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## **OPINION OF THE GOVERNING BOARD ON CEDEFOP'S FINAL ANNUAL ACCOUNTS 2016**

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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 2016 together with the Consolidated Annual Activity Report (CAAR) 2016, which takes into account the remarks of the Court of Auditors;
  - Having regard to the Director's statutory declaration of assurance in the CAAR 2016 and his expression of confidence in the checks and operation of the Centre's internal control system;
  - Having regard to the certification of the annual accounts 2016 by the Agency Accountant and the declaration of assurance of the internal control coordinator;
  - Having regard to the preliminary observations of the Court of Auditors (adopted by Chamber IV at its meeting of 16 May 2016) on Cedefop's final accounts 2016;
- (1) declares it has reasonable assurance, on the basis of the facts in its possession, that Cedefop's annual accounts for the financial year 2016 are reliable and that the underlying transactions, taken as a whole, are legal and regular in all material aspects;
  - (2) notes that Cedefop's CAAR for 2016 includes complete financial information;
  - (3) notes with satisfaction the high implementation rate with over 99,99 % of Cedefop's budget committed, and that 92 of the establishment plan's 94 posts were filled at 31 December 2016;

- (4) notes the Court's preliminary observations in regard to the 2016 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 2016 and expresses its opinion that it has the necessary assurance that the annual accounts 2016 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.

29 June 2017



Micheline Scheys  
Chair of the Governing Board



Thessaloniki, 14 June 2017  
RB(2017)01268

## **Annual Accounts**

### **Financial year 2016**

These accounts have been prepared by the Accounting Officer on 24/05/2017 and drawn up by the Director on 24/05/2017. The opinion of the Governing Board was given on 27/06/2017.

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 30/06/2017.

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

Thessaloniki , 14 June 2017



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, 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 2016 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, 24 May 2017



**REPORT ON BUDGETARY AND  
FINANCIAL MANAGEMENT  
FINANCIAL YEAR 2016**

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**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: Infrastructure and operating 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. The agency's budget was amended and republished to reflect these changes. See the conclusions at the end of this section for further details.

Chapter 32: Skills 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: Communication (previously: Communication, information and dissemination)

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

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

No non-automatic carryovers were made from 2016 to 2017.

#### **1.5. 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. No additional funds were received in 2016. After expenditure in 2016 the year-end balance of funds held as part of this Contribution Agreement was Euro 416 609.

#### **1.6. 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 six debit notes in 2016 for a total value of Euro 206 459. Their breakdown being: the request for Iceland's 2016 contribution (Euro 15 691), the request for the final tranche of a DG EMPL grant (Euro 131 629), a claim for interest due to the late refund on outstanding VAT from the Greek authorities (Euro 57 930) and sundry claims for expenses to be reimbursed generally being travel related - (Total Euro 1 209).

**Evolution of commitment appropriations of the European Centre for the Development of Vocational Training (Cedefop) for the financial year 2016**

Article Item	Heading	Initial Budget	Transfers	Final budget
	<b>Title 1 - STAFF EXPENDITURE</b>	<b>10,370,000</b>	<b>-298,878</b>	<b>10,071,122</b>
	<b>Title 2 - ADMINISTRATIVE</b>	<b>1,637,000</b>	<b>-10,309</b>	<b>1,626,691</b>
	<b>Title 3 OPERATING EXPENDITURE</b>			
<b>3 0</b>	<b>TRANSVERSAL ACTIVITIES</b>	<b>260,000</b>	<b>52,500</b>	<b>312,500</b>
3050	Management Board meetings	160,000	-41,354	118,646
3070	Transversal technical support	100,000	93,854	193,854
<b>3 1</b>	<b>PARTICIPATION OF NON-MEMBER STATES IN THE OPERATIONAL WORK PROGRAMME</b>	<b>100,000</b>	<b>0</b>	<b>100,000</b>
3100	Participation of Non-Member states	0	0	0
3122	DG employment Grant	100,000	0	100,000
<b>32</b>	<b>SKILLS AND LABOUR MARKET (previously: Research and Policy Analysis)</b>	<b>2,301,000</b>	<b>250,205</b>	<b>1,650,205</b>
3200	Missions, meeting, interpretation	200,000	-21,000	179,000
3240	Pilot studies and projects	1,200,000	271,205	1,471,205
<b>3 3</b>	<b>VET SYSTEMS AND INSTITUTIONS (previously: Enhanced cooperation in VET and LLL)</b>	<b>2,240,000</b>	<b>-36,340</b>	<b>2,203,660</b>
3300	Missions, meetings, interpretation	290,000	-47,300	242,700
3330	ReferNet annual grants (Specific Grant Agreements) (was 3250)	980,000	-17,737	962,263
3331	ReferNet other cost	80,000	44,577	124,577
3340	Pilot studies and projects	890,000	15,880	874,120
<b>34</b>	<b>LEARNING AND EMPLOYABILITY (new)</b>	<b>1,340,000</b>	<b>28,640</b>	<b>1,368,640</b>
3400	Missions, meetings, interpretation	250,000	-24,000	226,000
3440	Pilot studies and projects	1,090,000	52,640	1,142,640
<b>3 5</b>	<b>COMMUNICATION (previously: Communication, information and dissemination)</b>	<b>662,949</b>	<b>14,182</b>	<b>687,131</b>
3500	Missions, meeting, interpretation	45,000	-8,818	36,182
3510	Publications and dissemination	163,000	103,400	276,400
3520	Translation expenses	119,500	17,000	136,500
3540	Establishment of operational documentation	103,000	-3,100	99,900
3541	Contracts for update and maintenance of databases	194,000	-76,300	117,700
3546	Promotional activities and public relations	38,449	-18,000	20,449
	<b>Title 3 – TOTAL</b>	<b>5,902,949</b>	<b>309,187</b>	<b>6,322,136</b>
	<b>GRAND TOTAL</b>	<b>18,019,949</b>	<b>0</b>	<b>18,019,949</b>



**Evolution of payment appropriations of the European Centre for the Development of Vocational Training (Cedefop) for the financial year 2016**

<b>Heading</b>	<b>Initial Budget</b>	<b>Transfers</b>	<b>Estimated Assigned Revenue</b>	<b>Final Budget</b>
<b>Title 1 - STAFF EXPENDITURE</b>	10,370,000	-298,878		10,071,122
<b>Title 2 - ADMINISTRATIVE</b>	1,637,000	-10,309		1,626,691
<b>Title 3 OPERATING EXPENDITURE</b>	5,427,000	309,187	10,000	5,746,187
<b>TOTAL</b>	<b>17,434,000</b>	<b>0</b>	<b>10,000</b>	<b>17,444,000</b>
<b>Grant Norway &amp; Iceland</b>	475,949			475,949
<b>GRAND TOTAL</b>	<b>17,909,949</b>	<b>0</b>	<b>10,000</b>	<b>17,919,949</b>

**2 BUDGET IMPLEMENTATION 2016**

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)	10,071,122	10,070,267	9,917,376	152,891	855	94,735	94,735	70,266		24,469
Union contribution	17,434,000	17,434,000											
Other subsidies	475,949	475,949	Title II Administration (NDA)	1,626,691	1,625,988	1,180,442	445,546	703	477,994	477,994	452,818		25,176
Other revenue	10,000	555	Title III Operational Activities (DA)										
			- CA	6,222,136	6,221,584			0	0				
			- PA	6,222,136		5,933,093	0	289,043		0		0	0
Assigned revenue	100,000	0	Assigned revenue	100,000	99,982	7,527	92,473	0	1,230,780	791,409	910,524	320,255	0
Total	18,019,949	17,910,504	Total CA	18,019,949	18,017,821		690,910	2,110	1,803,509	1,364,139		320,255	49,645
			Total PA	18,019,949		17,038,438	690,910	290,601	1,803,509		1,433,609	320,255	49,645

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

### 2.1.1. Title 1: Staff

Budget item and heading		2016			2015		Change comm. %
		Final budget	Comm.	Payments	Comm.	Payments	2016/2015
110	Officials and temporary staff occupying a post (includes Social Security contributions, supplementary services and weightings)	7,740,580	7,740,580	7,740,580	7,737,412	7,737,412	0%
1111	Seconded national experts	168,361	168,361	168,191	138,712	138,712	21%
1112	Contract staff	1,169,624	1,169,623	1,169,623	1,027,848	1,027,848	14%
1113	Trainees	103,422	103,422	103,422	88,350	88,350	17%
114	Miscellaneous allowances and grants	167,561	167,560	167,560	166,912	166,912	0%
120	Allowances and expenses on leaving and entering the service	174,732	174,731	142,381	145,664	133,040	20%
130	Mission expenses	91,187	91,187	88,146	104,000	92,342	-12%
143	Medical service	13,500	13,500	11,048	46,809	41,061	-71%
149	Other expenditure	129,370	129,366	124,373	89,917	88,097	44%
150	Training	150,000	149,973	91,476	148,695	97,524	1%
160	Supplementary services	126,785	126,710	81,993	83,418	73,246	52%
170	Representation expenses	36,000	35,255	28,585	17,843	16,301	98%
	<b>TITLE 1 – TOTAL</b>	<b>10,071,122</b>	<b>10,070,267</b>	<b>9,917,376</b>	<b>9,795,580</b>	<b>9,700,844</b>	<b>2%</b>

**Significant variations from 2015 to 2016 in commitments can be explained by:**

1111 (Seconded national experts) – The relative increase in 2016 derives from the fact that 2015 had witnessed a drop of -18% as two new seconded national experts took up duties late in 2015.

1112 (Contract staff) – The 2016 figures reflect increased staff costs related to 2 recruitments and increased financial support for schooling of children of Cedefop staff, based on a Director decision.

1113 (Trainees) – the number of trainees was higher compared to 2015.

1200 (Allowances and expenses on leaving and entering the service) – The higher amount in 2016 was related to an increased number of installation allowances and payments related to departures compared to the year before. These costs tend to be borne in the year subsequent to recruitment.

1300 (Mission expenses) – The individual cost of missions in 2016 was lower.

1430 (Medical service) – 2016 expenditure was lower due to the unfruitful procurement procedure for a new Cedefop medical officer.

1490 (Other expenditure) – The 2016 figures reflect increased financial support for schooling of children of Cedefop staff, based on a Director decision.

1600 (Supplementary services) – Two surveys funded from this budget line in 2016 led to an increase in commitments.

1700 (Representation expenses) – The increase of the budget of Cedefop's sports and leisure club led to higher expenditure.

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

	Staff on 31/12/2015	Increase			Reduction			Staff on 31/12/2016
		Internal movements	Recruit.	Total	Internal movements	Depart.	Total	
	(a)	(b)	(c)	(d) = (b + c)	(e)	(f)	(g) = (e + f)	
<b>OFF</b>	17			0		1	1	16
<b>TEMP</b>	77		1	1		2	2	76
<b>SNE</b>	4			0		1	1	3
<b>CTST</b>	25		1	1			0	26
<b>Total</b>	123			2			4	121

On 31 December 2016, 92 out of the 94 posts on the establishment plan were occupied and there were two ongoing selection procedures.

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

		2016			2015		Change comm. in % 2016/2015
		Final budget	Comm.	Payments	Comm.	Payments	
20	Building	738,759.00	738,469.72	672,137.26	634,363.37	577,692.48	16%
21	IT	598,810.00	598,501.59	328,627.60	580,891.24	396,093.84	3%
22	Equipment and furniture	7,728.00	7,728.00	7,274.11	109,808.01	80,206.46	-93%
23	Administrative expenses	94,618.00	94,614.48	66,910.90	82,668.36	75,643.14	14%
24	Postal charges and telecommu- cations	178,693.00	178,591.59	98,406.76	281,466.88	86,686.30	-37%
25	Meeting expenses	8,083.00	8,082.31	7,085.14	11,700.00	6,581.33	-31%
	<b>TITLE 2 TOTAL</b>	<b>1,626,691.00</b>	<b>1,625,987.69</b>	<b>1,180,441.77</b>	<b>1,700,897.86</b>	<b>1,222,903.55</b>	<b>-4%</b>

**The significant variation from 2015 to 2016 can be explained by:**

- Chapter 20: (Building): an increase in the expenditure (16%) on building maintenance works and services attributed to unforeseen works needed to replace the glass façade of the building and the skylights of the three conference rooms.
- Chapter 22: (Equipment and furniture): significant decrease (93%) in expenditure as 2015 saw significant activity in the budget line reflecting the purchase of technical equipment following the refurbishing of further conference rooms and new meeting and training rooms.
- Chapter 23: (Administrative): an increase (14%) in expenditure on administrative expenditure due additional legal costs incurred (translations of legal documents) in 2016.
- Chapter 24: (Post and telecommunications): the decrease of 37% was recorded mainly due to investments on telecommunication equipment which occurred in 2015 and did not repeat in 2016.

At the end of 2016 the Centre carried forward Euro 152 891 of Title 1 (1.5% of total) and Euro 445 546 of Title 2 (27.4% of total) appropriations.

The corresponding figures for the previous year were Euro 94 735 for Title 1 and Euro 477 995 for Title 2.

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

Chapter		2016			2015		
		Final budget	Comm.	%	Final budget	Comm.	%
30	<b>TRANSVERSAL ACTIVITIES</b>	312,500	312,500	100.00%	217,930	217,929	100.00%
32	<b>SKILLS AND LABOUR MARKET</b> (previously: Research and Policy Analysis)	1,650,205	1,650,125	100.00%	988,690	988,690	100.00%
33	<b>VET SYSTEMS AND INSTITUTIONS</b> (previously: Enhanced cooperation in VET and LLL)	2,203,660	2,203,570	100.00%	2,338,090	2,332,076	99.74%
34	<b>LEARNING AND EMPLOYABILITY</b> (new)	1,368,640	1,368,633	100.00%	2,029,610	2,029,610	100.00%
35	<b>COMMUNICATION</b> (previously: Communication, information and dissemination)	687,131	686,757	99.95%	827,785	826,964	97.70%
	<b>TITLE 3 - TOTAL</b>	<b>6,222,136</b>	<b>6,221,584</b>	<b>99.99%</b>	<b>6,402,105</b>	<b>6,395,269</b>	<b>99.89%</b>

Transversal activities cover the costs relating to the Governing Board meetings and transversal technical (IT) 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 2016 of 99.99%.

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

<b>Heading</b>	<b>Initial Budget</b>	<b>Transfers</b>	<b>Estimated Assigned Revenue</b>	<b>Final Budget</b>	<b>Payments</b>	<b>Balance</b>
Title 1 – Staff	10,370,000	-298,878		10,071,122		
Title 2 - Administrative	1,637,000	-10,309		1,626,691		
Title 3 - Operational	5,427,000	309,187	10,000	5,746,187	5,457,144	289,043
<b>Total</b>	<b>17,434,000</b>	<b>0</b>	<b>10,000</b>	<b>17,444,000</b>	<b>5,457,144</b>	<b>289,043</b>
Grant						
Norway & Iceland	475,949			475,949	475,949	0
<b>Grand Total</b>	<b>17,909,949</b>	<b>0</b>	<b>10,000</b>	<b>17,919,949</b>	<b>5,933,093</b>	

Payment appropriations for Title 3 following transfers but excluding Norway and Iceland funds came to a total of Euro 5 746 187 of which Euro 5 457 144 were disbursed.

## 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	-	-	-	-	-	-
Title 2 - Administrative expenditure	-	-	-	-	-	-
Title 3 - Operational expenditure	3.56	3.56	-	100.00%	3.56	-
<b>Total</b>	<b>3.56</b>	<b>3.56</b>	-	<b>0.00%</b>	<b>3.56</b>	-

Class L Title 3 costs relate to translation and editing costs for the operational departments and onsite technical support. These remaining funds will be utilised in 2017.

### *2.2.2 Appropriations carried over automatically from 2015 to 2016 – 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	94,735.48	94,735.48	70,266.43	74%	24,469.05
Title 2 - Administrative	477,994.31	477,994.31	452,818.38	95%	25,175.93
<b>Total</b>	<b>572,729.79</b>	<b>572,729.79</b>	<b>523,084.81</b>	<b>91%</b>	<b>49,644.98</b>

Class A represents funds carried over from the previous year.



### 2.2.3. Assigned revenue

<b>MONITORING TABLE FOR ASSIGNED REVENUE 2016</b>								
<b>DG EMPL projects &amp; third countries</b>	<b>BALANCE: total carryovers on 31/12/15</b>	<b>New funds</b>	<b>Payment in 2016</b>	<b>Funds returned</b>	<b>Carryover balance - present</b>	<b>New approp. 2016</b>	<b>Payment in 2016</b>	<b>Balance</b>
	a	b	c	d	e=a+b-c-d	e	f	h=d+e-f
Participation Norway 2016						460,258.00	460,258.00	0.00
Participation Iceland 2016						15,691.00	15,691.00	0.00
<b>Total projects 2016</b>	<b>0.00</b>		<b>0.00</b>		<b>0.00</b>	<b>475,949.00</b>	<b>475,949.00</b>	<b>0.00</b>
Participation Norway 2015	498,612.40		498,612.40		0.00			0.00
Participation Iceland 2015	13,947.00		13,947.00		0.00			0.00
<b>Total projects 2015</b>	<b>512,559.40</b>		<b>512,559.40</b>		<b>0.00</b>			<b>0.00</b>
Contribution Agreement VS/2013/0554	641,958.73		225,349.86		416,608.87			416,608.87
<b>Total projects 2014</b>	<b>641,958.73</b>		<b>225,349.86</b>		<b>416,608.87</b>			<b>416,608.87</b>
Contribution Agreement no30/CE-0538371/00-03	36,671.00		168,300.00		-131,629.00			-131,629.00
Participation Norway 2012	3,334.46		0.00		3,334.46			3,334.46
<b>Total projects 2012</b>	<b>40,005.46</b>		<b>168,300.00</b>		<b>-128,294.54</b>			<b>-128,294.54</b>
Participation Norway 2011	36,252.45		11,842.00		24,410.45			24,410.45
<b>Total projects 2011</b>	<b>36,252.45</b>		<b>11,842.00</b>		<b>24,410.00</b>			<b>24,410.45</b>
Other assigned revenue 2007	3.56		0.00		3.56			3.56
<b>Total projects 2007</b>	<b>3.56</b>		<b>0.00</b>		<b>3.56</b>			<b>3.56</b>
<b>TOTAL</b>	<b>1,230,779.60</b>		<b>918,051.26</b>	<b>0.00</b>	<b>312,728.34</b>	<b>475,949.00</b>	<b>475,949.00</b>	<b>312,728.34</b>

### 3. CONCLUSIONS

#### Implementation of the 2016 year work programme

2016 was the last year of the three medium-term priorities – modernising VET systems, citizen’s careers and transitions, and analysing skills and competences – that have guided Cedefop’s work since 2012.

Under each of these priorities, Cedefop produced pioneering work to support European VET policy making. As well as information at European level, to support national implementation of European VET policy Cedefop provided direct support to more countries in 2016, and hosted more of its policy learning forums to encourage exchanges between Member States, social partners and other VET and labour market stakeholders on implementing specific aspects of European VET policy. Finally, the European Commission’s New skills agenda for Europe, announced in June, was strongly backed by evidence and data provided by Cedefop.

The Agenda outlines the need to help the 70 million Europeans who lack adequate reading and writing, numeracy and digital skills, the people most vulnerable to change, by improving the quality and relevance of skill formation, by making skills and qualifications more visible and comparable, and by improving skills intelligence – all issues that are at the very centre of Cedefop’s work.

The following summarises the main results and activities of the implementation of the 2016 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 2016 and the Consolidated Annual Activity Report ([www.cedefop.europa.eu](http://www.cedefop.europa.eu)).]

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

In 2015, in Riga, Ministers in charge of VET confirmed Cedefop’s mandate to **monitor and analyse Member States’ progress** for the period 2015-2020. In this respect, Cedefop monitoring approach aims to highlight individual countries’ progress towards the common priorities agreed at EU level.

In 2016, information on countries’ policy priorities and progress in VET was collected through **ReferNet** - Cedefop’s network for VET in the EU 28, Iceland and Norway. As in past years, ReferNet’s contribution was also used to prepare short descriptions, spotlights and videos on VET systems, informing DGVT and other stakeholders from across the EU on VET in the EU Presidency countries, i.e. the Netherlands and Slovakia.

In 2016 Cedefop also finalised the development and launched with the Commission the European **mobility scoreboard for initial vocational education and training (IVET)**<sup>1</sup>. The scoreboard, which takes stock of progress of countries with respect to

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<sup>1</sup> <http://www.cedefop.europa.eu/en/publications-and-resources/data-visualisations/mobility-scoreboard/>

Council recommendation ‘Youth on the Move’<sup>2</sup>, which also relies on the contribution of ReferNet, takes stock of policies and structures in place in member States to support mobility of students and apprentices in VET across EU countries.

### **ABB activity: European tools, qualifications and learning outcomes**

In 2016, Cedefop’s policy analysis and support to EU countries and the European Commission on **qualifications and learning outcomes** continued.

Cedefop’s directly supported the shaping of proposals and actions for the New Skills Agenda for Europe (<sup>3</sup>), and took stock of progress on **Qualifications frameworks in Europe**. Cedefop also organised the **second policy learning forum on defining and writing learning outcomes** and worked on a practitioner handbook on the topic.

In parallel, Cedefop continued its work with the European Commission and Member States in supporting implementation of the ECVET recommendation and to the EQAVET steering committee. Finally, Cedefop continued to maintain and develop the Europass website, in which 19 Mio CVs were generated online in 2016.

### **ABB: Empowering adults and young people**

As developing **apprenticeships and work-based learning (WBL)** continues to be high on the EU policy agenda, Cedefop explored different approaches and effective solutions for their implementation and provided direct country support for the further development of apprenticeship systems in Greece, Italy and Slovenia.

In 2016 Cedefop also finalised the results of its study on the contribution that VET can make to **reducing early leaving from education and training**. ‘**Investing in skills pays off: the economic and social costs of low skilled adults**’ is another research that was finalised in 2016 and that provides an estimate of the individual and social value in monetary terms of a faster increase of the general level of skills in the Member States as compared to the current trend.

The study ‘**Labour market information and guidance**’ (<sup>4</sup>) analysed the role of guidance in enabling citizens to use LMI successfully to make decisions about learning and their careers. Finally, Cedefop engaged Member States policy makers, social partners, practitioners and other relevant stakeholders in a discussion on what needs to be done to develop further the **validation on non-formal and informal learning** in the EU.

Finally, Cedefop examined **effective policies for the labour market integration of migrants and refugees**. Using the evidence generated across the whole set of activities above, Cedefop provided a significant input to the Council Recommendation ‘Up-skilling Pathways: New Opportunities for Adults’ proposed by the European Commission and related Staff Working Documents.

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<sup>2</sup> <http://www.bing.com/search?q=Council+recommendation+youth+on+the+move&src=IE-TopResult&FORM=IETR02&conversationid=>

<sup>3</sup> <http://ec.europa.eu/social/main.jsp?catId=1223>

<sup>4</sup> <http://www.cedefop.europa.eu/en/publications-and-resources/publications/5555>

**Cedefop’s opinion survey on VET in Europe** provides unprecedented data on EU citizens’ opinions on awareness, attractiveness and effectiveness of VET. It indicates that almost nine out of ten graduates (87%) who have gone through VET are happy with the job-related skills they have acquired.

Cedefop also published snapshots of the situation in each Member State of teaching and training professionals who work in initial VET, both in school and work-based settings, including apprenticeship schemes and describe how countries support initial and continuing professional development of teachers and trainers as well as how they organise cooperation between the worlds of education and work.

### **ABB activity: Skills analysis**

To inform VET provision, and ensure that it is responsive to labour market developments and occupational changes requires a plethora of data and analysis, both focusing on the present and the future mismatches between supply and demand. The same data can also be used to inform individuals’ career, education and training choices. On top of developing and maintaining the **Skills Panorama** – a unique web portal for labour market and skills intelligence in Europe – in 2016 Cedefop carried out a number of activities in order to collect more and better data and insights on skill needs in the EU:

- **Skills supply and demand forecast** to project trends 10 years ahead and offer an early warning regarding potential future labour market imbalances;
- Assess the performance of skills systems across countries using a composite index **‘Making Skills Work’**;
- Identify **mismatch occupations** that require specific policy attention in each Member State;
- Collect big data on **skills demand by employers** using online vacancies;
- Further analyse the results of the **Skills and Jobs Survey** to consider how new technologies and digitalisation are changing jobs and employment prospects.

In parallel, in 2016 Cedefop started to help countries that wish to develop their capacity to anticipate skill needs by offering **support to Greece, Malta and Iceland** and participating in mutual learning programmes on the topic.

Evaluation of 2016 shows performance improvements in most areas of work compared with previous years. It confirms continued relevance of Cedefop’s work to the European policy agenda for vocational education and training and related areas as well as its effectiveness and efficiency:

- Cedefop’s expertise is increasingly sought and valued by its stakeholders, shown in particular by citations in EU policy documents and contributions to national VET policy developments, indicating trust in the soundness of Cedefop’s policy advice;
- growing demand for Cedefop’s online and hard copy research and analyses;
- increasing volume and diversity of media-reach along with strong social media improvements, helping to raise awareness among citizens;



- increasing efficiency in core administrative support and effective allocation of resources.

<b>(a) Performance 2016</b>
(b) 27 million visits to Europass website – 438 000 visits to Cedefop website
(c) References to Cedefop’s work in 167 EU-level policy documents and 88 issued by international organisations: OECD, UNESCO, ILO, World Economic Forum.
(d) Key EU policy users: <ul style="list-style-type: none"> <li>• European Commission: 56 %</li> <li>• European Parliament: 15 %</li> <li>• EU agencies: 8 %</li> </ul>
(e) 472 200 downloads of Cedefop publications
(f) 591 citations in academic literature in 2015-2016. Most frequently quoted topics are those related to skills supply and demand, validation of non-formal informal learning, lifelong guidance and learning outcomes.
(g) 98% occupation rate of the establishment plan
(h) 99.99% budget implementation rate

## **REPORTS ON IMPLEMENTATION OF THE 2016 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 2016 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 2016 and 2015

	2016	2015
<b>Revenue</b>		
Own revenue		
Commission contributions	17,434,000.00	15,800,000.00
Sundry revenue		
Assigned revenue	475,949.00	971,506.40
Other revenue	554.79	19,132.06
<b>Total revenue (a)</b>	<b>17,910,503.79</b>	<b>16,790,638.46</b>
<b>Expenditure</b>		
<i>Staff – Title 1 of the budget</i>		
Payments	9,917,376.23	9,703,526.39
Appropriations carried over	152,890.95	94,735.48
<i>Administration – Title 2 of the budget</i>		
Payments	1,180,441.77	1,222,903.55
Appropriations carried over	445,545.92	477,994.31
<i>Operating activities– Title 3 of the budget</i>		
Payments	2,201,711.67	1,490,102.40
Payments against outstanding commitments at 31/12/n-1	3,731,381.21	2,821,911.87
Payment appropriations carried over	-	-
<i>Assigned revenue (Grants + third countries and others)</i>		
Payments	918,051.26	1,099,752.75
Carryovers including assigned revenue not entered in the budget	312,728.34	1,230,779.60
<b>Total expenditure (b)</b>	<b>18,860,127.35</b>	<b>18,139,024.02</b>
<b>Outturn of the financial year (c = a - b)</b>	<b>- 949,623.56</b>	<b>- 1,348,385.56</b>
Balance carried over from the previous year		
Cancelled n-1 appropriations carried over (non-differentiated appropriations Titles 1 and 2)	49,644.98	55,828.91
Appropriations carried over from assigned revenue	1,230,779.60	1,359,025.95
Payment appropriations carried over from the previous year (Title 3)	-	-
Exchange-rate differences	2,962.74	- 7,187.64
<b>Balance for the financial year</b>	<b>333,763.76</b>	<b>59,281.66</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 2016**

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 2016 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

		2016	2015
<b>ASSETS</b>			
<b>A. NON CURRENT ASSETS</b>			
<b>Intangible fixed assets</b>		<b>65,080.12</b>	<b>82,245.15</b>
<b>Tangible fixed assets</b>		<b>3,128,671.56</b>	<b>3,293,324.12</b>
	Land and buildings	2,555,579.15	2,631,843.19
	Plant and equipment	151,280.73	222,299.96
	Computer hardware	380,052.17	379,362.12
	Furniture and vehicles	20,361.27	31,040.54
	Other fixtures and fittings	21,398.24	28,778.31
	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>3,198,828.09</b>	<b>3,380,645.68</b>
<b>B. CURRENT ASSETS</b>			
<b>Stocks</b>		<b>0.00</b>	<b>0.00</b>
<b>Short-term pre-financing</b>		<b>484,631.40</b>	<b>161,697.30</b>
	Short-term pre-financing	484,631.40	161,697.30
	<i>ST pre-financing with consolidated EC entities</i>	0.00	0.00
<b>Short-term receivables</b>		<b>800,902.09</b>	<b>1,632,674.99</b>
	Current receivables	495,842.66	1,303,521.01
	Long-term receivables falling due within a year		
	Sundry receivables	22,466.87	193,732.79
	Other	282,592.56	135,421.19
	-Accrued income	0.00	0.00
	-Deferred charges	282,592.56	135,421.19
	<i>Deferrals and Accruals with consolidated EC entities</i>	0.00	0.00
	<i>Short-term receivables with consolidated EC entities</i>	0.00	0.00
<b>Cash and cash equivalents</b>		<b>598,394.13</b>	<b>243,615.85</b>
<b>TOTAL CURRENT ASSETS</b>		<b>1,883,927.62</b>	<b>2,037,988.14</b>
<b>TOTAL</b>		<b>5,082,755.71</b>	<b>5,418,633.82</b>

	2016	2015
<b>LIABILITIES</b>		
<b>A. CAPITAL</b>	<b>3,800,687.02</b>	<b>3,679,630.68</b>
<b>Reserves</b>		
<b>Accumulated surplus/deficit</b>	<b>3,679,630.68</b>	<b>4,411,939.22</b>
<b>Economic result of the year - profit+/loss-</b>	121,056.34	-732,308.54
<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
	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 CAPITAL + NON CURRENT LIABILITIES</b>	<b>3,800,687.02</b>	<b>3,679,630.68</b>
<b>D. CURRENT LIABILITIES</b>	<b>0.00</b>	<b>0.00</b>
<b>Provisions for risks and charges</b>	<b>6,735.64</b>	<b>0.00</b>
<b>Accounts payable</b>	<b>1,275,333.05</b>	<b>1,739,003.14</b>
	361,365.64	419,615.66
Current payables	361,365.64	419,615.66
Long-term liabilities falling due within the year	0.00	0.00
Sundry payables	7,949.53	2,625.88
Other	287,274.25	578,850.21
- Accrued charges	287,274.25	578,850.21
- 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>	618,743.63	737,911.39
<i>Pre-financing received from consolidated EC entities</i>	618,743.63	737,911.39
<i>Other accounts payable against consolidated EC entities</i>	0.00	0.00
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,282,068.69</b>	<b>1,739,003.14</b>
<b>TOTAL</b>	<b>5,082,755.71</b>	<b>5,418,633.82</b>

## 1.2. STATEMENT OF FINANCIAL PERFORMANCE

	2016	2015
Revenues from administrative operations	125,614.92	142,008.60
Other operating revenue	17,970,389.89	16,821,092.26
<b>TOTAL OPERATING REVENUE</b>	<b>18,096,004.81</b>	<b>16,963,100.86</b>
Staff and administrative expenses	-11,726,626.36	-11,769,595.96
Staff expenses	-9,440,769.91	-9,380,486.57
Fixed asset related expenses	-582,141.30	-584,404.03
Administrative expenses	-1,703,715.15	-1,804,705.36
Operational expenses	-6,244,513.89	-5,922,115.11
Other operational expenses	-6,244,513.89	-5,922,115.11
<b>TOTAL OPERATING EXPENSES</b>	<b>-17,971,140.25</b>	<b>-17,691,711.07</b>
<b>SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES</b>	<b>124,864.56</b>	<b>-728,610.21</b>
Financial revenues	0.00	0.00
Financial expenses	-3,808.22	-3,698.33
Movement in pensions (- expense, + revenue)		
<b>SURPLUS/(DEFICIT) FROM NON OPERATING ACTIVITIES</b>	<b>-3,808.22</b>	<b>-3,698.33</b>
<b>SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES</b>	<b>121,056.34</b>	<b>-732,308.54</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>121,056.34</b>	<b>-732,308.54</b>

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

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Capital	Reserves		Accumulated Surplus / Deficit	Economic result of the year	Capital (total)
	Fair value reserve	Other reserves			
<b>Balance as of 31 December 2015</b>			<b>4,411,939.22</b>	<b>-732,308.54</b>	<b>3,679,630.68</b>
Changes in accounting policies				0.00	0.00
<b>Balance as of 1 January 2016</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>
Other					0.00
Fair value movements					0.00
Movement in Guarantee Fund reserve					0.00
Allocation of the Economic Result of Previous Year			-732,308.54	732,308.54	0.00
Amounts credited to Member States					0.00
Economic result of the year				121,056.34	121,056.34
<b>Balance as of 31 December 2016</b>	<b>0.00</b>	<b>0.00</b>	<b>3,679,630.68</b>	<b>121,056.34</b>	<b>3,800,687.02</b>

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

	2016	2015
<b>Cash Flows from ordinary activities</b>		
<b>Surplus/(deficit) from ordinary activities</b>	<b>121,056.34</b>	<b>-732,308.54</b>
<b>Operating activities</b>		
<u>Adjustments</u>		
Amortization (intangible fixed assets) +	43,508.05	47,502.08
Depreciation (tangible fixed assets) +	538,633.25	536,901.95
Increase/(decrease) in Provisions for risks and liabilities	6,735.64	0.00
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	-322,934.10	205,434.30
(Increase)/decrease in Long term Receivables		
(Increase)/decrease in Short term Receivables	831,772.90	227,818.68
(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	-344,502.33	239,967.47
Increase/(decrease) in Liabilities related to consolidated EC entities	-119,167.76	-443,808.70
<b>Net cash Flow from operating activities</b>	<b>755,101.99</b>	<b>81,507.24</b>
<b>Cash Flows from investing activities</b>		
Increase of tangible and intangible fixed assets (-)	-400,323.71	-257,462.87
Proceeds from tangible and intangible fixed assets (+)		
<b>Net cash flow from investing activities</b>	<b>-400,323.71</b>	<b>-257,462.87</b>
Net increase/(decrease) in cash and cash equivalents	354,778.28	-175,955.63
<b>Cash and cash equivalents at the beginning of the period</b>	<b>243,615.85</b>	<b>419,571.48</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>598,394.13</b>	<b>243,615.85</b>

## 4. ANNEX

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### 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, agreed with the Court of Auditors, 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 55 420 for the Web Portal and Euro 144 750 for the Skills Panorama. No research costs were incurred in 2016.

	Software
<u>A. Purchase value:</u>	
Previous financial year	310,277.82
Additions	26,343.02
Withdrawals or transfers from other headings	-11,805.62
<i>At the end of the financial year:</i>	324,815.22
<u>B. Depreciation:</u>	
Previous financial year	228,032.67
Additions	43,508.05
Transfer from other headings	-11,805.62
<i>At the end of the financial year:</i>	259,735.10
<b>Net book value (A – B)</b>	<b>65,080.12</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	6,693,805.66	923,328.68	296,955.73	70,897.80	1,593,260.36	180,462.64	9,758,710.87
Additions	178,224.00	26,136.22	-	-	169,620.47	-	373,980.69
From other headings							
From one heading to another		-77,939.36	-1,112.28		-238,055.20	-4,755.00	-321,861.84
<i>At the end of the financial year:</i>	<i>6,872,029.66</i>	<i>871,525.54</i>	<i>295,843.45</i>	<i>70,897.80</i>	<i>1,524,825.63</i>	<i>175,707.64</i>	<i>9,810,829.72</i>
<u>B. Depreciation:</u>							
Previous financial year	4,061,962.47	701,028.72	272,064.52	64,748.47	1,213,898.24	151,684.33	6,465,386.75
Additions	254,488.04	97,155.45	4,529.94	6,149.33	168,930.42	7,380.07	538,633.25
From other headings							
From one heading to another		-77,939.36	-1,112.28		-238,055.20	-4,755.00	-321,861.84
<i>At the end of the financial year:</i>	<i>4,316,450.51</i>	<i>720,244.81</i>	<i>275,482.18</i>	<i>70,897.80</i>	<i>1,144,773.46</i>	<i>154,309.40</i>	<i>6,682,158.16</i>
<b>Net book value (A – B)</b>	<b>2,555,579.15</b>	<b>151,280.73</b>	<b>20,361.27</b>	<b>-</b>	<b>380,052.17</b>	<b>21,398.24</b>	<b>3,128,671.56</b>

Through the course of 2016 repair works and replacement of the glass façade and the skylights in the three meeting rooms was undertaken and completed. An independent study confirmed that the observed damage which necessitated the repairs was linked to faulty construction. Cedefop has contacted the Greek authorities as the first step to initiate proceedings to recover the cost of these repairs. Although Cedefop believes it has a strong case for settlement of these costs, approximately Euro 180 000, at this stage it is prudent not to accrue any income in the accounts.

## C. Long-term receivables

Long-term receivables represent guarantees paid as a form of deposit to Greek utility companies for the supply of water and electricity.

#### **D. Stocks**

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

#### **E. 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.

#### **F. 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 2016 but relating to 2017,

<b>Analysis of Accounts Receivable</b>	<b>2016</b>	<b>2015</b>
VAT charges to be recovered from all EU countries	495 842.66	1 303 521.01
Staff related advances including school, canteen VAT and mission advances	22 044.39	140 810.86
Staff recovery of weighting factor adjustment	0.00	52,921.93
Deferred charges, i.e. expenses paid in advance e.g. insurance	282 592.56	135 421.19
Other small sundry items	422.48	0.00
	800 902.09	1 632 674.99

Note: Cedefop had for several years experienced delays in recovering the VAT owed by the Greek state however through the course of 2016 the large backlog of claims relating to 2013, 2014 and 2015 were settled.

In February 2016, in accordance with Article 60(4) of the Agency's Financial Rules, Cedefop was obliged to issue debit notes to the Greek authorities representing the agency's claim for interest on these late settlements of outstanding VAT. These debit notes of Euro 35 930 and Euro 22 000 relating to the years 2012 and 2013 respectively are still outstanding and will be recognised as income on receipt of the funds.

### **G. Cash and cash equivalents**

This figure represents the sum of balances held in the Agency's two bank accounts BNP Paribas Fortis NV in Brussels and its local account with Alpha Bank A.E. and small petty cash and credit card balances.

### **H. Long term provision**

There are no long term provisions in the 2016 accounts.

### **I. 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.

Following a tax audit conducted in 2016 by the General Directorate of the Tax Administration relating to VAT and withholding taxes, Cedefop received notice that the Agency was liable to pay an amount of Euro 6 735.64 for underpaid taxes and an associated penalty. Cedefop disputes the findings of the audit and will appeal. However, in line with the principal of prudence the Agency has charged its 2016 expenses with this amount and carries an equivalent provision in its balance sheet along with a receivable to be recovered from the Tax authorities.

### **J. Accounts payable**

Consisting of:

- a) current payables, relating chiefly to invoices received from suppliers at the end of 2016 to be processed in 2017,
- 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 2016. See the beginning of the Notes for details on the changes to accrual calculation introduced in 2014.

	<b>2016</b>	<b>2015</b>
Accrued costs	104,225	370,765
Accrued leave	183,050	208,085
Total	287,275	578,850

- d) amounts payable to consolidated entities, being chiefly pre-financing received from the Commission. The total to be paid decreased from Euro 737 911 in 2015 to Euro 618 744 in 2016. This figure consists of:

	<b>2016</b>	<b>2015</b>
Surplus on Budget Account	333,764	59,282
Remainder of Building Grant 250K	-	-
Grants Received 2013 or B/fwd	36,671	261,071
Less amount dispersed on above grant	- 168,300	- 224,400
Grants Received 2014 or B/fwd	641,959	536,975
Grant Received 2015		445,000
Less amount dispersed on above grant	-225,350	-340,016
<b>Total</b>	<b>618,744</b>	<b>737,911</b>

### **K. Contingent Liabilities**

Contingent liabilities as at 31 December 2016 amounted to Euro 6 622 764 (Euro 7 112 358 in 2015) representing standing financial commitments to suppliers not appearing on the balance sheet.

### **L. 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 333 764 (representing the balance on the Statement of Financial Performance for 2016) when calculating the revenue.

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

<b>Analysis of Revenue in the Economic Result Account 2016</b>		
Funds received from the Commission	17,434,000	
Less net surplus on the Budgetary Outturn Account	<u>-333,764</u>	
		17,100,236
<b>Grant Income</b>		
Agreement n° 30/CE-058371//03 disbursed	168,300	
Agreement n° VS/2013/0554 disbursed	225,350	
		393,650
<b>Other Operational Income</b>		
Norway	460,258	
Iceland	15,691	
Interest	<u>555</u>	
		476,504
		<u>17,970,390</u>
<b>Revenue from Administrative and Financial operations</b>		
Canteen		125,615
		<u>18,096,005</u>
Grand Total Income		<u>18,096,005</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 them to calculate the staff costs. Cedefop 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 2016 figure of Euro 6 244 514 compares to the corresponding 2015 figure of Euro 5 922 115.

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 analysis 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 surplus of Euro 121 056 (0.7% of Revenue) compares to last year’s deficit of Euro 732 309. Funds disbursed as pre-financing are not considered as expenditure until such time as the final or intermediate request for funds is received.

#### 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:

	2016	2015
<b>Economic result</b>	<b>121,056.34</b>	<b>-732,308.54</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 31.12.2015)	-578,850.21	-696,208.63
Adjustments for Accrual Cut-off (cut-off 31.12.2016)	287,274.25	578,850.21
Unpaid invoices net of VAT at year end but booked in charges	351,996.61	376,816.40
Depreciation of intangible and tangible fixed assets	582,141.30	584,404.03
Provisions	6,735.64	0.00
Value reductions	256.98	-270.74
Recovery Orders issued in 2016 and not yet cashed	0.00	0.00
Prefinancing given in previous year and cleared in the year	161,697.30	349,491.60
Prefinancing received in previous year and cleared in the year	-393,649.86	-564,455.77
Payments made from carry over of payment appropriations	523,084.81	496,234.80
Increase in prepayments to suppliers & reverse 2015 invoices	-546,047.42	-77,098.97
<i>Adjustment for budgetary items (item included in the budgetary result but not in the economic result)</i>		
Asset acquisitions (less unpaid amounts)	-400,323.71	-257,462.87
New pre-financing paid in 2016 and remaining open as at 31.12.2016	-484,631.40	-144,057.30
New pre-financing received in 2016 remaining open as at 31.12.2016	333,763.76	504,281.66
Budgetary recovery orders issued before 2016 and cashed in the year	-	29,720.31
Payment appropriations carried over to 2017	-911,165.21	-1,803,509.39
Cancellation of unused carried over payment appropriations from previous year	49,644.98	55,828.91
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	1,230,779.60	1,359,025.95
<b>Adjustments Total</b>	<b>212,707.42</b>	<b>791,590.20</b>
<b>Budgetary result</b>	<b>333,763.76</b>	<b>59,281.66</b>

**5. Distribution by grade of occupied posts in the 2016 establishment plan**

Annex A

	Categories Grades	Permanent posts	Temporary posts
	AD 16	-	-
	AD 15	-	1
	AD 14	-	1
	AD 13	-	2
	AD 12	4	4
	AD 11	-	9
	AD 10	-	10
	AD 9	-	5
	AD 8	-	5
	AD 7	-	4
	AD 6	-	1
	AD 5	-	-
		4	42
	AST 11	-	1
	AST 10	1	1
	AST 9	2	2
	AST 8	2	2
	AST 7	3	7
	AST 6	4	5
	AST 5	2	6
	AST 4	-	10
	AST 2	-	-
	AST 1	-	-
		12	34
		16	76
		Total	92
		Vacant	2