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*(Information)*

## COMMISSION

## DEFINITIVE ANNUAL ACCOUNTS OF THE EUROPEAN COMMUNITIES

FINANCIAL YEAR 2002

## VOLUME I

## CONSOLIDATED STATEMENTS ON BUDGET IMPLEMENTATION AND CONSOLIDATED FINANCIAL STATEMENTS

(2003/C 316/01)

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## DEVELOPMENT OF THE EUROPEAN COMMUNITIES' ACCOUNTING SYSTEM

As an information system, public-sector accounting has substantially broadened its objectives from a mere record of budget execution to a more dynamic and complete management, setting out the economic, financial and asset/liability implications which arise.

In recent years, it has emerged that the European Communities' accounts needed to be modernised to change from a system of accounts focusing on a mere 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 has therefore undertaken to gradually fall into line with the approach adopted by a large number of States and supported by international bodies such as IFAC <sup>(1)</sup> and OECD.

A number of decisions taken in 2002 will place the Communities in the forefront of the international movement towards modernisation of the accounts from 2005.

The new Financial Regulation <sup>(2)</sup> 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.

A dual system will be introduced on this date. While the budget accounts will still be subject to the cash principle, the general accounts will be fully fledged accrual accounts from 2005.

The Commission communication of 17 December 2002 on the modernisation of the accounting system sets out the measures, timetable and resources needed for the reform of the accounts. A new accounting framework will be drawn up. The rules and methods applicable will be based on internationally accepted standards for the public sector — the IPSAS standards — and, for accounting transactions which are not yet covered, on the IAS standards. They will be subject to the opinion of an accounting standards committee providing independent professional guidance. The critical event for each transaction will be defined and the information architecture will be reviewed to ensure that each accounting event is fully registered at source. The financial statements can then be produced automatically. Each DG's internal control will be extended to the accounting aspects. Finally, the scope of consolidation will be extended.

However, the Commission has anticipated this reform and already introduced elements of accrual accounting in the presentation of the financial statements in recent years, without yet being able to apply the corresponding standards in full.

At present, this information does not come from an integrated system of accounts. The Accounting Officer's departments have to use non-accounting information from the various Directorates-General to complete the financial balance sheet and draw up the annexes to this balance sheet.

In 2000 and 2001 a special effort was made to improve the reliability of the information on fixed assets, inventories, the list of financial intermediaries, the valuation of entitlements and official's pension rights.

This approach was continued more intensely in 2002. The presentation of the annual accounts and the explanatory notes have been supplemented, new balance-sheet and off-balance-sheet items have been included, the valuation of the shareholding in the EIF has been brought into line with IPSAS standards and the consolidation procedures have been improved.

<sup>(1)</sup> International Federation of Accountants.

<sup>(2)</sup> OJ L 248, 16.9.2002.

## STRUCTURE 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.

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

Volume I — Consolidated statements on budget implementation and consolidated financial statements

Volume II — Part I: Commission — Budget implementation statements  
— Part II: Commission and Euratom Supply Agency — Financial statements

Volume III — European Parliament, the Council, the Court of Justice, the Court of Auditors, the Economic and Social Committee, the Committee of the Regions and the Ombudsman

The annual accounts now comprise three volumes. In accordance with Article 122 of the new Financial Regulation, the report on budgetary and financial management during the year no longer forms part of the annual accounts as in the past, but accompanies the annual accounts.

Under the transitional provisions of the new Financial Regulation, for accounts relating to financial years prior to 2005, the Commission accounting officer must, in accordance with Article 129(2) and Article 181(2) of the Financial Regulation, consolidate the definitive accounts. Then the Commission must, in accordance with Article 129(3) and Article 181(2) approve them and send them to the European Parliament and the Court of Auditors by 15 October of the following year.

The final accounts will be published in the *Official Journal of the European Union* together with the statement of assurance given by the Court of Auditors by 30 November 2003 in accordance with Articles 129 and 181 of the Financial Regulation.

## CHAPTER I

## CONSOLIDATED STATEMENTS ON THE IMPLEMENTATION OF THE BUDGET OF THE EUROPEAN COMMUNITIES

## 2002 BUDGET OUTTURN

The EFTA-EEA outturn is shown under heading IV.C.1 on the liabilities side of the consolidated balance sheet.

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

An explanation of the EFTA-EEA regime can be found in the explanatory notes, Annex 2.

EUR

	EFTA-EEA	European Communities	Total
REVENUE FOR YEAR	94 962 082,00	95 339 442 563,45	95 434 404 645,45
<b>Payments against appropriations for the year</b>	-86 723 282,10	-83 684 043 337,13	-83 770 766 619,23
<b>Appropriations carried over to 2003</b>		-4 846 976 388,84	-4 846 976 388,84
<b>EFTA-EEA appropriations carried over from 2001</b>	-508 443,04		-508 443,04
CANCELLATION OF APPROPS CARRIED OVER FROM 2001 AND NOT USED IN 2002	508 443,04	857 875 475,05	858 383 918,09
EXCHANGE DIFFERENCES FOR THE YEAR		-252 816 324,19	-252 816 324,19
<b>Balance for the year</b>	8 238 799,90	7 413 481 988,34	7 421 720 788,24

## SUMMARY OF IMPLEMENTATION OF GENERAL BUDGET — REVENUE 2002

(EUR)

Title	Budget		Entitlements established			Revenue			% of budget collected	To be recovered
	initial	definitive	year	carried over	Total	year	carried over	Total		
	1	2	3	4	5=3+4	6	7	8=6+7	9=8/2	10=5-8
1 Own resources	93 644 195 004,00	80 926 283 648,00	79 394 796 638,37	2 173 440 157,05	81 568 236 795,42	77 651 583 699,32	2 123 786 206,57	79 775 369 905,89	98,58 %	1 792 866 889,53
2 Adjustment of collection costs	0,00	-2 037 915 181,00	-2 023 032 973,62	0,00	-2 023 032 973,62	-2 023 032 973,59	0,00	-2 023 032 973,59	99,27 %	-0,03
3 Surpluses available	1 200 000 000,00	15 374 982 104,00	15 211 517 690,08	372 460 000,00	15 583 977 690,08	14 948 187 690,19	372 460 000,00	15 320 647 690,19	99,65 %	263 329 999,89
4 Miscellaneous Community taxes, levies and duties	588 420 234,00	587 492 563,00	575 046 558,08	3 197 961,10	578 244 519,18	572 295 905,42	2 952 925,93	575 248 831,35	97,92 %	2 995 687,83
5 Administrative operation of the institutions	87 013 000,00	112 267 898,50	117 697 008,09	50 696 688,05	168 393 696,14	95 174 123,90	45 502 533,60	140 676 657,50	125,30 %	27 717 038,64
6 Contributions from third parties	91 381 003,00	461 772 620,19	870 234 168,22	146 203 660,52	1 016 437 828,74	748 404 800,63	128 015 532,96	876 420 333,59	189,79 %	140 017 495,15
7 Interest on late payments and fines	0,00	583 400 000,00	1 118 673 407,16	2 947 869 928,17	4 066 543 335,33	10 726 869,39	620 724 984,81	631 451 854,20	108,24 %	3 435 091 481,13
8 Borrowing and lending operations	21 516 180,00	21 516 180,00	44 878 936,04	13 449 120,47	58 328 056,51	44 520 917,09	12 187 913,61	56 708 830,70	263,56 %	1 619 225,81
9 Miscellaneous revenue	22 234 000,00	22 234 000,00	82 195 775,27	9 612 422,23	91 808 197,50	78 544 546,84	2 368 968,78	80 913 515,62	363,92 %	10 894 681,88
<b>Total</b>	95 654 759 421,00	96 052 033 832,69	95 392 007 207,69	5 716 929 937,59	101 108 937 145,28	92 126 405 579,19	3 307 999 066,26	95 434 404 645,45	99,36 %	5 674 532 499,83

## TITLE 1: OWN RESOURCES

Chapter	Budget		Entitlements established			Revenue			% of budget collected	To be recovered
	initial	definitive	year	carried over	Total	year	carried over	Total		
	1	2	3	4	5=3+4	6	7	8=6+7		
10 Agricultural duties	1 121 700 000,00	1 121 700 000,00	1 191 071 161,25	578 723 277,14	1 769 794 438,39	601 532 217,44	578 715 068,61	1 180 247 286,05	105,22 %	589 547 152,34
11 Sugar levies	770 900 000,00	770 900 000,00	865 218 002,47	3 529 581,98	868 747 584,45	861 308 912,96	3 529 581,98	864 838 494,94	112,19 %	3 909 089,51
12 Customs duties	15 765 900 000,00	13 734 200 000,00	12 870 733 798,24	1 832 680 648,69	14 703 414 446,93	11 139 900 859,52	1 777 517 801,14	12 917 508 660,66	94,05 %	1 785 905 786,27
13 VAT	36 603 934 352,00	22 601 189 980,00	22 539 172 732,29	0,00	22 539 172 732,29	22 538 960 831,71	0,00	22 538 960 831,71	99,72 %	211 900,58
14 GNP	41 147 610 652,00	46 604 993 668,00	45 850 609 172,47	0,00	45 850 609 172,47	45 850 349 483,70	0,00	45 850 349 483,70	98,38 %	259 688,77
15 Correction of budgetary imbalances	0,00	0,00	149 071 090,27	0,00	149 071 090,27	149 032 265,55	0,00	149 032 265,55	0,00 %	38 824,72
19 Costs incurred in the collection of own resources	-1 765 850 000,00	-3 906 700 000,00	-4 071 079 318,62	-241 493 350,76	-4 312 572 669,38	-3 489 590 871,56	-235 976 245,16	-3 725 567 116,72	95,36 %	-587 005 552,66
<b>Total Title 1</b>	<b>93 644 195 004,00</b>	<b>80 926 283 648,00</b>	<b>79 394 796 638,37</b>	<b>2 173 440 157,05</b>	<b>81 568 236 795,42</b>	<b>77 651 583 699,32</b>	<b>2 123 786 206,57</b>	<b>79 775 369 905,89</b>	<b>98,58 %</b>	<b>1 792 866 889,53</b>

## TITLE 3: SURPLUSES, BALANCES AND ADJUSTMENTS

Chapter	Budget		Entitlements established			Revenue			% of budget collected	To be recovered
	initial	definitive	year	carried over	Total	year	carried over	Total		
	1	2	3	4	5=3+4	6	7	8=6+7		
30 Surplus available from the preceding financial year	1 200 000 000,00	15 374 982 104,00	15 265 852 103,55	372 460 000,00	15 638 312 103,55	15 002 522 103,55	372 460 000,00	15 374 982 103,55	100,00 %	263 330 000,00
31 Balances on VAT	0,00	0,00	-150 786 347,49	0,00	-150 786 347,49	-150 786 347,40	0,00	-150 786 347,40	0,00 %	-0,09
32 Balances on GNP	0,00	0,00	97 261 471,44	0,00	97 261 471,44	97 261 471,47	0,00	97 261 471,47	0,00 %	-0,03
35 Correction United Kingdom	0,00	0,00	-809 537,42	0,00	-809 537,42	-809 537,43	0,00	-809 537,43	0,00 %	0,01
<b>Total Title 3</b>	<b>1 200 000 000,00</b>	<b>15 374 982 104,00</b>	<b>15 211 517 690,08</b>	<b>372 460 000,00</b>	<b>15 583 977 690,08</b>	<b>14 948 187 690,19</b>	<b>372 460 000,00</b>	<b>15 320 647 690,00</b>	<b>99,65 %</b>	<b>263 329 999,89</b>

## ITEM 1500: CORRECTION OF BUDGETARY IMBALANCES

(EUR)

Member State	Budget		Entitlements established			Revenue			% of budget collected	To be recovered
	initial	definitive	year	carried over	Total	year	carried over	Total		
	1	2	3	4	5=3+4	6	7	8=6+7	9=8/2	10=5-8
Germany	861 048 843,00	367 295 894,00	367 295 894,04	0,00	367 295 894,04	367 295 894,04	0,00	367 295 894,04	100,00 %	0,00
Austria	150 191 146,00	38 184 010,00	38 184 009,96	0,00	38 184 009,96	38 184 009,96	0,00	38 184 009,96	100,00 %	0,00
Belgium	188 790 867,00	279 005 444,00	279 005 444,04	0,00	279 005 444,04	279 005 444,04	0,00	279 005 444,04	100,00 %	0,00
Danemark	121 713 506,00	189 592 798,00	189 758 256,66	0,00	189 758 256,66	189 758 256,79	0,00	189 758 256,79	100,09 %	-0,13
Spain	453 690 112,00	695 690 313,00	695 690 313,00	0,00	695 690 313,00	695 690 313,00	0,00	695 690 313,00	100,00 %	0,00
Finland	95 943 846,00	140 961 081,00	140 961 081,00	0,00	140 961 081,00	140 961 081,00	0,00	140 961 081,00	100,00 %	0,00
France	1 014 738 642,00	1 554 005 952,00	1 554 005 952,00	0,00	1 554 005 952,00	1 554 005 952,00	0,00	1 554 005 952,00	100,00 %	0,00
Greece	95 262 714,00	144 742 879,00	144 742 878,96	0,00	144 742 878,96	144 742 878,96	0,00	144 742 878,96	100,00 %	0,00
Ireland	79 460 475,00	107 476 326,00	107 476 326,00	0,00	107 476 326,00	107 476 326,00	0,00	107 476 326,00	100,00 %	0,00
Italy	859 143 760,00	1 302 458 442,00	1 302 458 442,00	0,00	1 302 458 442,00	1 302 458 442,00	0,00	1 302 458 442,00	100,00 %	0,00
Luxembourg	14 873 871,00	20 791 648,00	20 791 647,96	0,00	20 791 647,96	20 791 647,96	0,00	20 791 647,96	100,00 %	0,00
Netherlands	305 539 548,00	80 538 790,00	80 538 789,96	0,00	80 538 789,96	80 538 789,96	0,00	80 538 789,96	100,00 %	0,00
Portugal	84 942 570,00	128 792 932,00	128 792 931,96	0,00	128 792 931,96	128 792 931,96	0,00	128 792 931,96	100,00 %	0,00
United Kingdom	-4 489 846 372,00	-5 092 194 293,00	-4 943 201 381,18	0,00	-4 943 201 381,18	-4 943 201 381,04	0,00	-4 943 201 381,04	97,07 %	-0,14
Sweden	164 506 472,00	42 657 784,00	42 570 503,91	0,00	42 570 503,91	42 531 678,92	0,00	42 531 678,92	99,70 %	38 824,99
Total	0,00	0,00	149 071 090,27	0,00	149 071 090,27	149 032 265,55	0,00	149 032 265,55		38 824,72



## 2002 FINANCIAL YEAR: COMPARISON OF CONSOLIDATED BUDGET IMPLEMENTATION REVENUE 2002 AND 2001

EUR

Title	Budget revenue		Entitlements established		Revenue		% of budget collected		To be recovered	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	1	2	3	4	5	6	7=5/1	8=6/2	9=3-5	10=4-6
1 Own resources	80 926 283 648,00	81 469 724 574,00	81 568 236 795,42	81 845 795 904,86	79 775 369 905,89	79 672 345 663,07	98,58 %	97,79 %	1 792 866 889,53	2 173 450 241,79
2 Adjustment of collection costs	-2 037 915 181,00		-2 023 032 973,62		-2 023 032 973,59		99,27 %		-0,03	
3 Surpluses available	15 374 982 104,00	11 612 731 946,00	15 583 977 690,08	12 658 431 956,09	15 320 647 690,19	12 658 431 957,31	99,65 %	109,00 %	263 329 999,89	-1,22
4 Miscellaneous Community taxes, levies and dues	587 492 563,00	562 525 101,00	578 244 519,18	544 387 409,04	575 248 831,35	541 189 447,93	97,92 %	96,21 %	2 995 687,83	3 197 961,11
5 Administrative operation of the institutions	112 267 898,50	62 044 000,00	168 393 696,14	241 614 880,22	140 676 657,50	190 791 678,05	125,30 %	307,51 %	27 717 038,64	50 823 202,17
6 Contributions from third parties	461 772 620,19	400 199 080,95	1 016 437 828,74	910 578 412,40	876 420 333,59	764 436 890,97	189,79 %	191,01 %	140 017 495,15	146 141 521,43
7 Interest on late payments and fines	583 400 000,00	0,00	4 066 543 335,33	3 022 998 346,92	631 451 854,20	75 342 532,74	108,24 %		3 435 091 481,13	2 947 655 814,18
8 Borrowing and lending operations	21 516 180,00	22 276 311,00	58 328 056,51	755 956 657,72	56 708 830,70	370 047 537,25	263,56 %	1661,17 %	1 619 225,81	385 909 120,47
9 Miscellaneous revenue	22 234 000,00	5 114 000,00	91 808 197,50	26 278 780,70	80 913 515,62	16 661 648,39	363,92 %	325,80 %	10 894 681,88	9 617 132,31
<b>Total</b>	<b>96 052 033 832,69</b>	<b>94 134 615 012,95</b>	<b>101 108 937 145,28</b>	<b>100 006 042 347,95</b>	<b>95 434 404 645,45</b>	<b>94 289 247 335,71</b>	<b>99,36 %</b>	<b>100,16 %</b>	<b>5 674 532 499,83</b>	<b>5 716 794 992,24</b>

## TITLE 1: OWN RESOURCES

EUR

Chapter	Budget revenue		Entitlements established		Revenue		% of budget collected		To be recovered	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	1	2	3	4	5	6	7=5/1	8=6/2	9=3-5	10=4-6
10 Agricultural duties	1 121 700 000,00	1 180 000 000,00	1 769 794 438,39	1 711 583 820,20	1 180 247 286,05	1 132 860 543,20	105,22 %	96,01 %	589 547 152,34	578 723 277,00
11 Sugar levies	770 900 000,00	1 006 300 000,00	868 747 584,45	843 557 802,01	864 838 494,94	840 028 220,14	112,19 %	83,48 %	3 909 089,51	3 529 581,87
12 Customs duties	13 734 200 000,00	15 147 500 000,00	14 703 414 446,93	16 070 043 714,82	12 917 508 660,66	14 237 352 073,71	94,05 %	93,99 %	1 785 905 786,27	1 832 691 641,11
13 VAT	22 601 189 980,00	30 691 441 704,00	22 539 172 732,29	30 695 386 308,60	22 538 960 831,71	30 695 386 315,08	99,72 %	100,01 %	211 900,58	-6,48
14 GNP	46 604 993 668,00	35 177 862 870,00	45 850 609 172,47	34 460 234 510,40	45 850 349 483,70	34 460 234 519,47	98,38 %	97,96 %	259 688,77	-9,07
15 Correction of budgetary imbalances	0,00	0,00	149 071 090,27	-72 491 491,55	149 032 265,55	-72 491 488,90			38 824,72	-2,65
19 Costs incurred in the collection of own resources	-3 906 700 000,00	-1 733 380 000,00	-4 312 572 669,38	-1 862 518 759,62	-3 725 567 116,72	-1 621 024 519,63	93,36 %	93,52 %	-587 005 552,66	-241 494 239,99
<b>Total</b>	80 926 283 648,00	81 469 724 574,00	81 568 236 795,42	81 845 795 904,86	79 775 369 905,89	79 672 345 663,07	98,58 %	97,79 %	1 792 866 889,53	2 173 450 241,79

## TITLE 3: SURPLUSES, BALANCES AND ADJUSTMENTS

EUR

Chapter	Budget revenue		Entitlements established		Revenue		% of budget collected		To be recovered	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	1	2	3	4	5	6	7=5/1	8=6/2	9=3-5	10=4-6
30 Surplus available from the preceding financial year	15 374 982 104,00	11 612 731 946,00	15 638 312 103,55	11 612 731 945,86	15 374 982 103,55	11 612 731 945,86	100,00 %	100,00 %	263 330 000,00	0,00
31 Balances on VAT	0,00	0,00	-150 786 347,49	624 942 640,78	-150 786 347,40	624 942 641,69			-0,09	-0,91
32 Balances on GNP	0,00	0,00	97 261 471,44	418 583 356,29	97 261 471,47	418 583 356,64			-0,03	-0,35
35 Correction United Kingdom	0,00	0,00	-809 537,42	2 174 013,16	-809 537,43	2 174 013,12			0,01	0,04
<b>Total</b>	15 374 982 104,00	11 612 731 946,00	15 583 977 690,08	12 658 431 956,09	15 320 647 690,19	12 658 431 957,31	99,65 %	109,00 %	263 329 999,89	-1,22

## 1. CONSOLIDATED SUMMARY OF BUDGETARY IMPLEMENTATION OF EXPENDITURE

EUR

Commitment appropriations — changes and composition				Payment appropriations — changes and composition			
	Non-diff. approps	Diff. approps	Total		Non-diff. approps	Diff. approps	Total
<b>Budget</b>				<b>Budget</b>			
Appropriations entered in budget	49 893 641 242,00	48 739 813 600,00	98 633 454 842,00	Appropriations entered in budget	49 893 641 242,00	45 759 846 100,00	95 653 487 342,00
Changes (transfers, SAB, EFTA)	4 654 196,00	899 012 755,95	903 666 951,95	Changes (transfers, SAB, EFTA)	4 654 196,00	92 329 314,25	96 983 510,25
Total definitive budget appropriations	49 898 295 438,00	49 638 826 355,95	99 537 121 793,95	Total definitive budget appropriations	49 898 295 438,00	45 852 175 414,25	95 750 470 852,25
<b>Additional appropriations</b>				<b>Additional appropriations</b>			
Revenue from third parties	6 216 014,08	722 129 918,41	728 345 932,49	Revenue from third parties	7 894 020,54	962 511 916,59	970 405 937,13
Total revenue from third parties	6 216 014,08	722 129 918,41	728 345 932,49	Total revenue from third parties	7 894 020,54	962 511 916,59	970 405 937,13
Appropriations carried over				Appropriations carried over			
Total appropriations carried over from previous year	102 159 535,67	309 117 913,46	411 277 449,13	Total appropriations carried over from previous year	1 145 677 667,75	394 700 802,04	1 540 378 469,79
Other appropriations				Other appropriations			
Appropriations available for re-use	200 670 767,52	95 244 173,74	295 914 941,26	Appropriations available for re-use	216 545 399,52	97 529 244,52	314 074 644,04
Appropriations made available again	0,00	3 947 684,00	3 947 684,00	Appropriations made available again	0,00	3 947 684,00	3 947 684,00
Other appropriations — Total	200 670 767,52	99 191 857,74	299 862 625,26	Other appropriations — Total	216 545 399,52	101 476 928,52	318 022 328,04
Total definitive budget appropriations	49 898 295 438,00	49 638 826 355,95	99 537 121 793,95	Total definitive budget appropriations	49 898 295 438,00	45 852 175 414,25	95 750 470 852,25
<b>Total additional appropriations</b>	309 046 317,27	1 130 439 689,61	1 439 486 006,88	<b>Total additional appropriations</b>	1 370 117 087,81	1 458 689 647,15	2 828 806 734,96
<b>Total appropriations authorised</b>	50 207 341 755,27	50 769 266 045,56	100 976 607 800,83	<b>Total appropriations authorised</b>	51 268 412 525,81	47 310 865 061,40	98 579 277 587,21

## 2. CONSOLIDATED SUMMARY OF BUDGETARY IMPLEMENTATION OF EXPENDITURE

EUR

Implementation of commitment appropriations				Implementation of payment appropriations			
	Non-diff. approps	Diff. approps	Total		Non-diff. approps	Diff. approps	Total
<b>Appropriations</b>				<b>Appropriations</b>			
Appropriations for year	49 904 511 452,08	50 360 956 274,36	100 265 467 726,44	Appropriations for year	49 906 189 458,54	46 814 687 330,84	96 720 876 789,38
Carryovers from 2001	102 159 535,67	309 117 913,46	411 277 449,13	Carryovers from 2001	1 145 677 667,75	394 700 802,04	1 540 378 469,79
Other appropriations	200 670 767,52	99 191 857,74	299 862 625,26	Other appropriations	216 545 399,52	101 476 928,52	318 022 328,04
Total approps authorised	50 207 341 755,27	50 769 266 045,56	100 976 607 800,83	Total approps authorised	51 268 412 525,81	47 310 865 061,40	98 579 277 587,21
<b>Commitments made</b>				<b>Payments made</b>			
Appropriations for year	48 420 276 709,98	49 850 456 856,55	98 270 733 566,53	Appropriations for year	47 732 456 789,27	36 038 309 829,96	83 770 766 619,23
Carryovers from 2001	102 158 886,67	308 344 744,50	410 503 631,17	Carryovers from 2001	1 038 665 384,01	193 147 100,48	1 231 812 484,49
Against other approps	137 257 658,00	56 202 451,11	193 460 109,11	Against other approps	131 486 975,63	10 403 227,52	141 890 203,15
Total commitments	48 659 693 254,65	50 215 004 052,16	98 874 697 306,81	Total payments	48 902 609 148,91	36 241 860 157,96	85 144 469 306,87
<b>Apps carried over to 2003</b>				<b>Apps carried over to 2003</b>			
Automatic carryovers	4 147 514,08	211 164 054,90	215 311 568,98	Automatic carryovers	688 743 166,45	678 039 464,55	1 366 782 631,00
Non-automatic carryovers	100 628 929,00	63 844 264,46	164 473 193,46	Non-automatic carryovers	100 628 929,00	3 379 564 828,84	3 480 193 757,84
Other appropriations	62 242 901,01	32 848 462,43	95 091 363,44	Other appropriations	82 547 791,68	65 043 731,72	147 591 523,40
Total carryovers	167 019 344,09	307 856 781,79	474 876 125,88	Total carryovers	871 919 887,13	4 122 648 025,11	4 994 567 912,24
<b>Approps cancelled</b>				<b>Approps cancelled</b>			
Appropriations for year	1 379 458 299,02	235 491 098,45	1 614 949 397,47	Appropriations for year	1 384 360 573,82	6 718 773 207,49	8 103 133 781,31
Carryovers from 2001	649,00	773 168,96	773 817,96	Carryovers from 2001	107 012 283,74	201 553 701,56	308 565 985,30
Other appropriations	1 170 208,51	10 140 944,20	11 311 152,71	Other appropriations	2 510 632,21	26 029 969,28	28 540 601,49
Total approps cancelled	1 380 629 156,53	246 405 211,61	1 627 034 368,14	Total approps cancelled	1 493 883 489,77	6 946 356 878,33	8 440 240 368,10

## 3. CONSOLIDATED SUMMARY OF BUDGETARY IMPLEMENTATION OF EXPENDITURE

EUR

Implementation of commitment appropriations by type of appropriation				Implementation of payment appropriations by type of appropriation			
	Non-diff. approps	Diff. approps	Total		Non-diff. approps	Diff. approps	Total
Appropriations entered in the budget	49 893 641 242,00	48 739 813 600,00	98 633 454 842,00	Appropriations entered in the budget	49 893 641 242,00	45 759 846 100,00	95 653 487 342,00
Additional appropriations	2 899 896,00	798 000 000,00	800 899 896,00	Additional appropriations	2 899 896,00	0,00	2 899 896,00
Transfers	0,00	0,00	0,00	Transfers	0,00	0,00	0,00
EFTA appropriations	1 754 300,00	101 012 755,95	102 767 055,95	EFTA appropriations	1 754 300,00	92 329 314,25	94 083 614,25
Definitive budget appropriations	49 898 295 438,00	49 638 826 355,95	99 537 121 793,95	Definitive budget appropriations	49 898 295 438,00	45 852 175 414,25	95 750 470 852,25
Commitments made	48 418 208 209,98	49 339 490 993,04	97 757 699 203,02	Payments made	47 730 708 259,17	35 753 837 377,92	83 484 545 637,09
Appropriations carried over to 2003	100 628 929,00	63 844 264,46	164 473 193,46	Appropriations carried over to 2003	783 226 605,01	3 379 564 828,84	4 162 791 433,85
Appropriations cancelled	1 379 458 299,02	235 491 098,45	1 614 949 397,47	Appropriations cancelled	1 384 360 573,82	6 718 773 207,49	8 103 133 781,31
Revenue from third parties/work third part	6 216 014,08	722 129 918,41	728 345 932,49	Revenue from third parties/work third part	7 894 020,54	962 511 916,59	970 405 937,13
Commitments made	2 068 500,00	510 965 863,51	513 034 363,51	Payments made	1 748 530,10	284 472 452,04	286 220 982,14
Appropriations carried over to 2003	4 147 514,08	211 164 054,90	215 311 568,98	Appropriations carried over to 2003	6 145 490,44	678 039 464,55	684 184 954,99
Appropriations carried over from 2001	102 159 535,67	309 117 913,46	411 277 449,13	Appropriations carried over from 2001	1 145 677 667,75	394 700 802,04	1 540 378 469,79
Commitments made	102 158 886,67	308 344 744,50	410 503 631,17	Payments made	1 038 665 384,01	193 147 100,48	1 231 812 484,49
Appropriations cancelled	649,00	773 168,96	773 817,96	Appropriations cancelled	107 012 283,74	201 553 701,56	308 565 985,30
Appropriations available for re-use	200 670 767,52	95 244 173,74	295 914 941,26	Appropriations available for re-use	216 545 399,52	97 529 244,52	314 074 644,04
Commitments made	137 257 658,00	53 335 730,11	190 593 388,11	Payments made	131 486 975,63	10 403 227,52	141 890 203,15
Appropriations carried over to 2003	62 242 901,01	32 848 462,43	95 091 363,44	Appropriations carried over to 2003	82 547 791,68	65 043 731,72	147 591 523,40
Appropriations cancelled	1 170 208,51	9 059 981,20	10 230 189,71	Appropriations cancelled	2 510 632,21	22 082 285,28	24 592 917,49
Appropriations made available again	0,00	3 947 684,00	3 947 684,00	Appropriations made available again	0,00	3 947 684,00	3 947 684,00
Commitments made	0,00	2 866 721,00	2 866 721,00	Payments made	0,00	0,00	0,00
Appropriations cancelled	0,00	1 080 963,00	1 080 963,00	Appropriations cancelled	0,00	3 947 684,00	3 947 684,00
<b>Total appropriations authorised</b>	<b>50 207 341 755,27</b>	<b>50 769 266 045,56</b>	<b>100 976 607 800,83</b>	<b>Total appropriations authorised</b>	<b>51 268 412 525,81</b>	<b>47 310 865 061,40</b>	<b>98 579 277 587,21</b>
<b>Total commitments</b>	<b>48 659 693 254,65</b>	<b>50 215 004 052,16</b>	<b>98 874 697 306,81</b>	<b>Total payments</b>	<b>48 902 609 148,91</b>	<b>36 241 860 157,96</b>	<b>85 144 469 306,87</b>
<b>Total appropriations carried over to 2003</b>	<b>167 019 344,09</b>	<b>307 856 781,79</b>	<b>474 876 125,88</b>	<b>Total appropriations carried over to 2003</b>	<b>871 919 887,13</b>	<b>4 122 648 025,11</b>	<b>4 994 567 912,24</b>
<b>Total appropriations cancelled</b>	<b>1 380 629 156,53</b>	<b>246 405 211,61</b>	<b>1 627 034 368,14</b>	<b>Total appropriations cancelled</b>	<b>1 493 883 489,77</b>	<b>6 946 356 878,33</b>	<b>8 440 240 368,10</b>

## 4. CONSOLIDATED SUMMARY OF COMMITMENTS OUTSTANDING

(EUR)

	Non-diff. approps	Diff. approps	Total
<b>Commitments carried over from previous year</b>	1 061 754 033,45	86 763 728 466,37	87 825 482 499,82
Changes during the year			
Decommitments	-8 680 061,51	-1 625 563 863,99	-1 634 243 925,50
Revaluations	-7 588,32	-152 899,93	-160 488,25
Payments	951 637 565,65	28 789 448 268,78	29 741 085 834,43
Cancellations	98 883 127,73		98 883 127,73
Commitments carried over still outstanding at year end	2 545 690,24	56 348 563 433,67	56 351 109 123,91
<b>Commitments for the year</b>	48 659 693 254,65	50 215 004 052,16	98 874 697 306,81
Payments	47 950 971 583,26	7 452 411 889,18	55 403 383 472,44
Cancellation of commitments which cannot be carried over	4 902 274,80	0,00	4 902 274,80
<b>Commitments for the year still outstanding</b>	703 819 396,59	42 762 592 162,98	43 466 411 559,57
<b>Total commitments outstanding at year-end</b>	706 365 086,83	99 111 155 596,65	99 817 520 683,48

Table 1  
COMPARISON OF BUDGET IMPLEMENTATION 2002 AND 2001

(EUR)

Commitment appropriations										
Heading	Appropriations authorised				Implementation					
	2002	2001	% Change		2002	%	2001	%		% Change
	1	2	3 = (1-2)/2		4	5 = 4/1	6	7 = 6/2		8 = (4-6)/6
1	44 354 080 000,00	44 023 700 000,00	0,75 %		43 216 958 191,67	97,44 %	42 083 339 895,64	95,59 %		2,69 %
2	34 017 380 748,67	41 362 454 644,06	-17,76 %		34 011 741 251,12	99,98 %	41 165 963 589,61	99,52 %		-17,38 %
3	7 973 670 065,44	7 178 241 684,97	11,08 %		7 614 023 540,63	95,49 %	6 703 321 449,90	93,38 %		13,59 %
4	5 207 266 081,07	5 043 406 150,85	3,25 %		5 085 345 420,49	97,66 %	4 859 356 845,33	96,35 %		4,65 %
5	5 381 478 248,11	5 108 273 872,87	5,35 %		5 272 245 062,98	97,97 %	5 002 131 784,26	97,92 %		5,40 %
6	510 783 507,16	866 000 000,00	-41,02 %		170 490 000,00	33,38 %	207 176 000,00	23,92 %		-17,71 %
7	3 531 949 150,38	3 342 106 404,37	5,68 %		3 503 893 839,92	99,21 %	3 311 872 770,90	99,10 %		5,80 %
<b>Total</b>	<b>100 976 607 800,83</b>	<b>106 924 182 757,12</b>	<b>-5,56 %</b>		<b>98 874 697 306,81</b>	<b>97,92 %</b>	<b>103 333 162 335,64</b>	<b>96,64 %</b>		<b>-4,31 %</b>

  

Cancellations										
Heading	Carryovers				Cancellations					
	2002	%	2001	% Change	2002	%	2001	%		% 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
1	83 892 329,00	0,19 %	99 000 000,00	0,22 %	-15,26 %	1 053 229 479,33	2,37 %	1 841 360 104,36	4,18 %	-42,80 %
2	1 424 358,35	0,00 %	175 226 444,32	0,42 %	-99,19 %	4 215 139,20	0,01 %	21 264 610,13	0,05 %	-80,18 %
3	213 155 942,54	2,67 %	315 068 823,84	4,39 %	-32,35 %	146 490 582,27	1,84 %	159 851 411,23	2,23 %	-8,36 %
4	71 415 017,93	1,37 %	127 060 737,91	2,52 %	-43,79 %	50 505 642,65	0,97 %	56 988 567,61	1,13 %	-11,38 %
5	74 343 507,93	1,38 %	58 179 760,85	1,14 %	27,78 %	34 889 677,20	0,65 %	47 962 327,76	0,94 %	-27,26 %
6	8 783 507,16	1,72 %	0,00	0,00 %	0,00 %	331 510 000,00	64,90 %	658 824 000,00	76,08 %	-49,68 %
7	21 861 462,97	0,62 %	23 960 192,77	0,72 %	-8,76 %	6 193 847,49	0,18 %	6 273 440,70	0,19 %	-1,27 %
<b>Total</b>	<b>474 876 125,88</b>	<b>0,47 %</b>	<b>798 495 959,69</b>	<b>0,75 %</b>	<b>-40,53 %</b>	<b>1 627 034 368,14</b>	<b>1,61 %</b>	<b>2 792 524 461,79</b>	<b>2,61 %</b>	<b>-41,74 %</b>





Table 2  
IMPLEMENTATION OF BUDGET COMMITMENT AND PAYMENT APPROPRIATIONS BY INSTITUTION

Appropriations of institutions other than the Commission are consolidated under heading 5 of the financial perspective

Commitment appropriations															(EU)
Institution	Commitment approps authorised	Commitments made against				Appropriations carried over to following year					Appropriations cancelled	%	Commitments outstanding at year end	Approps made available again in 2003	
		approps for year	carryovers	other approps	Total	%	automatic carryovers	non-automatic carryovers	other appropriations	Total					%
	1	2	3	4	5=2+3+4	6=5/1	7	8	9	10=7+8+9	11=10/1	12	13=12/1	14	15
European Parliament	1 053 545 489,00	977 212 021,66	0,00	31 541 403,00	1 008 753 424,66	95,75 %	0,00	3 302 900,00	29 432 099,00	32 734 999,00	3,11 %	12 057 065,34	1,14 %	100 300 972,75	
Council	417 742 467,08	404 707 821,50	0,00	742 200,95	405 450 022,45	97,06 %	0,00	10 108 500,00	1 211 269,98	11 319 769,98	2,71 %	972 674,65	0,23 %	57 758 930,46	
Commission	99 141 635 871,99	96 549 267 077,86	408 009 095,50	147 145 236,61	97 104 421 409,97	97,95 %	215 311 568,98	151 019 793,46	62 926 225,61	429 257 588,05	0,43 %	1 607 956 873,97	1,62 %	99 628 628 905,60	31 096 007,00
Court of Justice	147 620 171,46	144 349 303,25	0,00	964 251,46	145 313 554,71	98,44 %	0,00		1 005 951,57	1 005 951,57	0,68 %	1 300 665,18	0,88 %	6 751 042,48	
Court of Auditors	83 903 622,87	82 002 066,88	0,00	214 067,88	82 216 134,76	97,99 %	0,00		110 943,99	110 943,99	0,13 %	1 576 544,12	1,88 %	16 478 401,91	
Economic and Social Committee	80 666 439,77	74 167 600,24	1 837 020,67	2 358 931,76	78 363 552,67	97,15 %	0,00	42 000,00	334 990,36	376 990,36	0,47 %	1 925 896,74	2,39 %	5 449 790,60	
Committee of the Regions	47 631 412,66	35 291 928,36	657 515,00	10 494 017,45	46 443 460,81	97,51 %	0,00		69 882,93	69 882,93	0,15 %	1 118 068,92	2,35 %	3 712 863,20	
Ombudsman	3 862 326,00	3 735 746,78	0,00	0,00	3 735 746,78	96,72 %	0,00		0,00	0,00	0,00 %	126 579,22	3,28 %	439 776,48	
Total	100 976 607 800,83	98 270 733 566,53	410 503 631,17	193 460 109,11	98 874 697 306,81	97,92 %	215 311 568,98	164 473 193,46	95 091 363,44	474 876 125,88	0,47 %	1 627 034 368,14	1,61 %	99 817 520 683,48	31 096 007,00

Payment appropriations															
Institution	Payment approps authorised	Payments made against				Appropriations carried over to following year					Appropriations cancelled				
		approps for year	carryovers	other approps	Total	%	automatic carryovers	non-automatic carryovers	other appropriations	Total	%	appropriations for the year	carryovers	other appropriations	Total
	1	2	3	4	5=2+3+4	6=5/1	7	8	9	10=7+8+9	11=10/1	12	13	14	15=12+13+14
European Parliament	1 190 166 910,66	876 911 048,91	126 254 342,08	31 541 403,00	1 034 706 793,99	86,94 %	100 300 972,75	3 302 900,00	29 432 099,00	133 035 971,75	11,18 %	11 795 078,34	10 367 079,58	261 987,00	22 424 144,92
	471 495 542,98	346 948 891,04	45 901 909,00	742 200,95	393 593 000,99	83,48 %	57 758 930,46	10 108 500,00	1 211 269,98	69 078 700,44	14,65 %	965 678,50	7 851 166,90	6 996,15	8 823 841,55
	Commission	96 529 281 431,97	82 239 504 334,13	1 035 187 622,12	96 262 904,96	83 370 954 861,21	86,37 %	1 176 578 427,43	3 466 740 357,84	114 738 811,26	4 758 057 596,53	4,93 %	8 084 394 460,98	287 672 085,60	28 202 427,65
Court of Justice	155 619 956,63	137 598 260,77	6 918 467,19	964 251,46	145 480 979,42	93,48 %	6 751 042,48		1 005 951,57	7 756 994,05	4,98 %	1 277 322,75	1 081 317,98	23 342,43	2 381 983,16
Court of Auditors	94 560 034,83	65 523 664,97	10 420 064,41	214 067,88	76 157 797,26	80,54 %	16 478 401,91		110 943,99	16 589 345,90	17,54 %	1 576 544,12	236 347,55	0,00	1 812 891,67
Economic and Social Committee	84 515 927,55	69 183 391,35	4 719 942,49	1 893 350,05	75 796 683,89	89,68 %	4 984 208,89	42 000,00	800 572,07	5 826 780,96	6,89 %	1 885 027,76	966 565,96	40 868,98	2 892 462,70
Committee of the Regions	49 314 919,12	31 801 057,76	2 003 472,66	10 272 024,85	44 076 555,27	89,38 %	3 490 870,60		291 875,53	3 782 746,13	7,67 %	1 113 089,64	337 548,80	4 979,28	1 455 617,72
Ombudsman	4 322 863,47	3 295 970,30	406 664,54	0,00	3 702 634,84	85,65 %	439 776,48		0,00	439 776,48	10,17 %	126 579,22	53 872,93	0,00	180 452,15
Total	98 579 277 587,21	83 770 766 619,23	1 231 812 484,49	141 890 203,15	85 144 469 306,87	86,37 %	1 366 782 631,00	3 480 193 757,84	147 591 523,40	4 994 567 912,24	5,07 %	8 103 133 781,31	308 565 985,30	28 540 601,49	8 440 240 368,10

Table 3:  
Commitment and payment appropriations: composition and changes

Financial perspective heading	Commitment appropriations				Payment appropriations				EUR
	entered in budget	Changes by transfers and SAB (including EFTA)	Additional	Total authorised	entered in budget	Changes by transfers and SAB (including EFTA)	Additional	Total authorised	
	1	2	3	4=1+2+3	5	6	7	8=5+6+7	
<b>Heading 1: Agriculture</b>									
Agricultural expenditure (Titles B1-1 to B1-3)	39 660 080 000,00	0,00	0,00	39 660 080 000,00	39 660 080 000,00	0,00	585 917 004,50	40 245 997 004,50	
Rural development and ancillary measures (Title B1-4)	4 595 000 000,00	0,00	99 000 000,00	4 694 000 000,00	4 595 000 000,00	0,00	99 000 000,00	4 694 000 000,00	
<b>Total Heading 1</b>	<b>44 255 080 000,00</b>	<b>0,00</b>	<b>99 000 000,00</b>	<b>44 354 080 000,00</b>	<b>44 255 080 000,00</b>	<b>0,00</b>	<b>684 917 004,50</b>	<b>44 939 997 004,50</b>	
<b>Heading 2: Structural operations</b>									
Objective 1 (Chapter B2-10)	21 329 627 745,00	0,00	6 900 499,19	21 336 528 244,19	18 818 000 000,00	0,00	3 043 970,19	18 821 043 970,19	
Objective 2 (Chapter B2-11)	3 729 793 231,00	0,00	1 527 593,00	3 731 320 824,00	4 360 000 000,00	-955 000 000,00	0,00	3 405 000 000,00	
Objective 3 (Chapter B2-12)	3 646 007 301,00	0,00	0,00	3 646 007 301,00	3 360 000 000,00	0,00	0,00	3 360 000 000,00	
Other structural measures (outside Objective 1 areas) (Chapter B2-13)	168 900 000,00	0,00	4 600 000,00	173 500 000,00	380 000 000,00	0,00	0,00	380 000 000,00	
Community initiatives (Chapter B2-14)	1 860 322 000,00	-56 914 400,00	162 821 144,00	1 966 228 744,00	2 327 000 000,00	-123 000 000,00	1 003 302,00	2 205 003 302,00	
Innovative measures and technical assistance (Chapter B2-16)	144 349 723,00	41 922 640,00	217 016,48	186 489 379,48	245 000 000,00	0,00	217 016,48	245 217 016,48	
Other specific structural measures (Title B2-2)	170 000 000,00	14 991 760,00	0,00	184 991 760,00	39 000 000,00	0,00	0,00	39 000 000,00	
Cohesion Fund (Title B2-3)	2 789 000 000,00	0,00	3 314 496,00	2 792 314 496,00	2 600 000 000,00	548 000 000,00	0,00	3 148 000 000,00	
<b>Total Heading 2</b>	<b>33 838 000 000,00</b>	<b>0,00</b>	<b>179 380 748,67</b>	<b>34 017 380 748,67</b>	<b>32 129 000 000,00</b>	<b>-530 000 000,00</b>	<b>4 264 288,67</b>	<b>31 603 264 288,67</b>	

Financial perspective heading	Commitment appropriations				Payment appropriations				EUR
	entered in budget	Changes by transfers and SAB (including EFTA)	Additional	Total authorised	entered in budget	Changes by transfers and SAB (including EFTA)	Additional	Total authorised	
	1	2	3	4=1+2+3	5	6	7	8=5+6+7	
<b>Heading 3: Internal policies</b>									
Research and technological development (Subsection B6)	4 055 000 000,00	79 072 542,84	551 608 299,61	4 685 680 842,45	3 751 687 600,00	53 098 642,76	716 264 018,32	4 521 050 261,08	
Other agricultural operations (Title B2-5)	55 320 000,00	-337 500,00	33 272,94	55 015 772,94	61 220 000,00	-202 500,00	10 498 272,94	71 515 772,94	
Other regional policy operations (Title B2-6)	15 000 000,00	0,00	0,00	15 000 000,00	15 000 000,00	0,00	0,00	15 000 000,00	
Transport (Title B2-7)	29 000 000,00	0,00	956 185,00	29 956 185,00	26 000 000,00	0,00	1 600 000,00	27 600 000,00	
Other measures concerning fisheries and the sea (Title B2-9)	65 130 000,00	-1 400 000,00	0,00	63 730 000,00	59 080 000,00	-590 000,00	0,00	58 490 000,00	
Education, vocational training and youth (Title B3-1)	523 350 000,00	10 716 608,00	111 182 336,80	645 248 944,80	523 075 000,00	10 657 083,42	168 708 071,97	702 440 155,39	
Culture and audiovisual media (Title B3-2)	116 700 000,00	2 394 000,00	22 338 320,85	141 432 320,85	125 920 000,00	2 546 364,80	25 892 533,52	154 358 898,32	
Information and communication (Title B3-3)	113 705 600,00	-5 300 000,00	443 166,20	108 848 766,20	102 280 000,00	1 700 000,00	4 491 051,19	108 471 051,19	
Social dimension and employment (Title B3-4)	157 955 000,00	2 339 988,80	1 432 263,41	161 727 252,21	141 345 000,00	6 966 183,83	1 433 982,66	149 745 166,49	
Contributions to European political parties (Title B3-5)	7 000 000,00	0,00	0,00	7 000 000,00	6 300 000,00	0,00	0,00	6 300 000,00	
Energy (Title B4-1)	33 000 000,00	610 736,00	2 192 472,09	35 803 208,09	34 550 000,00	632 805,43	5 750 401,21	40 933 206,64	
Euratom nuclear safeguards (Title B4-2)	17 700 000,00	1 400 000,00	181 312,16	19 281 312,16	17 600 000,00	0,00	253 455,74	17 853 455,74	
Environment (Title B4-3)	196 030 000,00	7 503 106,40	9 896 529,14	213 429 635,54	140 660 000,00	11 914 496,97	10 563 189,45	163 137 686,42	
Consumer policy and health protection (Title B5-1)	22 500 000,00	-542 480,00	776,12	21 958 296,12	20 000 000,00	407 376,50	776,12	20 408 152,62	

Financial perspective heading	Commitment appropriations					Payment appropriations				EUR
	entered in budget	Changes by transfers and SAB (including EFTA)	Additional	Total authorised	entered in budget	Changes by transfers and SAB (including EFTA)	Additional	Total authorised		
	1	2	3	4=1+2+3	5	6	7	8=5+6+7		
Aid for reconstruction (Title B5-2)	898 000,00	0,00	0,00	898 000,00	898 000,00	0,00	0,00	898 000,00		
Internal market (Title B5-3)	184 805 000,00	2 155 995,58	4 601 426,58	191 562 422,16	167 260 000,00	902 659,62	9 593 805,04	177 756 464,66		
Industry (Title B5-4)	0,00	0,00	0,00	0,00	61 971 000,00	0,00	0,00	61 971 000,00		
Labour market and technological innovation (Title B5-5)	104 600 000,00	2 098 208,00	2 964 549,06	109 662 757,06	128 650 000,00	1 258 288,52	24 689 962,28	154 598 250,80		
Statistical information (Title B5-6)	34 000 000,00	542 640,00	5 204 257,53	39 746 897,53	31 500 000,00	502 740,00	6 294 346,43	38 297 086,43		
Trans-European networks (Title B5-7)	677 000 000,00	-2 209,67	1 767 530,10	678 765 320,43	600 930 000,00	2 204 336,00	108 743 307,54	711 877 643,54		
Area of freedom, security and justice (Title B5-8)	143 020 000,00	-238 880,00	1 040 912,74	143 822 032,74	136 430 000,00	330 836,40	13 370 733,74	150 131 570,14		
Fraud prevention (Chapter B5-91)	6 100 000,00	0,00	99,16	6 100 099,16	5 000 000,00	0,00	99,16	5 000 099,16		
European Union Solidarity Fund (Title B2-4)	0,00	599 000 000,00	0,00	599 000 000,00	0,00	599 000 000,00	0,00	599 000 000,00		
Total Heading 3	6 557 813 600,00	700 012 755,95	715 843 709,49	7 973 670 065,44	6 157 356 600,00	691 329 314,25	1 108 148 007,31	7 956 833 921,56		
Heading 4: External action										
European Development Fund (Title B7-1)	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00		
Food aid and support measures (Chapter B7-20)	455 000 000,00	55 000 000,00	2 300 000,00	512 300 000,00	420 810 000,00	0,00	0,00	420 810 000,00		
Humanitarian aid (Chapter B7-21)	441 845 000,00	80 000 000,00	78 843,65	521 923 843,65	441 845 000,00	51 000 000,00	50 078 843,65	542 923 843,65		
Cooperation with developing countries in Asia (Chapter B7-30)	488 000 000,00	70 000 000,00	24 615 311,81	582 615 311,81	465 110 000,00	0,00	2 457 181,82	467 567 181,82		

Financial perspective heading	Commitment appropriations				Payment appropriations				EUR
	entered in budget	Changes by transfers and SAB (including EFTA)	Additional	Total authorised	entered in budget	Changes by transfers and SAB (including EFTA)	Additional	Total authorised	
	1	2	3	4=1+2+3	5	6	7	8=5+6+7	
Cooperation with developing countries in Latin America (Chapter B7-31)	346 671 500,00	0,00	1 853 942,37	348 525 442,37	318 366 000,00	-85 000 000,00	103 942,37	233 469 942,37	
Cooperation with southern Africa and South Africa (Chapter B7-32)	124 790 000,00	0,00	103 746,00	124 893 746,00	148 470 000,00	-12 355 000,00	0,00	136 115 000,00	
Cooperation with third countries in the Mediterranean and the Middle East (Chapter B7-4)	861 320 000,00	-78 000 000,00	509 171,52	783 829 171,52	683 690 000,00	180 021 000,00	4 728 108,52	868 439 108,52	
European Bank for Reconstruction and Development (Chapter B7-51)	0,00	0,00	0,00	0,00	8 438 000,00	0,00	0,00	8 438 000,00	
Cooperation with the new independent States and Mongolia (Chapter B7-52)	473 900 000,00	0,00	5 341 099,89	479 241 099,89	542 720 000,00	-74 459 000,00	3 841 099,89	472 102 099,89	
Other Community operations for the CCEE, the NIS, Mongolia and the western Balkan countries (Chapter B7-53)	0,00	0,00	0,00	0,00	0,00	58 000,00	0,00	58 000,00	
Cooperation with the Balkan countries (Chapter B7-54)	765 000 000,00	-7 000 000,00	84 613 012,92	842 613 012,92	781 680 000,00	-6 350 000,00	118 627 155,92	893 957 155,92	
Other cooperation measures (Title B7-6)	419 578 500,00	0,00	19 922 025,59	439 500 525,59	411 160 500,00	-13 550 000,00	66 142 875,59	463 753 375,59	
European initiative for democracy and human rights (Title B7-7)	104 000 000,00	0,00	12 300,46	104 012 300,46	100 740 000,00	3 000 000,00	12 300,46	103 752 300,46	
International fisheries agreements (Chapter B7-80)	193 193 000,00	-1 450 000,00	7 463,66	191 750 463,66	196 226 000,00	-1 100 000,00	7 463,66	195 133 463,66	

Financial perspective heading	EUR						
	Commitment appropriations			Payment appropriations			
	entered in budget	Changes by transfers and SAB (including EFTA)	Additional	Total authorised	entered in budget	Changes by transfers and SAB (including EFTA)	Additional
	1	2	3	4=1+2+3	5	6	7
							8=5+6+7
External aspects of certain Community policies (Chapters B7-81 to B7-87)	78 702 000,00	-2 550 000,00	18 096 879,13	94 248 879,13	90 752 000,00	-10 800 000,00	18 339 834,83
Common foreign and security policy (Subsection B8)	30 000 000,00	0,00	2 800 000,00	32 800 000,00	35 000 000,00	-6 000 000,00	36 035 415,00
Pre-accession strategy for the Mediterranean countries (Chapters B7-04 and B7-05)	21 000 000,00	128 000 000,00	12 284,07	149 012 284,07	20 432 000,00	8 535 000,00	28 979 284,07
<b>Total Heading 4</b>	<b>4 803 000 000,00</b>	<b>244 000 000,00</b>	<b>160 266 081,07</b>	<b>5 207 266 081,07</b>	<b>4 665 439 500,00</b>	<b>33 000 000,00</b>	<b>4 969 826 005,78</b>
<b>Heading 5: Administration</b>							
Part A (excluding pensions)	4 487 462 242,00	10 174 196,00	201 262 810,11	4 698 899 248,11	4 487 462 242,00	10 174 196,00	676 409 976,15
Pensions (all institutions)	688 099 000,00	-5 520 000,00	0,00	682 579 000,00	688 099 000,00	-5 520 000,00	682 585 600,00
<b>Total Heading 5</b>	<b>5 175 561 242,00</b>	<b>4 654 196,00</b>	<b>201 262 810,11</b>	<b>5 381 478 248,11</b>	<b>5 175 561 242,00</b>	<b>4 654 196,00</b>	<b>5 856 632 014,15</b>
<b>Heading 6: Reserves</b>							
Monetary reserve (Title B1-6)	250 000 000,00	0,00	0,00	250 000 000,00	250 000 000,00	0,00	250 000 000,00
Guarantee reserve (Chapter B0-23 and B0-24)	213 000 000,00	0,00	0,00	213 000 000,00	213 000 000,00	0,00	213 000 000,00
Guarantee reserve (Title B0-2)	0,00	0,00	8 783 507,16	8 783 507,16	0,00	0,00	8 783 507,16
Emergency aid reserve (Chapter B7-91)	213 000 000,00	-174 000 000,00	0,00	39 000 000,00	213 000 000,00	-33 000 000,00	180 000 000,00
<b>Total Heading 6</b>	<b>676 000 000,00</b>	<b>-174 000 000,00</b>	<b>8 783 507,16</b>	<b>510 783 507,16</b>	<b>676 000 000,00</b>	<b>-33 000 000,00</b>	<b>651 783 507,16</b>
<b>Heading 7: Pre-accession aid</b>							
Agriculture (Chapter B7-01)	555 000 000,00	0,00	0,00	555 000 000,00	370 000 000,00	0,00	370 000 000,00
Pre-accession structural instrument (Chapter B7-02)	1 109 000 000,00	0,00	76 757,38	1 109 076 757,38	704 400 000,00	-198 000 000,00	506 418 452,38

EUR

Financial perspective heading	Commitment appropriations				Payment appropriations			
	entered in budget	Changes by transfers and SAB (including EFTA)	Additional	Total authorised	entered in budget	Changes by transfers and SAB (including EFTA)	Additional	Total authorised
	1	2	3	4=1+2+3	5	6	7	8=5+6+7
Phare (applicant countries) (Chapter B7-03)	1 664 000 000,00	0,00	74 872 393,00	1 738 872 393,00	1 520 650 000,00	0,00	74 872 393,01	1 595 522 393,01
European Union Solidarity Fund (Chapter B7-09)	0,00	129 000 000,00	0,00	129 000 000,00	0,00	129 000 000,00	0,00	129 000 000,00
<b>Total Heading 7</b>	<b>3 328 000 000,00</b>	<b>129 000 000,00</b>	<b>74 949 150,38</b>	<b>3 531 949 150,38</b>	<b>2 595 050 000,00</b>	<b>-69 000 000,00</b>	<b>74 890 845,39</b>	<b>2 600 940 845,39</b>
<b>Grand Total</b>	<b>98 633 454 842,00</b>	<b>903 666 951,95</b>	<b>1 439 486 006,88</b>	<b>100 976 607 800,83</b>	<b>95 653 487 342,00</b>	<b>96 983 510,25</b>	<b>2 828 806 734,96</b>	<b>98 579 277 587,21</b>

Table 4:  
Implementation of the commitment appropriations

Financial perspective heading	Commitment appropri- ations authorised			Commitments made against			Total	%
	1	2	3	other appropriations	4	5 = 2+3+4		
<b>Heading 1: Agriculture</b>								
Agricultural expenditure (Titles B1-1 to B1-3)	39 660 080 000,00	38 867 580 546,20	0,00	0,00	0,00	38 867 580 546,20	98,00 %	
Rural development and ancillary measures (Title B1-4)	4 694 000 000,00	4 250 377 645,47	99 000 000,00	0,00	0,00	4 349 377 645,47	92,66 %	
<b>Total Heading 1</b>	<b>44 354 080 000,00</b>	<b>43 117 958 191,67</b>	<b>99 000 000,00</b>	<b>0,00</b>	<b>0,00</b>	<b>43 216 958 191,67</b>	<b>97,44 %</b>	
<b>Heading 2: Structural operations</b>								
Objective 1 (Chapter B2-10)	21 336 528 244,19	21 329 627 745,00	3 856 529,00	1 863 419,00		21 335 347 693,00	99,99 %	
Objective 2 (Chapter B2-11)	3 731 320 824,00	3 729 793 231,00	1 527 593,00	0,00	0,00	3 731 320 824,00	100,00 %	
Objective 3 (Chapter B2-12)	3 646 007 301,00	3 646 007 101,00	0,00	0,00	0,00	3 646 007 101,00	100,00 %	
Other structural measures (outside Objective 1 areas) (Chapter B2-13)	173 500 000,00	168 900 000,00	4 600 000,00	0,00	0,00	173 500 000,00	100,00 %	
Community initiatives (Chapter B2-14)	1 966 228 744,00	1 802 895 384,30	161 817 842,00	1 003 302,00	0,00	1 965 716 528,30	99,97 %	
Innovative measures and technical assistance (Chapter B2-16)	186 489 379,48	183 388 132,09	0,00	0,00	0,00	183 388 132,09	98,34 %	
Other specific structural measures (Title B2-2)	184 991 760,00	184 991 760,00	0,00	0,00	0,00	184 991 760,00	100,00 %	
Cohesion Fund (Title B2-3)	2 792 314 496,00	2 788 154 716,73	3 314 496,00	0,00	0,00	2 791 469 212,73	99,97 %	
<b>Total Heading 2</b>	<b>34 017 380 748,67</b>	<b>33 833 758 070,12</b>	<b>175 116 460,00</b>	<b>2 866 721,00</b>	<b>0,00</b>	<b>34 011 741 251,12</b>	<b>99,98 %</b>	
<b>Heading 3: Internal Policies</b>								
Research and technological development (Subsection B6)	4 685 680 842,45	4 508 159 792,96	6 196 159,26	5 435 608,13		4 519 791 560,35	96,46 %	
Other agricultural operations (Title B2-5)	55 015 772,94	52 514 526,26	0,00	0,00	0,00	52 514 526,26	95,45 %	
Other regional policy operations (Title B2-6)	15 000 000,00	15 000 000,00	0,00	0,00	0,00	15 000 000,00	100,00 %	
Transport (Title B2-7)	29 956 185,00	24 565 337,03	956 185,00	0,00	0,00	25 521 522,03	85,20 %	
Other measures concerning fisheries and the sea (Title B2-9)	63 730 000,00	60 487 761,31	0,00	0,00	0,00	60 487 761,31	94,91 %	
Education, vocational training and youth (Title B3-1)	645 248 944,80	599 413 663,62	4 732 224,18	115 580,30		604 261 468,10	93,65 %	
Culture and audiovisual media (Title B3-2)	141 432 320,85	130 232 595,10	3 080 223,04	20 875,17		133 333 693,31	94,27 %	
Information and communication (Title B3-3)	108 848 766,20	84 280 357,97	0,00	0,00	0,00	84 280 357,97	77,43 %	
Social dimension and employment (Title B3-4)	161 727 252,21	149 208 094,63	0,00	30 828,37		149 238 923,00	92,28 %	
Contributions to European political parties (Title B3-5)	0,00	0,00	0,00	0,00	0,00	0,00	0,00 %	
Energy (Title B4-1)	35 803 208,09	33 361 581,42	0,00	0,00	0,00	33 361 581,42	93,18 %	
Euratom nuclear safeguards (Title B4-2)	19 281 312,16	18 917 106,50	0,00	151 353,37		19 068 459,87	98,90 %	
Environment (Title B4-3)	213 429 635,54	212 017 276,35	0,00	0,00	0,00	212 017 276,35	99,34 %	
Consumer policy and health protection (Title B5-1)	21 958 296,12	20 984 847,47	0,00	0,00	0,00	20 984 847,47	95,57 %	
Aid for reconstruction (Title B5-2)	898 000,00	896 823,54	0,00	0,00	0,00	896 823,54	99,87 %	
Internal market (Title B5-3)	191 562 422,16	173 252 993,64	112 900,00	3 215 980,66		176 581 874,30	92,18 %	
Industry (Title B5-4)	0,00	0,00	0,00	0,00	0,00	0,00	0,00 %	
Labour market and technological innovation (Title B5-5)	109 662 757,06	103 423 950,99	349 100,00	161 076,70		103 934 127,69	94,78 %	
Statistical information (Title B5-6)	39 746 897,53	32 985 499,12	19 200,00	2 108 078,96		35 112 778,08	88,34 %	
Trans-European networks (Title B5-7)	678 765 320,43	639 651 347,61	1 577 462,51	0,00	0,00	641 228 810,12	94,47 %	
Area of freedom, security and justice (Title B5-8)	143 822 032,74	120 685 558,33	867 917,53	0,00	0,00	121 553 475,86	84,52 %	
Fraud prevention (Chapter B5-9)	6 100 099,16	5 853 673,60	0,00	0,00	0,00	5 853 673,60	95,96 %	
European Union Solidarity Fund (Title B2-4)	599 000 000,00	599 000 000,00	0,00	0,00	0,00	599 000 000,00	100,00 %	
<b>Total Heading 3</b>	<b>7 973 670 065,44</b>	<b>7 584 892 787,45</b>	<b>17 891 371,52</b>	<b>11 239 381,66</b>	<b>0,00</b>	<b>7 614 023 540,63</b>	<b>95,49 %</b>	
<b>Heading 4: External Action</b>								
European Development Fund (Title B7-1)	0,00	0,00	0,00	0,00	0,00	0,00	0,00 %	
Food aid and support measures (Chapter B7-20)	512 300 000,00	503 658 145,11	2 300 000,00	0,00	0,00	505 958 145,11	98,76 %	
Humanitarian aid (Chapter B7-21)	521 923 843,65	520 315 000,00	0,00	0,00	0,00	520 315 000,00	99,69 %	
Cooperation with developing countries in Asia (Chapter B7-30)	582 615 311,81	552 721 490,86	22 141 841,00	0,00	0,00	574 863 331,86	98,67 %	
Cooperation with developing countries in Latin America (Chapter B7-31)	348 525 442,37	331 474 591,40	1 750 000,00	0,00	0,00	333 224 591,40	95,61 %	
Cooperation with southern Africa and South Africa (Chapter B7-32)	124 893 746,00	124 078 107,00	103 746,00	0,00	0,00	124 181 853,00	99,43 %	
Cooperation with third countries in the Mediterranean and the Middle East (Chapter B7-4)	78 3 829 171,52	783 194 529,99	0,00	195 120,92		783 389 650,91	99,94 %	
European Bank for Reconstruction and Development (Chapter B7-51)	0,00	0,00	0,00	0,00	0,00	0,00	0,00 %	
Cooperation with the new independent States and Mongolia (Chapter B7-52)	479 241 099,89	441 892 296,00	1 500 000,00	1 084 415,84		444 476 711,84	92,73 %	
Other Community operations for the CCEE, the NIS, Mongolia and the western Balkan countries (Chapter B7-53)	0,00	0,00	0,00	0,00	0,00	0,00	0,00 %	
Cooperation with the Balkan countries (Chapter B7-54)	842 613 012,92	754 944 764,00	65 940 000,00	5 415,28		820 890 179,28	97,42 %	
Other cooperation measures (Title B7-6)	439 500 525,59	410 527 368,68	18 743 020,98	0,00	0,00	429 270 389,66	97,67 %	
European initiative for democracy and human rights (Title B7-7)	104 012 300,46	103 723 244,00	0,00	0,00	0,00	103 723 244,00	99,72 %	
International fisheries agreements (Chapter B7-80)	191 750 463,66	190 384 505,63	0,00	0,00	0,00	190 384 505,63	99,29 %	
External aspects of certain Community policies (Chapters B7-81 to B7-87)	94 248 879,13	73 920 175,01	0,00	0,00	0,00	73 920 175,01	78,43 %	
Common foreign and security policy (Subsection B8)	32 800 000,00	29 999 655,99	2 800 000,00	0,00	0,00	32 799 655,99	100,00 %	
Pre-accession strategy for the Mediterranean countries (Chapters B7-04 and B7-05)	149 012 238,07	147 947 986,80	0,00	0,00	0,00	147 947 986,80	99,29 %	
<b>Total Heading 4</b>	<b>5 207 266 081,07</b>	<b>4 968 781 860,47</b>	<b>115 278 607,98</b>	<b>1 284 952,04</b>	<b>0,00</b>	<b>5 085 345 420,49</b>	<b>97,66 %</b>	

for the year

Appropriations carried over to 2003									
Appropriations cancelled									
automatic carryovers	non-automatic carryovers	Total	%	appropriations for the year	appropriations carried over	other appropriations	Total		
7	8	(9 = 7 + 8)	(10 = 9/1)	11	12	13	(14 = 11 + 12 + 13)		
								(15 = 14/1)	%
0,00	34 576 329,00	34 576 329,00	0,09 %	757 923 124,80	0,00	0,00	757 923 124,80	1,91 %	
0,00	49 316 000,00	49 316 000,00	1,05 %	295 306 354,53	0,00	0,00	295 306 354,53	6,29 %	
0,00	83 892 329,00	83 892 329,00	0,19 %	1 053 229 479,33	0,00	0,00	1 053 229 479,33	2,37 %	
45 000,00		45 000,00	0,00 %	0,00	0,00	1 135 551,19	1 135 551,19	0,01 %	
0,00		0,00	0,00 %	0,00	0,00	0,00	0,00	0,00 %	
0,00		0,00	0,00 %	200,00	0,00	0,00	200,00	0,00 %	
0,00		0,00	0,00 %	0,00	0,00	0,00	0,00	0,00 %	
0,00	370 000,00	370 000,00	0,02 %	142 215,70	0,00	0,00	142 215,70	0,01 %	
161 620,35	847 738,00	1 009 358,35	0,54 %	2 036 492,91	0,00	55 396,13	2 091 889,04	1,12 %	
0,00		0,00	0,00 %	0,00	0,00	0,00	0,00	0,00 %	
0,00		0,00	0,00 %	845 283,27	0,00	0,00	845 283,27	0,03 %	
206 620,35	1 217 738,00	1 424 358,35	0,00 %	3 024 191,88	0,00	1 190 947,32	4 215 139,20	0,01 %	
147 660 889,36	6 266 111,59	153 927 000,95	3,29 %	11 504 572,34	11 977,61	445 731,20	11 962 281,15	0,26 %	
31 318,94		31 318,94	0,06 %	2 467 973,74	0,00	1 954,00	2 469 927,74	4,49 %	
0,00		0,00	0,00 %	0,00	0,00	0,00	0,00	0,00 %	
0,00		0,00	0,00 %	4 434 662,97	0,00	0,00	4 434 662,97	14,80 %	
0,00		0,00	0,00 %	3 242 238,69	0,00	0,00	3 242 238,69	5,09 %	
22 930 838,94	9 403 970,00	32 334 808,94	5,01 %	8 063 224,70	333 120,27	256 322,79	8 652 667,76	1,34 %	
4 751 927,45	782 466,00	5 534 393,45	3,91 %	1 857 600,01	60 221,86	646 412,22	2 564 234,09	1,81 %	
245 738,46	1 497 344,00	1 743 082,46	1,60 %	22 627 898,03	0,00	197 427,74	22 825 325,77	20,97 %	
1 318 846,84	1 672 564,00	2 991 410,84	1,85 %	9 471 732,93	0,00	25 185,44	9 496 918,37	5,87 %	
0,00		0,00	0,00 %	7 000 000,00	0,00	0,00	7 000 000,00	100,00 %	
2 192 133,89		2 192 133,89	6,12 %	249 154,58	0,00	338,20	249 492,78	0,70 %	
27 945,71		27 945,71	0,14 %	182 893,50	0,00	2 013,08	184 906,58	0,96 %	
26 579,15	304 983,00	331 562,15	0,16 %	1 047 369,32	0,00	33 427,72	1 080 797,04	0,51 %	
265,04		265,04	0,00 %	972 672,53	0,00	511,08	973 183,61	4,43 %	
0,00		0,00	0,00 %	1 176,46	0,00	0,00	1 176,46	0,13 %	
674 267,15	2 421 549,00	3 095 816,15	1,62 %	11 762 411,92	60 000,00	62 319,79	11 884 731,71	6,20 %	
0,00		0,00	0,00 %	0,00	0,00	0,00	0,00	0,00 %	
2 445 974,67	1 949 170,00	4 395 144,67	4,01 %	1 325 087,01	7 274,06	1 123,63	1 333 484,70	1,22 %	
2 949 817,88	1 393 600,00	4 343 417,88	10,93 %	163 540,88	58 367,62	68 793,07	290 701,57	0,73 %	
91 968,17	2 083 810,00	2 175 778,17	0,32 %	35 262 632,72	29 760,05	68 339,37	35 360 732,14	5,21 %	
31 863,30		31 863,30	0,02 %	22 115 079,11	121 614,47	0,00	22 236 693,58	15,46 %	
0,00		0,00	0,00 %	246 326,40	0,00	99,16	246 425,56	4,04 %	
0,00		0,00	0,00 %	0,00	0,00	0,00	0,00	0,00 %	
185 380 374,95	27 775 567,59	213 155 942,54	2,67 %	143 998 247,84	682 335,94	1 809 998,49	146 490 582,27	1,84 %	
0,00		0,00	0,00 %	0,00	0,00	0,00	0,00	0,00 %	
0,00		0,00	0,00 %	6 341 854,89	0,00	0,00	6 341 854,89	1,24 %	
78 323,28		78 323,28	0,02 %	1 530 000,00	0,00	520,37	1 530 520,37	0,29 %	
246 613,47		246 613,47	0,04 %	5 278 509,14	18 100,00	2 208 757,34	7 505 366,48	1,29 %	
30 491,19	2 700 000,00	2 730 491,19	0,78 %	12 496 908,60	0,00	73 451,18	12 570 359,78	3,61 %	
0,00		0,00	0,00 %	711 893,00	0,00	0,00	711 893,00	0,57 %	
62 369,31	120 600,00	182 969,31	0,02 %	4 870,01	0,00	251 681,29	256 551,30	0,03 %	
0,00		0,00	0,00 %	0,00	0,00	0,00	0,00	0,00 %	
2 636 727,56	30 017 200,00	32 653 927,56	6,81 %	1 990 504,00	0,00	119 956,49	2 110 460,49	0,44 %	
0,00		0,00	0,00 %	0,00	0,00	0,00	0,00	0,00 %	
14 320 957,35		14 320 957,35	1,70 %	3 055 236,00	0,00	4 346 640,29	7 401 876,29	0,88 %	
1 096 667,84	2 013 158,87	3 109 826,71	0,71 %	7 037 972,45	72 733,02	9 603,75	7 120 309,22	1,62 %	
4 019,00		4 019,00	0,00 %	276 756,00	0,00	8 281,46	285 037,46	0,27 %	
7 463,66		7 463,66	0,00 %	1 358 494,37	0,00	0,00	1 358 494,37	0,71 %	
18 071 129,13		18 071 129,13	19,17 %	2 257 574,99	0,00	0,00	2 257 574,99	2,40 %	
0,00		0,00	0,00 %	344,01	0,00	0,00	344,01	0,00 %	
9 297,27		9 297,27	0,01 %	1 055 000,00	0,00	0,00	1 055 000,00	0,71 %	
36 564 059,06	34 850 958,87	71 415 017,93	1,37 %	43 395 917,46	90 833,02	7 018 892,17	50 505 642,65	0,97 %	





(EUR)									
Financial perspective heading		Commitments made against			Appropriations carried over to 2003			Appropriations cancelled	
		Commitment appropri- ations authorised	appropriations for the year	appropriations carried over	other appropriations	Total	% (10 = 9/1)	appropriations for the year	appropriations carried over
		1	2	3	4	(5 = 2+ 3+ 4)	(6 = 5/1)		
								7	8
<b>Heading 5: Administration</b> Part A (excluding pensions) Pensions (all institutions)		4 698 899 248,11	4 450 836 518,31	3 158 886,67	137 257 658,00	4 591 253 062,98	1,58 %	32 131 819,69	649,00
		682 579 000,00	680 992 000,00	0,00	0,00	680 992 000,00	0,00 %	1 587 000,00	0,00
	<b>Total Heading 5</b>	<b>5 381 478 248,11</b>	<b>5 131 828 518,31</b>	<b>3 158 886,67</b>	<b>137 257 658,00</b>	<b>5 272 245 062,98</b>	<b>1,38 %</b>	<b>33 718 819,69</b>	<b>649,00</b>
<b>Heading 6: Reserves</b> Monetary reserve (Title B1-6) Guarantee reserve (Chapter B0-23 and B0-24) Guarantee reserve (Title B0-2) Emergency aid reserve (Chapter B7-91)		250 000 000,00	0,00	0,00	0,00	0,00	0,00 %	250 000 000,00	0,00
		213 000 000,00	170 490 000,00	0,00	0,00	170 490 000,00	0,00 %	42 510 000,00	0,00
		8 783 507,16	0,00	0,00	0,00	8 783 507,16	100,00 %	0,00	0,00
<b>Total Heading 6</b>		39 000 000,00	0,00	0,00	0,00	0,00	0,00 %	39 000 000,00	0,00
		<b>510 783 507,16</b>	<b>170 490 000,00</b>	<b>0,00</b>	<b>0,00</b>	<b>8 783 507,16</b>	<b>1,72 %</b>	<b>331 510 000,00</b>	<b>0,00</b>
		555 000 000,00	554 561 121,19	0,00	0,00	0,00	0,00 %	438 878,81	0,00
<b>Heading 7: Pre-Accession Aid</b> Agriculture (Chapter B7-01) Pre-accession structural instrument (Chapter B7-02) PHARE (applicant countries) (Chapter B7-03) European Union Solidarity Fund (Chapter B7-09)		1 109 076 757,38	1 108 986 034,54	58 305,00	0,00	16 097,44	0,00 %	13 965,46	0,00
		1 738 872 393,00	1 670 476 982,78	0,00	40 811 396,41	1 711 288 379,19	1,26 %	5 619 897,00	0,00
		129 000 000,00	129 000 000,00	0,00	0,00	129 000 000,00	0,00 %	0,00	0,00
<b>Total Heading 7</b>		<b>3 531 949 150,38</b>	<b>3 463 024 138,51</b>	<b>58 305,00</b>	<b>40 811 396,41</b>	<b>21 861 462,97</b>	<b>0,62 %</b>	<b>6 072 741,27</b>	<b>0,00</b>
		<b>100 976 607 800,83</b>	<b>98 270 733 566,53</b>	<b>410 503 631,17</b>	<b>193 460 109,11</b>	<b>474 876 125,88</b>	<b>0,47 %</b>	<b>1 614 949 397,47</b>	<b>773 817,96</b>
	<b>Total</b>					<b>164 473 193,46</b>		<b>11 311 152,71</b>	<b>1 627 034 368,14</b>

(EUR)									
Financial perspective heading		Commitments made against			Appropriations carried over to 2003			Appropriations cancelled	
		Commitment appropri- ations authorised	appropriations for the year	appropriations carried over	other appropriations	Total	% (10 = 9/1)	appropriations for the year	appropriations carried over
		1	2	3	4	(5 = 2+ 3+ 4)	(6 = 5/1)		
								7	8
<b>Heading 5: Administration</b> Part A (excluding pensions) Pensions (all institutions)		4 698 899 248,11	4 450 836 518,31	3 158 886,67	137 257 658,00	4 591 253 062,98	1,58 %	32 131 819,69	649,00
		682 579 000,00	680 992 000,00	0,00	0,00	680 992 000,00	0,00 %	1 587 000,00	0,00
	<b>Total Heading 5</b>	<b>5 381 478 248,11</b>	<b>5 131 828 518,31</b>	<b>3 158 886,67</b>	<b>137 257 658,00</b>	<b>5 272 245 062,98</b>	<b>1,38 %</b>	<b>33 718 819,69</b>	<b>649,00</b>
<b>Heading 6: Reserves</b> Monetary reserve (Title B1-6) Guarantee reserve (Chapter B0-23 and B0-24) Guarantee reserve (Title B0-2) Emergency aid reserve (Chapter B7-91)		250 000 000,00	0,00	0,00	0,00	0,00	0,00 %	250 000 000,00	0,00
		213 000 000,00	170 490 000,00	0,00	0,00	170 490 000,00	0,00 %	42 510 000,00	0,00
		8 783 507,16	0,00	0,00	0,00	8 783 507,16	100,00 %	0,00	0,00
<b>Total Heading 6</b>		39 000 000,00	0,00	0,00	0,00	0,00	0,00 %	39 000 000,00	0,00
		<b>510 783 507,16</b>	<b>170 490 000,00</b>	<b>0,00</b>	<b>0,00</b>	<b>8 783 507,16</b>	<b>1,72 %</b>	<b>331 510 000,00</b>	<b>0,00</b>
		555 000 000,00	554 561 121,19	0,00	0,00	0,00	0,00 %	438 878,81	0,00
<b>Heading 7: Pre-Accession Aid</b> Agriculture (Chapter B7-01) Pre-accession structural instrument (Chapter B7-02) PHARE (applicant countries) (Chapter B7-03) European Union Solidarity Fund (Chapter B7-09)		1 109 076 757,38	1 108 986 034,54	58 305,00	0,00	16 097,44	0,00 %	13 965,46	0,00
		1 738 872 393,00	1 670 476 982,78	0,00	40 811 396,41	1 711 288 379,19	1,26 %	5 619 897,00	0,00
		129 000 000,00	129 000 000,00	0,00	0,00	129 000 000,00	0,00 %	0,00	0,00
<b>Total Heading 7</b>		<b>3 531 949 150,38</b>	<b>3 463 024 138,51</b>	<b>58 305,00</b>	<b>40 811 396,41</b>	<b>21 861 462,97</b>	<b>0,62 %</b>	<b>6 072 741,27</b>	<b>0,00</b>
		<b>100 976 607 800,83</b>	<b>98 270 733 566,53</b>	<b>410 503 631,17</b>	<b>193 460 109,11</b>	<b>474 876 125,88</b>	<b>0,47 %</b>	<b>1 614 949 397,47</b>	<b>773 817,96</b>
	<b>Total</b>					<b>164 473 193,46</b>		<b>11 311 152,71</b>	<b>1 627 034 368,14</b>

Table 5:  
Implementation of payment appropriations

Financial perspective heading	Payment appropriations authorised			Payments made against			Appropriations carried over to 2003			Appropriations cancelled			Total	%			
	1	2	3	4	Total	5 = 2+3+4	6 = 5/1	7	8	Total	9 = 7+8	10 = 9/1			11	12	13
Heading 1: Agriculture Agricultural expenditure (Titles B1-1 to B1-3) Rural development and ancillary measures (Title B1-4)	40 245 997 004.50	38 636 404 502.20	534 771 970.15	0.00	39 171 176 472.35	97.33 %	231 176 044.00	34 576 329.00	265 752 373.00	0.66 %	757 923 124.80	51 145 034.35	809 068 159.15	2.01 %			
	4 694 000 000.00	4 250 377 645.47	99 000 000.00	0.00	4 349 377 645.47	92.66 %	0.00	49 316 000.00	49 316 000.00	1.05 %	295 306 354.53	0.00	295 306 354.53	6.29 %			
	44 939 997 004.50	42 886 782 147.67	633 771 970.15	0.00	43 520 554 117.82	96.84 %	231 176 044.00	83 892 329.00	315 068 373.00	0.70 %	1 053 229 479.33	51 145 034.35	1 104 374 513.68	2.46 %			
	Total Heading 1																
Heading 2: Structural operations Objective 1 (Chapter B2-10) Objective 2 (Chapter B2-11) Objective 3 (Chapter B2-12) Other structural measures (outside Objective 1 areas) (Chapter B2-13) Community initiatives (Chapter B2-14) Innovative measures and technical assistance (Chapter B2-16) Other specific structural measures (Title B2-2) Cohesion Fund (Title B2-3)	18 821 043 970.19	15 369 125 855.79	0.00	0.00	15 369 125 855.79	81.66 %	45 000.00	1 978 200 000.00	1 978 245 000.00	10.51 %	1 470 674 144.21	0.00	1 473 673 114.40	7.83 %			
	3 405 000 000.00	1 641 193 787.26	0.00	0.00	1 641 193 787.26	48.20 %	0.00	217 200 000.00	217 200 000.00	6.38 %	1 546 606 212.74	0.00	1 546 606 212.74	45.42 %			
	3 360 000 000.00	2 404 386 625.40	0.00	0.00	2 404 386 625.40	71.56 %	0.00	153 200 000.00	153 200 000.00	4.56 %	802 413 374.60	0.00	802 413 374.60	23.88 %			
	380 000 000.00	155 025 108.70	0.00	0.00	155 025 108.70	40.80 %	0.00	30 700 000.00	30 700 000.00	8.08 %	194 274 891.30	0.00	194 274 891.30	51.12 %			
Total Heading 2	2 205 003 302.00	556 475 533.31	0.00	0.00	556 475 533.31	25.24 %	0.00	874 800 000.00	874 800 000.00	39.67 %	772 724 466.69	0.00	773 727 768.69	35.09 %			
	245 217 016.48	185 841 563.34	0.00	0.00	185 841 563.34	75.79 %	161 620.35	0.00	161 620.35	0.07 %	59 158 436.66	0.00	59 213 832.79	24.15 %			
	39 000 000.00	39 000 000.00	0.00	0.00	39 000 000.00	100.00 %	0.00	0.00	0.00	0.00 %	0.00	0.00	0.00	0.00 %			
	3 148 000 000.00	3 147 999 999.15	0.00	0.00	3 147 999 999.15	100.00 %	0.00	0.00	0.00	0.00 %	0.85	0.00	0.85	0.00 %			
Total Heading 2	31 603 264 288.67	23 499 048 472.95	0.00	0.00	23 499 048 472.95	74.36 %	206 620.35	3 254 100 000.00	3 254 306 620.35	10.30 %	4 845 851 527.05	0.00	4 849 909 195.37	15.35 %			
Heading 3: Internal policies Research and technological development (Subsection B6) Other agricultural operations (Title B2-5) Other regional policy operations (Title B2-6) Transport (Title B2-7) Other measures concerning fisheries and the sea (Title B2-9) Education, vocational training and youth (Title B3-1) Culture and audiovisual media (Title B3-2) Information and communication (Title B3-3) Social dimension and employment (Title B3-4) Contributions to European political parties (Title B3-5) Energy (Title B4-1) Euratom nuclear safeguards (Title B4-2) Environment (Title B4-3) Consumer policy and health protection (Title B5-1) Aid for reconstruction (Title B5-2) Internal market (Title B5-3) Industry (Title B5-4) Labour market and technological innovation (Title B5-5) Statistical information (Title B5-6) Trans-European networks (Title B5-7) Area of freedom, security and justice (Title B5-8) Fraud prevention (Chapter B5-9) European Union Solidarity Fund (Title B2-4)	4 521 050 261.08	3 663 416 411.10	0.00	3 799 142.18	3 667 215 553.28	81.11 %	542 038 254.69	6 936 641.09	548 974 895.78	12.14 %	303 951 367.18	0.00	304 859 812.02	6.74 %			
	71 515 772.94	52 130 953.84	10 452 284.92	0.00	62 583 238.76	87.51 %	31 318.94	13 268.00	44 586.94	0.06 %	8 873 278.16	12 715.08	8 887 947.24	12.43 %			
	15 000 000.00	15 000 000.00	0.00	0.00	15 000 000.00	100.00 %	0.00	0.00	0.00	0.00 %	0.00	0.00	0.00	0.00 %			
	27 600 000.00	16 122 660.95	0.00	0.00	16 122 660.95	58.42 %	0.00	5 450 000.00	5 450 000.00	19.75 %	4 427 339.05	1 600 000.00	6 027 339.05	21.84 %			
Total Heading 3	58 490 000.00	39 510 844.97	0.00	0.00	39 510 844.97	67.55 %	0.00	0.00	0.00	0.00 %	18 979 155.03	0.00	18 979 155.03	32.45 %			
	702 440 155.39	592 275 959.52	0.00	115 580.30	592 391 539.82	84.33 %	74 668 158.37	0.00	74 668 158.37	10.63 %	35 124 134.41	0.00	35 380 457.20	5.04 %			
	154 358 898.32	118 377 468.79	0.00	0.00	118 377 468.79	76.69 %	21 709 969.53	0.00	21 709 969.53	14.06 %	13 604 172.61	0.00	14 271 460.00	9.25 %			
	108 471 051.19	86 997 082.51	197 037.67	0.00	87 194 120.18	80.38 %	245 738.45	0.00	245 738.45	0.23 %	16 982 917.49	3 850 847.33	21 031 192.56	19.39 %			
Total Heading 3	149 745 166.49	132 152 479.61	0.00	0.00	132 152 479.61	88.25 %	1 273 316.58	241 500.00	1 514 816.58	1.01 %	16 021 856.49	0.00	16 077 870.30	10.74 %			
	6 300 000.00	0.00	0.00	0.00	0.00	0.00 %	0.00	0.00	0.00	0.00 %	6 300 000.00	0.00	6 300 000.00	100.00 %			
	40 933 206.64	28 737 307.73	0.00	0.00	29 080 100.81	71.04 %	2 004 794.45	0.00	2 004 794.45	4.90 %	6 844 843.22	3 003 129.96	9 848 311.38	24.06 %			
	17 853 455.74	16 435 331.93	0.00	80 716.58	16 516 048.51	92.51 %	91 505.88	0.00	91 505.88	0.51 %	1 164 668.07	0.00	1 245 901.35	6.98 %			
Total Heading 3	163 137 686.42	151 925 270.47	0.00	0.00	151 925 270.47	93.13 %	6 065 129.89	0.00	6 065 129.89	3.72 %	5 053 735.02	0.00	5 147 286.06	3.16 %			
	20 408 152.62	19 277 571.08	0.00	0.00	19 277 571.08	94.46 %	265.04	0.00	265.04	0.00 %	1 129 805.42	0.00	1 130 316.50	5.54 %			
	898 000.00	896 823.54	0.00	0.00	896 823.54	99.87 %	0.00	0.00	0.00	0.00 %	1 176.46	0.00	1 176.46	0.13 %			
	177 756 464.66	138 131 909.63	0.00	2 932 297.58	141 064 207.21	79.36 %	1 159 830.41	61 971 000.00	1 221 801.41	0.65 %	30 470 107.25	5 000 000.00	35 532 427.04	19.99 %			
Total Heading 3	61 971 000.00	0.00	0.00	0.00	0.00	0.00 %	0.00	0.00	0.00	0.00 %	0.00	0.00	0.00	0.00 %			
	154 598 250.80	107 959 186.97	0.00	115 814.81	108 075 001.78	69.91 %	2 346 509.49	0.00	2 346 509.49	1.52 %	22 166 408.90	21 957 520.00	44 176 739.53	28.58 %			
	38 297 086.43	30 852 236.46	0.00	1 483 657.75	32 335 894.21	84.43 %	4 044 933.89	0.00	4 044 933.89	10.56 %	1 150 503.54	0.00	1 916 258.33	5.00 %			
	711 877 643.54	585 185 550.91	71 087 639.00	0.00	656 273 189.91	92.19 %	91 968.17	7 000 000.00	7 091 968.17	1.00 %	10 948 785.09	37 495 361.00	48 512 485.46	6.81 %			
Total Heading 3	150 131 570.14	67 757 792.17	9 270 833.70	0.00	77 028 625.87	51.31 %	41 622.02	12 173 307.25	12 214 929.27	8.14 %	56 839 495.70	4 048 519.30	60 888 015.00	40.56 %			
	5 000 099.16	4 646 549.28	0.00	0.00	4 646 549.28	92.93 %	0.00	0.00	0.00	0.00 %	353 450.72	0.00	353 549.88	7.07 %			
	599 000 000.00	599 000 000.00	0.00	0.00	599 000 000.00	100.00 %	0.00	0.00	0.00	0.00 %	0.00	0.00	0.00	0.00 %			
	7 956 833 921.56	6 466 789 391.46	91 350 588.37	8 527 209.20	6 566 667 189.03	82.53 %	655 813 315.80	93 785 716.34	749 599 032.14	9.42 %	560 387 199.81	76 968 092.67	640 567 700.39	8.05 %			
Heading 4: External action European Development Fund (Title B7-1) Food aid and support measures (Chapter B7-20) Humanitarian aid (Chapter B7-21) Cooperation with developing countries in Asia (Chapter B7-30) Cooperation with developing countries in Latin America (Chapter B7-31) Cooperation with southern Africa and South Africa (Chapter B7-32) Cooperation with third countries in the Mediterranean and the Middle East (Chapter B7-4) European Bank for Reconstruction and Development (Chapter B7-51) Cooperation with the new independent States and Mongolia (Chapter B7-52) Other Community operations for the CCEE, the NIS, Mongoli and the western Balkan countries (Chapter B7-53) Cooperation with the Balkan countries (Chapter B7-54) Other cooperation measures (Title B7-6) European initiative for democracy and human rights (Title																	





Table 6:

## Breakdown of commitments outstanding

Financial perspective heading	< 1997	1997	1998	1999	2000	2001	2002	Total
EUR								
<b>Heading 1: Agriculture</b>								
Agricultural expenditure (Titles B1-1 to B1-3)	0,00					0,00	231 176 044,00	231 176 044,00
Rural development and ancillary measures (Title B1-4)							0,00	0,00
<b>Total Heading 1</b>	<b>0,00</b>					<b>0,00</b>	<b>231 176 044,00</b>	<b>231 176 044,00</b>
<b>Heading 2: Structural operations</b>								
Objective 1 (Chapter B2-10)	143 734 636,91	245 442 733,09	1 347 314 497,20	5 443 749 055,03	1 042 401 840,76	9 091 164 007,89	19 398 140 466,49	36 711 947 237,37
Objective 2 (Chapter B2-11)	298 505 791,75	168 404 562,90	166 351 457,40	2 185 451 490,15	259 226 542,54	3 344 949 037,95	3 640 072 844,25	10 062 961 726,94
Objective 3 (Chapter B2-12)	59 701 000,81	22 118 021,00	270 256 188,00	1 082 681 791,59	159 290 848,64	1 797 760 971,14	3 600 528 593,74	6 992 337 414,92
Other structural measures (outside Objective 1 areas) (Chapter B2-13)	39 011 976,55	2 302 303,50	20 429 375,60	584 880 099,29	37 484 806,14	130 642 715,11	168 577 315,10	983 328 591,29
Community initiatives (Chapter B2-14)	489 692 458,18	250 812 577,90	210 112 690,08	1 255 161 467,94	443 949 549,00	747 407 140,18	1 859 821 190,65	5 256 957 073,93
Innovative measures and technical assistance (Chapter B2-16)	30 577 683,75	14 962 503,55	34 066 107,19	35 295 143,59	1 742 327,90	112 912 665,84	135 765 660,67	365 322 092,49
Other specific structural measures (Title B2-2)							145 991 760,00	145 991 760,00
Cohesion Fund (Title B2-3)	205 052 654,00	128 125 940,41	287 240 393,70	870 370 285,46	540 548 943,66	1 681 551 015,52	2 499 556 400,55	6 212 445 633,30
<b>Total Heading 2</b>	<b>1 266 276 201,95</b>	<b>832 168 642,55</b>	<b>2 335 770 709,17</b>	<b>11 457 589 333,05</b>	<b>2 484 644 858,64</b>	<b>16 906 387 553,63</b>	<b>31 448 454 231,45</b>	<b>66 731 291 530,24</b>
<b>Heading 3: Internal policies</b>								
Research and technological development (Subsection B6)	80 570 043,20	117 935 502,13	222 688 480,29	598 310 339,51	1 340 745 276,00	2 223 254 991,81	2 937 237 489,52	7 520 742 122,46
Other agricultural operations (Title B2-5)	3 974 549,39	4 540 671,99	1 173 336,49	21 287 519,39	8 440 585,49	14 860 797,50	40 238 402,18	94 515 862,43

Financial perspective heading	EUR							
	< 1997	1997	1998	1999	2000	2001	2002	Total
Other regional policy operations (Title B2-6)	333 659,03	53 900,00				0,00	3 000 000,00	3 387 559,03
Transport (Title B2-7)	32 932,25	0,00	234 900,00	1 152 541,02	3 756 618,74	11 952 894,11	22 704 412,48	39 834 298,60
Other measures concerning fisheries and the sea (Title B2-9)	0,00	1 089 341,94	12 980 015,81	15 076 383,44	20 296 363,82	28 137 012,18	46 947 307,53	124 526 424,72
Education, vocational training and youth (Title B3-1)	24 124 354,35	22 582 152,54	38 688 346,08	40 505 207,80	68 059 543,33	99 752 914,51	191 728 324,88	485 440 843,49
Culture and audiovisual media (Title B3-2)	2 808 611,40	903 258,23	1 903 993,31	3 978 237,75	14 917 328,67	51 550 737,59	89 250 137,06	165 312 304,01
Information and communication (Title B3-3)	1 193 452,97	1 709 440,56	2 078 190,17	3 968 518,53	6 805 376,64	14 697 158,60	46 494 383,28	76 946 520,75
Social dimension and employment (Title B3-4)	1 973 657,99	1 616 197,06	1 434 431,03	7 000 464,31	17 852 127,40	41 200 837,03	86 254 026,23	157 331 741,05
Energy (Title B4-1)	553 039,11	1 167 218,35	1 330 406,70	4 331 379,61	349 691,67	34 172 595,03	32 790 867,92	74 695 198,39
Euratom nuclear safeguards (Title B4-2)		537 845,00	74 460,00	246 649,48	522 248,27	3 079 300,13	8 379 099,21	12 839 602,09
Environment (Title B4-3)	6 249 874,19	10 464 178,66	20 691 697,72	43 412 836,34	4 704 083,52	99 078 505,53	139 774 906,94	324 376 082,90
Consumer policy and health protection (Title B5-1)			0,00	134 413,16	972 497,45	4 694 891,33	17 731 458,56	23 533 260,50
Aid for reconstruction (Title B5-2)							0,00	0,00
Internal market (Title B5-3)	2 764 142,32	1 510 417,58	3 356 983,81	5 009 147,81	10 316 872,52	46 489 544,72	107 954 890,25	177 401 999,01
Industry (Title B5-4)	600 000,00		46 326 320,00	15 044 111,00				61 970 431,00
Labour market and technological innovation (Title B5-5)	1 896 099,46	4 929 971,00	20 288 404,45	55 019 760,10	132 474 257,96	68 267 879,17	89 623 426,24	372 499 798,38
Statistical information (Title B5-6)	64 000,00	326 970,76	436 910,95	3 108 965,47	3 863 370,40	9 757 508,40	27 371 645,15	44 929 371,13
Trans-European networks (Title B5-7)	71 330 962,04	57 204 658,97	69 689 938,41	133 284 123,59	228 628 601,82	325 657 972,62	422 480 678,67	1 308 276 936,12
Area of freedom, security and justice (Title B5-8)	39 337,75	341 947,81	953 003,54	1 451 207,50	6 558 538,81	47 673 147,65	75 437 188,97	132 454 372,03

Financial perspective heading	< 1997	1997	1998	1999	2000	2001	2002	Total
Fraud prevention (Chapter B5-91)	72 193,05	0,00	0,00	26 250,00	114 188,54	697 258,67	2 567 869,11	3 477 759,37
European Union Solidarity Fund (Title B2-4)							0,00	0,00
<b>Total Heading 3</b>	<b>198 580 908,50</b>	<b>226 913 672,58</b>	<b>444 329 818,76</b>	<b>952 348 055,81</b>	<b>1 869 377 571,05</b>	<b>3 124 975 946,58</b>	<b>4 387 966 514,18</b>	<b>11 204 492 487,46</b>
<b>Heading 4: External action</b>								
Food aid and support measures (Chapter B7-20)	15 274 730,25	25 186 754,95	53 397 302,19	109 092 278,76	169 849 887,98	250 323 787,72	412 636 908,48	1 035 761 650,33
Humanitarian aid (Chapter B7-21)	338 500,00	1 548 695,27	1 045 597,16	9 536 221,47	10 389 750,49	98 854 160,84	239 705 505,21	361 418 430,44
Cooperation with developing countries in Asia (Chapter B7-30)	388 600 417,77	184 582 997,38	161 013 009,32	182 246 144,02	338 982 579,21	316 961 255,55	475 460 972,41	2 047 847 375,66
Cooperation with developing countries in Latin America (Chapter B7-31)	159 093 899,04	131 768 894,52	159 747 065,06	123 698 503,69	209 774 854,37	280 760 058,29	328 926 411,53	1 393 769 686,50
Cooperation with southern Africa and South Africa (Chapter B7-32)	24 951 533,40	53 893 426,96	38 989 913,61	60 659 979,83	52 151 206,27	92 512 605,25	123 660 348,08	446 819 013,40
Cooperation with third countries in the Mediterranean and the Middle East (Chapter B7-4)	206 092 474,02	384 691 560,43	619 752 890,72	587 284 614,09	594 356 999,03	643 689 247,56	545 180 656,55	3 581 048 442,40
European Bank for Reconstruction and Development (Chapter B7-51)			5 737 500,00	29 700 000,00				35 437 500,00
Cooperation with the new independent States and Mongolia (Chapter B7-52)	129 555 789,97	74 043 241,42	70 404 347,68	130 104 336,95	308 219 256,26	333 416 440,52	410 416 539,71	1 456 159 952,51
Other Community operations for the CCEE, the NIS, Mongolia and the western Balkan countries (Chapter B7-53)	0,00							0,00
Cooperation with the Balkan countries (Chapter B7-54)	4 214 598,96	15 056 294,64	34 874 706,27	82 659 963,08	86 110 383,99	240 396 708,42	492 694 137,77	956 006 793,13
Other cooperation measures (Title B7-6)	23 421 308,29	17 406 431,44	22 517 520,72	65 828 247,67	108 969 292,54	202 717 977,19	362 230 491,67	803 091 269,52



Financial perspective heading	EUR							
	< 1997	1997	1998	1999	2000	2001	2002	Total
European initiative for democracy and human rights (Title B7-7)	2 153 554,19	4 924 485,42	3 729 610,05	27 078 176,73	36 436 224,13	66 319 181,17	93 664 836,05	234 306 067,74
International fisheries agreements (Chapter B7-80)	7 936 990,49	21 294,01	121 736,80	78 974,25	496 373,59	3 714 095,07	8 269 824,43	20 639 288,64
External aspects of certain Community policies (Chapters B7-81 to B7-87)	8 278 090,66	14 981 419,65	14 288 548,55	23 119 802,75	35 987 942,20	41 786 052,05	60 077 809,08	198 519 664,94
Common foreign and security policy (Subsection B8)	0,00	268 004,81	0,00	102 889,22	4 337 905,96	6 859 362,92	16 015 591,70	27 583 754,61
Pre-accession strategy for the Mediterranean countries (Chapters B7-04 and B7-05)					1 914 567,18	14 508 161,89	144 124 945,00	160 547 674,07
Total Heading 4	969 911 887,04	908 373 500,90	1 185 619 748,13	1 431 190 132,51	1 957 977 223,20	2 592 819 094,44	3 713 064 977,67	12 758 956 563,89
Heading 5: Administration								
Part A (excluding pensions)	114 921,00	129 407,57	847 972,00	204 784,81	448 086,92	800 534,15	472 620 605,89	475 166 312,34
Pensions (all institutions)						0,00	22 730,49	22 730,49
Total Heading 5	114 921,00	129 407,57	847 972,00	204 784,81	448 086,92	800 534,15	472 643 336,38	475 189 042,83
Heading 6: Reserves								
Guarantee reserve (Chapters B0-23 and B0-24)							0,00	0,00
Total Heading 6							0,00	0,00
Heading 7: Pre-accession aid								
Agriculture (Chapter B7-01)						914 299 045,93	554 500 000,00	1 468 799 045,93
Pre-accession structural instrument (Chapter B7-02)					716 195 710,76	883 781 176,13	1 042 259 374,69	2 642 236 261,58
PHARE (applicant countries) (Chapter B7-03)	86 154 220,94	38 006 155,43	88 615 289,12	279 347 720,86	932 095 757,78	1 260 372 821,89	1 620 787 741,53	4 305 379 707,55
European Union Solidarity Fund (Chapter B7-09)							0,00	0,00
Total Heading 7	86 154 220,94	38 006 155,43	88 615 289,12	279 347 720,86	1 648 291 468,54	3 058 453 043,95	3 217 547 116,22	8 416 415 015,06
Total	2 521 038 139,43	2 005 591 378,83	4 055 183 537,18	14 120 680 027,04	7 960 739 208,35	25 683 436 172,75	43 470 852 219,90	99 817 520 683,48

## CHAPTER II

## CONSOLIDATED FINANCIAL STATEMENTS OF THE EUROPEAN COMMUNITIES:

## BALANCE SHEET

## ASSETS

(EUR)

	31.12.2002	31.12.2001
I. INITIAL COSTS	0,00	0,00
II. INTANGIBLE FIXED ASSETS	7 846 576,87	5 462 532,32
III. TANGIBLE FIXED ASSETS	3 311 127 734,51	3 347 370 786,73
A. Land and buildings	1 401 405 844,93	1 479 717 856,26
B. Plant, machinery and tools	37 234 380,92	40 553 958,74
C. Furniture and vehicles	30 332 343,84	32 475 825,12
D. Computer hardware	79 951 512,20	71 783 580,88
E. Finance leases and similar entitlements	1 666 588 220,28	1 653 072 875,62
F. Other tangible fixed assets	11 941 659,81	11 604 706,60
G. Fixed assets under construction and prepayments	83 673 772,53	58 161 983,51
IV. FINANCIAL FIXED ASSETS	2 017 547 773,48	2 080 812 121,69
A. Investments in related organisations	324 011 899,20	277 500 000,00
1. Subscriptions and participations	324 011 899,20	277 500 000,00
2. Receivables	0,00	0,00
B. Other fixed financial assets	1 693 535 874,28	1 803 312 121,69
1. Subscriptions and participations	42 045 810,97	22 879 226,68
2. Receivables	0,00	0,00
3. Guarantees and advances granted	1 651 490 063,31	1 780 432 895,01
4. Other	0,00	0,00
V. LONG-TERM ASSETS	21 624 361 525,95	17 594 861 536,78
A. Loans granted from the budget	627 217 512,42	679 249 872,64
B. Loans granted from borrowed funds	1 394 599 344,04	1 499 958 872,14
C. Other long-term assets	19 602 544 669,49	15 415 652 792,00
VI. STOCKS	76 002 255,83	77 643 372,82
A. Office supplies and other consumables	14 088 330,78	14 352 646,78
B. Scientific equipment	61 913 925,05	63 266 912,48
C. Publications Office stocks	0,00	23 813,56

(EUR)

	31.12.2002	31.12.2001
VII. SHORT-TERM ASSETS	6 923 935 986,65	5 848 449 099,10
A. Long-term receivables due in less than one year	163 026 211,05	271 250 425,49
1. Loans granted from the budget	27 663 796,05	16 222 248,49
2. Loans granted from borrowed funds	115 000 000,00	235 000 000,00
3. Other assets with a term of more than one year	20 362 415,00	20 028 177,00
B. Current assets	6 752 353 393,13	5 567 336 187,05
1. Advances paid to Member States	355 000 000,00	0,00
2. Amounts owed by Member States	2 078 454 951,07	1 442 840 826,65
(a) EAGGF Guarantee	1 349 977 685,84	681 394 524,99
(b) VAT paid and recoverable from Member States	37 137 312,19	38 590 776,31
(c) Own resources	660 833 981,90	712 386 135,52
(d) Other receivables from Member States	30 505 971,14	10 469 389,83
3. Amounts owed by Community institutions and bodies	10 846 237,86	4 568 651,20
4. Sundry debtors	4 308 052 204,20	4 119 926 709,20
C. Sundry receivables	8 556 382,47	9 862 486,56
1. Amounts owed by staff	8 351 354,68	9 680 494,77
2. Other	205 027,79	181 991,79
VIII. CASH INVESTMENTS	127 326 430,17	122 135 603,20
IX. DISPOSABLE ASSETS	17 393 343 907,54	21 270 072 904,56
X. TRANSITIONAL ACCOUNTS	91 060 348,71	163 289 556,93
<b>Total</b>	<b>51 572 552 539,71</b>	<b>50 510 097 514,13</b>

## LIABILITIES

(EUR)

	31.12.2002	31.12.2001
I. OWN CAPITAL	17 017 150 640,67	23 296 299 646,95
A. Economic outturn for the year	8 682 526 637,61	17 140 984 720,10
1. Budget outturn	7 413 481 988,34	15 002 522 103,55
2. Result of adjustments	1 268 832 829,48	2 138 390 842,73
3. Result of borrowing and lending activities	211 819,79	71 773,82
B. Outturn carried over from previous financial years:	8 275 052 504,67	6 095 767 613,11
Result of adjustments	8 275 052 504,67	6 095 767 613,11
C. Reserves	59 571 498,39	59 547 313,74
1. Revaluation reserve	57 124 663,00	57 124 663,00
2. Reserve for borrowing and lending activities	2 446 835,39	2 422 650,74
II. PROVISIONS FOR RISKS AND CHARGES	22 434 703 135,72	17 266 328 288,63
A. Provisions for major repairs and maintenance	0,00	0,00
B. Provisions for risks and charges	22 434 703 135,72	17 266 328 288,63
III. LONG-TERM LIABILITIES	2 686 179 688,07	2 977 145 074,80
A. Loans raised	1 338 678 708,69	1 427 898 931,80
B. Other long-term debts	1 347 500 979,38	1 549 246 143,00
IV. SHORT-TERM LIABILITIES	8 719 619 085,58	6 391 750 835,17
A. Long-term liabilities falling due in less than one year	225 228 007,01	360 876 516,01
B. Other short-term financial liabilities	3 467 490 712,21	3 714 191 827,75
C. Current liabilities	5 010 415 544,67	2 300 706 758,74
1. Member States and EFTA countries	38 535 782,52	75 877 523,34
2. Community institutions and bodies	16 412 388,90	28 574 127,23
3. Payment appropriations to be carried over	4 846 976 388,84	2 089 687 959,54
4. Sundry creditors	108 490 984,41	106 567 148,63
D. Other liabilities	16 484 821,69	15 975 732,67
V. TRANSITIONAL ACCOUNTS	714 899 989,67	578 573 668,58
<b>Total</b>	<b>51 572 552 539,71</b>	<b>50 510 097 514,13</b>

## CHAPTER III

## ANNEX 1

## ACCOUNTING PRINCIPLES, RULES AND METHODS

## 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 2002 are the first drawn up in accordance with the new 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 and the Ombudsman) in order to guarantee harmonisation of the accounts and consistency of data.

**2. The new Financial Regulation**

The new 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.

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

This is particularly the case with the timetable for the presentation of accounts which will be shifted forward by about one month from 2005 onwards to give the discharge authority the same amount of time for its deliberations. Article 128 thus stipulates that, starting with the 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 which each institution and each agency have sent by 1 March. These accounts are sent to the Court of Auditors which may 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 Commission accounting officer must, in accordance with Article 129(2) and Article 181(2) of the Financial Regulation, consolidate the definitive accounts. Then the Commission must, in accordance with Article 129(3) and Article 181(2) approve them and send them to the European Parliament and the Court of Auditors by 15 October of the following year.

The definitive accounts for 2002 are presented in line with this distinction: Volume I contains the definitive consolidated accounts, Volume II the Commission's definitive accounts and Volume III the definitive accounts of the other institutions and bodies.

### 3. Accounting principles

The aims of a financial statement must be to describe the nature and range of an institution's activities, explain how it is financed and supply definitive information on its operations.

These are certainly the objectives of the consolidated annual accounts produced annually by the European Commission.

If they are to present a true and fair view, financial statements must not only supply relevant information, 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 <sup>(1)</sup>.

The **general accounts** show all expenditure and revenue over the financial year and are designed to establish the financial position in the form of a balance sheet at 31 December the previous year.

Article 124 of the Financial Regulation sets out the accounting principles for drawing up the financial statements:

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

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 2002 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 and debts for the financial year. The financial statements will gradually evolve so that the principle of accrual-based accounting will take full effect from 2005.

## ACCOUNTING RULES AND METHODS

### 1. Bases for conversion

#### 1.1. Accounts are kept in euros.

<sup>(1)</sup> This differs from cash-based accounting because of elements such as carryovers and the establishment of entitlements.

- 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 2002. Conversion rates for the main currencies at 31 December 2002:

1 euro	0,650500	GBP
1 euro	7,428800	DKK
1 euro	9,152800	SEK
1 euro	1,048700	USD
1 euro	124,390000	JPY

Different conversion methods apply to the following headings:

- tangible and intangible assets, which retain their value in euros at the rate that applied when they were purchased;
  - commitments outstanding, some of which are commitments in national currencies converted into euros at the monthly accounting rates for December; the total amount in euros of commitments outstanding cannot be subsequently revalued;
  - 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;
  - the transitional accounts which retain their value in euros at the accounting rate that applied at the time of the accounting operation;
- 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 profit and loss accounts;
  - monetary items other than cash assets: when, overall, the negative exchange differences on assets and commitments expressed in a specific currency exceed the positive differences noted on assets and commitments expressed in the same currency, the surplus is recorded in the profit and loss accounts. Otherwise, the surplus is recorded in the transitional liability accounts;
- 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, GNP-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 for which authorisation reaches the Financial Controller by 31 December and which are made by the accounting officer by 15 January of the following 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 2001 and 15 October 2002, provided that the accounting officer was notified of the commitment and authorisation by 31 January 2003. 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 new Financial Regulation states that the accrual accounting principle will be gradually introduced by 2005. One of the objectives of the plan to modernise the accounts is the transition from an accounting system based on the modified cash principle to an accounting system based on the accrual principle.

The economic outturn consists of the budget outturn, 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 <sup>(1)</sup>.

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**

In the course of the year, accounting is 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. 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.

<sup>(1)</sup> 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.



#### 4.3. **Result of borrowing and lending activities**

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

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 Community, to borrow on the financial markets to make loans in order to enable the final recipients to benefit from the advantageous conditions which the Community 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.

#### 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 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 following two values: 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 for each full year, 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	12,50 %
Specialist furniture for kitchens, cafeterias	12,50 %
Specialist furniture for nurseries	25 %

Type of asset	Straight line depreciation rate
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 %
Photographic equipment	25 %
Projector screens	25 %
Televisions, radios, monitors (not incl. for computers)	25 %
Technical equipment	25 %
Printers, mail, security, building, tools	12,50 %
Measuring or laboratory equipment	25 %
Other plant, machinery and tools	12,50 %
Dismantlable shelving, partitions, false floors, false ceilings and wiring	25 %
Vehicle fleet	25 %
Furnished buildings	10 %
Unfurnished 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.

Publications: stocks of publications are valued at the re-sale cost. The re-sale cost includes all direct and indirect production costs. Production costs are purchase expenditures, conversion expenditures and other costs.

- 5.3. **Financial 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.

- 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. Entitlements are financial instruments which, according to IPSAS 15, must be valued at their correct level. Value adjustments are calculated and entered in the accounts for this purpose. A value reduction is thus applied for amounts considered irrecoverable.

Two types of value reduction exist:

- a specific value reduction 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 value reduction 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 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.

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.

#### 6. **Pre-financing**

Payments on account for operational purposes are included in the year's expenditure and do not appear as assets in the balance sheet.

Advances to public or private intermediaries which had not been received by the final beneficiary at 31 December 2002 and which are included in the year's budget expenditure are entered on the assets side of the balance sheet as short-term assets.

#### 7. **Consolidation**

The consolidated accounts cover the accounts of the European Parliament, the Council, the Commission (including the Publications Office and the Joint Research Centre), the Court of Justice, the Court of Auditors, the Economic and Social Committee, the Committee of the Regions and the Ombudsman.

The method used is that of full consolidation.

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 2005 to the agencies mentioned in Article 185 of the Financial Regulation. An analysis conducted as part of the modernisation of the Communities' accounting system, in particular after the gradual introduction of IPSAS standards between now and 2005, will determine whether other bodies and entities are to be consolidated. The issue of whether or not certain other entities are to be consolidated will be referred, for an opinion, to the Accounting Standards Committee, a forum of experts in public-sector accounts set up as part of the modernisation project.

Pending the entry in force of the Treaty of Nice on 1 February 2003, the Member States have temporarily entrusted the European Commission with the management of the ECSC in liquidation. As a result, the financial statements of the ECSC in liquidation were not consolidated at the end of 2002, but were annexed to the financial documents which the Commission draws up every year in accordance with Article 275 of the EC Treaty and the Financial Regulation applicable to the general budget of the European Communities.

## ANNEX 2

**EXPLANATORY NOTES TO THE BUDGET IMPLEMENTATION STATEMENTS****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 new 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. The explanations below refer as a rule to this new Financial Regulation if the provisions are comparable to the old regulation. Where there is a change, the regulation in force is mentioned. Where appropriate the new provision is also mentioned.

**1. BUDGETARY PRINCIPLES**

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

- *unity and budget accuracy*: all Community expenditure and revenue must be incorporated in a single budget document;
- *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 Union*.

## 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: Ombudsman.

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.

## 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 multiannual operations. They cover the total cost, during the current year, of legal obligations entered into for operations extending over more than one financial year.

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

- all the administrative sections of the budget (Part A of the Commission Section and the whole of every other section);
- EAGGF Guarantee appropriations of an annual nature;
- certain technical appropriations (in particular: 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 multiannual operations. The appropriations in Part B of the Commission Section (not including EAGGF) come into this category.

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 <sup>(1)</sup> for operations extending over a number of years <sup>(2)</sup>.
- *payment appropriations*: cover expenditure arising from commitments entered into in the current financial year and/or earlier financial years <sup>(3)</sup>.

<sup>(1)</sup> For the Structural Funds: only the annual tranche is counted.

<sup>(2)</sup> Appropriations for commitment = commitment appropriations + non-differentiated appropriations.

<sup>(3)</sup> Appropriations for payment = payment appropriations + non-differentiated appropriations.

#### 4. ORIGIN OF APPROPRIATIONS

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

##### 4.1. Appropriations voted and changes to the initial budget

###### — *Appropriations initially voted in the budget*

###### — *Transfers*

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

###### — *Supplementary and/or amending budgets*

*The budget adopted may be amended or increased by an amending budget which changes the allocation of appropriations without altering the total or by a supplementary budget which increases the initial allocation. The rules are set out in Articles 37 and 38 of the Financial Regulation.*

###### — *EFTA appropriations*

The agreement on the *European Economic Area* provides for financial contribution by its members to certain activities in the Community budget. The budget lines concerned and the amounts projected are published in Annex III of the EU 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.

##### 4.2. Appropriations carried over from previous year

###### — *Automatic carryovers*

These are payment appropriations which may be carried over automatically for one financial year only in accordance with Article 9(4) of the Financial Regulation.

###### — *Appropriations carried over by decision of the institutions*

The Commission 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) of the Financial Regulation).

##### 4.3. Revenue from third parties and work for third parties

###### — *Revenue from third parties*

As with the EFTA appropriations, other countries have concluded agreements with the European Union involving a financial contribution to Community 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(a) and (d) of the Financial Regulation).

###### — *Work for third parties*

As part of their research activities, the Community 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(d) of the Financial Regulation).

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

#### 4.4. Appropriations for re-use

These appropriations arise from the refund of amounts paid in error. These amounts are assigned to the budget line which incurred the initial expenditure. At present, these appropriations may be carried over for a period of one year only (Article 27(2) of the 1977 Financial Regulation) <sup>(1)</sup>. From 2003, the new Financial Regulation converts them into assigned revenue (Article 10 and Article 18(e), (f), (g), (h), (i), and (j) of the Financial Regulation), which may be carried over without limit.

#### 4.5. Appropriations made available again as a result of repayment of payments on account

These are Community funds which have been repaid by the beneficiaries. These amounts are re-entered by a Commission decision (Article 7(7) of the 1977 Financial Regulation, Article 18(2) of the Financial Regulation). The amounts entered must be used in the course of the financial year. Repayments of payments on account will, from 1 January 2003, be entered as assigned revenue (Article 10 and Article 18(2) of the Financial Regulation), which may be carried over without limit.

#### 4.6. Commitment appropriations made available again as a result of decommitments

This involves the re-entry of commitment appropriations which have been decommitted. Amounts are re-entered by way of exception if they are indispensable for completion of the programme (Article 7(6) of the 1977 Financial Regulation; Article 157 of the Financial Regulation).

#### 5. COMPOSITION OF APPROPRIATIONS AVAILABLE:

- *Final budget appropriations*: initial budget + supplementary and amending budget + transfers + EFTA contribution;
- *Appropriations for the year*: final appropriations + revenue from third parties (contributions by third parties);
- *Additional appropriations*: revenue from third parties (contributions by third parties) + appropriations carried over from the previous financial year + other appropriations (appropriations for re-use + commitment appropriations made available again following decommitments + appropriations made available again following repayments of amounts paid on account);
- *Total appropriations authorised*: final budget appropriation + additional appropriations;

#### 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 forecasts of revenue subject to any changes resulting from the adoption of supplementary and 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.

<sup>(1)</sup> Financial Regulation of 21 December 1977.

## 6.2. Execution of expenditure

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

### 6.2.1. Utilisation of appropriations:

- *Appropriations for commitment:* The appropriations authorised are available during the financial year for entering into commitments. The EFTA contribution forms part of the appropriations authorised. Their use is thus included in all the tables.
- *Appropriations for payment:* The appropriations authorised are available during the financial year for making payments. The EFTA contribution forms part of the appropriations authorised. Their use is thus included in all the tables.

### 6.2.2. Carryovers to the following year:

Appropriations for commitments:

Some types of appropriation which are not committed may be carried over automatically. This is the case with revenue from third parties and appropriations for re-use (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:*

- 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 the end of the year (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.

<sup>(1)</sup> Commitment appropriations + non-differentiated appropriations.

<sup>(2)</sup> Payment appropriations + non-differentiated appropriations.



### FINANCIAL PERSPECTIVE

The 2002 financial year was the third 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 Community expenditure in the shape of the financial perspective. The financial perspective shows the maximum amount and the composition of foreseeable Community 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 GNP 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 2002 comes to EUR 100 672 million, equivalent to 1,10 % of GNP.

The corresponding ceiling on the appropriations for payments for EU-15 comes to EUR 100 078 million, i.e. around 1,10 % of GNP.

The second half of the table sets out, for reference, the adjusted financial framework for EU-25 at 2004 prices.

The following table shows the adjusted financial perspective for EU-15 at 2002 prices and the adjusted financial perspective for EU-25 at 2004 prices.

(EUR million)

	Current prices			2002 prices			
	2000	2001	2002	2003	2004	2005	2006
Commitment appropriations: EU-15	93 792	97 189	100 672	100 190	99 042	98 133	97 311
1. Agriculture	41 738	44 530	46 587	46 449	45 377	44 497	44 209
2. Structural operations	32 678	32 720	33 638	33 308	32 998	32 735	31 955
3. Internal policies	6 031	6 272	6 558	6 676	6 793	6 910	7 038
4. External action	4 627	4 735	4 873	4 884	4 895	4 905	4 916
5. Administration	4 638	4 776	5 012	5 119	5 225	5 332	5 439
6. Reserves	906	916	676	426	426	426	426
7. Pre-accession aid	3 174	3 240	3 328	3 328	3 328	3 328	3 328
<b>Total payment appropriations: EU-15</b>	<b>91 322</b>	<b>94 730</b>	<b>100 078</b>	<b>100 795</b>	<b>97 645</b>	<b>95 789</b>	<b>95 217</b>
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. Enlargement					1 410	1 299	1 041
<b>Total appropriations for payments: EU-25</b>	<b>91 322</b>	<b>94 730</b>	<b>100 078</b>	<b>102 767</b>	<b>111 380</b>	<b>112 260</b>	<b>114 740</b>

## STRUCTURAL FUNDS: THE NEW PROGRAMMING PERIOD 2000-2006

The Community's Structural Funds consist of the ERDF, the ESF, the EAGGF Guidance Section and the FIFG <sup>(1)</sup>. The Structural Funds come under heading 2 'Structural operations' of the financial perspective, which also covers the Cohesion Fund. In the budget the Structural Funds are grouped together under Title B2-1.

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

### 1. STRUCTURAL FUND OBJECTIVES

The Structural Funds are the main instrument for attaining increased economic and social cohesion in the Community. 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.

The Community initiatives cover the following fields:

- (a) *Interreg:* cross-border, transnational and interregional cooperation intended to encourage the harmonious, balanced and sustainable development of the whole of the Community 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:* transnational 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 Community 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.

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

### 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.

#### 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.

## COMMENTS ON THE CONSOLIDATED STATEMENTS ON THE IMPLEMENTATION OF THE BUDGET FOR THE FINANCIAL YEAR 2002

### REVENUE

The revenue of the general budget of the European Union 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 Community, 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 GNP 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 which 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 'Summary of the implementation of general budget revenue, 2002' 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 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 GNP 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 GNP for all Member States.

The GNP 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 GNP of all the Member States.

VAT and GNP resources are determined on the basis of forecasts of VAT and GNP 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 GNP 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 GNP 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 GNP bases in subsequent years. The balances calculated earlier are adjusted and the difference is called in at the same time as the VAT and GNP balances for the previous budget year.

## **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 Community.

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 <sup>(1)</sup> 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 %.

This Decision entered into force on 1 March 2002, backdated to 1 January 2001. The 2002 budget takes account of the new collection costs which amount to EUR 5 748,6 million, including EUR 2 023 million which relate to the adjustment backdating the collection costs to 1 January 2001.

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<sup>(1)</sup> OJ L 105, 7.10.2000.

## EXPENDITURE

This section describes the main categories of Community expenditure, classified by heading of the financial perspective.

### *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 Community. The Community 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 Community 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 Community 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.

The Community contribution of EUR 120 million to the Global Health Fund to combat AIDS, tuberculosis and malaria was paid in two instalments of EUR 60 million each, one paid in 2002 from general budget appropriations and the other in 2003 from the European Development Fund (EDF) budget. The EDF is not included in the Community budget.

### *Heading 5 — Administrative expenditure*

This heading of the financial perspective covers all the expenditure on the running of the seven Community 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.

## 1. Payments on account 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. The Accounting Officer will lay down accounting rules for the entry 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. The Commission will adapt its accounting system when these rules are adopted. Until then, it has presented the information as in the annual accounts for the previous financial year.

Pre-financing not used at 31.12.2002:

- **EAGGF Guarantee — modulations:** 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. The effect of this arrangement is to subtract from the financing of aid schemes under heading 1a (Agricultural expenditure) of the financial perspective sums appearing as such in the consolidated accounts on implementation of the budget and to assign them in reality to heading 1b (Rural development and accompanying measures).

### EAGGF Guarantee prefinancing modulations

(EUR million)

Year	Withheld	Used	Balance not used at 31.12.2002	Rate of use
Modulation 2001	118,22	2,26	115,96	2 %
Modulation 2002	169,17	24,83	144,34	15 %
<b>Total</b>	287,39	27,09	260,30	9 %

### — Structural Operations

(EUR million)

Structural operations	Pre-financing granted in 2002	Pre-financing granted before 2002	Total pre-financing granted
Objective 1 (B2-1 0)	15,0	9 661,4	9 676,4
Objective 2 (B2-1 1)	18,7	1 609,6	1 628,3
Objective 3 (B2-1 2)		1 747,8	1 747,8
Other Structural Operations	337,5	531,0	868,5
<b>Total</b>	371,2	13 549,8	13 921,0

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

(EUR million)

Pre-accession aid	Pre-financing granted in 2002	Pre-financing granted before 2002	Total pre-financing granted
B7-0 2 0 ISPA	333,6	199,2	532,8
B7-0 1 0 Sapard	139,7	30,5	170,2
<b>Total</b>	<b>473,3</b>	<b>229,7</b>	<b>703,0</b>

— **Financial intermediaries:**

(EUR million)

Financial intermediaries	Pre-financing not distributed at 31.12.2002
B3-1 Education, training and youth	179,4
B3-2 Culture and audiovisual media	0,6
B3-3 Information and communication	0,2
B7-0 Pre-accession strategy	470,2
B7-2 Food aid and humanitarian aid	1,6
B7-3 Cooperation with developing countries in Asia, Latin America and southern Africa, including South Africa	29,3
B7-5 Cooperation with countries of central and eastern Europe, the Balkans, the new independent states and Mongolia	243,3
B7-6 Other cooperation measures	84,8
<b>Total</b>	<b>1 009,4</b>

— **Financial instruments:**

(EUR million)

Financial instruments	Pre-financing not distributed at 31.12.2002
B5-3 Internal market	6
B5-5 Labour market and technological innovation	173,1
B7-0 Pre-accession strategy	20,1
B7-4 Cooperation with Mediterranean non-member countries	2
<b>Total</b>	<b>201,2</b>

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

Appropriations carried over from the previous financial year in respect of contributions and work by 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 2002 budget implementation statements and those carried over to the following year in the budget implementation statements.



### 3. 2002 budget outturn

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

The EFTA-EEA appropriations carried over from 2002 to 2003 could not be included in the 2002 balance as this occurred after the closure of the budget implementation statements for 2002.

Total budget revenue for the year comes to EUR 101 183 million. The costs incurred by the Member States in the collection of own resources amount to EUR 5 748 million. The collection costs include EUR 2 023 million backdated to 1 January 2001. Total budget expenditure comes to EUR 83 770 million, when the negative expenditure under EAGGF Guarantee (EUR 597 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 third parties carried over from 2001 to 2002 (EUR 550 million) as these appropriations are included with the appropriations for the financial year (see also paragraph 4.3. Revenue from third parties and work for third parties).

	2002	2001	2002/2001
Revenue for the financial year	95 434 404 645,45	94 289 257 016,91	1,21 %
Payments against appropriations for the financial year	-83 770 766 619,23	-79 393 412 481,03	5,51 %
Payment appropriations carried over to the following year	-4 846 976 388,84	-2 089 687 959,54	131,95 %
EFTA appropriations carried over from previous year	-508 443,04	-407 189,20	24,87 %
Cancellation of unused carryovers from previous year	858 383 918,09	2 134 483 811,13	-59,78 %
Exchange differences for the year	-252 816 324,19	73 270 104,03	-445,05 %
<b>Balance for the year</b>	<b>7 421 720 788,24</b>	<b>15 013 503 302,30</b>	<b>-50,57 %</b>

## ANNEX 3

**EXPLANATORY NOTES TO THE BALANCE SHEET****COMMENTS ON THE CONSOLIDATED BALANCE SHEET FOR THE FINANCIAL YEAR 2002****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 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.

In connection with the modernisation of the Communities' accounting system and the shift towards application of the IPSAS standards for 2005, gradual changes in accounting methods are both inevitable and necessary. Some changes have already been made to the methods applied to produce the 2002 annual accounts. These changes are explained in the notes and comparative figures are provided.

**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.

The intangible fixed assets of the Court of Justice, with a net book value of EUR 19 690,47 (acquisition value of EUR 29 217,63 depreciation of EUR 9 527,16) have been reclassified as tangible fixed assets. These amounts appear under the heading 'Transfers between headings' in the 'Computer software' and 'Tangible fixed assets' tables below.

A computer licence, governed by an interinstitutional framework contract for database management is shown for the first time in the balance sheet at 31 December 2002.

For the Commission this is the first year that DG Fish has entered the Seaguard/Arcview software in the balance sheet. The net book value is EUR 6 400. This software, purchased in earlier years but not appearing in the balance sheet at 31 December 2001, is included under the heading 'other changes'.

Some software of the Joint Research Centre, acquired before 2002, could not be entered in the balance sheet before the closure of the 2002 financial year. In 2002 they are included in the acquisitions during the year. Depreciation for years prior to 2002 is included in the amount of depreciation recorded in 2002. Karlsruhe entered computer software in the balance sheet for a net book value of EUR 18 316,48.

Depreciation of intangible fixed assets (computer software) for the Publications Office is spread over three years (33 %), the standard practice for the Office's software.

	EUR
	Computer software
A. ACQUISITION VALUE	
Previous year-end	19 019 968,76
Changes during the year:	
— Acquisitions during the year	6 920 081,47
— Disposals and withdrawals	– 207 608,07
— Transfers between headings	– 29 217,63
— Other changes	182 284,85
Year-end	25 885 509,38
B. DEPRECIATION AND REDUCTION IN VALUE	
Previous year-end	13 557 436,44
Changes during the year:	
— Recorded	4 445 070,70
— Cancellations as a result of disposals and withdrawals	– 116 728,75
— Transfers between headings	– 9 527,16
— Other changes	162 681,28
Year-end	18 038 932,51
NET BOOK VALUE (A-B)	7 846 576,87

### III. TANGIBLE FIXED ASSETS

#### A. Land and buildings:

##### *Joint Research Centre*

In the absence of historical data on the costs of acquisition and the costs of annual improvements before 1998, acquisition values are based on a valuation conducted by an outside firm at 31 December 1997. It has been possible to calculate the changes which occurred during the period 1998-2002.

The method of depreciation is as follows:

1. For buildings which had been depreciated in full 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 depreciated in full at 1 January 1998, depreciation was calculated over their residual life having due regard to the revalued value 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.

##### *Delegations*

In some countries the value of the land cannot be distinguished from the value of the building.

The Commission's share of the building for the Delegation in Dar es Salaam (Tanzania), worth EUR 0,9 million, has been transferred from the heading 'Assets under construction and pre-payments made' to 'Land and buildings'.

##### *European Parliament*

In May 1998 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.

#### *Council*

The Council building was not definitively accepted in 2002. The value may be revised after final acceptance.

As regards the land of this building, the Council's General Secretariat based itself on Article 24 of Commission Regulation No 2909/2000 which lays down the principle that there is no need to value a plot of land or a building which has been transferred subject to conditions precedent.

The transfer conditions are that should the Council 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 and the Communities undertake to pay the Belgian State the market value of the land.

B. C. D.      **Plant, machinery and tools**  
                  **Furniture and vehicles**  
                  **Computer hardware**

#### *Commission*

The heading 'Other changes' comprises the retrospective entries and value corrections for the JRC.

The depreciation figure recorded by DG Press in 2002 includes some of the adjustments for earlier years. Shelving is still entered under 'Furniture and vehicles'. In 2003 it will be reclassified as 'Other tangible fixed assets'.

This is the first year that computer hardware acquired on the DG Taxud budget, used for specific purposes and located outside Commission premises appears under tangible fixed assets. The net book value at 31 December 2002 is EUR 433 897,83. The net book value at 31 December 2001 was EUR 602 666,70. This value has been included under 'Other changes'.

Following the physical stocktaking already carried out in the Delegations, there is a correction under 'Other changes' for items acquired before 2002 which had not been entered in the inventories of the Delegations concerned at 31 December 2001.

For 20 % of the Delegations, there is no information about tangible fixed assets for 2002. The new LID WEB application and the physical stocktaking in Delegations scheduled for 2003 should resolve this problem.

#### **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 <sup>(1)</sup>.

<sup>(1)</sup> This heading is based on standard IPSAS 13 — Leases.

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.

As shown in the 'Tangible fixed assets' table below, the acquisition value at year-end is EUR 2 023,1 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 1 943 million 'Land and buildings', EUR 78,8 million 'Plant, machinery and tools', EUR 970 030,90 'Furniture and vehicles' and EUR 31 666,43 'Computer hardware'.

A new leasing contract was signed by the Commission in 2002 for a new plot of land and building. The leasing contract covers the period from 24 April 2002 to 30 April 2029 with a purchase option for the Commission. The discounted value of the minimum payments due is EUR 9,85 million.

A new Commission building in Dublin, with a discounted value of minimum payments due of EUR 35,80 million, is included under this heading. The contract was signed in March 2002 for 20 years with a purchase option for the Commission.

The Charlemagne case is now before the courts. The dispute, which is with the previous owner of the Charlemagne building, relates to the acceptance of the work carried out. Because of this dispute it has not been possible to finalise the arrangements for taking up the purchase option contained in the contract for the acquisition of the building. There is therefore a risk, should the court's judgment not be in the Commission's favour or if complications arise in relations with the previous owner, that the Commission will not have the possibility of becoming owner of the building at the end of the 27-year lease period, even though the annual payment covers this possibility. The opportunity cost of this eventuality is estimated to be EUR 8 million.

The main building occupied by the Publications Office is not included in the balance sheet but in the 'Off-balance-sheet commitments — potential 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 has been entered in the balance sheet as the risks and rewards incident to ownership of the asset are substantially transferred to the lessee. The asset was valued on the date on which the lease entered into force at the discounted value of the minimum lease payments due. On the balance sheet date, Parliament and the developer had not managed to agree on a final cost for the complex. The value entered in the balance sheet is an estimate of the cost. This value was calculated in the light of the actual payments made and payment forecasts based on documents from banks and of a rate of discount deriving either from the interest rate charged by the banks or an estimate.

As stated above, the costs for the building and the specific fittings of the complex in Strasbourg are estimates. According to the data available in 2002, a distribution of values of EUR 2,5 million was transferred from specific fittings to the building. Up to 31 December 2001 an annual depreciation rate of 25 % was applied to specific fittings; hence the net value of these fittings at 31 December 2001 was zero. On the basis of additional information obtained, the depreciation of the specific fittings was recalculated using the rates of 25 %, 12,5 % and 10 % depending on the category of equipment, and these were entered in the balance sheet at 31 December 2002 with a net value of EUR 13,7 million.

On 15 November 1994 the Court of Justice signed a lease/purchase contract with the Luxembourg Government for three annexes of the Palais building. The Court will rent the buildings for the whole term of the agreement and will be able to exercise the purchase option once the selling price has been paid in full; and no later than 31 December 2015. The selling price is determined by an independent expert.

These buildings have been entered on the assets side of the balance sheet and the charges to be paid, recorded on the liabilities side, are estimated at EUR 38,73 millions on the basis of a valuation by the independent expert. This figure is provisional as negotiations are still under way after certain construction defects were noted.

The Economic and Social Committee (ESC) and the Committee of the Regions (CoR) have entered the finance leasing contracts for the Belliard 103-113 and Montoyer 91-102 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 %
à partir de 2003	ESC: 67 %	CoR: 33 %

The 2001 depreciation for the Montoyer building has been revised and corrected by EUR 0,9 million under 'Other changes'. In 2001, depreciation was erroneously calculated on the total value of the building and the land rather than on the value of the building alone.

There will be no depreciation for one of these buildings until the work in progress is accepted.

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

The Court of Auditors has entered EUR 18 million under this item for the funds required for the planned extension of the Court's building. The bulk of the funds has been placed at the disposal of the project manager by means of a transfer to a bank account opened for this purpose. The interest yielded by this account will be recorded as budget revenue.

The Economic and Social Committee has paid an advance of EUR 26 million to finance renovation of the Belliard building. This figure is included with the fees provided for in the finance leasing contract mentioned in Item E 'Finance leases and similar entitlements'.

## TANGIBLE FIXED ASSETS

	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 pre-payments made
(EUR)							
<b>A. ACQUISITION VALUE</b>							
Previous year-end	2 100 339 776,69	307 699 600,65	135 131 463,00	307 485 110,30	1 970 024 186,79	15 442 085,66	58 161 983,51
Changes during the year:							
— Acquisitions during the year	10 233 680,94	18 346 565,89	7 706 396,30	56 187 066,66	53 315 438,49	2 157 159,23	28 507 256,08
— Disposals and withdrawals	-146 856,64	-15 298 923,96	-8 473 216,69	-57 688 229,24	-210 271,35	-4 210,00	
— Transfers between headings	2 668 001,68	1 957 103,63	-1 947 152,65	-112 188,35	0,00	131 455,00	-2 668 001,68
— Other changes		564 444,85	669 704,11	3 435 253,60	2,71		-327 465,38
Year-end	2 113 094 602,67	313 268 791,06	133 087 194,07	309 307 012,97	2 023 129 356,64	17 726 489,89	83 673 772,53
<b>B. RISE IN VALUE</b>							
Previous year-end	57 124 663,00						
Changes during the year							
— Recorded							
— Cancellations							
— Other changes							
Year-end	57 124 663,00	0,00	0,00	0,00	0,00	0,00	0,00
<b>C. DEPRECIATION AND VALUE ADJUSTMENTS</b>							
Previous year-end	677 746 583,43	267 145 641,91	102 655 637,88	235 701 529,42	316 951 311,17	3 837 379,06	
Changes during the year:							
— Recorded	91 128 027,58	21 901 031,13	9 257 780,63	48 285 507,20	60 545 433,87	1 816 324,52	
— Cancellations as a result of disposals and withdrawals	-61 190,27	-14 987 529,64	-8 043 390,98	-56 908 295,26	-131 817,68	-4 210,00	
— Transfers between headings		1 877 407,76	-1 875 312,27	-127 904,83	0,00	135 336,50	
— Other changes		97 858,98	760 134,97	2 404 664,24	-20 823 791,00		
Year-end	768 813 420,74	276 034 410,14	102 754 850,23	229 355 500,77	356 541 136,36	5 784 830,08	
<b>NET BOOK VALUE (A+B-C)</b>	1 401 405 844,93	37 234 380,92	30 332 343,84	79 951 512,20	1 666 588 220,28	11 941 659,81	83 673 772,53

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:

**FINANCIAL FIXED ASSETS**  
**ITEMS TO BE INCLUDED IN THE BALANCE SHEET**

(EUR)

Description	Cumulative charges (A)	Charges to be paid			Total value (A+B)	Acquisition value of works (C)	Asset value (A+B+C-D)
		within 1 year	beyond 1 year	Total (B)			
TOTAL previous year-end	471 282 272,64	102 409 434,93	1 357 582 716,22	1 459 992 151,15	1 931 274 423,79		1 931 274 423,79
Land and buildings	639 877 734,34	75 032 351,34	1 182 106 132,63	1 257 138 483,97	1 897 016 218,31	46 345 176,00	1 943 361 394,31
Plant, machinery and tools	65 985 959,00	6 362 617,00	6 417 689,00	12 780 306,00	78 766 265,00		78 766 265,00
Furniture and vehicles	849 812,95	21 260,70	98 957,25	120 217,95	970 030,90		970 030,90
Computer hardware	24 011,63	4 652,87	3 001,93	7 654,80	31 666,43		31 666,43
Other tangible fixed assets				0,00	0,00		0,00
Assets under construction				0,00	0,00		0,00
TOTAL year-end	706 737 517,92	81 420 881,91	1 188 625 780,81	1 270 046 662,72	1 976 784 180,64	46 345 176,00	2 023 129 356,64



#### IV. FINANCIAL FIXED ASSETS

This heading covers equity 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 Community 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 Community. The proportion of this capital called up — 30 % — has been paid in full.

On 15 April 1996, at their annual meeting, the Bank's governors decided to double the amount of authorised capital. Under this decision, the Community has subscribed for 30.000 additional shares with a face value of EUR 10.000 each. This operation involves paid-in shares and callable shares in the following proportions: 22,5 % of the subscribed shares represent a whole number of paid-in shares and the remainder will be callable shares.

This item covers the full amount of the Commission's subscription (EUR 157,5 million) to the EBRD's capital which has been called up and paid. Payments outstanding on the proportion of capital called up — EUR 35,4 million — are recorded under short-term liabilities (EUR 8,4 million) and long-term liabilities (EUR 27 million). Payments outstanding on non-called up capital, amounting to EUR 442,5 million, are included in the off-balance-sheet commitments.

The 3 % shareholding in the EBRD is valued at cost, as it represents a financial instrument as defined in 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 Community, represented by the Commission, subscribes a total of EUR 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 EIB signed in 2000, the European Community has 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.

As with the EBRD subscription, payments outstanding on non-called up capital (80 %), amounting to EUR 480 million, are included in the off-balance-sheet commitments.

The equity method was applied for the first time in 2002 to value the Communities' share in the EIF, in accordance with IPSAS 7. The cost method had been applied in the past. 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 outturn account 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 provisional balance sheet for 2002 carries a total of EUR 555 million of own capital, including profits of EUR 18,7 million for the year. The Communities' share is 30 % of this amount (EUR 166,5 million), of which EUR 5,6 million concerns the result for 2002.

If the cost method had been applied as in past years, the holding would have remained the same as the 2001 amount, i.e. EUR 120 million, representing 30 % of subscribed and called-up capital valued at cost.

The difference (EUR 46,5 million) is accounted for as an adjustment as regards the share of the year's result (EUR 5,6 million) and in the adjustments carried forward as regards the remainder (EUR 40,9 million).

## **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 equity*

This heading covers Community 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.

It has proved impossible to calculate the real value of ECIP equity contributions. In accordance with the principle of prudence, a 100 % adjustment has been applied.

#### *Eurotech capital, Venture consort and JOP*

The purpose of the Eurotech capital instrument is to encourage the private funding of transnational high-technology projects developed by small and medium-sized undertakings through a network of risk-capital investors. It covers payments since 1990 in the form of pre-financing repayable in certain circumstances when contracts run out.

The purpose of the Venture consort instrument is to promote the transnational 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 and eastern Europe and the new independent States.

Since all three are risk capital operations, it is very difficult to assess the real present value of the contributions. In accordance with the principle of prudence, a 100 % adjustment has been made for the value of these contributions, which are therefore entered in the balance sheet at zero.

## **Other financial instruments**

In 2002, for the first time, subscriptions and participations of other financial instruments have been entered in the balance sheet. In the past such operations were treated solely as budget expenditure for the year.

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, 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 (BEI).

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

	Related organisations			Non related organisations						(EUR)
	EBRD	EIF	Total related organisations	ECIP	Venture consort JOP, Eurotech	SME Finance Facility	Growth & Employment	MAP Equity	Total non-related organisations	
A. ACQUISITION VALUE										
Previous year-end	600 000 000,00	600 000 000,00	1 200 000 000,00	22 879 226,68	20 160 704,00				43 039 930,68	
Changes during the year:										
— Acquisitions during the year						1 906 250,00	51 352 778,07	860 000,00	54 119 028,07	
— Disposals and withdrawals					-3 376 076,00				-3 376 076,00	
— Transfers between headings										
Year-end	600 000 000,00	600 000 000,00	1 200 000 000,00	22 879 226,68	16 784 628,00	1 906 250,00	51 352 778,07	860 000,00	93 782 882,75	
B. RISE IN VALUE										
Previous year-end	0,00	0,00	0,00							
Changes during the year										
— Recorded (equity method)		46 511 899,20	46 511 899,20							
— Cancellations										
— Transfers between headings										
Year-end	0,00	46 511 899,20	46 511 899,20	0,00	0,00	0,00	0,00	0,00	0,00	
C. REDUCTION IN VALUE										
Previous year-end	0,00	0,00	0,00	0,00	20 160 704,00				20 160 704,00	
Changes during the year:										
— Recorded				22 879 226,68	-3 376 076,00	333 000,00	11 740 217,10		34 952 443,78	
— Cancellations as a result of disposals and withdrawals									-3 376 076,00	
— Transfers between headings										
Year-end	0,00	0,00	0,00	22 879 226,68	16 784 628,00	333 000,00	11 740 217,10	0,00	51 737 071,78	
D. AMOUNTS NOT CALLED UP										
Year-end	442 500 000,00	480 000 000,00	922 500 000,00	0,00	0,00	0,00	0,00	0,00	0,00	
NET BOOK VALUE (A+B-C-D)	157 500 000,00	166 511 899,20	324 011 899,20	0,00	0,00	1 573 250,00	39 612 560,97	860 000,00	42 045 810,97	

### B.3. Guarantees and advances granted

This heading covers fixed assets such as deposits and guarantees paid, permanent advances for building charges and the Guarantee Fund.

#### Guarantee Fund

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

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

In accordance with Article 6 of the Regulation the Commission entrusted financial management of the Fund to the European Investment Bank (EIB) under an agreement signed between the Community 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 Interinstitutional Agreement of 29 October 1993 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 non-member 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 Community 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 (EUR 1 645 million) represents the Fund's net assets at 31 December 2002. For the sake of readability, this amount comprises the repayable surplus in excess of the target amount at 31 December 2002 (EUR 263 million).

Since the Fund may be called on to cover defaulting debtors at any time, a provision has been created for risks and liabilities in line with the principle of prudence. This provision (EUR 1 382 million) corresponds to the target amount <sup>(1)</sup> for the Guarantee Fund calculated on the basis of the amount outstanding at 31 December 2002. 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 263 million); it is entered under own capital.

EUR

Description	Net book value at 31.12.2001	Changes during year	Net book value at 31.12.2002
	(A)	(B)	(C) = (A) + (B)
Guarantees and advances granted			
Guarantees	5 988 087,03	-73 251,43	5 914 835,60
Advances granted	20 856,35	-0,35	20 856,00
Guarantee Fund	1 774 423 951,63	-128 869 579,92	1 645 554 371,71
Subtotal	1 780 432 895,01	-128 942 831,70	1 651 490 063,31
Other financial fixed assets	0,00	0,00	0,00
<b>Total</b>	<b>1 780 432 895,01</b>	<b>-128 942 831,70</b>	<b>1 651 490 063,31</b>

<sup>(1)</sup> 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

This item principally covers risk capital loans on special terms granted as part of cooperation with non-member countries. <sup>(1)</sup> 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.

Also included are amounts granted under the MEDIA I, MEDIA II and MEDIA Plus (third phase of the MEDIA programme) programmes for measures to promote the development of the audiovisual industry. As the contracts stipulate that loan repayments depend on the always uncertain success of the projects, an adjustment has been made for the loans which have been definitively converted into grants.

MEDIA I (1991-1995) loans are included under this heading for the first time. Up to 2001, MEDIA I loans came under 'Other long-term assets' (EUR 26,8 million). The reason was that the Commission had no contractual link with the recipients of the support. The support contracts were signed by and on behalf of the decentralised structure to which the Commission had entrusted the management of support. As the Commission concluded agreements with the loan management bodies to take over direct management of the loans when the MEDIA I programme ended, they now come under 'Loans granted from the budget'. The corresponding figures for 2001 have been reclassified.

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.

It has proved impossible to calculate the real value of ECIP assets. In accordance with the principle of prudence, a 100 % adjustment has been applied.

Loans for migrant workers are also included under this heading.

### B. Loans granted from borrowed funds

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 Community. Community borrowings are direct commitments by the Community itself and not by any individual Member State.

Under an agreement with the EIB, the latter bears the risks of the NCI treasury instrument.

Changes in volume of loans granted by the European Communities:

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<sup>(1)</sup> Including EUR 3,8 million granted to Greece before it joined the EU.

(EUR)

	Balance at 31.12.2001	New loans	Repayments	Write off	Changes in exchange rates	Balance at 31.12.2002	Reduction in value at 31.12.2001	Changes during the year	Reduction value at 31.12.2002	Net value at 31.12.2002
	(A)	(B)	(C)	(D)	(E)	(F)=(A)+(B)-(D)+(E)	(G)	(H)	(I)=(G)+(H)	(J)=(F)-(I)
<b>A. LOANS GRANTED FROM THE BUDGET</b>										
Loans with special conditions	369 366 410,58		15 434 396,97			353 932 013,61	0,00		0,00	353 932 013,61
Risk capital operations <sup>(1)</sup>	192 982 463,50	11 791 898,57	2 400 978,12	325 936,26		202 047 447,69	413 085,28		413 085,28	201 634 362,41
ECIP loans <sup>(2)</sup>	67 604 196,21					67 604 196,21	49 000 000,00	18 604 196,21	67 604 196,21	0,00
Loans for migrant workers	64 418,50		26 359,04			38 059,46	0,00		0,00	38 059,46
MEDIA I, MEDIA II and MEDIA plus loans <sup>(3)</sup>	114 867 717,62	20 024 000,26	8 250 697,33	17 341 719,16		109 299 301,39	0,00	10 022 428,40	10 022 428,40	99 276 872,99
Subtotal	744 885 206,41	31 815 898,83	26 112 431,46	17 667 655,42	0,00	732 921 018,36	49 413 085,28	28 626 624,61	78 039 709,89	654 881 308,47
<b>B. LOANS GRANTED FROM BORROWED FUNDS</b>										
Financial assistance (MTA)	1 614 000 000,00	12 000 000,00	265 000 000,00			1 361 000 000,00	0,00		0,00	1 361 000 000,00
Food aid (FMA)	0,00					0,00	0,00		0,00	0,00
Balance of payments	0,00					0,00	0,00		0,00	0,00
NCI	80 958 872,14		7 285 966,40		-5 073 561,70	68 599 344,04	0,00		0,00	68 599 344,04
Euratom	40 000 000,00	40 000 000,00				80 000 000,00	0,00		0,00	80 000 000,00
Subtotal	1 734 958 872,14	52 000 000,00	272 285 966,40	0,00	-5 073 561,70	1 509 599 344,04	0,00	0,00	0,00	1 509 599 344,04
<b>Total</b>	<b>2 479 844 078,55</b>	<b>83 815 898,83</b>	<b>298 398 397,86</b>	<b>17 667 655,42</b>	<b>-5 073 561,70</b>	<b>2 242 520 362,40</b>	<b>49 413 085,28</b>	<b>28 626 624,61</b>	<b>78 039 709,89</b>	<b>2 164 480 652,51</b>

<sup>(1)</sup> The write-off corresponds to commissions which the borrower does not have to repay.

<sup>(2)</sup> The value reduction covers the entire balance of loans at 31.12.2001.

<sup>(3)</sup> In accordance with the contracts, MEDIA loans are sometimes converted into grants. In such cases a write-off is made.

The amounts outstanding on borrowings at 31 December 2002 are entered under long-term assets in the case of loans due in more than a year and under short-term assets in the case of loans due in less than one year.

MEDIA I loans totalling EUR 26,8 million under heading V.C. 'Other long-term assets' up to 2001 have been transferred to heading V.A. 'Loans granted from the budget' (see notes to heading V.A on the assets side).

EUR			
	Due > 1 year	Due < 1 year	Loans outstanding at 31.12.2002
A. LOANS GRANTED FROM THE BUDGET	627 217 512,42	27 663 796,05	654 881 308,47
B. LOANS GRANTED FROM BORROWED FUNDS			
Financial assistance	1 246 000 000,00	115 000 000,00	1 361 000 000,00
Balance of payments	0,00	0,00	0,00
NCI	68 599 344,04	0,00	68 599 344,04
EURATOM	80 000 000,00	0,00	80 000 000,00
Subtotal	1 394 599 344,04	115 000 000,00	1 509 599 344,04
C. OTHER LONG-TERM ASSETS			
Amounts owed by Member States			
Pension scheme	19 500 000 000,00		19 500 000 000,00
Other	102 544 669,49	20 362 415,00	122 907 084,49
Subtotal	19 602 544 669,49	20 362 415,00	19 622 907 084,49
<b>Total</b>	<b>21 624 361 525,95</b>	<b>163 026 211,05</b>	<b>21 787 387 737,00</b>

## C. Other long-term assets

### 1. Community pensions

Under Article 83 of the Staff Regulations, benefits paid under the pension scheme are charged to the budget of the Communities (Chapter A-19 (Pensions and severance grants) covering all the institutions). Officials contribute one third towards the long-term financing of the scheme by means of a compulsory levy set at 8,25 % of the basic salary (second subparagraph of Article 83(1)). 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 an amount of EUR 15,3 billion receivable from the Member States was entered for the first time on the assets side of the balance sheet in 2001.

In line with changes in the rate on which the calculation is based (2,28 % at 31 December 2002 compared with 3,35 % used for 2001), the amount entered has risen to EUR 19,5 billion in 2002.

The method applied in 2002 to account for Community pensions is the same as in 2001: 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 Community pensions. Under the plan for modernising the accounting system, the method to be applied will be adopted by the Commission's Accounting Officer after obtaining the opinions of the Accounting Officers of the other institutions and the Accounting Standards Committee.

## 2. *Financial contribution by the Belgian State*

This is the contribution to the purchase and fitting-out of the D3 building for Parliament, which came to EUR 176 million and is to be paid over ten years ending in 2008.

## VI. STOCKS

The stock of vaccines and antigens held at the Food and Veterinary Office has a net book value of EUR 6 504 850. It was valued in accordance with the implementing rules for the Commission's accounting and consolidation manual (valuation at most recent acquisition price) and incorporated into the balance sheet for the first time in 2002.

The heading mainly covers the scientific and technical equipment of the Joint Research Centre. The fissile materials at Petten were valued at EUR 2,08 million using the purchase price, since they are consumed on a regular basis. Write-downs totalling EUR 35,97 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 heavy water at Ispra has not been included in the balance sheet, since it has no commercial value.

The stock of publications held by the Publications Office is valued using special rules. Write-downs have been made.

The value of the publications stock that figures on the balance sheet 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.

Traditionally, publications from the paying stock have been valued on the basis of the cost price. The cost price is defined as equivalent to one third of the selling price.

The Office's balance sheet at 31 December 2001 included for the first time a provision bringing the value of the publications stock down to its market value. The market value was calculated by analysing the 2001 turnover of publications in stock on 31 December 2000. The analysis revealed that less than 0,5 % of the pre-2001 publications had been commercially distributed in 2001.

The same analysis was carried out for 2002. As this bore out the 2001 findings, the decision was taken to write down the value of the paying stock to zero. This calculation does not take account of the stock disposal costs that will have to be met for publications not sold.

The write-downs in respect of printshop stock were made as follows:

- for pre-2000 deliveries, a 33 % reduction was applied for each year of non-utilisation;
- for deliveries received in 2000 and 2001, the write-down was calculated on the basis of the utilisation in 2002 of stock on hand at 31 December 2001;
- for deliveries in 2002, there was no write-down.

## European Parliament

The value of the stocks of office supplies is calculated on the basis of the average weighted price of the articles rather than on the most recent acquisition price. The net book value at 31 December 2002 is EUR 659 043.



The Economic and Social Committee and the Committee of the Regions have broken down their joint stock of office supplies 61,5 %/38,5 % respectively.

(EUR)

Description	Acquisition value	Value reduction	Net book value at 31.12.2002	Net book value at 31.12.2001	Change over year
<b>A. OFFICE SUPPLIES AND OTHER CONSUMABLES</b>					
Office supplies	3 113 483,25	51 145,22	3 062 338,03	3 532 031,57	-469 693,54
Other consumables	5 672 053,05	223 170,72	5 448 882,33	4 915 985,88	532 896,45
Building maintenance equipment	5 577 110,42		5 577 110,42	5 904 629,33	-327 518,91
Subtotal	14 362 646,72	274 315,94	14 088 330,78	14 352 646,78	-264 316,00
<b>B. SCIENTIFIC EQUIPMENT</b>					
Scientific reference equipment	60 545 403,42	19 067 611,55	41 477 791,87	45 270 043,00	-3 792 251,13
Fissile material	30 823 596,18	16 907 236,00	13 916 360,18	17 908 434,00	-3 992 073,82
Heavy water	14 923,00		14 923,00	14 923,00	0,00
Other scientific equipment	6 504 850,00		6 504 850,00	73 512,48	6 431 337,52
Subtotal	97 888 772,60	35 974 847,55	61 913 925,05	63 266 912,48	-1 352 987,43
<b>C. PUBLICATIONS STOCK</b>					
Subtotal	4 273 772,87	4 273 772,87	0,00	23 813,56	-23 813,56
<b>Total</b>	<b>116 525 192,19</b>	<b>40 522 936,36</b>	<b>76 002 255,83</b>	<b>77 643 372,82</b>	<b>-1 641 116,99</b>

## VII. SHORT-TERM ASSETS

### B. Current assets

#### B.1. Advances paid to Member States

This amount represents an advance of EUR 355 million paid to the UK authorities in connection with the costs of the eradication of foot and mouth disease — see also note 15, off-balance-sheet commitments.

#### B.2. Amounts owed by Member States

##### (a) EAGGF Guarantee:

This item covers:

- the amounts owed by beneficiaries of EAGGF Guarantee assistance (EUR 2 376 million) as declared and certified by the Member States and entered in the debtors ledger at the end of the year (15 October 2002) in accordance with Regulation (EC) No 2761/99. 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 43,3 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.
- Member States estimated the total amount unlikely to be recovered at EUR 1 085,7. These estimates are to be reviewed by the certifying bodies, who are to report on any irregularities or errors detected. The evaluation work in respect of clearance will be completed at the same time as the accounting decision.

- 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 1 085,7, which accounts for 45,7 % of the total amount to be recovered at 31 December 2002. In 2001, following an analysis of the estimates made by the paying agencies, (EUR 989,5 million), the Commission thought it more appropriate to increase this amount to EUR 1 640,6 million (73 %). In 2002 the Commission decided to rely on the initial estimate, on the assumption that the paying agencies were 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 2002 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.
- A receivable of EUR 59,6 million in respect of a monthly advance paid to Finland which was settled with the payments of advances for 2003 (for EUR 2,4 million) and of the amounts owed following the clearance of the accounts (for EUR 57,2 million).

(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 37,1 million). A specific write-down of EUR 1,3 million has been calculated.

(c) Own resources

The heading includes own resources — this year totalling EUR 1 740,9 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,
- adjustments 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.

When the amounts of traditional own resources in the separate account are recovered, they must be credited to the account opened in the name of the Commission with the Member State's Treasury or the body it has appointed no later than the first working day following the 19th of the second month following the month in which the amounts due were recovered.

This figure of EUR 1 740,9 million overestimates the Communities' actual entitlements since the separate account for traditional own resources largely consists of amounts where actual recovery is rather hit-or-miss.

It is, however, extremely difficult to make an exact calculation of the impact of this overestimate. The information available on potential recovery of these receivables is rather scarce and patchy, as the current rules do not allow the Commission to get hold of the information needed to calculate a value adjustment more accurately. This is why the figure worked out for the provision should not be taken too literally.

Despite this, in accordance with the principle of prudence, a write-down of EUR 1 136 million has been estimated on the basis of previous years' recovery statistics (EUR 697 million) and individual examination of certain cases (EUR 439 million). This write-down has been deducted from the item for receivables from Member States on the assets side of the balance sheet and does not mean that the EC is waiving recovery of the amounts covered by the value adjustment.

The calculation method used to arrive at this figure is, therefore, based on a combination of two factors:

- The first involves a theoretical recovery probability coefficient arrived at by comparing the booked entitlements recovered over the previous five years with the figure for entitlements established during the same period. The coefficient is applied to the total entitlements balance at 31 December, minus the amount corresponding to the cases examined individually.

The Commission works on the assumption that this ratio, calculated on the base of the amounts actually recovered in the past, is representative of the likelihood of recovering amounts remaining in the balance of the separate account (minus the amounts in respect of the examined cases on which the Commission has individual information).

- The second factor is the individual examination of certain cases. This approach cannot be entirely objective since it involves assessing outstanding amounts for which recovery crucially depends on the outcome of the appeal and the debtor's future solvency. Moreover, even where 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 1150/2000.

The differences between the 2001 and 2002 amounts are as follows:

	(EUR million)	
	31.12.2002	31.12.2001
Entitlements declared minus collection costs	1 740,9	2 119,5
<i>Cases examined individually</i>	481,5	578,0
<i>Cases not examined individually</i>	1 259,4	1 541,5
Write-downs	1 136,2	1 581,4
<i>Cases examined individually (1)</i>	438,7	526,6
<i>Cases not examined individually (2)</i>	697,5	1 054,8
Net value of separate account entitlements	604,7	538,1

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 %, rather than 10 %, of traditional own resources to cover the costs of collection. The decision entered into force on 1 March 2002, applying retroactively to 2001. The 2002 budget was, therefore, recalculated on the new basis. The 2001 figures include a 10 % deduction for collection costs, while the 2002 figures include a 25 % deduction.

- (1) The individually examined cases are the same in 2001 and 2002. The change in the amount is due almost entirely to the change in the collection cost percentage.
- (2) The write-down percentage calculated on the basis of cases from the last 5 years went from 68,4 % in 2001 to 55,4 % in 2002. The decrease is due to the fact that for 2002 the amount of separate account entitlements recovered (EUR 245 million) plus the amount of entitlements cancelled or written-off (EUR 151,7 million) is greater than the amount of entitlements entered in that account over the same period (EUR 363 million).

(d) Other amounts owed by Member States:

as of 2002 amounts owed in respect of own resources are shown under a separate heading, which explains the large decrease in 'other amounts owed by Member States' compared with 31 December 2001 when the amounts of own resources were included under this heading. The figure of EUR 30,5 million principally comprises late-payment interest of EUR 12,7 million and structural operation receivables of EUR 17 million.

EUR million		
	Amounts owed at 31.12.2002	Amounts owed at 31.12.2001
<b>A. EAGGF</b>		
— EAGGF-Guarantee debtors	2 376,069	2 263,033
— Value correction	-1 085,744	-1 640,588
— Clearance of EAGGF-Guarantee accounts	59,653	58,949
<b>Subtotal</b>	<b>1 349,978</b>	<b>681,394</b>
<b>B. VAT PAID AND TO BE RECOVERED FROM MEMBER STATES</b>		
— VAT to be recovered	38,464	40,067
— Value correction	-1,327	-1,476
<b>Subtotal</b>	<b>37,137</b>	<b>38,591</b>
<b>C. OWN RESOURCES</b>		
— Own resources established in the A account, as laid down in Article 6(3) of Council Regulation 1150/2000, and pending recovery	51,451	54,020
— Own resources established in the separate account, as laid down in Article 6(3) of Council Regulation 1150/2000, and pending recovery	1 740,906	2 119,431
— Value correction	-1 136,209	-1 581,368
— Own resources to be regularised	4,686	120,304
<b>Subtotal</b>	<b>660,834</b>	<b>712,387</b>
<b>D. OTHER AMOUNTS OWED BY MEMBER STATES</b>		
— Late-payment interest	12,717	10,259
— National pensions (subrogations)	0,053	0,047
— Miscellaneous	17,736	0,163
<b>Subtotal</b>	<b>30,506</b>	<b>10,469</b>
<b>Total</b>	<b>2 078,455</b>	<b>1 442,841</b>

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-2002

(EUR)

Member State	Agricultural duties	Sugar and isoglucose levies	Customs duties	Trad. own resources Total gross	Collection costs	Total Trad. own resources still to be recovered
	(1)	(2)	(3)	(4)	(5)	(6)
Belgium	0	0	4 732 041	4 732 041	-717 837	4 014 204
Denmark	0	0	7 591 354	7 591 354	-763 000	6 828 354
Germany	0	0	19 435 385	19 435 385	-2 389 240	17 046 145
Greece	8 209	26 043	0	34 251	-7 332	26 920
Spain	0	0	31 003	31 003	-4 831	26 172
France	0	0	178 149	178 149	-17 815	160 334
Ireland	0	0	211 867	211 867	-21 609	190 258
Italy	0	0	15 210 605	15 210 605	-1 521 061	13 689 545
Luxembourg	0	0	0	0	0	0
Netherlands	-1 106	0	8 588 272	8 587 166	-1 047 897	7 539 269

(EUR)

Member State	Agricultural duties	Sugar and isoglucose levies	Customs duties	Trad. own resources Total gross	Collection costs	Total Trad. own resources still to be recovered
	(1)	(2)	(3)	(4)	(5)	(6)
Austria	0	0	0	0	3 330	3 330
Portugal	0	0	1 588 824	1 588 824	-158 882	1 429 942
Finland	0	0	0	0	0	0
Sweden	0	0	572 316	572 316	-58 911	513 405
UK	0	0	-18 401	-18 401	1 398	-17 003
EUR 15	7 102	26 043	58 121 416	58 154 561	-6 703 686	51 450 875

**SEPARATE ACCOUNT: OWN RESOURCES ESTABLISHED AND STILL TO BE RECOVERED AT END-2002**

(EUR)

Member State	Agricultural duties	Sugar and isoglucose levies	Customs duties	Trad. own resources Total gross	Collection costs	Total Trad. own resources still to be recovered
	(1)	(2)	(3)	(4)	(5)	(6)
Belgium	37 181 633	0	117 305 603	154 487 236	-38 621 809	115 865 427
Denmark	2 421 163	0	8 429 057	10 850 220	-2 712 555	8 137 665
Germany	147 920 047	53 749	466 501 829	614 475 626	-153 618 907	460 856 720
Greece	18 663 581	0	11 519 445	30 183 026	-7 545 756	22 637 269
Spain	11 637 675	0	90 559 171	102 196 846	-25 549 212	76 647 635
France	17 783 240	449 841	134 897 760	153 130 840	-38 282 710	114 848 130
Ireland	88 232	0	5 132 795	5 221 028	-1 305 257	3 915 771
Italy	287 347 250	0	151 935 591	439 282 841	-109 820 710	329 462 131
Luxembourg	0	0	23 667	23 667	-5 917	17 750
Netherlands	26 447 148	3 379 456	72 671 563	102 498 167	-25 624 542	76 873 625
Austria	9 467 092	0	58 863 089	68 330 181	-17 082 545	51 247 636
Portugal	9 931 040	0	31 438 348	41 369 388	-10 342 347	31 027 041
Finland	122 634	0	5 191 870	5 314 504	-1 328 626	3 985 878
Sweden	1 994 548	0	5 968 022	7 962 570	-1 990 642	5 971 927
UK	18 534 766	0	567 346 561	585 881 328	-146 470 332	439 410 996
EUR 15	589 540 050	3 883 047	1 727 784 370	2 321 207 467	-580 301 867	1 740 905 600

**B.3 Amounts owed by Community bodies**

This heading contains various amounts owed to the European Communities by Community bodies not covered by the scope of consolidation, for which the institutions pay certain expenditure, which will subsequently be repaid.

**B.4 Sundry debtors**

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

1. The recovery orders entered in the accounts at 31 December 2002 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.

2. Unpaid fines imposed by the Commission for infringements of competition rules (EUR 2 263,6 million).

The changes in the figures for outstanding fines and the write-downs are as follows (EUR million):

31.12.2001	2002				31.12.2002
Fine receivables (a)	Fines imposed 2002 (b)	Cancellations fine receivables (c)	Amounts definitively collected (d)	Movements amounts provisionally collected (e)	Fine receivables (f=a+b-c-d-e)
2 597,1	1 112,8	9,5	618,6	798,2	2 283,6
			at 31.12.2002	at 31.12.2001	
Gross receivables			2 283,6	2 597,1	
Write-downs			-20,0	-20,4	
Net receivables			2 263,6	2 576,7	

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 Community 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 31.12.2002, a total of EUR 1 118,3 was collected provisionally. These provisional payments do not count as balance-sheet assets, but as potential liabilities <sup>(1)</sup>, since the payment is only provisional, pending the final judgment.

In addition, at 31.12.2002 bank guarantees had been presented for a total of EUR 1 249,8 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 potential assets.

The amount shown in the balance sheet as receivables totals EUR 2 263,6 million. The amount shown in the off-balance-sheet commitments as potential liabilities totals EUR 3 322 million. The difference is accounted for by payments received provisionally which no longer count as receivables, but still count as potential liabilities (EUR 1 136,9 million, including EUR 1 118,3 in respect of fines where debtors have lodged appeals) and by an amount of receivables of EUR 58,5 million relating to

<sup>(1)</sup> See point 11 of Annex 4 Off-balance-sheet commitments.

finances where the debtor has not appealed (and which do not, therefore, have to be shown in the off-balance-sheet commitments annex).

3. 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 1 009 million, represents funds held by intermediaries at 31 December 2002. The bank interest generated by these amounts is also included (EUR 81 million).

The issue of pre-financing operations and the integrated accounting and clearance arrangements for them is to be addressed as part of the Communities' accounts modernisation project. The inventory currently being made outside the accounts is a step towards establishing the opening balance sheet for these items.

4. 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 2002 totals EUR 201,2 million (not including write-down).

This figure does not include investments in risk capital funds by these instruments, which are shown under 'Other investments' (Assets IV.B.1).

In 2001 an amount of EUR 89,6 million was included in the balance of advances to financial intermediaries.

5. 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 2002 is EUR 61,6 million.
6. An advance of EUR 120 million paid to the Galileo programme is included under this heading — see also note 2 relating to the Off-balance-sheet.

Write-downs of current receivables break down as follows:

EUR			
Heading	Gross amount	Write-down	Net amount
VII. B.2. Amounts owed by Member States			
(a) EAGGF	2 435 721 400,56	1 085 743 714,72	1 349 977 685,84
(b) VAT to be recovered from Member States	38 464 113,46	1 326 801,27	37 137 312,19
(c) Own resources	1 797 043 435,95	1 136 209 454,05	660 833 981,90
(d) Other amounts owed by Member States	30 505 971,14	0,00	30 505 971,14
<b>Subtotal</b>	<b>4 301 734 921,11</b>	<b>2 223 279 970,04</b>	<b>2 078 454 951,07</b>
VII. B.4. Sundry debtors			
— Sundry debtors — Flat-rate write-down	1 808 035 277,94	145 765 017,53	1 662 270 260,41
— Sundry debtors — Individual write-down	2 669 714 582,07	23 932 638,28	2 645 781 943,79
<b>Subtotal</b>	<b>4 477 749 860,01</b>	<b>169 697 655,81</b>	<b>4 308 052 204,20</b>
<b>Total</b>	<b>8 779 484 781,12</b>	<b>2 392 977 625,85</b>	<b>6 386 507 155,27</b>

**C. Sundry receivables**

This item basically comprises amounts owed to the European institutions by their staff or by insurance bodies.

**VIII. CASH INVESTMENTS**

The breakdown by maturity date is as follows:

EUR

Description	31.12.2002	31.12.2001
Deposit accounts		
— maturity less than 1 month	30 415 979,16	11 324 167,90
— maturity between 1 month and 1 year	96 910 451,01	110 811 435,30
— maturity over 1 year		
<b>Total</b>	<b>127 326 430,17</b>	<b>122 135 603,20</b>

**IX. DISPOSABLE ASSETS**

EUR

Description	31.12.2002	31.12.2001
A. Accounts with treasuries	14 901 823 209,61	19 768 758 736,84
B. Accounts with central banks	879 213 763,13	466 533 056,99
C. Accounts for borrowing/lending operations	28 903 463,42	34 211 771,61
D. Current accounts	1 510 008 334,40	900 721 406,44
E. Imprest accounts	73 104 860,44	92 730 924,86
F. Cash in hand	290 276,54	117 007,82
G. Transfers of funds		7 000 000,00
<b>Total</b>	<b>17 393 343 907,54</b>	<b>21 270 072 904,56</b>

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.

Funds totalling EUR 1,3 million kept in current accounts with two banks outside the Community which have gone bankrupt will probably prove irrecoverable. As a result, and in accordance with the principle of prudence, an adjustment has been made for these accounts and entered on the assets side (reducing the value of the 'Imprest accounts' heading).

The imprest account figures are as follows:

EUR

Description	31.12.2002	31.12.2001
Imprest accounts	74 423 353,38	94 283 720,63
Write-down	-1 318 492,94	-1 552 795,77
<b>Net book value</b>	<b>73 104 860,44</b>	<b>92 730 924,86</b>



## X. TRANSITIONAL ACCOUNTS

EUR

Description	31.12.2002	31.12.2001
Intrest to be received	12 480 656,43	15 643 681,27
Expenditure to be charged	15 467 432,91	29 850 506,49
Charges payed in advance	63 110 117,36	58 240 100,87
Accrued income to be received	2 142,01	59 555 268,30
<b>Total</b>	<b>91 060 348,71</b>	<b>163 289 556,93</b>

As the payment appropriations carried over are already contained in the result for the financial year, only the expenditure to be charged to non-differentiated appropriations are included in this item. Other miscellaneous expenditure still to be booked, i.e. expenditure which could not be finally booked before 31 December 2002, is now included with the result of the adjustments and is not covered by this item.

## LIABILITIES

## I. OWN CAPITAL

The own capital item now consists of:

A. *The economic outturn for the year*

1. Budget outturn
2. Result of adjustments
3. Result of borrowing and lending activities

The economic outturn breaks down as follows:

EUR

	31.12.2002	31.12.2001
Budget outturn	7 413 481 988,34	15 002 522 103,55
Result of adjustments	1 268 832 829,48	2 138 390 842,73
Result of borrowing and lending activities	211 819,79	71 773,82
<b>Economic outturn for the year</b>	<b>8 682 526 637,61</b>	<b>17 140 984 720,10</b>

The budget outturn is EUR 7 413,5 million and is set out in detail in the budget outturn 2002 table.

Exchange differences are the result of payments (EUR 83,5 million) and financial assets in currencies other than the euro, in particular those of the three Member States which have not yet adopted the EUR.

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. This revaluation produced an exchange difference for 2002 of EUR 161,1 million.

For payments, Articles 1 and 27 of the Regulation laying down detailed rules for the implementation of the Financial Regulation <sup>(1)</sup> apply. The Commission enters payments at the monthly rates which are inevitably different from the market rates.

<sup>(1)</sup> Commission Regulation (Euratom, ECSC, EC) No 3418/93 of 9 December 1993 laying down detailed rules for the implementation of certain provisions of the Financial Regulation of 21 December 1977, as amended by Commission Regulation (EC) No 1687/2001 of 21 August 2001 (OJ L 315, 16.12.1993 and OJ L 228, 24.8.2001).

The result of adjustments breaks down as follows:

EUR		
Result of adjustments	31.12.2002	31.12.2001
<b>A. POSITIVE ADJUSTMENTS</b>		
1. Reduction in charges: increase in assets	1 518 898 166,97	614 698 254,43
(a) Initial costs	0,00	0,00
(b) Intangible fixed assets	7 116 474,33	7 196 379,84
(c) Tangible fixed assets	378 597 881,01	372 014 332,08
(d) Financial fixed assets	229 276 528,07	8 503 729,00
(e) Loans granted from the budget	31 815 898,83	54 019 006,14
(f) Stocks	7 127 066,82	7 747 211,81
(g) Other expenditure	864 964 317,91	165 217 595,56
2. Depreciation	104 386 481,08	102 782 643,09
3. Value adjustments	1 035 595 167,59	261 141 297,90
4. Provisions	25 569 219,41	0,00
5. Income resulting from budgetary assets acquired during the year and not recovered	5 943 096 498,61	18 481 882 247,04
Subtotal	8 627 545 533,66	19 460 504 442,46
<b>B. NEGATIVE ADJUSTMENTS</b>		
1. Reduction in income: reduction in assets	1 788 445 663,28	737 984 152,43
(a) Initial costs	0,00	0,00
(b) Intangible fixed assets	250 933,71	482 835,16
(c) Tangible fixed assets	89 649 379,35	117 580 677,96
(d) Financial fixed assets	3 376 076,00	166 576 698,00
(e) Loans granted from the budget	26 112 431,46	217 328 181,41
(f) Stocks	8 768 183,81	12 388 975,08
(g) Collection of entitlements established in previous years	1 660 288 658,95	223 224 836,87
(h) Correction, non-budget entitlements previously included with own capital	0,00	401 947,95
2. Depreciation	244 114 042,60	381 733 287,42
3. Value adjustments	142 018 419,56	403 432 909,74
4. Exceptional depreciation and value adjustments	17 667 655,42	4 535 977,28
5. Provisions	5 193 944 066,50	15 772 472 354,05
6. Expenditure to be regularised	-27 477 143,18	21 954 918,81
Correction of result of adjustments for previous years		
Subtotal	7 358 712 704,18	17 322 113 599,73
<b>Result of adjustments for the year (A-B)</b>	<b>1 268 832 829,48</b>	<b>2 138 390 842,73</b>

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

EUR

Borrowing/lending instruments	Result 2002
Medium-term financial assistance (MTA)	54 155,46
Food aid to former USSR (FMA)	0
Balance of payments (BOP)	1 962,28
Euratom	107 372,69
New Community Instrument (NCI)	48 329,36
<b>Total</b>	<b>211 819,79</b>

The allocation of the result of borrowing/lending operations for 2002 was not known at the date of closure.

The result of borrowing/lending operations for 2001 was allocated as follows for the various instruments:

EUR

Allocation of the result for the previous year				
Instrument	Result 2001 (a) = (b) + (c) - (d)	Transfer of result to budget (b)	Allocation to special reserve (c)	Transfer from special reserve (d)
Medium-term financial assistance (MTA)	109 541,88	0,00	109 541,88	0,00
Food aid to former USSR (FMA)	56 604,42	0,00	56 604,42	0,00
Balance of payments (BOP)	-56 173,53	0,00	0,00	56 173,53
Euratom	-85 788,12	0,00	0,00	85 788,12
New Community Instrument (NCI)	47 589,17	47 589,17	0,00	0,00
<b>Total</b>	<b>71 773,82</b>	<b>47 589,17</b>	<b>166 146,30</b>	<b>141 961,65</b>

#### 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 changed in 2002 to take into account the valuation for the first time of the EIF shareholding by the equity method (EUR 40,9 million) see also heading Assets IV.A Investments in related organisations.

#### C. Reserves

1. The revaluation reserve comprises the durable revaluations of tangible and intangible fixed assets.
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.

EUR

Special reserve for borrowing/lending activities					
Instrument	Balance at 31.12.2001 (a)	Allocation to special reserve (b)	Transfer from special reserve (c)	Transfer instruments (d)	Balance at 31.12.2002 (a) + (b) - (c) + (d)
Medium-term financial assistance (MTA)	855 373,97	109 541,88			964 915,85
Food aid to former USSR (FMA)	10 000,00	56 604,42		-66 604,42	0,00
Balance of payments (BOP)	107 276,77		56 173,53	66 604,42	117 707,66
Euratom	1 150 000,00		85 788,12		1 064 211,88
New Community Instrument (NCI)	300 000,00	0,00			300 000,00
<b>Total</b>	<b>2 422 650,74</b>	<b>166 146,30</b>	<b>141 961,65</b>	<b>0,00</b>	<b>2 446 835,39</b>

## II. PROVISIONS FOR RISKS AND CHARGES

EUR

Description	Provision at 31.12.2001	Change over year	Provision at 31.12.2002
Guarantee Fund	1 401 963 951,63	-19 739 579,92	1 382 224 371,71
Provision for decommissioning of nuclear facilities	564 029 937,00	569 595 063,51	1 133 625 000,51
Provision for pension scheme	15 300 000 000,00	4 200 000 000,00	19 500 000 000,00
Other provisions	334 400,00	418 519 363,50	418 853 763,50
<b>Total provisions for risks and charges</b>	<b>17 266 328 288,63</b>	<b>5 168 374 847,09</b>	<b>22 434 703 135,72</b>

*Guarantee fund*

Since the Fund may be called on to cover defaulting debtors at any time, a provision has been created for liabilities and charges in line with the principle of prudence. This provision (EUR 1 382 million) corresponds to the target amount <sup>(1)</sup> for the Guarantee Fund calculated on the basis of the amount outstanding at 31 December 2002. 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 263 million) is entered under own capital.

*Decommissioning of JRC nuclear facilities*

For the 2001 annual accounts, an estimate of the cost of decommissioning the JRC nuclear facilities was made. The provision was based on a specific detailed calculation at 31 December 2001 using the technological information and experience available at the time. At 31 December 2001 the total cost of decommissioning the JRC nuclear facilities was estimated to be EUR 570 million, broken down as follows: EUR 190 million for facilities still in operation and EUR 380 million for facilities which have closed (of which EUR 5,9 million has already been paid before 2002). In view of these amounts, the provision came to EUR 564 million at the end of 2001.

In 2002 a consortium of independent experts conducted a study into the estimated costs of the nuclear dismantling and waste management programme. For the 2002 annual accounts, the provision was amended in the light of the results of this study. The updated provision also includes EUR 76 million as an estimate of the cost required for the 'green field' option, i.e. total destruction of all the buildings. It is therefore this estimate of EUR 1 145 million that has been entered, minus the EUR 5,9 million paid before 2002 and the EUR 5,5 million paid in 2002. The value of the provision at 31 December 2002 is thus

<sup>(1)</sup> The target amount corresponds to 9 % of the amount outstanding.

EUR 1 133,6 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*

The rules governing the Community pension scheme are laid down in the Staff Regulations of Officials of the European Communities, in particular Chapter 3 (Pensions) of Title V (Emoluments and social security benefits of officials) and Annex VIII (Pension scheme). They are directly applicable in all the Member States.

The scheme covers different types of pension (retirement, invalidity, survivor's) and the payment of family allowances.

Under Article 83 of the Staff Regulations, benefits paid under the pension scheme are charged to the budget of the Communities (Chapter A-19 (Pensions and severance grants) covering all the institutions). Member States jointly guarantee payment of such benefits in accordance with the scale laid down for financing such expenditure (first subparagraph of paragraph 1).

Officials contribute one third of the long-term cost of financing the scheme by means of a compulsory levy set at 8,25 % of the basic salary (second subparagraph of Article 83(1)).

For the first time in 2001 a provision was entered on the liabilities side of the balance sheet in respect of the estimated amount of pension rights.

The calculation of the estimate of total pensions liabilities (in line with the financing provided for in Article 83 of the Staff Regulation) is consistent with IAS 19. This standard requires the employer to determine his actuarial commitment on a going-concern basis, reflecting service-prorated benefits and taking into account foreseeable salary increases.

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

The estimate of total pension liabilities is based on an actuarial study using the figures at 31 December 1997, but adjusted to 31 December 2002 in line with the additional entitlements acquired between 1998 and 2002. A new actuarial study is to be produced in 2003. The results will be compared with the estimates and the analysis of differences will make it possible to determine the frequency of the full actuarial study, taking into account the cost of a full actuarial study each year.

The liabilities cover the pension rights of the following persons:

1. Staff in active employment at 31 December 2002 in all the institutions and agencies covered by the Community pensions scheme;
2. Persons receiving a retirement pension;
3. Persons receiving a survivor's pension;
4. Orphans;
5. Persons receiving an invalidity pension;
6. Members and former Members of the Commission.

The actuarial calculation is based on standard IAS 19 and, in particular, the following parameters:

1. Updated mortality tables;
2. Interest calculated in accordance with IAS 19: compound 2,28 % (for the calculation at 31 December 2001, a rate of 3,35 % was used);
3. Closed-group model (participants at 31 December 2002);
4. Application of the principle of married staff in active employment, without taking orphans' pensions into account;
5. The marital situation of persons no longer at work, taking orphans' pensions into account;
6. Elimination of the effect of the weighting, inflation or general revaluation of salaries/pensions;
7. Average salary progression of around 2 %;
8. A pensionable age of 60;
9. The statistics on early retirement and invalidity are based on current data.

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

The actuarial commitment has been calculated on the basis of a real interest rate of 2,28 % (rate at 31 December 2002) and amounts to EUR 19,5 billion. With a rate of 3,35 % (used for 2001), the commitment would be around EUR 16,2 billion. In accordance with IAS 19, the full actuarial difference has been entered immediately. This method can be used provided that it is consistent from year to year applies to profits and losses alike.

In 2002 the servicing cost comes to EUR 0,78 billion (real interest 2,5 %) and the nominal interest calculated on the actuarial commitment comes to EUR 0,84 billion (nominal interest 4,75 %).

EUR

	Number			Expenditure		
	Real	Estimate		Real	Estimate	
	2002	2003	2004	2002	2003	2004
Retirement pension	6 220	6 652	7 125	384	412	446
Invalidity pension	3 255	3 489	3 682	146	154	171
Survivor's pension	2 552	2 678	2 814	70	73	79
Severance grant	380	543	560	14	21	21
<b>Total</b>	12 407	13 362	14 181	614	660	717

#### *Other provisions*

The other provisions concern an estimate of the Community contribution to the Emergency Fund for foot and mouth disease (EUR 406 million for the United Kingdom and EUR 12,6 million for various other countries — see also Annex 4, Off-balance-sheet commitments — point 15) and a provision by the Council for legal expenses (EUR 0,2 million).

## III. LONG-TERM LIABILITIES

This heading includes liabilities due in more than one year.

EUR

Description	31.12.2001	Changes during year	31.12.2002
1. Borrowing			
MTA	1 369 000 000,00	-128 000 000,00	1 241 000 000,00
Euratom	40 000 000,00	40 000 000,00	80 000 000,00
NCI	18 898 931,80	-1 220 223,11	17 678 708,69
Subtotal	1 427 898 931,80	-89 220 223,11	1 338 678 708,69
2. Other long-term liabilities			
Staff funds	22 397 200,36	3 145 748,28	25 542 948,64
Deposits and guarantees received	3 175 934,42	-469 577,49	2 706 356,93
Financial instruments	15 000 000,00	-10 000 000,00	5 000 000,00
Leasing	1 357 582 716,22	-177 093 658,36	1 180 489 057,86
EBRD subscriptions	35 437 500,00	-8 437 500,00	27 000 000,00
Other	115 652 792,00	-8 890 176,05	106 762 615,95
Subtotal	1 549 246 143,00	-201 745 163,62	1 347 500 979,38
<b>Total</b>	<b>2 977 145 074,80</b>	<b>-290 965 386,73</b>	<b>2 686 179 688,07</b>

*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.

*Financial instruments*

This item covers a liability relating to the MTA instrument.

*Leasing*

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

*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).

The detailed movements in borrowing operations in 2002 are as follows:

EUR

Description	Balance 31.12.2001	New borrowings	Repayments	Exchange differences	Balance at 31.12.2002
1. Borrowings					
MTA	1 599 000 000,00	12 000 000,00	-260 000 000,00	0,00	1 351 000 000,00
Euratom	40 000 000,00	40 000 000,00	0,00	0,00	80 000 000,00
NIC	18 898 931,80	0,00	0,00	-1 220 223,11	17 678 708,69
<b>Total</b>	<b>1 657 898 931,80</b>	<b>52 000 000,00</b>	<b>-260 000 000,00</b>	<b>-1 220 223,11</b>	<b>1 448 678 708,69</b>

The amounts outstanding on borrowings at 31 December 2002 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 Community budget.

EUR

Description	Amount > 1 year	Amount < 1 year	Total
1. Borrowings			
MTA	1 241 000 000,00	110 000 000,00	1 351 000 000,00
Euratom	80 000 000,00	0,00	80 000 000,00
NCI	17 678 708,69	0,00	17 678 708,69
Subtotal	1 338 678 708,69	110 000 000,00	1 448 678 708,69
2. Leasing			
Subtotal	1 188 625 780,81	81 420 881,91	1 270 046 662,72
3. Other			
Subtotal	158 875 198,57	33 807 125,10	192 682 323,67
<b>Total</b>	<b>2 686 179 688,07</b>	<b>225 228 007,01</b>	<b>2 911 407 695,08</b>

#### 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 below).

##### B. Other short-term financial liabilities

This item covers payments booked to the budget in 2002 but only effected by the accounting officer between the closure of the accounts and 15 January 2003 (Article 6 of the Financial Regulation).



## C. Current liabilities

### C.1 Member States and EFTA countries

This item covers:

- amounts owed to EFTA countries belonging to the EEA, which include the budget outturn figure (EUR 8,2 million);
- amounts owed to Member States, which concern judgments of the Court of Justice annulling a clearance of accounts correction of EUR 17,1 million.

### C.2 Community bodies

This item covers amounts owed by the institutions to certain Community bodies which do not come within the scope of consolidation.

### C.3 Appropriations to be carried over

In accordance with the Financial Regulation payment appropriations carried over to the following year are entered as budget charges. 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. However, this amount includes EUR 3 254 million in appropriations carried over for structural operations which is an overall sum as the appropriations have been calculated on the basis of expenditure forecasts produced by the Member States. At 31 December 2002 the breakdown of appropriations to be carried over, taking all the institutions together, was as follows:

EUR		
Description	31.12.2002	31.12.2001
Non-differentiated appropriations carried over automatically	682 597 676,01	1 043 518 132,08
Appropriations carried over by Commission decision	3 473 257 116,75	394 192 359,00
Differentiated appropriations for the year from contributions by third parties	691 121 596,08	549 817 932,79
Non-differentiated appropriations carried over by the budgetary authority	0,00	102 159 535,67
<b>Total</b>	<b>4 846 976 388,84</b>	<b>2 089 687 959,54</b>

### C.4 Sundry creditors

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

## D. Other liabilities

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

## V. TRANSITIONAL ACCOUNTS

EUR

Description	31.12.2002	31.12.2001
Interest	18 085 056,12	19 819 920,38
Revenue to be booked	497 225 934,63	317 452 104,47
Amounts for re-use to be carried over	147 524 618,31	114 182 552,24
Amounts for re-use to be collected	0,00	63 660 703,71
Conversion differences	1 060 481,05	1 277 282,43
Other	51 003 899,56	62 181 105,35
<b>Total</b>	<b>714 899 989,67</b>	<b>578 573 668,58</b>

This item comprises revenue not booked, i.e. revenue which could not be definitively booked to the budget before the close of the year and revenue available for re-use. It also includes accrued interest on borrowings and swaps.

Under the new Financial Regulation, amounts for re-use to be collected will be recorded as assigned revenue from 2003 onwards. The amount for re-use to be collected at 31 December 2002 has therefore been transferred to the adjustment result. The amount for re-use to be carried over is not transferred to the result of adjustments as it can still be used in 2003.

This item also covers conversion gains on currency items, not including cash assets.

## ANNEX 4

## OFF-BALANCE-SHEET COMMITMENTS

POTENTIAL LIABILITIES <sup>(1)</sup>

EUR

		31.12.2002	31.12.2001
1 (*)	Commitments against differentiated appropriations not covered by carry-overs of payment appropriations	95 053 551 303	85 824 202 376
2 (*)	Legal commitments for which budget commitments have not yet been made	140 851 992 051	172 920 033 563
	2.1 Structural operations (aid planned but not committed for the period 2000-2006)	125 768 662 800	156 617 830 641
	2.2 Cohesion Fund	11 356 088 451	13 622 314 496
	2.3 ISPA	2 434 166 175	1 831 074 176
	2.4 Protocols with Mediterranean countries	193 400 000	159 100 000
	2.5 External relations	282 056 875	80 000 000
	— KEDO: 60 000 000		
	— UNRWA: 182 056 875		
	— Shelter Fund: 40 000 000		
	2.6 Fisheries agreements	537 617 750	609 714 250
	2.7 Galileo programme	280 000 000	0
3 (*)	EAGGF- GUARANTEE	25 499 770 292	24 298 585 958
	3.1 Expenditure by Member States under the EAGGF Guarantee section between 16 October N and 31 December N	24 691 023 000	23 439 550 000
	3.2 Potential liabilities connected with the clearance of the EAGGF Guarantee accounts pending judgment by the Court of Justice	771 604 236	859 035 958
	3.3 Potential liability in connection with a procedure for correcting advances pending judgment by the Court of Justice	4 583 056	0
	3.4 Potential liabilities in connection with judgments by the Court of Justice pending enforcement	10 000 000	0
	3.5 Potential losses on disposal of stocks	22 560 000	0
4 (*)	Repayment guarantee	14 029 389 304	13 961 333 055
	4.1 on loans granted by the EIB from its own resources to third countries	13 757 000 000	13 770 000 000
	4.2 signed by EIF (EC holds 30 % of EIF authorised capital)	272 389 304	191 333 055
5 (*)	Leasing and long-term renting	850 853 824	833 921 217
	5.1 Buildings	849 492 497	831 711 706
	5.2 Computer and transport equipment	1 361 327	2 209 511
6	Exchange rate swaps to be delivered/financial assistance	135 000 000	140 000 000
7	Correction of budgetary imbalances	p.m.	p.m.
8 (*)	Potential liabilities in respect of contributions to related organisations	922 500 000	922 500 000
9 (*)	Other potential liabilities	21 606 426	17 456 670
	9.1 Tax of the Brussels - Capital region	20 006 426	17 456 670
	9.2 Dispute concerning Charlemagne building	1 600 000	0
10 (*)	Renovation of Berlaymont building	552 879 207	374 000 000
11 (*)	Fines: Appeals to Court of Justice	3 321 639 326	2 212 079 326
15 (*)	Potential liabilities connected with emergency veterinary fund	1 071 000 000	0
	<b>Total</b>	<b>282 310 181 733</b>	<b>301 504 112 165</b>

(\*) See explanatory notes.

<sup>(1)</sup> All these potential liabilities (with the exception of those at point 6) will have to be financed from future Community budgets if they fall due. The Community budget is financed by the Member States.

**POTENTIAL ASSETS <sup>(1)</sup>**

EUR

		31.12.2002	31.12.2001
4 (*)	Guarantees received from third party guarantors in respect of loans granted by:		
	4.1 EIB and covered by a Community guarantee	148 599 344	13 890 958 872
	4.3 Commission: NCI and Euratom	—	13 770 000 000
		148 599 344	120 958 872
6	Exchange rate swaps to be received: financial assistance	125 000 000	125 000 000
11 (*)	Commitments received (bank guarantees) in respect of fines (cases still pending at 31 December 2002)	1 249 779 500	731 625 500
12 (*)	Potential assets relating to cases of fraud and irregularities concerning structural operations	560 917 000	441 348 000
13 (*)	EAGGF Guarantee — Net potential gain on disposal of agricultural stocks	—	148 720 000
14 (*)	Estimates of amounts receivable	344 448 681	288 755 798
	<b>Total</b>	<b>2 428 744 525</b>	<b>15 626 408 170</b>

(\*) See explanatory notes. Potential assets linked to potential liabilities have the same number in the explanatory notes.

(1) Once these assets (with the exception of those at point 6) are certain, of a fixed amount and due, they will be added to budget revenue for the year in which they are collected. They will thus increase the budget outturn which is paid back to the Member States.

## OFF-BALANCE-SHEET COMMITMENTS: POTENTIAL ASSETS AND LIABILITIES

Potential assets and liabilities are included in the annex to the financial statements as off-balance-sheet commitments. These include commitments made or received which 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.

### POINT 1: OUTSTANDING COMMITMENTS (RAL)

Commitments against differentiated appropriations still outstanding at 31 December 2002 totalled EUR 99,1 billion of which EUR 4,1 billion is covered by carryovers of payment appropriations from 2002 to 2003. The latter already feature in the budget out turn for the year as budget liabilities, so they are not included in the potential liabilities. The outstanding commitment total of EUR 95 billion is the maximum potential commitment.

The overall amount of outstanding commitments has been tending to grow over the last ten years, most of the rise 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.

In a joint declaration of 25 November 2002, the Commission, Parliament and the Council, all three very concerned about containing the amounts still to be cleared and eliminating 'abnormal outstanding commitments' in the medium term, stressed the fact that abnormal outstanding commitments could be reduced not only by increasing the appropriations for payments, but also by making greater use of payments and/or decommitment. Potentially abnormal outstanding commitments were defined in this declaration, by common agreement, as consisting of dormant commitments for which no payment had been made over the past two years and old commitments entered in the budget for at least five years.

As a result of this Declaration, the Commission has undertaken to present, along with the preliminary draft budget for 2004 at the latest, an action plan providing for the examination of all potentially abnormal cases entered at the start of the 2003 budget year. The plan will consist of the following elements for each of the lines contained in the annex to the Declaration:

- the number of potentially abnormal cases at 31 December 2002, together with the corresponding amounts;
- an examination schedule for the following dates:
  - 31 March 2003
  - 31 July 2003
  - 31 December 2003

On each of these dates, the budgetary authority will be informed of the findings of this examination and the decisions taken in respect of these cases: payments, closure, decommitment and specific follow-up.

A working paper on changes in the level of both normal and abnormal commitments outstanding in each heading will then be sent to the budgetary authority together with the preliminary draft budget.

The paper will also describe the measures taken by the Commission to avoid the recurrence of abnormal outstanding commitments.

The assessment of potentially abnormal outstanding commitments for the main areas concerned at 31 December 2002 was:

	EUR million				
	Structural funds	Internal policies	External action	Pre-accession aid	Total
Total RAL	66 731	11 205	12 759	8 416	99 111
Potentially abnormal RAL:	13 250	1 225	2 585	226	17 286
— dormant RAL	13 003	1 066	897	127	15 093
— non-dormant old RAL	247	159	1 688	99	2 193

This initial assessment shows that the abnormal component of outstanding commitments amounts to almost EUR 17,3 billion, but is still low compared with total outstanding commitments and is divided unevenly between the headings of the financial perspective. Two thirds of all outstanding commitments, and of potentially abnormal outstanding commitments, are accounted for by the Structural Funds.

## POINT 2: LEGAL COMMITMENTS WITHOUT A BUDGET COMMITMENT

These potential 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 Interinstitutional 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, potential commitments are evaluated at a maximum (points 2.1 and 2.2).

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 Interinstitutional Agreement allows a degree of flexibility between the various pre-accession instruments. On the other hand, ISPA generates potential 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 2.3).
- The commitments made under financial protocols with Mediterranean non-member countries: The amount included in point 2.4 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 potential liabilities corresponds to decommitments in 2002.
- Commitments entered into with specified third parties for other operations outside heading 4, relating to specific amounts over a fixed period (points 2.5 and 2.6).
- Pursuant to Council Regulation (EC) No 876/2002 of 21 May 2002 the Community contribution to the Galileo programme is EUR 520 million. This commitment is for a period of four years ending on 20 May 2006. In 2002 budget commitments totalling EUR 240 million were entered in the accounts, against which grants of EUR 120 million were paid. The remaining EUR 280 million, not yet entered as budget commitments, is included under point 2.7 — see also balance sheet note VII B4 assets.

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

EUR million

Structural Funds <sup>(1)</sup>	Amounts available under the financial perspective (in current prices)	Legal commitments concluded in 2000/2002	Budget commitments 2000/2002 <sup>(2)</sup>	Maximum potential commitments	Legal commitments with no budget commitment
	(a)	(b)	(c)	(a-c)	(b-c) (*)
Objective 1	147 098	138 731	59 334	87 764	79 397
Objective 2	24 242	23 229	10 158	14 084	13 071
Objective 3	26 054	24 970	10 726	15 328	14 244
FIFG (outside obj. 1)	1 198	1 148	489	709	659
Community initiatives	11 295	10 697	3 411	7 884	7 299
<b>Total</b>	<b>209 887</b>	<b>198 775</b>	<b>84 118</b>	<b>125 769</b>	<b>114 670</b>

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

(1) Commitments from Chapter B2-16 (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 and 2002.

Legal commitments not followed up by a budget commitment total EUR 114 670 million and correspond to the difference between the value of the programmes adopted by the Commission at 31 December 2002 and the amount of budget commitments entered into in respect of these programmes and implemented in 2000, 2001 and 2002.

### Cohesion Fund

EUR million

Total allocation 2000-2006 (*)	Budget commitments	Maximum potential commitments
(a)	(b)	(a-b)
19 519	8 163	11 356

(\*) Under the ceiling for the Cohesion Fund in the financial perspective in force at 31 December 2002.

### ISPA

EUR million

ISPA contribution to projects adopted by the Commission in 2000, 2001 and 2002	Budget commitments	Maximum potential commitments
(a)	(b)	(a-b)
5 648	3 214	2 434

**POINT 3: EAGGF GUARANTEE****3.1 Expenditure between 16 October 2002 and 31 December 2002**

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 2001 and 15 October 2002, provided that the accounting officer was notified of the commitment and authorisation by 31 January 2002. Payments made by Member States between 16 October and 31 December 2002 are included in the off-balance-sheet commitments.

**3.2 Clearance of accounts**

Potential 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 Potential debt pending a judgment by the Court**

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

**3.4 Potential debts in respect of judgments pending execution**

Potential 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.

**3.5 Net potential loss on disposal of agricultural stocks**

The situation as regards stocks was established at 30 September 2002 and the additional depreciation of stocks was calculated at 30 September 2002 and entered.

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 2003 shows a potential gain of EUR 22,56 million compared with the end of 2002.

Changes in the price of dairy products account for slightly over 50 % of the total potential loss.

**AGRICULTURAL STOCKS AT 30 SEPTEMBER 2002**

Product	Quantity (tonnes)	Book value (EUR million) (a)	Foreseeable sales value (EUR million) (b)	Potential losses/gains (EUR million) (c = b-a)
(1)	(2)	(3)	(4)	(5)
Common wheat, for bread	430 846	44,65	46,45	1,80
Durum wheat			0,00	0,00
Barley	2 382 132	246,77	242,98	-3,79
Rye	5 054 522	360,94	356,85	-4,09
Maize (corn)	2 739	0,34	0,28	-0,06
Sorghum	3 874	0,26	0,40	0,14
Cereals — Total	7 874 113	652,96	646,96	-6,00
Rice	582 015	92,54	83,05	-9,49
Olive oil		0,00	0,00	0,00
Public alcohol (*)	3 286 600	37,13	42,73	5,60
Mixed alcohol (*)	251 962	3,30	3,28	-0,02
Total alcohol	3 538 562	40,43	46,01	5,58



Product	Quantity (tonnes)	Book value (EUR million) (a)	Foreseeable sales value (EUR million) (b)	Potential losses/gains (EUR million) (c = b-a)
(1)	(2)	(3)	(4)	(5)
Butter	171 778	211,71	198,58	-13,13
Skimmed milk powder	146 516	214,30	214,79	0,49
Milk products total	318 294	426,01	413,37	-12,64
Bone/carcasses	137 927	124,14	124,13	-0,01
Boned (boneless) beef	57 313	83,86	83,86	0,00
Equivalent. carcasses	84 284			
Beef total	222 211	208,00	207,99	-0,01
<b>Grand total</b>		<b>1 419,94</b>	<b>1 397,38</b>	<b>-22,56</b>

(a) Real figures at 30 September 2002, after depreciation.

(b) Based on expected selling prices assumed in the situation update of February 2003 at the assumed budgetary rate of EUR 1 = USD 1,02.

(c) + = gain/ - = loss.

(\*) The quantities of alcohol are expressed in hl.

#### POINT 4: REPAYMENT GUARANTEES

The Communities receive bank guarantees in conjunction with the implementation of Community programmes. The Commission is producing an exhaustive list of these guarantees for inclusion in future financial statements. Arrangements for entering these guarantees in the accounts and managing them form part of the accounting modernisation project.

The guarantees already included in the potential assets in 2002 are included in point 4.3.

##### 4.1. 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 2002 (including loans granted to Member States before accession). However, the Community 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 Community guarantee covers the full amount.

At 31 December 2002 the amount paid out totalled EUR 13 757 million (EUR 13 736 million when the countries that have become Member States are excluded) and this, therefore, is the maximum risk faced by the Communities. The financial statements at 31 December 2001 show the total amount of contracts signed as a potential liability; this practice is also applied by other financial bodies. In order to reflect the risk incurred, the Commission decided to adjust the valuation method for the guarantees granted. This means that only the amount paid out in respect of the loans is shown as a potential liability. The 2001 figure has been recalculated using the same method.

For loans covered by the Community 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 Community 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 Community 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 Community 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 Community budget guarantee are as follows:

*EUR million*

	'Risk Sharing' 31.12.2002	'Non-risk Sharing' 31.12.2002		Outstanding at 31.12.2002.	Outstanding at 31.12.2001.	Total amounts of loans signed at 31.12.2001 (amount entered in the 2001 annual accounts)
		Public authority	Private company	Total	Total	
65 % guarantee	1 021	1 366	202	2 589	1 433	3 560
70 % guarantee	1 001	2 845	741	4 587	4 579	5 088
75 % guarantee	0	2 737	518	3 255	3 791	5 441
100 % guarantee	0	2 213	1 113	3 326	3 967	5 274
<b>Total</b>	2 022	9 161	2 574	13 757	13 770	19 363

In the financial statements at 31 December 2001, the amount of potential liabilities was also entered under potential assets. In the 2002 financial statements, these guarantees have not been entered as potential assets, as it was considered that they do not fully meet the definition of potential assets.

#### 4.2. Guarantees signed by the European Investment Fund (EIF)

At 31 December 2002 the EIF had signed guarantees totalling EUR 3,063 million; this represents a maximum potential risk of EUR 918,9 million for the European Community, as the Community contributes 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.

In the 2002 financial statements, the Communities' contribution to the EIF has been evaluated using the equity method. The calculation of the maximum commitment from the Community 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 166,5 million (see note IV.A Assets). The capital not called up totals EUR 480 million. Given these figures, in the worst possible scenario the European Communities would have to repay EUR 272,4 million.

The proportion of the capital subscribed by the European Community which has not been called up (80 %) is also included in the off-balance-sheet commitments as a potential liability (point 8).

#### 4.3. Loans granted under borrowing and lending activities

The Community 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:

*EUR*

Guarantees by third countries	80 000 000
Banks or long-term credit institutions	50 920 635
Loans to Member States	17 678 709
<b>Total</b>	148 599 344

The Community has not received third-party guarantees for loans granted under the financial assistance scheme. However, these loans, totalling EUR 1 361 million, are guaranteed by the Guarantee Fund.

## POINT 5: LONG-TERM LEASES

### 5.1 Buildings

This heading covers buildings occupied under a long-term leasing contract (with an initial term of more than five years) which 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 2,1 million corresponds to the annual rent.

The total for rented buildings breaks down as follows:

EUR million	
Institution	Amount
Commission	700,3
OPOCE	74,1
Council	37,4
Parliament	32,8
Court of Justice	2,1
ESC	2,8
<b>Total</b>	<b>849,5</b>

The Commission figure includes property tax of EUR 5,9 million.

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.

The Commission is in negotiations with the owner of a building for which rental payments have been made on a provisional basis since 1999. The purpose of the negotiations is to fix a rental value that does not exceed the advance provided for in the existing agreement protocol, while the building is being brought up to standard.

## POINT 8: CONTRIBUTIONS TO RELATED ORGANISATIONS

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

The Communities' contribution to the capital of the EBRD:

EUR million		
EBRD	Total EBRD capital	Commission subscription
Capital	20 000	600
Paid-in	5 250	157,5
Callable	14 750	442,5

The Communities' contribution to the capital of the EIF:

EUR million

EIF	Total EIF capital	Commission subscription
Capital	2 000	600
Paid-in	400	120
Callable	1 600	480

## POINT 9: OTHER POTENTIAL LIABILITIES

### 9.1 Brussels Capital Region tax

In 1993 the Brussels Capital Region introduced a tax on office workers. The Commission asked the regional authorities about its exemption under the Protocol on privileges and immunities. The initial reply given was favourable.

However, this position was reversed as a result of legal proceedings brought by the owners of some of the buildings occupied by the Commission. The Commission may therefore have to pay this tax.

### 9.2 Dispute concerning the acceptance of work done on the Charlemagne building

Legal action has been brought concerning work carried out on the Charlemagne building. The dispute is between the Charlemagne's previous owner and the company that carried out the work. Should the previous owner lose the case, the Commission would have to foot a bill of EUR 1,6 million.

## POINT 10: RENOVATION OF THE BERLAYMONT BUILDING

An agreement was signed on 13 November 2002. It fixes the maximum price the Commission will have to pay and a deadline for the building to be made available. The long-term lease (27 years) for the Berlaymont building has not yet been signed. The amount entered as a potential liability is 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.

The Berlaymont building does not yet figure in the balance sheet at 31 December 2002, since the finance leasing contract has not yet been signed and no payment was made in 2002.

## POINT 11: 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 fines for which an appeal has been lodged <sup>(1)</sup> should be included as a potential liability in the off-balance-sheet commitments pending a decision by the Court of Justice. This potential liability will be maintained until a decision which acquires the authority of a final decision (see explanatory note to the balance sheet-assets VII b.4).

EUR million

Year	Appeals lodged before 2002				Appeals lodged after 31.12.2002	Appeal decision not yet known	Total potential debts
	with bank guarantee	with provisional payment	without bank guarantee, without provisional payment	Total			
Before 2002	1,161	930	150	2,241			2,241
2002	89	188	0	277	149	655	1,081
<b>Total</b>	1,250	1,118	150	2,518	149	655	3,322

<sup>(1)</sup> Even if the appeal against fines imposed in 2002 was made in 2003 before the closure of accounts.

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.

*Option 1:* Pending the final judgment by the Community court, debtors can withhold payment of the fine, provided that they accept that the debt yields interest and provide a bank guarantee or financial guarantee covering both the principal and the interest.

*Option 2:* Debtors can provisionally pay the amount of the fine into a special interest-bearing bank account, managed by the Commission's Accounting Officer and selected by a tendering procedure.

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, part of the provisional payment together with the interest.

Cases where the appeal decision was not known on 30 April 2003 have, nonetheless, been entered as potential liabilities.

## POINT 12: FRAUD AND IRREGULARITIES

### Structural operations:

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 tables show 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.

### Potential assets linked to fraud and irregularities

#### Cases reported in accordance with Regulations No 1681/94 and No 1831/94 (Structural operations)

EUR thousand	
Member State	Balance to be recovered at 31.12.2002
Belgium	1 448
Denmark	3 984
Germany	170 722
Greece	20 498
Spain	63 673
France	28 351
Ireland	6 339
Italy	148 552
Luxembourg	0
Netherlands	20 128
Austria	650
Portugal	17 524
Finland	1 422
Sweden	366
United Kingdom	77 260
<b>Total</b>	<b>560 917</b>

NB: When these amounts are actually recovered they may be programmed and used to finance other projects under a programme not yet completed.

The figures given in this table represent a theoretical maximum rather than the amounts which will actually be made available to the Community 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 think twice about 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 multiannual programmes. As long as a multiannual 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 2003. 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 2002 had not yet been adopted.

#### **Agriculture — EAGGF Guarantee:**

As regards entitlements resulting from the establishment of fraud and irregularities involving EAGGF Guarantee reported by the paying agencies in accordance with Regulation No 595/91, EUR 2 093,3 million has been entered as amounts receivable from Member States on the assets side of the balance-sheet. The Member States must also report cases of fraud and irregularities to the Commission. However, the figures available when the accounts closed did not reveal any potential assets apart from those already entered on the assets side of the balance sheet. Therefore, there is no potential assets entry for this in the off-balance-sheet commitments.

#### **POINT 14: 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 which 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 number of estimates of amounts receivable booked as memorandum items in respect of own resources:

**Estimates of amounts receivable****31 December 2002**

	Agricultural duties	Sugar levies	Customs duties	VAT balances	GDP balance	Late-payment interest	Total
Belgium	0	0	10	4	1	24	39
Denmark	0	0	4	1	1	18	24
Germany	0	1	32	4	1	43	81
Greece	0	0	6	7	1	6	20
Spain	0	0	7	4	1	11	23
France	0	0	4	13	1	6	24
Ireland	0	0	0	5	1	8	14
Italy	0	0	8	12	1	12	33
Luxembourg	0	0	2	2	1	0	5
Netherlands	0	0	10	1	1	10	22
Austria	0	0	3	4	1	3	11
Portugal	0	0	5	8	1	9	23
Finland	0	0	6	5	1	5	17
Sweden	0	1	3	11	14	17	46
United Kingdom	0	0	16	4	1	23	44
EUR 15	0	2	116	85	28	195	426

**POINT 15: EMERGENCY VETERINARY FUND**

This heading covers amounts for foot-and-mouth disease eradication costs to be borne by the Community budget. The amounts entered represent the maximum possible liability minus the amounts already entered as provisions.

The foot-and-mouth crisis ran from February to September 2001. The slaughter cost compensation requests submitted by the United Kingdom add up to a total of EUR 1 477 million, comprising EUR 884 million for the period from February to June 2001, EUR 110 million for the period running from June 2001 and a request for EUR 483 million discussed below. The British authorities were paid an advance of EUR 355 million in 2002 (this amount is entered in the balance sheet under 'Advances paid to Member States', see also note VII.B.1 Assets). On-the-spot financial checks have been carried out. Discussions on the issue are under way between the Commission and the British authorities; the final amount of the Community contribution will not be fixed until the adversarial proceedings are complete.

On 27 February 2003 the Commission received a request from the United Kingdom for reimbursement of other costs in connection with the eradication of foot-and-mouth disease. The request is for approximately EUR 805 million, of which 60 % — around EUR 483 million — is to be borne by the Community budget. Financial checks are being conducted and the final amount of the Community contribution will not be fixed until the adversarial proceedings are complete. A provision of EUR 406 million, the estimated total amount the Commission would have to pay, has been entered in the balance sheet — see note II Liabilities. The difference between this provision and the amount requested by the United Kingdom (EUR 1 477 million) is entered as a potential liability.