EIOPA-16/386
3 June 2016

EIOPA

FINAL ACCOUNTS
EUROPEAN INSURANCE AND OCCUPATIONAL PENSIONS AUTHORITY

2015

EIOPA – Westhafen Tower, Westhafenplatz 1 - 60327 Frankfurt – Germany - Tel. + 49 69-951119-20;
Fax. + 49 69-951119-19; site: www.eiopa.europa.eu

Certification EIOPA Final Annual Accounts 2015

The Final Annual Accounts of the European Insurance and Occupational Pensions Authority (EIOPA) for the year 2015 have been prepared in accordance with Title IX of the Financial Regulation applicable to the budget of the European Union, the accounting rules adopted by the Commission's Accounting Officer and the accounting principles and methods adopted by myself.

I acknowledge my responsibility for the preparation and presentation of the annual accounts of the Agency in accordance with article 68 of the Financial Regulation.

I have obtained from the Authorising Officer, who certified its reliability, all the information necessary for the production of the accounts that show the Agency's assets and liabilities and the budgetary implementation.

I hereby certify that based on this information, and on such checks as I deemed necessary to sign off the accounts, I have a reasonable assurance that the final accounts present fairly, in all material aspects, the financial position, the results of the operations and the cash-flow of the Agency.

Frankfurt am Main,

3 June 2016

Tanja Leimbach
Accounting Officer

FINANCIAL STATEMENTS OF EIOPA

(Articles 92 (a) and 96 EIOPA Financial Regulation)

1. Representation of the Organisation

1.1. Establishment and Legal Status

The European Insurance and Occupational Pensions Authority (EIOPA) was established by Regulation (EU) No 1094/2010 of the European Parliament and the Council of 24 November 2010 establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/79/EC (hereinafter "EIOPA Regulation").

EIOPA is a Union body with legal personality. It was established on 1 January 2011 and took up activities as the legal successor of the Committee of European Insurance and Occupational Pensions Supervisors (CEIOPS). The seat of EIOPA is in Frankfurt am Main, Germany, at Westhafenplatz 1.

According to article 1(6) of the Regulation No 1094/2010 of the European Parliament and the Council the objective of EIOPA is to protect the public interest by contributing to short, medium and long-term stability and effectiveness of the financial system, for the Union economy, its citizens and business.

EIOPA shall contribute to:

- improving the functioning of the internal market, including in particular a sound, effective and consistent level of regulation and supervision,
- ensuring the integrity, transparency, efficiency and orderly functioning of financial markets,
- strengthening international supervisory coordination,
- preventing regulatory arbitrage and promoting equal conditions of competition,
- ensuring the taking of risks related to insurance, reinsurance and occupational pensions activities is appropriately regulated and supervised, and
- enhancing customer protection.

EIOPA is a body of the Community as referred to in article 208 of The Financial Regulation n° 966/2012 (EC, Euratom) of 25 October 2012 of the European Parliament and the Council repealing Council Regulation (EC, Euratom) n°1605/2002 of 25 June 2002. Until 31 March 2016, it is

represented by its Executive Director, Mr Carlos Montalvo, appointed by the Agency Board of Supervisors on 25 February 2011 with effect of 1 April 2011. Mr Fausto Parente succeeded as EIOPA's Executive Director with effect of 1 April 2016. Following the European Parliament confirmation on 26 February 2016, the January Board of Supervisors decision of 28 January 2016 came into force. The Protocol on the Privileges and Immunities of the European Communities applies to the Agency.
EIOPA is composed of the following bodies:

a. The Board of Supervisors. The Board of Supervisors shall give guidance to the work of the Authority. It also adopts the annual and multi-annual work programme as well as the budget of the Authority. It is composed of a Chairperson (non-voting), the head of the national public authority competent for the supervision of financial institutions in each Member State, one representative of the Commission (non-voting), one representative of the ESRB (non-voting), one representative of each of the other two European Supervisory Authorities (EBA and ESMA both non-voting). It meets at least three times per year and at least twice per year together with the Stakeholder Groups. It appoints and dismisses the Chairperson and the Executive Director.

b. The Management Board. The Management Board shall ensure that the Authority carries out its mission and performs the tasks assigned to it. It shall exercise its budgetary powers and propose to the Board of Supervisors the annual and multi-annual work programmes. It is composed of a Chairperson and six other members of the Board of Supervisors elected by the voting members of the Board of Supervisors for a term of two-and-a-half-years. The Management Board meets before every meeting of the Board of Supervisors, at least five times a year.

c. The Chairperson. The Chairperson prepares the work of the Board of Supervisors and chairs its meetings but has no voting rights. Together with six other members of the Board of Supervisors, elected by and from the voting members of the Board of Supervisors, the Chairperson forms the Management Board and chairs its meetings. The Chairperson is appointed for a term of five years which can be extended once.

d. The Executive Director. The Executive Director is responsible for the management of the Authority and its functioning. He shall implement the annual work programme, prepare the multi-annual work programme, implement the Authority's budget and prepare the work of the Management Board. The Executive Director participates in meetings of the Management Board without the right to vote. He is appointed for a five-year term which can be extended once.

e. The Board of Appeal. The Board of Appeal is a joint body of the European Supervisory Authorities. It is composed of six members and six alternates. Two members of the Board of Appeal and two alternates are appointed by the Management Board of the Authority. The term of the members is five years with an option to extend once. The Board of Appeal designates its President who convenes meetings when necessary.

2. Legal Base for Drawing up the Annual Accounts

The financial statements of EIOPA have been established in accordance with the following legislation:

Title IX "Presentation of the Accounts and Accounting" of the Financial Regulation of EIOPA adopted by the Management Board on 14 January 2014 and the EIOPA Financial Implementing Rules adopted by the Management Board through written procedure in September 2014.

The Financial Regulation (EU, Euratom) n°966/2012 of the European Parliament and of the Council of 25 October 2012 and its rules of application.

The accounting rules referred to in article 143 of Regulation (EU, Euroatom) No 966/2012, methods and guidelines as adopted and provided by the Accountant of the Commission. These rules adapt the International Public Sector Accounting Standards (and in some cases the International Financial Reporting Standards) to the specific environment of the EU, while the reports on implementation of the budget continue to be primarily based on movements of cash.

The accounting system of EIOPA comprises general accounts and budget accounts. These accounts are kept in Euro on the basis of the calendar year. The budget accounts give a detailed picture of the implementation of the budget. They are based on the modified cash accounting principle.[1] The general accounts allow for the preparation of the financial statements as they show all charges and income for the financial year and are designed to establish the financial position in the form of a balance sheet as at 31 December.

The EIOPA financial statements have been drawn up using the methods of preparation as set out in the accounting rules laid down by the European Commission's Accounting Officer.

[1] This differs from cash-based accounting because of elements such as carryovers.

3. EIOPA Financial Statements

3.1. EIOPA - Balance Sheet - Assets

		Notes n°	31.12.2015	31.12.2014
ASSETS				
NON CURRENT ASSETS		4.3.1		
Intangible assets		4.3.1.1	**6,219,983.38**	**2,875,847.04**
Property, plant and equipment		4.3.1.2	**1,555,733.14**	**1,420,602.17**
	Land and buildings		0.00	0.00
	Plant and equipment		0.00	0.00
	Computer hardware		98,743.59	134,202.00
	Furniture and vehicles		261,636.13	274,626.82
	Other fixtures and fittings		1,195,353.42	856,265.01
	Property, plant and equipment under construction		0.00	155,508.34
Long-term receivables and recoverables			**0.00**	**0.00**
	Long-term receivables and recoverables		0.00	0.00
	Long-term receivables and recoverables with consolidated EC entities		0.00	0.00
TOTAL NON CURRENT ASSETS			**7,775,716.52**	**4,296,449.21**
CURRENT ASSETS		4.3.2		
Short-term receivables			**1,579,807.56**	**1,235,637.65**
	Current receivables	4.3.2.1	1,034,183.10	1,003,543.41
	Sundry receivables	4.3.2.2	16,940.03	35,218.35
	Pre-paid expenses		0.00	0.00
	Deferred charges and accrued income	4.3.2.3	528,684.43	196,875.89
Short-term pre-financing				0.00
	Short-term pre-financing			0.00
Cash and cash equivalents		4.3.2.4	**2,689,817.51**	**5,322,700.15**
TOTAL CURRENT ASSETS			**4,269,625.07**	**6,558,337.80**
TOTAL			**12,045,341.59**	**10,854,787.01**

3.2. EIOPA - Balance Sheet - Liabilities

	Notes n°	31.12.2015	31.12.2014	31.12.2014 (restated)*
LIABILITIES				
CAPITAL	4.3.3.1	**8,165,381.43**	**8,281,456.82**	**7,277,737.21**
Accumulated surplus/deficit		**7,277,737.21**	**4,520,598.99**	**3,833,223.46**
Economic result for the year - profit+/loss-		887,644.22	3,760,857.83	3,444,513.75
TOTAL		**8,165,381.43**	**8,281,456.82**	**7,277,737.21**
NON-CURRENT LIABILITIES	4.3.3			
Provisions for risks and charges	4.3.3.2	609,543.32	0.00	161,880.54
Accrued charges and deferred income	4.3.3.3	1,167,253.96	0.00	925,060.57
TOTAL NON-CURRENT LIABILITIES		**1,776,797.28**	**0.00**	**1,086,941.11**
CURRENT LIABILITIES	4.3.4	**2,103,162.88**	**2,573,330.19**	**2,490,108.69**
Provisions for risks and charges	4.3.3.2	**0.00**	**161,880.54**	**0.00**
Accounts payable		**2,103,162.88**	**2,411,449.65**	**2,490,108.69**
Current payables	4.3.4.1	59,536.62	44,985.85	44,985.85
Sundry payables	4.3.4.2	14,158.68	13,916.83	13,916.83
Accrued charges and deferred income	4.3.4.3	1,503,031.80	2,010,992.39	2.089.651,43
Accrued charges with consolidated EU entities	4.3.4.4	217.62	2,165.33	2,165.33
Accounts payable with consolidated EU entities	4.3.4.5	526,218.16	339,389.25	339,389.25
Pre-financing received from consolidated EU entities		*526,218.16*	*339,389.25*	*339,389.25*
Other accounts payable against consolidated EU entities		*0.00*	*0.00*	*0.00*
TOTAL CURRENT LIABILITIES		**2,103,162.88**	**2,573,330.19**	**2,490,108.69**
TOTAL		**12,045,341.59**	**10,854,787.01**	**10,854,787.01**

* Details on the restated 2014 figures are disclosed in chapter 4.9 "Restatement of 2014 Figures".

3.3. EIOPA - Statement of Financial Performance

	Notes n°	2015	2014	2014 (restated)*
European Union contribution	4.4.1.1	7,679,987.84	8,526,341.11	8,526,341.11
Other operating revenue	4.4.1.2	12,022,603.28	12,858,946.55	12,858,946.55
TOTAL OPERATING REVENUE	4.4.1	**19,702,591.12**	**21,385,287.66**	**21,385,287.66**
Administrative expenses	4.4.2.1	**-14,623,879.60**	**-13,683,824.24**	**-14,000,168.32**
All Staff expenses		-9,496,850.17	-8,870,611.92	-8,870,611.92
Fixed asset related expenses		-724,109.46	-464,808.88	-464,808.88
Other administrative expenses		-4,402,919.97	-4,348,403.44	-4,664,747.52
Operational expenses	4.4.2.2	**-4,149,175.36**	**-3,922,513.84**	**-3,922,513.84**
Other operational expenses		-4,149,175.36	-3,922,513.84	-3,922,513.84
TOTAL OPERATING EXPENSES	4.4.2	**-18,773,054.96**	**-17,606,338.08**	**-17,922,682.16**
SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES		**929,536.16**	**3,778,949.58**	**3,462,605.50**
Financial revenues		0.00	0.00	0.00
Financial expenses	4.4.3	-41,891.94	-18,091.75	-18,091.75
SURPLUS/ (DEFICIT) FROM NON OPERATING ACTIVITIES		**-41,891.94**	**-18,091.75**	**-18,091.75**
SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES		**887,644.22**	**3,760,857.83**	**3,444,513.75**
ECONOMIC RESULT OF THE YEAR	4.4.4	**887,644.22**	**3,760,857.83**	**3,444,513.75**

* Details on the restated 2014 figures are disclosed in chapter 4.9 “Restatement of 2014 Figures”.

3.4. EIOPA - Cash flow Table (Indirect Method)

	2015	2014	2014 (restated)
Cash Flows from ordinary activities			
Surplus/(deficit) from ordinary activities	**887,644.22**	**3,760,857.83**	**3,444,513.75**
Operating activities			
Adjustments			
Amortization (intangible fixed assets) +	284,764.44	155,916.93	155,916.93
Depreciation (tangible fixed assets) +	420,019.79	286,790.30	286,790.30
Increase/(decrease) in long-term provisions for risks and liabilities	447,662.78	0.00	-194,302.75
Increase/(decrease) in short-term provisions for risks and liabilities	0.00	-194,302.75	0.00
(Increase)/decrease in inventories	0.00	0.00	0.00
(Increase)/decrease in long term pre-financing	0.00	0.00	0.00
(Increase)/decrease in short term pre-financing	0.00	0.00	0.00
(Increase)/decrease in long term receivables and recoverables	0.00	0.00	0.00
(Increase)/decrease in Short term Receivables and recoverables	-344,169.91	-321,423.61	-321,423.61
(Increase)/decrease in receivables related to consolidated EU entities	0.00	0.00	0.00
Increase/(decrease) in value reduction for doubtful debts	0.00	0.00	0.00
Increase/(decrease) in long-term financial liabilities	0.00	0.00	0.00
Increase/(decrease) in short-term financial liabilities	0.00	0.00	0.00
Increase/(decrease) in other long-term liabilities	242,193.39	0.00	438,920.77
Increase/(decrease) in other short-term liabilities (accrued charges and deferred income)	-588,567.34	451,083.15	328,506.46
Increase/(decrease) in short-term payables	14,792.62	-208,461.89	-208,461.89
Increase/(decrease) in Liabilities related to consolidated EU entities	186,828.91	90,687.42	90,687.42
Other non-cash movements	0.00	0.00	0.00
Net cash Flow from operating activities	**1,551,168.90**	**4,021,147.38**	**4,021,147.38**

	2015	2014	2014 (restated)
Cash Flows from investing activities			
(Increase)/Decrease in intangible assets and property, plant and equipment	-4,489,511.78	-3,896,910.72	-3,896,910.72
Other proceeds from intangible assets and property, plant and equipment	305,460.24	3,587.86	3,587.86
Net cash flow from investing activities	**-4,184,051.54**	**-3,893,322.86**	**-3,893,322.86**
Increase/(decrease) in Employee benefits			
Net increase/(decrease) in cash and cash equivalents	-2,632,882.64	127,824.52	127,824.52
Cash and cash equivalents at the beginning of the period	**5,322,700.15**	**5,194,875.63**	**5,194,875.63**
Cash and cash equivalents at the end of the period	**2,689,817.51**	**5,322,700.15**	**5,322,700.15**

3.5. EIOPA – Statement of Changes in Net Assets

Net assets	Accumulated Surplus / Deficit	Economic result of the year	Net assets (total)
Balance as of 31 December 2014	**4,520,598.99**	**3,760,857.83**	**8,281,456.82**
Other*	-1,003,719.61	0.00	-1,003,719.61
Fair value movements	0.00	0.00	0.00
Movement in Guarantee Fund reserve	0.00	0.00	0.00
Allocation of the Economic Result of Previous Year	3,760,857.83	-3,760,857.83	0.00
Amounts credited to Member States	0.00	0.00	0.00
Economic result of the year	0.00	887,644.22	887,644.22
Balance as of 31 December 2015	**7,277,737.21**	**887,644.22**	**8,165,381.43**

*** Other**	Acc. Surplus / Deficit	Eco. result of the year	Net assets (total
Restatement rent incentives, impact on reserves for 2006-2013	-687,375.53	0.00	-687,375.53
Restatement rent incentives, impact on reserves for 2014	-316,344.08	0.00	-316,344.08
Total Other	**-1,003,719.61**	**0.00**	**-1,003,719.61**

* Details on the restated 2014 figures are disclosed in chapter 4.9 “Restatement of 2014 Figures”.

4. Notes to the EIOPA Financial Statements

4.1. Accounting Principles

General accounting principles based on internationally accepted accounting standards for the public sector as referred to in article 95 of the EIOPA Financial Regulation and article 143 of Regulation (EU, Euroatom) No 966/2012. The overall consideration (or accounting principles) to be followed when preparing the financial statements are laid down in EU Accounting Rule 2 and are the same as those described in IPSAS 1, that is:

- **Principle of going concern**

  The going-concern principle means that the Agency is deemed to be established for an indefinite duration. Would there be objective indications that the Agency is to cease its activities, the accounting officer shall present this information in the annex, indicating the reasons. She shall apply the accounting rules with a view to determining its liquidation value.

- **Principle of prudence**

  The principle of prudence means that assets and income shall not be overstated and liabilities and charges shall not be understated. However, the principle of prudence does not allow the creation of hidden reserves or undue provisions

- **Principle of consistent accounting methods**

  The principle of consistent accounting methods means that the structure of the components of the financial statements and the accounting methods and valuation rules may not be changed from one year to the next.

  The Agency’s accounting officer may not depart from the principle of consistent accounting methods other than in exceptional circumstances, in particular:

  (a) in the event of a significant change in the nature of the entity's operations;
  (b) where the change made is for the sake of a more appropriate presentation of the accounting operations.

- **Principle of comparability of information**

  The principle of comparability of information means that for each item the financial statements shall also show the amount of the corresponding item in the previous year. Where the presentation or the classification of one of the components of the financial statements is changed, the corresponding amounts for the previous year shall be made comparable and reclassified. Where it is impossible to reclassify items, this shall be explained in the annex to the financial statements.

- **Principle of materiality**

  The materiality principle means that all operations which are of significance for the information sought shall be taken into account in the financial statements. Materiality shall be assessed in particular by reference to the nature of the transaction or the amount.

  Transactions may be aggregated where:

  (a) the transactions are identical in nature, even if the amounts are large;
  (b) the amounts are negligible;
  (c) aggregation makes for clarity in the financial statements.

- **Principle of "not netting"**

  The no-netting principle means that receivables and debts may not be offset against each other, nor may charges and income, save where charges and income derive from the same transaction, from similar transactions or from hedging operations and provided that they are not individually material.

- **Principle of reality over appearance**

  The principle of reality over appearance means that accounting events recorded in the financial statements shall be presented by reference to their economic nature.

- **Principle of accrual-based accounting**

  The accrual-based accounting principle means that transactions and events shall be entered in the accounts when they occur and not when amounts are actually paid or recovered. They shall be booked to the financial years to which they relate.

  Exceptions to the accounting principles

  Where, in a specific case, the accounting officer considers that an exception should be made to the content of one of the accounting principles defined above this exception must be duly substantiated and reported in the annex to the financial statements.

4.2. Basis for Preparation

4.2.1. Currency and Basis for Conversion

Functional and reporting currency

The financial statements are presented in euros, which is the functional and reporting currency of the EU and EIOPA according to its Financial Regulation.

Transactions and balances

Foreign currency transactions are recorded using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary items in foreign currency into euros at year-end are recognised in the statement of financial performance.

4.2.2. Chart of Accounts

The chart of accounts used by EIOPA follows the structure of the chart of accounts of the European Commission (PCUE).

4.2.3. Use of Estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts presented and disclosed in the Financial Statements of EIOPA. Significant estimates and assumptions in these financial statements require judgment and are used for, but not limited to, accrued income and charges, provisions, contingent assets and liabilities. Actual results reported in future periods may be different from these estimates. Changes in estimates are reflected in the period in which they become known.

4.2.4. Intangible Assets

Intangible assets are identifiable non-monetary assets without physical substance. Acquired computer software licences are stated at historical cost less accumulated amortisation and impairment losses. The assets are amortised on a straight-line basis over their estimated useful lives. The estimated useful lives of intangible assets depend on their specific economic lifetime or legal lifetime determined by an agreement. Currently EIOPA uses a 25% amortisation rate for its intangible assets. Amortisation is the systematic allocation of the depreciable amount of an intangible asset over its useful life (EU Accounting Rule 6). For more details on EIOPA's intangible assets refer to chapter 4.3.1.

Internally developed intangible assets are capitalised when the relevant criteria of the EU Accounting rules are met. The costs capitalisable include all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. Costs associated with research activities, non-capitalisable development costs and maintenance costs are recognised as expenses as incurred. EIOPA's threshold for capitalisation of internally developed intangible assets is € 150,000. Non-capitalisable development costs for internally developed assets not reaching this threshold are disclosed as research activities.

4.2.5. Property, Plant and Equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to EIOPA and its cost can be measured reliably. Repairs and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred. Assets under construction are not depreciated as these assets are not yet available for use. Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life (EU Accounting Rule 7).

The depreciation and amortisation of EIOPA’s intangible and tangible assets is calculated using the straight-line method with the following rates:

Asset type	Depreciation rate used by EIOPA
Intangible assets	
Software for personal computers and servers	**25.0%**
Intangible assets under construction	**0.0%**
Tangible assets	
Furniture and vehicles	
Office, laboratory and workshop furniture	**10.0%**
Equipment and decorations for garden, kitchen, canteen, restaurant, crèche and school	**12.5%**
Furniture for restaurant/cafeteria/bar area	**10.0%** **12.5%**
Antiques, artistic works, collectors' items	**0.0%**
Computer hardware	
Computers, servers, accessories, data transfer equipment, printers, screens	**25.0%**
Copying equipment, digitising and scanning equipment	**25.0%**
Other fixtures and fittings	
Telecommunications equipment	**25.0%**
Audiovisual equipment	**25.0%**
Other	**10.0%**
Tangible fixed assets under construction	**0.0%**

4.2.6. Leases

Leases of tangible assets, where EIOPA would have substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The rental obligations, net of finance charges, are included in other liabilities (non-current and current). The interest element of the finance cost is charged to the statement of financial performance over the lease period so as to produce a constant periodic interest rate on the remaining balance of the liability for each period. The assets held under finance leases are depreciated over the shorter of the assets' useful life and the lease term.

Leases where the lessor retains a significant portion of the risks and rewards inherent to ownership are classified as operating leases. Payments made under operating leases are recognised as an expense in the statement of financial performance on a straight-line basis over the period of the lease. For more details on EIOPA's operational lease liabilities please see chapter 4.7.

4.2.7. Financial Assets

EIOPA has as financial assets its receivables and current bank accounts. Receivables arise when EIOPA provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities more than 12 months of the balance sheet date. See also chapter 4.8 "Financial Instruments".

Receivables are carried at original amount less write-down for impairment. A write-down for impairment of receivables is established when there is objective evidence that EIOPA will not be able to collect all amounts due according to the original terms of receivables. The amount of the write-down is the difference between the asset's carrying amount and the recoverable amount. The amount of the write-down is recognised in the statement of financial performance.

Cash and cash-equivalents are financial instruments and classified as available for sale financial assets. They include cash at hand and deposits held at call with banks.

4.2.8. Provisions

Provisions are recognised when the EU body has a present legal or constructive obligation towards third parties as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. The amount of the provision is the best estimate of the expenditures expected to be required to settle the present obligation at the reporting date.

4.2.9. Financial Liabilities

EIOPA has as financial liabilities its payables. They are classified as current liabilities, except for maturities more than 12 months after the balance sheet date. See also chapter 4.8 "Financial Instruments".

Payables arising from the purchase of goods and services are recognised at invoice reception for the original amount and corresponding expenses are entered in the accounts when the supplies or services are delivered and accepted by EIOPA.

4.2.10. Accrued and Deferred Income and Charges

According to the EU Accounting rules, transactions and events are recognised in the financial statements in the period to which they relate. At the end of the accounting period, **accrued expenses** are recognised based on an estimated amount of the transfer obligation of the period. The calculation of accrued expenses is done in accordance with practical guidelines (EIOPA carry forward guidelines) which aim at ensuring that the financial statements reflect a true and fair view. More detailed information can be found in chapters 4.3.2.3 "Deferred

Charges and Accrued Income” and 4.3.4.3 “Accrued Charges and Deferred Income”.

Revenue is also accounted for in the period to which it relates. At year-end, if an invoice is not yet issued but the service has been rendered, the supplies have been delivered by the EU body or a contractual agreement exists, an accrued income will be recognised in the financial statements.

In addition, at year-end, if an invoice is issued but the services have not yet been rendered or the goods supplied have not yet been delivered, the revenue or charges will be deferred and recognised in the subsequent accounting period.

4.2.11. Revenues

Non-exchange revenue makes up the vast majority of EIOPA’s revenue and includes mainly the funding by the Member States, the EFTA countries and the EU subsidy.

Exchange revenue is the revenue from the sale of goods and services. It is recognised when the significant risk and rewards of ownership of the goods are transferred to the purchaser. Revenue associated with a transaction involving the provision of services is recognised by reference to the stage of completion of the transaction at the reporting date.

Interest income consists of received bank interest.

4.2.12. Expenses

According to the principle of accrual-based accounting, the financial statements take account of expenses relating to the reporting period, without taking into consideration the payment date; meaning when the goods or services are used or consumed.

Exchange expenses arising from the purchase of goods and services are recognised when the supplies are delivered and accepted by EIOPA. They are valued at original invoice cost.

Non-exchange expenses relate to transfers to beneficiaries and can be of three types: entitlements, transfers under agreement and discretionary grants, contributions and donations. Transfers are recognised as expenses in the period during which the events giving rise to the transfer occurred, as long as the nature of the transfer is allowed by regulation (Financial Regulation, Staff Regulations, or other regulation) or a contract has been signed authorising the transfer; any eligibility criteria have been met by the beneficiary; and a reasonable estimate of the amount can be made. When a request for payment or cost claim is received and meets the recognition criteria, it is recognised as an expense for the eligible amount. At year-end, incurred eligible expenses due to the beneficiaries but not yet reported are estimated and recorded as accrued expenses.

4.2.13. Contingent Assets

A contingent asset is a possible asset that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of EIOPA. It is not recognised because the amount of the obligation cannot be measured with sufficient reliability. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable. EIOPA does not hold contingent assets.

4.2.14. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the EU body; or a present obligation that arises from past events but is not recognised because: it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or, in the rare circumstances where the amount of the obligation cannot be measured with sufficient reliability. Chapter 4.7 provides further details on EIOPA's contingent liabilities.

4.3. EIOPA Financial Statements

4.3.1. Non-current Assets

According to the accounting rules assets are considered as such in case their nominal value exceeds € 420,00. Assets are carried at it's cost less any accumulated depreciation and any accumulated impairment losses. EIOPA uses the straight-line depreciation method. Depreciation takes place pro-rata temporis from the month of first use or delivery of the asset in the EIOPA premises in line with the depreciation rates used by the European Communities.

EIOPA uses the asset registration system of the European Commission for the recording of it's assets.

EIOPA performed a physical inventory starting in September 2015 with completion in December 2015. Impairments made on hardware are of no material value.

The net value of the EIOPA assets at the date of establishing the financial statements is **€ 7,775,716.52** (€ 4,296,449.21) with:

- Internally generated intangible assets **€ 539,239.14** (€ 527,297.98)
- Computer software **€ 351,616.66** (€ 320,719.17)
- Other intangible assets **€ 14,918.59** (€ 16,302.31)
- Intangible assets under construction **€ 5,314,208.99** (€ 2,011,527.58)
- Computer hardware **€ 98,743.59** (€ 134,202.00)
- Furniture and rolling stock **€ 261,636.13** (€ 274,626.82)
- Fixtures and fittings **€ 1,195,353.42** (€ 856,265.01), including € 476,373.64 for the restoring of the EIOPA office space at the termination of the rental contract.

- No expenditure for fixtures and fittings under construction (€ 155,508.34 previous year).

In 2015 EIOPA pursued the development of internally generated assets under its IT Strategy Implementation Plan to meet the requirements associated to the implementation of Solvency II in 2016.

Additional development costs in an amount of € 3,468,219.77 incurred with a cumulated value of € 6,018,264.44 (€ 2,550,044.67) at the end of the year, including costs for assets which reached the operational stage in 2014 and 2015. A few assets reached the production phase in May and October 2015 leaving a remaining value of development costs equal to € 5,314,208.99 (€ 2,011,527.58).

EIOPA's core IT projects generating such costs are:

- The development of a **Data Standardisation** which aims for supplying an industry standardisation of financial data using the XBRL taxonomy. The XBRL Taxonomy project and the Tool for Undertakings are the pivotal projects.

- The **Data Management** project (Collection, Storage and Dissemination) incorporates those projects which will allow the secure collection, storage and dissemination that EIOPA will receive from its stakeholders and from industry. The key project in 2015 remained the Data Collection and Central Repository Programme with the Reference Data Implementation and the Market and Reporting Data Analysis projects. In May and October 2015 two modules reached the operational phase and were capitalised under software.

- The **Data Analysis** governs the added value that EIOPA brings to the data it will receive from its stakeholders and the objective of the Business Intelligence Analysis project is to identify which tools can do this to the greatest extent possible.

- The **Online Communication and Collaboration**'s purpose is to provide the platform of secure communication by which EIOPA will interact with its stakeholders, both external and internal. As the main project went into production in December 2014 the remaining development costs under this project are low in 2015 and are intended to develop a stand-online website for the Joint Committee.

- In 2015, EIOPA pursued the development of a module to calculate **the risk free interest rate** applied by insurance undertakings to discount long-term provisions under Solvency II. The entry into the operational phase of this module was not reached before January 2016 with the entry into force of Solvency II.

Additional research costs in an amount of € 645,100.49 (€ 849,883.28) are related to the analysis phase of the Data Standardisation project (implementation of an XBRL taxonomy) and to a lower extent to the module of the risk-free interest rate calculation.

4.3.1.1. Intangible Fixed Assets

2015		Internally generated Computer Software	Other Computer Software	Other Intangible assets	Intangible assets under construction	Total
Gross carrying amounts 01.01.2015	+	**538,517.09**	**814,035.32**	**16,302.31**	**2,011,527.58**	**3,380,382.30**
Additions	+	0.00	160,681.01	0.00	3,468,219.77	3,628,900.78
Disposals	-	0.00	0.00	0.00	0.00	0.00
Transfer between headings	+/-	165,538.36	0.00	0.00	-165,538.36	0.00
Other changes	+/-	0.00	0.00	0.00	0.00	0.00
Gross carrying amounts 31.12.2015		**704,055.45**	**974,716.33**	**16,302.31**	**5,314,208.99**	**7,009,283.08**
Accumulated amortization and impairment 01.01.2015	-	**-11,219.11**	**-493,316.15**	**0.00**	**0.00**	**-504,535.26**
Amortization	-	-153,597.20	-129,783.52	-1,383.72	0.00	-284,764.44
Write-back of amortization	+	0.00	0.00	0.00	0.00	0.00
Disposals	+	0.00	0.00	0.00	0.00	0.00
Impairment	-	0.00	0.00	0.00	0.00	0.00
Write-back of impairment	+	0.00	0.00	0.00	0.00	0.00
Transfer between headings	+/-	0.00	0.00	0.00	0.00	0.00
Other changes	+/-	0.00	0.00	0.00	0.00	0.00
Accumulated amortization and impairment 31.12.2015		**-164,816.31**	**-623,099.67**	**-1,383.72**	**0.00**	**-789,299.70**
Net carrying amounts 31.12.2015		**539,239.14**	**351,616.66**	**14,918.59**	**5,314,208.99**	**6,219,983.38**

4.3.1.2. Tangible Fixed Assets

2015		Computer hardware	Furniture and vehicles	Other Fixtures and Fittings	Tangible assets under construction	Total
Gross carrying amounts 01.01.2015	+	**543,496.22**	**481,646.89**	**1,221,979.79**	**155,508.34**	**2,402,631.24**
Additions	+	40,034.80	36,050.55	479,065.41	0.00	555,150.76
Disposals	-	0.00	0.00	0.00	0.00	0.00
Transfer between headings	+/-	0.00	0.00	155,508.34	-155,508.34	0.00
Other changes	+/-	0.00	0.00	0.00	0.00	0.00
Gross carrying amounts 31.12.2015		**583,531.02**	**517,697.44**	**1,856,553.54**	**0.00**	**2,957,782.00**
Accumulated amortization and impairment 01.01.2015	-	**-409,294.22**	**-207,020.07**	**-365,714.78**	**0.00**	**-982,029.07**
Depreciation	-	-75,093.21	-49,041.24	-295,485.34	0.00	**-419,619.79**
Write-back of depreciation	+	0.00	0.00	0.00	0.00	**0.00**
Disposals	+	0.00	0.00	0.00	0.00	**0.00**
Impairment	-	-400.00	0.00	0.00	0.00	**-400.00**
Write-back of impairment	+	0.00	0.00	0.00	0.00	**0.00**
Transfer between headings	+/-	0.00	0.00	0.00	0.00	**0.00**
Other changes	+/-	0.00	0.00	0.00	0.00	**0.00**
Accumulated amortization and impairment 31.12.2015		**-484,787.43**	**-256,061.31**	**-661,200.12**	**0.00**	**-1,402,048.86**
Net carrying amounts 31.12.2015		**98,743.59**	**261,636.13**	**1,195,353.42**	**0.00**	**1,555,733.14**

4.3.2. Current Assets

4.3.2.1. Current Receivables

Total current receivables are equal to **€ 1,034,183.10** (€ 1,003,543.41). An amount of € 1,034,091.43 is for receivables from Member States. They include € 1,012,275.12 for VAT paid on supplier invoices for which reimbursement from the German tax authorities is still pending and € 21,816.31 for 2015 budgetary contributions from Member States. At the date of establishing the final annual accounts the VAT receivable decreased by € 938,758.08 to show a final balance of € 73,517.04 out of which an immaterial amount is not refundable.

Current receivables	**31.12.2015**			**31.12.2014**		
Receivables from	**Gross Total €**	**Amounts written down (-) €**	**Net Value €**	**Gross Total €**	**Amounts written down (-) €**	**Net Value €**
Customers	91.67	0.00	91.67	0.00	0.00	0.00
Member States	21,816.31	0.00	21,816.31	331,900.55	0.00	331,900.55
VAT	1,012,275.12	0.00	1,012,275.12	670,744.66	0.00	670,744.66
Consol. EU entities	0.00	0.00	0.00	898.20	0.00	898.20
Total	**1,034,183.10**	**0.00**	**1,034,183.10**	**1,003,543.41**	**0.00**	**1,003,543.41**

4.3.2.2. Sundry Receivables

Sundry receivables amount to **€ 16,940.03** (€ 35.218,35) and relate to amounts pre-paid to EIOPA staff.

Sundry receivables	**31.12.2015**			**31.12.2014**		
Receivables from	**Gross Total €**	**Amounts written down (-) €**	**Net Value €**	**Gross Total €**	**Amounts written down (-) €**	**Net Value €**
Staff	16,940.03	0.00	16,940.03	35,218.35	0.00	35,218.35
Total	**16,940.03**	**0.00**	**16,940.03**	**35,218.35**	**0.00**	**35,218.35**

4.3.2.3. Deferred Charges and Accrued Income

The amount of deferred charges is **€ 507,051.42** (€ 152,707.89) for prepaid expenses of maintenance and services contracts. The accrued income is **€ 21.633,01** (€ 44,168.00) for receivables not yet invoiced at the end of the year.

4.3.2.4. Cash and Cash Equivalents

At the date of closure EIOPA holds two current bank accounts with ING Belgium and Unicredit AG, both opened in 2015. The current bank account held with Citibank Frankfurt was closed in 2015.

EIOPA’s cash and equivalent positions are the funds held on the two bank accounts with a total of **€ 2,689,817.51** (€ 5,322,700.15) at year-end.
For the execution of payments EIOPA makes use of bank transfers generated by the centralised ABAC/SAP system.

4.3.3. Non-current Liabilities

4.3.3.1. Capital

EIOPA’s capital is equal to **€ 8,165,381.43** (€ 7,277,737.21 restated) at year-end. It is the result of the accumulated surplus as at 1 January 2015, € 7,277,737.21, and the economic result of 2015, € 887,644.22. Chapter 4.9 “Restatement of 2014 Figures” provides details on the capital movements and the restated capital on 1 January 2015 stemming from the benefits of the free use of office space under the rental contract with a commercial party.

The capital moderately increased in 2015. This is the result of a balancing effect. On the one hand EIOPA fully used the reserves accumulated in 2014 as a result of the high carry overs for services delivered in 2015. On the other hand, in 2015 EIOPA received all budgetary contributions from Member States, EFTA countries and the Commission, with a few exceptions only, including those pending from 2014, which increased the reserves.

4.3.3.2. Provisions for Risk and Charges (non-current)

The provision for risks and charges amounts to **€ 609,543.32** (€ 161,880.54) at year end and is related to the reinstatement obligation for the office space under the rental contract. A re-evaluation of costs took place in 2015 based on relevant additional information obtained from the EIOPA landlord which led to the essential increase.

A reclassification took place to reflect the long-term nature of such provision. Details on the movement are disclosed in chapter 4.9.

Description	**01.01.2015**	Additional provisions	Unused amounts reversed	Amounts used	Transfer from long-term	Other	**31.12.2015**
	(+)	(+)	(-)	(-)	(+)	(+/-)	
Legal cases	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
Dismantling building	161,880.54	447,662.78	0.00	0.00	0.00	0.00	609,543.32
Total	**161,880.54**	**447,662.78**	**0.00**	**0.00**	**0.00**	**0.00**	**609,543.32**

4.3.3.3. Accrued Charges and Deferred Income (non-current)

Deferred income relates to a capital contribution (€ 151,145.91) and an income contribution (€ 20,000.00) rendered by the EIOPA landlord in 2014 under the scope of the EIOPA rental contract. The terms of the rental contract also determine the free use of the office space and discounted rent payments during the initial phase of the total rental term. In the previous years, EIOPA amended the contract concluded in 2006 along its continuous growth and made use of such benefits with each amendment and addition of office space. The total gross impact for the periods from 2006 to 2014 is € 1,738,108.09 (net after release € 1,003,719.61) and for 2015 € 485,084.46 (net after release € 257,907.18).

The deferred income is released on an annual basis and recognition of income takes place on a pro-rata temporis basis over the duration of the rental contract and for each of its amendments, for the capital contribution until November 2026.

The liability disclosed for 2015 has a long-term nature with a maturity of greater than one year and is equal to **€ 1,167,253.96** (€ 925,060.57 restated)

A restatement of the 2014 financial statements took place and details of the effects are disclosed in chapter 4.9.

4.3.4. Current Liabilities

4.3.4.1. Current Payables

Current payables raise to **€ 59,536.62** (€ 44,985.85) for unpaid supplier invoices received by year-end.

4.3.4.2. Sundry Payables

Sundry payables are equal to **€ 14,158.68** (€ 13,916.83) for other short-term liabilities, mainly to Member States.

4.3.4.3. Accrued Charges and Deferred Income (current)

The total for accrued charges and deferred income is **€ 1,503,031.80** (€ 2.089.651,43), excluding accrued charges with consolidated entities (see chapter 4.3.4.4). Accrued charges are equal to **€ 1,260,140.74** (€ 1,852,723.13) and deferred income to **€ 242,891.06** (€ 158.269,26).

Accrued charges are mainly foreseen for services rendered and goods delivered to EIOPA by year-end and for which invoices and reimbursement claims (experts and EIOPA Stakeholders) were not yet received in 2015 or when received they remained unpaid (€ 1,021,621.13). An amount of € 238,519.61 is considered for untaken leave and overtime liabilities.

Deferred income is associated to the capital contribution (€ 151,145.91) and the income contribution (€ 20,000.00) rendered by the EIOPA landlord in 2014 as well as for the free use of office space under the scope of the EIOPA rental contract. The terms are further explained in chapter 4.3.3.2.

The liability disclosed (€ 242,891.06) is the one reduced by the annual effect of income recognition for 2015 and has a maturity of less than one year at the date of closure.

The 2014 financial statements are restated to account for the effects of the changes in the deferred income. Detailed information on the movements can be found in chapter 4.9.

4.3.4.4. Accrued charges with consolidated EU entities

The amount of accrued charges with consolidated EU entities is **€ 217.62** (€ 2,165.33).

4.3.4.5. Accounts Payable with consolidated EU Entities

This position, **€ 526,218.16** (€ 339,389.25), is for the 2015 surplus of the budgetary outturn account which is paid to the European Commission in 2016.

4.4. EIOPA Statement of Financial Performance

4.4.1. Revenue

4.4.1.1. Union Contribution (non-exchange revenue)

Revenue generated stemming from the community subsidy is equal to **€ 7,679,987,84** (€ 8,526,341.11).

4.4.1.2. Other Operating Revenue

The revenue generated by operating activities in 2015 is **€ 12,022,603.28** (€ 12,858,946.55) with the following break-down:

Revenue from non-exchange transactions:

- Revenue from Member State contributions: **€ 11,638,264.15**
- Revenue from EFTA countries: **€ 330,462.39**
- Revenue from other union entities: **€ 12,983.64**

Revenue from exchange transactions:

- Fixed assets related income: **€ 9,735.88**
- Income from other exchange operations: **€ 11,328.22**
- Exchange rate gains: **€ 19,829.00**

In accordance with the weighting votes set out in article 3(3) of the Protocol (No. 36) on transnational transitions (recital Nr 68 EIOPA Regulation) EIOPA is financed by Union funds (40%) and contributions by Member States (60%).

According to the EIOPA Financial Regulation, the Community subsidy paid to the Authority constitutes for its budget a balancing subsidy which counts as pre-financing. If the balance of the budgetary outturn account is positive it shall be repaid to the Commission up to the amount of the Community subsidy paid during the year. The part of the balance exceeding the amount of the Community subsidy shall be entered in the budget for the following financial year as revenue.

In 2012, EIOPA reached an agreement with the European Commission concerning the treatment of the budgetary surplus 2011. EIOPA paid the full amount back to the European Commission as set out in its Financial Regulation and in 2013 was entitled to recover it back as part of its 2013 budget. The share of the surplus corresponding to the contributions received from Member States and the EFTA countries reduced their payment obligations in 2013. The redistribution key followed the cash received in 2012. This process is applied until a formal legal basis is established.

The revenue related to the Community subsidy consists of € 227,055.00 for the reimbursement of the 2013 budgetary surplus and € 7,452,937.84 stemming from fresh credits 2015, as such respecting the funding key.

4.4.2. Operating Expenses

4.4.2.1. Administrative Expenses

Administrative expenses consist of:

- Staff expenses equal to **€ 9,496,850.17** (€ 8,870,611.92) for salaries, employers contributions to the social security and allowances to staff.

- Fixed assets related expenses equal to **€ 724,109.46** (€ 464,808.88) for regular depreciation of intangible and tangible fixed assets as well as for fixed assets related operational lease expenditure. The amount for an impairment of computer hardware is € 400.00. No disposals were made.

- Other administrative expenses equal to **€ 4,402,919.97** (€ 4,664,747.52 restated) including <u>€ 2,113,749.77</u> (€ 2,139,304,09 restated) for building related expenditure (office lease and other maintenance costs). This position also contains "other expense" in an amount of <u>€ 1,993,620.85</u> (€ 2,518,858.55), including expenditure for office supplies and maintenance, publicity and legal advice, contributions to insurances, recruitment, training, staff missions, expert reimbursements, IT maintenance and for other external services provider. An amount of <u>€ 25,356.86</u> (€ 6,584.88) relates to exchange rate losses and <u>€ 270,192.49</u> are allocated to expenditure with consolidated entities under service level agreements with the European Commission (translations, IT system maintenance).

4.4.2.2. Operational Expenses

The total amount is **€ 4,149,175.36** (€ 3,922,513.84) for the Agency's operational activities. A significant part of the expenditure flows in the IT projects under the IT Strategy Implementation Plan. In addition, it includes expenditure for the development of the Common Supervisory Culture with focus on training for national supervisors, staff exchanges and secondments but also for meetings (missions and catering), translations, legal advice and publications of an operational nature.

4.4.3. Non-operating Activities

Expenses for non-operating activities relate to other financial expenses at **€ 41,891.94** (€ 18,091.75).

4.4.4. Economic Result of the Year

The economic result of the year is **€ 887,644.22** (€ 3,444,513.75 restated).

This result is determined by the European Community accounting rules consisting of

- on one hand, in a calculation based on a cash principle and on the budgetary outturn for the determination of the revenue from the Communities (European Commission subsidy) and from the Member States to inscribe in the Statement of Financial Performance,

- and on the other hand, the calculation of the expenditure in the Statement of Financial Performance on a full accrual-based accounting principle.

The result is lower than in the previous year which is explained by the balancing effect of the use of reserves for the payment of services stemming from the 2014 carry over of appropriations as well as by the full recovery of 2015 budgetary contributions including funds related to the carry-over of appropriations for which services delivery that takes place in 2016 and income was recognised in 2015. This led to the positive result.

4.5. Notes to the EIOPA Cash flow Table

The cash flow provides a basis to assess the ability of the Agency to generate cash and cash equivalents, and the needs of the entity to utilise those cash flows.

EIOPA uses the indirect method to prepare its cash flow table.

The cash flows are classified by operating, investing and financing activities.

The operating cash flow represents the economic outturn of the financial year adjusted for the effects of transactions with non-cash nature (e.g. deferrals, accruals, depreciation). EIOPA's operating cash flow is **€ 1,551,168.90** (€ 4,021,147.38) which is the result of the cash inflow in 2015, including open 2014 accounts receivables, needed to finance EIOPA's IT projects and administrative operations, the release of deferred income from pre-paid expenditure in 2014, the payment of open 2014 liabilities and the non-cash effects of the annual deprecation and changes in provisions and deferred income.

EIOPA utilised **€ 4,184,051.54** (€ 3,893,322.86) for investments in tangible and intangible assets, mainly in assets under its IT Strategy Implementation Plan (cash flow from investing activities) with a net decrease in cash and cash equivalents of **€ 2,632,882.64** (€ 127,824.52 increase).

4.6. Notes to the Statement of Changes in Capital

Accumulated surplus at 1 January 2015	**4,520,598.99**
Restatement 2014	-1,003,719.61
Economic result 2014	3,760,857.83
Capital at 1 January 2015 (restated)	**7,277,737.21**
Economic Result of the Year 2015	887,644.22
Capital at 31 December 2015	**8,165,381.43**

For detailed information of the movements in the capital associated to the restatement of the 2014 financial statements refer to chapter 4.9.

4.7. Contingent Liabilities and Other Disclosures

A contingent liability is disclosed in the notes to the financial statements when the Agency has a possible obligation resulting of a past event and it is possible that an outflow of resources embodying economic benefits or service potential will be required to settle the required obligation. This should be in the near future.

The expenditure for a legal case pending at the General Court of the European Union for a complaint case is estimated at a maximum total of **€ 34,000**. By the date of establishing the annual accounts the likelihood that EIOPA would be ruled to pay damages was low, especially because the applicant did not claim an amount for the damages suffered. The amount disclosed is estimated on the basis of external lawyers' fees, both EIOPA's and that of the applicant, and the translation of the publications by the General Court of the European Union. Therefore, there is an uncertainty of the final outcome and the total possible financial impact to EIOPA as well as the timing of such liability.

The contingent for liability of EIOPA amounts to **€ 31,844,435.68** (€ 30,380,128,62) for contractual obligations related to operational leases. It includes an amount of **€ 2,263,367,16** (€ 3.940.348,03) representing the outstanding budget commitments carried over to 2016 after deducting all eligible expenses that have been already booked in the statement of financial performance (accrued expenses). Other obligations relate to the operating lease of IT equipment **€ 5,990,614.40** (€ 6,987,241.53).

It also includes an amount of **€ 23,590,454.12** (€ 19.452.539,06) which corresponds to potential future obligations borne by the current EIOPA rental contract for its premises. It has been calculated under the assumptions of no price indexation and no interruption of the current leases for the entire office space until the provisional end date of the rental contract in November 2026.

	Budget commitments €	IT equipment €	Rental obligations €
Less than 1 year	2,263,367.16	1,645,247.52	2,081,092.60
Between 1 and 5 years	0.00	4,345,366.88	10,755,443.98
Above 5 years	0.00	0.00	10,753,917.54
Total	**2,263,367.16**	**5,990,614.40**	**23,590,454.12**

4.8. Financial Instruments

Financial instruments comprise cash, current receivables and recoverables, current payables, amounts due to and from consolidated entities. Financial instruments give rise to liquidity, credit, interest rate and foreign currency risks, information about which and how they are managed is set out below. Prepayments, accrued income, accruals and deferred income are not included.

The carrying amounts of financial instruments are as follows:

Financial Assets

	2015 €	2014 €
Current receivables	1,034,183.10	1,003,543.41
Sundry and other receivables	16,940.03	35,218.35
Cash and deposits	2,689,817.51	5,322,700.15
Total	**3,740,940.64**	**6,361,461.91**

Financial Liabilities

	2015 €	2014 €
Current payables	59,536.62	44,985.85
Other payables	14,158.68	13,916.83
Accounts payable with EU entities	526,218.16	339,389.25
Total	**599,913.46**	**398,291.93**

4.8.1. Liquidity Risk

Liquidity risk is the risk that arises from selling an asset; for example, the risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss or meet an obligation. Liquidity risk arises from the ongoing financial obligations, including settlement of payables.

Details of contractual maturities for assets and liabilities form an important source of information for the management of liquidity risk.

Bank accounts opened in the name of the EU body may not be overdrawn. Treasury and payment operations are highly automated and rely on modern information systems. Specific procedures are applied to guarantee system security and to ensure segregation of duties in line with the Financial Regulation, the internal control standards, and audit principles. EU budget principles ensure that overall cash resources for a given year are always sufficient for the execution of all payments.

EIOPA's liabilities have remaining contractual maturities as summarised below:

31 December 2015	< 1 year	1 – 5 years	> 5 years	Total
Payables with third parties	73,695.30	0.00	0.00	**73,695.30**
Payables with consolidated entities	526,218.16	0.00	0.00	**526,218.16**
Total liabilities	**599,913.46**	**0.00**	**0.00**	**599,913.46**

4.8.2. Credit Risk

Credit risk is the risk of loss due to a debtor's/borrower's non-payment of a loan or other line of credit (either the principal or interest or both) or other failure to meet a contractual obligation. The default events include a delay in repayments, restructuring of borrower repayments and bankruptcy.

Treasury resources are kept with commercial banks. EIOPA recovers contributions from national supervisory authorities and the Commission up to 3 times per year to ensure appropriate cash management and to maintain a minimum cash balance on its bank account. This is with a view to limit its risk exposure. Requests to the Commission are accompanied by cash forecasts. The overall treasury balances fluctuated between approximately € 2.5 Mio. and € 10 Mio. taking into account payment time limits for the recovery of contributions and the total of € 22,3 Mio. of payments executed in 2015.

In addition, specific guidelines are applied for the selection of commercial banks in order to further minimise counterparty risk to which EIOPA is exposed:

- All commercial banks are selected by call for tenders. The minimum short term credit rating required for admission to the tendering procedures is Moody's P-1 or equivalent (S&P A-1 or Fitch F1). A lower level may be accepted in specific and duly justified circumstances.

The table below shows the maximum exposure to credit risk by EIOPA. All receivables are not past due nor impaired at the reporting date.

	2015	2014
Current and customer receivables (A)	*21,907.98*	*331,900.55*
VAT	1,012,275.12	670,744.66
Recovery of expenses	0.00	0.00
Consolidated EU entities	0.00	898.20
Total Financial assets	**1,034,183.10**	**1,003,543.41**
Impairment (B)	*0.00*	*0.00*
Guarantees (C)	*0.00*	*0.00*
Total credit risk (A+B+C)	***21,907.98***	***331,900.55***

4.8.3. Market Risk

Market Risk can be split into interest rate risk and currency risk.

EIOPA is mainly concerned by the interest rate risk. Interest rate risk arises from cash. It is recognised that interest rates fluctuate and the EU body accepts the risk and does not consider it to be material. EIOPA's treasury does not borrow any money; as a consequence it is not exposed to interest rate risk. It does, however, earn interest on balances it holds on its banks accounts

Overnight balances held on commercial bank accounts earn interest on a daily basis. This is based on variable market rates to which a contractual margin (positive or negative) is applied. For most of the accounts, the interest calculation is linked to the EONIA (Euro over night index average) or EURIBOR (Euro InterBank Offer Rate) and is adjusted to reflect any fluctuations of this rate. In case the resulting interest rate to be applied is less than 0, then a fixed rate is applied for a certain period of time. As a result no risk exists that EIOPA earns interest at rates lower than market rates.

The interest rate sensitivity analysis undertaken shows that, if interest rates had been 1% lower/higher and all other variables remained constant, the surplus for 2015 would decrease/increase by an amount of € 26,898.

4.9. Restatement of 2014 Figures

EIOPA holds a rental contract for its office space with a commercial provider, initially concluded in 2006 for one floor and amended to successively add four more floors in accordance with EIOPA’s growth in the past years. The different amendments were signed on different dates and with unique conditions. In general, EIOPA makes use of rent free periods and discounted rates in the first 36 months of the 10-year rent term under the original contract and each of its amendments. In the financial statements of the prior years, EIOPA disclosed such benefits as non-exchange transaction under EU Accounting Rule 17 and recognised the costs of the occupation on a cash-basis. EU Accounting Rules for leases however require the recognition of expenses on a straight-line basis and the distribution of incentives over the entire lease term. Therefore, a restatement of the prior-year financial statements is made and disclosed in the 2015 financial statements in accordance with the EU Accounting Rules to account for such prior-year benefits.

In addition, by its rental contract EIOPA has an obligation to reinstate the office space at the end date of the rental term. It discloses a provision in its financial statements to account for such obligation. The nature of such provision is long-term as a release of the funds is not expected before the termination of the rental contract. A reclassification took pace to align the presentation and disclose the obligation within the non-current liabilities.

The table below shows the movements of the liabilities in the balance sheet against the published financial statements 2014.

BALANCE SHEET - LIABILITIES	2014 (published)	Rent incentives	2014 (restated)
Accumulated surplus/deficit	4,520,598.99	*-687,375.53*	3,833,223.46
Economic result for the year - profit+/loss-	3,760,857.83	*-316,344.08*	3,444,513.75
CAPITAL	**8,281,456.82**	***-1,003,719.61***	**7,277,737.21**
NON-CURRENT LIABILITIES			
Provisions for risks and charges	0.00	*161,880.54*	*161,880.54*
Deferred income	0.00	*925,060.57*	*925,060.57*
TOTAL NON-CURRENT LIABILITIES	**0.00**	***1,086,941.11***	***1,086,941.11***
NON-CURRENT LIABILITIES			
Provisions for risks and charges	161,880.54	*-161,880.54*	0.00
Current payables	44,985.85	*0.00*	44,985.85
Sundry payables	13,916.83	*0.00*	13,916.83
Accrued charges and deferred income	2,010,992.39	*78,659.04*	2,089,651.43
Accrued charges with consolidated EU entities	2,165.33	*0.00*	2,165.33
Accounts payable with consolidated EU entities	339,389.25	*0.00*	339,389.25
TOTAL CURRENT LIABILITIES	**2,573,330.19**	***-83,221.50***	**2,490,108.69**
TOTAL	**10,854,787.01**	***0.00***	**10,854,787.01**

The table below shows the movements of expenditure and the impact on the result 2014.

STATEMENT OF FINANCIAL PERFORMANCE	2014 (published)	*Rent incentives*	2014 (restated)
TOTAL OPERATING REVENUE	**21,385,287.66**	**0.00**	**21,385,287.66**
European Union contribution	8,526,341.11	0.00	8,526,341.11
Other operating revenue	12,858,946.55	0.00	12,858,946.55
Administrative expenses	**-13,683,824.24**	***-316,344.08***	**-14,000,168.32**
All Staff expenses	-8,870,611.92	*0.00*	-8,870,611.92
Fixed asset related expenses	-464,808.88	*0.00*	-464,808.88
Other administrative expenses	-4,348,403.44	*-316,344.08*	-4,664,747.52
Operational expenses	**-3,922,513.84**	***0.00***	**-3,922,513.84**
Other operational expenses	-3,922,513.84	*0.00*	-3,922,513.84
Total Operating Expenses	**-17,606,338.08**	***-316,344.08***	**-17,922,682.16**
SURPLUS/(DEFICIT) OPERATING ACTIVITIES	**3,778,949.58**	***-316,344.08***	**3,462,605.50**
Financial expenses	-18,091.75	*0.00*	-18,091.75
ECONOMIC RESULT OF THE YEAR	**3,760,857.83**	***-316,344.08***	**3,444,513.75**

The table below shows the impacts of the movements on the net assets by end of 2014.

Net assets	Accumulated Surplus / Deficit	Economic result of the year	Net assets total (published)	*Restatement rent incentives*	Net assets total (restated)
Balance as of 31 December 2013	**3,662,676.57**	**857,922.42**	**4,520,598.99**	***-687,375.53***	**3,833,223.46**
Allocation of the Economic Result of Previous Year	857,922.42	-857,922.42	0.00	*0.00*	**0.00**
Economic result of the year	0.00	3.760.857,83	3,760,857.83	*-316,344.08*	**3,444,513.75**
Balance as of 31 December 2014	**4,520,598.99**	**3,760,857.83**	**8,281,456.82**	***-1,003,719.61***	**7,277,737.21**

4.10. Related Party Disclosure

Key management personnel hold positions of responsibility within the Agency. They are responsible for the strategic direction and operational management of the entity and are entrusted with significant authority to execute their mandate.

Highest grade description	**Grade**	**Number of persons of this grade**
Chairperson	AD 15	1
Executive Director	AD 14	1

The transactions of the Agency with the key management personnel for its activity period as autonomous entity during the financial year 2015 consists only of the payment of the salary and allowances to the Chairperson in grade AD 15 and the Executive Director in grade AD 14 as determined by the Staff Regulations of the Officials of the European Communities. No single related party risk was revealed in 2015.

4.11. Events after the Balance Sheet Date

All events after balance sheet date with any material impact are recorded in the annual accounts.

BUDGET IMPLEMENTATION REPORTS

(Articles 92 (b) and 97 EIOPA Financial Regulation)

1. EIOPA Budget Result

		2015	2014
REVENUE			
Balancing Commission subsidy	+	7,979,151.00	8,588,800.36
Member States contributions	+	11,972,940.43	12,352,694.66
Contributions from EFTA countries	+	330,462.39	351,289.54
Surplus 2013	+	227,055.00	276,930.00
Other income	+	60,719.53	23,053.56
TOTAL REVENUE (a)		**20,570,328.35**	**21,592,768.12**
EXPENDITURE			
Title I:Staff			
Payments	-	11,613,485.55	10,680,961.34
Appropriations carried over	-	498,695.50	305,470.25
Title II: Administrative Expenses			
Payments	-	2,529,749.35	2,903,683.51
Appropriations carried over	-	472,085.38	618,436.92
Title III: Operating Expenditure			
Payments	-	2,792,061.43	2,407,620.63
Appropriations carried over	-	2,323,369.82	4,689,652.86
TOTAL EXPENDITURE (b)		**20,229,447.03**	**21,605,825.51**
OUTTURN FOR THE FINANCIAL YEAR (a-b)		**340,881.32**	**-13,057.39**
Cancellation of unused payment appropriations carried over from previous year	+	181,142.60	356,514.50
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	+	9,722.10	
Exchange differences for the year (gain +/loss -)	+/-	-5,527.86	-4,067.86
BALANCE OF THE OUTTURN ACCOUNT FOR THE FINANCIAL YEAR		**526,218.16**	**339,389.25**
Balance year N-1	+/-	339,389.25	227,055.45
Positive balance from year N-1 reimbursed in year N to the Commission	-	-339,389.25	-227,055.45
Result used for determining amounts in general accounting		**526,218.16**	**339,389.25**
Commission subsidy - agency registers accrued revenue and Commission accrued expense		**7,679,987.84**	**8,526,341.11**
Pre-financing remaining open to be reimbursed by agency to Commission in year N+1		**526,218.16**	**339,389.25**

2. EIOPA Budget Implementation - Revenue of the Year

Type of revenue	Revenue Budget	Entitlements established	Revenue received	Outstanding at the end of the year
Commission subsidy (for the operating budget -Titles 1,2 and 3 - of the agency)	7,979,151.00	7,979,151.00	7,979,151.00	0,00
Contributions Members States	11,638,264.13	11,994,756.74	11,972,940.43	21,816.31
Contributions EFTA countries	330,462.37	330,462.39	330,462.39	0.00
Surplus 2013	227,055.00	227,055.00	227,055.00	0.00
Other income	37,768.14	60,811.20	60,719.53	91.67
Total	**20,212,700.64**	**20,592,236.33**	**20,570,328.35**	**21,907.98**

3. EIOPA Budget Implementation - Credit of the Year

Title I: Staff Expenditure - C1

Budget Line	Description	Initial (1)	Amend-ment (2)	Transfer (3)	Final (1+2+3)	Committed (4)	Paid (5)	Carry-forward
A-1100	Basic salaries	6,852,000.00	0.00	-411,983.61	6,440,016.39	6,440,016.39	6,440,016.39	0.00
A-1101	Family allowances	752,000.00	0.00	-156,135.20	595,864.80	595,864.80	595,864.80	0.00
A-1102	Expatriation and foreign residence allowances	1,002,000.00	0.00	-66,631.75	935,368.25	935,368.25	935,368.25	0.00
A-1110	Seconded national experts	820,000.00	0.00	-66,394.81	753,605.19	753,604.56	753,604.56	0.00
A-1111	Contract agents	1,478,000.00	0.00	180,259.40	1,658,259.40	1,658,259.40	1,658,259.40	0.00
A-1112	Trainees	12,000.00	0.00	-7,000.00	5,000.00	5,000.00	5,000.00	0.00
A-1130	Insurance against sickness	240,000.00	0.00	-8,131.31	231,868.69	231,868.69	231,868.69	0.00
A-1131	Insurance against accidents and occupational disease	36,000.00	0.00	-1,536.35	34,463.65	34,463.65	34,463.65	0.00
A-1132	Insurance against unemployment	88,000.00	0.00	3,352.06	91,352.06	90,279.13	90,279.13	0.00
A-1140	Birth and death allowances	3,000.00	0.00	-2,405.07	594.93	594.93	594.93	0.00
A-1141	Travel expenses for annual leave	97,000.00	0.00	11,265.74	108,265.74	108,265.74	108,265.74	0.00
A-1170	Interim services	259,000.00	0.00	11,830.00	270,830.00	270,827.20	145,189.20	125,638.00
A-1171	External services	154,000.00	0.00	110,500.00	264,500.00	264,411.12	82,070.92	182,340.20
A-1180	Sundry recruitment expenses	49,000.00	0.00	22,000.00	71,000.00	71,000.00	28,172.07	42,827.93
A-1181	Travelling expenses	5,000.00	0.00	5,904.57	10,904.57	10,904.57	10,904.57	0.00
A-1182	Installation allowance	48,000.00	0.00	37,185.62	85,185.62	85,185.62	85,185.62	0.00
A-1183	Moving expenses	21,000.00	0.00	-2,388.40	18,611.60	18,611.60	18,611.60	0.00
A-1184	Temporary daily allowance	37,000.00	0.00	41,878.17	78,878.17	78,878.17	78,878.17	0.00
A-1300	Administrative missions expenses	105,000.00	0.00	-22,780.00	82,220.00	82,220.00	71,568.38	10,651.62
A-1400	Schools and kindergartens	96,000.00	0.00	32,173.60	128,173.60	128,173.60	89,717.60	38,456.00
A-1401	Other socio-medical expenditure	56,000.00	0.00	-20,000.00	36,000.00	36,000.00	25,024.36	10,975.64
A-1600	Training	210,000.00	0.00	-608.49	209,391.51	209,391.51	122,313.48	87,078.03

Budget Line	Description	Initial (1)	Amend-ment (2)	Transfer (3)	Final (1+2+3)	Committed (4)	Paid (5)	Carry-forward
A-1700	Representation expenses, receptions and events	10,000.00	0.00	-8,091.69	1,908.31	1,908.31	1,783.31	125.00
	TOTAL TITLE I	**12,430,000.00**	**0.00**	**-317,737.52**	**12,112,262.48**	**12,111,097.24**	**11,613,004.82**	**498,092.42**

Title II: Infrastructure and Administrative Expenditure – C1

Budget Line	Description	Initial (1)	Amend-ment (2)	Transfer (3)	Final (1+2+3)	Committed (4)	Paid (5)	Carry-forward
A-2000	Rental of building	1,455,000.00	0.00	-254,238.38	1,200,761.62	1,200,761.62	1,200,761.62	0.00
A-2010	Insurance	6,000.00	0.00	-526.61	5,473.39	5,473.39	0.00	5,473.39
A-2020	Utilities	510,000.00	0.00	300.00	510,300.00	510,295.80	510,295.80	0.00
A-2030	Electricity	100,000.00	0.00	-28,846.60	71,153.40	71,153.40	71,045.04	108.36
A-2040	Maintenance and cleaning	92,000.00	0.00	2,000.00	94,000.00	91,815.92	78,559.70	13,256.22
A-2050	Fitting out premises and refurbishment works	4,000.00	0.00	-4,000.00	0.00	0.00	0.00	0.00
A-2090	Other expenditure on buildings	5,000.00	0.00	-5,000.00	0.00	0.00	0.00	0.00
A-2100	PURCHASE OF HARDWARE	50,000.00	0.00	-9,410.65	40,589.35	40,589.35	0.00	40,589.35
A-2101	PURCHASE OF SOFTWARE	41,000.00	0.00	42,062.30	83,062.30	83,062.30	83,062.30	0.00
A-2102	CABLING AND BUILDING	30,000.00	0.00	-30,000.00	0.00	0.00	0.00	0.00
A-2104	HARDWARE AND SOFTWAR	150,000.00	0.00	88,735.30	238,735.30	238,735.30	219,076.01	19,659.29
A-2200	TECHNICAL EQUIPMENT	10,000.00	0.00	-8,500.00	1,500.00	1,500.00	0.00	1,500.00
A-2201	PURCHASE NEW FURNITU	97,000.00	0.00	129,750.68	226,750.68	226,750.68	0.00	226,750.68
A-2300	Stationery and office supplies	16,500.00	0.00	-2,210.93	14,289.07	14,289.07	12,957.76	1,331.31
A-2301	Leasing movable property	31,000.00	0.00	-9,098.76	21,901.24	21,901.24	10,634.75	11,266.49
A-2302	Documentation and library expenditure	0.00	0.00	0.00	0.00	0.00	0.00	0.00
A-2310	Bank charges	500.00	0.00	-300.00	200.00	200.00	1.24	198.76
A-2320	Legal advice	130,000.00	0.00	-106,934.72	23,065.28	23,065.28	16,202.78	6,862.50
A-2330	Miscellaneous insurance	20,000.00	0.00	1,109.38	21,109.38	21,109.38	19,255.49	1,853.89
A-2331	Other administrative expenditure	2,000.00	0.00	1,500.00	3,500.00	3,500.00	752.58	2,747.42
A-2400	Postal and delivery charges	1,500.00	0.00	700.00	2,200.00	2,140.47	816.14	1,324.33
A-2410	Telecommunication charges	170,000.00	0.00	-22,350.00	147,650.00	147,650.00	101,320.86	46,329.14
A-2411	Telecommunication equipement and installations	10,000.00	0.00	-7,992.40	2,007.60	2,007.60	1,045.28	962.32

Budget Line	Description	Initial (1)	Amend-ment (2)	Transfer (3)	Final (1+2+3)	Committed (4)	Paid (5)	Carry-forward
A-2500	Information and publication costs	50,000.00	0.00	-10,835.00	39,165.00	37,801.00	11,633.32	26,167.68
A-2501	Translation costs, including the CdT	65,000.00	29,292.00	-40,617.00	53,675.00	52,862.60	24,900.60	27,962.00
A-2600	General meeting expenses	60,000.00	0.00	-15,588.52	44,411.48	44,411.48	28,173.91	16,237.57
A-2610	Stakeholder group meetings	130,000.00	0.00	-12,721.07	117,278.93	117,278.93	110,552.63	6,726.30
A-2620	Management Board meetings	0.00	0.00	0.00	0.00	0.00	0.00	0.00
A-2630	Board of Supervisors meetings	24,000.00	0.00	-11,723.86	12,276.14	12,276.14	12,276.14	0.00
A-2640	Board of Appeal meetings	46,000.00	0.00	-24,000.00	22,000.00	22,000.00	10,734.52	11,265.48
	TOTAL TITLE II	**3,306,500.00**	**29,292.00**	**-338,736.84**	**2,997,055.16**	**2,992,630.95**	**2,524,058.47**	**468,572.48**

Title III: Operating Expenditure – C1

Budget Line	Description	Initial (1)	Amend-ment (2)	Transfer (3)	Final (1+2+3)	Committed (4)	Paid (5)	Carry-forward
B3-100	Organisation of trainings and events	160,000.00	0.00	-29,979.53	130,020.47	130,020.47	102,297.86	27,722.61
B3-101	Third country equivalence/convergence and related international cooperation	30,000.00	0.00	-10,646.19	19,353.81	19,353.81	18,614.31	739.50
B3-200	Operational Information and Data Management	2,871,000.00	227,432.50	701,067.73	3,799,500.23	3,799,490.23	1,822,116.80	1,977,373.43
B3-201	Operational purchase and maintenance of software	450,000.00	0.00	-2,809.66	447,190.34	446,914.16	342,868.67	104,045.49
B3-300	Operational missions expenses	315,000.00	8,476.14	-48,926.14	274,550.00	274,550.00	232,690.23	41,859.77
B3-301	Operational documentation expenditure	10,000.00	0.00	3,000.00	13,000.00	11,925.40	10,876.40	1,049.00
B3-302	Operational legal advice	15,000.00	0.00	14,557.22	29,557.22	29,434.50	15,074.50	14,360.00
B3-303	Operational translation costs, including the CdT	180,000.00	0.00	58,412.70	238,412.70	238,412.70	169,226.10	69,186.60
B3-304	Operational general meeting expenses	180,000.00	0.00	-28,201.77	151,798.23	151,798.23	78,296.56	73,501.67
	TOTAL TITLE III	**4,211,000.00**	**235,908.64**	**656,474.36**	**5,103,383.00**	**5,101,899.50**	**2,792,061.43**	**2,309,838.07**

	TOTAL FUND SOURCE C1	**19,947,500.00**	**265,200.64**	**0.00**	**20,212,700.64**	**20,205,627.69**	**16,929,124.72**	**3.276.502,97**

Title I-III: Appropriations from Internal Assigned Revenue – C4

Budget line	Budget Line Description	Commit. Approp. (1)	Executed Commitment (2)	% Committed (2/1)	Credit Not Used (1-2)	Payment Approp. (3)	Executed Payment (4)	% Paid (4/3)	R A L (2-4)
A-1300	Administrative mission expenses	595.81	64.50	10.83%	531.31	595.81	0.00	0%	64.50
A-2030	Electricity	3,512.90	0.00	0%	3,512.90	3,512.90	0.00	0%	0.00
A-2400	Postal and delivery charges	109.53	109.53	100.00%	0.00	109.53	109.53	100.00 %	0.00
B3-300	Operational missions staff	13,379.00	5,471.94	40.90%	7,907.06	13,379.00	0.00	0%	5,471.94
B3-303	Operational translations	0.00	0.00	0%	0.00	0.00	0.00	0%	0.00
	TOTAL FUND SOURCE C4	**17,597.24**	**5,645.97**	**32.08%**	**11,951.27**	**17,597.24**	**109.53**	**0.62%**	**5,536.44**

Title I-III: Appropriations from Internal Assigned Revenue – C5

Budget line	Budget Line Description	Commit. Approp. (1)	Executed Commitment (2)	% Committed (2/1)	Credit Not Used (1-2)	Payment Approp. (3)	Executed Payment (4)	% Paid (4/3)	R A L (2-4)
A-1300	Administrative mission expenses	488.00	488.00	100.00%	0.00	488.00	480.73	98.51%	7.27
A-2320	Legal advice	9,000.00	5,500.00	61.11%	3,500.00	9,000.00	5,500.00	61.11%	0.00
A-2331	Other administrative expenditure	81.35	81.35	100.00%	0.00	81.35	81.35	100.00%	0.00
B3-300	Operational missions staff	152.75	152.75	100.00%	0.00	152.75	0.00	0.00%	152.75
	TOTAL FUND SOURCE C5	**9,722.10**	**6,222.10**	**64.00%**	**3,500.00**	**9,722.10**	**6,062.08**	**62.35%**	**160.02**

Title I: Staff Expenditure – C8

Budget line	Budget Line Description	Commit. Approp. (1)	Executed Commitment (2)	% Committed (2/1)	Credit Not Used (1-2)	Payment Approp. (3)	Executed Payment (4)	% Paid (4/3)	R A L (2-4)
A-1170	Interim services	98,323.60	98,323.60	100.00%	0.00	98,323.60	98,323.60	100.00%	0.00
A-1171	External services	58,178.97	45,910.34	78.91%	12,268.63	58,178.97	45,910.34	78.91%	0.00
A-1180	Sundry recruitment expenses	5,000.00	5,000.00	100.00%	0.00	5,000.00	5,000.00	100.00%	0.00
A-1300	Administrative mission expenses	33,284.16	33,282.65	100.00%	1.51	33,284.16	33,282.65	100.00%	0.00
A-1400	Schools and kindergartens	17,732.00	17,732.00	100.00%	0.00	17,732.00	17,732.00	100.00%	0.00
A-1401	Other socio-medical expenditure	7,261.46	7,261.46	100.00%	0.00	7,261.46	7,261.46	100.00%	0.00
A-1600	Training	85,202.06	82,965.10	97.37%	2,236.96	85,202.06	82,965.10	97.37%	0.00
	Total Title I	**304,982.25**	**290,475.15**	**95.24%**	**14,507.10**	**304,982.25**	**290,475.15**	**95.24%**	**0.00**

Title II: Infrastructure and Administrative Expenditure – C8

Budget line	Budget Line Description	Commit. Approp. (1)	Executed Commitment (2)	% Committed (2/1)	Credit Not Used (1-2)	Payment Approp. (3)	Executed Payment (4)	% Paid (4/3)	R A L (2-4)
A-2020	Utilities	76,546.87	67,715.09	88.46%	8,831.78	76,546.87	67,715.09	88.46%	0.00
A-2030	Electricity	11,575.94	4,156.09	35.90%	7,419.85	11,575.94	4,156.09	35.90%	0.00
A-2040	Maintenance and cleaning	11,800.00	11,729.69	99.40%	70.31	11,800.00	11,729.69	99.40%	0.00
A-2100	Purchase of hardware	11,013.60	11,013.60	100.00%	0.00	11,013.60	11,013.60	100.00%	0.00
A-2101	Purchase of software	2,933.04	2,933.04	100.00%	0.00	2,933.04	2,933.04	100.00%	0.00
A-2104	Hardware and software maintenance	24,894.66	19,747.16	79.32%	5,147.50	24,894.66	19,747.16	79.32%	0.00
A-2105	Website maintenance	6,573.01	4,117.49	62.64%	2,455.52	6,573.01	4,117.49	62.64%	0.00
A-2200	Technical equipment and installations	229,327.16	227,327.16	99.13%	2,000.00	229,327.16	227,327.16	99.13%	0.00
A-2201	Purchase new furniture	88,828.08	87,778.08	98.82%	1,050.00	88,828.08	87,778.08	98.82%	0.00
A-2300	Stationery and office supplies	23,462.60	22,957.22	97.85%	505.38	23,462.60	22,957.22	97.85%	0.00
A-2301	Leasing movable property	11,477.04	11,477.04	100.00%	0.00	11,477.04	11,477.04	100.00%	0.00
A-2310	Bank charges	50.00	0.00	0.00%	50.00	50.00	0.00	0.00%	0.00
A-2330	Miscellaneous insurance	15,144.62	14,890.20	98.32%	254.42	15,144.62	14,890.20	98.32%	0.00
A-2331	Other administrative expenditure	845.07	845.07	100.00%	0.00	845.07	845.07	100.00%	0.00
A-2400	Postal and delivery charges	2,759.18	2,759.18	100.00%	0.00	2,759.18	2,759.18	100.00%	0.00
A-2410	Telecommunication charges	42,154.12	42,154.12	100.00%	0.00	42,154.12	42,154.12	100.00%	0.00
A-2500	Information and publication costs	33,620.70	22,546.98	67.06%	11,073.72	33,620.70	22,546.98	67.06%	0.00
A-2501	Translation costs, including the CdT	1,577.00	130.00	8.24%	1,447.00	1,577.00	130.00	8.24%	0.00
A-2600	General meeting expenses	9,942.47	9,410.02	94.64%	532.45	9,942.47	9,410.02	94.64%	0.00

Budget line	Budget Line Description	Commit. Approp. (1)	Executed Commitment (2)	% Committed (2/1)	Credit Not Used (1-2)	Payment Approp. (3)	Executed Payment (4)	% Paid (4/3)	R A L (2-4)
A-2610	Stakeholder group meetings	4,830.41	4,087.08	84.61%	743.33	4,830.41	4,087.08	84.61%	0.00
	Total Title II	**609,355.57**	**567,774.31**	**93.18%**	**41,581.26**	**609,355.57**	**567,774.31**	**93.18%**	**0.00**

Title III: Operating Expenditure – C8

Budget line	Budget Line Description	Commit. Approp. (1)	Executed Commitment (2)	% Committed (2/1)	Credit Not Used (1-2)	Payment Approp. (3)	Executed Payment (4)	% Paid (4/3)	R A L (2-4)
B3-100	Organisation of seminars	36,374.35	28,216.03	77.57%	8,158.32	36,374.35	28,216.03	77.57%	0.00
B3-101	Third country equivalence	10,208.10	10,208.10	100.00%	0.00	10,208.10	10,208.10	100.00%	0.00
B3-200	Operational information and Data Management	3,775,719.29	3,674,348.67	97.32%	101,370.62	3,775,719.29	3,674,348.67	97.32%	0.00
B3-201	Secure communication with external parties	49,123.83	42,501.53	86.52%	6,622.30	49,123.83	42,501.53	86.52%	0.00
B3-300	Operational missions staff	120,616.73	119,358.21	98.96%	1,258.52	120,616.73	119,358.21	98.96 %	0.00
B3-301	Operational documentation	4,165.33	2,165.33	51.98%	2,000.00	4,165.33	2,165.33	51.98%	0.00
B3-302	Operational legal advice	52,500.00	47,708.86	90.87%	4,791.14	52,500.00	47,708.86	90.87%	0.00
B3-303	Operational translations	599,733.60	599,385.60	99.94%	348.00	599,733.60	599,385.60	99.94%	0.00
B3-304	Operational meetings	41,058.88	40,553.54	98.77%	505.34	41,058.88	40,553.54	98.77%	0.00
	Total Title III	**4,689,500.11**	**4,564,445.87**	**97.33%**	**125,054.24**	**4,689,500.11**	**4,564,445.87**	**97.33%**	**0.00**

	TOTAL FUND SOURCE C8	**5,603,837.93**	**5,422,695.33**	**96.77%**	**181,142.60**	**5,603,837.93**	**5,422,695.33**	**96.77 %**	**0.00**

4. EIOPA Reconciliation of the Accrual based with the Budget Result

		sign +/-	amount
	Economic result (- for loss) of the consolidation reporting package including table M2	**+/-**	**887,644.22**
Adjustment for accrual items (items not in the budgetary result but included in the economic result)			
A	Adjustments for Accrual Cut-off (reversal 31.12.N-1)	**-**	-1,678,012.57
B	Adjustments for Accrual Cut-off (cut- off 31.12.N)	**+**	1,172,911.22
C	Amount from liaison account with Commission booked in the Statement of Financial Performance	**-**	
D	Unpaid invoices at year end but booked in charges (class 6)	**+**	
E	Depreciation of intangible and tangible assets	**+**	704,784.23
F	Changes to provisions	**+**	447,662.78
G	Value reductions	**+**	
H	Recovery Orders issued in 2015 in class 7 and not yet cashed	**-**	-21,907.98
Ia	Pre-financing given in previous year and cleared in the year	**+**	
Ib	Pre-financing received in previous year and cleared in the year	**-**	
J	Payments made from carry over of payment appropriations	**+**	5,422,695.33
K	Other	**+/-**	-4,651.68

Adjustment for budgetary items (item included in the budgetary result but not in the economic result)			
M	Asset acquisitions (less unpaid amounts)	**-**	-4,184,332.14
N	New pre-financing paid in the year 2015 and remaining open as at 31.12.2015	**-**	
O	New pre-financing received in the year 2015 and remaining open as at 31.12.2015	**+**	526,218.16
P	Budgetary recovery orders issued before 2015 and cashed in the year	**+**	356,492.59
Q	Budgetary recovery orders issued in 2015 on balance sheet accounts (not 7 or 6 accounts) and cashed	**+**	
R	Capital payments on financial leasing (they are budgetary payments but not in the economic result)	**-**	
S	Payment appropriations carried over to 2016	**-**	-3,294,150.70
T	Cancellation of unused carried over payment appropriations from previous year	**+**	181,142.60
U	Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	**+**	9,722.10
V	Payments for pensions (they are budgetary payments but booked against provisions)	**-**	
W	Payments for stocks of leave and supplementary hours (they are budgetary payments but booked against provisions)	**-**	
X	Other	**+/-**	
	total		526,218.16
	Budgetary result (+ for surplus)		**526,218.16**
	Delta not explained		0.00

5. EIOPA Notes to the Budget Implementation Reports

5.1. Budgetary Principles

The establishment and implementation of the Agency's budget shall comply with the principles of unity and budget accuracy, annuality, equilibrium, unit of account, universality, specification, sound financial management and transparency as provided for in the EIOPA Financial Regulation (article 5).

Principle of unity and budget accuracy

The budget is the instrument which, for each financial year, forecasts and authorises the revenue and expenditure considered necessary for the Agency's activities. No revenue shall be collected and no expenditure effected unless booked to a line in the budget. An appropriation must not be entered in the budget if it is not for an item of expenditure considered necessary. No expenditure may be committed or authorised in excess of the appropriations authorised by the budget.

Principle of annuality

The appropriations entered in the budget shall be authorised for one financial year which shall run from 1 January to 31 December, inclusive. Commitments shall be entered in the accounts on the basis of the legal commitments entered into up to 31 December. Payments shall be entered in the accounts for a financial year on the basis of the payments effected by the accounting officer by 31 December of that year at the latest.

Principle of equilibrium

The Agency's budget revenue and payment appropriations must be in balance. Commitment appropriations may not exceed the amount of the voted budget, plus own revenue and any other revenue. The Agency may not raise loans.

Principle of unit of account

The budget shall be drawn up and implemented in Euro and the accounts shall be presented in Euro.

Principle of universality

Total revenue shall cover all expenditure. All revenue and expenditure shall be entered in full without any adjustment against each other.

Principle of specification

The appropriations in their entirety shall be earmarked for specific purposes by title and chapter; the chapters shall be further subdivided into articles and items. The Executive Director may authorise transfers from one article to another within each chapter.

Principle of sound financial management

Budget appropriations shall be used in accordance with the principle of sound financial management, that is to say, in accordance with the principles of economy, efficiency and effectiveness. The principle of economy requires that the resources used by the Agency for the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price. The principle of efficiency is concerned with the best relationship between resources employed and results achieved. The principle of effectiveness is concerned with attaining the specific objectives set and achieving the intended results.

Principle of transparency

The budget shall be drawn up and implemented and the accounts presented in compliance with the principle of transparency. The budget, as finally adopted, shall be published in the Official Journal of the European Communities and amending budgets shall be published in an appropriate way within two months of their adoption.

5.2. Budgetary Outturn Account

The budget shall provide a detailed record of budgetary implementation. The budgetary accounts shall record all budgetary revenue and expenditure operations of the Agency.

EIOPA is financed by Union funds (40%) and contributions by Member States and EFTA countries (60%) in accordance with the weighting votes set out in article 3(3) of the Protocol (No. 36) on transnational transitions (recital Nr 68 EIOPA Regulation).

The Community subsidy paid to the Authority constitutes for its budget a balancing subsidy which counts as pre-financing. If the balance of the budgetary outturn account is positive it shall be repaid to the Commission up to the amount of the Community subsidy paid during year. The part of the balance exceeding the amount of the Community subsidy shall be entered in the budget for the following financial year as revenue.

In 2012, EIOPA reached an agreement with the European Commission concerning the treatment of the budgetary surplus 2011. EIOPA paid the full amount back to the European Commission as set out in its Financial Regulation and in 2013 was entitled to recover it back as part of its 2013 budget. The share of the surplus corresponding to the contributions received from Member States and the EFTA countries reduced their payment obligations in 2013. The redistribution key followed the cash received in 2012. This process is applied until a formal legal basis is established.

The EIOPA funds received in 2015 are determined by their different nature with a total budgetary income equal to **€ 20,570,328.35** (€ 21,592,768.12) broken down as follows:

- Balancing Commission subsidy at **€ 7,979,151.00** (€ 8,588,800.36) representing 39.34% of the total contributions from Member States/EFTA countries and Commission;
- Member States contribution of **€ 11,972,940.43** (€ 12,352,694.66) representing a total of 59.03% out of which € 356,492.59 relate to debit notes issued in 2014 but paid in 2015; € 21,816.31 for debit notes issued in 2015 remain open for payment in 2016;
- Contributions from EFTA countries at **€ 330,462.39** (€ 351,289.54) representing 1,63% of the total contributions.
- EIOPA Surplus 2013 at **€ 227,055.00** (€ 276,930.00)
- Other income of **€ 60,719.53** (€ 23,053.56) stemming from general income of the year (€ 43,122.29), including bank interest earned, and internal assigned revenue (€ 17,597.24 €).

The total expenditure of the Agency is **€ 20,229,447.03** (€ 21,605,825.51) leading to a result of the year from operational activities of € 340,881.32 and a total budgetary result of **€ 526,218.16** (€ 339,389.25), taking account of the effects from cancellations of unused payment appropriations carried over from the previous year, € 181,142.60, the available budget appropriations from internal assigned revenue carried over from 2014, € 9.722,10, and the deduction of exchange rate differences, € 5,527.86. According to the EIOPA Financial Regulation it is foreseen to reimburse the surplus to the European Commission in 2016 as pre-financing received in 2015.

5.3. Budgetary Accounts

EIOPA budget accounts:

Title1: Staff and staff related expenditure, such as basic salaries for Temporary Agents and contractual staff, family allowances, expenditure for seconded national experts and local staff, employer social security contributions, recruitment expenses, staff missions, staff training, expenses for the socio-medical infrastructure and representation costs.

Title 2: Administrative expenditure covering for rental and property expenses, IT and telecommunication costs, expenses for legal advice, office supplies, postage, publication expenditure and costs relating to the organisation of EIOPA's working group and board meetings.

Title 3: Operational expenditure in line with the tasks and powers assigned to the Agency according to Regulation (EU) No 1094/2010 of the European Parliament and the Council of 24 November 2010, especially for the financing of the IT projects under the IT Strategy Implementation Plan but also for the development of a Common Supervisory Culture with focus on training for national supervisors, staff exchanges and secondments. Also operational meetings (missions and catering) as well as non-administrative translations, legal advice and publications fall under this heading.

5.4. Budget Execution

In its meeting of 28 and 29 January 2015, the EIOPA Board of Supervisors adopted the initial budget 2015 with a total of € 19,947,500.00 which was amended in September 2015 by € 265,200.64 to come to a final total of € 20,212,700.64. The increase is mainly associated to the financing of a review of the calculation method for the risk free interest rate by an external consultant to confirm the reliability for the market. The risk free interest rate is applied by insurance undertakings as a reference to discount long-term provisions and, on a quarterly basis after being published in the Official Journal, it is legally binding from 2016 onwards following the implementation of Solvency II.

The budget execution achieved in 2015 remains high with 99.97% for commitments and 83.75% for payments. The total carry forward of transactions is € 3,276,502.97 and with 16.21% of the total EIOPA budget it is kept at a lower level than in the previous year. The carry-over of these funds is duly justified by contracts and obligations entered into in 2015. The below table provides a more detailed break-down of the budget execution.

Title	Budget initial amounts €	Budget after transfers and amendment amounts €	Var. %	Committed	% Commit ted	Paid	% Paid	Carry-forward	% Carry for-ward
	(1)	(2)	(2-1)/1	(3)	(3/2)	(4)	(4/2)	(5=3-4)	(5/2)
Title I – Staff	12,430,000.00	12,112,262.48	-2.56	12,111,097.24	99.99	11,613,004.82	95.88	498,092.42	4.11
Title II – Admin	3,306,500.00	2,997,055.16	-9.36	2,992,630.95	99.85	2,524,058.47	84.22	468,572.48	15.63
Title III – Operation	4,211,000.00	5,103,383.00	21.19	5,101,899.50	99.97	2,792,061.43	54.71	2,309,838.07	45.26
Total	19,947,500.00	20,212,700.64	1.33	20,205,627.69	99.97	16,929,124.72	83.75	3,276,502.97	16.21

For **Title I**, the variation between initial and final budget results in a slight decrease of 2.56%. The total budget implementation rate of commitments is 99.99% out of which an amount of € 498,092.42 (4.11% of the budget appropriations) is carried forward. This amount relates to services under contracts concluded in 2015 which remain unbilled at the end of the year or are not executed before 2016. Due to the staff turnover and positions remaining vacant at the end of the year it was possible to release funds foreseen for the payment of salaries and allowances and transfer these to budget Title III for the financing of the ongoing work of the IT projects. The effect is slightly compensated by additional expenses incurred for external services and recruitment.

The variation between initial and final budget on **Title II** results in a decrease of 9.36% and is the result of the budget amendment and transfers executed. Due to savings achieved by moving forward rent-free periods from 2016 and 2017 to 2015 the initial budget allocated to rental fees allowed for releasing these funds and to reallocate them to Title III. At the same time expenditure estimated for the purchase and maintenance of IT hardware and software as well as for furniture was higher than expected. The amount carried forward is € 468,572.48 and is foreseen to cover unpaid 2015 expenditure as well as deliveries of assets, especially new furniture compliant with the requirements for open space offices, and services in early 2016.

As a result of the budget amendment and transfers made, the budget under **Title III** increased by 21.19% demonstrating the need for the financing of the external revision of the calculation method for the risk free interest rate, a task not mandated to EIOPA but in early 2015. Additional funds were used to finance the EIOPA IT projects under the EIOPA multi-annual IT Strategy Implementation Plan. In 2015, all projects have passed the research phase and reached the final development phase with an expected entry into operations in early 2016. The expenditure incurred so far on these projects is also reflected in the development costs of EIOPA's internally generated intangible assets (see chapter 4.3.1). The carry forward is high at € 2,309,838.07 and is explained by contracts entered into in 2015 for completing the projects. In addition, it covers for obligations towards experts and suppliers under contracts for catering and travel services as well as for translations.

Out of the transfers executed in 2015, only two required prior approval by the EIOPA Management Board as they exceeded the limit set out in article 27.2 of the EIOPA Financial Regulation.

EIOPA can also report some income from **internal assigned revenue** equal to € 17,597.24, stemming mainly from reimbursements for travel expenditure. The funds are allocated to the original budget position. The consumption is low for commitments and payments so that the total carry over is € 17.487,71 (€ 11,951.27 unused budget appropriations and € 5,536.44 commitments).

In 2014, EIOPA carried over to 2015 budget appropriations of € 9,722.10 from internal assigned revenue. Payments are equal to € 6,062.08 and the amount carried forward is € 160.02. The remaining appropriations have been returned to the European Commission.

Commitments **carried forward** from **2014** are equal to € 5,603,837.93 and stem from voted budget appropriations 2014. The payment execution rate of such funds in 2015 is high with 96,77% and reaches an absolute total of € 5,422,695.33.

5.5. EIOPA Carry-Over and Carry Forward 2015–2016

Carry-over 2015-2016 - Internal Assigned Revenue (C4)

TITLE	DESCRIPTION	Carry over
1	STAFF EXPENDITURE	531.31
2	INFRASTRUCTURE AND ADMINISTRATIVE EXPENDITURE	3,512.90
3	OPERATING EXPENDITURE	7,907.06
	TOTAL GENERAL	**11,951.27**

Carry forward 2015-2016 - Committed Transactions

TITLE	DESCRIPTION	C1	C4	C5	Commitments RAL
1	STAFF EXPENDITURE	498,092.42	64.50	7.27	**498,164.19**
2	INFRASTRUCTURE AND ADMINISTRATIVE EXPENDITURE	468,572.48	-	-	**468,572.48**
3	OPERATING EXPENDITURE	2,309,838.07	5,471.94	152.75	**2,315,462.76**
	TOTAL GENERAL	**3,276,502.97**	**5,536.44**	**160.02**	**3,282,199.43**

5.6. Financial Systems and Management

EIOPA uses the ABAC system for the budgetary accounting, SAP for the accrual accounting, and ABAC Assets for the asset accounting, all accounting systems of the European Commission.

At the date of the closing the finance department counted for nine full time employees with a coordinator, an accounting officer, a procurement officer and six finance and procurement assistants. The post of the Budget Officer is vacant and recruitment is ongoing at the date of closure. One vacant position for an assistant remains to be filled in 2016.

In January 2015 the accounting officer opened a new bank account under the new Commission framework contract for treasury services. In August a second bank account was opened to spread the treasury risk. The bank account used for transaction processing in the previous years was closed.

Since 2015 the annual audit of the accounts is conducted by an external auditor. The audit of the 2014 annual accounts took place in the second week of March 2015 with no major findings. The selection of the external auditor for the audit of the 2015 annual accounts was completed in August 2015.

The roll out of the mass payment load of missions planned for 2015 is postponed to 2016 as some process alignments need to be clarified and adopted accordingly.

The Alignment of Reimbursement Rules between the 3 ESA’s has been reached and the implementation will start in March 2016 after the new Stakeholders Group Members will assume their duties.

EIOPA took part in the working group on “benchmarking of banks” in the context of the Inter Agencies Accounting Officers network.

5.7. EIOPA Establishment Plan 2015

Function group and grade	2015	
	Final budget	Filled as at 31/12/2015
AD 16	0	0
AD 15	1	1
AD 14	1	1
AD 13	3	3
AD 12	5	5
AD 11	7	7
AD 10	8	8
AD 9	8 (+1)	9
AD 8	11	11
AD 7	12	10
AD 6	9	9
AD 5	10	9
AD total	**75 (+1)**	**73**
AST 11	0	0
AST 10	0	0
AST 9	1	1
AST 8	1	1
AST 7	1	1
AST 6	3 (+1)	4
AST 5	1 (+1)	2
AST 4	3	2
AST 3	3 (-1)	2
AST 2	2 (-2)	0
AST 1	0	0
AST total	**15 (-1)**	**13**
TOTAL	**90**	**86**

Contract Agents	Filled as at: 31.12.2015	Filled as at: 31.12.2014
Function Group IV	9	11
Function Group III	5	3
Function Group II	18	19
Function Group I	0	0
Total	**32**	**33**

Seconded National Experts	**19**	**14**