



**FINAL ACCOUNTS OF THE
EUROPEAN INSTITUTE
OF
INNOVATION AND TECHNOLOGY
(EIT)**

and

REPORT ON THE IMPLEMENTATION OF THE BUDGET

01.01.2013 – 31.12.2013

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CERTIFICATE

The final annual accounts of EIT for the year 2013 have been prepared in accordance with Title VII of the EIT Financial Rules as well as the accounting rules and methods adopted by the Commission's Accounting Officer.

I hereby certify that based on the information provided by the Authorising Officer, I am reasonably assured that the accounts present a true and fair view of the financial position of EIT in all material aspects.

Signed

Davide Mola
Accounting Officer

INTRODUCTION

LEGAL BASIS

The following accounts, together with a report on budgetary and financial management were drawn up in accordance with Article 21 (3) of Regulation (EC) No 294/2008 of the European Parliament and of the Council of 11 March 2008 establishing the European Institute of Innovation and Technology (hereinafter referred to as "EIT Regulation") and Article 76 of the EIT Financial Rules¹.

BACKGROUND INFORMATION

This report and financial statements have been drawn up for the EIT, a European Union body established by Regulation (EC) No 294/2008 of the European Parliament and of the Council of 11 March 2008. The mission of the EIT is to increase European sustainable growth and competitiveness by reinforcing the innovation capacity of the EU (Article 3, EIT Regulation). The seat of EIT is in Budapest.

The EIT's expenditures are financed by an annual subsidy from the general budget of the European Union and by a contribution from the host state.

The Governing Board is the principal governing body of the EIT entrusted with the role of strategic leadership and the overall direction of the operational activities implemented by the EIT Headquarters. It is independent and autonomous in its decision-making and is responsible for the selection, evaluation and support of the Knowledge and Innovation Communities (KICs). The Governing Board brings together 22 high-calibre members balancing prominent expertise from the higher education, research, business and innovation fields. It consists of 18 Appointed Members and 4 Representative Members.

The Chairman of the Governing Board for 2013 was Dr. Alexander Ullrich von Gabain.

The Institute is managed by the EIT Director, Mr. Jose Manuel Leceta. In accordance with Article 1(c) of the EIT Regulation and Article 33 of the EIT Financial Rules, the Director is the authorising officer for the EIT budget.

In accordance with Article 43 (1) of the EIT Financial Rules, the Governing Board appointed Davide Mola as accounting officer for the EIT on 28 June 2012 following a recruitment procedure.

¹ Decision of the Governing Board of the European Institute of Innovation and Technology of 20 April 2009 adopting the Financial Rules of the European Institute of Innovation and Technology (EIT).

PART I: - FINANCIAL STATEMENTS

ECONOMIC OUTTURN ACCOUNT

01.01.2013 - 31.12.2013

ECONOMIC OUTTURN ACCOUNT

	01.01.2013 31.12.2013	01.01.2012 31.12.2012
Subsidy of the Commission	93.462.181,00	68.697.863,00
Host state contribution	1.560.000,00	1.926.227,38
Revenues from admin operations - fixed asset income	0,00	0,00
Other operating revenue	1.598.561,45	1.271.738,51
TOTAL OPERATING REVENUE	96.620.742,45	71.895.828,89
Staff expenses	2.986.838,65	2.668.380,47
Fixed asset related expenses	81.060,23	74.730,18
Other administrative expenses	1.288.183,16	1.143.400,47
Operational expenses	124.375.776,40	85.579.605,15
TOTAL ADMINISTRATIVE AND OPERATIONAL EXPENSES	128.731.858,44	89.466.116,27
SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES	(32.111.115,99)	(17.570.287,38)
Financial operations revenues	10.568,65	24.405,91
Financial operations expenses	207,51	4.124,91
SURPLUS/ (DEFICIT) FROM FINANCIAL ACTIVITIES	10.361,14	20.281,00
SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES	(32.100.754,85)	(17.550.006,38)
Extraordinary gains	0,00	0,00
Extraordinary losses	0,00	0,00
SURPLUS/(DEFICIT) FROM EXTRAORDINARY ITEMS	0,00	0,00
ECONOMIC RESULT OF THE YEAR	(32.100.754,85)	(17.550.006,38)

BALANCE SHEET

31.12.2013

ASSETS

	31.12.2013	31.12.2012
A. NON CURRENT ASSETS		
Intangible fixed assets	16.138,00	30.043,00
Tangible fixed assets	145.589,00	171.166,00
Land and buildings	0,00	0,00
Plant and equipment	50,00	351,00
Computer hardware	72.529,00	78.480,00
Furniture and vehicles	63.282,00	70.434,00
Other fixtures and fittings	9.728,00	21.901,00
Tangible fixed assets under construction	0,00	0,00
Long-term receivables	1.135,14	1.135,14
Long-term pre-financing	1.135,14	1.135,14
Long-term receivables with consolidated EU entities	0,00	0,00
TOTAL NON CURRENT ASSETS	162.862,14	202.344,14
B. CURRENT ASSETS		
Stock	0,00	0,00
Short-term receivables	783.489,26	1.397.243,35
Short term pre-financing	62.150,00	96.103,55
Current receivables	651.287,71	1.281.405,84
Long term receivables falling due within a year	0,00	0,00
Sundry receivables	59.482,90	14.537,88
Prepaid expenses and accrued income	10.568,65	5.196,08
Cash and cash equivalents	3.117.696,94	8.215.647,36
TOTAL CURRENT ASSETS	3.901.186,20	9.612.890,71
TOTAL	4.064.048,34	9.815.234,85

CAPITAL AND LIABILITIES

	31.12.2013	31.12.2012
A. CAPITAL		
Accumulated surplus/deficit	(20.503.574,23)	(2.953.567,85)
Economic result of the year	(32.100.754,85)	(17.550.006,38)
TOTAL CAPITAL	(52.604.329,08)	(20.503.574,23)
B. NON CURRENT LIABILITIES		
Provisions for risks and liabilities	0,00	0,00
Long-term liabilities with consolidated entities	0,00	0,00
TOTAL NON CURRENT LIABILITIES	0,00	0,00
C. CURRENT LIABILITIES		
Provisions for risks and liabilities	102.789,31	48.279,17
Accounts payable	56.565.588,11	30.270.529,91
Current payables	0,00	43.634,51
Long-term liabilities falling due within the year	0,00	0,00
Sundry payables	5.028,23	509,22
Accrued expenses and deferred income	56.560.559,88	30.226.386,18
Accounts payable with consolidated EU entities	0,00	0,00
TOTAL CURRENT LIABILITIES	56.668.377,42	30.318.809,08
TOTAL	4.064.048,34	9.815.234,85

CASH FLOW STATEMENT

01.01.2013 - 31.12.2013

	01.01.2013 31.12.2013	01.01.2012 31.12.2012
Cash Flows from ordinary activities		
Surplus/(deficit) from ordinary activities	-32.100.754,85	-17.550.006,38
Operating activities		
<u>Adjustments</u>		
Amortization (intangible fixed assets) +	13.905,00	13.910,00
Depreciation (tangible fixed assets) +	67.155,23	60.820,18
Increase/(decrease) in Provisions for risks and liabilities	54.510,14	-18.667,38
Increase/(decrease) in Value reduction for doubtful debts	0,00	0,00
(Increase)/decrease in Stock	0,00	0,00
(Increase)/decrease in Long term Pre-financing	0,00	0,00
(Increase)/decrease in Short term Pre-financing	33.953,55	6.434.826,79
(Increase)/decrease in Long term Receivables	0,00	-1.135,14
(Increase)/decrease in Short term Receivables	579.800,54	-1.263.132,98
(Increase)/decrease in Receivables related to consolidated EU entities	0,00	0,00
Increase/(decrease) in Other Long term liabilities	0,00	0,00
Increase/(decrease) in Accounts payable	26.295.058,20	17.596.692,44
Increase/(decrease) in Liabilities related to consolidated EU entities	0,00	0,00
Other non-cash movements	0,00	0,00
Net cash flow from operating activities	-5.056.372,19	5.273.307,53
Cash flows from investing activities		
Increase of tangible and intangible fixed assets (-)	-41.578,23	-69.078,18
Proceeds from tangible and intangible fixed assets (+)	0,00	0,00
Net cash flow from investing activities	-41.578,23	-69.078,18
Net increase/(decrease) in cash and cash equivalents	-5.097.950,42	5.204.229,35
Cash and cash equivalents at the beginning of the period	8.215.647,36	3.011.418,01
Cash and cash equivalents at the end of the period	3.117.696,94	8.215.647,36

STATEMENT OF CHANGES IN CAPITAL

31.12.2013

Capital	Reserves	Accumulated Surplus / Deficit	Economic result of the year	Capital (total)
Balance as of 31 December 2012	0,00	(2.953.567,85)	(17.550.006,38)	(20.503.574,23)
Changes in accounting policies				0,00
Balance as of 1 January 2013	0,00	(2.953.567,85)	(17.550.006,38)	(20.503.574,23)
Allocation of the Economic Result of Previous Year		(17.550.006,38)	17.550.006,38	0,00
Economic result of the year			(32.100.754,85)	(32.100.754,85)
Balance as of 31 December 2013	0,00	(20.503.574,23)	(32.100.754,85)	(52.604.329,08)

NOTES TO THE GENERAL ACCOUNTS

01.01.2013 – 31.12.2013

ACCOUNTING POLICIES AND PRINCIPLES

In accordance with Article 21 (3) of Regulation (EC) No 294/2008 of the European Parliament and of the Council of 11 March 2008 establishing the European Institute of Innovation and Technology (hereinafter referred to as "EIT Regulation") and Article 76 of the EIT Financial Rules of 3 April 2009, the following final accounts together with a report on budgetary and financial management have been drawn up. These financial statements for the financial year 2013 are prepared on the basis of the EC Accounting Rules which adapt the International Public Sector Accounting Standards (and in some cases the International Financial Reporting Standards) to the specific environment of the European Union, while the reports on implementation of the budget continue to be primarily based on movements of cash. They also follow Commission Regulation No 1268/2012 (hereinafter referred to as the Implementing Rules).

The objective of financial statements is to provide information about the financial position, performance and cash flows of an entity that is useful to a wide range of users. For a public sector entity such as the EIT, the objective is more specifically to provide useful information for decision making, and to demonstrate the accountability of the entity for the resources entrusted to it.

The accounting system of the EIT comprises general accounts and budgetary accounts. The accounts are kept in EUR and are accounted on the basis of a financial year equal to the calendar year. The budgetary accounts give a detailed picture of the implementation of the budget. They are based on the modified cash accounting principle.² The general accounts allow for the preparation of the financial statements as they show all charges and income for the financial year and are designed to establish the financial position in the form of a balance sheet at 31 December.

The EIT financial statements have been drawn up using the methods of preparation set out in the accounting rules laid down by the European Commission's accounting officer.

Article 78 of the EIT Financial Rules sets out the accounting principles to be applied in drawing up the financial statements:

Going concern basis

The financial statements have been made in accordance with the going concern principle, which means that the EIT is deemed to have been established for an indefinite duration (IPSAS 1; Implementing Rules, Article 187).

² This differs from cash-based accounting because of elements such as carryovers.

Prudence

Assets and income in these financial statements have not been overstated, and liabilities and expenses have not been understated. No hidden reserves have been created (IPSAS 1; Implementing Rules, Article 188).

Consistent accounting method

According to this principle the accounting methods and valuation rules may not be changed from one year to the next (IPSAS 1; Implementing Rules, Article 189).

Comparability of information

In accordance with this principle, the financial statements shall show for each item the amount of the corresponding item for the previous year. Where the presentation or the classification of one of the components of the financial statements has been changed, the corresponding amounts for the previous year shall be made comparable and reclassified (IPSAS 1; Implementing Rules, Article 190).

Materiality

According to this principle, items that are material by virtue of their nature should be presented separately in the financial statements. Items that are material by virtue of their size but which have the same nature may be aggregated. Immaterial amounts should be aggregated with amounts of a similar nature or function and need not be presented separately (IPSAS 1; Implementing Rules, Article 191).

No netting

The principle of no netting means that assets and liabilities may not be offset against each other, nor may revenues and expenses, save where the revenues and expenses derive from the same transaction, from similar transactions or from hedging operations and provided that they are not individually material (IPSAS 1; Implementing Rules, Article 192).

Reality over appearance (Substance Over Form)

This principle states that if information is to represent faithfully the transactions and other events that it purports to represent, it is necessary that they are accounted for and presented in accordance with their substance and economic reality and not merely their legal form. The substance of transactions or other events is not always consistent with their legal form (IPSAS 1; Implementing Rules, Article 193).

Accrual based accounting

Accrual based accounting is an accounting method that measures the performance and position of the entity by recognizing economic events regardless of when cash transactions occur. Income and expense items are recognized and recorded when income is earned and expense is incurred, regardless of when cash is actually received or paid. (IPSAS 1; EIT Financial Rules, Article 79 (1.); Implementing Rules, Article 194).

Reporting period

The EIT reporting period is from 1 January to 31 December 2013.

CURRENCY AND BASIS FOR CONVERSION

Functional and reporting currency

The financial statements are presented in Euro, which is the functional and reporting currency of the EIT (EIT Financial Rules, Article 80).

Transactions

Foreign currency transactions were converted into Euro using the official exchange rates of the European Commission of the day on which the payment order was drawn up (Implementing Rules, Article 8).

Gains and losses resulting from the settlement of foreign currency transactions are recognised in the economic outturn account.

CHART OF ACCOUNTS

The chart of accounts used by EIT follows the structure of the chart of accounts of the European Commission (PCUE).

ECONOMIC OUTTURN ACCOUNT

Non-Exchange Revenue

Non-exchange revenues for 2013 consist of the subsidy and other operational revenue received from the European Commission and the Hungarian contribution.

In accordance with point 3 of Annex A of the Host Agreement between the EIT and the Government of Hungary, the Hungarian Government agreed to make a contribution towards the staff costs of the EIT representing the wage costs of 20 employees of the EIT for five years. The paid contribution for 2013 was EUR 1 560 000,00.

	2013	2012
EC subsidy	93 462 181,00	68 697 863,00
Host state contribution	1 560 000,00	1 926 227,38
Recoveries of GA	1 483 268,02	1 242 317,32
Miscellaneous income	-	1 635,00
Exchange rate gains	115 293,43	27 786,19
Total	96 620 742,45	71 895 828,89

Service in-kind - Host state contribution to the EIT premises

According to Article 3(3) of the Host Agreement the Hungarian Government covers the rental fee of the EIT premises for 20 years. For such in-kind services the EIT follows the non-recognition approach therefore the contribution was not recognised as revenue (and asset) in the EIT books.

The Hungarian Government contribution to the rental fee constitutes 547 524,48 EUR in kind revenue per calendar year.

Expenses

According to the principle of the accrual-based accounting, financial statements take account of expenses relating to the reporting period; without taking into consideration the payment date.

Administrative and operational expenses

	2013	2012
Staff expenses	2 986 838,65	2 668 380,47
Fixed asset related expenses	81 060,23	74 730,18
Other administrative expenses	1 288 183,16	1 143 400,47
Operational expenses	124 375 776,40	85 579 605,15
Total	128 731 858,44	89 466 116,27

Staff expenses comprise different categories of personnel related expenses: salaries, allowances, mission costs and other welfare expenses. Fixed asset related expenses comprise the charged amortisation/depreciation.

Other administrative expenses comprise building associated costs, maintenance and service fees, office running costs, the honoraria for the Governing Board and meeting expenses. Operational expenses comprise the KIC grants, studies, expert fees, operational meeting and other operative expenses. The amount includes the pre-financing already paid of 68 644 637,53 EUR.

Average number of employees

	2013	2012
Temporary agents	27	28
Contract agents	13	18
Total	40	46

Financial operations revenues (exchange revenue)

The EIT Financial Rules provide the EIT with derogation; the funds paid to the EIT by the Commission by way of the subsidy shall bear interest for the benefit of its budget. (EIT FR, Art. 51). The interest collected in 2013 will be incorporated into the 2014 EIT budget.

	2013	2012
Bank interest	10 568,65	24 405,91

BALANCE SHEET

ASSETS

Assets are resources controlled by the EIT as a result of past events and from which future economic benefits or service potential are expected to flow.

EIT uses ABAC Assets, which is an integrated part of the ABAC platform, as inventory application.

Fixed assets

Fixed assets are assets that are expected to be used during more than one reporting period. The fixed assets in these financial statements are valued at their acquisition price or production cost. The book value of a fixed asset is equal to its acquisition price or production cost, plus or minus revaluations, depreciation and other amounts written off.

Intangible fixed assets

Intangible fixed assets are identifiable non-monetary assets without any physical form. In the EIT's case these consist of computer software.

Tangible fixed assets

Tangible fixed assets are assets of physical nature, consisting of technical equipments, furniture, computer hardware, telecommunication and audio-visual equipment.

Depreciation

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life (IPSAS 17). The depreciation on fixed assets is calculated using the straight-line method with the following rates:

Depreciation rates

Type of asset	Straight line depreciation rate
Computer software	25%
Technical equipment	12.5%
Vehicles	25%
Furniture	10%
Kitchen, cafeteria equipment	12.5%
Computer hardware	25%
Telecommunication and audio-visual equipment	25%

Details of the fixed assets' depreciation can be found in the following table.

		Computer software	Plant and Equipment	Computer hardware	Furniture and vehicles	Other Fixtures and Fittings	Total
Gross carrying amounts 01.01.2013	+	56.384,15	1.235,76	174.911,20	90.593,56	50.093,60	373.218,27
Additions	+			38.990,00	2.588,23	0,00	41.578,23
Gross carrying amounts 31.12.2013		56.384,15	1.235,76	220.653,43	93.181,79	50.093,60	421.548,73
Accumulated amortization and impairment 01.01.2013	-	-26.341,15	-884,76	-96.431,20	-20.159,56	-28.192,60	-172.009,27
Depreciation	-	-13.905,00	-301,00	-44.941,00	-9.740,23	-12.173,00	-81.060,23
Accumulated amortization and impairment 31.12.2013		-40.246,15	-1.185,76	-148.124,43	-29.899,79	-40.365,60	-259.821,73
Net carrying amounts 31.12.2013		16.138,00	50,00	72.529,00	63.282,00	9.728,00	161.727,00

Receivables

Receivables are carried at original invoice amount less write-down for impairment. A write-down for impairment of receivables is established when there is objective evidence that the EIT will not be able to collect all amounts due according to the original terms of receivables. The amount of the write-down is recognised in the economic outturn account statement.

Short term and long term receivables

Article 5(2) of the EIT Regulation powered the EIT to establish a Foundation (EIT Foundation, EITF) with the specific objective of promoting and supporting the activities of the EIT. The EITF was established in September 2010 as a philanthropic foundation registered in the Netherlands.

The EIT provided the EITF with an initial loan to support its establishment and preliminary activities.

In January 2014 the EITF reimbursed 12 850,00 EUR. The remaining 62 150,00 EUR shall be reimbursed by December 2014.

The loan was provided at no interest (0%) however subject to the condition to pay back the yielded interest on the provided loan. For this purpose the EITF is obliged to open an interest bearing account and to keep the disbursed funds on it.

The amount of receivables from grants relates to the 2012 grants.

Long term:

	2013	2012
Deposit paid to supplier	1 135,44	1 135,44
Total	1 135,44	1 135,44

Short-term:

	2013	2012
Recoveries grant	575 593,59	1 242 317,32
Procurement pre-financing	-	21 103,55
EITF loan	62 150,00	75 000,00
Open reimbursement EITF loan	12 850,00	-
Receivables from consolidated entities	1 360,38	-
Recoverable VAT from host state	61 483,74	37 395,66
Accrued income/deferred charges	10 568,65	5 196,08
Sundry receivables	59 482,90	16 230,74
Total	783 489,29	1 397 243,35

Breakdown of accrued income/deferred charges:

	2013	2012
Accrued interest	10 568,65	5 196,08
Total	10 568,65	5 196,08

Article 51 of the EIT Financial Rules grants derogation as regards the interest earned on the subsidy payments: the funds paid to the EIT by the Commission by way of the subsidy bears interest for the benefit of its budget.

Cash and cash equivalents

	2013	2012
Bank accounts	3 117 696,94	8 215 647,36
Total	3 117 696,94	8 215 647,36

The bank accounts are held with BNP Paribas Fortis (Fortis Bank nv/sa) in Belgium, denominated in EUR and in HUF.

EQUITY AND LIABILITIES

Provisions for risks and liabilities

Provisions for risks and liabilities are recognised when EIT has a present legal or constructive obligation as a result of past events; an outflow of resources might be required to settle the obligation, and the amount can be reliably estimated.

The European Parliament, the Council and the European Commission reached a final agreement regarding the outstanding issue of a salary increase resulting in no increase for 2011 and 0.8% adjustment for 2012 (date of effect 1 July 2012). The provision as at 31/12/2013 reflects this agreement and covers the period from 1 July 2011 to 31 December 2013 and also takes into account the effect of the revised correction coefficients for Hungary.

Short term provisions

	2013	2012
Provision for salary increases	102 789,31	48 279,17

Current payables

The accounts payable as at 31 December 2013 comprise outstanding unpaid invoices and claims from the suppliers, beneficiaries and other public bodies.

	2013	2012
Accounts payable	5 028,23	43 634,51
Total	5 028,23	43 634,51

Accrued expenses and deferred income

	2013	2012
Accrued expenses	56 560 559,88	30 226 386,18
Deferred income	0,00	0,00
Total	56 560 559,88	30 226 386,18

Accrued expenses are expenses that have been incurred but not yet paid. The majority of the booked accruals are related to KIC grant agreements (55 794 506,03 EUR; this amount is the actual cost claimed by KICs decreased by pre-financing already paid).

The calculated amount of holiday compensation is recognised as accrued expense (according to the Staff regulation - Annex V: Leave, Article 4 - if the person at the time of leaving the service has not used up his/her annual leave, he/she shall be paid compensation equal to one thirtieth of his monthly remuneration for each day of leave due to him/her).

Accounts payable with consolidated EU entities

	2013	2012
Repayable positive budgetary outturn	-	-
Repayable interest earned on EU subsidy	-	-
Other payables to consolidated EU entities	-	-
Total	-	-

Article 16 of the EIT Financial Rules grants derogation to the EIT by providing that the balance of the budgetary outturn account is entered into the EIT budget for the following financial year. However it needs to reimburse the amount not used within the three following years. (Article 14 of the Financial Regulation).

Article 51 of the EIT Financial Rules grants derogation as regards the interest earned on the subsidy payments: the funds paid to the EIT by the Commission by way of the subsidy bears interest for the benefit of its budget.

CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events; or a present obligation that arises from past events but is not recognised because the amount of the obligation cannot be measured with sufficient reliability.

The 2013 positive budget outturn amounting to 3 287 973,40 EUR is available for payments until the following three years according to article 14 of the Financial Regulation. The fact that EIT has to reimburse what has not been used within the following three years from this source implies a possible future obligation with an unknown amount.

Operational leases

Operational leases are classified as such where the lessor retains a significant portion of the risks and rewards of ownership. Lease payments under an operating lease are recognised as an expense in the economic outturn account on a straight-line basis over the lease term. Assets subject to an operating lease are treated as rentals.

EIT has no operational lease contracts.

Carryovers

The EIT recognises the difference between the amount of the automatic carryover of commitment appropriations (the budgetary commitment is the operation reserving the appropriation necessary to cover subsequent payments to honour a legal commitment) and the accrued expenses as a contingent liability.

	2013	2012
Automatic carryovers (C8)	64 558 257,20	35 526 567,23
Accrued expenses	(56 560 559,88)	(30 226 386,18)
Contingent liabilities for carryovers	7 997 697,32	5 300 181,05

Amounts relating to legal cases

EIT has no legal case.

Long term/Multi-annual contractual commitments

A commitment for future funding is a possible future outflow of resources that could arise due to a legal or contractual commitment existing at year end. Significant long-term service contracts fall under this category.

The EIT has no existing multi-annual contracts without budgetary commitments.

	2013	2012
Operational leases	-	-
Carryovers	7 997 697,32	5 300 181,05
Legal case	-	-
Multi-annual contractual commitments	-	-
Contingent liabilities	7 997 697,32	5 300 181,05

CONTINGENT ASSETS

Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events but which are not recognised because the amount of the obligation cannot be measured with sufficient reliability.

Guarantees received for pre-financing

Articles 118 of the EU Financial Regulation and Article 182 of the Implementing Rules allow the Authorising Officers, if appropriate and proportionate, to require an advance guarantee for pre-financing.

At the end of 2013 the guarantees linked to open grant agreement constituted EUR 5 257 669,22.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies for the financial year 2013.

**PART II - REPORT ON THE IMPLEMENTATION OF THE
BUDGET**

Budget outturn

Table 1 - Budget outturn		2013	2012
REVENUE			
Commission subsidy (for the operating budget -Titles 1,2 and 3 - of the agency)	+	93 462 181,00	68 697 863,00
Host Member State contribution	+	1 560 000,00	1 560 000,00
Other income	+	2 174 397,66	6 491 387,95
TOTAL REVENUE (a)		97 196 578,66	76 749 250,95
EXPENDITURE			
<i>Title I: Staff</i>			
Payments	-	3 450 021,83	2 576 115,37
Appropriations carried over	-	105 872,20	299 023,27
<i>Title II: Administrative Expenses</i>			
Payments	-	597 255,92	557 130,00
Appropriations carried over	-	193 420,05	336 590,05
<i>Title III: Operating Expenditure</i>			
Payments	-	91 615 737,59	67 511 192,71
Appropriations carried over	-	1 843 377,43	6 433 823,80
TOTAL EXPENDITURE (b)		97 805 685,02	77 713 875,20
OUTTURN FOR THE FINANCIAL YEAR (a-b)		-609 106,36	-964 624,25
Cancellation of unused payment appropriations carried over from previous year	+	474 365,97	4 019 561,76
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	+	1 635,00	366 227,38
Exchange differences for the year (gain +/-loss -)	+/-	32 628,66	-32 714,76
BALANCE OF THE OUTTURN ACCOUNT FOR THE FINANCIAL YEAR		-100 476,73	3 388 450,13
Balance year N-1	+/-	3 388 450,13	-1 824 955,81
Positive balance from year N-1 reimbursed in year N to the Commission	-	0,00	0,00
Result used for determining amounts in general accounting		3 287 973,40	1 563 494,32

Reconciliation of the budgetary and economic outturn

Table 2 - Reconciliation of the budgetary and economic outturn	EUR
ECONOMIC RESULT	-32 100 754,85
Adjustments for accrual cut off reversal 31.12.N-1	-30 226 386,18
Adjustments for accrual cut off reversal 31.12.N	56 560 559,88
Unpaid invoices at year end but booked in charges	5 028,23
Depreciation of intangible and tangible assets	81 060,23
Provisions	54 510,14
Payments made from carry over and payment appropriations	6 595 071,15
Other revenue	24 406,00
Asset acquisitions	-41 578,23
Recovery orders (grants) not yet cashed	-557 593,59
Recovery orders (grants) from previous years cashed in 2013	1 242 317,32
Recovery orders (others) not yet cashed	-59 088,36
Pre-financing open at the end of 2011 and paid in 2012	21 103,55
Payment appropriations carried over	-2 142 669,68
Cancellation of unused carried over payment appropriations from previous year	474 365,97
Accrued income/ Deferred Charges	-10 568,65
Exchange rate differences according EOA	-117 520,85
Exchange rate differences according BOA	32 628,66
Others	64 632,53
Total	-100 476,73
BUDGETARY RESULT	-100 476,73

Revenue

Type of revenue	Revenue Budget (1)	Entitlements established (2)	Revenue received (3)	%, 3/1	%, 3/2
Commission subsidy incl. EFTA	93 462 181	93 462 181	93 462 181	100,00%	100,00%
Host Member State contribution	1 560 000	1 560 000	1 560 000	100,00%	100,00%
Other revenue	3 737 892	2 187 248	2 174 398	58,17%	99,41%
- bank interest	24 406	24 406	24 406	100,00%	100,00%
- EITF loan		12 850	0		0,00%
- repayment of grant following ex-post audit	2 149 992	2 149 992	2 149 992	100,00%	100,00%
- positive budgetary outturn 2012	1 563 494				
Total	98 760 073	97 209 429	97 196 579	98,42%	99,99%

Expenditure

Summary of the implementation of the budget (C1, R0 and C4)

Budget Title	Heading	Commitment appropriations			Payment appropriations		
		Final budget, EUR (1)	Committed Amount, EUR (2)	% (2/1)	Payment appropriations, EUR (4)	Paid amount, EUR (5)	% (5/4)
Title 1	Staff expenditure	4 248 335	3 555 894	83,70 %	4 248 335	3 450 022	81,21 %
Title 2	Infrastructure and operating expenditure	931 500	790 676	84,88 %	931 500	597 256	64,12 %
<i>Total Title 1 and 2 - Administrative expenditure</i>		<i>5 179 835</i>	<i>4 346 570</i>	<i>83,91 %</i>	<i>5 179 835</i>	<i>4 047 278</i>	<i>78,14 %</i>
Title 3	Operational expenditure	137 017 905	133 543 508	97,46 %	93 580 238	91 615 738	97,90 %
TOTAL		142 197 740	137 890 078	96,97 %	98 760 073	95 663 015	96,86 %

Implementation of the commitment and payment appropriations (C1)

Table 5 - Implementation of commitment and payment appropriations (C1)							
Budget item	Heading	Commitment appropriations, EUR (1)	Committed Amount, EUR (2)	% (2/1)	Payment appropriations, EUR (4)	Paid, EUR (5)	% (5/4)
A-1100	Basic salaries including weightings	700 000,00	562 105,05	80,30 %	700 000,00	562 105,05	80,30 %
A-1101	Allowances	353 000,00	243 462,14	68,97 %	353 000,00	243 462,14	68,97 %
A-1102	Employers charges	60 000,00	48 762,56	81,27 %	60 000,00	48 762,56	81,27 %
A-1110	Remuneration and allowances of contract agents	340 000,00	192 265,27	56,55 %	340 000,00	192 265,27	56,55 %
A-1120	Termination of service	215 000,00	200 709,05	93,35 %	215 000,00	200 709,05	93,35 %
A-1130	Schooling	100 000,00	96 052,55	96,05 %	100 000,00	96 052,55	96,05 %
Total Chapter 11		1 768 000,00	1 343 356,62	75,98 %	1 768 000,00	1 343 356,62	75,98 %
A-1200	Recruitment expenses	42 000,00	26 889,33	64,02 %	42 000,00	21 889,33	52,12 %
A-1201	Entitlements related to entering transfer and leave	180 000,00	101 564,48	56,42 %	180 000,00	101 564,48	56,42 %
Total Chapter 12		222 000,00	128 453,81	57,86 %	222 000,00	123 453,81	55,61 %
A-1300	Mission expenses	320 000,00	279 000,00	87,19 %	320 000,00	264 867,67	82,77 %
Total Chapter 13		320 000,00	279 000,00	87,19 %	320 000,00	264 867,67	82,77 %
A-1400	Restaurant and canteen	500,00	465,00	93,00 %	500,00	0,00	0,00 %
A-1410	Medical expenses	7 000,00	3 111,00	44,44 %	7 000,00	2 411,00	34,44 %
A-1420	Early childhood centre and approved day nurseries	63 135,00	32 412,04	51,34 %	63 135,00	32 412,04	51,34 %
A-1430	Social contacts among staff members	5 800,00	5 400,00	93,10 %	5 800,00	0,00	0,00 %
Total Chapter 14		76 435,00	41 388,04	54,15 %	76 435,00	34 823,04	45,56 %
A-1500	Training	100 400,00	82 617,91	82,29 %	100 400,00	37 186,22	37,04 %
Total Chapter 15		100 400,00	82 617,91	82,29 %	100 400,00	37 186,22	37,04 %
A-1601	Seconded National Expert	50 000,00	42 799,54	85,60 %	50 000,00	42 799,54	85,60 %
A-1603	IT support	45 000,00	23 268,00	51,71 %	45 000,00	0,00	0,00 %
A-1604	Administrative assistance	55 000,00	37 124,90	67,50 %	55 000,00	27 948,90	50,82 %
A-1611	Translation	50 000,00	17 478,75	34,96 %	50 000,00	15 478,75	30,96 %
Total Chapter 16		200 000,00	120 671,19	60,34 %	200 000,00	86 227,19	43,11 %
A-1700	Representation expenses	1 500,00	406,46	27,10 %	1 500,00	107,28	7,15 %
Total Chapter 17		1 500,00	406,46	27,10 %	1 500,00	107,28	7,15 %
Total Title 1		2 688 335,00	1 995 894,03	74,24 %	2 688 335,00	1 890 021,83	70,30 %
A-2010	Building insurance	4 000,00	0,00	0,00 %	4 000,00	0,00	0,00 %
A-2020	Water gas electricity and heating	24 500,00	20 000,00	81,63 %	24 500,00	0,00	0,00 %
A-2030	Cleaning and maintenance	15 000,00	10 665,00	71,10 %	15 000,00	4 980,98	33,21 %
A-2040	Security and surveillance	1 500,00	0,00	0,00 %	1 500,00	0,00	0,00 %
A-2050	Fitting out of premises	1 200,00	654,23	54,52 %	1 200,00	654,23	54,52 %
A-2090	Other expenditure related to the buildings	1 000,00	0,00	0,00 %	1 000,00	0,00	0,00 %
Total Chapter 20		47 200,00	31 319,23	66,35 %	47 200,00	5 635,21	11,94 %
A-2100	Acquisition renting of equipments and software	170 500,00	137 361,02	80,56 %	170 500,00	55 828,31	32,74 %
A-2101	Maintenance and repair of equipments	125 000,00	101 272,52	81,02 %	125 000,00	77 646,32	62,12 %
Total Chapter 21		295 500,00	238 633,54	80,76 %	295 500,00	133 474,63	45,17 %
A-2200	Acquisition rental of general and technical equipm	5 000,00	1 015,00	20,30 %	5 000,00	631,14	12,62 %
A-2201	Maintenance and repair of general and technical eq	7 500,00	0,00	0,00 %	7 500,00	0,00	0,00 %
A-2212	Transport cost	1 000,00	436,18	43,62 %	1 000,00	386,18	38,62 %
A-2220	Acquisition rental of furniture	15 000,00	0,00	0,00 %	15 000,00	0,00	0,00 %
A-2221	Repair of furniture	1 000,00	0,00	0,00 %	1 000,00	0,00	0,00 %
Total Chapter 22		29 500,00	1 451,18	4,92 %	29 500,00	1 017,32	3,45 %
A-2300	Stationery and office supplies	15 000,00	11 008,84	73,39 %	15 000,00	9 006,01	60,04 %
A-2310	Postage and delivery charges	6 000,00	3 000,00	50,00 %	6 000,00	2 524,45	42,07 %
A-2320	Telecommunication charges	39 000,00	39 000,00	100,00 %	39 000,00	35 257,30	90,40 %
A-2330	Legal expenses and damages	11 800,00	0,00	0,00 %	11 800,00	0,00	0,00 %
A-2340	Handling and moving	2 500,00	207,61	8,30 %	2 500,00	207,61	8,30 %
A-2350	Bank charges	1 000,00	220,35	22,04 %	1 000,00	120,35	12,04 %
A-2360	Honoraria for Governing and Executive Committee Me	197 000,00	193 500,00	98,22 %	197 000,00	193 500,00	98,22 %
A-2390	Other administrative expenses	1 000,00	34,07	3,41 %	1 000,00	34,07	3,41 %
Total Chapter 23		273 300,00	246 970,87	90,37 %	273 300,00	240 649,79	88,05 %
A-2400	Official Journal	6 000,00	3 989,17	66,49 %	6 000,00	2 589,17	43,15 %
A-2401	EIT publications	2 000,00	2 000,00	100,00 %	2 000,00	0,00	0,00 %
A-2410	Purchase information	5 000,00	3 571,78	71,44 %	5 000,00	3 571,78	71,44 %
Total Chapter 24		13 000,00	9 560,95	73,55 %	13 000,00	6 160,95	47,39 %
A-2500	Organisation of Governing Board and Executive Comm	28 000,00	26 229,68	93,68 %	28 000,00	15 465,55	55,23 %
A-2501	Travel expenses of Governing Board and Executive C.	240 000,00	234 216,70	97,59 %	240 000,00	192 808,65	80,34 %
A-2520	Internal meetings	5 000,00	2 293,82	45,88 %	5 000,00	2 043,82	40,88 %
Total Chapter 25		273 000,00	262 740,20	96,24 %	273 000,00	210 318,02	77,04 %
Total Title 2		931 500,00	790 675,97	84,88 %	931 500,00	597 255,92	64,12 %

Budget item	Heading	Commitment appropriations	Committed Amount (2)	% (2/1)	Payment appropriations	Paid (5)	% (5/4)
B3-000	KIC Grants	131 788 913,00	130 138 390,46	98,75 %	89 543 336,00	89 543 336,00	100,00 %
	Total Chapter 30	131 788 913,00	130 138 390,46	98,75 %	89 543 336,00	89 543 336,00	100,00 %
B3-110	KIC monitoring and performance measurement	740 000,00	407 110,96	55,01 %	457 850,00	417 960,96	91,29 %
B3-120	Entrepreneurship activities	250 000,00	119 908,76	47,96 %	108 960,00	36 212,26	33,23 %
B3-130	Educational activities	230 000,00	100 881,89	43,86 %	190 100,00	113 718,51	59,82 %
B3-150	Experts	70 000,00	19 394,24	27,71 %	75 000,00	52 970,75	70,63 %
B3-151	Legal assistance	100 000,00	91 462,00	91,46 %	55 000,00	34 458,00	62,65 %
B3-190	Other KIC related activities	129 000,00	16 899,11	13,10 %	45 000,00	12 989,11	28,86 %
	Total Chapter 31	1 519 000,00	755 656,96	49,75 %	931 910,00	668 309,59	71,71 %
B3-200	Communication tools	570 000,00	559 053,95	98,08 %	360 000,00	191 738,12	53,26 %
B3-201	Media affairs	15 000,00	15 000,00	100,00 %	15 000,00	0,00	0,00 %
B3-202	Communication strategy and corporate identity	185 000,00	184 499,75	99,73 %	96 000,00	96 000,00	100,00 %
B3-203	EIT brand events conferences	690 000,00	563 101,49	81,61 %	330 000,00	183 538,36	55,62 %
	Total Chapter 32	1 460 000,00	1 321 655,19	90,52 %	801 000,00	471 276,48	58,84 %
B3-300	Strategy development	85 000,00	83 727,02	98,50 %	145 000,00	105 223,86	72,57 %
B3-301	Stakeholder relations	15 000,00	1 760,90	11,74 %	9 000,00	4 325,14	48,06 %
	Total Chapter 33	100 000,00	85 487,92	85,49 %	154 000,00	109 549,00	71,14 %
	Total Title 3	134 867 913,00	132 301 190,53	98,10 %	91 430 246,00	90 792 471,07	99,30 %
	Total	138 487 748,00	135 087 760,53	97,54 %	95 050 081,00	93 279 748,82	98,14 %

Implementation of the commitment and payment appropriations (C2)

Table 6 - Implementation of appropriations carried over from 2012 to 2013 on decision

Budget item	Heading	Commitment appropriations, EUR (1)	Committed Amount, EUR (2)	% (2/1)	Payment appropriations, EUR (4)	Paid, EUR (5)	% (5/4)
B3-000	KIC Grants				6 063 679,48	6 063 679,48	100,00 %
	Total Chapter 30	0,00	0,00		6 063 679,48	6 063 679,48	100,00 %
B3-110	KIC monitoring and performance measurement				67 000,00	0,00	0,00 %
B3-140	EIT Foundation				25 000,00	0,00	0,00 %
B3-150	Experts				29 345,00	0,00	0,00 %
B3-151	Legal assistance				42 020,00	0,00	0,00 %
	Total Chapter 31	0,00	0,00		163 365,00	0,00	0,00 %
B3-200	Communication tools				83 559,90	0,00	0,00 %
B3-202	Communication strategy and corporate identity				123 219,42	53 521,80	43,44 %
	Total Chapter 32	0,00	0,00		206 779,32	53 521,80	25,88 %
	Total	0,00	0,00		6 433 823,80	6 117 201,28	95,08 %

Implementation of the commitment and payment appropriations (C4)

Table 7 - Implementation of appropriations from assigned revenue

Budget item	Heading	Commitment appropriations (1)	Committed Amount (2)	% (2/1)	Payment appropriations (4)	Paid (5)	% (5/4)
B3-000	KIC Grants	2 149 991,75	1 242 317,32	57,78 %	2 149 991,75	823 266,52	38,29 %
	Total	2 149 991,75	1 242 317,32	57,78 %	2 149 991,75	823 266,52	38,29 %

Implementation of the commitment and payment appropriations (C8)

Table 8 - Implementation of appropriations carried over automatically from 2012 to 2013							
Budget item	Heading	Commitment appropriations, EUR (1)	Committed, EUR (2)	% (2/1)	Paid, EUR (3)	Balance commitment, EUR (1-2)	RAL (-3)
A-1130	Schooling	1 500,00	0,00	0,00 %	0,00	1 500,00	0,00
	Total Chapter 11	1 500,00	0,00	0,00 %	0,00	1 500,00	0,00
A-1200	Recruitment expenses	1 500,00	1 092,97	72,86 %	1 092,97	407,03	0,00
	Total Chapter 12	1 500,00	1 092,97	72,86 %	1 092,97	407,03	0,00
A-1300	Mission expenses	74 652,80	67 108,91	89,89 %	67 108,91	7 543,89	0,00
	Total Chapter 13	74 652,80	67 108,91	89,89 %	67 108,91	7 543,89	0,00
A-1410	Medical expenses	2 150,37	721,88	33,57 %	721,88	1 428,49	0,00
A-1420	Early childhood centre and approved day nurseries	1 527,75	0,00	0,00 %	0,00	1 527,75	0,00
A-1430	Social contacts among staff members	3 560,00	3 540,00	99,44 %	3 540,00	20,00	0,00
	Total Chapter 14	7 238,12	4 261,88	58,88 %	4 261,88	2 976,24	0,00
A-1500	Training	50 595,73	30 969,89	61,21 %	30 969,89	19 625,84	0,00
	Total Chapter 15	50 595,73	30 969,89	61,21 %	30 969,89	19 625,84	0,00
A-1601	Seconded National Expert	1 151,28	0,00	0,00 %	0,00	1 151,28	0,00
A-1603	IT support	60 000,00	60 000,00	100,00 %	60 000,00	0,00	0,00
A-1604	Administrative assistance	93 854,34	92 931,24	99,02 %	92 931,24	923,10	0,00
A-1611	Translation	7 531,00	0,00	0,00 %	0,00	7 531,00	0,00
	Total Chapter 16	162 536,62	152 931,24	94,09 %	152 931,24	9 605,38	0,00
A-1700	Representation expenses	1 000,00	19,84	1,98 %	19,84	980,16	0,00
	Total Chapter 17	1 000,00	19,84	1,98 %	19,84	980,16	0,00
	TOTAL Title 1	299 023,27	256 384,73	85,74 %	256 384,73	42 638,54	0,00
A-2020	Water gas electricity and heating	25 000,00	15 957,32	63,83 %	15 957,32	9 042,68	0,00
A-2030	Cleaning and maintenance	5 933,31	4 976,58	83,88 %	4 976,58	956,73	0,00
A-2040	Security and surveillance	1 000,00	620,00	62,00 %	620,00	380,00	0,00
A-2090	Other expenditure related to the buildings	6 960,11	1 809,56	26,00 %	1 809,56	5 150,55	0,00
	Total Chapter 20	38 893,42	23 363,46	60,07 %	23 363,46	15 529,96	0,00
A-2100	Acquisition renting of equipments and software	51 978,56	51 732,29	99,53 %	51 732,29	246,27	0,00
A-2101	Maintenance and repair of equipments	22 987,89	22 987,89	100,00 %	12 524,79	0,00	10 463,10
	Total Chapter 21	74 966,45	74 720,18	99,67 %	64 257,08	246,27	10 463,10
A-2212	Transport cost	80,35	36,17	45,02 %	36,17	44,18	0,00
A-2220	Acquisition rental of furniture	31 691,05	31 410,16	99,11 %	31 410,16	280,89	0,00
	Total Chapter 22	31 771,40	31 446,33	98,98 %	31 446,33	325,07	0,00
A-2300	Stationery and office supplies	3 561,80	3 254,09	91,36 %	3 254,09	307,71	0,00
A-2310	Postage and delivery charges	500,00	94,06	18,81 %	94,06	405,94	0,00
A-2320	Telecommunication charges	10 903,10	10 598,20	97,20 %	10 598,20	304,90	0,00
A-2330	Legal expenses and damages	31 878,30	31 728,30	99,53 %	19 004,50	150,00	12 723,80
A-2350	Bank charges	100,00	99,35	99,35 %	99,35	0,65	0,00
A-2360	Honoraria for Governing and Executive Committee Me	53 000,00	22 000,00	41,51 %	22 000,00	31 000,00	0,00
A-2390	Other administrative expenses	248,52	68,66	27,63 %	68,66	179,86	0,00
	Total Chapter 23	100 191,72	67 842,66	67,71 %	55 118,86	32 349,06	12 723,80
A-2400	Official Journal	5 500,00	1 368,09	24,87 %	1 368,09	4 131,91	0,00
A-2410	Purchase information	867,18	792,62	91,40 %	792,62	74,56	0,00
	Total Chapter 24	6 367,18	2 160,71	33,94 %	2 160,71	4 206,47	0,00
A-2500	Organisation of Governing Board and Executive Comm	17 102,45	6 559,60	38,35 %	6 559,60	10 542,85	0,00
A-2501	Travel expenses of Governing Board and Executive Com	66 559,34	38 213,49	57,41 %	38 213,49	28 345,85	0,00
A-2520	Internal meetings	738,09	365,61	49,53 %	365,61	372,48	0,00
	Total Chapter 25	84 399,88	45 138,70	53,48 %	45 138,70	39 261,18	0,00
	TOTAL Title 2	336 590,05	244 672,04	72,69 %	221 485,14	91 918,01	23 186,90

Budget item	Heading	Commitment appropriations, EUR (1)	Committed, EUR (2)	% (2/1)	Paid, EUR (3)	Balance commitment, EUR (1-2)	RAL (-3)
B3-000	KIC Grants	34 078 024,54	27 785 617,47	81,54 %	27 785 617,47	6 292 407,07	0,00
	Total Chapter 30	34 078 024,54	27 785 617,47	81,54 %		6 292 407,07	0,00
B3-110	KIC monitoring and performance measurement	159 850,00	159 850,00	100,00 %	159 850,00	0,00	0,00
B3-130	Educational activities	14 585,20	12 836,62	88,01 %	12 836,62	1 748,58	0,00
B3-140	EIT Foundation	75 000,00	0,00		0,00 %	75 000,00	0,00
B3-150	Experts	64 771,00	45 016,41	69,50 %	45 016,41	19 754,59	0,00
B3-151	Legal assistance	44 508,00	34 458,00	77,42 %	34 458,00	10 050,00	0,00
	Total Chapter 31	358 714,20	252 161,03	70,30 %	252 161,03	106 553,17	0,00
B3-200	Communication tools	235 886,37	187 571,37	79,52 %	130 631,37	48 315,00	56 940,00
B3-202	Communication strategy and corporate identity	135 193,87	132 007,49	97,64 %	132 007,49	3 186,38	0,00
B3-203	EIT brand events conferences	20 500,18	5 387,47	26,28 %	5 387,47	15 112,71	0,00
	Total Chapter 32	391 580,42	324 966,33	82,99 %	268 026,33	66 614,09	56 940,00
B3-300	Strategy development	59 900,00	59 900,00	100,00 %	59 900,00	0,00	0,00
B3-301	Stakeholder relations	2 734,75	2 564,24	93,77 %	2 564,24	170,51	0,00
	Total Chapter 33	62 634,75	62 464,24	99,73 %	62 464,24	170,51	0,00
	TOTAL Title 3	34 890 953,91	28 425 209,07	81,47 %	582 651,60	6 465 744,84	56 940,00
	TOTAL	35 526 567,23	28 926 265,84	81,42 %	1 060 521,47	6 600 301,39	80 126,90

Implementation of the commitment and payment appropriations (R0)

Table 9 - Implementation of appropriations from external assigned revenue (R0)							
Budget item	Heading	Commitment appropriations, EUR (1)	Committed Amount, EUR (2)	% (2/1)	Payment appropriations, EUR (4)	Paid, EUR (5)	% (5/4)
A-1100	Basic salaries including weightings	900 000,00	900 000,00	100,00 %	900 000,00	900 000,00	100,00 %
A-1101	Allowances	250 000,00	250 000,00	100,00 %	250 000,00	250 000,00	100,00 %
A-1102	Employers charges	50 000,00	50 000,00	100,00 %	50 000,00	50 000,00	100,00 %
A-1110	Remuneration and allowances of contract agents	360 000,00	360 000,00	100,00 %	360 000,00	360 000,00	100,00 %
	TOTAL	1 560 000,00	1 560 000,00	100,00 %	1 560 000,00	1 560 000,00	100,00 %

Budgetary principles, structure and appropriations

Legal basis

Article 93(1) of the EIT Financial Regulation³ stipulates that “the accounts of the EIT shall comprise the financial statements of the EIT and the reports on the implementation of the budget of the EIT.

Budgetary principles

The budget of the EIT is governed by a number of basic principles:

- **unity and budget accuracy:** all expenditure and revenue must be incorporated into a single budget document, must be booked on a budget line and expenditure must not exceed authorised appropriations;
- **universality:** this principle comprises two rules:
 - the rule of non-assignment, meaning that budget revenue must not be earmarked for specific items of expenditure (total revenue must cover total expenditure);
 - the gross budget rule, meaning that revenue and expenditure are entered in full into the budget without any adjustment against each other;
- **annuality:** the appropriations entered are authorized for a single year and must therefore be used during that year;
- **equilibrium:** the revenue and payment appropriations shown in the budget must be in balance;
- **specification:** each appropriation is assigned to a specific purpose and a specific objective;
- **unit of account:** the budget is drawn up and implemented in euro and the accounts are presented in euro;
- **sound financial management:** budget appropriations are used in accordance with the principle of sound financial management, namely in accordance with the principles of economy, efficiency and effectiveness;
- **transparency:** the budget is established and implemented and the accounts presented in compliance with the principle of transparency; the budget and amending budgets are published in the Official Journal of the European Union.

Budget structure

The budget consists of a statement of revenue and expenditure.

The items of revenue and expenditure are classified according to their type or the use to which they are assigned under titles, chapters, articles and items.

³ EIT Governing Board Decision of 27 December 2013

Structure of the budgetary accounts

General overview

The EIT budget contains administrative appropriations and operating appropriations. Furthermore, the budget distinguishes between two types of appropriation: non-differentiated appropriations (NDA) and differentiated appropriations (DA).

Non-differentiated appropriations are used to finance operations of an annual nature (which comply with the principle of annuality). They cover all the administrative items of the budget. In the case of non-differentiated appropriations, the amount of commitment appropriations is the same as that of payment appropriations.

Differentiated appropriations were introduced in order to reconcile the principle of annuality with the need to manage multi-annual operations. They are intended to cover multi-annual operations and comprise all appropriations in Title 3.

Differentiated appropriations are split into commitment and payment appropriations:

- **commitment appropriations:** cover the total cost of the legal obligations entered into for the current financial year for operations extending over a number of years. However, budgetary commitments for actions extending over more than one financial year may, in accordance with Article 69(4) of the EIT Financial Regulation, be broken down over several years into annual installments where the basic act so provides or where they relate to administrative expenditure.
- **payment appropriations:** cover expenditure arising from commitments entered into in the current financial year and/or earlier financial years.

Origin of the appropriations

The main source of appropriations is the Union's budget for the current year. However, there are other types of appropriations resulting from the provisions of the EIT Financial Regulation. They come from previous financial years or outside sources:

- **Initial budget appropriations** adopted for the current year can be supplemented with **transfers** between lines in accordance with the rules laid down in Articles 27 of the EIT Financial Regulation and by amending budgets (covered by Article 34 of the EIT Financial Regulation).
 - **EIT transfers:** transfers decided by the EIT Director on its own authority in accordance with Article 27(1) of EIT Financial Regulation
 - **GB transfers:** transfers decided by the Governing Board in accordance with Article 27(2) of EIT Financial Regulation
- **Appropriations carried over** from previous year or made available again also supplement the current budget. These are
 - non-differentiated appropriations which may be carried over automatically for one financial year only in accordance with Article 14(5) of the EIT Financial Regulation;
 - appropriations carried over by decision of the EIT Governing Board in accordance with Article 14(3) and (4) of the EIT Financial Regulation.
- **Assigned revenue** which is made up of
 - contribution from Host Member State that has concluded a Host Agreement with the EIT;
 - appropriations made available again as a result of repayment of payments on account: These are EIT grants which have been repaid by the Knowledge and Innovation Communities (KICs).

Outstanding commitments (RAL)

With the introduction of differentiated appropriations, a gap developed between commitments entered into and payments made: this gap, corresponding to outstanding commitments, represents the time-lag between when the commitments are entered into and when the corresponding payments are made.

Explanation of the budget outturn (Table 1)

The amounts of EU subsidy and Host Member State contribution entered in the accounts are those credited in the course of the year to the EIT accounts. The other revenue entered in the accounts is the amount actually received in the course of the year.

For the purposes of calculating the budget outturn for the year, expenditure comprises payments made against the year's appropriations for payments plus any of the appropriations for that year that are carried over to the following year. Payments made against the year's appropriations for payments mean payments that are made by the accounting officer by 31 December of the financial year.

The budget outturn represents the difference between:

- total revenue received for that year;
- and total payments made against that year's appropriations plus the total amount of that year's appropriations carried over to the following year.

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

- the net balance of cancellations of payment appropriations carried over from previous years and any payments which exceed non-differentiated appropriations carried over from the previous year;
- the balance of exchange-rate gains and losses recorded during the year.

The payment appropriations carried over include: automatic carryovers and carryovers by decision. The cancellation of unused payment appropriations carried over from the previous year shows the cancellations on appropriations carried over automatically and by decision. It also includes the assigned revenue appropriations carried over.

ANNEX TO THE BUDGET ACCOUNTS

LIST OF THE EIT GOVERNING BOARD MEMBERS 2013

The Governing Board is the principal governing body of the EIT entrusted with the role of strategic leadership and the overall direction of the operational activities implemented by the EIT Headquarters. It is independent and autonomous in its decision-making and is responsible for the selection, evaluation and support of the Knowledge and Innovation Communities (KICs).

The Governing Board brings together 22 high-calibre members balancing prominent expertise from the higher education, research, business and innovation fields. It consists of 18 Appointed Members and 4 Representative Members.

Name	Function
BOJAR Gabor	Appointed GB Member
GARANA María	Appointed GB Member
JOHANSSON Ulf	Appointed GB Member
KERAVNOU-PAPAILIOU Elpida	Appointed GB Member
KOLAR Jana	Appointed GB Member
MAKAROW Marja	Appointed GB Member
OLESEN Peter	Appointed GB Member
PRENDERGAST Patrick	Appointed GB Member
REVELLIN-FALCOZ Bruno	Appointed GB Member since July 2012, Executive Committee Member since September 2012
ROCCA Gianfelice	Appointed GB Member
THRIFT Nigel	Appointed GB Member
VAN DER VEER Jeroen	Appointed GB Member since July 2012, Executive Committee Member since September 2012
GOLEBIEWSKA-TATAJ Daria	Appointed GB Member & Executive Committee Member
HERRMANN Wolfgang	Appointed GB Member
MAEX Karen	Appointed GB Member & Member of the Executive Committee since September 2012
TROPSCHUH Peter F.	Appointed GB Member
VIIK Linnar	Appointed GB Member
VON GABAIN Alexander	Chairman of GB, appointed GB Member
LAMMASNIEMI Jorma	Representative GB Member
PATTE Christine	Representative GB Member
SAUQUET Alfons	Representative GB Member
STERN Nicholas	Representative GB Member

EIT DIRECTOR: Jose Manuel Leceta

ESTABLISHMENT PLAN 2013

Function group and grade	2013				2012			
	Authorised under the Community Budget		Filled as of 31/12/2013		Authorised under the Community Budget		Filled as of 31/12/2012	
	Permanent posts	Temporary Posts	Permanent posts	Temporary Posts	Permanent posts	Temporary Posts	Permanent posts	Temporary Posts
AD 16						0		0
AD 15						0		0
AD 14		1		1		1		1
AD 13						0		0
AD 12		1				0		0
AD 11		1				2		2
AD 10		2				1		0
AD 9		4		2		3		3
AD 8		8		6		8		5
AD 7		2				2		1
AD 6		7		12		5		10
AD 5		1		1		1		1
AD total		27		22		23		23
AST 11						0		0
AST 10						0		0
AST 9						0		0
AST 8						0		0
AST 7						0		0
AST 6						0		0
AST 5		3				1		0
AST 4		1		2		1		2
AST 3		3		3		3		3
AST 2						0		0
AST 1						0		0
AST total		7		5		5		5
GRAND TOTAL		34		27		28		28