

FINAL ANNUAL ACCOUNTS

Financial Year 2020

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

Accompanied by

**Report on budgetary and financial
management 2020**

Helsinki, 31 May 2021

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INTRODUCTION

Basis for preparation

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

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

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

The financial statements have been prepared in accordance with the Financial Regulation of the European Chemicals Agency and with the European Union (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 the figures presented in this document are in EURO.

Reporting entity

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

The Agency is established for the purposes of managing and in some cases carrying out the technical, scientific and administrative aspects of the REACH Regulation so as to ensure consistency at 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.

The Agency's expenditure, in 2020, in respect of the PIC and POPs Regulation, as well as for the implementation of SCIP database, was financed by a subsidy from the general budget of the EU. The Agency's REACH / CLP and BPR expenditure was financed from an EU subsidy and from the fee-generated income.

**Certification by the Accounting Officer
of ECHA's Final Annual Accounts 2020**

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')¹ and I hereby certify that the annual accounts of the European Chemicals Agency for the year 2020 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**

31.05.2021

¹ 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**

ASSETS	Note	31.12.2020	31.12.2019
NON CURRENT ASSETS			
Intangible fixed assets	2.1.1		
Computer software		18 505 873	17 771 802
Intangible fixed assets under development		3 228 190	5 435 563
Tangible fixed assets	2.1.1		
Computer hardware		134 597	236 901
Furniture and Other fixtures & fittings		1 526 870	1 339 763
Other assets under finance lease		22 959	247 527
TOTAL NON CURRENT ASSETS		23 418 488	25 031 556
CURRENT ASSETS			
Exchange receivables	2.1.2	3 477 381	3 779 435
Non-exchange receivables	2.1.3	571 774	985 207
Cash and cash equivalents	2.1.4	17 591 071	19 210 956
Current pre-financing	2.1.5	163 736	11 726
TOTAL CURRENT ASSETS		21 803 962	23 987 323
TOTAL ASSETS		45 222 451	49 018 879

NET ASSETS AND LIABILITIES	Note	31.12.2020	31.12.2019
NET ASSETS			
Accumulated result		11 715 181	28 336 033
Economic result of the year /(loss)	1.2	(3 706 904)	(16 620 852)
TOTAL NET ASSETS	1.4	8 008 277	11 715 181
NON CURRENT LIABILITIES			
Long term financial lease liability		74 856	158 066
Provisions for risks and charges	2.1.6	153 000	96 000
TOTAL NON CURRENT LIABILITIES		227 856	254 066
CURRENT LIABILITIES			
Short-term financial lease liability		83 208	85 986
Current payables	2.1.7	7 000 643	5 547 086
Accrued charges	2.1.9	9 444 969	8 602 786
Deferred revenue	2.1.8	20 457 499	22 813 774
TOTAL CURRENT LIABILITIES		36 986 318	37 049 632
TOTAL NET ASSETS AND LIABILITIES		45 222 451	49 018 879

1.2. Statement of Financial Performance

Statement of Financial Performance	Note	2020	2019
Exchange revenue		35 315 049	35 805 504
Non-exchange revenue		73 357 725	65 077 606
TOTAL REVENUE	2.2.1	108 672 774	100 883 110
Administrative expenses			
- Staff expenses		(68 054 057)	(63 216 136)
- Fixed asset related expenses		(10 618 352)	(13 885 067)
- Other administrative expenses		(13 824 353)	(15 810 012)
Operating expenses		(19 876 239)	(24 588 056)
Financial expenses		(6 677)	(4 691)
TOTAL EXPENSES	2.2.2	(112 379 678)	(117 503 962)
ECONOMIC RESULT OF THE YEAR		(3 706 904)	(16 620 852)

1.3. Cash Flow Statement

Cash Flow Statement	Note	2020	2019
Economic result of the year	1.2	(3 706 904)	(16 620 852)
<i>Adjustments</i>			
Amortisation (intangible fixed assets)	2.1.1	10 028 685	11 919 237
Depreciation (tangible fixed assets)	2.1.1	589 668	1 200 183
Impairment (intangible fixed assets)	2.1.1	0	630 496
Impairment (tangible fixed assets)	2.1.1	0	135 151
Decrease in exchange receivables		302 054	214 154
Decrease in non-exchange receivables		413 432	154 637
(Increase)/decrease in current pre-financing		(152 010)	64 650
Increase/(decrease) in provisions		57 000	(30 645)
(Decrease) / Increase in long-term liabilities		(83 210)	138 583
Increase / (decrease) in current payables		1 450 778	(2 034 645)
(Decrease) / Increase in accrued charges excluding fixed assets related		(39 248)	2 131 921
(Decrease) / Increase in deferred income		(2 356 275)	9 765 681
Net cash flow from ordinary activities		6 503 969	7 668 550
Cash flows from investing activities			
Payments for intangible fixed assets additions		(7 261 156)	(7 464 504)
Payments for tangible fixed assets additions		(862 698)	(1 027 036)
Net cash flow from investing activities		(8 123 854)	(8 491 540)
Net decrease in cash & cash equivalents		(1 619 885)	(822 990)
Cash & cash equivalents beginning of the year		19 210 956	20 033 946
Cash & cash equivalents end of the year	2.1.4	17 591 071	19 210 956

1.4. Statement of Changes in Net Assets

	Accumulated Surplus / (Deficit)	Economic result of the year	Net Assets
Balance as of 01.01.2019	34 184 003	(5 847 970)	28 336 033
Allocation of the economic result of previous year	(5 847 970)	5 847 970	-
Economic result of the year 2019	-	(16 620 852)	(16 620 852)
Balance as of 31.12.2019	28 336 033	(16 620 852)	11 715 181
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)
Balance as of 31.12.2020	11 715 181	(3 706 904)	8 008 277

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')² 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
- Comparative Information;
- Understandability;
- Relevance;
- Reliability;
- Comparability;

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

Receivables

Receivables are carried at original invoice amounts less any write-down for impairment. A write-down for impairment of receivables is established when there is objective evidence that the Agency will not be able to collect all amounts due according to the original terms of the receivables. A provision has been provided on a case by case basis where applicable (Note 2.1.2)

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 a reduction of fees or charges or for a fee waiver apply". Consequently, 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 for 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 in respect to its monetary assets or liabilities

² 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 No 6 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 2020 and 2019 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 EC Accounting Rule 6 on intangible fixed assets.

The following table represents the capitalised intangible fixed assets as at 31 December 2019 and 2020.

Intangible fixed assets		Internally generated Computer Software	Purchased Computer Software	Intangible fixed assets under Development	Total
Gross carrying amounts 01.01.2019	+	67 285 718	5 843 353	5 349 068	78 478 138
Additions	+	-	39 689	7 338 952	7 378 641
Disposals / Retirements	-	(6 657 615)	(12 393)	-	(6 670 008)
Transfers between headings	+/-	7 252 457	-	(7 252 457)	0
Gross carrying amounts 31.12.2019		67 880 559	5 870 648	5 435 563	79 186 771
Accumulated amortisation and impairment 01.01.2019	-	(44 408 307)	(5 691 373)	-	(50 099 680)
Amortisation	-	(11 838 074)	(81 163)	-	(11 919 237)
Disposals / Retirements		6 657 615	12 393	-	6 670 008
Write-off / Impairment		(630 496)	-	-	(630 496)
Accumulated amortisation and impairment 31.12.2019		(50 219 262)	(5 760 143)	-	(55 979 405)
Net carrying amounts 31.12.2019		17 661 296	110 506	5 435 563	23 207 365

Gross carrying amounts 01.01.2020	+	67 880 559	5 870 648	5 435 563	79 187 771
Additions	+	-	-	8 555 382	8 555 382
Disposals / Retirements	-	-	-	-	-
Transfers between headings	+/-	10 762 755	-	(10 762 755)	-
Gross carrying amounts 31.12.2020		78 643 314	5 870 648	3 228 190	87 742 152
Accumulated amortisation and impairment 01.01.2020	-	(50 219 262)	(5 760 143)	-	(55 979 405)
Amortisation	-	(9 963 330)	(65 355)	-	(10 028 685)
Disposals / Retirements		-	-	-	-
Write-off / Impairment		-	-	-	-
Accumulated amortisation and impairment 31.12.2020		(60 182 591)	(5 825 498)	-	(66 008 089)
Net carrying amounts 31.12.2020		18 460 723	45 150	3 228 190	21 734 063

All projects relating to internally developed IT tools that were either on-going or put into operation in 2020 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 2020 amounted to EUR 1 524 575 (EUR 2 082 257 in 2019). See also [Note 2.2.2](#).

During 2020, twenty-one (21) internal IT projects fulfilled the criteria for asset recognition, twelve (12) of which commenced prior to 01 January 2020. The costs relating to nine (9) of these projects are recognised as intangible assets under construction as at 31 December 2020.

Intangible Fixed Assets under development as at 31 December 2020:

Project name	Cumulative Development Costs 31.12.2019	Development Costs 2020	Cumulative Development Costs 31.12.2020
REACH-IT V3.5	-	482 317	482 317
ECHA Cloud Services V3	-	264 730	264 730
DMP v3.6	-	470 550	470 550
DAP v2	-	280 768	280 768
ECOMOD v3	-	714 547	714 547
QSAR v4.5	-	217 707	217 707
Unified IAM v1	-	516 198	516 198
SIGMA v1	-	116 365	116 365
EUON	165 008	-	165 008
TOTAL	165 008	3 063 183	3 228 190

The remaining twelve (12) internally developed IT projects were taken into use during 2020. The total recognised cost of these completed assets amounted to EUR 10 762 755 (EUR 7 252 457 in 2019). These projects had development costs of EUR 5 270 556 recognised in "Intangible fixed assets under development" as at the 31 December 2019. In 2020, further costs of EUR 5 492 200 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 2020 amounts to EUR 10 762 755 (EUR 5 270 556 + EUR 5 492 200) as shown in the table below:

Intangible Fixed Assets (IT Assets) completed in 2020:

Project name	Cumulative Development Costs 31.12.2019	Development Costs 2020	Capitalised amount during 2020
SDAP v1	787 709	87 708	875 417
Chesar v3.5	323 701	18 369	342 070
PNC v3	27 940	615 324	643 264
ECHA Interact v2	730 645	130 092	860 738
EUCLEF	840 386	135 313	975 699
DMP v3.0-3.5	2 321 852	363 958	2 685 810
QSAR v4.4	187 345	33 494	220 839
R4BP v3.16	23 503	965 715	989 218
IUCLID v5.0	15 778	1 530 159	1 545 936
ECHA Interact v3	4 341	696 145	700 486
Chesar EUSES v4	7 354	910 405	917 759
ECHA Website Enhancement	-	5 518	5 518
TOTAL	5 270 556	5 492 200	10 762 755

The value of research and development expenditure relating to internally developed IT projects, recognised as an expense during 2020, was EUR 653 118 and EUR 56 040 (EUR 1 137 127 and EUR 49 172 during 2019).

Tangible fixed assets

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

Effectively January 2020, the Agency moved to a new building. As a result, during late 2019, fixed assets that were already old or could not be moved to the new building were retired. Assets were disposed / retired by various means, including sales through public auction, scrapped via a waste management contract or left in the old building. The original gross carrying value of the tangible fixed assets retired during 2019 amounted to EUR 17 376 989 while those assets were almost fully depreciated. Their net carrying amount was only EUR 45 612 for certain computer hardware, and EUR 89 539 for the improvement costs incurred on the conference centre and two parts of the old building.

During 2020 additional Furniture and Other fixtures of EUR 487 828 was purchased and delivered to the new building. An amount of EUR 11 898 of Computer Hardware was also added. Finally, fully depreciated IT hardware, with an original gross carrying amount of EUR 229 647 and zero net book value, was retired during the year.

Tangible fixed assets		Computer hardware	Furniture and Other Fixtures / Fittings	Assets under Finance Lease	Total
Gross carrying amounts 01.01.2019	+	2 891 294	17 846 146	33 395	20 770 835
Additions	+	102 009	1 085 335	224 568	1 411 912
Disposals / Retirements	-	(1 329 769)	(16 047 220)	-	(17 376 989)
Other changes	+/-	-	-	-	-
Gross carrying amounts 31.12.2019		1 663 534	2 884 261	257 963	4 805 758
Accumulated depreciation and impairment 01.01.2019	-	(2 349 891)	(16 671 244)	(2 087)	(19 023 222)
Depreciation	-	(360 922)	(830 913)	(8 349)	(1 200 183)
Disposals / Retirements	+	1 329 791	16 047 198	-	17 376 989
Write-off / Impairment	-	(45 612)	(89 539)	-	(135 151)
Other changes	+/-	-	-	-	-
Accumulated depreciation and impairment 31.12.2019		(1 426 632)	(1 544 498)	(10 436)	(2 981 567)
Net carrying amounts 31.12.2019		236 901	1 339 763	247 527	1 824 191
Gross carrying amounts 01.01.2020	+	1 663 534	2 884 261	257 963	4 805 7587
Additions	+	11 899	487 828	-	499 726
Disposals / Retirements	-	(229 648)	-	-	(229 648)
Other changes	+/-	-	-	(49 824)	(49 824)
Gross carrying amounts 31.12.2020		1 445 785	3 372 089	208 139	5 026 012
Accumulated depreciation and impairment 01.01.2020	-	(1 426 632)	(1 544 498)	(10 436)	(2 981 567)
Depreciation	-	(114 203)	(424 960)	(50 505)	(589 668)
Disposals / Retirements	+	229 647	-	-	229 647
Write-off / Impairment	-	-	-	-	-
Other changes	+/-	-	-	-	-
Accumulated depreciation and impairment 31.12.2020		(1 311 188)	(1 969 458)	(60 941)	(3 341 587)
Net carrying amounts 31.12.2020		134 597	1 402 631	147 198	1 684 426

2.1.2. Exchange receivables

Details	31.12.2020	31.12.2019
REACH fee income receivables	2 778 929	3 542 637
Biocides fee income receivables	89 400	41 900
REACH fee receivables impairment provision	(1 356 577)	(1 210 375)
Net fees & charges receivables	1 511 752	2 374 163
Accrued Income – GNSS Agency	-	14 364
Accrued Income – REACH	-	10 762
Accrued Income	-	25 126
European School	676 226	679 648
Building Rent and maintenance	545 976	-
Prepaid Software maintenance fees & Subscriptions	601 206	585 568
Deferred expenditure included in Accounts payable	113 461	88 129
Deferred charges	1 936 869	1 353 345
Staff	28 760	26 801
Total sundry receivables	28 760	26 801
Total - Exchange receivables	3 477 380	3 779 435

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 account (REACH fee impairment provision) during the year:

Movement of Impairment Account (Exchange Receivables)	Note	EUR
Receivables impairment provision 01.01.2018		(2 795 827)
Used Provision due to Write-offs		749 145
Reversal of Unused Provision due to collections		746 123
Reversal of Unused Provision due to cancellations		212 831
New Provision		(266 274)
Receivables impairment provision 01.01.2019		(1 354 002)
Reversal of Unused Provision due to collections	2.2.1	273 568
Reversal of Unused Provision due to cancellations		38 993
New Provision		(168 934)
Receivables impairment provision 31.12.2019		(1 210 375)
Reversal of Unused Provision due to collections	2.2.1	57 937
Reversal of Unused Provision due to cancellations		128 612
New Provision		(332 751)
Receivables impairment provision 31.12.2020		(1 356 577)

REACH fee income receivable as at 31 December 2020 includes an amount of EUR 1 978 406 relating to administrative charges arising from the SME verification work (EUR 2 075 358 as at 31 December 2019) against which an impairment provision amounting to EUR 1 356 577 has been recorded (EUR 1 210 375 as at 31 December 2019).

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 are signed, covering ECHA claims in 24 Member States. Based on a detailed case by case analysis, a total amount of EUR 749 145 relating to 43 invoices of overdue outstanding administrative charges have been written off against the already recorded provision for impairment in 2018, mainly relating to cases where the companies have ceased to exist (companies bankrupt, liquidated, dormant, insolvent, inactive, dissolved, etc). Furthermore, based on the efforts on this collection project, a total amount of EUR 1 163 509 of long overdue administrative charge invoices had been collected up to the end of 2019. Similarly, the efforts continued during 2020 and an amount of EUR 82 510 of long overdue administrative charges was further collected resulting in additional EUR 57 937 of the recorded provision to be reversed to income during the year.

2.1.3. Non-Exchange receivables

Non-exchange receivables	31.12.2020	31.12.2019
VAT receivable from Finnish authorities	571 774	852 043
Miscellaneous	-	133 163
Total - Non-exchange receivables	571 774	985 206

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. The whole amount of VAT receivable as at 31.12.2020 has been already cashed in early 2021.

The miscellaneous non-exchange receivables as at 31.12.2019 included EUR 84 288 contribution from Swiss Confederation under the Biocidal Products Regulation for 2019 as well as EUR 48 875 recoveries of litigation costs. No similar receivables are outstanding as at 31.12.2020.

2.1.4. Cash and Cash equivalents

Bank account name	31.12.2020	31.12.2019
Nordea Current Ac	5 715	5 874
ING Belgium Admin Ac	10 209 886	7 896 011
ING Belgium REACH Ac	729 064	3 253 004
ING Belgium Biocide Ac	825 787	3 515 415
ING Belgium PIC Ac	1 461 398	533 616
ING Belgium Appeal Ac	232 542	282 273
ING Belgium Delegated Tasks	3 624 677	3 303 870
ING Belgium IPA Ac	502 002	420 893
Total - Current accounts	17 591 071	19 210 956

During 2019, ECHA changed its principal bank from OP Corporate Bank plc to ING Belgium NV. The amount held on current accounts as at 31 December 2020 totals EUR 17 591 071.

2.1.5. Current pre-financing open

Pre-financing	31.12.2020	31.12.2019
Substance evaluation contracts	17 863	21 155
<i>Less accrued charges</i>	<i>(30 428)</i>	<i>(56 413)</i>
Contracts - Outstanding pre-financing	(12 564)	(35 258)
Translations	215 180	63 604
<i>Less accrued charges</i>	<i>(51 444)</i>	<i>(51 878)</i>
Translations - Outstanding pre-financing	163 736	11 726
Total Pre-financing receivable at year end	163 736	11 726
Total Pre-financing net in accrued payables at year end	(12 564)	(35 258)

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

Provisions	31.12.2020	31.12.2019
Long-term provisions – legal	153 000	96 000
Short-term provisions	-	-
Total – Provisions	153 000	96 000

Movement of Provisions	Note	EUR
Provisions 01.01.2019		126 645
Reversal of Unused Provision	2.2.1	(76 645)
New Provision for Legal Cases		60 000
Used Provision		(14 000)
Provisions 31.12.2019		96 000
Reversal of Unused Provision	2.2.1	(58 197)
New Provision for Legal Cases		141 000
Used Provision		(25 803)
Provisions 31.12.2020		153 000

2.1.7. Current payables

Current payables	Note	31.12.2020	31.12.2019
Supplier invoices received		592 981	400 213
Current payable to EU consolidated entities		-	374 567
Total Accounts Payable		592 981	774 780
Appeal fees received		232 542	282 273
Fee refunds due		461 186	389 062
Other payables		2 778	2 644
Total Sundry Payable		696 506	673 979
Pre-financing received from EU consolidated entities	2.1.10	5 711 155	4 093 703
Pre-financing Confederation of Switzerland	2.1.10	-	4 625
Pre-financing open Commission and others		5 711 155	4 098 328
Total - Current payables		7 000 643	5 547 086

The sundry payables relating to appeal fees of EUR 232 542 (EUR 282 273 in 2019) 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

Deferred Income	31.12.2020	31.12.2019
REACH Authorisation fees & charges	882 980	2 462 362
BPR fees & charges	19 574 518	19 835 341
Deferred Revenue from SLA with EFSA	-	516 071
Total - Deferred income	20 457 499	22 813 774

The deferrals recorded at the year-end relate to REACH Authorisation and BPR fees and charges cashed in the periods 2015 to 2020 (for REACH Authorisations all deferrals as at 31 December 2020 related to fees cashed in 2020 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 2021 onwards.

Furthermore, 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 is 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, 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 (see [Note 2.2.1](#)). There is not any amount of revenue to be deferred as at 31.12.2020.

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 2020. The accrued liabilities, including EU consolidated entities, as at 31 December 2020 amount to EUR 9 444 969 (EUR 9 435 326 plus EUR 9 643) and are further analysed per category in the following table.

Accrued liabilities type	31.12.2020 with third parties	31.12.2020 with EU consolidated entities	31.12.2019 with third parties	31.12.2019 with EU consolidated entities
Administrative expenses				
Staff related expenses	87 706	-	66 371	-
Untaken leave by staff	1 966 779	-	1 682 993	-
Recruitment related expenses	-	-	2 339	-
European School of Helsinki	16 000	-	-	-
Annual Medical	699	-	9 306	-
Missions	-	-	13 328	-
Training	55 441	2 375	38 249	1 450
Building costs	52 139	-	486 015	-
Other	34 301	7 638	91 577	-
Total - Administrative expenses	2 213 064	9 643	2 390 179	1 450
Operational expenses				
Management Board & Committee meetings / Workshops	-	-	33 941	-
Operational missions	-	-	50 854	-
IT related	6 159 799	-	4 422 270	-
Substance evaluation	183 502	-	484 443	-
Other	746 345	-	622 189	2 985
Total - Operational expenses	7 089 646	-	5 613 698	2 985
Other				
Financial expenses	70	-	200	-
Interim Staff	132 546	-	181 478	-
Accruals relating to fixed assets	-	-	412 796	-
Total - Other	132 616	-	594 474	-
Total - Accrued liabilities	9 435 326	9 643	8 598 351	4 435

2.1.10. Pre-Financing liability

Pre-financing liability - consolidated entities and Switzerland	Note	31.12.2020	31.12.2019
EU Contribution		71 944 520	62 888 415
EU Contribution consumed in the year	2.2.1	(69 400 592)	(61 410 817)
EFTA contribution		1 598 830	1 509 662
EFTA contribution consumed in the year	2.2.1	(1 540 205)	(1 473 398)
EU Subsidy incl. EFTA repayable		2 602 552	1 513 862
Switzerland contribution – Biocide		252 162	105 371
Switzerland contribution expended in the year	2.2.1	(252 162)	(100 746)
Switzerland BPR contribution repayable		-	4 625
EUON/EUCLEF open pre-financing at the beginning of the year		2 112 520	2 012 520
EUON/EUCLEF additional pre-financing received		1 966 750	1 692 500
EUON/EUCLEF total income recognised during the year	2.2.1	(1 538 021)	(1 511 590)
EUON/EUCLEF amount repaid during the year		(22 811)	(80 795)
EUON/EUCLEF open pre-financing at year end		2 518 553	2 112 635
IPA open pre-financing at the beginning of the year		338 927	107 626
IPA additional pre-financing received		335 000	450 000
IPA income recognised during the year	2.2.1	(206 011)	(202 550)
IPA amount repaid back during the year		(20 853)	(16 148)
IPA open pre-financing at year end		447 063	338 927
OELs open pre-financing at the beginning of the year		128 279	-
OELs additional pre-financing received		240 000	240 000
OELs income recognised during the year	2.2.1	(225 292)	(111 721)
OELs open pre-financing at year end		142 987	128 279
Total open-financing liability at year end		5 711 155	4 098 328
<i>Open Pre-financing from EU consolidated entities</i>		<i>5 711 155</i>	<i>4 093 703</i>
<i>Open Pre-financing from Confederation of Switzerland</i>		<i>-</i>	<i>4 625</i>

EU and EFTA Contributions

2020, the Agency received EU Contribution of EUR 71 944 520 (EUR 62 888 415 in 2019) for the implementation of REACH, BPR and PIC / POPs / WFD Regulations. The amounts received were EUR 61 879 520, EUR 7 008 000 and EUR 3 057 000 respectively (EUR 58 346 800, EUR 2 978 415 and EUR 1 564 000 respectively in 2019).

In addition, during 2020 under the REACH and BPR, the Agency received EUR 1 598 830 of EFTA contribution (EUR 1 509 662 in 2019). The amounts received were actually EUR 1 441 278 for REACH and EUR 157 552 for BPR (EUR 1 412 237 and EUR 97 425 respectively in 2019).

As at 31.12.2020 an amount of EUR 2 602 552 out of the total EU plus EFTA Contribution received, is repayable to the EU Commission within in 2021. In particular EUR 2 575 616 relates to REACH positive Budget Outturn for 2020 that is repayable to DG GROW and EUR 26 936 relates to PIC / POPs / WFD positive Budget Outturn for 2020 that is repayable to DG ENV. It must be noted that for the first time ever, BPR resulted into a negative Budget Outturn of EUR 485 576 for 2020, due to a significant shortfall in the income from fees collected versus budgeted, and as a result not any amount of the received EU and EFTA Contribution is repayable back to DG SANTE (see [section 3.1](#)).

Switzerland's contribution under the BPR during 2020 amounts to EUR 252 162 (EUR 105 371 in 2019). Since the Budget Outturn of the Biocidal Products turned negative for 2020, not any amount of the received contribution from Switzerland is repayable as at 31.12.2020. The relevant amount that was repayable as at 31.12.2019 was EUR 4 625 (see [section 3.1](#)).

EUON / EUCLEF Agreements with DG GROW

The Agency had 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 31.12.2018 ECHA had a relevant open pre-financing received amounting to EUR 2 012 520. During 2019, the Agency incurred further total expenditure of EUR 1 511 590 for implementing EUON and EUCLEF, with an equal amount of pre-financing recognised as income and repaid the open pre-financing of EUR 80 795, relating to funds received before 2018. Furthermore, the Agency signed two additional transfer of funds agreements for EUON and EUCLEF, receiving EUR 600 000 and EUR 1 092 500 respectively and thus the relevant open pre-financing as at 31.12.2019 was 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.

IPA Agreements with DG NEAR

Under the IPA programme (Instrument for Pre-accession Assistance) a total pre-financing of EUR 107 626 was open as at 31.12.2018 relating to IPA funds received in 2015 (EUR 16 148) and in 2017 (EUR 91 477) from DG NEAR. During 2019 the amount of EUR 16 148 of the open 2015 IPA was repaid and additional pre-financing of EUR 450 000 was collected based on a new Contribution Agreement with DG NEAR. A total expenditure of EUR 202 550 was incurred, with an equal amount of pre-financing recognised as income, and thus the relevant open pre-financing as at 31.12.2019 was EUR 338 927, out of which EUR 20 853 relate to the funds received in 2017 and EUR 318 074 to the funds received in 2019.

During 2020, the amount of EUR 20 853 of the open 2017 IPA funds was repaid and 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 355 000 from DG NEAR and thus the relevant open pre-financing as at 31.12.2020 was EUR 447 063.

OELs Agreements with DG EMPL

Finally, during 2019 the Agency signed a Contribution 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. A total expenditure of EUR 111 721 was incurred during 2019, with an equal amount of pre-financing recognised as income and thus the relevant open pre-financing as at 31.12.2019 stood at 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 additional EUR 240 000 for the implementation of additional tasks, thus the relevant open pre-financing as at 31.12.2020 was EUR 142 987.

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	2020	2019
<u>Non-exchange revenue</u>			
EU subsidy	2.1.10	69 400 592	61 410 817
EFTA contribution	2.1.10	1 540 205	1 473 398
Federation of Switzerland Contribution	2.1.10	252 162	100 746
Revenue with consolidated entities (IPA, EUON, EUCLEF, OELs)	2.1.10	1 969 324	1 825 861
Reversal of provisions related to legal cases	2.1.6	58 197	76 645
Miscellaneous administrative revenue		137 244	190 138
Total - Non-exchange revenue		73 357 725	65 077 606
<u>Exchange revenue</u>			
a) Fee income			
REACH fee income		30 494 018	32 832 196
Biocide fee income		2 861 007	2 331 309
Appeal Fees income		47 941	42 966
Reversal of REACH Administrative charge impairment provision due to collections	2.1.2	57 937	273 568
b) Other revenue			
Inter-entity recoveries		22 572	51 003
Revenue from SLA with EFSA	2.1.8	1 821 576	268 357
Profit from sale of fixed Assets	2.1.1	-	5 600
c) Financial revenue			
Other Interest income		9 879	-
FX gains		119	504
Total - Exchange revenue		35 315 049	35 805 504
Total – Revenue		108 672 774	100 883 109

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 2020, all known rejections were taken into account.

A deferral for fee income upon which the work will be performed in 2021 and onwards has been provided in the accounts. Details of the deferred amounts are shown in the [Note 2.1.8](#).

2.2.2. Expenses

Administrative expenses	2020	2019	change%
Staff related expenses	67 745 076	62 905 567	8%
Seconded National Experts expenses	308 981	310 569	-1%
Administrative expenses – Staff	68 054 057	63 216 136	7%
Depreciation/Amortisation	10 618 352	13 119 420	-19%
Tangible Fixed Assets Impairment	-	135 151	-100%
Intangible Fixed Assets Impairment	-	630 496	-
Administrative expenses – Fixed Assets related	10 618 352	13 885 067	-24%
Recruitment related expenses	155 903	226 812	-31%
Interim staff	2 604 529	2 950 424	-12%
European School Helsinki	1 284 209	1 312 103	-2%
Annual medical	376 656	424 364	-11%
Missions	9 868	122 285	-92%
Training	320 495	553 920	-42%
Rent	5 176 596	6 190 116	-16%
Building related costs	2 811 750	2 576 906	9%
Other	1 084 347	1 453 084	-25%
Administrative expenses – Other	13 824 353	15 810 013	-13%
Operational expenses	2020	2019	change%
Management Board meetings	20 448	153 887	-87%
Committee meetings and workshops	235 879	2 180 488	-89%
Operational missions	80 896	554 441	-85%
Translations	1 124 424	1 697 320	-34%
IT operational costs	15 591 917	16 641 080	-6%
Substance Evaluation	249 135	854 546	-71%
Other	2 573 540	2 506 293	3%
Operational expenses	19 876 239	24 588 056	-19%
Financial expenses	2020	2019	change%
Bank charges and Other financial cost	75	75	-7%
FX losses	6 602	4 615	43%
Total - Financial expenses	6 677	4 691	42%
Total – Expenses	112 379 678	117 503 961	-4%

Overall, the 2020 expenditure is decreased by 4% (approx. EUR 5.1 million) compared to 2019. A significant part of the decrease relates to the impact of COVID-19. 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 versus 2019.

Furthermore, the expenditure for translation was decreased by EUR 0.5 million (-34%) and for substance evaluation by EUR 0.6 million (-71%). The IT expenditure (maintenance), was decreased by EUR 1 million (-6%) and the depreciation, amortisation and impairment expense of the Agency's fixed assets, (tangible and intangible) was EUR 3.3 million less than 2020. Finally, as a result of moving into the new building since the beginning of the year, the annual rent expenditure for 2020 was EUR 1 million less than 2019.

However, the decrease in the operational, administrative and fixed assets expenditure has been offset by an increase of approximately EUR 4.8 million in the staff expenses. This is directly related to the increase in the recruited staff during 2020 vs 2019 (approximately 2.3% increase) as a result of the 2019 reorganisation that led to a quite high vacancy rate for that year, as well as to the net annual salary indexation (+1.3% increase on an annual basis) plus the internal normal evolution of payroll (i.e. steps, promotions etc). The provision for untaken leaves as at 31 December 2020 was respectively increased for approximately EUR 0.24 million. In addition, the pension contribution coefficient for REACH was increased from 34% in 2019 to 37% in 2020 resulting in EUR 0.3 million monetary increase. Finally, during 2020 the amount of employee salary costs that was directly related to software development and capitalised as internally generated intangible assets was approximately EUR 0.5 million less than 2019 (see [Note 2.1.1](#)), therefore staff related expenditure for 2020 is equally increased.

2.3. Off balance sheet items

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

The Agency had contingent assets totalling EUR 183 400 as at 31 December 2020 (EUR 283 400 in 2019). This relates to performance guarantees provided by contractors.

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

Category	31.12.2020	31.12.2019
Commitments against appropriations not yet consumed (RAL)	6 675 671	10 086 240
Operating lease (Building)	52 586 683	58 186 913
Contractual commitments for which budget commitments have not yet been made (maintenance, IT, cleaning, security)	10 425 471	10 750 574
Contingent liabilities (legal cases)	430 000	250 000
Total	70 117 825	79 273 727

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 2020.

Operating Lease (Building) includes the contractual monthly lease payments for the new building (expected during the years 2021 – 2029).

The contingent liabilities consist of fifteen (15) on-going legal cases (nine as at 31.12.2019) estimated at a total amount of EUR 430 000 (EUR 250 000 as at 31.12.2019). 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. Financial assets credit ratings

Details	Note	31.12.2020			31.12.2019		
		Credit rating	Rating Agency	EUR	Credit rating	Rating Agency	EUR
Bank accounts / Nordea	2.1.5	AA-	S&P	5 715	A-1+	S&P	5 874
Bank accounts / ING Belgium	2.1.5	A-1	S&P	17 585 356	A-1	S&P	19 205 082
Cash and Cash equivalents				17 591 071			19 210 956

The Agency had no excess cash or cash reserves available for investment in 2020 and 2019.

2.4.2. Credit Risk analysis

Credit quality of financial assets that are neither past due nor impaired	Total	Receivables with Member States and third Countries	Receivables with third parties (including accruals & deferrals)	Receivables with EU consolidated entities (including accruals & deferrals)	Bank accounts
Prime and high grade	19 012 837	571 774	-	849 992	17 591 071
Unrated - Debtors who have never defaulted	2 791 125	-	2 791 125	-	-
As at 31 December 2020	21 803 962	551 380	2 806 827	849 992	17 591 071
Prime and high grade	20 863 084	936 331	-	715 797	19 210 956
Unrated - Debtors who have never defaulted	3 124 239	-	3 124 239	-	-
As at 31 December 2019	23 987 323	936 331	3 124 239	715 797	19 210 956

Included in the "Receivables with third parties" are the receivables in relation to REACH and BPR fees and charges. Under these regulations, if fees are not paid by the due dates, the invoice is cancelled and the applicant's submission is not accepted, e.g. the applicant will not receive a registration number. However, under the REACH SME verification process, the administrative charge for incorrect company size declarations is not cancelled if the due date expires. These invoices remain outstanding and, as a consequence, a provision for impairment has been recorded in the accounts (see [Note 2.1.2](#)).

2.4.3. Remaining maturities of liabilities

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 (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	83 208	74 856	-	158 064
Total – Liabilities	16 528 819	74 856	-	16 603 675

Maturities of liabilities 31.12.2019	< 1 year	1 - 5 years	> 5 years	Total
Payables with third parties	1 078 816	-	-	1 078 816
Payables (consolidated entities)	4 468 270	-	-	4 468 270
Accrued Liabilities with third parties	8 598 351	-	-	8 598 351
Accrued Liabilities (consolidated entities)	4 435	-	-	4 435
Finance Lease Liabilities	85 986	158 066	-	244 052
Total – Liabilities	14 235 858	158 066	-	14 393 924

The outstanding contractual liabilities as at 31 December 2020 mainly relate to supplier invoices of EUR 592 981, received and recorded in the financial system (EUR 774 780 as at 31 December 2019), as well as the Budget outturn for the year and other prefinancing payable to the Commission amounting to EUR 5 711 155 (EUR 4 093 703 as at 31 December 2019). See [Note 2.1.10](#). The accrued liabilities recorded as at 31 December 2020 are expected to be settled within 2021. As at 31 December 2020, there are financial lease liabilities outstanding, for the acquisition of certain audio visual equipment, with a contractual maturity up to the end of 2022, and a net carrying amount of EUR 158 064 out of which EUR 83 208 is expected to be settled during 2021.

2.5. Related party disclosures

The highest staff grade of the Agency in 2020 was AD14 (Executive Director-Authorising Officer, Deputy Executive Director as well as three other Directors).

2.6. Other Significant disclosures for 2020

2.6.1. COVID-19 pandemic

During 2020, the coronavirus outbreak had a huge impact on the EU economy and globally. However, COVID-19 pandemic did not have any effect on the recognition and measurement of the Agency's assets and liabilities as at 31 December 2020.

The COVID-19 pandemic though, indeed affected the Agency's way of working. ECHA put the necessary steps in place to continue providing its functions in a fully remote setting with extended teleworking arrangements already in place since March 2020. Following the decision to move to teleworking for all staff and arrange for all committee meetings remotely, 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. A description of the 2020 actual accrual-based accounting expenditure is included in [Note 2.2.2 Expenses](#).

On the 2020 budget implementation side, the conditions that were triggered by COVID-19 as described above, enabled the Agency to achieve relevant budget savings. Those, allowed ECHA to balance the fee income decrease that was observed during the year, compared to the initial 2020 budget estimates. It should be noted that the observed decrease in the collected fee income cannot be directly attributed to the COVID-19 outbreak, but it is a trend already observed since the last REACH registration deadline of 2018. A description of the 2020 budget implementation is included in sections [3.3 Budget Implementation 2020](#) and [4.Financial Management 2020](#).

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 were 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 be 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 can 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 relating to LEC fees open receivables 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 has been already adjusted in the annual accounts as at 31.12.2020.

Furthermore, as at 31 December 2020, ECHA had EUR 117 632 of long outstanding open receivables with UK companies relating to the administrative charge as a result of the SME verification. An equal provision for impairment has been recorded in the annual accounts as at 31.12.2020 (see [Note 2.1.2](#)).

2.7. Events after the balance sheet date

Other than the BREXIT related disclosure as it is described in [Note 2.6.2](#) above, at the date of signature of these annual accounts, 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.

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3. REPORTS ON THE IMPLEMENTATION OF THE BUDGET

3.1. Budget Outturn Account (amounts in EUR)

Budget Outturn Account		2020	2019
REVENUE			
EU subsidy	+	73 795 512	64 503 448
Other contributions from Commission (EUON/EUCLEF, IPA, OELs, etc)	+	3 847 255	3 166 928
Fee income	+	32 292 704	44 385 256
Other revenue	+	284 491	228 318
TOTAL - REVENUE (a)		110 219 961	112 283 950
EXPENDITURE			
<i>Title I: Staff</i>			
Payments	-	72 756 294	70 125 431
Appropriations carried over	-	353 953	389 286
<i>Title II: Administrative Expenses</i>			
Payments	-	10 932 482	12 822 375
Appropriations carried over	-	2 519 648	4 553 591
<i>Title III: Operating Expenditure</i>			
Payments	-	12 569 521	12 408 759
Appropriations carried over	-	13 251 657	13 148 737
TOTAL - EXPENDITURE (b)		112 383 556	113 448 180
OUTTURN FOR THE FINANCIAL YEAR (a-b)		(2 163 594)	(1 164 230)
Cancellation of unused payment appropriations carried over from previous year	+	363 349	307 203
Adjustment for carry-over from the previous year of appropriation available at 31.12. arising from assigned revenue	+	3 923 717	2 379 531
Exchange differences for the year (gain +/-loss -)	+/-	(6 497)	(4 018)
BALANCE OF THE OUTTURN ACCOUNT FOR THE FINANCIAL YEAR		2 116 976	1 518 487
Balance year N-1	+/-	1 518 487	3 672 763
Subsidy and contributions from year N-1 reimbursed in year N	-	(1 518 487)	(3 672 763)
BUDGET OUTTURN		2 116 976	1 518 487
Analysed as:			
REACH / CLP Budget Outturn (DG GROW)		2 575 616	1 353 559
BPR Budget Outturn (DG SANTE)		(485 576)	139 621
PIC / POPs / WFD Budget Outturn (DG ENV)		26 936	25 306
Total Budget Outturn		2 116 976	1 518 487
EU subsidy – ECHA revenue and EU accrued expense		71 192 959	62 984 961
EU pre-financing to be reimbursed to the Commission		2 602 552	1 513 862
Pre-financing to be reimbursed to the Swiss Confederation		-	4 625

The detailed budget execution is set out in section [3.3 Budget Implementation 2020](#)

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:

Reconciliation of the accrual based result with the budget result		2020
ECONOMIC RESULT OF THE YEAR		(3 706 904)
<i>Adjustment for items not in the budgetary result but included in the economic result</i>		
Accrual cut-off / accrued & deferred expenses (reversal cut-off 31.12.2019)	-	(5 808 068)
Accrual cut-off / accrued & deferred expenses (cut-off 31.12.2020)	+	5 185 297
Amount from liaison account with Commission booked in the economic revenue	-	(70 940 797)
Switzerland Contribution booked in the economic revenue	-	(252 162)
Unpaid invoices at year end but booked in charges	+	565 667
Depreciation/Amortisation of intangible and tangible assets	+	10 618 352
Provisions (impact for the year - income / + expense)	-/+	112 982
Pre-financing given in previous year and cleared in the year	+	11 726
Pre-financing received in previous year and cleared in the year	-	(1 969 324)
Payments made from carry over of payment appropriations	+	13 915 262
<i>Adjustment for items included in the budgetary result but not in the economic result</i>		
Asset acquisitions (less amounts not paid)	-	(8 123 854)
New pre-financing paid in the year and remaining open as at 31.12.2020	-	(163 736)
New pre-financing received in the year and remaining open as at 31.12.2020	+	3 108 604
Budgetary recovery orders issued before 2020 and cashed in the year	+	48 875
Budgetary recovery orders issued in 2020 on balance sheet accounts	+	(2 356 276)
Commission subsidy included in budget	+	73 795 512
Capital payments on financial leasing	-	(85 986)
Payment appropriations carried over to 2021	-	(16 125 258)
Cancellation of unused carried over payment appropriations from previous year	+	363 349
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	+	3 923 717
Total after adjustments above		2 116 976
BUDGETARY RESULT OF THE YEAR (BUDGET OUTTURN)		2 116 976
<i>Delta not explained</i>		-

3.3. Budget Implementation 2020

3.3.1. Budget Overview

The initially budgeted total payment appropriations for the Agency's expenditure in 2020, as concluded by the Management Board in December 2019, amounted to EUR 116.4 million. However, the final total expenditure, concluded in the amending budget in September 2020, amounted to EUR 109.6 million. The primary reason for this amendment was the observed fee income decrease, compared to the initial budget estimates. In particular, the REACH fee income estimates were revised downwards by c. EUR 7 million, this reduction being entirely compensated through REACH expenditure savings, primarily relating to the COVID-19 pandemic, leaving the REACH subsidy unchanged. Similarly, the BPR fee income estimates were revised downwards by c. EUR 1.1 million, with the reduction compensated by BPR expenditure savings, leaving also the BPR subsidy unchanged. Finally, the budget was increased by c. EUR 1.3 million relating to the Service Level Agreement concluded with the European Food Safety Authority (EFSA), leading to a net decrease of c. EUR 6.8 million in payment appropriations.

Revenue	Initial voted budget	Amending budgets	Final voted budgeted
Total revenue	116 370 181	(6 772 396)	109 597 785
Expenditure	Initial voted budget	Amending budgets	Final voted budgeted
Commitment appropriations	116 185 181	(6 823 023)	109 362 158
Payment appropriations	116 370 181	(6 772 396)	109 597 785

3.3.2. Revenue

The budget funding of ECHA in 2020 consisted of the following (amounts in EUR):

Description	Initial voted Budget 2020	Amending Budget 2020	Final voted Budget 2020	Entitlements established 2020	Revenue received 2020
Fees and charges from Registrations & Updates	32 000 000	(7 415 983)	24 584 017	25 575 595	25 575 595
Fees and charges from Authorisations	2 500 000	459 690	2 959 690	2 996 059	2 996 059
Fees SME Administration	1 000 000	-	1 000 000	1 053 334	1 053 334
Fees and charges from CLP	200 000	(39 312)	160 688	73 200	73 200
Fees and charges from Appeals	-	14 350	14 350	45 441	45 441
Total REACH Fees & Charges Income	35 700 000	(6 981 255)	28 718 745	29 743 629	29 743 629
Fees relating to Biocidal Active Substances	870 000	(426 479)	443 521	377 000	377 000
Fees for Union Authorisation of Biocidal products	2 210 000	(762 513)	1 447 487	497 000	497 000
Miscellaneous fees	1 470 000	83 515	1 553 515	1 672 575	1 672 575
Fees and charges from Appeals	-	2 500	2 500	2 500	2 500
Total BPR Fee & Charges Income	4 550 000	(1 102 977)	3 447 023	2 549 075	2 549 075
REACH EU Contribution	61 879 520	-	61 879 520	61 879 520	61 879 520
BPR EU Contribution	7 008 000	-	7 008 000	7 008 000	7 008 000
PIC/POPs/WFD EU Contribution	3 057 000	-	3 057 000	3 057 000	3 057 000
EFTA Contribution – REACH	1 441 278	-	1 441 278	1 441 278	1 441 278
EFTA Contribution – BPR	157 552	-	157 552	157 552	157 552
Confederation of Switzerland Contribution - BPR	245 831	6 331	252 162	252 162	252 162
Total EU Contributions	73 789 181	6 331	73 795 512	73 795 512	73 795 512
Contribution Agreement EUON	892 000	-	892 000	827 700	827 700
Contribution Agreement EUCLEF	1 199 000	-	1 199 000	1 139 050	1 139 050
Contribution Agreement IPA	-	-	-	335 000	335 000
Contribution Agreement OELs	240 000	-	240 000	240 000	240 000
SLA with EFSA	-	1 305 505	1 305 505	1 305 505	1 305 505
Total Contribution Agreements and SLAs	2 331 000	1 305 505	3 636 505	3 847 255	3 847 255
Total Other income - miscellaneous	-	-	-	235 616	284 491
Total	116 370 181	(6 772 396)	109 597 785	109 597 785	110 219 962

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 subsidy. 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 2020, in terms of cash received, amounted to EUR 29.69 million (EUR 34.69 million in 2019). In addition, EUR 0.05 million (EUR 0.05 million also in 2019) was recorded in relation to REACH appeal fees giving a total of fees and charges of EUR 29.74 million (EUR 34.74 million in 2019).

During 2020, ECHA cashed in a total of 7 102 invoices related to REACH registrations and update fees, compared to 8 456 invoices in 2019. This translates into EUR 25.6 million REACH Registrations and Updates income for 2020, while the corresponding amount collected in 2019 was EUR 28.4 million (in the final registration deadline year of 2018, EUR 79.1 million was collected). This declining trend highlights the new era for the REACH registration fee income, as no further registration deadlines are defined in the REACH legislation that would generate peaks in the fee income.

In 2020, the Agency received payments for 55 applications for REACH authorisation (88 in 2019). The total REACH authorisation income collected in 2020 amounts to EUR 3.0 million (EUR 5.05 million in 2019). The Agency received payments for 20 applications under the CLP Regulation (68 in 2019). The total receipts under CLP for 2020 amount to EUR 0.07 million (EUR 0.22 million in 2019).

The additional registration fee income generated through the SME size verification process (included in the REACH registrations and updates income) in 2020 amounted to EUR 1.37 million (EUR 0.70 million in 2019). The increase compared to 2019 mainly relates to an effective SME campaign that invited companies to self-declare their correct company size before ECHA's verification starts, waiving any administrative charge that would otherwise result from a previous wrong size declaration. A total of 504 enterprises were verified for their company size in 2020 (333 in 2019). On top of the additional registration fees, the Agency generated EUR 1.05 million in administrative charges (EUR 1.01 million in 2019) levied on companies who were not eligible for the already received rebates.

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

During 2020, the Agency received an EU balancing subsidy for REACH/CLP of EUR 61.88 million (EUR 58.35 million in 2019) and a European Free Trade Association (EFTA) contribution of EUR 1.44 million (EUR 1.41 million in 2019).

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 subsidy. 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 2020, in terms of cash received, amounted to EUR 2.55 million (EUR 9.64 million in 2019). The significant reduction in BPR fee income, compared to the prior year, is directly related to the significantly lower number of Union Authorisation applications for Biocidal products, received in 2020.

B) BPR Contributions from the General Budget of the EU

During 2020, the Agency received an EU balancing subsidy of EUR 7.00 million (EUR 2.98 million in 2019) and an EFTA contribution of EUR 0.16 million (EUR 0.10 million in 2019). In addition, the Agency received a contribution from the Confederation of Switzerland of EUR 0.25 million (EUR 0.11 million in 2019).

3.3.2.3 PIC, POPs and WFD Revenue

In accordance with the Prior Informed Consent (PIC) Regulation (No 649/2012), Persistent Organic Pollutants (POPs) Regulation (No 2019/2021) and Waste Framework Directive (WFD) (EU) 2018/851 amending Directive 2008/98/EC, ECHA is fully financed by an EU subsidy for these activities. In 2020, the EU contribution amounted to EUR 1.15 million for PIC, EUR 0.26 million for POPs and EUR 1.64 million for WFD, totalling EUR 3.06 million (EUR 1.56 million in 2019 for PIC and POPs).

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 IUCLID software for plant protection products. In 2020, ECHA received an amount of EUR 3.85 million in aggregate for these tasks (EUR 3.17 million in 2019).

3.3.2.5 Other miscellaneous income

The table below shows the other miscellaneous income received by the Agency in 2020 (amounts in EUR).

Description	Entitlements established 2020	Revenue received 2020
Legal recoveries	9 995	58 871
Refund of cancelled flights due to COVID	36 537	36 537
Late interest income	9 879	9 879
Recovery of new building change requests	126 641	126 641
Recoveries from other EU agencies	36 936	36 936
Other cost recoveries	15 628	15 628
Miscellaneous income	235 616	284 491

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 2020 amounted to EUR 28.64 million (EUR 35.53 million in 2019). The table below depicts the breakdown of the net invoiced REACH fees during the year.

REACH Description	2020		2019	
	No of Transactions	EUR	No of Transactions	EUR
Invoices issued	7 383	31 360 367	8 969	37 795 088
Credit Notes	257	(1 857 253)	227	(1 579 220)
Unpaid	154	(867 424)	167	(681 689)
Considered paid	18	(274)	38	(2 622)
Write offs	-	-	-	-
Net Invoiced		28 635 416		35 531 557

On 31 December 2020, the amount to be recovered for REACH fees and charges, before any year-end Accounting adjustments, stood at EUR 3.28 million relating to 552 open invoices (On 31 December 2019, the amount to be recovered for REACH fees and charges, before any year end Accounting adjustment, stood at EUR 4.34 million relating to 571 open invoices).

B) Biocidal Products Fees and Charges

The total net invoiced by the Agency in 2020 amounted to EUR 2.60 million (EUR 9.14 million in 2019). The table below depicts the breakdown of the net invoiced BPR fees during the year.

BPR Description	2020		2019	
	No of Transactions	EUR	No of Transactions	EUR
Invoices issued	1 126	3 350 000	1 085	9 904 600
Credit Notes	67	(518 800)	66	(635 300)
Unpaid	23	(230 500)	66	(127 900)
Considered paid	2	(25)	4	(752)
Net Invoiced		2 600 675		9 140 648

On 31 December 2020, the amount to be recovered for Biocidal product fees and charges before any year end Accounting adjustments, stood at EUR 0.01 million relating to 38 open invoices (On 31 December 2019, the amount to be recovered for BPR fees and charges, before any year end Accounting adjustment, stood at EUR 0.05 million relating to 72 open invoices).

3.3.3. Expenditure

ECHA's expenditure budget consists of commitment appropriations (CA) and payment appropriations (PA). The initial CAs totalled EUR 116.2 million and the initial PAs totalled EUR 116.4 million, while the figure concluded in the final budget is EUR 109.4 million for CAs and EUR 109.6 million for PAs. These commitment and payment appropriations consist of C1 and R0 funds.

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 2020 (C1)

The initially adopted budget for the Agency in 2020 was EUR 113.9 million and the overall decrease during the year, including 10 transfers and one amending budget, was EUR 8.1 million, to arrive at EUR 105.7 million as the final budget.

The main reason for the reduction in the budget was that already in the middle of the year it became apparent that the fee income is not developing as planned and thus the Agency was required to find savings in order to balance the budget. Most of the savings were possible as a direct consequence of COVID-19 pandemic and related travel restrictions along with the limited presence of staff at ECHA building.

The final executed amount totalled EUR 104.1 million corresponding to an execution rate of 98.5 % for the appropriations.

3.3.3.2 Carry over of appropriations to 2021

The commitments and payment appropriations carried over to 2021 totals EUR 12.9 million, corresponding to 12 % of the committed amount (excluding the differentiated appropriations, the amount carried over to 2021 totals EUR 11.6 million corresponding to 11.2% of the commitment 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 2.4 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 PIC, POPs and Waste Framework Directive (SCIP). The carry over in operational titles totalled EUR 10.1 million (excluding differentiated appropriations, the carry over totalled EUR 8.9 million) and is mostly related to IT projects.

The high level of carry overs stems from the contracting cycle caused largely by the uncertainty in the fee income. In the past years, ECHA had to wait until late in the year before signing the contracts to make sure sufficient funds will be available, and at the same time, had to frontload certain projects when the income has exceeded the estimates. This 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 2019 (C8)

The amount carried over from 2019 totalled EUR 14.2 million and the final executed amount was EUR 13.8 million, corresponding to 97 %. The cancelled 3 % relate mostly to IT projects in Titles 2, 3 and 4, lower than anticipated costs for legal services related to collection of administrative charges and higher than anticipated utility costs.

3.3.3.4 Late interest payments

During the year 2020, ECHA did not pay late interest for commercial invoices.

3.3.3.5 Procurement procedures

In 2020, in implementing its budget, ECHA signed 456 contracts and purchase orders. The Agency also issued 49 catering orders and 80 travel orders through the electronic ordering tools under the relevant framework contracts (FWC). This represents a significant drop with regard to previous years, mainly due to the nature of the services during the COVID-19 crisis.

Out of the 456 signed contracts, 361 were specific contracts and orders under FWC, 83 were contracts resulting from tendering procedures, and the Agency signed as well 12 Service Level Agreements (SLA) with other EU institutions and bodies.

Out of the 83 contracts following procurement, ECHA concluded seven (7) new FWCs for IT (two), scientific services, interims, staff selection, publications, and travel agency services, and joined eight (8) inter-institutional FWCs mostly for HR and learning development matters. A total of seventeen (17) contracts were signed following negotiated procedures without prior publication based on the relevant rules of the Financial Regulation (Annexes 1–11.1), eleven (11) of which refer to legal services; three (3) for technical reasons to purchase furniture, for the service contract to implement ECHA's contribution to the SWACHE project in cooperation with OECD, and for a subscription to a scientific database. The remaining three (3) concerned the increase of the ceiling of FWCs, as announced in the related procurement procedures.

In 2020, the performance of the suppliers of the Agency was satisfactory overall and in accordance with the terms of the contracts, with no relevant exceptions. To note that the COVID-19 pandemic led to amendments to some contracts (IT, security, printing, training, etc.) to adapt the service delivery and related payment to the actual needs of the Agency under the circumstances; for instance, decreasing on-site presence or reducing the amount of resources or volume of service to be provided by the contractor.

Green procurement continued to be a priority and an integral part of the Agency's management system. Specific environmental requirements, such as ecolabels and environmental certificates were required in FWCs of the Agency that were under implementation in 2020 for catering, cleaning, furniture supply, removal and IT equipment.

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

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.

³ https://echa.europa.eu/view-article/-/journal_content/title/annual-list-of-awarded-contracts

4. FINANCIAL MANAGEMENT 2020

The successful management of ECHA's finances ensured that the 2020 accounts closed correctly, and that significant challenges faced in budget and liquidity management due to decreasing fee income and COVID-19 implications could be coped with well. The Agency met its budget implementation targets reaching a 98 % commitment rate and an 88 % payment rate (estimates were 95 % and 80 %, respectively).

The combination of uncertain fee income and a fixed EU balancing subsidy to finance the Agency's operations again proved complicated. In 2020, ECHA's fee income from industry continued to decline, following the trend observed since the last REACH registration deadline of 2018. Apart from identifying significant expenditure savings because of the various implications of the COVID-19 pandemic, the lack of fee income forced the Agency to run a deficit on the Biocidal Products Regulation (BPR) to meet its legal obligations. This deficit will be compensated through an additional EU contribution in 2021.

The split between overall ECHA fee income and subsidies was around 31 % and 69 %, respectively. This contrasts to 2019 where the split was 40 % and 60 % and, in particular, the long-term average which has seen 72 % of income coming from fees and 28 % from EU subsidy.

The European Parliament⁴ and the European Court of Auditors⁵ recognised ECHA's financial stability as a key aspect, while the European Commission has also acknowledged the challenges of ECHA's current financing model.⁶

The second REACH Review called on ECHA "to assess all possible options for financing in the context of projected reduced fee income."⁷ The Agency has made proposals, using the 2019 fee forecasting studies as reference points, to support a review of ECHA's financing model, with an aim to achieve better predictability and stability in its budget planning.

The initial total budgetary payment appropriations for expenditure in 2020 amounted to EUR 116.4 million. However, the final total expenditure figure concluded in the first amending budget in September 2020 was EUR 109.6 million. The main reasons for the reduced budget were related to the COVID-19 pandemic that led to, for instance, drastically reduced on-site committee meetings, decreased duty travels and delayed onboarding of newly recruited staff.

As the year progressed, it became apparent that the fee income was not developing as planned and the Agency had to find further savings by, for instance, reducing the travel of staff and externals to events to balance the budget, especially as no further EU financing was available.

Details on ECHA's budget information and budget management in 2020 can be found in section [3.3 Budget and Financial Management 2020](#) and in in section [5. Annex I - Statistics on Financial Management and Budget \(Expenditure\)](#) .

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

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

⁶ 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

⁷ <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 2020: Breakdown and changes in commitment appropriations and implementation of the appropriations for the current year (C1) per Title* (EUR)

Title	Description	Budget 2020 (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	76 060 753	-2 165 747	73 895 006	73 013 484	98.8%	73 895 006	72 690 888	98.4%	322 596	0.4%	881 522
A-2	BUILDING. EQUIPMENT AND MISCELL. OPER EXPEND	15 052 950	-1 456 434	13 596 516	13 288 897	97.7%	13 596 516	10 898 522	80.2%	2 390 375	18.0%	307 619
B0-3	OPERATIONAL EXPENDITURE - REACH/CLP	18 805 000	-4 029 695	14 775 305	14 485 889	98.0%	15 010 932	7 839 185	52.2%	6 910 470	47.7%	289 416
B0-4	OPERATIONAL EXPENDITURE - BIOCIDES	2 040 250	-604 038	1 436 212	1 321 733	92.0%	1 436 212	698 540	48.6%	623 194	47.1%	114 479
B0-5	OPERATIONAL EXPENDITURE - PIC,POPs, SCIP	1 895 228	127 386	2 022 614	2 013 652	99.6%	2 022 614	632 385	31.3%	1 381 268	68.6%	8 962
		113 854 181	-8 128 528	105 725 653	104 123 655	98.5%	105 961 280	92 759 519	87.5%	11 627 902	11.2%	1 601 998

**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 2020: 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 2020 (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	66 928 019	-1 733 917	65 194 102	64 509 578	99.0%	65 194 102	64 232 074	98.5%	277 503	0.4%	684 524
A-2	BUILDING. EQUIPMENT AND MISCELL. OPER EXPEND	13 102 779	-1 268 270	11 834 509	11 567 261	97.7%	11 834 509	9 485 979	80.2%	2 081 281	18.0%	267 248
B0-3	OPERATIONAL EXPENDITURE - REACH/CLP	18 805 000	-4 029 695	14 775 305	14 485 889	98.0%	15 010 932	7 839 185	52.2%	6 910 470	47.7%	289 416
		98 835 798	-7 031 882	91 803 916	90 562 727	98.6%	92 039 543	81 557 238	88.6%	9 269 255	10.2%	1 241 189

Biocide

Title	Description	Budget 2020 (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	8 210 883	-327 539	7 883 344	7 693 871	97.6%	7 883 344	7 663 587	97.2%	30 283	0.4%	189 473
A-2	BUILDING. EQUIPMENT AND MISCELL. OPER EXPEND	1 710 250	-165 069	1 545 181	1 509 258	97.7%	1 545 181	1 238 209	80.1%	271 049	18.0%	35 922
B0-4	OPERATIONAL EXPENDITURE - BIOCIDES	2 040 250	-604 038	1 436 212	1 321 733	92.0%	1 436 212	698 540	48.6%	623 194	47.1%	114 479
		11 961 383	-1 096 646	10 864 737	10 524 862	96.9%	10 864 737	9 600 336	88.4%	924 526	8.8%	339 874

PIC,POPs, SCIP

Title	Description	Budget 2020 (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	921 851	-104 291	817 560	810 036	99.1%	817 560	795 227	97.3%	14 809	1.8%	7 524
A-2	BUILDING. EQUIPMENT AND MISCELL. OPER EXPEND	239 921	-23 095	216 826	212 377	97.9%	216 826	174 333	80.4%	38 044	17.9%	4 449
B0-5	OPERATIONAL EXPENDITURE - PIC,POPs, SCIP	1 895 228	127 386	2 022 614	2 013 652	99.6%	2 022 614	632 385	31.3%	1 381 268	68.6%	8 962
		3 057 000	0	3 057 000	3 036 065	99.3%	3 057 000	1 601 944	52.4%	1 434 121	47.2%	20 935

Budget 2020: Breakdown & changes in commitment appropriations and implementation of the appropriations for the year (C1) per Chapter (EUR)

Chapter	Description	Budget 2020 (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-11	STAFF IN ACTIVE EMPLOYMENT	69 841 800	-1 925 136	67 916 664	67 309 484	99%	67 916 664	67 309 484	99%	0	0%	607 180
A-12	MISCELL EXPEND ON STAFF RECRUITMENT	681 514	158 002	839 516	794 534	95%	839 516	794 534	95%	0	0%	44 982
A-13	MISSIONS AND DUTY TRAVEL	41 401	-30 059	11 342	7 084	62%	11 342	7 084	62%	0	0%	4 258
A-14	SOCIO-MEDICAL AND SOCIAL WELFARE	1 921 361	-162 439	1 758 922	1 723 113	98%	1 758 922	1 641 119	93%	81 994	5%	35 809
A-15	TRAINING	860 376	-416 065	444 311	358 621	81%	444 311	254 789	57%	103 832	29%	85 690
A-16	EXTERNAL SERVICES	2 714 301	209 950	2 924 251	2 820 648	96%	2 924 251	2 683 878	92%	136 770	5%	103 603
	Total	76 060 753	-2 165 747	73 895 006	73 013 484	99%	73 895 006	72 690 888	98%	322 596	0%	881 522
A-20	RENTAL OF BUILDINGS AND ASSOCIATED COSTS	7 885 745	-1 195 790	6 689 955	6 652 160	99%	6 689 955	6 628 912	99%	23 248	0%	37 795
A-21	INFORMATION AND COMMUNICATION TECHNOLOGY	6 546 723	-334 050	6 212 673	6 012 422	97%	6 212 673	3 951 764	64%	2 060 658	34%	200 251
A-22	MOVABLE PROPERTY AND ASSOCIATED COSTS	364 401	-63 152	301 249	297 820	99%	301 249	198 577	66%	99 244	33%	3 429
A-23	CURRENT ADMINISTRATIVE EXPENDITURE	242 081	145 836	387 917	323 283	83%	387 917	116 114	30%	207 169	64%	64 634
A-25	MEETINGS EXPENDITURE	14 000	-9 278	4 722	3 212	68%	4 722	3 156	67%	57	2%	1 510
	Total	15 052 950	-1 456 434	13 596 516	13 288 897	98%	13 596 516	10 898 522	80%	2 390 375	18%	307 619
B3-0	REACH	17 055 000	-3 828 465	13 226 535	12 966 292	98%	13 226 535	6 055 822	46%	6 910 470	53%	260 243
B3-1	Multiannual activities	950 000	-180 635	769 365	740 192	96%	1 112 001	1 110 976	100%	0	0%	29 173
B3-8	INTERNATIONAL ACTIVITIES	800 000	-20 595	779 405	779 405	100%	672 396	672 387	100%	0	0%	0
	Total	18 805 000	-4 029 695	14 775 305	14 485 889	98%	15 010 932	7 839 185	52%	6 910 470	48%	289 416
B4-0	BIOCIDES	2 040 250	-604 038	1 436 212	1 321 733	92%	1 436 212	698 540	49%	623 194	47%	114 479
	Total	2 040 250	-604 038	1 436 212	1 321 733	92%	1 436 212	698 540	49%	623 194	47%	114 479
B5-0	PIC, POPs, SCIP	1 895 228	127 386	2 022 614	2 013 652	100%	2 022 614	632 385	31%	1 381 268	69%	8 962
	Total	1 895 228	127 386	2 022 614	2 013 652	100%	2 022 614	632 385	31%	1 381 268	69%	8 962
Total ECHA		113 854 181	-8 128 528	105 725 653	104 123 655	98%	105 961 280	92 759 519	88%	11 627 902	11%	1 601 998

Budget 2020: Implementation of differentiated appropriations (EUR)

Budget line		Available commitment appropriations	Commitments made	%	Available payment appropriations	Payments made	%
B3-111	Substance evaluation and Rapporteurs (Multiannual)	2 059 435	2 003 819	97%	1 112 001	1 110 976	100%
B3-801	Cooperation with international organisations for IT programs	1 196 201	1 194 201	100%	672 396	672 387	100%
Total		3 255 636	3 198 020	98%	1 784 397	1 783 362	100%

Out of the total available commitment appropriations, EUR 1 733 866 was stemming from commitments made in earlier financial years. The available commitment appropriations for 2020 totalled EUR 1 521 770 out of which EUR 1 519 597 (100 %) were committed. The amount of commitments carried forward to 2021 totals EUR 706 089.

Budget 2020: 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	45 541	14 184	31%	45 541	14 184	31%	31 357	31 357
A-2	BUILDING. EQUIPMENT AND MISCELL. OPER EXPEND	CND	C4	142 512	13 239	9%	142 512	13 239	9%	129 273	129 273
B0-3	OPERATIONAL EXPENDITURE - REACH/CLP	CND	C4	85 756	0	0%	85 756	0	0%	85 756	85 756
B0-4	OPERATIONAL EXPENDITURE - BIOCIDES	CND	C4	7 909	0	0%	7 909	0	0%	7 909	7 909
			C4	281 719	27 423	10%	281 719	27 423	10%	254 296	254 296
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	51 530	51 222	99%	51 530	51 222	99%	0	0
A-2	BUILDING. EQUIPMENT AND MISCELL. OPER EXPEND	CND	C5	20 722	20 722	100%	20 722	20 722	100%	0	0
B0-3	OPERATIONAL EXPENDITURE - REACH/CLP	CND	C5	66 852	66 760	100%	66 852	55 870	84%	0	10 890
B0-4	OPERATIONAL EXPENDITURE - BIOCIDES	CND	C5	18 776	18 776		18 776	18 776	100%	0	0
			C5	157 879	157 479	100%	157 879	146 589	93%	0	10 890
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	739 778	499 013	64%	739 778	237 777	24%	240 765	502 002
B6-010	EUON	CND	R0	1 839 671	843 336	56%	1 839 671	588 810	39%	996 335	1 250 861
B6-011	EUCLEF	CND	R0	2 700 738	1 415 045	46%	2 700 738	1 011 851	26%	1 285 693	1 688 887
B6-020	Occupational exposure limits	CND	R0	373 992	304 601	83%	373 992	223 962	44%	69 391	150 029
B6-021	Further development of IUCLID (w/ third parties)	CND	R0	1 902 758	1 838 133	100%	1 902 758	1 262 367	24%	64 624	640 391
			R0	7 556 937	4 900 128	65%	7 556 937	3 324 767	44%	2 656 809	4 232 170

Budget 2020: Implementation of the appropriations carried forward from previous year (C8) Per Title (EUR)

Title	Description	Carried Forward from 2019	Paid	Cancelled	% cancelled
A-1	STAFF	342 537	324 900	17 637	5%
A-2	BUILDING. EQUIPMENT AND MISCELL. OPER EXPEND	4 532 869	4 414 594	118 275	3%
B0-3	OPERATIONAL EXPENDITURE - REACH/CLP	6 324 726	6 161 210	163 517	3%
B0-4	OPERATIONAL EXPENDITURE - BIOCIDES	2 574 706	2 515 161	59 545	2%
B0-5	OPERATIONAL EXPENDITURE - PIC & POPs	433 522	429 147	4 375	1%
		14 208 361	13 845 011	363 349	3%