European
Global Navigation
Satellite Systems
Agency

Annual accounts of the European Global Navigation Satellite Systems Agency

Financial year 2019

CONTENTS

CERTIFICATION OF THE ACCOUNTS

I acknowledge my responsibility for the preparation and presentation of the annual accounts of the European Global Navigation Satellite Systems Agency ("GSA") in accordance with Article 102 of the Framework Financial Regulation ('FFR')[1] and I hereby certify that the annual accounts of the GSA for the year 2019 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 GSA'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 GSA.

Rosa ALDEA BUSQUETS

Accounting Officer of the European Global Navigation Satellite Systems Agency

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[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 GSA

The European GNSS Supervisory Authority (GSA) was established as a Community Agency on 12 July 2004 in order to ensure that public interest in the field of European satellite positioning and navigation, including the programmes EGNOS[2] and GALILEO[3], is adequately defended and represented.

With Regulation (EU) No. 2010/912, which entered into force on 9 November 2010, and which was subsequently amended by Regulation (EU) No. 2014/512 of 16 April 2014, the GSA was restructured into the EU agency called the European Global Navigation Satellite Systems Agency (European GNSS Agency or GSA), ensuring the continuity of its activities. The Agency is based in Prague, the Czech Republic.

The GSA mission, in line with Regulation (EU) No. 2013/1285, is to support the EU objectives and achieve the highest return on European GNSS investment, in terms of benefits to users and economic growth and competitiveness, by:

- Designing and enabling services that fully respond to user needs, while continuously improving the European GNSS services and infrastructure;
- Managing the provision of quality services that ensure user satisfaction in the most cost-efficient manner;
- Engaging market stakeholders to develop innovative and effective applications, value-added services and user technology that promote the achievement of full European GNSS adoption;
- Ensuring that European GNSS services and operations are thoroughly secure, safe and accessible.

In addition, the GSA performs a number of tasks delegated by the European Commission[4]. The delegation agreements in place to cater for those specific activities are:

- The PRS delegation agreement, signed in 2011;
- The EGNOS Exploitation delegation agreement, signed in 2014;
- The Galileo Exploitation delegation agreement, signed in 2014;
- The Horizon 2020 delegation agreement, signed in 2014.

Annual Accounts

Following article 49 of the Framework Financial regulation (FFR)[5], the Governing Board of the agency appoints the Accounting Officer who is, amongst other tasks, responsible for preparation of the annual accounts, which are consolidated in those of the EU.

Following article 51 of the FFR, the annual accounts are prepared in accordance with the rules adopted by the Accounting Officer of the Commission (EU Accounting Rules, EAR), which are based on international accounting standards (IPSAS). The annual accounts cover the period from 1 January to 31 December and comprise the financial statements' and the 'reports on the implementation of the budget'. While the financial statements and the complementary notes are based on principles of accrual accounting adapted to the specific environment of the EU, the budget implementation reports are primarily based on movements of cash.

Following the decision of the GSA's Governing Board of 15 October 2015, the Accounting Officer of the Commission acts, as of 3 November 2015, as the Accounting Officer of GSA.

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[2] European Geostationary Navigation Overlay Service (EGNOS) is a system that uses geostationary satellites and a network of ground stations to receive, analyse and augment navigation signals and makes them suitable for safety critical applications such as flying aircrafts or navigating ships through narrow channels.

[3] Galileo is an European-controlled global satellite navigation system, that will, unlike systems developed by Russia (GLONASS) and the United States (GPS), always remain under civilian control.

[4] Hereinafter referred to as 'Commission.'

[5] 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.

Highlights of the year

The year 2019 showed continued growth in the GSA's responsibilities in the implementation of the current tasks assigned to the GSA by the Commission. In particular, one notes the continued ramp-up of Galileo services, the continued maintenance and development of EGNOS services and award of new grants for downstream development, in compliance with applicable rules and regulations regarding security, ethics and data protection.

Based on the positive results of the surveillance audit implemented in 2019, the agency maintained its certification in accordance with Quality Management System Standard ISO 9001:2015, continuing to demonstrate its high commitment to quality and stakeholder satisfaction.

During the financial year 2019, GSA has achieved a number of milestones with financial impact, including:

- 1 billion Galileo-enabled devices in the world before the end of 2019, thanks in large part to the success of the GSA market development activities;
- Integration of Galileo Search And Rescue (SAR) Return Link Service Provision (RLSP) into COSPAS-SARSAT;
- EGNOS Service Area extension to 72°N;
- Galileo Security Monitoring Centre (GSMC) back-up site development activities in Spain.

In summary, a total of EUR 560 million of payments were made in 2019.

The core budget of the agency amounted to EUR 36 million in 2019 in payment appropriations and a further EUR 731 million in differentiated payment appropriations (delegated budget). The budget implementation in terms of commitments was 100 % for the core budget. Delegated budget funds are committed on R0 appropriations therefore the principle of annuality is not applicable and commitment of funds is done on a multiannual basis over the duration of the delegation agreement. The payments implementation reached 46 % and 53.6 % payment appropriations were carried over to 2020.

Further details can be found in section 1.3 of the budgetary implementation reports.

In the statement of financial performance the ramp-up of the operational activities was translated in an increase of the operational costs (kEUR 31 831) incurred namely on activities accomplished under the working arrangements with the European Space Agency and the activities supporting the provision of Galileo Service. On the revenue side, there is a corresponding increase in the funding received from the Commission (kEUR 33 203) so as to finance these activities.

The increase under the central treasury liaison accounts is a combined effect of higher pre-financing received from the Commission in order to cover increased activities related to the Galileo Exploitation delegation agreement (see note **2.5**) and the GSOp framework contract and lower amounts of pre-financing paid in respect to the grant agreements (see note **2.2**).

FINANCIAL STATEMENTS AND EXPLANATORY NOTES

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

CONTENTS

BALANCE SHEET

EUR '000

	Note	31.12.2019	31.12.2018
NON-CURRENT ASSETS			
Property, plant and equipment	2.1	1 134	935
Pre-financing	2.2	64 731	103 769
		65 864	**104 704**
CURRENT ASSETS			
Pre-financing	2.2	179 242	245 323
Exchange receivables and non-exchange recoverables	2.3	653 355	468 465
		832 596	**713 789**
TOTAL ASSETS		**898 461**	**818 492**
NON-CURRENT LIABILITIES			
Provisions	2.4	-	(1 262)
		-	**(1 262)**
CURRENT LIABILITIES			
Provisions	2.4	(676)	(328)
Payables and other liabilities	2.5	(777 265)	(736 608)
Accrued charges and deferred income	2.6	(122 857)	(80 053)
		(900 798)	**(816 989)**
TOTAL LIABILITIES		**(900 798)**	**(818 251)**
NET ASSETS		**(2 337)**	**241**
Accumulated surplus		241	2 864
Economic result of the year		(2 578)	(2 622)
NET ASSETS		**(2 337)**	**241**

STATEMENT OF FINANCIAL PERFORMANCE

EUR '000

	Note	2019	2018
REVENUE			
Revenue from non-exchange transactions			
Funds from the Commission	*3.1*	*726 899*	*693 696*
Recovery of expenses		*41*	*896*
Other		*256*	*297*
		727 196	**694 889**
Revenue from exchange transactions			
Financial revenue		*(2)*	*2*
Other		*74*	*(47)*
		72	**(45)**
Total revenue		**727 267**	**694 844**
EXPENSES			
Operational costs	*3.2*	*(701 885)*	*(670 054)*
Staff costs	*3.3*	*(18 403)*	*(16 013)*
Finance costs		*(1)*	*(1)*
Other expenses	*3.4*	*(9 557)*	*(11 398)*
Total expenses		**(729 846)**	**(697 467)**
ECONOMIC RESULT OF THE YEAR		**(2 578)**	**(2 622)**

CASHFLOW STATEMENT[6]

EUR '000

	2019	2018
Economic result of the year	*(2 578)*	*(2 622)*
Operating activities		
Depreciation and amortization	*410*	*430*
(Increase)/decrease in pre-financing	*105 120*	*(104 701)*
(Increase)/decrease in exchange receivables and non-exchange recoverables	*(184 889)*	*57 634*
Increase/(decrease) in provisions	*(914)*	*1 590*
Increase/(decrease) in payables	*40 657*	*56 326*
Increase/(decrease) in accrued charges & deferred income	*42 804*	*(8 238)*
Investing activities		
(Increase)/decrease in intangible assets and property, plant and equipment	*(609)*	*(419)*
NET CASHFLOW	**–**	**–**

Net increase/(decrease) in cash and cash equivalents	–	–
Cash and cash equivalents at the beginning of the year	–	–
Cash and cash equivalents at year-end	–	–

[6] Following the appointment of the Accounting Officer of the Commission as the Accounting Officer of the GSA, the treasury of GSA was integrated into the Commission's treasury system. Because of this, GSA 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 '000

	Accumulated Surplus/ (Deficit)	Economic result of the year	Net Assets
BALANCE AS AT 31.12.2017	**4 062**	**(1 199)**	**2 864**
Allocation 2017 economic result	*(1 199)*	*1 199*	–
Economic result of the year	–	*(2 622)*	*(2 622)*
BALANCE AS AT 31.12.2018	**2 864**	**(2 622)**	**241**
Allocation 2018 economic result	*(2 622)*	*2 622*	–
Economic result of the year	–	*(2 578)*	*(2 578)*
BALANCE AS AT 31.12.2019	**241**	**(2 578)**	**(2 337)**

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.

1.2.2. Currency and basis for conversion

The annual accounts are presented in thousands of 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	31.12.2019	31.12.2018	Currency	31.12.2019	31.12.2018
BGN	**1.9558**	*1.9558*	**PLN**	**4.2568**	*4.3014*
CZK	**25.4080**	*25.7240*	**RON**	**4.783**	*4.6635*
DKK	**7.4715**	*7.4673*	**SEK**	**10.4468**	*10.2548*
GBP	**0.8508**	*0.8945*	**CHF**	**1.0854**	*1.1269*
HRK	**7.4395**	*7.4125*	**JPY**	**121.9400**	*125.8500*
HUF	**330.5300**	*320.9800*	**USD**	**1.1234**	*1.145*

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 as incurred.

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

1.3.2. 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 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
Buildings	*4 % to 10 %*
Plant and equipment	*10 % to 25 %*
Furniture and vehicles	*10 % to 25 %*
Computer hardware	*25 % to 33 %*
Other	*10 % to 33 %*

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

Leases

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 tested for impairment whenever there is an indication at the reporting date that an asset may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable (service) amount. The recoverable (service) amount is the higher of an asset's fair value less costs to sell and its value in use.

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

1.3.4. Financial assets

Financial assets are classified 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 the 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 presented in this category. Assets in this category are classified as current assets if they are expected to be realised within 12 months of the balance sheet date. During this financial year, the entity did not hold any investments in this category.

(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 entity provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in non-current assets, except for maturities within 12 months of the balance sheet date. 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 entity has the positive intention and ability to hold to maturity. During this financial year, the entity 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 entity expects to hold them, which is usually the maturity date. During this financial year, the entity did not hold any investments in this category.

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 their trade date, i.e. the date on which the entity 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, transaction costs are added to the fair value at initial recognition.

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

Subsequent measurement

Financial assets at fair value through surplus or deficit are subsequently carried at fair value, with gains and losses arising from changes in the fair value being included in the statement of financial performance in the period in which they arise.

Loans and receivables and held-to maturity investments are carried at amortised cost using the effective interest method.

Available for sale financial assets are subsequently carried at fair value. Gains and losses arising from changes in the fair value are recognised in the fair value reserve. Interest on available for sale financial assets, calculated using the effective interest method, is recognised in the statement of financial performance.

The entity assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired and whether an impairment loss should be recorded in the statement of financial performance.

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, or pre-financing received (see note **1.4.1**).

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 '000

	Plant and equipment	Furniture and vehicles	Computer hardware	Other	TOTAL
Gross carrying amount at 31.12.2018	*63*	*488*	*2 804*	*478*	*3 833*
Additions	*2*	*9*	*586*	*12*	*609*
Gross carrying amount at 31.12.2019	**65**	**498**	**3 389**	**489**	**4 441**
Accumulated depreciation at 31.12.2018	*(9)*	*(219)*	*(2 260)*	*(410)*	*(2 898)*
Depreciation charge for the year	*(8)*	*(51)*	*(304)*	*(47)*	*(410)*
Accumulated depreciation at 31.12.2019	**(17)**	**(269)**	**(2 564)**	**(457)**	**(3 308)**
NET CARRYING AMOUNT AT 31.12.2019	**48**	**228**	**825**	**33**	**1 134**
NET CARRYING AMOUNT AT 31.12.2018	*54*	*270*	*544*	*67*	*935*

The additions of kEUR 586 under computer hardware are primarily related to purchases of new printers, laptops, and a new security interface (GRUE II HW).

2.2. PRE-FINANCING

The pre-financing amounts relate to advance payments given to beneficiaries. The grant agreements usually cover a period between 12-18 months.

EUR '000

	31.12.2019	31.12.2018
Non-current pre-financing	*64 731*	*103 769*
Current pre-financing	*179 242*	*245 323*
	243 972	**349 092**

For all pre-financing amounts open at 31.12.2019 a commitment-by-commitment assessment has been performed. The outstanding current pre-financing was reduced by amounts of estimated expenses related to commitments for which services were rendered but no cost claims were received at 31.12.2019 (see note **2.6**). All pre-financing that was considered unlikely to be cleared in the course of 2020 was classified as non-current pre financing.

The high balance of the open pre-financing is triggered by the regular prepayments made by GSA to the European Space Agency (ESA) in order to provide ESA with the necessary float to carry out activities stemming from the Galileo Exploitation delegation agreement and its amendments.

The overall decrease of open pre-financing (kEUR 105 120) is due to the decrease of new pre-financing payments related to grant agreements in comparison with the initial years of the EGNOS, GALILEO and H2020 delegation agreements.

At 31 December 2019, guarantees received covering pre-financing amounted to kEUR 99 445 (31 December 2018: kEUR 113 075).

2.3. EXCHANGE RECEIVABLES & NON-EXCHANGE RECOVERABLES

At 31 December 2019 GSA did not have any non-current receivables and recoverables. The amounts included under this heading are of a current nature and can be broken down as follows:

EUR '000

	31.12.2019	31.12.2018
Recoverables from non-exchange transactions		
Member States	*1 209*	*457*
Other	*0*	*15*
	1 210	**471**
Receivables from exchange transactions		
Central treasury liaison accounts	650 677	466 740
Deferred charges relating to exchange transactions	1 224	887
Customers	201	334
Other	44	32
	652 145	**467 994**
Total	**653 355**	**468 465**

Recoverables from Member States represent VAT amounts to be recovered from France, Czech Republic, the United Kingdom and the Netherlands.

Following the appointment of the Accounting Officer of the Commission as the Accounting Officer of GSA, the treasury of GSA was integrated into the Commission's treasury system. Because of this, GSA does not have any bank accounts of its own since 2015. All payments and receipts are processed via the Commission's treasury system and registered on inter-company accounts, which are presented under this heading. The ending balance of this heading is thus the result of the incoming and outgoing payments and represents the funds available to the Agency.

The increase under the Central treasury liaison accounts is a combined effect of higher pre-financing received from the Commission in order to cover increased activities related to the Galileo Exploitation delegation agreement (see note **2.5**) and the GSOp framework contract and lower amounts of pre-financing paid in respect to the grant agreements (see note **2.2**).

The heading Deferred charges relating to exchange transactions consists of advance payments made in 2019 for school tuition fees, subscriptions, maintenance fees and other IT services to be delivered in 2020.

LIABILITIES

2.4. PROVISIONS

EUR '000

	31.12.2019	31.12.2018
Non-current provision	*–*	*1 262*
Current provision	*676*	*328*
	676	**1 590**

The GSA entered into a non-cancellable lease of 10 years for office space located in Swanick (the United Kingdom). The UK announcement of its intention to leave the European Union and become a non-Member State lead to the EU entities operating in the UK moving out of the UK. According to the terms of the lease agreement, GSA is only allowed to cancel the lease after the tenth year and is not allowed to sublet. As a result, in 2018 the obligation for the future payments of the next 5 years has been provisioned. In 2019, a revision of the estimates has been performed as new information, regarding better conditions for cancelling the lease which were negotiated, has become available and the provision has been reduced to kEUR 465.

The remaining kEUR 211 from the outstanding balance under this heading relates to a bad debt provision recognised for receivables (recovery of expenses and pre-financing).

2.5. PAYABLES

EUR '000

	31.12.2019	31.12.2018
Pre-financing received from Commission - operational subsidy	*768 425*	*727 570*
Vendors	*5 951*	*7 644*
Public bodies	*1 230*	*1 196*
Participants Guarantee Fund	*914*	–
Member States	*355*	–
Pre-financing received from Commission - balancing subsidy	*207*	*61*
Other	*181*	*137*
Total	**777 265**	**736 608**

The most significant pre-financing received relates to the operational subsidy provided by the Commission, which comprises amounts in respect to the delegation agreements EGNOS Exploitation (kEUR 271 987) and Galileo Exploitation (kEUR 476 535). These funds are primarily used to cover activities resulting from the signature of the third amendment to the Galileo Exploitation delegation agreement and the subsequent launching of the GSOp framework contract.

The payables to the Participant Guarantee Fund ("the Fund") comprise amounts due in respect to the automatic guarantee retention of 5% from the pre-financing payments made to the beneficiaries of the H2020 grant agreements. The guarantee is transferred to the Fund and paid to the beneficiary by the Fund only when the project is successfully accomplished. This mechanism arises from EU Regulation 1290/2013 laying down the rules for participation and dissemination in "Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020)".

The liability related to Commission´s balancing subsidy comprises the unused amounts of the balancing subsidy received by GSA in 2019. The amounts will be returned to the Commission in 2020.

2.6. ACCRUED CHARGES AND DEFERRED INCOME

EUR '000

	31.12.2019	31.12.2018
Accrued charges	*122 857*	*80 033*
Other	–	*20*
Total	**122 857**	**80 053**

Accrued charges are mainly composed of estimated operational expenses of kEUR 121 001, primarily relating to the implementation of delegation agreements. In accordance with the pro-rata temporis method, only costs that reflect work performed up to 31 December 2019 are included in the estimated costs incurred by 31 December 2019. The portion of estimated accrued charges relating to commitments with pre-financing has been recorded as a reduction of the pre-financing amounts (see note **2.2**). The large increase primarily relates to higher amounts of operational costs accrued in respect of works accomplished in 2019 under the working arrangements with ESA and delays in invoicing process.

Included under this heading are also accrued administrative expenses, i.e. estimated costs of services and goods delivered in year 2019 but not yet invoiced or processed by the end of the year of kEUR 1 328: services provided by third parties (kEUR 870), building maintenance and security (kEUR 283), staff related costs (kEUR 87), missions (kEUR 70) and others (kEUR 18). The heading also includes accrued charges for untaken leave of kEUR 528.

3. NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE

REVENUE

NON-EXCHANGE REVENUE

3.1. FUNDS FROM THE COMMISSION

EUR '000

	2019	2018
Revenue from the operational subsidy	*691 087*	*661 527*
Revenue from the balancing subsidy	*35 811*	*32 169*
Total	**726 899**	**693 696**

Included under this heading is income relating to funds received from the Commission stemming from the implementation of delegation agreements between GSA and the Commission (operational subsidy) and accrued revenue from the 2019 balancing subsidy related to the implementation of the GSA core tasks.

The increase is a result of continuous implementation of the new activities under the third amendment to the Galileo Exploitation delegation agreement signed in 2018 and activities under the GSOp framework contract.

EXPENSES

3.2. OPERATIONAL COSTS

EUR '000

	2019	2018
Operational costs	*701 885*	*670 054*

Included under this heading are operational expenses incurred in relation to core tasks and tasks delegated by the Commission carried out in 2019. For open commitments without any validated cost statements the 2019 expenses were estimated on a commitment-by-commitment basis using the best available information at 31 December 2019 (see note **2.6**).

The increase compared to 2018 is due to the step-up of activities related to working arrangements with ESA and the activities supporting Galileo in their cruising speed. As a result more operational expenses were incurred and accrued for works accomplished under those agreements in 2019.

3.3. STAFF COSTS

EUR '000

	2019	2018
Staff costs	*18 403*	*16 013*

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 the GSA staff members are covered by the Pension 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 GSA 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 GSA accounts. Similarly, the future benefits payable to the GSA 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 accounts.

The increase under this heading is due to the increase of number of staff and modification of correction coefficient in line with the budget records.

3.4. OTHER EXPENSES

EUR '000

	2019	2018
Property, plant and equipment related expenses	*2 956*	*2 608*
External non IT services	*2 661*	*2 660*
External IT service	*2 563*	*1 487*
Missions	*1 147*	*1 302*
Expenses with other consolidated entities	*473*	*612*
Operating leasing expenses	*249*	*541*
Training costs	*195*	*168*
EPSO costs (recruitment)	*95*	*128*
Foreign exchange losses	*81*	*20*
Experts and related expenditure	*51*	*283*
Provisions	*(914)*	*1 590*
Total	**9 557**	**11 398**

Property, plant and equipment-related expenses are the related service costs of the headquarters' premises in Prague, the Galileo Security Monitoring Centres located in France and the Galileo Reference Centre located in the Netherlands. The increase of kEUR 348 relates to changes of the prices in the new contracts for security services and facility management services.

The external IT service expenses increased by kEUR 1 076 mainly due to an increase in costs for security and maintenance as well as new IT special support covered by delegated budget. This has occurred both because of increased operational expenditure as well as to the opening of the new GSMC building.

The decreases in expenses incurred for missions and experts relate to stricter budget discipline and also the fact that in 2019 there was no satellite launch.

Under the sub-heading provisions there is a decrease in a provision for a contract related to the lease agreement of the UK based offices, as explained in note **2.4**.

Included under this heading are expenses of kEUR 249 relating to operating leases. The operating leases relate to the premises in France and the Galileo Reference Centre located in the Netherlands (based on the host agreement between the GSA and the Netherlands that entered into force on 30 May 2016). The amounts committed to be paid during the remaining term of these lease contracts are as follows:

EUR '000

	Future amounts to be paid			
	< 1 year	1- 5 years	> 5 years	Total
Buildings	*722*	*1 026*	*2 052*	*3 800*
IT materials and other equipment	*6*	*24*	*48*	*78*
Total	**728**	**1 050**	**2 100**	**3 878**

4. OTHER SIGNIFICANT DISCLOSURES

4.1. OUTSTANDING COMMITMENTS NOT YET EXPENSED

EUR '000

	31.12.2019	31.12.2018
Outstanding commitments not yet expensed	*1 235 451*	*1 522 165*

The outstanding commitments not yet expensed comprises the budgetary RAL ('Reste à Liquider') less related amounts that have been included as expenses in the 2019 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. SERVICES IN KIND

Based on the host agreement between the GSA and the Czech Republic that entered into force on 31 May 2012, the headquarters building in Prague is provided to GSA for a symbolic charge of EUR 1 per year during the first five years. The yearly value of the rent is estimated to be kEUR 761.

After five years, GSA is to be charged 25% of the estimated market value yearly, i.e. kEUR 190. The contract has been concluded for an indefinite period of time.

Based on the host agreement between GSA and the Netherlands that entered into force on 30 May 2016, the GRC (Galileo Reference Centre) building is provided to GSA free of charge. The yearly value of the rent is estimated to be kEUR 305.

GSA has also signed two host agreements with Spain. According to the first one, which entered into force on 30 June 2014, the GSC (Galileo Service Centre) building is provided to GSA free of charge. The yearly value of the rent is estimated to be kEUR 19. The second host agreement, which entered into force in 2019, states that the GSMC (Galileo Security Monitoring Centre) back-up site building is provided free of charge. The yearly value of the rent is estimated to be kEUR 128.

4.3. RELATED PARTIES

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

4.4. KEY MANAGEMENT ENTITLEMENTS

The highest ranked civil servant of the GSA is the Executive Director, who executes the role of the Authorising Officer by delegation.

	31.12.2019	31.12.2018
Executive Director	*AD 14*	*AD 14*

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.

4.5. EVENTS AFTER REPORTING DATE

During the first half of 2020, the coronavirus outbreak has had huge impacts on the EU economy. As a non-adjusting event, the outbreak of the coronavirus does not require any adjustments to the figures reported in these annual accounts. For subsequent reporting periods, COVID-19 may affect the recognition and measurement of some assets and liabilities on the balance sheet and also of some revenue and expenses recognised in the statement of financial performance. Based on the information available at the date of signature of these annual accounts, the financial effects of the coronavirus outbreak cannot be reliably estimated.

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 (the GSA has no significant other price risk).

(1) Currency risk is the risk that the GSA 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. GSA 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 2019, the financial assets are composed of exchange receivables and non-exchange recoverables. Their ending balances are mainly quoted in EUR.

At 31 December 2019 financial liabilities are composed of accounts payable. Their ending balances are mainly quoted in EUR.

5.3. CREDIT RISK

Financial assets that are neither past due nor impaired

At 31 December 2019 financial assets comprise exchange receivables and non-exchange recoverables of kEUR 653 355 that are mainly neither past due nor impaired. In 2019, kEUR 11 of a bad debt provision has been recorded.

Financial assets by risk category

Receivables of kEUR 651 886 relate to entities with prime and high grade, kEUR 1 469 entirely relate to entities without external credit rating that never defaulted in the past.

5.4. LIQUIDITY RISK

Maturity analysis of financial liabilities by remaining contractual maturity

The financial liabilities are composed of payables of kEUR 777 265 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 into thousands of euros (kEUR), some financial data in the tables below may appear not to add-up.

CONTENTS

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

1.1. BUDGETARY PRINCIPLES

The establishment and implementation of the GSA budget is governed by the following basic principles set out in the Title II of the GSA Financial Regulation 2014:

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 GSA 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 euro and the accounts shall be presented in euro.

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.

1.2. STRUCTURE AND PRESENTATION OF THE BUDGET

Following the provisions of the GSA Financial Regulation 2014, 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 GSA 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 GSA. 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 assigned to the GSA by its establishing Regulation (EU) No. 912/2010 of the European Parliament and of the Council of 22 September 2010.

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

1.3. HIGHLIGHTS OF THE BUDGETARY IMPLEMENTATION

The European GNSS Agency (GSA), as a decentralised agency of the EU, is entrusted with budget implementation tasks within the scope laid down by article 62 of the EU Financial Regulation 2018 on indirect management of funds of the Commission.

Revenue

As of 2019, the GSA does not have any self-financing capacity, the Commission being its only source of revenue. The GSA's revenue can be split in two differentiated groups according to the nature of the funds: subsidy (administrative and core operations) and external assigned revenue (aimed to fulfil specific and tailored objectives). In 2019, the GSA received a gross sum of circa EUR 36 million as a subsidy in two instalments, circa EUR 731 million as external assigned revenue, in eleven instalments, and circa EUR 0.5 million as miscellaneous revenue.

Expenditure

Expenditure in Titles 1 and 2 is fully covered by funds received in the form of a subsidy from the Commission (balancing subsidy). Expenditure in Title 3 is partly covered by the subsidy but mainly also by the external assigned revenue funds, received in respect to the delegation agreements with the Commission.

The total expenditure stemming from the GSA's operations in 2019 amounted to circa EUR 555 million – EUR 21.3 million for costs under Title 1; EUR 2.7 million for costs under Title 2; and EUR 530.9 million for costs under Title 3.

The low level of consumption in Title 3 in comparison to Title 1 and Title 2 is driven by the implementation of the Delegation Agreements (specifically, the latest delegation agreements related to Galileo, EGNOS exploitation and Horizon 2020). In order to cover the high-value multi-annual contracts related to the agreements, the full amount of commitment appropriations is opened upon signature of the agreements and not on an annual basis. Payment appropriations are inscribed on the basis of the cash received from the Commission, on a biannual basis, in accordance with the delegation agreements.

2. RESULT OF THE IMPLEMENTATION OF THE BUDGET

EUR '000

	Title	2019	2018
Revenue		**768 429**	**746 419**
of which:			
Payments from the Institutions and Bodies	2	767 961	746 035
Miscellaneous revenue	9	468	384
Expenditure		**(554 791)**	**(823 731)**
of which:			
Staff expenditure	1	(21 257)	(19 041)
Administrative expenditure	2	(2 671)	(3 769)
Operational expenditure	3	(530 864)	(800 920)
Payment appropriat. carried over to the following year		**(5 062)**	**(5 245)**
of which:			
Staff expenditure	1	(550)	(728)
Administrative expenditure	2	(3 352)	(4 517)
Operational expenditure	3	(1 161)	-
Cancellation of unused appropr. carried over from year n-1		**87**	**127**
Evolution of assigned revenue (B)-(A)		**(208 449)**	**82 558**
Unused appropriations at the end of current year (A)		645 646	437 197
Unused appropriations at the end of previous year (B)		437 197	519 755
Exchange rate differences		**(7)**	**(66)**
Budget result		**207**	**61**

Note: The budget result for 2019 (kEUR 207) contains the outturn for the GSA subsidy as well as income received by the agency during 2019 that was not inscribed on any budget line (kEUR 127) and which will be regularised with the Commission in the 2020 budgetary outturn exercise with no net effect on the budget of the Agency or of the Commission.

3. RECONCILIATION OF ECONOMIC RESULT WITH BUDGET RESULT

EUR '000

	2019	2018
ECONOMIC RESULT OF THE YEAR	**(2 578)**	**(2 622)**
Adjustment for accrual items (items not in the budgetary result but included in the economic result)		
Adjustments for accrual cut-off (net)	*152 582*	*283 869*
Unpaid invoices at year end but booked in expenses (net)	*2 168*	*552*
Depreciation, amortization and impairment of intangible and tangible assets	*410*	*430*
Movement in provisions	*(914)*	*1 590*
Recovery orders issued in the year and not yet cashed	*(9)*	*-*
Pre-financing given in previous year and cleared in the year	*9 882*	*6 142*
Pre-financing received in previous year and cleared in the year	*(509 228)*	*(535 692)*
Payments made from carry-over of payment appropriations	*5 158*	*3 801*
Other individually immaterial items		*31*
Adjustment for budgetary items (item included in the budgetary result but not in the economic result)		
Asset acquisitions (less unpaid amounts)	*(486)*	*(276)*
New pre-financing paid in the year and remaining open as at 31 December	*(163 647)*	*(397 734)*
New pre-financing received in the year and remaining open as at 31 December	*720 162*	*588 031*
Entitlements established in previous year and cashed in the year		*(877)*
Entitlements established on balance sheet accounts and cashed in the year	*150*	*8*
Payment appropriations carried over to next year	*(650 708)*	*(467 062)*
Cancellation of unused carried over payment appropriations from previous year	*87*	*127*
Adjustment for carry-over of assigned revenue appropriations from previous year	*437 197*	*519 755*
Other individually immaterial items	*(18)*	*(13)*
BUDGET RESULT OF THE YEAR	**207**	**61**

4. IMPLEMENTATION OF BUDGET REVENUE

4.1. Implementation of budget revenue – Title 2

EUR '000

Item	Income appropriations		Entitlements established			Revenue				Out-standing
	Initial budget	Final budget	Current year	Carried over	Total	On entitlements of current year	On entitlements carried over	Total	%	
	1	2	3	4	5=3+4	6	7	8=6+7	9=8/2	10=5-8
2000 Operating subvention EC	35 062	36 019	36 019	–	36 019	36 019	–	36 019	100 %	–
2008 Programmes subvention EC	–	–	731 943	–	731 943	731 942	–	731 942	-	1
Total Chapter 20	35 062	36 019	767 962	–	767 962	767 961	–	767 961	2 132 %	1
Total Title 2	**35 062**	**36 019**	**767 962**	**–**	**767 962**	**767 961**	**–**	**767 961**	2 132 %	**1**

4.2. Implementation of budget revenue – Title 9

EUR '000

Item	Income appropriations		Entitlements established			Revenue				Out-standing
	Initial budget	Final budget	Current year	Carried over	Total	On entitlements of current year	On entitlements carried over	Total	%	
	1	2	3	4	5=3+4	6	7	8=6+7	9=8/2	10=5-8
9000 Miscellaneous income	–	–	360	332	691	341	127	468	-	224
Total Chapter 90	–	–	360	332	691	341	127	468	-	224
Total Title 9	**–**	**–**	**360**	**332**	**691**	**341**	**127**	**468**	-	**224**
GRAND TOTAL	**35 062**	**36 019**	**768 322**	**332**	**768 654**	**768 302**	**127**	**768 429**	**2 133 %**	**225**

5. IMPLEMENTATION OF BUDGET EXPENDITURE

5.1. Breakdown & changes in commitment appropriations

5.1.1. Breakdown & changes in commitment appropriations – Title 1

EUR '000

Item	Budget appropriations				Additional appropriations			Total appropr. available
	Initial adopted budget	Amending budgets	Transfers	Final budget adopted	Carry-overs	Assigned revenue	Total	
	1	2	3	4=1+2+3	5	6	7=5+6	8=4+7
1100 Staff expenditure	16 648	(30)	1 365	17 983	–	1	1	17 984
Total Chapter 11	16 648	(30)	1 365	17 983	–	1	1	17 984
1200 Recruitment costs	116	–	(16)	100	–	0	0	100
1210 Medical services	60	–	(46)	14	–	–	–	14
Total Chapter 12	176	–	(62)	114	–	0	0	114
1300 Missions and travel	1 402	(52)	(203)	1 147	–	12	12	1 159
Total Chapter 13	1 402	(52)	(203)	1 147	–	12	12	1 159
1400 Training expenditure	200	(50)	43	193	–	4	4	197
Total Chapter 14	200	(50)	43	193	–	4	4	197
1500 Social measures	900	(400)	(189)	311	–	3	3	314
Total Chapter 15	900	(400)	(189)	311	–	3	3	314
1600 External service providers	300	–	27	327	–	–	–	327
Total Chapter 16	300	–	27	327	–	–	–	327
1700 Representation expenditure	2	–	(1)	1	–	–	–	1
Total Chapter 17	2	–	(1)	1	–	–	–	1
1800 Tuition fees	1 496	(136)	302	1 662	–	84	84	1 747
Total Chapter 18	1 496	(136)	302	1 662	–	84	84	1 747
Total Title 1	**21 124**	**(668)**	**1 283**	**21 738**	**–**	**104**	**104**	**21 843**

5.1.2. Breakdown & changes in commitment appropriations – Title 2

EUR '000

Item		Budget appropriations				Additional appropriations			Total appropr. available
		Initial adopted budget	Amending budgets	Transfers	Final budget adopted	Carry-overs	Assigned revenue	Total	
		1	2	3	4=1+2+3	5	6	7=5+6	8=4+7
2000	Investment in immovable property, rental of building and associated costs	3 323	(593)	5	2 734	–	493	493	3 227
Total Chapter 20		3 323	(593)	5	2 734	–	493	493	3 227
2100	Data processing cost	1 560	(60)	225	1 725	–	32	32	1 757
Total Chapter 21		1 560	(60)	225	1 725	–	32	32	1 757
2200	Movable property and associated costs	74	(54)	13	33	–	–	–	33
Total Chapter 22		74	(54)	13	33	–	–	–	33
2300	Current administrative expenditure	1 116	18	(195)	939	–	1	1	940
Total Chapter 23		1 116	18	(195)	939	–	1	1	940
2400	Postage and telecommunication costs	305	(55)	(45)	206	–	–	–	206
Total Chapter 24		305	(55)	(45)	206	–	–	–	206
2500	Expenditure in meetings	60	–	(13)	47	–	–	–	47
Total Chapter 25		60	–	(13)	47	–	–	–	47
2600	Security Accreditation Board (SAB) administrative expenditure	350	(60)	(225)	65	–	–	–	65
Total Chapter 26		350	(60)	(225)	65	–	–	–	65
Total Title 2		**6 788**	**(804)**	**(234)**	**5 750**	**–**	**525**	**525**	**6 275**

5.1.3. Breakdown & changes in commitment appropriations – Title 3

EUR '000

Item		Budget appropriations			Additional appropriations			
	Initial adopted budget	Amending budgets	Transfers	Final budget adopted	Carry-overs	Assigned revenue	Total	Total appropr. available
	1	2	3	4=1+2+3	5	6	7=5+6	8=4+7
3100 Expenditure on studies	6 300	–	(667)	5 633	–	–	–	5 633
Total Chapter 31	6 300	–	(667)	5 633	–	–	–	5 633
3300 Security Accreditation Board (SAB) expenditure	850	–	(382)	468	–	–	–	468
Total Chapter 33	850	–	(382)	468	–	–	–	468
3913 7th framework programme - 1st and 2nd call	–	–	–	–	–	297	297	297
3917 7th framework programme - 3rd call	–	–	–	–	–	1 754	1 754	1 754
3918 Public regulated services	–	–	–	–	–	104	104	104
3920 EGNOS exploitation	–	–	–	–	–	412 056	412 056	412 056
3921 H2020 - 1st call	–	–	–	–	–	4 503	4 503	4 503
3922 GALILEO exploitation	–	–	–	–	–	683 563	683 563	683 563
3923 H2020 - 2nd call	–	–	–	–	–	1 845	1 845	1 845
3924 H2020 - 3rd call	–	–	–	–	–	4 689	4 689	4 689
3925 H2020 - 4th call	–	–	–	–	–	20 500	20 500	20 500
Total Chapter 39	–	–	–	–	–	1 129 310	1 129 310	1 129 310
Total Title 3	**7 150**	**–**	**(1 049)**	**6 101**	**–**	**1 129 310**	**1 129 310**	**1 135 412**
GRAND TOTAL	**35 062**	**(1 472)**	**–**	**33 590**	**–**	**1 129 940**	**1 129 940**	**1 163 529**

Note: The assigned revenue appropriations on budget lines 3921, 3923, and 3924 are higher than they should be.

Corrective actions to reduce the appropriations took place after the 2019 closure period, as follows: appropriations on budget line 3921 were decreased by kEUR 1 373, those on budget line 3923 by kEUR 66, and appropriations on budget line 3924 were decreased by kEUR 4 408.

These will be reflected in the annual accounts of 2020.

5.2. Breakdown & changes in payment appropriations

5.2.1. Breakdown & changes in payment appropriations – Title 1

EUR '000

Item	Budget appropriations				Additional appropriations			Total appropr. available
	Initial budget adopted	Amending budgets	Transfers	Final adopted budget	Carry-overs	Assigned revenue	Total	
	1	2	3	4=1+2+3	5	6	7=5+6	8=4+7
1100 Staff expenditure	16 648	(30)	1 365	17 983	–	1	1	17 984
Total Chapter 11	16 648	(30)	1 365	17 983	–	1	1	17 984
1200 Recruitment costs	116	–	(16)	100	38	0	39	139
1210 Medical services	60	–	(46)	14	47	–	47	61
Total Chapter 12	176	–	(62)	114	85	0	86	200
1300 Missions and travel	1 402	(52)	(203)	1 147	196	12	208	1 355
Total Chapter 13	1 402	(52)	(203)	1 147	196	12	208	1 355
1400 Training expenditure	200	(50)	43	193	127	4	131	324
Total Chapter 14	200	(50)	43	193	127	4	131	324
1500 Social measures	900	(400)	(189)	311	181	3	184	495
Total Chapter 15	900	(400)	(189)	311	181	3	184	495
1600 External service providers	300	–	27	327	118	–	118	445
Total Chapter 16	300	–	27	327	118	–	118	445
1700 Representation expenditure	2	–	(1)	1	0	–	0	1
Total Chapter 17	2	–	(1)	1	0	–	0	1
1800 Tuition fees	1 496	(136)	302	1 662	21	84	105	1 767
Total Chapter 18	1 496	(136)	302	1 662	21	84	105	1 767
Total Title 1	**21 124**	**(668)**	**1 283**	**21 738**	**728**	**104**	**832**	**22 570**

5.2.2. Breakdown & changes in payment appropriations – Title 2

EUR '000

Item	Budget appropriations				Additional appropriations			Total appropr. available
	Initial budget adopted	Amending budgets	Transfers	Final adopted budget	Carry-overs	Assigned revenue	Total	
	1	2	3	4=1+2+3	5	6	7=5+6	8=4+7
2000 Investment in immovable property, rental of building and associated costs	3 323	(593)	5	2 734	1 203	493	1 695	4 430
Total Chapter 20	3 323	(593)	5	2 734	1 203	493	1 695	4 430
2100 Data processing cost	1 560	(60)	225	1 725	2 511	32	2 543	4 268
Total Chapter 21	1 560	(60)	225	1 725	2 511	32	2 543	4 268
2200 Movable property and associated costs	74	(54)	13	33	–	–	–	33
Total Chapter 22	74	(54)	13	33	–	–	–	33
2300 Current administrative expenditure	1 116	18	(195)	939	651	1	652	1 591
Total Chapter 23	1 116	18	(195)	939	651	1	652	1 591
2400 Postage and telecommunication costs	305	(55)	(45)	206	127	–	127	333
Total Chapter 24	305	(55)	(45)	206	127	–	127	333
2500 Expenditure in meetings	60	–	(13)	47	9	–	9	56
Total Chapter 25	60	–	(13)	47	9	–	9	56
2600 Security Accreditation Board (SAB) administrative expenditure	350	(60)	(225)	65	17	–	17	82
Total Chapter 26	350	(60)	(225)	65	17	–	17	82
Total Title 2	**6 788**	**(804)**	**(234)**	**5 750**	**4 517**	**525**	**5 042**	**10 792**

5.2.3. Breakdown & changes in payment appropriations – Title 3

EUR '000

Item		Budget appropriations				Additional appropriations			Total appropr. available
		Initial budget adopted	Amending budgets	Transfers	Final adopted budget	Carry-overs	Assigned revenue	Total	
		1	2	3	4=1+2+3	5	6	7=5+6	8=4+7
3100	Expenditure on studies	6 300	2 261	(899)	7 662	–	–	–	7 662
Total Chapter 31		6 300	2 261	(899)	7 662	–	–	–	7 662
3300	Security Accreditation Board (SAB) expenditure	850	168	(149)	868	–	–	–	868
Total Chapter 33		850	168	(149)	868	–	–	–	868
3913	7th framework programme - 1st and 2nd call	–	–	–	–	–	142	142	142
3917	7th framework programme - 3rd call	–	–	–	–	–	335	335	335
3918	Public regulated services	–	–	–	–	–	3 028	3 028	3 028
3920	EGNOS exploitation	–	–	–	–	–	361 157	361 157	361 157
3921	H2020 - 1st call	–	–	–	–	–	10 528	10 528	10 528
3922	GALILEO exploitation	–	–	–	–	–	765 238	765 238	765 238
3923	H2020 - 2nd call	–	–	–	–	–	3 410	3 410	3 410
3924	H2020 - 3rd call	–	–	–	–	–	13 915	13 915	13 915
3925	H2020 - 4th call	–	–	–	–	–	11 100	11 100	11 100
Total Chapter 39		–	–	–	–	–	1 168 851	1 168 851	1 168 851
Total Title 3		**7 150**	**2 429**	**(1 049)**	**8 530**	**–**	**1 168 851**	**1 168 851**	**1 177 381**
GRAND TOTAL		**35 062**	**957**	**–**	**36 019**	**5 245**	**1 169 481**	**1 174 726**	**1 210 744**

5.3. Implementation of commitment appropriations

5.3.1. Implementation of commitment appropriations - Title 1

EUR '000

Item	Total approp. available	Commitments made					Appropriations carried over to 2020			Appropriations lapsing			
		from final adopt. budget	from carry-overs	from assign. revenue	Total	%	Assign. revenue	By decision	Total	from final adopt. budget	from carry-overs	from assign. 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
1100 Staff expenditure	17 984	17 983	–	–	17 983	100 %	1	–	1	–	–	–	–
Total Chapter 11	17 984	17 983	–	–	17 983	100 %	1	–	1	–	–	–	–
1200 Recruitment costs	100	100	–	0	100	100 %	–	–	–	–	–	–	–
1210 Medical services	14	14	–	–	14	100 %	–	–	–	–	–	–	–
Total Chapter 12	114	114	–	0	114	100 %	–	–	–	–	–	–	–
1300 Missions and travel	1 159	1 147	–	2	1 150	99 %	10	–	10	–	–	–	–
Total Chapter 13	1 159	1 147	–	2	1 150	99 %	10	–	10	–	–	–	–
1400 Training expenditure	197	193	–	–	193	98 %	4	–	4	–	–	–	–
Total Chapter 14	197	193	–	–	193	98 %	4	–	4	–	–	–	–
1500 Social measures	314	311	–	1	312	99 %	2	–	2	–	–	–	–
Total Chapter 15	314	311	–	1	312	99 %	2	–	2	–	–	–	–
1600 External service providers	327	327	–	–	327	100 %	–	–	–	–	–	–	–
Total Chapter 16	327	327	–	–	327	100 %	–	–	–	–	–	–	–
1700 Representation expenditure	1	1	–	–	1	100 %	–	–	–	–	–	–	–
Total Chapter 17	1	1	–	–	1	100 %	–	–	–	–	–	–	–
1800 Tuition fees	1 747	1 662	–	64	1 727	99 %	20	–	20	–	–	–	–
Total Chapter 18	1 747	1 662	–	64	1 727	99 %	20	–	20	–	–	–	–
Total Title 1	**21 843**	**21 738**	**–**	**68**	**21 807**	**100 %**	**36**	**–**	**36**	**–**	**–**	**–**	**–**

5.3.2. Implementation of commitment appropriations - Title 2

EUR '000

Item		Total approp. available	Commitments made					Appropriations carried over to 2020			Appropriations lapsing			
			from final adopt. budget	from carry-overs	from assign. revenue	Total	%	Assign. revenue	By decision	Total	from final adopt. budget	from carry-overs	from assign. 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
2000	Investment in immovable property, rental of building and associated costs	3 227	2 734	–	240	2 975	92 %	252	–	252	–	–	–	–
Total Chapter 20		3 227	2 734	–	240	2 975	92 %	252	–	252	–	–	–	–
2100	Data processing cost	1 757	1 725	–	32	1 757	100 %	–	–	–	–	–	–	–
Total Chapter 21		1 757	1 725	–	32	1 757	100 %	–	–	–	–	–	–	–
2200	Movable property and associated costs	33	33	–	–	33	100 %	–	–	–	–	–	–	–
Total Chapter 22		33	33	–	–	33	100 %	–	–	–	–	–	–	–
2300	Current administrative expenditure	940	939	–	0	939	100 %	1	–	1	–	–	–	–
Total Chapter 23		940	939	–	0	939	100 %	1	–	1	–	–	–	–
2400	Postage and telecommunication costs	206	206	–	–	206	100 %	–	–	–	–	–	–	–
Total Chapter 24		206	206	–	–	206	100 %	–	–	–	–	–	–	–
2500	Expenditure in meetings	47	47	–	–	47	100 %	–	–	–	–	–	–	–
Total Chapter 25		47	47	–	–	47	100 %	–	–	–	–	–	–	–
2600	Security Accreditation Board (SAB) administrative expenditure	65	65	–	–	65	100 %	–	–	–	–	–	–	–
Total Chapter 26		65	65	–	–	65	100 %	–	–	–	–	–	–	–
Total Title 2		**6 275**	**5 750**	**–**	**272**	**6 022**	**96 %**	**253**	**–**	**253**	**–**	**–**	**–**	**–**

5.3.3. Implementation of commitment appropriations - Title 3

EUR '000

	Item	Total approp. available	Commitments made					Appropriations carried over to 2020			Appropriations lapsing			
			from final adopt. budget	from carry-overs	from assign. revenue	Total	%	Assign. revenue	By decision	Total	from final adopt. budget	from carry-overs	from assign. 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
3100	Expenditure on studies	5 633	5 633	–	–	5 633	100 %	–	–	–	–	–	–	–
Total Chapter 31		5 633	5 633	–	–	5 633	100 %	–	–	–	–	–	–	–
3300	Security Accreditation Board (SAB) expenditure	468	468	–	–	468	100 %	–	–	–	–	–	–	–
Total Chapter 33		468	468	–	–	468	100 %	–	–	–	–	–	–	–
3913	7th framework programme - 1st and 2nd call	297	–	–	–	–	0 %	297	–	297	–	–	–	–
3917	7th framework programme - 3rd call	1 754	–	–	–	–	0 %	1 754	–	1 754	–	–	–	–
3918	Public regulated services	104	–	–	–	–	0 %	104	–	104	–	–	–	–
3920	EGNOS exploitation	412 056	–	–	137 764	137 764	33 %	274 292	–	274 292	–	–	–	–
3921	H2020 - 1st call	4 503	–	–	17	17	0 %	4 486	–	4 486	–	–	–	–
3922	GALILEO exploitation	683 563	–	–	133 017	133 017	19 %	550 546	–	550 546	–	–	–	–
3923	H2020 - 2nd call	1 845	–	–	5	5	0 %	1 840	–	1 840	–	–	–	–
3924	H2020 - 3rd call	4 689	–	–	22	22	0 %	4 666	–	4 666	–	–	–	–
3925	H2020 - 4th call	20 500	–	–	19 872	19 872	97 %	628	–	628	–	–	–	–
Total Chapter 39		1 129 310	–	–	290 697	290 697	26 %	838 613	–	838 613	–	–	–	–
Total Title 3		**1 135 412**	**6 101**	**–**	**290 697**	**296 798**	**26 %**	**838 613**	**–**	**838 613**	**–**	**–**	**–**	**–**
GRAND TOTAL		**1 163 529**	**33 590**	**–**	**291 037**	**324 627**	**28 %**	**838 902**	**–**	**838 902**	**–**	**–**	**–**	**–**

Note: The assigned revenue appropriations on budget lines 3921, 3923, and 3924 are higher than they should be.

Corrective actions to reduce the appropriations took place after the 2019 closure period, as follows: appropriations on budget line 3921 were decreased by kEUR 1 373, those on budget line 3923 by kEUR 66, and appropriations on budget line 3924 were decreased by kEUR 4 408.

These will be reflected in the annual accounts of 2020.

5.4. Implementation of payment appropriations

5.4.1. Implementation of payment appropriations - Title 1

EUR '000

Item	Total approp. availab.	Payments made					Appropriations carried over to 2020				Appropriations lapsing			
		from final adopt. budget	from carry-overs	from assign. revenue	Total	%	Autom. carry-overs	By decision	Assigned rev.	Total	from final adopt. budget	from carry-overs	from assig. rev.	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
1100 Staff expenditure	17 984	17 983	–	–	17 983	100 %	–	–	1	1	–	–	–	–
Total Chapter 11	17 984	17 983	–	–	17 983	100 %	–	–	1	1	–	–	–	–
1200 Recruitment costs	139	51	38	0	90	65 %	49	–	–	49	–	–	–	–
1210 Medical services	61	12	41	–	52	86 %	2	–	–	2	–	6	–	6
Total Chapter 12	200	63	79	0	143	71 %	51	–	–	51	–	6	–	6
1300 Missions and travel	1 355	981	196	2	1 179	87 %	166	–	10	176	–	–	–	–
Total Chapter 13	1 355	981	196	2	1 179	87 %	166	–	10	176	–	–	–	–
1400 Training expenditure	324	116	127	–	242	75 %	77	–	4	81	–	0	–	0
Total Chapter 14	324	116	127	–	242	75 %	77	–	4	81	–	0	–	0
1500 Social measures	495	216	181	1	398	80 %	95	–	2	97	–	–	–	–
Total Chapter 15	495	216	181	1	398	80 %	95	–	2	97	–	–	–	–
1600 External service providers	445	175	118	–	293	66 %	152	–	–	152	–	0	–	0
Total Chapter 16	445	175	118	–	293	66 %	152	–	–	152	–	0	–	0
1700 Representation expenditure	1	1	–	–	1	86 %	0	–	–	0	–	0	–	0
Total Chapter 17	1	1	–	–	1	86 %	0	–	–	0	–	0	–	0
1800 Tuition fees	1 767	1 654	21	64	1 739	98 %	9	–	20	29	–	–	–	–
Total Chapter 18	1 767	1 654	21	64	1 739	98 %	9	–	20	29	–	–	–	–
Total Title 1	**22 570**	**21 188**	**721**	**68**	**21 978**	**97 %**	**550**	**–**	**36**	**586**	**–**	**7**	**–**	**7**

5.4.2. Implementation of payment appropriations - Title 2

EUR '000

Item		Total approp. availab.	Payments made					Appropriations carried over to 2020				Appropriations lapsing			
			from final adopt. budget	from carry-overs	from assign. revenue	Total	%	Autom. carry-overs	By decision	Assigned rev.	Total	from final adopt. budget	from carry-overs	from assig. rev.	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
2000	Investment in immovable property, rental of building and associated costs	4 430	1 427	1 185	240	2 852	64 %	1 307	–	252	1 560	–	18	–	18
Total Chapter 20		4 430	1 427	1 185	240	2 852	64 %	1 307	–	252	1 560	–	18	–	18
2100	Data processing cost	4 268	585	2 471	32	3 088	72 %	1 141	–	–	1 141	–	39	–	39
Total Chapter 21		4 268	585	2 471	32	3 088	72 %	1 141	–	–	1 141	–	39	–	39
2200	Movable property and associated costs	33	11	–	–	11	32 %	22	–	–	22	–	–	–	–
Total Chapter 22		33	11	–	–	11	32 %	22	–	–	22	–	–	–	–
2300		1 591	227	639	0	865	54 %	712	–	1	713	–	12	–	12
Total Chapter 23		1 591	227	639	0	865	54 %	712	–	1	713	–	12	–	12
2400	Postage and telecommunication costs	333	67	116	–	183	55 %	139	–	–	139	–	11	–	11
Total Chapter 24		333	67	116	–	183	55 %	139	–	–	139	–	11	–	11
2500	Expenditure in meetings	56	36	9	–	45	80 %	11	–	–	11	–	–	–	–
Total Chapter 25		56	36	9	–	45	80 %	11	–	–	11	–	–	–	–
2600	Security Accreditation Board (SAB) administrative expenditure	82	46	17	–	63	77 %	19	–	–	19	–	0	–	0
Total Chapter 26		82	46	17	–	63	77 %	19	–	–	19	–	0	–	0
Total Title 2		**10 792**	**2 398**	**4 437**	**272**	**7 107**	**66 %**	**3 352**	**–**	**253**	**3 605**	**–**	**81**	**–**	**81**

5.4.3. Implementation of payment appropriations - Title 3

EUR '000

	Item	Total approp. availab.	Payments made: from final adopt. budget	Payments made: from carry-overs	Payments made: from assign. revenue	Payments made: Total	Payments made: %	Appropriations carried over to 2020: Autom. carry-overs	Appropriations carried over to 2020: By decision	Appropriations carried over to 2020: Assigned rev.	Appropriations carried over to 2020: Total	Appropriations lapsing: from final adopt. budget	Appropriations lapsing: from carry-overs	Appropriations lapsing: from assig. rev.	Appropriations lapsing: 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
3100	Expenditure on studies	7 662	6 501	–	–	6 501	85 %	-	1 161	–	1 161	–	–	–	–
Total Chapter 31		7 662	6 501	–	–	6 501	85 %	-	1 161	–	1 161	–	–	–	–
3300	Security Accreditation Board (SAB) expenditure	868	868	–	–	868	100 %	-	–	–	–	–	–	–	–
Total Chapter 33		868	868	–	–	868	100 %	-	–	–	–	–	–	–	–
3913	7th framework programme - 1st and 2nd call	142	–	–	–	–	0 %	-	–	142	142	–	–	–	–
3917	7th framework programme - 3rd call	335	–	–	–	–	0 %	-	–	335	335	–	–	–	–
3918	Public regulated services	3 028	–	–	–	–	0 %	-	–	3 028	3 028	–	–	–	–
3920	EGNOS exploitation	361 157	–	–	127 146	127 146	35 %	-	–	234 010	234 010	–	–	–	–
3921	H2020 - 1st call	10 528	–	–	7 760	7 760	74 %	-	–	2 768	2 768	–	–	–	–
3922	GALILEO exploitation	765 238	–	–	368 565	368 565	48 %	-	–	396 673	396 673	–	–	–	–
3923	H2020 - 2nd call	3 410	–	–	1 786	1 786	52 %	-	–	1 624	1 624	–	–	–	–
3924	H2020 - 3rd call	13 915	–	–	8 184	8 184	59 %	-	–	5 731	5 731	–	–	–	–
3925	H2020 - 4th call	11 100	–	–	10 053	10 053	91 %	-	–	1 047	1 047	–	–	–	–
Total Chapter 39		1 168 851	–	–	523 494	523 494	45 %	-	–	645 357	645 357	–	–	–	–
Total Title 3		**1 177 381**	**7 370**	**–**	**523 494**	**530 864**	**45 %**	**-**	**1 161**	**645 357**	**646 518**	**–**	**–**	**–**	**–**
GRAND TOTAL		**1 210 744**	**30 956**	**5 158**	**523 835**	**559 949**	**46 %**	**3 902**	**1 161**	**645 646**	**650 708**	**–**	**87**	**–**	**87**

6. OUTSTANDING COMMITMENTS

6.1. Outstanding commitments – Title 1

EUR '000

Item	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at year-end
	Commitm. carried forward from previous year	Decommit. Revaluation Cancellations	Payments	Total	Commitments made during the year	Payments	Cancellation of commit. which cannot be carried forward	Commit. outstanding at year-end	
	1	2	3	4=1+2-3	5	6	7	8=5-6-7	9=4+8
1100 Staff expenditure	–	–	–	–	17 983	17 983	–	–	–
Total chapter 11	–	–	–	–	17 983	17 983	–	–	–
1200 Recruitment costs	38	–	38	–	100	52	–	49	49
1210 Medical services	47	(6)	41	–	14	12	–	2	2
Total chapter 12	85	(6)	79	–	114	64	–	51	51
1300 Missions and travel	196	–	196	–	1 150	983	–	166	166
Total chapter 13	196	–	196	–	1 150	983	–	166	166
1400 Training expenditure	127	(0)	127	–	193	116	–	77	77
Total chapter 14	127	(0)	127	–	193	116	–	77	77
1500 Social measures	181	–	181	–	312	217	–	95	95
Total chapter 15	181	–	181	–	312	217	–	95	95
1600 External service providers	118	(0)	118	–	327	175	–	152	152
Total chapter 16	118	(0)	118	–	327	175	–	152	152
1700 Representation expenditure	0	(0)	–	–	1	1	–	0	0
Total chapter 17	0	(0)	–	–	1	1	–	0	0
1800 Tuition fees	21	–	21	–	1 727	1 718	–	9	9
Total chapter 18	21	–	21	–	1 727	1 718	–	9	9
Total Title 1	**728**	**(7)**	**721**	**–**	**21 807**	**21 257**	**–**	**550**	**550**

6.2. Outstanding commitments – Title 2

EUR '000

Item		Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at year-end
		Commitm. carried forward from previous year	Decommit. Revaluation Cancellations	Payments	Total	Commitments made during the year	Payments	Cancellation of commit. which cannot be carried forward	Commit. outstanding at year-end	
		1	2	3	4=1+2-3	5	6	7	8=5-6-7	9=4+8
2000	Investment in immovable property, rental of building and associated costs	1 203	(18)	1 185	–	2 975	1 667	–	1 307	1 307
Total chapter 20		1 203	(18)	1 185	–	2 975	1 667	–	1 307	1 307
2100	Data processing cost	2 511	(39)	2 471	–	1 757	616	–	1 141	1 141
Total chapter 21		2 511	(39)	2 471	–	1 757	616	–	1 141	1 141
2200	Movable property and associated costs	–	–	–	–	33	11	–	22	22
Total chapter 22		–	–	–	–	33	11	–	22	22
2300	Current administrative expenditure	651	(12)	639	–	939	227	–	712	712
Total chapter 23		651	(12)	639	–	939	227	–	712	712
2400	Postage and telecommunication costs	127	(11)	116	–	206	67	–	139	139
Total chapter 24		127	(11)	116	–	206	67	–	139	139
2500	Expenditure in meetings	9	–	9	–	47	36	–	11	11
Total chapter 25		9	–	9	–	47	36	–	11	11
2600	Security Accreditation Board (SAB) administrative expenditure	17	(0)	17	–	65	46	–	19	19
Total chapter 26		17	(0)	17	–	65	46	–	19	19
Total Title 2		**4 517**	**(81)**	**4 437**	**–**	**6 022**	**2 671**	**–**	**3 352**	**3 352**

6.3. Outstanding commitments – Title 3

EUR '000

	Item	Commitments outstanding at the end of previous year				Commitments of the current year				
		Commitm. carried forward from previous year	Decommit. Revaluation Cancellations	Payments	Total	Commitments made during the year	Payments	Cancellation of commit. which cannot be carried forward	Commit. outstanding at year-end	**Total commitm. outstanding at year-end**
		1	2	3	4=1+2-3	5	6	7	8=5-6-7	9=4+8
3100	Expenditure on studies	5 423	(122)	4 945	355	5 633	1 556	–	4 077	4 432
Total chapter 31		5 423	(122)	4 945	355	5 633	1 556	–	4 077	4 432
3300	Security Accreditation Board (SAB) expenditure	949	(14)	868	67	468	–	–	468	535
Total chapter 33		949	(14)	868	67	468	–	–	468	535
3918	Public regulated services	3 028	–	–	3 028	–	–	–	–	3 028
3920	EGNOS exploitation	554 913	(2 707)	102 241	449 965	137 764	24 905	–	112 859	562 824
3921	H2020 - 1st call	11 871	(588)	7 744	3 539	17	17	–	–	3 539
3922	GALILEO exploitation	1008 355	(5 430)	361 143	641 782	133 017	7 422	–	125 595	767 377
3923	H2020 - 2nd call	3 781	(240)	1 786	1 755	5	–	–	5	1 760
3924	H2020 - 3rd call	17 077	–	8 166	8 911	22	18	–	5	8 916
3925	H2020 - 4th call	–	–	–	–	19 872	10 053	–	9 819	9 819
Total chapter 39		1 599 025	(8 965)	481 080	1 108 979	290 697	42 414	–	248 283	1 357 262
Total Title 3		**1 605 396**	**(9 101)**	**486 894**	**1 109 401**	**296 798**	**43 970**	**–**	**252 828**	**1 362 229**
GRAND TOTAL		**1 610 641**	**(9 189)**	**492 051**	**1 109 401**	**324 627**	**67 897**	**–**	**256 730**	**1 366 131**

7. 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 Regulation:

- 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 Regulation Art. 21.

Authorising Officer by Delegation (AOD)

The AOD 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 AOD 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 Regulation for agencies.

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 Regulation Art. 7: *Commitment appropriations cover the total cost in the current financial year of legal obligations (contracts, grant agreements/decisions) entered into for operations extending over more than one year.*

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. Financial Regulation Art. 7: *Differentiated appropriations are entered for multiannual operations. They consist of commitment appropriations and payment appropriations.*

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

Joint Undertakings (JUs)

A legal EU-body established under the Treaty on the Functioning of the European Union. The term can be used to describe any collaborative structure proposed for the *"efficient execution of Union research, technological development and demonstration programmes"*.

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.

Only for joint undertakings, as specified in theirs Financial Rules, any unused appropriations may be entered in the estimate of revenue and expenditure of up to the following three financial years (the so-called "N+3" rule). Hence, lapsing appropriations for JUs could be re-activated until financial year "N+3".

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. Certain articles from the treaty authorise the Commission to undertake certain actions, which imply spending, without there being a further legal act.

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. (Financial Regulation Art. 9). In the EU Budget, non-differentiated appropriations apply to administrative expenditure, for agricultural market support and direct payments.

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 Regulation Art. 7).

RAL

Sum of outstanding commitments. Cf. Outstanding commitments

Recovery

The recovery order is the procedure by which the Authorising officer by Delegation (AOD) registers an entitlement by the Commission in order to retrieve the amount, which is due. The entitlement is the right that the Commission 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.

Rules of application

Detailed rules for the implementation of the financial regulation. They are set out in a Commission regulation adopted after consulting all institutions and cannot alter the financial regulation upon which they depend.

Surplus

Positive difference between revenue and expenditure (Cf. Budget result) which has to be returned to the funding authority as provided in the Financial Regulation.

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. However, they are expressly authorised by the Treaty on the Functioning of the European Union under the conditions laid down in the Financial Regulation. The Financial Regulation 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.