RB(2019)00965

OPINION OF THE MANAGEMENT BOARD ON CEDEFOP'S FINAL ANNUAL ACCOUNTS 2018

The Management Board:

- Having regard to Article 12a(6) of Regulation No 337/75 of the Council of 10 February 1975 establishing the Centre as last amended in 2004 and the financial rules applicable to the European Centre for the Development of Vocational Training adopted on 9 January 2014, and in particular Article 99(3) on the submission of accounts;

- Having regard to the annual accounts of the Centre for 2018 together with the Consolidated Annual Activity Report (CAAR) 2018, which takes into account the remarks of the Court of Auditors;

- Having regard to the Acting Executive Director's statutory declaration of assurance in the CAAR 2018 including the reservation on recruitment procedures;

- Having regard to the certification of the annual accounts 2018 by the Agency Accountant and the declaration of assurance of the internal control coordinator;

- Having regard to the preliminary observations of the Court of Auditors on Cedefop's final accounts 2018;

(1) declares it has reasonable assurance, on the basis of the facts in its possession, that Cedefop's annual accounts for the financial year 2018 are reliable;

(2) notes that Cedefop's CAAR for 2018 includes complete financial information;

(3) notes with satisfaction the high implementation rate with 100% of Cedefop's budget committed, and that 88 of the establishment plan's 91 posts were filled at 31 December 2018;

(4) notes the Court's preliminary observations in regard to the 2018 accounts and asks the Centre to continue its respective efforts;

(5) expresses its satisfaction with the performance of the Centre and its staff and asks management and staff to continue their efforts.

The Management Board, in consequence, confirms hereby its positive assessment of the annual accounts 2018 and expresses its opinion that it has the necessary assurance that the annual accounts 2018 provide a true and fair view of Cedefop's financial position and that the underlying actions have been legal and regular in all material aspects.

Done on 28 June 2019

Tatjana Babrauskiene
Chair of the Management Board

CEDEFOP | European Centre for the Development of Vocational Training

RB(2019)00966
Thessaloniki, 28 June 2019

Annual Accounts

Financial year 2018

These accounts have been prepared by the Accounting Officer on 10/06/2019 and drawn up by the Acting Executive Director on 10/06/2019. The opinion of the Management Board was given on 28/06/2019.

The present annual accounts, together with the opinion of the Management Board, will be sent to the Commission's Accounting Officer, the Court of Auditors, the European Parliament and the Council on 28/06/2019.

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

Thessaloniki, 28 June 2019

The Acting Executive Director

The Accounting Officer

Introduction

In accordance with Articles 92 and 93 of the financial rules of Cedefop (the European Centre for the Development of Vocational Training), hereafter "the Financial Rules", adopted by the Governing Board on 9 January 2014, Cedefop's annual accounts comprise:

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

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

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

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

The subsidies received from Norway and Iceland are subsumed into the budget along with the subsidy from the Commission.

Certification

The final annual accounts of Cedefop (the European Centre for the Development of Vocational Training) for the year 2018 have been prepared in accordance with the Title IX of the Financial Regulation applicable to the general budget of the European Union, the accounting rules adopted by the Commission's Accounting Officer and the accounting principles and methods adopted by myself.

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

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

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

Stephen Temkow - Agency Accountant

Thessaloniki 10 June 2019

REPORT ON BUDGETARY AND

FINANCIAL MANAGEMENT

FINANCIAL YEAR 2018

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1. INTRODUCTION

1.1. Legal basis – financial rules

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

1.2. IT management systems

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

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

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

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

1.3. Nomenclature of appropriations

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

- Title 1: Staff
- Title 2: Infrastructure and operating expenditure
- Title 3: Operational expenditure

In order to provide a more detailed analysis of costs in relation to the work programme, Title 3 is subdivided into chapters, with each operational department having its own chapter, which also corresponds to ABB activities.

1.4. Non-automatic carryovers of appropriations

No non-automatic carryovers were made from 2018 to 2019.

1.5. Supplementary and amending budget

In December 2013 the Agency was granted a supplementary and amending budget to the value of Euro 1 100 000; Euro 600 000 of this total was entered in the 2013 budget. The first

Euro 600 000 relating to the grant were received in 2014 and a second tranche of Euro 445 000 received in 2015. The grant is treated as external assigned revenue and is to fund studies requested by DG Employment in the field of labour skills demand and supply. Additional funds of Euro 54 970 were received in 2018. After expenditure of Euro 400 830 in 2018 the action was successfully closed with all funds received and distributed leaving a zero balance on the account.

1.6. Monies received

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

1.7. Debit Notes

The Agency issued eight debit notes in 2018 for a total value of Euro 93 592. Their breakdown being: the request for Iceland's 2018 contribution (Euro 20 920), a request for the final tranche of the grant from DG Employment (Euro 54 970), a debit notes for the return of unspent Refernet funds (Euro 15 109) and sundry claims for expenses to be reimbursed generally being travel related - (Total Euro 2 684).

Evolution of commitment appropriations of the European Centre for the Development of Vocational Training (Cedefop) for the financial year 2018

Article Item	Heading	Initial Budget	Transfers	Final budget
	Title 1 - STAFF EXPENDITURE	**10,706,261**	**-532,199**	**10,174,062**
	Title 2 - ADMINISTRATIVE	**1,599,000**	**-37,026**	**1,561,974**
	Title 3 OPERATING EXPENDITURE			
3 0	**TRANSVERSAL ACTIVITIES**	**340,000**	**-34,499**	**305,501**
3050	Management Board meetings	150,000	-58,599	91,401
3070	Transversal technical support	190,000	24,100	214,100
3 1	**PARTICIPATION OF NON-MEMBER STATES IN THE OPERATIONAL WORK PROGRAMME**	**0**	**0**	**0**
3100	Participation of Non-Member states	0	0	0
3122	DG employment Grant	0	0	0
32	**SKILLS AND LABOUR MARKET (previously: Research and Policy Analysis)**	**1,327,000**	**156,550**	**1,483,550**
3200	Missions, meeting, interpretation	172,000	-13,251	158,749
3240	Pilot studies and projects	1,155,000	169,801	1,324,801
3 3	**VET SYSTEMS AND INSTITUTIONS (previously: Enhanced cooperation in VET and LLL)**	**2,016,000**	**-79,059**	**1,936,941**
3300	Missions, meetings, interpretation	261,000	-20,854	240,146
3330	ReferNet annual grants (Specific Grant Agreements) (was 3250)	980,000	-8,442	971,558
3331	ReferNet other cost	100,000	-1,493	98,507
3340	Pilot studies and projects	675,000	-48,270	626,730
34	**LEARNING AND EMPLOYABILITY (new)**	**1,240,000**	**490,575**	**1,730,575**
3400	Missions, meetings, interpretation	140,000	47,500	187,500
3440	Pilot studies and projects	1,100,000	443,075	1,543,075
3 5	**COMMUNICATION (previously: Communication, information and dissemination)**	**637,949**	**35,659**	**657,608**
3500	Missions, meeting, interpretation	40,000	9,000	49,000
3510	Publications and dissemination	210,000	-9,500	200,500
3520	Translation expenses	90,000	16,659	106,659
3540	Establishment of operational documentation	101,949	9,500	111,449
3541	Contracts for update and maintenance of databases	161,000	0	161,000
3546	Promotional activities and public relations	19,000	10,000	29,000
	Title 3 – TOTAL	**5,544,949**	**569,225**	**6,114,174**
	GRAND TOTAL	**17,850,210**	**0**	**17,850,210**

Evolution of payment appropriations of the European Centre for the Development of Vocational Training (Cedefop) for the financial year 2018

Heading	Initial Budget	Transfers	Estimated Assigned Revenue	Final Budget
Title 1 - STAFF EXPENDITURE	10,706,261	-532,199		10,174,062
Title 2 - ADMINISTRATIVE	1,599,000	-37,026		1,561,974
Title 3 OPERATING EXPENDITURE	5,128,739	569,225	10,000	5,707,964
TOTAL	17,434,000	0	10,000	17,444,000
Grant				
Norway & Iceland	406,210			406,210
GRAND TOTAL	17,840,210	0	10,000	17,850,210

2 BUDGET IMPLEMENTATION 2018

Revenue			Expenditure											
				Final budget appropriations for the financial year					Appropriations carried over from previous years				
Source of Revenue	Revenue entered in the final budget for the financial year	Revenue received for the financial year	Allocation of expenses	Entered	Committed	Paid	Carried Over	Cancelled	Available	Committed	Paid	Carried Over	Cancelled
Own revenue			Title I Staff (NDA)	10,174,062	10,173,903	10,028,845	145,058	159	220,053	219,738	197,672		22,381
Union contribution	17,434,000	17,434,000											
Other subsidies	406,210	406,210	Title II Administration (NDA)	1,561,974	1,561,970	1,036,741	525,229	4	358,564	358,564	318,809		39,755
Other revenue	10,000	16,996	Title III Operating Activities (DA)										
			- CA	6,114,174	6,113,721			453	0	0			
			- PA	6,114,174		6,159,837	0	0	0		0		0
Assigned revenue	0	54,970	Assigned revenue	0	0	0	0	0	428,575	428,575	428,575	0	0
Total	17,850,210	17,912,176	Total CA	17,850,210	17,849,594		670,287	616	1,007,192	1,006,760		0	62,136
			Total PA	17,850,210		17,225,423	670,287	0	1,007,192		945,056	0	62,136

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

- **2.1.1. Title 1: Staff**

Budget item and heading		2018			2017		Change comm. % 2018/ 2017
		Final budget	Comm.	Payments	Comm.	Payments	
110	Officials and temporary staff occupying a post (includes Social Security contributions, supplementary services and weightings)	7,801,623	7,801,623	7,801,623	7,813,317	7,813,317	0%
1111	Seconded national experts	166,005	166,005	166,005	157,865	157,115	5%
1112	Contract staff	1,208,064	1,208,064	1,208,064	1,201,656	1,201,656	1%
1113	Trainees	95,391	95,391	95,391	110,560	110,560	-14%
114	Miscellaneous allowances and grants	160,322	160,322	160,322	166,948	166,948	-4%
120	Allowances and expenses on leaving and entering the service	182,421	182,421	174,734	53,194	30,694	243%
130	Mission expenses	132,300	132,300	122,864	94,081	86,030	41%
143	Medical service	63,000	63,000	34,131	47,970	23,984	31%
149	Other expenditure	121,412	121,384	120,084	132,931	130,631	-9%
150	Training	117,525	117,525	43,621	119,945	48,303	-2%
160	Supplementary services	107,100	106,970	88,609	159,596	77,043	-33%
170	Representation expenses	18,900	18,900	13,399	16,520	8,250	14%
	TITLE 1 – TOTAL	**10,174,062**	**10,173,903**	**10,028,845**	**10,074,583**	**9,854,529**	1%

Significant variations from 2017 to 2018 in commitments can be explained by:

1113 (Trainees) – In 2018 Cedefop decided to appoint fewer trainees than in 2017 which explains the decrease in expenditure.

1200 (Allowances and expenses on leaving and entering the service) – Expenditure on this budget line increased in 2018 due to the selection procedure for a new Cedefop Director combined with the cost of resettlement of the departing Director.

1300 (Mission expenses) – An overall increase in the number of missions combined with more expensive missions led to an increase in expenditure.

1430 (Medical service) – In 2018 Cedefop's medical officer was working for 12 months compared to only 8 months in 2017 which meant that there was an overall increase in expenditure.

1600 (Supplementary services) – In 2017 the expenditure on budget line 1600 had been increased due to a risk assessment and cost/benefit analysis of the outsourcing of legal service, a stakeholder feedback survey and the outsourcing to DGHR of the handling of Article 90(2) complaints. Consequently, although there was an increase in expenditure for external legal services in 2018 it is not apparent in comparison to 2017.

1700 (Representation expenses) – In 2018 there was a slight increase in expenditure related to in-house receptions which, for such a small budget, appears as a significant % increase.
During the financial year under consideration, staff movements were as follows:

	Staff on 31/12/2017	Increase			Reduction			Staff on 31/12/2018
		Internal movements	Recruit.	Total	Internal movements	Depart.	Total	
	(a)	(b)	(c)	(d) = (b + c)	(e)	(f)	(g) = (e + f)	(h) = (a + d - g)
OFF	13			0		1	1	12
TEMP	73	2	3	5		2	2	76
SNE	4			0		1	1	3
CTST	26		2	2	2		2	26
Total	116		4	7		4	6	117

On 31 December 2018, 88 out of the 91 posts on the establishment plan were occupied - and there was one ongoing selection procedure for the post of Director. The establishment plan occupation was 96%, above the 95% target.
The distribution by grade of occupied posts in the establishment plan is attached to this document in the Annex to the Financial Statements.

2.1.2. Title 2: Infrastructure and operating expenditure

		2018			2017		Change comm. In %
		Final budget	Comm.	Payments	Comm.	Payments	2018/2017
20	Building	614,556.21	614,556.21	485,589.55	610,455.40	502,489.18	1%
21	IT	627,297.28	627,293.39	363,408.48	494,545.49	340,827.98	27%
22	Equipment and furniture	4,967.00	4,967.00	4,758.26	24,314.74	23,932.91	-80%
23	Administrative expenses	130,453.47	130,453.47	106,308.03	103,108.23	72,951.11	27%
24	Postal charges and telecommunications	170,450.00	170,450.00	64,836.14	143,072.94	79,397.87	19%
25	Meeting expenses	14,250.00	14,250.00	11,840.37	8,637.77	5,971.77	65%
	TITLE 2 TOTAL	**1,561,973.96**	**1,561,970.07**	**1,036,740.83**	**1,384,134.57**	**1,025,570.82**	**13%**

The significant variation from 2017 to 2018 can be explained by:

- Chapter 21: (ICT): an increase (27%) in expenditure as 2018 budget execution included investments in hardware and network equipment (mainly servers' capacity increase).

- Chapter 22: (Equipment and furniture): a significant decrease in expenditure (-80%) attributed to investment in furniture for the meeting rooms and offices which occurred in 2017, while the 2018 expenditure was aligned with regular maintenance of existing furniture and equipment.

- Chapter 23: (Administrative expenses): the increase of 27% is attributed to an increase of legal expenses resulting from the decision by the former Director to abolish the internal legal service as of November 2017 and to outsource all legal service provision to external law firms and the DGHR of the Commission.

- Chapter 24: (Post and telecommunications): the increase of 19% was recorded mainly due to investments on network equipment (switches and other hardware) which occurred in 2018, on top of regular telephony and other charges.

- Chapter 25: (Meeting expenses): the increase of 65% represents an amount of approx. 6 000 EUR and is due to meetings relating to increased administrative matters and visits from Agency stakeholders.

2.1.3. Title 3: Operational expenditure (commitments) excluding Grants

Chapter		2018			2017		
		Final budget	Comm.	%	Final budget	Comm.	%
30	**TRANSVERSAL ACTIVITIES**	305,501	305,494	100.00%	218,643	218,643	100.00%
32	**SKILLS AND LABOUR MARKET** (previously: Research and Policy Analysis)	1,483,550	1,483,536	100.00%	1,961,546	1,961,546	100.00%
33	**VET SYSTEMS AND INSTITUTIONS** (previously: Enhanced cooperation in VET and LLL)	1,936,941	1,936,940	100.00%	2,146,000	2,144,561	99.93%
34	**LEARNING AND EMPLOYABILITY (new)**	1,730,575	1,730,575	100.00%	1,447,120	1,442,058	99.65%
35	**COMMUNICATION** (previously: Communication, information and dissemination)	657,608	657,175	99.93%	635,430	635,276	99.98%
	TITLE 3 - TOTAL	**6,114,174**	**6,113,721**	**99.99%**	**6,408,738**	**6,402,083**	**99.90%**

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

Each Department has its own lines for the costs of missions, meetings and interpretation, pilot studies and projects. The budget needed by operational Departments for translation and publications expenses are included in chapter 35 of the Communications Department.

Cedefop continues to fully utilise all its operational funding year on year with an implementation rate for 2018 of 99.99%.

2.1.4. Title 3: Operational expenditure (Payment Appropriations) excluding Grants and Norway and Iceland

Heading	Initial Budget	Transfers	Estimated Assigned Revenue	Final Budget	Payments	Balance
Title 1 – Staff	10,706,261	-532,199		10,174,062		
Title 2 - Administrative	1,599,000	-37,026		1,561,974		
Title 3 - Operational	5,128,739	569,225	10,000	5,707,964	5,707,964	0
Total	17,434,000	0	10,000	17,444,000	5,707,964	0
Grant						
Norway & Iceland	406,210			406,210	406,210	0
Grand Total	17,840,210	0	10,000	17,850,210	6,114,174	0

Payment appropriations for Title 3 following transfers but excluding Norway and Iceland funds came to a total of Euro 5 707 964 and were all disbursed.

- **2.2. Other classes of appropriations**

- ***2.2.1. Assigned revenue received – previous financial year – Class L***

	Appropr. carried over	Comm.	Payments	Comm./Bud.	Carried-over	Cancelled
Title 1 – Staff	-	-	-	-	-	-
Title 2 - Administrative expenditure	-	-	-	-	-	-
Title 3 - Operational expenditure	0	0	0	0	0	-
Total	**0**	**0**	**0**	**0.00%**	**0**	**-**

Class L Title 3 costs relate to translation and editing costs for the operational departments and onsite technical support.

- ***2.2.2. Appropriations carried over automatically from 2017 to 2018 – Class A for Titles 1 and 2 (operational expenditure being treated as differentiated appropriations).***

	Appropriations carried over	Commitments carried over	Payments	Pay/comm.	Cancelled
Title 1 – Staff	200,053.28	200,053.28	197,671.61	90%	22,381.67
Title 2 - Administrative	358,563.75	358,563.75	318,808.55	89%	39,755.20
Total	**578,617.03**	**578,617.03**	**516,480.16**	**89%**	**62,136.87**

Class A represents funds carried over from the previous year.

2.2.3. Assigned revenue

Note as of 2017 the Norway and Iceland payment appropriations are subsumed into the total Commission budget and are no longer treated as Assigned Revenue.

MONITORING TABLE FOR ASSIGNED REVENUE 2018

DG EMPL projects & third countries	BALANCE: total carryovers on 31/12/17 a	New funds b	Payment in 2018 c	Funds returned d	Carryover balance - present e=a+b-c-d	New approp. 2018 e	Payment in 2018 f	Balance h=d+e-f
Contribution Agreement VS/2013/0554	345,860.37	54,969.63	400,830.00		0.00			0.00
Total projects 2014	**345,860.37**	**54,969.63**	**400,830.00**		**0.00**			**0.00**
Participation Norway 2012	3,334.46		3,334.46		0.00			0.00
Total projects 2012	**3,334.46**		**3,334.46**		**0.00**			**0.00**
Participation Norway 2011	24,410.45		24,410.45		0.00			0.00
Total projects 2011	**24,410.45**		**24,410.45**		**0.00**			**0.00**
TOTAL	**373,605.28**	**54,969.63**	**428,574.91**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**

3. CONCLUSIONS

2018 reflected continuity and change. Continuity lies in the quality and relevance of Cedefop's expertise and the continuing support the Agency provided to the European Commission, Member States and social partners in developing and implementing European VET policy. This included: the priorities outlined in the Riga conclusions of 2015; the Commission's 2016 New skills agenda for Europe; the Recommendations on upskilling pathways, the quality framework for apprenticeships; the 2017 revision of the EU key competences framework; and the European Pillar of Social Rights. But change can also be found in 2018 facing new challenges to meet the varied information needs of its stakeholders.

Cedefop's multi-annual objectives are: providing new knowledge and evidence; monitoring policy trends and providing policy analysis; acting as knowledge broker. Taking full account of the EU policy framework, these objectives reflect the aims to inform and support VET-related policy making in response to economic, social and employment challenges in the EU and their implementation. Combined with three strategic areas of operation — shaping VET, valuing VET and informing VET — they guide type and scope of the Agency's work in the period 2018-20. Together with communication and documentation, the strategic areas of operation make up the agency's four central ABB activities.

The information below summarises the implementation of the Agency's 2018 work programme highlighting main activities and results achieved. [More detailed information on Cedefop's multi-annual objectives and strategic areas of operation is available in its 2018-20 programming document; a detailed presentation of its performance indicators is/will be available in its annual report and the Consolidated Annual Activity Report (www .cedefop. europa. eu)].

ABB activity: Shaping VET

In line with its multiannual objective to monitor policy trends and analyse developments, Cedefop published in cooperation with the ETF the interim report 2015-17 on countries' progress towards the priorities agreed in the Riga conclusions within European cooperation in VET. The findings were used to inform discussions on the post-2020 VET priorities and the opinion of the Advisory Committee on Vocational Training on the future of VET. For the Presidency countries, short descriptions and spotlights on VET in Bulgaria and Austria were released on time for the meetings of Directors General for VET, and other high level meetings. Work in the IVET mobility scoreboard developed upon the Commission's request pursuant to the 'Youth on the Move' recommendation continued and the study on the key competences digital, literacy and languages in IVET was taken forward.

Cedefop continued working closely with the Commission in supporting the implementation of the EQF contributing to the 10th year anniversary conference organised in March 2018 (300 participants). Cedefop released 2 publications: the first, National qualifications developments in Europe 2017, reviews how 43 NQFs in 39 countries participating in the EQF

implementation are structured, and how national qualifications have been allocated to NQF levels and linked to the EQF; the second, Analysis and overview of NQF level descriptors in European countries 2017, shows that all 39 countries taking part in the EQF implementation have now defined – and for a large part adopted – their levels of learning outcomes.

The 'Changing nature and role of VET in Europe' research attracted a lot of interest from all VET stakeholders all over Europe. The research fed directly into the political debate on the future of VET by helping shape the priorities of the Austrian Presidency and inform the opinion on VET 2030, the ACVT adopted in December. The study's outcomes were discussed at the Austrian Presidency conference on the future of VET (Vienna, 9 July) and Cedefop conference 'VET in Europe – taking stock and looking ahead' (Vienna, 7-8 November) which was the centrepiece of the vocational skills week under the Austrian Presidency. In the latter conference, which attracted more than 400 participants, a set of directions European VET might take were discussed, thus, supporting the ongoing policy discussion on VET post-2020

ABB activity: Valuing VET

In 2018, Cedefop has further developed its activity as a reference organisation in the area of lifelong guidance. As part of Cedefop's resources aimed at providing support to national guidance services in using labour market information and integration of digital technologies, Cedefop's 'Resources for guidance' database was online. The second CareersNet meeting analysed the results of the first update of the database of guidance systems and practices. Cedefop maintained its active collaboration with the European Commission by largely contributing to the 'Validation Festival' and providing input to the one-off reports on validation that Member States agreed to produce as a response to the 2012 Council recommendation.

In 2018, work on financial and non-financial incentives focused on financing apprenticeships in the EU Member States. An on-line database complements this analysis by providing detailed information on financing arrangements for each of the analysed apprenticeship scheme.

Cedefop also continued analysing the results of Cedefop's Opinion survey on VET in Europe. Following the synthesis report published in 2017, a series of country reports were published in 2018 with a view to providing contextualised interpretations at national level and insights about citizen's opinion on awareness, attractiveness and effectiveness of vocational education and training in own country. A new online tool allows users to explore survey results via different interactive visualisations

Cedefop continued its work on apprenticeships at both country and cross-national levels. The second policy learning forum on apprenticeships gathered together representatives from all countries involved in Cedefop thematic country reviews, as well as EU-level social partners and international organisations. At cross-country level, main outcomes of the cross-national overview of apprenticeship schemes in Europe were published. The analysis focused on selected apprenticeships schemes identified through screening all EU28 countries plus Iceland and Norway with a view of identifying those schemes sharing similar approaches and

features. The entire data collection was published online in the form of a comprehensive database of the mainstream and legally-based apprenticeship schemes existing in the EU 28+. The database also marked the creation of the new Cedefop community of experts on apprenticeships aimed at supporting Cedefop in updating the database and enriching the knowledge base on apprenticeships at cross-country level.

Looking beyond apprenticeships and in the context of the European policy initiatives on upskilling pathways for low-skilled adults, Cedefop implemented its project on the potential of work-based learning in developing up-skilling pathways for adults. Besides the collection of good practices of upskilling adults through work based learning in the EU 28, Iceland and Norway, Cedefop developed a comprehensive analytical framework for designing and implementing upskilling pathways for adults.

To support the Council Recommendation on "Upskilling Pathways: new opportunities for adults", Cedefop organised in Brussels a dedicated policy learning forum (PLF) on 'Upskilling pathways: a vision for the future' in cooperation with the European Economic and Social Committee. The PLF demonstrated that many countries are already equipped to provide skills identification, training provision tailored to individuals' needs or validation and recognition of prior learning. However, it also highlighted that much needs to be done to bring together these services in a coordinated manner and within a coherent strategy.

The Agency also started a new research on 'Complementary Pathways for Adult Refugees: the Role of VET, Skills and Qualifications'. The ambition of the project is to provide a pragmatic contribution to the design of socially sustainable and effective mechanisms to improve the management of refugees and more generally of people in need of international protection within and also between EU Member States.

ABB activity: Informing VET

In 2018, a revamped version of the Skills Panorama was released. Faster to navigate and easier to use, the new Skills Panorama aspires to broaden its user groups and welcome guidance practitioners. Data and analysis offered in the Skills Panorama were kept up-to-date, including: new Cedefop forecast data; a new analytical highlight providing summary of key EU trends to 2030 based on the Cedefop skills forecast; and new blog articles.

Cedefop's European Skills Index is the most visited section of the Panorama, demonstrating the value of such new composite indicator to measure and compare the performance of the skills formation and matching systems in EU Member States. The new version of the index was officially presented on 27 September in Brussels in a dedicated event.

The new Cedefop's 2018 Skills Forecast was released on 8 June in Brussels. It provides timely information on Europe's skill needs and covers the period up to 2030. It produces information on jobs and skills for all Member States by sectors of economic activity and occupational groups. Key findings suggest that technological change may accelerate known employment trends, such as the shift to services, and may also increase polarisation in job growth, with fast growth projected for high-skill occupations and moderate growth for

certain lower-skill jobs. The new set of results was disseminated through various activities, including a redesigned Cedefop web portal and a Briefing Note summarising the main results. A reference publication was released in December as a joint publication with Eurofound. The 2018 Skills Forecast covers the period up to 2030 producing information on jobs and skills for all Member States by sectors of economic activity and occupational groups.

Furthermore, throughout 2018 Cedefop cooperated with Eurofound to prepare alternative scenarios and skills forecasts on the future of manufacturing, a project sponsored by DGGROW and the European Parliament. The results were presented at the occasion of the forecast release on 8 June in Brussels. This demonstrates the quality and value added of the Cedefop projections which were used by Eurofound and thus led to important synergies between the two agencies.

Cedefop continued to work towards developing a pan-European tool for analysing skill needs using online vacancies and big data analysis techniques. This cutting edge project attracted the attention of the European Commission, DG EMPL and of Commissioner Thyssen's Cabinet in particular. Cedefop was requested to accelerate the delivery of a first set of data in the beginning of 2019.

Cedefop continued its cooperation with the Eurostat's Big Data Task Force to work towards the development of an EU tool that can be progressively scaled up to meet the requirements of the European Statistical System for the production of vacancies statistics. Closer cooperation was also established with ESSnet as well as national statistical institutes across various Member States mainly on data validation.

Based on past collaboration on Skills for Green Jobs, Cedefop and the ILO joined forces again to map relevant developments in this area. Cedefop updated the reports for 6 EU countries and outcomes indicate that countries vary in their approach to defining green jobs and skills.

Cedefop pursues research and offers capacity-building support to national stakeholders in relation to skills anticipation and matching in the EU and in particular designing better targeted and more effective policy solutions. Cedefop is carrying out four country reviews focused on strengthening the governance of skills anticipation and matching systems of Greece, Bulgaria, Slovakia and Estonia. In the context of and as a key output of the country reviews, Cedefop organised in Thessaloniki a dedicated policy learning forum focused on skills anticipation and practices.

Cedefop also initiated a new strand of work on 'Digitalisation and the future of work', which analyses the impact and drivers of automation, robotics, artificial intelligence and other digital technologies on employment and changing skill needs of jobs, and considers their implications for VET policy. In addition to numerous international/EU events, Cedefop's analysis on the future of work was used to inform the European Group on ethics in sciences and new technologies and a new international working group set up by Microsoft.

PERFORMANCE INDICATORS 2018

39 Publications
59 meetings – 1 539 participants
422 references to Cedefop work in 200 EU-level policy documents and 244 references to Cedefop work in 99 documents issued by international organisations (OECD, UNESCO, ILO, World Bank and World Economic Forum)
176 contributions to senior stakeholder meetings that support policy implementation, e.g. • Meetings of Directors General (DGVT) and the Advisory Committee for Vocational Training (ACVT), European Commission working groups on VET (teachers and trainers) and digital skills. • Meetings with national stakeholders related to thematic country reviews
Website traffic: 584 000 visits, 1 347 000 page views
EU skills panorama: The total number of page-views was more than 386 000 (with an average of 02:57 minutes and 2.84 page views per visit).
74 contributions to other conferences and major events, including keynote speeches and participation in discussion panels
345 000 downloads of Cedefop publications
611 citations in academic literature 2018-2019. Most frequently quoted themes: skills supply and demand, qualification frameworks, validation of non-formal and informal learning, lifelong guidance and learning outcomes.
96% occupation rate of the establishment plan
Budget implementation rate: 100%

REPORTS ON IMPLEMENTATION OF THE 2018 BUDGET

In accordance with Article 97 of the Financial Rules and Articles 82 and 83 of the Implementing Rules, the budget implementation reports of the Centre for the financial year 2018 comprise:

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

1. Report aggregating all budgetary operations

Revenue and expenditure account for the financial year 2018 and 2017

	2018	2017
Revenue		
Own revenue		
Commission contributions inc Norway and Iceland	17,840,210.00	17,859,389.00
Sundry revenue		
Assigned revenue	54,969.63	131,629.00
Other revenue	16,996.23	11,216.72
Total revenue (a)	**17,912,175.86**	**18,002,234.72**
Expenditure		
Staff – Title 1 of the budget		
Payments	10,028,845.00	9,854,529.26
Appropriations carried over	145,058.10	220,053.28
Administration – Title 2 of the budget		
Payments	1,036,740.83	1,025,570.82
Appropriations carried over	525,229.24	358,563.75
Operating activities– Title 3 of the budget		
Payments	1,880,487.29	1,829,457.99
Payments against outstanding commitments at 31/12/n-1	4,279,349.82	3,312,258.61
Payment appropriations carried over	-	-
Assigned revenue (Grants + third countries and others)		
Payments	428,574.91	70,752.06
Carryovers including assigned revenue not entered in the budget	0.00	373,605.28
Total expenditure (b)	**18,324,285.19**	**17,044,791.05**
Outturn of the financial year (c = a - b)	**412,109.33**	**957,443.67**
Balance carried over from the previous year		
Cancelled n-1 appropriations carried over (non-differentiated appropriations Titles 1 and 2)	62, 136.87	52,766.90
Appropriations carried over from assigned revenue	373,605.28	312,728.34
Payment appropriations carried over from the previous year (Title 3)	-	-
Exchange-rate differences	-1,122.43	666.51
Balance for the financial year	**22,510.39**	**1,323,605.42**

2. Explanatory note

The Agency has had differentiated appropriations for Title 3 since 2004, which explains why no carryovers of appropriations for operational activities appear in the calculation of the budget outturn.

FINANCIAL STATEMENTS

FINANCIAL YEAR 2018

In accordance with Article 96 of the Financial Rules and Articles 79, 80 and 81 of the Implementing Rules, the financial statements of the Centre for the financial year 2018 comprise:

- ☑ the balance sheet and the statement of financial performance (*previously*: economic outturn account),
- ☑ the statement of changes in net assets,
- ☑ the cash-flow statement,
- ☑ the notes to the financial statements.

1.1. BALANCE SHEET

		2018	2017
ASSETS			
A. NON CURRENT ASSETS			
Intangible fixed assets		**26,605.61**	**30,661.56**
Tangible fixed assets		**2,436,747.13**	**2,849,826.85**
	Land and buildings	2,033,533.31	2,294,556.23
	Plant and equipment	67,345.25	86,739.28
	Computer hardware	312,424.09	435,501.18
	Furniture and vehicles	12,682.52	16,154.50
	Other fixtures and fittings	10,761.96	16,875.66
	Leasing	0.00	0.00
	Tangible fixed assets under construction	0.00	0.00
Long-term pre-financing		**0.00**	**0.00**
	Long-term pre-financing	0.00	0.00
	LT pre-financing with consolidated EC entities	0.00	0.00
Long-term receivables		**5,076.41**	**5,076.41**
	Long-term receivables	5,076.41	5,076.41
	LT receivables with consolidated EC entities	0.00	0.00
TOTAL NON CURRENT ASSETS		**2,468,429.15**	**2,885,564.82**
B. CURRENT ASSETS			
Stocks		**0.00**	**0.00**
Short-term pre-financing		**0.00**	**0.00**
	Short-term pre-financing	0.00	0.00
	ST pre-financing with consolidated EC entities		
Short-term receivables		**730,161.67**	**774,495.62**
	Current receivables	439,080.27	487,884.77
	Long-term receivables falling due within a year		
	Sundry receivables	12,447.36	29,520.87
	Other	278,634.04	257,089.98
	-Accrued income	0.00	0.00
	-Deferred charges	278,634.04	257,089.98
	Deferrals and Accruals with consolidated EC entities	0.00	0.00
	Short-term receivables with consolidated EC entities	0.00	0.00
Cash and cash equivalents		**120,675.18**	**1,642,847.21**
TOTAL CURRENT ASSETS		**850,836.85**	**2,417,342.83**
TOTAL		**3,319,266.01**	**5,302,907.65**

	2018	2017
LIABILITIES		
A. CAPITAL	**2,393,712.89**	**2,791,953.79**
Reserves		
Accumulated surplus/deficit	**2,791,953.79**	**3,800,687.02**
Economic result of the year - profit+/loss-	-398,240.90	-1,008,733.23
B. Minority interest		
C. NON CURRENT LIABILITIES	**0.00**	**0.00**
Employee benefits	0.00	0.00
Provisions for risks and charges	0.00	0.00
Other long-term liabilities	0.00	0.00
Other long-term liabilities	0.00	0.00
Other LT liabilities with consolidated EC entities	0.00	0.00
Pre-financing received from consolidated EC entities	0.00	0.00
Other LT liabilities from consolidated EC entities	0.00	0.00
TOTAL CAPITAL + NON CURRENT LIABILITIES	**2,393,712.89**	**2,791,953.86**
D. CURRENT LIABILITIES	**0.00**	**0.00**
Provisions for risks and charges	**6,735.64**	**6,735.64**
Accounts payable	**918,817.48**	**2,510,953.86**
Current payables	602,838.34	520,429.18
Long-term liabilities falling due within the year	0.00	0.00
Sundry payables	6,670.84	8,311.03
Other	286,797.91	306,012.22
- Accrued charges	286,797.91	306,012.22
- Deferred income	0.00	0.00
Deferrals and accruals with consolidated EC entities	0.00	0.00
Accounts payable with consolidated EC entities	22,510.39	1,669,465.79
Pre-financing received from consolidated EC entities	22,510.39	1,669,465.79
Other accounts payable against consolidated EC entities	0.00	0.00
TOTAL CURRENT LIABILITIES	**925,553.12**	**2,510,953.86**
TOTAL	**3,319,266.01**	**5,302,907.65**

1.2. STATEMENT OF FINANCIAL PERFORMANCE

	2018	2017
Revenues from administrative operations	97,924.34	117,286.90
Other operating revenue	18,235,525.84	16,617,480.45
TOTAL OPERATING REVENUE	**18,333,450.18**	**16,734,767.35**
Staff and administrative expenses	*-12,028,040.33*	*-11,969,467.27*
Staff expenses	-9,742,928.01	-9,647,766.70
Fixed asset related expenses	-504,899.63	-577,043.93
Administrative expenses	-1,780,212.69	-1,744,656.64
Operational expenses	*-6,699,478.52*	*-5,770,853.94*
Other operational expenses	-6,699,478.52	-5,770,853.94
TOTAL OPERATING EXPENSES	**-18,727,518.85**	**-17,740,321.21**
SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES	**-394,068.67**	**-1,005,553.86**
Financial revenues	0.00	666.51
Financial expenses	-4,172.23	-3,845.88
Movement in pensions (- expense, + revenue)		
SURPLUS/(DEFICIT) FROM NON OPERATING ACTIVITIES	**-4,172.23**	**-3,179.37**
SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES	**-398,240.90**	**-1,008,733.23**
Extraordinary gains (+)		
Extraordinary losses (-)		
SURPLUS/(DEFICIT) FROM EXTRAORDINARY ITEMS	**0.00**	**0.00**
ECONOMIC RESULT OF THE YEAR	**-398,240.90**	**-1,008,733.23**

1.3. STATEMENT OF CHANGES IN NET ASSETS

Capital	Reserves		Accumulated Surplus / Deficit	Economic result of the year	Capital (total)
	Fair value reserve	Other reserves			
Balance as of 31 December 2017			**3,800,687.02**	**-1,008,733.23**	**2,791,953.79**
Changes in accounting policies				0.00	0.00
Balance as of 1 January 2018	**0.00**	**0.00**	**3,800,687.02**	**-1,008,733.23**	**2,791,953.79**
Other					0.00
Fair value movements					0.00
Movement in Guarantee Fund reserve					0.00
Allocation of the Economic Result of Previous Year			-1,008,733.23	1,008,733.23	0.00
Amounts credited to Member States					0.00
Economic result of the year				-398,240.90	-398,240.90
Balance as of 31 December 2018	0.00	0.00	2,791,953.79	-398,240.90	2,393,712.89

1.4. CASH-FLOW STATEMENT (INDIRECT METHOD)

	2018	2017
Cash Flows from ordinary activities		
Surplus/(deficit) from ordinary activities	**-398,240.90**	**-1,008,733.23**
Operating activities		
Adjustments		
Amortization (intangible fixed assets) +	16,432.20	41,551.77
Depreciation (tangible fixed assets) +	488,467.43	535,492.16
Increase/(decrease) in Provisions for risks and liabilities	0.00	0.00
Increase/(decrease) in Value reduction for doubtful debts	0.00	0.00
(Increase)/decrease in Stock	0.00	0.00
(Increase)/decrease in Long term Pre-financing	0.00	0.00
(Increase)/decrease in Short term Pre-financing	0.00	484,631.40
(Increase)/decrease in Long term Receivables		
(Increase)/decrease in Short term Receivables	44,333.95	26,406.47
(Increase)/decrease in Receivables related to consolidated EC entities	0.00	0.00
Increase/(decrease) in Other Long term liabilities	0.00	0.00
Increase/(decrease) in Accounts payable	61,554.66	178,163.01
Increase/(decrease) in Liabilities related to consolidated EC entities	-1,646,955.40	1,050,722.16
Net cash Flow from operating activities	**-1,434,408.06**	**1,308,233.74**
Cash Flows from investing activities		
Increase of tangible and intangible fixed assets (-)	-87,763.96	-263,780.66
Proceeds from tangible and intangible fixed assets (+)		
Net cash flow from investing activities	**-87,763.96**	**-263,780.66**
Net increase/(decrease) in cash and cash equivalents	-1,522,172.02	1,044,453.08
Cash and cash equivalents at the beginning of the period	1,642,847.21	598,394.13
Cash and cash equivalents at the end of the period	**120,675.19**	**1,642,847.21**

ANNEX

1. Introduction

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

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

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

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

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

The 2014 accounts introduced a new method of calculating accruals whereby the figure is derived primarily from an analysis of invoices received in the following year plus those amounts where services or goods have been received but invoices are yet to be registered. This approach to the recognition of accrued expenses differs from previous years which included an internally generated estimate of the value of works performed by suppliers.

The new approach, agreed with the European Court of Auditors, offers a more transparent figure supported by third party documentation and is more in keeping with recognised accountancy practice.

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

2. Remarks relating to fixed assets

The accounting threshold depends on the date of purchase of the asset (see table below).

Ref.	from	To	Amount
Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012	1.1.2013		€ 420
Regulation (EC, Euratom) No 2342/2002 of 23 December 2002	1.1.2003	31.12.2012	€ 420
Commission Regulation (EC) No 1687/2001 of 21 August 2001	31.8.2001	31.12.2002	€ 420
Decision 2000/716/EC	1.1.2000	30.8.2001	€ 420
Decision 97/594/EC	1.1.1997	31.12.1999	ECU 400

These assets were depreciated. The straight line depreciation method was used. The depreciation rates applied are those applied at the Commission, namely:

- ☑ Software and intangible assets: 4 years;
- ☑ land and buildings: 25 years
- ☑ plant and equipment: 4 or 8 years;
- ☑ furniture: 10 years;
- ☑ transport equipment and IT equipment: 4 years;

A. Intangible fixed assets

Development costs of new software systems have not been capitalised as they fall below the Agency's threshold of Euro 150 000. Development is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved, processes, systems or services before the start of production.

No research costs were incurred in 2018 i.e. costs associated with planned and original investigation with the prospect of gaining new technical knowledge and understanding leading to the production of new or substantially improved software or systems.

	Software
A. Purchase value:	
Previous financial year	331,948.43
Additions	12,376.25
Withdrawals or transfers from other headings	-
At the end of the financial year:	344,324.68
B. Depreciation:	
Previous financial year	301,286.87
Additions	16,432.20
Transfer from other headings	-
At the end of the financial year:	317,719.07
Net book value (A – B)	**26,605.61**

B. Tangible fixed assets

	Land and buildings	Plant and equipment	Furniture	Transport equipment	IT equipment	Other tangible assets	Total
A. Purchase value:							
Previous financial year	6,872,029.66	878,083.86	295,843.45	70,897.80	1,772,954.71	177,667.69	10,067,477.17
Additions	-	22,210.20			53,177.51		75,387.71
From other headings		-52,658.49	-446.56		-183,569.88		-236,674.93
Transfers							
At the end of the financial year:	*6,872,029.66*	*847,635.57*	*295,396.89*	*70,897.80*	*1,642,562.34*	*177,667.69*	*9,906,189.95*
B, Depreciation :							
Previous financial year	4,577,473.43	791,344.58	279,688.95	70,897.80	1,337,453.53	160,792.03	7,217,650.32
Additions	261,022.92	41,604.23	3,471.98		176,254.60	6,113.70	488,467.43
From other headings		-52,658.49	-446.56		-183,569.88		-236,674.93
Transfers							
At the end of the financial year:	*4,838,496.35*	*780,290.32*	*282,714.37*	*70,897.80*	*1,330,138.25*	*166,905.73*	7,469,442.82
Net book value (A – B)	**2,033,533.31**	**67,345.25**	**12,682.52**	**-**	**312,424.09**	**10,761.96**	**2,436,747.13**

Through the course of 2016 repair works and replacement of the glass façade and the skylights in the three meeting rooms was undertaken and completed. An

independent study confirmed that the observed damage which necessitated the repairs was linked to faulty construction. Cedefop has contacted the Greek authorities as the first step to initiate proceedings to recover the cost of these repairs. Although Cedefop believes it has a strong case for settlement of these costs, approximately Euro 180 000, no income was accrued in the accounts in 2016. As at the end of 2018 discussions were still ongoing.

C. Long-term receivables

Long-term receivables represent deposits to Greek utilities for water and electricity.

D. Stocks

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

E. Short-term pre-financing

Pre-financing is a payment intended to provide the beneficiary with a cash advance. The advance is repaid or used for the purpose for which it was provided during the period defined in the agreement. If the beneficiary does not incur eligible expenditures he/she has the obligation to return the pre-financing advance to Cedefop. The amount of the pre-financing is reduced (wholly or partially) by the acceptance of eligible costs where a tangible benefit or product has been received as explained in the introduction to these notes.

At year-end outstanding pre-financing amounts are valued at the original amount(s) paid, less amounts returned, eligible amounts cleared and/or value reductions. No pre-financing payments matching the conditions described above were outstanding at the year end.

F. Short term receivables

Consisting of:
a) current receivables, chiefly of VAT charges to be recovered from Member States,
b) sundry receivables, being advances on missions and school fees,
c) deferred charges, being expenses paid in 2018 but relating to 2019.

Analysis of Accounts Receivable

	2018	2017
VAT charges to be recovered from all EU countries	439 080.27	487 884.77
Staff related advances including school, canteen VAT and mission advances	12 447.36	29 520.87
Staff recovery of weighting factor adjustment	0.00	0.00
Deferred charges, i.e. expenses paid in advance e.g. insurance	278 634.04	257 089.98
Other small sundry items	0.00	0.00
	730 161.67	800 902.09

In February 2016, in accordance with Article 60(4) of the Agency's Financial Rules, Cedefop was obliged to issue debit notes to the Greek authorities representing the agency's claim for interest on these late settlements of outstanding VAT. These debit notes of Euro 35 930 and Euro 22 000 relating to the years 2012 and 2013 respectively are still outstanding and will be recognised as income on receipt of the funds.

G. Cash and cash equivalents

This figure represents the sum of balances held in the Agency's two bank accounts BNP Paribas Fortis NV in Brussels and its local account with Alpha Bank A.E. and small petty cash and any positive credit card balances.

H. Long term provision

There are no long term provisions in the 2017 accounts.

I. Provisions for risks and charges

Provisions for risks and charges are recognised when Cedefop has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Following a tax audit conducted in 2016 by the General Directorate of the Tax Administration relating to VAT and withholding taxes, Cedefop received notice that the Agency was liable to pay an amount of Euro 6 735.64 for underpaid taxes and an associated penalty. Cedefop disputes the findings of the audit and may appeal. However, in line with the principal of prudence the Agency has charged its 2016 expenses with this amount and carries an equivalent provision in its balance sheet along with a receivable to be recovered from the Tax authorities. This provision remains outstanding as at the end of 2018. Efforts will be made in 2019 to resolve this issue.

J. Accounts payable

Consisting of:
a) current payables, relating chiefly to invoices received from suppliers at the end of 2018 to be processed in 2019,

b) sundry payables, payables relating to amounts to be paid from assigned revenue or to staff costs e.g. withheld taxes,

c) accrued charges, expenses relating to 2018. See the beginning of the Notes for details on the changes to accrual calculation introduced in 2014.

	2018	2017
Accrued costs	81,522	128,206
Accrued leave	205,276	177,806
Total	286,798	306,012

d) amounts payable to consolidated entities, being chiefly pre-financing received from the Commission. The total to be paid decreased substantially from Euro 1,669,466 in 2017 to Euro 22,510 in 2018. This figure consists of:

	2018	2017
Surplus on Budget Account	22,510	1,323,605
Grants Received 2013 or B/fwd	0	-161,629
Amount Rec'd (+) or Disp'd (-)	0	161,629
Grants Received 2014 or B/fwd	400,830	416,609
Less amount dispersed on above grant	-400,830	-70,749
Total	**22,510**	**618,744**

K. Contingent Liabilities

Contingent liabilities as at 31 December 2018 of budgetary commitments amounting to Euro 7 144 447 (Euro 7 779 991 in 2017) representing standing financial commitments to suppliers not appearing on the balance sheet.

L. Pension Obligations

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

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

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

3. Notes to the financial statements

A. Revenue

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

The amount received from the Commission is thus reduced by Euro 22 510 (representing the balance on the Statement of Financial Performance for 2018) when calculating the revenue.

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

Analysis of Revenue in the Economic Result Account 2018

Funds received from the Commission	17,434,000	
Less net surplus on the Budgetary Outturn Account	-22,510	
		17,411,490
Grant Income		
Agreement n° VS/2013/0554 disbursed	400,830	
		400,830
Other Operational Income		
Norway	385,290	
Iceland	20,920	
Reimbursements	16,127	
Interest	99	
		422,436
Subtotal		**18,234,756**
Revenue from Administrative and Financial operations		
Canteen		97,924
Gain on Exchange Rate		0
Commission		770
Grand Total Income		**18,333,450**

B. Expenditure

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

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

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

i) Staff expenses.

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

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

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

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

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

ii) fixed asset expenses, relating to depreciation costs (see above for further details).

iii) other administrative expenses, essentially following the Title 2 budget costs. These include such items as utilities, telecommunications, IT and building upkeep.

b) Operational expenses corresponding to Title 3 costs.

The 2018 figure of Euro 6 699 479 compares to the corresponding 2017 figure of Euro 5 770 854.

The report on Budgetary and Financial Management above gives a description of the various operational areas to which Cedefop is committed. A large part of these costs relate to commissioning research, meetings and publication costs for the dissemination of Cedefop's research and policy analysis work as well as for knowledge brokering activities with Member States and other VET and labour market stakeholders. As mentioned in the administrative expenses these costs do not include the personnel costs of staff engaged in operational work.

c) Financial expenses relating to bank charges.

C. Economic Result for the Year

The deficit of Euro 398 241 (2.2% of Revenue) compares to last year's deficit of Euro 1 008 733. Funds disbursed as pre-financing are not considered as expenditure until such time as the final or intermediate request for funds is received.

4. Reconciliation between budgetary result and economic result

Cedefop's financial statements are prepared on an accruals basis, where transactions are recorded in the period to which they relate. The result for the year using this basis is indicated in the economic outturn account. However, the Agency uses a modified cash accounting system for preparing the statement of financial performance and its other budgetary reporting. In this system only the payments made and revenues received in the period are recorded, together with payment appropriations that are carried forward.

The difference between the budgetary result and the economic result is made up as follows:

	2018	2017
Economic result	**-398,240.90**	**-1 008,733.23**
Adjustment for accrual items (items not in the budgetary result but included in the economic result)		
Adjustments for Accrual Cut-off (reversal 31.12.2017)	-306,012.22	-287,274.25
Adjustments for Accrual Cut-off (cut-off 31.12.2018)	286,797.91	306,012.22
Unpaid invoices net of VAT at year end but booked in charges	584,552.42	498,938.71
Depreciation of intangible and tangible fixed assets	504,899.63	577,043.93
Provisions	-	-
Value reductions	-175.29	-167.49
Recovery Orders issued in 2018 and not yet cashed	-	-
Prefinancing given in previous year and cleared in the year	-	-
Prefinancing received in previous year and cleared in the year	-400,830.00	-70,748.50
Payments made from carry over of payment appropriations	516,480.16	545,669.97
Increase in prepayments to suppliers & reverse 2017 invoices	-520,482.77	-326,494.03
Adjustment for budgetary items (item included in the budgetary result but not in the economic result)		
Asset acquisitions (less unpaid amounts)	-87,763.96	-263,780.66
New pre-financing paid in 2018 and remaining open as at 31.12.2018	-	-
New pre-financing received in 2018 remaining open as at 31.12.2018	22,510.39	1,455,234.42
Budgetary recovery orders issued before 2018 and cashed in the year	-	-
Payment appropriations carried over to 2018	-670,287.34	-952,222.31
Cancellation of unused carried over payment appropriations from previous year	62,136.87	52,766.90
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	373,605.28	312,728.34
Adjustments Total	420,751.66	2,332,338.65
Budgetary result	**22,510.76**	**1,323,605.42**

5. Distribution by grade of occupied posts in the 2018 establishment plan

Annex A

Categories Grades	Permanent posts	Temporary posts
AD 16	-	-
AD 15	-	-
AD 14	-	1
AD 13	-	2
AD 12	4	4
AD 11	-	9
AD 10	-	10
AD 9	-	5
AD 8	-	5
AD 7	-	4
AD 6	-	2
AD 5	-	-
	4	42
AST 11	-	1
AST 10	1	1
AST 9	-	1
AST 8	1	2
AST 7	3	7
AST 6	3	5
AST 5	-	6
AST 4	-	10
AST 3	-	-
AST 2	-	-
AST 1	-	-
	8	33
	12	75
	Total	87
	Vacant	4