

Annual Accounts Financial Year 2022

These accounts have been drawn up by the Accounting Officer on 30 May 2023. The opinion of the Management Board was given on 22 June 2023.

The present annual accounts, together with the opinion of the Management Board, have been sent to the Commission's Accounting Officer, the Court of Auditors, the European Parliament and the Council by 1 July 2023.

The accounts will be published on the European Labour Authority website:
<https://www.ela.europa.eu>

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David Maddocks
Accounting Officer



**Decision 8/2023
of 22 June 2023
of the Management Board
on the Final Accounts of the European Labour Authority for the year 2022**

THE MANAGEMENT BOARD,

Having regard to Regulation (EU) 2019/1149 of the European Parliament and of the Council of 20 June 2019 establishing a European Labour Authority, amending Regulations (EC) 883/2004, (EU) 492/2011, and (EU) 2016/589 and repealing Decision (EU) 2016/3441 (“the founding Regulation”) and, in particular, Article 28 thereof,

Whereas:

- (1) Article 28(4) of the founding Regulation states that on receipt of the Court of Auditor’s observations on the Authority’s provisional accounts for year N, the Authority’s accounting officer shall draw up the Authority’s final accounts under his or her own responsibility. The Executive Director shall submit them to the Management Board for an opinion.
- (2) Article 28(5) of the founding Regulation states that the Management Board shall deliver an opinion on the Authority’s final accounts for year N.
- (3) Article 28(6) of the founding regulation states that the Authority’s accounting officer shall, by 1 July of year N + 1, send the final accounts for year N to the European Parliament, the Council, the Commission and the Court of Auditors, together with the Management Board’s opinion

HAS ADOPTED

Article 1

The Management Board takes note of ELA’s Final Accounts for the year 2022

The Management Board appreciates that the European Court of Auditors (ECA) gave full assurance on the reliability of the accounts and the legality and regularity of their underlying transactions,

The Management Board gives a positive opinion on the Final Accounts for 2022 and invites the Accounting Officer to forward the accounts and this opinion to the European Parliament, the Council, the European Commission, and the European Court of Auditors (ECA).

ELA/MB/2023/024

The Management Board looks forward to the final report of the Court of Auditors and the remarks of the European Parliament and the Council during the discharge procedure.

Article 2

Entry into force

This Decision shall take effect on the day following its adoption.

Done in Bratislava, 22 June 2023

For the Management Board,



Tom Bevers
(Signature)
2023.06.27 18:19:16
+02'00'

Tom BEVERS
Chair of the Management Board



Annual accounts of the European Labour Authority

Financial year 2022

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CERTIFICATION OF THE ACCOUNTS

I acknowledge my responsibility for the preparation and presentation of the annual accounts of the European Labour Authority in accordance with Article 102 of the Framework Financial Regulation ('FFR')¹ and I hereby certify that the annual accounts of the European Labour Authority for the year 2022 have been prepared in accordance with Title IX of the FFR and the accounting rules adopted by the Commission's Accounting Officer, as are to be applied by all the institutions and union bodies.

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



David MADDOCKS

**Accounting Officer of the
European Labour Authority**

30 May 2023

¹ COMMISSION DELEGATED REGULATION (EU) 2019/715 of 18 December 2018 on the framework financial regulation for the bodies set up under the TFEU and Euratom Treaty and referred to in Article 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council.

BACKGROUND INFORMATION ON EUROPEAN LABOUR AUTHORITY

The European Labour Authority is an EU body established by Regulation (EU) 2019/1149 of the European Parliament and of the Council, which entered into force on 31 July 2019².

The objective of the Authority shall be to contribute to ensuring fair labour mobility across the Union and assist Member States and the European Commission in the coordination of social security systems within the Union.

The Authority will improve cooperation and the effective application and enforcement of EU rules in the labour market, by carrying out its tasks in full cooperation with the Union institutions and bodies and the Member States' public institutions and bodies as well as citizens, individuals and employers, social partners and civil society, while avoiding any duplication of work and promoting synergy and complementarity.

The Authority will deliver the following essential tasks for a well-functioning European labour market:

1. Facilitate access to information to individuals and employers, and coordinate EURES;
2. Facilitate cooperation and the exchange of information between Member States with a view to the consistent, efficient and effective application and enforcement of relevant Union law;
3. Coordinate and support concerted and joint inspections;
4. Carry out analyses and risk assessment of issues of cross-border labour mobility;
5. Support Member States with capacity building regarding the effective application and enforcement of relevant Union law;
6. Support Member States in tackling undeclared work;
7. Mediate disputes between Member States on the application of relevant Union law.

This is consistent with the aim to further implement and develop the social dimension of the Union, and to promote social progress and a renewed upward social convergence through efforts at all levels aligning with the European Pillar of Social Rights jointly proclaimed by the European Parliament, the Council and the Commission in November 2017.

Ensuring fair labour mobility in Europe is central to delivering on the principles and rights of the European Pillar of Social Rights. Within its mandate, the Authority will do so by ensuring that workers' and individuals' rights to equal treatment and opportunities in the areas of labour mobility and social security coordination are enforced in cross-border situations. At the same time ELA is committed to implementing the UN Sustainable Development Goals² in all its policies, especially referring to the 8th Goal aiming at ensuring inclusive and sustainable economic growth.

² Regulation (EU) 2019/1149 of the European Parliament and of the Council of 20 June 2019 establishing the European Labour Authority, amending Regulations (EC) No 883/2004, (EU) No 492/2011, and (EU) 2016/589 and repealing Decision (EU) 2016/344, cf. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32019R1149>

FINANCIAL STATEMENTS AND EXPLANATORY NOTES

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

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BALANCE SHEET

		EUR	
	Note	31.12.2022	31.12.2021
NON-CURRENT ASSETS			
<i>Property, plant and equipment</i>	2.1	1,614,146	1,737,785
		1,614,146	1,737,785
CURRENT ASSETS			
<i>Pre-financing Opening Balance</i>	2.2	0	74,700
<i>Exchange receivables and non-exchange recoverables</i>	2.2	8,762,020	296,273
<i>Cash and cash equivalents</i>	2.3	0	4,008,333
		8,762,020	4,379,306
TOTAL ASSETS		10,376,166	6,117,091
CURRENT LIABILITIES			
<i>Payables and other liabilities</i>	2.4	(738,289)	(1,226,577)
<i>Accrued charges</i>	2.5	(8,466,797)	(4,994,473)
<i>Deferred income</i>	2.6	(780,524)	(120,055)
		(9,985,610)	(6,341,105)
TOTAL LIABILITIES		(9,985,610)	(6,341,105)
NET ASSETS		390,556	(224,014)
<i>Accumulated surplus</i>		(224,014)	0
<i>Economic result of the year</i>		614,570	(224,014)
NET ASSETS		390,556	(224,014)

STATEMENT OF FINANCIAL PERFORMANCE

	Note	2022	EUR 2021
REVENUE			
Revenue from non-exchange transactions			
<i>Subsidy of the Commission</i>	3.1	26,397,342	13,279,520
<i>Other</i>	3.1	1,049	74,700
		26,398,391	13,354,220
Revenue from exchange transactions			
<i>Exchange Rate Gains</i>	3.2	546	702
		546	702
Total revenue		26,398,937	13,354,922
EXPENSES			
<i>Operating costs</i>	3.3	(13,157,116)	(6,322,583)
<i>Staff costs</i>	3.4	(5,428,428)	(3,049,544)
<i>Fixed Asset related expenses</i>	3.5	(295,724)	(51,303)
<i>Other administrative expenses</i>	3.5	(6,899,396)	(4,154,256)
<i>Finance costs</i>	3.5	(3,237)	(699)
<i>Exchange Rate Losses</i>	3.5	(466)	(551)
Total expenses		(25,784,367)	(13,578,936)
ECONOMIC RESULT OF THE YEAR		614,570	(224,014)

CASHFLOW STATEMENT³

	EUR	
	2022	2021
<i>Economic result of the year</i>	614,570	(224,014)
Operating activities		
<i>Depreciation and amortization</i>	295,724	51,303
<i>(Increase)/decrease in exchange receivables and non-exchange recoverables</i>	(8,471,680)	(296,273)
<i>Increase/(decrease) in payables</i>	178,114	688,360
<i>Increase/(decrease) in accrued charges & deferred income</i>	3,472,325	5,114,528
<i>Increase/(decrease) in Liabilities related to consolidated EU entities</i>	0	538,216
<i>Other non-cash movements</i>	74,700	(74,700)
Investing activities		
<i>(Increase)/decrease in intangible assets and property, plant and equipment</i>	(172,085)	(1,789,088)
NET CASHFLOW	(4,008,332)	4,008,332
<i>Net increase/(decrease) in cash and cash equivalents</i>	(4,008,332)	4,008,332
<i>Cash and cash equivalents at the beginning of the year</i>	4,008,332	0
<i>Cash and cash equivalents at year-end</i>	0	4,008,332

³ Following the signing of a Service Level Agreement, the treasury of ELA was integrated into the Commission's treasury system. ELA does not have any bank accounts of its own. All payments and receipts are processed via the Commission's treasury system and registered on intercompany accounts, which are presented under the heading exchange receivables.

STATEMENT OF CHANGES IN NET ASSETS

	EUR		
	Accumulated Surplus/ (Deficit)	Economic result of the year	Net Assets
BALANCE AS AT 31.12.2020	n/a	n/a	n/a
<i>Allocation 2020 economic result</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
<i>Economic result of the year</i>	-	(224,014)	(224,014)
BALANCE AS AT 31.12.2021	0	(224,014)	(224,014)
<i>Allocation 2021 economic result</i>	(224,014)	(224,014)	-
<i>Economic result of the year</i>		614,570	614,570
BALANCE AS AT 31.12.2022	(224,014)	614,570	390,556

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

1.1. ACCOUNTING PRINCIPLES

The objective of financial statements is to provide information about the financial position, performance and cashflows of an entity that is useful to a wide range of users.

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.

1.2. BASIS OF PREPARATION

1.2.1. Reporting period

Financial statements are presented annually. The accounting year begins on 1 January and ends on 31 December. The comparative data of 2021 are from financial autonomy starting from 26 May 2021 to 31 December 2021.

1.2.2. Currency and basis for conversion

The annual accounts are presented in euros, the euro being the EU's functional currency. 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. Different conversion methods apply to property, plant and equipment and intangible assets, which retain their value in euros at the date when they were purchased.

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

Euro exchange rates

Currency	31.12.2022	31.12.2021	Currency	31.12.2022	31.12.2021
BGN	1.9558	1.9558	PLN	4.6808	4.5969
CZK	24.116	24.858	RON	4.9495	4.949
DKK	7.4365	7.4364	SEK	11.1218	10.2503
GBP	0.88693	0.84028	CHF	0.9847	1.0331
HRK	7.5345	7.5156	JPY	140.66	130.38
HUF	400.87	369.19	USD	1.0666	1.1326

1.2.3. 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, accrued and deferred revenue and charges, provisions, financial risk on accounts receivable, contingent assets and liabilities, and degree of impairment of assets. Actual results could differ from those estimates.

Reasonable estimates are an essential part of the preparation of financial statements and do not undermine their reliability. An estimate may need revision if changes occur in the circumstances on which the estimate was based or as a result of new information or more experience. By its nature, the revision of an estimate

does not relate to prior periods and is not the correction of an error. The effect of a change in accounting estimate shall be recognised in the surplus or deficit in the periods in which it becomes known.

1.3. BALANCE SHEET

1.3.1. Intangible assets

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

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

Intangible assets are amortised on a straight-line basis over their estimated useful lives. The estimated useful lives of intangible assets depend on their specific economic lifetime or legal lifetime determined by an agreement.

Intangible assets residual values and useful lives are reviewed, and adjusted if appropriate, at least once per year.

1.3.2. Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or construction 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 entity and its cost can be measured reliably. Repairs and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred. Land is not depreciated as it is deemed to have an indefinite useful life. Assets under construction are not depreciated as these assets are not yet available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives, as follows:

Type of asset	Straight line depreciation rate
<i>Buildings</i>	4 % to 10 %
<i>Plant and equipment</i>	12.5 % to 25 %
<i>Furniture and vehicles</i>	10 % to 25 %
<i>Computer hardware</i>	25 %
<i>Other</i>	12.5 % to 25 %

Property, plant and equipment residual values and useful lives are reviewed, and adjusted if appropriate, at least once per year.

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

Leases

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

Finance leases are leases where substantially all the risks and rewards incidental to ownership are transferred to the lessee. When entering a finance lease as a lessee, the assets acquired under the finance lease are recognised as assets and the associated lease obligations as liabilities as from the commencement of the lease term. The assets and liabilities are recognised at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Over the period of the lease term, the assets held under finance leases are depreciated over the shorter of the asset's useful life and the lease term. The minimum lease payments are apportioned between the finance charge (the interest element) and the reduction of the outstanding liability (the capital element). The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability, which is presented as current/non-current, as applicable. Contingent rents shall be charged as expenses in the period in which they are incurred.

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

1.3.3. 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. If the reasons for impairments recognised in previous years no longer apply, the impairment losses are reversed accordingly.

1.3.4. Financial instruments

Revised EAR which is effective for annual periods beginning on or after 1 January 2021

In 2020, the Accounting Officer adopted the revised EAR 11 'Financial Instruments', which is mandatorily effective as of 1 January 2021. The revised EAR 11 is based on the new IPSAS 41 'Financial Instruments' (issued in August 2018), the amended IPSAS 28 'Financial Instruments: Presentation' and the amended IPSAS 30 'Financial Instruments: Disclosures'. It establishes the financial reporting principles for financial assets and financial liabilities. In accordance with the transition provisions of the revised EAR 11, the European Labour Authority accounts for any changes from the initial application, on 1 January 2021. The revised EAR 11 does not require the restatement of prior periods.

Changes from the application of the Revised EAR 11

The only financial instruments of the European Labour Authority are the receivables from exchange transactions. In accordance with the revised EAR 11 requirements, the European Foundation for the Improvement of Living and Working Conditions has classified these receivables as 'financial assets at amortised cost' ('loans and receivables' in prior periods). The European Labour Authority has applied the impairment requirements of the revised EAR 11 to the receivables, but no recognition of loss allowance in the accumulated surplus or deficit on 1 January 2021 was needed.

1.3.5. 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, he

has the obligation to return the pre-financing advance to the entity. Thus, as the entity retains control over the pre-financing and is entitled to a refund for the ineligible part, the amount is presented as an asset.

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

1.3.6. Receivables and recoverables

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

Receivables from exchange transactions meet the definition of financial instruments and are thus classified as loans and receivables and measured accordingly (see 1.3.4 above).

Recoverables from non-exchange transactions are carried at original amount (adjusted for interests and penalties) less write-down for impairment. A write-down for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of the recoverables. 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.

1.3.7. 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.

1.3.8. Provisions

Provisions are recognised when the entity 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 expenditure 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.

1.3.9. Payables

Included under accounts payable are both amounts related to exchange transactions such as the purchase of goods and services and to non-exchange transactions e.g. to cost claims from beneficiaries, grants or other EU funding.

Where grants or other funding are provided to the beneficiaries, the cost claims 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 entity.

1.3.10. 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 entity or a contractual agreement exists (e.g. by reference to a contract), 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 Accounting Officer which aim at ensuring that the financial statements provide a faithful representation of the economic and other phenomena they purport to represent. By analogy, if a payment has been made in advance for services or goods that have not yet been received, the expense will be deferred and recognised in the subsequent accounting period.

1.4. STATEMENT OF FINANCIAL PERFORMANCE

1.4.1. Revenue

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Depending on the nature of the underlying transactions in the statement of financial performance it is distinguished between:

(i) Revenue from non-exchange transactions

Revenue from non-exchange transactions are taxes and transfers because the transferor provides resources to the recipient entity without the recipient entity providing approximately equal value directly in exchange.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes. The entity shall recognise an asset in respect of transfers when the entity controls the resources as a result of a past event (the transfer) and expects to receive future economic benefits or service potential from those resources, and when the fair value can be reliably measured. An inflow of resources from a non-exchange transaction recognised as an asset (i.e. cash) is also recognised as revenue, except to the extent that the entity has a present obligation in respect of that transfer (condition), which needs to be satisfied before the revenue can be recognised. Until the condition is met the revenue is deferred and recognised as a liability (pre-financing received).

(ii) 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.

1.4.2. Expenses

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets/equity. They include both the expenses from exchange transactions and expenses from non-exchange transactions.

Expenses from exchange transactions arising from the purchase of goods and services are recognised when the supplies are delivered and accepted by the entity. They are valued at the 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 recognised in the statement of financial performance.

Expenses from non-exchange transactions 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 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 expense.

1.5. CONTINGENT ASSETS AND LIABILITIES

1.5.1. 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 entity. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

1.5.2. 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 entity; 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. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

1.6. CONSOLIDATION

The accounts of this entity are fully consolidated in the EU consolidated annual accounts.

2. NOTES TO THE BALANCE SHEET

ASSETS

2.1. PROPERTY, PLANT AND EQUIPMENT

EUR

	Furniture and vehicles	Computer hardware	Other Fixtures	TOTAL
<i>Gross carrying amount at 31.12.2021</i>	56,900	134,737	1,597,451	1,789,088
<i>Additions</i>	17,125	27,713	127,246	172,084
<i>Disposals</i>	-	-	-	-
Gross carrying amount at 31.12.2022	74,025	162,450	1,724,697	1,961,172
<i>Accumulated depreciation at 31.12.2021</i>	(1,216)	(15,953)	(34,134)	(51,302)
<i>Depreciation charge for the year</i>	(6,324)	(39,580)	(249,820)	(295,724)
<i>Disposals</i>	-	-	-	-
Accumulated depreciation at 31.12.2022	(7,540)	(55,533)	(283,954)	(347,026)
NET CARRYING AMOUNT AT 31.12.2022	66,485	106,917	1,440,741	1,614,146
<i>NET CARRYING AMOUNT AT 31.12.2021</i>	55,684	118,784	1,563,317	1,737,785

2.2. EXCHANGE RECEIVABLES & NON-EXCHANGE RECOVERABLES

EUR

	Note	31.12.2022	31.12.2021
Current			
<i>Receivables from exchange transactions</i>	2.2.1	8,739,365	295,787
<i>Recoverables from non-exchange transactions</i>	2.2.2	22,655	75,186
Total		8,762,020	370,973

2.2.1. RECEIVABLES FROM EXCHANGE TRANSACTIONS

EUR

	31.12.2022	31.12.2021
Current		
<i>Central Treasury liaison accounts</i>	8,135,187	0
<i>Deferred charges relating to exchange transactions</i>	599,624	282,744
<i>Staff</i>	4,554	12,974
<i>Amounts receivable from EU agencies</i>	0	69
Total	8,739,365	295,787

In 2021 the balance on the DG BUDG Treasury liaison account was classified under 'Cash and Cash Equivalents'. However, from 2022 – the first complete year the DG BUDG Treasury service was fully used – onwards, these balances are not subject to an insignificant risk of changes in value, thereby not meeting the definition of cash equivalents. As such, the balance on the Treasury liaison account has been reclassified to receivables from exchange transactions (see note 2.2 and 2.3).

The deferred charges consist of 2022 pro-rata costs for school fees and software licences. Part of the cost was expensed in 2022 and the remaining (deferred) charge sits in the Balance sheet as a Current Asset.

Receivables from staff refers to amounts owed by staff for overpayment of allowances.

2.2.2. RECOVERABLES FROM NON-EXCHANGE TRANSACTIONS

	EUR	
	31.12.2022	31.12.2021
Current		
<i>Prefinancing implemented by other entity</i>	0	74,700
<i>Member States</i>	22,655	486
Total	22,655	75,186

The Prefinancing implemented by other entity corresponds to the amount of opening balance transferred from the European Commission upon the European Labour authority becoming a Legal Entity in its own right. This was consumed against the related commitment in 2022.

Recoverables from Member States represent an amount VAT to be recovered from the Slovakian government.

2.3. CASH AND CASH EQUIVALENTS

	EUR	
	31.12.2022	31.12.2021
<i>Central Treasury liaison account</i>	0	4,008,333
Total	0	4,008,333

The European Labour Authority signed a signed a Service Level Agreement with DG BUDG Treasury Service of the European Commission. DG BUDG maintains a bank account and processes all treasury functions on behalf of the European Labour Authority.

In 2021 the balance on the DG BUDG Treasury liaison account was classified under 'Cash and Cash Equivalents'. However, from 2022 – the first complete year the DG BUDG Treasury service was fully used – onwards, these balances are not subject to an insignificant risk of changes in value, thereby not meeting the definition of cash equivalents. As such, the balance on the Treasury liaison account has been reclassified to receivables from exchange transactions (see note 2.2 and 2.3).

LIABILITIES

2.4. PAYABLES

	EUR	
	31.12.2022	31.12.2021
<i>Pre-financing received from EC - balancing subsidy</i>	538,216	538,216
<i>Other payables</i>	200,073	688,361
Total	738,289	1,226,577

The pre-financing liability related to the balancing subsidy comprises the unused amounts of balancing subsidy received by the European Labour Authority from DG EMPL in 2021. The amounts will be returned to DG EMPL in 2023.

Other payables includes invoices booked in the system but remaining unpaid at year-end together with some social contributions owed to the Commission.

2.5. ACCRUED CHARGES

	EUR	
	31.12.2022	31.12.2021
<i>Accrued charges</i>	8,466,797	4,994,473

Accrued charges are the amounts estimated by the authorising officer of costs incurred for services and goods delivered in year 2022 but not yet invoiced or processed by the end of the year. The basis of the accruals calculation is the open amount of budgetary commitments at year end. The heading includes estimated operating expenses of EUR 8,322,294 and staff expenses of EUR 144,503 for untaken leave.

2.6. DEFERRED INCOME

	EUR	
	31.12.2022	31.12.2021
<i>Deferred income</i>	780,524	120,055

Deferred income is the amount arising from the building lease agreement. The lease is for forty years, however the first ten years are offered rent free. For accounting purposes the total cost of the lease is divided across the entire lease period, including the rent free period. Even though there are no actual payments made in 2022, the average monthly charge is debited to expenses and is offset by a credit to the deferred rent account, which is a liability account.

3. NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE

REVENUE

3.1. NON-EXCHANGE REVENUE

	EUR	
	31.12.2022	31.12.2021
<i>Subsidy of the Commission</i>	26,397,342	13,279,520
<i>Pre-financing Opening Balance</i>	0	74,700
<i>Transfer of Asset</i>	1,049	0
Total	26,398,391	13,354,220

The heading subsidy of the Commission corresponds to the amounts of the Commission balancing subsidy of EUR 26,397,342 from DG EMPL used during 2022. Unused amounts are recorded as pre-financing liabilities under accounts payable (see note 2.4 above) and will be reimbursed to the Commission in 2023. The corresponding accrued expenses will be recorded in the financial statements of the Commission.

The Pre-financing opening balance corresponds to the amount transferred from the European Commission upon the European Labour Authority becoming a Legal Entity in its own right. This was subsequently paid against the related commitment in 2022.

The Transfer of Asset relates to the transfer of two laptop computers from the European Commission with no monetary exchange.

3.2. EXCHANGE REVENUE

	EUR	
	31.12.2022	31.12.2021
<i>Exchange Rate Gains</i>	546	702
Total	546	702

There was a currency exchange rate gain of EUR 546 in the year.

EXPENSES

3.3. OPERATING COSTS

	EUR	
	31.12.2022	31.12.2021
<i>Operating costs</i>	13,157,116	6,322,583

Included under this heading are operating expenses incurred in relation to core tasks of the Agency and tasks delegated by the Commission carried out in 2022.

3.4. STAFF COSTS

	EUR	
	31.12.2022	31.12.2021
<i>Staff costs</i>	5,428,428	3,049,544

Included under this heading are salary expenses and other employment-related allowances and benefits. Calculations related to staff costs are, based on the service level agreement, entrusted to the European Commission's Office for administration and payment of individual entitlements (also known as the Paymaster's Office-PMO).

The pensions of European Labour Authority staff members are covered by the Pensions Scheme of European Officials. This pension scheme is a defined benefit plan, i.e. the amount of benefit an employee will receive on retirement, depends on factors such as age and years of service. Both the European Labour Authority staff and the Commission contribute to the pension scheme and the contribution percentage is revised yearly to reflect the changes in the Staff Regulation. The cost to the Commission is not reflected in the European Labour Authority's accounts. Similarly, the future benefits, payable to European Labour Authority staff, are accounted for in the liabilities of the Commission, as it is the Commission who will pay out these benefits. No provisions related to the future pensions are made in these account.

3.5. OTHER EXPENSES

	EUR	
	31.12.2022	31.12.2021
<i>Fixed Asset related expenses</i>	295,724	51,303
<i>Rent of Land & Buildings</i>	663,860	120,059
<i>Maintenance & Security</i>	74,046	316,003
<i>Insurance - Building</i>	53,892	18,563
<i>Office Supplies</i>	111,407	3,182
<i>Legal Expenses</i>	25,376	25,575
<i>Communications</i>	75,868	92,691
<i>Car & Transport expenses</i>	0	20
<i>Recruitment Costs</i>	262,854	15,503
<i>Training costs</i>	222,176	123,219
<i>Missions</i>	249,104	60,791
<i>Experts and related expenditure</i>	2,400,419	967,148
<i>IT Costs</i>	1,634,820	1,023,751
<i>Other external service provider (non-IT)</i>	904,685	1,336,334
<i>Expenses with other Consolidated Entities</i>	220,888	51,417
<i>Other Financial Expenses</i>	3,237	699
<i>Unrealised exchange rate losses</i>	466	551

Total	7,198,822	4,206,809
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Other expenses consist of all other non-operational costs related to the general running of the agency. Fixed asset related expenses are for the depreciation in 2022.

4. OTHER SIGNIFICANT DISCLOSURES

4.1. OUTSTANDING COMMITMENTS NOT YET EXPENSED

	31.12.2022	31.12.2021
<i>Outstanding commitments not yet expensed</i>	<i>5,428,336</i>	<i>2,475,976</i>

EUR

The outstanding commitments not yet expensed comprises the budgetary RAL ('Reste à Liquider') less related amounts that have been included as expenses in the 2022 statement of financial performance. The budgetary RAL is an amount representing the open commitments for which payments and/or de commitments have not yet been made. This is the normal consequence of the existence of multi annual programmes.

4.2. RELATED PARTIES

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

4.3. KEY MANAGEMENT ENTITLEMENTS

The highest ranked civil servant of the European Labour Authority is the Executive Director, who executes the role of the Authorising Officer.

	31.12.2022	31.12.2021
<i>Executive Director</i>	<i>AD14</i>	<i>AD14</i>

The Executive Director is remunerated in accordance with the Staff Regulations of the EU that are published on the Europa website, which is the official document describing the rights and the obligations of all officials of the EU.

4.4. SERVICES IN KIND

The offer of the government of the Slovak Republic to host the European Labour Authority included the provision of office space. On 27 July 2021, the European Labour Authority concluded an agreement for the sub-lease of office space, as well as parking spaces. The general provisions of the sub-lease agreement include an offer by the Slovak government to pay the rent for the first ten years of a forty year lease, together with a financial contribution of more than EUR 500 per square metre for the fit-out works and office furniture. For the purpose of these accounts, the total cost of the lease is divided across the entire lease period, including the rent free period. Even though there are no actual payments made in 2021, the average monthly charge is debited to expenses and is offset by a credit to the deferred rent account, which is a liability account. The terms of the sub-lease agreement also included an up-front payment by the European Labour Authority for the additional subrent related to fit out expenses. The total value of the fit-out premises has been capitalised and entered into the fixed assets.

5. FINANCIAL RISK MANAGEMENT

5.1. TYPES OF RISK

Market risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate, because of variations in market prices. Market risk embodies not only the potential for loss, but also the

potential for gain. It comprises currency risk, interest rate risk and other price risk (European Labour Authority has no significant other price risk).

- (1) Currency risk is the risk that European Labour Authority operations or its investments' value will be affected by changes in exchange rates. This risk arises from the change in price of one currency against another.
- (2) Interest rate risk is the possibility of a reduction in the value of a security, especially a bond, resulting from an increase in interest rates. In general, higher interest rates will lead to lower prices of fixed rate bonds, and vice versa. European Labour Authority does not have any securities thus it is not exposed to the interest rate risk.

Credit risk is the risk of loss due to a debtor's/borrower's non-payment of a loan or other line of credit (either the principal or interest or both) or other failure to meet a contractual obligation. The default events include a delay in repayments, restructuring of borrower repayments and bankruptcy.

Liquidity risk is the risk that arises from the difficulty in selling an asset; for example, the risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss or meet an obligation.

5.2. CURRENCY RISKS

Exposure to currency risk at year end

At 31 December 2022, the financial assets are composed of exchange receivables and non-exchange recoverables. At 31 December 2022 financial liabilities are composed of accounts payable. At 31 December 2022 the ending balances of financial assets and financial liabilities did not include any material amounts quoted in currencies other than euro. European Labour Authority is thus not exposed to any significant currency risk.

5.3. CREDIT RISK

Financial assets that are neither past due nor impaired

At 31 December 2022 financial assets comprise entirely exchange receivables and non-exchange recoverables that are neither past due nor impaired of EUR 8,014,292. This relates to receivables with the European Commission and other consolidated entities.

5.4. LIQUIDITY RISK

Maturity analysis of financial liabilities by remaining contractual maturity

There are no financial liabilities composed of accounts payable with remaining contractual maturity of less than 1 year.

THE BUDGET IMPLEMENTATION REPORTS AND EXPLANATORY NOTES

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

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1. BUDGETARY PRINCIPLES, STRUCTURE AND HIGHLIGHTS OF THE BUDGETARY IMPLEMENTATION

1.1. BUDGETARY PRINCIPLES

The establishment and implementation of the European Labour Authority budget is governed by the following basic principles set out in Article 5 of the Financial Rules⁴ of the Agency adopted on 15 December 2020 (hereinafter 'Financial Rules of ELA'):

Principles of unity and budget accuracy

This principle means that no revenue shall be collected and no expenditure effected unless booked to a line in the European Labour Authority budget. No expenditure may be committed or authorised in excess of the appropriations authorised by the budget. An appropriation may be entered in the budget only if it is for an item of expenditure considered necessary.

Principle of annuality

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

Principle of equilibrium

Revenue and payment appropriations shall be in balance.

Principle of unit of account

The budget shall be drawn up and implemented in euros and the accounts shall be presented in euros.

Principle of universality

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

Principle of specification

Appropriations shall be earmarked for specific purposes by title and chapter. The chapters shall be further subdivided into articles and items.

Principle of sound financial management

Appropriations shall be used in accordance with the principle of sound financial management, namely in accordance with the principles of economy, efficiency and effectiveness.

Principle of transparency

The budget shall be established and implemented and the accounts presented in accordance with the principle of transparency. The budget and any amending budgets shall be published in the Official Journal of the European Union within three months of their adoption.

⁴ Decision No 21/2020 of 15 December 2020 of the Management Board on ELA's Financial Rules

1.2. STRUCTURE AND PRESENTATION OF THE BUDGET

Following the provisions of the European Labour Authority Financial Rules adopted by Management Board decision WPR 2020/21 of 15 December 2020, the budget accounts shall consist of a statement of revenue and a statement of expenditure. The statement of expenditure must be set out on the basis of a nomenclature with a classification by purpose. That nomenclature shall be determined by European Labour Authority and shall make a clear distinction between administrative appropriations and operating appropriations:

Title 1 budget lines relate to staff expenditure such as salaries and allowances for personnel working with European Labour Authority. It also includes recruitment expenses, staff missions, expenses for the socio-medical infrastructure and representation costs.

Title 2 budget lines relate to all buildings, equipment and miscellaneous administrative expenditure.

Title 3 budget lines provide for the implementation of the activities and tasks assigned to European Labour Authority by its establishing Regulation (EU) No. 2019/1149 of the European Parliament and of the Council of 20 June 2019 repealing Council Regulation (EC) No 2016/344.

Assigned revenue budget lines relate to financing of specific items of expenditure. They can be external or internal assigned revenue.

1.3. SUMMARY OF THE BUDGETARY IMPLEMENTATION

The budget of the European Labour Authority was EUR 34,689,842 in 2022. This amount includes appropriations from C1 funds of the current year.

General C1 budget appropriations available for activities authorised in the Programming Document 2022 amounted to EUR 34,689,842. The final budget implementation (commitments) from C1 budget appropriations is 97% whereas the final execution of payments compared to the total budget 2022 is 56%. Outstanding commitments (RAL, committed amounts not yet paid for) stood at EUR 22,072,966 at the end of 2022.

2. RESULT OF THE IMPLEMENTATION OF THE BUDGET

		<i>EUR</i>	
	Title	2022	2021
Revenue			
Balancing Commission subsidy		26,397,342	13,817,736
Other income		30,293	0
	TOTAL REVENUE (a)	26,427,635	13,817,736
Expenditure			
<i>Staff</i>	1		
Payments		(9,117,440)	(4,113,101)
Appropriations carried over to the following year		(2,060,449)	(1,526,022)
<i>Administrative Expenses</i>	2		
Payments		(872,214)	(3,075,769)
Appropriations carried over to the following year		(3,398,179)	(1,812,052)
<i>Operating Expenses</i>	3		
Payments		(9,607,761)	(2,752,726)
Appropriations carried over to the following year		(4,000,000)	(0)
	TOTAL EXPENDITURE (b)	(29,056,044)	(13,279,670)
	OUTTURN FOR THE FINANCIAL YEAR (a-b)	(2,628,409)	538,066
Cancellation of unused payment appropriations carried over from year n-1		1,175,064	0
Adjustment for carry-over from previous year appropriations ns available at 31.12 arising from assigned revenue			0
Exchange differences for the year (gain +/-loss -)		(214)	150
	BALANCE OF THE OUTTURN ACCOUNT FOR THE FINANCIAL YEAR	(1,453,559)	538,216
Balance year N-1		538,216	n/a
Positive balance from year N-1 reimbursed in year N to the Commission		(74,700)	n/a
Result used for determining amounts in general accounting		(990,043)	538,216
Commission subsidy - agency registers accrued revenue / Commission accrued expense		26,397,342	
Pre-financing remaining open to be reimbursed by agency to Commission in 2023		0	

3. RECONCILIATION OF ECONOMIC RESULT WITH BUDGET RESULT

	EUR
	2022
ECONOMIC RESULT OF THE YEAR	614,570
Adjustment for accrual items (items not in the budgetary result but included in the economic result)	
<i>Adjustments for accrual cut-off (net)</i>	3,035,388
<i>Unpaid invoices at year end booked in charges</i>	66,611
<i>Depreciation of intangible and tangible assets</i>	295,724
<i>Payments made from carry-over of payment appropriations</i>	2,685,320
<i>Adjustments for PF, transfer of assets and other income</i>	106,042
Adjustment for budgetary items (item included in the budgetary result but not in the economic result)	
<i>Asset acquisitions (less unpaid amounts)</i>	(172,084)
<i>Payment appropriations carried over to 2022</i>	(3,338,074)
<i>Cancellation of unused carried over payment appropriations from previous year</i>	1,175,064
<i>Automatic Carry-Over of appropriations to 2023</i>	(5,458,629)
<i>Total</i>	(990,068)
BUDGET RESULT OF THE YEAR	(990,044)
<i>Delta not explained</i>	(24)

4. IMPLEMENTATION OF BUDGET REVENUE

4.1 Implementation of budget revenue

EUR

Item		Income appropriations	Entitlements established	Revenue Received	Outstanding at end of year
		1	2	3	4=2-3
1000 – IC1	European Union subsidy	34,689,842	26,397,342	26,397,342	-
1001 – IC4	Other Income	30,293	30,293	30,293	-
Total		34,720,135	26,427,635	26,427,635	-

5. IMPLEMENTATION OF BUDGET EXPENDITURE

5.1 2022 Budget Execution – C1 and C4 Appropriations (Title 3 differentiated payment appropriation execution included)

<i>EUR</i>									
Item	Appropriation	Committed Amount	% Committed	Paid Amount C1	Paid Amount C8	Total Paid Amount C1+C8	% Paid	RAL C1	
	1	2	3=2/1	4	5	6=4+5	7=6/1	8=2-4	
1100	Basic salaries and allowances - Temporary Agents	3,635,500	3,633,106	100%	3,633,106	-	3,633,106	100%	-
1110	Basic salaries and allowances - Contract Agents	844,000	844,000	100%	844,000	-	844,000	100%	-
1111	Allowances - SNEs	2,668,049	2,402,924	90%	2,402,924	-	2,402,924	90%	-
1112	Allowances -Traineeships	63,750	63,634	100%	63,634	-	63,634	100%	-
1200	Travel expenses - Interviews	20,600	-	0%	-	-	-	0%	-
1201	Travel expenses - Medical and workplace	27,200	219	1%	219	-	219	1%	-
1202	Installation & resettlement allowances	223,671	223,343	100%	223,343	-	223,343	100%	-
1203	Removal expenses	91,000	90,127	99%	90,127	-	90,127	99%	-
1204	Temporary daily subsistence allowance	215,720	215,182	100%	215,182	-	215,182	100%	-
1300	Missions' expenses	158,400	158,400	100%	158,400	-	158,400	100%	-
1400	Medical Services	50,457	50,457	100%	36,156	-	36,156	72%	14,301
1401	Early childhood centres and schools (C1)	1,000,000	815,162	82%	815,162	-	815,162	82%	-
1401	Early childhood centres and schools (C4)	30,293	-	0%	-	-	-	0%	-
1402	Other Social	333,000	333,000	100%	-	-	-	0%	333,000
1501	Training	516,300	500,389	97%	33,113	-	33,113	6%	467,276
1600	Service Level Agreements (MoU)	193,764	135,685	70%	135,685	-	135,685	70%	-
1601	Interim Staff	1,641,551	1,640,124	100%	454,200	-	454,200	28%	1,185,924
1602	Other external services	18,000	-	0%	-	-	-	0%	-
1700	Reception, events and representation	51,480	41,845	81%	12,190	-	12,190	24%	29,656
	Total Title 1 – Staff C1 only	11,752,442	11,147,597	95%	9,117,440	-	9,117,440	78%	2,030,157
	Total Title 1 – Staff C1 & C4	11,782,735	11,147,597	95%	9,117,440	-	9,117,440	77%	2,030,157
2103	Fitting out of premises	75,000	13,379	18%	-	-	-	0%	13,379

Annual accounts of the European Labour Authority 2022

Item		Appropriation	Committed Amount	% Committed	Paid Amount C1	Paid Amount C8	Total Paid Amount C1+C8	% Paid	RAL C1
		1	2	3=2/1	4	5	6=4+5	7=6/1	8=2-4
2104	Insurance	50,000	50,000	100%	50,000	-	50,000	100%	-
2105	Cleaning services	80,000	73,707	92%	55,201	-	55,201	69%	18,506
2106	Other related expenditure	40,000	28,611	72%	28,611	-	28,611	72%	-
2200	IT hardware	620,000	609,872	98%	29,058	-	29,058	5%	580,814
2201	IT software	294,860	294,786	100%	167,294	-	167,294	57%	127,492
2202	Cloud broker	565,300	565,212	100%	147,668	-	147,668	26%	417,545
2203	Connectivity	78,300	48,740	62%	-	-	-	0%	48,740
2204	IT Other related expenditure	925,000	924,861	100%	107,650	-	107,650	12%	817,211
2300	Furniture	89,840	54,262	60%	20,677	-	20,677	23%	33,586
2301	Other related expenditure	5,000	1,200	24%	965	-	965	19%	235
2400	Service Level Agreements	210,000	210,000	100%	117,169	-	117,169	56%	92,831
2401	Stationery and office supplies	25,000	24,292	97%	16,744	-	16,744	67%	7,549
2402	Other related expenditure	77,000	77,000	100%	-	-	-	0%	77,000
2500	Postage/telecommunications	26,700	6,806	25%	106	-	106	0%	6,700
2600	Management Board	220,000	210,720	96%	75,753	-	75,753	34%	134,968
2601	Stakeholders Group	50,000	49,793	100%	7,766	-	7,766	16%	42,026
2602	Other related expenditure	30,000	12,603	42%	3,507	-	3,507	12%	9,095
2700	Internal Communication	1,100	1,038	94%	1,038	-	1,038	94%	-
2701	External Communication	500,000	500,000	100%	1,110	-	1,110	0%	498,890
2702	Publications	191,000	190,094	100%	35,015	-	35,015	18%	155,079
2800	Other infrastructure and operating expenditure	330,000	323,418	98%	6,883	-	6,883	2%	316,535
Total Title 2 – Administration C1 only		4,484,100	4,270,393	95%	872,214	-	872,214	19%	3,398,179
3100	Concerted and Joint Inspections	1,525,000	1,525,000	100%	319,617	364,886	684,503	45%	1,205,383
3101	Analysis and Risk Assessment	601,623	601,623	100%	170,438	15,679	186,117	31%	431,184
3102	Tacking Undeclared Work	723,377	415,370	57%	67,667	508,542	576,209	80%	347,703
3200	Cooperation - National Liaison Officers	410,666	410,666	100%	101,884	129,176	231,060	56%	308,782
3201	Capacity Building	1,232,511	1,232,511	100%	150,311	15,750	166,061	13%	1,082,201
3202	Mediation	379,628	379,628	100%	126,987	68,103	195,090	51%	252,641
3300	EURES	11,576,697	11,576,697	100%	374,602	5,886,773	6,261,376	54%	11,202,095

Item		Appropriation	Committed Amount	% Committed	Paid Amount C1	Paid Amount C8	Total Paid Amount C1+C8	% Paid	RAL C1
		1	2	3=2/1	4	5	6=4+5	7=6/1	8=2-4
3301	Information and Services	890,898	888,946	100%	286,840	655,723	942,564	106%	602,106
3401	Conferences	150,000	74,148	49%	23,478	113,994	137,471	92%	50,670
3402	Communication and Media	962,900	958,851	100%	85,221	142,090	227,310	24%	873,631
Total Title 3 – Operational C1 only		18,453,300	18,063,440	98%	1,707,045	7,900,716	9,607,761	52%	16,356,395
GRAND TOTAL – All Titles - C1 only		34,689,842	33,481,430	97%	11,696,699	7,900,716	19,597,415	56%	21,784,731
GRAND TOTAL – All Titles - C1 & C4		34,720,135	33,481,430	96%	11,696,699	7,900,716	19,597,415	56%	21,784,731

5.2 2022 Budget Execution C8 and C9 Appropriations

Item		Appropriations Carried Forward from 2021	Payments	% Paid	Cancelled	RAL
		1	2	3=2/1	4	5=1-2-4
1100	Basic salaries and allowances - Temporary Agents (C9)	240,793	-	0%	240,793	-
1110	Basic salaries and allowances - Contract Agents (C9)	71,130	-	0%	71,130	-
1111	Allowances - SNEs (C9)	318,762	-	0%	318,762	-
1201	Travel expenses - Medical and workplace	8,776	3,100	35%	5,677	-
1202	Installation & resettlement allowances (C9)	312,041	-	0%	312,041	-
1203	Removal expenses	123,743	-	0%	123,743	-
1204	Temporary daily subsistence allowance (C9)	64,096	-	0%	64,096	-
1300	Missions' expenses	55,149	22,967	42%	32,182	-
1400	Medical Services	24,171	23,922	99%	249	-
1401	Early childhood centres and schools	611,041	20,048	3%	590,993	-
1402	Other Social	320,000	119,003	37%	200,997	-
1501	Training	194,480	97,284	50%	97,196	-
1600	Service Level Agreements (MoU)	5,228	4,500	86%	728	-
1601	Interim Staff	164,422	155,900	95%	8,523	-
1700	Reception, events and representation	14,012	-	0%	14,012	-
1800	Other staff related expenditure	5,000	481	10%	4,519	-
Total Title 1 – Staff C8 only		1,526,022	447,204	29%	1,078,818	-

Item	Appropriations Carried Forward from 2021	Payments	% Paid	Cancelled	RAL
Total Title 1 – Staff C8 & C9	2,532,845	447,206	18%	2,085,640	-
2101 Rent	37,590	37,590	100%	-	-
2106 Other related expenditure	522,310	522,310	100%	-	-
2200 IT hardware	69,981	69,981	100%	-	-
2201 IT software	1,000	116	12%	884	-
2202 Cloud broker	521,2255	485,674	93%	35,551	-
2203 Connectivity	5,874	5,696	97%	178	-
2204 IT Other related expenditure	259,707	251,894	97%	7,813	-
2300 Furniture	64,579	64,579	100%	-	-
2301 Other related expenditure	274,311	271,287	99%	3,024	-
2400 Service Level Agreements	122,271	117,496	96%	4,775	-
2401 Stationery and office supplies	989	-	0%	989	-
2500 Postage/telecommunications	9,976	-	0%	9,976	-
2600 Management Board	55,350	45,574	82%	9,776	-
2700 Internal Communication	184,800	182,400	99%	2,400	-
2701 External Communication	108,719	94,804	87%	13,915	-
2702 Publications	6,966	-	0%	6,966	-
2800 Other infrastructure and operating expenditure	88,715	88,715	100%	-	-
Total Title 2 - Administration	2,334,362	2,238,117	96%	96,246	-
3100 Concerted and Joint Inspections	817,915	364,886	45%	452,130	899
3101 Analysis and Risk Assessment	20,000	15,679	78%	4,321	-
3102 Tackling Undeclared Work	1,301,880	508,542	39%	97,271	696,066
3200 Cooperation - National Liaison Officers	381,686	129,176	34%	25,510	227,000
3201 Capacity Building	133,502	15,750	12%	19,334	98,417
3202 Mediation	85,134	68,103	80%	17,031	-
3300 EURES	9,882,247	5,886,773	60%	656,733	3,338,741
3301 Information and Services	1,179,055	655,723	56%	288,442	234,889
3401 Conferences	149,585	113,994	76%	35,591	-
3402 Communication and Media	311,300	142,090	46%	169,210	-
Total Title 3 - Operational	14,262,302	7,900,716	55%	1,765,575	4,596,011
GRAND TOTAL – All Titles C8 only	18,122,687	10,586,036	58%	2,940,639	4,596,011
GRAND TOTAL – All Titles C8 & C9	19,129,510	10,586,038	55%	3,947,461	4,596,011

6 GLOSSARY

ABAC

This is the name given to the Commission's accounting system, which since 2005 has been enriched by accrual accounting rules. Apart from the cash-based budget accounts, the Commission produces accrual-based accounts which recognise revenue when earned, rather than when collected. Expenses are recognised when incurred rather than when paid. This contrasts with cash basis budgetary accounting that recognises transactions and other events only when cash is received or paid.

Accounting

The act of recording and reporting financial transactions, including the creation of the transaction, its recognition, processing, and summarisation in the financial statements.

Accounting Officer

The role, powers and responsibilities of the accounting officer are set out in the Financial Rules of ELA:

- proper implementation of payments,
- collection of revenue,
- recovery of amounts and offsetting,
- keeping, preparing and presenting the accounts,
- laying down the accounting rules and methods and the chart of accounts,
- laying down and validating the accounting systems and validating systems laid down by the authorising officer to supply or justify accounting information (local systems),
- treasury management,
- designation of the Imprest Administrators,
- opening and closing bank accounts in the name of the Institution.

Administrative appropriations

Administrative appropriations cover the running costs of the Institutions and entities (staff, buildings, office equipment).

Adjustment

Amending budget or transfer of funds from one budget item to another.

Adopted budget

Draft budget becomes the adopted budget as soon as approved by the Budgetary Authority.

Cf. Budget

Agencies

EU bodies having a distinct legal personality, and to whom budget implementing powers may be delegated under strict conditions. They are subject to a distinct discharge from the discharge authority.

Amending budget

Decision adopted during the budget year to amend (increase, decrease, transfer) aspects of the adopted budget of that year.

Annuality

The budgetary principle according to which expenditure and revenue is programmed and authorised for one year, starting on 1 January and ending on 31 December.

Appropriations

Budget funding.

The budget forecasts both commitments (legal pledges to provide finance, provided that certain conditions are fulfilled) and payments (cash or bank transfers to the beneficiaries). Appropriations for commitments and payments often differ — differentiated appropriations — because multiannual programmes and projects

are usually fully committed in the year they are decided and are paid over the years as the implementation of the programme and project progresses. Non-differentiated appropriations apply to administrative expenditure and commitment appropriations equal payment appropriations.

Assigned revenue External/Internal

Dedicated revenue received to finance specific items of expenditure.

Main sources of external assigned revenue *are financial contributions from third countries to programmes financed by the Union.*

Main sources of internal assigned revenue are revenue from third parties in respect of goods, services or work supplied at their request, revenue arising from the repayment of amounts wrongly paid and revenue from the sale of publications and films, including those on an electronic medium.

The complete list of items constituting assigned revenue is given in the Financial Rules of ELA Art. 20.

Authorising Officer (AO)

The AO is responsible in each entity for authorising revenue and expenditure operations in accordance with the principles of sound financial management and for ensuring that the requirements of legality and regularity are complied with.

The AO is responsible for taking all financial decision concerning actions under his/her responsibility. Particularly, he/she must take decisions to implement the budget based on his/her risk analysis.

Budget

Annual financial plan, drawn up according to budgetary principles, that provides forecasts and authorises, for each financial year, an estimate of future costs and revenue and expenditures and their detailed description and justification, the latter included in budgetary remarks.

Budget result

The difference between income received and amounts paid, including adjustments for carry-overs, cancellations and exchange rate differences.

For agencies, the resulting amount will have to be reimbursed to the funding authority as provided in the Financial Rules of ELA Art.17.

Budget implementation

Consumption of the budget through expenditure and revenue operations.

Budget item / Budget line / Budget position

As far as the budget structure is concerned, revenue and expenditure are shown in the budget in accordance with a binding nomenclature, which reflects the nature and purpose of each item, as imposed by the budgetary authority. The individual headings (title, chapter, article or item) provide a formal description of the nomenclature.

Budgetary authority

Institutions with decisional powers on budgetary matters: for the EU institutions, the European Parliament and the Council of Ministers.

For the agencies and joint undertakings, their board is the budgetary authority.

Budgetary commitment

A budgetary commitment is a reservation of appropriations to cover for subsequent expenses.

Cancellation of appropriations

Unused appropriations that may no longer be used.

Carryover of appropriations

Exception to the principle of annuality in so far as appropriations that could not be used in a given budget year may, under strict conditions, be exceptionally carried over for use during the following year.

Commitment appropriations

Commitment appropriations cover the total cost of legal obligations (contracts, grant agreements/decisions) that could be signed in the current financial year. Financial Rules of ELA Art. 6.

De-commitment

Cancellation of a reservation of appropriations.

Differentiated appropriations

Differentiated appropriations are used to finance multiannual operations; they cover, for the current financial year, the total cost of the legal obligations entered into for operations whose implementation extends over more than one financial year.

Earmarked revenue

Revenue earmarked for a specific purpose, such as income from foundations, subsidies, gifts and bequests, including the earmarked revenue specific to each institution.

Cf. Assigned revenue

Economic result

Impact on the balance sheet of expenditure and revenue based on accrual accounting rules.

Entitlements established

Entitlements are recovery orders that the European Union must establish for collecting income.

Exchange rate difference

The difference resulting from currency exchange rates applied to the transactions concerning countries outside the euro area, or from the revaluation of assets and liabilities in foreign currency at the closure.

Expenditure

Term used to describe spending the budget from all types of funds sources.

Financial regulation (FR)

Adopted through the ordinary legislative procedure after consulting the European Court of Auditors, this regulation lays down the rules for the establishment and implementation of the general budget of the European Union.

For reference, Regulation (EU, Euratom) No 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union

Funds Source

Type of appropriations

Grants

Direct financial contributions, by way of donation, from the budget in order to finance either an action intended to help achieve an objective part of an EU policy or the functioning of a body, which pursues an aim of general European interest or has an objective forming part of an EU policy.

Implementation

Cf. Budget implementation

Income

Cf. Revenue

Lapsing appropriations

Unused appropriations to be cancelled at the end of the financial year. *Lapsing* means the cancellation of all or part of the authorisation to make expenditures and/or incur liabilities, which is represented by an appropriation.

Legal base (basic act)

The legal base or basis is, as a general rule, a law based on an article in the Treaty on the Functioning of the European Union giving competence to the Community for a specific policy area and setting out the conditions for fulfilling that competence including budget implementation.

Legal commitment

A legal commitment establishes a legal obligation towards third parties.

Non-differentiated appropriations

Non-differentiated appropriations are for operations of an annual nature. In the ELA Budget, non-differentiated appropriations apply to administrative expenditure.

Operational appropriations

Operational appropriations finance the different policies, mainly in the form of grants or procurement.

Outstanding commitment

Outstanding commitments (or RAL, from the French 'reste à liquider') are defined as the amount of appropriations committed that have not yet been paid or legal commitments having not fully given rise to liquidation by payments. They stem directly from the existence of multiannual programmes and the dissociation between commitment and payment appropriations.

Outturn

Cf. Budget result

Payment

A payment is a disbursement to honour legal obligations.

Payment appropriations

Payment appropriations cover expenditure due in the current year, arising from legal commitments entered in the current year and/or earlier years (Financial Rules of ELA Art. 6).

RAL

Sum of outstanding commitments. Cf. Outstanding commitments

Recovery

The recovery order is the procedure by which the Authorising officer responsible establishes an entitlement in order to retrieve the amount, which is due. The entitlement is the right that the ELA has to claim the sum, which is due by a debtor, usually a beneficiary.

Result

Cf. Budget result

Revenue

Term used to describe income from all sources financing the budget.

Surplus

Positive difference between revenue and expenditure (Cf. Budget result) which has to be returned to the Commission.

Transfer

Transfers between budget lines imply the relocation of appropriations from one budget line to another, in the course of the financial year, and thereby they constitute an exception to the budgetary principle of specification. The Financial Rules of ELA Art. 26 identifies different types of transfers depending on whether they are between or within budget titles, chapters, articles or headings and require different levels of authorisation.