



Final Annual Accounts

European Research Executive Agency (REA)

Financial Statements

Reports on the implementation of the budget

Financial year 2022

The opinion of the REA Steering Committee was given on 28.06.2023

The accounts are sent to the Commission's Accounting Officer, the European Court of Auditors, the European Parliament and the Council.

They will also be published on the REA website: https://ec.europa.eu/info/publications/research-executive-agency-annual-budgets_en

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1. INTRODUCTION

1.1. Legal Basis

The financial statements of the European Research Executive Agency (hereinafter referred to as “REA” or “the Agency”) and its report on budget implementation for 2022 were prepared in accordance with:

- Commission Regulation (EC) No 1653/2004 of the Council of 21 September 2004, on a Standard Financial Regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the Statute for executive agencies to be entrusted with certain tasks in the management of Community programmes, as last amended by Commission Regulation (EC) No 651/2008 of 09 July 2008;
- Regulation (EU, Euratom) 2018/1046 on the financial rules applicable to the general budget of the Union, repealing Regulation (EU, Euratom) No 966/2012 (2012 Financial Regulation);
- The Accounting Rules on accrual accounting adopted by the Accounting Officer of the Commission in December 2004 and last updated in December 2020.

1.2. Background Information

REA operates in accordance with Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes, including budget implementation.

REA was established in December 2007 by Commission Decision 2008/46/EC¹. This Decision was repealed and replaced by Commission Decision 2013/778/EU² of 13 December 2013 establishing REA for the period 01.01.2014 to 31.12.2024. The later was also repealed and replaced by Commission Decision 2021/173/EU³ establishing REA for the period 01.04.2021 to 31.12.2028.

The REA Delegation Act and its Annexes, adopted on 12 February 2021 by Commission Decision C(2021) 952, lays down in detail the tasks delegated to REA and provides the framework for their implementation and for the relations between the Commission and the Agency.

Under the **current mandate**, REA manages:

- the following Horizon Europe activities:
 - Pillar I – Excellent Science: Marie Skłodowska-Curie Actions (MSCA) and Research Infrastructures
 - Pillar II – Global Challenges and European Industrial Competitiveness:
 - Cluster 2: Culture, Creativity and Inclusive Society
 - Cluster 3: Civil Security for Society
 - Cluster 6: Food, Bio-economy, Natural Resources, Agriculture and Environment
 - Part ‘Widening participation and strengthening the European Research Area’
 - Widening participation and spreading excellence
 - Reforming and enhancing the European R&I System
- the programme for the promotion of Agricultural Products
- the Research Programme of the Research Fund for Coal and Steel
- the legacy activities of the following parts of the Horizon 2020 Specific Programme (The Framework Programme for Research and Innovation 2014-2020):
 - under “Excellent Science”:
 - Marie Skłodowska-Curie Actions

¹ OJ L 11 of 15.1.2008, p.9.

² OJ L 346 of 20.12.2013, p.54.

³ OJ L 50 of 15.02.201, p.9

- Research Infrastructure
- under “Societal Challenges”:
 - Societal Challenge 2 – Food security, sustainable agriculture and forestry, marine & maritime and inland water research and the bio-economy
 - Societal Challenge 5 – Climate action, Environment, resource efficiency and raw materials
 - Societal Challenge 6 – Europe in a changing world: Inclusive, innovative and reflective societies
 - Societal Challenge 7 – Secure Societies – Protecting freedom and security of Europe and its citizens
- under “Horizon 2020 Specific Objectives”:
 - Spreading Excellence and Widening Participation
 - Science with and for Society
- the legacy of part of the Seventh Framework Programme for Research and Innovation (FP7):
 - Research Activities for the benefit of SMEs, SME associations of the Capacities Specific Programme
 - Security theme of the Cooperation Specific Programme
 - The People Specific Programme
- the legacy of the Research Programme of the Research Fund for Coal and Steel and the programme for the promotion of agricultural products under the multiannual financial framework 2014-2020
- general administrative and logistical support services , in particular:
 - Central Participant Validation Service (SEDIA)
 - Call planning for all programmes and services participating in eGrants
 - Contracting and payment of expert evaluators

External Audit

The European Court of Auditors is required to scrutinise REA's accounts in line with the requirements of Article 248 of the Treaty on the Functioning of the EU.

Discharge

The European Parliament is the discharge Authority within the EU. This means that, following the audit and finalisation of the annual accounts, it falls to the Council to recommend and then to the European Parliament to give a discharge to the Director of REA for his management of the administrative budget for a given financial year.

2. FINANCIAL STATEMENTS 2022

2.1. REA balance sheet (in euros - rounded)

	Notes (section 2.5.2)	31.12.2022	31.12.2021	Variation Amount	Variation %
ASSETS		13,693,222	13,210,090	483,132	4%
NON CURRENT ASSETS		1,662,315	1,675,794	-13,479	-1%
INTANGIBLE FIXED ASSETS	2.5.2.1	1,051,409	1,040,277	11,131	1%
Computer Software		751,170	486,602	264,568	54%
Intangible assets under construction		300,239	553,675	-253,437	-46%
TANGIBLE FIXED ASSETS	2.5.2.2	610,906	635,517	-24,611	-4%
Plant and equipment		239	957	-718	-75%
Furniture and vehicles		24,510	6,884	17,626	256%
Computer hardware		3,981	13,314	-9,333	-70%
Others fixtures and fittings		582,176	614,362	-32,186	-5%
CURRENT ASSETS		12,030,907	11,534,297	496,611	4%
EXCHANGE RECEIVABLES	2.5.2.3	12,024,591	11,533,814	490,777	4%
Current receivable customers		41,187	5,750	35,437	616%
Current receivable customers written down		0	-5,750	5,750	-100%
Deferred charges		2,912,765	2,635,920	276,845	11%
Deferred charges with consolidated entities		2,692,166	400,211	2,291,955	573%
Sundry receivables - staff		59,718	66,830	-7,112	-11%
Sundry receivables - Liaison account with Commission		6,274,187	8,396,353	-2,122,166	-25%
Current receivable consolidated entities		23,700	0	23,700	-
Accrued income		20,868	34,500	-13,632	-40%
NON EXCHANGE RECEIVABLES	2.5.2.4	6,316	483	5,834	1208%
Other current recoverable with consolidated entities		6,316	483	5,834	1208%
TOTAL LIABILITIES AND NET ASSET		13,693,222	13,210,090	483,132	4%
CURRENT LIABILITIES		7,547,760	7,146,070	401,690	6%
CURRENT PROVISIONS	2.5.2.5	641,000	120,960	520,040	430%
Short Term Provisions		641,000	120,960	520,040	430%
CURRENT PAYABLE	2.5.2.6	2,614	468,078	-465,464	-99%
Current payable vendor		2,603	19,338	-16,735	-87%
Other current payable		11	0	11	-
Current payable consolidated entities		0	448,741	-448,741	-100%
CURRENTSUNDRY PAYABLES		0	194	-194	-100%
ACCOUNT PAYABLE CONSOLIDATED ENTITIES	2.5.2.7	1,013,808	409,028	604,781	148%
Prefinancing from consolidated entities		1,013,808	409,028	604,781	148%
ACCRUED CHARGES AND DEFFERED INCOME	2.5.2.8	5,890,337	6,147,810	-257,473	-4%
Accrued charges		2,959,126	3,175,818	-216,692	-7%
Accrued charges with consolidated entities		2,931,212	2,971,992	-40,781	-1%
NET ASSET		6,145,462	6,064,020	81,442	1%
ACCUMULATED SURPLUS / (DEFICIT)		6,064,020	7,440,049	-1,376,028	-18%
ECONOMIC RESULT OF THE YEAR (profit+/loss-)		81,442	-1,376,028	1,457,470	-106%

2.2. REA Statement of financial performance (in euros - rounded)

	Notes (section 2.5.3)	31.12.2022	31.12.2021	Variation Amount	Variation %
ECONOMIC RESULT OF THE YEAR		81,442	-1,376,028	1,457,470	106%
OPERATING REVENUE		98,081,340	88,253,455	9,827,885	11%
NON-EXCHANGE REVENUES		97,472,212	88,157,324	9,314,888	11%
Other non exchange revenue	2.5.3.1	72,426	126,136	-53,710	-43%
Subsidy of he Commission	2.5.3.2	97,399,786	88,031,188	9,368,599	11%
EXCHANGE REVENUES		609,128	96,131	512,997	534%
Fixed assets related revenue	2.5.3.3	336,000	20,810	315,190	1515%
Income with consolidated entities	2.5.3.4	237,952	33,914	204,038	602%
Exchange rate differences gains	2.5.3.5	11	2,478	-2,467	-100%
Other miscellaneous revenues	2.5.3.6	35,165	38,929	-3,764	-10%
OPERATING EXPENSES		97,999,898	89,629,483	8,370,415	9%
EXCHANGE EXPENSES		97,999,898	89,629,483	8,370,415	9%
Staff expenses	2.5.3.7	73,252,554	64,593,465	8,659,089	13%
Interest expenses		0	682	-682	-100%
Administrative and IT expenses	2.5.3.8	11,949,924	9,820,736	2,129,188	22%
Assets related expenses	2.5.3.9	877,493	960,048	-82,554	-9%
Land and building	2.5.3.10	11,919,915	14,251,221	-2,331,306	-16%
Exchange rate differences losses	2.5.3.11	11	3,332	-3,321	-100%

2.3. REA Cash flow statement (in euros - rounded)

CASHFLOW STATEMENT			
	NOTES (section 2.5.4)	31.12.2022	31.12.2021
Economic result of the year		81,442	-1,376,028
Operating activities			
Amortization (intangible fixed assets) (+)		316,841	208,894
Depreciation (tangible fixed assets) (+)		560,653	624,535
Written off (tangible assets) (+)		-	126,618
other non cashed movements		-	-20,810
(Increase)/decrease in non exchange receivable - current		-5,834	490
(Increase)/decrease in exchange receivable - current		-57,775	7,380
(Increase)/decrease in Receivables - Liaison Account with Commission -		2,122,166	79,548
(Increase)/decrease in deferred charges and accrued income		-2,555,167	-328,324
Increase/(decrease) in provisions - non current			
Increase/(decrease) in provisions - current		520,040	120,960
Increase/(decrease) in financial liabilities - non current		-	-90,242
Increase/(decrease) in financial liabilities - current		-	-44,704
Increase/(decrease) in payables - current		139,123	-318,057
Increase/(decrease) in accrued charges		-257,473	1,657,206
Total Operating activities		864,014	647,467
Investing activities			
(Increase)/decrease in intangible assets		-327,972	-553,675
(Increase)/decrease in tangible assets		-536,042	-93,792
Total Investing activities		-864,014	-647,467
NET CASHFLOW		0	0

2.4. REA statement of changes in net assets (in euros - rounded)

	Accumulated Surplus (+) / Deficit (-)	Economic result of the year	Net assets (total)
Balance as of 31 December 2021	7,440,049	-1,376,028	6,064,020
Changes in accounting policies	0	0	0
Balance as of 01 January 2022	7,440,049	-1,376,028	6,064,020
Allocation 2021 economic result	-1,376,028	1,376,028	0
Economic result of the year	0	81,442	81,442
Balance as of 31 December 2022	6,064,020	81,442	6,145,462

2.5. Notes to the financial statements

These financial statements cover the period from 1 January 2022 until 31 December 2022.

2.5.1. Significant accounting policies

Legal basis and accounting rules

The accounts are kept in accordance with Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies.

REA being fully consolidated in the Commission accounts, the 2022 REA financial statements and report on implementation of the budget have been established in accordance with the legal basis described in the introduction.

These financial statements are prepared on the basis of the EU Accounting Rules as adopted by the Commission's Accounting Officer which adapt the International Public Sector Accounting Standards (IPSAS) (and in some cases the International Financial Reporting Standards) to the specific environment of the EU. The reports on implementation of the budget continue to be primarily based on movements of cash.

The accounting system of REA comprises general accounts and budget accounts. These accounts are kept in euros and by calendar year. The budget accounts give a detailed picture of the implementation of the budget. They are based on the modified cash accounting principle⁴. The general accounts allow for the preparation of the financial statements as they show all charges and income for the financial year and are designed to establish the financial position in the form of a balance sheet at 31 December.

REA's financial statements have been drawn up using the methods of preparation as set out in the accounting rules laid down by the Commission's Accounting Officer.

Accounting principles

The objective of the financial statements is to provide information about the financial position, performance and cash flows of an entity that is useful to a wide range of users. For a public sector entity such as REA, 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.

Article 53 of the standard financial regulation for executive agencies⁵ sets out the accounting principles to be applied in drawing up the financial statements:

Going concern basis

When preparing financial statements, an assessment of an entity's ability to continue as a going concern shall be made. Financial statements shall be prepared on a going-concern basis unless there is an intention to liquidate the entity or to cease operating, or if there is no realistic alternative but to do so. These financial statements have been prepared in accordance with the going-concern principle, which means that the Agency is deemed to have been established for an indefinite duration.

⁴ This differs from cash-based accounting because of elements such as carryovers of appropriations.

⁵ Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes and amended by Commission Regulation (EC) No 651/2008 of 09 July 2008.

Prudence

The principle of prudence means that assets and income shall not be overstated and liabilities and charges shall not be understated. However, the principle of prudence does not allow the creation of hidden reserves or undue provisions.

Consistent accounting methods

The principle of consistent accounting methods means that the structure of the components of the financial statements and the accounting methods and valuation rules may not be changed from one year to the next.

The Agency's Accounting Officer may not depart from the principle of consistent accounting methods other than in exceptional circumstances, in particular:

- a) in the event of a significant change in the nature of the entity's operations;
- b) where the change made is for the sake of a more appropriate presentation of the accounting operations.

Where such exceptions apply, the impact of the change in accounting method shall be duly disclosed in the notes to the financial statements.

Comparability of information

The principle of comparability of information means that for each item the financial statements shall also show the amount of the corresponding item in the previous year.

Where the presentation or the classification of one of the components of the financial statements is changed, the corresponding amounts for the previous year shall be made comparable and reclassified. Where it is impossible to reclassify items, this shall be explained in the notes to the financial statements.

Materiality

The materiality principle means that all operations which are of significance for the information sought shall be taken into account in the financial statements. Materiality shall be assessed in particular by reference to the nature of the transaction or the amount.

Transactions may be aggregated where:

- a) the transactions are identical in nature, even if the amounts are large;
- b) the amounts are negligible; or
- c) aggregation offers more clarity in the financial statements.

No netting

The no-netting principle means that receivables and debts may not be offset against each other, nor may charges and income, except where charges and incomes derive from the same transaction, from similar transactions or from hedging operations and provided that, individually, they are not material.

Reality over appearance

The principle of reality over appearance means that accounting events recorded in the financial statements shall be presented by reference to their economic nature.

Accrual-based accounting

The accrual-based accounting principle means that transactions and events shall be entered in the accounts when they occur and not when amounts are actually paid or recovered. They shall be booked to the financial year to which they relate.

Exception to the accounting principles

Where, in a specific case, the Accounting Officer considers that an exception to the application of one of the accounting principles defined above should be made, this exception must be duly substantiated and reported in the notes to the financial statements.

In parallel, the overall considerations (or accounting principles) to be followed when preparing the financial statements are also laid down in EU Accounting Rule 1 and are the same as those described in IPSAS 1, that is: fair presentation, accrual basis, going concern basis, consistency of presentation, aggregation, no offsetting and comparative information.

Basis of preparation

Functional and reporting currency

The financial statements are presented in euros, which is the functional and reporting currency of the EU.

Transactions and balances

Foreign currency transactions are recorded using the exchange rates prevailing at the date of the transactions.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary items in foreign currency into euros at year-end are recognised in the statement of financial performance.

Chart of Accounts

The chart of accounts used by REA follows the structure of the chart of accounts of the European Commission.

Use of estimates

In accordance with IPSAS and generally accepted accounting principles, the financial statements necessarily include amounts based on estimates and assumptions by management based on the most reliable information available. Significant estimates include, but are not limited to: amounts for employee benefit liabilities, accrued and deferred revenue and charges, provisions, financial risk on accounts receivable, contingent assets and liabilities, and degree of impairment of assets. Actual results could differ from those estimates.

Reasonable estimates are an essential part of the preparation of financial statements and do not undermine their reliability. An estimate may need revision if changes occur in the circumstances under which the estimate was based or as a result of new information or more experience. By its nature, the revision of an estimate does not relate to prior periods and is not the correction of an error. The effect of a change in an accounting estimate shall be recognised in the surplus or deficit in the periods in which it becomes known.

Balance sheet

The balance sheet of REA is consisting of assets and liabilities.

Assets

Assets are non-physical/physical economically valued items owned and controlled by REA with the expectation that they will provide future benefit to the Agency.

Intangible assets

An intangible asset is an asset that is not physical in nature.

In the balance sheet of REA, intangible assets are mostly consisting of software licences. They are stated at historical acquisition cost less accumulated depreciation and adjusted for eventual impairment. Intangible assets are amortised on a straight-line basis over the estimated useful life of the concerned asset.

According to EU Accounting Rule 6, internally developed intangible assets can be capitalised when the relevant capitalisation criteria are met. All costs directly attributable to the creation, production and preparation of the asset, to make it operational as intended by the management of the Agency, should be capitalised.

Costs associated with research activities, non-capitalisable development and maintenance are recognised (in the Statement of financial performance) as expenses when incurred.

REA considers a useful life of 4 years (25% amortisation rate) for its intangible assets.

Tangible assets (Property, plant and equipment)

A tangible asset is an asset that has a physical form.

Tangible fixed assets are stated at historical acquisition cost less accumulated depreciation and adjusted for possible impairment.

The historical acquisition cost includes expenditures that are directly attributable to the acquisition or construction of the asset. Subsequent costs can be included in the asset's gross book value (or recognised as a separate asset), when these subsequent costs can be reliably measured and provide future economic benefit to the Agency.

Fixed asset repairs and maintenance costs are recognised as expenses (in the statement of financial performance) when incurred.

According to EU Accounting Rule 7, fixed assets are depreciated over their useful life and according to the straight-line depreciation method.

The following rates are applicable for the depreciation of fixed assets:

Asset type	Depreciation rate
Buildings	4% - 10%
Plant and equipment	25%
Furniture and vehicles	10% - 25%
Computer hardware	25%
Other fixtures and fittings	10% - 25% - 33%

Pro-rata temporis depreciation is considered for assets acquired through the accounting year.

Assets under construction are not depreciated as long as not ready for use.

The gain/loss on the disposal of fixed assets is calculated by the difference between the proceeds of the sale of the asset and the net book value of the disposed asset. The gain/loss from the disposal of the asset is recognised in the Statement of financial performance.

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.

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. Finance leases are leases where substantially all the risks and rewards incidental to ownership are transferred to the lessee. 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. Operating lease payments are charged as expenses in the period in which they are incurred.

Leases

Leases of tangible assets, where the Agency has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The rental obligations, net of finance charges, are included in other liabilities (non-current and current). The interest element of the finance cost is charged to the statement of financial performance over the lease period so as to produce a constant periodic interest rate on the remaining balance of the liability for each period. The assets held under finance leases are depreciated over the shorter of the assets' useful life and the lease term.

Leases where the lessor retains a significant portion of the risks and rewards inherent to ownership are classified as operating leases. Payments made under operating leases are recognised as an expense in the statement of financial performance on a straight-line basis over the period of the lease.

Impairment of non-financial assets

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.

Financial assets

The only financial assets of the Agency are the exchange receivables.

Exchange Receivables and non-exchange recoverables

The EU accounting rules require a separate presentation of exchange and non-exchange transactions. The term 'receivable' is reserved for exchange transactions, whereas for non-exchange transactions the term 'recoverables' is used.

Non-exchange transactions are transactions in which an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange. At initial recognition, they are classified in the category "at amortised cost" as the management model is to hold these non-derivative financial assets in order to collect the contractual cash flows.

The Agency recognises and measures an impairment loss for expected credit losses on financial assets that are measured at amortised cost.

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

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. 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.

Recoverables from non-exchange transactions are carried at their fair value as at the date of acquisition less a possible write-down for impairment. A write-down for impairment is accounted for when there is an objective evidence that the recoverable amount will be only partially or will not (at all) be collected at the date it becomes due or later. The amount of the write-down is calculated as the difference between the asset's book value and the expected recoverable amount. The write-down is recognised in the Statement of financial performance.

Receivables and recoverables are included in current assets, except for those with maturity of more than 12 months from the reporting date.

Financial liabilities

The Agency has as financial liabilities its payables. They are classified as current liabilities, except for maturities more than 12 months after the balance sheet date.

Liabilities

Liabilities in the balance sheet of the Agency represent financial debts or obligations that arise during the course of the Agency's operations.

Provisions

Provisions are recognised when REA 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. The amount of the provision is the best estimate of the expenses to settle the present obligation at the reporting date.

Payables

Payables are both amounts related to both exchange transactions such as the purchase of goods and services, and non-exchange transactions such as pre-financing received.

Payables related to the purchase of goods and services are recognised at the invoice reception for the originally invoiced amount; the corresponding expenses are recognised in the accounts when the goods and/or services are received and accepted by REA.

Accruals and deferrals

In accordance with the EU Accounting Rules, which aim at ensuring that the financial statements reflect a true and fair view of the Agency's operations, transactions and events are recognised in the financial statements in the period they relate to.

Therefore, at year-end an accrued revenue will be recognised in the financial statements if an invoice is not yet issued but the service has been rendered, or the supplies have been delivered by the Agency. 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.

At the end of the accounting period, accrued expenses are recognised based on an estimated amount of the incurred costs. The calculation of accrued expenses is done in accordance with detailed operational and practical guidelines issued by the Accounting Officer. 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.

Statement of financial performance

Revenue

Non-exchange revenue represents the vast majority of REA's revenues and mainly consists of a subsidy from the EU.

Exchange revenue is the revenue from the sale of goods and services. It is recognised when the goods/services are delivered to the purchaser. If services are rendered over successive accounting periods, associated revenue is recognised based on the stage of completion at the reporting date.

Expenses

Expenses from exchange transactions arising from the purchase of goods and services are recognised when the related goods/services are delivered and accepted by the entity and valued at the original invoiced amount.

Non-exchange expenses relate to transfers to beneficiaries and can be of three types: entitlements, transfers under agreement and discretionary grants, contributions and donations.

Transfers to beneficiaries are recognised as expenses in the accounting period during which the events giving rise to the transfer occurred under the condition that:

- the nature of the transfer is allowed by a regulation (Financial, Staff, other Regulation) and/or the transfer has been made according to a contract signed with the beneficiary;
- all eligibility criteria have been met by the beneficiary for the transfer to be made;
- a reasonable estimate of the amount can be made.

When a request for payment or cost claim is received and meets the above mentioned recognition criteria, it is expensed for the eligible amount. At the end of the accounting period, incurred eligible expenses (due to the beneficiaries but) not yet requested/claimed are estimated and recorded as accrued expenses.

Contingent assets and liabilities

Contingent assets

A contingent asset is a possible asset that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not fully within the control of REA. It is not recognised because the amount of the asset cannot be measured with sufficient reliability. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

Contingent liabilities

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

Consolidation

According to Article 57 of the Standard Financial Regulation for the executive agencies, REA's accounts are consolidated with the Commission's annual accounts.

2.5.2. Notes to the Balance sheet

Non current assets

(1) Intangible fixed assets

The intangible fixed assets at REA consist of computer software and internally generated IT tools.

To be capitalised, computer software should have a purchase price above € 700.

In compliance with Accounting Rule 6, internally developed intangible assets are capitalised since January 2010. Considering the size of REA's administrative budget, the threshold amount for capitalising internally developed intangible assets has been set at € 100,000.

The variation of the intangible fixed assets in 2022 is detailed as follows (in euros):

Intangible Fixed Assets	Computer Software	Internally developed intangible fixed assets	Intangible assets under construction	Total
Gross carrying amounts 31.12.2021	4,258,440	1,837,923	553,675	6,650,039
Additions			327,972	327,972
Disposals	-337,799	-650,892		-988,691
Transfer between headings		581,409	-581,409	
Gross carrying amounts 31.12.2022	3,920,641	1,768,440	300,239	5,989,319
Accumulated amortization and impairment 31.12.2021	-4,257,898	-1,351,863		-5,609,761
Amortization	-310	-316,531		-316,841
Disposals	337,799	650,892		988,691
Accumulated amortization and impairment 31.12.2022	-3,920,409	-1,017,502		-4,937,911
Net carrying amounts 31.12.2022 (EUR)	232	750,938	300,239	1,051,409

In 2014, the Commission set up the Common Implementation Centre (CIC) in DG RTD, responsible for the implementation and support of IT systems for Horizon 2020. Following a partnership agreement, the CIC (representing the Research and Innovation DGs and DIGIT) has developed several IT tools (COMPASS, SYGMA,...). The development costs of these IT tools are shared among DGs without any financial participation of REA. DG Research and Innovation is the owner of these tools.

However, the Agency contributed until 2013 to the development of IT tools for the management of its operational programmes. The developments were carried out by and for various Directorates-General in the Commission and executive agencies. Part of these contributions were capitalised under computer software and are fully amortised. As some of the tools were decommissioned in 2022, REA has withdrawn the corresponding amount capitalised under “computer software”.

In the past years, in order to cover functionalities not provided by the central tools, the Agency has also developed internally intangible assets for the management of the FP7 actions. These assets, which are now fully amortised, have been decommissioned in 2022 as FP7 projects are closed. REA has withdrawn the corresponding amount capitalised under “internally developed intangible fixed assets”.

Since 2018, the Agency is developing a new tool to facilitate the planning of the operational management of e-grants activities (OMEGA). Some modules have already been put in production as from 2018 to 2021. All modules under construction in 2021 and 2022 have been put in production in 2022 (€ 581,409). One module (OMEGA budget forecasting) will become a corporate tool along with the roll out of SUMMA in 2024.

In 2021, the Agency has also started developing a new application for Dynamic Attendance Registration (DAR) that will complement the Expert Contracting and Budget Forecast application. It will provide new functionalities to facilitate registration of experts, optimise payment processes, and enable better monitoring and reporting. The solution will reduce reliance on paper-based systems. The tool is still under construction and the first roll out is expected for 2023.

At the end of 2022, intangible assets under construction amount to € 300.239 and relates to DAR.

(2) Tangible fixed assets

Tangible fixed assets at REA consist of technical equipment, furniture, computer hardware, leasehold improvements, telecommunication and audio-visual equipment. Leasehold improvements, telecommunication and audio-visual equipment are grouped under other fixtures and fittings.

To be capitalised, tangible fixed assets should have a purchase price above € 700. Items with lower value are treated as expenses of the year; however, they are registered in the physical inventory when the purchase price is greater than € 100.

The Agency has signed a usufruct contract for the Building COV2 covering the period 2008-2023 and a service-level agreement with OIB for the rent of COVE. The rent/usufruct instalments are paid annually and registered as expenses (not capitalised).

Nevertheless, the works made for the initial fitting out of the building COV2 have been capitalised over a useful life of 10 years under "other fixtures and fittings". These works are now fully depreciated.

The variation of the tangible fixed assets in 2022 is detailed as follows (in euros):

Tangible Fixed Assets	Plant and Equipment	Furniture and vehicles	Computer hardware	Other Fixtures and Fittings	Total
Gross carrying amounts 31.12.2021	5,500	37,105	767,900	7,898,626	8,709,130
Additions	0.00	26,173.12	0.00	509,869.17	536,042
Disposals			-22,676	-4,001	-26,677
transfer between EU entities			-2,632	4,361	1,729
Gross carrying amounts 31.12.2022	5,500	63,278	742,592	8,408,854	9,220,224
Accumulated amortization and impairment 31.12.2021 (EUR)	-4,543	-30,221	-754,586	-7,284,264	-8,073,614
Depreciation	-718	-8,547	-9,333	-542,055	-560,653
Write off					
Disposals			22,676	4,001	26,677
transfer between EU entities			2,632	-4,361	-1,729
Accumulated amortization and impairment 31.12.2022 (EUR)	-5,261	-38,768	-738,611	-7,826,678	-8,609,318
Net carrying amounts 31.12.2022 (EUR)	239	24,510	3,981	582,176	610,906

The main movements in tangible fixed assets in 2022 concern the following categories:

– **Computer hardware:**

Computer hardware was transferred from REA to DIGIT with an acquisition value of € 2,632. This material was fully depreciated.

The equipment that was not located during two consecutive physical inventories has been removed from the accounts. The acquisition price of the equipment concerned was € 22,676 and it was fully depreciated.

– *Other fixtures and fittings:*

Audio-visual equipment was transferred from ERCEA to REA with an acquisition value of € 4,361. This material was fully depreciated. In addition, the equipment that was not located during two consecutive physical inventories has been removed from the accounts. The acquisition price of the equipment concerned was € 4,001 and it was fully depreciated.

Current Assets

(3) Exchange receivables

Current receivable customers (€ 41,187)

The amount corresponds to:

- three open recovery orders at the end of 2022, one of them being reimbursed in several instalments,
- one credit note received from a supplier.

Deferred charges (€ 2,912,765)

The deferred charges include the part of the usufruct instalment for REA's premises (offices in COV2) related to 2023 and paid in 2022 (€ 2,765,919). This amount increased by € 224,717 compared to 2021. The other prepaid charges (€ 146,846) mainly relate to IT maintenance.

Deferred charges consolidated entities (€ 2,692,166)

The 2023 rent for the COVE building (€ 2,629,994) has been paid in advance in 2022, while this was not the case in 2021.

The agency has also paid in advance to DG SCIC the maintenance of the audio-visual equipment (€ 62,172).

Sundry Receivables (€ 59,718)

The sundry receivables relate to salary regularisations or other regularisations linked to the payroll vis-à-vis staff.

Sundry Receivables with consolidated entities (€ 6,274,187)

Since March 2020, REA treasury was integrated into the Commission's treasury system. Because of this, REA does not have any bank account. The subsidy received from DG Research and Innovation is booked on inter-company accounts (liaison account). All payments authorised and validated by the Agency as well as receipts are processed via the Commission's treasury and registered on inter-company accounts (liaison account). The amount of € 6,274,187 corresponds to the balance available on the liaison accounts and is considered as an amount receivable from the Commission.

Current receivable with consolidated entities (€ 23,700)

At the end of 2022, two recovery orders were open with the European Commission.

Accrued income (€ 20,868)

The amount corresponds to legal costs incurred by the Agency in a legal case, for which a judgement in favour of REA was pronounced at the end of 2022. The debit note to recover these legal costs was not yet issued at the end of 2022.

(4) Non exchange receivables (€ 6,316)

The amount relates to staff salary regularisations with other EU Agencies.

Current liabilities

(5) Provision (€ 641,000)

In 2021, following the closure of CHAFEA and the new mandate of the Agency, some of the programmes managed by CHAFEA were transferred to REA along with the related staff. A provision of € 86.000 was recognised to cover the requests for installation/resettlement allowances that could be introduced by the concerned staff until 2022. The provision has been partially used (€ 19,174) and the unused part has been reversed (66,826).

A provision of 34,960€ was booked in 2021 for legal costs that could be re-invoiced to REA in the context of two legal proceedings with beneficiaries of grants (granted on the operational budget). For one of the legal proceedings, the cost incurred by the beneficiary (€ 19,360) has been re-invoiced to the Agency for a lower amount than the provision. The unused part of the provision (€ 5,600) has been reversed. For the other legal proceeding, the provision (€ 10,000) is maintained as the legal case is not yet finalised.

Since the usufruct contract for the floors occupied by REA in the building COV2 will expire on 23 September 2023, the offices located in COV2 will be moved to another building in the second semester 2023. The evaluation facility will stay in the building COVE as OIB has extended its usufruct contract until 2027.

The Agency has booked a provision of € 631,000 covering:

- the costs for returning the currently occupied building to its original state in accordance with the terms of the usufruct contract. OIB provided REA with a first estimate of € 50,000. However, as OIB is still negotiating the termination conditions with the bare owner (namely which works and transformation must be kept and/or removed before moving out of the building).
- the cost for moving and re-installing the furniture, IT and audio-visual equipment. They were estimated to € 581,000. In case of material change in the estimation, the final version of the accounts will also be updated accordingly.

(6) Current payables (€ 2,614)

Current payable vendor (€ 2,603)

The amount relates to an outstanding commercial invoice at year end.

Other Current payable (€ 11)

The amount relates to the reimbursement of expenses to a staff member.

Current payable with consolidated entities (€ 0)

End of 2022, there were no outstanding invoices with consolidated entities.

(7) *Accounts payable to consolidated entities*

Prefinancing from consolidated entities (€ 1,013,808)

The amount corresponds to the 2022 positive budgetary outturn to be reimbursed in 2023 to DG Research and Innovation, after adoption of the final 2022 accounts.

(8) *Accrued charges and deferred income*

Accrued charges (€ 2,959,126)

Accrued charges are expenses corresponding to goods and services provided to the Agency in 2022 but not invoiced at year end. The pending payment obligations of the Agency (called RAL – "Reste à Liquider") have been analysed to estimate the amount of accruals.

An amount of € 1,087,371 relates to goods and services delivered by third parties, such as IT consultancy, building taxes and insurance, use of interim staff, communication support, IT maintenance, office supplies, legal support, trainings.

Moreover, an accrual is also recognised for untaken annual leave by staff for an amount of € 1,871,755.

Compared to last year, the accrued charges have decreased by € 216,692 due to:

- € 508,774 lower accrual than in 2021 for the building taxes. The 2021 accrual referred to three years (2019, 2020 and 2021) while the 2022 accrual concerns only one year (2022),
- € 98,031 higher accrual for the untaken annual leave,
- € 194,051 higher accrual for other accrued expenses.

Accrued charges with consolidated entities (€ 2,931,212)

Accruals with consolidated entities concern goods and services provided by other EU institutions in 2022 in the framework of a Service Level Agreement and not yet invoiced as of 31.12.2022. The amount is stable and mainly distributed between following Commission's services:

- OIB:	€ 2,605,599
- DG HR:	€ 169,371
- PMO:	€ 63,116
- CDT:	€ 41,564
- DG EAC:	€ 34,634
- EPSO:	€ 16,928

2.5.3. Notes to the Statement of financial performance

Non-exchange revenues

(1) Other non exchange revenue (€ 72,426)

This revenue results from the cancellation of the unused provision booked last year to cover the settlement of potential requests for installation/resettlement allowances and legal costs related to legal proceedings (see above point 2.5.2(5)).

(2) Subsidy of the Commission (€ 97,399,786)

The Commission's subsidy is equal to the part of the Commission's contribution to the operating budget, received in 2022 by REA, used to cover the total expenditure of the year (the payments done during the year as well as the outstanding payment obligations at year-end – called RAL), reduced by the cancellation of unused amounts carried over from the previous year (unused RAL from previous year) and the recovery of unduly paid amounts (other income) and increased by the exchange rate losses (see budget outturn table under section 3.2).

This method for determining revenue follows the modified cashed-based accounting principle and results from the budget outturn.

Exchange revenues

(3) Fixed assets related revenue (€ 336.000)

In 2021, the Agency paid € 336.000 to DG SCIC for the installation of audio-visual equipment in several meeting rooms. This amount was booked as operating expenses in 2021. The 2021 expenses were overstated because the equipment was delivered and installed in 2022 and the amount of € 336.000 has been recognised as a tangible fixed asset in 2022. In order to correct the 2021 overstatement of expenses, a corresponding fixed asset related revenue has been booked in 2022.

(4) Income with consolidated entities (€ 237,952)

This corresponds to the recovery of a part of the amount paid for various Service Level Agreements (SLAs) of 2021 in excess of the services actually provided. It concerns mainly the SLA with DG BUDG for the use of ABAC and the SLA with DG HR for the security services.

(5) Exchange rate differences (€ 11)

The amount results from exchange gains on payments in foreign currency.

(6) Other miscellaneous revenues (€ 35,165)

The miscellaneous revenues include the re-invoicing of:

- legal costs incurred by the Agency in the context of a legal proceeding against beneficiaries of grants (granted on the operational budget),
- amounts unduly paid and booked in charges in 2021 and subsequently recovered in 2022.

Expenses

(7) Staff expenses (€ 73,252,554)

Compared to last year, staff costs have increased by approximately € 8,6 million (13%) mainly due to a higher average occupancy rate, the salary indexation, the impact of the staff reclassification, the career progression linked to seniority and the upgrade of contract staff from lower to higher function groups.

Staff expenses include:

- the gross salaries, allowances, social and pension contributions, an accrual for untaken holidays and other staff costs (€ 72,686,474);
- the amount paid to DG EAC for the trainees employed by the Agency during 2021 (€ 91,252);
- The employer's contribution to the school transport, contribution to staff public transport passes and other staff perquisites (€ 474,828).

(8) Administrative and IT expenses (€ 11,949,924)

Compared to 2021, the total administrative and IT expenses increased in total by 22%.

The 2022 administrative and IT expenses costs comprised:

- € 8,426,929 relate to services provided by consolidated entities (DG DIGIT, OIB, DG HR, PMO, DG SCIC, SG, DG BUDG, CDT, EPSO) in the framework of Service-Level agreements. These expenses have increased overall by € 0,6 million (7,2%) mainly for the services provided by DG DIGIT, OIB, CDT. The increase includes a provision of € 0,2 million for the move of furniture to the new premises and the purchase of some furniture more appropriate for collaborative space (see above 2.5.2 (5)).
- € 3,522,995 relate to services or goods provided by external contractors in the following fields:
 - material, office supplies, licence fees, maintenance (€ 639,159);
 - ICT support (€ 931,313);
 - non IT services such as interim staff (€ 872,179);
 - missions (311,045);
 - legal assistance (€ 121,546);
 - training (€ 190,071);
 - communication (€ 439,913);
 - recruitment (€ 17,248);
 - other (€ 521).

These expenses have increased by € 1.6 million (80%) compared to last year, the main variations being:

- an overall increase of € 0.64 million for mission, communication and training expenses because these activities have resumed after the impact of the pandemic during two consecutive years,
- an increase of € 0.28 million of the expenses related to the support of interim staff due to the indexation of the prices and a higher number of interimaire in 2022 compared to 2021,
- an increase of € 0.18 million of the ICT expenses because some of the OMEGA developments put in production in the previous years are now requiring evolutive maintenance.
- an increase of € 0.38 million due to the provision booked for the move of IT and audio-visual equipment to new premises (see above 2.5.2(5)).

(9) Assets related expenses (€ 877,493)

These expenses relate to the depreciation charges of the Agency's tangible and intangible fixed assets.

(10) Land and Building (€ 11,919,915)

Compared to last year, land and building expenses have decreased in total by 16% (€ 2,331,306).

The 2022 land and building costs comprised:

- € 8,022,986 relate to services provided by OIB. This amount includes the rent for REA's premises (the evaluation facility in COVE) and other building charges like building taxes, maintenance, electricity and heating, security and insurance. These expenses have decreased by € 2 million because REA had to pay in 2021 for the municipal tax on office space for the fiscal years 2019, 2020 and 2021. Moreover, OIB has renegotiated its usufruct contract with the bare owner and therefore the rent paid by REA to OIB for the evaluation facility in COVE in 2022 is lower than in 2021. To be noted that a provision of 50,000€ have been introduced to cover the costs related to the works to return the offices located in the COV2 building to their initial state (see above 2.5.2(5)).
- € 3,896,929 relate to services or goods provided by external contractors. This amount includes the usufruct instalments for REA's premises (offices in COV2), the building taxes and insurance.

There is an overall decrease of € 0.36 million compared to last year because REA had to pay in 2021 for the municipal tax on office space for the fiscal years 2019,2020 and 2021. Nevertheless, the rent, the insurance and the tax for 2022 are higher than in 2021 due to the price indexation.

(11) Exchange rate losses (€ 11)

Exchange rate losses result from payments in foreign currency.

2.5.4. Notes to the Cash-flow statement

Cashflow information is used to provide a basis for assessing the ability of an entity to generate cash and cash equivalents, and its use of cash.

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.

The cash flow statement presented reports cash flows during the period classified by operating and investing activities (the Agency does not have financing activities).

(1) Operating activities

Operating activities reflect the cash generated / (used) from regular activities of REA. These are the majority of the activities performed.

Since March 2020, REA is using DG BUDG's treasury services. All payments and receipts are processed via the Commission's treasury system and booked on an inter-company account (liaison account). The latter shows the net treasury position of the Agency.

The variation on this inter-company account is reflected under (Increase)/decrease in Receivables – Liaison Account with Commision.

(2) Investing activities

Investing activities reflect the cash generated / (used) from the acquisition and disposal of intangible and tangible fixed assets. The objective is to show the real investments made by REA.

2.5.5. Contingent assets and liabilities

Contingent assets

The municipality of Saint-Josse-ten-Noode amended its office tax regulation and extended the concept of taxpayer, based on which the tax has been charged to the bare owner of the Covent Garden building.

Pursuant to the usufruct agreement (Art.17.2), the municipal tax on office space is a cost rechargeable to the usufructuary. Therefore, the bare owner has claimed the reimbursement of the tax paid for REA for an amount of € 793,162 for the fiscal years 2019, 2020 and 2021 for the COV2 building. Similarly, based on the usufruct contract signed with OIB, the bare owner has claimed from OIB the reimbursement of the municipality tax on office space for the COVE building. As REA has been renting office space from OIB, OIB re-invoiced the Agency the related municipal tax for an amount € 646.025 for the fiscal years 2019,2020 and 2021. As the tax for 2022 has been claimed by the bare owner in 2023, the Agency booked an accrued charge estimated to € 284,388 for the COV2 building and € 226,385 for the COVE building.

In 2022, OIB and REA reimbursed the bare owner ‘without any prejudicial recognition and with reservation of rights’ for the fiscal years 2019, 2020, 2021.

The bare owner undertook legal proceedings to dispute the tax. In April 2023, after the approval of the 2022 provisional accounts by the Steering Committee, REA was informed that the Brussels Court of first instance (Tribunal de première instance francophone de Bruxelles) ruled on 23 March 2023 in favour of the bare owner. The ruling refers to the fiscal year 2019 only. It ordered the annulment of the tax charged by the municipality and condemned the municipality to the repayment of the amounts unduly collected.

To date, the municipality has not yet confirmed to the lawyer of the bare owner:

- whether it will appeal the decision regarding the tax assessment of 2019;
- whether it will accept that ruling on the tax assessments serves as a basis for the subsequent years (2020 to 2022);
- the timing and the modalities for the reimbursement of the amounts paid so far.

In the light of the positive outcome of the legal proceedings, REA considers that the ruling could reasonably be extended to the subsequent years. However, taking into account the above mentioned uncertainties, REA booked a contingent asset corresponding to the taxes claimed for the fiscal years 2019 to 2022 namely € 1,949,960 (€ 1,077,550€ vis-à-vis the bare owner and € 872,410 vis-à-vis OIB).

Contingent liabilities

End of 2022, several legal proceedings were ongoing. Although the litigations concern the operational budget managed by the Agency, the legal costs associated with these legal proceedings are covered by the Agency’s administrative budget. For five of the legal cases concerned, the Agency estimates the probability of losing the case between 20% to 49%. Based on the information received from our lawyers (on two of the pending cases), should REA lose those cases, the estimated legal fees to be reimbursed to the plaintiff amount to € 100,000.

2.5.6. Other disclosures

Commitment for future expenditure

Commitments for future expenditure	
Commitments made in 2022 and not yet paid as of 31.12.2022	1,350,989
Future charges related to the REA building	0
Total	1,350,989

Commitments made in 2022 and not yet paid as of 31.12.2022 correspond to the part of the budgetary RAL that will be used to pay for invoices related to services or goods that will be rendered in 2023. The amount decreased with € 1,881,271 compared to 2021.

There are no more future charges related to the usufruct contract signed with a third party for the building COV2 as the usufruct contract runs until 23.09.2023 and the annual rent for the period 23.09.2022 to 23.09.2023 has been paid in 2022.

Municipal tax on office space

As explained under section 2.5.5 “Contingent assets and liabilities”, in 2021 the bare owner of the building occupied by REA claimed the reimbursement of the municipal tax on office space for the fiscal years 2019 to 2021. Given that the legal proceedings undertaken by the bare owner to dispute the tax were still ongoing end of 2021 and the outcome uncertain, REA made a disclosure concerning a possible reimbursement of these municipality taxes. In March 2023, the Brussels Court of first instance issued a ruling in favour of the bare owner. Therefore, in the 2022 final accounts, REA replaced the “other disclosure” by a contingent asset for a total amount of € 1,949,960 corresponding to the reimbursement of the taxes claimed by the bare owner for the fiscal years 2019 to 2022.

2.5.7. Financial risk management

Financial instruments comprise Financial assets and financial liabilities which give rise to liquidity, credit, interest rate and foreign currency risks.

Market risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate, because of variations in market prices. Market risk embodies not only the potential for loss, but also the potential for gain. It comprises currency risk, interest rate risk and other price risk.

(1) **Currency risk** is the risk that the agency’s operations will be affected by changes in exchange rates. This risk arises from the change in the price of one currency against another.

(2) **Interest rate risk** is the possibility of a reduction in the value of a security, especially a bond, resulting from an increase in interest rates. In general, higher interest rates will lead to lower prices of fixed rate bonds, and vice versa.

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

Liquidity risk is the risk that arises from the difficulty in selling an asset; for example, the risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss or meet an obligation.

The financial instruments held by REA are presented in the below table (in EUR):

	2022	2021
FINANCIAL ASSETS		
Current receivable	41,187	5,750
Other receivable	59,718	66,830
Other receivable - Liaison account with Commission -	6,274,187	8,396,353
Current receivable consolidated entities	23,700	0
Accrued income	20,868	34,500
TOTAL FINANCIAL ASSETS	6,419,661	8,468,933
FINANCIAL LIABILITIES		
Current payables	2,614	468,078
Other payables	0	194
Payables consolidated entities	1,013,808	409,028
TOTAL FINANCIAL LIABILITIES	1,016,422	877,300

Currency risk

As only very few transactions are in other currency and amounts are not significant, REA has no material foreign currency risk.

Interest rate risk

REA does not have any bonds thus it is not exposed to the interest rate risk.

Credit risk

The analysis of the ageing of the exchange receivables is presented hereunder (in EUR):

Receivables ageing 31.12.2022	Not past due	Past due < 1 month	Past due 1-3 months	Past due 3-12 months	Past due > 1year	Total
Receivables gross carrying amount	6,419,287			374		6,419,661
Impairment (-)*						
Net receivables	6,419,287	0	0	374	0	6,419,661

Out of the gross carrying amount:

- € 6,297,887 concerns consolidated entities for which no credit risk can occur and therefore no impairment has been calculated;
- € 59,718 concerns receivables from staff, the amount is mainly recovered by deduction from the monthly salary; based on past experience and expected future events REA has no reason to recognise a loss even though there is an overdue amount for over 3 months,
- € 41,187 concerns receivables from third party; based on past experience and expected future events REA has no reason to recognise a loss,
- € 20,868 relates to accrued income with a third party; based on past experience and expected future events REA has no reason to recognise a loss.

Liquidity risk

The Agency manages liquidity risk by monitoring forecast and actual cash flows.

Details of remaining contractual maturities for assets and liabilities form an important source of information for the management of liquidity risk.

The table hereafter (in EUR) provides detail on the remaining contractual maturity:

	on demand	< 3 months	3-12 months	1-2 years	2-5 years	TOTAL
FINANCIAL ASSETS						
Current receivable	0	28,236	12,951	0	0	41,187
Other receivable		0	52,968	6,750	0	59,718
Other receivable - Liaison account with Commission -	6,274,187	0	0	0	0	6,274,187
Current receivable consolidated entities	23,700	0	0		0	23,700
Accrued income	0	20,868	0		0	20,868
TOTAL FINANCIAL ASSETS	6,297,887	49,104	65,919	6,750	0	6,419,661
FINANCIAL LIABILITIES						
Current payables		2,614		0	0	2,614
Other payables	0	0	0	0	0	0
Payables consolidated entities	1,013,808	0	0	0	0	1,013,808
TOTAL FINANCIAL LIABILITIES	1,013,808	2,614	0	0	0	1,016,422
LIQUIDITY SURPLUS	5,284,079	46,490	65,919	6,750	0	5,403,238

Moreover, the EU budget principles ensure that overall cash resources for a given year are always sufficient for the execution of all payments.

2.5.8. Change in Accounting policies

There is no change in accounting policies in 2022.

2.5.9. Related party disclosures

Related parties

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

Key management entitlements

Further information on related party transactions concerning the senior management of the Agency is presented below:

Highest grade description	Grade	Number of persons of this grade
Director, Heads of department	AD14	5

They are remunerated in accordance with the Staff Regulations of the EU that are published on the Europa website, which is the official document describing the rights and the obligations of all officials of the EU.

The remuneration equivalent to the grades of the key management personnel in the table can be found in Official Journal C 474/10 of 14 December 2022.

2.5.10. Post balance sheet events

At the date of the signature of these accounts no material issues had come or were reported to the Accounting Officer that would require separate disclosure under that section except for the event reported below.

In accordance with EU accounting rule 19, Events after Reporting Date, the ruling issued by the Brussels Court of first instance (Tribunal de première instance francophone de Bruxelles) on 23 March 2023, is an adjusting event after the reporting date requiring an adjustment to the figures reported in these financial statements at 31 December 2022. Based on the facts and circumstances at

the time of preparation of these financial statements, the financial impact is described under 2.5.5 “Contingent assets and liabilities”.

3. REPORTS ON THE IMPLEMENTATION OF THE BUDGET

3.1. Introduction

3.1.1. Budgetary structure

The budgetary accounts are kept in accordance with the Standard Financial Regulation for executive agencies.

The budget is the instrument which, for each financial year, forecasts and authorises the revenue and expenditure considered necessary for the implementation of the Agency's activities.

The budget structure for REA consists only of non-differentiated administrative appropriations, meaning that the commitment and the payment appropriations are of the same amount. Non-differentiated appropriations are used to finance operations of an annual nature (which comply with the principle of annuality).

The appropriations are split into commitment and payment appropriations:

- Commitment appropriations (CA): cover the total cost of the legal obligations entered into for the current financial year;
- Payment appropriations (PA): cover expenditure arising from commitments entered into in the current financial year and/or the previous financial year.

The main sources of appropriations are:

- The budget for the current year, which corresponds to the initial adopted budget and its subsequent amending budgets and transfers (fund source C1);
- The non-differentiated payment appropriations carried over from the previous year (fund source C8).

The 2022 budget is distributed in the following budget titles:

Budget Title	2022 Commitment appropriations (C1)	Payment Appropriations carried over from 2021 (C8)	TOTAL
Title 1 - Staff expenditure	77,114,595	383,368	77,497,963
Title 2 - Infrastructure and operating expenditure	13,946,175	2,965,766	16,911,941
Title 3 - Programme support expenditure	7,448,825	4,705,951	12,154,776
TOTAL	98,509,595	8,055,085	106,564,680

Title 1 relates to staff expenditure:

- Chapter 11: remuneration, allowances and charges for the statutory staff of the Agency paid directly to the staff member and included in the salary pay slip as well as expenses for interim supportive staff and trainees;
- Chapter 12: specific staff related charges, costs for missions, training courses, medical service, staff perquisites (e.g. public transport reimbursements) and internal meeting expenses are included under this chapter. The cost of recruitments and change of personnel incurred by the Agency are also included.

Title 2 relates to infrastructure and operating expenditure:

- Chapter 21: Building expenditure. The rent is fixed through a usufruct contract signed by the Agency and/or the Commission following a tendering procedure. Charges for the maintenance, cleaning, security, heating, etc. of the building, and the cost of the fitting out of premises are also included under this chapter;
- Chapter 22: ICT expenditure. This includes the purchase of equipment, licences, support for maintenance, specific IT developments and IT services;

- Chapter 23: Movable property and current operating expenditure. This chapter covers the cost of furniture and office supplies for the Agency and its staff and other current operating expenditure.

Title 3 relates to programme support expenditure (including also other costs relating to the management of the programmes delegated to the Agency and to the Support Services provided by REA to the European Commission and other EU Institutions, Agencies and Bodies):

- Chapter 31: Programme management expenditure such as external communication, information and ICT expenses as well as external audits and missions. This budget chapter concerns administrative expenditure directly related to the management of operational activities delegated to the Agency;
- Chapter 32: Common support services expenditure, such as building and ICT expenses for the common evaluation platform and common support services as well as meetings of experts.

3.1.2. Budgetary principles

The budget of REA has been established in compliance with the principles of unity, budget accuracy, annuality, equilibrium, unit of account, universality, specification, sound financial management and transparency as set out in the standard Financial Regulation for the executive agencies.

Principle of annuality

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

Commitments shall be entered in the accounts on the basis of the legal commitments entered into up to 31 December.

Payments shall be entered in the accounts for a financial year on the basis of the payments effected by the Accounting Officer by 31 December of that year at the latest.

Principle of equilibrium

The Agency's budget revenue and payment appropriations must be in balance.

Commitment appropriations may not exceed the amount of the Community subsidy, plus own revenue and any other revenue. The Agency may not raise loans.

Principle of unit of account

The budget shall be drawn up and implemented in Euro and the accounts shall be presented in Euro. However, for cash-flow purposes, the Accounting Officer and, in the case of imprest accounts, imprest administrators, shall be authorised to carry out operations in national currencies.

Principle of universality

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

Principle of specification

The appropriations in their entirety shall be earmarked for specific purposes by title and chapter; the chapters shall be further subdivided into articles and items.

The Executive Agency's Director, following an ex-ante agreement from the Steering Committee, may authorise transfers from one article to another within each chapter. Transfers between chapters/titles may be authorised by the Director after agreement from the Agency's Steering Committee.

Principle of sound financial management

Budget appropriations shall be used in accordance with the principle of sound financial management, i.e. in accordance with the principles of economy, efficiency and effectiveness.

The principle of economy requires that the resources used by the Agency for the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price.

The principle of efficiency looks at the best relationship between resources employed and results achieved.

The principle of effectiveness aims at attaining the specific objectives set and achieving the intended results.

Principle of transparency

The budget shall be drawn up and implemented and the accounts presented in compliance with the principle of transparency. The budget, as finally adopted, shall be published in the Official Journal of the European Union and amending budgets shall be published in an appropriate way within two months of their adoption.

3.1.3. Key data

Budget	€ 98,509,595
Commitments Appropriations (fund source C1)	99.72% of the current year's commitment appropriations are implemented 5.46% of the appropriations are carried forward to 2023
Payments	94,26% of the current year's payment appropriations are implemented 92,71% of the payment appropriations carried-over from 2021 are implemented

3.2. Budget Result

The budgetary outturn account was prepared in accordance with the requirements of Article 244 of Commission Regulation (EU, Euratom) No 2018/1046 and in accordance with Article 56 of the Standard Financial Regulation for executive agencies.

The revenue entered in the accounts is the amount actually received during the course of the year. For the purpose of calculating the budget result for the year, expenditure comprises payments made against the year's appropriations plus any of the appropriations for that year that are carried over to the following year. Payments made against the year's appropriations mean payments that are made by the accounting officer by 31 December of the financial year.

The following are added to or deducted from the resulting figure:

- the cancellations of payment appropriations carried over from previous years (added),
- the balance of exchange-rate gains (added) and losses (deducted) recorded during the year.

Budget outturn table in EUR

					2022	2021
REVENUE						
	Balancing Commission subsidy			+	98,413,594.77	88,440,215.60
	Other income			+	248,423.43	44,194.15
TOTAL REVENUE (a)					98,662,018.20	88,484,409.75
EXPENDITURE						
<i>Title I: Staff</i>						
	Payments			-	76,325,713.46	67,174,100.95
	Appropriations carried over			-	670,461.20	383,368.14
<i>Title II: Administrative Expenses</i>						
	Payments			-	11,476,697.36	10,883,966.07
	Appropriations carried over			-	2,410,302.11	2,965,766.07
<i>Title III: Operating Expenditure</i>						
	Payments			-	5,056,928.79	2,253,636.09
	Appropriations carried over			-	2,295,486.88	4,705,951.11
TOTAL EXPENDITURE (b)					98,235,589.80	88,366,788.43
OUTTURN FOR THE FINANCIAL YEAR (a-b)					426,428.40	117,621.32
	Cancellation of unused payment appropriations carried over from previous year			+	587,380.72	292,260.89
	Exchange differences for the year (gain +/-loss -)			+/-	-0.77	-854.52
BALANCE OF THE OUTTURN ACCOUNT FOR THE FINANCIAL YEAR					1,013,808.35	409,027.69

The 2022 budget result amounts to € 1,013,808.35 and corresponds to:

- € 152,423.20: miscellaneous revenue (recovery orders issued and cashed by the Agency) not used in the financing of the Agency's operating budget (out of € 248,423.43),
- € 274,005.20: current year commitment appropriations (C1) not used,
- € 587,380.72: appropriations carried over from 2021 to 2022 (C8) and not used,
- € - 0,77: exchange rate losses.

Reconciliation of the 2022 economic result with the 2022 budgetary result

	2022	2021
Economic result (+ for surplus and - for deficit)	81,442.03	-1,376,028.09
Adjustment for accrual items (items included in the economic result but not in the budgetary result)		
Adjustments for Accrued charges and deferred income (reversal previous year)	-6,147,810.20	-4,586,860.05
Adjustments for Accrued charges and deferred income (cut off current year) ¹	5,890,089.55	6,147,810.20
Unpaid invoices at year end but booked in charges	0.00	213,529.76
Depreciation and write down of intangible and tangible assets	877,493.47	960,047.52
Provisions	520,040.00	120,960.00
Amounts written off and losses on trade debtors	15.75	
Recovery Orders issued and not yet cashed	-38,325.68	
Payments made from carry over of payment appropriations	7,467,704.60	7,570,495.94
Adjustment for deferred charges and accrued income (cut off current year)	-5,594,001.73	-2,805,973.75
Adjustment for deferred charges and accrued income (reversal previous years)	2,809,765.75	2,546,678.86
Other (transfer of assets, cancellation debt leasing)		-146,946.21
Ajustment for budgetary items (item included in the budgetary result but not in the economic result)		
Asset acquisitions (excluding unpaid amounts at year end and including paid amount in N for assets received in N-1)	-864,014.30	-647,467.06
New pre-financing received in the year and remaining open at year end (31/12)	1,013,808.35	409,027.69
Budgetary recovery orders issued in the previous years and cashed in the year	0.00	5,851.03
Capital payments on financial leasing for year N	0.00	-8,944.11
Payment appropriations carried over to the next year	-5,376,250.19	-8,055,085.32
Cancellation of unused carried over payment appropriations from previous year	587,380.72	292,260.89
Invoices booked in charge in the previous year but paid in the current year	-213,529.76	-224,471.05
Other (payroll regularisation) ¹	-0.01	-5,858.56
total	1,013,808.35	409,027.69
Budgetary result including amount of exchange rate differences	1,013,808.35	409,027.69
Amount of exchange rate differences included in the budgetary result	-0.77	-854.52
Delta not explained	0.00	0.00

¹ For comparative purposes: in the column "2021", an amount of € 30 reported last year under "other (payroll regularisation)" has been moved to "Adjustment for accrued charges and deferred income".

The economic result shown in the Statement of financial performance (point 2.2) differs from the budgetary result shown in the budget outturn account (point 3.2) because the economic result is based on accrual accounting principles (revenues and expenses are recorded when they occur; income is reported in the period it is earned regardless of when it is received and expenses are reported in the period they are incurred whether they are paid or not) while the budget result is based on modified cash accounting rules (revenues are recorded in the period they are cashed and expenses are recorded in the period they are paid, carry-over of appropriations are also recorded).

The difference between the economic result and the budgetary result can be explained and reconciled inter alia by the following elements:

- The economic result takes into account accrued charges via cut off correction entries. Expenses related to services provided or goods delivered in the current year but not paid at 31/12/N are charged in the financial year while the budgetary result takes also into account amounts of invoices received and paid at 31/12/N relating to services still to be provided or goods still to be delivered in the next financial year.
- The movement in provisions linked to the end-of-year estimates following the accrual based principle (e.g. untaken holidays) only impacts the economic result. The budget result is not impacted as long as these provisions are not paid.
- The economic result takes into account the depreciation expense of the fixed assets while the budgetary result takes into account the purchase cost of the fixed asset in the financial year it is paid.
- The economic result comprises all the revenues generated during the financial year even if entitlements established were not collected. The budgetary result takes into account the revenue collected from entitlements established in the course of the year and amounts collected from entitlements established in previous years. The entitlements established in the current year but not yet collected are not comprised in the budgetary result.

- The economic result takes into account expenses on carried over appropriations from the previous year when they are related to services provided or goods delivered in the current financial year while the budgetary result is not impacted by the payments done on carried over appropriations from the previous year. However, the cancellation of unused appropriations carried over from the previous year increases the budgetary result.
- The economic result does not take into account deferred charges. Expenses that are prepaid in the current financial year but related to services to be provided in subsequent years are not charged in the current financial year but in the year to which they relate. The budgetary result is however impacted when the amount has been paid in the current financial year.

3.3. Budget Revenue

In accordance with Article 5 of the Standard Financial regulation for Executive Agencies, the revenue of the Agency shall comprise the subsidy awarded by the Commission and any other revenue, including assigned revenue within the meaning of Article 15 thereof.

Income Budget Line	Type of revenue	Budget 2022	Amendment 1	1st Amended Budget 2022	Amendment 2	2nd Amended Budget 2022	Entitlements established	Revenue received	Outstanding at year end
2000	European Commission subsidy	98,391,640	504,102	98,895,742	-482,147	98,413,595	98,413,595	98,413,595	0
9000	Miscellaneous revenue	p.m.		92,893	3,107	96,000	286,749	248,423	38,326
TOTAL		98,391,640	504,102	98,988,635	-479,040	98,509,595	98,700,344	98,662,018	38,326

The balancing subsidy (budget line 2000) paid by DG Research and Innovation in 2022 amounts to € 98,413,594.77 out of which:

... from the General Budget of the European Union for 2022 (EU-27 credits coming from the budget line 01 01 01 72 (in C1) "European Research Executive Agency — Contribution from "Horizon Europe")	90,364,808
... from the General Budget of the European Union for 2022 (EU-27 credits coming from the budget line 08 01 01 72 (in C1) "European Research Executive Agency — Contribution from the "European Agricultural Guarantee Fund")	3,684,000
... from the General Budget of the European Union for 2022 (EU-27 credits coming from the budget line 20 03 14 72 (in C1) "European Research Executive Agency — Contribution for the implementation of the "research programme for coal and steel and non-Research programmes")	2,094,000
... from the EFTA/EEA contribution of 2.47% for 2022 (from the budget line 01 01 01 72 (in E0) - only on the Contribution from "Horizon Europe")	2,252,934
... from the Third Countries contribution for 2022 (from the budget line 01 01 01 72 in R0 - only on the Contribution from "Horizon Europe")	17,853
TOTAL Commission Subsidy	98,413,595

The recovery orders emitted on the budget line 9000 “miscellaneous revenue” concern:

- amounts overpaid to the DG BUDG, DG HR and OIB under the SLAs for the year 2021 and subsequently recovered: € 237,952,08;
- recovery of amounts overpaid to contractors: € 4,784.58;
- legal costs incurred by the agency in the context of a legal proceeding against beneficiaries of a grant granted on the operational budget and to be recovered from the beneficiaries: € 42,620;
- regularisation vis-à-vis staff: € 1,392.45 ;

Cashing information :

	Open recovery orders by 01/01/2022		Recovery orders established by 31/12/2022		Recovery orders fully cashed by 31/12/2022		Recovery orders waived by 31/12/2022		Open recovery orders by 31/12/2022	
	#	€	#	€	#	€	#	€	#	€
2 0 0 0			4	98,413,595	4	98,413,595			0	0
9 0 0 0	1	5,750	10	286,749	7	248,423	1	5,750	3	38,326
Total	1	5,750	14	98,700,344	11	98,662,018	1	5,750	3	38,326

Also on budget line 9000 “miscellaneous revenue”, the open recovery order on 01/01/2022 (emitted in 2019) has been waived in 2022 due to the bankruptcy of the beneficiary. Ten recovery orders were emitted in 2022, out of which seven were fully cashed, two are partially cashed and one is not cashed because not yet due as off 31/12/2022.

3.4. Budget Expenditure

3.4.1. Overview 2022 budget and transfers

Initial budget (IB)

The REA Steering Committee adopted the 2022 administrative budget on 08 December 2021 for a total amount of € 98,391,640.

The initial budget 2022 increased by € 9,917,185 compared to the final budget 2021

The increase of 11.2% stems from increases in title 1 (€ 7,924,455, +11.7%) and in title 3 (€ 1,839,165, +26.22%) while the title 2 (€ 153,565, +1.1%) remains relatively stable.

On title 1, the increase is mainly due to the remuneration expenses that have been increased to take into account a higher number of Full-Time Equivalent (FTE), the salary indexation, the impact of the staff reclassification, the career progression linked to seniority and the upgrade of contract staff from lower to higher function groups.

Other staff related expenses have also been increased such as training and teambuilding expenses, medical visits costs, contribution to public transport and children day care because these activities due to return to normal activities after the COVID-19 pandemic that caused reduced activities in the last two years.

On title 2, a stable budget is explained by the the following elements:

- on the one hand, a decrease in the building expenditures because the rented office space is reduced compared to 2021 and the municipal taxes are budgeted only for 2022 while three years were covered in 2021 (2019,2020 and 2021).
- On the other hand, ICT expenses have been increased to cover the higher costs related to the SLA with DIGIT and also for external service providers/IT experts.

On title 3, the increase results from the increased budget allocated to the “Programme Management Expenditure” mainly because:

- on-the-spot missions were planend to resume after the steep decrease in 2020 and 2021 following the COVID-19 pandemic, missions related to the new incoming programmes following REA’s new mandate are also included,
- ICT costs related to the services provided by the DG DIGIT and external providers as well as communication costs related to the organisation of events with external participants were expected to be higher,
- ex-post audits for the new incoming programme “Promotion of Agricultural Products” were planned to be outsourced,

Moreover, the appropriations for the “ Common Support Services expenditure” are increased mainly to cover:

- a higher number of translations to support multilingual communication with participants by the REA validation service,
- revamping the COVE building meeting rooms, which is part of investment multi-annual plan to upgrade meeting rooms in the Common Evaluation Platform to enhance its audio-visual facilities and video-conferencing systems,

1st amended budget (ABI)

The 1st amended budget of € 98,988,635 was then presented to and adopted by the Steering Committee on 14 October 2022. The total budget was increased by € 596,995 (0.6%) mainly due to the impact of the inflation; although the Agency has put in place savings to reduce to the maximum extend as possible the impact of inflation. Indeed, the budget on title 1 “Staff expenditure” was

increased by 2.57% while REA managed to limit the increase on the title 2 “Infrastructure and operating expenditure” to less than 1% and to reduce the budget on title 3 “Programme support expenditure” by 16.30%.

Since REA has cashed € 92,892.74 of miscellaneous revenue, the total annual subsidy requested to DG RTD was reduced to € 98,895,742.26.

Under title 1, the increase of € 1,937,645 mainly results from:

- An additional need of € 1,809,770 (2.52%) on budget chapter 11 “Remunerations, Allowances and Charges” mainly to cover the increase of salaries due to an indexation rate higher than initially forecasted. The appropriations for the interim supportive agents have also been increased to cover the higher indexation rate and additional needs to cope with the peak of workload for Legal Validation as well as Ownership Control Assessments. However, the impact is partially compensated with the amendment (i.e. lowering) of the staff plan decided by the Corporate Management Board on 30/03/2022. Consequently, a budget for 11 contract agents to cope with the additional workload coming from the third country contributions has been cancelled.
- An increase of € 127,875 (3.55%) on budget chapter 12 “Professional Development and Social expenditure” due to the higher REA’s contribution to the “Centre de la petite enfance” (CPE – day care) resulting from the current rise of energy prices and overall inflation, partially compensated by reduced needs for trainings, medical services and contribution to public transport costs for REA’s staff.

Under title 2, the increase was limited to € 102,550 as additional needs on chapter 21 and 22 were partially compensated by reduced needs on chapter 23. The most significant movements are:

- Increase by € 134,745 (1.54%) on budget chapter 21 “Building expenditure” mostly due to the inflation of prices for energy, goods and services;
- Increase by € 53,955 (1.14%) on budget chapter 22 “ICT expenditure” due to the inflation of the market prices for goods and services impacting European Commission’s framework contracts used directly by REA or indirectly (e.g., through the global Memorandum of Understanding with DIGIT) partially compensated by a correction, in favour of REA, to the charge-back fees of the Service-Level Agreement (SLA) with DG BUDG for the use of ABAC in 2022;
- Decrease by € 86,150 (15.24%) on budget chapter 23 “Movable property and Current Operating expenditure” where the forecasts have been revised in the light of the current execution and updated needs.

Under title 3, the decrease of € 1,443,200 is mainly due to the following changes:

- Decrease by € 138,915 (6.37%) on budget chapter 31 “Programme Management expenditure” mainly because REA has decided that ex-post audits for the programme “Promotion of Agricultural Products” would be done by REA’s staff instead of being externalised to a private company. Moreover, even though the missions have gradually resumed after the Covid-19 pandemic, REA has reduced the number of missions in order to deliver on the Commission’s targets outlined in its greening communication for a climate neutral Commission by 2030. The ICT expenditure are also reduced for the same reasons explained here above under “title 2”;
- Decrease of € 1,304,285 (19.55%) on budget chapter 32 “Common Support Services expenditure” as the decision was taken to cancel or postpone expenses related to the enhancement and the upgrade of the infrastructure in the COVE building used for the Common Evaluation Platform. The budget needed for the translations supporting multilingual communication of the REA Validation Services as well as the COVE building running costs have been reduced. Moreover, the IT expenditure related to the Grant

Management Support Service for Experts in the COVE Common Support Centre were cancelled as well as the expenses for drinks and food.

2nd amended budget (AB2)

The amended budget amounts to € 98,509,595, which is € 479,040 (-0.48%) lower than the 1st amended Budget.

The agency was informed by the Commission Services at the end of November that the owner of the building intended to take over the entire building occupied by the agencies, in order to carry out a major renovation. As a result, REA decided to abandon part of the investments planned in 2022 and to limit them to what could be moved, at a reasonable cost, to another building. Therefore, REA submitted a second amended budget on 13th December 2022 for adoption by the Steering Committee. It also took the opportunity to perform a final update of its needs and to optimise its budget execution.

Since REA has cashed additional miscellaneous revenue of € 3,107.49, the total annual subsidy requested by the Agency is € 98,413,594.77.

Title 1 and title 2 were decreased respectively by 0.41% and 1.40% while the title 3 was increased by 0.53%.

The budget on title 1 was decreased by € 320,035, the most significant changes being:

- The budget chapter 11 “Remunerations, Allowances and Charges” is reduced mainly because of a higher-than-expected turnover of staff;
- The budget chapter 12 “Professional Development and Social expenditure” is decreased as the staff related charges have been updated based on the current number of staff at the end of the year, less team buildings and training courses than planned were organised and the lower costs for the medical services and the public transport reimbursement.

The budget for title 2 was decreased by € 198,300 (1.40%), the main movements and reasons are the following:

- The decrease of the chapter 22 “ICT expenditure” is due to lower charge-back fees of the Global Service-Level Agreement (SLA) with DIGIT as well as lower ICT expenses for IT experts;
- The chapter 23 “Movable property and Current Operating expenditure” is also reduced given the cancellation of the purchase of furniture due to the future move. The current operating expenditure are also updated based on the current consumption of the budget;
- On the contrary, the chapter 21 “building expenditure” is increased in order to cover the revised estimation of the building charges, in particular for energy costs.

On title 3, the increase of 39,295€ is explained by increased needs on chapter 32 partially compensated by a reduction on chapter 31:

- The chapter 31 “Programme Management expenditure” is reduced as the costs for speakers invited to external communication events are lower than expected, the ICT expenditure are reduced for the same reason mentioned above (see chapter 22) and the efforts to reduce staff travelling have been maintained;
- With respect to budget chapter 32 “Common Support Services expenditure”, although it was decided to abandon most of the the investments planned in 2022, the budget is increased to allow the enhancement of the video-conferencing systems. It was decided to go ahead with this investment as the equipment will support operations in the current platform which should be used until 2025 and considering that this audio-visual equipment can be moved to the new building at a reasonable cost.

Budget transfers

In the course of November, three internal transfers between budget items inside the same budget chapters were authorised by the Director (in accordance the Steering Committee's decision of 08/12/2021).

On 23th November, a transfer of € 10,000 was authorised inside chapter 32 to increase the budget item 3231 "Meeting of experts and associated costs" in order to cover additional expenses of drinks and food served to the Expert Evaluators during the evaluation process. A corresponding deduction of appropriations was done on the budget item 3221 "ICT, Logistics, Acquisition and Provision of Information, Current Operating expenditure and associated costs".

On the same date, another transfer of € 50,000 inside chapter 11 was authorised by the Director to increase the Budget Item 1111 "Temporary Agents – remuneration, allowances and charges" given that the appropriations were not sufficient to pay the salaries of December. The corresponding deduction was made from the Budget line 1121 "Contract Agents – remuneration, allowances and charges".

On 28th November, an additional transfer of € 20.000 was authorised inside chapter 11 between the same budget items 1111 and 1121 for the same reasons as mentioned here above.

The initial 2022 budget, amended budgets and the transfers are presented in the table hereafter in EUR.

Expenditure Titles, Chapters, Articles and Items	Official Name of the Expenditure Budget Lines	Initial Budget 2022	REA 2022 1st Amended Administrative Budget (adopted by the Steering Committee on 14.10.2022)	TRANSFER 2022/01 and TRANSFER 2022/02 [internal transfers 23.11.2022]	BUDGET 2022 following the Transfers 2022/01 and 2022/02	TRANSFER 2022/03 [internal transfer 28.11.2022]	BUDGET 2022 following the Transfer 2022/03	REA 2022 2nd Amended Administrative Budget (adopted by the Steering Committee on 13.12.2022)
TOTAL EXPENDITURE		98,391,640	98,988,635	0	98,988,635	0	98,988,635	98,509,595
Title	1 STAFF EXPENDITURE	75,496,985	77,434,630	0	77,434,630	0	77,434,630	77,114,595
Chapter	11 Remunerations, Allowances and Charges	71,898,035	73,707,805	0	73,707,805	0	73,707,805	73,551,865
Article	111 Staff occupying an employment in the establishment plan	27,609,935	27,779,530	50,000	27,829,530	20,000	27,849,530	27,849,530
Item	1111 Temporary Agents - Remuneration, Allowances and Charges	27,609,935	27,779,530	50,000	27,829,530	20,000	27,849,530	27,849,530
Article	112 Contract Agents	43,476,225	44,976,385	-50,000	44,926,385	-20,000	44,906,385	44,763,000
Item	1121 Contract Agents - Remuneration, Allowances and Charges	43,476,225	44,976,385	-50,000	44,926,385	-20,000	44,906,385	44,763,000
Article	113 Other Staff Remunerations, Allowances and Charges	811,875	951,890	0	951,890	0	951,890	939,335
Item	1131 Secoded National Experts - Allowances and Charges	0	0	0	0	0	0	0
Item	1132 Interim supportive agents and Trainees	811,875	951,890	0	951,890	0	951,890	939,335
Chapter	12 Professional Development and Social expenditure	3,598,950	3,726,825	0	3,726,825	0	3,726,825	3,562,730
Article	121 Specific Staff-related Charges, Support Services for the management of Staff Rights and Payroll, Charges relating to Recruitment and Change of Personnel	2,419,410	2,697,575	0	2,697,575	0	2,697,575	2,674,330
Item	1211 Specific Staff-related Charges, Support Services for the management of Staff Rights and Payroll, Charges relating to Recruitment and Change of Personnel	2,419,410	2,697,575	0	2,697,575	0	2,697,575	2,674,330
Article	122 Professional and Personal Development and Social expenses for Staff	1,117,040	966,750	0	966,750	0	966,750	847,900
Item	1221 Training Courses for the Professional and Personal Development of Staff	553,420	532,075	0	532,075	0	532,075	481,360
Item	1222 Missions related to the Professional and Personal Development of Staff	0	0	0	0	0	0	0
Item	1223 Medical Service	298,265	270,175	0	270,175	0	270,175	211,205
Item	1224 Mobility and Other Social expenses	265,355	164,500	0	164,500	0	164,500	155,335
Article	123 Representation expenses, Events and Internal meetings	62,500	62,500	0	62,500	0	62,500	40,500
Item	1231 Representation expenses, Events and Internal meetings	62,500	62,500	0	62,500	0	62,500	40,500

Expenditure Titles, Chapters, Articles and Items	Official Name of the Expenditure Budget Lines	Initial Budget 2022	REA 2022 1st Amended Administrative Budget (adopted by the Steering Committee on 14.10.2022)	TRANSFER 2022/01 and TRANSFER 2022/02 [internal transfers 23.11.2022]	BUDGET 2022 following the Transfers 2022/01 and 2022/02	TRANSFER 2022/03 [internal transfer 28.11.2022]	BUDGET 2022 following the Transfer 2022/03	REA 2022 2nd Amended Administrative Budget (adopted by the Steering Committee on 13.12.2022)	
Title	2	INFRASTRUCTURE AND OPERATING EXPENDITURE	14,041,925	14,144,475	0	14,144,475	0	14,144,475	13,946,175
Chapter	21	Building expenditure	8,748,725	8,883,470	0	8,883,470	0	8,883,470	9,171,970
Article	211	Rent / Usufruct instalments and Building Charges	8,748,725	8,883,470	0	8,883,470	0	8,883,470	9,171,970
Item	2111	Rent / Usufruct instalments, Building Charges and associated expenses	8,748,725	8,883,470	0	8,883,470	0	8,883,470	9,171,970
Chapter	22	ICT expenditure	4,727,935	4,781,890	0	4,781,890	0	4,781,890	4,397,045
Article	221	ICT Environment	4,016,410	4,074,610	0	4,074,610	0	4,074,610	3,755,015
Item	2211	ICT Environment (Infrastructure, Systems and Services)	4,016,410	4,074,610	0	4,074,610	0	4,074,610	3,755,015
Article	222	Data Processing and application development	711,525	707,280	0	707,280	0	707,280	642,030
Item	2221	Data Processing and application development and associated expenditure	711,525	707,280	0	707,280	0	707,280	642,030
Chapter	23	Movable property and Current Operating expenditure	565,265	479,115	0	479,115	0	479,115	377,160
Article	231	Furniture, Materials and Technical Installations	179,485	138,640	0	138,640	0	138,640	72,355
Item	2311	Furniture, Materials and Technical Installations and associated expenditure	179,485	138,640	0	138,640	0	138,640	72,355
Article	232	Current Operating expenditure	385,780	340,475	0	340,475	0	340,475	304,805
Item	2321	Office Supplies and Other Current Operating expenditure	385,780	340,475	0	340,475	0	340,475	304,805

Expenditure Titles, Chapters, Articles and Items	Official Name of the Expenditure Budget Lines	Initial Budget 2022	REA 2022 1st Amended Administrative Budget (adopted by the Steering Committee on 14.10.2022)	TRANSFER 2022/01 and TRANSFER 2022/02 [internal transfers 23.11.2022]	BUDGET 2022 following the Transfers 2022/01 and 2022/02	TRANSFER 2022/03 [internal transfer 28.11.2022]	BUDGET 2022 following the Transfer 2022/03	REA 2022 2nd Amended Administrative Budget (adopted by the Steering Committee on 13.12.2022)	
Title	3	PROGRAMME SUPPORT EXPENDITURE	8,852,730	7,409,530	0	7,409,530	0	7,409,530	7,448,825
Chapter	31	Programme Management expenditure	2,182,460	2,043,545	0	2,043,545	0	2,043,545	1,875,210
Article	311	Communication, Information and ICT expenditure related to the Management of Delegated Programmes	1,383,715	1,341,345	0	1,341,345	0	1,341,345	1,213,370
Item	3111	Communication, Information, Publications, Linguistic Services and Training Courses for the Management of Programmes and associated expenses	566,000	547,705	0	547,705	0	547,705	487,705
Item	3112	ICT Infrastructure, Environment and Systems related to the Programme Management and associated expenses	817,715	793,640	0	793,640	0	793,640	725,665
Article	312	External Audits, Missions and Other expenses related to the Management of Delegated Programmes	798,745	702,200	0	702,200	0	702,200	661,840
Item	3121	External Audits	54,750	750	0	750	0	750	0
Item	3122	Missions and Other expenses related to the Administrative Management of Programmes	743,995	701,450	0	701,450	0	701,450	661,840
Chapter	32	Common Support Services expenditure	6,670,270	5,365,985	0	5,365,985	0	5,365,985	5,573,615
Article	321	Common Support Services and Evaluation Platform – Building expenditure	4,628,030	4,621,385	0	4,621,385	0	4,621,385	4,620,385
Item	3211	Building Rent / Usufruct instalments, Building charges and associated expenses for the Common Support Services and Evaluation Platform	4,628,030	4,621,385	0	4,621,385	0	4,621,385	4,620,385
Article	322	Common Support Services and Evaluation Platform – ICT, Logistics, Information and Current Operating expenditure	1,880,740	731,600	-10,000	721,600	0	721,600	930,230
Item	3221	ICT, Logistics, Acquisition and Provision of Information, Current Operating expenditure and associated costs	1,880,740	731,600	-10,000	721,600	0	721,600	930,230
Article	323	Meetings of Experts	161,500	13,000	10,000	23,000	0	23,000	23,000
Item	3231	Meetings of Experts and associated costs	161,500	13,000	10,000	23,000	0	23,000	23,000

3.4.2. Implementation of 2022 commitment and payment appropriations – fund source C1

The overall implementation rate reaches 99.7% in commitment appropriations (99.9% in 2021) and 94.3% in payment appropriations (90.8% in 2021). Only 0.3% (€ 274,005) of the commitment appropriations remains unused and 5.5% (€ 5,376,250) of the non-differentiated appropriations are carried forward to 2023 to cover the payment of services/goods delivered in 2022 or to be delivered early 2023.

80% of the total amount carried forward concern the following budget items/elements:

- 2111: € 1,939,438 relates to the part of the building charges not yet invoiced by OIB, the taxes and the security expenses still to be invoiced by DG HR;
- 3211: € 1,017,097 relates to the taxes and other building charges for the evaluation platform that OIB did not invoice in 2022;
- 3112: € 344,774 relates to IT services providers;
- 3221: € 334,594 relates to the purchase and installation of audio-visual equipment, the proximity support and purchase of spare parts for the existing audio-visual equipment for the evaluation platform;
- 3111: € 333,632 relates to an infoday, other external communication events and services providers in the field of communication;
- 2221: € 324,732 relates to IT services providers.

The total budget amounts to € 98,509,595 out of which € 98,235,560 are committed and € 92,859,340 are paid. Appropriations are distributed as follows:

- 78.28 % on title 1 "Staff expenditure" (+1.9% compared to 2021);
- 14.16 % on title 2 "Infrastructure and operating expenditure" (-1.54 % compared to 2021);
- 7.56 % on title 3 "Programme support expenditure" (-0.37 % compared to 2021).

As regards title 1, 94.23 % (-0.37 % compared to 2021) of the amount committed covers the remuneration, allowances and charges of the staff (interim supportive agents and trainees excluded). 4.56 % (+0.21 % compared to 2021) of the committed amount is related to professional development and social expenditure. The remaining balance concerns the use of "interimaires" to compensate for long term absences, parental leave and part time work. The ratios are stable compared to last year.

With respect to title 2, the building expenditure (rent/usufruct instalments, building charges and associated costs) and the ICT expenditure (IT equipment and services) represent respectively 66.05 % (-1.45 % compared to 2021) and 31.58 % (+1.81 % compared to 2021) of the amount committed under this title. The remaining amount concerns movable property and current operating expenditure.

As regards title 3, 75.39 % (81.54 % in 2021) of the amount is committed to cover the expenditure related to the provision of administrative and logistical support services to participants, Commission services, other agencies and joint undertakings. The expenditure consists mainly in building expenses and ICT expenses incurred for the provision of Common Support Services and the management of the Evaluation Platform.

The needs to be financed by this chapter decreased compared to last year mainly because the Agency had to pay in 2021 the building taxes related to the building for three years (2019,2020 and 2021).

The programme management expenditure represents 24.61 % (18.46 % in 2021) of the amount committed under this title and relates to communication activities, ICT environment, and missions carried out as part of the management of projects subsidised by the Agency. The increased needs are mainly due to the higher number of missions (in 2021 a limited number of missions were undertaken due to the COVID-19 pandemic).

The detailed 2022 budget implementation is provided in the table hereafter.

Expenditure Titles, Chapters, Articles and Items	Official Name of the Expenditure Budget Lines	Appropriations 2022 (C1)	Commitment Appropriations (CA)				Payment Appropriations (PA)				
			Implemented Commitment appropriations		Unused Commitment appropriations		Implemented Payment appropriations		Outstanding RAL to carry forward to 2023		
			value	%	value	%	value	%	value	%	
		A	B	C = B/A	D = A-B	E = D/A	F	G = F/A	H = B-F	I = H/A	
TOTAL EXPENDITURE		98,509,595.00	98,235,589.80	99.7%	274,005.20	0.3%	92,859,339.61	94.3%	5,376,250.19	5.5%	
Title	1	STAFF EXPENDITURE	77,114,595.00	76,996,174.66	99.8%	118,420.34	0.2%	76,325,713.46	99.0%	670,461.20	0.9%
Chapter	11	Remunerations, Allowances and Charges	73,551,865.00	73,482,876.28	99.9%	68,988.72	0.1%	73,201,956.37	99.5%	280,919.91	0.4%
Article	111	Staff occupying an employment in the establishment plan	27,849,530.00	27,830,249.16	99.9%	19,280.84	0.1%	27,830,249.16	99.9%	0.00	0.0%
Item	1111	Temporary Agents - Remuneration, Allowances and Charges	27,849,530.00	27,830,249.16	99.9%	19,280.84	0.1%	27,830,249.16	99.9%	0.00	0.0%
Article	112	Contract Agents	44,763,000.00	44,723,294.30	99.9%	39,705.70	0.1%	44,723,294.30	99.9%	0.00	0.0%
Item	1121	Contract Agents - Remuneration, Allowances and Charges	44,763,000.00	44,723,294.30	99.9%	39,705.70	0.1%	44,723,294.30	99.9%	0.00	0.0%
Article	113	Other Staff Remunerations, Allowances and Charges	939,335.00	929,332.82	98.9%	10,002.18	1.1%	648,412.91	69.0%	280,919.91	29.9%
Item	1131	Seconded National Experts - Allowances and Charges	p.m.	p.m.	-	p.m.	-	p.m.	-	p.m.	-
Item	1132	Interim supportive agents and Trainees	939,335.00	929,332.82	98.9%	10,002.18	1.1%	648,412.91	69.0%	280,919.91	29.9%
Chapter	12	Professional Development and Social expenditure	3,562,730.00	3,513,298.38	98.6%	49,431.62	1.4%	3,123,757.09	87.7%	389,541.29	10.9%
Article	121	Specific Staff-related Charges, Support Services for the management of Staff Rights and Payroll, Charges relating to Recruitment and Change of Personnel	2,674,330.00	2,658,291.06	99.4%	16,038.94	0.6%	2,470,548.90	92.4%	187,742.16	7.0%
Item	1211	Specific Staff-related Charges, Support Services for the management of Staff Rights and Payroll, Charges relating to Recruitment and Change of Personnel	2,674,330.00	2,658,291.06	99.4%	16,038.94	0.6%	2,470,548.90	92.4%	187,742.16	7.0%
Article	122	Professional and Personal Development and Social expenses for Staff	847,900.00	814,507.32	96.1%	33,392.68	3.9%	622,859.76	73.5%	191,647.56	22.6%
Item	1221	Training Courses for the Professional and Personal Development of Staff	481,360.00	462,790.05	96.1%	18,569.95	3.9%	401,731.09	83.5%	61,058.96	12.7%
Item	1222	Missions related to the Professional and Personal Development of Staff	0.00	0.00	-	0.00	-	0.00	-	0.00	-
Item	1223	Medical Service	211,205.00	211,203.70	100.0%	1.30	0.0%	89,618.00	42.4%	121,585.70	57.6%
Item	1224	Mobility and Other Social expenses	155,335.00	140,513.57	90.5%	14,821.43	9.5%	131,510.67	84.7%	9,002.90	5.8%
Article	123	Representation expenses, Events and Internal meetings	40,500.00	40,500.00	100.0%	0.00	0.0%	30,348.43	74.9%	10,151.57	25.1%
Item	1231	Representation expenses, Events and Internal meetings	40,500.00	40,500.00	100.0%	0.00	0.0%	30,348.43	74.9%	10,151.57	25.1%

Expenditure Titles, Chapters, Articles and Items	Official Name of the Expenditure Budget Lines	Appropriations 2022 (C1)	Commitment Appropriations (CA)				Payment Appropriations (PA)				
			Implemented Commitment appropriations		Unused Commitment appropriations		Implemented Payment appropriations		Outstanding RAL to carry forward to 2023		
			value	%	value	%	value	%	value	%	
		A	B	C = B/A	D = A-B	E = D/A	F	G = F/A	H = B-F	I = H/A	
Title	2	INFRASTRUCTURE AND OPERATING EXPENDITURE	13,946,175.00	13,886,999.47	99.6%	59,175.53	0.4%	11,476,697.36	82.3%	2,410,302.11	17.3%
Chapter	21	Building expenditure	9,171,970.00	9,171,968.25	100.0%	1.75	0.0%	7,232,530.04	78.9%	1,939,438.21	21.1%
Article	211	Rent / Usufruct instalments and Building Charges	9,171,970.00	9,171,968.25	100.0%	1.75	0.0%	7,232,530.04	78.9%	1,939,438.21	21.1%
Item	2111	Rent / Usufruct instalments, Building Charges and associated expenses	9,171,970.00	9,171,968.25	100.0%	1.75	0.0%	7,232,530.04	78.9%	1,939,438.21	21.1%
Chapter	22	ICT expenditure	4,397,045.00	4,385,749.07	99.7%	11,295.93	0.3%	4,019,848.93	91.4%	365,900.14	8.3%
Article	221	ICT Environment	3,755,015.00	3,753,777.35	100.0%	1,237.65	0.0%	3,712,609.61	98.9%	41,167.74	1.1%
Item	2211	ICT Environment (Infrastructure, Systems and Services)	3,755,015.00	3,753,777.35	100.0%	1,237.65	0.0%	3,712,609.61	98.9%	41,167.74	1.1%
Article	222	Data Processing and application development	642,030.00	631,971.72	98.4%	10,058.28	1.6%	307,239.32	47.9%	324,732.40	50.6%
Item	2221	Data Processing and application development and associated expenditure	642,030.00	631,971.72	98.4%	10,058.28	1.6%	307,239.32	47.9%	324,732.40	50.6%
Chapter	23	Movable property and Current Operating expenditure	377,160.00	329,282.15	87.3%	47,877.85	12.7%	224,318.39	59.5%	104,963.76	27.8%
Article	231	Furniture, Materials and Technical Installations	72,355.00	72,353.30	100.0%	1.70	0.0%	35,032.76	48.4%	37,320.54	51.6%
Item	2311	Furniture, Materials and Technical Installations and associated expenditure	72,355.00	72,353.30	100.0%	1.70	0.0%	35,032.76	48.4%	37,320.54	51.6%
Article	232	Current Operating expenditure	304,805.00	256,928.85	84.3%	47,876.15	15.7%	189,285.63	62.1%	67,643.22	22.2%
Item	2321	Office Supplies and Other Current Operating expenditure	304,805.00	256,928.85	84.3%	47,876.15	15.7%	189,285.63	62.1%	67,643.22	22.2%

Expenditure Titles, Chapters, Articles and Items	Official Name of the Expenditure Budget Lines	Appropriations 2022 (C1)	Commitment Appropriations (CA)				Payment Appropriations (PA)				
			Implemented Commitment appropriations		Unused Commitment appropriations		Implemented Payment appropriations		Outstanding RAL to carry forward to 2023		
			value	%	value	%	value	%	value	%	
		A	B	C = B/A	D = A-B	E = D/A	F	G = F/A	H = B-F	I = H/A	
Title	3	PROGRAMME SUPPORT EXPENDITURE	7,448,825.00	7,352,415.67	98.7%	96,409.33	1.3%	5,056,928.79	67.9%	2,295,486.88	30.8%
Chapter	31	Programme Management expenditure	1,875,210.00	1,809,708.62	96.5%	65,501.38	3.5%	871,012.39	46.4%	938,696.23	50.1%
Article	311	Communication, Information and ICT expenditure related to the Management of Delegated Programmes	1,213,370.00	1,157,950.64	95.4%	55,419.36	4.6%	479,544.93	39.5%	678,405.71	55.9%
Item	3111	Communication, Information, Publications, Linguistic Services and Training Courses for the Management of Programmes and associated expenses	487,705.00	450,101.12	92.3%	37,603.88	7.7%	116,469.21	23.9%	333,631.91	68.4%
Item	3112	ICT Infrastructure, Environment and Systems related to the Programme Management and associated expenses	725,665.00	707,849.52	97.5%	17,815.48	2.5%	363,075.72	50.0%	344,773.80	47.5%
Article	312	External Audits, Missions and Other expenses related to the Management of Delegated Programmes	661,840.00	651,757.98	98.5%	10,082.02	1.5%	391,467.46	59.1%	260,290.52	39.3%
Item	3121	External Audits	0.00	0.00	-	0.00	-	0.00	-	0.00	-
Item	3122	Missions and Other expenses related to the Administrative Management of Programmes	661,840.00	651,757.98	98.5%	10,082.02	1.5%	391,467.46	59.1%	260,290.52	39.3%
Chapter	32	Common Support Services expenditure	5,573,615.00	5,542,707.05	99.4%	30,907.95	0.6%	4,185,916.40	75.1%	1,356,790.65	24.3%
Article	321	Common Support Services and Evaluation Platform – Building expenditure	4,620,385.00	4,620,354.66	100.0%	30.34	0.0%	3,603,257.72	78.0%	1,017,096.94	22.0%
Item	3211	Building Rent / Usufruct instalments, Building charges and associated expenses for the Common Support Services and Evaluation Platform	4,620,385.00	4,620,354.66	100.0%	30.34	0.0%	3,603,257.72	78.0%	1,017,096.94	22.0%
Article	322	Common Support Services and Evaluation Platform – ICT, Logistics, Information and Current Operating expenditure	930,230.00	913,252.39	98.2%	16,977.61	1.8%	578,658.68	62.2%	334,593.71	36.0%
Item	3221	ICT, Logistics, Acquisition and Provision of Information, Current Operating expenditure and associated costs	930,230.00	913,252.39	98.2%	16,977.61	1.8%	578,658.68	62.2%	334,593.71	36.0%
Article	323	Meetings of Experts	23,000.00	9,100.00	39.6%	13,900.00	60.4%	4,000.00	17.4%	5,100.00	22.2%
Item	3231	Meetings of Experts and associated costs	23,000.00	9,100.00	39.6%	13,900.00	60.4%	4,000.00	17.4%	5,100.00	22.2%

3.4.3. Implementation of commitment and payment appropriations carried over from 2021 – Fund source C8

The 2021 appropriations that were carried forward to 2022 (C8 appropriations in 2022) amount to € 8,055,085. Out of this amount € 7,467,704, equivalent to 92.7 % (96.3 % in 2021) of the carried over appropriations, are paid and € 587,381 are not used and consequently cancelled. The implementation rate of C8 appropriations carried over is lower in 2022 than in 2021 mainly due to a higher cancellation on title 3.

On title 1 "Staff expenditure", the unused appropriations carried over represent € 103,202 (26.9%) of the appropriations carried over on this title. It stems mainly from an under implementation on the following budget items:

- Line 1132 “Interim supportive agents and Trainees”: smaller number of days actually worked (and invoiced) by the interim supportive agents than the number originally ordered;
- Line 1221 “Training Courses for the Professional and Personal Development of Staff”: some coaching sessions were cancelled and the number of trainings provided by DG HR has been over estimated;
- Line 1223 “Medical Service”: the statement of expenses received from the Medical Service for certain services provided in 2022 was lower than estimated;
- Line 1224: expenses related to the re-imbusement of teleworking equipment and public transport to staff were lower than estimated;

The unused part of the appropriations carried over amount to € 109,596 on the title 2 "Infrastructure and operating expenditure" and to € 374,583 on title 3 "Programme support expenditure". The cancellation is mainly due, on both titles, to actual expenditures lower than estimated for the services provided by OIB under the SLA. Indeed, the cancellation represents € 105,000 on title 2 and € 324.000 on title 3 and results from several combined elements:

- the Agency took into account an increase in energy prices as announced by OIB, which did not materialise since a fixed price contract was still in place for 2022;
- the estimated cost for several services directly provide by OIB took into account a similar price increase as in 2021 which did not materialise,
- the cost for some services such as cleaning, technical maintenance, sanitary checks were estimated on the basis of the costs for 2021 but the services (centrally ordered by OIB) were reduced in 2022 and the agency has not been informed of the changes.

The detailed budget implementation is provided in the table hereafter.

Expenditure Titles, Chapters, Articles and Items	Official Name of the Expenditure Budget Lines	Appropriations 2022 (C8) carried over from 2021	Implemented Payment appropriations		Cancellation unused appropriations		
			value	%	value	%	
TOTAL EXPENDITURE		A	B	C = B/A	D = A-B	E = D/A	
		8,055,085.32	7,467,704.60	92.7%	587,380.72	7.3%	
Title	1	STAFF EXPENDITURE	383,368.14	280,166.04	73.1%	103,202.10	26.9%
Chapter	11	Remunerations, Allowances and Charges	202,432.91	162,433.00	80.2%	39,999.91	19.8%
Article	113	Other Staff Remunerations, Allowances and Charges	202,432.91	162,433.00	80.2%	39,999.91	19.8%
Item	1132	Interim supportive agents and Trainees	202,432.91	162,433.00	80.2%	39,999.91	19.8%
Chapter	12	Professional Development and Social expenditure	180,935.23	117,733.04	65.1%	63,202.19	34.9%
Article	121	Specific Staff-related Charges, Support Services for the management of Staff Rights and Payroll, Charges relating to Recruitment and Change of Personnel	22,697.35	18,313.19	80.7%	4,384.16	19.3%
Item	1211	Specific Staff-related Charges, Support Services for the management of Staff Rights and Payroll, Charges relating to Recruitment and Change of Personnel	22,697.35	18,313.19	80.7%	4,384.16	19.3%
Article	122	Professional and Personal Development and Social expenses for Staff	158,183.31	99,419.85	62.9%	58,763.46	37.1%
Item	1221	Training Courses for the Professional and Personal Development of Staff	78,310.63	50,467.98	64.4%	27,842.65	35.6%
Item	1223	Medical Service	41,567.84	23,152.76	55.7%	18,415.08	44.3%
Item	1224	Mobility and Other Social expenses	38,304.84	25,799.11	67.4%	12,505.73	32.6%
Article	123	Representation expenses, Events and Internal meetings	54.57	0.00	0.0%	54.57	100.0%
Item	1231	Representation expenses, Events and Internal meetings	54.57	0.00	0.0%	54.57	100.0%
Title	2	INFRASTRUCTURE AND OPERATING EXPENDITURE	2,965,766.07	2,856,170.50	96.3%	109,595.57	3.7%
Chapter	21	Building expenditure	2,375,029.50	2,311,296.78	97.3%	63,732.72	2.7%
Article	211	Rent / Usufruct instalments and Building Charges	2,375,029.50	2,311,296.78	97.3%	63,732.72	2.7%
Item	2111	Rent / Usufruct instalments, Building Charges and associated expenses	2,375,029.50	2,311,296.78	97.3%	63,732.72	2.7%
Chapter	22	ICT expenditure	431,772.88	431,246.26	99.9%	526.62	0.1%
Article	221	ICT Environment	184,964.33	184,437.71	99.7%	526.62	0.3%
Item	2211	ICT Environment (Infrastructure, Systems and Services)	184,964.33	184,437.71	99.7%	526.62	0.3%
Article	222	Data Processing and application development	246,808.55	246,808.55	100.0%	0.00	0.0%
Item	2221	Data Processing and application development and associated expenditure	246,808.55	246,808.55	100.0%	0.00	0.0%
Chapter	23	Movable property and Current Operating expenditure	158,963.69	113,627.46	71.5%	45,336.23	28.5%
Article	231	Furniture, Materials and Technical Installations	70,314.66	43,457.93	61.8%	26,856.73	38.2%
Item	2311	Furniture, Materials and Technical Installations and associated expenditure	70,314.66	43,457.93	61.8%	26,856.73	38.2%
Article	232	Current Operating expenditure	88,649.03	70,169.53	79.2%	18,479.50	20.8%
Item	2321	Office Supplies and Other Current Operating expenditure	88,649.03	70,169.53	79.2%	18,479.50	20.8%
Title	3	PROGRAMME SUPPORT EXPENDITURE	4,705,951.11	4,331,368.06	92.0%	374,583.05	8.0%
Chapter	31	Programme Management expenditure	742,648.38	695,599.83	93.7%	47,048.55	6.3%
Article	311	Communication, Information and ICT expenditure related to the Management of Delegated Programmes	671,324.80	658,545.70	98.1%	12,779.10	1.9%
Item	3111	Communication, Information, Publications, Linguistic Services and Training Courses for the Management of Programmes and associated expenses	323,637.22	319,138.12	98.6%	4,499.10	1.4%
Item	3112	ICT Infrastructure, Environment and Systems related to the Programme Management and associated expenses	347,687.58	339,407.58	97.6%	8,280.00	2.4%
Article	312	External Audits, Missions and Other expenses related to the Management of Delegated Programmes	71,323.58	37,054.13	52.0%	34,269.45	48.0%
Item	3122	Missions and Other expenses related to the Administrative Management of Programmes	71,323.58	37,054.13	52.0%	34,269.45	48.0%
Chapter	32	Common Support Services expenditure	3,963,302.73	3,635,768.23	91.7%	327,534.50	8.3%
Article	321	Common Support Services and Evaluation Platform – Building expenditure	3,262,280.23	2,936,693.81	90.0%	325,586.42	10.0%
Item	3211	Building Rent / Usufruct instalments, Building charges and associated expenses for the Common Support Services and Evaluation Platform	3,262,280.23	2,936,693.81	90.0%	325,586.42	10.0%
Article	322	Common Support Services and Evaluation Platform – ICT, Logistics, Information and Current Operating expenditure	700,222.50	699,074.42	99.8%	1,148.08	0.2%
Item	3221	ICT, Logistics, Acquisition and Provision of Information, Current Operating expenditure and associated costs	700,222.50	699,074.42	99.8%	1,148.08	0.2%
Article	323	Meetings of Experts	800.00	0.00	0.0%	800.00	100.0%
Item	3231	Meetings of Experts and associated costs	800.00	0.00	0.0%	800.00	100.0%

3.5. The REA staffing

The number of occupied posts increased from 866 at the end of 2021 to 867 at the end of 2022.

The occupancy rate of the staff plan at the end of year represents 98% in 2021 and 2022.

ESTABLISHMENT PLAN				
<i>All Seconded Officials and Temporary Agents</i>				
Function Group and Category	2021	Occupied as of 31/12/2021	2022	Occupied as of 31/12/2022
AD16				
AD15				
AD14	15	10	16	12
AD13	14	6	15	5
AD12	30	8	31	12
AD11	30	10	30	7
AD10	32	21	35	32
AD9	44	37	34	34
AD8	26	23	28	24
AD7	7	22	9	33
AD6	4	42	7	31
AD5		6		6
TOTAL AD	202	185	205	196
AST11				
AST10	1	1	1	1
AST9	3	2	4	2
AST8	4	3	4	2
AST7	2	3	1	4
AST6		5		4
AST5		1		
AST4				
AST3				
AST2				
AST1				
TOTAL AST	10	15	10	13
GRAND TOTAL (AD+AST)	212	200	215	209
STAFF PLAN (EQUIVALENT ALLOWANCE OF POSTS IN APPROPRIATIONS)				
<i>Only Contract Agents</i>				
Function Group	2021	Occupied as of 31/12/2021	2022	Occupied as of 31/12/2022
FG IV	323	307	329	312
FG III	255	269	258	262
FG II	92	83	81	77
FG I	3	7	3	7
TOTAL	673	666	671	658
Of which:				
_ REA Contract Staff to manage the EU General Budget and the appropriations of the Research Fund for Coal and Steel co-delegated to the Agency:	636	629	645	632
_ REA Contract Staff to manage the "appropriations accruing from contributions from (non-European Economic Area) third parties to research and technological development" as well as from "appropriations accruing from contributions from the European Free Trade Agreement / European Economic Area (EFTA/EEA)" co-delegated to the Agency:	37	37	26	26
ALL STAFF PLAN				
<i>ALL AGENTS (except Interim Staff)</i>				
	2021	Occupied as of 31/12/2021	2022	Occupied as of 31/12/2022
Temporary Agents including Officials	212	200	215	209
Contract Agents	673	666	671	658
GRAND TOTAL	885	866	886	867

3.6. Glossary and Abbreviations

Term	Definition
ABAC	Name given to the Commission's accounting system which, since 2005, has been enriched by accrual accounting rules. Apart from the cash-based budgetary accounts, the Commission produces accrual-based accounts which recognise revenue when earned, rather than when collected. Expenses are recognised when incurred rather than when paid. This contrasts with cash basis budgetary accounting that recognises transactions and other events only when cash is received or paid.
Accounting	The act of recording and reporting financial transactions, including the creation of the transaction, its recognition, processing, and summarisation in the financial statements.
Administrative appropriations	Administrative appropriations cover the running costs of the Institutions and entities (staff, buildings, office equipment).
Adjustment	Amending budget or transfer of funds from one budget item to another
Adopted budget	The adopted budget approved by the REA Steering Committee (in line with the budget on the budget line in the general EU budget covering the subsidy to the Agency, as approved by the Budgetary Authority). Cf. Budget.
Executive Agencies	EU bodies having a distinct legal personality, and to whom budget implementing powers may be delegated under strict conditions. They are subject to a distinct discharge from the discharge authority.
Amending budget	Decision adopted during the budget year to amend (increase, decrease, transfer) aspects of the adopted budget of that year.
Annuality	The budgetary principle according to which expenditure and revenue is programmed and authorised for one year, starting on 1 January and ending on 31 December.
Appropriations	The budget forecasts for both commitments (legal pledges to provide finance, provided that certain conditions are fulfilled) and payments (cash or bank transfers to the beneficiaries). Appropriations for commitments and payments often differ – differentiated appropriations – because multiannual programmes and projects are usually fully committed in the year they are decided and are paid over the years as the implementation of the programme and project progresses. Non-differentiated appropriations apply to administrative expenditure, for agricultural market support and direct payments for which commitment appropriations equal payment appropriations.
Assigned revenue External/Internal	Dedicated revenue received to finance specific items of expenditure. Main sources of external assigned revenue are <i>financial contributions from third countries to programmes financed by the Union</i> . <i>Main sources of internal assigned revenue is revenue from third parties in respect of goods, services or work supplied at their request or revenue arising from the repayment of amounts wrongly paid and revenue from the sale of publications and films, including those on an electronic medium.</i> The complete list of items constituting assigned revenue is given in Article 21(2) of the Financial Regulation.
Authorizing Officer (AO)	The AO is responsible in each institution for authorising revenue and expenditure operations in accordance with the principles of sound financial management and for ensuring that the requirements of legality and regularity are complied with.

Term	Definition
Budget	Annual financial plan, drawn up according to budgetary principles, that provides forecasts and authorises, for each financial year, an estimate of future costs and revenue and expenditures and their detailed description and justification, the latter included in budgetary remarks.
Budget result	The difference between income received and amounts paid, including adjustments for carry-overs, cancellations and exchange rate differences. The resulting amount will have to be reimbursed to the funding authority as provided in the Standard Financial Regulation for Executive Agencies.
Budget implementation	Consumption of the budget through expenditure and revenue operations.
Budget item / Budget line / Budget position	As far as the budget structure is concerned, revenue and expenditure are shown in the budget in accordance with a binding nomenclature which reflects the nature and purpose of each item, as imposed by the budgetary authority. The individual headings (title, chapter, article or item) provide a formal description of the nomenclature.
Budgetary authority	Institutions with decisional powers on budgetary matters: the European Parliament and the Council of Ministers
Budgetary commitment	A budgetary commitment is a reservation of appropriations to cover for subsequent expenses.
Cancellation of appropriations	Unused appropriations that may no longer be used.
Carryover of appropriations	Exception to the principle of annuality in so far as appropriations that could not be used in a given budget year may, under strict conditions, be exceptionally carried over for use during the following year.
Commitment appropriations	Commitment appropriations cover the total cost of legal obligations (contracts, grant agreements/decisions) that could be signed in the current financial year. Article 7 FR: <i>Commitment appropriations cover the total cost in the current financial year of legal obligations (contracts, grant agreements/decisions) entered into for operations extending over more than one year.</i>
De-commitment	Cancellation of a reservation of appropriations
Differentiated appropriations	Cf. Appropriations
Earmarked revenue	Revenue earmarked for a specific purpose, such as income from foundations, subsidies, gifts and bequests, including the earmarked revenue specific to each institution. (Cf. Assigned revenue)
Economic result	Impact on the balance sheet of expenditure and revenue based on accrual accounting rules.
Entitlements established	Entitlements are recovery orders that the European Union must establish for collecting income.
Exchange rate difference	The difference resulting from currency exchange rates applied to the transactions concerning countries outside the euro area, or from the revaluation of assets and liabilities in foreign currency at the closure.
Expenditure	Term used to describe spending the budget from all types of funds sources.
Financial Regulation (FR)	Adopted through the ordinary legislative procedure after consulting the European Court of Auditors, this regulation lays down the rules for the establishment and implementation of the general budget of the European Union (OJ L 298, 26.10.2012, p.1)
Funds Source	Type of appropriations (e.g.: C1, C8,...)

Term	Definition
Grants	Direct financial contributions, by way of donation, from the budget in order to finance either an action intended to help achieve an objective that is part of an EU policy or the functioning of a body which pursues an aim of general European interest or has an objective forming part of an EU policy.
Implementation	Cf. Budget implementation
Income	Cf. Revenue
Legal base (basic act)	The legal base is, as a general rule, a law based on an article in the Treaty giving competence to the Community for a specific policy area and setting out the conditions for fulfilling that competence including budget implementation. Certain Treaty articles authorise the Commission to undertake certain actions, which imply spending, without there being a further legal act.
Legal commitment	A legal commitment establishes a legal obligation towards third parties.
Non-differentiated appropriations	Cf. Appropriations
Operational appropriations	Operational appropriations finance the different policies, mainly in the form of grants or procurement.
Outstanding commitment	Legal commitments having not fully given rise to liquidation by payments. Cf. RAL
Outturn	Cf. Budget result
Payment	A payment is a cash disbursement to honour legal obligations.
Payment appropriations	Payment appropriations cover expenditure due in the current year, arising from legal commitments entered in the current year and/or earlier years (Article 7 FR).
RAL	Sum of outstanding commitments. Outstanding commitments (or RAL, from the French ' <i>reste à liquider</i> ') are defined as the amount of appropriations committed that have not yet been paid. They stem directly from the existence of multiannual programmes and the dissociation between commitment and payment appropriations. (Cf. <i>Outstanding commitments</i>)
Recovery	The recovery order is the procedure by which the Authorising officer (AO) registers an entitlement for the Commission in order to retrieve the amount which is due. The entitlement is the right that the Commission has to claim the sum which is due by a debtor, usually a beneficiary.
Result	Cf. Budget result
Revenue	Term used to describe income from all sources financing the budget.
Rules of application	Detailed rules for the implementation of the financial regulation. They are set out in a Commission regulation adopted after consulting all institutions and cannot alter the financial regulation upon which they depend.
Surplus	Positive difference between revenue and expenditure (see budget result) which has to be returned to the funding authority as provided in the Financial Regulation.
Transfer	Transfers between budget lines imply the relocation of appropriations from one budget line to another, in the course of the financial year, and thereby they constitute an exception to the budgetary principle of specification. They are, however, expressly authorised by the Treaty on the Functioning of the European Union under the conditions laid down in the Financial Regulation. The FR identifies different types of transfers depending on whether they are between or within budget titles, chapters, articles or headings and require different levels of authorisation.