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COVER NOTE

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To:	General Secretariat of the Council
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Subject:	Communication from the Commission to the European Parliament, the Council and the Court of Auditors - Annual Accounts of the European Commission for the financial year 2021

Delegations will find attached document COM(2022) 322 final.

Encl.: COM(2022) 322 final



EUROPEAN
COMMISSION

Brussels, 23.6.2022
COM(2022) 322 final

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

ANNUAL ACCOUNTS OF THE EUROPEAN COMMISSION FOR THE FINANCIAL YEAR 2021

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CERTIFICATION OF THE ACCOUNTS

The annual accounts of the European Commission for the year 2021 have been prepared in accordance with the Financial Regulation applicable to the general budget of the European Union and the accounting rules adopted by myself in my capacity as the Commission's Accounting Officer, as are to be applied by all the institutions and Union bodies.

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

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

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

Rosa ALDEA BUSQUETS

Accounting Officer of the Commission

17 June 2022

EUROPEAN COMMISSION
FINANCIAL YEAR 2021

FINANCIAL STATEMENTS AND EXPLANATORY NOTES

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

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BALANCE SHEET

EUR million

	Note	31.12.2021	31.12.2020
NON-CURRENT ASSETS			
Intangible assets	*2.1*	*365*	*256*
Property, plant and equipment	*2.2*	*9 493*	*8 499*
Investments accounted for using the equity method	*2.3*	*1 192*	*588*
Financial assets	*2.4*	*180 637*	*97 945*
Pre-financing	*2.5*	*60 665*	*34 361*
Exchange receivables and non-exchange recoverables	*2.6*	*40 804*	*45 928*
		293 157	**187 577**
CURRENT ASSETS			
Financial assets	*2.4*	*6 512*	*13 591*
Pre-financing	*2.5*	*33 675*	*29 092*
Exchange receivables and non-exchange recoverables	*2.6*	*31 555*	*28 269*
Inventories	*2.7*	*79*	*74*
Cash and cash equivalents	*2.8*	*43 464*	*15 380*
		115 285	**86 406**
TOTAL ASSETS		**408 441**	**273 984**
NON-CURRENT LIABILITIES			
Pension and other employee benefits	*2.9*	*(121 848)*	*(115 408)*
Provisions	*2.10*	*(2 763)*	*(3 730)*
Financial liabilities	*2.11*	*(214 380)*	*(83 734)*
		(338 990)	**(202 872)**
CURRENT LIABILITIES			
Provisions	*2.10*	*(328)*	*(1 518)*
Financial liabilities	*2.11*	*(31 090)*	*(10 608)*
Payables	*2.12*	*(47 644)*	*(33 107)*
Accrued charges and deferred income	*2.13*	*(77 057)*	*(63 708)*
		(156 120)	**(108 940)**
TOTAL LIABILITIES		**(495 111)**	**(311 812)**
NET ASSETS		**(86 669)**	**(37 828)**
Reserves	*2.14*	*51*	*3 501*
*Amounts to be called from Member States**	*2.15*	*(86 721)*	*(41 329)*
NET ASSETS		**(86 669)**	**(37 828)**

* *The European Parliament adopted a budget on 24 November 2021 which provides for the payment of the Commission's short-term liabilities from own resources to be collected by, or called up from, the Member States in 2021. Additionally, under article 83 of the Staff Regulations (Council Regulation No 259/68 of 29 February 1968 as amended), the Member States shall jointly guarantee the liability for pensions.*

STATEMENT OF FINANCIAL PERFORMANCE

EUR million

	Note	2021	2020
REVENUE			
Revenue from non-exchange transactions			
GNI resources		*115 955*	*125 393*
Traditional own resources		*20 590*	*19 559*
VAT		*18 340*	*17 858*
Plastics own resources		*5 831*	*–*
Fines		*1 990*	*452*
Recovery of expenses	*3.1*	*1 762*	*1 355*
UK Withdrawal Agreement		*1 122*	*47 456*
Other	*3.2*	*2 753*	*3 263*
		168 342	**215 337**
Revenue from exchange transactions			
Financial revenue	*3.3*	*5 090*	*3 424*
Other	*3.4*	*727*	*687*
		5 817	**4 111**
Total Revenue		**174 159**	**219 448**
EXPENSES			
Implemented by Member States	*3.5*		
European Agricultural Guarantee Fund		*(40 829)*	*(40 461)*
European Agricultural Fund for Rural Development and other rural development instruments		*(15 451)*	*(14 467)*
European Regional Development Fund & Cohesion Fund		*(46 932)*	*(41 118)*
European Social Fund		*(16 727)*	*(13 677)*
Other		*(4 835)*	*(2 701)*
Implemented by the Commission, executive agencies and trust funds	*3.6*	*(63 025)*	*(22 120)*
Implemented by other EU agencies and bodies	*3.7*	*(4 211)*	*(4 497)*
Implemented by third countries and int. organisations	*3.7*	*(4 512)*	*(4 178)*
Implemented by other entities	*3.7*	*(3 225)*	*(3 257)*
Staff and pension costs	*3.8*	*(8 593)*	*(8 485)*
Finance costs	*3.9*	*(4 158)*	*(2 160)*
Other	*3.10*	*(3 736)*	*(4 976)*
Total Expenses		**(216 234)**	**(162 099)**
ECONOMIC RESULT OF THE YEAR		**(42 075)**	**57 349**

CASHFLOW STATEMENT

EUR million

	2021	2020
Economic result of the year	*(42 075)*	*57 349*
Operating activities		
Amortisation	*27*	*33*
Depreciation	*758*	*762*
(Increase)/decrease in loans	*(70 281)*	*(40 631)*
(Increase)/decrease in pre-financing	*(30 887)*	*(11 572)*
(Increase)/decrease in exchange receivables and non-exchange recoverables	*1 838*	*(50 624)*
(Increase)/decrease in inventories	*(4)*	*(13)*
Increase/(decrease) in pension and other employee benefits	*6 440*	*18 359*
Increase/(decrease) in provisions	*(2 157)*	*662*
Increase/(decrease) in financial liabilities (other than NGEU borrowings)	*60 129*	*40 592*
Increase/(decrease) in payables	*14 538*	*5 314*
Increase/(decrease) in accrued charges and deferred income	*13 350*	*(2 667)*
Prior year budgetary surplus taken as non-cash revenue	*(1 769)*	*(3 218)*
Remeasurements in employee benefits liabilities (non-cash movements not included in statement of financial performance)	*(3 241)*	*(15 131)*
Other non-cash movements	*(1 757)*	*44*
Investing activities		
(Increase)/decrease in intangible assets and property, plant and equipment	*(1 888)*	*(1 161)*
(Increase)/decrease in investments accounted for using the equity method	*(604)*	*3*
*(Increase)/decrease in non-derivative financial assets at fair value through surplus or deficit**	*(4 703)*	*(1 196)*
(Increase)/decrease in derivative financial assets at fair value through surplus or deficit	*(629)*	*(62)*
Financing activities		
Increase/(decrease) in borrowings related to NGEU	*91 000*	
NET CASHFLOW	**28 084**	**(3 157)**
Net increase/(decrease) in cash and cash equivalents	*28 084*	*(3 157)*
Cash and cash equivalents at the beginning of the year	*15 380*	*18 538*
Cash and cash equivalents at year-end	*43 464*	*15 380*

**The 2020 figure relates to the (increase)/decrease in available for sale financial assets.*

STATEMENT OF CHANGES IN NET ASSETS

EUR million

	Amounts to be called from Member States Accumulated Surplus/(Deficit)	Other reserves	Fair value reserve	Net Assets
BALANCE AS AT 31.12.2019	**(80 179)**	**2 930**	**377**	**(76 873)**
Movement in Guarantee Fund reserve	*(173)*	*173*	*–*	*–*
Fair value movements	*–*	*–*	*93*	*93*
Remeasurements in employee benefits liabilities	*(15 131)*	*–*	*–*	*(15 131)*
Other	*22*	*(71)*	*-*	*(49)*
2019 budget result credited to Member States	*(3 218)*	*–*	*–*	*(3 218)*
Economic result of the year	*57 349*	*–*	*–*	*57 349*
BALANCE AS AT 31.12.2020	**(41 329)**	**3 031**	**470**	**(37 828)**
Impact of revised EAR 11 (see Note 1)	*1 693*	*(3 043)*	*(470)*	*(1 820)*
BALANCE AS AT 01.01.2021	**(39 636)**	**(12)**	**–**	**(39 648)**
Movement in Guarantee Fund reserve	*–*	*–*	*–*	*–*
Fair value movements	*–*	*–*	*–*	*–*
Remeasurements in employee benefits liabilities	*(3 241)*	*–*	*–*	*(3 241)*
Other	*–*	*63*	*–*	*63*
2020 budget result credited to Member States	*(1 769)*	*–*	*–*	*(1 769)*
Economic result of the year	*(42 075)*	*–*	*–*	*(42 075)*
BALANCE AS AT 31.12.2021	**(86 721)**	**51**	**–**	**(86 669)**

NOTES TO THE FINANCIAL STATEMENTS

For further information in addition to the notes below, please also see the 2021 EU consolidated annual accounts.
Note that in the following tables amounts concerning the UK in relation to MFFs up to end 2020 are still shown under the heading Member States as although the UK withdrew from the Union on 1 February 2020, in accordance with the Withdrawal Agreement, it continues to have a financial relationship with the Union equivalent to that of a Member State for these periods.

1. SIGNIFICANT ACCOUNTING POLICIES

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

1.1. LEGAL BASIS AND ACCOUNTING RULES

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

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

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

New EAR adopted but not yet effective at 31 December 2021

There are no new EAR adopted but not yet effective at 31 December 2021.

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

On 17 December 2020, the Accounting Officer of the Commission adopted the revised EAR 11 'Financial instruments', which establishes the financial reporting principles for financial assets and financial liabilities and is based on the new IPSAS 41 'Financial Instruments', the amended IPSAS 28 'Financial Instruments: Presentation' and the amended IPSAS 30 'Financial Instruments: Disclosures' (issued in August 2018).

The revised EAR 11 is mandatorily effective as of 1 January 2021, with any changes from the initial application accounted for on that date, thus not requiring restatement of prior period amounts. As a result, the financial assets, financial liabilities, exchange receivables and interest revenue/expense as at 31 December 2020 presented in these accounts have been accounted for in accordance with the accounting policies as stated in the 2020 EU financial statements under notes **1.5.5**, **1.5.8** (only for exchange transactions), **1.5.12** and **1.6.1** (only for exchange transactions).

The main changes and their impacts on the EU 2021 accounts are as follows:

New classification and measurement principles for financial assets

The revised EAR 11 introduces a principles-based approach to the classification of financial assets and requires the use of two criteria: the entity's model for managing its financial assets and the contractual cash-flow characteristics of those assets. Depending on these criteria, financial assets are classified in the following 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).

On 1 January 2021, the application of the new criteria led to the reclassification of all equity investments and debt securities from 'available for sale' to financial assets at FVSD. The related fair value reserve was reclassified – within Net Assets – to accumulated surplus or deficit.

New impairment model

Whereas the previous impairment model was based on incurred losses, the revised EAR 11 has introduced a forward-looking impairment model based on expected credit losses (ECL) over the lifetime of the financial asset. The ECL takes into account possible default events and the evolution of the credit quality of the financial assets. The new impairment model applies to all financial assets measured at AC or at FVNA as well as to loan commitments and financial guarantee contracts.

In particular, on 1 January 2021, the application of the new impairment model to the financial assets classified as AC, led to the recognition of impairment on the loans for financial assistance provided to partner countries under the MFA and Euratom programmes.

Financial guarantee accounting

Under the previous EAR 11, most financial guarantees – in particular those provided at no or nominal consideration – were accounted for in accordance with the principles of EAR 10 'Provisions, contingent liabilities and contingent assets', hence either recognised as provisions or disclosed as contingent liabilities depending on the probability of a loss.

The revised EAR 11 requires the application of the financial guarantee accounting requirements to all financial guarantee contracts. The measurement of the financial guarantee liability relies on the fair value of the guarantee at initial recognition and the evolution of the expected credit losses from the guaranteed debts portfolio. See note **1.5.12.**

As a consequence, on 1 January 2021 the existing financial guarantee contracts were reclassified from financial provisions to the financial guarantee liability category and re-measured in accordance with the requirements of the revised EAR 11. This change led to an increase in the financial liabilities, in particular in relation to the guarantees provided to the EIB Group under the External Lending Mandate. Following the accounting treatment change and the recognition of the financial guarantee contract liability for the ELM, the reserve for the Guarantee Fund for external actions – in Net Assets until 31 December 2020 – has been released to the accumulated surplus or deficit.

The following table shows the original measurement categories under the EAR 11 as applied to the 2020 EU financial statements and the new measurement categories under the revised EAR 11 for the European Union's financial assets and liabilities as at 1 January 2021:

EUR million

	Measurement Category Prior EAR 11	Net carrying amount 31.12.2020	Measurement Category Revised EAR 11	Net carrying amount 01.01.2021
Financial assets				
Loans	*Loans and receivables*	*93 268*	*Amortized Cost* *FVSD*	*93 535* *2*
Debt and equity investments	*Available for Sale*	*18 069*	*FVSD*	*18 069*
Derivative assets	*FVSD*	*199*	*FVSD*	*199*
Receivables	*Loans and receivables*	*3 139*	*Amortized Cost* *FVSD*	*3 173* *3 482*
Cash and cash equivalents	*Available for Sale*	*15 380*	*Amortized Cost*	*15 380*
Financial liabilities				
Financial guarantees	*Financial Guarantee Liability* *Provisions (EAR10)*	*(90)* *(2 523)*	*Financial Guarantee Liability*	*(7 889)*
Borrowings	*Amortized Cost*	*(93 192)*	*Amortized Cost*	*(93 521)*
Other financial liabilities	*Amortized Cost*	*(1 055)*	*Amortized Cost*	*(1 055)*
Derivative liabilities	*FVSD*	*(4)*	*FVSD*	*(4)*
Payables	*Amortized Cost*	*(33 107)*	*Amortized Cost*	*(33 107)*

The following table analyses the impact of the transition to the revised EAR 11 on the European Union's financial assets, receivables, financial provisions and financial liabilities. It reconciles the carrying amounts from their previous measurement category under the EAR 11 as applied to the 2020 EU financial statements, to their new measurement categories upon transition to the revised EAR 11 on 1 January 2021:

EUR million

	Balance at 31.12.2020	Reclassification	Remeasurement	Balance at 01.01.2021
Available for sale financial assets				
Opening balance brought forward	*18 069*			
Transfer from AFS to FVSD		*(18 069)*		
Adjusted opening balance				**–**
Financial assets at FVSD				
Opening balance brought forward	*199*			
Transfer from AFS to FVSD		*18 069*		
Transfer from loans to FVSD		*2*		
Adjusted opening balance				**18 270**
Financial assets at amortized cost (in 2020 accounts: Loans)				
Opening balance brought forward	*93 268*			
Remeasurement: Effective Interest Rate			*329*	
Remeasurement: Expected Credit Loss			*(60)*	
Reclassification to FVSD		*(2)*		
Adjusted opening balance				**93 535**
Total Financial Assets (Note 2.4)	**111 536**	**–**	**269**	**111 805**
Receivables				
Opening balance brought forward	*3 139*			
Remeasurement: Expected Credit Loss			*33*	
FGC - receivable leg: remeasurement			*3 484*	
Adjusted opening balance				**6 656**
Total Receivables (Note 2.6.2)	**3 139**	**–**	**3 517**	**6 656**
Financial Provisions				
Opening balance brought forward	*(2 523)*			
Transfer to Financial Guarantee Liabilities		*2 522*		
Adjusted opening balance				**(1)**
Total Financial provisions (Note 2.10)	**(2 523)**	**2 522**	**–**	**(1)**
Financial guarantee liabilities				
Opening balance brought forward	*(90)*			
Transfer from Financial Provisions		*(2 522)*		
FGC - payable leg: remeasurement			*(5 277)*	
Adjusted opening balance				**(7 889)**
Financial liabilities at amortized cost				
Opening balance brought forward	*(94 248)*			
Remeasurement: Effective Interest Rate			*(329)*	
Adjusted opening balance				**(94 577)**
Financial liabilities at FVSD				
Opening balance brought forward	*(4)*			
Adjusted opening balance				**(4)**
Total Financial liabilities (Note 2.11)	**(94 342)**	**(2 522)**	**(5 606)**	**(102 469)**
Total impact of the EAR 11 revision			**(1 820)**	

The following table analyses the impact of the transition to the revised EAR 11 on the European Union's Net Assets as at 1 January 2021:

EUR million

	Balance at	Release of	Other impacts on	Balance at
Reserves				
Opening balance brought	*3 501*			
Release of FV reserve		*(470)*		
Release of GF reserve		*(3 043)*		
Adjusted opening				**(12)**
Accumulated				
Opening balance brought	*(41 329)*			
Release of FV reserve		*470*		
Release of GF reserve		*3 043*		
Remeasurement of assets			*(1 820)*	
Adjusted opening				**(39 636)**
Total net assets	**(37 828)**	**–**	**(1 820)**	**(39 648)**

The following table reconciles the prior period's closing impairment allowance measured in accordance with the EAR 11 as applied to the 2020 EU financial statements and financial provisions measured in accordance with EAR 10 to the new impairment allowance measured in accordance with the revised EAR 11 at 1 January 2021:

EUR million

	31.12.2020 Impairment allowance/ Financial provisions	01.01.2021 12-months Expected Credit Loss	01.01.2021 Life-time Expected Credit Loss	01.01.2021 Total impairment allowance
Financial assets at amortized cost, of which:	**(739)**	**(49)**	**(25)**	**(73)**
Subrogated loans	*(726)*	*–*	*–*	*–*
Other loans	*(13)*	*(49)*	*(25)*	*(73)*
Receivables	**(182)**		**(149)**	**(149)**
Financial guarantee contracts	**(2 523)**	**(859)**	**(5 143)**	**(6 002)**

1.2. ACCOUNTING PRINCIPLES

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

The overall considerations (or accounting principles) to be followed when preparing the financial statements are laid down in EU accounting rule 1 'Financial Statements' and are the same as those described in IPSAS 1: fair presentation, accrual basis, going concern, consistency of presentation, materiality, aggregation, offsetting and comparative information.

The qualitative characteristics of financial reporting are relevance, faithful representation (reliability), understandability, timeliness, comparability and verifiability.

1.3. CONSOLIDATION

Scope of consolidation

The consolidated financial statements of the EU comprise all significant controlled entities, joint arrangements and associates. The complete list of entities falling under the scope of consolidation, which now comprises 55 controlled entities and 1 associate (2020: 52 controlled entities and 1 associate), can be found in note **9**. Among the controlled entities are the EU institutions (including the Commission, but not the European Central Bank) and the EU agencies (except those of the Common and Foreign Security Policy). The European Coal and Steel Community in Liquidation (ECSC i.L.) is also considered as a controlled entity. The EU's only associate is the European Investment Fund (EIF).

Entities falling under the scope of consolidation but immaterial to the EU consolidated financial statements as a whole need not be consolidated or accounted for using the equity method where to do so would result in excessive time or cost to the EU. These entities are referred to as 'Minor entities' and are separately listed in note **9**. In 2021, 8 entities have been classified as such minor entities (2020: 8 entities).

Controlled entities

In order to determine the scope of consolidation, the control concept is applied. Controlled entities are entities for which the EU is exposed, or has right, to variable benefits from its involvement and has the ability to affect the nature and amount of those benefits through its power over the other entity. This power must be presently exercisable and must relate to the relevant activities of the entity. Controlled entities are fully consolidated. The consolidation begins at the first date on which control exists, and ends when such control no longer exists.

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

All material inter-entity transactions and balances between EU controlled entities are eliminated, while unrealised gains and losses on such transactions are not material and so have not been eliminated.

Joint Arrangements

A joint arrangement is an agreement of which the EU and one or more parties have joint control. Joint control is the agreed sharing of control of an arrangement by way of a binding arrangement, which exists only when decisions about the relevant activities require the unanimous consent of parties sharing control. Joint agreements can be either joint ventures or joint operations. A joint venture is a joint arrangement that is structured through a separate vehicle and whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Participations in joint ventures are accounted for using the equity method (see note **1.5.4**). A joint operation is a joint arrangement whereby the parties that have joint control of the arrangements have rights to the assets, and obligations

for the liabilities, related to the arrangement. Participations in joint operations are accounted for by recognising in the EU's financial statements its assets and liabilities, revenues and expenses, as well as its share of assets, liabilities, revenues and expenses jointly held or incurred.

Associates

Associates are entities over which the EU has, directly or indirectly, significant influence but not exclusive or joint control. It is presumed that significant influence exists if the EU holds directly or indirectly 20% or more of the voting rights. Participations in associates are accounted for using the equity method (see note **1.5.4**).

Non-consolidated entities the funds of which are managed by the Commission

The funds of the Joint Sickness Insurance Scheme for staff of the EU, the European Development Fund and the Participants Guarantee Fund are managed by the Commission on behalf of these entities. However, since these entities are not controlled by the EU, they are not consolidated in its financial statements.

1.4. BASIS OF PREPARATION

Financial statements are presented annually in accordance with Article 243 of the Financial Regulation. The accounting year begins on 1 January and ends on 31 December.

1.4.1. Currency and basis for conversion

Functional and reporting currency

The financial statements are presented in millions of euros, unless stated otherwise, the euro being the EU's functional currency.

Transactions and balances

Foreign currency transactions are translated into euros using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the re-translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial performance.

Different conversion methods apply to property, plant and equipment and intangible assets, which retain their value in euros at the rate that applied at the date when they were purchased.

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

Euro exchange rates

Currency	31.12.2021	31.12.2020	Currency	31.12.2021	31.12.2020
BGN	**1.9558**	*1.9558*	**PLN**	**4.5969**	*4.5597*
CZK	**24.8580**	*26.2420*	**RON**	**4.949**	*4.8683*
DKK	**7.4364**	*7.4409*	**SEK**	**10.2503**	*10.0343*
GBP	**0.8403**	*0.8990*	**CHF**	**1.0331**	*1.0802*
HRK	**7.5156**	*7.5519*	**JPY**	**130.3800**	*126.4900*
HUF	**369.1900**	*363.8900*	**USD**	**1.1326**	*1.2271*

1.4.2. Use of estimates

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

1.5. BALANCE SHEET

1.5.1. Intangible assets

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

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

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

1.5.2. Property, plant and equipment

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

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

Land is not depreciated as it is deemed to have an indefinite useful life. Assets under construction are not depreciated, as these assets are not yet available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives, as follows:

Type of asset	Straight line depreciation rate
Buildings	*4% to 10%*
Space assets	*8% to 25%*
Plant and equipment	*10% to 25%*
Furniture and vehicles	*10% to 25%*
Computer hardware	*25% to 33%*
Other	*10% to 33%*

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

Leases

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

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

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

1.5.3. Impairment of non-financial assets

An impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through amortisation or depreciation (as applicable). 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.

1.5.4. Investments accounted for using the equity method

Participations in associates and joint ventures

Investments accounted for using the equity method are initially recognised at cost, with the initial carrying amount subsequently being increased or decreased to recognise further contributions, the EU's share of the surplus or deficit of the investee, any impairments and dividends. The initial cost together with all movements give the carrying amount of the investment in the financial statements at the balance sheet date. The EU's share of the investee's surplus or deficit is recognised in the statement of financial performance, and its share of investee's movements in equity is recognised in the reserves within net assets. Distributions received from the investment reduce the carrying amount of the asset.

If the EU's share of deficits of an investment accounted for using the equity method equals or exceeds its interest in the investment, the EU discontinues recognising its share of further losses ('unrecognised losses'). After the EU's interest is reduced to zero, additional losses are provided for and a liability is recognised only to the extent that the EU has incurred legal or constructive obligation or made payments on behalf of the entity.

If there are indications of impairment, a write-down to the lower recoverable amount is necessary. The recoverable amount is determined as described under note **1.5.3**. If the reason for impairment ceases to apply at a later date, the impairment loss is reversed to the carrying amount that would have been determined had no impairment loss been recognised.

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

Associates and joint ventures classified as minor entities (see note **1.3**) are not accounted for under the equity method. EU contributions to those entities are accounted for as an expense of the period.

1.5.5. Financial assets

Classification at initial recognition

The classification depends on two criteria:

- The financial assets management model. This requires an assessment of how the EU manages the financial assets to generate cash flows and to achieve its objectives and how it evaluates the performance on financial assets.

- The asset contractual cash-flow characteristics. This requires an assessment of whether the contractual cash flows are solely payments of principal and interest on the principal outstanding. The interest is the consideration for the time value of money, credit risk and other basic lending risks and costs.

Following assessment based on these criteria, 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').

Financial assets with contractual cash flows that represent solely principal and interests are classified depending on the entity's management model. If the management model is to hold the financial assets in order to collect contractual cash flows, the financial assets are classified at AC. If the management model is to hold the financial assets both to collect contractual cash flows and to sell the financial assets, the classification is FVNA. If the management model is different to these two models (e.g. the financial assets are held for trading or held in a portfolio managed and evaluated on a fair value basis), the financial assets are classified as FVSD.

Financial assets with contractual cash flows that do not represent only principal and interests, but introduce exposure to risks and volatility other than those present in a basic lending arrangement (e.g. changes in equity prices), are classified as FVSD regardless of the management model.

At initial recognition, the EU classifies the financial assets as follows:

(i) Financial assets at amortised cost

The EU classifies in this category:

- Cash and cash equivalents;

- Loans (including term deposits with original maturity of more than three months);

- Exchange receivables, except for the financial guarantee contract receivable leg classified as financial asset at fair value through surplus or deficit.

These non-derivative financial assets meet two conditions: The EU's management model is to hold them in order to collect the contractual cash flows. Furthermore, on specified days, there are contractual cash flows that represent only 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 reporting date.

(ii) Financial assets at fair value through net assets/equity

These non-derivatives financial assets have contractual cash flows that represent only principal and interest on the outstanding principal. In addition, the management model is to hold the financial assets both to collect contractual cash flows and to sell the financial assets.

Assets in this category are classified as current assets, if they are expected to be realised within 12 months from the reporting date.

The EU does not hold such assets at 31 December 2021.

(iii) Financial assets at fair value through surplus or deficit

The EU classifies the following financial assets as FVSD because the contractual cash flows do not represent only principal and interests on the principal:

- Derivatives;
- Equity investments and investments in money market funds or in pooled portfolio funds;
- Other equity-type investments (e.g. Risk Capital Operations).

In addition, the EU classifies the debt securities it holds as FVSD because the portfolios of debt securities are managed and evaluated on a portfolio fair value basis (e.g. Common Provisioning Fund under Article 212 of the Financial Regulation).

Assets in this category are classified as current assets, if they are expected to be realised within 12 months from the reporting date.

Initial recognition and measurement

Purchases of financial assets at fair value through net assets/equity and at fair value through surplus or deficit are recognised on their trade-date – the date on which the EU commits to purchase the asset. Cash equivalents and loans are recognised when cash is deposited in a financial institution or advanced to borrowers.

Financial assets are initially measured at fair value. For all financial assets not carried at fair value through surplus or deficit, the transactions costs are added to the fair value at initial recognition. For financial assets carried at fair value through surplus or deficit the transaction costs are expensed in the statement of financial performance.

The fair value of a financial asset on initial recognition is normally the transaction price unless the transaction is not at arm's length i.e. at no or at nominal consideration for public policy purposes. In this case, the difference between the fair value of the financial instrument and the transaction price is a non-exchange component which is recognised as an expense in the statement of financial performance. In this case, the fair value of a financial asset is derived from current market transactions for a directly equivalent instrument. If there is no active market for the instrument, the fair value is derived from a valuation technique that uses available data from observable markets.

When a long-term loan that carries no interest or an interest below market conditions is granted, its fair value can be estimated as the present value of all future cash receipts discounted using the prevailing market rate of interest for a similar instrument with a similar credit rating.

Loans granted under the Recovery and Resilience Facility and loans for financial assistance are initially measured at their nominal amount, with the transaction price considered the fair value of the loan. This is because:

- The 'market environment' for EU lending is very specific and different from the capital market used to issue commercial or government debt. As lenders in these markets have the opportunity to choose alternative investments, the opportunity of doing so is factored into market prices. However, this opportunity for alternative investments does not exist for the EU, which is not allowed to invest money in the capital markets; it only borrows funds for the purpose of lending. This means that there is no alternative lending or investment option available to the EU for the sums borrowed. Thus, there is no opportunity cost and therefore no basis of comparison with market rates. In fact, the EU lending operation itself represents the market. Essentially, since the opportunity cost 'option' is not applicable, the market price does not fairly reflect the substance of the EU lending transactions. Therefore, it is not appropriate to determine the fair value of EU lending with reference to commercial or government bonds.

- Furthermore, as there is no active market or similar transactions to compare with, the interest rate to be used by the EU for fair valuing its lending operations should be the interest rate charged.

Subsequent measurement

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method.

Financial assets at fair value through net assets/equity are subsequently measured at fair value. Gains and losses from changes in the fair value are recognised in the fair value reserve, except for foreign exchange translation differences on monetary assets, which are recognised in the statement of financial performance.

Financial assets at fair value through surplus or deficit are subsequently measured at fair value. Gains and losses from changes in the fair value (including those stemming from foreign currency translation and any interests earned) are included in the statement of financial performance in the period in which they arise.

Fair value at subsequent measurement

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

Investments in venture capital funds which do not have a quoted market price in an active market are valued at the attributable net asset value, which is considered as an equivalent of their fair value.

Impairment of financial assets

The EU recognises and measures an impairment loss for expected credit losses on financial assets that are measured at amortised cost and at fair value through net assets/equity.

The expected credit loss (ECL) is the present value of the difference between the contractual cash flows and the cash flows that the EU expects to receive. The ECL incorporates reasonable and supportable information that is available without undue cost or effort at the reporting date.

The ECL is measured with a three stage model that takes into account probability weighted default events during the lifetime of the financial asset and the evolution of credit risk since the origination of the financial asset. For loans, origination is the date of the irrevocable loan commitment.

If there is no significant increase in credit risk since origination ('stage 1'), the impairment loss is the ECL from possible default events in the next 12 months from the reporting date ('12 months ECL'). If there is a significant increase in credit risk since origination ('stage 2'), or if there is objective evidence of a credit impairment ('stage 3'), the impairment loss equals the ECL from possible default events over the whole lifetime of the financial asset ('lifetime ECL') (see note **6.3**).

For assets at amortised cost, the asset's carrying amount is reduced by the amount of the impairment loss which is recognised in the statement of financial performance. For assets at fair value through net assets/equity the loss allowance is recognised in net assets/equity and does not reduce the carrying amount of the financial asset in the statement of financial position. If, in a subsequent period, the amount of the impairment loss decreases, the previously recognised impairment loss is reversed through the statement of financial performance.

(a) *Loans to sovereigns*

The EU bases its assessment of loans' impairment, in the context of the nature of the EU's financing and its unique institutional status.

For the impairment of loans to non-Member States, the EU calculates the expected credit losses using external credit quality data, however taking into account its preferred creditor status, which reduces the credit risk. For the calculation of the present value, the discount rate is the loan's original effective interest rate. If a loan has a variable interest rate, the discount rate is the current effective interest rate determined under the contract.

For loans to Member States, the EU has never incurred any impairment losses, nor faced any defaults on payments. For these loans, in addition to the preferred creditor status, the EU takes into account the relationships with its Member States. These two elements, in principle, guarantee the full recovery of the loans to Member States, on maturity. Therefore, the EU considers the expected credit losses from loans to Member States to be negligible, and a statistical approach to calculate expected credit losses as inappropriate for these loans. Thus no expected credit losses are recognised in the statement of financial performance for the loans to Member States.

(b) *Receivables*

The EU measures the impairment loss at the amount of lifetime ECL, using practical expedients (e.g. provision matrix).

(c) *Cash and cash equivalents*

The EU holds cash and cash equivalents in current bank accounts and term deposits of up to 3 months. The cash is held in banks with very high credit ratings (see note **6.3**), thus having very low default probabilities. Given the short duration and low default probabilities, the expected credit losses from cash and cash equivalents are negligible. As a result, no impairment allowance is recognised for cash equivalents.

Derecognition

Financial instruments are derecognised when the rights to receive cashflows from the investments have expired or the EU has transferred substantially all risks and rewards of ownership to another party. Sales of financial assets at fair value through net assets/equity and through surplus or deficit are recognised on their trade-date.

1.5.6. Inventories

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

1.5.7. Pre-financing amounts

Pre-financing is a payment intended to provide the beneficiary with a cash advance, i.e. a float. It may be split into a number of payments in accordance with the principle of sound financial management over a period defined in the particular contract, decision, agreement or basic act. The float or advance is either used for the purpose for which it was provided during the period defined in the agreement or it is repaid. If the beneficiary does not incur eligible expenditure, they have the obligation to return the pre-financing to the EU. As the EU retains control over the pre-financing and is entitled to a refund for the ineligible part, the amount is presented as an asset.

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

Interest on pre-financing is recognised as it is earned in accordance with the provisions of the relevant agreement. An estimate of the accrued interest revenue, based on the most reliable information, is made at the year-end and included in the balance sheet.

Other advances to Member States, which originate from reimbursement by the EU of amounts paid as advances by the Member States to their beneficiaries (including 'financial instruments under shared management'), are recognised as assets and presented under the heading 'Pre-financing'. Other advances to Member States are subsequently measured at the amount initially recognised on the balance

sheet less a best estimate of the eligible expenses incurred by final beneficiaries, calculated on the basis of reasonable and supportable assumptions.

The contributions to EU trust funds (as established under Article 234 of the Financial Regulation) not consolidated in the European Commission, or to other unconsolidated entities, are classified as pre-financing since their purpose is to give a float to the trust fund to allow it to finance specific actions defined under the trust fund's objectives. The EU contributions to trust funds are measured at the initial amount of the EU contribution less eligible expenses, including estimated amounts where necessary, incurred by the trust fund during the reporting period and allocated to the EU contribution in accordance with the underlying agreement.

1.5.8. Exchange receivables and non-exchange recoverables

The EU Accounting Rules require a separate presentation of exchange and non-exchange transactions. To distinguish between the two categories, the term 'receivables' 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 are financial assets measured at amortised cost, except for certain amounts of financial guarantee contract receivable leg which are classified as financial asset at fair value through surplus or deficit (see note **1.5.5**).

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 of recoverables from non-exchange transactions is established when there is objective evidence that the EU will not be able to collect all amounts due according to the original terms of recoverables from non-exchange transactions. The amount of the write-down is the difference between the asset's carrying amount and the recoverable amount. The amount of the write-down is recognised in the statement of financial performance. A general write-down, based on past experience, is also made for outstanding recovery orders not already subject to a specific write-down. See note **1.5.14** concerning the treatment of accrued revenue at year-end. Amounts displayed and disclosed as recoverables from non-exchange transactions are not financial instruments, as they do not arise from a contract that would give rise to a financial liability or equity instrument. However, in the notes to the financial statements recoverables from non-exchange transactions are disclosed together with receivables from exchange transactions where appropriate.

1.5.9. Cash and cash equivalents

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

1.5.10. Employee benefits

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

Short-term employee benefits

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

Post-employment benefits

The EU grants a set of post-employment benefits to employees, which include retirement, invalidity and survival pensions provided under the Pension Scheme of the European Officials (PSEO), as well as health insurance coverage provided under the Joint Sickness Insurance Scheme (JSIS) (see note **2.9**). These benefits are provided under a single plan – although split in two schemes – and they must be treated similarly so as to give a fair presentation of the situation and reflect the economic reality:

i. Pension Scheme of European Officials (PSEO): The benefits granted under this notionally funded[1] scheme relate to seniority, invalidity and survival, as well as, family allowances, death before retirement to those employees that work or worked in the EU Institutions, Agencies and other EU bodies or are survivors of deceased officials or pensioners. Staff contribute one third of the expected cost of these benefits from their salaries.

ii. Joint Sickness Insurance Scheme (JSIS): Under this scheme, the EU provides health insurance coverage for staff of the European Commission, Institutions, Agencies and other EU bodies through the reimbursement of medical expenses. The benefits granted to the 'inactives' of this scheme (i.e. pensioners, orphans, etc.) are classified as post-employment benefits.

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

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

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

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

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

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

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

When benefits provided are changed or curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in the statement of financial performance. Gains and losses on settlement are recognised when the settlement occurs. Past service cost is recognised immediately in the statement of financial performance, unless the changes are conditional on the employees remaining in service for a specified period of time.

1.5.11. Provisions

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

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

1.5.12. Financial liabilities

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

Borrowings are composed of borrowings from credit institutions and debts evidenced by certificates (EU bonds, EU deposits and EU bills). They are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred, then subsequently carried at amortised cost using the effective interest method; any difference between proceeds, net of transaction costs, and the redemption value is recognised in the statement of financial performance over the period of the borrowings using the effective interest method. The transaction costs incurred by the EU and then recharged to the beneficiary of the loan are immaterial and are directly recognised in the statement of financial performance.

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

The EU recognises a financial guarantee contract liability when it enters into a contract that requires the EU to make specified payments to reimburse the guarantee holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Where the guarantee contract requires the EU to make payments in response to financial instruments price changes or changes to other underlyings, the guarantee contract is a derivative i.e. a financial liability at fair value through surplus or deficit. All other guarantee contracts are accounted for as financial provisions.

Financial guarantee contract liabilities are initially recognised at fair value. This equals the net present value of the premium receivable, if it is at market terms. When no guarantee premium is charged or where the consideration is not fair value, the fair value is determined based on the quoted prices in an active market for financial guarantee contracts directly equivalent to that entered into the financial guarantee liability, if available, or using a valuation technique. If no reliable measure of fair value can be determined either by direct observation of an active market or through another valuation technique, the financial guarantee contract liability is initially measured at the amount of the lifetime expected credit losses.

The subsequent measurement depends on the evolution of the credit risk exposure from the financial guarantee. If there is no significant increase in credit risk ('stage 1'), financial guarantee liabilities are measured at the higher of the 12 months expected credit losses and the amount initially recognised less, when appropriate, cumulative amortisation. If there is a significant increase in credit risk ('stage 2'), financial guarantee liabilities are measured at the higher of the lifetime expected credit losses and the amount initially recognised less, when appropriate, cumulative amortisation (see note **6.3**).

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

has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date.

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

1.5.13. Payables

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

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

1.5.14. Accrued and deferred revenue and charges

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

Expenses are also accounted for in the period to which they relate. At the end of the accounting period, accrued expenses are recognised based on an estimated amount of the transfer obligation of the period. The calculation of accrued expenses is done in accordance with detailed operational and practical guidelines issued by the Commission which aim at ensuring that the financial statements provide a faithful representation of the economic and other phenomena they purport to represent. By analogy, if 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.

1.6. STATEMENT OF FINANCIAL PERFORMANCE

1.6.1. Revenue

REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

GNI based resources, VAT and Plastics own resources

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

Traditional own resources

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

Fines

Revenue from fines is recognised when the EU's decision imposing a fine has been adopted and it is officially notified to the addressee. After the decision to impose a fine, the fined entities have two months from the date of notification:

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

b) not to accept the decision, in which case they challenge it in accordance with EU law.

Even if appealed, the fine must be paid within the time limit of three months laid down, as the appeal does not have suspensory effect (Article 278 TFEU). The cash received is used to clear the recoverable. However, subject to the agreement of the Commission's Accounting Officer, the undertaking may present a bank guarantee for the amount instead. In that case the fine remains as a recoverable. If neither cash nor a guarantee is received and there are doubts about the undertaking's solvency, a value reduction on the entitlement is recognised.

If the undertaking appeals against the decision, and has already provisionally paid the fine, the amount is disclosed as a contingent liability, or, if it appears probable that the General Court may not rule in favour of the EU, a provision is recognised to cover this risk. If a guarantee is given instead, the outstanding recoverable is written down.

The accumulated interest received by the Commission on the bank accounts where received payments are deposited is recognised as revenue, and any contingent liability is increased accordingly.

Since 2010, all provisionally cashed fines are managed by the Commission in a specifically created fund (BUFI) and invested in financial instruments.

REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from the sale of goods and services is recognised when the significant risk and rewards of ownership of the goods are transferred to the purchaser. Revenue associated with a transaction involving the provision of services is recognised by reference to the stage of completion of the transaction at the reporting date.

Interest revenue and expense

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

Once a financial asset or a group of similar financial assets is considered credit impaired ('stage 3'), the interest revenue is recognised using the rate of interest to discount the future cashflows for the purpose of measuring the impairment loss.

Revenue from dividends

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

Revenue and expense from financial assets through surplus or deficit

This refers to the fair value gains (revenue) and fair value losses (expense) from these financial assets, including those stemming from foreign exchange translation. For interest-bearing financial assets, this also includes interest. See also note **3.8**.

Revenue from financial guarantee contracts

The revenue from financial guarantee contracts (guarantee premium) is recognised over the time the EU stands ready to compensate the holder of the financial guarantee contract for the credit loss it may incure. The amortisation schedule applied takes into account the passage of time and the volume of the guaranteed exposure. Revenue from financial guarantee contracts include also amortisation of financial guarantee contracts liability in cases when the guarantee was provided at no or nominal consideration.

1.6.2. Expenses

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

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

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

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

1.7. CONTINGENT ASSETS AND LIABILITIES

1.7.1. Contingent assets

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

1.7.2. Contingent liabilities

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the EU, or a present obligation that arises from past events but is not recognised, either because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, or in the rare circumstances where the amount of the obligation cannot be measured with sufficient reliability. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

1.8. CASHFLOW STATEMENT

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

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

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

The cashflow statement reports cashflows during the period classified by operating, 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 EU. The objective is to show the real investments made by the EU.

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 properaty, plant and equipment (which are included under operating activities).

2. NOTES TO THE BALANCE SHEET

ASSETS

2.1. INTANGIBLE ASSETS

	EUR million
Gross carrying amount at 31.12.2020	*470*
Additions	*130*
Disposals	*3*
Transfer between asset categories	*–*
Other changes	*–*
Gross carrying amount at 31.12.2021	**603**
Accumulated amortisation at 31.12.2020	*(214)*
Amortisation charge for the year	*(27)*
Amortisation written back	*–*
Disposals	*3*
Transfer between asset categories	*–*
Other changes	*–*
Accumulated amortisation at 31.12.2021	**(238)**
NET CARRYING AMOUNT AT 31.12.2021	**365**
NET CARRYING AMOUNT AT 31.12.2020	*256*

2.2. PROPERTY, PLANT AND EQUIPMENT

EUR million

	Land and buildings	Space assets	Plant and equipment	Furniture and vehicles	Computer hardware	Other	Finance leases	Assets under construction	Total
Gross carrying amount at 31.12.2020	*1 471*	*5 670*	*264*	*66*	*227*	*153*	*1 548*	*4 201*	*13 600*
Additions	*31*	*269*	*18*	*2*	*18*	*4*	*5*	*1 405*	*1 754*
Disposals	*(10)*	*–*	*(6)*	*(4)*	*(35)*	*(5)*	*(7)*	*–*	*(67)*
Transfer between asset categories	*1*	*1 791*	*0*	*–*	*0*	*1*	*(0)*	*(1 793)*	*–*
Other changes	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*
Gross carrying amount at 31.12.2021	**1 492**	**7 730**	**276**	**64**	**210**	**153**	**1 546**	**3 814**	**15 286**
Accumulated depreciation at 31.12.2020	*(945)*	*(2 625)*	*(243)*	*(59)*	*(197)*	*(133)*	*(899)*	*–*	*(5 101)*
Depreciation charge for the year	*(38)*	*(625)*	*(14)*	*(3)*	*(18)*	*(8)*	*(53)*	*–*	*(758)*
Depreciation written back	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*
Disposals	*10*	*–*	*6*	*4*	*34*	*5*	*7*	*–*	*66*
Transfer between asset categories	*–*	*–*	*–*	*–*	*(0)*	*–*	*0*	*–*	*–*
Accumulated depreciation at 31.12.2021	**(973)**	**(3 250)**	**(251)**	**(57)**	**(181)**	**(136)**	**(945)**	**–**	**(5 792)**
NET CARRYING AMOUNT AT 31.12.2021	**519**	**4 480**	**26**	**7**	**29**	**18**	**601**	**3 814**	**9 493**
NET CARRYING AMOUNT AT 31.12.2020	*526*	*3 045*	*20*	*8*	*29*	*20*	*649*	*4 201*	*8 499*

2.3. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The participation of the EU - represented by the Commission - in the European Investment Fund (EIF) is treated as an associate using the equity method of accounting. At 31 December 2021, the EU holds 30% of the ownership interest in EIF (2020: 29.7 %).

EUR million

	European Investment Fund
Participation at 31.12.2020	**588**
Contributions	*372*
Dividends received	*–*
Share of net result	*169*
Share in the net assets	*63*
Participation at 31.12.2021	**1 192**

EIF summarised financial information:

EUR million

	31.12.2021 Total EIF	31.12.2020 Total EIF
Assets	*5 187*	*3 256*
Liabilities	*(1 213)*	*(1 277)*
Revenue	*781*	*322*
Expenses	*(217)*	*(194)*
Surplus/(deficit)	*564*	*129*

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

EUR million

	31.12.2021	31.12.2020
Net assets of the associate	*3 974*	*1 979*
EC ownership interests in EIF	**30.0%**	**29.7%**
Carrying amount	*1 192*	*588*

The Commission has paid-in 20 % of its subscribed shares in the EIF capital at 31 December 2021, the uncalled amount is as follows:

EUR million

	Total EIF capital	EU subscription
Total share capital	*7 300*	*2 190*
Paid-in	*(1 460)*	*(438)*
Uncalled	**5 840**	**1 752**

2.4. FINANCIAL ASSETS

EUR million

	Note	31.12.2021	31.12.2020
Non-current			
Financial assets at amortized cost	*2.4.1*	*160 200*	*82 846*
*Financial assets at fair value through surplus or deficit**	*2.4.2*	*20 437*	*15 099*
		180 637	**97 945**
Current			
Financial assets at amortized cost	*2.4.1*	*3 349*	*10 421*
*Financial assets at fair value through surplus or deficit**	*2.4.2*	*3 163*	*3 169*
		6 512	**13 591**
Total		**187 149**	**111 536**

** The 2020 figures include EUR 14 906 million classified as non-current AFS (Available for sale) financial assets and EUR 3 163 million classified as current AFS financial assets in the 2020 EC Annual Accounts.*

2.4.1. Financial assets at amortized cost

EUR million

	Note	31.12.2021	31.12.2020
Loans for RRF (NGEU) and financial assistance	*2.4.1.1*	*163 392*	*93 193*
Other loans		*157*	*75*
Total		**163 549**	**93 268**
Non-current		*160 200*	*82 846*
Current		*3 349*	*10 421*

2.4.1.1. Loans for RRF (NGEU) and financial assistance

EUR million

	RRF (NGEU)	SURE	EFSM	BOP	MFA	Euratom	Total
Total at 31.12.2020	*–*	*39 503*	*47 396*	*201*	*5 813*	*279*	*93 193*
Revision of EAR 11	*–*	*420*	*(114)*	*(1)*	*(27)*	*(1)*	*276*
New loans (nominal)	*17 970*	*50 137*	*9 750*	*–*	*1 665*	*100*	*79 622*
Repayments	*–*	*–*	*(9 750)*	*–*	*(14)*	*(29)*	*(9 793)*
Changes in carrying amount	*8*	*507*	*(144)*	*0*	*(24)*	*–*	*347*
Changes in impairment	*–*	*–*	*–*	*–*	*(243)*	*(11)*	*(254)*
Total at 31.12.2021	**17 978**	**90 567**	**47 138**	**201**	**7 170**	**338**	**163 392**
Non-current	*17 970*	*90 502*	*43 969*	*200*	*7 132*	*314*	*160 087*
Current	*8*	*65*	*3 169*	*1*	*38*	*24*	*3 305*

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

	31.12.2021	31.12.2020
RRF (NGEU)	*0.11% - 0.12%*	*–*
SURE	*(0.48)% - 0.77%*	*0.00% - 0.30%*
EFSM	*(0.03)% - 3.79%*	*0.50% - 3.75%*
BOP	*2.95%*	*2.88%*
MFA	*(0.14)% - 3.70%*	*0.00% - 3.69%*
Euratom	*(0.08)% - 1.66%*	*0.00% - 5.76%*

The 2020 figures refer to nominal interest rates.

2.4.2. Financial assets at fair value through surplus or deficit (FVSD)

EUR million

	Note	31.12.2021	31.12.2020
*Financial assets at FVSD non-derivatives**	*2.4.2.1*	*22 773*	*18 069*
Financial assets at FVSD derivatives	*2.4.2.2*	*828*	*199*
Total		**23 600**	**18 268**
Non-current		*20 437*	*15 099*
Current		*3 163*	*3 169*

** The 2020 figure relates to amounts previously classified as AFS financial assets in the 2020 EC Annual Accounts.*

2.4.2.1. Financial assets at FVSD non-derivatives (in 2020 classified as AFS financial assets)

Financial assets at FVSD non-derivatives by type

EUR million

	31.12.2021	31.12.2020
Debt securities	*17 875*	*13 344*
Money market funds and investments in pooled portfolios	*2 513*	*3 038*
Other equity investments	*2 384*	*1 686*
Total	**22 773**	**18 069**
Non-current	*19 611*	*14 906*
Current	*3 161*	*3 163*

The 2020 figures relate to amounts previously classified as AFS assets in the 2020 EC Annual Accounts.

Financial assets at FVSD non-derivatives by programme

EUR million

	31.12.2021	31.12.2020
Innovation Fund	*4 195*	*–*
BUFI investments	*1 257*	*1 598*
European Bank for Reconstruction and Development	*188*	*188*
	5 640	**1 786**
Budgetary Guarantee Funds:		
Common Provisioning Fund	*11 272*	*–*
EFSI Guarantee Fund	*–*	*7 526*
Guarantee Fund for external actions	*–*	*2 794*
EFSD Guarantee Fund	*–*	*692*
	11 272	**11 012**
Financial instruments supported by the EU budget:		
Horizon 2020	*3 342*	*3 097*
Connecting Europe Facility	*762*	*764*
EU SME Equity Facilities	*684*	*533*
European Fund for South East Europe	*213*	*163*
Green for Growth Fund	*146*	*143*
Energy Efficiency Finance Facility	*107*	*104*
Other	*606*	*467*
	5 861	**5 271**
Total	**22 773**	**18 069**
Non-current	*19 611*	*14 906*
Current	*3 161*	*3 163*

The 2020 figures relate to amounts previously classified as AFS assets in the 2020 EC Annual Accounts.

Fair value hierarchy of non-derivative financial assets at FVSD (in 2020 classified as AFS)

EUR million

Type of financial asset	31.12.2021	31.12.2020
Level 1: Quoted prices in active markets	*17 886*	*13 864*
Level 2: Observable inputs other than quoted prices	*2 698*	*2 706*
Level 3: Valuation techniques with inputs not based on observable market data	*2 190*	*1 498*
Total	**22 773**	**18 069**

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

EUR million

Fair value movements	
Opening balance at 1.1.2021	***1 498***
Revision EAR 11	*2*
Investments during the period	*505*
Capital repayments	*(111)*
Revenues settled	*(30)*
Gains or losses for the period in surplus or deficit	*326*
Transfers into level 3	*–*
Transfers out of level 3	*–*
Other	*–*
Closing balance at 31.12.2021	**2 190**

2.4.2.2. Financial assets and liabilities at FVSD derivatives

Financial assets and liabilities at FVSD derivatives by type

EUR million

Type of derivative	31.12.2021			31.12.2020		
	Notional amount	Fair Value Asset	Fair Value Liability	Notional amount	Fair Value Asset	Fair Value Liability
Foreign currency forward contract	*646*	*2*	*–*	*417*	*6*	*–*
Guarantee on equity portfolio	*4 148*	*826*	*(1)*	*3 412*	*193*	*(1)*
Guarantees on FX risk	*28*	*–*	*(4)*	*14*	*–*	*(4)*
Total	**4 822**	**828**	**(5)**	**3 843**	**199**	**(4)**
Non-current		*826*	*(5)*		*193*	*(4)*
Current		*2*	*–*		*6*	*(0)*

Derivative contracts for which the fair value is negative at year end are classified as financial liabilities (see note **2.11**).

Fair value hierarchy of derivative financial assets and liabilities

EUR million

Type of derivative	31.12.2021		31.12.2020	
	Fair Value Asset	Fair Value Liability	Fair Value Asset	Fair Value Liability
Level 1: Quoted prices in active markets	*–*	*–*	*–*	*–*
Level 2: Observable inputs other than quoted prices	*2*	*(2)*	*6*	*(4)*
Level 3: Valuation techniques with inputs not based on observable market data	*826*	*(2)*	*193*	*(1)*
Total	**828**	**(5)**	**199**	**(4)**

During the period, there were no transfers between level 1 and level 2.

Reconciliation of derivative financial assets and liabilities measured using valuation techniques with inputs not based on observable market data (Level 3)

EUR million

Fair value movements	
Opening balance asset/(liability) as at 1.1.2021	***192***
Guarantee call claims paid	*5*
Guarantee calls returned	*(1)*
Revenues from guarantee settled	*(160)*
Gains or losses for the period in surplus or deficit	*788*
Transfers into level 3	*–*
Transfers out of level 3	*–*
Other	*–*
Closing balance at 31.12.2021	**824**

2.5. PRE-FINANCING

EUR million

	Note	31.12.2021	31.12.2020
Non-current			
Pre-financing	*2.5.1*	*57 637*	*30 417*
Other advances to Member States	*2.5.2*	*2 901*	*3 825*
Contribution to Trust Funds		*126*	*119*
		60 665	**34 361**
Current			
Pre-financing	*2.5.1*	*29 446*	*25 765*
Other advances to Member States	*2.5.2*	*4 229*	*3 327*
		33 675	**29 092**
Total		**94 340**	**63 453**

2.5.1. Pre-financing

EUR million

	Gross amount	Cleared via accruals	Net amount at 31.12.2021	Gross amount	Cleared via accruals	Net amount at 31.12.2020
Shared Management						
EAFRD & other rural development instruments	*3 172*	*(208)*	*2 965*	*3 193*		*3 193*
ERDF & CF	*23 531*	*(4 571)*	*18 960*	*23 074*	*(3 846)*	*19 229*
ESF	*9 085*	*(1 823)*	*7 263*	*8 222*	*(1 348)*	*6 874*
Other	*4 836*	*(2 263)*	*2 572*	*4 192*	*(1 520)*	*2 672*
Direct Management						
Implemented by:						
Commission	*46 852*	*(12 303)*	*34 549*	*17 368*	*(10 940)*	*6 428*
of which RRF (NGEU)	*34 879*	*(4 065)*	*30 814*			
EU executive agencies	*23 934*	*(15 031)*	*8 903*	*18 567*	*(10 931)*	*7 636*
Trust funds	*1 140*	*(847)*	*293*	*1 121*	*(843)*	*278*
Indirect Management						
Implemented by:						
Other EU agencies & bodies	*5 980*	*(4 150)*	*1 830*	*4 770*	*(3 659)*	*1 110*
Third countries	*1 874*	*(1 261)*	*614*	*1 515*	*(1 043)*	*471*
International organisations	*9 545*	*(5 955)*	*3 590*	*9 068*	*(6 020)*	*3 048*
Other entities	*13 001*	*(7 455)*	*5 546*	*11 675*	*(6 433)*	*5 242*
Total	**142 950**	**(55 867)**	**87 084**	**102 764**	**(46 583)**	**56 181**
Non-current	*57 637*	*–*	*57 637*	*30 417*	*–*	*30 417*
Current	*85 313*	*(55 867)*	*29 446*	*72 347*	*(46 583)*	*25 765*

2.5.2. Other advances to Member States

EUR million

	31.12.2021	31.12.2020
Advances to Member States for financial instruments under shared management	*3 647*	*3 520*
Aid Schemes	*3 483*	*3 633*
Total	**7 130**	**7 153**
Non-current	*2 901*	*3 825*
Current	*4 229*	*3 327*

2.6. EXCHANGE RECEIVABLES AND NON-EXCHANGE RECOVERABLES

EUR million

	Note	31.12.2021	31.12.2020
Non-current			
Recoverables from non-exchange transactions	*2.6.1*	*35 108*	*44 279*
Receivables from exchange transactions	*2.6.2*	*5 696*	*1 649*
		40 804	**45 928**
Current			
Recoverables from non-exchange transactions	*2.6.1*	*29 426*	*26 779*
Receivables from exchange transactions	*2.6.2*	*2 129*	*1 490*
		31 555	**28 269**
Total		**72 359**	**74 197**

2.6.1. Recoverables from non-exchange transactions

EUR million

	Note	31.12.2021	31.12.2020
Non-current			
Member States	*2.6.1.1*	*2 491*	*2 231*
UK Withdrawal Agreement	*2.6.1.2*	*30 839*	*40 629*
Accrued income and deferred charges	*2.6.1.4*	*1 556*	*1 261*
Other recoverables		*222*	*158*
		35 108	**44 279**
Current			
Member States	*2.6.1.1*	*5 625*	*7 163*
UK Withdrawal Agreement	*2.6.1.2*	*10 913*	*6 827*
Competition fines	*2.6.1.3*	*11 698*	*11 295*
Accrued income and deferred charges	*2.6.1.4*	*826*	*572*
Other recoverables		*363*	*922*
		29 426	**26 779**
Total		**64 534**	**71 058**

2.6.1.1. Recoverables from Member States

EUR million

	31.12.2021	31.12.2020
TOR A accounts	*6 137*	*5 297*
TOR separate accounts	*1 405*	*1 460*
Own resources to be received	*15*	*2 188*
Impairment	*(875)*	*(892)*
Other	*–*	*–*
Own resource recoverables	**6 683**	**8 053**
European Agricultural Guarantee Fund (EAGF)	*1 525*	*1 378*
European Agricultural Fund for Rural Development (EAFRD) and other rural development instruments	*668*	*720*
Impairment	*(843)*	*(837)*
EAGF and rural development recoverables	**1 350**	**1 260**
Pre-financing recovery	**26**	**53**
VAT paid and recoverable	**12**	**10**
Other recoverables from Member States	**46**	**17**
Total	**8 118**	**9 393**
Non-current	*2 491*	*2 231*
Current	*5 625*	*7 163*

2.6.1.2. UK Withdrawal agreement

EUR million

	Article 140	Article 142	Other	31.12.2021	31.12.2020
Due from the UK	*28 620*	*14 751*	*610*	*43 982*	*49 579*
Due to the UK	*-*	*-*	*(2 229)*	*(2 229)*	*(2 122)*
Total	**28 620**	**14 751**	**(1 618)**	**41 753**	**47 456**
Non-current	*17 064*	*14 486*	*(711)*	*30 839*	*40 629*
Current	*11 556*	*265*	*(908)*	*10 913*	*6 827*

EUR million

	April 2021 report (due and paid from June to September 2021)	September 2021 report: (due and paid from October to December 2021	Total
Article 140	*3 696*	*3 054*	*6 750*
Article 142	*-*	*11*	*11*
Article 136	*230*	*18*	*247*
Article 147	*21*	*-*	*21*
	3 946	*3 083*	*7 029*
Article 141	*-*	*(20)*	*(20)*
Article 143	*(93)*	*-*	*(93)*
Article 144	*(46)*	*-*	*(46)*
Article 145	*(37)*	*-*	*(37)*
Article 146	*(7)*	*-*	*(7)*
	(183)	*(20)*	*(203)*
Total	**3 763**	**3 062**	**6 826**

Article 140 – Outstanding Commitments

EUR million

Amount owed by the UK at 31.12.2020 (based on unadjusted UK share)	**34 966**
Adjustment of UK share	*208*
Amount owed by the UK at 31.12.2020 (based on adjusted UK share)	**35 174**
Net financial corrections related to 2014-2020 or previous programme periods (including adjustment of 2020 deductions)	(58)
TOR relating to 2020 and made available to the Union in 2021 (including adjustment of 2020 deductions)	(82)
Net payments received from the UK in 2021	**(6 750)**
Adjustment of estimated non-implementation	**337**
Total	**28 620**
Non-current	*17 064*
Current	*11 556*

Article 142 – Outstanding 2020 liabilities

Outstanding 2020 liabilities under Article 142 (6)

EUR million

	Pension Scheme of European Officials	Joint Sickness Insurance Scheme	31.12.2021	31.12.2020
Outstanding 2020 liabilities	*104 832*	*9 675*	*114 507*	*113 676*
UK Share	13 032	1 203	14 235	14 048
PSEO/JSIS contributions	227	8	236	0
Total	**13 260**	**1 211**	**14 471**	**14 048**
Non-current	*13 032*	*1 203*	*14 235*	*14 048*
Current	*227*	*8*	*236*	*0*

Other articles

EUR million

	31.12.2021	31.12.2020
Due from the UK:		
Article 136	*557*	*230*
Article 147	*53*	*46*
	610	**275**
Due to the UK:		
Article 141	*(1 818)*	*(1 766)*
Article 143	*(163)*	*(93)*
Article 144	*(73)*	*(46)*
Article 145	*(148)*	*(183)*
Article 146	*(27)*	*(33)*
	(2 229)	**(2 122)**
Total	***(1 618)***	**(1 847)**
Non-current	*(711)*	*(1 894)*
Current	*(908)*	*47*

Article 136 – Provisions applicable in relation to own resources

EUR million

Amount due from the UK at 31.12.2020	**230**
Adjustment of UK share	*(2)*
Amount invoiced to the UK in September 2021	*47*
Payments received in 2021	*(247)*
UK correction	*(497)*
Opt-out	*(105)*
VAT and GNI adjustments (related to 2020 and before)	*1 101*
UK net traditional own resources after 28 February 2021	*31*
Amount due from the UK at 31.12.2021	**557**
Non-current	*1 101*
Current	*(544)*

2.6.1.3. Recoverables from competition fines

EUR million

	31.12.2021	31.12.2020
Recoverable from fines gross amount	*14 922*	*14 503*
Provisional payments	*(2 100)*	*(3 023)*
Impairment	*(1 125)*	*(186)*
Total	**11 698**	**11 295**
Non-current	*–*	*–*
Current	*11 698*	*11 295*

2.6.1.4. Accrued income and deferred charges

EUR million

	31.12.2021	31.12.2020
Other accrued income	*2 301*	*1 754*
Deferred charges relating to non-exchange transactions	*81*	*79*
Total	**2 382**	**1 833**
Non-current	*1 556*	*1 261*
Current	*826*	*572*

2.6.2. Receivables from exchange transactions

EUR million

	31.12.2021	31.12.2020
Non-current		
Financial guarantee receivable	*2 630*	*–*
Late payment interest	*3 052*	*1 641*
Other receivables	*14*	*8*
	5 696	**1 649**
Current		
Financial guarantee receivable	*485*	*–*
Customers	*232*	*243*
Impairment on receivables from customers	*(167)*	*(181)*
Deferred charges relating to exchange transactions	*110*	*202*
Late payment interest	*1 127*	*1 085*
Other	*342*	*141*
	2 129	**1 490**
Total	**7 825**	**3 139**

Out of the total amount of EUR 3 115 million of the Financial Guarantee Contract receivable as at 31 December 2021, EUR 3 113 million are classified as financial assets measured at fair value through surplus or deficit (Fair value level 3).

2.7. INVENTORIES

EUR million

	31.12.2021	31.12.2020
Scientific materials	*58*	*59*
Other	*20*	*15*
Total	**79**	**74**

2.8. CASH AND CASH EQUIVALENTS

EUR million

	31.12.2021	31.12.2020
Accounts with Treasuries and Central Banks	*20 121*	*11 342*
Current accounts	*453*	*80*
Imprest accounts	*8*	*8*
Transfers (cash in transit)	*–*	*0*
Bank accounts for budget implementation	**20 582**	**11 430**
NGEU	**18 027**	**–**
Financial instruments	**2 838**	**2 446**
Fines	**1 953**	**1 458**
Trust funds	**65**	**46**
Total	**43 464**	**15 380**

LIABILITIES

2.9. PENSION AND OTHER EMPLOYEE BENEFITS

Net employee benefit scheme liability

EUR million

	Pension Scheme of European Officials	Other retirement benefit schemes	Joint Sickness Insurance Scheme	31.12.2021 Total	31.12.2020 Total
Defined Benefit Obligation	*109 679*	*1 907*	*10 647*	*122 234*	*115 762*
Plan assets	*N/A*	*N/A*	*(386)*	*(386)*	*(354)*
Net liability	**109 679**	**1 907**	**10 261**	**121 848**	**115 408**

Actuarial assumptions - employee benefits

	2021	2020
Pension Scheme of European Officials		
Nominal discount rate	*1.0%*	*0.4%*
Expected inflation rate	*2.0%*	*1.2%*
Real discount rate	*(1.0)%*	*(0.8)%*
Expected rate of salary increases	*1.8%*	*1.8%*
Medical cost trend rates	*N/A*	*N/A*
Retirement age	*63/64/66*	*63/64/66*
Joint Sickness Insurance Scheme		
Nominal discount rate	*1.0%*	*0.5%*
Expected inflation rate	*2.0%*	*1.3%*
Real discount rate	*(1.0)%*	*(0.8)%*
Expected rate of salary increases	*1.9%*	*1.8%*
Medical cost trend rates	*2.5%*	*2.6%*
Retirement age	*63/64/66*	*63/64/66*

Movement in present value of employee benefits defined benefit obligation

EUR million

	Pension Scheme of European Officials	Other retirement benefit Schemes	Joint Sickness Insurance Scheme	Total
Present value as at 31.12.2020	**100 741**	**1 732**	**13 289**	**115 762**
Recognised in statement of financial performance				
Current service cost	*4 095*	*108*	*363*	*4 565*
Interest expense	*401*	*5*	*66*	*473*
Recognised in net assets				
Remeasurements in employee benefits liabilities				
Actuarial (gains)/losses from experience	*1 457*	*27*	*(209)*	*1 275*
Actuarial (gains)/losses from demographic assumptions	*–*	*–*	*–*	*–*
Actuarial (gains)/losses from financial assumptions	*4 787*	*73*	*(2 774)*	*2 085*
Other				
Benefits paid	*(1 801)*	*(38)*	*(88)*	*(1 926)*
Present value as at 31.12.2021	**109 679**	**1 907**	**10 647**	**122 234**

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

EUR million

Present value as at 31.12.2020	**354**
Net movement in plan assets	*32*
Present value as at 31.12.2021	**386**

Pension Scheme of European Officials sensitivity

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

EUR million

	2021		2020	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
Defined benefit obligation	*(2 464)*	*2 544*	*(2 247)*	*2 319*

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

EUR million

	2021		2020	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
Defined benefit obligation	*2 414*	*(2 345)*	*2 206*	*(2 143)*

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

EUR million

	2021		2020	
	One year increase	One year decrease	One year increase	One year decrease
Defined benefit obligation	*(1 155)*	*1 527*	*(1 104)*	*1 417*

Joint Sickness Insurance Scheme sensitivity

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

EUR million

	2021		2020	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
The aggregate of the current service cost and interest cost components of net periodic post-employment medical costs	*13*	*(12)*	*15*	*(14)*
Defined benefit obligation	*317*	*(307)*	*397*	*(385)*

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

EUR million

	2021		2020	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
Defined benefit obligation	*(265)*	*274*	*(348)*	*361*

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

EUR million

	2021		2020	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
Defined benefit obligation	*(42)*	*41*	*(38)*	*37*

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

EUR million

	2021		2020	
	One year increase	One year decrease	One year increase	One year decrease
Defined benefit obligation	*(317)*	*334*	*(401)*	*421*

2.10. PROVISIONS

EUR million

	Amount at 31.12.2020	Revision of EAR 11	Additional provisions	Unused amounts reversed	Amounts used	Transfer between categories	Change in estimation	Amount at 31.12.2021
Legal cases:								
Agriculture	*170*	*–*	*210*	*(25)*	*(1)*	*–*	*–*	*354*
Other	*17*	*–*	*4*	*(12)*	*(0)*	*–*	*–*	*9*
Nuclear site dismantling	*2 426*	*–*	*–*	*–*	*(33)*	*–*	*46*	*2 440*
Financial	*2 523*	*(2 522)*	*1*	*–*	*(1)*	*–*	*–*	*1*
Other	*112*	*–*	*220*	*(26)*	*(19)*	*–*	*–*	*287*
Total	**5 248**	**(2 522)**	**435**	**(63)**	**(54)**	**–**	**46**	**3 091**
Non-current	**3 730**	**(1 165)**	**212**	**(25)**	**(1)**	**(35)**	**46**	**2 763**
Current	**1 518**	**(1 357)**	**224**	**(38)**	**(53)**	**35**	**–**	**328**

2.11. FINANCIAL LIABILITIES

EUR million

	Note	31.12.2021	31.12.2020
Non-current			
Financial liabilities at amortised cost	*2.11.1*	*214 230*	*83 730*
Financial liabilities at fair value through surplus or deficit	*2.4.2.2*	*5*	*4*
Financial guarantee liabilities	*2.11.2*	*146*	*–*
		214 380	**83 734**
Current			
Financial liabilities at amortised cost	*2.11.1*	*23 442*	*10 518*
Financial liabilities at fair value through surplus or deficit	*2.4.2.2*	*–*	*0*
Financial guarantee liabilities	*2.11.2*	*7 648*	*90*
		31 090	**10 608**
Total		**245 470**	**94 342**

2.11.1. Financial liabilities at amortised cost

EUR million

	Note	31.12.2021	31.12.2020
Borrowings for NGEU and financial assistance	*2.11.1.1*	*236 720*	*93 192*
Other financial liabilities	*2.11.1.2*	*951*	*1 055*
Total		**237 672**	**94 248**
Non-current		*214 230*	*83 730*
Current		*23 442*	*10 518*

2.11.1.1. Borrowings for NGEU and financial assistance

EUR million

	NGEU	SURE	EFSM	BOP	MFA	Euratom	Total
Total at 31.12.2020		*39 503*	*47 396*	*201*	*5 813*	*279*	*93 192*
Revision of EAR 11	*–*	*420*	*(114)*	*(1)*	*24*	*1*	*329*
New borrowings - nominal	*111 947*	*50 137*	*9 750*	*–*	*1 665*	*100*	*173 599*
Repayments	*(20 996)*	*–*	*(9 750)*	*–*	*(14)*	*(29)*	*(30 789)*
Changes in carrying amount	*49*	*507*	*(144)*	*0*	*(24)*	*–*	*388*
Total at 31.12.2021	**91 000**	**90 567**	**47 138**	**201**	**7 464**	**351**	**236 720**
Non-current	*70 960*	*90 502*	*43 969*	*200*	*7 425*	*327*	*213 383*
Current	*20 040*	*65*	*3 169*	*1*	*39*	*24*	*23 338*

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

	31.12.2021	31.12.2020
NGEU	*(0.95)% - 0.74%*	*-*
SURE	*(0.48)% - 0.77%*	*0.00% - 0.30%*
EFSM	*(0.03)% - 3.79%*	*0.50% - 3.75%*
BOP	*2.95%*	*2.88%*
MFA	*(0.14)% - 3.70%*	*0.00% - 3.69%*
Euratom	*(0.08)% - 1.58%*	*0.00% - 5.68%*

The 2020 figures refer to nominal interest rates.

2.11.1.2. Other financial liabilities

EUR million

	31.12.2021	31.12.2020
Non-current		
Finance lease liabilities	*660*	*729*
Buildings paid for in instalments	*156*	*184*
Other	*31*	*35*
	847	**948**
Current		
Finance lease liabilities	*75*	*72*
Buildings paid for in instalments	*28*	*26*
Fines to be reimbursed	*–*	*8*
Other	*2*	*2*
	105	**108**
Total	**951**	**1 055**

Finance lease liabilities

EUR million

	Future amounts to be paid			
	< 1 year	1 - 5 years	> 5 years	Total Liability
Land and buildings	*69*	*316*	*336*	*721*
Other fixed assets	*5*	*8*	*–*	*13*
Total at 31.12.2021	**75**	**324**	**336**	**735**
Interest element	*40*	*115*	*54*	*210*
Total future minimum lease payments at 31.12.2021	**115**	**439**	**391**	**945**
Total future minimum lease payments at 31.12.2020	*116*	*443*	*495*	*1 054*

2.11.2. Financial guarantee liabilities

EUR million

	31.12.2021	
	FGC receivable leg (Note 2.6.2)	Financial guarantee liabilities
EU budgetary guarantee programmes		
EFSI guarantee	*2 917*	*3 618*
EIB ELM guarantees	*106*	*2 569*
EFSD guarantee	*2*	*139*
InvestEU guarantee	*–*	*–*
NDICI EU guarantee	*–*	*4*
	3 024	***6 330***
EU financial instrument programmes		
COSME	*0*	*780*
Horizon 2020	*59*	*410*
CCS	*–*	*110*
Other	*32*	*165*
	90	**1 464**
Total	**3 115**	**7 794**
Non-current	*2 630*	*146*
Current	*485*	*7 648*

2.12. PAYABLES

EUR million

	Gross Amount	Adjustments*	Net Amount at 31.12.2021	Gross Amount	Adjustments*	Net Amount at 31.12.2020
Cost claims and invoices received from:						
Member States						
EAFRD & other rural development instruments	*30*		*30*	*17*		*17*
ERDF & CF	*6 484*	*(1 878)*	*4 606*	*12 651*	*(2 698)*	*9 954*
ESF	*3 311*	*(596)*	*2 715*	*3 479*	*(370)*	*3 109*
RRF (NGEU)	*19 118*		*19 118*			
Other	*677*	*(58)*	*619*	*796*	*(90)*	*706*
Private and public entities	*1 563*	*(320)*	*1 244*	*1 485*	*(182)*	*1 302*
Total costs claims & invoices received	**31 183**	**(2 851)**	**28 331**	**18 428**	**(3 341)**	**15 088**
EAGF	**15 650**	**N/A**	**15 650**	**16 160**	**N/A**	**16 160**
Sundry Payables	**3 663**	**N/A**	**3 663**	**1 859**	**N/A**	**1 859**
Total	**50 496**	**(2 851)**	**47 644**	**36 447**	**(3 341)**	**33 107**

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

2.13. ACCRUED CHARGES AND DEFERRED INCOME

EUR million

	31.12.2021	31.12.2020
Accrued charges	*76 962*	*63 667*
Deferred income	*1*	*1*
Other	*94*	*39*
Total	**77 057**	**63 708**

The split of accrued charges is as follows:

EUR million

	31.12.2021	31.12.2020
RRF (NGEU)	*8 263*	*–*
EAGF	*25 241*	*24 599*
EAFRD and other rural development instruments	*19 245*	*18 622*
ERDF and CF	*10 710*	*8 766*
ESF	*3 499*	*3 009*
Other	*10 003*	*8 670*
Total	**76 962**	**63 667**

NET ASSETS

2.14. RESERVES

EUR million

	31.12.2021	31.12.2020
Fair value reserve	*–*	*470*
Guarantee Fund reserve	*–*	*3 043*
Other reserves	*51*	*(12)*
Total	**51**	**3 501**

2.15. AMOUNTS TO BE CALLED FROM MEMBER STATES

EUR million

Amounts to be called from Member States at 31.12.2020	**41 329**
Impact of revised EAR 11 (see Note 1)	*(1 693)*
BALANCE AS AT 01.01.2021	**39 636**
2020 budget result credited to Member States	*1 769*
Movement in Guarantee Fund reserve	*–*
Remeasurements in employee benefits liabilities	*3 241*
Other	*–*
Economic result of the year	*42 075*
Total amounts to be called from Member States at 31.12.2021	**86 721**

3. NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE

REVENUE

REVENUE FROM NON-EXCHANGE TRANSACTIONS: TRANSFERS

3.1. RECOVERY OF EXPENSES

EUR million

	2021	2020
Shared management	*1 682*	*1 281*
Direct management	*61*	*53*
Indirect management	*19*	*21*
Total	**1 762**	**1 355**

3.2. OTHER REVENUE FROM NON-EXCHANGE TRANSACTIONS

EUR million

	2021	2020
Contribution from Member States to the Innovation Fund	*2 187*	*2 080*
Contribution of third countries and accession countries	*973*	*1 552*
Contribution from Member States for external aid	*199*	*1 075*
Staff taxes and contributions	*1 036*	*983*
Transfer of assets	*353*	*317*
Budgetary adjustments	*1 245*	*214*
Adjustment of provisions	*63*	*15*
Agricultural levies	*–*	*1*
Funding of institutions	*(3 660)*	*(3 411)*
Other	*356*	*437*
Total	**2 753**	**3 263**

REVENUE FROM EXCHANGE TRANSACTIONS

3.3. FINANCIAL REVENUE

EUR million

	2021	2020
Interest on:		
Late payments	*1 529*	*1 129*
Loans	*1 160*	*1 167*
Borrowings	*220*	*–*
Other	*9*	*60*
Issue premiums	*2*	*674*
Revenue from financial guarantee contracts	*987*	*258*
Gains on financial assets or liabilities at FVSD:		
Non-derivatives	*324*	*-*
Derivatives	*815*	*70*
Realised gains on available for sale financial assets	*–*	*41*
Dividends	*30*	*22*
Other	*13*	*2*
Total	**5 090**	**3 424**

3.4. OTHER REVENUE FROM EXCHANGE TRANSACTIONS

EUR million

	2021	2020
Foreign exchange gains	*284*	*356*
Share of net result of EIF	*169*	*38*
Fee and premium revenue related to financial instruments	*1*	*34*
Sales of goods	*18*	*17*
Fixed assets related revenue	*3*	*2*
Other	*252*	*240*
Total	**727**	**687**

EXPENSES

3.5. SHARED MANAGEMENT

EUR million

Implemented by Member States	2021	2020
European Agricultural Guarantee Fund	*40 829*	*40 461*
European Agricultural Fund for Rural Development and other rural development instruments	*15 451*	*14 467*
European Regional Development Fund and Cohesion Fund	*46 932*	*41 118*
European Social Fund	*16 727*	*13 677*
Other	*4 835*	*2 701*
Total	**124 774**	**112 425**

3.6. DIRECT MANAGEMENT

EUR million

	2021	2020
Implemented by the Commission	*48 289*	*11 455*
of which RRF (NGEU)	*42 940*	*–*
Implemented by EU Executive Agencies	*14 233*	*10 029*
Implemented by Trust funds	*503*	*636*
Total	**63 025**	**22 120**

3.7. INDIRECT MANAGEMENT

EUR million

	2021	2020
Implemented by other EU agencies and bodies	*4 211*	*4 497*
Implemented by third countries	*887*	*559*
Implemented by international organisations	*3 624*	*3 620*
Implemented by other entities	*3 225*	*3 257*
Total	**11 947**	**11 933**

3.8. STAFF AND PENSION COSTS

EUR million

	2021	2020
Staff costs	*3 556*	*3 524*
Pension costs	*5 038*	*4 960*
Total	**8 593**	**8 485**

3.9. FINANCE COSTS

EUR million

	2021	2020
Interest expenses:		
Borrowings	*1 209*	*1 160*
Loans	*146*	*–*
Finance leases	*44*	*47*
Other	*96*	*22*
Issue costs	*–*	*672*
Financial guarantee contracts - subsidised remuneration	*233*	*–*
Net impairment losses on:		
Financial guarantee contracts	*947*	*70*
Loans and receivables	*1 244*	*110*
Available for sale financial assets	*–*	*41*
Loss on financial assets or liabilities at FVSD:		
Non-derivatives	*195*	*–*
Derivatives	*40*	*21*
Realised loss on available for sale financial assets	*–*	*5*
Other	*4*	*11*
Total	**4 158**	**2 160**

3.10. OTHER EXPENSES

EUR million

	2021	2020
Adjustment of provisions	*480*	*1 386*
Administrative and IT expenses	*948*	*940*
Fixed assets related expenses	*808*	*832*
Foreign exchange losses	*156*	*561*
Funding and contributions to other EU bodies	*543*	*511*
Land and buildings management expenses	*227*	*230*
Operating lease expenses	*162*	*152*
Reduction of fines by the Court of Justice	*15*	*6*
Other	*397*	*358*
Total	**3 736**	**4 976**

The aggregate amount of research and development expenditure recognised as an expense during 2021 is as follows:

EUR million

	2021	2020
Research costs	*390*	*391*
Non-capitalised development costs	*78*	*85*
Total	**469**	**476**

3.11. SEGMENT REPORTING BY MULTIANNUAL FINANCIAL FRAMEWORK HEADING (MFF)

EUR million

	Single market, Innovation and Digital	Cohesion and Values	Natural Resources and Environment	Migration and Border Management	Resilience, Security and Defence	Neighbour-hood and the World	European Public Administration	Not assigned to MFF headings*	Total
GNI resources	–	–	–	–	–	–	–	*115 955*	*115 955*
Traditional own resources	–	–	–	–	–	–	–	*20 590*	*20 590*
VAT	–	–	–	–	–	–	–	*18 340*	*18 340*
New own resources	–	–	–	–	–	–	–	*5 831*	*5 831*
Fines	–	–	–	–	–	–	–	*1 990*	*1 990*
Recovery of expenses	*24*	*809*	*893*	*8*	*0*	*27*	*0*	*2*	*1 762*
UK Withdrawal Agreement	–	–	–	–	–	–	–	*1 122*	*1 122*
Other	*384*	*132*	*46*	–	–	*41*	*(2 717)*	*4 866*	*2 753*
Non-Exchange Revenue	**408**	**941**	**939**	**8**	**0**	**68**	**(2 717)**	**168 695**	**168 342**
Financial revenue	*1 913*	*45*	*0*	–	*0*	*217*	*0*	*2 916*	*5 090*
Other	*257*	*(16)*	*(18)*	*0*	*(5)*	*8*	*227*	*273*	*727*
Exchange Revenue	**2 170**	**29**	**(17)**	**0**	**(5)**	**225**	**227**	**3 189**	**5 817**
Total revenue	**2 578**	**970**	**922**	**8**	**(5)**	**293**	**(2 490)**	**171 884**	**174 159**
Expenses implemented by :									
Member States:									
EAGF	–	–	*(40 829)*	–	–	–	–	–	*(40 829)*
EAFRD & other	–	–	*(15 451)*	–	–	–	–	–	*(15 451)*
ERDF & CF	–	*(46 932)*	–	–	–	–	–	–	*(46 932)*
ESF	–	*(16 727)*	–	–	–	–	–	–	*(16 727)*
Other	–	*24*	*(710)*	*(837)*	*(101)*	*(233)*	–	*(2 979)*	*(4 835)*
EC, executive agencies and trust funds	*(12 207)*	*(45 753)*	*(662)*	*(289)*	*(244)*	*(3 954)*	*(25)*	*109*	*(63 025)*
Other EU agencies and bodies	*(2 374)*	*(703)*	*(77)*	*(680)*	*(359)*	*(15)*	–	*(3)*	*(4 211)*
Third countries and int. organisations	*(243)*	*37*	*113*	*(171)*	*(213)*	*(4 025)*	*(3)*	*(7)*	*(4 512)*
Other entities	*573*	*(3 301)*	*73*	*(7)*	*(103)*	*(460)*	*(0)*	–	*(3 225)*
Staff and pension costs	*(453)*	*(9)*	*(1)*	*(0)*	*(1)*	*(136)*	*(7 994)*	–	*(8 593)*
Finance costs	*(771)*	*(43)*	*(24)*	*(0)*	*(0)*	*(445)*	*(57)*	*(2 818)*	*(4 158)*
Other expenses	*(1 609)*	*(134)*	*(251)*	*(5)*	*(52)*	*(240)*	*(1 253)*	*(191)*	*(3 736)*
Total expenses	**(17 083)**	**(113 541)**	**(57 820)**	**(1 990)**	**(1 071)**	**(9 507)**	**(9 332)**	**(5 889)**	**(216 234)**
Economic result of the year	**(14 505)**	**(112 571)**	**(56 899)**	**(1 982)**	**(1 076)**	**(9 215)**	**(11 822)**	**165 995**	**(42 075)**

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

4. CONTINGENT LIABILITIES AND ASSETS

4.1. GUARANTEES GIVEN BY EU BUDGET

4.1.1. Guarantees given under the EU budgetary guarantee programmes (nominal)

EUR million

	31.12.2021			
	Guarantees given			Assets provisioned*
	Ceiling	Signed	Disbursed	
EIB external lending mandate guarantees	*33 026*	*33 026*	*20 835*	*2 700*
EFSI guarantee	*25 826*	*24 730*	*20 358*	*8 602*
EFSD guarantee	*1 391*	*611*	*535*	*796*
NDICI external action guarantee	*200*	*200*	*200*	*–*
Total	**60 442**	**58 566**	**41 928**	**12 098**

** The EUR 2.7 bn of assets provisioned for the EIB external lending mandate guarantee also cover borrowings under MFA and Euratom (see note 4.1.2).*

EUR million

	31.12.2020			
	Guarantees given			Assets provisioned*
	Ceiling	Signed	Disbursed	
EIB external lending mandate guarantees	*35 372*	*32 530*	*20 050*	*2 813*
EFSI guarantee	*25 543*	*23 831*	*18 590*	*8 028*
EFSD guarantee	*1 370*	*438*	*34*	*804*
Total	**62 285**	**56 799**	**38 673**	**11 645**

** The EUR 2.8 bn of assets provisioned for the EIB external lending mandate guarantee also cover borrowings under MFA and Euratom (see note 4.1.2).*

4.1.2. Guarantees given to cover NGEU and financial assistance borrowings

EUR million

	31.12.2021	31.12.2020
NGEU	*91 002*	*-*
SURE	*89 702*	*39 503*
EFSM	*47 270*	*47 396*
BOP	*201*	*201*
MFA	*7 466*	*5 813*
Euratom	*350*	*279*
Total	**235 991**	**93 193**

4.1.3. Guarantees given under EU financial instrument programmes (nominal)

EUR million

	31.12.2021
Horizon 2020	*2 590*
Connecting Europe Facility	*568*
COSME	*782*
Other	*653*
Total	**4 593**

EUR million

	31.12.2020
Horizon 2020	*1 860*
Connecting Europe Facility	*579*
Risk Sharing Finance Facility	*37*
Other	*49*
Total	**2 524**

4.2. Contingent liabilities relating to legal cases

EUR million

	31.12.2021	31.12.2020
Fines	*2 111*	*2 985*
Agriculture	*79*	*66*
Cohesion	*210*	*341*
Other	*1 146*	*2 164*
Total	**3 546**	**5 556**

4.3. Contingent assets

EUR million

	31.12.2021	31.12.2020
Guarantees received:		
Performance guarantees	*68*	*74*
Other guarantees	*2*	*2*
Other contingent assets	*98*	*58*
Total	**169**	**133**

5. BUDGETARY AND LEGAL COMMITMENTS

EUR million

	Note	31.12.2021	31.12.2020
Outstanding budgetary commitments not yet expensed	*5.1*	*261 062*	*248 788*
Significant legal commitments	*5.2*	*126 936*	*5 620*
Total		**387 998**	**254 408**

5.1. OUTSTANDING BUDGETARY COMMITMENTS NOT YET EXPENSED

EUR million

	31.12.2021	31.12.2020
Outstanding budgetary commitments not yet expensed	*261 062*	*248 788*

5.2. SIGNIFICANT LEGAL COMMITMENTS

EUR million

	Note	31.12.2021	31.12.2020
RRF (NGEU) non-repayable support commitments		*99 530*	*–*
*EAFRD**		*17 662*	*–*
Space Programmes		*4 189*	*–*
Fisheries agreements		*412*	*172*
HorizonEU		*382*	*–*
EURATOM		*445*	*–*
Brexit Adjustment Reserve		*3 072*	*–*
Connecting Europe Facility		*–*	*4 140*
Operating lease commitments	*5.2.1*	*805*	*894*
Other contractual commitments		*438*	*414*
Total		**126 936**	**5 620**

EAFRD is the only structural programme on shared management for which budgetary commitments are still to be implemented.

5.2.1. Operating lease commitments

EUR million

	Future amounts to be paid			
	< 1 year	1- 5 years	> 5 years	Total
Buildings	*120*	*311*	*366*	*797*
IT materials and other equipment	*4*	*4*	*–*	*8*
Total	**124**	**315**	**366**	**805**

6. FINANCIAL RISK MANAGEMENT

6.1. CURRENCY RISK

Currency risk at 31 December 2021
Exposure of the EC to currency risk at year-end – net position

EUR million

	31.12.2021						
	USD	GBP	PLN	SEK	Other	EUR	Total
Financial assets							
*Financial assets at amortized cost**	*63*	*–*	*–*	*–*	*7*	*87*	*157*
Financial assets at FVSD							
Non-derivatives	*934*	*51*	*–*	*23*	*75*	*21 690*	*22 773*
Derivatives	*(646)*	*–*	*–*	*–*	*–*	*1 474*	*828*
*Receivables***	*108*	*98*	*108*	*4*	*72*	*7 318*	*7 707*
Cash and cash equivalents	*74*	*20*	*1 014*	*591*	*1 516*	*40 250*	*43 464*
	532	**170**	**1 121**	**617**	**1 669**	**70 819**	**74 928**
Financial liabilities							
Financial guarantee liability	*(1 047)*	*(0)*	*(62)*	*(19)*	*(248)*	*(6 418)*	*(7 794)*
Financial liabilities at FVSD	*(1)*	*–*	*–*	*–*	*(4)*	*–*	*(5)*
	(1 048)	**(0)**	**(62)**	**(19)**	**(251)**	**(6 418)**	**(7 798)**
Total	**(516)**	**170**	**1 059**	**598**	**1 418**	**64 401**	**67 130**

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

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

EUR million

	2021			
	USD	GBP	PLN	SEK
Economic result	*47*	*(15)*	*(96)*	*(54)*

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

EUR million

	2021			
	USD	GBP	PLN	SEK
Economic result	*(57)*	*19*	*118*	*66*

Currency risk at 31 December 2020
Exposure of the EC to currency risk at year-end – net position

EUR million

	31.12.2020						
	USD	GBP	DKK	SEK	EUR	Other	Total
Financial assets							
Available for sale financial assets	*593*	*42*	*15*	*14*	*17 386*	*20*	*18 069*
Financial assets at fair value through surplus or deficit	*(417)*	*–*	*–*	*–*	*616*	*–*	*199*
*Loans**	*21*	*–*	*–*	*–*	*46*	*9*	*75*
Receivables and recoverables	*1*	*1 201*	*114*	*176*	*72 050*	*656*	*74 197*
Cash and cash equivalents	*106*	*61*	*153*	*367*	*13 146*	*1 548*	*15 380*
	303	**1 303**	**282**	**556**	**103 243**	**2 233**	**107 921**
Financial liabilities							
Financial liabilities at fair value through surplus or deficit	*–*	*–*	*–*	*–*	*(1)*	*(4)*	*(4)*
Payables	*0*	*(0)*	*(0)*	*(1)*	*(33 101)*	*(5)*	*(33 107)*
	0	**(0)**	**(0)**	**(1)**	**(33 101)**	**(9)**	**(33 111)**
Total	**303**	**1 303**	**281**	**556**	**70 142**	**2 225**	**74 810**

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

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

EUR million

	2020			
	USD	GBP	DKK	SEK
Economic result	*(10)*	*(115)*	*(24)*	*(49)*
Net assets	*(17)*	*(4)*	*(1)*	*(1)*

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

EUR million

	2020			
	USD	GBP	DKK	SEK
Economic result	*13*	*140*	*30*	*60*
Net assets	*21*	*5*	*2*	*2*

6.2. INTEREST RATE RISK

The following table illustrates the interest rate sensitivity of debt securities assuming a possible change in interest rates of +/- 100 basis points (1 %).

EUR million

	Increase (+) / decrease (-) in basis points	Economic result
2021: Financial assets at FVSD	*+100*	*(573)*
	-100	*608*
2020: Available for sale financial assets	*+100*	*(428)*
	-100	*458*

6.3. CREDIT RISK

Credit Risk as at 31 December 2021
Maximum credit risk exposure

EUR million

	31.12.2021
Financial assets	
Loans	*163 549*
Cash and cash equivalents	*43 464*
*Exchange receivables**	*7 707*
Financial assets at FVSD - debt securities	*17 875*
Financial assets at FVSD - derivatives	*828*
Guarantees given	
Financial guarantee contracts	*55 267*
Total at 31.12.2021	**288 689**

**Excluding deferred charges.*

Loans: credit quality

EUR million

	31.12.2021				
	Stage 1	Stage 2	Stage 3	POCI	Total
Credit rating					
Premium and high grade	*10 361*	*–*	*–*	*–*	*10 361*
Upper medium grade	*58 991*	*–*	*–*	*–*	*58 991*
Lower medium grade	*79 672*	*–*	*–*	*–*	*79 672*
Non investment grade (incl. default)	*8 819*	*5 965*	*29*	*48*	*14 860*
Gross carrying amount	**157 842**	**5 965**	**29**	**48**	**163 884**
Minus loss allowance	(10)	(299)	(26)	*–*	*(336)*
Net carrying amount	**157 832**	**5 665**	**3**	**48**	**163 549**

Loans: Movement in impairment loss allowance

EUR million

	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance at 01.01.2021	*49*	*6*	*19*	*–*	*73*
Transfer to Stage 1	*0*	*–*	*–*	*–*	*0*
Transfer to Stage 2	*(41)*	*41*	*–*	*–*	*–*
Transfer to Stage 3	*(0)*	*(1)*	*1*	*–*	*(0)*
New loans	*4*	*69*	*0*	*–*	*73*
Derecognitions - repayments	*(0)*	*(0)*	*(0)*	*–*	*(0)*
Derecognitions - write offs	*–*	*–*	*–*	*–*	*–*
Loss allowance remeasurement	*(1)*	*185*	*6*	*–*	*189*
Other	*(0)*	*–*	*0*	*–*	*(0)*
Loss allowance at 31.12.2021	**10**	**299**	**26**	**–**	**336**

Cash and cash equivalents: credit quality

EUR million

	31.12.2021
Credit rating	
Premium and high grade	39 666
Upper medium grade	3 345
Lower medium grade	285
Non investment grade	167
Gross carrying amount	**43 464**
Minus loss allowance	-
Net carrying amount	**43 464**

Receivables: credit quality

EUR million

	31.12.2021					
	Not due	Past due 0-30 days	Past due 31-90 days	Past due 91 days - 1 year	Past due > 1 year	Total
Gross carrying amount	2 728	4	7	575	1 447	*4 762*
Minus loss allowance	(2)	(1)	(4)	(17)	(143)	*(168)*
Net carrying amount	**2 726**	**3**	**4**	**558**	**1 304**	*4 594*

The part of the financial guarantee contracts receivable leg, measured at FVSD, is excluded from this table (see note **2.6.2**)

Financial guarantee contracts: credit quality

EUR million

	31.12.2021		
	Stage 1	Stage 2	Total
Long-term rating			
Prime and high grade	0	1	**1**
Upper medium grade	2	–	**2**
Lower medium grade	219	–	**219**
Non-investment grade	3 964	51 079	**55 043**
Managed on collective basis / not rated	2	–	**2**
Total	**4 187**	**51 080**	**55 267**

Financial guarantee contracts: Movement in the loss allowance

EUR million

	Stage 1	Stage 2	Total
Loss allowance at 01.01.2021	859	5 143	**6 002**
Transfer to Stage 2	(494)	494	**0**
Transfer to Stage 1	–	–	**–**
Additions	8	623	**630**
Release of guarantees	(0)	(0)	**(0)**
Remeasurement	112	789	**900**
Loss allowance at 31.12.2021	**485**	**7 048**	**7 533**
Financial guarantee liability carrying amount at 31.12.2021	**610**	**7 183**	**7 794**

Credit Risk as at 31 December 2020
Analysis of the age of financial assets that are not impaired

EUR million

	31.12.2020				
	Total	Neither past due nor impaired	Past due but not impaired		
			< 1 year	1-5 years	> 5 years
Loans	*93 268*	*93 268*	*–*	*–*	*–*
Receivables and recoverables	*74 197*	*59 415*	*499*	*14 028*	*256*
Financial assets at fair value through surplus or deficit	*199*	*199*	*–*	*–*	*–*
Total at 31.12.2020	**167 664**	**152 881**	**499**	**14 028**	**256**

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

EUR million

	31.12.2020					
	Available for sale*	Financial assets at FVSD**	Loans	Receivables and recoverables	Cash	Total
Counterparties with external credit rating						
Prime and high grade	*8 111*	*199*	*2 000*	*53 303*	*12 845*	*76 457*
Upper medium grade	*3 227*	*–*	*35 040*	*1 525*	*780*	*40 572*
Lower medium grade	*1 743*	*–*	*48 139*	*1 880*	*1 594*	*53 357*
Non-investment grade	*262*	*–*	*7 964*	*140*	*158*	*8 525*
	13 344	**199**	**93 142**	**56 848**	**15 377**	**178 911**
Counterparties without external credit rating						
Debtors without defaults in the past	*–*	*–*	*125*	*2 563*	*3*	*2 691*
Debtors with defaults in the past	*–*	*–*	*–*	*4*	*–*	*4*
	–	**–**	**125**	**2 567**	**3**	**2 695**
Total	**13 344**	**199**	**93 268**	**59 415**	**15 380**	**181 606**

**Available for sale financial assets (excluding instruments in money market funds and other equity instruments).*
***Financial assets at fair value through surplus or deficit.*

6.4. LIQUIDITY RISK

Liquidity Risk as at 31 December 2021
Maturity analysis of non-derivative financial liabilities by remaining contractual maturity

EUR million

	31.12.2021				
	Undiscounted contractual cash-flows				Carrying amount
	< 1 year	1-5 years	> 5 years	Total	
Borrowings	*(23 769)*	*(45 030)*	*(180 660)*	*(249 459)*	*(236 720)*
Payables	*(47 644)*	*–*	*–*	*(47 644)*	*(47 644)*
Other	*(153)*	*(564)*	*(484)*	*(1 201)*	*(951)*
Total at 31.12.2021	**(71 567)**	**(45 594)**	**(181 144)**	**(298 305)**	**(285 316)**

Maturity analysis of derivative financial liabilities by remaining contractual maturity

EUR million

	31.12.2021 Undiscounted contractual cash-flows				
	< 1 year	1-5 years	> 5 years	Total	Carrying amount
Derivative pay leg	*(646)*	*(5)*	*–*	*(651)*	
Derivative receive leg	*648*	*–*	*–*	*648*	
Net cash flows at 31.12.2021	**2**	**(5)**	**–**	**(3)**	**(3)**

Maturity analysis of financial guarantee contracts issued by earliest period in which the guarantee could be called

EUR million

	31.12.2021 Maximum amount of guarantee				
	< 1 year	1-5 years	> 5 years	Total	Carrying Amount
Financial Guarantee Contracts	*(55 381)*	*(878)*	*(1)*	*(56 259)*	*(7 794)*
Total at 31.12.2021	**(55 381)**	**(878)**	**(1)**	**(56 259)**	**(7 794)**

Liquidity Risk as at 31 December 2020
Maturity analysis of financial liabilities by remaining contractual maturity

EUR million

	31.12.2020			
	< 1 year	1-5 years	> 5 years	Total
Borrowings	*(10 410)*	*(20 230)*	*(62 553)*	*(93 192)*
Payables	*(33 107)*	*–*	*–*	*(33 107)*
Financial guarantee liabilities	*(90)*	*–*	*–*	*(90)*
Other financial liabilities	*(108)*	*(436)*	*(512)*	*(1 055)*
Total at 31.12.2020	**(43 714)**	**(20 665)**	**(63 065)**	**(127 444)**

Financial instruments at fair value through surplus or deficit

EUR million

	31.12.2020			
	< 1 year	1-5 years	> 5 years	Total
Derivative pay leg	*(417)*	*(4)*	*(1)*	*(421)*
Derivative receive leg	*423*	*–*	*–*	*423*
Net cash flows at 31.12.2020	**5**	**(4)**	**(1)**	**1**

6.5. OTHER PRICE RISK

EUR million

	10%	(10)%
Equity investments	*238*	*(238)*
Money market funds and investments in pooled portfolios	*251*	*(251)*
*Guarantees on equity**	*415*	*(415)*
Total at 31.12.2021	**905**	**(905)**

**The risk of guarantees on equity is based on the notional amount that is covered by the guarantee.*

7. RELATED PARTY DISCLOSURES

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

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

8. EVENTS AFTER THE BALANCE SHEET DATE

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

Ukraine

In accordance with EU accounting rule 19, Events After the Reporting Date, the war in Ukraine that began in February 2022 is considered as a non-adjusting event, thus not requiring adaptions to amounts in these financial statements at 31 December 2021. As indicated in notes **2.4** & **2.11**, the EU has loans outstanding (funded by borrowings) of EUR 4.7 billion (nominal value) at 31 December 2021 with Ukraine under the MFA and Euratom programmes.

Based on Decision (EU) 2022/313 of the European Parliament and the Council of 24 February 2022, the Commission granted to Ukraine a further EUR 1.2 billion of loans under the MFA programme of which EUR 600 million have been disbursed in March and another EUR 600 million in May 2022.

Additionally, at 31 December 2021 the EIB has granted loans worth EUR 2.1 billion to Ukraine (outstanding principal disbursed) under its External Lending Mandate, which are guaranteed by the EU budget – see note **4.1**. The amounts concerned are assessed based on the situation at year-end, not at the time of preparation of these financial statements.

Based on the facts and circumstances at the time of preparation of these financial statements, in particular the evolving situation, the financial effect of the war in Ukraine on the EU finances cannot be reliably estimated.

EUROPEAN COMMISSION
FINANCIAL YEAR 2021

BUDGETARY IMPLEMENTATION REPORTS

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

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1. EU BUDGET RESULT

EUR million

	2021	2020
Revenue for the financial year	239 596	174 306
Payments against current year appropriations	(226 175)	(171 721)
Payment appropriations carried over to year N+1	(4 244)	(2 086)
Cancellation of unused appropriations carried over from year N-1	265	78
Evolution of assigned revenue (B)-(A)	(6 338)	1 398
Unused appropriations at the end of current year (A)	*14 032*	*7 694*
Unused appropriations at the end of previous year (B)	*7 694*	*9 092*
Exchange rate differences for the year	126	(207)
Budget result	**3 230**	**1 768**

2. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

2.1. BUDGET REVENUE

EUR million

	Title	Initial adopted budget	Final adopted budget	Entitlements established	Revenue
1	Own resources	156 867	156 993	160 869	158 632
2	Surpluses, balances and adjustments		1 769	1 779	1 772
3	Administrative revenue	1 331	1 331	1 596	1 551
4	Financial revenue, default interest and fines	119	515	18 494	1 633
5	Budgetary guarantees, borrowing and lending operations			55 501	55 501
6	Revenue, contributions and refunds related to union policies	7 348	7 008	26 114	19 827
	Total	**165 665**	**167 616**	**264 354**	**238 916**

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

EUR million

	MFF Heading	Initial adopted budget	Final adopted budget	Total appropriations available	Commitments made
1	Single Market, Innovation and Digital	20 817	20 817	34 960	25 683
2	Cohesion, Resilience and Values	52 862	53 219	452 326	151 947
	Economic, social and territorial cohesion	*48 191*	*48 191*	*106 413*	*48 468*
	Resilience and values	*4 671*	*5 029*	*345 913*	*103 479*
3	Natural Resources and Environment	58 569	58 574	79 377	59 723
	of which market-related expenditure and direct payments	*40 368*	*40 371*	*41 518*	*40 818*
4	Migration and Border Management	2 279	2 303	2 368	1 644
5	Security and Defence	1 709	1 706	1 741	1 625
6	Neighbourhood and the World	16 097	17 031	17 474	15 372
7	European Public Administration	6 136	6 136	6 524	6 339
O	Outside MFF	–	–	3 922	199
S	Solidarity mechanisms within and outside the Union (Special instruments)	1 471	2 739	2 759	1 223
	Total	**159 939**	**162 526**	**601 452**	**263 755**

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

EUR million

	MFF Heading	Initial adopted budget	Final adopted budget	Total appropriations available	Payments made
1	Single Market, Innovation and Digital	17 192	16 670	22 478	18 532
2	Cohesion, Resilience and Values	66 154	67 614	131 414	126 454
	Economic, social and territorial cohesion	*61 868*	*63 855*	*79 628*	*75 591*
	Resilience and values	*4 286*	*3 758*	*51 787*	*50 863*
3	Natural Resources and Environment	56 804	56 021	58 310	56 831
	of which market-related expenditure and direct payments	*40 354*	*40 303*	*41 467*	*40 760*
4	Migration and Border Management	2 686	2 519	2 734	2 547
5	Security and Defence	671	714	726	708
6	Neighbourhood and the World	10 811	11 455	12 258	10 935
7	European Public Administration	6 137	6 137	6 876	6 269
O	Outside MFF	–	–	3 931	61
S	Solidarity mechanisms within and outside the Union (Special instruments)	1 293	2 574	2 593	1 223
	Total	**161 748**	**163 704**	**241 321**	**223 561**

3. IMPLEMENTATION OF EC BUDGET REVENUE

EUR million

	Title	Income appropriations		Entitlements established			Revenue				
		Initial budget adopted	Final budget adopted	Current year	Carried over	Total	On entitlements of current year	On entitlements carried over	Total	Receipts as % of budget	Outstanding
1	Own resources	156 867	156 993	158 629	2 241	160 869	158 624	8	158 632	101 %	2 237
2	Surpluses, balances and adjustments		1 769	1 772	7	1 779	1 772	–	1 772	100 %	7
3	Administrative revenue	1 331	1 331	1 556	41	1 596	1 522	29	1 551	117 %	46
4	Financial revenue, default interest and fines	119	515	2 082	16 412	18 494	1 060	573	1 633	317 %	16 861
5	Budgetary guarantees, borrowing and lending operations			55 501	–	55 501	55 501	–	55 501	–	–
6	Revenue, contributions and refunds related to union policies	7 348	7 008	25 403	711	26 114	19 359	468	19 827	283 %	6 287
	Total	**165 665**	**167 616**	**244 942**	**19 411**	**264 354**	**237 838**	**1 078**	**238 916**	**143 %**	**25 437**

4. IMPLEMENTATION OF EC BUDGET EXPENDITURE

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

EUR million

MFF Heading		Commitment appropriations						Payment appropriations					
		Budget appropriations			Additional appropriations		**Total appropr. available**	Budget appropriations			Additional appropriat.		**Total appropr. available**
		Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carry-overs	Assigned revenue		Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carry-overs	Assigned revenue	
		1	2	3=1+2	4	5	6=3+4+5	7	8	9=7+8	10	11	12=9+10 +11
1	Single Market, Innovation and Digital	20 817	1	20 817	33	14 110	34 960	17 192	(521)	16 670	137	5 671	22 478
2	Cohesion, Resilience and Values	52 862	358	53 219	9	399 098	452 326	66 154	1 460	67 614	426	63 375	131 414
	Economic, social and territorial cohesion	*48 191*	*0*	*48 191*	*8*	*58 215*	*106 413*	*61 868*	*1 987*	*63 855*	*13*	*15 760*	*79 628*
	Resilience and values	*4 671*	*358*	*5 029*	*1*	*340 883*	*345 913*	*4 286*	*(527)*	*3 758*	*413*	*47 615*	*51 787*
3	Natural Resources and Environment	58 569	5	58 574	475	20 328	79 377	56 804	(783)	56 021	499	1 790	58 310
	of which market-related expenditure and direct payments	*40 368*	*4*	*40 371*	*475*	*672*	*41 518*	*40 354*	*(51)*	*40 303*	*493*	*672*	*41 467*
4	Migration and Border Management	2 279	24	2 303	–	65	2 368	2 686	(167)	2 519	4	210	2 734
5	Security and Defence	1 709	(3)	1 706	–	35	1 741	671	43	714	0	12	726
6	Neighbourhood and the World	16 097	934	17 031	–	443	17 474	10 811	644	11 455	37	766	12 258
7	European Public Administration	6 136	(0)	6 136	–	389	6 524	6 137	0	6 137	350	389	6 876
O	Outside MFF	–	–	–	–	3 922	3 922	–	–	–	–	3 931	3 931
S	Solidarity mechanisms within and outside the Union (Special instruments)	1 471	1 269	2 739	–	20	2 759	1 293	1 280	2 574	0	20	2 593
	Total	**159 939**	**2 587**	**162 526**	**517**	**438 409**	**601 452**	**161 748**	**1 956**	**163 704**	**1 453**	**76 163**	**241 321**

4.2. MFF: IMPLEMENTATION OF COMMITMENT APPROPRIATIONS

EUR million

	MFF Heading	Total appropr. available	Commitments made					Appropriations carried over to 2022			Appropriations lapsing			
			from final adopted budget	from carry-overs	from assigned revenue	Total	%	from final budget budget	from assigned revenue	Total	from final adopted budget	from carry-overs	from assigned revenue	Total
		1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
1	Single Market, Innovation and Digital	34 960	20 700	33	4 950	25 683	73 %	113	9 160	9 273	4	–	1	4
2	Cohesion, Resilience and Values	452 326	6 760	9	145 178	151 947	34 %	0	253 653	253 653	46 460	–	267	46 726
	Economic, social and territorial cohesion	*106 413*	*1 751*	*8*	*46 709*	*48 468*	*46 %*	*–*	*11 240*	*11 240*	*46 439*	*–*	*265*	*46 705*
	Resilience and values	*345 913*	*5 009*	*1*	*98 469*	*103 479*	*30 %*	*0*	*242 413*	*242 413*	*20*	*–*	*1*	*22*
3	Natural Resources and Environment	79 377	56 094	470	3 160	59 723	75 %	686	16 779	17 466	1 794	5	389	2 188
	of which market-related expenditure and direct payments	*41 518*	*39 679*	*470*	*669*	*40 818*	*98 %*	*686*	*2*	*689*	*6*	*5*	*0*	*11*
4	Migration and Border Management	2 368	1 626	–	19	1 644	69 %	–	47	47	677	–	0	677
5	Security and Defence	1 741	1 597	–	28	1 625	93 %	–	7	7	109	–	0	109
6	Neighbourhood and the World	17 474	15 130	–	242	15 372	88 %	1 900	200	2 100	2	–	1	2
7	European Public Administration	6 524	6 115	–	224	6 339	97 %	–	163	163	20	–	1	22
O	Outside MFF	3 922	–	–	199	199	5 %	–	3 723	3 723	–	–	–	–
S	Solidarity mechanisms within and outside the Union (Special instruments)	2 759	1 223	–	–	1 223	44 %	1 343	7	1 350	173	–	13	186
	Total	**601 452**	**109 244**	**511**	**153 999**	**263 755**	**44 %**	**4 043**	**283 739**	**287 781**	**49 239**	**5**	**671**	**49 916**

4.3. MFF: IMPLEMENTATION OF PAYMENT APPROPRIATIONS

EUR million

	MFF Heading	**Total appropr. available**	**Payments made**					**Appropriations carried over to 2022**			**Appropriations lapsing**			
			from final adopted budget	from carry-overs	from assigned revenue	Total	%	from final adopted budget	from assigned revenue	Total	from final adopted budget	from carry-overs	from assigned revenue	Total
		1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
1	Single Market, Innovation and Digital	22 478	16 495	115	1 922	18 532	82 %	151	3 744	3 895	25	22	5	51
2	Cohesion, Resilience and Values	131 414	67 577	239	58 639	126 454	96 %	27	4 733	4 760	10	187	3	200
	Economic, social and territorial cohesion	*79 628*	*63 849*	*11*	*11 731*	*75 591*	*95 %*	*3*	*4 029*	*4 032*	*3*	*2*	*0*	*5*
	Resilience and values	*51 787*	*3 728*	*228*	*46 908*	*50 863*	*98 %*	*24*	*704*	*728*	*7*	*185*	*3*	*195*
3	Natural Resources and Environment	58 310	55 312	492	1 027	56 831	97 %	693	762	1 455	17	7	0	24
	of which market-related expenditure and direct payments	*41 467*	*39 605*	*486*	*669*	*40 760*	*98 %*	*687*	*2*	*689*	*11*	*7*	*0*	*18*
4	Migration and Border Management	2 734	2 515	3	29	2 547	93 %	3	181	184	2	1	0	3
5	Security and Defence	726	703	0	4	708	97 %	5	7	12	6	0	0	6
6	Neighbourhood and the World	12 258	10 443	34	458	10 935	89 %	1 008	308	1 317	3	3	0	6
7	European Public Administration	6 876	5 779	320	171	6 269	91 %	338	216	554	20	30	2	53
O	Outside MFF	3 931	–	–	61	61	2 %	–	3 870	3 870	–	–	–	–
S	Solidarity mechanisms within and outside the Union (Special instruments)	2 593	1 208	0	14	1 223	47 %	1 365	5	1 371	–	–	–	–
	Total	**241 321**	**160 032**	**1 203**	**62 326**	**223 561**	**93 %**	**3 591**	**13 827**	**17 417**	**82**	**250**	**11**	**343**

4.4. MFF: MOVEMENTS IN OUTSTANDING COMMITMENTS (RAL)

EUR million

	MFF Heading	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at end of the year
		Commit. carried forward from prev. year	Decommitments/ Revaluations/ Cancellations	Payments	Commitm. outstanding at year-end	Commit. made during the year	Payments	Cancellation of commitm. which cannot be carried-over	Commitm. outstanding at year-end	
		1	2	3	4=1+2+3	5	6	7	8=5+6+7	9=4+8
1	Single Market, Innovation and Digital	42 361	(777)	(13 632)	27 951	25 683	(4 900)	(17)	20 766	48 717
2	Cohesion, Resilience and Values	183 747	(205)	(69 986)	113 555	151 947	(56 468)	(1)	95 478	209 033
	Economic, social and territorial cohesion	*180 084*	*(123)*	*(68 428)*	*111 534*	*48 468*	*(7 163)*	*(0)*	*41 305*	*152 839*
	Resilience and values	*3 662*	*(82)*	*(1 559)*	*2 021*	*103 479*	*(49 305)*	*(0)*	*54 174*	*56 195*
3	Natural Resources and Environment	40 860	(61)	(15 269)	25 530	59 723	(41 562)	(0)	18 161	43 691
	of which market-related expenditure and direct payments	*286*	*(10)*	*(76)*	*200*	*40 818*	*(40 685)*	–	*133*	*333*
4	Migration and Border Management	4 950	(68)	(1 804)	3 078	1 644	(743)	–	901	3 980
5	Security and Defence	1 503	(23)	(498)	981	1 625	(209)	(0)	1 415	2 397
6	Neighbourhood and the World	28 785	(687)	(7 821)	20 278	15 372	(3 115)	(0)	12 257	32 535
7	European Public Administration	354	(32)	(322)	0	6 339	(5 948)	(0)	392	392
O	Outside MFF	11	(2)	(3)	6	199	(58)	–	140	147
S	Solidarity mechanisms within and outside the Union (Special instruments)	0	–	(0)	–	1 223	(1 223)	–	–	–
	Total	**302 570**	**(1 855)**	**(109 335)**	**191 381**	**263 755**	**(114 226)**	**(18)**	**149 511**	**340 892**

4.5. MFF: OUTSTANDING COMMITMENTS BY YEAR OF ORIGIN

EUR million

	MFF heading	<2015	2015	2016	2017	2018	2019	2020	2021	Total
1	Single Market, Innovation and Digital	579	497	1 020	2 025	3 632	8 014	11 812	21 138	48 717
2	Cohesion, Resilience and Values	2 546	404	911	8 637	16 907	33 036	51 058	95 534	209 033
3	Natural Resources and Environment	328	1 222	1 128	1 065	2 486	7 231	12 071	18 161	43 691
4	Migration and Border Management	17	2	66	195	517	865	1 414	904	3 980
5	Security and Defence	37	4	47	129	159	241	364	1 415	2 397
6	Neighbourhood and the World	1 258	642	1 185	2 139	3 458	5 493	6 041	12 319	32 535
7	European Public Administration	0	0	–	0	(0)	0	0	392	392
O	Outside MFF	0	0	0	–	0	1	6	140	147
	Total	**4 765**	**2 771**	**4 357**	**14 190**	**27 158**	**54 881**	**82 766**	**150 003**	**340 892**

The set-up of the new Commission involved an internal re-organisation of services. Re-allocating the related transactions resulted in a shift of outstanding amount between years. The overall amount of outstanding commitments remains unchanged.

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

EUR million

	Policy area	Commitment appropriations						Payment appropriations					
		Budget appropriations			Additional appropriations		**Total appropr. available**	Budget appropriations			Additional appropriat.		**Total appropr. available**
		Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carry-overs	Assigned revenue		Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carry-overs	Assigned revenue	
		1	2	3=1+2	4	5	6=3+4+5	7	8	9=7+8	10	11	12=9+10+11
01	Research and Innovation	12 646	(0)	12 646	32	7 331	20 009	10 716	(889)	9 828	126	4 476	14 431
02	European Strategic Investments	5 237	2	5 239	1	6 594	11 833	3 955	(240)	3 715	3	776	4 495
03	Single Market	899	0	899	–	60	959	833	(128)	705	4	78	787
04	Space	2 034	(1)	2 033	–	126	2 159	1 688	735	2 422	4	340	2 766
05	Regional Development and Cohesion	35 410	0	35 410	–	36 939	72 350	45 755	1 183	46 938	8	11 442	58 388
06	Recovery and Resilience	844	358	1 201	–	340 523	341 724	821	134	954	398	46 872	48 224
07	Investing in People, Social Cohesion and Values	16 608	(0)	16 608	9	21 636	38 252	19 577	144	19 721	21	5 061	24 802
08	Agriculture and Maritime Policy	56 564	80	56 644	475	9 403	66 522	56 301	(780)	55 521	496	1 641	57 657
09	Environment and Climate Action	1 930	(0)	1 930	–	10 925	12 855	432	69	500	4	149	653
10	Migration	1 011	22	1 033	–	31	1 063	1 439	(76)	1 363	2	31	1 396
11	Border Management	1 268	2	1 270	–	35	1 305	1 247	(91)	1 156	2	179	1 337
12	Security	537	(3)	534	–	11	545	527	(20)	507	0	11	518
13	Defence	1 173	–	1 173	–	24	1 196	143	64	207	0	1	208
14	External Action	14 196	951	15 147	–	316	15 463	8 929	621	9 550	30	340	9 920
15	Pre-accession Assistance	1 901	(18)	1 884	–	127	2 011	1 882	22	1 905	7	427	2 338
16	Expenditure outside the annual ceilings set out in the Multiannual Financial Framework	50	2 475	2 525	–	3 942	6 467	70	2 441	2 511	0	3 951	6 462
20	Administrative expenditure of the European Commission	3 724	(0)	3 724	–	369	4 093	3 725	0	3 726	349	370	4 444
21	European Schools and Pensions	2 412	–	2 412	–	20	2 431	2 412	–	2 412	1	20	2 432
30	Reserves	1 495	(1 281)	214	–	–	214	1 295	(1 233)	63	–	–	63
	Total	**159 939**	**2 587**	**162 526**	**517**	**438 409**	**601 452**	**161 748**	**1 956**	**163 704**	**1 453**	**76 163**	**241 321**

4.7. POLICY AREA: IMPLEMENTATION OF COMMITMENT APPROPRIATIONS

EUR million

	Policy area	Total appropr. available	Commitments made					Appropriations carried over to 2022			Appropriations lapsing			
			from final adopted budget	from carry-overs	from assigned revenue	Total	%	from final adopted budget	from assigned revenue	Total	from final adopted budget	from carry-overs	from assigned revenue	Total
		1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
01	Research and Innovation	20 009	12 532	32	2 578	15 142	76 %	113	4 752	4 865	1	–	0	1
02	European Strategic Investments	11 833	5 236	1	2 246	7 484	63 %	–	4 347	4 347	2	–	0	3
03	Single Market	959	899	–	22	921	96 %	–	37	37	1	–	0	1
04	Space	2 159	2 033	–	103	2 136	99 %	–	23	23	0	–	–	0
05	Regional Development and Cohesion	72 350	1 729	–	29 336	31 064	43 %	–	7 506	7 506	33 682	–	98	33 779
06	Recovery and Resilience	341 724	1 200	–	98 278	99 478	29 %	0	242 245	242 245	1	–	0	1
07	Investing in People, Social Cohesion and Values	38 252	3 831	9	17 565	21 404	56 %	–	3 902	3 902	12 777	–	169	12 946
08	Agriculture and Maritime Policy	66 522	55 297	470	3 145	58 912	89 %	686	5 869	6 556	661	5	388	1 054
09	Environment and Climate Action	12 855	797	–	15	811	6 %	–	10 910	10 910	1 133	–	0	1 133
10	Migration	1 063	635	–	6	641	60 %	–	24	24	398	–	0	398
11	Border Management	1 305	991	–	13	1 004	77 %	–	22	22	279	–	–	279
12	Security	545	425	–	4	428	79 %	–	7	7	109	–	0	109
13	Defence	1 196	1 173	–	24	1 196	100 %	–	–	–	0	–	–	0
14	External Action	15 463	13 563	–	212	13 776	89 %	1 582	103	1 685	2	–	0	2
15	Pre-accession Assistance	2 011	1 566	–	30	1 596	79 %	318	97	415	(0)	–	0	0
16	Expenditure outside the annual ceilings set out in the Multiannual Financial Framework	6 467	1 223	–	199	1 422	22 %	1 303	3 730	5 033	–	–	13	13
20	Administrative expenditure of the European Commission	4 093	3 710	–	209	3 919	96 %	–	158	158	15	–	1	16
21	European Schools and Pensions	2 431	2 406	–	15	2 421	100 %	–	5	5	6	–	–	6
30	Reserves	214	–	–	–	–	0 %	41	–	41	173	–	–	173
	Total	**601 452**	**109 244**	**511**	**153 999**	**263 755**	**44 %**	**4 043**	**283 739**	**287 781**	**49 239**	**5**	**671**	**49 916**

4.8. POLICY AREA: IMPLEMENTATION OF PAYMENT APPROPRIATIONS

EUR million

	Policy area	Total appropr. available	Payments made					Appropriations carried over to 2022			Appropriations lapsing			
			from final adopted budget	from carry-overs	from assigned revenue	Total	%	from final adopted budget	from assigned revenue	Total	from final adopted budget	from carry-overs	from assigned revenue	Total
		1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=12+13+14
01	Research and Innovation	14 431	9 698	106	1 084	10 888	75 %	127	3 389	3 515	3	21	4	27
02	European Strategic Investments	4 495	3 690	3	615	4 308	96 %	10	160	171	15	1	1	17
03	Single Market	787	690	4	26	719	91 %	9	51	60	7	0	0	8
04	Space	2 766	2 417	4	196	2 617	95 %	5	143	148	0	0	0	0
05	Regional Development and Cohesion	58 388	46 935	7	9 262	56 205	96 %	2	2 180	2 182	1	0	0	1
06	Recovery and Resilience	48 224	945	214	46 475	47 634	99 %	7	397	403	2	184	0	187
07	Investing in People, Social Cohesion and Values	24 802	19 696	17	2 901	22 615	91 %	18	2 156	2 174	6	3	3	13
08	Agriculture and Maritime Policy	57 657	54 817	489	1 019	56 325	98 %	688	621	1 309	16	7	0	23
09	Environment and Climate Action	653	494	4	8	506	77 %	5	141	146	1	0	0	1
10	Migration	1 396	1 361	2	8	1 370	98 %	2	24	25	1	0	0	1
11	Border Management	1 337	1 154	1	22	1 177	88 %	1	157	159	1	1	–	1
12	Security	518	498	0	4	502	97 %	3	7	10	6	0	0	6
13	Defence	208	205	0	0	205	99 %	2	–	2	0	0	0	1
14	External Action	9 920	8 550	28	166	8 743	88 %	998	174	1 171	3	2	0	5
15	Pre-accession Assistance	2 338	1 894	6	292	2 192	94 %	11	135	145	0	1	0	1
16	Expenditure outside the annual ceilings set out in the Multiannual Financial Framework	6 462	1 208	0	75	1 284	20 %	1 303	3 875	5 178	–	–	–	–
20	Administrative expenditure of the European Commission	4 444	3 373	319	158	3 850	87 %	338	210	548	15	30	2	47
21	European Schools and Pensions	2 432	2 406	1	13	2 420	99 %	0	6	7	6	–	–	6
30	Reserves	63	–	–	–	–	0 %	63	–	63	–	–	–	–
	Total	**241 321**	**160 032**	**1 203**	**62 326**	**223 561**	**93 %**	**3 591**	**13 827**	**17 417**	**82**	**250**	**11**	**343**

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

EUR million

	Policy area	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at end of the year
		Commit. carried forward from prev. year	Decommitments/ Revaluations/ Cancellations	Payments	Commitm. outstanding at year-end	Commit. made during the year	Payments	Cancellation of commitm. which cannot be carried-over	Commitm. outstanding at year-end	
		1	2	3	4=1+2+3	5	6	7	8=5+6+7	9=4+8
01	Research and Innovation	25 721	(628)	(9 026)	16 067	15 142	(1 863)	(17)	13 262	29 329
02	European Strategic Investments	13 762	(94)	(3 138)	10 529	7 484	(1 169)	–	6 315	16 844
03	Single Market	1 011	(53)	(470)	487	921	(249)	–	672	1 159
04	Space	1 867	(2)	(998)	867	2 136	(1 619)	–	517	1 384
05	Regional Development and Cohesion	134 961	(121)	(51 138)	83 701	31 064	(5 066)	(1)	25 997	109 699
06	Recovery and Resilience	1 209	(19)	(636)	553	99 478	(46 998)	–	52 481	53 033
07	Investing in People, Social Cohesion and Values	47 577	(65)	(18 212)	29 301	21 404	(4 404)	–	17 001	46 301
08	Agriculture and Maritime Policy	38 943	(28)	(14 842)	24 074	58 912	(41 483)	(0)	17 429	41 502
09	Environment and Climate Action	1 917	(34)	(427)	1 456	811	(79)	–	732	2 188
10	Migration	3 142	(30)	(1 182)	1 929	641	(187)	–	453	2 383
11	Border Management	1 808	(37)	(622)	1 149	1 004	(556)	–	448	1 597
12	Security	1 174	(22)	(296)	856	428	(207)	–	222	1 077
13	Defence	329	(1)	(203)	126	1 196	(2)	(0)	1 194	1 320
14	External Action	20 536	(504)	(5 728)	14 304	13 776	(3 015)	(0)	10 760	25 065
15	Pre-accession Assistance	8 249	(182)	(2 093)	5 974	1 596	(99)	–	1 497	7 471
16	Expenditure outside the annual ceilings set out in the Multiannual Financial Framework	11	(2)	(3)	6	1 422	(1 281)	–	140	147
20	Administrative expenditure of the European Commission	353	(32)	(321)	0	3 919	(3 529)	(0)	390	390
21	European Schools and Pensions	1	–	(1)	–	2 421	(2 419)	–	2	2
	Total	**302 570**	**(1 855)**	**(109 335)**	**191 381**	**263 755**	**(114 226)**	**(18)**	**149 511**	**340 892**

4.10. POLICY AREA: OUTSTANDING COMMITMENTS BY YEAR OF ORIGIN

EUR million

	Policy area	<2015	2015	2016	2017	2018	2019	2020	2021	Total
01	Research and Innovation	364	399	670	1 182	2 179	4 155	6 756	13 624	29 329
02	European Strategic Investments	194	90	338	816	1 347	3 590	4 144	6 325	16 844
03	Single Market	21	8	10	25	50	130	243	672	1 159
04	Space	0	0	1	2	57	139	668	517	1 384
05	Regional Development and Cohesion	2 118	301	595	6 456	13 131	24 655	36 446	25 997	109 699
06	Recovery and Resilience	0	3	3	12	24	70	397	52 526	53 033
07	Investing in People, Social Cohesion and Values	428	100	313	2 169	3 752	8 312	14 216	17 011	46 301
08	Agriculture and Maritime Policy	253	1 136	1 043	941	2 091	6 919	11 691	17 429	41 502
09	Environment and Climate Action	75	86	85	124	395	312	379	732	2 188
10	Migration	0	1	52	168	371	488	847	456	2 383
11	Border Management	17	1	13	27	146	377	567	448	1 597
12	Security	37	4	47	129	159	188	292	222	1 077
13	Defence	0	0	0	0	0	53	72	1 194	1 320
14	External Action	878	451	870	1 500	2 414	3 420	4 770	10 763	25 065
15	Pre-accession Assistance	381	191	315	639	1 044	2 073	1 272	1 556	7 471
16	Expenditure outside the annual ceilings set out in the Multiannual Financial Framework	0	0	0	–	0	1	6	140	147
20	Administrative expenditure of the European Commission	0	0	–	0	(0)	0	0	390	390
21	European Schools and Pensions	0	0	0	0	0	–	–	2	2
	Total	**4 765**	**2 771**	**4 357**	**14 190**	**27 158**	**54 881**	**82 766**	**150 003**	**340 892**

The set-up of the new Commission involved an internal re-organisation of services. Re-allocating the related transactions resulted in a shift of outstanding amount between years. The overall amount of outstanding commitments remains unchanged.

5. RECONCILIATION OF ECONOMIC RESULT WITH BUDGET RESULT

EUR million

	2021	2020
ECONOMIC RESULT OF THE YEAR	**(42 075)**	**57 349**
Revenue		
Entitlements established in current year but not yet collected	*(7 050)*	*(1 289)*
Entitlements established in previous years and collected in current year	*64 353*	*3 878*
Accrued revenue (net)	*(5 434)*	*(48 762)*
Expenses		
Accrued expenses (net)	*52 987*	*8 213*
Amount from liaison account	*3 660*	*3 411*
Expenses prior year paid in current year	*(1 046)*	*(457)*
Net-effect pre-financing	*(47 463)*	*(17 524)*
Payment appropriations carried over to next year	*(3 591)*	*(1 416)*
Payments made from carry-overs & cancellation of unused payment appropriations	*(4 899)*	*2 642*
Movement in provisions	*1 041*	*3 882*
Other	*(3 488)*	*(4 493)*
BUDGET RESULT OF THE YEAR	**6 995**	**5 434**
BUDGET RESULT OTHER INSTITUTIONS	**(3 765)**	**(3 666)**
BUDGET RESULT OF THE YEAR (EU)	**3 230**	**1 768**