

Annual Accounts Financial Year 2022

These accounts have been drawn up by the Accounting Officer on 30 May 2023. The opinion of the Management Board was given on 26 June 2023.

The present annual accounts, together with the opinion of the Management Board, will be sent to the Commission's Accounting Officer, the Court of Auditors, the European Parliament and the Council by 1 July 2023.

The accounts will be published on the Eurofound website: <https://www.eurofound.europa.eu>

DocuSigned by:
David Maddocks
67B2477824724B0...

David Maddocks
Accounting Officer

DocuSigned by:
Ivailo Kalfin
777CFAEBABB84C4...

Ivailo Kalfin
Executive Director

Opinion of the Management Board

The following opinion was adopted by the Management Board on 26 June 2023:

'The Management Board takes note of Eurofound's Final Accounts for the year 2022 as well as the preliminary observations of the European Court of Auditors.

The Management Board acknowledges the preliminary observations of the Court and requests Eurofound to follow up on them.

The Management Board gives a positive opinion on the Final Accounts for 2022 and invites the Accounting Officer to forward the accounts and this opinion to the European Parliament, the Council, the Commission and the Court of Auditors.

The Management Board looks forward to the final report of the Court of Auditors and the remarks of the European Parliament and the Council during the discharge procedure.'



Annual accounts of the European Foundation for the Improvement of Living and Working Conditions

Financial year 2022

CONTENTS

CERTIFICATION OF THE ACCOUNTS	3
BACKGROUND INFORMATION ON EUROFOUND	4
FINANCIAL STATEMENTS AND EXPLANATORY NOTES.....	5
BALANCE SHEET	7
STATEMENT OF FINANCIAL PERFORMANCE	8
CASHFLOW STATEMENT.....	9
STATEMENT OF CHANGES IN NET ASSETS	10
NOTES TO THE FINANCIAL STATEMENTS	11
THE BUDGET IMPLEMENTATION REPORTS AND EXPLANATORY NOTES	26

CERTIFICATION OF THE ACCOUNTS

I acknowledge my responsibility for the preparation and presentation of the annual accounts of the European Foundation for the Improvement of Living and Working Conditions in accordance with Article 102 of the Framework Financial Regulation ('FFR')¹ and I hereby certify that the annual accounts of the European Foundation for the Improvement of Living and Working Conditions for the year 2022 have been prepared in accordance with Title IX of the FFR and the accounting rules adopted by the Commission's Accounting Officer, as are to be applied by all the institutions and union bodies.

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



David MADDOCKS

**Accounting Officer of the
European Foundation for the
Improvement of Living and Working
Conditions**

30 May 2023

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

BACKGROUND INFORMATION ON EUROFOUND

The European Foundation for the Improvement of Living and Working Conditions (Eurofound), based in Dublin (Ireland), is one of the decentralised agencies of the European Union. Established in 1975, the Agency functions based on a new founding regulation, which entered into force in February 2019². The regulation defines its mandate and governance arrangements.

Eurofound provides information, advice and expertise on working conditions and sustainable work, industrial relations, labour market change and quality of life and public services, to support the EU Institutions and bodies, Member States and Social Partners in shaping and implementing social and employment policies, as well as promoting social dialogue on the basis of comparative information, research and analysis.

The current Programming document 2021–2024 describes Eurofound’s planned work over the four-year programming period. Eurofound’s priorities for 2021–2024 are shaped by the key challenges for social cohesion and just transitions in a changing environment in the aftermath of the COVID-19 crisis. The Programming document 2021-2024 has six strategic areas that will be implemented through the following operational activities:

The first four are those mandated in the Founding Regulation of the Agency.

- Working conditions and sustainable work
- Industrial relations and social dialogue
- Employment and labour markets
- Living conditions and quality of life

In addition, Eurofound will address the policy challenges in two transversal thematic activities.

- Anticipating and managing the impact of change
- Promoting social cohesion and convergence

Analysis in these strategic areas will make use of Eurofound’s monitoring tools. This includes the Eurofound surveys that will provide valuable information across the previous operational activities. Moreover, as the policy context is changing, Eurofound will reserve some flexible capacity to be able to respond to ad hoc requests and new stakeholders’ needs during the programming period. It is in this context and for the implementation of the programme that two additional operational activities are included:

- Survey management and development
- Reacting to ad hoc information requests

Finally, two horizontal activities complement this programming document:

- Corporate communication
- Management and development

² Regulation (EU) 2019/127 of the European Parliament and of the Council of 16 January 2019 establishing the European Foundation for the improvement of living and working conditions (Eurofound), and repealing Council Regulation (EC) No 1365/75, cf. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32019R0127>

EUROPEAN FOUNDATION FOR THE IMPROVEMENT
OF LIVING AND WORKING CONDITIONS
FINANCIAL YEAR 2022

FINANCIAL STATEMENTS AND EXPLANATORY NOTES

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

CONTENTS

BALANCE SHEET	7
STATEMENT OF FINANCIAL PERFORMANCE	8
CASHFLOW STATEMENT	9
STATEMENT OF CHANGES IN NET ASSETS	10
NOTES TO THE FINANCIAL STATEMENTS	11
1. SIGNIFICANT ACCOUNTING POLICIES	12
2. NOTES TO THE BALANCE SHEET	18
3. NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE	21
4. OTHER SIGNIFICANT DISCLOSURES	24
5. FINANCIAL RISK MANAGEMENT	24

BALANCE SHEET

	Note	31.12.2022	31.12.2021
<i>EUR</i>			
NON-CURRENT ASSETS			
<i>Intangible assets</i>	2.1	0	0
<i>Property, plant and equipment</i>	2.2	826,472	810,574
		826,472	810,574
CURRENT ASSETS			
<i>Exchange receivables and non-exchange recoverables</i>	2.3	5,656,686	385,253
<i>Accrued income</i>	2.4	68,395	41,211
<i>Cash and cash equivalents</i>	2.5	51,989	4,884,474
		5,777,070	5,310,938
TOTAL ASSETS		6,603,542	6,121,512
CURRENT LIABILITIES			
<i>Payables and other liabilities</i>	2.6	(524,314)	(813,332)
<i>Accrued charges and deferred income</i>	2.7	(1,643,033)	(1,627,467)
<i>Provisions</i>	2.8	(20,000)	(25,000)
		(2,187,347)	(2,465,799)
TOTAL LIABILITIES		(2,187,347)	(2,465,799)
NET ASSETS		4,416,195	3,655,713
<i>Accumulated surplus</i>		3,655,713	4,524,206
<i>Economic result of the year</i>		760,482	(868,493)
NET ASSETS		4,416,195	3,655,713

STATEMENT OF FINANCIAL PERFORMANCE

	Note	2022	EUR 2021
REVENUE			
Revenue from non-exchange transactions			
<i>Subsidy of the Commission</i>	3.1	22,037,352	21,582,088
<i>Other</i>	3.1	263,416	455,796
		22,300,768	22,037,884
Revenue from exchange transactions			
<i>Other sales and revenue</i>	3.2	306,652	82,442
<i>Miscellaneous revenue</i>	3.2	18,228	1,389
<i>Exchange Rate Gains</i>	3.2	0	620
		324,880	84,451
Total revenue		22,625,648	22,122,335
EXPENSES			
<i>Operating costs</i>	3.3	(3,553,229)	(5,653,958)
<i>Staff costs</i>	3.4	(15,050,219)	(14,043,313)
<i>Fixed Asset related expenses</i>	3.5	(140,742)	(181,198)
<i>Other administrative expenses</i>	3.5	(3,120,542)	(3,109,968)
<i>Finance costs</i>	3.5	(422)	(1,765)
<i>Exchange Rate Losses</i>	3.5	(11)	(626)
Total expenses		(21,865,165)	(22,990,828)
ECONOMIC RESULT OF THE YEAR		760,483	(868,493)

CASHFLOW STATEMENT³

	<i>EUR</i>	
	2022	2021
<i>Economic result of the year</i>	760,483	(868,493)
Operating activities		
<i>Depreciation and amortization</i>	140,742	180,428
<i>Increase/(decrease) in provisions</i>	(5,000)	(25,000)
<i>(Increase)/decrease in exchange receivables and non-exchange recoverables</i>	(5,298,618)	(85,711)
<i>Increase/(decrease) in payables</i>	(10,754)	11,328
<i>Increase/(decrease) in accrued charges & deferred income</i>	4,601	60,994
<i>Increase/(decrease) in Liabilities related to consolidated EU entities</i>	(267,299)	145,218
<i>Other non-cash movements</i>	0	770
Investing activities		
<i>(Increase)/decrease in intangible assets and property, plant and equipment</i>	(156,640)	(159,645)
NET CASHFLOW	(4,832,485)	(740,111)
<i>Net increase/(decrease) in cash and cash equivalents</i>	(4,832,485)	(740,111)
<i>Cash and cash equivalents at the beginning of the year</i>	4,884,474	5,624,585
<i>Cash and cash equivalents at year-end</i>	51,989	4,884,474

³ Following the signing of a Service Level Agreement, the treasury of Eurofound was integrated into the Commission's treasury system. With the exception of a local imprest account, Eurofound does not have any bank accounts of its own. All payments and receipts are processed via the Commission's treasury system and registered on intercompany accounts, which are presented under the heading exchange receivables.

STATEMENT OF CHANGES IN NET ASSETS

	EUR		
	Accumulated Surplus/ (Deficit)	Economic result of the year	Net Assets
BALANCE AS AT 31.12.2020	4,787,147	(262,941)	4,524,206
<i>Allocation 2020 economic result</i>	<i>(262,941)</i>	<i>262,941</i>	<i>-</i>
<i>Economic result of the year</i>	<i>-</i>	<i>(868,493)</i>	<i>(868,493)</i>
BALANCE AS AT 31.12.2021	4,524,206	(868,493)	3,655,713
<i>Allocation 2021 economic result</i>	<i>(868,493)</i>	<i>868,493</i>	<i>-</i>
<i>Economic result of the year</i>		<i>760,482</i>	<i>760,482</i>
BALANCE AS AT 31.12.2022	3,655,713	760,482	4,416,195

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

1.1. ACCOUNTING PRINCIPLES

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

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

1.2. BASIS OF PREPARATION

1.2.1. Reporting period

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

1.2.2. Currency and basis for conversion

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

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

Euro exchange rates

Currency	31.12.2022	31.12.2021	Currency	31.12.2022	31.12.2021
BGN	1.9558	1.9558	PLN	4.6808	4.5969
CZK	24.116	24.858	RON	4.9495	4.949
DKK	7.4365	7.4364	SEK	11.1218	10.2503
GBP	0.88693	0.84028	CHF	0.9847	1.0331
HRK	7.5345	7.5156	JPY	140.66	130.38
HUF	400.87	369.19	USD	1.0666	1.1326

1.2.3. Use of estimates

In accordance with IPSAS and generally accepted accounting principles, the financial statements necessarily include amounts based on estimates and assumptions by management based on the most reliable information available. Significant estimates include, but are not limited to: amounts for employee benefit liabilities, accrued and deferred revenue and charges, provisions, financial risk on accounts receivable, contingent assets and liabilities, and degree of impairment of assets. Actual results could differ from those estimates.

Reasonable estimates are an essential part of the preparation of financial statements and do not undermine their reliability. An estimate may need revision if changes occur in the circumstances on which the estimate was based or as a result of new information or more experience. By its nature, the revision of an estimate

does not relate to prior periods and is not the correction of an error. The effect of a change in accounting estimate shall be recognised in the surplus or deficit in the periods in which it becomes known.

1.3. BALANCE SHEET

1.3.1. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. An asset is identifiable if it is either separable (i.e. it is capable of being separated or divided from the entity, e.g. by being sold, transferred, licensed, rented, or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the entity intends to do so), or arises from binding arrangements (including rights from contracts or other legal rights), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations).

Acquired intangible assets are stated at historical cost less accumulated amortisation and impairment losses. Internally developed intangible assets are capitalised when the relevant criteria of the EU accounting rules are met and the expenses relate solely to the development phase of the asset. The capitalisable costs include all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. Costs associated with research activities, non-capitalisable development costs and maintenance costs are recognised as expenses when incurred.

Intangible assets are amortised on a straight-line basis over their estimated useful lives. The estimated useful lives of intangible assets depend on their specific economic lifetime or legal lifetime determined by an agreement.

Intangible assets residual values and useful lives are reviewed, and adjusted if appropriate, at least once per year.

1.3.2. Property, plant and equipment

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

Type of asset	Straight line depreciation rate
<i>Buildings</i>	4 % to 10 %
<i>Plant and equipment</i>	12.5 % to 25 %
<i>Furniture and vehicles</i>	10 % to 25 %
<i>Computer hardware</i>	25 %
<i>Other</i>	12.5 % to 25 %

Property, plant and equipment residual values and useful lives are reviewed, and adjusted if appropriate, at least once per year.

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

Leases

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

Finance leases are leases where substantially all the risks and rewards incidental to ownership are transferred to the lessee. When entering a finance lease as a lessee, the assets acquired under the finance lease are recognised as assets and the associated lease obligations as liabilities as from the commencement of the lease term. The assets and liabilities are recognised at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Over the period of the lease term, the assets held under finance leases are depreciated over the shorter of the asset's useful life and the lease term. The minimum lease payments are apportioned between the finance charge (the interest element) and the reduction of the outstanding liability (the capital element). The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability, which is presented as current/non-current, as applicable. Contingent rents shall be charged as expenses in the period in which they are incurred.

An operating lease is a lease other than a finance lease, i.e. a lease where the lessor retains substantially all the risks and rewards incidental to ownership of an asset. When entering an operating lease as a lessee, the operating lease payments are recognised as an expense in the statement of financial performance on a straight-line basis over the lease term with neither a leased asset nor a leasing liability presented in the statement of financial position.

1.3.3. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation/depreciation and are tested annually for impairment. Assets that are subject to amortisation/depreciation are 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. If the reasons for impairments recognised in previous years no longer apply, the impairment losses are reversed accordingly.

1.3.4. Financial instruments

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

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

Changes from the application of the Revised EAR 11

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

1.3.5. Pre-financing amounts

Pre-financing is a payment intended to provide the beneficiary with a cash advance, i.e. a float. It may be split into a number of payments over a period defined in the particular contract, decision, agreement or

basic legal act. The float or advance is either used for the purpose for which it was provided during the period defined in the agreement or it is repaid. If the beneficiary does not incur eligible expenditure, he has the obligation to return the pre-financing advance to the entity. Thus, as the entity retains control over the pre-financing and is entitled to a refund for the ineligible part, the amount is presented as an asset.

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

1.3.6. Receivables and recoverables

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

Receivables from exchange transactions meet the definition of financial instruments and are thus classified as 'financial assets at amortised cost' ('loans and receivables' in prior periods) (see 1.3.4 above).

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

1.3.7. 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.

1.3.8. Provisions

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

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

1.3.9. Payables

Included under accounts payable are both amounts related to exchange transactions such as the purchase of goods and services and to non-exchange transactions e.g. to cost claims from beneficiaries, grants or other EU funding.

Where grants or other funding are provided to the beneficiaries, the cost claims 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 entity.

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

Expenses are also accounted for in the period to which they relate. At the end of the accounting period, accrued expenses are recognised based on an estimated amount of the transfer obligation of the period. The calculation of accrued expenses is done in accordance with detailed operational and practical guidelines issued by the Accounting Officer 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 a payment has been made in advance for services or goods that have not yet been received, the expense will be deferred and recognised in the subsequent accounting period.

1.4. STATEMENT OF FINANCIAL PERFORMANCE

1.4.1. Revenue

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

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

(i) Revenue from non-exchange transactions

Revenue from non-exchange transactions are taxes and transfers because the transferor provides resources to the recipient entity without the recipient entity providing approximately equal value directly in exchange.

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

(ii) Revenue from exchange transactions

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

1.4.2. Expenses

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

Expenses from exchange transactions arising from the purchase of goods and services are recognised when the supplies are delivered and accepted by the entity. They are valued at the original invoice amount. Furthermore, at the balance sheet date expenses related to the service delivered during the period for

which an invoice has not yet been received or accepted are recognised in the statement of financial performance.

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

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

1.5. CONTINGENT ASSETS AND LIABILITIES

1.5.1. Contingent assets

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

1.5.2. Contingent liabilities

A contingent liability is 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 entity; 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. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

1.6. CONSOLIDATION

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

2. NOTES TO THE BALANCE SHEET

ASSETS

2.1. INTANGIBLE ASSETS

	EUR
	TOTAL
Gross carrying amount at 31.12.2021	3,726
Disposals	(2,931)
Gross carrying amount at 31.12.2022	795
Accumulated amortisation at 31.12.2021	(3,726)
Amortisation charge for the year	0
Disposals	2,931
Accumulated amortisation at 31.12.2022	(795)
NET CARRYING AMOUNT AT 31.12.2022	0
NET CARRYING AMOUNT AT 31.12.2021	0

The amounts under this heading entirely comprise computer software with the annual amortisation rate 25%.

2.2. PROPERTY, PLANT AND EQUIPMENT

						EUR
	Land and buildings	Plant and equipment	Furniture and vehicles	Computer hardware	Other Fixtures	TOTAL
Gross carrying amount at 31.12.2021	8,309,402	70,456	703,306	651,097	861,136	10,595,398
Additions	101,727	-	-	54,913	-	156,640
Disposals	-	-	(15,176)	(90,481)	(21,598)	(127,256)
Gross carrying amount at 31.12.2022	8,411,129	70,456	688,130	615,528	839,537	10,624,781
Accumulated depreciation at 31.12.2021	(7,662,039)	(66,909)	(662,699)	(638,054)	(755,123)	(9,784,823)
Depreciation charge for the year	(59,930)	(1,026)	(21,346)	(16,475)	(41,965)	(140,742)
Write-back of depreciation	-	-	-	-	-	-
Disposals	-	-	15,176	90,481	21,598	127,256
Accumulated depreciation at 31.12.2022	(7,721,969)	(67,935)	(668,869)	(564,047)	(775,489)	(9,798,309)
NET CARRYING AMOUNT AT 31.12.2022	689,161	2,521	19,261	51,481	64,048	826,472
NET CARRYING AMOUNT AT 31.12.2021	647,364	3,547	40,607	13,043	106,013	810,574

The main additions include replacement carpeting for Eurofound's offices and a new back-up server for the ICT unit.

2.3. EXCHANGE RECEIVABLES & NON-EXCHANGE RECOVERABLES

		EUR	
	Note	31.12.2022	31.12.2021
Current			
Receivables from exchange transactions	2.3.1	5,656,186	384,753
Recoverables from non-exchange transactions	2.3.2	500	500
Total		5,656,686	385,253

2.3.1. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	EUR	
	31.12.2022	31.12.2021
Current		
<i>Central Treasury liaison accounts</i>	5,406,857	0
<i>Deferred charges relating to exchange transactions</i>	213,404	344,482
<i>Staff</i>	35,910	39,835
<i>Other receivables</i>	15	436
Total	5,656,186	384,753

In 2021 the balance on the DG BUDG Treasury liaison account was classified under 'Cash and Cash Equivalents'. However, from 2022 – the first complete year the DG BUDG Treasury service was fully used – onwards, these balances are not subject to an insignificant risk of changes in value, thereby not meeting the definition of cash equivalents. As such, the balance on the Treasury liaison account has been reclassified to receivables from exchange transactions (see note 2.3 and 2.5).

The deferred charges consist of 2022 pro-rata costs for insurance policies, software licences and subscriptions to journals and publications. Part of the cost was expensed in 2022 and the remaining (deferred) charge sits in the Balance sheet as a Current Asset.

Receivables from staff refers to amounts owed by staff for overpayment of allowances.

Other receivables consists of bank charges to be processed.

2.3.2. RECOVERABLES FROM NON-EXCHANGE TRANSACTIONS

	EUR	
	31.12.2022	31.12.2021
Current		
<i>Member States</i>	500	500
Total	500	500

Recoverables from Member States represent a small sum owed by the local authority.

2.4. ACCRUED INCOME

	EUR	
	31.12.2022	31.12.2021
<i>Accrued income</i>	68,395	41,211

Accrued income is the amount earned in the year but which has not yet been received. The accrued income consists of the retention of EUR 35,160 in IPA funds from DG NEAR to be paid to Eurofound in 2023. The European Labour Authority owes Eurofound the amount of EUR 15,006 for the provision of accounting services for the 4th quarter 2022. Eurofound is also due the amount of EUR 14,278 for the reimbursement of legal costs. Additionally, Eurofound is due to receive EUR 3000 from a refund of course fees and EUR 951 for a speaker's fee at an international symposium.

2.5. CASH AND CASH EQUIVALENTS

	EUR	
	31.12.2022	31.12.2021
<i>Central Treasury liaison accounts</i>	0	4,834,072
<i>Imprest accounts</i>	51,989	50,402
Total	51,989	4,884,474

In February 2021 Eurofound closed the two current accounts held with ING bank in Brussels and signed a Service Level Agreement with DG BUDG Treasury Service of the European Commission. DG BUDG maintains a bank account and processes all treasury functions on behalf of Eurofound.

In 2021 the balance on the DG BUDG Treasury liaison account was classified under 'Cash and Cash Equivalents'. However, from 2022 – the first complete year the DG BUDG Treasury service was fully used – onwards, these balances are not subject to an insignificant risk of changes in value, thereby not meeting the definition of cash equivalents. As such, the balance on the Treasury liaison account has been reclassified to receivables from exchange transactions (see note 2.3 and 2.5).

Eurofound continues to hold a local imprest account with AIB bank in Dublin. This account is used for small purchases made in cash, cheque or credit card. In addition it is used to enable three direct debit payments for electricity, mobile phone and fuel card respectively.

LIABILITIES

2.6. PAYABLES

	<i>EUR</i>	
	31.12.2022	31.12.2021
<i>Pre-financing received from EC - operating subsidy</i>	509,711	773,126
<i>Pre-financing received from EC - balancing subsidy</i>	14,028	17,912
<i>Other Payables</i>	575	22,294
Total	524,314	813,332

The operating subsidy received from the Commission relates to projects funded outside of the ordinary budget of the agency. The balancing subsidy is the ordinary budget of the agency received from DG EMPL.

The pre-financing liability related to the balancing subsidy comprises the unused amounts of balancing subsidy received by Eurofound from DG EMPL in 2022. The amounts will be returned to DG EMPL in 2023.

The pre-financing liability related to the operating subsidy comprises a balance of EUR 509,711 from DG EMPL for a pilot project on minimum wage. In 2021 Eurofound received the amount of EUR 1,000,000 from DG EMPL for the pilot project and incurred expenses of EUR 490,289 up to 31.12.2022.

Other Payables are those amounts owed to suppliers at the end of the year and amount to EUR 575 in 2022.

2.7. ACCRUED CHARGES

	<i>EUR</i>	
	31.12.2022	31.12.2021
<i>Accrued charges</i>	1,643,033	1,627,467

Accrued charges are the amounts estimated by the authorising officer of costs incurred for services and goods delivered in year 2022 but not yet invoiced or processed by the end of the year. The basis of the accruals calculation is the open amount of budgetary commitments at year end. The heading includes estimated operating expenses of EUR 1,316,807 and staff expenses of EUR 326,226 for untaken leave.

2.8. PROVISIONS

	<i>EUR</i>	
	31.12.2022	31.12.2021
<i>Provisions</i>	20,000	25,000

A judgement on two court cases was made in 2021. Eurofound won one case and lost one case. Although damages were not awarded Eurofound must pay the legal costs for the case it lost but must also be

reimbursed the legal costs for the case it won. The amount of EUR 14,277.74 has been claimed by Eurofound in settlement of the agency's legal costs. This has not yet been paid and the amount appears as an accrued income in the 2022 annual accounts. An amount of EUR 10,553.10 has been negotiated, still to be formally agreed, as the amount to be paid by Eurofound in settlement of the plaintiff's legal costs. This amount appears as an accrued cost in Eurofound's 2022 annual accounts. There is no guarantee of Eurofound receiving the amount owed and there is a possibility of further legal action. Therefore, a provision of EUR 20,000 is made in the 2022 accounts, to cover both the amount of the claim and any additional legal costs.

3. NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE

REVENUE

3.1. NON-EXCHANGE REVENUE

	EUR	
	31.12.2022	31.12.2021
<i>Subsidy of the Commission</i>	22,037,352	21,582,088
<i>Other</i>	263,416	455,796
Total	22,300,768	22,037,884

The heading subsidy of the Commission corresponds to the amounts of the Commission balancing subsidy of EUR 22,037,352 from DG EMPL used during 2022. Unused amounts are recorded as pre-financing liabilities under accounts payable (see note 2.6 above) and will be reimbursed to the Commission in 2023. The corresponding accrued expenses will be recorded in the financial statements of the Commission.

The other non-exchange revenue comprises of EUR 263,416 from DG EMPL corresponding to the pilot project on minimum wage.

3.2. EXCHANGE REVENUE

	EUR	
	31.12.2022	31.12.2021
<i>Other Sales and Revenue</i>	243,946	67,817
<i>Administrative Revenue with other consolidated entities</i>	62,706	14,625
<i>Miscellaneous income</i>	18,228	1,389
<i>Realised Exchange Rate Gains</i>	0	620
Total	324,880	84,451

Other Sales and Revenue is comprised of EUR 130,690 received from Norway for inclusion in the European Working Conditions Survey 2024 (EWCS). Switzerland also contributed EUR 53,500 for inclusion in the EWCS. Additionally, EUR 59,756 was received from Norway for its contribution to the Network of Eurofound Correspondents survey (NEC). Administrative revenue with consolidated entities relates to the provision of accounting services to ELA. The miscellaneous income comprises EUR 14,277 for the reimbursement of legal costs; EUR 3000 for the refund of course fees and EUR 951 for a speaker's fee at an international symposium.

EXPENSES

3.3. OPERATING COSTS

	EUR	
	31.12.2022	31.12.2021
<i>Operating costs</i>	3,553,229	5,653,959

Included under this heading are operating expenses incurred in relation to core tasks of the Agency and tasks delegated by the Commission carried out in 2022.

3.4. STAFF COSTS

	EUR	
	31.12.2022	31.12.2021
<i>Staff costs</i>	15,050,219	14,043,313

Included under this heading are salary expenses and other employment-related allowances and benefits. Calculations related to staff costs are, based on the service level agreement, entrusted to the European Commission's Office for administration and payment of individual entitlements (also known as the Paymaster's Office-PMO).

The pensions of Eurofound staff members are covered by the Pensions Scheme of European Officials. This pension scheme is a defined benefit plan, i.e. the amount of benefit an employee will receive on retirement, depends on factors such as age and years of service. Both the Eurofound staff and the Commission contribute to the pension scheme and the contribution percentage is revised yearly to reflect the changes in the Staff Regulation. The cost to the Commission is not reflected in Eurofound's accounts. Similarly, the future benefits, payable to Eurofound staff, are accounted for in the liabilities of the Commission, as it is the Commission who will pay out these benefits. No provisions related to the future pensions are made in these account.

3.5. OTHER EXPENSES

	EUR	
	31.12.2022	31.12.2021
<i>Fixed Asset related expenses</i>	140,742	181,198
<i>Rent of Land & Buildings</i>	24,514	23,189
<i>Maintenance & Security</i>	496,517	489,327
<i>Insurance - Building</i>	29,464	24,002
<i>Taxes</i>	25,317	0
<i>Office Supplies</i>	864	1,406
<i>Legal Expenses</i>	(4,864)	24,875
<i>Communications</i>	44,067	45,122
<i>Insurance - Others</i>	7,898	12,010
<i>Car & Transport expenses</i>	1,582	269
<i>Recruitment Costs</i>	9,828	0
<i>Training costs</i>	76,253	126,230
<i>Missions</i>	49,356	9,838
<i>IT Costs</i>	681,447	675,933
<i>Other external service provider (non-IT)</i>	270,686	174,033
<i>Expenses with other Consolidated Entities</i>	1,412,613	1,528,734
<i>Provision for other liabilities and charges</i>	(5,000)	(25,000)

<i>Other Financial Expenses</i>	422	1,765
<i>Realised Exchange Rate Losses</i>	11	626
Total	3,261,717	3,293,557

Fixed asset related expenses are mainly for the 2022 depreciation.

Expenses with other consolidated entities, such as the European Commission and other EU agencies, consist mainly of service level agreements for translations, ICT and HR related services.

4. OTHER SIGNIFICANT DISCLOSURES

4.1. OUTSTANDING COMMITMENTS NOT YET EXPENSED

	31.12.2022	31.12.2021
<i>Outstanding commitments not yet expensed</i>	<i>3,967,574</i>	<i>3,389,203</i>

EUR

The outstanding commitments not yet expensed comprises the budgetary RAL ('Reste à Liquider') less related amounts that have been included as expenses in the 2022 statement of financial performance. The budgetary RAL is an amount representing the open commitments for which payments and/or de commitments have not yet been made. This is the normal consequence of the existence of multi annual programmes.

4.2. RELATED PARTIES

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

4.3. KEY MANAGEMENT ENTITLEMENTS

The highest ranked civil servant of Eurofound is the Executive Director, who executes the role of the Authorising Officer.

	31.12.2022	31.12.2021
<i>Executive Director</i>	<i>AD14</i>	<i>AD14</i>

The Executive Director is remunerated in accordance with the Staff Regulations of the EU that are published on the Europa website, which is the official document describing the rights and the obligations of all officials of the EU.

5. FINANCIAL RISK MANAGEMENT

5.1. TYPES OF RISK

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

- (1) Currency risk is the risk that Eurofound operations or its investments' value will be affected by changes in exchange rates. This risk arises from the change in price of one currency against another.
- (2) Interest rate risk is the possibility of a reduction in the value of a security, especially a bond, resulting from an increase in interest rates. In general, higher interest rates will lead to lower prices of fixed rate bonds, and vice versa. Eurofound does not have any securities thus it is not exposed to the interest rate risk.

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

Liquidity risk is the risk that arises from the difficulty in selling an asset; for example, the risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss or meet an obligation.

5.2. CURRENCY RISKS

Exposure to currency risk at year end

At 31 December 2022, the financial assets are composed of exchange receivables and non-exchange recoverables. At 31 December 2022 financial liabilities are composed of accounts payable. At 31 December 2022 the ending balances of financial assets and financial liabilities did not include any material amounts quoted in currencies other than euro. Eurofound is thus not exposed to any significant currency risk.

5.3. CREDIT RISK

Financial assets that are neither past due nor impaired

At 31 December 2022 financial assets comprise entirely of exchange receivables and non-exchange recoverables that are neither past due nor impaired of EUR 5,494,756.

Financial assets by risk category

Receivables of EUR 51,989 relate to entities with upper medium grade and EUR 5,442,767 relate to entities without external credit rating that never defaulted in the past.

5.4. LIQUIDITY RISK

Maturity analysis of financial liabilities by remaining contractual maturity

The financial liabilities are composed of operating lease commitments and commitments on administrative contracts with remaining contractual maturity of less than 1 year amounting to EUR 70,000.

EUROPEAN FOUNDATION FOR THE IMPROVEMENT OF
LIVING AND WORKING CONDITIONS
FINANCIAL YEAR 2022

THE BUDGET IMPLEMENTATION REPORTS AND EXPLANATORY NOTES

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

CONTENTS

1.	BUDGETARY PRINCIPLES, STRUCTURE AND HIGHLIGHTS OF THE BUDGETARY IMPLEMENTATION	28
2.	RESULT OF THE IMPLEMENTATION OF THE BUDGET	31
3.	RECONCILIATION OF ECONOMIC RESULT WITH BUDGET RESULT	32
4.	IMPLEMENTATION OF BUDGET REVENUE	33
5.	IMPLEMENTATION OF BUDGET EXPENDITURE.....	34
6.	GLOSSARY	40

1. BUDGETARY PRINCIPLES, STRUCTURE AND HIGHLIGHTS OF THE BUDGETARY IMPLEMENTATION

1.1. BUDGETARY PRINCIPLES

The establishment and implementation of the Eurofound budget is governed by the following basic principles set out in Article 5 of the Financial Regulation of the Agency adopted on 30 August 2019:

Principles of unity and budget accuracy

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

Principle of annuality

The appropriations entered in the budget shall be authorised for a financial year which shall run from 1 January to 31 December.

Principle of equilibrium

Revenue and payment appropriations shall be in balance.

Principle of unit of account

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

Principle of universality

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

Principle of specification

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

Principle of sound financial management

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

Principle of transparency

The budget shall be established and implemented and the accounts presented in accordance with the principle of transparency. The budget and any amending budgets shall be published in the Official Journal of the European Union within three months of their adoption.

1.2. STRUCTURE AND PRESENTATION OF THE BUDGET

Following the provisions of the Eurofound Financial Regulation adopted by Management Board decision WPR 2019/05 of 30 August 2019, the budget accounts shall consist of a statement of revenue and a statement of expenditure. The statement of expenditure must be set out on the basis of a nomenclature with a classification by purpose. That nomenclature shall be determined by Eurofound and shall make a clear distinction between administrative appropriations and operating appropriations:

Title 1 budget lines relate to staff expenditure such as salaries and allowances for personnel working with Eurofound. It also includes recruitment expenses, staff missions, expenses for the socio-medical infrastructure and representation costs.

Title 2 budget lines relate to all buildings, equipment and miscellaneous administrative expenditure.

Title 3 budget lines provide for the implementation of the activities and tasks assigned to Eurofound by its establishing Regulation (EU) No. 2019/127 of the European Parliament and of the Council of 16 January 2019 repealing Council Regulation (EC) No 1365/75.

Assigned revenue budget lines relate to financing of specific items of expenditure. They can be external or internal assigned revenue.

1.3. SUMMARY OF THE BUDGETARY IMPLEMENTATION

The original final budget for 2022 amounting to EUR 22,270,000 was adopted by the Management Board of Eurofound on 21 December 2021.

The amendment of the budget 2022 was approved by the Management Board on 21 December 2022. The appropriations were brought as closely as possible to what was expected to be the final budget outcome for the year. The largest deviations between the original budget and the amendment arose from the statutory increase of salaries and related expenditure due to high inflation and the delayed salary adjustment from 2020, as well as a further increase of the Irish country coefficient (to 136.9 in the first half of 2022; to 136.3 in the second half of 2022). Despite savings in other Title 1 budget lines (training, outsourced services, missions, canteen) almost EUR 600,000 had to be moved into Title 1. Although Title 3 had to be reduced by EUR 500,000, the final budget is considerably higher than expected mid-year when savings in other budget lines had not yet fully materialised.

The final amended budget of Eurofound was EUR 22,438,000 in 2022. This amount includes appropriations from C1, C4 and new R0 funds of the current year.

The Commission subsidy, as well as miscellaneous and general revenue from services rendered (IC1) totalling EUR 22,200,060 constitute the final general C1 appropriations in ABAC.

Cashed recoveries of expenses of EUR 53,750 are appropriated as C4 funds in ABAC. They originate from internal assigned revenue in budget line IC4 -6000 'Services Rendered'.

Overall, EUR 184,190 contributions were received from Norway and Switzerland towards the preparation and implementation of the European Working Conditions Survey. They are available in Eurofound's R0 appropriations arising from external assigned revenue in budget line IR1 - 6000 'Services Rendered'.

General C1 budget appropriations available for activities authorised in the Programming Document 2022 amounted to EUR 22,200,060. Final commitments made from C1 appropriations were EUR 22,199,624.

The final budget implementation rate measured by commitments made from C1 budget appropriations is 100% (in 2021: 100%) whereas the final execution of payments is 79.9%. Remaining payments in carry forward commitments (RAL) are to be made in 2023.

The actual payment appropriations carried forward (RAL) amounted to EUR 4,455,441 (or 21.1%) for final C1 appropriation. They were EUR 1,411,027 higher than the original expectation of EUR 3,044,414 (In 2021, EUR 3,571,195 or 16.3% of C1 appropriations were carried forward). The main increases in carry forward appropriations are explained by commitments which were made during the last quarter as a result of reallocation of savings realised and surplus available in other areas of Eurofound's budget. EUR 400,000 was reallocated to top up existing research project budgets or front-loading some projects from 2023 programming period (budget line 3030 'Studies'). EUR 120,000 was reassigned to continue the web

migration project to the new software version 'Drupal 9' (budget line 3000 'Operational Documentation System'). Furthermore, another ca. EUR 80,000 reallocation was made to essential IT infrastructure upgrades and cloud services (budget line 2204 'Electronic Office Equipment'). In addition to the aforementioned reallocation decisions, there was also a change in the payment plan related to the contract for the European Working Conditions Survey; due to a mutual agreement with the contractor it was decided to postpone the submission of some planned deliverables and focus instead on the finalization of the survey questionnaire. This agreement led to an increase of carry forward appropriations by nearly EUR 600,000. Other remaining variance of ca. EUR 200,000 related to the implementation of several projects and service/order deliveries which resulted in postponing payments to 2023.

2. RESULT OF THE IMPLEMENTATION OF THE BUDGET

	Title	2022	2021
<i>EUR</i>			
Revenue			
Balancing Commission subsidy		22,051,380	21,600,000
Recovery of Expenses		0	2,816
Misc. revenue		0	652
Services rendered - General		59,756	72,817
Services rendered – External assigned revenue		237,940	1,003,575
Rental Income		0	8,500
TOTAL REVENUE (a)		22,349,076	22,688,360
Expenditure			
<i>Staff</i>	1		
Payments		(15,244,227)	(14,199,552)
Appropriations carried over to the following year		(186,845)	(196,732)
<i>Administrative Expenses</i>	2		
Payments		(1,326,703)	(1,302,237)
Appropriations carried over to the following year		(327,707)	(422,085)
<i>Operating Expenses</i>	3		
Payments		(1,710,228)	(3,385,773)
Appropriations carried over to the following year		(4,769,829)	(4,081,647)
TOTAL EXPENDITURE (b)		(23,565,540)	(23,588,027)
OUTTURN FOR THE FINANCIAL YEAR (a-b)		(1,216,464)	(899,667)
Cancellation of unused payment appropriations carried over from year n-1		102,528	81,233
Adjustment for carry-over from previous year appropriations ns available at 31.12 arising from assigned revenue		1,127,975	836,351
Exchange differences for the year (gain +/-loss -)		(11)	(5)
BALANCE OF THE OUTTURN ACCOUNT FOR THE FINANCIAL YEAR		14,028	17,912
Balance year N-1		17,912	273,570
Positive balance from year N-1 reimbursed in year N to the Commission		(17,912)	(273,570)
Result used for determining amounts in general accounting		14,028	17,912
Commission subsidy - agency registers accrued revenue / Commission accrued expense		22,037,352	21,582,088
Pre-financing remaining open to be reimbursed by agency to Commission in 2022		14,028	

3. RECONCILIATION OF ECONOMIC RESULT WITH BUDGET RESULT

	EUR
	2022
ECONOMIC RESULT OF THE YEAR	760,482
Adjustment for accrual items (items not in the budgetary result but included in the economic result)	
<i>Adjustments for accrual cut-off (net)</i>	119,460
<i>Depreciation of intangible and tangible assets</i>	140,742
<i>Provisions</i>	5,000
<i>Pre-financing received in previous year and cleared in the year</i>	(263,416)
<i>Payments made from carry-over of payment appropriations</i>	3,871,303
<i>Other adjustment for minor payables and receivables</i>	(44,522)
Adjustment for budgetary items (item included in the budgetary result but not in the economic result)	
<i>Asset acquisitions (less unpaid amounts)</i>	(156,640)
<i>New prefinancing received in 2022 and remaining open as at 31.12.2022</i>	14,028
<i>Payment appropriations carried over to 2022</i>	(4,662,865)
<i>Cancellation of unused carried over payment appropriations from previous year</i>	102,528
<i>Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue</i>	1,127,975
<i>Adjustment for Pilot Project (in Budget Outturn but not in Economic Outturn)</i>	(1,000,000)
<i>Total</i>	14,075
BUDGET RESULT OF THE YEAR	14,028
<i>Delta not explained</i>	(47)

4. IMPLEMENTATION OF BUDGET REVENUE

4.1 Implementation of budget revenue

EUR

Item		Revenue in Amending Budget	Entitlements established	Revenue Received	Outstanding at end of year
		1	2	3	4=2-3
1000 – IC1	European Union subsidy	22,051,380	22,051,380	22,051,380	-
5400 – IC1	Miscellaneous Revenue				-
5400 – IC4	Miscellaneous Revenue – Assigned		500	0	500
6000 – IC1	Services Rendered – General	148,680	59,756	59,756	-
6000 – IC4	Services Rendered – Internal Assigned	53,750	53,750	53,750	-
6000 – IR1	Services Rendered – External Assigned	184,190	184,190	184,190	-
6030 – IC1	Rental Income	0	0	0	-
Total		22,438,000	22,349,576	22,349,076	500

5. IMPLEMENTATION OF BUDGET EXPENDITURE

5.1 2022 Budget Execution – C1, C4, R0 Appropriations

EUR

Item	2022 Final Appropriation	Committed Amount	% Committed	Paid Amount	% Paid	Carry forward to 2023	% Carry Forward	Cancellation of Appropriations
	1	2	3=2/1	4	5=4/2	6	7=6/2	8
1100 Basic salaries	7,926,948	7,926,948	100%	7,926,948	100%	-	0%	-
1100 <i>Basic salaries – C4</i>	53,750	6,050	11.3%	6,050	100.0%	47,700	88.7%	-
1101 Family allowances	1,106,808	1,106,808	100.0%	1,106,808	100.0%	-	0.0%	-
1102 Expatriation allowances	1,038,421	1,038,421	100.0%	1,038,421	100.0%	-	0.0%	-
1103 Secretarial allowances	3,817	3,817	100.0%	3,817	100.0%	-	0.0%	-
1120 Further training for staff	96,029	96,029	100.0%	61,555	64.1%	34,474	35.9%	-
1121 Contract agents	553,997	553,997	100.0%	553,997	100.0%	-	0.0%	-
1130 Insurance against sickness	295,662	295,662	100.0%	295,662	100.0%	-	0.0%	-
1131 Insurance against accident	35,265	35,265	100.0%	35,265	100.0%	-	0.0%	-
1132 Unemployment insurance	101,743	101,743	100.0%	101,743	100.0%	-	0.0%	-
1141 Travel expenses for annual leave	204,193	204,193	100.0%	204,193	100.0%	-	0.0%	-
1150 Overtime	-	-	-	-	-	-	-	-
1175 Other services & work sent out	261,658	261,658	100.0%	194,953	74.5%	66,705	25.5%	-
1177 Trainee officials (stagiaires)	124,293	124,293	100.0%	124,293	100.0%	-	0.0%	-
1180 Misc. expend. on staff recruitment	9,837	9,837	100.0%	9,437	95.9%	400	4.1%	-
1181 Travel expenses	2,238	2,238	100.0%	2,238	100.0%	-	0.0%	-
1182 Installation & resettlement allowances	21,664	21,664	100.0%	21,664	100.0%	-	0.0%	-
1183 Removal expenses	17,754	17,754	100.0%	17,754	100.0%	-	0.0%	-
1184 Temporary daily subsistence allowances	29,589	29,589	100.0%	29,589	100.0%	-	0.0%	-
1190 Salary weightings	3,283,344	3,283,344	100.0%	3,283,344	100.0%	-	0.0%	-
1300 Mission, travel & incidental expenses	52,879	52,444	99.2%	46,431	88.5%	6,013	11.5%	436
1400 Restaurants and canteens	79,667	79,667	100.0%	70,477	88.5%	9,190	11.5%	-
1410 Medical services	26,906	26,906	100.0%	5,045	18.8%	21,861	81.2%	-
1420 Other welfare expenditure	10,877	10,877	100.0%	10,375	95.4%	502	4.6%	-
Total Title 1 – Staff C1 only	15,283,588	15,283,152	100%	15,144,007	99.1%	139,145	0.9%	436
Total Title 1 – Staff (C1, C4, R0)	15,337,338	15,289,202	99.7%	15,150,057	98.8%	186,845	1.2%	436

Provisional annual accounts of the European Foundation for the Improvement of Living and Working Conditions 2022

Item	2022 Final Appropriation	Committed Amount	% Committed	Paid Amount	% Paid	Carry forward to 2023	% Carry Forward	Cancellation of Appropriations
	1	2	3=2/1	4	5=4/2	6	7=6/2	8
2010 Insurance	42,604	42,604	100.0%	42,604	100.0%	-	0.0%	-
2020 Water, gas, electricity, heating	198,329	198,329	100.0%	167,394	84.4%	30,935	15.6%	-
2030 Cleaning and maintenance	2,000	2,000	100.0%	2,000	100.0%	-	0.0%	-
2031 Facilities management	318,650	318,650	100.0%	181,566	57.0%	137,084	43.0%	-
2040 Fitting out of premises	23,129	23,129	100.0%	20,469	88.5%	2,660	11.5%	-
2100 Rent	25,317	25,317	-	25,317	-	-	-	-
2090 Other Expenditure	24,514	24,514	100.0%	24,514	100.0%	-	0.0%	-
2200 Technical equipment	32,260	32,260	100.0%	9,134	28.3%	23,126	71.7%	-
2204 Electronic office equipment	910,000	910,000	100.0%	777,603	85.5%	132,397	14.5%	-
2210 Furniture	-	-	-	-	-	-	-	-
2230 Vehicles and transportation	1,600	1,600	100.0%	1,525	95.3%	75	4.7%	-
2250 Library expenses, purchase of books	33,404	33,404	100.0%	33,387	99.9%	18	0.1%	-
2300 Stationery and office supplies	1,000	1,000	100.0%	876	87.6%	124	12.4%	-
2310 Other current administrative expenditure	15,000	15,000	100.0%	14,432	96.2%	568	3.8%	-
2400 Postage and delivery charges	7,604	7,604	100.0%	7,304	96.1%	300	3.9%	-
2410 Telecommunication	19,000	19,000	100.0%	18,580	97.8%	420	2.2%	-
Total Title 2 – Administration C1 only	1,654,410	1,654,410	100.0%	1,326,703	80.2%	327,707	19.8%	
Total Title 2 – Administration (C1, C4, R0)	1,654,410	1,654,410	100.0%	1,326,703	80.2%	327,707	19.8%	
3000 Operational documentation system	459,872	459,872	100.0%	214,942	46.7%	244,930	53.3%	-
3010 Publication of results of studies	93,321	93,321	100.0%	83,448	89.4%	9,873	10.6%	-
3012 Marketing and promotion	246,223	246,223	100.0%	231,758	94.1%	14,465	5.9%	-
3030 Studies and pilot schemes – C1	4,018,780	4,018,780	100.0%	418,069	10.4%	3,600,711	89.6%	-
<i>3030 Studies and pilot schemes – R0</i>	<i>184,190</i>	<i>100,000</i>	<i>54.3%</i>	<i>-</i>	<i>0.0%</i>	<i>184,190</i>	<i>100.0%</i>	<i>-</i>
3040 General costs of meetings –	162,843	162,843	100.0%	126,892	77.9%	35,950	22.1%	-
3041 Interpretation costs	3,940	3,940	100.0%	-	0.0%	3,940	100.0%	-
3042 Administrative Board meetings	56,248	56,248	100.0%	38,260	68.0%	17,988	32.0%	-
3050 Translation of study reports	220,835	220,835	100.0%	160,103	72.5%	60,733	27.5%	-
Total Title 3 – Operational C1 only	5,262,062	5,262,062	100.0%	1,273,472	24.2%	3,988,589	75.8%	
Total Title 3 – Operational (C1, C3, C4, R0)	5,446,252	5,362,062	98.5%	1,273,472	23.4%	4,172,779	76.6%	
GRAND TOTAL – All Titles - C1 only	22,200,060	22,199,624	100.0%	17,744,183	79.9%	4,455,441	20.1%	436
GRAND TOTAL – All Titles – (C1, C4, R0)	22,438,000	22,305,674	99.4%	17,750,233	79.1%	4,687,331	20.9%	436

5.2 2022 Budget Execution C8, C3, C5 appropriations

C8

EUR

		Appropriations Carried Forward from 2021	Payments	% Paid	Cancelled	% Cancelled
Item		1	2	3=2/1	4	5=4/1
1120	Further training for staff	14,495	12,240	84.4%	2,255	15.6%
1175	Other services & work sent out	122,492	102,557	83.7%	19,935	16.3%
1300	Mission, travel & incidental expenses	4,559	3,239	71.0%	1,321	29.0%
1400	Restaurants and canteens	34,515	34,485	99.9%	30	0.1%
1410	Medical services	10,310	5,770	56.0%	4,540	44.0%
1420	Other welfare expenditure	6,787	6,787	100.0%	-	0.0%
Total Title 1 – Staff		193,158	165,078	85.5%	28,080	14.5%
2020	Water, gas, electricity, heating	22,383	21,446	95.8%	937	4.2%
2031	Facilities management	157,022	151,163	96.3%	5,860	3.7%
2040	Fitting out of premises	11,765	11,765	100.0%	-	0.0%
2200	Technical Equipment	3,060	3,060	100%-	0	0.0%
2204	Electronic office equipment	204,262	203,875	99.8%	387	0.2%
2250	Library Expenditure	14,136	14,087	99.6%	50	0.4%
2300	Stationery and office supplies	153	-	0.0%	153	100.0%
2310	Other current administrative expenditure	1,683	106	6.3%	1,577	93.7%
2400	Postage & delivery charges	310	128	41.3%	182	58.7%
2410	Telecommunication	7,310	805	11.0%	6,505	89.0%
Total Title 2 - Administration		422,085	406,435	96.3%	15,650	3.7%
3000	Operational documentation system	825,091	824,260	99.9%	831	0.1%
3010	Publication of results of studies	11,007	10,914	99.2%	93	0.8%
3012	Marketing and promotion	172,297	163,889	95.1%	8,408	4.9%
3030	Studies and pilot schemes	1,709,366	1,662,756	97.3%	46,610	2.7%
3040	General costs of meetings	44,000	44,000	100.0%	-	0.0%
3041	Management Board meetings	9,770	6,970	71.3%	2,800	28.7%
3050	Translation of study reports	148,115	148,059	100.0%	56	0.0%
Total Title 3 - Operational		2,919,647	2,860,849	98.0%	58,798	2.0%
GRAND TOTAL		3,534,889	3,432,362	97.1%	102,528	2.9%

C3

Item		Appropriations Carried Forward from 2021	Commitment	% Committed	Paid	% Paid	Cancelled	% Cancelled
		1	2	3=2/1	4	5= 4/2	6 = 1-2	7=6/1
3030	Studies	37,600	37,600	100 %	37,600	100%	0	-
Total Title 3 – Operational		37,600	37,600	100 %	37,600	100%	0	-

C5

Item		Appropriations Carried Forward from 2021	Commitment	% Committed	Paid	% Paid	Cancelled	% Cancelled
		1	2	3=2/1	4	5= 4/2	6 = 1-2	7=6/1
1100	Basic salaries	3,575	3,575	100 %	3,575	100%	0	-
Total Title 1 – Staff		3,575	3,575	100 %	3,575	100%	0	-
3040	General costs of meetings	1,389	1,389	100 %	1,389	100%	0	-
Total Title 3 - Operational		1,389	1,389	100 %	1,389	100%	0	-
GRAND TOTAL		4,964	4,964	100 %	4,964	100%	0	-

5.3 2022 Budget Execution R0 appropriations – assigned revenue (IPA, EWCS, Other)

EUR

Item		Carry Forward/Over Balance of 2022	New Appropriations in 2022	Commitments in 2022	Appropriations cancelled /reclassified in 2022	Payments in 2022	Carry forward/over to 2023
IPA 2018 402-940							
3030	Studies and pilot schemes	1,041	-		-		1,041
	Total	1,041	-		-		1,041
Other assigned revenue							
3030	Studies and pilot schemes						
	Belgium participation in 7 th EWCS (2019)	82,500	-	78,000	-	78,000	4,500
	Slovenia participation in 7 th EWCS (2019)	17,913	-	14,237	-	14,237	3,676
	Norway participation in 7 th EWCS (2019)	72,013	-	66,823	-	66,823	5,190
	Switzerland participation in 7 th EWCS (2019)	32,100	-	27,600	-	27,600	4,500
	Norway participation in EWCS (2024)		130,690	50,000			130,690
	Switzerland participation in EWCS (2024)		53,500	50,000			53,500
	Total	204,526	184,190	286,660	-	186,660	202,056
GRAND TOTAL		205,567	184,190	286,660		186,660	203,097

5.4 2022 Budget Execution R0 Appropriations– assigned revenue (Pilot Project)

EUR

Item	Carry Forward/Over Balance of 2022	New Appropriations in 2022	Commitments in 2022	Appropriations cancelled/reclassified in 2022	Payments in 2022	Carry forward/over to 2023
Pilot Project on Minimum Wage						
1100-1190	Salary related costs	90,595	90,595	-	90,595	0
	Total	90,595	90,595		90,595	
3010	Publications	8,000	5,640		5,246	2,755
3030	Studies and Pilot schemes	807,349	424,896	-	243,461	563,888
3050	Translations	11,500	9,135			11,500
	Total	826,849	439,671	-	248,707	578,143
GRAND TOTAL		917,444	530,266	-	339,302	578,143

6 GLOSSARY

ABAC

This is the name given to the Commission's accounting system, which since 2005 has been enriched by accrual accounting rules. Apart from the cash-based budget accounts, the Commission produces accrual-based accounts which recognise revenue when earned, rather than when collected. Expenses are recognised when incurred rather than when paid. This contrasts with cash basis budgetary accounting that recognises transactions and other events only when cash is received or paid.

Accounting

The act of recording and reporting financial transactions, including the creation of the transaction, its recognition, processing, and summarisation in the financial statements.

Accounting Officer

The role, powers and responsibilities of the accounting officer are set out in the Financial Regulation:

- proper implementation of payments,
- collection of revenue,
- recovery of amounts and offsetting,
- keeping, preparing and presenting the accounts,
- laying down the accounting rules and methods and the chart of accounts,
- laying down and validating the accounting systems and validating systems laid down by the authorising officer to supply or justify accounting information (local systems),
- treasury management,
- designation of the Imprest Administrators,
- opening and closing bank accounts in the name of the Institution.

Administrative appropriations

Administrative appropriations cover the running costs of the Institutions and entities (staff, buildings, office equipment).

Adjustment

Amending budget or transfer of funds from one budget item to another.

Adopted budget

Draft budget becomes the adopted budget as soon as approved by the Budgetary Authority.

Cf. Budget

Agencies

EU bodies having a distinct legal personality, and to whom budget implementing powers may be delegated under strict conditions. They are subject to a distinct discharge from the discharge authority.

Amending budget

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

Annuality

The budgetary principle according to which expenditure and revenue is programmed and authorised for one year, starting on 1 January and ending on 31 December.

Appropriations

Budget funding.

The budget forecasts both commitments (legal pledges to provide finance, provided that certain conditions are fulfilled) and payments (cash or bank transfers to the beneficiaries). Appropriations for commitments and payments often differ — differentiated appropriations — because multiannual programmes and projects

are usually fully committed in the year they are decided and are paid over the years as the implementation of the programme and project progresses. Non-differentiated appropriations apply to administrative expenditure and commitment appropriations equal payment appropriations.

Assigned revenue External/Internal

Dedicated revenue received to finance specific items of expenditure.

Main sources of external assigned revenue *are financial contributions from third countries to programmes financed by the Union.*

Main sources of internal assigned revenue are revenue from third parties in respect of goods, services or work supplied at their request, revenue arising from the repayment of amounts wrongly paid and revenue from the sale of publications and films, including those on an electronic medium.

The complete list of items constituting assigned revenue is given in the Financial Regulation Art. 21.

Authorising Officer by Delegation (AOD)

The AOD is responsible in each entity for authorising revenue and expenditure operations in accordance with the principles of sound financial management and for ensuring that the requirements of legality and regularity are complied with.

The AOD is responsible for taking all financial decision concerning actions under his/her responsibility. Particularly, he/she must take decisions to implement the budget based on his/her risk analysis.

Budget

Annual financial plan, drawn up according to budgetary principles, that provides forecasts and authorises, for each financial year, an estimate of future costs and revenue and expenditures and their detailed description and justification, the latter included in budgetary remarks.

Budget result

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

For agencies, the resulting amount will have to be reimbursed to the funding authority as provided in the Financial Regulation for agencies.

Budget implementation

Consumption of the budget through expenditure and revenue operations.

Budget item / Budget line / Budget position

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

Budgetary authority

Institutions with decisional powers on budgetary matters: for the EU institutions, the European Parliament and the Council of Ministers.

For the agencies and joint undertakings, their board is the budgetary authority.

Budgetary commitment

A budgetary commitment is a reservation of appropriations to cover for subsequent expenses.

Cancellation of appropriations

Unused appropriations that may no longer be used.

Carryover of appropriations

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

Commitment appropriations

Commitment appropriations cover the total cost of legal obligations (contracts, grant agreements/decisions) that could be signed in the current financial year. Financial Regulation Art. 7: *Commitment appropriations cover the total cost in the current financial year of legal obligations (contracts, grant agreements/decisions) entered into for operations extending over more than one year.*

De-commitment

Cancellation of a reservation of appropriations.

Differentiated appropriations

Differentiated appropriations are used to finance multiannual operations; they cover, for the current financial year, the total cost of the legal obligations entered into for operations whose implementation extends over more than one financial year. Financial Regulation Art. 7: *Differentiated appropriations are entered for multiannual operations. They consist of commitment appropriations and payment appropriations.*

Earmarked revenue

Revenue earmarked for a specific purpose, such as income from foundations, subsidies, gifts and bequests, including the earmarked revenue specific to each institution.

Cf. Assigned revenue

Economic result

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

Entitlements established

Entitlements are recovery orders that the European Union must establish for collecting income.

Exchange rate difference

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

Expenditure

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

Financial regulation (FR)

Adopted through the ordinary legislative procedure after consulting the European Court of Auditors, this regulation lays down the rules for the establishment and implementation of the general budget of the European Union.

For reference, Regulation (EU, Euratom) No 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union

Funds Source

Type of appropriations

Grants

Direct financial contributions, by way of donation, from the budget in order to finance either an action intended to help achieve an objective part of an EU policy or the functioning of a body, which pursues an aim of general European interest or has an objective forming part of an EU policy.

Implementation

Cf. Budget implementation

Income

Cf. Revenue

Joint Undertakings (JUs)

A legal EU-body established under the Treaty on the Functioning of the European Union. The term can be used to describe any collaborative structure proposed for the *"efficient execution of Union research, technological development and demonstration programmes"*.

Lapsing appropriations

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

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

Legal base (basic act)

The legal base or basis is, as a general rule, a law based on an article in the Treaty on the Functioning of the European Union giving competence to the Community for a specific policy area and setting out the conditions for fulfilling that competence including budget implementation. Certain articles from the treaty authorise the Commission to undertake certain actions, which imply spending, without there being a further legal act.

Legal commitment

A legal commitment establishes a legal obligation towards third parties.

Non-differentiated appropriations

Non-differentiated appropriations are for operations of an annual nature. (Financial Regulation Art. 9). In the EU Budget, non-differentiated appropriations apply to administrative expenditure, for agricultural market support and direct payments.

Operational appropriations

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

Outstanding commitment

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

Outturn

Cf. Budget result

Payment

A payment is a disbursement to honour legal obligations.

Payment appropriations

Payment appropriations cover expenditure due in the current year, arising from legal commitments entered in the current year and/or earlier years (Financial Regulation Art. 7).

RAL

Sum of outstanding commitments. Cf. Outstanding commitments

Recovery

The recovery order is the procedure by which the Authorising officer by Delegation (AOD) registers an entitlement by the Commission in order to retrieve the amount, which is due. The entitlement is the right that the Commission has to claim the sum, which is due by a debtor, usually a beneficiary.

Result

Cf. Budget result

Revenue

Term used to describe income from all sources financing the budget.

Rules of application

Detailed rules for the implementation of the financial regulation. They are set out in a Commission regulation adopted after consulting all institutions and cannot alter the financial regulation upon which they depend.

Surplus

Positive difference between revenue and expenditure (Cf. Budget result) which has to be returned to the funding authority as provided in the Financial Regulation.

Transfer

Transfers between budget lines imply the relocation of appropriations from one budget line to another, in the course of the financial year, and thereby they constitute an exception to the budgetary principle of specification. However, they are expressly authorised by the Treaty on the Functioning of the European Union under the conditions laid down in the Financial Regulation. The Financial Regulation identifies different types of transfers depending on whether they are between or within budget titles, chapters, articles or headings and require different levels of authorisation.