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

**ANNUAL ACCOUNTS OF THE EUROPEAN COMMISSION FOR THE FINANCIAL
YEAR 2018**

Annual accounts
of the European
Commission

Financial year 2018

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CERTIFICATION OF THE ACCOUNTS

The annual accounts of the European Commission for the year 2018 have been prepared in accordance with the Financial Regulation applicable to the general budget of the European Union and the accounting rules adopted by myself in my capacity as the Commission's Accounting Officer, as are to be applied by all the institutions and Union bodies.

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

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

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

[signed]

Rosa ALDEA BUSQUETS

Accounting Officer of the Commission

21 June 2019

FINANCIAL STATEMENTS AND EXPLANATORY NOTES

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

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BALANCE SHEET

EUR million

	Note	31.12.2018	31.12.2017
NON-CURRENT ASSETS			
<i>Intangible assets</i>	2.1	168	149
<i>Property, plant and equipment</i>	2.2	8 098	7 544
<i>Investments accounted for using the equity method</i>	2.3	591	581
<i>Financial assets</i>	2.4	63 917	58 533
<i>Pre-financing</i>	2.5	25 807	24 745
<i>Exchange receivables and non-exchange recoverables</i>	2.6	415	619
		98 997	92 172
CURRENT ASSETS			
<i>Financial assets</i>	2.4	3 875	8 339
<i>Pre-financing</i>	2.5	24 502	24 552
<i>Exchange receivables and non-exchange recoverables</i>	2.6	23 903	11 421
<i>Inventories</i>	2.7	67	62
<i>Cash and cash equivalents</i>	2.8	16 946	23 113
		69 293	67 488
TOTAL ASSETS		168 290	159 659
NON-CURRENT LIABILITIES			
<i>Pension and other employee benefits</i>	2.9	(79 865)	(72 495)
<i>Provisions</i>	2.10	(3 013)	(2 617)
<i>Financial liabilities</i>	2.11	(52 764)	(49 414)
		(135 642)	(124 526)
CURRENT LIABILITIES			
<i>Provisions</i>	2.10	(820)	(645)
<i>Financial liabilities</i>	2.11	(2 489)	(6 813)
<i>Payables</i>	2.12	(32 539)	(39 376)
<i>Accrued charges and deferred income</i>	2.13	(62 500)	(63 314)
		(98 348)	(110 148)
TOTAL LIABILITIES		(233 990)	(234 674)
NET ASSETS		(65 700)	(75 014)
<i>Reserves</i>	2.14	3 186	3 062
<i>Amounts to be called from Member States*</i>	2.15	(68 885)	(78 077)
NET ASSETS		(65 700)	(75 014)

* The European Parliament adopted a budget on 12 December 2018 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 2019. Additionally, under article 83 of the Staff Regulations (Council Regulation 259/68 of 29 February 1968 as amended), the Member States shall jointly guarantee the liability for pensions.

STATEMENT OF FINANCIAL PERFORMANCE

EUR million

	Note	2018	2017
REVENUE			
Revenue from non-exchange transactions			
GNI resources		105 780	78 620
Traditional own resources	3.1	22 767	20 520
VAT		17 624	16 947
Fines		6 740	4 664
Recovery of expenses	3.2	2 213	1 879
Other	3.3	(674)	6 515
		154 450	129 145
Revenue from exchange transactions			
Financial revenue	3.4	3 103	1 820
Other	3.5	716	692
		3 819	2 511
Total Revenue		158 270	131 657
EXPENSES			
Implemented by Member States	3.6		
European Agricultural Guarantee Fund		(43 527)	(44 289)
European Agricultural Fund for Rural Development and other rural development instruments		(13 149)	(11 359)
European Regional Development Fund & Cohesion Fund		(30 230)	(17 650)
European Social Fund		(11 935)	(7 353)
Other		(2 826)	(1 253)
Implemented by the Commission, executive agencies and trust funds	3.7	(17 576)	(15 763)
Implemented by other EU agencies and bodies	3.8	(3 622)	(3 429)
Implemented by third countries and int. organisations	3.8	(4 016)	(4 115)
Implemented by other entities	3.8	(3 569)	(1 478)
Staff and pension costs	3.9	(7 789)	(6 995)
Changes in employee benefits actuarial assumptions		–	(3 581)
Finance costs	3.10	(1 640)	(1 849)
Other	3.11	(4 019)	(4 642)
Total Expenses		(143 897)	(123 756)
ECONOMIC RESULT OF THE YEAR		14 372	7 901

CASHFLOW STATEMENT

EUR million

	2018	2017
<i>Economic result of the year</i>	14 372	7 901
Operating activities		
<i>Amortisation</i>	29	27
<i>Depreciation</i>	705	630
<i>(Increase)/decrease in loans</i>	1 037	395
<i>(Increase)/decrease in pre-financing</i>	(1 012)	(3 557)
<i>(Increase)/decrease in exchange receivables and non-exchange recoverables</i>	(12 278)	(705)
<i>(Increase)/decrease in inventories</i>	(5)	13
<i>Increase/(decrease) in pension and other employee benefits</i>	7 369	5 945
<i>Increase/(decrease) in provisions</i>	571	850
<i>Increase/(decrease) in financial liabilities</i>	(974)	(313)
<i>Increase/(decrease) in payables</i>	(6 837)	(864)
<i>Increase/(decrease) in accrued charges and deferred income</i>	(814)	(3 713)
<i>Prior year budgetary surplus taken as non-cash revenue</i>	(556)	(6 405)
<i>Remeasurement of employee benefits liability (non-cash movement not included in statement of financial performance)</i>	(4 432)	–
<i>Other non-cash movements</i>	(70)	4
Investing activities		
<i>(Increase)/decrease in intangible assets and property, plant and equipment</i>	(1 307)	(1 382)
<i>(Increase)/decrease in investments accounted for using the equity method</i>	(9)	(53)
<i>(Increase)/decrease in available for sale financial assets</i>	(1 964)	(3 217)
<i>(Increase)/decrease in financial assets at fair value through surplus or deficit</i>	7	(22)
NET CASHFLOW	(6 167)	(4 467)
<i>Net increase/(decrease) in cash and cash equivalents</i>	(6 167)	(4 467)
<i>Cash and cash equivalents at the beginning of the year</i>	23 113	27 579
<i>Cash and cash equivalents at year-end</i>	16 946	23 113

STATEMENT OF CHANGES IN NET ASSETS

EUR million

	Amounts to be called from Member States Accumulated Surplus/(Deficit)	Other reserves	Fair value reserve	Net Assets
BALANCE AS AT 31.12.2016	(79 546)	2 720	311	(76 515)
<i>Movement in Guarantee Fund reserve</i>	(20)	20	–	–
<i>Fair value movements</i>	–	–	10	10
<i>Other</i>	(7)	47	(46)	(6)
<i>2016 budget result credited to Member States</i>	(6 405)	–	–	(6 405)
<i>Economic result of the year</i>	7 901	–	–	7 901
BALANCE AS AT 31.12.2017	(78 077)	2 788	275	(75 014)
<i>Movement in Guarantee Fund reserve</i>	(186)	186	–	–
<i>Fair value movements</i>	–	–	(46)	(46)
<i>Remeasurements in employee benefits liability</i>	(4 432)	–	–	(4 432)
<i>Other</i>	(7)	(17)	–	(24)
<i>2017 budget result credited to Member States</i>	(556)	–	–	(556)
<i>Economic result of the year</i>	14 372	–	–	14 372
BALANCE AS AT 31.12.2018	(68 885)	2 957	229	(65 700)

NOTES TO THE FINANCIAL STATEMENTS

For further information in addition to the notes below, please also see the 2018 EU consolidated annual accounts.

1. SIGNIFICANT ACCOUNTING POLICIES

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

1.1. LEGAL BASIS AND ACCOUNTING RULES

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

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

Application of new and amended European Union accounting rules (EAR)

Revised EAR which is effective for annual periods beginning on or after 1 January 2018

The following accounting rules, adopted by the Accounting Officer of the Commission, became mandatorily effective in the current year:

- Revision of EAR 12 "Employee Benefits": The revised EAR 12 was adopted by the Accounting Officer in 2017 which is based on the new IPSAS 39 "Employee Benefits" published in July 2016. For the first application of the revised EAR 12 there were no significant impacts on the EU consolidated financial statements, aside from the recognition of any gain or loss resulting from changes in the actuarial assumptions, which under the revised EAR is recognised directly in net assets, in contrast with the previous requirement to recognise in surplus or deficit.

New EAR adopted but not yet effective at 31 December 2018

The EU has not applied the following new EAR, which have been adopted by the Accounting Officer of the Commission, but which is not yet effective:

- New EAR 20 "Public Sector Combinations" (effective for annual periods beginning on or after 1 January 2019): The EAR 20, which is based on the IPSAS 40 "Public Sector Combinations", establishes the classification of a public sector combination into two different types depending on whether the transaction takes place under common control or not: (i) amalgamation, in which the transaction is based on the carrying amounts of the entity combined with the EU; and (ii) acquisition, in which the transaction is based on the acquisition date fair values of the entity acquired by the EU. Both have distinct requirements and levels of disclosure, in order to provide a better understanding of its effects to users of the financial statements of the EU.

The impact on the EU financial statements in the year of initial application will depend on whether in that period the EU would enter into a public sector combination transaction.

1.2. ACCOUNTING PRINCIPLES

The objective of financial statements is to provide information about the financial position, performance and cashflows of an entity that is useful to a wide range of users. For the EU as a public sector entity, the objectives are more specifically to provide information useful for decision making, and to demonstrate the accountability of the entity for the resources entrusted to it. It is with these goals in mind that the present document has been drawn up.

The overall considerations (or accounting principles) to be followed when preparing the financial statements are laid down in EU accounting rule 1 "Financial Statements" and are the same as those described in IPSAS 1: fair presentation, accrual basis, going concern, consistency of presentation, materiality, aggregation, offsetting and comparative information. The qualitative characteristics of financial reporting are relevance, faithful representation (reliability), understandability, timeliness, comparability and verifiability.

1.3. CONSOLIDATION

Scope of consolidation

The consolidated financial statements of the EU comprise all significant controlled entities (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**. In 2018, 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 ability to affect the nature and amount of those benefits through its power over the other entity. This power must be presently exercisable and must relate to the relevant activities of the entity. Controlled entities are fully consolidated. The consolidation begins at the first date on which control exists, and ends when such control no longer exists.

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

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.

1.4. BASIS OF PREPARATION

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

1.4.1. Currency and basis for conversion

Functional and reporting currency

The financial statements are presented in millions of euros, unless stated otherwise, the euro being the EU's functional 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	31.12.2018	31.12.2017	Currency	31.12.2018	31.12.2017
BGN	1.9558	1.9558	PLN	4.3014	4.177
CZK	25.7240	25.5350	RON	4.6635	4.6585
DKK	7.4673	7.4449	SEK	10.2548	9.8438
GBP	0.8945	0.8872	CHF	1.1269	1.1702
HRK	7.4125	7.4400	JPY	125.8500	135.01
HUF	320.9800	310.3300	USD	1.145	1.1993

1.4.2. Use of estimates

In accordance with IPSAS and generally accepted accounting principles, the financial statements necessarily include amounts based on estimates and assumptions by management based on the most reliable information available. Significant estimates include, but are not limited to: amounts for employee benefit liabilities, provisions, financial risk on inventories and accounts receivable, accrued revenue 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.

1.5. BALANCE SHEET

1.5.1. 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 the expenses 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.

1.5.2. Property, plant and equipment

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

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

Land 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
<i>Buildings</i>	<i>4 % to 10 %</i>
<i>Space assets</i>	<i>8 % to 25 %</i>
<i>Plant and equipment</i>	<i>10 % to 25 %</i>
<i>Furniture and vehicles</i>	<i>0 % to 25 %</i>
<i>Computer hardware</i>	<i>25 % to 33 %</i>
<i>Other</i>	<i>10 % to 33 %</i>

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 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.

1.5.3. 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.

1.5.4. Investments accounted for using the equity method

Participations in associates and joint ventures

Investments accounted for using the equity method are initially recognised at cost, being the carrying amount subsequently increased or decreased to recognise the EU's share of the surplus or deficit of the investee after the date of acquisition. The EU's share of the investee's surplus or deficit is recognised in the statement of financial performance, and its share of investee's movements in equity is recognised in the reserves within net assets. 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 note **1.5.3**. If the reason for impairment ceases to apply at a later date, the impairment loss is reversed to the carrying amount that would have been determined had no impairment loss been recognised.

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

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

1.5.5. Financial assets

Classification

The EU classifies their financial assets in the 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.

(i) 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 entity. 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.

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

(iv) Available for sale financial assets

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

Initial recognition and measurement

Purchases and sales of financial assets 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 deposited in a financial institution or advanced to borrowers. Financial instruments are initially recognised at fair value. For all financial assets not carried at fair value through surplus or deficit transactions costs are added to the fair value at initial recognition. Financial assets carried at fair value through surplus or deficit are initially recognised at fair value and transaction costs are expensed in the statement of financial performance.

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

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

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

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

Subsequent measurement

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

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

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

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

Impairment of financial assets

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

(a) *Assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cashflows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of financial performance. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. The calculation of the present value of the estimated future cashflows of a collateralised financial asset reflects the cashflows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an

event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the statement of financial performance.

(b) *Assets carried at fair value*

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

1.5.6. Inventories

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

1.5.7. Pre-financing amounts

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

1.5.8. 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 note **1.5.5**). The financial instruments notes disclosures concerning receivables from exchange transactions include accrued revenue and deferred charges from exchange transactions as they are not material. A general write-down based on past experience is made for outstanding recovery orders not already subject to a specific write-down.

Recoverables from non-exchange transactions are carried at 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** concerning the treatment of accrued revenue at year-end. Amounts displayed and disclosed as recoverables from non-exchanges transactions are not financial instruments as they do not arise from a contract that would give rise to a financial liability or equity instrument. However, in the notes to the financial statements recoverables from non-exchange transactions are disclosed together with receivables from exchange transactions where appropriate.

1.5.9. Cash and cash equivalents

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

1.5.10. Employee benefits

The accounting policy for employee benefits has been updated in line with the requirements of the revised accounting rule EAR 12 Employee Benefits, effective for periods beginning on or after 1 January 2018 which is based on the new IPSAS 39 (Employee Benefits) published in July 2016. The main change, arising from the revision of accounting rule 12, is the presentation of actuarial gains and losses as a movement in net assets instead of in the statement of financial performance.

Accounting for defined benefit plans is complex because actuarial assumptions and judgement are required to measure the obligation. In applying the revised accounting rule, the EU has reassessed the judgements used, in particular, as regards to the estimate of the ultimate cost of the benefit attributed to the employees. As a result of this exercise, the appropriateness of the use of the estimated active service period of the employee as the basis for attributing benefits to periods of service was confirmed. The benefits which the EU's employees are entitled to are given under a single plan – although split in two schemes – and they must be treated similarly so as to give a fair presentation of the situation and reflect the economic reality.

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

Short-term employee benefits

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

Post-employment benefits

The EU grants a set of post-employment benefits to employees, which include retirement, invalidity and survival pensions, as well as medical coverage (see note **2.9**).

The EU provides its staff with a post-employment benefit plan that includes:

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

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

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

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

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

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

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

When benefits provided are changed or curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in the statement of financial

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

performance. Gains and losses on settlement are recognised when the settlement occurs. Past service cost is recognised immediately in the statement of financial performance, unless the changes are conditional on the employees remaining in service for a specified period of time.

1.5.11. Provisions

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

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

1.5.12. Financial liabilities

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

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

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

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

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

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

1.5.13. Payables

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

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

1.5.14. Accrued and deferred revenue and charges

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

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

1.6. STATEMENT OF FINANCIAL PERFORMANCE

1.6.1. Revenue

REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

GNI based resources and VAT resources

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

Traditional own resources

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

Fines

Revenue from fines is recognised when the EU's decision imposing a fine has been taken and it is officially notified to the addressee. 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:

- a) either to accept the decision, in which case they must pay the fine within the time limit laid down and the amount is definitively collected by the EU;
- b) 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 revenue and expense

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

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

Revenue from dividends

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

1.6.2. Expenses

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

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

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

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

1.7. CONTINGENT ASSETS AND LIABILITIES

1.7.1. Contingent assets

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

1.7.2. Contingent liabilities

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

1.8. CASHFLOW STATEMENT

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

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

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

The cashflow statement reports cashflows during the period classified by operating and investing activities (the EU does not have financing activities).

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

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

2. NOTES TO THE BALANCE SHEET

ASSETS

2.1. INTANGIBLE ASSETS

EUR million

<i>Gross carrying amount at 31.12.2017</i>	292
<i>Additions</i>	49
<i>Disposals</i>	(9)
<i>Transfer between asset categories</i>	
<i>Other changes</i>	
Gross carrying amount at 31.12.2018	333
<i>Accumulated amortisation at 31.12.2017</i>	(143)
<i>Amortisation charge for the year</i>	(29)
<i>Amortisation written back</i>	–
<i>Disposals</i>	8
<i>Transfer between asset categories</i>	–
<i>Other changes</i>	(1)
Accumulated amortisation at 31.12.2018	(165)
NET CARRYING AMOUNT AT 31.12.2018	168
<i>NET CARRYING AMOUNT AT 31.12.2017</i>	149

2.2. PROPERTY, PLANT AND EQUIPMENT

	EUR million								
	Land and buildings	Space assets	Plant and equipment	Furniture and vehicles	Computer hardware	Other	Finance leases	Assets under construction	TOTAL
Gross carrying amount at 31.12.2017	1 448	4 264	260	71	248	156	1 552	2 544	10 544
Additions	12	14	9	1	15	7	8	1 198	1 263
Disposals	(8)	(0)	(16)	(2)	(35)	(3)	(9)	–	(73)
Transfer between asset categories	(2)	982	0	–	5	0	(5)	(983)	(3)
Other changes	1	0	12	0	2	0	1	0	16
Gross carrying amount at 31.12.2018	1 450	5 259	266	69	235	161	1 548	2 759	11 747
Accumulated depreciation at 31.12.2017	(840)	(780)	(240)	(57)	(207)	(121)	(756)	–	(3 000)
Depreciation charge for the year	(43)	(561)	(10)	(3)	(21)	(11)	(54)	–	(705)
Depreciation written back	–	–	–	–	–	–	–	–	–
Disposals	8	0	9	2	33	3	7	–	63
Transfer between asset categories	–	–	–	–	(5)	(0)	5	–	–
Other changes	(0)	(0)	(5)	(0)	(1)	(0)	(1)	–	(7)
Accumulated depreciation at 31.12.2018	(875)	(1 341)	(246)	(58)	(200)	(130)	(798)	–	(3 649)
NET CARRYING AMOUNT AT 31.12.2018	575	3 918	20	11	35	30	750	2 759	8 098
NET CARRYING AMOUNT AT 31.12.2017	608	3 484	21	14	41	35	797	2 544	7 544

2.3. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The participation of the EU represented by the Commission in the European Investment Fund (EIF) is treated as an associate using the equity method of accounting. At 31 December 2018, the EU holds 29.7 % of the ownership interest in EIF (2017: 29.7 %).

	EUR million
European Investment Fund	
Participation at 31.12.2017	581
Contributions	–
Dividends received	(3)
Share of net result	37
Share in the net assets	(24)
Participation at 31.12.2018	591

EIF summarised financial information:

	EUR million	
	31.12.2018	31.12.2017
	Total EIF	Total EIF
Assets	2 662	2 488
Liabilities	(674)	(532)
Revenue	291	263
Expenses	(167)	(153)
Surplus/(deficit)	124	110

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

	EUR million	
	31.12.2018	31.12.2017
Net assets of the associate	1 988	1 956
EC ownership interests in EIF	29.7%	29.7%
Carrying amount	591	581

The Commission has paid-in 20 % of its subscribed shares in the EIF capital at 31 December 2018, the amount uncalled being as follows:

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

2.4. FINANCIAL ASSETS

EUR million

	Note	31.12.2018	31.12.2017
Non-current financial assets			
Available for sale financial assets	2.4.1	12 345	10 410
Financial assets at fair value through surplus or deficit	2.4.2	14	16
Loans	2.4.3	51 559	48 107
		63 917	58 533
Current financial assets			
Available for sale financial assets	2.4.1	1 592	1 563
Financial assets at fair value through surplus or deficit	2.4.2	2	6
Loans	2.4.3	2 281	6 770
		3 875	8 339
Total		67 793	66 872

2.4.1. Available for sale financial assets

EUR million

	31.12.2018	31.12.2017
BUFI investments	1 888	2 158
European Bank for Reconstruction and Development	188	188
	2 076	2 346
<i>Guarantee Funds for budgetary guarantees:</i>		
EFSI Guarantee Fund	5 000	3 414
Guarantee Fund for external actions	2 465	2 199
EFSD Guarantee Fund	9	–
	7 474	5 613
<i>Financial instruments supported by the EU budget:</i>		
Horizon 2020	2 031	1 730
Risk Sharing Finance Facility	679	665
Connecting Europe Facility	540	482
EU SME Equity Facilities	464	508
Risk Capital Operations	113	113
European Fund for South East Europe	115	119
Other	444	398
	4 386	4 014
Total	13 937	11 973
Non-current	12 345	10 410
Current	1 592	1 563

2.4.2. Financial assets at fair value through surplus or deficit

EUR million

Type of derivative	31.12.2018		31.12.2017	
	Notional amount	Fair value	Notional amount	Fair value
Foreign currency forward contract	476	2	634	6
Guarantee on equity portfolio	674	14	258	16
Total	1 150	16	892	23
Non-current	674	14	258	16
Current	476	2	634	6

Fair value hierarchy of financial assets measured at fair value

EUR million

	31.12.2018	31.12.2017
Level 1: Quoted prices in active markets	12 487	10 325
Level 2: Observable inputs other than quoted prices	275	510
Level 3: Valuation techniques with inputs not based on observable market data	1 191	1 161
Total	13 953	11 996

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

EUR million

Opening balance at 1.1.2018	1 161
Purchases, sales, issues and settlements	104
Gains or losses for the period in financial income or finance costs	(36)
Gains or losses in net assets	(37)
Transfers into level 3	–
Transfers out of level 3	–
Other	–
Closing balance at 31.12.2018	1 191

2.4.3. Loans

EUR million

	Note	31.12.2018	31.12.2017
Loans for financial assistance	2.4.3.1	53 775	54 744
Other loans	2.4.3.2	64	133
Total		53 840	54 877
Non-current		51 559	48 107
Current		2 281	6 770

2.4.3.1. Loans for financial assistance

EUR million

	EFSM	BOP	MFA	Euratom	Total
Total at 31.12.2017	47 456	3 114	3 924	250	54 744
New loans	4 500	–	515	50	5 065
Repayments	(4 500)	(1 350)	(56)	(46)	(5 952)
Exchange differences	–	–	–	(0)	(0)
Changes in carrying amount	(56)	(30)	5	0	(82)
Impairment	–	–	–	–	–
Total at 31.12.2018	47 400	1 734	4 388	254	53 775
Non-current	46 800	200	4 309	213	51 521
Current	600	1 534	79	41	2 254

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

Nominal value of loans for financial assistance at 31 December 2018 total EUR 53 114 million (2017: EUR 54 000 million).

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

	31.12.2018	31.12.2017
Macro Financial Assistance (MFA)	0 % - 3.82 %	0 % - 4.54 %
Euratom	0.08 % - 5.76 %	0.08 % - 5.76 %
Balance of Payment (BOP)	2.88 % - 3.38 %	2.88 % - 3.38 %
European Financial Stability Mechanism (EFSM)	0.50 % - 3.75 %	0.62 % - 3.75 %

2.4.3.2. Other loans

EUR million

	31.12.2018	31.12.2017
<i>Loans with special conditions</i>	64	78
<i>Term deposits</i>	0	55
Total	64	133
<i>Non-current</i>	37	59
<i>Current</i>	27	75

Nominal value of other loans at 31 December 2018 total EUR 615 million (2017: EUR 557 million).

Impairment on other loans

EUR million

	31.12.2017	Additions	Reversals	Write-off	Other	31.12.2018
<i>Loans with special conditions</i>	8	1	–	(0)	–	8
<i>Subrogated loans</i>	432	147	–	–	–	579
Total	440	148	–	(0)	–	587

2.5. PRE-FINANCING

EUR million

	Note	31.12.2018	31.12.2017
Non-current pre-financing			
<i>Pre-financing</i>	2.5.1	21 615	21 663
<i>Other advances to Member States</i>	2.5.2	4 122	3 018
<i>Contribution to Trust Funds</i>		71	64
		25 807	24 745
Current pre-financing			
<i>Pre-financing</i>	2.5.1	22 106	22 908
<i>Other advances to Member States</i>	2.5.2	2 396	1 645
		24 502	24 552
Total		50 309	49 297

2.5.1. Pre-financing

EUR million

	Gross amount	Cleared via accruals	Net amount at 31.12.2018	Gross amount	Cleared via accruals	Net amount at 31.12.2017
Shared Management						
<i>EAFRD & other rural development instruments</i>	3 743		3 743	3 735		3 735
<i>ERDF & CF</i>	18 088	(3 461)	14 627	20 561	(5 678)	14 883
<i>ESF</i>	6 548	(1 147)	5 401	6 792	(1 182)	5 610
<i>Other</i>	4 684	(2 498)	2 186	5 037	(2 267)	2 770
Direct Management						
<i>Implemented by:</i>						
<i>Commission</i>	12 827	(8 523)	4 304	12 454	(8 587)	3 867
<i>EU executive agencies</i>	15 012	(9 540)	5 472	13 845	(8 751)	5 094
<i>Trust funds</i>	585	(432)	152	440	(212)	228
Indirect Management						
<i>Implemented by:</i>						
<i>Other EU agencies & bodies</i>	3 830	(2 975)	856	3 767	(2 951)	816
<i>Third countries</i>	1 546	(879)	667	1 586	(956)	630
<i>International organisations</i>	7 684	(5 053)	2 631	9 001	(5 879)	3 121
<i>Other entities</i>	9 107	(5 426)	3 681	7 752	(3 936)	3 816
Total	83 655	(39 933)	43 721	84 969	(40 399)	44 570
<i>Non-current</i>	21 615	–	21 615	21 663	–	21 663
<i>Current</i>	62 040	(39 933)	22 106	63 307	(40 399)	22 908

2.5.2. Other advances to Member States

EUR million

	31.12.2018	31.12.2017
<i>Advances to Member States for financial instruments under shared management</i>	3 675	2 768
<i>Aid Schemes</i>	2 843	1 895
Total	6 518	4 663
<i>Non-current</i>	4 122	3 018
<i>Current</i>	2 396	1 645

2.6. EXCHANGE RECEIVABLES AND NON-EXCHANGE RECOVERABLES

EUR million

	Note	31.12.2018	31.12.2017
Non-current			
Recoverables from non-exchange transactions	2.6.1	409	616
Receivables from exchange transactions	2.6.2	6	3
		415	619
Current			
Recoverables from non-exchange transactions	2.6.1	22 075	10 924
Receivables from exchange transactions	2.6.2	1 828	497
		23 903	11 421
Total		24 318	12 040

2.6.1. Recoverables from non-exchange transactions

EUR million

	Note	31.12.2018	31.12.2017
Non-current			
Member States	2.6.1.1	397	594
Other recoverables		12	22
		409	616
Current			
Member States	2.6.1.1	10 836	6 123
Competition fines	2.6.1.2	9 727	4 225
Accrued income and deferred charges	2.6.1.3	1 291	384
Other recoverables		222	192
		22 075	10 924
Total		22 485	11 540

2.6.1.1. Recoverables from Member States

EUR million

	31.12.2018	31.12.2017
<i>Recoverables related to own resources:</i>		
<i>TOR A accounts</i>	5 609	3 113
<i>TOR separate accounts</i>	1 612	1 617
<i>Own resources to be received</i>	2 758	46
<i>Impairment</i>	(991)	(997)
<i>Other</i>	86	56
Own resource recoverables	9 075	3 836
<i>Recoverables in the area of agriculture and rural development:</i>		
<i>European Agricultural Guarantee Fund (EAGF)</i>	1 708	2 280
<i>European Agricultural Fund for Rural Development (EAFRD)</i>	859	955
<i>Temporary Rural Development Instrument (TRDI)</i>	13	16
<i>Special Accession Programme for Agriculture and Rural Development (SAPARD)</i>	82	136
<i>Impairment</i>	(788)	(804)
EAGF and rural development recoverables	1 875	2 583
Pre-financing recovery expected	145	182
VAT paid and recoverable	12	22
Other recoverables from Member States	127	94
Total	11 232	6 717
<i>Non-current</i>	397	594
<i>Current</i>	10 836	6 123

2.6.1.2. Recoverables from competition fines

EUR million

	31.12.2018	31.12.2017
<i>Recoverable from fines gross amount</i>	13 022	7 679
<i>Provisional payments</i>	(3 131)	(3 282)
<i>Impairment</i>	(164)	(172)
Total	9 727	4 225
<i>Non-current</i>	–	–
<i>Current</i>	9 727	4 225

2.6.1.3. Accrued income and deferred charges

EUR million

	31.12.2018	31.12.2017
<i>Other accrued income</i>	1 238	323
<i>Deferred charges relating to non-exchange transactions</i>	53	61
Total	1 291	384
<i>Non-current</i>	–	–
<i>Current</i>	1 291	384

2.6.2. Receivables from exchange transactions

EUR million

	31.12.2018	31.12.2017
Non-current		
<i>Other receivables</i>	6	3
	6	3
Current		
<i>Customers</i>	181	184
<i>Impairment on receivables from customers</i>	(141)	(136)
<i>Deferred charges relating to exchange transactions</i>	157	172
<i>Other</i>	1 631	277
	1 828	497
Total	1 834	501

2.7. INVENTORIES

EUR million

	31.12.2018	31.12.2017
<i>Scientific materials</i>	52	45
<i>Other</i>	16	18
Total	67	62

2.8. CASH AND CASH EQUIVALENTS

EUR million

	31.12.2018	31.12.2017
<i>Accounts with Treasuries and Central Banks</i>	12 932	20 078
<i>Current accounts</i>	79	152
<i>Imprest accounts</i>	5	5
<i>Transfers (cash in transit)</i>	0	0
Bank accounts for budget implementation	13 017	20 236
Cash belonging to financial instruments	2 377	1 608
Cash relating to fines	1 438	1 234
Cash relating to trust funds	114	34
Total	16 946	23 113

LIABILITIES

2.9. PENSION AND OTHER EMPLOYEE BENEFITS

Net employee benefit scheme liability

EUR million

	Pension Scheme of European Officials	Other retirement benefit schemes	Joint Sickness Insurance Scheme	31.12.2018 Total	31.12.2017 Total
<i>Defined Benefit Obligation</i>	70 017	1 154	8 990	80 160	72 796
<i>Plan assets</i>	N/A	N/A	(296)	(296)	(301)
Net liability	70 017	1 154	8 694	79 865	72 495

Actuarial assumptions - employee benefits

	Pension Scheme of European Officials	Joint Sickness Insurance Scheme
2018		
<i>Nominal discount rate</i>	1.9 %	2.0 %
<i>Expected inflation rate</i>	1.4 %	1.5 %
<i>Real discount rate</i>	0.5 %	0.5 %
<i>Expected rate of salary increases</i>	1.9 %	1.8 %
<i>Medical cost trend rates</i>	N/A	3.0 %
<i>Retirement age</i>	63/64/66	63/64/66
2017		
<i>Nominal discount rate</i>	1.9 %	2.0 %
<i>Expected inflation rate</i>	1.5 %	1.6 %
<i>Real discount rate</i>	0.4 %	0.4 %
<i>Expected rate of salary increases</i>	1.8 %	1.7 %
<i>Medical cost trend rates</i>	N/A	3.0 %
<i>Retirement age</i>	63/64/66	63/64/66

Movement in present value of employee benefits defined benefit obligation

EUR million

	Pension Scheme of European Officials	Other retirement benefit Schemes	Joint Sickness Insurance Scheme	Total
Present value as at 31.12.2017	63 951	1 089	7 756	72 796
Recognised in statement of financial performance				
<i>Current service cost</i>	2 716	84	270	3 070
<i>Interest expense</i>	1 215	20	155	1 391
Recognised in net assets				
<i>Remeasurements in employee benefits liabilities</i>				
<i>Actuarial (gains)/losses from experience</i>	3 380	6	4	3 390
<i>Actuarial (gains)/losses from demographic assumptions</i>	–	–	–	–
<i>Actuarial (gains)/losses from financial assumptions</i>	251	(20)	901	1 132
Other				
<i>Benefits paid</i>	(1 496)	(27)	(96)	(1 619)
Present value as at 31.12.2018	70 017	1 154	8 990	80 160

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

EUR million

Present value as at 31.12.2017	301
<i>Net movement in plan assets</i>	<i>(5)</i>
Present value as at 31.12.2018	296

Joint Sickness Insurance Scheme sensitivity

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

EUR million

	2018		2017	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
<i>The aggregate of the current service cost and interest cost components of net periodic post-employment medical costs</i>	12	(12)	11	(11)
<i>Defined benefit obligation</i>	253	(246)	220	(213)

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

EUR million

	2018		2017	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
<i>Defined benefit obligation</i>	(219)	226	(188)	194

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

EUR million

	2018		2017	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
<i>Defined benefit obligation</i>	(26)	25	(25)	24

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

EUR million

	2018		2017	
	One year increase	One year decrease	One year increase	One year decrease
<i>Defined benefit obligation</i>	(91)	54	(82)	44

Pension Scheme of European Officials sensitivity

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

EUR million

	2018		2017	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
<i>Defined benefit obligation</i>	(1 434)	1 478	(1 281)	1 319

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

EUR million

	2018		2017	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
<i>Defined benefit obligation</i>	1 427	(1 388)	1 313	(1 192)

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

EUR million

	2018		2017	
	One year increase	One year decrease	One year increase	One year decrease
<i>Defined benefit obligation</i>	(573)	645	(496)	639

2.10. PROVISIONS

EUR million

	Amount at 31.12.2017	Additional provisions	Unused amounts reversed	Amounts used	Transfer between categories	Change in estimation	Amount at 31.12.2018
<i>Legal cases:</i>							
Agriculture	49	270	(2)	(47)	–	–	270
Cohesion	20	–	(20)	–	–	–	–
Other	29	1	(17)	(1)	–	0	11
Nuclear site dismantling	1 934	–	–	(34)	–	32	1 933
Financial	1 115	590	(7)	(149)	–	2	1 551
Fines	27	–	(27)	–	–	–	–
Other	87	24	(30)	(13)	–	–	68
Total	3 262	885	(105)	(243)	–	34	3 833
Non-current	2 617	693	(30)	(52)	(250)	36	3 013
Current	645	192	(74)	(191)	250	(1)	820

2.11. FINANCIAL LIABILITIES

EUR million

	Note	31.12.2018	31.12.2017
Non-current financial liabilities			
Financial liabilities at amortised cost	2.11.1	52 757	49 412
Financial liabilities at fair value through surplus or deficit	2.11.2	7	2
		52 764	49 414
Current financial liabilities			
Financial liabilities at amortised cost	2.11.1	2 475	6 813
Financial liabilities at fair value through surplus or deficit	2.11.2	15	–
		2 489	6 813
Total		55 253	56 227

2.11.1. Financial liabilities at amortised cost

EUR million

	Note	31.12.2018	31.12.2017
Borrowings for financial assistance	2.11.1.1	53 775	54 744
Other financial liabilities	2.11.1.2	1 456	1 482
Total		55 231	56 225
<i>Non-current</i>		<i>52 757</i>	<i>49 412</i>
<i>Current</i>		<i>2 475</i>	<i>6 813</i>

2.11.1.1. Borrowings for financial assistance

	EUR million				
	EFSM	BOP	MFA	Euratom	Total
<i>Total at 31.12.2017</i>	47 456	3 114	3 924	250	54 744
<i>New borrowings</i>	4 500	–	515	50	5 065
<i>Repayments</i>	(4 500)	(1 350)	(56)	(46)	(5 952)
<i>Exchange differences</i>	–	–	–	(0)	(0)
<i>Changes in carrying amounts</i>	(56)	(30)	5	0	(82)
Total at 31.12.2018	47 400	1 734	4 388	254	53 775
<i>Non-current</i>	46 800	200	4 309	213	51 521
<i>Current</i>	600	1 534	79	41	2 254

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

	31.12.2018	31.12.2017
<i>Macro Financial Assistance (MFA)</i>	0 % - 3.82 %	0 % - 4.54 %
<i>Euratom</i>	0 % - 5.68 %	0 % - 5.68 %
<i>Balance of Payment (BOP)</i>	2.88 % - 3.38 %	2.88 % - 3.38 %
<i>European Financial Stability Mechanism (EFSM)</i>	0.50 % - 3.75 %	0.62 % - 3.75 %

2.11.1.2. Other financial liabilities

	EUR million	
	31.12.2018	31.12.2017
Non-current		
<i>Finance lease liabilities</i>	860	918
<i>Buildings paid for in instalments</i>	235	258
<i>Other</i>	141	188
	1 235	1 363
Current		
<i>Finance lease liabilities</i>	64	58
<i>Buildings paid for in instalments</i>	23	22
<i>Fines to be reimbursed</i>	125	13
<i>Other</i>	9	25
	221	118
Total	1 456	1 482

Finance lease liabilities

	EUR million			
	Future amounts to be paid			Total Liability
	< 1 year	1 - 5 years	> 5 years	
<i>Land and buildings</i>	58	276	576	910
<i>Other fixed assets</i>	6	8	–	14
Total at 31.12.2018	64	283	576	924
<i>Interest element</i>	51	166	134	351
Total future minimum lease payments at 31.12.2018	115	450	710	1 275
<i>Total future minimum lease payments at 31.12.2017</i>	113	447	821	1 381

2.11.2. Financial liabilities at fair value through surplus and deficit

EUR million

Type of derivative	31.12.2018		31.12.2017	
	Notional amount	Fair value	Notional amount	Fair value
<i>Guarantee on equity portfolio</i>	536	20	–	–
<i>FX option (put spread)</i>	11	2	9	2
Total	546	22	9	2
<i>Non-current</i>	82	7	9	2
<i>Current</i>	464	15	–	–

Fair value hierarchy of financial liabilities measured at fair value

EUR million

	31.12.2018	31.12.2017
<i>Level 1: Quoted prices in active markets</i>	–	–
<i>Level 2: Observable inputs other than quoted prices</i>	2	2
<i>Level 3: Valuation techniques with inputs not based on observable market data</i>	20	–
Total	22	2

2.12. PAYABLES

EUR million

	Gross Amount	Adjustments*	Net Amount at 31.12.2018	Gross Amount	Adjustments*	Net Amount at 31.12.2017
<i>Cost claims and invoices received from:</i>						
<i>Member States</i>						
<i>EAFRD & other rural development instruments</i>	247		247	481		481
<i>ERDF & CF</i>	10 761	(1 724)	9 037	12 602	(883)	11 719
<i>ESF</i>	5 195	(496)	4 699	4 183	(264)	3 919
<i>Other</i>	632	(75)	557	748	(280)	467
<i>Private and public entities</i>	1 461	(179)	1 282	1 563	(144)	1 419
Total costs claims & invoices received	18 296	(2 475)	15 822	19 577	(1 571)	18 006
EAGF	14 772	N/A	14 772	11 534	N/A	11 534
Own Resources Payables	769	N/A	769	8 836	N/A	8 836
Sundry Payables	1 176	N/A	1 176	1 000	N/A	1 000
Total	35 013	(2 475)	32 539	40 947	(1 571)	39 376

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

2.13. ACCRUED CHARGES AND DEFERRED INCOME

EUR million

	31.12.2018	31.12.2017
<i>Accrued charges</i>	62 263	63 070
<i>Deferred income</i>	213	219
<i>Other</i>	24	24
Total	62 500	63 314

The split of accrued charges is as follows:

EUR million

	31.12.2018	31.12.2017
<i>EAGF</i>	29 387	33 303
<i>EAFRD and other rural development instruments</i>	18 687	17 464
<i>ERDF and CF</i>	5 863	4 249
<i>ESF</i>	2 321	2 870
<i>Other</i>	6 005	5 185
Total	62 263	63 070

NET ASSETS

2.14. RESERVES

EUR million

	Note	31.12.2018	31.12.2017
Fair value reserve	2.14.1	229	275
Guarantee Fund reserve		2 849	2 663
Other reserves		108	125
Total		3 186	3 062

2.14.1. Fair value reserve

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

EUR million

	2018	2017
Included in fair value reserve	(68)	(8)
Included in statement of financial performance	22	18
Total	(46)	10

2.15. AMOUNTS TO BE CALLED FROM MEMBER STATES

EUR million

Amounts to be called from Member States at 31.12.2017	78 077
Return of 2017 budget surplus to Member States	556
Movement in Guarantee Fund reserve	186
Remeasurements in employee benefits liability	4 432
Other reserve movements	7
Economic result of the year	(14 372)
Total amounts to be called from Member States at 31.12.2018	68 885

3. NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE

REVENUE

REVENUE FROM NON-EXCHANGE TRANSACTIONS: OWN RESOURCES

3.1. TRADITIONAL OWN RESOURCES

	EUR million	
	2018	2017
Customs duties	22 763	20 475
Sugar levies	4	45
Total	22 767	20 520

REVENUE FROM NON-EXCHANGE TRANSACTIONS: TRANSFERS

3.2. RECOVERY OF EXPENSES

	EUR million	
	2018	2017
Shared management	2 116	1 775
Direct management	65	81
Indirect management	31	23
Total	2 213	1 879

3.3. OTHER REVENUE FROM NON-EXCHANGE TRANSACTIONS

	EUR million	
	2018	2017
Contribution of third countries and accession countries	1 347	1 256
Staff taxes and contributions	954	923
Contribution from Member States for external aid	594	988
Transfer of assets	85	208
Adjustment of provisions	97	28
Agricultural levies	4	4
Budgetary adjustments	(726)	5 806
Funding of institutions	(3 493)	(3 371)
Other	465	672
Total	(674)	6 515

REVENUE FROM EXCHANGE TRANSACTIONS

3.4. FINANCIAL REVENUE

EUR million

	2018	2017
<i>Interest on:</i>		
Late payments	1 458	217
Loans	1 259	1 371
Other	63	36
Premium on financial guarantee liability (EFSI)	121	61
Dividend	103	23
Financial revenue from financial assets or liabilities at fair value through surplus or deficit	29	57
Realised gains on sale of available for sale financial assets	23	26
Other	48	28
Total	3 103	1 820

3.5. OTHER REVENUE FROM EXCHANGE TRANSACTIONS

EUR million

	2018	2017
Foreign exchange gains	318	266
Fee and premium revenue related to financial instruments	54	51
Sales of goods	18	26
Share of net result of EIF	37	21
Fixed assets related revenue	7	6
Other	281	321
Total	716	692

EXPENSES

3.6. SHARED MANAGEMENT

EUR million

	2018	2017
European Agricultural Guarantee Fund	43 527	44 289
European Agricultural Fund for Rural Development and other rural development instruments	13 149	11 359
European Regional Development Fund and Cohesion Fund	30 230	17 650
European Social Fund	11 935	7 353
Other	2 826	1 253
Total	101 666	81 905

3.7. DIRECT MANAGEMENT

EUR million

	2018	2017
Implemented by the Commission	8 146	8 855
Implemented by EU Executive Agencies	8 962	6 700
Implemented by Trust funds	468	208
Total	17 576	15 763

3.8. INDIRECT MANAGEMENT

EUR million

	2018	2017
<i>Implemented by other EU agencies and bodies</i>	3 622	3 429
<i>Implemented by third countries</i>	679	1 101
<i>Implemented by international organisations</i>	3 337	3 014
<i>Implemented by other entities</i>	3 569	1 478
Total	11 208	9 022

3.9. STAFF AND PENSION COSTS

EUR million

	2018	2017
<i>Staff costs</i>	3 328	3 186
<i>Pension costs</i>	4 461	3 809
Total	7 789	6 995

3.10. FINANCE COSTS

EUR million

	2018	2017
<i>Interest expenses:</i>		
<i>Borrowings</i>	1 252	1 363
<i>Other</i>	25	21
<i>Finance leases</i>	56	56
<i>Impairment losses on available for sale financial assets</i>	25	39
<i>Impairment loss on loans and receivables</i>	126	324
<i>Realised loss on sale of available for sale financial assets</i>	20	2
<i>Loss on financial assets or liabilities at fair value through surplus or deficit</i>	95	12
<i>Other</i>	41	33
Total	1 640	1 849

3.11. OTHER EXPENSES

EUR million

	2018	2017
<i>Fixed assets related expenses</i>	953	870
<i>Administrative and IT expenses</i>	831	790
<i>Adjustment of provisions</i>	919	1 371
<i>Funding and contributions to other EU bodies</i>	470	458
<i>Foreign exchange losses</i>	328	429
<i>Operating lease expenses</i>	195	160
<i>Reduction of fines by the Court of Justice</i>	1	67
<i>Other</i>	322	495
Total	4 019	4 642

Expenses relating to research and development are as follows:

EUR million

	2018	2017
<i>Research costs</i>	373	366
<i>Non-capitalised development costs</i>	58	58
Total	430	424

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

	EUR million						
	Smart and inclusive growth	Sustainable growth	Security and citizenship	Global Europe	Administration	Not assigned to MFF headings*	Total
<i>GNI resources</i>	–	–	–	–	–	105 780	105 780
<i>Traditional own resources</i>	–	–	–	–	–	22 767	22 767
<i>VAT</i>	–	–	–	–	–	17 624	17 624
<i>Fines</i>	–	–	–	–	–	6 740	6 740
<i>Recovery of expenses</i>	1 395	777	6	35	0	0	2 213
<i>Other</i>	1 223	48	109	228	985	(3 267)	(674)
Revenue from non-exchange transactions	2 619	825	115	262	985	149 644	154 450
<i>Financial revenue</i>	282	0	0	16	0	2 805	3 103
<i>Other</i>	170	(14)	(8)	6	242	318	716
Revenue from exchange transactions	453	(13)	(8)	23	242	3 123	3 819
Total revenue	3 072	812	107	285	1 227	152 767	158 270
<i>Expenses implemented by Member States:</i>							
<i>EAGF</i>	–	(43 527)	–	–	–	–	(43 527)
<i>EAFRD & other rural develop. instruments</i>	–	(13 149)	–	–	–	–	(13 149)
<i>ERDF & CF</i>	(30 230)	–	–	–	–	–	(30 230)
<i>ESF</i>	(11 935)	–	–	–	–	–	(11 935)
<i>Other</i>	(437)	(596)	(1 762)	(31)	–	–	(2 826)
<i>Implemented by the Commission, executive agencies and trust funds</i>	(11 565)	(571)	(930)	(4 496)	(13)	0	(17 576)
<i>Implemented by other EU agencies and bodies</i>	(2 767)	2	(810)	(48)	–	–	(3 622)
<i>Implemented by third countries and international organisations</i>	(505)	(74)	(202)	(3 236)	(0)	–	(4 016)
<i>Implemented by other entities</i>	(2 696)	(0)	2	(875)	(0)	–	(3 569)
<i>Staff and pension costs</i>	(1 675)	(369)	(447)	(699)	(4 599)	–	(7 789)
<i>Finance costs</i>	(149)	(22)	(0)	(16)	(68)	(1 385)	(1 640)
<i>Other expenses</i>	(1 945)	(313)	(137)	(109)	(1 182)	(332)	(4 019)
Total expenses	(63 903)	(58 620)	(4 287)	(9 510)	(5 861)	(1 717)	(143 897)
Economic result of the year	(60 831)	(57 808)	(4 180)	(9 225)	(4 634)	151 049	14 372

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

4. CONTINGENT LIABILITIES AND ASSETS

4.1. CONTINGENT LIABILITIES

4.1.1. Budgetary guarantees

EUR million

	31.12.2018			31.12.2017		
	Ceiling	Signed	Disbursed	Ceiling	Signed	Disbursed
<i>EIB external lending mandate guarantees</i>	40 417	30 889	20 510	37 479	28 950	19 972
<i>EFSD guarantee</i>	25 898	19 842	15 764	16 000	13 473	10 128
Total	66 315	50 731	36 273	53 479	42 423	30 100

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

EUR million

	31.12.2018			31.12.2017		
	Drawn	Undrawn	Total	Drawn	Undrawn	Total
<i>EFSD</i>	47 400	–	47 400	47 456	–	47 456
<i>BOP</i>	1 734	–	1 734	3 114	–	3 114
<i>MFA</i>	4 388	980	5 368	3 924	460	4 384
<i>Euratom</i>	254	200	454	250	250	500
Total	53 775	1 180	54 955	54 744	710	55 454

4.1.3. Guarantees given for EU financial instruments

EUR million

	31.12.2018	31.12.2017
<i>Horizon 2020</i>	1 467	1 297
<i>Risk Sharing Finance Facility</i>	642	654
<i>Connecting Europe Facility</i>	579	490
<i>Other</i>	29	32
Total	2 717	2 473

4.1.4. Legal cases

EUR million

	31.12.2018	31.12.2017
<i>Fines</i>	3 187	3 242
<i>Agriculture</i>	653	1 737
<i>Cohesion</i>	26	3
<i>Other</i>	1 823	438
Total	5 688	5 420

4.2. CONTINGENT ASSETS

EUR million

	31.12.2018	31.12.2017
<i>Guarantees received:</i>		
<i>Performance guarantees</i>	79	89
<i>Other guarantees</i>	7	5
<i>Other contingent assets</i>	25	32
Total	111	125

5. BUDGETARY AND LEGAL COMMITMENTS

EUR million

	Note	31.12.2018	31.12.2017
<i>Outstanding budgetary commitments not yet expensed</i>	5.1	234 621	220 479
<i>Shared management legal commitments under the current MFF pending implementation</i>	5.2	143 883	211 688
<i>Significant legal commitments in other areas</i>	5.3	14 592	16 267
Total		393 097	448 434

5.1. OUTSTANDING BUDGETARY COMMITMENTS NOT YET EXPENSED

EUR million

	31.12.2018	31.12.2017
<i>Outstanding budgetary commitments not yet expensed</i>	234 621	220 479

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

EUR million

Funds	Financial framework 2014-2020 (A)	Legal commitments concluded (B)	Budget commitments (C)	Legal commitments less budget commitments (B-C)
<i>European Regional Development Fund and Cohesion Fund</i>	262 408	262 408	179 831	82 578
<i>European Social Fund</i>	92 935	92 819	65 230	27 588
<i>European Neighbourhood Policy Instrument</i>				–
<i>Fund for European Aid to the most Deprived</i>	3 814	3 814	2 670	1 144
HEADING 1B: COHESION POLICY FUNDS	359 157	359 041	247 731	111 310
<i>European Agricultural Fund for Rural Development</i>	100 079	100 079	70 748	29 331
<i>European Maritime and Fisheries Fund</i>	5 749	5 749	4 048	1 702
HEADING 2: NATURAL RESOURCES	105 828	105 828	74 795	31 033
<i>Asylum and Migration Fund</i>	5 028	4 393	3 577	816
<i>Internal Security Fund</i>	3 016	2 883	2 159	724
HEADING 3: SECURITY & CITIZENSHIP	8 044	7 276	5 736	1 540
Total	473 030	472 145	328 262	143 883

5.3. SIGNIFICANT LEGAL COMMITMENTS IN OTHER AREAS

EUR million

	Note	31.12.2018	31.12.2017
Connecting Europe Facility		11 554	12 676
Copernicus		1 267	1 841
Galileo		493	253
Fisheries agreements		46	133
Operating lease commitments	5.3.1	796	868
Other contractual commitments		435	497
Total		14 592	16 267

5.3.1. Operating lease commitments

EUR million

	Future amounts to be paid			
	< 1 year	1- 5 years	> 5 years	Total
Buildings	139	351	298	787
IT materials and other equipment	3	6	–	9
Total	142	357	298	796

6. FINANCIAL INSTRUMENTS DISCLOSURES

6.1. CURRENCY RISKS

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

EUR million

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

EUR million

	USD	GBP	DKK	31.12.2017 SEK	EUR	Other	Total
Financial assets							
Available for sale financial assets	680	57	17	56	11 147	16	11 973
Financial assets at fair value through surplus or deficit	(632)	-	-	-	655	-	23
Loans*	6	-	-	-	120	7	133
Receivables and recoverables	-	550	62	86	11 338	6	12 040
Cash and cash equivalents	42	3 178	27	693	17 509	1 664	23 113
	97	3 785	105	834	40 768	1 693	47 282
Financial liabilities							
Financial liabilities at fair value through surplus or deficit	-	-	-	-	-	(2)	(2)
Payables	(0)	(0)	-	(1)	(39 374)	(1)	(39 376)
	(0)	(0)	-	(1)	(39 374)	(3)	(39 378)
Total	96	3 785	105	833	1 395	1 690	7 904

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

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

EUR million

	USD	Economic result GBP	DKK	SEK
2018	(5)	(512)	(35)	(47)
2017	(3)	(339)	(8)	(71)

EUR million

	USD	Net assets GBP	DKK	SEK
2018	(13)	(5)	(2)	(1)
2017	(5)	(5)	(2)	(5)

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

EUR million				
	USD	Economic result GBP	DKK	SEK
2018	6	625	43	57
2017	4	414	10	86

EUR million				
	USD	Net assets GBP	DKK	SEK
2018	16	6	2	1
2017	7	6	2	6

6.2. 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 million		
	Increase (+) / decrease (-) in basis points	Effect on net assets
2018: Available for sale financial assets	+100	(303)
	-100	325
2017: Available for sale financial assets	+100	(305)
	-100	324

6.3. CREDIT RISK

Analysis of the age of financial assets that are not impaired

EUR million					
	Total	Neither past due nor impaired	Past due but not impaired		
			< 1 year	1-5 years	> 5 years
Loans	53 840	53 840	–	–	–
Receivables and recoverables	24 318	14 399	6 577	3 208	134
Financial assets at fair value through surplus or deficit	16	16	–	–	–
Total at 31.12.2018	78 174	68 254	6 577	3 208	134
Loans	54 877	54 877	0	–	–
Receivables and recoverables	12 040	8 587	2 887	359	208
Financial assets at fair value through surplus or deficit	23	23	–	–	–
Total at 31.12.2017	66 940	63 486	2 887	359	208

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

EUR million

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

EUR million

	31.12.2017					
	Available for sale*	Financial assets at FVSD**	Loans	Receivables and recoverables	Cash	Total
Counterparties with external credit rating						
Prime and high grade	6 989	16	42	2 938	18 436	28 422
Upper medium grade	1 569	–	23 584	283	3 851	29 287
Lower medium grade	1 831	–	27 195	842	442	30 311
Non-investment grade	–	–	3 977	108	381	4 465
	10 390	16	54 799	4 172	23 109	92 485
Counterparties without external credit rating						
Debtors without defaults in the past	–	6	78	4 414	3	4 502
Debtors with defaults in the past	–	–	–	1	–	1
	–	6	78	4 415	3	4 503
Total	10 390	23	54 877	8 586	23 113	96 988

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

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

6.4. LIQUIDITY RISK

Maturity analysis of financial liabilities by remaining contractual maturity

EUR million

	< 1 year	1-5 years	> 5 years	Total
Borrowings	(2 254)	(17 363)	(34 158)	(53 775)
Payables	(32 539)	–	–	(32 539)
Other financial liabilities	(221)	(533)	(702)	(1 456)
Total at 31.12.2018	(35 013)	(17 897)	(34 860)	(87 770)
Borrowings	(6 695)	(14 769)	(33 279)	(54 744)
Payables	(39 376)	–	–	(39 376)
Other financial liabilities	(118)	(556)	(807)	(1 482)
Total at 31.12.2017	(46 189)	(15 325)	(34 087)	(95 601)

Financial instruments at fair value through surplus or deficit

EUR million

	< 1 year	1-5 years	> 5 years	Total
<i>Derivative pay leg</i>	(490)	(2)	(6)	(498)
<i>Derivative receive leg</i>	477	–	–	477
Net cash flows at 31.12.2018	(14)	(2)	(6)	(21)
<i>Derivative pay leg</i>	(634)	(2)	–	(635)
<i>Derivative receive leg</i>	638	–	–	638
Net cash flows at 31.12.2017	5	(2)	–	3

6.5. CARRYING AMOUNT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

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

7. RELATED PARTIES

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

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

8. EVENTS AFTER THE BALANCE SHEET DATE

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

BUDGETARY IMPLEMENTATION REPORTS

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

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EU BUDGET RESULT

	EUR million	
	2018	2017
Revenue for the financial year	159 318	139 691
Payments against current year appropriations	(154 833)	(135 764)
Payment appropriations carried over to year N+1	(1 675)	(1 796)
Cancellation of unused appropriations carried over from year N-1	106	40
Evolution of assigned revenue	(1 114)	(1 450)
Exchange rate differences for the year	(1)	(166)
Budget result	1 802	555

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

EUR million

Title	Initial adopted budget	Final adopted budget	Entitlements established	Revenue
1 Own resources	142 832	142 364	142 373	142 330
11 - Sugar levies	–	(93)	(85)	(85)
12 - Customs duties	22 844	20 165	20 360	20 317
13 - VAT	17 250	17 149	17 133	17 133
14 - GNI	102 739	105 143	104 979	104 979
15 - Correction of budgetary imbalances	–	–	(19)	(19)
16 - Reduction of GNI based contribution of the Netherlands and Sweden	–	–	6	6
3 Surpluses, balances and adjustments	–	556	581	581
4 Miscellaneous community taxes, levies and duties	1 181	1 181	1 191	1 182
5 Revenue accruing from the administrative operation of the institution	45	45	277	264
6 Contributions and refunds in connection with union agreements and programmes	110	110	13 316	12 761
7 Default interest and fines	115	115	14 592	1 473
8 Borrowing and lending operations	6	6	39	39
9 Miscellaneous revenue	25	25	19	12
Total	144 315	144 401	172 389	158 643

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

EUR million

MFF Heading	Initial adopted budget	Final adopted budget	Total appropriations available	Commitments made
1 Smart and inclusive growth	77 534	77 532	89 649	87 357
1a: Competitiveness for growth and jobs	22 001	22 000	25 864	23 773
1b: Economic, social and territorial cohesion	55 532	55 532	63 785	63 585
2 Sustainable growth: natural resources	59 285	59 239	62 419	60 560
of which: Market related expenditure and direct payments	43 235	43 233	45 284	44 364
3 Security and citizenship	3 493	3 492	4 015	3 855
4 Global Europe	9 569	10 379	11 448	11 062
5 Administration	5 650	5 650	6 043	5 845
6 Compensations	–	–	–	–
8 Negative reserve and deficit carried over from the previous financial year	–	–	–	–
9 Special Instruments	567	388	429	180
Total	156 098	156 681	174 003	168 859

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

EUR million

	MFF Heading	Initial adopted budget	Final adopted budget	Total appropriations available	Payments made
1	Smart and inclusive growth	66 624	66 733	80 917	75 876
	1a: Competitiveness for growth and jobs	20 097	20 155	25 073	21 408
	1b: Economic, social and territorial cohesion	46 527	46 578	55 844	54 468
2	Sustainable growth: natural resources	56 084	56 241	59 648	58 046
	of which: Market related expenditure and direct payments	43 189	43 180	45 436	44 310
3	Security and citizenship	2 981	3 013	3 305	3 108
4	Global Europe	8 906	8 813	10 788	9 519
5	Administration	5 651	5 651	6 392	5 804
6	Compensations	–	–	–	–
8	Negative reserve and deficit carried over from the previous financial year	–	–	–	–
9	Special Instruments	420	302	340	180
	Total	140 666	140 753	161 390	152 533

1. IMPLEMENTATION OF EC BUDGET REVENUE

EUR million

Title	Income appropriations		Entitlements established			Revenue			Receipts as % of budget	Out-standing
	Initial budget adopted	Final budget adopted	Current year	Carried over	Total	On entitlements of current year	On entitlements carried over	Total		
1 Own resources	142 832	142 364	142 334	39	142 373	142 329	0	142 330	100 %	44
3 Surpluses, balances and adjustments	–	556	581	–	581	581	–	581	105 %	–
4 Miscellaneous community taxes, levies and duties	1 181	1 181	1 181	11	1 191	1 171	11	1 182	100 %	10
5 Revenue accruing from the administrative operation of the institution	45	45	259	18	277	250	14	264	587 %	13
6 Contributions and refunds in connection with union agreements and programmes	110	110	13 008	308	13 316	12 606	155	12 761	11601 %	555
7 Default interest and fines	115	115	6 778	7 814	14 592	897	576	1 473	1281 %	13 119
8 Borrowing and lending operations	6	6	24	15	39	24	15	39	631 %	–
9 Miscellaneous revenue	25	25	14	6	19	11	1	12	49 %	7
Total	144 315	144 401	164 179	8 210	172 389	157 870	773	158 643	110 %	13 747

2. IMPLEMENTATION OF EC BUDGET EXPENDITURE

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

EUR million

MFF Heading	Commitment appropriations						Payment appropriations					
	Budget appropriations			Additional appropriations		Total appropri. available	Budget appropriations			Additional appropriat.		Total appropri. available
	Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carry- overs	Assigned revenue		Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carry- overs	Assigned revenue	
	1	2	3=1+2	4	5	6=3+4+5	7	8	9=7+8	10	11	12=9+10 +11
1 Smart and inclusive growth	77 534	(2)	77 532	123	11 994	89 649	66 624	108	66 733	120	14 064	80 917
1a: Competitiveness for growth and jobs	22 001	(2)	22 000	4	3 861	25 864	20 097	57	20 155	108	4 811	25 073
1b: Economic, social and territorial cohesion	55 532	–	55 532	119	8 133	63 785	46 527	51	46 578	13	9 253	55 844
2 Sustainable growth: natural resources	59 285	(46)	59 239	451	2 729	62 419	56 084	157	56 241	663	2 744	59 648
of which: Market related expenditure and direct payments	43 235	(1)	43 233	451	1 601	45 284	43 189	(9)	43 180	656	1 601	45 436
3 Security and citizenship	3 493	(1)	3 492	247	276	4 015	2 981	32	3 013	16	276	3 305
4 Global Europe	9 569	810	10 379	64	1 005	11 448	8 906	(93)	8 813	315	1 659	10 788
5 Administration	5 650	0	5 650	–	393	6 043	5 651	0	5 651	347	394	6 392
6 Compensations	–	–	–	–	–	–	–	–	–	–	–	–
8 Negative reserve and deficit carried over from the previous financial year	–	–	–	–	–	–	–	–	–	–	–	–
9 Special Instruments	567	(179)	388	–	41	429	420	(118)	302	0	38	340
Total	156 098	583	156 681	884	16 437	174 003	140 666	87	140 753	1 462	19 175	161 390

2.2. MFF: IMPLEMENTATION OF COMMITMENT APPROPRIATIONS

EUR million

MFF Heading	Total appropri. available	Commitments made					Appropriat. carried over to 2019			Appropriations lapsing			
		from final adopted budget	from carry- overs	from assigned revenue	Total	%	assigned revenue	carry- overs by decision	Total	from final adopted budget	from carry- overs	from assigned revenue	Total
	1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+ 11+12
1 Smart and inclusive growth	89 649	77 514	114	9 729	87 357	97 %	2 265	0	2 265	18	9	0	27
1a: Competitiveness for growth and jobs	25 864	21 988	4	1 780	23 773	92 %	2 080	0	2 081	11	0	0	11
1b: Economic, social and territorial cohesion	63 785	55 525	110	7 949	63 585	100 %	184	–	184	7	9	–	16
2 Sustainable growth: natural resources	62 419	58 774	442	1 344	60 560	97 %	1 385	460	1 845	6	9	–	15
of which: Market related expenditure and direct payments	45 284	42 771	442	1 152	44 364	98 %	449	460	908	3	9	–	11
3 Security and citizenship	4 015	3 491	247	118	3 855	96 %	158	–	158	2	–	0	2
4 Global Europe	11 448	10 377	64	621	11 062	97 %	383	–	383	2	–	0	2
5 Administration	6 043	5 606	–	239	5 845	97 %	154	1	155	43	–	0	44
6 Compensations	–	–	–	–	–	0 %	–	–	–	–	–	–	–
8 Negative reserve and deficit carried over from the previous financial year	–	–	–	–	–	0 %	–	–	–	–	–	–	–
9 Special Instruments	429	180	–	–	180	42 %	41	64	104	144	–	–	144
Total	174 003	155 941	866	12 051	168 859	97 %	4 386	525	4 911	215	18	0	233

2.3. MFF: IMPLEMENTATION OF PAYMENT APPROPRIATIONS

EUR million

MFF Heading	Total appropri. available	Payments made					Appropriations carried over to 2019				Appropriations lapsing			
		from final adopted budget	from carry- overs	from assigned revenue	Total	%	auto- matic carry- overs	carry- overs by decis.	assigned revenue	Total	from final adopted budget	from carry- overs	from assigned revenue	Total
	1	2	3	4	5=2+ 3+4	6=5/1	7	8	9	10=7+ 8+9	11	12	13	14=11+ 12+13
1 Smart and inclusive growth	80 917	66 540	107	9 230	75 876	94 %	130	3	4 833	4 966	59	14	1	74
1a: Competitiveness for growth and jobs	25 073	19 993	97	1 318	21 408	85 %	117	3	3 492	3 612	41	11	1	53
1b: Economic, social and territorial cohesion	55 844	46 547	10	7 912	54 468	98 %	13	–	1 341	1 354	18	3	–	21
2 Sustainable growth: natural resources	59 648	55 576	643	1 827	58 046	97 %	193	460	918	1 570	13	20	–	33
of which: Market related expenditure and direct payments	45 436	42 533	636	1 142	44 310	98 %	186	460	459	1 104	2	20	–	22
3 Security and citizenship	3 305	2 980	11	117	3 108	94 %	9	–	159	167	25	5	0	29
4 Global Europe	10 788	8 711	310	498	9 519	88 %	65	–	1 161	1 226	37	5	0	42
5 Administration	6 392	5 296	322	186	5 804	91 %	310	2	207	519	44	25	1	70
6 Compensations	–	–	–	–	–	0 %	–	–	–	–	–	–	–	–
8 Negative reserve and deficit carried over from the previous financial year	–	–	–	–	–	0 %	0	–	–	–	–	–	–	–
9 Special Instruments	340	157	0	22	180	53 %	0	–	16	16	144	0	–	144
Total	161 390	139 260	1 394	11 879	152 533	95 %	706	465	7 294	8 465	322	68	2	392

2.4. MFF: MOVEMENTS IN COMMITMENTS OUTSTANDING (RAL)

EUR million

MFF Heading	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at end of the year
	Commit. carried forward from prev. year	Decommitments/ Revaluations/ Cancellations	Payments	Commitm. outstanding at year-end	Commit. made during the year	Payments	Cancellation of commitm. which cannot be carried-over	Commitm. outstanding at year-end	
	1	2	3	4=1+2+3	5	6	7	8=5+6+7	9=4+8
1 <i>Smart and inclusive growth</i>	196 837	(1 323)	(67 640)	127 874	87 357	(8 237)	(4)	79 117	206 991
1a: <i>Competitiveness for growth and jobs</i>	35 576	(932)	(13 691)	20 953	23 773	(7 717)	(4)	16 052	37 006
1b: <i>Economic, social and territorial cohesion</i>	161 260	(392)	(53 948)	106 920	63 585	(520)	(0)	63 064	169 985
2 <i>Sustainable growth: natural resources</i>	37 883	(360)	(13 466)	24 058	60 560	(44 580)	(0)	15 980	40 037
of which: <i>Market related expenditure and direct payments</i>	309	(14)	(228)	67	44 364	(44 082)	–	282	349
3 <i>Security and citizenship</i>	5 194	(107)	(1 781)	3 306	3 855	(1 327)	–	2 528	5 834
4 <i>Global Europe</i>	26 478	(667)	(6 746)	19 064	11 062	(2 773)	(1)	8 288	27 352
5 <i>Administration</i>	359	(26)	(330)	4	5 845	(5 474)	(0)	371	374
6 <i>Compensations</i>	–	–	–	–	–	–	–	–	–
8 <i>Negative reserve and deficit carried over from the previous financial year</i>	–	–	–	–	–	–	–	–	–
9 <i>Special Instruments</i>	0	(0)	(0)	–	180	(180)	–	0	0
Total	266 751	(2 483)	(89 963)	174 305	168 859	(62 570)	(5)	106 284	280 589

2.5. MFF: COMMITMENTS OUTSTANDING BY YEAR OF ORIGIN

EUR million

MFF Heading	<2012	2012	2013	2014	2015	2016	2017	2018	Total
1 Smart and inclusive growth	1 355	744	5 867	3 807	13 803	37 234	65 049	79 131	206 991
2 Sustainable growth: natural resources	186	56	461	311	2 138	8 301	12 411	16 173	40 037
3 Security and citizenship	50	67	56	45	118	901	2 069	2 528	5 834
4 Global Europe	1 065	671	1 526	1 753	2 920	4 697	6 385	8 335	27 352
5 Administration	–	–	0	0	–	0	3	371	374
6 Compensations	–	–	–	–	–	–	–	–	–
8 Negative reserve and deficit carried over from the previous financial year	–	–	–	–	–	–	–	–	–
9 Special Instruments	–	–	–	–	–	–	(0)	0	0
Total	2 656	1 538	7 910	5 916	18 979	51 133	85 917	106 539	280 589

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

EUR million

Policy area	Commitment appropriations						Payment appropriations					
	Budget appropriations			Additional appropriations		Total approp. available	Budget appropriations			Additional appropriations		Total approp. available
	Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carried-over	Assigned revenue		Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carried-over	Assigned revenue	
	1	2	3=1+2	4	5	6=3+4+5	7	8	9=7+8	10	11	12=9+10+11
01 Economic and financial affairs	2 208	98	2 306	–	652	2 958	2 154	142	2 296	282	653	3 231
02 Internal market, industry, entrepreneurship and SMEs	2 356	(8)	2 349	–	299	2 648	2 062	129	2 192	16	490	2 697
03 Competition	110	2	112	–	5	117	110	2	112	11	5	128
04 Employment, social affairs and inclusion	14 505	(107)	14 398	–	2 263	16 661	12 208	(17)	12 191	12	3 322	15 525
05 Agriculture and rural development	58 160	(18)	58 142	451	2 626	61 218	55 463	169	55 632	664	2 528	58 825
06 Mobility and transport	4 008	1	4 008	–	239	4 248	2 267	(15)	2 252	5	197	2 454
07 Environment	498	(0)	498	–	18	516	351	5	355	4	14	374
08 Research and innovation	6 890	(1)	6 889	–	1 320	8 210	6 472	(169)	6 304	27	1 987	8 317
09 Communications networks, content and technology	2 133	(1)	2 132	4	378	2 513	2 259	(101)	2 158	14	445	2 617
10 Direct research	404	–	404	–	580	983	397	(0)	397	47	534	978
11 Maritime affairs and fisheries	1 085	(0)	1 084	–	142	1 226	660	(0)	659	3	270	932
12 Financial stability, financial services and capital markets union	95	0	95	–	6	101	94	(1)	93	4	6	103
13 Regional and urban policy	39 812	318	40 130	121	5 964	46 214	34 133	126	34 259	13	5 994	40 266
14 Taxation and customs union	176	3	179	–	11	189	168	(1)	167	6	10	184
15 Education and culture	3 806	42	3 848	–	625	4 473	3 503	118	3 620	15	734	4 369
16 Communication	213	(1)	212	–	12	224	212	(1)	211	12	12	236
17 Health and food safety	599	1	600	–	45	645	563	(1)	562	10	46	619
18 Migration and home affairs	2 637	(0)	2 637	247	246	3 130	2 258	(56)	2 202	9	255	2 466

EUR million

Policy area	Commitment appropriations						Payment appropriations					
	Budget appropriations			Additional appropriations		Total appropri- available	Budget appropriations			Additional appropriations		Total appropri- available
	Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carried -over	Assigned revenue		Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carried -over	Assigned revenue	
	1	2	3=1+2	4	5	6=3+ 4+5	7	8	9=7+8	10	11	12=9+10 +11
19 Foreign policy instruments	817	43	860	–	47	907	705	45	750	3	62	815
20 Trade	116	(2)	114	–	3	117	115	(2)	112	3	3	119
21 International cooperation and development	3 486	4	3 491	1	232	3 723	3 249	(88)	3 161	23	276	3 460
22 Neighbourhood and enlargement negotiations	3 891	543	4 434	–	112	4 546	3 681	(333)	3 348	14	489	3 850
23 Humanitarian aid and civil protection	1 189	324	1 513	62	62	1 637	1 196	344	1 540	14	279	1 833
24 Fight against fraud	82	–	82	–	0	82	80	–	80	6	0	86
25 Commission's policy coordination and legal advice	245	(1)	243	–	12	255	244	(1)	243	19	12	274
26 Commission's administration	1 126	40	1 166	–	202	1 368	1 128	39	1 168	162	202	1 532
27 Budget	79	(11)	68	–	9	77	79	(11)	68	17	9	94
28 Audit	19	(0)	19	–	1	20	19	(0)	19	1	1	21
29 Statistics	144	(1)	143	–	19	162	131	15	146	6	26	178
30 Pensions and related expenditure	1 899	–	1 899	–	2	1 901	1 899	–	1 899	–	2	1 901
31 Language services	399	(7)	392	–	79	471	399	(7)	392	24	79	495
32 Energy	1 640	(1)	1 639	–	217	1 857	1 579	103	1 682	6	220	1 908
33 Justice and consumers	258	(1)	257	–	8	265	225	45	270	5	7	281
34 Climate action	155	0	155	–	1	156	97	(9)	88	5	1	93
40 Reserves	859	(674)	184	–	–	184	508	(383)	125	–	–	125
Total	156 098	583	156 681	884	16 437	174 003	140 666	87	140 753	1 462	19 175	161 390

2.7. POLICY AREA: IMPLEMENTATION OF COMMITMENT APPROPRIATIONS

EUR million

	Policy area	Total apppr. available	Commitments made				Appropriations carried over to 2019			Appropriations lapsing				
			from final adopted budget	from carry-overs	from assigned revenue	Total	%	assigned revenue	carry-overs by decision	Total	from final adopted budget	from carry-overs	from assigned revenue	Total
			1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12
01	Economic and financial affairs	2 958	2 305	–	381	2 686	91 %	271	–	271	1	–	–	1
02	Internal market, industry, entrepreneurship and SMEs	2 648	2 348	–	173	2 522	95 %	126	–	126	1	–	–	1
03	Competition	117	110	–	3	113	96 %	3	1	3	1	–	–	1
04	Employment, social affairs and inclusion	16 661	14 388	–	2 080	16 469	99 %	183	–	183	9	–	0	9
05	Agriculture and rural development	61 218	57 678	442	1 225	59 345	97 %	1 401	460	1 860	4	9	–	13
06	Mobility and transport	4 248	4 007	–	111	4 118	97 %	129	–	129	1	–	0	1
07	Environment	516	498	–	7	505	98 %	11	–	11	1	–	–	1
08	Research and innovation	8 210	6 889	–	616	7 505	91 %	704	–	704	0	–	–	0
09	Communications networks, content and technology	2 513	2 131	4	202	2 337	93 %	176	–	176	0	0	–	0
10	Direct research	983	404	–	120	524	53 %	459	–	459	0	–	–	0
11	Maritime affairs and fisheries	1 226	1 082	–	140	1 222	100 %	2	–	2	2	–	–	2
12	Financial stability, financial services and capital markets union	101	95	–	3	98	97 %	3	–	3	0	–	–	0
13	Regional and urban policy	46 214	40 098	112	5 881	46 090	100 %	83	30	113	2	9	–	11
14	Taxation and customs union	189	178	–	3	181	96 %	8	–	8	0	–	–	0
15	Education and culture	4 473	3 847	–	407	4 255	95 %	218	0	218	1	–	0	1
16	Communication	224	212	–	7	219	98 %	5	–	5	0	–	–	0
17	Health and food safety	645	599	–	23	622	96 %	22	–	22	1	–	0	1
18	Migration and home affairs	3 130	2 636	247	103	2 985	95 %	143	–	143	2	–	0	2

EUR million

Policy area	Total appropri. available	from final adopted budget	Commitments made				Appropriations carried over to 2019			Appropriations lapsing			
			from carry- overs	from assigned revenue	Total	%	assigned revenue	carry- overs by decision	Total	from final adopted budget	from carry- overs	from assigned revenue	Total
	1	2	3	4	5=2+ 3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+ 11+12
19 Foreign policy instruments	907	859	–	25	885	98 %	22	–	22	0	–	–	0
20 Trade	117	113	–	2	114	98 %	1	–	1	1	–	–	1
21 International cooperation and development	3 723	3 488	1	164	3 652	98 %	69	–	69	2	–	–	2
22 Neighbourhood and enlargement negotiations	4 546	4 432	–	67	4 500	99 %	45	–	45	2	–	–	2
23 Humanitarian aid and civil protection	1 637	1 512	62	56	1 630	100 %	6	–	6	0	–	0	0
24 Fight against fraud	82	81	–	0	81	98 %	0	–	0	1	–	–	1
25 Commission's policy coordination and legal advice	255	242	–	7	249	97 %	5	–	5	2	–	–	2
26 Commission's administration	1 368	1 165	–	125	1 290	94 %	77	–	77	1	–	0	1
27 Budget	77	68	–	5	72	94 %	4	–	4	0	–	–	0
28 Audit	20	19	–	1	20	97 %	1	–	1	0	–	–	0
29 Statistics	162	142	–	12	154	95 %	7	–	7	1	–	0	1
30 Pensions and related expenditure	1 901	1 881	–	2	1 882	99 %	0	–	0	19	–	–	19
31 Language services	471	390	–	54	444	94 %	25	–	25	2	–	–	2
32 Energy	1 857	1 633	–	43	1 676	90 %	174	–	174	6	–	–	6
33 Justice and consumers	265	256	–	5	261	99 %	3	–	3	0	–	–	0
34 Climate action	156	155	–	1	155	99 %	0	–	0	0	–	–	0
40 Reserves	184	–	–	–	–	0 %	–	34	34	150	–	–	150
Total	174 003	155 941	866	12 051	168 859	97 %	4 386	525	4 911	215	18	0	233

2.8. POLICY AREA: IMPLEMENTATION OF PAYMENT APPROPRIATIONS

EUR million

	Policy area	Total apprpr. available	Payments made				Appropriations carried over to 2019				Appropriations lapsing				
			from final adopted budget	from carry- overs	from assigned revenue	Total	%	automatic carry- overs	carry- overs by decis.	assigned revenue	Total	from final adopted budget	from carry- overs	from assigned revenue	Total
			1	2	3	4	5=2+ 3+4	6=5/1	7	8	9	10=7+ 8+9	11	12	13
01	Economic and financial affairs	3 231	2 258	281	82	2 622	81 %	31	–	571	602	7	0	–	7
02	Internal market, industry, entrepreneurship and SMEs	2 697	2 176	14	163	2 354	87 %	15	–	327	341	1	1	0	2
03	Competition	128	98	10	3	110	86 %	12	1	3	16	1	1	–	1
04	Employment, social affairs and inclusion	15 525	12 162	8	2 482	14 652	94 %	10	–	840	850	19	4	0	23
05	Agriculture and rural development	58 825	54 946	644	1 577	57 166	97 %	194	460	951	1 605	34	20	0	54
06	Mobility and transport	2 454	2 243	5	120	2 367	96 %	5	–	78	83	4	1	0	5
07	Environment	374	351	4	9	363	97 %	4	–	5	10	1	0	–	1
08	Research and innovation	8 317	6 269	25	472	6 766	81 %	34	–	1 515	1 549	0	2	0	2
09	Communications networks, content and technology	2 617	2 133	12	113	2 258	86 %	12	–	332	344	13	2	0	15
10	Direct research	978	351	42	110	502	51 %	46	–	424	470	0	5	0	5
11	Maritime affairs and fisheries	932	656	2	268	927	99 %	3	–	2	5	0	0	–	1
12	Financial stability, financial services and capital markets union	103	89	3	3	96	92 %	4	–	3	7	0	0	–	1
13	Regional and urban policy	40 266	34 219	11	5 437	39 666	99 %	13	–	558	570	27	2	–	29
14	Taxation and customs union	184	160	6	3	169	92 %	6	–	8	14	0	0	–	1
15	Education and culture	4 369	3 599	14	220	3 833	88 %	17	3	514	534	0	1	0	2
16	Communication	236	196	11	6	213	91 %	14	–	6	20	1	1	–	2

EUR million

Policy area	Total apppr. available	Payments made					Appropriations carried over to 2019				Appropriations lapsing			
		from final adopted budget	from carry- overs	from assigned revenue	Total	%	automatic carry- overs	carry- overs by decis.	assigned revenue	Total	from final adopted budget	from carry- overs	from assigned revenue	Total
		1	2	3	4	5=2+ 3+4	6=5/1	7	8	9	10=7+ 8+9	11	12	13
17 Health and food safety	619	552	10	24	585	94 %	10	–	23	33	1	1	0	2
18 Migration and home affairs	2 466	2 177	8	93	2 278	92 %	8	–	162	170	17	1	0	18
19 Foreign policy instruments	815	746	3	31	780	96 %	4	–	31	34	1	0	–	1
20 Trade	119	108	3	2	113	95 %	4	–	2	5	1	0	–	1
21 International cooperation and development	3 460	3 133	20	163	3 316	96 %	25	–	113	138	3	3	–	6
22 Neighbourhood and enlargement negotiations	3 850	3 334	12	226	3 572	93 %	12	–	263	275	2	2	–	4
23 Humanitarian aid and civil protection	1 833	1 523	11	66	1 600	87 %	8	–	213	221	9	4	0	12
24 Fight against fraud	86	66	5	0	71	82 %	7	–	0	7	7	1	–	8
25 Commission's policy coordination and legal advice	274	222	18	6	246	90 %	19	–	6	25	2	1	–	3
26 Commission's administration	1 532	1 029	153	86	1 269	83 %	135	1	117	253	2	9	0	11
27 Budget	94	54	16	3	73	78 %	14	–	5	19	0	1	–	1
28 Audit	21	18	1	1	20	92 %	1	–	1	1	0	0	–	0
29 Statistics	178	139	5	7	152	85 %	6	–	19	25	0	1	0	1
30 Pensions and related expenditure	1 901	1 881	–	2	1 882	99 %	–	–	0	0	19	–	–	19
31 Language services	495	372	23	47	442	89 %	18	–	32	50	2	1	–	3
32 Energy	1 908	1 660	5	52	1 717	90 %	7	–	168	175	15	0	0	16
33 Justice and consumers	281	260	4	4	268	95 %	5	–	3	8	5	1	0	6
34 Climate action	93	81	4	1	86	92 %	4	–	1	5	3	0	–	3
40 Reserves	125	–	–	–	–	0 %	–	–	–	–	125	–	–	125
Total	161 390	139 260	1 394	11 879	152 533	95 %	706	465	7 294	8 465	322	68	2	392

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

EUR million

Policy area	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at end of the year
	Commitm. carried forward from prev. year	Decommitments/ Revaluations/ Cancellations	Payments	Commitm. outstanding at year-end	Commitm. made during the year	Payments	Cancellation of commitm. which cannot be carried- over	Commitm. outstanding at year-end	
	1	2	3	4=1+2+3	5	6	7	8=5+6+7	9=4+8
01 Economic and financial affairs	3 262	(54)	(2 302)	906	2 686	(319)	–	2 367	3 273
02 Internal market, industry, entrepreneurship and SMEs	2 788	(43)	(1 248)	1 497	2 522	(1 106)	(0)	1 416	2 913
03 Competition	11	(1)	(10)	–	113	(100)	–	13	13
04 Employment, social affairs and inclusion	42 622	(246)	(14 291)	28 084	16 469	(361)	–	16 108	44 192
05 Agriculture and rural development	33 873	(123)	(12 646)	21 105	59 345	(44 521)	(0)	14 824	35 928
06 Mobility and transport	8 870	(340)	(2 048)	6 483	4 118	(319)	(1)	3 798	10 281
07 Environment	1 281	(1)	(234)	1 046	505	(130)	–	375	1 421
08 Research and innovation	13 677	(99)	(4 835)	8 743	7 505	(1 931)	(2)	5 573	14 315
09 Communications networks, content and technology	2 618	(51)	(1 179)	1 388	2 337	(1 079)	–	1 258	2 646
10 Direct research	214	(22)	(121)	71	524	(381)	(0)	143	214
11 Maritime affairs and fisheries	3 244	(236)	(767)	2 241	1 222	(160)	(0)	1 061	3 302
12 Financial stability, financial services and capital markets union	14	(1)	(9)	3	98	(86)	–	12	15
13 Regional and urban policy	114 695	(200)	(39 075)	75 420	46 090	(592)	(0)	45 498	120 918
14 Taxation and customs union	148	(2)	(89)	58	181	(80)	–	100	158
15 Education and culture	2 564	(129)	(1 054)	1 382	4 255	(2 779)	(0)	1 475	2 857
16 Communication	65	(3)	(56)	6	219	(157)	(0)	62	68
17 Health and food safety	474	(39)	(251)	185	622	(334)	–	288	473

EUR million

Policy area	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at end of the year
	Commitm. carried forward from prev. year	Decommitments/ Revaluations/ Cancellations	Payments	Commitm. outstanding at year-end	Commitm. made during the year	Payments	Cancellation of commitm. which cannot be carried- over	Commitm. outstanding at year-end	
	1	2	3	4=1+2+3	5	6	7	8=5+6+7	9=4+8
18 Migration and home affairs	4 497	(61)	(1 395)	3 042	2 985	(883)	–	2 102	5 144
19 Foreign policy instruments	1 027	(66)	(365)	597	885	(415)	(0)	469	1 066
20 Trade	24	(1)	(14)	8	114	(98)	(0)	16	24
21 International cooperation and development	9 479	(244)	(2 690)	6 544	3 652	(625)	(0)	3 027	9 571
22 Neighbourhood and enlargement negotiations	13 822	(277)	(2 855)	10 690	4 500	(717)	(1)	3 782	14 472
23 Humanitarian aid and civil protection	983	(37)	(460)	486	1 630	(1 140)	(0)	490	977
24 Fight against fraud	27	(4)	(14)	9	81	(57)	–	24	33
25 Commission's policy coordination and legal advice	20	(1)	(19)	–	249	(227)	–	21	21
26 Commission's administration	206	(10)	(184)	12	1 290	(1 085)	(0)	204	217
27 Budget	17	(1)	(16)	–	72	(57)	–	15	15
28 Audit	1	(0)	(1)	–	20	(19)	–	1	1
29 Statistics	125	(6)	(65)	55	154	(87)	–	67	122
30 Pensions and related expenditure	–	–	–	–	1 882	(1 882)	–	–	–
31 Language services	24	(1)	(23)	–	444	(419)	–	25	25
32 Energy	5 525	(181)	(1 471)	3 874	1 676	(246)	(1)	1 429	5 302
33 Justice and consumers	252	(3)	(119)	130	261	(148)	–	113	243
34 Climate action	301	(1)	(59)	241	155	(27)	–	128	369
40 Reserves	–	–	–	–	–	–	–	–	–
Total	266 751	(2 483)	(89 963)	174 305	168 859	(62 570)	(5)	106 284	280 589

2.10. POLICY AREA: COMMITMENTS OUTSTANDING BY YEAR OF ORIGIN

EUR million

Policy area	<2012	2012	2013	2014	2015	2016	2017	2018	Total
01 Economic and financial affairs	–	0	173	0	0	4	729	2 367	3 273
02 Internal market, industry, entrepreneurship and SMEs	15	7	20	35	164	290	966	1 416	2 913
03 Competition	–	–	–	–	–	–	–	13	13
04 Employment, social affairs and inclusion	398	115	1 328	478	3 178	8 200	14 388	16 108	44 192
05 Agriculture and rural development	34	–	351	204	1 599	7 482	11 435	14 824	35 928
06 Mobility and transport	13	–	6	524	767	2 390	2 784	3 798	10 281
07 Environment	142	53	73	76	169	152	188	569	1 421
08 Research and innovation	128	176	574	1 123	1 632	2 183	2 928	5 573	14 315
09 Communications networks, content and technology	40	25	81	144	218	357	520	1 261	2 646
10 Direct research	8	–	9	5	4	9	36	143	214
11 Maritime affairs and fisheries	9	3	96	5	358	763	1 007	1 061	3 302
12 Financial stability, financial services and capital markets union	–	–	–	0	–	0	3	12	15
13 Regional and urban policy	562	341	3 097	1 006	7 234	22 484	40 697	45 498	120 918
14 Taxation and customs union	–	0	–	1	4	14	39	100	158
15 Education and culture	10	20	52	120	182	323	675	1 475	2 857
16 Communication	0	0	0	0	0	1	5	62	68
17 Health and food safety	5	1	4	13	24	51	87	288	473
18 Migration and home affairs	53	70	63	36	88	828	1 902	2 102	5 144
19 Foreign policy instruments	6	20	13	76	106	149	221	474	1 066
20 Trade	–	–	–	0	1	2	5	16	24
21 International cooperation and development	269	198	491	618	1 020	1 553	2 393	3 028	9 571
22 Neighbourhood and enlargement negotiations	625	445	760	1 030	1 750	2 760	3 267	3 834	14 472
23 Humanitarian aid and civil protection	9	13	14	18	18	126	289	490	977

EUR million

Policy area	<2012	2012	2013	2014	2015	2016	2017	2018	Total
24 Fight against fraud	–	–	–	–	1	2	7	24	33
25 Commission's policy coordination and legal advice	–	–	–	–	–	–	(0)	21	21
26 Commission's administration	–	–	–	0	0	0	12	204	217
27 Budget	–	–	–	–	–	–	0	15	15
28 Audit	–	–	–	–	–	–	0	1	1
29 Statistics	–	–	0	1	4	14	36	67	122
30 Pensions and related expenditure	–	–	–	–	–	–	–	–	–
31 Language services	–	–	–	–	–	–	0	25	25
32 Energy	324	47	701	363	402	884	1 154	1 429	5 302
33 Justice and consumers	4	5	7	9	18	31	57	113	243
34 Climate action	–	–	–	31	41	80	89	128	369
40 Reserves	–	–	–	–	–	–	–	–	–
Total	2 656	1 538	7 910	5 916	18 979	51 133	85 917	106 539	280 589

RECONCILIATION OF ECONOMIC RESULT WITH BUDGET RESULT

EUR million

	2018	2017
ECONOMIC RESULT OF THE YEAR	14 372	7 901
Revenue		
<i>Entitlements established in current year but not yet collected</i>	(6 212)	(4 402)
<i>Entitlements established in previous years and collected in current year</i>	9 326	10 733
<i>Accrued revenue (net)</i>	(4 015)	(257)
Expenses		
<i>Accrued expenses (net)</i>	4 439	3 706
<i>Amount from liaison account</i>	3 568	3 378
<i>Expenses prior year paid in current year</i>	(6 086)	(3 574)
<i>Net-effect pre-financing</i>	(8 570)	(12 039)
<i>Payment appropriations carried over to next year</i>	(2 255)	(2 746)
<i>Payments made from carry-overs & cancellation of unused payment appropriations</i>	1 471	1 181
<i>Movement in provisions</i>	3 509	6 795
<i>Other</i>	(4 220)	(6 675)
BUDGET RESULT OF THE YEAR	5 327	4 000
BUDGET RESULT OTHER INSTITUTIONS	(3 525)	(3 445)
BUDGET RESULT OF THE YEAR (EU)	1 802	555