



**DECISION 24/2023 OF THE GOVERNING BOARD OF
THE EUROPEAN INSTITUTE OF INNOVATION AND TECHNOLOGY (EIT)**

**ON THE OPINION OF THE GOVERNING BOARD ON THE ANNUAL ACCOUNTS OF THE EUROPEAN
INSTITUTE OF INNOVATION AND TECHNOLOGY FOR THE FINANCIAL YEAR 2022**

THE GOVERNING BOARD OF THE EUROPEAN INSTITUTE OF INNOVATION AND TECHNOLOGY,

Having regard to Regulation (EU) 2021/819¹ of the European Parliament and of the Council of 20 May 2021 on the European Institute of Innovation and Technology (recast) (hereinafter referred to as the "EIT Regulation"), and in particular Section 2(1b) of the Statutes annexed to the EIT Regulation;

Having regard to Decision 21/2019 of the Governing Board of the EIT of 25 September 2019 on the Financial Regulation of the European Institute of Innovation and Technology (hereinafter referred to as 'EIT Financial Regulation')²;

Having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (hereinafter referred to as the 'EU Financial Regulation')³;

Having regard to 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 (hereinafter referred to as the 'Framework Financial Regulation')⁴, and in particular Article 102 thereof;

Having regard to the preliminary observations of the European Court of Auditors with a view to the draft annual report on EU Agencies for the 2022 financial year, and specifically concerning the European Institute of Innovation and Technology, which were forwarded to the EIT Director by the President of the European Court of Auditors on 26 May 2023⁵;

Having regard to the Annual accounts of the EIT for the financial year 2022 drawn up by the Accounting Officer of the EIT on 08 June 2023⁶;

¹ OJ L 189, 28.5.2021, p. 61

² Ares(2019)6810859

³ OJ L 193, 30.7.2018, p. 1–222

⁴ OJ L 122, 10.5.2019, p. 1–38

⁵ Ares(2023) 4043167

⁶ Ares(2023)3981275



WHEREAS

- (1) The accounting officer of the EIT sent the Provisional accounts 2022 to the Court of Auditors on 28 February 2023;
- (2) The European Court of Auditors submitted its preliminary observations on 26 May 2023 with a view of the draft Annual report on EU agencies for the 2022 financial year, and which relates specifically to EIT;
- (3) In receiving the European Court of Auditors' preliminary observations, the EIT accounting officer drew up the annual accounts of the EIT in accordance with Title IX of the Framework Financial Regulation;
- (4) The EIT accounting officer sent the Annual accounts of the EIT for the financial year 2022 to the EIT Director on 08 June 2023;
- (5) The phrase in the Annual accounts, under 1.1. Budgetary Principles, on page 33, "*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.*" is to be disregarded. The provision is no longer applicable for the EIT since 01 January 2022⁷.
- (6) The EIT Director shall send the final Annual accounts, together with the opinion of the management board, 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.

HAS DECIDED TO GIVE THE FOLLOWING OPINION

The EIT Governing Board takes note of the preliminary observations of the European Court of Auditors and acknowledges that their recommendation has been followed up and that the shortcoming identified by the European Court of Auditors has been remedied in the Annual Accounts of the EIT for the financial year 2022.

In light of the above, the EIT Governing Board has obtained sufficient assurance in order to conclude that the EIT's accounts represent a fair view of the EIT's financial position as of 31 December 2022 and that it properly reflects the results of its operations, its cash flows, and the changes in net assets for the year then ended, in line with its Financial Regulation and with accounting rules adopted by the Commission's accounting officer.

Done at Heraklion on 21 June 2023

(e-signed)

Nektarios Tavernarakis
Chair of the EIT Governing Board

⁷ Ares(2019)6810859



Annual accounts of the
European Institute of
Innovation and Technology

Financial year 2022

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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 2022 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 find 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.

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 acts as the legal representative of the EIT.

The Governing Board is the principal governing body of the EIT and entrusted with the role of strategic leadership as well as 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 consists of 15 members which are appointed by the Commission. For their appointment the Commission takes into account the balance between higher education, research, innovation and business experience, gender and geographical distribution, as well as 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, act 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.

3. Operational highlights

Achievements of the year

- (i) EIT overall specific objectives

In 2022, the EIT has further contributed to the development of the European Union's and the Member States' innovation capacity. The EIT continued to support its KICs (Knowledge and Innovation Communities) to strengthen the innovation ecosystems that tackle global challenges. This has been done by fostering the integration of education, research and business, thereby creating environments conducive

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.

to innovation, and by promoting and supporting a new generation of entrepreneurs and stimulating the creation of innovative companies in close synergy and complementarity with the European Innovation Council (EIC). This has been done by contributing to its three specific objectives for the period of 2021-2027.

Objective 1 - Increase the impact of the EIT KICs and knowledge triangle integration

In accordance with its legislative package, the EIT initiated in November 2021 a comprehensive assessment of the second wave of KICs (EIT Health and EIT RawMaterials) with the help of independent external contractors. The assessment covered the first seven years of EIT Health and EIT RawMaterials, i.e. the period from 2015 to 2021 (Start-up Grant Agreement and the first six years of the Partnership Agreement). The KICs were assessed against the monitoring and evaluation criteria for European Partnerships set out in the Horizon Europe Regulation and Article 11 of the EIT Regulation. The assessment was carried out in line with the requirements set out in the Methodology for the seven-year comprehensive assessment adopted by the EIT Governing Board (GB). Both KICs were assessed positively on all the criteria. As a next step the EIT launched a consultation with the Member State Representatives Group (MSRG). Subsequently, the MSRG provided a positive opinion on the extension of the Partnership Agreements with EIT Health and EIT RawMaterials. Following this consultation as well as a consultation with the European Commission, the EIT Governing Board (GB) decided in June 2022 on the continuation of the Partnership Agreement with both KICs.

In February 2022, after KICs addressed all the GB conditions in their Business Plans following the Hearings in 2021, the EIT initiated the necessary final steps towards their approval and preparation of the signature of the Grant Agreement 2021-2022 amendments. The GB Strategic Recommendations formulated after the 2021 hearings with KICs were carefully monitored in 2022, within a new, more strengthened, monitoring and supervision framework of the EIT, as part of the Funding Allocation 2023-2025 process, in particular during the GB Rapporteurs visits and hearings in November 2022.

Following the transition to a multiannual funding approach and further integration with Horizon Europe, the fully fledged new multiannual and simplified operational model for implementation as from the 2023-25 cycle was introduced with an invitation to submit proposals for KIC Business Plans 2023-2025 (2023-2024 in case of first wave KICs), for the Cross-KIC activities 2023-2025, and for the Higher Education Institutions (HEI) initiative 2023-2025 (Call HORIZON-EIT-2022-KIC). The call was published on 28 April 2022. The indicative EIT budget available for grants for the initial multi-annual funding allocation decision at the end of 2022 was EUR 905 million. Further funds will be awarded annually by way of additional funding allocation decisions at the end of 2023 and 2024. In this context, the EIT finalised its new approach, which significantly reduces complexity through leaner processes, closer cooperation and monitoring of KICs, improved EIT-KIC IT systems and business intelligence, as well as the extended use of shared services. The call was closed on 28 September 2022. Following the submissions of the 2023-2025 proposals, the evaluation period is ongoing and will be concluded in Q1 2023. The hearings with the EIT Governing Board took place on 22-24 November 2022, assessing progress of KICs in terms of their multiannual strategy. Following the hearings, the EIT Governing Board decided on the funding allocation to KICs. The EIT Governing Board also issued recommendations to KICs on strategic elements to improve key areas to maximise the impact and deliver on the EIT's Strategic Innovation Agenda.

The EIT Call for Proposals for a new KIC in cultural and creative sectors and industries closed on 24 March 2022. On 8 June 2022, the GB held an extraordinary meeting to discuss all submitted proposals and the evaluation results of the experts. On 21-22 June 2022, GB hearings were held with consortia reaching or exceeding the threshold of 70 points. Following the hearings, the EIT Governing Board concluded the designation of the EIT Culture & Creativity KIC. On 28 July 2022 the EIT published the Start-up Grant Agreement Call. The EIT expects to conclude the agreement in January 2023, allocating up to EUR 6 million to the designated consortium (initially planned for December 2022).

Objective 2 - Increase the innovation capacity of the higher education sector by promoting institutional change in Higher Education Institutions (HEIs);

The EIT continued developing the EIT Label as a certificate of quality that is awarded to excellent educational programmes. It launched new elements of the EIT Label, including piloting of the EIT Fellowships and simplifying and streamlining the process. Together with its KICs, the EIT will also extend the EIT Label concept and philosophy to lifelong learning activities, involving and reaching out to a wider target group of students, adult learners and institutions beyond the existing KIC partners. The application of the EIT Label beyond the EIT Community will have a more structuring effect at all levels.

On 23 February, EIT InnoEnergy and the EIT signed a letter of intent to support the European Battery Alliance Academy with a grant of EUR 10 million under the Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU).

Launched in 2021, the HEI Initiative: Innovation Capacity Building for Higher Education, led by EIT RawMaterials, is part of the enhanced objectives on education within the EIT Strategic Innovation Agenda (SIA) 2021-2027. The Second Call for Proposals was launched in 2021, and by the deadline of 28 February 2022, a total of 55 applications for projects were received. Following the evaluation by the team of independent experts, a total of 26 projects were selected for funding, covering 297 organizations. The projects selected in the second call started their Phase 1 from July to December 2022 with a maximum of EUR 300 000 per project. Upon successfully completing Phase 1, funding of up to EUR 900 000 (per project) will follow as part of Phase 2 (for the period from January 2023 to June 2024). The Third Call for Proposals, with a special focus on training tech talents in higher education, aligned with the EIT's new flagship programme Deep Tech Talent Initiative, was announced on 8 November 2022. It will mobilise up to EUR 12 million of EIT funding for HEIs and their partners. Up to 16 consortia of academic and non-academic organisations will be selected. The selected projects will be announced in May 2023. In 2023, the Governing Board will decide on the continuation of the HEI Initiative after its pilot phase (2021-2023) as foreseen in the SIA 2021-2027.

Objective 3 - Increase the regional and local outreach of the EIT and its KICs in particular by including a wider range of stakeholders in order to address disparities in innovation capacity and to enhance knowledge and innovation diffusion across the Union.

The EIT – EIC collaboration further developed in 2022. The kick-off meeting of the joint working group of the EIT and EIC Boards took place in March 2022 with the participation of the members of the two independent Boards with the objective to design an improved structural cooperation for the future. After the success of EIT KICs supported start-ups and scale-ups in the two cut-off dates of the EIC Accelerator in 2021 (out of 164 in total, 48 companies previously supported by at least one EIC KIC were selected), all KICs continued to prepare start-ups and scale-ups in their portfolios to submit applications in 2022 via the FastTrack mechanism. Results of the 2022 March cut-off date of the EIC Accelerator showed that 24 companies out of 74 admitted had been supported previously by EIT KICs. Also, other areas of collaboration between EIT and EIC progressed, namely in relation to EIT Global Outreach programme, EIT Women Leadership & Entrepreneurship activities, EIC Pathfinder / Transition and EIT Alumni, and in making the KICs calls for Innovation & BC activities and the KICs Education programmes more visible to the EIC Community, while also opening up the EIC Challenge Platform to contributions from EIT KICs supported start-ups / scale-ups and partner SMEs.

On 24 February, a Memorandum of Understanding (MoU) was signed between EIT and the European Cooperation in Science and Technology (COST) in Brussels. The new cooperation agreement aims to foster and strengthen collaborations within the EIT and COST communities.

Following the kick-off meeting of the Member State Representative Group (MSRG) on 18 November 2021, the MSRG delegates were periodically updated about GB Decisions, the progress of the new strategy implementation and transition to Horizon Europe. Representatives also received support to their queries, e-mail alerts and monthly newsletters on EIT Community events, opportunities and achievements, via the MSRG Secretariat run by the EIT. Currently, the Secretariat supports 33 countries including all EU Member States and six Horizon Associated Countries. The First Annual Meeting of the MSRG took place on 16 May, with a total of 29 participating countries. The agenda included the discussion on the MSRG Opinion concerning the extension or termination of the EIT's partnership agreements with EIT Health and EIT RawMaterials, an update on the implementation of the EIT annual work programme for 2022, latest EIT GB Decisions by the EIT Director, and a discussion on priority synergies and potential collaboration with the MSRG countries. The 2nd Annual Member State Representatives Group (MSRG) meeting took place on 10 October in Brussels. During the meeting, the group was updated on EIT's 2021 results and achievements, the progress of the 2022 Annual Work Programme, as well as on EIT's role under the New European Innovation Agenda Communication. The MSRG provided strategic advice on the Single Programming Document for 2023-2025.

In 2022 the Network of EIT National Contact Points (NCP) further expanded. Currently it consists of 101 NCPs from 65 EU Member States, Horizon Associated countries, and Third countries. They receive regular updates on EIT Community events, opportunities, and achievements, via the EIT NCP Secretariat's periodic e-mail alerts. On 23 March, the First Annual Meeting between the EIT NCP Network and the EIT Community took place, where the EIT gave an overview on the 2021 results and 2022 priorities, and highlighted the roadmap for 2022 collaboration. The 2nd Annual EIT National Contact Points (NCPs) meeting took place on 12 October in Brussels in a hybrid format. It resulted in discussions between the EIT, DG EAC, the KICs

and the NCPs on the ongoing cooperation, the exchange of good practices and the development of an upcoming Coordination & Support Action for a Transnational Network of EIT NCPs (CSA).

In May, the European Patent Office (EPO) and the EIT signed a Memorandum of Understanding (MoU) to strengthen their collaboration on a broad range of intellectual property matters, increasing support and expertise to European innovators and SMEs.

The main communication highlight of 2022 was 10 EIT INNOVEIT weeks event and several open days organised by the EIT Community, which took place between September-October in different European cities mobilising over 5 400 attendees in person and online. The series generated 146 press articles and almost 50 000 event video views, attaining a social media reach of more than 30 million. In addition to the inspiring discussions, further highlights included the inauguration of the new EIT Manufacturing Co-Location centre at INNOVEIT Athens, the creation of a women's investor network at INNOVEIT Bilbao, the launch of the EIT Ecosystem Map and of the Deep tech talent initiative at the closing event, the INNOVEIT Brussels - EIT Summit. The EIT Summit organised on 11 October and featuring round-table discussions with speakers including Members of the European Parliament, European Commissioners and entrepreneurs from EIT-supported start-ups, also hosted the 2022 EIT Awards ceremony, an opportunity to recognise the most inspiring innovations from the EIT community. Central to the summit was the launch of EIT's Deep Tech Talent Pledge by Mariya Gabriel, the European Commissioner for Innovation, Research, Culture, Education and Youth. The event was highly successful, with over 1 396 participants joining in person and online, while the live stream recording received over 44 000 views.

(ii) New initiatives

The European Commission adopted the New European Innovation Agenda (NEIA) on 5 July 2022 to position Europe at the forefront of the new wave of deep tech innovation and start-ups. The new European Innovation Agenda sets out 25 dedicated actions under the five flagship areas. The EIT is expected to contribute to several actions: EIT Women2Invest Programme (A2F), Establish and connect regional deep tech innovation valleys (Innovation Ecosystems), EIT Deep Tech Talent Initiative (Talents), Innovation Intern Scheme (Talents), Women Entrepreneurship and Leadership scheme (Talents), Extension of Girls Go Circular project (Talents). The main EIT flagship initiative indicated in the NEIA, EIT Deep Tech Talent for Europe Initiative aims to skill, re-skill and up-skill at least 1 million talents in the next three years (2023-2025) within deep tech fields such as advanced materials and manufacturing, artificial intelligence, biotechnology, robotics, photonics, sustainable energy and cleantech. It will also include quantum computing, blockchain, semiconductors, aerospace and power electronics as the Top 5 priority deep tech fields identified by the Commission's Unicorn Group. EIT Manufacturing has been chosen as Lead KIC building on their existing activities.

(iii) Exceptional events (war in Ukraine, COVID)

The unprovoked aggression of Russia's attack on Ukraine fundamentally changed the European Union priorities and strategies in many areas. The EIT and its KICs reacted promptly to the guidance provided by the European Commission ensuring that Ukrainian entities affected by the war are supported and Russian entities are excluded from any type of support in line with EU decisions. Beyond the immediate response such as launching an EIT traineeship scheme for displaced Ukrainians, the EIT Community continued to support Ukraine and its citizens affected by the war as part of the European Union's support and solidarity. In July 2022, the EIT proposed to open or set-up 17 activities for supporting students, entrepreneurs, researchers as well as higher education institutions and businesses from Ukraine. They range from traineeship schemes to pre-acceleration/acceleration services. The EIT and its Innovation Communities have already started developing activities for 2023-25. The first phase aims at opening innovation, education and business support activities to Ukrainian stakeholders and students. The individual KIC's activities will be complemented by a dedicated cross-KIC Ukraine Work Package aimed at supporting rebuilding of the Ukrainian innovation ecosystem. It is currently planned that it provides Ukraine with access to European opportunities (including the intended setting up of a physical EIT RIS Community Hub in Ukraine) and integrating Ukrainian investors into the European value chain.

Budget and budget implementation

The commitment budget (Titles 1-3) of the EIT amounted to kEUR 409 947 in 2022, an increase of kEUR 32 777 or 8.7% as compared to the previous year (2021: kEUR 377 170). This increase mainly reflects the increased amounts granted to KICs (2022: kEUR 386 349 vs 2021: kEUR 368 138). The allocation of a grant of kEUR 10 000 to support the European Battery Alliance Academy (EBA) under the Recovery Assistance for Cohesion and the Territories of Europe` (REACT-EU) also contributed to the increase.

The largest part of the commitment budget, i.e. kEUR 396 349 (97%) was allocated to grants, namely for KIC grants and in support of EBA.

For commitments, the EIT reached an implementation rate of 94%, which is less compared to the implementation rate of previous years (2021: 97%, 2020: 98%, 2019: 97%). The lower implementation rate comes from the relatively late submission of the 2021 interim grant reports by KICs, with subsequent amendments of the grant agreements in December of 2022. For payments, the implementation level is 97%, which is a slightly below the implementation rate of 2021 of 98%.

The EIT's administrative commitment budget is kept on a yearly basis, below a 3% ratio of the overall EIT annual budget. In 2022, the administrative commitment budget on Title 1 and Title 2 was kEUR 8 445, which represents 2.06% of the total EIT 2022 commitment budget. Out of this amount, 88% was allocated to the staff costs on Title 1 and 12% to the general administrative expenditure on Title 2.

The budget implementation on Title 1 (staff related expense) in terms of budget used by commitments was 93%, which is linked to the unexpected significant decrease of the country correction coefficient for Hungary from 75.70% to 69.60%; in same context, payments reached 83%. Missions were limited and trainings kept mostly online.

For commitments on Title 2 (administrative expense), EIT achieved an implementation rate of 87%, 10% less than last year. As for the payment appropriations, the budget consumption reached 67%, which is lower by 6% than last year. The lower implementation rate for payments came from the conclusion of various contract amendments covering services and goods to be provided from Q4/2022 to 2023, and therefore paid only in 2023, reflected in the carry forward exercise performed at the EIT.

The budget implementation on Title 3 (operational expense) for commitments is of 94% and is higher for payments, amounting to 97%. The lower budget implementation by 4% for commitments on Title 3 is linked to the signature of the grant agreements amendments with KICs in late December 2022 that triggered significant de-commitments on commitments appropriations. Another factor is the postponement of the conclusion of the Culture and Creativity Sectors and Industries Start-up Grant Agreement from December 2022 to January 2023, with an estimated kEUR 6 000 to the designated consortium.

Impact of the activities in the financial statements

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

- **Increase in exchange receivables and non-exchange recoverables** (see note **2.3**) of kEUR 8 176 (2022: kEUR 12 230 versus 2021: kEUR 4 054) comes mainly from the increase of central treasury liaison accounts and is due to the increase in the pre-financing received from the Commission and allocated to grants.
- **Increase in pre-financing** (see note **2.2**) of kEUR 4 284 can be explained by a new pre-financing provided to the European Battery Alliance Academy under the REACT-EU envelope. The project totals EUR 10 million and should be implemented by January 2025. The operating subsidy to cover the grant was received based on the separate contribution agreement with Commission, hence the corresponding increase in the non-current financial liabilities and payables (see notes **2.4** and **2.5**).
- **Increase of payables** (see note **2.5**) from kEUR 287 in 2021 to kEUR 6 917 in 2022: this is a combined effect of the new operating subsidy received from the Commission for the EBA project (the short term part) and the increase of the unspent amount of the balancing subsidy that was triggered by lower implementation of the administrative and operational contracts (high level of de-commitments done in December 2022 due to a late signature of grant agreement amendments).
- The unusually low **accrued charges** (see note **2.6**), which decreased from kEUR 81 307 in 2021 to kEUR 25 200 in 2022, can be explained by the late signature of the grant agreements amendments with KICs (late in December 2022). In 2022, the EIT has reached the final year of implementation of the 2021-2022 KICs grant cycle.
- **Increase of revenue from non-exchange transaction** (see note **3.1**) can be explained by the increase of revenues from the funds received from the Commission that increased from kEUR 399 244 in 2021 to kEUR 434 806 in 2022. This evolution is in line with the increase of operational costs (see note **3.3**) due to the ramp up of KIC activities under the transition of the multiannual funding approach and further integration with Horizon Europe.

EUROPEAN INSTITUTE OF INNOVATION AND TECHNOLOGY
FINANCIAL YEAR 2022

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.

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BALANCE SHEET

		EUR '000	
	Note	31.12.2022	31.12.2021
NON-CURRENT ASSETS			
<i>Property, plant and equipment</i>	2.1	13	9
<i>Pre-financing</i>	2.2	1 466	-
<i>Exchange receivables and non-exchange recoverables</i>	2.3	1	1
		1 480	10
CURRENT ASSETS			
<i>Pre-financing</i>	2.2	2 818	-
<i>Exchange receivables and non-exchange recoverables</i>	2.3	12 230	4 054
		15 048	4 054
TOTAL ASSETS		16 528	4 064
NON-CURRENT LIABILITIES			
<i>Financial liabilities</i>	2.4	(4 482)	-
		(4 482)	-
CURRENT LIABILITIES			
<i>Payables</i>	2.5	(6 917)	(287)
<i>Accrued charges</i>	2.6	(25 200)	(81 307)
		(32 117)	(81 595)
TOTAL LIABILITIES		(36 598)	(81 595)
NET ASSETS			
<i>Accumulated deficit</i>		(77 530)	(150 104)
<i>Economic result of the year</i>		57 460	72 574
NET ASSETS		(20 071)	(77 530)

STATEMENT OF FINANCIAL PERFORMANCE

		EUR '000	
	Note	2022	2021
REVENUE			
Revenue from non-exchange transactions	3.1		
<i>Funds from the Commission</i>		434 806	399 244
<i>Recovery of expenses</i>		2 777	-
		437 584	399 244
Revenue from exchange transactions	3.2		
<i>Other</i>		58	18
		58	18
Total revenue		437 642	399 263
EXPENSES			
<i>Operational costs</i>	3.3	(372 520)	(319 471)
<i>Staff costs</i>	3.4	(5 721)	(5 216)
<i>Finance costs</i>	3.5	(32)	(0)
<i>Other expenses</i>	3.6	(1 910)	(2 002)
Total expenses		(380 182)	(326 689)
ECONOMIC RESULT OF THE YEAR		57 460	72 574

CASHFLOW STATEMENT³

	EUR '000	
	2022	2021
<i>Economic result of the year</i>	57 460	72 574
Operating activities		
<i>Depreciation and amortization</i>	3	10
<i>(Increase)/decrease in pre-financing</i>	(4 284)	–
<i>(Increase)/decrease in exchange receivables and non-exchange recoverables</i>	(8 176)	144
<i>Increase/(decrease) in payables</i>	6 629	(1 373)
<i>Increase/(decrease) in accrued charges</i>	(56 107)	(71 354)
<i>Increase/(decrease) in financial liabilities</i>	4 482	–
<i>(Increase)/decrease in intangible assets and property, plant and equipment</i>	(7)	–
NET CASHFLOW	–	–
<i>Net increase/(decrease) in cash and cash equivalents</i>	–	–
<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 31.12.2020	(126 524)	(23 581)	(150 104)
<i>Allocation of the 2020 economic result</i>	<i>(23 581)</i>	<i>23 581</i>	<i>–</i>
<i>Economic result of the year</i>	<i>–</i>	<i>72 574</i>	<i>72 574</i>
BALANCE AS AT 31.12.2021	(150 104)	72 574	(77 530)
<i>Allocation of the 2021 economic result</i>	<i>72 574</i>	<i>(72 574)</i>	<i>–</i>
<i>Economic result of the year</i>	<i>–</i>	<i>57 460</i>	<i>57 460</i>
BALANCE AS AT 31.12.2022	(77 530)	57 460	(20 071)

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	31.12.2022	31.12.2021	Currency	31.12.2022	31.12.2021
BGN	1.9558	1.9558	PLN	4.6808	4.5969
CZK	24.1160	26.8580	RON	4.9495	4.9490
DKK	7.4365	7.4364	SEK	11.1218	10.2503
GBP	0.88693	0.84028	CHF	0.9847	1.0331
HRK	7.5345	7.5156	JPY	140.6600	130.3800
HUF	400.8700	369.1900	USD	1.0666	1.1326

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, financial risk of accounts receivable and the amounts disclosed in the notes concerning financial instruments, impairment allowance for financial assets at amortised cost and for financial guarantee contract liabilities, accrued revenue and charges, provisions, degree of impairment of intangible assets and property, plant and equipment, net realisable value of inventories, contingent assets and liabilities. Actual results could differ from those estimates.

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 amended European Union Accounting Rules (EAR)

New EAR which are effective for annual periods beginning on or after 1 January 2022

There are no new EAR which became effective for annual periods beginning on or after 1 January 2022.

New EAR adopted but not yet effective at 31 December 2022

There are no new EAR adopted during 2022.

1.3. BALANCE SHEET

1.3.1. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. An asset is identifiable if it is either separable, or arises from binding arrangements. Acquired intangible assets are stated at historical cost less accumulated amortisation and impairment losses. Internally developed intangible assets are capitalised when the relevant criteria of the EU accounting rules are met and the expenses relate solely to the development phase of the asset. Intangible assets are amortised on a straight-line basis over their estimated useful lives (3 to 11 years).

1.3.2. Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition, construction or transfer of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the 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.

1.3.3. 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.

1.3.4. Financial assets

The classification of the financial instruments is determined at initial recognition. Based on the management model and the asset contractual cash-flow characteristics the financial assets can be classified in three categories: Financial assets at amortised cost ('AC'), financial assets at fair value through net assets/equity ('FVNA') or financial assets at fair value through surplus or deficit ('FVSD'). Based on this classification, the entity has only 'financial assets at amortised cost', which are exchange receivables.

Financial assets at amortised cost are non-derivative financial assets that meet two conditions: 1) the entity holds them in order to collect the contractual cash flows. 2) On specified days, there are contractual cash flows that are solely payments of the principal and interest on the outstanding principal.

Financial assets at amortised cost are included in current assets, except for those with maturity of more than 12 months from the balance sheet reporting date.

Initial recognition and measurement

Financial assets at amortised cost are initially recognised at their fair value plus the transaction costs.

Subsequent measurement

Financial assets at amortised cost are carried at amortised cost, which is the amount initially recognised minus the principal repayments, plus or minus the cumulative amortisation of the interests using the effective interest method. In addition, the entity recognises a loss allowance for expected credit losses over the lifetime of the financial assets. At each reporting date, the annual movement in the loss allowance adjusts the carrying amount of the financial asset. In the statement of financial performance, the entity recognises an impairment gain or loss for the adjustment of the loss allowance.

De-recognition

Financial assets at amortised cost are derecognised either when the rights to receive cash flows from the investments have expired or are waived, or when the entity has transferred substantially all risks and rewards of ownership to another party.

1.3.5. 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.

1.3.6. 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.

1.3.7. 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.

1.3.8. 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 31.12.2021</i>	1	102	546	92	741
<i>Additions</i>	–	–	–	7	7
Gross carrying amount at 31.12.2022	1	102	546	99	748
<i>Accumulated depreciation at 31.12.2021</i>	(1)	(98)	(546)	(87)	(733)
<i>Depreciation charge for the year</i>	–	(1)	(0)	(2)	(3)
Accumulated depreciation at 31.12.2022	(1)	(99)	(546)	(89)	(735)
NET CARRYING AMOUNT AT 31.12.2022	–	3	(0)	10	13
<i>NET CARRYING AMOUNT AT 31.12.2021</i>	–	4	–	5	9

2.2. PRE-FINANCING

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 underlying contract, decision, agreement or basic legal act.

	EUR '000	
	31.12.2022	31.12.2021
<i>Non-current pre-financing</i>	1 466	–
<i>Current pre-financing</i>	2 818	–
Total	4 284	–

In 2022, EIT signed a letter of intent to support the European Battery Alliance Academy with a grant of EUR 10 million under the REACT-EU envelope. The total pre-financing of kEUR 6 984 has been split between short term and long term pre-financing based on expected implementation of the project that should run up until January 2025. The outstanding pre-financing, presented under this heading, is net of cut-off costs that were estimated assuming a linear (pro-rata) implementation of the project.

2.3. 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	31.12.2022	31.12.2021
Non-current			
Receivables from exchange transactions		1	1
		1	1
Current			
Recoverables from exchange transactions	2.2.1	11 912	3 479
Receivables from non-exchange transactions	2.2.1	318	576
		12 230	4 054
Total		12 231	4 055

2.3.1. Current recoverables and receivables

EUR '000

	31.12.2022	31.12.2021
Recoverables from non-exchange transactions		
Member States	318	576
	318	576
Receivables from exchange transactions		
Customers	–	–
Central treasury liaison accounts	11 655	3 264
Deferred charges relating to exchange transactions	189	198
Other	68	16
	11 912	3 479
Total	12 230	4 054

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 increase of the Receivables from exchange transactions of kEUR 8 434 can be attributed to the new pre-financing received from the Commission in order to cover increased activities related to both the KICs grants and start of the EBA program.

Deferred charges related to exchange transactions comprise school fees paid in advance for 2023.

LIABILITIES

2.4. FINANCIAL LIABILITIES

A financial liability is any liability that is:

- (a) A contractual obligation: to deliver cash or another financial asset to another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- (b) A contract that will or may be settled in the entity's own equity instruments.

Financial liabilities are classified in the following categories: 'financial liabilities at fair value through surplus or deficit' and 'other financial liabilities measured at amortised cost'.

EUR '000

	31.12.2022	31.12.2021
<i>Pre-financing received from EC - operating subsidy</i>	4 482	–

In order to cover the European Battery Alliance Academy grant of EUR 10 million a separate contribution agreement with the Commission has been signed and the underlying amount was cashed during 2022. As the project will be implemented up until January 2025, the unspent amount, i.e. remaining liability to the Commission needs to be recognised by EIT. Under this heading only the long term part of the liability is recorded. The short term part is recognised under payables (see note 2.5).

2.5. 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

	31.12.2022	31.12.2021
<i>Pre-financing received from EC - operating subsidy</i>	2 818	–
<i>Pre-financing received from EC - balancing subsidy</i>	3 723	287
<i>Current payables</i>	376	–
Total	6 917	287

The outstanding amount of balancing subsidy represents the part of the 2022 Commission's balancing subsidy that was unused during the year. The increase of this amount is due to the delays in implementation of operational and administrative contracts. The unspent amount will be kept by EIT and used in the following year. The outstanding operating subsidy relates to the Commission's contribution to EBA Academy grant that was received in 2022. The part under this heading is expected to be spent in 2023. The amounts related to 2024-2025 are recorded under non-current financial liabilities (see the note 2.4).

2.6. 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.

EUR '000

	31.12.2022	31.12.2021
<i>Accrued charges</i>	25 200	81 307

Accrued charges are primarily composed of estimated operational expenses of kEUR 22 507 KICs grant agreements where no invoice or cost claim has been validated by 31 December 2022.

The amount included under this heading is net of accrued charges clearing pre-financing. From 2021 EIT has transitioned to the new multiannual and simplified operational model, having finished at the end of the year the first cycle of grants (2021 – 2022).

Included under this heading are also accrued expenses for building, equipment and other administrative costs (kEUR 213), other operational expenses (kEUR 2 356) 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.

	EUR '000	
	2022	2021
<i>Funds from the Commission</i>	434 806	399 244
<i>Recovery of expenses</i>	2 777	-
Total	437 584	399 244

The heading Funds from the Commission corresponds to the amounts of the balancing and operating subsidy used during 2022. The increase compared to the prior year is linked with the higher operational costs due to higher amounts granted to KICs and costs incurred on the new project under REACT-EU envelope.

The amount kEUR 2 777 comprises recovered overpaid grant amounts discovered by the SGA2020 ex-post audits at EIT IE, EIT Health and EIT Climate-KIC.

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.

	EUR '000	
	2022	2021
<i>Other</i>	58	18

This largest item under this heading is foreign exchange gains of kEUR 52 (2021: kEUR 16). This amount includes both realised and unrealised exchange gains. The corresponding foreign exchange losses are included under other expenses (see note 3.6).

EXPENSES

3.3. OPERATIONAL COSTS

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

	EUR '000	
	2022	2021
<i>Operational costs</i>	372 520	319 471

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 are included under this heading. The increase of kEUR 53 049 in the operational costs is primarily linked to the finalisation of the 2021-2022 KICs grant agreements cycle during which higher amounts were granted to KICs in comparison with last year's amounts.

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	
	2022	2021
<i>Staff costs</i>	5 721	5 216

3.5. FINANCE COSTS

The heading comprises interest expense on late payment of charges with references to EIT Raw Material.

	EUR '000	
	2022	2021
<i>Finance costs</i>	32	–

3.6. 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	
	2022	2021
<i>External non IT services</i>	643	584
<i>Expenses with other consolidated entities</i>	360	599
<i>External IT services</i>	226	239
<i>Experts expenses</i>	203	200
<i>Foreign exchange losses</i>	84	32
<i>Missions</i>	80	7
<i>Operating leasing expenses</i>	74	62
<i>Legal expenses</i>	68	89
<i>Property, plant and equipment related expenses</i>	50	80
<i>Communications & publications</i>	50	47
<i>Training costs</i>	2	22
<i>Other</i>	70	41
Total	1 910	2 002

The administrative expenses present a slight decrease mainly due to decrease in expenses with other consolidated entities impacted by the 2021 initial payment for the configuration and consequent use of eGrants module.

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>	59	260	29	347
<i>IT materials and other equipment</i>	4	0	–	4
Total	62	260	29	351

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.

	EUR '000	
	31.12.2022	31.12.2021
<i>Outstanding commitments not yet expensed</i>	38 553	39 498

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, or head of entity, 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.

	31.12.2022	31.12.2021
<i>Director</i>	AD 14	AD 14

5. FINANCIAL RISK MANAGEMENT

5.1. TYPES OF RISK

Market risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate, because of variations in market prices. Market risk embodies not only the potential for loss, but also the potential for gain. It comprises currency risk, interest rate risk and other price risk (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 short term financial liabilities are composed of accounts payable. All the accounts payable have remaining contractual maturity of less than 1 year. The long term financial liability comprises amount of operating subsidy to a project running up until 2025 that was received from the Commission in full in 2022. As this amount is expected to be paid to the beneficiary of the underlying grant agreement and not to be returned to the Commission, this liability does not create any a liquidity risk for the entity.

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.

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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.

Title 4

These are cancelled appropriations that are not implemented during the financial year and can be re-entered in the following three financial years. Therefore, the implementation rate of Title 4 will be always zero.

2. RESULT OF THE IMPLEMENTATION OF THE BUDGET

EUR '000

	Title	2022	2021
Revenue		448 612	401 233
of which:			
Contributions	2	445 828	397 872
Revenue from administrative operation	3	6	4
Revenue from operational activities	4	2 777	3 357
Expenditure		(439 586)	(399 203)
of which:			
Staff expenditure	1	(6 152)	(5 714)
Administrative expenditure	2	(668)	(668)
Operational expenditure	3	(432 765)	(392 821)
Payment appropriat. carried over to the following year		(4 061)	(1 869)
of which:			
Staff expenditure	1	(764)	(506)
Administrative expenditure	2	(227)	(232)
Operational expenditure	3	(3 070)	(1 130)
Cancellation of unused appropri. carried over from year n-1		1 267	(1 585)
Evolution of assigned revenue (B)-(A)		(2 477)	66
Unused appropriations at the end of current year (A)		5 797	3 320
Unused appropriations at the end of previous year (B)		3 320	3 386
Exchange rate differences		(32)	(15)
Budget result		3 723	(1 373)

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	
	2 022	2021
ECONOMIC RESULT OF THE YEAR	57 460	72 574
Adjustment for accrual items (items not in the budgetary result but included in the economic result)	(52 124)	(67 421)
<i>Adjustments for accrual cut-off (net)</i>	<i>(56 108)</i>	<i>(71 354)</i>
<i>Unpaid invoices at year end but booked in expenses</i>	<i>(3)</i>	<i>-</i>
<i>Depreciation, amortization and impairment of intangible and tangible assets</i>		<i>(10)</i>
<i>Recovery orders issued in the year and not yet cashed</i>	<i>-</i>	<i>-</i>
<i>Payments made from carry-over of payment appropriations</i>	<i>3 919</i>	<i>3 915</i>
<i>Other individually immaterial</i>	<i>68</i>	<i>28</i>
Adjustment for budgetary items (item included in the budgetary result but not in the economic result)	(1 614)	(6 526)
<i>Asset acquisitions (less unpaid amounts)</i>	<i>7</i>	<i>20</i>
<i>New pre-financing paid in the year and remaining open as at 31 December</i>	<i>4 482</i>	<i>-</i>
<i>New pre-financing received in the year and remaining open as at 31 December</i>	<i>(831)</i>	<i>(4 818)</i>
<i>Payment appropriations carried over to next year</i>	<i>(9 858)</i>	<i>(5 189)</i>
<i>Cancellation of unused carried over payment appropriations from previous year</i>	<i>1 267</i>	<i>75</i>
<i>Adjustment for carry-over of assigned revenue appropriations from previous year</i>	<i>3 320</i>	<i>3 386</i>
BUDGET RESULT OF THE YEAR	3 723	(1 373)

4. IMPLEMENTATION OF BUDGET REVENUE

4.1. Implementation of budget revenue – Title 2

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	353 176	426 572	426 216	-	426 216	426 216	-	426 216	100 %	-
201 EFTA contribution	18 023	8 713	8 713	-	8 713	8 713	-	8 713	100 %	-
203 Third countries	0	900	900	-	900	900	-	900	100 %	-
204 Other contribution	0	0	10 000	-	10 000	10 000	-	10 000	-	-
Total Chapter 20	371 198	436 184	445 828	-	445 828	445 828	-	445 828	102 %	-
Total Title 2	371 198	436 184	445 828	-	445 828	445 828	-	445 828	102 %	-

EUR '000

4.2. Implementation of budget revenue – Title 3

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	6	-	6	6	-	6	-	-
Total Chapter 30	0	0	6	-	6	6	-	6	-	-
Total Title 3	0	0	6	-	6	6	-	6	-	-

4.3. Implementation of budget revenue – Title 4

EUR '000

Item	Income appropriations			Entitlements established			Revenue		Out-standing
	1	2	3	4	5=3+4	6	On entitlements of current year	On entitlements carried over	
							8=6+7	9=8/2	10=5-8
400 Repayment of unused grants	0	0	2 495	-	2 495	2 495	-	2 495	-
401 Revenue as a result of ex-post audit of grants	0	0	283	-	283	283	-	283	-
Total Chapter 40	0	0	2 777	-	2 777	2 777	-	2 777	-
Total Title 4	0	0	2 777	-	2 777	2 777	-	2 777	-
GRAND TOTAL	371 198	436 184	448 612	-	448 612	448 612	-	448 612	103 %

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	Budget appropriations			Additional appropriations			Total appropri- available
	Initial adopted budget 1	Amending budgets 2	Transfers 3	Final adopted budget 4=1+2+3	Carry-overs 5	Assigned revenue 6	
1100 Remuneration and allowances of temporary staff	4 000	300	(88)	4 212	-	-	4 212
1101 Expenses and allowances related to entering the service, transfers and termination of service	95	20	-	115	-	-	115
1110 Remuneration and allowances of contract staff	1 030	219	-	1 249	-	-	1 249
1120 Schooling	350	-	10	360	-	2	362
1121 Kindergarten	53	2	40	95	-	6	101
1122 Recruitment	7	-	8	15	-	-	15
1123 Mission	71	-	-	71	-	2	73
1124 Medical expense	24	1	30	55	-	-	55
1125 Training	52	-	-	52	-	0	52
1126 Social activities	25	-	-	25	-	-	25
1127 Representation	2	-	-	2	-	-	2
Total Chapter 11	5 708	542	-	6 251	-	10	6 261
1200 Agency staff	500	-	-	500	-	-	500
1201 Seconded National Expert	62	-	-	62	-	-	62
1202 Trainee	112	37	25	174	-	-	174
1203 Administrative assistance in support of different activities	466	(5)	(37)	424	-	-	424
Total Chapter 12	1 140	32	(12)	1 160	-	-	1 160
Total Title 1	6 848	574	(12)	7 410	-	10	7 421

5.1.1.2. Breakdown & changes in commitment appropriations – Title 2

Item	Budget appropriations				Additional appropriations			Total appropri- available
	Initial adopted budget 1	Amending budgets 2	Transfers 3	Final adopted budget 4=1+2+3	Carry-overs 5	Assigned revenue 6	Total 7=5+6	
2100 Building rental, acquisition	63	(1)	8	70	-	-	-	70
2101 Building maintenance and security	90	3	(8)	84	-	-	-	84
2109 Other building expense	75	(50)	-	25	-	-	-	25
2110 Furniture rental, acquisition and associated cost	10	(3)	-	7	-	-	-	7
2111 Technical equipment rental, acquisition and associated cost	1	-	-	1	-	-	-	1
Total Chapter 21	239	(52)	-	187	-	-	-	187
2200 IT software and hardware expenditure	339	(8)	-	331	-	-	-	331
2201 Communication equipment and services	60	-	12	72	-	-	-	72
Total Chapter 22	399	(8)	12	403	-	-	-	403
2300 Office supplies	4	-	-	4	-	-	-	4
2301 Postage and delivery charges	3	-	-	3	-	-	-	3
2302 Transport cost	10	-	-	10	-	-	-	10
2303 Legal expense	50	(38)	-	12	-	-	-	12
2304 Handling and moving	2	-	-	2	-	-	-	2
2305 Subscriptions, publications	1	(1)	-	-	-	-	-	-
2306 Expenditure related to EIT Governing Board	342	56	-	398	-	0	0	398
2307 Studies and surveys	14	(14)	-	-	-	-	-	-
2308 Meeting expense	4	1	-	5	-	-	-	5
2309 Other administrative expense	1	-	-	1	-	-	-	1
Total Chapter 23	430	4	-	434	-	0	0	434
Total Title 2	1 068	(55)	12	1 024	-	0	0	1 025

EUR '000

5.1.3. Breakdown & changes in commitment appropriations – Title 3

Item	Budget appropriations				Additional appropriations			Total appropri- available
	Initial adopted budget 1	Amending budgets 2	Transfers 3	Final adopted budget 4=1+2+3	Carry-overs 5	Assigned revenue 6	Total 7=5+6	
3110 Grants to Knowledge and Innovation Communities	381 606	(1 392)	-	380 214	-	6 135	6 135	386 349
3111 Strategic supervision and guidance of Knowledge and Innovation Communities	1 370	(223)	-	1 147	-	-	-	1 147
3112 EIT Label	139	(13)	-	127	-	-	-	127
3114 New Knowledge and Innovation Communities	126	(11)	-	115	-	-	-	115
3115 Regional impact of Knowledge and Innovation Communities	26	-	-	26	-	-	-	26
3116 Other grants	-	-	-	-	-	10 000	10 000	10 000
Total Chapter 31	383 266	(1 638)	-	381 628	-	16 135	16 135	397 763
3202 Brand management, communications and stakeholder relations	1 840	982	-	2 822	-	-	-	2 822
3203 EIT Alumni	96	(40)	-	56	-	-	-	56
3204 EIT Awards	320	-	-	320	-	-	-	320
3206 Monitoring and evaluation of impact	270	180	-	450	-	-	-	450
3207 Identification and sharing of good practices	-	75	-	75	-	-	-	75
Total Chapter 32	2 526	1 197	-	3 723	-	-	-	3 723
3300 Supporting the innovation capacity of higher education	32	(15)	-	17	-	-	-	17
Total Chapter 33	32	(15)	-	17	-	-	-	17
Total Title 3	385 823	(456)	-	385 367	-	16 135	16 135	401 502
GRAND TOTAL	393 739	63	(0)	393 802	-	16 145	16 145	409 947

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 appropri- available
	Initial adopted budget 1	Amending budgets 2	Transfers 3	Final adopted budget 4=1+2+3	Carry-overs 5	Assigned revenue 6	
1100 Remuneration and allowances of temporary staff	4 000	300	(88)	4 212	-	-	4 212
1101 Expenses and allowances related to entering the service, transfers and termination of service	95	20	-	115	-	-	115
1110 Remuneration and allowances of contract staff	1 030	219	-	1 249	-	-	1 249
1120 Schooling	350	-	10	360	-	2	362
1121 Kindergarten	53	2	40	95	-	6	101
1122 Recruitment	7	-	8	15	-	-	15
1123 Mission	71	-	-	71	1	2	74
1124 Medical expense	24	1	30	55	1	-	56
1125 Training	52	-	-	52	7	0	59
1126 Social activities	25	-	-	25	0	-	25
1127 Representation	2	-	-	2	-	-	2
Total Chapter 11	5 708	542	-	6 251	9	10	6 270
1200 Agency staff	500	-	-	500	303	-	803
1201 Seconded National Expert	62	-	-	62	-	-	62
1202 Trainee	112	37	25	174	38	-	212
1203 Administrative assistance in support of different activities	466	(5)	(37)	424	156	-	580
Total Chapter 12	1 140	32	(12)	1 160	497	-	1 657
Total Title 1	6 848	574	(12)	7 410	506	10	7 927

5.2.2. Breakdown & changes in payment appropriations – Title 2

Item	Budget appropriations			Additional appropriations			Total appropri- available
	Initial adopted budget	Amending budgets	Transfers	Final adopted budget	Carry-overs	Assigned revenue	
	1	2	3	4=1+2+3	5	6	7=5+6
							8=4+7
2100 Building rental, acquisition	63	(1)	8	70	19	-	19
2101 Building maintenance and security	90	3	(8)	84	44	-	44
2109 Other building expense	75	(50)	-	25	-	-	-
2110 Furniture rental, acquisition and associated cost	10	(3)	-	7	7	-	7
2111 Technical equipment rental, acquisition and associated cost	1	-	-	1	-	-	-
Total Chapter 21	239	(52)	-	187	70	-	70
2200 IT software and hardware expenditure	339	(8)	-	331	57	-	57
2201 Communication equipment and services	60	-	12	72	39	-	39
Total Chapter 22	399	(8)	12	403	95	-	95
2300 Office supplies	4	-	-	4	-	-	-
2301 Postage and delivery charges	3	-	-	3	0	-	0
2302 Transport cost	10	-	-	10	-	-	-
2303 Legal expense	50	(38)	-	12	65	-	65
2304 Handling and moving	2	-	-	2	-	-	-
2305 Subscriptions, publications	1	(1)	-	-	-	-	-
2306 Expenditure related to EIT Governing Board	342	56	-	398	1	0	1
2307 Studies and surveys	14	(14)	-	-	-	-	-
2308 Meeting expense	4	1	-	5	-	-	-
2309 Other administrative expense	1	-	-	1	-	-	-
Total Chapter 23	430	4	-	434	67	0	67
Total Title 2	1 068	(55)	12	1 024	232	0	233
							1 257

EUR '000

5.2.3. Breakdown & changes in payment appropriations – Title 3

Item	Budget appropriations				Additional appropriations			Total appropri- available
	Initial adopted budget 1	Amending budgets 2	Transfers 3	Final adopted budget 4=1+2+3	Carry- overs 5	Assigned revenue 6	Total 7=5+6	
3110 Grants to Knowledge and Innovation Communities	359 844	63 967	-	423 811	1 130	6 093	7 223	431 034
3111 Strategic supervision and guidance of Knowledge and Innovation Communities	1 403	33	-	1 436	-	-	-	1 436
3112 EIT Label	244	(14)	-	230	-	-	-	230
3114 New Knowledge and Innovation Communities	139	0	-	139	-	-	-	139
3115 Regional impact of Knowledge and Innovation Communities	567	-	-	567	-	-	-	567
3116 Other grants	-	-	-	-	-	10 000	10 000	10 000
Total Chapter 31	362 197	63 986	-	426 183	1 130	16 093	17 223	443 406
3202 Brand management, communications and stakeholder relations	249	546	-	795	-	-	-	795
3203 EIT Alumni	141	(34)	-	107	-	-	-	107
3204 EIT Awards	320	-	-	320	-	-	-	320
3205 International cooperation	27	(10)	-	17	-	-	-	17
3206 Monitoring and evaluation of impact	310	(71)	-	240	-	-	-	240
3207 Identification and sharing of good practices	-	50	-	50	-	-	-	50
Total Chapter 32	1 048	481	-	1 529	-	-	-	1 529
3300 Supporting the innovation capacity of higher education	38	-	-	38	-	-	-	38
Total Chapter 33	38	-	-	38	-	-	-	38
Total Title 3	363 282	64 467	-	427 750	1 130	16 093	17 223	444 973
GRAND TOTAL	371 198	64 986	(0)	436 184	1 869	16 104	17 972	454 157

5.3. Implementation of commitment appropriations

5.3.1. Implementation of commitment appropriations - Title 1

Item	Total approp. available	Commitments made				Appropriations carried over to 2023				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	4 212	3 875	-	-	3 875	92 %	-	-	-	337	-	0	337
1101 Expenses and allowances related to entering the service, transfers and termination of service	115	115	-	-	115	100 %	-	-	-	0	-	0	0
1110 Remuneration and allowances of contract staff	1 249	1 136	-	-	1 136	91 %	-	-	-	113	-	0	113
1120 Schooling	362	360	-	1	361	100 %	1	-	1	-	-	-	-
1121 Kindergarten	101	95	-	2	97	97 %	4	-	4	-	-	0	-
1122 Recruitment	15	15	-	-	15	100 %	-	-	-	-	-	0	-
1123 Mission	73	71	-	-	71	97 %	-	-	-	-	-	2	2
1124 Medical expense	55	54	-	-	54	98 %	-	-	-	1	-	0	1
1125 Training	52	52	-	-	52	100 %	-	-	-	-	-	0	0
1126 Social activities	25	21	-	-	21	85 %	-	-	-	4	-	0	4
1127 Representation	2	2	-	-	2	100 %	-	-	-	-	-	0	-
Total Chapter 11	6 261	5 796	-	4	5 799	93 %	4	-	4	455	-	2	457
1200 Agency staff	500	490	-	-	490	98 %	-	-	-	10	-	0	10
1201 Seconded National Expert	62	62	-	-	62	100 %	-	-	-	-	-	0	-
1202 Trainee	174	174	-	-	174	100 %	-	-	-	0	-	0	0
1203 Administrative assistance in support of different activities	424	392	-	-	392	93 %	-	-	-	32	-	0	32
Total Chapter 12	1 160	1 117	-	-	1 117	96 %	-	-	-	42	-	0	42
Total Title 1	7 421	6 913	-	4	6 917	93 %	4	-	4	497	-	2	500

5.3.2. Implementation of commitment appropriations - Title 2

EUR '000

Item	Total approp. available	Commitments made				Appropriations carried over to 2023				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	70	65	-	-	65	92 %	-	-	-	5	-	0	5
2101 Building maintenance and security	84	61	-	-	61	72 %	-	-	-	24	-	0	24
2109 Other building expense	25	24	-	-	24	95 %	-	-	-	1	-	0	1
2110 Furniture rental, acquisition and associated cost	7	-	-	-	-	0 %	-	-	-	7	-	0	7
2111 Technical equipment rental, acquisition and associated cost	1	1	-	-	1	100 %	-	-	-	-	-	0	-
Total Chapter 21	187	150	-	-	150	80 %	-	-	-	37	-	0	37
2200 IT software and hardware expenditure	331	325	-	-	325	98 %	-	-	-	6	-	0	6
2201 Communication equipment and services	72	43	-	-	43	60 %	-	-	-	29	-	0	29
Total Chapter 22	403	368	-	-	368	91 %	-	-	-	35	-	0	35
2300 Office supplies	4	4	-	-	4	100 %	-	-	-	-	-	0	-
2301 Postage and delivery charges	3	2	-	-	2	52 %	-	-	-	1	-	0	1
2302 Transport cost	10	10	-	-	10	100 %	-	-	-	-	-	0	-
2303 Legal expense	12	12	-	-	12	100 %	-	-	-	-	-	0	-
2304 Handling and moving	2	2	-	-	2	100 %	-	-	-	-	-	0	-
2306 Expenditure related to EIT Governing Board	398	342	-	-	342	86 %	-	-	-	56	-	0	56
2308 Meeting expense	5	5	-	-	5	100 %	-	-	-	-	-	0	-
2309 Other administrative expense	1	1	-	-	1	100 %	-	-	-	-	-	0	-
Total Chapter 23	434	377	-	-	377	87 %	-	-	-	57	-	0	57
Total Title 2	1 025	895	-	-	895	87 %	-	-	-	129	-	0	130

5.3.3. Implementation of commitment appropriations - Title 3

EUR '000													
Item	Total approp. available	Commitments made					Appropriations carried over to 2023				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	386 349	357 786	-	3 357	361 143	93 %	2 777	22 428	25 206	0	-	-	0
3111 Strategic supervision and guidance of Knowledge and Innovation Communities	1 147	959	-	-	959	84 %	-	-	-	188	-	0	188
3112 EIT Label	127	104	-	-	104	82 %	-	-	-	23	-	0	23
3114 New Knowledge and Innovation Communities	115	63	-	-	63	55 %	-	-	-	52	-	0	52
3115 Regional impact of Knowledge and Innovation Communities	26	26	-	-	26	100 %	-	-	-	-	-	0	-
3116 Other grants	10 000	-	-	9 978	9 978	100 %	22	-	22	-	-	0	-
Total Chapter 31	397 763	358 937	-	13 335	372 272	94 %	2 800	22 428	25 228	262	-	-	262
3202 Brand management, communications and stakeholder relations	2 822	2 717	-	-	2 717	96 %	-	-	-	105	-	0	105
3203 EIT Alumni	56	33	-	-	33	59 %	-	-	-	23	-	0	23
3204 EIT Awards	320	320	-	-	320	100 %	-	-	-	-	-	0	-
3206 Monitoring and evaluation of impact	450	381	-	-	381	85 %	-	-	-	69	-	0	69
3207 Identification and sharing of good practices	75	63	-	-	63	84 %	-	-	-	12	-	0	12
Total Chapter 32	3 723	3 514	-	-	3 514	94 %	-	-	-	208	-	0	208
3300 Supporting the innovation capacity of higher education	17	14	-	-	14	82 %	-	-	-	3	-	0	3
Total Chapter 33	17	14	-	-	14	82 %	-	-	-	3	-	0	3
Total Title 3	401 502	362 465	-	13 335	375 800	94 %	2 800	22 428	25 228	473	-	-	473
GRAND TOTAL	409 947	370 273	-	13 339	383 612	94 %	2 804	22 428	25 232	1 100	-	3	1 103

5.4. Implementation of payment appropriations

5.4.1. Implementation of payment appropriations - Title 1

Item	Total approp. availab.	Payments made					Appropriations carried over to 2023					Appropriations lapsing				EUR '000
		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	4 212	3 875	-	-	3 875	92 %	-	-	-	-	337	-	-	337		
1101 Expenses and allowances related to entering the service, transfers and termination of service	115	115	-	-	115	100 %	-	-	-	-	0	-	-	0		
1110 Remuneration and allowances of contract staff	1 249	1 136	-	-	1 136	91 %	-	-	-	-	113	-	-	113		
1120 Schooling	362	318	-	1	320	88 %	42	-	1	42	-	-	-	-		
1121 Kindergarten	101	55	-	2	57	57 %	40	-	4	44	-	-	-	-		
1122 Recruitment	15	1	-	-	1	7 %	14	-	-	14	-	-	-	-		
1123 Mission	74	48	1	-	49	66 %	23	-	-	23	-	-	2	2		
1124 Medical expense	56	12	-	-	12	21 %	42	-	-	42	1	1	-	2		
1125 Training	59	9	5	-	14	25 %	43	-	-	43	-	1	0	1		
1126 Social activities	25	16	0	-	16	63 %	6	-	-	6	4	0	-	4		
1127 Representation	2	0	-	-	0	20 %	2	-	-	2	-	-	-	-		
Total Chapter 11	6 270	5 585	7	4	5 596	89 %	210	-	4	215	455	2	2	460		
1200 Agency staff	803	212	259	-	471	59 %	278	-	-	278	10	45	-	55		
1201 Seconded National Expert	62	44	-	-	44	71 %	18	-	-	18	-	-	-	-		
1202 Trainee	212	123	34	-	157	74 %	50	-	-	50	0	5	-	5		
1203 Administrative assistance in support of different activities	580	184	128	-	313	54 %	207	-	-	207	32	28	-	59		
Total Chapter 12	1 657	563	420	-	984	59 %	554	-	-	554	42	77	-	119		
Total Title 1	7 927	6 149	427	4	6 579	83 %	764	-	4	768	497	79	2	579		

5.4.2. Implementation of payment appropriations – Title 2

EUR '000

Item	Total approp. availb.	Payments made					Appropriations carried over to 2023					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	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	89	43	19	-	62	70 %	21	-	-	21	5	-	-	5		
2101 Building maintenance and security	129	21	26	-	46	36 %	40	-	-	40	24	18	-	42		
2109 Other building expense	25	9	-	-	9	35 %	15	-	-	15	1	-	-	1		
2110 Furniture rental, acquisition and associated cost	14	-	7	-	7	50 %	-	-	-	-	7	-	-	7		
2111 Technical equipment rental, acquisition and associated cost	1	1	-	-	1	92 %	0	-	-	0	-	-	-	-		
Total Chapter 21	258	74	52	-	126	49 %	76	-	-	76	37	18	-	56		
2200 IT software and hardware expenditure	387	301	48	-	349	90 %	24	-	-	24	6	8	-	14		
2201 Communication equipment and services	111	16	12	-	28	25 %	27	-	-	27	29	27	-	56		
Total Chapter 22	498	317	60	-	377	76 %	51	-	-	51	35	35	-	70		
2300 Office supplies	4	1	-	-	1	22 %	3	-	-	3	-	-	-	-		
2301 Postage and delivery charges	3	1	0	-	1	27 %	1	-	-	1	1	0	-	2		
2302 Transport cost	10	6	-	-	6	64 %	4	-	-	4	-	-	-	-		
2303 Legal expense	77	-	63	-	63	82 %	12	-	-	12	-	2	-	2		
2304 Handling and moving	2	-	-	-	-	0 %	2	-	-	2	-	-	-	-		
2306 Expenditure related to EIT Governing Board	399	264	-	-	264	66 %	78	-	-	78	56	1	0	57		
2308 Meeting expense	5	4	-	-	4	89 %	1	-	-	1	-	-	-	-		
2309 Other administrative expense	1	0	-	-	0	94 %	0	-	-	0	-	-	-	-		
Total Chapter 23	501	277	63	-	341	68 %	100	-	-	100	57	3	0	61		
Total Title 2	1 257	668	175	-	843	67 %	227	-	-	227	129	57	0	187		

5.4.3. Implementation of payment appropriations – Title 3

EUR '000

Item	Total approp. availab.	Payments made					Appropriations carried over to 2023					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		
Grants to Knowledge and Innovation Communities	431 034	420 741	-	3 316	424 057	98 %	-	3 070	2 777	5 847	(0)	1 130	(41)	1 089	
Strategic supervision and guidance of Knowledge and Innovation Communities	1 436	743	-	-	743	52 %	-	-	-	-	693	-	-	693	
EIT Label	230	77	-	-	77	34 %	-	-	-	-	153	-	-	153	
New Knowledge and Innovation Communities	139	63	-	-	63	45 %	-	-	-	-	77	-	-	77	
Regional impact of Knowledge and Innovation Communities	567	220	-	-	220	39 %	-	-	-	-	347	-	-	347	
Other grants	10 000	-	-	6 984	6 984	70 %	-	-	3 016	3 016	-	-	-	-	
Total Chapter 31	443 406	421 844	-	10 300	432 144	97 %	-	3 070	5 793	8 863	1 269	1 130	(41)	2 357	
Brand management, communications and stakeholder relations	795	104	-	-	104	13 %	-	-	-	-	691	-	-	691	
EIT Alumni	107	88	-	-	88	82 %	-	-	-	-	19	-	-	19	
EIT Awards	320	270	-	-	270	84 %	-	-	-	-	50	-	-	50	
International cooperation	17	-	-	-	-	0 %	-	-	-	-	17	-	-	17	
Monitoring and evaluation of impact	240	159	-	-	159	66 %	-	-	-	-	81	-	-	81	
Identification and sharing of good practices	50	-	-	-	-	0 %	-	-	-	-	50	-	-	50	
Total Chapter 32	1 529	621	-	-	621	41 %	-	-	-	-	908	-	-	908	
Supporting the innovation capacity of higher education	38	-	-	-	-	0 %	-	-	-	-	38	-	-	38	
Total Chapter 33	38	-	-	-	-	0 %	-	-	-	-	38	-	-	38	
Total Title 3	444 973	422 465	-	10 300	432 765	97 %	-	3 070	5 793	8 863	2 215	1 130	(41)	3 304	
GRAND TOTAL	454 157	429 282	602	10 304	440 188	97 %	991	3 070	5 797	9 858	2 842	1 267	(39)	4 069	

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
	1 Commitm. carried for- ward from pre- vious year	2 Decommit. Revaluation Cancel- lations	3 Pay- ments	4=1+2-3	5 Commit- ments made during the year	6 Pay- ments	7 Cancel- lation of commit. which cannot be carried forward	8=5-6-7 Commit. outstand- ing at year-end	
1100 Remuneration and allowances of temporary staff	-	-	-	-	3 875	3 875	-	-	-
1101 Expenses and allowances related to entering the service, transfers and termination of service	-	-	-	-	115	115	-	-	-
1110 Remuneration and allowances of contract staff	-	-	-	-	1 136	1 136	-	-	-
1120 Schooling	-	-	-	-	361	320	-	42	42
1121 Kindergarten	-	-	-	-	97	57	-	40	40
1122 Recruitment	-	-	-	-	15	1	-	14	14
1123 Mission	1	-	1	-	71	48	-	23	23
1124 Medical expense	1	(1)	-	-	54	12	-	42	42
1125 Training	7	(1)	5	-	52	9	-	43	43
1126 Social activities	0	(0)	0	-	21	16	-	6	6
1127 Representation	-	-	-	-	2	0	-	2	2
Total Chapter 11	9	(2)	7	-	5 799	5 589	-	210	210
1200 Agency staff	303	(45)	259	-	490	212	-	278	278
1201 Seconded National Expert	-	-	-	-	62	44	-	18	18
1202 Trainee	38	(5)	34	-	174	123	-	50	50
1203 Administrative assistance in support of different activities	156	(28)	128	-	392	184	-	207	207
Total Chapter 12	497	(77)	420	-	1 117	563	-	554	554
Total Title 1	506	(79)	427	-	6 917	6 152	-	764	764

6.2. Outstanding commitments – Title 2

EUR '000

Item	Commitments outstanding at the end of previous year			Commitments of the current year					Total commitment outstanding at year-end
	1	2	3	4=1+2+3	5	6	7	8=5-6-7	
	Commitm. carried forward from previous year	Decommit. Revaluation Cancellations	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	
2100 Building rental, acquisition	19	-	19	-	65	43	-	21	21
2101 Building maintenance and security	44	(18)	26	-	61	21	-	40	40
2109 Other building expense	-	-	-	-	24	9	-	15	15
Furniture rental, acquisition and	7	-	7	-	-	-	-	-	-
associated cost									
2110									
Technical equipment rental, acquisition	-	-	-	-	1	1	-	0	0
and associated cost									
2111									
Total Chapter 21	70	(18)	52	-	150	74	-	76	76
2200 IT software and hardware expenditure	57	(8)	48	-	325	301	-	24	24
2201 Communication equipment and services	39	(27)	12	-	43	16	-	27	27
Total Chapter 22	95	(35)	60	-	368	317	-	51	51
2300 Office supplies	-	-	-	-	4	1	-	3	3
2301 Postage and delivery charges	0	(0)	0	-	2	1	-	1	1
2302 Transport cost	-	-	-	-	10	6	-	4	4
2303 Legal expense	65	(2)	63	-	12	-	-	12	12
2304 Handling and moving	-	-	-	-	2	-	-	2	2
Expenditure related to EIT Governing									
2306 Board	1	(1)	-	-	342	264	-	78	78
2308 Meeting expense	-	-	-	-	5	4	-	1	1
2309 Other administrative expense	-	-	-	-	1	0	-	0	0
Total Chapter 23	67	(3)	63	-	377	277	-	100	100
Total Title 2	232	(57)	175	-	895	668	-	227	227

6.3. Outstanding commitments – Title 3

EUR '000

Item	Commitments outstanding at the end of previous year				Commitments of the current year					Total commitment outstanding 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	118 656	-	118 656	-	361 143	305 401	-	55 742	55 742	
3111 Strategic supervision and guidance of Knowledge and Innovation Communities	412	(29)	382	-	959	361	-	598	598	
3112 EIT Label	78	(16)	63	-	104	15	-	89	89	
3114 New Knowledge and Innovation Communities	-	-	-	-	63	63	-	-	-	
3115 Regional impact of Knowledge and Innovation Communities	541	(19)	220	302	26	-	-	26	328	
3116 Other grants	-	-	-	-	9 978	6 984	-	2 993	2 993	
Total Chapter 31	119 687	(64)	119 320	302	372 272	312 824	-	59 448	59 751	
3202 Brand management, communications and stakeholder relations	114	(22)	91	1	2 717	13	-	2 704	2 705	
3203 EIT Alumni	83	(2)	81	-	33	7	-	26	26	
3204 EIT Awards	-	-	-	-	320	270	-	50	50	
3205 International cooperation	17	(17)	-	-	-	-	-	-	-	
3206 Monitoring and evaluation of impact	150	(2)	142	6	381	17	-	364	370	
3207 Identification and sharing of good practices	-	-	-	-	63	-	-	63	63	
Total Chapter 32	364	(43)	314	7	3 514	307	-	3 208	3 215	
3300 Supporting the innovation capacity of higher education	16	-	-	16	14	-	-	14	29	
Total Chapter 33	16	-	-	16	14	-	-	14	29	
Total Title 3	120 067	(107)	119 634	325	375 800	313 131	-	62 669	62 994	
GRAND TOTAL	120 805	(244)	120 236	325	383 612	319 951	-	63 661	63 986	

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.