



Brussels, 25.6.2024
COM(2024) 271 final

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

**ANNUAL ACCOUNTS OF THE EUROPEAN COMMISSION
FOR THE FINANCIAL YEAR 2023**

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CERTIFICATION OF THE ACCOUNTS

The annual accounts of the European Commission for the year 2023 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 77 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.

Rosa ALDEA BUSQUETS

Accounting Officer of the Commission

19 June 2024

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 million	
	Note	31.12.2023	31.12.2022
NON-CURRENT ASSETS			
<i>Intangible assets</i>	2.1	485	442
<i>Property, plant and equipment</i>	2.2	10 296	9 820
<i>Investments accounted for using the equity method</i>	2.3	1 365	1 313
<i>Financial assets</i>	2.4	273 244	225 268
<i>Pre-financing</i>	2.5	41 203	47 303
<i>Exchange receivables and non-exchange recoverables</i>	2.6	16 181	18 984
		342 774	303 132
CURRENT ASSETS			
<i>Financial assets</i>	2.4	10 795	8 821
<i>Pre-financing</i>	2.5	51 191	54 042
<i>Exchange receivables and non-exchange recoverables</i>	2.6	19 026	29 417
<i>Inventories</i>	2.7	74	76
<i>Cash and cash equivalents</i>	2.8	38 335	45 201
		119 421	137 557
TOTAL ASSETS		462 194	440 688
NON-CURRENT LIABILITIES			
<i>Pension and other employee benefits</i>	2.9	(90 510)	(80 116)
<i>Provisions</i>	2.10	(1 766)	(2 009)
<i>Financial liabilities</i>	2.11	(430 209)	(323 444)
		(522 484)	(405 569)
CURRENT LIABILITIES			
<i>Provisions</i>	2.10	(1 212)	(534)
<i>Financial liabilities</i>	2.11	(27 569)	(28 275)
<i>Payables</i>	2.12	(51 780)	(56 913)
<i>Accrued charges and deferred income</i>	2.13	(75 781)	(85 129)
		(156 342)	(170 851)
TOTAL LIABILITIES		(678 826)	(576 419)
NET ASSETS		(216 632)	(135 731)
<i>Reserves</i>	2.14	127	138
<i>Amounts to be called from Member States*</i>	2.15	(216 759)	(135 868)
NET ASSETS		(216 632)	(135 731)

* The European Parliament adopted a budget on 22 November 2023 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 the following year. Additionally, under article 83 of the Staff Regulations (Council Regulation No 259/68 of 29 February 1968 as amended), the Member States shall jointly guarantee the liability for pensions.

STATEMENT OF FINANCIAL PERFORMANCE

EUR million

	Note	2023	2022
REVENUE			
Revenue from non-exchange transactions			
GNI resources		101 287	103 880
Traditional own resources		19 840	23 495
VAT		22 526	19 666
Plastics own resources		7 225	6 337
Fines		1 748	915
Recovery of expenses	3.1	801	1 216
UK Withdrawal Agreement		681	–
Other	3.2	3 966	6 735
		158 074	162 245
Revenue from exchange transactions			
Financial revenue	3.3	6 885	2 593
Other	3.4	1 187	864
		8 072	3 458
Total Revenue		166 146	165 702
EXPENSES			
Implemented by Member States	3.5		
European Agricultural Guarantee Fund		(40 716)	(41 031)
European Agricultural Fund for Rural Development and other rural development instruments		(14 605)	(16 073)
European Regional Development Fund & Cohesion Fund		(52 429)	(43 083)
European Social Fund		(17 665)	(14 649)
Other		(4 251)	(3 482)
Implemented by the Commission, executive agencies and trust funds	3.6	(61 907)	(94 049)
Implemented by other EU agencies and bodies	3.7	(5 453)	(4 693)
Implemented by third countries and int. organisations	3.7	(6 090)	(5 281)
Implemented by other entities	3.7	(4 908)	(4 743)
Staff and pension costs	3.8	(9 685)	(9 959)
Finance costs	3.9	(14 328)	(7 470)
UK Withdrawal Agreement		–	(6 961)
Other	3.10	(5 635)	(6 081)
Total Expenses		(237 673)	(257 554)
ECONOMIC RESULT OF THE YEAR		(71 528)	(91 852)

CASHFLOW STATEMENT

EUR million

	2023	2022
<i>Economic result of the year</i>	(71 528)	(91 852)
Operating activities		
<i>Amortisation</i>	71	32
<i>Depreciation</i>	899	959
<i>(Increase)/decrease in loans</i>	(42 523)	(40 790)
<i>(Increase)/decrease in pre-financing</i>	8 951	(7 005)
<i>(Increase)/decrease in exchange receivables and non-exchange recoverables</i>	13 195	23 958
<i>(Increase)/decrease in inventories</i>	3	2
<i>Increase/(decrease) in pension and other employee benefits</i>	10 394	(41 732)
<i>Increase/(decrease) in provisions</i>	434	(548)
<i>Increase/(decrease) in financial liabilities (other than borrowings under the unified funding approach)</i>	(3 540)	14 120
<i>Increase/(decrease) in payables</i>	(5 133)	9 268
<i>Increase/(decrease) in accrued charges and deferred income</i>	(9 348)	8 072
<i>Prior year budgetary surplus taken as non-cash revenue</i>	(2 519)	(3 227)
<i>Remeasurements in employee benefits liabilities (non-cash movements not included in statement of financial performance)</i>	(6 844)	45 916
<i>Other non-cash movements</i>	(11)	102
Investing activities		
<i>(Increase)/decrease in intangible assets and property, plant and equipment</i>	(1 489)	(1 396)
<i>(Increase)/decrease in investments accounted for using the equity method</i>	(52)	(121)
<i>(Increase)/decrease in non-derivative financial assets at fair value through surplus or deficit</i>	(7 319)	(5 994)
<i>(Increase)/decrease in derivative financial assets at fair value through surplus or deficit</i>	(107)	(156)
Financing activities		
<i>Increase/(decrease) in borrowings under the unified funding approach</i>	109 600	92 128
NET CASHFLOW	(6 866)	1 736
<i>Net increase/(decrease) in cash and cash equivalents</i>	(6 866)	1 736
<i>Cash and cash equivalents at the beginning of the year</i>	45 201	43 464
<i>Cash and cash equivalents at year-end</i>	38 335	45 201

STATEMENT OF CHANGES IN NET ASSETS

EUR million

	Amounts to be called from Member States Accumulated Surplus/(Deficit)	Other reserves	Net Assets
BALANCE AS AT 31.12.2021	(86 721)	51	(86 669)
<i>Remeasurements in employee benefits liabilities</i>	45 916	–	45 916
<i>Other</i>	15	86	102
<i>2021 budget result credited to Member States</i>	(3 227)	–	(3 227)
<i>Economic result of the year</i>	(91 852)	–	(91 852)
BALANCE AS AT 31.12.2022	(135 868)	138	(135 731)
<i>Remeasurements in employee benefits liabilities</i>	(6 844)	–	(6 844)
<i>Other</i>	0	(11)	(11)
<i>2022 budget result credited to Member States</i>	(2 519)	–	(2 519)
<i>Economic result of the year</i>	(71 528)	–	(71 528)
BALANCE AS AT 31.12.2023	(216 759)	127	(216 632)

NOTES TO THE FINANCIAL STATEMENTS

For further information in addition to the notes below, please also see the 2023 EU consolidated annual accounts.

Note that in the following tables amounts concerning the UK in relation to MFFs up to end 2020 are still shown under the heading Member States as although the UK withdrew from the Union on 1 February 2020, in accordance with the Withdrawal Agreement, it continues to have a financial relationship with the Union equivalent to that of a Member State for these periods.

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) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30 July 2018, p. 1) hereinafter referred to as the 'Financial Regulation' (FR).

In accordance with article 80 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 ensure the internal consistency of the EU consolidated accounts.

Application of new and amended European Union Accounting Rules (EAR)

Revised EAR effective for annual periods beginning on or after 1 January 2023

There are no new EAR which became effective for annual periods beginning on or after 1 January 2023.

New EAR adopted but not yet effective at 31 December 2023

There are no new EAR adopted but not yet effective at 31 December 2023.

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, joint arrangements and associates. The complete list of entities falling under the scope of consolidation, which now comprises 54 controlled entities and 1 associate (unchanged compared to 2022), can be found in note 9. Among the controlled entities are the EU institutions (including the Commission, but not the European Central Bank) and the EU agencies (except those of the Common and Foreign Security Policy). The European Coal and Steel Community in Liquidation (ECSC i.L.) is also considered as a controlled entity. The EU's only associate is the European Investment Fund (EIF).

Entities falling under the scope of consolidation but immaterial to the EU consolidated financial statements as a whole need not be consolidated or accounted for using the equity method where to do so

would result in excessive time or cost to the EU. These entities are referred to as 'Minor entities' and are separately listed in note 9. In 2023, 10 entities have been classified as such minor entities (2022: 8 entities).

Controlled entities

In order to determine the scope of consolidation, the control concept is applied. Controlled entities are 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.

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 of which the EU and one or more parties have joint control. Joint control is the agreed sharing of control of an arrangement by way of a binding arrangement, which exists only when decisions about the relevant activities require the unanimous consent of parties sharing control. Joint agreements can be either joint ventures or joint operations. A joint venture is a joint arrangement that is structured through a separate vehicle and whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Participations in joint ventures are accounted for using the equity method (see note 1.5.4). A joint operation is a joint arrangement whereby the parties that have joint control of the arrangements have rights to the assets, and obligations for the liabilities, related to the arrangement. Participations in joint operations are accounted for by recognising in the EU's financial statements its assets and liabilities, revenues and expenses, as well as its share of assets, liabilities, revenues and expenses jointly held or incurred.

Associates

Associates are entities over which the EU has, directly or indirectly, significant influence but not exclusive or joint 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 Mutual Insurance Mechanism are managed by the Commission on behalf of these entities. 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 in accordance with Article 243 of the Financial Regulation. 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 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.

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	31.12.2023	31.12.2022	Currency	31.12.2023	31.12.2022
BGN	1.9558	1.9558	RON	4.9756	4.9495
CZK	24.7240	24.1160	SEK	11.096	11.1218
DKK	7.4529	7.4365	CHF	0.9260	0.9847
GBP	0.8691	0.8869	JPY	156.3300	140.6600
HUF	382.8	400.8700	USD	1.105	1.0666
PLN	4.3395	4.6808			

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, financial risk of accounts receivable and the amounts disclosed in the notes concerning financial instruments, impairment allowance for financial assets at amortised cost and for financial guarantee contract liabilities, accrued revenue and charges, provisions, degree of impairment of intangible assets and property, plant and equipment, net realisable value of inventories, contingent assets and liabilities. Actual results could differ from those estimates. Changes in estimates are reflected in the period in which they become known, if the change affects that period only, or that period and future periods, if the change affects both.

1.5. BALANCE SHEET

1.5.1. 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 as incurred.

Intangible assets are amortised on a straight-line basis over their estimated useful lives (3 to 11 years). The estimated useful lives of intangible assets depend on their specific economic life time or legal life time determined by an agreement.

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 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>	<i>4% to 10%</i>
<i>Space assets</i>	<i>8% to 25%</i>
<i>Plant and equipment</i>	<i>10% to 25%</i>
<i>Furniture and vehicles</i>	<i>10% to 25%</i>
<i>Computer hardware</i>	<i>25% to 33%</i>
<i>Other</i>	<i>10% to 33%</i>

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 are 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 balance sheet.

1.5.3. Impairment of non-financial assets

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

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

1.5.4. 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, with the initial carrying amount subsequently being increased or decreased to recognise further contributions, the EU's share of the surplus or deficit of the investee, any impairments and dividends. The initial cost together with all movements give the carrying amount of the investment in the financial statements at the balance sheet date. The EU's share of the investee's surplus or deficit is recognised in the statement of financial performance, and its share of investee's movements in equity is recognised in the reserves within net assets. 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 financial assets at fair value through surplus or deficit ('FVSD').

Associates and joint ventures classified as minor entities (see note **1.3**) 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 at initial recognition

The classification depends on two criteria:

- The financial assets management model. This requires an assessment of how the EU manages the financial assets to generate cash flows and to achieve its objectives and how it evaluates the performance on financial assets.
- The asset contractual cash-flow characteristics. This requires an assessment of whether the contractual cash flows are solely payments of principal and interest on the principal outstanding. The interest is the consideration for the time value of money, credit risk and other basic lending risks and costs.

Following assessment based on these criteria, the financial assets can be classified in three categories: Financial assets at amortised cost ('AC'), financial assets at fair value through net assets/equity ('FVNA') or financial assets at fair value through surplus or deficit ('FVSD').

Financial assets with contractual cash flows that represent solely principal and interests are classified depending on the entity's management model. If the management model is to hold the financial assets in order to collect contractual cash flows, the financial assets are classified at AC. If the management model is to hold the financial assets both to collect contractual cash flows and to sell the financial assets, the classification is FVNA. If the management model is different to these two models (e.g. the financial assets are held for trading or held in a portfolio managed and evaluated on a fair value basis), the financial assets are classified as FVSD.

Financial assets with contractual cash flows that do not represent only principal and interests, but introduce exposure to risks and volatility other than those present in a basic lending arrangement (e.g. changes in equity prices), are classified as FVSD regardless of the management model.

At initial recognition, the EU classifies the financial assets as follows:

(i) Financial assets at amortised cost

The EU classifies in this category:

- Cash and cash equivalents;
- Loans (including term deposits with original maturity of more than three months);
- Exchange receivables, except for the financial guarantee contract receivable leg classified as financial asset at fair value through surplus or deficit.

These non-derivative financial assets meet two conditions: The EU's management model is to hold them in order to collect the contractual cash flows. Furthermore, on specified days, there are contractual cash flows that represent only principal and interest on the outstanding principal.

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

(ii) Financial assets at fair value through net assets/equity

These non-derivatives financial assets have contractual cash flows that represent only principal and interest on the outstanding principal. In addition, the management model is to hold the financial assets both to collect contractual cash flows and to sell the financial assets.

Assets in this category are classified as current assets, if they are expected to be realised within 12 months from the reporting date.

The EU does not hold such assets at 31 December 2023.

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

The EU classifies the following financial assets as FVSD because the contractual cash flows do not represent only principal and interests on the principal:

- Derivatives;
- Equity investments and investments in money market funds or in pooled portfolio funds;
- Other equity-type investments (e.g. Risk Capital Operations).

In addition, the EU classifies the debt securities it holds as FVSD because the portfolios of debt securities are managed and evaluated on a portfolio fair value basis (e.g. Common Provisioning Fund under Article 212 of the Financial Regulation).

Assets in this category are classified as current assets, if they are expected to be realised within 12 months from the reporting date.

Initial recognition and measurement

Purchases of financial assets at fair value through net assets/equity and at fair value through surplus or deficit are recognised on their trade-date – the date on which the EU commits to purchase the asset. Cash equivalents and loans are recognised when cash is deposited in a financial institution or advanced to borrowers.

Financial assets are initially measured at fair value. For all financial assets not carried at fair value through surplus or deficit, the transactions costs are added to the fair value at initial recognition. For financial assets carried at fair value through surplus or deficit the 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 unless the transaction is not at arm's length i.e. at no or at nominal consideration for public policy purposes. In this case, the difference between the fair value of the financial instrument and the transaction price is a non-exchange component which is recognised as an expense in the statement of financial performance. In this case, the fair value of a financial asset is derived from current market transactions for a directly equivalent instrument. If there is no active market for the instrument, the fair value is derived from a valuation technique that uses available data from observable markets.

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 under the Recovery and Resilience Facility and loans for financial assistance are initially measured at their nominal amount, with the transaction price considered the fair value of the loan. This is because:

- The 'market environment' for EU lending is very specific and different from the capital market used to issue commercial or government debt. As lenders in these markets have the opportunity to choose alternative investments, the opportunity of doing so is factored into market prices. However, this opportunity for alternative investments does not exist for the EU, which is not allowed to invest money in the capital markets; it only borrows funds for the purpose of lending. 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 should be the interest rate charged.

Subsequent measurement

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method.

Financial assets at fair value through net assets/equity are subsequently measured at fair value. Gains and losses from changes in the fair value are recognised in the fair value reserve, except for foreign exchange translation differences on monetary assets, which are recognised in the statement of financial performance.

Financial assets at fair value through surplus or deficit are subsequently measured at fair value. Gains and losses from changes in the fair value (including those stemming from foreign currency translation and any interests earned) are included in the statement of financial performance in the period in which they arise.

Fair value at subsequent measurement

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 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.

Impairment of financial assets

The EU recognises and measures an impairment loss for expected credit losses on financial assets that are measured at amortised cost and at fair value through net assets/equity.

The expected credit loss (ECL) is the present value of the difference between the contractual cash flows and the cash flows that the EU expects to receive. The ECL incorporates reasonable and supportable information that is available without undue cost or effort at the reporting date.

The ECL is measured with a three stage model that takes into account probability weighted default events during the lifetime of the financial asset and the evolution of credit risk since the origination of the financial asset. For loans, origination is the date of the irrevocable loan commitment.

If there is no significant increase in credit risk since origination ('stage 1'), the impairment loss is the ECL from possible default events in the next 12 months from the reporting date ('12 months ECL'). If there is a significant increase in credit risk since origination ('stage 2'), or if there is objective evidence of a credit impairment ('stage 3'), the impairment loss equals the ECL from possible default events over the whole lifetime of the financial asset ('lifetime ECL') (see note **6.5**).

For assets at amortised cost, the asset's carrying amount is reduced by the amount of the impairment loss which is recognised in the statement of financial performance. For assets at fair value through net assets/equity the loss allowance is recognised in net assets/equity and does not reduce the carrying amount of the financial asset in the balance sheet. If, in a subsequent period, the amount of the impairment loss decreases, the previously recognised impairment loss is reversed through the statement of financial performance.

(a) Loans to sovereigns

The EU bases its assessment of loans' impairment, in the context of the nature of the EU's financing and its unique institutional status.

For the impairment of loans to non-Member States, the EU calculates the expected credit losses using external credit quality data, however taking into account its preferred creditor status, which reduces the credit risk. For the calculation of the present value, the discount rate is the loan's original effective interest rate. If a loan has a variable interest rate, the discount rate is the current effective interest rate determined under the contract.

For loans to Member States, the EU has never incurred any impairment losses, nor faced any defaults on payments. For these loans, in addition to the preferred creditor status, the EU takes into account the relationships with its Member States. These two elements, in principle, guarantee the full recovery of the loans to Member States, on maturity. Therefore, the EU considers the expected credit losses from loans to Member States to be negligible, and a statistical approach to calculate expected credit losses as inappropriate for these loans. Thus no expected credit losses are recognised in the statement of financial performance for the loans to Member States.

(b) Receivables

The EU measures the impairment loss at the amount of lifetime ECL, using practical expedients (e.g. provision matrix).

(c) Cash and cash equivalents

The EU holds cash and cash equivalents in current bank accounts and term deposits of up to 3 months. The cash is held in banks with very high credit ratings (see note **6.3**), thus having very low default probabilities. Given the short duration and low default probabilities, the expected credit losses from cash and cash equivalents are negligible. As a result, no impairment allowance is recognised for cash equivalents.

Derecognition

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. Sales of financial assets at fair value through net assets/equity and through surplus or deficit are recognised on their trade-date.

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 in accordance with the principle of sound financial management over a period defined in the particular contract, decision, agreement or basic 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 to the EU. As the EU 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 the 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 in 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 heading 'Pre-financing'. 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 contributions to EU trust funds (as established under Article 234 of the Financial Regulation) not consolidated in the European Commission, or to other unconsolidated entities, are 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

The EU Accounting Rules require a separate presentation of exchange and non-exchange transactions. To distinguish between the two categories, the term 'receivables' 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 are financial assets measured at amortised cost, except for certain amounts of financial guarantee contract receivable leg which are classified as financial asset at fair value through surplus or deficit (see note **1.5.5**).

Recoverables from non-exchange transactions are carried at fair value as at the date of acquisition less write-down for impairment. A write-down for impairment 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-exchange 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 assets at amortised cost 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. Employee benefits

The EU provides a set of benefits (emoluments and social security) to employees. For accounting purposes these have to be classified into short-term and post-employment benefits.

Short-term employee benefits

Short-term employee benefits are those benefits due to be settled before twelve months after the end of the reporting period in which employees rendered the service, such as salaries, annual and paid sick leaves, and other short-term allowances. Short-term employee benefits are recognised as an expense when the related service is provided. A liability is recognised for the amount expected to be paid if the EU has a present legal or constructive obligation to pay as a result of past service provided by the employee and the obligation can be estimated reliably.

Post-employment benefits

The EU grants a set of post-employment benefits to employees, which include retirement, invalidity and survival pensions provided under the Pension Scheme of the European Officials (PSEO), as well as health insurance coverage provided under the Joint Sickness Insurance Scheme (JSIS) (see note **2.9**). These benefits are provided under a single plan – although split in two schemes – and they must be treated similarly so as to give a fair presentation of the situation and reflect the economic reality:

- i. Pension Scheme of European Officials (PSEO): The benefits granted under this notionally funded¹ scheme relate to seniority, invalidity and survival, as well as, family allowances, death before retirement to those employees that work or worked in the EU Institutions, Agencies and other EU bodies or are survivors of deceased officials or pensioners. Staff contribute one third of the expected cost of these benefits from their salaries.
- ii. Joint Sickness Insurance Scheme (JSIS): Under this scheme, the EU provides health insurance coverage for staff of the European Commission, Institutions, Agencies and other EU bodies through the reimbursement of medical expenses. The benefits granted to the 'inactives' of this scheme (i.e. pensioners, orphans, etc.) are classified as post-employment benefits.

The EU also provides post-employment benefits to Members and former Members of the EU institutions via separate pension schemes. These are shown under the heading 'Other retirement benefit schemes'. Under these schemes the EU provides pension benefits to members of the Commission, European Court of Justice, Court of Auditors, Council, European Parliament, European Ombudsman, and the European Data Protection Supervisor. The EU provides health coverage to the members of the EU Institutions via the JSIS.

The above post-employment benefits qualify as defined benefit obligations of the EU and are calculated at each reporting date by estimating the amount of future benefit that employees have earned in the

¹ The PSEO is a notional (virtual) fund with defined benefits in which staff's contributions serve to finance their future pensions. Although there is no actual investment fund, the amount that would have been collected by such a fund is considered to have been invested in the Member States' long-term bonds and is reflected in the pension liability that is registered in the annual accounts of the European Union. Member States jointly guarantee the payment of the benefits pursuant to Article 83 of the Staff Regulations and Article 4(3) of the Treaty on European Union (see COM(2018) 829 for a detailed description of the scheme).

current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligation is performed annually 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.

The post-employment benefits provided to EU staff are incorporated in a single plan comprising both a pension scheme (PSEO) and a sickness insurance scheme (JSIS), with the right to coverage under the JSIS scheme being dependent on having acquired the right to coverage under the PSEO scheme. Under the terms of this single plan, as set out in the Staff Regulation, certain entitlements, such as the right to a deferred and reduced pension under the PSEO scheme, are acquired after 10 years of service. However, the entitlements acquired under the single plan by the employee's subsequent service are materially higher than those initial entitlements as reflected by subsequent annually accrued pension rights.

Therefore, in order to depict the economic substance of the underlying transaction required by the faithful representation qualitative characteristic of financial reporting as outlined in both EAR 1 and the IPSAS Conceptual Framework, the service cost incurred is accrued on a straight-line basis over staff's estimated active service period, i.e. the period from the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service) until the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases. This approach is applied consistently to the benefits provided for under the single plan.

Remeasurements in the net defined benefit liabilities comprise actuarial gains and losses and the return on plan assets, and are recognised immediately in net assets.

The EU recognises the net interest expense (income) and other expenses related to the defined benefit plans in the statement of financial performance within the heading 'Staff and pension costs'.

When benefits provided are changed or curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in the statement of financial performance. Gains and losses on settlement are recognised when the settlement occurs. Past service cost is recognised immediately in the statement of financial performance, unless the changes are conditional on the employees remaining in service for a specified period of time.

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).

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.

1.5.12. 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 contract liabilities.

Borrowings are composed of borrowings from credit institutions and debts evidenced by certificates (EU bonds, EU deposits and EU bills). 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. The transaction costs incurred by the EU and then recharged to the beneficiary of the loan are immaterial and are directly recognised in the statement of financial performance.

Financial liabilities at fair value through surplus or deficit include derivatives where the 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**.

The EU recognises a financial guarantee contract liability when it enters into a contract that requires the EU to make specified payments to reimburse the guarantee holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Where the guarantee contract requires the EU to make payments in response to financial instruments price changes or changes to other underlyings, the guarantee contract is a derivative i.e. a financial liability at fair value through surplus or deficit. All other guarantee contracts are accounted for as financial provisions.

Financial guarantee contract liabilities are initially recognised at fair value. This equals the net present value of the premium receivable, if it is at market terms. When no guarantee premium is charged or where the consideration is not fair value, the fair value is determined based on the quoted prices in an active market for financial guarantee contracts directly equivalent to that entered into the financial guarantee liability, if available, or using a valuation technique. If no reliable measure of fair value can be determined either by direct observation of an active market or through another valuation technique, the financial guarantee contract liability is initially measured at the amount of the lifetime expected credit losses.

The subsequent measurement depends on the evolution of the credit risk exposure from the financial guarantee. If there is no significant increase in credit risk ('stage 1'), financial guarantee liabilities are measured at the higher of the 12 months expected credit losses and the amount initially recognised less, when appropriate, cumulative amortisation. If there is a significant increase in credit risk ('stage 2'), financial guarantee liabilities are measured at the higher of the lifetime expected credit losses and the amount initially recognised less, when appropriate, cumulative amortisation (see note **6.5**).

Financial liabilities are classified as non-current liabilities, except for maturities less than 12 months after the balance sheet date. Financial guarantee contracts are classified as current liabilities except if the EU has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date.

EU trust funds that are considered as part of the Commission's operational activities (i.e. trust funds Madad and Colombia) 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 distribution of the remaining resources will be decided by the trust fund board.

The same measurement principles apply to the external contributions to the EU programmes, in case such contributions are received with conditions to use the resources as stipulated in the contribution agreements or otherwise to return them to the contributor.

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 eligible amount.

Payables arising from the purchase of goods and services are recognised at invoice reception for the original amount and the corresponding eligible 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 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.

1.6. 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 as follows:

GNI based resources, VAT and Plastics own resources

Revenue is recognised for the period for which the Commission sends out a call for funds to the Member States claiming their contribution. The revenue is measured at its 'called amount'. As VAT, GNI and Plastics own resources are based on estimates of the data for the budgetary year concerned, they may be revised since 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 adopted and it is officially notified to the addressee. After the decision to impose a fine, the fined entities 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; or
- b) not to accept the decision, in which case they challenge it in accordance with EU law.

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 TFEU). The cash received is used to clear the recoverable. However, subject to the agreement of the Commission's Accounting Officer, the undertaking may present a bank guarantee for the amount instead. In that case the fine remains as a recoverable. If neither cash nor a guarantee is received and there are doubts about the undertaking's solvency, a value reduction on the entitlement is recognised.

If the undertaking appeals against the decision, and has already provisionally paid the fine, the amount is disclosed as a contingent liability, or, 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 is given instead, the outstanding recoverable is written down.

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 interest rate 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 is considered credit impaired ('stage 3'), the 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.

Revenue and expense from financial assets through surplus or deficit

This refers to the fair value gains (revenue) and fair value losses (expense) from these financial assets, including those stemming from foreign exchange translation. For interest-bearing financial assets, this also includes interest. See also note **3.9**.

Revenue from financial guarantee contracts

The revenue from financial guarantee contracts (guarantee premium) is recognised over the time the EU stands ready to compensate the holder of the financial guarantee contract for the credit loss it may incur. The amortisation schedule applied takes into account the passage of time and the volume of the guaranteed exposure. Revenue from financial guarantee contracts include also amortisation of financial guarantee contracts liability in cases when the guarantee was provided at no or nominal consideration.

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: (i) entitlements, (ii) transfers under agreement and discretionary grants, as well as (iii) 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 their 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, either 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.

1.8. 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, investing and financing activities.

Operating activities are the activities of the EU that are not investing or financing activities. These are the majority of the activities performed.

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 as they are part of the general objectives and thus daily operations of the EU. The objective is to show the real investments made by the EU.

Financing activities are activities that result in changes in the size and composition of borrowings other than those granted to beneficiaries on a back-to-back basis or for the acquisition of property, plant and equipment (which are included under operating activities).

2. NOTES TO THE BALANCE SHEET

ASSETS

2.1. INTANGIBLE ASSETS

EUR million

<i>Gross carrying amount at 31.12.2022</i>	694
<i>Additions</i>	118
<i>Disposals</i>	(7)
<i>Transfer between asset categories</i>	0
<i>Other changes</i>	–
Gross carrying amount at 31.12.2023	805
<i>Accumulated amortisation at 31.12.2022</i>	(252)
<i>Amortisation charge for the year</i>	(71)
<i>Amortisation written back</i>	–
<i>Disposals</i>	4
<i>Transfer between asset categories</i>	(0)
<i>Other changes</i>	–
Accumulated amortisation at 31.12.2023	(320)
NET CARRYING AMOUNT AT 31.12.2023	485
<i>NET CARRYING AMOUNT AT 31.12.2022</i>	442

2.2. PROPERTY, PLANT AND EQUIPMENT

EUR million

	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 31.12.2022</i>	1 507	7 603	269	60	211	151	1 539	4 892	16 232
<i>Additions</i>	5	–	6	2	19	1	12	1 324	1 367
<i>Disposals</i>	2	–	(7)	(4)	(16)	(6)	(1)	–	(31)
<i>Transfer between asset categories</i>	376	99	–	–	0	–	(375)	(101)	(0)
<i>Other changes</i>	3	–	(0)	–	–	(0)	–	(0)	2
Gross carrying amount at 31.12.2023	1 892	7 702	267	58	214	146	1 175	6 115	17 570
<i>Accumulated depreciation at 31.12.2022</i>	(1 005)	(3 807)	(250)	(54)	(180)	(136)	(980)	–	(6 412)
<i>Depreciation charge for the year</i>	(23)	(785)	(10)	(2)	(17)	(5)	(51)	–	(894)
<i>Depreciation written back</i>	–	–	–	–	–	–	–	–	–
<i>Disposals</i>	(2)	–	7	4	15	6	1	–	31
<i>Transfer between asset categories</i>	(249)	–	–	–	(0)	–	250	–	0
Accumulated depreciation at 31.12.2023	(1 280)	(4 591)	(253)	(52)	(182)	(135)	(781)	–	(7 274)
NET CARRYING AMOUNT AT 31.12.2023	612	3 111	14	6	32	11	394	6 115	10 296
<i>NET CARRYING AMOUNT AT 31.12.2022</i>	502	3 796	18	7	31	14	559	4 892	9 820

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 2023, the EU holds 29.7% of the ownership interest in EIF (2022: 30%).

EUR million

	European Investment Fund
Participation at 31.12.2022	1 313
<i>Contributions</i>	-
<i>Dividends received</i>	(4)
<i>Share of net result</i>	67
<i>Share in the net assets</i>	(11)
Participation at 31.12.2023	1 365

EIF summarised financial information:

EUR million

	31.12.2023 Total EIF	31.12.2022 Total EIF
<i>Assets</i>	6 554	5 504
<i>Liabilities</i>	(1 959)	(1 127)
<i>Revenue</i>	452	340
<i>Expenses</i>	(218)	(261)
<i>Surplus/(deficit)</i>	234	79

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

EUR million

	31.12.2023	31.12.2022
<i>Net assets of the associate</i>	4 595	4 377
EC ownership interests in EIF	29.7%	30.0%
<i>Carrying amount</i>	1 365	1 313

The Commission has paid-in 20 % of its subscribed shares in the EIF capital at 31 December 2023, the uncalled amount is as follows:

EUR million

	Total EIF capital	EU subscription
<i>Total share capital</i>	7 370	2 190
<i>Paid-in</i>	(1 474)	(438)
Uncalled	5 896	1 752

2.4. FINANCIAL ASSETS

			EUR million
	Note	31.12.2023	31.12.2022
Non-current			
Financial assets at amortized cost	2.4.1	242 265	199 916
Financial assets at fair value through surplus or deficit	2.4.2	30 979	25 352
		273 244	225 268
Current			
Financial assets at amortized cost	2.4.1	4 596	4 422
Financial assets at fair value through surplus or deficit	2.4.2	6 199	4 398
		10 795	8 821
Total		284 039	234 089

2.4.1. Financial assets at amortized cost

			EUR million
	Note	31.12.2023	31.12.2022
Loans for NGEU and financial assistance	2.4.1.1	246 622	204 103
Other loans		240	235
Total		246 861	204 338
Non-current		242 265	199 916
Current		4 596	4 422

2.4.1.1. Loans for NGEU and financial assistance

	NGEU	SURE	EFSM	BOP	MFA	Euratom	Total
<i>Total at 31.12.2022</i>	45 340	99 130	46 587	201	12 613	232	204 103
New loans (nominal)	34 084	–	–	–	18 290	–	52 374
Repayments	–	–	(3 500)	–	(60)	(13)	(3 573)
Changes in carrying amount	165	(145)	7	0	350	(0)	377
Changes in impairment	–	–	–	–	(6 664)	5	(6 659)
Total at 31.12.2023	79 589	98 984	43 095	201	24 528	224	246 622
Non-current	79 240	98 880	40 084	200	23 530	210	242 144
Current	349	104	3 010	1	998	14	4 477

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

	31.12.2023	31.12.2022
NGEU	0.15% - 3.56%	0.14% - 2.54%
SURE	(0.48)% - 2.78%	(0.48)% - 2.78%
EFSM	(0.03)% - 3.79%	(0.03)% - 3.79%
BOP	2.95%	2.95%
MFA	(0.14)% - 3.86%	(0.14)% - 3.70%
Euratom	(0.08)% - 4.14%	(0.08)% - 1.53%

2.4.2. Financial assets at fair value through surplus or deficit (FVSD)

		EUR million	
	Note	31.12.2023	31.12.2022
Financial assets at FVSD non-derivatives	2.4.2.1	36 086	28 767
Financial assets at FVSD derivatives	2.4.2.2	1 091	984
Total		37 178	29 751
Non-current		30 979	25 352
Current		6 199	4 398

2.4.2.1. Financial assets at FVSD non-derivatives

Financial assets at FVSD non-derivatives by type

	EUR million	
	31.12.2023	31.12.2022
Debt securities	28 388	23 340
MMFs, ETFs and investments in pooled portfolios	4 806	2 895
Other equity investments	2 893	2 532
Total	36 086	28 767
Non-current	29 929	24 373
Current	6 158	4 394

Financial assets at FVSD non-derivatives by programme

	EUR million	
	31.12.2023	31.12.2022
Innovation Fund	8 754	6 476
BUFI investments	2 268	2 015
EBRD	188	188
	11 210	8 679
<i>Budgetary Guarantee Funds:</i>		
Common Provisioning Fund	18 698	14 057
	18 698	14 057
<i>Financial instruments supported by the EU budget:</i>		
Horizon 2020 and Horizon Europe	3 872	3 766
Connecting Europe Facility	731	697
EU SME Equity Facilities	485	512
European Fund for South East Europe	233	214
Green for Growth Fund	116	107
Energy Efficiency Finance Facility	110	109
Other	630	628
	6 178	6 031
Total	36 086	28 767
Non-current	29 929	24 373
Current	6 158	4 394

Fair value hierarchy of non-derivative financial assets at FVSD

Type of financial asset	EUR million	
	31.12.2023	31.12.2022
Level 1: Quoted prices in active markets	30 161	23 371
Level 2: Observable inputs other than quoted prices	3 230	3 061
Level 3: Valuation techniques with inputs not based on observable market data	2 695	2 335
Total	36 086	28 767

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

EUR million	
Fair value movements	
Opening balance at 1.1.2023	2 335
Investments during the period	557
Capital repayments	(77)
Revenues settled	(51)
Gains or losses for the period in surplus or deficit	(67)
Transfers into level 3	–
Transfers out of level 3	–
Other	(1)
Closing balance at 31.12.2023	2 695

2.4.2.2. Financial assets and liabilities at FVSD derivatives

Financial assets and liabilities at FVSD derivatives by type

Type of derivative	EUR million					
	31.12.2023			31.12.2022		
	Notional amount	Fair Value Asset	Fair Value Liability	Notional amount	Fair Value Asset	Fair Value Liability
Foreign currency forward contract	1 149	39	–	488	5	–
Guarantee on equity portfolio	5 059	1 050	(53)	4 694	979	(17)
Guarantees on FX risk	379	2	(6)	87	–	(8)
Total	6 587	1 091	(60)	5 269	984	(25)
Non-current		1 050	(8)		979	(9)
Current		41	(52)		5	(15)

Derivative contracts for which the fair value is negative at year end are classified as financial liabilities (see note 2.11).

Fair value hierarchy of derivative financial assets and liabilities

Type of derivative	EUR million			
	31.12.2023		31.12.2022	
	Fair Value Asset	Fair Value Liability	Fair Value Asset	Fair Value Liability
Level 1: Quoted prices in active markets	–	–	–	–
Level 2: Observable inputs other than quoted prices	41	(1)	5	(3)
Level 3: Valuation techniques with inputs not based on observable market data	1 050	(59)	979	(21)
Total	1 091	(60)	984	(25)

During the period, there were no transfers between level 1 and level 2.

Reconciliation of derivative financial assets and liabilities measured using valuation techniques with inputs not based on observable market data (Level 3)

	EUR million
Fair value movements	
Opening balance asset/(liability) as at 1.1.2023	958
Guarantee call claims paid	134
Guarantee calls returned	-
Revenues from guarantee settled	(122)
Gains or losses for the period in surplus or deficit	22
Transfers into level 3	-
Transfers out of level 3	-
Other	-
Closing balance at 31.12.2023	992

2.5. PRE-FINANCING

EUR million

	Note	31.12.2023	31.12.2022
Non-current			
Pre-financing	2.5.1	40 756	47 001
Other advances to Member States	2.5.2	371	216
Contribution to Trust Funds		76	86
		41 203	47 303
Current			
Pre-financing	2.5.1	49 412	47 954
Other advances to Member States	2.5.2	1 780	6 087
		51 191	54 042
Total		92 394	101 345

2.5.1. Pre-financing

EUR million

	Gross amount	Cleared via accruals	Net amount at 31.12.2023	Gross amount	Cleared via accruals	Net amount at 31.12.2022
Shared Management						
EAFRD & other rural development instruments	3 614	(686)	2 928	3 051	(527)	2 525
ERDF & CF	31 502	(10 125)	21 378	29 812	(4 932)	24 880
ESF	12 105	(3 236)	8 869	11 621	(1 974)	9 647
Other	8 755	(5 348)	3 408	8 063	(4 498)	3 565
Direct Management						
Implemented by:						
Commission	37 699	(13 184)	24 514	42 115	(14 069)	28 047
of which RRF (NGEU)	22 889	(3 710)	19 178	28 347	(5 389)	22 958
EU executive agencies	36 132	(21 685)	14 447	29 568	(17 104)	12 464
Trust funds	639	(507)	133	738	(582)	156
Indirect Management						
Implemented by:						
Other EU agencies & bodies	9 443	(6 094)	3 349	7 299	(4 860)	2 439
Third countries	1 602	(1 166)	436	1 797	(1 275)	522
International organisations	14 229	(9 713)	4 516	12 488	(7 491)	4 997
Other entities	17 630	(11 439)	6 191	15 231	(9 517)	5 714
Total	173 350	(83 183)	90 167	161 783	(66 828)	94 955
Non-current	40 756	–	40 756	47 001	–	47 001
Current	132 594	(83 183)	49 412	114 782	(66 828)	47 954

2.5.2. Other advances to Member States

EUR million

	31.12.2023	31.12.2022
Advances to Member States for financial instruments under shared management	594	3 390
Aid Schemes	1 556	2 914
Total	2 150	6 303
Non-current	371	216
Current	1 780	6 087

2.6. EXCHANGE RECEIVABLES AND NON-EXCHANGE RECOVERABLES

EUR million

	Note	31.12.2023	31.12.2022
Non-current			
Recoverables from non-exchange transactions	2.6.1	14 098	16 519
Receivables from exchange transactions	2.6.2	2 083	2 466
		16 181	18 984
Current			
Recoverables from non-exchange transactions	2.6.1	16 947	25 907
Receivables from exchange transactions	2.6.2	2 079	3 510
		19 026	29 417
Total		35 207	48 402

2.6.1. Recoverables from non-exchange transactions

EUR million

	Note	31.12.2023	31.12.2022
Non-current			
Member States	2.6.1.1	268	498
UK Withdrawal Agreement	2.6.1.2	13 088	14 810
Accrued income and deferred charges	2.6.1.4	567	1 011
Other recoverables		175	199
		14 098	16 519
Current			
Member States	2.6.1.1	3 651	5 967
UK Withdrawal Agreement	2.6.1.2	2 385	9 061
Competition fines	2.6.1.3	9 861	9 420
Accrued income and deferred charges	2.6.1.4	623	1 006
Other recoverables		426	453
		16 947	25 907
Total		31 044	42 426

2.6.1.1. Recoverables from Member States

EUR million

	31.12.2023	31.12.2022
TOR A accounts	2 326	4 397
TOR separate accounts	1 249	1 356
Own resources to be received	7	7
Impairment	(673)	(686)
Other	–	–
Own resource recoverables	2 908	5 073
European Agricultural Guarantee Fund (EAGF)	1 483	1 621
European Agricultural Fund for Rural Development (EAFRD) and other rural development instruments	126	189
Impairment	(683)	(591)
EAGF and rural development recoverables	927	1 219
Pre-financing recovery	1	13
VAT paid and recoverable	10	10
Other recoverables from Member States	73	150
Total	3 919	6 465
<i>Non-current</i>	<i>268</i>	<i>498</i>
<i>Current</i>	<i>3 651</i>	<i>5 967</i>

2.6.1.2. UK Withdrawal agreement

EUR million

	Article 140	Article 142	Other	31.12.2023	31.12.2022
<i>Due from the UK</i>	8 340	10 411	115	18 867	26 683
<i>Due to the UK</i>	-	-	(3 394)	(3 394)	(2 812)
Total	8 340	10 411	(3 279)	15 473	23 871
<i>Non-current</i>	4 588	10 102	(1 602)	13 088	14 810
<i>Current</i>	3 753	309	(1 677)	2 385	9 061

Payments under the Withdrawal Agreement

EUR million

	Remainder of September 2022 report: (due and paid from January to May 2023)	April 2023 report (due and paid from June to September 2023)	September 2023 report: (due and paid from October to December 2023)	Total payments in 2023
<i>Article 140</i>	4 061	2 647	1 855	8 563
<i>Article 142</i>	18	259	11	288
<i>Article 136</i>	12	1 057	13	1 082
<i>Article 147</i>	-	18	-	18
<i>Article 143</i>	-	-	6	6
	4 092	3 981	1 885	9 958
<i>Article 141</i>	(94)	-	(5)	(99)
<i>Article 143</i>	-	(313)	-	(313)
<i>Article 144</i>	-	(54)	(0)	(54)
<i>Article 145</i>	-	(37)	-	(37)
<i>Article 146</i>	-	(7)	-	(7)
	(94)	(410)	(5)	(508)
Total	3 998	3 572	1 880	9 450

Furthermore, between January and February 2023 the United Kingdom paid an outstanding debt originating in a case where importers in the UK had evaded a large amount of customs duties by using fictitious and false invoices and incorrect customs value declarations at importation. The principal and the related late interest totalled EUR 1.6 billion and EUR 1.4 billion respectively. The UK share defined in Article 139 of the Withdrawal Agreement amounted to EUR 370 million and was offset with the payments received from the UK in 2023.

Article 140 – Outstanding Commitments

EUR million

Amount owed by the UK at 31.12.2022	17 029
<i>Net financial corrections related to 2014-2020 or previous programme periods (including adjustment of 2022 deductions)</i>	(29)
<i>TOR relating to 2020 and made available to the Union in 2023 (including adjustment of 2022 deductions)</i>	-
Net payments received from the UK in 2023	(8 563)
Adjustment of estimated non-implementation	(95)
Total	8 340
<i>Non-current</i>	4 588
<i>Current</i>	3 753

Article 142 – Outstanding 2020 liabilities
Outstanding 2020 liabilities under Article 142 (6)

EUR million

	Pension Scheme of European Officials	Joint Sickness Insurance Scheme	31.12.2023	31.12.2022
<i>Outstanding 2020 liabilities</i>	74 058	5 652	79 709	73 008
UK Share	9 207	703	9 909	9 076
PSEO/JSIS contributions	270	10	280	259
Total	9 477	713	10 189	9 335
<i>Non-current</i>	9 207	703	9 909	9 076
<i>Current</i>	270	10	280	259

Other articles

EUR million

	31.12.2023	31.12.2022
Due from the UK:		
Article 147	115	68
	115	68
Due to the UK:		
Article 136	(1 451)	(678)
Article 141	(1 564)	(1 637)
Article 143	(233)	(313)
Article 144	(59)	(54)
Article 145	(74)	(111)
Article 146	(13)	(20)
	(3 394)	(2 812)
Total	(3 279)	(2 744)
<i>Non-current</i>	(1 602)	(2 953)
<i>Current</i>	(1 677)	209

Article 136 – Provisions applicable in relation to own resources

EUR million

Amount due to the UK at 31.12.2022	(678)
Amount invoiced to the UK in September 2023	33
Payments received from the UK in 2023	(712)
VAT and GNI adjustments (balances exercise 2022)	(31)
VAT and GNI adjustments (balances exercise 2023)	(128)
Interest on late payment of UK traditional own resources	42
UK net traditional own resources after 28 February 2021	22
Amount due to the UK at 31.12.2023	(1 451)
<i>Non-current</i>	(125)
<i>Current</i>	(1 326)

2.6.1.3. Recoverables from competition fines

EUR million

	31.12.2023	31.12.2022
<i>Recoverable from fines gross amount</i>	13 762	13 635
<i>Provisional payments</i>	(3 014)	(2 980)
<i>Impairment</i>	(887)	(1 235)
Total	9 861	9 420
<i>Non-current</i>	–	–
<i>Current</i>	9 861	9 420

2.6.1.4. Accrued income and deferred charges

	EUR million	
	31.12.2023	31.12.2022
<i>Other accrued income</i>	1 125	1 931
<i>Deferred charges relating to non-exchange transactions</i>	65	86
Total	1 190	2 017
<i>Non-current</i>	567	1 011
<i>Current</i>	623	1 006

2.6.2. Receivables from exchange transactions

	EUR million	
	31.12.2023	31.12.2022
Non-current		
<i>Financial guarantee receivable</i>	1 666	1 832
<i>Late payment interest</i>	365	597
<i>Other receivables</i>	53	37
	2 083	2 466
Current		
<i>Financial guarantee receivable</i>	340	369
<i>Customers</i>	217	223
<i>Impairment on receivables from customers</i>	(152)	(162)
<i>Deferred charges relating to exchange transactions</i>	165	127
<i>Late payment interest</i>	1 186	2 554
<i>Other</i>	323	400
	2 079	3 510
Total	4 162	5 976

Out of the total amount of EUR 2 006 million of the Financial Guarantee Contract receivable as at 31 December 2023 (2022: EUR 2 201 million), EUR 1 996 million are classified as financial assets measured at fair value through surplus or deficit (Fair value level 3) (2022: EUR 2 198 million).

2.7. INVENTORIES

	EUR million	
	31.12.2023	31.12.2022
<i>Scientific materials</i>	60	54
<i>Other</i>	14	22
Total	74	76

2.8. CASH AND CASH EQUIVALENTS

	EUR million	
	31.12.2023	31.12.2022
<i>Accounts with Treasuries and Central Banks</i>	22 620	21 413
<i>Current accounts</i>	312	178
<i>Imprest accounts</i>	7	8
<i>Transfers (cash in transit)</i>	0	–
Bank accounts for budget implementation	22 940	21 598
Unified funding approach	12 539	19 929
Financial instruments	2 279	2 713
Fines	540	914
Trust funds	37	47
Total	38 335	45 201

LIABILITIES

2.9. PENSION AND OTHER EMPLOYEE BENEFITS

Net employee benefit scheme liability

	Pension Scheme of European Officials	Other retirement benefit schemes	Joint Sickness Insurance Scheme	31.12.2023 Total	31.12.2022 Total
<i>Defined Benefit Obligation</i>	82 718	1 476	6 735	90 929	80 507
<i>Plan assets</i>	N/A	N/A	(419)	(419)	(390)
Net liability	82 718	1 476	6 316	90 510	80 116

Actuarial assumptions - employee benefits

	2023	2022
Pension Scheme of European Officials		
<i>Nominal discount rate</i>	3.0%	3.6%
<i>Expected inflation rate</i>	2.2%	2.4%
<i>Real discount rate</i>	0.8%	1.1%
<i>Expected rate of salary increases</i>	1.1%	1.5%
<i>Retirement age</i>	63/64/66	63/64/66
Joint Sickness Insurance Scheme		
<i>Nominal discount rate</i>	3.1%	3.6%
<i>Expected inflation rate</i>	2.2%	2.4%
<i>Real discount rate</i>	0.8%	1.1%
<i>Expected rate of salary increases</i>	1.1%	1.6%
<i>Medical cost trend rates</i>	1.7%	2.3%
<i>Retirement age</i>	63/64/66	63/64/66

Movement in present value of employee benefits defined benefit obligation

	Pension Scheme of European Officials	Other retirement benefit Schemes	Joint Sickness Insurance Scheme	Total
Present value as at 31.12.2022	73 126	1 316	6 064	80 507
Recognised in statement of financial performance				
<i>Current service cost</i>	2 589	65	217	2 871
<i>Interest expense</i>	2 629	47	218	2 894
Recognised in net assets				
<i>Remeasurements in employee benefits liabilities</i>				
<i>Actuarial (gains)/losses from experience</i>	479	12	(71)	420
<i>Actuarial (gains)/losses from demographic assumptions</i>	1 892	30	212	2 134
<i>Actuarial (gains)/losses from financial assumptions</i>	4 176	48	218	4 441
Other				
<i>Benefits paid</i>	(2 172)	(43)	(124)	(2 339)
Present value as at 31.12.2023	82 718	1 476	6 735	90 929

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

EUR million

Present value as at 31.12.2022	390
<i>Net movement in plan assets</i>	<i>29</i>
Present value as at 31.12.2023	419

Pension Scheme of European Officials sensitivity

A ten basis points change in the assumed discount rate would have the following effects:

EUR million

	2023		2022	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
<i>Defined benefit obligation</i>	<i>(1 541)</i>	<i>1 585</i>	<i>(1 316)</i>	<i>1 352</i>

A ten basis points change in the expected salary increases rate would have the following effects:

EUR million

	2023		2022	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
<i>Defined benefit obligation</i>	<i>1 532</i>	<i>(1 493)</i>	<i>1 312</i>	<i>(1 280)</i>

A one year change in the assumed retirement age would have the following effects:

EUR million

	2023		2022	
	One year increase	One year decrease	One year increase	One year decrease
<i>Defined benefit obligation</i>	<i>(795)</i>	<i>1 076</i>	<i>(727)</i>	<i>988</i>

Joint Sickness Insurance Scheme sensitivity

A ten basis points change in the assumed medical cost trend rates would have the following effects:

EUR million

	2023		2022	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
<i>The aggregate of the current service cost and interest cost components of net periodic post-employment medical costs</i>	<i>12</i>	<i>(12)</i>	<i>10</i>	<i>(10)</i>
<i>Defined benefit obligation</i>	<i>166</i>	<i>(162)</i>	<i>148</i>	<i>(144)</i>

A ten basis points change in the assumed discount rate would have the following effects:

EUR million

	2023		2022	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
<i>Defined benefit obligation</i>	<i>(132)</i>	<i>135</i>	<i>(118)</i>	<i>121</i>

A ten basis points change in the expected salary increases rate would have the following effects:

EUR million

	2023		2022	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
<i>Defined benefit obligation</i>	<i>(25)</i>	<i>25</i>	<i>(23)</i>	<i>22</i>

A one year change in the assumed retirement age would have the following effects:

EUR million

	2023		2022	
	One year increase	One year decrease	One year increase	One year decrease
<i>Defined benefit obligation</i>	<i>(188)</i>	<i>199</i>	<i>(173)</i>	<i>184</i>

2.10. PROVISIONS

EUR million

	Amount at 31.12.2022	Revision of EAR 11	Additional provisions	Unused amounts reversed	Amounts used	Transfer between categories	Change in estimation	Amount at 31.12.2023
<i>Legal cases:</i>								
<i>Agriculture</i>	277	–	1	(240)	(37)	–	–	1
<i>Other</i>	26	–	782	(1)	(1)	–	–	806
<i>Nuclear site dismantling</i>	1 745	–	–	–	(45)	–	67	1 768
<i>Financial</i>	1	–	1	(1)	–	–	0	1
<i>Other</i>	494	–	73	(165)	(0)	–	–	401
Total	2 543	–	857	(407)	(83)	–	68	2 977
Non-current	2 009	–	11	(241)	(46)	(34)	68	1 766
Current	534	–	846	(166)	(37)	34	0	1 212

2.11. FINANCIAL LIABILITIES

	Note	31.12.2023	EUR million 31.12.2022
Non-current			
Financial liabilities at AC	2.11.1	430 070	323 257
Financial liabilities at FVSD	2.4.2.2	8	9
Financial guarantee liabilities	2.11.2	131	177
		430 209	323 444
Current			
Financial liabilities at AC	2.11.1	21 380	21 980
Financial liabilities at FVSD	2.4.2.2	52	15
Financial guarantee liabilities	2.11.2	6 137	6 279
		27 569	28 275
Total		457 778	351 718

2.11.1. Financial liabilities at amortised cost

	Note	31.12.2023	EUR million 31.12.2022
Borrowings	2.11.1.1	450 561	344 303
Other financial liabilities	2.11.1.2	889	934
Total		451 450	345 237
Non-current		430 070	323 257
Current		21 380	21 980

2.11.1.1. Borrowings

	Unified Funding Approach	SURE	EFSM	BOP	MFA	Euratom	EUR million Total
Total at 31.12.2022	183 129	99 130	46 587	201	14 929	327	344 303
New borrowings - nominal	159 205	–	–	–	290	–	159 495
Repayments	(45 400)	–	(3 500)	–	(60)	(13)	(48 973)
Changes in carrying amount	(4 205)	(145)	7	0	79	(0)	(4 264)
Total at 31.12.2023	292 728	98 984	43 095	201	15 238	314	450 561
Non-current	275 337	98 880	40 084	200	14 488	300	429 290
Current	17 391	104	3 010	1	750	14	21 271

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

	31.12.2023	31.12.2022
Unified funding	(0.49)% - 4.03%	(0.49)% - 3.41%
SURE	(0.48)% - 2.78%	(0.48)% - 2.78%
EFSM	(0.03)% - 3.79%	(0.03)% - 3.79%
BOP	2.95%	2.95%
MFA	(0.14)% - 3.86%	(0.14)% - 3.70%
Euratom	(0.08)% - 4.06%	(0.08)% - 1.53%

2.11.1.2. Other financial liabilities

EUR million

	31.12.2023	31.12.2022
Non-current		
Finance lease liabilities	436	573
Buildings paid for in instalments	165	125
Other	180	10
	780	708
Current		
Finance lease liabilities	61	79
Buildings paid for in instalments	41	30
Other	7	117
	109	226
Total	889	934

Finance lease liabilities

EUR million

	Future amounts to be paid			Total Liability
	< 1 year	1 - 5 years	> 5 years	
Land and buildings	57	226	201	484
Other fixed assets	4	9	–	13
Total at 31.12.2023	61	235	201	497
Interest element	26	72	23	121
Total future minimum lease payments at 31.12.2023	87	307	224	618
Total future minimum lease payments at 31.12.2022	114	409	295	819

2.11.2. Financial guarantee liabilities

EUR million

	31.12.2023		31.12.2022	
	Financial guarantee receivable (Note 2.6.2)	Financial guarantee liability	Financial guarantee receivable (Note 2.6.2)	Financial guarantee liability
<i>EU budgetary guarantee programmes</i>				
EIB ELM guarantees	51	2 170	47	2 358
EFSD guarantee	1 789	1 863	2 039	2 178
EFSD guarantee	4	196	3	180
InvestEU guarantee	117	920	46	332
NDICI EU guarantee	10	367	0	203
	1 970	5 515	2 134	5 252
<i>EU financial instrument programmes</i>				
COSME	0	338	0	617
Horizon 2020	9	266	37	422
Other	27	149	29	166
	36	753	66	1 204
Total	2 006	6 268	2 201	6 456
Non-current	1 666	131	1 832	177
Current	340	6 137	369	6 279

2.12. PAYABLES

	EUR million			EUR million		
	Gross Amount	Adjustments*	Net Amount at 31.12.2023	Gross Amount	Adjustments*	Net Amount at 31.12.2022
<i>Cost claims and invoices received from:</i>						
<i>Member States</i>						
<i>EAFRD & other rural development instruments</i>	300		300	80		80
<i>ERDF & CF</i>	7 251	(1 995)	5 256	6 258	(1 614)	4 644
<i>ESF</i>	2 062	(310)	1 752	2 796	(368)	2 428
<i>RRF (NGEU)</i>	22 427		22 427	24 629		24 629
<i>Other</i>	1 129	(225)	904	1 077	(170)	907
<i>Private and public entities</i>	1 859	(407)	1 452	1 527	(467)	1 060
Total costs claims & invoices received	35 027	(2 937)	32 090	36 368	(2 620)	33 748
EAGF	12 503	N/A	12 503	15 795	N/A	15 795
Own Resources Payables	3 248	N/A	3 248	3 764	–	3 764
Sundry Payables	3 939	N/A	3 939	3 605	N/A	3 605
Total	54 717	(2 937)	51 780	59 533	(2 620)	56 913

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

2.13. ACCRUED CHARGES AND DEFERRED INCOME

	EUR million	
	31.12.2023	31.12.2022
<i>Accrued charges</i>	75 359	84 976
<i>Deferred income</i>	59	2
<i>Other</i>	363	151
Total	75 781	85 129

The split of accrued charges is as follows:

	EUR million	
	31.12.2023	31.12.2022
<i>RRF (NGEU)</i>	3 709	17 188
<i>EAGF</i>	28 339	25 316
<i>EAFRD and other rural development instruments</i>	17 895	19 625
<i>ERDF and CF</i>	11 052	8 741
<i>ESF</i>	3 882	3 366
<i>Other</i>	10 483	10 739
Total	75 359	84 976

NET ASSETS

2.14. RESERVES

	EUR million	
	31.12.2023	31.12.2022
<i>Other reserves</i>	127	138
Total	127	138

2.15. AMOUNTS TO BE CALLED FROM MEMBER STATES

	EUR million
Amounts to be called from Member States at 31.12.2022	135 868
<i>2022 budget result credited to Member States</i>	2 519
<i>Remeasurements in employee benefits liabilities</i>	6 844
<i>Other</i>	–
<i>Economic result of the year</i>	71 528
Total amounts to be called from Member States at 31.12.2023	216 759

3. NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE

REVENUE

REVENUE FROM NON-EXCHANGE TRANSACTIONS: TRANSFERS

3.1. RECOVERY OF EXPENSES

	EUR million	
	2023	2022
<i>Shared management</i>	691	1 110
<i>Direct management</i>	102	91
<i>Indirect management</i>	8	15
Total	801	1 216

3.2. OTHER REVENUE FROM NON-EXCHANGE TRANSACTIONS

	EUR million	
	2023	2022
<i>Contribution from Member States:</i>		
<i>Innovation Fund</i>	1 812	3 192
<i>External aid</i>	165	204
<i>InvestEU</i>	179	
<i>Contribution from EFTA, third countries and accession countries</i>	1 678	1 227
<i>Contribution from other entities</i>	3 456	
<i>Staff taxes and contributions</i>	1 185	1 095
<i>Transfer of assets</i>	280	318
<i>Budgetary adjustments</i>	(1 058)	3 246
<i>Adjustment of provisions</i>	406	989
<i>Funding of institutions</i>	(4 247)	(4 104)
<i>Other</i>	109	568
Total	3 966	6 735

REVENUE FROM EXCHANGE TRANSACTIONS

3.3. FINANCIAL REVENUE

	EUR million	
	2023	2022
<i>Interest on:</i>		
<i>Late payments</i>	(121)	(927)
<i>Loans</i>	2 305	1 238
<i>Cash & cash equivalents</i>	1 753	117
<i>Borrowings</i>	229	325
<i>Other</i>	8	2
<i>Revenue from FGCs</i>	887	1 282
<i>Gains on financial assets or liabilities at FVSD:</i>		
<i>Non-derivatives</i>	1 624	128
<i>Derivatives</i>	149	294
<i>Dividends</i>	46	114
<i>Other</i>	6	20
Total	6 885	2 593

3.4. OTHER REVENUE FROM EXCHANGE TRANSACTIONS

	EUR million	
	2023	2022
<i>Foreign exchange gains</i>	375	299
<i>Share of net result of EIF</i>	67	24
<i>Sales of goods</i>	14	17
<i>Fixed assets related revenue</i>	8	25
<i>Other</i>	724	499
Total	1 187	864

EXPENSES

3.5. SHARED MANAGEMENT

	EUR million	
	2023	2022
Implemented by Member States		
European Agricultural Guarantee Fund	40 716	41 031
European Agricultural Fund for Rural Development and other rural development instruments	14 605	16 073
European Regional Development Fund and Cohesion Fund	52 429	43 083
European Social Fund	17 665	14 649
Other	4 251	3 482
Total	129 667	118 318

3.6. DIRECT MANAGEMENT

	EUR million	
	2023	2022
Implemented by the Commission	45 682	78 518
of which RRF (NGEU)	36 045	69 461
Implemented by EU Executive Agencies	15 899	14 963
Implemented by Trust funds	326	568
Total	61 907	94 049

3.7. INDIRECT MANAGEMENT

	EUR million	
	2023	2022
Implemented by other EU agencies and bodies	5 453	4 693
Implemented by third countries	479	630
Implemented by international organisations	5 610	4 650
Implemented by other entities	4 908	4 743
Total	16 451	14 717

3.8. STAFF AND PENSION COSTS

	EUR million	
	2023	2022
Staff costs	3 920	3 738
Pension costs	5 765	6 221
Total	9 685	9 959

3.9. FINANCE COSTS

	EUR million	
	2023	2022
<i>Interest expenses:</i>		
<i>Borrowings</i>	5 762	1 912
<i>Loans</i>	160	161
<i>Finance leases</i>	35	37
<i>Other</i>	7	23
<i>FGCs - subsidised remuneration</i>	762	514
<i>Net impairment losses on:</i>		
<i>FGCs</i>	263	362
<i>Loans and receivables</i>	6 811	2 105
<i>Loss on financial assets or liabilities at FVSD:</i>		
<i>Non-derivatives</i>	137	2 203
<i>Derivatives</i>	104	126
<i>Modification loss</i>	100	–
<i>Other</i>	186	27
Total	14 328	7 470

3.10. OTHER EXPENSES

	EUR million	
	2023	2022
<i>Adjustment of provisions</i>	921	735
<i>Administrative and IT expenses</i>	1 204	1 006
<i>Fixed assets related expenses</i>	1 020	1 098
<i>Foreign exchange losses</i>	295	393
<i>Funding and contributions to other EU bodies</i>	649	608
<i>Land and buildings management expenses</i>	264	261
<i>Operating lease expenses</i>	159	136
<i>Reduction of fines by Court decision</i>	597	1 378
<i>Other</i>	526	465
Total	5 635	6 081

The aggregate amount of research and development expenditure recognised as an expense during 2023 is as follows:

	EUR million	
	2023	2022
<i>Research costs</i>	425	409
<i>Non-capitalised development costs</i>	96	71
Total	522	480

3.11. SEGMENT REPORTING BY MULTIANNUAL FINANCIAL FRAMEWORK HEADING (MFF)

	EUR million								
	Single market, Innovation and Digital	Cohesion and Values	Natural Resources and Environment	Migration and Border Management	Resilience, Security and Defence	Neighbour- hood and the World	European Public Administration	Not assigned to MFF headings*	Total
<i>GNI resources</i>	–	–	–	–	–	–	–	101 287	101 287
<i>Traditional own resources</i>	–	–	–	–	–	–	–	19 840	19 840
<i>VAT</i>	–	–	–	–	–	–	–	22 526	22 526
<i>New own resources</i>	–	–	–	–	–	–	–	7 225	7 225
<i>Fines</i>	–	–	–	–	–	–	–	1 748	1 748
<i>Recovery of expenses</i>	87	60	678	1	0	(25)	0	0	801
<i>UK Withdrawal Agreement</i>	–	–	–	–	–	–	–	681	681
<i>Other</i>	1 426	2 919	253	–	–	674	(2 905)	1 599	3 966
Non-Exchange Revenue	1 512	2 979	931	1	0	649	(2 905)	154 906	158 074
<i>Financial revenue</i>	1 043	19	2	–	1	265	56	5 498	6 885
<i>Other</i>	163	(21)	(29)	(0)	(4)	2	372	704	1 187
Exchange Revenue	1 206	(2)	(27)	(0)	(3)	268	428	6 203	8 072
Total revenue	2 718	2 978	904	0	(3)	917	(2 477)	161 109	166 146
<i>Expenses implemented by :</i>									
<i>Member States:</i>									
<i>EAGF</i>	–	–	(40 716)	–	–	–	–	–	(40 716)
<i>EAFRD & other</i>	–	–	(14 605)	–	–	–	–	–	(14 605)
<i>ERDF & CF</i>	–	(52 343)	–	–	–	(86)	–	–	(52 429)
<i>ESF</i>	–	(17 665)	–	–	–	–	–	–	(17 665)
<i>Other</i>	–	(1 125)	(950)	(1 050)	(69)	(116)	–	(941)	(4 251)
<i>EC, executive agencies and trust funds</i>	(13 675)	(40 087)	(880)	(350)	(718)	(6 405)	(7)	215	(61 907)
<i>Other EU agencies and bodies</i>	(3 339)	(549)	(93)	(1 184)	(230)	(46)	–	(11)	(5 453)
<i>Third countries and int. organisations</i>	(539)	(83)	(10)	(181)	(111)	(5 145)	(3)	(16)	(6 090)
<i>Other entities</i>	(253)	(3 195)	(3)	(4)	(67)	(1 371)	–	(15)	(4 908)
<i>Staff and pension costs</i>	(516)	(20)	(2)	(1)	(6)	(168)	(8 973)	–	(9 685)
<i>Finance costs</i>	(1 062)	(11)	(94)	(0)	(0)	(389)	(44)	(12 728)	(14 328)
<i>UK Withdrawal Agreement</i>	–	–	–	–	–	–	–	–	–
<i>Other expenses</i>	(1 824)	(294)	(46)	9	(77)	(279)	(2 207)	(919)	(5 635)
Total expenses	(21 208)	(115 373)	(57 398)	(2 762)	(1 278)	(14 004)	(11 234)	(14 416)	(237 673)
Economic result of the year	(18 490)	(112 395)	(56 495)	(2 761)	(1 280)	(13 087)	(13 711)	146 692	(71 528)

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

4. CONTINGENT LIABILITIES AND ASSETS

4.1. GUARANTEES GIVEN BY EU BUDGET

4.1.1. Guarantees given under the EU budgetary guarantee programmes (nominal)

EUR million

	31.12.2023			Assets provisioned*
	Ceiling	Guarantees given Signed	Disbursed	
<i>EIB ELM guarantees</i>	27 729	27 729	19 856	2 962
<i>EFSI guarantee</i>	25 591	23 635	21 551	9 175
<i>EFSD guarantee</i>	1 077	548	478	765
<i>InvestEU guarantee</i>	25 767	6 592	1 433	3 736
<i>NDICI external action guarantee</i>	28 115	7 660	634	2 222
Total	108 279	66 163	43 953	18 860

* The EUR 3.0 billion of assets provisioned for the EIB ELM guarantees also cover loans and related borrowings under legacy MFA and Euratom (see note 2.4.1.1).

EUR million

	31.12.2022			Assets provisioned*
	Ceiling	Guarantees given Signed	Disbursed	
<i>EIB ELM guarantees</i>	30 599	30 599	20 909	2 710
<i>EFSI guarantee</i>	25 793	24 615	21 084	8 571
<i>EFSD guarantee</i>	1 176	522	446	728
<i>InvestEU guarantee</i>	21 280	2 108	324	1 722
<i>NDICI external action guarantee</i>	27 020	4 515	156	1 067
Total	105 869	62 359	42 919	14 798

* The EUR 2.7 billion of assets provisioned for the EIB ELM guarantees also cover loans and related borrowings under legacy MFA and Euratom (see note 2.4.1.1).

4.1.2. Guarantees given under EU financial instrument programmes (nominal)

EUR million

	31.12.2023	31.12.2022
<i>Horizon 2020</i>	2 352	2 649
<i>Connecting Europe Facility</i>	649	648
<i>COSME</i>	526	674
<i>Other</i>	511	604
Total	4 037	4 576

4.2. Contingent liabilities relating to legal cases

EUR million

	31.12.2023	31.12.2022
<i>Fines</i>	2 231	2 990
<i>Agriculture</i>	84	194
<i>Other</i>	56	2 889
Total	2 371	6 072

4.3. Contingent assets

	EUR million	
	31.12.2023	31.12.2022
<i>Guarantees received:</i>		
<i>Performance guarantees</i>	65	64
<i>Other guarantees</i>	2	2
<i>Other contingent assets</i>	13	19
Total	81	85

5. BUDGETARY AND LEGAL COMMITMENTS

		EUR million	
	Note	31.12.2023	31.12.2022
Outstanding budgetary commitments not yet expensed	5.1	462 791	359 017
Significant legal commitments	5.2	321 045	398 419
Total		783 836	757 436

5.1. OUTSTANDING BUDGETARY COMMITMENTS NOT YET EXPENSED

	EUR million	
	31.12.2023	31.12.2022
Outstanding budgetary commitments not yet expensed	462 791	359 017

5.2. SIGNIFICANT LEGAL COMMITMENTS

		EUR million	
	Note	31.12.2023	31.12.2022
Economic, Social and Territorial Cohesion		239 903	298 948
Natural Resources and Environment		62 365	82 372
Migration and Border Management		5 932	7 414
Security and Defence		743	953
Connecting Europe Facility		5 570	1 811
Space Programmes		2 886	3 548
HorizonEU		589	322
EU Solidarity Fund		502	700
RRF non-repayable support commitments		357	–
Brexit Adjustment Reserve		–	296
RESCUE		253	–
EURATOM		252	362
Fisheries agreements		166	265
Operating lease commitments	5.2.1	885	881
Other contractual commitments		643	545
Total		321 045	398 419

5.2.1. Operating lease commitments

	EUR million			
	Future amounts to be paid			
	< 1 year	1- 5 years	> 5 years	Total
Buildings	140	373	366	880
IT materials and other equipment	2	3	–	5
Total	142	376	366	885

6. FINANCIAL RISK MANAGEMENT

6.1. CURRENCY RISK

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

EUR million

	31.12.2023						Total
	USD	GBP	PLN	SEK	Other	EUR	
Financial assets							
Financial assets at AC*	39	–	–	–	14	186	240
Financial assets at FVSD							
Non-derivatives	1 568	23	–	20	105	34 370	36 086
Derivatives	(1 142)	–	21	74	82	2 055	1 091
Receivables**	121	99	15	1	8	3 750	3 993
Cash and cash equivalents	129	10	1 076	654	1 985	34 480	38 335
	716	132	1 112	749	2 195	74 842	79 745
Financial liabilities							
Financial guarantee liability	(591)	(0)	(38)	(15)	(137)	(5 488)	(6 268)
Financial liabilities at FVSD	(1)	–	–	(3)	146	(201)	(60)
	(593)	(0)	(38)	(18)	9	(5 689)	(6 328)
Total	123	132	1 075	731	2 203	69 153	73 417

EUR million

	31.12.2022						Total
	USD	GBP	PLN	SEK	Other	EUR	
Financial assets							
Financial assets at AC*	83	–	–	–	12	140	235
Financial assets at FVSD							
Non-derivatives	843	25	–	20	98	27 782	28 767
Derivatives	(483)	–	–	–	–	1 467	984
Receivables**	87	110	14	0	4	5 631	5 846
Cash and cash equivalents	71	10	1 031	473	1 274	42 343	45 201
	601	144	1 045	493	1 387	77 363	81 033
Financial liabilities							
Financial guarantee liability	(793)	(0)	(37)	(12)	(164)	(5 450)	(6 456)
Financial liabilities at FVSD	(1)	–	–	8	19	(50)	(25)
	(795)	(0)	(37)	(4)	(146)	(5 500)	(6 481)
Total	(194)	144	1 008	489	1 242	71 863	74 552

* Excluding NGEU and financial assistance loans

** Excluding deferred charges.

If the EUR had strengthened or weakened against the currency concerned by 10 % then this would have had the following impact on the economic result:

EUR million

FX Rate Increase (+)/ Decrease(-)	2023			
	USD	GBP	PLN	SEK
+10%	(11)	(12)	(98)	(66)
-10%	14	15	119	81

EUR million

FX Rate Increase (+)/ Decrease(-)	2022			
	USD	GBP	PLN	SEK
+10%	18	(13)	(92)	(44)
-10%	(22)	16	112	54

6.2. INTEREST RATE RISK

The following table illustrates the interest rate sensitivity of debt securities assuming a possible change in interest rates of +/- 100 basis points (1 %).

	Increase (+) / decrease (-) in basis points	EUR million Economic result
2023: Financial assets at FVSD	+100	(918)
	-100	977
2022: Financial assets at FVSD	+100	(699)
	-100	739

6.3. CREDIT RISK

Maximum credit risk exposure

	31.12.2023	EUR million 31.12.2022
Financial assets		
Loans	246 861	204 338
Cash and cash equivalents	38 335	45 201
Exchange receivables*	3 993	5 846
Financial assets at FVSD - debt securities	28 388	23 340
Financial assets at FVSD - derivatives	1 091	984
Guarantees given and loan commitments		
FGCs	57 066	55 502
Loan commitments	40	8
Total	375 775	335 219

*Excluding deferred charges

Loans: credit quality

	31.12.2023					EUR million
	Stage 1	Stage 2	Stage 3	POCI	Total	
Credit rating						
Prime and high grade	36 286	–	–	–	36 286	
Upper medium grade	72 051	–	–	–	72 051	
Lower medium grade	113 652	–	–	–	113 652	
Non-investment grade (incl. default)	2 130	31 762	25	38	33 955	
Gross carrying amount	224 119	31 762	25	38	255 944	
Minus loss allowance	(54)	(9 024)	(23)	18	(9 083)	
Net carrying amount	224 065	22 738	2	56	246 861	

	31.12.2022					EUR million
	Stage 1	Stage 2	Stage 3	POCI	Total	
Credit rating						
Prime and high grade	12 833	–	–	–	12 833	
Upper medium grade	62 240	–	–	–	62 240	
Lower medium grade	106 537	–	–	–	106 537	
Non-investment grade (incl. default)	11 923	13 094	29	114	25 159	
Gross carrying amount	193 533	13 094	29	114	206 769	
Minus loss allowance	(55)	(2 361)	(27)	13	(2 431)	
Net carrying amount	193 478	10 732	2	126	204 338	

Loans: Movement in impairment loss allowance

EUR million

	Stage 1	Stage 2	Stage 3	POCI	Total
Loss allowance at 01.01.2023	55	2 361	27	(13)	2 431
Transfer to Stage 1	–	–	–	–	–
Transfer to Stage 2	(9)	9	(0)	–	0
Transfer to Stage 3	(0)	–	0	–	–
New loans	8	6 765	–	–	6 773
Derecognitions - repayments	(0)	–	–	–	(0)
Derecognitions - write offs	(0)	–	(5)	9	3
Loss allowance remeasurement	(0)	(111)	1	(14)	(124)
Other	(0)	–	–	–	(0)
Loss allowance at 31.12.2023	54	9 024	23	(18)	9 083

Cash and cash equivalents: credit quality

EUR million

	31.12.2023	31.12.2022
Credit rating		
Prime and high grade	34 722	39 634
Upper medium grade	2 834	3 507
Lower medium grade	775	1 322
Non-investment grade	4	737
Gross carrying amount	38 335	45 201
Minus loss allowance	–	–
Net carrying amount	38 335	45 201

Receivables: credit quality

EUR million

	Not due	Past due 0-30 days	Past due 31-90 days	Past due 91 days - 1 year	Past due > 1 year	Total
Gross carrying amount	1 796	11	8	39	298	2 151
Minus loss allowance	(2)	(1)	(4)	(12)	(135)	(154)
Net carrying amount at 31.12.2023	1 794	9	4	27	163	1 997
Gross carrying amount	1 788	7	10	20	1 986	3 812
Minus loss allowance	(2)	(2)	(2)	(13)	(145)	(163)
Net carrying amount at 31.12.2022	1 786	5	8	7	1 841	3 648

The part of the financial guarantee contracts receivable leg, measured at FVSD, is excluded from this table (see note 2.6.2)

Financial guarantee contracts: credit quality

EUR million

	31.12.2023			31.12.2022		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
Long-term rating						
Prime and high grade	2	–	2	0	4	4
Upper medium grade	5	0	5	3	–	3
Lower medium grade	29	–	29	23	–	23
Non-investment grade	30 310	26 697	57 007	24 124	31 339	55 463
Managed on collective basis / not rated	13	10	23	7	2	9
Total	30 360	26 707	57 066	24 157	31 345	55 502

Financial guarantee contracts: Movement in the loss allowance

EUR million

	Stage 1	Stage 2	Total
Loss allowance at 01.01.2023	1 199	3 130	4 330
Transfer to Stage 2	(1)	1	–
Transfer to Stage 1	519	(519)	–
Additions	147	5	152
Release of guarantees	(97)	(3)	(99)
Remeasurement	(338)	(218)	(557)
Loss allowance at 31.12.2023	1 430	2 397	3 826
Financial guarantee liability carrying amount at 31.12.2023	3 839	2 429	6 268

6.4. LIQUIDITY RISK

Maturity analysis of non-derivative financial liabilities by remaining contractual maturity

EUR million

	Undiscounted contractual cash-flows				Carrying amount
	< 1 year	1-5 years	> 5 years	Total	
Borrowings	(24 526)	(147 211)	(367 296)	(539 033)	(450 561)
Payables	(51 780)	–	–	(51 780)	(51 780)
Other	(145)	(446)	(457)	(1 047)	(889)
Total at 31.12.2023	(76 451)	(147 656)	(367 753)	(591 860)	(503 230)
Borrowings	(23 204)	(80 495)	(280 075)	(383 774)	(344 303)
Payables	(56 913)	–	–	(56 913)	(56 913)
Other	(268)	(491)	(373)	(1 132)	(934)
Total at 31.12.2022	(80 385)	(80 986)	(280 448)	(441 819)	(402 150)

Maturity analysis of derivative financial liabilities by remaining contractual maturity

EUR million

	Undiscounted contractual cash-flows				Carrying amount
	< 1 year	1-5 years	> 5 years	Total	
Derivative pay leg	(1 203)	(6)	–	(1 209)	
Derivative receive leg	1 186	–	–	1 186	
Net cash flows at 31.12.2023	(17)	(6)	–	(23)	(21)
Derivative pay leg	(504)	(8)	–	(512)	
Derivative receive leg	487	–	–	487	
Net cash flows at 31.12.2022	(17)	(8)	–	(25)	(20)

Maturity analysis of financial guarantee contracts issued by earliest period in which the guarantee could be called

EUR million

	Maximum amount of guarantee				Carrying amount
	< 1 year	1-5 years	> 5 years	Total	
FGCs at 31.12.2023	(65 661)	(2 995)	(7 043)	(75 699)	(6 268)
FGCs at 31.12.2022	(65 109)	(13 332)	(4 902)	(83 343)	(6 456)

6.5. OTHER PRICE RISK

	EUR million	
	10%	(10)%
<i>Equity investments</i>	289	(289)
<i>MMFs, ETFs and investments in pooled portfolios</i>	481	(481)
<i>Guarantees on equity*</i>	506	(506)
Total at 31.12.2023	1 276	(1 276)
<i>Equity investments</i>	253	(253)
<i>MMFs, ETFs and investments in pooled portfolios</i>	290	(290)
<i>Guarantees on equity*</i>	469	(469)
Total at 31.12.2022	1 012	(1 012)

*The risk of guarantees on equity is based on the notional amount that is covered by the guarantee.

7. RELATED PARTY DISCLOSURES

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 signature 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. 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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1. EU BUDGET RESULT

EUR million

	2023	2022
Revenue for the financial year	248 361	245 265
Payments against current year appropriations	(236 739)	(239 157)
Payment appropriations carried over to year N+1	(3 014)	(2 452)
Cancellation of unused appropriations carried over from year N-1	4	80
Evolution of assigned revenue (B)-(A)	(8 055)	(1 121)
<i>Unused appropriations at the end of current year (A)</i>	23 207	15 152
<i>Unused appropriations at the end of previous year (B)</i>	15 152	14 032
Exchange rate differences for the year	78	(97)
Budget result	635	2 519

2. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

2.1. BUDGET REVENUE

EUR million

Title	Initial adopted budget	Final adopted budget	Entitlements established	Revenue
1 Own resources	156 573	151 041	149 339	149 536
2 Surpluses, balances and adjustments		2 519	2 558	2 551
3 Administrative revenue	1 456	1 456	1 932	1 910
4 Financial revenue, default interest and fines	121	710	17 158	2 477
5 Budgetary guarantees, borrowing-and-lending operations			67 589	67 589
6 Revenue, contributions and refunds related to union policies	10 060	9 038	28 215	23 447
Total	168 210	164 764	266 791	247 510

2.2. 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 Single Market, Innovation and Digital	21 548	21 446	29 794	27 951
2 Cohesion, Resilience and Values	70 587	70 652	201 195	196 751
<i>Economic, social and territorial cohesion</i>	62 926	62 926	67 852	66 573
<i>Resilience and values</i>	7 660	7 725	133 343	130 178
3 Natural Resources and Environment	57 259	57 218	65 063	63 567
<i>of which market-related expenditure and direct payments</i>	40 692	40 692	41 805	41 134
4 Migration and Border Management	3 727	3 727	3 846	3 801
5 Security and Defence	2 117	2 117	2 165	2 149
6 Neighbourhood and the World	17 212	17 791	20 484	19 598
7 European Public Administration	6 625	6 656	7 505	7 247
O Outside MFF	–	–	5 446	3 685
S Solidarity mechanisms within and outside the Union (Special instruments)	2 855	2 180	3 397	2 483
Total	181 930	181 787	338 896	327 233

2.3. 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 Single Market, Innovation and Digital	20 901	20 129	29 688	25 323
2 Cohesion, Resilience and Values	58 059	56 469	128 996	120 617
<i>Economic, social and territorial cohesion</i>	50 875	49 237	70 809	65 696
<i>Resilience and values</i>	7 184	7 232	58 186	54 922
3 Natural Resources and Environment	57 456	56 656	61 442	59 476
<i>of which market-related expenditure and direct payments</i>	40 698	40 698	41 811	41 120
4 Migration and Border Management	3 038	2 662	2 903	2 665
5 Security and Defence	1 208	1 386	1 422	1 386
6 Neighbourhood and the World	13 995	14 574	15 870	15 232
7 European Public Administration	6 625	6 656	7 897	7 220
O Outside MFF	–	–	8 434	226
S Solidarity mechanisms within and outside the Union (Special instruments)	2 680	1 981	3 198	2 001
Total	163 962	160 514	259 851	234 147

3. IMPLEMENTATION OF EC BUDGET REVENUE

EUR million

Title	Income appropriations		Entitlements established			Revenue		Total	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			
1 Own resources	156 573	151 041	147 777	1 562	149 339	148 062	1 474	149 536	99 %	(197)
2 Surpluses, balances and adjustments	0	2 519	2 551	7	2 558	2 551	–	2 551	101 %	7
3 Administrative revenue	1 456	1 456	1 900	33	1 932	1 886	24	1 910	131 %	22
4 Financial revenue, default interest and fines	121	710	1 122	16 035	17 158	(608)	3 084	2 477	349 %	14 681
5 Budgetary guarantees, borrowing-and-lending operations	0	0	67 589	–	67 589	67 589	–	67 589	–	–
6 Revenue, contributions and refunds related to union policies	10 060	9 038	22 400	5 815	28 215	17 987	5 460	23 447	259 %	4 769
Total	168 210	164 764	243 340	23 451	266 791	237 468	10 042	247 510	150 %	19 281

4. IMPLEMENTATION OF EC BUDGET EXPENDITURE

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

EUR million

MFF Heading	Commitment appropriations						Payment appropriations					
	Budget appropriations			Additional appropriations		Total appropriations available	Budget appropriations			Additional appropriat.		Total appropriations available
	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 Single Market, Innovation and Digital	21 548	(102)	21 446	149	8 199	29 794	20 901	(773)	20 129	107	9 452	29 688
2 Cohesion, Resilience and Values	70 587	65	70 652	159	130 384	201 195	58 059	(1 590)	56 469	75	72 452	128 996
<i>Economic, social and territorial cohesion</i>	62 926	–	62 926	159	4 766	67 852	50 875	(1 638)	49 237	2	21 570	70 809
<i>Resilience and values</i>	7 660	65	7 725	–	125 618	133 343	7 184	48	7 232	73	50 882	58 186
3 Natural Resources and Environment	57 259	(41)	57 218	488	7 357	65 063	57 456	(800)	56 656	493	4 293	61 442
<i>of which market-related expenditure and direct payments</i>	40 692	0	40 692	485	627	41 805	40 698	0	40 698	486	627	41 811
4 Migration and Border Management	3 727	–	3 727	16	103	3 846	3 038	(376)	2 662	3	238	2 903
5 Security and Defence	2 117	0	2 117	3	45	2 165	1 208	178	1 386	6	30	1 422
6 Neighbourhood and the World	17 212	579	17 791	1 159	1 534	20 484	13 995	579	14 574	104	1 192	15 870
7 European Public Administration	6 625	32	6 656	–	848	7 505	6 625	32	6 656	391	850	7 897
O Outside MFF	–	–	–	–	5 446	5 446	–	–	–	–	8 434	8 434
S Solidarity mechanisms within and outside the Union (Special instruments)	2 855	(675)	2 180	746	471	3 397	2 680	(698)	1 981	746	471	3 198
Total	181 930	(143)	181 787	2 721	154 388	338 896	163 962	(3 448)	160 514	1 925	97 412	259 851

4.2. MFF: IMPLEMENTATION OF COMMITMENT APPROPRIATIONS

EUR million

MFF Heading	Total appropri. available	Commitments made					Appropriations carried over to 2024			Appropriations lapsing			
		from final adopted budget	from carry- overs	from assigned revenue	Total	%	from final adopted budget	from assigned revenue	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
1 Single Market, Innovation and Digital	29 794	21 442	149	6 361	27 951	94 %	–	1 838	1 838	4	–	1	5
2 Cohesion, Resilience and Values	201 195	69 606	159	126 986	196 751	98 %	12	3 323	3 335	1 034	–	75	1 109
<i>Economic, social and territorial cohesion</i>	67 852	61 882	159	4 532	66 573	98 %	12	159	171	1 033	–	75	1 108
<i>Resilience and values</i>	133 343	7 724	–	122 454	130 178	98 %	–	3 164	3 164	–	–	0	1
3 Natural Resources and Environment	65 063	56 881	476	6 210	63 567	98 %	316	958	1 274	22	12	188	222
<i>of which market-related expenditure and direct payments</i>	41 805	40 374	473	286	41 134	98 %	316	341	657	3	12	–	14
4 Migration and Border Management	3 846	3 727	16	58	3 801	99 %	–	45	45	0	–	0	0
5 Security and Defence	2 165	2 113	3	33	2 149	99 %	–	12	12	4	–	0	4
6 Neighbourhood and the World	20 484	17 719	1 155	724	19 598	96 %	72	810	882	0	4	0	4
7 European Public Administration	7 505	6 650	–	597	7 247	97 %	–	252	252	6	–	0	6
O Outside MFF	5 446	–	–	3 685	3 685	68 %	–	1 761	1 761	–	–	0	0
S Solidarity mechanisms within and outside the Union (Special instruments)	3 397	1 576	746	161	2 483	73 %	407	307	714	197	–	3	200
Total	338 896	179 713	2 705	144 815	327 233	97 %	807	9 306	10 113	1 267	15	268	1 550

4.3. MFF: IMPLEMENTATION OF PAYMENT APPROPRIATIONS

EUR million

MFF Heading	Total appropri. available	Payments made					Appropriations carried over to 2024			Appropriations lapsing			
		from final adopted budget	from carry- overs	from assigned revenue	Total	%	from final adopted budget	from assigned revenue	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
1 Single Market, Innovation and Digital	29 688	20 000	98	5 225	25 323	85 %	110	4 221	4 331	19	9	5	34
2 Cohesion, Resilience and Values	128 996	55 644	72	64 901	120 617	94 %	811	7 545	8 356	13	3	7	23
<i>Economic, social and territorial cohesion</i>	70 809	49 226	1	16 469	65 696	93 %	2	5 101	5 103	9	1	0	11
<i>Resilience and values</i>	58 186	6 419	71	48 431	54 922	94 %	809	2 444	3 253	4	2	7	12
3 Natural Resources and Environment	61 442	56 306	481	2 689	59 476	97 %	324	1 604	1 928	26	12	0	38
<i>of which market-related expenditure and direct payments</i>	41 811	40 361	474	286	41 120	98 %	316	341	657	22	12	–	34
4 Migration and Border Management	2 903	2 594	2	68	2 665	92 %	3	170	173	65	–	0	65
5 Security and Defence	1 422	1 363	5	18	1 386	97 %	8	12	20	16	–	0	16
6 Neighbourhood and the World	15 870	14 417	80	734	15 232	96 %	143	457	600	14	23	0	38
7 European Public Administration	7 897	6 331	369	521	7 220	91 %	320	328	648	6	22	1	29
O Outside MFF	8 434	–	–	226	226	3 %	–	8 208	8 208	–	–	–	–
S Solidarity mechanisms within and outside the Union (Special instruments)	3 198	1 254	746	1	2 001	63 %	728	468	1 196	0	0	1	1
Total	259 851	157 909	1 854	74 384	234 147	90 %	2 447	23 013	25 460	158	71	15	243

4.4. MFF: MOVEMENTS IN OUTSTANDING COMMITMENTS (RAL)

EUR million

MFF Heading	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at end of the year
	Commit. carried forward from prev. year	Decommitments/ Revaluations/ Cancellations	Payments	Commitm. outstandin g at year- end	Commit. made during the year	Payments	Cancellation of commitm. which cannot be carried- over	Commitm. outstanding at year-end	
	1	2	3	4=1+2+3	5	6	7	8=5+6+7	9=4+8
1 Single Market, Innovation and Digital	50 130	(821)	(18 037)	31 272	27 951	(7 286)	(11)	20 654	51 926
2 Cohesion, Resilience and Values	301 081	(456)	(112 046)	188 579	196 751	(8 572)	(1)	188 178	376 757
<i>Economic, social and territorial cohesion</i>	154 302	(314)	(63 487)	90 501	66 573	(2 209)	(1)	64 363	154 864
<i>Resilience and values</i>	146 779	(142)	(48 558)	98 078	130 178	(6 363)	(0)	123 815	221 893
3 Natural Resources and Environment	53 459	(74)	(17 484)	35 901	63 567	(41 992)	–	21 575	57 477
<i>of which market-related expenditure and direct payments</i>	357	(13)	(116)	229	41 134	(41 005)	–	129	358
4 Migration and Border Management	4 008	(23)	(1 535)	2 449	3 801	(1 129)	(0)	2 671	5 121
5 Security and Defence	3 061	(22)	(1 022)	2 017	2 149	(364)	(0)	1 785	3 803
6 Neighbourhood and the World	36 962	(1 342)	(9 389)	26 232	19 598	(5 843)	(0)	13 755	39 987
7 European Public Administration	394	(24)	(370)	–	7 247	(6 850)	(1)	396	396
O Outside MFF	3 071	(83)	(125)	2 863	3 685	(101)	–	3 584	6 447
S Solidarity mechanisms within and outside the Union (Special instruments)	–	–	(0)	–	2 483	(2 001)	–	482	482
Total	452 167	(2 844)	(160 008)	289 315	327 233	(74 139)	(14)	253 081	542 395

4.5. MFF: OUTSTANDING COMMITMENTS BY YEAR OF ORIGIN

		EUR million							
MFF heading	<2017	2017	2018	2019	2020	2021	2022	2023	Total
1 Single Market, Innovation and Digital	634	865	1 182	3 748	6 529	6 859	11 278	20 831	51 926
2 Cohesion, Resilience and Values	1 835	2 249	3 070	4 923	8 017	28 409	140 066	188 188	376 757
3 Natural Resources and Environment	2 406	926	1 156	1 195	2 414	5 757	22 047	21 575	57 477
4 Migration and Border Management	29	94	108	342	948	180	749	2 671	5 121
5 Security and Defence	20	41	102	158	246	716	735	1 785	3 803
6 Neighbourhood and the World	1 238	837	1 834	2 658	2 880	5 945	10 837	13 757	39 987
7 European Public Administration	0	–	–	(0)	–	–	0	396	396
O Outside MFF	0	0	0	0	–	105	2 758	3 584	6 447
S Solidarity mechanisms within and outside the Union (Special instruments)	0	0	0	0	0	0	–	482	482
Total	6 162	5 013	7 452	13 024	21 034	47 971	188 470	253 269	542 395

As a result from re-allocation of commitments in the framework of internal re-organisations a shift of outstanding amount (188 EUR million) between years has occurred. The overall amount of outstanding commitments remains unchanged.

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

EUR million

Policy area	Commitment appropriations						Payment appropriations					
	Budget appropriations			Additional appropriations		Total appropri. available	Budget appropriations			Additional appropriat.		Total appropri. available
	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
01 Research and Innovation	13 497	(200)	13 297	149	4 383	17 829	12 872	(614)	12 258	84	6 675	19 017
02 European Strategic Investments	4 879	38	4 917	–	3 566	8 483	4 815	(142)	4 673	12	2 375	7 061
03 Single Market	939	17	956	–	79	1 036	943	88	1 031	6	91	1 129
04 Space	2 118	158	2 276	–	171	2 447	2 163	4	2 167	5	310	2 482
05 Regional Development and Cohesion	46 186	432	46 618	151	3 377	50 146	37 889	(618)	37 271	1	12 103	49 375
06 Recovery and Resilience	2 638	65	2 703	–	124 904	127 607	2 641	(80)	2 560	51	50 039	52 650
07 Investing in People, Social Cohesion and Values	21 760	(428)	21 331	8	2 103	23 442	17 525	(887)	16 637	23	10 311	26 971
08 Agriculture and Maritime Policy	54 874	3	54 878	488	1 171	56 537	56 831	(780)	56 050	487	3 840	60 377
09 Environment and Climate Action	2 334	7	2 341	–	6 186	8 527	594	11	605	6	453	1 065
10 Migration	1 627	15	1 642	8	28	1 678	1 502	(269)	1 233	2	30	1 265
11 Border Management	2 101	(15)	2 086	8	75	2 169	1 536	(107)	1 429	1	208	1 638
12 Security	689	–	689	3	19	711	559	36	595	3	21	619
13 Defence	1 241	187	1 428	–	26	1 454	547	243	791	3	9	802
14 External Action	14 681	579	15 260	1 154	1 442	17 856	11 404	798	12 202	86	936	13 225
15 Pre-accession Assistance	2 531	–	2 531	5	92	2 629	2 591	(219)	2 372	17	256	2 645
16 Expenditure outside the annual ceilings set out in the Multiannual Financial Framework	50	1 933	1 983	746	5 917	8 646	80	1 901	1 981	746	8 905	11 633
20 Administrative expenditure of the European Commission	4 058	(26)	4 032	–	563	4 595	4 058	(26)	4 032	390	564	4 986
21 European Schools and Pensions	2 566	58	2 624	–	286	2 910	2 566	58	2 624	–	286	2 911
30 Reserves	3 163	(2 966)	197	–	–	197	2 844	(2 844)	–	–	–	–
Total	181 930	(143)	181 787	2 721	154 388	338 896	163 962	(3 448)	160 514	1 925	97 412	259 851

4.7. POLICY AREA: IMPLEMENTATION OF COMMITMENT APPROPRIATIONS

EUR million

Policy area		Total appopr. available	from final adopted budget	Commitments made			%	Appropriations carried over to 2024			Appropriations lapsing			
				from carry- overs	from assigned revenue	Total		from final adopted budget	from assigned revenue	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	Research and Innovation	17 829	13 297	149	2 948	16 394	92 %	–	1 434	1 434	0	–	0	1
02	European Strategic Investments	8 483	4 915	–	3 232	8 147	96 %	–	334	334	2	–	0	2
03	Single Market	1 036	954	–	47	1 001	97 %	–	32	32	2	–	0	3
04	Space	2 447	2 276	–	134	2 410	98 %	–	37	37	–	–	0	0
05	Regional Development and Cohesion	50 146	45 623	151	3 184	48 958	98 %	12	126	138	982	–	67	1 050
06	Recovery and Resilience	127 607	2 702	–	122 053	124 756	98 %	–	2 851	2 851	0	–	0	0
07	Investing in People, Social Cohesion and Values	23 442	21 280	8	1 748	23 037	98 %	–	346	346	51	–	8	59
08	Agriculture and Maritime Policy	56 537	54 559	476	371	55 406	98 %	316	612	927	3	12	188	203
09	Environment and Climate Action	8 527	2 321	–	5 840	8 161	96 %	–	347	347	19	–	0	19
10	Migration	1 678	1 642	8	10	1 659	99 %	–	18	18	0	–	0	0
11	Border Management	2 169	2 085	8	49	2 142	99 %	–	27	27	0	–	0	0
12	Security	711	685	3	7	696	98 %	–	12	12	4	–	0	4
13	Defence	1 454	1 428	–	26	1 454	100 %	–	–	–	–	–	–	–
14	External Action	17 856	15 194	1 150	698	17 043	95 %	66	743	809	0	4	0	4
15	Pre-accession Assistance	2 629	2 525	5	26	2 556	97 %	6	67	73	(0)	–	0	0
16	Expenditure outside the annual ceilings set out in the Multiannual Financial Framework	8 646	1 576	746	3 846	6 168	71 %	407	2 068	2 475	0	–	3	3
20	Administrative expenditure of the European Commission	4 595	4 027	–	315	4 341	94 %	–	248	248	5	–	0	5
21	European Schools and Pensions	2 910	2 624	–	282	2 906	100 %	–	4	4	0	–	(0)	0
30	Reserves	197	–	–	–	–	0 %	–	–	–	197	–	–	197
Total		338 896	179 713	2 705	144 815	327 233	97 %	807	9 306	10 113	1 267	15	268	1 550

4.8. POLICY AREA: IMPLEMENTATION OF PAYMENT APPROPRIATIONS

EUR million

Policy area	Total appropri. available	Payments made					Appropriations carried over to 2024			Appropriations lapsing			
		from final adopted budget	from carry- overs	from assigned revenue	Total	%	from final adopted budget	from assigned revenue	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=12+ 13+14
01 Research and Innovation	19 017	12 171	76	3 081	15 328	81 %	84	3 592	3 676	3	8	2	13
02 European Strategic Investments	7 061	4 650	12	1 996	6 658	94 %	11	377	388	11	1	3	14
03 Single Market	1 129	1 017	6	36	1 059	94 %	9	55	63	5	–	0	6
04 Space	2 482	2 162	4	112	2 278	92 %	5	198	203	0	1	–	1
05 Regional Development and Cohesion	49 375	37 260	–	9 598	46 858	95 %	2	2 505	2 507	9	–	0	10
06 Recovery and Resilience	52 650	1 779	50	47 993	49 822	95 %	781	2 040	2 820	1	1	6	7
07 Investing in People, Social Cohesion and Values	26 971	16 605	22	7 310	23 937	89 %	29	3 000	3 029	3	1	1	5
08 Agriculture and Maritime Policy	60 377	55 709	475	2 548	58 732	97 %	317	1 292	1 609	24	12	–	36
09 Environment and Climate Action	1 065	597	6	141	744	70 %	7	312	320	1	0	0	1
10 Migration	1 265	1 186	1	12	1 199	95 %	2	18	20	46	–	0	46
11 Border Management	1 638	1 409	–	56	1 466	90 %	1	151	153	19	–	0	19
12 Security	619	577	3	9	589	95 %	3	12	15	16	–	0	16
13 Defence	802	786	2	9	797	99 %	5	–	5	0	–	–	0
14 External Action	13 225	12 130	69	596	12 795	97 %	70	340	410	2	17	–	19
15 Pre-accession Assistance	2 645	2 287	11	139	2 436	92 %	73	117	190	12	6	0	19
16 Expenditure outside the annual ceilings set out in the Multiannual Financial Framework	11 633	1 254	746	227	2 227	19 %	728	8 676	9 404	0	0	1	1
20 Administrative expenditure of the European Commission	4 986	3 707	368	240	4 315	87 %	320	324	644	5	22	1	28
21 European Schools and Pensions	2 911	2 624	–	281	2 906	100 %	–	5	5	0	–	(0)	0
30 Reserves	–	–	–	–	–	–	–	–	–	–	–	–	–
Total	259 851	157 909	1 854	74 384	234 147	90 %	2 447	23 013	25 460	158	71	15	243

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

EUR million

Policy area	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at end of the year
	Commit. carried forward from prev. year	Decommitments/ Revaluations/ 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	2	3	4=1+2+3	5	6	7	8=5+6+7	9=4+8
01 Research and Innovation	29 514	(514)	(10 919)	18 081	16 394	(4 409)	(11)	11 974	30 055
02 European Strategic Investments	17 862	(265)	(5 506)	12 092	8 147	(1 152)	–	6 995	19 087
03 Single Market	1 294	(40)	(689)	564	1 001	(370)	(0)	630	1 195
04 Space	1 459	(1)	(923)	535	2 410	(1 355)	–	1 055	1 590
05 Regional Development and Cohesion	107 920	(306)	(45 143)	62 471	48 958	(1 715)	(1)	47 242	109 713
06 Recovery and Resilience	143 386	(50)	(47 179)	96 156	124 756	(2 643)	–	122 113	218 269
07 Investing in People, Social Cohesion and Values	49 775	(100)	(19 724)	29 952	23 037	(4 213)	(0)	18 823	48 775
08 Agriculture and Maritime Policy	44 928	(28)	(16 878)	28 023	55 406	(41 854)	–	13 552	41 575
09 Environment and Climate Action	8 531	(46)	(606)	7 879	8 161	(138)	–	8 023	15 902
10 Migration	2 283	(10)	(970)	1 303	1 659	(229)	(0)	1 430	2 733
11 Border Management	1 725	(13)	(565)	1 147	2 142	(901)	(0)	1 241	2 387
12 Security	1 185	(21)	(327)	836	696	(262)	(0)	434	1 270
13 Defence	1 876	(0)	(695)	1 181	1 454	(102)	–	1 352	2 533
14 External Action	29 307	(1 251)	(7 731)	20 326	17 043	(5 065)	(0)	11 978	32 303
15 Pre-accession Assistance	7 655	(91)	(1 658)	5 906	2 556	(778)	–	1 778	7 684
16 Expenditure outside the annual ceilings set out in the Multiannual Financial Framework	3 071	(83)	(125)	2 863	6 168	(2 102)	–	4 066	6 929
20 Administrative expenditure of the European Commission	393	(24)	(369)	–	4 341	(3 945)	(1)	395	395
21 European Schools and Pensions	–	–	(1)	–	2 906	(2 905)	–	–	–
Total	452 167	(2 844)	(160 008)	289 315	327 233	(74 139)	(14)	253 081	542 395

4.10. POLICY AREA: OUTSTANDING COMMITMENTS BY YEAR OF ORIGIN

EUR million

Policy area	<2017	2017	2018	2019	2020	2021	2022	2023	Total
01 Research and Innovation	314	424	801	1 603	3 384	4 638	6 774	12 117	30 055
02 European Strategic Investments	285	424	360	2 051	2 839	2 086	4 034	7 007	19 087
03 Single Market	35	17	14	42	53	111	271	652	1 195
04 Space	0	–	7	52	253	23	199	1 055	1 590
05 Regional Development and Cohesion	1 371	1 879	2 337	3 834	6 380	7 354	39 316	47 242	109 713
06 Recovery and Resilience	–	2	6	23	195	14 275	81 646	122 122	218 269
07 Investing in People, Social Cohesion and Values	464	368	727	1 067	1 442	6 780	19 104	18 823	48 775
08 Agriculture and Maritime Policy	2 306	860	914	985	2 141	5 316	15 501	13 552	41 575
09 Environment and Climate Action	100	66	242	210	273	441	6 546	8 023	15 902
10 Migration	11	87	82	174	589	52	308	1 430	2 733
11 Border Management	18	7	26	168	359	128	441	1 241	2 387
12 Security	20	41	101	139	220	119	196	434	1 270
13 Defence	0	0	–	19	26	597	539	1 352	2 533
14 External Action	898	680	1 301	1 599	2 161	4 671	9 014	11 979	32 303
15 Pre-accession Assistance	340	157	533	1 060	719	1 274	1 823	1 778	7 684
16 Expenditure outside the annual ceilings set out in the Multiannual Financial Framework	0	0	0	0	–	105	2 758	4 066	6 929
20 Administrative expenditure of the European Commission	0	–	–	(0)	–	–	0	395	395
21 European Schools and Pensions	0	0	0	0	0	0	–	1	1
Total	6 162	5 013	7 452	13 024	21 034	47 971	188 470	253 269	542 395

As a result from re-allocation of commitments in the framework of internal re-organisations a shift of outstanding amount (188 EUR million) between years has occurred. The overall amount of outstanding commitments remains unchanged.

5. RECONCILIATION OF ECONOMIC RESULT WITH BUDGET RESULT

EUR million

	2023	2022
ECONOMIC RESULT OF THE YEAR	(71 528)	(91 852)
Revenue		
<i>Entitlements established in current year but not yet collected</i>	(5 710)	(5 972)
<i>Entitlements established in previous years and collected in current year</i>	10 042	8 218
<i>Entitlements collected not to be treated as revenue in the economic result</i>	73 209	65 852
<i>Accrued revenue (net)</i>	(923)	2 072
Expenses		
<i>Accrued expenses (net)</i>	13 993	45 599
<i>Amount from liaison account</i>	4 247	4 104
<i>Expenses prior year paid in current year</i>	(1 638)	(2 053)
<i>Net-effect pre-financing</i>	(12 578)	(21 630)
<i>Payment appropriations carried over to next year</i>	(2 447)	(1 855)
<i>Payments made from carry-overs & cancellation of unused payment</i>	(6 214)	2 473
<i>Movement in provisions</i>	3 984	3 635
<i>Other</i>	344	(2 181)
BUDGET RESULT OF THE YEAR	4 782	6 409
BUDGET RESULT OTHER INSTITUTIONS	(4 147)	(3 890)
BUDGET RESULT OF THE YEAR (EU)	635	2 519