



European Securities and
Markets Authority

Annual Accounts of the European Securities and Markets Authority

Financial Year 2021



Accounting Officer's Certificate on the Annual Accounts

I acknowledge my responsibility for the preparation and presentation of the annual accounts of the European Securities and Markets Authority in accordance with Article 102 of the Framework Financial Regulation¹.

I hereby certify that the annual accounts of ESMA for the year 2021 have been prepared in accordance with Title IX of the Framework Financial Regulation 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 Securities and Markets Authority'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 ESMA.

Paris, 2 June 2022

Jordi Climent-Campins
Accounting Officer

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.

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Abbreviations

ABAC	Accrual Based Accounting (accounting system used at ESMA)
BoS	Board of Supervisors
CA	Commitment appropriations
(TC)CCP	(Third Country) Central Counterparty
CRA	Credit Rating Agency
EAR	EU Accounting Rule
EBA	European Banking Authority
EC	European Commission
ECB	European Central Bank
EEA	European Economic Area
EIOPA	European Insurance and Occupational Pensions Authority
ESAs	European Supervisory Authorities
ESMA	European Securities and Markets Authority
ESP	European Supervisory Platform
EU	European Union
FISMA	Directorate-General for Financial Stability, Financial Services and Capital Markets
FR	Financial Regulation
FWC	Framework Contract
FX	Foreign exchange rate
ICT	Information and communication technologies
IPSAS	International Public Sector Accounting Standard
MB	Management Board
NCA	National Competent Authority
PA	Payment appropriations
P&L	Profit and loss account
RAL	Reste à liquider (share of a committed amount not yet paid)
SFTR	Securities Financing Transactions Regulation
SFTRs	Trade Repositories (under SFTR Regulation)
SPD	Single Programming Document
SR	Securitisation Repository
SSM	Single Supervisory Mechanism
TR	Trade Repository (under EMIR Regulation)
WP	Annual Work Programme

Background information

Introduction

The European Securities and Markets Authority was established by Regulation (EU) n° 1095/2010 of the European Parliament and the Council 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision n° 716/2009/EC and repealing Commission Decision 2009/77/EC. On 27 December 2019 Regulation (EU) 2019/2175, the revised version of ESMA's founding regulation was published amending Regulation (EU) n° 1095/2010. This new regulation, founding the European Supervisory Authorities (ESAs) and in particular ESMA, is applicable as from 1 January 2020.

The accounts of the European Securities and Markets Authority are kept in accordance with the Decision on the Financial Regulation of ESMA as adopted by its Management Board and its Implementing Rules.

In accordance with Article 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council C/2018/8599 (OJ L 122, 10.5.2019, p.1-38) and Article 98 of the Decision on the Financial Regulation of the European Securities and Markets Authority, the following final accounts together with the reports on the implementation of the budget of the European Securities and Markets Authority have been drawn up.

Legal status and principal office

The Authority is a body of the Union as referred to in Article 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council C/2018/8599 (OJ L 122, 10.5.2019, p.1-38). It has legal personality. The Authority is represented by its Chair, Mrs Verena ROSS, and its management is entrusted to the Executive Director, Mrs Natasha CAZENAVE, both appointed by the Authority's Board of Supervisors.

The Authority's headquarters are located in Paris, France, 201-203 rue de Bercy.

The Protocol on the Privileges and Immunities of the European Union applies to the Authority.

Governing structure

ESMA's governing structure consists of a Board of Supervisors and a Management Board.

The Board of Supervisors is composed of the heads of the national authorities competent for the supervision of financial markets participants in each EU Member State and the Chair of ESMA. The European Commission, the European Banking Authority, the European Insurance and Occupational Pensions Authority and the European Systemic Risk Board are non-voting Members. The heads of the national competent authorities for the supervision of financial markets participants from Iceland, Norway and Liechtenstein are also non-voting members.

The Board of Supervisors gives guidance to the work of the Authority and has key decision-making responsibilities.

The Management Board is composed of the Chair and six members selected from the Board of Supervisors and the Executive Director and the European Commission as non-voting member. The Vice-Chair is an observer. The Management Board deals with the management of the Authority.

Both the Board of Supervisors and the Management Board are chaired by the Chair while the Executive Director is entrusted with the management of the Authority and participates in Board meetings.

Highlights of the year

During the financial year 2021, ESMA underwent a series of key events with an impact in its financial statements, including:

- ⇒ A substantial growth in its headcount, amounting 298 staff at 31.12.2021 (240 at 31.12.2020, +24%).
- ⇒ ESMA has ensure full business continuity during the Covid-19 pandemic and related restrictions in 2021.
- ⇒ Implementation of a re-scaled tool for Activity Based Management.
- ⇒ Last major works in its new premises.

Further information sources

More information on the Authority's administrative and operational activities, organisational chart, applicable legislation, membership of the Board of Supervisors and Management Board is available on the Authority's web site <https://www.esma.europa.eu> and in its annual report.

Financial Statements

Statement of Financial Position

	Note	2021	2020
ASSETS			
Non-current Assets			
<i>Intangible fixed assets</i>	II.1.a		
Computer software		4,943,949	4,086,735
<i>Tangible fixed assets</i>	II.1.b		
Plant and equipment		96	222
Computer hardware		339,707	340,346
Furniture		379,675	440,642
Other fixtures and fittings		4,609,386	4,695,027
Total		10,272,813	9,562,972
Current Assets	II.2		
Current receivables	II.2.a	1,249,370	1,314,205
Sundry receivables	II.2.b	27,357	54,184
Deferred charges and accrued income	II.2.c	1,927,829	1,829,962
Cash and cash equivalents	II.2.d	6,563,604	11,420,188
Total		9,768,161	14,618,539
TOTAL ASSETS		20,040,974	24,181,511
LIABILITIES			
Non-current Liabilities			
Deferred revenue	II.4	4,724,421	6,692,718
Total		4,724,421	6,692,718
Current Liabilities			
Current payables	II.5.a	3,687,310	5,084,515
Sundry payables	II.5.b	-	640,000
Payables towards consolidated entities	II.5.c	842,246	2,459,238
Deferred revenue	II.4	1,228,486	1,343,248
Total		5,758,042	9,527,001
TOTAL LIABILITIES		10,482,463	16,219,719
TOTAL NET ASSETS		9,558,511	7,961,792

Statement of Financial Performance

	Note	2021	2020
OPERATING RESULT			
Operating revenue	III.1		
Subsidy from the Member States		23,832,443	21,023,185
Subsidy from EFTA countries		737,847	597,250
EU Balancing subsidy		17,574,825	15,369,063
Fees from supervised entities		15,953,989	14,708,779
NCA contribution to IT delegated projects		2,833,732	3,180,568
Foreign currency conversion gains		3,868	2,343
Other miscellaneous revenue		12,492	86,829
Total		60,949,196	54,968,017
Operating Expenses	III.2		
Staff expenses	III.2.a	36,655,522	30,226,912
Building and related expenses	III.2.b	5,702,454	5,581,471
Other expenses	III.2.c	14,204,253	13,086,140
Depreciation and amortisation	III.2.d	2,792,499	3,013,236
Foreign currency conversion losses		4,862	4,526
Total		59,359,589	51,912,285
OPERATING RESULT		1,589,607	3,055,732
NON-OPERATING RESULT			
	III.3		
Financial revenue		12,314	495
Financial expenses		5,201	45,373
NON-OPERATING RESULT		7,112	(44,878)
Result from Ordinary Activities		1,596,719	3,010,854
Result from Extraordinary items		-	-
ECONOMIC RESULT FOR THE YEAR		1,596,719	3,010,854

Cashflow Statement

	2021	2020
CASHFLOW FROM ORDINARY ACTIVITIES		
Surplus/(Deficit) from ordinary activities	1,596,719	3,010,854
Depreciation and amortisation	2,792,499	2,986,951
Increase/(decrease) in provisions	-	-
(Increase)/decrease in receivables	(6,206)	(2,359,647)
Increase/(decrease) in accounts payable	(2,037,205)	1,614,499
Increase/(decrease) in liabilities to cons. entities	(1,616,992)	1,270,324
Increase/(decrease) in deferred income	(2,083,059)	-
Net cashflow from operating activities	(2,950,964)	3,512,127
CASHFLOW FROM INVESTING ACTIVITIES		
(Increase)/decrease in fixed assets	(3,502,340)	(1,364,748)
Net cashflow from investing activities	(3,502,340)	(1,364,748)
NET INCREASE/(DECREASE) IN CASH	(4,856,584)	5,158,233
Cash at the beginning of the period	11,420,188	6,261,957
Cash at the end of the period	6,563,604	11,420,188

Statement of Changes in Net Assets

Capital	Reserves		Acumulated equity	Economic result of the year	Total Net Assets
	Fair value	Other			
Balance as at 31 December 2020	-	-	4,950,938	3,010,854	7,961,792
Changes in accounting policies	-	-	-	-	-
Balance at 1 January 2021 (if restated)	-	-	4,950,938	3,010,854	7,961,792
Allocation of the result of 2020	-	-	3,010,854	(3,010,854)	-
Economic result for the year	-	-	-	1,596,719	1,596,719
Balance as at 31 December 2021	-	-	7,961,792	1,596,719	9,558,511

Notes to the Financial Statements

I. Significant accounting policies

1. Accounting principles

The annual accounts of the European Securities and Markets Authority comprise the financial statements and the reports on the implementation of the budget.

The objective of the annual accounts is to provide information on the financial position, performance and cash flows of ESMA in a way that is useful to a wide range of stakeholders and other users.

The overall considerations (or accounting principles) to be followed when preparing the financial statements are laid down in the EU Accounting Rule 1 'Financial Statements' and are the same as those described in IPSAS 1: fair presentation, accrual basis, going concern, consistency of presentation, materiality, aggregation, offsetting, prudence and comparative information. The qualitative characteristics of the financial reporting are relevance, faithful representation (reliability), understandability, timeliness, comparability and verifiability.

The financial statements show all charges and income for the financial year, based on accrual accounting rules that comply with the EU Accounting Rules, and are designed to establish the financial position in the form of a balance sheet as at 31 December.

The budgetary accounts give a detailed picture of the implementation of the budget. They are based on a modified cash accounting principle.

2. Basis of preparation

The financial statements are prepared on a going concern basis as there is no indication that the Authority will not continue to operate in its current state for the twelve months from the date of establishing these accounts. The reporting period elapses between 1 January to 31 December.

Impact of the COVID-19 pandemic on the Authority's operations

During 2021 the coronavirus outbreak continued to have a significant impact on the EU economy, with an uneven impact across the various industries and firms.

With respect to the ESMA's income, revenue streams have not been significantly affected directly by the COVID-19.

On the expenditure side, the cost reductions directly attributable to the COVID-19, and more precisely to the travel restrictions, confinement and social distancing measure, resulted in the decrease of mission and meeting costs, facility management, canteen and associated services cost, and the entries into services were delayed. Despite these circumstances, through regular budgetary reviews and the resulting budgetary transfers and amendment, ESMA was able to keep its carry-overs to an acceptable level and to maintain the rates of budget implementation and cancellations within the regulatory requirements.

Whilst uncertain, it is deemed unlikely that the impact of the COVID-19 pandemic will have a material adverse effect on the Authority's financial condition or liquidity in future reporting periods.

Russian invasion of Ukraine in 2022

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

Functional and reporting currency

The euro is the functional and reporting currency of the Authority and amounts shown in the financial statements are presented in euros (EUR) unless indicated otherwise. Any slight differences versus the actual balances are due to rounding.

Currency and basis for conversion

Foreign currency transactions are recorded in euros 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 re-translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial performance. Different conversion methods apply to property, plant and equipment and intangible assets, which retain their value in euros at the date when they were purchased.

Year-end balances of monetary assets and liabilities denominated in foreign currencies are translated into euros on the basis of the European Central Bank (ECB) exchange rates applying on 31 December.

Use of estimates

In accordance with IPSAS and other generally accepted accounting principles, the financial statements include amounts based on estimates and assumptions by management based on the most reliable information available. Significant estimates include, but are not limited to, amounts for provisions, accounts receivables, accrued income and charges, contingent assets and liabilities, and degree of impairment of intangible assets and property, plant and equipment. Actual results could differ from those estimates.

Changes in estimates are reflected in the period in which they become known.

3. Balance sheet

Non-current assets

Non-current fixed assets encompass all acquisitions made since 1 January 2011 and still in use at the closing date.

Internally generated intangible assets are capitalised when the Management Board has authorised a project with an asset value higher than EUR 150 000 and when it complies with the relevant criteria laid down in the EU accounting rules. The capitalisable costs include all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management (development). Costs associated with research activities, non-capitalisable development costs and maintenance costs are recognised as expenses when incurred.

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the asset. 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 or service potential associated with the item will flow to the Authority and its cost can be measured reliably. Repairs and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred.

Assets under construction are not depreciated as these assets are not yet available for use.

Fixed assets depreciation is calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives, as follows:

Intangible assets	
Software for personal computers and servers	25%
Other intangible fixed assets	25%
Tangible assets	
Plant and equipment	
Tools for industry and workshops	12,5%
Specific electric equipment	25%
Furniture and vehicles	
Office, laboratory and workshop furniture	10%
Electrical office equipment, printing and mailing equipment	12,5% / 25%
Furniture for restaurant/cafeteria/bar area	10% / 12,5%
Computer hardware	
Computers, servers, accessories, printers, screens	25%
Copying equipment, digitising and scanning equipment	25%
Other fixtures and fittings	
Telecommunications equipment	25%
Audiovisual equipment	25%
Computer books, CDs, DVDs	25% / 33%
Other	10%
Fit-out works buildings	10% - 12%
Fixed assets under construction	
Intangible fixed assets under construction	0%
Tangible fixed assets under construction	0%

Gains or losses on disposals are determined by comparing proceeds less selling expenses with the carrying amount of the disposed asset and are included in the statement of financial performance.

Leases

Lease of fixed assets where the Authority has substantially all the risks and rewards of ownership are classified as financial leases. There are no items to be reported under this category.

Leases where the lessor retains a significant portion of the risks and rewards inherent to ownership are classified as operating leases. Payments made under operating leases are charged to the statement of financial performance on a straight-line basis over the period of the lease. This is the case for rent paid.

Receivables and recoverables

Receivables and recoverables from non-exchange transactions are carried at original amount (adjusted for interests and penalties) less write-down for impairment. A write-down for impairment is established when there is objective evidence that the Authority will not be able to collect all amounts due according

to the original terms of the recoverables. The amount of the write-down is the difference between the asset's carrying amount and the recoverable amount. The amount of the write-down is recognised in the statement of financial performance.

Cash and cash equivalents

Cash only encompasses cash in hand, as there are no other cash equivalents or liquid investments with original maturities of three months or less to be reported. Currently, the Authority has contracts with two commercial banking entities.

Payables

Included under accounts payable are both amounts related to exchange transactions such as the purchase of goods and services and to non-exchange transactions e.g. amounts to be paid back to the funding entities as a result of balancing subsidies.

Payables arising from the purchase of goods and services are recognised at invoice reception for the original amount and corresponding expenses are entered in the accounts when the supplies or services are delivered and accepted by the Authority.

Provisions

Provisions are recognised when the Authority has a present legal or constructive obligation towards third parties as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. The amount of the provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date. Where the provision involves a large number of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities ('expected value' method).

Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

Accrued and deferred revenue and charges

Transactions and events are recognised in the financial statements in the period to which they relate.

All revenue due to the Authority according to existing contractual arrangements and not yet cashed, will lead to the recognition of an accrued revenue in the financial statements. In addition, when ESMA has authorised and cashed amounts relating to activities not yet incurred, the revenue will be deferred and recognised in subsequent accounting periods.

In accordance with EU Accounting Rule 10 supplemented by paragraph 19 of IPSAS 19 (Provisions, contingent liabilities and contingent assets), accruals recognise the amounts to be paid for goods or services that have been received or supplied but which have not yet been paid, invoiced or formally agreed with the supplier, including amounts due to employees (for instance, amounts relating to accrued vacation pay). Accrued charges are determined based on estimates received from the Authorising Officer as a result of the analysis of the budget amounts carried to the next year. These accruals are reported under current liabilities-current payables.

4. Statement of financial performance

Revenue

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the entity, which represents an increase in net assets. ESMA's revenue is in full of a non-exchange nature, meaning that it is composed by economic inflows for which the transferor provides resources to the Authority without the recipient entity providing approximately equal value directly in exchange.

ESMA's revenue consists of contributions received from the EU and from the EU National Competent Authorities (NCAs), increased by the EFTA NCAs' contributions and the amount of the employer's contribution of the European pension scheme to be financed by the EU and the EFTA NCAs, in compliance with Article 83(a)(2) of the Staff Regulations and CEOS (SR) applicable to the European Banking Authority.

Pursuant to Article 16(5) of the ESMA Financial Regulation, the EU contribution constitutes a balancing subsidy to the budget of the Authority. As a result, it is recognised as revenue in the amount necessary to cover budget expenditure. The difference between the amount actually received and the balancing contribution has to be returned to the European Commission and booked as a liability.

Contributions from the National Competent Authorities are recognised as revenue when these resources are adopted together with the budget by the Board of Supervisors.

Expenditure

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets/equity. ESMA's expenditure consists in full of exchange expenses.

Expenses arising from the purchase of goods and services are recognised when the supplies are delivered and accepted by the Authority. They are valued at original invoice cost.

At year-end, incurred eligible expenses already due to the beneficiaries but not yet reported are estimated and recorded as accrued expenses.

5. Contingent assets and liabilities

In line with EU Accounting Rule 10, the term 'contingent' is used for liabilities and assets that are not recognised because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority.

6. Other

Employee benefits

The staff of the Authority is entitled to pension rights according to the pension scheme as defined in the Staff Regulations and CEOS of the European Communities (SR). The corresponding pension benefits are managed and paid by the European Commission. In compliance with Article 83(a) of the SR, the contribution needed to fund the scheme is financed by the General Budget of the European Communities and no employer contribution is paid by the Authority, except for the part financed by the Member States and the EFTA National Competent Authorities pursuant to Article 83(a)(2) of the SR. As a result of this, no pension liability is recognised in the balance sheet of the Authority.

7. Consolidation

The accounts of the European Securities and Markets Authority are fully consolidated with the EU annual accounts.

II. Statement of financial position

1. Non-current assets

Non-current assets are fixed assets used and controlled by the Authority and are composed of tangible, intangible and other non-current assets.

Intangible fixed assets

Intangible fixed assets relate to internally generated software and computer software licences. Internally generated software corresponds to development costs incurred in the implementation of projects in relation with the mission of the Authority.

	Computer software	Intangible assets under construction	Total
Gross carrying amounts on 01.01.2021	16,784,934	856,024	17,640,958
Additions	592,512	2,711,088	3,303,600
Disposals	(410,515)	-	(410,515)
Transfers between headings	(516,523)	-	(516,523)
Other changes	-	-	-
Gross carrying amounts on 31.12.2021	16,450,407	3,567,112	20,017,520
Accumulated amortisation and impairment on 01.01.2021	(13,554,223)	-	(13,554,223)
Amortisation	(1,929,863)	-	(1,929,863)
Disposals	410,515	-	410,515
Transfers between headings	-	-	-
Other changes	-	-	-
Accumulated amortisation and impairment on 31.12.2021	(15,073,571)	-	(15,073,571)

Additions of internally generated software in 2021, and their respective status at the reporting date, correspond to:

Acronym	Project name	Status	2021 Addition
BUSEC	Business continuity & Security Roadmap	Live	392,586
CBDIF	Cross-border Distribution of Investment Funds	Under construction	101,202
CSDRS	Central Securities Repositories Regulation	Under construction	470,174
DATAD	Data Dictionary & Metadata Repository	Under construction	67,642
DSIGN	Redesign of ESMA's Website	Under construction	32,527
DRSPS	Data Reporting Service Providers Supervision	Under construction	1,488,441
RAFSP	BWISE Extension to EMIR and SFT	Under construction	120,687
REMAN	Online Collaboration and Records Management	Under construction	74,270
SECEX	Secure Exchange of Electronic Documents	Under construction	68,020
STSRE	STS Register	Under construction	242,948
TRACE4	Trade Repositories System (Phase 4)	Under construction	45,179

Tangible fixed assets

Tangible fixed assets include mainly furniture, fixtures and IT equipment.

	Plant and equipment	Furniture	Computer hardware	Fixtures and fittings	Assets under construction	Total
Gross carrying amounts on 01.01.2021	1,019	792,838	1,259,888	5,107,895	-	7,161,640
Additions	-	9,951	173,976	14,812	-	198,739
Disposals	-	(8,008)	(274,686)	(96,649)	-	(379,343)
Transfers between headings	-	-	-	516,523	-	516,523
Gross carrying amounts on 31.12.2021	1,019	794,780	1,159,178	5,542,581	-	7,497,559
Accumulated amortisation and impairment on 01.01.2021	(797)	(352,196)	(919,542)	(412,868)	-	(1,685,402)
Depreciation	(126)	(69,442)	(162,387)	(613,788)	-	(845,743)
Disposals	-	6,532	262,458	93,461	-	362,451
Transfers between headings	-	-	-	-	-	-
Accumulated amortisation and impairment on 31.12.2021	(923)	(415,105)	(819,471)	(933,195)	-	(2,168,695)

In the course of 2020, the Authority has mainly purchased computer tablets, mobile phones, other IT-equipment and furniture for a total amount of EUR 198 739.

2. Current assets

Non-current assets are fixed assets used and controlled by the Authority and are composed of tangible, intangible and other non-current assets.

Current receivables

	2021	2020
VAT recoverable	674,830	328,547
Other receivables from Member States	424,520	19,001
Receivables from consolidated entities	20	1,657
Other current receivables	150,000	965,000
Total	1,249,370	1,314,205

The recoverable VAT relates to payments to suppliers made during the year 2021 and still to be refunded by the French authorities. Other receivables from the Member States include outstanding contributions from NCAs at the reporting date.

Sundry receivables

	2021	2020
Amounts to be regularised from staff	27,357	54,184
Other sundry receivables	-	-
Total	27,357	54,184

Deferred charges and accrued income

	2021	2020
Deferred charges	1,920,555	1,829,467
Accrued income	7,274	495
Total	1,927,829	1,829,962

Deferred charges relate mostly to rental and IT expenses, whereas the accrued income includes the default interest yielded by overdue amounts at the reporting date.

Cash and cash equivalents

	2021	2020
Crédit Agricole - current account	914,926	5,780,178
Crédit Agricole - deposit account	5,648,678	5,640,010
Total	6,563,604	11,420,188

The cash and cash equivalents held by the Authority at the reporting date amount to EUR 6 563 604. The difference is mostly due to 2021 being a more dynamic year than 2020, when the COVID related restrictions and impact in ESMA's business resulted in a lower payment implementation than the regular trend (in 2019 and 2018, the cash balances held on 31 December were EUR 6.3 million and EUR 6.8 million respectively).

3. Deferred revenue

Description	2020	Additions	Reversed	2021	Thereof non-current	
					2021	2020
iBox – Landlord incentives	5,912,729	-	(758,388)	5,152,594	4,394,205	5,152,594
IT Delegated Projects	1,312,224	272,403	(1,208,162)	376,466	330,216	104,061
Advanced contributions	811,013	423,848	(811,013)	423,848	-	-
Total	8,035,966	696,251	(2,777,563)	5,952,908	4,724,421	5,256,655

The lease agreement for the premises in iBox provided for a set of incentives by the landlord, namely a contribution to the fit-out costs and the rent of 2019 (EUR 5 377 730), a rent-free period (EUR 1 467 650) and a yearly invoicing discount (EUR 3 101 660). The two first items have been deferred at the taking over of the new premises (EUR 6 845 381) and are being reverse against revenue evenly over the whole duration of the lease (9 years).

The deferred income relating to the NCAs contributions received to execute the IT delegated tasks includes a total of EUR 104 063 for TRACE Phase 3 and EUR 272 403 for TRACE Phase 4.

At the reporting date, ESMA had received an advance contribution to the 2022 subsidy made by the Republic of Bulgaria (EUR 422 504) and an advance payment to IT delegated tasks from the Republic of Iceland (EUR 1 344).

4. Current liabilities

Current payables

	2021	2020
Payables to suppliers	97,518	1,330,680
Accrued charges – untaken annual leave	1,075,771	953,737
Accrued charges – core business	2,514,021	2,800,098
Total	3,687,310	5,084,515

The core business accrued charges correspond to invoices to be received at 31 December 2021 for goods delivered and services rendered in 2021, mainly for IT and operational costs.

Sundry payables

	2021	2020
Sundry payables	-	640,000
Total	-	640,000

The sundry payables at the end of the year correspond to fines imposed and recovered and for which the appealing period did not yet elapse.

Payables towards consolidated entities

	2021	2020
European Commission balancing subsidy	603,746	1,593,797
Other payables towards consolidated entities	238,500	865,441
Total	842,246	2,459,238

The contribution to repay to the European Commission corresponds to the budgetary result for the financial year 2021, which was determined on a modified cash basis. The detailed calculation is presented in the budget result (see section “Budget implementation reports”).

In 2021, ESMA was financed by Union funds (EUR 18 071 139) and contributions from Member States and EFTA countries (EUR 24 677 721). According to Articles 16(5) and 17(1) of the ESMA Financial Regulation, the Union contribution paid to the Authority constitutes a balancing contribution which is accounted for as pre-financing. If the balance of the budget result account is positive, it is to be repaid to the Commission up to the amount of the Union contribution paid during the year.

ESMA has therefore allocated 100% of the surplus to the European Commission. In 2023, and in accordance with the agreements reached between the ESAs and the European Commission, should those still remain applicable, the Authority will recover the 60% of this budget result, which will be deducted from the Member States' and EFTA countries' contribution for 2023.

III. Statement of financial performance

In 2021, the Authority has closed the year with an economic surplus of EUR 1 596 719.

The change in comparison to the previous reporting period is the consequence of ESMA's activities in being heavily impacted in 2020 by the COVID-19 pandemic and the subsequent mobility restrictions, resulting in a higher rate of appropriations carried over due to the difficulties to spend the budgeted funds in the year.

1. Operating revenue

The Authority's 2021 revenue comes from the following sources:

	2021	2020
Subsidy from the Member States	23,832,443	21,023,185
Subsidy from EFTA countries	737,847	597,250
EU Balancing subsidy	17,574,825	15,369,063
Fees from supervised entities	15,953,989	14,708,779
<i>Of which fees from CRAs</i>	<i>10,545,743</i>	<i>9,645,966</i>
<i>Of which fees from TRs</i>	<i>2,405,728</i>	<i>2,713,483</i>
<i>Of which fees from SFTRs</i>	<i>643,298</i>	<i>466,710</i>
<i>Of which fees from TC CCPs</i>	<i>2,277,380</i>	<i>1,717,620</i>
<i>Of which fees from STs</i>	<i>81,840</i>	<i>165,000</i>
NCA contribution to IT delegated projects	2,833,732	3,180,568
Foreign currency conversion gains	3,868	2,343
Other miscellaneous revenue	12,492	86,829
	60,949,196	54,968,017

The 2021 budgeted contributions from National Competent Authorities amounted to EUR 24 677 721.

The contribution actually paid in 2021 by the Directorate-General for Financial Stability, Financial Services and Capital Market Union amounted to EUR 18 187 926 including the re-imbursment of the Member States' and Observers' share in the 2019 Budgetary surplus (EUR 107 431) and the amount to be repaid to the UK relating to its proportion on this item (EUR 9 355).

In accordance with Article 17(1) of the ESMA Financial Regulation, the unused part of this contribution, which corresponds to EUR 603 746 in the 2021 budget result, has to be reimbursed to the European Commission. The difference of EUR 17 574 825 is recognised as operating revenue.

2. Operating expenses

Staff expenses

	2021	2020
Salaries and related allowances	32,093,339	26,528,166
Social contributions	3,721,585	2,977,104
Staff perquisites	840,598	721,641
	36,655,522	30,226,912

The increase in staff expenses between 2020 and 2021 is the result of ESMA increasing its headcount by 24% during the reporting period.

Building and related expenses

	2021	2020
Rent	4,836,939	4,811,544
Rent related expenses	865,515	769,928
	5,702,454	5,581,471

Other expenses

	2021	2020
Office supplies	177,117	296,126
Communications and Legal	255,920	54,245
Recruitment	220,468	177,922
Training	266,440	215,765
Travel	12,189	81,719
Experts and related expenditure	16,554	806
ICT costs	9,898,614	8,189,221
Other services	2,277,647	3,516,887
Operational activities	1,079,305	553,449
	14,204,253	13,086,140

ICT costs include research expenses amounting EUR 118 790 and non-capitalisable development costs for EUR 485 827.

Fixed asset related expenses

	2021	2020
Depreciation of tangible fixed assets	845,743	904,259
Depreciation of intangible fixed assets	1,929,863	2,082,692
Amounts written-off	16,892	26,285
	2,792,499	3,013,236

3. Non-operating result

	2021	2020
Non-operating revenue		
Bank interest received	5,040	495
Other financial income	7,274	-
	12,314	495
Non-operating expenses		
Bank charges	5,201	45,066
Other financial expenses	-	307
	5,201	45,373
Total non-operating activities (net)	7,112	(44,878)

IV. Other significant disclosures

1. Contingent liabilities

On 31 December 2021, there were no open legal cases to be reported with an expected economic impact to ESMA.

The lease agreement between ESMA and the iBox landlord stipulates that the Authority needs to re-instate the premises to their original state at the time it departs. The related article states, however, that the necessary costs need to be requested by the landlord based on their assessment of the condition of the offices. As a consequence, it is not possible to make a reasonable estimation at the reporting date of the costs that will need to be incurred in order to comply with this contractual obligation.

Contingent liabilities do as well include the part of the outstanding budgetary commitments which have not yet been recognised as expenses by 31 December 2021:

	2021	2020
Budgetary commitments carried forward to 2022	6,443,836	8,104,437
(Less) Expenses already recognised in 2021	(2,629,532)	(2,811,450)
	3,814,304	5,292,987

2. Events after the reporting date

At the date on which the accounts are authorised, no material issue came to the attention of the Accounting Officer of the Authority or were reported to him that would require separate disclosure under this section. The annual accounts and related notes were prepared using the most available information and this is reflected in the information presented above.

3. Operating lease commitments

Below an overview can be found of the yearly rental charges to be paid by ESMA for the rent of its offices. The gross rental amount is € 4 774 580 from which an amount of € 344 629 is deducted representing the yearly lease incentive granted to ESMA.

<i>iBox premises (Paris)</i>	<1 year	2-5 years	>5 years	Total
Rent	4,429,951	17,719,803	7,800,982	29,950,736
Bank guarantee (commission)	2,420	9,680	4,262	16,362
Total	4,432,371	17,729,483	7,805,244	29,967,098

The total amount corresponding to the lease incentives that ESMA has obtained as part of the lease agreement for its new premises is € 9 947 041. This amount includes € 5 377 730 corresponding to the cost of the fit-out works done in ESMA's new premises and the 2019 rent value. The aggregate is recognised as a reduction of the rent expense over the lease term on a straight-line basis.

4. Related party disclosures

Highest grades description	Grade
Chair CCP Supervisory Committee	AD 16
Chairperson	AD 15
Independent Members of the CCP Supervisory Committee	AD 15
Executive Director	AD 14

The remuneration equivalent to the grades of the key management personnel in the table can be found in the Official Journal of the European Union, 2021/C 501/05 of 13 December 2021.

V. Financial risk management

Financial instruments comprise cash, current receivables and recoverables, current payables, amounts due to and from consolidated entities. Financial instruments give rise to liquidity, credit, interest rate and foreign rate currency risks. Information about which and how they are managed is set out below. Deferred and accrued charges and income are not included.

The carrying amounts of financial instruments are as follows:

	2021	2020
Financial assets		
Current receivables	1,249,370	1,314,205
Sundry receivables	27,357	54,184
Cash and cash equivalents	6,563,604	11,420,188
	7,840,332	12,788,577
Financial liabilities		
Current payables	97,518	1,330,680
Sundry payables	-	640,000
Payables towards EU entities	842,246	2,459,238
	939,764	4,429,918
Total net financial instruments	6,900,568	8,358,660

[EAR 11: Revised EAR effective for periods beginning on or after 1 January 2021](#)

In 2020, the Accounting Officer of the European Commission adopted the revised EAR 11 '*Financial Instruments*', which is mandatorily effective as of 1 January 2021. The revised EAR 11 is based on the new IPSAS 41 '*Financial Instruments*', the amended IPSAS 28 '*Financial Instruments: Presentation*' and the amended IPSAS 30 '*Financial Instruments: Disclosures*'. It establishes the financial reporting principles for financial assets and financial liabilities. In accordance with the transition provisions of the revised EAR 11, the entity accounts for any changes from the initial application, on 1 January 2021. The revised EAR 11 does not require the restatement of prior periods.

[Changes from the application of the revised EAR 11](#)

The impacted financial instruments of the entity are the receivables from exchange transactions. In accordance with the revised EAR 11 requirements, the entity has classified these receivables as 'financial assets at amortised cost'. The entity has applied the impairment requirements of the revised EAR 11 to the receivables, but no recognition of loss allowance in the accumulated surplus or deficit on 1 January 2021 was needed.

After due consideration of the effect of the revised EAR 11, the Accounting Officer has concluded that it results in no material impact in these annual accounts.

1. Liquidity risk

Liquidity risk is the risk that arises from the difficulty of selling an asset; for example, the risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss or meet an obligation. Liquidity risk arises from the ongoing financial obligations, including settlement of payables.

The Authority manages liquidity risk by continually monitoring forecast and actual cash flows.

Bank accounts opened in the name of the Authority may not be overdrawn.

Treasury and payment operations are highly automated and rely on modern information systems. Specific procedures are applied to guarantee system security and to ensure segregation of duties in line with the Financial Regulation, the internal control standards and audit principles.

EU budget principles ensure that overall cash resources for a given year are always sufficient for the execution of all payments.

<i>At 31.12.2021</i>	On demand	<1 year	1-2 years	>2 years	Total
Current receivables	-	1,249,370	-	-	1,249,370
Sundry receivables	-	27,357	-	-	27,357
Cash and cash equivalents	6,563,604	-	-	-	6,563,604
Total financial assets (A)	6,563,604	1,276,727	-	-	7,840,332
Current payables	-	97,518	-	-	97,518
Sundry payables	-	-	-	-	-
Payables to EU entities	-	842,246	-	-	842,246
Total financial liabilities (B)	-	939,764	-	-	939,764
Cumulative liquidity gap (A-B)	6,563,604	6,900,568	6,900,568	6,900,568	6,900,568

2. Credit risk

Credit risk is the risk of loss due to a debtor's/borrower's non-payment of a loan or other line of credit (either the principal or interest or both), or other failure to meet a contractual obligation. The default events include a delay in repayments, restructuring of borrower repayments and bankruptcy.

Treasury resources are kept with commercial banks. The Authority recovers contributions from national supervisory authorities and the European Commission two or more times per year to ensure appropriate cash management and to maintain a minimum cash balance on its bank accounts. This is with a view to limit its risk exposure. Requests to the European Commission are accompanied by cash flow forecasts. In addition, specific guidelines are applied for the selection of commercial banks in order to further minimise counterparty risk, to which the Authority is exposed:

All commercial banks are selected by call for tenders. The minimum short-term credit rating required for admission to the tendering procedures is Moody's P-1 or equivalent (S&P A-1 or Fitch F1). A lower level may be accepted in specific and duly justified circumstances.

The maximum exposure to credit risk is:

At 31.12.2021	2021	2020
Current receivables	1,249,370	1,314,205
Other receivables	27,357	54,184
Cash in banks	6,563,604	11,420,188
	7,840,332	12,788,577

3. Market risk

Interest rate risk

Interest rate risk is the possibility of a reduction in the value of a security, especially a bond, resulting from an increase in interest rates. In general, higher interest rates will lead to lower prices of fixed rate bonds, and vice versa.

Interest rate risk at the Authority arises from cash. It is recognised that interest rates fluctuate, and the Authority accepts the risk and does not consider it to be material.

The Authority's treasury does not borrow any money, consequently, it is not exposed to interest rate risk. It does, however, earn interest on balances it holds on its banks accounts. The Authority has therefore put in place measures to ensure that interest earned on its bank accounts regularly reflects market interest rates, as well as their possible fluctuation.

Overnight balances held on commercial bank accounts earn interest on a daily basis. This is based on variable market rates, to which a contractual margin (positive or negative) is applied.

For most of the accounts, the interest calculation is linked to the EONIA (Euro overnight index average), or EURIBOR (Euro Interbank Offer Rate) and is adjusted to reflect any fluctuations of this rate.

Currency risk

Currency risk is the risk that the EU's operations, or its investments value will be affected by changes in exchange rates. This risk arises from the change in price of one currency against another.

Most financial assets and liabilities are in euro, so in these cases the Authority has no foreign currency risk.

When miscellaneous receipts are received in currencies other than euro, they are converted into euro and transferred to accounts held in euro.

At the end of 2021 the Authority had no outstanding receivable, or payable balances in foreign currency.

<i>As at 31.12.2021</i>	EUR	Other EUR equivalent	Total (EUR)
Other receivables	1,276,708	-	1,276,708
Receivables from other EU entities	20	-	20
Cash and cash equivalents	6,563,604	-	6,563,604
Total monetary assets (C)	7,840,332	-	7,840,332
Payables to third parties	97,518	-	97,518
Payables to other EU entities	842,246	-	842,246
Total monetary liabilities (D)	939,764	-	939,764
Net Position (C)-(D)	9,358,482	-	9,632,162

Budget implementation reports

I. Budget principles, structure and implementation

1. Budgetary principles

The establishment and implementation of the Authority's budget shall comply with the principles of unity and budget accuracy, annuality, equilibrium, unit of account, universality, specification, sound financial management and transparency as provided for in the Authority's Financial Regulation.

⇒ Principle of unity and budget accuracy

The budget is the instrument which, for each financial year, forecasts and authorises the revenue and expenditure considered necessary for the Authority's activities. No revenue shall be collected and no expenditure effected unless booked to a line in the budget. An appropriation must not be entered in the budget if it is not for an item of expenditure considered necessary. No expenditure may be committed or authorised in excess of the appropriations authorised by the budget.

⇒ Principle of annuality

The appropriations entered in the budget shall be authorised for one financial year which shall run from 1 January to 31 December, inclusive. Commitments shall be entered in the accounts on the basis of the legal commitments entered into up to 31 December. Payments shall be entered in the accounts for a financial year on the basis of the payments effected by the Accounting Officer by 31 December of that year at the latest.

⇒ Principle of equilibrium

The Authority's budget revenue and payment appropriations must be in balance. Commitment appropriations may not exceed the amount of the voted budget, plus own revenue and any other revenue. The Authority may not raise loans.

⇒ Principle of unit of account

The budget shall be drawn up and implemented in euro and the accounts shall be presented in euro.

⇒ Principle of universality

Total revenue shall cover all expenditure. All revenue and expenditure shall be entered in full without any adjustment against each other.

⇒ Principle of specification

The appropriations in their entirety shall be earmarked for specific purposes by title and chapter; the chapters shall be further subdivided into articles and items. The Executive Director may authorise transfers from one article to another within each chapter.

⇒ Principle of sound financial management

Budget appropriations shall be used in accordance with the principle of sound financial management, that is to say, in accordance with the principles of economy, efficiency and effectiveness.

The principle of economy requires that the resources used by the Authority for the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price. The principle of efficiency is concerned with the best relationship between resources employed and results achieved. The principle of effectiveness is concerned with attaining the specific objectives set and achieving the intended results.

⇒ Principle of transparency

The budget shall be drawn up and implemented and the accounts presented in compliance with the principle of transparency. The budget, as finally adopted, shall be published in the Official Journal of the European Communities and amending budgets shall be published in an appropriate way within two months of their adoption.

2. Types of appropriations

The Authority makes use of non-differentiated appropriations for both its administrative (Title I & II) and operational expenditure (Title III & IV).

3. Description of the budget accounts

Following the provisions of the Financial Rules of the Authority, the budget accounts shall provide a detailed record of the budget implementation and shall record all budget revenue and expenditure operations (voted appropriations, commitments and payments of the financial year, entitlements established).

The content of the budget accounts, also called budget lines, is adopted annually by the Board of Supervisors, taking into account the general budgetary nomenclature and the Authority's rules on the structure and presentation of the statement of expenditure.

Title I budget lines are related to staff expenditure: salaries and allowances of the staff members working for the Authority and all other entitlements such as removal expenditures, installation costs. Title I also includes recruitment costs incurred by the Authority. Training, staff perquisites and administrative mission costs are incorporated also under Title I.

Title II budget lines relate to all buildings, equipment, IT and other miscellaneous administrative expenditure.

Title III budget lines provide for the implementation of all the activities carried out in the frame of the missions and tasks assigned to the Authority by its founding Regulation. The accounts under this Title are sub-divided into the main activities performed in each area such as organisation of meetings, training, coordination missions, supervisory activities, etc

Title IV budget lines relate to external assigned revenue – activities for which earmarked funds are made available. Such is the case for the budget management of the TRACE and FIRDS projects.

II. Budget result for the financial year

	2021	2020
Revenue		
Balancing NCAs contribution	23,832,443	21,023,185
Balancing Commission subsidy	18,071,139	16,765,424
Recovery of the NCA surplus N-2	107,431	197,436
Balancing observer's contribution	737,847	597,250
Fees from Supervised Entities	16,218,989	14,343,779
NCA contributions for delegated tasks	1,895,958	1,748,539
Other income	12,492	86,334
Bank Interest	4,922	495
Total Revenue	60,881,221	54,762,442
Expenditure		
<i>Title I: Staff</i>		
Payments	37,328,586	30,163,950
Appropriations carried over	302,354	530,101
<i>Title II: Administrative expenses</i>		
Payments	6,867,878	7,084,660
Appropriations carried over	1,039,187	794,677
<i>Title III: Operating expenditure</i>		
Payments	7,848,539	6,691,448
Appropriations carried over	4,561,736	5,765,341
<i>Title IV: Expenditure on Delegated Tasks</i>		
Payments	2,191,662	2,166,068
Appropriations carried over	1,519,542	1,047,695
Total Expenditure	61,659,485	54,243,940
RESULT FOR THE FINANCIAL YEAR	(778,265)	518,502
Cancellation of unused appropriations carried over from previous years	301,931	352,306
Adjustment for carry-over of appropriations arising from assigned revenue	1,081,073	725,157
Exchange differences for the year	(994)	(2,168)
BALANCE OF THE RESULT ACCOUNT	603,746	1,593,797

III. Reconciliation between the budget result and the economic result

	2021	2020
ECONOMIC OUTTURN	1,596,719	3,010,854
Adjustment for accrual items		
Adjustment for accrual cut-off N-1	(1,341,422)	(3,251,889)
Adjustment for accrual cut-off N	(805,325)	3,765,188
Unpaid invoices at year end but booked in charges	12,775	1,117,595
Depreciation and amortisation	2,792,499	3,013,236
Provisions	-	-
Recovery orders booked in revenue not yet cashed	(102,016)	(365,000)
Pre-financing given in previous years and cleared in N	-	-
Pre-financing received in previous years and cleared in N	-	-
Payments made from carry-over of N-1 appropriations	6,754,811	4,721,004
Other	(3,289)	(3,507,932)
Adjustment for budgetary items	-	-
Asset acquisitions (less unpaid amounts)	(3,502,340)	(1,442,705)
Pre-financing paid in N and open at 31.12.N	-	-
Pre-financing received in N and open at 31.12.N	603,746	1,593,797
Recovery orders issued before N and cashed in N	365,000	-
Cashed recovery orders issued against balance sheet items	272,403	-
Payment appropriations carried over to N+1	(7,422,820)	(8,137,815)
Cancellation of unused n-1 appropriations	301,931	352,306
Adjustment for carry-over of assigned revenue from N-1	1,081,073	725,157
BUDGET RESULT	603,746	1,593,797

IV. Budget Accounts

1. Revenue

Line	Item	Income appropriations			Entitlements established			Revenue			Outstanding
		Initial budget	Amending budget	Final budget	Current year	Carried over	Total	Current year	Carried over	Total	
1000	Contribution from Member States NCAs	23,936,649	-	23,936,649	23,936,649	-	23,936,649	23,936,649	-	23,936,649	-
1001	Contribution from Observer NCAs	741,073	-	741,073	741,073	-	741,073	741,073	-	741,073	-
Total Title I		24,677,721	-	24,677,721	24,677,721	-	24,677,721	24,677,721	-	24,677,721	-
2000	Contribution from the EU	18,071,139	-	18,071,139	18,071,139	-	18,071,139	18,071,139	-	18,071,139	-
Total Title II		18,071,139	-	18,071,139	18,071,139	-	18,071,139	18,071,139	-	18,071,139	-
3000	Fees from CRAs	10,545,743	-	10,545,743	10,545,743	-	10,545,743	10,545,743	-	10,545,743	-
3001	Fees from TRs	2,405,728	-	2,405,728	2,405,728	-	2,405,728	2,405,728	-	2,405,728	-
3002	Fees from SFTRs	643,298	-	643,298	643,298	-	643,298	643,298	-	643,298	-
3003	Fees from TC CCPs	3,135,869	(858,489)	2,277,380	2,277,380	300,000	2,577,380	2,177,380	300,000	2,477,380	100,000
3004	Fees from STs	357,230	(275,390)	81,840	81,840	65,000	146,840	81,840	65,000	146,840	-
Total Title III		17,087,868	(1,133,879)	15,953,989	15,953,989	365,000	16,318,989	15,853,989	365,000	16,218,989	100,000
6002	Bank interest	-	-	-	4,922	-	4,922	4,922	-	4,922	-
Total Title VI		-	-	-	4,922	-	4,922	4,922	-	4,922	-
7000	Contribution to IT Delegated Projects	-	-	-	1,897,974	-	1,897,974	1,895,958	-	1,895,958	2,016
Total Title VII		-	-	-	1,897,974	-	1,897,974	1,895,958	-	1,895,958	2,016
9000	Miscellaneous Revenue	-	-	-	12,492	-	12,492	12,492	-	12,492	-
Total Title IX		-	-	-	12,492	-	12,492	12,492	-	12,492	-
GRAND TOTAL		59,836,728	(1,133,879)	58,702,849	60,618,237	365,000	60,983,237	60,516,221	365,000	60,881,221	102,016

2. Commitment and payment appropriations (breakdown and changes)

Line	Item	Initial adopted budget	Budget appropriations			Additional appropriations			Total approp. available
			Amending budgets	Transfers	Final adopted budget	Carry-overs	Assigned revenue	Total	
1100	Staff salaries - allowances - insurance and grants	34,740,575	(1,133,879)	(453,138)	33,153,558	28,194	2,399	30,592	33,184,150
1120	Temporary workers	10,000	-	7,898	17,898	9,459	-	9,459	27,357
1133	Contribution to the Community pension scheme	3,163,601	-	(99,000)	3,064,601	-	-	-	3,064,601
1200	Expenditure staff management and recruitment	450,000	-	60,000	510,000	87,251	-	87,251	597,251
1400	Medical service	75,000	-	(25,000)	50,000	3,416	-	3,416	53,416
1410	Schools and kindergartens	274,000	-	(25,000)	249,000	159,957	-	159,957	408,957
1420	Canteen and associated services	650,000	-	(360,584)	289,416	98,606	-	98,606	388,022
1600	Training	300,000	-	(29,000)	271,000	143,218	-	143,218	414,218
Total Title I		39,663,176	(1,133,879)	(923,824)	37,605,473	530,101	2,399	532,500	38,137,973
2000	Building rental - charges and taxes	5,700,000	-	219,000	5,919,000	44,751	-	44,751	5,963,751
2020	Maintenance - works and refurbishment	60,000	-	-	60,000	10,876	-	10,876	70,876
2090	Other expenditure on building	400,000	-	19,000	419,000	258,187	-	258,187	677,187
2100	Internal ICT and telecommunications	450,000	-	132,632	582,632	192,504	-	192,504	775,136
2300	Facility management services	370,000	-	(177,202)	192,798	45,526	-	45,526	238,324
2304	Services on administrative matters	755,000	-	(124,800)	630,200	233,342	-	233,342	863,542
2305	Subscriptions	85,000	-	35,000	120,000	7,322	-	7,322	127,322
2308	Library expenditure	5,000	-	2,000	7,000	1,772	-	1,772	8,772
2700	Representation expenses - receptions and events	6,000	-	(3,000)	3,000	396	-	396	3,396
Total Title II		7,831,000	-	102,630	7,933,630	794,677	-	794,677	8,728,307
3100	Training costs	25,000	-	(25,000)	-	-	-	-	-

3200	IT project costs	9,780,000	-	765,900	10,545,900	5,063,432	102	5,063,534	15,609,434
3400	Legal advice	120,000	-	(61,000)	59,000	36,250	4,950	41,200	100,200
3500	Access to data for Economic Research	600,000	-	23,000	623,000	271,227	-	271,227	894,227
3600	Mission expenses	400,000	-	(393,596)	6,404	6,484	5,041	11,525	17,929
3700	Translation and interpretation	200,000	-	328,000	528,000	275,254	-	275,254	803,254
3701	Communications services	60,000	-	201,250	261,250	100,591	-	100,591	361,841
3800	General meeting expenses	200,000	-	(197,493)	2,507	-	-	-	2,507
3810	Stakeholder groups - Consultations	80,000	-	(37,000)	43,000	12,102	-	12,102	55,102
3820	Governance	50,000	-	(50,000)	-	-	-	-	-
3830	Board of Appeal costs	30,000	-	44,400	74,400	-	-	-	74,400
3900	Services on operational matters	30,000	-	222,733	252,733	-	-	-	252,733
Total Title III		11,575,000	-	821,194	12,396,194	5,765,341	10,093	5,775,435	18,171,629
4000	Single Interface to Trade Repositories	85,401	-	-	85,401	516,794	788,109	1,304,902	1,390,303
4100	Instruments Reference Data	682,151	-	-	682,151	530,901	1,107,849	1,638,750	2,320,901
Total Title IV		767,552	-	-	767,552	1,047,695	1,895,958	2,943,653	3,711,205
GRAND TOTAL		59,836,728	(1,133,879)	-	58,702,849	8,137,815	1,908,449	10,046,264	68,749,113

3. Implementation of commitment appropriations

Line	Item	Total appropri. available	from final adopted budget	Commitments made		Total	Appropriations carried over to 2022		
				from carry- overs	from assigned revenue		Automatic carry-overs	Assigned revenue	Total
1100	Staff salaries - allowances - insurance and grants	33,184,150	33,152,930	28,072	-	33,181,003	-	2,399	2,399
1120	Temporary workers	27,357	17,897	9,167	-	27,064	-	-	-
1133	Contribution to the Community pension scheme	3,064,601	3,064,288	-	-	3,064,288	-	-	-
1200	Expenditure staff management and recruitment	597,251	510,000	81,464	-	591,464	-	-	-
1400	Medical service	53,416	47,141	2,876	-	50,017	-	-	-
1410	Schools and kindergartens	408,957	249,000	137,388	-	386,388	-	-	-
1420	Canteen and associated services	388,022	289,400	71,006	-	360,406	-	-	-
1600	Training	414,218	270,392	130,393	-	400,785	-	-	-
Total Title I		38,137,973	37,601,048	460,367	-	38,061,416	-	2,399	2,399
2000	Building rental - charges and taxes	5,963,751	5,919,000	44,751	-	5,963,751	-	-	-
2020	Maintenance - works and refurbishment	70,876	49,328	10,876	-	60,204	-	-	-
2090	Other expenditure on building	677,187	406,397	245,841	-	652,238	-	-	-
2100	Internal ICT and telecommunications	775,136	582,076	187,371	-	769,447	-	-	-
2300	Facility management services	238,324	190,730	33,019	-	223,749	-	-	-
2304	Services on administrative matters	863,542	630,200	220,140	-	850,340	-	-	-
2305	Subscriptions	127,322	119,863	7,322	-	127,185	-	-	-
2308	Library expenditure	8,772	6,567	1,690	-	8,256	-	-	-
2700	Representation expenses - receptions and events	3,396	2,905	-	-	2,905	-	-	-
Total Title II		8,728,307	7,907,066	751,010	-	8,658,075	-	-	-
3100	Training costs	-	-	-	-	-	-	-	-
3200	IT project costs	15,609,434	10,545,651	4,967,796	-	15,513,447	-	102	102
3400	Legal advice	100,200	59,000	35,773	-	94,773	-	4,950	4,950
3500	Access to data for Economic Research	894,227	622,951	266,691	-	889,642	-	-	-

3600	Mission expenses	17,929	6,305	5,884	-	12,189	-	5,041	5,041
3700	Translation and interpretation	803,254	528,000	251,943	-	779,943	-	-	-
3701	Communications services	361,841	259,767	36,724	-	296,491	-	-	-
3800	General meeting expenses	2,507	2,491	-	-	2,491	-	-	-
3810	Stakeholder groups - Consultations	55,102	43,000	12,000	-	55,000	-	-	-
3820	Governance	-	-	-	-	-	-	-	-
3830	Board of Appeal costs	74,400	74,400	-	-	74,400	-	-	-
3900	Services on operational matters	252,733	252,733	-	-	252,733	-	-	-
Total Title III		18,171,629	12,394,297	5,576,812	-	17,971,109	-	10,093	10,093
4000	Single Interface to Trade Repositories	1,390,303	85,401	-	645,042	730,443	-	659,860	659,860
4100	Instruments Reference Data	2,320,901	682,151	-	1,332,118	2,014,269	-	306,632	306,632
Total Title IV		3,711,205	767,552	-	1,977,160	2,744,712	-	966,492	966,492
GRAND TOTAL		68,749,113	58,669,963	6,788,188	1,977,160	67,435,312	-	978,984	978,984

Line	Item	from final adopted budget	Appropriations lapsing		Total
			from carry-overs	from assigned revenue	
1100	Staff salaries - allowances - insurance and grants	628	121	-	749
1120	Temporary workers	1	292	-	293
1133	Contribution to the Community pension scheme	313	-	-	313
1200	Expenditure staff management and recruitment	-	5,787	-	5,787
1400	Medical service	2,859	540	-	3,399
1410	Schools and kindergartens	-	22,569	-	22,569
1420	Canteen and associated services	16	27,599	-	27,616
1600	Training	608	12,825	-	13,433
Total Title I		4,425	69,734	-	74,158
2000	Building rental - charges and taxes	-	-	-	-
2020	Maintenance - works and refurbishment	10,672	-	-	10,672
2090	Other expenditure on building	12,603	12,345	-	24,948
2100	Internal ICT and telecommunications	556	5,133	-	5,689
2300	Facility management services	2,068	12,508	-	14,575
2304	Services on administrative matters	-	13,203	-	13,203
2305	Subscriptions	138	-	-	138
2308	Library expenditure	433	83	-	516
2700	Representation expenses - receptions and events	95	396	-	491
Total Title II		26,564	43,668	-	70,232
3100	Training costs	-	-	-	-
3200	IT project costs	249	95,636	-	95,885
3400	Legal advice	-	477	-	477
3500	Access to data for Economic Research	49	4,536	-	4,585
3600	Mission expenses	99	600	-	699
3700	Translation and interpretation	-	23,312	-	23,312
3701	Communications services	1,483	63,868	-	65,351
3800	General meeting expenses	16	-	-	16
3810	Stakeholder groups - Consultations	-	102	-	102
3820	Governance	-	-	-	-
3830	Board of Appeal costs	-	-	-	-
3900	Services on operational matters	0	-	-	0
Total Title III		1,897	188,530	-	190,427
4000	Single Interface to Trade Repositories	-	-	-	-
4100	Instruments Reference Data	-	-	-	-
Total Title IV		-	-	-	-
GRAND TOTAL		32,886	301,931	-	334,817

4. Implementation of payment appropriations

Line	Item	Total approp. available	from final adopted budget	Payments made		Total	Appropriations carried over to 2022		
				from carry-overs	from assigned revenue		Automatic carry-overs	Assigned revenue	Total
1100	Staff salaries - allowances - insurance and grants	33,184,150	33,148,568	28,072	-	33,176,641	4,362	2,399	6,761
1120	Temporary workers	27,357	17,897	9,167	-	27,064	-	-	-
1133	Contribution to the Community pension scheme	3,064,601	3,064,288	-	-	3,064,288	-	-	-
1200	Expenditure staff management and recruitment	597,251	393,211	81,464	-	474,675	116,789	-	116,789
1400	Medical service	53,416	45,943	2,876	-	48,819	1,198	-	1,198
1410	Schools and kindergartens	408,957	211,676	137,388	-	349,064	37,324	-	37,324
1420	Canteen and associated services	388,022	242,900	71,006	-	313,906	46,500	-	46,500
1600	Training	414,218	176,610	130,393	-	307,003	93,782	-	93,782
Total Title I		38,137,973	37,301,093	460,367	-	37,761,460	299,956	2,399	302,354
2000	Building rental - charges and taxes	5,963,751	5,737,558	44,751	-	5,782,309	181,442	-	181,442
2020	Maintenance - works and refurbishment	70,876	38,901	10,876	-	49,777	10,427	-	10,427
2090	Other expenditure on building	677,187	327,226	245,841	-	573,067	79,171	-	79,171
2100	Internal ICT and telecommunications	775,136	236,450	187,371	-	423,821	345,627	-	345,627
2300	Facility management services	238,324	142,409	33,019	-	175,428	48,321	-	48,321
2304	Services on administrative matters	863,542	266,550	220,140	-	486,690	363,650	-	363,650
2305	Subscriptions	127,322	110,479	7,322	-	117,802	9,383	-	9,383
2308	Library expenditure	8,772	5,401	1,690	-	7,090	1,166	-	1,166
2700	Representation expenses - receptions and events	3,396	2,905	-	-	2,905	-	-	-
Total Title II		8,728,307	6,867,878	751,010	-	7,618,888	1,039,187	-	1,039,187
3100	Training costs	-	-	-	-	-	-	-	-
3200	IT project costs	15,609,434	6,942,534	4,967,796	-	11,910,331	3,603,117	102	3,603,219
3400	Legal advice	100,200	59,000	35,773	-	94,773	-	4,950	4,950
3500	Access to data for Economic Research	894,227	288,651	266,691	-	555,343	334,299	-	334,299
3600	Mission expenses	17,929	4,635	5,884	-	10,519	1,670	5,041	6,711

3700	Translation and interpretation	803,254	309,980	251,943	-	561,923	218,020	-	218,020
3701	Communications services	361,841	95,410	36,724	-	132,134	164,357	-	164,357
3800	General meeting expenses	2,507	2,491	-	-	2,491	-	-	-
3810	Stakeholder groups - Consultations	55,102	32,200	12,000	-	44,200	10,800	-	10,800
3820	Governance	-	-	-	-	-	-	-	-
3830	Board of Appeal costs	74,400	72,000	-	-	72,000	2,400	-	2,400
3900	Services on operational matters	252,733	35,753	-	-	35,753	216,980	-	216,980
Total Title III		18,171,629	7,842,655	5,576,812	-	13,419,466	4,551,642	10,093	4,561,736
4000	Single Interface to Trade Repositories	1,390,303	85,401	-	312,887	398,288	-	992,016	992,016
4100	Instruments Reference Data	2,320,901	682,151	-	1,111,223	1,793,374	-	527,527	527,527
Total Title IV		3,711,205	767,552	-	1,424,110	2,191,662	-	1,519,542	1,519,542
GRAND TOTAL		68,749,113	52,779,178	6,788,188	1,424,110	60,991,476	5,890,785	1,532,034	7,422,820

Line	Item	from final adopted budget	Appropriations lapsing		Total
			from carry-overs	from assigned revenue	
1100	Staff salaries - allowances - insurance and grants	628	121	-	749
1120	Temporary workers	1	292	-	293
1133	Contribution to the Community pension scheme	313	-	-	313
1200	Expenditure staff management and recruitment	-	5,787	-	5,787
1400	Medical service	2,859	540	-	3,399
1410	Schools and kindergartens	-	22,569	-	22,569
1420	Canteen and associated services	16	27,599	-	27,616
1600	Training	608	12,825	-	13,433
Total Title I		4,425	69,734	-	74,158
2000	Building rental - charges and taxes	-	-	-	-
2020	Maintenance - works and refurbishment	10,672	-	-	10,672
2090	Other expenditure on building	12,603	12,345	-	24,948
2100	Internal ICT and telecommunications	556	5,133	-	5,689
2300	Facility management services	2,068	12,508	-	14,575
2304	Services on administrative matters	-	13,203	-	13,203
2305	Subscriptions	138	-	-	138
2308	Library expenditure	433	83	-	516
2700	Representation expenses - receptions and events	95	396	-	491
Total Title II		26,564	43,668	-	70,232
3100	Training costs	-	-	-	-
3200	IT project costs	249	95,636	-	95,885
3400	Legal advice	-	477	-	477
3500	Access to data for Economic Research	49	4,536	-	4,585
3600	Mission expenses	99	600	-	699
3700	Translation and interpretation	-	23,312	-	23,312
3701	Communications services	1,483	63,868	-	65,351
3800	General meeting expenses	16	-	-	16
3810	Stakeholder groups - Consultations	-	102	-	102
3820	Governance	-	-	-	-
3830	Board of Appeal costs	-	-	-	-
3900	Services on operational matters	-	-	-	-
Total Title III		1,897	188,530	-	190,427
4000	Single Interface to Trade Repositories	-	-	-	-
4100	Instruments Reference Data	-	-	-	-
Total Title IV		-	-	-	-
GRAND TOTAL		32,886	301,931	-	334,817

5. Commitments outstanding at the end of the year

Line	Item	Commitments outstanding at the end of 2020				Commitments of the current year			Total commitments outstanding
		Commitments carried forward	Decommitments/ Cancellations	Payments	Total	Commitments made	Payments	Commitments outstanding	
1100	Staff salaries - allowances - insurance and grants	700	(121)	(579)	-	33,180,424	(33,176,062)	4,362	4,362
1120	Temporary workers	9,459	(292)	(9,167)	-	17,897	(17,897)	-	-
1133	Contribution to the Community pension scheme	-	-	-	-	3,064,288	(3,064,288)	-	-
1200	Expenditure staff management and recruitment	87,251	(5,787)	(81,464)	-	510,000	(393,211)	116,789	116,789
1400	Medical service	3,416	(540)	(2,876)	-	47,141	(45,943)	1,198	1,198
1410	Schools and kindergartens	159,957	(22,569)	(137,388)	-	249,000	(211,676)	37,324	37,324
1420	Canteen and associated services	98,606	(27,599)	(71,006)	-	289,400	(242,900)	46,500	46,500
1600	Training	143,218	(12,825)	(130,393)	-	270,392	(176,610)	93,782	93,782
Total Title I		502,607	(69,734)	(432,874)	-	37,628,542	#####	299,956	299,956
2000	Building rental - charges and taxes	44,751	-	(44,751)	-	5,919,000	(5,737,558)	181,442	181,442
2020	Maintenance - works and refurbishment	10,876	-	(10,876)	-	49,328	(38,901)	10,427	10,427
2090	Other expenditure on building	258,187	(12,345)	(245,841)	-	406,397	(327,226)	79,171	79,171
2100	Internal ICT and telecommunications	192,504	(5,133)	(187,371)	-	582,076	(236,450)	345,627	345,627
2300	Facility management services	45,526	(12,508)	(33,019)	-	190,730	(142,409)	48,321	48,321
2304	Services on administrative matters	233,342	(13,203)	(220,140)	-	630,200	(266,550)	363,650	363,650
2305	Subscriptions	7,322	-	(7,322)	-	119,863	(110,479)	9,383	9,383
2308	Library expenditure	1,772	(83)	(1,690)	-	6,567	(5,401)	1,166	1,166
2700	Representation expenses - receptions and events	396	(396)	-	-	2,905	(2,905)	-	-
Total Title II		794,677	(43,668)	(751,010)	-	7,907,066	(6,867,878)	1,039,187	1,039,187
3100	Training costs	-	-	-	-	-	-	-	-
3200	IT project costs	5,063,432	(95,636)	(4,967,796)	-	10,545,651	(6,942,534)	3,603,117	3,603,117
3400	Legal advice	36,250	(477)	(35,773)	-	59,000	(59,000)	-	-
3500	Access to data for Economic Research	271,227	(4,536)	(266,691)	-	622,951	(288,651)	334,299	334,299
3600	Mission expenses	600	(600)	-	-	12,189	(10,519)	1,670	1,670

3700	Translation and interpretation	275,254	(23,312)	(251,943)	-	528,000	(309,980)	218,020	218,020
3701	Communications services	100,591	(63,868)	(36,724)	-	259,767	(95,410)	164,357	164,357
3800	General meeting expenses	-	-	-	-	2,491	(2,491)	-	-
3810	Stakeholder groups - Consultations	12,102	(102)	(12,000)	-	43,000	(32,200)	10,800	10,800
3820	Governance	-	-	-	-	-	-	-	-
3830	Board of Appeal costs	-	-	-	-	74,400	(72,000)	2,400	2,400
3900	Services on operational matters	-	-	-	-	252,733	(35,753)	216,980	216,980
Total Title III		5,759,457	(188,530)	(5,570,927)	-	12,400,181	(7,848,539)	4,551,642	4,551,642
4000	Single Interface to Trade Repositories	168,725	-	(159,216)	9,509	561,718	(239,072)	322,646	332,156
4100	Instruments Reference Data	321,621	-	(321,621)	-	1,692,648	(1,471,753)	220,895	220,895
Total Title IV		490,347	-	(480,838)	9,509	2,254,366	(1,710,825)	543,541	553,050
GRAND TOTAL		7,547,089	(301,931)	(7,235,648)	9,509	60,190,155	(53,755,828)	6,434,326	6,443,836

Financial systems and management

The accounting system of ESMA is ABAC, where the accounting and budgetary information is integrated in one system which has SAP as a back-end for the accounting part. The reporting system for ABAC which is used by ESMA is ABAC Datawarehouse. The workflow system in ABAC allows the authorising officer to ensure that the “four eyes” principle has been observed for each transaction. To manage its inventory in accordance with the requirements of the Financial Regulation, the Agency uses ABAC Assets.

In October 2021, the ESMA’s financial systems were validated by the Accounting Officer in compliance with Article 49(e) of the ESMA Financial Regulation.

A full physical check of all IT items and all furniture items was performed in November 2021 – January 2022. No material discrepancies were identified.