



**Circular
Bio-based
Europe**

Joint Undertaking

**ANNUAL ACCOUNTS OF THE
CIRCULAR BIO-BASED EUROPE
JOINT UNDERTAKING.**

FINANCIAL YEAR 2023

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CERTIFICATION OF THE ACCOUNTS

I acknowledge my responsibility for the preparation and presentation of the annual accounts of the *Circular Bio-based Europe* Joint Undertaking, in accordance with Article 52 of the Model Financial Regulation ('MFR')¹ and I hereby certify that the annual accounts of the *Circular Bio-based Europe* JU for the year 2023 have been prepared in accordance with Chapter 8 and the accounting rules adopted by the Commission's Accounting Officer, as are to be applied by all the institutions and Union bodies.

I have obtained from the Authorising Officer, who certified its reliability, all the information necessary for the production of the accounts that show the *Circular Bio-based Europe* Joint Undertaking's assets and liabilities and the budgetary implementation.

Based on this information, and on such checks as I deemed necessary to sign off the accounts, I have a reasonable assurance that the accounts present fairly, in all material aspects, the financial position, the results of the operations and the cash-flow of the *Circular Bio-based Europe* JU.

My assurance statement related to the Final Accounts 2023 will be transmitted to the Accounting Officer of the Commission. The Management Representation Letter, signed by the Authorising Officer and myself, have been sent to the European Court of Auditors for the audit of the Final Accounts.

Hancq 28/06/2024

Katty HANCQ

**Accounting Officer of the
Circular Bio-based Europe Joint Undertaking**

¹ Commission Delegated Regulation (EU) 2019/887 of 13 March 2019 on the model financial regulation for public-private partnership bodies referred to in Article 71 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council

BACKGROUND INFORMATION NOTE

1. General background on the entity

Establishment

Horizon Europe – the EU Framework Programme for Research and Innovation (2021-2027) – aims to increase the EU’s research and innovation impact by combining European partnership co-investment with additional private and public sector funds in areas where the scope and scale of the research and innovation resources can help achieve the EU’s Horizon Europe priorities notably, its Pillar II – Global challenges and European industrial competitiveness.

The setting up of the joint undertakings under Horizon Europe was regulated through Council Regulation (EU) 2021/2085 of 19 November 2021 (also known as the Single Basic Act) and published in the Official Journal on 30 November 2021.

Under the Single Basic Act (Article 174.3), the Circular Bio-based Europe Joint Undertaking (CBE JU) shall be the legal and universal successor, in respect of all contracts, including employment contracts and grant agreements, liabilities and acquired property, of the Bio-based Industries Joint Undertaking established by Council Regulation (EU) 2014/560 of 6 May 2014, which it shall replace and succeed. The Joint Undertaking is based in Brussels. The Bio-based Industries Joint Undertaking, known also as BBI JU, was a public-private partnership between the European Union (EU) and the Bio-based Industries Consortium (BIC). It aimed to bring together all relevant stakeholders and contributes to establishing Europe as a key player in the research, demonstration and deployment of advanced bio-based products and biofuels.

Mission

CBE JU’s mission is to implement, under Horizon Europe rules, the Strategic Research and Innovation Agenda (SRIA) developed jointly by the industry and by the European Commission and adopted by the CBE JU Governing Board, by organising calls for proposals to support research, demonstration and deployment activities enabling the collaboration between stakeholders along the entire value chains, covering primary production of biomass, processing industry and final use.

Main operational activities

CBE JU contributes to a more resource-efficient and sustainable low-carbon economy, and to increasing economic growth and employment, in particular in rural areas, by developing sustainable and competitive bio-based industries in Europe. This is based on advanced biorefineries that source their biomass sustainably and in particular aims to:

- Accelerate the innovation process and development of the bio-based innovative solutions;
- Accelerate the market deployment of the existing mature innovative bio-based systems; and
- Ensure high level of environmental performance of bio-based industrial systems.

Governance

CBE JU is headed by an Executive Director, who is accountable to a Governing Board – the main decision-making body of the CBE JU. The Governing Board has overall responsibility for the strategic orientation and the operations of the CBE JU and supervises the implementation of its activities. It brings together the two groups of the JU’s Members:

- The EU, represented by the European Commission (the Commission);

- The Bio-based Industries Consortium Aisbl (the 'BIC'), a non-profit organisation established under Belgium law, with its permanent office in Brussels, Belgium.

The Governing Board is made up of five representatives from the Commission and five representatives of the Members other than the Union, at least one of which should represent SMEs.

Other bodies of CBE JU are:

- The Scientific Committee, which is composed of a balanced representation of worldwide recognised experts from academia, industry, SMEs, non-governmental organisations and regulatory bodies;
- The States' Representatives Group, which is composed of one representative of each Member State and of each country associated to Horizon Europe;
- The Stakeholders' or Deployment Groups

Sources of financing

CBE JU is jointly funded by the EU and the "Members other than the Union" (BIC) through financial contributions paid in instalments and in-kind contributions consisting of the costs incurred by them in implementing indirect actions that are not reimbursed by the CBE JU. The resources of the CBE JU entered to its budget are composed of:

- Members' financial contributions to the administrative costs;
- Members' financial contributions to the operational costs;
- Any revenue generated by the JU;
- Any other financial contributions, resources and revenues

Annual accounts

Basis for preparation

The legal framework and the deadlines for the preparation of the annual accounts are set by the Model Financial Regulation (MFR)¹. As per this regulation, the annual accounts are prepared in accordance with the rules adopted by the Accounting Officer of the Commission (EU Accounting Rules, EAR), which are based on internationally accepted accounting standards for the public sector (IPSAS).

Accounting Officer

In accordance with the MFR, the Governing Board of the entity appoints the Accounting Officer who is, amongst other tasks, responsible for preparation of the annual accounts.

The Single Basic Act⁵ establishing the new generations of JUs required, within one year following the date of entry into force of the Regulation, the establishment of back-office arrangements, to provide horizontal support functions to the joint undertakings, by concluding service level agreements. The Accounting Back Office (Acco BOA) was established and took over the accounting services from the Accounting Officer of the European Commission from 1 December 2022.

Following the decision of the Circular Bio-based Europe JU Governing Board of 29 November 2022 (CBE-GB-15/22, on behalf of the Acco BOA, as of 1 December 2022 Ms Katty Hancq acts as the Accounting Officer of the Circular Bio-based Europe JU.

Composition of the annual accounts

The annual accounts cover the period from 1 January to 31 December and comprise the financial statements and the reports on the implementation of the budget. While the financial statements and the complementary notes are prepared on an accrual accounting basis, the budget implementation reports are primarily based on movements of cash.

Process from provisional accounts to discharge

The provisional annual accounts prepared by the Accounting Officer are transmitted, by 1 March of the following year, to the European Court of Auditors (ECA) and to the audit company contracted by the JU. Following the audit, the Accounting Officer prepares the final annual accounts and submits them to the Governing Board for opinion.

The final annual accounts, together with the opinion of the Governing Board, are sent to the Accounting Officer of the Commission, the European Court of Auditors, the European Parliament and the Council, by 1 July of the following financial year. The ECA scrutinises the final annual accounts and includes any findings in the annual report for the European Parliament and the Council.

It falls to the Council to recommend, and then to the European Parliament to decide, whether to grant discharge to the Executive Director in respect of the implementation of the budget for a given financial year. Amongst other elements this decision is also based on a review of the accounts and the annual report of the ECA.

¹ Commission Delegated Regulation (EU) 2019/887 of 13 March 2019 on the model financial regulation for public-private partnership bodies referred to in Article 71 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council (OJ L 14 2, 29.5.2019, p. 16)

² Council Regulation (EU) 2021/2085 of 19 November 2021 establishing the Joint Undertakings under Horizon Europe and repealing Regulations (EC) No 219/2007, (EU) No 557/2014, (EU) No 558/2014, (EU) No 559/2014, (EU) No 560/2014, (EU) No 561/2014 and (EU) No 642/2014

1. Operational highlights

Achievements of the year

CBE JU accomplished its major annual objectives, by signing the first batch of grant agreements under the Horizon Europe mandate, in the launch and successful evaluations of the second call for proposals, the recruitment of new staff, the management of the running projects and the promotion of their achievements.

The most important achievements of 2023 were that:

- The second CBE call under Horizon Europe was published in April and the evaluations were successfully carried out in late autumn, setting the basis for the signature of the grant agreements in 2024. Over the same period, the JU's partners prepared the ambitious Annual Work Plan 2024 also with a large call of over EUR 200 million. The definition of the call topics for 2024 was a result of the joint effort in defining and respecting a very tight planning and in involving to a maximum extent the Scientific Committee and the States Representatives Group in the process.
- A second call for proposals was also launched in 2023 regarding a Coordination and Support Action to support the establishment of the New European Bauhaus Academy. The call was successfully evaluated and the ranking list was approved in December. On the occasion of the European Year of Skills, this action represents a good example of synergies between CBE JU and the New European Bauhaus, by promoting upskilling and re-skilling of workforce towards sustainable use of bio-based construction materials.
- On the project management side, the GAP of Call 2022 was successfully completed within the deadlines, and the pre-financing payments all made. For BBI JU ongoing projects 45 interim and final payments were processed on time, covering over EUR 119 million of requested EU contribution and reaching a 95% execution of the voted budget.
- In this sense, the budget implementation was very good overall, particularly on the operational side. On the administrative side the BBI JU legacy budget was executed in priority (as it should be fully executed by end 2024), so the CBE administrative budget remained with a surplus which will be reactivated in the budgets of 2024 and 2025.
- On the Communications side, the CBE Info Day in April and the Stakeholder Forum event in December were the first "in-person" large stakeholder events for CBE, and were highly successful, with impressive feedback and networking interaction. CBE JU continued to promote success stories from the projects, improving the visibility and reputation of the Joint Undertaking and its beneficiaries.
- On the IT side, CBE JU set up a new IT tool to gather information from beneficiaries on their achievements, reflecting also the KPIs of the Joint Undertaking. The project was concluded in December and the first gathering of data will be finalised in 2024. This tool will help structure the feedback from beneficiaries about their achievements, will support a structured elaboration of data, also facilitating the communication and reporting about the CBE JU specific objectives.
- On the recruitment side, the selection process for the new Executive Director was finalised in December and the new Executive Director will take up his functions in early 2024. Several other recruitments took place in 2023 (IT office, HR office, administrative assistant) almost reaching the full CBE JU staff establishment plan.
- On the HR side, CBE JU took the lead in the setting up of the Back Office Arrangement for HR jointly with IHI JU. The concept note was finalised and approved by the JUs' Governing Boards, and the SLA including all JUs will be signed early 2024. In this period the JUs kept working on joint action, under the coordination of CBE JU, improving the coherence of the IT landscape and legal framework, implementing joint selection procedures and reinforcing the joint network of confidential counsellors.

Budget and budget implementation

2023 was the second year for which there was a combined budget for both CBE JU as well as the BBI JU legacy, which will continue until the end of 2024 for the administrative part, and up to at least end 2027 for the operational part (final payments of the last ongoing BBI projects).

The Governing Board adopted the 2023 budget on 8 December 2022, for the global amount of kEUR 224 959 in commitment appropriations (CA) and kEUR 136 226 in payment appropriations (PA), including prior year unused reactivated appropriations). The budget was amended in early 2023 to include an extra kEUR 1 624 in CA for CBE JU, leading to total CA 226 583 (of which kEUR 5 501 for BBI and kEUR 221 182 for CBE) and total PA kEUR 136 232 ¹in payment appropriations (of which kEUR 48 451 for BBI and kEUR 87 781 for CBE)

The total amended C1 (fresh budget), without prior year (C2) reactivations, was kEUR 156 800 in CA and kEUR 103 643 in PA².

The BBI JU budget included a relatively large surplus of unused budget from prior years (2020, 2021 and 2022): on the administrative side, kEUR 1 502 in CA and kEUR 1 563 in PA, and on the operational side kEUR 30 000 in PA. These reactivated appropriations were consumed wherever possible in priority in line with CBE's Financial Rules art. 6(5), and reached 88% consumption on the admin CA side, 83% on the admin PA side, and 100% on the operational PA side by year end. Any unused BBI C2 appropriations will be reactivated in the 2024 budget (via a budgetary amendment in early 2024). At the end of 2023, there was a total remaining surplus of BBI JU unused appropriations of kEUR 395 in administrative CA and kEUR 1 047 in administrative PA, as well as kEUR 769 in operational CA and kEUR 4 867 in operational PA.

On the CBE side there were also reactivated appropriations in 2023. On the administrative side, kEUR 612 in CA and kEUR 1 027 in PA (of which hardly any execution), and on the operational side, kEUR 67 300 – 100% execution - in CA.

As, on the administrative side, the execution of the BBI JU legacy budget will be prioritised until end of 2024, a relatively small amount of the CBE JU admin budget was executed in 2023. The total C1 administrative budget for CBE JU was kEUR 1 646 in CA and PA. Of this amount, kEUR 595 – 36% -was executed in CA and kEUR 106 – 6% -in PA

On the operational side, for CBE JU, the operational commitment appropriations available for the CBE 2023 call, including kEUR 66 300 from 2021 (unused) totalled kEUR 217 162 (this excludes kEUR 1 668 in the operational budget for expert-evaluators of the call). The amount committed for the call was kEUR 215 429 (99%). So there remained kEUR 1 734 of unused CA at the end of the year, which is foreseen to be reactivated in the calls of future years in line with the CBE JU Financial Rules. EUR 1 million is already earmarked for the commitment, in early 2024, of the 2nd call of 2023 for the "NEBA" (see section on operational expenditure below).

A Governing Board decision was taken at the end of 2023 to reactivate in the 2024 budget:

- Administrative:
 - CA: kEUR 2 187 (BBI JU kEUR 808 from 2021 and 2022, CBE JU kEUR 979 from 2020 and kEUR 400 from 2023)
 - PA: kEUR 2 200 (BBI JU kEUR 1 418 from 2021 and 2022, CBE JU kEUR 382 from 2022 and kEUR 400 from 2023).
- Operational:
 - CA: kEUR 66 683 in CA (BBI JU kEUR 23 147 from 2021 and 2022, CBE JU kEUR 45 536 from 2022 and 2023)
 - PA: kEUR 26 590 from BBU JU 2021 and kEUR 529 from CBE 2022

In addition, an amendment was drawn up in early 2024 to add additional unused administrative reactivations from 2023, for BBI JU, of kEUR 640 in CA (includes 2023 C8 RAL decommitted) and kEUR 1 046 in PA, with a view to executing a maximum by the end of 2024.

¹ This amount is net of EUR 356,493 (relating to a change in EFTA rate for the CBE operational commitment appropriations) which should have been removed following a late amendment voted on December 2023. The correction was overlooked and will be rectified in 2024. It is immaterial and does not change the overall CA execution.

² This amount is net of EUR 356,493 (relating to a change in EFTA rate for the CBE operational commitment appropriations) which should have been removed following a late amendment voted on December 2023. The correction was overlooked and will be rectified in 2024. It is immaterial and does not change the overall CA execution.

Administrative expenditure

The total consumption of the administrative budget was 74% in CA and 56% in PA. For BBI JU, for which the budget implementation continued to have priority over that of CBE JU, the rates were 82% in CA and 88% in PA.

Title 1: Overall CA implementation of staff-related costs was 64%. For CBE, only 3% of the salaries budget of kEUR 1 531 was executed. For BBI JU the total T1 execution was 95%. On the BBI JU only side, salary costs (total budget EUR 2.7 million) showed a strong execution at 98% and other staff costs somewhat less (kEUR 465) at 65%. There were no installation/resettlement costs (budgeted at kEUR 60) and only 55% execution of the training budget (kEUR 113) because of continued use of on-line training courses. The overall PA execution in Title 1 is 57% of which 91% for BBI JU. The CBE JU total T1 budget of kEUR 1 919 was executed at only 1%. Several of the SLA contracts for staff-related costs for 2023 (such as training) will send their invoices only in 2024.

Title 2: The 2023 infrastructure budget achieved an overall CA implementation of 88% in 2023. For BBI JU the total was 91%, with very high implementation rates of between 94% and 100% in all chapters apart from studies/consultancy (total kEUR 114 - 59% execution), and external staff (total kEUR 387 - 63% execution). The overall PA consumption in Title 2 is 54%. For BBI JU this is 67%. For CBE, execution was low for rental costs (total kEUR 320 - 0% execution) and IT equipment costs (total kEUR 417 - 25% execution). In addition, some very large contracts signed in Title 2 in 2023 (and committed on both BBI and CBE budget lines), notably for the Stakeholder Forum event (December 2023) and the new IT KPI tool, still have to be paid in 2024.

Operational expenditure

Following the first call of CBU JU, launched in mid-2022 for EUR 120 million, the first grant agreements were signed in 2023. Call 2023, for EUR 215.5 million, was launched in April 2023 and, following the evaluations of the proposals in November 2023, the GAP should be finalised by end May 2024. A separate call for the New European Bauhaus Academy (for EUR 1 million), was also launched towards the end of 2023 and will be committed (from 2023 reactivated operational CA) in early 2024.

In respect of the PA relating to BBI JU projects, the Programme Office achieved an overall 89% implementation of the 2023 budget, with payments of interim and final periodic reports for grants from the previous BBI JU calls (total kEUR 39 013 out of total Title 3 BBI JU projects budget of kEUR 43 880). This represented a large improvement compared to 2022 (71% execution).

The pre-financing payments for CBE Call 2022 reached 95% (plus a lower execution of 39% for the kEUR 1 668 expert-evaluators' budget managed by the REA on CBE's behalf - due to an over-estimation by CBE).

Regarding the payment of the BBI projects' periodic reports, the CBE JU Programme Office dealt with 45 periodic reports requesting a total contribution of over EUR 119 million which led to 45 net payments (including those with 100% pre-financing clearing) in 2023 for a total of EUR 39 million.

Impact of the activities in the financial statements

In the financial statements, the impact of the above-mentioned activities resulted in:

- **Pre-financing:** In 2022 the first call for proposals under the Horizon Europe Programme was launched and the pre-financing only occurred in 2023 for a total kEUR 79 472. Nevertheless, for ongoing BBI JU projects and the finalisation of several projects the clearing of the pre-financing with incurred expenses, impacted the increase of pre-financing from kEUR 127 879 in 2022 to kEUR 136 110 in 2023 (see note **2.3**).
- **Increase of payables:** The payables increased by kEUR 34 699 (2023: kEUR 112 382 from 2022: kEUR 77 683) mainly because of the adjustments for transactions occurring between March and May 2023 relating to the in-kind contributions to be validated for the provisional accounts as well as the in-kind contributions of 2022 which were actually validated. In 2021 CBE JU changed the methodology of estimation and validation of IKOP at the end of the year. For the provisional accounts, the estimations of the contributions in kind to be validated changed from an estimation based on annual declarations of Members to an estimation based on i) pro rata of IKOP reported in projects' cost claims (which is not automatically recorded in the accounting system) as well as a pro rata calculation based on total IKOP allocated in projects for either the whole year, or part of the year, following the period covered by pro rata of IKOP reported in cost claims. For the final accounts, the accrued IKOP based on cost claims received between March and May in year n+1 replaces the estimated IKOP for the provisional accounts for the relevant projects. The same methodology was applied in 2023 (see note **2.7**).
- **Operational costs:** The increase in the operational costs is mainly due to an increase in the estimated in-kind contributions and the validated costs claims for operational project costs relating to Call 2020 (see note **3.4**).

FINANCIAL STATEMENTS AND EXPLANATORY NOTES

BALANCE SHEET

	Note	31.12.2023	31.12.2022
NON-CURRENT ASSETS			
<i>Intangible assets</i>	2.1	-	-
<i>Intangible asset under construction</i>	2.1	112,436.10	-
<i>Property, plant and equipment</i>	2.2	67,588.26	75,700.91
<i>Long term pre-financing</i>	2.3	75,056,897.80	47,407,069.23
		75,236,922.16	47,482,770.14
CURRENT ASSETS			
<i>short term Pre-financing</i>	2.3	65,310,787.10	80,471,832.26
<i>Exchange receivables and non-exchange recoverable</i>	2.4	58,448,096.64	81,458,223.51
<i>Cash and cash Equivalents</i>	2.5	-	-
		123,758,883.74	161,930,055.77
TOTAL ASSETS		198,995,805.90	209,412,825.91
NON-CURRENT LIABILITIES			
<i>Payables</i>	2.7	-	-
CURRENT LIABILITIES			
<i>Short term provisions</i>	2.6	-	-
<i>Payables and other liabilities</i>	2.7	78,642,417.55	77,683,442.66
<i>Accrued charges and deferred income</i>	2.8	29,433,882.75	34,991,138.81
		108,076,300.30	112,674,581.47
TOTAL LIABILITIES		108,076,300.30	112,674,581.47
NET ASSETS			
<i>Contribution from Members</i>	2.9	979,226,825.78	857,243,481.92
<i>Accumulated deficit</i>		(760,505,237.48)	(656,755,282.24)
<i>Economic result of the year</i>		(127,802,082.70)	(103,749,955.24)
NET ASSETS		90,919,505.60	96,738,244.44
LIABILITIES AND NET ASSETS		198,995,805.90	209,412,825.91

STATEMENT OF FINANCIAL PERFORMANCE

	Note	2023	2022
REVENUE			
Revenue from non-exchange transactions			
<i>Recovery of operating expenses</i>	3.1	116,279.90	259,895.76
<i>Other non-exchange revenue</i>	3.2	-	-
Revenue from exchange transactions			
<i>Financial revenues</i>	3.3	-	-
<i>Other exchange revenue</i>		18,188.69	783.98
Total revenue		134,468.59	260,679.74
EXPENSES			
<i>Operating costs</i>	3.4	(120,180,335.69)	(99,476,686.06)
<i>Staff costs</i>	3.5	(2,757,139.48)	(2,568,112.14)
<i>Financial expenses</i>	3.6	(2,842,169.01)	(200.13)
<i>Other expenses</i>	3.7	(2,156,907.11)	(1,965,636.65)
Total expenses		(127,936,551.29)	(104,010,634.98)
ECONOMIC RESULT OF THE YEAR		(127,802,082.70)	(103,749,955.24)

CASHFLOW STATEMENT³

	2023	2022
<i>Economic result of the year</i>	(127,802,082.70)	(103,749,955.24)
Operating activities		
Depreciation and amortisation	27,534.25	29,565.04
(Increase)/Decrease in pre-financing	(12,488,783.41)	78,872,722.48
(Increase)/Decrease in exchange receivables and non-exchange	23,010,126.87	(369,318.07)
(Increase)/Decrease in payables	958,974.89	(11,803,382.16)
(Increase)/Decrease in accrued charges & deferred income	(5,557,206.06)	(21,902,370.17)
(Increase)/Decrease in cash contributions	96,024,106.58	45,308,126.42
(Increase)/Decrease in in-kind contributions	25,959,237.28	13,659,789.65
Other non-cash movements		
Investing activities		
(Increase)/Decrease in intangible assets and property, plant, equipment	(131,857.70)	(45,448.60)
Net Cashflow	0.00	(270.65)
Net Increase/(decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	-	-
Cash and cash equivalents at year end	-	-

³ The treasury of Circular Bio-based Europe JU is integrated into the Commission's treasury system. Because of this Circular Bio-based Europe JU does not have any bank accounts of its own. All payments and receipts are processed via the Commission's treasury system and registered on intercompany accounts, which are presented under the heading non-exchange recoverables.

STATEMENT OF CHANGES IN NET ASSETS

	Contribution from Members	Accumulated Surplus/(Deficit)	Economic result of the year	Net Assets
BALANCE AS AT 31.12.2021	798,275,565.85	(510,041,318.21)	(146,713,964.03)	141,520,283.61
<i>Allocation 2021 economic result</i>	-	(146,713,964.03)	146,713,964.03	-
<i>Cash contribution</i>	45,308,126.42	-	-	45,308,126.42
<i>Contribution in-kind</i>	13,659,789.65	-	-	13,659,789.65
<i>Unpaid cash contributions</i>	-	-	-	-
<i>Economic result of the year</i>	-	-	(103,749,955.24)	(103,749,955.24)
BALANCE AS AT 31.12.2022	857,243,481.92	(656,755,282.24)	(103,749,955.24)	96,738,244.44
<i>Allocation 2022 economic result</i>	-	(103,749,955.24)	103,749,955.24	-
<i>Cash contribution</i>	96,024,106.58	-	-	96,024,106.58
<i>Contribution in-kind</i>	25,959,237.28	-	-	25,959,237.28
<i>Unpaid cash contributions</i>	-	-	-	-
<i>Economic result of the year</i>	-	-	127,802,082.70	(127,802,082.70)
BALANCE AS AT 31.12.2023	979,226,825.78	(760,505,237.48)	127,802,082.70	90,919,505.60

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

1.1. ACCOUNTING PRINCIPLES

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

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

1.2. BASIS OF PREPARATION

1.2.1. Reporting period

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

1.2.2. Currency and basis for conversion

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

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

Euro exchange rates

Currency	31.12.2023	31.12.2022	Currency	31.12.2023	31.12.2022
BGN	1.9558	1.9558	PLN	4.3395	4.6808
CZK	24.724	24.116	RON	4.9756	4.9495
DKK	7.4529	7.4365	SEK	11.096	11.1218
GBP	0.8869	0.8869	CHF	0.926	0.9847
NOK	11.2405	10.4812	JPY	156.33	140.66
HUF	382.80	400.87	USD	1.105	1.0666

1.2.3. Use of estimates

In accordance with IPSAS and generally accepted accounting principles, the financial statements necessarily include amounts based on estimates and assumptions by management based on the most reliable information available. Significant estimates include, but are not limited to: amounts for employee benefit liabilities, financial risk of accounts receivable and the amounts disclosed in the notes concerning financial instruments, impairment allowance for financial assets at amortised cost and for financial guarantee contract liabilities, accrued revenue and charges, provisions, degree of impairment of intangible assets and property, plant and equipment, net realisable value of inventories, contingent assets and liabilities. Actual results could differ from those estimates. Reasonable estimates are an essential part of the preparation of financial statements and do not undermine their reliability. An estimate may need revision if changes occur in the circumstances on which the estimate was based or as a result of new information or more experience. By its nature, the revision of an estimate does not relate to prior periods and is not the correction of an error. The effect of a change in accounting estimate shall be recognised in the surplus or deficit in the periods in which it becomes known.

1.2.4. Application of new and revised European Union Accounting Rules (EAR)

Revised IPSAS standards which have been issued, and are effective for annual periods beginning on or after 1 January 2025

The following IPSAS standards are effective as of January 1, 2025 (earlier application is permitted):

- **IPSAS 43 Leases:** IPSAS 43 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets.
- **IPSAS 44 Non-current Assets Held for Sale and Discontinued Operations:** IPSAS 44 specifies the accounting for assets held for sale and the presentation and disclosure of discontinued operations. IPSAS 44 includes additional public sector requirements, in particular, the disclosure of the fair value of assets held for sale that are measured at their carrying amounts, when the carrying amount is materially lower than their fair value.

The Accounting Officer is assessing the impact of the above standards on the Annual Accounts and considering a possible revision of relevant EAR accordingly.

1.3. BALANCE SHEET

1.3.1. Intangible assets

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

1.3.2. Property, plant and equipment

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

Type of asset	Straight line depreciation rate
<i>Buildings</i>	<i>4 % to 10 %</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.

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

1.3.3. Impairment of non-financial assets

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

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

1.3.4. Financial assets

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

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

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

Initial recognition and measurement

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

Subsequent measurement

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

Derecognition

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

1.3.5. Pre-financing amounts

Pre-financing is a payment intended to provide the beneficiary with a cash advance, i.e., a float. It may be split into a number of payments over a period defined in the particular contract, decision, agreement or basic legal act. The float or advance is either used for the purpose for which it was provided during the period defined in the agreement or it is repaid. If the beneficiary does not incur eligible expenditure, he has the obligation to return the pre-financing advance to the entity. Thus, as the entity retains control over the pre-financing and is entitled to a refund for the ineligible part, the amount is recognised as an asset.

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

1.3.6. Receivables and recoverables

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

Receivables from exchange transactions meet the definition of financial instruments. The entity classified them as financial assets at amortised cost and measured them accordingly.

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

1.3.7. 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.

1.3.8. Payables

Included under accounts payable are both amounts related to exchange transactions such as the purchase of goods and services, and to non-exchange transactions e.g., to cost claims from beneficiaries, grants or other EU funding, or pre-financing received (see note **1.3.5**), or non-validated in-kind contributions to operational activities (see note **1.6.2**).

Where grants or other funding are provided to the beneficiaries, the cost claims are recorded as payables for the requested amount, at the moment when the cost claim is received. Upon verification and acceptance of the eligible costs, the payables are valued at the accepted and eligible amount.

Payables arising from the purchase of goods and services are recognised at invoice reception for the original amount. The corresponding expenses are entered in the accounts when the supplies or services are delivered and accepted by the entity.

1.3.9. Accrued and deferred revenue and charges

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

Expenses are also accounted for in the period to which they relate. At the end of the accounting period, accrued expenses are recognised based on an estimated amount of the transfer obligation of the period. The calculation of accrued expenses is done in accordance with detailed operational and practical guidelines issued by the Accounting Officer. These aim at ensuring that the financial statements provide a faithful representation of the economic and other phenomena they purport to represent. By analogy, if a payment has been made in advance for services or goods that have not yet been received, the expense will be deferred and recognised in the subsequent accounting period.

1.3.10. Provisions

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

When the obligation whose existence will be confirmed by uncertain future events that are not wholly within the control of the entity, is possible, no provision is recognised, but a contingent liability is disclosed. Refer to note **1.5.2** for details.

1.3.11. Net assets

Net assets are the residual of assets and liabilities and comprise accumulated contributions received from the Members of the JU (EU and industry) less the accumulated contributions used. The contributions include financial contributions received by the JU and contributions provided by the Members to the funded projects in-kind. The net assets also contain reserves, if applicable. Refer to note **1.6** for details.

1.4. STATEMENT OF FINANCIAL PERFORMANCE

1.4.1. Revenue

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

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

(i) Revenue from non-exchange transactions

Revenue from non-exchange transactions are taxes and transfers because the transferor provides resources to the recipient entity, without the recipient entity providing approximately equal value directly in exchange. Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes. For the EU entities, transfers mostly comprise funds received from the Commission (e.g., balancing subsidy to the traditional agencies, operating subsidy for the delegation agreements).

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

(ii) Revenue from exchange transactions

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

1.4.2. Expenses

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

Expenses from exchange transactions arising from the purchase of goods and services are recognised when the supplies are delivered and accepted by the entity. They are valued at the original invoice amount. Furthermore, at the balance sheet date expenses related to the service delivered during the period for which an invoice has not yet been received or accepted are recognised in the statement of financial performance.

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

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

1.5. CONTINGENT ASSETS AND LIABILITIES

1.5.1. Contingent assets

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

1.5.2. Contingent liabilities

A contingent liability is either a possible obligation of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation where it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.

A contingent liability also arises in the rare circumstances where a present obligation exists but cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the accounts. They are disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

1.6. CONTRIBUTIONS FROM MEMBERS

The contributions from the Members of the Joint Undertakings (JU) form the funding of the JU and are treated as contributions from owners. An owner in this context does not mean an owner in the sense of owning shares of the JU (no shares are issued) but rather in the sense of political interest and governance of the JU by exercising the voting rights linked to these contributions.

1.6.1. Financial contributions

Financial contributions are contributions of Members made in cash in order to provide funding of the operational or administrative needs of the JU.

Horizon 2020 Programme: financial contributions are contributions of Members made in cash in order to provide funding of the operational or administrative needs of the JU. These financial contributions are recognised in net assets in the period in which the enforceable right to receive the payment was established.

Horizon Europe Programme:

- EU Contributions: In accordance with Article 19 of the Financial Framework Partnership Agreement (FFPA) 2020-2027, the JU received from the European Union a pre-financing payment for the implementation of the Horizon Europe Framework Programme.
- According to the Specific Guidance for the accounting of the EU cash contributions received by the Joint Undertakings under FFPA related to MFF 2021-2027, the contributions payments made by the EU for the Horizon Europe Programme are accounted for as 'Contributions in cash to be validated'. During the provisional accounting closure, the JU should, on the basis of the payment's implementation report, determine the amounts of operating and administrative expenditure that have been covered from the EU financial contributions to the Horizon Europe Programme. In the accounting of the JU the underlying amount should be, for the purpose of the preparation of the provisional financial statements, transferred from the provisional payments to the net assets of the JU (cut-off procedure). It will be qualified as final payments and formally transferred to the net assets once the Commission has accepted the Consolidated Annual Activity Report – AAR (Art. 19.2 FFPA)
- Private (Bio-based Industries Consortium) contributions: financial contributions are contributions made in cash in order to provide funding of the administrative needs of the JU. These financial contributions are recognised in net assets in the period in which the enforceable right to receive the payment was established

1.6.2. In-kind contributions

Members other than the EU (i.e., 'Private Members') can also contribute resources other than cash, e.g., laboratory equipment, specialised staff, etc. These in-kind contributions consist of the costs incurred by Private Members in implementing indirect actions.

The Regulation distinguishes between two types of in-kind contributions: (1) in-kind contributions to operational activities (IKOP) and (2) in-kind contributions to additional activities (IKAA).

The IKOP represents in-kind contributions made to the JU linked to its work plan and co-financed by the EU. The IKOP is recognised in the net assets of the JU in the period in which the conditions for Members' contributions stipulated by the Regulation are met.

As IKOP calculated from periodic cost claims of projects is not automatically recorded in the statement of financial performance, at yearend, this incurred IKOP as well as IKOP not yet reported (via received costs claims) is estimated and recorded as other liabilities ('Contributions of Members to be validated').

The EU makes available cash contributions to the CBE projects in advance of the project start date (until the total of this pre-financing payment and other periodic cost reimbursements reach 90% of the agreed maximum grant amount for the project), providing the beneficiaries with a sufficient "frontloading" of funds to implement the programme activities. On the other hand the in-kind contributions provided by the private Members can be verified and recognised only after the activities are concluded, reported and certified.

The EU cash contributions are validated and recognised in the accounts of the JU when paid to the JU (or based on the payments processed by the JU, in the case of HE, see point **1.1.2.**) at the beginning of the project implementation, while Members' in-kind contributions are only recognised after validation of the costs incurred and declared. Consequently, due to this time gap, during the programme implementation the amounts of contributions recognised per member category (EU and Private Members) differ significantly from each other. This gap between the recognised amount of EU cash contributions on the one hand and in-kind contributions on the other will be closed as the programme approaches the finalisation stage.

Due to major simplifications introduced in the H2020 Programme (which continue to be applied also for Horizon Europe), the certification of IKOP is based on the CFS20 certificate for the total eligible project costs. The certificates for IKOP are only due to be submitted to the JU after the end of the last project reporting period. This time frame causes a major delay between the date when the IKOP balances are committed (upon signature of the grant) and the moment they are finally validated and recognised in the net assets of the JU.

The IKAA (under Horizon 2020 Programme) are contributions linked to implementing additional activities, included in the annual additional activities plan annexed to the main part of the work programme, that do not receive financial support from the Joint Undertaking but contribute to its objectives.

These additional activities (under the Horizon Europe Programme) are directly linked to the projects and activities of the Circular Bio-based Europe Joint Undertaking, including in particular:

- a) investments in new facilities demonstrating a new value chain, including investments in durable equipment, tools and accompanying infrastructure, in particular related to regional deployment and its sustainability verification;
- b) investments in a new innovative and sustainable production plant or flagship;
- c) investments in new research and innovation and justified infrastructure, including facilities, tools, durable equipment or pilot plants (research centres);
- d) standardisation activities;

Because the outflow of resources related to those activities is outside of the JU's control, these contributions are not recognised in its financial statements. However, to provide a complete picture of the operational activities related to the JU they are still disclosed as additional information in the notes.

2. NOTES TO THE BALANCE SHEET

ASSETS

2.1. INTANGIBLE ASSETS

Intangible assets under construction	TOTAL
<i>Gross carrying amount at 31.12.2022</i>	
<i>Additions</i>	<i>112,436.10</i>
Gross carrying amount at 31.12.2023	112,436.10
NET CARRYING AMOUNT AT 31.12.2023	112,436.10
<i>NET CARRYING AMOUNT AT 31.12.2022</i>	

In 2023 for the first time, an amount of IT development costs was capitalised under “intangible assets under construction”. This relates to the development of a KPI tool for project reporting, with a total end value of kEUR 280. Completion is expected by end 2024, and as soon as the tool is operational it will be transferred to the intangible assets account and depreciated over 5 years.

2.2. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and are expected to be used during more than one reporting period.

	Plant and equipment	Furniture and vehicles	Computer hardware	Other	TOTAL
<i>Gross carrying amount at 31.12.2022</i>		34,368.30	96,689.50	69,906.57	200,964.37
<i>Additions</i>		6,255.07	12,515.56	650.97	19,421.60
Gross carrying amount at 31.12.2023		40,623.37	109,205.06	70,557.54	220,385.97
<i>Accumulated depreciation at 31.12.2022</i>		(23,041.30)	(70,604.50)	(31,617.66)	(125,263.46)
<i>Depreciation charge for the year</i>		(4,175.07)	(13,145.56)	(10,213.62)	(27,534.25)
Accumulated depreciation at 31.12.2023		(27,216.37)	(83,750.06)	(41,831.28)	(152,797.71)
NET CARRYING AMOUNT AT 31.12.2023		13,407.00	25,455.00	28,726.26	67,588.26
<i>NET CARRYING AMOUNT AT 31.12.2022</i>		11,327.00	26,085.00	38,288.91	75,700.91

2.3. PRE-FINANCING

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

	31.12.2023	31.12.2022
<i>Long term pre-financing</i>	75,056,897.80	47,407,069.23
<i>Short term pre-financing</i>	65,310,787.10	80,471,832.26
Total	140,367,684.90	127,878,901.49

The pre-financing included under this heading comprises only pre-financing for operational activities.

For all pre-financing amounts open at 31 December 2023 a case-by-case assessment has been performed and all pre-financing that was considered unlikely to be cleared in the course of 2024 was classified as non-current pre-financing.

The outstanding pre-financing presented under this heading is net of estimated (cut-off) expenses for ongoing projects without validated cost claims as at 31 December 2023. The clearing of pre-financing against year-end (cut-off) adjustments amounted to kEUR 96 185 (2022: kEUR 107 739) for ongoing projects without validated cost claims as at 31 December 2023. The remaining portion of the cut-off expenses is recorded in accrued charges (see note **2.8**).

In 2023 the first call for proposals under the Horizon Europe Programme was launched and the pre-financing will only be paid in 2024. Nevertheless, for ongoing BBI JU projects and the finalisation of several projects the clearing of the pre-financing against incurred expenses, resulted in an overall increase of pre-financing from kEUR 127 879 in 2022 to kEUR 140 368 in 2023.

2.4. EXCHANGE RECEIVABLES & NON-EXCHANGE RECOVERABLES

Exchange transactions are transactions in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange. Non-exchange transactions are transactions in which an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

The amounts included under this heading are fully composed of current receivables from exchange transactions.

	31.12.2023	31.12.2022
Recoverables from non-exchange transactions		
<i>Public bodies</i>		
<i>Accrued Income Non exchange</i>	293,597.50	293,597.50
<i>Central treasury liaison accounts</i>	58,147,155.63	78,141,513.91
<i>Cash Contributions to be paid by the Members</i>		
<i>Other</i>		
Receivables from exchange transactions		
<i>Customers</i>	2,846,539.36	3,005,343.76
<i>Amounts written down (-)</i>	(2,842,169.01)	-
<i>Receivables from Members and partners</i>	-	-
<i>Receivables from the Commission</i>	-	-
<i>Accrued income and deferred charges</i>	-	-
<i>Other</i>	2,973.16	17,768.34
Total	58,448,096.64	81,458,223.51

The largest amount under this heading relates to the central treasury liaison (intercompany) accounts with the European Commission that represent a virtual bank account of CBE JU. The treasury of CBE JU has been integrated into the European Commission's treasury system. The payments and receipts are processed via the European Commission's treasury system and registered on these intercompany accounts. The ending balance of this heading is thus the result of the incoming and outgoing payments and represents the funds available for the Joint Undertaking.

2.5. CASH AND CASH EQUIVALENTS

The majority of payments and receipts are processed via the Commission's treasury system and registered on liaison accounts, which are presented under the heading 'receivables from exchange transactions' (see **2.4**).

	31.12.2023	31.12.2022
Imprest account		

Not applicable.

LIABILITIES

2.6. Provisions

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

	31.12.2023	31.12.2022
Short-Term provisions		

Not applicable.

2.7. PAYABLES AND OTHER LIABILITIES

Payables are liabilities to pay for goods or services that have been received or supplied and - unlike accrued charges - have already been invoiced or formally agreed with the supplier. Payables can relate to both exchange transactions (such as the purchase of goods and services) and non-exchange transactions (e.g., cost claims from beneficiaries of grants, pre-financing or other EU funding)

	31.12.2023	31.12.2022
Non-current		
<i>Pre-financing received from EC – operating subsidy</i>	-	-
Current		
<i>Contribution in kind to be validated</i>	62,343,926.59	67,644,357.15
<i>Contribution in cash to be validated</i>	7,418,646.92	823,610.50
<i>Suppliers</i>	7,819,172.35	9,215,475.01
<i>Others</i>	1,060,671.69	-
<i>Member States</i>	-	-
<i>Consolidated entities</i>	-	-
	78,642,417.55	77,683,442.33
Total	78,642,417.55	77,683,442.66

Included under the heading 'Contributions in-kind from Members to be validated' are the in-kind contributions from Members related to ongoing projects without a validated contribution certificate at 31 December. The amount for the 2023 IKOP is recognised based on the periodic cost claims received from the Members. For any period not covered by cost claims an additional pro rata estimation is calculated, on a case-by-case basis, using the best available information on the projects at 31 December 2023. The total estimate can be split between:

- IKOP without validation: BBI kEUR 58,635, CBE kEUR 3 708
- IKOP with validation: BBI kEUR 50 448

The estimated cash contribution to the operational cost of those projects is included under accrued charges (see note 2.8).

After validation of the contributions by the Authorising Officer (Executive Director), the amounts will be booked to net assets and presented as "Contributions received from Members" (Note 2.9).

The 'contributions in cash to be validated' are the received but unspent EC financial contributions to the Horizon Europe Programme (Notes 1.6.1).

The amount of vendor payables relates to invoices and cost claims received but not yet validated and paid at the year end.

2.8. ACCRUED CHARGES

Accruals are liabilities to pay for goods or services that have been received or supplied but - unlike payables - have not yet been invoiced or formally agreed with the supplier. They include amounts due to employees (e.g., accruals for untaken holidays). The calculation of accruals is based on the open amounts of budgetary commitments at year end. The portion of the estimated accrued charges relating to pre-financing paid has been recorded as a reduction of the pre-financing amounts.

	31.12.2023	31.12.2022
<i>Accrued charges</i>	29,429,669.61	34,991,138.81

The heading comprises estimated operational costs of kEUR 28 280, accrued administrative expenses of kEUR 1 094 and accrued staff expense for untaken leave of kEUR 55.

Accrued operating charges relate to ongoing projects without a validated cost statement, where the 2023 expense was estimated on a case-by-case basis using the best available information about the projects at 31 December 2023. The portion of the estimated accrued charges which relates to pre-financing paid has been recorded as a reduction of the pre-financing amounts in line with the H2020 and HE rules (see note **2.3**). Following the validation of a large number of final and interim cost claims, the estimated expenses were replaced by actual costs hence the decrease in the accrued charges. Of the total operational accrual of kEUR 28 280, kEUR 14 371 relates to the first H Europe projects (which started up as of mid-2023).

Net assets

2.9. CONTRIBUTIONS FROM MEMBERS

The JU is funded by contributions from its Members. Given their funding nature these contributions, which comprise both cash contributions and contributions in kind, are recognised in the JU's net assets as 'Contributions from owners' once validated. The term 'owner' does not imply ownership of any shares of the JU (in fact no shares are issued) but reflects the specific governance of the JU where voting rights are allocated in accordance with the contributions made.

In accordance with Article 19 of the Financial Framework Partnership Agreement (FFPA) 2020-2027, the CBE JU received from the European Union a pre-financing payment of kEUR 86 131 for the implementation of the Horizon Europe Framework Programme (see note **1.6.1**).

According to the Specific Guidance for the accounting of the EU cash contributions received by the Joint Undertakings under FFPA related to MFF 2021-2027, the contributions payments made by the EU for the Horizon Europe Programme are accounted for as 'Contributions in cash to be validated'. They will be qualified as final payments and formally transferred to the net assets once the Commission has accepted the Consolidated Annual Activity Report – AAR (Art. 19.2 FFPA).

Programming period	2023			2022		
	Cash	in-Kind	Total	Cash	in-Kind	Total
<i>Horizon 2020</i>	805,525,277.74	91,857,581.96	897,382,809.70	790,504,541.74	65,898,344.68	856,402,886.42
<i>Horizon Europe</i>	81,844,016.08		81,844,016.08	840,595.50		840,595.50
Total	887,369,243.82	91,857,581.96	979,226,825.78	791,345,137.24	65,898,344.68	857,243,481.92

1.1.1. 2014-2020 (Horizon 2020) MFF: Total Members' Contributions (in € million)

With regard to the Horizon 2020 Programme, Council Regulation (EC) No 2014/560 (its current legal mandate stems from the amending Regulation (EU) 2018/121 of 23 January 2018) distinguishes between Members (European Commission, Industry Grouping) and non-Members of the JU. In addition, only the in-kind contributions from the Members that are both certified by external auditors and validated by the Executive Director of CBE JU are accounted for in the JU's net assets. Estimated in-kind contributions, i.e. contributions for which no certifications have been received and/or this certification has not been validated by the Executive Director, are reported under 'other liabilities' (see note 2.7).

Horizon 2020						
Member	Commission Cash	Industry Grouping			Total Cash	In kind
		Cash	In kind	Total		
<i>Running costs contributions at 31.12.2022</i>	16,506,365.97	16,992,851.31		16,992,851.31	33,499,217.28	-
<i>Current year contributions</i>	1,952,637.00	1,952,637.00		1,952,637.00	3,905,274.00	
Running costs contributions at 31.12.2023	18,459,002.97	18,945,488.31	-	18,945,488.31	37,404,491.28	-
<i>Operating costs contributions at 31.12.2022</i>	753,755,324.46	3,250,000.00	65,898,344.68	69,148,344.68	757,005,324.46	65,898,344.68
<i>Current year contributions</i>	11,115,412.00	-	25,959,237.28	25,959,237.28	11,115,412.00	25,959,237.28
Operating costs contributions at 31.12.2023	764,870,736.46	3,250,000.00	91,857,581.96	95,107,581.96	768,120,736.46	91,857,581.96
<i>TOTAL contributions at 31.12.2022</i>	770,261,690.43	20,242,851.31	65,898,344.68	86,141,195.99	790,504,541.74	65,898,344.68
TOTAL contributions at 31.12.2023	783,329,739.43	22,195,488.31	91,857,581.96	114,053,070.27	805,525,227.74	91,857,581.96

The rules relating to distribution of voting rights are defined in Article 54 of Council Regulation (EU) 2021/2085 of 19 November 2021. Based on this article, the number of votes of the Members other than the Union shall collectively hold 50% of the voting rights

For what concerns the total level of the contribution by BIC Members at the end of 2023, the IKOP target was set at the closure of the BBI JU calls, and it will contribute to achieving the overall legal target alongside the finalisation of BBI JU projects (29% of which are still ongoing).

1.1.2. Research and Innovation Funding Programme for 2021-2027 (Horizon Europe)

In accordance with Article 19 of the Financial Framework Partnership Agreement (FFPA) 2020-2027, in 2023 the CBE JU received from the European Union a pre- financing payment for the amount of kEUR 86 131 for the implementation of the Horizon Europe Framework Programme (see note **1.6.1**).

According to the Specific Guidance for the accounting of the EU cash contributions received by the Joint Undertakings under FFPA related to MFF 2021-2027, the contributions payments made by the EU for the Horizon Europe Programme are accounted for as 'Contributions in cash to be validated'. They will be qualified as final payments and formally transferred to the net assets once the Commission has accepted the Consolidated Annual Activity Report – AAR (Art. 19.2 FFPA).

Under the new SBA (Horizon Europe Programme) the in-kind contributions to operational activities should be accounted for solely on the basis of eligible costs and should be reported and audited in accordance with the mechanism applicable to the specific grant agreement. These legal requirements do not change the substance of the operation. Also, under Horizon Europe, only contributions validated and accepted by the Executive Director can be recognised under net assets. Therefore, the same accounting treatment as used under the previous regulations should be applied to IKOP under Horizon Europe.

Member	Commission Cash	Industry Grouping			Total Cash	In kind
		Cash	In kind	Total		
<i>Running costs contributions at 31.12.2022</i>	8,492.50	832,103.00		832,103.00	840,595.50	
<i>Current year contributions</i>	64,123.58	823,120.00		823,120.00	887,243.58	
Running costs contributions at 31.12.2023	72,616.08	1,655,223.00		1,655,223.00	1,727,839.08	
<i>Operating costs contributions at 31.12.2022</i>						
<i>Current year contributions</i>	80,116,177.00				80,116,177.00	
Operating costs contributions at 31.12.2023	80,116,177.00				80,116,177.00	
<i>TOTAL contributions at 31.12.2022</i>	8,492.50	832,103.00		832,103.00	840,595.50	
TOTAL contributions at 31.12.2023	80,188,793.08	1,655,223.00		1,655,223.00	81,844,016.08	

The rules relating to distribution of voting rights are defined in Article 54 of Council Regulation (EU) 2021/2085 of 19 November 2021. Based on this article, the number of votes of the Members other than the Union shall collectively hold 50 % of the voting rights.

In 2022 CBE JU started the implementation of the HE Programme and only very few contributions are being reported as at year end.

3 NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE

REVENUE

NON-EXCHANGE REVENUE

Revenue from non-exchange transactions relates to transactions where the transferor provides resources to the recipient entity without the recipient entity providing approximately equal value directly in exchange. The heading mainly includes amounts received from the Commission during the year and recoveries of operational expenses.

3.1. RECOVERY OF EXPENSES

The revenue resulting from recovery of expenses refers to operational expenses recovered from beneficiaries during the year and adjustments coming from audits that will be collected in the following year.

	2023	2022
<i>Recovery of expenses</i>	116,279.90	259,895.76

For 2023 this amount relates to recoveries in four BBI terminated projects.

3.2. Other non-exchange revenue

	2023	2022
<i>Other</i>		
Not applicable		

EXCHANGE REVENUE

3.3. Revenue from exchange transactions

The revenue from exchange transactions and events relates to following types of transactions: rendering of services; sales of goods; and the use by others of entity assets yielding interest, royalties and dividends.

	2023	2022
<i>Recovery of administrative expenses</i>	17,679.00	783.98
<i>Miscellaneous income exchange</i>	509.69	
<i>Interest income on late payment</i>		
<i>Financial revenue</i>		
<i>Write back of previously written-off amount.</i>		
<i>other</i>		
Total	18,188.69	783.98

For 2023 these are recharges to other JUs of common JU administrative costs (such as the Systal HR tool implementation) for which CBE was the lead contracting JU.

EXPENSES

3.4. OPERATIONAL COSTS

Included under this heading are operational expenses related to projects that were carried out in the current year. The part of the operational costs related to ongoing projects without any validated cost claims (or equivalent) available on 31 December was estimated using the best information available at the time of preparation of the annual accounts. The estimation is based on the case-by-case assessment of completion which ensures that only costs that reflect the services or work performed by 31 December are included in the operational costs of the year. Depending on the availability of information at the time of preparation of the annual accounts, the estimates are based on costs incurred to date as a proportion of the estimated total costs of the projects ("pro-rata temporis").

The break-down of the operational costs between operational costs incurred on the basis of validated cost claims (or equivalent) and estimated operational costs is given in the table below:

	2023	2022
<i>Operational costs: validated in-kind contributions</i>	25,959,237.38	13,659,789.65
<i>Operational costs: estimated in-kind contributions</i>	(5,300,430.56)	(12,232,582.78)
Total operational costs from in-kind contributions	20,658,806.72	1,427,206.87
<i>Operational costs: validated EU contributions</i>	117,460,850.03	101,192,102.26
<i>Operational costs: estimated EU contributions</i>	(17,939,321.56)	(3,142,623.07)
Total operational costs from EU contributions	99,521,528.97	98,049,479.19
Total	120,180,335.69	99,476,686.06

Depending on the availability of information at the time of the preparation of the annual accounts, the estimates are based on cost claims received or by pro rata temporis estimates based on total project grant amounts (remaining balance).

The operational costs from estimated in-kind contributions were calculated following the new methodology (put in place in 2021) of estimation of the IKOP for which no project cost claims covering the whole year were validated at the year end. Instead of basing the estimates on annual declarations of IKOP from the private Members, the new method combines the real amount of IKOP from the project cost claims validated during the year with a pro rata estimate based on total IKOP allocated to the project, calculated for the remaining period after the cost claim end date.

The operational cost from EU contributions shows an increase of the costs incurred and validated and a decrease of estimated operational costs. This evolution is in line with the phasing out of the Call 2020 projects where larger costs are incurred on the basis of the validated mid-term and final cost claims and lower amounts thus need to be estimated.

3.5. STAFF COSTS

This heading includes the expenses for salaries, allowances and other employment-related benefits. Based on the service level agreement between the JU and the Commission, the calculation of staff-related costs is carried out by the Commission's Office for Administration and Payment of Individual Entitlements (also known as the Paymaster's Office - PMO). The pensions of the JU staff members are covered by the Pension Scheme of European Officials. This pension scheme is a defined benefit plan, i.e. the amount of benefit an employee will receive on retirement depends on several factors, the most important of which is years of service. Both the JU staff, the JU and the EU budget contribute to the pension scheme, with the contribution percentage being revised annually in line with the changes in the Staff Regulation governing the scheme. The cost to the EU Budget is not reflected in the JU accounts. Similarly, no provision related to the future pension payments is recognised in the annual accounts of the JU, as the obligation falls to the Commission.

As per Article 83a (2) of the Staff Regulations, the part paid by the JU shall correspond to the percentage share between a) the JU's revenues without the subsidy from the general budget, and b) its total revenues. To avoid disruptive variations over time, the JU's employer's pension contribution is calculated with a single percentage share for the whole duration of the JU. This single percentage was established on the basis of the EU and non-EU Members' respective contributions, as foreseen in the JU's legal basis, with a correction and regularisation to be foreseen in the last year of existence of the JU. The contribution of the Circular Bio-based Europe Joint Undertaking was set as 2.3 % of the total pension scheme contributions. This contribution is accounted for within staff costs.

In view of implementation problems and the principle of good administration, it was agreed between the Commission and the JUs that the provisions of Article 83a (2) are applied only to the JUs set up by the SBA and the Euro HPC JU, and not to those established under the previous Regulations. Given the late entry into force of the SBA at the end of November 2021, it became applicable as from 2022.

	2023	2022
<i>Staff costs</i>	2,757,139.48	2,568,112.14

The increase in 2023 is related to the indexation of salaries and the reclassification exercise.

3.6. FINANCE EXPENSES

	2023	2022
<i>Interest expense on late payment of charges</i>		200.13
<i>Net impairment losses on receivables</i>	2,842,169.01	
Total	2,842,169.01	200.13

The net impairment loss relates to a provision against a doubtful debt which arose in 2022 following the early termination of a large Flagship project, BIOSKOH. Part of the total original debt was repaid. For the remaining balance, CBE is still in communication with the coordinator with a view to putting in place a payment instalment plan. As at end 2023 there was no progress at this level.

3.7. OTHER EXPENSES

Included under this heading are expenses of administrative nature such as external non-IT services, operating leasing expenses, communications and publications, training costs etc.

	2023	2022
<i>Property, plant and equipment related expenses</i>	27,534.25	29,565.04
<i>External non-IT services</i>	191,912.23	314,336.33
<i>Legal Expenses</i>	-	883.90
<i>Maintenance and security expenses</i>	2,811.41	8,000.00
<i>Office Supplies & maintenance</i>	8,574.04	17,721.06
<i>External IT services</i>	444,805.53	404,335.27
<i>Experts' expenses</i>	211,521.85	268,419.66
<i>Car & transport expenditures</i>	-	1,409.19
<i>Training costs</i>	45,733.08	35,773.66
<i>Recruitment costs</i>	723.71	18,792.12
<i>Missions</i>	55,059.81	18,409.13
<i>Communications & publications</i>	818,797.28	535,259.55
<i>Rent expenses</i>	349,957.63	312,705.14
<i>Losses on realisation of trade debtors</i>	(0.01)	(0.04)
<i>Insurances</i>	476.30	26.64
Total	2,156,907.11	1,965,636.65

The rise in the costs for missions - kEUR 37 - and communication and publication expenses - kEUR 284 - can be explained by the increase in activities and business travel organised in 2023 compared to 2022, due to the relaxing of COVID-19 related measures.

The increase of Communications and publications costs is mainly due to the additional costs of the Stakeholder Forum in December 2023 (+/- kEUR 500).

Operating lease expenses concern the CBE JU office in the 'White Atrium' building. Amounts committed to be paid during the remaining term of this lease contract (the existing rent contract is only in force until November 2025) include rent and related charges and are as follows:

An overview of the amounts to be committed and paid during the remaining term of these lease contracts are as follow:

	Future amounts to be paid			Total
	< 1 year	1- 5 years	> 5 years	
<i>Buildings</i>	338.405,33	697.250,34		1.035.655,67

4 OTHER SIGNIFICANT DISCLOSURES

4.1 CONTINGENT ASSETS

	31.12.2023	31.12.2022
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Contingent assets

In mid-2023 an exercise was launched to assess and take action on a backlog of project-related audit implementation files, including a revision and increased automation of the related procedures. The outcome of this exercise became known during the subsequent events review following the 2023 provisional accounts. There are negative audit adjustments raised for several of the projects, but the estimated total amount (currently between kEUR 500 and kEUR 1 000) is still under evaluation and could change substantially. No recovery orders have as yet been issued. The total recoverable, which is unlikely to be material, will therefore be accounted for in the 2024 accounts once the amount is known with certainty.

4.2 CONTINGENT LIABILITIES

	2023	2022
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Legal cases

Other

Total

Not applicable in 2023.

4.3 OUTSTANDING COMMITMENTS NOT YET EXPENSED

The outstanding commitments not yet expensed comprise the budgetary RAL ('Reste à Liquider') less related amounts that have been included as expenses in the current year's statement of financial performance. The RAL represents the open budgetary commitments for which payments and/or de-commitments have not yet been made. This is a normal consequence of the existence of multi-annual programmes.

	EUR '000	
	31.12.2023	31.12.2022
<i>Outstanding commitments not yet expensed</i>	267,450	179,789

The outstanding commitments not yet expensed are the result of the correction of the budgetary RAL with the estimated costs, determined by using the accrual-based principle which is not reflected in the budgetary result, where the cash-based principle is used. The increase between the years is due to the high increase of kEUR 54 119 in the budgetary RAL and the decrease of kEUR 21 898 in the accruals, which is shown in the budget implementation reports (see chapter 6).

4.4 IN-KIND CONTRIBUTIONS

According to both Council Regulation (EU) No 558/2014 and Council Regulation (EU) No 2021/2085, the Members other than the Union shall provide in-kind contributions to the Joint Undertaking.

Under the H2020 Programme, in-kind contributions by Private Member beneficiaries and their affiliated entities consist of the costs incurred by them in implementing indirect actions less the contribution of the Joint Undertaking and any other Union contribution to those costs. For the purpose of valuing these in-kind contributions, the costs are determined in accordance with the usual cost accounting practices of the entities concerned, the applicable accounting standards of the country where the entity is established, and also the applicable International Accounting Standards and International Financial Reporting Standards. The costs shall be certified by an independent external auditor appointed by the entity concerned. The valuation method may be verified by the Joint Undertaking, should there be any uncertainty arising from the certification.

Further simplification was introduced under the Horizon Europe Programme. In that context, a simplified reporting mechanism was put in place for the Members, who are no longer required to report on non-eligible costs for in-kind contributions to operational activities. According to Art.2. (8) of the SBA: "in-kind contributions to operational activities means contributions by private members, constituent entities or the affiliated entities of either, by international organisations and by contributing partners, consisting of the eligible costs incurred by them in implementing indirect actions less the contribution of that joint undertaking and of the participating states of that joint undertaking to those costs". Consequently, in-kind contributions to operational activities are accounted for solely on the basis of eligible costs and reported and audited in accordance with the mechanism applicable to the specific grant agreement. Such accounting based on eligible costs allows for the automated calculation of in-kind contributions to operational activities via the Horizon Europe IT tools.

4.5 IN-KIND IN ADDITIONAL ACTIVITIES (IKAA)

The joint undertakings provide a systematic opportunity and incentive for Members other than the Union to combine their research and innovation activities with those of the joint undertaking. Additional activities do not receive financial support from the joint undertaking. However, they are accounted for as Members' in-kind contributions to additional activities when they contribute to the objectives of the joint undertaking and are directly linked to its activities, including non-eligible costs of indirect actions funded by the joint undertaking where this is provided for in the annual additional activities plan. That link can be established through the uptake of results from indirect actions funded by the joint undertaking or its preceding initiatives, or by demonstrating a significant Union added value. The respective costs should be certified by an independent audit body appointed by the entity concerned, subject to the valuation method being open to verification by the joint undertaking in the event of uncertainty. Council Regulation (EU) No 2021/2085 laid down more specific provisions concerning the scope of additional activities for each joint undertaking, to the extent that it is necessary to achieve the desired directionality and impact.

"Additional activity" means an activity, included in the annual additional activities plan annexed to the main part of the work programme, that does not receive financial support from the joint undertaking but contributes to its objectives, and is directly linked to the uptake of results from projects under that joint undertaking or its preceding initiatives or that has a significant Union added value.

In-kind contributions to additional activities are contributions by the Private Members, constituent entities or the affiliated entities of either, and by international organisations, consisting of the costs incurred by them in implementing additional activities less any contribution to those costs from the Union and from the participating states of that joint undertaking.

Art. 49 of the SBA defines the scope of CBE's additional activities:

- a) investments in new facilities demonstrating a new value chain, including investments in durable equipment, tools and accompanying infrastructure, in particular related to regional deployment and its sustainability verification;
- (b) investments in a new innovative and sustainable production plant or flagship;
- (c) investments in new research and innovation and justified infrastructure, including facilities, tools, durable equipment, or pilot plants (research centres);
- (d) standardisation activities; (e) communication, dissemination and awareness-raising activities.

4.6 CONTRIBUTIONS PER PROGRAMME

TARGETS

	EU cash (a)	Private members' cash (c)	Private members' IKOP (d)	Private members' IKAA (e)	Total (f)=(a)+(b)+(c)+(d)+(e)
H2020	835,000,000.00	22,195,488.31	263,293,995.00	2,444,510,516.69	3,565,000,000.00
Horizon Europe	1,000,000,000.00	23,500,000.00	976,500,000.00		2,000,000,000.00

ACTUALS

	Members contributions as of 31.12.2023							Total	Achievement rate
	EU cash validated	EU cash not validated (PF)	Other members cash	Other members IKOP validated	Other members IKOP reported but not validated	IKAA certified	IKAA reported but not certified		
H2020	783,329,739.43		22,195,488.31	91,857,581.96	58,635,334.90	1,734,572,377.00	416,000,000.00	3,106,590,521.60	87%
Horizon Europe	80,188,793.08	7,418,646.92	1,655,223.00	-	3,708,591.69		61,539,083.00	154,510,337.69	8%

H2020 contributions are in line with expectations.

For what concerns the EU cash contributions validated at the end of 2023, it should be noted that EUR 156.5 million (20% of EUR 783.3 million) represent open pre-financing (based on paid cost claims and before accounting adjustments). As such they are not EU cash contributions validated by CBE JU as being spent in the projects, but they constitute a cash advance which remains a receivable until clearing.

Annual accounts of the Circular Bio-Based Europe Joint Undertaking 2023

Regarding the contributions by other Members at the end of 2023, the IKOP target was set at the closure of all the BBI JU calls in signed grants. It is not a legal target set in the founding regulation of the BBI JU initiative and the IKOP will contribute to achieving the overall legal target alongside the finalisation of BBI JU projects (29% of which are still ongoing).

The specific legal target for IKAA contributions was already achieved in 2022 at the planning stage, and the planning cycle for these contributions will continue until 2024. Therefore, IKAA will play a pivotal role in the achievement of the EUR 2.73 billion overall target of BIC contributions to the BBI initiative. In order to achieve this result, the IKAA planning process aims at around EUR 2.5 billion to be contributed by the end of the initiative.

Also, for the EU cash contributions validated at the end of 2023 under Horizon Europe, it shall be noted that only one call out of six planned has been implemented by the cutoff and EUR 78.5 million (98% of EUR 80.2 million) represent open pre-financing, and its accounting treatment follows the same steps described above for H2020 contributions.

Regarding the contributions by other Members at the end of 2023 under Horizon Europe, there is a pro rata estimation of EUR 3.9 million IKOP for the first CBE JU projects that started in 2023, as no cost claims were received. The EUR 61.5 million IKAA value for 2023 was communicated by other Members in the first multi-annual planning cycle done at the closure of the first call of CBE JU. The total value of this plan up to 2031 amounts to EUR 388 million.

4.7 RELATED PARTIES

These are the related parties of the JU and the key management personnel of these entities. As transactions between the JU and these parties take place as part of the normal operations of the JU and on terms and conditions that are normal for such transactions, no specific disclosures are required.

4.8 KEY MANAGEMENT ENTITLEMENTS

The Director, or Head of Entity, is remunerated in accordance with the Staff Regulations of the European Union, which establish the rights and obligations of all officials of the EU. The Staff Regulations are published on the Europa website.

	31.12.2023	31.12.2022
<i>Executive Director</i>	<i>AD 14</i>	<i>AD 14</i>

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

At its meeting of 17 June 2022, the CBE JU Governing Board took note of the previous Executive Director's resignation with effect from 1 September 2023. On 25 July 2023, the GB appointed Nicolo' Giacomuzzi-Moore as CBE JU's Executive Director ad interim as of 1 September 2023. He was officially nominated as the new Executive Director during the Governing Board meeting of 6 December 2023 and will take up his official duties in early January 2024.

4.9 OTHER EVENTS

Russia-Ukraine war

The war does not affect materially the recognition and measurement of any assets and liabilities on the balance sheet nor of any revenue and expenses recognised in the statement of financial performance.

Based on the facts and circumstances at the time of preparation of these financial statements, in particular, the evolving situation, the financial effect of the war on subsequent reporting periods of the IHI JU cannot be reliably estimated.

4.10 OTHER INFORMATION

BREXIT - United Kingdom joins Horizon Europe Programme

As of 1 January 2024, the United Kingdom becomes an associated country to Horizon Europe. Its researchers will be able to participate in this research and innovation programme of the EU on the same terms as researchers from other associated countries and will have access to Horizon Europe funding.

4.11 EVENTS AFTER REPORTING DATE

Not applicable.

4.12 OBSERVATIONS ON MANAGEMENT AND CONTROL SYSTEMS

Not applicable.

5 FINANCIAL RISK MANAGEMENT

5.1 TYPES OF RISK

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

(1) **Currency risk** is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. This risk arises from the change in the price of a foreign currency against the functional currency of an entity.

(2) **Interest rate risk** is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As an example, higher interest rates will lead to lower prices of fixed rate bonds (other things equal), and vice versa. The entity does not have any securities thus it is not exposed to the interest rate risk.

(3) **Credit risk** is the risk of loss due to a debtor's non-payment or other failure to meet a contractual obligation. The default events include a delay in repayments, and bankruptcy.

(4) **Liquidity risk** is the risk that an EU entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

5.2 CURRENCY RISKS

At the end of the year, the financial assets are composed of exchange receivables. The financial liabilities are composed of accounts payable. Their ending balances are quoted in EUR, the entity is thus not exposed to currency risk.

5.3 CREDIT RISK

At the end of the year, the financial assets comprise exchange receivables that are not past due for more than 30 days. As no credit loss is expected during the lifetime of those receivables the entity is not exposed to any significant credit risk.

5.4 LIQUIDITY RISK

The financial liabilities are mainly composed of accounts payable. All the accounts payable have remaining contractual maturity of less than 1 year.

CIRCULAR BIO-BASED EUROPE JOINT UNDERTAKING
FINANCIAL YEAR 2023

**THE BUDGET IMPLEMENTATION
REPORTS AND EXPLANATORY NOTES**

1. BUDGETARY PRINCIPLES AND STRUCTURE

1.1. BUDGETARY PRINCIPLES

The establishment and implementation of the budget of Circular Bio-based Europe is governed by the following basic principles set out in the Chapter 2 of the Financial Rules of the Joint Undertaking:

Principles of unity and budget accuracy

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

Principle of annuality

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

Principle of equilibrium

Revenue and payment appropriations shall be in balance.

Principle of unit of account

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

Principle of universality

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

Principle of specification

Appropriations shall be earmarked for specific purposes at least by title and chapter.

Principle of sound financial management

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

Principle of economy

The principle of economy requires that the resources used by the JU in the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price.

Principle of efficiency

The principle of efficiency concerns the best relationship between resources employed and results achieved.

Principle of effectiveness

The principle of effectiveness concerns the attainment of the specific objectives set and the achievement of the intended results.

Principle of internal control

The principle of internal control of budget implementation means that the JU budget shall be

implemented in compliance with effective and efficient internal control in order to provide reasonable assurance of achieving effectiveness, efficiency and economy of operations; reliability of reporting; safeguarding of assets and information; prevention, detection, correction and follow-up of fraud and irregularities; inadequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multi-annual character of the programmes as well as the nature of the payments concerned.

Principle of transparency

The budget shall be established and implemented and the accounts presented in accordance with the principle of transparency. The budget and any amending budgets shall be published on the internet site of the joint undertaking within four weeks of their adoption and shall be transmitted to the Commission and the Court of Auditor.

1.2. STRUCTURE AND PRESENTATION OF THE BUDGET

Since 1 January 2015, no distinction between non-dissociated and dissociated appropriations is made. All appropriations follow the dissociated logic.

Following the provisions of the Financial Rules of the Joint Undertaking, the budget accounts shall consist of a statement of revenue and a statement of expenditure. The budget is distributed in the following titles:

Title 1

Budget lines relating to staff expenditure such as salaries and allowances for personnel working with the Joint Undertaking. It also includes recruitment expenses, staff missions, expenses for the socio-medical infrastructure and representation costs.

Title 2

Budget lines relating to all infrastructure, equipment and miscellaneous administrative expenditure.

Title 3

Budget lines providing for the implementation of the activities and tasks assigned to the Joint Undertaking in accordance with its establishing Council Regulation.

1.3. RESULT OF THE IMPLEMENTATION OF THE BUDGET

	Title	2023	2022
Revenue		103 647	49 439
of which:			
European Commission (incl. EFTA) contribution to administrative expenditure BBI	1	1 953	2 220
European Commission (incl. EFTA) contribution to operational expenditure BBI	1	96 424	39 557
Bio-based Industries Consortium contribution to administrative expenditure BBI	1	2 776	3 052
Joint Undertaking revenues BBI	1	18	80
Other income BBI	1	1 009	3 227
European Commission (incl. EFTA) contribution to administrative expenditure CBE	1	823	832
European Commission (incl. EFTA) contribution to operational expenditure CBE	1	644	471
Expenditure		(123 710)	(52 052)
of which:			
Staff expenditure	1	(2 938)	(2 761)
Administrative expenditure	2	(1 643)	(1 860)
Operational expenditure	3	(119 129)	(47 431)
Exchange rate differences		0	0
Budget result		(20 063)	(2 613)

1.4. RECONCILIATION OF ECONOMIC RESULT WITH BUDGET RESULT

	2023	2022
ECONOMIC RESULT OF THE YEAR	(127 802)	(103 750)
Adjustment for accrual items (items not in the budgetary result but included in the economic result)	5 789	(1 486)
<i>Adjustments for accrual cut-off (net)</i>	5 855	(1 516)
<i>Depreciation, amortization and impairment of intangible and tangible assets</i>	28	30
<i>Other income adjustment</i>	(94)	
<i>Uncleared balance on projects' payments</i>		
<i>Other individually immaterial</i>		
Adjustment for budgetary items (item included in the budgetary result but not in the economic result)	101 950	102 623
<i>Members' cash contributions collected in the year</i>	102 619	46 661
<i>Other income</i>	1 009	2 778
<i>Asset acquisitions (less unpaid amounts)</i>	(132)	(32)
<i>New pre-financing paid in the year and remaining open as at 31 December</i>	(1 539)	53 224
<i>Other individually immaterial</i>	(8)	(8)
BUDGET RESULT OF THE YEAR	(20 063)	(2 613)

2. IMPLEMENTATION OF BUDGET REVENUE⁴

	Item	Income appropriations		Entitlements established			Revenue				Out-standing
		Initial budget	Final budget	Current year	Carried over	Total	On entitlements of current year	On entitlements carried over	Total	%	
		1	2	3	4	5=3+4	6	7	8=6+7	9=8/2	
1001	European Commission (incl. EFTA) contribution to administrative expenditure BBI	1 953	1 953	1 953	0	1 953	1 953	0	1 953	100 %	0
1002	European Commission (incl. EFTA) contribution to operational expenditure BBI	11 115	11 115	96 424	0	96 424	96 424	0	96 424	867 %	0
1003	Bio-based Industries Consortium contribution to administrative expenditure BBI	1 953	1 953	2 776	0	2 776	2 776	0	2 776	142 %	0
1005	Joint Undertaking revenues BBI	0	0	19	0	19	18	0	18	-	1
1006	Other income BBI	0	0	828	3 027	3 855	824	185	1 009	-	2 846
1007	European Commission (incl. EFTA) contribution to administrative expenditure CBE	823	823	823	0	823	823	0	823	100 %	0
1008	European Commission (incl. EFTA) contribution to operational expenditure CBE	87 332	87 332	644	0	644	644	0	644	1 %	0
1009	Bio-based Industries Consortium contribution to administrative expenditure CBE	823	823							-	

⁴ The administrative and operational contributions from the EC and BIC (Industry Member) were fully received, though certain recovery orders were booked on incorrect income lines. Re-allocating contributions to the correct lines we get:

Budget line 1002: total establishments kEUR 11,115, implementation 100%.

Budget line 1003: total establishments kEUR 1,953, implementation 100%.

Budget line 1008: total establishments kEUR 85,953, Total budget, reduced by kEUR 356 amendment mentioned in note 6 to the breakdown of payment appropriations table, is kEUR 86,976. Total implementation 99%. Outstanding difference is amount retained by RTD for co-delegation to REA for expert-evaluators of Call 2023. To be recovered in 2024.

Budget line 1009: total establishments kEUR 823, implementation 100%.

Budget line 1006: outstanding amount is a (partly cashed) open recovery order relating to a project.

Annual accounts of the Circular Bio-Based Europe Joint Undertaking 2023

Total Chapter 10		103 999	103 999	103 466	3 027	106 493	103 462	185	103 647	100 %	2 847
Total Title 1		103 999	103 999	103 466	3 027	106 493	103 462	185	103 647	100 %	2 847
2019	C2 reactivation of appropriations for administrative expenditure (2023)	1 589	1 589							-	
2020	C2 reactivation of appropriations for operational expenditure (2023)	30 000	30 000							-	
2030	C2 reactivation of appropriations for administrative expenditure (2023) CBE	1 000	1 000							-	
Total Chapter 20		32 589	32 589							-	
Total Title 2		32 589	32 589							-	

GRAND TOTAL		136 589	136 589	103 466	3 027	106 493	103 462	185	103 647	76 %	2 847
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3. IMPLEMENTATION OF BUDGET EXPENDITURE

Breakdown & changes in commitment appropriations

Breakdown & changes in commitment appropriations – Title 1

	Item	Budget appropriations				Additional appropriations			Total appropr. available
		Initial adopted budget	Amending budgets	Transfers	Final adopted budget	Reactivated appropriations	Assigned revenue	Total	
		1	2	3	4=1+2+3	5	6	7=5+6	8=4+7
1100	Staff costs BBI	2 257	0	(107)	2 150	452	0	452	2 602
1101	Staff costs CBE	919	0	0	919	612	0	612	1 531
1110	Trainees BBI	7	0	0	7	25	0	25	32
Total Chapter 11		3 183	0	(107)	3 076	1 090	0	1 090	4 166
1200	Sundry recruitment expenses BBI	0	0	0	0	16	0	16	16
1201	Installation, resettlement and daily subsistence allowances and removal and travel expenses BBI	0	0	0	0	60	0	60	60
Total Chapter 12		0	0	0	0	76	0	76	76
1300	Mission expenses, duty travel expenses and other ancillary expenditure BBI	2	0	7	9	57	0	57	66
Total Chapter 13		2	0	7	9	57	0	57	66
1400	Medical service BBI	0	0	0	0	18	0	18	18
1401	Mobility costs and other social expenses for staff BBI	11	0	0	11	141	0	141	152
1402	Training BBI	2	0	0	2	93	18	111	113
1403	Supplementary aid for the disabled BBI	0	0	0	0	29	0	29	29
Total Chapter 14		13	0	0	13	281	18	300	312
1500	Staff teambuilding and related events BBI	0	0	0	0	10	0	10	10
Total Chapter 15		0	0	0	0	10	0	10	10
Total Title 1		3 198	0	(100)	3 098	1 514	18	1 532	4 630

Breakdown & changes in commitment appropriations – Title 2

	Item	Budget appropriations				Additional appropriations			Total approp. available
		Initial adopted budget	Amending budgets	Transfers	Final adopted budget	Reactivated appropriations	Assigned revenue	Total	
		1	2	3	4=1+2+3	5	6	7=5+6	8=4+7
2000	Rentals BBI	67	0	57	124	236	0	236	361
2001	Rentals CBE	720	0	(583)	137	0	0	0	137
2010	Charges and works BBI	0	0	0	0	0	0	0	0
Total Chapter 20		788	0	(526)	262	236	0	236	498
2100	IT equipment & software purchase/development costs BBI	128	0	(55)	73	0	0	0	73
2101	Other IT costs BBI	280	0	(21)	259	17	0	17	275
2102	IT equipment & software purchase/development costs CBE	0	0	314	314	0	0	0	314
2103	Other IT costs CBE	0	0	80	80	0	0	0	80
Total Chapter 21		408	0	318	725	17	0	17	742
2300	Stationery and office supplies BBI	18	0	(9)	9	3	0	3	12
2302	Legal expenditure BBI	0	0	0	0	2	0	2	2
2303	Other current administrative expenditure BBI	0	0	1	1	0	0	0	1
Total Chapter 23		18	0	(8)	10	5	0	5	15
2400	Telecommunications and postal charges BBI	0	0	0	0	4	0	4	4
Total Chapter 24		0	0	0	0	4	0	4	4
2500	Expenditure on formal meetings BBI	78	0	(33)	45	0	0	0	45
Total Chapter 25		78	0	(33)	45	0	0	0	45
2600	Events and campaigns BBI	152	0	131	282	231	0	231	513
2601	Materials BBI	148	0	(17)	131	2	0	2	133

Annual accounts of the Circular Bio-Based Europe Joint Undertaking 2023

2602	Communications tools BBI	74	0	54	128	0	0	0	128
2603	Public relations BBI	75	0	(57)	18	0	0	0	18
2604	Events and campaigns CBE	0	0	154	154	0	0	0	154
2605	Materials CBE	0	0	8	8	0	0	0	8
Total Chapter 26		448	0	273	722	233	0	233	955
2700	Studies, consultancy and other services BBI	19	0	(10)	9	105	0	105	114
2701	Service contracts BBI	1	0	(1)	0	0	0	0	0
2702	Audit costs BBI	31	0	0	31	0	0	0	31
2706	External staff BBI	400	0	(13)	387	0	0	0	387
Total Chapter 27		451	0	(24)	427	105	0	105	532
2900	Expert reviewers BBI	250	0	0	250	0	0	0	250
Total Chapter 29		250	0	0	250	0	0	0	250
Total Title 2		2 441	0	(0)	2 441	600	0	600	3 041

Breakdown & changes in commitment appropriations – Title 3

	Item	Budget appropriations				Additional appropriations			Total approp. available
		Initial adopted budget	Amending budgets	Transfers	Final adopted budget	Reactivated appropriations	Assigned revenue	Total	
		1	2	3	4=1+2+3	5	6	7=5+6	8=4+7
3000	Previous years' calls BBI	0	0	0	0	0	765	765	765
Total Chapter 30		0	0	0	0	0	765	765	765
3100	Current year call BBI	0	0	100	100	0	0	0	100
3101	Current year call CBE	149 581	0	0	149 581	67 582	0	67 582	217 162
Total Chapter 31		149 581	0	100	149 681	67 582	0	67 582	217 262
3200	Evaluators' contract CBE	1 668	0	0	1 668	0	0	0	1 668
Total Chapter 32		1 668	0	0	1 668	0	0	0	1 668
Total Title 3		151 248	0	100	151 348	67 582	765	68 347	219 695

Annual accounts of the Circular Bio-Based Europe Joint Undertaking 2023

GRAND TOTAL	156 887	0	(0)	156 887	69 696	783	70 479	227 366
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Breakdown & changes in payment appropriations

Breakdown & changes in payment appropriations – Title 1

	Item	Budget appropriations				Additional appropriations			Total apppr. available
		Initial budget adopted	Amending budgets	Transfers	Final adopted budget	Reactivated appropriations	Assigned revenue	Total	
		1	2	3	4=1+2+3	5	6	7=5+6	8=4+7
1100	Staff costs BBI	2 136	0	(7)	2 129	569	0	569	2 698
1101	Staff costs CBE	919	0	0	919	1 000	0	1 000	1 919
1110	Trainees BBI	0	0	0	0	36	0	36	36
Total Chapter 11		3 055	0	(7)	3 048	1 605	0	1 605	4 654
1200	Sundry recruitment expenses BBI	0	0	0	0	16	0	16	16
1201	Installation, resettlement and daily subsistence allowances and removal and travel expenses BBI	0	0	0	0	60	0	60	60
Total Chapter 12		0	0	0	0	76	0	76	76
1300	Mission expenses, duty travel expenses and other ancillary expenditure BBI	0	0	7	7	60	0	60	66
Total Chapter 13		0	0	7	7	60	0	60	66
1400	Medical service BBI	0	0	0	0	18	0	18	18
1401	Mobility costs and other social expenses for staff BBI	152	0	0	152	1	0	1	153
1402	Training BBI	40	0	0	40	55	18	73	113
1403	Supplementary aid for the disabled BBI	0	0	0	0	29	0	29	29
Total Chapter 14		192	0	0	192	102	18	120	312
1500	Staff teambuilding and related events BBI	0	0	0	0	10	0	10	10
Total Chapter 15		0	0	0	0	10	0	10	10

Annual accounts of the Circular Bio-Based Europe Joint Undertaking 2023

Total Title 1	3 247	0	0	3 247	1 853	18	1 871	5 118
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Breakdown & changes in payment appropriations – Title 2

	Item	Budget appropriations				Additional appropriations			Total appropri. available
		Initial budget adopted	Amending budgets	Transfers	Final adopted budget	Reactivated appropriations	Assigned revenue	Total	
		1	2	3	4=1+2+3	5	6	7=5+6	8=4+7
2000	Rentals BBI	304	0	41	345	16	0	16	361
2001	Rentals CBE	720	0	(401)	320	0	0	0	320
2010	Charges and works BBI	41	0	(41)	0	0	0	0	0
Total Chapter 20		1 065	0	(400)	665	16	0	16	681
2100	IT equipment & software purchase/development costs BBI	128	0	(55)	73	0	0	0	73
2101	Other IT costs BBI	154	0	7	161	138	0	138	300
2102	IT equipment & software purchase/development costs CBE	0	0	287	287	22	0	22	309
2103	Other IT costs CBE	0	0	103	103	5	0	5	108
Total Chapter 21		282	0	343	625	165	0	165	790
2200	Movable property and associated office equipment purchase costs BBI	0	0	0	0	4	0	4	4
Total Chapter 22		0	0	0	0	4	0	4	4
2300	Stationery and office supplies BBI	18	0	(1)	17	3	0	3	20
2302	Legal expenditure BBI	0	0	0	0	1	0	1	1
2303	Other current administrative expenditure BBI	0	0	1	1	0	0	0	1
Total Chapter 23		18	0	(0)	18	4	0	4	22
2400	Telecommunications and postal charges BBI	0	0	0	0	2	0	2	2
Total Chapter 24		0	0	0	0	2	0	2	2

Annual accounts of the Circular Bio-Based Europe Joint Undertaking 2023

2500	Expenditure on formal meetings BBI	78	0	(23)	55	0	0	0	55
Total Chapter 25		78	0	(23)	55	0	0	0	55
2600	Events and campaigns BBI	192	0	0	192	176	0	176	368
2601	Materials BBI	19	0	78	97	103	0	103	201
2602	Communications tools BBI	0	0	0	0	122	0	122	122
2603	Public relations BBI	0	0	0	0	28	0	28	28
2605	Materials CBE	0	0	3	3	0	0	0	3
Total Chapter 26		211	0	81	292	429	0	429	721
2700	Studies, consultancy and other services BBI	0	0	0	0	62	0	62	62
2701	Service contracts BBI	0	0	0	0	28	0	28	28
2702	Audit costs BBI	0	0	0	0	26	0	26	26
2706	External staff BBI	400	0	0	400	0	0	0	400
Total Chapter 27		400	0	0	400	115	0	115	516
2900	Expert reviewers BBI	250	0	0	250	0	0	0	250
Total Chapter 29		250	0	0	250	0	0	0	250
Total Title 2		2 305	0	(0)	2 305	736	0	736	3 041

Breakdown & changes in payment appropriations – Title 3

		Budget appropriations				Additional appropriations			Total approp. available
	Item	Initial budget adopted	Amending budgets	Transfers	Final adopted budget	Reactivated appropriations	Assigned revenue	Total	
		1	2	3	4=1+2+3	5	6	7=5+6	8=4+7
3000	Previous years' calls BBI	11 115	0	(4 115)	7 000	16 381	765	17 146	24 146
3001	Previous years' calls CBE	85 308	0	(85 308)	0	0	0	0	0
Total Chapter 30		96 424	0	(89 424)	7 000	16 381	765	17 146	24 146
3100	Current year call BBI	0	0	6 115	6 115	13 619	0	13 619	19 734
3101	Current year call CBE ⁵	356	0	83 308	83 665	0	0	0	83 665
Total Chapter 31		356	0	89 424	89 780	13 619	0	13 619	103 399
3200	Evaluators' contract CBE	1 668	0	0	1 668	0	0	0	1 668
Total Chapter 32		1 668	0	0	1 668	0	0	0	1 668
Total Title 3		98 448	0	0	98 448	30 000	765	30 765	129 213
GRAND TOTAL		103 999	0	0	103 999	32 589	783	33 372	137 372

⁵ This amount (relating to a change in EFTA rate for the CBE operational commitment appropriations) should have been removed following a late amendment voted on December 2023. The correction was overlooked and will be rectified in 2024. It is immaterial and does not change the overall CA execution.

4. IMPLEMENTATION OF COMMITMENT APPROPRIATIONS

Implementation of commitment appropriations – Title 1

	Item	Total approp. available	Commitments made					Appropriations carried over to 2024			Appropriations lapsing			
			from final adopt. budget	from re-activations	from assign. revenue	Total	%	Assign. revenue	By decision	Total	from final adopt. budget	from re-activations	from assign. revenue	Total
		1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
1100	Staff costs BBI	2 602	2 150	452	0	2 602	100 %	0	0	0	0	0	0	0
1101	Staff costs CBE	1 531	42	0	0	42	3 %	0	0	0	877	612	0	1 489
1110	Trainees BBI	32	7	25	0	32	100 %	0	0	0	0	0	0	0
Total Chapter 11		4 166	2 199	478	0	2 677	64 %	0	0	0	877	612	0	1 489
1200	Sundry recruitment expenses BBI	16	0	16	0	16	100 %	0	0	0	0	0	0	0
1201	Installation, resettlement and daily subsistence allowances and removal and travel expenses BBI	60	0	0	0	0	0 %	0	0	0	0	60	0	60
Total Chapter 12		76	0	16	0	16	21 %	0	0	0	0	60	0	60
1300	Mission expenses, duty travel expenses and other ancillary expenditure BBI	66	9	41	0	50	75 %	0	0	0	0	16	0	16
Total Chapter 13		66	9	41	0	50	75 %	0	0	0	0	16	0	16
1400	Medical service BBI	18	0	12	0	12	67 %	0	0	0	0	6	0	6

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1401	Mobility costs and other social expenses for staff BBI	152	11	141	0	152	100 %	0	0	0	0	0	0	0
1402	Training BBI	113	2	60	0	62	55 %	0	0	0	0	33	18	51
1403	Supplementary aid for the disabled BBI	29	0	0	0	0	0 %	0	0	0	0	29	0	29
Total Chapter 14		312	13	213	0	226	72 %	0	0	0	0	68	18	86
1500	Staff teambuilding and related events BBI	10	0	10	0	10	100 %	0	0	0	0	0	0	0
Total Chapter 15		10	0	10	0	10	100 %	0	0	0	0	0	0	0
Total Title 1		4 630	2 221	757	0	2 978	64 %	0	0	0	877	757	18	1 652

Implementation of commitment appropriations – Title 2

	Item	Total approp. available	Commitments made					Appropriations carried over to 2024			Appropriations lapsing			
			from final adopt. budget	from re-activations	from assign. revenue	Total	%	Assign. revenue	By decision	Total	from final adopt. budget	from re-activations	from assign. revenue	Total
		1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
2000	Rentals BBI	361	124	236	0	361	100 %	0	0	0	0	0	0	0
2001	Rentals CBE	137	0	0	0	0	0 %	0	0	0	137	0	0	137
2010	Charges and works BBI	0	0	0	0	0	0 %	0	0	0	0	0	0	0
Total Chapter 20		498	124	236	0	361	72 %	0	0	0	137	0	0	137
2100	IT equipment & software purchase/development costs BBI	73	73	0	0	73	100 %	0	0	0	0	0	0	0

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2101	Other IT costs BBI	275	259	17	0	275	100 %	0	0	0	0	0	0	0
2102	IT equipment & software purchase/development costs CBE	314	314	0	0	314	100 %	0	0	0	0	0	0	0
2103	Other IT costs CBE	80	80	0	0	80	100 %	0	0	0	0	0	0	0
Total Chapter 21		742	725	17	0	742	100 %	0	0	0	0	0	0	0
2300	Stationery and office supplies BBI	12	9	3	0	12	100 %	0	0	0	0	0	0	0
2302	Legal expenditure BBI	2	0	2	0	2	100 %	0	0	0	0	0	0	0
2303	Other current administrative expenditure BBI	1	1	0	0	1	97 %	0	0	0	0	0	0	0
Total Chapter 23		15	10	5	0	15	100 %	0	0	0	0	0	0	0
2400	Telecommunications and postal charges BBI	4	0	4	0	4	100 %	0	0	0	0	0	0	0
Total Chapter 24		4	0	4	0	4	100 %	0	0	0	0	0	0	0
2500	Expenditure on formal meetings BBI	45	45	0	0	45	100 %	0	0	0	0	0	0	0
Total Chapter 25		45	45	0	0	45	100 %	0	0	0	0	0	0	0
2600	Events and campaigns BBI	513	279	231	0	510	99 %	0	0	0	3	0	0	3
2601	Materials BBI	133	131	2	0	133	100 %	0	0	0	0	0	0	0
2602	Communications tools BBI	128	120	0	0	120	93 %	0	0	0	8	0	0	8
2603	Public relations BBI	18	18	0	0	18	100 %	0	0	0	0	0	0	0
2604	Events and campaigns CBE	154	152	0	0	152	99 %	0	0	0	2	0	0	2

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2605	Materials CBE	8	8	0	0	8	94 %	0	0	0	1	0	0	1
Total Chapter 26		955	707	233	0	941	98 %	0	0	0	14	0	0	14
2700	Studies, consultancy and other services BBI	114	1	65	0	67	59 %	0	0	0	7	40	0	47
2702	Audit costs BBI	31	3	0	0	3	10 %	0	0	0	28	0	0	28
2706	External staff BBI	387	242	0	0	242	63 %	0	0	0	145	0	0	145
Total Chapter 27		532	247	65	0	312	59 %	0	0	0	180	40	0	220
2900	Expert reviewers BBI	250	250	0	0	250	100 %	0	0	0	0	0	0	0
Total Chapter 29		250	250	0	0	250	100 %	0	0	0	0	0	0	0
Total Title 2		3 041	2 109	561	0	2 669	88 %	0	0	0	332	40	0	372

Implementation of commitment appropriations – Title 3

	Item	Total approp. available	Commitments made					Appropriations carried over to 2024			Appropriations lapsing			
			from final adopt. budget	from re-activations	from assign. revenue	Total	%	Assign. revenue	By decision	Total	from final adopt. budget	from re-activations	from assign. revenue	Total
		1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
3000	Previous years' calls BBI	765	0	0	0	0	0 %	0	0	0	0	0	765	765
Total Chapter 30		765	0	0	0	0	0 %	0	0	0	0	0	765	765
3100	Current year call BBI	100	96	0	0	96	96 %	0	0	0	4	0	0	4
3101	Current year call CBE	217 162	147 847	67 582	0	215 429	99 %	0	0	0	1 734	0	0	1 734
Total Chapter 31		217 262	147 942	67 582	0	215 524	99 %	0	0	0	1 738	0	0	1 738
3200	Evaluators' contract CBE	1 668	644	0	0	644	39 %	0	0	0	1 024	0	0	1 024

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Total Chapter 32	1 668	644	0	0	644	39 %	0	0	0	1 024	0	0	1 024
Total Title 3	219 695	148 586	67 582	0	216 168	98 %	0	0	0	2 762	0	765	3 527
GRAND TOTAL	227 366	152 916	68 900	0	221 816	98 %	0	0	0	3 971	796	783	5 550

5. IMPLEMENTATION OF PAYMENT APPROPRIATIONS

Implementation of payment appropriations – Title 1

	Item	Total approp. availab.	Payments made					Appropriations carried over to 2024				Appropriations lapsing			
			from final adopt. budget	from re-activations	from assign. revenue	Total	%	Autom. carry-overs	By decision	Assigned rev.	Total	from final adopt. budget	from re-activations	from assign. rev.	Total
		1	2	3	4	5=2+3+4	6=5/1	7	8	9	10=7+8+9	11	12	13	14=11+12+13
1100	Staff costs BBI	2 698	2 040	569	0	2 609	97 %	0	0	0	0	89	0	0	89
1101	Staff costs CBE	1 919	0	22	0	22	1 %	0	0	0	0	919	978	0	1 897
1110	Trainees BBI	36	0	27	0	27	76 %	0	0	0	0	0	9	0	9
Total Chapter 11		4 654	2 040	619	0	2 659	57 %	0	0	0	0	1 008	987	0	1 995
1200	Sundry recruitment expenses BBI	16	0	1	0	1	4 %	0	0	0	0	0	15	0	15
1201	Installation, resettlement and daily subsistence allowances and removal and travel expenses BBI	60	0	0	0	0	0 %	0	0	0	0	0	60	0	60
Total Chapter 12		76	0	1	0	1	1 %	0	0	0	0	0	75	0	75
1300	Mission expenses, duty travel expenses and other ancillary expenditure BBI	66	6	41	0	47	71 %	0	0	0	0	1	19	0	20
Total Chapter 13		66	6	41	0	47	71 %	0	0	0	0	1	19	0	20

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1400	Medical service BBI	18	0	17	0	17	93 %	0	0	0	0	0	1	0	1
1401	Mobility costs and other social expenses for staff BBI	153	131	1	0	132	86 %	0	0	0	0	21	0	0	21
1402	Training BBI	113	18	45	15	77	68 %	0	0	0	0	23	10	3	36
1403	Supplementary aid for the disabled BBI	29	0	0	0	0	0 %	0	0	0	0	0	29	0	29
Total Chapter 14		312	149	63	15	226	72 %	0	0	0	0	44	39	3	86
1500	Staff teambuilding and related events BBI	10	0	6	0	6	64 %	0	0	0	0	0	4	0	4
Total Chapter 15		10	0	6	0	6	64 %	0	0	0	0	0	4	0	4
Total Title 1		5 118	2 194	730	15	2 938	57 %	0	0	0	0	1 053	1 124	3	2 180

Implementation of payment appropriations – Title 2

	Item	Total approp. available	Payments made					Appropriations carried over to 2024				Appropriations lapsing			
			from final adopt. budget	from re-activations	from assign. revenue	Total	%	Autom. carry-overs	By decision	Assigned rev.	Total	from final adopt. budget	from re-activations	from assign. rev.	Total
		1	2	3	4	5=2+3+4	6=5/1	7	8	9	10=7+8+9	11	12	13	14=11+12+13
2000	Rentals BBI	361	344	16	0	361	100 %	0	0	0	0	1	0	0	1
2001	Rentals CBE	320	0	0	0	0	0 %	0	0	0	0	320	0	0	320
Total Chapter 20		681	344	16	0	361	53 %	0	0	0	0	321	0	0	321
2100	IT equipment & software purchase/development costs BBI	73	29	0	0	29	40 %	0	0	0	0	44	0	0	44
2101	Other IT costs BBI	300	102	137	0	239	80 %	0	0	0	0	59	1	0	60
2102	IT equipment & software purchase/development costs CBE	309	0	22	0	22	7 %	0	0	0	0	287	0	0	287
2103	Other IT costs CBE	108	76	5	0	81	75 %	0	0	0	0	27	0	0	27
Total Chapter 21		790	207	164	0	371	47 %	0	0	0	0	417	1	0	418
2200	Movable property and associated office equipment purchase costs BBI	4	0	0	0	0	0 %	0	0	0	0	0	4	0	4
Total Chapter 22		4	0	0	0	0	0 %	0	0	0	0	0	4	0	4
2300	Stationery and office supplies BBI	20	16	2	0	18	90 %	0	0	0	0	1	1	0	2
2302	Legal expenditure BBI	1	0	0	0	0	0 %	0	0	0	0	0	1	0	1
2303	Other current administrative expenditure BBI	1	1	0	0	1	92 %	0	0	0	0	0	0	0	0
Total Chapter 23		22	17	2	0	19	85 %	0	0	0	0	1	2	0	3

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2400	Telecommunications and postal charges BBI	2	0	2	0	2	86 %	0	0	0	0	0	0	0	0
Total Chapter 24		2	0	2	0	2	86 %	0	0	0	0	0	0	0	0
2500	Expenditure on formal meetings BBI	55	27	0	0	27	48 %	0	0	0	0	28	0	0	28
Total Chapter 25		55	27	0	0	27	48 %	0	0	0	0	28	0	0	28
2600	Events and campaigns BBI	368	1	145	0	146	40 %	0	0	0	0	191	31	0	221
2601	Materials BBI	201	0	54	0	54	27 %	0	0	0	0	97	50	0	147
2602	Communications tools BBI	122	0	113	0	113	93 %	0	0	0	0	0	8	0	8
2603	Public relations BBI	28	0	24	0	24	86 %	0	0	0	0	0	4	0	4
2605	Materials CBE	3	3	0	0	3	100 %	0	0	0	0	0	0	0	0
Total Chapter 26		721	4	336	0	340	47 %	0	0	0	0	288	93	0	381
2700	Studies, consultancy and other services BBI	62	0	62	0	62	100 %	0	0	0	0	0	0	0	0
2701	Service contracts BBI	28	0	3	0	3	9 %	0	0	0	0	0	25	0	25
2702	Audit costs BBI	26	0	26	0	26	99 %	0	0	0	0	0	0	0	0
2706	External staff BBI	400	201	0	0	201	50 %	0	0	0	0	199	0	0	199
Total Chapter 27		516	201	90	0	292	57 %	0	0	0	0	199	25	0	224
2900	Expert reviewers BBI	250	231	0	0	231	93 %	0	0	0	0	19	0	0	19
Total Chapter 29		250	231	0	0	231	93 %	0	0	0	0	19	0	0	19
Total Title 2		3 041	1 032	611	0	1 643	54 %	0	0	0	0	1 273	125	0	1 398

Implementation of payment appropriations – Title 3

	Item	Total approp. availab.	Payments made					Appropriations carried over to 2024				Appropriations lapsing			
			from final adopt. budget	from re-activations	from assign. revenue	Total	%	Autom. carry-overs	By decision	Assigned rev.	Total	from final adopt. budget	from re-activations	from assign. rev.	Total
			1	2	3	4	5=2+3+4	6=5/1	7	8	9	10=7+8+9	11	12	13
3000	Previous years' calls BBI	24 146	3 054	16 381	759	20 195	84 %	0	0	0	0	3 946	0	5	3 951
Total Chapter 30		24 146	3 054	16 381	759	20 195	84 %	0	0	0	0	3 946	0	5	3 951
3100	Current year call BBI	19 734	5 199	13 619	0	18 818	95 %	0	0	0	0	916	0	0	916
3101	Current year call CBE	83 665 ⁶	79 472	0	0	79 472	95 %	0	0	0	0	4 193	0	0	4 193
Total Chapter 31		103 399	84 672	13 619	0	98 290	95 %	0	0	0	0	5 109	0	0	5 109
3200	Evaluators' contract CBE	1 668	644	0	0	644	39 %	0	0	0	0	1 024	0	0	1 024
Total Chapter 32		1 668	644	0	0	644	39 %	0	0	0	0	1 024	0	0	1 024
Total Title 3		129 213	88 369	30 000	759	119 129	92 %	0	0	0	0	10 079	0	5	10 084
GRAND TOTAL		137 372	91 595	31 341	774	123 710	90 %	0	0	0	0	12 404	1 249	9	13 662

⁶ See footnote 2. Total includes an amount of Keur 356 (relating to a change in EFTA rate for the CBE operational commitment appropriations) which should have been removed following a late amendment voted on December 2023. The correction was overlooked and will be rectified in 2024. It is immaterial and does not change the overall CA execution.

6. OUTSTANDING COMMITMENTS

Outstanding commitments – Title 1

	Item	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at year-end
		Commitm. carried forward from previous year	Decommit. Revaluation Cancellations	Pay-ments	Total	Commit-ments made during the year	Pay-ments	Cancel-lation of commit. which cannot be carried forward	Commit. outstand-ing at year-end	
		1	2	3	4=1+2-3	5	6	7	8=5-6-7	9=4+8
1100	Staff costs BBI	16	(3)	13	0	2 602	2 596	0	6	6
1101	Staff costs CBE	0	0	0	0	42	22	0	20	20
1110	Trainees BBI	6	(6)	0	0	32	27	0	5	5
Total Chapter 11		22	(9)	13	0	2 677	2 646	0	31	31
1200	Sundry recruitment expenses BBI	9	(9)	0	0	16	1	0	15	15
Total Chapter 12		9	(9)	0	0	16	1	0	15	15
1300	Mission expenses, duty travel expenses and other ancillary expenditure BBI	19	(17)	2	0	50	45	0	5	5
Total Chapter 13		19	(17)	2	0	50	45	0	5	5
1400	Medical service BBI	7	(1)	6	0	12	11	0	1	1
1401	Mobility costs and other social expenses for staff BBI	32	(9)	12	0	152	119	0	33	33
1402	Training BBI	74	(56)	18	0	62	60	0	2	2
Total Chapter 14		113	(77)	36	0	226	190	0	36	36
1500	Staff teambuilding and related events BBI	0	0	0	0	10	6	0	4	4

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Total Chapter 15	0	0	0	0	10	6	0	4	4
Total Title 1	162	(111)	51	0	2 978	2 888	0	91	91

Outstanding commitments – Title 2

	Item	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at year-end
		Commitm. carried forward from previous year	Decommit. Revaluation Cancellations	Pay-ments	Total	Commit-ments made during the year	Pay-ments	Cancel-lation of commit. which cannot be carried forward	Commit. outstand-ing at year-end	
		1	2	3	4=1+2-3	5	6	7	8=5-6-7	9=4+8
2000	Rentals BBI	0	0	0	0	361	361	0	0	0
Total Chapter 20		0	0	0	0	361	361	0	0	0
2100	IT equipment & software purchase/development costs BBI	8	0	8	0	73	21	0	52	52
2101	Other IT costs BBI	176	(13)	60	104	275	180	0	96	199
2102	IT equipment & software purchase/development costs CBE	22	0	22	0	314	0	0	314	314
2103	Other IT costs CBE	31	0	28	3	80	53	0	27	30
Total Chapter 21		237	(13)	118	107	742	254	0	488	595
2300	Stationery and office supplies BBI	8	0	8	0	12	9	0	3	3
2302	Legal expenditure BBI	0	0	0	0	2	0	0	2	2
2303	Other current administrative expenditure BBI	0	(0)	0	0	1	1	0	0	0
Total Chapter 23		9	(0)	8	0	15	10	0	5	5
2400	Telecommunications and postal charges BBI	7	(6)	0	0	4	2	0	2	2
Total Chapter 24		7	(6)	0	0	4	2	0	2	2
2500	Expenditure on formal meetings BBI	4	(4)	0	0	45	27	0	18	18

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Total Chapter 25		4	(4)	0	0	45	27	0	18	18
2600	Events and campaigns BBI	116	(7)	109	0	510	38	0	472	472
2601	Materials BBI	0	0	0	0	133	54	0	80	80
2602	Communications tools BBI	57	(57)	0	0	120	113	0	7	7
2603	Public relations BBI	8	(2)	6	0	18	18	0	0	0
2604	Events and campaigns CBE	0	0	0	0	152	0	0	152	152
2605	Materials CBE	0	0	0	0	8	3	0	5	5
Total Chapter 26		181	(66)	115	0	941	226	0	715	715
2700	Studies, consultancy and other services BBI	1	(1)	0	0	67	62	0	5	5
2701	Service contracts BBI	3	0	3	0	0	0	0	0	0
2702	Audit costs BBI	87	(41)	26	20	3	0	0	3	23
2706	External staff BBI	9	0	9	0	242	192	0	50	50
Total Chapter 27		100	(42)	38	20	312	254	0	58	78
2900	Expert reviewers BBI	80	(2)	78	0	250	154	0	96	96
Total Chapter 29		80	(2)	78	0	250	154	0	96	96
Total Title 2		617	(134)	356	127	2 669	1 286	0	1 383	1 510

Outstanding commitments – Title 3

	Item	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at year-end
		Commitm. carried forward from previous year	Decommit. Revaluation Cancellations	Pay-ments	Total	Commit-ments made during the year	Pay-ments	Cancel-lation of commit. which cannot be carried forward	Commit. outstanding at year-end	
		1	2	3	4=1+2-3	5	6	7	8=5-6-7	
3000	Previous years' calls BBI	33 687	(1 312)	20 195	12 181	0	0	0	0	12 181
Total Chapter 30		33 687	(1 312)	20 195	12 181	0	0	0	0	12 181
3100	Current year call BBI	60 270	(1 843)	18 722	39 705	96	96	0	0	39 705
3101	Current year call CBE	119 471	(3 743)	79 472	36 256	215 429	0	0	215 429	251 684
Total Chapter 31		179 740	(5 585)	98 195	75 960	215 524	96	0	215 429	291 389
3200	Evaluators' contract CBE	529	0	0	529	644	644	0	0	529
Total Chapter 32		529	0	0	529	644	644	0	0	529
Total Title 3		213 956	(6 897)	118 389	88 670	216 168	740	0	215 429	304 099
GRAND TOTAL		214 736	(7 142)	118 796	88 797	221 816	4 914	0	216 902	305 699

7. GLOSSARY

Administrative appropriations

Appropriations to cover the running costs of the entities (staff, buildings, office equipment).

Adopted budget

Draft budget becomes the adopted budget as soon as approved by the budgetary authority.

Amending budget

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

Appropriations

Budget funding.

The budget forecasts both commitments (legal pledges to provide finance) and payments (cash or bank transfers to the beneficiaries). Appropriations for commitments and payments often differ — differentiated appropriations — because multiannual programmes and projects are usually fully committed in the year they are decided and are paid over the years as the implementation of the programme and project progresses.

Assigned revenue

Revenue dedicated to finance specific items of expenditure.

Budget result

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

For agencies, the resulting amount will have to be reimbursed to the funding authority.

Budget implementation

Consumption of the budget through expenditure and revenue operations.

Budget item / Budget line / Budget position

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

Budgetary commitment

Operation by which the authorising officer responsible reserves the budget appropriations necessary to cover for subsequent payments to honour legal commitments.

Cancellation of appropriations

Appropriations which have not been used by the end of the financial year and which cannot be carried over, shall be cancelled.

Carryover of appropriations

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

Commitment appropriations

Commitment appropriations cover the total value of legal obligations (contracts, grant agreements or decisions) that could be signed in the current financial year.

De-commitment

Operation whereby the authorising officer responsible cancels wholly or partly the reservation of appropriations previously made by means of a budgetary commitment.

Differentiated appropriations.

Differentiated appropriations are used to finance multiannual operations; they cover, for the current financial year, the total cost of the legal obligations entered into for operations whose implementation extends over more than one financial year.

Economic result

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

Entitlements established

Right to collect income from a debtor as recognised through the issuing of a recovery order.

Exchange rate difference

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

Expenditure

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

Grants

Direct financial contributions from the budget to third-party beneficiaries, engaged in activities that serve Union policies.

Lapsing appropriations

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

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

Legal basis / basic act

The legal act adopted by the legislative authority (usually the Council and European Parliament) specifying the objective of a Union spending programme, the purpose of the appropriations, the rules for intervention, expiry date and the relevant financial rules to serve as a legal basis for the implementation of the spending programme.

Legal commitment

The act whereby the Authorising Officer enters into an obligation towards third parties which results in a

charge for the Union budget.

Common forms of legal commitments are contracts in the case of procurement, grant agreements and grant decisions.

Non-differentiated appropriations

Appropriations which meet annual needs and must therefore be committed during the budget year. Only amounts qualifying for automatic carryover can be disbursed in the following year. Non -differentiated appropriations which have not been used, i.e. committed, by the end of the year, are cancelled (unless, exceptionally, permission is given by a Commission decision for a non-automatic carryover). Non- differentiated appropriations apply to administrative expenditure and commitment appropriations equal payment appropriations.

Operational appropriations

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

Outstanding commitments

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

Payment appropriations

Payment appropriations cover expenditure due in the current year, arising from legal commitments entered in the current year and/or earlier years.

RAL (Reste à liquider)

Amount remaining to be paid on a budgetary commitment at a given moment. Cf. Outstanding commitments

Surplus

Positive difference between revenue and expenditure, which has to be returned to the funding authority. Cf. Budget result

Transfer between budget lines

Transfers between budget lines imply the relocation of appropriations from one budget line to another, in the course of the financial year, and thereby they constitute an exception to the budgetary principle of specification.

