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COVER NOTE

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
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To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union
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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 2024

Delegations will find attached document COM(2025) 362 final.

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Brussels, 26.6.2025
COM(2025) 362 final

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

ANNUAL ACCOUNTS OF THE EUROPEAN COMMISSION 2024

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CERTIFICATION OF THE ACCOUNTS

The annual accounts of the European Commission for the year 2024 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.

Beatriz SANZ REDRADO

Accounting Officer of the Commission

13 June 2025

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	31.12.2024	31.12.2023
NON-CURRENT ASSETS			
<i>Intangible assets</i>	2.1	549	485
<i>Property, plant and equipment</i>	2.2	10 657	10 296
<i>Investments accounted for using the equity method</i>	2.3	1 446	1 365
<i>Financial assets</i>	2.4	307 857	273 244
<i>Pre-financing</i>	2.5	40 572	41 203
<i>Exchange receivables and non-exchange recoverables</i>	2.6	13 344	16 181
		374 425	342 774
CURRENT ASSETS			
<i>Financial assets</i>	2.4	18 863	10 795
<i>Pre-financing</i>	2.5	39 458	51 191
<i>Exchange receivables and non-exchange recoverables</i>	2.6	18 633	19 026
<i>Inventories</i>	2.7	81	74
<i>Cash and cash equivalents</i>	2.8	61 724	38 335
		138 759	119 421
TOTAL ASSETS		513 184	462 194
NON-CURRENT LIABILITIES			
<i>Pension and other employee benefits</i>	2.9	(92 804)	(90 510)
<i>Provisions</i>	2.10	(1 965)	(1 766)
<i>Financial liabilities</i>	2.11	(539 066)	(430 209)
		(633 835)	(522 484)
CURRENT LIABILITIES			
<i>Provisions</i>	2.10	(7 512)	(1 212)
<i>Financial liabilities</i>	2.11	(62 284)	(27 569)
<i>Payables</i>	2.12	(57 004)	(51 780)
<i>Accrued charges and deferred income</i>	2.13	(65 845)	(75 781)
		(192 646)	(156 342)
TOTAL LIABILITIES		(826 481)	(678 826)
NET ASSETS		(313 297)	(216 632)
<i>Reserves</i>	2.14	83	127
<i>Amounts to be called from Member States*</i>	2.15	(313 380)	(216 759)
NET ASSETS		(313 297)	(216 632)

* The European Parliament adopted a budget on 27 November 2024 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 the following year. 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	2024	2023
REVENUE			
Revenue from non-exchange transactions			
GNI resources		95 037	101 287
Traditional own resources		20 587	19 840
VAT		24 547	22 526
Plastics own resources		8 227	7 225
Fines		4 039	1 748
Recovery of expenses	3.1	957	801
UK Withdrawal Agreement		–	681
Other	3.2	5 692	3 966
		159 087	158 074
Revenue from exchange transactions			
Financial revenue	3.3	8 915	6 885
Other	3.4	1 752	1 187
		10 667	8 072
Total Revenue		169 753	166 146
EXPENSES			
Implemented by Member States	3.5		
European Agricultural Guarantee Fund		(40 267)	(40 716)
European Agricultural Fund for Rural Development and other rural development instruments		(14 779)	(14 605)
European Regional Development Fund & Cohesion Fund		(28 833)	(52 429)
European Social Fund		(18 037)	(17 665)
Other		(3 854)	(4 251)
Implemented by the Commission, executive agencies and trust funds	3.6	(98 990)	(61 907)
Implemented by other EU agencies and bodies	3.7	(5 789)	(5 453)
Implemented by third countries and int. organisations	3.7	(6 639)	(6 090)
Implemented by other entities	3.7	(5 602)	(4 908)
Staff and pension costs	3.8	(10 065)	(9 685)
Finance costs	3.9	(27 172)	(14 328)
UK Withdrawal Agreement		(315)	–
Other	3.10	(6 615)	(5 635)
Total Expenses		(266 957)	(237 673)
ECONOMIC RESULT OF THE YEAR		(97 204)	(71 528)

CASHFLOW STATEMENT

EUR million

	2024	2023
<i>Economic result of the year</i>	(97 204)	(71 528)
Operating activities		
<i>Amortisation</i>	70	71
<i>Depreciation</i>	899	899
<i>(Increase)/decrease in loans</i>	(36 435)	(42 523)
<i>(Increase)/decrease in pre-financing</i>	12 364	8 951
<i>(Increase)/decrease in exchange receivables and non-exchange recoverables</i>	3 230	13 195
<i>(Increase)/decrease in inventories</i>	(7)	3
<i>Increase/(decrease) in pension and other employee benefits</i>	2 294	10 394
<i>Increase/(decrease) in provisions</i>	6 500	434
<i>Increase/(decrease) in financial liabilities (other than borrowings under the unified funding approach)</i>	(1 328)	(3 540)
<i>Increase/(decrease) in payables</i>	5 225	(5 133)
<i>Increase/(decrease) in accrued charges and deferred income</i>	(9 936)	(9 348)
<i>Prior year budgetary surplus taken as non-cash revenue</i>	(633)	(2 519)
<i>Remeasurements in employee benefits liabilities (non-cash movements not included in statement of financial performance)</i>	1 167	(6 844)
<i>Other non-cash movements</i>	4	(11)
Investing activities		
<i>(Increase)/decrease in intangible assets and property, plant and equipment</i>	(1 394)	(1 489)
<i>(Increase)/decrease in investments accounted for using the equity method</i>	(80)	(52)
<i>(Increase)/decrease in non-derivative financial assets at fair value through surplus or deficit</i>	(6 227)	(7 319)
<i>(Increase)/decrease in derivative financial assets at fair value through surplus or deficit</i>	(19)	(107)
Financing activities		
<i>Increase/(decrease) in borrowings under the unified funding approach</i>	144 900	109 600
NET CASHFLOW	23 389	(6 866)
<i>Net increase/(decrease) in cash and cash equivalents</i>	23 389	(6 866)
<i>Cash and cash equivalents at the beginning of the year</i>	38 335	45 201
<i>Cash and cash equivalents at year-end</i>	61 724	38 335

STATEMENT OF CHANGES IN NET ASSETS

	Amounts to be called from Member States Accumulated Surplus/(Deficit)	Other reserves	EUR million Net Assets
BALANCE AS AT 31.12.2022	(135 868)	138	(135 731)
<i>Remeasurements in employee benefits liabilities</i>	(6 844)	–	(6 844)
<i>Other</i>	0	(11)	(11)
<i>2022 budget result credited to Member States</i>	(2 519)	–	(2 519)
<i>Economic result of the year</i>	(71 528)	–	(71 528)
BALANCE AS AT 31.12.2023	(216 759)	127	(216 632)
<i>Remeasurements in employee benefits liabilities</i>	1 167	–	1 167
<i>Other</i>	48	(44)	4
<i>2023 budget result credited to Member States</i>	(633)	–	(633)
<i>Economic result of the year</i>	(97 204)	–	(97 204)
BALANCE AS AT 31.12.2024	(313 380)	83	(313 297)

NOTES TO THE FINANCIAL STATEMENTS

For further information in addition to the notes below, please also see the 2024 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) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union (recast), OJ L, 2024/2509, 26.9.2024, referred to below 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)

Revised EAR effective for annual periods beginning on or after 1 January 2024

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

New EAR adopted but not yet effective at 31 December 2024

There are no new EAR adopted but not yet effective at 31 December 2024.

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 54 controlled entities and 1 associate (unchanged compared to 2023), can be found in note 9¹. Among the controlled entities are the EU institutions (including the Commission, but not the European Central Bank) and the EU agencies (except those acting in the area 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).

¹ References to note 9 relate to note 9 of the 2024 Consolidated annual accounts of the European Union.

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 2024, 11 entities have been classified as minor entities (2023: 10 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 whose funds 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 249 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 euro, unless stated otherwise, the euro being the EU's functional currency.

Transactions and balances

Foreign currency transactions are translated into euro using the exchange rates prevailing on 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 euro at the rate that applied on the date that they were purchased.

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

Euro exchange rates

Currency	31.12.2024	31.12.2023	Currency	31.12.2024	31.12.2023
BGN	1.9558	1.9558	RON	4.9743	4.9756
CZK	25.1850	24.7240	SEK	11.459	11.096
DKK	7.4578	7.4529	CHF	0.9412	0.9260
GBP	0.8292	0.8691	JPY	163.06	156.3300
HUF	411.3500	382.8	USD	1.0389	1.105
PLN	4.275	4.3395			

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 (3-11 years). The estimated useful lives of intangible assets depend on their specific economic lifetime or legal lifetime 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
<i>Buildings</i>	<i>4% to 10%</i>
<i>Space assets</i>	<i>8% to 25%</i>
<i>Plant and equipment</i>	<i>10% to 25%</i>
<i>Furniture and vehicles</i>	<i>10% to 25%</i>
<i>Computer hardware</i>	<i>25% to 33%</i>
<i>Other</i>	<i>10% to 33%</i>

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 balance sheet.

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 a 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 fair value through surplus or deficit ('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 of 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 an 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 interest 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 interest, 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:

(a) 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.

(b) 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 the end of this reporting period.

(c) 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 interest 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 215 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, i.e. 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. If that is the 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 interest 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.

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 balance sheet. 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.

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.

Staging policies

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.

The allocation to stages mainly depends on the counterparty's credit rating. The staging model relies on a relative assessment of credit risk, that is, the EU may have different loans with the same counterparty in different stages, depending on the counterparty's credit risk at origination. The EU, having a unique institutional status, lends money to its Member States or to sovereigns in difficulty. As a result, the EU also applies a qualitative assessment of the credit risk based on monitoring the economic situation of borrowers in difficulty.

Stage 1 – No significant increase in credit risk

Loans to counterparties with credit ratings in the investment grade (i.e. between AAA (Aaa) and BBB- (Baa3) on the S&P/Fitch (Moody's) rating scale or an equivalent external or internal rating) at the reporting date, are considered low credit risk loans, and thus held in Stage 1, except if they are overdue for more than 30 days (see Stage 2). In addition, any loans for which a significant increase in credit risk did not occur, as defined below, are classified to Stage 1. For the loans in Stage 1, the impairment allowance is measured at the level of the 12 month expected credit losses.

Stage 2 – Significant increase in credit risk (SICR)

In order to determine whether there has been a significant increase in the credit risk since origination, and thus whether a move to Stage 2 applies, the EU applies a combination of quantitative and qualitative assessments:

- all loans for which contractual payments are overdue by between 31 and 90 days, are moved to Stage 2;
- for counterparties with credit ratings between AAA (Aaa) and BB- (Ba3) at the initial recognition date: Unless the low risk case (above in Stage 1) applies, the deterioration is considered significant if the difference between the rating at origination and that at the reporting date is equal or superior to 3 notches;
- for counterparties with credit ratings of B+ (B1) or B (B2) at initial recognition date: The deterioration is considered significant if the difference between the initial rating and the current rating is equal or superior to 2 notches;
- for counterparties with credit ratings of B- (B3) or lower (in CCC/Caa – C range) at the initial recognition date: The deterioration is considered significant if the difference between the initial rating and the current rating at the reporting date is equal or superior to 1 notch; and
- loans originated before the transition to the revised EAR 11 (i.e. 1 January 2021), for which no information on the credit risk at initial recognition is available without undue cost and effort are classified to Stage 2.

For loans in Stage 2, the impairment allowance is measured at the level of lifetime expected credit losses.

Stage 3 – Credit impaired loans

Loans are classified in Stage 3 when they are 90 days past due or when one or more events occur after the loan origination that have a detrimental impact on the estimated future cash flows of that financial asset. For example, a loan is classified to Stage 3, if:

- it is becoming probable that a borrower will enter bankruptcy or other financial reorganisation;
- the borrower has a credit rating of D published by an external rating agency; and

- the borrower is in default under any financial obligation towards the EU, or in the case of loans for financial assistance, if the borrower is in default to any other international organisation financing the programme.

For loans in Stage 3, the impairment allowance is measured at the level of lifetime expected credit losses.

Purchased or originated as credit impaired (POCI)

The EU also holds POCI loans. These are defaulted loans where the EU paid a guarantee call to the implementing partner. For these loans, all rights have been subrogated to the EU. The EU recognises them on its balance sheet at fair value at initial recognition. The EU classifies them as POCI loans and calculates an impairment allowance based on the lifetime ECL. Under the relevant agreements between the EU and the implementing partners, recovery proceedings are carried out on behalf of the EU with the aim of recovering any sums due.

(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 three months. The cash is mainly held in banks with very high credit ratings (see note **6.4**), 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 laid down 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 laid down 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 relevant agreement. An estimate of the accrued interest revenue, based on the most reliable information, is made at the end of the year 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 238 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 determined by 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 the financial guarantee contract receivable leg which are classified as financial assets 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** on the treatment of accrued revenue at the end of the year. 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 leave and paid sick leave, 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, as well as health insurance coverage provided under the Joint Sickness Insurance Scheme (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:

- Pension Scheme of European Officials (PSEO): The benefits granted under this notionally funded² 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.
- Joint Sickness Insurance Scheme (JSIS): Under this scheme, the EU provides health insurance coverage for staff of the European Commission, EU institutions, agencies and other 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 through 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 carried out 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.

² 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).

The post-employment benefits provided to EU staff are incorporated in a single plan comprising 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'.

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

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.

Borrowings are classified as non-current liabilities, except for maturities less than 12 months after the balance sheet date.

Financial liabilities at fair value through surplus or deficit

These 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**.

Financial guarantee contract liabilities

The EU recognises a financial guarantee contract (FGC) 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 price changes to financial instruments 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.

FGC 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 FGCs 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, which is monitored by allocating the FGC to stages. The key risk indicator for the allocation of FGC to stages is the credit rating of the guaranteed debt. The staging model compares the credit rating at origination to the credit rating at the reporting date.

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.

The staging criteria for guaranteed debt in financial guarantee contracts covering a single debt instrument are the same as those for financial assets at amortised cost (see note **1.5.5**).

The staging criteria for the guaranteed debt in portfolio guarantees follow the same staging criteria as for financial assets at amortised cost with the following exceptions:

- the weighted average credit rating of the guaranteed portfolio, or rating of the guarantee, is considered for the staging criteria, and not the rating of individual debt instruments separately.
- for guarantees with a credit rating between AAA (Aa1) and BB- (Ba3) at initial recognition date: the deterioration is considered significant if the difference between the rating at origination and that at the reporting date is equal or superior to 2 notches.
- for guarantees with a credit rating between B+ (B1) or lower at initial recognition date: the deterioration is considered significant if the difference between the rating at origination and that at the reporting date is equal or superior to 1 notch.

Alternatively, if the credit ratings are not available but there is an estimation of the expected annual claims at initial recognition, the actual level of claims compared to the initial estimate is also considered a reasonable risk indicator for the assessment of significant increase in credit risk (SICR).

In addition to the above criteria, the EU may apply a qualitative assessment of the SICR, based on additional, reasonable and justified, information available.

FGC originated before the transition to the revised EAR 11 (i.e. before 1 January 2021) for which no information on the credit risk at initial recognition is available without undue cost and effort are classified to Stage 2.

Classification to Stage 3 and POCI does not apply to FGC.

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 12 months after the reporting date.

Contributions with conditions

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.

The same measurement principles apply to the external contributions to the EU programmes, if such contributions are received with the condition to use the resources as stipulated in the contribution agreements or otherwise to return them to the contributor.

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. Accrued expenses are calculated in accordance with detailed operational and practical guidelines issued by the Commission which aim to ensure 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:

- 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
- 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 three month time limit, 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 **3.3**.

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 incur. 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 the relevant 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 whose 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 whose 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 circumstance 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 other than investing or financing activities. As such, they account for the majority of the activities carried out by the EU.

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

2. NOTES TO THE BALANCE SHEET

ASSETS

2.1. INTANGIBLE ASSETS

EUR million

<i>Gross carrying amount at 31.12.2023</i>	805
<i>Additions</i>	145
<i>Disposals</i>	(84)
<i>Transfer between asset categories</i>	–
<i>Other changes</i>	–
Gross carrying amount at 31.12.2024	865
<i>Accumulated amortisation at 31.12.2023</i>	(320)
<i>Amortisation charge for the year</i>	(70)
<i>Amortisation written back</i>	–
<i>Disposals</i>	73
<i>Transfer between asset categories</i>	–
<i>Other changes</i>	–
Accumulated amortisation at 31.12.2024	(317)
NET CARRYING AMOUNT AT 31.12.2024	549
<i>NET CARRYING AMOUNT AT 31.12.2023</i>	485

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
<i>Gross carrying amount at 31.12.2023</i>	1 892	7 702	267	58	214	146	1 175	6 115	17 570
<i>Additions</i>	28	4	7	1	21	2	2	1 695	1 761
<i>Disposals</i>	(1 056)	(0)	(106)	(50)	(192)	(81)	(28)	(0)	(1 513)
<i>Transfer between asset categories</i>	286	1 351	–	–	2	–	(282)	(1 356)	–
<i>Other changes</i>	(3)	–	–	–	–	–	–	3	–
Gross carrying amount at 31.12.2024	1 149	9 056	168	9	45	67	868	6 456	17 818
<i>Accumulated depreciation at 31.12.2023</i>	(1 280)	(4 591)	(253)	(52)	(182)	(135)	(781)	–	(7 274)
<i>Depreciation charge for the year</i>	(23)	(826)	(6)	(1)	(7)	(2)	(34)	–	(899)
<i>Depreciation written back</i>	–	–	–	–	–	–	–	–	–
<i>Disposals</i>	611	0	100	45	157	76	23	–	1 012
<i>Transfer between asset categories</i>	(159)	–	–	–	(2)	–	161	–	–
Accumulated depreciation at 31.12.2024	(851)	(5 417)	(159)	(7)	(34)	(62)	(630)	–	(7 161)
NET CARRYING AMOUNT AT 31.12.2024	297	3 639	9	2	11	6	237	6 456	10 657
<i>NET CARRYING AMOUNT AT 31.12.2023</i>	612	3 111	14	6	32	11	394	6 115	10 296

2.3. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The participation of the EU in the European Investment Fund (EIF) is treated as an associate using the equity method of accounting. At 31 December 2024, the EU holds 29.7% of the ownership interest in EIF (2023: 29.7%).

	EUR million
European Investment Fund	
Participation at 31.12.2023	1 365
<i>Contributions</i>	–
<i>Dividends received</i>	(7)
<i>Share of net result</i>	83
<i>Share in the net assets</i>	4
Participation at 31.12.2024	1 446

EIF summarised financial information:

	EUR million	
	31.12.2024	31.12.2023
	Total EIF	Total EIF
<i>Assets</i>	7 789	6 554
<i>Liabilities</i>	(2 923)	(1 959)
<i>Surplus/(deficit)</i>	280	234

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

	EUR million	
	31.12.2024	31.12.2023
<i>Net assets of the associate</i>	4 866	4 595
EC ownership interests in EIF	29.7%	29.7%
<i>Carrying amount</i>	1 446	1 365

The Commission has paid-in 20% of its subscribed shares in the EIF capital at 31 December 2024, the uncalled amount is as follows:

	EUR million	
	Total EIF capital	EU subscription
<i>Total share capital</i>	7 370	2 190
<i>Paid-in</i>	(1 474)	(438)
Uncalled	5 896	1 752

2.4. FINANCIAL ASSETS

EUR million

	Note	31.12.2024	31.12.2023
Non-current			
Financial assets at amortised cost	2.4.1	269 897	242 265
Financial assets at fair value through surplus or deficit	2.4.2	37 960	30 979
		307 857	273 244
Current			
Financial assets at amortised cost	2.4.1	13 400	4 596
Financial assets at fair value through surplus or deficit	2.4.2	5 463	6 199
		18 863	10 795
Total		326 720	284 039

2.4.1. Financial assets at amortised cost

EUR million

	Note	31.12.2024	31.12.2023
Loans for NGEU and financial assistance	2.4.1.1	283 114	246 622
Other loans		183	240
Total		283 297	246 861
<i>Non-current</i>		<i>269 897</i>	<i>242 265</i>
<i>Current</i>		<i>13 400</i>	<i>4 596</i>

2.4.1.1. Loans for NGEU and financial assistance

EUR million

	31.12.2024	31.12.2023
Loans to Member States	251 457	221 883
Loans to third countries	31 656	24 739
Total at 31.12.2024	283 114	246 622
<i>Non-current</i>	<i>269 782</i>	<i>242 144</i>
<i>Current</i>	<i>13 332</i>	<i>4 477</i>

Loans to Member States

EUR million

	NGEU	SURE	EFSM	BOP	EURATOM	Total
Total at 31.12.2023	79 589	98 984	43 095	201	13	221 883
New loans (nominal)	29 446	–	1 800	–	–	31 246
Repayments	–	–	(2 600)	–	(13)	(2 613)
Changes in carrying amount	1 085	(145)	2	0	(0)	942
Changes in impairment	–	–	–	–	–	–
Total at 31.12.2024	110 120	98 839	42 297	201	–	251 457
<i>Non-current</i>	<i>108 686</i>	<i>90 539</i>	<i>39 517</i>	<i>–</i>	<i>–</i>	<i>238 742</i>
<i>Current</i>	<i>1 434</i>	<i>8 300</i>	<i>2 780</i>	<i>201</i>	<i>–</i>	<i>12 715</i>

Loans to third countries

EUR million

	MFA	Ukraine Facility	EURATOM	Total
<i>Total at 31.12.2023</i>	24 528	–	210	24 739
<i>New loans (nominal)</i>	1 145	13 112	–	14 257
<i>Repayments</i>	(600)	–	–	(600)
<i>Changes in carrying amount</i>	(19)	205	(0)	187
<i>Changes in impairment</i>	(1 224)	(5 694)	(8)	(6 926)
Total at 31.12.2024	23 831	7 623	203	31 656
<i>Non-current</i>	23 420	7 418	202	31 040
<i>Current</i>	411	205	1	617

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

EUR million

	Note	31.12.2024	31.12.2023
<i>Financial assets at FVSD non-derivatives</i>	2.4.2.1	42 314	36 086
<i>Financial assets at FVSD derivatives</i>	2.4.2.2	1 110	1 091
Total		43 424	37 178
<i>Non-current</i>		37 960	30 979
<i>Current</i>		5 463	6 199

2.4.2.1. Financial assets at FVSD non-derivatives

Financial assets at FVSD non-derivatives by type

EUR million

	31.12.2024	31.12.2023
<i>Debt securities</i>	33 130	28 388
<i>MMFs, ETFs and investments in pooled portfolios</i>	5 975	4 806
<i>Other equity investments</i>	3 201	2 893
<i>Loans</i>	8	–
Total	42 314	36 086
<i>Non-current</i>	36 850	29 929
<i>Current</i>	5 463	6 158

Financial assets at FVSD non-derivatives by programme

	EUR million	
	31.12.2024	31.12.2023
<i>Common Provisioning Fund</i>	23 174	18 698
<i>Innovation Fund</i>	10 616	8 754
<i>BUFI investments</i>	2 141	2 268
<i>EBRD</i>	188	188
<i>Horizon 2020 and Horizon Europe</i>	3 968	3 872
<i>Connecting Europe Facility</i>	716	731
<i>EU SME Equity Facilities</i>	453	485
<i>European Fund for South East Europe</i>	243	233
<i>Green for Growth Fund</i>	128	116
<i>Energy Efficiency Finance Facility</i>	103	110
<i>Other</i>	586	630
Total	42 314	36 086
<i>Non-current</i>	36 850	29 929
<i>Current</i>	5 463	6 158

Fair value hierarchy of non-derivative financial assets at FVSD

	EUR million	
Type of financial asset	31.12.2024	31.12.2023
<i>Level 1: Quoted prices in active markets</i>	36 225	30 161
<i>Level 2: Observable inputs other than quoted prices</i>	3 098	3 230
<i>Level 3: Valuation techniques with inputs not based on observable market data</i>	2 991	2 695
Total	42 314	36 086

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 1.1.2024	2 695
<i>Investments during the period</i>	508
<i>Capital repayments</i>	(85)
<i>Revenues settled</i>	(38)
<i>Gains or losses for the period in surplus or deficit</i>	(89)
<i>Transfers into level 3</i>	–
<i>Transfers out of level 3</i>	–
<i>Other</i>	0
Closing balance at 31.12.2024	2 991

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	31.12.2024			31.12.2023		
	Notional amount	Fair Value Asset	Fair Value Liability	Notional amount	Fair Value Asset	Fair Value Liability
<i>Guarantee on equity portfolio</i>	6 057	1 110	(60)	5 059	1 050	(53)
<i>FX derivatives</i>	2 417	–	(38)	1 528	41	(6)
Total	8 474	1 110	(98)	6 587	1 091	(60)
<i>Non-current</i>		1 110	(13)		1 050	(8)
<i>Current</i>		–	(84)		41	(52)

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	31.12.2024		31.12.2023	
	Fair Value Asset	Fair Value Liability	Fair Value Asset	Fair Value Liability
<i>Level 1: Quoted prices in active markets</i>	–	–	–	–
<i>Level 2: Observable inputs other than quoted prices</i>	–	(27)	41	(1)
<i>Level 3: Valuation techniques with inputs not based on observable market data</i>	1 110	(71)	1 050	(59)
Total	1 110	(98)	1 091	(60)

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 1.1.2024	992
<i>Guarantee call claims paid</i>	170
<i>Guarantee calls returned</i>	(10)
<i>Revenues from guarantee settled</i>	(129)
<i>Gains or losses for the period in surplus or deficit</i>	16
<i>Transfers into level 3</i>	–
<i>Transfers out of level 3</i>	–
<i>Other</i>	0
Closing balance at 31.12.2024	1 039

2.5. PRE-FINANCING

EUR million

	Note	31.12.2024	31.12.2023
Non-current			
Pre-financing	2.5.1	38 805	40 756
Other advances to Member States	2.5.2	1 682	371
Contribution to Trust Funds		85	76
		40 572	41 203
Current			
Pre-financing	2.5.1	37 368	49 412
Other advances to Member States	2.5.2	2 089	1 780
		39 458	51 191
Total		80 030	92 394

2.5.1. Pre-financing

EUR million

	Gross amount	Cleared via accruals	Net amount at 31.12.2024	Gross amount	Cleared via accruals	Net amount at 31.12.2023
Shared Management						
EAFRD & other rural development instruments	3 885	(840)	3 045	3 614	(686)	2 928
ERDF & CF	25 859	(16 476)	9 384	31 502	(10 125)	21 378
ESF	9 437	(6 258)	3 180	12 105	(3 236)	8 869
Other	14 220	(4 836)	9 384	8 755	(5 348)	3 408
Direct Management						
Implemented by:						
Commission	35 241	(14 779)	20 462	37 699	(13 184)	24 514
of which RRF (NGEU)	18 930	(3 541)	15 389	22 889	(3 710)	19 178
EU executive agencies	40 695	(25 586)	15 108	36 132	(21 685)	14 447
Trust funds	508	(429)	79	639	(507)	133
Indirect Management						
Implemented by:						
Other EU agencies & bodies	10 284	(6 749)	3 536	9 443	(6 094)	3 349
Third countries	1 843	(1 103)	739	1 602	(1 166)	436
International organisations	13 172	(8 839)	4 334	14 229	(9 713)	4 516
Other entities	19 315	(12 392)	6 923	17 630	(11 439)	6 191
Total	174 459	(98 286)	76 173	173 350	(83 183)	90 167
Non-current	38 805	–	38 805	40 756	–	40 756
Current	135 654	(98 286)	37 368	132 594	(83 183)	49 412

2.5.2. Other advances to Member States

EUR million

	31.12.2024	31.12.2023
Advances to Member States for financial instruments under shared management	1 889	594
Aid Schemes	1 883	1 556
Total	3 772	2 150
Non-current	1 682	371
Current	2 089	1 780

2.6. EXCHANGE RECEIVABLES AND NON-EXCHANGE RECOVERABLES

EUR million

	Note	31.12.2024	31.12.2023
Non-current			
Recoverables from non-exchange transactions	2.6.1	11 649	14 098
Receivables from exchange transactions	2.6.2	1 695	2 083
		13 344	16 181
Current			
Recoverables from non-exchange transactions	2.6.1	17 025	16 947
Receivables from exchange transactions	2.6.2	1 608	2 079
		18 633	19 026
Total		31 977	35 207

2.6.1. Recoverables from non-exchange transactions

EUR million

	Note	31.12.2024	31.12.2023
Non-current			
Member States	2.6.1.1	272	268
UK Withdrawal Agreement	2.6.1.2	11 231	13 088
Accrued income and deferred charges	2.6.1.4	10	567
Other recoverables		136	175
		11 649	14 098
Current			
Member States	2.6.1.1	4 616	3 651
UK Withdrawal Agreement	2.6.1.2	1 530	2 385
Fines imposed on companies	2.6.1.3	9 152	9 861
Accrued income and deferred charges	2.6.1.4	803	623
Other recoverables		925	426
		17 025	16 947
Total		28 674	31 044

2.6.1.1. Recoverables from Member States

	EUR million	
	31.12.2024	31.12.2023
<i>TOR A accounts</i>	3 277	2 326
<i>TOR separate accounts</i>	849	1 249
<i>Own resources to be received</i>	139	7
<i>Impairment</i>	(553)	(673)
<i>Other</i>	–	–
Own resource recoverables	3 712	2 908
<i>European Agricultural Guarantee Fund (EAGF)</i>	1 534	1 483
<i>European Agricultural Fund for Rural Development (EAFRD) and other rural development instruments</i>	127	126
<i>Impairment</i>	(741)	(683)
EAGF and rural development recoverables	920	927
Pre-financing recovery	16	1
VAT paid and recoverable	11	10
Other recoverables from Member States	229	73
Total	4 887	3 919
<i>Non-current</i>	272	268
<i>Current</i>	4 616	3 651

2.6.1.2. UK Withdrawal agreement

	EUR million				
	Article 140	Article 142	Other	31.12.2024	31.12.2023
<i>Due from the UK</i>	4 432	10 136	116	14 683	18 867
<i>Due to the UK</i>	–	–	(1 922)	(1 922)	(3 394)
Total	4 432	10 136	(1 806)	12 762	15 473
<i>Non-current</i>	2 469	9 802	(1 040)	11 231	13 088
<i>Current</i>	1 963	334	(766)	1 530	2 385

Payments under the Withdrawal Agreement

EUR million

	Remainder of September 2023 report: (due and paid from January to May 2024)	April 2024 report (due and paid from June to September 2024)	September 2024 report: (due and paid from October to December 2024)	Total payments in 2024
Article 136	21	–	8	29
Article 140	3 092	–	672	3 763
Article 142	18	280	11	309
Article 143	11	–	–	11
Article 147	–	12	–	12
	3 141	292	690	4 123
Article 136	–	(1 349)	–	(1 349)
Article 140	–	(10)	–	(10)
Article 141	(8)	–	(19)	(27)
Article 143	–	(244)	–	(244)
Article 144	(0)	(59)	–	(59)
Article 145	–	(37)	–	(37)
Article 146	–	(7)	–	(7)
	(8)	(1 706)	(19)	(1 732)
Total	3 133	(1 414)	672	2 391

Article 140 – Outstanding Commitments

EUR million

Amount owed by the UK at 31.12.2023	8 340
<i>Net financial corrections related to 2014-2020 or previous programme periods (including adjustment of 2023 deductions)</i>	<i>(35)</i>
Net payments received from the UK in 2024	(3 753)
Adjustment of estimated non-implementation	(121)
Total	4 432
<i>Non-current</i>	<i>2 469</i>
<i>Current</i>	<i>1 963</i>

Article 142 – Outstanding 2020 liabilities
Outstanding 2020 liabilities under Article 142 (6)

EUR million

	Pension Scheme of European Officials	Joint Sickness Insurance Scheme	31.12.2024	31.12.2023
<i>Outstanding 2020 liabilities</i>	72 580	4 948	77 529	79 709
UK Share	9 023	615	9 638	9 909
PSEO/JSIS contributions	294	11	305	280
Total	9 317	626	9 943	10 189
<i>Non-current</i>	9 023	615	9 638	9 909
<i>Current</i>	294	11	305	280

Other articles

EUR million

	31.12.2024	31.12.2023
Due from the UK:		
Article 136	8	–
Article 147	107	115
	116	115
Due to the UK:		
Article 136	–	(1 451)
Article 141	(1 630)	(1 564)
Article 143	(191)	(233)
Article 144	(58)	(59)
Article 145	(37)	(74)
Article 146	(7)	(13)
	(1 922)	(3 394)
Total	(1 806)	(3 279)
<i>Non-current</i>	(1 040)	(1 602)
<i>Current</i>	(766)	(1 677)

Article 136 – Provisions applicable in relation to own resources

EUR million

Amount due to (-)/from (+) the UK at 31.12.2023	(1 451)
Adjustment of estimate for amounts invoiced in September 2024	16
UK share for VAT-related infringement case (MOSS)	1
Payments made to the UK in 2024	1 319
VAT and GNI adjustments (balances exercise 2023)	(2)
VAT and GNI adjustments (balances exercise 2024)	121
Interest on late payment of UK traditional own resources and VAT own resources	4
UK net traditional own resources after 28 February 2021	(0)
Amount due to (-)/from (+) the UK at 31.12.2024	8
<i>Non-current</i>	121
<i>Current</i>	(112)

2.6.1.3. Recoverables from fines imposed on companies

	EUR million	
	31.12.2024	31.12.2023
<i>Recoverable from fines gross amount</i>	12 247	13 762
<i>Provisional payments</i>	(2 161)	(3 014)
<i>Impairment</i>	(934)	(887)
Total	9 152	9 861
<i>Non-current</i>	–	–
<i>Current</i>	9 152	9 861

2.6.1.4. Accrued income and deferred charges

	EUR million	
	31.12.2024	31.12.2023
<i>Other accrued income</i>	751	1 125
<i>Deferred charges relating to non-exchange transactions</i>	62	65
Total	813	1 190
<i>Non-current</i>	10	567
<i>Current</i>	803	623

2.6.2. Receivables from exchange transactions

	EUR million	
	31.12.2024	31.12.2023
Non-current		
<i>Financial guarantee receivable</i>	1 324	1 666
<i>Late payment interest</i>	323	365
<i>Other receivables</i>	49	53
	1 695	2 083
Current		
<i>Financial guarantee receivable</i>	306	340
<i>Customers</i>	228	217
<i>Impairment on receivables from customers</i>	(130)	(152)
<i>Deferred charges relating to exchange transactions</i>	143	165
<i>Late payment interest</i>	760	1 186
<i>Other</i>	301	323
	1 608	2 079
Total	3 303	4 162

Out of the total amount of EUR 1 629 million of the Financial Guarantee Contract receivable as at 31 December 2024 (2023: EUR 2 006 million), EUR 1 588 million are classified as financial assets measured at fair value through surplus or deficit (Fair value level 3) (2023: EUR 1 996 million).

2.7. INVENTORIES

	EUR million	
	31.12.2024	31.12.2023
<i>Scientific materials</i>	66	60
<i>Other</i>	15	14
Total	81	74

2.8. CASH AND CASH EQUIVALENTS

	EUR million	
	31.12.2024	31.12.2023
<i>Accounts with Treasuries and Central Banks</i>	24 059	22 620
<i>Current accounts</i>	808	312
<i>Imprest accounts</i>	10	7
<i>Transfers (cash in transit)</i>	–	0
Bank accounts for budget implementation	24 877	22 940
Unified funding approach	33 926	12 539
Financial instruments	2 758	2 279
Fines	134	540
Trust funds	30	37
Total	61 724	38 335

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	31.12.2024 Total	31.12.2023 Total
<i>Defined Benefit Obligation</i>	84 765	1 626	6 850	93 241	90 929
<i>Plan assets</i>	N/A	N/A	(438)	(438)	(419)
Net liability	84 765	1 626	6 413	92 804	90 510

Actuarial assumptions - employee benefits

	2024	2023
Pension Scheme of European Officials		
<i>Nominal discount rate</i>	3.3%	3.0%
<i>Expected inflation rate</i>	2.0%	2.2%
<i>Real discount rate</i>	1.3%	0.8%
<i>Expected rate of salary increases</i>	1.3%	1.1%
<i>Retirement age</i>	63/64/66	63/64/66
Joint Sickness Insurance Scheme		
<i>Nominal discount rate</i>	3.3%	3.1%
<i>Expected inflation rate</i>	2.0%	2.2%
<i>Real discount rate</i>	1.3%	0.8%
<i>Expected rate of salary increases</i>	1.3%	1.1%
<i>Medical cost trend rates</i>	1.6%	1.7%
<i>Retirement age</i>	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 31.12.2023	82 718	1 476	6 735	90 929
Recognised in statement of financial performance				
<i>Current service cost</i>	2 839	75	241	3 155
<i>Interest expense</i>	2 480	44	209	2 733
Recognised in net assets				
<i>Remeasurements in employee benefits liabilities</i>				
<i>Actuarial (gains)/losses from experience</i>	(1 542)	130	(119)	(1 532)
<i>Actuarial (gains)/losses from demographic assumptions</i>	308	3	18	329
<i>Actuarial (gains)/losses from financial assumptions</i>	339	(52)	(102)	186
Other				
<i>Benefits paid</i>	(2 378)	(48)	(131)	(2 558)
Present value as at 31.12.2024	84 765	1 626	6 850	93 241

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

EUR million

Present value as at 31.12.2023	419
<i>Net movement in plan assets</i>	<i>19</i>
Present value as at 31.12.2024	438

Pension Scheme of European Officials sensitivity

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

EUR million

	2024		2023	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
<i>Defined benefit obligation</i>	<i>(1 516)</i>	<i>1 558</i>	<i>(1 541)</i>	<i>1 585</i>

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

EUR million

	2024		2023	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
<i>Defined benefit obligation</i>	<i>1 514</i>	<i>(1 476)</i>	<i>1 532</i>	<i>(1 493)</i>

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

EUR million

	2024		2023	
	One year increase	One year decrease	One year increase	One year decrease
<i>Defined benefit obligation</i>	<i>(799)</i>	<i>1 109</i>	<i>(795)</i>	<i>1 076</i>

Joint Sickness Insurance Scheme sensitivity

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

EUR million

	2024		2023	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
<i>The aggregate of the current service cost and interest cost components of net periodic post-employment medical costs</i>	<i>11</i>	<i>(11)</i>	<i>12</i>	<i>(12)</i>
<i>Defined benefit obligation</i>	<i>166</i>	<i>(162)</i>	<i>166</i>	<i>(162)</i>

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

EUR million

	2024		2023	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
<i>Defined benefit obligation</i>	<i>(130)</i>	<i>133</i>	<i>(132)</i>	<i>135</i>

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

EUR million

	2024		2023	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
<i>Defined benefit obligation</i>	<i>(27)</i>	<i>26</i>	<i>(25)</i>	<i>25</i>

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

EUR million

	2024		2023	
	One year increase	One year decrease	One year increase	One year decrease
<i>Defined benefit obligation</i>	<i>(185)</i>	<i>197</i>	<i>(188)</i>	<i>199</i>

2.10. PROVISIONS

	EUR million						
	Amount at 31.12.2023	Additional provisions	Unused amounts reversed	Amounts used	Transfer between categories	Change in estimation	Amount at 31.12.2024
<i>Legal cases:</i>							
<i>Agriculture</i>	1	204	–	(1)	–	–	204
<i>Other</i>	806	8	(196)	(536)	–	–	82
<i>Nuclear site dismantling</i>	1 768	–	–	(46)	–	75	1 796
<i>Financial</i>	1	7 082	(1)	–	–	0	7 082
<i>Other</i>	401	137	(222)	(2)	–	–	314
Total	2 977	7 430	(420)	(585)	–	75	9 478
Non-current	1 766	204	(8)	(22)	(49)	75	1 965
Current	1 212	7 226	(412)	(562)	49	0	7 512

2.11. FINANCIAL LIABILITIES

	Note	31.12.2024	EUR million 31.12.2023
Non-current			
Financial liabilities at AC	2.11.1	539 013	430 070
Financial liabilities at FVSD	2.4.2.2	13	8
Financial guarantee liabilities	2.11.2	39	131
		539 066	430 209
Current			
Financial liabilities at AC	2.11.1	55 860	21 380
Financial liabilities at FVSD	2.4.2.2	84	52
Financial guarantee liabilities	2.11.2	6 340	6 137
		62 284	27 569
Total		601 350	457 778

2.11.1. Financial liabilities at amortised cost

	Note	31.12.2024	EUR million 31.12.2023
Borrowings	2.11.1.1	594 028	450 561
Other financial liabilities	2.11.1.2	845	889
Total		594 873	451 450
Non-current		539 013	430 070
Current		55 860	21 380

2.11.1.1. Borrowings

	Unified Funding Approach	SURE	EFSM	BOP	MFA	Euratom	EUR million Total
Total at 31.12.2023	292 728	98 984	43 095	201	15 238	314	450 561
New borrowings - nominal	194 472	–	1 800	–	145	–	196 417
Repayments	(50 404)	–	(2 600)	–	(600)	(13)	(53 617)
Changes in carrying amount	832	(145)	2	0	(21)	(0)	667
Total at 31.12.2024	437 628	98 839	42 297	201	14 762	301	594 028
Non-current	393 285	90 539	39 517	–	14 624	300	538 266
Current	44 342	8 300	2 780	201	138	0	55 762

2.11.1.2. Other financial liabilities

EUR million

	31.12.2024	31.12.2023
Non-current		
Finance lease liabilities	333	436
Buildings paid for in instalments	175	165
Contributions with conditions	234	177
Other	4	3
	747	780
Current		
Finance lease liabilities	49	61
Buildings paid for in instalments	41	41
Contributions with conditions	8	7
Other	–	–
	98	109
Total	845	889

Finance lease liabilities

EUR million

	Future amounts to be paid			Total Liability
	< 1 year	1 - 5 years	> 5 years	
Land and buildings	47	196	132	376
Other fixed assets	2	4	–	6
Total at 31.12.2024	49	200	132	382
Interest element	21	55	12	88
Total future minimum lease payments at 31.12.2024	69	255	144	469
Total future minimum lease payments at 31.12.2023	87	307	224	618

2.11.2. Financial guarantee liabilities

EUR million

	31.12.2024		31.12.2023	
	Financial guarantee receivable (Note 2.6.2)	Financial guarantee liability	Financial guarantee receivable (Note 2.6.2)	Financial guarantee liability
<i>EU budgetary guarantee programmes</i>				
EIB ELM guarantees	19	1 862	51	2 170
EFSD guarantee	1 345	1 402	1 789	1 863
EFSD guarantee	7	192	4	196
InvestEU guarantee	190	1 606	117	920
NDICI EU guarantee	30	582	10	367
Ukraine guarantee	10	61	–	–
	1 600	5 707	1 970	5 515
<i>EU financial instrument programmes</i>				
COSME	–	304	0	338
Horizon 2020	6	198	9	266
Other	23	171	27	149
	29	673	36	753
Total	1 629	6 379	2 006	6 268
Non-current	1 324	39	1 666	131
Current	306	6 340	340	6 137

2.12. PAYABLES

			EUR million		
	Gross Amount	Adjustments*	Net Amount at 31.12.2024	Gross Amount	Net Amount at 31.12.2023
<i>Cost claims and invoices received from:</i>					
<i>Member States</i>					
<i>EAFRD & other rural development instruments</i>	269		269	300	300
<i>ERDF & CF</i>	6 036	(2 258)	3 778	7 251	5 256
<i>ESF</i>	2 156	(447)	1 708	2 062	1 752
<i>RRF (NGEU)</i>	28 016	(724)	27 292	22 427	22 427
<i>Other</i>	1 846	(318)	1 528	1 129	904
<i>Private and public entities</i>	1 957	(334)	1 623	1 859	1 452
Total costs claims & invoices received	40 280	(4 082)	36 198	35 027	32 090
EAGF	15 086	N/A	15 086	12 503	12 503
Own Resources Payables	–	N/A	–	3 248	3 248
Sundry Payables	5 721	N/A	5 721	3 939	3 939
Total	61 086	(4 082)	57 004	54 717	51 780

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

2.13. ACCRUED CHARGES AND DEFERRED INCOME

		EUR million	
	31.12.2024	31.12.2023	
<i>Accrued charges</i>	65 725	75 359	
<i>Deferred income</i>	3	59	
<i>Other</i>	117	363	
Total	65 845	75 781	

The split of accrued charges is as follows:

		EUR million	
	31.12.2024	31.12.2023	
<i>RRF (NGEU)</i>	4 371	3 709	
<i>EAGF</i>	25 586	28 339	
<i>EAFRD and other rural development instruments</i>	17 374	17 895	
<i>ERDF and CF</i>	3 101	11 052	
<i>ESF</i>	2 318	3 882	
<i>Other</i>	12 976	10 483	
Total	65 725	75 359	

NET ASSETS

2.14. RESERVES

	EUR million	
	31.12.2024	31.12.2023
<i>Other reserves</i>	83	127
Total	83	127

2.15. AMOUNTS TO BE CALLED FROM MEMBER STATES

	EUR million
Amounts to be called from Member States at 31.12.2023	216 759
<i>2023 budget result credited to Member States</i>	633
<i>Remeasurements in employee benefits liabilities</i>	(1 167)
<i>Other</i>	(48)
<i>Economic result of the year</i>	97 204
Total amounts to be called from Member States at 31.12.2024	313 380

3. NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE

REVENUE

REVENUE FROM NON-EXCHANGE TRANSACTIONS: TRANSFERS

3.1. RECOVERY OF EXPENSES

	EUR million	
	2024	2023
<i>Shared management</i>	755	691
<i>Direct management</i>	158	102
<i>Indirect management</i>	44	8
Total	957	801

3.2. OTHER REVENUE FROM NON-EXCHANGE TRANSACTIONS

	EUR million	
	2024	2023
<i>Contribution from Member States:</i>		
<i>Innovation Fund</i>	2 297	1 812
<i>External aid</i>	671	165
<i>InvestEU</i>	207	179
<i>Contribution from EFTA, third countries and accession countries</i>	4 426	1 678
<i>Contribution from other entities</i>	6 393	3 456
<i>Staff taxes and contributions</i>	1 337	1 185
<i>Transfer of assets</i>	307	280
<i>Budgetary adjustments</i>	(6 169)	(1 058)
<i>Adjustment of provisions</i>	419	406
<i>Funding of institutions</i>	(4 425)	(4 247)
<i>Other</i>	230	109
Total	5 692	3 966

REVENUE FROM EXCHANGE TRANSACTIONS

3.3. FINANCIAL REVENUE

	EUR million	
	2024	2023
<i>Interest on:</i>		
<i>Late payments</i>	220	(121)
<i>Loans</i>	4 129	2 305
<i>Cash & cash equivalents</i>	1 694	1 753
<i>Borrowings</i>	228	229
<i>Other</i>	31	8
<i>Revenue from FGCs</i>	971	887
<i>Gains on financial assets or liabilities at FVSD:</i>		
<i>Non-derivatives</i>	1 442	1 624
<i>Derivatives</i>	165	149
<i>Dividends</i>	31	46
<i>Other</i>	4	6
Total	8 915	6 885

3.4. OTHER REVENUE FROM EXCHANGE TRANSACTIONS

	EUR million	
	2024	2023
<i>Foreign exchange gains</i>	305	375
<i>Share of net result of EIF</i>	83	67
<i>Sales of goods</i>	13	14
<i>Fixed assets related revenue</i>	903	8
<i>Other</i>	448	724
Total	1 752	1 187

EXPENSES

3.5. SHARED MANAGEMENT

	EUR million	
	2024	2023
<i>Implemented by Member States</i>		
<i>European Agricultural Guarantee Fund</i>	40 267	40 716
<i>European Agricultural Fund for Rural Development and other rural development instruments</i>	14 779	14 605
<i>European Regional Development Fund and Cohesion Fund</i>	28 833	52 429
<i>European Social Fund</i>	18 037	17 665
<i>Other</i>	3 854	4 251
Total	105 770	129 667

3.6. DIRECT MANAGEMENT

	EUR million	
	2024	2023
<i>Implemented by the Commission</i>	79 671	45 682
<i>of which RRF (NGEU)</i>	65 787	36 045
<i>Implemented by EU Executive Agencies</i>	19 126	15 899
<i>Implemented by Trust funds</i>	194	326
Total	98 990	61 907

3.7. INDIRECT MANAGEMENT

	EUR million	
	2024	2023
<i>Implemented by other EU agencies and bodies</i>	5 789	5 453
<i>Implemented by third countries</i>	549	479
<i>Implemented by international organisations</i>	6 090	5 610
<i>Implemented by other entities</i>	5 602	4 908
Total	18 030	16 451

3.8. STAFF AND PENSION COSTS

	EUR million	
	2024	2023
<i>Staff costs</i>	4 178	3 920
<i>Pension costs</i>	5 887	5 765
Total	10 065	9 685

3.9. FINANCE COSTS

	EUR million	
	2024	2023
<i>Interest expenses:</i>		
<i>Borrowings</i>	9 780	5 762
<i>Loans</i>	159	160
<i>Finance leases</i>	22	35
<i>Other</i>	13	7
<i>FGCs - subsidised remuneration</i>	1 156	762
<i>Net impairment losses on:</i>		
<i>FGCs</i>	474	263
<i>Loans, loan commitments and receivables</i>	14 134	6 811
<i>Loss on financial assets or liabilities at FVSD:</i>		
<i>Non-derivatives</i>	153	137
<i>Derivatives</i>	252	104
<i>Modification loss</i>	763	100
<i>Funding costs guaranteed</i>	151	94
<i>Other</i>	114	92
Total	27 172	14 328

3.10. OTHER EXPENSES

	EUR million	
	2024	2023
<i>Adjustment of provisions</i>	420	921
<i>Administrative and IT expenses</i>	1 391	1 204
<i>Fixed assets related expenses</i>	1 508	1 020
<i>Foreign exchange losses</i>	257	295
<i>Funding and contributions to other EU bodies</i>	676	649
<i>Land and buildings management expenses</i>	280	264
<i>Operating lease expenses</i>	253	159
<i>Reduction of fines by Court decision</i>	1 123	597
<i>Other</i>	708	526
Total	6 615	5 635

The aggregate amount of research and development expenditure recognised as an expense during 2024 is as follows:

	EUR million	
	2024	2023
<i>Research costs</i>	447	425
<i>Non-capitalised development costs</i>	79	96
Total	525	522

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
<i>GNI resources</i>	–	–	–	–	–	–	–	95 037	95 037
<i>Traditional own resources</i>	–	–	–	–	–	–	–	20 587	20 587
<i>VAT</i>	–	–	–	–	–	–	–	24 547	24 547
<i>New own resources</i>	–	–	–	–	–	–	–	8 227	8 227
<i>Fines</i>	–	–	–	–	–	–	–	4 039	4 039
<i>Recovery of expenses</i>	82	(19)	831	2	1	56	0	4	957
<i>Other</i>	4 090	6 163	15	177	–	846	(2 735)	(2 863)	5 692
Non-Exchange Revenue	4 172	6 144	846	179	1	902	(2 735)	149 579	159 087
<i>Financial revenue</i>	1 176	26	3	–	6	228	221	7 256	8 915
<i>Other</i>	197	(24)	(19)	(0)	(5)	18	1 319	265	1 752
Exchange Revenue	1 373	2	(16)	(0)	1	246	1 539	7 521	10 667
Total revenue	5 545	6 146	830	179	2	1 148	(1 196)	157 100	169 753
<i>Expenses implemented by :</i>									
<i>Member States:</i>									
<i>EAGF</i>	–	–	(40 267)	–	–	–	–	–	(40 267)
<i>EAFRD & other</i>	–	–	(14 779)	–	–	–	–	–	(14 779)
<i>ERDF & CF</i>	–	(28 763)	–	–	–	(88)	–	18	(28 833)
<i>ESF</i>	–	(18 037)	–	–	–	–	–	–	(18 037)
<i>Other</i>	–	(562)	(938)	(1 844)	(173)	(106)	–	(231)	(3 854)
<i>EC, executive agencies and trust funds</i>	(15 193)	(71 672)	(969)	(263)	(1 208)	(8 828)	(3)	(855)	(98 990)
<i>Other EU agencies and bodies</i>	(3 530)	(595)	(105)	(1 266)	(254)	(44)	–	5	(5 789)
<i>Third countries and int. organisations</i>	(466)	(183)	(13)	(90)	(145)	(5 535)	(1)	(205)	(6 639)
<i>Other entities</i>	(22)	(2 769)	(5)	(5)	(82)	(2 692)	–	(26)	(5 602)
<i>Staff and pension costs</i>	(543)	(24)	(2)	(1)	(1)	(181)	(9 314)	–	(10 065)
<i>Finance costs</i>	(1 858)	(11)	(72)	(0)	(0)	(196)	(37)	(24 997)	(27 172)
<i>UK Withdrawal Agreement</i>	–	–	–	–	–	–	–	(315)	(315)
<i>Other expenses</i>	(2 221)	(239)	(272)	(6)	(86)	(287)	(2 060)	(1 443)	(6 615)
Total expenses	(23 834)	(122 856)	(57 422)	(3 475)	(1 949)	(17 957)	(11 415)	(28 049)	(266 957)
Economic result of the year	(18 290)	(116 710)	(56 592)	(3 296)	(1 947)	(16 809)	(12 611)	129 051	(97 204)

* '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

	31.12.2024			Assets provisioned*
	Ceiling	Signed	Disbursed	
<i>EIB ELM guarantees</i>	25 772	25 772	19 184	3 400
<i>EFSI guarantee</i>	25 373	22 998	21 033	8 941
<i>EFSD guarantee</i>	759	667	521	785
<i>InvestEU guarantee</i>	27 042	11 769	3 468	6 802
<i>NDICI external action guarantee</i>	30 173	11 228	1 341	2 943
<i>Ukraine Guarantee</i>	790	172	132	202
Total	109 909	72 606	45 678	23 073

* The EUR 3.4 billion of assets provisioned for the EIB ELM guarantees also cover loans and related borrowings under legacy MFA and Euratom (see note 2.4.1.1).

EUR million

	31.12.2023			Assets provisioned*
	Ceiling	Signed	Disbursed	
<i>EIB ELM guarantees</i>	27 729	27 729	19 856	2 962
<i>EFSI guarantee</i>	25 591	23 635	21 551	9 175
<i>EFSD guarantee</i>	1 077	548	478	765
<i>InvestEU guarantee</i>	25 767	6 592	1 433	3 736
<i>NDICI external action guarantee</i>	28 115	7 660	634	2 222
Total	108 279	66 163	43 953	18 860

* The EUR 3.0 billion of assets provisioned for the EIB ELM guarantees also cover loans and related borrowings under legacy MFA and Euratom (see note 2.4.1.1).

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

EUR million

	31.12.2024	31.12.2023
<i>Horizon 2020</i>	2 145	2 352
<i>Connecting Europe Facility</i>	649	649
<i>COSME</i>	378	526
<i>Other</i>	471	511
Total	3 642	4 037

4.2. CONTINGENT LIABILITIES RELATING TO LEGAL CASES

EUR million

	31.12.2024	31.12.2023
<i>Fines</i>	2 178	2 231
<i>Agriculture</i>	77	84
<i>Other</i>	54	56
Total	2 308	2 371

4.3. CONTINGENT ASSETS

	EUR million	
	31.12.2024	31.12.2023
<i>Guarantees received:</i>		
<i>Performance guarantees</i>	99	65
<i>Other guarantees</i>	2	2
<i>Other contingent assets</i>	13	13
Total	114	81

5. BUDGETARY AND LEGAL COMMITMENTS

		EUR million	
	Note	31.12.2024	31.12.2023
Outstanding budgetary commitments not yet expensed	5.1	428 221	462 791
Significant legal commitments	5.2	245 345	321 045
Total		673 566	783 836

5.1. OUTSTANDING BUDGETARY COMMITMENTS NOT YET EXPENSED

	EUR million	
	31.12.2024	31.12.2023
Outstanding budgetary commitments not yet expensed	428 221	462 791

5.2. SIGNIFICANT LEGAL COMMITMENTS

		EUR million	
	Note	31.12.2024	31.12.2023
Economic, Social and Territorial Cohesion		177 459	239 903
Natural Resources and Environment		46 659	62 365
Migration and Border Management		4 153	5 932
Security and Defence		520	743
Connecting Europe Facility		7 313	5 570
Space Programmes		3 303	2 886
Ukraine Facility		2 270	–
RRF non-repayable support commitments		558	357
Innovation Fund		521	–
HorizonEU		519	589
Fisheries agreements		234	166
EURATOM		166	252
RESCUE		106	253
Operating lease commitments	5.2.1	1 024	885
Other contractual commitments		540	643
EU Solidarity Fund		–	502
Total		245 345	321 045

5.2.1. Operating lease commitments

	EUR million			
	Future amounts to be paid			
	< 1 year	1- 5 years	> 5 years	Total
Buildings	231	412	375	1 018
IT materials and other equipment	2	4	–	6
Total	233	416	375	1 024

6. FINANCIAL RISK MANAGEMENT

6.1. CURRENCY RISK

Exposure of the EC to currency risk at year-end – net position

EUR million

	31.12.2024						Total
	USD	RON	PLN	SEK	Other	EUR	
Financial assets							
Financial assets at AC*	40	5	–	–	7	130	183
Financial assets at FVSD							
Non-derivatives	2 148	–	–	45	120	40 002	42 314
Derivatives	–	–	–	–	–	1 110	1 110
Receivables**	71	1	17	1	95	2 942	3 127
Cash and cash equivalents	99	258	573	314	832	59 650	61 724
	2 357	264	590	359	1 054	103 834	108 458
Financial liabilities							
Financial guarantee liability	(518)	(36)	(59)	(12)	(112)	(5 643)	(6 379)
Financial liabilities at FVSD	(1 712)	285	76	75	138	1 040	(98)
	(2 230)	248	17	63	26	(4 603)	(6 477)
Total	127	512	607	423	1 080	99 231	101 981

EUR million

	31.12.2023						Total
	USD	RON	PLN	SEK	Other	EUR	
Financial assets							
Financial assets at AC*	39	5	–	–	9	186	240
Financial assets at FVSD							
Non-derivatives	1 568	–	–	20	129	34 370	36 086
Derivatives	(1 142)	17	21	74	65	2 055	1 091
Receivables**	121	2	15	1	104	3 750	3 993
Cash and cash equivalents	129	474	1 076	654	1 521	34 480	38 335
	716	499	1 112	749	1 828	74 842	79 745
Financial liabilities							
Financial guarantee liability	(591)	(32)	(38)	(15)	(105)	(5 488)	(6 268)
Financial liabilities at FVSD	(1)	152	–	(3)	(6)	(201)	(60)
	(593)	120	(38)	(18)	(111)	(5 689)	(6 328)
Total	123	619	1 075	731	1 717	69 153	73 417

* Excluding NGEU and financial assistance loans

** Excluding deferred charges.

If the EUR had strengthened or weakened against the currency concerned by 10 % then this would have had the following impact on the economic result:

EUR million

FX Rate Increase (+)/ Decrease(-)	2024			
	USD	RON	PLN	SEK
+10%	(12)	(47)	(55)	(38)
-10%	14	57	67	47

EUR million

FX Rate Increase (+)/ Decrease(-)	2023			
	USD	RON	PLN	SEK
+10%	(11)	(56)	(98)	(66)
-10%	14	69	119	81

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 %).

	Increase (+) / decrease (-) in basis points	EUR million Economic result
2024: Financial assets at FVSD	+100	(1 129)
	-100	1 200
2023: Financial assets at FVSD	+100	(918)
	-100	977

6.3. OTHER PRICE RISK

	10%	EUR million (10)%
Equity investments	320	(320)
MMFs, ETFs and investments in pooled portfolios	598	(598)
Guarantees on equity*	606	(606)
Total at 31.12.2024	1 523	(1 523)
Equity investments	289	(289)
MMFs, ETFs and investments in pooled portfolios	481	(481)
Guarantees on equity*	506	(506)
Total at 31.12.2023	1 276	(1 276)

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

6.4. CREDIT RISK

Maximum credit risk exposure

	31.12.2024	EUR million 31.12.2023
Financial assets		
Loans	283 297	246 861
Cash and cash equivalents	61 724	38 335
Exchange receivables*	3 127	3 993
Financial assets at FVSD - debt securities	33 130	28 388
Financial assets at FVSD - derivatives	1 110	1 091
Guarantees given and loan commitments		
FGCs	60 857	57 066
Loan commitments	18 193	40
Total	461 439	375 775

*Excluding deferred charges

Loans: credit quality

	31.12.2024					EUR million
	Stage 1	Stage 2	Stage 3	POCI	Total	
Credit rating						
Prime and high grade	35 429	–	–	–	35 429	
Upper medium grade	86 885	–	–	–	86 885	
Lower medium grade	129 200	–	–	–	129 200	
Non-investment grade (incl.	3 593	44 139	14	27	47 773	
Gross carrying amount	255 108	44 139	14	27	299 287	
Minus loss allowance	(31)	(15 969)	(14)	24	(15 991)	
Net carrying amount	255 077	28 170	(1)	51	283 297	

EUR million

	31.12.2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Credit rating					
Prime and high grade	36 286	–	–	–	36 286
Upper medium grade	72 051	–	–	–	72 051
Lower medium grade	113 652	–	–	–	113 652
Non-investment grade (incl.	2 130	31 762	25	38	33 955
Gross carrying amount	224 119	31 762	25	38	255 944
Minus loss allowance	(54)	(9 024)	(23)	18	(9 083)
Net carrying amount	224 065	22 738	2	56	246 861

Loans: Movement in impairment loss allowance

EUR million

	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance at 01.01.2024	54	9 024	23	(18)	9 083
Transfer to Stage 1	23	(23)	–	–	–
Transfer to Stage 2	(0)	0	–	–	–
Transfer to Stage 3	–	–	–	–	–
New loans	14	5 694	–	–	5 708
Derecognitions - repayments	(1)	(25)	(8)	–	(34)
Derecognitions - write offs	–	–	–	(12)	(12)
Loss allowance remeasurement	(59)	1 299	(1)	6	1 245
Other	0	0	0	–	0
Loss allowance at 31.12.2024	31	15 969	14	(24)	15 991

Cash and cash equivalents: credit quality

EUR million

	31.12.2024	31.12.2023
Credit rating		
Prime and high grade	56 025	34 722
Upper medium grade	3 995	2 834
Lower medium grade	1 699	775
Non-investment grade	5	4
Gross carrying amount	61 724	38 335
Minus loss allowance	–	–
Net carrying amount	61 724	38 335

Receivables: credit quality

EUR million

	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	1 417	4	31	23	195	1 670
Minus loss allowance	(5)	(2)	(3)	(12)	(110)	(132)
Net carrying amount at 31.12.2024	1 412	3	28	11	85	1 539
Gross carrying amount	1 796	11	8	39	298	2 151
Minus loss allowance	(2)	(1)	(4)	(12)	(135)	(154)
Net carrying amount at 31.12.2023	1 794	9	4	27	163	1 997

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

	31.12.2024			31.12.2023		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
Long-term rating						
Prime and high grade	1	–	1	2	–	2
Upper medium grade	5	–	5	5	0	5
Lower medium grade	137	–	137	29	–	29
Non-investment grade	34 912	25 746	60 658	30 310	26 697	57 007
Managed on collective basis / not rated	10	47	56	13	10	23
Total	35 064	25 793	60 857	30 360	26 707	57 066

Financial guarantee contracts: Movement in the loss allowance

EUR million

	Stage 1	Stage 2	Total
Loss allowance at 01.01.2024	1 430	2 397	3 826
Transfer to Stage 2	(54)	54	–
Transfer to Stage 1	8	(8)	–
Additions	292	34	326
Release of guarantees	(26)	(4)	(30)
Remeasurement	280	(398)	(117)
Loss allowance at 31.12.2024	1 930	2 075	4 005
Financial guarantee liability carrying amount at 31.12.2024	4 109	2 271	6 379

6.5. LIQUIDITY RISK

Maturity analysis of non-derivative financial liabilities by remaining contractual maturity

EUR million

	Undiscounted contractual cash-flows				Carrying amount
	< 1 year	1-5 years	> 5 years	Total	
Borrowings	(61 589)	(201 152)	(468 669)	(731 410)	(594 028)
Payables	(57 004)	–	–	(57 004)	(57 004)
Other	(119)	(386)	(428)	(933)	(845)
Total at 31.12.2024	(118 712)	(201 538)	(469 097)	(789 347)	(651 877)
Borrowings	(24 526)	(147 211)	(367 296)	(539 033)	(450 561)
Payables	(51 780)	–	–	(51 780)	(51 780)
Other	(145)	(446)	(457)	(1 047)	(889)
Total at 31.12.2023	(76 451)	(147 656)	(367 753)	(591 860)	(503 230)

Maturity analysis of derivative financial liabilities by remaining contractual maturity

EUR million

	Undiscounted contractual cash-flows				Carrying amount
	< 1 year	1-5 years	> 5 years	Total	
Derivative pay leg	(1 779)	(7)	(4)	(1 790)	
Derivative receive leg	1 691	–	–	1 691	
Net cash flows at 31.12.2024	(88)	(7)	(4)	(99)	(98)
Derivative pay leg	(1 203)	(6)	–	(1 209)	
Derivative receive leg	1 186	–	–	1 186	
Net cash flows at 31.12.2023	(17)	(6)	–	(23)	(21)

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

	Maximum amount of guarantee				EUR million
	< 1 year	1-5 years	> 5 years	Total	Carrying amount
<i>FGCs at 31.12.2024</i>	<i>(64 115)</i>	<i>(2 211)</i>	<i>(10 271)</i>	<i>(76 597)</i>	<i>(6 379)</i>
<i>FGCs at 31.12.2023</i>	<i>(65 661)</i>	<i>(2 995)</i>	<i>(7 043)</i>	<i>(75 699)</i>	<i>(6 268)</i>

Maturity analysis of undrawn loan commitment

	Maximum amount of undrawn loan commitment				EUR million
	< 1 year	1-5 years	> 5 years	Total	Carrying amount
<i>Undrawn loan commitments at 31.12.2024</i>	<i>18 152</i>	<i>41</i>	<i>–</i>	<i>18 193</i>	<i>7 082</i>
<i>Undrawn loan commitments at 31.12.2023</i>	<i>20</i>	<i>20</i>	<i>–</i>	<i>40</i>	<i>1</i>

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.

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

	2024	2023
Revenue for the financial year	250 609	248 361
Payments against current year appropriations	(244 309)	(236 739)
Payment appropriations carried over to year N+1	(3 848)	(3 014)
Cancellation of unused appropriations carried over from year N-1	334	4
Evolution of assigned revenue (B)-(A)	(1 486)	(8 055)
<i>Unused appropriations at the end of current year (A)</i>	24 692	23 207
<i>Unused appropriations at the end of previous year (B)</i>	23 207	15 152
Exchange rate differences for the year	44	78
Budget result	1 345	635

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	136 499	141 170	141 082	141 047
2 Surpluses, balances and adjustments		633	669	669
3 Administrative revenue	1 635	1 635	3 052	3 021
4 Financial revenue, default interest and fines	149	3 477	17 920	4 768
5 Budgetary guarantees, borrowing-and-lending operations			73 376	73 332
6 Revenue, contributions and refunds related to union policies	3 858	2 340	29 884	26 890
Total	142 141	149 255	265 983	249 727

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	21 493	21 492	29 209	25 962
2 Cohesion, Resilience and Values	74 561	74 583	86 683	84 193
<i>Economic, social and territorial cohesion</i>	64 665	64 665	72 701	71 416
<i>Resilience and values</i>	9 895	9 917	13 982	12 778
3 Natural Resources and Environment	57 339	57 307	59 874	57 964
<i>of which market-related expenditure and direct payments</i>	40 517	40 517	41 745	40 810
4 Migration and Border Management	3 893	3 893	4 232	4 039
5 Security and Defence	2 321	2 699	2 778	2 770
6 Neighbourhood and the World	16 230	17 303	19 569	18 283
7 European Public Administration	7 033	7 101	9 032	8 060
O Outside MFF	–	4 768	8 941	5 552
S Solidarity mechanisms within and outside the Union (Special instruments)	1 561	1 178	1 899	1 546
Total	184 431	190 323	222 217	208 370

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	20 828	20 900	32 504	25 864
2 Cohesion, Resilience and Values	33 716	35 980	121 796	116 525
<i>Economic, social and territorial cohesion</i>	24 156	26 493	54 441	51 949
<i>Resilience and values</i>	9 560	9 487	67 355	64 576
3 Natural Resources and Environment	54 151	56 110	67 233	64 448
<i>of which market-related expenditure and direct payments</i>	40 505	40 474	41 702	40 762
4 Migration and Border Management	3 249	3 261	3 727	3 405
5 Security and Defence	2 035	2 084	2 142	2 123
6 Neighbourhood and the World	15 291	14 454	16 241	15 395
7 European Public Administration	7 033	7 101	9 426	8 042
O Outside MFF	–	3 755	14 261	3 987
S Solidarity mechanisms within and outside the Union (Special instruments)	1 371	1 144	2 347	1 975
Total	137 676	144 788	269 678	241 764

3. IMPLEMENTATION OF EC BUDGET REVENUE

EUR million

Title	Income appropriations		Entitlements established			Revenue		Total	Receipts as % of budget	Out-standing
	Initial budget adopted	Final budget adopted	Current year	Carried over	Total	On entitlements of current year	On entitlements carried over			
1 Own resources	136 499	141 170	141 280	(197)	141 082	141 202	(155)	141 047	100 %	36
2 Surpluses, balances and adjustments	0	633	662	7	669	662	7	669	106 %	–
3 Administrative revenue	1 635	1 635	3 030	22	3 052	3 005	16	3 021	185 %	31
4 Financial revenue, default interest and fines	149	3 477	3 239	14 681	17 920	(745)	5 513	4 768	137 %	13 152
5 Budgetary guarantees, borrowing-and-lending operations	0	0	73 376	–	73 376	73 332	–	73 332	–	44
6 Revenue, contributions and refunds related to union policies	3 858	2 340	25 115	4 769	29 884	22 345	4 545	26 890	1149 %	2 994
Total	142 141	149 255	246 702	19 281	265 983	239 802	9 925	249 727	167 %	16 256

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 approp. available	Budget appropriations			Additional appropriat.		Total approp. 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	21 493	(1)	21 492	95	7 621	29 209	20 828	72	20 900	109	11 495	32 504
2 Cohesion, Resilience and Values	74 561	22	74 583	12	12 088	86 683	33 716	2 264	35 980	813	85 003	121 796
<i>Economic, social and territorial cohesion</i>	64 665	–	64 665	12	8 023	72 701	24 156	2 337	26 493	1	27 947	54 441
<i>Resilience and values</i>	9 895	22	9 917	0	4 065	13 982	9 560	(73)	9 487	812	57 056	67 355
3 Natural Resources and Environment	57 339	(32)	57 307	316	2 252	59 874	54 151	1 959	56 110	324	10 799	67 233
<i>of which market-related expenditure and direct payments</i>	40 517	0	40 517	316	912	41 745	40 505	(32)	40 474	316	912	41 702
4 Migration and Border Management	3 893	1	3 893	–	338	4 232	3 249	12	3 261	3	463	3 727
5 Security and Defence	2 321	378	2 699	–	79	2 778	2 035	48	2 084	8	51	2 142
6 Neighbourhood and the World	16 230	1 073	17 303	483	1 783	19 569	15 291	(838)	14 454	161	1 626	16 241
7 European Public Administration	7 033	67	7 101	–	1 932	9 032	7 033	67	7 101	392	1 934	9 426
O Outside MFF	–	4 768	4 768	–	4 174	8 941	–	3 755	3 755	–	10 506	14 261
S Solidarity mechanisms within and outside the Union (Special instruments)	1 561	(383)	1 178	407	314	1 899	1 371	(227)	1 144	728	475	2 347
Total	184 431	5 893	190 323	1 313	30 581	222 217	137 676	7 113	144 788	2 537	122 353	269 678

4.2. MFF: IMPLEMENTATION OF COMMITMENT APPROPRIATIONS

EUR million

MFF Heading	Total appropri. available	Commitments made					Appropriations carried over to 2025			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	29 209	21 489	95	4 378	25 962	89 %	0	3 243	3 244	3	–	0	3
2 Cohesion, Resilience and Values	86 683	73 513	12	10 668	84 193	97 %	0	1 335	1 335	1 070	–	85	1 155
<i>Economic, social and territorial cohesion</i>	72 701	63 596	12	7 808	71 416	98 %	–	131	131	1 070	–	85	1 154
<i>Resilience and values</i>	13 982	9 917	0	2 860	12 778	91 %	0	1 204	1 204	0	–	0	1
3 Natural Resources and Environment	59 874	57 243	–	721	57 964	97 %	366	1 296	1 663	13	–	234	247
<i>of which market-related expenditure and direct payments</i>	41 745	40 465	–	345	40 810	98 %	366	567	933	2	–	–	2
4 Migration and Border Management	4 232	3 892	–	147	4 039	95 %	–	191	191	1	–	0	1
5 Security and Defence	2 778	2 699	–	71	2 770	100 %	–	8	8	0	–	0	0
6 Neighbourhood and the World	19 569	16 646	421	1 217	18 283	93 %	657	566	1 224	0	62	0	62
7 European Public Administration	9 032	7 092	–	969	8 060	89 %	–	963	963	9	–	0	9
O Outside MFF	8 941	4 737	–	815	5 552	62 %	30	3 359	3 389	0	–	–	0
S Solidarity mechanisms within and outside the Union (Special instruments)	1 899	842	407	297	1 546	81 %	310	7	318	25	–	10	35
Total	222 217	188 153	936	19 282	208 370	94 %	1 365	10 969	12 334	1 121	62	330	1 513

4.3. MFF: IMPLEMENTATION OF PAYMENT APPROPRIATIONS

EUR
million

MFF Heading	Total appropri. available	Payments made					Appropriations carried over to 2025			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	32 504	20 778	98	4 988	25 864	80 %	113	6 504	6 617	9	11	3	23
2 Cohesion, Resilience and Values	121 796	34 082	811	81 633	116 525	96 %	1 898	3 368	5 266	0	2	2	5
<i>Economic, social and territorial cohesion</i>	54 441	26 490	1	25 458	51 949	95 %	2	2 489	2 491	0	1	0	1
<i>Resilience and values</i>	67 355	7 591	810	56 175	64 576	96 %	1 896	879	2 775	0	2	2	4
3 Natural Resources and Environment	67 233	56 043	8	8 398	64 448	96 %	376	2 401	2 777	7	0	0	8
<i>of which market-related expenditure and direct payments</i>	41 702	40 416	0	345	40 762	98 %	367	567	934	6	0	–	6
4 Migration and Border Management	3 727	3 231	2	171	3 405	91 %	28	292	320	2	0	0	2
5 Security and Defence	2 142	2 073	7	42	2 123	99 %	6	8	14	5	1	0	5
6 Neighbourhood and the World	16 241	14 346	153	897	15 395	95 %	107	729	836	1	9	0	10
7 European Public Administration	9 426	6 785	369	888	8 042	85 %	307	1 045	1 352	9	23	0	32
O Outside MFF	14 261	3 634	–	353	3 987	28 %	121	10 154	10 274	(0)	0	–	(0)
S Solidarity mechanisms within and outside the Union (Special instruments)	2 347	834	675	466	1 975	84 %	310	7	318	0	53	2	55
Total	269 678	141 805	2 122	97 837	241 764	90 %	3 266	24 509	27 775	33	99	7	140

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. outstandin g 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	51 926	(853)	(17 829)	33 244	25 962	(8 035)	(7)	17 920	51 164
2 Cohesion, Resilience and Values	376 757	(336)	(102 977)	273 444	84 193	(13 548)	(1)	70 644	344 088
<i>Economic, social and territorial cohesion</i>	154 864	(161)	(48 409)	106 295	71 416	(3 540)	(1)	67 875	174 170
<i>Resilience and values</i>	221 893	(176)	(54 568)	167 149	12 778	(10 008)	(0)	2 769	169 918
3 Natural Resources and Environment	57 477	(125)	(23 401)	33 950	57 964	(41 048)	(0)	16 916	50 867
<i>of which market-related expenditure and direct payments</i>	358	(35)	(102)	221	40 810	(40 660)	–	150	371
4 Migration and Border Management	5 121	(1)	(2 129)	2 991	4 039	(1 276)	(0)	2 763	5 754
5 Security and Defence	3 803	(4)	(1 378)	2 420	2 770	(744)	(0)	2 025	4 445
6 Neighbourhood and the World	39 987	(779)	(10 433)	28 776	18 283	(4 962)	(0)	13 321	42 097
7 European Public Administration	396	(25)	(371)	0	8 060	(7 671)	(1)	388	388
O Outside MFF	6 447	(114)	(261)	6 072	5 552	(3 726)	(0)	1 827	7 899
S Solidarity mechanisms within and outside the Union (Special instruments)	482	(0)	(429)	53	1 546	(1 546)	–	0	53
Total	542 395	(2 237)	(159 209)	380 950	208 370	(82 555)	(9)	125 805	506 755

4.5. MFF: OUTSTANDING COMMITMENTS BY YEAR OF ORIGIN

										EUR million
MFF heading		<2018	2018	2019	2020	2021	2022	2023	2024	Total
1	Single Market, Innovation and Digital	957	639	2 663	4 496	4 309	7 314	11 086	19 700	51 164
2	Cohesion, Resilience and Values	1 587	273	588	1 478	3 357	42 094	54 161	240 550	344 088
3	Natural Resources and Environment	136	201	178	222	372	3 544	663	45 551	50 867
4	Migration and Border Management	40	3	18	421	139	313	1 580	3 241	5 754
5	Security and Defence	18	46	74	188	506	612	909	2 094	4 445
6	Neighbourhood and the World	1 336	1 149	1 651	1 948	4 056	8 352	9 878	13 726	42 097
7	European Public Administration	–	–	–	–	–	0	0	388	388
O	Outside MFF	0	0	0	–	65	2 586	3 421	1 827	7 899
S	Solidarity mechanisms within and outside the Union (Special instruments)	0	0	0	0	0	0	53	0	53
Total		4 074	2 312	5 172	8 752	12 804	64 814	81 750	327 078	506 755

As a result from re-allocation of commitments in the framework of the migration to a new accounting system (SUMMA) a shift of outstanding amount (201 274 EUR million) between years has occurred. 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 appropri. available	Budget appropriations			Additional appropriat.		Total appropri. 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	13 639	(0)	13 639	95	5 231	18 965	12 701	285	12 986	83	7 661	20 730
02 European Strategic Investments	4 593	6	4 599	–	1 987	6 585	4 754	(207)	4 547	12	3 248	7 807
03 Single Market	953	(0)	953	–	74	1 026	910	6	916	9	94	1 018
04 Space	2 301	0	2 301	–	331	2 632	2 456	(4)	2 452	5	492	2 949
05 Regional Development and Cohesion	47 917	–	47 917	12	6 078	54 007	17 332	3 123	20 455	1	16 456	36 912
06 Recovery and Resilience	4 720	13	4 733	0	2 963	7 696	4 654	(142)	4 512	783	55 884	61 179
07 Investing in People, Social Cohesion and Values	21 922	11	21 933	–	3 048	24 981	11 728	(715)	11 013	29	12 663	23 705
08 Agriculture and Maritime Policy	54 877	34	54 911	316	1 488	56 715	53 417	1 948	55 365	317	3 801	59 483
09 Environment and Climate Action	2 387	8	2 395	–	764	3 160	689	56	745	7	6 998	7 750
10 Migration	1 677	(22)	1 655	–	29	1 683	1 528	(16)	1 512	2	29	1 542
11 Border Management	2 211	28	2 239	–	310	2 548	1 716	34	1 750	1	434	2 185
12 Security	731	4	735	–	20	755	732	(17)	715	3	20	738
13 Defence	1 588	376	1 964	–	59	2 023	1 301	67	1 368	5	31	1 404
14 External Action	14 114	572	14 686	462	1 640	16 788	13 317	(1 025)	12 292	86	1 434	13 812
15 Pre-accession Assistance	2 116	501	2 617	21	143	2 782	1 975	187	2 162	75	192	2 429
16 Expenditure outside the annual ceilings set out in the Multiannual Financial Framework	50	5 689	5 739	407	4 488	10 633	70	4 648	4 718	728	10 982	16 427
20 Administrative expenditure of the European Commission	4 222	(4)	4 218	–	1 622	5 840	4 222	(4)	4 218	391	1 624	6 233
21 European Schools and Pensions	2 812	71	2 883	–	310	3 192	2 812	71	2 883	1	310	3 193
30 Reserves	1 601	(1 394)	207	–	–	207	1 362	(1 181)	181	–	–	181
Total	184 431	5 893	190 323	1 313	30 581	222 217	137 676	7 113	144 788	2 537	122 353	269 678

4.7. POLICY AREA: IMPLEMENTATION OF COMMITMENT APPROPRIATIONS

EUR million

Policy area		Total apppr. available	from final adopted budget	Commitments made			Appropriations carried over to 2025			Appropriations lapsing				
				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	18 965	13 638	95	2 317	16 051	85 %	–	2 914	2 914	1	–	0	1
02	European Strategic Investments	6 585	4 597	–	1 758	6 356	97 %	–	228	228	1	–	0	1
03	Single Market	1 026	951	–	34	986	96 %	0	39	39	1	–	0	1
04	Space	2 632	2 301	–	268	2 570	98 %	–	63	63	–	–	0	0
05	Regional Development and Cohesion	54 007	46 899	12	5 902	52 814	98 %	–	116	116	1 017	–	59	1 077
06	Recovery and Resilience	7 696	4 733	0	2 325	7 059	92 %	0	637	637	0	–	0	0
07	Investing in People, Social Cohesion and Values	24 981	21 880	–	2 441	24 321	97 %	–	582	582	52	–	25	78
08	Agriculture and Maritime Policy	56 715	54 858	–	473	55 331	98 %	366	780	1 147	2	–	234	236
09	Environment and Climate Action	3 160	2 385	–	248	2 633	83 %	–	516	516	11	–	0	11
10	Migration	1 683	1 654	–	18	1 672	99 %	–	10	10	1	–	0	1
11	Border Management	2 548	2 238	–	129	2 367	93 %	–	181	181	1	–	–	1
12	Security	755	735	–	12	746	99 %	–	8	8	0	–	0	0
13	Defence	2 023	1 964	–	59	2 023	100 %	–	–	–	–	–	–	–
14	External Action	16 788	14 203	401	1 133	15 737	94 %	483	506	989	0	61	0	61
15	Pre-accession Assistance	2 782	2 443	20	83	2 546	92 %	174	60	235	(0)	1	–	1
16	Expenditure outside the annual ceilings set out in the Multiannual Financial Framework	10 633	5 580	407	1 112	7 098	67 %	159	3 366	3 525	0	–	10	10
20	Administrative expenditure of the European Commission	5 840	4 209	–	673	4 882	84 %	–	949	949	9	–	0	9
21	European Schools and Pensions	3 192	2 883	–	296	3 178	100 %	–	14	14	0	–	0	0
30	Reserves	207	–	–	–	–	0 %	181	–	181	25	–	–	25
Total		222 217	188 153	936	19 282	208 370	94 %	1 365	10 969	12 334	1 121	62	330	1 513

4.8. POLICY AREA: IMPLEMENTATION OF PAYMENT APPROPRIATIONS

EUR million

Policy area	Total apppr. available	from final adopted budget	Payments made		Total	%	Appropriations carried over to 2025			Appropriations lapsing			
			from carry- overs	from assigned revenue			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	20 730	12 892	74	1 912	14 878	72 %	92	5 747	5 840	2	9	2	13
02 European Strategic Investments	7 807	4 533	11	2 940	7 484	96 %	9	308	317	5	1	0	6
03 Single Market	1 018	906	8	34	947	93 %	7	60	67	3	1	0	3
04 Space	2 949	2 447	5	104	2 556	87 %	4	388	393	0	1	0	1
05 Regional Development and Cohesion	36 912	20 453	1	15 187	35 641	97 %	2	1 269	1 270	0	1	(0)	1
06 Recovery and Resilience	61 179	2 643	782	55 636	59 062	97 %	1 869	247	2 116	0	1	1	2
07 Investing in People, Social Cohesion and Values	23 705	10 986	28	10 809	21 823	92 %	27	1 853	1 880	0	1	1	2
08 Agriculture and Maritime Policy	59 483	55 306	1	2 223	57 530	97 %	368	1 578	1 946	7	0	–	7
09 Environment and Climate Action	7 750	736	7	6 175	6 918	89 %	8	823	831	0	0	0	1
10 Migration	1 542	1 509	1	20	1 530	99 %	2	8	11	1	0	0	1
11 Border Management	2 185	1 723	1	151	1 875	86 %	26	283	309	1	0	–	1
12 Security	738	708	3	12	722	98 %	3	8	11	5	0	0	5
13 Defence	1 404	1 365	5	31	1 400	100 %	3	–	3	0	0	0	1
14 External Action	13 812	12 217	79	797	13 093	95 %	74	637	711	1	7	0	8
15 Pre-accession Assistance	2 429	2 129	74	100	2 302	95 %	33	92	125	(0)	2	–	2
16 Expenditure outside the annual ceilings set out in the Multiannual Financial Framework	16 427	4 468	675	819	5 962	36 %	250	10 161	10 411	0	53	2	55
20 Administrative expenditure of the European Commission	6 233	3 903	368	596	4 866	78 %	306	1 028	1 334	9	23	0	32
21 European Schools and Pensions	3 193	2 882	1	292	3 175	99 %	0	17	18	0	–	0	0
30 Reserves	181	–	–	–	–	0 %	181	–	181	–	0	–	–
Total	269 678	141 805	2 122	97 837	241 764	90 %	3 266	24 509	27 775	33	99	7	140

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	30 055	(579)	(10 709)	18 766	16 051	(4 168)	(6)	11 876	30 642
02 European Strategic Investments	19 087	(206)	(5 383)	13 498	6 356	(2 101)	(0)	4 255	17 752
03 Single Market	1 195	(63)	(608)	524	986	(339)	(0)	646	1 170
04 Space	1 590	(4)	(1 129)	457	2 570	(1 426)	–	1 143	1 600
05 Regional Development and Cohesion	109 713	(148)	(32 649)	76 916	52 814	(2 992)	(1)	49 821	126 737
06 Recovery and Resilience	218 269	(44)	(53 230)	164 996	7 059	(5 832)	(0)	1 227	166 222
07 Investing in People, Social Cohesion and Values	48 775	(145)	(17 098)	31 533	24 321	(4 725)	(0)	19 596	51 128
08 Agriculture and Maritime Policy	41 575	(100)	(16 640)	24 834	55 331	(40 890)	(0)	14 442	39 276
09 Environment and Climate Action	15 902	(25)	(6 760)	9 116	2 633	(158)	–	2 475	11 591
10 Migration	2 733	(0)	(1 291)	1 441	1 672	(239)	(0)	1 433	2 875
11 Border Management	2 387	(0)	(838)	1 549	2 367	(1 037)	(0)	1 330	2 879
12 Security	1 270	(2)	(429)	838	746	(293)	(0)	453	1 291
13 Defence	2 533	(2)	(949)	1 582	2 023	(451)	(0)	1 572	3 154
14 External Action	32 303	(684)	(8 533)	23 086	15 737	(4 559)	(0)	11 178	34 264
15 Pre-accession Assistance	7 684	(95)	(1 899)	5 689	2 546	(403)	–	2 143	7 833
16 Expenditure outside the annual ceilings set out in the Multiannual Financial Framework	6 929	(114)	(690)	6 125	7 098	(5 272)	(0)	1 827	7 952
20 Administrative expenditure of the European Commission	395	(25)	(370)	0	4 882	(4 497)	(1)	384	384
21 European Schools and Pensions	1	–	(1)	–	3 178	(3 175)	–	4	4
Total	542 395	(2 237)	(159 209)	380 950	208 370	(82 555)	(9)	125 805	506 755

4.10. POLICY AREA: OUTSTANDING COMMITMENTS BY YEAR OF ORIGIN

EUR million

Policy area	<2018	2018	2019	2020	2021	2022	2023	2024	Total
01 Research and Innovation	369	440	886	1 981	2 727	4 466	6 359	13 414	30 642
02 European Strategic Investments	539	189	1 747	2 342	1 526	2 694	4 241	4 475	17 752
03 Single Market	49	9	25	29	44	126	219	668	1 170
04 Space	0	2	5	144	12	28	267	1 143	1 600
05 Regional Development and Cohesion	1 293	262	548	1 195	536	1 002	606	121 296	126 737
06 Recovery and Resilience	2	0	9	104	2 507	40 432	52 605	70 563	166 222
07 Investing in People, Social Cohesion and Values	292	11	32	179	314	660	950	48 691	51 128
08 Agriculture and Maritime Policy	22	9	14	27	42	3 073	151	35 937	39 276
09 Environment and Climate Action	114	193	164	195	329	470	512	9 615	11 591
10 Migration	20	2	18	235	21	108	725	1 746	2 875
11 Border Management	20	0	0	186	118	205	855	1 495	2 879
12 Security	18	45	60	173	90	140	244	522	1 291
13 Defence	0	0	14	14	416	472	665	1 572	3 154
14 External Action	1 046	830	1 021	1 429	3 058	7 010	8 612	11 259	34 264
15 Pre-accession Assistance	290	320	630	519	998	1 342	1 266	2 468	7 833
16 Expenditure outside the annual ceilings set out in the Multiannual Financial Framework	0	0	0	–	65	2 586	3 474	1 827	7 952
20 Administrative expenditure of the European Commission	–	–	–	–	–	0	0	384	384
21 European Schools and Pensions	0	0	0	0	0	0	–	4	4
Total	4 074	2 312	5 172	8 752	12 804	64 814	81 750	327 078	506 755

As a result from re-allocation of commitments in the framework of the migration to a new accounting system (SUMMA) a shift of outstanding amount (201 274 EUR million) between years has occurred. The overall amount of outstanding commitments remains unchanged.

5. RECONCILIATION OF ECONOMIC RESULT WITH BUDGET RESULT

EUR million

	2024	2023
ECONOMIC RESULT OF THE YEAR	(97 204)	(71 528)
Revenue		
<i>Entitlements established in current year but not yet collected</i>	(6 770)	(5 710)
<i>Entitlements established in previous years and collected in current year</i>	9 922	10 042
<i>Entitlements collected not to be treated as revenue in the economic result</i>	83 953	73 209
<i>Accrued revenue (net)</i>	(723)	(923)
Expenses		
<i>Accrued expenses (net)</i>	10 564	13 993
<i>Amount from liaison account</i>	4 525	4 247
<i>Expenses prior year paid in current year</i>	(2 220)	(1 638)
<i>Net-effect pre-financing</i>	(11 719)	(12 578)
<i>Payment appropriations carried over to next year</i>	(3 266)	(2 447)
<i>Payments made from carry-overs & cancellation of unused payment</i>	950	(6 214)
<i>Movement in provisions</i>	9 963	3 984
<i>Other</i>	7 721	344
BUDGET RESULT OF THE YEAR	5 696	4 782
BUDGET RESULT OTHER INSTITUTIONS	(4 351)	(4 147)
BUDGET RESULT OF THE YEAR (EU)	1 344	635