



Governing Board Meeting
10-11 June 2015
RB(2015)01583

OPINION OF THE GOVERNING BOARD ON THE FINAL ANNUAL ACCOUNTS 2014

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 2014 together with the Consolidated Annual Activity Report (CAAR) 2014, which takes into account the remarks of the Court of Auditors;
 - having regard to the Director's statutory declaration in the annual activity report 2014 and his expression of confidence in the checks and operation of the Centre's internal control system;
 - having regard to the declaration of the accountant and of the internal control coordinator in the consolidated annual activity report;
 - having regard to the report of the Court of Auditors (May 2015);
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- (1) declares it has reasonable assurance, on the basis of the facts in its possession, that the annual accounts for the financial year 2014 are reliable and that the underlying transactions, taken as a whole, are legal and regular;
 - (2) notes that the Centre's Consolidated Annual Activity Report for 2014 includes complete financial information;
 - (3) notes with satisfaction the high implementation rate with over 98,93 % of Cedefop's budget committed, and that 95 of the establishment plan's 98 posts were filled at 31 December 2014;



- (4) congratulates the Centre on the fact that the Court of Auditor's draft report contains no observations on the 2014 accounts;
- (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 2014 and expresses its opinion that it has the necessary assurance that the annual accounts 2014 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.

Opinion adopted at the Governing Board meeting on 11 June 2015.

12. 6. 15 Barbara Dorn

Barbara Dorn
Chair of the Governing Board

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Thessaloniki, June 2015

FINAL

Annual Accounts

Financial year 2014

These accounts have been prepared by the Accounting Officer on 13/05/2015 and drawn up by the Director on 14/05/2014. The opinion of the Governing Board was given on 11/06/2015.

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 19/06/2015.

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

Thessaloniki / Date 25.5.2015


The Director
The Accounting Officer

Introduction

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

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

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

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

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

The subsidies received from Norway and Iceland are treated as external assigned revenue, as are the other appropriations received from the Commission.

Certification

The final annual accounts of Cedefop (the European Centre for the Development of Vocational Training) for the year 2014 have been prepared in accordance with Article 94 of the Financial Rules and the accounting rules adopted by the Commission's Accounting Officer, as are to be applied by all the institutions, agencies and joint undertakings (Article 101 of the Financial Rules).

I acknowledge my responsibility for the preparation and presentation of the annual accounts of Cedefop in accordance with Article 50 of the Financial Rules.

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 May 2015

REPORT ON BUDGETARY AND FINANCIAL MANAGEMENT FINANCIAL YEAR 2014

1. INTRODUCTION

1.1. Legal basis – financial rules

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

1.2. IT management systems

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

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

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

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

1.3. Nomenclature of appropriations

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

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

In order to provide a more detailed analysis of costs in relation to the work programme, Title 3 is subdivided into chapters, with each Operational Area having its own chapter.

Chapter 32: Research and Policy Analysis (RPA)

Chapter 33: Enhanced Cooperation in VET and LLL, including study visits for education and vocational training specialists (ECVL)

Chapter 35: Communication, information and dissemination (CID)

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

1.4. Management of appropriations

The management of appropriations was decentralised to the Areas in 2006. However, the Administration retains centralised responsibility for budgetary records in the computerised system and for the keeping of documents. In the new nomenclature introduced in the 2012 budget, Translation expenses were moved from Chapter 30 to Chapter 35 where a relevant budget line 352 with four budget items (one for each Area) was created, as was also “Establishment of operational documentation” (previously budget line 300) that became a new budget item of budget line 354 “Pilot studies and public relations” under the responsibility and management of Area CID. Publications expenses, previously budgeted within each Area’s Chapter, were also moved to Chapter 35 where a relevant budget line 351 with four budget items was created.

1.5. Non-automatic carryovers of appropriations

No non-automatic carryovers were made from 2014 to 2015.

1.6. Supplementary and amending budget

In December 2013 the Centre was granted a supplementary and amending budget to the value of Euro 1 100 000; Euro 600 000 of this total was entered in the 2013 budget. Funds relating to the grant were received in 2014. 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.

Additionally two amending budgets were approved by the Governing Board in 2014 to incorporate in Cedefop's budget the retroactive impact of the decisions of the EU judicial and legislative authorities concerning the regularisations of staff's remunerations. These decisions date back to 2011 and resulted to significant negative salary corrections for EU staff working in Greece. The savings, totalling Euro (510 151 + 186 000) 696 151, were returned to the Commission by way of these amending budgets.

1.7. Monies received

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

1.8. Debit Notes

The Centre issued twenty debit notes for a total value of Euro 33 259. Their breakdown being: the request for Iceland's 2014 contribution (Euro 13 947), two requests for the return of unspent grant funds (total Euro 2 446) and sundry claims for expenses to be reimbursed –

the vast majority being travel related - (Euro 16 866). All amounts other than Iceland's contribution were received in the year.

Evolution of commitment appropriations of the European Centre for the Development of Vocational Training (Cedefop) for the financial year 2014

Article Item	Heading	Initial 2014 Budget	Transfers	Estimated Assigned Revenue	Amending budgets	Final Budget
	Title 1 - STAFF EXPENDITURE	11,120,000	-426,270	0	-696,151	9,997,579
	Title 2 - ADMINISTRATIVE	1,550,000	225,305	0		1,775,305
	Title 3 OPERATING EXPENDITURE	5,286,917	200,965	15,000		5,502,882
3 0	TRANSVERSAL ACTIVITIES	200,000	28,585			228,585
3050	Governing Board meetings	130,000	-34,565			95,435
3070	Transversal technical support	70,000	63,150			133,150
3 1	NON MEMBER STATES AND ASIGNED REVENUE	0	0			0
3100	Participation of Non-Member states	0	0			0
3122	DG Employment Delegation Agreement	0	0			0
3 2	RESEARCH AND POLICY ANALYSIS	2,471,000	224,765			2,695,765
3200	Missions, meetings, interpretation	238,000	-67,840			170,160
3240	Pilot studies and projects	1,177,000	330,360			1,507,360
3250	ReferNet annual grants (Specific Grant Agreements)	1,056,000	-37,755			1,018,245
3 3	ENHANCED COOPERATION IN VET and LLL	1,900,000	17,470			1,917,470
3300	Missions, meetings, interpretation	355,000	-73,775			281,225
3340	Exchanges and support for partners	1,525,000	96,350			1,621,350
3350	Study Visits for education and vocational training specialists	20,000	-5,105			14,895
3 5	INFO, COMMUNICATION AND DISSEMINATION	715,917	-69,855	15,000		661,062
3500	Missions, meetings, interpretation	38,000	-10,235			27,765
3510	Publications and dissemination	127,700	43,430	15,000		186,130
3520	Translation expenses	101,500	-26,635			74,865
354	Documentation databases and public relations	448,717	-76,415			372,302
	GRAND TOTAL	17,956,917	0	15,000	-696,151	17,275,766

Evolution of payment appropriations of the European Centre for the Development of Vocational Training (Cedefop) for the financial year 2014

Note: includes Norway and Iceland funds

Article Item	Heading	Initial Budget	Sum of Transfers	Estimated assigned revenues	Amending Budgets	Final Budget
	Title 1 - STAFF EXPENDITURE	11,120,000	-426,270		-696,151	9,997,579
	Title 2 – INFRASTRUCTURE & OPERATING EXPENDITURE	1,550,000	225,305			1,775,305
	Title 3 - OPERATIONAL EXPENDITURE	5,286,917	200,965	615,000	0	6,102,882
	GRAND TOTAL	17,956,917	0	615,000	-696,151	17,875,766

Estimated Assigned Revenue consists of estimated Euro 15,000 of and internally generated assigned revenue and other income and Euro 600,000 grant funds received from DG Employment in the field of labour skills demand and supply. The corresponding commitment appropriations were booked in the 2013 accounts.

2 BUDGET IMPLEMENTATION 2014

Revenue			Expenditure										
Source of Revenue	Revenue entered in the final budget for the financial year	Revenue received for the financial year	Allocation of expenditure	Final budget appropriations for the financial year					Appropriations carried over from previous years				
				Entered	Committed	Paid	Carried Over	Cancelled	Available	Committed	Paid	Carried Over	Cancelled
Own revenue			Title I Staff (NDA)	9,997,579	9,832,702	9,706,515	126,187	164,877	231,152	231,152	208,113		23,039
Union contribution	16,737,749	16,333,900											
Other subsidies			Title II Administration (NDA)	1,775,305	1,771,724	1,345,847	425,877	3,581	251,419	251,419	234,509		16,910
Other revenue	15,000	10,043	Title III Operational Activities (DA)										
			- CA	4,979,865	4,964,034			15,831	0	0			
			- PA	4,979,865		4,387,080	0	592,785	0		0		0
Assigned revenue	1,123,017	1,109,070	Assigned revenue	1,109,070	523,017	0	1,109,070	0	1,363,330	1,113,662	1,113,375	249,956	0
Total	17,875,766	17,453,013	Total CA	17,861,819	17,091,477		1,661,134	184,289	1,845,901	1,596,232		249,956	39,949
			Total PA	17,861,819		15,439,443	1,661,134	761,242	1,845,901		1,555,996	249,956	39,949

2.1. Appropriations for the current financial year: Analysis of the use of appropriations and of the main changes compared with 2013.

2.1.1. Title 1: Staff

Budget item and heading		2014			2013		Change comm. %
		Final budget	Comm.	Payments	Comm.	Payments	2014/ 2013
110	Officials and temporary staff occupying a post (includes Social Security contributions, supplementary services and weightings)	7,863,300	7,755,120	7,755,120	8,525,889	8,525,889	-9%
1111	Seconded national experts	170,100	170,024	170,024	194,835	194,835	-13%
1112	Contract staff	997,869	987,598	987,598	1,041,127	1,041,127	-5%
1113	Trainees	81,400	81,393	81,393	94,628	94,628	-14%
114	Miscellaneous allowances and grants	181,000	180,390	180,390	261,051	261,051	-31%
120	Allowances and expenses on leaving and entering the service	233,290	216,337	167,629	246,908	143,694	-12%
130	Mission expenses	75,600	75,591	71,289	76,480	65,041	-1%
143	Medical service	62,200	60,745	44,806	71,694	60,193	-15%
149	Other expenditure	73,800	71,538	71,443	81,290	65,191	-12%
150	Training	144,000	125,903	80,046	129,970	71,237	-3%
160	Supplementary services	96,020	90,850	80,890	189,500	160,883	-52%
170	Representation expenses	19,000	17,212	15,886	17,633	16,084	-2%
	TITLE 1 – TOTAL	9,997,579	9,832,702	9,706,515	10,931,005	10,699,853	-10%

Significant variations from 2013 to 2014 in commitments can be explained by:

1111 (Seconded national experts) – In 2014 there were fewer seconded national experts due to unforeseen departures.

1113 (Trainees) – In 2014 less money was committed due to the fact that no extensions of traineeships were granted.

1140 (Miscellaneous allowances and grants) – Less money was spent on this commitment as the rules on granting the annual travel (Art. 8 of Annex VII of the Staff Regulations) changed with the reform of 01/01/2014. This means that fewer staff members are entitled to the annual travel and the actual amounts granted are reduced.

1200 (Allowances and expenses on leaving and entering the service) – The higher amount in 2013 was related to the cost of the selection procedure for a new Deputy Director.

1430 (Medical service) – The 2014 figures reflect a change of provider (hospital) for the annual medical exams following a procurement procedure which has led to a decrease in price of exams.

1490 (Other expenditure) – In 2013, the cost of digitisation of personal files was committed on this budget line. This was a one-off cost and therefore has led to a decrease in commitments in 2014.

1600 (Supplementary services) – Expenditure on this budget line went down mainly due to a decrease in the number of legal translations.

1700 (Representation expenses) – The decrease reflects a dedicated effort to reduce expenditure on this budget line.

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

	Staff on 31/12/2013	Increase			Reduction			Staff on 31/12/2014
		Internal movements	Recruit.	Total	Internal movements	Depart.	Total	
	(a)	(b)	(c)	(d) = (b + c)	(e)	(f)	(g) = (e + f)	(h) = (a + d - g)
OFF	18			0			0	18
TEMP	80			0		3	3	77
SNE	4			0		2	2	2
CTST	23			0			0	23
Total	125			0			5	120

On 31 December 2014, 95 of the 98 posts on the establishment plan were occupied. One post was kept vacant in order to be cut in 2015 in line with the required reduction of staff.

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

2.1.2. Title 2: Infrastructure and operating expenditure

		2014			2013		Change comm. in % 2014/2013
		Final budget	Comm.	Payments	Comm.	Payments	
20	Building	645,650.00	644,523.85	597,951.93	594,634	533,404	8%
21	IT	625,315.00	625,284	395,418.25	509,500	445,251	23%
22	Equipment and furniture	130,040.00	129,066	91,150.03	77,874	25,787	66%
23	Administrative expenses	96,080.00	95,074	76,173.80	122,240	110,246	-22%
24	Postal charges and telecommunic ations	265,420.00	265,076	176,801.00	165,984	107,096	60%
25	Meeting expenses	12,800.00	12,700	8,352.37	8,500	5,529	49%
	TITLE 2 TOTAL	1,775,305.00	1,771,724.28	1,345,847.38	1,478,732	1,227,313	19.81%

The variation from 2013 to 2014 can be explained by:

- Chapter 20: (Building): slight increase (+2.7%) in expenditure for public utilities mostly due to high electricity fees and significant increase (+24.5%) on cleaning and maintenance due to the last stage of repair works and restart of large conferences. This has been offset by the decrease (-22.3%) in security expenditure which saw significant investment in 2013; overall increase of 8.0% reflecting a more intensive use of the building than in the previous year.
- Chapter 21: (IT Costs): increased expenditure (+5.6%) on data-processing equipment due to investments in servers/storage in order to enhance the capacity and respond to Business Continuity Plan needs (non-recurrent expenditure); a more significant increase (+29.5%) on software purchase and development to cover implementation of the new MoU-SLA on CERT-EU, security and auditing of storage; the overall increase of 22.7% allowed Cedefop to ensure due coverage of its ICT needs in 2014 and in the foreseeable mid-term.
- Chapter 22: (Equipment and furniture): important increase (+64.6%) in expenditure for purchase of technical equipment due to the revamping needs of the conference rooms and new meeting and training rooms; very significant increase (+222.4%) in expenditure for furniture to equip the new rooms (referring however to low amounts); important decrease (-44.4%) in expenditure for transport equipment (also low amounts involved), as use of service vehicles was further rationalised and fuel costs diminished significantly; overall increase of close to 65.7%, largely reflecting the completion stage of the rooms refurbishing and revamping project.
- Chapter 23: (Administrative): a significant decrease in expenditure on stationery and office supplies (-58.6%) and on other administrative expenditure (-35.4%) due to rationalisation and savings efforts; important increase (+77.5%) in legal expenses due to extra obligations and small increase (+6.2%) on publications of administrative nature, but referring to relatively low amounts; overall decrease of 22.2% actually due to efficient financial management of the general administrative activity.
- Chapter 24: (Post and telecommunications): decreased expenditure (-20.7%) on postal charges due to lower tariffs applied and reduced volume of outgoing paper mail; increased expenditure (+35.8%) on telecommunications subscriptions and charges due to much higher volume of electronic communication flows internally and externally and larger use of the web as working tool; significant increase in expenditure (+74.8%) for purchase, installation and maintenance of telecommunications material due to important investments to extend backbone latency, to acquire Access point equipment and to enhance power supply capacity (non-recurrent expenditure); the overall increase of 59.7% seriously fostered Cedefop's telecommunications capacity in the mid-term, thereby contributing to pursuing the ever more demanding operational priorities and challenges.
- Chapter 25: (Meeting expenses): important increase (+49.4%) due to fully exploiting the completely refurbished and revamped meeting rooms in organising a number of high-level, large conferences, including hosting two inter-agencies events, and numerous internal enhanced coordination meetings.

This year the Centre will carry forward Euro 552 064 of Title 1 and 2 appropriations; Euro 126 187 for Title 1 and Euro 425 877 for Title 2. These figures relate to non-assigned revenue funds.

The corresponding total figure for the previous year was Euro 482 570.

The Centre continues to advance its activities earlier in the calendar year, thereby reducing the asymmetry in its annual activities which, in common with most institutions, had been skewed towards the year end.

2.1.3. Title 3: Operational expenditure (commitments),

Chapter		2014			2013		
		Final budget	Comm.	%	Final budget	Comm.	%
30	Transversal activities	228,585	228,581	100.00%	390,725	390,690	99.99%
32	Area RPA: Research and Policy Analysis	2,695,765	2,695,439	99.99%	2,570,960	2,569,275	99.93%
33	Area ECVL: Enhanced Cooperation in VET and LLL	1,917,470	1,917,203	99.99%	2,059,090	2,053,447	99.73%
35	Area CID: Communication, Information and Dissemination	661,062	645,828	97.70%	456,900	450,597	98.62%
	TITLE 3 - TOTAL	5,502,882	5,487,051	99.71%	5,477,675	5,464,009	99.75%

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

Each Area has its own lines for the costs of missions, meetings and interpretation, technical support and study contracts. Budget lines by Area for translation and publications expenses are included in chapter 35 of Area CID.

Cedefop continues to fully utilise all its operational funding year on year with an implementation rate for 2014 of 99.75%.

Payment Appropriations excluding grant and Norway and Iceland funds

Heading	Initial 2014 Budget	Transfers	Estimated Assigned Revenue	Amendments and Refunded	Payments	Balance
Title 1 - STAFF EXPENDITURE	11,120,000	-426,270				
Title 2 - ADMINISTRATIVE	1,550,000	225,305				
Title 3 OPERATING EXPENDITURE	4,748,900	200,965	15,000	0	-4,387,080	577,785
TOTAL	17,418,900	0	0	0	0	0
Norway & Iceland	523,017					
GRAND TOTAL	17,941,917	0	15,000	0	-4,387,080	577,785

Payment appropriations for Title 3, excluding Norway and Iceland funds, came to a total of Euro 4 748 900 of which Euro 4 387 080 were disbursed.

Note, the significant saving in personnel costs and slower Title 3 disbursements enabled the Agency to reduce its final subsidy request by Euro 500 000, additionally the reduction in the year-end cash security buffer requirements allowed the Agency to return Euro 600 000 to the Commission, the effect being to reduce the Agency's budget surplus and make for a more efficient use of treasury resources.

Appropriations not committed under Title 3 are cancelled.

2.2. Other classes of appropriations

2.2.1 Assigned revenue received – previous financial year – Class L

	Appropri. carried over	Comm.	Payments	Comm./Bud.	Carried-over	Cancelled
Title 1 – Staff	2,682.33	-	-	0.00%	2,682.33	0
Title 2 - Administrative expenditure	-	-	-	0.00%	0	0
Title 3 - Operational expenditure	480.06	-	-	0.00%	480.06	0
Total	3,162.39	-	-	0.00%	3,162.39	0

Class L Title 3 costs relate to translation and editing costs for the operational areas and onsite technical support. These funds will be utilised in 2015.

2.2.2 Appropriations carried over automatically from 2013 to 2014 – 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	231,151.51	231,151.51	208,112.75	90.03%	23,038.76
Title 2 - Administrative	251,418.66	251,418.66	234,508.80	93.27%	16,909.86
Total	482,570.17	482,570.17	442,621.55	91.72%	39,948.62

Class A represents funds carried over from the previous year.

2.2.3. Assigned revenue

MONITORING TABLE FOR ASSIGNED REVENUE 2014								
DG EMPL projects & third countries	BALANCE: total carryovers on 31/12/13	New funds	Payment in 2014	Funds returned	Carryover balance - present	New approp. 2014	Payment in 2014	Balance
	a	b	c	d	e=a+b-c-d	e	f	h=d+e-f
Contribution Agreement No VS/2013/0554						600,000.00	63,025.00	536,975.00
Participation Norway 2014						509,070.00		509,070.00
Participation Iceland 2014						0.00		0.00
Total projects 2014	0.00	0.00	0.00	0.00	0.00	1,109,070.00	63,025.00	1,046,045.00
Participation Norway 2013	467,228.00	0.00	467,228.00		0.00			0.00
Participation Iceland 2013	13,947.00	0.00	13,947.00		0			0.00
Total projects 2013	481,175.00	0.00	481,175.00		0			0.00
Contribution Agreement no30/CE- 0538371/00-03	732,823.00		471,752.00		261,071.00			261,071.00
Participation Norway 2012	3,334.46				3,334.46			3,334.46
Total projects 2012	736,157.46	0.00	471,752.00	0.00	264,405.46			264,405.46
Sundry assigned revenue	1,221.59				1,221.59			1,221.59
Participation Norway 2011	142,796.12		97,422.52		45,373.60			45,373.60
Total projects 2011	144,017.71		97,422.52		46,595.19			46,595.19
Commission's Grant regarding building repairs	39.50		0.00		39.50			39.50
Total projects 2009	39.50		0.00		39.50			39.50
Other assigned revenue	480.06		0.00		480.06			480.06
Total projects 2007	480.06		0.00		480.06			480.06
Other assigned revenue 2009 & 2010	1,460.74		0.00		1,460.74			1,460.74
Total assigned revenue	1,460.74		0.00		1,460.74			1,460.74
TOTAL	1,363,330.47	0.00	1,050,349.52	0.00	312,980.95	1,109,070.00	63,025.00	1,359,025.95

3. CONCLUSIONS

The following summarises the main results and activities of the implementation of the 2014 work programme. The text of this section is derived from the description of Cedefop's products and services in 2014 in the annex II of the 2014 Specific Annual Report (SAR) of the European Court of Auditors.

[More information and a detailed presentation of the indicators of Cedefop's performance measurement system (PMS) are available in the Annual Report 2014 and the Annual Activity Report (www.cedefop.europa.eu).]

ABB activity: Policy analysis and reporting

Findings of Cedefop's 2010-2014 review of progress towards the goals set for VET informed policy discussions among Directors General for Vocational Training (DGVTS) under the Greek and Italian Presidencies and at the meetings of the Advisory Committee for Vocational Training (ACVT). They were also presented at the Cedefop/DGEAC conference held on 29-30 September 2014. Cedefop also contributed to defining new VET priorities. Cedefop published brief overviews of national VET systems (Spotlights on VET) and prepared detailed country fiches on VET policies for all Member States, Norway and Iceland. This information informed the 2014 country-specific recommendations of the European Semester. Cedefop used its extensive information on VET policies to showcase national efforts to strengthen VET graduate employability in the context of the Joint Assessment Framework of progress in education and training policy (published in the 2014 Education and Training Monitor). A selection of policy-relevant statistical indicators on VET was published. It facilitates reviewing the situation in each Member State. Cedefop contributed to the OECD flagship publication Education at a Glance with indicators based on PIAAC data.

ABB activity: Common European tools, qualifications and learning outcomes

Cedefop continued to coordinate the EQF (European Qualifications Framework) Advisory Group jointly with the European Commission and analysed NQF developments in 36 countries. Outcomes were published in the Briefing note 'Qualifications frameworks: expanding influence, persisting obstacles'. Support to EQAVET and ECVET continued. The 2014 update of the European Inventory on validation of non-formal and informal learning (33 countries) was published online. Cedefop also published the Briefing note 'The validation challenge: how close is Europe to recognising all learning?'. Visits in the Europass website – managed by Cedefop and available in 27 languages – reached 102 million since its launch (2014: 21,7 million; 2013: 20,1 million). Users generated 47 million CVs online (2014: 13,1 million; 2013: 9,8 million). Throughout 2014 Cedefop carried out targeted research on strengthening synergy between the European tools and debated the findings at a high level Conference (Thessaloniki, 28 and 29 November) which brought together more than a hundred experts, policy-makers and social partners from 20 different countries. In the academic year 2013/14, Cedefop coordinated the 245 last study visits for 2709 education and vocational training specialists from 34 countries (the programme came to an end in September 2014).

ABB activity: Adult learning, transitions and apprenticeships

To support the 'European alliance for apprenticeships' Cedefop fostered cooperation at European level and among Member States in the development of apprenticeship-type work-based learning and reviewed the conditions for developing and expanding apprenticeship in different countries. Cedefop organised with the European Commission the conference 'Steering Partnerships for Growth' (Thessaloniki, 7-8 May) to help countries identify potential partners to work jointly on apprenticeships across borders. On the eve of the conference, Cedefop published the briefing note 'Developing apprenticeships'. To support young people and workers to manage labour market transitions and achieve positive labour market outcomes Cedefop published the study 'Navigating difficult waters: learning for career and labour market transitions'.

ABB activity: Skills analysis

In 2014 Cedefop took over responsibility for the EU Skills Panorama. Cedefop published online its latest skill supply and demand forecasts 2013-2025 and contributed to shape the report of the World Economic Forum's Global Agenda on Employment (of which Cedefop was a member in the period 2012-2014) 'Matching skills and labour market needs in the world economy - Building Social Partnerships for Better Skills and Better Jobs' presented in Davos-Klosters. The briefing note 'Skills mismatch: more than meets the eye' was published. The '2nd Cedefop/OECD Green skills forum' was organised in Paris in February. With the ETF and ILO, Cedefop produced guides on approaches to anticipate skill needs. It also jointly organised with the International Training Centre of the ILO (ITC-ILO) a training course on Skills Needs Anticipation and Matching. Cedefop contributed to the OECD and European Union publication 'Matching economic migration with labour market needs'.

Organisational impact

Key performance indicators show high organisational impact: Cedefop's work is widely cited in 97 policy documents of the EU. Cedefop provided advice and expertise to Presidency events and EU-level senior stakeholder meetings that support policy implementation (164 contributions). 69 conferences, workshops and meetings with high level representatives of EU and national institutions were organised by Cedefop. 92% of participants considered the events very good or good. 600 000 downloads of Cedefop publications were recorded, including 71 000 briefing notes targeting policy makers and published in eight languages. This shows high interest in the knowledge and insights the Agency generates. 745 media articles reported on Cedefop's work in leading European media including Die Welt, the Times Educational Supplement and El Pais. Academic/scientific journals cited Cedefop publications and studies (413 citations in 2013-14).

Audits in 2014 confirmed good progress in the implementation of the recommendations. All recommendations from previous years were closed by the end of 2013 and the new recommendations issued in 2014 are implemented in accordance with the agreed action plan. The Court's visit in December 2014 resulted in no comments or findings.

The 2014 report of the European Court of Auditors (on the accounts 2013) contains no specific comments and acknowledges that Cedefop has followed up on all recommendations of previous years. It further acknowledges that the transactions underlying the annual accounts 2013 have been legal and regular in all material respects.



Developments in 2014 in the administrative services concentrated on further streamlining procedures and increasing efficiency.

Completion of the repair works, mainly in the former day care centre premises and the landscaping continues to be delayed, although significant progress was recorded at the end of 2014. All complementary studies have been completed and all works related to building foundations and ground settlements have been completed by the end of 2014.

The reinforcement of the slabs of the 3 main conference rooms has been implemented and all conference rooms have been available since March 2014.

All ancillary remaining internal and external works should be completed within the first quarter of 2015. The supervising Company contracted by the Greek Government has provided a draft action plan and process to monitor the state of the building for at least the next 10 years, starting in 2015.

REPORTS ON IMPLEMENTATION OF THE 2014 BUDGET

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

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

1. Report aggregating all budgetary operations

Revenue and expenditure account for the financial year 2014 and 2013

	2014	2013
Revenue		
Own revenue		
Commission contributions	16,333,900.00	17,133,900.00
Sundry revenue		
Assigned revenue	1,109,070.00	481,175.00
Other revenue	10,042.66	142,054.94
Total revenue (a)	17,453,012.66	17,757,129.94
Expenditure		
<i>Staff – Title 1 of the budget</i>		
Payments	9,706,515.43	10,699,853.49
Appropriations carried over	126,186.81	231,151.51
<i>Administration – Title 2 of the budget</i>		
Payments	1,345,847.38	1,227,313.75
Appropriations carried over	425,876.90	251,418.66
<i>Operating activities– Title 3 of the budget</i>		
Payments	1,841,625.44	2,252,849.69
Payments against outstanding commitments at 31/12/n-1	2,545,454.98	2,332,943.12
Payment appropriations carried over	-	-
<i>Assigned revenue (Grants + third countries and others)</i>		
Payments	1,113,374.52	1,396,717.54
Carryovers including assigned revenue not entered in the budget	1,359,025.95	1,363,330.47
Total expenditure (b)	18,463,907.41	19,755,578.23
Outturn of the financial year (c = a - b)	-1,010,894.75	-1,998,448.29
Balance carried over from the previous year		
Cancelled n-1 appropriations carried over (non-differentiated appropriations Titles 1 and 2)	39,948.62	38,111.13
Appropriations carried over from assigned revenue	1,363,330.47	2,168,873.01
Payment appropriations carried over from the previous year (Title 3)	-	-
Exchange-rate differences	-8,749.74	1,862.27
Balance for the financial year	383,634.59	210,398.12

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 2014

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 2014 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

		2014	2013 Revised
ASSETS			
A. NON CURRENT ASSETS			
Intangible fixed assets		118,191.19	137,302.44
Tangible fixed assets		3,584,319.24	3,810,673.64
	Land and buildings	2,884,773.26	3,138,629.42
	Plant and equipment	232,716.95	207,526.72
	Computer hardware	396,138.36	380,756.12
	Furniture and vehicles	34,464.80	46,733.86
	Other fixtures and fittings	36,225.87	37,027.52
	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		3,707,586.84	3,953,052.49
B. CURRENT ASSETS			
Stocks		0.00	0.00
Short-term pre-financing		367,131.60	698,762.66
	Short-term pre-financing	367,131.60	698,762.66
	<i>ST pre-financing with consolidated EC entities</i>	0.00	0.00
Short-term receivables		1,860,493.67	1,685,400.48
	Current receivables	1,348,557.54	1,436,301.65
	Long-term receivables falling due within a year		
	Sundry receivables	400,840.43	146,510.36
	Other	106,564.70	102,588.47
	-Accrued income	11,242.31	0.00
	-Deferred charges	95,322.39	102,588.47
	<i>Deferrals and Accruals with consolidated EC entities</i>	0.00	0.00
	<i>Short-term receivables with consolidated EC entities</i>	4,531.00	0.00
Cash and cash equivalents		419,571.48	340,195.25
TOTAL CURRENT ASSETS		2,647,196.75	2,724,358.39
TOTAL		6,354,783.59	6,677,410.88

		2014	2013 Revised
LIABILITIES			
A. CAPITAL		4,411,939.22	4,611,601.25
Reserves			
Accumulated surplus/deficit		4,611,601.25	4,326,419.81
Economic result of the year - profit+/loss-		-199,662.03	-285,181.44
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
	<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
TOTAL NON CURRENT LIABILITIES		0.00	0.00
D. CURRENT LIABILITIES		0.00	0.00
Provisions for risks and charges		0.00	74,665.36
Accounts payable		1,942,844.37	1,991,144.27
	Current payables	60,549.07	23,223.31
	Long-term liabilities falling due within the year	0.00	0.00
	Sundry payables	4,366.58	4,387.95
	Other	696,208.63	989,396.83
	- Accrued charges	696,208.63	989,396.83
	- 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>	1,181,720.09	974,136.18
	<i>Pre-financing received from consolidated EC entities</i>	1,181,720.09	943,260.82
	<i>Other accounts payable against consolidated EC entities</i>	0.00	30,875.36
TOTAL CURRENT LIABILITIES		1,942,844.37	2,065,809.63
TOTAL		6,354,783.59	6,677,410.88

1.2. STATEMENT OF FINANCIAL PERFORMANCE

	2014	2013 Revised
Revenues from administrative operations	159,080.35	143,497.19
Other operating revenue	17,033,408.45	17,957,663.25
TOTAL OPERATING REVENUE	17,192,488.80	18,101,160.44
Staff and administrative expenses	-11,867,332.56	-12,720,150.89
Staff expenses	-9,471,960.09	-10,400,759.50
Fixed asset related expenses	-546,337.09	-497,372.89
Administrative expenses	-1,849,035.38	-1,822,018.50
Operational expenses	-5,521,468.52	-5,092,937.57
Other operational expenses	-5,521,468.52	-5,092,937.57
TOTAL OPERATING EXPENSES	-17,388,801.08	-17,813,088.46
SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES	-196,312.28	288,071.98
Financial revenues	0.00	0.00
Financial expenses	-3,349.75	-2,890.54
Movement in pensions (- expense, + revenue)		
SURPLUS/(DEFICIT) FROM NON OPERATING ACTIVITIES	-3,349.75	-2,890.54
SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES	-199,662.03	285,181.44
Extraordinary gains (+)		
Extraordinary losses (-)		
SURPLUS/(DEFICIT) FROM EXTRAORDINARY ITEMS	0.00	0.00
ECONOMIC RESULT OF THE YEAR	-199,662.03	285,181.44

2. 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 2013			4,326,419.81	-150,037.72	4,176,382.09
Changes in accounting policies				435,219.16	435,219.16
Balance as of 1 January 2014 (revised)	0.00	0.00	4,326,419.81	285,181.44	4,611,601.25
Other					0.00
Fair value movements					0.00
Movement in Guarantee Fund reserve					0.00
Allocation of the Economic Result of Previous Year			285,181.44	-285,181.44	0.00
Amounts credited to Member States					0.00
Economic result of the year				-199,662.03	-199,662.03
Balance as of 31 December 2014	0.00	0.00	4,611,601.25	-199,662.03	4,411,939.22

3. CASH-FLOW STATEMENT (INDIRECT METHOD)

	2014	2013 Revised
Cash Flows from ordinary activities		
Surplus/(deficit) from ordinary activities	-199,662.03	285,181.44
Operating activities		
<u>Adjustments</u>		
Amortization (intangible fixed assets) +	42,955.96	19,324.15
Depreciation (tangible fixed assets) +	503,381.13	478,048.74
Increase/(decrease) in Provisions for risks and liabilities	-74,665.36	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	331,631.06	-97,584.13
(Increase)/decrease in Long term Receivables	0.00	0.00
(Increase)/decrease in Short term Receivables	-175,093.19	-568,718.19
(Increase)/decrease in Receivables related to consolidated EC entities	0.00	0.00
Increase/(decrease) in Other Long term liabilities	0.00	0.00
Increase/(decrease) in Accounts payable	-255,883.81	-859,138.12
Increase/(decrease) in Liabilities related to consolidated EC entities	207,583.91	-229,046.40
Net cash Flow from operating activities	380,247.67	-971,932.51
Cash Flows from investing activities		
Increase of tangible and intangible fixed assets (-)	-300,871.44	-597,094.81
Proceeds from tangible and intangible fixed assets (+)		
Net cash flow from investing activities	-300,871.44	-597,094.81
Net increase/(decrease) in cash and cash equivalents	79,376.23	-1,569,027.32
Cash and cash equivalents at the beginning of the period	340,195.25	1,909,222.57
Cash and cash equivalents at the end of the period	419,571.48	340,195.25

4. ANNEX

1. Introduction

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

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

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

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

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

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

Similarly pre-financing given to suppliers had in previous years been adjusted to incorporate an estimate of work performed by suppliers. This estimate is no longer included in the 2014 calculation to arrive at more tangible result.

As 2013 year-end adjustments are reversed in 2014 they consequently impact the 2014 Economic Results. In order to account for previous year’s overstatement the new methods of calculation were applied to 2013. These changes in accounting treatment result in an increase in the Accumulated Reserve of Euro 435 219. See above statement.

Revision of 2013 Financial Statements.

These accounts incorporate the restated figures hence comparatives are with the revised 2013 accounts.

The table below gives details of the revised and the original 2013 figures and their differences.

Balance Sheet	2013 Revised	2013 Original	Difference
Short-term pre-financing given	698,762.66	669,279.48	29,483.18

Accrued charges	989,396.83	1,680,652.81	-691,255.98
Pre-financing received from consolidated EC entities	943,260.82	657,740.82	285,520.00
Total			-435,219.16

Economic Result			
Operating revenue	17,957,663.25	18,243,183.25	-285,520.00
Staff expenses	-10,400,759.50	-10,434,075.06	33,315.56
Administrative expenses	-1,822,018.50	-1,783,117.03	-38,901.47
Operational expenses	-5,092,937.57	-5,819,262.64	726,325.07
Total			435,219.16

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: 4 years;
- ☒ 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 at Euro 130 000. Non capitalised research costs were also incurred to the value of Euro 75 030.

	Software
A. Purchase value:	
Previous financial year	285,083.58
Additions	23,844.71
Withdrawals or transfers from other headings	-10,206.51
<i>At the end of the financial year:</i>	298,721.78
B. Depreciation:	
Previous financial year	147,781.14
Additions	42,955.96
Transfer from other headings	-10,206.51
<i>At the end of the financial year:</i>	180,530.59
Net book value (A – B)	118,191.19

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	6,692,860.66	799,904.52	286,243.37	70,897.80	1,456,843.69	173,850.34	9,480,600.38
Additions	-	97,308.88	772.36	-	172,333.19	6,612.30	277,026.73
From other headings							-
From one heading to another		-54,874.27			-189,948.80		244,823.07
<i>At the end of the financial year:</i>	6,692,860.66	842,339.13	287,015.73	70,897.80	1,439,228.08	180,462.64	9,512,804.04
B. Depreciation:							
Previous financial year	3,554,231.24	592,377.80	263,965.59	46,441.72	1,076,087.57	136,822.82	5,669,926.74
Additions	253,856.16	72,118.65	3,882.96	9,158.46	156,950.95	7,413.95	503,381.13
From other headings							-
From one heading to another		-54,874.27			-189,948.80		-244,823.07
<i>At the end of the financial year:</i>	3,808,087.40	609,622.18	267,848.55	55,600.18	1,043,089.72	144,236.77	5,928,484.80
Net book value (A – B)	2,884,773.26	232,716.95	19,167.18	15,297.62	396,138.36	36,225.87	3,584,319.24

In November 2011 repair works were started to address the building disorders within Cedefop's premises. These repair works are planned to be completed by mid-2015. The conclusions on page 16 give more detail regarding the works carried out. The cost of these works is borne by the Greek Government hence no entry has been made in the Cedefop accounts.

C. Stocks

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

D. Short-term pre-financing

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

Cedefop. The amount of the pre-financing is reduced (wholly or partially) by the acceptance of eligible costs where a tangible benefit or product has been received as explained in the introduction to the notes on page 28.

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.

Most pre-financing derives from ReferNet activities where grant pre-financings (representing 60 % of the maximum amount of the grant specified in the agreements) are normally paid by Cedefop within 45 days following the signing of the grant agreement, as defined in art.5 of the grant agreements.

E. Short term receivables

Consisting of:

- a) current receivables, chiefly of VAT charges to be recovered from Member States,
- b) sundry receivables, being advances on missions and school fees,
- c) deferred charges, being expenses paid in 2014 but relating to 2015,
- d) recovery from staff of large weighting factor adjustment, to be cleared in 2015.

Analysis of Accounts Receivable		
	2014	2013
VAT charges to be recovered from all EU countries	1 331 379.21	1 436 301.65
Staff related advances including school, canteen VAT and mission advances	157 894.15	146 510.36
Staff recovery of weighting factor adjustment	242,429.08	0.00
Iceland 2014 contribution	13,947.00	0.00
Deferred charges, i.e. expenses paid in advance e.g. insurance	95 322.39	102 588.47
Accrued Income	11,242.31	0.00
Accrued Income from Consolidated Entities	4,531.00	0.00
Other small sundry items	3,748.53	0.00
	<u>1 860 493.67</u>	<u>1 685 400.48</u>

Note: Cedefop has for several years experienced delays in recovering the VAT owed by the Greek state. It continues to make every effort to ensure receipt of these monies.

F. Long term provision

There are no long term provisions in the 2014 accounts.

G. Provisions for risks and charges

Provisions for risks and charges are recognised when Cedefop has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. In 2014 it was not necessary to make any provision.

In 2011 a provision of Euro 74 665.36 was made for suspended salary increases relating to the inflationary adjustment. Associated with this increase was a potential

saving to the Agency following the reduced weighting factor. This potential saving was not included in the accounts but was estimated to be Euro 103 611 and was considered as a contingent asset. A similar inflation adjustment for 2012 also remained unpaid at the end of 2013. The agency chose not to make a provision for this cost as it was to be offset by the 2012 reduction in the weighting factor.

In 2014 these outstanding adjustments were finally realised resulting in a significant reduction in staff's weighting factor allowance which, as it has been backdated to 2011, resulted in a windfall saving in salary costs in 2014 of Euro 696K. This saving was returned to the Commission by means of two amending budgets.

The above provision of Euro 74 665.36 was consequently reversed in the 2014 accounts.

H. Accounts payable

Consisting of:

- a) current payables, relating chiefly to invoices received from suppliers at the end of 2014 to be processed in 2015,
- 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 2014. See page 28 for details on the changes to accrual calculation introduced in 2014.

	2014	2013 Revised
Accrued costs	482,990	761,958
Accrued leave	213,218	227,439
Total	696,208	989,397

- d) amounts payable to consolidated entities, being chiefly pre-financing received from the Commission. The total to be paid increased from Euro 974 136 in 2013 (Revised) to Euro 1 181 720 in 2014. This figure consists of:

	2014	2013 Revised
Surplus on Budget Account	383,635	210,398
Remainder of Building Grant 250K	40	40
Grants Received 2013	1,188,000	1,188,000
Less amount dispersed on above grant	- 926,929	- 455,177
Grants Received 2014	600,000	-
Less amount dispersed	- 63,025	-
Interest on Bank Accounts	-	4,726
Accrued expenses with consolidated EC entities	-	26,149
Total	1,181,720	974,136

I. Contingent Liabilities

Contingent liabilities as at 31st December 2014 amounted to Euro 5 577 894 (Euro 5 324 065 in 2013 Revised) representing standing financial commitments to suppliers not appearing on the balance sheet.

J. Pension Obligations

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

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

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

3. Notes to the financial statements

A. Revenue

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

The amount received from the Commission is thus reduced by Euro 383 635 (representing the balance on the Statement of Financial Performance for 2014) when calculating the revenue.

In order to ensure effective use of Commission funds Cedefop chose, in its final subsidy request, to forego Euro 500 000 of the available monies. Additionally in December the in-house forecasting system allowed the agency to accurately predict the necessary funds required to see through the year end. This enabled the agency to return an additional Euro 600 000.

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

Analysis of Revenue in the Economic Result Account 2014		
Funds received from the Commission	16,333,900	
Less net surplus on the Budgetary Outturn Account	<u>-383,635</u>	
		15,950,265
Grant Income		
Agreement n° 30/CE-058371//03 disbursed	471,752	
Agreement n° VS/2013/0554 disbursed	63,025	
		534,777
Other Operational Income		
Norway	509,070	
Iceland - accrued	13,947	
Accrued Income from unspent grants	11,242	
Accrued Income from Consolidated entity	4,531	
Reimbursements & Sundry	<u>9,576</u>	
		548,366
		<u>17,033,408</u>
Revenue from Administrative operations		
Canteen	158,613	
Commission	467	
		<u>159,080</u>
Total Income		17,192,489

B. Expenditure

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

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

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

i) staff expenses.

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

The PMO's mission is to manage the financial rights of permanent, temporary and contractual staff working at the Commission, to calculate and to pay their salaries and other financial entitlements. The PMO provides these services to other EU institutions and agencies as well. The PMO is also responsible for managing the

health insurance fund of the Institutions, together with processing and paying the claims of reimbursement from staff members. The PMO also manages the pension fund and pays the pensions of retired staff members. PMO is being audited by the European Court of Auditors.

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

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

In 2014 outstanding adjustments were finally settled relating to inflation increases but more significantly to a large drop in the weighting factor for Greece. These savings were backdated to 2011 and resulted in a windfall saving in salary costs in 2014 of Euro 696K.

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 2014 figure of Euro 5 521 467 compares to the corresponding 2013 Revised figure of Euro 5 092 938. The report on Budgetary and Financial Management above gives a description of the various operational areas to which Cedefop is committed. A large part of these costs relate to commissioning research, meetings and publication costs for the dissemination of Cedefop’s research and policy work. As mentioned in the administrative expenses these costs do not include the personnel costs of staff engaged in operational work.

c) Financial expenses relating to bank charges.

C. Economic Result for the Year

The deficit of Euro 199 662 (1% of Revenue) compares to last year’s revised surplus of Euro 285 181. As revenue attributable to the subsidy is approximately Euro 1m less than in 2013 (see above) so too is the cost of personnel.

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:

	2014	2013 Revised
Economic result	-199,662.03	285,181.44
<i>Adjustment for accrual items (items not in the budgetary result but included in the economic result)</i>		
Adjustments for Accrual Cut-off (reversal 31.12.2013)	-989,396.83	-1,671,325.20
Adjustments for Accrual Cut-off (cut-off 31.12.2014)	696,208.63	989,396.83
Unpaid invoices at year end but booked in charges	59,059.82	46,168.02
Depreciation of intangible and tangible fixed assets	546,337.09	497,372.89
Provisions	-74,665.36	0.00
Value reductions	-52.47	-1.25
Recovery Orders issued in 2014 and not yet cashed	-29,720.31	0.00
Prefinancing given in previous year and cleared in the year	698,762.66	601,178.53
Prefinancing received in previous year and cleared in the year	-534,777.20	-415,176.80
Payments made from carry over of payment appropriations	442,621.55	858,619.90
Increase in prepayments to suppliers & reverse 2013 invoices	-38,901.94	-260,173.92
<i>Adjustment for budgetary items (item included in the budgetary result but not in the economic result)</i>		
Asset acquisitions (less unpaid amounts)	-300,871.44	-597,094.81
New pre-financing paid in 2014 and remaining open as at 31.12.2014	-367,131.60	-698,762.66
New pre-financing received in 2014 remaining open as at 31.12.2014	983,634.59	210,398.12
Budgetary recovery orders issued before 2014 and cashed in the year	0.00	3,533.53
Payment appropriations carried over to 2015	-1,911,089.66	-1,845,900.64
Cancellation of unused carried over payment appropriations from previous year	39,948.62	38,111.13
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	1,363,330.47	2,168,873.01
Adjustments Total	583,296.62	-74,783.32
Budgetary result	383,634.59	210,398.12

5. Distribution by grade of occupied posts in the 2014 establishment plan

Annex A

	Categories Grades	Permanent posts	Temporary posts
	AD 16	-	-
	AD 15	-	1
	AD 14	-	1
	AD 13	-	2
	AD 12	6	3
	AD 11	-	9
	AD 10	-	7
	AD 9	-	4
	AD 8	-	5
	AD 7	-	6
	AD 6	-	4
	AD 5	-	-
		6	42
	AST 10	1	2
	AST 9	-	2
	AST 8	2	2
	AST 7	1	6
	AST 6	4	3
	AST 5	4	6
	AST 4	-	9
	AST 3	-	4
	AST 2	-	1
	AST 1	-	-
		12	35
		18	77
		Total	95
		Vacant	3