



RB(2018)01279

OPINION OF THE GOVERNING BOARD ON CEDEFOP'S FINAL ANNUAL ACCOUNTS 2017

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 2017 together with the Consolidated Annual Activity Report (CAAR) 2017, which takes into account the remarks of the Court of Auditors;
 - Having regard to the Director's statutory declaration of assurance in the CAAR 2017 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 2017 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 28 May 2018) on Cedefop's final accounts 2017
- (1) declares it has reasonable assurance, on the basis of the facts in its possession, that Cedefop's annual accounts for the financial year 2017 are reliable and that the underlying transactions, as regards revenue and payments, are legal and regular in all material aspects;
 - (2) notes that Cedefop's CAAR for 2017 includes complete financial information;
 - (3) notes with satisfaction the high implementation rate with over 99,95 % of Cedefop's budget committed, and that 88 of the establishment plan's 92 posts were filled at 31 December 2017;
 - (4) notes the Court's preliminary observations in regard to the 2017 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 2017 and expresses its opinion that it has the necessary assurance that the annual accounts 2017 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.

Done on 28 June 2018



Tatjana Babrauskiene
Chair of the Governing Board



Thessaloniki, 28 June 2018
RB(2018)01280

Annual Accounts

Financial year 2017

These accounts have been prepared by the Accounting Officer on 13/06/2018 and drawn up by the Acting Director on 13/06/2018. The opinion of the Governing Board was given on 28/06/2018.

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 30/06/2018.

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

Thessaloniki, 29 June 2018


The Acting Director

The Accounting Officer

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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 final annual accounts of Cedefop (the European Centre for the Development of Vocational Training) for the year 2017 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 13 June 2018



CEDEFOP

European Centre for the Development
of Vocational Training

**REPORT ON BUDGETARY AND
FINANCIAL MANAGEMENT
FINANCIAL YEAR 2017**

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, which also corresponds to ABB activities.

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 2017 to 2018.

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 2017. After expenditure of Euro 70 749 in 2017 the year-end balance of funds held as part of this Contribution Agreement was Euro 345 860.

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.

1.7. Debit Notes

The Centre issued eight debit notes in 2017 for a total value of Euro 32 958. Their breakdown being: the request for Iceland's 2017 contribution (Euro 17 434), two debit notes for the return of unspent Refernet funds (Euro 10 142) and sundry claims for expenses to be reimbursed generally being travel related - (Total Euro 5 382).

Evolution of commitment appropriations of the European Centre for the Development of Vocational Training (Cedefop) for the financial year 2017

Article Item	Heading	Initial Budget	Transfers	Final budget
	Title 1 - STAFF EXPENDITURE	10,603,500	-528,424	10,075,076
	Title 2 - ADMINISTRATIVE	1,512,440	-126,865	1,385,575
	Title 3 OPERATING EXPENDITURE			
3 0	TRANSVERSAL ACTIVITIES	310,000	-91,357	218,643
3050	Management Board meetings	160,000	-70,164	89,836
3070	Transversal technical support	150,000	-21,193	128,807
3 1	PARTICIPATION OF NON-MEMBER STATES IN THE OPERATIONAL WORK PROGRAMME	0	0	0
3100	Participation of Non-Member states	0	0	0
3122	DG employment Grant	0	0	0
32	SKILLS AND LABOUR MARKET (previously: Research and Policy Analysis)	1,360,000	601,546	1,961,546
3200	Missions, meeting, interpretation	200,000	-7,422	192,578
3240	Pilot studies and projects	1,160,000	608,968	1,768,968
3 3	VET SYSTEMS AND INSTITUTIONS (previously: Enhanced cooperation in VET and LLL)	2,135,500	10,500	2,146,000
3300	Missions, meetings, interpretation	180,500	500	181,000
3330	ReferNet annual grants (Specific Grant Agreements) (was 3250)	980,000	-16,000	964,000
3331	ReferNet other cost	100,000	-8,000	92,000
3340	Pilot studies and projects	875,000	34,000	909,000
34	LEARNING AND EMPLOYABILITY (new)	1,310,000	137,120	1,447,120
3400	Missions, meetings, interpretation	270,000	0	270,000
3440	Pilot studies and projects	1,040,000	137,120	1,177,120
3 5	COMMUNICATION (previously: Communication, information and dissemination)	637,949	-2,519	635,430
3500	Missions, meeting, interpretation	40,000	-3,400	36,600
3510	Publications and dissemination	205,449	-3,812	201,637
3520	Translation expenses	112,500	-18,064	94,436
3540	Establishment of operational documentation	100,000	0	100,000
3541	Contracts for update and maintenance of databases	160,000	22,757	182,757
3546	Promotional activities and public relations	20,000	0	20,000
	Title 3 – TOTAL	5,753,449	655,289	6,408,738
	GRAND TOTAL	17,869,389	0	17,869,389

**Evolution of payment appropriations
of the European Centre for the
Development of Vocational Training
(Cedefop) for the financial year
2017**

	Initial Budget	Transfers	Estimated Assigned Revenue	Final Budget
Title 1 - STAFF EXPENDITURE	10,603,500	-528,424		10,075,076
Title 2 - ADMINISTRATIVE	1,512,440	-126,865		1,385,575
Title 3 OPERATING EXPENDITURE	5,318,060	655,289	10,000	5,983,349
TOTAL	17,434,000	0	10,000	17,444,000
Grant				
Norway & Iceland	425,389			425,389
GRAND TOTAL	17,859,389	0	10,000	17,869,389

2 BUDGET IMPLEMENTATION 2017

Revenue			Expenditure											
Source of Revenue	Revenue entered in the final budget for the financial year	Revenue received for the financial year	Allocation of expenses	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)	10,075,076	10,074,583	9,854,529	220,053	493	152,891	152,891	129,077		23,814	
Union contribution	17,434,000	17,434,000												
Other subsidies	425,389	425,389	Title II Administration (NDA)	1,385,575	1,384,135	1,025,571	358,564	1,440	445,546	445,546	416,593		28,953	
Other revenue	10,000	11,217	Title III Operating Activities (DA)											
			- CA	6,408,738	6,402,083			6,655	0	0				
			- PA	6,408,738		5,141,717	0	1,267,022	0	0	0		0	
Assigned revenue	0	131,629	Assigned revenue	0	0	0	0	0	444,357	499,323	70,752	373,605	0	
			Total CA	17,869,389	17,860,800		578,617	8,589	1,042,794	1,097,760		373,605	52,767	
Total	17,869,389	18,002,235	Total PA	17,869,389		16,021,817	578,617	1,268,955	1,042,794		616,422	373,605	52,767	

- **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		2017			2016		Change comm. %
		Final budget	Comm.	Payments	Comm.	Payments	2017/2016
110	Officials and temporary staff occupying a post (includes Social Security contributions, supplementary services and weightings)	7,813,343	7,813,317	7,813,317	7,740,580	7,740,580	1%
1111	Seconded national experts	157,865	157,865	157,115	168,361	168,191	-6%
1112	Contract staff	1,201,656	1,201,656	1,201,656	1,169,623	1,169,623	3%
1113	Trainees	110,560	110,560	110,560	103,422	103,422	7%
114	Miscellaneous allowances and grants	166,948	166,948	166,948	167,560	167,560	0%
120	Allowances and expenses on leaving and entering the service	53,194	53,194	30,694	174,731	142,381	-70%
130	Mission expenses	94,384	94,081	86,030	91,187	88,146	3%
143	Medical service	48,000	47,970	23,984	13,500	11,048	255%
149	Other expenditure	132,931	132,931	130,631	129,366	124,373	3%
150	Training	120,000	119,945	48,303	149,973	91,476	-20%
160	Supplementary services	159,596	159,596	77,043	126,710	81,993	26%
170	Representation expenses	16,600	16,520	8,250	35,255	28,585	-53%
TITLE 1 – TOTAL		10,075,076	10,074,583	9,854,529	10,070,267	9,917,376	0%

Significant variations from 2016 to 2017 in commitments can be explained by:

1200 (Allowances and expenses on leaving and entering the service) – In 2016 the expenditure was rather high due to an increased number of installation allowances, in 2017 this returned to more usual levels.

1430 (Medical service) – The increased expenditure was due to the successful procurement procedure for a new Cedefop medical officer.

1500 (Training) – In 2017 it was decided to decrease the training budget by -30,000 EUR. This was as a result of the need to set negative priorities stemming from the shortfall in Title 3.

1600 (Supplementary services) – A risk assessment and cost/benefit analysis of legal service sourcing and a stakeholder feedback service funded from this budget line in 2017 led to an increase in commitments.

1700 (Representation expenses) – The decrease of the budget of Cedefop's sports and leisure club led to lower expenditure, similarly as a result of the shortfall in Title 3.

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

	Staff on 31/12/2016 (a)	Increase			Reduction			Staff on 31/12/2017 (h) = (a + d - g)
		Internal movements (b)	Recruit. (c)	Total (d) = (b + c)	Internal movements (e)	Depart. (f)	Total (g) = (e + f)	
OFF	16			0		3	3	13
TEMP	76	1		1		4	4	73
SNE	3		2	2		1	1	4
CTST	26		2	2	1	1	2	26
Total	121			5			10	116

Staff movements 2016-2017

■ Staff on 31/12/2016 ■ Staff on 31/12/2017



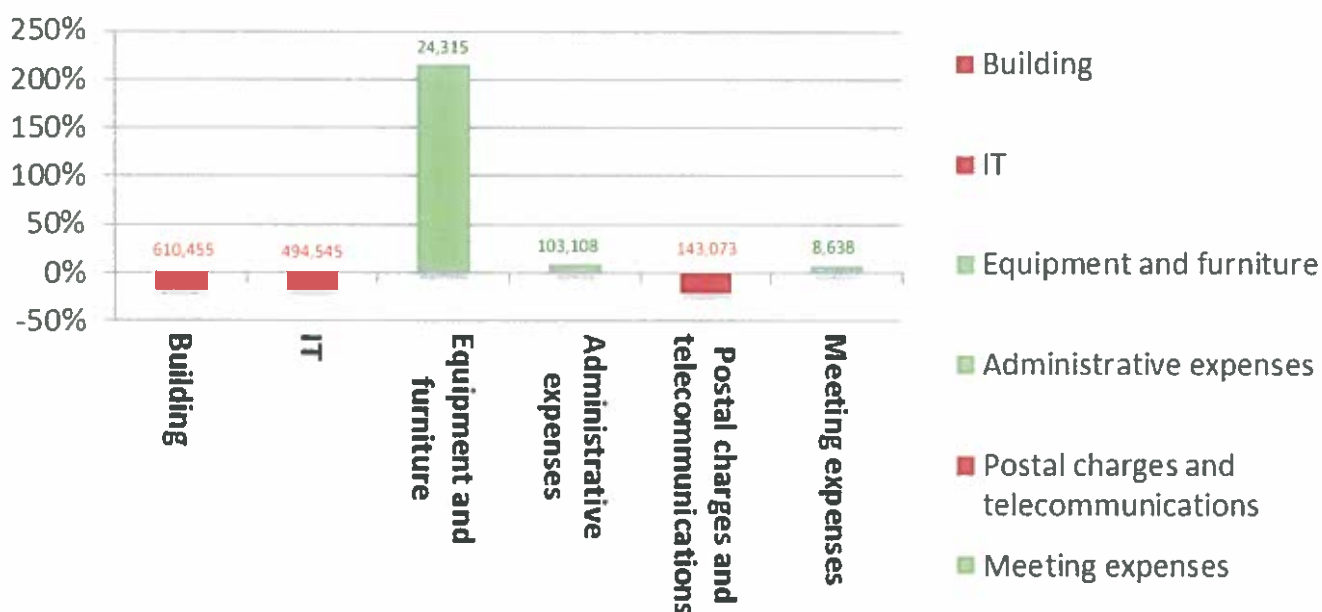
On 31 December 2017, 88 out of the 92 posts on the establishment plan were occupied and there were two ongoing selection procedures.

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

		2017			2016		Change comm. In % 2017/2016
		Final budget	Comm.	Payments	Comm.	Payments	
20	Building	610,455.40	610,455.40	502,489.18	738,469.72	672,137.26	-17%
21	IT	495,878.89	494,545.49	340,827.98	598,501.59	328,627.60	-17%
22	Equipment and furniture	24,316.74	24,314.74	23,932.91	7,728.00	7,274.11	215%
23	Administrative expenses	103,108.23	103,108.23	72,951.11	94,614.48	66,910.90	9%
24	Postal charges and telecommunications	143,078.00	143,072.94	79,397.87	178,591.59	98,406.76	-20%
25	Meeting expenses	8,737.44	8,637.77	5,971.77	8,082.31	7,085.14	7%
TITLE 2 TOTAL		1,385,574.70	1,384,134.57	1,025,570.82	1,625,987.69	1,180,441.77	-15%

Annual changes in infrastructure and Operating Expenditure 2017/2016



The significant variation from 2016 to 2017 can be explained by:

- Chapter 20: (Building): a decrease in the expenditure (17%) on building maintenance works and services attributed to unforeseen works performed in 2016, while the 2017 expenditure is aligned with the regular maintenance expenditure levels.
- Chapter 21: (ICT): a decrease (17%) in expenditure as 2016 budget execution included investments in hardware and network equipment (mainly servers' capacity increase) which was not repeated in 2017.
- Chapter 22: (Equipment and furniture): a significant increase in expenditure (215%) purely attributed to investment (of 14k EUR approx.) in foldable tables and other furniture for the meeting rooms and offices.
- Chapter 24: (Post and telecommunications): the decrease of 20% was recorded mainly due to investments on telecommunication equipment which occurred in 2016 and did not repeat in 2017, as well as a drop on mobile telephony costs following a signature of a new contract ensuring better prices

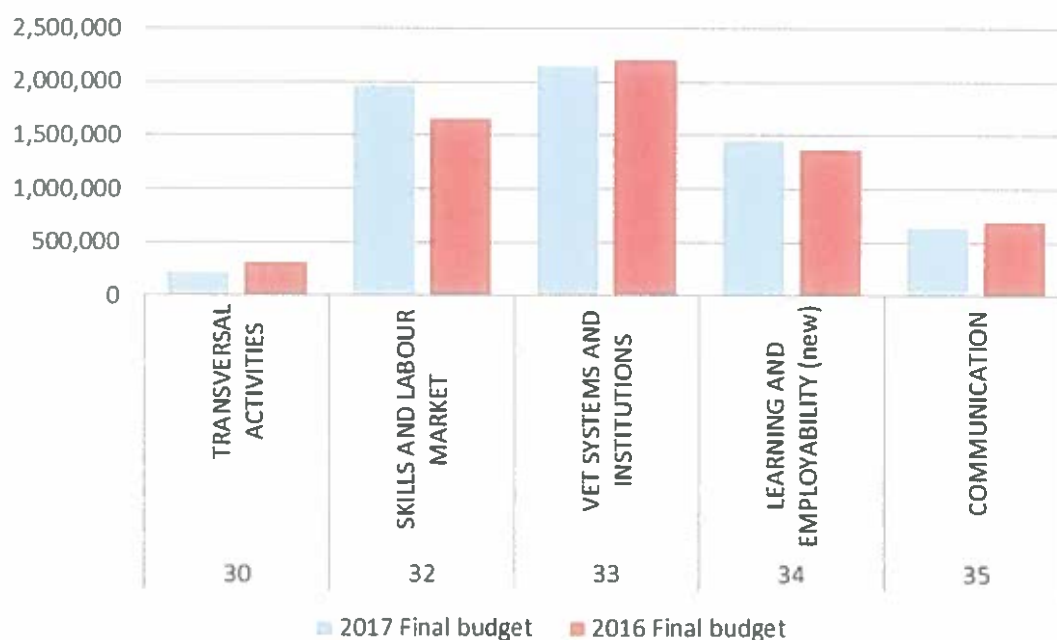
At the end of 2017 the Centre carried forward Euro 220 053 of Title 1 and Euro 358 564 of Title 2 appropriations, respectively 2.2% and 25.9% of total available appropriations after transfers.

The corresponding figures for the previous year were Euro 152 891 for Title 1 and Euro 445 546 for Title 2.

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

Chapter		2017			2016		
		Final budget	Comm.	%	Final budget	Comm.	%
30	TRANSVERSAL ACTIVITIES	218,643	218,643	100.00%	312,500	312,500	100.00%
32	SKILLS AND LABOUR MARKET (previously: Research and Policy Analysis)	1,961,546	1,961,546	100.00%	1,650,205	1,650,125	100.00%
33	VET SYSTEMS AND INSTITUTIONS (previously: Enhanced cooperation in VET and LLL)	2,146,000	2,144,561	99.93%	2,203,660	2,203,570	100.00%
34	LEARNING AND EMPLOYABILITY (new)	1,447,120	1,442,058	99.65%	1,368,640	1,368,633	100.00%
35	COMMUNICATION (previously: Communication, information and dissemination)	635,430	635,276	99.98%	687,131	686,757	99.95%
	TITLE 3 - TOTAL	6,408,738	6,402,083	99.90%	6,222,136	6,221,584	99.99%

Operational expenditure (Commitments) 2016-2017



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 2017 of 99.9%.

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

Heading	Initial Budget	Transfers	Estimated Assigned Revenue	Final Budget	Payments	Balance
Title 1 – Staff	10,603,500	-528,424		10,075,076		
Title 2 - Administrative	1,512,440	-126,865		1,385,575		
Title 3 - Operational	5,318,060	655,289	10,000	5,983,349	4,716,328	1,267,022
Total	17,434,000	0	10,000	17,444,000	4,716,328	1,267,022
Grant						
Norway & Iceland	425,389			425,389	425,389	0
Grand Total	17,859,389			17,869,389	5,141,717	1,267,022

Payment appropriations for Title 3 following transfers but excluding Norway and Iceland funds came to a total of Euro 5 983 349 of which Euro 4 716 328 were disbursed.

- 2.2. Other classes of appropriations
- 2.2.1. Assigned revenue received – previous financial year – Class L

	Apprpr. carried over	Comm.	Payments	Comm./Bud.	Carried-over	Cancelled
Title 1 – Staff	-	-	-	-	-	-
Title 2 - Administrative expenditure	-	-	-	-	-	-
Title 3 - Operational expenditure	3.56	3.56	3.56	100.00%	0	-
Total	3.56	3.56	3.56	0.00%	0	-

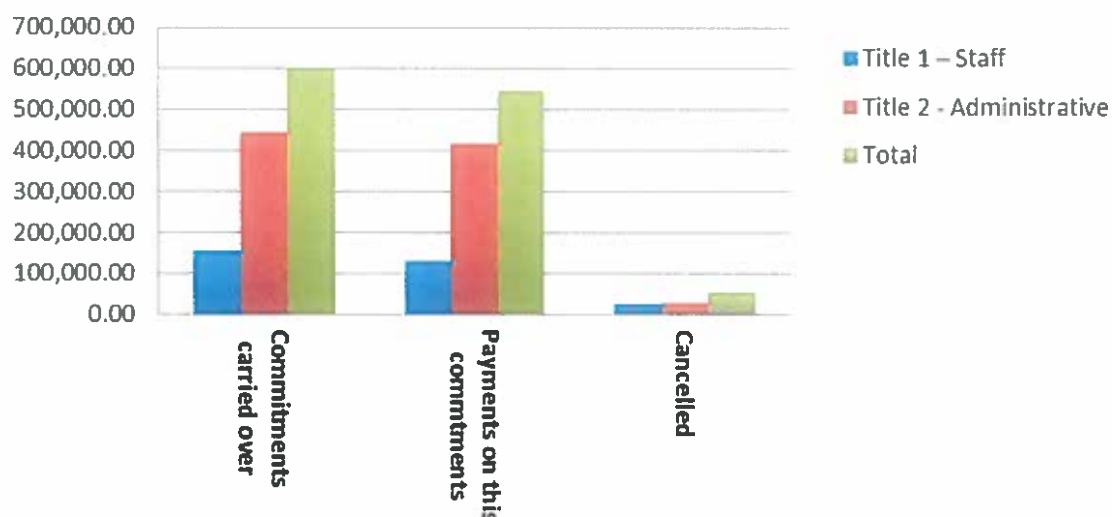
Class L Title 3 costs relate to translation and editing costs for the operational departments and onsite technical support.

- 2.2.2. Appropriations carried over automatically from 2016 to 2017 – Class A for Titles 1 and 2 (operational expenditure being treated as differentiated appropriations).

	Appropriations carried over	Commitments carried over	Payments	Pay/com m.	Cancelled
Title 1 – Staff	152,890.95	152,890.95	129,077.45	84%	23,813.50
Title 2 - Administrative	445,545.92	445,545.92	416,592.52	94%	28,953.40
Total	598,436.87	598,436.87	545,669.97	91%	52,766.90

Class A represents funds carried over from the previous year.

**Appropriations carried over
automatically from 2016 to 2017
Class A for Titles 1 and 2**



2.2.3. Assigned revenue

Note as of 2017 the Norway and Iceland payment appropriations are subsumed into the total Commission budget and are no longer treated as Assigned Revenue.

MONITORING TABLE FOR ASSIGNED REVENUE 2017

DG EMPL projects & third countries	BALANCE: total carryovers on 31/12/16 a	New funds b	Payment in 2017 c	Funds returned d	Carryover balance - present e=a+b-c-d	New approp. 2017 e	Payment in 2017 f	Balance h=d+e-f
Contribution Agreement VS/2013/0554	416,608.87		70,748.50		345,860.37			345,860.37
Total projects 2014	416,608.87		70,748.50		345,860.37			345,860.37
Contribution Agreement no30/CE-0538371/00-03	-131,629.00	131,629.00	0.00		0.00			0.00
Participation Norway 2012	3,334.46		0.00		3,334.46			3,334.46
Total projects 2012	-128,294.54	131,629.00	0.00		3,334.46			3,334.46
Participation Norway 2011	24,410.45		0.00		24,410.45			24,410.45
Total projects 2011	24,410.45		0.00		24,410.45			24,410.45
Other assigned revenue 2007	3.56		3.56		0.00			0.00
Total projects 2007	3.56		3.56		0.00			0.00
TOTAL	312,728.34	131,629.00	70,752.06	0.00	373,605.28	0.00	0.00	373,605.28

3. CONCLUSIONS

Implementation of the 2017 work programme

2017 was the first year of the new multi-annual planning that applies to all EU agencies (Programming Document 2017-2020). Cedefop's multi-annual objectives are: providing new knowledge and evidence; monitoring policy trends and providing policy analysis; acting as knowledge broker.

Taking full account of the EU policy framework, these objectives reflect the aims to inform and support VET-related policy making in response to economic, social and employment challenges in the EU and their implementation. Combined with three strategic areas of operation – shaping VET, valuing VET and informing VET – they guide type and scope of the Agency's work in the period 2017-20. Together with communication and documentation, the strategic areas of operation make up the agency's four central ABB activities.

In 2017, Cedefop's work informed the Commission staff working documents and proposed recommendations on reviewed key competences and a European framework for quality and effective apprenticeships ⁽¹⁾. Findings and events contributed to the European vocational skills week organised by the Commission. Cedefop also extended its assistance to individual countries. Policy learning events encouraged exchanges between policy makers, social partners and other VET and labour market actors. More country-specific information and interactive content on various themes were prepared to meet stakeholder demands.

The information below summarises the implementation of the Agency's 2017 work programme highlighting main activities and results achieved.

[More detailed information on Cedefop's multi-annual objectives and strategic areas of operation is available in its 2017-20 programming document; a detailed presentation of its performance indicators is/will be available in its annual report and the Consolidated Annual Activity Report (www.cedefop.europa.eu)].

ABB activity: Shaping VET

In line with its mandate, Cedefop, together with ETF, prepared an interim report on countries' progress towards the commonly agreed 2015-20 priorities for VET. Updated descriptions of VET systems help understand developments in their context. The online mobility scoreboard for VET, developed upon the Commission's request pursuant to the 'Youth on the Move' recommendation, was completed.

The 2015-18 research investigating VET's nature and role in the past two decades to understand challenges and generate scenarios for the future yielded first results. They were published in two research papers and a briefing note; shared with high-level policy makers and social partners; and discussed at a Cedefop workshop and a joint event with UNESCO/UNEVOC.

According to the upskilling pathways recommendation, all EU citizens should have the chance to acquire at least a qualification at level 3 or 4 of the European qualifications framework (EQF). Hence,

⁽¹⁾ European Commission. Proposal for a Council recommendation on a European framework for quality and effective apprenticeships. COM/2017/0563 final. 05.10.2017 <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2017%3A563%3AFIN> and Staff working document accompanying the proposal. SWD/2017/0322 final. 05.10.2017 <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=SWD:2017:322:FIN>.

at a **peer learning conference**, policymakers and other actors discussed with researchers whether national frameworks (NQFs), linking their qualifications to EQF, benefit citizens. This joint event with the Commission and Ireland's quality and qualifications authority showed that NQFs have made VET qualifications more visible. Measuring their impact and reaching end-users remain major challenges. Cedefop's 2017 **update of countries' progress in establishing NQFs** informed the debate.

The 2017 review of the EQF recommendation reflected Cedefop's substantial input. In 2017, Cedefop continued its support to the Advisory Group. The Agency contributed to horizontal comparisons of qualifications assigned to the same EQF levels and a related peer learning activity. It also coordinated the **third edition of the national and global qualifications frameworks inventory**, published jointly with ETF and UNESCO.

EQF/NQFs and validation of people's competences focus on the outcomes of learning. In 2017, Cedefop published a **handbook** to assist those who define and describe **learning outcomes** for qualification levels, standards and curricula. A study analysing how **learning outcomes are used to support dialogue between education and training and the labour market** was also completed.

Its work to maintain and adjust the current **Europass** portal continued. In summer the hundred millionth CV was created online. Throughout the year Cedefop provided technical and conceptual support to the Commission in shaping a 'new **Europass**' foreseen by the Skills Agenda.

ABB activity: Valuing VET

Cedefop's work in the field of **apprenticeships** - a priority in several EU-level initiatives - attracted high interest, including that of the European Parliament. Commission documents and national policy makers acknowledged its value. In 2017, Cedefop concluded

- **country reviews** supporting Greece, Italy and Slovenia in their work on establishing/adapting apprenticeships; work commenced with Croatia and Cyprus and, using a lighter approach, Belgium (Fr) and Sweden; a **policy learning forum** allowed participating countries to exchange their experience;
- a **cross-national overview on apprenticeships** in the EU-28, Iceland and Norway;
- the first phase of its research on **financing apprenticeships/dual VET** in the EU-28;
- the first phase of a study on **apprenticeships for adults**.

The study '**Towards age-friendly work in Europe: a life-course perspective on work and ageing from EU Agencies**', the result of cross-agency collaboration between Cedefop, EU-OSHA, Eurofound and EIGE, was published. Cedefop's contribution explored how VET can be used to support active ageing at work. Throughout the year, Cedefop continued to support the ET2020 working groups on **adult learning** and VET. Its contributions to the latter, focusing on **professional development of VET teachers and trainers**, informed a Commission study and a high-level peer review.

The results of Cedefop's **opinion survey** on VET's attractiveness and effectiveness, released in 2017, showed that VET is still seen as a path for low performers by many, although its role in economy and society is considered positive. Negative public discourse, lack of information and guidance and little understanding of VET's role in lifelong learning lead to underrating its value.

The crucial role of **information and guidance** at transition stages throughout people's lives is also reflected in the policy framework. In 2017, Cedefop's work in this field was marked by contributions to the first 'European guidance week' during the Estonian EU Presidency:

- a **conference on the changing role of lifelong guidance in the digital age**, jointly organised with Estonia;

- the launch of **CareersNet**, a network of national experts to help strengthen the Agency's evidence base and research, reinforce its support to policy development.

Addressing the challenge of low skills is a key theme of the upskilling pathways recommendation. Findings of Cedefop's study on **the economic and social costs of low-skilled adults in the EU** and its work on guidance and validation of non-formal and informal learning informed the debate at a joint seminar with the Maltese Presidency in Brussels. A joint briefing note with OECD highlights gaps and innovations in upskilling, reskilling and employing adult **refugees/migrants**.

In 2017, a synthesis complementing the **2016 update** of the **European inventory of validation of non-formal and informal learning** was published. The Agency's **toolkit to help prevent and remedy early leaving from education and training** and several **country reports** made available on its website contribute to the goals of the social rights pillar. The toolkit was launched at a policy learning forum. It helps identify learners at risk of leaving or who have already left; retain or bring them back and evaluate measures taken.

ABB activity: Informing VET

The **EU Skills Panorama** managed by Cedefop on behalf of the European Commission provides a single entry point to labour market and skill needs. In 2017:

- work commenced to offer more information tailored to the needs of guidance staff;
- analytical highlights on **skills anticipation in the EU-28** were released;
- blogs informed on several themes, including Cedefop's **European skills index**, which aims to measure and compare the performance of skills formation and matching systems in the EU.

As a user poll showed, three in four respondents found what they were looking for and 92% were satisfied or very satisfied with the information; 45% more visitors returned than in 2016. In 2017, Cedefop received a **best practice certificate for Skills Panorama** within the European public sector award (EPSA) competition. It was assessed as innovative, highly relevant to its target groups' needs and transferable and seen as increasing citizens' confidence 'that [the EU] can bring added value'.

Cedefop's activities to anticipate **skills supply and demand** focused on

- preparing its **2018 forecasts up to 2030**, which will integrate Eurofound's job tasks approach; Eurofound adopted Cedefop's **skill needs forecasting framework** to produce scenarios on the future of manufacturing, a project sponsored by DGGROW and the European Parliament;
- ground work for a pan-European tool to help understand skill demand by employers using **online vacancies and big data analysis techniques** and preparing delivery of initial data in 2018, as requested by the Commission. Collaboration with Eurostat started in view of developing an EU-wide online vacancy scraping system and vacancy statistics. Cedefop's prototype data were used in the European Big Data Hackathon competition.

Cooperation with Eurostat on **education, training and labour market statistics** continued to help generate better data on VET and the educational background of individuals in the Labour Force Survey. Cedefop also contributed to the work of the technical group on statistics for skills and human capital which led to experimental statistics on skills. Cedefop's **2017 country statistical overview updates** on key aspects of VET and lifelong learning relevant for policy making and achieving the Europe 2020 objectives were released.

Labour market and skills intelligence needs to inform qualifications and VET to ensure they meet new demands. The necessity to understand **skills mismatch** and design more effective policy solutions is reflected in the EU policy framework and is also one of Cedefop's priorities. In 2017, Cedefop:

- initiated **country reviews** in Greece, Bulgaria and Slovakia on **governance of skills anticipation and matching systems**. A comprehensive analytical framework was designed. This work supports capacity-building of national stakeholders and is steered by them. Cedefop also supported Greece in its work on a skills diagnosis system;
- organised a **policy learning forum on effective and innovative vocational training policies and practices for the long-term unemployed**;
- initiated a new strand on **digitalisation and the future of work**. A briefing note was published and a study was launched to explore skills matching of digital labour and how online platform work affects continuing skills formation;
- contributed to the Spring 2017 World Economic Forum dialogue on the Future of jobs and a new deal on lifelong learning;
- collaborated with Eurofound to prepare the **4th wave of the European Company Survey** which will focus on skills strategies in EU companies and is closely followed by a policy steering group composed of members of both Agencies' Governing Board.

In 2017, trends from previous years in take up of its work in EU level documents and reports continued: documents from different policy domains beyond education and employment cited Cedefop findings or referred to its work; documents by the European Commission, the European Economic and Social Committee and the European Parliament acknowledged its work and support to EU level initiatives or proposed collaborating with Cedefop on various themes. Findings from skills anticipation and mismatch, increasingly accessed through the EU Skills Panorama, made up around 60% of the citations and references in 2017.

As regards international organisations, over 40% of the references relate to skills anticipation and matching including those accessed through Skills Panorama. The latter exemplified the growing use of research and analyses Cedefop made available online. Data visualisation and multiple entry points to country specific information as well as targeted newsletters, video clips and interviews helped increase the number of visitors to the Agency's website.

PERFORMANCE 2017

- (a) 25 million visits to Europass website;
more than 204 000 page views of EU skills panorama (on average 2.63 page views per visit; returning visitors increased by 45.5% compared to 2016).
506 000 visits to Cedefop website
- (b) References to Cedefop's work in 144 EU-level policy documents and 118 issued by international organisations
- (c) Key EU policy users:
 - European Commission: 53% (incl. documents presented to the Council of the EU)
 - European Parliament: 14%
 - EU agencies: 15% (incl. documents presented to the Council of the EU)International organisations:
OECD (66%), ILO, UNESCO, World Economic Forum, World Bank, Council of Europe.
- (d) 377 000 downloads of Cedefop publications
- (e) 545 citations in academic literature in 2016-2017. Most frequently quoted themes:

skills supply and demand, qualification frameworks, validation of non-formal and informal learning, lifelong guidance and learning outcomes.

(f) 96% occupation rate of the establishment plan

(g) 99.95% budget implementation rate

REPORTS ON IMPLEMENTATION OF THE 2017 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 2017 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 2017 and 2016		
	2017	2016
Revenue		
Own revenue		
Commission contributions inc Norway and Iceland 2017	17,859,389.00	17,434,000.00
Sundry revenue		
Assigned revenue	131,629.00	475,949.00
Other revenue	11,216.72	554.79
Total revenue (a)	18,002,234.72	17,910,503.79
Expenditure		
<i>Staff – Title 1 of the budget</i>		
Payments	9,854,529.26	9,917,376.23
Appropriations carried over	220,053.28	152,890.95
<i>Administration – Title 2 of the budget</i>		
Payments	1,025,570.82	1,180,441.77
Appropriations carried over	358,563.75	445,545.92
<i>Operating activities– Title 3 of the budget</i>		
Payments	1,829,457.99	2,201,711.67
Payments against outstanding commitments at 31/12/n-1	3,312,258.61	3,731,381.21
Payment appropriations carried over	-	-
<i>Assigned revenue (Grants + third countries and others)</i>		
Payments	70,752.06	918,051.26
Carryovers including assigned revenue not entered in the budget	373,605.28	312,728.34
Total expenditure (b)	17,044,791.05	18,860,127.35
Outturn of the financial year (c = a - b)	957,443.67	- 949,623.56
Balance carried over from the previous year		
Cancelled n-1 appropriations carried over (non-differentiated appropriations Titles 1 and 2)	52,766.90	49,644.98
Appropriations carried over from assigned revenue	312,728.34	1,230,779.60
Payment appropriations carried over from the previous year (Title 3)	-	-
Exchange-rate differences	666.51	2,962.74
Balance for the financial year	1,323,605.42	333,763.76

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.



CEDEFOP

European Centre for the Development
of Vocational Training

FINANCIAL STATEMENTS

FINANCIAL YEAR 2017

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 2017 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

	2017	2016
ASSETS		
A. NON CURRENT ASSETS		
Intangible fixed assets	30,661.56	65,080.12
Tangible fixed assets	2,849,826.85	3,128,671.56
Land and buildings	2,294,556.23	2,555,579.15
Plant and equipment	86,739.28	151,280.73
Computer hardware	435,501.18	380,052.17
Furniture and vehicles	16,154.50	20,361.27
Other fixtures and fittings	16,875.66	21,398.24
Leasing	0.00	0.00
Tangible fixed assets under construction	0.00	0.00
Long-term pre-financing	0.00	0.00
Long-term pre-financing	0.00	0.00
<i>LT pre-financing with consolidated EC entities</i>	0.00	0.00
Long-term receivables	5,076.41	5,076.41
Long-term receivables	5,076.41	5,076.41
<i>LT receivables with consolidated EC entities</i>	0.00	0.00
TOTAL NON CURRENT ASSETS	2,885,564.82	3,198,828.09
B. CURRENT ASSETS		
Stocks	0.00	0.00
Short-term pre-financing	0.00	484,631.40
Short-term pre-financing	0.00	484,631.40
<i>ST pre-financing with consolidated EC entities</i>		0.00
Short-term receivables	774,495.62	800,902.09
Current receivables	487,884.77	495,842.66
Long-term receivables falling due within a year		
Sundry receivables	29,520.87	22,466.87
Other	257,089.98	282,592.56
-Accrued income	0.00	0.00
-Deferred charges	257,089.98	282,592.56
<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
Cash and cash equivalents	1,642,847.21	598,394.13
TOTAL CURRENT ASSETS	2,417,342.83	1,883,927.62
TOTAL	5,302,907.65	5,082,755.71

	2017	2016
LIABILITIES		
A. CAPITAL	2,791,953.79	3,800,687.02
Reserves		
Accumulated surplus/deficit	3,800,687.02	3,679,630.68
Economic result of the year - profit+/loss-	-1,008,733.23	121,056.34
B. Minority interest		
C. NON CURRENT LIABILITIES	0.00	0.00
Employee benefits	0.00	0.00
Provisions for risks and charges	0.00	0.00
Other long-term liabilities	0.00	0.00
Other long-term liabilities	0.00	0.00
Other LT liabilities with consolidated EC entities	0.00	0.00
Pre-financing received from consolidated EC entities	0.00	0.00
Other LT liabilities from consolidated EC entities	0.00	0.00
TOTAL CAPITAL + NON CURRENT LIABILITIES	2,791,953.86	3,800,687.02
D. CURRENT LIABILITIES	0.00	0.00
Provisions for risks and charges	6,735.64	6,735.64
Accounts payable	2,510,953.86	1,275,333.05
Current payables	520,429.18	361,365.64
Long-term liabilities falling due within the year	0.00	0.00
Sundry payables	8,311.03	7,949.53
Other	306,012.22	287,274.25
- Accrued charges	306,012.22	287,274.25
- Deferred income	0.00	0.00
Deferrals and accruals with consolidated EC entities	0.00	0.00
Accounts payable with consolidated EC entities	1,669,465.79	618,743.63
Pre-financing received from consolidated EC entities	1,669,465.79	618,743.63
Other accounts payable against consolidated EC entities	0.00	0.00
TOTAL CURRENT LIABILITIES	2,510,953.86	1,282,068.69
TOTAL	5,302,907.65	5,082,755.71

1.2. STATEMENT OF FINANCIAL PERFORMANCE

	2017	2016
Revenues from administrative operations	117,286.90	125,614.92
Other operating revenue	16,617,480.45	17,970,389.89
TOTAL OPERATING REVENUE	16,734,767.35	18,096,004.81
Staff and administrative expenses	-11,969,467.27	-11,726,626.36
Staff expenses	-9,647,766.70	-9,440,769.91
Fixed asset related expenses	-577,043.93	-582,141.30
Administrative expenses	-1,744,656.64	-1,703,715.15
Operational expenses	-5,770,853.94	-6,244,513.89
Other operational expenses	-5,770,853.94	-6,244,513.89
TOTAL OPERATING EXPENSES	-17,740,321.21	-17,971,140.25
SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES	-1,005,553.86	124,864.56
Financial revenues	666.51	0.00
Financial expenses	-3,845.88	-3,808.22
Movement in pensions (- expense, + revenue)		
SURPLUS/(DEFICIT) FROM NON OPERATING ACTIVITIES	-3,179.37	-3,808.22
SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES	-1,008,733.23	121,056.34
Extraordinary gains (+)		
Extraordinary losses (-)		
SURPLUS/(DEFICIT) FROM EXTRAORDINARY ITEMS	0.00	0.00
ECONOMIC RESULT OF THE YEAR	-1,008,733.23	121,056.34

1.3. STATEMENT OF CHANGES IN NET ASSETS

Capital	Reserves		Accumulated Surplus / Deficit	Economic result of the year	Capital (total)
	Fair value reserve	Other reserves			
Balance as of 31 December 2016			3,679,630.68	121,056.34	3,800,687.02
Changes in accounting policies				0.00	0.00
Balance as of 1 January 2017	0.00	0.00	3,679,630.68	121,056.34	3,800,687.02
Other					0.00
Fair value movements					0.00
Movement in Guarantee Fund reserve					0.00
Allocation of the Economic Result of Previous Year			121,056.34	-121,056.34	0.00
Amounts credited to Member States					0.00
Economic result of the year				-1,008,733.23	-1,008,733.23
Balance as of 31 December 2017	0.00	0.00	3,800,687.02	-1,008,733.23	2,791,953.79

1.4. CASH-FLOW STATEMENT (INDIRECT METHOD)

	2017	2016
Cash Flows from ordinary activities		
Surplus/(deficit) from ordinary activities	-1,008,733.23	121,056.34
Operating activities		
Adjustments		
Amortization (intangible fixed assets) +	41,551.77	43,508.05
Depreciation (tangible fixed assets) +	535,492.16	538,633.25
Increase/(decrease) in Provisions for risks and liabilities	0.00	6,735.64
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	484,631.40	-322,934.10
(Increase)/decrease in Long term Receivables		
(Increase)/decrease in Short term Receivables	26,406.47	831,772.90
(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	178,163.01	-344,502.33
Increase/(decrease) in Liabilities related to consolidated EC entities	1,050,722.16	-119,167.76
Net cash Flow from operating activities	1,308,233.74	755,101.99
Cash Flows from investing activities		
Increase of tangible and intangible fixed assets (-)	-263,780.66	-400,323.71
Proceeds from tangible and intangible fixed assets (+)		
Net cash flow from investing activities	-263,780.66	-400,323.71
Net increase/(decrease) in cash and cash equivalents	1,044,453.08	354,778.28
Cash and cash equivalents at the beginning of the period	598,394.13	243,615.85
Cash and cash equivalents at the end of the period	1,642,847.21	598,394.13

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, 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. Development is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved, processes, systems or services before the start of production.

No research costs were incurred in 2017 i.e. costs associated with planned and original investigation with the prospect of gaining new technical knowledge and understanding leading to the production of new or substantially improved software or systems.

	Software
A. Purchase value:	
Previous financial year	324,815.22
Additions	7,133.21
Withdrawals or transfers from other headings	-
<i>At the end of the financial year:</i>	331,948.43
B. Depreciation:	
Previous financial year	259,735.10
Additions	41,551.77
Transfer from other headings	-
<i>At the end of the financial year:</i>	301,286.87
Net book value (A – B)	30,661.56

B. Tangible fixed assets

	Land and buildings	Plant and equipment	Furniture	Transport equipment	IT equipment	Other tangible assets	Total
A. Purchase value:							
Previous financial year	6,872,029.66	871,525.54	295,843.45	70,897.80	1,524,825.63	175,707.64	9,810,829.72
Additions	-	6,558.32	-	-	248,129.08	1,960.05	256,647.45
From other headings							
Transfers							
<i>At the end of the financial year:</i>	6,872,029.66	878,083.86	295,843.45	70,897.80	1,772,954.71	177,667.69	10,067,477.17
B. Depreciation							
Previous financial year	4,316,450.51	720,244.81	275,482.18	70,897.80	1,144,773.46	154,309.40	6,682,158.16
Additions	261,022.92	71,099.77	4,206.77		192,680.07	6,482.63	535,492.16
From other headings							
Transfers							
<i>At the end of the financial year:</i>	4,577,473.43	791,344.58	279,688.95	70,897.80	1,337,453.53	160,792.03	7,217,650.32
Net book value (A – B)	2,294,556.23	86,739.28	16,154.50	-	435,501.188	16,875.66	2,849,826.85

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, no income was accrued in the accounts in 2016. As at the end of 2017 discussions were still ongoing.

C. Long-term receivables

Long-term receivables represent deposits to Greek utilities for 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. No pre-financing payments matching the conditions described above were outstanding at the year end.

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 2017 but relating to 2018,

Analysis of Accounts Receivable		
	2017	2016
VAT charges to be recovered from all EU countries	487 884.77	495 842.66
Staff related advances including school, canteen VAT and mission advances	29 520.87	22 044.39
Staff recovery of weighting factor adjustment	0.00	0.00
Deferred charges, i.e. expenses paid in advance e.g. insurance	257 089.98	282 592.56
Other small sundry items	0.00	422.48
	774 495.62	800 902.09

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 any positive credit card balances.

H. Long term provision

There are no long term provisions in the 2017 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 may 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. This provision remains outstanding as at the end of 2017. Efforts will be made in 2018 to resolve this issue.

J. Accounts payable

Consisting of:

- a) current payables, relating chiefly to invoices received from suppliers at the end of 2017 to be processed in 2018,
- 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 2017. See the beginning of the Notes for details on the changes to accrual calculation introduced in 2014.

	2017	2016
Accrued costs	128,206	104,225
Accrued leave	177,806	183,050
Total	306,012	287,275

d) amounts payable to consolidated entities, being chiefly pre-financing received from the Commission. The total to be paid increased from Euro 618 744 in 2016 to Euro 1,669,466 in 2017. This figure consists of:

	2017	2016
Surplus on Budget Account	1,323,605	333,764
Grants Received 2013 or B/fwd	-161,629	36,671
Amount Rec'd (+) or Disp'd (-)	161,629	-168,300
Grants Received 2014 or B/fwd	416,609	641,959
Less amount dispersed on above grant	-70,749	-225,350
Total	1, 669,466	618,744

K. Contingent Liabilities

Contingent liabilities as at 31 December 2017 of budgetary commitments amounting to Euro 8 249 563 (Euro 6 622 764 in 2016) representing standing financial commitments to suppliers not appearing on the balance sheet. Cedefop also reported in its consolidated accounting package an adjusted figure for these outstanding contingencies of Euro 7 779 991 where recognised but unpaid expenses have been deducted.

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 1 323 605 (representing the balance on the Statement of Financial Performance for 2017) when calculating the revenue.

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

Analysis of Revenue in the Economic Result Account 2017

Funds received from the Commission	17,434,000	
Less net surplus on the Budgetary Outturn Account	-1,323,605	
		16,110,395
Grant Income		
Agreement n° VS/2013/0554 disbursed	70,748	
		70,748
Other Operational Income		
Norway	407,955	
Iceland	17,434	
Reimbursements	10,142	
Interest	806	
		436,337
Subtotal		16,617,480
Revenue from Administrative and Financial operations		
Canteen		117,019
Gain on Exchange Rate		667
Commission		268
Grand Total Income		16,735,434

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 in-house research. 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 2017 figure of Euro 5 770 854 compares to the corresponding 2016 figure of Euro 6 244 514.

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 well as for knowledge brokering activities with Member States and other VET and labour market stakeholders. 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 1 008 733 (5.8% of Revenue) compares to last year's surplus of Euro 121 056. 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:

	2017	2016
Economic result	-1 008,733.23	121,056.34
<i>Adjustment for accrual items (items not in the budgetary result but included in the economic result)</i>		
Adjustments for Accrual Cut-off (reversal 31.12.2016)	-287,274.25	-578,850.21
Adjustments for Accrual Cut-off (cut-off 31.12.2017)	306,012.22	287,274.25
Unpaid invoices net of VAT at year end but booked in charges	498,938.71	351,996.61
Depreciation of intangible and tangible fixed assets	577,043.93	582,141.30
Provisions	0.00	6,735.64
Value reductions	-167.49	256.98
Recovery Orders issued in 2017 and not yet cashed	0.00	0.00
Prefinancing given in previous year and cleared in the year	484,631.40	161,697.30
Prefinancing received in previous year and cleared in the year	-70,748.50	-393,649.86
Payments made from carry over of payment appropriations	545,669.97	523,084.81
Increase in prepayments to suppliers & reverse 2016 invoices	-326,494.03	-546,047.42
<i>Adjustment for budgetary items (item included in the budgetary result but not in the economic result)</i>		
Asset acquisitions (less unpaid amounts)	-263,780.66	-400,323.71
New pre-financing paid in 2017 and remaining open as at 31.12.2017	0.00	-484,631.40
New pre-financing received in 2017 remaining open as at 31.12.2017	1,455,234.42	333,763.76
Budgetary recovery orders issued before 2017 and cashed in the year	-	-
Payment appropriations carried over to 2017	-952,222.31	-911,165.21
Cancellation of unused carried over payment appropriations from previous year	52,766.90	49,644.98
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	312,728.34	1,230,779.60
Adjustments Total	2,332,338.65	212,707.42
Budgetary result	1,323,605.42	333,763.76

5. Distribution by grade of occupied posts in the 2017 establishment plan

Annex A		
Categories	Permanent posts	Temporary posts
Grades		
AD 16	-	-
AD 15	-	1
AD 14	-	1
AD 13	-	2
AD 12	4	4
AD 11	-	8
AD 10	-	9
AD 9	-	5
AD 8	-	5
AD 7	-	4
AD 6	-	2
AD 5	-	-
	4	41
AST 11	-	1
AST 10	1	1
AST 9	-	2
AST 8	1	2
AST 7	3	7
AST 6	4	5
AST 5	-	7
AST 4	-	9
AST 3	-	-
AST 2	-	-
AST 1	-	-
	9	34
	13	75
Total		88
Vacant		4