



DIR/RB(2016)01300

---

**OPINION OF THE GOVERNING BOARD ON THE FINAL ANNUAL  
ACCOUNTS 2015**

---

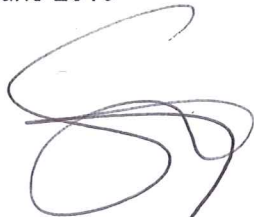
The Governing Board:

- having regard to Article 12a(6) of Regulation No 337/75 of the Council of 10 February 1975 establishing the Centre as last amended in 2004 and the financial rules applicable to the European Centre for the Development of Vocational Training adopted on 9 January 2014, and in particular Article 99(3) on the submission of accounts;
  - having regard to the annual accounts of the Centre for 2015 together with the Consolidated Annual Activity Report (CAAR) 2015, which takes into account the remarks of the Court of Auditors;
  - having regard to the Director's statutory declaration in the consolidated annual activity report 2015 and his expression of confidence in the checks and operation of the Centre's internal control system;
  - having regard to the statutory declaration of the accountant and the internal control coordinator in the consolidated annual activity report;
  - having regard to the Preliminary Observations the Court of Auditors (adopted by Chamber IV at its meeting of 19 April 2016);
- (1) declares it has reasonable assurance, on the basis of the facts in its possession, that the annual accounts for the financial year 2015 are reliable and that the underlying transactions, taken as a whole, are legal and regular in all material aspects;
  - (2) notes that the Centre's Consolidated Annual Activity Report for 2015 includes complete financial information;
  - (3) notes with satisfaction the high implementation rate with over 98,55 % of Cedefop's budget committed, and that 94 of the establishment plan's 96 posts were filled at 31 December 2015;
  - (4) notes the Court's draft observations in regard to the 2015 accounts and asks the Centre to continue its respective efforts;

- (5) expresses its satisfaction with the performance of the Centre and its staff and asks management and staff to continue their efforts.

The Governing Board, in consequence, confirms hereby its positive assessment of the annual accounts 2015 and expresses its opinion that it has the necessary assurance that the annual accounts 2015 provide a true and fair view of Cedefop's financial position and that the underlying actions have been legal and regular in all material aspects.

23 June 2016



Micheline Scheys  
Chair of the Governing Board



Thessaloniki, 9 June 2016  
RB(2016)01204

## **FINAL**

### **Annual Accounts**

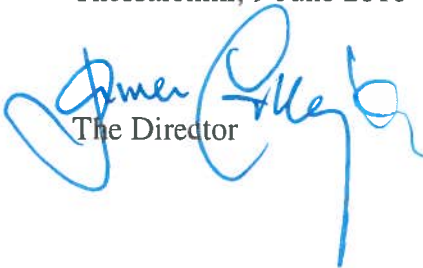
#### **Financial year 2015**

These accounts have been prepared by the Accounting Officer on 06/06/2016 and drawn up by the Director on 06/06/2016. The opinion of the Governing Board was given on 23/06/2016.

The present annual accounts, together with the opinion of the Governing Board, will be sent to the Commission's Accounting Officer, the Court of Auditors, the European Parliament and the Council on 30/06/2016.

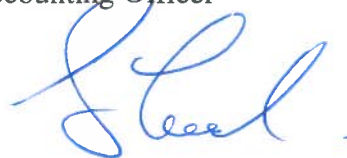
The accounts will be published on the *Community body* website:  
<http://www.cedefop.europa.eu>

Thessaloniki, 9 June 2016



The Director

The Accounting Officer



## **Introduction**

In accordance with Articles 92 and 93 of the financial rules of Cedefop (the European Centre for the Development of Vocational Training), hereafter “the Financial Rules”, adopted by the Governing Board on 9 January 2014 and replacing the former financial rules adopted by the Governing Board on 5 June 2009, Cedefop’s annual accounts comprise:

- the report on budgetary and financial management;
- the reports on implementation of the budget of the Centre;
- the financial statements of the Centre.

The accounts are kept in accordance with the provisions of Cedefop Decision of 9 January 2014, as supplemented by a Decision laying down detailed rules for the implementation of that Decision, adopted by the Governing Board on 3 June 2014 and replacing the former implementing rules adopted by the Governing Board on 17 December 2010.

The Centre has non-differentiated appropriations for administrative expenditure (Titles 1 and 2) and differentiated appropriations for operational expenditure (Title 3).

The accounts are kept in Euro (Euro), and the revenue and expenditure account and the balance sheet are presented in Euro. Operations are carried out at the monthly accounting rates in force when they are transacted. The Euro exchange rate used for the preparation of the balance sheet is the rate applicable on 31 December.

The subsidies received from Norway and Iceland are subsumed into the budget along with the subsidy from the Commission.

## **Certification**

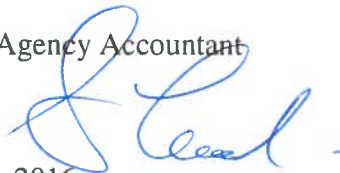
The annual accounts of Cedefop (the European Centre for the Development of Vocational Training) for the year 2015 have been prepared in accordance with the Title IX of the Financial Regulation applicable to the general budget of the European Union, the accounting rules adopted by the Commission's Accounting Officer and the accounting principles and methods adopted by myself.

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

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

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

Stephen Temkow- Agency Accountant



Thessaloniki 6 June 2016



**REPORT ON BUDGETARY AND  
FINANCIAL MANAGEMENT  
FINANCIAL YEAR 2015**

---

**1. INTRODUCTION**

**1.1. Legal basis – financial rules**

This report on budgetary and financial management has been prepared in accordance with Articles 93 and 94 of the Financial Rules.

**1.2. IT management systems**

Budgetary accounting is provided by Fibus, a software application developed within Cedefop which covers general accounting and budgetary accounting.

The various budgetary and financial reports are produced using the Fibus application.

The integration of the two sets of accounts guarantees that all budgetary operations are included in the general accounts.

A reconciliation of the two sets of accounts is included in the Annex.

**1.3. Nomenclature of appropriations**

The nomenclature of appropriations is defined by the Governing Board (Article 36 of the Financial Rules and Article 12 of the Implementing Rules) and is subdivided into three titles.

- Title 1: Staff
- Title 2: Administrative expenditure
- Title 3: Operational expenditure

In order to provide a more detailed analysis of costs in relation to the work programme, Title 3 is subdivided into chapters, with each Operational department having its own chapter. Note in 2015 Cedefop reorganised its operational departments to better reflect the three essential elements of its work. See the Conclusions at the end of this section for further details.

Chapter 32: Skill and Labour Market (previously: Research and Policy Analysis)

Chapter 33: VET Systems & Institutions (previously: Enhanced cooperation in VET and LLL)

Chapter 34: Learning and Employability (New)

Chapter 35: Communications (previously: Communication, information and dissemination)

Chapters 30 & 31: transversal activities & use of assigned revenue respectively.

#### **1.4. Management of appropriations**

In the new nomenclature introduced in the 2012 budget, Translation expenses were moved from Chapter 30 to Chapter 35 where a relevant budget line 352 with respective budget items (one for each Department) was created, as was also “Establishment of operational documentation” (previously budget line 300) that became a new budget item of budget line 354 “Pilot studies and public relations” under the responsibility and management of the Communication Department. Publications expenses, previously budgeted within each Department, were also moved to Chapter 35

#### **1.5. Non-automatic carryovers of appropriations**

No non-automatic carryovers were made from 2015 to 2016.

#### **1.6. Supplementary and amending budget**

In December 2013 the Centre was granted a supplementary and amending budget to the value of Euro 1 100 000; Euro 600 000 of this total was entered in the 2013 budget. The first Euro 600 000 relating to the grant were received in 2014 and a second tranche of Euro 445 000 received in 2015. The grant is treated as external assigned revenue and is to fund studies requested by DG Employment in the field of labour skills demand and supply.

#### **1.7. Monies received**

Amounts received in consideration of expenditure are entered in the accounts as a reduction in the expenditure if they are received in the same financial year as the expenditure is made and as sundry revenue if they are received in a subsequent financial year. As of 2014 amounts received as interest accruing on bank accounts constitutes revenue for Cedefop.

#### **1.8. Debit Notes**

The Centre issued thirteen debit notes for a total value of Euro 489 108. Their breakdown being: the request for Iceland’s 2015 contribution (Euro 13 947), the request for the second tranche of the DG EMPL grant Euro 445 000, four requests for the return of unspent grant funds (total Euro 12 007), two claims for legal charges and sundry claims for expenses to be reimbursed – the vast majority generally being travel related - (Total Euro 4 857).

**Evolution of commitment appropriations of the European Centre for the Development of Vocational Training (Cedefop) for the financial year 2015**

Article Item	Heading	Initial 2015 Budget	Budget following reorganisation	Transfers	Estimated Assigned Revenue	Final budget
	<b>Title 1 - STAFF EXPENDITURE</b>	<b>10,430,000</b>	<b>10,430,000</b>	<b>-586,100</b>	<b>0</b>	<b>9,843,900</b>
	<b>Title 2 - ADMINISTRATIVE</b>	<b>1,570,000</b>	<b>1,570,000</b>	<b>140,555</b>	<b>0</b>	<b>1,710,555</b>
	<b>Title 3 OPERATING EXPENDITURE</b>					
<b>3 0</b>	<b>TRANSVERSAL ACTIVITIES</b>	<b>330,000</b>	<b>330,000</b>	<b>-112,070</b>		<b>217,930</b>
3050	Management Board meetings	180,000	180,000	-76,050		103,950
3070	Transversal technical support	150,000	150,000	-36,020		113,980
<b>3 1</b>	<b>PARTICIPATION OF NON-MEMBER STATES IN THE OPERATIONAL WORK PROGRAMME</b>	<b>400,000</b>	<b>400,000</b>	<b>0</b>		<b>400,000</b>
3100	Participation of Non-Member states	0	0	0		0
3122	DG employment Grant	400,000	400,000	0		400,000
<b>32</b>	<b>SKILLS AND LABOUR MARKET (previously: Research and Policy Analysis)</b>	<b>2,301,000</b>	<b>1,712,000</b>	<b>-723,310</b>		<b>988,690</b>
3200	Missions, meeting, interpretation	290,000	233,000	-17,280		215,720
3240	Pilot studies and projects	1,929,000	1,479,000	-706,030		772,970
3250	ReferNet annual grants (Specific Grant Agreements) =>BL 3330	82,000		0		0
<b>3 3</b>	<b>VET SYSTEMS AND INSTITUTIONS (previously: Enhanced cooperation in VET and LLL)</b>	<b>2,603,000</b>	<b>1,554,000</b>	<b>784,090</b>		<b>2,338,090</b>
3300	Missions, meetings, interpretation	443,000	312,000	80,000		392,000
3340	Pilot studies and projects	2,160,000	1,160,000	704,090		1,864,090
3330	ReferNet annual grants (Specific Grant Agreements) (was 3250)	0	82,000	0		82,000
<b>34</b>	<b>LEARNING AND EMPLOYABILITY (new)</b>		<b>1,638,000</b>	<b>391,610</b>		<b>2,029,610</b>
3400	Missions, meetings, interpretation	0	188,000	0		188,000
3440	Pilot studies and projects	0	1,450,000	391,610		1,841,610
<b>3 5</b>	<b>COMMUNICATION (previously: Communication, information and dissemination)</b>	<b>712,560</b>	<b>712,560</b>	<b>105,225</b>	<b>10,000</b>	<b>827,785</b>
3500	Missions, meeting, interpretation	32,000	32,000	14,110		46,110
3510	Publications and dissemination	157,560	157,560	123,870	10,000	291,430
3520	Translation expenses	172,000	172,000	-65,040		106,960
3540	Pilot studies and projects	351,000	351,000	32,285		383,285
	<b>Title 3 – TOTAL</b>	<b>6,346,560</b>	<b>6,346,560</b>	<b>445,545</b>	<b>10,000</b>	<b>6,802,105</b>
	<b>GRAND TOTAL</b>	<b>18,346,560</b>	<b>18,346,560</b>	<b>0</b>	<b>10,000</b>	<b>18,356,560</b>



**Evolution of payment appropriations of the European Centre for the Development of Vocational Training (Cedefop) for the financial year 2015**

Heading	Initial 2015 Budget	Transfers	Estimated Assigned Revenue	Final Budget
<b>Title 1 - STAFF EXPENDITURE</b>	10,430,000	-586,100		9,843,900
<b>Title 2 - ADMINISTRATIVE</b>	1,570,000	140,555		1,710,555
<b>Title 3 OPERATING EXPENDITURE</b>	5,434,000	445,545	10,000	5,889,545
<b>TOTAL</b>	<b>17,434,000</b>	<b>0</b>	<b>10,000</b>	<b>17,444,000</b>
<b>Grant</b>	400,000			400,000
<b>Norway &amp; Iceland</b>	512,560			512,560
<b>GRAND TOTAL</b>	<b>18,346,560</b>	<b>0</b>	<b>10,000</b>	<b>18,356,560</b>

**2 BUDGET IMPLEMENTATION 2015**

Revenue			Expenditure										
Source of Revenue	Revenue entered in the final budget for the financial year	Revenue received for the financial year	Allocation of expenditure	Final budget appropriations for the financial year					Appropriations carried over from previous years				
				Entered	Committed	Paid	Carried Over	Cancelled	Available	Committed	Paid	Carried Over	Cancelled
Own revenue			Title I Staff (NDA)	9,843,900	9,795,580	9,700,844	94,736	48,320	126,187	126,187	87,426		38,761
Union contribution	17,434,000	15,800,000											
Other subsidies			Title II Administration (NDA)	1,710,555	1,700,898	1,222,904	477,994	9,657	425,877	425,877	408,809		17,068
Other revenue	10,000	19,132	Title III Operational Activities (DA)										
			- CA	5,889,545	5,882,709			6,836	0	0			
			- PA	5,889,545		4,312,014	0	1,577,531	0		0		0
Assigned revenue	912,560	971,506	Assigned revenue	971,506	712,040	0	971,506	0	1,359,026	778,123	1,099,753	259,273	0
Total	18,356,560	16,790,638	Total CA	18,415,506	18,091,227		1,544,236	64,813	1,911,090	1,330,187		259,273	55,829
			Total PA	18,415,506		15,235,762	1,544,236	1,635,508	1,911,090		1,595,988	259,273	55,829

## 2.1. Appropriations for the current financial year: Analysis of the use of appropriations and of the main changes compared with 2014.

### 2.1.1. Title 1: Staff

Budget item and heading		2015			2014		Change comm. %
		Final budget	Comm.	Payments	Comm.	Payments	2015/2014
110	Officials and temporary staff occupying a post (includes Social Security contributions, supplementary services and weightings)	7,743,905	7,737,412	7,737,412	7,755,120	7,755,120	0%
1111	Seconded national experts	140,000	138,712	138,712	170,024	170,024	-18%
1112	Contract staff	1,027,855	1,027,848	1,027,848	987,598	987,598	4%
1113	Trainees	88,350	88,350	88,350	81,393	81,393	9%
114	Miscellaneous allowances and grants	167,195	166,912	166,912	180,390	180,390	-7%
120	Allowances and expenses on leaving and entering the service	165,905	145,664	133,040	216,337	167,629	-33%
130	Mission expenses	118,530	104,000	92,342	75,591	71,289	38%
143	Medical service	47,260	46,809	41,061	60,745	44,806	-23%
149	Other expenditure	90,000	89,917	88,097	71,538	71,443	26%
150	Training	150,000	148,695	97,524	125,903	80,046	18%
160	Supplementary services	85,900	83,418	73,246	90,850	80,890	-8%
170	Representation expenses	19,000	17,843	16,301	17,212	15,886	4%
	<b>TITLE 1 – TOTAL</b>	<b>9,843,900</b>	<b>9,795,580</b>	<b>9,700,844</b>	<b>9,832,702</b>	<b>9,706,515</b>	<b>0%</b>

**Significant variations from 2014 to 2015 in commitments can be explained by:**

1111 (Seconded national experts) – The lower amount (-18%) is related to the fact that two new seconded national experts took up duties late in 2015 (September)

1200 (Allowances and expenses on leaving and entering the service) – The higher amount in 2014 was related to higher selection costs and the installation/resettlement costs of staff members with high grades.

1300 (Mission expenses) – In 2015, the costs per mission was higher than in 2014.

1430 (Medical service) – The 2015 figures reflect lower expenditure due to the unforeseen departure of Cedefop's medical officer combined with a decreased cost of annual medical exams.

1490 (Other expenditure) – In 2015 there was an increased cost for English schooling. This, in combination with a slight increase of the number of requests for financial support for pre-school, accounted for the higher expenditure on this budget line.

1500 (Training) – In 2015 the needs for training and the funds available were closely matched which resulted in a high budget execution rate.

During the financial year under consideration, staff movements were as follows:

	Staff on 31/12/2014	Increase			Reduction			Staff on 31/12/2015
		Internal movements	Recruit.	Total	Internal movements	Depart.	Total	
	(a)	(b)	(c)	(d) = (b + c)	(e)	(f)	(g) = (e + f)	
<b>OFF</b>	18			0		1	1	17
<b>TEMP</b>	77		4	4		4	4	77
<b>SNE</b>	2		2	2			0	4
<b>CTST</b>	23		2	2			0	25
<b>Total</b>	120		8	8		5	5	123

On 31 December 2015, 94 of the 96 posts on the establishment plan were occupied. Two posts were kept vacant in order to be cut in 2016 in line with the required reduction of staff.

The distribution by grade of occupied posts in the establishment plan is attached to this document in the Annex to the Financial Statements.

#### 2.1.2. Title 2: Infrastructure and operating expenditure

		2015			2014		Change comm. in % 2015/2014
		Final budget	Comm.	Payments	Comm.	Payments	
20	Building	642,245.00	634,363.37	577,692.48	644,523.85	597,951.93	-2%
21	IT	581,565.00	580,891.24	396,093.84	625,284	395,418.25	-7%
22	Equipment and furniture	110,305.00	109,808.01	80,206.46	129,066	91,150.03	-15%
23	Administrative expenses	83,250.00	82,668.36	75,643.14	95,074	76,173.80	-13%
24	Postal charges and telecommunic ations	281,490.00	281,466.88	86,686.30	265,076	176,801.00	6%
25	Meeting expenses	11,700.00	11,700.00	6,581.33	12,700	8,352.37	-8%
	<b>TITLE 2 TOTAL</b>	<b>1,710,555.00</b>	<b>1,700,897.86</b>	<b>1,222,903.55</b>	<b>1,771,724.28</b>	<b>1,345,847.38</b>	<b>-4%</b>

**The significant variation from 2014 to 2015 can be explained by:**

- Chapter 21: Chapter 21: (IT Costs): a decrease in the expenditure (-7.10%) on data processing equipment and services which was balanced by additional costs on Chapter 24 telecom equipment.
- Chapter 22: (Equipment and furniture): decrease (-15%) in expenditure as 2014 saw significant activity in the budget line reflecting the purchase of technical equipment following the refurbishing of the conference rooms and new meeting and training rooms.
- Chapter 23: (Administrative): a decrease in expenditure on administrative expenditure due to rationalisation and efficient financial management of the general administrative activity.
- Chapter 24: (Post and telecommunications): the small increase of (6.18%) was recorded on this post mainly due to the increase in the number of telecommunication equipment used at the Centre pursuing the more demanding operational priorities and challenges.

This year the Centre will carry forward Euro 572 730 of Title 1 and 2 appropriations; Euro 94 735 for Title 1 and Euro 477 995 for Title 2. These figures relate to non-assigned revenue funds.

The corresponding total figure for the previous year was Euro 552 064.

**2.1.3. Title 3: Operational expenditure (commitments) excluding Grants,**

Chapter		2015			2014		
		Final budget	Comm.	%	Final budget	Comm.	%
30	<b>TRANSVERSAL ACTIVITIES</b>	217,930	217,929	100.00%	228,585	228,581	100.00%
32	<b>SKILLS AND LABOUR MARKET</b> (previously: Research and Policy Analysis)	988,690	988,690	100.00%	2,695,765	2,695,439	99.99%
33	<b>VET SYSTEMS AND INSTITUTIONS</b> (previously: Enhanced cooperation in VET and LLL)	2,338,090	2,332,076	99.74%	1,917,470	1,917,203	99.99%
34	<b>LEARNING AND EMPLOYABILITY</b> (new)	2,029,610	2,029,610	100.00%	0	0	0
35	<b>COMMUNICATION</b> (previously: Communication, information and dissemination)	827,785	826,964	97.70%	661,062	645,828	97.70%
	<b>TITLE 3 - TOTAL</b>	<b>6,402,105</b>	<b>6,395,269</b>	<b>99.89%</b>	<b>5,502,882</b>	<b>5,487,051</b>	<b>99.71%</b>

Transversal activities cover the costs relating to the Governing Board meetings and transversal technical support.

Each Department has its own lines for the costs of missions, meetings and interpretation, pilot studies and projects. Budget lines by Department for translation and publications expenses are included in chapter 35 of the Communications Department.

Cedefop continues to fully utilise all its operational funding year on year with an implementation rate for 2015 of 99.89%.

2.1.4. Title 3: Operational expenditure (Payment Appropriations) excluding Grants and Norway and Iceland

Heading	Initial 2015 Budget	Transfers	Estimated Assigned Revenue	Final Budget	Payments	Balance
Title 1 – Staff	10,430,000	-586,100		9,843,900		
Title 2 - Administrative	1,570,000	140,555		1,710,555		
Title 3 - Operational	5,434,000	445,545	10,000	5,889,545	-4,312,014	1,577,531
<b>Total</b>	<b>17,434,000</b>	<b>0</b>	<b>10,000</b>	<b>17,444,000</b>	<b>-4,312,014</b>	<b>1,577,531</b>
Grant	400,000			400,000		
Norway & Iceland	512,560			512,560		
<b>Grand Total</b>	<b>18,346,560</b>	<b>0</b>	<b>10,000</b>	<b>18,356,560</b>	<b>-4,312,014</b>	<b>1,577,531</b>

Payment appropriations for Title 3, excluding Norway and Iceland funds, came to a total of Euro 5 889 545 of which Euro 4 312 014 were disbursed.

The grant income was budgeted at Euro 400,000 for the year however Cedefop received Euro 445,000. The difference does not change the overall budget for this activity. The remaining funds still to be received will be reduced accordingly.

Note, the significant saving in personnel costs and slower Title 3 disbursements enabled the Agency to reduce its final subsidy request by Euro 434 000, additionally the reduction in the year-end cash security buffer requirements allowed the Agency to return Euro 1 200 000 to the Commission. The effect is to reduce the Agency’s budget surplus and make for a more efficient use of treasury resources whilst at the same time utilising Commitment Appropriations at close to 100%.

2.2. Other classes of appropriations

*2.2.1 Assigned revenue received – previous financial year – Class L*

	Appropriations carried over	Comm.	Payments	Comm./Bud.	Carried-over	Cancelled
Title 1 – Staff	2,682.33	2,682.33	2,682.33	100.00%	0	0
Title 2 - Administrative expenditure	-	-	-	0.00%	0	0
Title 3 - Operational expenditure	480.06	480.06	476.50	100.00%	3.56	0
<b>Total</b>	<b>3,162.39</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>3.56</b>	<b>0</b>

Class L Title 3 costs relate to translation and editing costs for the operational departments and onsite technical support. These small remaining funds will be utilised in 2016.

*2.2.2 Appropriations carried over automatically from 2014 to 2015 – Class A for Titles 1 and 2 (operational expenditure being treated as differentiated appropriations).*

	Appropriations carried over	Commitments carried over	Payments	Pay/comm.	Cancelled
Title 1 – Staff	126,186.81	126,186.81	87,425.86	69%	38,760.95
Title 2 - Administrative	425,876.90	425,876.90	408,808.94	96%	17,067.96
<b>Total</b>	<b>552,063.71</b>	<b>552,063.71</b>	<b>496,234.80</b>	<b>90%</b>	<b>55,828.91</b>

Class A represents funds carried over from the previous year.



2.2.3. Assigned revenue

MONITORING TABLE FOR ASSIGNED REVENUE 2015								
DG EMPL projects & third countries	BALANCE: total carryovers on 31/12/14	New funds	Payment in 2015	Funds returned	Carryover balance - present	New approp. 2015	Payment in 2015	Balance
	a	b	c	d	e=a+b-c-d	e	f	h=d+e-f
Participation Norway 2015						498,612.40		498,612.40
Participation Iceland 2015						13,947.00		13,947.00
Participation Iceland 2014						13,947.00	13,947.00	0.00
<b>Total projects 2015</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>526,506.40</b>	<b>13,947.00</b>	<b>512,559.40</b>
Contribution Agreement VS/2013/0554	536,975.00	445,000.00	340,016.27		641,958.73			641,958.73
Participation Norway 2014	509,070.00	0.00	509,070.00		0			0.00
<b>Total projects 2014</b>	<b>1,046,045.00</b>	<b>445,000.00</b>	<b>849,086.27</b>		<b>641,958.73</b>			<b>0.00</b>
Contribution Agreement no30/CE-0538371/00-03	261,071.00		224,400.00		36,671.00			36,671.00
Participation Norway 2012	3,334.46				3,334.46			3,334.46
<b>Total projects 2012</b>	<b>264,405.46</b>	<b>0.00</b>	<b>224,400.00</b>	<b>0.00</b>	<b>40,005.46</b>			<b>40,005.46</b>
Sundry assigned revenue	1,221.59		1,221.59		0.00			0.00
Participation Norway 2011	45,373.60		9,121.15		36,252.45			36,252.45
<b>Total projects 2011</b>	<b>46,595.19</b>		<b>10,342.74</b>		<b>36,252.45</b>			<b>36,252.45</b>
Commission's Grant regarding building repairs	39.50		39.50		0.00			0.00
<b>Total projects 2009</b>	<b>39.50</b>		<b>0.00</b>		<b>0.00</b>			<b>0.00</b>
Other assigned revenue	480.06		476.50		3.56			3.56
<b>Total projects 2007</b>	<b>480.06</b>		<b>476.50</b>		<b>3.56</b>			<b>3.56</b>
Other assigned revenue 2009 & 2010	1,460.74		1,460.74		0.00			0.00
<b>Total assigned revenue</b>	<b>1,460.74</b>		<b>1,460.74</b>		<b>0.00</b>			<b>0.00</b>
<b>TOTAL</b>	<b>1,359,025.95</b>	<b>445,000.00</b>	<b>1,085,805.75</b>	<b>0.00</b>	<b>718,220.20</b>	<b>526,506.40</b>	<b>13,947.00</b>	<b>1,230,779.60</b>

### 3. CONCLUSIONS

#### Changes to Cedefop's Organisational structure

16 March 2015 saw the introduction of a new organisational structure to combine the Agency's research, analyses and policy advice functions and strengthen its role as a knowledge broker and provider of country-based evidence to support policy learning and implementation in Member States.

Cedefop needed a new operational base to develop and implement strategy and better support the European Commission, Member States and social partners. Reflecting the broader scope of VET and developments in Cedefop's work and expertise, the restructuring established three thematic operational departments (instead of two), namely the:

- a) Department for VET systems and institutions, which addresses the conditions to make VET more attractive, accessible and relevant, including by reducing institutional barriers and strengthening the visibility of skills through qualifications;
- b) Department for learning and employability, which addresses VET policies from the perspective of targeted groups among learners and workers, focusing on how to promote their participation in high quality learning, including at the workplace; and the
- c) Department for skills and employment, which provides labour market intelligence, including changes in skill needs, to support VET policy making.

Establishing three thematic departments has strengthened Cedefop's organisational and strategic alignment. VET remains central to Cedefop's work, while the departments take the lead in addressing different but complementary aspects.

The Official Journal published in March 2016 will reflect the new organisational structure.

#### Implementation of the 2015 work programme

The following summarises the main results and activities of the implementation of the 2015 work programme.

[More information and a detailed presentation of the indicators of Cedefop's performance measurement system (PMS) are/will be available in the Annual Report 2015 and the Consolidated Annual Activity Report ([www.cedefop.europa.eu](http://www.cedefop.europa.eu)).]

##### ABB activity: Policy analysis and reporting

By highlighting achievements of EU countries towards agreed objectives for VET, Cedefop's report 'Stronger VET for better lives' informed the decision by Ministers on new 'deliverables' for VET for the period 2015-20. The evidence collected by Cedefop on VET policy reforms was also used to systematically inform the country-specific recommendations of the European Semester and to support DGVT debates under the Latvian and Luxembourg Presidencies. To make VET systems better known across EU countries, Iceland and Norway, a special 'spotlight' edition was released as part of Cedefop publications to mark its 40<sup>th</sup> Anniversary. Using recent data from the European Statistical System, an update of the Country statistical overviews and a thorough statistical analysis of job-related learning across the EU were published. In addition, substantial work on a Mobility Scoreboard for initial VET started. This new

project, entrusted to Cedefop by the Commission, is developed in response to the 2011 Council Recommendation ‘*Youth on the Move - Promoting the learning mobility of young people*’<sup>(1)</sup>, which sets learning mobility as a priority for Member States.

ABB activity: Common European tools, qualifications and learning outcomes

Cedefop continued to support the European Commission, Member States, social partners and other stakeholders in developing and implementing European tools and principles to make qualifications more transparent, ease mobility of learners and workers and promote lifelong learning. Cedefop’s fifth annual report on National Qualifications Framework in the EU confirm that they are a key tool to make qualifications more transparent and easier to compare, nationally and internationally as well as to trigger reforms in education and training. Cedefop continued to coordinate the European Qualifications Framework Advisory Group jointly with the European Commission and to support EQAVET and ECVET. Cedefop also published revised European guidelines on validation of non-formal and informal learning to assist individuals and institutions responsible for the initiation, development, implementation and operation of validation arrangements. Visits to the Europass website – managed by Cedefop and available in 27 languages – reached 126 million since its launch (2015: 24 million – a 10% increase in comparison to 2014). 65 million CVs have been generated online (2015: 18 million – a 44% increase in comparison to 2014). In addition, Cedefop provided cooperation platforms and ‘hands-on’ support for stakeholders during the first ‘Policy learning forum on the definition and writing of learning outcomes for VET qualifications’.

ABB activity: Empowering adults and young people

Cedefop successfully finalised two thematic country reviews on Apprenticeships, in Lithuania and Malta and launched reviews with three more countries: Greece, Italy and Slovenia. The aim is to help each country to establish/upscale its apprenticeship-type schemes addressing national needs, challenges and priorities. As part of the support to the ‘European alliance for apprenticeships’ Cedefop organised the 2<sup>nd</sup> European Apprenticeship Conference – ‘Engaging SMEs in apprenticeships’. In addition, Cedefop prepared short reviews of policy developments in apprenticeships for DGVT meetings and several papers for the ET2020 working group on VET. Cedefop also finalised a number of studies, including: governance and financing of apprenticeships; the role of VET in addressing early leaving from education and training; a stocktaking exercise on adult learning; work-based learning approaches in CVET in Europe. Finally, Cedefop organised a training course on financing skills development in cooperation with the International Labour Organisation (ILO), the European Training Foundation (ETF), and the French Agency for Development (AFD), and a round table discussion with EU and national key stakeholders on the role of apprenticeships to help asylum seekers and/or refugees integrate faster in the labour market.

ABB activity: Skills analysis

The results of the Agency’s first European skills and jobs survey together with further analyses on skill shortages and effective skills matching policies in Europe were

---

<sup>(1)</sup> Council Recommendation of 28 June 2011, ‘Youth on the move’ — promoting the learning mobility of young people, 2011/c 199/01: [http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:32011H0707\(01\)](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:32011H0707(01))

published and debated at several key stakeholders' events. Widely taken up by the media, these findings also informed work of the European Parliament's Employment and Social Affairs Committee and a range of EU policy documents. These included, for instance, the Commission's thematic fiche on 'Skills for the labour market' for the European semester and the 'Employment and Social Developments in Europe 2015'. The EU Cedefop forecast of future skill needs was complemented by country-specific analyses of trends in skill supply and demand up to 2025. The Skills Panorama relaunch in December 2015 exemplified how research results may be used to inform policy-makers but also practitioners. It demonstrates how labour market intelligence can be made available and accessible to inform decisions of key labour market actors.

### Organisational impact

Key performance indicators show high organisational impact: Cedefop's work is widely cited in 107 EU policy documents and 56 policy documents of international organisations (e.g. OECD, UNESCO, ILO, WEF and IMF). Cedefop provided advice and expertise to Presidency events and EU-level senior stakeholder meetings that support policy implementation (172 contributions). 72 conferences, workshops and meetings with high level representatives of EU and national institutions were organised by Cedefop, gathering about 1800 external participants, the vast majority of whom (95%) found the events either good or very good. Above 600 000 downloads of Cedefop publications were recorded, including 89 000 downloads of briefing notes targeting policy makers and published in eight languages. This shows high interest in the knowledge and insights the Agency generates. 544 media articles reported on Cedefop's work in leading national and European media. Academic/scientific journals cited Cedefop publications and studies (491 citations in 2014-15).

### Audit Updates

In 2015, the IAS performed an audit on 'Procurement, including Fraud prevention and legal advice in Cedefop'. The audit confirmed that Cedefop's internal control system provides reasonable assurance regarding the achievement of the business objectives established for procurement, including the provision of legal advice and fraud prevention measures. The resulting recommendations are being implemented according to the agreed action plan.

The European Court of Auditors' opinion on the annual accounts 2014 confirmed that Cedefop's accounts are reliable and that the underlying actions were, taken as a whole, legal and regular without reservation or qualification. The ECA's report confirms that Cedefop's internal control system is working well. The auditors carried out their first visit on the 2015 accounts in December. Cedefop is following up on the preliminary findings and the draft report is pending.

The feedback received from all audits confirms that Cedefop's internal control system and administration are working well. In 2015, a risk-based review of the sensitivity of posts was introduced as a compulsory feature of the annual objective setting process. This review increases staff awareness and provides additional assurance on the robustness of internal controls.

### Developments in 2015 in the administration service

Cedefop's administration and internal services continued to support operations effectively and efficiently and contributed significantly to the implementation of the Agency's re-organisation which entered into force in 2015.



All basic services were delivered on target:

- 98% occupation rate of the establishment plan including ongoing procedures. Seven new staff members took up duties in 2015, including three new Heads of Department;
- 98,55% budget implementation rate;
- over 99.52% availability of core ICT systems and services
- 98.25% implementation of the procurement planning
- average payment time for invoices 16.28 days, well below the target of 28 days.

Cedefop's commitment to continuous administration improvements is reflected in:

- further optimisation of administrative processes (revamping of translation workflows, traineeship application upgrade, HR data streamlining, paperless commitments, e-tendering in collaboration with DG DIGIT, automatically generated reporting on expenditure under framework contracts);
- upgrades and tailoring of core ICT systems and services, including enhanced ICT business continuity and access to cloud services. Following a workshop on ICT security organised by ENISA, Cedefop will participate in the 2016 Cyber Europe security exercise .

The Agency also pursues continuous development and efficiency gains through active participation in inter-agency cooperation and peer-learning. This includes participation in networks related to administration, procurement, accountancy, IT, learning and development, greening and environmental management, health and safety as well as ad hoc inter-agency working groups. These fora provide for exchange on strategic challenges, latest developments, and new and best practices. This type of cooperation has proven crucial for Agencies and yields both intangible and tangible benefits, such as the 2015 inter-agencies call for tender for cloud broker model

Finally, in 2015, all internal and external structural works on Cedefop's building were completed. The building's sliding activity will continue to be monitored.

## **REPORTS ON IMPLEMENTATION OF THE 2015 BUDGET**

In accordance with Article 97 of the Financial Rules and Articles 82 and 83 of the Implementing Rules, the budget implementation reports of the Centre for the financial year 2014 comprise:

- the report which aggregates all budgetary operations for the year in terms of revenue and expenditure (*previously*: budget outturn account),
- the explanatory notes, which supplement and comment on the information given in the reports.

## 1. Report aggregating all budgetary operations

### Revenue and expenditure account for the financial year 2015 and 2014

	2015	2014
<b>Revenue</b>		
Own revenue		
Commission contributions	15,800,000.00	16,333,900.00
Sundry revenue		
Assigned revenue	971,506.40	1,109,070.00
Other revenue	19,132.06	10,042.66
<b>Total revenue (a)</b>	<b>16,790,638.46</b>	<b>17,453,012.66</b>
<b>Expenditure</b>		
<i>Staff – Title 1 of the budget</i>		
Payments	9,703,526.39	9,706,515.43
Appropriations carried over	94,735.48	126,186.81
<i>Administration – Title 2 of the budget</i>		
Payments	1,222,903.55	1,345,847.38
Appropriations carried over	477,994.31	425,876.90
<i>Operating activities– Title 3 of the budget</i>		
Payments	1,490,102.40	1,841,625.44
Payments against outstanding commitments at 31/12/n-1	2,821,911.87	2,545,454.98
Payment appropriations carried over	-	-
<i>Assigned revenue (Grants + third countries and others)</i>		
Payments	1,099,752.75	1,113,374.52
Carryovers including assigned revenue not entered in the budget	1,230,779.60	1,359,025.95
<b>Total expenditure (b)</b>	<b>18,139,024.02</b>	<b>18,463,907.41</b>
<b>Outturn of the financial year (c = a - b)</b>	<b>- 1,348,385.56</b>	<b>-1,010,894.75</b>
Balance carried over from the previous year		
Cancelled n-1 appropriations carried over (non-differentiated appropriations Titles 1 and 2)	55,828.91	39,948.62
Appropriations carried over from assigned revenue	1,359,025.95	1,363,330.47
Payment appropriations carried over from the previous year (Title 3)	-	-
Exchange-rate differences	- 7,187.64	-8,749.74
<b>Balance for the financial year</b>	<b>59,281.66</b>	<b>383,634.59</b>

## **2. Explanatory note**

The Centre has had differentiated appropriations for Title 3 since 2004, which explains why no carryovers of appropriations for operational activities appear in the calculation of the budget outturn.





## **FINANCIAL STATEMENTS**

### **FINANCIAL YEAR 2015**

In accordance with Article 96 of the Financial Rules and Articles 79, 80 and 81 of the Implementing Rules, the financial statements of the Centre for the financial year 2015 comprise:

- the balance sheet and the statement of financial performance (*previously*: economic outturn account),
- the statement of changes in net assets,
- the cash-flow statement,
- the notes to the financial statements.

## 1.1. BALANCE SHEET

		2015	2014
<b>ASSETS</b>			
<b>A. NON CURRENT ASSETS</b>			
<b>Intangible fixed assets</b>		<b>82,245.15</b>	<b>118,191.19</b>
<b>Tangible fixed assets</b>		<b>3,293,324.12</b>	<b>3,584,319.24</b>
	Land and buildings	2,631,843.19	2,884,773.26
	Plant and equipment	222,299.96	232,716.95
	Computer hardware	379,362.12	396,138.36
	Furniture and vehicles	31,040.54	34,464.80
	Other fixtures and fittings	28,778.31	36,225.87
	Leasing	0.00	0.00
	Tangible fixed assets under construction	0.00	0.00
<b>Long-term pre-financing</b>		<b>0.00</b>	<b>0.00</b>
	Long-term pre-financing	0.00	0.00
	<i>LT pre-financing with consolidated EC entities</i>	0.00	0.00
<b>Long-term receivables</b>		<b>5,076.41</b>	<b>5,076.41</b>
	Long-term receivables	5,076.41	5,076.41
	<i>LT receivables with consolidated EC entities</i>	0.00	0.00
<b>TOTAL NON CURRENT ASSETS</b>		<b>3,380,645.68</b>	<b>3,707,586.84</b>
<b>B. CURRENT ASSETS</b>			
<b>Stocks</b>		<b>0.00</b>	<b>0.00</b>
<b>Short-term pre-financing</b>		<b>161,697.30</b>	<b>367,131.60</b>
	Short-term pre-financing	161,697.30	367,131.60
	<i>ST pre-financing with consolidated EC entities</i>	0.00	0.00
<b>Short-term receivables</b>		<b>1,632,674.99</b>	<b>1,860,493.67</b>
	Current receivables	1,303,521.01	1,348,557.54
	Long-term receivables falling due within a year		
	Sundry receivables	193,732.79	400,840.43
	Other	135,421.19	106,564.70
	-Accrued income	0.00	11,242.31
	-Deferred charges	135,421.19	95,322.39
	<i>Deferrals and Accruals with consolidated EC entities</i>	0.00	0.00
	<i>Short-term receivables with consolidated EC entities</i>	0.00	4,531.00
<b>Cash and cash equivalents</b>		<b>243,615.85</b>	<b>419,571.48</b>
<b>TOTAL CURRENT ASSETS</b>		<b>2,037,988.14</b>	<b>2,647,196.75</b>
<b>TOTAL</b>		<b>5,418,633.82</b>	<b>6,354,783.59</b>

		2015	2014
<b>LIABILITIES</b>			
<b>A. CAPITAL</b>		<b>3,679,630.68</b>	<b>4,411,939.22</b>
<b>Reserves</b>			
<b>Accumulated surplus/deficit</b>		<b>4,411,939.22</b>	<b>4,611,601.25</b>
<b>Economic result of the year - profit+/loss-</b>		-732,308.54	-199,662.03
<b>B. Minority interest</b>			
<b>C. NON CURRENT LIABILITIES</b>		<b>0.00</b>	<b>0.00</b>
<b>Employee benefits</b>		0.00	0.00
<b>Provisions for risks and charges</b>		0.00	0.00
<b>Other long-term liabilities</b>		0.00	0.00
	Other long-term liabilities	0.00	0.00
	<i>Other LT liabilities with consolidated EC entities</i>	0.00	0.00
	<i>Pre-financing received from consolidated EC entities</i>	0.00	0.00
	<i>Other LT liabilities from consolidated EC entities</i>	0.00	0.00
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>3,679,630.68</b>	<b>4,411,939.22</b>
<b>D. CURRENT LIABILITIES</b>		<b>0.00</b>	<b>0.00</b>
<b>Provisions for risks and charges</b>		<b>0.00</b>	<b>0.00</b>
<b>Accounts payable</b>		<b>1,739,003.14</b>	<b>1,942,844.37</b>
	Current payables	419,615.66	60,549.07
	Long-term liabilities falling due within the year	0.00	0.00
	Sundry payables	2,625.88	4,366.58
	Other	578,850.21	696,208.63
	- Accrued charges	578,850.21	696,208.63
	- Deferred income	0.00	0.00
	<i>Deferrals and accruals with consolidated EC entities</i>	0.00	0.00
	<i>Accounts payable with consolidated EC entities</i>	737,911.39	1,181,720.09
	<i>Pre-financing received from consolidated EC entities</i>	737,911.39	1,181,720.09
	<i>Other accounts payable against consolidated EC entities</i>	0.00	0.00
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,739,003.14</b>	<b>1,942,844.37</b>
<b>TOTAL</b>		<b>5,418,633.82</b>	<b>6,354,783.59</b>

## 1.2. STATEMENT OF FINANCIAL PERFORMANCE

	2015	2014
Revenues from administrative operations	142,008.60	159,080.35
Other operating revenue	16,821,092.26	17,033,408.45
<b>TOTAL OPERATING REVENUE</b>	<b>16,963,100.86</b>	<b>17,192,488.80</b>
Staff and administrative expenses	-11,769,595.96	-11,867,332.56
Staff expenses	-9,380,486.57	-9,471,960.09
Fixed asset related expenses	-584,404.03	-546,337.09
Administrative expenses	-1,804,705.36	-1,849,035.38
Operational expenses	-5,922,115.11	-5,521,468.52
Other operational expenses	-5,922,115.11	-5,521,468.52
<b>TOTAL OPERATING EXPENSES</b>	<b>-17,691,711.07</b>	<b>-17,388,801.08</b>
<b>SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES</b>	<b>-728,610.21</b>	<b>-196,312.28</b>
Financial revenues	0.00	0.00
Financial expenses	-3,698.33	-3,349.75
Movement in pensions (- expense, + revenue)		
<b>SURPLUS/(DEFICIT) FROM NON OPERATING ACTIVITIES</b>	<b>-3,698.33</b>	<b>-3,349.75</b>
<b>SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES</b>	<b>-732,308.54</b>	<b>-199,662.03</b>
Extraordinary gains (+)		
Extraordinary losses (-)		
<b>SURPLUS/(DEFICIT) FROM EXTRAORDINARY ITEMS</b>	<b>0.00</b>	<b>0.00</b>
<b>ECONOMIC RESULT OF THE YEAR</b>	<b>-732,308.54</b>	<b>-199,662.03</b>

**2. STATEMENT OF CHANGES IN NET ASSETS**

---

Capital	Reserves		Accumulated Surplus / Deficit	Economic result of the year	Capital (total)
	Fair value reserve	Other reserves			
<b>Balance as of 31 December 2014</b>			<b>4,611,601.25</b>	<b>-199,662.03</b>	<b>4,411,939.22</b>
Changes in accounting policies				0.00	0.00
<b>Balance as of 1 January 2015</b>	<b>0.00</b>	<b>0.00</b>	<b>4,611,601.25</b>	<b>-199,662.03</b>	<b>4,411,939.22</b>
Other					0.00
Fair value movements					0.00
Movement in Guarantee Fund reserve					0.00
Allocation of the Economic Result of Previous Year			-199,662.03	199,662.03	0.00
Amounts credited to Member States					0.00
Economic result of the year				-732,308.54	-732,308.54
<b>Balance as of 31 December 2015</b>	<b>0.00</b>	<b>0.00</b>	<b>4,411,939.22</b>	<b>-732,308.54</b>	<b>3,679,630.68</b>

### 3. CASH-FLOW STATEMENT (INDIRECT METHOD)

	2015	2014
<b>Cash Flows from ordinary activities</b>		
<b>Surplus/(deficit) from ordinary activities</b>	<b>-732,308.54</b>	<b>-199,662.03</b>
<b>Operating activities</b>		
<u>Adjustments</u>		
Amortization (intangible fixed assets) +	47,502.08	42,955.96
Depreciation (tangible fixed assets) +	536,901.95	503,381.13
Increase/(decrease) in Provisions for risks and liabilities	0.00	-74,665.36
Increase/(decrease) in Value reduction for doubtful debts	0.00	0.00
(Increase)/decrease in Stock	0.00	0.00
(Increase)/decrease in Long term Pre-financing	0.00	0.00
(Increase)/decrease in Short term Pre-financing	205,434.30	331,631.06
(Increase)/decrease in Long term Receivables		0.00
(Increase)/decrease in Short term Receivables	227,818.68	-175,093.19
(Increase)/decrease in Receivables related to consolidated EC entities	0.00	0.00
Increase/(decrease) in Other Long term liabilities	0.00	0.00
Increase/(decrease) in Accounts payable	239,967.47	-255,883.81
Increase/(decrease) in Liabilities related to consolidated EC entities	-443,808.70	207,583.91
<b>Net cash Flow from operating activities</b>	<b>81,507.24</b>	<b>380,247.67</b>
<b>Cash Flows from investing activities</b>		
Increase of tangible and intangible fixed assets (-)	-257,462.87	-300,871.44
Proceeds from tangible and intangible fixed assets (+)		
<b>Net cash flow from investing activities</b>	<b>-257,462.87</b>	<b>-300,871.44</b>
Net increase/(decrease) in cash and cash equivalents	-175,955.63	79,376.23
<b>Cash and cash equivalents at the beginning of the period</b>	<b>419,571.48</b>	<b>340,195.25</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>243,615.85</b>	<b>419,571.48</b>

## 4. ANNEX

---

### 1. Introduction

Cedefop adopted its new Financial Rules (Decision DIR/RB(2014)00032) on 9 January 2014 in conformity with Commission Delegated Regulation (EU) No 1271/2013 of 30 September 2013 on the framework Financial Regulation for the bodies referred to in Article 208 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council (“the general Financial Regulation”). In that context, Cedefop applies the accounting rules referred to in Article 152 of the general Financial Regulation to allow its accounts to be consolidated with those of the Commission.

In accordance with Article 248 of Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union, all assets entered in the Centre’s balance sheet are those with a purchase value equal to or higher than the accounting threshold and with a utilisation value higher than one year.

The depreciation of assets is calculated *pro rata temporis* from the time the asset enters into service, whereas its inclusion in the inventory takes place on the basis of its date of delivery.

Cedefop also adopted on 3 June 2014 its new Implementing Rules to the Financial Rules adopted on 9 January 2014 (and entered into force on 01.01.2014), which make the subject of a Governing Board Decision (DIR/RB(2014)01414) that also entered into force on 01.01.2014 (as per DG BUDG instruction of 28.04.2014). Articles 96 to 103 of that Decision (referring to Article 106 of the Financial Rules) include detailed provisions in regard to the inventory system.

#### **Changes to the calculation of accruals and pre-financing given to suppliers.**

The 2014 accounts introduced a new method of calculating accruals whereby the figure is derived primarily from an analysis of invoices received in the following year plus those amounts where services or goods have been received but invoices are yet to be registered. This approach to the recognition of accrued expenses differs from previous years which included an internally generated estimate of the value of works performed by suppliers. The new approach offers a more transparent figure supported by third party documentation and is more in keeping with recognised accountancy practice.

Similarly pre-financing given to suppliers had in previous years been adjusted to incorporate an estimate of work performed by suppliers. This estimate is no longer included in the calculation.

## 2. Remarks relating to fixed assets

The accounting threshold depends on the date of purchase of the asset (see table below).

Ref.	from	To	Amount
Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012	1.1.2013		€420
Regulation (EC, Euratom) No 2342/2002 of 23 December 2002	1.1.2003	31.12.2012	€420
Commission Regulation (EC) No 1687/2001 of 21 August 2001	31.8.2001	31.12.2002	€420
Decision 2000/716/EC	1.1.2000	30.8.2001	€420
Decision 97/594/EC	1.1.1997	31.12.1999	ECU 400

These assets were depreciated.

The straight line depreciation method was used. The depreciation rates applied are those applied at the Commission, namely:

- Software and intangible assets: 4 years;
- land and buildings: 25 years
- plant and equipment: 4 or 8 years;
- furniture: 10 years;
- transport equipment and IT equipment: 4 years;

### A. Intangible fixed assets

Development costs of new software systems have not been capitalised as they fall below the Agency's threshold of Euro 150 000. They are calculated respectively at Euro 102 080 for the Web Portal and Euro 125 730 for the Skills Panorama. No research costs were incurred in 2015.

	Software
<u>A. Purchase value:</u>	
Previous financial year	298,721.78
Additions	11,556.04
Withdrawals or transfers from other headings	0.00
<i>At the end of the financial year:</i>	310,277.82
<u>B. Depreciation:</u>	
Previous financial year	180,530.59
Additions	47,502.08
Transfer from other headings	0.00
<i>At the end of the financial year:</i>	228,032.67
<b>Net book value (A – B)</b>	<b>82,245.15</b>



## B. Tangible fixed assets

	Land and buildings	Plant and equipment	Furniture	Transport equipment	IT equipment	Other tangible assets	Total
<u>A. Purchase value:</u>							
Previous financial year	6,692,860.66	842,339.13	287,015.73	70,897.80	1,439,228.08	180,462.64	9,512,804.04
Additions	945.00	80,989.55	9,940.00	-	154,032.28	-	245,906.83
From other headings							
From one heading to another							
<i>At the end of the financial year:</i>	<i>6,693,805.66</i>	<i>923,328.68</i>	<i>296,955.73</i>	<i>70,897.80</i>	<i>1,593,260.36</i>	<i>180,462.64</i>	<i>9,758,710.87</i>
<u>B. Depreciation:</u>							
Previous financial year	3,808,087.40	609,622.18	267,848.55	55,600.18	1,043,089.72	144,236.77	5,928,484.80
Additions	253,875.07	91,406.54	4,215.97	9,148.29	170,808.52	7,447.56	536,901.95
From other headings							
From one heading to another							
<i>At the end of the financial year:</i>	<i>4,061,962.47</i>	<i>701,028.72</i>	<i>272,064.52</i>	<i>64,748.47</i>	<i>1,213,898.24</i>	<i>151,684.33</i>	<i>6,465,386.75</i>
<b>Net book value (A – B)</b>	<b>2,631,843.19</b>	<b>222,299.96</b>	<b>24,891.21</b>	<b>6,149.33</b>	<b>379,362.12</b>	<b>28,778.31</b>	<b>3,293,324.12</b>

In November 2011 repair works were started to address Cedefop's building's structural problems. These repair works were completed in 2015. The cost of these works is borne by the Greek Government hence no entry has been made in the Cedefop accounts.

## C. Stocks

Cedefop no longer includes a valuation for its stock of publications as their market valuation is negligible.

## D. Short-term pre-financing

Pre-financing is a payment intended to provide the beneficiary with a cash advance. The advance is repaid or used for the purpose for which it was provided during the period defined in the agreement. If the beneficiary does not incur eligible expenditures he/she has the obligation to return the pre-financing advance to

Cedefop. The amount of the pre-financing is reduced (wholly or partially) by the acceptance of eligible costs where a tangible benefit or product has been received as explained in the introduction to these notes.

At year-end outstanding pre-financing amounts are valued at the original amount(s) paid, less amounts returned, eligible amounts cleared and/or value reductions.

### **E. Short term receivables**

Consisting of:

- a) current receivables, chiefly of VAT charges to be recovered from Member States,
- b) sundry receivables, being advances on missions and school fees,
- c) deferred charges, being expenses paid in 2015 but relating to 2016,
- d) recovery from staff of large weighting factor adjustment, to be cleared in 2016.

<b>Analysis of Accounts Receivable</b>	<b>2015</b>	<b>2014</b>
VAT charges to be recovered from all EU countries	1 303 521.01	1 331 379.21
Staff related advances including school, canteen VAT and mission advances	140 810.86	157 894.15
Staff recovery of weighting factor adjustment	52,921.93	242,429.08
Iceland 2014 contribution	0.00	13,947.00
Deferred charges, i.e. expenses paid in advance e.g. insurance	135 421.19	95 322.39
Accrued Income	0.00	11,242.31
Accrued Income from Consolidated Entities	0.00	4,531.00
Other small sundry items	0.00	3,748.53
	<u>1 632 674.99</u>	<u>1 860 493.67</u>

Note: Cedefop has for several years experienced delays in recovering the VAT owed by the Greek state.

In view of the late settlement of these receivables, debit notes for interest of Euro 35 930 and Euro 22 000 relating to the 2012 VAT claim (claim received September 2015) and the 2013 claims were issued in February 2016. These debit notes will be recognised as income on receipt of the funds.

### **F. Long term provision**

There are no long term provisions in the 2015 accounts.

### **G. Provisions for risks and charges**

Provisions for risks and charges are recognised when Cedefop has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. In 2015 it was not necessary to make any provision.

### **H. Accounts payable**

Consisting of:

- a) current payables, relating chiefly to invoices received from suppliers at the end of 2015 to be processed in 2016,
- b) sundry payables, payables relating to amounts to be paid from assigned revenue or to staff costs e.g. withheld taxes,
- c) accrued charges, expenses relating to 2015. See the beginning of the Notes for details on the changes to accrual calculation introduced in 2014.

	<b>2015</b>	<b>2014</b>
Accrued costs	370,765	482,990
Accrued leave	208,085	213,218
Total	578,850	696,208

- d) amounts payable to consolidated entities, being chiefly pre-financing received from the Commission. The total to be paid decreased from Euro 1 181 720 in 2014 to Euro 737 911 in 2015. This figure consists of:

	<b>2015</b>	<b>2014</b>
Surplus on Budget Account	59,282	383,635
Remainder of Building Grant 250K	-	40
Grants Received 2013 or B/fwd	261,071	1,188,000
Less amount dispersed on above grant	- 224,400	- 926,929
Grants Received 2014 or B/fwd	536,975	600,000
Grant Received 2015	445,000	
Less amount dispersed on above grant	-340,016	- 63,025
<b>Total</b>	<b>737,911</b>	<b>1,181,720</b>

### **I. Contingent Liabilities**

Contingent liabilities as at 31 December 2015 amounted to Euro 7 112 358 (Euro 5 577 894 in 2014) representing standing financial commitments to suppliers not appearing on the balance sheet.

### **J. Pension Obligations**

Cedefop's staff are members of the European Communities Pension Scheme which is a defined benefit pension plan.

A defined benefit plan is a pension plan that generally defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age and years of service. Cedefop's staff contribute 10.10% of their basic salaries to the pension scheme and an additional 20.20% contribution is made by the European Commission. The cost to the European Commission is not reflected in the Agency's accounts.

Future benefits payable to Cedefop staff under the European Communities Pension Scheme are accounted for in the accounts of the European Commission. No provisions for such pensions are made in these accounts.

### **3. Notes to the financial statements**

#### **A. Revenue**

Revenue and corresponding receivables are measured at the fair value of the consideration received or receivable and are accounted for in the period to which they relate. Cedefop's main source of revenue is the annual contribution from the European Commission. Calculation of this revenue is based on the results of the statement of financial performance. A positive result is shown as a liability and returned to the Commission the following year. As the disbursement or commitment of funds is a factor in the budgetary outturn it also forms part of the final calculation of revenue.

The amount received from the Commission is thus reduced by Euro 59 282 (representing the balance on the Statement of Financial Performance for 2015) when calculating the revenue.

In order to ensure effective use of Commission funds Cedefop chose, in its final subsidy request, to forego Euro 434 000 of the available monies. Additionally in December the in-house forecasting system allowed the agency to accurately predict the necessary funds required to see it through the year end. This enabled the agency to return an additional Euro 1 200 000, thereby maximising the funds available to the Commission and its treasury's competences.

The table below shows a detailed breakdown of the other sources of revenue.

<b>Analysis of Revenue in the Economic Result Account 2015</b>		
Funds received from the Commission	15,800,000	
Less net surplus on the Budgetary Outturn Account	<u>-59,282</u>	
		15,740,718
<b>Grant Income</b>		
Agreement n° 30/CE-058371//03 disbursed	224,400	
Agreement n° VS/2013/0554 disbursed	340,016	
Remainder of DG EAC building Grant	40	
		564,456
<b>Other Operational Income</b>		
Norway	498,612	
Iceland	13,947	
Translation Centre	1,909	
Sundry Income and Reimbursements	875	
Interest	<u>574</u>	
		515,918
		<u>16,821,092</u>
<b>Revenue from Administrative and Financial operations</b>		
Canteen		142,009
		<u>16,963,101</u>
Grand Total Income		<u>16,963,101</u>

## **B. Expenditure**

Expenditure and corresponding payables are measured at their fair value and accounted for in the period to which they relate.

Cedefop's statements follow the format used by the Commission and divide expenses into three categories: Administrative expenses, Operational expenses and Financial expenses.

a) Administrative expenses. These are subdivided into three sub-categories:

i) staff expenses.

All salary calculations giving the total staff expenses included in the Statement of financial performance of the Agency are externalized to the Office for administration and payment of individual entitlements (also known as the Paymaster's Office-PMO) which is a central office of the European Commission.

The PMO's mission is to manage the financial rights of permanent, temporary and contractual staff working at the Commission, to calculate and to pay their salaries and other financial entitlements. The PMO provides these services to other EU institutions and agencies as well. The PMO is also responsible for managing the health insurance fund of the Institutions, together with processing and paying the claims of reimbursement from staff members. The PMO also manages the pension

fund and pays the pensions of retired staff members. PMO is being audited by the European Court of Auditors.

The Agency is only responsible for the communication to the PMO of reliable information allowing the calculation of the staff costs. It is also responsible to check that this information has been correctly handled in the monthly payroll report used for accounting payroll costs. It is not responsible for the calculation of the payroll costs performed by PMO.

Staff costs essentially (although not entirely) correspond to Title 1 budget lines. Staff expenses are sometimes considered “administrative expenses” but it should be noted that the Centre employs a large number of experts performing operational tasks and approximately 66% of staff costs relate to operational personnel and hence should be interpreted as operational costs.

ii) fixed asset expenses, relating to depreciation costs (see above for further details).

iii) other administrative expenses, essentially following the Title 2 budget costs. These include such items as utilities, telecommunications, IT and building upkeep.

b) Operational expenses corresponding to Title 3 costs.

The 2015 figure of Euro 5 922 115 compares to the corresponding 2014 figure of Euro 5 521 467. The report on Budgetary and Financial Management above gives a description of the various operational areas to which Cedefop is committed. A large part of these costs relate to commissioning research, meetings and publication costs for the dissemination of Cedefop’s research and policy work. As mentioned in the administrative expenses these costs do not include the personnel costs of staff engaged in operational work.

c) Financial expenses relating to bank charges.

### **C. Economic Result for the Year**

The deficit of Euro 732 309 (4.3% of Revenue) compares to last year’s deficit of Euro 199 662. Revenue attributable to the subsidy is approximately Euro 200 000 less than in 2014 and operational expenditure Euro 400 000 greater than 2014.

#### 4. Reconciliation between budgetary result and economic result

Cedefop's financial statements are prepared on an accruals basis, where transactions are recorded in the period to which they relate. The result for the year using this basis is indicated in the economic outturn account. However, the Agency uses a modified cash accounting system for preparing the statement of financial performance and its other budgetary reporting. In this system only the payments made and revenues received in the period are recorded, together with payment appropriations that are carried forward.

The difference between the budgetary result and the economic result is made up as follows:

	2015	2014
<b>Economic result</b>	<b>-732,308.54</b>	<b>-199,662.03</b>
<i>Adjustment for accrual items (items not in the budgetary result but included in the economic result)</i>		
Adjustments for Accrual Cut-off (reversal 31.12.2014)	-696,208.63	-989,396.83
Adjustments for Accrual Cut-off (cut-off 31.12.2015)	578,850.21	696,208.63
Unpaid invoices net of VAT at year end but booked in charges	376,816.40	59,059.82
Depreciation of intangible and tangible fixed assets	584,404.03	546,337.09
Provisions	0.00	-74,665.36
Value reductions	-270.74	-52.47
Recovery Orders issued in 2015 and not yet cashed	0.00	-29,720.31
Prefinancing given in previous year and cleared in the year	349,491.60	698,762.66
Prefinancing received in previous year and cleared in the year	-564,455.77	-534,777.20
Payments made from carry over of payment appropriations	496,234.80	442,621.55
Increase in prepayments to suppliers & reverse 2014 invoices	-77,098.97	-38,901.94
<i>Adjustment for budgetary items (item included in the budgetary result but not in the economic result)</i>		
Asset acquisitions (less unpaid amounts)	-257,462.87	-300,871.44
New pre-financing paid in 2015 and remaining open as at 31.12.2015	-144,057.30	-367,131.60
New pre-financing received in 2015 remaining open as at 31.12.2015	504,281.66	983,634.59
Budgetary recovery orders issued before 2015 and cashed in the year	29,720.31	0.00
Payment appropriations carried over to 2016	-1,803,509.39	-1,911,089.66
Cancellation of unused carried over payment appropriations from previous year	55,828.91	39,948.62
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	1,359,025.95	1,363,330.47
<b>Adjustments Total</b>	<b>791,590.20</b>	<b>583,296.62</b>
<b>Budgetary result</b>	<b>59,281.66</b>	<b>383,634.59</b>

**5. Distribution by grade of occupied posts in the 2015 establishment plan**

Annex A

	Categories Grades	Permanent posts	Temporary posts
	AD 16	-	-
	AD 15	-	1
	AD 14	-	1
	AD 13	-	2
	AD 12	5	3
	AD 11	-	9
	AD 10	-	7
	AD 9	-	4
	AD 8	-	5
	AD 7	-	6
	AD 6	-	5
	AD 5	-	-
		5	43
	AST 10	1	1
	AST 9	-	2
	AST 8	2	2
	AST 7	1	6
	AST 6	4	3
	AST 5	4	6
	AST 4	-	10
	AST 3	-	4
	AST 2	-	-
	AST 1	-	-
		12	34
		17	77
		Total	94
		Vacant	2