

DECISION 16/2015  
OF THE GOVERNING BOARD OF  
THE EUROPEAN INSTITUTE OF INNOVATION AND TECHNOLOGY (EIT)

ON THE OPINION OF THE EIT GOVERNING BOARD ON THE FINAL ACCOUNTS 2014

THE GOVERNING BOARD OF THE EUROPEAN INSTITUTE OF INNOVATION AND TECHNOLOGY,

Having regard to Regulation (EC) No 294/2008 establishing the European Institute of Innovation and Technology<sup>1</sup>, as amended by Regulation (EU) No 1292/2013 of the European Parliament and of the Council of 11 December 2013<sup>2</sup>, (hereinafter "EIT Regulation") and the Statutes, annexed thereto, (hereinafter the "Statutes"), in particular, Article 21 (3) of the EIT Regulation and Section 2(a) of the Statutes;

Having regard to Decision<sup>3</sup> of the Governing Board of the EIT of 27 December 2013 adopting the Financial Rules of the European Institute of Innovation and Technology (hereinafter "Financial Rules of the EIT") as amended by Decision 6/2015 of the Governing Board of the EIT of 5 March 2015;

Having regard to the preliminary observations of the European Court of Auditors on the provisional annual accounts 2014 of the EIT, forwarded to the EIT Director by the President of the Court of Auditors;

Having regard to the final accounts drawn up by the Accounting Officer and submitted by the Director to the EIT Governing Board;

WHEREAS

- (1) The final accounts of the EIT shall be sent by 1 July 2015 together with the opinion of the Governing Board, to the account officer of the Commission, the Court of Auditors, the European Parliament and the Council;
- (2) The EIT's final accounts are attached in Annex I to this opinion;
- (3) An excerpt from the accounts shows the following information.

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<sup>1</sup> OJ L97 of 09.04.2008, p. 1.

<sup>2</sup> OJ L347 of 20.12.2013, p. 174.

<sup>3</sup> 01364.EIT.2014.I

	<b>01.01.2014 31.12.2014</b>	<b>01.01.2013 31.12.2013</b>
Subsidy of the Commission	160.558.343,35	93.462.181,00
Host state contribution	1.560.000,00	1.560.000,00
Revenues from admin operations - fixed asset income	0,00	0,00
Other operating revenue	635.840,72	1.598.561,45
<b>TOTAL OPERATING REVENUE</b>	<b>162.754.184,07</b>	<b>96.620.742,45</b>
Staff expenses	2.958.994,29	2.986.838,65
Fixed asset related expenses	56.785,00	81.060,23
Other administrative expenses	1.213.269,58	1.288.183,16
Operational expenses	186.431.597,46	124.375.776,40
<b>TOTAL ADMINISTRATIVE AND OPERATIONAL EXPENSES</b>	<b>190.660.646,33</b>	<b>128.731.858,44</b>
<b>SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES</b>	<b>(27.906.462,26)</b>	<b>(32.111.115,99)</b>
Financial operations revenues	8.600,95	10.568,65
Financial operations expenses	649,12	207,51
<b>SURPLUS/ (DEFICIT) FROM FINANCIAL ACTIVITIES</b>	<b>7.951,83</b>	<b>10.361,14</b>
<b>SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES</b>	<b>(27.898.510,43)</b>	<b>(32.100.754,85)</b>
Extraordinary gains	0,00	0,00
Extraordinary losses	0,00	0,00
<b>SURPLUS/(DEFICIT) FROM EXTRAORDINARY ITEMS</b>	<b>0,00</b>	<b>0,00</b>
<b>ECONOMIC RESULT OF THE YEAR</b>	<b>(27.898.510,43)</b>	<b>(32.100.754,85)</b>

**HAS DECIDED AS FOLLOWS:**

On the basis of the examination of the final accounts, presented by the EIT Interim Director to the Governing Board, and on the basis of the preliminary observations of the European Court of Auditors on the provisional annual accounts 2014 of the EIT, the Governing Board of the European Institute of Innovation and Technology gives a favourable opinion on the final accounts drawn up by the EIT Accounting Officer for 2014.

*Done at Budapest on 03 June 2015*

*Signed*

Peter Olesen

Chairman of the EIT Governing Board



European Institute of  
Innovation & Technology

**FINAL ACCOUNTS OF THE  
EUROPEAN INSTITUTE  
OF  
INNOVATION AND TECHNOLOGY  
(EIT)**

**and**

**REPORT ON THE IMPLEMENTATION OF THE BUDGET**

**01.01.2014 – 31.12.2014**

European Institute of Innovation and Technology (EIT)

[www.eit.europa.eu](http://www.eit.europa.eu)



The EIT is a body of the European Union

Budapest | 03 June 2015

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## CERTIFICATE

The final annual accounts of EIT for the year 2014 have been prepared in accordance with Title VII of the EIT Financial Rules as well as the accounting rules and methods adopted by the Commission's Accounting Officer.

I hereby certify that based on the information provided by the Authorising Officer, I am reasonably assured that the accounts present a true and fair view of the financial position of EIT in all material aspects.



Davide Mola

Accounting Officer

# PART I – Financial statements

Financial year: 2014



## INTRODUCTION

### LEGAL BASIS

The following accounts, together with a report on budgetary and financial management were drawn up in accordance with Article 21 (3) of Regulation (EC) No 294/2008 of the European Parliament and of the Council of 11 March 2008 establishing the European Institute of Innovation and Technology (hereinafter referred to as "EIT Regulation") and Article 76 of the EIT Financial Rules<sup>1</sup>.

### BACKGROUND INFORMATION

This report and financial statements have been drawn up for the EIT, a European Union body established by Regulation (EC) No 294/2008 of the European Parliament and of the Council of 11 March 2008.

The mission of the EIT is to increase European sustainable growth and competitiveness by reinforcing the innovation capacity of the EU (Article 3, EIT Regulation). The seat of EIT is in Budapest.

The EIT's expenditures are financed by an annual subsidy from the general budget of the European Union and by a contribution from the host state.

The Governing Board is the principal governing body of the EIT entrusted with the role of strategic leadership and the overall direction of the operational activities implemented by the EIT

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<sup>1</sup> Decision of the Governing Board of the European Institute of Innovation and Technology of 20 April 2009 adopting the Financial Rules of the European Institute of Innovation and Technology (EIT).

Headquarters. It is independent and autonomous in its decision-making and is responsible for the selection, evaluation and support of the Knowledge and Innovation Communities (KICs). The Governing Board brings together 22 high-calibre members balancing prominent expertise from the higher education, research, business and innovation fields. It consists of 18 Appointed Members and 4 Representative Members.

The Chairman of the Governing Board for 2014 was Mr Peter Olesen.

The Institute is managed by the EIT Interim Director, Mr. Martin Kern. In accordance with Article 1(c) of the EIT Regulation and Article 33 of the EIT Financial Rules, the Director is the authorising officer for the EIT budget.

In accordance with Article 43 (1) of the EIT Financial Rules, the Governing Board appointed Davide Mola as accounting officer for the EIT on 28 June 2012 following a recruitment procedure.

# PART I: - FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL PERFORMANCE

01.01.2014 - 31.12.2014

**STATEMENTS OF FINANCIAL PERFORMANCE**  
**31.12.2014**

	<b>01.01.2014 31.12.2014</b>	<b>01.01.2013 31.12.2013</b>
Subsidy of the Commission	160.558.343,35	93.462.181,00
Host state contribution	1.560.000,00	1.560.000,00
Revenues from admin operations - fixed asset income	0,00	0,00
Other operating revenue	635.840,72	1.598.561,45
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Staff expenses	2.958.994,29	2.986.838,65
Fixed asset related expenses	56.785,00	81.060,23
Other administrative expenses	1.213.269,58	1.288.183,16
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<b>TOTAL ADMINISTRATIVE AND OPERATIONAL EXPENSES</b>	<b>190.660.646,33</b>	<b>128.731.858,44</b>
<b>SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES</b>	<b>(27.906.462,26)</b>	<b>(32.111.115,99)</b>
Financial operations revenues	8.600,95	10.568,65
Financial operations expenses	649,12	207,51
<b>SURPLUS/ (DEFICIT) FROM FINANCIAL ACTIVITIES</b>	<b>7.951,83</b>	<b>10.361,14</b>
<b>SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES</b>	<b>(27.898.510,43)</b>	<b>(32.100.754,85)</b>
Extraordinary gains	0,00	0,00
Extraordinary losses	0,00	0,00
<b>SURPLUS/(DEFICIT) FROM EXTRAORDINARY ITEMS</b>	<b>0,00</b>	<b>0,00</b>
<b>ECONOMIC RESULT OF THE YEAR</b>	<b>(27.898.510,43)</b>	<b>(32.100.754,85)</b>

## BALANCE SHEET

31.12.2014

### ASSETS

	<b>31.12.2014</b>	<b>31.12.2013</b>
<b>A. NON CURRENT ASSETS</b>		
<b>Intangible fixed assets</b>	<b>219.319,28</b>	<b>16.138,00</b>
<b>Tangible fixed assets</b>	<b>99.448,00</b>	<b>145.589,00</b>
Land and buildings	0,00	0,00
Plant and equipment	0,00	50,00
Computer hardware	41.803,00	72.529,00
Furniture and vehicles	53.307,00	63.282,00
Other fixtures and fittings	4.338,00	9.728,00
Tangible fixed assets under construction	0,00	0,00
<b>Long-term receivables</b>	<b>1.135,14</b>	<b>1.135,14</b>
Long-term pre-financing	1.135,14	1.135,14
Long-term receivables with consolidated EC entities	0,00	0,00
<b>TOTAL NON CURRENT ASSETS</b>	<b>319.902,42</b>	<b>162.862,14</b>
<b>B. CURRENT ASSETS</b>		
<b>Stock</b>	<b>0,00</b>	<b>0,00</b>
<b>Short-term receivables</b>	<b>364.171,12</b>	<b>783.489,26</b>
Short term prefinancing	0,00	62.150,00
Current receivables	319.341,45	651.287,71
Long term receivables falling due within a year	0,00	0,00
Sundry receivables	43.877,67	59.482,90
Prepaid expenses and accrued income	952,00	10.568,65
<b>Cash and cash equivalents</b>	<b>5.172.983,81</b>	<b>3.117.696,94</b>
<b>TOTAL CURRENT ASSETS</b>	<b>5.537.154,93</b>	<b>3.901.186,20</b>
<b>TOTAL</b>	<b>5.857.057,35</b>	<b>4.064.048,34</b>

## CAPITAL AND LIABILITIES

	31.12.2014	31.12.2013
<b>A. CAPITAL</b>		
<b>Accumulated surplus/deficit</b>	<b>(52.604.329,08)</b>	<b>(20.503.574,23)</b>
<b>Economic result of the year</b>	<b>(27.898.510,43)</b>	<b>(32.100.754,85)</b>
<b>TOTAL CAPITAL</b>	<b>(80.502.839,51)</b>	<b>(52.604.329,08)</b>
<b>B. NON CURRENT LIABILITIES</b>		
Provisions for risks and liabilities	0,00	0,00
Long-term liabilities with consolidated entities	0,00	0,00
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>0,00</b>	<b>0,00</b>
<b>C. CURRENT LIABILITIES</b>		
<b>Provisions for risks and liabilities</b>	<b>50.000,00</b>	<b>102.789,31</b>
<b>Accounts payable</b>	<b>86.309.896,86</b>	<b>56.565.588,11</b>
Current payables	(2.303,23)	(0,00)
Long-term liabilities falling due within the year	0,00	0,00
Sundry payables	1.992,13	5.028,23
Accrued expenses and deferred income	82.016.338,73	56.560.559,88
Accounts payable with consolidated EC entities	4.293.869,23	0,00
<b>TOTAL CURRENT LIABILITIES</b>	<b>86.359.896,86</b>	<b>56.668.377,42</b>
<b>TOTAL</b>	<b>5.857.057,35</b>	<b>4.064.048,34</b>

## CASH FLOW STATEMENT

31.12.2014

	01.01.2014 31.12.2014	01.01.2013 31.12.2013
<b>Cash Flows from ordinary activities</b>		
<b>Surplus/(deficit) from ordinary activities</b>	<b>-27.898.510,43</b>	<b>-32.100.754,85</b>
<b>Operating activities</b>		
<u>Adjustments</u>		
Amortization (intangible fixed assets) +	10.644,00	13.905,00
Depreciation (tangible fixed assets) +	46.141,00	67.155,23
Increase/(decrease) in Provisions for risks and liabilities	-52.789,31	54.510,14
(Increase)/decrease in Short term Pre-financing	62.150,00	33.953,55
(Increase)/decrease in Long term Receivables	0,00	0,00
(Increase)/decrease in Short term Receivables	357.168,14	579.800,54
Increase/(decrease) in Accounts payable	29.744.308,75	26.295.058,20
Increase/(decrease) in Liabilities related to consolidated EU entities		
Other non-cash movements		
<b>Net cash Flow from operating activities</b>	<b>2.269.112,15</b>	<b>-5.056.372,19</b>

<b>Cash Flows from investing activities</b>		
Increase of tangible and intangible fixed assets (-)	-213.825,28	-41.578,23
Proceeds from tangible and intangible fixed assets (+)		
<b>Net cash flow from investing activities</b>	<b>-213.825,28</b>	<b>-41.578,23</b>

Net increase/(decrease) in cash and cash equivalents	2.055.286,87	-5.097.950,42
<b>Cash and cash equivalents at the beginning of the period</b>	<b>3.117.696,94</b>	<b>8.215.647,36</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>5.172.983,81</b>	<b>3.117.696,94</b>

## STATEMENT OF CHANGES IN CAPITAL

Capital	Reserves	Accumulated Surplus / Deficit	Economic result of the year	Capital (total)
Balance as of 31 December 2013	0,00	(20.503.574,23)	(32.100.754,85)	(52.604.329,08)
Changes in accounting policies				0,00
<b>Balance as of 1 January 2014</b>	<b>0,00</b>	<b>(20.503.574,23)</b>	<b>(32.100.754,85)</b>	<b>(52.604.329,08)</b>
Allocation of the Economic Result of Previous Year		(32.100.754,85)	32.100.754,85	0,00
Economic result of the year			(27.898.510,43)	(27.898.510,43)
<b>Balance as of 31 December 2014</b>	<b>0,00</b>	<b>(52.604.329,08)</b>	<b>(27.898.510,43)</b>	<b>(80.502.839,51)</b>



## NOTES TO THE GENERAL ACCOUNTS

01.01.2014 – 31.12.2014

### ACCOUNTING POLICIES AND PRINCIPLES

In accordance with Article 21 (3) of Regulation (EC) No 294/2008 of the European Parliament and of the Council of 11 March 2008 establishing the European Institute of Innovation and Technology (hereinafter referred to as "EIT Regulation") and Article 76 of the EIT Financial Rules of 3 April 2009, the following final accounts together with a report on budgetary and financial management have been drawn up. These financial statements for the financial year 2014 are prepared on the basis of the EC Accounting Rules which adapt the International Public Sector Accounting Standards (and in some cases the International Financial Reporting Standards) to the specific environment of the European Union, while the reports on implementation of the budget continue to be primarily based on movements of cash. They also follow Commission Regulation No 2342/2002 (hereinafter referred to as the Implementing Rules).

The objective of financial statements is to provide information about the financial position, performance and cash flows of an entity that is useful to a wide range of users. For a public sector entity such as the EIT, the objective is more specifically to provide information useful for decision making, and to demonstrate the accountability of the entity for the resources entrusted to it.

The accounting system of the EIT comprises general accounts and budgetary accounts. The accounts are kept in EUR and are accounted on the basis of a financial year equal to the calendar year. The budgetary accounts give a detailed picture of the implementation of the budget. They are based on the modified cash accounting principle.<sup>2</sup> The general accounts allow for the preparation of the financial statements as they show all charges and income for the financial year and are designed to establish the financial position in the form of a balance sheet at 31 December.

The EIT financial statements have been drawn up using the methods of preparation set out in the accounting rules laid down by the European Commission's accounting officer.

Article 78 of the EIT Financial Rules sets out the accounting principles to be applied in drawing up the financial statements:

### Going concern basis

The financial statements have been made in accordance with the going concern principle, which means that the EIT is deemed to have been established for an indefinite duration (IPSAS 1; Implementing Rules, Article 187).

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<sup>2</sup> This differs from cash-based accounting because of elements such as carryovers.

## Prudence

Assets and income in these financial statements have not been overstated, and liabilities and expenses have not been understated. No hidden reserves have been created (IPSAS 1; Implementing Rules, Article 188).

## Consistent accounting method

According to this principle the accounting methods and valuation rules may not be changed from one year to the next (IPSAS 1; Implementing Rules, Article 189).

## Comparability of information

In accordance with this principle, the financial statements shall show for each item the amount of the corresponding item for the previous year. Where the presentation or the classification of one of the components of the financial statements has been changed, the corresponding amounts for the previous year shall be made comparable and reclassified (IPSAS 1; Implementing Rules, Article 190).

## Materiality

According to this principle, items that are material by virtue of their nature should be presented separately in the financial statements. Items that are material by virtue of their size but which have the same nature may be aggregated. Immaterial amounts should be aggregated with amounts of a similar nature or function and need not be presented separately (IPSAS 1; Implementing Rules, Article 191).

## No netting

The principle of no netting means that assets and liabilities may not be offset against each other, nor may revenues and expenses, save where the revenues and expenses derive from the same transaction, from similar transactions or from hedging operations and provided that they are not individually material (IPSAS 1; Implementing Rules, Article 192).

## Reality over appearance (Substance Over Form)

This principle states that if information is to represent faithfully the transactions and other events that it purports to represent, it is necessary that they are accounted for and presented in accordance with their substance and economic reality and not merely their legal form. The substance of transactions or other events is not always consistent with their legal form (IPSAS 1; Implementing Rules, Article 193).

## Accrual-based accounting

Accrual based accounting is an accounting method that measures the performance and position of the entity by recognizing economic events regardless of when cash transactions occur. (Income and expense items are recognized and recorded when income is earned and expense is incurred, regardless of when cash is actually received or paid.) (IPSAS 1; EIT Financial Rules, Article 79 (1.); Implementing Rules, Article 194).

## Reporting period

The EIT reporting period is from 1 January to 31 December 2014.

## CURRENCY AND BASIS FOR CONVERSION

### Functional and reporting currency

The financial statements are presented in Euro, which is the functional and reporting currency of the EIT (EIT Financial Rules, Article 80).

### Transactions

Foreign currency transactions were translated into Euros using the official exchange rates of the European Commission of the day on which the payment order was drawn up (Implementing Rules, Article 8).

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions are recognised in the economic outturn account.

## CHART OF ACCOUNTS

The chart of accounts used by EIT follows the structure of the chart of accounts of the European Commission (PCUE).

## STATEMENTS OF FINANCIAL PERFORMANCES

### Non-Exchange Revenue

Non-exchange revenues for 2014 consist of the subsidy and other operational revenue received from the European Commission and the Hungarian contribution.

In accordance with point 3 of Annex A of the Host Agreement between the European Institute of Innovation and Technology (EIT) and the Government of Hungary, the Hungarian Government agreed to make a contribution towards the staff costs of the EIT representing the wage costs of 20 employees of the EIT for five years. The paid contribution for 2014 was EUR 1 560 000,00.

	2014	2013
EC subsidy	160 558 343,55	93 462 181,00
Host state contribution	1 560 000,00	1 560 000,00
Recoveries of GA	400 077,01	1 483 268,02
Miscellaneous income	8 195,39	-
Exchange rate gains	227 568,32	115 293,43
<b>Total</b>	<b>162 754 184,07</b>	<b>96 620 742,45</b>

### Service in-kind - Host state contribution to the EIT premises

According to Article 3(3) of the Host Agreement the Hungarian Government covers the rental fee of the EIT premises for 20 years. For such in-kind services the EIT follows the non-recognition approach therefore the contribution was not recognised as revenue (and asset) in the EIT books.

The Hungarian Government contribution to the rental fee constitutes EUR 547 524,48 in kind revenue per calendar year.

## Expenses

According to the principle of the accrual-based accounting, financial statements take account of expenses relating to the reporting period; without taking into consideration the payment date.

### Administrative and operational expenses

Staff expenses comprise different categories of personnel related expenses: salaries, allowances, mission costs and other welfare expenses. Fixed asset related expenses comprise the charged amortisation/depreciation. Other administrative expenses comprise building associated costs, maintenance and service fees, office running costs, the honoraria for the Governing Board and meeting expenses. Operational expenses comprise the KIC grants, studies, expert fees, operational meeting and other operative expenses. The amount includes the pre-financing already paid of 95 400 000,00 EUR and the amount paid to the guarantee fund of 10 924 250,00 EUR.

	<b>2014</b>	<b>2013</b>
Staff expenses	2 958 994,29	2 986 838,65
Fixed asset related expenses	56 785,00	81 060,23
Other administrative expenses	1 213 269,58	1 288 183,16
Operational expenses	186 431 597,46	124 375 776,40
<b>Total</b>	<hr/> 190 660 646,33	<hr/> 128 731 858,44

### Average number of employees

	2014	2013
Temporary agents	32	27
Contract agents	13	13
<b>Total</b>	<b>45</b>	<b>40</b>

### Note related to Payroll charges

All salary calculations giving the total staff expenses included in the Statement of financial performance of the Agency are externalized to the Office for administration and payment of individual entitlements (also known as the Paymaster's Office-PMO) which is a central office of the European Commission.

The PMO's mission is to manage the financial rights of permanent, temporary and contractual staff working at the Commission, to calculate and to pay their salaries and other financial entitlements. The PMO provides these services to other EU institutions and agencies as well. The PMO is also responsible for managing the health insurance fund of the Institutions, together with processing and paying the claims of reimbursement from staff members. The PMO also manages the pension fund and pays the pensions of retired staff members. PMO is being audited by the European Court of Auditors.

The Agency is only responsible for the communication to the PMO of reliable information allowing the calculation of the staff costs. It is also responsible to check that this information has been correctly handled in the monthly payroll report used for accounting payroll costs. It is not responsible for the calculation of the payroll costs performed by PMO.

### Financial operations revenues (exchange revenue)

The EIT Financial Rules provide the EIT with derogation; the funds paid to the EIT by the Commission by way of the subsidy shall bear interest for the benefit of its budget. (EIT FR, Art. 51). The interest collected in 2014 will be incorporated into the 2014 EIT budget.

	2014	2013
Bank interest	8 600,95	10 568,65

## BALANCE SHEET

### ASSETS

Assets are resources controlled by the EIT as a result of past events and from which future economic benefits or service potential are expected to flow.

EIT uses ABAC Assets, which is an integrated part of the ABAC platform, as inventory application.

### Fixed assets

Fixed assets are assets that are expected to be used during more than one reporting period. The fixed assets in these financial statements are valued at their acquisition price or production cost. The book value of a fixed asset is equal to its acquisition price or production cost, plus or minus revaluations, depreciation and other amounts written off.

### Intangible fixed assets

Intangible fixed assets are identifiable non-monetary assets without any physical form. In the EIT's case these consist of computer software.

### Tangible fixed assets

Tangible fixed assets are assets of physical nature, consisting of technical equipments, furniture, computer hardware, telecommunication and audiovisual equipment.



## Depreciation

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life (IPSAS 17). The depreciation on fixed assets is calculated using the straight-line method with the following rates:

Depreciation rates

Type of asset	Straight line depreciation rate
Computer software	25%
Technical equipment	12.5%
Vehicles	25%
Furniture	10%
Kitchen, cafeteria equipment	12.5%
Computer hardware	25%
Telecommunication and audiovisual equipment	25%

Details of the fixed assets' depreciation can be found in the following table.

		Computer software	Plant and Equipment	Computer hardware	Furniture and vehicles	Other Fixtures and Fittings	Total
<b>Gross carrying amounts 01.01.2014</b>	+	<b>56.384,15</b>	<b>1.235,76</b>	<b>213.901,20</b>	<b>93.181,79</b>	<b>50.093,60</b>	<b>414.796,50</b>
Additions	+	213.825,28					<b>213.825,28</b>
<b>Gross carrying amounts 31.12.2014</b>		<b>270.209,43</b>	<b>1.235,76</b>	<b>213.901,20</b>	<b>93.181,79</b>	<b>50.093,60</b>	<b>628.621,78</b>
							<b>0,00</b>
<b>Accumulated amortization and impairment 01.01.2014</b>	-	<b>-40.246,15</b>	<b>-1.185,76</b>	<b>-141.372,20</b>	<b>-29.899,79</b>	<b>-40.365,60</b>	<b>-253.069,50</b>
Depreciation	-	-10.644,00	-50,00	-30.726,00	-9.975,00	-5.390,00	<b>-56.785,00</b>
<b>Accumulated amortization and impairment 31.12.2014</b>		<b>-50.890,15</b>	<b>-1.235,76</b>	<b>-172.098,20</b>	<b>-39.874,79</b>	<b>-45.755,60</b>	<b>-309.854,50</b>
<b>Net carrying amounts 31.12.2014</b>		<b>219.319,28</b>	<b>0,00</b>	<b>41.803,00</b>	<b>53.307,00</b>	<b>4.338,00</b>	<b>318.767,28</b>

## Receivables

Receivables are carried at original invoice amount less write-down for impairment. A write-down for impairment of receivables is established when there is objective evidence that the EIT will not be able to collect all amounts due according to the original terms of receivables. The amount of the write-down is recognised in the economic outturn account statement.

## Short term and long term receivables

Article 5(2) of the EIT Regulation powered the EIT to establish a Foundation (EIT Foundation, EITF) with the specific objective of promoting and supporting the activities of the EIT. The EITF was established in September 2010 as a philanthropic foundation registered in the Netherlands.

The EIT provided the EITF with an initial loan to support its establishment and preliminary activities.

On January 2014 the EITF reimbursed 12 850,00 EUR.

The loan was provided at no interest (0%) however subject to the condition to pay back the yielded interest on the provided loan. For this purpose the EITF is obliged to open an interest bearing account and to keep the disbursed funds on it.

Long term:

	<b>2014</b>	<b>2013</b>
Fee paid to supplier	<u>1 135,44</u>	<u>1 135,44</u>
<b>Total</b>	<b>1 135,44</b>	<b>1 135,44</b>

Short-term:

	<b>2014</b>	<b>2013</b>
Recoveries grant	263 239,16	575 593,59
Procurement pre-financing	-	-
EITF loan	-	62 150,00
Open reimbursement ETF loan	-	12 850,00
Receivables from consolidated entities	0,00	1 360,38
Recoverable VAT from host state	56 102,29	61 483,74
Accrued income/deferred charges	952,00	10 568,65
Sundry receivables	43 877,67	59 482,90
<b>Total</b>	<b>364 181,12</b>	<b>783 489,29</b>

The minutes of the December GB meeting regarding the EITF states that: "...In line with the discussions at the last EIT GB meeting in September 2014 and in light of sound financial management, it was concluded that the only viable option is Option 1: to wind up EITF in an appropriate manner. In this context, the EIT Governing Board proposed to write off the remaining amount of 62.150 EUR from the EIT loan to the EITF...". Furthermore, taking into account that the EIT Director is responsible for implementing the Budget and assist the GB, the EIT Director decided to writing off the loan.

The prepayments consist of prepaid maintenance fees.

## Cash and cash equivalents

	<b>2014</b>	<b>2013</b>
Bank accounts	5 172 983,81	3 117 696,94
<b>Total</b>	<b>5 172 983,81</b>	<b>3 117 696,94</b>

The bank accounts are held with BNP Paribas Fortis (Fortis Bank nv/sa) in Belgium for the EUR currency and in Hungary for the HUF account.

## EQUITY AND LIABILITIES

### Provisions for risks and liabilities

Provisions for risks and liabilities are recognised when EIT has a present legal or constructive obligation as a result of past events; an outflow of resources might be required to settle the obligation, and the amount can be reliably estimated.

The amount of 50 000,00 EUR is intended to cover the legal expenses related to a procurement procedure.

### Short term provisions

	<b>2014</b>	<b>2013</b>
Provision	50 000,00	102 789,31

## Current payables

The accounts payable as at 31 December 2014 comprise outstanding unpaid invoices and claims from the suppliers, beneficiaries and other public bodies.

	<b>2014</b>	<b>2013</b>
Accounts payable	-2 303,23	0,00
<b>Total</b>	<b>-2 303,23</b>	<b>0,00</b>

## Accrued expenses and deferred income

	2014	2013
Accrued expenses	82 016 338,73	56 560 559,88
Deferred income	0,00	0,00
<b>Total</b>	<b>82 016 338,73</b>	<b>56 560 559,88</b>

Accrued expenses are expenses that have been incurred but not yet paid. The majority of the booked accruals are related to KIC grant agreements (EUR 80 948 166,56; this amount is the actual costs incurred by KICs decreased by pre-financing already paid).

The calculated amount of holiday compensation is recognised as accrued expense (according to the Staff regulation - Annex V: Leave, Article 4 - if the person at the time of leaving the service has not used up his/her annual leave, he/she shall be paid compensation equal to one thirtieth of his monthly remuneration for each day of leave due to him/her).

## Accounts payable with consolidated EU entities

	2014	2013
Repayable positive budgetary outturn 2014	2 095 551,97	-
Repayable positive budgetary outturn 2011-2013	2 196 154,68	-
Repayable interest earned on EU subsidy	-	-
Other payables to consolidated EU entities	2 162,58	-
<b>Total</b>	<b>4 293 869,23</b>	<b>-</b>

During the year 2014 it was done a review of the budget outturn from 2011 to 2013. In the light of this review the amount of the budgetary outturn (not yet reimbursed) related to the period 2011-2013 was agreed with DG EAC to be 2.196.154,68 EUR.

Article 14 of the EIT Financial Regulation, derogations allow for the possibility to re-enter unused appropriations, appropriations carried over and decommitted appropriations in the estimate of revenue and expenditure up to the following three financial years.

Article 58 of the EIT Financial Rules grants derogation as regards the interest earned on the subsidy payments: the funds paid to the EIT by the Commission by way of the subsidy bears interest for the benefit of its budget.

The interest generated by funds paid to the EIT by the Commission by way of the contribution shall be due to the budget of the EIT.

## 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; or a present obligation that arises from past events but is not recognised because the amount of the obligation cannot be measured with sufficient reliability.

### Operational leases

Operational leases are classified as such where the lessor retains a significant portion of the risks and rewards of ownership. Lease payments under an operating lease are recognised as an expense in the economic outturn account on a straight-line basis over the lease term. Assets subject to an operating lease are treated as rentals.

EIT has no operational lease contracts.

### Carryovers

The EIT recognises the difference between the amount of the automatic carryover of commitment appropriations (the budgetary commitment is the operation reserving the appropriation necessary to cover subsequent payments to honour a legal commitment) and the accrued expenses as a contingent liability.

	2014	2013
Automatic carryovers (C8)	120 514 064,96	64 558 257,20
Accrued expenses	(82 016 338,73)	(56 560 559,88)
<b>Contingent liabilities for carryovers</b>	<b>38 497 726,23</b>	<b>7 997 697,32</b>



## Amounts relating to legal cases

There is a lawsuit (T-481/14) against EIT regarding the results of a procurement procedure started by an applicant. The contested amount is EUR 158 430,00. The EIT's position is that the plaintiff is not correct; therefore, EIT management does not record for any provision other than the expected legal costs (EUR 50 000,00).

## Long term/Multi-annual contractual commitments

A commitment for future funding is a possible future outflow of resources that could arise due to a legal or contractual commitment existing at year end. Significant long-term service contracts fall under this category.

The EIT has no existing multi-annual contracts without budgetary commitments.

	2014	2013
<b>Operational leases</b>	-	-
<b>Carryovers</b>	<b>38 497 726,23</b>	<b>7 997 697,32</b>
<b>Legal case</b>	-	-
<b>Multi-annual contractual commitments</b>	-	-
<b>Contingent liabilities</b>	<b>38 497 726,23</b>	<b>7 997 697,32</b>

## CONTINGENT ASSETS

Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events but which are not recognised because the amount of the obligation cannot be measured with sufficient reliability.

### Guarantees received for pre-financing

Articles 118 of the EU Financial Regulation and Article 182 of the Implementing Rules allow the Authorising Officers, if appropriate and proportionate, to require an advance guarantee for pre-financing.

#### RELATED PARTIES

Highest grade description	Grade	Number of persons of this grade	Loans to related parties	
			Nominal amount	Remaining open amount as of 31/12
Director	AD14	1	-	-

## CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies for the financial year 2014.

# PART II - Report on the implementation of the budget

Financial year: 2014

# 1. Budget result

The budgetary outturn account was prepared in accordance with the requirements of Commission Regulation (Article 143, Regulation (EU, Euratom) No 966/2012: Rules governing the accounts)

EUR

	2014	2013
<b>REVENUE</b>		
Balancing Commission subsidy	+ 164.850.050,00	93.462.181,00
Other subsidy from Commission (Phare, IPA,...)	+ 0,00	0,00
Host Member State Contribution	+ 1.560.000,00	1.560.000,00
Other income	+ 744.045,48	2.174.397,66
<b>TOTAL REVENUE (a)</b>	<b>167.154.095,48</b>	<b>97.196.578,66</b>
<b>EXPENDITURE</b>		
<i>Title I: Staff</i>		
Payments	- 3.337.077,26	3.450.021,83
Appropriations carried over	- 168.549,16	105.872,20
<i>Title II: Administrative Expenses</i>		
Payments	- 594.512,95	597.255,92
Appropriations carried over	- 456.489,29	193.420,05
<i>Title III: Operating Expenditure</i>		
Payments	- 160.942.762,52	91.615.737,59
Appropriations carried over	- 1.261.849,61	1.843.377,43
<b>TOTAL EXPENDITURE (b)</b>	<b>166.761.240,79</b>	<b>97.805.685,02</b>
<b>OUTTURN FOR THE FINANCIAL YEAR (a-b)</b>	<b>392.854,69</b>	<b>-609.106,36</b>
Cancellation of unused payment appropriations carried over from previous year	+ 531.028,99	474.365,97
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	+ 1.015.511,48	1.635,00
Exchange differences for the year (gain +/- loss -)	+/- 156.156,81	32.628,66
<b>BALANCE OF THE OUTTURN ACCOUNT FOR THE FINANCIAL YEAR</b>	<b>2.095.551,97</b>	<b>2.196.154,68</b>
Balance year N-1	+/- 2.196.154,68	
Positive balance from year N-1 reimbursed in year N to the Commission	-	
<b>Result used for determining amounts in general accounting</b>	<b>2.095.551,97</b>	<b>2.196.154,68</b>
<b>Commission subsidy - agency registers accrued revenue and Commission accrued expense</b>	<b>162.754.498,03</b>	
<b>Pre-financing remaining open to be reimbursed by agency to Commission in year N+1 (outturn 2011-2013)</b>	<b>2.196.154,68</b>	
<b>Pre-financing remaining open to be reimbursed by agency to Commission in year N+1 (art. 20 EIT FR)</b>	<b>2.095.551,97</b>	
Not included in the budget outturn:		
Interest generated by 31/12/N on the Commission balancing subsidy funds and to be entered in the EIT budget of year N+1	+ 8.600,95	

## 2. Reconciliation of the budget and economic result

EUR

<b>ECONOMIC RESULT</b>	<b>-27.898.510,43</b>
Adjustments for accrual cut off reversal 31.12.N-1	-56.560.559,88
Adjustments for accrual cut off reversal 31.12.N	82.016.338,73
Unpaid invoices at year end but booked in charges	0,00
Depreciation of intangible and tangible assets	56.785,00
Provisions	-52.789,31
Payments made from carry over of payment appropriations	284.915,46
Other revenue	12.850,00
Asset acquisitions	-213.825,28
Recovery orders (grants) not yet cashed	-263.239,16
Recovery orders (grants) from previous years cashed in 2014	575.593,59
Recovery orders (others) not yet cashed	
Pre-financing open at the end of 2013 and paid in 2014	62.150,00
Payment appropriations carried over	-1.886.888,06
Cancellation of unused carried over payment appropriations from previous year	531.028,99
Carry-over from previous year of appropriations available at 31.12 arising from assigned revenue	1.015.511,48
Accrued income/ Deferred Charges	952,00
Release of provision against unrealized gain/losses	123.330,53
Pre-financing to be reimbursed to the Commission	4.291.706,65
Others	201,66
<b>Total</b>	<b>2.095.551,97</b>
<b>BUDGETARY RESULT</b>	<b>2.095.551,97</b>

### 3. Revenue

Income line	Income line header	Income appropriations, EUR	Entitlements established in 2013, EUR	Entitlements established in 2014, EUR	Revenue received, EUR	Receipts as % of the budget
200	European Union subsidy	169.807.303,00	0,00	159.952.039,28	159.952.039,28	94,20%
300	Contributions by the EFTA member states	4.992.335,00	0,00	4.898.010,72	4.898.010,72	98,11%
410	Contribution by the Host Member State	1.560.000,00	0,00	1.560.000,00	1.560.000,00	100,00%
520	Revenue from investments, or loans granted, bank and other interest on the institution's accounts	23.418,65	12.850,00	10.568,65	23.418,65	100,00%
590	Other revenue from administrative operations	7.434,39	0,00	8.195,39	8.195,39	110,24%
701	Repayment of KICs grants incurred as a result of an ex-post audit	712.431,44	0,00	712.431,44	712.431,44	100,00%
	<b>TOTAL</b>	<b>177.102.922,48</b>	<b>12.850,00</b>	<b>167.141.245,48</b>	<b>167.154.095,48</b>	<b>94,38%</b>

## 4. Expenditure

### 4.1. Breakdown and changes in commitment and payment appropriations by chapter

EUR

Chapter		COMMITMENT				
		Appropriations adopted	Modifications (transfers and AB)	Carried over	Assigned revenue	Total
11	Staff in active employment	3.125.000,00	-920.000,00	0,00	1.560.000,00	3.765.000,00
12	Recruitment expenses	56.600,00	-5.000,00	5.000,00		56.600,00
13	Mission	357.000,00	-50.000,00	14.132,33		321.132,33
14	Socio-medical infrastructure	91.050,00	-7.550,00	6.565,00		90.065,00
15	Training	100.400,00	0,00	45.431,69		145.831,69
16	External staff and linguistic support	215.000,00	110.000,00	34.444,00		359.444,00
17	Representation	2.000,00	0,00	299,18		2.299,18
Title 1 - Total		3.947.050,00	-872.550,00	105.872,20	1.560.000,00	4.740.372,20
20	Building and associated costs	114.600,00	-75.700,00	25.684,02		64.584,02

21	Information and communication technology	465.000,00	-97.000,00	115.622,01		483.622,01
22	Moveable property and associated costs	212.200,00	-200.700,00	433,86		11.933,86
23	Current administrative expenditure	294.500,00	18.200,00	19.044,88		331.744,88
24	Publications, information, studies and surveys	73.000,00	-11.600,00	3.400,00		64.800,00
25	Meeting expenses	388.000,00	80.000,00	52.422,18		520.422,18
Title 2 - Total		1.547.300,00	-286.800,00	216.606,95	0,00	1.477.106,95
30	Grants	232.547.601,00	-7.152.163,96	62.736.043,25	712.431,44	288.843.911,73
31	Knowledge and Innovation Communities	2.605.000,00	-635.000,00	339.508,40	12.850,00	2.322.358,40
32	Communication and outreach	1.400.000,00	-5.000,00	1.121.823,24		2.516.823,24
33	Strategy and stakeholder relations	135.000,00	-115.000,00	38.403,16		58.403,16
Title 3 - Total		236.687.601,00	-7.907.163,96	64.235.778,05	725.281,44	293.741.496,53
GRAND TOTAL		242.181.951,00	-9.066.513,96	64.558.257,20	2.285.281,44	299.958.975,68



EUR

		COMMITMENT				
Chapter		Appropriations adopted	Modifications (transfers and AB)	Carried over	Assigned revenue	Total
11	Staff in active employment	3.125.000,00	-920.000,00	0,00	1.560.000,00	3.765.000,00
12	Recruitment expenses	56.600,00	-5.000,00	5.000,00		56.600,00
13	Mission	357.000,00	-50.000,00	14.132,33		321.132,33
14	Socio-medical infrastructure	91.050,00	-7.550,00	6.565,00		90.065,00
15	Training	100.400,00	0,00	45.431,69		145.831,69
16	External staff and linguistic support	215.000,00	110.000,00	34.444,00		359.444,00
17	Representation	2.000,00	0,00	299,18		2.299,18
Title 1 - Total		3.947.050,00	-872.550,00	105.872,20	1.560.000,00	4.740.372,20
20	Building and associated costs	114.600,00	-75.700,00	25.684,02		64.584,02
21	Information and communication technology	465.000,00	-97.000,00	115.622,01		483.622,01
22	Moveable property and associated costs	212.200,00	-200.700,00	433,86		11.933,86
23	Current administrative expenditure	294.500,00	18.200,00	19.044,88		331.744,88

24	Publications, information, studies and surveys	73.000,00	-11.600,00	3.400,00		64.800,00
25	Meeting expenses	388.000,00	80.000,00	52.422,18		520.422,18
Title 2 - Total		1.547.300,00	-286.800,00	216.606,95	0,00	1.477.106,95
30	Grants	232.547.601,00	-7.152.163,96	62.736.043,25	712.431,44	288.843.911,73
31	Knowledge and Innovation Communities	2.605.000,00	-635.000,00	339.508,40	12.850,00	2.322.358,40
32	Communication and outreach	1.400.000,00	-5.000,00	1.121.823,24		2.516.823,24
33	Strategy and stakeholder relations	135.000,00	-115.000,00	38.403,16		58.403,16
Title 3 - Total		236.687.601,00	-7.907.163,96	64.235.778,05	725.281,44	293.741.496,53
GRAND TOTAL		242.181.951,00	-9.066.513,96	64.558.257,20	2.285.281,44	299.958.975,68

#### 4.2. Implementation of commitment and payment appropriations by Title (C1, R0 and C4)

Budget Title	Fund Source	Commitment			Payment		
		Appropriations, EUR	Commitments made, EUR	%	Appropriations, EUR	Payments made, EUR	%
1 Staff expenditure	C1	3.074.500,00	2.200.695,52	71,58 %	3.074.500,00	1.777.077,26	57,80 %
	R0	1.560.000,00	1.560.000,00	100,00 %	1.560.000,00	1.560.000,00	100,00 %
		4.634.500,00	3.760.695,52	81,15 %	4.634.500,00	3.337.077,26	72,01 %
2 Infrastructure and operating expenditure	C1	1.260.500,00	1.051.002,24	83,38 %	1.260.500,00	594.512,95	47,16 %
		1.260.500,00	1.051.002,24	83,38 %	1.260.500,00	594.512,95	47,16 %
3 Operational expenditure	C1	228.780.437,04	216.765.223,48	94,75 %	170.583.117,77	159.927.251,04	93,75 %
	C4	725.281,44		0,00 %	725.281,44		0,00 %
		229.505.718,48	216.765.223,48	94,45 %	171.308.399,21	159.927.251,04	93,36 %
<b>TOTAL</b>		<b>235.400.718,48</b>	<b>221.576.921,24</b>	<b>94,13 %</b>	<b>177.203.399,21</b>	<b>163.858.841,25</b>	<b>92,47 %</b>

EIT had commitment appropriations amounting to EUR 11,4 million not committed at the end of the financial year, out of which EUR 6,8 million was re-entered to 2015 to cover KICs grants.

### 4.3. Implementation of the commitment and payment appropriations (C1)

Budget line	Budget Item Description	Commitment appropriations, EUR (1)	Commitments made, EUR (2)	% Committed (2/1)	Payment appropriations, EUR (3)	Payments made, EUR (4)	% Paid (4/3)	R A L (2-4)
A-1100	Basic salaries including weightings	1.110.000,00	660.000,00	59,46 %	1.110.000,00	636.134,74	57,31 %	23.865,26
A-1101	Allowances	365.000,00	280.000,00	76,71 %	365.000,00	268.300,64	73,51 %	11.699,36
A-1102	Employers charges	115.000,00	70.000,00	60,87 %	115.000,00	63.005,91	54,79 %	6.994,09
A-1110	Remuneration and allowances of contract agents	260.000,00	260.000,00	100,00 %	260.000,00	173.831,56	66,86 %	86.168,44
A-1120	Termination of service	30.000,00	8.475,45	28,25 %	30.000,00	8.475,45	28,25 %	0,00
A-1121	Entitlements related to entering the service	215.000,00	215.000,00	100,00 %	215.000,00	88.658,05	41,24 %	126.341,95
A-1130	Schooling	110.000,00	91.124,91	82,84 %	110.000,00	77.124,91	70,11 %	14.000,00
	Total	2.205.000,00	1.584.600,36	71,86%	2.205.000,00	1.315.531,26	59,66%	269.069,10
A-1200	Recruitment expenses	51.600,00	35.000,00	67,83 %	51.600,00	25.583,95	49,58 %	9.416,05
	Total	51.600,00	35.000,00	67,83%	51.600,00	25.583,95	49,58%	9.416,05
A-1300	Mission expenses	307.000,00	229.988,88	74,91 %	307.000,00	206.988,88	67,42 %	23.000,00
	Total	307.000,00	229.988,88	74,91%	307.000,00	206.988,88	67,42%	23.000,00
A-1400	Restaurants and canteens	0,00	0,00	0,00 %	0,00	0,00	0,00 %	0,00
A-1410	Medical expenses	8.000,00	8.000,00	100,00 %	8.000,00	1.142,57	14,28 %	6.857,43

A-1420	Early childhood centre and approved day nurseries	72.500,00	55.730,48	76,87 %	72.500,00	55.730,48	76,87 %	0,00
A-1430	Social contacts among staff members	3.000,00	3.000,00	100,00 %	3.000,00	0,00	0,00 %	3.000,00
	Total	83.500,00	66.730,48	79,92%	83.500,00	56.873,05	68,11%	9.857,43
A-1500	Training	100.400,00	66.084,80	65,82 %	100.400,00	23.435,35	23,34 %	42.649,45
	Total	100.400,00	66.084,80	65,82%	100.400,00	23.435,35	23,34%	42.649,45
A-1601	Seconded National Expert	45.000,00	41.291,71	91,76 %	45.000,00	41.291,71	91,76 %	0,00
A-1603	IT support	138.000,00	116.823,23	84,65 %	138.000,00	58.057,00	42,07 %	58.766,23
A-1604	Administrative assistance	117.000,00	34.084,87	29,13 %	117.000,00	29.329,87	25,07 %	4.755,00
A-1611	Translation	25.000,00	24.133,20	96,53 %	25.000,00	18.028,20	72,11 %	6.105,00
	Total	325.000,00	216.333,01	66,56%	325.000,00	146.706,78	45,14%	69.626,23
A-1700	Representation expenses	2.000,00	1.957,99	97,90 %	2.000,00	1.957,99	97,90 %	0,00
	Total	2.000,00	1.957,99	97,90%	2.000,00	1.957,99	97,90%	0,00
	<b>TOTAL - Title 1</b>	<b>3.074.500,00</b>	<b>2.200.695,52</b>	<b>71,58%</b>	<b>3.074.500,00</b>	<b>1.777.077,26</b>	<b>57,80%</b>	<b>423.618,26</b>
A-2000	Renting	3.600,00	0,00	0,00 %	3.600,00	0,00	0,00 %	0,00
A-2010	Building insurance	0,00	0,00	0,00 %	0,00	0,00	0,00 %	0,00
A-2020	Water gas electricity and heating	20.000,00	20.000,00	100,00 %	20.000,00	0,00	0,00 %	20.000,00
A-2030	Cleaning and maintenance	12.500,00	10.445,00	83,56 %	12.500,00	4.754,84	38,04 %	5.690,16
A-2040	Security and surveillance	1.300,00	1.000,00	76,92 %	1.300,00	231,11	17,78 %	768,89
A-2050	Fitting out of premises	500,00	222,99	44,60 %	500,00	222,99	44,60 %	0,00

A-2090	Other expenditure related to the buildings	1.000,00	0,00	0,00 %	1.000,00	0,00	0,00 %	0,00
	Total	38.900,00	31.667,99	81,41%	38.900,00	5.208,94	13,39%	26.459,05
A-2100	Acquisition renting of equipments and software	274.000,00	261.680,42	95,50 %	274.000,00	22.762,64	8,31 %	238.917,78
A-2101	Maintenance and repair of equipments	94.000,00	75.062,61	79,85 %	94.000,00	47.526,86	50,56 %	27.535,75
	Total	368.000,00	336.743,03	91,51%	368.000,00	70.289,50	19,10%	266.453,53
A-2200	Acquisition rental of general and technical equipments	0,00	0,00	0,00 %	0,00	0,00	0,00 %	0,00
A-2201	Maintenance and repair of general and technical equipments	1.000,00	0,00	0,00 %	1.000,00	0,00	0,00 %	0,00
A-2212	Transport cost	300,00	292,64	97,55 %	300,00	292,64	97,55 %	0,00
A-2220	Acquisition rental of furniture	10.000,00	0,00	0,00 %	10.000,00	0,00	0,00 %	0,00
A-2221	Repair of furniture	200,00	0,00	0,00 %	200,00	0,00	0,00 %	0,00
	Total	11.500,00	292,64	2,54%	11.500,00	292,64	2,54%	0,00
A-2300	Stationery and office supplies	3.700,00	3.693,42	99,82 %	3.700,00	3.693,42	99,82 %	0,00
A-2310	Postage and delivery charges	6.000,00	4.939,73	82,33 %	6.000,00	3.939,73	65,66 %	1.000,00
A-2320	Telecommunication charges	40.500,00	39.995,80	98,76 %	40.500,00	31.170,38	76,96 %	8.825,42
A-2330	Legal expenses and damages	35.000,00	34.500,00	98,57 %	35.000,00	0,00	0,00 %	34.500,00
A-2340	Handling and	500,00	328,35	65,67 %	500,00	328,35	65,67 %	0,00

	moving							
A-2350	Bank charges	500,00	289,74	57,95 %	500,00	151,95	30,39 %	137,79
A-2360	Honoraria for Governing and Executive Committee Members	226.000,00	196.930,00	87,14 %	226.000,00	196.930,00	87,14 %	0,00
A-2390	Other administrative expenses	500,00	0,00	0,00 %	500,00	0,00	0,00 %	0,00
	Total	312.700,00	280.677,04	89,76%	312.700,00	236.213,83	75,54%	44.463,21
A-2400	Official Journal	9.000,00	3.000,00	33,33 %	9.000,00	2.076,42	23,07 %	923,58
A-2401	EIT publications	15.000,00	8.482,51	56,55 %	15.000,00	8.482,51	56,55 %	0,00
A-2410	Purchase information	0,00	0,00	0,00 %	0,00	0,00	0,00 %	0,00
A-2420	Studies and surveys	37.400,00	23.193,51	62,01 %	37.400,00	21.993,51	58,81 %	1.200,00
	Total	61.400,00	34.676,02	56,48%	61.400,00	32.552,44	53,02%	2.123,58
A-2500	Organisation of Governing Board and Executive Committee meetings	143.000,00	119.646,62	83,67 %	143.000,00	62.659,72	43,82 %	56.986,90
A-2501	Travel expenses of Governing Board and Executive Committee members	320.000,00	242.704,71	75,85 %	320.000,00	183.974,44	57,49 %	58.730,27
A-2520	Internal meetings	5.000,00	4.594,19	91,88 %	5.000,00	3.321,44	66,43 %	1.272,75
	Total	468.000,00	366.945,52	78,41%	468.000,00	249.955,60	53,41%	116.989,92
	TOTAL - Title 2	1.260.500,00	1.051.002,24	83,38%	1.260.500,00	594.512,95	47,16%	456.489,29
	TOTAL - Title 1 and Title 2	4.335.000,00	3.251.697,76	75,01%	4.335.000,00	2.371.590,21	54,71%	880.107,55

B3-000	KIC Grants	225.395.437,04	213.982.609,00	94,94 %	168.865.117,77	158.573.810,91	93,91 %	107.472.529,00
	Total	225.395.437,04	213.982.609,00	94,94%	168.865.117,77	158.573.810,91	93,91%	107.472.529,00
B3-110	KIC monitoring and performance measurement	888.000,00	568.386,72	64,01 %	300.000,00	300.000,00	100,00 %	391.277,48
B3-120	Entrepreneurship activities	402.000,00	377.456,44	93,89 %	120.000,00	98.686,64	82,24 %	350.375,34
B3-130	Educational activities	260.000,00	203.655,20	78,33 %	95.000,00	9.183,24	9,67 %	194.471,96
B3-150	Experts	325.000,00	207.757,29	63,93 %	255.000,00	188.077,78	73,76 %	23.913,51
B3-151	Legal assistance	0,00			20.000,00	13.500,00	67,50 %	
B3-190	Other KIC related activities	95.000,00	19.844,78	20,89 %	50.000,00	14.205,32	28,41 %	8.808,56
	Total	1.970.000,00	1.377.100,43	69,90%	840.000,00	623.652,98	74,24%	968.846,85
B3-200	Communication tools	815.000,00	806.645,70	98,97 %	380.000,00	344.164,53	90,57 %	776.126,25
B3-202	Communication strategy and corporate identity	265.000,00	264.838,03	99,94 %	260.000,00	152.622,62	58,70 %	166.623,11
B3-203	EIT brand events conferences	315.000,00	314.030,32	99,69 %	230.000,00	230.000,00	100,00 %	292.938,31
B3-209	Other communication activities	0,00	0,00	0,00 %	0,00	0,00	0,00 %	0,00
	Total	1.395.000,00	1.385.514,05	99,32%	870.000,00	726.787,15	83,54%	1.235.687,67
B3-300	Strategy development	10.000,00	10.000,00	100,00 %	3.000,00	3.000,00	100,00 %	10.000,00
B3-301	Stakeholder relations	10.000,00	10.000,00	100,00 %	5.000,00	0,00	0,00 %	10.000,00
	Total	20.000,00	20.000,00	100,00%	8.000,00	3.000,00	37,50%	20.000,00
	Total - Title 3	228.780.437,04	216.765.223,48	94,75%	170.583.117,77	159.927.251,04	93,75%	109.697.063,52
	TOTAL	233.115.437,04	220.016.921,24	94,38%	174.918.117,77	162.298.841,25	92,79%	110.577.171,07



#### 4.4. Implementation of the commitment and payment appropriations (C2)

Budget line	Budget Item Description	Payment appropriations, EUR (3)	Payments made, EUR (4)	% Paid (4/3)
B3-110	KIC monitoring and performance measurement	39.889,00	26.109,24	65,45 %
B3-120	Entrepreneurship activities	72.747,20	0,00	0,00 %
B3-150	Experts	11.439,00	0,00	0,00 %
B3-151	Legal assistance	20.542,00	0,00	0,00 %
B3-190	EIT Forum and other KIC related activities	3.910,00	0,00	0,00 %
	Total	148.527,20	26.109,24	17,58%
B3-200	Communication tools	168.261,00	0,00	0,00 %
B3-201	Media affairs	15.000,00	15.000,00	100,00 %
B3-203	EIT brand events conferences	146.461,00	6.235,70	4,26 %
	Total	329.722,00	21.235,70	6,44%
B3-300	Strategy development	38.403,00	14.100,00	36,72 %
	Total	38.403,00	14.100,00	36,72%
	Total	516.652,20	61.444,94	11,89 %

#### 4.5. Implementation of the commitment and payment appropriations (C4)

Budget line	Budget Item Description	Commitment appropriations, EUR (1)	Commitments made, EUR (2)	% Committed (2/1)	Payment appropriations, EUR (3)	Payments made, EUR (4)	% Paid (4/3)	R A L (2-4)
B3-000	KIC Grants	712.431,44	0,00	0,00 %	712.431,44	0,00	0,00 %	0,00
	Total	712.431,44	0,00	0,00%	712.431,44	0,00	0,00%	0,00
B3-140	EIT Foundation	12.850,00	0,00	0,00 %	12.850,00	0,00	0,00 %	0,00
	Total	12.850,00	0,00	0,00%	12.850,00	0,00	0,00%	0,00
	Total	725.281,44	0,00	0,00 %	725.281,44	0,00	0,00 %	0,00

#### 4.6. Implementation of the commitment and payment appropriations (C5)

Budget line	Budget Item Description	Commitment appropriations, EUR (1)	Commitments made, EUR (2)	% Committed (2/1)	Payment appropriations, EUR (3)	Payments made, EUR (4)	% Paid (4/3)
B3-000	KIC Grants	0,00			1.015.511,48	1.015.511,48	100,00 %
	Total	0,00			1.015.511,48	1.015.511,48	100,00 %

#### 4.7. Implementation of the commitment and payment appropriations (C8)

Budget line	Budget Item Description	Commitment appropriations, EUR (1)	Commitments made, EUR (2)	% Committed (2/1)	Payment appropriations, EUR (3)	Payments made, EUR (4)	% Paid (4/3)	R A L as at 31.12.2014, EUR (2-4)
A-1200	Recruitment expenses	5.000,00	4.595,07	91,90 %	5.000,00	4.595,07	91,90 %	0,00
	<b>Total</b>	<b>5.000,00</b>	<b>4.595,07</b>	<b>91,90%</b>	<b>5.000,00</b>	<b>4.595,07</b>	<b>91,90%</b>	<b>0,00</b>
A-1300	Mission expenses	14.132,33	12.567,75	88,93 %	14.132,33	12.567,75	88,93 %	0,00
	<b>Total</b>	<b>14.132,33</b>	<b>12.567,75</b>	<b>88,93%</b>	<b>14.132,33</b>	<b>12.567,75</b>	<b>88,93%</b>	<b>0,00</b>
A-1400	Restaurants and canteens	465,00	438,03	94,20 %	465,00	438,03	94,20 %	0,00
A-1410	Medical expenses	700,00	0,00	0,00 %	700,00	0,00	0,00 %	0,00
A-1430	Social contacts among staff members	5.400,00	4.517,05	83,65 %	5.400,00	4.517,05	83,65 %	0,00
	<b>Total</b>	<b>6.565,00</b>	<b>4.955,08</b>	<b>75,48%</b>	<b>6.565,00</b>	<b>4.955,08</b>	<b>75,48%</b>	<b>0,00</b>
A-1500	Training	45.431,69	36.646,07	80,66 %	45.431,69	36.646,07	80,66 %	0,00
	<b>Total</b>	<b>45.431,69</b>	<b>36.646,07</b>	<b>80,66%</b>	<b>45.431,69</b>	<b>36.646,07</b>	<b>80,66%</b>	<b>0,00</b>
A-1603	IT support	23.268,00	18.250,38	78,44 %	23.268,00	18.250,38	78,44 %	0,00
A-1604	Administrative assistance	9.176,00	4.352,46	47,43 %	9.176,00	4.352,46	47,43 %	0,00
A-1611	Translation	2.000,00	1.315,00	65,75 %	2.000,00	1.315,00	65,75 %	0,00
	<b>Total</b>	<b>34.444,00</b>	<b>23.917,84</b>	<b>69,44%</b>	<b>34.444,00</b>	<b>23.917,84</b>	<b>69,44%</b>	<b>0,00</b>
A-1700	Representation expenses	299,18	0,00	0,00 %	299,18	0,00	0,00 %	0,00
	<b>Total</b>	<b>299,18</b>	<b>0,00</b>	<b>0,00%</b>	<b>299,18</b>	<b>0,00</b>	<b>0,00%</b>	<b>0,00</b>
	<b>TOTAL - Title 1</b>	<b>105.872,20</b>	<b>82.681,81</b>	<b>78,10%</b>	<b>105.872,20</b>	<b>82.681,81</b>	<b>78,10%</b>	

Budget line	Budget Item Description	Commitment appropriations, EUR (1)	Commitments made, EUR (2)	% Committed (2/1)	Payment appropriations, EUR (3)	Payments made, EUR (4)	% Paid (4/3)	R A L as at 31.12.2014, EUR (2-4)
A-2020	Water gas electricity and heating	20.000,00	17.471,05	87,36 %	20.000,00	17.471,05	87,36 %	0,00
A-2030	Cleaning and maintenance	5.684,02	4.831,50	85,00 %	5.684,02	4.831,50	85,00 %	0,00
	<b>Total</b>	<b>25.684,02</b>	<b>22.302,55</b>	<b>86,83%</b>	<b>25.684,02</b>	<b>22.302,55</b>	<b>86,83%</b>	<b>0,00</b>
A-2100	Acquisition renting of equipments and software	81.532,71	79.173,44	97,11 %	81.532,71	74.673,44	91,59 %	4.500,00
A-2101	Maintenance and repair of equipments	23.626,20	23.626,20	100,00 %	23.626,20	10.463,10	44,29 %	13.163,10
	<b>Total</b>	<b>105.158,91</b>	<b>102.799,64</b>	<b>97,76%</b>	<b>105.158,91</b>	<b>85.136,54</b>	<b>80,96%</b>	<b>17.663,10</b>
A-2200	Acquisition rental of general and technical equipment	383,86	243,81	63,52 %	383,86	243,81	63,52 %	0,00
A-2212	Transport cost	50,00	50,00	100,00 %	50,00	50,00	100,00 %	0,00
	<b>Total</b>	<b>433,86</b>	<b>293,81</b>	<b>67,72%</b>	<b>433,86</b>	<b>293,81</b>	<b>67,72%</b>	<b>0,00</b>
A-2300	Stationery and office supplies	2.002,83	1.274,15	63,62 %	2.002,83	1.274,15	63,62 %	0,00
A-2310	Postage and delivery charges	475,55	91,84	19,31 %	475,55	91,84	19,31 %	0,00
A-2320	Telecommunication charges	3.742,70	2.569,94	68,67 %	3.742,70	2.569,94	68,67 %	0,00
A-2350	Bank charges	100,00	100,00	100,00 %	100,00	100,00	100,00 %	0,00
	<b>Total</b>	<b>6.321,08</b>	<b>4.035,93</b>	<b>63,85%</b>	<b>6.321,08</b>	<b>4.035,93</b>	<b>63,85%</b>	<b>0,00</b>
A-2400	Official Journal	1.400,00	740,13	52,87 %	1.400,00	740,13	52,87 %	0,00
A-2401	EIT publications	2.000,00	2.000,00	100,00 %	2.000,00	2.000,00	100,00 %	0,00
	<b>Total</b>	<b>3.400,00</b>	<b>2.740,13</b>	<b>80,59%</b>	<b>3.400,00</b>	<b>2.740,13</b>	<b>80,59%</b>	<b>0,00</b>

A-2500	Organisation of Governing Board and Executive Committee meetings	10.764,13	7.989,50	74,22 %	10.764,13	7.989,50	74,22 %	0,00
A-2501	Travel expenses of Governing Board and Executive Committee members	41.408,05	18.290,25	44,17 %	41.408,05	18.290,25	44,17 %	0,00
A-2520	Internal meetings	250,00	0,00	0,00 %	250,00	0,00	0,00 %	0,00
	<b>Total</b>	<b>52.422,18</b>	<b>26.279,75</b>	<b>50,13%</b>	<b>52.422,18</b>	<b>26.279,75</b>	<b>50,13%</b>	<b>0,00</b>
	<b>Total - Title 2</b>	<b>193.420,05</b>	<b>158.451,81</b>	<b>81,92%</b>	<b>193.420,05</b>	<b>140.788,71</b>	<b>72,79%</b>	<b>17.663,10</b>
	<b>TOTAL - Title 1 and Title 2</b>	<b>299.292,25</b>	<b>241.133,62</b>	<b>80,57%</b>	<b>299.292,25</b>	<b>223.470,52</b>	<b>74,67%</b>	<b>17.663,10</b>

Budget line	Budget Item Description	Commitment appropriations, EUR (1)	Commitments made, EUR (2)	% Committed (2/1)	Payment appropriations*, EUR (3)	Payments made, EUR (4)	% Paid (4/2)	R A L as at 31.12.2014, EUR (2-4)
B3-000	KIC Grants	62.736.043,25	62.736.043,25	100,00 %	0,00	0,00	0,00 %	62.736.043,25
	<b>Total</b>	<b>62.736.043,25</b>	<b>62.736.043,25</b>	<b>100,00%</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00%</b>	<b>62.736.043,25</b>
B3-110	KIC monitoring and performance measurement	149.000,00	149.000,00	100,00 %	0,00	0,00	0,00 %	149.000,00
B3-120	Entrepreneurship activities	83.696,50	71.995,54	86,02 %	0,00	0,00	0,00 %	71.995,54
B3-150	Experts	11.439,90	4.234,00	37,01 %	0,00	0,00	0,00 %	0,00
B3-151	Legal assistance	91.462,00	91.462,00	100,00 %	0,00	0,00	0,00 %	91.462,00
B3-190	EIT Forum and other KIC related activities	3.910,00	3.169,10	81,05 %	0,00	0,00	0,00 %	0,00
	<b>Total</b>	<b>339.508,40</b>	<b>319.860,64</b>	<b>94,21%</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00%</b>	<b>0,00</b>
B3-200	Communication tools	554.887,20	524.055,90	94,44 %	0,00	0,00	0,00 %	524.055,90
B3-201	Media affairs	15.000,00	15.000,00	100,00 %	0,00	0,00	0,00 %	15.000,00
B3-202	Communication strategy and corporate identity	166.985,44	165.148,66	98,90 %	0,00	0,00	0,00 %	165.148,66
B3-203	EIT brand events conferences	384.950,60	350.802,04	91,13 %	0,00	0,00	0,00 %	350.802,04
	<b>Total</b>	<b>1.121.823,24</b>	<b>1.055.006,60</b>	<b>94,04%</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00%</b>	<b>1.055.006,60</b>
B3-300	Strategy development	38.403,16	17.100,00	44,53 %	0,00	0,00	0,00 %	17.100,00
	<b>Total</b>	<b>38.403,16</b>	<b>17.100,00</b>	<b>44,53%</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00%</b>	<b>17.100,00</b>
	<b>Total Title 3</b>	<b>64.235.778,05</b>	<b>64.128.010,49</b>	<b>99,83%</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00%</b>	<b>64.128.010,49</b>

#### 4.8. Implementation of the commitment and payment appropriations (R0)

Budget line	Budget Item Description	Commitment appropriations, EUR (1)	Commitments made, EUR (2)	% Committed (2/1)	Payment appropriations, EUR (3)	Payments made, EUR (4)	% Paid (4/3)	R A L (2-4)
A-1100	Basic salaries including weightings	900.000,00	900.000,00	100,00 %	900.000,00	900.000,00	100,00 %	0,00
A-1101	Allowances	250.000,00	250.000,00	100,00 %	250.000,00	250.000,00	100,00 %	0,00
A-1102	Employers charges	50.000,00	50.000,00	100,00 %	50.000,00	50.000,00	100,00 %	0,00
A-1110	Remuneration and allowances of contract agents	360.000,00	360.000,00	100,00 %	360.000,00	360.000,00	100,00 %	0,00
	<b>TOTAL</b>	<b>1.560.000,00</b>	<b>1.560.000,00</b>	<b>100,00 %</b>	<b>1.560.000,00</b>	<b>1.560.000,00</b>	<b>100,00 %</b>	<b>0,00</b>



## 5. Explanatory notes to the report on the implementation of the budget

### 5.1. Budgetary principles, structure and appropriations

#### Legal basis

Article 92(b) of the EIT Financial Regulation<sup>3</sup> stipulates that “the accounts of the EIT shall comprise the financial statements of the EIT and the reports on the implementation of the budget of the EIT.

#### Budgetary principles

The budget of the EIT is governed by a number of basic principles:

- **unity and budget accuracy:** all expenditure and revenue must be incorporated into a single budget document, must be booked on a budget line and expenditure must not exceed authorised appropriations;
- **universality:** this principle comprises two rules:
  - the rule of non-assignment, meaning that budget revenue must not be earmarked for specific items of expenditure (total revenue must cover total expenditure);
  - the gross budget rule, meaning that revenue and expenditure are entered in full into the budget without any adjustment against each other;
- **annuality:** the appropriations entered are authorized for a single year and must therefore be used during that year;
- **equilibrium:** the revenue and payment appropriations shown in the budget must be in balance;
- **specification:** each appropriation is assigned to a specific purpose and a specific objective;
- **unit of account:** the budget is drawn up and implemented in euro and the accounts are presented in euro;
- **sound financial management:** budget appropriations are used in accordance with the principle of sound financial management, namely in accordance with the principles of economy, efficiency and effectiveness;
- **transparency:** the budget is established and implemented and the accounts presented in compliance with the principle of transparency; the budget and amending budgets are published in the Official Journal of the European Union.

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<sup>3</sup> EIT Governing Board Decision of 27 December 2013

## Budget structure

The budget consists of a statement of revenue and expenditure.

The items of revenue and expenditure are classified according to their type or the use to which they are assigned under titles, chapters, articles and items.

### Structure of the budgetary accounts

#### *General overview*

The EIT budget contains administrative appropriations and operating appropriations. Furthermore, the budget distinguishes between two types of appropriation: non-differentiated appropriations (NDA) and differentiated appropriations (DA).

Non-differentiated appropriations are used to finance operations of an annual nature (which comply with the principle of annuality). They cover all the administrative items of the budget. In the case of non-differentiated appropriations, the amount of commitment appropriations is the same as that of payment appropriations.

Differentiated appropriations were introduced in order to reconcile the principle of annuality with the need to manage multi-annual operations. They are intended to cover multi-annual operations and comprise all appropriations in Title 3.

Differentiated appropriations are split into commitment and payment appropriations:

- **commitment appropriations:** cover the total cost of the legal obligations entered into for the current financial year for operations extending over a number of years. However, budgetary commitments for actions extending over more than one financial year may, in accordance with Article 69(4) of the EIT Financial Regulation, be broken down over several years into annual instalments where the basic act so provides or where they relate to administrative expenditure.
- **payment appropriations:** cover expenditure arising from commitments entered into in the current financial year and/or earlier financial years.

#### *Origin of the appropriations*

The main source of appropriations is the Union's budget for the current year. However, there are other types of appropriations resulting from the provisions of the EIT Financial Regulation. They come from previous financial years or outside sources:

- **Initial budget appropriations** adopted for the current year can be supplemented with **transfers** between lines in accordance with the rules laid down in Articles 27 of the EIT Financial Regulation and by amending budgets (covered by Article 34 of the EIT Financial Regulation).
  - **EIT transfers:** transfers decided by the EIT Director on its own authority in accordance with Article 27(1) of EIT Financial Regulation
  - **GB transfers:** transfers decided by the Governing Board in accordance with Article 27(2) of EIT Financial Regulation
- **Appropriations carried over** from previous year or made available again also supplement the current budget. These are

- non-differentiated appropriations which may be carried over automatically for one financial year only in accordance with Article 14(5) of the EIT Financial Regulation;
- appropriations carried over by decision of the EIT Governing Board in accordance with Article 14(3) and (4) of the EIT Financial Regulation;
- appropriations not used and available at 31 December of the financial year arising from assigned revenue in accordance with Article 15 of the EIT Financial Regulation.
- **Assigned revenue** which is made up of
  - contribution from Host Member State that has concluded a Host Agreement with the EIT;
  - appropriations made available again as a result of repayment of payments on account: These are mainly EIT grants which have been repaid by the Knowledge and Innovation Communities (KICs).

#### **Outstanding commitments (RAL)**

With the introduction of differentiated appropriations, a gap developed between commitments entered into and payments made: this gap, corresponding to outstanding commitments, represents the time-lag between when the commitments are entered into and when the corresponding payments are made.

## **5.2. Explanation of the budget result (Table 1)**

The amounts of EU subsidy and Host Member State contribution entered in the accounts are those credited in the course of the year to the EIT accounts. The other revenue entered in the accounts is the amount actually received in the course of the year.

For the purposes of calculating the budget outturn for the year, expenditure comprises payments made against the year's appropriations for payments plus any of the appropriations for that year that are carried over to the following year. Payments made against the year's appropriations for payments mean payments that are made by the accounting officer by 31 December of the financial year.

The budget result consists the difference between:

- all the revenue collected in respect of that financial year
- the amount of payments made against appropriations for that financial year increased by the amount of the appropriations for the same financial year carried over.

The difference referred to above is increased or decreased

- by the net amount of appropriations carried over from previous financial years which have been cancelled and,
- by:
  - o payments made in excess of non-differentiated appropriations carried over from the previous financial year, as a result of change in euro rates;
  - o the balance resulting from exchange gains and losses during the financial year, both realised and non-realised.

The payment appropriations carried over include: automatic carryovers and carryovers by decision. The cancellation of unused payment appropriations carried over from the previous year shows the

cancellations on appropriations carried over automatically and by decision. It also includes the assigned revenue appropriations carried over.

EIT had commitment appropriations amounting to EUR 11,4 million not committed at the end of the financial year, out of which EUR 6,8 million was re-entered in 2015 to cover KICs grants.

### 5.3. Explanation of the reconciliation of the budget and economic result (Table 2)

The economic result of the year is calculated on the basis of accrual accounting principles. The budget result is however based on modified cash accounting rules, in accordance with the EIT Financial Regulation. As the economic result and the budget result both cover the same underlying operational transactions, it is a useful control to ensure that they are reconcilable.

#### Reconciling items - Revenue

The actual budgetary revenue for a financial year corresponds to the revenue collected from entitlements established in the course of the year and amounts collected from entitlements established in previous years. Therefore the entitlements established in the current year but not yet collected are to be deducted from the economic result for reconciliation purposes as they do not form part of budgetary revenue. On the contrary the entitlements established in previous years and collected in current year must be added to the economic result for reconciliation purposes.

The net accrued revenue mainly consists of accrued revenue for XX and interests. Only the net-effect, i.e. accrued revenue for current year minus reversal accrued revenue from previous year, is taken into consideration.

#### Reconciling items - Expenditure

The net accrued expenses mainly consist of accruals made for year-end cut-off purposes, i.e. eligible expenses incurred by KICs but not yet reported to the EIT. While accrued expenses are not considered as budgetary expenditure, payments made in the current year relating to invoices registered in prior years are part of current year's budgetary expenditure.

The net effect of pre-financing is the combination of (1) the new pre-financing amounts paid in the current year and recognised as budgetary expenditure of the year and (2) the clearing of the prefinancing paid in current year or previous years through the acceptance of eligible costs. The latter represent an expense in accrual terms but not in the budgetary accounts since the payment of the initial pre-financing had already been considered as a budgetary expenditure at the time of its payment.

Besides the payments made against the year's appropriations, the appropriations for that year that are carried to the next year also need to be taken into account in calculating the budget result for the year. The same applies for the budgetary payments made in the current year from carry-overs and the cancellation of unused payment appropriations.

The movement in provisions relates to year-end estimates made in the accrual accounts (employee benefits mainly) that do not impact the budgetary accounts. Other reconciling amounts comprise different elements such as asset depreciation, asset acquisitions, capital lease payments and financial participations for which the budgetary and accrual accounting treatments differ.

# ANNEX TO THE BUDGET ACCOUNTS

## LIST OF THE EIT GOVERNING BOARD MEMBERS 2014

The Governing Board is the principal governing body of the EIT entrusted with the role of strategic leadership and the overall direction of the operational activities implemented by the EIT Headquarters. It is independent and autonomous in its decision-making and is responsible for the selection, evaluation and support of the Knowledge and Innovation Communities (KICs).

The Governing Board brings together 15 high-calibre members balancing prominent expertise from the higher education, research, business and innovation fields.

Name	Function
ABRAMATIC Jean-Francois	Appointed GB Member
BOJAR Gabor	Appointed GB Member
FRIIS Lykke	Appointed GB Member
GARANA María	Appointed GB Member
HUBSCHNEIDER Hans	Appointed GB Member
JOHANSSON Ulf	Appointed GB Member
KERAVNOU-PAPAILIOU Elpida	Appointed GB Member
KOLAR Jana	Appointed GB Member
MAKAROW Marja	Appointed GB Member
OLESEN Peter	Chairman of GB, appointed GB Member
PRENDERGAST Patrick	Appointed GB Member
REVELLIN-FALCOZ Bruno	Appointed GB Member since July 2012, Executive Committee Member since September 2012
ROCCA Gianfelice	Appointed GB Member
THRIFT Nigel	Appointed GB Member
VAN DER VEER Jeroen	Appointed GB Member since July 2012, Executive Committee Member since September 2012

**EIT INTERIM DIRECTOR: Martin Kern**

## ESTABLISHMENT PLAN 2014

Function group and grade	2014				2013			
	Authorised under the Community Budget		Filled as of 31/12/2014		Authorised under the Community Budget		Filled as of 31/12/2013	
	Permanent posts	Temporary Posts	Permanent posts	Temporary Posts	Permanent posts	Temporary Posts	Permanent posts	Temporary Posts
AD 16								
AD 15								
AD 14		1		1		1		1
AD 13								
AD 12						1		
AD 11		1		1		1		
AD 10						2		
AD 9		4		2		4		2
AD 8		9		8		8		6
AD 7		3		1		2		
AD 6		15		13		7		12
AD 5		1		1		1		1
<b>AD total</b>		<b>32</b>		<b>27</b>		<b>27</b>		<b>22</b>
AST 11								
AST 10								
AST 9								
AST 8								
AST 7								
AST 6								
AST 5						3		
AST 4		3		2		1		2
AST 3		2		3		3		3
AST 2								
AST 1								
<b>AST total</b>		<b>5</b>		<b>5</b>		<b>7</b>		<b>5</b>
<b>GRAND TOTAL</b>		<b>39</b>		<b>32</b>		<b>34</b>		<b>27</b>