



FINAL ANNUAL ACCOUNTS OF THE TRANSLATION CENTRE 2016

CT/CA-007/2017/01EN

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

COMPONENTS OF THE ANNUAL ACCOUNTS

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FINANCIAL STATEMENTS OF THE TRANSLATION CENTRE

A.1 Balance sheet

in EUR

	ASSETS	Note	31.12.2016	31.12.2015	% change
A.	NON-CURRENT ASSETS		2 460 485.00	2 876 700.00	-14.47%
	INTANGIBLE FIXED ASSETS	1	1 219 578.00	1 755 173.00	-30.52%
	Computer software		1 219 578.00	1 755 173.00	-30.52%
	Computer software in progress		0.00	0.00	n/a
	TANGIBLE FIXED ASSETS	2	1 240 907.00	1 121 527.00	10.64%
	Computer hardware		879 106.00	865 107.00	1.62%
	Furniture and vehicles		50 889.00	43 071.00	18.15%
	Plant, machinery and equipment		708.00	977.00	-27.53%
	Other fixtures and fittings		310 204.00	212 372.00	46.07%
B.	CURRENT ASSETS		37 973 271.12	41 505 018.70	-8.51%
	STOCKS		309 000.00	213 000.00	45.07%
	Work in progress	3	309 000.00	213 000.00	45.07%
	SHORT-TERM RECEIVABLES		3 460 423.35	13 437 147.01	-74.25%
	Recoverable VAT and other receivables from the Member States (receivable from non-exchange transactions)	4	21 549.37	11 008.25	95.76%
	Pre-financing paid	5	0.00	102 454.36	n/a
	Accounts receivable from EU institutions & bodies	6	589 085.58	8 260.78	7031.11%
	Accrued income from EU institutions & bodies	6	2 089 124.23	2 123 243.78	-1.61%
	Other accrued income		7 429.50	0.00	n/a
	Deferred expenses	7	684 437.13	664 019.69	3.07%
	Accrued interests	8	0.00	11 442.71	-100.00%
	Term deposits due within three months and one year	9	0.00	10 461 378.50	-100.00%
	Sundry receivables	10	68 797.54	55 338.94	24.32%
	CASH AND CASH EQUIVALENTS	9	34 203 847.77	27 854 871.69	22.79%
	TOTAL		40 433 756.12	44 381 718.70	-8.90%

	LIABILITIES	Note	31.12.2016	31.12.2015	% change
A.	CURRENT LIABILITIES		3 791 736.47	3 268 406.21	16.01%
	ACCOUNTS PAYABLE		3 791 736.47	3 268 406.21	16.01%
	Accrued expenses	11	2 440 495.38	2 289 438.24	6.60%
	Suppliers	11	175 934.89	417 027.04	-57.81%
	Pre-financing received	12	1 171 346.40	560 238.56	109.08%
	Other liabilities	13	3 959.80	1 702.37	132.61%
B.	NET ASSETS/LIABILITIES		36 642 019.65	41 113 312.49	-10.88%
	Reserves	14	16 529 466.33	16 529 466.33	0.00%
	Accumulated result for previous financial years		24 583 846.16	27 630 354.77	-11.03%
	Economic outturn for the financial year		-4 471 292.84	-3 046 508.61	46.77%
	TOTAL		40 433 756.12	44 381 718.70	-8.90%

A.2 Statement of financial performance

in EUR

	Note	2016	2015	% change
OPERATING REVENUE		41 750 375.75	39 403 133.01	5.96%
TOTAL REVENUE FROM OPERATIONS		40 702 925.10	39 443 967.03	3.19%
Translation	15	39 112 564.68	37 997 119.37	2.94%
Interinstitutional cooperation – IATE database	16	750 148.17	659 336.66	13.77%
Terminology	17	199 797.00	117 250.00	70.40%
Term lists	18	569 228.01	558 726.00	1.88%
Subtitling	19	49 979.00	62 935.00	-20.59%
Other revenue from operations	20	21 208.24	48 600.00	-56.36%
OTHER OPERATING REVENUE		1 047 450.65	-40 834.02	-2665.14%
Sale/activation of fixed assets		3 834.20	0.00	n/a
Financial contribution from Luxembourg government*	21	243 250.00	243 250.00	0.00%
Miscellaneous revenue	22	704 366.45	91 915.98	666.32%
Movements in work in progress	3	96 000.00	-376 000.00	-125.53%
OPERATING EXPENSES		46 272 062.42	42 537 988.98	8.78%
Staff expenses	23	23 552 621.58	21 964 805.71	7.23%
Administrative expenses	24	9 154 297.32	8 068 822.74	13.45%
Operational expenses	25	13 565 143.52	12 504 360.53	8.48%
SURPLUS FROM OPERATING ACTIVITIES		-4 521 686.67	-3 134 855.97	44.24%
REVENUE FROM FINANCIAL OPERATIONS		52 304.23	92 420.53	-43.41%
Bank interest		49 780.65	92 154.60	-45.98%
Exchange-rate gain		2 523.58	265.93	848.96%
FINANCIAL EXPENSES		1 910.40	4 073.17	-53.10%
Bank charges		1 328.00	3 667.87	-63.79%
Exchange-rate loss		582.40	405.30	43.70%
SURPLUS FROM NON-OPERATING ACTIVITIES		50 393.83	88 347.36	-42.96%
SURPLUS FROM ORDINARY ACTIVITIES		-4 471 292.84	-3 046 508.61	46.77%
SURPLUS/DEFICIT FROM EXTRAORDINARY ACTIVITIES		0.00	0.00	n/a
ECONOMIC OUTTURN FOR THE YEAR		-4 471 292.84	-3 046 508.61	46.77%

*Non-exchange transaction.

A.3 Statement of changes in net assets/liabilities

in EUR

	Note	Reserves		Accumulated surplus/deficit	Economic outturn for the year	Total net assets/liabilities
		Capital	Reserves			
Situation as at 31 December 2014		0.00	16 529 466.33	27 514 735.98	2 765 330.79	46 809 533.10
Movements in reserves		0.00	0.00	0.00	0.00	0.00
Allocation of the economic outturn 2014		0.00	0.00	2 765 330.79	-2 765 330.79	0.00
Economic outturn for the year		0.00	0.00	0.00	-3 046 508.61	-3 046 508.61
Reimbursement to clients	26	0.00	0.00	-2 649 712.00	0.00	-2 649 712.00
Situation as at 31 December 2015		0.00	16 529 466.33	27 630 354.77	-3 046 508.61	41 113 312.49
Movements in reserves		0.00	0.00	0.00	0.00	0.00
Allocation of the economic outturn 2015		0.00	0.00	-3 046 508.61	3 046 508.61	0.00
Economic outturn for the year		0.00	0.00	0.00	-4 471 292.84	0.00
Reimbursement to clients		0.00	0.00	0.00	0.00	0.00
Situation as at 31 December 2016		0.00	16 529 466.33	24 583 846.16	-4 471 292.84	36 642 019.65

For further details of the reimbursement, see Note 26 in the chapter A.5.6. *Additional information on the balance sheet, statement of financial performance and cash flow table, hereinafter as Additional information.*

A.4 Cash flow statement

in EUR

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Outturn from normal business	-4 467 458.64	-3 046 508.61
+ Depreciation	1 062 992.90	855 519.39
+/- Provision for risks and charges	0.00	0.00
+/- Welfare benefits	0.00	0.00
+/- Variation in stocks	-96 000.00	376 000.00
+/- Variation in operating amounts receivable	-484 654.84	1 317 652.07
+/- Variation in operating debts	523 330.26	655 068.46
+/- Variation in other amounts receivable associated with the business	0.00	0.00
+/- Variation in other debts associated with the business	0.00	0.00
+/- (Profit)/Loss on sales of installations, equipment and immovable property	-3 834.20	0.00
NET CASH FLOWS FROM OPERATING ACTIVITIES	-3 465 624.52	157 731.31
CASH FLOWS ASSOCIATED WITH LOANS AND BORROWING		
+/- Financial assets (own funds)	0.00	0.00
+/- Financial assets (borrowed funds)	0.00	0.00
+/- Financial liabilities (funds originating from a credit)	0.00	0.00
NET CASH FLOWS RESULTING FROM LOANS AND BORROWING	0.00	0.00
CASH FLOWS ASSOCIATED WITH INVESTMENT OPERATIONS		
- Acquisitions of fixed assets	-652 445.90	-1 070 329.02
- Term deposits	10 461 378.50	10 253 311.65
+ Transfers of fixed assets	5 668.00	0.00
+ Reduction of financial assets	0.00	0.00
+/- Variation in amounts receivable and debts on fixed assets	0.00	0.00
+ Dividends paid	0.00	0.00
NET CASH FLOWS ASSOCIATED WITH INVESTMENT TRANSACTIONS	9 814 600.60	9 182 982.63
CASH FLOWS ASSOCIATED WITH FINANCING TRANSACTIONS		
+/- Financial liabilities	0.00	0.00
+/- Long-term liabilities	0.00	0.00
- Reimbursement to clients by bank transfer (see Note 26 of the Additional information for details)	0.00	-4 949 712.00
NET CASH FLOWS ASSOCIATED WITH FINANCING TRANSACTIONS	0.00	-4 949 712.00
CASH VARIATION	6 348 976.08	4 391 001.94
Cash at the start	27 854 871.69	23 463 869.75
Cash at the end	34 203 847.77	27 854 871.69

A.5 Notes to the financial statements

1. DESCRIPTION OF THE BUSINESS

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

2. LEGAL FORM

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

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

3. BASIS OF PRESENTATION

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

The financial year begins on 1 January 2016 and ends on 31 December 2016.

The accounts are in euro.

4. ACCOUNTING PRINCIPLES

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

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Intangible fixed assets

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

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

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

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

5.2 Intangible fixed assets developed internally

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

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

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

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

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

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

5.3 Tangible fixed assets

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

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

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

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

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

Table of depreciation rates

Type of inventory	Straight-line depreciation rate
<i>Computer equipment</i>	25.00%
<i>Kitchens – Cafeterias – Nurseries</i>	
Small electrical equipment	25.00%
Cash registers	25.00%
Large kitchen equipment	12.50%
Specialist furniture for kitchens, cafeterias	12.50%
Specialist furniture for nurseries	25.00%
PLANT, MACHINERY AND TOOLS	
<i>Telecommunications and audio-visual equipment</i>	
Telephone and fax machines	
Headphones, earphones, microphones	25.00%
Cameras	25.00%
Videos	25.00%
Tape recorders and dictating equipment	25.00%
Projectors (slide and overhead)	25.00%
Photographic equipment	25.00%
Projection screens	25.00%
Televisions, radios, monitors (not including computers)	25%
<i>Technical equipment</i>	
Printers, mail security, building tools	12.50%
Measuring or laboratory equipment	25.00%
<i>Other plant, machinery and tools</i>	12.50%
<i>Movable shelving, partitions, false floors, false ceilings and wiring</i>	25.00%
<i>Vehicles</i>	25.00%
<i>Furniture</i>	10.00%
<i>Buildings</i>	4.00%
<i>Land</i>	Not applicable

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

5.4 Low-value fixed assets

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

5.5 Stocks

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

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

The difference in the value of the work in progress between 2015 and 2016 is recorded in 'Operating revenue' in the Statement of financial performance under the heading *Movements in work in progress*.

5.6 Short-term receivables

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

The receivables for December translations invoiced in January of the following year are considered to be accrued income. This income is included in the revenues of the Statement of financial performance. For further details, see note No 6 of the Chapter A.5.6. *Additional information*.

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

5.7 Cash and cash equivalents

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

5.8 Accounts payable

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

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

5.9 Provisions for risks and charges

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

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

5.10 Reserves – Permanent prefinancing fund

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

5.11 Revenue

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

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

Non-exchange transactions are those where an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange. Revenue from non-exchange transactions is measured at the amount of the increase in net assets recognised by the Centre. An example of non-exchange transactions is a financial contribution for rent received by the Centre from Luxembourg government as described in *Note 21* in the *Additional information*.

5.12 Expenses

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

5.13 Transactions and balances denominated in foreign currencies

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

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

5.14 Ordinary income

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

5.15 Extraordinary revenue and expenses

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

5.16 Economic outturn for the year

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

5.17 Use of estimates

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

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

The financial statements for the year-ended 31 December 2016 were not restated to reflect any change in accounting methods, valuation, depreciation or accounting policies.

5.19 Cash flow statement

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

5.20 Segment reporting

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

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

Note 1: Intangible fixed assets

	in EUR		
	Computer software	Computer software in progress	Total
A. Purchase value			
Previous year-end	5 661 097.73	0.00	5 661 097.73
<u>Changes during the financial year</u>			
Acquisitions in the financial year	21 458.33	0.00	21 458.33
Correction of the opening balance	-5 668.00	0.00	-5 668.00
Transfers between headings	0.00	0.00	0.00
<u>Year-end</u>	5 676 888.06	0.00	5 676 888.06
B. Amortisation and reductions in value			
Previous year-end	3 905 924.73	0.00	3 905 924.73
<u>Changes during the financial year</u>			
Depreciation for the financial year	551 385.33	0.00	551 385.33
Disposals and withdrawals	0.00	0.00	0.00
<u>Year-end</u>	4 457 310.06	0.00	4 457 310.06
NET BOOK VALUE (A-B)	1 219 578.00	0.00	1 219 578.00

In 2013, the Centre started to capitalise internal and external development costs as an intangible fixed asset in progress for the eCdT programme which is the Centre's new programme for the management of the translation workflow. The first version of eCdT was released in May 2015. The overall development costs capitalised over the years 2013, 2014 and 2015 were EUR 1 725 737 of which EUR 611 210 were internal development costs and EUR 1 114 528 were external development costs. All subsequent development costs spent on the program in 2016 were recorded under expenses.

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

Correction of the opening balance of software concerns a cancelled goods receipt 2015 that was not correctly reflected in the accounting system. A manual correction had to be made to align the inventory and the accounting system.

Totally depreciated intangible fixed assets

The purchase value of fixed assets in use, which were totally depreciated on 31 December 2016, amounted to EUR 3 482 058 (EUR 3 451 851 in 2015).

Note 2: Tangible fixed assets

in EUR

	Computer hardware	Furniture and vehicles	Plant, machinery and equipment	Other tangible fixed assets	Total
A. Purchase value					
Previous year-end	3 025 076.19	310 266.99	2 156.00	292 426.27	3 629 925.45
<u>Changes during the financial year</u>					
Acquisitions	453 543.73	24 043.84	0.00	153 400.00	630 987.57
Disposals and withdrawals	-50 599.90	0.00	0.00	0.00	-50 599.90
<u>Year-end</u>	3 428 020.02	334 310.83	2 156.00	445 826.27	4 210 313.12
B. Depreciations and value adjustments					
Previous year-end	2 159 969.19	267 195.99	1 179.00	80 054.27	2 508 398.45
<u>Changes during the financial year</u>					
Depreciation for the financial year	439 544.73	16 225.84	269.00	55 568.00	511 607.57
Disposals and withdrawals	-50 599.90	0.00	0.00	0.00	-50 599.90
<u>Year-end</u>	2 548 914.02	283 421.83	1 448.00	135 622.27	2 969 406.12
NET BOOK VALUE (A-B)	879 106.00	50 889.00	708.00	310 204.00	1 240 907.00

Totally depreciated tangible fixed assets

The purchase value of fixed assets in use, which were totally depreciated on 31 December 2016, amounted to EUR 1 932 422 (EUR 1 780 809 in 2015).

Low-value tangible fixed assets

The Centre acquired tangible assets that were charged directly to expenses and amounted to EUR 48 506 and EUR 84 135 for the years ended 31 December 2016 and 2015, respectively. These assets are low-value tangible assets with an estimated useful life greater than one year and an individual acquisition cost lower than EUR 420.00. Low-value tangible assets are not recorded under fixed assets but are charged through expense accounts.

Note 3: Work in progress

Work in progress	2016	2015	% change
Work in progress (in EUR)	309 000.00	213 000.00	45.07%
Documents in progress (in pages)	35 362.03	26 416.47	33.86%
Term lists in progress (in terms)	0.00	62 865.00	-100.00%

The increase in the financial valuation of the work in progress is in line with the total increase in the number of document pages in progress at year-end compared to 2015. However, the financial increase in the work in progress in financial terms is higher than the increase in the number of document pages in progress because the translations in progress at the year-end 2016 are at a later stage of advancement than in 2015. The increase in work in progress of EUR 96 000 is recorded in the *Statement of financial performance* under the heading *Movements in work in progress*.

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

As an EU body, the Centre benefits from VAT exemptions for the purchase of goods and services. In the case of the indirect exemption applied by the Portuguese tax authorities, the Centre has to claim back the VAT paid to its suppliers. The balance of VAT receivable is the sum of all claims submitted to the Portuguese tax authorities in the last quarter of 2016; no claims are outside the deadline for the recovery.

	in EUR		
VAT receivable from the Member States	2016	2015	% change
Nominal value of VAT claims (Portugal)	21 549.37	11 008.25	95.76%
Provision for claims outside the deadline	0.00	0.00	0.00%
Net value of VAT receivable	21 549.37	11 008.25	95.76%

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

Credit risk disclosure

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

Note 5: Pre-financing paid

In December 2015, the Centre paid an advance for office outfitting on the second floor of the Drosbach building corresponding to 30% of the contracted works. The advance was cleared in 2016 with the final invoice after acceptance of the works by the Centre.

Note 6: Accounts receivable and accrued income from the EU institutions and bodies

in EUR

Clients	Accounts Receivable	Accrued income	Total
European Environment Agency (EEA)	22 507.00	11 891.00	34 398.00
European Training Foundation (ETF)	0.00	2 359.50	2 359.50
European Monitoring Centre for Drugs and Drug Addiction (EMCDDA)	0.00	861.00	861.00
European Medicines Agency (EMA)	0.00	136 651.90	136 651.90
European Agency for Safety and Health at Work (EU-OSHA)	0.00	26 887.00	26 887.00
European Union Intellectual Property Office (EUIPO)	0.00	714 898.18	714 898.18
Community Plant Variety Office (CPVO)	0.00	5 610.50	5 610.50
European Foundation for the Improvement of Living and Working Conditions (Eurofound)	0.00	12 197.50	12 197.50
European Centre for the Development of Vocational Training (Cedefop)	0.00	2 306.25	2 306.25
European Union Agency for Fundamental Rights (FRA)	0.00	36 241.50	36 241.50
European Food Safety Authority (EFSA)	0.00	16 263.75	16 263.75
European Aviation Safety Agency (EASA)	0.00	40 754.00	40 754.00
European Union Agency for Railways (ERA)	0.00	30 713.10	30 713.10
European Network and Information Security Agency (ENISA)	0.00	123.00	123.00
European Centre for Disease Prevention and Control (ECDC)	32 368.00	44 968.00	77 336.00
European Border and Coast Guard Agency (Frontex)	281.25	0.00	281.25
European Defence Agency (EDA)*	1 793.75	0.00	1 793.75
European Chemicals Agency (ECHA)	468 202.25	410 769.75	878 972.00
European Fisheries Control Agency (EFCA)	0.00	11 357.00	11 357.00
Innovation and Networks Executive Agency (INEA)	0.00	230.00	230.00
European Institute for Gender Equality (EIGE)	0.00	61 200.00	61 200.00
SESAR Joint Undertaking (SESAR JU)	0.00	4 715.00	4 715.00
Education, Audiovisual and Culture Executive Agency (EACEA)	0.00	90 569.00	90 569.00
Consumers, Health, Agriculture and Food Executive Agency (Chafea)	0.00	15 785.00	15 785.00
European Data Protection Supervisor (EDPS)	0.00	2 540.00	2 540.00
Fuel Cells and Hydrogen 2 Joint Undertaking (FCH 2 JU)	0.00	451.00	451.00
European Asylum Support Office (EASO)	53 267.00	157 736.55	211 003.55
Agency for the Cooperation of Energy Regulators (ACER)	5 145.50	0.00	5 145.50
European Securities and Markets Authority (ESMA)	0.00	1 531.25	1 531.25
European Banking Authority (EBA)	0.00	50 212.80	50 212.80
Single Resolution Board (SRB)	0.00	74 660.00	74 660.00
European Commission – (DG EMPL and DG JUST)	0.00	66 574.20	66 574.20
European Court of Auditors (ECA)	3 891.58	0.00	3 891.58
Council of the European Union (Council)	1 629.25	3 070.00	4 699.25
Court of Justice of the European Union (CJEU)	0.00	27 142.00	27 142.00
European Ombudsman (Ombudsman)	0.00	27 854.50	27 854.50
TOTAL	589 085.58	2 089 124.23	2 678 209.81

*Non-consolidated entity

Accrued income represents income from invoices drawn up in January 2017 for translations delivered to clients in December 2016. The information on the average payment date is included in the budget implementation set out in Chapter B.7. *Budget revenue from operational activities 2016.*

Credit risk disclosure

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

Currency risk disclosure

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

Note 7: Deferred expenses

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

The main part of the deferred expenses represents rent for the first quarter of the year which is paid in advance at the end of the previous year. The rent included in prepaid expenses as of 31 December 2016 amounts to EUR 469 357, which is the same amount as in 2015.

Note 8: Accrued interest

Accrued interest is interest earned from the ongoing placement of term deposits due to mature in the following year. As the interest from term deposits is only received at the end of the term contract, accrued interest represents pro rata interest corresponding to the current accounting period. As there are no open term deposits at the year-end, the balance of accrued interests is zero as of 31 December 2016.

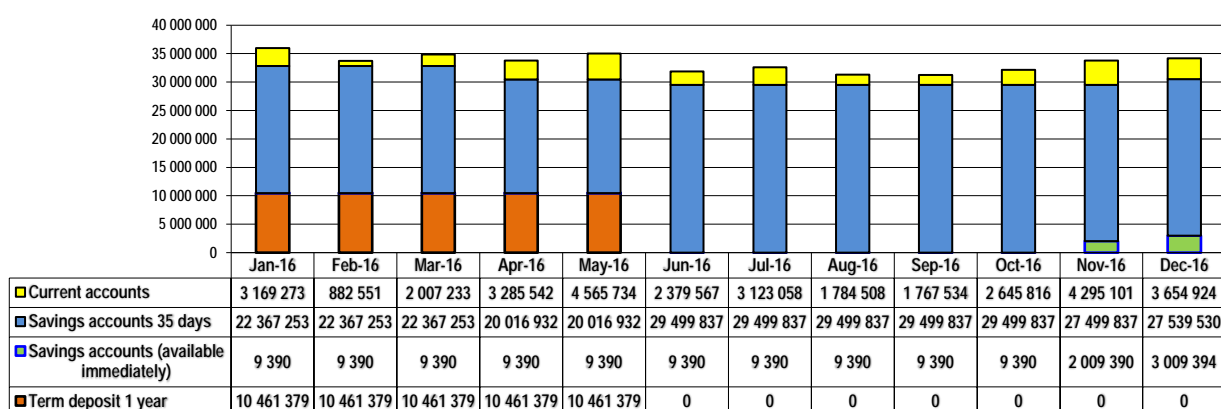
Note 9: Cash and cash equivalents

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

Due to the negative interests on the interbank financial market, the Centre has no open term deposits at the year-end.

Cash movements in 2016

in EUR



Breakdown of the cash balance

in EUR

Year	2016	2015	% change
Cash in bank – current accounts	3 654 923.75	5 478 228.42	-33.28%
Cash in bank – savings accounts (available immediately)	3 009 393.54	9 389.83	31949.50%
Cash in bank – savings accounts 35 days	27 539 530.48	22 367 253.44	23.12 %
Cash in hand	0.00	0.00	n/a
Total cash and cash equivalents	34 203 847.77	27 854 871.69	22.79%
Term deposits expiring within one year	0.00	10 461 378.50	-100.00%
Total cash, including term deposits	34 203 847.77	38 316 250.19	-10.73%

Credit risk disclosure:

in EUR

Bank	Long-term credit rating (Moody's)	Balance of cash and cash equivalents	Balance term deposits less than 1 year
Banque et Caisse d'Épargne de l'État	Aa2	14 693 731.21	0.00
BNP Paribas	A1	19 510 116.56	0.00
TOTAL		34 203 847.77	0.00

Currency risk disclosure

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

Note 10: Sundry receivables

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

Note 11: Accrued expenses and suppliers

in EUR

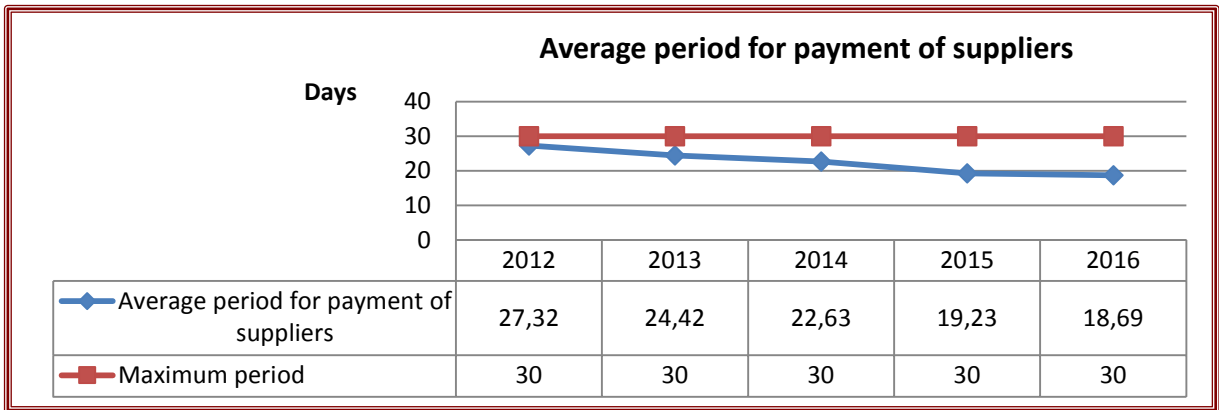
Accrued expenses	2016	2015	% change
Accrued expenses based on the carryover analysis	2 098 495.38	1 997 438.24	5.06%
Leave not taken by staff	342 000.00	292 000.00	17.12%
Total	2 440 495.38	2 289 438.24	16.07%

Leave not taken by staff

Leave not taken by staff	2016	2015	% change
Number of days not taken	1 321.00	1 242.00	6.36%
Financial evaluation of leave not taken (in EUR)	342 000.00	292 000.00	17.12%

The accrued liability for leave not taken is calculated based on the number of days of unused holidays not taken by staff at year-end and their individual salary instead of an average salary. This explains why the increase in the financial evaluation of leave not taken (+17.12%) exceeds the increase in the number of days not taken (+6.36%). Generally, the increase in the number of days not taken concerns more senior staff. Another reason for the increase in the financial evaluation of leave not taken is the salary indexation of 3.3% which was applied in 2016.

Due to extremely low or negative interest rates on the financial markets, the Centre abandoned in 2015 the application of a target payment deadline to suppliers of 30 days. Since 2015, the payment has been executed immediately after the payment workflow in the budget accounting process has been completed. As a result, the average period for the payment of suppliers has decreased from the maximum of 27.32 days in 2012, to 18.69 days in 2016 for a total of 8 917 payments.



Currency risk disclosure

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

Note 12: Pre-financing received

Clients	2016	2015
European Union Intellectual Property Office (EUIPO)	208 432.72	390 835.36
European Banking Authority (EBA)	61 047.36	17 326.80
European Training Foundation (ETF)	0.00	11 135.60
European Union Agency for Railways (ERA)	78 810.72	0.00
European Asylum Support Office (EASO)	328 953.00	0.00
European Chemicals Agency (ECHA)	494 102.60	140 940.80
TOTAL	1 171 346.40	560 238.56

Following client requests, the Translation Centre introduced an advance payment mechanism that allows clients to send advance payments to the Centre before the translation service is completed. The mechanism allows the Centre to request pre-financing from clients amounting to 80% of the translation requests sent to the Centre that are pending as at 30 November.

By the year-end, ten clients had signed an amendment to the agreement allowing the collection of advance payments and four clients sent advances to the Centre with a total value of EUR 1 171 346. The advances will be cleared with the translation services invoiced in 2017.

Note 13: Other liabilities

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

Note 14: Reserves – Permanent prefinancing fund

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

As the budget for 2016 does not achieve the value covered by the fund in 2010, the balance of the permanent prefinancing fund remains the same since 2010.

in EUR

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

Note 15: Translations (including modification, editing and revision)

in EUR

Clients	2016	2015
European Environment Agency (EEA)	206 626.00	239 253.75
European Training Foundation (ETF)	201 709.65	252 380.20
European Monitoring Centre for Drugs and Drug Addiction (EMCDDA)	294 910.75	292 602.25
European Medicines Agency (EMA)	2 351 717.20	2 358 844.50
European Agency for Safety and Health at Work (EU-OSHA)	725 056.45	1 444 941.80
European Union Intellectual Property Office (EUIPO)	21 569 992.88	20 577 476.17
Community Plant Variety Office (CPVO)	146 578.00	90 821.90
European Police Office (Europol)	27 129.70	119 736.95
European Foundation for the Improvement of Living and Working Conditions (Eurofound)	399 842.25	338 278.25
European Centre for the Development of Vocational Training (Cedefop)	66 362.25	42 122.90
European Union Agency for Fundamental Rights (FRA)	1 235 837.60	1 203 489.85
European Investment Bank (EIB)*	7 380.00	6 158.00
European Food Safety Authority (EFSA)	201 856.60	131 942.75
European Maritime Safety Agency (EMSA)	45 173.00	188 576.00
European Aviation Safety Agency (EASA)	82 397.10	135 125.80
European Union Agency for Railways (ERA)	475 434.45	790 180.15
European Network and Information Security Agency (ENISA)	11 176.00	40 129.75
European Centre for Disease Prevention and Control (ECDC)	364 555.00	133 705.75
European Border and Coast Guard Agency (Frontex)	370 256.95	521 644.80
Education, Audiovisual and Culture Executive Agency (EACEA)	502 494.45	769 065.15
Executive Agency for Small and Medium-sized Enterprises (EASME)	8 308.50	93 965.65
European Union Agency for Law Enforcement Training (CEPOL)	28 570.85	24 739.40
Consumers, Health and Food Executive Agency (Chafea)	170 841.15	44 720.75
European GNSS Agency (GSA)	5 412.00	5 668.25
European Defence Agency (EDA)*	7 565.80	5 382.50
European Chemicals Agency (ECHA)	3 921 780.96	2 189 812.75
European Fisheries Control Agency (EFCA)	171 495.05	111 284.20
Fusion for Energy Joint Undertaking (F4E JU)	49 297.50	53 912.75
Innovation and Networks Executive Agency (INEA)	71 426.50	59 346.75
European Institute of Innovation and Technology (EIT)	65 044.15	42 506.75
European Research Council Executive Agency (ERC)	44 671.55	11 435.80
Research Executive Agency (REA)	13 304.50	17 793.25
Clean Sky 2 Joint Undertaking (CS 2 JU)	11 547.75	2 358.00
European Institute for Gender Equality (EIGE)	131 831.40	243 918.00
SESAR Joint Undertaking (SESAR JU)	44 411.50	33 937.25
European Data Protection Supervisor (EDPS)	450 019.75	311 709.50
Innovative Medicines Initiative 2 Joint Undertaking (IMI 2 JU)	4 016.20	2 706.00
Fuel Cells and Hydrogen 2 Joint Undertaking (FCH 2 JU)	2 993.00	1 131.00
European Asylum Support Office (EASO)	1 256 467.50	1 278 289.95
Agency for the Cooperation of Energy Regulators (ACER)	98 078.10	20 118.60
European Securities and Markets Authority (ESMA)	340 354.55	236 231.40
European Banking Authority (EBA)	701 901.65	1 149 432.98
European Insurance and Occupational Pensions Authority (EIOPA)	165 134.05	683 365.90
Office of the Body of European Regulators for Electronic Communications (BEREC)	60 319.35	48 440.20
European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA)	399 127.50	343 728.00
Electronic Components and Systems for European Leadership Joint Undertaking (ECSEL JU)	1 886.00	14 593.50
Single Resolution Board (SRB)	370 848.15	123 821.30
European Commission – (DG EMPL and DG JUST)	815 104.50	534 631.40
Council of the European Union (Council)	67 935.50	175 673.25
European Court of Auditors (ECA)	16 695.75	8 961.75
Committee of the Regions of the European Union (CoR)	3 960.00	0.00
European Economic and Social Committee (EESC)	6 355.00	0.00
Court of Justice of the European Union (CJEU)	27 142.00	1 066.00
European Central Bank (ECB)*	59 580.74	113 107.67
European Ombudsman (Ombudsman)	232 649.95	332 852.25
TOTAL	39 112 564.68	37 997 119.37

*Non-consolidated entities

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

Note 16: Interinstitutional cooperation – IATE database

in EUR

Clients	2016	2015
European Investment Bank (EIB)*	3 907.03	3 434.05
European Commission	312 561.75	274 723.60
European Parliament (EP)	156 280.87	137 361.81
Council of the European Union (Council)	117 210.65	103 021.35
European Court of Auditors (ECA)	19 535.10	17 170.22
Committee of the Regions of the European Union (CoR)	25 004.94	21 977.89
European Economic and Social Committee (EESC)	37 507.40	32 966.84
Court of Justice of the European Union (CJEU)	70 326.39	61 812.81
European Central Bank (ECB)*	7 814.04	6 868.09
TOTAL	750 148.17	659 336.66

*Non-consolidated entities

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

Note 17: Terminology

in EUR

Clients	2016	2015
European Environment Agency (EEA)	91 800.00	0.00
European Chemicals Agency (ECHA)	42 300.00	45 250.00
European Institute for Gender Equality (EIGE)	61 200.00	0.00
European Union Intellectual Property Office (EUIPO)	0.00	3 600.00
European Union Agency for Fundamental Rights (FRA)	0.00	45 000.00
European Investment Bank (EIB)*	0.00	2 700.00
Single Resolution Board (SRB)	4 497.00	0.00
European Asylum Support Office (EASO)	0.00	2 700.00
European Monitoring Centre for Drugs and Drug Addiction (EMCDDA)	0.00	18 000.00
TOTAL	199 797.00	117 250.00

*Non-consolidated entity

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

Note 18: Term lists

in EUR

Clients	2016	2015
European Environment Agency (EEA)	0.00	20 876.00
European Training Foundation (ETF)	176.00	0.00
European Monitoring Centre for Drugs and Drug Addiction (EMCDDA)	0.00	352.00
European Medicines Agency (EMA)	1 660.00	1 923.00
European Union Intellectual Property Office (EUIPO)	465 936.01	472 544.00
European Foundation for the Improvement of Living and Working Conditions (Eurofound)	3 192.00	6 716.00
European Union Agency for Fundamental Rights (FRA)	4 332.00	0.00
European Maritime Safety Agency (EMSA)	0.00	368.00
European Aviation Safety Agency (EASA)	88.00	0.00
Education, Audiovisual and Culture Executive Agency (EACEA)	3 320.00	327.00
European Union Agency for Law Enforcement Training (CEPOL)	0.00	1 104.00
European Chemicals Agency (ECHA)	16 368.00	12 692.00
European Institute of Innovation and Technology (EIT)	28 164.00	368.00
European Institute for Gender Equality (EIGE)	0.00	92.00
European Asylum Support Office (EASO)	60.00	0.00
European Securities and Markets Authority (ESMA)	0.00	352.00
European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA)	3 432.00	0.00
Single Resolution Board (SRB)	704.00	0.00
European Commission – (DG EMPL and DG JUST)	41 796.00	41 012.00
TOTAL	569 228.01	558 726.00

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

Note 19: Subtitling

in EUR

Clients	2016	2015
European Chemicals Agency (ECHA)	1 886.00	5 699.00
European Union Intellectual Property Office (EUIPO)	3 403.00	56 908.00
European Commission – (DG EMPL and DG JUST)	0.00	205.00
European Institute for Gender Equality (EIGE)	36 777.00	0.00
European Asylum Support Office (EASO)	410.00	0.00
Court of Justice of the European Union (CJEU)	7 503.00	0.00
European Monitoring Centre for Drugs and Drug Addiction (EMCDDA)	0.00	123.00
TOTAL	49 979.00	62 935.00

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

Note 20: Other revenue from operations

Other revenue from operations relates to the re-invoicing of expenses to DG JUST for the organisation of a workshop for the Centre's external language service providers and revenue generated from the *ex-post* quality checks on EU trade marks for EUIPO. Under the agreement with EUIPO, 50% of the staff expenses for the *ex-post* quality checks is invoiced to EUIPO and the other 50% remains the Centre's expense.

Note 21: Financial contribution from the Luxembourg government – non exchange revenues

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

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

Note 22: Miscellaneous revenue

Miscellaneous revenue mainly represents revenue from the subletting of the Centre's offices, parking spaces and its data centre.

The significant increase in the miscellaneous revenue in 2016 is due to the subletting of office space to Chafea starting from 1 January 2016 and the related outfitting of the premises, which all together amounted to EUR 602 568.

Note 23: Staff expenses

in EUR

Type of expense	2016	2015
Staff costs (excluding SNEs (Seconded National Experts) and other experts)	15 692 762.52	14 503 348.24
Pensions and temporary unemployment contributions	3 880 226.57	3 684 553.91
Staff requisites and social activities	13 054.67	50 283.00
Allowances (excluding SNEs and other experts)	3 966 577.82	3 726 620.56
TOTAL	23 552 621.58	21 964 805.71

The increase in staff expenses is mainly due to the salary adjustment of 3.3%, effective as of July 2016, and the impact of promotions and biennial step advancements for staff members. These factors have an impact on staff costs, pensions and unemployment contributions, and allowances. The main allowances are family allowances, expatriation and foreign residence allowances, travel expenses for annual leave, and allowances linked to recruitment or departing staff members.

Note 24: Administrative expenses

in EUR

Type of expense	2016	2015
Rent of land & buildings	2 155 695.13	1 834 987.38
Operating lease expenses	44 157.78	56 092.33
Maintenance & security – building	861 115.49	662 375.41
Insurance - building	7 723.81	7 872.88
Office supplies & maintenance	833 276.41	781 503.00
Communications & publications	140 285.76	148 111.91
Publicity and legal expenses	10 000.00	4 500.00
Insurance – others	8 882.23	10 817.36
Transport expenses	5 618.36	1 343.86
Recruitment costs	17 189.32	45 452.59
Training costs	167 823.61	160 862.03
Missions	74 255.98	117 724.32
Experts and related expenditure	29 200.11	33 533.14
External operational IT costs	2 993 512.44	2 581 864.55
Other external non-IT services	357 742.23	319 438.63
Expenses with other consolidated entities	384 825.76	446 823.96
Depreciation of fixed assets	1 062 992.90	834 243.39
Other	0.00	21 276.00
TOTAL	9 154 297.32	8 068 822.74

The increase in building-related expenses is because the Centre incurred such costs for the additional office space for the entire year in 2016. In 2015, the Centre only incurred such additional expenses for 1 month.

The increase in depreciations is due a full year depreciations of the eCdT programme that was capitalised into fixed assets in 2015 at the acquisition price of EUR 1 725 737, while in 2015 the depreciation corresponds only to 7 months.

The increase in external operational IT expenses is due to expenses related to the eCdT programme that were up to its capitalisation in 2015 systematically recorded in the balance sheet. From 2016, these post capitalisation expenses are recorded directly into expenses.

Note 25: Operational expenses

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

Operational expenses increased by 8.48% in 2016. This was mainly due to the increase in the number of translated and outsourced pages.

Note 26: Reimbursements to clients

In order to reduce the accumulated surplus, the Centre executed in 2015 a reimbursement to its clients of the 2014 budget surplus which amounted to EUR 2 649 712. The reimbursement was approved by the Management Board in the 2015 budget.

In October 2016, the Centre adopted an amendment to the Centre's Financial Regulation that provides for an automatic reimbursement of the budget surplus of the financial year to clients if it exceeds EUR 1 000 000. The automatic reimbursement shall apply for the first time to the budget result of the financial year 2014. Since the Centre generated a budget loss in 2015, no reimbursement was executed to clients in 2016.

A.6 Other information

Number of employees

The following table summarises the number of staff members for the years ended 31 December 2016 and 31 December 2015, as set out in the establishment plan:

Number of staff		
	2016	2015
Administrator	133	132
Assistant	62	63
<i>Total</i>	195	195

In addition to the staff defined in the establishment plan, the Centre employs contract and agency staff. A detailed breakdown of the Centre's total staff, as at 31 December 2016, is set out in the following table:

Number of staff					
	Officials	Temporary agents	Contract agents	Agency staff	Total
Administrator	44	89	16	0	149
Assistant	13	49	14	6.5	82.5
<i>Total</i>	57	138	30	6.5	231.5

Related party transactions

The Centre's key management staff as at 31 December 2016 are as follows:

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

The remuneration of key management staff is in accordance with the Staff Regulations of Officials of the European Communities. There were no other transactions such as loans or bonuses to these staff members.

The Management Board

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

Contingent assets, contingent liabilities and other significant disclosures

a) Contingent assets

The Centre has not recognised any contingent assets in 2016.

Performance guarantees

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

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

b) Commitments against appropriations not yet consumed

The budgetary RAL ('Reste à liquider') is an amount representing commitments carried over for which payments have not yet been made. This is the usual consequence if there is a carryover of credit appropriations. On 31 December 2016, the budgetary RAL totalled EUR 3 630 253.

The accounting RAL is the part of the budgetary RAL which has not been yet consumed via the cut-off (year-end accruals). The year-end accruals that have been included as expenses in the Statement of financial performance 2016 amounts to EUR 2 287 469 and the accounting RAL amounts, therefore to EUR 1 342 783.

c) Operating leases

Description	Start date	Expiry date	Total lease value	Payments made in the current year	in EUR	
					Outstanding payments due	
					Up to one year	One to five years
Sharan	01.03.11	28.02.2015	31 530.72	99.49	0.00	0.00
BMW Gran Tourer	09.12.15	08.12.2019	26 132.64	6 874.09	6 874.09	13 066.32
Total			57 663.36	6 973.58	6 874.09	13 066.32

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

The Centre entered into long-term legal commitments in respect of amounts that were not yet covered by commitment appropriations in the budget. The amounts correspond to amounts committed to be paid during the term of the contracts that are not covered by budget commitments as at year-end 2016.

These include the outstanding contractual commitment of EUR 6 883 906 for the rent of the Drosbach building and EUR 1 002 456 to cover the rent of the eBRC building used within the framework of the Data Centre and Disaster Recovery Plan.

e) Other off-balance sheet commitments

As at 31 December 2016, the Centre was involved in one legal dispute and therefore discloses a contingent liability of EUR 3 350 that corresponds to the potential payment of expenses of the other party.

f) Post balance sheet events

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

REPORTS ON THE IMPLEMENTATION OF THE BUDGET OF THE TRANSLATION CENTRE

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B.1. Budgetary principles

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

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

B.2. Type of appropriations

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

The Centre makes use of the automatic carryover of appropriations.

The Centre does not account for assigned revenue.

B.3. Budget expenditure implementation 2016 and use of appropriations C1

in EUR

Chapter	Heading	Budget appropriation (1)	Executed commitments (2)	% committed (2/1)	Appropriations cancelled (1-2)	Executed payments (3)	% paid (3/1)	RAL – appropriations carried forward (2-3)
11	Staff in active employment	24 394 700.00	23 982 056.85	98.31%	412 643.15	23 862 160.75	97.82%	119 896.10
13	Missions and duty travel	164 200.00	115 235.66	70.18%	48 964.34	99 828.66	60.80%	15 407.00
14	Socio-medical infrastructure	304 200.00	219 756.76	72.24%	84 443.24	176 920.04	58.16%	42 836.72
16	Welfare service	39 400.00	38 400.00	97.46%	1 000.00	31 116.32	78.98%	7 283.68
17	Entertainment and representation	2 500.00	1 240.00	49.60%	1 260.00	292.60	11.70%	947.40
TITLE 1	STAFF	24 905 000.00	24 356 689.27	97.80%	548 310.73	24 170 318.37	97.05%	186 370.90
20	Rental of buildings and associated costs	3 045 000.00	2 943 446.51	96.66%	101 553.49	2 606 464.27	85.60%	336 982.24
21	Information technology	3 154 000.00	2 774 428.60	87.97%	379 571.40	1 802 138.23	57.14%	972 290.37
22	Movable property and associated costs	67 300.00	57 087.51	84.83%	10 212.49	28 331.30	42.10%	28 756.21
23	Operating expenditure	283 500.00	223 027.77	78.67%	60 472.23	170 246.56	60.05%	52 781.21
24	Postage and telecommunications	182 500.00	82 247.87	45.07%	100 252.13	48 247.30	26.44%	34 000.57
25	Expenditure on formal and other meetings	50 500.00	17 679.54	35.01%	32 820.46	17 679.54	35.01%	0.00
26	Expenditure on Management Board meetings	91 000.00	57 697.32	63.40%	33 302.68	52 111.93	57.27%	5 585.39
27	Information: acquisition, archiving, production and dissemination	75 000.00	8 400.00	11.20%	66 600.00	8 400.00	11.20%	0.00
TITLE 2	BUILDINGS, EQUIPMENT AND SUNDRY OPERATING EXPENDITURE	6 948 800.00	6 164 015.12	88.71%	784 784.88	4 733 619.13	68.12%	1 430 395.99
30	External translation services	14 580 000.00	13 168 851.38	90.32%	1 411 148.62	11 350 233.55	77.85%	1 818 617.83
31	Interinstitutional cooperation	848 400.00	785 092.80	92.54%	63 307.20	666 538.59	78.56%	118 554.21
32	Expenditure relating to the eCdT programme	759 000.00	726 362.70	95.70%	32 637.30	650 049.04	85.65%	76 313.66
TITLE 3	OPERATIONAL EXPENDITURE	16 187 400.00	14 680 306.88	90.69%	1 507 093.12	12 666 821.18	78.25%	2 013 485.70
TITLE 10	RESERVES	2 535 083.00	0.00	0.00%	2 535 083.00	0.00	0.00%	0.00
	TOTAL BUDGET	50 576 283.00	45 201 011.27	89.37%	5 375 271.73	41 570 758.68	82.19%	3 630 252.59

B.4. Budget expenditure implementation 2016 and use of appropriations C8

in EUR

Chapter	Heading	Budget appropriation (1)	Executed commitments (2)	% committed (2/1)	Executed payments (3)	% paid (3/1)	Payment appropriations cancelled (1-3)
11	Staff in active employment	123 563.07	120 115.59	97.21%	88 640.97	71.74%	34 922.10
13	Missions and duty travel	50 070.31	50 070.31	100.00%	9 325.63	18.63%	40 744.68
14	Socio-medical infrastructure	49 472.28	49 472.28	100.00%	43 036.42	86.99%	6 435.86
16	Welfare service	6 708.12	6 708.12	100.00%	6 708.12	100.00%	0.00
TITLE 1	STAFF	229 813.78	226 366.30	98.50%	147 711.14	64.27%	82 102.64
20	Rental of buildings and associated costs	631 770.54	631 770.54	100.00%	511 922.41	81.03%	119 848.13
21	Information technology	1 143 449.89	1 143 449.89	100.00%	1 096 091.03	95.86%	47 358.86
22	Movable property and associated costs	79 884.70	79 884.70	100.00%	68 571.54	85.84%	11 313.16
23	Operating expenditure	58 293.09	58 293.09	100.00%	31 245.32	53.60%	27 047.77
24	Postage and telecommunications	94 915.45	94 915.45	100.00%	79 861.64	84.14%	15 053.81
25	Expenditure on formal and other meetings	3 377.53	3 377.53	100.00%	1 500.00	44.41%	1 877.53
26	Expenditure on Management Board meetings	3 968.24	3 968.24	100.00%	477.79	12.04%	3 490.45
27	Information: acquisition, archiving, production and dissemination	28 500.00	28 500.00	100.00%	28 500.00	100.00%	0.00
TITLE 2	BUILDINGS, EQUIPMENT AND SUNDRY OPERATING EXPENDITURE	2 044 159.44	2 044 159.44	100.00%	1 818 169.73	88.94%	225 989.71
30	External translation services	1 678 218.66	1 678 218.66	100.00%	1 672 042.25	99.63%	6 176.41
31	Interinstitutional cooperation	405 704.97	405 704.97	100.00%	373 849.85	92.15%	31 855.12
32	Expenditure relating to the eCdT programme	417 336.44	417 336.44	100.00%	280 816.06	67.29%	136 520.38
TITLE 3	OPERATIONAL EXPENDITURE	2 501 260.07	2 501 260.07	100.00%	2 326 708.16	93.02%	174 551.91
TOTAL BUDGET		4 775 233.29	4 771 785.81	99.93%	4 292 589.03	89.89%	482 644.26

B.5. Budget outturn

	in EUR		
	2016	2015	% change
Budget revenue	41 767 594.65	41 977 433.60	-0.50%
Translation	39 214 917.07	39 803 714.28	-1.48%
Terminology	142 197.00	122 500.00	16.08%
Term lists	582 580.01	583 870.00	-0.22%
Interinstitutional cooperation – IATE database	746 256.59	659 336.66	13.18%
Subtitling	52 398.00	60 106.00	-12.82%
Other operating revenues	27 958.24	52 650.00	-46.90%
Revenue from operations	40 766 306.91	41 282 176.94	-1.25%
Financial income	61 223.36	123 383.89	-50.38%
Financial contribution from Luxembourg government	243 250.00	486 500.00	-50.00%
Miscellaneous	696 814.38	85 372.77	716.20%
Budget expenditure	45 201 011.27	43 716 541.70	3.40%
<i>Title 1 – Staff</i>			
Payments	24 170 318.37	22 697 028.67	6.49%
Appropriations carried over	186 370.90	229 813.78	-18.90%
<i>Title 2 – Buildings, equipment and miscellaneous operating expenditure</i>			
Payments	4 733 619.13	4 428 816.38	6.88%
Appropriations carried over	1 430 395.99	2 044 159.44	-30.03%
<i>Title 3 – Operational expenditure</i>			
Payments	12 666 821.18	11 815 463.36	7.21%
Appropriations carried over	2 013 485.70	2 501 260.07	-19.50%
Budget outturn for the financial year	-3 433 416.62	-1 739 108.10	97.42%
Other	484 585.44	289 433.37	67.43%
Appropriations carried forward and subsequently cancelled	482 644.26	289 572.74	66.67%
Exchange-rate differences	1 941.18	-139.37	-1492.82%
Balance of the budget outturn account for the financial year	-2 948 831.18	-1 449 674.73	103.41%
Outturn for the previous year	4 629 332.71	5 020 494.29	-7.79%
Reimbursement from the outturn of the previous year	0.00	-2 649 712.00	-100.00%
Allocation to reserves (1)	-1 808 720.30	3 708 225.15	-148.78%
Reserve for stability pricing	-2 535 083.00	0.00	N/A
Usage and cancellation of the reserve for stability pricing	0.00	5 046 468.00	-100.00%
Reimbursement from the reserve for pricing stability	0.00	-2 300 000.00	-100.00%
Reserve for exceptional investments (eCdT)	0.00	0.00	N/A
Usage of the reserve for exceptional investments (eCdT)	726 362.70	961 757.15	-24.48%
Reserve for the disputed salary increase	0.00	0.00	N/A
Usage and cancellation of the reserve for the disputed salary increase	0.00	0.00	N/A
Budget outturn to carry forward	-128 218.77	4 629 332.71	-102.77%

- (1) The movements on the reserves in 2016 includes the allocation of the budget reserve for stability pricing of EUR 2 535 083 that was necessary to allocate part of the budget outturn carried over from 2015 (EUR 4 629 333) to the 2016 budget outturn. The other movement concerns the usage of part of the budget reserve for exceptional investments (EUR 726 362.70) corresponding to expenses spent on the eCdT programme in 2016.

Since the Centre was established, amounts have systematically been allocated to reserves by reducing the 'Budget outturn to carry forward'. Taking into consideration all allocations to the reserves and to the permanent prefinancing fund since the Centre's establishment which total EUR 31 203 769, the adjusted budget surplus to carry forward would amount to EUR 31 075 551 instead of EUR -128 219. Further explanations of the movements of reserves and the permanent prefinancing fund are set out in the table below.

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

Name of the reserve	Balance 2016	Description of the reserve
Reserve for stability pricing	13 118 167	Reserve created in 2011 – the reasons for creating this reserve were, first, to offset the fluctuations of client forecasts, which may prevent the Centre from achieving a balanced budget and, second, to maintain reasonable and relatively stable prices for the Centre's clients.
Reserve for exceptional investments	1 556 136	Reserve created in 2011 for development of the Centre's new programme for the management of the translation workflow.
Reserve for the disputed salary increase	0	Reserve relating to the effect on staff expenditure in 2013 of the disputed salary increase for 2011, as well as the salary increases for 2012 and 2013. This reserve was used or cancelled since the dispute was settled by the decision of the budgetary authority.
Reserve for relocation expenses	0	Reserve created to cover expenses relating to the Centre's relocation in 2013, namely the physical removal, refurbishment and necessary IT expenditure. The reserve was fully used to cover removal expenses in 2013.
Total temporary reserves created from the budget	14 674 303	
Permanent prefinancing fund	16 529 466	Article 67(a) of the Centre's Financial Regulation provides for a permanent prefinancing fund that guarantees financing for the proper functioning of the Centre; Article 57a of the Regulation, which lays down detailed rules for the implementation of the Financial Regulation, stipulates that the amount of this fund may not be less than four twelfths of the appropriations for the financial year.
Total reserves including pre-financing fund	31 203 769	

in EUR

	Reserve for stability pricing	Reserve for exceptional investments	Reserve for disputed salary increase	Reserve for relocation expenses	Permanent pre-financing fund	Total reserves and permanent prefinancing fund
Balance as at 31 December 2011	3 134 000	5 100 564	0	0	16 529 466	24 764 030
Allocation to reserves	1 847 574	0	0	1 250 000	0	3 097 574
Use/cancellation of the reserve	0	-831 200	0	0	0	-831 200
Balance as at 31 December 2012	4 981 574	4 269 364	0	1 250 000	16 529 466	27 030 404
Allocation to reserves	3 723 567	0	1 480 500	0	0	5 204 067
Use/cancellation of the reserve	0	-339 106	0	-1 250 000	0	-1 589 106
Balance as at 31 December 2013	8 705 141	3 930 258	1 480 500	0	16 529 466	30 645 365
Allocation to reserves	11 031 061	0	777 000	0	0	11 808 061
Use/cancellation of the reserve	-4 106 650	-686 002	-2 257 500	0	0	-7 050 152
Balance as at 31 December 2014	15 629 552	3 244 256	0	0	16 529 466	35 403 274
Allocation to reserves	0	0	0	0	0	0
Use/cancellation of the reserve	-5 046 468	-961 757	0	0	0	-6 008 225
Balance as at 31 December 2015	10 583 084	2 282 499	0	0	16 529 466	29 395 049
Allocation to reserves	2 535 083	0	0	0	0	2 535 083
Use/cancellation of the reserve	0	-726 363	0	0	0	-726 363
Balance as at 31 December 2016	13 118 167	1 556 136	0	0	16 529 466	31 203 769

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

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

in EUR

	2016	2015
Economic result of the year	-4 471 292.84	-3 046 508.61
A. Adjustments for items not included in the budget outturn, but included in the economic outturn		
1. Adjustment for accrual cut-off (liabilities)	2 616 430.27	2 706 465.28
2. Reversal of accrual cut-off from previous year	-2 706 465.28	-2 603 380.49
3. Depreciation of intangible and tangible fixed assets	1 062 992.90	855 519.39
4. Prefinancing given in previous year and cleared in the year	102 454.36	0.00
5. Prefinancing received in previous year and cleared in the year	-560 238.56	0.00
6. Recovery orders issued and not yet cashed	-2 678 209.81	-2 131 504.56
7. Payments made from carryover of payment appropriations	4 292 589.03	3 855 138.12
8. Change in work in progress	-96 000.00	376 000.00
9. Accrued interests	11 442.71	31 229.29
10. Accrued income	34 119.55	102 794.63
11. Prepaid expenses	-20 417.44	-110 040.45
Subtotal	2 058 697.73	3 082 221.21
B. Adjustments for items included in the budget outturn, but not included in the economic outturn		
1. Asset acquisitions	-652 445.90	-1 070 329.02
2. Budgetary recovery orders issued before and cashed in the year	2 131 504.56	3 651 705.13
3. Payment appropriations carried over to the following year	-3 630 252.59	-4 775 233.29
4. Appropriations carried forward and subsequently cancelled	482 644.26	289 572.74
5. New pre-financing paid in the year and remaining open as at year-end	0.00	-102 454.36
6. New pre-financing received in the year and remaining open as at year-end	1 171 346.40	560 238.56
7. Other temporary differences	-39 032.80	-38 887.09
Subtotal	-536 236.07	-1 485 387.33
Balance of the budget outturn account for the financial year	-2 948 831.18	-1 449 674.73

B.7. Budget revenue from operational activities 2016

in EUR								
REVENUE SOURCE BY AGENCY- CORRESPONDS TO A BUDGET LINE	BUDGETED REVENUES 2016 (A)	RECOVERY ORDERS EST- ABLISHED IN THE FINANCIAL YEAR (B)	ENTITLE- MENTS CARRIED OVER FROM 2015 (C)	AMOUNTS RECEIVED ON ENTITLE- MENTS CARRIED OVER (D)	AMOUNTS RECEIVED ON 2016 ENTITLE- MENTS (E)	AMOUNTS RECEIVED 2016 (F=D+E)	SUMS STILL TO BE COLLECTED (G=B+C-F)	AVERAGE COLLECTION DATE* (in days)
European Environment Agency (EEA)	149 700.00	309 236.00	0.00	0.00	286 729.00	286 729.00	22 507.00	-23.86
European Training Foundation (ETF)	213 700.00	210 586.05	0.00	0.00	210 586.05	210 586.05	0.00	-14.81
European Monitoring Centre for Drugs and Drug Addiction (EMCDDA)	296 200.00	294 582.75	0.00	0.00	294 582.75	294 582.75	0.00	-13.82
European Medicines Agency (EMA)	3 289 600.00	2 445 841.35	0.00	0.00	2 445 841.35	2 445 841.35	0.00	-26.23
European Agency for Safety and Health at Work (EU-OSHA)	706 000.00	728 119.45	0.00	0.00	728 119.45	728 119.45	0.00	-17.00
European Union Intellectual Property Office (EUIPO)	8 446 600.00	6 491 377.97	0.00	0.00	6 491 377.97	6 491 377.97	0.00	-27.42
EUIPO – EU trade marks	15 546 900.00	15 613 490.08	0.00	0.00	15 613 490.08	15 613 490.08	0.00	-26.56
Community Plant Variety Office (CPVO)	111 800.00	149 109.00	0.00	0.00	149 109.00	149 109.00	0.00	-22.23
European Police Office (Europol)	86 800.00	27 129.70	0.00	0.00	27 129.70	27 129.70	0.00	-22.00
European Foundation for the Improvement of Living and Working Conditions (Eurofound)	430 700.00	392 558.75	0.00	0.00	392 558.75	392 558.75	0.00	-21.75
European Centre for the Development of Vocational Training (Cedefop)	49 400.00	65 532.00	0.00	0.00	65 532.00	65 532.00	0.00	-20.42
European Union Agency for Fundamental Rights (FRA)	1 096 200.00	1 466 795.85	0.00	0.00	1 466 795.85	1 466 795.85	0.00	-4.37
European Investment Bank (EIB)	7 400.00	7 380.00	0.00	0.00	7 380.00	7 380.00	0.00	-30.00
European Food Safety Authority (EFSA)	241 700.00	196 087.10	0.00	0.00	196 087.10	196 087.10	0.00	-29.00
European Union's Judicial Cooperation Unit (Eurojust)	167 800.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
European Maritime Safety Agency (EMSA)	130 900.00	51 487.00	0.00	0.00	51 487.00	51 487.00	0.00	-13.70
European Aviation Safety Agency (EASA)	138 100.00	41 731.10	0.00	0.00	41 731.10	41 731.10	0.00	-19.29
European Union Agency for Railways (ERA)	575 000.00	549 004.42	0.00	0.00	549 004.42	549 004.42	0.00	-3.93
European Network and Information Security Agency (ENISA)	60 000.00	11 053.00	0.00	0.00	11 053.00	11 053.00	0.00	-12.00
European Centre for Disease Prevention and Control (ECDC)	307 200.00	319 587.00	4 663.75	4 663.75	287 219.00	291 882.75	32 368.00	-9.36
European Border and Coast Guard Agency (Frontex)	343 600.00	370 256.95	0.00	0.00	369 975.70	369 975.70	281.25	-8.43
Education, Audiovisual and Culture Executive Agency (EACEA)	566 200.00	531 107.35	0.00	0.00	531 107.35	531 107.35	0.00	-20.53
Executive Agency for Small and Medium-sized Enterprises (EASME)	13 600.00	8 308.50	0.00	0.00	8 308.50	8 308.50	0.00	-10.50
European Union Agency for Law Enforcement Training (CEPOL)	102 500.00	28 570.85	0.00	0.00	28 570.85	28 570.85	0.00	-12.50
Consumers, Health, Agriculture and Food Executive Agency (Chafea)	184 900.00	155 056.15	0.00	0.00	155 056.15	155 056.15	0.00	-26.38
European GNSS Agency (GSA)	17 000.00	5 412.00	0.00	0.00	5 412.00	5 412.00	0.00	-36.50
European Defence Agency (EDA)	4 700.00	7 565.80	0.00	0.00	5 772.05	5 772.05	1 793.75	-25.33
European Chemicals Agency (ECHA)	3 588 000.00	4 045 468.51	0.00	0.00	3 577 266.26	3 577 266.26	468 202.25	-27.36
European Fisheries Control Agency (EFCA)	149 700.00	166 646.80	0.00	0.00	166 646.80	166 646.80	0.00	-15.78
Fusion for Energy Joint Undertaking (F4E JU)	46 600.00	50 527.50	2 576.25	2 576.25	50 527.50	53 103.75	0.00	-2.92

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

REVENUE SOURCE BY AGENCY- CORRESPONDS TO A BUDGET LINE	BUDGETED REVENUES 2016 (A)	RECOVERY ORDERS EST- ABLISHED IN THE FINANCIAL YEAR (B)	ENTITLE- MENTS CARRIED OVER FROM 2015 (C)	AMOUNTS RECEIVED ON ENTITLE- MENTS CARRIED OVER (D)	AMOUNTS RECEIVED ON 2016 ENTITLE- MENTS (E)	AMOUNTS RECEIVED 2016 (F=D+E)	SUMS STILL TO BE COLLECTED (G=B+C-F)	AVERAGE COLLECTION DATE* (in days)
Innovation and Networks Executive Agency (INEA)	67 200.00	71 196.50	0.00	0.00	71 196.50	71 196.50	0.00	-18.00
European Institute of Innovation and Technology (EIT)	75 000.00	98 712.25	0.00	0.00	98 712.25	98 712.25	0.00	-18.42
European Research Council Executive Agency (ERCEA)	18 200.00	44 671.55	0.00	0.00	44 671.55	44 671.55	0.00	-23.50
Research Executive Agency (REA)	30 000.00	17 102.00	0.00	0.00	17 102.00	17 102.00	0.00	-27.29
Clean Sky 2 Joint Undertaking (CS 2 JU)	35 800.00	11 547.75	0.00	0.00	11 547.75	11 547.75	0.00	-29.33
European Institute for Gender Equality (EIGE)	120 200.00	211 043.40	0.00	0.00	211 043.40	211 043.40	0.00	-23.38
SESAR Joint Undertaking (SJU)	43 600.00	44 872.75	0.00	0.00	44 872.75	44 872.75	0.00	-7.67
European Data Protection Supervisor (EDPS)	431 700.00	485 248.95	0.00	0.00	485 248.95	485 248.95	0.00	-13.56
Innovative Medicines Initiative 2 Joint Undertaking (IMI 2 JU)	7 200.00	4 016.20	0.00	0.00	4 016.20	4 016.20	0.00	-11.33
Fuel Cells and Hydrogen 2 Joint Undertaking (FCH 2 JU)	9 200.00	2 542.00	0.00	0.00	2 542.00	2 542.00	0.00	-18.00
European Asylum Support Office (EASO)	678 700.00	1 500 662.45	0.00	0.00	1 447 395.45	1 447 395.45	53 267.00	-0.63
Agency for the Cooperation of Energy Regulators (ACER)	91 400.00	98 078.10	0.00	0.00	92 932.60	92 932.60	5 145.50	-16.90
European Securities and Markets Authority (ESMA)	603 700.00	361 898.55	0.00	0.00	361 898.55	361 898.55	0.00	-16.64
European Banking Authority (EBA)	325 300.00	719 062.41	0.00	0.00	719 062.41	719 062.41	0.00	-5.93
European Insurance and Occupational Pensions Authority (EIOPA)	457 700.00	165 134.05	0.00	0.00	165 134.05	165 134.05	0.00	-23.13
Office of the Body of European Regulators for Electronic Communications (BEREC)	85 200.00	60 993.75	0.00	0.00	60 993.75	60 993.75	0.00	-17.09
European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA)	420 000.00	402 559.50	0.00	0.00	402 559.50	402 559.50	0.00	-23.00
Electronic Components and Systems for European Leadership Joint Undertaking (ECSEL JU)	3 900.00	1 886.00	0.00	0.00	1 886.00	1 886.00	0.00	-26.00
Single Resolution Board (SRB)	500 000.00	302 567.90	0.00	0.00	302 567.90	302 567.90	0.00	-7.13
European Commission – (DG EMPL and DG JUST)	1 588 300.00	869 248.54	0.00	0.00	869 248.54	869 248.54	0.00	-24.27
Interinstitutional projects with the institutions (IATE)	750 100.00	750 148.17	0.00	0.00	746 256.59	746 256.59	3 891.58	-11.24
Council of the European Union (Council)	154 900.00	69 473.50	0.00	0.00	67 844.25	67 844.25	1 629.25	-18.00
European Court of Auditors (ECA)	10 000.00	20 017.75	0.00	0.00	20 017.75	20 017.75	0.00	-10.10
Committee of the Regions of the European Union (CoR)	0.00	3 960.00	0.00	0.00	3 960.00	3 960.00	0.00	2.00
European Economic and Social Committee (EESC)	6 400.00	6 355.00	0.00	0.00	6 355.00	6 355.00	0.00	-0.50
Court of Justice of the European Union (CJEU)	0.00	7 503.00	0.00	0.00	7 503.00	7 503.00	0.00	-12.00
European Central Bank (ECB)	536 500.00	59 580.74	0.00	0.00	59 580.74	59 580.74	0.00	-1.20
European Ombudsman (Ombudsman)	108 800.00	218 460.75	0.00	0.00	218 460.75	218 460.75	0.00	-17.27
TOTAL REVENUE FROM OPERATIONS	44 227 500.00	41 348 152.49	7 240.00	7 240.00	40 759 066.91	40 766 306.91	589 085.58	-12.17

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

B.8. List of transfers 2016

in EUR

No	Date	Reinforced line	Heading	Debited line	Heading	Amount
1	05/02/2016	1400	Restaurants and canteens	2000	Rent	3 000
2	05/02/2016	3100	Interinstitutional cooperation in the language field	3000	External translation services	4 342
3	22/03/2016	3100	Interinstitutional cooperation in the language field	3000	External translation services	94 000
4	22/03/2016	2500	Meetings in general	3000	External translation services	27 500
5	17/05/2016	3203	IT consultancy relating to the eCdT programme	2120	External services for the operation, implementation, development and maintenance of software and systems	45 000
6	05/07/2016	1141	Travel expenses for annual leave	1101	Family allowances	20 000
7	19/08/2016	2040	Fitting-out of premises	2000	Rent	17 500
7	19/08/2016	2040	Fitting-out of premises	2020	Water, gas, electricity and heating	11 700
7	19/08/2016	2040	Fitting-out of premises	2050	Security and surveillance of buildings	42 900
8	18/10/2016	1300	Mission expenses	1100	Basic salaries	30 000
9	18/10/2016	1310	Mission expenses linked to training	1184	Temporary daily subsistence allowances	20 000
10	18/10/2016	2610	Organisation of Management Board meetings	2600	Management Board meetings	1 500
11	23/11/2016	1102	Expatriation and foreign-residence allowances	1100	Basic salaries	80 000
11	23/11/2016	1134	Contribution to the pension scheme	1100	Basic salaries	50 000
11	23/11/2016	1130	Insurance against sickness	1100	Basic salaries	10 000

REPORT ON BUDGETARY AND FINANCIAL MANAGEMENT 2016

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C.1 Financial resources and budgetary management

1. Initial and amending budget

The Centre's initial budget for 2016 (EUR 50.8 million) was subject to one amending budget.

The amending budget was adopted by the Management Board by written procedure on 24 September 2016 in order to include the updated forecasts received from clients, to reflect the result of the re-examination of all expenditure items and to incorporate the budget surplus from 2015. Following these modifications, there was no need to transfer any additional financial resources from the reserve for stability pricing. It was necessary to transfer EUR 45 000 from the 'Reserve for exceptional investments', in line with the expenditure for the eCdT programme.

Movements in the budget in 2016

in EUR

Title	Heading	Final budget 2016	Amending budget 1/2016	Initial budget 2016
Revenue				
1	Payments from agencies, bodies, offices and institutions	41 072 500	-2 593 400	43 665 900
2	Subsidy from the Commission	p.m.	0	p.m.
3	Interinstitutional cooperation	3 155 000	-2 142 400	5 297 400
4	Other revenue	960 450	385 800	574 650
5	Surplus carried over from the previous financial year and transfers from reserves from previous years	5 388 333	4 140 883	1 247 450
6	Refunds to clients	p.m.	0	p.m.
	Grand total	50 576 283	-209 117	50 785 400
Expenditure				
1	Staff	24 905 000	-359 100	25 264 100
2	Buildings, equipment and miscellaneous operating expenditure	6 948 800	-99 200	7 048 000
3	Operational expenditure	16 187 400	-1 986 600	18 174 000
10	Reserves	2 535 083	2 235 783	299 300
	Grand total	50 576 283	-209 117	50 785 400

2. Revenue cashed

Comparative analysis of budget revenue for 2016 and 2015

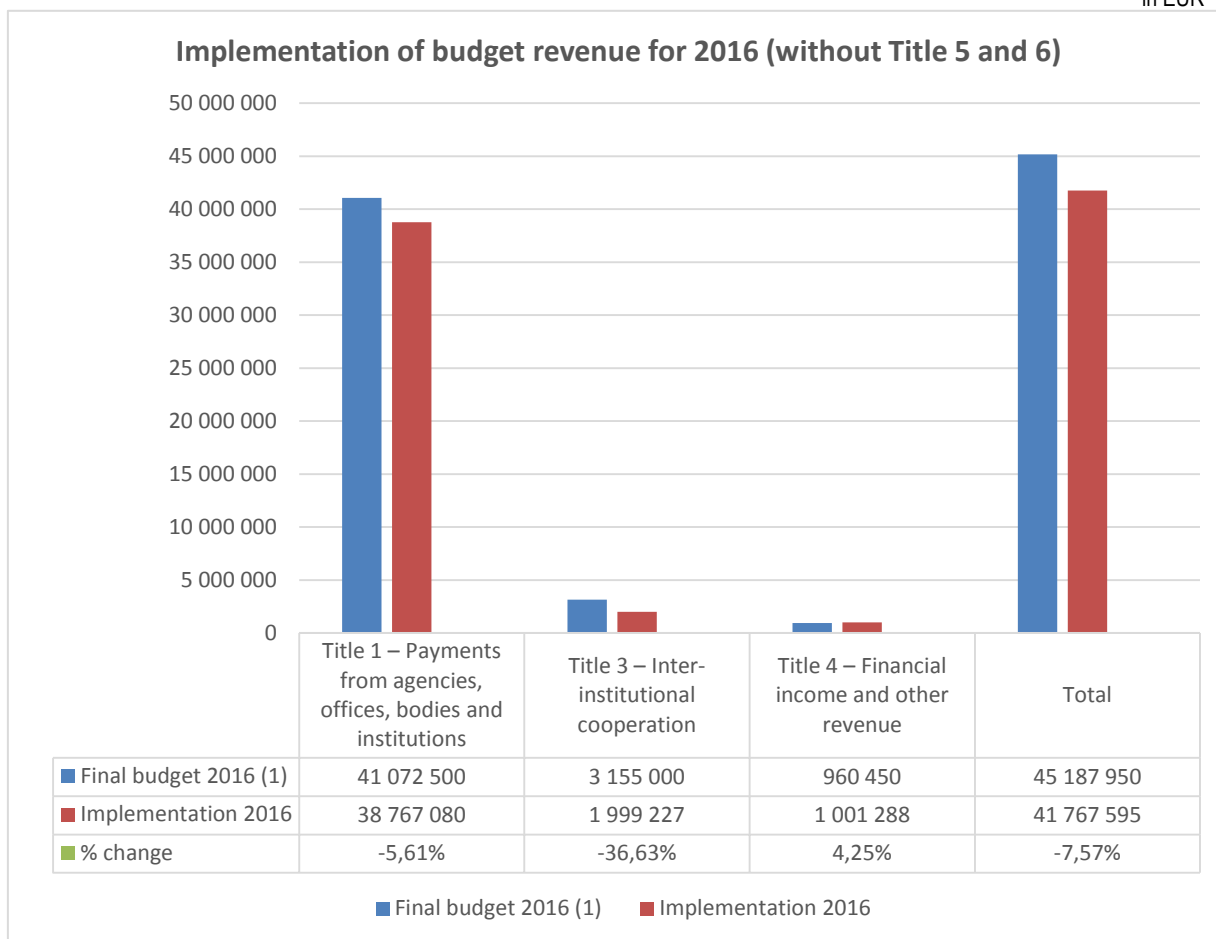
			in EUR
Budget revenue	2016	2015	% change
Total revenue relating to the core operational activity	40 766 307	41 282 177	-1.25%
Financial income	61 223	123 384	-50.38%
Financial contribution received	243 250	486 500	-50.00%
Miscellaneous	696 814	85 373	716.20%
Total budget revenue	41 767 595	41 977 434	-0.50%

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

The Centre's 2016 budget was planned as a deficitary budget in order to consume part of the cumulated surplus from previous years. The cashed revenue slightly decreased from EUR 42.0 million in 2015 to EUR 41.8 million in 2016 which was a decrease of 0.50%. This decrease was mainly due to lower revenues from core activity, i.e. linguistic services (-1.25%). There was also a decrease of financial income due to decreasing interbank rates. During 2016, the Centre delivered 6.98 % less pages to its clients than planned in the initial budget, but 2.16% more pages than in 2015.

Since 2013, the Centre has received a financial contribution from the Luxembourg government of EUR 243 250 in order to compensate for the increased rental costs of the Drosbach building compared with the costs paid previously to the Luxembourg government for the Nouvel Hémicycle building. Since the financial contribution for 2014 was only collected in 2015, the financial contribution for both 2014 and 2015 were recorded in the 2015 revenues, whereas the financial contribution for 2016 has been recorded in the 2016 budget revenue.

The significant increase in miscellaneous revenues in 2016 is mainly due to the subletting of the office space to the executive agency Chafea. The contract for the subletting and outfitting of the office space amounted to EUR 602 568 for 2016 and was signed with the European Commission on behalf of Chafea.



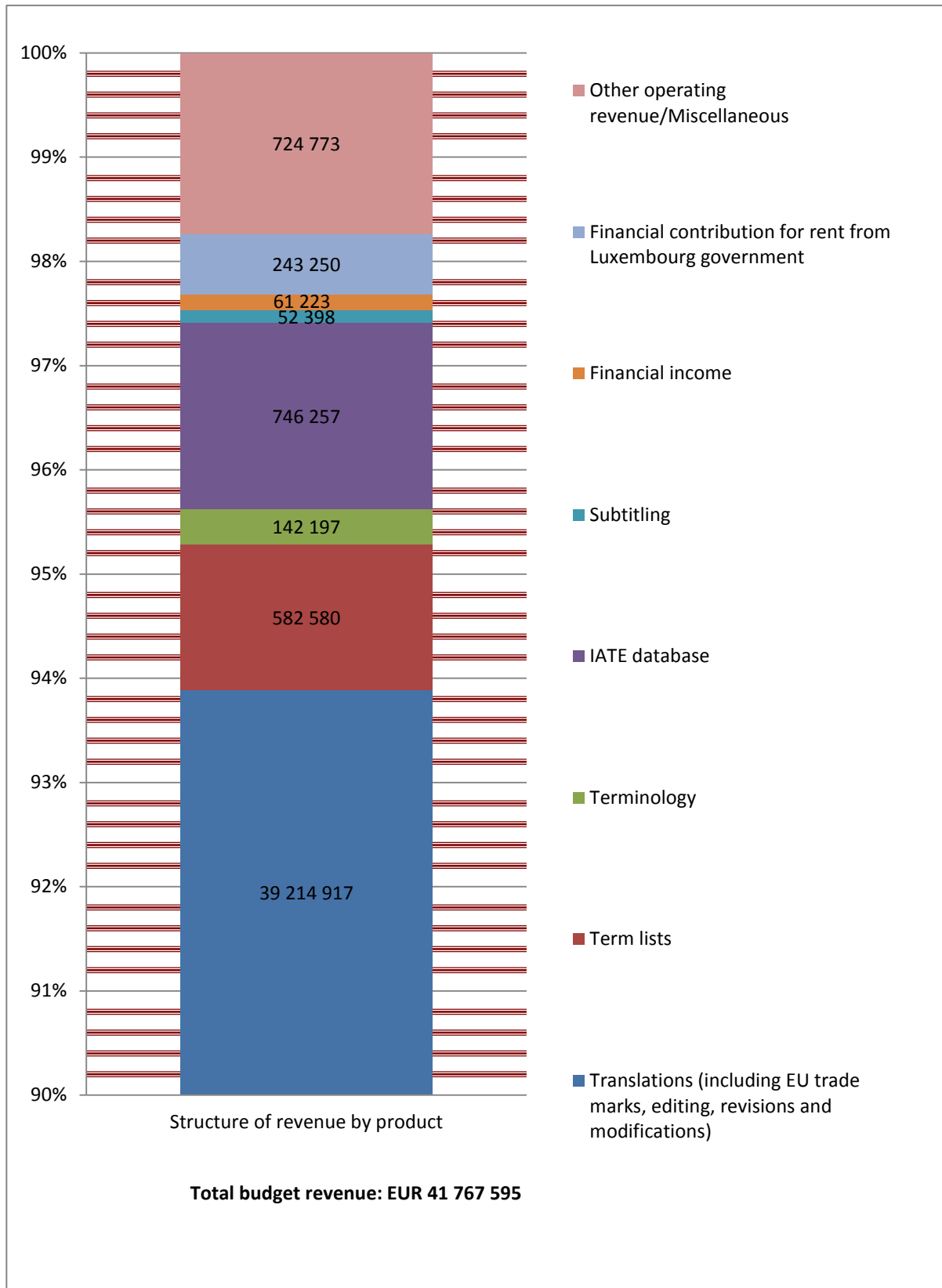
(1) Not including EUR 5 388 333 in Title 5 covering the 'Outturn for the previous year'

In 2016, the implementation of revenue was 7.57% below the budget forecast (EUR -3.4 million). This decrease was mainly due to the realisation of lower than expected volumes of documents other than EU trade marks, compared with the forecast included in the 2016 initial budget.

For 2016, the Centre's main source of revenue was translation work (translation of documents and EU trade marks, revision, editing and modification), representing some 93.89% of total revenue. The remaining 6.11% was the result of interinstitutional cooperation, terminology work, term lists, subtitling, a financial contribution from the Luxembourg government, bank interest and miscellaneous revenue, as shown in the graph below.

40.05% of the revenues from translation work was generated by the EU trade marks translated for the European Union Intellectual Property Office.

Revenue broken down by activity



3. Budget expenditure

A. Execution of commitment appropriations

in EUR

Chapter	Heading	Expenditure 2016 (commitment execution)	Expenditure 2015 (commitment execution)	Change in EUR	% change
11	Staff in active employment	23 982 057	22 450 757	1 531 299	6.82%
13	Missions and duty travel	115 236	125 100	-9 864	-7.89%
14	Socio-medical infrastructure	219 757	274 737	-54 980	-20.01%
16	Welfare service	38 400	75 463	-37 063	-49.11%
17	Entertainment and representation	1 240	786	454	57.78%
TITLE 1	STAFF	24 356 689	22 926 842	1 429 847	6.24%
20	Rental of buildings and associated costs	2 943 447	3 051 382	-107 935	-3.54%
21	Information technology	2 774 429	2 735 363	39 066	1.43%
22	Movable property and associated costs	57 088	118 735	-61 648	-51.92%
23	Operating expenditure	223 028	231 320	-8 292	-3.58%
24	Postage and telecommunications	82 248	197 942	-115 694	-58.45%
25	Expenditure on formal and other meetings	17 680	10 802	6 878	63.68%
26	Expenditure on Management Board meetings	57 697	98 933	-41 235	-41.68%
27	Information: acquisition, archiving, production and dissemination	8 400	28 500	-20100	-70.53%
TITLE 2	BUILDINGS, EQUIPMENT AND SUNDRY OPERATING EXPENDITURE	6 164 015	6 472 976	-308 961	-4.77%
30	External translation services	13 168 851	12 625 557	543 295	4.30%
31	Interinstitutional cooperation	785 093	729 410	55 683	7.63%
32	Expenditure relating to the eCdT programme	726 363	961 757	-235 394	40.20%
TITLE 3	OPERATIONAL EXPENDITURE	14 680 307	14 316 723	363 583	2.54%
TITLE 10	RESERVES	0	0	0	n/a
	TOTAL BUDGET	45 201 011	43 716 542	1 484 470	3.40%

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

The execution of commitments in Title 1 increased by 6.24% in 2016 compared with 2015. The reasons for this increase in staff costs are due to the salary indexation of 3.30% applied for the latter half of 2016, promotions and step advancements.

The budget execution in Title 2 decreased by 4.77% in 2016 compared with 2015 (EUR -308 961). In fact, expenditure decreased in all chapters of Title 2 except chapter 25 which covers meeting expenditure. One of the reasons for the overall decrease in 2016 is due to the fact that exceptional expenses relating to the outfitting of offices for Chafea were realised in 2015.

The expenditure for Title 3 increased by 2.54% in 2016 (EUR 363 583) due to an increased volume of externalisation, as can be seen in the table below:

Change in outsourcing of documents

in pages

Description	2016	2015	% change
External language service providers (in pages)	506 886	488 696	3.72%
In-house translators	240 079	239 086	0.42%
Total pages	746 965	729 218	2.43%
% of externalisation	67.86%	67.02%	1.26%

The level of outsourcing remains at a stable level (67.86% in 2016 and 67.02% in 2015). The number of pages translated by the Centre's in-house translators essentially remained the same as in 2015 with a slight increase of 0.42%. Therefore, the increase in pages was covered by a slight increase in externalisation. The total volume of outsourced pages increased by 3.72% which is in line with the total increase in the number of pages translated (+2.43%).

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

in EUR

Description	2016	Implementation 2016	2015	Implementation 2015
Budget	48 041 200	n/a	49 585 500	n/a
Commitments entered into	45 201 011	94.09%	43 716 542	88.16%
Appropriations cancelled	5 375 272	11.19%	5 868 958	11.84%
Payments made	41 570 759	86.53%	38 941 308	78.53%
Appropriations carried over	3 630 253	7.56%	4 775 233	9.63%

The execution of the budget expenditure was higher than in the previous year, with 94.09% of budget appropriations committed (88.16% in 2015) and the remaining 11.19% cancelled. The Centre also achieved a higher execution of payments in comparison with 2015 (86.53% compared with 78.53% in 2015) and 7.56% of the budget appropriations were carried over to the following year.

A total of EUR 2 840 189 of the budget in Titles 1-3 (5.91%) has not been used. The under-consumption should be seen positively from the perspective of the execution of revenues that were 7.57% below the budget forecast (EUR -3.4 million). The under consumption of expenses thereby limits the negative financial impact of the under execution of revenues.

The high execution of expenses is largely due to the expenditure in Title 1 where 97.80% of the budget was used (see table below). The budget for salary expenditure was well prepared and, in addition, the salary adjustment of 3.30% consumed almost all of the margin. The execution in Title 3 is also higher than in 2015, as shown in the table below where information on budget implementation is broken down by title.

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

in EUR

Description	Title 1		Title 2		Title 3		Total
	Amount	%	Amount	%	Amount	%	Amount
Budget	24 905 000	n/a	6 948 800	n/a	16 187 400	n/a	48 041 200
Commitments entered into	24 356 689	97.80%	6 164 015	88.71%	14 680 307	90.69%	45 201 011
Appropriations cancelled	548 311	2.20%	784 785	11.29%	1 507 093	9.31%	2 840 189
Payments made	24 170 318	97.05%	4 733 619	68.12%	12 666 821	78.25%	41 570 759
Appropriations carried forward	186 371	0.75%	1 430 396	20.58%	2 013 486	12.44%	3 630 253

Title 1 – Staff

The initial budget in Title 1 was EUR 25 264 100, and it was reduced to EUR 24 905 000 million in the amending budget. During 2016, 97.80% of the final budget (94.56% in 2015) was executed in terms of commitments, namely EUR 24 356 689 (EUR 22 926 842 in 2015), and 97.05% of the budget (93.62% in 2015) was consumed by payments. Only EUR 548 311 was left unused, representing 2.20% of the budget (EUR 1 318 188 and 5.44% in 2015). The main factors for this high execution were a good budget estimate, a high fulfilment of the establishment plan, and the salary adjustment of 3.3% for the year.

Since commitments covering salaries and other staff-related expenditure cannot be carried over, the level of carryovers stays relatively low (EUR 186 371 comparing to EUR 229 814 in 2015). The relatively high budget implementation and the low amount of carryovers for Title 1 is due to the reasonable predictability of staff expenses.

Title 2 – Buildings, equipment and miscellaneous operating expenditure

The initial budget in Title 2 was EUR 7 048 000, and was reduced to EUR 6 948 800 during 2016. This was close to the budget for 2015, which was EUR 7 051 470. The execution of commitments reached 88.71% in 2016, leaving EUR 784 785 unused. This is slightly less than in 2015 where 91.80% of Title 2 was committed. However, the execution of payment is significantly better than in 2015 with the execution amounting to 68.12% in 2016 while the execution of payments was only 62.81% in 2015. Compared with 2015, the overall execution of commitments is 3.09% lower in 2016.

Whereas the execution in the most important budget chapter covering rent and building-related charges is relatively high at 96.66% (93.95% in 2015), the execution for IT expenses, the second most important budget chapter, is slightly lower at 87.97% and it is less than in 2015 (91.48%). In chapter 24 (postage and communications), EUR 100 252 of the budget was not used and in chapter 27 (contains mainly consultancy and studies), EUR 66 600 was not used. That gives an execution of 45.07% and 11.20% respectively. The reasons for the low consumption in chapter 24 are that several items are less than forecast, such as the cost of the connection between the Drosbach building and the data centre, phone communications, and the postponement of the purchase of some equipment. In chapter 27, the largest part of the budget (EUR 50 000) was foreseen for an external study on the Centre's image and attractiveness which has been postponed to 2017.

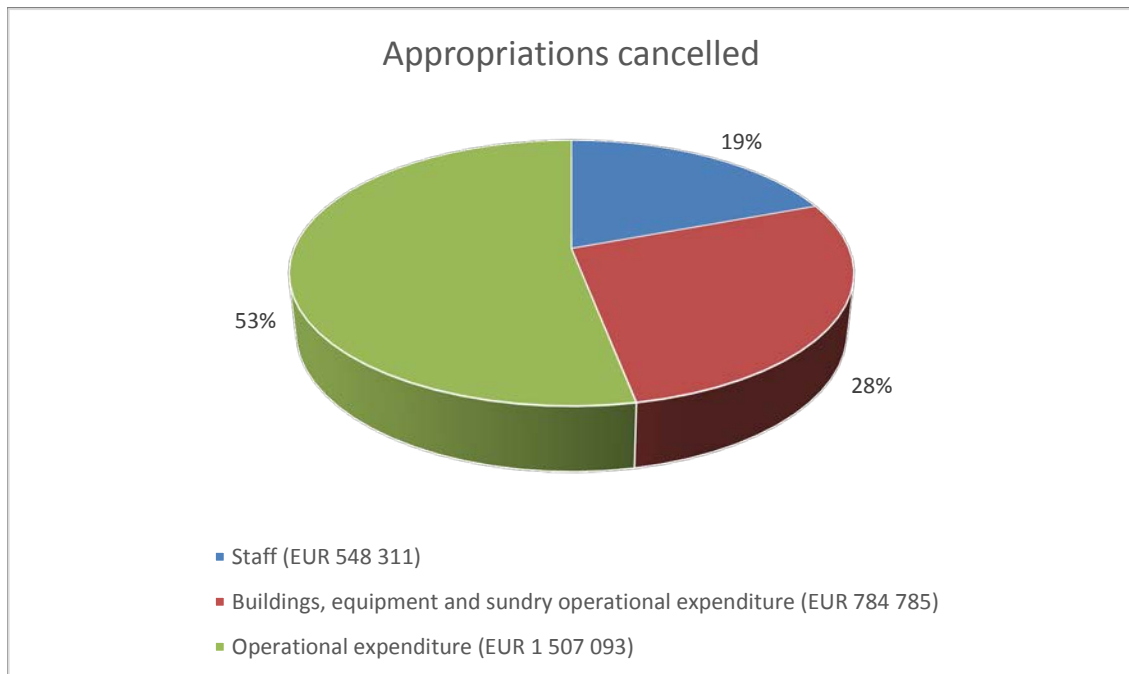
The commitments carried over from 2016 to 2017 amounted to EUR 1 430 396, whereas the carryovers from 2015 to 2016 were EUR 2 044 159. Lower carryovers and thus, better execution of payments in 2016 compared with 2015 is due to exceptional commitments signed in 2015 for the outfitting of the premises and for purchases and services for which the related payments were executed only in 2016.

Title 3 – Operational expenditure

In Title 3, 90.69% of the budget (14 680 307 EUR) was used during 2016, whereas only 78.28% of the budget was used in 2015 (EUR 14 316 723). The execution of the Title 3 in 2016 is thus 12.41% higher than the budget execution in 2015. The unused budget appropriations in this title are EUR 1 507 093 (EUR 3 972 277 in 2015), with EUR 1 411 149 of this relating to Item 3000 'External translation services' (EUR 3 819 443 in 2015). This is considerably less than in 2015.

The main reasons for the under consumption of Title 3 (-9.31%) were lower than expected volumes and the average costs of outsourced translations. The execution of external translation services for EU trade marks was as forecast. The main part of the under consumption is related to the ODR project for the European Commission's Directorate-General for Justice and Consumers (DG JUST).

D. Appropriations cancelled



C.2 Achievement of targets for the year

The Centre closed the year with a total translation volume of 746 965 pages, which is 6.2% below the 796 067 pages planned in the initial work programme for 2016. Compared to 2015, there was a 2.4% increase in the total translation volume.

Documents accounted for 289 402 pages. This was 27.32% fewer pages than the target (397 702 pages). This also included 6 480 pages translated for the Centre's internal needs of which most were for Management Board meetings (4 988 pages). The number of translated documents increased by 8.1% compared to 2015 (267 667 pages)

Of the total of 746 965 pages translated in 2016, 457 564 pages (61.3% of the total translated volume) accounted for EU trade marks, compared with 398 365 pages planned in the initial work programme for 2016. Compared with 2015, the number of translated EU trade marks decreased by 0.9% (- 3 988 pages). The fluctuations of budget forecasts compared with actual invoiced volumes are shown in the chart below.

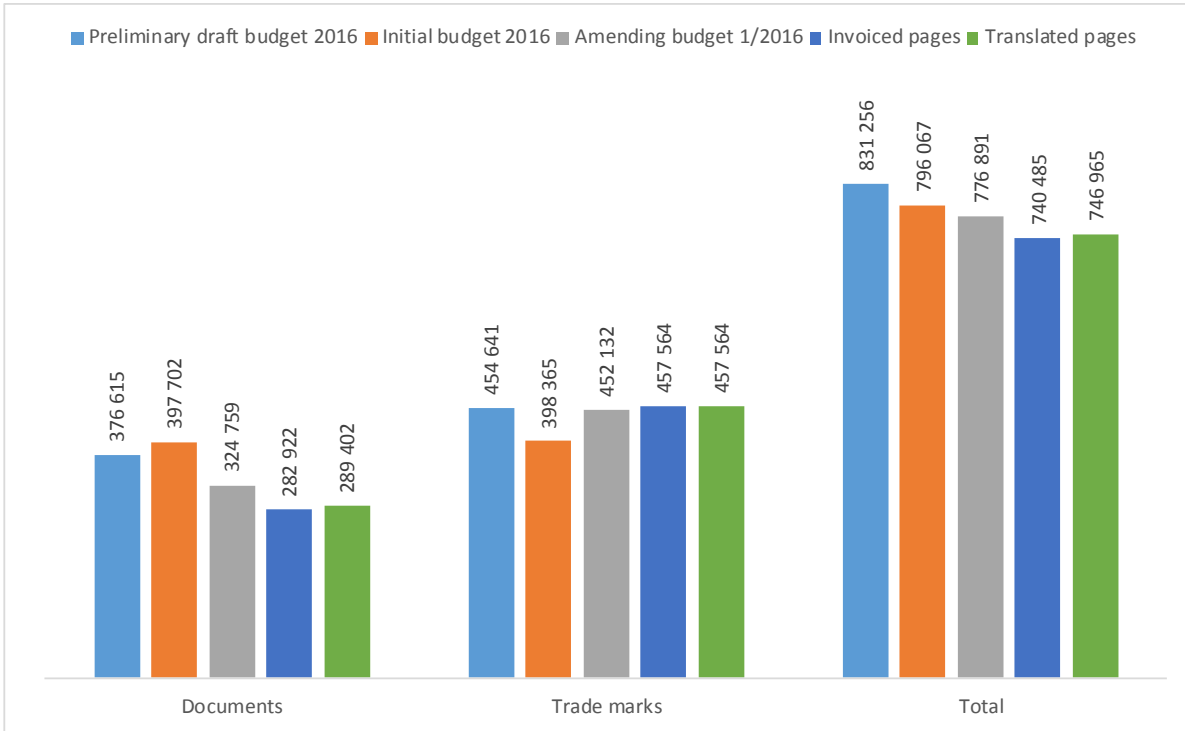
In addition to translation (which includes modification, editing and revision), the Centre offered other language services. Some 266 man-days were devoted to terminology work and 14 clients requested the translation of 155 228 'term list' entries, which excludes 11 692 terms for Community Designs, 29 427 Euroclass terms and 242 other terms for EUIPO.

Some 1 219 minutes of subtitling were produced for 5 clients, out of which 897 minutes were for the European Institute for Gender Equality (EIGE). In 2015, the Centre produced 1 535 minutes of subtitling, mainly for EUIPO.

The Centre works with specialised external language service providers. As part of the Centre's quality assurance assessment, each translation produced by external translators is revised and evaluated by an in-house translator. In 2016, in 99.64% of these cases, the translations were assessed as being of good or excellent quality.

Although the percentage of external translations of poor quality was low in 2016, the Centre took some stringent measures against several contractors whose documents were judged to be repeatedly unsatisfactory. In 2016, 136 outsourced translations were submitted to the Centre's assessment committee following an assessment of poor quality by the internal revisers. The results were conclusive as poor quality was confirmed in more than 90% of the cases and contractual measures were applied to the related contractors.

Fluctuations of forecasts vs actual volumes in 2016 (in pages)



Number of pages translated in 1995-2016

