



# FINAL ANNUAL ACCOUNTS OF THE TRANSLATION CENTRE 2017

CT/CA-008/2018/01EN

In accordance with Article 99 of the Financial Regulation of the Translation Centre

# COMPONENTS OF THE ANNUAL ACCOUNTS

FINANCIAL STATEMENTS OF THE TRANSLATION CENTRE.....	2
A.1 Balance sheet .....	2
A.2 Statement of financial performance.....	3
A.3 Statement of changes in net assets/liabilities .....	4
A.4 Cash flow statement.....	5
A.5 Notes to the financial statements .....	6
A.6 Other information .....	25
REPORTS ON THE IMPLEMENTATION OF THE BUDGET OF THE TRANSLATION CENTRE .....	28
B.1. Budgetary principles.....	29
B.2. Type of appropriations .....	29
B.3. Budget expenditure implementation 2017 and use of appropriations C1 .....	30
B.4. Budget expenditure implementation 2017 and use of appropriations C8.....	31
B.5. Budget outturn.....	32
B.6. Reconciliation of the budget outturn and the economic outturn.....	34
B.7. Budget revenue from operational activities 2017 .....	35
B.8. List of transfers 2017.....	37
REPORT ON BUDGETARY AND FINANCIAL MANAGEMENT 2017 .....	38
C.1 Financial resources and budgetary management .....	39
C.2 Achievement of targets for the year .....	47

# FINANCIAL STATEMENTS OF THE TRANSLATION CENTRE

## A.1 Balance sheet

in EUR

	ASSETS	Note	31.12.2017	31.12.2016	% change
<b>A.</b>	<b>NON-CURRENT ASSETS</b>		1 554 006.00	2 460 485.00	-36.84%
	INTANGIBLE FIXED ASSETS	1	706 454.00	1 219 578.00	-42.07%
	Computer software		706 454.00	1 219 578.00	-42.07%
	Computer software in progress		0.00	0.00	n/a
	TANGIBLE FIXED ASSETS	2	847 552.00	1 240 907.00	-31.70%
	Computer hardware		501 248.00	879 106.00	-42.98%
	Furniture and vehicles		37 991.00	50 889.00	-25.35%
	Plant, machinery and equipment		438.00	708.00	-38.14%
	Other fixtures and fittings		307 875.00	310 204.00	-0.75%
<b>B.</b>	<b>CURRENT ASSETS</b>		36 596 259.85	37 973 271.12	-3.63%
	STOCKS		456 000.00	309 000.00	47.57%
	Work in progress	3	456 000.00	309 000.00	47.57%
	SHORT-TERM RECEIVABLES		3 030 796.49	3 460 423.35	-12.42%
	Recoverable VAT and other receivables from the Member States (receivable from non-exchange transactions)	4	20 234.26	21 549.37	-6.10%
	Accounts receivable from EU institutions & bodies	5	111 977.95	589 085.58	-80.99%
	Accrued income from EU institutions & bodies	5	2 605 636.71	2 089 124.23	24.72%
	Other accrued income		0.00	7 429.50	-100.00%
	Deferred expenses	6	233 295.87	684 437.13	-65.91%
	Sundry receivables	7	59 651.70	68 797.54	-13.29%
	CASH AND CASH EQUIVALENTS	8	33 109 463.36	34 203 847.77	-3.20%
	<b>TOTAL</b>		<b>38 150 265.85</b>	<b>40 433 756.12</b>	<b>-5.65%</b>

	LIABILITIES	Note	31.12.2017	31.12.2016	% change
<b>A.</b>	<b>CURRENT LIABILITIES</b>		5 664 741.57	3 791 736.47	49.40%
	ACCOUNTS PAYABLE		5 664 741.57	3 791 736.47	49.40%
	Accrued expenses	9	1 956 821.18	2 440 495.38	-19.82%
	Suppliers	10	370 881.57	175 934.89	110.81%
	Prefinancing received	11	3 327 214.11	1 171 346.40	184.05%
	Other liabilities	12	9 824.71	3 959.80	148.11%
<b>B.</b>	<b>NET ASSETS/LIABILITIES</b>		32 485 524.28	36 642 019.65	-11.34%
	Reserves	13	16 529 466.33	16 529 466.33	0.00%
	Accumulated result for previous financial years		20 112 553.32	24 583 846.16	-18.19%
	Economic outturn for the financial year		-4 156 495.37	-4 471 292.84	-7.04%
	<b>TOTAL</b>		<b>38 150 265.85</b>	<b>40 433 756.12</b>	<b>-5.65%</b>

## A.2 Statement of financial performance

in EUR

	Note	2017	2016	% change
<b>OPERATING REVENUE</b>		<b>41 891 216.37</b>	<b>41 750 375.75</b>	<b>0.34%</b>
<b>TOTAL REVENUE FROM OPERATIONS</b>		<b>41 019 222.65</b>	<b>40 702 925.10</b>	<b>0.78%</b>
Translation	14	39 619 840.29	39 112 564.68	1.30%
Interinstitutional cooperation – IATE database	15	803 462.86	750 148.17	7.11%
Terminology	16	207 900.00	199 797.00	4.06%
Term lists	17	287 796.50	569 228.01	-49.44%
Subtitling	18	90 323.00	49 979.00	80.72%
Other revenue from operations	19	9 900.00	21 208.24	-53.32%
<b>OTHER OPERATING REVENUE</b>		<b>871 993.72</b>	<b>1 047 450.65</b>	<b>-16.75%</b>
Sale/activation of fixed assets		0.00	3 834.20	-100.00%
Financial contribution from Luxembourg government*	20	243 250.00	243 250.00	0.00%
Miscellaneous revenue	21	481 743.72	704 366.45	-31.61%
Movements in work in progress	3	147 000.00	96 000.00	53.13%
<b>OPERATING EXPENSES</b>		<b>46 056 709.17</b>	<b>46 272 062.42</b>	<b>-0.47%</b>
Staff expenses	22	23 875 809.34	23 552 621.58	1.37%
Administrative expenses	23	8 529 486.21	9 154 297.32	-6.83%
Operational expenses	24	13 651 413.62	13 565 143.52	0.64%
<b>SURPLUS FROM OPERATING ACTIVITIES</b>		<b>-4 165 492.80</b>	<b>-4 521 686.67</b>	<b>-7.88%</b>
<b>REVENUE FROM FINANCIAL OPERATIONS</b>		<b>10 341.39</b>	<b>52 304.23</b>	<b>-80.23%</b>
Bank interest		9 202.12	49 780.65	-81.51%
Exchange-rate gain		1 139.27	2 523.58	-54.86%
<b>FINANCIAL EXPENSES</b>		<b>1 343.96</b>	<b>1 910.40</b>	<b>-29.65%</b>
Bank charges		836.61	1 328.00	-37.00%
Exchange-rate loss		507.35	582.40	-12.89%
<b>SURPLUS FROM NON-OPERATING ACTIVITIES</b>		<b>8 997.43</b>	<b>50 393.83</b>	<b>-82.15%</b>
<b>SURPLUS FROM ORDINARY ACTIVITIES</b>		<b>-4 156 495.37</b>	<b>-4 471 292.84</b>	<b>-7.04%</b>
<b>SURPLUS/DEFICIT FROM EXTRAORDINARY ACTIVITIES</b>		<b>0.00</b>	<b>0.00</b>	<b>n/a</b>
<b>ECONOMIC OUTTURN FOR THE YEAR</b>		<b>-4 156 495.37</b>	<b>-4 471 292.84</b>	<b>-7.04%</b>

\*Non-exchange transaction.

## A.3 Statement of changes in net assets/liabilities

in EUR

	Note	Reserves*		Accumulated surplus/deficit	Economic outturn for the year	Total net assets/liabilities
		Capital	Reserves			
<b>Situation as at 31 December 2015</b>		<b>0.00</b>	<b>16 529 466.33</b>	<b>27 630 354.77</b>	<b>-3 046 508.61</b>	<b>41 113 312.49</b>
Movements in reserves		0.00	0.00	0.00	0.00	0.00
Allocation of the economic outturn 2015		0.00	0.00	-3 046 508.61	3 046 508.61	0.00
Economic outturn for the year		0.00	0.00	0.00	-4 471 292.84	0.00
<b>Situation as at 31 December 2016</b>		<b>0.00</b>	<b>16 529 466.33</b>	<b>24 583 846.16</b>	<b>-4 471 292.84</b>	<b>36 642 019.65</b>
Movements in reserves		0.00	0.00	0.00	0.00	0.00
Allocation of the economic outturn 2016		0.00	0.00	-4 471 292.84	4 471 292.84	0.00
Economic outturn for the year		0.00	0.00	0.00	-4 156 495.37	0.00
<b>Situation as at 31 December 2017</b>		<b>0.00</b>	<b>16 529 466.33</b>	<b>20 112 553.32</b>	<b>-4 156 495.37</b>	<b>32 485 524.28</b>

\* Article 67(a) of the Centre's Financial Regulation provides for a permanent prefinancing fund that guarantees financing for the proper functioning of the Centre until invoiced amounts have been received from clients. In accordance with Article 57(a) of the Regulation laying down detailed rules for the implementation of the Centre's Financial Regulation, the amount of this fund may not be less than four twelfths of the appropriations for the financial year.

The statutory reserves (i.e. the permanent prefinancing fund) recognised under accounting rules in the financial statements should be distinguished from the budgetary reserves (i.e. the reserves for stability pricing and for exceptional investments) as listed in the Chapter B.5 "Budget outturn" that do not fulfil the criteria for reserves in general accounting.

## A.4 Cash flow statement

in EUR

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Outturn from normal business	-4 156 495.37	-4 467 458.64
+ Depreciation	994 448.85	1 062 992.90
+/- Provision for risks and charges	0.00	0.00
+/- Welfare benefits	0.00	0.00
+/- Variation in stocks	-147 000.00	-96 000.00
+/- Variation in operating amounts receivable	429 626.86	-484 654.84
+/- Variation in operating debts	1 873 005.10	523 330.26
+/- Variation in other amounts receivable associated with the business	0.00	0.00
+/- Variation in other debts associated with the business	0.00	0.00
+/- (Profit)/Loss on sales of installations, equipment and immovable property	0.00	-3 834.20
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>-1 006 414.56</b>	<b>-3 465 624.52</b>
<b>CASH FLOWS ASSOCIATED WITH LOANS AND BORROWING</b>		
+/- Financial assets (own funds)	0.00	0.00
+/- Financial assets (borrowed funds)	0.00	0.00
+/- Financial liabilities (funds originating from a credit)	0.00	0.00
<b>NET CASH FLOWS RESULTING FROM LOANS AND BORROWING</b>	<b>0.00</b>	<b>0.00</b>
<b>CASH FLOWS ASSOCIATED WITH INVESTMENT OPERATIONS</b>		
- Acquisitions of fixed assets	-87 969.85	-652 445.90
- Term deposits	0.00	10 461 378.50
+ Transfers of fixed assets	0.00	5 668.00
+ Reduction of financial assets	0.00	0.00
+/- Variation in amounts receivable and debts on fixed assets	0.00	0.00
+ Dividends paid	0.00	0.00
<b>NET CASH FLOWS ASSOCIATED WITH INVESTMENT TRANSACTIONS</b>	<b>-87 969.85</b>	<b>9 814 600.60</b>
<b>CASH FLOWS ASSOCIATED WITH FINANCING TRANSACTIONS</b>		
+/- Financial liabilities	0.00	0.00
+/- Long-term liabilities	0.00	0.00
- Reimbursement to clients by bank	0.00	0.00
<b>NET CASH FLOWS ASSOCIATED WITH FINANCING TRANSACTIONS</b>	<b>0.00</b>	<b>0.00</b>
<b>CASH VARIATION</b>	<b>-1 094 384.41</b>	<b>6 348 976.08</b>
Cash at the start	34 203 847.77	27 854 871.69
Cash at the end	33 109 463.36	34 203 847.77

## A.5 Notes to the financial statements

### 1. DESCRIPTION OF THE BUSINESS

The mission of the Translation Centre for the Bodies of the European Union is to provide translation services to the other decentralised EU agencies and assist those EU institutions and bodies that have their own translation services in times of peaks in workload. In addition, it participates in the work of the Interinstitutional Committee for Translation and Interpretation (ICTI), which works to promote collaboration based on the rules of subsidiarity and to achieve economies of scale in the translation field.

### 2. LEGAL FORM

The Centre was formally established in 1994 by Council Regulation (EC) No 2965/94 of 28 November 1994, as amended by Council Regulation (EC) No 1645/2003 of 18 June 2003.

The Centre is an agency governed by European public law with legal personality. It has its own financial resources constituted by the transfers from the agencies, bodies, offices and institutions in exchange for services provided.

### 3. BASIS OF PRESENTATION

The annual accounts have been prepared on the basis of the Centre's accounting records, and are presented in compliance with the requirements of the Centre's Financial Regulation, as well as the accounting rules and methods adopted by the Commission's Accounting Officer.

The financial year begins on 1 January 2017 and ends on 31 December 2017.

The accounts are in euro.

### 4. ACCOUNTING PRINCIPLES

The Centre's financial statements are drawn up in accordance with the generally accepted accounting principles as specified in the Centre's Financial Regulation (Article 95), namely:

- (a) fair presentation;
- (b) accrual basis;
- (c) going concern;
- (d) consistency of presentation;
- (e) aggregation;
- (f) offsetting;
- (g) comparative information.

### 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 5.1 Intangible fixed assets

Intangible fixed assets include assets with an estimated useful life greater than one year and an acquisition cost greater than EUR 420 per item.

Purchased intangible fixed assets are stated at cost, less accumulated depreciation and any recognised impairment losses.

The cost of fixed asset improvements exceeding EUR 420 increases the acquisition cost of the related fixed asset.

Amortisation of intangible fixed assets is recorded on a monthly straight-line basis over their estimated useful lives, in accordance with accounting rule No 6 'Intangible fixed assets'. Intangible fixed assets consist mainly of software that is depreciated over four years.

## **5.2 Intangible fixed assets developed internally**

Internally developed intangible fixed assets comprise software specifically developed for the Centre with an estimated useful life greater than one year and an acquisition cost greater than EUR 150 000, built in-house or tendered to external contractors.

No intangible asset arising from research (or from the research phase of an internal project) is recognised as an asset, but as an expense when incurred.

An internal or external IT development project in the development phase is assessed as to whether it complies with the recognition criteria for an asset and whether the expenditure incurred relating to the project should be recognised as an intangible asset. The following specific conditions have to be met in order to demonstrate that the asset will generate probable future economic benefit or service potential at the end of the project:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the Centre's intention to complete the intangible asset and use or sell it;
- how the intangible asset will generate future economic benefits or service potential; and
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

At the end of the development phase, the project is expected to meet the definition of an asset.

Amortisation of intangible fixed assets developed internally is recorded on a monthly straight-line basis over their estimated useful lives, in accordance with accounting rule No 6 'Intangible fixed assets'.

## **5.3 Tangible fixed assets**

Tangible fixed assets include assets with an estimated useful life greater than one year and an acquisition cost greater than EUR 420 per item.

Purchased tangible fixed assets are stated at cost, less accumulated depreciation and any recognised impairment losses.

The cost of fixed asset improvements exceeding EUR 420 increases the acquisition cost of the related fixed asset.

Repairs and maintenance are charged to the expenses during the financial period in which they are incurred.

Depreciation is charged so as to write off the cost of tangible fixed assets, other than land and assets under construction, over their estimated useful lives, based on a monthly straight-line basis, using the depreciation rate given in the table below as defined by the European Commission.



**Table of depreciation rates**

Type of inventory	Straight-line depreciation rate
<i>Computer equipment</i>	25.00%
<i>Kitchens – Cafeterias – Nurseries</i>	
Small electrical equipment	25.00%
Cash registers	25.00%
Large kitchen equipment	12.50%
Specialist furniture for kitchens, cafeterias	12.50%
Specialist furniture for nurseries	25.00%
<b>PLANT, MACHINERY AND TOOLS</b>	
<i>Telecommunications and audio-visual equipment</i>	
Telephone and fax machines	
Headphones, earphones, microphones	25.00%
Cameras	25.00%
Videos	25.00%
Tape recorders and dictating equipment	25.00%
Projectors (slide and overhead)	25.00%
Photographic equipment	25.00%
Projection screens	25.00%
Televisions, radios, monitors (not including computers)	25.00%
<i>Technical equipment</i>	
Printers, mail security, building tools	12.50%
Measuring or laboratory equipment	25.00%
<i>Other plant, machinery and tools</i>	12.50%
<i>Movable shelving, partitions, false floors, false ceilings and wiring</i>	25.00%
<i>Vehicles</i>	25.00%
<i>Furniture</i>	10.00%
<i>Buildings</i>	4.00%
<i>Land</i>	Not applicable

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the net book value of the asset at the sale date, and is recognised through the profit and loss account.

#### 5.4 Low-value fixed assets

When durable goods are of a low value, they can be considered as being consumed in the financial year of their commissioning and are therefore accounted for under expenses and not under fixed assets. At present, the amount for low-value goods is EUR 420. Above this unit value, the goods always have to be recorded as fixed assets.

#### 5.5 Stocks

Stocks consist in work in progress made up of units for translation services (translation, modification, revision, editing, term lists, terminology) which are at an intermediate stage of the translation process at the end of the year.

The work in progress is valued at production cost, which is calculated by adding together direct and indirect costs associated with the volume of the translation services at different stages of completeness.

The difference in the value of the work in progress between 2016 and 2017 is recorded in 'Operating revenue' in the Statement of financial performance under the heading *Movements in work in progress*.

#### 5.6 Short-term receivables

Receivables are booked at their nominal value and are subsequently reduced by the appropriate provisions for doubtful and bad amounts. A write-down for impairment of receivables is established when there is objective evidence that the Centre will not be able to collect all the amounts due according to the original terms of the receivables.

The receivables for December translations invoiced in January of the following year are considered to be accrued income. This income is included in the revenues of the Statement of financial performance. For further details, see Note 5 of Chapter A.5.6. *Additional information*.

The Centre applies a treasury management policy that allows cash to be placed in term deposits in banks. Term deposits of more than three months are considered to be receivable, rather than cash equivalent.

### **5.7 Cash and cash equivalents**

The Centre's treasury is managed by the Accounting Officer via current accounts, savings accounts and term deposits of less than three months which are held in euro at the Banque et Caisse d'Épargne de l'État and BGL BNP Paribas. Cash deposits and withdrawals are accounted for on the value date shown on the bank statements.

### **5.8 Accounts payable**

Accounts payable are booked at their nominal value. Accounts payable represent a short-term liability to suppliers for goods delivered and services provided to the Centre before year-end, irrespective of whether or not the invoice has been received by the Centre.

Accounts payable also include the liability for unused holidays. The accrued liability for unused holidays is calculated based on the number of days of unused holidays by staff at year-end and their individual salary.

### **5.9 Provisions for risks and charges**

A provision is a present obligation arising from a past event, but there is uncertainty about timing and future outflow of resources for settling the obligation. The probability of an outflow is likely and can be reliably estimated. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision should be reversed as revenue. The reversal into revenues is accounted for only if it occurs in a different reporting period from that in which the provision was recognised. If this is the case, the initial creation of the provision is reversed.

A provision is used only for expenditure for which the provision was originally recognised. Then, the existing provision is used and expenses are charged against it.

### **5.10 Reserves – Permanent prefinancing fund**

Article 67(a) of the Centre's Financial Regulation provides for a permanent prefinancing fund that guarantees financing for the proper functioning of the Centre until invoiced amounts have been received from clients. In accordance with Article 57(a) of the Regulation laying down detailed rules for the implementation of the Centre's Financial Regulation, the amount of this fund may not be less than four twelfths of the appropriations for the financial year.

### **5.11 Revenue**

Revenue from translations and other revenue for the year are recognised in the accounts when the corresponding services have been rendered and accepted by clients, net of discounts, regardless of when the corresponding collection of payments is made.

Interest income is accounted for on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Non-exchange transactions are those where an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange. Revenue from non-exchange transactions is measured at the amount of the increase in net assets recognised by the Centre. An example of non-exchange transactions is the financial contribution for rent received by the Centre from the Luxembourg government, as described in Note 20 of Chapter A.5.6. *Additional information.*

## **5.12 Expenses**

Expenses for the year are entered into the account once the services or goods have been received at the Centre, regardless of when the payment is made.

## **5.13 Transactions and balances denominated in foreign currencies**

Transactions denominated in foreign currencies during the year are converted into euro using the monthly exchange rate published by the European Commission, effective on the date of initiation of the payment order or recovery order relating to the transaction. Any exchange gains or losses made at the time of settlement of the transaction are taken into account as financial expenses or income in the Statement of financial performance for the corresponding year.

At the balance sheet date, financial assets, current assets and liabilities denominated in a foreign currency are converted into euro using the effective exchange rate published by the European Commission as at that date. Any resulting foreign exchange-rate gains and losses are recorded in the current year's financial expenses or income, as appropriate.

## **5.14 Ordinary income**

Ordinary revenue and expenses arise from the Centre's core business and any event deriving from this business.

## **5.15 Extraordinary revenue and expenses**

Extraordinary revenue and expenses arise from events or transactions that are clearly distinct from the Centre's ordinary activities, as well as revenue and expenses from events or transactions that are not expected to recur frequently or regularly.

## **5.16 Economic outturn for the year**

The economic outturn for the year consists of revenue and expenses which have been included in the Statement of financial performance during the accounting year. All revenue and expenses recognised during the financial year have to be included in the economic outturn for the year. The economic outturn for the year will be equal to the net sum of the ordinary and extraordinary activities for the financial year.

## **5.17 Use of estimates**

The presentation of financial statements requires the Centre's management to make estimates and assumptions that affect the reported amounts of assets at the balance sheet date and the reported amounts of revenue and expenses during the reporting period. The Centre's management believes that the estimates and assumptions used will not significantly differ from the actual outcomes in the following reporting periods.

## **5.18 Change in accounting methods, valuation, depreciation or accounting policies**

The financial statements for the year-ended 31 December 2017 were not restated to reflect any change in accounting methods, valuation, depreciation or accounting policies.

## **5.19 Cash flow statement**

The cash flow statement is prepared using the indirect method. Cash equivalents include current liquid assets which are easily convertible into cash for an amount agreed in advance. Cash flows from operating, investment and financial activities presented in the cash flow table are not offset.

## **5.20 Segment reporting**

Segment reporting concerns entities that have a distinguishable activity or group of activities for which it is appropriate to separately report financial information for the purpose of evaluating the entity's past performance in achieving its objectives and for making decisions about the future allocation of resources. In the context of the Centre, all the activities are considered to belong to one single activity and therefore the financial statements are presented as a single segment.

6. ADDITIONAL INFORMATION ON THE BALANCE SHEET, STATEMENT OF FINANCIAL PERFORMANCE AND CASH FLOW STATEMENT

**Note 1: Intangible fixed assets**

	in EUR		
	Computer software	Computer software in progress	Total
<b>A. Purchase value</b>			
Previous year-end	5 676 888.06	0.00	5 676 888.06
<u>Changes during the financial year</u>			
Acquisitions in the financial year	31 658.17	0.00	31 658.17
Transfers between headings	0.00	0.00	0.00
<u>Year-end</u>	5 708 546.23	0.00	5 708 546.23
<b>B. Amortisation and reductions in value</b>			
Previous year-end	4 457 310.06	0.00	4 457 310.06
<u>Changes during the financial year</u>			
Depreciation for the financial year	544 782.17	0.00	544 782.17
Disposals and withdrawals	0.00	0.00	0.00
<u>Year-end</u>	5 002 092.23	0.00	5 002 092.23
<b>NET BOOK VALUE (A-B)</b>	<b>706 454.00</b>	<b>0.00</b>	<b>706 454.00</b>

The main part of the net book value of intangible fixed assets represents the internally developed asset called eCdT which is the Centre's programme for the management of the translation workflow. The capitalised expenses comprise both internal and external development costs. The first version of eCdT was released in May 2015 and this was also the date of the capitalisation of the assets. The overall development costs capitalised over the years 2013, 2014 and 2015 were EUR 1 725 737, of which EUR 611 210 were internal development costs and EUR 1 114 527 were external development costs. All subsequent development costs spent on the programme in 2016 and 2017 were recorded under expenses.

Apart from the eCdT programme, all development costs for other projects do not fulfil the criteria for capitalisation into fixed assets. Therefore, internal development costs are recorded in staff costs and external development costs are recorded in administrative expenses.

**Totally depreciated intangible fixed assets**

The purchase value of fixed assets in use, which were totally depreciated on 31 December 2017, amounted to EUR 3 545 080 (EUR 3 482 058 in 2016).

## Note 2: Tangible fixed assets

in EUR

	Computer hardware	Furniture and vehicles	Plant, machinery and equipment	Other tangible fixed assets	Total
<b>A. Purchase value</b>					
Previous year-end	3 428 020.02	334 310.83	2 156.00	445 826.27	4 210 313.12
<u>Changes during the financial year</u>					
Acquisitions	3 061.56	430.00	0.00	52 820.12	56 311.68
Disposals and withdrawals	-239 087.21	-28 094.47	0.00	-14 066.09	-281 247.77
<u>Year-end</u>	<b>3 191 994.37</b>	<b>306 646.36</b>	<b>2 156.00</b>	<b>484 580.30</b>	<b>3 985 377.03</b>
<b>B. Depreciations and value adjustments</b>					
Previous year-end	2 548 914.02	283 421.83	1 448.00	135 622.27	2 969 406.12
<u>Changes during the financial year</u>					
Depreciation for the financial year	380 919.56	12 632.00	270.00	55 149.12	448 970.68
Disposals and withdrawals	-239 087.21	-28 094.47	0.00	-14 066.09	-281 247.77
Write off of residual value	0.00	696.00	0.00	0.00	696.00
<u>Year-end</u>	<b>2 690 746.37</b>	<b>268 655.36</b>	<b>1 718.00</b>	<b>176 705.30</b>	<b>3 137 825.03</b>
<b>NET BOOK VALUE (A-B)</b>	<b>501 248.00</b>	<b>37 991.00</b>	<b>438.00</b>	<b>307 875.00</b>	<b>847 552.00</b>

### Totally depreciated tangible fixed assets

The purchase value of fixed assets in use, which were totally depreciated on 31 December 2017, amounted to EUR 2 276 951 (EUR 1 932 422 in 2016).

### Low-value tangible fixed assets

The Centre acquired tangible assets that were charged directly to expenses and amounted to EUR 38 916 and EUR 48 506 for the years ended 31 December 2017 and 2016 respectively. These assets are low-value tangible assets with an estimated useful life greater than one year and an individual acquisition cost lower than EUR 420.00. Low-value tangible assets are not recorded under fixed assets but are charged through expense accounts.

## Note 3: Work in progress

Work in progress	2017	2016	% change
Work in progress (in EUR)	456 000.00	309 000.00	47.57%
Documents in progress (in pages)	50 189.56	35 362.03	41.93%
Term lists in progress (in terms)	0.00	0.00	n/a

The increase in the financial valuation of the work in progress is in line with the total increase in the number of document pages in progress at year-end compared to 2016. The financial increase in the work in progress in financial terms is higher than the increase in the number of document pages in progress because the translations in progress at the 2017 year-end were at a later stage of advancement than in 2016. The increase in work in progress of EUR 147 000 is recorded in the *Statement of financial performance* under the heading *Movements in work in progress*.

#### Note 4: Recoverable VAT and other receivables from the Member States

As an EU body, the Centre benefits from VAT exemptions for the purchase of goods and services. In the case of the indirect exemption applied by the Portuguese tax authorities, the Centre has to claim back the VAT paid to its suppliers. The balance of VAT receivable is the sum of all claims submitted to the Portuguese tax authorities in the last quarter of 2017; no claims are outside the deadline for recovery.

			in EUR
VAT receivable from the Member States	2017	2016	% change
Nominal value of VAT claims (Portugal)	20 234.26	21 549.37	-6.10%
Provision for claims outside the deadline	0.00	0.00	n/a
<b>Net value of VAT receivable</b>	<b>20 234.26</b>	<b>21 549.37</b>	<b>-6.10%</b>

The receivables from Member States are considered as receivables from non-exchange transactions.

#### Credit risk disclosure

The long-term credit rating of Portugal is BBB (Fitch).

## Note 5: Accounts receivable and accrued income from the EU institutions and bodies

in EUR

Clients	Accounts Receivable	Accrued income	Total
European Training Foundation (ETF)	0.00	11 414.25	11 414.25
European Medicines Agency (EMA)	0.00	137 714.45	137 714.45
European Agency for Safety and Health at Work (EU-OSHA)	0.00	110 487.00	110 487.00
European Union Intellectual Property Office (EUIPO)	0.00	680 039.30	680 039.30
Community Plant Variety Office (CPVO)	0.00	7 692.75	7 692.75
European Union Agency for Law Enforcement Cooperation (Europol)	0.00	11 808.00	11 808.00
European Foundation for the Improvement of Living and Working Conditions (Eurofound)	0.00	50 737.50	50 737.50
European Union Agency for Fundamental Rights (FRA)	0.00	75 526.75	75 526.75
European Food Safety Authority (EFSA)	0.00	46 454.50	46 454.50
European Maritime Safety Agency (EMSA)	0.00	2 460.00	2 460.00
European Union Agency for Railways (ERA)	0.00	129 616.20	129 616.20
European Network and Information Security Agency (ENISA)	3 690.00	451.00	4 141.00
European Centre for Disease Prevention and Control (ECDC)	0.00	21 771.00	21 771.00
European Border and Coast Guard Agency (Frontex)	0.00	7 236.00	7 236.00
Education, Audiovisual and Culture Executive Agency (EACEA)	0.00	13 109.75	13 109.75
Consumers, Health, Agriculture and Food Executive Agency (Chafea)	0.00	171 847.30	171 847.30
European Defence Agency (EDA)*	1 425.00	0.00	1 425.00
European Chemicals Agency (ECHA)	0.00	166 996.90	166 996.90
European Fisheries Control Agency (EFCA)	0.00	9 430.00	9 430.00
Fusion for Energy Joint Undertaking (F4E JU)	0.00	2 993.00	2 993.00
European Data Protection Supervisor (EDPS)	0.00	23 292.10	23 292.10
European Asylum Support Office (EASO)	0.00	86 365.50	86 365.50
Agency for the Cooperation of Energy Regulators (ACER)	0.00	18 503.90	18 503.90
European Securities and Markets Authority (ESMA)	0.00	49 999.50	49 999.50
European Banking Authority (EBA)	0.00	247 753.30	247 753.30
European Insurance and Occupational Pensions Authority (EIOPA)	0.00	428.75	428.75
Office of the Body of European Regulators for Electronic Communications (BEREC)	0.00	10 644.30	10 644.30
European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA)	0.00	877.50	877.50
Single Resolution Board (SRB)*	0.00	127 998.20	127 998.20
Bio-based Industries Joint Undertaking (BBI JU)	0.00	1 025.00	1 025.00
European Commission (DG EMPL and DG JUST)	84 753.70	342 359.76	427 113.46
European Court of Auditors (ECA)	0.00	3 571.50	3 571.50
Committee of the Regions of the European Union (COR)	0.00	276.00	276.00
European Economic and Social Committee (EESC)	0.00	879.50	879.50
Court of Justice of the European Union (CJEU)	22 109.25	7 913.00	30 022.25
European Ombudsman (Ombudsman)	0.00	25 963.25	25 963.25
<b>TOTAL</b>	<b>111 977.95</b>	<b>2 605 636.71</b>	<b>2 717 614.66</b>

\*Non-consolidated entity

Accrued income represents income from invoices drawn up in January 2018 for translations delivered to clients in December 2017. The information on the average payment date is included in the budget implementation set out in Chapter B.7. *Budget revenue from operational activities 2017.*



### Credit risk disclosure

The credit risk of receivables is low as the Centre's clients are European agencies, bodies and institutions. All receivables fall into the category *Not past due and not impaired*.

### Currency risk disclosure

The Centre is not exposed to currency risk as all receivables are in euro.

### **Note 6: Deferred expenses**

Deferred expenses consist of expenses paid by the Centre in the current year, but that relate to future accounting periods. An example of such an expense is annual maintenance, covering not only the current year, but also the following year. The part of expenses relating to future accounting periods is recognised as a deferred expense in the balance sheet.

The main part of the deferred expenses in 2016 represented rent amounting to EUR 469 357 for the first quarter of the following year which was paid in advance at the end of the year. There was no such rent paid in advance in 2017 and, therefore, the balance of deferred expenses is significantly lower than in 2016.

### **Note 7: Sundry receivables**

The balance of 'Sundry receivables' contains only short-term staff related receivables.

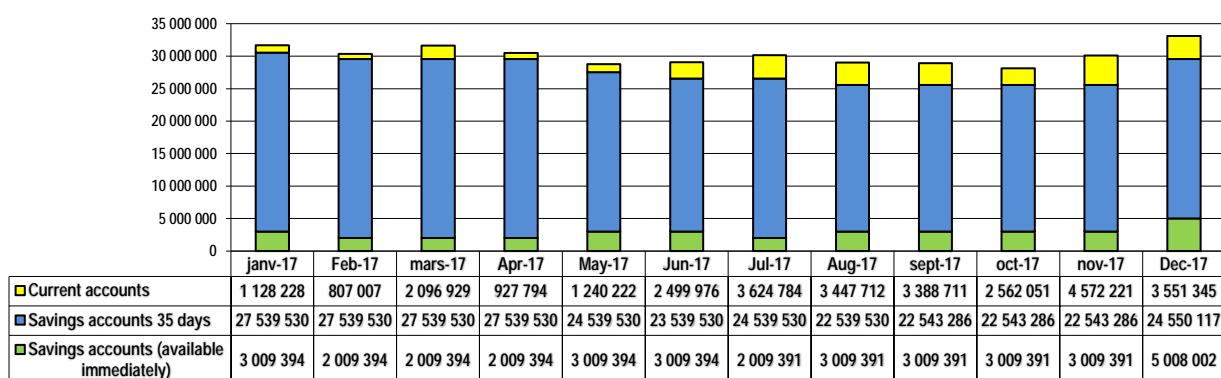
### **Note 8: Cash and cash equivalents**

The treasury is managed by the Centre's Accounting Officer. The investments are made on the basis of the Centre's treasury management policy, evaluation of the inter-banking market rates and cash forecasts.

Due to negative interest on the inter-bank financial market, the Centre has no open term deposits at the year-end.

### **Cash movements in 2017**

in EUR



## Breakdown of the cash balance

in EUR

Year	2017	2016	% change
Cash in bank – current accounts	3 551 344.73	3 654 923.75	-2.83%
Cash in bank – savings accounts (available immediately)	5 008 001.96	3 009 393.54	66.41%
Cash in bank – savings accounts 35 days	24 550 116.67	27 539 530.48	-10.85%
Cash in hand	0.00	0.00	n/a
<b>Total cash and cash equivalents</b>	<b>33 109 463.36</b>	<b>34 203 847.77</b>	<b>-3.20%</b>
Term deposits expiring within one year	0.00	0.00	n/a
<b>Total cash, including term deposits</b>	<b>33 109 463.36</b>	<b>34 203 847.77</b>	<b>-3.20%</b>

## Credit risk disclosure:

in EUR

Bank	Long-term credit rating (Moody's)	Balance of cash and cash equivalents
Banque et Caisse d'Épargne de l'État	Aa2	13 592 826.41
BNP Paribas	A2	19 516 636.95
<b>TOTAL</b>		<b>33 109 463.36</b>

## Currency risk disclosure

The Centre is not exposed to currency risk as all cash balances are in euro.

## Note 9: Accrued expenses

in EUR

Accrued expenses	2017	2016	% change
Accrued expenses based on the carryover analysis	1 684 821.18	2 098 495.38	-19.71%
Leave not taken by staff	272 000.00	342 000.00	-20.47%
<b>Total</b>	<b>1 956 821.18</b>	<b>2 440 495.38</b>	<b>-19.82%</b>

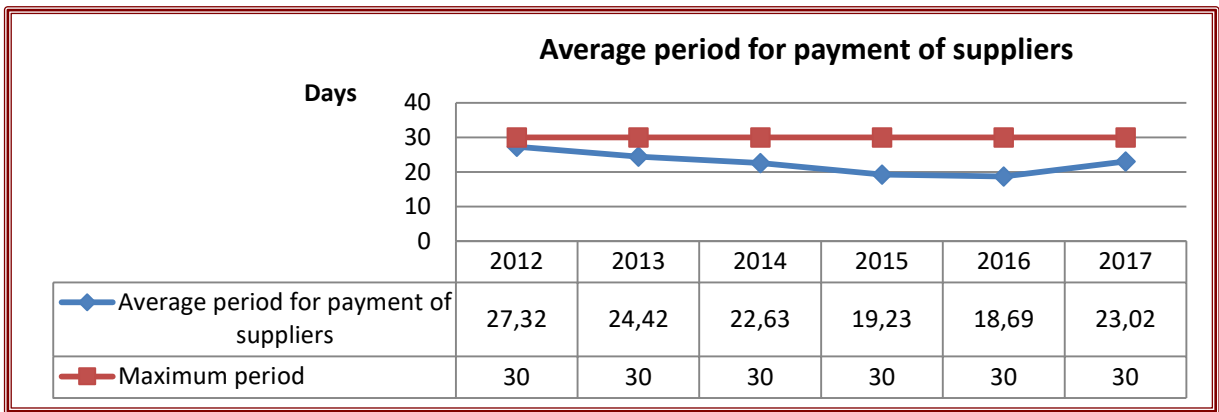
### Leave not taken by staff

Leave not taken by staff	2017	2016	% change
Number of days not taken	1 035.78	1 321.00	-21.59%
Financial evaluation of leave not taken (in EUR)	272 000.00	342 000.00	-20.47%

The accrued liability for leave not taken is calculated based on the number of days of unused holidays not taken by staff at year-end and their individual salary instead of an average salary. This explains why the decrease in the financial evaluation of leave not taken (-20.47%) is not the same as the decrease in the number of days not taken (-21.59%).

## Note 10: Suppliers

Due to extremely low or negative interest rates on the financial markets, the Centre abandoned in 2015 the application of a target payment deadline to suppliers of 30 days. Since 2015, the payment has been executed immediately after the payment workflow in the budget accounting process has been completed. The average period for the payment of suppliers has increased from 18.69 days in 2016 to 23.02 days in 2017 which is below the statutory deadline of 30 days.



### Currency risk disclosure

The Centre is not exposed to currency risk as all liabilities are in euro.

### Note 11: Prefinancing received

Clients	2017	2016
European Union Intellectual Property Office (EUIPO)	214 284.32	208 432.72
European Banking Authority (EBA)	456 889.24	61 047.36
European Training Foundation (ETF)	4 001.60	0.00
European Union Agency for Railways (ERA)	587 910.58	78 810.72
European Asylum Support Office (EASO)	1 929 322.21	328 953.00
European Chemicals Agency (ECHA)	134 806.16	494 102.60
<b>TOTAL</b>	<b>3 327 214.11</b>	<b>1 171 346.40</b>

The advance payment mechanism allows the Centre to request prefinancing from clients before the translation service is completed. The prefinancing amounts to 80% of the cost of the translation requests sent to the Centre that are pending as of 30 November.

By the year-end, ten clients had signed an amendment to the agreement allowing the collection of advance payments and six clients had sent advances to the Centre with a total value of EUR 3 327 214. The advances will be cleared with the translation services invoiced in 2018.

### Note 12: Other liabilities

The remaining other liabilities are short-term staff-related liabilities.

### Note 13: Reserves – Permanent prefinancing fund

Article 67(a) of the Centre's Financial Regulation provides for a permanent prefinancing fund that guarantees financing for the proper functioning of the Centre until invoiced amounts have been received from clients. In accordance with Article 57(a) of the Regulation laying down detailed rules for the implementation of the Centre's Financial Regulation, the amount of this fund may not be less than four twelfths of the appropriations for the financial year, excluding 'Reserves' in Title 10.

The statutory reserves (i.e. the permanent prefinancing fund) recognised under accounting rules in the financial statements should be distinguished from the budgetary reserves (i.e. the reserves for stability pricing and for exceptional investments) as listed in the Chapter B.5 "Budget outturn" that do not fulfil the criteria for reserves in general accounting.

As the budget for 2017 does not achieve the value covered by the fund in 2010, the balance of the permanent prefinancing fund has remained the same since 2010.

in EUR

<b>Permanent prefinancing fund</b>	<b>Amount</b>
Initial allocation	5 006 840.00
2003 allocation	3 322 850.33
2004 allocation	1 431 500.00
2005 allocation	0.00
2006 allocation	0.00
2007 allocation	999 143.00
2008 allocation	2 406 368.00
2009 allocation	1 196 465.00
2010 allocation	2 166 300.00
2011 allocation	0.00
2012 allocation	0.00
2013 allocation	0.00
2014 allocation	0.00
2015 allocation	0.00
2016 allocation	0.00
2017 allocation	0.00
<b>Total</b>	<b>16 529 466.33</b>

Note 14: Translations (including modification, editing and revision)

in EUR

Clients	2017	2016
European Environment Agency (EEA)	197 940.25	206 626.00
European Training Foundation (ETF)	102 361.25	201 709.65
European Monitoring Centre for Drugs and Drug Addiction (EMCDDA)	272 718.75	294 910.75
European Medicines Agency (EMA)	3 271 580.15	2 351 717.20
European Agency for Safety and Health at Work (EU-OSHA)	801 739.95	725 056.45
European Union Intellectual Property Office (EUIPO)	20 095 032.24	21 569 992.88
Community Plant Variety Office (CPVO)	57 525.40	146 578.00
European Union Agency for Law Enforcement Cooperation (Europol)	92 903.20	27 129.70
European Foundation for the Improvement of Living and Working Conditions (Eurofound)	367 958.25	399 842.25
European Centre for the Development of Vocational Training (Cedefop)	15 151.50	66 362.25
European Union Agency for Fundamental Rights (FRA)	1 044 449.25	1 235 837.60
European Investment Bank (EIB)*	1 230.00	7 380.00
European Food Safety Authority (EFSA)	278 446.10	201 856.60
European Maritime Safety Agency (EMSA)	105 333.80	45 173.00
European Aviation Safety Agency (EASA)	40 925.50	82 397.10
European Union Agency for Railways (ERA)	305 529.41	475 434.45
European Network and Information Security Agency (ENISA)	16 044.75	11 176.00
European Centre for Disease Prevention and Control (ECDC)	339 728.50	364 555.00
European Border and Coast Guard Agency (Frontex)	328 158.05	370 256.95
Education, Audiovisual and Culture Executive Agency (EACEA)	471 859.70	502 494.45
Executive Agency for Small and Medium-sized Enterprises (EASME)	1 623.60	8 308.50
European Union Agency for Law Enforcement Training (CEPOL)	10 438.60	28 570.85
Consumers, Health and Food Executive Agency (Chafea)	518 949.45	170 841.15
European GNSS Agency (GSA)	4 083.60	5 412.00
European Defence Agency (EDA)*	5 181.25	7 565.80
European Chemicals Agency (ECHA)	2 701 705.66	3 921 780.96
European Fisheries Control Agency (EFCA)	237 000.60	171 495.05
Fusion for Energy Joint Undertaking (F4E JU)	28 158.10	49 297.50
Innovation and Networks Executive Agency (INEA)	38 159.75	71 426.50
European Institute of Innovation and Technology (EIT)	17 554.55	65 044.15
European Research Council Executive Agency (ERC)	17 541.50	44 671.55
Research Executive Agency (REA)	246.00	13 304.50
Clean Sky 2 Joint Undertaking (CS 2 JU)	1 886.00	11 547.75
European Institute for Gender Equality (EIGE)	238 973.90	131 831.40
SESAR Joint Undertaking (SESAR JU)	17 261.00	44 411.50
Innovative Medicines Initiative 2 Joint Undertaking (IMI 2 JU)	2 435.40	4 016.20
Fuel Cells and Hydrogen 2 Joint Undertaking (FCH 2 JU)	0.00	2 993.00
European Asylum Support Office (EASO)	2 346 814.21	1 256 467.50
Agency for the Cooperation of Energy Regulators (ACER)	76 841.30	98 078.10
European Securities and Markets Authority(ESMA)	517 720.70	340 354.55
European Banking Authority (EBA)	1 253 265.36	701 901.65
European Insurance and Occupational Pensions Authority (EIOPA)	154 599.55	165 134.05
Office of the Body of European Regulators for Electronic Communications (BEREC)	128 687.20	60 319.35
European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA)	563 479.80	399 127.50
Electronic Components and Systems for European Leadership Joint Undertaking (ECSEL JU)	2 829.00	1 886.00
Single Resolution Board (SRB)	627 116.85	370 848.15
Secretariat-General of the European Schools (EURSC)	13 564.85	0.00
Bio-based Industries Joint Undertaking (BBI JU)	5 282.10	0.00
European Commission (DG EMPL and DG JUST)	997 840.36	815 104.50
Council of the European Union (Council)	158 889.00	67 935.50
European Court of Auditors (ECA)	29 034.00	16 695.75
Committee of the Regions of the European Union (COR)	7 833.05	3 960.00
European Economic and Social Committee (EESC)	5 575.50	6 355.00
Court of Justice of the European Union (CJEU)	68 884.00	27 142.00
European Central Bank (ECB)*	84 199.45	59 580.74
European Ombudsman (Ombudsman)	207 938.40	232 649.95
European Data Protection Supervisor (EDPS)	321 630.65	450 019.75
<b>TOTAL</b>	<b>39 619 840.29</b>	<b>39 112 564.68</b>

\*Non-consolidated entities

The revenue for translation services is invoiced to clients on the basis of an agreed unit price per page and on the number of pages translated by the Centre.

#### Note 15: Interinstitutional cooperation – IATE database

in EUR

Clients	2017	2016
European Investment Bank (EIB)*	4 184.70	3 907.03
European Commission	334 776.19	312 561.75
European Parliament (EP)	167 388.09	156 280.87
Council of the European Union (Council)	125 541.08	117 210.65
European Court of Auditors (ECA)	20 923.52	19 535.10
Committee of the Regions of the European Union (CoR)	26 782.09	25 004.94
European Economic and Social Committee (EESC)	40 173.14	37 507.40
Court of Justice of the European Union (CJEU)	75 324.64	70 326.39
European Central Bank (ECB)*	8 369.41	7 814.04
<b>TOTAL</b>	<b>803 462.86</b>	<b>750 148.17</b>

\*Non-consolidated entities

The InterActive Terminology for Europe (IATE) database is a tool for terminology work used by the EU's translation services. The project's objective is to provide a web-based infrastructure for all EU terminology resources. The Centre is responsible for managing the IATE administration and technical support. The administration and development costs are invoiced to the institutions involved in the project.

#### Note 16: Terminology

in EUR

Clients	2017	2016
European Environment Agency (EEA)	0.00	91 800.00
European Chemicals Agency (ECHA)	0.00	42 300.00
European Institute for Gender Equality (EIGE)	126 900.00	61 200.00
European Union Intellectual Property Office (EUIPO)	31 500.00	0.00
Single Resolution Board (SRB)*	0.00	4 497.00
European Monitoring Centre for Drugs and Drug Addiction (EMCDDA)	49 500.00	0.00
<b>TOTAL</b>	<b>207 900.00</b>	<b>199 797.00</b>

\*Non-consolidated entity

The revenue for terminology services is invoiced to clients on the basis of an agreed unit price per man-day and on the number of days spent on the terminology work by the Centre.

## Note 17: Term lists

in EUR

Clients	2017	2016
European Training Foundation (ETF)	0.00	176.00
European Medicines Agency (EMA)	2 046.50	1 660.00
European Agency for Safety and Health at Work (EU-OSHA)	32 802.00	0.00
European Union Intellectual Property Office (EUIPO)	226 096.00	465 936.01
European Foundation for the Improvement of Living and Working Conditions (Eurofound)	0.00	3 192.00
European Centre for the Development of Vocational Training (Cedefop)	80.00	0.00
European Union Agency for Fundamental Rights (FRA)	0.00	4 332.00
European Aviation Safety Agency (EASA)	0.00	88.00
Education, Audiovisual and Culture Executive Agency (EACEA)	0.00	3 320.00
European Chemicals Agency (ECHA)	4 936.00	16 368.00
European Institute of Innovation and Technology (EIT)	0.00	28 164.00
European Asylum Support Office (EASO)	0.00	60.00
European Securities and Markets Authority (ESMA)	88.00	0.00
European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA)	88.00	3 432.00
Single Resolution Board (SRB)*	0.00	704.00
European Commission (DG EMPL and DG JUST)	21 660.00	41 796.00
<b>TOTAL</b>	<b>287 796.50</b>	<b>569 228.01</b>

\*Non-consolidated entity

The revenue for term list services is invoiced to clients on the basis of an agreed unit price per term and on the number of terms translated by the Centre.

## Note 18: Subtitling

in EUR

Clients	2017	2016
European Training Foundation (ETF)	164.00	0.00
European Chemicals Agency (ECHA)	32 062.00	1 886.00
European Union Intellectual Property Office (EUIPO)	19 885.00	3 403.00
European Centre for Disease Prevention and Control (ECDC)	1 066.00	0.00
European Fisheries Control Agency (EFCA)	3 731.00	0.00
European Border and Coast Guard Agency (Frontex)	9 184.00	0.00
European Commission (DG EMPL and DG JUST)	3 198.00	0.00
European Institute for Gender Equality (EIGE)	20 295.00	36 777.00
European Asylum Support Office (EASO)	0.00	410.00
Court of Justice of the European Union (CJEU)	0.00	7 503.00
European Monitoring Centre for Drugs and Drug Addiction (EMCDDA)	738.00	0.00
<b>TOTAL</b>	<b>90 323.00</b>	<b>49 979.00</b>

The revenue for subtitling is invoiced to clients on the basis of an agreed unit price per minute of source video and per target language.

## Note 19: Other revenue from operations

Other revenue from operations relates to the revenue generated from the *ex-post* quality checks on EU trade marks for the EUIPO. Under the agreement with EUIPO, 50% of the staff expenses for the *ex-post* quality checks is invoiced to the EUIPO and the other 50% remains the Centre's expense.

## Note 20: Financial contribution from the Luxembourg government – non-exchange revenues

Since October 2013, the Centre has been occupying new premises in Gasperich. The previous Nouvel Hémicycle building in Kirchberg was rented from the Luxembourg state at a favourable price. Therefore, in order to assist the Centre's relocation to the Drosbach building, the Luxembourg state committed to compensate the increased rental costs of the new premises in the form of a financial contribution amounting to EUR 243 250 per annum.

The financial contribution is the only revenue that fulfils the criteria of non-exchange revenue. All other revenue is considered to be revenue in exchange for services rendered by the Centre.

## Note 21: Miscellaneous revenue

Miscellaneous revenue mainly represents revenue from the subletting of the Centre's offices, parking spaces, data centre and from recovery of expenses paid in previous accounting periods.

The significant decrease in the miscellaneous revenue in 2017 compared with 2016 is due to extraordinary expenses (EUR 342 000) for the outfitting of office space to Chafea which was recovered in 2016. No such extraordinary revenues occurred in 2017.

## Note 22: Staff expenses

in EUR		
Type of expense	2017	2016
Staff costs (excluding SNEs (Seconded National Experts) and other experts)	16 032 062.20	15 692 762.52
Pensions and temporary unemployment contributions	3 865 768.81	3 880 226.57
Staff requisites and social activities	9 822.56	13 054.67
Allowances (excluding SNEs and other experts)	3 968 155.77	3 966 577.82
<b>TOTAL</b>	<b>23 875 809.34</b>	<b>23 552 621.58</b>

The increase in staff expenses is mainly due to the salary adjustment of 1.5% effective as of July 2017 and the impact of promotions and biennial step advancements for staff members. These factors have an impact on staff costs, pensions and unemployment contributions, and allowances. The main allowances are family allowances, expatriation and foreign residence allowances, travel expenses for annual leave, and allowances linked to recruitment or departing staff members.



## Note 23: Administrative expenses

in EUR

Type of expense	2017	2016
Rent of land & buildings	2 255 296.55	2 155 695.13
Operating lease expenses	186 210.84	44 157.78
Maintenance & security – building	351 097.48	861 115.49
Insurance – building	8 587.40	7 723.81
Office supplies & maintenance	780 857.41	833 276.41
Communications & publications	98 099.49	140 285.76
Publicity and legal expenses	12 465.00	10 000.00
Insurance – others	9 426.51	8 882.23
Transport expenses	2 799.60	5 618.36
Recruitment costs	19 956.66	17 189.32
Training costs	162 171.66	167 823.61
Missions	45 216.13	74 255.98
Experts and related expenditure	15 910.25	29 200.11
External operational IT costs	2 951 940.87	2 993 512.44
Other external non-IT services	305 337.29	357 742.23
Expenses with other consolidated entities	329 664.22	384 825.76
Depreciation of fixed assets	993 752.85	1 062 992.90
Other	696.00	0.00
<b>TOTAL</b>	<b>8 529 486.21</b>	<b>9 154 297.32</b>

The increase in rent is due to an increase of expenses for the Data Centre.

The decrease in building-related expenses in 2017 is due to exceptional investments in the building realised in 2016 on behalf of Chafea. Those costs were not capitalised into assets of the Centre, but were recorded under *Maintenance & security – building* and subsequently the costs were re-invoiced to Chafea using DG OIL as an intermediary.

The increase in operating lease expenses is due to the signature of a 5-year leasing contract for IT equipment at a purchase price of EUR 567 184. The detailed payment schedule arising from the leasing contract is included in chapter *A.6 Other information*, section *Contingent assets, contingent liabilities and other significant disclosures*.

## Note 24: Operational expenses

Operational expenses comprise direct operational costs relating to the Centre's core activity of translation. The costs of translations undertaken by external language service providers are recorded under operational expenses. The translations are carried out on the basis of framework contracts in force or on the basis of negotiated procedures with external language service providers. The price of translations resulting from the tender procedures depends on the language combination, the domain and type of translation (translation, modification, revision, editing, EU trade mark, Community design, term list and terminology).

Operational expenses increased by 0.64% in 2017 due to an increase in the number of translated and outsourced pages. The increase is in line with the increase in operational revenues (+0.78%).

## A.6 Other information

### Number of employees

The following table summarises the number of staff members in place for the years ended 31 December 2017 and 31 December 2016, as set out in the establishment plan:

Number of staff		
	2016	2017
Administrator	133	131
Assistant	62	58
<i>Total</i>	195	189

In addition to the staff defined in the establishment plan, the Centre employs contract and agency staff. A detailed breakdown of the Centre's total staff in place, as at 31 December 2017, is set out in the following table:

Number of staff					
	Officials	Temporary agents	Contract agents	Agency staff	Total
Administrator	42	89	12	0	143
Assistant	11	47	14	4	76
<i>Total</i>	53	136	26	4	219

### Related party transactions

The Centre's key management staff as at 31 December 2017 are as follows:

Grade	Number of staff
AD 14	1
AD 13	1
AD 12	1
AD 11	2
<i>Total</i>	5

The remuneration of key management staff is in accordance with the Staff Regulations of Officials of the European Communities. The Director uses a business car for both business and private purposes. There were no other transactions such as loans or bonuses to these staff members.

### The Management Board

The members of the Management Board do not receive any payment for their duties, except the reimbursement of travel expenses that are paid only to the Member State representatives.

### Contingent assets, contingent liabilities and other significant disclosures

#### a) Contingent assets

The Centre has not recognised any contingent assets in 2017.

## Performance guarantees

The Centre currently has three 'performance guarantees' that assures recovery of damages related to the execution of the contract with service providers. Their main features are summarised in the table below:

Company	No of contract	No of guarantee	Guarantee amount (EUR)	Start date	Expiry date
Postes et Télécommunications	CDT/WANSIII/2014 (lot 1)	2015/761002665	40 000	20/07/2015	30 days after expiry of contract
Postes et Télécommunications	CDT/WANSIII/2014 (lot 2)	2015/961002579	20 000	-	30 days after expiry of contract
ONET	CDT/NET16 (lot 1)	LGSE 2016 14013363	5 800	-	30 days after expiry of contract

### b) Commitments against appropriations not yet consumed

The budgetary RAL ('Reste à liquider') is an amount representing commitments carried over for which payments have not yet been made. This is the usual consequence if there is a carryover of credit appropriations. On 31 December 2017, the budgetary RAL totalled EUR 3 815 047.

The accounting RAL is the part of the budgetary RAL which has not yet been consumed via the cut-off (year-end accruals). The year-end accruals that have been included as expenses in the Statement of financial performance 2017 amount to EUR 2 055 703. Therefore, the accounting RAL amounts to EUR 1 759 344.

### c) Operating leases

Description	Start date	Expiry date	Total lease value	Payments made in the current year	in EUR	
					Outstanding payments due	
					Up to one year	One to five years
Bechtle servers	02.07.2014	01.07.2019	44 420.60	8 884.08	8 884.08	13 326.18
Hewlett Packard 1 servers	28.03.2014	27.03.2019	79 584.60	15 916.92	15 916.92	19 896.15
Hewlett Packard 2 servers	17.09.2014	16.09.2019	171 734.80	42 933.70	42 933.70	60 107.18
System storage	01.01.2017	31.12.2021	567 184.42	120 050.16	120 050.16	360 150.48
BMW Gran Tourer	09.12.2015	08.12.2019	26 132.64	6 533.16	6 533.16	6 533.16
<b>Total</b>			<b>889 057.06</b>	<b>194 318.02</b>	<b>194 318.02</b>	<b>460 013.15</b>

### d) Contractual commitments for which budget commitments have not yet been made

The Centre entered into long-term legal commitments in respect of amounts that were not yet covered by commitment appropriations in the budget. The amounts correspond to amounts committed to be paid during the term of the contracts that are not covered by budget commitments as of year-end 2017.

These include the outstanding contractual commitment of EUR 5 006 477 for the rent of the Drosbach building and EUR 694 008 to cover the rent of the eBRC building used within the framework of the Data Centre and Disaster Recovery Plan.

### e) Other off-balance sheet commitments

As of 31 December 2017, the Centre had no other off-balance sheet commitments.

**f) Post balance sheet events**

No significant events occurred subsequent to the balance sheet date that would have a material impact on the financial statements.

# REPORTS ON THE IMPLEMENTATION OF THE BUDGET OF THE TRANSLATION CENTRE

- B.1 Budgetary principles.....29
- B.2 Type of appropriations .....29
- B.3 Budget expenditure implementation 2017 and use of appropriations C1 .....30
- B.4 Budget expenditure implementation 2017 and use of appropriations C8 .....31
- B.5 Budget outturn.....32
- B.6 Reconciliation of the budget outturn and the economic outturn.....34
- B.7 Budget revenue 2017 .....35
- B.8 List of transfers 2017.....37

## B.1. Budgetary principles

In implementing its budget, the Centre applies the following budgetary principles in accordance with its Financial Regulation:

- (a) Principle of unity and of budget accuracy
- (b) Principle of annuality
- (c) Principle of equilibrium
- (d) Principle of unit of account
- (e) Principle of universality
- (f) Principle of specification
- (g) Principle of sound financial management.

## B.2. Type of appropriations

The Centre makes use of non-differentiated appropriations for its budget.

The Centre makes use of the automatic carryover of appropriations.

The Centre does not account for assigned revenue.

### B.3. Budget expenditure implementation 2017 and use of appropriations C1

in EUR

Chapter	Heading	Budget appropriation (1)	Executed commitments (2)	% committed (2/1)	Appropriations cancelled (1-2)	Executed payments (3)	% paid (3/1)	RAL – appropriations carried forward (2-3)
11	Staff in active employment	25 763 500.00	24 328 518.89	94.43%	1 434 981.11	24 183 312.97	93.87%	145 205.92
13	Missions and duty travel	126 000.00	98 550.00	78.21%	27 450.00	42 686.80	33.88%	55 863.20
14	Socio-medical infrastructure	260 900.00	250 518.00	96.02%	10 382.00	195 503.39	74.93%	55 014.61
16	Social services	68 000.00	51 800.00	76.18%	16 200.00	51 332.75	75.49%	467.25
17	Entertainment and representation	2 500.00	1 034.66	41.39%	1 465.34	1 034.66	41.39%	0.00
<b>TITLE 1</b>	<b>STAFF</b>	<b>26 220 900.00</b>	<b>24 730 421.55</b>	<b>94.32%</b>	<b>1 490 478.45</b>	<b>24 473 870.57</b>	<b>93.34%</b>	<b>256 550.98</b>
20	Rental of buildings and associated costs	2 902 400.00	2 850 980.41	98.23%	51 419.59	2 570 723.91	88.57%	280 256.50
21	Data processing, Information technology	3 281 000.00	2 497 001.90	76.10%	783 998.10	1 905 186.76	58.07%	591 815.14
22	Movable property and associated costs	57 100.00	49 191.24	86.15%	7 908.76	28 022.73	49.08%	21 168.51
23	Current administrative expenditure	272 800.00	211 651.52	77.58%	61 148.48	175 851.00	64.46%	35 800.52
24	Postage and telecommunications	145 500.00	108 275.71	74.42%	37 224.29	83 298.44	57.25%	24 977.27
25	Expenditure on formal and other meetings	16 000.00	3 708.00	23.18%	12 292.00	3 708.00	23.18%	0.00
26	Expenditure on Management Board meetings	46 900.00	29 173.00	62.20%	17 727.00	18 421.90	39.28%	10 751.10
27	Limited consultations, studies and surveys	215 000.00	124 500.00	57.91%	90 500.00	0.00	0.00%	124 500.00
<b>TITLE 2</b>	<b>BUILDINGS, EQUIPMENT AND SUNDRY OPERATING EXPENDITURE</b>	<b>6 936 700.00</b>	<b>5 874 481.78</b>	<b>84.69%</b>	<b>1 062 218.22</b>	<b>4 785 212.74</b>	<b>68.98%</b>	<b>1 089 269.04</b>
30	External translation and related services	14 760 000.00	14 056 919.56	95.24%	703 080.44	11 826 964.47	80.13%	2 229 955.09
31	Interinstitutional cooperation	918 500.00	817 799.52	89.04%	100 700.48	637 541.60	69.41%	180 257.92
32	Expenditure relating to the eCdT programme	593 000.00	549 758.36	92.71%	43 241.64	490 744.14	82.76%	59 014.22
<b>TITLE 3</b>	<b>OPERATIONAL EXPENDITURE</b>	<b>16 271 500.00</b>	<b>15 424 477.44</b>	<b>94.79%</b>	<b>847 022.56</b>	<b>12 955 250.21</b>	<b>79.62%</b>	<b>2 469 227.23</b>
<b>TITLE 10</b>	<b>RESERVES</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00%</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00%</b>	<b>0.00</b>
	<b>TOTAL BUDGET</b>	<b>49 429 100.00</b>	<b>46 029 380.77</b>	<b>93.12%</b>	<b>3 399 719.23</b>	<b>42 214 333.52</b>	<b>85.40%</b>	<b>3 815 047.25</b>

## B.4. Budget expenditure implementation 2017 and use of appropriations C8

in EUR

Chapter	Heading	Budget appropriation (1)	Executed commitments (2)	% committed (2/1)	Executed payments (3)	% paid (3/1)	Payment appropriations cancelled (1-3)
11	Staff in active employment	119 896.10	119 896.10	100.00%	88 601.11	73.90%	31 294.99
13	Missions and duty travel	15 407.00	15 407.00	100.00%	9 436.33	61.25%	5 970.67
14	Socio-medical infrastructure	42 836.72	42 836.72	100.00%	31 693.91	73.99%	11 142.81
16	Social services	7 283.68	7 283.68	100.00%	4 552.95	62.51%	2 730.73
17	Entertainment and representation	947.40	947.40	100.00%	947.40	100.00%	0.00
<b>TITLE 1</b>	<b>STAFF</b>	<b>186 370.90</b>	<b>186 370.90</b>	<b>100.00%</b>	<b>135 231.70</b>	<b>72.56%</b>	<b>51 139.20</b>
20	Rental of buildings and associated costs	336 982.24	336 982.24	100.00%	234 522.64	69.59%	102 459.60
21	Data processing, Information technology	972 290.37	972 290.37	100.00%	882 005.97	90.71%	90 284.40
22	Movable property and associated costs	28 756.21	28 756.21	100.00%	16 173.19	56.24%	12 583.02
23	Current administrative expenditure	52 781.21	52 781.21	100.00%	28 629.64	54.24%	24 151.57
24	Postage and telecommunications	34 000.57	34 000.57	100.00%	21 994.85	64.69%	12 005.72
26	Expenditure on Management Board meetings	5 585.39	5 585.39	100.00%	3 110.64	55.69%	2 474.75
<b>TITLE 2</b>	<b>BUILDINGS, EQUIPMENT AND SUNDRY OPERATING EXPENDITURE</b>	<b>1 430 395.99</b>	<b>1 430 395.99</b>	<b>100.00%</b>	<b>1 186 436.93</b>	<b>82.94%</b>	<b>243 959.06</b>
30	External translation and related services	1 818 617.83	1 818 617.83	100.00%	1 808 931.53	99.47%	9 686.30
31	Interinstitutional cooperation	118 554.21	118 554.21	100.00%	111 177.32	93.78%	7 376.89
32	Expenditure relating to the eCdT programme	76 313.66	76 313.66	100.00%	70 488.91	92.37%	5 824.75
<b>TITLE 3</b>	<b>OPERATIONAL EXPENDITURE</b>	<b>2 013 485.70</b>	<b>2 013 485.70</b>	<b>100.00%</b>	<b>1 990 597.76</b>	<b>98.86%</b>	<b>22 887.94</b>
<b>TOTAL BUDGET</b>		<b>3 630 252.59</b>	<b>3 630 252.59</b>	<b>100.00%</b>	<b>3 312 266.39</b>	<b>91.24%</b>	<b>317 986.20</b>



## B.5. Budget outturn

	in EUR		
	2017	2016	% change
<b>Budget revenue</b>	<b>43 886 355.89</b>	<b>41 767 594.65</b>	<b>5.07%</b>
Translation	41 948 960.47	39 214 917.07	6.97%
Terminology	269 100.00	142 197.00	89.24%
Term lists	286 674.50	582 580.01	-50.79%
Interinstitutional cooperation – IATE database	807 354.44	746 256.59	8.19%
Subtitling	83 558.00	52 398.00	59.47%
Other operating revenues	10 125.00	27 958.24	-63.79%
<b>Revenue from operations</b>	<b>43 405 772.41</b>	<b>40 766 306.91</b>	<b>6.47%</b>
Financial income	9 202.12	61 223.36	-84.97%
Financial contribution from Luxembourg government	243 250.00	243 250.00	0.00%
Miscellaneous	228 131.36	696 814.38	-67.26%
<b>Budget expenditure</b>	<b>46 029 380.77</b>	<b>45 201 011.27</b>	<b>1.83%</b>
<i>Title 1 – Staff</i>			
Payments	24 473 870.57	24 170 318.37	1.26%
Appropriations carried over	256 550.98	186 370.90	37.66%
<i>Title 2 – Buildings, equipment and miscellaneous operating expenditure</i>			
Payments	4 785 212.74	4 733 619.13	1.09%
Appropriations carried over	1 089 269.04	1 430 395.99	-23.85%
<i>Title 3 – Operational expenditure</i>			
Payments	12 955 250.21	12 666 821.18	2.28%
Appropriations carried over	2 469 227.23	2 013 485.70	22.63%
<b>Budget outturn for the financial year</b>	<b>-2 143 024.88</b>	<b>-3 433 416.62</b>	<b>-37.58%</b>
<b>Other</b>	<b>318 618.12</b>	<b>484 585.44</b>	<b>-34.25%</b>
Appropriations carried forward and subsequently cancelled	317 986.20	482 644.26	-34.12%
Exchange-rate differences	631.92	1 941.18	-67.45%
<b>Balance of the budget outturn account for the financial year</b>	<b>-1 824 406.76</b>	<b>-2 948 831.18</b>	<b>-38.13%</b>
Outturn for the previous year	-128 218.77	4 629 332.71	-102.77%
<b>Allocation to reserves (1)</b>	<b>4 068 550.00</b>	<b>-1 808 720.30</b>	<b>-324.94%</b>
Reserve for stability pricing	0.00	-2 535 083.00	-100%
Usage and cancellation of the reserve for stability pricing	3 475 550.00	0.00	n/a
Usage of the reserve for exceptional investments (eCdT)	593 000.00	726 362.70	-18.36%
<b>Budget outturn to carry forward</b>	<b>2 115 924.47</b>	<b>-128 218.77</b>	<b>-1750.25%</b>

- (1) The movements on the reserves in 2017 includes the usage of part of the budget reserve for stability pricing (EUR 3 475 550) in order to balance the amending budget 1/2017 and to allocate part of the budget outturn carried over from 2016 (EUR -128 219) to the 2017 budget outturn. The other movement concerns the usage of part of the budget reserve for exceptional investments (EUR 593 000) corresponding to expenditure on the eCdT programme in 2017.

Since the Centre was established, amounts have systematically been allocated to reserves by reducing the 'Budget outturn to carry forward'. Taking into consideration all the allocations to the reserves and to the permanent prefinancing fund since the Centre's establishment which total EUR 27 135 219, the adjusted budget surplus to carry forward would amount to EUR 29 251 143 instead of EUR 2 115 924. Further explanations of the movements of reserves and the permanent prefinancing fund are set out in the table below.

## RESERVES AND PREFINANCING FUND CREATED FROM THE BUDGET SINCE THE CENTRE'S ESTABLISHMENT

Name of the reserve	Balance 2017	Description of the reserve
Reserve for stability pricing	9 642 617.00	Reserve created in 2011 to offset the fluctuations of client forecasts which may prevent the Centre from achieving a balanced budget and to maintain relatively stable prices for clients.
Reserve for exceptional investments	963 136.00	Reserve created in 2011 for the development of eCdT, the Centre's programme for the management of the translation workflow.
Reserve for the disputed salary increase	0.00	Reserve relating to the effect on staff expenditure in 2013 of the disputed salary increase for 2011, as well as the salary increases for 2012 and 2013. This reserve was used prior to being cancelled since the dispute was settled by a decision of the budgetary authority.
Reserve for relocation expenses	0.00	Reserve created to cover expenses relating to the Centre's relocation in 2013. The reserve was fully used to cover removal expenses in 2013.
<b>Total temporary reserves created from the budget</b>	<b>10 605 753.00</b>	
Permanent prefinancing fund	16 529 466.00	Article 67(a) of the Centre's Financial Regulation provides for a permanent prefinancing fund that guarantees financing for the proper functioning of the Centre; Article 57(a) of the Regulation, which lays down detailed rules for the implementation of the Financial Regulation, stipulates that the amount of this fund may not be less than four twelfths of the appropriations for the financial year.
<b>Total reserves and pre-financing fund</b>	<b>27 135 219.00</b>	

in EUR

	Reserve for stability pricing	Reserve for exceptional investments	Reserve for disputed salary increase	Reserve for relocation expenses	Permanent prefinancing fund	Total reserves and permanent prefinancing fund
<b>Balance as at 31 December 2011</b>	<b>3 134 000.00</b>	<b>5 100 564.00</b>	<b>0.00</b>	<b>0.00</b>	<b>16 529 466.00</b>	<b>24 764 030.00</b>
Allocation to reserves	1 847 574.00	0.00	0.00	1 250 000.00	0.00	3 097 574.00
Use/cancellation of the reserve	0.00	-831 200.00	0.00	0.00	0.00	-831 200.00
<b>Balance as at 31 December 2012</b>	<b>4 981 574.00</b>	<b>4 269 364.00</b>	<b>0.00</b>	<b>1 250 000.00</b>	<b>16 529 466.00</b>	<b>27 030 404.00</b>
Allocation to reserves	3 723 567.00	0.00	1 480 500.00	0.00	0.00	5 204 067.00
Use/cancellation of the reserve	0.00	-339 106.00	0.00	-1 250 000.00	0.00	-1 589 106.00
<b>Balance as at 31 December 2013</b>	<b>8 705 141.00</b>	<b>3 930 258.00</b>	<b>1 480 500.00</b>	<b>0.00</b>	<b>16 529 466.00</b>	<b>30 645 365.00</b>
Allocation to reserves	11 031 061.00	0.00	777 000.00	0.00	0.00	11 808 061.00
Use/cancellation of the reserve	-4 106 650.00	-686 002.00	-2 257 500.00	0.00	0.00	-7 050 152.00
<b>Balance as at 31 December 2014</b>	<b>15 629 552.00</b>	<b>3 244 256.00</b>	<b>0.00</b>	<b>0.00</b>	<b>16 529 466.00</b>	<b>35 403 274.00</b>
Allocation to reserves	0.00	0.00	0.00	0.00	0.00	0.00
Use/cancellation of the reserve	-5 046 468.00	-961 757.00	0.00	0.00	0.00	-6 008 225.00
<b>Balance as at 31 December 2015</b>	<b>10 583 084.00</b>	<b>2 282 499.00</b>	<b>0.00</b>	<b>0.00</b>	<b>16 529 466.00</b>	<b>29 395 049.00</b>
Allocation to reserves	2 535 083.00	0.00	0.00	0.00	0.00	2 535 083.00
Use/cancellation of the reserve	0.00	-726 363.00	0.00	0.00	0.00	-726 363.00
<b>Balance as at 31 December 2016</b>	<b>13 118 167.00</b>	<b>1 556 136.00</b>	<b>0.00</b>	<b>0.00</b>	<b>16 529 466.00</b>	<b>31 203 769.00</b>
Allocation to reserves	0.00	0.00	0.00	0.00	0.00	0.00
Use/cancellation of the reserve	-3 475 550.00	-593 000.00	0.00	0.00	0.00	-4 068 550.00
<b>Balance as at 31 December 2017</b>	<b>9 642 617.00</b>	<b>963 136.00</b>	<b>0.00</b>	<b>0.00</b>	<b>16 529 466.00</b>	<b>27 135 219.00</b>

## B.6. Reconciliation of the budget outturn and the economic outturn

The Centre's financial statements are prepared on an accruals basis, with transactions recorded during the period to which they relate. On this basis, the result for the year is indicated in the Statement of financial performance. However, the Centre uses a modified cash accounting system for preparing the budget outturn account and for budget reporting. In this system, only the payments made and the revenue received in the period are recorded, together with the payment appropriations that are carried forward. The difference between the budget outturn and the economic outturn is shown in the table below.

	in EUR	
	2017	2016
<b>Economic result of the year</b>	<b>-4 156 495.37</b>	<b>-4 471 292.84</b>
A. Adjustments for items not included in the budget outturn, but included in the economic outturn		
1. Adjustment for accrual cut-off (liabilities)	2 327 702.75	2 616 430.27
2. Reversal of accrual cut-off from previous year	-2 616 430.27	-2 706 465.28
3. Depreciation of intangible and tangible fixed assets	994 448.85	1 062 992.90
4. Prefinancing given in previous year and cleared in the year	0.00	102 454.36
5. Prefinancing received in previous year and cleared in the year	-1 171 346.40	-560 238.56
6. Recovery orders issued and not yet cashed	-2 717 614.66	-2 678 209.81
7. Payments made from carryover of payment appropriations	3 312 266.39	4 292 589.03
8. Change in work in progress	-147 000.00	-96 000.00
9. Accrued interests	0.00	11 442.71
10. Accrued income	-516 512.48	34 119.55
11. Prepaid expenses	451 141.26	-20 417.44
Subtotal	-83 344.56	2 058 697.73
B. Adjustments for items included in the budget outturn, but not included in the economic outturn		
1. Asset acquisitions	-87 969.85	-652 445.90
2. Budgetary recovery orders issued before and cashed in the year	2 678 209.81	2 131 504.56
3. Payment appropriations carried over to the following year	-3 815 047.25	-3 630 252.59
4. Appropriations carried forward and subsequently cancelled	317 986.20	482 644.26
5. New prefinancing received in the year and remaining open as at year-end	3 327 214.11	1 171 346.40
6. Other temporary differences	-4 959.85	-39 032.80
Subtotal	2 415 433.17	-536 236.07
<b>Balance of the budget outturn account for the financial year</b>	<b>-1 824 406.76</b>	<b>-2 948 831.18</b>

## B.7. Budget revenue from operational activities 2017

in EUR

REVENUE SOURCE BY AGENCY- CORRESPONDS TO A BUDGET LINE	BUDGETED REVENUES 2017 (A)	RECOVERY ORDERS EST- ABLISHED IN THE FINANCIAL YEAR (B)	ENTITLE- MENTS CARRIED OVER FROM 2015 (C)	AMOUNTS RECEIVED ON ENTITLE- MENTS CARRIED OVER (D)	AMOUNTS RECEIVED ON 2017 ENTITLE- MENTS (E)	AMOUNTS RECEIVED 2017 (F=D+E)	SUMS STILL TO BE COLLECTED (G=B+C-F)	AVERAGE COLLECTION DATE* (in days)
European Environment Agency (EEA)	172 400.00	209 831.25	22 507.00	22 507.00	209 831.25	232 338.25	0.00	-27.00
European Training Foundation (ETF)	256 300.00	97 472.10	0.00	0.00	97 472.10	97 472.10	0.00	-12.83
European Monitoring Centre for Drugs and Drug Addiction (EMCDDA)	320 400.00	323 817.75	0.00	0.00	323 817.75	323 817.75	0.00	-19.62
European Medicines Agency (EMA)	3 262 000.00	3 272 564.10	0.00	0.00	3 272 564.10	3 272 564.10	0.00	-26.93
European Agency for Safety and Health at Work (EU-OSHA)	706 100.00	750 941.95	0.00	0.00	750 941.95	750 941.95	0.00	-17.18
European Union Intellectual Property Office (EUIPO)	6 255 000.00	4 818 010.80	0.00	0.00	4 818 010.80	4 818 010.80	0.00	-28.38
EUIPO – EU trade marks	15 610 000.00	15 605 112.92	0.00	0.00	15 605 112.92	15 605 112.92	0.00	-31.75
Community Plant Variety Office (CPVO)	100 000.00	55 443.15	0.00	0.00	55 443.15	55 443.15	0.00	-22.92
European Union Agency for Law Enforcement Cooperation (Europol)	106 400.00	81 095.20	0.00	0.00	81 095.20	81 095.20	0.00	-7.25
European Foundation for the Improvement of Living and Working Conditions (Eurofound)	430 100.00	329 418.25	0.00	0.00	329 418.25	329 418.25	0.00	-25.00
European Centre for the Development of Vocational Training (Cedefop)	51 800.00	17 537.75	0.00	0.00	17 537.75	17 537.75	0.00	-18.63
European Union Agency for Fundamental Rights (FRA)	996 900.00	1 005 164.00	0.00	0.00	1 005 164.00	1 005 164.00	0.00	-9.71
European Investment Bank (EIB)	0.00	1 230.00	0.00	0.00	1 230.00	1 230.00	0.00	-24.00
European Food Safety Authority (EFSA)	221 300.00	248 255.35	0.00	0.00	248 255.35	248 255.35	0.00	-33.92
European Union's Judicial Cooperation Unit (Eurojust)	167 800.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
European Maritime Safety Agency (EMSA)	124 700.00	102 873.80	0.00	0.00	102 873.80	102 873.80	0.00	-18.55
European Aviation Safety Agency (EASA)	96 500.00	81 679.50	0.00	0.00	81 679.50	81 679.50	0.00	-12.43
European Union Agency for Railways (ERA)	500 000.00	715 726.17	0.00	0.00	715 726.17	715 726.17	0.00	-0.45
European Network and Information Security Agency (ENISA)	60 000.00	15 716.75	0.00	0.00	12 026.75	12 026.75	3 690.00	-12.00
European Centre for Disease Prevention and Control (ECDC)	318 000.00	363 991.50	32 368.00	32 368.00	363 991.50	396 359.50	0.00	-1.14
European Border and Coast Guard Agency (Frontex)	224 400.00	330 106.05	281.25	281.25	330 106.05	330 387.30	0.00	14.67
Education, Audiovisual and Culture Executive Agency (EACEA)	717 500.00	549 318.95	0.00	0.00	549 318.95	549 318.95	0.00	-13.67
Executive Agency for Small and Medium-sized Enterprises (EASME)	13 600.00	1 623.60	0.00	0.00	1 623.60	1 623.60	0.00	5.00
European Union Agency for Law Enforcement Training (CEPOL)	62 600.00	10 438.60	0.00	0.00	10 438.60	10 438.60	0.00	-9.33
Consumers, Health, Agriculture and Food Executive Agency (Chafea)	336 400.00	362 887.15	0.00	0.00	362 887.15	362 887.15	0.00	-14.78
European GNSS Agency (GSA)	7 500.00	4 083.60	0.00	0.00	4 083.60	4 083.60	0.00	-30.50
European Defence Agency (EDA)	10 000.00	5 181.25	1 793.75	1 793.75	3 756.25	5 550.00	1 425.00	-10.40
European Chemicals Agency (ECHA)	2 970 100.00	2 623 180.07	468 202.25	468 202.25	2 623 180.07	3 091 382.32	0.00	-24.23
European Fisheries Control Agency (EFCA)	212 600.00	242 658.60	0.00	0.00	242 658.60	242 658.60	0.00	-13.15
Fusion for Energy Joint Undertaking (F4E JU)	46 600.00	25 165.10	0.00	0.00	25 165.10	25 165.10	0.00	-3.71
Innovation and Networks Executive Agency (INEA)	26 000.00	38 389.75	0.00	0.00	38 389.75	38 389.75	0.00	-21.00
European Institute of Innovation and Technology (EIT)	60 100.00	17 554.55	0.00	0.00	17 554.55	17 554.55	0.00	-6.80

\*Payments before the due date give a negative figure (in blue), payments after the due date give a positive figure (in red).

REVENUE SOURCE BY AGENCY- CORRESPONDS TO A BUDGET LINE	BUDGETED REVENUES 2017  (A)	RECOVERY ORDERS EST- ABLISHED IN THE FINANCIAL YEAR (B)	ENTITLE- MENTS CARRIED OVER FROM 2015 (C)	AMOUNTS RECEIVED ON ENTITLE- MENTS CARRIED OVER (D)	AMOUNTS RECEIVED ON 2016 ENTITLE- MENTS (E)	AMOUNTS RECEIVED 2016 (F=D+E)	SUMS STILL TO BE COLLECTED (G=B+C-F)	AVERAGE COLLECTION DATE*  (in days)
European Research Council Executive Agency (ERCEA)	62 700.00	17 541.50	0.00	0.00	17 541.50	17 541.50	0.00	-18.14
Research Executive Agency (REA)	26 500.00	246.00	0.00	0.00	246.00	246.00	0.00	-33.00
Clean Sky 2 Joint Undertaking (CS 2 JU)	0.00	1 886.00	0.00	0.00	1 886.00	1 886.00	0.00	-34.00
European Institute for Gender Equality (EIGE)	182 500.00	447 368.90	0.00	0.00	447 368.90	447 368.90	0.00	-18.13
SESAR Joint Undertaking (SESAR JU)	28 600.00	21 976.00	0.00	0.00	21 976.00	21 976.00	0.00	-10.75
Innovative Medicines Initiative 2 Joint Undertaking (IMI 2 JU)	26 000.00	2 435.40	0.00	0.00	2 435.40	2 435.40	0.00	-10.00
Fuel Cells and Hydrogen 2 Joint Undertaking (FCH 2 JU)	9 200.00	451.00	0.00	0.00	451.00	451.00	0.00	-19.00
European Asylum Support Office (EASO)	2 140 100.00	4 018 554.47	53 267.00	53 267.00	4 018 554.47	4 071 821.47	0.00	-6.64
Agency for the Cooperation of Energy Regulators (ACER)	117 800.00	58 337.40	5 145.50	5 145.50	58 337.40	63 482.90	0.00	-17.60
European Securities and Markets Authority (ESMA)	435 000.00	469 340.45	0.00	0.00	469 340.45	469 340.45	0.00	-15.82
European Banking Authority (EBA)	1 269 700.00	1 451 566.74	0.00	0.00	1 451 566.74	1 451 566.74	0.00	-22.54
European Insurance and Occupational Pensions Authority (EIOPA)	122 600.00	154 170.80	0.00	0.00	154 170.80	154 170.80	0.00	-26.33
Office of the Body of European Regulators for Electronic Communications (BEREC)	3 700.00	118 042.90	0.00	0.00	118 042.90	118 042.90	0.00	-9.50
European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA)	1 049 200.00	562 690.30	0.00	0.00	562 690.30	562 690.30	0.00	-20.86
Electronic Components and Systems for European Leadership Joint Undertaking (ECSEL JU)	5 900.00	2 829.00	0.00	0.00	2 829.00	2 829.00	0.00	-13.00
Single Resolution Board (SRB)	1 000 000.00	573 778.65	0.00	0.00	573 778.65	573 778.65	0.00	-16.70
European Schools (EURSC)	5 800.00	13 564.85	0.00	0.00	13 564.85	13 564.85	0.00	-7.25
Revenue from new clients	0.00	4 257.10	0.00	0.00	4 257.10	4 257.10	0.00	-11.50
European Commission (DG EMPL and DG JUST)	1 202 500.00	1 016 999.70	0.00	0.00	932 246.00	932 246.00	84 753.70	-15.53
European Parliament (EP)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-29.00
Council of the European Union (Council)	263 000.00	161 959.00	1 629.25	1 629.25	161 959.00	163 588.25	0.00	-12.93
European Court of Auditors (ECA)	10 300.00	25 462.50	0.00	0.00	25 462.50	25 462.50	0.00	-4.18
Committee of the Regions of the European Union	0.00	7 557.05	0.00	0.00	7 557.05	7 557.05	0.00	3.57
European Economic and Social Committee	0.00	4 696.00	0.00	0.00	4 696.00	4 696.00	0.00	16.67
Court of Justice of the European Union (CJEU)	0.00	88 113.00	0.00	0.00	66 003.75	66 003.75	22 109.25	0.86
European Central Bank (ECB)	662 800.00	84 199.45	0.00	0.00	84 199.45	84 199.45	0.00	-12.36
European Ombudsman (Ombudsman)	108 300.00	209 829.65	0.00	0.00	209 829.65	209 829.65	0.00	-22.08
European Data Protection Supervisor (EDPS)	780 300.00	300 878.55	0.00	0.00	300 878.55	300 878.55	0.00	-8.67
Interinstitutional projects with the institutions (IATE)	804 000.00	803 462.86	3 891.58	3 891.58	803 462.86	807 354.44	0.00	59.00
<b>TOTAL REVENUE FROM OPERATIONS</b>	<b>44 759 600.00</b>	<b>42 928 664.78</b>	<b>589 085.58</b>	<b>589 085.58</b>	<b>42 013 223.97</b>	<b>43 405 772.41</b>	<b>111 977.95</b>	<b>-10.42</b>

\*Payments before the due date give a negative figure (in blue), payments after the due date give a positive figure (in red).

## B.8. List of transfers 2017

in EUR

No	Date	Reinforced line	Heading	Debited line	Heading	Amount
1	24/04/2017	1400	Restaurants and canteens	2000	Rental of buildings and associated costs	1 000
2	22/05/2017	2395	Other services	1100	Basic salaries	8 400
3	18/07/2017	2700	Limited consultations, studies and surveys	2650	Interpreting	50 000
4	28/09/2017	3001	Technical services related to language services	3000	External translation services	15 000
5	23/10/2017	1620	Other expenditure	1175	Interim staff	7 400
6	16/11/2017	1620	Other expenditure	1184	Daily allowances	6 000
7	18/12/2017	3001	Technical services related to language services	3000	External translation services	45 000
8	19/12/2017	2000	Rental of buildings and associated costs	2020	Water, gas, electricity and heating	14 200

# REPORT ON BUDGETARY AND FINANCIAL MANAGEMENT 2017

C.1	Financial resources and budgetary management.....	39
C.2	Achievement of targets for the year.....	47

## C.1 Financial resources and budgetary management

### 1. Initial and amending budget

The Centre's initial budget for 2017 (EUR 48.5 million) was subject to one amending budget.

The amending budget was adopted by the management board by written procedure on 21 September 2017 in order to include the updated forecasts received from clients, to reflect the result of the re-examination of all expenditure items and to incorporate the usage of the reserve for stability pricing which enabled the Centre to balance the budget.

#### *Movements in the budget in 2017*

in EUR

Title	Heading	Final budget 2017	Amending budget 1/2017	Initial budget 2017
<b>Revenue</b>				
1	Payments from agencies, bodies, offices and institutions	43 955 600	1 126 000	42 829 600
2	Subsidy from the Commission	p.m.	0	p.m.
3	Interinstitutional cooperation	804 000	0	804 000
4	Other revenue	600 950	-21 300	622 250
5	Surplus carried over from the previous financial year and transfers from reserves from previous years	4 068 550	-183 100	4 251 650
6	Refunds to clients	p.m.	0	p.m.
	<b>Grand total</b>	<b>49 429 100</b>	<b>921 600</b>	<b>48 507 500</b>
<b>Expenditure</b>				
1	Staff	26 220 900	829 100	25 391 800
2	Buildings, equipment and miscellaneous operating expenditure	6 936 700	-180 300	7 117 000
3	Operational expenditure	16 271 500	272 800	15 998 700
10	Reserves	p.m.	0	p.m.
	<b>Grand total</b>	<b>49 429 100</b>	<b>921 600</b>	<b>48 507 500</b>

### 2. Revenue cashed

#### *Comparative analysis of budget revenue for 2017 and 2016*

in EUR

Budget revenue	2017	2016	% change
Total revenue relating to the core operational activity	43 405 772	40 766 307	6.5%
Financial income	9 202	61 223	-85.0%
Financial contribution received	243 250	243 250	0.0%
Miscellaneous	228 132	696 814	-67.3%
<b>Total budget revenue</b>	<b>43 886 356</b>	<b>41 767 595</b>	<b>5.1%</b>



The Centre's budget revenue is primarily composed of the revenue received from invoicing clients for services provided. It is subject to strict financial control and monitoring in accordance with the applicable regulatory framework. The Centre regularly contacts each client to request forecasts for their planned translation volumes and expenditure, and closely monitors clients' budget forecasts and expenditure.

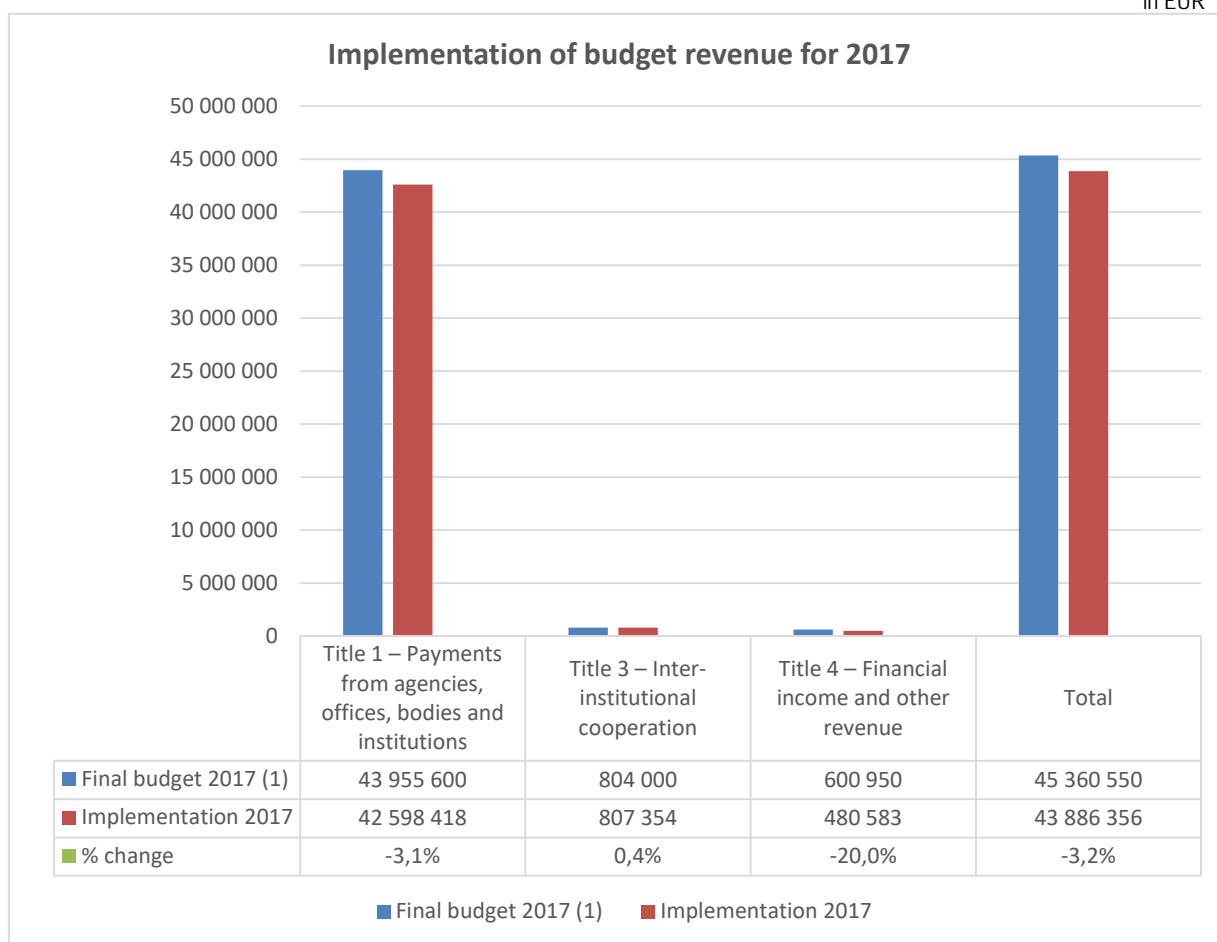
The Centre's 2017 budget was planned as a deficitary budget in order to consume part of the cumulated surplus from previous years. The cashed revenue increased by 5.1% from EUR 41.8 million in 2016 to EUR 43.9 million in 2017. The revenue increase of EUR 2.1 million was mainly due to the advance payments received from clients before year-end for translation services that will be invoiced in 2018. The advance payments received in 2017 achieved EUR 3.3 million compared with EUR 1.2 million in 2016. The net impact of movements on the collected advances of EUR 2.1 million corresponds to the overall increase in collected revenues.

The number of pages invoiced to clients is broadly in line with the previous year. In 2017, there was a 0.1% increase in the translation of pages of documents other than EU trade marks and a 3.3% decrease in the translation of pages of EU trade marks.

There was a significant decrease of financial income due to negative earnings on the financial markets in 2017. The main objective of the Centre's approach to treasury management in 2017 was to retain the nominal value of cash deposits and to avoid paying negative interest.

Since 2013, the Centre has received an annual financial contribution from the Luxembourg government of EUR 243 250 in order to compensate for the increased rental costs of the Drosbach building compared with the rental costs paid previously to the Luxembourg government for the Nouvel Hémicycle building.

The significant decrease in miscellaneous revenues in 2017 is mainly due to the exceptional re-invoicing to DG OIL for the outfitting of the office space in 2016 on behalf of Chafea which amounted to EUR 602 568. The main items included in the miscellaneous revenues in 2017 concern the re-invoicing of data centre costs and parking spaces as well as the collection of overpaid rent charges from previous years after the final statement was received in 2017 for the 2013-2016 period.



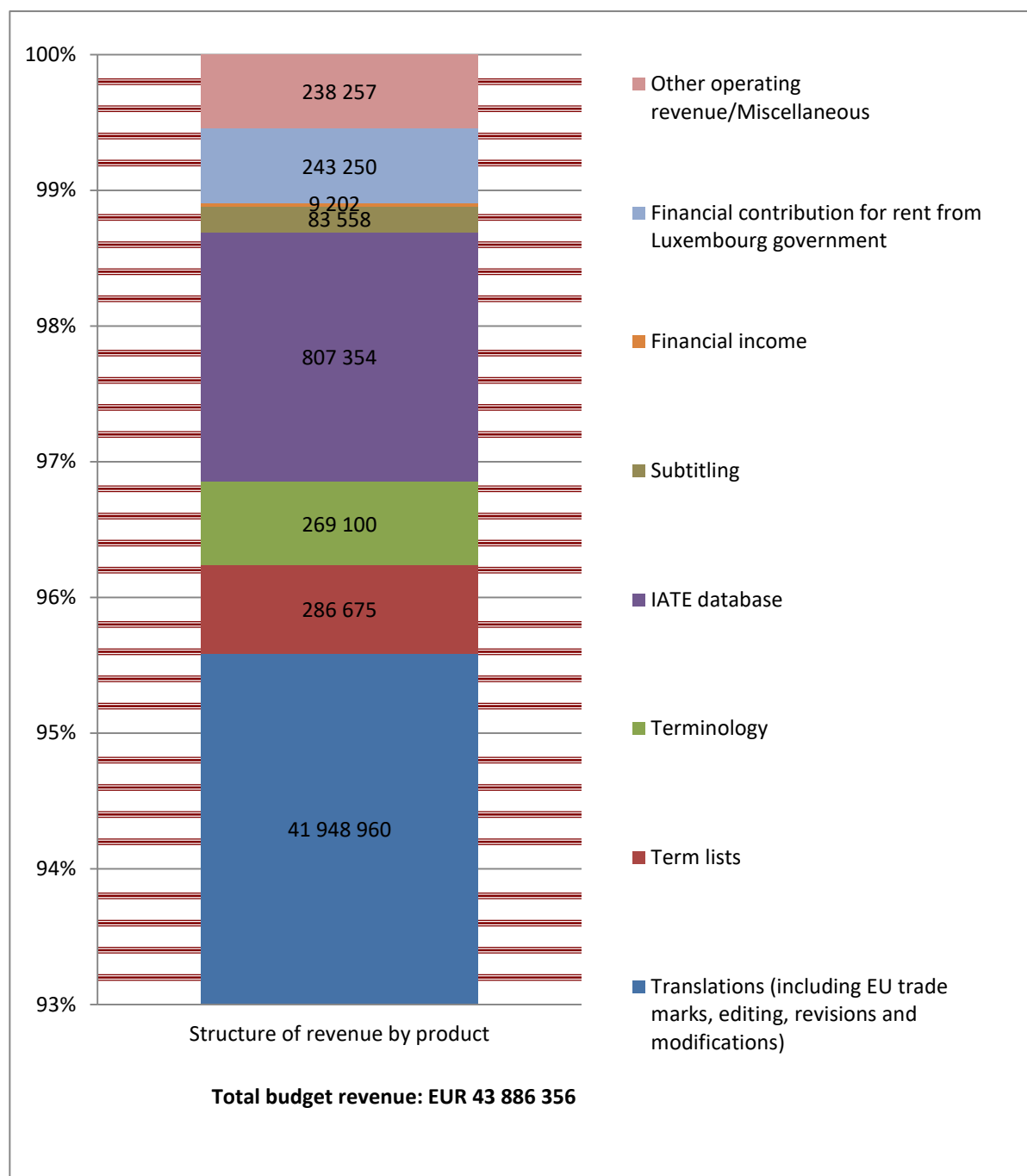
(1) Not including EUR 4 068 550 in Title 5 covering the 'Outturn for the previous year'

In 2017, the implementation of revenue was 3.2% below the forecast in the amending budget 1/2017 (EUR -1.4 million) while the overall number of invoiced pages decreased by 7.5%. The decrease was more visible for documents other than EU trade marks where invoiced pages decreased by 14.2% compared with the forecast in the amending budget 1/2017. This decrease in invoiced pages was mainly due to the implementation of the new pricing structure for the translation of documents which was introduced in January 2017 because the financial impact of the new pricing structure could not be reliably included in the budget forecasts. However in financial terms, the decrease in collected revenues was not so significant because the Centre collected advance payments related to future deliveries amounting to EUR 3.3 million at the year-end that balanced the negative impact of the new pricing structure on the execution of revenues in 2017.

In terms of the Centre's operations in 2017, the number of pages treated by the Centre was slightly below the forecast in the final budget (-2.6%) but was in excess of the pages translated the previous year (+3.5% for all documents and +14.1% for documents other than EU trade marks). For more details on the evolution of the number of pages treated by the Centre, see Chapter C.1. *Financial resources and budgetary management*.

The under execution of revenues from Financial income and Other operating revenue was due to revenue not received in 2017 which related to the subletting of office space to the executive agency Chafea. At the year-end, the Centre had not yet reached agreement with DG OIL on the indexation of the rent charges for 2017. Therefore, the revenue related to the 2017 rent (EUR 262 657) will only be invoiced in 2018.

### Revenue broken down by activity



For 2017, the Centre's main source of revenue was translation work (translation of documents and EU trade marks, revision, editing and modification), representing some 95.6% of total revenue. The remaining 4.4% was the result of interinstitutional cooperation, terminology work, term lists, subtitling, a financial contribution from the Luxembourg government, bank interest and miscellaneous revenue, as shown in the graph above.

38.9% of the revenues from translation work were generated by the EU trade marks translated for the European Union Intellectual Property Office.

### 3. Budget expenditure

#### A. Execution of commitment appropriations

in EUR

Chapter	Heading	Expenditure 2017 (commitment execution)	Expenditure 2016 (commitment execution)	Change in EUR	% change
11	Staff in active employment	24 328 519	23 982 057	346 462	1.4%
13	Missions and duty travel	98 550	115 236	-16 686	-14.5%
14	Socio-medical infrastructure	250 518	219 757	30 761	14.0%
16	Social services	51 800	38 400	13 400	34.9%
17	Entertainment and representation	1 035	1 240	-205	-16.6%
<b>TITLE 1</b>	<b>STAFF</b>	<b>24 730 422</b>	<b>24 356 689</b>	<b>373 732</b>	<b>1.5%</b>
20	Rental of buildings and associated costs	2 850 980	2 943 447	-92 466	-3.1%
21	Data processing, Information technology	2 497 002	2 774 429	-277 427	-10.0%
22	Movable property and associated costs	49 191	57 088	-7 896	-13.8%
23	Current administrative expenditure	211 652	223 028	-11 376	-5.1%
24	Postage and telecommunications	108 276	82 248	26 028	31.7%
25	Expenditure on formal and other meetings	3 708	17 680	-13 972	-79.0%
26	Expenditure on Management Board meetings	29 173	57 697	-28 524	-49.4%
27	Limited consultations, studies and surveys	124 500	8 400	116100	1 382.1%
<b>TITLE 2</b>	<b>BUILDINGS, EQUIPMENT AND SUNDRY OPERATING EXPENDITURE</b>	<b>5 874 482</b>	<b>6 164 015</b>	<b>-289 533</b>	<b>-4.7%</b>
30	External translation and related services	14 056 920	13 168 851	888 068	6.7%
31	Interinstitutional cooperation	817 800	785 093	32 707	4.2%
32	Expenditure relating to the eCdT programme	549 758	726 363	-176 604	-24.3%
<b>TITLE 3</b>	<b>OPERATIONAL EXPENDITURE</b>	<b>15 424 477</b>	<b>14 680 307</b>	<b>744 171</b>	<b>5.1%</b>
<b>TITLE 10</b>	<b>RESERVES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>n/a</b>
	<b>TOTAL BUDGET</b>	<b>46 029 381</b>	<b>45 201 011</b>	<b>828 369</b>	<b>1.8%</b>

Due to rounding, some figures do not consist of the exact total figures.

The execution of commitments in Title 1 increased by 1.5% in 2017 compared with 2016. The reasons for this increase in staff costs are due to the salary indexation of 1.5% applied for the latter half of 2017, promotions and step advancements.

The budget execution in Title 2 decreased by 4.7% in 2017 compared with 2016 (EUR -289 533). In fact, the expenditure decreased in all chapters of Title 2 except for Chapter 24 *Postage and telecommunications* (the increase was due to the costs associated with increased internet bandwidth and the installation of internal WiFi in the Centre) and Chapter 27 *Limited consultations, studies and surveys* (the increase was due to the costs of the 'Study on the Centre as the linguistic shared service provider for the EU agencies and bodies'). The decrease in Chapter 20 was due to the decrease of rent related charges as a result of the final statement provided by the owner of the building for the 2013-2016 period. The decrease in Chapter 21 *Data processing, Information technology* was due to the postponement of some IT projects such as cloud services and the postponement of the purchase of licences for ESTeam and SDL.

The expenditure for Title 3 increased by 5.1% in 2017 (increase by EUR 744 171) due to an increased volume of externalisation, as can be seen in the table below:

### Change in outsourcing of documents

in pages

Description	2017	2016	Absolute change	Change in %
External language service providers (in pages)	545 447	506 886	38 561	7.6%
In-house translators	227 454	240 079	-12 625	-5.3%
Total pages	772 901	746 965	25 936	3.5%
<b>% of externalisation</b>	<b>70.6%</b>	<b>67.9%</b>	<b>+2.7%</b>	<b>4.0%</b>

The level of outsourcing increased in 2017 by 4.0% (70.6% in 2017 compared with 67.9% in 2016). The number of pages translated by the Centre's in-house translators decreased by 12 625 pages in 2017 compared with 2016. The overall increase in the number of document pages by 25 936 pages could only be absorbed by increased outsourcing. As a result of the increased volume during 2017, the Centre's in-house translators spent more time on the revision of outsourced documents and translated 5.3% less pages internally than in 2016. The increase of 7.6% in translated pages was broadly in line with the 6.7% increase in the costs of external translation services under Chapter 30.

### B. Change in budget implementation (Titles 1-3)

in EUR

Description	2017	Implementation 2017	2016	Implementation 2016
Budget	49 429 100	n/a	48 041 200	n/a
Commitments entered into	46 029 381	93.1%	45 201 011	94.1%
Appropriations cancelled	3 399 719	6.9%	2 840 189	5.9%
Payments made	42 214 334	85.4%	41 570 759	86.5%
Appropriations carried over	3 815 047	7.7%	3 630 253	7.6%

The execution of the budget expenditure was similar to the previous year, with 93.1% of budget appropriations committed (94.1% in 2016) and the remaining 6.9% cancelled. The execution of payments was broadly in line with 2016 (85.4% in 2017 compared with 86.5% in 2016) and 7.7% of the budget appropriations were carried over to the following year compared with 7.6% the previous year.

A total of EUR 3 399 719 of the budget in Titles 1-3 (6.9%) has not been used. The underconsumption should be seen positively from the perspective of the execution of revenues that were 3.2% below the budget forecast (EUR -1.5 million). The underconsumption of expenses thereby limits the negative financial impact of the under execution of revenues. The high execution of expenses is largely due to the expenditure in Title 1 where 94.3% of the budget was used and Title 3 with 94.8% execution (see table below).

### C. Budget implementation Titles 1-3 (including credit transfers)

in EUR

Description	Title 1		Title 2		Title 3		Total
	Amount	%	Amount	%	Amount	%	Amount
Budget	26 220 900	n/a	6 936 700	n/a	16 271 500	n/a	49 429 100
Commitments entered into	24 730 422	94.3%	5 874 482	84.7%	15 424 477	94.8%	46 029 381
Appropriations cancelled	1 490 478	5.7%	1 062 218	15.3%	847 023	5.2%	3 399 719
Payments made	24 473 871	93.3%	4 785 213	69.0%	12 955 250	79.6%	42 214 334
Appropriations carried forward	256 551	1.0%	1 089 269	15.7%	2 469 227	15.2%	3 815 047

## **Title 1 – Staff**

The initial budget in Title 1 was EUR 25 391 800. It increased to EUR 26 220 900 in the amending budget 1/2017 due to the higher indexation of the salary scales than originally planned in the initial budget 2017. During 2017, 94.3% of the final budget (97.8% in 2016) was executed in terms of commitments, namely EUR 24 730 422 (EUR 24 356 689 in 2016), and 93.3% of the budget (97.1% in 2016) was consumed by payments. EUR 1 490 478 was left unused, representing 5.7% of the budget (EUR 548 311 (2.2%) in 2016). The main factors for this lower execution was staff turnover in 2017, and therefore a lower fulfilment of the establishment plan, and a lower than expected salary adjustment of 1.5% for the last six months of the year.

Since commitments covering salaries and other staff-related expenditure cannot be carried over, the level of carryovers remained relatively low (EUR 256 551 comparing to EUR 186 371 in 2016). The relatively high budget implementation and the low amount of carryovers for Title 1 is due to the reasonable predictability of staff expenditure.

## **Title 2 – Buildings, equipment and miscellaneous operating expenditure**

The initial budget in Title 2 was EUR 7 117 000 which was reduced to EUR 6 936 700 in the amending budget 1/2017. This was close to the budget for 2016 which was EUR 6 948 800. The execution of commitments reached 84.7% in 2017, leaving EUR 1 062 218 unused. This is less than in 2016 where 88.7% of Title 2 was committed. The execution of payments is slightly better in 2017 with the execution amounting to 69.0% while the execution of payments was 68.1% in 2016.

Whereas the execution in the most important budget chapter 20 covering rent and building-related charges is relatively high at 98.2% (96.7% in 2016), the execution for IT expenses, the second most important budget chapter, is 76.1% which is less than in 2016 (88.0%). This can be explained by the postponement of some IT projects such as cloud services and the postponement of the purchase of licences for ESTeam and SDL. In addition, one post of an external IT consultant was not replaced. On average, the execution of other chapters of Title 2 was around 70% and this relatively low execution was due to the provisional nature of the commitments behind the expenses that cannot be reliably estimated. The significant under consumption in Chapter 27 (57.9%) was mainly due to the postponement of the commitment of expenditure for consultancy services because particular tendering procedures were not finalised in 2017.

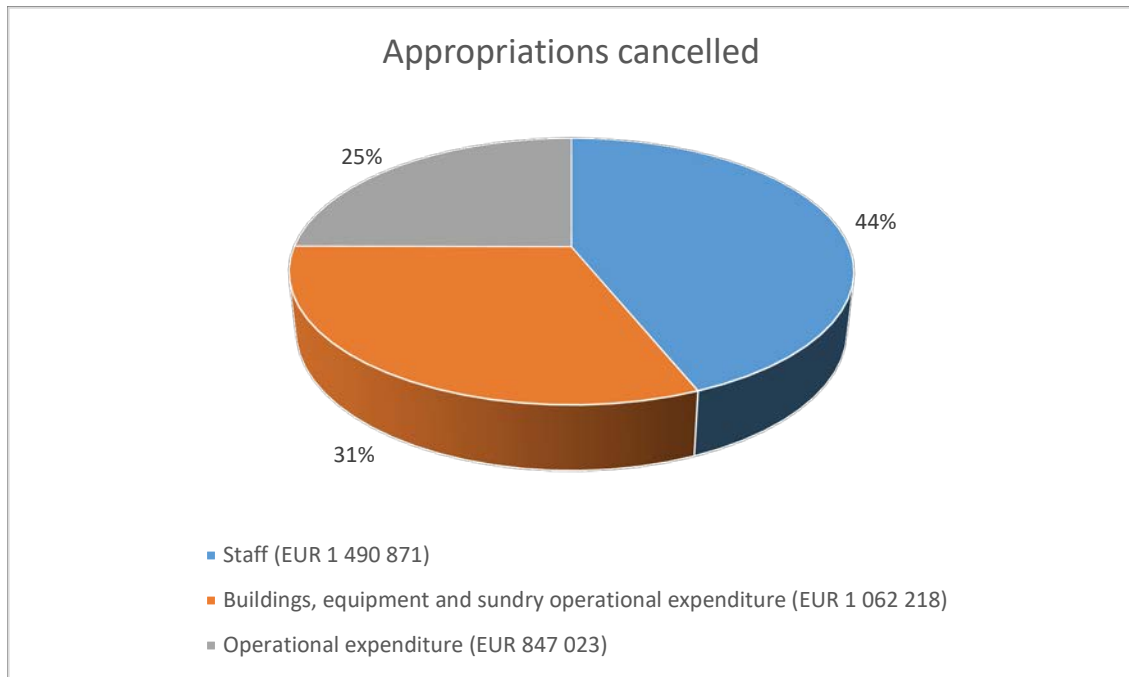
The commitments carried over from 2017 to 2018 amounted to EUR 1 089 269, whereas the carryovers from 2016 to 2017 were EUR 1 430 396.

## **Title 3 – Operational expenditure**

In Title 3, 94.8% of the budget (EUR 15 424 477) was used during 2017, whereas 90.7% of the budget was used in 2016 (EUR 14 680 307). The budget execution of Title 3 in 2017 was thus 4.1% higher than the budget execution in 2016. The unused budget appropriations in this title are EUR 847 023 (EUR 1 507 093 in 2016), with EUR 703 080 of this relating to Item 3000 'External translation services' (EUR 1 411 149 in 2016).

The main reasons for the under consumption of Title 3 (-5.2%) were lower than expected costs due to the progressive implementation of the new pricing structure for the translation of documents for the Centre's external language service providers and decreasing average costs of outsourced translations.

D. Appropriations cancelled



## C.2 Achievement of targets for the year

The Centre closed the year with a total translation volume of 772 901 pages, which was 1.6% above the 761 028 pages planned in the initial budget for 2017 and 1.5% below the 784 982 pages planned in the amending budget 1/2017. Compared to 2016, there was a 3.5% increase in the total translation volume.

Documents accounted for 330 252 pages. This was 1.8% more pages than the target in the initial budget for 2017 (324 528 pages) and was similar to the target in the amending budget 1/2017 (329 982 pages). This also included 8 147 pages translated for the Centre's internal needs, of which most were for management board meetings (5 170 pages). The number of translated documents increased by 14.1% compared with 2016 (289 402 pages).

Of the total of 772 901 pages translated in 2017, 442 649 pages (57.3% of the total translated volume) accounted for EU trade marks, compared with 436 500 pages planned in the initial budget for 2017 and 455 000 pages planned in the amending budget 1/2017. Compared with 2016, the number of translated EU trade marks decreased by 3.4% (-14 915 pages). The fluctuations of budget forecasts compared with actual invoiced volumes are shown in the chart below.

In addition to translation (which includes modification, editing and revision), the Centre offered other language services. Some 231 man-days were devoted to terminology work and 8 clients requested the translation of 74 395 'term list' entries, which includes 7 747 terms for Community Designs, 27 639 Euroclass terms and 21 138 other terms for EUIPO. In 2016, the Centre produced 196 589 terms, mainly for the EUIPO, and undertook 266 man-days of terminology work.

Some 2 455 minutes of subtitling were produced for 9 clients, out of which 782 minutes were for the European Chemical Agency (ECHA) and 737 minutes for EUIPO. In 2016, the Centre produced 1 219 minutes of subtitling, mainly for the European Institute for Gender Equality (EIGE).

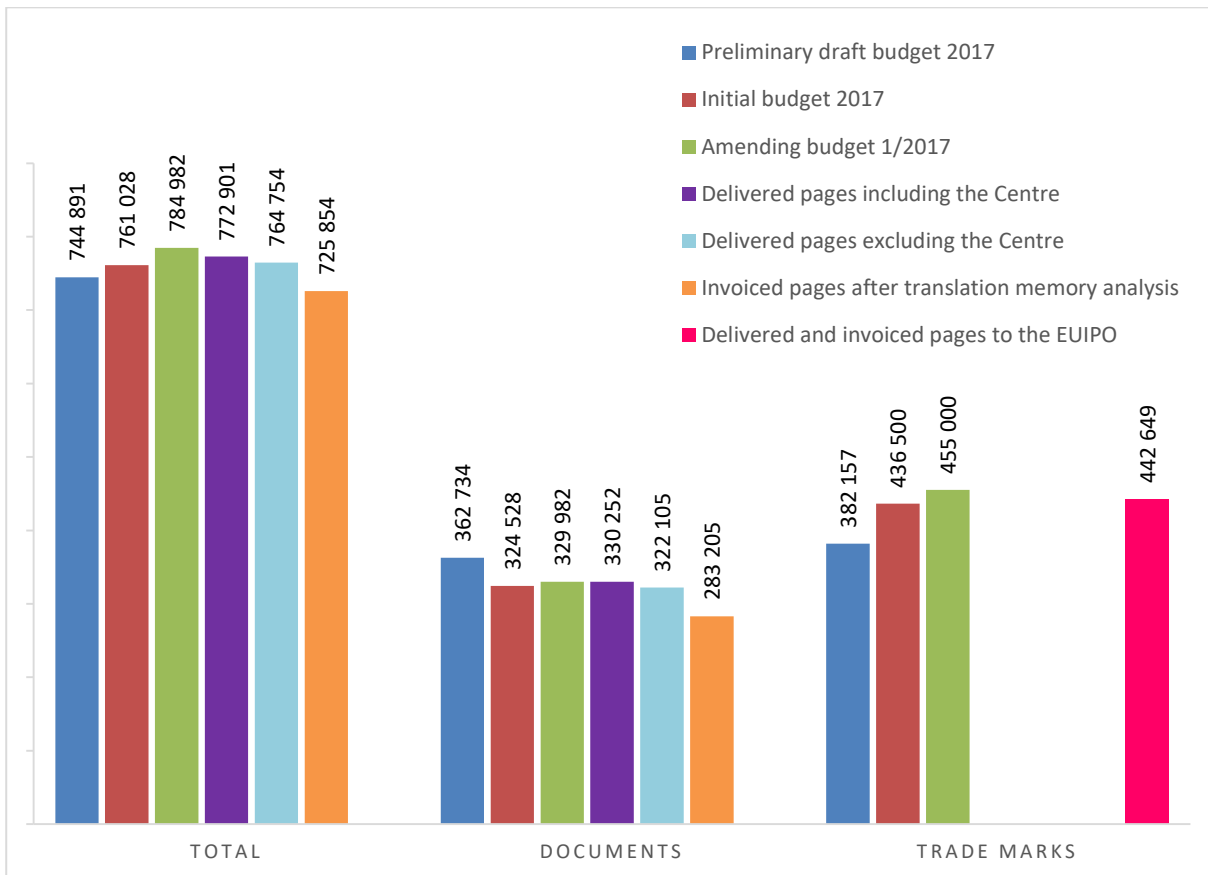
Based on the report of the working group followed by the decision of the Centre's management board in October 2016, the Centre introduced a new pricing structure for the translation of documents in January 2017. The new pricing structure grants a discount to clients for repetitive texts that are translated using the Centre's translation memories. As a result, while the number of documents treated by the Centre increased by 14.1% compared to 2016, the revenues generated by the Centre remained similar to the previous year. The impact of the new pricing structure on the number of invoiced pages was -15.9% (-38 899 pages), which corresponds to a total reduction of EUR 3 171 110 to the Centre's clients. The financial impact of the new pricing structure in 2017 was higher than expected since the impact on the number of invoiced pages was initially estimated at -9.5%.

As part of the Centre's quality assurance assessment of its external language service providers, translations produced by its external providers are revised and evaluated by its in-house translators prior to delivery to clients. In 2017, in 99.4% of these cases, the translations were assessed as being of good or excellent quality.

Although the percentage of external translations of poor quality was low in 2017, the Centre took some stringent measures against several contractors whose documents were judged to be repeatedly unsatisfactory. In 2017, a total of 237 outsourced translations were submitted to the Centre's internal assessment committee following an assessment of poor quality by the internal revisers. The results were deemed to be conclusive, with poor quality being confirmed in 92.0% of cases and contractual measures were applied to the contractors concerned.



### Fluctuations of forecasts vs actual volumes in 2017 (in pages)



### Evolution of pages translated 1995-2017

