



European Institute of
Innovation & Technology

Annual accounts of the
European Institute of
Innovation and Technology

Financial year 2021

CONTENTS

CERTIFICATION OF THE ACCOUNTS	3
FINANCIAL STATEMENTS AND EXPLANATORY NOTES	9
BALANCE SHEET	11
STATEMENT OF FINANCIAL PERFORMANCE	12
CASHFLOW STATEMENT	13
STATEMENT OF CHANGES IN NET ASSETS	14
NOTES TO THE FINANCIAL STATEMENTS	15
THE BUDGET IMPLEMENTATION REPORTS AND EXPLANATORY NOTES.....	29

CERTIFICATION OF THE ACCOUNTS

I acknowledge my responsibility for the preparation and presentation of the annual accounts of EIT, the European Institute of Innovation & Technology, in accordance with Article 102 of the Framework Financial Regulation ('FFR')¹ and I hereby certify that the annual accounts of the EIT for the year 2021 have been prepared in accordance with Title IX of the FFR and the accounting rules adopted by the Commission's Accounting Officer, as are to be applied by all the institutions and union bodies.

I have obtained from the Authorising Officer, who certified its reliability, all the information necessary for the production of the accounts that show the EIT's assets and liabilities and the budgetary implementation. Based on this information, and on such checks as I deemed necessary to sign off the accounts, I have a reasonable assurance that the accounts present fairly, in all material aspects, the financial position, the results of the operations and the cash flow of the EIT.

Rosa ALDEA BUSQUETS

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

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

BACKGROUND INFORMATION NOTE

1. General background on the entity

Establishment

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is an EU body created by Regulation (EC) No 294/2008 of the European Parliament and of the Council of 11 March 2008 as repealed by Regulation (EU) 2021/819 of the European Parliament and of the Council of 20 May 2021 (the founding Regulation) to strengthen Europe's ability to innovate.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

Mission

The EIT's mission is to contribute to sustainable Union economic growth and competitiveness by reinforcing the innovation capacity of the Union and Member States in order to tackle major challenges faced by society. The EIT aims to strengthen innovation ecosystems across the Union in an open and transparent manner by facilitating and enhancing networking, integration and co-operation and by promoting synergies, between different innovation communities across Europe. Furthermore, it shall contribute to tackling global challenges, including the United Nations Sustainable Development Goals (SDGs) by following the principles of the 2030 Agenda and the Paris Agreement, and to achieving a net-zero greenhouse gas economy by 2050 at the latest.

Main operational activities

EIT supports the development of dynamic, long-term European partnerships among leading companies, research labs and higher education. These partnerships are called Knowledge and Innovation Communities (KIC). Each is dedicated to finding solutions to a specific global challenge, from climate, digitisation, efficient and renewable energies to health, sustainable raw materials and food, with manufacturing and urban mobility selected as two additional areas of focus starting from 2019.

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

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

Governance

EIT is headed by a Director that is appointed by the Governing Board. He or she is accountable to the Governing Board for the administrative and financial management of the EIT and act as the legal representative of the EIT.

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

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

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

Sources of financing

The EIT is mainly financed through a contribution from the general budget of the European Union within the financial envelope and contribution from Horizon Europe associated countries.

2. Annual accounts

Basis for preparation

The legal framework and the deadlines for the preparation of the annual accounts are set by the Framework Financial Regulation (FFR)². As per this regulation, the annual accounts are prepared in accordance with the rules adopted by the accounting officer of the Commission (EU Accounting Rules, EAR), which are based on internationally accepted accounting standards for the public sector (IPSAS).

Accounting Officer

In accordance with the FFR, the Governing Board of the entity appoints the Accounting Officer who is, amongst other tasks, responsible for preparation of the annual accounts, which are consolidated in those of the EU.

Following the decision of the EIT's Governing Board of 20 September 2018, the Accounting Officer of the Commission shall, as of 1 October 2018, acts as the Accounting Officer of EIT.

Composition of the annual accounts

The annual accounts cover the period from 1 January to 31 December and comprise the financial statements and the reports on the implementation of the budget. While the financial statements and the complementary notes are prepared on an accrual accounting basis, the budget implementation reports are primarily based on movements of cash.

Process from provisional accounts to discharge

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

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

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

² COMMISSION DELEGATED REGULATION (EU) 2019/715 of 18 December 2018 on the framework financial regulation for the bodies set up under the TFEU and Euratom Treaty and referred to in Article 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council

3. Operational highlights

Achievements of the year

In 2021, the EIT continued to enhance its role as a smart investor in innovation by refining and implementing its strategic planning and performance evaluation framework, maintaining rigorous good governance, and increasingly focusing attention on the financial sustainability of its innovation communities and their gradual transition to financial independence from the EIT. In 2021 a gradual shift towards multi-annuality started by covering KICs' Business Plans for the period of 2021 and 2022. The fully fledged new multiannual operational model is planned for implementation as from the 2023-25 cycle with a call in April 2022. In this context, the EIT started finalising its new approach, which will significantly reduce complexity through leaner processes, closer cooperation and monitoring of KICs, improved EIT-KIC IT systems and business intelligence, as well as more shared services.

In order to contribute to addressing new and emerging global challenges, the EIT launched the Call for Proposals for the new KIC in the field of Cultural and Creative Industries that will drive the competitiveness and sustainable development of Europe's Cultural and Creative Sectors and Industries (CCSI). With the possibility to leverage more funds from the private and public sector, approximately EUR 300 million of funding under Horizon Europe is available for two new EIT KICs to be launched during the 2021-2027 EU funding period. The new partnership will help accelerate CCSI' recovery and unlock untapped economic opportunities in creative fields such as architecture, cultural heritage, design, fashion, film, music, publishing, performing arts and video games.

The EIT started to implement activities through the KICs in an open and targeted way which aims at increasing the innovation and entrepreneurship capacity of higher education to integrate a wider number of Higher Education Institutions (HEIs) in innovation value chains and ecosystems. To contribute this, the EIT launched the pilot call for HEI Initiative – Innovation Capacity Building for Higher Education. The HEI Initiative is a key objective for the EIT as part of its new strategy, the EIT Strategic Innovation Agenda (SIA) 2021-2027. The initiative is a joint EIT Community activity coordinated by EIT Raw Materials. The Pilot Call for Proposals invites European higher education institutions to design institution-wide action plans that will improve their entrepreneurial and innovation capacity across all institutional levels. By supporting such activities, this new EIT initiative will create systemic impact, empowering HEIs to become regional engines of innovation and foster sustainable growth and jobs across Europe. 23 pilot projects have been selected and are being implemented over 24 months from July 2021. A second call for proposals was launched in November 2021.

The EIT facilitated shared services towards the Knowledge and Innovation Communities (KICs) and exchanges of experiences and good practices between KICs and foster collaboration between them (cross-KIC activities) on both thematic and horizontal topics. The New European Bauhaus cross-KIC activity launched the first call to support 20 innovative companies with a budget of up to EUR 50 000 each to accelerate solutions integrating sustainability (from climate goals, to circularity, zero pollution, and biodiversity), aesthetics (quality of experience and style, beyond functionality) and inclusion (including diversity first, securing accessibility and affordability). This call is part of a wider EUR 5 million budget for New European Bauhaus activities supported by the EIT Community in 2021 to 2022.

The EIT further increased its regional impact through an enhanced openness towards potential partners and stakeholders and a better articulated regional strategy of KICs, including links to the relevant Smart Specialisation Strategies.

The EIT signed a Memorandum of Understanding with the European Innovation Council (EIC) to reinforce their cooperation to support the best European entrepreneurs. This will enable innovators, innovative SMEs and start-ups, higher education institutions and research organisations to receive quality support services to deploy and scale up innovations faster and with greater impact. This agreement will strengthen the support that the EIC and EIT are already providing to thousands of innovative start-ups and SMEs to scale up in Europe and will ensure mutual access to advisory services and networks. In particular, the two initiatives will join forces to fast track support to highly innovative start-ups, as well as to coordinate efforts to support women innovators and innovators from less represented regions. The EIC and EIT also aim to share data and intelligence on the innovative start-ups and SMEs they support, including measurements of impacts achieved. An EIT-EIC cross-KIC activity, as part of the Access to Finance (A2F) cross-KIC activity cluster, has been launched for 2021 and 2022 to further develop the activities with EIC. Three of the four EIT KICs (EIT Health, EIT InnoEnergy and EIT Climate-KIC) participating in the EIC Common Support Actions signed their grant agreement contracts with EIC.

The EIT and the European Investment Fund (EIF) signed a Memorandum of Understanding (MoU) to collaborate more closely and boost European innovation for the green and digital transitions. The MoU creates a framework for the EIF and the EIT to collaborate and share information on financing and innovation opportunities, in areas such as equity investments in European SMEs and start-ups, as well as key European sectors such as climate, energy and environmental technologies, strategic digital and deep technologies, education and skills. The institutions collaboration will further support the shift towards a climate neutral Europe, driving innovation, digital and skills transformation.

Due to the continuation of COVID-19 crisis, the major annual events, such as the EIT Stakeholder Forum and EIT Awards, were organised in the virtual space or postponed. However, the EIT represented itself in several national events, Council meetings, international political events such as COP26. The EIT organised its first meeting with the EIT Member State Representatives Group (MSRG).

Budget and budget implementation

The budget (Titles 1–3) of the EIT amounted to kEUR 377 170 in 2021 which was significantly lower when compared to 2020 (kEUR 615 862). This represents a 39% decrease compared to 2020 that is reflected in a significant reduction of amounts granted to Knowledge and Innovation Communities (KICs) (2021: kEUR 368 138, 2020: kEUR 603 455). The large difference also comes from the transition between previous and new multi-annual financial framework periods.

The largest part of the budget (97%) was spent on KICs grants. For commitments, the EIT reached an implementation rate of 97%, which is high, however a bit less compared to the execution rate of 2020 (2020: 98%, 2019: 97% on Titles 1–3, 2018: 92%, 2017: 91%). The high implementation rate comes from rigorous monitoring of implementation and corrective measures taken timely. For payments, EIT kept the high level of implementation at 99%.

The budget implementation on Title 1 (staff related expense) in terms of budget used by commitments was 99% (2020:92%); payments reached 91% (2020: 85%) which represented a significant improvement. Although the pandemic crisis continued in 2021, it did not affect expenses related to staff. Missions were limited and trainings kept online. For commitments on Title 2 (administrative expense), EIT achieved an implementation rate of 97% (2020: 87%) and for payments 73% (2020:65%) which is much higher than in 2020. The higher implementation rate came from the appropriate adaptation to the new way of working caused by the pandemic situation. In 2021, EIT introduced more and more digital services for HR, financial and procurement processes and reached a high level of digital administration. It contributed to optimising the administrative services and ensuring speed.

The budget execution on Title 3 (operational expense) was high for commitments, namely 97% (2020: 99%) as well as for payments, 99% (2020: 99%). During 2020 and 2021, the coronavirus outbreak had an impact on spending related to the implementation of EIT's objectives set for the new financial programming period. Large events mentioned in previous sections were either held online or postponed, which reduced the expenses of EIT's operational budget. However, EIT implemented several actions which had not required financial resources but human ones.

Impact of the activities in the financial statements

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

- The decrease of the operating costs by 44% (2021: kEUR 319 471 versus 2020: kEUR 567 666) can be explained by a significantly lower amount of grants awarded and implemented for the Knowledge and Innovation Communities (KICs) in 2021 (see note **3.3**). The revenue related to the subsidy from the Commission to cover these costs has decreased accordingly by 27% (2021: kEUR 399 244 versus 2020: kEUR 550 510) – see note **3.1**.
- Increase of other expenses (2021: kEUR 2 002 versus 2020: kEUR 1 467) particularly of expenses with other consolidated entities, external non IT services, costs in expert fees, is mostly related to the digitalization of the services for HR, financial and procurement processes and also due the increase in number of interim agents for replacing staff being on long term leave or part-timers as well as for implementing additional EIT activities (see note **3.5**).
- The significant decrease of current payables by 83% (2021: kEUR 287 versus 2020: kEUR 1 661) can be attributed to the decrease of the pre-financing liability to the Commission (see note **2.3**). Compared to last year, the payment implementation rate has increased mainly for staff expenses (Title 1) and administrative expenses (Title 2) which lead to the using up most of the 2021 subsidy (see note **2.3**). The increased amount of payments is correlated with the decrease of central treasury liaison accounts by 8% which is the main reason for the decrease of exchange receivables and non-exchange recoverables (see note **2.2**).
- The above mentioned impact of the lower grant amounts to the KICs also impacted accrued charges which decreased by 47% (2021: kEUR 81 307 versus 2020: kEUR 152 661) -see note **2.4**).

FINANCIAL STATEMENTS AND EXPLANATORY NOTES

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

CONTENTS

BALANCE SHEET	11
STATEMENT OF FINANCIAL PERFORMANCE	12
CASHFLOW STATEMENT	13
STATEMENT OF CHANGES IN NET ASSETS	14
NOTES TO THE FINANCIAL STATEMENTS	15
1. SIGNIFICANT ACCOUNTING POLICIES	16
2. NOTES TO THE BALANCE SHEET	21
3. NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE.....	24
4. OTHER SIGNIFICANT DISCLOSURES.....	27
5. FINANCIAL RISK MANAGEMENT	28

BALANCE SHEET

EUR '000

	Note	31.12.2021	31.12.2020
NON-CURRENT ASSETS			
<i>Property, plant and equipment</i>	2.1	9	18
<i>Exchange receivables and non-exchange recoverables</i>	2.2	1	1
		10	19
CURRENT ASSETS			
<i>Exchange receivables and non-exchange recoverables</i>	2.2	4 054	4 198
		4 054	4 198
TOTAL ASSETS		4 064	4 217
CURRENT LIABILITIES			
<i>Payables</i>	2.3	(287)	(1 661)
<i>Accrued charges</i>	2.4	(81 307)	(152 661)
		(81 595)	(154 322)
TOTAL LIABILITIES		(81 595)	(154 322)
NET ASSETS		(77 530)	(150 104)
<i>Accumulated deficit</i>		(150 104)	(126 524)
<i>Economic result of the year</i>		72 574	(23 581)
NET ASSETS		(77 530)	(150 104)

STATEMENT OF FINANCIAL PERFORMANCE

		EUR '000	
	Note	2021	2020
REVENUE			
Revenue from non-exchange transactions	3.1		
<i>Funds from the Commission</i>		399 244	550 510
<i>Recovery of expenses</i>		0	26
		399 244	550 536
Revenue from exchange transactions	3.2		
<i>Other</i>		18	80
		18	80
Total revenue		399 263	550 615
EXPENSES			
<i>Operational costs</i>	3.3	(319 471)	(567 666)
<i>Staff costs</i>	3.4	(5 216)	(5 062)
<i>Finance costs</i>		(0)	(1)
<i>Other expenses</i>	3.5	(2 002)	(1 467)
Total expenses		(326 689)	(574 196)
ECONOMIC RESULT OF THE YEAR		72 574	(23 581)

CASHFLOW STATEMENT³

	<i>EUR '000</i>	
	2021	2020
<i>Economic result of the year</i>	72 574	(23 581)
Operating activities		
<i>Depreciation and amortization</i>	10	64
<i>(Increase)/decrease in exchange receivables and non-exchange recoverables</i>	144	5 222
<i>Increase/(decrease) in payables</i>	(1 373)	(8 880)
<i>Increase/(decrease) in accrued charges</i>	(71 354)	27 173
NET CASHFLOW	-	-
<i>Cash and cash equivalents at the beginning of the year</i>	-	-
<i>Cash and cash equivalents at year-end</i>	-	-

³ Following the appointment of the Accounting Officer of the Commission as the Accounting Officer of EIT, the treasury of EIT was integrated into the Commission's treasury system. Because of this, EIT does not have any bank accounts of its own except for an imprest account. All payments and receipts are processed via the Commission's treasury system and registered on intercompany accounts which are presented under the heading exchange receivables.

STATEMENT OF CHANGES IN NET ASSETS

	Accumulated Surplus/(Deficit)	Economic result of the year	EUR '000 Net Assets
BALANCE AS AT 31.12.2019	(82 499)	(44 025)	(126 524)
<i>Allocation of the 2019 economic result</i>	(44 025)	44 025	-
<i>Economic result of the year</i>	-	(23 581)	(23 581)
BALANCE AS AT 31.12.2020	(126 524)	(23 581)	(150 104)
<i>Allocation of the 2020 economic result</i>	(23 581)	23 581	-
<i>Economic result of the year</i>	-	72 574	72 574
BALANCE AS AT 31.12.2021	(150 104)	72 574	(77 530)

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

1.1. ACCOUNTING PRINCIPLES

The objective of financial statements is to provide information about the financial position, performance and cashflows of an entity that is useful to a wide range of stakeholders.

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

1.2. BASIS OF PREPARATION

1.2.1. Reporting period

Financial statements are presented annually. The accounting year begins on 1 January and ends on 31 December.

1.2.2. Currency and basis for conversion

The annual accounts are presented in thousands of euros, the euro being the EU's functional currency. Foreign currency transactions are translated into euros using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the re-translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial performance. Different conversion methods apply to property, plant and equipment and intangible assets, which retain their value in euros at the date when they were purchased.

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

Euro exchange rates

Currency	31.12.2021	31.12.2020	Currency	31.12.2021	31.12.2020
BGN	1.9558	1.9558	PLN	4.5969	4.5597
CZK	26.8580	26.2420	RON	4.9490	4.8683
DKK	7.4364	7.4409	SEK	10.2503	10.0343
GBP	0.84028	0.8990	CHF	1.0331	1.0802
HRK	7.5156	7.5519	JPY	130.3800	126.4900
HUF	369.1900	363.8900	USD	1.1326	1.2271

1.2.3. Use of estimates

In accordance with IPSAS and generally accepted accounting principles, the financial statements necessarily include amounts based on estimates and assumptions by management based on the most reliable information available. Significant estimates include, but are not limited to: amounts for employee benefit liabilities, 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 on 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 accounting estimate shall be recognised in the surplus or deficit in the periods in which it becomes known.

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

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

In 2020, the Accounting Officer adopted the revised EAR 11 'Financial Instruments', which is mandatorily effective as of 1 January 2021. The revised EAR 11 is based on the new IPSAS 41 'Financial Instruments', the amended IPSAS 28 'Financial Instruments: Presentation' and the amended IPSAS 30 'Financial Instruments: Disclosures' which were issued in August 2018. It establishes the financial reporting principles for financial assets and financial liabilities. In accordance with the transition provisions of the revised EAR 11, the entity accounts for any changes from the initial application, on 1 January 2021. The revised EAR 11 does not require the restatement of prior periods.

Changes from the application of the revised EAR 11

The only financial instruments of the entity, are the receivables from exchange transactions. In accordance with the revised EAR 11 requirements, the entity has classified these receivables as 'financial assets at amortised cost' ('loans and receivables' in prior periods). The entity has applied the impairment requirements of the revised EAR 11 to the receivables, but no recognition of loss allowance in the accumulated surplus or deficit on 1 January 2021 was needed.

1.3. BALANCE SHEET

1.3.1. Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition, construction or transfer of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the entity and its cost can be measured reliably. Repairs and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred. Land is not depreciated, as it is deemed to have an indefinite useful life. Assets under construction are not depreciated as these assets are not yet available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives, as follows:

Type of asset	Straight line depreciation rate
<i>Buildings</i>	4 % to 10 %
<i>Plant and equipment</i>	10 % to 25 %
<i>Furniture and vehicles</i>	10 % to 25 %
<i>Computer hardware</i>	25 % to 33 %
<i>Other</i>	10 % to 33 %

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

Leases

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

Finance leases are leases where substantially all the risks and rewards incidental to ownership are transferred to the lessee.

An operating lease is a lease other than a finance lease, i.e. a lease where the lessor retains substantially all the risks and rewards incidental to ownership of an asset. When entering an operating lease as a lessee, the operating lease payments are recognised as an expense in the statement of financial

performance on a straight-line basis over the lease term with neither an asset nor a liability recognised in the balance sheet.

1.3.2. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation/depreciation and are tested annually for impairment. Assets that are subject to amortisation/depreciation are tested for impairment whenever there is an indication at the reporting date that an asset may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable (service) amount. The recoverable (service) amount is the higher of an asset's fair value less costs to sell and its value in use.

Intangible assets and property, plant and equipment residual values and useful lives are reviewed, and adjusted if appropriate, at least once per year. If the reasons for impairments recognised in previous years no longer apply, the impairment losses are reversed accordingly.

1.3.3. Pre-financing amounts

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

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

1.3.4. Receivables and recoverables

The EU accounting rules require separate presentation of exchange and non-exchange transactions. To distinguish between the two categories, the term 'receivable' is reserved for exchange transactions, whereas for non-exchange transactions, i.e. when the EU receives value from another entity without directly giving approximately equal value in exchange, the term 'recoverables' is used (e.g. recoverables from Member States related to own resources).

Receivables from exchange transactions meet the definition of financial instruments. The entity classified them as financial assets at amortised cost and measured them accordingly.

Recoverables from non-exchange transactions are carried at fair value as at the date of acquisition less write-down for impairment. A write-down for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of the recoverables. The amount of the write-down is the difference between the asset's carrying amount and the recoverable amount. The amount of the write-down is recognised in the statement of financial performance.

1.3.5. Payables

Included under accounts payable are both amounts related to exchange transactions such as the purchase of goods and services, and to non-exchange transactions e.g. to cost claims from beneficiaries, grants or other EU funding, or pre-financing received (see note **1.4.1**).

Where grants or other funding are provided to the beneficiaries, the cost claims are recorded as payables for the requested amount, at the moment when the cost claim is received. Upon verification and acceptance of the eligible costs, the payables are valued at the accepted and eligible amount.

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

1.3.6. Accrued and deferred revenue and charges

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

Expenses are also accounted for in the period to which they relate. At the end of the accounting period, accrued expenses are recognised based on an estimated amount of the transfer obligation of the period. The calculation of accrued expenses is done in accordance with detailed operational and practical guidelines issued by the Accounting Officer. These aim at ensuring that the financial statements provide a faithful representation of the economic and other phenomena they purport to represent. By analogy, if a payment has been made in advance for services or goods that have not yet been received, the expense will be deferred and recognised in the subsequent accounting period.

1.4. STATEMENT OF FINANCIAL PERFORMANCE

1.4.1. Revenue

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Depending on the nature of the underlying transactions in the statement of financial performance, revenue is distinguished between:

(i) Revenue from non-exchange transactions

Revenue from non-exchange transactions are taxes and transfers, because the transferor provides resources to the recipient entity, without the recipient entity providing approximately equal value directly in exchange. Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes. For the EU entities, transfers mostly comprise funds received from the Commission (e.g. balancing subsidy to the traditional agencies, operating subsidy for the delegation agreements).

The entity shall recognise an asset in respect of transfers when the entity controls the resources as a result of a past event (the transfer) and expects to receive future economic benefits or service potential from those resources, and when the fair value can be reliably measured. An inflow of resources from a non-exchange transaction recognised as an asset (i.e. cash) is also recognised as revenue, except to the extent that the entity has a present obligation in respect of that transfer (condition), which needs to be satisfied before the revenue can be recognised. Until the condition is met the revenue is deferred and recognised as a liability.

(ii) Revenue from exchange transactions

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

1.4.2. Expenses

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or the incurring of liabilities that result in decreases in net assets. They include both the expenses from exchange transactions and expenses from non-exchange transactions.

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

Expenses from non-exchange transactions relate to transfers to beneficiaries and can be of three types: entitlements, transfers under agreement and discretionary grants, contributions and donations. Transfers are recognised as expenses in the period during which the events giving rise to the transfer occurred, as long as the nature of the transfer is allowed by regulation or an agreement has been signed authorising the transfer; any eligibility criteria have been met by the beneficiary; and a reasonable estimate of the amount can be made.

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

1.5. CONTINGENT ASSETS AND LIABILITIES

1.5.1. Contingent assets

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

1.5.2. Contingent liabilities

A contingent liability is either a possible obligation of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation where it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.

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

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

1.6. CONSOLIDATION

The accounts of this entity are fully consolidated in the consolidated annual accounts of the EU.

2. NOTES TO THE BALANCE SHEET

ASSETS

2.1. PROPERTY, PLANT AND EQUIPMENT

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

	EUR '000				
	Plant and equipment	Furniture and vehicles	Computer hardware	Other	TOTAL
<i>Gross carrying amount at 31.12.2020</i>	1	102	546	92	742
Gross carrying amount at 31.12.2021	1	102	546	92	742
<i>Accumulated depreciation at 31.12.2020</i>	(1)	(98)	(539)	(86)	(724)
<i>Depreciation charge for the year</i>	-	(1)	(7)	(1)	(9)
Accumulated depreciation at 31.12.2021	(1)	(99)	(546)	(87)	(733)
NET CARRYING AMOUNT AT 31.12.2021	-	4	0	5	9
<i>NET CARRYING AMOUNT AT 31.12.2020</i>	-	4	7	7	18

2.2. EXCHANGE RECEIVABLES & NON-EXCHANGE RECOVERABLES

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

		EUR '000	
	Note	31.12.2021	31.12.2020
Non-current			
<i>Receivables from exchange transactions</i>		1	1
		1	1
Current			
<i>Recoverables from exchange transactions</i>	2.2.1	3 479	3 780
<i>Receivables from non-exchange transactions</i>	2.2.1	576	419
		4 054	4 198
Total		4 055	4 199

2.2.1. Current recoverables and receivables

	EUR '000	
	31.12.2021	31.12.2020
Recoverables from non-exchange transactions		
<i>Member States</i>	576	419
	576	419
Receivables from exchange transactions		
<i>Customers</i>	-	2
<i>Central treasury liaison accounts</i>	3 264	3 559
<i>Deferred charges relating to exchange transactions</i>	198	166
<i>Other</i>	16	53
	3 479	3 780
Total	4 054	4 198

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

The most significant item under exchange receivables are the Central treasury liaison (intercompany) accounts with the Commission that represent a virtual bank account of EIT. Following the appointment of the Accounting Officer of the Commission as the Accounting Officer of EIT, the treasury of EIT was integrated into the Commission's treasury system. Because of this, EIT does not have any bank accounts of its own. All payments and receipts are processed via the Commission's treasury and registered on intercompany accounts which are presented under this heading. The result of the incoming and outgoing payments represents the ending cash balance. The decrease of this heading by 8% can be attributed to the increase of payments (higher payment implementation rate) mainly for staff and administrative expenses.

Deferred charges related to exchange transactions comprise school fees paid in advance for 2022.

LIABILITIES

2.3. PAYABLES

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

	EUR '000	
	31.12.2021	31.12.2020
<i>Pre-financing received from Commission</i>	287	1 660
<i>Other</i>	-	1
Total	287	1 661

The outstanding amount for the pre-financing received represents the unused amount of the 2021 Commission subsidy. The amounts will be kept by EIT and used in the following year. The large decrease compared to last year relates to low level of subsidy received and improvements in follows up that resulted in using up most of the 2021 subsidy, hence a low liability to the Commission.

2.4. ACCRUED CHARGES

Accruals are liabilities to pay for goods or services that have been received or supplied but - unlike payables - have not yet been invoiced or formally agreed with the supplier. They include amounts due to employees (e.g. accruals for untaken holidays). The calculation of accruals is based on the open amount

of budgetary commitments at year-end. The portion of the estimated accrued charges relating to pre-financing paid has been recorded as a reduction of the pre-financing amounts.

	<i>EUR '000</i>	
	31.12.2021	31.12.2020
<i>Accrued charges</i>	<i>81 307</i>	<i>152 661</i>

Accrued charges are primarily composed of estimated operational expenses of kEUR 80 382 related to grant agreements where no invoice or cost claim has been validated by 31 December 2021. The amount included under this heading is net of accrued charges clearing pre-financing of kEUR 238 855. As a result, the whole pre-financing balance was cleared with estimated expenses and the open pre-financing amounted to nil at the year end. The decrease of the operational cost connected with grants accruals is due to lower grant amounts awarded to the KICs in 2021, hence fewer projects for which the expenses had to be accrued.

Included under this heading are also accrued expenses for staff costs (kEUR 38), building, equipment and other administrative costs (kEUR 66), other operational expenses (kEUR 698) and staff costs for untaken leave of kEUR 123.

3. NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE

REVENUE

3.1. NON-EXCHANGE REVENUE

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

	<i>EUR '000</i>	
	2021	2020
<i>Funds from the Commission</i>	399 244	550 510
<i>Recovery of expenses</i>	0	26
Total	399 244	550 536

The heading Funds from the Commission corresponds to the amounts of the balancing subsidy used during 2021. Unused amounts are recorded as pre-financing liabilities under accounts payable (see note **2.3**) and are used in the following year. The decrease compared to the prior year is due to the decrease in EIT's activities (lower amounts of grants) – see also operational costs (note **3.3**).

3.2. EXCHANGE REVENUE

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

	<i>EUR '000</i>	
	2021	2020
<i>Other</i>	18	80

This largest item under this heading is foreign exchange gains of kEUR 16 (2020: kEUR 80). This amount includes both realised and unrealised exchange gains. The corresponding foreign exchange losses are included under other expenses (see note **3.5**).

EXPENSES

3.3. OPERATIONAL COSTS

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

	<i>EUR '000</i>	
	2021	2020
<i>Operational costs</i>	319 471	567 666

The operational costs also include amounts related to expert fees, online events, online communication expenses and other operational activities. Both the amounts incurred and the amounts estimated (see note **2.4**) are included under this heading. The decrease of kEUR 248 195 in the operational costs is primarily due to a decrease in the amount of the KIC grants awarded and implemented in the year.

3.4. STAFF COSTS

This heading includes the expenses for salaries, allowances and other employment-related benefits. Based on the service level agreement between the entity and the Commission, the calculations of staff-related costs is carried out by the Commission's Office for Administration and Payment of Individual Entitlements (also known as the Paymaster's Office - PMO). The pensions of the entity staff members are covered by the Pension Scheme of European Officials. This pension scheme is a defined benefit plan, i.e. the amount of benefit an employee will receive on retirement depends on several factors, the most important of which is years of service. Both the entity staff and the EU budget contribute to the pension scheme, with the contribution percentage being revised annually in line with the changes in the Staff Regulation governing the scheme. The cost to the EU Budget is not reflected in the entity accounts. Similarly, no provision related to the future pension payments is recognised in the annual accounts of the entity, as the obligation falls to the Commission. Consequently, both the annual cost to the EU budget, and the future benefits payable to the entity staff, are accounted for in the Commission's annual accounts as part of its provision for pensions and other post-employment benefits. The pension costs included in the Commission's Statement of Financial Performance represent current service cost (rights accrued during the year due to service) and interest cost (unwinding of the liability discounting) which have arisen following the year-end actuarial valuation of the employee benefits liabilities.

	EUR '000	
	2021	2020
<i>Staff costs</i>	5 216	5 062

3.5. OTHER EXPENSES

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

	EUR '000	
	2021	2020
<i>Expenses with other consolidated entities</i>	599	200
<i>External non IT services</i>	584	343
<i>External IT services</i>	239	409
<i>Experts expenses</i>	200	156
<i>Legal expenses</i>	89	1
<i>Property, plant and equipment related expenses</i>	80	138
<i>Operating leasing expenses</i>	62	74
<i>Communications & publications</i>	47	33
<i>Foreign exchange losses</i>	32	48
<i>Training costs</i>	22	8
<i>Missions</i>	7	29
<i>Other</i>	41	27
Total	2 002	1 467

The increase in expenses with other consolidated entities mainly relates to the fees for access to the Commission system e-Grants and acquisition of additional modules of Sysper, the Commission's tool for human resources management. The implementation of these tools in 2021 was done to help the optimisation and speeding up the administration processes in these areas.

The increase of external non IT services is due to the higher number of interim agents needed mainly for replacing long term absent staff.

The increase of legal expenses is linked to the extended use external legal advisers both in administrative areas (procurement, staff complains) and operational areas (compliance with procurement rules during the implementation of the KICs grants).

The operating lease expenses relates to a leasing contract for the office in Budapest and in Brussels as well as printers placed in both offices. An overview of the amounts to be committed and paid during the remaining term of this lease contract, including rent and related charges, is as follows:

EUR '000

	Future amounts to be paid			Total
	< 1 year	1- 5 years	> 5 years	
<i>Buildings</i>	57	224	109	390
<i>IT materials and other equipment</i>	7	4	-	11
Total	64	227	109	401

4. OTHER SIGNIFICANT DISCLOSURES

4.1. OUTSTANDING COMMITMENTS NOT YET EXPENSED

The outstanding commitments not yet expensed comprise the budgetary RAL ('Reste à Liquider') less related amounts that have been included as expenses in the current year's statement of financial performance. The RAL represents the open budgetary commitments for which payments and/or de-commitments have not yet been made. This is the normal consequence of the existence of multi-annual programmes.

	<i>EUR '000</i>	
	31.12.2021	31.12.2020
<i>Outstanding commitments not yet expensed</i>	39 498	35 087

4.2. SERVICES IN KIND

According to the Article 3 of the Host Agreement between the Hungarian Government and EIT, entered in force in 2010 the headquarters building in Budapest and the related services (maintenance, security services, etc.) are provided to EIT free of charge. The contract is valid for 20 years and its yearly value is estimated to be kEUR 654.

4.3. RELATED PARTIES

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

4.4. KEY MANAGEMENT ENTITLEMENTS

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

	31.12.2021	31.12.2020
<i>Director</i>	<i>AD 14</i>	<i>AD 14</i>

4.5. EVENTS AFTER REPORTING DATE

In accordance with EU accounting rule 19, Events after Reporting Date, the war in Ukraine that began in February 2022 is a non-adjusting event, thus not requiring any adjustments to the figures reported in these financial statements at 31 December 2021. For subsequent reporting periods, the war may affect the recognition and measurement of some assets and liabilities on the balance sheet and also of some revenue and expenses recognised in the statement of financial performance. Based on the facts and circumstances at the time of preparation of these financial statements, in particular the evolving situation, the financial effect of the war in Ukraine on the EIT cannot be reliably estimated.

5. FINANCIAL RISK MANAGEMENT

5.1. TYPES OF RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate, because of variations in market prices. Market risk embodies not only the potential for loss, but also the potential for gain. It comprises currency risk, interest rate risk and other price risk (the entity has no significant interest rate risk and other price risk).

(1) *Currency risk* is the risk that the entity 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. The entity does not have any securities thus it is not exposed to the interest rate risk.

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

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

5.2. CURRENCY RISKS

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

5.3. CREDIT RISK

At the end of the year, the financial assets comprise exchange receivables that are not past due for more than 30 days. As no credit loss is expected during the life time of those receivables the entity is not exposed to any significant credit risk.

5.4. LIQUIDITY RISK

The financial liabilities are mainly composed of accounts payable. All the accounts payable have remaining contractual maturity of less than 1 year.

THE BUDGET IMPLEMENTATION REPORTS AND EXPLANATORY NOTES

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

CONTENTS

1. BUDGETARY PRINCIPLES AND STRUCTURE.....	31
2. RESULT OF THE IMPLEMENTATION OF THE BUDGET	33
3. RECONCILIATION OF ECONOMIC RESULT WITH BUDGET RESULT.....	34
4. IMPLEMENTATION OF BUDGET REVENUE.....	35
5. IMPLEMENTATION OF BUDGET EXPENDITURE	37
6. OUTSTANDING COMMITMENTS	50
7. GLOSSARY	53

1. BUDGETARY PRINCIPLES AND STRUCTURE

1.1. BUDGETARY PRINCIPLES

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

Principles of unity and budget accuracy

This principle means that no revenue shall be collected and no expenditure effected unless booked to a line in the budget of EIT. No expenditure may be committed or authorised in excess of the appropriations authorised by the budget. An appropriation may be entered in the budget only if it is for an item of expenditure which is considered necessary.

Principle of annuality

The appropriations entered in the budget shall be authorised for a financial year, which shall run from 1 January to 31 December. As specified in its Financial Regulation, EIT is subject to an exception to the annuality principle (the "N+3" rule), whereby any unused appropriations may be entered in the estimate of revenue and expenditure of up to the following three financial years. These appropriations must be used first.

Principle of equilibrium

Revenue and payment appropriations shall be in balance.

Principle of unit of account

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

Principle of universality

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

Principle of specification

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

Principle of sound financial management

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

Principle of transparency

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

1.2. STRUCTURE AND PRESENTATION OF THE BUDGET

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

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

Title 1

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

Title 2

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

Title 3

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

2. RESULT OF THE IMPLEMENTATION OF THE BUDGET

EUR '000

	Title	2021	2020
Revenue		401 233	550 031
of which:			
Contributions	2	397 872	497 631
Revenue from administrative operation	3	4	48 998
Revenue from operational activities	4	3 357	-
Surplus and balances	5	-	17
Contribution and refunds in connection with the operational activities of the institution	7	-	3 385
Expenditure		(399 203)	(541 891)
of which:			
Staff expenditure	1	(5 714)	(5 668)
Administrative expenditure	2	(668)	(601)
Operational expenditure	3	(392 821)	(535 622)
Payment appropriat. carried over to the following year		(1 869)	(605)
of which:			
Staff expenditure	1	(506)	(434)
Administrative expenditure	2	(232)	(170)
Operational expenditure	3	(1 130)	-
Specific expenditure	4	-	-
Cancellation of unused appropr. carried over from year n-1		(1 585)	886
Evolution of assigned revenue (B)-(A)		66	(3 384)
Unused appropriations at the end of current year (A)		3 320	3 386
Unused appropriations at the end of previous year (B)		3 386	2
Exchange rate differences		(15)	24
Budget result		(1 373)	5 061

Note: The above calculation does not include the reactivation of EUR 1.66 million in 2021, which adjusts the budget result into positive amounting to EUR 0.287 million.

3. RECONCILIATION OF ECONOMIC RESULT WITH BUDGET RESULT

EUR '000

	2021	2020
ECONOMIC RESULT OF THE YEAR	72 574	(23 581)
Adjustment for accrual items (items not in the budgetary result but included in the economic result)	(67 421)	27 595
<i>Adjustments for accrual cut-off (net)</i>	<i>(71 354)</i>	<i>27 173</i>
<i>Unpaid invoices at year end but booked in expenses</i>	<i>-</i>	<i>(1)</i>
<i>Depreciation, amortization and impairment of intangible and tangible assets</i>	<i>(10)</i>	<i>64</i>
<i>Recovery orders issued in the year and not yet cashed</i>	<i>-</i>	<i>3</i>
<i>Payments made from carry-over of payment appropriations</i>	<i>3915</i>	<i>328</i>
<i>Other individually immaterial</i>	<i>28</i>	<i>28</i>
Adjustment for budgetary items (item included in the budgetary result but not in the economic result)	(6 526)	1 046
<i>Asset acquisitions (less unpaid amounts)</i>	<i>20</i>	<i>-</i>
<i>New pre-financing received in the year and remaining open as at 31 December</i>	<i>(4 818)</i>	<i>4 149</i>
<i>Payment appropriations carried over to next year</i>	<i>(5 189)</i>	<i>(3 991)</i>
<i>Cancellation of unused carried over payment appropriations from previous year</i>	<i>75</i>	<i>886</i>
<i>Adjustment for carry-over of assigned revenue appropriations from previous year</i>	<i>3 386</i>	<i>2</i>
BUDGET RESULT OF THE YEAR	(1 373)	5 061

4. IMPLEMENTATION OF BUDGET REVENUE

4.1. Implementation of budget revenue – Title 2

EUR '000

Item	Income appropriations		Entitlements established			Revenue				Out-standing
	Initial budget	Final budget	Current year	Carried over	Total	On entitlements of current year	On entitlements carried over	Total	%	
	1	2	3	4	5=3+4	6	7	8=6+7	9=8/2	10=5-8
200 European Commission subsidy	385 223	397 872	397 872	-	397 872	397 872	-	397 872	100 %	-
201 EFTA contribution	10 401	-	0	0	0	0	0	0	-	0
Total Chapter 20	395 624	397 872	397 872	-	397 872	397 872	-	397 872	100 %	-
Total Title 2	395 624	397 872	397 872	-	397 872	397 872	-	397 872	100 %	-

4.2. Implementation of budget revenue – Title 3

EUR '000

Item	Income appropriations		Entitlements established			Revenue				Out-standing
	Initial budget	Final budget	Current year	Carried over	Total	On entitlements of current year	On entitlements carried over	Total	%	
	1	2	3	4	5=3+4	6	7	8=6+7	9=8/2	10=5-8
307 Administrative refunds	0	0	2	2	4	2	2	4	-	-
Total Chapter 30	0	0	2	2	4	2	2	4	-	-
Total Title 3	0	0	2	2	4	2	2	4	-	-

4.3. Implementation of budget revenue – Title 4

EUR '000

Item	Income appropriations		Entitlements established			Revenue				Out-standing
	Initial budget	Final budget	Current year	Carried over	Total	On entitlements of current year	On entitlements carried over	Total	%	
	1	2	3	4	5=3+4	6	7	8=6+7	9=8/2	
400 Repayment of unused grants	0	0	3 357	–	3 357	3 357	–	3 357	–	–
401 Revenue as a result of ex-post audit of grants	0	0	0	–	0	0	–	0	–	–
Total Chapter 40	0	0	3 357	–	3 357	3 357	–	3 357	–	–
Total Title 4	0	0	3 357	–	3 357	3 357	–	3 357	–	–
GRAND TOTAL	395 624	397 872	401 231	2	401 233	401 231	2	401 233	101 %	–

5. IMPLEMENTATION OF BUDGET EXPENDITURE

5.1. Breakdown & changes in commitment appropriations

5.1.1. Breakdown & changes in commitment appropriations – Title 1

EUR '000

Item	Initial adopted budget	Budget appropriations			Final adopted budget	Additional appropriations			Total appopr. available
		Amending budgets	Transfers			Carry-overs	Assigned revenue	Total	
	1	2	3	4=1+2+3	5	6	7=5+6	8=4+7	
1100 Remuneration and allowances of temporary staff	4 000	(300)	(2)	3 698	-	-	-	3 698	
1101 Expenses and allowances related to entering the service, transfers and termination of service	80	-	15	95	-	-	-	95	
1110 Remuneration and allowances of contract staff	1 010	(70)	-	940	-	-	-	940	
1120 Schooling	350	(10)	(24)	316	-	1	1	317	
1121 Kindergarten	38	-	15	53	-	-	-	53	
1122 Recruitment	7	(4)	15	18	-	-	-	18	
1123 Mission	50	(39)	-	11	-	2	2	13	
1124 Medical expense	20	(9)	-	11	-	-	-	11	
1125 Training	40	-	(4)	36	-	0	0	36	
1126 Social activities	12	(3)	17	27	-	-	-	27	
1127 Representation	2	(0)	-	2	-	-	-	2	
Total Chapter 11	5 609	(435)	32	5 206	-	4	4	5 210	
1200 Agency staff	346	172	47	565	-	-	-	565	
1201 Seconded National Expert	103	(68)	-	35	-	-	-	35	
1202 Trainee	106	1	22	129	-	-	-	129	
1203 Administrative assistance in support of different activities	353	(16)	(3)	334	-	-	-	334	
Total Chapter 12	907	89	66	1 063	-	-	-	1 063	
Total Title 1	6 516	(345)	98	6 268	-	4	4	6 272	

5.1.2. Breakdown & changes in commitment appropriations – Title 2

EUR '000

Item	Budget appropriations			Additional appropriations			Total apppr. available	
	Initial adopted budget	Amending budgets	Transfers	Final adopted budget	Carry-overs	Assigned revenue		Total
	1	2	3	4=1+2+3	5	6		7=5+6
2100 Building rental, acquisition	72	(12)	-	60	-	-	-	60
2101 Building maintenance and security	80	(5)	(8)	67	-	-	-	67
2109 Other building expense	9	(1)	-	8	-	-	-	8
2110 Furniture rental, acquisition and associated cost	10	(2)	(1)	7	-	-	-	7
2111 Technical equipment rental, acquisition and associated cost	1	-	-	1	-	-	-	1
Total Chapter 21	173	(20)	(9)	143	-	-	-	143
2200 IT software and hardware expenditure	294	37	-	331	-	-	-	331
2201 Communication equipment and services	60	3	-	63	-	-	-	63
Total Chapter 22	354	40	-	394	-	-	-	394
2300 Office supplies	2	(1)	-	1	-	-	-	1
2301 Postage and delivery charges	3	(1)	-	2	-	-	-	2
2302 Transport cost	12	(5)	-	7	-	-	-	7
2303 Legal expense	72	73	0	145	-	-	-	145
2304 Handling and moving	2	(1)	-	1	-	-	-	1
2305 Subscriptions, publications	2	(2)	-	-	-	-	-	-
2306 Expenditure related to EIT Governing Board	267	(10)	(24)	233	-	0	0	233
2308 Meeting expense	3	(2)	-	1	-	-	-	1
2309 Other administrative expenditure	1	(0)	-	0	-	-	-	0
Total Chapter 23	363	51	(24)	389	-	0	0	389
Total Title 2	889	71	(33)	927	-	0	0	927

5.1.3. Breakdown & changes in commitment appropriations – Title 3

EUR '000

Item	Budget appropriations			Additional appropriations			Total appropri- available	
	Initial adopted budget	Amending budgets	Transfers	Final adopted budget	Carry-overs	Assigned revenue		Total
	1	2	3	4=1+2+3	5	6		7=5+6
3110 Grants to Knowledge and Innovation Communities	345 508	6 445	-	351 953	9 442	6 742	16 185	368 138
3111 Strategic supervision and guidance of Knowledge and Innovation Communities	1 144	97	-	1 241	-	-	-	1 241
3112 EIT Label	106	(28)	(11)	67	-	-	-	67
3114 New Knowledge and Innovation Communities	200	(145)	(20)	35	-	-	-	35
Total Chapter 31	346 958	6 369	(31)	353 296	9 442	6 742	16 185	369 481
3202 Brand management, communications and stakeholder relations	1 536	(1 300)	(93)	143	-	-	-	143
3203 EIT Alumni	146	(121)	-	25	-	-	-	25
3204 EIT Awards	320	(320)	-	-	-	-	-	-
3205 International cooperation	27	-	-	27	-	-	-	27
3206 Monitoring and evaluation of impact	221	-	59	280	-	-	-	280
3207 Identification and sharing of good practices	200	(200)	-	-	-	-	-	-
Total Chapter 32	2 450	(1 941)	(34)	474	-	-	-	474
3300 Supporting the innovation capacity of higher education	20	(4)	-	16	-	-	-	16
Total Chapter 33	20	(4)	-	16	-	-	-	16
Total Title 3	349 427	4 424	(65)	353 787	9 442	6 742	16 185	369 971
GRAND TOTAL	356 832	4 150	-	360 982	9 442	6 747	16 189	377 170

5.2. Breakdown & changes in payment appropriations

5.2.1. Breakdown & changes in payment appropriations – Title 1

EUR '000

Item	Budget appropriations				Additional appropriations			Total approp. available
	Initial adopted budget	Amending budgets	Transfers	Final adopted budget	Carry-overs	Assigned revenue	Total	
	1	2	3	4=1+2+3	5	6	7=5+6	8=4+7
1100 Remuneration and allowances of temporary staff	4 000	(300)	(2)	3 698	–	–	–	3 698
1101 Expenses and allowances related to entering the service, transfers and termination of service	80	–	15	95	–	–	–	95
1110 Remuneration and allowances of contract staff	1 010	(70)	–	940	–	–	–	940
1120 Schooling	350	(10)	(24)	316	8	1	10	326
1121 Kindergarten	38	–	15	53	12	–	12	65
1122 Recruitment	7	(4)	15	18	0	–	0	18
1123 Mission	50	(39)	–	11	–	2	2	13
1124 Medical expense	20	(9)	–	11	0	–	0	11
1125 Training	40	–	(4)	36	15	0	15	51
1126 Social activities	12	(3)	17	27	0	–	0	27
1127 Representation	2	(0)	–	2	2	–	2	4
Total Chapter 11	5 609	(435)	32	5 206	38	4	42	5 248
1200 Agency staff	346	172	47	565	285	–	285	850
1201 Seconded National Expert	103	(68)	–	35	7	–	7	42
1202 Trainee	106	1	22	129	20	–	20	149
1203 Administrative assistance in support of different activities	353	(16)	(3)	334	126	–	126	460
Total Chapter 12	907	89	66	1 063	439	–	439	1 501
Total Title 1	6 516	(345)	98	6 268	477	4	480	6 749

5.2.2. Breakdown & changes in payment appropriations – Title 2

EUR '000

Item	Budget appropriations			Final adopted budget 4=1+2+3	Additional appropriations			Total approp. available 8=4+7
	Initial adopted budget 1	Amending budgets 2	Transfers 3		Carry-overs 5	Assigned revenue 6	Total 7=5+6	
2100 Building rental, acquisition	72	(12)	–	60	25	–	25	86
2101 Building maintenance and security	80	(5)	(8)	67	41	–	41	108
2109 Other building expense	9	(1)	–	8	–	–	–	8
2110 Furniture rental, acquisition and associated cost	10	(2)	(1)	7	5	–	5	12
2111 Technical equipment rental, acquisition and associated cost	1	–	–	1	–	–	–	1
Total Chapter 21	173	(20)	(9)	143	71	–	71	215
2200 IT software and hardware expenditure	294	37	–	331	10	–	10	341
2201 Communication equipment and services	60	3	–	63	45	–	45	108
Total Chapter 22	354	40	–	394	55	–	55	449
2300 Office supplies	2	(1)	–	1	–	–	–	1
2301 Postage and delivery charges	3	(1)	–	2	0	–	0	2
2302 Transport cost	12	(5)	–	7	–	–	–	7
2303 Legal expense	72	73	0	145	–	–	–	145
2304 Handling and moving	2	(1)	–	1	–	–	–	1
2305 Subscriptions, publications	2	(2)	–	–	–	–	–	–
2306 Expenditure related to EIT Governing Board	267	(10)	(24)	233	3	0	3	236
2308 Meeting expense	3	(2)	–	1	–	–	–	1
2309 Other administrative expenditure	1	(0)	–	0	–	–	–	0
Total Chapter 23	363	51	(24)	389	3	0	3	392
Total Title 2	889	71	(33)	927	129	0	129	1 056

5.2.3. Breakdown & changes in payment appropriations – Title 3

EUR '000

Item	Initial adopted budget	Budget appropriations			Final adopted budget	Additional appropriations			Total approp. available
		Amending budgets	Transfers			Carry-overs	Assigned revenue	Total	
	1	2	3	4=1+2+3	5	6	7=5+6	8=4+7	
3110 Grants to Knowledge and Innovation Communities	381 463	4 119	–	385 583	1 660	6 742	8 402	393 985	
3111 Strategic supervision and guidance of Knowledge and Innovation Communities	2 390	30	8	2 427	–	–	–	2 427	
3112 EIT Label	216	(100)	(22)	94	–	–	–	94	
3114 New Knowledge and Innovation Communities	200	(145)	(20)	35	–	–	–	35	
3115 Regional impact of Knowledge and Innovation Communities	345	(295)	–	50	–	–	–	50	
Total Chapter 31	384 613	3 609	(34)	388 189	1 660	6 742	8 402	396 591	
3202 Brand management, communications and stakeholder relations	2 553	(700)	(89)	1 764	–	–	–	1 764	
3203 EIT Alumni	200	(30)	–	170	–	–	–	170	
3204 EIT Awards	320	–	–	320	–	–	–	320	
3205 International cooperation	27	(27)	–	–	–	–	–	–	
3206 Monitoring and evaluation of impact	336	(200)	59	195	–	–	–	195	
3207 Identification and sharing of good practices	150	(110)	–	40	–	–	–	40	
Total Chapter 32	3 586	(1 067)	(31)	2 488	–	–	–	2 488	
3300 Supporting the innovation capacity of higher education	20	(20)	–	–	–	–	–	–	
Total Chapter 33	20	(20)	–	–	–	–	–	–	
Total Title 3	388 219	2 522	(65)	390 677	1 660	6 742	8 402	399 079	
GRAND TOTAL	395 624	2 248	0	397 872	2 265	6 747	9 012	406 883	

5.3. Implementation of commitment appropriations

5.3.1. Implementation of commitment appropriations - Title 1

EUR '000

Item	Total approp. available	Commitments made						Appropriations carried over to 2022			Appropriations lapsing			
		from final adopt. budget	from carry-overs	from assign. revenue	Total	%	Assign. revenue	By decision	Total	from final adopt. budget	from carry-overs	from assign. revenue	Total	
	1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12	
1100 Remuneration and allowances of temporary staff	3 698	3 694	-	-	3 694	100 %	-	-	-	4	-	0	4	
1101 Expenses and allowances related to entering the service, transfers and termination of service	95	89	-	-	89	94 %	-	-	-	6	-	0	6	
1110 Remuneration and allowances of contract staff	940	933	-	-	933	99 %	-	-	-	7	-	0	7	
1120 Schooling	317	315	-	-	315	99 %	1	-	1	0	-	0	0	
1121 Kindergarten	53	53	-	-	53	99 %	-	-	-	0	-	0	0	
1122 Recruitment	18	16	-	-	16	88 %	-	-	-	2	-	0	2	
1123 Mission	13	7	-	-	7	53 %	2	-	2	4	-	0	4	
1124 Medical expense	11	10	-	-	10	93 %	-	-	-	1	-	0	1	
1125 Training	36	35	-	-	35	97 %	0	-	0	1	-	0	1	
1126 Social activities	27	27	-	-	27	100 %	-	-	-	-	-	0	-	
1127 Representation	2	2	-	-	2	93 %	-	-	-	0	-	0	0	
Total Chapter 11	5 210	5 180	-	-	5 180	99 %	4	-	4	25	-	0	25	
1200 Agency staff	565	546	-	-	546	97 %	-	-	-	19	-	0	19	
1201 Seconded National Expert	35	34	-	-	34	96 %	-	-	-	1	-	0	1	
1202 Trainee	129	126	-	-	126	98 %	-	-	-	2	-	0	2	
1203 Administrative assistance in support of different activities	334	334	-	-	334	100 %	-	-	-	0	-	0	0	
Total Chapter 12	1 063	1 040	-	-	1 040	98 %	-	-	-	23	-	0	23	
Total Title 1	6 272	6 220	-	-	6 220	99 %	4	-	4	48	-	0	48	

5.3.2. Implementation of commitment appropriations - Title 2

EUR '000

Item	Total approp. available	Commitments made					Appropriations carried over to 2022			Appropriations lapsing			
		from final adopt. budget	from carry-overs	from assign. revenue	Total	%	Assign. revenue	By decision	Total	from final adopt. budget	from carry-overs	from assign. revenue	Total
	1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
2100 Building rental, acquisition	60	60	-	-	60	99 %	-	-	-	1	-	0	1
2101 Building maintenance and security	67	65	-	-	65	97 %	-	-	-	2	-	0	2
2109 Other building expense	8	8	-	-	8	98 %	-	-	-	0	-	0	0
2110 Furniture rental, acquisition and associated cost	7	7	-	-	7	99 %	-	-	-	0	-	0	0
2111 Technical equipment rental, acquisition and associated cost	1	1	-	-	1	87 %	-	-	-	0	-	0	0
Total Chapter 21	143	140	-	-	140	98 %	-	-	-	3	-	0	3
2200 IT software and hardware expenditure	331	315	-	-	315	95 %	-	-	-	16	-	0	16
2201 Communication equipment and services	63	62	-	-	62	99 %	-	-	-	1	-	0	1
Total Chapter 22	394	377	-	-	377	96 %	-	-	-	17	-	0	17
2300 Office supplies	1	1	-	-	1	66 %	-	-	-	0	-	0	0
2301 Postage and delivery charges	2	1	-	-	1	97 %	-	-	-	0	-	0	0
2302 Transport cost	7	6	-	-	6	81 %	-	-	-	1	-	0	1
2303 Legal expense	145	145	-	-	145	100 %	-	-	-	-	-	0	-
2304 Handling and moving	1	1	-	-	1	95 %	-	-	-	0	-	0	0
2306 Expenditure related to EIT Governing Board	233	228	-	-	228	98 %	0	-	0	5	-	0	5
2308 Meeting expense	1	1	-	-	1	85 %	-	-	-	0	-	0	0
2309 Other administrative expenditure	0	-	-	-	-	0 %	-	-	-	0	-	0	0
Total Chapter 23	389	383	-	-	383	98 %	0	-	0	7	-	0	7
Total Title 2	927	900	-	-	900	97 %	0	-	0	26	-	0	26

5.3.3. Implementation of commitment appropriations - Title 3

EUR '000

Item	Total approp. available	Commitments made					Appropriations carried over to 2022			Appropriations lapsing			
		from final adopt. budget	from carry-overs	from assign. revenue	Total	%	Assign. revenue	By decision	Total	from final adopt. budget	from carry-overs	from assign. revenue	Total
	1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
3110 Grants to Knowledge and Innovation Communities	368 138	344 684	9 442	3 385	357 511	97 %	3 357	7 269	10 626	(0)	-	-	(0)
3111 Strategic supervision and guidance of Knowledge and Innovation Communities	1 241	1 193	-	-	1 193	96 %	-	-	-	48	-	0	48
3112 EIT Label	67	67	-	-	67	99 %	-	-	-	1	-	0	1
3114 New Knowledge and Innovation Communities	35	27	-	-	27	76 %	-	-	-	8	-	0	8
Total Chapter 31	369 481	345 971	9 442	3 385	358 798	97 %	3 357	7 269	10 626	57	-	-	57
3202 Brand management, communications and stakeholder relations	143	101	-	-	101	70 %	-	-	-	43	-	0	43
3203 EIT Alumni	25	24	-	-	24	97 %	-	-	-	1	-	0	1
3205 International cooperation	27	17	-	-	17	63 %	-	-	-	10	-	0	10
3206 Monitoring and evaluation of impact	280	177	-	-	177	63 %	-	-	-	103	-	0	103
Total Chapter 32	474	318	-	-	318	67 %	-	-	-	156	-	0	156
3300 Supporting the innovation capacity of higher education	16	16	-	-	16	98 %	-	-	-	0	-	0	0
Total Chapter 33	16	16	-	-	16	98 %	-	-	-	0	-	0	0
Total Title 3	369 971	346 304	9 442	3 385	359 132	97 %	3 357	7 269	10 626	213	-	-	213
GRAND TOTAL	377 170	353 425	9 442	3 385	366 252	97 %	3 361	7 269	10 630	288	-	-	288

5.4. Implementation of payment appropriations

5.4.1. Implementation of payment appropriations - Title 1

EUR '000

Item	Total approp. availab.	Payments made					Appropriations carried over to 2022					Appropriations lapsing			
		from final adopt. budget	from carry-overs	from assign. revenue	Total	%	Autom. carry-overs	By decision	Assigned rev.	Total	from final adopt. budget	from carry-overs	from assign. rev.	Total	
	1	2	3	4	5=2+3+4	6=5/1	7	8	9	10=7+8+9	11	12	13	14=11+12+13	
1100 Remuneration and allowances of temporary staff	3 698	3 694	-	-	3 694	100 %	-	-	-	-	4	-	-	4	
1101 Expenses and allowances related to entering the service, transfers and termination of service	95	89	-	-	89	94 %	-	-	-	-	6	-	-	6	
1110 Remuneration and allowances of contract staff	940	933	-	-	933	99 %	-	-	-	-	7	-	-	7	
1120 Schooling	326	315	3	-	319	98 %	-	-	1	1	0	5	-	6	
1121 Kindergarten	65	53	7	-	59	91 %	-	-	-	-	0	6	-	6	
1122 Recruitment	18	16	0	-	16	89 %	-	-	-	-	2	-	-	2	
1123 Mission	13	6	-	-	6	46 %	1	-	2	3	4	-	-	4	
1124 Medical expense	11	9	0	-	9	84 %	1	-	-	1	1	-	-	1	
1125 Training	51	28	6	-	34	68 %	7	-	0	7	1	8	-	9	
1126 Social activities	27	26	0	-	26	99 %	0	-	-	0	(0)	0	-	0	
1127 Representation	4	2	-	-	2	44 %	-	-	-	-	0	2	-	2	
Total Chapter 11	5 248	5 172	17	-	5 188	99 %	9	-	4	13	25	21	-	47	
1200 Agency staff	850	243	255	-	498	59 %	303	-	-	303	19	31	-	50	
1201 Seconded National Expert	42	34	7	-	40	96 %	-	-	-	-	1	0	-	2	
1202 Trainee	149	88	20	-	108	72 %	38	-	-	38	2	1	-	3	

Item	Total approp. availab.	Payments made					Appropriations carried over to 2022				Appropriations lapsing			
		from final adopt. budget	from carry-overs	from assign. revenue	Total	%	Autom. carry-overs	By decision	Assigned rev.	Total	from final adopt. budget	from carry-overs	from assign. rev.	Total
	1	2	3	4	5=2+3+4	6=5/1	7	8	9	10=7+8+9	11	12	13	14=11+12+13
1203 Administrative assistance in support of different activities	460	178	126	-	303	66 %	156	-	-	156	0	-	-	0
Total Chapter 12	1 501	543	406	-	949	63 %	497	-	-	497	23	32	-	55
Total Title 1	6 749	5 714	423	-	6 137	91 %	506	-	4	510	48	53	-	102

5.4.2. Implementation of payment appropriations - Title 2

EUR '000

Item	Total approp. availab.	Payments made					Appropriations carried over to 2022					Appropriations lapsing			
		from final adopt. budget	from carry-overs	from assign. revenue	Total	%	Autom. carry-overs	By decision	Assigned rev.	Total	from final adopt. budget	from carry-overs	from assign. rev.	Total	
	1	2	3	4	5=2+3+4	6=5/1	7	8	9	10=7+8+9	11	12	13	14=11+12+13	
2100 Building rental, acquisition	86	41	19	-	60	70 %	19	-	-	19	1	6	-	7	
2101 Building maintenance and security	108	21	33	-	54	50 %	44	-	-	44	2	8	-	10	
2109 Other building expense	8	8	-	-	8	98 %	-	-	-	-	0	-	-	0	
2110 Furniture rental, acquisition and associated cost	12	-	5	-	5	40 %	7	-	-	7	0	-	-	0	
2111 Technical equipment rental, acquisition and associated cost	1	1	-	-	1	87 %	-	-	-	-	0	-	-	0	
Total Chapter 21	215	70	58	-	128	59 %	70	-	-	70	3	14	-	17	
2200 IT software and hardware expenditure	341	258	6	-	264	77 %	57	-	-	57	16	4	-	20	
2201 Communication equipment and services	108	23	42	-	66	61 %	39	-	-	39	1	2	-	3	
Total Chapter 22	449	282	48	-	330	74 %	95	-	-	95	17	7	-	23	
2300 Office supplies	1	1	-	-	1	66 %	-	-	-	-	0	-	-	0	
2301 Postage and delivery charges	2	1	0	-	1	80 %	0	-	-	0	0	0	-	0	
2302 Transport cost	7	6	-	-	6	81 %	-	-	-	-	1	-	-	1	
2303 Legal expense	145	80	-	-	80	55 %	65	-	-	65	-	-	-	-	
2304 Handling and moving	1	1	-	-	1	95 %	-	-	-	-	0	-	-	0	
2306 Expenditure related to EIT Governing Board	236	227	1	-	228	97 %	1	-	0	1	5	2	-	6	
2308 Meeting expense	1	1	-	-	1	85 %	-	-	-	-	0	-	-	0	
2309 Other administrative expenditure	0	-	-	-	-	0 %	-	-	-	-	0	-	-	0	
Total Chapter 23	392	316	1	-	317	81 %	67	-	0	67	7	2	-	8	
Total Title 2	1 056	668	107	-	775	73 %	232	-	0	233	26	22	-	48	

5.4.3. Implementation of payment appropriations - Title 3

EUR '000

Item	Total appropri- availab.	from final adopt. budget	Payments made				Appropriations carried over to 2022				Appropriations lapsing			
			from carry- overs	from assign. revenue	Total	%	Autom. carry- overs	By decision	Assigned rev.	Total	from final adopt. budget	from carry- overs	from assign. rev.	Total
	1	2	3	4	5=2+3+ 4	6=5/1	7	8	9	10=7+8 +9	11	12	13	14=11+ 12+13
3110 Grants to Knowledge and Innovation Communities	393 985	384 452	1 660	3 427	389 539	99 %	-	1 130	3 316	4 446	0	-	-	0
3111 Strategic supervision and guidance of Knowledge and Innovation Communities	2 427	2 424	-	-	2 424	100 %	-	-	-	-	4	-	-	4
3112 EIT Label	94	91	-	-	91	96 %	-	-	-	-	3	-	-	3
3114 New Knowledge and Innovation Communities	35	27	-	-	27	76 %	-	-	-	-	8	-	-	8
3115 Regional impact of Knowledge and Innovation Communities	50	47	-	-	47	95 %	-	-	-	-	2	-	-	2
Total Chapter 31	396 591	387 041	1 660	3 427	392 127	99 %	-	1 130	3 316	4 446	18	-	-	18
3202 Brand management, communications and stakeholder relations	1 764	1 661	-	-	1 661	94 %	-	-	-	-	103	-	-	103
3203 EIT Alumni	170	138	-	-	138	81 %	-	-	-	-	32	-	-	32
3204 EIT Awards	320	320	-	-	320	100 %	-	-	-	-	-	-	-	-
3206 Monitoring and evaluation of impact	195	195	-	-	195	100 %	-	-	-	-	-	-	-	-
3207 Identification and sharing of good practices	40	40	-	-	40	100 %	-	-	-	-	0	-	-	0
Total Chapter 32	2 488	2 354	-	-	2 354	95 %	-	-	-	-	134	-	-	134
Total Title 3	399 079	389 395	1 660	3 427	394 481	99 %	-	1 130	3 316	4 446	152	-	-	152
GRAND TOTAL	406 883	395 777	2 190	3 427	401 393	99 %	738	1 130	3 320	5 189	227	75	-	302

6. OUTSTANDING COMMITMENTS

6.1. Outstanding commitments – Title 1

EUR '000

Item	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at year-end
	Commitm. carried for- ward from pre- vious year	Decommit. Revaluation Cancel- lations	Pay- ments	Total	Commit- ments made during the year	Pay- ments	Cancel- lation of commit. which cannot be carried forward	Commit. outstand- ing at year-end	
	1	2	3	4=1+2-3	5	6	7	8=5-6-7	
1100 Remuneration and allowances of temporary staff	-	-	-	-	3 694	3 694	-	-	-
1101 Expenses and allowances related to entering the service, transfers and termination of service	-	-	-	-	89	89	-	-	-
1110 Remuneration and allowances of contract staff	-	-	-	-	933	933	-	-	-
1120 Schooling	8	(5)	3	-	315	315	-	-	-
1121 Kindergarten	12	(6)	7	-	53	53	-	-	-
1122 Recruitment	0	-	0	-	16	16	-	-	-
1123 Mission	-	-	-	-	7	6	-	1	1
1124 Medical expense	0	-	0	-	10	9	-	1	1
1125 Training	15	(8)	6	-	35	28	-	7	7
1126 Social activities	0	(0)	0	-	27	26	-	0	0
1127 Representation	2	(2)	-	-	2	2	-	-	-
Total Chapter 11	38	(21)	17	-	5 180	5 172	-	9	9
1200 Agency staff	285	(31)	255	-	546	243	-	303	303
1201 Seconded National Expert	7	(0)	7	-	34	34	-	-	-
1202 Trainee	20	(1)	20	-	126	88	-	38	38
1203 Administrative assistance in support of different activities	126	-	126	-	334	178	-	156	156
Total Chapter 12	439	(32)	406	-	1 040	543	-	497	497
Total Title 1	477	(53)	423	-	6 220	5 714	-	506	506

6.2. Outstanding commitments – Title 2

EUR '000

Item	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at year-end
	Commitm. carried for- ward from pre- vious year	Decommit. Revaluation Cancel- lations	Pay- ments	Total	Commit- ments made during the year	Pay- ments	Cancel- lation of commit. which cannot be carried forward	Commit. outstand- ing at year-end	
	1	2	3	4=1+2-3	5	6	7	8=5-6-7	
2100 Building rental, acquisition	25	(6)	19	-	60	41	-	19	19
2101 Building maintenance and security	41	(8)	33	-	65	21	-	44	44
2109 Other building expense	-	-	-	-	8	8	-	-	-
2110 Furniture rental, acquisition and associated cost	5	-	5	-	7	-	-	7	7
2111 Technical equipment rental, acquisition and associated cost	-	-	-	-	1	1	-	-	-
Total Chapter 21	71	(14)	58	-	140	70	-	70	70
2200 IT software and hardware expenditure	10	(4)	6	-	315	258	-	57	57
2201 Communication equipment and services	45	(2)	42	-	62	23	-	39	39
Total Chapter 22	55	(7)	48	-	377	282	-	95	95
2300 Office supplies	-	-	-	-	1	1	-	-	-
2301 Postage and delivery charges	0	(0)	0	-	1	1	-	0	0
2302 Transport cost	-	-	-	-	6	6	-	-	-
2303 Legal expense	-	-	-	-	145	80	-	65	65
2304 Handling and moving	-	-	-	-	1	1	-	-	-
2306 Expenditure related to EIT Governing Board	3	(2)	1	-	228	227	-	1	1
2308 Meeting expense	-	-	-	-	1	1	-	-	-
Total Chapter 23	3	(2)	1	-	383	316	-	67	67
Total Title 2	129	(22)	107	-	900	668	-	232	232

6.3. Outstanding commitments – Title 3

EUR '000

Item	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at year-end
	Commitm. carried for- ward from pre- vious year	Decommit. Revaluation Cancel- lations	Pay- ments	Total	Commit- ments made during the year	Pay- ments	Cancel- lation of commit. which cannot be carried forward	Commit. outstand- ing at year-end	
	1	2	3	4=1+2-3	5	6	7	8=5-6-7	9=4+8
3110 Grants to Knowledge and Innovation Communities	181 863	(31 179)	150 683	-	357 511	238 855	-	118 656	118 656
3111 Strategic supervision and guidance of Knowledge and Innovation Communities	1 720	(78)	1 642	-	1 193	782	-	412	412
3112 EIT Label	110	(7)	91	12	67	-	-	67	78
3114 New Knowledge and Innovation Communities	-	-	-	-	27	27	-	-	-
3115 Regional impact of Knowledge and Innovation Communities	589	-	47	541	-	-	-	-	541
Total Chapter 31	184 281	(31 265)	152 463	553	358 798	239 664	-	119 134	119 687
3202 Brand management, communications and stakeholder relations	2 000	(325)	1 625	50	101	36	-	64	114
3203 EIT Alumni	207	(9)	136	62	24	3	-	21	83
3204 EIT Awards	320	-	320	-	-	-	-	-	-
3205 International cooperation	-	-	-	-	17	-	-	17	17
3206 Monitoring and evaluation of impact	184	(17)	168	-	177	27	-	150	150
3207 Identification and sharing of good practices	50	(10)	40	-	-	-	-	-	-
Total Chapter 32	2 760	(361)	2 288	112	318	66	-	252	364
3300 Supporting the innovation capacity of higher education	-	-	-	-	16	-	-	16	16
Total Chapter 33	-	-	-	-	16	-	-	16	16
Total Title 3	187 041	(31 625)	154 751	665	359 132	239 730	-	119 402	120 067
GRAND TOTAL	187 647	(31 701)	155 281	665	366 252	246 112	-	120 140	120 805

7. GLOSSARY

Administrative appropriations

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

Adopted budget

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

Amending budget

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

Appropriations

Budget funding.

The budget forecasts both commitments (legal pledges to provide finance) and payments (cash or bank transfers to the beneficiaries). Appropriations for commitments and payments often differ — differentiated appropriations — because multiannual programmes and projects are usually fully committed in the year they are decided and are paid over the years as the implementation of the programme and project progresses.

Assigned revenue

Revenue dedicated to finance specific items of expenditure.

Budget result

The difference between income received and amounts paid, including adjustments for carry-overs, cancellations and exchange rate differences.

For agencies, the resulting amount will have to be reimbursed to the funding authority.

Budget implementation

Consumption of the budget through expenditure and revenue operations.

Budget item / Budget line / Budget position

Revenue and expenditure are shown in the budget structure in accordance with a binding nomenclature, which reflects the nature and purpose of each item, as imposed by the budgetary authority. The individual headings (title, chapter, article or item) provide a formal description of the nomenclature.

Budgetary commitment

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

Cancellation of appropriations

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

Carryover of appropriations

Exception to the principle of annuality in so far as appropriations that could not be used in a given budget year may, under strict conditions, be exceptionally carried over for use during the following year.

Commitment appropriations

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

De-commitment

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

Differentiated appropriations

Differentiated appropriations are used to finance multiannual operations; they cover, for the current financial year, the total cost of the legal obligations entered into for operations whose implementation extends over more than one financial year.

Economic result

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

Entitlements established

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

Exchange rate difference

The difference resulting from currency exchange rates applied to the transactions concerning countries outside the euro area, or from the revaluation of assets and liabilities in foreign currencies at the date of the accounts.

Expenditure

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

Grants

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

Lapsing appropriations

Unused appropriations to be cancelled at the end of the financial year. Lapsing means the cancellation of all or part of the authorisation to make expenditures and/or incur liabilities, as represented by an appropriation.

For joint undertakings (and EIT), as specified in their Financial Rules, any unused appropriations may be entered in the estimate of revenue and expenditure of up to the following three financial years (the so-called "N+3" rule). Hence, lapsing appropriations for JUs can be re-activated until financial year "N+3".

Legal basis / basic act

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

Legal commitment

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

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

Non-differentiated appropriations

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

Operational appropriations

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

Outstanding commitments

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

Payment appropriations

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

RAL (Reste à liquider)

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

Surplus

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

Transfer between budget lines

Transfers between budget lines imply the relocation of appropriations from one budget line to another, in the course of the financial year, and thereby they constitute an exception to the budgetary principle of specification.