

Final Annual Accounts

Financial Year 2014

**Financial statements and
reports on the implementation of the budget**

accompanied by

Report on budgetary and financial management during the year

Helsinki, 5 June 2015

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INTRODUCTION

Basis for preparation

The final annual accounts of the European Chemicals Agency include the financial statements and the budgetary implementation reports. They are accompanied by the reports on budget and financial management during the year, drawn up under the responsibility of the Executive Director with the technical assistance of the Accounting Officer.

The financial statements comprise of the balance sheet, the statement of financial performance, the cash flow table and the statement of changes in capital. The notes to the financial statements supplement and comment on the information presented in the statements.

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

The financial statements have been prepared in accordance with the Financial Regulation of the European Chemicals Agency and with the European Union accounting rules and methods adopted by the European Commission's Accounting Officer, following the principles of accrual based accounting. The budgetary implementation reports are prepared on the basis of the modified cash accounting principle. All the figures presented in this document are in EURO.

Reporting entity

The European Chemicals Agency, located in Helsinki, Finland is a public sector entity established by the Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH).

The Agency is established for the purposes of managing and in some cases carrying out the technical, scientific and administrative aspects of the REACH Regulation so as to ensure consistency at European Union level in relation to these aspects (Article 75 of the REACH Regulation).

The Agency shall, also provide, the Member States and the institutions of the EU with the best possible scientific and technical advice on questions relating to chemicals which fall within its remit and which are referred to in accordance with the provisions of the REACH Regulation.

In addition, the Agency also has tasks related to the classification and labelling of chemical substances deriving from the CLP Regulation (EC) 1278/2008. In particular, the Agency shall provide Member States and the Institutions of the EU with the best possible scientific advice and, also, provide industry and Member State authorities with technical and scientific guidance.

As from 2012, the Agency was given the task to manage and carry out technical, scientific, and administrative aspects of the Biocidal Products Regulation as well as similar tasks related to the export and import of dangerous chemicals under the PIC Regulation. The Agency commenced invoicing of applicants under the Biocidal Products Regulation as from 01 September 2013.

The Agency is a consolidated entity in accordance with Article 185 of the EU General Financial Regulation. The Agency's expenditure, in 2014, in respect of the PIC regulation, was financed by a subsidy from the general budget of the European Union. The Agency's Biocidal Products expenditure was financed from a subsidy, a balancing fee contribution and from the fee-

generated income. The REACH and CLP regulations were financed solely through fees and charges generated income.

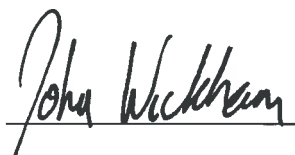
**CERTIFICATION BY THE ACCOUNTING OFFICER
of ECHA's Final Annual Accounts 2014**

The annual accounts of the European Chemicals Agency for the year 2014 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 the European Chemicals Agency in accordance with Article 68 of the General Financial Regulation.

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

I hereby certify that based on this information, and on such checks as I deemed necessary to sign off the accounts, I have a reasonable assurance that the accounts present fairly, in all material aspects, the financial position, the results of the operations and the cash-flow of the European Chemicals Agency for the year ended 31 December 2014.



John Wickham
Accounting Officer
European Chemicals Agency
5 June 2015

1. FINANCIAL STATEMENTS

1.1. Balance Sheet

ASSETS	Note	31.12.2014	31.12.2013
NON CURRENT ASSETS			
Intangible fixed assets	2.1.1		
Computer software		15 751 059	11 986 003
Intangible fixed assets under construction		10 461 303	6 809 426
Tangible fixed assets	2.1.1		
Computer hardware		1 173 920	2 080 405
Furniture and vehicles		370 796	343 985
Other fixtures and fittings		7 409 153	9 112 077
Long-term investments	2.1.2		
Other investments		0	0
TOTAL NON CURRENT ASSETS		35 166 231	30 331 896
CURRENT ASSETS			
Exchange Receivables	2.1.3	1 927 568	3 903 514
Non-Exchange Receivables	2.1.4	1 363 920	1 238 076
Current Financial Assets (Deposits)	2.1.2	87 500 000	116 116 705
Cash and cash equivalents	2.1.5	10 154 466	57 750 023
Current Pre-Financing	2.1.6	133	911
TOTAL CURRENT ASSETS		100 946 086	179 009 230
TOTAL ASSETS		136 112 316	209 341 126

LIABILITIES	Note	31.12.2014	31.12.2013
CAPITAL			
Reserves AFS (Available-for-sale financial assets)		0	(25 277)
Accumulated result		197 387 723	202 015 395
Economic result of the year: - loss / + profit		(70 316 326)	(4 627 672)
TOTAL CAPITAL		127 071 397	197 362 446
NON CURRENT LIABILITIES			
Long term Financial Liabilities		0	0
Provisions for risks and charges	2.1.7	120 000	111 072
TOTAL NON CURRENT LIABILITIES		120 000	111 072
CURRENT LIABILITIES			
Provisions for risks and charges	2.1.7	0	2 399 897
Short-term financial liabilities		0	0
Current payables	2.1.8	1 089 797	1 524 034
Accrued Charges and Deferrals	2.1.9	7 831 121	7 943 676
TOTAL CURRENT LIABILITIES		8 920 919	11 867 607
TOTAL LIABILITIES		136 112 316	209 341 126

1.2. Statement of Financial Performance

DETAILS	Note	2014	2013
Exchange Revenue - Fees & Charges income		26 533 151	88 759 398
Non-Exchange Revenue - Operating revenue		7 676 993	8 349 328
TOTAL REVENUE	2.2.1	34 210 144	97 108 726
Administrative expenses			
- Staff expenses		(61 395 616)	(59 285 293)
- Fixed asset related expenses		(8 037 127)	(6 919 063)
- Other administrative expenses		(13 079 939)	(11 959 584)
Operating expenses		(21 600 072)	(22 225 451)
Financial expenses		(413 717)	(1 347 005)
TOTAL EXPENSES	2.2.2	(104 526 471)	(101 736 398)
ECONOMIC RESULT OF THE YEAR		(70 316 326)	(4 627 672)
ECONOMIC RESULT OF THE YEAR		(70 316 326)	(4 627 672)

1.3. Cash Flow Statement (Indirect method)

	2014	2013
Cash flows from ordinary activities		
Surplus/(deficit) from ordinary activities	(70 316 326)	(4 627 672)
<u>Adjustments</u>		
Amortization (intangible fixed assets) +	5 279 487	4 000 194
Depreciation (tangible fixed assets) +	2 756 082	2 918 870
Increase/(decrease) in Provisions for Risks and Liabilities	(2 390 969)	(3 195 489)
(Increase)/decrease in Exchange Receivables	1 975 947	(1 307 409)
(Increase)/decrease in Non-Exchange Receivables	(125 843)	(52 626)
(Increase)/decrease in Current Pre-Financing	778	(911)
Increase/(decrease) in Other Long-term Liabilities	0	0
Increase/(decrease) in Current Payables	(434 238)	(1 209 691)
Increase/(decrease) in Accrued Charges and Deferrals	(112 555)	1 774 211
(Gains)/losses on sale of Property, Plant and Equipment	0	0
Net cash flow from ordinary activities	(63 367 637)	(1 700 522)
Cash flows from investing activities		
Increase of intangible and tangible fixed assets (-)	(12 869 904)	(9 386 680)
(Increase)/decrease in Current Financial Assets and Long-term Investments	28 616 705	5 107 761
Other adj Investments	25 277	(576 270)
Net cash flow from investing activities	15 772 078	(4 855 189)
Net increase/(decrease) in cash and cash equivalents	(47 595 557)	(6 555 710)
Cash and cash equivalents at the beginning of the period	57 750 023	64 305 733
Cash and cash equivalents at the end of the period	10 154 466	57 750 023

1.4. Statement of Changes in Capital

Capital	Reserves	Accumulated Surplus / Deficit	Economic result of the year	Capital (total)
	Fair value reserve			
Balance as of 01 January 2014	(25 277)	202 015 395	(4 627 672)	197 362 446
Allocation of the economic result of previous year		(4 627 672)	4 627 672	0
Economic result of the year			(70 316 326)	(70 316 326)
Change in fair value of AFS* assets	25 277			25 277
Balance as of 31 December 2014	0	197 387 723	(70 316 326)	127 071 397

* Available-for-sale financial assets (AFS) is an accounting term used to describe assets purchased with the expressed intention of holding onto them for a limited period of time before offering the assets for resale. It is often utilised with different types of stock and bonds.

2. NOTES TO THE FINANCIAL STATEMENTS

2.1. Notes to the balance sheet

2.1.1. Intangible and tangible fixed assets

General

Items acquired whose purchase price is €420 or above, with a period of use greater than one year, are recorded in the fixed assets accounts. Items with an acquisition price below €420 are charged to the statement of financial performance in the financial period that they are acquired.

Intangible and tangible fixed assets are stated at historical cost (purchase cost/development cost less amortisation and depreciation and impairment losses). Historical cost includes expenditure that is directly attributable to the acquisition or development costs of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Agency and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of financial performance during the financial period in which they are incurred.

None of the fixed assets recorded as at 31 December 2014 are subject to finance lease agreements.

The depreciation method chosen is the monthly straight-line method. The annual depreciation rates per asset type are as follows:

Intangible fixed assets:

Computer software (including licences)	25%
Internally developed IT software	25%

Tangible fixed assets:

Furniture and vehicles	10% to 25%
Computer hardware	25%
Other fixtures and fittings	10% to 33%

Intangible fixed assets

Intangible fixed assets are mainly computer software, acquired licences and activated costs for internally developed software.

From 01 January 2010 internally developed intangible assets must be capitalized in accordance with the principles laid out in the EC Accounting Rule 6 on intangible fixed assets.

The following table represents the capitalised intangible fixed assets as at 31 December 2014.

Intangible fixed assets		Internally generated Computer Software	Computer Software	Intangible fixed assets under construction	Total
Gross carrying amounts 01.01.2014	+	15 820 724	5 670 424	6 809 427	28 300 575
Additions	+	4 637 730	214 869	7 843 820	12 696 420
Disposals	-	0	(10 725)	0	(10 725)
Transfer between headings	+/-	4 191 944	0	(4 191 944)	0
Other changes	+/-	0	0	0	0
Gross carrying amounts 31.12.2014		24 650 397	5 874 569	10 461 303	40 986 270
Accumulated depreciation/amortization and impairment 01.01.2014	-	(4 748 522)	(4 756 624)	0	(9 505 146)
Depreciation/Amortization	-	(4 808 256)	(471 230)	0	(5 279 487)
Write-back of depreciation/amortization	+	0	10 725	0	10 725
Disposals	+	0	0	0	0
Impairment	-	0	0	0	0
Write-back of impairment	+	0	0	0	0
Transfer between headings	+/-	0	0	0	0
Other changes	+/-	0	0	0	0
Accumulated depreciation/amortization and impairment 31.12.2014		(9 556 778)	(5 217 129)	0	(14 773 908)
Net carrying amounts 31.12.2014		15 093 619	657 440	10 461 303	26 212 362

All projects relating to internally developed IT tools that were either on-going or put into operation in 2014 were analysed. The main costs of development relate to external consultancy and ECHA employee salary costs.

During 2014, fourteen internal IT projects fulfilled the criteria (seven of which commenced prior to 1 January 2014). The costs relating to seven of these projects are recognised as assets under construction as at 31 December 2014. The remaining seven internally developed IT projects were taken into use during 2014. The total cost of these completed intangible assets amounted to €8,829,674.

As these are all high value projects, it was not necessary to analyse whether to set a lower threshold, for recognition, than the maximum threshold of €500,000 set by the Accounting Officer of the European Commission. Some developments, below this threshold, are additional enhancements/improvements to the internally developed assets recognised in prior years.

The table below highlights the projects under development as at 31 December 2014.

Project name	Cumulative Development Costs 31.12.2013	Further Development Costs 2014	Cumulative Development Costs 31.12.2014
Odyssey	1 292 952	600 800	1 893 753
Portal Dashboard	220 805	257 513	478 318
UCLID V6	1 103 726	1 857 353	2 961 079
Dissemination V3	0	967 674	967 674
REACH IT V3	0	1 596 450	1 596 450
HRMS	0	829 401	829 401
ECM Dynamic Case V2	0	1 734 629	1 734 629
TOTAL	2 617 483	7 843 820	10 461 303

During 2014, seven projects were finalised and transferred to completed intangible assets. All seven of these projects had development costs totalling €4,191,944 recognised in "Assets under construction" as at the 31.12.2013. In 2014, additional costs of €4,637,730 were incurred completing these developments, prior to being transferred to intangible assets. The total costs of intangible assets completed in 2014 amount to €8,829,674 (€4,191,944 + €4,637,730).

The table below represents the intangible IT assets completed in 2014:

Project name	Capitalised amount at year end
PIC	2 324 483
CHESAR V2.3	833 837
Dissemination V2.6	322 019
ECM Dynamic Case V1	1 289 715
R4BP V3.1 & V3.2	2 312 930
RIPE V1.9	261 733
REACH IT V2.7	1 484 957
TOTAL	8 829 674

The value of research and development expenditure relating to internally developed IT projects, recognised as an expense during the period, was €612,774 (€305,902 in 2013) and €2,191,156 (€1,263,491 in 2013) respectively. The research expenditure was mainly incurred in respect of Dynamic Case V2 (€261,040) and CHESAR V3 (€173,194) IT tools.

Tangible fixed assets

The tangible fixed assets are mainly computer hardware, furniture and other fixtures and fittings.

The gross carrying value of other fixtures and fittings of €16,431,275 consists of the costs incurred on the conference centre and two parts of the rented building, namely the second floor and lobby (approx. €15 million) and other fixtures/fittings such as security doors and scanning machines (approx. €1.4 million).

Tangible fixed assets		Computer hardware	Furniture and vehicles	Other Fixtures and Fittings	Total
Gross carrying amounts 1.1.2014	+	7 696 482	557 611	16 431 275	24 685 368
Additions	+	62 640	88 221	23 221	174 082
Disposals	-	(1 541 566)	0	0	(1 541 566)
Transfer between headings	+/-	0	0	0	0
Other changes	+/-	0	0	(598)	(598)
Gross carrying amounts 31.12.2014		6 217 556	645 833	16 453 898	23 317 287
Accumulated depreciation/amortization and impairment 01.01.2014	-	(5 616 078)	(213 626)	(7 319 198)	(13 148 902)
Depreciation/Amortization	-	(969 124)	(61 410)	(1 725 548)	(2 756 082)
Write-back of depreciation/amortization	+	1 540 542	0	0	1 540 542
Disposals	+	1 024	0	0	1 024
Impairment	-	0	0	0	0
Write-back of impairment	+	0	0	0	0
Transfer between headings	+/-	0	0	0	0
Other changes	+/-	0	0	0	0
Accumulated depreciation/amortization and impairment 31.12.2014		(5 043 636)	(275 036)	(9 044 746)	(14 363 418)
Net carrying amounts 31.12.2014		1 173 920	370 796	7 409 153	8 953 869

2.1.2. Current financial assets

Investments	31.12.2014	31.12.2013
<i>Short-term Investments</i>		
Bonds	0	76 116 705
Bank Deposits	87 500 000	40 000 000
Total Short-term Investments	87 500 000	116 116 705

Further details on the current financial assets are disclosed in Section 2.4.1

2.1.3. Exchange receivables

Exchange Receivables	31.12.2014	31.12.2013
Fees and Charges receivables		
REACH Fee Income receivables	1 352 334	2 184 807
Biocide Fee Income receivables	50 100	94 700
REACH Fee Bad debt provision	(832 438)	(655 187)
Biocide Fee Bad debt provision	0	0
Net Fees & Charges receivables	569 996	1 624 320
Miscellaneous Accounts receivables	1 567	0
Accrued income - Bank interest to be received	229 008	103 889
Deferred charges		
Pension charges recoverable from EU	0	1 104 249
Rent	0	519 500
European School	686 206	0
Miscellaneous incl. prepaid software maintenance fees and subscriptions	397 173	389 381
Total Deferred Charges	1 083 379	2 013 131
Sundry - Other receivables		
Staff	43 577	161 461
Miscellaneous	41	714
Total Sundry receivables	43 617	162 175
Total Exchange Receivables	1 927 568	3 903 514

2.1.4. Non-Exchange receivables

Non-Exchange receivables	31.12.2014	31.12.2013
VAT receivable from Finnish Authorities	1 183 247	1 238 076
Translation Centre (CDT)	180 673	0
Miscellaneous	0	0
Total	1 363 920	1 238 076

Non-Exchange receivables are mainly comprised of value added tax (VAT) recoverable from the Finnish Authorities. According to the Seat Agreement signed between the Government of Finland and the Agency, the latter can file an application for reimbursement of VAT paid on purchases, in Finland, if the invoice value is greater than €80 including VAT. An amount of €520,509 relating to VAT recoverable for Quarter 3 2014 was received in February 2015. The balance relates to Quarter 4 2014 and this reimbursement request to the Finnish Tax Authorities took place in January 2015.

The balance of €180,673 of the non-exchange receivables relates to a distribution of an excessive reserve created by the CDT (Translation Centre for the bodies of the European Union) over prior years.

2.1.5. Cash and cash equivalents

Bank Account Name	31.12.2014	31.12.2013
Central Bank of Finland	0	47 711 980
Pohjola Admin Ac	7 342 837	4 670 607
Pohjola Appeal Ac	137 454	87 147
Pohjola REACH Ac	1 444 295	1 352 976
Pohjola Bond Interest Ac	13	124 480
Pohjola Biocide Ac	883 749	2 517 774
Pohjola PIC Ac	304 171	1 154 605
Pohjola IPA Ac	36 972	130 453
Nordea Current Ac	4 975	0
Total Current Accounts	10 154 466	57 750 023

In June 2014, due to further interest ECB interest rate cuts, the Agency withdrew the balance of its monies held with the Bank of Finland as the interest rates to be earned on this money turned negative. The money was then reinvested in deposit accounts as per **Note 2.1.2**. The agreement with the Bank of Finland expired in December 2014.

The earned bank interest is received monthly from Pohjola Bank and cannot fall below zero. The monies held on the current account with Nordea bank relate to interest earned on a deposit which matured during 2014.

2.1.6. Current pre-financing (given)

Pre-Financing	31.12.2014	31.12.2013
<i>Contracts</i>	180 230	207 600
Sub-total	180 230	207 600
<i>Less accrued charges</i>	<i>(180 097)</i>	<i>(206 689)</i>
Outstanding pre-financing	133	911

Included in the €180,230 pre-financing paid in 2014, €115,640 relates to Member States substance evaluation contracts and €63,000 relates to hosting services with the Joint Research Centre.

2.1.7. Long and short-term Provisions for risks and charges

Provisions	31.12.2014	31.12.2013
Long-term provisions	120 000	111 072
Short-term provisions	0	2 399 897
Total	120 000	2 510 969

The substantial decrease in short-term provisions resulted from the payment in 2014 of staff salary increases relating to the periods 2011 - 2013 which had been provided for in prior years.

2.1.8. Current payables

Current Payables	Note	31.12.2014	31.12.2013
Accounts payable			
Supplier invoices received		435 229	760 728
Current payables Member States		8 821	0
Other current payables		2 569	6 831
Total Accounts payable		446 619	767 559
Sundry payable			
REACH Appeal fees received		114 347	62 673
REACH refunds due		29 717	96 656
Payables with consolidated entities		29 713	0
Other payables		0	22 150
Total Sundry payable		173 778	181 479
Prefinancing received from consolidated entities	2.1.12	469 401	574 996
Total Current Payables		1 089 797	1 524 034

Included in sundry payables is €29,717 (€96,656 in 2013) of REACH fee receipts to be refunded. The majority of this money is due to double payments issued in error by the registrants. The Appeal fees of €114,347 (€62,673 in 2013) are recognised as Accounts Payable until a decision is taken by the Board of Appeal. The Agency will have to refund the Appeal fee in cases where the Appeal is decided in the applicant's favour.

2.1.9. Accrued charges and deferrals

Accrued Charges and Deferrals	Note	31.12.2014	31.12.2013
Accrued Expenditure incl. consolidated entities	2.1.10	7 103 908	7 766 619
Deferred Income	2.1.11	550 156	0
Voluntary contribution	2.1.12	177 057	177 057
Total Accrued Charges and Deferrals		7 831 121	7 943 676

2.1.10. Accrued expenditure (including consolidated entities)

The accrued charges are the amounts estimated by the Authorising Officer in respect of the cost incurred for services and goods delivered but not yet invoiced or processed on or before 31 December 2014. The total amount of accrued charges, including consolidated entities, amounts to €7,103,908 (€6,982,175 + €121,733).

Accrued Expenditure Type	2014	2014 with consolidated entities	2013	2013 with consolidated entities
Administrative expenses				
Staff related expenses	285 160		1 057 471	
Untaken leave by staff	1 359 972		1 459 527	
Recruitment related expenses	12 414		53 596	
Interim staff - administrative	148 761		130 237	
Missions	6 345		5 636	
Training	125 744	13 820	112 164	6 000
Building costs	139 103		222 400	
Other	216 710		236 325	
Total - Administrative expenses	2 294 209	13 820	3 277 356	6 000
Operational expenses				
Management Board meetings	12 821		13 105	
Committee meetings and workshops	47 820		43 890	
Operational missions	28 015		55 684	
Translations	0	79 798	0	195 912
IT expenses	2 587 169		2 623 389	
Interim staff - operational	109 148		76 407	
Substance Evaluation	1 379 429		1 198 261	
Other	522 765	28 115	345 404	1 259
Total - Operational expenses	4 687 167	107 913	4 356 140	197 171
Other expenses				
Financial Expenses	12		21 768	
Accruals relating to Fixed Assets	788		16 108	
Total - Other expenses	800		37 876	
Total Accrued Expenditure	6 982 175	121 733	7 671 372	203 171

2.1.11. Deferrals (liability)

The deferrals recorded at the year-end relate to Authorisation fees invoiced and receipted in 2014 for which the Agency still has to complete a portion of the work in respect of the submission.

Deferred Income	31.12.2014	31.12.2013
Authorisation Fee Income	550 156	0
Total	550 156	0

2.1.12. Pre-financing liability and other payables (including consolidated entities)

In 2014 the Agency received an EU subsidy of €6,361,418 (€7,632,000 in 2013) for the implementation of the Biocidal Products and PIC Regulations. In addition the Agency received a Biocide balancing fee contribution of €1,244,421 (€920,900 in 2013) from the EU in December 2014. An amount of €441,492 (€406,641 in 2013) of this money is repayable to the Commission in 2015.

Under the IPA programme (Instrument for pre-accession assistance) a total pre-financing of €289,200 was received in 2012 (€185,676) and 2013 (€103,524), from the EU. Further expenditure of €140,446 (€120,845 in 2013) was accrued in respect of this pre-financing as at 31.12.2014. The balance of this pre-financing, totalling €27,909 is expected to be returned in 2015 to the Commission.

Description	31.12.2014	31.12.2013
EU Subsidy	6 361 418	7 632 000
EU Subsidy expended in the year	(6 250 298)	(7 540 234)
Biocide Balancing Fee Contribution	1 244 421	920 900
Biocide Balancing expended in the year	(914 049)	(606 025)
EFTA Contribution	152 205	136 410
EFTA Contribution expended in the year	(152 205)	(136 410)
IPA 2013 - Pre-financing received	289 200	289 200
Accrued Income on IPA Pre-financing	(261 291)	(120 845)
Voluntary Contribution Norway **	177 057	177 057
Open Pre-financing received	646 458	752 053
Subsidy repayable	111 120	91 766
Other payables to EU institutions and agencies	358 280	483 230
Pre-financing repayable at year end	469 401	574 996

** An exceptional, one-time voluntary contribution of €177,057 was received from Norway on 30 December 2013. This contribution will be used towards the development of Biocidal services at the Agency.

2.2. Notes to the statement of financial performance

2.2.1. Revenue

The Agency executes its REACH fee income in accordance with the Regulation (EC) No 1907/2006 (the "REACH Regulation") and the Commission Regulation No 340/2008 on the fees and charges payable to the European Chemicals Agency (the "Fee Regulation"). The CLP income is executed in accordance with Regulation (EC) No 1272/2008 of the European Parliament and Council.

The Agency commenced invoicing of applicants under the Biocidal Products Regulation(EU) No 528/2012 as from 1 September 2013.

On the table below the Revenue for the year is split between Exchange and Non-Exchange revenue in line with EU Accounting Rules No 4 and 17 respectively.

Revenue	31.12.2014	31.12.2013
Non-Exchange Revenue		
EU subsidy	6 250 298	7 540 234
Reversal of provisions related to legal cases	16 947	81 438
EFTA contribution	152 205	0
Translations reserve return	180 673	0
EU Balancing Fee Subsidy Biocides	914 049	606 025
Revenue with consolidated entities (IPA)	140 447	101 978
Miscellaneous administrative revenue	<u>22 374</u>	<u>19 653</u>
Total Non-Exchange Revenue	7 676 993	8 349 328
Exchange Revenue		
a) Fee Income		
REACH Fee income	24 503 123	86 173 896
Biocide Fee income	1 219 774	407 800
b) Financial Revenue		
Bank interest	25 925	53 499
Deposit interest	330 869	136 841
EIB interest	451 676	1 969 959
Realised gains AFS assets	0	10 039
FX Gains	<u>1 785</u>	<u>7 364</u>
Total Exchange Revenue	26 533 151	88 759 398
Total Revenue	34 210 144	97 108 725

Fee income is entered as revenue in the accounts when the service is rendered. The service is considered to be rendered, by ECHA, when the company submits a request for registration or submits a notification. An invoice is created and sent to the company normally within 2 working days. Every submission undergoes a technical and financial completeness check during a period set by the relevant regulations.

The REACH revenue is significantly lower in 2014, compared to 2013, due to the fact that the second REACH registration deadline under the Regulation took place in 2013, thus creating additional fee income in 2013.

If a submission is technically or financially incomplete (e.g. not "paid in full") by the relevant deadline, the registrant is informed that the submission has been rejected. If the rejection stems from the absence of the payment, the related open invoice is set to the final status "unpaid". Consequently the rejection reduces the accrued revenue. In preparation for the final accounts 2014, all known rejections were taken into account.

2.2.2. Expenses

Administrative expenses	2014	2013	Increase/ Decrease
Staff related expenses	60 609 082	58 727 555	3%
Expenses related to Seconded National Experts	786 534	557 738	41%
Recruitment related expenses	163 046	412 115	-60%
Interim staff - administrative	1 517 263	1 531 908	-1%
European School Helsinki	521 178	0	100%
Annual Medical	443 432	296 353	50%
Missions	240 392	240 660	0%
Training	938 737	980 432	-4%
Rent	6 220 205	6 163 638	1%
Building costs	1 422 207	1 458 451	-2%
Depreciation/Amortization	8 037 127	6 919 063	16%
Operating lease	20 435	20 881	-2%
Provisions (salary related)	0	(29 815)	-100%
Other	1 593 044	884 963	80%
Total - Administrative expenses	82 512 682	78 163 942	6%

Operational expenses	2014	2013	Increase/ Decrease
Management Board meetings	156 533	149 973	4%
Committee meetings and workshops	2 109 130	1 529 886	38%
Operational missions	604 637	522 705	16%
Translations	2 872 104	2 698 872	6%
IT operational costs	10 896 176	11 207 376	-3%
Interim staff - operational	667 187	1 245 116	-46%
Substance Evaluation	1 923 769	1 689 369	14%
Other	2 370 536	3 182 154	-26%
Total - Operational expenses	21 600 072	22 225 451	-3%

Financial expenses	2014	2013	Increase/ Decrease
Bank charges	24 530	99 825	-75%
Interest on late payments	413	17	2344%
AFS actuarial adjustment	384 116	1 237 155	-69%
FX Losses	4 658	10 009	-53%
Total - Financial expenses	413 717	1 347 005	-69%

TOTAL Expenses	104 526 471	101 736 398	3%
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The reduction of the operational expenditure for interims was due to the finalisation of the implementation of the Biocidal Products Registration (BPR) process in 2013 and the REACH registration deadline in 2013 which required additional resources for a limited period of time.

2.2.3. Financial revenue and expenditure (included in 2.2.1 and 2.2.2)

Financial Revenue and Expenditure	31.12.2014	31.12.2013
Revenue		
Bank interest	25 925	53 499
Deposit interest	330 869	136 841
EIB interest	451 676	1 969 959
Realised gains AFS assets	0	10 039
FX Gains	1 785	7 364
Total Revenue	810 254	2 177 702
Expenses		
Bank charges	24 530	99 825
Interest on late payments	413	17
AFS actuarial adjustment	384 116	1 237 155
FX Losses	4 658	10 009
Total Expenses	413 717	1 347 005
Net Financial Gain	396 537	830 697

The net loss recorded on foreign exchange transactions in 2014 is €2,873 (€2,645 in 2013). The revenue generated from interest on investments and bank accounts has fallen significantly during the year. This was due to several factors such as a falling level of reserve, leading to lower amounts available for investment, exceptionally low interest rates and the significant reduction in coupons being offered on bonds.

2.3. Off balance sheet items

Contingent assets and liabilities are off balance sheet items. It is uncertain whether they may occur in the future and are dependent on the future outcome of past events.

The Agency had contingent assets totalling €242,903 as at 31 December 2014 (€155,000 in 2013). This relates to performance guarantees provided by contractors.

Commitments for future funding are also off balance sheet items. They are specified as follows:

Commitments for future funding	31.12.2014	31.12.2013
Commitments against appropriations not yet consumed	6 257 698	8 222 270
Operating lease (building and copy machines)	32 212 212	41 152 337
Contractual commitments for which budget commitments have not yet been made (maintenance, cleaning, security)	2 241 751	3 224 926
Contingent liabilities (legal cases)	1 040 000	960 000
Other contingency (SME Verification)	1 632 728	0
Total	43 384 388	53 559 533

Commitments against appropriations not yet consumed is the remaining net amount to be paid (RAL) after deducting eligible expenses (cut-off postings) that have already been booked in the statement of financial performance.

The contingent liabilities consist of 13 (9 in 2013) on-going legal cases estimated at a total amount of €1,040,000 (€960,000 in 2013). This contingent liability covers the possible costs of the complainants, which is dependant on the future outcome of the individual cases.

In addition, following on from a General Court ruling in October 2014, as regards to the proportionality of the Administrative charge (SME verification process), a contingent liability has been included for the possible partial refunding of amounts previously collected.

2.4. Financial assets and liabilities

In line with Accounting rule No 11 it is required to disclose for financial assets and liabilities the following information:

- Analysis of the credit quality (rating) for financial assets
- Aging analysis of receivables
- Remaining contractual maturities for liabilities
- Analysis of foreign currency exposure of the entity
- Disclosures regarding impairments

2.4.1. Financial assets credit ratings

Details	Note	2014			2013		
		Credit rating	Rating Agency	€	Credit rating	Rating Agency	€
<u>Short-term Investments</u>							
Bonds - Member State issued		N/a	N/a	0	Aaa	Moody's	15 087 300
Bonds - Public institutions		N/a	N/a	0	Aaa	Moody's	45 054 850
Bonds - Public institutions		N/a	N/a	0	Aa1	Moody's	14 846 689
Accrued interest on bonds		N/a	N/a	0	N/a		1 127 866
Bank Deposits - Pohjola		A-1+	S&P	35 000 000	A-1+	S&P	40 000 000
Bank Deposits - Nordea		P-1	Moody's	35 000 000	N/a	N/a	0
Bank Deposits - BCEE		P-1	Moody's	17 500 000	N/a	N/a	0
Subtotal Investments	2.1.2			87 500 000			116 116 705
<u>Cash and Cash equivalents</u>							
Bank Current Accounts - Pohjola		A-1+	S&P	10 149 491	A-1+	S&P	10 038 043
Bank Current Account - Nordea		P-1	Moody's	4 975	P-1	Moody's	0
Bank of Finland		Aaa	Moody's	0	Aaa	Moody's	47 711 980
Subtotal cash and cash equivalents	2.1.6			10 154 466			57 750 023
Total Short-term Financial Assets (incl cash)				97 654 466			173 866 728

It should be noted that no further bonds were acquired by the Agency in 2014 and the last remaining bonds matured in July 2014. Full disclosures on the bond investments can be found in the 2013 Financial Statements of the Agency. The asset management agreement with the EIB expired on 31 December 2014.

The reserves available for investment are invested in line with the Agency's Management Board (MB) guidelines. These guidelines were adjusted and adopted by MB in December 2014 to allow for the efficient investment of the diminishing reserve, while ensuring risk minimisation for the Agency.

The availability of excess cash/reserve for investment is expected to be exhausted by the end of 2015.

2.4.2. Aging analysis of receivables

Market risk of Receivables at 31.12.2014	Total Receivables	Available for sale financial assets	Loans (including short term deposits >3 months and <1 year)	Receivables with Member States	All receivables with third parties including accruals & deferrals (excluding receivables with MS and receivables with consol. entities)	Receivables with consolidated entities	Short-term deposits (< 3 months - including accrued interest) ⁴	Bank accounts
Prime and high grade	98 837 713	0	87 500 000	1 183 247	0	0	0	10 154 466
Unrated - Debtors who have never defaulted	2 108 241	0	0	0	2 108 241	0	0	
Total	100 945 953	0	87 500 000	1 183 247	2 108 241	0	0	10 154 466

Market risk of Receivables at 31.12.2013	Total Receivables	Available for sale financial assets**	Loans (including short term deposits >3 months and <1 year)	Receivables with Member States	All receivables with third parties including accruals & deferrals (excluding receivables with MS and receivables with consol. entities)	Receivables with consolidated entities	Short-term deposits (< 3 months - including accrued interest)	Bank accounts
Prime and high grade	175 104 804	76 116 705	40 000 000	1 238 076	0	0	47 711 980	10 038 043
Unrated - Debtors who have never defaulted	1 786 495	0	0	0	1 786 495	0	0	0
Total	176 891 299	76 116 705	40 000 000	1 238 076	1 786 495	0	47 711 980	10 038 043

Included in "all receivables with third parties" are the receivables in relation to REACH and Biocidal Products Regulation fees and charges. Under these regulations if fees are not paid by the due dates, the invoice is cancelled and the applicant's submission is not accepted, e.g. the applicant will not receive a registration number.

However, under the REACH SME verification process the administrative charge for incorrect company size declarations will not be cancelled if the due date expires. These invoices remain outstanding and as a consequence a bad debt provision has been provided in the accounts (see Note 2.1.3).

2.4.3. Remaining contractual maturities of liabilities

Maturities of liabilities 31.12.2014	< 1 year	1 - 5 years	> 5 years	Total
Payables with third parties	590 683	0	0	590 683
Payables with consolidated entities	499 015	0	0	499 015
Total liabilities	1 089 698	0	0	1 089 698

Maturities of liabilities 31.12.2013	< 1 year	1 - 5 years	> 5 years	Total
Payables with third parties	949 038	0	0	949 038
Payables with consolidated entities	574 996	0	0	574 996
Total liabilities	1 524 034	0	0	1 524 034

The outstanding contractual liabilities at the year-end relate mainly to supplier invoices of €446,619 (€767,599 in 2013), received and recorded in the financial system as at 31 December 2014, and the Budget outturn for the year returnable to the Commission of €441,492 (€406,641 in 2013).

2.4.4. Analysis of foreign currency exposure

The Agency does not have any significant exposure to foreign currency risk in respect to its monetary assets or liabilities.

2.4.5. Impairment

The table below shows the carrying amount of receivables before impairment. As mentioned in Section 2.4.2. only REACH Administrative charges issued as a result of the SME verification process are subject to impairment review.

Details	31.12.2014	31.12.2013
AFS (available for sale) financial assets	0	76 116 705
Impairment AFS	<u>0</u>	<u>0</u>
<i>Subtotal AFS</i>	0	76 116 705
Accounts receivable (Fees)	1 402 434	2 279 507
Bad debt provision	(832 438)	(655 187)
<i>Subtotal Fee receivables</i>	569 996	1 624 320
<i>All other receivables</i>	100 375 957	99 150 274
Total Accounts receivable after impairment	100 945 953	176 891 299

2.5. Related party disclosures

The highest staff grade (Executive Director-Authorising Officer) of the Agency in 2014 was AD15 (*AD15 in 2013*).

2.6. Events after the balance sheet date

No material issues came to the attention of the Accounting Officer of the Agency or were reported to him that would require separate disclosure under this section.

2.7. Accounting principles, rules and methods

Accounting principles

The final annual accounts of the Agency have been prepared according to Article 95 of the Agency's Financial Regulation which sets out the following accounting principles to be applied in drawing up the financial statements:

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

and according to the accounting rules and methods adopted by the EU Commissions' Accounting Officer (Article 50 of the Agency's Financial Regulation).

The accounting system of ECHA comprises of general accounts and budget accounts. These are maintained in Euro and run from 1 January to 31 December.

Transactions and balances in foreign currency

Foreign currency transactions are converted into Euro using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial performance.

Use of estimates

In accordance with generally accepted accounting principles, the financial statements necessarily include amounts based on estimates and assumptions made by management. Significant estimates include, but are not limited to, accrued income and charges, provisions, contingent assets and liabilities. The actual results could differ from those estimates. Changes in estimates are reflected in the period in which they become known.

Receivables

Receivables are carried at original invoice amounts less any write-down for impairment. A write-down for impairment of receivables is established when there is objective evidence that the

Agency will not be able to collect all amounts due according to the original terms of the receivables. A provision has been provided on a case by case basis where applicable.

3. REPORTS ON THE IMPLEMENTATION OF THE BUDGET

3.1. Budget outturn account

		2014	2013
REVENUE			
EU subsidy	+	6 513 623	7 632 000
IPA funds from EU	+	0	103 524
Other contributions and funding received via the EU	+	1 244 421	920 900
Fee income	+	27 216 659	86 113 139
Other revenue	+	1 867 820	3 460 161
TOTAL REVENUE (a)		36 842 524	98 229 725
EXPENDITURE			
<i>Title I: Staff</i>			
Payments	-	71 816 934	68 464 938
Appropriations carried over	-	571 638	717 543
<i>Title II: Administrative Expenses</i>			
Payments	-	12 612 260	11 756 139
Appropriations carried over	-	1 792 846	1 957 955
<i>Title III: Operating Expenditure</i>			
Payments	-	14 489 359	12 763 563
Appropriations carried over	-	8 703 902	10 905 904
TOTAL EXPENDITURE (b)		109 986 939	106 566 043
OUTTURN FOR THE FINANCIAL YEAR (a-b)		(73 144 415)	(8 336 318)
Cancellation of unused payment appropriations carried over from previous year	+	384 232	1 385 343
Adjustment for carry-over from the previous year of appropriation available at 31.12. arising from assigned revenue	+	349 355	285 241
Exchange differences for the year (gain +/- loss -)	+/-	(2 873)	(2 645)
BALANCE OF THE OUTTURN ACCOUNT FOR THE FINANCIAL YEAR		(72 413 701)	(6 668 379)
Balance year N-1	+/-	165 223 981	171 944 791
Bonds reserve adjustment	+/-	(4 772 455)	
Subsidy from year N-1 reimbursed in year N to the Commission (for information)	-	(406 641)	(52 431)
BUDGET OUTTURN		87 631 185	165 223 981
EU subsidy - agency registers accrued revenue and EU accrued expense	-	7 316 552	8 146 259
EU pre-financing to be reimbursed to the Commission in year N+1		441 492	406 641

The detailed budget execution is set out in Section 3.3.3.

3.2. Reconciliation of statement of financial performance and budgetary outturn

The Agency's financial statements are prepared on an accruals basis by which transactions are recorded in the period to which they relate. The result for the year using this basis is indicated in the statement of financial performance. However, the Agency uses a modified cash accounting system for preparing the budget outturn account. In this system, only the payments made, the revenues received in the period and the carry-over of appropriations are recorded. The difference between the budgetary outturn and the statement of financial performance is explained as follows:

Accounts Economic result (- for loss)	+/-	(70 316 326)
Adjustments for Accrual cut-off (reversal 31.12.N-1)	-	(5 763 268)
Adjustments for Accrual cut-off (cut-off 31.12.N)	+	5 610 809
Amount from liaison account with EU booked in the Economic Outturn Account	-	(7 456 999)
Unpaid invoices at year end but booked in charges	+	(390 809)
Depreciation of intangible and tangible fixed assets	+	8 037 127
Provisions	+	(2 390 969)
Value reductions	+	384 116
Recovery Orders issued in class 7, not cashed	-	1 054 323
Prefinancing given in previous year and cleared in the year	+	0
Prefinancing received in previous year and cleared in the year	-	0
Payments made from carry over of payment appropriations	+	12 847 815
Other	+/-	(10 553)
Exchange rate differences	+/-	2 873
Asset acquisitions	-	(11 995 110)
New pre-financing paid in the year and remaining open as at 31.12.N	-	(133)
Budgetary Recovery Orders issued ≤ N-1 and cashed in the year	+	550 156
Payment appropriations carried over to 2014	-	(11 068 385)
Cancellation of unused payment appropriations carried over from N-1	+	384 232
Adjustment for carry over of appropriations from N-1 arising from assigned revenue available at 31.12.N	+	349 355
EU subsidy and other contributions recorded in the Budget	+/-	7 758 044
Total after adjustment to Accounts		(72 413 701)
Budgetary result (+ for surplus)		(72 413 701)

3.3. BUDGET AND FINANCIAL MANAGEMENT 2014

3.3.1. Budget

As stated in Article 92 and 93 of the Financial Regulation applicable to the budget of ECHA, the annual accounts of the Agency are accompanied by a report on budgetary and financial management during the year. This report is drawn up under the responsibility of the Executive Director and the relevant information will be included in his Annual Activity Report.

In accordance with the REACH Regulation (No 1907/2006), ECHA is financed through fees paid by industry for registration of chemical substances and by a possible EU balancing subsidy as referred to in Article 208 of the General Financial Regulation. In 2014, ECHA was fully financed through fee income for its REACH and CLP operations.

In accordance with the Regulation on Biocidal Products (BPR, No 528/2012), ECHA is financed partially through fees paid by industry and partially through an EU subsidy as referred to in Article 208 of the General Financial Regulation. In 2014, ECHA was financed only partially from fees collected during the year, whereas the majority of the expenditure budget was financed by an EU subsidy of €5,064,194 (€6,070,500 in 2013). Furthermore, ECHA was supported with an additional amount of €1,244,421 (€920,900 in 2013) by the Commission (DG Environment) as a compensation for non-materialised income and EFTA contributions of €152,205 in the year.

In accordance with the Prior Informed Consent (PIC) Regulation (No 649/2012), ECHA is fully financed by an EU subsidy as referred to in Article 208 of the General Financial Regulation. This subsidy amounted to €1,297,244 (€1,561,500 in 2013).

The initial budgetary payment appropriations for the expenditure of 2014, as concluded by the Management Board in December 2013, amounted to €118,579,418.

During the year 2014 the Management Board adopted two amending budgets. The first amending budget in June increased the REACH reserve with the surplus resulting from the positive outturn of 2013 and decreased it by the net cash impact of the premiums/discounts of the maturing bond investments. Also, as ECHA received a special BPR contribution of €177,057 from Norway after the adoption of the 2014 budget, this amount was inserted into the budget. Finally, as the fee revenue from the BPR was observed significantly below the forecast, ECHA reduced the Biocides expenditure by €1,000,000.

The second amending budget, in December, adapted the Agency's revenue to the real income situation. The REACH/CLP income was adjusted upwards by €5,060,804 to a total of €25,139,004 and the BPR fee income was further reduced by €1,900,000 to a total of €1,300,000. Furthermore, the second amending budget also reduced the expenditure budgeted for REACH/CLP by €3,826,000, BPR by €653,000 and PIC by €40,500 leading to an overall net decrease in expenditure of EUR 4,519,500. The amendments in the income and expenditure of REACH/CLP resulted in a surplus of €8,886,804 which was transferred to the reserve. An additional €1,247,000 amendment for BPR income was introduced making use of the Commission guarantee for unrealised fee income in 2014.

3.3.2. Revenue

The budget funding of ECHA in 2014 was made up as follows:

Description	Initial Budget 2014	Amending Budgets No 1 & No 2 2014	Final Budget	Entitlements Established	Revenue received
Fees and charges from registrations	14 350 400	7 726 604	22 077 004	23 034 225	23 034 225
Fees and charges from authorisations	2 505 100	(823 100)	1 682 000	1 682 281	1 682 281
Fees from SME verification process (administration)	3 000 000	(1 800 000)	1 200 000	1 085 374	1 085 374
Fees and charges from CLP	142 700	(42 700)	100 000	93 300	93 300
Subtotal REACH Fee Invoicing Income (excl. Appeals)	19 998 200	5 060 804	25 059 004	25 895 180	25 895 180
Fees and charges from Appeals	80 000		80 000	55 705	55 705
Total REACH Fee Income (incl. Appeals)	20 078 200	5 060 804	25 139 004	25 950 885	25 950 885
Fees for active substances under the Biocidal Products Regulation (BPR)	285 000	203 000	488 000	488 000	488 000
Fees for Union authorisation under the BPR	960 000	(960 000)	0	0	0
Miscellaneous fees under the BPR	2 955 000	(2 143 000)	812 000	777 774	777 774
Total BPR Fee Income	4 200 000	(2 900 000)	1 300 000	1 265 774	1 265 774
BPR Subsidy	5 064 194		5 064 194	5 064 194	5 064 194
BPR Balancing contribution for non-materialised fee income	0	1 247 000	1 247 000	1 244 421	1 244 421
EFTA contribution	128 000		128 000	152 205	152 205
Other contributions	0	177 057	177 057	177 057	177 057
PIC Subsidy	1 297 224	(40 500)	1 256 724	1 297 224	1 297 224
Revenue from bank interest on fee income	1 700 000		1 700 000	1 820 488	1 820 488
Other	50 000		50 000	24 749	24 749
Reserve	162 712 070	(2 667 185)	160 044 885	160 044 885	160 044 885
Total Revenue	195 229 688	877 176	196 106 864	197 041 882	197 041 882

Revenue from fees and charges

A) REACH

The fees and charges collected by ECHA are determined by the REACH Regulation, the Fee Regulation and by the decisions of the Management Board. Due to the once-off nature of the REACH fees, there is high uncertainty as to their amount and timing. The budgetary revenue from REACH fees and charges for 2014, in terms of the cash received, amounted to €25,895,180 (€85,782,979 in 2013). The revenue was significantly lower than in 2013 due to the fact that the second registration deadline under REACH occurred on the 31 May 2013. The actual revenue recorded in the year (€25,895,180) was significantly higher than initially estimated (€19,998,200) due to a number of factors, the leading factor being a larger number of dossiers in higher tonnages than had been estimated. Another factor which attributed to the increased income on the initial forecasts was due to an agency initiative . Through this campaign ECHA encouraged registrants of intermediates to proactively reassess the status of their substances as intermediate and, where necessary to update their registration dossiers. As a result there was a peak of additional invoices issued between April and May 2014, with corresponding budgetary revenue (receipts).

In addition, income of €55,705 (€17,167 in 2013) was recorded in relation to REACH appeal fees. This income refers to fees lodged for cases which were either disallowed by the Board of Appeal (5 cases) or withdrawn by the appellant (14 cases). The appeal fees returned to appellants during the year amounted to €20,269. This arose from 2 appeals which were ruled in favour of the appellant, 1 appeal fee which was overpaid and 1 case which was discontinued.

Until a final decision is taken by the Board of Appeal or the case is withdrawn by the appellant, the appeal fee received is recorded as an asset (Bank Account) and a liability (amounts returnable to the payee) in ECHAs accounts.

B) Biocides

The Biocide fees and charges collected by ECHA are determined by the Biocidal Product Regulation (BPR), the Fees and Charges Regulation and by the decisions of the Management Board. The Regulation entered into operation with effect from 01 September 2013. The budgetary revenue from Biocidal product fees and charges received in 2014 amounted to €1,265,774 (€313,000 in 2013).

C) Other miscellaneous income

During the year the Agency recorded gross interest income of €1,820,488. The bulk of this income relates to coupon payments on bonds (€1,588,667) and interest received on deposit account investments (€185,911). As the REACH reserve diminishes and interest rates remain low the return achievable will continue to fall.

Fee Invoicing 2014 (other information in accordance with Article 67 of FR)

In accordance with Article 67 of the Agency's current Financial Regulation, the number of debit notes issued and their global amount shall be provided in the Agency's report on budgetary and financial management. In addition, where fees and charges are entirely determined by legislation or decisions of the Management Board, the Authorising Officer may abstain from issuing recovery orders and directly draw up debit notes after having established the amount receivable. Where the Agency uses a separate invoicing system, the accounting officer shall regularly, and at least on a monthly basis, enter the accumulated sum of fees and charges received into the accounts.

The Agency uses a separate invoicing and debtors system for daily transactions related to fee income which is implemented in the REACH IT (REACH Fees) and REACH-NG (Biocidal Product Fees) invoicing modules. The invoices raised and the payments received were recorded in the central accounting system on a monthly basis during 2014.

A) REACH Fees and Charges

The total net invoiced by the Agency in 2014 amounted to €24,885,660 (€85,974,033 in 2013). The table below depicts the breakdown of the net invoiced REACH fees during the year.

REACH	2014		2013	
Description	No of Transactions	€	No of Transactions	€
Invoices issued	3 847	28 301 758	12 832	96 744 311
Credit Notes	315	(2 962 849)	1 019	(9 673 124)
Unpaid	80	(453 095)	171	(1 096 341)
Considered paid	10	(154)	44	(813)
Net Invoiced		24 885 660		85 974 033

It is noted that out of the credit notes mentioned above, 219 (735 in 2013) were issued to cancel the original invoices following the verification of the SME status of enterprises claiming to be entitled to fee reductions. From these credit notes an additional net amount of €1,034,326 (€4,460,871 in 2013) was invoiced and €1,136,338 (€4,092,995 in 2013) of the outstanding invoices were received. In addition, ECHA cashed a further €1,085,374 (€3,385,300 in 2013) net in respect of Administrative charges.

The income generated via the SME verification process fell significantly in 2014 due to a number of factors. The main factors were that all communication had to be made in the language identified by the registrant and an EU General Court ruling in early October 2014 queried the proportionality of the Administrative charge in some cases. In addition, during 2013, a large number of registrants took advantage of the option to rectify an incorrectly declared size category directly after ECHA had initiated the verification process. This option allowed the companies to benefit from a 50% reduction in the administrative charge.

In accordance with Article 65 of the Agency's current Financial Regulation, the Accounting Officer shall keep a list of the amounts due to be recovered. The list is added to the Agency's report on budgetary and financial management. This list shall also indicate decisions by the Authorising Officer to waive or partially waive recovery of established amounts. During 2014, bank charges were deducted by the senders' banks for 10 invoices (44 invoices in 2013) relating to REACH fee income. For management efficiency reasons these invoices were considered paid and therefore a total amount of €154 (€813 in 2013) was waived.

B) Biocidal Products Fees and Charges

The total net invoiced by the Agency in 2014 amounted to €1,233,674 (€409,100). The table below depicts the breakdown of the net invoiced fees under the Biocidal Products Regulation during the year.

Biocidal Products	2014		2013	
	No Transactions	€	No Transactions	€
Invoices issued	585	1 386 100	248	560 200
Credit Notes	38	(106 500)	33	(121 000)
Unpaid	60	(45 900)	43	(30 100)
Considered paid	2	(26)	0	0
Net Invoiced		1 233 674		409 100

In accordance with Article 65 of the Agency's current Financial Regulation, the Accounting Officer shall keep a list of the amounts due to be recovered. The list is added to the Agency's report on budgetary and financial management. This list shall also indicate decisions by the Authorising Officer to waive or partially waive recovery of established amounts. During 2014, bank charges were deducted by the senders' banks for 2 payments (0 in 2013) relating to BPR fee income. For management efficiency reasons these invoices were considered paid and therefore a total amount of €26 (€0 in 2013) was waived.

3.3.3. Expenditure

Budget expenditure includes payments made during the year as well as the carry-over of budgetary appropriations. The following paragraphs and table summarises the execution of appropriations for the current year (C1 credits) per Title and a more detailed breakdown is provided in the Annex II.

Title 1: staff expenditure

The budget, initially adopted, for Title 1 in 2014 was €74.9 million and the overall decrease during the year including transfers and amending budgets was €0.5 million. The final executed amount totalled to €72.3 million, corresponding to an execution rate of 97.2% for the commitment appropriations.

Appropriations of €109,197 carried over from the previous year (C8) were not utilised and consequently cancelled.

Title 2: infrastructure expenditure

The initial Title 2 appropriations totalled to €15.6 million. During the year the amount was reduced by €0.8 million to €14.8 million. In 2014 €14.4 million were committed, which corresponds to an execution rate of 96.9%.

The biggest expenditure areas, apart from the rent of the building, were the IT hosting services, the costs of security and maintenance related to the building, purchases of IT hardware, software and their maintenance.

Appropriations of €105,989 carried over from the previous year (C8) were not utilised and consequently cancelled.

Title 3: operational expenditure REACH and CLP

The Title 3 is exclusively for the operational expenditure needed to implement the REACH and CLP regulations. The initial budgeted appropriations amounted to €25.8 million and it was decreased during the year by €3.2 million to €23.6 million. The executed commitment appropriations for 2014 were €22.9 million corresponding to an execution rate of 96.8%. The appropriations carried over amounted to €8.2 million, representing 35.8% of the committed amount.

The expenditure related to Scientific IT tools represents about half of the total expenditure in Title 3, totalling to about €12 million. The expenditure related to Evaluation amounted to €2.3 million. These two items cover more than 75% of the amount carried over.

Appropriations of €268,188 carried over from the previous year (C8) were not utilised and consequently cancelled.

Title 4: operational expenditure Biocides

The Biocides related operational expenditure in the initial budget totalled to €1.7 million. During the year it was reduced by €0.96 million to €0.75 million. The total committed amount was €0.71 million, corresponding to an execution rate of 94.8%. The amount carried over totalled to €0.14 million, representing 20.2% of the committed amount.

Appropriations of €25,445 carried over from the previous year (C8) were not utilised and consequently cancelled.

Title 5: operational expenditure PIC

The adopted budget for Title 5 was €0.54 million and it was reduced by €0.05 million to €0.49 million. The executed commitment appropriations amounted to €0.47 million corresponding to an execution rate of 96.3%. The amount carried over was €0.17 million representing 35.9% of the committed amount.

As with REACH, the expenditure related to Scientific IT tools is the biggest expenditure item representing about 65% of the total expenditure in Title 5.

Appropriations of €7,850 carried over from the previous year (C8) were not utilised and consequently cancelled.

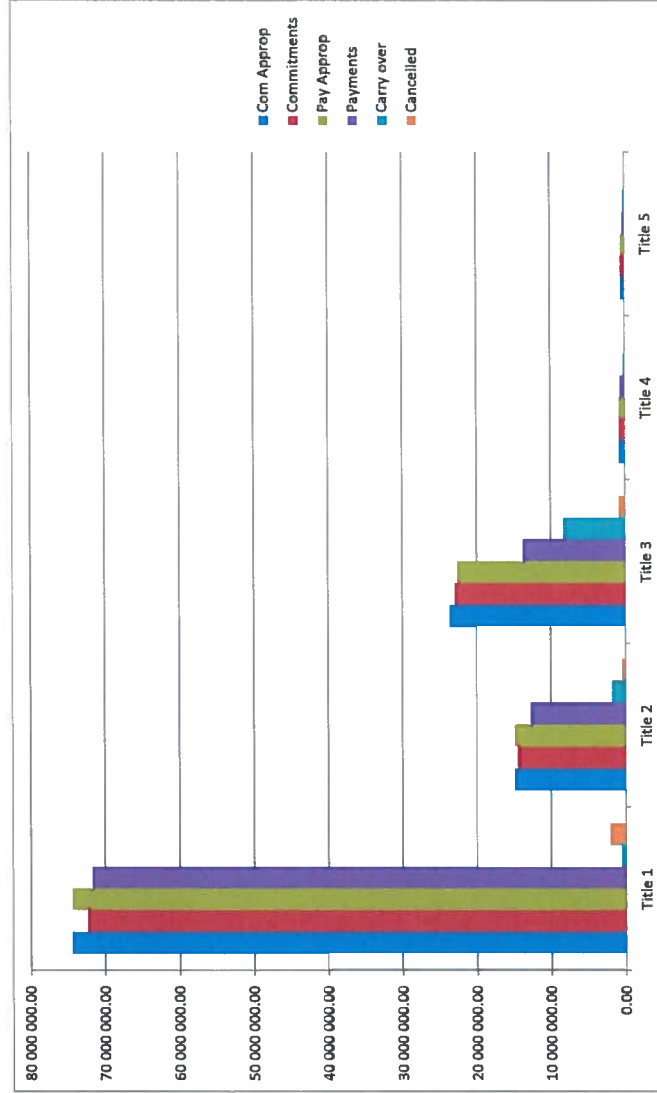
Late interest payments

During the year ECHA paid €412.83 in late interest for a total of 6 invoices.

Budget Execution per Title / Fund source C1 - Current year appropriations - 2014

Title	Budget Line Description	Voted Budget Payment Appropriations	Amending budgets Payment Appropriations	Transfers	Final Available Commitment Appropriations (1)	Executed Commitment Amount (2)	% Committed (2)/(1)	Final Available Payment Appropriations (3)	Executed Payment Amount (4)	% Paid (4)/(3)	Carried over RAL (C8) (2),(4)	Carry over %	Cancelled (1)-(2), For Chapter 11 (3)-(4)	Cancelled %
Title 1	STAFF	74 904 859.00	-1 408 000.00	905 928.29	74 402 787.29	72 325 788.80	97.21%	74 402 787.29	71 754 133.20	96.44%	571 637.64	0.79%	2 076 998.49	2.79%
Title 2	BUILDING, EQUIPMENT AND MISCELL. OPER. EXPEND	15 607 175.00	-767 500.00	0.00	14 839 675.00	14 382 885.31	96.92%	14 839 675.00	12 612 148.74	84.99%	1 770 736.57	12.31%	456 789.69	3.08%
Title 3	OPERATIONAL EXPENDITURE - REACH	25 820 400.00	-2 346 000.00	-893 000.00	23 633 675.00	22 887 179.35	96.84%	22 581 400.00	13 650 883.74	60.45%	8 184 483.11	35.76%	746 495.65	3.31%
Title 4	OPERATIONAL EXPENDITURE - BIOCIDES	1 709 885.00	-980 000.00	18 052.49	747 937.49	708 970.20	94.79%	747 937.49	566 147.07	75.69%	142 823.13	20.15%	38 967.29	5.21%
Title 5	OPERATIONAL EXPENDITURE - PIC	537 099.00	-18 000.00	-30 980.78	488 118.22	470 032.13	96.29%	488 118.22	301 500.32	61.77%	168 531.81	35.86%	18 086.09	3.71%
	total	118 579 418.00	-5 519 500.00	0.00	114 112 193.00	110 774 855.79	97.08%	113 059 918.00	98 884 813.07	87.46%	10 838 212.26	9.78%	3 337 337.21	2.95%

Note: As ECHA operates with both differentiated (multiannual) and non-differentiated (annual) budget lines, the funds reserved for the commitments (commitment appropriations) do not equal the funds reserved for payments (payment appropriations). The results for the administrative titles 1 and 2 are combined for all three Regulations.



4. FINANCIAL MANAGEMENT

In year 2014, the main achievements in financial management were:

- Rigorous budget and liquidity management;
- Managing and investing the Agency's cash reserves;
- Intensified verification of the SME status of companies;
- Regular reporting to the management and Governing Board;
- A correct closure of the 2013 accounts.