



EUROPEAN MEDICINES AGENCY  
SCIENCE MEDICINES HEALTH

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Executive Director

## Report on budgetary and financial management

Financial year 2017

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# 1. Introduction

This report summarises the budgetary and financial management by the European Medicines Agency during the financial year 2017. It outlines the financial situation, budget evolution and the events which had a significant influence on activities during the year.

It provides qualitative information on the operational performance of the past financial year, reports in more detail on any difficulties in the implementation of the budget and provides additional, useful information for the budgetary authority and the European Court of Auditors.

It is issued in accordance with Art. 64 of Regulation (EC) No726/2004 of the European Parliament and of the Council, of 31 March 2004, and Article 93 of the EMA's Financial Regulation of 15 January 2014.

The European Medicines Agency is a fee-funded agency, with 87.85% of its 2017 revenue stemming from fees paid by the pharmaceutical industry for services provided.

EMA's 2017 budget included assigned revenue of a value of EUR 9.67 million, which originated from tenants' inducements paid by the landlord as an incentive to paid for the fit-out of and rent on the new headquarters.

## Highlights for 2017

- ✓ The weakening of the pound, which began in 2016 following the referendum on the UK's membership of the EU, continued in 2017, resulting in exchange rate gains on payments made in Sterling, in particular salary and rent and building maintenance payments.
- ✓ The budget was increased by EUR 9.163 million in order to allow for the consumption of the final remaining landlord inducements received for the Agency's current London headquarters.
- ✓ The budgetary outturn, a surplus of approx. EUR 14.47 million, was caused in part by the continued weakening of the pound throughout the year, reduced expenditure on non-essential items, in view of the business continuity plan (BCP), which was put in place to prepare for the agency's departure from the UK (Brexit), and some major IT projects being postponed or delayed.
- ✓ In order to comply with the provisions of the Financial Regulation, and in particular its Arts. 69 and 70, and on the advice of the Court of Auditors, the Agency in late 2016 started committing operational expenditure (title III) fully at the point of entering into a legal commitment, even where the contract length extended beyond one year. As a result, commitments made in 2016 totalling EUR 2.9 million expired in 2017 and had to be re-committed on new appropriations. It is expected that there could be a similar impact in future years, increasing the amount of cancellation of carry-forward.
- ✓ The agency managed to comply fully with the ceilings/KPIs for the amounts carried forward: title I (10%), title II (20%) and title III (30%), with the following percentages achieved for the automatic carry-forward: title I: 1.04%, title II: 11.80%, title III: 31.05% (automatic and non-automatic carry-forward).

This report should be read in conjunction with other reports in order to have the full picture of the agency's budgetary and financial management. For information about the agency's business objectives and the level of achievement, please refer to the Annual Activity Report and the Annual Report. For further financial information, please refer to the financial accounts.

## 2. Financial management in general

### 2.1. *Budget overview*

Authorised appropriations in the European Medicines Agency's initial budget for 2017 totalled EUR 322,103,000, representing a 0.8% decrease compared to the 2016 initial budget (EUR 324,711,000).

One amending budget was processed in 2017, bringing the final budget to EUR 331,266,000.

This increased external assigned revenue from the inducements received from the landlord for the Agency's new headquarters. The additional budgetary income covered the majority of rent payments for 2017.

A summary table of the evolution of the budget can be found at Annex I, while Annexes II and III provide detailed information and Annexes IV and V details of the Amending Budget and transfers carried out in 2017.

### 2.2. *Revenue (income from evaluation activities and EU contribution)*

As stipulated in the Financial Regulation, budget revenue is based on cash received for contributions from the European Union, fees for applications for marketing licenses for pharmaceutical products and for post-authorisation activities as well as for various administrative activities.

Revenue entered in the accounts as at 31 December 2017 amounted to a total of EUR 317,360,425.30.

Of the total income, 87.96% derived from the evaluation of medicines and other business related activities, 8.99% from the European Union budget to fund various public health and harmonisation activities, including positive outturn of previous year, and 3.05% from external assigned revenue as described in the work programme (2016: 89.48%/5.51%/5.01%).

The chart below provides the breakdown by type of revenue.

Figure 1: breakdown of revenue by type/title

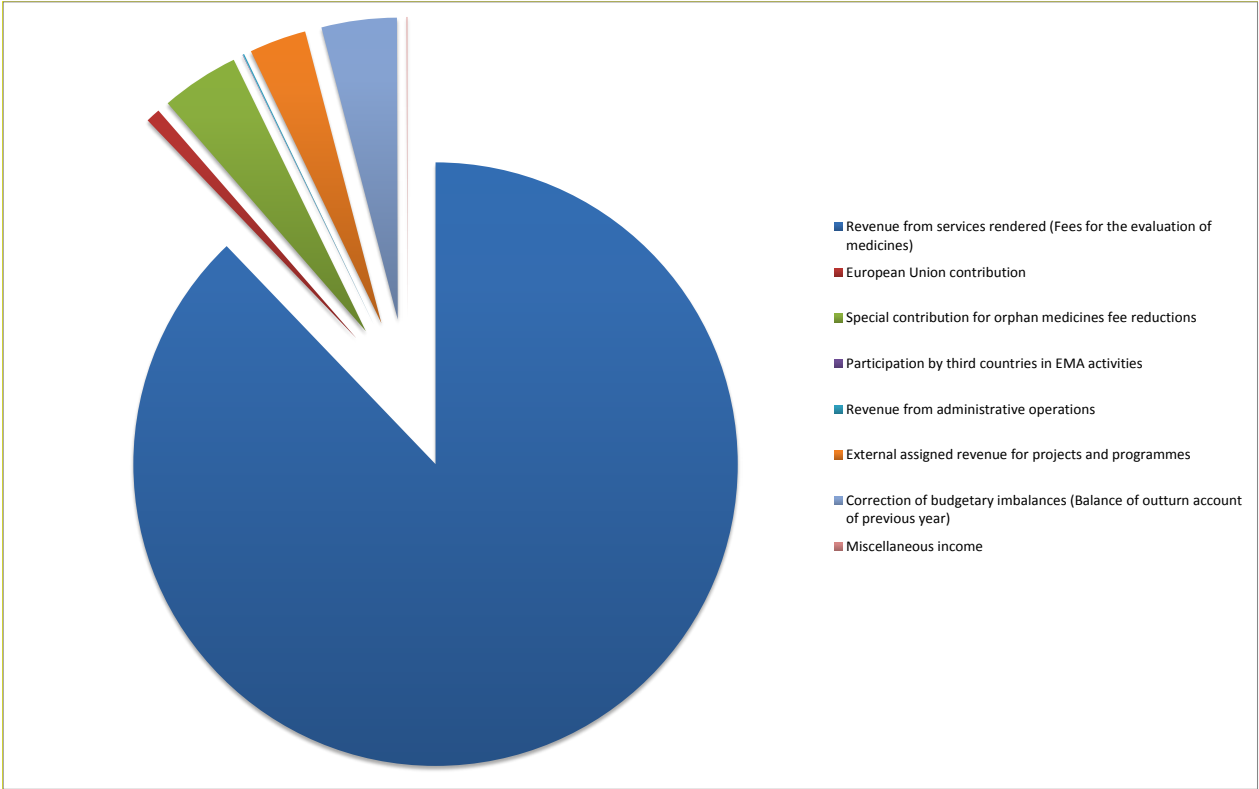


Table 1 below presents the implementation of the revenue budget of the European Medicines Agency.

**Table 1 Implementation of 2017 revenue appropriations**

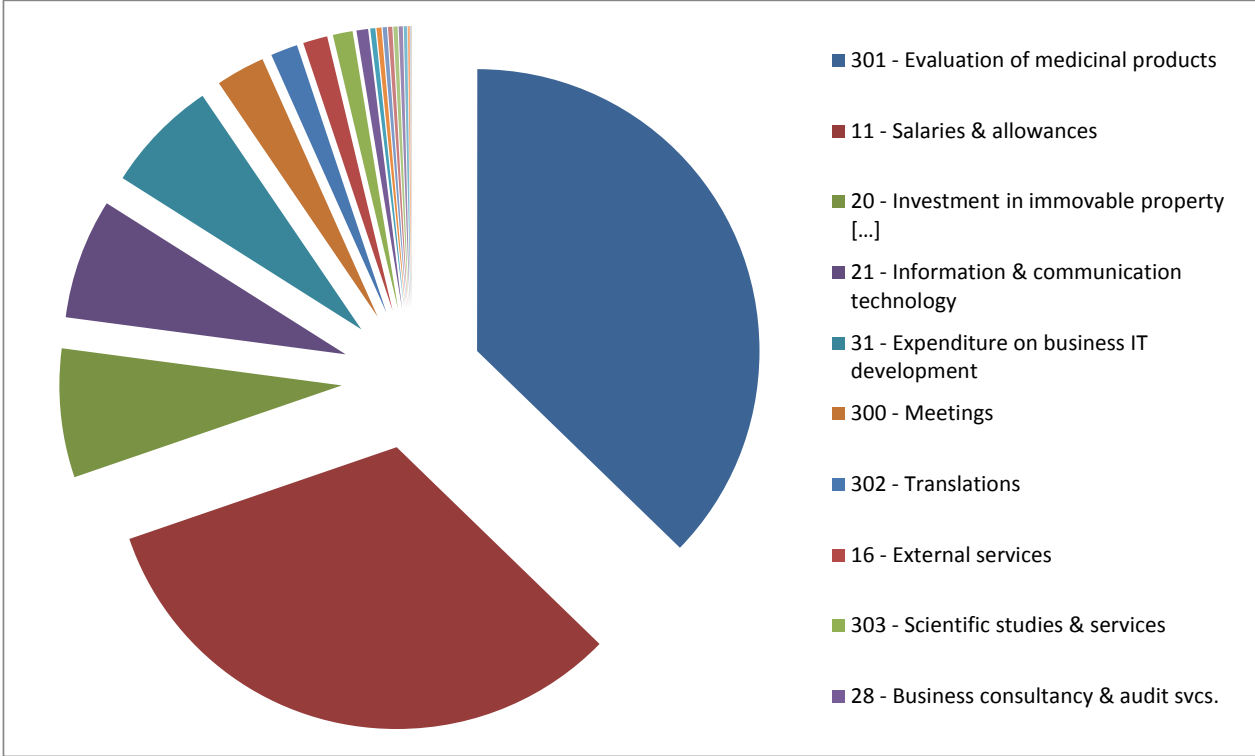
Appropriation type	EUR or %
<b>I. Appropriations in general</b>	
Initial appropriations	322,103,000.00
Amending budget	9,163,000.00
Final appropriations	331,266,000.00
<b>II. Use of appropriations</b>	
Recovery orders 2017 and earlier	356,920,440.58
Representing in % of final appropriations	107.74%
Cash-receipts against recovery orders 2017 and earlier	317,360,425.30
Representing in % of final recovery orders	88.92%
<b>III. Amounts established in 2017</b>	
Recovery orders 2017 only	312,010,873.79
Representing in % of final appropriations	94.19%
Cash-receipts against recovery orders 2017 only	276,812,976.76
Representing in % of final recovery orders	88.72%
<b>IV. Amounts unpaid from 2017 to be paid in 2018 or later</b>	
Recovery orders for the evaluation of medicinal products (fees)	39,481,433.95
Other recovery orders	78,581.33
<b>V. Amounts unpaid in 2016 or earlier, paid in 2017</b>	
Recovery orders for the evaluation of medicinal products (fees)	40,532,693.54
Recovery orders for EU contribution	0.00
Other recovery orders	14,755.00
<b>VI. Waivers and cancellations of amounts receivable</b>	
Recovery orders waived or cancelled by the authorising officer in accordance with Article 62 Financial Regulation	447,400.00
<b>VII. Waivers of fees and charges (excluding waivers for orphan medicines )</b>	
Reductions deriving from paediatric or micro, small- and medium sized enterprises, advanced therapies and variations legislation	12,592,145.08
Other reductions in accordance with Article 9 of the Fee Regulation	4,301,381.23

### **2.3. Expenditure (commitments and payments)**

Commitments totalled EUR 307,824,585.74 or 92.92% of final appropriations (2016: 96.30%). Payments totalled EUR 259,988,515.04 or 84.46% of commitments entered into (2016: 85.51%). For details on the implementation of expenditure see Table 2.

The chart below provides a breakdown of types of expenditure by chapter and selected key articles.

Figure 2: breakdown of expenditure by type (chapter or article)



**Table 2 Implementation of 2017 expenditure appropriations**

<b>Appropriation type</b>	<b>EUR or %</b>
<b>I. Appropriations in general</b>	
Initial appropriations	322,103,000.00
Amending budget	9,163,000.00
Final appropriations	331,266,000.00
<b>II. Use of 2017 appropriations</b>	
Commitments	307,824,585.74
Representing of final appropriations	92.92%
Payments	253,807,515.04
Representing of final commitments	82.45%
<b>III. Carry-over from 2017 to 2018</b>	
<i>Carry-over of administrative appropriations</i>	<i>6,931,023.43</i>
<i>Carry-over of operational appropriations</i>	<i>40,905,047.27</i>
Total automatic carry-over	47,836,070.70
Representing of final appropriations	14.44%
Representing of final commitments	15.54%
<b>IV. Cancellation of 2017 appropriations</b>	
Appropriations cancelled	23,441,414.26
Representing of final appropriations	7.08%
<b>V. Carry-over from 2016 to 2017</b>	
<b>Automatic carry-over, C8</b>	
<i>Carry-over of administrative appropriations</i>	<i>4,161,798.37</i>
<i>Carry-over of operational appropriations</i>	<i>38,870,506.46</i>
Total automatic carry-over	43,032,304.83
Payment against carry-over	38,681,396.97
Total automatic carry-over unused	4,350,907.86
Representing of carry-over	89.89%
<b>Non-automatic carry-over, C2</b>	
Non-automatic carry-over to 2017	0.00
Payment against carry-over	0.00
Carry-over to 2018, C2	6,181,000.00
Amount cancelled	0.00
Representing of carry-over	n/a

## 2.4. Appropriations carried forward from 2017 to 2018

### 2.4.1 Automatic carry-forward

Automatic carry-forward to financial year 2018 totalled EUR 47,836,070.70 or 14.44% of appropriations (total carried forward from 2016 to 2017: EUR 43,032,304.83 or 13.71%).

**Table 3 Automatic carry-over from 2017 to 2018, per title**

Title	Total commitments	of which carried over	
	EUR	EUR	%
1 : Staff	106,792,756.02	1,108,008.19	1.04%
2 : Building and equipment	49,364,128.96	5,823,015.24	11.80%
3 : Operational expenditure	151,667,700.76	40,905,047.27	26.97%
<b>Total</b>	<b>307,824,585.74</b>	<b>47,836,070.70</b>	<b>15.54%</b>

### 2.4.2 Non-automatic carry-forward

The Management Board was requested to approve a non-automatic carry-forward to 2018 of EUR 6,181,000.00 to cover the cost related to key IT projects, which say contract delays for reasons outside the Agency's control.

**Table 4 Non-automatic carry-over from 2017 to 2018, per title**

Title	Total commitments	of which carried over	
	EUR	EUR	%
1 : Staff	106,792,756.02	0.00	n/a
2 : Building and equipment	49,364,128.96	0.00	n/a
3 : Operational expenditure	151,667,700.76	6,181,000.00	4.08%
<b>Total</b>	<b>307,824,585.74</b>	<b>6,181,000.00</b>	<b>2.01%</b>

## 2.5. Implementation of appropriations carried forward from 2016 to 2017

Automatic carry-forward from financial year 2016 to 2017, *i.e.*, fund source C8, totalled EUR 43,032,304.83. Payments against the C8 appropriations equalled EUR 38,681,396.97 or 89.89% of appropriations (2016: 95.54%) and EUR 4,350,907.86 were cancelled.

There was no non-automatic carry-forward, *i.e.*, fund source C2, from financial year 2016 to 2017.

## 2.6. Appropriations from external assigned revenue

The Agency introduced assigned revenue, fund source R0, in 2014 in order to manage the inducements received in the context of the project to construct, fit-out and occupy its new headquarters.

In 2017, an amount of EUR 9,583,354.55 was recognised as assigned revenue, from landlord inducements related to the project for the new headquarters. This amount contributed to the payment of rent cost incurred in 2017. No further inducements remain to cover future rent payments.



## **2.7. Budget transfers**

In line with Article 27(1) of the Financial Regulation, the Executive Director may make unlimited transfers within a title and of up to 10% of appropriations from one title to another. Transfers *per se* are not an indicator of deficiencies in financial management but are a necessary tool to adjust the budget in a changing environment, as illustrated, e.g., by the use of interim staff instead of contract staff, increased expenditure due to exchange rate fluctuation, etc. Only if and when the changes also relate to changes in the work programme might they indicate shortcomings in the planning process.

During 2017 eleven transfers were made. Ten were adjustments within the limits of Article 27(1) of the Financial Regulation, *i.e.*, transfers within titles, and therefore approved by the Executive Director. One transfer required Management Board approval in accordance with Article 27(2) of the Financial Regulation, since it involved transferring more than 10% of budget line appropriations between titles. It totalled EUR 7,800,000 or 2.35% of final appropriations. Ten transfers involved expenditure appropriations and one revenue appropriations.

The transferred expenditure appropriations were primarily needed to cover increased expenditure on business IT development and project-related hardware investment, to provide appropriations for expenditure related to the fitting out of the building.

Annex V provides details of all transfers carried out in 2017.

## **2.8. Cancellation of appropriations**

Expenditure appropriations should be understood as estimates of requirements, and not as an entitlement to create the corresponding commitments. Being reliant on fee income, as the agency is, means that the level of cancelled expenditure appropriations does not indicate delays in the implementation of the work programme but should be considered rather as the result of stringent monitoring of actual revenue and adjustments to the expenditure.

In budget 2017, expenditure appropriations totalling EUR 23,441,414.26 remained unused, corresponding to 7.08% of final appropriations (2016: EUR 11,409,294.44, 3.70%).

The underuse of commitment appropriations is largely due to the exchange rate gains realised in 2017 and the revised priorities implemented as a result of the business continuity plan (BCP) imposed on the Agency's activities in preparation for its departure from the UK ('Brexit'), which led to lower commitment of appropriations.

This unused amount must be seen in conjunction with collected revenue being EUR 13,905,574.70 (4.20%) below budget revenue appropriations, while still resulting in a positive overall outturn balance (before adjustments for exchange rate, cancellations of carry-over, etc.) of EUR 9,535,839.56 or 2.88% of final appropriations (2016: 7,970,017.09, 2.58%).

## **2.9. Payment of interest on late payments**

In compliance with the agency's standard contract, established in accordance with Article 77 of the Financial Regulation, the terms of payment are 30 days upon receipt of a valid invoice. If these terms are not respected, from day 31 until the actual day of payment, the payment accrues default interest at the rate applied by the European Central Bank to its principal refinancing operations, as published in the C series of the Official Journal of the European Union, increased by 8%<sup>1</sup>. The default interest

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<sup>1</sup> in accordance with Article 92 of the Financial Regulation applicable to the Budget of the Union and Articles 83(2) and 111 of its Rules of Application

accrued is paid automatically to the supplier/contractor if it amounts to more than EUR 200 at the time of payment of the valid invoice.

In 2017, 228 payments out of a total of 57,802, i.e. 0.39% of all payments, were made later than 30 days after receipt of a valid invoice (2016: 0.81% of all payments). This resulted in default interest of EUR 2,805.00 being paid to suppliers and contractors (2016: EUR 1,208.00).

**Table 5 Breakdown of late payments and default interest**

	Payments		Of which late payments		Interest accrued	Interest => EUR 200
	Number	EUR	Number	EUR	EUR	EUR
Supply and other services	43,319	181,893,422	228	5,586,025	7,437	2,805
Evaluation services (NCAs)	14,483	117,372,004	0	0	0	0

### 3. Financial management by chapter

Hereafter follows an analysis of the evolution of revenue (based on cash collected) and expenditure (based on commitments) in 2016. It contains information at title level for revenue and expenditure. Detailed information per chapter, for both revenue and expenditure, can be found at Annexes I-III.

#### 3.1. Revenue

##### 3.1.1. Stable vs. cyclical revenue

In budgetary terms, EUR 113.3 million (35.71% of total 2017 revenues) represent the proportion which can be considered stable, since it relates to annual product maintenance fees received for both human and veterinary medicines activities, EU and EEA contributions as well as externally assigned revenue. In 2017, 64.29% of total revenue thus depended on cyclical business activities.

**Table 6 Stable and cyclical sources of revenue**

	2017 Actual	% of total	2016 Actual	% of total
Stable revenue for the Agency	113,335,669	35.71%	115,480,126	37.85%
<i>EU subsidies and contributions</i>	15,766,689	4.97%	14,862,990	4.87%
<i>External assigned revenue</i>	9,665,942	3.05%	15,276,322	5.01%
<i>Annual fees</i>	87,903,038	27.70%	85,340,814	27.97%
Cyclical business revenue	203,676,971	60.16%	189,197,332	62.01%
Revenue from miscellaneous activities	347,786	4.13%	421,240	0.14%
Total revenue	317,360,425	100.00%	305,098,698	100.00%

##### 3.1.2. Waiver of recovery orders / acceptance requests

Article 62(4) of the Financial Regulation stipulates that recoveries established can, under certain, well-defined circumstances, be partly or fully waived by the authorising officer.

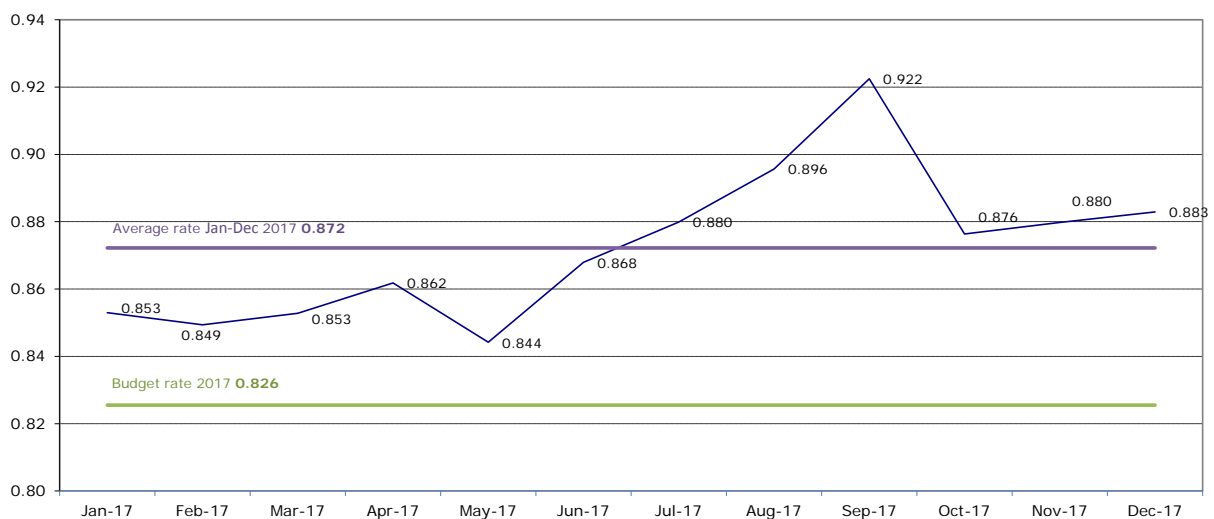
In 2017, recovery orders for a total of EUR 447,400.00 were waived. A recovery order was partially waived (EUR 180,000 out of a total of EUR 252,000), in order to be in proportion to the services to be provided. A recovery order was waived in full after the liquidation of the debtor which meant that the Agency was unable to pursue its outstanding claim.

## 3.2. Expenditure

### 3.2.1. Exchange rate impact on the budget

Whereas the revenue of the agency is in Euro (EUR), administrative expenditure is mainly paid in Pounds Sterling (GBP). Throughout 2017 there was an overall decrease in the value of Sterling expressed in Euro, compared to the exchange rate used for the establishment of the budget, resulting in a drop by 5.6% in Euro terms for expenditure incurred in Sterling, when comparing the average exchange rate for 2017 (0.872) against the rate applied for the establishment of the budget (0.826). Figure 1 below provides details of the evolution throughout 2017. The decrease in EUR expenditure affected in particular titles 1 and 2 of the budget (salaries and building/facilities) and contributed to a considerable degree to the underuse of appropriations, cf. pt. 2.8 above.

**Figure 3 Exchange rate variance against budgeted exchange rate**



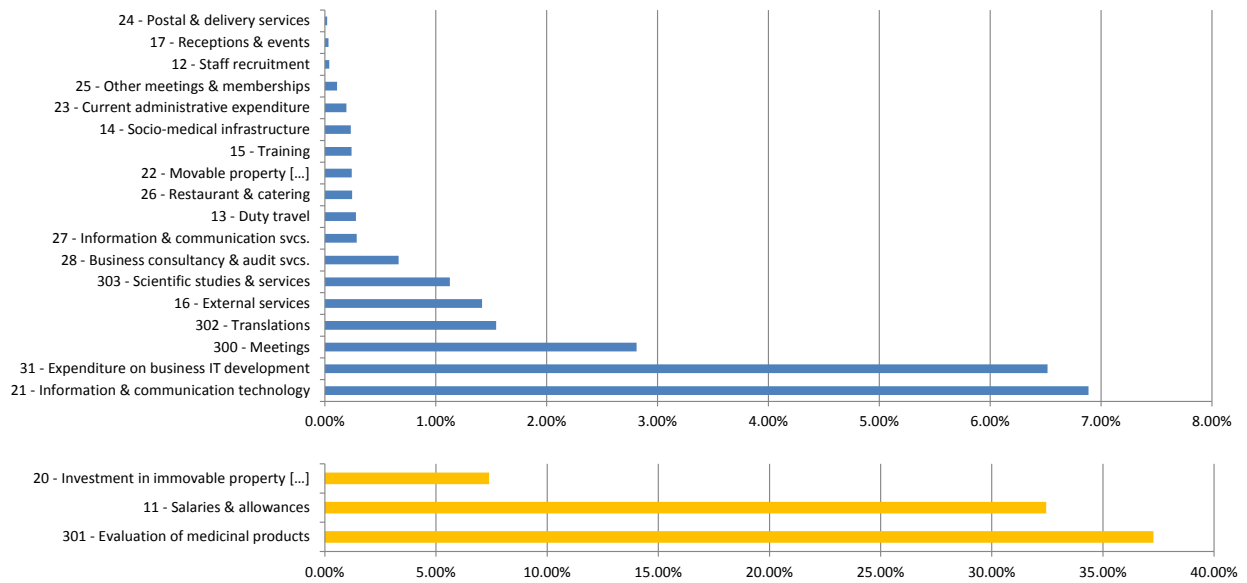
### 3.2.2. Details on expenditure items

In 2017 the four chapters and articles with the highest amounts committed accounted for 83.99% of total commitments (2016: 86.21% of total commitments). They were:

- Chapter 11 'Staff in active employment', 32.45% (2016: 34.78%)
- Chapter 20 'Investments in immovable property, renting of buildings and associated costs', 7.39% (2016: 7.65%)
- Chapter 21 'Expenditure for corporate data processing', 6.89% (2016: 5.22%) and
- Article 301 'Evaluation of medicinal products', 37.27% (2016: 38.55%).

Detailed information at chapter and article level can be found at Annex III.

**Figure 4 Distribution of 2017 expenditure by chapter (chapter 30 by article)**



## Annex I – Budget evolution

Title Chapter/Article /Item	Heading	VOTED BUDGET (Dec 2016)		AMENDMENTS/TRANSFERS		DIFFERENCE	DESCRIPTION	FINAL BUDGET	
		Commitment appropriations (in EUR)	Payment appropriations (in EUR)	Commitment appropriations (in EUR)	Payment appropriations (in EUR)	%		Commitment appropriations (in EUR)	Payment appropriations (in EUR)
<b>REVENUE</b>									
100	FEES COLLECTED	256,676,000	256,676,000	0	0	0.00%	No change	256,676,000	256,676,000
101	FEES COLLECTED, PHV	28,464,000	28,464,000	0	0	0.00%	No change	28,464,000	28,464,000
200	EU CONTRIBUTION	4,323,000	4,323,000	-1,885,000	-1,885,000	-43.60%	Transfer to Item 2010R in order to align with the general EU budget	2,438,000	2,438,000
201	ORPHAN MEDICINAL RPRODUCTS CONTRIBUTION	11,802,000	11,802,000	1,885,000	1,885,000	15.97%	Transfer from Item 2000R to align with the general EU budget	13,687,000	13,687,000
30	EEA CONTRIBUTION	398,000	398,000	0	0	0.00%	No change	398,000	398,000
50	REVENUE FROM ADMIN. ACTIVITIES & ANCILLARY SERVICES	562,000	562,000	0	0	0.00%	No change	562,000	562,000
60	EXTERNAL ASSIGNED REVENUE FOR PROJECTS & PROGRAMMES	6,611,000	6,611,000	9,163,000	9,163,000	138.60%	allow consumption of the remaining incentives from the landlord for the Agency's new headquarters	15,774,000	15,774,000
70	CORRECTION OF BUDGETARY IMBALANCES	12,767,000	12,767,000	0	0	0.00%	No change	12,767,000	12,767,000
90	MISCELLANEOUS REVENUE	500,000	500,000	0	0	0.00%	No change	500,000	500,000
<b>TOTAL</b>		<b>322,103,000</b>	<b>322,103,000</b>	<b>9,163,000</b>	<b>9,163,000</b>	<b>2.84%</b>		<b>331,266,000</b>	<b>331,266,000</b>

Title Chapter/Article /Item	Heading	VOTED BUDGET (Dec 2016)		AMENDMENTS/TRANSFERS		DIFFERENCE %	DESCRIPTION	FINAL BUDGET	
		Commitment appropriations (in EUR)	Payment appropriations (in EUR)	Commitment appropriations (in EUR)	Payment appropriations (in EUR)			Commitment appropriations (in EUR)	Payment appropriations (in EUR)
<b>EXPENDITURE</b>									
11	SALARIES & ALLOWANCES	112,104,000	112,104,000	-610,000	-610,000	-0.54%	Lower Sterling expenditure due to the weakening pound compared to Euro and recruitment not proceeding as budgeted	111,494,000	111,494,000
12	EXPENDITURE RELATING TO STAFF RECRUITMENT	230,000	230,000	0	0	0.00%	No change	230,000	230,000
13	DUTY TRAVEL	856,000	856,000	170,000	170,000	19.86%	More duty travel undertaken than initially planned with 927 trips undertaken in 2017.	1,026,000	1,026,000
14	SOCIO-MEDICAL INFRASTRUCTURE	665,000	665,000	65,000	65,000	9.77%	To cover an increased number of medicals and more reimbursement of nursery contributions than originally budgeted	730,000	730,000
15	TRAINING	1,160,000	1,160,000	-130,000	-130,000	-11.21%	Less training than originally planned, due to Brexit-related activities being prioritised planned, partly as compensation for reduced use of business consultants, cf. BL2800	1,030,000	1,030,000
16	EXTERNAL SERVICES	4,085,000	4,085,000	440,000	440,000	10.77%	More events taking place than originally planned	4,525,000	4,525,000
17	RECEPTIONS & EVENTS	40,000	40,000	65,000	65,000	162.50%		105,000	105,000
<b>TITLE I</b>		<b>119,140,000</b>	<b>119,140,000</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>		<b>119,140,000</b>	<b>119,140,000</b>
20	INVESTMENT IN IMMOVABLE PROPERTY, RENTING OF BUILDINGS & ASSOC. COST	21,630,000	21,630,000	1,907,000	1,907,000	8.82%	The net increase reflects the Amending Budget which increased appropriations by EUR 9.163,000 and the transfer out of the chapter of EUR 8,830,000. The Amending Budget ensured that the remainder of the external assigned revenue (fund source R0) could be consumed on rent payments in 2017 while the unspent C1 appropriations were transferred to budget item 3105.	23,537,000	23,537,000
21	INFORMATION & COMMUNICATION TECHNOLOGY	20,692,000	20,692,000	1,030,000	1,030,000	4.98%	The appropriations were increased in order to provide for the investment in additional storage capacity.	21,722,000	21,722,000
22	MOVABLE PROPERTY & ASSOC. COST	954,000	954,000	20,000	20,000	2.10%	Additional appropriations to Item 2210 to cover the cost of purchase of small items of furniture.	974,000	974,000
23	CURRENT ADMIN. EXPENDITURE	1,223,000	1,223,000	-20,000	-20,000	-1.64%	Appropriations were transferred out of Item 2300 since less stationery than budgeted was acquired in 2017.	1,203,000	1,203,000
24	POSTAGE	97,000	97,000	0	0	0.00%	no change	97,000	97,000
25	OTHER MEETINGS & MEMBERSHIPS	373,000	373,000	0	0	0.00%	no change	373,000	373,000
26	RESTAURANT & CATERING	751,000	751,000	44,000	44,000	5.86%	Appropriations were increased in order to cover the inflationary increases on food	795,000	795,000
27	INFORMATION & PUBLISHING	1,445,000	1,445,000	-44,000	-44,000	-3.04%	Less expenditure due to priority being given to Brexit-related activities.	1,401,000	1,401,000
28	BUSINESS CONSULTANCY & AUDIT SVCS.	5,777,000	5,777,000	-1,574,000	-1,574,000	-27.25%	Less expenditure due to priority being given to Brexit-related activities and some delays in projects requiring business consultancy	4,203,000	4,203,000
<b>TITLE II</b>		<b>52,942,000</b>	<b>52,942,000</b>	<b>1,363,000</b>	<b>1,363,000</b>	<b>2.57%</b>		<b>54,305,000</b>	<b>54,305,000</b>
300	MEETINGS	9,349,000	9,349,000	0	0	0.00%	no change	9,349,000	9,349,000
3010	EVALUATION OF MEDICINAL PRODUCTS	105,944,000	105,944,000	0	0	0.00%	no change	105,944,000	105,944,000
3013	EVALUATION OF PHV PROCEDURES	12,748,000	12,748,000	300,000	300,000	2.35%	no change	13,048,000	13,048,000
302	TRANSLATIONS	4,483,000	4,483,000	350,000	350,000	7.81%	More translation requests linked to higher number of scientific applications, new pricing structure adopted by CdT.	4,833,000	4,833,000
303	SCIENTIFIC STUDIES & SVCS.	4,300,000	4,300,000	-650,000	-650,000	-15.12%	Appropriations were reduced due to less expenditure on scientific studies.	3,650,000	3,650,000
31	EXPENDITURE ON BUSINESS RELATED IT PROJECTS	13,197,000	13,197,000	7,800,000	7,800,000	59.10%	To prepare for full commitment up-front of fixed price contracts extending into 2018 and for non-automatic carry-forward.	20,997,000	20,997,000
<b>TITLE III</b>		<b>150,021,000</b>	<b>150,021,000</b>	<b>7,800,000</b>	<b>7,800,000</b>	<b>5.20%</b>		<b>157,821,000</b>	<b>157,821,000</b>
<b>TOTAL</b>		<b>322,103,000</b>	<b>322,103,000</b>	<b>9,163,000</b>	<b>9,163,000</b>	<b>2.84%</b>		<b>331,266,000</b>	<b>331,266,000</b>

## Annex II – Detailed revenue overview, evolution

Item	Heading	2017	2016	Change		Comment
		EUR	EUR	EUR	%	
1000	Fees collected (Regulation (EU) 297/95)	251,217,555.08	244,748,932.04	6,468,623.04	2.64%	Fee income from evaluation services is the main source of revenue for the agency, representing 79.16% of 2017 revenue (2016: 80.22%). The value of recovery orders / invoices for fees, reflecting the level of activities, rose by 0.27% when compared to 2016, whereas the value of cash-receipts increased by 2.28%. At the end of 2017 recoveries totalling EUR 39,560,015.28 remained outstanding, compared to EUR 44,909,566.79 at the end of 2016.
1001	Fees collected (Regulation (EU) 658/2014)	27,595,774.15	27,839,279.42	-243,505.27	-0.87%	Fees are charged for PSUR, PASS and referral procedures and involve more than approx. 4,000 companies across Europe. The chapter accounted for 8.70% in 2017 (2016: 9.12%).
2000	European Union contribution	2,438,000.00	2,037,869.78	400,130.22	19.63%	This article accounted for 0.78% of 2017 revenues (2016: 0.67%). The contribution from the European Union budget increased by 19.63% between 2016 and 2017. Appropriations were decreased by a total of EUR 1,885,000 through transfer to match the general EU budget appropriations.
2010	Special contribution for orphan medicinal products	13,268,470.00	12,768,875.00	499,595.00	3.91%	This article accounted for 4.25% of 2017 revenue (2016: 4.19%). EUR 418,530 (3.06%) remain uncollected. Appropriations were increased by EUR 1,885,000 through transfer to match the general EU budget appropriations.
3000	EEA contribution	60,219.00	56,245.22	3,973.78	7.07%	This chapter covers the compensation received for the participation of EEA countries in the agency's activities. It accounted for 0.02% of 2017 revenue (2016: 0.02%). Only the part of the compensation related to the general EU contribution, i.e. Item 2000R was collected. The actual amount receivable is calculated as a percentage of the general contribution, i.e. the EU contributions excluding EU contribution derived from agency surplus and EU contribution earmarked for compensation of orphan fee reductions. The percentage used for 2017 was 2.47%.
5200	Revenue from administrative operations and ancillary services	217,323.25	72,541.06	144,782.19	199.59%	Chapter 52 includes the income from administrative charges as well as bank interest. The bulk of the revenue relates to the refund of travel expenses in the context of a seminar on applicability of Art. 58 of the Agency's founding regulation. The chapter accounted for 0.06% of 2017 revenues (2016: 0.02%).
6000	External assigned revenue for projects and programmes	9,665,941.77	15,276,321.70	-5,610,379.93	-36.73%	This chapter accounted for 3.11% of 2017 revenues (2016: 5.01%). More than 98% of the revenue relates to the inducement paid by the landlord. Grant related revenue, constituting 1.36% of total assigned revenue, was received from the IMI FluCop programme via IMI-JU (Innovative Medicines Initiative Joint Undertaking), an Executive Office of the European Union, and from the grant manager for the FP7-GRIP programme.
7000	Balance of outturn account of previous year	12,766,679.69	1,949,934.18	10,816,745.51	554.72%	This chapter accounted for 4.09% of 2017 revenues (2016: 0.64%). Any surplus (positive outturn) from the previous budget years is posted here.
9000	Miscellaneous revenue	130,462.36	348,699.15	-218,236.79	-62.59%	This chapter accounted for 0.04% of 2017 revenues (2016: 0.11%). The bulk of the revenue stem from payments from national competent authorities of fees related to previous financial years.
<b>Total</b>		<b>317,360,425.30</b>	<b>305,098,697.55</b>	<b>12,261,727.75</b>	<b>4.02%</b>	

## Annex III – Detailed expenditure overview, evolution

Chapter*	Heading	2017	2017	2016	Change 2016-2017		2017 budget v/commitments		Comment
		EUR final budget	EUR commitments	EUR commitments	EUR	%	EUR	%	
11	Salaries & allowances	111,494,000.00	99,891,783.21	103,314,216.31	-3,422,433.10	-3.31%	-11,602,216.79	-10.41%	Chapter 11 accounted for 33.12% of 2017 expenditure (2016: 34.78%), constituting the second largest share of expenditure. 41.72% of chapter 11 expenditure related to item 1100 'basic salaries' and 18.16% to 1190 'weightings' (2016: 39.43% and 23.29%). For these two items commitments amounted to EUR 59,818,835.08. A net total of EUR 610,000.00 was transferred out of the chapter.
12	Expenditure related to staff recruitment	230,000.00	119,768.30	109,435.70	10,332.60	9.44%	-110,231.70	-47.93%	Chapter 12 accounted for 0.04% of 2017 expenditure (2016: 0.04%). Expenditure was reduced due to a number of selection procedures being postponed to 2018.
13	Duty travel	1,026,000.00	860,824.00	682,607.16	178,216.84	26.11%	-165,176.00	-16.10%	This chapter accounted for 0.29% of 2017 expenditure with a total of XXX duty trips carried out (2016: 0.23% and 700 trips). The chapter was reinforced by a net amount of EUR 170,000 through transfer.
14	Socio-medical infrastructure	730,000.00	717,430.56	742,604.49	-25,173.93	-3.39%	-12,569.44	-1.72%	This chapter accounted for 0.24% of 2017 expenditure (2016: 0.25%). The chapter was reinforced by a total of EUR 65,000 through transfer.
15	Training	1,030,000.00	740,652.28	950,280.76	-209,628.48	-22.06%	-289,347.72	-28.09%	This chapter accounted for 0.25% of 2017 expenditure (2016: 0.32%). Expenditure was reduced due to prioritisation of Brexit-related activities. Appropriations were reduced by EUR 130,000 through transfer.
16	External services	4,525,000.00	4,365,059.77	4,092,572.44	272,487.33	6.66%	-159,940.23	-3.53%	Chapter 16 accounted for 1.45% of 2017 expenditure (2016: 1.38%). The chapter was reinforced by EUR 440,000 through transfer.
17	Receptions & events	105,000.00	97,237.90	55,535.04	41,702.86	75.09%	-7,762.10	-7.39%	Chapter 17 accounted for 0.03% of 2017 expenditure (2016: 0.02%). The chapter was reinforced by EUR 65,000 through transfer.
<b>Title I</b>		<b>119,140,000.00</b>	<b>106,792,756.02</b>	<b>109,947,251.90</b>	<b>-3,154,495.88</b>	<b>-2.87%</b>	<b>-12,347,243.98</b>	<b>-10.36%</b>	

\* note that 2016 expenditure now matches the budget nomenclature and structure which came into effect in 2017, to provide a better basis for comparison.



Chapter	Heading	2017	2017	2016	Change 2016-2017		2017 budget v/commitments		Comment
		EUR final budget	EUR commitments	EUR commitments	EUR	%	EUR	%	
20	Investment in immovable property, renting of buildings & associated costs	23,537,000.00	22,736,332.25	22,716,384.47	19,947.78	0.09%	-800,667.75	-3.40%	Chapter 20 accounted for 7.54% of 2017 expenditure, compared to 7.65% in 2016. Appropriations were increased by EUR 9,163,000 through an amending budget and a net total of EUR 7,256,000 was transferred out of the chapter.
21	Information & communication technology	21,722,000.00	21,200,860.22	15,502,356.07	5,698,504.15	36.76%	-521,139.78	-2.40%	Chapter 21 accounted for 7.03% of 2017 expenditure (2016: 5.22%). The increase in IT expenditure in chapter 21 was due to investment in new storage hardware and an increased cost of support and maintenance. A net total of EUR 1,070,000 was transferred out of the chapter.
22	Movable property & associated costs	974,000.00	746,492.87	882,175.51	-135,682.64	-15.38%	-227,507.13	-23.36%	Chapter 22 accounted for 0.25% of 2017 expenditure (2016: 0.30%). The decrease in expenditure in 2017 was due to the maintenance of technical equipment being less costly than budgeted, partly due to the falling value of Sterling against Euro. Appropriations were increased by EUR 20,000 through transfer.
23	Current administrative expenditure	1,203,000.00	594,398.72	846,640.76	-252,242.04	-29.79%	-608,601.28	-50.59%	This chapter accounted for 0.20% of 2017 expenditure (2016: 0.29%). The decrease in expenditure was mainly due to less than budgeted expenditure on damages. A net total of EUR 20,000 was transferred out of the chapter.
24	Postal & delivery services	97,000.00	65,163.05	92,711.23	-27,548.18	-29.71%	-31,836.95	-32.82%	This chapter accounted for 0.02% of 2017 expenditure (2016: 0.03%). The decrease in expenditure was due to lower consumption as well as exchange rate gains.
25	Other meetings & memberships	373,000.00	340,034.13	151,706.53	188,327.60	124.14%	-32,965.87	-8.84%	This chapter accounted for 0.11% of 2017 expenditure (2016: 0.05%). The increase was due to an increase in the cost of memberships to fora.
26	Restaurant & catering	795,000.00	753,347.97	709,577.56	43,770.41	6.17%	-41,652.03	-5.24%	This chapter accounted for 0.25% of 2017 expenditure (2016: 0.24%). Expenditure increased due to higher cost of food. Appropriations were increased by EUR 44,000 through transfer.
27	Information & communication services	1,401,000.00	881,934.09	842,114.83	39,819.26	4.73%	-519,065.91	-37.05%	This chapter accounted for 0.29% in 2017 (2016: 0.28%). Expenditure fell below budget due to a number of Brexit-related activities being prioritised. Appropriations were decreased by EUR 44,000 through transfer.
28	Business consultancy & audit services	4,203,000.00	2,045,565.66	3,821,880.89	-1,776,315.23	-46.48%	-2,157,434.34	-51.33%	This chapter accounted for 0.68% in 2017 (2016: 1.29%). Expenditure fell below budget due to a number of Brexit-related activities being given higher priority. Appropriations were decreased by EUR 1,574,000 through transfer.
<b>Title II</b>		<b>54,305,000.00</b>	<b>49,364,128.96</b>	<b>45,565,547.85</b>	<b>3,798,581.11</b>	<b>8.34%</b>	<b>-4,940,871.04</b>	<b>-9.10%</b>	
Chapter	Heading	2017	2017	2016	Change 2016-2017		2017 budget v/commitments		Comment
		EUR final budget	EUR commitments	EUR commitments	EUR	%	EUR	%	
300	Meetings	9,349,000.00	8,654,838.95	7,808,973.82	845,865.13	10.83%	-694,161.05	-7.42%	Article 3000 accounted for 2.87% of 2017 expenditure (2016: 2.63%). Expenditure was less than budgeted due to fewer meetings and participants claiming reimbursement than initially planned.
301	Evaluation of medicinal products	118,992,000.00	114,724,839.97	114,508,871.21	215,968.76	0.19%	-4,267,160.03	-3.59%	Article 301 accounted for 38.03% of 2017 expenditure (2016: 38.55%). Between 2016 and 2017 expenditure in absolute terms increased by approx. EUR 215,000. The chapter was reinforced by EUR 300,000 through transfer.
302	Translations	4,833,000.00	4,752,224.00	3,759,288.00	992,936.00	26.41%	-80,776.00	-1.67%	Article 302 accounted for 1.58% of 2017 expenditure (2016: 1.27%). The increase reflects higher activity due to more scientific applications and a revised invoicing methodology by the CdT. Appropriations were reinforced by a total of EUR 350,000 through transfer.
303	Scientific studies & services	3,650,000.00	3,471,375.45	2,460,772.78	1,010,602.67	41.07%	-178,624.55	-4.89%	This article accounted for 1.15% of 2017 expenditure (2016: 0.83%). The decrease in expenditure compared to the budget was due to consultancy related to projects being delayed or postponed. A total of EUR 650,000 was transferred away from the article.
31	Expenditure on business IT development	20,997,000.00	20,064,422.39	12,962,000.00	7,102,422.39	54.79%	-932,577.61	-4.44%	This chapter accounted for 4.60% of 2017 expenditure (2016: 4.36%). The increase in expenditure can be explained by higher project activity. Overall IT expenditure (chapters 21 and 31) increased by 23.26%, compared to 2016. The chapter was reinforced by a total of EUR 7,800,000 in preparation for non-automatic carry-forward to 2018.
<b>Title III</b>		<b>157,821,000.00</b>	<b>151,667,700.76</b>	<b>141,499,905.81</b>	<b>10,167,794.95</b>	<b>7.19%</b>	<b>-6,153,299.24</b>	<b>-3.90%</b>	
	<b>Total</b>	<b>331,266,000.00</b>	<b>307,824,585.74</b>	<b>297,012,705.56</b>	<b>10,811,880.18</b>	<b>3.64%</b>	<b>-23,441,414.26</b>	<b>-7.08%</b>	

## Annex IV – summary of amending budgets adopted by the Management Board

No.	Date adopted	Main subject description	Revenue Item	Expenditure Item	Fund source	Impact on appropriations
01	5/10/2017	to increase assigned revenue appropriations to allow for the consumption of the remainder of the landlord's inducements on rent payments	6000R	2000	R0	9,163,000
						9,163,000

## Annex V – Summary of transfers

No.	Date adopted	Main subject description	From/To item	Item No.	Fund source	Item Heading	Amount of receiving item	Amount of donating item
01	10/3/2017	to provide appropriations to cover the estimated amount of outstanding liabilities related to the project to fit out the Agency's	from	2000	R0	Rent	0	2,329,870
			to	2040	R0	Fitting-out of premises	2,329,870	0
02	14/3/2017	to provide appropriations to cover the cost of two long-term missions	from	1115	C1	Seconded national experts and visiting experts	0	170,000
			to	1300	C1	Duty travel	170,000	0
03	28/4/2017	to provide appropriations to cover the cost of minor items of furniture	from	2300	C1	Stationery & office supplies	0	20,000
			to	2210	C1	Furniture	20,000	0
04	17/7/2017	to increase appropriations on Item 1601 to allow for the extension of current interim contracts and new ones; to provide appropriations on Item 1700 to allow for additional functions and the cost of Open Access publications; to provide appropriations on Item 2115 to cover the estimated cost of the implementation of an e-recruitment tool	from	1101	C1	Family allowances	0	340,000
			from	1500	C1	Training	0	45,000
			from	2114	C1	Maintenance & support of applications	0	300,000
			to	1601	C1	Interim services	340,000	0
			to	1700	C1	Receptions & events	45,000	0
			to	2115	C1	IT development related to corporate processes	300,000	0
05	4/9/2017	to provide appopriations to cover rent payments	from	2800	C1	Business consultancy & audit services	0	1,574,000
			to	2000	C1	Rent	1,574,000	0
06	22/9/2017	to adjust revenue appropriations to align with the EU general budget; to increase appropriations on Item 1601 to cover additional interim requests; to increase appropriations on Item 1602 to cover the cost of an e-submission platform; to increase appropriations on Item 3020 to cover an increase in translation cost due to changes in the pricing structure	from	2000R	C1	European Union contribution	0	1,885,000
			to	2010R	C1	Special contribution for orphan medicinal products	1,885,000	0
			from	1141	C1	Travel expenses from place of employment to place of origin	0	100,000
			from	1603	C1	Professional services relating to staff management	0	10,000
			from	3030	C1	Scientific studies & services	0	150,000
			to	1601	C1	Interim services	100,000	0
			to	1602	C1	Administrative assistance from the European Union institutions	10,000	0
			to	3020	C1	Translation Centre, Luxembourg	150,000	0
07	5/10/2017	to provide appropriations to cover additional IT project expenditure, in part linked to preparations for the Agency's relocation to Amsterdam	from	2000	C1	Rent	0	7,800,000
			to	3105	C1	Business IT development	7,800,000	0
08	23/10/2017	to provide appropriations on Item 1420 to cover additional nursery contributions; to provide appropriations on Item 3020 to cover the cost of increased translations related to SME applications	from	1500	C1	Training	0	34,000
			from	3030	C1	Scientific studies & services	0	200,000
			to	1420	C1	Miscellaneous welfare expenditure	34,000	0
			to	3020	C1	Translation Centre, Luxembourg	200,000	0
09	26/10/2017	to provide appropriations on Item 1700 to cover the cost of additional events requested; to provide appropriations on Item 2600 to cover an estimated increase in food prices under the new catering contract	from	1500	C1	Training	0	20,000
			from	2700	C1	Information & communication services	0	44,000
			to	1700	C1	Receptions & events	20,000	0
			to	2600	C1	Restaurant & catering	44,000	0
10	11/12/2017	to provide appropriations on Item 1410 to cover additional expenditure on annual medicals; to provide appropriations on Item 1420 to cover additional nursery contributions; to provide appropriations on Item 2110 to cover the cost of acquisition of storage capacity	from	1500	C1	Training	0	31,000
			from	2000	C1	Rent	0	1,030,000
			from	2114	C1	Maintenance & support of applications	0	1,000,000
			from	2115	C1	IT development related to corporate processes	0	70,000
			to	1410	C1	Medical services	30,000	0
			to	1420	C1	Miscellaneous welfare expenditure	1,000	0
11	19/12/2017	to provide appropriations to cover the cost of rapporteur payments related to additional applications	to	2110	C1	Hardware & software	2,100,000	0
			from	3030	C1	Scientific studies & services	0	300,000
			to	3013	C1	Evaluation of pharmacovigilance procedures	300,000	0
						<b>Total amount of transfers</b>	<b>17,452,870</b>	<b>17,452,870</b>