EUROPEAN BANKING AUTHORITY

ANNUAL ACCOUNTS 2019

Accounting Officer's Certificate on the Annual Accounts

I acknowledge my responsibility for the preparation and presentation of the annual accounts of the European Banking Authority in accordance with Article 102 of the Framework Financial Regulation[1].

I hereby certify that the annual accounts of the European Banking Authority for the year 2019 have been prepared in accordance with Title IX of the Framework Financial Regulation and the accounting rules adopted by the Commission's Accounting Officer, as are to be applied by all the institutions and Union bodies.

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

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

Paris, 29 May 2020

Jordi Climent-Campins

Accounting Officer

[1] COMMISSION DELEGATED REGULATION (EU) 2019/715 of 18 December 2018 on the framework financial regulation for the bodies set up under the TFEU and Euratom Treaty and referred to in Article 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council.

Contents

Background information

The European Banking Authority

The European Banking Authority ('the EBA' or 'the Authority') is an independent EU agency established by Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010, and amended by Regulation (EU) No 1022/2013 of the European Parliament and of the Council of 22 October 2013. The EBA started its operations on 1 January 2011, taking over all existing and ongoing tasks and responsibilities from the Committee of European Banking Supervisors (CEBS).

The EBA has a broad mandate which includes preventing regulatory arbitrage, guaranteeing a level playing field in regulation, strengthening international supervisory coordination, promoting supervisory convergence, enhancing consumer protection and providing advice to the EU institutions in the areas of banking, payments and e-money regulation as well as on issues related to corporate governance, auditing and financial reporting. As an integral part of the European System of Financial Supervisors (ESFS), the EBA works in close cooperation with its sister authorities, the European Insurance and Occupational Pensions Authority (EIOPA) and the European Securities and Markets Authority (ESMA) in the Joint Committee, and with the European Systemic Risks Board (ESRB).

Funding

The EBA is financed by European Union funds and through contributions by EU and EFTA Member States made in accordance with the weighting of votes laid down in Article 3(3) of the Protocol (No 36) on transnational transitions (recital 68 of the EBA Regulation).

The Authority's structure

The European Banking Authority is governed by its Board of Supervisors and its Management Board. The Board of Supervisors is responsible for taking the main decisions relating to the EBA's mandate and work. The Management Board takes decisions relating to the EBA's operations and the execution of its annual work programme. The Authority is represented by the Chairperson, who is responsible for preparing the work of the Board of Supervisors and chairing its meetings, as well as those of the Management Board. The Chairperson's term of office is five years and may be extended once.

The EBA Executive Director is in charge of the implementation of the annual work programme under the guidance of the Board of Supervisors and under the control of the Management Board. The

Executive Director's term of office is five years and may be extended once. The Executive Director's mandate was over at the end of January 2020.

Since the organisational restructuring effective on 1 March 2018, the EBA is organised in four departments:

⇒ Prudential Regulation and Supervisory Policy;
⇒ Banking Markets, Innovation and Consumers;
⇒ Economic Analysis and Statistics;
⇒ Operations;

each of them composed by three or four units. The EBA works in turn with experts from national authorities within a number of working groups and task forces to carry out its tasks.

The annual work programme, published on the EBA's website every year, describes the objectives and specific tasks to be carried out by the departments and units of the EBA.

Highlights of the year

During the financial year 2019, the EBA underwent a series of key events with an impact in its financial statements, including:

⇒ The successful move of its premises from London, the United Kingdom, to Paris, France;
⇒ The successful delivery of EUCLID Workstream 2, followed by the commencement of Workstream 3 / Resolution Reporting.

In summary, a total of EUR 45,884 thousand were paid in 2019, representing a 12.5% increase in relation to the previous reporting period.

Financial Statements

Statement of financial position

	Note	2019	2018
ASSETS			
NON-CURRENT ASSETS			
Intangible fixed assets	II.1.a		
Computer software		2,828,430	2,813,819
Tangible fixed assets	II.1.b		
Computer hardware		160,326	179,599
Furniture		397,444	241,579
Other fixtures and fittings		4,786,284	2,237,183
TOTAL		**8,172,484**	**5,472,179**
CURRENT ASSETS	II.2		
Current receivables	II.2.a	1,179,703	883,148
Sundry receivables	II.2.b	227,459	73,174
Deferred charges and accrued income	II.2.c	1,175,137	1,133,391
Cash and cash equivalents	II.2.d	6,966,785	5,587,528
TOTAL		**9,549,084**	**7,677,241**
TOTAL ASSETS		**17,721,568**	**13,149,421**
LIABILITIES			
NON-CURRENT LIABILITIES			
Provisions for risks and charges	II.3	1,198,402	8,589,141
Deferred revenue	II.4	2,749,562	-
TOTAL		**3,947,964**	**8,589,141**
CURRENT LIABILITIES			
Provisions for risks and charges	II.3	12,262,240	5,973,652
Current payables	II.5.a	2,983,862	2,500,927
Sundry payables	II.5.b	-	10,893
Payables towards EU entities	II.5.c	1,031,028	256,056
Deferred revenue	II.4	2,528,076	3,127,455
TOTAL		**18,805,207**	**11,868,983**
TOTAL LIABILITIES		**22,753,171**	**20,458,124**
NET ASSETS			
Accumulated surplus/(deficit)		(7,308,702)	(556,954)
Economic outturn for the year		2,277,099	(6,751,749)
TOTAL NET ASSETS		**(5,031,603)**	**(7,308,703)**

Statement of financial performance

	Note	2019	2018
OPERATING RESULT			
OPERATING REVENUE	III.1		
Contribution from the Member States		26,096,889	24,754,656
Contribution from EFTA countries		741,388	703,257
EU Balancing subsidy		17,461,535	16,870,440
Contribution from the Host State		1,981,804	-
Foreign currency conversion gains		204,041	153,536
Other administrative revenue		24,836	97,406
TOTAL		**46,510,493**	**42,579,294**
OPERATING EXPENSES	III.2		
Staff expenses	III.2.a	26,415,506	25,194,634
Building and related expenses	III.2.b	3,149,643	7,011,151
Other expenses	III.2.c	9,976,980	10,542,486
Depreciation and amortisation	III.2.d	3,878,378	6,314,330
Foreign currency conversion losses		713,401	163,447
TOTAL		**44,133,907**	**49,226,049**
SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES		2,376,585	(6,646,755)
NON-OPERATING RESULT	III.3		
Financial revenue		12,597	5,365
Financial expenses		112,082	110,359
SURPLUS/(DEFICIT) FROM NON-OPERATING ACTIVITIES		(99,485)	(104,994)
SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES		2,277,099	(6,751,749)
SURPLUS/(DEFICIT) FROM EXTRAORDINARY ITEMS		-	-
ECONOMIC RESULT FOR THE YEAR		2,277,099	(6,751,749)

Cash flow statement

	2019	2018
CASHFLOW FROM ORDINARY ACTIVITIES		
SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES	**2,277,099**	**(6,751,749)**
Depreciation and amortisation	3,878,378	6,314,330
Increase/(decrease) in provisions for risks and liabilities	(1,102,151)	7,830,815
(Increase)/decrease in short term receivables	(492,585)	746,266
Increase/ (decrease) in accounts payable	472,043	(76,132)
Increase/ (decrease) in liabilities related to consolidated EU Entities	774,972	(1,567,305)
Increase/(decrease) in deferred income	2,150,183	(2,433,913)
NET CASHFLOW FROM OPERATING ACTIVITIES	**7,957,940**	**4,062,313**
CASHFLOW FROM INVESTING ACTIVITIES		
(Increase)/decrease in tangible and intangible fixed assets	(6,578,683)	(1,986,065)
NET CASHFLOW FROM INVESTING ACTIVITIES	**(6,578,683)**	**(1,986,065)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**1,379,257**	**2,076,248**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5,587,528	3,511,280
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6,966,785	5,587,528

Statement of changes in net assets

	ACCUMULATED SURPLUS	NET SURPLUS/(DEFICIT) FOR THE PERIOD	TOTAL NET ASSETS
Balance as at 31 December 2018	(7,308,703)	-	(7,308,703)
Economic result for the year	-	2,277,099	2,277,099
Balance as at 31 December 2019	**(7,308,703)**	**2,277,099**	**(5,031,603)**

Notes to the Financial Statements

I. Significant accounting policies

1. Accounting principles

The annual accounts of the European Banking Authority comprise the financial statements and the reports on the implementation of the budget.

The objective of the annual accounts is to provide information on the financial position, performance and cash flows of the EBA in a way that is useful to a wide range of stakeholders and other users.

The overall considerations (or accounting principles) to be followed when preparing the financial statements are laid down in the EU Accounting Rule 1 'Financial Statements' and are the same as those described in IPSAS 1: fair presentation, accrual basis, going concern, consistency of presentation, materiality, aggregation, offsetting, prudence and comparative information. The qualitative characteristics of the financial reporting are relevance, faithful representation (reliability), understandability, timeliness, comparability and verifiability.

The financial statements show all charges and income for the financial year, based on accrual accounting rules that comply with the EU Accounting Rules, and are designed to establish the financial position in the form of a balance sheet as at 31 December.

The budgetary accounts give a detailed picture of the implementation of the budget. They are based on a modified cash accounting principle.

2. Basis of preparation

The financial statements are prepared on a going concern basis as there is no indication that the Authority will not continue to operate in its current state for the twelve months from the date of establishing these accounts. The reporting period elapses between 1 January to 31 December.

On 29 March 2017, the United Kingdom notified the European Council of its decision to withdraw from the European Union. On 20 November 2017, the General Affairs Council of the European Union agreed to move the seat of the European Banking Authority to Paris.

This decision was confirmed on 14 November 2018 by the Regulation (EU) 2018/1717 of the European Parliament and of the Council amending Regulation (EU) No 1093/2010, which establishes Paris as the new seat of the Authority from 30 March 2019.

A new lease agreement in La Défense was signed on 10 May 2019, and the physical move of the Authority from its premises in London took place on 31 May 2019.

a) *Functional and reporting currency*

The euro is the functional and reporting currency of the Authority and amounts shown in the financial statements are presented in euros (EUR) unless indicated otherwise. Any slight differences versus the actual balances are due to rounding.

b) *Currency and basis for conversion*

Foreign currency transactions are recorded in euros using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the re-translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial performance. Different conversion methods apply to property, plant and equipment and intangible assets, which retain their value in euros at the date when they were purchased.

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

Due to its previous location in the United Kingdom, the main foreign currency used by the EBA has been the pound sterling (GBP). Exchange rates GBP/EUR used for the preparation of the accounts are as follows:

EUR/GBP	2019	2018
Year-end exchange rate	0.8508	0.89453
Average exchange rate	0.8793	0.88542

c) *Use of estimates*

In accordance with IPSAS and other generally accepted accounting principles, the financial statements 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 provisions, accounts receivables, accrued income and charges, contingent assets and liabilities, and degree of impairment of intangible assets and property, plant and equipment. Actual results could differ from those estimates.

Changes in estimates are reflected in the period in which they become known.

3. Balance sheet

a) *Non-current assets*

Non-current fixed assets encompass all acquisitions made since 1 January 2011 and still in use at the closing date.

Internally generated intangible assets are capitalised when the Management Board has authorised a project with an asset value higher than EUR 250 000 and when it complies with the relevant criteria laid down in the EU accounting rules. The capitalisable costs include all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management (development). Costs associated with research activities, non-capitalisable development costs and maintenance costs are recognised as expenses when incurred.

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the Authority and its cost can be measured reliably. Repairs and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred.

Assets under construction are not depreciated as these assets are not yet available for use.

Fixed assets depreciation is calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives, as follows:

Type of asset	Straight line depreciation rate
Hardware and software	25 %
Audio-visual equipment	25 %
Movable furniture	10 %
Other fixtures and fittings	10 % to 12 %

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

b) *Leases*

Lease of fixed assets where the Authority has substantially all the risks and rewards of ownership are classified as financial leases. There are no items to be reported under this category.

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 charged to the statement of financial performance on a straight-line basis over the period of the lease. This is the case for rent paid.

c) *Receivables and recoverables*

Receivables and recoverables from non-exchange transactions are carried at original amount (adjusted for interests and penalties) less write-down for impairment. A write-down for impairment is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of the recoverables. The amount of the write-down is the difference between the asset's carrying amount and the recoverable amount. The amount of the write-down is recognised in the statement of financial performance.

d) *Cash and cash equivalents*

Cash only encompasses cash in hand, as there are no other cash equivalents or liquid investments with original maturities of three months or less to be reported. Currently, the Authority has contracts with two commercial banking entities.

e) *Payables*

Included under accounts payable are both amounts related to exchange transactions such as the purchase of goods and services and to non-exchange transactions e.g. amounts to be paid back to the funding entities as a result of balancing subsidies.

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

f) *Provisions*

Provisions are recognised when the Authority 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 expenditure expected to be required to settle the present obligation at the reporting date. Where the provision involves a large number of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities ('expected value' method).

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

g) *Accrued and deferred revenue and charges*

Transactions and events are recognised in the financial statements in the period to which they relate.

All revenue due to the Authority according to existing contractual arrangements and not yet cashed, will lead to the recognition of an accrued revenue in the financial statements. In addition, when the EBA has authorised and cashed amounts relating to activities not yet incurred, the revenue will be deferred and recognised in subsequent accounting periods.

In accordance with EU Accounting Rule 10 supplemented by paragraph 19 of IPSAS 19 (Provisions, contingent liabilities and contingent assets), accruals recognise the amounts to be paid for goods or services that have been received or supplied but which have not yet been paid, invoiced or formally agreed with the supplier, including amounts due to employees (for instance, amounts relating to accrued vacation pay). Accrued charges are determined based on estimates received from the authorising officer as a result of the analysis of the budget amounts carried to the next year. These accruals are reported under current liabilities-current payables.

4. Statement of financial performance

a) *Revenue*

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the entity, which represents an increase in net assets. The EBA's revenue is in full of a non-exchange nature, meaning that it is composed by economic inflows for which the transferor provides resources to the Authority without the recipient entity providing approximately equal value directly in exchange.

The EBA's revenue consists of contributions received from the EU and from the EU National Competent Authorities (NCAs), increased by the EFTA NCAs' contributions and the amount of the employer's contribution of the European pension scheme to be financed by the EU and the EFTA NCAs, in compliance with Article 83(a)(2) of the Staff Regulations and CEOS (SR) applicable to the European Banking Authority.

Pursuant to Article 16(5) of the EBA Financial Regulation, the EU contribution constitutes a balancing subsidy to the budget of the Authority. As a result, it is recognised as revenue in the amount necessary to cover budget expenditure. The difference between the amount actually received and the balancing contribution has to be returned to the European Commission and booked as a liability.

Contributions from the National Competent Authorities are recognised as revenue when these resources are adopted together with the budget by the Board of Supervisors.

b) *Expenditure*

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets/equity. EBA's expenditure consists in full of exchange expenses.

Expenses arising from the purchase of goods and services are recognised when the supplies are delivered and accepted by the Authority. They are valued at original invoice cost.

At year-end, incurred eligible expenses already due to the beneficiaries but not yet reported are estimated and recorded as accrued expenses.

5. Contingent assets and liabilities

In line with EU Accounting Rule 10, the term 'contingent' is used for liabilities and assets that are not recognised because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority.

6. Other

a) *Employee benefits*

The staff of the Authority is entitled to pension rights according to the pension scheme as defined in the Staff Regulations and CEOS of the European Communities. The corresponding pension benefits are managed and paid by the European Commission. In compliance with Article 83(a) of the SR, the contribution needed to fund the scheme is financed by the General Budget of the European Communities and no employer contribution is paid by the Authority, except for the part financed by the Member States and the EFTA National Competent Authorities pursuant to Article 83(a)(2) of the SR. As a result of this, no pension liability is recognised in the balance sheet of the Authority.

7. Consolidation

The accounts of the European Banking Authority are fully consolidated with the EU annual accounts.

II. Statement of financial position

1. Non-current assets

Non-current assets are fixed assets used and controlled by the Authority and are composed of tangible, intangible and other non-current assets.

a) Intangible fixed assets

	Computer software	Intangible assets under construction	Total
Gross carrying amounts 01.01.2019	**5,895,954**	**1,485,419**	**7,381,373**
Additions	1,058,096	-	1,058,096
Disposals	-	-	-
Transfers between headings	1,485,419	(1,485,419)	-
Other changes	-	-	-
Gross carrying amounts 31.12.2019	**8,439,469**	**-**	**8,439,469**
Accumulated amortisation and impairment as at 01.01.2019	**(4,567,554)**	**-**	**(4,567,554)**
Amortisation	(1,043,485)	-	(1,043,485)
Accumulated amortisation and impairment as at 31.12.2019	**(5,611,039)**	**-**	**(5,611,039)**

Intangible fixed assets relate to internally generated software and computer software licences. Internally generated software corresponds to development costs incurred in the implementation of projects in relation with the mission of the Authority.

Additions of internally generated software in 2019 correspond (for EUR 929 042) to the EUCLID Work stream 2 project, as well as to the PSD 2 project for an amount of EUR 129 054.

b) Tangible fixed assets

Tangible fixed assets include mainly furniture, fixtures and IT equipment.

	Plant and equipment	Computer hardware	Furniture	Fixtures and fittings	Assets under construction	Total
Gross carrying amounts 01.01.2019	15,303	642,524	723,010	10,935,340	136,195	12,452,373
Additions	19,652	83,756	380,246	5,036,932	-	5,520,587
Disposals	-	(161,384)	(275,983)	(228,186)	-	(665,554)
Transfers between headings	-	-	-	136,195	(136,195)	-
Gross carrying amounts 31.12.2019	34,995	564,896	827,273	15,880,281	-	17,307,406
Accumulated depreciation and impairment as at 01.01.2019	(14,477)	(462,925)	(481,431)	(8,835,178)	-	(9,794,011)
Depreciation	(3,723)	(86,710)	(86,329)	(2,502,094)	-	(2,678,856)
Disposals	-	145,065	137,931	226,520	-	509,517
Accumulated depreciation and impairment as at 31.12.2019	(18,200)	(404,570)	(429,829)	(11,110,752)	-	(11,963,352)

The fixtures and fittings reported by the Authority correspond mainly to the cost of fitting out the premises in both London (EUR 7 435 369) and Paris (EUR 3 381 041). It encompasses as well the cost of returning the offices to their original state at the termination of the lease as requested by the contract. In this case, the estimated re-instatement costs booked as a fixed asset for the premises in London amount to EUR 2 797 506, whereas the amount for the offices in Paris adds up to EUR 1 198 402. Because of the obligation to move the Authority's seat to Paris, the useful life of the fit out for the premises in London has been revised to result in a full depreciation of the related assets as at 31 May 2019, the day the move took place.

2. Current assets

a) Current receivables

	2019	2018
VAT recoverable	797,147	883,148
Other receivables from Member States	382,556	-
Total	**1,179,703**	**883,148**

The recoverable VAT relates to payments to suppliers made during the year 2019 and still to be refunded by the UK and French authorities.

b) Sundry receivables

	2019	2018
Amounts to be regularised from staff	160,344	4,181
Amounts to recover from EU institutions	1	5,395
Other amounts to recover	67,114	63,598
Total	**227,459**	**73,174**

c) Deferred charges and accrued income

	2019	2018
Deferred charges – rent expenses	524,454	501,184
Other deferred charges	647,263	632,207
Accrued income	3,420	-
Total	**1,175,137**	**1,133,391**

Other deferred charges relate to building charges, IT maintenance and software licenses.

d) Cash and cash equivalents

	2019	2018
Citigroup (GBP account)	396,460	2,371,222
ING Belgium (EUR account)	6,570,325	3,216,306
Total	**6,966,785**	**5,587,528**

3. Provisions for risks and charges

	31.12.2018	Variations	31.12.2019	*Thereof*	
				Non-current	Current
London – Repayment of the rent-free period	2,663,477	661,970	3,325,447	-	3,325,447
London – Onerous rental costs	4,556,932	(1,175,846)	3,381,087	-	3,381,087
London – Re-instatement costs of the offices	3,130,855	276,134	3,406,989	-	3,406,989
Cost related to the move to the new seat	4,211,529	(2,062,811)	2,148,718	-	2,148,718
Paris – Re-instatement cost of the offices	-	1,198,402	1,198,402	1,198,402	-
Total	**14,562,793**	**(1,102,151)**	**13,460,642**	**1,198,402**	**12,262,240**

The variations in the estimations of the provisions above can be further split as follows:

	Additions	Elapsed	Reversed	Other	Total
London – Repayment of the rent-free period	499,402	-	-	162,568	661,970
London – Onerous rental costs	414,446	(1,755,580)	-	165,288	(1,175,846)
London – Re-instatement costs of the offices	-	-	-	276,134	276,134
Cost related to the move to the new seat	597,202	(2,421,877)	(238,137)	-	(2,062,811)
Paris – Re-instatement cost of the offices	1,198,402	-	-	-	1,198,402
Total	**2,709,453**	**(4,177,456)**	**(238,137)**	**603,990**	**(1,102,151)**

Based on the 12-year tenure of the contract in London, the Authority was able to negotiate a rent free period of 32 months which was drawn down in full at the beginning of the contract, whereby the related amount was partially used (25 months) to finance the fit out works of the offices and partially (7 months) to occupy the offices without paying rent.

The lease agreement provides for the option to break the contract at half way through the term of the lease, thus significantly reducing the potential cost associated with the removal. Because of the obligation to move to its new offices in Paris (see Note I.2 – Basis of preparation) as per the General Affairs Council of the European Union of 20 November 2017, the Authority officially decided to exercise the aforementioned option on 11.03.2020. The lease contract provides that, in such a case, the EBA has the obligation to repay half of the incentive (16 months of rent) it had received at the beginning of the contract, and which was based on the full 12 years term of the contract (32 month rent free) and to pay all rents and service charges until 07.12.2020.

In line with IPSAS 19, the part of the rental payments beyond the expected date of the physical move (31.05.2019), for which the authority will not receive benefits, is recognised as a liability.

In line with commercial lease terms, the contract for the premises in London includes the obligation for the EBA to return the offices to their original condition.

The related provision as 31.12.2018 was based on the average of two valuations by professional experts valued at the exchange rate at the closing date taking into account inflation at 2 % and discount rate impact at 3.5 % (HM Treasury guidance – The Green Book). The increase in the provision as at 31.12.2019 reflects the unwinding of the discount (EUR 109 580) as well as the decrease in the GBP/EUR exchange rate at the closing date (EUR 166 554). The re-instatement to the initial condition has to be performed by the end of the lease. The exact amount to be paid will depend on the cost of the works actually done and the result of possible further negotiation.

The cost related to the move encompasses the removal of the personnel of the Authority and their families, in accordance with the Staff Regulation, as well of the move of IT equipment, which elapsed in full in the course of 2019.

In accordance with the lease agreement between the EBA and the landlord in Paris, the Authority is due to re-instate the offices to their original condition. According to the lease terms, such a payment will consist on a flat rate per square metre, indexed in line with the *Index des loyers des activités tertiaries* (ILAT).

4. Deferred revenue

Description	Original amount	Amount reversed	Net amount at 31.12.2019	*Thereof Non-current*	
				31.12.2019	31.12.2018
London – Capital sum from the Landlord	4,291,684	(4,291,684)	-	-	587,250
London – Contribution to fit-out costs	2,256,212	(2,256,212)	-	-	308,034
London – Rent free period	1,376,425	(1,376,425)	-	-	204,767
Paris – Landlord contribution to fit-out costs	1,668,775	(119,815)	1,548,960	1,363,146	-
Paris – French contribution to fit-out costs	1,500,000	(1,500,000)	-	-	-
Paris – Landlord capital sum	247,496	(17,770)	229,727	202,169	-
Paris – Rent free period	1,671,252	(190,498)	1,480,755	1,184,247	-
Paris – French contribution to rental costs	2,500,000	(481,804)	2,018,196	-	-
Total	**15,511,845**	**(10,234,207)**	**5,277,638**	**2,749,562**	**1,100,051**

The lease agreement for the premises in London signed on 14 May 2014 provided for a term of 12 years together with a rent-free period of 32 months, which could be converted totally or partially into a capital sum to be used for the financing of the fit out works. The EBA opted for the conversion of 25 months resulting in a capital sum of EUR 4 291 684 and a remaining rent-free period of 7 months. The lease terms also included a contribution by the landlord to fund part of the fit out works cost.

The capital sum, the landlord contribution to fit-out costs and the rent-free period have all been recorded as deferred revenue. They have been recognised in the Statement of financial performance, until 20 November 2017, over the full term of the lease, 12 years. From that date, they have been recognised over the remaining period until the expected date of the physical move, i.e. 31 May 2019.

The commercial lease terms between the Authority and the landlord in Paris provided for a landlord contribution equivalent to the rental value of roughly 21 months (EUR 4 552 240). This contribution was due to cover for fit-out costs (EUR 1 916 271) and to benefit of a rent free period worth EUR 2 636 682.

At the end of 2019, all the contribution for fit-out costs was utilised. Out of this amount, EUR 1 668 775 qualified for capitalisation, whereas the remainder has been categorised as capital sum (EUR 247 496).

A total of EUR 1 671 252 had been utilised from the rent free period contribution by the closure date.

In June 2018, the French Government confirmed its support to the relocation process of the Authority to Paris. The agreement included a EUR 1.5 million contribution to cover for the cost of fitting-out the new premises, used in full by the end of the year and an extra EUR 7 million to pay for rental expenses, out of which EUR 2.5 million were received in 2019. Whilst the used amount (EUR 481 804) has been recognised as a revenue in line with EU Accounting Rule 17, the remainder is categorised as deferred revenue and is expected to be cleared in full in the course of 2020.

5. Current liabilities

a) Current payables

	2019	2018
Payables to suppliers	227,322	195,529
Accrued charges – untaken annual leave	721,843	738,545
Accrued charges – other	2,034,698	1,566,853
Total	**2,983,862**	**2,500,927**

Other accrued charges correspond to invoices to be received as at 31 December 2019 for services rendered in 2019, mainly for IT services.

b) Sundry payables

	2019	2018
Sundry payables	-	10,893
Total	**-**	**10,893**

c) Payables towards EU entities

	2019	2018
European Commission balancing subsidy	1,027,082	256,056
Other payables towards EU entities	3,946	-
Total	**1,031,028**	**256,056**

The contribution to repay to the European Commission corresponds to the budgetary result for the financial year 2019, which was determined on a modified cash basis. The detailed calculation is presented in the budget result (see section “Budget implementation reports”).

In 2019, the EBA was financed by Union funds (EUR 17 394 600) and contributions from Member States and EFTA countries (EUR 27 932 300). According to Articles 16.5 and 17.1 of the EBA Financial

Regulation, the Union contribution paid to the Authority constitutes for its budget a balancing contribution which is accounted for as pre-financing. If the balance of the budget result account is positive, it is to be repaid to the Commission up to the amount of the Union contribution paid during the year.

The EBA has therefore allocated 100% of the surplus to the European Commission. In 2021, and in accordance to the agreements reached between the EBA and the European Commission, should those still remain applicable, the Authority will recover the 60% of this budget result, which will be deducted from the Member States' and EFTA countries' contribution 2021.

III. Statement of financial performance

In 2019, the Authority has closed the year with an economic surplus of EUR 2 277 099, in contrast with the economic deficit recorded for the financial year 2018 (EUR 6 751 749). This is mainly due to the following reasons:

⇒ In 2018, the Authority accounted for the provisions for onerous lease contract (in relation to the unused office space in London since the EBA's siege moved to France) and for the re-payment of the 16-month rent-free period – please refer to Note II.3. This had a significant impact in the expenditure recognised in 2018.

⇒ In 2019, a significant part of the provisions in the books at the start of the period was reversed against costs incurred, considerably reducing the expenditure recognised during the year.

1. Operating revenue

The Authority's 2019 revenue comes from the following sources:

	2019	2018
Contribution from EU Member States	26,096,889	24,754,656
Contribution from EFTA Countries	741,388	703,257
EU Balancing Subsidy	17,461,535	16,870,440
Contribution from the Host State	1,981,804	-
Foreign currency conversion gains	204,041	153,536
Other administrative revenue	24,836	97,406
	46,510,493	**42,579,294**

The 2019 expected budget contributions amounted to EUR 45 326 900.

The contribution actually paid in 2019 by the Directorate-General for Financial Stability, Financial Services and Capital Market Union amounted to EUR 18 488 617 including the re-imbursement of the Member States' and Observers' share (EUR 1 094 017) in the 2017 Budgetary surplus of EUR 1 823 361.

In accordance with Article 17.1 of the EBA Financial Regulation, the unused part of this contribution, which corresponds to EUR 1 027 082 in the 2019 Budget result, has to be reimbursed to the European Commission. The difference of EUR 17 461 535 is recognised as operating revenue.

2. Operating expenses

a) Staff expenses

	2019	2018
Salaries and related allowances	25,585,185	24,507,224
Social contributions	830,322	687,410
	26,415,506	**25,194,634**

The 2017 figures included the first recognition of the provision related to the relocation of the staff to France. This results in a decrease in the 2019 figures in an amount of EUR 1 938 311, which has been partially offset by the increase in the current staff expenses due essentially to the increase of the staff number (+ 5.5% as an average), as well the salary cost decrease after the move to Paris.

b) Building and related expenses

	2019	2018
Rent	1,568,369	3,792,062
Rent related expenses	1,581,274	3,219,089
	3,149,643	**7,011,151**

The 2018 figures included the first recognition of the provisions for onerous rental costs and the re-payment of the 16-month rent-free period. In 2019, a significant share of the costs were offset by the reversal of some of the existing provisions (EUR 1 341 133) and by the final release of the London landlord contributions recognised as deferred revenue at the end of 2018 (EUR 1 627 455). To the costs related to the lease in London, in 2019 there have as well been additions due to expenses linked to the new offices in Paris.

c) Other expenses

	2019	2018
Office supplies	160,867	131,241
Publicity and Legal	13,057	70,788
Recruitment	60,373	107,490
Training	202,239	230,230
Travel	156,686	150,737
Experts and related expenditure	1,018,270	1,000,040
IT support cost	2,169,918	2,051,722
Other services	1,022,029	1,591,829
Operational activities	5,173,530	5,208,409
	9,976,980	**10,542,486**

Project costs for their part not capitalised amount to EUR 791 186. Cost incurred for other projects which do not meet the requirements for capitalisation amounts to EUR 1 329 602.

Operational activities include IT expenses of an amount of EUR 3 208 113, corresponding essentially to IT Infrastructure costs, licence maintenance and consultancy working on the various IT projects for their part not capitalised.

The operational activities also include the cost of travel for the operational staff (EUR 711 081) and translation and editing (EUR 740 877).

d) Fixed asset related expenses

	2019	2018
Depreciation of tangible fixed assets	1,986,931	3,754,133
Depreciation of intangible fixed assets	1,043,485	880,324
Amortisation of the offices re-instatement cost for London	691,926	1,672,536
Amounts written-off	156,037	7,337
Total	**3,878,378**	**6,314,330**

The decrease in the fixed assets related expenses is due to the fact that the accelerated depreciation of the fit-out and the re-instatement costs of the London premises that took place in 2018 ended on 31.05.2019. The fact that not all fixed assets were finally moved from London to Paris, and were therefore disposed, caused an increase in the expenses for amounts written-off.

3. Non-operating result

	2019	2018
NON-OPERATING REVENUE		
Bank interest received	9,177	5,365
Other financial income	3,420	-
Total	**12,597**	**5,365**
NON-OPERATING EXPENSES		
Bank charges	2,503	3,614
Unwinding of the discount related to the re-instatement provision for London	109,580	106,745
Total	**112,082**	**110,359**
TOTAL NON-OPERATING ACTIVITIES (NET)	(99,486)	(104,994)

IV. Other significant disclosures

1. Contingent liabilities

Contingent liabilities include the part of the outstanding budgetary commitments which have not yet been recognised as expenses as at 31 December 2019.

	2019	2018
Budgetary commitments carried forward to 2020	5,181,071	6,446,757
(Less) Expenses already recognised in 2019	(1,734,152)	(1,759,027)
	3,446,919	**4,687,730**

2. Contingent assets

Due to the Authority's move to Paris, the French government agreed to provide a contribution of EUR 8.5 million to the EBA – this contribution is comprised of EUR 1.5 million for development costs, which the EBA has put towards the cost of fitting out the Paris offices, and EUR 7 million for rent and building charges over the nine-year period of the Authority's lease in Paris. At the end of 2019, the Authority had already received EUR 4 million, consisting of the EUR 1.5 million to cover for fit-out costs and EUR 2.5 million to cover for rental related charges (for more information on the treatment of this income, see Note II.4).

In accordance to the agreement between the EBA and the French government, the release of the remaining contribution is dependent on the timing of the EBA's utilisation of the rent-free period being offered by the landlord in Paris.

As at 31.12.2019, the EBA has therefore a contingent asset amounting EUR 4.5 million which will be received according to the Authority's consumption of the contribution already cashed.

3. Events after the reporting date

During the first months of 2020, the Covid-19 pandemic and subsequent measures have had a significant impact in the EU economy. As a non-adjusting event, the Covid-19 outbreak does not require any adjustments to the figures reported in these annual accounts. For subsequent reporting periods, the pandemic may affect the recognition and measurement of some assets and liabilities on the balance sheet and of some revenue and expenses recognised in the statement of financial performance.

Though based on the information available at the date of signature of these annual accounts the exact financial effects of the coronavirus outbreak cannot be reliably estimated – the epidemic per se as well as the ensuing measures have not yet come to an end –, the Accounting Officer has identified the following areas in which such an impact could potentially be material:

- Given the volatility in the GBP/EUR exchange rate following the final economic impact of the Covid-19 measures in the UK and the Eurozone, the balance sheet items denominated in GBP could suffer material variances – particular attention is drawn to the provisions stemming from the break option exercised in relation to the Authority's premises in London, and their ability to reflect fairly the final outflow of resources required to settle them;
- The Covid-19 measures may potentially have a material impact to the EBA's economic outturn account given their effect on the Authority's capacity to held on-site meetings and the ability of its staff members to perform missions, as well as the delays in taking up duty by newly employed personnel.

4. Operating lease commitments

Following an open competitive selection procedure, the Authority negotiated and signed a 9-year office lease agreement for the new offices in Paris that entered into force on 10.05.2019, with a break clause that can be exercised after the completion of the 6th year of the lease.

Based on a firm term of 9 years starting on 10.05.2019, the Authority was able to negotiate a Landlord contribution of EUR 4 552 240 in an amendment to the contract signed on 31.10.2018. Out of this contribution, EUR 1 916 271 elapsed in order to cover for fit-out costs, and the remainder of EUR 2 636 682 has been drawn up in the form of a rent-free period (see Note II.4). Should the Authority exercise the early break clause, the EBA would be liable for paying the landlord a flat-rate supplement corresponding to a sum equivalent to the marketing advantages.

In accordance with the lease agreement, and in substitution for a security deposit, the Authority gave the Landlord a bank guarantee equivalent to three months' rent.

The future contractual payments are scheduled as follows:

Tour Europlaza (Paris)	<1 year	2-5 years	>5 years	Total
Rent	1,635,850	10,405,120	3,556,038	**15,597,009**
Building charges and taxes	749,472	2,997,889	264,882	**4,012,243**
Other equipment	-	-	1,916,271	**1,916,271**
Bank guarantee (commission)	1,322	5,278	467	**7,067**
Total	2,386,645	13,408,287	5,737,658	21,532,590

5. Related party disclosures

Highest grades description	Grade	Number of persons
Chair Person	AD 15	1
Executive Director	AD 15	1

The remuneration equivalent to the grades of the key management personnel in the table can be found in the Official Journal of the European Union, 2019/C 420/05 of 13 December 2019.

V. Financial risk management

Financial instruments comprise cash, current receivables and recoverables, current payables, amounts due to and from consolidated entities. Financial instruments give rise to liquidity, credit, interest rate and foreign rate currency risks. Information about which and how they are managed is set out below. Deferred and accrued charges and income are not included.

The carrying amounts of financial instruments are as follows:

	2019	2018
FINANCIAL ASSETS		
Current receivables	1,179,903	883,148
Sundry receivables	227,458	73,174
Cash and cash equivalents	6,966,785	5,587,528
Total	**8,373,947**	**6,543,850**
FINANCIAL LIABILITIES		
Current payables	227,322	195,529
Sundry payables	-	10,893
Payables towards EU entities	1,031,028	256,056
Total	**1,258,349**	**462,478**
TOTAL NET FINANCIAL INSTRUMENTS	**7,115,598**	**6,081,373**

1. Liquidity risk

Liquidity risk arises from the ongoing financial obligations, including settlement of payables. The Authority manages liquidity risk by continually monitoring forecasted and actual cashflows. EU budget principles ensure that overall cash resources for a given year are always sufficient for the execution of all payments. Details of contractual maturities for assets and liabilities form an important source of information for the management of liquidity risk.

The table below provides detail on the contractual maturity of all financial instruments of the Authority:

As at 31.12.2019	On demand	<1 year	1-2 years	>2 years	Total
Current receivables	-	1,179,703	-	-	**1,179,73**
Sundry receivables	-	227,458	-	-	**227,458**
Cash and cash equivalents	6,966,785	-	-	-	**6,966,785**
Total financial assets (A)	**6,966,785**	**1,407,162**	**-**	**-**	**8,373,947**
Payables	-	12,489,562	-	1,198,402	**13,687,964**
Sundry payables	-	-	-	-	**-**
Payables to EU entities	-	1,031,028	-	-	**1,031,028**
Total financial liabilities (B)	**-**	**13,520,590**	**-**	**1,198,402**	**14,718,992**
CUMULATIVE LIQUIDITY GAP (A)-(B)	6,966,785	(5,146,642)	(5,146,642)	(6,345,045)	(6,345,045)

2. Credit risk

Credit risk is the risk of loss due to a debtor's/borrower's non-payment of a loan or other line of credit (either the principal or interest or both) or other failure to meet a contractual obligation. The default events include a delay in repayments, restructuring of borrower repayments and bankruptcy.

Treasury resources are kept with commercial banks. The EBA recovers contributions from national supervisory authorities and the European Commission two or more times per year to ensure appropriate cash management and to maintain a minimum cash balance on its bank account. This is with a view to limit its risk exposure. Requests to the European Commission are accompanied by cash forecasts. The overall treasury balances fluctuated in 2019 between EUR 2.9 million and EUR 22.1 million, with an overall amount of payment executed in 2019 that equals approximately EUR 45 million.

In addition, specific guidelines are applied for the selection of commercial banks in order to further minimise counterparty risk to which the EBA is exposed to:

⇒ All commercial banks are selected by call for tenders. The minimum short-term credit rating required for admission to the tendering procedures is Moody's P-1 or equivalent (S&P A-1 or Fitch F1). A lower level may be accepted in specific and duly justified circumstances.

⇒ The credit ratings of the commercial banks where the EBA has accounts are reviewed at least on a monthly basis, or higher frequency if and when needed.

The table below shows the maximum exposure to credit risk by the EBA:

As at 31.12.2019	2019	2018
Current receivables	1,179,703	883,148
Other receivables	227,458	73,174
Cash in banks	6,966,785	5,587,528
Total	**8,373,947**	**6,543,850**

3. Market risk

Market risk can be split into interest rate risk and currency risk.

a) Interest rate risk

The EBA does not borrow any money. As a result, it is not exposed to interest rate risk. It does, however, earn interest on balances it holds on its banks accounts.

Overnight balances held on commercial bank accounts earn interest on a daily basis. This is based on variable market rates to which a contractual margin (positive or negative) is applied. For most of the accounts, the interest calculation is linked to the EONIA (Euro overnight index average) or EURIBOR (Euro Interbank Offer Rate) and is adjusted to reflect any fluctuations of this rate. In case the resulting interest rate to be applied is less than 0, then a fixed rate is applied for a certain period of time. As a result no risk exists that EBA earns interest at rates lower than market rates.

Average deposit in banks in 2019 was EUR 14.4 million. The interests earned in 2019 amount to EUR 9 177.

b) Currency risk

Currency risk is the risk that the EBA's operations or its investment's value will be affected by changes in exchange rates. The EBA is exposed to exchange rate fluctuations since it undertakes a significant share of transactions in GBP.

The following table is a summary of the EBA's net foreign currency-denominated monetary assets and liabilities:

As at 31.12.2019	GBP EUR equivalent	EUR	Other EUR equivalent	Total (EUR)
Receivables from Member States	157,802	1,021,902	-	**1,179,703**
Other receivables	-	1,402,595	-	**1,402,595**
Receivables from other EU entities	-	1	-	**1**
Cash and cash equivalents	396,460	6,570,325	-	**6,966,785**
Total monetary assets (C)	**554,262**	**8,994,822**	**-**	**9,549,084**
Payables to third parties	-	227,322	-	**227,322**
Payables to other EU entities	-	1,031,028	-	**1,031,028**
Total monetary liabilities (D)	**-**	**1,258,349**	**-**	**1,258,349**
NET POSITION (C)-(D)	**554,262**	**7,736,473**	**-**	**8,290,735**

If the GBP/EUR exchange rate were to increase by 10%, the net asset position would be positively impacted by approximately EUR 55 000.

Budget implementation reports

I. Budget principles, structure and implementation

1. Budgetary principles

The establishment and implementation of the Authority's budget shall comply with the principles of unity and budget accuracy, annuality, equilibrium, unit of account, universality, specification, sound financial management and transparency as provided for in the Authority's Financial Regulation.

a) Principle of unity and budget accuracy

The budget is the instrument which, for each financial year, forecasts and authorises the revenue and expenditure considered necessary for the Authority's activities. No revenue shall be collected and no expenditure effected unless booked to a line in the budget. An appropriation must not be entered in the budget if it is not for an item of expenditure considered necessary. No expenditure may be committed or authorised in excess of the appropriations authorised by the budget.

b) 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, inclusive. 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.

c) Principle of equilibrium

The Authority's budget revenue and payment appropriations must be in balance. Commitment appropriations may not exceed the amount of the voted budget, plus own revenue and any other revenue. The Authority may not raise loans.

d) Principle of unit of account

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

e) Principle of universality

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

f) 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 Director may authorise transfers from one article to another within each chapter.

g) Principle of sound financial management

Budget appropriations shall be used in accordance with the principle of sound financial management, that is to say, in accordance with the principles of economy, efficiency and effectiveness.

The principle of economy requires that the resources used by the Authority 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 is concerned with the best relationship between resources employed and results achieved. The principle of effectiveness is concerned with attaining the specific objectives set and achieving the intended results.

h) 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 Communities and amending budgets shall be published in an appropriate way within two months of their adoption.

2. Types of appropriations

The Authority makes use of non-differentiated appropriations for both its administrative (Title I & II) and operational expenditure (Title III).

3. Description of the budget accounts

Following the provisions of the Financial Rules of the Authority, the budget accounts shall provide a detailed record of the budget implementation and shall record all budget revenue and expenditure operations (voted appropriations, commitments and payments of the financial year, entitlements established).

The content of the budget accounts, also called budget lines, is adopted annually by the Board of Supervisors, taking into account the general budgetary nomenclature and the Authority's rules on the structure and presentation of the statement of expenditure.

Title I budget lines are related to staff expenditure: salaries and allowances of the staff members working for the Authority and all other entitlements such as removal expenditures, installation costs. Title I also includes recruitment costs incurred by the Authority. Interim staff, training, staff perquisites and administrative mission costs are incorporated also under Title I.

Title II budget lines relate to all buildings, equipment, IT and other miscellaneous administrative expenditure.

Title III budget lines provide for the implementation of all the activities carried out in the frame of the missions and tasks assigned to the Authority by its founding Regulation. The accounts under this Title are sub-divided into the main activities performed in each area such as organisation of meetings, training, coordination missions, supervisory activities, etc.

II. Budget result for the financial year

	2019	2018
REVENUE		
European Commission balancing subsidy	17,394,600	15,525,004
Recovery of the 2017 surplus	1,094,017	1,601,492
Contribution from the Member States	25,737,569	24,754,656
Contribution from the EFTA countries	741,388	703,257
Contribution from the Host State	2,500,000	1,500,000
Bank interests	8,974	5,365
Other income	6,851	90,653
TOTAL REVENUE (A)	**47,483,399**	**44,180,427**
EXPENDITURE		
Title I: Staff		
Payments	30,655,575	27,451,200
Appropriations carried over	818,656	112,277
Title II: Administrative expenses		
Payments	5,965,432	5,687,502
Appropriations carried over	3,762,006	4,409,867
Title III: Operating expenditure		
Payments	2,976,681	4,433,799
Appropriations carried over	2,423,541	1,924,613
TOTAL EXPENDITURE (B)	**46,601,891**	**44,019,258**
RESULT FOR THE FINANCIAL YEAR (A)-(B)	**881,508**	**161,169**
Cancellation of unused appropriations carried over from previous years	160,525	104,799
Adjustment for carry-over of appropriations arising from assigned revenue	-	-
Exchange differences for the year	(14,951)	(9,912)
BALANCE OF THE RESULT ACCOUNT FOR THE FINANCIAL YEAR	**1,027,082**	**256,056**

III. Reconciliation between the budget result and the economic result

	2019	2018
ECONOMIC OUTTURN	**2,277,099**	**(6,751,749)**
ADJUSTMENT FOR ACCRUAL ITEMS		
Adjustment for accrual cut-off 2018	(1,078,060)	(1,708,399)
Adjustment for accrual cut-off 2019	(2,728,760)	1,786,023
Unpaid invoices at year end but booked in charges	(65,197)	-
Depreciation and amortisation	3,878,378	6,314,330
Provisions	(1,102,151)	7,830,815
2019 Recovery orders in revenue not yet cashed	(382,957)	-
Pre-financing given in previous years and cleared in 2019	81,631	-
Pre-financing received in previous years and cleared in 2019	(1,500,000)	(3,933,913)
Payments made from carry over of 2018 appropriations	6,286,232	3,213,244
Other	-	(46,676)
ADJUSTMENT FOR BUDGETARY ITEMS		
Asset acquisitions (less unpaid amounts)	(840,735)	(1,861,717)
Pre-financing received in 2019 and open at 31.12.2019	3,045,279	256,056
Payment appropriations carried over to 2020	(7,004,203)	(4,946,757)
Cancellation of unused 2018 appropriations	160,525	104,799
BUDGET RESULT	**1,027,082**	**256,056**

IV. Budgetary transfers

Budgetary expenditure 2019	Initial appropriations	Amending budget	Transfers	Final appropriations
	A	B	C	D = A + B + C
Title 1 Staff expenditure	**33 317 600**	**-1 888 000**		**31 429 600**
Salaries & allowances	26 949 200	- 410 000	84 900	26 624 100
Expenditure relating to staff recruitment and management	4 397 200	- 803 000	- 63 600	3 530 600
Mission expenses	144 000		24 700	168 700
Socio-medical infrastructure	1 396 300	- 535 000		861 300
Training	319 200	- 70 000	- 46 000	203 200
Receptions and events	111 700	- 70 000		41 700
Title 2 Administrative expenditure	**7 880 600**	**- 245 000**		**7 635 600**
Rental of building and associated costs	3 692 800		219 729	3 912 529
Information and communication technology	3 291 700	- 245 000	- 320 640	2 726 060
Current administrative expenditure	196 100		139 123	335 223
Postage / Telecommunications	231 000		- 67 000	164 000
Information and publishing	469 000		28 788	497 788
Meeting expenses				
Title 3 Operational expenditure	**6 621 700**	**- 360 000**		**6 261 700**
General operational expenditure	3 022 300	- 160 000	- 185 000	2 677 300
IT expenses for operational purposes	3 599 400	- 200 000	185 000	3 584 400
TOTAL	**47 819 900**	**-2 493 000**		**45 326 900**

The initial budget for the year was EUR 47 819 900. This was reduced in December 2019 by EUR 2 493 000 to the amount of EUR 45 326 000.

V. Budgetary execution

1. Budgetary execution of the 2019 funds

Budgetary execution in 2019 C1

2019-C1	Adopted Budget	Committed	% commit.	Paid	% paid	Carried Forward	% CF
I: Staff Related	31 605 007	31 473 197	99.58%	30 655 575	97.40%	817 622	2.60%
II: Administrative	7 460 193	7 223 358	96.83%	5 294 494	73.30%	1 928 864	26.70%
III: Operational	6 261 700	5 400 222	86.24%	2 976 681	55.12%	2 423 540	44.88%
TOTAL	**45 326 900**	**44 096 776**	**97.29%**	**38 926 751**	**88.28%**	**5 170 026**	**11.72%**

External assigned revenue

Budget line	French Contribution	Committed	% commit.	Paid	% paid	Carried Forward
2020 Utilities	2 280 822	462 896	20%	452 590	98%	1 828 232
2040 Local taxes and business rates	219 178	219 086	100%	218 348	100%	830
TOTAL	**2 500 000**	**681 983**	**27%**	**670 938**	**98.38%**	**1 829 062**

The EBA had an overall budget execution rate in 2019 (C1) of 97.29% for commitments and 88.28% for payments. External assigned revenue (French contribution) has been used for rental related expenditure and is not subject to the principle of annuality.

The detailed budget implementation in 2019 (C1) by chapter is as follows:

Detailed budget implementation 2019 by chapter

Chapter	Budget	Total commitments		Total payments		Carry forward	
	A	*B*	*C = B / A*	*D*	*E = D / A*	*F*	*G = F / B*
Title 1 Staff expenditure	**31 605 007**	**31 473 197**	**100%**	**30 655 575**	**97%**	**817 622**	**3%**
11 Staff in active employment	26 799 507	26 752 643	99.8%	26 702 873	100%	49 770	0%
12 Expenditure relating to staff management and recruitment	3 530 600	3 498 461	99.1%	2 882 757	82%	615 704	18%
13 Mission expenses, travel and incidental expenses	168 700	167 486	99.3%	135 780	80%	31 707	19%
14 Socio-medical infrastructure	861 300	843 115	97.9%	772 684	90%	70 431	8%
15 Training	203 200	183 029	90.1%	155 473	77%	27 556	15%
17 Representation expenses, receptions and events	41 700	28 463	68.3%	6 008	14%	22 455	79%
Title 2 Administrative expenditure	**7 460 193**	**7 223 358**	**96.8%**	**5 294 494**	**73%**	**1 928 864**	**27%**
20 Rental of building and associated costs	3 912 529	3 848 894	98.4%	3 549 047	91%	299 847	8%
21 Information and communication technology	2 510 653	2 476 943	98.7%	1 118 090	45%	1 358 853	55%
22 Movable property and associated costs							
23 Current administrative expenditure	375 223	280 536	74.8%	149 872	40%	130 664	47%
24 Postage and telecommunications	164 000	134 059	81.7%	93 660	57%	40 399	30%
25 Information and publishing	497 788	482 925	97.0%	383 824	77%	99 101	21%
26 Meeting expenses							
Title 3 Operational expenditure	**6 261 700**	**5 400 222**	**86.2%**	**2 976 681**	**48%**	**2 423 540**	**45%**
31 General operational expenditure	2 677 300	1 937 624	72.4%	1 434 230	54%	503 394	26%
32 IT expenses for operational purposes	3 584 400	3 462 597	96.6%	1 542 452	43%	1 920 146	55%
Grand Total	**45 326 900**	**44 096 776**	**97.3%**	**38 926 751**	**86%**	**5 170 026**	**12%**

2. Carry-forward to 2020

The percentage of carry forward relative to the budget did not suffer any variation between 2018 (EUR 4 946 757) to 2019 (EUR 5 170 026) and equals 12% of the committed appropriations. The carry forward percentage of 45 % on Title 3 results from a variety of factors, particularly the timing of license renewals and the current phase of the Euclid project, and to the late invoicing by some significant suppliers

The table below shows the movement in carry forward percentages compared to the previous year:

Carry-forward % – comparison of 2019 to 2018

Title	2019	2018	Movement
	A	*B*	*C = A - B*
I: Staff-related	3%	0%	2%
II: Administrative	27%	34%	-7%
III: Operational	45%	30%	15%
TOTAL	**12%**	**12%**	**0%**

3. Budgetary execution of the 2018 funds carried-forward to 2019

Budgetary execution in 2019 on carry-forward from 2018

Title	Carry forward	Paid	%	Cancellation
	A	*B*	*C = B / A*	*D = B - A*
I: Staff Related	112 277	87 394	77.84%	24 883
II: Administrative	4 409 867	4 336 900	98.35%	72 966
III: Operational	1 924 613	1 861 937	96.74%	62 676
TOTAL	**6 446 757**	**6 286 232**	**97.51%**	**160 525**

Financial systems and management

Since June 2011, the EBA has been using the accounting systems provided by the European Commission, which include ABAC Workflow for budgetary accounting, ABAC Accounting for financial reporting and ABAC Assets for the management of fixed assets. The ABAC system is the property of and is regularly validated by the Accounting Officer of the European Commission.

The financial systems of the EBA were validated by the accounting officer in compliance with Article 49(e) of the EBA Financial Regulation in March 2018 on the basis of work carried out by an independent accounting firm.

A physical check of all IT items and all furniture items was performed in September-December 2019. No material discrepancies were identified.