



European Institute of
Innovation & Technology

Annual accounts of the European Institute of Innovation and Technology

Financial year 2024

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CERTIFICATION OF THE ACCOUNTS

I acknowledge my responsibility for the preparation and presentation of the annual accounts of EIT in accordance with Article 102 of the Framework Financial Regulation ('FFR')¹ and I hereby certify that the annual accounts of the EIT for the year 2024 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 EIT's assets and liabilities and the budgetary implementation. Based on this information, and on such checks as I deemed necessary to sign off the accounts, I have a reasonable assurance that the accounts present fairly, in all material aspects, the financial position, the results of the operations and the cash-flow of the EIT.

Andreas Miltos

**Accounting Officer of the
European Institute of Innovation &
Technology**

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 NOTE

1. General background on the entity

Establishment

The European Institute of Innovation and Technology (EIT) is an EU body created by Regulation (EC) No 294/2008 of the European Parliament and of the Council of 11 March 2008 as repealed by Regulation (EU) 2021/819 of the European Parliament and of the Council of 20 May 2021 (the founding Regulation) to strengthen Europe's ability to innovate. The EIT is an integral part of Horizon Europe, the EU's Framework Programme for Research and Innovation. The seat of EIT is Budapest, Hungary.

Mission

The EIT's mission is to contribute to Europe's sustainable economic growth and competitiveness by reinforcing the innovation capacity of the Member States and the EU to address major challenges faced by our societies. It shall do this by promoting synergies and integrating higher education, research, and innovation of the highest standards, including by fostering entrepreneurship. The EIT shall also contribute to delivering on the general and specific objectives of the EU's framework programme for research and innovation.

The EIT reinforces the EU's innovation capacity and addresses societal challenges through the integration of the knowledge triangle of higher education, research, and innovation. During the 2021-2027 programming period, the EIT, as an integral part of the Horizon Europe Framework Programme, will contribute to delivering on its overarching objectives and priorities, including the strategic orientations as detailed in the Horizon Europe Strategic Plan 2025-2027. The EIT's Knowledge and Innovation Communities (EIT KICs or EIT Communities) will be part of the Institutionalised European Partnerships, meaning they will follow a set of principles and life-cycle criteria to ensure a more coherent, open, and impact-driven approach. Therefore, the EIT's mission and objectives reflect its overall role in Horizon Europe and its place in the Innovative Europe Pillar.

The EIT will also ensure coherence with the European Innovation Ecosystems strand of Horizon Europe and explore opportunities for synergies and disseminating results. Furthermore, the EIT will further exploit and establish synergies with other EU programmes supporting human capital development and innovation (e.g., the ESF+, ERDF, Erasmus, MSCA, DEAP, and NEB). The EIT's initiative to enhance innovation and entrepreneurship capacity at higher education institutions will be a key driver in this respect. The EIT will also contribute to the implementation of the New European Innovation Agenda, which positions the EIT as one of the key innovation actors contributing to EU innovation flagship initiatives like the EIT Deep Tech Talent Initiative, Innovation Valleys, the Next Generation Innovation Talents Scheme, and Women Entrepreneurship and Leadership schemes.

The EIT will continue to support its KICs to strengthen the innovation ecosystems that help tackle global challenges. It will do so by fostering the integration of education, research, and business (thereby creating environments conducive to innovation), by

promoting and supporting a new generation of entrepreneurs, and by stimulating the creation of innovative companies.

The EIT will contribute to Horizon Europe and the European Commission's objectives by continuing to integrate the knowledge triangle. This integration takes place primarily via the EIT KICs, which bring together excellent organisations on a long-term basis around societal challenges. Based on existing European excellence, the EIT KICs will continue to build upon and create new ecosystems tackling fragmentation and duplication of efforts across borders to generate critical mass, enhance and strengthen collaboration, optimise the use of human, financial and physical resources, and attract top talent from all over the world. According to the EIT's Strategic Innovation Agenda for 2021 to 2027 (EIT SIA)¹, the EIT expands its portfolio of EIT KICs to further enhance its impact and to incentivise innovation in new areas of societal challenges. Building on the existing nine EIT KICs, the EIT will launch a call for a new KIC — "EIT Water" — in 2025, after having received the approval of the European Commission.

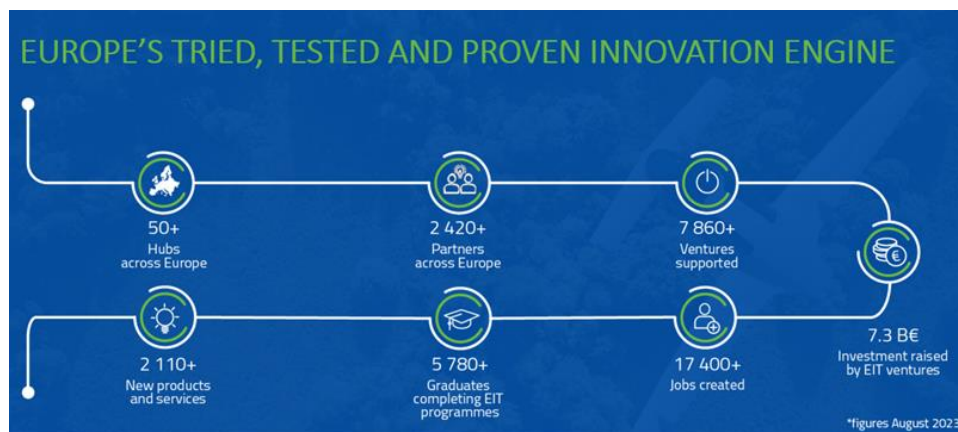
Main operational activities



EIT supports the development of dynamic, long-term European partnerships among leading companies, research labs and higher education. These partnerships are called Knowledge and Innovation Communities (KIC). Each is dedicated to find solutions to a specific global challenge, from climate, digitisation, efficient

and renewable energies to health, sustainable raw materials and food, with manufacturing and urban mobility selected as two additional areas of focus starting from 2019.

Bringing together more than 2 000 partners, the EIT is Europe's largest innovation network. EIT powers innovators and entrepreneurs across Europe to turn their best ideas into products, services, jobs and growth. This is crucial to fulfilling the EIT's mission: creating jobs and delivering sustainable economic growth opportunities for Europe.



Together with leading partners, the EIT Community offers a wide range of innovation and entrepreneurship activities: education courses that combine technical and entrepreneurial skills, tailored business creation and acceleration services and innovation driven research projects. This brings new ideas and solutions to the market, turns students into entrepreneurs and, most importantly, delivers innovation.

Governance

EIT is headed by a Director who is appointed by the Governing Board. He is accountable to the Governing Board for the administrative and financial management of the EIT and acts as the legal representative of the EIT.

The Governing Board is the principal governing body of the EIT and entrusted with the role of strategic leadership as well as the overall direction of the operational activities implemented by the EIT. It is independent and autonomous in its decision-making and is responsible for the selection, evaluation and support of the EIT Knowledge and Innovation Communities. The Governing Board consists of 15 members which are appointed by the Commission. For their appointment the Commission takes into account the balance between higher education, research, innovation and business experience, gender and geographical distribution, as well as an appreciation of the higher education, research and innovation environment across the Union. The Members have a four-year term of office that may be extended once by a two-year period.

The Executive Committee supports the activities of the Governing Board by overseeing the implementation of its strategic decisions. It consists of the EIT Governing Board Chairperson and four members of the EIT Governing Board.

The Member State Representatives Group (MSRG) advises the Governing Board and the Director on the extension or termination of the EIT's partnership agreements with the KICs, on the conclusion of a memorandum of cooperation with each KIC and on strategically important issues to the EIT. It is composed of one representative from each Member State and each country associated to Horizon Europe.

Sources of financing

The EIT is mainly financed through a contribution from the general budget of the European Union.

2. Annual accounts

Basis for preparation

The legal framework and the deadlines for the preparation of the annual accounts are set by the Framework Financial Regulation (FFR)². As per this regulation, 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 internationally accepted accounting standards for the public sector (IPSAS).

² 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.

Accounting Officer

In accordance with the FFR, the Governing Board of the EIT 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 the decision nr 21/2023 of 21 June 2023 of the EIT's Governing Board, Mr Andreas Miltsos, the Accounting Officer of the European Union Agency for Fundamental Rights (FRA), shall, as of 21 June 2023, act as the Accounting Officer of EIT and Mr Manuel Wenigwieser, the deputy Accounting Officer of the European Union Agency for Fundamental Rights (FRA), shall, as of 21 June 2023, act as the deputy Accounting Officer of EIT.

Composition of the annual accounts

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 prepared on an accrual accounting basis, the budget implementation reports are primarily based on movements of cash.

Process from provisional accounts to discharge

The provisional annual accounts prepared by the Accounting Officer are transmitted, by 1 March of the following year, to the European Court of Auditors (ECA) and to the audit company selected by the EIT. Following the audit, the Accounting Officer prepares the final annual accounts and submits them to the Governing Board for opinion.

The final annual accounts, together with the opinion of the Governing Board, are sent to the Accounting Officer of the Commission, the Court of Auditors, the European Parliament and the Council by 1 July of the following financial year. The ECA scrutinises the final annual accounts and includes any findings in the annual report for the European Parliament and the Council.

It falls to the Council to recommend, and then to the European Parliament to decide, whether to grant discharge to the Director in respect of the implementation of the budget for a given financial year. Amongst other elements this decision is also based on a review of the accounts and the annual report of the ECA.

3. Budget and budget implementation

Revenue

In the initial adopted budget the total commitment and payment appropriations amounted to kEUR 423 899 and 423 755 respectively. The revenue and expenditure estimates in the initial budget are typically adjusted during the budgetary year by way of amending budgets.

During 2024, three amending budgets were adopted. Taking them into account, the final adopted revenue for 2024 amounted to kEUR 444 850 in commitment appropriations and kEUR 463 305 in payment appropriations. The main increase concerned:

- kEUR 4 010 that were received as a consequence of repayment of the budget outturn 2022 and 2021 to the European Commission

- kEUR 24 600 in payment appropriations as additional EIT financial allocation for the continuation of the HEI capacity building initiative in 2024-2025, and
- kEUR 16 670 received from contribution agreements.

Expenditure

In 2024 the commitment budget (Titles 1-3) of the EIT amounted to kEUR 453 858, a decrease of kEUR 5 686 or 1 % as compared to the previous year (2023: kEUR 459 544). This decrease is mainly due to the lower amounts granted to KICs (2024: kEUR 418 535 vs 2023: kEUR 442 727), however this decrease is somewhat offset by the higher amount assigned to other grants.

The largest part of the commitment budget, i.e. kEUR 418 535 (92 %) was allocated to grants, namely for the 2nd year cycle of the 2023-2025 multiannual KIC grants.

For commitments, the EIT reached an implementation rate of 99 % for C1 funds, which is similar to 2023 (i.e. 100 %). The overall implementation rate, for all types of funds, reached 95 %, which is 3 % less compared to the implementation rate of the last year (2023: 98 %, 2022: 94 %, 2021: 97 % and 2020: 98 %).

For payments, the EIT reached an implementation rate of 96 % for C1 funds. The overall implementation level is 88 %, which is below the implementation rate of 2023 (i.e. 91 %). This decrease is linked to the reschedule of the payment concerning the Higher Education Initiative (HEI) from Q4 2024 to Q1 2025 and the consequent cancellation of C2 funds reserved for that action (i.e. 20 575 kEUR). In addition, the amount of 18 936 kEUR of earmarked appropriations (R0) was carried over to the following financial year. This amount refers to the contributions agreements that EIT entered into with Commission's DGs that will be implemented in the following financial years.

The EIT's administrative commitment budget is kept on a yearly basis, below a 3 % ratio compared to the overall EIT annual budget. In 2024, the administrative commitment budget on Titles 1 and 2 was kEUR 11 350, which represents 2.5 % of the total EIT 2024 commitment budget. Out of this amount, 84 % was allocated to the staff costs on Title 1 and 16 % to the general administrative expenditure on Title 2.

The budget implementation on Title 1 (staff related expense) in terms of budget used by commitments was 97 %, similar to last year. In same context, payments reached 84 %, 4 % lower compared to last year. The main reason is due to the reduction of the coefficient correction for Hungary with retrospective effect as from 1st July 2024 from 86.2 % to 75.5 % affecting the salaries paid during the second semester of the year.

For commitments on Title 2 (administrative expense), EIT achieved an implementation rate of 90 % cancelling 179 kEUR, which represents 0.04 % of the overall commitment appropriations available in 2024. As for the payment appropriations, the budget consumption reached 61 %. This resulted to an increase of automatic carried forward compared to last year (38 % in 2024 and 25 % in 2023).

The budget implementation on Title 3 (operational expense) for commitments under C1 funds reached 100 %. The implementation for commitments under all fund sources is 95 %, which is 3 % lower compared to 2023. The reason for this decrease is due to the fact that in 2024 the EIT entered into new contribution agreements with European Commission's DGs where earmarked funds were received. These funds will be implemented through new calls for proposals (i.e. grants) that will be concluded during

2025. Similarly, for payments, the implementation rate under all types of funds reached 88 %, which is lower by 4 % compared to last year. Part of the payment appropriations cancelled refers to the payment concerning the Higher Education Initiative (HEI), which as it is explained above it was postponed for Q1 2025. The remaining payment appropriations were mainly carried over to the following financial year.

4. Impact of the activities in the financial statements

In the financial statements, the impact of the above-mentioned activities can be noted in the:

- Increase in **pre-financing** (see note **2.3**) of kEUR 63 061 (2024: kEUR 87 139 versus 2023: kEUR 24 078) comes from the multi-annual grant agreements concluded in 2023 and the additional pre-financing foreseen under these agreements for 2024. The amount under 2024 includes the initial pre-payments made in 2023 as well as the interim pre-financing payments made in 2024. These payments are netted off with the grant accrual expenses, i.e. kEUR 651 622 in 2024 and kEUR 303 274 in 2023.
- Increase in **exchange receivables and non-exchange recoverables** (see note **2.4**) of kEUR 31 081 (2024: kEUR 63 109 versus 2023: kEUR 32 028) mainly comes from the increase of central treasury liaison accounts (i.e. kEUR 58 119 in 2024 and kEUR 31 300 in 2023).
- **Financial liabilities** (see note **2.5**) that have been increased by kEUR 11 434, i.e. kEUR 16 185 in 2024 and kEUR 4 751 in 2023, due to the new contribution agreements signed with the European Commission as well as the additional payments received during 2024 on the contribution agreements signed in previous years.
- Increased in **payables** (see note **2.6**), i.e. from kEUR 7 568 in 2023 to kEUR 29 002 in 2024 has been mainly refers to the increase in the European Commission's balancing subsidy (i.e. kEUR 21 971 in 2024 vs kEUR 3 768 in 2023). This increase was caused by the cancellation of the non-automatic carryover of payment appropriations from 2023 to 2024.
- The increase in **accrued charges** (see note **2.7**) from kEUR 2 492 in 2023 to kEUR 37 270 in 2024, is linked to the multiannual grant agreements and the stage of their implementation at the end of 2024. Accrued charges represent the grant expense accruals, in excess of the pre-financing provided. This case mostly applies to the two year grant agreements that expired at the end of 2024.
- The increase of revenue from **non-exchange transaction** (see note **3.1**) from kEUR 360 696 in 2023 to kEUR 429 087 in 2024 is linked to the increase of the European Union Subsidy.
- The **operational costs** (see note **3.3**) were increased by kEUR 102 560 (2024: kEUR 392 615 versus 2023: kEUR 290 055). This difference refers to the increase to the grant agreement allocation of funds and in the additional grant agreements that were concluded during the financial year.
- The **outstanding commitments not yet expensed** (see note **4.2**) were decreased by kEUR 40 575 (2024: kEUR 88 685 versus 2023: kEUR 129 260). This amount includes the commitments linked to the contribution agreements between EIT and the European Commission.

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.

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BALANCE SHEET

		EUR '000	
	Note	31.12.2024	31.12.2023
NON-CURRENT ASSETS			
<i>Intangible assets</i>	2.1	-	-
<i>Property, plant and equipment</i>	2.2	51	55
<i>Pre-financing</i>	2.3	-	574
<i>Exchange receivables and non-exchange recoverables</i>	2.4	-	-
		51	629
CURRENT ASSETS			
<i>Pre-financing</i>	2.3	87 139	23 504
<i>Exchange receivables and non-exchange recoverables</i>	2.4	63 109	32 028
		150 248	55 531
TOTAL ASSETS		150 299	56 160
NON-CURRENT LIABILITIES			
<i>Financial liabilities</i>	2.5	(16 185)	(4 751)
		(16 185)	(4 751)
CURRENT LIABILITIES			
<i>Payables</i>	2.6	(29 002)	(7 568)
<i>Accrued charges</i>	2.7	(37 270)	(2 492)
<i>Provisions</i>	2.8	-	-
		(66 272)	(10 060)
TOTAL LIABILITIES		(82 457)	(14 810)
<i>Accumulated deficit</i>		41 350	(20 071)
<i>Economic result of the year</i>		26 492	61 421
NET ASSETS		67 842	41 350

STATEMENT OF FINANCIAL PERFORMANCE

		EUR '000	
	Note	2024	2023
REVENUE			
Revenue from non-exchange transactions	3.1		
<i>Funds from the Commission</i>		429 087	360 291
<i>Recovery of expenses</i>		-	406
		429 087	360 696
Revenue from exchange transactions	3.2		
<i>Other</i>		72	2
		72	2
Total revenue		429 160	360 698
EXPENSES			
<i>Operational costs</i>	3.3	(392 615)	(290 055)
<i>Staff costs</i>	3.4	(7 253)	(6 859)
<i>Finance costs</i>	3.5	-	-
<i>Other expenses</i>	3.6	(2 780)	(2 350)
<i>Depreciation/Amortisation</i>	3.7	(20)	(13)
Total expenses		(402 668)	(299 277)
ECONOMIC RESULT OF THE YEAR		26 492	61 421

CASHFLOW STATEMENT³

	EUR '000	
	2024	2023
<i>Economic result of the year</i>	26 492	61 421
Operating activities		
<i>Depreciation and amortization</i>	20	13
<i>(Increase)/decrease in pre-financing</i>	(63 062)	(19 793)
<i>(Increase)/decrease in exchange receivables and non-exchange recoverables</i>	(31 081)	(19 797)
<i>Increase/(decrease) in payables</i>	21 434	651
<i>Increase/(decrease) in accrued charges & deferred income</i>	34 778	(22 708)
<i>Increase/(decrease) in financial liabilities</i>	11 434	269
<i>(Increase)/decrease in intangible assets and property, plant and equipment</i>	(16)	(55)
Investing activities		
<i>(Increase)/decrease in intangible assets and property, plant and equipment</i>	-	-
NET CASHFLOW	-	-
<i>Net increase/(decrease) in cash and cash equivalents</i>	-	-
<i>Cash and cash equivalents at the beginning of the year</i>	-	-
<i>Cash and cash equivalents at year-end</i>	-	-

³ The treasury of EIT has been integrated into the Commission's treasury system. Because of this, EIT maintains zero balance with its bank account with BNP Paribas. 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

	Accumulated Surplus/(Deficit)	Economic result of the year	EUR '000 Net Assets
BALANCE AS AT 31.12.2022	(77 530)	57 460	(20 071)
<i>Allocation of the 2022 economic result</i>	57 460	(57 460)	-
<i>Economic result of the year</i>	-	61 421	61 421
BALANCE AS AT 31.12.2023	(20 071)	61 421	41 350
<i>Allocation of the 2023 economic result</i>	61 421	-61 421	-
<i>Economic result of the year</i>	-	26 492	26 492
BALANCE AS AT 31.12.2024	41 350	26 492	67 842

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 the EIT that is useful to a wide range of stakeholders.

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 for 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	31.12.2024	31.12.2023	Currency	31.12.2024	31.12.2023
BGN	1.9558	1.9558	SEK	11.459	11.096
CZK	25.185	24.724	CHF	0.9412	0.926
DKK	7.4578	7.4529	GBP	0.82918	0.86905
HUF	411.35	382.8	JPY	163.06	156.33
PLN	4.275	4.3395	USD	1.0389	1.105
RON	4.9743	4.9756			

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, financial risk of accounts receivable and the amounts disclosed in the notes concerning financial instruments, impairment allowance for financial assets at amortised cost and for financial guarantee contract liabilities, accrued revenue and charges, provisions, degree of impairment of intangible assets and property, plant and equipment, net realisable value of inventories, contingent assets and liabilities. Actual results could differ from those estimates. Changes in estimates are reflected in the period in which they become known, if the change affects that period only, or that period and future periods, if the change affects both.

The European Institute of Innovation and Technology (EIT) provides grants to KICs and other partners to support innovation projects. Grant accruals play a pivotal role in EIT accounting, which extensively use grants as a means of funding and facilitating projects. It is crucial for EIT to accurately recognise grant accrued charges in its financial statements.

In 2023 the EIT's grant agreement structure and consequently the grant accruals estimate methodology was changed. The methodology was further updated in 2024 as explained under 3.3.1. This grant accruals estimate methodology, including the modalities on pre-financing, is in line with the practices of the European Commission.

In 2023 multi-annual grant agreement model was introduced (two years for the first wave EIT Knowledge and Innovation Communities "KICs" – EIT Digital, EIT Climate-KIC, EIT InnoEnergy, and three years for all other EIT KICs). For these grant agreements the EIT uses the model grant agreement prepared and used by the European Commission for the Horizon Europe framework programme.

According to this model, the EIT provides pre-financing payments to KICs (first and second pre-financing) as well as an interim payment in the case of three-years grant agreements. The first report on expenses was submitted by the KICs to the EIT in September 2024 (i.e. the first 18 months interim reports), and a final report is foreseen upon completion of the grant agreement.

Hence, in the accounts for the financial year 2024 all grant expenses are based on accrual estimates, taking into consideration the following assumptions:

- grant agreements recognized on a time-proportionate basis during the multi-annual grant periods
- the total amount of the grant is divided by its duration in months and multiplied by the number of months elapsed at the end of the accounting period
- grant agreements are implemented homogeneously throughout their duration and the actual costs are equally expensed per month, and
- a correction multiplier is applied based on the historical implementation rates (i.e. between 89% and 99% per KIC with an average of 95%) recorded during the past three grant cycles.

In 2023, grant expenses were equal to the pre-financing paid to the KICs in the financial year 2023 – which was ca. 35% on average. In 2024 a weighted average calculation method is applied, while in 2023 a simple average was used. The impact of this change on the 2023 accruals is estimated at 0.04%.

Therefore, all grant expenses are based on a calculation formula, as explained under 3.3.1 Significant change in accrual estimation.

1.2.4. Application of new and amended European Union Accounting Rules (EAR)

New EAR which are effective for annual periods beginning on or after 1 January 2024

There is no new EAR which became effective for annual periods beginning on or after 1 January 2024.

New EAR adopted but not yet effective on 31 December 2024

There is no new EAR adopted and not yet effective for annual periods after 31 December 2024.

1.3. Balance sheet

Tangible or intangible items acquired whose purchase price or production cost is € 5,000 or more, with a period of use greater than one year and which are not consumables, are recorded as fixed assets.

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 are € 500 000 or above. 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 life time 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
<i>Buildings</i>	4 % to 10 %
<i>Plant and equipment</i>	10 % to 25 %
<i>Furniture and vehicles</i>	10 % to 25 %
<i>Computer hardware</i>	25 % to 33 %
<i>Other</i>	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.

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 an asset nor a liability recognised in the balance sheet.

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

The classification of the financial instruments is determined at initial recognition. Based on the management model and the asset contractual cash-flow characteristics the financial assets can be classified in three categories: Financial assets at amortised cost ('AC'), financial assets at fair value through net assets/equity ('FVNA') or financial assets at fair value through surplus or deficit ('FVSD'). Based on this classification, the entity has only 'financial assets at amortised cost', which are exchange receivables.

Financial assets at amortised cost are non-derivative financial assets that meet two conditions: 1) the entity holds them in order to collect the contractual cash flows. 2) On specified days, there are contractual cash flows that are solely payments of the principal and interest on the outstanding principal.

Financial assets at amortised cost are included in current assets, except for those with maturity of more than 12 months from the balance sheet reporting date.

Initial recognition and measurement

Financial assets at amortised cost are initially recognised at their fair value plus the transaction costs.

Subsequent measurement

Financial assets at amortised cost are carried at amortised cost, which is the amount initially recognised minus the principal repayments, plus or minus the cumulative amortisation of the interests using the effective interest method. In addition, the entity recognises a loss allowance for expected credit losses over the lifetime of the financial assets. At each reporting date, the annual movement in the loss allowance adjusts the carrying amount of the financial asset. In the statement of financial performance, the entity recognises an impairment gain or loss for the adjustment of the loss allowance.

De-recognition

Financial assets at amortised cost are derecognised either when the rights to receive cash flows from the investments have expired or are waived, or when the entity has transferred substantially all risks and rewards of ownership to another party.

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 recognised 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. Exchange receivables and non-exchange recoverables

The EU accounting rules require 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. The entity classified them as financial assets at amortised cost and measured them accordingly.

Recoverables from non-exchange transactions are carried at fair value as at the date of acquisition 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 ELA 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.

Where grants or other funding are provided to the beneficiaries, the cost claims are recorded as payables for the requested amount, at the moment 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. The 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, or 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. These 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, revenue 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. For the EU entities, transfers mostly comprise funds received from the Commission (e.g. balancing subsidy to the traditional agencies, operating subsidy for the delegation agreements).

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.

(i) 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 the incurring of liabilities that result in decreases in net assets. 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 either a possible obligation 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 where it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.

A contingent liability also arises in the rare circumstances where a present obligation exists but cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the accounts. They are disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

1.6. Cashflow statement

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

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

The cashflow statement reports cashflows during the period classified by operating, investing and financing activities.

Operating activities are the activities of the EU that are not investing or financing activities. These are the majority of the activities performed.

Investing activities are the acquisition and disposal of intangible assets and property, plant and equipment and of other investments which are not included in cash equivalents. Investing activities do not include loans granted to beneficiaries as they are part of the general objectives and thus daily operations of the entity. The objective is to show the real investments made by the entity.

Financing activities are activities that result in changes in the size and composition of borrowings other than those granted to beneficiaries on a back-to-back basis or for the

acquisition of property, plant and equipment (which are included under operating activities).

1.7. Consolidation

The accounts of the EIT are fully consolidated in the consolidated annual accounts of the EU.

2. NOTES TO THE BALANCE SHEET

ASSETS

2.1. Intangible assets

	EUR '000
	Computer Software (Intangible)
<i>Gross carrying amount at 31.12.2023</i>	408
<i>Additions</i>	-
<i>Disposals</i>	-
<i>Transfer between asset categories</i>	-
<i>Other changes</i>	-
Gross carrying amount at 31.12.2024	408
<i>Accumulated amortisation at 31.12.2023</i>	(408)
<i>Amortisation charge for the year</i>	-
<i>Disposals</i>	-
<i>Transfer between asset categories</i>	-
<i>Other changes</i>	-
Accumulated amortisation at 31.12.2024	(408)
Net carrying amount at 31.12.2024	-
<i>Net carrying amount at 31.12.2023</i>	-

The amounts under this heading entirely comprise computer software with the annual amortisation rate 25%.

2.2. Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and are expected to be used during more than one reporting period.

Property, plant and equipment

EUR '000

	Land and Buildings	Plant and Equipment	Furniture and vehicles	Computer hardware	Other	Assets under construction	Total
<i>Gross carrying amount at 31.12.2023</i>	-	-	83	357	32	-	472
<i>Additions</i>	-	-	7	9	-	-	16
<i>Disposals</i>	-	-	-	-	-	-	-
<i>Transfer between asset categories</i>	-	-	-	-	-	-	-
<i>Other changes</i>	-	-	-	-	-	-	-
Gross carrying amount at 31.12.2024	-	-	90	366	32	-	487
<i>Accumulated depreciation at 31.12.2023</i>	-	-	(81)	(311)	(25)	-	(417)
<i>Depreciation charge for the year</i>	-	-	(1)	(16)	(3)	-	(20)
<i>Disposals</i>	-	-	-	-	-	-	-
<i>Transfer between asset categories</i>	-	-	-	-	-	-	-
<i>Other changes</i>	-	-	-	-	-	-	-
Accumulated depreciation at 31.12.2024	-	-	(82)	(327)	(28)	-	(437)
NET CARRYING AMOUNT AT 31.12.2024	-	-	9	39	4	-	51
<i>NET CARRYING AMOUNT AT 31.12.2023</i>	-	-	2	46	7	-	55

2.3. Pre-financing

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 underlying contract, decision, agreement or basic legal act.

EUR '000

	31.12.2024	31.12.2023
<i>Non-current pre-financing</i>	-	574
<i>Current pre-financing</i>	738 762	326 777
<i>Accrued charges on pre-financing</i>	(651 622)	(303 274)
Total	87 139	24 078

2.3.1. Pre-financing

EUR '000

Current pre-financing	Gross amount	Accruals	Net amount at 31.12.2024	Gross amount	Accruals	Net amount at 31.12.2023
<i>Administrative pre-financing payments</i>	-	-	-	-	-	-
<i>Pre-financing payments to consolidated entities</i>	-	-	-	-	-	-
<i>Operational pre-financing payment – KIC related grants</i>	729 851	(643 286)	86 566	317 867	(297 182)	22 611
<i>Operational pre-financing payment – Other grants (EBA)</i>	8 910	(8 336)	574	8 910	(6 093)	891
Total	738 762	(651 622)	87 139	326 777	(303 274)	23 502

Pre-financing represents money paid out, and thus the implementation of payment appropriations. As explained in note 1.3.5, these are advances and so not yet expensed. Thus while pre-financing reduces outstanding RAL (see note 4.2) it represents expenses still to be accepted and recognised in the statement of financial performance.

In 2023, the EIT concluded multi-annual grant agreements on a basis of three-year grant cycle and changed the methodology of the grant expense estimation as indicated in Section 1.2.3 above, which resulted in an increase of the open amount. The pre-financing paid to KICs is in line with the concluded multi-annual grant agreements amounted to kEUR 729 851, which was offset with the estimated accrued charges of kEUR 643 286. Details per grant agreement are provided below under heading 3.3.2. Details on grant accrued charges.

Guarantees received in respect of pre-financing

These are guarantees that the EIT requests in certain cases from beneficiaries when making advance payments (pre-financing). There are two values to disclose for this type

of guarantee, the 'nominal' and the 'on-going' values. For the nominal value, the generating event is linked to the existence of the guarantee. For the on-going value, the guarantee's generating event is the pre-financing payment made against the guarantee, then reduced by subsequent clearings. As of the end of the financial year the Agency had received three guarantees for the total amount of kEUR 586 concerning pre-financing payments.

Pre-financing amounts paid under grant agreements under Horizon Europe are covered by the Mutual Insurance Mechanism (MIM). The MIM is a mutual benefit instrument set up to cover the risks relating to non-payment of amounts by the beneficiaries during the implementation of the indirect actions under those programmes. Actions receiving grant from the EIT under Horizon Europe contribute 5 % of the maximum EIT contribution to the MIM's capital. At the end of the actions the contributions are paid back to the participants, in case the final balance is positive. Should the final balance be negative, i.e. the beneficiary received more money compared to the final grant amount, the MIM contribution is returned to EIT.

2.4. Exchange receivables and non-exchange recoverables

Exchange transactions are transactions in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange. Non-exchange transactions are transactions in which an entity either receives value from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange.

		EUR '000	
	Note	31.12.2024	31.12.2023
Non-current			
<i>Recoverables from non-exchange transactions</i>		-	-
<i>Receivables from exchange transactions</i>		-	-
		-	-
Current			
<i>Recoverables from non-exchange transactions</i>	2.4.1	516	223
<i>Receivables from exchange transactions</i>	2.4.1	62 593	31 805
		63 109	32 028
Total		63 109	32 028

2.4.1. Current recoverables and receivables

		EUR '000	
		31.12.2024	31.12.2023
Recoverables from non-exchange transactions			
<i>Member States</i>		516	223
		516	223
Receivables from exchange transactions			
<i>Amounts receivable for customers</i>		3	67

	EUR '000	
	31.12.2024	31.12.2023
<i>Amounts receivable from public bodies</i>	-	163
<i>Amounts receivable from consolidated entities</i>	2 500	-
<i>Central treasury liaison accounts</i>	58 119	31 300
<i>Deferred charges relating to exchange transactions</i>	319	257
<i>Guarantee fund: Other receivables</i>	1 500	-
<i>Other receivables</i>	151	18
	62 593	31 805
Total	63 109	32 028

The EIT benefits from an indirect exemption for VAT from the Republic of Hungary for purchases above the threshold of EUR 240. The recoverables from Member States comprise VAT amounts to be recovered from the Republic of Hungary in this respect.

The treasury of EIT was integrated into the Commission's treasury system. Because of this, EIT does not have any bank accounts of its own. All payments and receipts are processed via the Commission's treasury and registered on intercompany accounts which are presented under this heading. The result of the incoming and outgoing payments represents the ending cash balance.

Deferred charges related to exchange transactions comprise school fees paid in advance for the academic year 2024-2025, etc.

The amounts receivable from consolidated entities refers to the recovery of 2 500 kEUR from DG GROW and the contribution agreement with EIT. The amount was cashed in early 2025.

1 500 kEUR under Guarantee fund: Other receivables heading refers to a recovery of the MIM guarantee that will be offset through a payment that is expected to take place 2025.

LIABILITIES

2.5. Financial liabilities

A financial liability is any liability that is:

- (a) a contractual obligation: to deliver cash or another financial asset to another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- (b) a contract that will or may be settled in the entity's own equity instruments.

Financial liabilities are classified in the following categories: 'financial liabilities at fair value through surplus or deficit' and 'other financial liabilities measured at amortised cost'.

	EUR '000		
	Note	31.12.2024	31.12.2023
<i>Pre-financing received from EC - operating subsidy</i>	2.5.1	16 185	4 751

Under this heading only the long-term part of the liability is recorded. The short-term part is recognised under payables (see note 2.6).

2.5.1. Pre-financing received from EC - operating subsidy

EUR '000				
	Amounts to be cleared in the future			Total
	< 1 year	1- 5 years	> 5 years	
DG GROW	3 251	6 564	-	9 815
DG INTPA	416	1 454	-	1 870
DG EMPL	1 664	-	-	1 664
DG RTD	1 633	8 167	-	9 800
Total	6 964	16 185	-	23 149

2.5.2. Pre-financing received from EC - operating subsidy

EUR '000						
	Gross amount 2024	Cleared via accruals in 2024	Net amount at 31.12.2024	Gross amount 2023	Cleared via accruals in 2023	Net amount at 31.12.2023
DG GROW	11 420	1 605	9 815	3 920	-	3 920
DG INTPA	1 870	-	1 870	-	-	-
DG EMPL	10 000	2 818	1 664	10 000	5 518	4 482
DG RTD	9 800	-	9 800	-	-	-
Total	33 090	4 423	23 149	13 920	5 518	8 402

2.6. Payables

Payables are liabilities to pay for goods or services that have been received or supplied and - unlike accrued charges - have already been invoiced or formally agreed with the supplier. Payables can relate to both exchange transactions (such as the purchase of goods and services) and non-exchange transactions (e.g. cost claims from beneficiaries of grants, pre-financing or other EU funding).

EUR '000			
	Note	31.12.2024	31.12.2023
Non-current			
		-	-
Current			
Pre-financing received from EC - operating subsidy	2.6.1	6 964	3 651
Pre-financing received from EC - balancing subsidy		21 971	3 768
Current payables		68	149
		29 002	7 568
Total		29 002	7 568

The outstanding amount of balancing subsidy represents the part of the 2024 Commission's balancing subsidy that was unused during the year. The outstanding operating subsidy relates to the Commission's contribution agreements. The part under this heading is expected to be spent in 2025. The amounts related to 2026 and beyond are recorded under non-current financial liabilities (see note 2.5 above).

2.7. Accrued charges and deferred income

Accruals are liabilities to pay for goods or services that have been received or supplied but - unlike payables - have not yet been invoiced or formally agreed with the supplier. They include amounts due to employees (e.g. accruals for untaken holidays). The calculation of accruals is based on the open amount of budgetary commitments at year-end. The portion of the estimated accrued charges relating to pre-financing paid has been recorded as a reduction of the pre-financing amounts.

	EUR '000	
	31.12.2024	31.12.2023
<i>Accrued charges with consolidated entities</i>	8	5
<i>Deferred income</i>	-	-
<i>Staff accruals</i>	155	174
<i>Other accruals</i>	37 107	2 313
Total	37 270	2 492

Accrued charges are primarily composed of operational procurement activities where no invoice or cost claim has been validated by 31 December 2023.

During 2023, EIT concluded new models of multi-annual grant agreements and implemented a new methodology for the estimation of the grant accrued expenses. In 2024, the total amount of the grant expense is based on estimation which is calculated on the pre-financing provided to KICs adjusted with a coefficient of historical implementation rate of the KICs based on the last 3 grant cycles (please refer to 1.2.3 and 2.3). The first wave KICs, which by 2024 had reached their first 15 years of existence, became financially independent. These KICs implemented higher amounts compared to the pre-financing received due to shorter duration of grant agreements concluded with them (i.e. 2023-2024 instead of 2023-2025). As a result, the accrued charges related to these KICs are higher compared to the pre-financing paid increasing the heading 'Other accruals'.

Included under this heading are accrued expenses for building, equipment and other administrative costs (kEUR 396), other operational expenses (kEUR 8 421) and staff costs for untaken leave (kEUR 154).

A table that shows per beneficiary/grant agreement, the total pre-financing payments, the accruals calculated per year and the pre-financing payments accrued and the amounts cleared by interim and final payments per year (i.e. for 2023 grant agreements) is presented under heading 3.3.2. Details on grant accrued charges. No prefinancing payments were cleared during the financial year through interim or final payments for grant agreements that were under implementation in 2024.

2.7.1. Accrued charges – sensitivity analysis

A sensitivity analysis is presented showing how the EIT's 2024 Balance Sheet and Statement of Financial Performance would have been affected if the final expenses on the estimated accrued charges will be deviated by +/- 5 %.

As shown in the tables below, if the actual expenses are higher by 5 % compared to the estimated accrued charges, then the impact on the Balance Sheet and Statement of Financial Performance will be as follows:

Balance sheet

	EUR '000			
	2024	2024 (deviation of final expenses by +5 %)	Deviation (kEUR)	Deviation (%)
CURRENT ASSETS				
<i>Pre-financing</i>	87 139	60 225	(26 914)	(31 %)
TOTAL ASSETS	150 299	123 385	(26 914)	(18 %)
CURRENT LIABILITIES				
<i>Accrued charges</i>	(37 270)	(44 768)	(7 498)	(20 %)
TOTAL LIABILITIES	(82 457)	(89 955)	(7 498)	(9 %)
<i>Economic result of the year</i>	26 492	(7 920)	(34 412)	(130 %)
NET ASSETS	67 842	33 430	(34 412)	(51 %)

Statement of financial performance

	EUR '000			
	2024	2024 (deviation of final expenses by +5 %)	Deviation (kEUR)	Deviation (%)
EXPENSES				
<i>Operational costs</i>	(392 615)	(427 027)	(34 412)	(9 %)
Total expenses	(402 668)	(437 080)	(34 412)	(9 %)
ECONOMIC RESULT OF THE YEAR	26 492	(7 920)	(34 412)	(130 %)

As shown in the tables below, if the actual expenses are lower by 5 % compared to the estimated accrued charges, then the impact on the balance sheet will be as follows:

Balance sheet

EUR '000				
	2024	2024 (deviation of -5 %)	Deviation (kEUR)	Deviation (%)
CURRENT ASSETS				
<i>Pre-financing</i>	87 139	114 053	26,914	31 %
TOTAL ASSETS	150 299	177 213	26,914	18 %
CURRENT LIABILITIES				
<i>Accrued charges</i>	(37 270)	(29 772)	7,498	20 %
TOTAL LIABILITIES	(82 457)	(74 959)	7,498	9 %
<i>Economic result of the year</i>	26 492	60 904	34,412	130 %
NET ASSETS	67 842	102 254	34,412	51 %

Statement of financial performance

EUR '000				
	2024	2024 (deviation of -5 %)	Deviation (kEUR)	Deviation (%)
EXPENSES				
<i>Operational costs</i>	(392 615)	(358,203)	34 412	9 %
Total expenses	(402 668)	(368,256)	34 412	9 %
ECONOMIC RESULT OF THE YEAR	26 492	60,904	34 412	130 %

2.8. Provisions

Provisions are reliably estimated amounts, arising from past events, which will probably have to be paid by the FRA budget in the future. No provisions have been recognised for 2024.

3. NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE

REVENUE

3.1. Revenue from non-exchange transactions

Revenue from non-exchange transactions relates to transactions where the transferor provides resources to the recipient entity without the recipient entity providing approximately equal value directly in exchange. The heading mainly includes amounts received from the Commission during the year and recoveries of operational expenses.

	EUR '000	
	2024	2023
<i>Funds from the Commission</i>	429 087	360 291
<i>Recovery of expenses</i>	-	406
Total	429 087	360 696

The heading "*Funds from the Commission*" corresponds to the amounts of the balancing and operating subsidy used during 2024. The increase compared to prior year is linked to the increase in the EU Subsidy.

3.2. Revenue from exchange transactions

The revenue from exchange transactions and events relates to following types of transactions: rendering of services; sale of goods; and the use by others of entity assets yielding interest, royalties and dividends.

	EUR '000	
	2024	2023
<i>Other</i>	72	2

The increase in exchange revenue is due to the increase in exchange rate gains (i.e. by 33 kEUR) as well as from miscellaneous income (i.e. 33 kEUR in 2024 compared to 0 kEUR in 2023).

EXPENSES

3.3. Operational expenses

Included under this heading are expenses incurred in relation to operational activities.

	EUR '000	
	2024	2023
Operational expenses	392 615	290 055

The operational costs also include amounts related to expert fees, online events, online communication expenses and other operational activities. Both the amounts incurred and the amounts estimated are included under this heading. The increase of kEUR 102 560 in the operational costs is primarily linked to the 2nd pre-financing of the 1st, 2nd, 3rd and 4th wave KIC's Business Plans (BP) (for the 1st wave it is the 2023-2024 BP, while for the 2nd, 3rd and 4th wave KICs it is the 2023-2025 BPs.)

3.3.1. Significant change in accrual estimation

In the financial statements for the year ending 2023, EIT changed the accrual estimation methodology. The previous accrual estimation method relied on actual costs reported by the KICs on a yearly basis at the beginning of year N+1 for year N. The reported costs were scrutinised by the Agency and, following clarifications, the amounts finally agreed between the Agency and the KICs were those considered for the accruals in the annual accounts.

2023 was the first year for the Agency where multiannual grant agreements were implemented (three or two years) in a structured way. Based on these agreements the reporting of the actual costs has been changed from annual to 18 months. Therefore, the first reports on expenditure based on declaration were received in September 2024. For this reason, the estimation of the 2023 accruals for the grant agreements was based on the pre-financing payments made (i.e. one third or half of the total amount indicated in the grant agreement depending their implementation stage based on their overall implementation period) multiplied by the average historical absorption grant rate (please refer to 1.2.3 Use of estimates).

In 2024, the methodology was further fine-tuned by taking into consideration first the specific conditions, milestones and performance obligations, and assessing obligating events, i.e. by identifying events that give rise to a present obligation, such as the signing of a grant agreement or the achievement of a project milestone by the recipient. However, in the absence of evidence to identify the grant obligations in such way, the measurement considers the following:

- duration of grant agreement, i.e. 24 or 36 months
- period of implementation elapsed between the signature of the grant agreement and the end of the reporting period (i.e. 31 December 2024)
- probability of outflow, therefore, accruals are recognised only when it is likely that EIT will need to use its resources to settle an obligation
- adjustments concerning changes in grant agreements and, in particular, project timelines and resource requirements should be reflected in the accrued charges, and
- historical implementation rates referring to the actual eligible costs per KIC over the last three grant periods of availability of such data.

Therefore, the following steps took place for the calculation of the 2024 grant accruals:

- a. the total amount of the grant was divided by its duration in months and multiplied by the number of months elapsed at the end of the accounting period, and
- b. the historical implementation rates were calculated taking into consideration, where available, the last three grant agreements' of known data for a given KIC taking into account the total actual costs divided by the total grant agreement amount (where there was no historical absorption rates available, either the average absorption rate of all KICs was considered or monitoring data, e.g. level of implementation).

The result of step a. was multiplied by the historical absorption rates, i.e. step b. assuming that future changes in these rates will remain immaterial.

It should be noted that the cost reports received in September 2024 were not taken into consideration for the estimation of the grant accrued charges (for the elapsed 18 months period). During the verification process the following were noted:

- part of the expenses reported referred to the first 18 months of the grant agreements when these expenses were implemented directly by the KIC, which was in line with the grant agreement reporting requirements
- part of the expenses reported referred to the first year of the grant agreement when these expenses were implemented by another organisation, which was in line with the agreement between the KIC and the organisation concerned, and
- the expenses reported are under verification process and are audited by external firms at this stage of the process.

For this reason, the first reports on actual expenditure were considered not to be representative of the 18 months actual costs as they were lacking the actual costs for the organisations other than the KICs for the first half of 2024.

Therefore, compared to 2023:

- the historical implementation rates had been recalculated taking into consideration the average implementation rate of the available historical data, (i.e. total final eligible costs divided by the amounts paid for period) where in 2023, this average was the average per year (i.e. total final eligible costs for a given year divided by the amounts paid for that year, and the yearly percentages were further averaged). The impact of this change on the historical implementation rates is estimated at 0.04% increase, which is below materiality level, and
- the historical implementation rates were applied to the prefinancing paid, however, in 2024 accruals they were applied to the period elapsed compared to the grant agreement's total period of implementation. The reason of this change is due to the fact that in 2023 KICs were not expected to spend more than the pre-financing payment received. As from 2024, KICs are expected to have gained the financial capacity to implement grant agreements beyond the amounts prefinanced. Therefore, the new methodology could not have been applied in 2023.
- However, should the 2023 accounts have been prepared based on the new methodology (as applied in 2024), the grant expenses would have been higher by 4% theoretical impact of the change of grant estimate methodology).

The main challenges and uncertainties associated with the methodologies are:

- This is the first cycle of three-year grants with 18 months reporting period. The lack of historical data and experience in handling such grants can lead to uncertainty in accrual estimations.
- Implementation rates may vary significantly over the grant period, with lower implementation during initial years and higher implementation in later years. This can complicate the accurate allocation of accrued charges.
- KICs may have varying implementation rates depending on the nature of the grant. This can lead to inconsistent accruals and potential misstatements.
- Accurately assessing the probability of outflow to determine if it is likely that the EIT will need to use its resources to settle an obligation can be subjective and prone to estimation errors.

Risk management

Following the completion of the first three-year grants cycle with 18 months reporting period, the historical implementation rates will be reviewed where possible. During this review, any trends will be taken into consideration and, if needed, a weighting may need to be defined that will be applied when estimating accruals based on the stage of implementation (e.g. first, second year and so on).

Similarly, during the review of the methodology, a detailed analysis of the historical implementation rates for each KIC while considering the specific circumstances of each grant will take place. Through this exercise weightings may need to be defined and applied per KIC and type of grant to ensure consistency and accuracy.

Cross checking of the reception of grant funds (either through the EU Subsidy or through contribution agreements) needs to take place before recognising accrued charges. In addition, project managers will need to take into consideration historical data and trends for an informed probability assessment of outflow ensuring that accruals are based on well-supported and justifiable assumptions.

Conclusion

By recognizing these challenges and raising awareness, reviewing the methodology following the completion of the first three-year grants cycle EIT can enhance the accuracy and reliability of its financial reporting for accrued charges on grants. Continuous improvement and annual reviews in the future will ensure that the methodology remains effective.

3.3.2. Details on grant accrued charges

Grant agreements concluded under the EU subsidy 2024

EUR '000

Knowledge Innovation Communities (KIC)	Grant Agreement (GA)	Start date	End date	GA total amount (EUR)	Committed	Pre-financing paid	GA duration (months)	GA part until end 2024 (months)	Historical implementation rate	Accruals deducted from pre-financing	Accruals
CLIMATE	101113277	01.01.2023	31.12.2024	22 712	22 712	17 037	24	24	98.57% ¹	17 036	5 350
CULTURE & CREATIVITY	101159520	01.01.2024	31.12.2025	25 000	25 000	18 749	24	12	N/A ²	5 000	-
DIGITAL	101113245	01.01.2023	31.12.2024	33 696	33 696	25 551	24	24	89.11% ¹	25 551	4 476
FOOD	101101912	01.01.2023	31.12.2025	194 057	150 701	139 226	36	24	94.20%	121 868	-
HEALTH	101112921	01.01.2023	31.12.2025	160 025	115 661	113 523	36	24	95.43%	101 808	-
INNOENERGY	101112778	01.01.2023	31.12.2024	47 992	47 992	36 613	24	24	98.06% ¹	36 613	10 448
MANUFACTURING	101113259	01.01.2023	31.12.2025	119 780	92 447	85 095	36	24	91.23%	72 850	-
RAW MATERIALS	101113034	01.01.2023	31.12.2025	150 518	115 285	107 316	36	24	95.76%	96 091	-
URBAN MOBILITY	101112673	01.01.2023	31.12.2025	141 220	108 644	94 939	36	24	91.80%	86 426	-
URBAN MOBILITY	101113131	01.01.2023	31.12.2025	16 934	13 426	13 426	36	24	94.84%	10 707	-
FOOD	101113151	01.01.2023	31.12.2025	11 609	9 313	9 308	36	24	94.84%	7 340	-
HEALTH	101113214	01.01.2023	31.12.2025	8 130	6 345	5 847	36	24	94.84%	5 140	-
HEALTH	101113201	01.01.2023	31.12.2025	5 895	4 563	4 425	36	24	94.84%	3 727	-
MANUFACTURING	101113099	01.01.2023	31.12.2025	2 471	1 765	1 765	36	24	94.84%	1 563	-
RAW MATERIALS	101113035	01.01.2023	31.12.2025	79 854	79 854	34 138	36	24	94.84%	34 138	16 351
RAW MATERIALS	101113078	01.01.2023	31.12.2025	25 025	20 155	20 151	36	24	94.84%	15 822	-
INNOENERGY ³	101191580	01.03.2024	28.02.2026	3 920	3 920	2 744	24	10	N/A ⁴	1 605	-
INNOENERGY ³	EBA	17.01.2022	16.07.2025	9 978	9 978	8 910	42	23.5	N/A ⁴	8 336	-
Grant total				1 058 816	861 457	738 762				651 622	36 625

No prefinancing payments were cleared during the financial year through interim or final payments.

¹ In April 2025 EIT received the final reports of three first-wave grant agreements covering the years 2023 - 2024. The reported figures exceed the accrual estimates, allowing for potential cost rejections and, ultimately, grant reductions. At the time of preparing the final accounts, the assessment, evaluating both performance and cost eligibility, remains ongoing, with its completion to be expected in the coming months. Consequently, the current estimates rely on historical data, which represents the most reliable basis at this stage.

² This is the first grant agreement concluded with the Culture and Creativity KIC, therefore, there is no available historical implementation rate. The accruals have been estimated based on available monitoring data.

³ This grant agreement is financed through a Contribution Agreement with the EC.

⁴ There is no available historical implementation rates for this kind of grant agreements, which are implemented under Contribution Agreements with the EC. The accruals have been estimated taking into consideration the period elapsed (i.e. the duration in months between the grant agreement's start date and the end of the reporting period, 31.12.2024).

2023

													EUR '000
Knowledge Innovation Communities (KIC)	Grant Agreement (GA)	Start date	End date	GA total amount (EUR)	Committed	Pre-Financing (PF) paid	GA duration (months)	GA part until end 2023 (months)	Historical implementation rate	Accruals deducted from pre-financing	Accruals	Final payment clearing PF	Difference between Accruals deducted from PF and final payment
<i>FRAUNHOFER (Consortium)</i>	101112064	01.09.2022	31.12.2023	5 995	5 995	4,197	16	16	85.00%	3 567	-	5 949	2 382
CLIMATE	101113277	01.01.2023	31.12.2024	20 194	13 000	9,087	24	12	98.57%	8 926	-	-	-
DIGITAL	101113245	01.01.2023	31.12.2024	30 572	19 349	13,757	24	12	89.11%	12 283	-	-	-
FOOD	101101912	01.01.2023	31.12.2025	179 237	77 735	55,097	36	12	94.20%	51 655	-	-	-
HEALTH	101112921	01.01.2023	31.12.2025	142 851	47 487	43,912	36	12	95.43%	41 963	-	-	-
INNOENERGY	101112778	01.01.2023	31.12.2024	44 034	28 000	19,815	24	12	98.06%	19 421	-	-	-
MANUFACTURING	101113259	01.01.2023	31.12.2025	107 321	46 545	32,990	36	12	91.23%	29 969	-	-	-
RAW MATERIALS	101113034	01.01.2023	31.12.2025	136 112	59 032	41,841	36	12	95.76%	40 214	-	-	-
URBAN MOBILITY	101112673	01.01.2023	31.12.2025	129 679	56 000	39,863	36	12	91.80%	36 944	-	-	-
DIGITAL & URBAN MOBILITY	101113131	01.01.2023	31.12.2025	14 999	8 330	7,499	36	12	91.80%	6 696	-	-	-
FOOD	101113151	01.01.2023	31.12.2025	10 499	5 831	5,250	36	12	94.20%	4 935	-	-	-
HEALTH	101113214	01.01.2023	31.12.2025	7 000	3 888	3,500	36	12	95.43%	3 345	-	-	-
HEALTH	101113201	01.01.2023	31.12.2025	5 000	2 777	2,500	36	12	95.43%	2 389	-	-	-
MANUFACTURING	101113099	01.01.2023	31.12.2025	1 800	1 000	900	36	12	91.23%	818	-	-	-
RAW MATERIALS	101113035	01.01.2023	31.12.2025	49 854	49 854	23,918	24	12	95.76%	22 988	-	-	-
RAW MATERIALS	101113078	01.01.2023	31.12.2025	22 785	12 654	11,393	36	12	95.76%	10 950	-	-	-
HEALTH	101112701	01.01.2023	31.12.2025	4,694	2,820	2,347	36	12	95.43%	120	-	-	-
INNOENERGY	EBA	17.01.2022	16.07.2025	9 978	9 978	8,910	42	24	N/A ¹	6 093	-	-	-
Grant total				922 602	450 275	326 777				303 274	-	5 949	2 382

¹ Due to lack of historical implementation rate, the accruals had been estimated based on available monitoring data.

The amount of 5 949 kEUR clearing the pre-financing paid for grant agreement 101112064 defers from the accruals estimated in the 2023 accounts by 2 382 kEUR. Taking into consideration that there were no available historical implementation rates for the new KIC, the EIT took a prudent approach and estimated its accruals based on the available information at year end on the implementation level of the grant agreement. Therefore, it was decided to use an implementation rate of 85 %. The clearing of the pre-financing and the final payment took place at the end of November 2024.

3.3.3. The impact of the new methodology on the 2023 accounts

As mentioned under heading 3.3.1. Significant change in accrual estimation, in 2023 KICs were not expected to implement more than the pre-financing payment received. As from 2024, KICs are expected to have gained the financial capacity to implement grant agreements beyond the amounts prefinanced. Therefore, the new methodology could not have been applied in 2023.

However, should the 2023 accounts have been prepared based on the new methodology (as applied in 2024), the grant expenses would have been higher by 4 % as shown below in tabular format.

		Based on 2023 methodology		Based on 2024 methodology		EUR '000
KIC	Grant Agreement (GA)	Historical implementation rate (2023)	Accruals	Historical implementation rate (2024)	Accruals (based on new methodology)	Difference
FRAUNHOFER (Consortium)	101112064	85.00%	3 567	85.00%	5 096	1 529
CLIMATE	101113277	98.23%	8 926	98.57%	9 953	1 026
DIGITAL	101113245	89.28%	12 283	89.11%	13 621	1 338
FOOD	101101912	93.75%	51 655	94.20%	56 280	4 625
HEALTH	101112921	95.56%	41 963	95.43%	45 441	3 478
INNOENERGY	101112778	98.01%	19 421	98.06%	21 590	2 169
MANUFACTURING	101113259	90.84%	29 969	91.23%	32 636	2 667
RAW MATERIALS	101113034	96.11%	40 214	95.76%	43 447	3 233
URBAN MOBILITY	101112673	92.68%	36 944	91.80%	39 682	2 738
URBAN MOBILITY	101113131	92.68%	6 696	91.80%	4 590	(2,106)
FOOD	101113151	93.75%	4 935	94.20%	3 297	(1 638)
HEALTH	101113214	95.56%	3 345	95.43%	2 227	(1 118)
HEALTH	101113201	95.56%	2 389	95.43%	1 591	(799)
MANUFACTURING	101113099	90.84%	818	91.23%	547	(270)
RAW MATERIALS	101113035	96.11%	22 988	95.76%	23 870	882
RAW MATERIALS	101113078	96.11%	10 950	95.76%	7 273	(3 677)
HEALTH	101112701	95.56%	120	95.43%	120	-
INNOENERGY	EBA	N/A	6 093	100.00%	5 582	(511)
Total			303 275		316 842	13 567

The EIT further estimated the theoretical impact on the financial statements of its 2023 accounts for the items impacted as follows:

Balance sheet

EUR '000

	2023	2023 (based on the new methodology)	Deviation
CURRENT ASSETS			
<i>Pre-financing</i>	23 504	9 937	(13 567)
	55 531	41 964	(13 567)
TOTAL ASSETS	56 160	42 593	(13 567)
NET ASSETS	41 350	27 783	(13 567)
<i>Economic result of the year</i>	61 421	47 854	
NET ASSETS	41 350	27 783	(13 567)

Statement of financial performance

EUR '000

	2023	2023 (based on the new methodology)	Deviation
EXPENSES			
<i>Operational costs</i>	(290 055)	(303 622)	(13 567)
Total expenses	(299 277)	(312 844)	(13 567)
ECONOMIC RESULT OF THE YEAR	61 421	47 854	(13 567)

3.4. Staff expenses

This heading includes the expenses for salaries, allowances and other employment-related benefits. Based on the service level agreement between the entity and the Commission, the calculations of staff-related costs are carried out by the Commission's Office for Administration and Payment of Individual Entitlements (also known as the Paymaster's Office - PMO).

The pensions of the entity 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 several factors, the most important of which is years of service. Both the entity staff and the EU budget contribute to the pension scheme, with the contribution percentage being revised annually in line with the changes in the Staff Regulation governing the scheme. The cost to the EU Budget is not reflected in the EIT accounts.

Similarly, no provision related to the future pension payments is recognised in the annual accounts of the entity, as the obligation falls to the Commission. Consequently, both the annual cost to the EU budget, and the future benefits payable to the entity staff, are accounted for in the Commission's annual accounts as part of its provision for pensions and other post-employment benefits. The pension costs included in the Commission's Statement of Financial Performance represent current service cost (rights accrued during

the year due to service) and interest cost (unwinding of the liability discounting) which have arisen following the year-end actuarial valuation of the employee benefits liabilities.

	EUR '000	
	2024	2023
Staff expenses	7 253	6 859

3.5. Finance costs

The heading comprises interest expense on late payments.

	EUR '000	
	2024	2023
Finance costs	-	-

3.6. Other expenses

Included under this heading are expenses of administrative nature such as external non-IT services, operating leasing expenses, communications and publications, training costs etc.

	EUR '000	
	2024	2023
External non-IT services	1 069	715
Expenses with other consolidated entities	439	439
External IT services	239	237
Maintenance & Security - Building	253	204
Experts expenses	193	243
Office Supplies & maintenance	158	134
Missions	145	95
Operating leasing expenses	96	77
Communications & publications	54	41
Recruitment expenses	31	(7)
External IT development costs	28	154
Training costs	26	6
Legal expenses	23	1
Taxes related to building	11	-
Transport expenses	8	11
Foreign exchange losses	7	-
Other	-	-
Total	2 780	2 350

The administrative expenses present an increase mainly due to increase in external non IT services, mainly due to the fact that in 2024 EIT chaired the EU Agencies Network (EUAN) as well as due to the purchase of furniture that were below the capitalisation of threshold.

The operating lease expenses relates to a leasing contract for the office in Budapest and in Brussels as well as printers placed in both offices.

3.7. Depreciation/amortisation

Included under this heading are expenses related to depreciation/amortisation.

	2024	2023
<i>Amortisation of intangible fixed assets</i>	-	-
<i>Depreciation of tangible fixed assets</i>	20	13
Total	20	13

4. OTHER SIGNIFICANT DISCLOSURES

4.1. Assessment of the legality and regularity of payments

The assurance in the legality and regularity of payments is provided by EIT management based on the functioning of the EIT internal control systems. In 2023 EIT started to implement multiannual grant agreements with multiple pre-financing payments (all following Horizon Europe grant agreement model).

It should be noted, that due to its multi-annual nature, the effectiveness of the control strategy of the multi annual grant agreement can only be measured and assessed fully in the final stages of the grant agreement, once the ex-post audit strategy has been fully implemented, and errors, have been detected and corrected.

In the year 2024, out of the total grant pre-financing payments amounting to 738 762 kEUR for which the legality and regularity can only be assessed after the preparation of the accounts, 651 622 kEUR was expensed through accrued charges.

4.2. Outstanding commitments not yet expensed

The outstanding commitments not yet expensed comprise the budgetary RAL ('Reste à Liquider') less related amounts that have been included as expenses in the current year's statement of financial performance. The RAL represents the open budgetary 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.

	EUR '000	
	31.12.2024	31.12.2023
<i>Outstanding commitments not yet expensed</i>	88 685	129 260

The decrease of kEUR 38 251 compared to last year refers to the multiannual grant agreements, i.e. 2023-2025, which constitute 98 % of the outstanding commitments not yet expensed. By the end of 2024, most of these agreements had completed two thirds of their implementation period. Therefore, the amount referring to the outstanding commitments not yet expensed has been reduced through accrued charges.

4.3. Significant legal commitments

The significant legal commitments refer to amounts which reflect the long-term legal commitments that were not covered by commitment appropriations in the budget at year-end. These binding obligations will be budgeted and paid in future years.

	EUR '000	
	31.12.2024	31.12.2023
<i>Operating lease commitments</i>	974	332

EUR '000

	31.12.2024	31.12.2023
<i>Other contractual commitments</i>	16	-

Operating lease commitments

Minimum amounts committed to be paid according to the underlying lease contracts during the remaining term of these lease contracts are as follows:

EUR '000

	Future amounts to be paid			Total
	< 1 year	1- 5 years	> 5 years	
<i>Buildings</i>	127	449	396	972
<i>IT materials and other equipment</i>	2	-	-	2
Total	129	449	396	974

The lease payments mainly relate to the two rental contracts for EIT building in Brussels. The first one was signed in 2018 and it will end in 2027. In December 2024, a new lease contract was signed for additional space in the building in Brussels starting as from the beginning of 2025 and ending at the end of 2033 with a possibility of terminating the contract in 2027.

Other contractual commitments

The amounts included under this disclosure correspond to amounts committed to be paid during the term of administrative contracts which will be covered by future budgetary commitments.

4.4. Services in kind

According to the Article 3 of the Host Agreement between the Hungarian Government and EIT, entered in force in 2010, the headquarters building in Budapest and the related services (maintenance, security services, etc.) are provided to EIT free of charge. The contract is valid for 20 years and its yearly value is estimated to be kEUR 33.

4.5. Related parties

The related parties of the EIT are the other EU consolidated entities and the key management personnel of these entities. As transactions between the relevant entity and the parties involved take place as part of the normal operations of the entity and on terms and conditions that are normal for such transactions, no specific disclosures are required.

4.6. Key management entitlements

The Director, or head of entity, is remunerated in accordance with the Staff Regulations of the European Union, which establish the rights and obligations of all officials of the EU. The Staff Regulations are published on the Europa website.

	31.12.2024	31.12.2023
Director	AD 14	AD 14

4.7. Legal cases

No legal cases remained open at the end of 2024.

	31.12.2024	31.12.2023
<i>No. of legal cases pending</i>	-	-

4.8. Contingent assets

Guarantees received

A contingent asset is a possible asset that arises from past events and of which 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 Agency.

EIT has, at the end of the reported year, three valid performance guarantee letters summing to the amount of kEUR 586.

	31.12.2024	31.12.2023
Guarantees received		
<i>Pre-financing guarantees</i>	586	586
<i>Other guarantees</i>	-	-
Total	586	586

Guarantees are requested to ensure that beneficiaries of funding meet the obligations of their contracts with the EIT.

OLAF cases

In addition, as disclosed under 4.9 Other events, the European Anti-Fraud Office (OLAF) completed the investigation of three cases related to the implementation of grants, which have resulted in recommendations for recovery of amounts. These amounts were discussed with OLAF and the Legal Services of the European Commission and the estimated amount to be recovered is currently assessed to be in the range of 15 to 20 mEUR. For the grant agreements that have been completed, i.e. 2020-2022, the exact amount to be recovered will result from the ongoing contradictory procedures. For the ongoing grant agreements the amounts to be recovered will be estimated after the eligible costs are confirmed.

4.9. Other events

In 2024 Q4, the European Anti-Fraud Office (OLAF) completed the investigation of three cases related to the implementation of grants by EIT's KICs. OLAF in its final reports recommends recovery of amounts.

In this context, EIT is currently performing a thorough assessment of the exact amounts to be recovered. This assessment is expected to be completed in 2025 where the related pre-information notices to the potential debtors will be send informing them of EIT's intention to recover the specified amount, the reason for the planned recovery, and the deadline for them to submit their objections.

In the absence of comments or objections from the debtors the debit notes will be issued. However, in case valid reasons are received against the recovery of the amounts, either the full or part of the amount to be recovered will have to be reassessed before establishing the final amount to be recovered.

Considering that the amounts to be recovered will be established in 2025 and due to the uncertainty involved in their estimation, no contingent assets have been included in the 2024 annual accounts.

4.10. Events after the balance sheet date

At the date of transmission of these annual accounts, no material issues were reported that would require separate disclosure under this section. The annual accounts and related notes were prepared using the most recently available information and this is reflected in the information presented.

5. FINANCIAL RISK MANAGEMENT

5.1. Types of risk

Market risk is the risk that the fair value or future cash flows 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*.

- *Currency risk* is the risk that the EIT's operations will be affected by changes in exchange rates. This risk arises from the change in the price of one currency against another;
- *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; and
- *Other price risk* is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Credit risk is the risk of loss due to a debtor's non-payment or other failure to meet a contractual obligation. The default events include a delay in repayments, and bankruptcy.

Liquidity risk is the risk that an EU entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

5.2. Currency risk

At the end of the year, the financial assets are composed of exchange receivables and non-exchange recoverables. The financial liabilities are composed of accounts payable. Their ending balances are mainly quoted in EUR, the entity is thus not exposed to currency risk.

EIT's financial statements are presented in thousands of EUR (euros), unless stated otherwise, the euro being the European Union's functional currency. Due to the Agency's location outside of EUR-zone, a number of transactions during the reporting period occurred in HUF (Hungarian Forint). Year-end balances of monetary assets and liabilities denominated in HUF are converted into EUR on the basis of the official exchange rates applying on 31st of December of the reported year. Foreign currency exchange rate gains and losses resulting from transactions in HUF have been reflected in the Statement of Financial Performance.

The table below provides with an overview of the foreign currencies (FX) to which EIT is exposed for its financial assets and financial liabilities as at 31 December 2024.

Financial instruments exposure of EIT to currency risk at year-end – net position

'000

	HUF
Assets	4 090
Receivables*	4 090
Liabilities	(5 255)
Payables	(5 255)
Total	(1 165)

* Excluding deferred charges

A sensitivity analysis is required in compliance with paragraph 28 of EU Accounting Rule 11 for each type of market risk that an entity is exposed to at the end of the reporting date, showing how surplus or deficit and net assets would have been affected by changes in the relevant risk variable that were reasonably possible at that date.

As shown in the table below, if the EUR had strengthened or weakened against HUF by 10 %, then the impact it would have had on the economic result would be below 1 kEUR:

EUR '000

FX Rate Increase (+) / Decrease (-)	2024 HUF
+10 %	-
-10 %	-

5.3. Interest rate risk

The EIT does not have any securities thus it is not exposed to the interest rate risk.

5.4. Other price risk

The EIT is not exposed to other price risks.

5.5. Credit risk

At the end of the year, the financial assets comprise exchange receivables that are not past due for more than 30 days. The credit quality of exchange receivables and non-exchange recoverables that are neither past due nor impaired is as follows:

EUR '000

	31.12.2024	31.12.2023
Counterparty without external credit rating - European Commission	60 619	31 300
Counterparty without external credit rating - debtors who have never defaulted	1 654	85
Total amount due in < 1 year	62 273	31 385

At the end of the year, the financial assets comprise exchange receivables that are not past due for more than 30 days as soon the table below.

Receivables: credit quality

EUR '000

	Not due	Past due 0-30 days	Past due 31-90 days	Past due 91 days – 1 year	Past due > 1 year	Total
<i>Receivables gross carrying amount</i>	62 273	-	-	-	-	62 273
<i>Impairment (-)*</i>	-	-	-	-	-	-
Net receivables	62 273	-	-	-	-	62 073

* The amounts in this table do not include deferred charges.

Cash and cash equivalents: credit quality

EUR '000

	Cash and Cash equivalent
<i>Prime and high grade</i>	-
<i>Upper medium grade</i>	-
<i>Lower medium grade</i>	-
<i>Non-investment grade</i>	-
Net receivables	-

The four risk categories mentioned above are in principle based on the rating categories of external rating agencies and correspond to:

- Prime and high grade: Moody's P-1, Aaa – Aa3; S&P A-1+, A-1, AAA – AA -; Fitch F1+, F1, AAA – AA and equivalent
- Upper medium grade: Moody's P-2, A1 – A3; S&P A-2, A+ – A-; Fitch F2, A+ – A- and equivalent
- Lower medium grade: Moody's P-3, Baa1 – Baa3, S&P A-3, BBB+ – BBB-; Fitch F3, BBB+ – BBB- and equivalent
- Non-investment grade: Moody's not prime, Ba1 – C; S&P B, C, D, BB+ – D; Fitch B, C, D, BB+ – D and equivalent

The EU uses these external rating agencies' categories as a reference point notably for financial instruments and commercial banks, but may, after making its own analysis of individual cases, keep amounts in one of the above risk categories even though one or more of the above-mentioned rating agencies may have downgraded the corresponding counterparty.

No cash was held in banks during this accounting period.

5.6. Liquidity risk

The short-term financial liabilities are composed of accounts payable. All the accounts payable have 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.

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1. BUDGETARY PRINCIPLES AND STRUCTURE

1.1. BUDGETARY PRINCIPLES

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

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 budget of EIT. 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 which is considered necessary.

Principle of annuality

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

Principle of equilibrium

Revenue and payment appropriations shall be in balance.

Principle of unit of account

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

Principle of universality

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

Principle of specification

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

Principle of sound financial management

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

Principle of transparency

The budget shall be established and implemented and the accounts presented in accordance with the principle of transparency. A summary of the budget of the EIT and any amending budget of the EIT, as definitively adopted, shall be published in the Official Journal of the European Union within three months of their adoption. The budget and any amending budgets shall be published on EIT's internet site within four weeks of adoption and shall be transmitted for information to the European Parliament and the Council, to the Commission and the Court of Auditors.

1.2. STRUCTURE AND PRESENTATION OF THE BUDGET

EIT makes use of non-differentiated appropriations for its administrative expenditure and of differentiated appropriations for its operational expenditure.

Following the provisions of the EIT Financial Regulation, the budget accounts shall consist of a statement of revenue and a statement of expenditure. The budget is distributed in the following titles:

Title 1

Budget lines relating to staff expenditure such as salaries and allowances for persons working with EIT. It also includes recruitment expenses, staff missions, expenses for the socio-medical infrastructure and representation costs.

Title 2

Budget lines relating to all infrastructure, equipment, meetings, studies, and miscellaneous administrative expenditure.

Title 3

Budget lines providing for the implementation of the activities and tasks assigned to EIT in accordance with its establishing Regulation (EC) No 294/2008 as amended by Regulation (EU) No 1292/2013.

2. RESULT OF THE IMPLEMENTATION OF THE BUDGET

		EUR '000	
	Title	2024	2023
Revenue		465 795	381 534
of which:			
Contributions	2	463 305	379 087
Revenue from administrative operation	3	33	17
Revenue from operational activities	4	2 457	2 430
Expenditure		(432 449)	(343 781)
of which:			
Staff expenditure	1	(8 215)	(7 325)
Administrative expenditure	2	(1 091)	(1 061)
Operational expenditure	3	(423 143)	(335 395)
Payment appropriations carried over to the following year		(18 705)	(21 785)
of which:			
Staff expenditure	1	(1 094)	(883)
Administrative expenditure	2	(501)	(328)
Operational expenditure	3	(17 110)	(20 575)
Cancellation of unused approp. carried over from year n-1		21 070	3 387
Evolution of assigned revenue (B)-(A)		(13 970)	(1 660)
Unused appropriations at the end of current year (A)		21 426	7 457
Unused appropriations at the end of previous year (B)		7 457	5 797
EU Subsidy returned during the year for the year concerned		-	(13 926)
Cancellation of commitments which cannot be carried forward to the following year		202	-
Exchange rate differences		27	-
Budget result		21 971	3 768

3. RECONCILIATION OF ECONOMIC RESULT WITH BUDGET RESULT

	EUR '000	
	2024	2023
ECONOMIC RESULT OF THE YEAR	26 492	61 421
Adjustment for accrual items (items not in the budgetary result but included in the economic result)	384 555	277 944
<i>Adjustments for accrual cut-off (net)</i>	383 700	(69 789)
<i>Unpaid invoices at year end but booked in expenses</i>	-	-
<i>Depreciation, amortization and impairment of intangible and tangible assets</i>	20	13
<i>Recovery orders issued in the year and not yet cashed</i>	(3)	(231)
<i>Pre-financing given in previous year and cleared in the year</i>	6 077	354 569
<i>Pre-financing received in previous year and cleared in the year</i>	(8 402)	(7 299)
<i>Payments made from carry-over of payment appropriations</i>	3 162	674
<i>Other individually immaterial</i>	-	-
Adjustment for budgetary items (item included in the budgetary result but not in the economic result)	(389 076)	(335 589)
<i>Asset acquisitions (less unpaid amounts)</i>	(7)	(55)
<i>New pre-financing paid in the year and remaining open as at 31 December</i>	(425 072)	(327 351)
<i>New pre-financing received in the year and remaining open as at 31 December</i>	45 119	12 170
<i>Budgetary recovery orders issued before 2024 and cashed in the year</i>	231	-
<i>Budgetary recovery orders issued in 2024 on balance sheet accounts (not 7 or 6 accounts) and cashed before 2024</i>	2 219	-
<i>Payment appropriations carried over to next year</i>	(40 131)	(29 242)
<i>Cancellation of unused carried over payment appropriations from previous year</i>	20 978	3 387
<i>Adjustment for carry-over of assigned revenue appropriations from previous year</i>	7 549	5 797
<i>Other</i>	38	(295)
BUDGET RESULT OF THE YEAR	21 971	3 768

4. IMPLEMENTATION OF BUDGET REVENUE

4.1. Implementation of budget revenue – Title 2

EUR '000

		Income appropriations		Entitlements established			Revenue				Out-standing
	Item	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
200	European Commission subsidy	409 267	407 547	407 547	-	407 547	407 547	-	446 635	100 %	-
201	EFTA contribution	14 488	14 488	14 488	-	14 488	14 488	-	14 488	100 %	-
203	Third countries	-	24 600	24 600	-	24 600	24 600	-	24 600	100 %	-
204	Other contribution	-	16 670	19 170	-	19 170	16 670	-	16 670	100 %	2 500
Total Chapter 20		423 755	463 305	465 805	-	465 805	463 305	-	463 305	100 %	2 500
Total Title 2		423 755	463 305	465 805	-	465 805	463 305	-	463 305	100 %	2 500

4.2. Implementation of budget revenue – Title 3

EUR '000

		Income appropriations		Entitlements established			Revenue				Out-standing
	Item	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
307	Administrative refunds	-	-	36	-	36	33	-	33	-	3
Total Chapter 30		-	-	36	-	36	33	-	33	-	3
Total Title 3		-	-	36	-	36	33	-	33	-	3

4.3. Implementation of budget revenue – Title 4

EUR '000

		Income appropriations		Entitlements established			Revenue				Out-standing
	Item	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
400	Repayment of unused grants	-	-	2 227	231	2 457	2 227	231	2 457	-	-
Total Chapter 40		-	-	2 227	231	2 457	2 227	231	2 457	-	-
Total Title 4		-	-	2 227	231	2 457	2 227	231	2 457	-	-

GRAND TOTAL	423 755	463 305	468 067	231	468 298	465 565	231	465 795	101 %	2 503
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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 appropri. available
		Initial adopted budget	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	Remuneration and allowances of temporary staff	5 196	-	213	5 409	-	3	3	5 412
1101	Expenses and allowances related to entering the service, transfers and termination of service	40	-	30	70	-	-	-	70
1110	Remuneration and allowances of contract staff	1 573	-	(38)	1 535	-	-	-	1 535
1120	Schooling	396	-	0	396	-	47	47	443
1121	Kindergarten	148	-	(60)	88	-	-	-	88
1122	Recruitment	22	-	(2)	21	-	-	-	21
1123	Mission	90	-	80	170	-	-	-	170
1124	Medical expense	12	-	12	24	-	-	-	24
1125	Training	26	-	9	35	-	-	-	35

EUR '000

	Item	Budget appropriations				Additional appropriations			Total appropri. available
		Initial adopted budget	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
1126	Social activities	36	-	1	37	-	-	-	37
1127	Representation	6	-	(4)	2	-	-	-	2
Total Chapter 11		7 545	-	242	7 787	-	50	50	7 837
1200	Agency staff	320	-	237	557	-	-	-	557
1201	Seconded National Expert	14	-	53	67	-	-	-	67
1202	Trainee	366	-	(232)	134	-	-	-	134
1203	Administrative assistance in support of different activities	637	-	346	983	-	-	-	983
Total Chapter 12		1 337	-	405	1 742	-	-	-	1 742
Total Title 1		8 882	-	646	9 528	-	50	50	9 579

5.1.2. Breakdown & changes in commitment appropriations – Title 2

EUR '000

	Item	Budget appropriations				Additional appropriations			Total appropri. available
		Initial adopted budget	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
2100	Building rental, acquisition	91	-	172	263	-	-	-	263
2101	Building maintenance and security	224	-	(8)	216	-	-	-	216
2109	Other building expense	71	-	-	71	-	-	-	71
2110	Furniture rental, acquisition and associated cost	124	-	-	124	-	-	-	124
2111	Technical equipment rental, acquisition and associated cost	1	-	-	1	-	-	-	1
Total Chapter 21		511	-	164	675	-	-	-	675
2200	IT software and hardware expenditure	552	-	(13)	538	-	-	-	538
2201	Communication equipment and services	77	-	(14)	63	-	-	-	63
Total Chapter 22		628	-	(27)	601	-	-	-	601
2300	Office supplies	5	-	-	5	-	-	-	5
2301	Postage and delivery charges	2	-	(1)	1	-	-	-	1
2302	Transport cost	14	-	10	24	-	-	-	24
2303	Legal expense	100	-	(77)	23	-	-	-	23
2304	Handling and moving	5	-	(2)	3	-	-	-	3
2306	Expenditure related to EIT Governing Board	375	-	(27)	349	-	-	-	349
2307	Studies and surveys	-	-	30	30	-	-	-	30

EUR '000

	Item	Budget appropriations				Additional appropriations			Total appropri. available
		Initial adopted budget	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
2308	Meeting expense	15	-	-	15	-	-	-	15
2309	Other administrative expense	47	-	-	47	-	-	-	47
Total Chapter 23		562	-	(67)	496	-	-	-	496
Total Title 2		1 702	-	70	1 771	-	-	-	1 771

5.1.3. Breakdown & changes in commitment appropriations – Title 3

EUR '000

	Item	Budget appropriations				Additional appropriations			Total appropriations available
		Initial adopted budget	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
3110	Grants to Knowledge and Innovation Communities	407 738	4 010	1 900	413 648	-	4 887	4 887	418 535
3111	Strategic supervision and guidance of Knowledge and Innovation Communities	336	-	234	570	-	-	-	570
3112	EIT Label	90	-	(6)	84	-	-	-	84
3115	Regional impact of Knowledge and Innovation Communities	28	-	(27)	1	-	-	-	1
3116	Other grants	-	-	-	-	-	20 612	20 612	20 612
Total Chapter 31		408 192	4 010	2 100	414 302	-	25 499	25 499	439 801
3202	Brand management, communications and stakeholder relations	4 792	-	(2 816)	1 976	-	-	-	1 976
3203	EIT Alumni	21	-	(15)	6	-	-	-	6
3204	EIT Awards	-	-	-	-	400	-	400	400
3206	Monitoring and evaluation of impact	310	-	-	310	-	-	-	310
Total Chapter 32		5 123	-	(2 831)	2 292	400	-	400	2 692
3300	Supporting the innovation capacity of higher education	-	-	15	15	-	-	-	15
Total Chapter 33		-	-	15	15	-	-	-	15
Total Title 3		413 315	4 010	(716)	416 609	400	25 499	25 899	442 508
GRAND TOTAL		423 899	4 010	-	427 909	400	25 549	25 949	453 858

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 appropri. available
		Initial adopted budget	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	Remuneration and allowances of temporary staff	5 196	-	213	5 409	-	3	3	5 412
1101	Expenses and allowances related to entering the service, transfers and termination of service	40	-	30	70	-	-	-	70
1110	Remuneration and allowances of contract staff	1 573	-	(38)	1 535	-	-	-	1 535
1120	Schooling	396	-	-	396	76	47	122	518
1121	Kindergarten	148	-	(60)	88	44	-	44	132
1122	Recruitment	22	-	(2)	21	15	-	15	36
1123	Mission	90	-	80	170	21	-	21	191
1124	Medical expense	12	-	12	24	4	-	4	28
1125	Training	26	-	9	35	10	-	10	45
1126	Social activities	36	-	1	37	10	-	10	48
1127	Representation	6	-	(4)	2	2	-	2	3
Total Chapter 11		7 545	-	242	7 787	181	50	231	8 018
1200	Agency staff	320	-	237	557	357	-	357	914
1201	Seconded National Expert	14	-	53	67	45	-	45	112

EUR '000

	Item	Budget appropriations				Additional appropriations			Total appropri. available
		Initial adopted budget	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
1202	Trainee	366	-	(232)	134	61	-	61	195
1203	Administrative assistance in support of different activities	637	-	346	983	147	-	147	1 130
Total Chapter 12		1 337	-	405	1 742	609	-	609	2 351
Total Title 1		8 882	-	646	9 528	790	50	841	10 369

5.2.2. Breakdown & changes in payment appropriations – Title 2

EUR '000

	Item	Budget appropriations				Additional appropriations			Total appropri. available
		Initial adopted budget	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
2100	Building rental, acquisition	91	-	172	263	21	-	21	283
2101	Building maintenance and security	224	-	(8)	216	117	-	117	333
2109	Other building expense	71	-	-	71	16	-	16	87
2110	Furniture rental, acquisition and associated cost	124	-	-	124	-	-	-	124
2111	Technical equipment rental, acquisition and associated cost	1	-	-	1	1	-	1	2
Total Chapter 21		511	-	164	675	154	-	154	829
2200	IT software and hardware expenditure	552	-	(13)	538	55	-	55	593
2201	Communication equipment and services	77	-	(14)	63	35	-	35	98
Total Chapter 22		628	-	(27)	601	90	-	90	691
2300	Office supplies	5	-	-	5	2	-	2	7
2301	Postage and delivery charges	2	-	(1)	1	-	-	-	1
2302	Transport cost	14	-	10	24	2	-	2	26
2303	Legal expense	100	-	(77)	23	-	-	-	23
2304	Handling and moving	5	-	(2)	3	-	-	-	3
2306	Expenditure related to EIT Governing Board	375	-	(27)	349	63	-	63	411
2307	Studies and surveys	-	-	30	30	-	-	-	30

EUR '000

		Budget appropriations				Additional appropriations			Total appropri. available
	Item	Initial adopted budget	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
2308	Meeting expense	15	-	-	15	2	-	2	17
2309	Other administrative expense	47	-	-	47	15	-	15	62
Total Chapter 23		562	-	(67)	496	84	-	84	579
Total Title 2		1 702	-	70	1 771	328	-	328	2 099

5.2.3. Breakdown & changes in payment appropriations – Title 3

EUR '000

		Budget appropriations				Additional appropriations			Total appropri. available
	Item	Initial adopted budget	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
3110	Grants to Knowledge and Innovation Communities	408 133	24 010	74	432 217	20 575	4 887	25 462	457 679
3111	Strategic supervision and guidance of Knowledge and Innovation Communities	618	-	(149)	469	-	-	-	469
3112	EIT Label	88	-	(14)	74	-	-	-	74
3115	Regional impact of Knowledge and Innovation Communities	40	-	67	106	-	-	-	106
3116	Other grants	-	-	-	-	-	21 680	21 680	21 680

EUR '000

		Budget appropriations				Additional appropriations			Total appropri. available
	Item	Initial adopted budget	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
Total Chapter 31		408 878	24 010	(23)	432 866	20 575	26 567	47 142	480 007
3202	Brand management, communications and stakeholder relations	3 509	(1 130)	(691)	1 688	-	-	-	1 688
3203	EIT Alumni	21	-	(11)	10	-	-	-	10
3204	EIT Awards	433	-	-	433	-	-	-	433
3205	International cooperation	-	-	9	9	-	-	-	9
3206	Monitoring and evaluation of impact	296	-	-	296	-	-	-	296
Total Chapter 32		4 259	(1 130)	(693)	2 436	-	-	-	2 436
3300	Supporting the innovation capacity of higher education	34	-	-	34	-	-	-	34
Total Chapter 33		34	-	-	34	-	-	-	34
Total Title 3		413 171	22 880	(716)	435 335	20 575	26 567	47 142	482 477
GRAND TOTAL		423 755	22 880	-	446 635	21 693	26 617	48 310	494 945

5.3. Implementation of commitment appropriations

5.3.1. Implementation of commitment appropriations - Title 1

EUR
'000

		Total approp. available	Commitments made					Appropriations carried over to 2025			Appropriations lapsing			
	Item		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	Remuneration and allowances of temporary staff	5 412	5 392	-	-	5 392	100 %	3	-	3	17	-	-	17
1101	Expenses and allowances related to entering the service, transfers and termination of service	70	70	-	-	70	100 %	-	-	-	-	-	-	-
1110	Remuneration and allowances of contract staff	1 535	1 387	-	-	1 387	90 %	-	-	-	149	-	-	149
1120	Schooling	443	396	-	17	413	93 %	30	-	30	-	-	-	-
1121	Kindergarten	88	88	-	-	88	100 %	-	-	-	-	-	-	-
1122	Recruitment	21	21	-	-	21	100 %	-	-	-	-	-	-	-
1123	Mission	170	170	-	-	170	100 %	-	-	-	-	-	-	-
1124	Medical expense	24	19	-	-	19	79 %	-	-	-	5	-	-	5

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		Total approp. available	Commitments made					Appropriations carried over to 2025			Appropriations lapsing			
	Item		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
1125	Training	35	35	-	-	35	100 %	-	-	-	-	-	-	-
1126	Social activities	37	37	-	-	37	100 %	-	-	-	-	-	-	-
1127	Representation	2	2	-	-	2	100 %	-	-	-	-	-	-	-
Total Chapter 11		7 837	7 616	-	17	7 633	97 %	33	-	33	171	-	-	171
1200	Agency staff	557	551	-	-	551	99 %	-	-	-	6	-	-	6
1201	Seconded National Expert	67	14	-	-	14	21 %	-	-	-	53	-	-	53
1202	Trainee	134	128	-	-	128	95 %	-	-	-	6	-	-	6
1203	Administrative assistance in support of different activities	983	982	-	-	982	100 %	-	-	-	1	-	-	1
Total Chapter 12		1 742	1 676	-	-	1 676	96 %	-	-	-	66	-	-	66
Total Title 1		9 579	9 291	-	17	9 309	97 %	33	-	33	237	-	-	237

5.3.2. Implementation of commitment appropriations - Title 2

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		Total approp. available	Commitments made					Appropriations carried over to 2025			Appropriations lapsing			
	Item		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
2100	Building rental, acquisition	263	214	-	-	214	81 %	-	-	-	49	-	-	49
2101	Building maintenance and security	216	215	-	-	215	100 %	-	-	-	1	-	-	1
2109	Other building expense	71	11	-	-	11	15 %	-	-	-	60	-	-	60
2110	Furniture rental, acquisition and associated cost	124	122	-	-	122	99 %	-	-	-	1	-	-	1
2111	Technical equipment rental, acquisition and associated cost	1	1	-	-	1	59 %	-	-	-	1	-	-	1
Total Chapter 21		675	563	-	-	563	83 %	-	-	-	111	-	-	111
2200	IT software and hardware expenditure	538	532	-	-	532	99 %	-	-	-	6	-	-	6
2201	Communication equipment and services	63	62	-	-	62	98 %	-	-	-	1	-	-	1
Total Chapter 22		601	594	-	-	594	99 %	-	-	-	7	-	-	7
2300	Office supplies	5	5	-	-	5	91 %	-	-	-	-	-	-	-

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		Total approp. available	Commitments made					Appropriations carried over to 2025			Appropriations lapsing			
	Item		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
2301	Postage and delivery charges	1	1	-	-	1	100 %	-	-	-	-	-	-	-
2302	Transport cost	24	17	-	-	17	69 %	-	-	-	7	-	-	7
2303	Legal expense	23	23	-	-	23	100 %	-	-	-	-	-	-	-
2304	Handling and moving	3	3	-	-	3	100 %	-	-	-	-	-	-	-
2306	Expenditure related to EIT Governing Board	349	340	-	-	340	98 %	-	-	-	9	-	-	9
2307	Studies and surveys	30	30	-	-	30	100 %	-	-	-	-	-	-	-
2308	Meeting expense	15	15	-	-	15	98 %	-	-	-	-	-	-	-
2309	Other administrative expense	47	3	-	-	3	6 %	-	-	-	44	-	-	44
Total Chapter 23		496	435	-	-	435	88 %	-	-	-	61	-	-	61
Total Title 2		1 771	1 592	-	-	1 592	90 %	-	-	-	179	-	-	179

5.3.3. Implementation of commitment appropriations - Title 3

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	Item	Total approp. available	Commitments made					Appropriations carried over to 2025			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
3110	Grants to Knowledge and Innovation Communities	418 535	413 648	-	2 430	416 078	99 %	2 457	-	2 457	-	-	-	-
3111	Strategic supervision and guidance of Knowledge and Innovation Communities	570	270	-	-	270	47 %	-	-	-	300	-	-	300
3112	EIT Label	84	64	-	-	64	76 %	-	-	-	20	-	-	20
3115	Regional impact of Knowledge and Innovation Communities	1	1	-	-	1	100 %	-	-	-	-	-	-	-
3116	Other grants	20 612	0	-	3 920	3 920	19 %	16 692	-	16 692	-	-	-	-
Total Chapter 31		439 801	413 982	-	6 350	420 332	96 %	19 149	-	19 149	320	-	-	320
3202	Brand management, communications and stakeholder relations	1 976	494	-	-	494	25 %	-	-	-	1 481	-	-	1 481

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		Total approp. available	Commitments made					Appropriations carried over to 2025			Appropriations lapsing			
	Item		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
3203	EIT Alumni	6	6	-	-	6	100 %	-	-	-	-	-	-	-
3204	EIT Awards	400	-	400	-	400	100 %	-	-	-	-	-	-	-
3206	Monitoring and evaluation of impact	310	160	-	-	160	52 %	-	-	-	150	-	-	150
Total Chapter 32		2 692	661	400	-	1 061	39 %	-	-	-	1 631	-	-	1 631
3300	Supporting the innovation capacity of higher education	15	-	-	-	-	0 %	-	-	-	15	-	-	15
Total Chapter 33		15	-	-	-	-	0 %	-	-	-	15	-	-	15
Total Title 3		442 508	414 643	400	6 350	421 393	95 %	19 149	-	19 149	1 967	-	-	1 967
GRAND TOTAL		453 858	425 526	400	6 367	432 293	95 %	19 182	-	19 182	2 383	-	-	2 383

5.4. Implementation of payment appropriations

5.4.1. Implementation of payment appropriations - Title 1

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	Item	Total approp. availab.	Payments made					Appropriations carried over to 2025				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 assign. 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	Remuneration and allowances of temporary staff	5 412	5 246	-	-	5 246	97 %	145	-	3	149	17	-	-	17
1101	Expenses and allowances related to entering the service, transfers and termination of service	70	66	-	-	66	95 %	4	-	-	4	-	-	-	-
1110	Remuneration and allowances of contract staff	1 535	1 346	-	-	1 346	88 %	41	-	-	41	149	-	-	149
1120	Schooling	518	348	16	17	381	73 %	48	-	30	78	-	60	-	60
1121	Kindergarten	132	75	11	-	87	66 %	13	-	-	13	-	33	-	33
1122	Recruitment	36	4	14	-	18	51 %	17	-	-	17	-	1	-	1
1123	Mission	191	145	7	-	152	80 %	25	-	-	25	-	14	-	14
1124	Medical expense	28	-	3	-	3	12 %	19	-	-	19	5	-	-	5
1125	Training	45	21	6	-	27	61 %	14	-	-	14	-	4	-	4

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		Total approp. availab.	Payments made					Appropriations carried over to 2025				Appropriations lapsing			
	Item		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 assign. 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
1126	Social activities	48	21	5	-	26	55 %	16	-	-	16	-	6	-	6
1127	Representation	3	2	-	-	2	48 %	-	-	-	-	-	2	-	2
Total Chapter 11		8 018	7 275	63	17	7 355	92 %	341	-	33	374	171	118	-	290
1200	Agency staff	914	386	257	-	643	70 %	166	-	-	166	6	100	-	106
1201	Seconded National Expert	112	14	45	-	59	53 %	-	-	-	-	53	-	-	53
1202	Trainee	195	95	35	-	130	67 %	33	-	-	33	6	26	-	32
1203	Administrative assistance in support of different activities	1 130	428	136	-	563	50 %	555	-	-	555	1	12	-	13
Total Chapter 12		2 351	923	472	-	1 395	59 %	753	-	-	753	66	137	-	203
Total Title 1		10 369	8 198	535	17	8 749	84 %	1 094	-	33	1 127	237	256	-	493

5.4.2. Implementation of payment appropriations - Title 2

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		Total approp. availab.	Payments made					Appropriations carried over to 2025				Appropriations lapsing			
	Item		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 assign. 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
2100	Building rental, acquisition	283	55	21	-	76	27 %	159	-	-	159	49	-	-	49
2101	Building maintenance and security	333	100	52	-	151	45 %	116	-	-	116	1	66	-	67
2109	Other building expense	87	10	14	-	24	28 %	1	-	-	1	60	2	-	62
2110	Furniture rental, acquisition and associated cost	124	121	-	-	121	98 %	1	-	-	1	1	-	-	1
2111	Technical equipment rental, acquisition and associated cost	2	-	-	-	1	28 %	-	-	-	-	1	-	-	1
Total Chapter 21		829	286	87	-	373	45 %	277	-	-	277	111	68	-	179
2200	IT software and hardware expenditure	593	397	41	-	438	74 %	135	-	-	135	6	14	-	20
2201	Communication equipment and services	98	24	34	-	58	60 %	37	-	-	37	1	1	-	2
Total Chapter 22		691	421	75	-	496	72 %	172	-	-	172	7	15	-	22
2300	Office supplies	7	5	2	-	6	92 %	-	-	-	-	-	-	-	1
2301	Postage and delivery charges	1	1	-	-	1	70 %	-	-	-	-	-	-	-	-
2302	Transport cost	26	9	-	-	9	35 %	8	-	-	8	7	2	-	9

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		Total approp. availab.	Payments made					Appropriations carried over to 2025				Appropriations lapsing			
	Item		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 assign. 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
2303	Legal expense	23	23	-	-	23	100 %	-	-	-	-	-	-	-	-
2304	Handling and moving	3	2	-	-	2	55 %	2	-	-	2	-	-	-	-
2306	Expenditure related to EIT Governing Board	411	301	3	-	303	74 %	39	-	-	39	9	60	-	69
2307	Studies and surveys	30	30	-	-	30	100 %	-	-	-	-	-	-	-	-
2308	Meeting expense	17	12	1	-	13	77 %	2	-	-	2	-	1	-	1
2309	Other administrative expense	62	3	13	-	16	26 %	-	-	-	-	44	2	-	46
Total Chapter 23		579	384	18	-	403	69 %	51	-	-	51	61	65	-	126
Total Title 2		2 099	1 091	180	-	1 272	61 %	501	-	-	501	179	147	-	327

5.4.3. Implementation of payment appropriations - Title 3

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		Total approp. availab.	Payments made					Appropriations carried over to 2025				Appropriations lapsing			
	Item		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 assign. 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
3110	Grants to Knowledge and Innovation Communities	457 679	415 107	-	2 430	417 537	91 %	-	-	2 457	2 457	17 110	20 575	-	37 685
3111	Strategic supervision and guidance of Knowledge and Innovation Communities	469	467	-	-	467	100 %	-	-	-	-	2	-	-	2
3112	EIT Label	74	74	-	-	74	100 %	-	-	-	-	-	-	-	-
3115	Regional impact of Knowledge and Innovation Communities	106	105	-	-	105	99 %	-	-	-	-	1	-	-	1
3116	Other grants	21 680	-	-	2 744	2 744	13 %	-	-	18 936	18 936	-	-	-	-
Total Chapter 31		480 007	415 753	-	5 174	420 927	88 %	-	-	21 393	21 393	17 113	20 575	-	37 688
3202	Brand management, communications and stakeholder relations	1 688	1 639	-	-	1 639	97 %	-	-	-	-	48	-	-	48
3203	EIT Alumni	10	10	-	-	10	100 %	-	-	-	-	-	-	-	-
3204	EIT Awards	433	413	-	-	413	95 %	-	-	-	-	20	-	-	20
3205	International cooperation	9	9	-	-	9	100 %	-	-	-	-	-	-	-	-
3206	Monitoring and evaluation of impact	296	145	-	-	145	49 %	-	-	-	-	151	-	-	151

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		Total approp. availab.	Payments made					Appropriations carried over to 2025				Appropriations lapsing			
	Item		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 assign. 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
Total Chapter 32		2 436	2 216	-	-	2 216	91 %	-	-	-	-	220	-	-	220
3300	Supporting the innovation capacity of higher education	34	-	-	-	-	0 %	-	-	-	-	34	-	-	34
Total Chapter 33		34	-	-	-	-	0 %	-	-	-	-	34	-	-	34
Total Title 3		482 477	417 969	-	5 174	423 143	88 %	-	-	21 393	21 393	17 366	20 575	-	37 941
GRAND TOTAL		494 945	427 258	715	5 191	433 164	88 %	1 594	-	21 426	23 021	17 782	20 978	-	38 760

6. OUTSTANDING COMMITMENTS

6.1. Outstanding commitments – Title 1

EUR '000

		Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at year-end
	Item	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	Remuneration and allowances of temporary staff	-	-	-	-	5 392	5 246	145	-	-
1101	Expenses and allowances related to entering the service, transfers and termination of service	-	-	-	-	70	66	4	-	-
1110	Remuneration and allowances of contract staff	-	-	-	-	1 387	1 346	41	-	-
1120	Schooling	76	(60)	16	-	413	365	-	48	48
1121	Kindergarten	44	(33)	11	-	88	75	-	13	13
1122	Recruitment	15	(1)	14	-	21	4	-	17	17
1123	Mission	21	(14)	7	-	170	145	-	25	25
1124	Medical expense	4	-	3	-	19	-	-	19	19
1125	Training	10	(4)	6	-	35	21	-	14	14
1126	Social activities	10	(6)	5	-	37	21	-	16	16
1127	Representation	2	(2)	-	-	2	2	-	-	-

EUR '000

		Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at year-end
	Item	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
Total Chapter 11		181	(118)	63	-	7 633	7 292	190	151	151
1200	Agency staff	357	(100)	257	-	551	386	-	166	166
1201	Seconded National Expert	45	-	45	-	14	14	-	-	-
1202	Trainee	61	(26)	35	-	128	95	-	33	33
1203	Administrative assistance in support of different activities	147	(12)	136	-	982	428	-	555	555
Total Chapter 12		609	(137)	472	-	1 676	923	-	753	753
Total Title 1		790	(256)	535	-	9 309	8 215	190	904	904

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
2100	Building rental, acquisition	21	-	21	-	214	55	-	159	159
2101	Building maintenance and security	117	(66)	52	-	215	100	-	116	116
2109	Other building expense	16	(2)	14	-	11	10	-	1	1
2110	Furniture rental, acquisition and associated cost	-	-	-	-	122	121	-	1	1
2111	Technical equipment rental, acquisition and associated cost	1	-	-	-	1	-	-	-	-
Total Chapter 21		154	(68)	87	-	563	286	-	277	277
2200	IT software and hardware expenditure	55	(14)	41	-	532	397	-	135	135
2201	Communication equipment and services	35	(1)	34	-	62	24	-	37	37
Total Chapter 22		90	(15)	75	-	594	421	-	172	172
2300	Office supplies	2	-	2	-	5	5	-	-	-
2301	Postage and delivery charges	-	-	-	-	1	1	-	-	-
2302	Transport cost	2	(2)	-	-	17	9	-	8	8
2303	Legal expense	-	-	-	-	23	23	-	-	-

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		Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at year-end
	Item	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
2304	Handling and moving	-	-	-	-	3	2	-	2	2
2306	Expenditure related to EIT Governing Board	63	(60)	3	-	340	301	-	39	39
2307	Studies and surveys	-	-	-	-	30	30	-	-	-
2308	Meeting expense	2	(1)	1	-	15	12	-	2	2
2309	Other administrative expense	15	(2)	13	-	3	3	-	-	-
Total Chapter 23		84	(65)	18	-	435	384	-	51	51
Total Title 2		328	(147)	180	-	1 592	1 091	-	501	501

6.3. Outstanding commitments – Title 3

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	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
3110	Grants to Knowledge and Innovation Communities	123 842	(1 458)	106 195	16 190	416 078	311 342	-	104 737	120 926
3111	Strategic supervision and guidance of Knowledge and Innovation Communities	418	(19)	325	74	270	143	-	127	201
3112	EIT Label	32	-	11	20	64	62	-	1	22
3115	Regional impact of Knowledge and Innovation Communities	119	(3)	105	10	1	-	-	1	11
3116	Other grants	1 068	-	-	1 068	3 920	2 744	-	1 176	2 244
Total Chapter 31		125 477	(1 480)	106 636	17 362	420 332	314 291	-	106 041	123 403
3202	Brand management, communications and stakeholder relations	2 335	(476)	1 567	292	494	72	-	422	714
3203	EIT Alumni	7	(3)	3	-	6	6	-	-	-
3204	EIT Awards	33	(20)	13	-	400	400	-	-	-
3205	International cooperation	9	-	9	-	-	-	-	-	-
3206	Monitoring and evaluation of impact	267	(19)	145	103	160	-	-	160	262
Total Chapter 32		2 650	(518)	1 738	394	1 061	479	-	582	976

EUR '000

		Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at year-end
	Item	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
3300	Supporting the innovation capacity of higher education	15	-	-	15	-	-	-	-	15
Total Chapter 33		15	-	-	15	-	-	-	-	15
Total Title 3		128 142	(1 998)	108 374	17 771	421 393	314 770	-	106 623	124 395
GRAND TOTAL		129 260	(2 401)	109 089	17 771	432 293	324 075	190	108 028	125 799

7. GLOSSARY

Administrative appropriations

Appropriations to cover the running costs of the entities (staff, buildings, office equipment).

Adopted budget

Draft budget becomes the adopted budget as soon as approved by the budgetary authority.

Amending budget

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

Appropriations

Budget funding.

The budget forecasts both commitments (legal pledges to provide finance) 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.

Assigned revenue

Revenue dedicated to finance specific items of expenditure.

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.

Budget implementation

Consumption of the budget through expenditure and revenue operations.

Budget item / Budget line / Budget position

Revenue and expenditure are shown in the budget structure 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 commitment

Operation by which the authorising officer responsible reserves the budget appropriations necessary to cover for subsequent payments to honour legal commitments.

Cancellation of appropriations

Appropriations which have not been used by the end of the financial year and which cannot be carried over, shall be cancelled.

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 value of legal obligations (contracts, grant agreements or decisions) that could be signed in the current financial year.

De-commitment

Operation whereby the authorising officer responsible cancels wholly or partly the reservation of appropriations previously made by means of a budgetary commitment.

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.

Economic result

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

Entitlements established

Right to collect income from a debtor as recognised through the issuing of a recovery order.

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 currencies at the date of the accounts.

Expenditure

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

Grants

Direct financial contributions from the budget to third-party beneficiaries, engaged in activities that serve Union policies.

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, as represented by an appropriation.

For joint undertakings (and EIT), as specified in their 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 can be re-activated until financial year "N+3".

Legal basis / basic act

The legal act adopted by the legislative authority (usually the Council and European Parliament) specifying the objective of a Union spending programme, the purpose of the appropriations, the rules for intervention, expiry date and the relevant financial rules to serve as a legal basis for the implementation of the spending programme.

Legal commitment

The act whereby the Authorising Officer enters into an obligation towards third parties which results in a charge for the Union budget.

Common forms of legal commitments are contracts in the case of procurement, grant agreements and grant decisions.

Non-differentiated appropriations

Appropriations which meet annual needs and must therefore be committed during the budget year. Only amounts qualifying for automatic carryover can be disbursed in the following year. Non-differentiated appropriations which have not been used, i.e. committed, by the end of the year, are cancelled (unless, exceptionally, permission is given by a Commission decision for a non-automatic carryover). Non-differentiated appropriations apply to administrative expenditure and commitment appropriations equal payment appropriations.

Operational appropriations

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

Outstanding commitments

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

Payment appropriations

Payment appropriations cover expenditure due in the current year, arising from legal commitments entered in the current year and/or earlier years.

RAL (Reste à liquider)

Amount remaining to be paid on a budgetary commitment at a given moment. Cf. Outstanding commitments

Surplus

Positive difference between revenue and expenditure, which has to be returned to the funding authority. Cf. Budget result

Transfer between budget lines

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.