

# **FINAL ANNUAL ACCOUNTS**

**Financial Year 2021**

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

**Accompanied by**

**Report on budgetary and financial  
management 2021**

**Helsinki, 25 May 2022**

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## **INTRODUCTION**

### ***Basis for preparation***

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

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

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

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

### ***Reporting entity***

The European Chemicals Agency, located in Helsinki, Finland is a public sector entity established by the Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH). The Agency is established for the purposes of managing and in some cases carrying out the technical, scientific and administrative aspects of the REACH Regulation so as to ensure consistency at EU level in relation to these aspects (Article 75 of the REACH Regulation). The Agency shall also provide the Member States and the institutions of the EU with the best possible scientific and technical advice on questions relating to chemicals which fall within its remit and which are referred to in accordance with the provisions of the REACH Regulation. In addition, the Agency has tasks related to the classification and labelling of chemical substances deriving from the CLP Regulation (EC) 1278/2008. In particular, the Agency shall provide Member States and the Institutions of the EU with the best possible scientific advice and, also, provide industry and Member State authorities with technical and scientific guidance.

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

As from July 2019, the Agency was given the task to support the Commission and the Member States under the Stockholm Convention for the identification of new Persistent organic pollutants and the reporting on regulatory actions under the POPs Regulation.

As part of the implementation of the EU's action plan for the circular economy, the revised Waste Framework Directive (WFD) entered into force in July 2018. It gave ECHA the task to develop the SCIP database with information on articles containing substances of very high concern.

As from January 2021 the revised Drinking Water Directive (DWD) came into effect, based on which ECHA supports the European Commission by setting up EU-wide positive lists of chemicals that can be safely used in materials that come into contact with drinking water.

The Agency's expenditure, in 2021, in respect of the PIC and POPs Regulation, as well as for the implementation of SCIP database and the tasks assigned as per DWD, was financed by a Contribution from the general budget of the EU. The Agency's REACH / CLP and BPR expenditure was financed from EU Contribution and from the fee-generated income.

## **Certification by the Accounting Officer**

### **of ECHA's Final Annual Accounts 2021**

I acknowledge my responsibility for the preparation and presentation of the annual accounts of the European Chemicals Agency in accordance with Article 102 of the Framework Financial Regulation ('FFR')<sup>1</sup> and I hereby certify that the annual accounts of the European Chemicals Agency for the year 2021 have been prepared in accordance with Title IX of the FFR and the accounting rules adopted by the Commission's Accounting Officer, as are to be applied by all the institutions and union bodies.

I have obtained from the Authorising Officer, who certified its reliability, all the information necessary for the production of the accounts that show the European Chemicals Agency's assets and liabilities and the budgetary implementation. Based on this information, and on such checks as I deemed necessary to sign off the accounts, I have a reasonable assurance that the accounts present fairly, in all material aspects, the financial position, the results of the operations and the cash-flow of the European Chemicals Agency.



**Simos Boursalian**  
**Accounting Officer**

**25.05.2022**

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<sup>1</sup> COMMISSION DELEGATED REGULATION (EU) 2019/715 of 18 December 2018 on the framework financial regulation for the bodies set up under the TFEU and Euratom Treaty and referred to in Article 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council.

**1. FINANCIAL STATEMENTS****1.1. Balance Sheet**

<b>ASSETS</b>	<b>Note</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
<b>NON CURRENT ASSETS</b>			
<b>Intangible fixed assets</b>	<a href="#">2.1.1</a>		
Computer software		15 178 746	18 505 873
Intangible fixed assets under development		3 176 553	3 228 190
<b>Tangible fixed assets</b>	<a href="#">2.1.1</a>		
Computer hardware		74 371	134 597
Furniture and Other fixtures & fittings		1 017 380	1 402 631
Assets under finance lease		95 164	147 198
<b>TOTAL NON CURRENT ASSETS</b>		<b>19 542 214</b>	<b>23 418 488</b>
<b>CURRENT ASSETS</b>			
Exchange receivables	<a href="#">2.1.2</a>	3 441 895	3 477 381
Non-exchange receivables	<a href="#">2.1.3</a>	403 076	571 774
Cash and cash equivalents	<a href="#">2.1.4</a>	20 663 866	17 591 071
Current pre-financing	<a href="#">2.1.5</a>	132 621	163 736
<b>TOTAL CURRENT ASSETS</b>		<b>24 641 458</b>	<b>21 803 962</b>
<b>TOTAL ASSETS</b>		<b>44 183 672</b>	<b>45 222 451</b>

<b>NET ASSETS AND LIABILITIES</b>	<b>Note</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
<b>NET ASSETS</b>			
Accumulated result		8 008 277	11 715 182
Economic result of the year /(loss)	<a href="#">1.2</a>	959 289	-3 706 904
<b>TOTAL NET ASSETS</b>	<a href="#">1.4</a>	<b>8 967 566</b>	<b>8 008 277</b>
<b>NON CURRENT LIABILITIES</b>			
Long term financial lease liability		0	74 856
Provisions for risks and charges	<a href="#">2.1.6</a>	108 000	153 000
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>108 000</b>	<b>227 856</b>
<b>CURRENT LIABILITIES</b>			
Short-term financial lease liability		74 857	83 207
Current payables	<a href="#">2.1.7</a>	7 490 797	7 000 643
Accrued charges	<a href="#">2.1.9</a>	8 227 305	9 444 969
Deferred revenue	<a href="#">2.1.8</a>	19 315 147	20 457 499
<b>TOTAL CURRENT LIABILITIES</b>		<b>35 108 106</b>	<b>36 986 317</b>
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>44 183 672</b>	<b>45 222 451</b>

**1.2. Statement of Financial Performance**

Statement of Financial Performance	Note	2021	2020
Exchange revenue		33 457 779	35 315 049
Non-exchange revenue		78 628 492	73 357 725
<b>TOTAL REVENUE</b>	<a href="#">2.2.1</a>	<b>112 086 272</b>	<b>108 672 774</b>
Administrative expenses			
- Staff expenses		(69 383 513)	(68 054 057)
- Fixed asset related expenses		(9 272 007)	(10 618 352)
- Other administrative expenses		(11 641 049)	(13 824 353)
Operating expenses		(20 825 991)	(19 876 239)
Financial expenses		(4 422)	(6 677)
<b>TOTAL EXPENSES</b>	<a href="#">2.2.2</a>	<b>(111 126 982)</b>	<b>(112 379 678)</b>
<b>ECONOMIC RESULT OF THE YEAR</b>		<b>959 289</b>	<b>(3 706 904)</b>

**1.3. Cash Flow Statement**

Cash Flow Statement	Note	2021	2020
<b>Economic result of the year</b>	<a href="#">1.2</a>	<b>959 289</b>	<b>(3 706 904)</b>
<u>Adjustments</u>			
Amortisation (intangible fixed assets)	<a href="#">2.1.1</a>	8 475 566	10 028 685
Depreciation (tangible fixed assets)	<a href="#">2.1.1</a>	515 068	589 668
Impairment (intangible fixed assets)	<a href="#">2.1.1</a>	281 373	-
Decrease in exchange receivables		35 486	302 054
Decrease in non-exchange receivables		168 698	413 432
Decrease / (increase) in current pre-financing		31 115	(152 010)
(Decrease) / increase in provisions		(45 000)	57 000
Decrease in long-term liabilities		(74 856)	(83 210)
Increase in current payables		481 803	1 450 778
Decrease in accrued charges excluding fixed assets related		(1 058 124)	(39 248)
Decrease in deferred income		(1 142 353)	(2 356 275)
<b>Net cash flow from ordinary activities</b>		<b>8 628 067</b>	<b>6 503 969</b>
<b>Cash flows from investing activities</b>			
Payments for intangible fixed assets additions		(5 537 715)	(7 261 156)
Payments for tangible fixed assets additions		(17 557)	(862 698)
<b>Net cash flow from investing activities</b>		<b>(5 555 272)</b>	<b>(8 123 854)</b>
Net decrease in cash & cash equivalents		3 072 795	(1 619 885)
<b>Cash &amp; cash equivalents beginning of the year</b>		<b>17 591 071</b>	<b>19 210 956</b>
<b>Cash &amp; cash equivalents end of the year</b>	<a href="#">2.1.4</a>	<b>20 663 866</b>	<b>17 591 071</b>

#### 1.4. Statement of Changes in Net Assets

	<b>Accumulated Surplus / (Deficit)</b>	<b>Economic result of the year</b>	<b>Net Assets</b>
<b>Balance as of 01.01.2020</b>	<b>28 336 033</b>	<b>(16 620 852)</b>	<b>11 715 181</b>
Allocation of the economic result of previous year	(16 620 852)	16 620 852	-
Economic result of the year 2020	-	(3 706 904)	(3 706 904)
<b>Balance as of 31.12.2020</b>	<b>11 715 181</b>	<b>(3 706 904)</b>	<b>8 008 277</b>
Allocation of the economic result of previous year	(3 706 904)	3 706 904	-
Economic result of the year 2021	-	959 289	959 289
<b>Balance as of 31.12.2021</b>	<b>8 008 277</b>	<b>959 289</b>	<b>8 967 566</b>

## 2. NOTES TO THE FINANCIAL STATEMENTS

### Accounting principles, rules and methods

#### Accounting principles

The Final annual accounts of the Agency have been prepared in accordance with Title IX of the Agency's Financial Regulation, which complies with Title IX of the Framework Financial Regulation ('FFR')<sup>2</sup> as well as in accordance with and the rules adopted by the EU Commission's Accounting Officer, as are to be applied by all the institutions and Union bodies. In particular, in accordance EU Accounting Rule 1 the annual accounts have been prepared under the following principles:

- Fair presentation;
- Accrual basis accounting;
- Going concern basis;
- Consistency of Presentation;
- Comparability of information;
- Materiality and Aggregation;
- No Offsetting;
- Understandability;
- Relevance;
- Reliability.

The accounting system of ECHA comprises of general accounts and budget accounts. These are maintained in EUR and run from 01 January to 31 December.

#### Use of estimates

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

#### Receivables and revised EAR 11

The revised EAR 11 'Financial Instruments' is mandatorily effective as of 1 January 2021. The revised EAR 11 is based on the new IPSAS 41 'Financial Instruments', the amended IPSAS 28 'Financial Instruments: Presentation' and the amended IPSAS 30 'Financial Instruments: Disclosures' which were issued in August 2018. It establishes the financial reporting principles for financial assets and financial liabilities. In accordance with the transition provisions of the revised EAR 11, the entity accounts for any changes from the initial application, on 1 January 2021. The only financial instruments of the Agency, are the receivables from exchange transactions. The entity has applied the impairment requirements of the revised EAR 11 to the receivables and has recognised the required impairment loss allowance. Please refer to [Note 2.1.2](#) and [Note 2.4.2](#).

#### REACH SME Verification Income

The Agency levies fees and charges related to the REACH Regulation based on self-declaration of enterprise. In accordance with Article 13(3) of the REACH fees and charges Regulation, "The Agency may request, at any time, evidence that the conditions for reduced fees or charges or for a fee waiver apply". Thus, the Agency is permitted to interrogate the information submitted by enterprises and following verification adjust the fees and charges invoiced for any errors identified. When errors are identified, these are accounted as revenue at the time when invoiced.

#### Transactions and balances in foreign currency

Foreign currency transactions are converted into EUR using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial performance. The Agency does not have any significant exposure to foreign currency risk with respect to its monetary assets or liabilities.

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<sup>2</sup> COMMISSION DELEGATED REGULATION (EU) 2019/715 of 18 December 2018 on the framework financial regulation for the bodies set up under the TFEU and Euratom Treaty and referred to in Article 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council.



## 2.1. Notes to the balance sheet

### 2.1.1. Intangible and tangible fixed assets

#### General

Items acquired with purchase price at EUR 1 000 or above and with a period of use greater than one (1) year, are recorded in the fixed assets accounts. Items with an acquisition price below EUR 1 000 are charged to the statement of financial performance in the financial period that they are acquired. Intangible assets (mainly IT developments) are recognised if the criteria of recognition are met in accordance with EU Accounting Rule 6 – “Intangible Assets” and the cumulative development costs, including internal resources, exceeds EUR 500 000.

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

As at 31 December 2021 and 2020 specific tangible assets were subject to finance lease arrangement. Their net carrying amount is disclosed in the Tangible Assets tables below.

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

#### Intangible fixed assets:

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

#### Tangible fixed assets:

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

**Intangible fixed assets**

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

Internally developed intangible assets are capitalised in accordance with the principles laid out in the EU Accounting Rule 6 - "Intangible Assets".

The following table represents the capitalised intangible fixed assets as at 31 December 2020 and 2021.

Intangible fixed assets		Internally generated Computer Software	Purchased Computer Software	Intangible fixed assets under Development	Total
<b>Gross carrying amounts 01.01.2020</b>	+	<b>67 880 559</b>	<b>5 870 648</b>	<b>5 435 563</b>	<b>79 186 771</b>
Additions	+	-	-	8 555 382	8 555 382
Disposals / Retirements	-	-	-	-	-
Transfers between headings	+/-	10 762 755	-	(10 762 755)	-
<b>Gross carrying amounts 31.12.2020</b>		<b>78 643 314</b>	<b>5 870 648</b>	<b>3 228 190</b>	<b>87 742 152</b>
<b>Accumulated amortisation and impairment 01.01.2020</b>	-	<b>(50 219 262)</b>	<b>(5 760 143)</b>	-	<b>(55 979 405)</b>
Amortisation	-	(9 963 330)	(65 355)	-	<b>(10 028 685)</b>
Disposals / Retirements	-	-	-	-	-
Write-off / Impairment	-	-	-	-	-
<b>Accumulated amortisation and impairment 31.12.2020</b>		<b>(60 182 591)</b>	<b>(5 825 498)</b>	-	<b>(66 008 089)</b>
<b>Net carrying amounts 31.12.2020</b>		<b>18 460 723</b>	<b>45 150</b>	<b>3 228 190</b>	<b>21 734 063</b>

<b>Gross carrying amounts 01.01.2021</b>	+	<b>78 643 314</b>	<b>5 870 648</b>	<b>3 228 190</b>	<b>87 742 152</b>
Additions	+	-	-	5 378 175	5 378 175
Write-off / Impairment	-	-	-	(281 373)	(281 373)
Transfers between headings	+/-	5 148 439	-	(5 148 439)	-
Other Changes	+/-	(24)	-	-	(24)
<b>Gross carrying amounts 31.12.2021</b>		<b>83 791 729</b>	<b>5 870 648</b>	<b>3 176 553</b>	<b>92 838 930</b>
<b>Accumulated amortisation and impairment 01.01.2021</b>	-	<b>(60 182 591)</b>	<b>(5 825 498)</b>	-	<b>(66 008 089)</b>
Amortisation	-	(8 455 095)	(20 447)	-	<b>(8 475 542)</b>
Disposals / Retirements	-	-	-	-	-
Write-off / Impairment	-	-	-	-	-
<b>Accumulated amortisation and impairment 31.12.2021</b>		<b>(68 637 685)</b>	<b>(5 845 944)</b>	-	<b>(74 483 630)</b>
<b>Net carrying amounts 31.12.2021</b>		<b>15 154 043</b>	<b>24 703</b>	<b>3 176 553</b>	<b>18 355 300</b>

All projects relating to internally developed IT tools that were either on-going or put into operation in 2021 were analysed. The main costs of development relate to external consultancy as well as to ECHA employee salary costs. Employee salary costs directly related to software development for 2021 amounted to EUR 597 963 (EUR 1 524 575 in 2020).

During 2021, sixteen (16) internal IT projects fulfilled the criteria for asset recognition, seven (7) of which commenced prior to 01 January 2021. The costs relating to eight (8) of these projects are recognised as intangible assets under construction as at 31 December 2021.

**Intangible Fixed Assets under development as at 31 December 2021:**

Project name	Intangible Fixed Assets under Development 31.12.2020	Write-off / Impairment 2021	Development Costs 2021	Intangible Fixed Assets under Development 31.12.2021
REACH-IT v3.13	-	-	556 871	556 871
Chesar EUSES v4.0	-	-	877 872	877 872
ECHA Cloud Services v4	-	-	1 100 877	1 100 877
DMP v3.61	-	-	240 526	240 526
QSAR v4.51	-	-	87 591	87 591
R4BP 2.24	-	-	180 559	180 559
SDAP v1.7	-	-	72 965	72 965
Unified IAM v2	-	-	59 292	59 292
SIGMA v1	116 365	(116 365)	-	-
EUON	165 008	(165 008)	-	-
<b>TOTAL</b>	<b>281 373</b>	<b>(281 373)</b>	<b>3 176 553</b>	<b>3 176 553</b>

The remaining eight (8) internally developed IT projects were taken into use during 2021. The total recognised cost of these completed assets amounted to EUR 5 148 439 (EUR 10 762 755 in 2020). These projects had development costs of EUR 2 946 817 recognised in "Intangible fixed assets under development" as at the 31 December 2020. In 2021, further costs of EUR 2 201 622 were incurred completing these developments, prior to being transferred to intangible assets. The total costs transferred from "under construction" to completed internally developed assets in 2021 amounts to EUR 5 148 439 as shown in the table below:

**Intangible Fixed Assets (IT Assets) completed in 2021:**

Project name	Intangible Fixed Assets under Development 31.12.2020	Write-off / Impairment 2021	Development Costs 2021	Capitalised amount during 2021
REACH-IT v3.05	482 317	-	44 794	527 111
ECHA Cloud Services v3	264 730	-	21 337	286 067
DMP v3.6	470 550	-	391 570	862 121
SDAP v1.6	280 768	-	228 688	509 456
ECOMOD v3	714 547	-	36 502	751 049
QSAR v4.5	217 707	-	145 441	363 148
Unified IAM v1	516 198	-	49 403	565 600
IUCLID6 v6.0	-	-	1 283 886	1 283 886
<b>TOTAL</b>	<b>2 946 817</b>	<b>-</b>	<b>2 201 622</b>	<b>5 148 439</b>

The value of research and development expenditure relating to internally developed IT projects, recognised as an expense during 2021, was EUR 983 844 and EUR 84 426 (EUR 653 118 and EUR 56 040 during 2020).

**Tangible fixed assets**

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

Effectively in January 2020, the Agency moved to a new building. As a result, some Furniture and Other fixtures of EUR 487 828 were purchased and delivered to the new building. An amount of EUR 11 899 of Computer Hardware was also added. Finally, fully depreciated IT hardware, with an original gross cost value of EUR 229 648 and zero net book value, were retired in 2020.

In 2021, fully depreciated computer equipment and peripherals with an original cost value of EUR 1 053 252 and zero book value, were further retired.

<b>Tangible fixed assets</b>		<b>Computer hardware</b>	<b>Furniture and Other Fixtures / Fittings</b>	<b>Assets under Finance Lease</b>	<b>Total</b>
<b>Gross carrying amounts 01.01.2020</b>	+	<b>1 663 534</b>	<b>2 884 261</b>	<b>257 963</b>	<b>4 805 758</b>
Additions	+	11 899	487 828	-	<b>499 726</b>
Disposals / Retirements	-	(229 648)	-	-	<b>(229 648)</b>
Other changes	+/-	-	-	(49 824)	<b>(49 824)</b>
<b>Gross carrying amounts 31.12.2020</b>		<b>1 445 785</b>	<b>3 372 089</b>	<b>208 139</b>	<b>5 026 012</b>
<b>Accumulated depreciation and impairment 01.01.2020</b>	-	<b>(1 426 632)</b>	<b>(1 544 498)</b>	<b>(10 436)</b>	<b>(2 981 567)</b>
Depreciation	-	(114 203)	(424 960)	(50 505)	<b>(589 668)</b>
Disposals / Retirements	+	229 648	-	-	<b>229 648</b>
<b>Accumulated depreciation and impairment 31.12.2020</b>		<b>(1 311 188)</b>	<b>(1 969 458)</b>	<b>(60 941)</b>	<b>(3 341 587)</b>
<b>Net carrying amounts 31.12.2020</b>		<b>134 597</b>	<b>1 402 631</b>	<b>147 198</b>	<b>1 684 426</b>
<b>Gross carrying amounts 01.01.2021</b>	+	<b>1 445 785</b>	<b>3 372 089</b>	<b>208 139</b>	<b>5 026 012</b>
Additions	+	1 759	15 798	-	<b>17 557</b>
Disposals / Retirements	-	(1 053 252)	-	-	<b>(1 053 252)</b>
<b>Gross carrying amounts 31.12.2021</b>		<b>394 292</b>	<b>3 387 886</b>	<b>208 139</b>	<b>3 990 317</b>
<b>Accumulated depreciation and impairment 01.01.2021</b>	-	<b>(1 311 188)</b>	<b>(1 969 458)</b>	<b>(60 941)</b>	<b>(3 341 587)</b>
Depreciation	-	(61 985)	(401 049)	(52 034)	<b>(515 068)</b>
Disposals / Retirements	+	1 053 252	-	-	<b>1 053 252</b>
<b>Accumulated depreciation and impairment 31.12.2021</b>		<b>(319 921)</b>	<b>(2 370 507)</b>	<b>(112 975)</b>	<b>(2 803 403)</b>
<b>Net carrying amounts 31.12.2021</b>		<b>74 371</b>	<b>1 017 380</b>	<b>95 164</b>	<b>1 186 915</b>

**2.1.2. Exchange receivables**

Details	31.12.2021	31.12.2020
REACH fee income receivables	2 228 765	2 778 929
Biocides fee income receivables	21 600	89 400
REACH fee receivables impairment loss	(848 448)	(1 356 577)
<b>Net Fees &amp; charges receivables</b>	<b>1 401 917</b>	<b>1 511 752</b>
European School	685 331	676 226
Building Rent and maintenance	572 551	545 976
Prepaid Software maintenance fees & Subscriptions	695 197	601 206
Deferred expenditure included in Accounts payable	55 576	113 461
<b>Deferred charges</b>	<b>2 008 655</b>	<b>1 936 869</b>
Staff	31 322	28 760
<b>Total sundry receivables</b>	<b>31 322</b>	<b>28 760</b>
<b>Total - Exchange receivables</b>	<b>3 441 894</b>	<b>3 477 380</b>

As mentioned in [Note 2.4.2.](#), only the REACH Administrative charge invoices issued as a result of the SME verification process, are subject to impairment review. The table below shows the movement of the impairment loss account during the year:

Movement of Impairment Loss Account (Exchange Receivables)	Note	EUR
<b>Receivables impairment loss 01.01.2020</b>		<b>(1 210 375)</b>
Reversal of Unused Provision due to collections	<a href="#">2.2.1</a>	57 937
Net impairment loss on Receivables		(204 139)
<b>Receivables impairment loss 31.12.2020</b>		<b>(1 356 577)</b>
Used amount due to Write-offs		458 573
Reversal of Unused amount due to collections	<a href="#">2.2.1</a>	170 074
Net impairment loss on Receivables		(120 518)
<b>Receivables impairment loss 31.12.2021</b>		<b>(848 448)</b>

REACH fee income receivable as at 31 December 2021 includes an amount of EUR 1 313 811 relating to administrative charges arising from the SME verification work (EUR 1 978 406 as at 31 December 2020) against which an impairment provision amounting to EUR 848 448 has been recorded (EUR 1 356 577 as at 31 December 2020). For the ageing of the Net Fees & Charges receivables, according to EU Accounting Rule 11 – “Financial Instruments” please refer to [Note 2.4.2.](#)

Since 2018, the Agency intensified its efforts on collecting the long outstanding administrative charges. In particular, new contracts for pre-litigation and litigation actions with three law firms were signed, covering ECHA claims in 24 Member States. Based on a detailed case by case analysis, a total amount of EUR 458 573 relating to 29 invoices of overdue outstanding administrative charges have been written off against the already recorded provision for impairment loss in 2021. The write-offs were mainly relating to cases where the companies have ceased to exist (companies bankrupt, liquidated, dormant, insolvent, inactive, dissolved, etc), or

for cases where it was assessed that it would be economically ineffective to further pursue the claims. Furthermore, based on the efforts on this collection project, a total amount of EUR 1 485 295 of long overdue administrative charge invoices had been collected since its inception in 2018 and up to the end of 2021. In particular, through the continuous efforts, during 2021 an amount of EUR 237 617 of long overdue administrative charges was further collected, resulting in additional EUR 170 074 of the recorded provision to be reversed to income.

**2.1.3. Non-Exchange receivables**

<b>Non-exchange receivables</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
VAT receivable from Finnish authorities	403 076	571 774
<b>Total - Non-exchange receivables</b>	<b>403 076</b>	<b>571 774</b>

Non-exchange receivables relate to value added tax (VAT) recoverable from the Finnish Authorities. According to the Seat Agreement signed between the Government of Finland and the Agency, the latter can file an application for reimbursement of VAT paid on purchases in Finland, if the invoice value is greater than EUR 80 including VAT.

**2.1.4. Cash and Cash equivalents**

<b>Bank account name</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
Nordea Current Ac	5 581	5 715
ING Belgium Admin Account	8 545 646	10 209 886
ING Belgium REACH Account	1 413 395	729 064
ING Belgium Biocide Account	3 620 934	825 787
ING Belgium PIC Account	2 555 381	1 461 398
ING Belgium Appeal Account	110 615	232 542
ING Belgium Delegated Tasks Account	4 181 973	3 624 677
ING Belgium IPA Account	230 341	502 002
<b>Total - Current accounts</b>	<b>20 663 866</b>	<b>17 591 071</b>

The principal bank of the Agency is ING Belgium NV.

**2.1.5. Current pre-financing open**

<b>Pre-financing</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
Substance evaluation contracts	9 050	17 863
<i>Less accrued charges</i>	<i>(21 116)</i>	<i>(30 428)</i>
<b>Contracts - Outstanding pre-financing</b>	<b>(12 066)</b>	<b>(12 564)</b>
Translations	291 803	215 180
<i>Less accrued charges</i>	<i>(159 182)</i>	<i>(51 444)</i>
<b>Translations - Outstanding pre-financing</b>	<b>132 621</b>	<b>163 736</b>
<b>Total Pre-financing receivable at year end</b>	<b>132 621</b>	<b>163 736</b>
<b>Total Pre-financing net in accrued payables at year end</b>	<b>(12 066)</b>	<b>(12 564)</b>

The pre-financing given in the year and not consumed by payments on invoices is credited with the accrued charges recorded for the services ordered and received but not yet invoiced.

**2.1.6. Long and short-term Provisions for risks and charges**

<b>Provisions</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
Long-term provisions – legal	108 000	153 000
Short-term provisions	-	-
<b>Total – Provisions</b>	<b>108 000</b>	<b>153 000</b>

<b>Movement of Provisions</b>	<b>Note</b>	<b>EUR</b>
<b>Provisions 01.01.2020</b>		<b>96 000</b>
Reversal of Unused Provision	<a href="#">2.2.1</a>	(58 197)
New Provision for Legal Cases		141 000
Used Provision		(25 803)
<b>Provisions 31.12.2020</b>		<b>153 000</b>
Reversal of Unused Provision	<a href="#">2.2.1</a>	(116 874)
New Provision for Legal Cases		84 000
Used Provision		(12 127)
<b>Provisions 31.12.2021</b>		<b>108 000</b>

**2.1.7. Current payables**

<b>Current payables</b>	<b>Note</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
Supplier invoices received		570 103	592 981
Current payable to EU consolidated entities		-	-
<b>Total Accounts Payable</b>		<b>570 103</b>	<b>592 981</b>
Appeal fees received	<a href="#">2.1.4</a>	110 615	232 542
Fee refunds due		261 702	461 186
Other payables		13 985	2 778
<b>Total Sundry Payable</b>		<b>386 302</b>	<b>696 506</b>
Pre-financing received from EU consolidated entities	<a href="#">2.1.10</a>	6 487 974	5 711 155
Pre-financing Confederation of Switzerland	<a href="#">2.1.10</a>	46 419	-
<b>Pre-financing open Commission and others</b>		<b>6 534 393</b>	<b>5 711 155</b>
<b>Total - Current payables</b>		<b>7 490 797</b>	<b>7 000 643</b>

The sundry payables relating to appeal fees of EUR 110 615 (EUR 232 542 in 2020) are recognised as Accounts Payable until the cases are decided upon by the Board of Appeal. The Agency will have to refund the appeal fee in cases where the appeal is decided in the applicant's favour or will recognise the appeal fee as income of the Agency, where the Board of Appeal concludes in ECHA's favour.

**2.1.8. Deferred revenue**

<b>Deferred Income</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
REACH Authorisation fees & charges	385 599	882 980
BPR fees & charges	18 929 548	19 574 518
<b>Total - Deferred income</b>	<b>19 315 147</b>	<b>20 457 499</b>

The deferrals recorded at the year-end relate to REACH Authorisation and BPR fees and charges cashed in the periods 2015 to 2021 (for REACH Authorisations all deferrals as at 31 December 2021 related to fees cashed in 2021 only) for which the Agency and the relevant Members States Competent Authorities for the case of BPR fees, still has to complete a portion of the work in respect of the applications. This work will be performed from 2022 onwards.



**2.1.9. Accrued liabilities**

The accrued liabilities are the amounts estimated by the Authorising Officer, based on relevant commitments already established, in respect of the cost incurred for services and goods delivered but not yet invoiced on or before 31 December 2021. The accrued liabilities, including EU consolidated entities, as at 31 December 2021 amount to EUR 8 227 305 (EUR 8 212 465 with third parties plus EUR 14 840 with EU consolidated entities) and are further analysed per category in the following table.

<b>Accrued liabilities type</b>	<b>31.12.2021 with third parties</b>	<b>31.12.2021 with EU consolidated entities</b>	<b>31.12.2020 with third parties</b>	<b>31.12.2020 with EU consolidated entities</b>
<b>Administrative expenses</b>				
Staff related expenses	105 892	-	87 706	-
Untaken leave by staff	1 848 874	-	1 966 779	-
Recruitment related expenses	520	800	-	-
European School of Helsinki	3 461	-	16 000	-
Annual Medical	604	-	699	-
Missions	-	-	-	-
Training	13 753	-	55 441	2 375
Building costs	12 942	-	52 139	-
Other	15 784	14 040	34 301	7 268
<b>Total - Administrative expenses</b>	<b>2 001 830</b>	<b>14 840</b>	<b>2 213 064</b>	<b>9 643</b>
<b>Operational expenses</b>				
Management Board & Committee meetings / Workshops	-	-	-	-
Operational missions	173	-	-	-
IT related	5 653 934	-	6 159 799	-
Substance evaluation	190 395	-	183 502	-
Other	285 498	-	746 345	-
<b>Total - Operational expenses</b>	<b>6 130 000</b>	-	<b>7 089 646</b>	-
<b>Other</b>				
Financial expenses	-	-	70	-
Interim Staff	80 635	-	132 546	-
Accruals relating to fixed assets	-	-	-	-
<b>Total - Other</b>	<b>80 635</b>	-	<b>132 616</b>	-
<b>Total - Accrued liabilities</b>	<b>8 212 465</b>	<b>14 840</b>	<b>9 435 326</b>	<b>9 643</b>

**2.1.10. Pre-Financing liability**

<b>Pre-financing liability - consolidated entities and Switzerland</b>	<b>Note</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
EU contribution		77 247 824	71 944 520
EU contribution consumed in the year	<a href="#">2.2.1</a>	(73 828 464)	(69 400 592)
EFTA contribution		1 956 802	1 598 830
EFTA contribution consumed in the year	<a href="#">2.2.1</a>	(1 866 943)	(1 540 205)
<b>EU contribution incl. EFTA repayable</b>		<b>3 509 218</b>	<b>2 602 552</b>
Switzerland contribution – Biocide		460 852	252 162
Switzerland contribution expended in the year	<a href="#">2.2.1</a>	(414 433)	(252 162)
<b>Switzerland BPR contribution repayable</b>		<b>46 419</b>	<b>-</b>
EUON/EUCLEF open pre-financing at the beginning of the year		2 518 553	2 112 635
EUON/EUCLEF additional pre-financing received		1 626 000	1 966 750
EUON/EUCLEF total income recognised during the year	<a href="#">2.2.1</a>	(1 655 101)	(1 538 021)
EUON/EUCLEF amount repaid during the year		(22 306)	(22 811)
<b>EUON/EUCLEF open pre-financing at year end</b>		<b>2 467 147</b>	<b>2 518 553</b>
IPA open pre-financing at the beginning of the year		447 063	338 927
IPA additional pre-financing received		-	335 000
IPA income recognised during the year	<a href="#">2.2.1</a>	(280 401)	(206 011)
IPA amount repaid back during the year		-	(20 853)
<b>IPA open pre-financing at year end</b>		<b>166 662</b>	<b>447 063</b>
OELs open pre-financing at the beginning of the year		142 987	128 279
OELs additional pre-financing received		600 000	240 000
OELs income recognised during the year	<a href="#">2.2.1</a>	(398 040)	(225 292)
<b>OELs open pre-financing at year end</b>		<b>344 947</b>	<b>142 987</b>
<b>Total open-financing liability at year end</b>		<b>6 534 393</b>	<b>5 711 155</b>
<i>Open Pre-financing from EU consolidated entities</i>		<i>6 487 974</i>	<i>5 711 155</i>
<i>Open Pre-financing from Confederation of Switzerland</i>		<i>46 419</i>	<i>-</i>

**EU and EFTA Contributions**

During 2021, the Agency received EU contributions of EUR 77 247 824 (EUR 71 944 520 in 2020) for the implementation of REACH, BPR and PIC / POPs / SCIP / DWD Regulations. The amounts received were EUR 61 914 564, EUR 10 048 159 and EUR 5 285 100 respectively from DG GROW, DG SANTE and DG ENVIRONMENT (EUR 61 879 520, EUR 7 008 000 and EUR 3 057 000 respectively in 2020).

In addition, during 2021 under the REACH and BPR, the Agency received EUR 1 956 802 of EFTA contribution (EUR 1 598 830 in 2020). The amounts received were EUR 1 681 047 for REACH and EUR 275 755 for BPR (EUR 1 441 278 and EUR 157 552 respectively in 2020).

As at 31.12.2021 an amount of EUR 3 509 218 out of the total EU plus EFTA contribution received, is repayable to the EU Commission within in 2022. In particular EUR 2 348 680 relates to REACH positive Budget Outturn for 2021 that is repayable to DG GROW, EUR 1 039 861 relates to BPR positive Budget Outturn for 2021 that is repayable to DG SANTE and EUR 120 677 relates to PIC / POPs / SCIP / DWD positive Budget Outturn for 2021 that is repayable to DG ENV (see [section 3.1](#)).

Switzerland's contribution under the BPR, during 2021, amounted to EUR 460 852 (EUR 252 162 in 2020). The amount repayable as at 31.12.2021 of EUR 46 419 (see [section 3.1](#)), is expected to be offset against the 2022 contribution.

### **EUON / EUCLEF Agreements with DG GROW**

The Agency has signed delegation agreements with DG GROW in respect of implementing the tasks under the European Union Observatory for Nanomaterials (EUON) and the European Union Chemical Legislation Finder (EUCLEF). By 31.12.2019 ECHA had a relevant open pre-financing received amounting to EUR 2 112 635. During 2020, the Agency incurred further total expenditure of EUR 1 538 021 for implementing EUON and EUCLEF, with an equal amount of pre-financing recognised as income, and repaid the open pre-financing of EUR 22 811, relating to funds received before 2018. Furthermore, the Agency signed two additional transfer of funds agreements for EUON and EUCLEF, receiving EUR 827 700 and EUR 1 139 050 respectively and thus the relevant open pre-financing as at 31.12.2020 was EUR 2 518 553.

During 2021, the Agency incurred further total expenditure of EUR 1 655 101 for implementing EUON and EUCLEF agreements, with an equal amount of pre-financing recognised as income, and repaid the open pre-financing of EUR 22 306 relating to funds received in 2018. Furthermore, the Agency signed two additional transfer of funds agreements for EUON and EUCLEF, receiving EUR 600 000 and EUR 1 026 000 respectively and thus the relevant open pre-financing as at 31.12.2021 was EUR 2 467 147.

### **IPA Agreements with DG NEAR**

Under the IPA programme (Instrument for Pre-accession Assistance) a total pre-financing of EUR 338 927 was open as at 31.12.2019 relating to IPA funds received in 2017 (EUR 20 853) and in 2019 (EUR 318 074) from DG NEAR. During 2020 the amount of EUR 20 853 of the open 2017 IPA funds was repaid. The Agency incurred further total expenditure of EUR 206 011, with an equal amount of pre-financing recognised as income. The Agency also received an additional pre-financing of EUR 335 000 from DG NEAR and thus the relevant open pre-financing as at 31.12.2020 was EUR 447 063.

During 2021, the Agency incurred further total expenditure of EUR 280 401, with an equal amount of pre-financing recognised as income and thus the relevant open pre-financing as at 31.12.2021 was EUR 166 662.

### **OELs Agreements with DG EMPL**

The Agency signed in 2019 a Service Level Agreement with DG EMPL for the provision of certain scientific opinions with respect to Occupational Exposure Limits (OELs) for an amount of EUR 240 000 with the open pre-financing as at 31.12.2019 being EUR 128 279. During 2020 the Agency incurred a total expenditure of EUR 225 292, with an equal amount of pre-financing recognised as income, and received another EUR 240 000 for the implementation of additional tasks, thus the relevant open pre-financing as at 31.12.2020 was EUR 142 987.

During 2021 the Agency received another EUR 600 000, based on a signed Contribution Agreement for the implementation of additional tasks and incurred a total expenditure of EUR 398 040, with an equal amount of pre-financing recognised as income, and, thus the relevant open pre-financing as at 31.12.2021 was EUR 344 947.

## 2.2. Notes to the statement of financial performance

### 2.2.1. Revenue

The Agency executes its REACH fee income in accordance with the Regulation (EC) No 1907/2006 (the "REACH Regulation") and the Commission Regulation No 340/2008 on the fees and charges payable to the European Chemicals Agency (the "Fee Regulation"). The CLP income is executed in accordance with Regulation (EC) No 1272/2008 of the European Parliament and Council. The Agency commenced invoicing of applicants under the Biocidal Products Regulation (EU) No 528/2012 as from 01 September 2013.

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

Revenue	Note	2021	2020
<b>Non-exchange revenue</b>			
EU contribution	<a href="#">2.1.10</a>	73 828 464	69 400 592
EFTA contribution	<a href="#">2.1.10</a>	1 866 943	1 540 205
Federation of Switzerland Contribution	<a href="#">2.1.10</a>	414 433	252 162
Revenue with consolidated entities (IPA, EUON, EUCLEF, OELs)	<a href="#">2.1.10</a>	2 333 541	1 969 324
Reversal of provisions related to legal cases	<a href="#">2.1.6</a>	116 874	58 197
Miscellaneous administrative revenue		68 236	137 244
<b>Total - Non-exchange revenue</b>		<b>78 628 492</b>	<b>73 357 725</b>
<b>Exchange revenue</b>			
<b>a) Fee income</b>			
REACH fee income		27 424 393	30 494 018
Biocide fee income		3 635 275	2 861 007
Appeal Fees income		74 260	47 941
Reversal of REACH Administrative charge impairment provision due to collections	<a href="#">2.1.2</a>	170 074	57 937
<b>b) Other revenue</b>			
Revenue from SLA with EUSPA		28 728	22 572
Revenue from SLA with EFSA		2 123 206	1 821 576
<b>c) Financial revenue</b>			
Other Interest income		1 844	9 879
FX gains		-	119
<b>Total - Exchange revenue</b>		<b>33 457 780</b>	<b>35 315 049</b>
<b>Total – Revenue</b>		<b>112 086 271</b>	<b>108 672 774</b>

Fees and charges income is recognised as revenue in the accounts when the service is rendered, except in the case of REACH SME verification. The service is considered to be rendered by ECHA, when ECHA accepts a submitted request for registration or submitted notification. An invoice is created and sent to the company normally within two (2) working days. Every submission undergoes a technical and financial completeness check during a period set by the relevant regulations. If a submission is technically or financially incomplete (e.g. not "paid in full") by the relevant deadline, the registrant is informed that the submission has been rejected. If the rejection stems from the absence of the payment, the related open invoice is set to the status "unpaid". Consequently the rejection reduces the recognised revenue. In preparation for the final accounts 2021, all known rejections were taken into account.

A deferral for fee income upon which the work will be performed in 2022 and onwards has been provided in the accounts. Details of the deferred amounts are shown in the [Note 2.1.8](#).

## **Revenue from SLA with EFSA**

During September 2019, the Agency had signed an SLA with the European Food Safety Authority (EFSA) for the provision of a fast scan proposal on IUCLID-as-a-Service for Pesticides and collected an amount of EUR 784 428. The total duration of the contract was 10 months as from 19.09.2019. As at 31.12.2019 an amount of EUR 268 357 has been recognised as income for services rendered during 2019 and an amount of EUR 516 071 had been recognised as deferred revenue relating to services to be rendered in 2020.

During 2020, ECHA signed an additional SLA with EFSA, according to which ECHA is providing services to EFSA with respect to the development of a so called Minimum Viable Product (MVP), based on IUCLID, in order for EFSA to meet new requirements for capturing, managing, handling and distributing Plant Protection Products (PPP). According to the agreement, ECHA collected an amount of EUR 1 305 505 for the services to be provided entirely in 2020. As a result during 2020 ECHA recognised in total EUR 1 821 576 as revenue from the SLAs with EFSA.

During 2021, ECHA collected the additional, and last, amount of EUR 734 672 according to the SLA signed with EFSA in 2020 (MVP for PPP, see previous paragraph). With this payment, the SLA of 2020 was concluded. Furthermore, a third SLA was signed in March 2021 between ECHA and EFSA, for the provision of IUCLID as a service from ECHA to EFSA (IUCLID for PPP). According to this new SLA, ECHA collected from EFSA an amount of EUR 588 534, relating to an annual "Service Fee" for the provision of the services, (Annual service fee of EUR 784 712, pro-rated for 9 months in 2021) plus an amount of EUR 800 000, relating to the development costs for additional service requests agreed with EFSA, according to the new SLA. As a result, during 2021 ECHA recognised in total EUR 2 123 206 as revenue from the SLAs with EFSA.

**2.2.2. Expenses**

<b>Administrative expenses</b>	<b>2021</b>	<b>2020</b>	<b>change%</b>
Staff related expenses	69 236 072	67 745 076	2%
Seconded National Experts expenses	147 442	308 981	-52%
<b>Administrative expenses – Staff</b>	<b>69 383 513</b>	<b>68 054 057</b>	<b>2%</b>
Depreciation/Amortisation	8 990 634	10 618 352	-15%
Intangible Fixed Assets Impairment	281 373	-	-
<b>Administrative expenses – Fixed Assets related</b>	<b>9 272 007</b>	<b>10 618 352</b>	<b>-13%</b>
Recruitment related expenses	175 697	155 903	13%
Interim staff	1 213 404	2 604 529	-53%
European School Helsinki	1 256 427	1 284 209	-2%
Annual medical	363 612	376 656	-3%
Missions	-	9 868	-100%
Training	400 854	320 495	25%
Rent	5 502 048	5 176 596	6%
Building related costs	1 548 677	2 811 750	-45%
Other	1 180 331	1 084 347	9%
<b>Administrative expenses – Other</b>	<b>11 641 049</b>	<b>13 824 353</b>	<b>-16%</b>
<b>Operational expenses</b>	<b>2021</b>	<b>2020</b>	<b>change%</b>
Management Board meetings	-	20 448	-100%
Committee meetings and workshops	57 261	235 879	-76%
Operational missions	294	80 896	-100%
Translations	2 050 045	1 479 635	39%
IT operational costs	16 296 032	15 591 917	3%
Substance Evaluation	270 285	249 135	8%
Other	2 152 075	2 218 329	-3%
<b>Operational expenses</b>	<b>20 825 991</b>	<b>19 876 239</b>	<b>5%</b>
<b>Financial expenses</b>	<b>2021</b>	<b>2020</b>	<b>change%</b>
Bank charges and Other financial cost	136	75	<b>82%</b>
FX losses	4 286	6 602	<b>-35%</b>
<b>Total – Financial expenses</b>	<b>4 422</b>	<b>6 677</b>	<b>-34%</b>
<b>Total – Expenses</b>	<b>111 126 982</b>	<b>112 379 678</b>	<b>-1%</b>

Overall, the 2021 expenditure has been decreased by 1% (approx. EUR 1.25 million decrease) compared to 2020. It should be noted that the COVID related effect in 2021 expenditure compared to 2020 is not that high in monetary terms, since Meeting, Workshops and Missions costs have been further decreased at EUR 0.06 million in 2021 versus EUR 0.35 million in 2020 (approx. EUR 0.3 million decrease). However, compared to the year 2019 (pre-COVID year) this type of expenditure has - decreased by approx EUR 3 million (i.e 98% decrease). For more details on COVID related impact please refer to [Note 2.6.1.COVID-19 pandemic](#).

Building related costs have - decreased in 2021 by 45% (approx EUR 1.26 million decrease), mainly relating to the fact that 2020 included exceptional costs for furniture and fittings (that did not qualify as fixed assets) due to the move to ECHA's new building, and also due to the recovery in 2021 of 2020 Building Maintenance costs, according to the rental agreement. Building rent, on the other hand, is increased by 6% compared to 2020 (approx EUR 0.33 million increase) due to the fact that in 2020, rent payment started only after late January 2020, according to the rental agreement.

Furthermore, Interim staff expenditure was decreased by 53% (approx EUR 1.4 million decrease), due to Agency's decision to employ significantly less interim workforce in 2021. Finally, fixed assets amortisation/depreciation expense was decreased by 15% versus 2020 (approx EUR 1.6 million decrease), since more internally generated software has been fully depreciated in 2020 compared to 2021 (mainly internally developed software which is amortised over 4 years).

However, the decrease in meetings / missions, administrative and fixed assets expenditure, as described above has been partially offset by an increase in staff expenditure (EUR 1.2 million), in IT operational costs (EUR 0.7 million) and in translation expenses (EUR 0.57 million). Staff related expenditure increase of 2%, is directly related to the 1.1% increase in the average number of employed staff during 2021 as well as to the 1.5% net annual salary indexation on (an annual basis vs 2020) plus the internal normal evolution of payroll (i.e steps, promotions etc). On the other hand, REACH pension contribution decreased from 37% in 2020 to 30% in 2021, leading to a EUR 0.7 million monetary decrease.

### 2.3. Off balance sheet items

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

The Agency had contingent asset of EUR 48 400 as at 31 December 2021, relating to a performance guarantee provided by a contractor.

**Commitments for future funding** are also off balance sheet items and specified as follows:

Category	31.12.2021	31.12.2020
Commitments against appropriations not yet consumed (RAL)	8 647 269	6 675 671
Operating lease (Building)	48 307 322	52 586 683
Contractual commitments for which budget commitments have not yet been made (maintenance, IT, cleaning, security)	8 383 536	10 425 471
Contingent liabilities (legal cases)	420 000	430 000
<b>Total</b>	<b>65 758 127</b>	<b>70 117 825</b>

Commitments against appropriations not yet consumed is the remaining net amount to be paid (RAL) after deducting eligible expenses (cut-off postings for accrued expenses) that have already been booked in the statement of financial performance for 2021.

Operating lease (Building) includes the contractual monthly lease payments for the new building (expected during the years 2022 – 2029).

The contingent liabilities consist of fourteen on-going legal cases (fifteen as at 31.12.2020) estimated at a total amount of EUR 420 000 (EUR 430 000 as at 31.12.2020). This contingent liability covers the possible costs of the complainants, which is dependent on the future outcome of the individual cases.

## 2.4. Financial assets and liabilities

In line with Accounting rule No 11 additional disclosures are provided below:

### 2.4.1. Credit quality analysis - Cash and cash equivalents

Details	Note	31.12.2021			
		Credit quality	Credit rating	Rating Agency	EUR
Bank accounts / Nordea Bank Abp	<a href="#">2.1.4</a>	High grade	A-1+	S&P	5 581
Bank accounts / ING Belgium NV/SA	<a href="#">2.1.4</a>	High grade	A-1	S&P	20 658 285
<b>Cash and Cash equivalents</b>					<b>20 663 866</b>

### 2.4.2. Analysis of the age of exchange receivables

Type of receivables 31.12.2021	Not past due	0-30 days	31-90 days	91-365 days	> 1year	Total
REACH fees	914 954	-	-	-	-	914 954
REACH SME administrative charges	273 746	-	14 267	102 522	923 276	1 313 811
Biocides fees	21 600	-	-	-	-	21 600
REACH receivables impairment	(44 597)	-	(879)	(38 979)	(763 993)	(848 448)
<b>Net fees &amp; charges receivables</b>	<b>1 165 703</b>	<b>-</b>	<b>13 388</b>	<b>63 542</b>	<b>159 283</b>	<b>1 401 917</b>

Net fees & charges receivables relate to REACH and BPR regulations. Under these regulations, if fees are not paid by the due dates, the invoice is cancelled and the applicant's submission is not accepted, i.e. the applicant will not receive a registration number. However, under the REACH SME verification process, the administrative charge for incorrect company size declarations is not cancelled if the due date expires. These invoices remain outstanding and, as a consequence, an estimated impairment loss has been recorded in the accounts (see [Note 2.1.2](#)) in accordance with EU Accounting Rule 11 – "Financial Instruments".

### 2.4.3. Remaining maturities of liabilities

Maturities of liabilities 31.12.2021	< 1 year	1 - 5 years	> 5 years	Total
Payables with third parties	1 002 823	-	-	1 002 823
Payables (EU consolidated entities)	6 487 974	-	-	6 487 974
Accrued Liabilities with third parties	8 212 465	-	-	8 212 465
Accrued Liabilities (consolidated entities)	14 840	-	-	14 840
Finance Lease Liabilities	74 857	-	-	74 857
<b>Total – Liabilities</b>	<b>15 792 959</b>	<b>-</b>	<b>-</b>	<b>15 792 959</b>

Maturities of liabilities 31.12.2020	< 1 year	1 - 5 years	> 5 years	Total
Payables with third parties	1 289 488	-	-	1 289 488
Payables (EU consolidated entities)	5 711 155	-	-	5 711 155
Accrued Liabilities with third parties	9 435 326	-	-	9 435 326
Accrued Liabilities (consolidated entities)	9 643	-	-	9 643
Finance Lease Liabilities	83 207	74 857	-	158 064
<b>Total – Liabilities</b>	<b>16 528 818</b>	<b>74 857</b>	<b>-</b>	<b>16 603 675</b>

The outstanding contractual liabilities as at 31 December 2021 mainly relate to supplier invoices of EUR 570 103, received and recorded in the financial system (EUR 592 981 as at 31 December 2020), as well as the Budget Outturn for the year and other prefinancing payable to the Commission amounting to EUR 6 487 974 (EUR 5 711 155 as at 31 December 2020). See [Note 2.1.10](#).



## 2.5. Related party disclosures

The highest staff grade of the Agency in 2021 was AD14 (Executive Director-Authorising Officer, Deputy Executive Director as well as two other Directors).

## 2.6. Other Significant disclosures for 2021

### 2.6.1. COVID-19 pandemic

During 2021, the coronavirus outbreak continued to have a global impact. However, it did not have any effect on the recognition and measurement of the Agency's assets and liabilities as at 31 December 2021.

The COVID-19 pandemic affected the Agency's way of working. ECHA put the necessary steps in place to continue functioning in a fully remote setting with extended teleworking arrangements already in place since March 2020 and continuing for the whole 2021. Following the decision to move to a teleworking mode for all staff and arrange for all committee meetings remotely in March 2020, hotel cancellation policies and recovery of cancelled flight payments were renegotiated with suppliers with no financial loss to the Agency.

As a result, during 2020, there was a significant decrease in certain categories of expenditure, directly related to COVID-19 pandemic, compared to 2019. In particular, as a result of the pandemic and the switch from physical to virtual meetings, the operational expenditure associated with scientific committee meetings, workshops and forums, as well as with the conduct of the Management Board meetings, trainings, missions and recruitment, was decreased by 78% in aggregate, resulting in savings of approximately EUR 3 million in 2020 versus 2019.

During 2021, the situation continued, resulting in nearly zero mission and meeting related costs. In order to understand the impact of COVID-19 arrangement in the financial management of ECHA, it is relevant to highlight that in 2021, meeting, missions, including training and recruitment costs (operational and administrative) in aggregate, are approximately EUR 3.2 million decreased compared to the 2019 (pre-COVID year).

A description of the 2021 actual accrual-based accounting expenditure is included in [Note 2.2.2 Expenses](#).

On the budget implementation side, the initial total budgetary payment appropriations for 2021, have been finally adjusted downwards by EUR 2.7 million. The main reasons for the reduced budget were still related to the COVID-19 pandemic (reduced on-site committee meetings, nearly no duty travels, and reduced building costs due to prolonged remote working). By the time the 2021 Initial Budget was approved by the Management Board in December 2020, it was not anticipated that a complete stop of all physical meetings and missions would be applicable for the full year 2021.

The conditions triggered by COVID-19 as described above, enabled the Agency to achieve budget savings which balanced the fee income decrease observed during the years 2020 and 2021, compared to the initial budget estimates. It should be noted, however, that the observed decrease in the collected fee income cannot be directly attributed to the COVID-19 outbreak. It is a trend already observed since the third and last REACH registration deadline expired in 2018.

A description of the 2021 budget implementation is included in sections [3.3 Budget Implementation 2021](#) and [4. Financial Management 2021](#).

### **2.6.2. BREXIT**

On 1 February 2020, the United Kingdom ceased to be a Member State of the European Union. Following the conclusion of the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community (the "Withdrawal Agreement") between the two parties, the United Kingdom committed to pay all its obligations under the current MFF and previous financial perspectives following from its membership of the Union. The United Kingdom has paid into the 2020 EU Budget during the year, and received payments, as if it were a Member State.

The transition period, during which the EU treated the United Kingdom as if it was a Member State, (with the exception of participation in the EU institutions and governance structures) ended on 31 December 2020 and the Protocol on Ireland and Northern Ireland started to apply from 1 January 2021.

REACH, CLP, BPR, PIC and POPs continue to apply in Northern Ireland (UK(NI)) after the transition period, but do no longer apply in the rest of the UK (UK(GB)). REACH registrations made by UK(GB)-based manufacturers, importers and only representatives which are not transferred to the EU/EEA before the end of the transition period, became void.

In order for a REACH Registration to be transferred, a Legal Entity Change should have been initiated by the UK(GB) entity ("initiator") before 31 December 2020 to a non UK(GB) entity ("successor"). The associated Legal Entity Change (LEC) fee could be paid by the "successor" company even in 2021, within the legal deadlines stipulated by the REACH fee regulation. As at 31 December 2020, ECHA had a total of EUR 142 635 open receivables relating to LEC fees with the "initiator" being a UK(GB) company, with invoice due dates up to mid-February 2021. During 2021, an amount of EUR 116 293 of those receivables have been collected. A total of EUR 26 342 had not been collected within the due dates and had been already adjusted as at 31.12.2020.

Furthermore, as at 31 December 2020, ECHA had EUR 117 632 of outstanding open receivables with UK companies relating to the administrative charge as a result of the SME verification (8 cases) for which an equal provision for impairment had been recorded in the annual accounts as at 31.12.2020. During 2021, an amount of EUR 43 841 has been finally collected (3 cases) and an amount of EUR 53 621 has been written-off (4 cases). Only an amount of EUR 19 900 is still outstanding as at 31.12.2021 (1 case) for which an equal provision for impairment is recorded in the annual accounts as at 31.12.2021 (see [Note 2.1.2](#)).

### **2.7. Events after the balance sheet date**

In accordance with EU accounting rule 19, Events after Reporting Date, the war in Ukraine, that began in February 2022 is a non adjusting event, thus not requiring any adjustments to the figures reported in these financial statements at 31 December 2021. For subsequent reporting periods, the war may affect the recognition and measurement of some assets and liabilities on the balance sheet and also of some revenue and expenses recognized in the statement of financial performance. Based on the facts and circumstances at the time of preparation of these financial statements, in particular the evolving situation, the financial effect of the war in Ukraine, cannot be reliably estimated.

Other than that, no material issues were reported that would require separate disclosure under this section. The annual accounts and related notes were prepared using the most recently available information.

### 3. REPORTS ON THE IMPLEMENTATION OF THE BUDGET

#### 3.1. Budget Outturn Account

<b>Budget Outturn Account</b> <i>(amounts in EUR)</i>		<b>2021</b>	<b>2020</b>
<b>REVENUE</b>			
EU contribution	+	79 665 478	73 795 512
Other contributions from Commission (EUON/EUCLEF, IPA, OELs, etc)	+	4 349 206	3 847 255
Fee income	+	30 198 445	32 292 704
Other revenue	+	326 505	284 491
<b>TOTAL - REVENUE (a)</b>		<b>114 539 633</b>	<b>110 219 961</b>
<b>EXPENDITURE</b>			
<i>Title I: Staff</i>			
Payments	-	72 314 848	72 756 294
Appropriations carried over	-	300 251	353 953
<i>Title II: Administrative Expenses</i>			
Payments	-	11 904 218	10 932 482
Appropriations carried over	-	2 035 065	2 519 648
<i>Title III: Operating Expenditure</i>			
Payments	-	12 972 313	12 569 521
Appropriations carried over	-	15 722 732	13 251 657
<b>TOTAL - EXPENDITURE (b)</b>		<b>115 249 427</b>	<b>112 383 556</b>
<b>OUTTURN FOR THE FINANCIAL YEAR (a-b)</b>		<b>(709 793)</b>	<b>(2 163 594)</b>
Cancellation of unused payment appropriations carried over from previous year	+	268 825	363 349
Adjustment for carry-over from the previous year of appropriation available at 31.12. arising from assigned revenue	+	4 486 466	3 923 717
Exchange differences for the year (gain +/- loss -)	+/-	(4 286)	(6 497)
<b>BALANCE OF THE OUTTURN ACCOUNT FOR THE FINANCIAL YEAR</b>		<b>4 041 213</b>	<b>2 116 976</b>
Balance year N-1	+/-	2 116 976	1 518 487
Positive balance from year N-1 reimbursed in year N	-	(2 602 552)	(1 518 487)
<b>BUDGET OUTTURN</b>		<b>3 555 637</b>	<b>2 116 976</b>
Analysed as:			
REACH / CLP Budget Outturn (DG GROW)		2 348 680	2 575 616
BPR Budget Outturn (DG SANTE)		1 086 280	(485 576)
PIC / POPs / WFD / DWD Budget Outturn (DG ENV)		120 677	26 936
<b>Total Budget Outturn</b>		<b>3 555 637</b>	<b>2 116 976</b>
EU contribution – ECHA recognised revenue		<b>76 109 841</b>	<b>71 192 959</b>
EU pre-financing to be reimbursed to the Commission		<b>3 509 218</b>	<b>2 602 552</b>
Pre-financing to be reimbursed to the Swiss Confederation		<b>46 419</b>	-

The detailed budget execution is set out in section [3.3 Budget Implementation 2021](#)

### 3.2. Reconciliation of Economic Result and Budgetary Outturn

The Agency's financial statements are prepared on an accrual basis (in accordance with Accounting Rules adopted by the EU Commission's Accounting Officer) by which transactions are recorded in the period to which they relate. The result for the year using this basis is indicated in the Statement of Financial Performance ([section 1.2](#)). However, the Agency uses a modified cash basis of accounting for preparing the Budget Outturn account ([section 3.1](#)). In this system, only the payments made, the revenues received in the period plus the carry-over of appropriations are recorded (in accordance with the Agency's financial regulation). The difference between the budgetary outturn and the Statement of Financial Performance is explained as follows:

<b>Reconciliation of the accrual based result with the budget result</b> <i>(amounts in EUR)</i>	<b>Note</b>	<b>2021</b>
<b>ECONOMIC RESULT OF THE YEAR</b>	<a href="#">1.2</a>	<b>959 289</b>
<b><i>Adjustment for items <u>not</u> in the budgetary result but included in the economic result</i></b>		
Accrual cut-off / accrued & deferred expenses (reversal cut-off 31.12.2020)	-	(7 508 100)
Accrual cut-off / accrued & deferred expenses (cut-off 31.12.2021)	+	6 218 650
Amount from liaison account with Commission booked in the economic revenue	-	(75 695 408)
Switzerland Contribution booked in the economic revenue	-	(414 433)
Unpaid invoices at year end but booked in charges	+	494 044
Depreciation/Amortisation of intangible and tangible assets	+	8 990 610
Value reductions (impairment)	+	281 373
Provisions movement (impact for the year - decrease / + increase)	-/+	(541 003)
Pre-financing given in previous year and cleared in the year	+	163 736
Pre-financing received in previous year and cleared in the year	-	(2 333 541)
Payments made from carry over of payment appropriations	+	11 613 372
<b><i>Adjustment for items included in the budgetary result but <u>not</u> in the economic result</i></b>		
Asset acquisitions (less amounts not paid)	-	(5 555 272)
New pre-financing paid in the year and remaining open as at 31.12.2021	-	(132 621)
New pre-financing received in the year and remaining open as at 31.12.2021	+	2 978 756
Budgetary recovery orders issued before 2021 and cashed in the year	-	(615 402)
Budgetary recovery orders issued in 2021 on balance sheet accounts	-	(1 142 352)
EU Contribution included in budget (excluding amount received to cover 2020 BPR Negative Outturn)	+	79 179 902
Capital payments on financial leasing	-	(83 207)
Payment appropriations carried over to 2022	-	(18 058 048)
Cancellation of unused carried over payment appropriations from 2020	+	268 825
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	+	4 486 466
<b>Total after adjustments above</b>		<b>3 555 637</b>
<b>BUDGETARY RESULT OF THE YEAR (BUDGET OUTTURN)</b>	<a href="#">3.1</a>	<b>3 555 637</b>
<b><i>Delta not explained</i></b>		<b>-</b>

### 3.3. Budget Implementation 2021

#### 3.3.1. Budget Overview

The initially budgeted total payment appropriations for the Agency's expenditure in 2021, as concluded by the Management Board in December 2020, amounted to EUR 113.1 million, which included c. EUR 0.8 million for the separately budgeted delegated tasks, and the final total expenditure, concluded in the amending budget in September 2021, amounted to EUR 111.1 million. The primary reason for this net budget reduction during the year was the REACH expenditure savings of c. EUR 3.3 million, primarily relating to the COVID-19 pandemic, leaving room for reducing the REACH EU contribution need by EUR 1.7 million, even after projecting a decline in fee income by EUR 1.6 million. Similarly, there were also BPR expenditure savings, which led to reducing the EU contribution need by EUR 0.3 million. Furthermore, the budget and the EU contribution was reduced by c. EUR 0.3 million for the 'Environmental directives and international conventions', as the legal basis for the 8<sup>th</sup> Environmental Action Programme (8EAP) was not adopted in time. Finally, the budget for the delegated tasks was increased by almost EUR 2.0 million.

Revenue	Initial voted budget	Amending budgets	Final voted budgeted
Total revenue	113 053 087	(1 961 796)	111 091 291
Expenditure	Initial voted budget	Amending budgets	Final voted budgeted
Commitment appropriations	111 434 085	(705 259)	110 728 826
Payment appropriations	113 053 087	(1 961 796)	111 091 291

#### 3.3.2. Revenue

The budget funding of ECHA in 2021 consisted of the following (amounts in EUR):

Description	Initial voted Budget 2021	Amending Budget 2021	Final voted Budget 2021	Entitlements established 2021	Revenue received 2021
Fees and charges from Registrations & Updates	24 374 616	(428 330)	23 946 286	24 669 712	24 669 712
Fees and charges from Authorisations	2 400 000	(1 200 000)	1 200 000	1 123 928	1 123 928
Fees SME Administration	1 200 000	-	1 200 000	1 176 050	1 176 050
Fees and charges from CLP	156 000	-	156 000	90 385	90 385
Fees and charges from Appeals	-	-	-	71 760	71 760
<b>Total REACH Fees &amp; Charges Income</b>	<b>28 130 616</b>	<b>(1 628 330)</b>	<b>26 502 286</b>	<b>27 131 835</b>	<b>27 131 835</b>
Fees relating to Biocidal Active Substances	522 146	-	522 146	651 020	651 020
Fees for Union Authorisation of Biocidal products	461 120	-	461 120	1 026 990	1 026 990
Miscellaneous fees	1 268 395	-	1 268 395	1 386 100	1 386 100
Fees and charges from Appeals	-	-	-	2 500	2 500
<b>Total BPR Fee &amp; Charges Income</b>	<b>2 251 661</b>	<b>-</b>	<b>2 251 661</b>	<b>3 066 610</b>	<b>3 066 610</b>
REACH EU Contribution	63 614 564	(1 700 000)	61 914 564	61 914 564	61 914 564
BPR EU Contribution	10 348 160	(300 000)	10 048 160	10 048 160	10 048 160
PIC/POPs/WFD EU Contribution	5 607 100	(322 000)	5 285 100	5 285 100	5 285 100
EFTA Contribution – REACH	1 681 047	-	1 681 047	1 681 047	1 681 047
EFTA Contribution – BPR	275 755	-	275 755	275 755	275 755
Confederation of Switzerland Contribution – BPR	372 348	-	372 348	460 852	460 852
<b>Total EU Contributions</b>	<b>81 898 974</b>	<b>(2 322 000)</b>	<b>79 576 974</b>	<b>79 665 478</b>	<b>79 665 478</b>
Contribution Agreement EUON	-	-	-	600 000	600 000
Contribution Agreement EUCLEF	-	-	-	1 026 000	1 026 000
Contribution Agreement IPA	-	-	-	-	-
Contribution Agreement OELs	-	600 000	600 000	600 000	600 000
SLA with EFSA	771 836	1 388 534	2 160 370	2 123 206	2 123 206
<b>Total Contribution Agreements and SLAs</b>	<b>771 836</b>	<b>1 988 534</b>	<b>2 760 370</b>	<b>4 349 206</b>	<b>4 349 206</b>
<b>Total Other income – miscellaneous</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>403 837</b>	<b>326 505</b>
<b>Total</b>	<b>113 053 087</b>	<b>(1 961 796)</b>	<b>111 091 291</b>	<b>114 616 966</b>	<b>114 539 634</b>

### **3.3.2.1 REACH/CLP Revenue**

#### ***A) REACH/CLP Fees and Charges***

In accordance with the REACH Regulation (No 1907/2006), ECHA is financed through fees paid by industry and by an EU balancing contribution. The fees and charges collected by ECHA are determined by the REACH Fee Regulation and by the decisions of the Management Board.

Due to the one-off nature of REACH fees and their dependence on strategic decisions of the chemical industry players, there is high uncertainty as to their amount and timing.

The budgetary revenue from REACH fees and charges in 2021, in terms of cash received, amounted to EUR 27.06 million (EUR 29.69 million in 2020). In addition, EUR 0.07 million (EUR 0.05 million in 2020) was recorded in relation to REACH appeal fees giving a total of fees and charges of EUR 27.13 million (EUR 29.74 million in 2020).

During 2021, ECHA cashed in a total of 6 473 invoices related to REACH registrations and update fees, compared to 7 102 invoices in 2020. This translates into EUR 24.7 million REACH Registrations and Updates income for 2021, while the corresponding amount collected in 2020 was EUR 25.6 million (in 2019 the corresponding amount collected was EUR 28.4 million while in the final registration deadline year of 2018, EUR 79.1 million was collected). This declining trend characterises the new era for the REACH registration fee income, after passing of the registration deadlines as defined in the REACH legislation that used to generate peaks in the fee income.

In 2021, the Agency received payments for 23 applications for REACH authorisation (55 in 2020). The total REACH authorisation income collected in 2021 amounts to EUR 1.1 million (EUR 3.0 million in 2020). The Agency received payments for 34 applications under the CLP Regulation (20 in 2020). The total receipts under CLP for 2021 amount to EUR 0.09 million (EUR 0.07 million in 2019).

The additional registration fee income generated through the SME size verification process (included in the REACH registrations and updates income) in 2021 amounted to EUR 0.72 million (EUR 1.37 million in 2020). A total of 373 enterprises were verified for their company size in 2021(504 in 2020). On top of the additional registration fees, the Agency generated EUR 1.18 million in administrative charges (EUR 1.05 million in 2020) levied on companies who were not eligible for the already received rebates.

#### ***B) REACH/CLP Contributions from the General Budget of the EU***

During 2021, the Agency received an EU balancing contribution for REACH/CLP of EUR 61.91 million (EUR 61.88 million in 2020) and a European Free Trade Association (EFTA) contribution of EUR 1.68 million (EUR 1.44 million in 2020).

### 3.3.2.2 BPR Revenue

#### A) BPR Fees and Charges

In accordance with the Biocidal Products Regulation (BPR, No 528/2012), ECHA is financed through fees paid by industry and a balancing EU contribution. The biocide fees and charges collected by ECHA are determined by the Biocidal Products Regulation, the Fees and Charges Regulation and by the decisions of the Management Board. The budgetary revenue from biocidal product fees and charges for 2021, in terms of cash received, amounted to EUR 3.07 million (EUR 2.55 million in 2020).

#### B) BPR Contributions from the General Budget of the EU

During 2021, the Agency received an EU balancing contribution of EUR 10.05 million (EUR 7.00 million in 2020) and an EFTA contribution of EUR 0.28 million (EUR 0.16 million in 2020). In addition, the Agency received a contribution from the Confederation of Switzerland of EUR 0.46 million (EUR 0.25 million in 2020).

### 3.3.2.3 PIC, POPs, WFD (SCIP) and DWD Revenue

In accordance with the Prior Informed Consent (PIC) Regulation (No 649/2012), Persistent Organic Pollutants (POPs) Regulation (No 2019/2021), Waste Framework Directive (WFD) (EU) 2018/851 amending Directive 2008/98/EC, and the revised Drinking Water Directive (DWD) Directive (EU) 2020/2184, ECHA is fully financed by an EU contribution for these activities. In 2021, the EU contribution amounted to EUR 1.16 million for PIC (EUR 1.15 million in 2020), EUR 0.23 million for POPs (EUR 0.26 million in 2020), EUR 2.20 million for WFD (EUR 1.64 million in 2020) and EUR 1.69 million for DWD, totalling EUR 5.29 million (EUR 3.06 million in 2020).

### 3.3.2.4 Contribution Agreements and Service Level Agreements

The Agency has signed contribution agreements with the European Commission to implement the European Union Observatory for Nanomaterials (EUON) and the European Union Chemicals Legislation Finder (EUCLEF), as well as for work with respect to the Instrument for Pre-Accession Assistance (IPA). ECHA has also signed a Service Level Agreement with the European Commission to provide opinions for occupational exposure limits (OELs). Additionally, the Agency signed a Service Level Agreement with the European Food Safety Authority (EFSA) for developing and implementing IUCLID software solution for plant protection products. In 2021, ECHA received an amount of EUR 4.35 million in aggregate for these tasks (EUR 3.85 million in 2020).

### 3.3.2.5 Other miscellaneous income

The table below shows the other miscellaneous income received by the Agency in 2021 (amounts in EUR).

Description	Entitlements established 2021	Revenue received 2021
Legal recoveries	93 465	64 016
Recovery of 2020 Building Maintenance costs	270 355	222 472
Late interest income	1 844	1 844
Recoveries from other EU agencies	28 728	28 728
Other cost recoveries	9 445	9 445
<b>Miscellaneous income</b>	<b>403 837</b>	<b>326 505</b>

### 3.3.2.6 Fee Invoicing (other information in accordance with Article 71 of FR)

In accordance with Article 71 of the Agency's Financial Regulation, the number of debit notes issued and their global amount shall be provided in the Agency's report on budgetary and financial management. In addition, where fees and charges are entirely determined by legislation or decisions of the Management Board, the Authorising Officer may abstain from issuing recovery orders and directly draw up debit notes after having established the amount receivable. Where the Agency uses a separate invoicing system, the Accounting Officer shall regularly, and at least on a monthly basis, enter the accumulated sum of fees and charges received into the accounts.

The Agency uses a separate invoicing and debtors system for daily transactions related to fee income, namely the REACH IT (REACH/CLP fees and charges) and REACH-NG (Biocidal Products fees and charges) invoicing modules. The invoices raised and the payments received are recorded in the central accounting system on a monthly basis.

#### A) REACH Fees and Charges

The total net invoiced by the Agency in 2021 amounted to EUR 26.63 million (EUR 28.64 million in 2020 and EUR 35.53 million in 2019). The table below depicts the breakdown of the net invoiced REACH fees during the years.

REACH Description	2021		2020		2019	
	No of Invoices	EUR	No of Invoices	EUR	No of Invoices	EUR
Invoices issued	6 588	28 295 673	7 383	31 360 367	8 969	37 795 088
Credit Notes	215	(1 161 459)	257	(1 857 253)	227	(1 579 220)
Unpaid	118	(505 526)	154	(867 424)	167	(681 689)
Considered paid	29	(488)	18	(274)	38	(2 622)
<b>Net Invoiced</b>		<b>26 628 200</b>		<b>28 635 416</b>		<b>35 531 557</b>
Write offs	29	(458 573)	-	-	-	-

On 31 December 2021, the amount to be recovered for REACH fees and charges, before any year-end accounting adjustments, stood at EUR 2.41 million relating to 376 open invoices (On 31 December 2020, the amount to be recovered for REACH fees and charges, before any year end Accounting adjustment, stood at EUR 3.28 million relating to 552 open invoices).

#### B) Biocidal Products Fees and Charges

The total net invoiced by the Agency in 2021 amounted to EUR 3.00 million (EUR 2.60 million in 2020). The table below depicts the breakdown of the net invoiced BPR fees during the year.

BPR Description	2021		2020		2019	
	No of Invoices	EUR	No of Invoices	EUR	No of Invoices	EUR
Invoices issued	730	3 383 700	1 126	3 350 000	1 085	9 904 600
Credit Notes	39	(363 700)	67	(518 800)	66	(635 300)
Unpaid	14	(13 700)	23	(230 500)	66	(127 900)
Considered paid	2	(110)	2	(25)	4	(752)
<b>Net Invoiced</b>		<b>3 006 190</b>		<b>2 600 675</b>		<b>9 140 648</b>

On 31 December 2021, the amount to be recovered for Biocidal product fees and charges before any year end accounting adjustments, stood at EUR 0.05 million relating to 39 open invoices (On 31 December 2020, the amount to be recovered for BPR fees and charges, before any year end Accounting adjustment, stood at EUR 0.01 million relating to 38 open invoices).



### **3.3.3. Expenditure**

ECHA's expenditure budget consists of commitment appropriations (CA) and payment appropriations (PA). The initial CAs totalled EUR 111.9 million and the initial PAs totalled EUR 112.3 million, while the figure concluded in the final budget is EUR 108.0 million for CAs and EUR 108.3 million for PAs. These commitment and payment appropriations consist of C1 funds. It is to be noted, that 2021 initial budget includes EUR 0.5 million to compensate for the negative financial result in 2020 the area of BPR.

Budget expenditure includes payments made during the year and the carry-over of budgetary appropriations. The following paragraphs and the tables provided in section [5. Annex I - Statistics on Financial Management and Budget \(Expenditure\)](#) summarise the execution of appropriations per title. A more detailed breakdown is provided in [Annex I](#) as well.

#### **3.3.3.1 Changes and implementation of the commitment appropriations for 2021 (C1)**

The initially adopted budget for the Agency in 2021 was EUR 111.9 million and the overall net decrease during the year, including 17 transfers and two amending budgets, was EUR 3.9million, to arrive at EUR 108.0 million as the final budget.

The main reason for the reduction in the budget was the reduced meeting expenditure needs due to continued travel restrictions related to the COVID-19 pandemic together with the reduced building expenditure due to extensive remote working mode.

The final executed amount totalled EUR 106.2 million corresponding to an execution rate of 98.4% for the appropriations.

#### **3.3.3.2 Carry over of appropriations to 2022**

The commitments and payment appropriations carried over to 2022 totals EUR 13.2 million, corresponding to 12.4 % of the committed amount.

The carry-over of staff related expenditure budgeted, in Title 1, was insignificant and mainly relates to the commitments for trainings and interim services.

In Title 2, covering the Agency's infrastructure, the carry over totalled EUR 1.8 million, stemming mainly from commitments related to ECHA's IT services.

The operational expenditure required to implement the Work Programme for the different regulations is budgeted in Title 3 for REACH and CLP, in Title 4 for Biocides and in Title 5 for the Environmental Directives and International Conventions (PIC, POPs, Waste Framework Directive (SCIP) and Drinking Water Directive). The carry over in operational titles totalled EUR 11.1 million and is mostly related to IT projects.

The relatively high level of carry overs stems from the contracting cycle caused largely by the uncertainty in the fee income. In the past years, ECHA has had to wait late in the year before signing the contracts to make sure sufficient funds will be available, and at the same time, has had to sometimes frontload certain projects when the income has exceeded the estimates. This had led to a situation where, during the first part of the year, the focus has been on implementing the projects carried over and new projects are only commenced during the second half and sometimes even during the last quarter of the year.

#### **3.3.3.3 Implementation of the appropriations carried over from 2020 (C8)**

The amount carried over from 2020 totalled EUR 11.6 million and the finally executed amount was EUR 11.4 million, corresponding to 98 %. The cancelled 2 % relates mostly to IT projects in Titles 2, lower than anticipated costs for legal services related to collection of administrative charges, as well as a scientific contract which was not delivered in due time.

#### **3.3.3.4 Late interest payments**

During the year 2021, ECHA did not pay late interest for commercial invoices.

#### **3.3.3.5 Procurement procedures**

In 2021, in implementing its budget, ECHA signed 336 contracts and purchase orders. To note that due to the exceptional situation created by COVID-19, the Agency issued no catering orders and only 1 travel order, through the electronic ordering tools of the relevant framework contract (FWC), which represents a very substantial drop when compared to previous years.

Out of the 336 signed contracts, 265 were specific contracts and orders under FWC, 71 were contracts resulting from tendering procedures.

Out of the 71 contracts following procurement, ECHA concluded: 3 new FWCs for IT services, 1 new FWC for scientific consulting services for EOGRTS projects and 1 FWC for medical services

ECHA also joined 8 inter-institutional FWCs: 3 for IT services, 2 for HR, 1 for IPR legal advice, and 2 for communication services.

A total of 20 contracts were signed following negotiated procedures without prior publication based on the relevant rules of the Financial Regulation (Annex 1–11.1), 17 of which refer to legal services and 3 for technical reasons for a subscription to a scientific database, publication of scientific reports, and renewal of an IT software.

In 2021, the performance of the suppliers of the Agency was satisfactory overall and in accordance with the terms of the contracts, with very few exceptions, which were adequately addressed by ECHA. The main arrangements/amendments implemented in 2020 to tackle the consequences of the COVID-19 pandemic on the contracts (such as reduced presence on-site, reduced volumes of services, etc) continued in 2021.

Green Public Procurement (GPP) continued to be a priority and an integral part of the Agency's management system. ECHA plans to use the guidelines published by the EU Commission in 2022 in the forthcoming procurement of IT infrastructure and IT standard workplace services. The Agency also carried out staff awareness-raising actions on GPP, like training and presentations.

The annual list of contractors is published by ECHA by 30 June of each year for the previous year to ECHA website <sup>3</sup>.

#### **3.3.3.6 Acts of delegation and sub delegation**

For the purposes of the budget implementation, and in line with Article 41(1) of ECHA's Financial Regulation, the Executive Director as the Authorising Officer of the Agency has delegated financial powers to the directors for the budget lines they are responsible for in line with their activities.

In accordance with Article 41(2), the directors have further sub-delegated financial powers to the heads of unit of their directorates.

For efficiency reasons, the Executive Director has also delegated financial powers to authorise payments below EUR 6 000 to staff in the Finance Unit.

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<sup>3</sup> [https://echa.europa.eu/view-article/-/journal\\_content/title/annual-list-of-awarded-contracts](https://echa.europa.eu/view-article/-/journal_content/title/annual-list-of-awarded-contracts)

## 4. FINANCIAL MANAGEMENT 2021

ECHA's finances continued to be managed successfully under lingering COVID-19 conditions. In the REACH/CLP part of the budget, the fee income levels continued to decline, but this was well compensated by savings in meeting and travel costs achieved through virtual meetings. For Biocidal Products Regulation (BPR) fees, the persistently high volatility and unpredictability continued. The Agency met its budget implementation targets reaching a 98 % commitment rate and an 86 % payment rate (estimates were 95 % and 80 %, respectively).

The combination of uncertain fee income and a fixed EU balancing contribution to finance the Agency's operations again proved challenging. In 2021, ECHA's REACH fee income from industry continued to decline, following the trend observed since the last REACH registration deadline of 2018, necessitating a downwards adjustment during the year. For the BPR, after a year of running a deficit, the fees jumped well above the budgeted estimates. At the same time, there were significant expenditure savings stemming from COVID-19 and, therefore, for all budget areas (REACH/CLP, BPR, Environmental Directives and International Conventions), we returned small EU contribution amounts – EUR 1.7 million, EUR 0.3 million and EUR 0.3 million respectively – to the Commission in autumn 2021.

The split between the overall ECHA fee income and subsidies was around 28 % and 72 %, respectively. This is in line with 2020, where the split was 31 % and 69 % but, in stark contrast with the long-term average which has seen over two-thirds of income coming from fees and one-third from EU contribution.

The European Parliament<sup>4</sup> and the European Court of Auditors<sup>5</sup> recognised ECHA's financial stability as a key aspect, while the European Commission has also acknowledged the challenges of ECHA's current financing model.<sup>6</sup>

The second REACH Review called on ECHA "to assess all possible options for financing in the context of projected reduced fee income."<sup>7</sup> In addition to previous proposals to support a review of ECHA's financing model, with an aim to achieve better predictability and stability in its budget planning, the Agency delivered its Fee Options Analysis to the Commission and organised a joint workshop and meetings around the topic.

The initial total budgetary payment appropriations for expenditure of 2021 amounted to EUR 113.8 million (including the separately funded delegated tasks). The final total expenditure figure concluded in the second amending budget in September 2021 was EUR 111.1 million. The main reasons for the reduced budget were related to the COVID-19 pandemic that led to, for instance, reduced on-site committee meetings, decreased duty travels, and reduced building costs due to prolonged remote working.

Details on ECHA's budget information and budget management in 2021 can be found in section [3.3 Budget Implementation 2021](#) and in in section [5. Annex I - Statistics on Financial Management and Budget \(Expenditure\)](#) .

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<sup>4</sup> [European Parliament, Discharge 2017, European Chemicals Agency, adopted 26 March 2019.](#)

<sup>5</sup> [European Court of Auditors, Annual report on EU agencies for the financial year 2017 \(2018/C 434/01 on 30 November 2018\).](#)

<sup>6</sup> In the REACH Review COM(2018) 116 final, Section 3.4 and in the Chemicals Strategy for Sustainability Towards a Toxic-Free Environment COM(2020) 667 final

<sup>7</sup> <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2018:116:FIN>.

## 5. ANNEX I - STATISTICS ON FINANCIAL MANAGEMENT AND BUDGET (EXPENDITURE)

### Budget 2021: Breakdown and changes in commitment appropriations and implementation of the appropriations for the current year (C1) per Title\* (EUR)

Title	Description	Budget 2021 (1)	Transfers / amendments (2)	Final Available Commitment Appropriations (3)	Executed Commitment Amount (4)	% Committed (4)/(3)	Final Available Payment Appropriations (5)	Executed Payment Amount (6)	% Paid (6)/(5)	Carried over RAL (C8) (7)	Carried over % (7)/(4)	Cancelled (3)-(4)
A-1	STAFF	75 274 991	-1 310 443	73 964 548	72 555 493	98.1%	73 964 548	72 284 371	97.7%	271 123	0.4%	1 409 055
A-2	BUILDING, EQUIPMENT AND MISCELL. OPER EXPE	14 823 572	-1 115 498	13 708 074	13 578 918	99.1%	13 708 074	11 774 944	85.9%	1 803 973	13.3%	129 156
B0-3	OPERATIONAL EXPENDITURE - REACH/CLP	15 180 494	-1 311 886	13 868 608	13 732 428	99.0%	14 231 073	7 491 717	52.6%	6 603 168	48.1%	136 180
B0-4	OPERATIONAL EXPENDITURE - BIOCIDES	2 433 576	477 751	2 911 327	2 894 058	99.4%	2 911 327	754 868	25.9%	2 139 190	73.9%	17 269
B0-5	OPERATIONAL EXPENDITURE - ENVIRONMENT	2 949 616	80 707	3 030 323	2 981 036	98.4%	3 030 323	622 362	20.5%	2 358 674	79.1%	49 287
B0-9	OTHER EXPENDITURE - RESERVE - BIOCIDES	1 200 000	-714 424	485 576	485 576	100.0%	485 576	485 576	100.0%	0	0.0%	0
		<b>111 862 249</b>	<b>-3 893 793</b>	<b>107 968 456</b>	<b>106 227 509</b>	<b>98.4%</b>	<b>108 330 921</b>	<b>93 413 839</b>	<b>86.2%</b>	<b>13 176 128</b>	<b>12.4%</b>	<b>1 740 947</b>

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

**Budget 2021: Breakdown & changes in commitment appropriations and implementation of the appropriations for the current year (C1) per Regulation and Title (EUR)**

**REACH/CLP**

Title	Description	Budget 2021 (1)	Transfers / amendments (2)	Final Available Commitment Appropriations (3)	Executed Commitment Amount (4)	% Committed (4)/(3)	Final Available Payment Appropriations (5)	Executed Payment Amount (6)	% Paid (6)/(5)	Carried over RAL (C8) (7)	Carried over % (7)/(4)	Cancelled (3)-(4)
A-1	STAFF	65 196 822	-1 009 279	64 187 543	62 981 529	98.1%	64 187 543	62 747 190	97.8%	234 339	0.4%	1 206 014
A-2	BUILDING. EQUIPMENT AND MISCELL. OPER EXPEND	12 629 909	-950 628	11 679 281	11 569 016	99.1%	11 679 281	10 032 160	85.9%	1 536 855	13.3%	110 265
B0-3	OPERATIONAL EXPENDITURE - REACH/CLP	15 180 494	-1 311 886	13 868 608	13 732 428	99.0%	14 231 073	7 491 717	52.6%	6 603 168	48.1%	136 180
		<b>93 007 225</b>	<b>-3 271 793</b>	<b>89 735 432</b>	<b>88 282 972</b>	<b>98.4%</b>	<b>90 097 897</b>	<b>80 271 068</b>	<b>89.1%</b>	<b>8 374 362</b>	<b>9.5%</b>	<b>1 452 460</b>

**BIOCIDES**

Title	Description	Budget 2021 (1)	Transfers / amendments (2)	Final Available Commitment Appropriations (3)	Executed Commitment Amount (4)	% Committed (4)/(3)	Final Available Payment Appropriations (5)	Executed Payment Amount (6)	% Paid (6)/(5)	Carried over RAL (C8) (7)	Carried over % (7)/(4)	Cancelled (3)-(4)
A-1	STAFF	7 909 603	64 979	7 974 582	7 836 921	98.3%	7 974 582	7 812 934	98.0%	23 987	0%	137 661
A-2	BUILDING. EQUIPMENT AND MISCELL. OPER EXPEND	1 704 745	-128 306	1 576 439	1 561 749	99.1%	1 576 439	1 354 284	85.9%	207 465	13%	14 690
B0-4	OPERATIONAL EXPENDITURE - BIOCIDES	2 433 576	477 751	2 911 327	2 894 058	99.4%	2 911 327	754 868	25.9%	2 139 190	74%	17 269
B0-9	OTHER EXPENDITURE - RESERVE - BIOCIDES	1 200 000	-714 424	485 576	485 576	100.0%	485 576	485 576	100.0%	0	0%	0
		<b>13 247 924</b>	<b>-300 000</b>	<b>12 947 924</b>	<b>12 778 304</b>	<b>98.7%</b>	<b>12 947 924</b>	<b>10 407 662</b>	<b>80.4%</b>	<b>2 370 642</b>	<b>19%</b>	<b>169 620</b>

**ENVIRONMENTAL DIRECTIVES AND INTERNATIONAL CONVENTIONS**

Title	Description	Budget 2021 (1)	Transfers / amendments (2)	Final Available Commitment Appropriations (3)	Executed Commitment Amount (4)	% Committed (4)/(3)	Final Available Payment Appropriations (5)	Executed Payment Amount (6)	% Paid (6)/(5)	Carried over RAL (C8) (7)	Carried over % (7)/(4)	Cancelled (3)-(4)
A-1	STAFF	2 168 566	-366 143	1 802 423	1 737 044	96.4%	1 802 423	1 724 246	95.7%	12 797	1%	65 379
A-2	BUILDING. EQUIPMENT AND MISCELL. OPER EXPEND	488 918	-36 564	452 354	448 153	99.1%	452 354	388 500	85.9%	59 653	13%	4 201
B0-5	OPERATIONAL EXPENDITURE - ENVIRONMENT	2 949 616	80 707	3 030 323	2 981 036	98.4%	3 030 323	622 362	20.5%	2 358 674	79%	49 287
		<b>5 607 100</b>	<b>-322 000</b>	<b>5 285 100</b>	<b>5 166 233</b>	<b>97.8%</b>	<b>5 285 100</b>	<b>2 735 108</b>	<b>51.8%</b>	<b>2 431 124</b>	<b>47%</b>	<b>118 867</b>

**Budget 2021: Implementation of differentiated appropriations (EUR)**

Budget line		Available commitment appropriations	Commitments made	%	Available payment appropriations	Payments made	%
B3-111	Substance evaluation and Rapporteurs (Multiannual)	1 423 485	1 369 260	96%	850 792	850 507	100%
B3-801	Cooperation with international organisations for IT programs	1 071 315	1 071 315	100%	591 815	591 815	100%
<b>Total</b>		<b>2 494 800</b>	<b>2 440 575</b>	<b>98%</b>	<b>1 442 607</b>	<b>1 442 321</b>	<b>100%</b>

Out of the total available commitment appropriations, EUR 1 414 658 was stemming from commitments made in earlier financial years. The available commitment appropriations for 2021 totalled EUR 1 1 080 142 out of which EUR 1 079 864 (100 %) were committed. The amount of commitments carried forward to 2021 totals EUR 998 254.

### Budget 2021: Implementation of assigned revenue (C4, C5, R0) (EUR)

Title	Description	CD/CND	FS	Commitments Appropriations	Commitments Established	Com %	Payments Appropriations	Payments Executed	Pay %	Carried over commitment appropriations	Carried over payment appropriations
A-1	STAFF	CND	C4	29 128	0	0%	29 128	0	0%	29 128	29 128
A-2	BUILDING. EQUIPMENT AND MISCELL. OPER EXP	CND	C4	231 092	0	0%	231 092	0	0%	231 092	231 092
B0-3	OPERATIONAL EXPENDITURE - REACH/CLP	CND	C4	59 721	0	0%	59 721	0	0%	59 721	59 721
			<b>C4</b>	<b>319 941</b>	<b>0</b>	<b>0%</b>	<b>319 941</b>	<b>0</b>	<b>0%</b>	<b>319 941</b>	<b>319 941</b>

Title	Description	CD/CND	FS	Commitments Appropriations	Commitments Established	Com %	Payments Appropriations	Payments Executed	Pay %	Carried over commitment appropriations	Carried over payment appropriations
A-1	STAFF	CND	C5	31 357	30 477	97%	31 357	30 477	97%	0	880
A-2	BUILDING. EQUIPMENT AND MISCELL. OPER EXP	CND	C5	129 273	129 273	100%	129 273	129 273	100%	0	0
B0-3	OPERATIONAL EXPENDITURE - REACH/CLP	CND	C5	85 756	76 481	89%	85 756	61 721	72%	0	24 035
B0-4	OPERATIONAL EXPENDITURE - BIOCIDES	CND	C5	7 909	7 487	95%	7 909	0	0%	0	7 909
			<b>C5</b>	<b>254 296</b>	<b>243 719</b>	<b>96%</b>	<b>254 296</b>	<b>221 472</b>	<b>87%</b>	<b>0</b>	<b>32 824</b>

BL	Description	CD/CND	FS	Commitments Appropriations	Commitments Established	Com %	Payments Appropriations	Payments Executed	Pay %	Carried over commitment appropriations	Carried over payment appropriations
B6-000	IPA programme	CND	R0	502 002	341 811	68%	502 002	271 660	54%	160 191	230 341
B6-010	EUON	CND	R0	1 850 861	1 021 616	55%	1 857 043	702 060	38%	829 246	1 154 982
B6-011	EUCLEF	CND	R0	2 714 887	1 329 403	49%	2 708 706	894 433	33%	1 385 484	1 814 273
B6-020	Occupational exposure limits	CND	R0	750 029	574 375	77%	750 029	401 312	54%	175 655	348 717
B6-021	Further development of IUCLID (w/ third parties)	CND	R0	2 763 597	2 244 577	81%	2 763 597	1 772 178	64%	519 020	991 419
			<b>R0</b>	<b>8 581 376</b>	<b>5 511 782</b>	<b>64%</b>	<b>8 581 376</b>	<b>4 041 644</b>	<b>47%</b>	<b>3 069 595</b>	<b>4 539 733</b>

### Budget 2021: Implementation of the appropriations carried forward from previous year (C8) Per Title (EUR)

Title	Description	Carried Forward from 2020	Paid	Cancelled	% cancelled
A-1	STAFF	322 596	311 931	10 665	3%
A-2	BUILDING. EQUIPMENT AND MISCELL. OPER EXPEND	2 390 375	2 294 430	95 945	4%
B0-3	OPERATIONAL EXPENDITURE - REACH/CLP	6 921 360	6 760 567	160 793	2%
B0-4	OPERATIONAL EXPENDITURE - BIOCIDES	623 194	621 776	1 417	0%
B0-5	OPERATIONAL EXPENDITURE - ENVIRONMENT	1 381 268	1 381 262	6	0%
		<b>11 638 792</b>	<b>11 369 967</b>	<b>268 825</b>	<b>2%</b>