | 330 | 18 | 353 |
| Receivables and recoverables | – | 537 | 52 | 82 | 9 441 | 1 | 10 114 |
| Cash and cash equivalents | 29 | 1 784 | 366 | 1 284 | 16 357 | 840 | 20 660 |
|  | 115 | 2 397 | 429 | 1 375 | 33 845 | 888 | 39 048 |
| Financial liabilities |  |  |  |  |  |  |  |
| Financial liabilities at fair value through surplus or deficit | – | – | – | – | – | – | – |
| Payables | – | – | – | – | (32 367) | – | (32 367) |
|  | – | – | – | – | (32 367) | – | (32 367) |
| Total | 115 | 2 397 | 429 | 1 375 | 1 478 | 887 | 6 681 |

*\* 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 millions |
|  | Economic result | | | |
|  | USD | GBP | DKK | SEK |
| 2016 | (3) | (271) | (43) | (118) |
| 2015 | (3) | (211) | (38) | (124) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  | EUR millions |
|  | Net assets | | | |
|  | USD | GBP | DKK | SEK |
| 31.12.2016 | (7) | (5) | (1) | (4) |
| 31.12.2015 | (7) | (7) | (1) | (1) |

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  | EUR millions |
|  | Economic result | | | |
|  | USD | GBP | DKK | SEK |
| 2016 | 4 | 331 | 53 | 144 |
| 2015 | 4 | 258 | 46 | 152 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  | EUR millions |
|  | Net assets | | | |
|  | USD | GBP | DKK | SEK |
| 31.12.2016 | 9 | 6 | 2 | 5 |
| 31.12.2015 | 9 | 8 | 1 | 1 |

* 1. INTEREST RATE RISK

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

|  |  |  |
| --- | --- | --- |
|  |  | EUR millions |
|  | Increase (+) / decrease (-) in basis points | Effect on economic result and net assets |
| 31.12.2016: Available for sale financial assets | +100 | (238) |
|  | -100 | 254 |
| 31.12.2015: Available for sale financial assets | +100 | (160) |
|  | -100 | 172 |

* 1. CREDIT RISK

Analysis of the age of financial assets that are not impaired

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  | | | EUR millions |
|  | Total | Neither past due nor impaired | Past due but not impaired | | |
|  |  |  | < 1 year | 1-5 years | > 5 years |
| Loans | 55 272 | 55 271 | 1 | – | – |
| Receivables and recoverables | 11 336 | 10 031 | 124 | 909 | 273 |
| Financial assets at fair value through surplus or deficit | 0 | 0 | – | – | – |
| Total at 31.12.2016 | 66 608 | 65 302 | 125 | 909 | 273 |
| Loans | 56 998 | 56 998 | – | – | – |
| Receivables and recoverables | 10 114 | 8 510 | 73 | 1 383 | 148 |
| Total at 31.12.2015 | 67 112 | 65 508 | 73 | 1 383 | 148 |

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | EUR millions |
|  | 31.12.2016 | | | | |
|  | Available for sale\* | Financial assets at FVSD\*\* | Loans and receivables | Cash | Total |
| **Counterparties with  external credit rating** |  |  |  |  |  |
| Prime and high grade | 5 264 | – | 3 162 | 21 180 | 29 606 |
| Upper medium grade | 1 184 | – | 23 820 | 5 178 | 30 181 |
| Lower medium grade | 786 | – | 4 526 | 486 | 5 798 |
| Non-investment grade | – | – | 27 719 | 733 | 28 452 |
|  | **7 234** |  | **59 226** | **27 576** | **94 037** |
| **Counterparties without external credit rating** |  |  |  |  |  |
| Group 1 (debtors without defaults in the past) | – | 0 | 5 996 | 3 | 6 000 |
| Group 2 (debtors with defaults in the past) | – | – | 79 | – | 79 |
|  | **–** | **0** | **6 076** | **3** | **6 079** |
| Total | 7 234 | 0 | 65 302 | 27 579 | 100 116 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  | EUR millions |
|  | 31.12.2015 | | | |
|  | Available for sale\* | Loans and receivables | Cash | Total |
| **Counterparties with  external credit rating** |  |  |  |  |
| Prime and high grade | 4 833 | 2 996 | 15 269 | 23 099 |
| Upper medium grade | 854 | 23 800 | 4 414 | 29 068 |
| Lower medium grade | 909 | 4 524 | 253 | 5 685 |
| Non-investment grade | 17 | 29 366 | 721 | 30 103 |
|  | **6 612** | **60 687** | **20 657** | **87 955** |
| **Counterparties without external credit rating** |  |  |  |  |
| Group 1 (debtors without defaults in the past) | – | 4 727 | 3 | 4 730 |
| Group 2 (debtors with defaults in the past) | – | 95 | – | 95 |
|  | **–** | **4 822** | **3** | **4 825** |
| Total | 6 612 | 65 509 | 20 660 | 92 780 |

*\* Available for sale financial assets (excluding equity instruments and Unitary Fund).*

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

* 1. LIQUIDITY RISK

Maturity analysis of financial liabilities by remaining contractual maturity

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  | EUR millions |
|  | < 1 year | 1-5 years | > 5 years | Total |
| *Borrowings* | *2 006* | *17 988* | *34 950* | *54 943* |
| *Payables* | *40 240* | *0* | *–* | *40 240* |
| *Other financial liabilities* | *158* | *532* | *906* | *1 596* |
| Total at 31.12.2016 | 42 405 | 18 520 | 35 855 | 96 780 |
| *Borrowings* | *7 207* | *9 456* | *39 982* | *56 645* |
| *Payables* | *32 366* | *(0)* | *–* | *32 366* |
| *Other financial liabilities* | *690* | *398* | *1 060* | *2 149* |
| Total at 31.12.2015 | 40 264 | 9 854 | 41 043 | 91 161 |

Financial liabilities at fair value through surplus or deficit

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  | EUR millions |
|  | < 1 year | 1-5 years | > 5 years | Total |
| *Derivative receive leg* | *149* | *–* | *–* | *149* |
| *Derivative pay leg* | *(150)* | *–* | *–* | *(150)* |
| Net liability at 31.12.2016 | (1) | – | – | (1) |

* 1. 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.

1. 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.

1. EVENTS AFTER THE BALANCE SHEET DATE

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

On 29 March 2017 the United Kingdom formally announced its intention to leave the European Union, thus activating Article 50 of the Treaty on European Union. In accordance with this article as well as the European Council guidelines on the financial agreement and negotiating directives provided by the Council, the EU shall conclude an agreement with the United Kingdom, setting out the arrangements for its withdrawal. At the time of the signing of these accounts, the negotiation process has just begun and there is no impact on the financial position of the Commission at 31 December 2016.

EUROPEAN COMMISSION

FINANCIAL YEAR 2016

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.

CONTENTS

EU BUDGET RESULT 55

STATEMENTS OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS 56

1. IMPLEMENTATION OF EC BUDGET REVENUE 59

1.1 SUMMARY OF THE IMPLEMENTATION OF BUDGET REVENUE 59

2. IMPLEMENTATION OF EC BUDGET EXPENDITURE 60

2.1 MFF: BREAKDOWN & CHANGES IN COMMITMENT & PAYMENT APPROPRIATIONS 60

2.2 MFF: IMPLEMENTATION OF COMMITMENT APPROPRIATIONS 61

2.3 MFF: IMPLEMENTATION OF PAYMENT APPROPRIATIONS 62

2.4 MFF: MOVEMENTS IN COMMITMENTS OUTSTANDING (RAL) 63

2.5 MFF: COMMITMENTS OUTSTANDING BY YEAR OF ORIGIN 64

2.6 POLICY AREA: BREAKDOWN AND CHANGES IN COMMITMENT AND PAYMENT APPROPRIATIONS 65

2.7 POLICY AREA: IMPLEMENTATION OF COMMITMENT APPROPRIATIONS 67

2.8 POLICY AREA: IMPLEMENTATION OF PAYMENT APPROPRIATIONS 69

2.9 POLICY AREA: MOVEMENTS IN COMMITMENTS OUTSTANDING (RAL) 71

2.10 POLICY AREA: COMMITMENTS OUTSTANDING BY YEAR OF ORIGIN 73

3. RECONCILIATION OF ECONOMIC RESULT WITH BUDGET RESULT 75

EU BUDGET RESULT

*EUR millions*

**2016 2015**

*Revenue for the financial year 144 717 146 624*

*Payments against current year appropriations (135 180) (143 485)*

*Payment appropriations carried over to year N+1 (1 655) (1 299)*

*Cancellation of unused appropriations carried over from year N-1 63 29*

*Evolution of assigned revenue (1 367) (704)*

*Exchange differences for the year (173) 182*

*\* Of which EFTA result is EUR 0 million in 2016 and EUR (2) million in 2015.*

**Budget result\* 6 405 1 347**

STATEMENTS OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

BUDGET REVENUE

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  | EUR millions | |
|  |  | **Initial adopted budget** | **Final adopted budget** | **Entitlements established** | **Revenue** |
| 1 | Own resources | 142 269 | 133 677 | 132 192 | 132 166 |
| 3 | Surpluses, balances and adjustments | 0 | 1 349 | 1 358 | 1 358 |
| 4 | Revenue accruing from persons working with the institutions and other union bodies |  | 1 011 | 1 118 | 1 112 |
| 5 | Revenue accruing from the administrative operation of the institutions |  | 55 | 325 | 309 |
| 6 | Contributions and refunds in connection with Union agreements and programmes |  | 60 | 6 170 | 5 913 |
| 7 | Interests on late payments and fines | 123 | 123 | 9 739 | 3 175 |
| 8 | Borrowing and lending operations | 5 | 5 | 46 | 41 |
| 9 | Miscellaneous revenue | 25 | 25 | 24 | 15 |
| Total | | 143 548 | 136 305 | 150 972 | 144 089 |

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

*EUR millions*

|  |  |
| --- | --- |
| **MFF Heading** | **Initial adopted Final adopted Total Payments made budget budget appropriations**  **available** |
| 1 Smart and inclusive growth 69 841 69 841 73 039 71 731  *1a: Competitiveness for growth and jobs 19 010 19 010 21 569 20 332*  *1b: Economic, social and territorial cohesion 50 831 50 831 51 471 51 400*  2 Sustainable growth: natural resources 62 484 62 470 66 952 64 547  *of which: Market related expenditure and direct payments 42 220 42 218 46 051 44 285*  3 Security and citizenship 4 052 4 292 4 423 4 336  4 Global Europe 9 167 9 377 12 240 11 278  5 Administration 5 164 5 173 5 521 5 379  6 Compensations 0 0 0 0  8 Negative reserve and deficit carried over from the previous financial year 0 0 0 0  9 Special Instruments 525 346 395 61 | |
| **Total 151 233 151 498 162 569 157 332** | |

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

*EUR millions*

|  |  |
| --- | --- |
| **MFF Heading** | **Initial adopted Final adopted Total Payments made budget budget appropriations**  **available** |
| 1 Smart and inclusive growth 66 263 59 459 63 618 56 265  *1a: Competitiveness for growth and jobs 17 418 17 406 20 976 18 461*  *1b: Economic, social and territorial cohesion 48 844 42 053 42 642 37 804*  2 Sustainable growth: natural resources 55 121 55 214 59 464 57 412  *of which: Market related expenditure and direct payments 42 212 42 210 46 057 44 084*  3 Security and citizenship 3 022 3 069 3 195 3 077  4 Global Europe 10 156 9 860 11 163 10 277  5 Administration 5 164 5 172 5 807 5 350  6 Compensations 0 0 0 0  8 Negative reserve and deficit carried over from the previous financial year 0 0 0 0  9 Special Instruments 389 90 140 61 | |
| **Total 140 114 132 864 143 386 132 442** | |

1. IMPLEMENTATION OF EC BUDGET REVENUE

1.1 SUMMARY OF THE IMPLEMENTATION OF BUDGET REVENUE

*EUR millions*

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Title** | | **Income appropriations** | | | | **Entitlements established** | | | | |  |  |  | **Revenue** | |  |  | **Receipts** | | **Outstanding** | |
|  | | **Initial adopted budget** | | **Final adopted budget** | | **Current Carried**  **year over** | | | | **Total On On entitlements entitlements**  **of current carried over year** | | | | | | **Total** | | **as % of budget** | | | |
| 1 | Own resources | 142 | 269 | 133 | 677 | 132 | 164 |  | 28 | 132 | 192 | 132 | 163 |  | 3 | 132 | 166 | 99 | % |  | 26 |
| 3 | Surpluses, balances and adjustments |  | 0 | 1 | 349 | 1 | 358 |  | 0 | 1 | 358 | 1 | 358 |  | 0 | 1 | 358 | 101 | % |  | 0 |
| 4 | Revenue accruing from persons working with the institutions | 1 | 011 | 1 | 011 | 1 | 105 |  | 14 | 1 | 118 | 1 | 098 |  | 14 | 1 | 112 | 110 | % |  | 6 |
|  | and other union bodies |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 5 | Revenue accruing from the administrative operation of the |  | 55 |  | 55 |  | 313 |  | 13 |  | 325 |  | 301 |  | 8 |  | 309 | 562 | % |  | 16 |
|  | institutions |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 6 | Contributions and refunds in connection with Union agreements |  | 60 |  | 60 | 5 | 914 |  | 256 | 6 | 170 | 5 | 790 |  | 123 | 5 | 913 | 9854 | % |  | 258 |
|  | and programmes |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 7 | Interests on late payments and fines |  | 123 |  | 123 | 2 | 946 | 6 | 793 | 9 | 739 | 1 | 045 | 2 | 131 | 3 | 175 | 2582 | % | 6 | 564 |
| 8 | Borrowing and lending operations |  | 5 |  | 5 |  | 40 |  | 6 |  | 46 |  | 36 |  | 6 |  | 41 | 792 | % |  | 5 |
| 9 | Miscellaneous revenue |  | 25 |  | 25 |  | 14 |  | 9 |  | 24 |  | 13 |  | 2 |  | 15 | 61 | % |  | 9 |
| **Total** | | **143 548** | | **136 305** | | **143 854** | | **7 119** | | **150 972** | | **141 804 2 285** | | | | **144 089** | | **106 %** | | **6 883** | |

2. IMPLEMENTATION OF EC BUDGET EXPENDITURE

2.1 MFF: BREAKDOWN & CHANGES IN COMMITMENT & PAYMENT APPROPRIATIONS

*EUR millions*

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Commitment appropriations**  **Budget appropriations Additional appropriations** | | | | | | **Total** | **Payment appropriations**  **Budget appropriations Additional appropriations** | | | | | **Total** |
| **MFF Heading** | **Initial adopted budget**  **1** | **Amending budgets & transfers**  **2** | **Final adopted budget**  **3=1+2** | **Carry- overs**  **4** | **Assigned revenue**  **5** | **approp. available** | **Initial adopted budget** | **Amending budgets & transfers** | **Final adopted budget** | **Carry- overs** | **Assigned revenue** | **approp. available** |
| **6=3+4+5 7 8 9=7+8 10 11 12=9+10+**  **11** | | | | | | |
| 1. Smart and inclusive growth | 69 841 | 0 | 69 841 | 153 | 3 045 | 73 039 | 66 263 | (6 804) | 59 459 | 117 | 4 042 | 63 618 |
| *1a: Competitiveness for growth and jobs* | *19 010* | *0* | *19 010* | *0* | *2 558* | *21 569* | *17 418* | *( 13)* | *17 406* | *103* | *3 467* | *20 976* |
| *1b: Economic, social and territorial cohesion* | *50 831* | *0* | *50 831* | *153* | *487* | *51 471* | *48 844* | *(6 791)* | *42 053* | *15* | *575* | *42 642* |
| 2. Sustainable growth: natural resources | 62 484 | (15) | 62 470 | 410 | 4 072 | 66 952 | 55 121 | 93 | 55 214 | 430 | 3 821 | 59 464 |
| *of which: Market related expenditure and direct payments* | *42 220* | *(2)* | *42 218* | *410* | *3 424* | *46 051* | *42 212* | *( 3)* | *42 210* | *424* | *3 424* | *46 057* |
| 3. Security and citizenship | 4 052 | 240 | 4 292 | 0 | 131 | 4 423 | 3 022 | 46 | 3 069 | 9 | 117 | 3 195 |
| 4. Global Europe | 9 167 | 210 | 9 377 | 237 | 2 626 | 12 240 | 10 156 | ( 295) | 9 860 | 33 | 1 270 | 11 163 |
| 5. Administration | 5 164 | 9 | 5 173 | 0 | 348 | 5 521 | 5 164 | 8 | 5 172 | 284 | 350 | 5 807 |
| 6. Compensations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8. Negative reserve and deficit carried over from the previous financial year | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9. Special Instruments | 525 | ( 179) | 346 | 0 | 50 | 395 | 389 | ( 299) | 90 | 1 | 50 | 140 |
| **Total** | **151 233** | **265** | **151 498** | **800** | **10 271** | **162 569** | **140 114** | **(7 250)** | **132 864** | **874** | **9 649** | **143 386** |

2.2 MFF: IMPLEMENTATION OF COMMITMENT APPROPRIATIONS

*EUR millions*

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Commitments made** | | | | | | **Approp. carried over to 2017** | | | **Appropriations lapsing** | | | |
| **MFF Heading** | **Total approp. available**  **1** | **from final adopted budget**  **2** | **from carry- overs**  **3** | **from assigned revenue**  **4** | **Total %**  **5=2+3+4 6=5/1** | **assigned revenue**  **7** | **carry- overs by decision**  **8** | **Total**  **9=7+8** | **from final adopted budget**  **10** | **from carry- overs**  **11** | **from assigned revenue**  **12** | **Total**  **13=10+**  **11+12** |
| 1. Smart and inclusive growth   *1a: Competitiveness for growth and jobs 1b: Economic, social and territorial cohesion*   1. Sustainable growth: natural resources   *of which: Market related expenditure and direct payments*   1. Security and citizenship 2. Global Europe 3. Administration 4. Compensations 5. Negative reserve and deficit carried over from the previous financial year 6. Special Instruments | 73 039  *21 569*  *51 471*  66 952  *46 051*  4 423  12 240  5 521  0  m 0  395 | 69 808  *18 997*  *50 811*  62 013  *41 770*  4 287  9 364  5 166  0  0  61 | 145  *0*  *145*  396  *395*  0  237  0  0  0  0 | 1 778  *1 335*  *443*  2 138  *2 120*  49  1 677  213  0  0  0 | 71 731 98 %  *20 332 94 %*  *51 400 100 %*  64 547 96 %  *44 285 96 %*  4 336 98 %  11 278 92 %  5 379 97 %  0 0 %  0 0 %  61 15 % | 1 267  *1 224*  *43*  1 934  *1 304*  82  948  135  0  0  50 | 0  *0*  *0*  433  *433*  0  10  1  0  0  130 | 1 267  *1 224*  *43*  2 368  *1 737*  82  959  137  0  0  180 | 33  *13*  *20*  23  *15*  5  3  5  0  0  155 | 8  *0*  *8*  14  *14*  0  0  0  0  0  0 | 0  *0*  *0*  0  *0*  0  0  0  0  0  0 | 41  *13*  *28*  38  *29*  5  3  5  0  0  155 |
| **Total** | **162 569** | **150 699** | **778** | **5 854** | **157 332 97 %** | **4 416** | **575** | **4 991** | **224** | **22** | **0** | **246** |

2.3 MFF: IMPLEMENTATION OF PAYMENT APPROPRIATIONS

*EUR millions*

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Payments made** | | | | | |  | **Appropriations carried over to 2017** | | | | **Appropriations lapsing** | | |  |
| **MFF Heading** | **Total approp. available** | **from final adopted budget** | **from carry- overs** | **from assigned revenue** | **Total** | **%** | **automatic carry- overs** | **carry- overs by decision** | **assigned revenue** | **Total** | **from final adopted budget** | **from carry- overs** | **from assigned revenue** | **Total** |
| **1** | **2** | **3** | **4** | **5=2+3+4** | **6=5/1** | **7** | **8** | **9** | **10=7+8+9** | **11** | **12** | **13** | **14=11+**  **12+13** |
| 1. Smart and inclusive growth | 63 618 | 55 005 | 102 | 1 158 | 56 265 | 88 % | 126 | 5 | 2 881 | 3 012 | 4 323 | 15 | 3 | 4 341 |
| *1a: Competitiveness for growth and jobs* | *20 976* | *17 257* | *90* | *1 114* | *18 461* | *88 %* | *113* | *5* | *2 350* | *2 468* | *31* | *12* | *3* | *46* |
| *1b: Economic, social and territorial cohesion* | *42 642* | *37 748* | *12* | *44* | *37 804* | *89 %* | *13* | *0* | *531* | *544* | *4 292* | *3* | *0* | *4 295* |
| 2. Sustainable growth: natural resources | 59 464 | 54 508 | 414 | 2 490 | 57 412 | 97 % | 202 | 433 | 1 330 | 1 965 | 71 | 16 | 0 | 87 |
| *of which: Market related expenditure and direct payments* | *46 057* | *41 558* | *408* | *2 118* | *44 084* | *96 %* | *197* | *433* | *1 305* | *1 935* | *22* | *16* | *0* | *37* |
| 3. Security and citizenship | 3 195 | 3 035 | 7 | 35 | 3 077 | 96 % | 11 | 0 | 82 | 93 | 23 | 2 | 0 | 25 |
| 4. Global Europe | 11 163 | 9 421 | 28 | 828 | 10 277 | 92 % | 35 | 86 | 441 | 562 | 319 | 5 | 0 | 324 |
| 5. Administration | 5 807 | 4 916 | 262 | 172 | 5 350 | 92 % | 250 | 1 | 178 | 430 | 5 | 23 | 0 | 27 |
| 6. Compensations | 0 | 0 | 0 | 0 | 0 | 0 % | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Negative reserve and deficit |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 8. carried over from the previous | 0 | 0 | 0 | 0 | 0 | 0 % | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| financial year |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 9. Special Instruments | 140 | 33 | 0 | 28 | 61 | 44 % | 0 | 31 | 22 | 54 | 25 | 0 | 0 | 25 |
| **Total** | **143 386** | **126 917** | **813** | **4 711** | **132 442** | **92 %** | **624** | **557** | **4 934** | **6 115** | **4 766** | **60** | **3** | **4 830** |

2.4 MFF: MOVEMENTS IN COMMITMENTS OUTSTANDING (RAL)

*EUR millions*

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Commitments outstanding at the end of previous year** | | | | |  | **Commitments of the year** | | | **Total** |
| **MFF Heading** | **Commitments De-commitments**  **carried /Revaluations/**  **forward from Cancellations**  **previous year** | | **Payments** | **Commitments Commitments outstanding at made during year-end the year** | | **Payments** | **Cancellation of commitments which cannot be carried over** | **Commitments outstanding at year-end** | **Commitments outstanding at year-end** |
| 1. Smart and inclusive growth | 160 827 | (1 353) | (48 608) | 110 866 | 71 731 | (7 657) | (2) | 64 072 | 174 938 |
| *1a: Competitiveness for growth and jobs* | *34 455* | *( 701)* | *(11 730)* | *22 024* | *20 332* | *(6 731)* | *(2)* | *13 599* | *35 622* |
| *1b: Economic, social and territorial cohesion* | *126 372* | *( 652)* | *(36 877)* | *88 843* | *51 400* | *( 927)* | *(0)* | *50 473* | *139 316* |
| 2. Sustainable growth: natural resources | 28 191 | (1 378) | (12 605) | 14 207 | 64 547 | (44 806) | (0) | 19 740 | 33 947 |
| *of which: Market related expenditure and direct payments* | *49* | *(3)* | *(24)* | *22* | *44 285* | *(44 060)* | *0* | *225* | *247* |
| 3. Security and citizenship | 3 137 | (228) | (1 396) | 1 512 | 4 336 | (1 681) | 0 | 2 655 | 4 167 |
| 4. Global Europe | 24 673 | (699) | (7 182) | 16 792 | 11 278 | (3 095) | (1) | 8 182 | 24 974 |
| 5. Administration | 295 | (24) | (270) | 1 | 5 379 | (5 079) | (0) | 300 | 301 |
| 6. Compensations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8. Negative reserve and deficit carried over from the previous financial year | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9. Special Instruments | 1 | (0) | (0) | 0 | 61 | (61) | 0 | 0 | 0 |
| **Total** | **217 123** | **(3 682)** | **(70 062)** | **143 379** | **157 332** | **(62 380)** | **(3)** | **94 949** | **238 328** |

2.5 MFF: COMMITMENTS OUTSTANDING BY YEAR OF ORIGIN

*EUR millions*

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **MFF Heading** | |  | **< 2010** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** | **Total** |
| 1 | Smart and inclusive growth |  | 1 741 | 738 | 1 120 | 3 461 | 23 109 | 16 371 | 64 326 | 64 072 | 174 938 |
|  | *1a: Competitiveness for growth and jobs* |  | *563* | *733* | *856* | *2 223* | *4 481* | *5 972* | *7 194* | *13 599* | *35 622* |
|  | *1b: Economic, social and territorial cohesion* |  | *1 178* | *5* | *264* | *1 237* | *18 627* | *10 399* | *57 132* | *50 473* | *139 316* |
| 2 | Sustainable growth: natural resources |  | 200 | 58 | 81 | 128 | 1 234 | 1 220 | 11 285 | 19 740 | 33 947 |
|  | *of which: Market related expenditure and direct* | *payments* | *0* | *0* | *0* | *0* | *0* | *2* | *19* | *225* | *247* |
| 3 | Security and citizenship |  | 45 | 40 | 67 | 149 | 287 | 154 | 772 | 2 655 | 4 167 |
| 4 | Global Europe |  | 899 | 539 | 843 | 1 750 | 3 291 | 3 784 | 5 686 | 8 182 | 24 974 |
| 5 | Administration |  | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 300 | 301 |
| 9 | Special Instruments |  | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | |  | **2 884** | **1 376** | **2 111** | **5 488** | **27 920** | **21 530** | **82 069** | **94 949** | **238 328** |

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

*EUR millions*

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Commitment appropriations**  **Budget appropriations Additional appropriations** | | | | | | | | | | **Total approp.** | | **Payment appropriations**  **Budget appropriations** **Additional**  **appropriations** | | | | | | | | **Total approp.** | |
| **Policy area** | | **Initial adopted budget**  **1** | | **Amending Final adopted budgets & budget transfers**  **2 3=1+2** | | | **Carried over**  **4** | **Assigned revenue**  **5** | | **available** | | **Initial adopted budget** | | **Amending budgets & transfers** | **Final adopted budget** | | **Carried over** | **Assigned revenue** | | **available** | |
| **6=3+4+5 7 8 9=7+8 10 11 12=9+10**  **+11** | | | | | | | | | | | |
| 01 | Economic and financial affairs | 2 | 533 | (7) | 2 | 525 | 0 | 4 | 122 | 2 | 648 | 1 | 097 | 432 | 1 | 529 | 6 | 3 | 125 | 1 | 660 |
| 02 | Internal market, industry, entrepreneurship and | 2 | 286 | 3 | 2 | 289 | 0 | 229 | 2 | 518 | 1 | 894 | (36) | 1 | 859 | 13 | 372 | 2 | 243 |
|  | SMEs |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 03 | Competition |  | 103 | (1) |  | 102 | 0 | 5 |  | 107 |  | 103 | (1) |  | 102 | 9 | 5 |  | 116 |
| 04 | Employment, social affairs and inclusion | 12 | 924 | 27 | 12 | 952 | 0 | 504 | 13 | 456 | 13 | 031 | (1 818) | 11 | 213 | 14 | 576 | 11 | 802 |
| 05 | Agriculture and rural development | 61 | 382 | (4) | 61 | 379 | 410 | 070 | 65 | 858 | 54 | 625 | 166 | 54 | 791 | 431 | 818 | 59 | 039 |
| 06 | Mobility and transport | 4 | 219 | 2 | 4 | 221 | 0 | 125 | 4 | 346 | 2 | 296 | (103) | 2 | 193 | 5 |  | 123 | 2 | 321 |
| 07 | Environment |  | 448 | 0 |  | 448 | 0 | 18 |  | 467 |  | 397 | (5) |  | 392 | 4 |  | 16 |  | 412 |
| 08 | Research and innovation | 5 | 855 | (7) | 5 | 848 | 0 | 897 | 6 | 745 | 5 | 403 | (10) | 5 | 393 | 28 | 1 | 391 | 6 | 811 |
| 09 | Communications networks, content and technology | 1 | 803 | 53 | 1 | 856 | 0 | 173 | 2 | 029 | 2 | 373 | (32) | 2 | 341 | 11 | 274 | 2 | 627 |
| 10 | Direct research |  | 397 | 0 |  | 397 | 0 | 538 |  | 935 |  | 403 | (17) |  | 385 | 40 | 479 |  | 905 |
| 11 | Maritime affairs and fisheries | 1 | 083 | (9) | 1 | 074 | 0 | 6 | 1 | 081 |  | 758 | (145) |  | 613 | 3 | 6 |  | 622 |
| 12 | Financial stability, financial services and capital |  | 85 | 0 |  | 85 | 0 | 4 |  | 89 |  | 86 | (3) |  | 83 | 4 | 4 |  | 91 |
|  | markets union |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 13 | Regional and urban policy | 35 | 989 | 40 | 36 | 029 | 146 | 60 | 36 | 235 | 36 | 386 | (5 365) | 31 | 021 | 11 | 76 | 31 | 108 |
| 14 | Taxation and customs union |  | 166 | 0 |  | 167 | 0 | 9 |  | 176 |  | 159 | 0 |  | 159 | 5 | 7 |  | 171 |
| 15 | Education and culture | 2 | 889 | 0 | 2 | 890 | 0 | 466 | 3 | 356 | 3 | 031 | 25 | 3 | 055 | 13 | 631 | 3 | 699 |
| 16 | Communication |  | 204 | 0 |  | 204 | 0 | 12 |  | 216 |  | 197 | (2) |  | 195 | 12 | 12 |  | 219 |
| 17 | Health and food safety |  | 571 | (14) |  | 557 | 0 | 42 |  | 598 |  | 571 | (37) |  | 535 | 9 | 42 |  | 586 |
| 18 | Migration and home affairs | 3 | 225 | 250 | 3 | 475 | 0 | 88 | 3 | 563 | 2 | 323 | 61 | 2 | 384 | 6 | 96 | 2 | 487 |

*EUR millions*

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Commitment appropriations**  **Budget appropriations Additional appropriations** | | | | | | **Total approp.** | **Payment appropriations**  **Budget appropriations**  **Additional**  **appropriations** | | | | | **Total approp.** |
| **Policy area** | **Initial adopted budget**  **1** | **Amending Final adopted budgets & budget transfers**  **2 3=1+2** | | **Carried over**  **4** | **Assigned revenue**  **5** | **available** | **Initial adopted budget** | **Amending budgets & transfers** | **Final adopted budget** | **Carried over** | **Assigned revenue** | **available** |
| **6=3+4+5 7 8 9=7+8 10 11 12=9+10**  **+11** | | | | | | |
| 19 Foreign policy instruments | 783 | (119) | 663 | 17 | 53 | 733 | 677 | (50) | 628 | 3 | 52 | 683 |
| 20 Trade | 107 | 1 | 108 | 0 | 3 | 111 | 106 | 1 | 106 | 2 | 3 | 112 |
| 21 International cooperation and development | 3 162 | 1 | 3 163 | 0 | 220 | 3 383 | 3 346 | 21 | 3 367 | 18 | 203 | 3 587 |
| 22 Neighbourhood and enlargement negotiations | 3 835 | 146 | 3 981 | 7 | 990 | 4 978 | 3 566 | (264) | 3 301 | 12 | 369 | 3 683 |
| 23 Humanitarian aid and civil protection | 1 202 | 258 | 1 460 | 219 | 1 253 | 2 933 | 1 560 | 178 | 1 739 | 6 | 532 | 2 277 |
| 24 Fight against fraud | 80 | (1) | 79 | 0 | 0 | 79 | 86 | (1) | 85 | 7 | 0 | 92 |
| 25 Commission's policy coordination and legal advice | 206 | 4 | 210 | 0 | 12 | 222 | 206 | 4 | 210 | 15 | 12 | 237 |
| 26 Commission's administration | 1 017 | (21) | 996 | 0 | 178 | 1 174 | 1 016 | (15) | 1 001 | 142 | 180 | 1 323 |
| 27 Budget | 72 | (13) | 59 | 0 | 8 | 67 | 72 | (13) | 59 | 7 | 8 | 75 |
| 28 Audit | 19 | (0) | 19 | 0 | 1 | 20 | 19 | (0) | 19 | 1 | 1 | 20 |
| 29 Statistics | 139 | 0 | 140 | 0 | 16 | 155 | 128 | 0 | 128 | 5 | 21 | 154 |
| 30 Pensions and related expenditure | 1 647 | 37 | 1 684 | 0 | 0 | 1 685 | 1 647 | 37 | 1 684 | 0 | 0 | 1 685 |
| 31 Language services | 399 | (3) | 396 | 0 | 62 | 458 | 399 | (3) | 396 | 17 | 62 | 475 |
| 32 Energy | 1 532 | (122) | 1 410 | 0 | 96 | 1 506 | 1 524 | 46 | 1 570 | 5 | 141 | 1 716 |
| 33 Justice and consumers | 259 | (0) | 259 | 0 | 10 | 268 | 239 | (8) | 232 | 4 | 9 | 245 |
| 34 Climate action | 138 | 0 | 138 | 0 | 1 | 139 | 82 | (5) | 77 | 4 | 1 | 82 |
| 40 Reserves | 475 | (238) | 236 | 0 | 0 | 236 | 309 | (288) | 21 | 0 | 0 | 21 |
| **Total** | **151 233** | **265** | **151 498** | **800** | **10 271** | **162 569** | **140 114** | **(7 250)** | **132 864** | **874** | **9 649** | **143 386** |

2.7 POLICY AREA: IMPLEMENTATION OF COMMITMENT APPROPRIATIONS

*EUR millions*

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Commitments made** | | | | | | |  | **Appropriations carried over to 2017** | | |  | **Appropriations lapsing** | | |
| **Policy area** | | **Total** | **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** |
| **appropriations available** |
| **1** | **2** | **3** | **4** | **5=2+3+4** | **6=5/1** | **7** | **8** | **9=7+8** | **10** | **11** | **12** | **13=10+**  **11+12** |
| 01 | Economic and financial affairs | 2 648 | 2 525 | 0 | 9 | 2 534 | 96 % | 113 | 0 | 113 | 1 | 0 | 0 | 1 |
| 02 | Internal market, industry, entrepreneurship | 2 518 | 2 288 | 0 | 121 | 2 409 | 96 % | 109 | 0 | 109 | 0 | 0 | 0 | 0 |
|  | and SMEs |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 03 | Competition | 107 | 102 | 0 | 3 | 105 | 98 % | 2 | 0 | 2 | 0 | 0 | 0 | 0 |
| 04 | Employment, social affairs and inclusion | 13 456 | 12 938 | 0 | 428 | 13 367 | 99 % | 76 | 0 | 76 | 13 | 0 | 0 | 13 |
| 05 | Agriculture and rural development | 65 858 | 60 927 | 395 | 2 143 | 63 466 | 96 % | 1 927 | 433 | 2 360 | 18 | 14 | 0 | 32 |
| 06 | Mobility and transport | 4 346 | 4 218 | 0 | 62 | 4 281 | 99 % | 63 | 0 | 63 | 2 | 0 | 0 | 2 |
| 07 | Environment | 467 | 448 | 0 | 10 | 458 | 98 % | 8 | 0 | 8 | 0 | 0 | 0 | 0 |
| 08 | Research and innovation | 6 745 | 5 848 | 0 | 538 | 6 386 | 95 % | 359 | 0 | 359 | 0 | 0 | 0 | 0 |
| 09 | Communications networks, content and | 2 029 | 1 856 | 0 | 81 | 1 936 | 95 % | 92 | 0 | 92 | 0 | 0 | 0 | 0 |
|  | technology |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 10 | Direct research | 935 | 397 | 0 | 114 | 510 | 55 % | 424 | 0 | 424 | 0 | 0 | 0 | 0 |
| 11 | Maritime affairs and fisheries | 1 081 | 1 069 | 0 | 2 | 1 071 | 99 % | 5 | 0 | 5 | 5 | 0 | 0 | 5 |
| 12 | Financial stability, financial services and capital | 89 | 85 | 0 | 2 | 87 | 97 % | 2 | 0 | 2 | 0 | 0 | 0 | 0 |
|  | markets union |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 13 | Regional and urban policy | 36 235 | 35 968 | 145 | 26 | 36 139 | 100 % | 34 | 31 | 65 | 29 | 1 | 0 | 30 |
| 14 | Taxation and customs union | 176 | 166 | 0 | 4 | 171 | 97 % | 4 | 0 | 4 | 0 | 0 | 0 | 0 |
| 15 | Education and culture | 3 356 | 2 890 | 0 | 359 | 3 249 | 97 % | 107 | 0 | 107 | 0 | 0 | 0 | 0 |
| 16 | Communication | 216 | 204 | 0 | 7 | 211 | 97 % | 5 | 0 | 5 | 0 | 0 | 0 | 0 |
| 17 | Health and food safety | 598 | 557 | 0 | 17 | 573 | 96 % | 25 | 0 | 25 | 0 | 0 | 0 | 0 |
| 18 | Migration and home affairs | 3 563 | 3 473 | 0 | 32 | 3 505 | 98 % | 56 | 0 | 57 | 1 | 0 | 0 | 1 |

*EUR millions*

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Commitments made** | | | | | |  | **Appropriations carried over to 2017** | | |  | **Appropriations lapsing** | | |
| **Policy area** | **Total** | **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** |
| **appropriations available** |
| **1** | **2** | **3** | **4** | **5=2+3+4** | **6=5/1** | **7** | **8** | **9=7+8** | **10** | **11** | **12** | **13=10+**  **11+12** |
| 19 Foreign policy instruments | 733 | 654 | 17 | 18 | 689 | 94 % | 35 | 9 | 44 | 0 | 0 | 0 | 0 |
| 20 Trade | 111 | 108 | 0 | 2 | 109 | 99 % | 1 | 0 | 1 | 0 | 0 | 0 | 0 |
| 21 International cooperation and development | 3 383 | 3 161 | 0 | 187 | 3 349 | 99 % | 32 | 1 | 33 | 1 | 0 | 0 | 1 |
| 22 Neighborhood and enlargement negotiations | 4 978 | 3 979 | 0 | 925 | 4 904 | 99 % | 65 | 0 | 65 | 2 | 7 | 0 | 9 |
| 23 Humanitarian aid and civil protection | 2 933 | 1 459 | 219 | 552 | 2 231 | 76 % | 701 | 0 | 701 | 1 | 0 | 0 | 1 |
| 24 Fight against fraud | 79 | 79 | 0 | 0 | 79 | 100 % | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 25 Commission's policy coordination and legal | 222 | 209 | 0 | 7 | 216 | 97 % | 5 | 0 | 5 | 1 | 0 | 0 | 1 |
| advice |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 26 Commission's administration | 1 174 | 995 | 0 | 108 | 1 104 | 94 % | 69 | 0 | 69 | 0 | 0 | 0 | 0 |
| 27 Budget | 67 | 59 | 0 | 5 | 64 | 95 % | 3 | 0 | 3 | 0 | 0 | 0 | 0 |
| 28 Audit | 20 | 18 | 0 | 1 | 19 | 97 % | 1 | 0 | 1 | 0 | 0 | 0 | 0 |
| 29 Statistics | 155 | 139 | 0 | 6 | 145 | 94 % | 10 | 0 | 10 | 0 | 0 | 0 | 0 |
| 30 Pensions and related expenditure | 1 685 | 1 684 | 0 | 0 | 1 684 | 100 % | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 31 Language services | 458 | 396 | 0 | 42 | 437 | 95 % | 20 | 0 | 20 | 0 | 0 | 0 | 0 |
| 32 Energy | 1 506 | 1 405 | 0 | 41 | 1 446 | 96 % | 55 | 0 | 55 | 5 | 0 | 0 | 5 |
| 33 Justice and consumers | 268 | 256 | 0 | 3 | 259 | 97 % | 7 | 0 | 7 | 2 | 0 | 0 | 2 |
| 34 Climate action | 139 | 137 | 0 | 1 | 138 | 100 % | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 40 Reserves | 236 | 0 | 0 | 0 | 0 | 0 % | 0 | 99 | 99 | 138 | 0 | 0 | 138 |
| **Total** | **162 569** | **150 699** | **778** | **5 854** | **157 332** | **97 %** | **4 416** | **575** | **4 991** | **224** | **22** | **0** | **246** |

2.8 POLICY AREA: IMPLEMENTATION OF PAYMENT APPROPRIATIONS

*EUR millions*

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Payments made** | | | | | | |  | **Appropriations carried over to 2017** | | | | **Appropriations lapsing** | | |  |
| **Policy area** | | **Total** | **from final adopted budget** | **from carry- overs** | **from assigned revenue** | **Total** | **%** | **automatic carry- overs** | **carry- overs by decision** | **assigned revenue** | **Total** | **from final adopted budget** | **from carry- overs** | **from assigned revenue** | **Total** |
| **approp. available** |
| **1** | **2** | **3** | **4** | **5=2+3+4** | **6=5/1** | **7** | **8** | **9** | **10=7+8+**  **9** | **11** | **12** | **13** | **14=11+**  **12+13** |
| 01 | Economic and financial affairs | 1 660 | 1 512 | 5 | 11 | 1 529 | 92 % | 5 | 0 | 114 | 119 | 12 | 1 | 0 | 13 |
| 02 | Internal market, industry, entrepreneurship and | 2 243 | 1 843 | 11 | 59 | 1 913 | 85 % | 15 | 0 | 313 | 328 | 1 | 1 | 0 | 2 |
|  | SMEs |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 03 | Competition | 116 | 94 | 8 | 3 | 105 | 90 % | 8 | 0 | 3 | 10 | 0 | 1 | 0 | 1 |
| 04 | Employment, social affairs and inclusion | 11 802 | 8 819 | 10 | 44 | 8 873 | 75 % | 12 | 0 | 532 | 544 | 2 381 | 4 | 0 | 2 385 |
| 05 | Agriculture and rural development | 59 039 | 54 127 | 414 | 2 488 | 57 029 | 97 % | 203 | 433 | 1 330 | 1 965 | 28 | 16 | 0 | 44 |
| 06 | Mobility and transport | 2 321 | 2 183 | 4 | 64 | 2 251 | 97 % | 4 | 0 | 59 | 63 | 6 | 0 | 1 | 7 |
| 07 | Environment | 412 | 379 | 3 | 9 | 392 | 95 % | 3 | 0 | 7 | 11 | 9 | 0 | 0 | 9 |
| 08 | Research and innovation | 6 811 | 5 359 | 25 | 396 | 5 780 | 85 % | 29 | 0 | 994 | 1 023 | 6 | 2 | 0 | 8 |
| 09 | Communications networks, content and | 2 627 | 2 326 | 10 | 113 | 2 449 | 93 % | 15 | 0 | 162 | 177 | 1 | 1 | 0 | 2 |
|  | technology |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 10 | Direct research | 905 | 339 | 36 | 95 | 469 | 52 % | 46 | 0 | 385 | 431 | 0 | 5 | 0 | 5 |
| 11 | Maritime affairs and fisheries | 622 | 585 | 2 | 2 | 589 | 95 % | 2 | 0 | 5 | 6 | 26 | 0 | 0 | 27 |
| 12 | Financial stability, financial services and capital | 91 | 80 | 3 | 2 | 85 | 93 % | 3 | 0 | 2 | 5 | 0 | 0 | 0 | 1 |
|  | markets union |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 13 | Regional and urban policy | 31 108 | 29 072 | 10 | 40 | 29 123 | 94 % | 10 | 31 | 36 | 78 | 1 906 | 1 | 0 | 1 908 |
| 14 | Taxation and customs union | 171 | 155 | 5 | 2 | 161 | 94 % | 5 | 0 | 5 | 9 | 0 | 0 | 0 | 0 |
| 15 | Education and culture | 3 699 | 3 043 | 12 | 299 | 3 354 | 91 % | 12 | 0 | 332 | 344 | 0 | 1 | 0 | 1 |
| 16 | Communication | 219 | 185 | 11 | 6 | 202 | 92 % | 10 | 0 | 6 | 16 | 0 | 1 | 0 | 1 |
| 17 | Health and food safety | 586 | 526 | 8 | 16 | 550 | 94 % | 8 | 0 | 25 | 34 | 0 | 1 | 0 | 2 |
| 18 | Migration and home affairs | 2 487 | 2 364 | 5 | 24 | 2 393 | 96 % | 7 | 0 | 73 | 80 | 12 | 1 | 0 | 13 |

*EUR millions*

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Payments made** | | | | | |  | **Appropriations carried over to 2017** | | | | **Appropriations lapsing** | | |  |
| **Policy area** | **Total appropriations available** | **from final adopted budget** | **from carry- overs** | **from assigned revenue** | **Total** | **%** | **automatic carry- overs** | **carry- overs by decision** | **assigned revenue** | **Total** | **from final adopted budget** | **from carry- overs** | **from assigned revenue** | **Total** |
| **1** | **2** | **3** | **4** | **5=2+3+4** | **6=5/1** | **7** | **8** | **9** | **10=7+8+**  **9** | **11** | **12** | **13** | **14=11+**  **12+13** |
| 19 Foreign policy instruments | 683 | 595 | 3 | 19 | 617 | 90 % | 3 | 0 | 33 | 36 | 29 | 1 | 0 | 29 |
| 20 Trade | 112 | 103 | 2 | 2 | 107 | 96 % | 3 | 0 | 2 | 5 | 0 | 0 | 0 | 0 |
| 21 International cooperation and development | 3 587 | 3 344 | 16 | 133 | 3 493 | 97 % | 21 | 0 | 70 | 91 | 1 | 2 | 0 | 3 |
| 22 Neighborhood and enlargement negotiations | 3 683 | 3 007 | 10 | 317 | 3 334 | 91 % | 11 | 0 | 52 | 62 | 284 | 2 | 0 | 286 |
| 23 Humanitarian aid and civil protection | 2 277 | 1 637 | 6 | 360 | 2 002 | 88 % | 7 | 86 | 173 | 265 | 9 | 1 | 0 | 10 |
| 24 Fight against fraud | 92 | 72 | 6 | 0 | 78 | 84 % | 7 | 5 | 0 | 12 | 1 | 2 | 0 | 2 |
| 25 Commission's policy coordination and legal | 237 | 194 | 13 | 6 | 213 | 90 % | 15 | 0 | 6 | 21 | 0 | 2 | 0 | 3 |
| advice |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 26 Commission's administration | 1 323 | 879 | 135 | 83 | 1 097 | 83 % | 121 | 0 | 97 | 218 | 1 | 8 | 0 | 8 |
| 27 Budget | 75 | 53 | 7 | 4 | 63 | 85 % | 6 | 0 | 5 | 11 | 0 | 0 | 0 | 0 |
| 28 Audit | 20 | 18 | 1 | 1 | 19 | 94 % | 1 | 0 | 1 | 1 | 0 | 0 | 0 | 0 |
| 29 Statistics | 154 | 123 | 4 | 6 | 134 | 87 % | 5 | 0 | 15 | 20 | 0 | 1 | 0 | 1 |
| 30 Pensions and related expenditure | 1 685 | 1 684 | 0 | 0 | 1 684 | 100 % | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 31 Language services | 475 | 381 | 16 | 37 | 435 | 92 % | 15 | 0 | 25 | 39 | 0 | 1 | 0 | 1 |
| 32 Energy | 1 716 | 1 549 | 5 | 67 | 1 621 | 94 % | 5 | 0 | 71 | 76 | 15 | 1 | 3 | 19 |
| 33 Justice and consumers | 245 | 222 | 3 | 4 | 229 | 94 % | 4 | 0 | 5 | 9 | 6 | 1 | 0 | 7 |
| 34 Climate action | 82 | 64 | 3 | 1 | 68 | 83 % | 4 | 0 | 1 | 4 | 9 | 1 | 0 | 9 |
| 40 Reserves | 21 | 0 | 0 | 0 | 0 | 0 % | 0 | 0 | 0 | 0 | 21 | 0 | 0 | 21 |
| **Total** | **143 386** | **126 917** | **813** | **4 711** | **132 442** | **92 %** | **624** | **557** | **4 934** | **6 115** | **4 766** | **60** | **3** | **4 830** |

2.9 POLICY AREA: MOVEMENTS IN COMMITMENTS OUTSTANDING (RAL)

*EUR millions*

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Commitments outstanding at the end of previous year** | | | | | |  | **Commitments of the year**  **e year** | | | **Total** |
| **Policy area** | | **Commitments carried forward from previous year** | **Decommitments**  **/Revaluations/ Cancellations** | **Payments** | **Commitments Commitments outstanding at made during year-end the year** | | **Cancellation of Payments commitments**  **which cannot**  **be carried over** | | **Commitments outstanding at year-end** | **Commitments outstanding at the end of the year** |
| 01  02  03  04  05  06  07  08  09  10  11  12  13  14  15  16  17  18 | Economic and financial affairs  Internal market, industry, entrepreneurship and SMEs  Competition  Employment, social affairs and inclusion Agriculture and rural development Mobility and transport  Environment  Research and innovation  Communications networks, content and technology  Direct research  Maritime affairs and fisheries  Financial stability, financial services and capital markets union  Regional and urban policy Taxation and customs union Education and culture Communication  Health and food safety Migration and home affairs | 1 884  2 179  9  33 275  25 424  5 883  1 118  12 813  3 365  174  2 201  12  92 788  125  2 801  56  503  2 596 | (28)  (26)  (1)  (438)  (1 340)  (114)  (2)  (107)  (20)  (19)  (53)  (2)  (286)  (6)  (52)  (3)  (46)  (168) | (1 127)  (1 145)  (8)  (8 516)  (12 274)  (1 528)  ( 275)  (3 844)  (1 488)  (100)  (409)  (7)  (28 491)  (73)  (1 256)  (49)  (264)  (1 096) | 728  1 008  0  24 321  11 810  4 241  841  8 863  1 856  55  1 740  3  64 010  45  1 494  4  193  1 332 | 2 534  2 409  105  13 367  63 466  4 281  458  6 386  1 936  510  1 071  87  36 139  171  3 249  211  573  3 505 | (401)  (768)  (97)  (357)  (44 756)  (723)  (117)  (1 937)  (961)  (369)  (180)  (78)  (631)  (88)  (2 099)  (153)  (86)  (1 297) | 0  (1)  0  (0)  (0)  0  0  (0)  (0)  (0)  (0)  (0)  (0)  0  (0)  (0)  0  0 | 2 133  1 640  8  13 010  18 710  3 558  341  4 449  975  141  891  9  35 508  83  1 150  58  287  2 207 | 2 861  2 648  8  37 331  30 520  7 799  1 182  13 312  2 832  196  2 630  13  99 518  128  2 644  62  480  3 539 |

*EUR millions*

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Commitments outstanding at the end of previous year** | | | | |  | **Commitments of the year** | | | **Total commitments**  **outstanding at the end of the year** |
| **Policy area** | **Commitments carried forward from previous year** | **De-commitments**  **/Revaluations/ Cancellations** | **Payments** | **Commitments Commitments outstanding at made during year-end the year** | | **Payments** | **Cancellation of commitments which cannot be carried over** | **Commitments outstanding at year-end** |
| 19 Foreign policy instruments | 905 | (46) | (339) | 520 | 689 | (278) | (0) | 410 | 930 |
| 20 Trade | 20 | (1) | (13) | 6 | 109 | (94) | 0 | 16 | 22 |
| 21 International cooperation and | 9 572 | (278) | (2 937) | 6 358 | 3 349 | (557) | (0) | 2 792 | 9 150 |
| development |  |  |  |  |  |  |  |  |  |
| 22 Neighborhood and enlargement | 11 606 | (306) | (2 547) | 8 753 | 4 904 | (787) | (0) | 4 117 | 12 870 |
| negotiations |  |  |  |  |  |  |  |  |  |
| 23 Humanitarian aid and civil protection | 827 | (5) | (542) | 279 | 2 231 | (1 460) | 0 | 770 | 1 050 |
| 24 Fight against fraud | 30 | (2) | (19) | 9 | 79 | (59) | 0 | 20 | 29 |
| 25 Commission's policy coordination and | 15 | (2) | (13) | 0 | 216 | (200) | 0 | 16 | 16 |
| legal advice |  |  |  |  |  |  |  |  |  |
| 26 Commission's administration | 185 | (9) | (169) | 8 | 1 104 | (928) | 0 | 176 | 184 |
| 27 Budget | 7 | (0) | (7) | 0 | 64 | (56) | 0 | 8 | 8 |
| 28 Audit | 1 | (0) | (1) | 0 | 19 | (18) | 0 | 1 | 1 |
| 29 Statistics | 115 | (7) | (50) | 57 | 145 | (83) | (0) | 62 | 119 |
| 30 Pensions and related expenditure | 0 | 0 | 0 | 0 | 1 684 | (1 684) | 0 | 0 | 0 |
| 31 Language services | 17 | (1) | (16) | 0 | 437 | (418) | 0 | 19 | 19 |
| 32 Energy | 6 225 | (309) | (1 325) | 4 590 | 1 446 | (296) | 0 | 1 150 | 5 740 |
| 33 Justice and consumers | 224 | (4) | (91) | 129 | 259 | (138) | 0 | 121 | 250 |
| 34 Climate action | 168 | (1) | (43) | 124 | 138 | (25) | 0 | 113 | 237 |
| **Total** | **217 123** | **(3 682)** | **(70 062)** | **143 379** | **157 332** | **(62 380)** | **(3)** | **94 949** | **238 328** |

2.10 POLICY AREA: COMMITMENTS OUTSTANDING BY YEAR OF ORIGIN

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| *EUR millions* | | | | | | | | | | |
|  | **Policy area** | **< 2010** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** | **Total** |
| 01 | Economic and financial affairs | 11 | 0 | 0 | 117 | 244 | 10 | 346 | 2 133 | 2 861 |
| 02 | Internal market, industry, entrepreneurship and SMEs | 13 | 11 | 29 | 93 | 86 | 144 | 633 | 1 640 | 2 648 |
| 03 | Competition | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8 | 8 |
| 04 | Employment, social affairs and inclusion | 382 | 6 | 265 | 420 | 4 112 | 4 118 | 15 018 | 13 010 | 37 331 |
| 05 | Agriculture and rural development | 34 | 0 | 0 | 2 | 868 | 985 | 9 921 | 18 710 | 30 520 |
| 06 | Mobility and transport | 100 | 64 | 249 | 508 | 571 | 1 321 | 1 430 | 3 558 | 7 799 |
| 07 | Environment | 80 | 58 | 68 | 98 | 137 | 181 | 217 | 341 | 1 182 |
| 08 | Research and innovation | 77 | 112 | 318 | 705 | 1 686 | 2 835 | 3 129 | 4 449 | 13 312 |
| 09 | Communications networks, content and technology | 29 | 16 | 37 | 141 | 298 | 615 | 721 | 975 | 2 832 |
| 10 | Direct research | 9 | 2 | 1 | 1 | 11 | 11 | 19 | 141 | 196 |
| 11 | Maritime affairs and fisheries | 85 | 0 | 13 | 27 | 286 | 26 | 1 302 | 891 | 2 630 |
| 12 | Financial stability, financial services and capital markets union | 0 | 0 | 0 | 0 | 0 | 1 | 3 | 9 | 13 |
| 13 | Regional and urban policy | 1 022 | 1 | 8 | 825 | 14 947 | 5 750 | 41 459 | 35 508 | 99 518 |
| 14 | Taxation and customs union | 0 | 0 | 0 | 0 | 1 | 11 | 32 | 83 | 128 |
| 15 | Education and culture | 83 | 26 | 66 | 128 | 220 | 436 | 535 | 1 150 | 2 644 |
| 16 | Communication | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 58 | 62 |
| 17 | Health and food safety | 14 | 3 | 5 | 10 | 15 | 52 | 93 | 287 | 480 |
| 18 | Migration and home affairs | 45 | 46 | 67 | 158 | 322 | 111 | 583 | 2 207 | 3 539 |

*EUR millions*

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Policy area** | | **< 2010** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** | **Total** |
| 19 | Foreign policy instruments | 12 | 5 | 11 | 38 | 55 | 168 | 231 | 410 | 930 |
| 20 | Trade | 0 | 0 | 0 | 0 | 1 | 1 | 4 | 16 | 22 |
| 21 | International cooperation and development | 227 | 219 | 331 | 699 | 1 237 | 1 525 | 2 120 | 2 792 | 9 150 |
| 22 | Neighborhood and enlargement negotiations | 414 | 290 | 473 | 993 | 1 507 | 2 037 | 3 039 | 4 117 | 12 870 |
| 23 | Humanitarian aid and civil protection | 22 | 25 | 24 | 23 | 22 | 28 | 135 | 770 | 1 050 |
| 24 | Fight against fraud | 0 | 0 | 0 | 0 | 1 | 3 | 6 | 20 | 29 |
| 25 | Commission's policy coordination and legal advice | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 16 | 16 |
| 26 | Commission's administration | 0 | 0 | 0 | 0 | 2 | 1 | 4 | 176 | 184 |
| 27 | Budget | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8 | 8 |
| 28 | Audit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| 29 | Statistics | 0 | 0 | 0 | 0 | 3 | 17 | 37 | 62 | 119 |
| 30 | Pensions and related expenditure | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 31 | Language services | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 19 | 19 |
| 32 | Energy | 225 | 491 | 142 | 496 | 1 273 | 1 053 | 910 | 1 150 | 5 740 |
| 33 | Justice and consumers | 0 | 0 | 4 | 6 | 13 | 36 | 70 | 121 | 250 |
| 34 | Climate action | 0 | 0 | 0 | 0 | 1 | 54 | 69 | 113 | 237 |
| **Total** | | **2 884** | **1 376** | **2 111** | **5 488** | **27 920** | **21 530** | **82 069** | **94 949** | **238 328** |

3. RECONCILIATION OF ECONOMIC RESULT WITH BUDGET RESULT

|  |  |  |
| --- | --- | --- |
|  |  | EUR millions |
|  | 2016 | 2015 |
| ECONOMIC RESULT OF THE YEAR | 1 775 | (12 862) |
|  |  |  |
| Revenue |  |  |
| Entitlements established in current year but not yet collected | (1 963) | (313) |
| Entitlements established in previous years and collected in current year | 3 356 | 7 936 |
| Accrued revenue (net) | 611 | (359) |
| Expenses |  |  |
| Accrued expenses (net) | 10 626 | 9 953 |
| Amount from liaison account | 3 286 | 3 189 |
| Expenses prior year paid in current year | (7 656) | (1 208) |
| Net-effect pre-financing | (366) | (4 764) |
| Payment appropriations carried over to next year | (2 500) | (1 658) |
| Payments made from carry-overs & cancellation of unused payment appropriations | 841 | 1 365 |
| Movement in provisions | 3 890 | 4 914 |
| Other | (2 084) | (1 725) |
|  |  |  |
| BUDGET RESULT OF THE YEAR (COMMISSION) | 9 817 | 4 470 |
|  |  |  |
| BUDGET RESULT OTHER INSTITUTIONS | (3 413) | (3 123) |
|  |  |  |
| BUDGET RESULT OF THE YEAR (EU) | 6 405 | 1 347 |