



Brussels, 27.6.2018
COM(2018) 525 final

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE COUNCIL AND THE COURT OF AUDITORS**

ANNUAL ACCOUNTS OF THE EUROPEAN COMMISSION 2017

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CERTIFICATION OF THE ACCOUNTS

The annual accounts of the European Commission for the year 2017 have been prepared in accordance with the Financial Regulation applicable to the general budget of the European Union and the accounting rules adopted by myself in my capacity as the Commission's Accounting Officer, as are to be applied by all the institutions and Union bodies.

I acknowledge my responsibility for the preparation and presentation of the annual accounts of the European Commission in accordance with Article 68 of the Financial Regulation.

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

I hereby certify that 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 European Commission.

[signed]

Rosa ALDEA BUSQUETS

Accounting Officer of the Commission

22 June 2018

FINANCIAL STATEMENTS AND EXPLANATORY NOTES

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

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BALANCE SHEET

EUR millions

	Note	31.12.2017	31.12.2016
NON-CURRENT ASSETS			
<i>Intangible assets</i>	2.1	149	135
<i>Property, plant and equipment</i>	2.2	7 544	6 832
<i>Investments accounted for using the equity method</i>	2.3	581	528
<i>Financial assets</i>	2.4	58 533	60 733
<i>Pre-financing</i>	2.5	24 745	21 777
<i>Exchange receivables and non-exchange recoverables</i>	2.6	619	729
		92 172	90 734
CURRENT ASSETS			
<i>Financial assets</i>	2.4	8 339	3 295
<i>Pre-financing</i>	2.5	24 552	23 964
<i>Exchange receivables and non-exchange recoverables</i>	2.6	11 421	10 607
<i>Inventories</i>	2.7	62	75
<i>Cash and cash equivalents</i>	2.8	23 113	27 579
		67 488	65 521
TOTAL ASSETS		159 659	156 255
NON-CURRENT LIABILITIES			
<i>Pension and other employee benefits</i>	2.9	(72 495)	(66 550)
<i>Provisions</i>	2.10	(2 617)	(1 786)
<i>Financial liabilities</i>	2.11	(49 414)	(54 375)
		(124 526)	(122 711)
CURRENT LIABILITIES			
<i>Provisions</i>	2.10	(645)	(626)
<i>Financial liabilities</i>	2.11	(6 813)	(2 165)
<i>Payables</i>	2.12	(39 376)	(40 240)
<i>Accrued charges and deferred income</i>	2.13	(63 314)	(67 027)
		(110 148)	(110 059)
TOTAL LIABILITIES		(234 674)	(232 770)
NET ASSETS		(75 014)	(76 515)
<i>Reserves</i>	2.14	3 062	3 031
<i>Amounts to be called from Member States*</i>	2.15	(78 077)	(79 546)
NET ASSETS		(75 014)	(76 515)

* The European Parliament adopted a budget on 18 November 2017 which provides for the payment of the Commission's short-term liabilities from own resources to be collected by, or called up from, the Member States in 2018. Additionally, under article 83 of the Staff Regulations (Council Regulation 259/68 of 29 February 1968 as amended), the Member States shall jointly guarantee the liability for pensions.

STATEMENT OF FINANCIAL PERFORMANCE

EUR millions

	Note	2017	2016
REVENUE			
Revenue from non-exchange transactions			
GNI resources		78 620	95 578
Traditional own resources	3.1	20 520	20 439
VAT		16 947	15 859
Fines		4 664	3 858
Recovery of expenses	3.2	1 879	1 946
Other	3.3	6 515	1 695
		129 145	139 376
Revenue from exchange transactions			
Financial revenue	3.4	1 820	1 746
Other	3.5	692	649
		2 511	2 395
Total Revenue		131 657	141 771
EXPENSES			
Implemented by Member States	3.6		
European Agricultural Guarantee Fund		(44 289)	(44 152)
European Agricultural Fund for Rural Development and other rural development instruments		(11 359)	(12 604)
European Regional Development Fund & Cohesion Fund		(17 650)	(35 045)
European Social Fund		(7 353)	(9 366)
Other		(1 253)	(1 606)
Implemented by the Commission, executive agencies and trust funds	3.7	(15 763)	(15 644)
Implemented by other EU agencies and bodies	3.8	(3 429)	(3 064)
Implemented by third countries and int. organisations	3.8	(4 115)	(3 259)
Implemented by other entities	3.8	(1 478)	(2 035)
Staff and pension costs	3.9	(6 995)	(6 911)
Changes in employee benefits actuarial assumptions		(3 581)	(992)
Finance costs	3.10	(1 849)	(1 857)
Other	3.11	(4 642)	(3 462)
Total Expenses		(123 756)	(139 996)
ECONOMIC RESULT OF THE YEAR		7 901	1 775

CASHFLOW STATEMENT

EUR millions

	Note	2017	2016
<i>Economic result of the year</i>		7 901	1 775
Operating activities			
<i>Amortisation</i>		27	26
<i>Depreciation</i>		630	314
<i>(Increase)/decrease in loans</i>		395	1 726
<i>(Increase)/decrease in pre-financing</i>		(3 557)	(497)
<i>(Increase)/decrease in exchange receivables and non-exchange recoverables</i>		(705)	(1 222)
<i>(Increase)/decrease in inventories</i>		13	0
<i>Increase/(decrease) in pension and other employee benefits</i>		5 945	3 343
<i>Increase/(decrease) in provisions</i>		850	548
<i>Increase/(decrease) in financial liabilities</i>		(313)	(2 254)
<i>Increase/(decrease) in payables</i>		(864)	7 874
<i>Increase/(decrease) in accrued charges and deferred income</i>		(3 713)	(935)
<i>Prior year budgetary surplus taken as non-cash revenue</i>		(6 405)	(1 349)
<i>Other non-cash movements</i>		4	23
Investing activities			
<i>(Increase)/decrease in intangible assets and property, plant and equipment</i>		(1 382)	(1 587)
<i>(Increase)/decrease in investments accounted for using the equity method</i>		(53)	(31)
<i>(Increase)/decrease in available for sale financial assets</i>		(3 217)	(835)
<i>(Increase)/decrease in financial assets at fair value through surplus or deficit</i>		(22)	(0)
NET CASHFLOW		(4 467)	6 920
<i>Net increase/(decrease) in cash and cash equivalents</i>		(4 467)	6 920
<i>Cash and cash equivalents at the beginning of the year</i>	2.8	27 579	20 660
<i>Cash and cash equivalents at year-end</i>	2.8	23 113	27 579

STATEMENT OF CHANGES IN NET ASSETS

EUR millions

	Amounts to be called from Member States Accumulated Surplus/(Deficit)	Other reserves	Fair value reserve	Net Assets
BALANCE AS AT 31.12.2015	(79 878)	2 629	286	(76 964)
<i>Movement in Guarantee Fund reserve</i>	(82)	82	-	-
<i>Fair value movements</i>	-	-	24	24
<i>Other</i>	(11)	9	-	(2)
<i>2016 budget result credited to Member States</i>	(1 349)	-	-	(1 349)
<i>Economic result of the year</i>	1 775	-	-	1 775
BALANCE AS AT 31.12.2016	(79 546)	2 720	311	(76 515)
<i>Movement in Guarantee Fund reserve</i>	(20)	20	-	-
<i>Fair value movements</i>	-	-	10	10
<i>Other</i>	(7)	47	(46)	(6)
<i>2017 budget result credited to Member States</i>	(6 405)	-	-	(6 405)
<i>Economic result of the year</i>	7 901	-	-	7 901
BALANCE AS AT 31.12.2017	(78 077)	2 788	275	(75 014)

NOTES TO THE FINANCIAL STATEMENTS

For further information in addition to the notes below, please also see the 2017 EU consolidated annual accounts.

1. SIGNIFICANT ACCOUNTING POLICIES

The European Commission (hereinafter referred to as the Commission) applies the accounting policies of the European Union (hereinafter referred to as the EU). A summary of the significant EU accounting policies is given below.

1.1. LEGAL BASIS AND ACCOUNTING RULES

The accounts of the EU are kept in accordance with Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 298, 26 October 2012, p. 1) hereinafter referred to as the 'Financial Regulation' and Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 (OJ L 362, 31 December 2012, p. 1) laying down detailed rules of application of this Financial Regulation.

In accordance with article 143 of the Financial Regulation, the EU prepares its financial statements on the basis of accrual-based accounting rules that are based on International Public Sector Accounting Standards (IPSAS). These accounting rules, adopted by the Accounting Officer of the Commission, have to be applied by all the institutions and EU bodies falling within the scope of consolidation in order to establish a uniform set of rules for accounting, valuation and presentation of the accounts with a view to harmonising the process for drawing up the financial statements and consolidation.

Application of new and amended European Union accounting rules (EAR)

Amendments to EAR which are effective for annual periods beginning on or after 1 January 2017

The following amendments have been adopted by the Accounting Officer of the Commission:

- Amendments to EAR 1 "Financial Statements"; and
- Amendments to EAR 14 "Accounting Policies, Changes in Accounting Estimates and Errors".

These amendments stem from the recent changes to IPSAS 1 "Presentation of Financial Statements" and IPSAS 3 "Accounting Policies, Changes in Accounting Estimates and Errors", proposing improvements to ensure consistency among IPSAS standards. Consequently, the related EARs have been updated and the main changes relate to the description of qualitative characteristics of financial reporting and updates to the hierarchy of sources to be used in the selection and application of accounting policies.

The adoption of these amendments has had no impact on the EU annual accounts 2017.

New and revised EARs adopted but not yet effective at 31 December 2017

The EU has not applied the following new and revised EARs, which have been adopted by the Accounting Officer of the Commission, but which are not yet effective:

- Revision to EAR 12 "Employee Benefits" (effective for annual periods beginning on or after 1 January 2018): The EAR 12 has been revised in line with the new IPSAS 39 "Employee Benefits". The main change is that any gain or loss resulting from changes in the actuarial assumptions is to be recognised directly in net assets, in contrast with the current requirement to recognise them in surplus or deficit.

The EU is currently analysing the impact and practical consequences of applying this revised EAR. However, no significant impact is expected on the consolidated financial statements, except for the recognition of the actuarial assumptions in the net assets instead of the statement of financial performance.

- New EAR 20 "Public Sector Combinations" (effective for annual periods beginning on or after 1 January 2019): The EAR 20, which is based on the IPSAS 40 "Public Sector Combinations", establishes the classification of a public sector combination into two different types depending on whether the transaction takes place under common control or not: (i) amalgamation, in which the

transaction is based on the carrying amounts of the entity combined with the EU; and (ii) acquisition, in which the transaction is based on the acquisition date fair values of the entity acquired by the EU. Both have distinct requirements and levels of disclosure, in order to provide a better understanding of its effects to users of the financial statements of the EU.

The impact on the EU financial statements in the year of initial application will depend on whether in that period the EU would enter into a public sector combination transaction.

1.2. 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 users. For the EU as a public sector entity, the objectives are more specifically to provide information useful for decision making, and to demonstrate the accountability of the entity for the resources entrusted to it. It is with these goals in mind that the present document has been drawn up.

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.

1.3. CONSOLIDATION

Scope of consolidation

The consolidated financial statements of the EU comprise all significant controlled entities (i.e. the EU institutions (including the Commission) and the EU agencies), associates and joint ventures. The complete list of consolidated entities can be found in note 9 of the EU financial statements. It now comprises 52 controlled entities and 1 associate. Entities that fall under the consolidation scope, but which are immaterial to the EU consolidated financial statements as a whole, need not be consolidated or accounted for using equity method where to do so would result in excessive time or cost to the EU. Those entities are referred to as 'Minor entities' and are separately listed in note 9. In 2017, 7 entities have been classified as minor entities.

Controlled entities

The decision to include an entity in the scope of consolidation is based on the control concept. Controlled entities are all entities for which the EU is exposed, or has right, to variable benefits from its involvement and has the ability to affect the nature and amount of those benefits through its power over the other entity. This power must be presently exercisable and must relate to the relevant activities of the entity. Controlled entities are fully consolidated. The consolidation begins at the first date on which control exists, and ends when such control no longer exists.

The most common indicators of control within the EU are: creation of the entity through founding treaties or secondary legislation, financing of the entity from the EU budget, the existence of voting rights in the governing bodies, audit by the European Court of Auditors and discharge by the European Parliament. An individual assessment for each entity is made in order to decide whether one or all of the criteria listed above are sufficient to result in control.

Under this approach, the EU's institutions (except the European Central Bank) and agencies (excluding the agencies of the former 2nd pillar) are considered as under the exclusive control of the EU and are therefore included in the consolidation scope. Furthermore the European Coal and Steel Community (ECSC) in liquidation is also considered as a controlled entity.

All material "inter-entity transactions and balances" between EU controlled entities are eliminated, while unrealised gains and losses on such transactions are not material and so have not been eliminated.

Joint Arrangements

A joint arrangement is an agreement over which the EU and one or more parties have joint control. Joint control is contractually agreed sharing of control over an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of parties sharing control. Joint agreements can be either joint operations or joint ventures. In case a joint arrangement is structured through a separate vehicle and parties to the joint arrangement have rights to the net assets of the arrangement, this joint arrangement classifies as a joint venture. Participations in joint ventures are accounted for using the equity method (see note **1.5.4**). In case the parties have rights to the assets, and obligations for the liabilities, related to the arrangement, this joint arrangement is classified as a joint operation. In relation to its interest in joint operations, the EU recognises in its financial statements: its assets and liabilities, revenue and expense, as well as its share of assets, liabilities, revenue and expense held or incurred jointly.

Associates

Associates are entities over which the EU has, directly or indirectly, significant influence but not control. It is presumed that significant influence exists if the EU holds directly or indirectly 20 % or more of the voting rights. Participations in associates are accounted for using the equity method (see note **1.5.4**).

Non-consolidated entities the funds of which are managed by the Commission

The funds of the Joint Sickness Insurance Scheme for staff of the EU, the European Development Fund and the Participants Guarantee Fund are managed by the Commission on their behalf. However, since these entities are not controlled by the EU, they are not consolidated in its financial statements.

1.4. BASIS OF PREPARATION

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

1.4.1. Currency and basis for conversion

Functional and reporting currency

The financial statements are presented in millions of euros, unless stated otherwise, the euro being the EU's functional and reporting currency.

Transactions and balances

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. Translation differences on non-monetary financial instruments classified as available for sale financial assets are included in the fair value reserve.

Different conversion methods apply to property, plant and equipment and intangible assets, which retain their value in euros at the rate that applied at the date when they were purchased.

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

Euro exchange rates

Currency	31.12.2017	31.12.2016	Currency	31.12.2017	31.12.2016
BGN	1.9558	1.9558	PLN	4.177	4.4103
CZK	25.5350	27.0210	RON	4.6585	4.5390
DKK	7.4449	7.4344	SEK	9.8438	9.5525
GBP	0.8872	0.8562	CHF	1.1702	1.0739
HRK	7.4400	7.5597	JPY	135.01	123.4000
HUF	310.3300	309.8300	USD	1.1993	1.0541

1.4.2. 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, provisions, financial risk on inventories and accounts receivable, accrued revenue and charges, contingent assets and liabilities, degree of impairment of intangible assets and property, plant and equipment and amounts disclosed in the notes concerning financial instruments. Actual results could differ from those estimates. Changes in estimates are reflected in the period in which they become known.

1.5. BALANCE SHEET

1.5.1. Intangible assets

Acquired computer software licences are stated at historical cost less accumulated amortisation and impairment losses. The assets are amortised on a straight-line basis over their estimated useful lives (3-11 years). The estimated useful lives of intangible assets depend on their specific economic lifetime or legal lifetime determined by an agreement. 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. The costs capitalisable include all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. Costs associated with research activities, non-capitalisable development costs and maintenance costs are recognised as expenses as incurred.

1.5.2. 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 EU 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 and works of art are not depreciated as they are 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>Space assets</i>	8 % to 25 %
<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

Leases of tangible assets, where the EU has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the inception of the lease's commencement at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The interest element of the finance lease payment is charged to expenditure over the period of the lease at a constant periodic rate in relation to the balance outstanding. The rental obligations, net of finance charges, are included in financial liabilities (non-current and current). The interest element of the finance

cost is charged to the statement of financial performance over the lease period so as to produce a constant periodic interest rate on the remaining balance of the liability for each period. The assets held under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

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

1.5.3. 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 reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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. An asset's carrying amount is written down immediately to its recoverable (service) amount if the asset's carrying amount is greater than its estimated recoverable (service) amount. If the reasons for impairments recognised in previous years no longer apply, the impairment losses are reversed accordingly.

1.5.4. Investments accounted for using the equity method

Participations in associates and joint ventures

Investments accounted for using the equity method are initially recognised at cost. The EU's interest in these investments is recognised in the statement of financial performance, and its share in the movements in reserves is recognised in the fair value reserve in net assets. The initial cost together with all movements (further contributions, share of economic results and reserve movements, impairments, and dividends) give the book value of the investment in the financial statements at the balance sheet date. Distributions received from the investment reduce the carrying amount of the asset.

If the EU's share of deficits of an investment accounted for using the equity method equals or exceeds its interest in the investment, the EU discontinues recognising its share of further losses ("unrecognised losses"). After the EU's interest is reduced to zero, additional losses are provided for and a liability is recognised, only to the extent that the EU has incurred legal or constructive obligation or made payments on behalf of the entity.

If there are indications of impairment, a write-down to the lower recoverable amount is necessary. The recoverable amount is determined as described under note **1.5.3**. If the reason for impairment ceases to apply at a later date, the impairment loss is reversed to the carrying amount that would have been determined had no impairment loss been recognised.

In cases where the EU holds 20 % or more of an investment capital fund, it does not seek to exert significant influence. Such funds are therefore treated as financial instruments and categorised as available for sale financial assets.

Associates and joint ventures classified as minor entities are not accounted for under the equity method. EU contributions to those entities are accounted for as an expense of the period.

1.5.5. Financial assets

Classification

The EU classifies their financial assets in the following categories: financial assets at fair value through surplus or deficit; loans and receivables; held-to-maturity investments; and available for sale financial assets. The classification of financial instruments is determined at initial recognition and re-evaluated at each balance sheet date.

(i) Financial assets at fair value through surplus or deficit

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised in this category. Assets in this category are classified as current assets if they are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the EU provides money, goods or services directly to a debtor with no intention of trading the receivable, or in case the EU is subrogated to the rights of the original lender following a payment made by the EU under a guarantee contract. Payments due within 12 months of the balance sheet date are classified as current assets. Payments due after 12 months from the balance sheet date are classified as non-current assets. Loans and receivables include term deposits with the original maturity above three months.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the EU has the positive intention and ability to hold to maturity. During this financial year, the EU did not hold any investments in this category.

(iv) Available for sale financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are classified as either current or non-current assets, depending on the period of time the EU expects to hold them. Investments in entities that are neither consolidated nor accounted for using the equity method and other equity-type investments (e.g. Risk Capital Operations) are also classified as available for sale financial assets.

Initial recognition and measurement

Purchases and sales of financial assets at fair value through surplus or deficit, held-to-maturity and available for sale are recognised on trade-date – the date on which the EU commits to purchase or sell the asset. Cash equivalents and loans are recognised when cash is advanced to the borrowers. Financial instruments are initially recognised at fair value. For all financial assets not carried at fair value through surplus or deficit transactions costs are added to the fair value at initial recognition. Financial assets carried at fair value through surplus or deficit are initially recognised at fair value and transaction costs are expensed in the statement of financial performance.

The fair value of a financial asset on initial recognition is normally the transaction price (i.e. the fair value of the consideration received), unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets (e.g. in case of some derivative contracts). However, when a long-term loan that carries no interest or an interest below market conditions is granted, its fair value can be estimated as the present value of all future cash receipts discounted using the prevailing market rate of interest for a similar instrument with a similar credit rating.

Loans granted are measured at their nominal amount, which is considered to be the fair value of the loan. The reasoning for this is as follows:

- The “market environment” for EU lending is very specific and different from the capital market used to issue commercial or government bonds. As lenders in these markets have the opportunity to choose alternative investments, the opportunity possibility is factored into market prices. However, this opportunity for alternative investments does not exist for the EU which is not allowed to invest money on the capital markets; it only borrows funds for the purpose of lending at the same rate. This means that there is no alternative lending or investment option available to the EU for the sums borrowed. Thus, there is no opportunity cost and therefore no basis of comparison with market rates. In fact, the EU lending operation itself represents the market. Essentially, since the opportunity cost “option” is not applicable, the market price does not fairly reflect the substance of the EU lending transactions. Therefore, it is not appropriate to determine the fair value of EU lending with reference to commercial or government bonds.

- Furthermore as there is no active market or similar transactions to compare with, the interest rate to be used by the EU for fair valuing its lending operations under the EFSM, BOP and other such loans, should be the interest rate charged.
- In addition, for these loans, there are compensating effects between loans and borrowings due to their back-to-back character. Thus, the effective interest for the loan equals the effective interest rate for the related borrowings. The transaction costs incurred by the EU and then recharged to the beneficiary of the loan are directly recognised in the statement of financial performance.

Financial instruments are derecognised when the rights to receive cashflows from the investments have expired or the EU has transferred substantially all risks and rewards of ownership to another party.

Subsequent measurement

- a) Financial assets at fair value through surplus or deficit are subsequently carried at fair value. Gains and losses arising from changes in the fair value of the 'financial instruments at fair value through surplus or deficit' category are included in the statement of financial performance in the period in which they arise.
- b) Loans and receivables are carried at amortised cost using the effective interest method. In the case of loans granted on borrowed funds, the same effective interest rate is applied to both the loans and borrowings since these loans have the characteristics of 'back-to-back operations' and the differences between the loan and the borrowing conditions and amounts are not material. The transaction costs incurred by the EU and then recharged to the beneficiary of the loan are directly recognised in the statement of financial performance.
- c) Held to maturity assets are carried at amortised cost using the effective interest method. The EU currently holds no held to maturity investments.
- d) Available for sale financial assets are subsequently carried at fair value. Gains and losses arising from changes in the fair value of available for sale financial assets are recognised in the fair value reserve, except for translation differences on monetary assets which are recognised in the statement of financial performance. When assets classified as available for sale financial assets are derecognised or impaired, the cumulative fair value adjustments previously recognised in the fair value reserve are recognised in the statement of financial performance. Interest on available for sale financial assets calculated using the effective interest method is recognised in the statement of financial performance. Dividends on available for sale equity instruments are recognised when the EU's right to receive payment is established.

The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities and over-the-counter derivatives), the EU establishes a fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cashflow analysis, option pricing models and other valuation techniques commonly used by market participants.

Investments in Venture Capital Funds, classified as available for sale financial assets, which do not have a quoted market price in an active market are valued at the attributable net asset value, which is considered as an equivalent of their fair value.

In cases where the fair value of investments in equity instruments that do not have a quoted market price in an active market cannot be reliably measured, these investments are valued at cost less impairment losses.

Impairment of financial assets

The EU assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event (or events) has an impact on the estimated future cashflows of the financial asset that can be reliably estimated.

(a) Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the

difference between the asset's carrying amount and the present value of estimated future cashflows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of financial performance. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. The calculation of the present value of the estimated future cashflows of a collateralised financial asset reflects the cashflows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the statement of financial performance.

(b) *Assets carried at fair value*

In the case of equity investments classified as available for sale financial assets, a significant or permanent (prolonged) decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the statement of financial performance – is removed from reserves and recognised in the statement of financial performance. Impairment losses recognised in the statement of financial performance on equity instruments are not reversed through the statement of financial performance. If, in a subsequent period, the fair value of a debt instrument classified as available for sale financial asset increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the statement of financial performance.

1.5.6. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other directly attributable costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. When inventories are held for distribution at no charge or for a nominal charge, they are measured at the lower of cost and current replacement cost. Current replacement cost is the cost the EU would incur to acquire the asset on the reporting date.

1.5.7. 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, they have the obligation to return the pre-financing advance to the EU. The amount of the pre-financing may be reduced (wholly or partially) by the acceptance of eligible costs (which are recognised as expenses).

Pre-financing is, on subsequent balance sheet dates, measured at the amount initially recognised on the balance sheet less eligible expenses (including estimated amounts where necessary) incurred during the period.

Interest on pre-financing is recognised as it is earned in accordance with the provisions of the relevant agreement. An estimate of the accrued interest revenue, based on the most reliable information, is made at the year-end and included on the balance sheet.

Other advances to Member States which originate from reimbursement by the EU of amounts paid as advances by the Member States to their beneficiaries (including "financial instruments under shared management") are recognised as assets and presented under the pre-financing heading. Other advances to Member States are subsequently measured at the amount initially recognised on the balance sheet less a best estimate of the eligible expenses incurred by final beneficiaries, calculated on the basis of reasonable and supportable assumptions.

The EU contributions to the trust funds of the European Development Fund or other unconsolidated entities are also classified as pre-financing since their purpose is to give a float to the trust fund to allow it to finance specific actions defined under the trust fund's objectives. The EU contributions to trust funds

are measured at the initial amount of the EU contribution less eligible expenses, including estimated amounts where necessary, incurred by the trust fund during the reporting period and allocated to the EU contribution in accordance with the underlying agreement.

1.5.8. Exchange receivables and non-exchange recoverables

As the EU accounting rules require a separate presentation of exchange and non-exchange transactions, for the purpose of drawing up the accounts, receivables are defined as stemming from exchange transactions and recoverables are defined as stemming from non-exchange transactions, i.e. when the EU receives value from another entity without directly giving approximately equal value in exchange (for example recoverables from Member States related to own resources).

Receivables from exchange transactions meet the definition of financial instruments and are thus classified as loans and receivables and measured accordingly (see note **1.5.5**). The financial instruments notes disclosures concerning receivables from exchange transactions include accrued revenue and deferred charges from exchange transactions as they are not material.

Recoverables from non-exchange transactions are carried at original amount (adjusted for interest and penalties) less write-down for impairment. A write-down for impairment of recoverables from non-exchange transactions is established when there is objective evidence that the EU will not be able to collect all amounts due according to the original terms of recoverables from non-exchange transactions. 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. A general write-down, based on past experience, is also made for outstanding recovery orders not already subject to a specific write-down. See note **1.5.14** concerning the treatment of accrued revenue at year-end. Amounts displayed and disclosed as recoverables from non-exchanges transactions are not financial instruments as they do not arise from a contract that would give rise to a financial liability or equity instrument. However, in the notes to the financial statements recoverables from non-exchange transactions are disclosed together with receivables from exchange transactions where appropriate.

1.5.9. Cash and cash equivalents

Cash and cash equivalents are financial instruments and include cash at hand, deposits held at call or at short notice with banks and other short-term highly liquid investments with original maturities of three months or less.

1.5.10. Pension and other employee benefits

Pension obligations

The EU operates defined benefit pension plans. Whilst staff contribute from their salaries one third of the expected cost of these benefits, the liability is not funded. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of any plan assets. The defined benefit obligation is calculated by actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in the statement of financial performance. Past-service costs are recognised immediately in statement of financial performance, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Post-employment sickness benefits

The EU provides health benefits to its employees through the reimbursement of medical expenses. A separate fund has been created for its day-to-day administration. Both current employees, pensioners, widowers and their relatives benefit from the system. The benefits granted to the "inactives" (pensioners, orphans, etc.) are classified as "Post-Employment Employee Benefits". Given the nature of these benefits,

an actuarial calculation is required. The liability in the balance sheet is determined on a similar basis as that for the pension obligations (see above).

1.5.11. Provisions

Provisions are recognised when the EU has a present legal or constructive obligation towards third parties as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses. The amount of the provision is the best estimate of the expenses expected to be required to settle the present obligation at the reporting date. Where the provision involves a large number of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities ("expected value" method).

1.5.12. Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through surplus or deficit, financial liabilities carried at amortised cost or as financial guarantee liabilities.

Borrowings are composed of borrowings from credit institutions and debts evidenced by certificates. They are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred, then subsequently carried at amortised cost using the effective interest method; any difference between proceeds, net of transaction costs, and the redemption value is recognised in the statement of financial performance over the period of the borrowings using the effective interest method. In the case of loans granted on borrowed funds, the effective interest method may not be applied to loans and borrowings, based on materiality considerations. The transaction costs incurred by the EU and then recharged to the beneficiary of the loan are directly recognised in the statement of financial performance.

Financial liabilities categorised at fair value through surplus or deficit include derivatives which fair value is negative. They follow the same accounting treatment as financial assets at fair value through surplus or deficit, see note **1.5.5**.

Financial guarantee liabilities are initially recognised at fair value, being the premium received. Subsequently, financial guarantee liabilities are measured at the higher of the best estimate of the expenses expected to be required to settle the financial guarantee liability and the amount initially recognised less, when appropriate, cumulative amortisation. The EU recognises a financial guarantee liability when it receives consideration for granting of the guarantee, that is at market terms, or when the fair value of the guarantee can be measured reliably. In case no active market for a directly equivalent guarantee contract exists, the EU discloses the guarantee given as a contingent liability (see note **1.7.2**) or - when it is more likely than not that an outflow of resources will be required to settle the obligation - the EU recognises a provision (see note **1.5.11**).

Financial liabilities are classified as non-current liabilities, except for maturities less than 12 months after the balance sheet date.

EU trust funds that are considered as part of the Commission's operational activities are accounted for in the Commission accounts and further consolidated in the EU annual accounts. Therefore, contributions from other donors to the EU trust funds fulfil the criteria of revenues from non-exchange transactions under conditions and they are presented as financial liabilities until the conditions attached to the contributions transferred are met, i.e. eligible costs are incurred by the trust fund. The trust fund is required to finance specific projects and return remaining funds at the time of winding-up. At the balance sheet date the outstanding contribution liabilities are measured at contributions received less the expenses incurred by the trust fund, including estimated amounts when necessary. For reporting purposes the net expenses are allocated to the contributions of other donors in proportion to net contributions paid as at 31 December. This allocation of contributions is only indicative. When the trust fund is wound up the actual split of remaining resources will be decided by the trust fund board.

1.5.13. Payables

A significant amount of the payables of the EU are unpaid cost claims from beneficiaries of grants or other EU funding (non-exchange transactions). They are recorded as payables for the requested amount

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 and corresponding expenses are entered in the accounts when the supplies or services are delivered and accepted by the EU.

1.5.14. 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, the supplies have been delivered by the EU or a contractual agreement exists (e.g. by reference to a treaty), 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 Commission which aim at ensuring that the financial statements provide a faithful representation of the economic and other phenomena they purport to represent. By analogy, if 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.

1.6. STATEMENT OF FINANCIAL PERFORMANCE

1.6.1. Revenue

REVENUE FROM NON-EXCHANGE TRANSACTIONS

The vast majority of the EU's revenue relates to non-exchange transactions:

GNI based resources and VAT resources

Revenue is recognised for the period for which the Commission sends out a call for funds to the Member States claiming their contribution. They are measured at their "called amount". As VAT and GNI resources are based on estimates of the data for the budgetary year concerned, they may be revised as changes occur until the final data are issued by the Member States. The effect of a change in estimate is included when determining the net surplus or deficit for the period in which the change occurred.

Traditional own resources

Recoverables from non-exchange transactions and related revenues are recognised when the relevant monthly "A" statements (including duties collected and amounts due that are guaranteed and not contested) are received from the Member States. At the reporting date, revenue collected by the Member States for the period but not yet paid to the Commission is estimated and recognised as accrued revenue. The quarterly "B" statements (including duties neither collected nor guaranteed, as well as guaranteed amounts that have been contested by the debtor) received from the Member States are recognised as revenue less the collection costs to which they are entitled. In addition, a value reduction is recognised for the amount of the estimated recovery gap.

Fines

Revenue from fines is recognised when the EU's decision imposing a fine has been taken and it is officially notified to the addressee. If there are doubts about the undertaking's solvency, a value reduction on the entitlement is recognised. After the decision to impose a fine, the debtors have two months from the date of notification:

- a) either to accept the decision, in which case they must pay the fine within the time limit laid down and the amount is definitively collected by the EU;

- b) or not to accept the decision, in which case they lodge an appeal under EU law.

However, even if appealed, the fine must be paid within the time limit of three months laid down as the appeal does not have suspensory effect (Article 278 of the EU Treaty) or, under certain circumstances and subject to the agreement of the Commission's Accounting Officer, the debtor may present a bank guarantee for the amount instead.

If the undertaking appeals against the decision, and has already provisionally paid the fine, the amount is disclosed as a contingent liability. However, since an appeal against an EU decision by the addressee does not have suspensory effect, the cash received is used to clear the recoverable. If a guarantee is received instead of payment, the fine remains as a recoverable. If it appears probable that the General Court may not rule in favour of the EU, a provision is recognised to cover this risk. If a guarantee had been given instead, then the recoverable outstanding is written-down as required. The accumulated interest received by the Commission on the bank accounts where received payments are deposited is recognised as revenue, and any contingent liability is increased accordingly.

Since 2010, all provisionally cashed fines are managed by the Commission in a specifically created fund (BUFI) and invested in financial instruments.

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.

Interest revenue and expense

Interest revenue and expense are recognised in the statement of financial performance using the effective interest method. This is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest revenue or interest expense over the relevant period. When calculating the effective interest rate, the EU estimates cashflows considering all contractual terms of the financial instrument (for example prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest revenue is recognised using the rate of interest to discount the future cashflows for the purpose of measuring the impairment loss.

Revenue from dividends

Revenue from dividends and similar distributions is recognised when the right to receive payment is established.

1.6.2. Expenses

Expenses from non-exchange transactions account for the majority of the EU's expenses. They 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 (Financial Regulation, Staff Regulations, or other 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 expenses.

Expenses from exchange transactions arising from the purchase of goods and services are recognised when the supplies are delivered and accepted by the EU. They are valued at 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 estimated and recognised in the statement of financial performance.

1.7. CONTINGENT ASSETS AND LIABILITIES

1.7.1. 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 EU. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

1.7.2. Contingent liabilities

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

1.8. CASHFLOW STATEMENT

Cashflow information is used to provide a basis for assessing the ability of the EU to generate cash and cash equivalents, and its needs to utilise those cashflows.

The cashflow statement is prepared using the indirect method. This means that the economic result for the financial year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of revenue or expense associated with investing cashflows.

Cashflows arising from transactions in a foreign currency are recorded in the EU's reporting currency (Euro), by applying to the foreign currency amount the exchange rate between the euro and the foreign currency at the date of the cashflow.

The cashflow statement reports cashflows during the period classified by operating and investing activities (the EU does not have financing activities).

Operating activities are the activities of the EU that are not investing activities. These are the majority of the activities performed. Loans granted to beneficiaries (and the related borrowings, when applicable) are not considered as investing (or financing) activities as they are part of the general objectives and thus daily operations of the EU.

Investing activities are the acquisition and disposal of intangible assets and property, plant and equipment and of other investments which are not included in cash equivalents. Investing activities do not include loans granted to beneficiaries. The objective is to show the real investments made by the EU.

2. NOTES TO THE BALANCE SHEET

ASSETS

2.1. INTANGIBLE ASSETS

EUR millions

<i>Gross carrying amount at 31.12.2016</i>	252
<i>Additions</i>	26
<i>Disposals</i>	(1)
<i>Transfer between asset categories</i>	4
<i>Other changes</i>	12
Gross carrying amount at 31.12.2017	292
<i>Accumulated amortisation at 31.12.2016</i>	(116)
<i>Amortisation charge for the year</i>	(27)
<i>Amortisation written back</i>	-
<i>Disposals</i>	2
<i>Transfer between asset categories</i>	(2)
<i>Other changes</i>	(0)
Accumulated amortisation at 31.12.2017	(143)
NET CARRYING AMOUNT AT 31.12.2017	149
<i>NET CARRYING AMOUNT AT 31.12.2016</i>	135

2.2. PROPERTY, PLANT AND EQUIPMENT

	EUR millions								
	Land and buildings	Space assets	Plant and equipment	Furniture and vehicles	Computer hardware	Other	Finance leases	Assets under construction	TOTAL
<i>Gross carrying amount at 31.12.2016</i>	1 436	3 602	257	74	248	155	1 550	1 925	9 247
<i>Additions</i>	28	0	7	2	18	4	8	1 265	1 333
<i>Disposals</i>	(20)	(1)	(6)	(6)	(19)	(4)	-	(0)	(56)
<i>Transfer between asset categories</i>	3	641	2	-	1	-	(5)	(646)	(4)
<i>Other changes</i>	0	21	0	0	1	1	-	0	24
Gross carrying amount at 31.12.2017	1 448	4 264	260	71	248	156	1 552	2 544	10 544
<i>Accumulated depreciation at 31.12.2016</i>	(806)	(300)	(233)	(58)	(201)	(112)	(705)	-	(2 415)
<i>Depreciation charge for the year</i>	(44)	(480)	(12)	(4)	(24)	(13)	(53)	-	(630)
<i>Depreciation written back</i>	-	-	(0)	-	-	-	-	-	(0)
<i>Disposals</i>	10	1	6	6	19	4	-	-	46
<i>Transfer between asset categories</i>	0	0	(0)	-	(1)	-	3	-	2
<i>Other changes</i>	(0)	(1)	(0)	(0)	(0)	(0)	-	-	(3)
Accumulated depreciation at 31.12.2017	(840)	(780)	(240)	(57)	(207)	(121)	(756)	-	(3 000)
NET CARRYING AMOUNT AT 31.12.2017	608	3 484	21	14	41	35	797	2 544	7 544
<i>NET CARRYING AMOUNT AT 31.12.2016</i>	631	3 302	24	16	47	43	844	1 925	6 832

2.3. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The participation of the EU represented by the Commission in the European Investment Fund (EIF) is treated as an associate using the equity method of accounting. At 31 December 2017, the EU holds 29.7 % of the ownership interest in EIF (2016: 28.1 %).

	<i>EUR millions</i>
European Investment Fund	
Participation at 31.12.2016	528
<i>Contributions</i>	44
<i>Dividends received</i>	(7)
<i>Share of net result</i>	21
<i>Share in the net assets</i>	(6)
Participation at 31.12.2017	581

EIF summarised financial information:

	<i>EUR millions</i>	
	31.12.2017	31.12.2016
	Total EIF	Total EIF
<i>Assets</i>	2 488	2 301
<i>Liabilities</i>	(532)	(423)
<i>Revenue</i>	263	240
<i>Expenses</i>	(153)	(118)
<i>Surplus/(deficit)</i>	110	122

Reconciliation of the above summarised financial information to the carrying amount of the interest held in the EIF is as follows:

	<i>EUR millions</i>	
	31.12.2017	31.12.2016
<i>Net assets of the associate</i>	1 956	1 878
EC ownership interests in EIF	29.7%	28.1%
<i>Carrying amount</i>	581	528

The Commission has paid-in 20 % of its subscribed shares in the EIF capital at 31 December 2017, the amount uncalled being as follows:

	<i>EUR millions</i>	
	Total EIF capital	EU subscription
<i>Total share capital</i>	4 500	1 337
<i>Paid-in</i>	(900)	(267)
Uncalled	3 600	1 070

2.4. FINANCIAL ASSETS

EUR millions

	Note	31.12.2017	31.12.2016
Non-current financial assets			
Available for sale financial assets	2.4.1	10 410	7 721
Financial assets at fair value through surplus or deficit	2.4.2	16	–
Loans	2.4.3	48 107	53 012
		58 533	60 733
Current financial assets			
Available for sale financial assets	2.4.1	1 563	1 035
Financial assets at fair value through surplus or deficit	2.4.2	6	0
Loans	2.4.3	6 770	2 260
		8 339	3 296
Total		66 872	64 029

2.4.1. Available for sale financial assets

EUR millions

	31.12.2017	31.12.2016
<i>BUFI investments</i>	2 158	2 013
<i>European Bank for Reconstruction and Development</i>	188	188
	2 346	2 201
<i>Guarantee Funds for budgetary guarantees:</i>		
<i>Guarantee Fund for external actions</i>	2 199	2 069
<i>EFSI Guarantee Fund</i>	3 414	948
	5 613	3 017
<i>Financial instruments supported by the EU budget:</i>		
<i>Horizon 2020</i>	1 730	1 213
<i>Risk Sharing Finance Facility</i>	665	719
<i>Connecting Europe Facility</i>	482	483
<i>ETF start up</i>	483	476
<i>Risk Capital Operations</i>	113	132
<i>European Fund for South East Europe</i>	119	118
<i>Other</i>	422	398
	4 014	3 539
Total	11 973	8 757
<i>Non-current</i>	10 410	7 721
<i>Current</i>	1 563	1 035

2.4.2. Financial assets at fair value through surplus or deficit

EUR millions

Type of derivative	31.12.2017		31.12.2016	
	Notional amount	Fair value	Notional amount	Fair value
<i>Foreign currency forward contract</i>	634	6	50	0
<i>EFSI guarantee on equity portfolio</i>	258	16	–	–
Total	892	23	50	0
<i>Non-current</i>	258	16	–	–
<i>Current</i>	634	6	50	0

Fair value hierarchy of financial assets measured at fair value

EUR millions

	31.12.2017	31.12.2016
Level 1: Quoted prices in active markets	10 325	7 224
Level 2: Observable inputs other than quoted prices	510	231
Level 3: Valuation techniques with inputs not based on observable market data	1 161	1 302
Total	11 996	8 757

Reconciliation of financial assets measured using valuation techniques with inputs not based on observable market data (level 3)

EUR millions

Opening balance at 31.12.2016	1 302
Purchases and sales	39
Gains or losses for the period in financial income or finance costs	(21)
Gains or losses in net assets	30
Transfers into level 3	-
Transfers out of level 3	(188)
Other	-
Closing balance at 31.12.2017	1 161

2.4.3. Loans

EUR millions

	Note	31.12.2017	31.12.2016
Loans for financial assistance	2.4.3.1	54 744	54 944
Other loans	2.4.3.2	133	328
Total		54 877	55 272
Non-current		48 107	53 012
Current		6 770	2 260

2.4.3.1. Loans for financial assistance

EUR millions

	EFSM	BOP	MFA	Euratom	Total
Total at 31.12.2016	47 456	4 272	2 964	252	54 944
New loans	-	-	1 013	50	1 063
Repayments	-	(1 150)	(58)	(51)	(1 260)
Exchange differences	-	-	-	(1)	(1)
Changes in carrying amount	0	(8)	5	0	(3)
Impairment	-	-	-	-	-
Total at 31.12.2017	47 456	3 114	3 924	250	54 744
Non-current	42 300	1 700	3 846	203	48 049
Current	5 156	1 414	78	47	6 695

The change in carrying amount corresponds to the change in accrued interests.

Nominal value of loans for financial assistance at 31 December 2017 total EUR 54 000 million (2016: EUR 54 198 million).

Loans effective interest rates (expressed as a range of interest rates)

	31.12.2017	31.12.2016
Macro Financial Assistance (MFA)	0 % - 4.54 %	0 % - 4.54 %
Euratom	0.08 % - 5.76 %	0 % - 5.76 %
Balance of Payment (BOP)	2.88 % - 3.38 %	2.37 % - 3.37 %
European Financial Stability Mechanism (EFSM)	0.62 % - 3.75 %	0.62 % - 3.75 %

2.4.3.2. Other loans

	EUR millions	
	31.12.2017	31.12.2016
Loans with special conditions	78	93
Term deposits over 3 months	55	235
Total	133	328
Non-current	59	74
Current	75	254

Nominal value of other loans at 31 December 2017 total EUR 557 million (2016: EUR 668 million).

Impairment on other loans

						EUR millions
	31.12.2016	Additions	Reversals	Write-off	Other	31.12.2017
Loans with special conditions	7	0	-	-	-	8
Subrogated loans	332	100	(0)	-	-	432
Total	339	101	(0)	-	-	440

2.5. PRE-FINANCING

		EUR millions	
	Note	31.12.2017	31.12.2016
Non-current pre-financing			
Pre-financing	2.5.1	21 663	20 095
Other advances to Member States	2.5.2	3 018	1 651
Contribution to Trust Funds		64	31
		24 745	21 777
Current pre-financing			
Pre-financing	2.5.1	22 908	21 781
Other advances to Member States	2.5.2	1 645	2 183
		24 552	23 964
Total		49 297	45 741

2.5.1. Pre-financing

EUR millions

	Gross amount	Cleared via cut-off	Net amount at 31.12.2017	Gross amount	Cleared via cut-off	Net amount at 31.12.2016
Shared Management						
<i>EAFRD & other rural development instruments</i>	3 735		3 735	3 955	–	3 955
<i>ERDF & CF</i>	20 561	(5 678)	14 883	19 858	(4 727)	15 131
<i>ESF</i>	6 792	(1 182)	5 610	6 477	(617)	5 860
<i>Other</i>	5 037	(2 267)	2 770	4 219	(2 393)	1 826
Direct Management						
<i>Implemented by:</i>						
<i>Commission</i>	12 454	(8 587)	3 867	12 710	(9 077)	3 633
<i>EU executive agencies</i>	13 845	(8 751)	5 094	13 138	(8 349)	4 789
<i>Trust funds</i>	440	(212)	228	142	(82)	60
Indirect Management						
<i>Implemented by:</i>						
<i>Other EU agencies & bodies</i>	3 767	(2 951)	816	2 790	(2 110)	680
<i>Third countries</i>	1 586	(956)	630	1 861	(1 135)	726
<i>International organisations</i>	9 001	(5 879)	3 121	7 230	(4 432)	2 797
<i>Other entities</i>	7 752	(3 936)	3 816	6 496	(4 077)	2 418
Total	84 969	(40 399)	44 570	78 876	(37 000)	41 876
<i>Non-current</i>	21 663	–	21 663	20 095	–	20 095
<i>Current</i>	63 307	(40 399)	22 908	58 781	(37 000)	21 781

2.5.2. Other advances to Member States

EUR millions

	31.12.2017	31.12.2016
<i>Advances to Member States for financial instruments under shared management</i>	2 768	2 534
<i>Aid Schemes</i>	1 895	1 300
Total	4 663	3 834
<i>Non-current</i>	3 018	1 651
<i>Current</i>	1 645	2 183

2.6. EXCHANGE RECEIVABLES AND NON-EXCHANGE RECOVERABLES

EUR millions

	Note	31.12.2017	31.12.2016
Non-current			
Recoverables from non-exchange transactions	2.6.1	616	727
Receivables from exchange transactions	2.6.2	3	2
		619	729
Current			
Recoverables from non-exchange transactions	2.6.1	10 924	10 266
Receivables from exchange transactions	2.6.2	497	341
		11 421	10 607
Total		12 040	11 336

2.6.1. Recoverables from non-exchange transactions

EUR millions

	Note	31.12.2017	31.12.2016
Non-current			
Member States	2.6.1.1	594	700
Accrued income and deferred charges	2.6.1.3	–	–
Other recoverables		22	27
		616	727
Current			
Member States	2.6.1.1	6 123	8 122
Competition fines	2.6.1.2	4 225	1 808
Accrued income and deferred charges	2.6.1.3	384	153
Other recoverables		192	182
		10 924	10 266
Total		11 540	10 993

2.6.1.1. Recoverables from Member States

EUR millions

	31.12.2017	31.12.2016
<i>Recoverables related to own resources:</i>		
<i>Established in the A account</i>	3 113	3 261
<i>Established in the separate account</i>	1 617	1 437
<i>Own resources to be received</i>	46	1 764
<i>Impairment</i>	(997)	(753)
<i>Other</i>	56	36
Own resource recoverables	3 836	5 745
<i>Recoverables in the area of agriculture and rural development:</i>		
<i>European Agricultural Guarantee Fund (EAGF)</i>	2 280	2 606
<i>European Agricultural Fund for Rural Development (EAFRD)</i>	955	924
<i>Temporary Rural Development Instrument (TRDI)</i>	16	30
<i>Special Accession Programme for Agriculture and Rural Development (SAPARD)</i>	136	167
<i>Impairment</i>	(804)	(999)
EAGF and rural development recoverables	2 583	2 729
Pre-financing recovery expected	182	293
VAT paid and recoverable	22	17
Other recoverables from Member States	94	39
Total	6 717	8 822
<i>Non-current</i>	594	700
<i>Current</i>	6 123	8 122

2.6.1.2. Recoverables from competition fines

EUR millions

	31.12.2017	31.12.2016
<i>Recoverable from fines gross amount</i>	7 679	6 510
<i>Provisional payments</i>	(3 282)	(4 524)
<i>Impairment</i>	(172)	(178)
Total	4 225	1 808
<i>Non-current</i>	–	–
<i>Current</i>	4 225	1 808

2.6.1.3. Accrued income and deferred charges

EUR millions

	31.12.2017	31.12.2016
<i>Financial corrections</i>	1	9
<i>Other accrued income</i>	322	70
<i>Deferred charges relating to non-exchange transactions</i>	61	74
Total	384	153
<i>Non-current</i>	–	–
<i>Current</i>	384	153

2.6.2. Receivables from exchange transactions

EUR millions

	31.12.2017	31.12.2016
Non-current		
<i>Other receivables</i>	3	2
	3	2
Current		
<i>Customers</i>	184	189
<i>Impairment on receivables from customers</i>	(136)	(124)
<i>Deferred charges relating to exchange transactions</i>	172	162
<i>Others</i>	277	114
	497	341
Total	501	343

2.7. INVENTORIES

EUR millions

	31.12.2017	31.12.2016
<i>Scientific materials</i>	45	54
<i>Other</i>	18	21
Total	62	75

2.8. CASH AND CASH EQUIVALENTS

EUR millions

	31.12.2017	31.12.2016
<i>Accounts with Treasuries and Central Banks</i>	20 078	24 566
<i>Current accounts</i>	152	127
<i>Imprest accounts</i>	5	5
<i>Transfers (cash in transit)</i>	0	-
Bank accounts for budget implementation	20 236	24 698
Cash belonging to financial instruments	1 608	1 390
Cash relating to fines	1 234	1 325
Cash relating to trust funds	34	167
Total	23 113	27 579

LIABILITIES

2.9. PENSION AND OTHER EMPLOYEE BENEFITS

Net employee benefit scheme liability

EUR millions

	Pension Scheme of European Officials	Other retirement benefit schemes	Joint Sickness Insurance Scheme	31.12.2017 Total	31.12.2016 Total
<i>Defined Benefit Obligation</i>	63 951	1 089	7 756	72 796	66 844
<i>Plan assets</i>	N/A	N/A	(301)	(301)	(293)
Net liability	63 951	1 089	7 455	72 495	66 550

Actuarial assumptions - employee benefits

	Pension Scheme of European Officials	Joint Sickness Insurance Scheme
2017		
<i>Nominal discount rate</i>	1.9 %	2.0 %
<i>Expected inflation rate</i>	1.5 %	1.6 %
<i>Real discount rate</i>	0.4 %	0.4 %
<i>Expected rate of salary increases</i>	1.8 %	1.7 %
<i>Medical cost trend rates</i>	N/A	3.0 %
<i>Retirement age</i>	63/64/66	63/64/66
2016		
<i>Nominal discount rate</i>	1.7 %	1.9 %
<i>Expected inflation rate</i>	1.4 %	1.5 %
<i>Real discount rate</i>	0.3 %	0.4 %
<i>Expected rate of salary increases</i>	1.2 %	1.1 %
<i>Medical cost trend rates</i>	N/A	3.0 %
<i>Retirement age</i>	63/64/66	63/64/66

Movement in present value of employee benefits defined benefit obligation

EUR millions

	Pension Scheme of European Officials	Other retirement benefit Schemes	Joint Sickness Insurance Scheme	Total
Present value as at 31.12.2016	58 746	1 062	7 036	66 844
<i>Current service cost</i>	2 637	84	266	2 986
<i>Interest cost</i>	1 148	19	134	1 300
<i>Net actuarial (gains) and losses</i>	3 616	(48)	394	3 962
<i>Contributions from members</i>	-	-	21	21
<i>Benefits paid</i>	(1 417)	(28)	(94)	(1 539)
<i>Liability increase/(decrease) due to taxes on pensions</i>	(778)	1	-	(777)
Present value as at 31.12.2017	63 951	1 089	7 756	72 796

Movement in present value of plan assets of the Joint Sickness Insurance Scheme

EUR millions

Present value as at 31.12.2016	293
<i>Net movement in plan assets</i>	8
Present value as at 31.12.2017	301

5 year trend

EUR millions

	2013	2014	2015	2016	2017
<i>Present value of the defined benefit obligation</i>	46 367	58 317	63 488	66 844	72 796
<i>Fair value of plan assets</i>	(264)	(272)	(280)	(293)	(301)
Employee benefits liability	46 103	58 045	63 208	66 550	72 495

Amounts recognised in the Statement of Financial Performance

EUR millions

	Pension Scheme of European Officials	Other retirement benefit Schemes	Joint Sickness Insurance Scheme	Total
2017				
<i>Current service cost</i>	2 360	85	266	2 710
<i>Interest cost</i>	1 027	19	134	1 180
<i>Past service cost</i>	-	-	-	-
<i>Change in plan assets</i>	-	-	(81)	(81)
Staff and pension costs	3 387	104	318	3 809
Actuarial gains and losses	3 236	(49)	394	3 580
Total	6 623	55	712	7 390

Joint Sickness Insurance Scheme sensitivity

EUR millions

	One percentage point increase	One percentage point decrease
<i>The aggregate of the current service cost and interest cost components of net periodic post-employment medical costs</i>	166	(141)
<i>The accumulated post-employment benefit obligation for medical costs</i>	2 538	(1 867)

2.10. PROVISIONS

EUR millions

	Amount at 31.12.2016	Additional provisions	Unused amounts reversed	Amounts used	Transfer between categories	Change in estimation	Amount at 31.12.2017
<i>Legal cases:</i>							
<i>Agriculture</i>	149	49	(26)	(122)	-	-	49
<i>Cohesion</i>	217	2	-	(198)	-	-	20
<i>Other</i>	14	18	(3)	(1)	-	0	29
<i>Nuclear site dismantling</i>	1 113	-	-	(32)	-	853	1 934
<i>Financial</i>	880	378	(46)	(94)	-	(3)	1 115
<i>Fines</i>	23	7	(4)	-	-	-	27
<i>Other</i>	16	74	(1)	(2)	-	-	87
Total	2 412	529	(80)	(449)	-	849	3 262
Non-current	1 786	325	(30)	(128)	(188)	852	2 617
Current	626	204	(50)	(321)	188	(3)	645

2.11. FINANCIAL LIABILITIES

EUR millions

	Note	31.12.2017	31.12.2016
Non-current financial liabilities			
Financial liabilities at amortised cost	2.11.1	49 412	54 375
Financial liabilities at fair value through surplus or deficit	2.11.2	2	-
		49 414	54 375
Current financial liabilities			
Financial liabilities at amortised cost	2.11.1	6 813	2 164
Financial liabilities at fair value through surplus or deficit	2.11.2	-	1
		6 813	2 165
Total		56 227	56 540

2.11.1. Financial liabilities at amortised cost

EUR millions

	Note	31.12.2017	31.12.2016
Borrowings for financial assistance	2.11.1.1	54 744	54 944
Other financial liabilities	2.11.1.2	1 482	1 596
Total		56 225	56 540
<i>Non-current</i>		49 412	54 375
<i>Current</i>		6 813	2 164

2.11.1.1. Borrowings for financial assistance

EUR millions

	EFSM	BOP	MFA	Euratom	Total
Total at 31.12.2016	47 456	4 272	2 964	252	54 944
New borrowings	-	-	1 013	50	1 063
Repayments	-	(1 150)	(58)	(52)	(1 260)
Exchange differences	-	-	-	(1)	(1)
Changes in carrying amounts	0	(8)	5	-	(3)
Total at 31.12.2017	47 456	3 114	3 924	250	54 744
<i>Non-current</i>	42 300	1 700	3 846	203	48 049
<i>Current</i>	5 156	1 414	78	47	6 695

Borrowings effective interest rates (expressed as a range of interest rates)

	31.12.2017	31.12.2016
Macro Financial Assistance (MFA)	0 % - 4.54 %	0 % - 4.54 %
Euratom	0 % - 5.68 %	0 % - 5.68 %
Balance of Payment (BOP)	2.88 % - 3.38 %	2.37 % - 3.37 %
European Financial Stability Mechanism (EFSM)	0.62 % - 3.75 %	0.62 % - 3.75 %

2.11.1.2. Other financial liabilities

EUR millions

	31.12.2017	31.12.2016
Non-current		
<i>Finance lease liabilities</i>	918	969
<i>Buildings paid for in instalments</i>	258	279
<i>Other</i>	188	190
	1 363	1 438
Current		
<i>Finance lease liabilities</i>	58	54
<i>Buildings paid for in instalments</i>	22	20
<i>Fines to be reimbursed</i>	13	25
<i>Other</i>	25	59
	118	158
Total	1 482	1 596

Finance lease liabilities

EUR millions

	Future amounts to be paid			Total Liability
	< 1 year	1 - 5 years	> 5 years	
<i>Land and buildings</i>	54	258	652	964
<i>Other fixed assets</i>	4	8	-	12
Total at 31.12.2017	58	266	652	976
<i>Interest element</i>	54	181	169	405
Total future minimum lease payments at 31.12.2017	113	447	821	1 381
<i>Total future minimum lease payments at 31.12.2016</i>	111	442	931	1 484

2.11.2. Financial liabilities at fair value through surplus and deficit

EUR millions

Type of derivative	31.12.2017		31.12.2016	
	Notional amount	Fair value	Notional amount	Fair value
<i>Foreign currency forward contract</i>	-	-	101	1
<i>FX option (put spread)</i>	9	2	-	-
Total	9	2	101	1
<i>Non-current</i>	9	2	-	-
<i>Current</i>	-	-	101	1

At 31 December 2017 all financial liabilities at fair value through surplus or deficit were categorised into level 2 of fair value hierarchy (valuation based on observable inputs other than quoted prices).

2.12. PAYABLES

EUR millions

	Gross Amount	Adjustments*	Net Amount at 31.12.2017	Gross Amount	Adjustments*	Net Amount at 31.12.2016
<i>Cost claims and invoices received from:</i>						
<i>Member States</i>						
<i>EAFRD & other rural development instruments</i>	481		481	500	(34)	467
<i>ERDF & CF</i>	12 602	(883)	11 719	10 663	(793)	9 871
<i>ESF</i>	4 183	(264)	3 919	4 145	(95)	4 050
<i>Other</i>	748	(280)	467	795	(47)	748
<i>Private and public entities</i>	1 563	(144)	1 419	1 677	(169)	1 507
Total costs claims & invoices received	19 577	(1 571)	18 006	17 781	(1 138)	16 643
EAGF	11 534	N/A	11 534	12 193	N/A	12 193
Own Resources Payables	8 836	N/A	8 836	10 441	N/A	10 441
Sundry Payables	1 000	N/A	1 000	962	N/A	962
Total	40 947	(1 571)	39 376	41 378	(1 138)	40 240

* Estimated non-eligible amounts and pending other advances to Member States.

2.13. ACCRUED CHARGES AND DEFERRED INCOME

EUR millions

	31.12.2017	31.12.2016
<i>Accrued charges</i>	63 070	66 310
<i>Deferred income</i>	219	690
<i>Other</i>	24	26
Total	63 314	67 027

The split of accrued charges is as follows:

EUR millions

	31.12.2017	31.12.2016
<i>EAGF</i>	33 303	33 033
<i>EAFRD and other rural development instruments</i>	17 464	17 024
<i>ERDF and CF</i>	4 249	7 157
<i>ESF</i>	2 870	3 473
<i>Other</i>	5 185	5 623
Total	63 070	66 310

NET ASSETS

2.14. RESERVES

EUR millions

	Note	31.12.2017	31.12.2016
Fair value reserve	2.14.1	275	311
Guarantee Fund reserve		2 663	2 643
Other reserves		125	77
Total		3 062	3 031

2.14.1. Fair value reserve

Movements during the period of fair value reserve related to the available for sale financial assets:

EUR millions

	2017	2016
Included in fair value reserve	(8)	25
Included in statement of financial performance	18	0
Total	10	25

2.15. AMOUNTS TO BE CALLED FROM MEMBER STATES

EUR millions

Amounts to be called from Member States at 31.12.2016	79 546
Return of 2016 budget surplus to Member States	6 405
Movement in Guarantee Fund reserve	20
Other reserve movements	7
Economic result of the year	(7 901)
Total amounts to be called from Member States at 31.12.2017	78 077

3. NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE

REVENUE

REVENUE FROM NON-EXCHANGE TRANSACTIONS: OWN RESOURCES

3.1. TRADITIONAL OWN RESOURCES

EUR millions

	2017	2016
<i>Customs duties</i>	20 475	20 301
<i>Sugar levies</i>	45	138
Total	20 520	20 439

REVENUE FROM NON-EXCHANGE TRANSACTIONS: TRANSFERS

3.2. RECOVERY OF EXPENSES

EUR millions

	2017	2016
<i>Shared management</i>	1 775	1 876
<i>Direct management</i>	81	56
<i>Indirect management</i>	23	15
Total	1 879	1 946

3.3. OTHER REVENUE FROM NON-EXCHANGE TRANSACTIONS

EUR millions

	2017	2016
<i>Budgetary adjustments</i>	5 806	1 956
<i>Contribution of third countries and accession countries</i>	1 256	946
<i>Contribution from Member States for external aid</i>	988	732
<i>Staff taxes and contributions</i>	923	901
<i>Transfer of assets</i>	208	147
<i>Adjustment of provisions</i>	28	14
<i>Agricultural levies</i>	4	5
<i>Funding of institutions</i>	(3 371)	(3 324)
<i>Other</i>	672	318
Total	6 515	1 695

REVENUE FROM EXCHANGE TRANSACTIONS

3.4. FINANCIAL REVENUE

EUR millions

	2017	2016
<i>Interest on:</i>		
Loans	1 371	1 436
Late payments	217	108
Other	36	31
Premium on financial guarantee liability (EFSI)	61	16
Financial revenue from financial assets or liabilities at fair value through surplus or deficit	57	(0)
Realised gains on sale of available for sale financial assets	26	29
Dividend	23	13
Other financial revenue	28	112
Total	1 820	1 745

3.5. OTHER REVENUE FROM EXCHANGE TRANSACTIONS

EUR millions

	2017	2016
Foreign exchange gains	266	320
Fee and premium revenue related to financial instruments	51	48
Sales of goods	26	14
Share of net result of EIF	21	2
Property, plant and equipment related revenue	6	3
Other	321	262
Total	692	649

EXPENSES

3.6. SHARED MANAGEMENT

EUR millions

Implemented by Member States	2017	2016
European Agricultural Guarantee Fund	44 289	44 152
European Agricultural Fund for Rural Development and other rural development instruments	11 359	12 604
European Regional Development Fund and Cohesion Fund	17 650	35 045
European Social Fund	7 353	9 366
Other	1 253	1 606
Total	81 905	102 772

3.7. DIRECT MANAGEMENT

EUR millions

	2017	2016
Implemented by the Commission	8 855	9 287
Implemented by EU Executive Agencies	6 700	6 260
Implemented by Trust funds	208	97
Total	15 763	15 644

3.8. INDIRECT MANAGEMENT

EUR millions

	2017	2016
<i>Implemented by other EU agencies and bodies</i>	3 429	3 064
<i>Implemented by third countries</i>	1 101	876
<i>Implemented by international organisations</i>	3 014	2 382
<i>Implemented by other entities</i>	1 478	2 035
Total	9 022	8 358

3.9. STAFF AND PENSION COSTS

EUR millions

	2017	2016
<i>Staff costs</i>	3 186	3 218
<i>Pension costs</i>	3 809	3 693
Total	6 995	6 911

3.10. FINANCE COSTS

EUR millions

	2017	2016
<i>Interest expenses:</i>		
<i>Borrowings</i>	1 363	1 426
<i>Other</i>	21	56
<i>Finance leases</i>	56	39
<i>Impairment losses on available for sale financial assets</i>	39	40
<i>Impairment loss on loans and receivables</i>	324	184
<i>Realised loss on sale of available for sale financial assets</i>	2	0
<i>Loss on financial assets or liabilities at fair value through surplus or deficit</i>	12	1
<i>Other finance costs</i>	33	111
Total	1 849	1 857

3.11. OTHER EXPENSES

EUR millions

	2017	2016
<i>Adjustment of provisions</i>	1 371	680
<i>Property, plant and equipment related expenses</i>	870	570
<i>Administrative and IT expenses</i>	790	713
<i>Funding and contributions to other EU bodies</i>	458	425
<i>Foreign exchange losses</i>	429	491
<i>Operating lease expenses</i>	160	156
<i>Reduction of fines by the Court of Justice</i>	67	18
<i>Other</i>	495	408
Total	4 642	3 462

Expenses relating to research and development are as follows:

EUR millions

	2017	2016
<i>Research costs</i>	366	338
<i>Non-capitalised development costs</i>	58	43
Total	424	381

3.12. SEGMENT REPORTING BY MULTI ANNUAL FINANCIAL FRAMEWORK HEADING (MFF)

EUR millions

	Smart and inclusive growth	Sustainable growth	Security and citizenship	Global Europe	Administration	Not assigned to MFF headings*	Total
<i>GNI resources</i>	-	-	-	-	-	78 620	78 620
<i>Traditional own resources</i>	-	-	-	-	-	20 520	20 520
<i>VAT</i>	-	-	-	-	-	16 947	16 947
<i>Fines</i>	-	-	-	-	-	4 664	4 664
<i>Recovery of expenses</i>	357	1 488	5	28	-	-	1 879
<i>Other</i>	1 172	244	43	414	884	3 759	6 515
Non-exchange revenue	1 529	1 732	48	443	884	124 510	129 145
<i>Financial revenue</i>	147	(4)	0	17	0	1 659	1 820
<i>Other</i>	196	(12)	(6)	10	242	261	692
Exchange revenue	343	(15)	(6)	27	242	1 920	2 511
Total revenue	1 873	1 716	42	470	1 126	126 430	131 657
<i>Expenses implemented by Member States:</i>							
<i>EAGF</i>	-	(44 289)	-	-	-	-	(44 289)
<i>EAFRD & other rural develop. instruments</i>	-	(11 359)	-	-	-	-	(11 359)
<i>ERDF & CF</i>	(17 650)	-	-	-	-	-	(17 650)
<i>ESF</i>	(7 353)	-	-	-	-	-	(7 353)
<i>Other</i>	(439)	74	(897)	9	-	0	(1 253)
<i>Implemented by the Commission, executive agencies and trust funds</i>	(9 809)	(525)	(1 080)	(4 337)	(12)	0	(15 763)
<i>Implemented by other EU agencies and bodies</i>	(2 530)	(121)	(754)	(24)	-	-	(3 429)
<i>Implemented by third countries and international organisations</i>	(434)	0	(177)	(3 504)	-	-	(4 115)
<i>Implemented by other entities</i>	(819)	15	1	(675)	(0)	-	(1 478)
<i>Staff and pension costs</i>	(1 638)	(360)	(426)	(615)	(3 956)	-	(6 995)
<i>Changes in employee benefits actuarial assumptions</i>	-	-	-	-	(3 581)	-	(3 581)
<i>Finance costs</i>	(88)	(16)	(0)	(18)	(72)	(1 655)	(1 849)
<i>Other expenses</i>	(2 453)	(88)	(196)	(113)	(1 365)	(427)	(4 642)
Total expenses	(43 213)	(56 669)	(3 528)	(9 277)	(8 986)	(2 082)	(123 756)
Economic result of the year	(41 341)	(54 953)	(3 486)	(8 807)	(7 860)	124 348	7 901

* "Not assigned to MFF headings" includes off-budget operations and unallocated programmes with immaterial amounts.

4. CONTINGENT LIABILITIES AND ASSETS

4.1. CONTINGENT LIABILITIES

4.1.1. Budgetary guarantees

EUR millions

	31.12.2017			31.12.2016		
	Ceiling	Signed	Disbursed	Ceiling	Signed	Disbursed
<i>EIB external lending</i>	37 479	28 950	19 972	40 645	30 161	21 145
<i>mandate guarantees</i>						
<i>EFSD guarantee</i>	16 000	13 473	10 128	16 000	11 245	4 392
Total	53 479	42 423	30 100	56 645	41 406	25 537

4.1.2. Guarantees relating to financial assistance (borrowing and lending activities)

EUR millions

	31.12.2017			31.12.2016		
	Drawn	Undrawn	Total	Drawn	Undrawn	Total
<i>EFSD</i>	47 456	-	47 456	47 456	-	47 456
<i>BOP</i>	3 114	-	3 114	4 272	-	4 272
<i>MFA</i>	3 924	460	4 384	2 964	1 313	4 277
<i>Euratom</i>	250	250	500	252	300	552
Total	54 744	710	55 454	54 944	1 613	56 557

4.1.3. Guarantees given for EU financial instruments

EUR millions

	31.12.2017	31.12.2016
<i>Horizon 2020</i>	1 297	921
<i>Risk Sharing Finance Facility</i>	654	711
<i>Connecting Europe Facility</i>	490	465
<i>Other</i>	32	3
Total	2 473	2 101

4.1.4. Legal cases

EUR millions

	31.12.2017	31.12.2016
<i>Fines</i>	3 242	1 834
<i>Agriculture</i>	1 737	1 711
<i>Cohesion</i>	3	3
<i>Other</i>	438	506
Total	5 420	4 054

4.2. CONTINGENT ASSETS

EUR millions

	31.12.2017	31.12.2016
<i>Guarantees received:</i>		
<i>Performance guarantees</i>	89	121
<i>Other guarantees</i>	5	6
<i>Other contingent assets</i>	32	33
Total	125	160

5. BUDGETARY AND LEGAL COMMITMENTS

EUR millions

	Note	31.12.2017	31.12.2016
<i>Outstanding budgetary commitments not yet expensed</i>	5.1	220 479	188 828
<i>Shared management legal commitments under the current MFF pending implementation</i>	5.2	211 688	276 351
<i>Significant legal commitments in other areas</i>	5.3	16 267	18 338
Total		448 434	483 517

5.1. OUTSTANDING BUDGETARY COMMITMENTS NOT YET EXPENSED

EUR millions

	31.12.2017	31.12.2016
<i>Outstanding budgetary commitments not yet expensed</i>	220 479	188 828

5.2. SHARED MANAGEMENT LEGAL COMMITMENTS UNDER THE CURRENT MFF PENDING IMPLEMENTATION

EUR millions

Funds	Financial framework 2014-2020 (A)	Legal commitments concluded (B)	Budget commitments (C)	Decommitments (D)	Budget available under MFF (=A-C)	Legal commitments less budget commitments (=B-C+D)
<i>European Regional Development Fund and Cohesion Fund</i>	262 058	262 058	140 302	-	121 756	121 756
<i>European Social Fund</i>	91 991	91 991	51 813	-	40 178	40 178
<i>Fund for European Aid to the most Deprived</i>	3 814	3 814	2 114	-	1 699	1 699
HEADING 1B: COHESION POLICY FUNDS	357 862	357 862	194 229	-	163 633	163 633
<i>European Agricultural Fund for Rural Development</i>	99 343	99 343	56 401	-	42 942	42 942
<i>European Maritime and Fisheries Fund</i>	5 749	5 749	3 210	-	2 539	2 539
HEADING 2: NATURAL RESOURCES	105 093	105 093	59 611	-	45 482	45 482
<i>Asylum and Migration Fund</i>	5 391	4 233	2 794	-	2 597	1 439
<i>Internal Security Fund</i>	2 812	2 635	1 500	-	1 311	1 134
HEADING 3: SECURITY & CITIZENSHIP	8 202	6 868	4 294	-	3 908	2 573
Total	471 157	469 822	258 134	-	213 023	211 688

5.3. SIGNIFICANT LEGAL COMMITMENTS IN OTHER AREAS

EUR millions

	Note	31.12.2017	31.12.2016
<i>Connecting Europe Facility</i>		12 676	13 799
<i>Copernicus</i>		1 841	2 393
<i>Galileo</i>		253	523
<i>Fisheries agreements</i>		133	247
<i>Operating lease commitments</i>	5.3.1	868	891
<i>Other contractual commitments</i>		497	485
Total		16 267	18 338

5.3.1. Operating lease commitments

EUR millions

	Future amounts to be paid			
	< 1 year	1- 5 years	> 5 years	Total
<i>Buildings</i>	133	381	350	864
<i>IT materials and other equipment</i>	2	3	0	4
Total	134	384	350	868

6. FINANCIAL INSTRUMENTS DISCLOSURES

6.1. CURRENCY RISKS

Exposure of the EC to currency risk at year end – net position

EUR millions

	31.12.2017						Total
	USD	GBP	DKK	SEK	EUR	Other	
Financial assets							
Available for sale financial assets	680	57	17	56	11 147	16	11 973
Financial assets at fair value through surplus or deficit	(632)	-	-	-	655	-	23
Loans*	6	-	-	-	120	7	133
Receivables and recoverables	-	550	62	86	11 338	6	12 040
Cash and cash equivalents	42	3 178	27	693	17 509	1 664	23 113
	97	3 785	105	834	40 768	1 693	47 282
Financial liabilities							
Financial liabilities at fair value through surplus or deficit	-	-	-	-	-	(2)	(2)
Payables	(0)	(0)	-	(1)	(39 374)	(1)	(39 376)
	(0)	(0)	-	(1)	(39 374)	(3)	(39 378)
Total	96	3 785	105	833	1 395	1 690	7 904

EUR millions

	31.12.2016						Total
	USD	GBP	DKK	SEK	EUR	Other	
Financial assets							
Available for sale financial assets	228	58	14	42	8 394	21	8 757
Financial assets at fair value through surplus or deficit	(49)	-	-	-	50	-	0
Loans*	4	-	-	-	315	10	328
Receivables and recoverables	-	591	49	80	10 611	4	11 336
Cash and cash equivalents	31	2 392	426	1 220	21 423	2 087	27 579
	213	3 041	490	1 341	40 793	2 122	48 001
Financial liabilities							
Financial liabilities at fair value through surplus or deficit	(100)	-	-	-	100	-	(1)
Payables	(0)	-	-	-	(40 240)	(0)	(40 240)
	(101)	-	-	-	(40 141)	(0)	(40 241)
Total	113	3 041	490	1 341	652	2 122	7 760

* Excluding back-to-back loans for financial assistance.

If the EUR had strengthened against the currency concerned by 10 % then this would have had the following impact:

EUR millions

	Economic result			
	USD	GBP	DKK	SEK
2017	(3)	(339)	(8)	(71)
2016	(3)	(271)	(43)	(118)

EUR millions

	Net assets			
	USD	GBP	DKK	SEK
2017	(5)	(5)	(2)	(5)
2016	(7)	(5)	(1)	(4)

If the EUR had weakened against the currency concerned by 10 % then this would have had the following impact:

EUR millions

	Economic result			
	USD	GBP	DKK	SEK
2017	4	414	10	86
2016	4	331	53	144

EUR millions

	Net assets			
	USD	GBP	DKK	SEK
2017	7	6	2	6
2016	9	6	2	5

6.2. INTEREST RATE RISK

The following table illustrates the interest rate sensitivity of available for sale financial assets assuming possible change in interest rates of +/- 100 basis points (1 %).

EUR millions

	Increase (+) / decrease (-) in basis points	Effect on economic result and net assets
2017: Available for sale financial assets	+100	(305)
	-100	324
2016: Available for sale financial assets	+100	(238)
	-100	254

6.3. CREDIT RISK

Analysis of the age of financial assets that are not impaired

EUR millions

	Total	Neither past due nor impaired	Past due but not impaired		
			< 1 year	1-5 years	> 5 years
Loans	54 877	54 877	0	-	-
Receivables and recoverables	12 040	8 587	2 887	359	208
Financial assets at fair value through surplus or deficit	23	23	-	-	-
Total at 31.12.2017	66 940	63 486	2 887	359	208
Loans	55 272	55 271	1	-	-
Receivables and recoverables	11 336	10 031	124	909	273
Financial assets at fair value through surplus or deficit	0	0	-	-	-
Total at 31.12.2016	66 608	65 302	125	909	273

Credit quality of financial assets that are neither past due nor impaired

EUR millions

	Available for sale*	Financial assets at FVSD**	31.12.2017 Loans and receivables***	Cash	Total
<i>Counterparties with external credit rating</i>					
Prime and high grade	6 989	16	2 981	18 436	28 422
Upper medium grade	1 569	–	23 868	3 851	29 287
Lower medium grade	1 831	–	28 037	442	30 311
Non-investment grade	–	–	4 084	381	4 465
	10 390	16	58 970	23 109	92 485
<i>Counterparties without external credit rating</i>					
Group 1 (debtors without defaults in the past)	–	6	4 492	3	4 502
Group 2 (debtors with defaults in the past)	–	–	1	–	1
	–	6	4 493	3	4 503
Total	10 390	23	63 463	23 113	96 988

EUR millions

	Available for sale*	Financial assets at FVSD**	31.12.2016 Loans and receivables***	Cash	Total
<i>Counterparties with external credit rating</i>					
Prime and high grade	5 264	–	3 162	21 180	29 606
Upper medium grade	1 184	–	23 820	5 178	30 181
Lower medium grade	786	–	4 526	486	5 798
Non-investment grade	–	–	27 719	733	28 452
	7 234	–	59 226	27 576	94 037
<i>Counterparties without external credit rating</i>					
Group 1 (debtors without defaults in the past)	–	0	5 996	3	6 000
Group 2 (debtors with defaults in the past)	–	–	79	–	79
	–	0	6 076	3	6 079
Total	7 234	0	65 302	27 579	100 116

* Available for sale financial assets (excluding equity instruments and Unitary Fund).

** Financial assets at fair value through surplus or deficit.

*** Loans and Receivables include recoverables.

6.4. LIQUIDITY RISK

Maturity analysis of financial liabilities by remaining contractual maturity

EUR millions

	< 1 year	1-5 years	> 5 years	Total
Borrowings	(6 695)	(14 769)	(33 279)	(54 744)
Payables	(39 376)	–	–	(39 376)
Other financial liabilities	(118)	(556)	(807)	(1 482)
Total at 31.12.2017	(46 189)	(15 325)	(34 087)	(95 601)
Borrowings	(2 006)	(17 988)	(34 950)	(54 943)
Payables	(40 240)	0	–	(40 240)
Other financial liabilities	(158)	(532)	(906)	(1 596)
Total at 31.12.2016	(42 405)	(18 520)	(35 855)	(96 780)

Financial instruments at fair value through surplus or deficit

EUR millions

	< 1 year	1-5 years	> 5 years	Total
<i>Derivative pay leg</i>	(634)	(2)	-	(635)
<i>Derivative receive leg</i>	638	-	-	638
Net cash flows at 31.12.2017	5	(2)	-	3
<i>Derivative pay leg</i>	(150)	-	-	(150)
<i>Derivative receive leg</i>	149	-	-	149
Net cash flows at 31.12.2016	(1)	-	-	(1)

6.5. CARRYING AMOUNT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The following classes of financial assets and liabilities are not measured at fair value: cash and cash equivalents, loans, exchange receivables and non-exchange recoverables, borrowings and other financial liabilities at amortised cost. The carrying amount of those financial assets and liabilities is considered as a reasonable approximation of their fair value.

7. RELATED PARTIES

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

Details on key management entitlements are provided in note **7** of the EU consolidated annual accounts.

8. EVENTS AFTER THE BALANCE SHEET DATE

At the date of signing of these accounts no material issues had come to the attention of or were reported to the Accounting Officer of the Commission that would require separate disclosure under this section. As explained in **note 4.1.1** of the consolidated financial statements of the EU, the EFSI Agreement has been amended in March 2018 following the amended Regulation EU 2017/2396.

The accounts and related notes were prepared using the most recently available information and this is reflected in the information presented.

BUDGETARY IMPLEMENTATION REPORTS

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

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EU BUDGET RESULT

	<i>EUR million</i>	
	2017	2016
<i>Revenue</i>	139 691	144 717
<i>Expenditure</i>	(135 764)	(135 180)
<i>Payment appropriat. carried over to the following year</i>	(1 796)	(1 655)
<i>Cancellation of unused appropri. carried over from previous year</i>	40	63
<i>Evolution of assigned revenue</i>	(1 450)	(1 367)
<i>Exchange differences for the year</i>	(166)	(173)
Budget result*	555	6 405

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

EUR million

	Title	Initial adopted budget	Final adopted budget	Entitlements established	Revenue
1	Own resources	131 718	115 484	115 455	115 416
	11 - Sugar levies	133	133	134	134
	12 - Customs duties	21 334	20 374	20 364	20 325
	13 - VAT	16 599	16 620	16 584	16 584
	14 - GNI	93 652	78 356	78 279	78 279
	15 - Correction of budgetary imbalances	-	-	94	94
	16 - Reduction of GNI based contribution of the Netherlands and Sweden	-	-	(0)	(0)
3	Surpluses, balances and adjustments	-	6 405	6 416	6 416
4	Revenue accruing from persons working with the institutions and other union bodies	1 139	1 139	1 148	1 137
5	Revenue accruing from the administrative operation of the institution	70	70	300	282
6	Contributions and refunds in connection with union agreements and programmes	60	60	12 473	12 165
7	Default interest and fines	1 120	3 230	11 387	3 573
8	Borrowing and lending operations	7	7	43	28
9	Miscellaneous revenue	25	25	12	6
	Total	134 139	126 419	147 234	139 023

BUDGET EXPENDITURE: COMMITMENTS BY MULTIANNUAL FINANCIAL FRAMEWORK (MFF) HEADING

EUR million

MFF Heading	Initial adopted budget	Final adopted budget	Total appropriations available	Commitments made
1. Smart and inclusive growth	74 899	75 399	85 181	83 268
1a: Competitiveness for growth and jobs	21 312	21 312	24 508	22 654
1b: Economic, social and territorial cohesion	53 587	54 087	60 673	60 614
2. Sustainable growth: natural resources	58 584	58 569	62 806	60 859
of which: Market related expenditure and direct payments	42 613	42 611	45 830	44 759
3. Security and citizenship	4 284	4 284	4 472	4 124
4. Global Europe	10 162	10 713	12 382	11 814
5. Administration	5 473	5 473	5 846	5 652
6. Compensations	-	-	-	-
8. Negative reserve and deficit carried over from the previous financial year	-	-	-	-
9. Special Instruments	534	1 472	1 544	1 291
Total	153 937	155 910	172 231	167 009

BUDGET EXPENDITURE: PAYMENTS BY MULTIANNUAL FINANCIAL FRAMEWORK (MFF) HEADING

EUR million

MFF Heading	Initial adopted budget	Final adopted budget	Total appropriations available	Payments made
1. Smart and inclusive growth	56 522	49 840	61 168	57 030
1a: Competitiveness for growth and jobs	19 321	20 065	24 370	21 376
1b: Economic, social and territorial cohesion	37 201	29 775	36 797	35 654
2. Sustainable growth: natural resources	54 914	54 467	58 575	56 743
of which: Market related expenditure and direct payments	42 563	42 558	45 975	44 695
3. Security and citizenship	3 787	2 793	2 994	2 867
4. Global Europe	9 483	8 938	10 944	9 793
5. Administration	5 474	5 471	6 136	5 571
6. Compensations	–	–	–	–
8. Negative reserve and deficit carried over from the previous financial year	–	–	–	–
9. Special Instruments	390	1 341	1 414	1 291
Total	130 569	122 850	141 230	133 294

1. IMPLEMENTATION OF EC BUDGET REVENUE

EUR million

Title	Income appropriations		Entitlements established			Revenue			Receipts as % of budget	Out-standing
	Initial budget adopted	Final budget adopted	Current year	Carried over	Total	On entitlements of current year	On entitlements carried over	Total		
1 Own resources	131 718	115 484	115 429	26	115 455	115 414	2	115 416	100%	39
3 Surpluses, balances and adjustments	-	6 405	6 416	-	6 416	6 416	-	6 416	100%	-
4 Revenue accruing from persons working with the institutions and other union bodies	1 139	1 139	1 141	6	1 148	1 131	6	1 137	100%	11
5 Revenue accruing from the administrative operation of the institution	70	70	284	16	300	269	12	282	402%	18
6 Contributions and refunds in connection with union agreements and programmes	60	60	12 216	258	12 473	12 050	116	12 165	20276%	308
7 Default interest and fines	1 120	3 230	4 823	6 564	11 387	541	3 032	3 573	111%	7 814
8 Borrowing and lending operations	7	7	39	5	43	24	5	28	410%	15
9 Miscellaneous revenue	25	25	3	9	12	2	4	6	24%	6
Total	134 139	126 419	140 350	6 883	147 234	135 846	3 177	139 023	110%	8 210

2. IMPLEMENTATION OF EC BUDGET EXPENDITURE

2.1. MFF: BREAKDOWN & CHANGES IN COMMITMENT & PAYMENT APPROPRIATIONS

EUR million

MFF Heading	Commitment appropriations						Total appropri. available	Payment appropriations					Total appropri. available
	Budget appropriations			Additional appropriations		Initial adopted budget		Budget appropriations		Additional appropriat.			
	Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carry-overs	Assigned revenue			Initial adopted budget	Amending budgets & transfers	Final adopted budget	Carry-overs	Assigned revenue	
1	2	3=1+2	4	5	6=3+4+5	7	8	9=7+8	10	11	12=9+10+11		
1. Smart and inclusive growth	74 899	500	75 399	0	9 782	85 181	56 522	(6 682)	49 840	130	11 198	61 168	
1a: Competitiveness for growth and jobs	21 312	0	21 312	0	3 195	24 508	19 321	744	20 065	117	4 188	24 370	
1b: Economic, social and territorial cohesion	53 587	500	54 087	-	6 586	60 673	37 201	(7 426)	29 775	13	7 009	36 797	
2. Sustainable growth: natural resources	58 584	(15)	58 569	433	3 804	62 806	54 914	(447)	54 467	635	3 473	58 575	
of which: Market related expenditure and direct payments	42 613	(2)	42 611	433	2 786	45 830	42 563	(5)	42 558	630	2 786	45 975	
3. Security and citizenship	4 284	-	4 284	-	188	4 472	3 787	(994)	2 793	11	189	2 994	
4. Global Europe	10 162	551	10 713	109	1 560	12 382	9 483	(545)	8 938	120	1 887	10 944	
5. Administration	5 473	-	5 473	1	371	5 846	5 474	(2)	5 471	293	372	6 136	
6. Compensations	-	-	-	-	-	-	-	-	-	-	-	-	
8. Negative reserve and deficit carried over from the previous financial year	-	-	-	-	-	-	-	-	-	-	-	-	
9. Special Instruments	534	938	1 472	31	41	1 544	390	951	1 341	32	41	1 414	
Total	153 937	1 974	155 910	575	15 746	172 231	130 569	(7 720)	122 850	1 221	17 160	141 230	

2.2. MFF: IMPLEMENTATION OF COMMITMENT APPROPRIATIONS

EUR million

MFF Heading	Total appropri. available	Commitments made					Appropriat. carried over to 2018			Appropriations lapsing			
		from final adopted budget	from carry- overs	from assigned revenue	Total	%	assigned revenue	carry- overs by decision	Total	from final adopted budget	from carry- overs	from assigned revenue	from assigned revenue
	1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	12
1. Smart and inclusive growth	85 181	75 356	0	7 912	83 268	98 %	1 870	27	1 897	16	-	0	0
1a: Competitiveness for growth and jobs	24 508	21 301	0	1 353	22 654	92 %	1 842	4	1 846	8	-	0	8
1b: Economic, social and territorial cohesion	60 673	54 056	-	6 559	60 614	100 %	28	23	51	8	-	-	8
2. Sustainable growth: natural resources	62 806	58 100	426	2 334	60 859	97 %	1 470	451	1 920	19	8	-	27
of which: Market related expenditure and direct payments	45 830	42 150	426	2 183	44 759	98 %	603	451	1 054	10	8	-	18
3. Security and citizenship	4 472	4 035	-	89	4 124	92 %	99	247	345	2	-	0	2
4. Global Europe	12 382	10 710	108	997	11 814	95 %	563	2	565	1	1	0	3
5. Administration	5 846	5 431	1	219	5 652	97 %	152	-	152	42	-	-	42
6. Compensations	-	-	-	-	-	0 %	-	-	-	-	-	-	-
8. Negative reserve and deficit carried over from the previous financial year	-	-	-	-	-	0 %	-	-	-	-	-	-	-
9. Special Instruments	1 544	1 259	31	-	1 291	84 %	41	62	103	151	-	-	151
Total	172 231	154 892	566	11 551	167 009	97 %	4 195	788	4 983	231	9	0	240

2.3. MFF: IMPLEMENTATION OF PAYMENT APPROPRIATIONS

EUR million

MFF Heading	Payments made						Appropriations carried over to 2018				Appropriations lapsing			Total 14=11+12 +13
	Total approp. available 1	from final adopted budget 2	from carry-overs 3	from assigned revenue 4	Total 5=2+3+4	% 6=5/1	auto-matic carry-overs 7	carry-overs by decis. 8	assigned revenue 9	Total 10=7+8+9	from final adopted budget 11	from carry-overs 12	from assigned revenue 13	
1. Smart and inclusive growth	61 168	49 698	111	7 220	57 030	93 %	121	-	3 977	4 098	21	19	0	40
1a: Competitiveness for growth and jobs	24 370	19 945	101	1 330	21 376	88 %	108	-	2 858	2 966	12	16	0	28
1b: Economic, social and territorial cohesion	36 797	29 754	11	5 890	35 654	97 %	13	-	1 119	1 132	9	3	-	11
2. Sustainable growth: natural resources	58 575	53 889	626	2 228	56 743	97 %	111	451	1 245	1 806	17	9	-	26
of which: Market related expenditure and direct payments	45 975	41 992	621	2 081	44 695	97 %	103	451	705	1 259	12	8	-	21
3. Security and citizenship	2 994	2 767	10	90	2 867	96 %	11	5	99	115	11	1	0	12
4. Global Europe	10 944	8 610	116	1 067	9 793	89 %	314	2	820	1 136	12	4	-	16
5. Administration	6 136	5 123	272	177	5 571	91 %	305	1	195	501	42	21	-	63
6. Compensations	-	-	-	-	-	0 %	-	-	-	-	-	-	-	-
Negative reserve and deficit carried over from the previous financial year	-	-	-	-	-	0 %	0	-	-	-	-	-	-	-
9. Special Instruments	1 414	1 241	32	18	1 291	91 %	0	-	23	24	99	0	-	99
Total	141 230	121 328	1 167	10 800	133 294	94 %	862	458	6 359	7 680	201	54	0	255

2.4. MFF: MOVEMENTS IN COMMITMENTS OUTSTANDING (RAL)

EUR million

MFF Heading	Commitments outstanding at the end of previous year				Commitments of the year				Total commitm. outstanding at end of the year
	Commit. carried forward from prev. year	Decommitments/ Revaluat./ Cancellations	Payments	Commitm. outstanding at year-end	Commit. made during the year	Payments	Cancellation of commitm. which cannot be carried-over	Commitm. outstanding at year-end	
1. Smart and inclusive growth	174 938	(4 337)	(49 231)	121 370	83 268	(7 799)	(3)	75 467	196 837
1a: Competitiveness for growth and jobs	35 622	(1 321)	(13 887)	20 414	22 654	(7 489)	(3)	15 162	35 576
1b: Economic, social and territorial cohesion	139 316	(3 015)	(35 345)	100 956	60 614	(310)	(0)	60 304	161 260
2. Sustainable growth: natural resources	33 947	(180)	(11 860)	21 907	60 859	(44 882)	(0)	15 977	37 883
of which: Market related expenditure and direct payments	247	(2)	(211)	33	44 759	(44 484)	-	275	309
3. Security and citizenship	4 167	(231)	(1 650)	2 286	4 124	(1 217)	-	2 908	5 194
4. Global Europe	24 974	(517)	(6 662)	17 795	11 814	(3 131)	(1)	8 682	26 478
5. Administration	301	(22)	(278)	2	5 652	(5 294)	(0)	358	359
6. <i>Compensations</i>	-	-	-	-	-	-	-	-	-
8. Negative reserve and deficit carried over from the previous financial year	-	-	-	-	-	-	-	-	-
9. Special Instruments	0	(0)	(0)	-	1 291	(1 290)	-	0	0
Total	238 328	(5 287)	(69 681)	163 359	167 009	(63 613)	(4)	103 392	266 751

2.5. MFF: COMMITMENTS OUTSTANDING BY YEAR OF ORIGIN

		<i>EUR million</i>								
MFF Heading	<2011	2011	2012	2013	2014	2015	2016	2017	Total	
1 Smart and inclusive growth	1 575	532	1 464	13 556	6 680	41 805	55 759	75 467	196 837	
1a: Competitiveness for growth and jobs	741	294	829	2 754	3 620	4 893	7 283	15 162	35 576	
1b: Economic, social and territorial cohesion	834	238	635	10 802	3 060	36 912	48 475	60 304	161 260	
2 Sustainable growth: natural resources	227	58	76	992	496	5 470	14 588	15 977	37 883	
of which: Market related expenditure and direct payments	-	-	-	-	0	12	22	275	309	
3 Security and citizenship	40	34	74	114	77	278	1 669	2 908	5 194	
4 Global Europe	1 036	543	1 054	2 232	2 675	4 226	6 030	8 682	26 478	
5 Administration	-	-	-	0	0	0	2	358	359	
6 Compensations	-	-	-	-	-	-	-	-	-	
8 Negative reserve and deficit carried over from the previous financial year	-	-	-	-	-	-	-	-	-	
9 Special Instruments	-	-	-	-	-	-	(0)	0	0	
Total	2 878	1 166	2 668	16 893	9 928	51 779	78 048	103 392	266 751	

2.6. POLICY AREA: BREAKDOWN AND CHANGES IN COMMITMENT AND PAYMENT APPROPRIATIONS

EUR million

Policy area	Commitment appropriations						Total approp. available 6=3+4+5	Payment appropriations					Total approp. available 12=9+10+11
	Budget appropriations			Additional appropriations		Initial adopted budget 7		Budget appropriations		Additional appropriations			
	Initial adopted budget 1	Amending budgets & transfers 2	Final adopted budget 3=1+2	Carried-over 4	Assigned revenue 5			Initial adopted budget 7	Amending budgets & transfers 8	Final adopted budget 9=7+8	Carried-over 10	Assigned revenue 11	
01 Economic and financial affairs	3 086	269	3 356	–	456	3 812	2 840	316	3 156	6	458	3 620	
02 Internal market, industry, entrepreneurship and SMEs	2 456	(6)	2 449	0	251	2 700	2 260	(6)	2 255	14	452	2 721	
03 Competition	108	(0)	108	–	5	113	108	(0)	108	8	5	121	
04 Employment, social affairs and inclusion	13 813	527	14 341	0	1 731	16 072	10 726	(1 342)	9 383	13	2 166	11 562	
05 Agriculture and rural development	57 538	(8)	57 530	433	3 690	61 653	54 110	(204)	53 906	636	3 364	57 907	
06 Mobility and transport	3 784	(1)	3 783	0	181	3 964	1 815	179	1 994	5	177	2 176	
07 Environment	473	(0)	473	0	20	492	388	(18)	371	4	18	392	
08 Research and innovation	6 193	(0)	6 193	–	1 142	7 334	5 912	(1)	5 911	28	1 716	7 655	
09 Communications networks, content and technology	2 008	1	2 009	0	271	2 280	2 165	(60)	2 104	15	339	2 459	
10 Direct research	402	–	402	–	582	984	402	(9)	392	47	518	957	
11 Maritime affairs and fisheries	1 105	(12)	1 094	0	137	1 231	768	(191)	577	2	137	716	
12 Financial stability, financial services and capital markets union	91	(0)	90	0	6	96	92	(3)	89	3	6	98	
13 Regional and urban policy	38 612	1 203	39 815	31	4 920	44 767	26 780	(4 883)	21 898	42	4 912	26 852	
14 Taxation and customs union	178	7	186	–	8	194	161	0	161	5	8	174	
15 Education and culture	3 366	0	3 367	0	549	3 916	3 146	17	3 163	13	721	3 898	
16 Communication	212	0	212	–	12	224	210	(1)	209	11	12	232	
17 Health and food safety	564	2	566	–	48	614	542	6	547	9	49	605	
18 Migration and home affairs	3 459	(1)	3 458	0	148	3 607	3 103	(1 035)	2 068	8	165	2 240	
19 Foreign policy instruments	738	(54)	685	9	59	753	699	(109)	590	3	59	652	
20 Trade	113	(1)	112	0	3	115	112	(2)	110	3	3	116	
21 International cooperation and development	3 703	(27)	3 676	1	189	3 866	3 339	(178)	3 161	22	214	3 397	
22 Neighbourhood and enlargement negotiations	4 508	23	4 531	–	122	4 653	3 856	(673)	3 183	11	456	3 650	
23 Humanitarian aid and civil protection	1 053	319	1 372	99	774	2 244	1 255	228	1 483	92	733	2 308	
24 Fight against fraud	82	–	82	–	0	82	80	–	80	12	0	92	
25 Commission's policy coordination and legal advice	232	0	233	0	12	245	232	0	233	16	12	260	
26 Commission's administration	1 070	(1)	1 069	–	191	1 259	1 068	(7)	1 061	146	193	1 400	
27 Budget	76	(5)	71	–	8	79	76	(5)	71	8	8	87	
28 Audit	19	(0)	19	–	1	20	19	(0)	19	1	1	21	
29 Statistics	144	(0)	143	–	18	161	128	10	137	5	23	165	

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EUR million

Policy area	Commitment appropriations						Payment appropriations						Total approp. available
	Budget appropriations			Additional appropriations			Total approp. available	Budget appropriations			Additional appropriations		
	Initial adopted budget 1	Amending budgets & transfers 2	Final adopted budget 3=1+2	Carried-over 4	Assigned revenue 5	6=3+4+5		Initial adopted budget 7	Amending budgets & transfers 8	Final adopted budget 9=7+8	Carried-over 10	Assigned revenue 11	
30 Pensions and related expenditure	1 797	12	1 809	-	0	1 809	1 797	12	1 809	-	0	1 809	
31 Language services	408	(2)	406	-	74	479	408	(2)	406	19	74	498	
32 Energy	1 643	(0)	1 643	0	128	1 771	1 317	478	1 795	5	151	1 952	
33 Justice and consumers	271	(0)	271	-	9	280	238	(1)	237	4	9	250	
34 Climate action	147	(0)	147	0	1	148	102	(19)	84	4	1	89	
40 Reserves	484	(271)	213	-	-	213	315	(216)	99	-	-	99	
Total	153 937	1 974	155 910	575	15 746	172 231	130 569	(7 720)	122 850	1 221	17 160	141 230	

2.7. POLICY AREA: IMPLEMENTATION OF COMMITMENT APPROPRIATIONS

EUR million

Policy area	Total appropri. available	Commitments made					Appropriations carried over to 2018			Appropriations lapsing			
		from final adopted budget	from carry- overs	from assigned revenue	Total	%	assigned revenue	carry- overs by decision	Total	from final adopted budget	from carry- overs	from assigned 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
01 Economic and financial affairs	3 812	3 355	–	43	3 398	89 %	413	–	413	1	–	–	1
02 Internal market, industry, entrepreneurship and SMEs	2 700	2 449	0	110	2 559	95 %	141	–	141	1	–	–	1
03 Competition	113	107	–	3	110	97 %	3	–	3	1	–	–	1
04 Employment, social affairs and inclusion	16 072	14 332	0	1 678	16 010	100 %	53	–	53	9	–	0	9
05 Agriculture and rural development	61 653	57 064	426	2 203	59 693	97 %	1 487	451	1 938	15	8	–	23
06 Mobility and transport	3 964	3 781	0	48	3 830	97 %	133	–	133	1	–	0	1
07 Environment	492	472	0	14	486	99 %	6	–	6	1	–	–	1
08 Research and innovation	7 334	6 192	–	598	6 790	93 %	543	–	543	1	–	–	1
09 Communications networks, content and technology	2 280	2 005	0	86	2 091	92 %	184	4	188	0	–	0	0
10 Direct research	984	402	–	121	523	53 %	461	–	461	0	–	–	0
11 Maritime affairs and fisheries	1 231	1 089	0	136	1 225	100 %	1	–	1	4	–	–	4
12 Financial stability, financial services and capital markets union	96	90	0	2	92	96 %	3	–	3	1	–	–	1
13 Regional and urban policy	44 767	39 788	31	4 890	44 710	100 %	30	25	54	3	–	–	3
14 Taxation and customs union	194	185	–	2	188	97 %	6	–	6	1	–	–	1
15 Education and culture	3 916	3 366	0	300	3 666	94 %	249	–	249	1	–	–	1
16 Communication	224	211	–	6	218	97 %	6	–	6	1	–	–	1
17 Health and food safety	614	565	–	31	596	97 %	17	–	17	1	–	–	1
18 Migration and home affairs	3 607	3 209	0	63	3 272	91 %	86	247	332	2	–	–	2
19 Foreign policy instruments	753	684	8	47	739	98 %	12	–	12	0	1	–	2
20 Trade	115	111	0	2	113	98 %	1	–	1	1	–	–	1
21 International cooperation and development	3 866	3 672	1	159	3 832	99 %	30	1	31	4	–	–	4
22 Neighbourhood and enlargement negotiations	4 653	4 529	–	70	4 599	99 %	52	–	52	2	–	–	2
23 Humanitarian aid and civil protection	2 244	1 371	99	724	2 194	98 %	49	–	49	1	–	0	1
24 Fight against fraud	82	79	–	–	79	95 %	0	–	0	4	–	–	4
25 Commission's policy coordination and legal advice	245	231	0	7	237	97 %	5	–	5	2	–	–	2
26 Commission's administration	1 259	1 067	–	121	1 188	94 %	70	–	70	2	–	–	2
27 Budget	79	69	–	4	73	92 %	4	–	4	3	–	–	3
28 Audit	20	19	–	1	20	97 %	1	–	1	0	–	–	0
29 Statistics	161	142	–	7	149	93 %	11	–	11	1	–	–	1
30 Pensions and related expenditure	1 809	1 800	–	0	1 800	99 %	0	–	0	9	–	–	9
31 Language services	479	402	–	44	446	93 %	30	–	30	3	–	–	3
32 Energy	1 771	1 639	0	27	1 665	94 %	102	–	102	5	–	0	5

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EUR million

Policy area	Total appropri. available	Commitments made					Appropriations carried over to 2018			Appropriations lapsing			
		from final adopted budget	from carry- overs	from assigned revenue	Total	%	assigned revenue	carry- overs by decision	Total	from final adopted budget	from carry- overs	from assigned 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
33 Justice and consumers	280	270	-	3	273	98 %	6	-	6	1	-	-	1
34 Climate action	148	146	0	1	147	100 %	0	-	0	0	-	-	0
40 Reserves	213	-	-	-	-	0 %	-	62	62	151	-	-	151
Total	172 231	154 892	566	11 551	167 009	97 %	4 195	788	4 983	231	9	0	240

2.8. POLICY AREA: IMPLEMENTATION OF PAYMENT APPROPRIATIONS

EUR million

Policy area	Payments made						Appropriations carried over to 2018				Appropriations lapsing			Total 14=11+12 +13	
	Total appropriations available	from final adopted budget	from carry- overs	from assigned revenue	Total	%	automatic carry-overs	carry-overs by decis.	assigned revenue	Total	from final adopted budget	from carry- overs	from assigned revenue		
	1	2	3	4	5=2+3+4	6=5/1	7	8	9	10=7+8+9	11	12	13		
01	Economic and financial affairs	3 620	2 873	5	45	2 923	81 %	282	-	414	695	1	0	-	1
02	Internal market, industry, entrepreneurship and SMEs	2 721	2 238	13	112	2 363	87 %	16	-	340	356	1	1	0	2
03	Competition	121	97	8	2	107	88 %	10	-	3	13	1	0	-	1
04	Employment, social affairs and inclusion	11 562	9 365	9	1 069	10 443	90 %	11	-	1 097	1 108	7	4	0	11
05	Agriculture and rural development	57 907	53 329	627	2 212	56 167	97 %	112	451	1 152	1 715	15	10	-	25
06	Mobility and transport	2 176	1 988	4	86	2 078	96 %	5	-	91	96	1	1	0	2
07	Environment	392	366	3	15	384	98 %	4	-	3	7	0	1	-	1
08	Research and innovation	7 655	5 878	26	486	6 390	83 %	27	-	1 230	1 257	6	2	0	8
09	Communications networks, content and technology	2 459	2 090	13	87	2 190	89 %	14	-	253	267	1	2	-	3
10	Direct research	957	346	41	104	491	51 %	47	-	413	460	0	6	-	6
11	Maritime affairs and fisheries	716	573	2	7	582	81 %	3	-	130	132	2	0	-	2
12	Financial stability, financial services and capital markets union	98	84	3	2	90	92 %	4	-	3	7	1	0	-	1
13	Regional and urban policy	26 852	21 878	41	4 853	26 772	100 %	13	-	59	72	6	2	-	8
14	Taxation and customs union	174	154	5	2	162	93 %	6	-	6	12	1	0	-	1
15	Education and culture	3 898	3 149	13	351	3 512	90 %	14	-	370	384	1	1	(0)	1
16	Communication	232	196	10	6	212	91 %	12	-	7	18	1	1	-	2
17	Health and food safety	605	534	8	30	573	95 %	10	-	19	29	3	0	0	3
18	Migration and home affairs	2 240	2 051	7	69	2 127	95 %	9	0	95	104	8	1	0	9
19	Foreign policy instruments	652	582	3	33	618	95 %	4	-	26	30	4	0	-	4
20	Trade	116	106	3	1	110	95 %	3	-	2	5	1	0	-	1
21	International cooperation and development	3 397	3 133	19	140	3 292	97 %	22	-	74	96	6	3	-	9
22	Neighbourhood and enlargement negotiations	3 650	3 165	9	241	3 415	94 %	13	-	215	228	5	1	-	6
23	Humanitarian aid and civil protection	2 308	1 466	92	648	2 206	96 %	7	7	85	99	2	0	0	3
24	Fight against fraud	92	70	8	-	78	84 %	6	-	0	7	4	4	-	8
25	Commission's policy coordination and legal	260	211	14	6	232	89 %	19	0	6	25	2	2	-	4

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EUR million

Policy area	Payments made						Appropriations carried over to 2018				Appropriations lapsing			Total 14=11+12+13
	Total apppr. available 1	from final adopted budget 2	from carry-overs 3	from assigned revenue 4	Total 5=2+3+4	% 6=5/1	automatic carry-overs 7	carry-overs by decis. 8	assigned revenue 9	Total 10=7+8+9	from final adopted budget 11	from carry-overs 12	from assigned revenue 13	
advice														
26 Commission's administration	1 400	926	139	91	1 157	83 %	132	1	101	234	2	7	-	9
27 Budget	87	53	7	3	63	72 %	16	-	5	21	3	1	-	3
28 Audit	21	18	1	1	19	91 %	1	-	1	2	0	0	-	0
29 Statistics	165	131	4	4	139	84 %	6	-	19	25	1	0	-	1
30 Pensions and related expenditure	1 809	1 800	-	0	1 800	99 %	-	-	0	0	9	-	-	9
31 Language services	498	382	18	40	440	88 %	20	-	34	54	3	1	-	4
32 Energy	1 952	1 786	5	46	1 837	94 %	5	-	105	110	3	1	0	4
33 Justice and consumers	250	231	3	5	240	96 %	4	-	3	8	1	1	-	2
34 Climate action	89	78	4	0	82	93 %	4	-	1	5	1	0	-	1
40 Reserves	99	-	-	-	-	0 %	-	-	-	-	99	-	-	99
Total	141 230	121 328	1 167	10 800	133 294	94 %	862	458	6 359	7 680	201	54	0	255

2.9. POLICY AREA: MOVEMENTS IN COMMITMENTS OUTSTANDING (RAL)

EUR million

Policy area	Commitments outstanding at the end of previous year				Commitments of the year					
	Commitm. carried forward from prev. year	Decommitm./Revaluat./Cancellations	Payments	Commitm. outstanding at year-end	Commitm. made during the year	Payments	Cancellation of commitm. which cannot be carried-over	Commitm. outstanding at year-end	Total commitm. outstanding at end of the year	
01	Economic and financial affairs	2 861	(74)	(2 501)	287	3 398	(423)	-	2 975	3 262
02	Internal market, industry, entrepreneurship and SMEs	2 648	(31)	(1 361)	1 257	2 559	(1 002)	(1)	1 556	2 812
03	Competition	8	(0)	(8)	-	110	(99)	-	11	11
04	Employment, social affairs and inclusion	37 331	(277)	(10 098)	26 955	16 010	(345)	-	15 665	42 620
05	Agriculture and rural development	30 520	(154)	(11 338)	19 028	59 693	(44 829)	(0)	14 863	33 891
06	Mobility and transport	7 801	(663)	(1 581)	5 557	3 830	(497)	(0)	3 333	8 889
07	Environment	1 182	(2)	(268)	913	486	(117)	-	369	1 282
08	Research and innovation	13 309	(228)	(4 300)	8 781	6 790	(2 090)	(1)	4 700	13 481
09	Communications networks, content and technology	2 832	(25)	(1 278)	1 530	2 091	(912)	-	1 179	2 709
10	Direct research	196	(14)	(111)	71	523	(380)	(0)	143	214
11	Maritime affairs and fisheries	2 630	(30)	(399)	2 202	1 225	(183)	(0)	1 042	3 244
12	Financial stability, financial services and capital markets union	13	(2)	(9)	2	92	(81)	-	11	14
13	Regional and urban policy	99 518	(2 761)	(25 240)	71 518	44 710	(1 532)	(0)	43 177	114 695
14	Taxation and customs union	128	(6)	(77)	45	188	(85)	-	103	148
15	Education and culture	2 644	(231)	(1 103)	1 310	3 666	(2 409)	(0)	1 257	2 566
16	Communication	62	(3)	(55)	5	218	(158)	(0)	60	65
17	Health and food safety	480	(29)	(254)	197	596	(319)	-	277	474
18	Migration and home affairs	3 539	(174)	(1 324)	2 041	3 272	(803)	-	2 470	4 511
19	Foreign policy instruments	930	(24)	(310)	597	739	(308)	(0)	431	1 027
20	Trade	22	(1)	(14)	7	113	(96)	-	16	24
21	International cooperation and development	9 150	(211)	(2 643)	6 296	3 832	(649)	-	3 183	9 479
22	Neighbourhood and enlargement negotiations	12 870	(231)	(2 830)	9 808	4 599	(585)	(0)	4 014	13 822
23	Humanitarian aid and civil protection	1 050	(55)	(605)	390	2 194	(1 601)	(0)	593	983
24	Fight against fraud	29	(2)	(19)	8	79	(59)	(0)	19	27
25	Commission's policy coordination and legal advice	16	(2)	(14)	-	237	(218)	(0)	20	20
26	Commission's administration	184	(9)	(166)	9	1 188	(991)	(0)	197	206
27	Budget	8	(1)	(7)	-	73	(56)	-	17	17
28	Audit	1	(0)	(1)	-	20	(19)	-	1	1
29	Statistics	119	(4)	(54)	61	149	(85)	-	64	125
30	Pensions and related expenditure	-	-	-	-	1 800	(1 800)	-	-	-
31	Language services	19	(1)	(18)	-	446	(422)	-	24	24
32	Energy	5 740	(12)	(1 539)	4 189	1 665	(298)	(0)	1 367	5 556
33	Justice and consumers	250	(30)	(102)	118	273	(139)	-	135	252

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EUR million

Policy area	Commitments outstanding at the end of previous year					Commitments of the year				
	Commitm. carried forward from prev. year	Decommitt./Revaluat./Cancellations	Payments	Commitm. outstanding at year-end	Commitm. made during the year	Payments	Cancellation of commitm. which cannot be carried-over	Commitm. outstanding at year-end	Total commitm. outstanding at end of the year	
34 Climate action	237	(1)	(56)	180	147	(26)	-	121	301	
40 Reserves	-	-	-	-	-	-	-	-	-	
Total	238 328	(5 287)	(69 681)	163 359	167 009	(63 613)	(4)	103 392	266 751	

2.10. POLICY AREA: COMMITMENTS OUTSTANDING BY YEAR OF ORIGIN

		<i>EUR million</i>									
Policy area	<2011	2011	2012	2013	2014	2015	2016	2017	Total		
01 Economic and financial affairs	2	-	29	244	0	2	10	2 975	3 262		
02 Internal market, industry, entrepreneurship and SMEs	12	21	25	51	80	244	823	1 556	2 812		
03 Competition	-	-	-	-	-	-	0	11	11		
04 Employment, social affairs and inclusion	387	238	146	2 092	1 231	10 492	12 369	15 665	42 620		
05 Agriculture and rural development	34	-	1	681	318	4 368	13 625	14 863	33 891		
06 Mobility and transport	30	18	158	125	978	1 224	3 025	3 333	8 889		
07 Environment	108	58	63	100	142	203	239	369	1 282		
08 Research and innovation	68	135	401	919	1 857	2 426	2 975	4 700	13 481		
09 Communications networks, content and technology	40	25	46	125	294	395	604	1 179	2 709		
10 Direct research	11	0	0	10	7	6	36	143	214		
11 Maritime affairs and fisheries	84	0	11	268	9	972	856	1 042	3 244		
12 Financial stability, financial services and capital markets union	-	-	-	-	0	1	2	11	14		
13 Regional and urban policy	665	6	493	8 938	1 395	25 751	34 270	43 177	114 695		
14 Taxation and customs union	-	-	0	-	2	12	31	103	148		
15 Education and culture	6	22	69	138	209	388	479	1 257	2 566		
16 Communication	-	0	0	0	0	0	4	60	65		
17 Health and food safety	16	3	4	9	25	48	90	277	474		
18 Migration and home affairs	35	29	81	130	58	220	1 489	2 470	4 511		
19 Foreign policy instruments	8	9	32	40	125	165	218	431	1 027		
20 Trade	-	0	0	0	0	1	5	16	24		
21 International cooperation and development	253	183	407	813	1 032	1 530	2 079	3 183	9 479		
22 Neighbourhood and enlargement negotiations	532	334	604	1 093	1 480	2 412	3 353	4 014	13 822		
23 Humanitarian aid and civil protection	26	13	13	14	20	32	271	593	983		
24 Fight against fraud	-	-	-	-	1	2	5	19	27		
25 Commission's policy coordination and legal advice	-	-	-	-	-	-	0	20	20		
26 Commission's administration	-	-	-	1	1	0	6	197	206		
27 Budget	-	-	-	-	-	-	-	17	17		
28 Audit	-	-	-	-	-	-	0	1	1		
29 Statistics	-	0	0	1	8	15	37	64	125		
30 Pensions and related expenditure	-	-	-	-	-	-	-	-	-		
31 Language services	-	-	-	-	-	-	0	24	24		
32 Energy	560	69	80	1 093	600	789	999	1 367	5 556		
33 Justice and consumers	0	4	6	7	15	25	61	135	252		
34 Climate action	-	-	-	0	38	56	86	121	301		
40 Reserves	-	-	-	-	-	-	-	-	-		
Total	2 878	1 166	2 668	16 893	9 928	51 779	78 048	103 392	266 751		

RECONCILIATION OF ECONOMIC RESULT WITH BUDGET RESULT

EUR millions

	2017	2016
ECONOMIC RESULT OF THE YEAR	7 901	1 775
Revenue		
<i>Entitlements established in current year but not yet collected</i>	(4 402)	(1 963)
<i>Entitlements established in previous years and collected in current year</i>	10 733	3 356
<i>Accrued revenue (net)</i>	(257)	611
Expenses		
<i>Accrued expenses (net)</i>	3 706	10 626
<i>Amount from liaison account</i>	3 378	3 286
<i>Expenses prior year paid in current year</i>	(3 574)	(7 656)
<i>Net-effect pre-financing</i>	(12 039)	(366)
<i>Payment appropriations carried over to next year</i>	(2 746)	(2 500)
<i>Payments made from carry-overs & cancellation of unused payment appropriations</i>	1 181	841
<i>Movement in provisions</i>	6 795	3 890
<i>Other</i>	(6 675)	(2 084)
BUDGET RESULT OF THE YEAR	4 000	9 817
BUDGET RESULT OTHER INSTITUTIONS	(3 445)	(3 413)
BUDGET RESULT OF THE YEAR (EU)	555	6 405