

I

(Information)

COMMISSION

FINAL ANNUAL ACCOUNTS OF THE EUROPEAN COMMUNITIES

FINANCIAL YEAR 2004

VOLUME I

CONSOLIDATED REPORTS ON IMPLEMENTATION OF THE BUDGET AND CONSOLIDATED
FINANCIAL STATEMENTS

(2005/C 302/01)

CONTENTS

	<i>Page</i>
Development of the European Communities' accounting system	3
Presentation of the accounts	3
Chapter 1: Consolidated reports on implementation of the budget of the European Communities:	
1. 2004 budget outturn	4
2. Consolidated summary of the implementation of budget revenue	5
3. Correction of budgetary imbalances	7
4. Consolidated summary of implementation of budget revenue by Institution	8
5. Comparison of the implementation of budget revenue 2004 and 2003	9
6. Changes in and breakdown of appropriations	11
7. Implementation of appropriations by type of appropriation	12
8. Consolidated summary of commitments outstanding	13
9. Implementation of commitment and payment appropriations by Institution	14
10. Breakdown and changes in commitment and payment appropriations by policy area	16
11. Implementation of commitment appropriations by policy area	18
12. Implementation of payment appropriations by policy area	20
13. Comparison of budget implementation for 2004 and 2003 by financial perspective	22
14. Breakdown and changes in commitment and payment appropriations by financial perspective	24
15. Implementation of commitment appropriations by financial perspective	24
16. Implementation of payment appropriations by financial perspective	26
17. Breakdown of commitments outstanding by year of origin	28

	<i>Page</i>
Chapter 2: Consolidated financial statements of the European Communities: BALANCE SHEET	30
Chapter 3: Consolidated financial statements of the European Communities: ANNEXES	
Annex 1: Accounting principles, rules and methods	
A. Accounting principles.....	33
B. Accounting rules and methods	34
Annex 2: Explanatory notes to the reports on implementation of the budget	
A. General budget and types of appropriation	40
B. Financial perspective.....	45
C. Structural Actions: The programming period 2000-2006.....	46
D. Comments on the consolidated reports on the implementation of the budget for the financial year 2004.....	48
Annex 3: Explanatory notes to the balance sheet.....	54
A. Assets	54
B. Liabilities.....	76
Annex 4: Off-balance-sheet commitments.....	86

DEVELOPMENT OF THE EUROPEAN COMMUNITIES' ACCOUNTING SYSTEM

A number of public administrations have broadened their accounting systems from giving information only on budget execution to be more dynamic and complete by setting out a full picture of their economic situation and of their assets and liabilities. In recent years, the European Communities have recognised the advantage of modernising their accounts to change from a system of accounts focusing on a cash-based description of budget expenditure and revenue operations to a system based on assets and liabilities with the objective of presenting the Communities' financial situation in a more comprehensive form, showing all its assets, entitlements and debts as well as the expenditure and revenue for the financial year. The Commission therefore undertook to fall into line with the approach adopted by a large number of States and supported by international bodies such as IFAC ⁽¹⁾ and OECD. This work started in earnest in 2003 with the commencement of the 'modernisation of the accounting system' project, which had the aim of placing the European Communities in the forefront of the international movement towards the modernisation of public sector accounting from 2005 onwards.

The Financial Regulation ⁽²⁾ lays down the broad outlines of the new accounting framework for the European Communities from 2005. The transitional provisions of the Financial Regulation include the general rule that the provisions of Title VII of part one — Accounting — shall apply gradually depending on technical possibilities in order to be fully effective for the budgetary year 2005. This gradual application relates in particular to the new principles governing the Institutions' accounts.

As planned, in January 2005 the new accounting system came into use, together with a new set of accounting rules and a new chart of accounts. While the budget accounts are still based on movements of cash, the general accounts are now accrual-based. These new rules and methods are based on internationally accepted standards for the public sector — the IPSAS — and, for accounting transactions that are not yet covered by IPSAS, on the relevant IAS/IFRS. They have been adopted by the Accounting Officer of the Commission after receiving the opinion of an Accounting Standards Committee that provided independent professional guidance. The IT architecture was updated to ensure that each accounting event, and not just cash movement, may be fully registered when it occurs. Improvements will continue to be made to the IT systems to further the integration of systems and to provide better management reporting. The financial statements from 2005 onwards will be able to be produced directly from the central IT system. Directorates-Generals' internal control procedures are extended to cover accrual accounting aspects. Finally, the scope of consolidation will be extended in 2005 to include the various Community agencies.

Thus these financial statements for 2004 are the last to be prepared under the transitional provisions of the Financial Regulation. None-the-less, while not fully accrual-based, the Commission has already introduced elements of accrual accounting in the presentation of these and previous financial statements, without yet being able to apply the corresponding standards in full. For the financial year 2004 the information did not come from an integrated system of accounts, so the Accounting Officer's departments used non-accounting information from the Commission's services to complete the balance sheet and draw up its annexes.

It is also highlighted that the balance sheet and off-balance sheet presented here at 31/12/2004 will differ from the opening balance sheet that will be included in the 2005 annual accounts, since they are prepared under different rules.

PRESENTATION OF THE ACCOUNTS

1. The consolidated annual accounts are drawn up in accordance with Article 121 of the Financial Regulation of 25 June 2002 applicable to the general budget of the European Communities.

They are drawn up by the Commission every year and record the budgetary and accounting data of all the European Institutions.

⁽¹⁾ International Federation of Accountants.

⁽²⁾ OJ L 248, 16.9.2002.

2. The annual accounts of the Communities are set out in three volumes:

- Volume I — Consolidated reports on implementation of the budget and consolidated financial statements
- Volume II — Part 1: Commission — Reports on implementation of the budget and financial statements
- Part 2: Commission — Detailed reports on implementation of the budget
- Volume III — European Parliament, the Council, the Court of Justice, the Court of Auditors, the Economic and Social Committee, the Committee of the Regions, the Ombudsman, the European Data Protection Supervisor and the European Coal and Steel Community (in liquidation)

Under the transitional provisions of the Financial Regulation, for accounts relating to financial years prior to 2005, the Commission's accounting officer must, in accordance with Article 128(2) and Article 181(2) of the Financial Regulation, prepare the provisional consolidated annual accounts and send them to the Court of Auditors by 1 May of the following year, together with the provisional annual accounts of each Institution and body consolidated therewith in.

The final annual accounts will be published in the Official Journal of the European Communities together with the statement of assurance given by the Court of Auditors by 30 November of the following year in accordance with Articles 129 and 181 of the Financial Regulation.

CHAPTER 1

CONSOLIDATED REPORTS ON THE IMPLEMENTATION OF THE BUDGET OF THE EUROPEAN COMMUNITIES

RESULT OF IMPLEMENTATION OF THE BUDGET

1. BUDGET OUTTURN 2004

	<i>EUR</i>		
	EFTA — EEA	EUROPEAN COMMUNITIES	TOTAL
Revenue for the financial year	108 746 011	103 403 200 236	103 511 946 247
Payments against 2004 appropriations	- 106 617 241	- 99 088 749 674	- 99 195 366 915
Payment appropriations carried over to 2005	0,00	- 2 829 903 395	- 2 829 903 395
EFTA payment appropriations carried over from 2003	- 338 136	0,00	- 338 136
Cancellation of unused payment appropriations carried over from 2003	79 509	1 302 207 443	1 302 286 952
Exchange differences for the year	0,00	- 50 047 046	- 50 047 046
Budget Outturn 2004	1 870 143	2 736 707 564	2 738 577 707

The budget outturn for the European Communities is included under heading I.A.1 on the liabilities side of the consolidated balance sheet.

The budget outturn for EFTA-EEA is included under heading IV.B.1 on the liabilities side of the consolidated balance sheet.

The functioning of the EFTA-EEA system is detailed in the explanatory notes, Annex 2.

CONSOLIDATED REPORTS ON IMPLEMENTATION OF THE BUDGET REVENUE

2. CONSOLIDATED SUMMARY OF THE IMPLEMENTATION OF GENERAL BUDGET REVENUE 2004

EUR

Title	Income appropriations		Entitlements established			Amounts received			receipts as of budget	Outstanding
	initial	final	year	carry-overs	Total	year	carry-overs	Total		
	1	2	3	4	5=3+4	6	7	8=6+7		
1 Own resources	93 813 089 411,00	94 997 025 409,00	94 766 965 975,70	1 830 785 324,56	96 597 751 300,26	93 270 251 544,49	1 781 170 103,60	95 051 421 648,09	100,06%	1 546 329 652,17
3 Surpluses available	0,00	5 693 003 706,00	5 997 674 396,05	223 160 000,00	6 220 834 396,05	5 471 712 994,11	223 160 000,00	5 694 872 994,11	100,03%	525 961 401,94
4 Miscellaneous community taxes, levies and duties	669 609 187,00	680 523 920,00	647 382 928,22	2 654 401,20	650 037 329,42	644 316 756,64	2 654 883,45	646 971 640,09	95,07%	3 065 689,33
5 Administrative operation of the institution	66 496 286,00	66 496 286,00	308 928 069,95	24 806 321,09	333 734 391,04	273 804 983,28	21 844 914,63	295 649 897,91	444,61%	38 084 493,13
6 Contributions by third parties, reimbursements, financial corrections and refunds	200 000,00	200 000,00	1 396 603 971,36	467 127 374,55	1 863 731 345,91	959 533 410,38	316 332 529,73	1 275 865 940,11	637932,97%	587 865 405,80
7 Interests on late payments and fines	0,00	300 000 000,00	904 290 223,91	3 427 239 586,79	4 331 529 810,70	24 116 574,00	446 018 434,34	470 135 008,34	156,71%	3 861 394 802,36
8 Borrowing and lending operations	25 863 805,00	25 863 805,00	31 386 498,95	1 589 004,14	32 975 503,09	31 386 498,95	97 612,86	31 484 111,81	121,73%	1 491 391,28
9 Miscellaneous revenue	43 489 254,00	43 489 254,00	40 490 993,45	13 265 116,30	53 756 109,75	39 646 845,11	5 898 161,78	45 545 006,89	104,73%	8 211 102,86
Total	94 618 747 943,00	101 806 602 380,00	104 093 723 057,59	5 990 627 128,63	110 084 350 186,22	100 714 769 606,96	2 797 176 640,39	103 511 946 247,35	101,68%	6 572 403 938,87

DETAIL TITLE 1: OWN RESSOURCES

EUR

Chapter	Income appropriations		Entitlements established			Amounts received			receipts as % of budget	Outstanding
	initial	final	year	carry-overs	Total	year	carry-overs	Total		
	1	2	3	4	5=3+4	6	7	8=6+7		
10 Agricultural duties	839 100 000,00	1 325 586 192,00	1 317 967 230,02	426 144 274,99	1 744 111 505,01	887 256 293,86	426 136 887,31	1 313 393 181,17	99,08%	430 718 323,84
11 Sugar levies	359 925 000,00	416 888 808,00	359 483 958,40	45 078 906,07	404 562 864,47	356 543 766,47	45 078 906,07	401 622 672,54	96,34%	2 940 191,93
12 Customs duties	9 849 975 000,00	10 664 400 000,00	10 343 303 463,58	1 359 562 143,50	11 702 865 607,08	9 282 140 688,98	1 309 954 310,22	10 592 094 999,20	99,32%	1 110 770 607,88
13 VAT	13 319 471 292,00	13 579 913 763,00	13 680 625 569,83	0,00	13 680 625 569,83	13 679 345 946,60	0,00	13 679 345 946,60	100,73%	1 279 623,23
14 GNI	69 444 618 119,00	69 010 236 646,00	69 218 607 723,22	0,00	69 218 607 723,22	69 214 219 484,04	0,00	69 214 219 484,04	100,30%	4 388 239,18
15 Correction of budgetary imbalances	0,00	0,00	- 153 021 969,35	0,00	- 153 021 969,35	- 149 254 635,46	0,00	- 149 254 635,46	0,00%	- 3 767 333,89
Total Title 1	93 813 089 411,00	94 997 025 409,00	94 766 965 975,70	1 830 785 324,56	96 597 751 300,26	93 270 251 544,49	1 781 170 103,60	95 051 421 648,09	100,06%	1 546 329 652,17

DETAIL TITLE 3: SURPLUSES AVAILABLE

EUR

Chapter	Income appropriations		Entitlements established			Amounts received			receipts as % of budget	Outstanding	
	initial	final	year	carry-overs	Total	year	carry-overs	Total			
	1	2	3	4	5=3+4	6	7	8=6+7	9=8/2	10=5-8	
30	Surplus from previous year	0,00	5 693 003 706,00	5 995 805 107,97	223 160 000,00	6 218 965 107,97	5 469 843 705,90	223 160 000,00	5 693 003 705,90	100,00 %	525 961 402,07
31	VAT surplus	0,00	0,00	232 817 089,08	0,00	232 817 089,08	232 817 089,13	0,00	232 817 089,13	0,00 %	- 0,05
32	GNI surplus	0,00	0,00	- 232 213 948,86	0,00	- 232 213 948,86	- 232 213 948,76	0,00	- 232 213 948,76	0,00 %	- 0,10
34	Adjustment for non-participation in JHAP	0,00	0,00	- 9 468,61	0,00	- 9 468,61	- 9 468,61	0,00	- 9 468,61	0,00 %	0,00
35	United Kingdom correction	0,00	0,00	1 275 616,47	0,00	1 275 616,47	1 275 616,45	0,00	1 275 616,45	0,00 %	0,02
Total Title 3		0,00	5 693 003 706,00	5 997 674 396,05	223 160 000,00	6 220 834 396,05	5 471 712 994,11	223 160 000,00	5 694 872 994,11	100,03 %	525 961 401,94

3. CORRECTION OF BUDGETARY IMBALANCES (CHAPTER 15)

EUR

Member state	Income appropriations		Entitlements established			Amounts received			% of budget received	Outstanding
	initial	final	year	carry-overs	Total	year	carry-overs	Total		
	1	2	3	4	5=3+4	6	7	8=6+7	9=8/2	10=5-8
AUSTRIA	33 094 949,00	27 978 506,00	27 978 506,01	0,00	27 978 506,01	27 978 506,01	0,00	27 978 506,01	100,00 %	0,00
BELGIUM	248 262 824,00	259 270 268,00	259 270 268,01	0,00	259 270 268,01	259 270 268,01	0,00	259 270 268,01	100,00 %	0,00
CYPRUS	0,00	7 695 268,00	7 781 985,76	0,00	7 781 985,76	7 772 756,73	0,00	7 772 756,73	101,01 %	9 229,03
CZECH REPUBLIC	0,00	50 571 316,00	51 682 905,76	0,00	51 682 905,76	51 639 715,62	0,00	51 639 715,62	102,11 %	43 190,14
DENMARK	171 107 090,00	177 018 476,00	177 144 332,33	0,00	177 144 332,33	177 144 332,22	0,00	177 144 332,22	100,07 %	0,11
ESTONIA	0,00	4 929 651,00	4 929 651,00	0,00	4 929 651,00	4 929 650,95	0,00	4 929 650,95	100,00 %	0,05
FINLAND	129 856 470,00	135 024 381,00	135 024 381,00	0,00	135 024 381,00	135 024 381,00	0,00	135 024 381,00	100,00 %	0,00
FRANCE	1 420 900 112,00	1 478 701 062,00	1 478 701 062,00	0,00	1 478 701 062,00	1 478 701 062,00	0,00	1 478 701 062,00	100,00 %	0,00
GERMANY	320 441 649,00	302 090 131,00	302 090 131,01	0,00	302 090 131,01	302 090 131,01	0,00	302 090 131,01	100,00 %	0,00
GREECE	142 445 676,00	151 067 313,00	151 067 313,00	0,00	151 067 313,00	151 067 313,00	0,00	151 067 313,00	100,00 %	0,00
HUNGARY	0,00	46 817 389,00	49 381 190,02	0,00	49 381 190,02	49 381 190,65	0,00	49 381 190,65	105,48 %	- 0,63
IRELAND	103 705 672,00	108 268 846,00	108 268 846,01	0,00	108 268 846,01	108 268 846,01	0,00	108 268 846,01	100,00 %	0,00
ITALY	1 173 871 267,00	1 224 081 744,00	1 224 081 744,01	0,00	1 224 081 744,01	1 224 081 744,01	0,00	1 224 081 744,01	100,00 %	0,00
LATVIA	0,00	6 101 026,00	6 178 987,28	0,00	6 178 987,28	6 194 533,47	0,00	6 194 533,47	101,53 %	- 15 546,19
LITHUANIA	0,00	10 884 455,00	10 883 292,59	0,00	10 883 292,59	10 883 292,56	0,00	10 883 292,56	99,99 %	0,03
LUXEMBURG	18 356 049,00	20 251 088,00	20 251 088,00	0,00	20 251 088,00	20 251 088,00	0,00	20 251 088,00	100,00 %	0,00
MALTA	0,00	2 819 539,00	2 844 673,35	0,00	2 844 673,35	2 851 183,82	0,00	2 851 183,82	101,12 %	- 6 510,47
NETHERLANDS	69 187 590,00	56 217 262,00	56 217 262,01	0,00	56 217 262,01	56 217 262,01	0,00	56 217 262,01	100,00 %	0,00
POLAND	0,00	116 389 760,00	123 099 334,87	0,00	123 099 334,87	123 099 334,92	0,00	123 099 334,92	105,76 %	- 0,05
PORTUGAL	119 075 794,00	121 098 145,00	121 098 145,00	0,00	121 098 145,00	121 098 145,00	0,00	121 098 145,00	100,00 %	0,00
SLOVAKIA	0,00	20 235 562,00	20 845 355,14	0,00	20 845 355,14	20 773 757,14	0,00	20 773 757,14	102,66 %	71 598,00
SLOVENIA	0,00	16 342 578,00	16 142 328,04	0,00	16 142 328,04	16 142 327,86	0,00	16 142 327,86	98,77 %	0,18
SPAIN	669 644 974,00	719 632 633,00	719 632 633,00	0,00	719 632 633,00	719 632 633,00	0,00	719 632 633,00	100,00 %	0,00
SWEDEN	39 799 791,00	34 081 520,00	33 918 961,55	0,00	33 918 961,55	33 934 085,12	0,00	33 934 085,12	99,57 %	- 15 123,57
UNITED KINGDOM	-	-	-	0,00	-	-	0,00	-	103,14 %	- 3 854 170,39
	4 659 749 907,00	5 097 567 919,00	5 261 536 346,00		5 261 536 346,00	5 257 682 175,61		5 257 682 175,61		
Total	0,00	0,00	- 153 021 969,25	0,00	- 153 021 969,25	- 149 254 635,49	0,00	- 149 254 635,49	0,00 %	- 3 767 333,76

4. CONSOLIDATED SUMMARY OF THE IMPLEMENTATION OF BUDGET REVENUE 2004 BY INSTITUTION

EUR

Institution	Income appropriations		Entitlements established			Amounts received			Outstanding
	initial	final	year	carry-overs	Total	year	carry-overs	Total	
	1	2	3	4	5=3+4	6	7	8=6+7	
European Parliament	81 004 183,00	81 004 183,00	102 676 934,92	22 827 450,00	125 504 384,92	100 968 811,92	16 441 012,00	117 409 823,92	8 094 561,00
Council	40 662 854,00	41 563 953,00	67 232 503,15	2 607 403,04	69 839 906,19	63 084 072,60	1 940 819,68	65 024 892,28	4 815 013,91
Commission	94 447 227 140,00	101 632 863 522,00	103 854 401 327,76	5 964 170 042,60	109 818 571 370,36	100 481 685 998,28	2 777 931 371,57	103 259 617 369,85	6 558 954 000,51
Court of Justice	24 574 419,00	25 158 419,00	25 759 049,06	375 986,08	26 135 035,14	25 724 519,26	365 594,18	26 090 113,44	44 921,70
Court of Auditors	12 293 240,00	12 522 636,00	13 016 463,64	646 246,91	13 662 710,55	12 669 425,39	497 842,96	13 167 268,35	495 442,20
Economic and Social Committee	8 452 342,00	8 604 921,00	11 877 600,23	0,00	11 877 600,23	11 877 600,23	0,00	11 877 600,23	0,00
Committee of Regions	4 015 081,00	4 087 016,00	18 062 007,94	0,00	18 062 007,94	18 062 008,39	0,00	18 062 008,39	-0,45
Ombudsman	518 684,00	535 287,00	530 367,85	0,00	530 367,85	530 367,85	0,00	530 367,85	0,00
European Data-protection Supervisor	0,00	262 443,00	166 803,04	0,00	166 803,04	166 803,04	0,00	166 803,04	0,00
Total	94 618 747 943,00	101 806 602 380,00	104 093 723 057,59	5 990 627 128,63	110 084 350 186,22	100 714 769 606,96	2 797 176 640,39	103 511 779 444,31	6 572 403 938,87

5. FINANCIAL YEAR 2004: COMPARISON OF THE IMPLEMENTATION OF BUDGET REVENUE 2004 AND 2003

EUR

Title	Income appropriations		Entitlements established		Amounts received		receipts as % of budget		Outstanding	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	1	2	3	4	5	6	7=5/1	8=6/2	9=3-5	10=4-6
1 Own resources	94 997 025 409,00	84 010 946 121,00	96 597 751 300,00	85 132 140 149,69	95 051 421 648,09	83 297 464 955,12	100,06 %	99,15 %	1 546 329 651,91	1 834 675 194,57
3 Surpluses available	5 693 003 706,00	7 676 811 988,00	6 220 834 396,05	8 234 992 135,57	5 694 872 994,11	8 011 832 135,68	100,03 %	104,36 %	525 961 401,94	223 159 999,89
4 Miscellaneous community taxes, levies and duties	680 523 920,00	608 095 787,00	650 037 329,42	582 181 384,97	646 971 640,09	579 526 983,77	95,07 %	95,30 %	3 065 689,33	2 654 401,20
5 Administrative operation of the institution	66 496 286,00	95 173 696,00	333 734 391,04	305 890 162,72	295 649 897,91	281 075 906,09	444,61 %	295,33 %	38 084 493,13	24 814 256,63
6 Contributions by third parties, reimbursements, financial corrections and refunds	200 000,00	90 601 701,00	1 863 731 345,91	1 466 082 721,88	1 275 865 940,11	1 014 077 253,53	637932,97 %	1119,27 %	587 865 405,80	452 005 468,35
7 Interests on late payments and fines	300 000 000,00	0,00	4 331 529 810,70	3 664 302 659,79	470 135 008,34	237 038 738,15	156,71 %	0,00 %	3 861 394 802,36	3 427 263 921,64
8 Borrowing and lending operations	25 863 805,00	21 681 805,00	32 975 503,09	28 467 212,97	31 484 111,81	26 878 208,83	121,73 %	123,97 %	1 491 391,28	1 589 004,14
9 Miscellaneous revenue	43 489 254,00	21 526 000,00	53 756 109,75	33 892 406,39	45 545 006,89	20 660 254,68	104,73 %	95,98 %	8 211 102,86	13 232 151,71
Total	101 806 602 380,00	92 524 837 098,00	110 084 350 185,96	99 447 948 833,98	103 511 946 247,35	93 468 554 435,85	101,68 %	101,02 %	6 572 403 938,61	5 979 394 398,13

DETAIL TITLE 1: OWN RESSOURCES

Chapter	Income appropriations		Entitlements established		Amounts received		receipts as % of budget		Outstanding	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	1	2	3	4	5	6	7=5/1	8=6/2	9=3-5	10=4-6
10 Agricultural duties	1 325 586 192,00	879 825 000,00	1 744 111 505,01	1 438 138 088,09	1 313 393 181,17	1 011 798 359,04	99,08 %	115,00 %	430 718 323,84	426 339 729,05
11 Sugar levies	416 888 808,00	546 600 000,00	404 562 864,47	428 287 477,27	401 622 672,54	383 208 571,20	96,34 %	70,11 %	2 940 191,93	45 078 906,07
12 Customs duties	10 664 400 000,00	9 479 775 000,00	11 702 865 607,08	10 822 325 600,07	10 592 094 999,20	9 462 147 061,87	99,32 %	99,81 %	1 110 770 607,88	1 360 178 538,20
13 VAT	13 579 913 763,00	21 748 030 275,00	13 680 625 569,83	21 536 290 980,50	13 679 345 946,60	21 534 865 234,38	100,73 %	99,02 %	1 279 623,23	1 425 746,12
14 GNI	69 010 236 646,00	51 356 715 846,00	69 218 607 723,22	50 627 534 080,85	69 214 219 484,04	50 624 310 463,23	100,30 %	98,57 %	4 388 239,18	3 223 617,62
15 Correction of budgetary imbalances	0,00	0,00	-153 021 969,35	279 563 922,91	-149 254 635,46	281 135 265,40	0,00 %	0,00 %	-3 767 333,89	-1 571 342,49
Total Title 1	94 997 025 409,00	84 010 946 121,00	96 597 751 300,26	85 132 140 149,69	95 051 421 648,09	83 297 464 955,12	100,06 %	99,15 %	1 546 329 652,17	1 834 675 194,57

DETAIL TITLE 3: SURPLUSES AVAILABLE

Chapter		Income appropriations		Entitlements established		Amounts received		receipts as % of budget		Outstanding	
		2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
		1	2	3	4	5	6	7=5/1	8=6/2	9=3-5	10=4-6
30	Surplus from previous year	5 693 003 706,00	7 676 811 988,00	6 218 965 107,97	7 899 971 988,34	5 693 003 705,90	7 676 811 988,34	100,00 %	100,00 %	525 961 402,07	223 160 000,00
31	VAT surplus	0,00	0,00	232 817 089,08	- 274 766 759,55	232 817 089,13	- 274 766 759,54	0,00 %	0,00 %	- 0,05	- 0,01
32	GNI surplus	0,00	0,00	- 232 213 948,86	610 850 456,32	- 232 213 948,76	610 850 456,41	0,00 %	0,00 %	- 0,10	- 0,09
34	Adjustment for non-participation in JHAP	0,00	0,00	- 9 468,61	- 52 037,96	- 9 468,61	- 52 037,97	0,00 %	0,00 %	0,00	0,01
35	United Kingdom correction	0,00	0,00	1 275 616,47	- 1 011 511,58	1 275 616,45	- 1 011 511,56	0,00 %	0,00 %	0,02	- 0,02
Total Title 3		5 693 003 706,00	7 676 811 988,00	6 220 834 396,05	8 234 992 135,57	5 694 872 994,11	8 011 832 135,68	100,03 %	104,36 %	525 961 401,94	223 159 999,89

6. CONSOLIDATED SUMMARY OF THE IMPLEMENTATION OF BUDGET EXPENDITURE

EUR

Changes in and Breakdown of commitment appropriations				Changes in and Breakdown of payment appropriations			
	NON-DIFFERENTIATED APPROPRIATIONS	DIFFERENTIATED APPROPRIATIONS	Total		NON-DIFFERENTIATED APPROPRIATIONS	DIFFERENTIATED APPROPRIATIONS	Total
BUDGET				BUDGET			
Budget appropriations adopted	51 746 923 374,00	47 781 964 491,00	99 528 887 865,00	Budget appropriations adopted	51 746 923 374,00	42 871 824 569,00	94 618 747 943,00
Modifications (Transfers, AB)	109 766 669,00	10 061 406 319,00	10 171 172 988,00	Modifications (Transfers, AB)	109 766 669,00	7 078 087 768,00	7 187 854 437,00
Final Budget appropriations	51 856 690 043,00	57 843 370 810,00	109 700 060 853,00	Final Budget appropriations	51 856 690 043,00	49 949 912 337,00	101 806 602 380,00
ADDITIONAL APPROPRIATIONS				ADDITIONAL APPROPRIATIONS			
Earmarked revenue	261 560 100,95	1 300 627 562,38	1 562 187 663,33	Earmarked revenue	266 058 823,00	1 739 365 924,25	2 005 424 747,25
Appropriations carried over or made available again from 2003	41 844 592,00	117 716 691,85	159 561 283,85	Appropriations carried over from 2003	913 221 418,42	306 805 146,93	1 220 026 565,35
Total Additional Appropriations	303 404 692,95	1 418 344 254,23	1 721 748 947,18	Total Additional Appropriations	1 179 280 241,42	2 046 171 071,18	3 225 451 312,60
Final Budget appropriations	51 856 690 043,00	57 843 370 810,00	109 700 060 853,00	Final Budget appropriations	51 856 690 043,00	49 949 912 337,00	101 806 602 380,00
TOTAL ADDITIONAL APPROPRIATIONS	303 404 692,95	1 418 344 254,23	1 721 748 947,18	TOTAL ADDITIONAL APPROPRIATIONS	1 179 280 241,42	2 046 171 071,18	3 225 451 312,60
TOTAL APPROPRIATIONS AUTHORISED	52 160 094 735,95	59 261 715 064,23	111 421 809 800,18	TOTAL APPROPRIATIONS AUTHORISED	53 035 970 284,42	51 996 083 408,18	105 032 053 692,60

7. CONSOLIDATED SUMMARY OF BUDGET IMPLEMENTATION — EXPENDITURE

EUR

Implementation of commitment appropriations by type of appropriation				Implementation of payment appropriations by type of appropriation			
	NON-DIFFERENTIATED APPROPRIATIONS	DIFFERENTIATED APPROPRIATIONS	Total		NON-DIFFERENTIATED APPROPRIATIONS	DIFFERENTIATED APPROPRIATIONS	Total
Budget appropriations adopted	51 746 923 374,00	47 781 964 491,00	99 528 887 865,00	Budget appropriations adopted	51 746 923 374,00	42 871 824 569,00	94 618 747 943,00
Amending budgets	140 918 758,00	10 030 254 230,00	10 171 172 988,00	Amending budgets	140 918 758,00	7 046 935 679,00	7 187 854 437,00
Transfers	- 31 152 089,00	31 152 089,00	0,00	Transfers	- 31 152 089,00	31 152 089,00	0,00
Final budget appropriations	51 856 690 043,00	57 843 370 810,00	109 700 060 853,00	Final budget appropriations	51 856 690 043,00	49 949 912 337,00	101 806 602 380,00
Commitments made	51 267 850 168,11	57 142 448 296,00	108 410 298 464,11	Payments made	49 981 632 123,20	48 477 454 326,19	98 459 086 449,39
Appropriations carried over to 2005	51 857 273,88	160 716 912,13	212 574 186,01	Appropriations carried over to 2005	1 338 075 318,79	226 273 257,06	1 564 348 575,85
Appropriations lapsing	536 982 601,01	540 205 601,87	1 077 188 202,88	Appropriations lapsing	536 982 601,01	1 246 184 753,75	1 783 167 354,76
Earmarked revenue	261 560 100,95	1 300 627 562,38	1 562 187 663,33	Earmarked revenue	266 058 823,00	1 739 365 924,25	2 005 424 747,25
Commitments made	183 756 507,90	523 130 123,18	706 886 631,08	Payments made	140 087 102,03	596 193 363,90	736 280 465,93
Carried over to 2005	77 629 690,52	776 087 443,29	853 717 133,81	Carried over to 2005	123 642 316,59	1 139 757 001,00	1 263 399 317,59
				EFTA automatic carry-over	2 155 501,85		2 155 501,85
Appropriations lapsing (EFTA)	173 902,53	1 409 995,91	1 583 898,44	Appropriations lapsing (EFTA)	173 902,53	3 415 559,35	3 589 461,88
Appropriations carried over or made available again from 2003	41 844 592,00	117 716 691,85	159 561 283,85	Appropriations carried over from 2003	913 221 418,42	306 805 146,93	1 220 026 565,35
Commitments made	41 820 049,00	113 570 137,18	155 390 186,18	Payments made	815 733 716,83	128 341 205,56	944 074 922,39
Appropriations lapsing	24 543,00	4 146 554,67	4 171 097,67	Appropriations lapsing	97 487 701,59	178 463 941,37	275 951 642,96
Total appropriations authorised	52 160 094 735,95	59 261 715 064,23	111 421 809 800,18	Total appropriations authorised	53 035 970 284,42	51 996 083 408,18	105 032 053 692,60
Total Commitments	51 493 426 725,01	57 779 148 557,06	109 272 575 282,07	Total Payments	50 937 452 942,06	49 201 988 895,65	100 139 441 837,71
Total Appropriations carried over to 2005	129 486 964,40	936 804 355,42	1 066 291 319,82	Total Appropriations carried over to 2005	1 463 873 137,23	1 366 030 258,06	2 829 903 395,29
Total Appropriations lapsing	537 181 046,54	545 762 151,75	1 082 943 198,29	Total Appropriations lapsing	634 644 205,13	1 428 064 254,47	2 062 708 459,60

8. CONSOLIDATED SUMMARY OF COMMITMENTS OUTSTANDING

EUR

	NON-DIFFERENTIATED APPROPRIATIONS	DIFFERENTIATED APPROPRIATIONS	Total
Commitments carried from previous year	876 629 594,09	103 882 973 123,59	104 759 602 717,68
Decommitments	- 17 104 521,55	- 3 625 877 611,74	- 3 642 982 133,29
Payments	775 561 137,71	41 221 141 793,06	41 996 702 930,77
Cancellations	81 095 435,20	0,00	81 095 435,20
Commitments outstanding at the end of the year	2 868 499,63	59 035 953 718,79	59 038 822 218,42
Commitments for the year	51 493 426 725,01	57 779 148 557,06	109 272 575 282,07
Payments	50 161 891 804,35	7 980 847 102,59	58 142 738 906,94
Cancellation of commitments which cannot be carried over	21 654 872,81	0,00	21 654 872,81
Commitments outstanding at the end of the year	1 309 880 047,85	49 798 301 454,47	51 108 181 502,32
Total commitments outstanding at the end of the year	1 312 748 547,48	108 834 255 173,26	110 147 003 720,74

9. IMPLEMENTATION OF COMMITMENT

Appropriations for institutions other than the Commission are consolidated in heading 5 of the financial perspectives

Commitment

Institution	Commitment appropriations authorised	Commitments made				
		from the year's appropriations	from carry-overs or appropriations made available again	from earmarked revenue	Total	%
		1	2	3	4	5=2+3+4
EUROPEAN PARLIAMENT	1 310 985 235,13	1 203 370 074,38	0,00	72 576 415,74	1 275 946 490,12	97,33 %
COUNCIL	562 745 806,45	531 646 564,08	0,00	8 486 975,50	540 133 539,58	95,98 %
COMMISSION	109 025 085 582,01	106 221 217 314,56	155 390 186,18	606 059 360,18	106 982 666 860,92	98,13 %
COURT OF JUSTICE	236 262 989,26	220 847 247,72	0,00	462 527,19	221 309 774,91	93,67 %
COURT OF AUDITORS	97 409 190,90	85 934 099,96	0,00	194 501,24	86 128 601,20	88,42 %
ECONOMIC AND SOCIAL COMMITTEE	107 659 226,91	90 955 257,89	0,00	4 651 281,07	95 606 538,96	88,80 %
COMMITTEE OF REGIONS	73 936 522,52	49 654 384,33	0,00	14 455 570,16	64 109 954,49	86,71 %
OMBUDSMAN	5 782 968,00	5 168 169,89	0,00	0,00	5 168 169,89	89,37 %
EUROPEAN DATA-PROTECTION SUPERVISOR	1 942 279,00	1 505 352,00	0,00	0,00	1 505 352,00	77,50 %
Total	111 421 809 800,18	108 410 298 464,81	155 390 186,18	706 886 631,08	109 272 575 282,07	98,07 %

Payment

Institution	Payment appropriations authorised	Payments made				
		from the year's appropriations	from carry-overs	from earmarked revenue	Total	%
		1	2	3	4	5=2+3+4
EUROPEAN PARLIAMENT	1 524 463 089,89	921 908 730,66	197 455 018,13	47 085 012,62	1 166 448 761,41	76,52 %
COUNCIL	630 391 473,78	438 198 965,80	60 148 376,76	8 486 975,50	506 834 318,06	80,40 %
COMMISSION	102 328 369 478,45	96 678 966 876,73	663 023 239,05	661 870 410,34	98 003 860 526,12	95,77 %
COURT OF JUSTICE	245 166 984,15	207 845 228,89	8 026 957,21	462 527,19	216 334 713,29	88,24 %
COURT OF AUDITORS	102 998 061,31	78 990 217,98	5 035 435,44	194 501,24	84 220 154,66	81,77 %
ECONOMIC AND SOCIAL COMMITTEE	113 411 771,80	83 319 550,16	5 249 450,82	3 740 231,90	92 309 232,88	81,39 %
COMMITTEE OF REGIONS	79 027 097,54	44 072 451,15	4 719 971,30	14 440 807,14	63 233 229,59	80,01 %
OMBUDSMAN	6 283 456,68	4 722 644,41	416 473,68	0,00	5 139 118,09	81,79 %
EUROPEAN DATA-PROTECTION SUPERVISOR	1 942 279,00	1 061 783,61	0,00	0,00	1 061 783,61	54,67 %
Total	105 032 053 692,60	98 459 086 449,39	944 074 922,39	736 280 465,93	100 139 441 837,71	95,34 %

AND PAYMENT APPROPRIATIONS BY INSTITUTION

appropriations

Appropriations carried over to 2005				Appropriations lapsing	%	Commitments outstanding at close of financial year	Appropriations made available again in 2005
earmarked revenue	carry-overs by decision	Total	%				
7	8	9=7+8	10=9/1	11=1-5-9	12=11/1	13	14
7 408 819,39	0,00	7 408 819,39	0,57 %	27 629 925,62	2,11 %	306 952 746,84	
12 342 630,95	0,00	12 342 630,95	2,19 %	10 269 635,92	1,82 %	93 447 598,28	
832 550 885,54	210 443 712,13	1 042 994 597,67	0,96 %	999 424 123,42	0,92 %	109 711 624 927,84	298 199,95
758 897,07	2 100 000,00	2 858 897,07	1,21 %	12 094 317,28	5,12 %	13 002 018,83	
289 279,66	0,00	289 279,66	0,30 %	10 991 310,04	11,28 %	6 943 881,98	
298 699,84	0,00	298 699,84	0,28 %	11 753 988,11	10,92 %	8 546 756,90	
67 921,36	30 473,88	98 395,24	0,13 %	9 728 172,79	13,16 %	5 596 696,20	
0,00	0,00	0,00	0,00 %	614 798,11	10,63 %	445 525,48	
0,00	0,00	0,00	0,00 %	436 927,00	22,50 %	443 568,39	
853 717 133,81	212 574 186,01	1 066 291 319,82	0,96 %	1 082 943 198,29	0,97 %	110 147 003 720,74	298 199,95

appropriations

Carried over to the following year					Appropriations lapsing			
automatic carry-overs	carry-overs by decision	earmarked revenue	Total	%	from the year's appropriations	from carry-overs	earmarked revenue (EFTA)	Total
7	8	9	10=7+8+9	11=10/1	12	13	14	15
281 461 343,72	0,00	32 900 222,51	314 361 566,23	20,62 %	27 629 925,62	16 022 836,63	0,00	43 652 762,25
93 447 598,28	0,00	12 342 630,95	105 790 229,23	16,78 %	10 269 635,92	7 497 290,57	0,00	17 766 926,49
877 256 467,32	276 000 057,06	1 217 971 355,86	2 371 227 880,24	2,32 %	1 699 648 279,89	250 043 330,32	3 589 461,88	1 953 281 072,09
13 002 018,83	2 100 000,00	758 897,07	15 860 915,90	6,47 %	12 094 317,28	877 037,68	0,00	12 971 354,96
6 943 881,98	0,00	289 279,66	7 233 161,64	7,02 %	10 991 310,04	553 434,97	0,00	11 544 745,01
7 635 707,73	0,00	1 209 749,01	8 845 456,74	7,80 %	11 753 988,11	503 094,07	0,00	12 257 082,18
5 581 933,18	30 473,88	82 684,38	5 695 091,44	7,21 %	9 728 172,79	370 603,72	0,00	10 098 776,51
445 525,48	0,00	0,00	445 525,48	7,09 %	614 798,11	84 015,00	0,00	698 813,11
443 568,39	0,00	0,00	443 568,39	22,84 %	436 927,00	0,00	0,00	436 927,00
1 286 218 044,91	278 130 530,94	1 265 554 819,44	2 829 903 395,29	2,69 %	1 783 167 354,76	275 951 642,96	3 589 461,88	2 062 708 459,60

10. BREAKDOWN AND CHANGES IN COMMITMENT

Policy area	Commitment appropriations						
	Appropriations adopted	Modifications (Transfers and AB)	Appropriations carried over or made available again from 2003	Earmarked revenue	Total additional	Total authorised	
	1	2	3	4	5=3+4	6=1+2+5	
01	ECONOMIC AND FINANCIAL AFFAIRS	450 391 464,00	- 25 240 332,00	50 500 000,00	6 532 744,53	57 032 744,53	482 183 876,53
02	ENTREPRISE	281 067 392,00	16 572 647,00	6 074 276,70	30 762 401,64	36 836 678,34	334 476 717,34
03	COMPETITION	82 284 667,00	1 865 835,00	0,00	2 323 956,65	2 323 956,65	86 474 458,65
04	EMPLOYMENT AND SOCIAL AFFAIRS	9 927 798 006,00	959 094 909,79	0,00	13 347 313,92	13 347 313,92	10 900 240 229,71
05	AGRICULTURE AND RURAL DEVELOPMENT	48 053 145 841,00	751 935 013,00	48 320 995,00	8 159 583,53	56 480 578,53	48 861 561 432,53
06	ENERGY AND TRANSPORT	1 094 098 360,00	265 029 168,00	25 392 823,00	39 431 752,92	64 824 575,92	1 423 952 103,92
07	ENVIRONMENT	312 724 566,00	26 298 942,00	13 372 250,00	13 383 149,75	26 755 399,75	365 778 907,75
08	RESEARCH	2 873 069 863,00	350 288 692,00	0,00	434 952 562,71	434 952 562,71	3 658 311 117,71
09	INFORMATION SOCIETY	1 073 800 084,00	116 694 978,00	6 267 312,70	137 547 446,06	143 814 758,76	1 334 309 820,76
10	DIRECT RESEARCH	276 820 889,00	28 814 197,00	0,00	225 269 289,48	225 269 289,48	530 904 375,48
11	FISHERIES	913 381 335,00	57 987 128,00	0,00	3 901 774,12	3 901 774,12	975 270 237,12
12	INTERNAL MARKET	66 215 561,00	3 446 670,00	2 000 000,00	2 288 216,69	4 288 216,69	73 950 447,69
13	REGIONAL POLICY	21 478 853 333,00	5 147 579 045,21	3 692 459,00	9 598 108,98	13 290 567,98	26 639 722 946,19
14	TAXATION AND CUSTOMS UNION	97 311 663,00	10 541 989,00	0,00	4 425 279,35	4 425 279,35	112 278 931,35
15	EDUCATION AND CULTURE	841 624 967,00	156 881 819,00	0,00	178 225 418,68	178 225 418,68	1 176 732 204,68
16	PRESS AND COMMUNICATION	168 286 594,00	8 579 423,00	397 000,00	4 616 089,71	5 013 089,71	181 879 106,71
17	HEALTH AND CONSUMER PROTECTION	400 610 462,00	171 586 343,00	0,00	11 516 127,98	11 516 127,98	583 712 932,98
18	JUSTICE AND HOME AFFAIRS	183 405 131,00	348 507 296,00	0,00	5 031 303,17	5 031 303,17	536 943 730,17
19	EXTERNAL RELATIONS	3 661 664 823,00	47 356 248,00	0,00	99 488 060,63	99 488 060,63	3 808 509 131,63
20	TRADE	73 486 152,00	1 622 968,00	0,00	1 880 663,85	1 880 663,85	76 989 783,85
21	DEVELOPMENT AND RELATION WITH ACP STATES	1 199 891 764,00	- 424 121,00	1 300 000,00	45 631 629,16	46 931 629,16	1 246 399 272,16
22	ENLARGEMENT	1 097 638 127,00	227 363 327,00	0,00	101 111 223,33	101 111 223,33	1 426 112 677,33
23	HUMANITARIAN AID	507 331 281,00	24 043 576,00	0,00	5 204 524,08	5 204 524,08	536 579 381,08
24	FIGHT AGAINST FRAUD	52 157 000,00	2 903 848,00	0,00	8 296,71	8 296,71	55 069 144,71
25	COMMISSION'S POLICY COORDINATION AND LEGAL ADVICE	196 939 732,00	3 176 603,00	0,00	6 757 124,37	6 757 124,37	206 873 459,37
26	ADMINISTRATION	680 076 507,00	5 068 039,00	500 000,00	40 492 831,55	40 992 831,55	726 137 377,55
27	BUDGET	66 907 272,00	1 406 033 651,00	0,00	1 439 168,01	1 439 168,01	1 474 380 091,01
28	AUDIT	9 403 229,00	48 453,00	0,00	183 202,70	183 202,70	9 634 884,70
29	STATISTICS	121 184 010,00	7 326 726,00	1 744 167,45	6 684 899,90	8 429 067,35	136 939 803,35
30	PENSIONS	817 641 000,00	24 135 998,00	0,00	0,00	0,00	841 776 998,00
31	RESERVES	221 000 000,00	0,00	0,00	0,00	0,00	221 000 000,00
98	OTHER INSTITUTIONS	2 248 676 790,00	26 053 909,00	0,00	121 993 519,17	121 993 519,17	2 396 724 218,17
	Total	99 528 887 865,00	10 171 172 988,00	159 561 283,85	1 562 187 663,33	1 721 748 947,18	111 421 809 800,18

AND PAYMENT APPROPRIATIONS BY POLICY AREA

Policy area	Payment appropriations					
	Appropriations adopted	Modifications (Transfers and AB)	carried over	Earmarked revenue	Total additional	Total authorised
	7	8	9	10	11=9+10	12=7+8+11
	484 929 464,00	- 84 340 332,00	21 293 746,00	5 726 824,53	27 020 570,53	427 609 702,53
	331 676 392,00	- 28 036 368,00	0,00	31 821 729,38	31 821 729,38	335 461 753,38
	82 284 667,00	1 865 835,00	0,00	2 323 456,65	2 323 456,65	86 473 958,65
	8 193 144 777,00	1 194 830 662,00	3 160 930,00	13 338 377,89	16 499 307,89	9 404 474 746,89
	47 855 334 658,00	- 108 549 884,00	82 866 894,58	8 159 583,52	91 026 478,10	47 837 811 252,10
	1 151 396 352,00	32 354 168,00	15 843 136,00	69 202 650,08	85 045 786,08	1 268 796 306,08
	301 075 566,00	5 722 692,00	8 181 772,00	19 468 683,93	27 650 455,93	334 448 713,93
	2 312 557 895,00	119 652 781,00	0,00	647 321 849,39	647 321 849,39	3 079 532 523,39
	984 890 084,00	238 328 103,00	0,00	222 596 949,01	222 596 949,01	1 445 815 136,01
	310 235 889,00	26 776 197,00	0,00	190 133 522,20	190 133 522,20	527 145 608,20
	926 003 576,00	28 282 931,00	108 432 513,33	6 650 642,95	115 083 156,28	1 069 369 663,28
	66 515 561,00	2 596 670,00	0,00	2 166 671,70	2 166 671,70	71 278 902,70
	18 469 732 430,00	3 516 580 098,00	103 736 588,00	9 598 108,99	113 334 696,99	22 099 647 224,99
	97 324 663,00	- 3 659 011,00	0,00	4 561 646,18	4 561 646,18	98 227 298,18
	814 044 967,00	111 911 819,00	197 380,25	254 476 318,81	254 673 699,06	1 180 630 485,06
	164 409 873,00	10 487,00	3 223 416,37	4 616 089,72	7 839 506,09	172 259 866,09
	419 322 555,00	138 099 215,00	282 291 992,05	12 868 736,03	295 160 728,08	852 582 498,08
	183 498 547,00	321 142 149,00	10 933 000,00	5 062 992,47	15 995 992,47	520 636 688,47
	3 408 493 823,00	175 730 248,00	0,00	106 091 493,41	106 091 493,41	3 690 315 564,41
	74 814 152,00	- 377 032,00	0,00	1 880 663,85	1 880 663,85	76 317 783,85
	1 175 894 104,00	- 116 124 121,00	1 480 729,00	48 042 030,03	49 522 759,03	1 109 292 742,03
	1 880 688 127,00	178 763 327,00	0,00	116 111 223,34	116 111 223,34	2 175 562 677,34
	510 331 281,00	- 20 591 424,00	0,00	45 726 084,36	45 726 084,36	535 465 941,36
	51 307 000,00	2 503 848,00	3 989 512,60	8 296,71	3 997 809,31	57 808 657,31
	202 189 732,00	2 776 603,00	1 217 213,44	6 757 124,37	7 974 337,81	212 940 672,81
	682 007 507,00	- 4 767 961,00	265 725 025,71	40 537 848,99	306 262 874,70	983 502 420,70
	66 907 272,00	1 406 033 651,00	435 448,28	1 458 629,43	1 894 077,71	1 474 835 000,71
	9 403 229,00	48 453,00	0,00	183 202,70	183 202,70	9 634 884,70
	121 016 010,00	100 726,00	0,00	6 539 797,46	6 539 797,46	127 656 533,46
	817 641 000,00	24 135 998,00	57 271,76	0,00	57 271,76	841 834 269,76
	221 000 000,00	0,00	0,00	0,00	0,00	221 000 000,00
	2 248 676 790,00	26 053 909,00	306 959 995,98	121 993 519,17	428 953 515,15	2 703 684 214,15
	94 618 747 943,00	7 187 854 437,00	1 220 026 565,35	2 005 424 747,25	3 225 451 312,60	105 032 053 692,60

EUR

11. IMPLEMENTATION OF COMMITMENT

Policy area	Commitment appropriations authorised	Commitments made					
		from the year's appropriations	from carry-overs or appropriations made available again	from earmarked revenue	Total	%	
		1	3	4	5=2+3+4	6=5/1	
1	ECONOMIC AND FINANCIAL AFFAIRS	482 183 876,53	375 423 056,85	50 500 000,00	5 498 339,52	431 421 396,37	89,47 %
2	ENTREPRISE	334 476 717,34	268 879 578,94	5 922 709,65	10 690 924,54	285 493 213,13	85,36 %
3	COMPETITION	86 474 458,65	82 519 807,61	0,00	1 376 640,00	83 896 447,61	97,02 %
4	EMPLOYMENT AND SOCIAL AFFAIRS	10 900 240 229,71	10 773 224 951,74	0,00	5 889 415,84	10 779 114 367,58	98,89 %
5	AGRICULTURE AND RURAL DEVELOPMENT	48 861 561 432,53	48 417 465 200,56	48 320 995,00	5 133 392,40	48 470 919 587,96	99,20 %
6	ENERGY AND TRANSPORT	1 423 952 103,92	1 308 342 188,23	22 005 254,00	14 327 263,46	1 344 674 705,69	94,43 %
7	ENVIRONMENT	365 778 907,75	325 054 787,57	13 372 155,00	6 218 250,00	344 645 192,57	94,22 %
8	RESEARCH	3 658 311 117,71	3 221 772 388,29	0,00	292 132 617,81	3 513 905 006,10	96,05 %
9	INFORMATION SOCIETY	1 334 309 820,76	1 182 981 238,23	5 960 722,64	60 026 944,56	1 248 968 905,43	93,60 %
10	DIRECT RESEARCH	530 904 375,48	305 383 201,92	0,00	23 373 204,29	328 756 406,21	61,92 %
11	FISHERIES	975 270 237,12	941 764 369,37	0,00	1 491 814,74	943 256 184,11	96,72 %
12	INTERNAL MARKET	73 950 447,69	63 630 869,82	2 000 000,00	1 419 399,88	67 050 269,70	90,67 %
13	REGIONAL POLICY	26 639 722 946,19	26 545 484 821,53	3 692 459,00	8 739 270,85	26 557 916 551,38	99,69 %
14	TAXATION AND CUSTOMS UNION	112 278 931,35	93 679 641,46	0,00	2 618 069,07	96 297 710,53	85,77 %
15	EDUCATION AND CULTURE	1 176 732 204,68	986 994 080,83	0,00	76 617 534,50	1 063 611 615,33	90,39 %
16	PRESS AND COMMUNICATION	181 879 106,71	152 304 320,93	396 797,04	3 040 101,13	155 741 219,10	85,63 %
17	HEALTH AND CONSUMER PROTECTION	583 712 932,98	565 354 257,76	0,00	6 002 331,09	571 356 588,85	97,88 %
18	JUSTICE AND HOME AFFAIRS	536 943 730,17	511 428 876,23	0,00	1 001 338,53	512 430 214,76	95,43 %
19	EXTERNAL RELATIONS	3 808 509 131,63	3 685 639 771,92	0,00	18 698 701,93	3 704 338 473,85	97,26 %
20	TRADE	76 989 783,85	70 691 604,62	0,00	1 084 448,18	71 776 052,80	93,23 %
21	DEVELOPMENT AND RELATION WITH ACP STATES	1 246 399 272,16	1 185 504 097,97	1 300 000,00	9 453 372,53	1 196 257 470,50	95,98 %
22	ENLARGEMENT	1 426 112 677,33	1 278 110 399,45	0,00	11 748 171,21	1 289 858 570,66	90,45 %
23	HUMANITARIAN AID	536 579 381,08	531 190 304,84	0,00	4 972 860,64	536 163 165,48	99,92 %
24	FIGHT AGAINST FRAUD	55 069 144,71	51 316 597,57	0,00	0,00	51 316 597,57	93,19 %
25	COMMISSION'S POLICY COORDINATION AND LEGAL ADVICE	206 873 459,37	195 548 719,76	0,00	3 803 786,27	199 352 506,03	96,36 %
26	ADMINISTRATION	726 137 377,55	671 906 320,92	475 457,00	27 672 169,41	700 053 947,33	96,41 %
27	BUDGET	1 474 380 091,01	1 470 361 463,14	0,00	869 033,28	1 471 230 496,42	99,79 %
28	AUDIT	9 634 884,70	9 198 533,11	0,00	92 114,94	9 290 648,05	96,43 %
29	STATISTICS	136 939 803,35	108 389 113,39	1 443 636,85	2 067 849,58	111 900 599,82	81,72 %
30	PENSIONS	841 776 998,00	841 672 750,00	0,00	0,00	841 672 750,00	99,99 %
31	RESERVES	221 000 000,00	0,00	0,00	0,00	0,00	0,00 %
98	OTHER INSTITUTIONS	2 396 724 218,17	2 189 081 150,25	0,00	100 827 270,90	2 289 908 421,15	95,54 %
Total		111 421 809 800,18	108 410 298 464,81	155 390 186,18	706 886 631,08	109 272 575 282,07	98,07 %

APPROPRIATIONS BY POLICY AREA

Appropriations carried over to 2005				Appropriations lapsing				
earmarked revenue	carry-overs by decision	Total	%	from the year's budget appropriations	appropriations carried over or made available again from 2003	earmarked revenue (EFTA)	Total	%
7	8	9=7+8	10=9/1	11	12	13	14=11+12+13	15=14/1
1 034 405,01	220 000,00	1 254 405,01	0,26 %	49 508 075,15	0,00	0,00	49 508 075,15	10,27 %
19 643 528,01	5 334 699,00	24 978 227,01	7,47 %	23 425 761,06	151 567,05	427 949,09	24 005 277,20	7,18 %
947 316,65	0,00	947 316,65	1,10 %	1 630 694,39	0,00	0,00	1 630 694,39	1,89 %
7 273 868,83	82 772 121,00	90 045 989,83	0,83 %	30 895 843,05	0,00	184 029,25	31 079 872,30	0,29 %
3 026 191,13	74 450 373,00	77 476 564,13	0,16 %	313 165 280,44	0,00	0,00	313 165 280,44	0,64 %
24 697 113,57	21 862 384,00	46 559 497,57	3,27 %	28 922 955,77	3 387 569,00	407 375,89	32 717 900,66	2,30 %
7 108 055,57	0,00	7 108 055,57	1,94 %	13 968 720,43	95,00	56 844,18	14 025 659,61	3,83 %
142 801 493,90	0,00	142 801 493,90	3,90 %	1 586 166,71	0,00	18 451,00	1 604 617,71	0,04 %
77 456 156,18	312 800,00	77 768 956,18	5,83 %	7 201 023,77	306 590,06	64 345,32	7 571 959,15	0,57 %
201 895 118,06	0,00	201 895 118,06	38,03 %	251 884,08	0,00	967,13	252 851,21	0,05 %
2 396 122,97	1 465 000,00	3 861 122,97	0,40 %	28 139 093,63	0,00	13 836,41	28 152 930,04	2,89 %
751 891,63	0,00	751 891,63	1,02 %	6 031 361,18	0,00	116 925,18	6 148 286,36	8,31 %
858 838,13	9 418 866,00	10 277 704,13	0,04 %	71 528 690,68	0,00	0,00	71 528 690,68	0,27 %
1 807 210,28	4 040 000,00	5 847 210,28	5,21 %	10 134 010,54	0,00	0,00	10 134 010,54	9,03 %
101 556 932,98	0,00	101 556 932,98	8,63 %	11 512 705,17	0,00	50 951,20	11 563 656,37	0,98 %
1 575 988,58	0,00	1 575 988,58	0,87 %	24 561 696,07	202,96	0,00	24 561 899,03	13,50 %
5 459 236,67	1 333 365,88	6 792 602,55	1,16 %	5 509 181,36	0,00	54 560,22	5 563 741,58	0,95 %
4 023 412,30	2 236 000,00	6 259 412,30	1,17 %	18 247 550,77	0,00	6 552,34	18 254 103,11	3,40 %
80 789 358,70	1 070 698,25	81 860 056,95	2,15 %	22 310 600,83	0,00	0,00	22 310 600,83	0,59 %
796 215,67	0,00	796 215,67	1,03 %	4 417 515,38	0,00	0,00	4 417 515,38	5,74 %
36 178 256,63	2 240 408,00	38 418 664,63	3,08 %	11 723 137,03	0,00	0,00	11 723 137,03	0,94 %
89 363 052,12	0,00	89 363 052,12	6,27 %	46 891 054,55	0,00	0,00	46 891 054,55	3,29 %
231 663,44	0,00	231 663,44	0,04 %	184 552,16	0,00	0,00	184 552,16	0,03 %
8 296,71	0,00	8 296,71	0,02 %	3 744 250,43	0,00	0,00	3 744 250,43	6,80 %
2 953 338,10	0,00	2 953 338,10	1,43 %	4 567 615,24	0,00	0,00	4 567 615,24	2,21 %
12 820 662,14	140 800,00	12 961 462,14	1,78 %	13 097 425,08	24 543,00	0,00	13 121 968,08	1,81 %
570 134,73	0,00	570 134,73	0,04 %	2 579 459,86	0,00	0,00	2 579 459,86	0,17 %
91 087,76	0,00	91 087,76	0,95 %	253 148,89	0,00	0,00	253 148,89	2,63 %
4 435 939,09	3 546 197,00	7 982 136,09	5,83 %	16 575 425,61	300 530,60	181 111,23	17 057 067,44	12,46 %
0,00	0,00	0,00	0,00 %	104 248,00	0,00	0,00	104 248,00	0,01 %
0,00	0,00	0,00	0,00 %	221 000 000,00	0,00	0,00	221 000 000,00	100,00 %
21 166 248,27	2 130 473,88	23 296 722,15	0,97 %	83 519 074,87	0,00	0,00	83 519 074,87	3,48 %
853 717 133,81	212 574 186,01	1 066 291 319,82	0,96 %	1 077 188 202,18	4 171 097,67	1 583 898,44	1 082 943 198,29	0,97 %

EUR

12. IMPLEMENTATION OF PAYMENT APPROPRIATIONS

Policy area	Payment appropriations authorised	Payments made				
		from the year's appropriations	from carry-overs	from earmarked revenue	Total	%
		1	3	4	5=2+3+4	6=5/1
1 ECONOMIC AND FINANCIAL AFFAIRS	427 609 702,53	335 761 515,56	10 450 404,23	2 523 470,81	348 735 390,60	81,55 %
2 ENTREPRISE	335 461 753,38	239 047 065,29	0,00	7 356 822,11	246 403 887,40	73,45 %
3 COMPETITION	86 473 958,65	75 914 105,14	0,00	1 279 519,00	77 193 624,14	89,27 %
4 EMPLOYMENT AND SOCIAL AFFAIRS	9 404 474 746,89	9 278 171 386,76	2 924 743,40	4 914 929,23	9 286 011 059,39	98,74 %
5 AGRICULTURE AND RURAL DEVELOPMENT	47 837 811 252,10	47 362 526 744,13	78 876 138,29	4 355 434,14	47 445 758 316,56	99,18 %
6 ENERGY AND TRANSPORT	1 268 796 306,08	978 762 843,63	15 320 513,80	14 268 395,77	1 008 351 753,20	79,47 %
7 ENVIRONMENT	334 448 713,93	244 511 214,74	570 814,50	6 978 474,60	252 060 503,84	75,37 %
8 RESEARCH	3 079 532 525,39	2 375 380 893,47	0,00	230 442 758,72	2 605 823 652,19	84,62 %
9 INFORMATION SOCIETY	1 445 815 136,01	1 175 405 089,76	0,00	72 853 193,36	1 248 258 283,12	86,34 %
10 DIRECT RESEARCH	527 145 608,20	293 057 013,56	0,00	27 526 760,92	320 583 774,48	60,82 %
11 FISHERIES	1 069 369 663,28	831 050 877,09	7 548 206,46	2 442 349,39	841 041 432,94	78,65 %
12 INTERNAL MARKET	71 278 902,70	55 214 585,89	0,00	1 192 282,55	56 406 868,44	79,14 %
13 REGIONAL POLICY	22 099 647 224,99	21 821 552 952,75	57 336 932,61	1 221 580,89	21 880 111 466,25	99,01 %
14 TAXATION AND CUSTOMS UNION	98 227 298,18	78 647 437,26	0,00	2 620 618,05	81 268 055,31	82,73 %
15 EDUCATION AND CULTURE	1 180 630 485,06	881 463 750,77	125 876,35	107 572 000,48	989 161 627,60	83,78 %
16 PRESS AND COMMUNICATION	172 259 866,09	131 881 334,45	1 976 634,17	2 792 869,60	136 650 838,22	79,33 %
17 HEALTH AND CONSUMER PROTECTION	852 582 498,08	175 976 355,27	267 188 628,02	4 045 180,81	447 210 164,10	52,45 %
18 JUSTICE AND HOME AFFAIRS	520 636 688,47	435 191 290,36	228 116,57	827 962,18	436 247 369,11	83,79 %
19 EXTERNAL RELATIONS	3 690 315 564,41	3 293 709 161,33	0,00	23 069 037,77	3 316 778 199,10	89,88 %
20 TRADE	76 317 783,85	64 814 339,02	0,00	1 006 254,58	65 820 593,60	86,25 %
21 DEVELOPMENT AND RELATION WITH ACP STATES	1 109 292 742,03	969 039 391,39	50 361,71	6 648 973,97	975 738 727,07	87,96 %
22 ENLARGEMENT	2 175 562 677,34	1 918 334 361,42	0,00	68 923 998,11	1 987 258 359,53	91,34 %
23 HUMANITARIAN AID	535 465 941,36	469 140 239,33	0,00	44 974 135,97	514 114 375,30	96,01 %
24 FIGHT AGAINST FRAUD	57 808 657,31	40 894 143,07	2 821 539,49	0,00	43 715 682,56	75,62 %
25 COMMISSION'S POLICY COORDINATION AND LEGAL ADVICE	212 940 672,81	180 946 913,57	1 120 405,09	3 360 209,89	185 427 528,55	87,08 %
26 ADMINISTRATION	983 502 420,70	569 098 636,23	215 994 783,38	16 367 452,56	801 460 872,17	81,49 %
27 BUDGET	1 474 835 000,71	1 459 096 710,70	435 448,28	700 640,47	1 460 232 799,45	99,01 %
28 AUDIT	9 634 884,70	8 530 469,40	0,00	88 775,77	8 619 245,17	89,46 %
29 STATISTICS	127 656 533,46	95 769 760,34	0,00	1 516 328,64	97 286 088,98	76,21 %
30 PENSIONS	841 834 269,76	840 076 295,05	53 692,70	0,00	840 129 987,75	99,80 %
31 RESERVES	221 000 000,00	0,00	0,00	0,00	0,00	0,00 %
98 OTHER INSTITUTIONS	2 703 684 214,15	1 780 119 572,66	281 051 683,34	74 410 055,59	2 135 581 311,59	78,99 %
Total	105 032 053 692,60	98 459 086 449,39	944 074 922,39	736 280 465,93	100 139 441 837,71	95,34 %

BY POLICY AREA

Appropriations carried over to 2005					Appropriations lapsing				
automatic carry-overs	carry-overs by decision	earmarked revenue	Total	%	from the year's budget appropriations	from carry-overs	assigned revenue (EFTA)	Total	%
7	8	9	10=7+8+9	11=10/1	12	13	14	15=12+13+14	16=15/1
5 795 434,09	5 000 000,00	3 203 353,72	13 998 787,81	3,27 %	54 032 182,35	10 843 341,77	0,00	64 875 524,12	15,17 %
16 691 762,13	0,00	23 773 220,04	40 464 982,17	12,06 %	47 901 196,58	0,00	691 687,23	48 592 883,81	14,49 %
6 360 589,59	0,00	1 043 937,65	7 404 527,24	8,56 %	1 875 807,27	0,00	0,00	1 875 807,27	2,17 %
13 227 418,91	3 187 969,27	8 111 368,43	24 526 756,61	0,26 %	93 388 664,06	236 186,60	312 080,23	93 936 930,89	1,00 %
23 087 226,82	49 000 000,00	3 804 149,38	75 891 376,20	0,16 %	312 170 803,05	3 990 756,29	0,00	316 161 559,34	0,66 %
17 710 294,09	0,00	54 195 823,97	71 906 118,06	5,67 %	187 277 382,28	522 622,20	738 430,34	188 538 434,82	14,86 %
15 204 547,05	15 270 400,00	12 457 834,10	42 932 781,15	12,84 %	31 812 096,21	7 610 957,50	32 375,23	39 455 428,94	11,80 %
43 060 822,93	0,00	416 616 278,59	459 677 101,52	14,93 %	13 768 959,60	0,00	262 812,08	14 031 771,68	0,46 %
16 877 017,04	0,00	149 368 136,99	166 245 154,03	11,50 %	30 936 080,20	0,00	375 618,66	31 311 698,86	2,17 %
35 288 619,37	5 690 000,00	162 476 685,04	203 455 304,41	38,60 %	2 976 453,07	0,00	130 076,24	3 106 529,31	0,59 %
4 455 559,40	44 226 214,13	4 080 222,15	52 761 995,68	4,93 %	74 553 856,38	100 884 306,87	128 071,41	175 566 234,66	16,42 %
6 841 002,50	0,00	882 344,02	7 723 346,52	10,84 %	7 056 642,61	0,00	92 045,13	7 148 687,74	10,03 %
5 685 781,50	138 811 673,66	8 376 528,10	152 873 983,26	0,69 %	20 262 120,09	46 399 655,39	0,00	66 661 775,48	0,30 %
5 576 054,40	0,00	1 941 028,13	7 517 082,53	7,65 %	9 442 160,34	0,00	0,00	9 442 160,34	9,61 %
24 843 911,74	0,00	146 715 745,24	171 559 656,98	14,53 %	19 649 123,49	71 503,90	188 573,09	19 909 200,48	1,69 %
13 437 626,42	0,00	1 823 220,12	15 260 846,54	8,86 %	19 101 399,13	1 246 782,20	0,00	20 348 181,33	11,81 %
352 651 209,67	500 000,00	8 447 408,81	361 598 618,48	42,41 %	28 294 205,06	15 103 364,03	376 146,41	43 773 715,50	5,13 %
4 710 534,68	10 573 000,00	4 079 729,38	19 363 264,06	3,72 %	54 165 870,96	10 704 883,43	155 300,91	65 026 055,30	12,49 %
69 149 529,98	0,00	83 022 455,64	152 171 985,62	4,12 %	221 365 379,69	0,00	0,00	221 365 379,69	6,00 %
5 859 482,12	0,00	874 409,27	6 733 891,39	8,82 %	3 763 298,86	0,00	0,00	3 763 298,86	4,93 %
39 398 399,30	0,00	41 393 056,06	80 791 455,36	7,28 %	51 332 192,31	1 430 367,29	0,00	52 762 559,60	4,76 %
13 492 811,46	0,00	47 187 225,23	60 680 036,69	2,79 %	127 624 281,12	0,00	0,00	127 624 281,12	5,87 %
4 430 489,35	0,00	751 948,39	5 182 437,74	0,97 %	16 169 128,32	0,00	0,00	16 169 128,32	3,02 %
4 565 966,58	0,00	8 296,71	4 574 263,29	7,91 %	8 350 738,35	1 167 973,11	0,00	9 518 711,46	16,47 %
13 404 165,89	3 600 000,00	3 396 914,48	20 401 080,37	9,58 %	7 015 255,54	96 808,35	0,00	7 112 063,89	3,34 %
93 717 815,76	140 800,00	24 170 396,43	118 029 012,19	12,00 %	14 282 294,01	49 730 242,33	0,00	64 012 536,34	6,51 %
11 264 752,44	0,00	757 988,96	12 022 741,40	0,82 %	2 579 459,86	0,00	0,00	2 579 459,86	0,17 %
668 063,71	0,00	94 426,93	762 490,64	7,91 %	253 148,89	0,00	0,00	253 148,89	2,63 %
8 203 123,45	0,00	4 917 223,90	13 120 347,35	10,28 %	17 143 852,21	0,00	106 244,92	17 250 097,13	13,51 %
1 596 454,95	0,00	0,00	1 596 454,95	0,19 %	104 248,00	3 579,06	0,00	107 827,06	0,01 %
0,00	0,00	0,00	0,00	0,00 %	221 000 000,00	0,00	0,00	221 000 000,00	100,00 %
408 961 577,59	2 130 473,88	47 583 463,58	458 675 515,05	16,96 %	83 519 074,87	25 908 312,64	0,00	109 427 387,51	4,05 %
1 286 218 044,91	278 130 530,94	1 265 554 819,44	2 829 903 395,29	2,69 %	1 783 167 354,76	275 951 642,96	3 589 461,88	2 062 708 459,60	1,96 %

EUR

13. COMPARAISON OF BUDGET IMPLEMENTATION 2004

Commitment

Heading	Authorised appropriations			Commitments made				
	2004	2003	% change	2004	%	2003	%	% change
	1	2	3=(1-2)/2	4	5=4/1	6	7=6/2	8=(4-6)/6
1 AGRICULTURE	45 122 266 798,87	44 864 535 500,87	0,57 %	44 760 544 197,01	99,20 %	44 461 961 093,86	99,10 %	0,67 %
2 STRUCTURAL OPERATIONS	41 045 648 706,14	34 012 540 256,19	20,68 %	40 833 534 750,66	99,48 %	33 986 962 361,84	99,92 %	20,14 %
3 INTERNAL POLICIES	9 835 369 993,26	7 744 136 596,45	27,00 %	9 009 928 752,03	91,61 %	7 172 687 821,94	92,62 %	25,61 %
4 EXTERNAL ACTION	5 368 378 595,29	5 219 076 540,76	2,86 %	5 198 391 061,02	96,83 %	5 066 670 486,29	97,08 %	2,60 %
5 ADMINISTRATION	6 361 184 442,50	5 615 810 273,37	13,27 %	6 161 248 511,09	96,86 %	5 545 325 038,66	98,74 %	11,11 %
6 RESERVES	442 000 000,00	327 783 507,16	34,85 %	181 875 000,00	41,15 %	147 920 000,00	45,13 %	22,95 %
7 PRE-ACCESSION STRATEGY	1 837 416 208,12	3 448 970 113,90	-46,73 %	1 717 507 954,26	93,47 %	3 393 283 717,65	98,39 %	-49,39 %
8 COMPENSATION	1 409 545 056,00			1 409 545 056,00	100,00 %			
Total	111 421 809 800,18	101 232 852 788,70	10,06 %	109 272 575 282,07	98,07 %	99 774 810 520,24	98,56 %	9,52 %

Payment

Heading	Authorised appropriations			Payments made				
	2004	2003	% change	2004	%	2003	%	% change
	1	2	3=(1-2)/2	4	5=4/1	6	7=6/2	8=(4-6)/6
1 AGRICULTURE	44 308 294 150,43	45 095 711 544,87	-1,75 %	43 579 431 503,78	98,36 %	44 379 247 054,64	98,41 %	-1,80 %
2 STRUCTURAL OPERATIONS	34 635 080 032,07	31 837 837 220,19	8,79 %	34 198 343 032,24	98,74 %	28 527 595 541,76	89,60 %	19,88 %
3 INTERNAL POLICIES	8 992 067 035,23	7 256 810 103,40	23,91 %	7 255 159 408,26	80,68 %	5 671 833 576,83	78,16 %	27,92 %
4 EXTERNAL ACTION	5 098 021 843,23	4 898 934 185,98	4,06 %	4 605 776 116,02	90,34 %	4 285 823 224,23	87,48 %	7,47 %
5 ADMINISTRATION	6 927 161 567,52	6 087 145 932,55	13,80 %	5 856 375 907,90	84,54 %	5 305 221 201,88	87,15 %	10,39 %
6 RESERVES	442 000 000,00	363 783 507,16	21,50 %	181 875 000,00	41,15 %	147 920 000,00	40,66 %	22,95 %
7 PRE-ACCESSION STRATEGY	3 219 884 008,12	2 798 505 993,98	15,06 %	3 052 935 813,51	94,82 %	2 239 825 690,60	80,04 %	36,30 %
8 COMPENSATION	1 409 545 056,00			1 409 545 056,00	100,00 %			
Total	105 032 053 692,60	98 338 728 488,13	6,81 %	100 139 441 837,71	95,34 %	90 557 466 289,94	92,09 %	10,58 %

AND 2003 BY FINANCIAL PERSPECTIVE

Appropriations

Appropriations carried over to the following year					Appropriations lapsing				
2004	%	2003	%	% change	2004	%	2003	%	% change
9	10=9/1	11	12=11/2	13=(9-11)/11	14=1-4-9	15=14/1	16=2-6-11	17=16/2	18=(14-16)/16
49 781 798,87	0,11 %	41 393 171,87	0,09 %	20,27 %	311 940 802,99	0,69 %	361 181 235,14	0,81 %	-13,63 %
115 456 224,14	0,28 %	3 704 109,84	0,01 %	3 016,98 %	96 657 731,34	0,24 %	21 873 784,51	0,06 %	341,89 %
619 084 016,40	6,29 %	430 028 415,67	5,55 %	43,96 %	206 357 224,83	2,10 %	141 420 358,84	1,83 %	45,92 %
121 216 858,26	2,26 %	93 524 173,36	1,79 %	29,61 %	48 770 676,01	0,91 %	58 881 881,11	1,13 %	-17,17 %
70 125 292,32	1,10 %	39 396 339,14	0,70 %	78,00 %	129 810 639,09	2,04 %	31 088 895,57	0,55 %	317,55 %
0,00	0,00 %	0,00	0,00 %	0,00 %	260 125 000,00	58,85 %	179 863 507,16	54,87 %	44,62 %
90 627 129,83	4,93 %	42 753 029,66	1,24 %	111,98 %	29 281 124,03	0,37 %	12 933 366,59	0,37 %	126,40 %
0,00	0,00 %				0,00	0,00 %			
1 066 291 319,82	0,96 %	650 799 239,54	0,64 %	63,84 %	1 082 943 198,29	0,97 %	807 243 028,92	0,80 %	34,15 %

Appropriations

Appropriations carried over to the following year					Appropriations lapsing				
2004	%	2003	%	% change	2004	%	2003	%	% change
9	10=9/1	11	12=11/2	13=(9-11)/11	14=1-4-9	15=14/1	16=2-6-11	17=16/2	18=(14-16)/16
397 907 056,70	0,90 %	331 420 523,43	0,73 %	20,06 %	330 955 589,95	0,75 %	385 043 966,80	0,85 %	-14,05 %
196 998 767,79	0,57 %	176 471 733,77	0,55 %	11,63 %	239 738 232,04	0,69 %	3 133 769 944,66	9,84 %	-92,35 %
1 152 067 270,35	12,81 %	920 439 289,72	12,68 %	25,16 %	584 840 356,62	6,50 %	664 537 236,85	9,16 %	-11,99 %
175 605 910,90	3,44 %	112 728 740,90	2,30 %	55,78 %	316 639 816,31	6,21 %	500 382 220,85	10,21 %	-36,72 %
849 574 347,99	12,26 %	650 051 821,00	10,68 %	30,69 %	221 211 311,63	3,19 %	131 872 909,67	2,17 %	67,75 %
0,00	0,00 %	0,00	0,00 %	0,00 %	260 125 000,00	58,85 %	215 863 507,16	59,34 %	20,50 %
57 750 041,56	1,79 %	54 911 629,66	1,96 %	5,17 %	109 198 153,05	3,39 %	503 768 673,72	18,00 %	-78,32 %
0,00	0,00 %				0,00	0,00 %			
2 829 903 395,29	2,69 %	2 246 023 738,48	2,28 %	26,00 %	2 062 708 459,60	1,96 %	5 535 238 459,71	5,63 %	-62,73 %

14. BREAKDOWN AND CHANGES IN COMMITMENT

Heading	Commitment appropriations					
	Appropriations adopted	Modifications (Transfers and AB)	Appropriations carried over or made available again from 2003	Earmarked revenue	Total additional	Total authorised
	1	2	3	4	5=3+4	6=1+2+5
1 AGRICULTURE	44 761 410 000,00	319 375 000,00	41 200 000,00	281 798,87	41 481 798,87	45 122 266 798,87
2 STRUCTURAL OPERATIONS	34 326 000 000,00	6 704 673 000,00	6 962 054,00	8 013 652,14	14 975 706,14	41 045 648 706,14
3 INTERNAL POLICIES	7 050 858 751,00	1 654 398 003,00	54 850 829,85	1 075 262 409,41	1 130 113 239,26	9 835 369 993,26
4 EXTERNAL ACTION	5 176 551 000,00	5 000,00	51 800 000,00	140 022 595,29	191 822 595,29	5 368 378 595,29
5 ADMINISTRATION	6 039 768 114,00	82 215 709,00	897 000,00	238 303 619,50	239 200 619,50	6 361 184 442,50
6 RESERVES	442 000 000,00	0,00	0,00	0,00	0,00	442 000 000,00
7 PRE-ACCESSION STRATEGY	1 732 300 000,00	961 220,00	3 851 400,00	100 303 588,12	104 154 988,12	1 837 416 208,12
8 COMPENSATION	0,00	1 409 545 056,00	0,00	0,00	0,00	1 409 545 056,00
Total	99 528 887 865,00	10 171 172 988,00	159 561 283,85	1 562 187 663,33	1 721 748 947,18	111 421 809 800,18

15. IMPLEMENTATION OF COMMITMENT APPROPRIATIONS

Heading	Commitment appropriations authorized	Commitments made				
		From the year's appropriations	appropriations carried over or made available again from 2003	from earmarked revenue	Total	%
		1	2	3	4	5
1 AGRICULTURE	45 122 266 798,87	44 719 344 197,01	41 200 000,00	0,00	44 760 544 197,01	99,20 %
2 STRUCTURAL OPERATIONS	41 045 648 706,14	40 818 858 879,66	6 962 054,00	7 713 817,00	40 833 534 750,66	99,48 %
3 INTERNAL POLICIES	9 835 369 993,26	8 469 606 962,44	50 704 478,14	489 617 311,45	9 009 928 752,03	91,61 %
4 EXTERNAL ACTION	5 368 378 595,29	5 118 881 617,74	51 800 000,00	27 709 443,28	5 198 391 061,02	96,83 %
5 ADMINISTRATION	6 361 184 442,50	5 989 706 655,99	872 254,04	170 669 601,06	6 161 248 511,09	96,86 %
6 RESERVES	442 000 000,00	181 875 000,00	0,00	0,00	181 875 000,00	41,15 %
7 PRE-ACCESSION STRATEGY	1 837 416 208,12	1 702 480 095,97	3 851 400,00	11 176 458,29	1 717 507 954,26	93,47 %
8 COMPENSATION	1 409 545 056,00	1 409 545 056,00	0,00	0,00	1 409 545 056,00	100,00 %
Total	111 421 809 800,18	108 410 298 464,81	155 390 186,18	706 886 631,08	109 272 575 282,07	98,07 %

AND PAYMENT APPROPRIATIONS BY FINANCIAL PERSPECTIVE

Appropriations adopted	Modifications (Transfers and AB)	carried over	Payment appropriations		
			Earmarked revenue	Total additional	Total authorised
			7	8	9
44 761 410 000,00	- 784 625 000,00	331 227 351,56	281 798,87	331 509 150,43	44 308 294 150,43
28 962 402 882,00	5 488 203 415,00	176 460 082,93	8 013 652,14	184 473 735,07	34 635 080 032,07
6 606 058 969,00	826 261 237,00	107 701 342,88	1 452 045 486,35	1 559 746 829,23	8 992 067 035,23
4 950 907 978,00	- 63 936 128,00	21 480 729,00	189 569 264,23	211 049 993,23	5 098 021 843,23
6 039 768 114,00	65 035 437,00	582 147 058,98	240 210 957,54	822 358 016,52	6 927 161 567,52
442 000 000,00	0,00	0,00	0,00	0,00	442 000 000,00
2 856 200 000,00	247 370 420,00	1 010 000,00	115 303 588,12	116 313 588,12	3 219 884 008,12
0,00	1 409 545 056,00	0,00	0,00	0,00	1 409 545 056,00
94 618 747 943,00	7 187 854 437,00	1 220 026 565,35	2 005 424 747,25	3 225 451 312,60	105 032 053 692,60

BY FINANCIAL PERSPECTIVE

Appropriations carried over to 2005				Appropriations lapsing				
earmarked revenue	carry-overs by decision	Total	%	from the year's appropriations	appropriations carried over or made available again from 2003	earmarked revenue (EFTA)	Total	%
7	8	9=7+8	10=9/1	11	12	13	14=11+12+13	15=14/1
281 798,87	49 500 000,00	49 781 798,87	0,11 %	311 940 802,99	0,00	0,00	311 940 802,99	0,69 %
299 835,14	115 156 389,00	115 456 224,14	0,28 %	96 657 731,34	0,00	0,00	96 657 731,34	0,24 %
584 061 199,52	35 022 816,88	619 084 016,40	6,29 %	200 626 974,68	4 146 351,71	1 583 898,44	206 357 224,83	2,10 %
112 313 152,01	8 903 706,25	121 216 858,26	2,26 %	48 770 676,01	0,00	0,00	48 770 676,01	0,91 %
67 634 018,44	2 491 273,88	70 125 292,32	1,10 %	129 785 893,13	24 745,96	0,00	129 810 639,09	2,04 %
89 127 129,83	1 500 000,00	90 627 129,83	0,00 %	260 125 000,00	0,00	0,00	260 125 000,00	58,85 %
0,00	0,00	0,00	0,00 %	29 281 124,03	0,00	0,00	29 281 124,03	1,59 %
0,00	0,00	0,00	0,00 %	0,00	0,00	0,00	0,00	0,00 %
853 717 133,81	212 574 186,01	1 066 291 319,82	0,96 %	1 077 188 202,18	4 171 097,67	1 583 898,44	1 082 943 198,29	0,97 %

16. IMPLEMENTATION OF PAYMENT APPROPRIATIONS

Heading	Payment appropriations authorized	Payments made					
		From the year's appropriations	from carry-overs	from earmarked revenue	Total	%	
		1	3	4	5	6=5/1	
1	AGRICULTURE	44 308 294 150,43	43 267 138 799,18	312 292 704,60	0,00	43 579 431 503,78	98,36%
2	STRUCTURAL OPERATIONS	34 635 080 032,07	34 156 235 802,47	42 093 478,12	13 751,65	34 198 343 032,24	98,74%
3	INTERNAL POLICIES	8 992 067 035,23	6 711 132 169,55	75 820 159,37	468 207 079,34	7 255 159 408,26	80,68%
4	EXTERNAL ACTION	5 098 021 843,23	4 525 759 515,05	10 050 361,71	69 966 239,26	4 605 776 116,02	90,34%
5	ADMINISTRATION	6 927 161 567,52	5 222 907 465,73	503 725 576,19	129 742 865,98	5 856 375 907,90	84,54%
6	RESERVES	442 000 000,00	181 875 000,00	0,00	0,00	181 875 000,00	41,15%
7	PRE-ACCESSION STRATEGY	3 219 884 008,12	2 984 492 641,41	92 642,40	68 350 529,70	3 052 935 813,51	94,82%
8	COMPENSATION	1 409 545 056,00	1 409 545 056,00	0,00	0,00	1 409 545 056,00	100,00%
Total		105 032 053 692,60	98 459 086 449,39	944 074 922,39	736 280 465,93	100 139 441 837,71	95,34%

BY FINANCIAL PERSPECTIVE

Appropriations carried over to 2005					Appropriations lapsing				
automatic carry overs	carry overs by decision	earmarked revenue	Total	%	from the year's appropriations	from carry-overs	earmarked revenue (EFTA)	Total	%
7	8	9	10=7+8+9	11=10/1	12	13	14	15=12+13+14	16=15/1
348 125 257,83	49 500 000,00	281 798,87	397 907 056,70	0,90%	312 020 942,99	18 934 646,96	0,00	330 955 589,95	0,75%
5 103 607,51	183 895 259,79	7 999 900,49	196 998 767,79	0,57%	105 371 627,23	134 366 604,81	0,00	239 738 232,04	0,69%
135 419 327,95	36 398 997,27	980 248 945,13	1 152 067 270,35	12,81%	549 369 711,23	31 881 183,51	3 589 461,88	584 840 356,62	6,50%
49 937 885,93	6 065 000,00	119 603 024,97	175 605 910,90	3,44%	305 209 449,02	11 430 367,29	0,00	316 639 816,31	6,21%
736 834 982,55	2 271 273,88	110 468 091,56	849 574 347,99	12,26%	142 789 828,84	78 421 482,79	0,00	221 211 311,63	3,19%
0,00	0,00	0,00	0,00	0,00%	260 125 000,00	0,00	0,00	260 125 000,00	58,85%
10 796 983,14	0,00	46 953 058,42	57 750 041,56	1,79%	108 280 795,45	917 357,60	0,00	109 198 153,05	3,39%
0,00	0,00	0,00	0,00	0,00%	0,00	0,00	0,00	0,00	0,00%
1 286 218 044,91	278 130 530,94	1 265 554 819,44	2 829 903 395,29	2,69%	1 783 167 354,76	275 951 642,96	3 589 461,88	2 062 708 459,60	1,96%

EUR

17. CONSOLIDATED BREAKDOWN OF COMMITMENTS OUTSTANDING BY THE COMMITMENT'S YEAR OF ORIGIN

EUR

Heading	< 1998	1998	1999	2000	2001	2002	2003	2004	Total
1 AGRICULTURE	0,00	0,00	0,00	0,00	0,00	0,00	0,00	1 452 205 397,83	1 452 205 397,83
2 STRUCTURAL OPERATIONS	413 930 562,32	468 800 444,00	2 768 357 897,52	506 076 754,44	1 105 962 139,77	8 349 048 002,29	22 068 095 052,03	37 604 613 056,92	73 284 883 909,29
3 INTERNAL POLICIES	121 872 404,86	92 801 799,81	259 129 430,91	553 943 775,71	1 248 449 223,60	2 153 000 819,65	3 282 925 877,10	5 737 598 364,75	13 449 721 696,39
4 EXTERNAL ACTION	614 935 278,02	526 493 520,78	603 966 323,48	943 368 747,70	1 330 155 239,14	1 960 007 782,54	2 502 862 799,79	3 831 083 685,82	12 312 873 377,27
5 ADMINISTRATION	242 027,57	847 972,00	203 814,95	134 566,92	4 500,00	0,00	285 806,68	805 931 934,05	807 650 622,17
6 RESERVES	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
7 PRE-ACCESSION STRATEGY	99 373 028,92	63 457 697,26	194 611 472,98	622 067 291,52	1 311 387 825,32	2 087 856 391,42	2 784 162 947,42	1 676 749 062,95	8 839 665 717,79
8 COMPENSATION	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Total	1 250 353 301,69	1 152 401 433,85	3 826 268 939,84	2 625 591 136,29	4 995 958 927,83	14 549 912 995,90	30 638 332 483,02	51 108 181 502,32	110 147 000 720,74

Policy area	< 1998	1998	1999	2000	2001	2002	2003	2004	Total
1 ECONOMIC AND FINANCIAL AFFAIRS	0,00	12 701 672,35	18 562 500,00	2 156 540,24	7 394 678,52	36 488 720,00	96 968 957,12	181 402 416,13	355 675 484,36
2 ENTREPRISE	3 498 502,08	2 575 375,65	4 392 782,46	6 044 254,40	26 960 288,04	33 253 338,18	80 408 599,16	130 902 602,79	288 035 742,76
3 COMPETITION	0,00	0,00	0,00	0,00	0,00	0,00	0,00	6 702 823,47	6 702 823,47
4 EMPLOYMENT AND SOCIAL AFFAIRS	89 228 332,82	32 574 083,07	415 668 427,89	231 412 901,87	171 996 537,24	2 454 420 258,44	6 292 051 926,66	9 889 563 009,57	19 576 915 477,56
5 AGRICULTURE AND RURAL DEVELOPMENT	30 804 050,82	112 239 604,45	838 948 198,37	40 351 506,65	207 675 780,19	1 080 632 125,69	2 420 672 209,97	4 688 314 565,59	9 419 638 041,73
6 ENERGY AND TRANSPORT	56 360 799,24	23 398 172,62	69 520 946,56	130 366 045,54	206 277 742,89	327 229 176,17	470 408 908,58	926 396 505,69	2 209 958 297,29
7 ENVIRONMENT	212 137,30	2 505 189,51	10 698 798,18	252 981,16	54 904 106,03	74 008 951,54	100 009 173,31	181 795 787,39	424 387 124,42
8 RESEARCH	10 684 688,78	11 217 332,16	120 117 598,59	306 765 181,75	629 657 520,98	1 165 407 030,88	1 631 232 388,43	2 560 406 654,18	6 435 488 395,75
9 INFORMATION SOCIETY	5 547 299,30	2 467 695,63	19 046 564,75	59 965 224,07	207 265 341,58	308 978 504,32	554 655 417,62	751 970 376,75	1 909 896 424,02
10 DIRECT RESEARCH	1 801 352,75	315 272,50	1 451 198,76	1 735 621,82	4 809 204,79	9 159 105,58	25 397 448,33	82 940 933,77	127 610 138,30
11 FISHERIES	16 385 776,00	10 668 132,72	184 817 160,10	14 244 227,15	64 011 861,91	188 342 336,33	374 741 292,55	664 923 965,70	1 518 134 752,46
12 INTERNAL MARKET	0,00	0,00	0,00	57 641,00	82 461,00	42 672,41	1 124 269,02	13 482 044,44	14 789 087,87
13 REGIONAL POLICY	280 985 404,35	317 626 499,01	1 338 200 881,99	615 166 063,46	1 521 926 668,41	5 962 610 915,12	14 556 998 239,22	24 378 878 755,88	48 972 393 427,44
14 TAXATION AND CUSTOMS UNION	0,00	0,00	0,00	3 090,83	125 145,25	3 760 645,75	13 893 184,99	36 466 617,65	54 248 684,47
15 EDUCATION AND CULTURE	42 694 206,01	34 129 295,97	24 738 071,96	27 895 432,56	46 621 508,46	87 812 369,71	133 071 375,97	347 032 395,82	743 994 656,46
16 PRESS AND COMMUNICATION	12 000,00	64 748,93	100 581,37	511 570,59	1 383 706,39	1 310 481,59	6 942 321,58	42 149 950,72	52 475 361,17
17 HEALTH AND CONSUMER PROTECTION	1 380 956,01	44 972,40	607 918,80	2 229 819,43	5 711 482,98	15 943 267,60	48 440 204,75	432 167 285,04	506 525 907,01
18 JUSTICE AND HOME AFFAIRS	269 352,44	374 095,66	293 735,93	1 341 544,20	23 106 686,93	21 610 167,79	32 376 956,39	100 378 128,73	179 750 668,07
19 EXTERNAL RELATIONS	556 909 392,50	502 564 069,21	482 412 028,61	765 504 340,59	1 000 816 362,57	1 469 423 941,43	1 778 752 369,45	2 743 962 662,14	9 300 345 166,50
20 TRADE	0,00	0,00	0,00	5 456,00	169 704,54	1 120 665,27	3 071 552,44	11 920 719,88	16 288 098,13
21 DEVELOPMENT AND RELATION WITH ACP STATES	52 365 327,11	23 032 235,83	101 591 708,57	176 737 974,47	318 760 719,27	454 878 136,98	541 890 992,89	837 856 397,34	2 507 113 492,46
22 ENLARGEMENT	99 517 778,92	63 724 291,36	195 012 455,10	242 603 304,30	493 279 714,99	822 678 584,28	1 331 759 490,27	1 228 824 693,22	4 477 400 312,44
23 HUMANITARIAN AID	1 688 607,50	158 422,12	0,00	0,00	1 824 960,92	24 944 043,52	127 835 007,43	229 980 601,39	386 431 642,88
24 FIGHT AGAINST FRAUD	0,00	0,00	0,00	15 662,17	34 651,74	150 505,21	1 706 967,12	13 661 475,31	15 569 261,55
25 COMMISSION'S POLICY COORDINATION AND LEGAL ADVICE	0,00	0,00	0,00	0,00	0,00	26 056,08	486 125,09	20 061 452,53	20 573 633,70
26 ADMINISTRATION	0,00	0,00	0,00	0,00	4 885,46	44 764,38	1 222 549,33	119 251 225,52	120 523 424,69
27 BUDGET	0,00	0,00	0,00	0,00	0,00	0,00	4 142,82	11 448 463,86	11 452 606,68
28 AUDIT	0,00	0,00	0,00	0,00	0,00	0,00	0,00	671 402,88	671 402,88
29 STATISTICS	7 337,76	23 272,70	87 381,85	224 752,04	1 157 206,75	5 636 231,65	12 210 412,53	39 286 169,02	58 632 764,30
30 PENSIONS	0,00	0,00	0,00	0,00	0,00	0,00	0,00	2 627,02	2 627,02
31 RESERVES	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
98 OTHER INSTITUTIONS	0,00	0,00	0,00	0,00	0,00	0,00	0,00	435 378 792,90	435 378 792,90
Total	1 250 353 301,69	1 152 404 433,85	3 826 268 939,84	2 625 591 136,29	4 995 958 927,83	14 549 912 995,90	30 638 332 483,02	51 108 181 502,32	110 147 003 720,74

CHAPTER II

CONSOLIDATED FINANCIAL STATEMENTS OF THE EUROPEAN COMMUNITIES

BALANCE SHEET

ASSETS

	EUR	
	31.12.2004	31.12.2003
I. FORMATION EXPENSES	—	—
II. INTANGIBLE FIXED ASSETS	6 341 572 30	8 906 061 31
III. TANGIBLE FIXED ASSETS	3 826 603 642 18	3 290 411 624 02
A. Land and buildings	1 692 019 658 38	1 372 961 134 24
B. Plant, machinery and tools	41 991 341 97	39 257 877 74
C. Furniture and vehicles	33 745 061 19	31 319 724 61
D. Computer hardware	73 351 950 83	72 112 286 75
E. Finance leases and similar entitlements	1 828 487 407 22	1 635 150 202 72
F. Other tangible fixed assets	34 661 330 26	19 705 399 54
G. Fixed assets under construction and advances in respect of tangible fixed assets	122 346 892 33	119 904 998 42
IV. FINANCIAL FIXED ASSETS	2 233 629 975 49	2 202 424 471 70
A. Investments in related organisations	422 759 700 58	400 869 242 49
B. Other financial fixed assets	1 810 870 274 91	1 801 555 229 21
1. Subscriptions and participations	47 297 460 71	58 068 013 05
2. Other securities	145 352 811 86	145 404 370 03
3. Guarantees and advances granted	1 618 220 002 34	1 598 082 846 13
V. LONG-TERM ASSETS	28 220 078 308 57	25 186 470 796 39
A. Loans granted from the budget	529 150 403 60	544 442 618 62
B. Loans granted from borrowed funds	1 531 898 394 35	1 635 965 872 17
C. Other long-term assets	26 159 029 510 62	23 006 062 305 60
VI. STOCKS	69 227 852 99	74 970 690 91
A. Office supplies and other consumables	10 866 881 34	13 848 044 66
B. Scientific equipment	58 360 971 65	61 122 646 25
VII. SHORT-TERM ASSETS	6 928 494 617 90	6 039 895 896 57
A. Long-term assets falling due in less than one year	184 530 600 79	209 419 985 60
1. Loans granted from the budget	21 532 468 09	17 351 707 43
2. Loans granted from borrowed funds	134 493 612 00	163 312 751 48
3. Other long-term assets	28 504 520 70	28 755 526 69

	<i>EUR</i>	
	31.12.2004	31.12.2003
B. Current assets	6 724 492 296 33	5 793 287 893 73
1. Advances paid to Member States	500 000 00	4 948 454 00
2. Amounts owed by Member States	2 555 278 692 35	2 148 686 567 89
a. EAGGF Guarantee receivables	665 497 887 55	905 909 153 71
b. VAT paid and recoverable from Member States	17 268 751 86	41 593 570 83
c. Own resources	1 351 869 860 42	1 183 021 716 40
d. Other receivables from Member States	520 642 192 52	18 162 126 95
3. Non-consolidated Communities bodies	28 942 181 72	29 288 960 71
4. Sundry debtors	4 139 771 422 26	3 610 363 911 13
C. Other receivables	19 471 720 78	37 188 017 24
1. Receivable from personnel	17 647 861 60	36 929 231 45
2. Other	1 823 859 18	258 785 79
VIII. CASH INVESTMENTS	1 611 724 669 25	1 472 457 179 71
IX. DISPOSABLE ASSETS	7 140 934 522 25	13 907 191 398 77
Total	50 037 035 160 93	52 182 728 119 38

LIABILITIES

EUR

	31.12.2004	31.12.2003
I. OWN CAPITAL	14 507 324 093,63	15 523 403 014,48
A. Economic outturn for the year	4 194 018 305,10	5 500 747 328,01
1. Budget outturn of the European Communities	2 736 707 563,42	5 469 843 705,90
2. Result of adjustments	1 383 248 148,39	- 307 077 541,75
3. Result of borrowing and lending activities	1 109 122,18	102 691,94
4. Economic outturn of the ECSC in liquidation	72 953 471,11	337 878 471,92
B. Outturn carried over from previous financial years:	9 258 037 564,68	9 475 249 936,33
1. Result of adjustments	9 258 037 564,68	9 475 249 936,33
2. ECSC in liquidation	0,00	0,00
C. Reserves	1 055 268 223,85	547 405 750,14
1. Revaluation reserve	57 124 663,00	57 124 663,00
2. Reserve for borrowing and lending activities	2 664 327,61	2 610 325,82
3. Reserves of the ECSC in liquidation	995 479 233,24	487 670 761,32
II. PROVISIONS FOR RISKS AND CHARGES	28 275 636 512,46	25 472 245 979,35
III. LONG-TERM LIABILITIES	3 424 638 932,54	3 243 542 225,74
A. Borrowing	1 578 333 805,84	1 744 672 854,67
B. Other long-term liabilities	1 846 305 126,70	1 498 869 371,07
IV. SHORT-TERM LIABILITIES	3 829 435 622,30	7 943 536 899,81
A. Long-term liabilities falling due in less than one year	292 846 610,68	297 110 245,06
B. Current liabilities	3 505 738 531,95	7 622 053 745,62
1. Member States and EFTA countries	294 656 623,79	4 959 878 291,39
2. Non-consolidated Communities bodies	52 925 824,81	15 827 212,58
3. Payment appropriations to be carried over	2 829 903 395,29	2 246 023 738,48
4. Sundry creditors	328 252 688,06	400 324 503,17
C. Other liabilities	30 850 479,67	24 372 909,13
Total	50 037 035 160,93	52 182 728 119,38

CHAPTER 3

CONSOLIDATED FINANCIAL STATEMENTS OF THE EUROPEAN COMMUNITIES

ANNEX I

ACCOUNTING PRINCIPLES, RULES AND METHODS

A. ACCOUNTING PRINCIPLES

1. LEGAL PROVISIONS

The accounts are kept in accordance with Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities and Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of this Financial Regulation. The annual accounts for 2004 are the third drawn up in accordance with this Financial Regulation, on the basis of the transitional provisions mentioned below.

The same rules of valuation and accounting methods are applied in all the European Institutions currently falling within the scope of consolidation (Commission, Parliament, Council, Court of Justice, Court of Auditors, Economic and Social Committee, Committee of the Regions, the Ombudsman and the European Data Protection Supervisor), in order to guarantee harmonisation of the accounts and consistency of data. The exception to this rule is the European Coal & Steel Community ('ECSC') in liquidation which was consolidated for the first time in 2003. There are some differences in certain accounting treatments between the ECSC in liquidation and the other Institutions since the ECSC in liquidation currently applies certain accrual accounting principles more extensively than the Communities' Institutions. Given the transition to accrual accounting in 2005 and the immateriality of the differences in question it was not considered useful or appropriate to make corrections for the amounts.

2. THE FINANCIAL REGULATION

The Financial Regulation adopted by the Council on 25 June 2002 (OJ L 248 of 16 September 2002, p. 1, with a corrigendum in OJ L 25 of 30 January 2003, p. 43) brings together the provisions on the presentation of accounts and accounting in Title VII of Part One.

While this Financial Regulation is applicable from 1 January 2003, Article 181 contains a number of transitional provisions, some of which relate to the presentation of the accounts.

This is particularly the case with regards to the timetable for the presentation of accounts which will be shifted forward by about one month from 2006 onwards to give the discharge authority an extra month for its deliberations. Article 128 stipulates that, starting with the annual accounts for 2005, the Commission's accounting officer must submit the consolidated provisional accounts by 31 March of the following year, on the basis of the provisional accounts that each Institution and other consolidated bodies have sent by 1 March. These accounts are sent to the Court of Auditors, who must make its observations by 15 June (Article 129). On the basis of these observations, the Commission adopts the final consolidated accounts by 31 July and they are then published by 31 October together with the Court of Auditors' statement of assurance.

The transitional provisions lay down the general rule that the provisions of Title VII of Part One shall apply gradually depending on technical possibilities in order to be fully effective for the budgetary year 2005. This gradual application relates in particular to the new principles governing the Institutions' accounts.

Under the transitional provisions of the new Financial Regulation, for accounts relating to financial years prior to 2005, the Accounting Officer of the Commission must, in accordance with Article 128(2) and Article 181(2) of the Financial Regulation, prepare the provisional consolidated annual accounts and send them no later than 1 May to the Court of Auditors together with the individual provisional annual accounts of each Institution (and other consolidated bodies).

Both the provisional and final annual accounts for 2004 are presented as follows: Volume I contains the consolidated accounts, Volume II the Commission's accounts and Volume III the individual accounts of the other consolidated Institutions and the ECSC in liquidation.

3. ACCOUNTING PRINCIPLES

The objectives of financial statements are to provide information about the financial position, performance and cashflows of an entity that is useful to a wide range of users. For a public sector entity such as the European Communities, the objectives are more specifically to provide information useful for decision making, and to demonstrate the accountability of the entity for the resources entrusted to it.

If they are to present a true and fair view, financial statements must not only supply relevant information to describe the nature and range of an Institution's activities, explain how it is financed and supply definitive information on its operations, but do so in a clear and comprehensible manner which allows comparisons between financial years. It is with these goals in mind that the present document has been drawn up.

The accounting system of the European Institutions comprises general accounts and budget accounts. These accounts shall be kept in euro on the basis of the calendar year.

The **budget accounts** give a detailed picture of the implementation of the budget. They are based on the modified cash accounting principle. ⁽¹⁾

The **general accounts** show all charges and income for the financial year and are designed to establish the financial position in the form of a balance sheet at 31 December.

Article 124 of the Financial Regulation sets out the accounting principles to be applied in drawing up the financial statements:

- going concern basis;
- prudence;
- consistent accounting methods;
- comparability of information;
- materiality;
- no netting;
- reality over appearance;
- accrual-based accounting.

However, the transitional provisions of the Financial Regulation indicate that these principles will apply gradually depending on technical possibilities in order to be fully effective for the budgetary year 2005. For example, the financial statements for 2004 take account of certain elements of the principle of prudence and accrual accounting, such as value adjustments for entitlements, depreciation and the entry of carryovers in the accounts as charges for the financial year.

As the annual accounts for 2005 will be prepared on a different basis than these accounts, i.e. full accrual accounting, in accordance with the EC accounting rule 14, adjustments will have to be made to the balance sheet at 31 December 2004 presented here so as to arrive at the opening, accrual based, balance sheet at 1 January 2005 (for example, the inclusion of pre-financing amounts.)

B. ACCOUNTING RULES AND METHODS

1. CURRENCY AND BASIS FOR CONVERSION

1.1 Accounts are kept in euros.

⁽¹⁾ This differs from cash-based accounting because of elements such as carryovers.

- 1.2 Except for the headings set out below, assets and liabilities are converted into euros on the basis of the conversion rates applying on 31 December 2004:

€1	CYP 0,5800
€1	CZK 30,4640
€1	DKK 7,4388
€1	EEK 15,6466
€1	GBP 0,7051
€1	HUF 245,9700
€1	LVL 0,6979
€1	LTL 3,4528
€1	MTL 0,4343
€1	PLN 4,0845
€1	SKK 38,7450
€1	SIT 239,7600
€1	SEK 9,0206
€1	USD 1,3621
€1	JPY 139,6500

Different conversion methods apply to the following headings:

- tangible and intangible assets, which retain their value in euros at the rate that applied at the date when they were purchased;
- commitments outstanding, some of which are commitments in national currencies, were revalued using the rates for December;
- pre-financing paid under the Guarantee Section of the European Agricultural Guidance and Guarantee Fund, which are converted at the exchange rates applying on the 10th day of the month following the month in which they are granted.

- 1.3 Monetary items other than those listed above are revalued at the closing euro rate on the date the accounts are closed. The revalued figure is treated as follows:

- cash assets: the contra-entry for the positive and negative exchange differences relating to cash assets is recorded in the economic outturn for the year;
- monetary items other than cash assets: overall the exchange differences on assets and commitments expressed in a specific currency are recorded in the economic outturn for the year.

- 1.4 Revenue (and expenditure) in other currencies is converted using a monthly rate.

2. REVENUE

- 2.1 The amounts of own resources and financial contributions entered in the accounts are those credited in the course of the year to the accounts opened in the Commission's name by the governments of the Member States.

The difference between the amount of VAT own resources, GNI-based resources and financial contributions entered in the budget and the amount actually due is calculated by 1 July of the following year and entered in an amending budget for that year.

- 2.2 The other revenue entered in the accounts is the amount actually received in the course of the year.

3. EXPENDITURE

- 3.1 For the purposes of calculating the budget outturn for the year, expenditure comprises payments made against the year's appropriations for payments plus any of the appropriations for that year that are carried over to the following year.
- 3.2 Payments made against the year's appropriations for payments means payments that are made by the accounting officer by 31 December of the financial year. In the case of the Guarantee Section of the European Agricultural Guidance and Guarantee Fund, the payments are those effected by the Member States between 16 October 2003 and 15 October 2004, provided that the accounting officer was notified of the commitment and authorisation by 31 January 2005. EAGGF guarantee expenditure may be subject to a clearance decision following controls in the Member States.

4. ECONOMIC OUTTURN FOR THE YEAR

The economic outturn shows the result of the Communities' activities by applying a number of elements of the accrual accounting principle. The explanatory notes specify which elements have been taken into account.

The economic outturn consists of the budget outturn, the economic outturn of the ECSC in liquidation, the result of the adjustments and the result of borrowing and lending activities.

4.1 *Budget outturn*

The budget outturn comprises two elements: the result of the European Communities and the result of the participation of the EFTA countries belonging to the EEA. In accordance with Article 15 of Regulation No 1150/2000 on own resources, this outturn represents the difference between:

- total revenue received for that year;
- and total payments made against that year's appropriations plus the total amount of that year's appropriations carried over to the following year. ⁽¹⁾

The following are added to or deducted from the resulting figure:

- the net balance of cancellations of payment appropriations carried over from previous years and any payments which, because of fluctuations in the euro rate, exceed non-differentiated appropriations carried over from the previous year,
- the balance of exchange-rate gains and losses recorded during the year.

The budget outturn is paid back to the Member States the following year.

4.2 *Result of adjustments*

During 2004 (and previous years), the accounting was based on the cash principle. In order to give a more accurate picture of assets and liabilities, the financial situation and the result, a number of adjustments are necessary at year-end. These adjustments correct the items of capital spending and receipts charged to expenditure and revenue in accordance with the cash-based principle and allow non-budget expenditure and revenue to be entered in the accounts.

As a result of these adjustments, the annual accounts can be presented in accordance with the principle of modified accrual accounting, based on modified cash budget accounting.

4.3 *Result of borrowing and lending activities*

Borrowing and lending activities are off-budget operations provided for in the Treaties. Pursuant to the principle of budgetary equilibrium, the Communities may not finance its activities by borrowing.

⁽¹⁾ In the case of the EFTA-EEA countries, the volume of appropriations carried over from year n to year n+1 is known after the accounts have been closed. As a result the calculation of the balance includes carryovers of appropriations from year n-1 to year n.

However, a number of provisions of the Treaties establishing the Communities have led to the creation of various instruments authorising the Commission, on behalf of the Communities, to borrow on the financial markets to make loans in order to enable the final recipients to benefit from the advantageous conditions that the Communities can secure on these markets.

The result of 'borrowing and lending activities' is mentioned separately as part of the economic outturn. The result is paid back to the general budget of the Communities. A reserve has also been set up for future risks.

4.4 *Economic outturn of the ECSC in liquidation*

The economic outturn of the ECSC in liquidation represents the difference between its revenues and expenses for the year arising from the liquidation of its financial operations, investment movements and its contributions to the Research Fund for Coal & Steel. This result is not paid back to the Communities but kept within the ECSC in liquidation to finance its future activities.

5. RULES ON VALUATION

Except where indicated in the explanatory notes to the balance sheet, the various headings are valued as follows:

- 5.1. **Tangible and intangible fixed assets** are valued at their acquisition price, with the exception of assets produced by the European Communities, which are valued at their production cost, and assets acquired free of charge that are valued at their market value. Tangible and intangible fixed assets are valued at their historic value converted into euros at the rate applying when they were purchased. The book value of a fixed asset is equal to its acquisition price or production cost, plus or minus revaluations, depreciation and other amounts written off.

Assets covered by finance leases are valued at the date of entry into force of the lease at the lower of the market value of the asset or the discounted value of the minimum lease payments due, in accordance with Article 21 of Regulation (EC) No 2909/2000 of 29 December 2000.

Except for land, assets under construction, pre-financing paid out and works of art, these fixed assets must also be subject to depreciation, according to the straight line method (Title IV, Chapter 4 of Regulation (EC) No 2909/2000 of 29 December 2000 on the management in the accounts of the non-financial fixed assets of the European Institutions) at the following rates:

Depreciation rates

Type of asset	Straight line depreciation rate
Computer software	25 %
Computer hardware	25 %
Kitchens — Cafeterias — Nurseries	
Small electrical equipment	25 %
Cash registers	25 %
Large kitchen equipment	12,5 %
Specialist furniture for kitchens, cafeterias	12,5 %
Specialist furniture for nurseries	25 %
Plant, machinery and tools	
Telecommunication and audiovisual equipment	
Telephone and fax machines	25 %
Headphones, earphones, microphones	25 %
Cameras	25 %
Videos	25 %
Video and dictating machines	25 %
Projectors (slides and overhead)	25 %

Type of asset	Straight line depreciation rate
Photographic equipment	25 %
Projector screens	25 %
Televisions, radios, monitors (not including computers)	25 %
Technical equipment	
Printers, mail, security, building, tools	12,5 %
Measuring or laboratory equipment	25 %
Other plant, machinery and tools	12,5 %
Movable shelving, partitions, false floors, false ceilings and wiring	25 %
Vehicle fleet	25 %
Furniture	10 %
Buildings	4 %
Land	n.a.

5.2 **Stocks:** Office supplies and other consumer goods are valued at the price of the last supplies received.

Scientific equipment: stocks of heavy water, fissile material and samples for industrial and scientific use are valued every year and entered in the balance sheet at the acquisition price or re-sale cost of the last supplies received or the market price, whichever is the lower.

5.3 **Financial fixed assets** are valued at their purchase price. If denominated in foreign currency, they are converted at the euro rate applying at the close of the year. In line with the principle of prudence, an adjustment is made where there is a probable loss in value.

5.4 **Entitlements** are entered in the accounts at their face value, converted at the euro rate applying at the end of the year, with the exception of entitlements denominated at a fixed rate. Value adjustments are calculated and entered in the accounts for this purpose. A value reduction or write-down is thus applied for amounts considered irrecoverable.

Two types of value reduction exist:

- a specific write-down applied when a given amount is deemed irrecoverable, irrespective of any legal developments (the risk of non-recovery is thus examined for each debt);
- a flat-rate write-down applied when the amount of the irrecoverable debt is not known. Entitlements due for more than one year are written down by 20 %. A further cut of 20 % is made for each additional year. After five years entitlements which have not yet been received are thus completely written down.

5.5 **Cash investments and disposable assets** are valued at their face value/purchase price converted into euros at the rate applying at the end of the year. For the sake of prudence, an adjustment is made where there is a probable loss in value.

5.6 **Debts** are valued at their face value converted into euros at the rate applying at the end of the year if they are denominated in a foreign currency.

5.7 **Provisions** are valued/accounted for, where possible, in accordance with IPSAS 19. Details of their calculation and basis are given in the related explanatory notes.

6. PRE-FINANCING

Pre-financing amounts for operational purposes are included in the year's expenditure and do not appear as assets in the balance sheet.

Pre-financing amounts to public or private intermediaries which had not been received by the final beneficiary at 31 December 2004 and which are included in the year's budget expenditure are entered on the assets side of the balance sheet as short-term assets, under sundry debtors.

7. CONSOLIDATION

The consolidated accounts cover the accounts of the European Parliament, the Council, the Commission, the Court of Justice, the Court of Auditors, the Economic and Social Committee, the Committee of the Regions, the Ombudsman and the European Data Protection Supervisor. Following the entry in force of the Treaty of Nice on 1 February 2003, the Member States have entrusted the European Commission with the management of the ECSC in liquidation. As a result, the financial statements of the ECSC in liquidation were consolidated in the European Communities accounts for the first time in 2003. Consolidated for the first time in 2004 was the newly created Institution, the European Data Protection Supervisor. The consolidation method used for all the above is that of full consolidation, in line with IPSAS 6.

There are two entities consolidated using the equity method, the joint undertaking with the European Space Agency, Galileo, and the Communities' investment in the European Investment Fund.

Article 121 of the Financial Regulation provides for the consolidation of the Institutions and certain agencies set up in the Member States of the European Union. The scope of consolidation will be extended in the 2005 annual accounts to the bodies mentioned in Article 185 of the Financial Regulation.

Not included on the balance sheet of the European Communities are the funds managed by the Commission on behalf of both the Sickness Insurance Scheme for staff of the European Communities, and the European Development Fund. At 31 December 2004 the total assets of both were EUR 246 million and EUR 18.6 billion respectively.

ANNEX 2

EXPLANATORY NOTES TO THE REPORTS ON IMPLEMENTATION OF THE BUDGET

A. GENERAL BUDGET AND TYPES OF APPROPRIATION

The general budget, the main instrument of the Communities' financial policy, is the instrument which provides for and authorises the Communities' revenue and expenditure every year.

The budgetary procedure is set out in Article 272 of the EC Treaty which stipulates the sequence of stages and the time-limits which must be respected by the two arms of the budgetary authority: the Council and Parliament. Every year, the Commission estimates all the European Institutions' revenue and expenditure for the coming year and draws up a preliminary draft budget which it sends to the budgetary authority. On the basis of this preliminary draft budget, the Council draws up a draft budget which is then the subject of negotiations between the two arms of the budgetary authority. The President of Parliament declares that the budget has been finally adopted making the budget enforceable. The task of executing the budget is mainly the responsibility of the Commission.

Unless otherwise stated, the following budgetary provisions refer to the Financial Regulation adopted by the Council on 25 June 2002 (OJ L 248, 16 September 2002, p. 1 and corrigendum OJ L 25, 30 January 2003, p. 43) which applies with effect from 1 January 2003.

1. BUDGETARY PRINCIPLES

The general budget of the Communities is governed by a number of basic principles:

- **unity and budget accuracy:** all Communities' expenditure and revenue must be incorporated in a single budget document, must be booked on a budget line and expenditure must not exceed authorised appropriations;
- **universality:** this principle comprises two rules:
 - the rule of non-assignment, meaning that budget revenue must not be earmarked for specific items of expenditure (total revenue must cover total expenditure);
 - the gross budget rule, meaning that revenue and expenditure are entered in full in the budget without any adjustment against each other;
- **annuality:** the appropriations entered are authorised for a single year and must therefore be used during that year;
- **equilibrium:** the revenue and expenditure shown in the budget must be in balance (estimated revenue must equal payment appropriations);
- **specification:** each appropriation is assigned to a specific purpose and a specific objective;
- **unit of account:** the budget is drawn up and implemented in euros and the accounts are presented in euros;
- **sound financial management:** budget appropriations are used in accordance with the principle of sound financial management, namely in accordance with the principles of economy, efficiency and effectiveness;
- **transparency:** the budget is established and implemented and the accounts presented in compliance with the principle of transparency — the budget and amending budgets are published in the Official Journal of the European Communities.

2. BUDGET STRUCTURE

The budget consists of:

- a) a general statement of revenue;

- b) separate sections divided into the statements of revenue and expenditure of each Institution: Section I: Parliament; Section II: Council; Section III: Commission; Section IV: Court of Justice; Section V: Court of Auditors; Section VI: Economic and Social Committee; Section VII: Committee of the Regions; Section VIII: Part A. Ombudsman, Part B. European Data Protection Supervisor.

Each Institution's items of revenue and expenditure are classified according to their type or the use to which they are assigned under titles, chapters, articles and items.

A part of the funds of the ECSC in liquidation were placed at the disposal of the operational budget of the ECSC in liquidation. This operational budget was adopted annually by the Commission, after consultation with the Council and the European Parliament. The last budget was drawn up for the period of 1st January to 23 July 2002. As from 24 July 2002, the revenue and charges connected with the operational budget are included in the revenue and expenditure account of the ECSC in liquidation. The remaining commitments to be fulfilled are shown on the liability side of the balance sheet.

3. STRUCTURE OF THE ACCOUNTS

Only the Commission budget contains administrative appropriations and operating appropriations. The other Institutions have only administrative appropriations.

The budget distinguishes between two types of appropriation: non-differentiated appropriations and differentiated appropriations. Non-differentiated appropriations are used to finance operations of an annual nature (which comply with the principle of annuality). Differentiated appropriations were introduced in order to reconcile the principle of annuality with the need to manage multi-annual operations.

a) **Non-differentiated appropriations** cover:

- all the administrative sections of the budget (Chapter 1 of the Commission Section and the whole of every other section);
- EAGGF Guarantee appropriations of an annual nature; and
- certain technical appropriations (repayments, borrowing and lending guarantees, etc.)

In the case of non-differentiated appropriations, the amount of commitment appropriations is the same as that of payment appropriations.

b) **Differentiated appropriations** are intended to cover multi-annual operations and comprise the appropriations in all Chapters except Chapter 1 of the Commission Section (not including EAGGF.)

These differentiated appropriations break down into commitment appropriations and payment appropriations:

- **commitment appropriations:** cover the total cost of the legal obligations entered into for the current financial year for operations extending over a number of years.⁽¹⁾ However, budgetary commitments for actions extending over more than one financial year may, in accordance with Article 76(3) of the Financial Regulation, be broken down over several years into annual instalments where the basic act so provides. For the differentiated appropriations, budget commitments not yet made for future years are shown as a contingent liability in the off balance sheet (under point 6).
- **payment appropriations:** cover expenditure arising from commitments entered into in the current financial year and/or earlier financial years.⁽²⁾

4. ORIGIN OF APPROPRIATIONS

The main source of appropriations is the Communities' budget for the current year. However, there are other types of appropriations resulting from the provisions of the Financial Regulation. They come from previous financial years or outside sources.

⁽¹⁾ Appropriations for commitment = commitment appropriations + non-differentiated appropriations.

⁽²⁾ Appropriations for payment = payment appropriations + non-differentiated appropriations.

4.1 Final Budget Appropriations

— *Initial budget appropriations adopted*

— *Transfers*

Appropriations may be transferred between lines in accordance with the rules laid down in Articles 22 to 24 of the Financial Regulation. ⁽¹⁾

— *Amending budgets*

The budget adopted may be amended or increased by an amending budget. The rules are set out in Articles 37 and 38 of the Financial Regulation.

4.2 Appropriations carried over from previous year or made available again

— *Appropriations automatically carried over*

These are non-differentiated payment appropriations which may be carried over automatically for one financial year only (no limits for the ECSC in liquidation) in accordance with Article 9(4) of the Financial Regulation.

— *Appropriations carried over by decision of the Institutions*

An Institution may decide to carry over appropriations from the previous budget in one of two cases: if the preparatory stages have been completed (Article 9(2)(a) of the Financial Regulation) or if the legal base is adopted late (Article 9(2)(b)). Both commitment and payment appropriations may be carried over (Article 9(3)).

— *Appropriations made available again as a result of decommitments*

This involves the re-entry of commitment appropriations concerning structural funds which have been decommitted. Amounts can be re-entered by way of exception in the event of error by the Commission or if they are indispensable for completion of the programme (Article 157 of the Financial Regulation).

4.3 Assigned revenue

— *Refunds*

These appropriations arise from the refund of amounts paid in error, proceeds from the supply of goods/services to other Communities' bodies, insurance payments received and revenue from lettings and publication sales — the amounts are assigned revenue on the budget line which incurred the initial expenditure, (Financial Regulation Article 10 and Article 18(1) (f), (g), (h), (i), and (j)), and may be carried over without limit.

— *EFTA appropriations*

The agreement on the European Economic Area provides for financial contribution by its members to certain activities in the Communities' budget. The budget lines concerned and the amounts projected are published in Annex III of the Communities' budget. The lines concerned are increased by the EFTA contribution. Appropriations not used at the end of the year are cancelled and returned to the EEA countries. In prior years these amounts were classified within budget appropriations and not as assigned revenue.

⁽¹⁾ Regulation No 1605/2002 of 25 June 2002.

— *Revenue from third parties*

As with the EFTA appropriations other countries have concluded agreements with the European Communities involving a financial contribution to Communities' activities. The amounts received are considered to be revenue from third parties which is allocated to the budget lines concerned (often in the field of research) and may be carried over without limit (Article 10 and Article 18(1)(a) and (d) of the Financial Regulation).

— *Work for third parties*

As part of their research activities, the Communities' research centres may work for outside bodies, (Article 161(2) of the Financial Regulation). Like the revenue from third parties, the work for third parties is assigned to specific budget lines and may be carried over without limit (Article 10 and Article 18(1)(e) of the Financial Regulation).

— *Appropriations made available again as a result of repayment of payments on account*

These are Communities' funds which have been repaid by the beneficiaries. Repayments of payments on account are entered as assigned revenue (Articles 10 and 18(2) of the Financial Regulation) and may be carried over without limit. In the area of Structural Funds the re-inscription is based on a Commission Decision (Article 18(2) of the Financial Regulation and Article 228 of its Implementing Rules).

5. **COMPOSITION OF APPROPRIATIONS AVAILABLE:**

- *Final budget appropriations* = initial budget appropriations adopted + amending budget appropriations + transfers;
- *Additional appropriations* = assigned revenue (see above) + appropriations carried over from the previous financial year or made available again following decommitments;
- *Total appropriations authorised* = final budget appropriations + additional appropriations;
- *Appropriations for the year* (as used to calculate the budgetary result) = final budget appropriations + assigned revenue.

6. **BUDGET IMPLEMENTATION**

Article 48(1) of the Financial Regulation states: 'The Commission shall implement ... the budget in accordance with this Regulation, on its own responsibility and within the limits of the appropriations authorised.'

Article 50 states that the Commission shall confer on the Institutions the requisite powers for the implementation of the sections of the budget relating to them.

6.1 **Execution of revenue**

The budget takes over the revenue forecasts subject to any changes resulting from the adoption of amending budgets which adjust the forecasts in the initial budget in line with the reductions or increases in revenue established during implementation. The budget revenue covers appropriations for payment.

The revenue outturn comprises established entitlements, revenue actually collected against these established entitlements and the balance to be recovered.

The actual revenue for a financial year corresponds to the revenue collected against entitlements established in the course of the year and amounts collected against entitlements still to be recovered from previous years.

6.2. Execution of expenditure

As with revenue, expenditure is forecast in the initial budget. The execution of expenditure shows how appropriations for commitments⁽¹⁾ and appropriations for payments⁽²⁾ are changed, used, carried over and lapse during the year.

6.2.1. Utilisation of appropriations:

- *Appropriations for commitments*: The appropriations authorised are available during the financial year for entering into commitments.
- *Appropriations for payments*: The appropriations authorised are available during the financial year for making payments.

6.2.2. Carryovers to the following year:

Appropriations for commitments:

Some types of appropriation which are not committed may be carried over automatically, as is the case with assigned revenue (Article 10 of the Financial Regulation).

Carryovers may be authorised by the Institutions:

- if most of the preparatory stages of the commitment procedure have been completed by 31 December (Article 9(2)(a) of the Financial Regulation); or
- if the legal base is adopted in the final quarter of the financial year (Article 9(2)(b) of the Financial Regulation.)

The budgetary authority must be notified of this decision (Article 9(5) of the Financial Regulation).

Appropriations for payments:

As is the case for commitment appropriations, unused payment appropriations from assigned revenue are carried over automatically.

- non-differentiated appropriations: carryover is generally automatic if it is to cover outstanding commitments (Article 9(4) of the Financial Regulation);
- differentiated appropriations: unused payment appropriations usually lapse; however, they may be carried over by Commission decision if the payment appropriations for the following financial year will not cover existing commitments or commitments linked to commitment appropriations which have themselves been carried over (Article 9(3) of the Financial Regulation).

6.2.3. Cancellation of appropriations:

Any appropriations for commitment and for payment not used and not carried over are cancelled at year-end (Article 9(1) of the Financial Regulation).

7. OUTSTANDING COMMITMENTS

With the introduction of differentiated appropriations, a gap developed between commitments entered into and payments made: this gap, corresponding to outstanding commitments, represents the time-lag between when the commitments are entered into and when the corresponding payments are made.

⁽¹⁾ Commitment appropriations + non-differentiated appropriations.

⁽²⁾ Payment appropriations + non-differentiated appropriations.

B. FINANCIAL PERSPECTIVE

The 2004 financial year was the fifth covered by the financial perspective 2000-2006, concluded on 6 May 1999 between the European Parliament, the Council and the Commission, on the basis of the conclusions of the Berlin European Council of 24 and 25 March 1999 which called for tighter budgetary discipline and improvement of the budgetary procedure.

In concluding an agreement of this type, the Institutions agreed in advance on the main budgetary priorities for the following period and established a framework for Communities' expenditure in the shape of the financial perspective. The financial perspective shows the maximum amount and the composition of foreseeable Communities' expenditure.

As the initial financial perspective was drawn up in constant 1999 prices, point 15 of the Agreement states that each year the Commission will make a technical adjustment to the financial perspective in line with movements in the Gross National Income (GNI) of the European Union and prices. However, it was agreed that a deflator of 2 % would be used for agriculture and the Structural Funds.

The overall ceiling on appropriations for commitments for 2004 comes to EUR 115,434 million, equivalent to 1.12 % of GNI. The corresponding ceiling on the appropriations for payments comes to EUR 111,380 million, i.e. 1.08 % of GNI.

The following table shows the adjusted financial perspective for EU-25 at 2004 prices and the adjusted financial perspective at current prices.

FINANCIAL PERSPECTIVE

EUR million

	Current prices					2004 prices	
	2000	2001	2002	2003	2004	2005	2006
Commitment appropriations: EU-25	93 792	97 189	100 672	102 145	115 434	117 526	118 967
1. Agriculture	41 738	44 530	46 587	47 378	49 305	50 431	50 575
2. Structural operations	32 678	32 720	33 638	33 968	41 035	41 685	42 932
3. Internal policies	6 031	6 272	6 558	6 796	8 722	8 967	9 093
4. External action	4 627	4 735	4 873	4 972	5 082	5 093	5 104
5. Administration	4 638	4 776	5 012	5 211	5 983	6 154	6 325
6. Reserves	906	916	676	434	442	442	442
7. Pre-accession aid	3 174	3 240	3 328	3 386	3 455	3 455	3 455
8. Compensation					1 410	1 299	1 041
Total payment appropriations: EU-25	91 322	94 730	100 078	102 767	111 380	112 260	114 740
	Current prices						
	2000	2001	2002	2003	2004	2005	2006
Commitment appropriations: EU-25	93 792	97 189	100 672	102 145	115 434	119 419	123 515
1. Agriculture	41 738	44 530	46 587	47 378	49 305	51 439	52 618
2. Structural operations	32 678	32 720	33 638	33 968	41 035	42 441	44 617
3. Internal policies	6 031	6 272	6 558	6 796	8 722	9 012	9 385
4. External action	4 627	4 735	4 873	4 972	5 082	5 119	5 269
5. Administration	4 638	4 776	5 012	5 211	5 983	6 185	6 528
6. Reserves	906	916	676	434	442	446	458
7. Pre-accession aid	3 174	3 240	3 328	3 386	3 455	3 472	3 566
8. Compensation					1 410	1 305	1 074
Total payment appropriations: EU-25	91 322	94 730	100 078	102 767	111 380	114 060	119 112

C. STRUCTURAL ACTIONS: THE PROGRAMMING PERIOD 2000-2006

The Communities' Structural Funds consist of the ERDF, the ESF, the EAGGF Guidance Section and the FIFG. ⁽¹⁾ The Structural Funds come under heading 2 'Structural operations' of the financial perspective, which also covers the Cohesion Fund.

This programming period is based on the new Structural Funds Regulation, the main elements of which are as follows:

1. STRUCTURAL ACTIONS

The **Structural Funds** are the main instrument for attaining increased economic and social cohesion in the Communities. The Union supports three specific objectives with appropriations from the Structural Funds:

- Objective 1:* development and structural adjustment of regions whose development is lagging behind
- Objective 2:* economic and social conversion of areas in structural difficulty;
- Objective 3:* adaptation and modernisation of policies and systems for education, training and employment.

There is a special scheme covering restructuring in the fisheries sector outside Objective 1 regions. Rural development projects are implemented across the EU, financed by either the Structural Funds or the Common Agricultural Policy.

Other structural actions are Communities' initiatives covering the following fields:

- a) *Interreg:* cross-border, trans-national and interregional cooperation intended to encourage the harmonious, balanced and sustainable development of the whole of the Communities area.
- b) *Urban:* economic and social regeneration of cities and of urban neighbourhoods in crisis with a view to promoting a sustainable urban development.
- c) *Leader:* rural development.
- d) *Equal:* trans-national cooperation to promote new means of combating all forms of discrimination and inequalities in connection with the labour market.

2. FINANCIAL PERSPECTIVE AND PROGRAMMING

The financial perspective for 2000-06 sets out the overall and annual totals for all the Structural Funds. It was drawn up at constant 1999 prices and is thus adjusted every year by an index of 2 % (with a technical revision, if necessary, in 2003 for 2004-06) in line with Communities' inflation.

The initial financial programming was based on the annual allocations in the financial perspective for all the Funds and corresponds to the financing plans in the programming documents initially adopted.

3. COMMITMENT AND PAYMENT PROCEDURES

3.1. Commitment procedure

The budget commitments, made in annual tranches, are based on the initial or revised financial plans in the programming documents. The first annual tranche is committed when the Commission approves the decision relating to the operation.

The Commission then commits the annual tranches by 30 April of each year and automatically decommits any commitments not used within two years.

⁽¹⁾ ERDF: European Regional Development Fund.
ESF: European Social Fund.
EAGGF: European Agricultural Guidance and Guarantee Fund.
FIFG: Financial Instrument for Fisheries Guidance.

3.2. **Payment procedure**

The Commission makes a payment on account amounting to 7 % of the total contribution from the Structural Funds once the programme is adopted. This payment may be subdivided over two budget years. The payment on account will have to be reimbursed if no expenditure is declared within 18 months. The Commission then makes interim payments to reimburse actual expenditure certified by the Member State. The balance of 5 % is paid on the closure of the programme once all the documents required are submitted and approved by the Commission.

Payments are posted to the earliest open commitment.

D. COMMENTS ON THE CONSOLIDATED REPORTS ON THE IMPLEMENTATION OF THE BUDGET
FOR THE FINANCIAL YEAR 2004

REVENUE

The revenue of the general budget of the European Communities can be divided into two main categories: own resources and other revenue. This is laid down in Article 269 of the Treaty establishing the European Communities, which states that: 'Without prejudice to other revenue, the budget shall be financed wholly from own resources.' The main bulk of budgetary expenditure is financed by own resources. Other revenue represents only a minor part of total financing.

There are three categories of own resources: traditional own resources, the VAT resource and the GNI resource. Traditional own resources, in turn, comprise agricultural duties, sugar levies and customs duties. A correction mechanism in respect of budgetary imbalances is also part of the own resources system.

1. Traditional own resources, Title 1 of the statement of revenue

Traditional own resources: All established amounts of traditional own resources must be entered in one or other of the accounts kept by the competent authorities.

- In the ordinary account provided for in Article 6(3)(a) of Regulation No 1150/2000: all amounts recovered or guaranteed.
- In the separate account provided for in Article 6(3)(b) of Regulation No 1150/2000: all amounts not yet recovered and/or not guaranteed; amounts guaranteed but challenged may also be entered in this account.

For the separate account, the Member States send the Commission a quarterly statement that includes:

- the balance to be recovered during the previous quarter,
- the amounts recovered during the quarter in question,
- rectifications of the base (corrections/cancellations) during the quarter in question,
- amounts written off,
- balance to be recovered at the end of the quarter in question.

The information sent in by the Member States does not allow the amounts recovered during the year to be assigned to the year in which the entitlements arose. Hence the column for amounts received against carryovers in the table 'Consolidated summary of the implementation of budget revenue, 2004' includes amounts received during the year and the amount of entitlements cancelled and replaced by the new amount of entitlements declared by the Member States when making their new statement. A value reduction is applied to own resources entitlements (see explanatory note to asset item VII.B.2 in the balance sheet).

When the traditional own resources from the separate account are recovered, they must be entered in the Commission's account with the treasury or the body appointed at the latest on the first working day following the 19th day of the second month following the month during which the entitlement was recovered.

2. VAT resources and GNI resources

VAT own resources derive from the application of a uniform rate, for all countries, to the harmonised VAT base determined in accordance with the rules of Article 2(1)(c) of the Council Decision of 29 September 2000. The VAT base is capped at 50 % of GNI for all Member States.

The GNI resource is a variable resource intended to supply the revenue required, in any given year, to cover expenditure exceeding the amount collected from traditional own resources, VAT resources and miscellaneous revenue. The revenue derives from the application of a uniform rate to the aggregate GNI of all the Member States.

VAT and GNI resources are determined on the basis of forecasts of VAT and GNI bases made when the preliminary draft budget is being prepared. These forecasts are subsequently revised; the figures are updated during the budget year in question by means of an amending budget.

The final figures for the VAT and GNI bases are available in the course of the year following the budget year in question. The Commission calculates the differences between the amounts due by the Member States by reference to the final bases and the sums actually paid on the basis of the (revised) forecasts. These VAT and GNI balances, either positive or negative, are called in by the Commission from the Member States for 1 December of the year following the budget year in question. Corrections may still be made to the final VAT and GNI bases in subsequent years. The balances calculated earlier are adjusted and the difference is called in at the same time as the VAT and GNI balances for the previous budget year. It should be noted that corrections made in 2004 relating to the period 1995-2003 for GNI resources were EUR 232.2 million and for VAT resources, EUR 232.8 million.

3. **UK correction**

This mechanism reduces the own resources payments of the UK in proportion to what is known as its 'budgetary imbalance' and increases the own resources payments of the other Member States correspondingly. The budgetary imbalance correction mechanism in favour of the United Kingdom was instituted by the European Council in Fontainebleau (June 1984) and the resulting Own Resources Decision of 7 May 1985. The purpose of the mechanism was to reduce the budgetary imbalance of the UK through a reduction in its payments to the Communities.

The explanatory table for Chapter 15 in the consolidated summary of the implementation of the revenue budget shows each Member State's contribution to the UK correction.

4. **Adjustment of the European Communities' system of own resources**

The Council Decision of 29 September 2000 on the system of the European Communities' own resources ⁽¹⁾ was adopted following the Berlin European Council of 24-25 March 1999. Article 2(3) of this Decision states that Member States shall retain, by way of collection costs, 25 % of traditional own resources instead of 10 %. However the rate of 10 % remains applicable for the amounts of traditional own resources that should have been made available before 28 February 2001. This Decision entered into force on 1 March 2002, backdated to 1 January 2001.

⁽¹⁾ OJ L 105, 7.10.2000.

EXPENDITURE

This section describes the main categories of Communities' expenditure, classified by heading of the financial perspective. It should be noted that certain expenditure, including expenditure made under the Agriculture and Structural Operations headings, is provisional at the time it is paid, and thus may be subject to corrections in future financial years.

Heading 1 — Agriculture

Expenditure under heading 1 is financed by the Guarantee Section of the European Agricultural Guidance and Guarantee Fund (EAGGF).

Heading 2 — Structural operations: the objective of economic and social cohesion

This expenditure is for structural aid measures, designed to promote better economic and social cohesion within the Communities. The Communities' contribution must be accompanied by national funding and so involves cooperation between the Commission and Member States' authorities.

Heading 3 — Internal policies

It is primarily since the adoption of the Single European Act and with a view to speeding up the completion of the internal market that the Communities has broadened some of its existing policies — in the field of research, for example — or launched new policies. Since 1993 these internal policies have been brought together under a single heading of the financial perspective, forming an extremely diversified group.

Heading 4 — External action

This heading of the financial perspective covers all Communities' expenditure in favour of third countries, except for enlargement-related expenditure on the candidate countries and expenditure under the European Development Fund (EDF). Enlargement-related aid has been given a specific heading in the financial perspective for 2000-06 (see 'Heading 7: Pre-accession aid'). Some of these measures are of a horizontal nature (thematic), whereas others are defined by geographical areas.

Heading 5 — Administrative expenditure

This heading of the financial perspective covers all the expenditure on the running of the Communities' Institutions. For the Institutions other than the Commission, these costs make up the bulk of their expenditure.

Heading 6 — Reserves

This heading covers three types of reserve designed to leave the necessary margins available, beneath the total ceiling on expenditure of the financial perspective, to meet expenditure which could not be foreseen when the budget was drawn up. Each reserve has a clearly identified object in a specific field.

Heading 7 — Pre-accession aid

As regards enlargement-related expenditure for the ten candidate countries from Central and Eastern Europe, a new heading, 7, has been created to cover the three pre-accession instruments established in the financial perspective for 2000-06: the agricultural instrument (SAPARD), the structural instrument (ISPA) and the Phare programme.

Heading 8 — Compensation

In accordance with the political agreement that the new Member States should not become net-contributors to the budget at the very beginning of their membership, compensation of EUR 1,410 million was foreseen under this heading in 2004. This amount will be available as transfers to them to balance their budgetary receipts and contributions.

UTILISATION OF EXPENDITURE BY THE EUROPEAN COMMUNITIES:

1. Pre-financing payments and payments of balances

The new Financial Regulation draws a distinction between four different types of payment:

— payment of the entire amount due;

- prefinancing, which may be divided into a number of payments;
- interim payments;
- payment of the balance of the amounts due.

A distinction must be made in the accounts between these different types of payment at the time they are made; this will have the advantage of removing any uncertainty about the payment. As part of the project to modernise the accounting systems and move to full accrual accounting, pre-financing amounts outstanding will be included on the assets side of the balance sheet. The balance sheet at 31 December 2004, as with previous years, is not prepared under these new rules and so does not include such amounts as assets — see also Assets VII.B.4 Sundry debtors for further explanation.

EAGGF Guarantee — modulations/cross compliance: these are the 'modulations' adopted by the Member States under Article 3(2) and Article 4 of Regulation (EC) No 1259/99. Under the common agricultural policy, Member States are allowed to reduce payments due to farmers under certain aid schemes and to finance additional rural development measures with the sums withheld. Amounts not used by the end of the third financial year following that during which they are withheld must be repaid to the Commission.

— **EAGGF Guarantee Prefinancing modulations:**

<i>EUR millions</i>				
Year	Withheld	Used	Balance not used at 31.12.2004	Usage
Modulation 2001	117,60	109,21	8,39	93 %
Modulation 2002	159,23	58,44	100,79	37 %
Modulation 2003	88,65	70,97	17,68	80 %
Modulation 2004	165,23	29,11	136,12	18 %
Total	530,71	267,73	262,98	50 %

— **Structural Operations**

<i>EUR millions</i>			
Structural operations	Pre-financing granted in 2004	Pre-financing granted before 2004	TOTAL unused Pre-financing granted
Objective 1	1 493,7	9 676,4	11 170,1
Objective 2	- 12,4	1 628,3	1 615,9
Objective 3	12,6	1 747,8	1 760,4
<u>Other Structural Operations</u>	- 7,9	1 662,9	1 655,0
EQUAL	25,2	208,1	233,3
LEADER	-0,4	147,5	147,1
INTERREG + URBAN	23,0	413,2	436,2
IFOP	0,1	80,4	80,5
PEACE	0,0	37,2	37,2
SOLIDARITY FUND	- 55,8	776,5 ⁽¹⁾	720,7
Total	1 486,0	14 715,4	16 201,4

⁽¹⁾ Includes EUR 129 million paid to pre-accession countries.

— **Pre-accession aid: SAPARD and ISPA**

EUR millions

Pre-accession aid	Pre-financing granted in 2004	Pre-financing granted before 2004	TOTAL unused Pre-financing granted
ISPA	260,3	777,8	1 038,1
Sapard	51,6	207,6	259,2
Total	311,9	985,4	1 297,3

— **Temporary Rural Development Instrument**

EUR millions

TRDI	Pre-financing granted in 2004	Pre-financing granted before 2004	TOTAL unused Pre-financing granted
TRDI	576,0	0,0	576,0
Total	576,0	0,0	576,0

2. Appropriations carried over relating to contributions by and work for third parties

Appropriations carried over from the previous financial year in respect of contributions by and work for third parties, which by definition never lapse, are included with the additional appropriations for the financial year. This explains the difference between carryovers from the previous year in the 2004 budget implementation statements and those carried over to the following year in the budget implementation statements.

3. 2004 budget outturn

The appropriations made available again following the repayment of payments on account are disregarded when calculating the outturn for the year.

The EFTA-EEA part of the payment appropriations carried over by the Communities from 2004 to 2005 could not be included in the 2004 balance as this is subject to the approval by EFTA of the amounts in question, and this will not be given until mid-2005.

Total budget revenue for the year comes to EUR 103,512 million (2003: EUR 93,469 million.) Total budget expenditure comes to EUR 99,195 million (2003: EUR 88,395 million), when the negative expenditure under EAGGF Guarantee EUR 1,383 million (2003: EUR 659 million) is taken into account. This negative expenditure comprises: amounts recovered as a result of fraud and irregularities, correction of advances made on the basis of Article 7(4) of Regulation (EC) No 1258/1999, any profit deriving from sales from public stocks, the additional levy on surplus milk production and the financial consequences of clearance of accounts decisions.

The payment appropriations carried over which the Communities have cancelled include the appropriations corresponding to contributions by and work for third parties carried over from 2003 to 2004 (EUR 1,044 million) as these appropriations are included with the appropriations for the financial year (see also Point A, paragraph 4.3 Assigned Revenue).

Budget Outturn 2004 (including EFTA)

EUR

Item	2004	2003	Change
Revenue for the financial year	103 511 946 247	93 468 554 436	11 %
Payments against appropriations for the financial year	- 99 195 366 915	- 88 394 813 758	12 %
Payment appropriations carried over to the following year	- 2 829 903 395	- 2 246 023 739	26 %
EFTA-EEA payment appropriations carried over from the previous year	- 338 136	0,00	—
Cancellation of unused payment appropriations carried over from the previous year	1 302 286 952	2 765 220 289	- 53 %
Exchange differences for the year	- 50 047 046	- 108 988 964	- 54 %
Budget Outturn for the year	2 738 577 707	5 483 948 264	- 50 %

ANNEX 3

EXPLANATORY NOTES TO THE BALANCE SHEET

COMMENTS ON THE CONSOLIDATED BALANCE SHEET FOR THE FINANCIAL YEAR 2004

Establishment of the balance-sheet

The balance sheet is drawn up in accordance with:

- Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities;
- Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of the Financial Regulation;
- Commission Regulation No 2909/2000 of 29 December 2000 on the management in the accounts of the non-financial fixed assets of the European Institutions (OJ L 336, 30.12.2000);
- Accounting and consolidation manual of the European Communities, drawn up by the Accounting Officer of the Commission, setting out the rules on valuation and accounting methods to be applied by all the Institutions in order to establish a uniform set of rules for accounting, valuation and presentation of the accounts with a view to harmonising the process for drawing up the financial statements and consolidation, as required by article 133 of the above mentioned Financial Regulation.

In connection with the modernisation of the Commission's accounting system and the shift towards application of the new, accrual based accounting rules for the 2005 annual accounts, gradual changes in accounting methods are both inevitable and necessary. Some changes have already been made to the methods applied to produce the 2004 annual accounts. These changes are explained in the notes and comparative figures are provided.

A. ASSETS**II. INTANGIBLE FIXED ASSETS**

Intangible fixed assets are identifiable non-monetary assets without physical substance. To be entered on the assets side of the balance sheet, they must be controlled by the Institution and generate future economic benefits for the European Communities.

Computer software developed within the Institutions does not constitute an intangible fixed asset, whereas a computer licence, governed by an inter-institutional framework contract for database management does, and so is included here.

INTANGIBLE FIXED ASSETS

	<i>(EUR)</i>
	Computer software
A. ACQUISITION VALUE	
Previous year-end	31 594 012,40
<i>Changes during the year:</i>	
Acquisitions during the year	4 517 631,69
Disposals and withdrawals	- 5 245 658,28
Transfers between headings	- 2 706 236,10
<i>Other changes</i>	- 3 378 334,11
Year-end	24 781 415,60

	(EUR)
	Computer software
B. DEPRECIATION AND REDUCTION IN VALUE	
Previous year-end	22 687 951,09
<i>Changes during the year:</i>	
Recorded	4 467 720,26
Cancellations as a result of disposals and withdrawals	– 4 469 791,96
Transfers between headings	– 1 547 710,18
Other changes	– 2 698 325,91
<i>Year-end</i>	18 439 843,30
NET BOOK VALUE (A-B)	6 341 572,30

III. TANGIBLE FIXED ASSETS

A. Land and buildings:

Commission: In the absence of historical data on the costs of acquisition and the costs of annual improvements before 1998 in the **Joint Research Centre**, acquisition values are based on a valuation conducted by an outside firm at 31 December 1997. It has been possible to calculate the changes that occurred during the period 1998-2004.

The method of depreciation is as follows:

1. For buildings that had been fully depreciated at 1 January 1998, a new depreciation plan was fixed. They were revalued and depreciated over a period of ten years up to 2007.
2. For buildings which had not been fully depreciated at 1 January 1998, depreciation was calculated over their residual life having due regard to the revalued amount at 1 January 1998.

This method of valuation and depreciation, applied by Ispra in 2000, was used to value land and buildings of the JRC at Geel at end-2001. The JRC site at Ispra has, during the year, finished construction/alternation work on their building to a value of EUR 22.2 million and this amount has therefore been transferred from assets under construction to land and buildings.

In some countries the value of the land occupied by **Delegations** cannot be distinguished from the value of the building.

In May 1998 the **Parliament** invoked its purchase option in respect of a complex in Brussels (consisting of three buildings) for which the final investment cost (not including land) came to EUR 1,097 million. In two memoranda of understanding with the European Communities dated 23 July 1998, Belgium made a contribution to the purchase of the land and the development and construction costs for the third building. A clause stipulates that if Parliament were to relocate, either the land would be returned to the Belgian State for a payment of EUR 0.025, or the land and buildings would be put up for sale so that the market value of the land could be paid to the Belgian State. An adjustment has therefore been made for the value of the land, which is now entered in the balance sheet at EUR 0.025.

In December 2003 the Parliament invoked its purchase option for the Louis Weiss building in Strasbourg and the purchase agreement was signed in February 2004 — see below, under E. Finance Leases and similar entitlements. As from this date the building is shown as owned property.

During 2003 has the Parliament bought the Konrad Adenauer building which has been held under a financial lease since 1986. Considering the age of the building has it been decided to apply a yearly depreciation rate of 10 % instead of the normally used 4 %.

An advance payment of EUR 15.9 million was made on 31 December 2003 for the Atrium II building in Brussels. In March 2004 the Parliament signed a purchase contract which stipulates the value of the complex to EUR 18.2 million.

The **Court of Auditors** has transferred EUR 29 million from the heading 'Fixed assets under construction and advances in respect of tangible fixed assets' to this heading during 2004. This relates to the extension of the Court's building that was put into service during the year.

B. C. D. **Plant, machinery and tools**

Furniture and vehicles

Computer hardware

For approximately 20 % of the Delegations, there is no information about tangible fixed assets at 31 December 2004. An initiative is underway since January 2003 to improve the quality and exhaustiveness of information provided by Delegations and this, as well as a specific inventories project in 2004, should help to resolve this problem in the future. The total amount of tangible fixed assets included for the Delegations at 31 December 2004 is EUR 63.1 million.

E. **Finance leases and similar entitlements**

The criterion for the classification of property covered by leases as fixed assets is based on the extent to which the risks and rewards incident to ownership of the leased asset lie with the lessor or the lessee and depends on the transaction rather than the form of the contract. ⁽¹⁾

Assets covered by a finance lease which does not transfer substantially the risks and rewards incident to their ownership to the lessee and assets covered by a lease of over five years are entered in the off-balance-sheet commitments annex to the financial statements.

A correction was made to the closing balance at 31 December 2003 in relation to certain **Commission** buildings held under finance leases. This was required as it had been observed that the method of calculation of the asset value and outstanding liability relating to these leases had included an estimated fixed indexation of lease payments, not allowable under the accounting rules. The result had been that, at 31 December 2003, the asset values for these buildings had been overstated by EUR 188 million, the total finance lease liabilities had been overstated by EUR 254 million and the accumulated depreciation overstated by EUR 23 million. The net overstatement of liabilities was thus EUR 89 million and this correction has been made to the results carried forward from 2003.

As shown in the 'Tangible fixed assets' table below, the acquisition value at year-end is EUR 2,131.1 million. The table concerning charges still to be paid in respect of finance leases and similar entitlements below gives the details: the total is made up of EUR 2,130.8 million 'Land and buildings', EUR 0.1 million 'Plant, machinery and tools', and EUR 0.2 million 'Furniture and vehicles'.

The Berlaymont building is included in the balance sheet of the Commission at 31 December 2004 since the long term lease contract (27 years) was signed during 2004 and the building was taken into service. The amount entered as the acquisition value, EUR 553 million, is the value of the building before renovation (EUR 50 million) plus an amount (EUR 503 million) covering the cost of the renovation work and all other costs.

The main building occupied by the **Publications Office** is not included in the balance sheet but in the 'Off-balance-sheet commitments — contingent liabilities' annex to the financial statements. Although the Office has two purchase options (in 2006 and in 2010) with values based on the market value, it is not considered that the risks and rewards incident to ownership of the asset are substantially transferred to the Office. The classification will be reviewed in 2006, when the first purchase option may be taken up.

In March 1994 the **European Parliament** signed a long-term leasing contract with a purchase option for a complex in Strasbourg. In accordance with Commission Regulation No 2909/2000 of 29 December 2000 on the management in the accounts of the non-financial fixed assets of the European Institutions (OJ L 336, 30.12.2000 p. 75), this complex was up to 31 December 2003 shown in the balance sheet under 'finance leases and similar entitlements'. However, in December 2003 the Parliament invoked its purchase option for this building and the purchase agreement was signed in February 2004. Thus at 31 December 2004, the building is now shown under the heading 'land and buildings.'

⁽¹⁾ This heading is based on standard IPSAS 13 - Leases.

The **Economic and Social Committee** (ESC) and the **Committee of the Regions** (CoR) have entered the finance leasing contracts for their Belliard and Montoyer buildings on the assets side of the balance-sheet. They are co-financed on the following scale:

2001	ESC: 70 %	CoR: 30 %
2002	ESC: 67,7 %	CoR: 32,3 %
from 2003	ESC: 67 %	CoR: 33 %

A new 27 year lease was signed for the ESC's and CoR's Belliard building during 2004 for a value of EUR 30.8 million. Completed renovation work on another Belliard building to the value of EUR 25.9 million has also been added under the heading long-term leasing

On 12 May 2004, the ESC and the CoR jointly signed a 27 year finance lease contract with total lease payments of EUR 22.1 million, commencing 1 February 2005 for another new building in Brussels.

F. Other tangible fixed assets

The **Council** has an operational lease for a building in Brussels. Alteration work on this building in 2004 totalling EUR 3.3 million was included under this heading at year-end. Further alteration work to a value of EUR 1.7 million, done in 2004 on the Council's New York office, has also been entered under this heading

G. Fixed assets under construction and advances in respect of tangible fixed assets

In October 2004 the **Parliament** signed a long-term leasing contract with a purchase option for a new complex in Brussels, for which construction started in 2004. At the date of the signature of the lease contract a down payment of EUR 40 million was made.

On 26 March 2003 the **Council** signed a convention for the construction of a building in Brussels and the finance lease covering this building. The estimated cost is EUR 233 million (including land) and an advance of EUR 51 million was paid in 2004 (2003: EUR 8.5 million) and included under this heading. Payments for supplementary construction on the building have also been included here, for a value of EUR 4 million.

(EUR)

	Land and buildings	Plant, machinery and tools	Furniture and vehicles	Computer hardware	Finance leases and similar entitlements	Other tangible fixed assets	Assets under construction and advances paid
A. Acquisition value							
Previous year-end	2 180 604 321,00	330 661 093,72	139 731 435,95	320 586 971,37	2 052 925 200,85	26 242 799,37	119 904 998,42
Correction	0,00	0,00	0,00	0,00	- 187 764 303,00	0,00	0,00
Re-stated opening balance	2 180 604 321,00	330 661 093,72	139 731 435,95	320 586 971,37	1 865 160 897,85	26 242 799,37	119 904 998,42
Changes during the year:							
Acquisitions during the year	13 458 169,80	28 510 919,55	12 270 942,08	49 309 497,19	703 673 504,97	15 205 614,03	96 449 915,94
Disposals and withdrawals	0,00	- 16 173 388,25	- 4 310 714,03	- 39 196 368,87	- 81 447,42	- 848 057,15	0,00
Transfers between headings	512 020 283,88	- 28 915 035,08	- 186 499,69	2 063 391,32	- 437 624 902,38	48 533 093,93	- 93 184 095,88
Other changes	18 101 621,76	- 11 447 632,74	- 4 595 951,95	3 900 466,84	0,00	1 819 567,86	- 823 926,15
Year-end	2 724 184 396,44	302 635 957,20	142 909 212,36	336 663 957,85	2 131 128 053,02	90 953 018,04	122 346 892,33
B. Increases in value							
Previous year-end	57 124 663,00	0,00	0,00	0,00	0,00	1 957 439,24	0,00
Changes during the year	0,00	0,00	0,00	0,00	0,00	- 1 957 439,24	0,00
Year-end	57 124 663,00	0,00	0,00	0,00	0,00	0,00	0,00
C. Depreciation and value adjustments							
Previous year-end	864 767 849,76	291 403 215,98	108 411 711,34	248 474 684,62	417 774 998,13	8 494 839,07	
Correction	0,00	0,00	0,00	0,00	- 23 148 787,00	0,00	
Re-stated opening balance	864 767 849,76	291 403 215,98	108 411 711,34	248 474 684,62	394 626 211,13	8 494 839,07	
Changes during the year:							
Recorded	119 120 658,07	21 809 785,75	10 087 137,74	50 456 420,77	67 718 240,56	5 395 783,53	
Cancellations as a result of disposals and withdrawals	0,00	- 15 204 422,29	- 4 122 142,70	- 38 751 939,38	- 61 085,56	- 837 287,54	
Transfers between headings	143 096 233,00	- 27 772 436,81	827 680,20	1 456 495,95	- 159 642 720,33	43 582 458,17	
Other changes	- 37 695 339,77	- 9 591 527,40	- 6 040 235,41	1 676 345,06	0,00	- 344 105,45	
Year-end	1 089 289 401,06	260 644 615,23	109 164 151,17	263 312 007,02	302 640 645,80	56 291 687,78	
NET BOOK VALUE (A+B-C)	1 692 019 658,38	41 991 341,97	33 745 061,19	73 351 950,83	1 828 487 407,22	34 661 330,26	122 346 892,33

Charges still to be paid in respect of finance leases and similar entitlements are shown in long-term and short-term liabilities in the balance sheet. They break down as follows:

FINANCE LEASES & SIMILAR ENTITLEMENTS — ASSETS AND LIABILITIES

(EUR)

Description	Repayments made (A)	Repayments to be made			Total Value (A+B)	Acquisition value of works (C)	Asset value (D=A+B+C)
		< 1 year	> 1 year	Total Liability (B)			
Total at 31.12.2003	539 851 949,91	100 956 486,82	1 365 635 833,62	1 466 592 320,44	2 006 444 270,35	46 480 930,50	2 052 925 200,85
Correction	66 716 383,10	9 850 220,07	- 264 330 906,17	- 254 480 686,10	- 187 764 303,00	0,00	- 187 764 303,00
Restated Total at 31.12.2003	606 568 333,01	110 806 706,89	1 101 304 927,45	1 212 111 634,34	1 818 679 967,35	46 480 930,50	1 865 160 897,85
Land and buildings	303 315 866,66	34 035 151,16	1 746 440 289,10	1 780 475 440,26	2 083 791 306,92	46 995 344,96	2 130 786 651,88
Plant, machinery and tools	91 456,81	15 846,84	39 426,35	55 273,19	146 730,00	0,00	146 730,00
Furniture and vehicles	71 542,65	72 551,93	50 576,56	123 128,49	194 671,14	0,00	194 671,14
Computer hardware	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Other tangible fixed assets	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Assets under construction	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Total at 31.12.2004	303 478 866,12	34 123 549,93	1 746 530 292,01	1 780 653 841,94	2 084 132 708,06	46 995 344,96	2 131 128 053,02

IV. FINANCIAL FIXED ASSETS

This heading covers investments made with a view to establishing permanent links and/or seen as supporting the activities of the European Communities. It also includes permanent guarantees and advances granted and the net assets of the Guarantee Fund. A distinction should be drawn between guarantees granted by the European Communities to third parties and the Guarantee Fund, which is designed to cover risks associated with loans granted to non-member countries.

A. Investments in related organisations

— *European Bank for Reconstruction and Development (EBRD) subscription*

The EBRD was given initial capital of EUR 10 billion, of which 3 % was subscribed by the Communities. The proportion of this capital called up is 30 %.

On 15 April 1996, at their annual meeting, the Bank's governors decided to double the amount of authorised capital. Under this decision, the Communities have subscribed for 30,000 additional shares with a face value of EUR 10,000 each. This operation involves called-in shares and callable shares in the following proportions: 22.5 % of the subscribed shares represent the number of called-in shares and the remainder will be callable shares.

This item covers the full amount of the Communities' subscription (EUR 157.5 million) to the EBRD's capital which has been called up and partially paid (EUR 139 million). Payments outstanding on the proportion of capital called up of EUR 18.5 million are recorded under short-term liabilities (EUR 8.4 million) and long-term liabilities (EUR 10.1 million). Payments outstanding on non-called up capital amount to EUR 442.5 million and are included as contingent liabilities in the off balance sheet.

The 3 % shareholding in the EBRD is valued at cost, as it represents a financial instrument under IPSAS 15 and IAS 39.

— *European Investment Fund (EIF) subscription*

The EIF is the European Union's financial institution specialising in risk capital and guarantees to SMEs. Under the Council Decision of 6 June 1994 the European Communities, represented by the Commission, subscribed for a total of ECU 600 million to the EIF's capital. This represents 30 % of the EIF's capital. The Commission has paid all the called-up capital, which amounts to 20 %.

Under an agreement between the Commission and the European Investment Bank (EIB) signed in 2000, the European Communities have a 'put option' on its shares in the EIF. On 30 June 2005 the Commission will be entitled to sell its shares at a unit price of EUR 315,000, which is 57.5 % above the purchase price. The Commission is currently negotiating a new put option with the EIF.

Payments outstanding on non-called up capital (80 %) amount to EUR 480 million and are included as contingent liabilities in the off balance sheet.

The equity method is used to value the Communities' share in the EIF, in accordance with IPSAS 7. Under the equity method the shareholding is initially recorded at cost and is then adjusted to take into account changes subsequent to the investor's acquisition of a share of the net assets of the controlled entity. The result of adjustments reflects the investor's share of the results of the controlled entity.

Under the equity method, the shareholding is valued at 30 % of the EIF's own capital. The EIF's balance sheet for 2004 shows a total of EUR 586.6 million of own capital, including profits of EUR 27.2 million for the year. The Communities' share is 30 % of this amount (EUR 176 million), of which EUR 8.2 million concerns the result for 2004. A dividend of EUR 2.4 million relating to the financial year 2003 was received in 2004.

— *Galileo Programme*

For the implementation of the development phase of the Galileo programme, a joint undertaking, within the meaning of Article 171 of the Treaty, was set-up by the Council Regulation 876/2002 for a period of 4 years (2002 to 2006.) The aim of this legal entity is to ensure the unity of the administration and the financial control of the Galileo programme for its development, and to this end to mobilise the funds assigned to that programme. The founding members are the European Communities, represented by the Commission, and the European Space Agency (ESA). The Commission, through grants given under the trans-European networks (TEN) budget, makes available to the Galileo undertaking the requested funds to co-finance the related activities of the development phase.

The Communities have subscribed for EUR 520 million of the capital of this entity and at 31 December 2004 EUR 282 million had been paid, with the balance, EUR 238 million uncalled.

As with the EIF, it is accounted for using the equity method of consolidation. For 2004 the Communities' share of the loss of the joint undertaking was EUR 143.6 million. Thus the value of the investment at 31 December 2004 was EUR 89.3 million being the investment of EUR 282 million less the accumulated share of the losses, EUR 192.7. In 2003 the interest earned by Galileo on Communities' funds received was treated as a further contribution of the Communities — in 2004 this was corrected so that such interest was accounted for as income of the Galileo joint venture.

B. Other financial fixed assets

B.1. Subscriptions and participations

This heading includes subscriptions and participations purchased to help beneficiaries develop their business activities.

— *ECIP programme*

This heading covers Communities' contributions to the provision of equity and subordinated loan capital for joint ventures set up under the European Community Investment Partners Programme (ECIP). The ECIP programme was halted early, the only extension being its winding-up. The programme cannot be definitively wound up until the last joint venture has been completed. Most of the operations have already been wound up, recovered or converted into definitive grants and work on the remaining open files is ongoing.

A review of open files is currently ongoing to assess the recoverability and thus value of the investments. It has been observed that many of the amounts previously shown as participations do not fully meet the criteria to be treated as such. In most cases the amounts forwarded to beneficiaries were in fact interest-free advances. Although it has been difficult to calculate reliably the real value of ECIP equity contributions, in particular due to the geographical disbursal of the beneficiaries, because of the ongoing work this year the Commission has more information available and so did not need to apply a 100 % write down as in previous years.

— *Eurotech Capital, Venture Consort and JOP*

The purpose of the **Eurotech Capital** instrument is to encourage the private funding of trans-national high-technology projects developed by small and medium-sized undertakings through a network of risk-capital investors. It covers payments made since 1990 in the form of pre-financing repayable under certain circumstances when contracts run out. The Communities' contributions do not constitute equity stakes in the relevant venture capital companies. Rather they represent a fixed proportion of certain investments of these venture capital companies in third companies. These contributions are reimbursable according to conditions specified in the contracts between the Communities and these venture capital companies. Amounts that are held by the venture capital companies (EUR 0.8 million) are shown under 'Sundry Debtors,' see VII.B.4 ('Receivables due on certain programmes').

The purpose of the **Venture Consort** instrument is to promote the trans-national syndication of risk-capital operators in small and medium-sized enterprises. It covers contributions since 1985 for investments in small and medium-sized enterprises (SMEs) engaging in innovatory projects.

The purpose of the Phare-Tacis Joint Venture programme (**JOP**) is to foster the creation and development of joint ventures in the countries of Central/Eastern Europe and former Soviet states.

Since all three are risk capital operations, and even if some amounts may be reimbursed, it is very difficult to assess the real present value of the contributions. In accordance with the principle of prudence, a 100 % write down has been made for the value of these contributions, which are therefore entered in the balance sheet at zero.

— *Other financial instruments*

The 'SME Finance Facility/SME financing mechanism' under the trusteeship of the EBRD is designed to encourage investment funds to grow and to retain over the long term the capital investments they make in SMEs in the Phare candidate countries. The programme is financed jointly by the Commission budget, the European Bank for Reconstruction and Development (EBRD), the Council of Europe Development Bank (CEB), in association with the Kreditanstalt für Wiederaufbau (KfW) and the European Investment Bank (EIB).

The 'Growth & Employment — ETF Start up facility' (1998-2000 programme) and 'MAP Equity — ETF Start up facility' (2001-2005 programme), under the trusteeship of the EIF support the creation and financing of start-up SMEs by investing in suitable specialised venture capital funds.

The participation in Eurotunnel is held by the ECSC in liquidation.

B.2. Other securities

This heading comprises two GBP commercial papers issued by the EIB and held by the ECSC in liquidation to hedge the payments to be made on GBP borrowings of the same amounts. The papers have settlement dates of 2017 and 2019 respectively.

INVESTMENTS

(EUR)

	Related organisations				Non related organisations						
	EBRD	EIF	Galileo	Total Related organisations	ECIP	Venture consort JOP, Eurotech	SME Finance Facility	Growth & Employment	MAP Equity	Eurotunnel	TOTAL non-related organisations
A. Acquisition value											
Previous year-end	600 000 000,00	600 000 000,00	520 000 000,00	1 720 000 000,00	1 670 000,00	12 694 481,00	2 493 750,00	61 350 122,31	2 965 000,00	40 728 758,14	121 902 111,45
Changes during the year:											
Acquisitions during the year					1 213 126,51		363 750,00	8 533 465,00	930 000,00		11 040 341,51
Disposals and withdrawals					- 1 157,84	- 3 817 391,61	- 794 956,25	- 477 266,31	- 64 319,00	- 962,48	- 5 156 053,49
Transfers bet balance sheet headings					- 350 000,00						- 350 000,00
Year-end (A)	600 000 000,00	600 000 000,00	520 000 000,00	1 720 000 000,00	2 531 968,67	8 877 089,39	2 062 543,75	69 406 321,00	3 830 681,00	40 727 795,66	127 436 399,47
B. Increase in value											
Previous year-end	0,00	50 183 208,90	0,00	50 183 208,90							
Changes during the year											
Recorded (equity method)	0,00	5 792 831,70	0,00	5 792 831,70							
Cancellations											
Transfers bet balance sheet headings											
Year-end (B)	0,00	55 976 040,60	0,00	55 976 040,60	0,00	0,00	0,00	0,00	0,00	0,00	0,00
C. Reduction in value											
Previous year-end	0,00	0,00	49 108 656,38	49 108 656,38	1 670 000,00	12 694 481,00	333 000,00	23 855 866,80	300 417,60	24 980 333,00	63 834 098,40
Changes during the year:											
Recorded	0,00	0,00	143 607 683,64	143 607 683,64	- 56 612,85		449 263,08	10 449 930,20	1 148 507,40	8 655 177,00	20 646 264,83
Cancellations as a result of disposals and withdrawals					- 1 157,84	- 3 817 391,61	- 172 875,02				- 3 991 424,47
Transfers bet balance sheet headings					- 350 000,00						- 350 000,00
Year-end (C)	0,00	0,00	192 716 340,02	192 716 340,02	1 262 229,31	8 877 089,39	609 388,06	34 305 797,00	1 448 925,00	33 635 510,00	80 138 938,76
D. Amounts not called up											
Year-end (D)	442 500 000,00	480 000 000,00	238 000 000,00	1 160 500 000,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
NET BOOK VALUE (A+B-C-D)	157 500 000,00	175 976 040,60	89 283 659,98	422 759 700,58	1 269 739,36	0,00	1 453 155,69	35 100 524,00	2 381 756,00	7 092 285,66	47 297 460,71

B.3. *Guarantees and advances granted*

GUARANTEES AND ADVANCES GRANTED

(EUR)

DESCRIPTION	Net book value at 31.12.2003 (A)	Changes during year (B)	Net book value at 31.12.2004 C=(A)+(B)
Guarantees and advances granted	5 954 946,21	174 340,62	6 129 286,83
Guarantee Fund	1 592 127 899,92	19 962 815,59	1 612 090 715,51
Total	1 598 082 846,13	20 137 156,21	1 618 220 002,34

— *Guarantees and advances granted*

This covers fixed assets such as deposits and guarantees paid and advances for building charges.

— *Guarantee Fund*

Council Regulation (EC, Euratom) No 2728/94 of 31 October 1994 set up a Guarantee Fund for external actions to repay the Communities' creditors in the event of default by beneficiaries of loans granted or guaranteed by the Communities.

This facility covers loans guaranteed by the Communities as a result of a Council Decision, in particular European Investment Bank (EIB) lending operations outside the European Union and loans under macro-financial assistance (MFA loans) and Euratom loans outside the European Union.

In accordance with Article 6 of the Regulation the Commission entrusted financial management of the Fund to the EIB under an agreement signed between the Communities and the EIB on 23 November 1994 in Brussels and on 25 November 1994 in Luxembourg.

Regulation (EC, Euratom) No 2728/94 on the Guarantee Fund, as amended by Council Regulation (EC, Euratom) No 1149/1999 of 25 May states that with effect from 1 January 2000 the Fund is endowed by payments from the general budget equivalent to 9 % of the capital value of the operations. The same Regulation sets the target amount at 9 %. In accordance with the Regulation, 'if, at the end of a year, the target amount is exceeded, the surplus shall be paid back to a special heading in the statement of revenue in the general budget of the European Communities'.

The Inter-institutional Agreement of 6 May 1999 on budgetary discipline and improvement of the budgetary procedure provided that the general budget of the European Communities should include a guarantee reserve to cover loans to third countries. This reserve is intended to cover the requirements of the Guarantee Fund and, where necessary, activated guarantees exceeding the amount available in the Fund, so that these amounts may be charged to the budget.

The Fund is endowed by payments from the Communities' budget, the proceeds from interest on investments made from the Fund's assets, and sums recovered from defaulting debtors for whom the Fund has had to activate its guarantee.

The entry on the assets side of the Commission's balance sheet of EUR 1,612 million (2003: EUR 1,592 million) represents the Fund's net assets at 31 December 2004. Since the Fund may be called on to cover defaulting debtors at any time, a provision has been created for risks and charges in line with the principle of prudence. This provision of EUR 1,086 million (2003: EUR 1,369 million) corresponds to the target amount⁽¹⁾ for the Guarantee Fund calculated on the basis of the amount outstanding at 31 December 2004. The difference between the amount of the Fund shown on the assets side and the amount of the provision corresponds to the surplus to be repaid to the budget, EUR 526 million i.e. EUR 187 million (2003: EUR 223 million) plus an exceptional surplus of EUR 339 million; it is entered under own capital. The exceptional surplus is due to a reduction in the target amount following the accession of the ten new Member States in 2004 (Council Regulation (EC, Euratom) No. 2273/2004).

⁽¹⁾ The target amount corresponds to 9 % of the amount outstanding.

V. LONG-TERM ASSETS

This heading covers amounts owed to the European Communities and maturing in over one year.

A. Loans granted from the budget

SPLIT OF LONG-TERM & SHORT-TERM LOANS

(EUR)

	Due > 1 year	Due < 1 year	Outstanding at 31.12.2004
A. Loans granted from the budget			
Loans with special conditions	302 348 695,32	19 729 389,86	322 078 085,18
Risk capital operations	226 385 531,15	573 909,91	226 959 441,06
ECIP loans	416 177,13	1 218 159,46	1 634 336,59
Loans for migrant workers	0,00	11 008,86	11 008,86
MEDIA loans	0,00	0,00	0,00
Total	529 150 403,60	21 532 468,09	550 682 871,69

This item principally covers risk capital loans on special terms granted as part of cooperation with non-member countries. It also covers loans granted under the ECIP programme to promote the setting-up of investment joint ventures in Asia, Latin America, the Mediterranean region and South Africa.

The ECIP programme was halted early, the only extension being its winding-up. The programme cannot be definitively wound up until the last joint venture has been completed. Most of the operations have already been wound up, recovered or converted into definitive grants and work on the remaining open files is ongoing. As part of this review of files it has been observed that many of the amounts previously shown as loans do not fully meet the criteria to be treated as such. In most cases the amounts forwarded to beneficiaries were in fact interest-free advances. As mentioned above for the ECIP equity contributions, it has similarly been difficult to calculate reliably the real value of ECIP loans, but again due to the ongoing work, this year the Commission has more information available and so did not need to apply a 100 % write down as in previous years.

B. Loans granted from borrowed funds

SPLIT OF LONG-TERM & SHORT-TERM LOANS

(EUR)

	Due > 1 year	Due < 1 year	Outstanding at 31.12.2004
B. Loans granted from borrowed funds			
Financial assistance (MFA)	1 081 500 000,00	132 500 000,00	1 214 000 000,00
NCI	0,00	0,00	0,00
EURATOM	170 000 000,00	0,00	170 000 000,00
ECSC in liquidation	280 398 394,35	1 993 612,00	282 392 006,35
Total	1 531 898 394,35	134 493 612,00	1 666 392 006,35

Under the EC Treaty, the Council, acting unanimously, has the power to adopt guarantee or borrowing programmes if it considers this necessary to attain the objectives of the Communities. Communities borrowings are direct commitments by the Communities itself and not by any individual Member State.

Changes in amounts of loans granted by the European Communities:

LOANS GRANTED

(EUR)

	Balance at 31.12.2003 (A)	New loans (B)	Repayments (C)	Write off/ Transfers (D)	Changes in exchange rates (E)	Balance at 31.12.2004 (F)=(A)+(B)-(C)- (D)+(E)	Reduction in value at 31.12.2003 (G)	Changes during the year (H)	Reduction in value at 31.12.2004 (I)=(G)+(H)	Net value at 31.12.2004 (J)=(F)-(I)
A. Loans granted from the budget										
Loans with special conditions	338 140 103,50	0,00	16 062 018,32	0,00	0,00	322 078 085,18	0,00	0,00	0,00	322 078 085,18
Risk capital operations ⁽¹⁾	223 175 579,97	13 836 513,51	8 378 246,19	239 505,50	- 1 008 656,69	227 385 685,10	426 244,04	0,00	426 244,04	226 959 441,06
ECIP loans ⁽²⁾	19 229 787,44	2 653 546,82	10 999 617,52	1 262 769,00	0,00	9 620 947,74	19 229 787,44	- 11 243 176,29	7 986 611,15	1 634 336,59
Loans for migrant workers	24 601,62	0,00	13 592,76	0,00	0,00	11 008,86	0,00	0,00	0,00	11 008,86
MEDIA I, MEDIA II & MEDIA Plus loans ⁽²⁾	880 285,00	0,00	880 285,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Subtotal	581 450 357,53	16 490 060,33	36 333 759,79	1 502 274,50	- 1 008 656,69	559 095 726,88	19 656 031,48	- 11 243 176,29	8 412 855,19	550 682 871,69
B. Loans granted from borrowed funds										
Financial assistance (MFA)	1 356 000 000,00	10 000 000,00	152 000 000,00	0,00	0,00	1 214 000 000,00	0,00	0,00	0,00	1 214 000 000,00
NCI	16 316 685,58	0,00	16 508 756,82	0,00	192 071,24	0,00	0,00	0,00	0,00	0,00
Euratom	105 000 000,00	65 000 000,00	0,00	0,00	0,00	170 000 000,00	0,00	0,00	0,00	170 000 000,00
ECSC in liquidation	342 672 916,74	0,00	49 901 858,25	0,00	- 5 803 603,73	286 967 454,76	20 710 978,67	- 16 135 530,26	4 575 448,41	282 392 006,35
Subtotal	1 819 989 602,32	75 000 000,00	218 410 615,07	0,00	- 5 611 532,49	1 670 967 454,76	20 710 978,67	- 16 135 530,26	4 575 448,41	1 666 392 006,35
Total	2 401 439 959,85	91 490 060,33	254 744 374,86	1 502 274,50	- 6 620 189,18	2 230 063 181,64	40 367 010,15	- 27 378 706,55	12 988 303,60	2 217 074 878,04

⁽¹⁾ The write-off corresponds to commissions that the borrower does not have to repay.

⁽²⁾ In light of ongoing reviews of open files certain amounts have been transferred to 'Sundry debtors' to better reflect their nature

C. Other long-term assets

SPLIT OF OTHER LONG-TERM & SHORT-TERM RECEIVABLES

	(EUR)		
	Due > 1 year	Due < 1 year	Outstanding at 31.12.2004
Amounts owed by Member States:			
Pension scheme	26 008 385 900,00	0,00	26 008 385 900,00
Other amounts	150 643 610,62	28 504 520,70	179 148 131,32
Total	26 159 029 510,62	28 504 520,70	26 187 534 031,32

1. Communities' pensions

Under Article 83 of the Staff Regulations, benefits paid under the pension scheme are charged to the budget of the Communities. Officials contribute one third towards the long-term financing of the scheme by means of a compulsory levy. Member States jointly guarantee payment of such benefits in accordance with the scale laid down for financing such expenditure (first subparagraph of paragraph 1). For this reason a receivable from the Member States is shown on the balance sheet. Due to the latest actuarial valuation of the scheme, at 31 December 2004 the receivable has risen to EUR 25.8 billion (from EUR 22.8 billion in 2003) to reflect the increase in the scheme's estimated liabilities. The receivable also covers the pension obligations in relation to members and former members of the Commission, and this year for the first time pension obligations in relation to members and former members of the Court of Auditors as well as judges and former judges of the Court of Justice.

Thus, the method applied in 2004 to account for Communities' pensions is the same as in 2003: a provision on the liabilities side to cover the debt, and an entry on the assets side to reflect the undertaking given by Member States to the Communities to pay Communities' pensions. As there is no IPSAS available yet on this issue, the accounting rule concerning pensions adopted by the Commission's Accounting Officer as part of the modernisation of the accounting system also requires the same method to be applied. It will be adapted, if necessary, when an IPSAS on pensions is available.

2. Other amounts

This is primarily the financial contribution by the Belgian State to the purchase and fitting-out of the D3 building for the Parliament, which came to EUR 176 million and is to be paid over ten years ending in 2008. At year-end EUR 62 million is due greater than one year (2003: EUR 80.8 million), while a further EUR 21.2 million (2003: EUR 20.7 million) falls due within one year. Also included is an amount of EUR 66.2 million relating to social housing loans given by the ECSC in liquidation (2003: EUR 80.3 million).

VI. STOCKS

The stock of vaccines and antigens held at the Food and Veterinary Office of **DG SANCO** has a net book value of EUR 6.9 million. It was valued in accordance with the implementing rules for the Commission's accounting and consolidation manual (valuation at most recent acquisition price).

Apart from the above, the heading mainly covers the scientific and technical equipment of the **Joint Research Centre**. Write-downs totalling EUR 22.1 million (2003: EUR 41.8 million) were made in respect of the Joint Research Centre in Geel in accordance with the rules in the Commission's accounting and consolidation manual.

The stock of publications held by the **Publications Office** is valued at zero following an analysis made in 2001. This relates to publications stock held and/or managed by the Office for which a charge is made (paying stock). Publications to be distributed free of charge are not taken into account.

STOCKS

(EUR)				
Description	Acquisition value	Value reduction	Net book value at 31.12.2004	Net book value at 31.12.2003
A. Office supplies and other consumables				
Office supplies	2 767 493,11	81 441,01	2 686 052,10	2 861 670,75
Other consumables	5 362 434,76	189 473,50	5 172 961,26	5 394 016,66
Building maintenance equipment	3 007 867,98	0,00	3 007 867,98	5 592 357,25
Subtotal	11 137 795,85	270 914,51	10 866 881,34	13 848 044,66
B. Scientific equipment				
Scientific reference equipment	40 858 960,83	3 994 861,50	36 864 099,33	39 663 774,13
Fissile material	32 089 684,95	18 100 119,14	13 989 565,81	14 586 359,12
Heavy water	14 923,00	0,00	14 923,00	14 923,00
Other scientific equipment	7 492 383,51	0,00	7 492 383,51	6 857 590,00
Subtotal	80 455 952,29	22 094 980,64	58 360 971,65	61 122 646,25
TOTAL	91 593 748,14	22 365 895,15	69 227 852,99	74 970 690,91

VII. SHORT-TERM ASSETS

A. Long-term assets falling due in less than one year

These amounts represent the portion of the long-term receivables that fall due during the following 12 months — see tables above for more details.

B. Current assets

B.1 *Advances paid to Member States*

This amount represents an advance of EUR 0.5 million (2003: EUR 4.9 million) paid to a Member State in connection with the costs of eradication of certain animal diseases — see also Point 8, off-balance-sheet commitments.

B.2 *Amounts owed by Member States*a. *EAGGF Guarantee receivables: This item covers:*

- the amounts owed by beneficiaries of EAGGF Guarantee (EUR 1,560.9 million) as declared and certified by the Member States and entered in the debtors ledger at the end of the year (15 October 2004) in accordance with Regulation (EC) No 2761/99 less 20 % of the amount, which the Member States are allowed to retain to cover administrative costs. The Member States are not required to make the amounts available to the Commission unless they are recovered. The above figure does not include the EUR 5 million (2003: EUR 64.5 million) declared by the Member States as irrecoverable. This amount represents claims which paying agencies have had to abandon or are statutorily unable to recover.
- In accordance with the principle of prudence, the European Communities must estimate and record the part of the EAGGF Guarantee that is unlikely to be recovered. The declared estimate of the write-down is EUR 895.4 million (as estimated by the Member States), which accounts for 57.4 % of the total amount to be recovered at 31 December 2004 (53.2 % at 31 December 2003.) The Commission relies on the estimates of the Member States based on the assumption that the paying agencies are in a better position to assess the amounts likely to be recovered. The findings of the certifying bodies concerning management of amounts owed are handled under the 2004 clearance procedure, including any proposal for the application of financial corrections. The fact that this adjustment is entered in the accounts does not mean that the EC is waiving future recovery of the amounts covered by the write-down.

AMOUNTS OWED BY MEMBER STATES

	(EUR millions)	
	Balance at 31.12.2004	Balance at 31.12.2003
A. EAGGF GUARANTEE RECEIVABLES		
EAGGF Guarantee receivables	1 560,90	1 937,56
Value correction	- 895,40	- 1 031,65
Subtotal	665,50	905,91
B. VAT PAID AND RECOVERABLE FROM MEMBER STATES		
VAT to be recovered	18,99	43,06
Value correction	- 1,72	- 1,46
Subtotal	17,27	41,60
C. OWN RESOURCES		
Own resources established in the A account, as laid down in Article 6(3) of Council regulation 1150/2000, and pending recovery	114,83	57,57
Own resources established in the separate account, as laid down in Article 6(3) of Council regulation 1150/2000, and pending recovery	1 428,85	1 773,21
Value correction	- 689,44	- 1 043,87
Own resources to be regularised	497,63	396,11
Subtotal	1 351,87	1 183,02
D. OTHER RECEIVABLES FROM MEMBER STATES		
Late interest	46,65	6,46
National pensions (subgratations)	0,07	0,05
Other	473,92	11,65
Subtotal	520,64	18,16
Total	2 555,28	2 148,69

- b. **VAT** paid by Institutions and recoverable from the Member States: this item covers the amounts due in respect of taxes paid by the Institutions and recoverable from the Member States (EUR 19 million). A specific write-down of EUR 1.7 million has been calculated.
- c. **Own resources:** The separate account contains traditional own resources of EUR 1,905 million (less 25 % ⁽¹⁾ equals EUR 1,428.8 million) which, under Article 6(3)(b) of Regulation No 1150/2000, have been established by the Member States but not made available to the Communities as they have not yet been recovered or guaranteed, or because they have been challenged. Each Member State sends the Commission a quarterly statement of these accounts, with the following particulars for each type of resource:
- the previous quarter's outstanding balance,
 - the amounts recovered during the quarter in question,
 - rectifications of the base (corrections/cancellations) during the quarter in question,

⁽¹⁾ Council Decision No 2000/597/EC, Euratom of 29 September 2000 on the system of the European Communities' own resources allows Member States to withhold 25 % of traditional own resources to cover the costs of collection.

- amounts written off,
- balance to be recovered at the end of the quarter in question.

When the traditional own resources from the separate account are recovered, they must be entered in the Commission's account with the treasury or the body appointed at the latest on the first working day following the 19th day of the second month following the month during which the entitlement was recovered.

This figure of EUR 1,905 million overestimates the Communities' actual entitlements since the separate account for traditional own resources largely consists of amounts where actual recovery is unlikely.

For the previous years the Commission calculated a write-down of the entitlements in the separate accounts by using a statistical method. For 2004 and onwards this write-down is based on estimations made by Member States themselves. In order to ensure that the separate account provides a better picture of the actual budgetary situation Article 6(4)(b) of Council Regulation (EC, Euratom) No 1150/2000 was amended by Council Regulation (EC, Euratom) No 2028/2004 of 16 November 2004. This Article states now; 'Together with the final quarterly statement for a given year, Member States shall forward an estimate of the total amount of entitlements contained in the separate account at 31 December of that year for which recovery has become unlikely.'

Based on the estimations sent by Member States, a write-down of EUR 689.4 million has been deducted from the item for receivables from Member States on the assets side of the balance sheet — for information, the statistical method produces a similar amount. However, this does not mean that the Commission is waiving recovery of the amounts covered by the value adjustment. Even when recovery looks very unlikely, if not virtually impossible, this does not necessarily mean that the amounts in question are lost to the Community budget as traditional own resources. This is because non-recovered entitlements are lost only if the Member State has exhausted all the avenues it is required to pursue in order to secure recovery. Where the Member State fails to do this, it is held financially liable and required to pay the amount into the Community budget in accordance with Article 17(2) of Regulation No 1150/2000.

The breakdown by Member State of A account and separate account receivables in respect of own resources is as follows:

A ACCOUNT: OWN RESOURCES ESTABLISHED AND STILL TO BE RECOVERED AT END 2004

(EUR)				
Member State	Agricultural duties	Sugar and isoglucose levies	Customs duties	Total Traditional own resources still to be recovered
Belgium	0	0	4 806 651	4 806 651
Denmark	0	0	8 392 083	8 392 083
Germany	0	0	19 778 429	19 778 429
Estonia	0	0	4 086	4 086
Greece	7 388	0	0	7 388
Spain	20 734	0	2 214 759	2 235 493
France	0	0	160 334	160 334
Ireland	0	0	40 807	40 807
Italy	0	0	16 095 380	16 095 380
Netherlands	0	0	2 817 576	2 817 576
Portugal	0	0	2 074 310	2 074 310
Sweden	0	0	208 623	208 623
UK	0	0	58 211 633	58 211 633
EUR 25	28 122	0	114 804 671	114 832 793

SEPARATE ACCOUNT: OWN RESOURCES ESTABLISHED AND STILL TO BE RECOVERED AT END 2004

(EUR)

Member State	Agricultural duties	Sugar and isoglucose levies	Customs duties	Total Traditional own resources still to be recovered
Belgium	27 839 600	0	95 284 927	123 124 527
Czech Republic	61 172	0	9 482	70 654
Denmark	299 215	0	5 286 107	5 585 322
Germany	88 425 560	569 757	313 722 479	402 717 796
Estonia	104 747	0	24 155	128 902
Greece	17 892 138	0	15 452 448	33 344 586
Spain	7 733 650	18	84 533 408	92 267 076
France	9 633 623	243 030	95 612 818	105 489 471
Ireland	0	0	1 703 949	1 703 949
Italy	227 908 545	0	136 895 203	364 803 748
Cyprus	56	0	21 592	21 648
Latvia	157 977	0	73 897	231 874
Lithuania	489	0	77 012	77 501
Luxembourg	0	0	777 858	777 858
Hungary	428 138	0	119 034	547 172
Malta	0	0	0	0
Netherlands	21 387 915	2 127 386	66 345 907	89 861 208
Austria	9 008 700	0	61 291 316	70 300 016
Poland	13 365	0	31 582	44 947
Portugal	8 028 448	0	23 208 527	31 236 975
Slovenia	4 121	0	1 462	5 583
Slovakia	0	0	287	287
Finland	251 030	0	4 247 636	4 498 666
Sweden	1 083 042	0	3 021 691	4 104 733
UK	10 428 672	0	87 476 702	97 905 374
EUR 25	430 690 203	2 940 191	995 219 479	1 428 849 873

The own resources to be regularised at 31 December 2004 arise mainly due to Amending Budget No. 10/2004 adopted in December but paid by most Member States on the first working day of January, as well as certain VAT amounts.

- d. **Other receivables from Member States:** The figure of EUR 520.6 million comprises late-payment interest of EUR 46.7 million and other receivables of EUR 474 million. One reason for the significant increase from prior years is due to the work done on the modernisation of the accounting systems project; the Commission can now better track the recovery orders issued to individual debtors, including Member States. As this was not possible last year, such amounts due from Member States were primarily included under the 'Other Recovery Orders' figure in Sundry Debtors. Also included in 2004 is an amount of EUR 170 million relating to contributions due from the new Member States to the Research Fund for Coal & Steel.

B.3 Amounts owed by non-consolidated Communities bodies

This heading contains various amounts owed to the European Communities by Communities' bodies not covered by the scope of consolidation, for which the Institutions pay certain expenditure, which will subsequently be repaid, totalling EUR 28.9 million (2003: EUR 29.3 million).

B.4 *Sundry debtors***SUNDRY DEBTORS**

(EUR millions)

	Balance at 31.12.2004	Balance at 31.12.2003
1. UNPAID COMPETITION FINES		
Amounts outstanding	1 790,20	1 811,04
Value reduction	-48,55	- 55,78
Sub-total	1 741,65	1 755,26
2. FINANCIAL INTERMEDIARIES		
Amounts held by financial intermediaries	1 313,62	1 007,54
Value reduction	0,00	0,00
Sub-total	1 313,62	1 007,54
3. AMOUNTS HELD IN TRUST ACCOUNTS		
Amounts held in trust accounts	534,72	300,87
Value reduction	0,00	- 0,08
Sub-total	534,72	300,79
4. EFTA FINANCIAL MECHANISM		
Amount to be returned to the EC	36,28	44,55
Value reduction	0,00	0,00
Sub-total	36,28	44,55
5. RECEIVABLES DUE ON CERTAIN PROGRAMMES		
Files open at year-end	101,29	121,37
Value reduction	- 57,70	- 101,82
Sub-total	43,59	19,55
6. CALL ON THE GUARANTEE FUND — AMOUNTS DUE		
Amounts paid to EIB and recoverable from debtor	1,26	4,83
Value reduction	- 1,26	- 4,83
Sub-total	0,00	0,00
7. OTHER RECOVERY ORDERS		
Recovery orders issued	337,75	530,09
Value reduction	- 136,54	- 185,20
Sub-total	201,21	344,89
8. ACCRUED INCOME AND PREPAID EXPENSES		
Accrued interest and other income to be received	66,79	65,83
Prepaid expenses	201,74	71,95
Sub-total	268,53	137,78
9. EXPENDITURE TO BE RECORDED	0,17	0,00
Total	4 139,77	3 610,36

This item covers receivables arising from the activities of the European Communities.

1. **Unpaid fines** imposed by the Commission for infringements of competition rules EUR 1,741.7 million (2003: EUR 1,755.3 million.) The changes in the figures for the Commission's outstanding fines are as follows (EUR million):

FINES OUTSTANDING

(EUR millions)

31.12.2003	2004				31.12.2004
Fine receivables (a)	Fines imposed 2004 (b)	Cancellations Fine receivables (c)	Amounts definitively collected (d)	Movements Amounts provisionally collected (e)	Fine receivables f=a+b+c+d+e
1 811,0	873,5	- 190,0	- 290,9	- 413,4	1 790,2

After the decision to impose a fine, the debtors have two months from the date of notification:

- either to accept the decision, in which case they must pay the fine within the time limit laid down and the amount is definitively collected by the Commission;
- or not to accept the decision, in which case they lodge an appeal under Communities' law. However, the principal of the fine must be paid within the time limit laid down as the appeal does not have suspensory effect (Article 242 of the EC Treaty). In such cases, debtors have two options: they can present a bank guarantee or pay the fine provisionally.

In respect of imposed fines outstanding at 31.12.2004, a total of EUR 2,021 million was collected provisionally. These payments are applied against the related receivable and included under disposable assets, but EUR 1,933 million of the amount relating to cases where an appeal is made or it is not known if an appeal will be made is also treated as contingent liabilities ⁽¹⁾, since the case is still pending the final judgment. In addition, at 31.12.2004 bank guarantees had been presented for a total of EUR 1,165.8 million. These guarantees do not affect the amount of receivables on the assets side of the balance sheet, but are entered in the annex as off-balance-sheet commitments under contingent assets. The amount shown in the off-balance-sheet commitments as potential liabilities totals EUR 3,837.9 million, being the total outstanding claims pending judgement plus interest earned on payments received pending final judgement.

2. Amounts paid to **financial intermediaries** but not yet transferred to the final beneficiary. This item includes advance payments from the budget to public or private intermediaries selected by the Commission to carry out the management or forward these payments to the final beneficiaries, either because of provisions contained in the regulations or as a result of contractual provisions. This amount, which totals EUR 1,313.6 million, represents funds held by intermediaries at 31 December 2004 (2003: EUR 1,007.5 million.) The split of these amounts by budget-line is given below. The bank interest generated by these amounts is also included, being EUR 19.6 million (2003: EUR 43.6 million.)

FINANCIAL INTERMEDIARIES

(EUR millions)

Budget line	Pre-financing not distributed at 31.12.2004
15.02 Education	93,1
15.03 Vocational training	143,1
15.07 Youth	47,6
16.05 Co-ordination of information relays & networks in the EU	0,2

⁽¹⁾ See point 4 of Annex 4 Off-balance-sheet contingent liabilities.

(EUR millions)	
Budget line	Pre-financing not distributed at 31.12.2004
19.06 Relations with Eastern Europe, the Caucasus, & Central Asia	8,9
19.07 Relations with the Western Balkans	136,6
19.08 Relations with the Middle East and Southern Mediterranean	19,9
21.02 Development co-operation policy & sectoral strategies	- 1,1
21.03 Relations with Sub-Saharan Africa, the Caribbean, Pacific & Indian Ocean and overseas countries territories	20,5
22.02 Pre-accession assistance instruments	825,2
Total	1 294,0

The issue of pre-financing operations and the integrated accounting and clearance arrangements for them has been addressed as part of the Commission's accounting modernisation project. As part of this project to move to full accrual accounting, the Accounting Officer has laid down accounting rules for the inclusion of pre-financing on the assets side of the balance sheet on the basis of Article 3(5) of the Regulation laying down detailed rules for the implementation of the Financial Regulation. These rules came into force on 1 January 2005 and so the opening balance sheet of the European Communities at this date will show outstanding pre-financing payments as assets. During 2004, a significant effort was made by the Commission's services to inventory all outstanding pre-financing amounts. The balance sheet at 31 December 2004 however, as with previous years, is not prepared under these new rules and so does not include such amounts as assets.

- Certain financial instruments are managed on trust by third-party bodies, such as the European Investment Bank (EIB), the European Investment Fund (EIF), the European Bank for Reconstruction and Development (EBRD), the Council of Europe Development Bank (CEB) and EUROFER. The amount held by these bodies in **trust accounts** at 31 December 2004 totals EUR 534.7 million, not including write-down (2003: EUR 300.9 million.) The split of these amounts by budget-line is given below. This figure does not include investments in risk capital funds by these instruments, which are shown under 'Other investments' (Assets IV.B.1).

FINANCIAL INSTRUMENTS

(EUR millions)	
Budget line	Pre-financing not distributed at 31.12.2004
01.04 Financial operations and instruments	260,9
22.02 Pre-accession strategy	99,2
19.08 Relations with the Middle East & South Mediterranean	174,6
Total	534,7

- The **EFTA financial mechanism** was introduced in 1993 to support the development and structural adjustment of certain regions of the European Union. The contributors, including the Commission, are joint owners of the funds available. The Commission's share at 31 December 2004 is EUR 36.3 million (2003: EUR 44.5 million.)
- These amounts primarily relate to advances granted under both the **ECIP** (EUR 51.5 million) and **MEDIA** (EUR 41.7 million) programmes. Using the prudence principle and based on the risks and uncertainty involved, a value reduction of EUR 29.6 million is made for the ECIP balances and EUR 28.1 million for the MEDIA amounts. A review of the open files is ongoing so as to determine the status of all such advances so as to determine the final amounts to be refunded to the Commission. When a file is closed and a receivable is due, a recovery order is made and the balance will be transferred to recovery orders.

6. In 2004 two additional **calls** were made on the **Guarantee Fund** relating to a debt in **Argentina**. The debt in question thus became a debt of the Guarantee Fund, but was subsequently repaid. The amount outstanding at 31 December 2004 relates to late payment interest and penalties due. Given the nature and circumstances surrounding this receivable a write down of 100 % was considered prudent.
7. These are **recovery orders** entered in the accounts at 31 December 2004 as established entitlements to be recovered and not already included under other headings on the assets side of the balance sheet.

A value adjustment has been entered for irrecoverable entitlements still to be determined. Entitlements due for more than one year are written down by 20 %. A further cut of 20 % is made for each additional year. This overall write-down is calculated on the amount of the entitlements outstanding at the end of the year. Certain entitlements, such as entitlements for which an individual write-down is made, are not included in the flat-rate write-down.

Also included under this heading are fines issued by the ECSC in liquidation — however, the amount at 31 December 2004 and 2003, EUR 23.6 million and EUR 32.5 million respectively, are fully written down due to their age and doubts about their recoverability. Note also that the accounting treatment of fines differs for the ECSC in liquidation — whereas the Commission recognises a receivable and a revenue once it imposes a fine, the ECSC in liquidation does not recognise a revenue until the amount has been paid without appeal — until settlement a provision is maintained for appealed amounts.

8. Interest to be received and charges paid in advance are included under this heading.
9. As the payment appropriations carried over are already contained in the result for the year, only the expenditure to be charged to non-differentiated appropriations are included in this item.

C. Other receivables

OTHER RECEIVABLES

	(EUR)	
	Balance at 31.12.2004	Balance at 31.12.2003
Receivable from personnel	17 647 861,60	36 929 231,45
Amounts due from insurance companies	1 823 859,18	258 785,79
Total	19 471 720,78	37 188 017,24

VIII. CASH INVESTMENTS

The breakdown by maturity date is as follows:

CASH INVESTMENTS

	(EUR)	
	Balance at 31.12.2004	Balance at 31.12.2003
Term deposits:		
Maturity date less than one month	203 330 197,49	67 991 795,52
Maturity date between one month & one year	64 791 294,97	63 963 547,66
Bonds and other fixed income deposits	1 343 603 176,79	1 340 501 836,53
Total	1 611 724 669,25	1 472 457 179,71

IX. DISPOSABLE ASSETS

DISPOSABLE ASSETS

	(EUR)	
	Balance at 31.12.2004	Balance at 31.12.2003
Accounts with Treasuries	641 993 536,79	10 276 517 701,99
Accounts with Central Banks	2 579 522 086,05	285 019 770,15
Borrowing/lending accounts	17 257 498,18	40 712 379,08
Current accounts	3 830 452 170,36	3 264 191 619,62
Imprest accounts	71 464 543,79	34 979 881,40
Cash in hand	244 687,08	270 046,53
Transfers	0,00	5 500 000,00
Total	7 140 934 522,25	13 907 191 398,77

This heading covers all the funds which the Institutions keep in their accounts in each Member State and EFTA country (Treasury or central bank), as well as in current accounts, imprest accounts and petty cash. The proceeds of loans made from borrowed funds and loans granted to improve housing conditions for migrant workers are also included. Amounts received in connection with fines issued by the Commission for which the case is still open amount to EUR 2,130 million and are kept in specific current accounts.

B. LIABILITIES

I. OWN CAPITAL

The own capital heading consists of:

A. The economic outturn for the year

The economic outturn breaks down as follows:

ECONOMIC OUTTURN OF THE EUROPEAN COMMUNITIES

	(EUR)	
	31.12.2004	31.12.2003
1. Budget outturn of the European Communities	2 736 707 563,42	5 469 843 705,90
2. Result of adjustments	1 383 248 148,39	- 307 077 541,75
3. Result of borrowing and lending activities	1 109 122,18	102 691,94
4. Economic outturn of the ECSC in liquidation	72 953 471,11	337 878 471,92
ECONOMIC OUTTURN FOR THE YEAR	4 194 018 305,10	5 500 747 328,01

The budget outturn is EUR 2,736.7 million and is set out in detail in the budget outturn 2004 table.

Exchange differences included in the economic outturn are the result of payments and financial assets in currencies other than the euro, in particular those of the Member States which have not yet adopted the euro.

As regards financial assets, the value in euros of the national currencies varies each day in line with the market exchange rates. Financial assets are revalued for the purposes of the balance sheet at the exchange rates on 31 December.

The Commission enters payments at the monthly rates which are inevitably different from the market rates.

The result of adjustments breaks down as follows:

RESULT OF ADJUSTMENTS

	(EUR)	
	2004	2003
A. POSITIVE ADJUSTMENTS		
1. Reduction in charges: increase in assets	1 208 624 212,76	– 56 362 825,75
a. Formation expenses	0,00	0,00
b. Intangible fixed assets	16 797 901,17	7 180 907,10
c. Tangible fixed assets	523 347 256,68	238 712 571,38
d. Financial fixed assets	331 291 689,09	39 186 302,15
e. Loans granted from the budget	13 836 513,51	26 332 225,70
f. Stocks	20 474 518,16	1 989 888,72
g. Other expenses	302 876 334,15	– 369 764 720,80
2. Depreciation	257 745 977,87	55 872 750,10
3. Value adjustments	595 070 606,37	204 698 966,24
4. Provisions	352 479 644,69	674 201 298,29
5. Income resulting from budgetary assets acquired during the year but not recovered	2 919 500 862,77	3 586 183 482,79
Sub-total	5 333 421 304,46	4 464 593 671,67
B. NEGATIVE ADJUSTMENTS		
1. Reduction in revenue: reduction in assets	179 159 635,67	947 674 628,68
a. Formation expenses	0,00	0,00
b. Intangible fixed assets	23 610 497,97	1 476 204,08
c. Tangible fixed assets	225 917 933,96	67 314 584,70
d. Financial fixed assets	5 472 806,61	1 889 089,00
e. Loans granted from the budget	25 334 142,27	51 855 018,45
f. Stocks	26 217 356,08	3 021 453,64
g. Cashing of rights stated in previous years	– 127 393 101,22	822 118 278,81
2. Depreciation	418 656 218,24	260 553 621,75
3. Value adjustments	13 909 587,98	125 460 020,10
4. Exceptional depreciation and value adjustments	239 505,50	27 509 824,43
5. Provisions	3 191 544 430,49	3 348 094 102,69
6. Expenditure to be regularised	6 482 553,49	16 941 669,09
7. Results of related bodies	140 181 224,70	45 437 346,68
Sub-total	3 950 173 156,07	4 771 671 213,42
Result of Adjustments (A-B)	1 383 248 148,39	– 307 077 541,75

The result of borrowing and lending activities breaks down as follows:

RESULT OF BORROWING AND LENDING ACTIVITIES

	(EUR)
Instruments	Result 2004
Medium-term financial assistance (MFA)	– 86 185,16
Balance of payments (BOP)	11 259,05
EURATOM	57 954,62
New Community Instrument (NCI)	1 126 093,67
Total	1 109 122,18

The allocation of the result of borrowing/lending operations for 2004 was not known at the date of closure.

The result of borrowing/lending operations for 2003 was allocated as follows for the various instruments:

ALLOCATION OF THE BORROWING & LENDING ACTIVITIES RESULT FROM THE PREVIOUS YEAR

(EUR)

Instrument	Result 2003	Transfer of result to budget	Transfer to special reserve	Transfer from special reserve
Medium Term Financial Assistance (MFA)	6 713,73	0,00	6 713,73	0,00
Balance of Payments (BOP)	2 881,55	0,00	2 881,55	0,00
EURATOM	44 406,51	0,00	44 406,51	0,00
New Community Instrument (NCI)	48 690,15	48 690,15	0,00	0,00
Total	102 691,94	48 690,15	54 001,79	0,00

A summary of the revenue and expenditure account of the ECSC in liquidation for 2004 is shown below:

ECSC IN LIQUIDATION REVENUE & EXPENDITURE ACCOUNT

(EUR)

	2004	2003
A. REVENUES:		
1. Interest and similar revenues	105 815 300	119 191 862
2. Commissions received	481 801	298 205
3. Gains on financial operations	12 673 301	11 697 059
4. Release of provisions	5 538 728	60 982 850
5. Other revenues	30 813 653	23 677 013
6. Release of smoothing provision	1 750 000	3 500 000
7. Movement on Guarantee Fund	34 000 000	254 000 000
Sub-total	191 072 783	473 346 989
B. EXPENDITURE:		
1. Interest and similar charges	51 326 036	57 938 886
2. Commissions paid	240 343	211 887
3. Losses on financial operations	10 957 288	16 214 228
4. General administrative expenses	0	280 274
5. Corrections to fixed asset values	5 648	5 648
6. Corrections to receivables and provisions	691 800	847 414
7. Other charges	148 197	3 470 180
8. Exceptional charges	0	0
9. Transfer to Coal & Steel Research Fund	54 750 000	56 500 000
Sub-total	118 119 312	135 468 517
Result for the period (A-B)	72 953 471	337 878 472

B. Outturn carried over from previous financial years

This covers only the cumulative outturn of economic adjustments given that the budget outturn is repaid to the Member States and that the result of borrowing and lending activities is transferred partly to the reserves and partly to budget revenue.

The result of adjustments carried over from previous years has been updated due to a correction made concerning leased assets and liabilities at 31 December 2003.

MOVEMENT IN RESULTS CARRIED FORWARD FROM PRIOR YEARS

(EUR)	
Result	Amount
Result carried forward from prior years at 31/12/2003	9 475 249 936,33
Result of adjustments for 2003	- 307 077 541,75
Correction of leased assets and liabilities at 31/12/2003	89 865 170,10
Result carried forward from prior years at 31/12/2004	9 258 037 564,68

C. Reserves

1. The revaluation reserve comprises the revaluations of tangible and intangible fixed assets. The balance at year-end relates entirely to revaluations made on Commission buildings prior to 2003.
2. The reserve for borrowing and lending activities comprises a special reserve set up in previous years to cover future liabilities resulting from borrowing and lending activities.

SPECIAL RESERVE FOR BORROWING & LENDING ACTIVITIES

(EUR)					
Instrument	Balance at 31.12.2003	Transfer to special reserve	Transfer from special reserve	Transfer between instruments	Balance at 31.12.2004
Medium Term Financial Assistance (MFA)	1 019 071,31	6 713,73	0,00	0,00	1 025 785,04
Balance of Payments (BOP)	119 669,94	2 881,55	0,00	0,00	122 551,49
EURATOM	1 171 584,57	44 406,51	0,00	0,00	1 215 991,08
New Community Instrument (NCI)	300 000,00	0,00	0,00	0,00	300 000,00
Total	2 610 325,82	54 001,79	0,00	0,00	2 664 327,61

3. The reserves relating to the ECSC in liquidation are made up of five separate reserves: a special reserve, a pension reserve, a reserve for the Research Fund for Coal & Steel, a general reserve and uncalled amounts from new Member States. The increase is due mainly to the allocation from the result from 2003 of EUR 337.9 million to the research fund and the inclusion this year of the uncalled amounts from new Member States of EUR 170 million.

ECSC IN LIQUIDATION RESERVES

(EUR)				
Reserve	Balance at 31 December 2003	Transfer of prior result	Movement 2004	Balance at 31 December 2004
Special reserve	88 100 000,00	0,00	-15 600 000,00	72 500 000,00
Pension reserve	30 000 000,00	0,00	-6 000 000,00	24 000 000,00
Research Fund for Coal & Steel	369 570 761,32	337 878 471,92	0,00	707 449 233,24
General Reserve	0,00	0,00	21 600 000,00	21 600 000,00
Uncalled amounts from new Member States	0,00	0,00	169 930 000,00	169 930 000,00
Total	487 670 761,32	337 878 471,92	169 930 000,00	995 479 233,24

II. PROVISIONS FOR RISKS AND CHARGES

PROVISIONS FOR RISKS AND CHARGES

	(EUR)	
	Balance at 31.12.2004	Balance at 31.12.2003
Guarantee Fund	1 086 129 313,44	1 368 967 899,92
Provision for costs of decommissioning of nuclear facilities	811 226 379,00	789 467 848,51
Provision for pension scheme liabilities	26 008 385 900,00	22 838 600 000,00
Other provisions	41 923 055,00	111 560 191,69
Provisions of the ECSC in liquidation	327 971 865,02	363 650 039,23
Total	28 275 636 512,46	25 472 245 979,35

Guarantee Fund

Since the Fund may be called on to cover defaulting debtors at any time, a provision has been created for risks and charges in line with the principle of prudence. This provision of EUR 1,086 million (2003: EUR 1,369 million) corresponds to the target amount ⁽¹⁾ for the Guarantee Fund calculated on the basis of the amount of loans outstanding at 31 December 2004. The difference between the amount of the Fund shown on the assets side and the amount of the provision corresponds to the surplus to be repaid to the budget i.e. EUR 526 million (2003: EUR 223 million), which is entered under own capital.

Decommissioning of JRC nuclear facilities

In 2002 a consortium of independent experts conducted a study into the estimated costs of the decommissioning of the JRC nuclear facilities and waste management programme. Their estimate of EUR 1,145 million (including EUR 76 million as an estimate of the cost required for the 'green field' option, i.e. total destruction of all the buildings) is taken as the basis for the provision to be included in the accounts. To fully apply IPSAS rules, this provision is indexed for inflation (at a rate of 2.5 %) and then discounted to its net present value (at 5 %). At 31 December 2004, this results in an amount for the provision of EUR 871.4 million, less the costs incurred to date of EUR 60.2 million, giving EUR 811.2 million.

In view of the estimated duration of this programme (around 30 years), it should be pointed out that there is some uncertainty about this estimate, and the final cost could be different from the amounts currently entered.

Pensions

At 31 December 2004, the rules concerning the Communities' pension scheme are defined by the new version of the Staff Regulations of Officials of the European Communities (in force from 1st May 2004). The rules regarding the staff pensions are directly applicable in all Member States. The arrangement covers the various types of pensions (seniority, disability, survival) and the invalidity allowance.

In accordance with article 83 of the Staff Regulations, the payment of the benefits provided for in the pension scheme constitutes a charge to the Communities' budget. Member States guarantee the payment of these benefits collectively according to the scale fixed for the financing of this expenditure. In addition, officials contribute one third to the long-term financing of this scheme via a compulsory contribution.

Until last year, the provision in respect of the estimated amount of pension rights had been based on the applicable rules complying with the former Staff Regulations. This year, for the first time and as mentioned above, the base was the new Staff Regulations of officials in force from 1st May 2004 (including in particular reform of the Communities' pension scheme).

⁽¹⁾ The target amount corresponds to 9 % of the amount outstanding.

The liabilities under the Communities' pension scheme were the subject to an actuarial valuation by independent experts on 31 December 2004 on the basis of the applicable rules of the new statute. This evaluation covered the benefits connected with seniority, disability and survival (different types of pension as well as invalidity allowance). It was carried out in accordance with the methodology of IAS 19. This accounting standard requires the employer to determine his actuarial commitment on an ongoing basis, taking into account both the promised benefits during the active lifetime of employees, and foreseeable increases in salaries.

The actuarial valuation method used to calculate this liability is known as the projected unit credit method (or accumulated entitlements method). The principal actuarial hypotheses used in the valuation were:

1. The life table (EU 2004) was made on the basis of the national tables of the officials' countries of origin, and was corrected to take account of actual observed mortality rates;
2. The invalidity table (EU 2004) was based on the one used by the Coordinated Organisations (OECD, NATO, ESA, etc) and corrected with the observation of the population of EU officials;
3. The nominal discount rate was based on the zero coupon euro yield curve in December 2004 for a duration close to that of the scheme (19 years), being 4.3 %; on the other hand, the inflation was based on the annual rate of change of the HICP in December 2004, being 2.4 %; so the used real discount rate was 1.9 %;
4. The general revaluation rate of the salaries and benefits was based on revaluation statistics of the period 1993-2004, being equal to 0.2 %;
5. The individual salary increase beyond the rate of the general revaluation was estimated on the basis of the new career structure (promotion rates specified in annex I of the Staff Regulations) and its transitional measures (section 1 of annex XIII of the Staff Regulations); it varies with the age and the grade and step of the official;
6. The matrimoniality coefficients for active officials at the time of their departure on retirement were based on statistics of the population of officials and equal to 90 % for men and 60 % for women;
7. The actual marriage situation was taken for former officials (pensioners and invalids);
8. The departure on retirement was supposed to occur at the time when the official benefits from his full rights, taking into account the reduction for early retirement and the Barcelona Incentive for late retirement, at the latest at 65 years.

Concerning the data, the same population groups as for the actuarial valuation on 31 December 2003 were used. So, liabilities cover the rights previously defined for the following persons:

1. Staff in active employment at 31 December 2004 in all the Institutions and agencies included in the Communities' pension scheme;
2. Invalids who receive an invalidity allowance according to Article 78 of the Staff Regulations
3. Former officials and other servants benefiting of a retirement pension;
4. Former officials and other servants benefiting of a disablement pension;
5. The recipients of a survivor pension (widows or widowers, orphans, dependants).

Comparison of 2004 and 2003 actuarial liability: The actuarial liability was valued at EUR 25.8 billion on 31 December 2004, while the previous valuation carried out for the situation on 31 December 2003, based on the rules of the former Staff Regulations, gave an amount of EUR 22.8 billion.

The following facts explain the essential differences between the 2004 and 2003 actuarial evaluations:

- Changes in some actuarial hypotheses, particularly concerning the real discount rate (2.6 % to 1.9 %).
- The changes in the rules on careers and pensions introduced by the new Staff Regulations.

— The changes in the population (from 45,447 members to 47,782), most of them being newly active officials who have an accrual rate of 1.9 % instead of 2 % according to the new Staff Regulations.

The calculations of gross pensions and family allowances are based on the provisions of the Staff Regulations.

(EUR millions)

Year	NUMBER OF PERSONS			EXPENDITURE		
	REAL	ESTIMATE		REAL	ESTIMATE	
	2004	2005	2006	2004	2005	2006
Retirement pension	7 054	7 478	7 918	452	483	520
Invalidity pension	3 698	3 755	3 825	181	185	194
Survivor's pension	2 716	2 818	2 903	81	87	90
Severance grant	539	500	450	20	20	17
Total	14 007	14 551	15 096	734	775	821

In addition to the EUR 25.8 billion concerning the staff pension scheme described above, the provision also covers the pension obligations in relation to members and former members of the Commission, and this year for the first time pension obligations in relation to members and former members of the Court of Auditors as well as judges and former judges of the Court of Justice.

Other provisions

The other provisions concern mainly an estimate of the Communities' contribution to the Emergency Fund for foot and mouth and other animal diseases of EUR 41.9 million relating to various Member States (2003: EUR 102.1 million) — see also Annex 4, Off-balance-sheet commitments, Point 8.

Provisions of the ECSC in liquidation

These provisions cover borrowings not covered by a guarantee from Member States EUR 209 million, a provision for bank costs of EUR 0.3 million, a provision for the Research Fund for Coal & Steel of EUR 114.8 million and a provision for fines being appealed of EUR 3.9 million.

III. LONG-TERM LIABILITIES

This heading includes liabilities due in more than one year.

LONG-TERM LIABILITIES

(EUR)

	Balance at 31.12.2004	Balance at 31.12.2003
A. BORROWINGS		
Medium Term Financial Assistance (MFA)	987 750 000,00	1 211 000 000,00
Euratom	170 000 000,00	105 000 000,00
ECSC in liquidation	420 583 805,84	428 672 854,67
Sub-total	1 578 333 805,84	1 744 672 854,67
B. OTHER LONG-TERM LIABILITIES		
Staff funds	26 723 046,54	28 350 176,47
Deposits and guarantees received	921 812,15	2 412 984,34
Leasing debts	1 746 530 292,01	1 365 635 833,62
EBRD subscriptions	10 125 000,00	18 562 500,00
Other	62 004 976,00	83 907 876,64
Sub-total	1 846 305 126,70	1 498 869 371,07
Total	3 424 638 932,54	3 243 542 225,74

A. Borrowings

This heading includes borrowings which fall due for payment in greater than one year's time. The detailed movements in borrowing operations in 2004 are as follows:

MOVEMENT IN BORROWING OPERATIONS

					EUR
	Balance 31.12.2003	New borrowings	Repayments	Exchange differences	Balance at 31.12.2004
A. Borrowings					
MFA	1 351 000 000,00	10 000 000,00	- 147 000 000,00	0,00	1 214 000 000,00
EURATOM	105 000 000,00	65 000 000,00	0,00	0,00	170 000 000,00
NCI	16 316 685,58	0,00	- 16 508 756,82	192 071,24	0,00
ECSC in liquidation	430 895 998,67	0,00	- 2 223 144,00	- 5 865 904,86	422 806 949,81
TOTAL	1 903 212 684,25	75 000 000,00	- 165 731 900,82	- 5 673 833,62	1 806 806 949,81

The amounts outstanding on borrowings at 31 December 2004 are entered under long-term liabilities in the case of loans due in more than a year and under short-term liabilities in the case of loans due in less than one year. Liabilities from borrowings are guaranteed by the Communities' budget.

B. Other long-term liabilities**SPLIT OF LONG-TERM & SHORT-TERM LIABILITIES**

			EUR
	Amount due > 1 year	Amount due < 1 year	Balance at 31.12.2004
A. BORROWINGS			
MFA	987 750 000,00	226 250 000,00	1 214 000 000,00
EURATOM	170 000 000,00	0,00	170 000 000,00
ECSC in liquidation	420 583 805,84	2 223 143,97	422 806 949,81
Sub-total	1 578 333 805,84	228 473 143,97	1 806 806 949,81
B. OTHER LONG-TERM LIABILITIES			
Staff funds	26 723 046,54	0,00	26 723 046,54
Deposits and guarantees received	921 812,15	0,00	921 812,15
Leasing debts	1 746 530 292,01	34 123 549,93	1 780 653 841,94
EBRD subscriptions	10 125 000,00	8 437 500,00	18 562 500,00
Other	62 004 976,00	21 812 416,78	83 817 392,78
Sub-total	1 846 305 126,70	64 373 466,71	1 910 678 593,41
Total	3 424 638 932,54	292 846 610,68	3 717 485 543,22

Staff funds:

This heading covers the unemployment fund for temporary staff at all the Institutions and the welfare fund for Commission local staff in non-member countries.

Deposits and guarantees received:

These are sums deducted as guarantees for the payment of construction work and the guarantee accounts for accounting officers, delegate accounting officers and imprest administrators.

Leasing:

This item covers leasing liabilities due in greater than one year (see note III.E. Assets).

EBRD Subscriptions:	This item covers the payments still to be made on the part of the capital subscribed by the Commission which has been called in (see note IV.A. Assets).
Other:	As it has invoked its purchase option for a building, Parliament must repay the cost of investment (see note III.A. Assets).

IV. SHORT-TERM LIABILITIES

A. Long-term liabilities falling due in less than one year

This heading includes borrowings which fall due for payment in less than one year's time, long-term leasing debts falling due within the year, subscriptions to EBRD capital and the purchase of Parliament's building complex (see table above).

B. Current liabilities

B.1 Member States and EFTA countries

AMOUNTS OWED TO MEMBER STATES & EFTA COUNTRIES

	(EUR)	
	Balance at 31.12.2004	Balance at 31.12.2003
EFTA budget outturns (current and previous years)	15 804 671,79	22 236 558,08
EFTA current account	4 912 413,87	3 674 293,29
Amounts due in relation to veterinary claims	126 358 570,00	23 215 654,00
Other	147 580 968,13	4 910 166 839,10
Amounts owed by the ECSC in liquidation	0,00	584 946,92
Total	294 656 623,79	4 959 878 291,39

This item includes amounts owed to EFTA countries, which includes the budget outturn figures of the current year, EUR 1.9 million, and the previous years and the balance on the EFTA current account.

An amount of EUR 126.4 million (2003: EUR 23.2 million) to be paid to various Member States relating to claims made for reimbursement of certain costs in connection with the foot and mouth outbreak in 2001 and other disease eradication costs, is also included under this heading.

Under the 'Other' sub-heading at 31 December 2004 the amounts relate to monies owed to Member States concerning a legal case won by the Commission. The comparative figure relates to two amending budgets in late 2003 that resulted in a reduction of EUR 4.9 billion in the Member States' own resources contributions, hence the payable at 31 December 2003.

B.2 Amounts due to non-consolidated Communities' bodies

This item covers amounts totalling EUR 52.9 million owed by the Institutions to certain Communities' bodies which do not come within the scope of consolidation (2003: EUR 15.8 million). As mentioned earlier, the significant increase from last year is due to the work done on the modernisation of the accounting systems project and the improved identification of amounts due to individual creditors.

B.3 Payment appropriations to be carried over

In accordance with the Financial Regulation payment appropriations carried over to the following year are entered as budget expenditure. The contra-entry to these appropriations carried over and not yet used is to be found in the short-term liabilities in the balance sheet.

It should be noted that this classification will no longer exist from 2005 onwards due to the introduction of the new accounting rules and the move to accrual accounting. This is because accrual accounting requires that charges be recognised in the period to which they relate, so such amounts must be charged in the following financial year(s), not the current.

At 31 December 2004 the breakdown of payment appropriations to be carried over, taking all the Institutions together was as follows:

PAYMENT APPROPRIATIONS TO BE CARRIED OVER

	(EUR)	
	Balance at 31.12.2004	Balance at 31.12.2003
Non-differentiated appropriations carried over automatically	1 286 218 044,91	853 237 812,69
Appropriations carried over by Institution decision	278 130 530,94	348 311 602,93
Differentiated appropriations from contributions from third parties	1 265 554 819,44	1 044 474 322,86
Total	2 829 903 395,29	2 246 023 738,48

B.4 Sundry creditors

SUNDRY CREDITORS

	(EUR)	
	Balance at 31.12.2004	Balance at 31.12.2003
Other sundry creditors	198 640 772,34	318 569 936,55
Interest accrued	38 930 658,72	40 142 629,64
Revenue to be booked	90 681 257,00	41 611 936,98
Total	328 252 688,06	400 324 503,17

This item covers debts arising from the activities of the European Communities as well as non-budget recovery orders.

This item includes revenue not booked, i.e. revenue that could not be definitively booked to the budget before the close of the year. Additionally it includes accrued interest on borrowings and swaps.

C. Other liabilities

These are mainly amounts owed to staff and revenue to be transferred to various organisations or other third parties.

ANNEX 4

OFF-BALANCE-SHEET COMMITMENTS

CONTINGENT ASSETS

	EUR	
	31.12.2004	31.12.2003
1 Guarantees received	2 727 599 785	1 638 516 989
1.1 Guarantees received for NCI & EURATOM instruments	170 000 000	121 316 686
1.2 Other guarantees received	1 391 755 784	329 423 418
1.3 Guarantees received in respect of fines' cases pending	1 165 844 001	1 187 776 885
2 SWAPS to be received	368 616 743	374 437 630
3 EAGGF Guarantee — Net contingent gain on disposal of agricultural stock	198 330 000	259 170 000
4 Contingent assets relating to cases of fraud & irregularities concerning structural actions	1 102 621 000	815 363 000
5 Estimates of amounts receivable	1 173 109 478	403 946 460
Total	5 570 277 006	3 491 434 079

CONTINGENT LIABILITIES

	EUR	
	31.12.2004	31.12.2003
1 Guarantees given	13 900 339 453	13 573 600 979
1.1 Guarantees given for EIB loans	13 899 797 966	13 573 480 797
1.2 Guarantees signed by the EIF	541 487	—
1.3 Guarantees given in relation to financial activities	—	120 182
2 SWAPS to be delivered	371 601 438	382 392 139
3 EAGGF Guarantee	26 848 664 505	25 203 051 486
3.1 Expenditure incurred by the Member States under the EAGGF Guarantee section between 16 October — 31 December Year N	26 286 060 211	24 419 496 000
3.2 Contingent liabilities connected with the clearance of the EAGGF Guarantee accounts pending judgement by the Court of Justice	554 096 294	770 102 430
3.3 Contingent liability in connection with a procedure for correcting advances pending judgement by the Court of Justice	—	4 583 056
3.4 Contingent liabilities relating to the judgements by the Court of Justice pending enforcement	8 508 000	8 870 000
3.5 Contingent losses on the disposal of agricultural stock	—	—
4 Fines — Appeals to the Court of Justice	3 837 913 801	3 240 973 714
5 Commitments against differentiated appropriations not covered by carry-over of payment appropriations	107 468 224 915	102 620 979 678

EUR

	31.12.2004	31.12.2003
6 Legal Commitments for which budget commitments have not yet been made	89 485 289 562	106 637 115 929
6.1 Structural operations (aid planned but not committed for the period 2000-2006)	75 999 232 173	94 788 376 821
6.2 Cohesion fund	8 193 874 771	8 489 281 988
6.3 ISPA	630 464 832	2 553 409 104
6.4 TRDI	4 027 000 000	—
6.5 Protocols with Mediterranean Countries	253 739 892	234 128 893
6.6 External relations		
— KEDO	58 025 519	58 907 747
— UNWRA	63 669 375	124 306 875
— Shelter Fund	—	22 000 000
6.7 Fisheries agreements	259 283 000	366 704 501
7 Contributions to related organisations	1 022 500 000	1 120 205 310
7.1 Uncalled Share capital EBRD	442 500 000	442 500 000
7.2 Uncalled Share capital EIF	480 000 000	480 000 000
7.3 Uncalled Share capital Galileo programme (adjusted)	100 000 000	197 705 310
8 Contingent liabilities relating to the Emergency Veterinary Fund	23 354 854	538 863 573
9 Contingent liabilities relating to finance leases	210 665 139	777 379 207
10 Long term leasing	1 226 455 304	1 328 334 956
10.1 Buildings	1 226 236 785	1 327 587 708
10.2 IT equipment and vehicles	218 519	747 248
11 Amounts relating to legal cases	2 430 473 105	2 398 553 105
11.1 Actions for damages brought against the Commission	2 430 473 105	2 398 553 105
12 Correction of budgetary imbalances	P.M.	P.M.
Total	246 825 482 076	257 821 450 076

All contingent liabilities (except for SWAPS) would be financed, should they fall due, by the Communities' budget in the years to come. The Communities' budget is financed by the Member States.

OFF-BALANCE-SHEET COMMITMENTS: Contingent assets and liabilities

Contingent assets and liabilities are included in the annex to the financial statements as off-balance-sheet commitments. These include commitments made or received that could be of considerable budgetary significance in the medium or long term. Whether or not these commitments are confirmed will depend on the materialisation (or not) of one or more future events that are currently uncertain and not entirely under the control of the Communities.

CONTINGENT ASSETS**POINT 1: GUARANTEES RECEIVED****1.1 Guarantees received under borrowing and lending activities**

The Commission has received guarantees from third-party guarantors in respect of guarantees it has granted on loans under its borrowing and lending activities. The guarantees received may be classified as follows:

Guarantees received

	<i>EUR</i>	
	31.12.2004	31.12.2003
Euratom: guarantees by third countries	170 000 000	105 000 000
NCL: Loans to Member States	0	16 316 686
Total	170 000 000	121 316 686

The Commission has not received third-party guarantees for loans granted under the financial assistance (MFA) scheme. However, these loans, totalling EUR 1,214 million, are guaranteed by the Guarantee Fund.

1.2 Other guarantees received

These are guarantees received by the Commission in connection with the operation of its various activities during the year, particularly concerning pre-financing payments made. Due to the work undertaken by the Commission services as part of the accounting modernisation project, a significant number of guarantees were recorded in the accounting system during 2004 in preparation for the opening balance sheet of 2005. The inclusion of this updated information is the reason for the large increase since 2003. These amounts have not yet been finalised and represent the Commission's best estimate at the present time — thus it is possible that the amount may need to be adjusted for the opening balance sheet of 2005. Also included are guarantees totalling EUR 97.2million (2003: EUR 112.2 million) received by the ECSC in liquidation and guarantees of EUR 3.6 million received by the Court of Auditors.

1.3 Guarantees received in respect of fines' cases pending

See balance sheet heading assets VII.B.4 and Point 4 under Contingent Liabilities for further details of the treatment of the amounts received in relation to fines issued. In summary, the recipient of a fine wishing to appeal can either provide a bank guarantee for the amount (and interest) in question or make a provisional payment. EUR 1,165.8 million of such bank guarantees were received at 31 December 2004 and are shown as contingent assets.

POINT 2: SWAPS TO BE RECEIVED

These are SWAPS entered into by the Commission and ECSC in liquidation outstanding at year-end.

Swaps to be received

	EUR	
	31.12.2004	31.12.2003
Commission: Exchange rate swaps	125 000 000	125 000 000
ECSC in liquidation: Interest rate swaps	158 516 396	164 307 097
ECSC in liquidation: Interest & Exchange rate swaps	85 100 347	85 130 533
Total	368 616 743	374 437 630

POINT 3: NET CONTINGENT GAIN ON DISPOSAL OF AGRICULTURAL STOCKS

The situation as regards stocks was established at 30 September 2004 and additional depreciation of these stocks was also calculated at this date. The expected selling prices for products from public stocks might change in line with the market situation. The situation update of market prices in February 2005 shows a contingent gain of EUR 198.3 million (2003: contingent gain of EUR 259.2 million) compared with the end of 2004.

AGRICULTURAL STOCKS AT 30 SEPTEMBER 2004

PRODUCT	Quantity (tonnes)	Book value (EUR million) (a)	Foreseeable sales value (EUR million) (b)	Contingent losses/gains (EUR million) (c = b-a)
Common wheat, for bread	173 431	18,55	16,54	- 2,01
Durum wheat	0,00	0,00	0,00	0,00
Barley	109 211	8,52	9,94	1,42
Rye	3 195 872	209,70	177,13	- 32,57
Maize (corn)	0,00	0,00	0,00	0,00
Sorghum	0,00	0,00	0,00	0,00
CEREALS — TOTAL	3 478 514	236,77	203,61	- 33,16
Rice	605 023	61,75	76,53	14,78
Olive oil	0,00	0,00	0,00	0,00
Public alcohol (*)	3 226 025	47,31	61,29	13,98
Mixed alcohol (*)	61 690	1,08	1,18	0,10
TOTAL ALCOHOL	3 287 715	48,39	62,47	14,08
Butter	193 830	233,58	374,45	140,87
Skimmed milk powder	145 856	217,62	279,52	61,90
MILK PRODUCTS TOTAL	339 686	451,20	653,97	202,77
Bone/carcasses	151	0,14	0,00	- 0,14
Boned (boneless) beef	0,00	0,00	0,00	0,00
Equivalent. carcasses				
BEEF TOTAL	151	0,14	0,00	- 0,14
GRAND TOTAL		798,25	996,58	198,33

(a) real figures at 30 September 2004, after depreciation

(b) based on expected selling prices assumed in the situation update of February 2005 at the assumed budgetary rate of EUR 1 = USD 1.30

(c) + = gain; / — = loss.

(*) Alcohol quantities are shown in hl

POINT 4: FRAUD AND IRREGULARITIES — STRUCTURAL ACTIONS

The table below is based on the formal reports submitted by the Member States in accordance with Commission Regulation No 1681/94, with amounts broken down by Member State. The table shows the difference between amounts identified by the Member States as still to be recovered (calculated on the basis of established entitlements or estimates) and amounts already recovered or declared irrecoverable.

Contingent assets linked to fraud & irregularities cases

Member State	EUR'000	
	31.12.2004	31.12.2003
Belgium	14 574	2 505
Denmark	9 032	5 897
Germany	500 481	380 007
Greece	67 425	15 394
Spain	45 389	62 253
France	17 722	24 647
Ireland	2 824	8 715
Italy	294 349	170 889
Luxembourg	119	9
Netherlands	7 272	16 614
Austria	5 723	2 578
Poland	23	0
Portugal	58 233	42 074
Finland	2 076	1 612
Sweden	944	586
United Kingdom	76 435	81 583
TOTAL	1 102 621	815 363

The figures given in this table represent a theoretical maximum rather than the amounts that will actually be made available to the Communities' budget, for the following reasons:

- The Member States do not always report the results of their recovery operations (and certainly not promptly).
- Although Member States must inform the Commission of the likelihood of recovery, it is impossible to determine exactly what proportion of the amounts still to be recovered will actually be recovered. National laws sometimes provide for a 30-year limitation period, which may well make the national authorities delay formally writing off the debt even if the chances of recovery are only theoretical. For structural operations, Member States must now send the Commission once a year a statement of the amounts awaiting recovery (Article 8 of Regulation No 438/2001) to give a better picture of the actual situation.
- Even if the Member State concerned launches recovery proceedings in time, a positive outcome is not guaranteed. This is particularly true where recovery orders are contested in the courts.

- Individual projects are co-financed as part of multi-annual programmes. As long as a multi-annual programme has not been closed, it is impossible to put an exact figure on the amounts to be recovered because the sums involved in irregularities may, in certain circumstances, be reallocated to other, legitimate projects and because payment by instalments, in particular final payments, can sometimes be used as a means of adjusting expenditure. The figures in these tables are provisional figures based on the reports received and processed up to the end of March 2005. These figures may therefore be changed in line with further reports arriving late.

The prospects of recovery in individual cases cannot be assessed with sufficient accuracy from the information forwarded by the Member States.

On the date when the consolidated statements on the implementation of the budget were drawn up, the annual report on the fight against fraud for 2004 had not yet been adopted.

POINT 5: ESTIMATES OF AMOUNTS RECEIVABLE

An estimate of the amount receivable is first to be made by the authorising officer responsible in respect of any measure or situation that may give rise to or modify an amount owing to the Communities. Estimates of amounts receivable are to specify the type of revenue and the budget item to which they are to be booked and, as far as possible, the particulars of the debtor and the estimated amount. Subject to Article 161(2) of the Financial Regulation, an estimate of amounts receivable does not generate commitment appropriations. The estimate of amounts receivable is regularised, when the recovery order is drawn up, i.e. when the entitlement is certain, of a fixed amount and due.

The table below shows the breakdown by Member State of the estimated number of cases booked as memorandum items in respect of own resources:

Estimates of number of cases booked

Member State	Agricultural duties	Sugar levies	Custom duties	VAT balances	GNI balances	Late payment interest	Total
Belgium	2	0	7	4	3	21	37
Denmark	0	0	3	1	5	23	32
Germany	0	1	26	17	1	45	90
Greece	0	0	3	9	7	3	22
Spain	2	0	11	3	5	24	45
France	1	0	9	9	8	18	45
Ireland	0	0	2	1	4	7	14
Italy	0	0	8	12	4	16	40
Lux	0	0	2	3	1	0	6
NL	0	0	8	2	4	20	34
Austria	0	0	3	3	4	3	13
Portugal	0	0	10	5	4	15	34
Finland	0	0	4	6	3	7	20
Sweden	0	1	10	21	0	19	51
UK	0	0	16	7	6	22	51
Total	5	2	122	103	59	243	534

CONTINGENT LIABILITIES

POINT 1: GUARANTEES GIVEN

1.1. Loans granted by the European Investment Bank (EIB) to third countries from its own resources

As formulated, the guarantee legally covers the loans signed by the EIB at 31 December 2004 (including loans granted to Member States before accession). However, the Communities' guarantee is limited to a percentage of the ceiling of the credit lines authorised: 65 %, 70 %, 75 % or 100 %. Where the ceiling is not reached, the Communities' guarantee covers the full amount.

At 31 December 2004 the amount outstanding totalled EUR 13,900 million (2003: EUR 13,573 million) and this, therefore, is the maximum risk faced by the Communities.

For loans covered by the Communities' budget guarantee, the EIB also obtains guarantees from third parties (States, public or private financial institutions); in these cases the Commission is a secondary guarantor. The Communities' budget guarantee covers only the political risk of guarantees provided under the title of 'risk-sharing'. The other risks are covered by the EIB should the primary guarantor not honour the undertakings given.

For guarantees provided under the title of 'non-risk sharing', all the risks are covered by the Communities' budget should the primary guarantor not honour its undertakings given. If the primary guarantor is a public authority these risks are confined as a rule to the political risk, but when the guarantees are provided by an institution or a private company, the Communities' budget might also have to cover the commercial risk.

The loans granted by the EIB from its own resources to third countries and covered by the Communities' budget guarantee are as follows:

EIB LOANS GUARANTEED BY THE COMMUNITIES

	<i>EUR millions</i>				
	'Risk Sharing' 31.12.2004	'Non-risk Sharing' 31.12.2004		Outstanding 31.12.2004 Total	Outstanding 31.12.2003 Total
		Public authority	Private company		
65% guarantee	1 306	3 227	447	4 980	3 508
70% guarantee	574	3 233	577	4 384	4 607
75% guarantee	0	2 110	332	2 442	2 772
100% guarantee	0	1 577	517	2 094	2 686
Total	1 880	10 147	1 873	13 900	13 573

1.2. Guarantees signed by the European Investment Fund (EIF)

At 31 December 2004 the EIF had signed guarantees and commitments in venture capital operations totalling EUR 3,147.3 million, however of this amount EUR 958.9 million relates to the portfolio of guarantee operations for projects related to the development of Trans-European Networks (TEN) that has been transferred to EIB (the relevant Agreement was signed with the EIB on December 7, 2000.) The EIB bears the risk of the transactions (with the EIF remaining the guaranteeing party under the relevant Guarantee Agreements) and in return is entitled to receive the related fees (utilisation fee + commitment fee) from the intermediaries. Excluding these amounts since the EIF bears no risk, the total guarantees given and commitments in venture capital operations by the EIF at 31 December 2004 is EUR 2,188.4 million; this represents a maximum potential risk of EUR 656.5 million for the European Communities, as the Communities contribute 30 % of the capital of the EIF. The total capital subscribed by the Communities is EUR 600 million, of which 20 % has been called up.

As the EIF is consolidated using the equity method, the calculation of the maximum commitment from the Communities' budget takes account of not only the capital, but also the European Communities' share of the EIF's total own resources. The Communities' share of the EIF's own resources totals EUR 176 million (2003: EUR 170.2 million), see also note IV.A Assets. The capital not called up totals EUR 480 million. Thus, should all the guarantees be called in, the European Communities would have a liability of EUR 0.5 million (being share of guarantees outstanding EUR 656.5 million, less share of EIF own resources EUR 176 million, less share of uncalled capital EUR 480 million). At 31 December 2003 the same calculation produced a negative figure, so no contingent liability was shown.

The proportion of the capital subscribed by the European Communities which has not been called up (80 %) is also included in the off-balance-sheet commitments as a contingent liability (Point 7).

1.3. Guarantees in relation to financial activities

The amount relates to guarantees given by the Communities relating to JOP Facility 3. The Communities' risk is capped at the amounts shown.

POINT 2: SWAPS TO BE DELIVERED

These are SWAPS entered into by the Commission and ECSC in liquidation outstanding at year-end.

Swaps to be delivered

	<i>EUR</i>	
	31.12.2004	31.12.2003
Commission: Exchange rate swaps	125 000 000	130 000 000
ECSC in liquidation: Interest rate swaps	158 516 396	164 307 097
ECSC in liquidation: Interest & Exchange rate swaps	88 085 042	88 085 042
Total	371 601 438	382 392 139

POINT 3: EAGGF GUARANTEE

3.1. Expenditure between 16 October 2004 and 31 December 2004

In the case of the Guarantee Section of the European Agricultural Guidance and Guarantee Fund, the payments are those affected by the Member States between 16 October 2003 and 15 October 2004, provided that the accounting officer was notified of the commitment and authorisation by 31 January 2005. Payments made by Member States between 16 October and 31 December 2004 are included in the off-balance-sheet commitments.

3.2. Clearance of accounts

Contingent liabilities towards the Member States connected with the clearance procedures. The determination of the final amount of the liability and the year in which it will be charged to the budget will depend on the length of the procedure before the Court of Justice.

3.3 Contingent debt pending a judgement by the Court

Contingent debt towards a Member State as part of a procedure lodged with the Court of Justice concerning correction of advances.

3.4 Contingent debts in respect of judgements pending execution

Contingent debts for which the Commission decision has not been taken by the date on which the accounts are closed and for which the compensation arrangements need to be agreed on between the parties concerned.

POINT 4: FINES

As the fines imposed by the Commission for infringement of competition rules are entered in the result for the financial year, it has been decided that both fines for which an appeal has been lodged ⁽¹⁾ and those where it is unknown if an appeal will be made should be included as a contingent liability in the off-balance-sheet commitments pending a decision by the Court of Justice. This contingent liability will be maintained until a decision that acquires the authority of a final decision (see explanatory note to the balance sheet — assets VII b.4).

Fines Outstanding

EUR millions

Year	Appeals presented				Provisional payments appeal not known	Appeal not known, no amounts received	Total contingent liability
	With bank guarantees	Provisional payment made	Neither payment or guarantee	Total			
Pre 2004	1 165,8	1 387,7	219,3	2 772,8	42,2	35,4	2 850,4
2004	0,0	497,2	19,9	517,1	5,9	348,7	871,7
Total	1 165,8	1 884,9	239,2	3 289,9	48,1	384,1	3 722,1

This table shows the state of play with fines imposed by the Commission that were still pending a legal decision when the accounts were closed. Once notified, debtors who do not accept the Commission decision fining them are entitled to lodge an appeal with the Court of Justice. However, the principal of the fine has to be paid within the prescribed time limit, since under Article 242 of the EC Treaty appeals do not have suspensory effect. Debtors have two options: they can either provide a bank guarantee or make a provisional payment.

Only once the final judgment is delivered, does the Accounting Officer either refund the full amount of the provisional payment plus the interest on the principal or irrevocably collect the amount of the fine, as fixed by the final judicial decision, refunding, if appropriate, the relevant portion of the provisional payment together with the related interest.

Interest earned on provisional payments (EUR 115.8 million) is included in the result of adjustments for the year and also as a contingent liability to reflect the uncertainty of the amounts.

POINT 5: OUTSTANDING COMMITMENTS (RAL)

Commitments against differentiated appropriations still outstanding at 31 December 2004 totalled EUR 108.8 billion, of which EUR 1,366 million is covered by carryovers of payment appropriations from 2004 to 2005. The latter already feature in the budget out turn for the year, so they are not included in the potential liabilities. The outstanding commitment total of EUR 107.5 billion is the maximum potential commitment.

⁽¹⁾ Even if the appeal against fines imposed in 2004 was made in 2005 before the closure of accounts.

The overall amount of outstanding commitments has been growing over the last ten years, most of the increase being linked to the increase over the same period in commitment appropriations and corresponding to the deferred completion of the operations covered by the budget commitments. These normal outstanding commitments are the direct and legitimate consequence of the implementation of the Community budget. For 2004, the increase of commitments outstanding (before carry over) was 4.7 %, compared to a 5 % increase in 2003, mainly due to the gradual stabilisation of the situation for the Structural Funds in 2004. For the EU-15, the RAL amount was stabilised in 2004 and it increased for the EUR-10 by 4.6 billion, i.e. the approximate amount of the overall increase in the RAL.

In Joint Declarations in 2002 and 2003, the Commission, Parliament and Council emphasised the need to contain the amounts still to be cleared and to eliminate 'abnormal outstanding commitments' in the medium term. Potentially abnormal outstanding commitments were defined in these Declarations, by common agreement, as consisting of dormant commitments for which no payment had been made for the past two financial years and old commitments that have been in the budget for at least five financial years.

The Commission presented, along with the preliminary draft budget for 2005, the successful results of its endeavours to examine all potentially abnormal RAL (PAR) cases by the end of 2003. As each new financial year will add cases becoming potentially abnormal RAL, the Commission has continued the monitoring of potentially abnormal RAL in 2004.

The following table shows the potentially abnormal RAL in 2004. It should be emphasised that the remaining potentially abnormal RAL at the end of 2004 comprises, by and large, cases where the Commission has examined the RAL and justified the need to retain the outstanding commitments for future payments.

	<i>EUR millions</i>				
	Structural Funds	Internal policies	External action	Other	Total
Potentially abnormal RAL in the beginning of 2004, of which	10 249	1 107	2 318	685	14 359
— paid in 2004	4 214	267	657	133	5 271
— de-committed in 2004	2 182	214	282	36	2 714
— amounts retained after examination of commitments	3 853	626	1 379	516	6 374

POINT 6: LEGAL COMMITMENTS WITHOUT A BUDGET COMMITMENT

These contingent liabilities originated because the Commission decided to enter into legal commitments in respect of amounts that were not covered by commitment appropriations in the budget.

Under the Inter-institutional Agreement and, more generally, the rules relating to the budget, the following expenditure must be recorded as off-balance-sheet commitments in view of the volume of financial commitments which arises:

- The Structural Funds and the Cohesion Fund represent expenditure targets and the whole allocation shown in the financial perspective is meant to be matched by decisions. As a result, contingent commitments are evaluated at a maximum (points 6.1 and 6.2).

A second more binding level of commitment arises once there is a legal decision for each programme or project (see table below).

- ISPA: In itself, the ISPA Regulation does not lead to off-balance-sheet commitments as it does not provide for an annual allocation or even a total allocation. This is determined each year by the budgetary authority in line with the financial perspective. The ceilings in heading 7 (pre-accession) are not expenditure targets and the Inter-institutional Agreement allows a degree of flexibility between the various pre-accession instruments. On the other hand, ISPA generates contingent liabilities in connection with the individual projects as they involve a number of annual tranches of which only the first is covered by a budget commitment when the decision is adopted (point 6.3).

- The Temporary Rural Development Instrument (TRDI) for the new Member States is funded under the EAGGF-Guarantee and covers the period 2004 to 2006. It is financed under differentiated appropriations and annual commitments are automatically made each year on the basis of the Commission decision approving the programme. No additional annual decision is required. The Commission decision represents an expenditure target and the whole allocation is meant to be matched by decisions (point 6.4).
- The commitments made under financial protocols with Mediterranean non-member countries: The amount included in point 6.5 is the difference between the total amount of the protocols signed and the amount of the budget commitments entered in the accounts. The increase in these contingent liabilities corresponds to decommitments in 2004. These Protocols are international treaties that cannot be wound up without the agreement of both parties, although the process of winding them up is ongoing.
- Commitments entered into with specified third parties for other operations under heading 4, external actions, relating to specific amounts over a fixed period (points 6.6 and 6.7).

The other multi-annual programmes do not contain any commitments to be included under contingent liabilities: expenditure in future years is conditional on the annual decisions by the budgetary authority or changes in the rules concerned.

Commitments on Multi-Annual Programmes

EUR millions

Structural Funds ⁽¹⁾	Amounts available under the financial perspective (in current prices) (a)	Legal commitments concluded in 2000-2004 (b)	Budget commitments 2000/2004 ⁽²⁾ (c)	Maximum contingent commitments (a-c)	Legal commitments with no budget commitment (b-c ^(*))
Objective 1	162 136	161 969	106 297	55 839	55 672
Objective 2	24 378	24 295	17 411	6 967	6 884
Objective 3	26 180	25 961	18 028	8 152	7 933
FIFG (outside obj.1)	1 201	1 191	833	368	358
Communities initiatives	12 026	11 929	7 353	4 673	4 576
TOTAL	225 921	225 345	149 922	75 999	75 423

⁽¹⁾ Commitments concerning innovation measures and technical assistance are not included in this list as they are not likely to have generated any off-balance-sheet commitments.

⁽²⁾ Including appropriations cancelled and those which have not been carried over or transferred in 2000, 2001, 2002, 2003 and 2004

^(*) Budget commitments in respect of the networks are not included unless they take the form of a programme with annual tranches

Legal commitments not followed up by a budget commitment total EUR 75.4 billion (2003: EUR 84.2 billion) and correspond to the difference between the value of the programmes adopted by the Commission at 31 December 2004 and the amount of budget commitments entered into in respect of these programmes and implemented between 2000 and 2004.

Cohesion Fund

EUR millions

Total allocation 2000-2006 ^(*) (a)	Budget commitments (b)	Maximum contingent commitments (a-b)
27 848	19 654	8 194

^(*) Under the ceiling for the Cohesion Fund in the financial perspective in force at 31 December 2004

ISPA

EUR millions

ISPA contribution to projects adopted by the Commission between 2000 and 2004 (a)	Budget commitments (b)	Maximum contingent commitments (a-b)
2 510	1 880	630

TRDI (*)

EUR millions

Total allocation 2004-2006 (*) (a)	Budget commitments (b)	Maximum contingent commitments (a-b)
5 760	1 733	4 027

(*) Temporary Rural Development Instrument for new Member States

POINT 7: CONTRIBUTIONS TO RELATED ORGANISATIONS

This sum represents payments outstanding on non-called-up capital subscribed by the Commission.

7.1. Uncalled share capital: EBRD

EUR millions

EBRD	Total EBRD capital	Commission subscription
Capital	19 790	600
Paid-in	- 5 197	- 157,5
Uncalled	14 593	442,5

7.2. Uncalled share capital: EIF

EUR millions

EIF	Total EIF capital	Commission subscription
Capital	200	600
Paid-in	- 400	- 120
Uncalled	100	480

7.3. Uncalled share capital: Galileo joint venture

EUR millions

Galileo	Total Galileo capital	Commission subscription
Capital	575	520
Paid-in	- 307	- 282
Uncalled	268	238
Incl. in RAL	N/A	- 138
Contingent Liability	N/A	100

Pursuant to Council Regulation (EC) No 876/2002 of 21 May 2002 the Commission's contribution to the Galileo joint venture is EUR 520 million. This commitment is for a period of four years ending on 20 May 2006. In 2003, EUR 2 million of interest earned on the Commission contribution was treated as an increase in its subscription, however this has been corrected so that the interest has now been taken as revenue of the Galileo joint undertaking itself. Commitments of EUR 138 million not yet paid are included in the RAL (above) and so deducted from the above uncalled amounts.

POINT 8: EMERGENCY VETERINARY FUND

This heading covers amounts for foot-and-mouth primarily, but also other disease eradication costs that may have to be borne by the Communities' budget. The amounts entered represent the maximum possible liability minus the amounts already entered as either provisions or debts. The significant reduction since last year-end is due primarily to the agreement of the final amount to be paid to the UK relating to the foot-and-mouth crisis of 2001. The amount due to be paid is included as a debt on the balance sheet as amounts due to Member States.

POINT 9: CONTINGENT LIABILITIES RELATING TO FINANCE LEASES

An agreement was signed between the Commission, the Belgian State and S.A. Berlaymont 2002 on 13 November 2002. It fixed the maximum price the Commission would have to pay and a deadline for the building to be made available. In 2003, the amount entered as a contingent liability was the value of the building before renovation (EUR 49,578,705) and a fixed amount (EUR 503,300,502) covering the cost of the renovation work and all other costs. However, the building is now included on the balance sheet of the Communities at 31 December 2004, together with corresponding lease liability, since the long-term finance lease contract was signed during 2004. Thus no contingent liability need be recognised at this year-end.

The outstanding contractual obligation relating to the construction of the Council's LEX-building (EUR 188.6 million) has been included as a contingent liability at year end 2004. As nothing had been originally included in 2003, the corresponding figure (EUR 224.5 million) has been retrospectively also shown under this heading.

Also included here is a contingent liability of EUR 22.1 million relating to a lease agreement signed by the Committee of Regions and the Economic and Social Committee in 2004 for a building occupied by them in 2005.

POINT 10: LONG-TERM LEASES

10.1. Buildings

This heading covers buildings occupied under a long-term leasing contract (with an initial term of five years or more) that do not meet the conditions for entry on the assets side of the balance sheet. The amounts indicated correspond to commitments still to be paid during the term of the contract, except for the Court of Justice's Palais building, which is occupied under an indefinite lease; here, the amount of EUR 2.3 million corresponds to the annual rent.

The Council's figure for 2003 has retrospectively been modified as updated information has been provided.

The total for rented buildings breaks down as follows:

<i>EUR millions</i>	
Institution	Amount
Parliament	88,3
Council	177,5
Commission	951,1
Court of Justice	2,3
Court of Auditors	7,0
Total	1 226,2

In accordance with the framework contract relating to the construction of one or more extensions to the building of the Court of Auditors, signed on 15 December 1999, the Luxembourg State undertakes to grant the Court a building lease on the land for the first extension at the price of EUR 1 (one) for a period not exceeding 49 years. Any further building leases on other land needed for the other extensions must not exceed the expiry date of the building lease granted for the first extension.

The Luxembourg State also undertakes to sell the land at any time at the market rate determined by a joint expert opinion. For its part, the Court undertakes to do all it can to purchase the land from the Luxembourg State. It will ask the budgetary authority for the necessary funds.

POINT 11: AMOUNTS RELATED TO LEGAL CASES

11.1 Actions for damages brought against the Commission

This heading relates to three actions for damages currently being brought against the Commission:

The first action was brought against it in June 2003 in relation to a ruling made by the Commission. The claim is for EUR 735 million. The Commission submitted its rejoinder in February 2005.

In the second case an action for damages was brought in October 2003, also in relation to a ruling made by the Commission. The claim is for an amount of EUR 1,664 million. The Commission submitted its rejoinder in November 2004.

Neither case is likely to be decided before sometime in 2006. It should be noted that in an action for damages under Article 288 EC the applicant must demonstrate a sufficiently serious breach by the institution of a rule of law intended to confer rights on individuals, real harm suffered by the applicant, and a direct causal link between the unlawful act and the harm. In both cases the Commission has vigorously denied any liability in damages.

In the final case, in May 2004 the owner of a building in Brussels initiated a legal process in the Court of First Instance against the Commission in order to be compensated for a non-signature of a lease contract. The Commission has estimated the possible obligation to be EUR 27 million, which is thus treated as contingent liability.

Also included at 31 December 2004 is an amount of EUR 4.9 million relating to a case involving the Council.
