

Final Annual Accounts

Financial Year 2013

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

accompanied by

**Report on budgetary and financial management
during the year**

Helsinki, 19 June 2014

Certification by the Accounting Officer of the Final Annual Accounts 2013 of the European Chemicals Agency

The annual accounts of the European Chemicals Agency for the year 2013 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 art 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.

The Annual Accounts, in respect to the recording of the bond investments, are in line with EU Accounting Rule No 11 and the other relevant Accounting Rules adopted by the European Commission. Therefore, in 2014, on the maturity of the bond investments, a technical adjustment to the budgetary reserve is required so as to align the budgetary reports to the financial accounts of the Agency.

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 2013.



John Wickham
Accounting Officer
European Chemicals Agency
19 June 2014

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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 economic outturn account, 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.

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 Community level in relation to these aspects (art. 75 of the REACH Regulation).

The Agency shall also provide the Member States and the institutions of the Community 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 Community 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 registrants under the Biocidal Products Regulation from the 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 2013, in respect of the PIC regulation,

was financed by a subsidy from the general budget of the European Communities. 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 fee-generated income.

1. FINANCIAL STATEMENTS

1.1. Balance Sheet

ASSETS	Note	31/12/2013	31/12/2012
NON CURRENT ASSETS			
Intangible fixed assets	2.1.1		
Computer software		11 986 003	10 900 818
Intangible fixed assets under construction		6 809 426	3 044 330
Tangible fixed assets	2.1.1		
Computer hardware		2 080 405	2 767 775
Furniture and vehicles		343 985	375 906
Other fixtures and fittings		9 112 077	10 775 452
Long-term investments	2.1.6		
Other investments		0	52 425 340
TOTAL NON CURRENT ASSETS		30 331 896	80 289 620
CURRENT ASSETS			
Short-term receivables			
Current receivables	2.1.3	1 624 320	1 462 651
Sundry receivables	2.1.4	1 400 252	1 259 688
Deferrals and accruals	2.1.5	2 117 930	1 057 437
Short-term receivables with consolidated EC entities		0	1 780
Short term investments	2.1.6	116 116 705	68 799 126
Cash and cash equivalents	2.1.7	57 750 023	64 305 734
TOTAL CURRENT ASSETS		179 009 230	136 886 416
TOTAL ASSETS		209 341 126	217 176 036

LIABILITIES	Note	2013	2012
CAPITAL			
Reserves AFS (Available-for-sale-financial assets)		-25 277	550 993
Accumulated result		202 015 395	264 483 873
Economic result of the year: - loss / + profit		-4 627 672	-62 468 478
TOTAL CAPITAL		197 362 446	202 566 388
NON CURRENT LIABILITIES			
Provisions for risks and charges	2.1.8	111 072	92 000
TOTAL NON CURRENT LIABILITIES		111 072	92 000
CURRENT LIABILITIES			
Provisions for risks and charges	2.1.8	2 399 897	5 614 458
Current payables	2.1.9	767 559	1 977 250
Sundry payables	2.1.10	181 479	137 887
Deferrals and accruals	2.1.11	7 563 448	5 910 310
Deferrals and accruals with consolidated entities	2.1.11	203 171	577 771
Pre-financing received from consolidated entities	2.1.12	752 053	241 009
Other accounts payable against consolidated entities	2.1.12		58 963
TOTAL CURRENT LIABILITIES		11 867 607	14 517 648
TOTAL LIABILITIES		209 341 126	217 176 036

1.2. Economic Outturn Account

DETAILS	Note	2013	2012
Fee income		86 581 696	25 750 731
Operating revenue		8 349 328	5 260 867
TOTAL OPERATING REVENUE	2.2.1	94 931 024	31 011 598
Administrative expenses			
Staff expenses		-59 285 293	-53 218 874
Fixed asset related expenses		-6 919 063	-5 232 037
Other administrative expenses		-11 959 584	-16 467 948
Operating expenses			
Other operating expenses		-22 225 451	-21 477 248
TOTAL OPERATING EXPENSES	2.2.2	-100 389 393	-96 396 107
SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES		-5 458 369	-65 384 509
Financial revenues	2.2.3	2 177 702	4 514 471
Financial expenses	2.2.3	-1 347 005	-1 598 441
SURPLUS/ (DEFICIT) FROM NON OPERATING ACTIVITIES		830 697	2 916 030
ECONOMIC RESULT OF THE YEAR		-4 627 672	-62 468 479

1.3. Cash Flow Statement (Indirect method)

DETAILS	2013	2012
Cash flows from ordinary activities		
Surplus/(deficit) from ordinary activities	-4 627 672	-62 468 479
Adjustments		
Amortization (intangible fixed assets) +	4 000 194	2 233 284
Depreciation (tangible fixed assets) +	2 918 870	2 997 379
Increase/(decrease) in Provisions for risks and liabilities	-3 195 489	4 380 966
Increase/(decrease) in Value reduction for doubtful debts	393 625	154 434
(Increase)/decrease in Stock	0	0
(Increase)/decrease in Long term Pre-financing	0	0
(Increase)/decrease in Short term Pre-financing	0	0
(Increase)/decrease in Long term Receivables	0	0
(Increase)/decrease in Short term Receivables	-41 756 351	-12 687
(Increase)/decrease in Receivables related to consolidated EC entities	1 780	2 659
Increase/(decrease) in Other Long term liabilities	0	0
Increase/(decrease) in Accounts payable	289 496	2 422 584
Increase/(decrease) in Liabilities related to consolidated EC entities	275 025	175 782
(Gains)/losses on sale of Property, plant and equipment	0	0
Net cash flow from operating activities	-41 700 523	-50 114 077
Cash flows from investing activities		
Increase of tangible and intangible fixed assets (-)	-9 386 679	-10 381 397
Proceeds from tangible and intangible fixed assets (+)	0	86
(Increase)/decrease in Short and Long term Investments	45 107 761	29 177 127
Other adj Investments	-576 270	
Net cash flow from investing activities	35 144 812	18 795 816
Net increase/(decrease) in cash and cash equivalents	-6 555 710	-31 318 261
Cash and cash equivalents at the beginning of the period	64 305 733	95 623 994
Cash and cash equivalents at the end of the period	57 750 023	64 305 733

1.4. Statement of Changes in Capital

Capital	Reserves		Accumulated Surplus / Deficit	Economic result of the year	Capital (total)
	Fair value reserve	Other reserves			
Balance as of 1 January 2013	550 993	0	264 483 873	-62 468 478	202 566 388
Allocation of the economic result of previous year			-62 468 478	62 468 478	0
Economic result of the year				-4 627 672	-4 627 672
Change in fair value of AFS* assets	-576 270				-576 270
Balance as of 31 December 2013	-25 277	0	202 015 395	-4 627 672	197 362 446

* Available-for-sale (AFS) financial assets is an accounting term used to describe assets purchased with expressed intention of holding onto them for a limited period of time before offering the assets for resale. It is often utilized 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 value below €420 have been reflected in the accounts as running expenses.

Tangible and Intangible 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 economic outturn account during the financial period in which they are incurred.

None of the fixed assets recorded as at 31.12.2013 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.

All projects relating to internally developed IT tools that were either on-going or put into operation in year 2013 were therefore analysed.

During 2013 twelve internal IT projects fulfilled the criteria. The development costs relating to ten of these projects are recognised as assets under construction as at 31.12.2013. The remaining two internally developed IT projects were taken into use during 2013. As these are all high value projects there was no need to analyse whether to set a lower threshold than the maximum threshold of €500,000 set by the Accounting Officer of the European Commission. Some developments, below this threshold, are additional developments to internally developed assets recognised in prior years and as such are enhancements to the original developments. Four projects were taken into use during 2013. The development cost includes mainly external consulting cost and ECHA employee salary costs.

Project name	Cumulative Development Costs 31.12.2012	Opening Development Costs Capitalised in 2013	Development Costs 2013	Cumulative Development Costs 31.12.2013
Dissemination V2.5	1 737 084	-1 737 084		
R4BP V3	367 627	-367 627		
Odyssey	889 131		403 821	1 292 952
RIPE	50 488		166 150	216 638
Portal Dashboard			220 805	220 805
PIC			1 098 010	1 098 010
Chesar V2.3			294 203	294 203
ECM Dynamic Case			985 974	985 974
UCLID V6			1 103 726	1 103 726
Dissemination V2.6			144 258	144 258
R4BP V3.1			404 238	404 238
REACH IT V2.7			1 048 624	1 048 624
TOTAL	3 044 330	-2 104 711	5 869 808	6 809 427

During 2013, four projects were finalised and transferred to intangible assets. Two of these projects (Dissemination V2.5 and R4BP V3) had development costs of €2,104,711 recognised in "Assets under construction" as at the 31.12.2012. Additional Development costs of €1,060,863 and €1,227,673 respectively were incurred on these projects, in 2013, prior to being transferred to intangible assets. CHESAR V2.2 and REACH-IT V2.6 were both initiated and completed within 2013 for total costs of €203,442 and €199,356 respectively.

The table below represents the development costs transferred to completed intangible assets during 2013.

Project name	Capitalised amount at year end
Chesar V2.2	203 442
Dissemination V2.5	2 797 947
R4BP 3	1 595 300
REACH IT V2.6	199 356
TOTAL	4 796 044

The following table represents the capitalised intangible fixed assets as at 31.12.2013.

Intangible fixed assets		Internally generated Computer Software	Computer Software	Intangible fixed assets under	Total
Gross carrying amounts 1.1.2013	+	11 024 680	5 381 090	3 044 330	19 450 100
Additions	+	2 691 333	299 222	5 869 808	8 860 363
Disposals	-		-9 888		-9 888
Transfer between headings	+/-	2 104 711		-2 104 711	
Other changes	+/-				
Gross carrying amounts 31.12.2013		15 820 724	5 670 424	6 809 427	28 300 575
Accumulated depreciation/amortization and impairment 1.1.2013	-	-1 725 595	-3 779 357		-5 504 952
Depreciation/Amortization	-	-3 022 927	-977 267		-4 000 194
Write-back of depreciation/amortization	+				
Disposals	+				
Impairment	-				
Write-back of impairment	+				
Transfer between headings	+/-				
Other changes	+/-				
Accumulated depreciation/amortization and impairment 31.12.2013		-4 748 522	-4 756 624		-9 505 146
Net carrying amounts 31.12.2013		11 072 202	913 800	6 809 427	18 795 429

The value of research and development expenditure relating to internally developed IT projects, recognised as an expense during the period, was €305,902 (€1,021,540 in 2012) and €1,263,491 (€501,234 in 2012) respectively. The main reason for the decrease in research expenditure year on year is due to the research undertaken in 2012 in preparation for the implementation of the Biocidal Products Regulation which amounted to €747,059.

The table below summarises the research expenditure for 2013.

Description	€
Biocide/PIC	250 088
Other	55 814
Total	305 902

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 is €16,430,678. It consisting of the costs incurred on the conference centre and two parts of the rented building, second floor and lobby (15 million euro approximately) and other fixtures/fittings such as security doors and scanning machines (1.4 million euro approximately).

Tangible fixed assets		Computer hardware	Furniture and vehicles	Other Fixtures and Fittings	Total
Gross carrying amounts 1.1.2013	+	8 343 537	530 262	16 369 295	25 243 095
Additions	+	436 784	27 349	62 578	455 558
Disposals	-	-1 083 839		-598	-1 084 437
Transfer between headings	+/-				
Other changes	+/-				
Gross carrying amounts 31.12.2013		7 625 926	557 611	16 430 678	24 614 216
Accumulated depreciation/amortization and impairment 1.1.2013	-	-5 575 762	-154 356	-5 593 843	-11 323 962
Depreciation/Amortization	-	-1 124 154	-59 270	-1 725 953	-2 909 377
Write-back of depreciation/amortization	+				
Disposals	+	1 083 839		598	1 084 437
Impairment	-				
Write-back of impairment	+				
Transfer between headings	+/-				
Other changes	+/-				
Accumulated depreciation/amortization and impairment 31.12.2013		-5 545 522	-213 626	-7 318 601	-13 077 749
Net carrying amounts 31.12.2013		2 080 404	343 985	9 112 077	11 536 467

2.1.2. Short-term pre-financing (given)

DETAILS	31.12.2013	31.12.2012
Contracts	207 600	102 167
Total	207 600	102 167
<i>Less accrued charges</i>	<i>-206 689</i>	<i>-102 167</i>
Total pre-financing	911	0

€205,100 of the total pre-financing relates to Member States substance evaluation contracts.

2.1.3. Current receivables

DETAILS	31.12.2013	31.12.2012
REACH Fee income receivables	2 184 807	1 723 853
Biocide Fee Income receivable	94 700	0
REACH Fees Bad debt provision	-655 187	-261 202
Biocide Fee Bad debt provision	0	0
Net Fee Income receivable	1 624 320	1 462 651
Other receivables	0	0
Total	1 624 320	1 462 651

2.1.4. Sundry receivables

DETAILS	31.12.2013	31.12.2012
VAT receivable from Finnish Authorities	1 238 076	1 183 307
Bank interest receivable	0	364
Staff	161 461	70 720
Miscellaneous	714	5 297
Total	1 400 252	1 259 688

Sundry receivables are mainly comprised of recoverable value added tax (VAT) from the Finnish Authorities. According to the Seat Agreement signed between the Government of Finland and the Agency, the latter can file an application of reimbursement for VAT paid on purchases, in Finland, if the invoice value is greater than €80 including VAT. An amount of €610,171 relating to VAT recoverable for Quarter 3 2013 was received in January 2014. The balance relates to Quarter 4 2013 and the reimbursement request to the Finnish Tax Authorities took place in January 2014.

Furthermore sundry receivables consist of advances paid to staff and amounts put on hold during the monthly salary payment procedures. It is to be noted that salary and mission advances have been taken into account as accrued expenses where applicable.

2.1.5. Deferrals and accruals (asset)

DETAILS	31.12.2013	31.12.2012
Accrued income		
Bank interest to be received	103 889	5 268
Total	103 889	5 268
Deferred charges		
Pension charges recoverable from Commission	1 104 249	0
Rent January 2014	519 500	0
Miscellaneous incl. prepaid software maintenance fees and subscriptions	390 292	1 052 169
Total	2 014 041	1 052 169
TOTAL deferrals and accruals (asset)	2 117 930	1 057 437

2.1.6. *Short-term and long-term investments*

In order to seek the best market conditions available while minimising the risk, ECHA entered into an Asset Management Agreement with the European Investment Bank (EIB) in May 2011. The purpose of this Agreement is to serve the Agency's investment and risk diversification needs.

The balance of bond investments amount to €76,116,705 at the 31.12.2013. In addition to these investments the Agency had short-term Deposit Account investments totalling €40,000,000. This brings the total short-term investments at 31.12.2013 to **€116,116,705**.

The substantial cash funds will be used to finance the Agency's budget going forward. The cash reserves are expected to be exhausted during the latter half of 2015.

Following a decision of the Accounting Officer of the European Commission concerning the "Presentation of the Guarantee Fund for external actions and other Available-for-sale portfolios" on 31 January 2013, the Available-for-sale financial instruments of the Facility's ECHA Portfolio are categorised according to their remaining contractual maturity at the balance sheet date, as per the definition of current and non-current asset and liability distinction, described in the EU Accounting Rule 2.

The Facility Portfolio has retrospectively changed the presentation of the accrued income on Available-for-sale portfolio in the balance sheet. In the previous year's financial statements, the accrued interest on the Available-for-sale financial instruments were presented in line with classification of the related assets, while in the current financial statements it is based on their payment date.

This decision has no effect on the economic outturn account.

Bond Portfolio

Risk management policies

The ECHA portfolio is managed in a conservative manner, in line with best practices of asset management industry and based on prudential rules of diversification and risk mitigation.

The primary objectives are the preservation of capital and the maintenance of a sufficient degree of asset liquidity. A supplementary objective is the provision of revenue.

The risk management guidelines and policies for the ECHA Portfolio are set out in the Investment guidelines annexed to the Asset Management Agreement of 01 April 2011. These guidelines, which specify the spectrum of permitted investments and contain provisions aimed at mitigating various kinds of risks arising from investment activity, like credit risk, market risk, liquidity risk and settlement risk.

The credit risk is being mitigated by limiting the scope of eligible investments to securities, carrying a long-term rating of at least Aa1 by Moody's, equivalent to AA+ by Standard and Poor's and to AA+ by Fitch. Moreover, high creditworthiness of the investment is ensured by the nature of eligible investments, which include cash balances in the books of the EIB, bonds issued or guaranteed by the European Union, the European Commission and other supranational issuers, bonds issued or guaranteed by EU sovereigns and equivalent EU-sovereign agencies, public enterprises and institutions belonging to an EU government or controlled by it, or bonds issued or guaranteed by EU sub-sovereigns (local and regional governments).

The portfolio is not exposed to currency risk, as it is being invested only in Euro-denominated assets. The market risk is being reduced by setting the maximum allowed maturity of investments at 740 days from the value date of investment.

The liquidity risk has been addressed by a selection of only very liquid issuers, with tight bid offer spreads, sizeable outstanding amounts (no private placements) and a maturity structure of investments set in line with the time horizon in which the portfolio funds will be utilized.

The settlement risk is eliminated to all possible extent due to the introduction of a "delivery versus payment" principle and due to the use of reputable custodians as well as trading counterparties.

Accounting Policies

Extent and nature of the financial instruments

The bond portfolio, seen as both a short-term and a long-term investment portfolio (depending on bond maturity dates), is made up of Euro-denominated securities in government bonds.

The Available-for-sale portfolio is entirely composed of quoted bonds. The following table shows the movements in the AFS¹ portfolio split between short-term and long-term showing a total asset value of €76,116,705 (€121,224,466 in 2012):

	2013	2012
Short-term Investments	€	€
Balance at 01st January	68 799 126	60 104 948
Acquisitions	30 293 308	51 972 425
Disposal and withdrawals (original acquisition cost)	-73 387 693	-80 458 910
Reclassification to short-term	52 425 340	36 612 069
Change in carrying amount - actuarial difference	-218 224	-246 367
Change in accrued interest	-1 218 882	850 575
Change in Fair Value	-576 270	-35 614
Balance at 31st December	76 116 705	68 799 126

¹ Available-for-sale (AFS) financial assets is an accounting term used to describe assets purchased with expressed intention of holding onto them for a limited period of time before offering them for resale. It is often utilized with different types of stock and bonds.

	2013	2012
Long-term Investments	€	€
Balance at 01st January	52 425 340	91 254 383
Acquisitions		0
Disposal and withdrawals (original acquisition cost)		0
Reclassification to short-term	-52 425 340	-36 612 069
Change in carrying amount - actuarial difference		-47 379
Change in accrued interest		-1 247 472
Change in Fair Value		-922 123
Balance at 31st December	0	52 425 340

Trade date

In March 2013 €5,500,000 of a bond with a coupon value totalling €15,500,000 was disposed of early. The purpose of this disposal was to ensure that the amounts invested by the Agency in any one individual issuer would not exceed 20% of the total nominal size of the portfolio held with the European Investment Bank. The net effect of this early disposal is illustrated below:

DETAILS	€
Original Cost of Bonds Purchased (including premium)	5 504 675
Amortised Premium to date of disposal	-1 228
Proceeds achieved on disposal	-5 513 486
Realised Gain on Disposal	10 039

In addition to the proceeds received from the bond rebalancing above, a further two bonds totalling €25,000,000, that matured during the year, were reinvested. The proceeds reinvested from these three bonds amounted to €30,293,000 (excluding accrued interest).

A further four bonds matured during 2013. The proceeds from these maturities were returned to the Agency (€41,870,000 excluding final interest payment).

The gross interest earned on investments (including accrued interest) for the year amounts to €1,969,942 (€3,749,539 in 2012). The premium amortised for the year amounts to €1,237,155 (€1,444,242 in 2012) giving a net income of €732,787 (€2,305,297 in 2012).

Fair value adjustment

The fair value adjustment is the difference between initial book value with adjustments of discount/premium amortisations and the portfolio's clean value at 31.12.2013. In 2013 the fair value of the bond portfolio was adjusted by €576,270 to €25,277. This figure represents the portfolio's value booked against net equity reserve change in fair value of Available-for-sale financial assets.

Interest rate risk position

The following table shows the sensitivity of ECHA's portfolio ("ECHA-L" – Available-for-sale bond portfolio) to interest rate variations as at 31.12.2013. The bonds are at fixed interest rates.

ECHA subportfolios	Nominal value in €	Clean Market value in €	Modified Duration (Years)	IR Exposure (+/-bp) in €	IR Exposure (100bp) in €	IR Exposure (-100bp) in €
ECHA Long Term	74 630 000	74 988 839	0.2	-/+ 1,548	153 994	155 561
Total ECHA	74 630 000	74 988 839	0.20	-/+ 1 548	153 994	155 561

Credit risk

The clean market value per profile of issuer excluding accrued interest as at 31.12.2013 is as follows:

Issuer - Rating	31.12.2013	
MEMBER STATE-Aaa	15 087 300	20%
PUBLIC INSTITUTION-Aaa	45 054 850	60%
PUBLIC INSTITUTION-Aa1	14 846 690	20%
Total	74 988 840	100%

Available-for-sale financial asset portfolio – EU sovereign exposure

The following table shows the exposure against EU sovereign risk per underlying country:

At 31.12.2013	Purchase Price*	Value at Final maturity	Book Value**
EU Sovereigns			
Austria	15 888 500	15 000 000	15 087 300
Total EU Sovereigns	15 888 500	15 000 000	15 087 300
Other Public Institution Bonds	60 871 935	59 630 000	59 901 539
Total Bonds	76 760 435	74 630 000	74 988 839

* Purchase price excludes the purchased interest

** The book value represents the clean market value of the assets

The bonds are all considered to be sovereign risk. Although some are issued by the public sector in general, they are ultimately covered by each country's government and government agencies as presented above.

Accounting policies and methods adopted

The securities are classified as Available-for-sale financial assets according to the accounting rules adopted by the Accounting Officer of the European Commission and consequently, are carried out at their fair value through contributors' resources. Unrealised gains or losses are reported in reserves until such security is sold, collected or otherwise disposed of, or until such security is determined to be impaired. Impairment losses identified are recognised in the economic outturn account for the year.

On disposal of an Available-for-sale financial asset, the accumulated unrealised gain or loss included in contributors' resources is transferred to the economic outturn account for the year. Interest income on Available-for-sale securities is included in "interest income".

The determination of fair values of Available-for-sale investments is generally based on quoted market rates in active markets.

These securities are initially measured at their acquisition cost, being their fair value at this moment. The difference between the purchase price and the redemption value, i.e. the premium/discount spread, is amortised over the remaining life of each of the securities using the effective interest rate method as specified under EU Accounting Rule 11.

Securities are considered impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the security (a "loss event") and that loss event has an impact on the estimated future cash flows of the security that can be reliably estimated.

Evidence of impairment is mainly about significant financial difficulties of the issuer, a breach of contract, a restructuring of the debt of the issuer, a high probability of bankruptcy, etc. It is important to stress that the disappearance of an active market, because the entity's financial instruments are no longer publicly traded, is not evidence of impairment. A downgrade of an entity's credit rating is not, in itself, evidence of impairment, although it may be evidence of impairment when considered with other available information. A decline in the fair value of a financial asset below its cost or amortised cost is not necessarily evidence of impairment.

If in a subsequent period, the fair value of a debt instrument classified as Available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the economic outturn account, the impairment loss shall be reversed, with the amount of the reversal recognised in the economic outturn account.

2.1.7. Cash and cash equivalents

At the end of the year 2013 the Agency held eight bank accounts. The balances were as follows:

DETAILS	31.12.2013	31.12.2012
Central Bank of Finland	47 711 980	42 199 092
Pohjola Admin Ac	4 670 607	17 993 017
Pohjola Appeal Ac	87 147	57 473
Pohjola REACH Ac	1 352 976	1 237 161
Pohjola Bond Interest Ac	124 480	44 795
Pohjola Biocide Ac	2 517 774	1 326 968
Pohjola PIC Ac	1 154 605	1 272 062
Pohjola IPA Ac	130 453	175 164
Total	57 750 023	64 305 734

After considering various options for managing its funds and having a special focus on minimising the credit risk, ECHA negotiated in 2010 an agreement with the Central Bank of Finland. This agreement entered into force on 01 December 2010 and was extended for one year at the end of 2013. This money can be withdrawn by ECHA according to its cash flow needs.

The earned bank interest is received monthly from Pohjola Bank and quarterly from the Central Bank of Finland. The return on investments in Available-for-sale assets held with the EIB is received according to a predetermined pay out plan.

2.1.8. Long-term and short-term provisions for risks and liabilities

DETAILS	31.12.2013	31.12.2012
Long-term provisions	111 072	92 000
Short-term provisions	2 399 897	5 614 458
Total	2 510 969	5 706 458

The substantial decrease in short-term provisions relates to the employer part of the pension contribution for the period July to December 2012 of approximately €3.2 million, which was paid to the Commission in 2013. The 2013 short-term provision relates to the proposed salary increase of 0.8% effective from July 2012.

2.1.9. Current payables

DETAILS	31.12.2013	31.12.2012
Supplier invoices received	760 728	2 612 795
Supplier invoices under verification	0	-635 545
Interentity current payables	6 831	0
Total	767 559	1 977 250

The current payables consist of suppliers €760,728 (€1,977,250 in 2012).

2.1.10. Sundry payables

DETAILS	31.12.2013	31.12.2012
Sundry payables to staff	21 364	562
Fixed assets received waiting for supplier's invoice	786	2 425
REACH fees to be refunded	96 656	86 501
Received fees awaiting clarification	0	0
Appeal fees received	62 673	48 400
Total	181 479	137 887

Included in sundry payables is €96,656 (€86,501 in 2012) 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 €62,673 (€48,400 in 2012) 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 applicants favour.

2.1.11. Deferrals and accruals (liability)

The accrued charges are the amounts estimated by the Authorising Officer. This represents the cost incurred for services and goods delivered but not invoiced or processed on or before the 31.12.2013.

	2013	2013 with consolidated entities	2012	2012 with consolidated entities
Administrative expenses				
Staff related expenses	1 057 471		179 616	
Untaken leave by staff	1 459 527		1 198 709	
Recruitment related expenses	53 596		34 700	
Interim staff - adm	130 237		35 000	
Missions	5 636		1 647	
Training	112 164	6 000	238 292	26 517
Building costs	222 400		80 932	
Other	236 325		144 595	
Total - Administrative expenses	3 277 356	6 000	1 913 491	26 517
Operational expenses				
Management Board meetings	13 105		7 200	
Committee meetings and workshops	43 890		4 354	
Operational missions	55 684		66 000	
Translations	0	195 912	0	529 165
IT expenses	2 623 389		1 824 719	
Interim staff - REACH registration	76 407		89 158	
Other	1 543 665	1 259	1 856 759	22 090
Total - Operational expenses	4 356 140	197 171	3 848 191	551 255
Other				
Financial Expenses	21 768		37 105	
Accruals relating to Fixed Assets	16 108		111 522	
Total - Other	37 876		148 628	
Total All	7 671 372	203 171	5 910 310	577 772

Included in the figures above is €102,893 of accrued expenditure for 2013 relating to the IPA pre-financing received (see Table 2.1.12)

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

In 2013 the Agency received an EU subsidy of €7,632,000 for the implementation of the Biocidal and PIC Regulations. In addition the Agency received a Biocide balancing fee contribution of €920,900 from the European Commission in December 2013. An amount of €406,641 of this money is repayable to the Commission in 2014.

Under the IPA programme (Instrument for pre-accession assistance) €21,703 was returned to the European Commission during the year, from a total of €136,410 received in December 2009. A further €185,676 and €103,524 (total €289,200) pre-financing was received under this programme in 2012 and 2013 respectively. Expenditure of €120,845 was accrued in respect of this pre-financing as at 31.12.2013.

DETAILS	31.12.2013	31.12.2012
EU Subsidy	7 632 000	4 184 040
EU Subsidy expended in year	-7 540 234	-4 131 609
Biocide Balancing Fees Contribution	920 900	0
Biocide Balancing expended in year	-606 025	0
IPA - Pre-financing received	136 410	136 410
<i>Accrued income on IPA Pre-financing</i>	<i>-136 410</i>	<i>-114 707</i>
IPA 2013 - Pre-financing received	289 200	185 676
<i>Accrued income on IPA Pre-financing</i>	<i>-120 845</i>	<i>-18 801</i>
Biocide - Pre-financing received	0	1 000 000
<i>Accrued income on Biocide Pre-financing</i>	<i>0</i>	<i>-1 000 000</i>
Voluntary Contribution Norway **	177 057	0
Pre-financing received from consolidated Entities	752 053	241 009
Subsidy repayable	0	54 712
Other payables to EU institutions and agencies	0	4 251
Other accounts payable consolidated entities	0	58 963
Total	752 053	299 972

** 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 economic outturn account

2.2.1. Operating 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.

From the 01 September 2013 the Agency executes the Biocidal Products fee income in accordance with Regulation (EU) No 528/2012.

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 days. Every submission undergoes a technical and financial completeness check during a period set by the relevant regulations.

The REACH revenue was significantly higher than initially estimated due to a number of factors. The main reason was that a larger number of non-2013 deadline related dossiers in higher tonnages than had been estimated.

If a submission is technically or financially not completed (e.g. not "paid in full") by the relevant deadline, it is communicated to the registrant that the submission is 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 of the final accounts 2013 all known rejections were taken into account.

DETAILS	31.12.2013	31.12.2012
REACH Fee income	86 173 896	25 750 731
Biocide Fee income	407 800	0
European Union subsidy	7 540 234	4 184 040
EU Balancing Fee Subsidy Biocides	606 025	0
Revenue with consolidated entities	101 978	549 703
Reversal of provisions related to legal cases	81 438	514 961
Miscellaneous administrative revenue	19 653	9 128
Exchange rate gains	0	3 036
Total	94 931 023	31 011 597

The operating revenue for 2013 mainly consists of revenue from REACH fee income, including SME verification administrative charges which the agency commenced collecting in 2011. The Biocidal Products Regulation was implemented from 01 September 2013 and the generated fee income amounted to €407,800.

2.2.2. Operating expenses

Administrative expenses	2013	2012	Increase/ Decrease
Staff related expenses	58 727 555	52 837 427	11%
Expenses related to Seconded National Experts	557 738	381 447	46%
Recruitment related expenses	412 115	302 449	36%
Interim staff - adm	1 531 908	849 566	80%
Missions	240 660	205 465	17%
Training	980 432	1 050 102	-7%
Rent	6 163 638	6 050 234	2%
Building costs	1 458 451	1 508 512	-3%
Depreciation/Amortization	6 919 063	5 232 037	32%
Operating lease	20 881	19 448	7%
Provisions (salary related)	-29 815	4 902 322	-101%
Other	1 181 316	1 579 850	-25%
Total - Administrative expenses	78 163 942	74 918 859	4%
Operational expenses	2013	2012	Increase/ Decrease
Management Board meetings	149 973	143 822	4%
Committee meetings and workshops	1 529 886	1 560 842	-2%
Operational missions	522 705	676 866	-23%
Translations	2 698 872	4 985 358	-46%
IT operational costs	11 207 376	8 979 416	25%
Interims	1 245 116	992 359	25%
Other	4 871 523	4 138 586	18%
Total - Operational expenses	22 225 451	21 477 248	3%
TOTAL	100 389 393	96 396 107	4%

The development and maintenance of the REACH-IT systems and other IT systems constituted the largest operational cost with an increase of 25% from previous year.

The main reason for the increase of interims in operational expenditure was due to the implementation of the Biocidal Products Registration process by the Agency and the REACH registration deadline in 2013.

2.2.3. Financial revenue and expenses

DETAILS	31.12.2013	31.12.2012
Revenue		
Bank interest	53 499	165 696
Deposit interest	136 841	0
EIB interest	1 969 959	3 749 539
Realised gains AFS assets	10 039	599 236
FX Gains	7 364	0
Total revenue	2 177 702	4 514 472
Expenses		
Bank charges	99 825	153 247
Interest on late payments	17	953
AFS actuarial adjustment	1 237 155	1 444 242
FX Losses	10 009	0
Total expenses	1 347 005	1 598 441

In 2012 the foreign exchange gains and losses were disclosed in administrative expenditure. The net loss on foreign exchange transactions recorded in 2013 is €2,645 (€10,009 - €7,364). Bank interest has fallen significantly during the year. The interest earned on bank accounts during 2013 was linked to the EONIA (overnight rate) which was exceptionally low during this period. The Available-for-sale financial assets actuarial adjustment is included in the note on bonds at 2.1.6.

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 €155,000 as at 31.12.2013 (€334,510 in 2012). This relates to guarantees of performance provided by suppliers.

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

Commitments for future funding	31.12.2013	31.12.2012
Commitments against appropriations not yet consumed	8 222 270	9 366 419
Operating lease (building and copy machines)	41 152 337	56 439 255
Contractual commitments for which budget commitments have not yet been made (maintenance, cleaning, security)	3 224 926	2 336 503
Contingent liabilities - legal Cases	960 000	720 000
Total	53 559 533	68 862 177

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 economic outturn account.

The contingent liabilities consist of 9 (6 in 2012) on-going legal cases estimated at a total amount of €960,000 (€720,000 in 2012). This contingent liability is for covering the possible costs of the complainant dependant on the outcome of the cases.

2.4. Related party disclosures

The highest staff grade (Executive Director-Authorising Officer) of the Agency in 2013 was AD15 (AD15 in 2012).

2.5. 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.

2.6. Accounting principles, rules and methods

Accounting principles

The final annual accounts of the Agency have been prepared according to Article 78 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 43.1 of the Financial Regulation).

The accounting system of ECHA comprises of general accounts and budget accounts. These are kept in Euro on the basis of the calendar year.

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 economic outturn account.

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 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 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

DETAILS		2013	2012
REVENUE			
Commission subsidy	+	7 632 000	4 184 040
IPA funds from Commission	+	103 524	185 676
Biocide funds (earmarked)	+	0	500 000
Other contributions and funding received via the Commission	+	920 900	0
Fee income	+	86 113 139	26 611 825
Other revenue	+	3 460 161	3 912 675
TOTAL REVENUE (a)		98 229 725	35 394 216
EXPENDITURE			
<i>Title I: Staff</i>			
Payments	-	68 464 938	58 077 187
Appropriations carried over	-	717 543	1 247 976
<i>Title II: Administrative Expenses</i>			
Payments	-	11 756 139	11 362 586
Appropriations carried over	-	1 957 955	1 801 186
<i>Title III: Operating Expenditure</i>			
Payments	-	12 763 563	12 513 069
Appropriations carried over	-	10 905 904	11 615 330
TOTAL EXPENDITURE (b)		106 566 043	96 617 336
OUTTURN FOR THE FINANCIAL YEAR (a-b)		-8 336 318	-61 223 120
Cancellation of unused payment appropriations carried over from previous year	+	1 385 343	2 475 313
Adjustment for carry-over from the previous year of appropriation available at 31.12. arising from assigned revenue	+	285 241	494 396
Exchange differences for the year (gain +/loss -)	+/-	-2 645	-165
BALANCE OF THE OUTTURN ACCOUNT FOR THE FINANCIAL YEAR		-6 668 379	-58 253 576
Balance year N-1	+/-	171 944 791	230 198 367
Subsidy from year N-1 reimbursed in year N to the Commission (for information)	-	52 431	0
BUDGET OUTTURN		165 223 981	171 944 791
EC subsidy - agency registers accrued revenue and EC accrued expenses	-	8 146 259	4 131 609
EC pre-financing to be reimbursed to the Commission in year N+1		406 641	52 431

The detailed budget execution is set out in Section 3.3.3.

3.2. Reconciliation of economic outturn and budgetary outturn

The Agency's financial statements are prepared on an accrual 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 economic outturn account. However, the Agency uses a modified cash accounting system for preparing the budget outturn account. In this system, only the payments made and the revenues received in the period as well as the carry-over of

appropriations are recorded. The difference between the budgetary outturn and the economic outturn is explained as follows:

Economic result (- for loss)	+/-	-4 627 672
Adjustments for Accrual Cut-off (reversal 31.12.N-1)	-	-5 435 912
Adjustments for Accrual Cut-off (cut- off 31.12.N)	+	5 763 268
Amount from liaison account with Commission booked in the Economic Outturn Account	-	0
Unpaid invoices at year end but booked in charges	+	-1 185 564
Depreciation of intangible and tangible fixed assets	+	6 919 063
Provisions	+	-2 801 504
Value reductions	+	1 237 155
Recovery Orders issued in in class 7 and not yet cashed	-	-161 669
Prefinancing given in previous year and cleared in the year	+	0
Prefinancing received in previous year and cleared in the year	-	-101 977
Payments made from carry over of payment appropriations	+	12 993 909
Other	+/-	-31 577
Exchange rate differences	+/-	2 645
Asset acquisitions	-	-8 221 596
New pre-financing paid in the year and remaining open as at 31.12.	-	-910
New pre-financing received in the year and remaining open as at 31.12	+	280 581
Budgetary recovery orders issued before and cashed in the year	+	207 559
Budgetary recovery orders issued in on balance sheet accounts (not 7 or 6 accounts) and cashed	+	0
Capital payments on financial leasing (they are budgetary payments but not in the economic result)	-	0
Payment appropriations carried over to 2013	-	-13 581 402
Cancellation of unused carried over payment appropriations from previous year	+	1 385 343
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	+	285 241
Other	+/-	406 641
Total		-6 668 379
Budgetary result (+ for surplus) (4)		-6 668 379

3.3. BUDGET AND FINANCIAL MANAGEMENT 2013

As stated in Article 76 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 part will be part of his Annual Activity Report.

3.3.1. Budget

In accordance with the REACH Regulation (No 1907/2006), ECHA is financed through fees paid by industry for registrations of chemical substances and by a possible EU balancing subsidy as referred to in Article 185 of the General EU Financial Regulation. In 2013, ECHA was fully financed through fee income for its REACH and CLP operations.

In accordance with the Regulation on Biocidal Products (No 528/2012), ECHA is financed partially through fees paid by industry and partially through an EU subsidy as referred to in Article 185 of the General Financial Regulation. In 2013, ECHA was financed only partially from fees collected during the year whereas the majority of the expenditure budget was financed by an EU subsidy. Additionally, ECHA was supported with an amount of €920,900 by the Commission (DG Environment) as a compensation for non-materialised income. Furthermore, 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.

In accordance with the Prior Informed Consent (PIC) Regulation (No 649/2012), ECHA is fully financed by a Community subsidy as referred to in Article 185 of the General Financial Regulation.

The initial budgetary payment appropriations for 2013, as concluded by the Management Board in December 2012, amounted to €106,582,054 (€102,660,000 in 2012).

During the year 2013 the Management Board adopted three amending budgets.

The first amending budget increased the REACH and CLP payroll expenditure by the amount necessary to cover the employer's part of the pension contribution for 2012 and 2013. The amount of €10,620,000 was transferred for this purpose from the fee reserve. In addition to this, the amending budget incorporated an exceptional contribution of €1,000,000 given by the Commission as a guarantee for eventual non-materialised Biocide fee income over the year. The introduction of this contribution and the anticipated increase in the staffing levels in favour of Biocides' activities resulted in shifting of overhead expenses from REACH to Biocides. Therefore, the net, negative effect, of the first amending budget on the reserve was €10,422,200.

The second amending budget increased the REACH revenue with the surplus resulting from the positive outturn of 2012 (Art. 16.1 of ECHA's Financial Regulation, principle of Equilibrium). It also adjusted upwards the fee revenue stemming from the second registration deadline of 2013. The unexpected increase resulted from a set of factors such as the revision of the Fee Regulation by the Commission earlier in the year, the higher income from confidentiality claims due to the expanded scope of the SDS claims, registrations for higher tonnage ranges as well as from the different mixture of company sizes within the joint submissions. The net effect in the budget, both for the income and for the balancing reserve expenditure side, was an increase by €55,107,223. Apart from amending the budget, ECHA proceeded also to a budget neutral amendment of the establishment plan by converting 3 AST posts to AD at the same grade.

Finally, the third amending budget towards the end of the year decreased the REACH expenditure by €10,258,000 (9.39%) due to the reduced budget needs for the reasons explained in the section 3.3.3 Expenditure (Titles 1-3).

3.3.2. Budget revenue

The funding of the budget of ECHA in 2013 was as follows:

Heading	Initial Budget 2013	Amending budgets 1/2013, 2/2013 and 3/2013	Final budget	Entitlements Established	Revenue received
Fees and charges from registrations	35 127 000	46 873 000	82 000 000	81 721 339	81 721 339
Fees and charges from authorisations	600 000		600 000	587 633	587 633
Fees SME Administration	2 000 000	1 000 000	3 000 000	3 385 300	3 385 300
Fees and charges from Appeals	134 640		134 640	17 167	17 167
Fees and charges from CLP	510 000		510 000	88 700	88 700
Fees relating to Biocidal active substances	0		0	0	0
Fees for Union authorisation of Biocidal products	50 000		50 000	0	0
Miscellaneous fees Biocides	100 000		100 000	313 000	313 000
Biocide Subsidy	6 070 500		6 070 500	6 070 500	6 070 500
Biocide Balancing of non materialised fees	0	1 000 000	1 000 000	920 900	920 900
PIC Subsidy	1 561 500		1 561 500	1 561 500	1 561 500
IPA Programme	114 324		114 324	114 324	114 324
Revenue from Bank Interest on Fee income	3 375 000		3 375 000	3 271 223	3 271 223
Other	50 000		50 000	11 768	11 379
Reserve	164 658 137	7 234 223	171 892 360	171 892 360	171 892 360
Total	214 351 101	56 107 223	270 458 324	269 955 714	269 955 325

Fee income 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 in 2013 in terms of the cash received amounted to €85,782,979 (€26,611,972 in 2012). The revenue was significantly higher than initially estimated due to a number of factors, the leading factor being a larger number of non-2013 deadline related dossiers in higher tonnages than had been estimated. A detailed breakdown of the REACH income is available below.

In addition, income of €17,167 was recorded in relation to Appeal fees for 2013. This income refers to Appeals fees lodged whereby the Appeal was either disallowed by the Board of Appeal or withdrawn by the applicant. Until Appeal cases are decided, the Appeal fee received from applicants is recorded as both an asset (Bank account) and a liability (amounts returnable) in ECHAs accounts until the final decision of the Board of Appeal. Once a decision is made, the Appeal fee paid is either refunded or recognised as income depending upon the final decision of the Board of Appeal.

B) Biocides

The Biocide fees and charges collected by ECHA are determined by the Biocidal Products Regulation, the Fee 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 Products fees and charges, from 01 September to 31 December 2013, in terms of the cash received amounted to €313,000.

Breakdown of fee and bank income	Budgetary Income 2013
Fees and charges from registrations	77 628 344
Fees and charges from appeals	17 167
Fees From Authorisations	587 633
CLP Fees	88 700
Total revenue from registrations and appeals	78 321 844
Fees from SME re-identified Entity sizes	4 092 995
Revenue from SME Administrative charges	3 385 300
Total revenue from SME reidentified size fee/charges	7 478 295
Total budgetary income from REACH fees and charges	85 800 139
Miscellaneous Biocidal Fees and charges	313 000
Bank interest on current accounts	25 854
Bank Interest Deposit Agreements	52 791
Central Bank of Finland - Deposit account	12 888
European Investment Bank - Investment Portfolio	3 179 700
Cashed (budgetary income) Interest return from Trustees	3 271 233

The following tables illustrate the cashed amounts of REACH and Biocidal Products income received by month in comparison to the Final Budgeted Revenue for 2013.

REACH Fee Revenue 2013 (including Authorisations and CLP)

Month	Cashed Income Fee Income	Budget Fee Income	Difference Over/(Under) Budget €	Difference Cumulative €	Over/(Under) by month %	Over/(Under) Cumulative %
Jan-13	2 510 720	3 302 637	-791 917	-791 917	-23.98%	-23.98%
Feb-13	3 927 720	3 302 637	625 083	-166 834	18.93%	-2.53%
Mar-13	5 204 345	5 218 237	-13 893	-180 727	-0.27%	-1.53%
Apr-13	9 975 042	7 057 214	2 917 828	2 737 102	41.35%	14.50%
May-13	26 793 702	5 218 237	21 575 465	24 312 567	413.46%	100.89%
Jun-13	17 374 597	42 250 429	-24 875 833	-563 266	-58.88%	-0.85%
Jul-13	5 983 215	5 803 785	179 430	-383 836	3.09%	-0.53%
Aug-13	2 864 875	2 791 365	73 510	-310 326	2.63%	-0.41%
Sep-13	2 271 212	2 791 365	-520 153	-830 479	-18.63%	-1.07%
Oct-13	3 627 821	2 791 365	836 456	5 977	29.97%	0.01%
Nov-13	2 136 677	2 791 365	-654 688	-648 711	-23.45%	-0.78%
Dec-13	3 148 616	2 791 365	357 251	-291 460	12.80%	-0.34%
Cumulative 2013	85 818 541	86 110 000	-291 460			-0.34%

Note:

Initial Budget 2013 amounted to EUR 38,237,000

This was amended in June 2013 and increased by EUR 47,873,000

"Budget Fee Income" column amended in June 2013

Biocide Fee Income

Month	Cashed Income Fee Income	Budget Fee Income	Difference Over/(Under) Budget €	Difference Cumulative €	Over/(Under) by month %	Over/(Under) Cumulative %
Sep-13	40 000	10 000	30 000	30 000	300.00%	300.00%
Oct-13	40 300	20 000	20 300	50 300	101.50%	167.67%
Nov-13	144 000	50 000	94 000	144 300	188.00%	180.38%
Dec-13	88 700	70 000	18 700	163 000	26.71%	108.67%
Cumulative 2013	313 000	150 000	163 000			108.67%

In accordance with article 59 of the Agency's 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 accordance with article 59 of the Agency's Financial Regulation, 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 stand-alone invoicing and debtors IT-system for daily transactions related to fee income which is implemented in the REACH-IT (REACH Fees) and REACH-NG (Biocidal Products Fees) invoicing modules. In the year 2013, ECHA registered, on a monthly basis, the issued debit notes in the central accounting system SAP/ABAC. It also registered received payments along with a summary recovery order in the budgetary accounts (ABAC system) on a monthly basis.

A) REACH Fees

During 2013, ECHA issued 12,832 debit notes (4,419 in 2012) for a total amount of €96,744,311 (€30,655,839 in 2012). Altogether 1,019 credit notes (485 credit notes in year 2012) for a total amount of €9,673,124 were issued (€4,440,088 in 2012). In addition, there were 171 cases (65 cases in 2012) for a total amount of €1,096,341 (€451,019 in 2012) where the registration was rejected in accordance with the REACH Fee Regulation as no payment was received from the registrant by the set payment deadline.

It is noted that out of the credit notes mentioned above, 735 (380 in 2012) were issued to cancel the original invoices following the verification of the SME status of enterprises claiming to be entitled to fee reductions. An additional amount of €4,460,871 (€1,944,882 in 2012) was invoiced and €4,092,995 of the outstanding invoices was cashed (€2,364,515 in 2012). Furthermore, ECHA issued 307 (97 in 2012) administrative charge invoices for the amount of €3,757,630 (€1,914,900 in 2012) of which €3,385,300 was cashed (€1,815,500 in 2012). During the year an option to rectify an incorrectly declared size category directly after ECHA has initiated verification was introduced. This option allowed companies to benefit from a 50% reduction in the administrative charge. A significant number of companies chose this option which resulted in an increased number of invoices issued during the year. In accordance with article 58a of the Agency's Financial Regulation, the Accounting Officer shall indicate decisions by the Authorising Officer to waive or partially waive recovery of established amounts. In the year 2013, bank charges were deducted by the senders' banks on 44 invoices (10 invoices in 2012) relating to REACH fee receipts. For management efficiency reasons these invoices were considered paid and therefore a total amount of €813 (€115 in 2012) was waived.

B) Biocidal Products Fees

During 2013, ECHA issued 248 debit notes for a total amount of €560,200. Altogether 33 credit notes for a total amount of €121,000 were issued. In addition, there were 43 cases for a total amount of €30,100 where the registration was rejected in accordance with the Biocidal Products Fee Regulation, as no payment was received from the registrant by the set payment deadline. The accounts receivable at the 31.12.2013 amounted to €96,100.

In accordance with article 58a of the Agency's Financial Regulation, the Accounting Officer shall indicate decisions by the Authorising Officer to waive or partially waive recovery of established amounts. The list is added to the Agency's report on budgetary and financial management. During 2013 no waivers or partially waived fees decisions were taken.

3.3.3. Budget expenditure

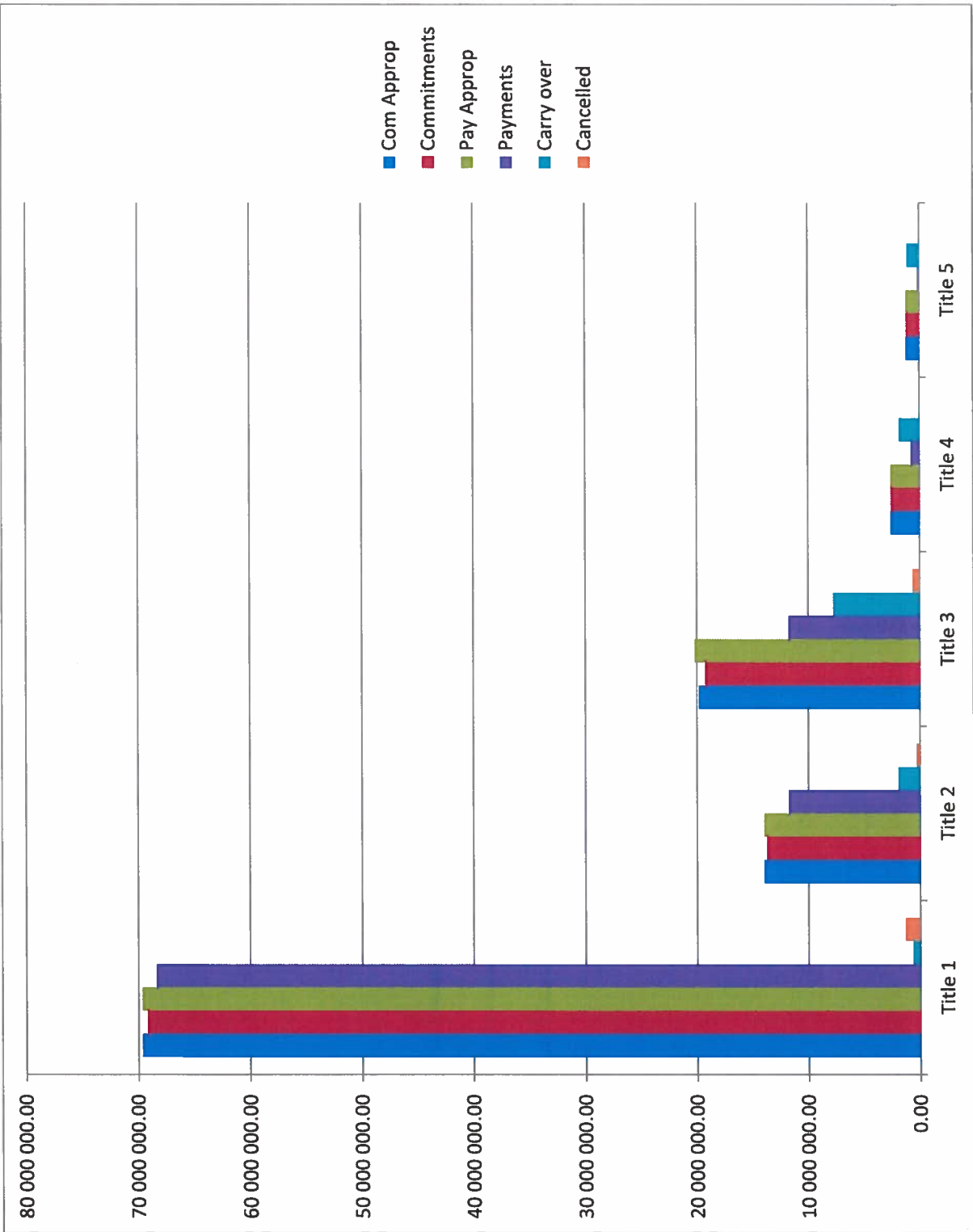
Budget expenditure includes payments made during the year plus the carry-over of budgetary appropriations. The following table and chart present a summary of the budget expenditure execution (C1 credits):

Budget expenditure summary table by Title and Fund Source C1

Budget Line Description	Voted Budget Payment Appropriations	Amending budgets Payment Appropriations	Transfers	Commitment Appropriation Transaction Amount (1)	Executed Commitment Amount (2)	% Committed (2)/(1)	Payment Appropriation Transaction Amount (3)	Executed Payment Amount (4)	% Paid (4)/(3)	Carried over RAL (C8) (2)-(4)	Carry over %	Cancelled (1)-(2), For Title 1 (3)-(4)	Cancelled %
Title 1 STAFF	64 041 000.00	6 051 400.00	-384 310.00	69 708 090.00	69 192 863.69	99.26%	69 708 090.00	68 414 989.23	98.14%	688 238.95	0.99%	1 293 100.77	1.86%
Title 2 BUILDING, EQUIPMENT AND MISCELL. OPER EXPEND	15 857 800.00	-1 703 600.00	-162 720.00	13 991 480.00	13 712 520.57	98.01%	13 991 480.00	11 756 139.03	84.02%	1 956 381.54	14.27%	278 959.43	1.99%
Title 3 OPERATIONAL EXPENDITURE - REACH	23 907 830.00	-3 688 800.00	0.00	19 858 200.00	19 245 484.55	96.91%	20 209 030.00	11 741 766.10	58.10%	7 755 935.50	40.30%	612 715.45	3.03%
Title 4 OPERATIONAL EXPENDITURE - BIOCIDES	1 726 000.00	515 200.00	332 320.00	2 573 520.00	2 534 242.25	98.47%	2 573 520.00	739 880.69	28.75%	1 794 876.81	70.82%	39 277.75	1.53%
Title 5 OPERATIONAL EXPENDITURE - PIC	935 100.00	0.00	214 710.00	1 149 810.00	1 141 444.70	99.27%	1 149 810.00	104 830.49	9.12%	1 036 614.21	90.82%	8 365.30	0.73%
total	106 467 730.00	1 164 200.00	0.00	107 281 100.00	105 826 555.76	98.64%	107 631 930.00	92 757 605.54	86.18%	13 232 047.01	12.50%	1 454 544.24	1.35%

C1: Appropriation voted in the current budget

Note: As ECHA operates with both differentiated and non-differentiated budget lines, the commitment appropriations do not equal the payment appropriations. The payment appropriations in 2013 exceed the commitment appropriations by the amount that corresponds to the obligations from commitments established in previous years on the differentiated budget line for international activities.



Budget expenditure details by Fund management Centre (Titles 3 to 5) on Fund Source C1

TL	Budget Line Description	Voted Budget Payment Appropriations	Amending budgets Payment Appropriations	Transfers	Commitment Appropriation Transaction Amount (1)	Executed Commitment Amount (2)	% Committed (2)/(1)	Payment Appropriation Transaction Amount (3)	Executed Payment Amount (4)	% Paid (4)/(3)	Carried over RAL (CE) (2)-(4)	Carry over %	Cancelled (1) (2)	Cancelled %
REACH														
B03003	Registration, data sharing and dissemination	1 247 000.00	-116 000.00		1 131 000.00	1 087 024.63	96.11%	1 131 000.00	788 072.31	69.68%	298 927.32	27.50%	43 975.37	3.89%
B03004	Evaluation	2 191 000.00	-238 500.00		1 952 500.00	1 950 153.75	99.88%	1 952 500.00	252 602.25	12.94%	1 697 551.50	87.05%	2 346.25	0.12%
B03005	Authorisations and restrictions	834 800.00	-364 500.00		470 300.00	464 086.34	98.68%	470 300.00	191 792.34	40.78%	272 304.00	58.67%	6 203.66	1.32%
B03006	Classification and labelling	178 000.00	-141 800.00		36 200.00	35 375.32	97.72%	36 200.00	25 664.32	70.90%	9 711.00	27.45%	824.68	2.28%
B03007	Advice, assistance through guidance and helpdesk	277 800.00	-110 500.00		167 300.00	159 490.88	95.33%	167 300.00	159 490.88	95.33%	0.00	0.00%	7 809.12	4.67%
B03008	Scientific IT tools	10 268 800.00	-732 000.00		9 536 800.00	9 357 066.04	98.11%	9 536 800.00	5 706 148.81	59.83%	3 650 857.23	38.02%	179 793.96	1.89%
B03009	Scientific technic advice to EU instituit and bodies	230 800.00	-127 300.00		103 500.00	98 801.28	95.46%	103 500.00	84 906.28	82.04%	13 895.00	14.06%	4 698.72	4.54%
B03011	Committees and Forum	1 563 400.00	-120 400.00	-113 100.14	1 329 899.86	1 235 160.24	92.88%	1 329 899.86	894 873.06	67.29%	340 287.18	27.55%	94 739.62	7.12%
B03012	Board of appeal	105 000.00	-46 000.00		59 000.00	52 981.08	89.80%	59 000.00	24 430.44	41.41%	28 550.64	53.89%	6 018.92	10.20%
B03013	Communications including translations	4 053 800.00	-1 091 900.00		2 961 900.00	2 902 482.26	97.99%	2 961 900.00	1 972 239.55	66.59%	930 252.71	32.05%	59 407.74	2.01%
B03022	Management Board and management of the Agency	1 516 600.00	-207 000.00		1 309 600.00	1 260 983.33	96.29%	1 309 600.00	806 692.47	61.60%	454 290.86	36.03%	48 616.67	3.71%
B03030	Missions	650 000.00	-132 400.00		517 600.00	420 919.26	81.32%	517 600.00	361 636.20	69.87%	59 293.06	14.08%	96 680.74	18.68%
B03111	Committees and Forum (Multiannual)	0.00			113 100.14	113 100.14	100.00%	113 100.14	0.00	0.00%	0.00	0.00%	0.00	0.00%
B03801	Cooperation with internat organisat for IT program	790 830.00	-270 500.00		169 500.00	107 900.00	63.66%	520 330.00	473 217.19	90.95%	0.00	0.00%	61 600.00	11.84%
		23 907 830.00	-3 698 800.00	0.00	19 858 200.00	19 245 484.55	96.91%	20 209 030.00	11 741 766.10	58.10%	7 755 935.50	40.30%	612 715.45	3.03%

BIOCIDE														
B04003	Submissions, data sharing, dissemination	15 900.00		-15 900.00	0.00	0.00	0.00%	0.00	0.00	0.00%		#DIV/0!	0.00	#DIV/0!
B04007	Advice assistance through guidance and helpdesk	27 500.00	40 000.00	-35 392.35	32 107.65	30 760.52	95.80%	32 107.65	30 760.52	95.80%	0.00	0.00%	1 347.13	4.20%
B04008	Scientific IT tools	918 700.00	360 000.00	744 846.00	2 023 546.00	2 022 389.89	99.94%	2 023 546.00	391 566.98	19.35%	1 630 822.91	80.64%	1 156.11	0.06%
B04009	Scientific technic advice to EU instituit and bodies	17 900.00		-2 837.76	15 062.24	15 062.24	100.00%	15 062.24	12 137.24	80.58%	2 925.00	19.42%	0.00	0.00%
B04011	Biocidal products Committee and Rapporteurs	224 500.00		-84 312.12	140 187.88	136 964.15	97.70%	140 187.88	88 690.95	63.27%	48 273.20	35.25%	3 223.73	2.30%
B04012	Board of Appeal	14 300.00		-10 300.00	4 000.00	3 403.32	85.08%	4 000.00	3 403.32	85.08%	0.00	0.00%	596.68	14.92%
B04013	Communications including Translations	289 300.00	115 200.00	-187 808.02	216 691.98	211 444.57	97.58%	216 691.98	119 250.95	55.03%	92 193.62	43.80%	5 247.41	2.42%
B04022	Management Board and management of the Agency	92 500.00		-36 591.00	55 909.00	49 254.03	88.10%	55 909.00	38 430.25	68.74%	10 823.78	21.98%	6 654.97	11.90%
B04030	Missions	85 500.00		0.00	85 500.00	64 963.53	75.98%	85 500.00	55 125.23	64.47%	9 838.30	15.14%	20 536.47	24.02%
B04801	Cooperation with internat organisat for IT program	39 900.00		-39 384.75	515.25	0.00	0.00%	515.25	515.25	100.00%	0.00	#DIV/0!	515.25	100.00%
		1 726 000.00	515 200.00	332 320.00	2 573 520.00	2 534 242.25	98.47%	2 573 520.00	739 880.69	28.75%	1 794 876.81	70.82%	39 277.75	1.53%

PIC														
B05000	Studies and consultants	100 000.00		-99 997.60	2.40	0.00	0.00%	2.40	0.00	0.00%		#DIV/0!	2.40	100.00%
B05007	Advice assistance through guidance and helpdesk	20 000.00		-20 000.00	0.00	0.00	0.00%	0.00	0.00	0.00%		#DIV/0!	0.00	#DIV/0!
B05008	Scientific IT tools	657 600.00		395 390.00	1 052 990.00	1 052 824.82	99.98%	1 052 990.00	21 868.06	2.08%	1 030 956.76	97.92%	165.18	0.02%
B05011	Meetings with the DNAs and experts on PIC implem	57 100.00		5 227.60	62 327.60	59 106.95	94.83%	62 327.60	59 106.95	94.83%	0.00	0.00%	3 220.65	5.17%
B05013	Communications including Translations	70 400.00		-65 910.00	4 490.00	3 517.28	78.34%	4 490.00	3 497.73	77.90%	19.55	0.56%	972.72	21.66%
B05030	Missions	30 000.00		0.00	30 000.00	25 995.65	86.65%	30 000.00	20 357.75	67.86%	5 637.90	21.69%	4 004.35	13.35%
		935 100.00	0.00	214 710.00	1 149 810.00	1 141 444.70	99.27%	1 149 810.00	104 830.49	9.12%	1 036 614.21	90.82%	8 366.30	0.73%

C1: Appropriation voted in the current budget

Budget execution expenditure details by Title (1 to 5) and Chapter on Fund Source C1

BL	Budget Line Description	Commitment Appropriation Transaction Amount (1)	Executed Commitment Amount (2)	% Committed (2)/(1)	Payment Appropriation Transaction Amount (3)	Executed Payment Amount (4)	% Paid (4)/(3)	Carried over RAL (C8) (2)-(4)	Cancelled (1)-(2)
A-11	STAFF IN ACTIVE EMPLOYMENT	64 622 147.53	64 579 413.76	99.93%	64 622 147.53	64 489 778.25	99.80%	0.00	42 733.77
A-12	MISCELL EXPEND ON STAFF RECRUITMENT AND TRANSFER	866 737.89	764 955.39	88.26%	866 737.89	700 052.37	80.77%	64 903.02	101 782.50
A-13	MISSIONS AND DUTY TRAVEL	50 000.00	44 008.17	88.02%	50 000.00	44 008.17	88.02%	0.00	5 991.83
A-14	SOCIO-MEDICAL INFRASTRUCTURE AND SOCIAL WELFARE	620 260.56	545 733.84	87.98%	620 260.56	374 600.77	60.39%	171 133.07	74 526.72
A-15	TRAINING	1 436 879.83	1 227 952.97	85.46%	1 436 879.83	1 041 173.69	72.46%	186 779.28	208 926.86
A-16	EXTERNAL SERVICES	2 105 252.94	2 026 655.37	96.27%	2 105 252.94	1 762 352.80	83.71%	264 302.57	78 597.57
A-17	ENTERTAINMENT AND REPRESENTATION EXPENSES	6 811.25	4 144.19	60.84%	6 811.25	3 023.18	44.39%	1 121.01	2 667.06
	total Title 1	69 708 090.00	69 192 863.69	99.26%	69 708 090.00	68 414 989.23	98.14%	688 238.96	515 226.31
A-20	RENTAL OF BUILDINGS AND ASSOCIATED COSTS	7 732 412.65	7 616 989.78	98.51%	7 732 412.65	7 392 418.67	95.60%	224 571.11	115 422.87
A-21	INFORMATION AND COMMUNICATION TECHNOLOGY	5 437 130.36	5 365 055.19	98.67%	5 437 130.36	3 807 571.19	70.03%	1 557 484.00	72 075.17
A-22	MOVABLE PROPERTY AND ASSOCIATED COSTS	433 502.49	353 546.97	81.56%	433 502.49	242 804.86	56.01%	110 742.11	79 955.52
A-23	CURRENT ADMINISTRATIVE EXPENDITURE	381 434.50	371 958.52	97.52%	381 434.50	308 448.88	80.87%	63 509.64	9 475.98
A-25	MEETINGS EXPENDITURE	7 000.00	4 970.11	71.00%	7 000.00	4 895.43	69.93%	74.68	2 029.89
	total Title 2	13 991 480.00	13 712 520.57	98.01%	13 991 480.00	11 756 139.03	84.02%	1 966 381.64	278 969.43
B3-0	REACH	19 575 599.86	19 024 484.41	97.18%	19 575 599.86	11 268 548.91	57.56%	7 755 935.50	551 115.45
B3-1	MULTI-ANNUAL ACTIVITIES	113 100.14	113 100.14	100.00%	113 100.14	0.00	0.00%	0.00	0.00
B3-8	INTERNATIONAL ACTIVITIES	169 500.00	107 900.00	63.66%	520 330.00	473 217.19	90.95%	0.00	61 600.00
	total Title 3	19 858 200.00	19 245 484.55	96.91%	20 209 030.00	11 741 766.10	58.10%	7 755 935.60	612 715.45
B4-0	BIOCIDES	2 573 004.75	2 534 242.25	98.49%	2 573 004.75	739 365.44	28.74%	1 794 876.81	38 762.50
B4-8	INTERNATIONAL ACTIVITIES	515.25	0.00	0.00%	515.25	515.25	100.00%	0.00	515.25
	total Title 4	2 573 520.00	2 534 242.25	98.47%	2 573 520.00	739 880.69	28.75%	1 794 876.81	39 277.75
B5-0	PIC	1 149 810.00	1 141 444.70	99.27%	1 149 810.00	104 830.49	9.12%	1 036 614.21	8 365.30
	total Title 5	1 149 810.00	1 141 444.70	99.27%	1 149 810.00	104 830.49	9.12%	1 036 614.21	8 365.30
	total C1	107 281 100.00	106 826 556.76	98.64%	107 631 930.00	92 757 606.54	86.18%	13 232 047.01	1 454 544.24

C1: Appropriation voted in the current budget

Budget execution expenditure details on Fund Source C4, C5 and R0

BL	Description	Commitments Appropriations	Commitments Established	Com %	Payments Appropriations	Payments Executed	Pay%	Carried over commitment appropriation	Carried over payment appropriation
A-12	MISCELL EXPEND ON STAFF RECRUITMENT AND TRANSFER	8 775.00	8 633.19	98.38%	8 775.00	8 633.19	98.38%	141.81	141.81
A-22	MOVABLE PROPERTY AND ASSOCIATED COSTS	184.60	0.00	0.00%	184.60	0.00	0.00%	184.60	184.60
A-23	CURRENT ADMINISTRATIVE EXPENDITURE	1 388.58	0.00	0.00%	1 388.58	0.00	0.00%	1 388.58	1 388.58
B3-0	REACH	52.01	52.01	100.00%	52.01	52.01	100.00%	0.00	0.00
B4-0	BIOCIDES	492.61	0.00	0.00%	492.61	0.00	0.00%	492.61	492.61
	Total C4	10 892.80	8 685.20	79.73%	10 892.80	8 685.20	79.73%	2 207.60	2 207.60

BL	Description	Commitments Appropriations	Commitments Established	Com %	Payments Appropriations	Payments Executed	Pay%	Carried over commitment appropriation	Carried over payment appropriation
A-15	TRAINING	150.00	150.00	100.00%	150.00	150.00	100.00%	0.00	0.00
B3-0	REACH	6 909.96	6 909.96	100.00%	6 909.96	6 909.96	100.00%	0.00	0.00
	Total C5	7 059.96	7 059.96	100.00%	7 059.96	7 059.96	100.00%	0.00	0.00

BL	Description	Commitments Appropriations	Commitments Established	Com %	Payments Appropriations	Payments Executed	Pay%	Carried over commitment appropriation	Carried over payment appropriation
A-11	STAFF IN ACTIVE EMPLOYMENT	70 328.59	44 850.47	63.77%	70 328.59	41 165.91	58.53%	25 478.12	29 162.68
B-39	EARMARKED OPERATIONS	225 240.68	110 612.43	49.11%	225 240.68	85 676.78	38.04%	114 628.25	139 563.90
B-49	EARMARKED OPERATIONS	262 868.11	84 446.84	98.41%	262 868.11	84 446.84	98.41%	178 421.27	178 421.27
	Total R0	558 437.38	239 909.74	42.96%	558 437.38	211 289.53	98.41%	318 527.64	347 147.85
		576 390.14	255 654.90	44.35%	576 390.14	227 034.69	98.41%	320 735.24	349 355.45

C4: Internal assigned revenue (current year)

C5: Internal assigned revenue (carried over)

R0: Other external assigned revenue

Title 1: staff expenditure

The initially adopted budget for Title 1 in 2013 (€64,041,000) was increased via the first amending budget for REACH by €10,618,000 for the payment of the employer's part of the pension contribution and for Biocides by €288,700 to allocate the Commission fee guarantee to paying part of the staff costs.

Towards the end of the year, the REACH part was reduced by €4,855,600 via the third amending budget while the Biocides and PIC parts were reduced by €384,310 via transfers to the operational Titles 4 and 5. For REACH/CLP, the main reason for the difference between the estimated and actual budget needs in Title 1 was mainly constituted by the funds reserved for the retroactive payment of the salary indexations of 2011 that remained unused following the negative opinion of the Court of Justice on the proposed increases. Additional reasons for reduced staff expenses were the number of vacant posts and in particular those of high grades, and the consequent reduced ancillary costs such as recruitment, removal and medical expenses.

As a result, the execution rate for Title 1 reached 99.3%.

Title 2: infrastructure expenditure

When comparing the actual committed vs. budgeted expenditure, the expenditure of Title 2 was 98% of the amended budget (€13,712,521 vs. €13,981,480).

The decrease by around 11.8% of the initially adopted budget (€1,866,320) results from the the cancellation of the setting up of the daycare facility and its ancillary costs as well as from the postponement to 2014 of the electricity system upgrade that will be implemented under the supervision of the landlord. Additionally, several minor surpluses that add up to one significant amount are present in lines of administrative and thus unpredictable nature.

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

Title 3: operational expenditure REACH and CLP

When comparing the actual committed expenditure against the budgeted expenditure, the expenditure of Title 3 amounted to 96.9% of the amended budget (€19,245,485 vs. €19,858,200). The decrease by 15.7% of the initially adopted budget (€23,604,324) was due to several factors that occurred in the area of REACH operations as follows:

- Activity 1, Registration (€116 thousand) where several economies were achieved to both outsourced services and to meeting reimbursements. Additionally, 2 SID related events were considered no longer necessary due to the relevant issues being resolved by other means;
- Activity 2, Evaluation (€238 thousand) where one workshop less was needed. Additionally, two technical meetings on dossier evaluation were replaced by other communication;

- Activity 3, Authorisation and Restrictions (€364 thousand), where a large proportion of services were not outsourced as the expertise was available in-house. Additionally, several events such as the NeRSAP conference were either postponed to 2014 or cancelled;
- Activity 4, Classification and labelling (€141 thousand), where projects were either implemented with own resources or cancelled;
- Activity 5, Advice and assistance through guidance and helpdesk (€110 thousand), where several foreseen meetings were cancelled or postponed to 2014 due to the need to develop practical examples, to solve the reporting on information on risk characterisation for physicochemical properties and wait for the outcome of the WP 4.3 of the CSA programme to plan the update of Part E on the framework of that scoping project. In addition, the final cost for HelpNet meetings was less than initially budgeted due to the lower number of participants as foreseen;
- Activity 6, IT support to the operations (€732 thousand), where some projects were cancelled, such as the Business Objects extension, or delayed due to unavailability of contractors to provide the needed resources, such as the SharePoint consultancy. Furthermore, the project of REACH-IT 3.0 experienced delay in the definition of its scope;
- Activity 7, Scientific and technical advice to EU institutions and bodies (€127 thousand), where two Nano-materials meetings were held back-to-back conserving significant savings. Further savings resulted from the cancellation of a project due to JRC's agreement on undertaking the work as the normal part of their work programme;
- Activity 8, Committees and Forum (€120 thousand), where the foreseen study on methodology to recommend analytical methods will be carried out by the Member States and the WG without outsourcing, the SIA project did not take place in 2013 and the training for national coordinators was cancelled. For some of the materialised meetings the final costs were less than initially budgeted due to the lower number of participants as foreseen;
- Activity 10, Communications including translations (€1.09 million), where documents planned for translation into 22 languages were cancelled or delayed, four videos were postponed to 2014 and the web based work on the project to improve the dissemination of information on chemicals will now only kick off in 2014;
- Activity 11, Cooperation with international organisations for IT programs (€270 thousand), where several payments in respect of multiannual obligations either took place in the end of the previous year or have been postponed to 2014;
- Activity 12, Management (€207 thousand), where several consultancy projects as well as audits were postponed to 2014.

Title 4: operational expenditure Biocides

When comparing the actual committed expenditure against the budgeted expenditure, the expenditure of Title 4 amounted to 98.5% of the amended budget after the transfers made (€2,534,252 vs. €2,573,520). The increase by 49.1% of the initially adopted budget via the first amending budget and via transfers from the administrative Titles was due to significant investment needs in the area of IT development. Part of the transfers from the administrative Titles of the budget to the operational Titles was approved by the Agency's Management Board.

Title 5: operational expenditure PIC

When comparing the actual committed expenditure against the budgeted expenditure, the expenditure of Title 5 amounted to 99.3% of the amended budget after the transfer made (€1,141,444 vs. €1,149,810). The increase by 23% of the initially adopted budget via transfers from the administrative Titles was due to significant investment needs in the area of IT development. Part of the transfers from the administrative Titles of the budget to the operational Titles was approved by the Agency's Management Board.

Carry over to budget year 2013

Commitments are entered in the accounts on the basis of the legal commitments signed before 31 December and payments on the basis of the payments made by the Accounting Officer by 31 December of that year.

Non-differentiated commitment and payment appropriations, corresponding to obligations duly contracted at the close of the financial year, are carried over automatically to the following financial year.

For the REACH budget line 3801 "Cooperation with international organisations for IT programs" which has differentiated appropriations, the amount of commitments made, and for which future payment appropriations are necessary, amounted to €107,900 as of 31.12.2013 (€209,828 as of 31.12.2012). ECHA also introduced a new budget line 3111 for "Committees and Forum (Multiannual)", whose necessity derives from the regulatory obligations and in particular from the multiannual nature of the Authorisation process. Under this budget line the amount of commitments made and for which future payment appropriations are necessary amounted to €113,100 as of 31.12.2013.

The carry-over of commitment and payment appropriations (€13,232,047) mainly relates to IT costs for support to REACH operations (€3,650,857 covering IUCLID, REACH-IT, Odyssey, portal dashboard, Chesar and Documentum applications), IT costs for support of Biocides operations (€1,630,823), IT costs for support of PIC operations (€1,030,957) as well as to the general administration of the Agency (€1,557,484 covering hosting services, sharepoint consultancy, the new HR system, the system for the management of the declarations for conflicts of interest, general hardware and consultancy). A significant amount (€1,652,720) is also carried over to cover the costs for the Member State Competent Authorities for the work done in the context of substance evaluation procedure for which the work was still ongoing at the year-end. Communication costs carried over include translations ordered and other costs such as media monitoring, ECHA terminology database (€930,253 for REACH, €92,194 for Biocides and €19.55 for PIC).

Furthermore, it was necessary to carry over the committed reimbursement costs for participants to meetings which were to take place in early 2014 for which invitations had to be sent out before the end of the 2013 as well as for meetings that took place close to year-end of 2013 (€220,497). Some carry-over (€149,733) resulted also from outstanding reimbursements to the committee rapporteurs on restriction dossiers. Finally, interim staff costs (€435,640) and other staff related costs, such as outstanding reimbursements to candidates invited to recruitment interviews, medical examinations, administrative

assistance from other institutions, training and interim staff, were also carried over (€427,345).

The carry-over percentage ended at the level of 12.5% of the established commitments combined for the REACH/CLP, Biocides and PIC Regulation implementation which is an improvement of 2.6 percentage points compared to the previous year (15.1%).

Further reduction in the level of carry-over for REACH/CLP is becoming increasingly challenging as ECHA manages several large-scale projects, especially in the field of IT systems development, which are of a longer term and multi-annual nature. Additionally, the 12 month deadlines for the work assigned to the Member State Competent Authorities in the context of substance evaluation procedures originate from the REACH Regulation and it is not feasible to expect that the amounts budgeted for one calendar year could both be committed and paid for within the same year. Finally, in many cases, the carry-over is merely a result of a failure at the contractor's side to present the invoice for payment before the end of the calendar year.

Concerning Biocides and PIC, despite being still in a start-up phase, the carry-over rate has improved significantly compared to the previous year. Specifically, for the Biocides activities an improvement was achieved by 18.6 percentage points (29.3% compared to 47.9%) and for PIC by 17.3 percentage points (70% compared to 87.3%). The main driver for the still high carry-over rates is the multi-annual scientific IT systems development projects but it is expected that the carry-over rates will significantly improve once the projects have been completed.

Cancellations of carried over appropriations (C8)

A total amount of €1,385,343 was cancelled from the total amount of €14,379,577 of commitment and payment appropriations that were carried over from the budget of 2012. This results mainly from the surpluses of 191 commitments that were not paid in full for several reasons, such as resigned interim staff, earlier finalisation of projects, decreased volume of man-days used, lower number of meeting participants than invited or more economical prices obtained. In fact, 50% of the total cancelled carried over appropriations result from the cancellation of only 15 commitments and the average participation per commitment to the total of the cancelled credits is 0.33% per case.

4. FINANCIAL MANAGEMENT

In year 2013, 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 2012 accounts.