Ref. Ares(2011)708091 - 30/06/2011

COMMISSION EUROPÉENNE
DIRECTION GENERALE DE LA RECHERCHE ET DE L'INNOVATION

Le Directeur général

Bruxelles, le
Ref. Ares(2011)

30 JUIN 2011

PE - COURRIER
EP - ENTRÉE
01 -07- 2011
N° 7299

NOTE A L'ATTENTION DE
M. JERZY BUZEK
PRESIDENT DU PARLEMENT EUROPEEN

Objet: Comptes finaux de l'Agence Exécutive du Conseil Européen de la Recherche (CER) 2010

Conformément aux dispositions de l'art.14 du règlement du Conseil 58/2003 portant statut des agences exécutives, et de l'art.57 du règlement 1653/2004 de la Commission, portant règlement financier type des agences exécutives, vous trouverez en annexe les comptes finaux pour l'année 2010.

Sur proposition du Directeur de l'Agence, les comptes finaux ont été approuvés par le Comité de direction de l'Agence en date du 29 juin 2011.

Robert-Jan SMITS
Président du Comité de direction

Annexe: Comptes finaux de l'Agence Exécutive du Conseil Européen de la Recherche (CER) 2010

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Decision of the Steering Committee
of the European Research Council Executive Agency
adopting the final accounts
of the European Research Council Executive Agency for 2010

THE STEERING COMMITTEE OF THE EUROPEAN RESEARCH COUNCIL EXECUTIVE AGENCY,

Having regard to Council Regulation (EC) n° 58/2003[1] of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes,

Having regard to the Commission Decision 2008/37/EC[2] of 14 December 2007 setting up the 'European Research Council Executive Agency' for the management of the specific Community programme 'Ideas' in the field of frontier research in application of Council Regulation (EC) No 58/2003, called hereafter "ERCEA",

Having regard to article 51 of Commission Regulation 1653/2004[3], hereinafter "the Standard Financial Regulation", the accounts of the Agency shall comprise the financial statements and the reports on budget implementation. They shall be accompanied by a report on budgetary and financial management during the year, which shall give an account, inter alia, of the rate of implementation of the appropriations together with summary information on the transfers of appropriations among the various budget items.

Having regard to article 57 of the Standard Financial Regulation, the agency's accounts shall be consolidated with those of the Commission in accordance with the procedure provided for in Article 14 of Regulation (EC) No 58/2003 and, more particularly, in accordance with the provisions of point (b) of article 57, the management board shall approve, on the basis of the draft drawn up by the director, the final accounts of the agency and shall send them to the accounting officer of the Commission and to the Court of Auditors, the European Parliament and the Council, by 1 July of the following year at the latest.

Whereas,

(1) Following the end of the financial year 2010, the Steering Committee has notified the accounting officer of the Commission and the Court of Auditors with the provisional accounts 2010 accompanied by the report on the budgetary and financial management during the year and has sent the report on budgetary and financial management to the European Parliament and the Council[4].

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[1] OJ L 11, 16.1.2003, p.1
[2] OJ L 9, 12.1.2008, p.15
[3] Commission Regulation (EC) n° 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) n° 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes, as last amended by Commission Regulation n° 651/2008 of 09 July 2008. OJ L 297, 22.09.2004, p.6, hereinafter the Standard Financial Regulation
[4] article 57 (a) of the Standard Financial Regulation

(2) In the frame of the discharge procedure, and in conformity with article 287 of the TFEU treaty, the Court of Auditors has proceeded from 14 to 18th February 2011 to the control of the Agency 2010 provisional annual accounts[5]. The verification of the accounts by the Court has namely lead to the activation in Assets Under Construction of IT development costs initially booked in an expense account, provoking thereto an increase of the economic result of the year and of the total assets, constituting the main differences between the provisional and final annual accounts of the Agency.

(3) Before the approval of the accounts by the Steering Committee, the accounting officer of the Agency will sign them off, thereby certifying that she has a reasonable assurance that the accounts present a true and fair view of the financial situation of the agency[6].

(4) Upon request from the Court of Auditors, the final accounts are accompanied of a Management Representation Letter, presented in Annex I and addressed to the President of the Court of Auditors, giving assurance on the legality and regularity of the expenditure under the control of the Authorizing Officer, on the true and fair view of the accounts and on the validation of the accounting system(s).

(4) The final accounts of the agency for 2010, as presented in Annex II, consolidated with those of the Commission, will be published in the Official Journal of the European Union by 15 November 2011[7].

HAS ADOPTED THIS DECISION:

Article 1

The final annual accounts and the report on Budgetary and Financial Management for financial year 2010 are hereby adopted, in the version presented in Annex II. The final annual accounts of the agency accompanied by the Budgetary and Financial Management report shall be sent to the accounting officer of the Commission, the Court of Auditors, the European Parliament and the Council by 01 July 2011.

Article 2

This Decision shall enter into force on the day following its adoption.

Done in Brussels on

30 JUIN 2011

For the Steering Committee,

The Chairperson,

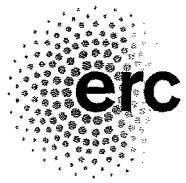
Robert-Jan SMITS

[5] Article 65 of the Standard Financial Regulation
[6] Article 30.2 of the Standard Financial Regulation.
[7] Article 57 (c) of the Standard Financial Regulation

ANNEX I

Management Representation Letter to the attention of the President of the Court of auditors
Final annual accounts of the European Research Council Executive Agency

European Research Council
Executive Agency



The Director (ad int.)

Management Representation Letter
Final annual accounts of the European Research Council Executive Agency

To the attention of the President of the Court of Auditors

Subject: Final annual accounts for the financial year 2010 of the European Research Council Executive Agency

This representation letter is provided in connection with your audit of the Final annual accounts of the European Research Council Executive Agency " consisting of the financial statements[8] and the reports on implementation of the budget for the financial year ended 31 December 2010 for the purpose of expressing an opinion as to whether these present fairly, in all material respects, the financial position of the European Research Council Executive Agency as of 31 December 2010 and of the results of its operations and its cash flows for the year then ended.

In accordance with the Financial Regulation of the European Research Council Executive Agency, the Final annual accounts for the financial year 2010 are prepared on the basis of accounting rules adopted[9] by the Commission's Accounting Officer which adapt accruals based accounting principles to the specific environment of the European Union, while the "Reports on the implementation of the budget" continue to be primarily based on movements of cash.

I acknowledge my responsibility for the fair presentation of the final annual accounts of the European Research Council Executive Agency in accordance with its Financial Regulation, its implementing rules and the accounting rules adopted by the Accounting Officer of the Commission.

In line with the Financial Regulation, the accounting systems laid down by myself and where appropriate systems laid down by the Authorising Officer and his delegates to supply and justify accounting information have been validated. All the information necessary for the production of accounts which give a true and fair view of the European Research Council Executive Agency assets and liabilities and of budgetary implementation has been obtained from the Authorising Officer of the European Research Council Executive Agency and his delegates, who guaranteed its reliability.

Based on the information provided by the Authorising Officer and his delegates and without prejudice to their responsibilities as provided for in the Financial Regulation of the European

[8] The "financial statements" comprise the balance sheet, the economic outturn account, the cash flow table, statement of changes in net assets and a summary of significant accounting policies and other explanatory notes.

[9] The accounting rules adopted are derived from International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants or, in their absence, International Accounting Standards (IAS)/ International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

Research Council Executive Agency, I confirm, to the best of my knowledge and belief, the following representations:

1. The Final annual accounts of the European Research Council Executive Agency" for the financial year ended 31 December 2010 referred to above are presented in accordance with its Financial Regulation, its implementing rules and the accounting rules and methods established by the Accounting Officer of the Commission.

2. No sufficiently material issues requiring a reservation have been brought to my attention

3. There have been no known irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the financial statements.

4. All books of account and supporting documentation have been made available to the auditors of the Court.

5. The Final annual accounts are exhaustive in all material aspects and consistent.

6. The Final annual accounts are free of material misstatements, including omissions. All revenue and expenditure was entered in the accounts.

7. The following have been completely and properly recorded and, when appropriate, adequately disclosed in the financial statements:

- The identity of, and balances and transactions with, related parties.
- Losses arising from sale and purchase commitments.
- Agreements and options to buy back assets previously sold.
- Assets pledged as collateral.

8. There are no known plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements. The carrying value of receivables which are potentially irrecoverable has been corrected, where necessary.

9. There are no known plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value. The value of inventory is not material to the accounts.

10. The European Research Council Executive Agency has satisfactory title to all assets and there are no liens or encumbrances on the assets.

11. All liabilities, both actual and contingent, have been recorded or disclosed, as appropriate, and all guarantees that have been given to third parties have been disclosed in the Notes to the financial statements.

12. There has been no event subsequent to period end which requires adjustment of or disclosure in the financial statements or Notes thereto.

13. All claims against the European Research Council Executive Agency are reflected in the accounts as a provision or, where relevant, as a contingent liability.

14. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts. There are no lines of credit arrangements.

15. Based on the information provided by the Authorising Officer and his delegates and without prejudice to their responsibilities as provided for in its Financial Regulation, the European Research Council Executive Agency has complied with all aspects of legal texts, regulations and contractual agreements that could have a material effect on the financial statements in the event of non-compliance. In this context, I confirm that:

- the financial statements disclose adequately the provisional nature of those operations which are subject to future clearance of accounts or closure procedures;

- for all "probable" but not yet definitive receivables an adequate disclosure, including when possible an estimate of the amounts involved, is given under contingent assets;

- the (potential) impact of known fraud and irregularities is accurately disclosed in the financial statements;

- the accounts include all the recovery orders issued by the Authorising Officer and his delegates concerning the operations giving rise to a reimbursement to the European Research Council Executive Agency by a third party. The Authorising Officer and his delegates have not informed me of delays or other problems in the establishment of recovery orders;

- all available information given by the Authorising Officer and his delegates, regarding amounts recovered by the European Research Council Executive Agency in response to errors, illegal or irregular operations without issuing a recovery order, or else its absence, in particular concerning the amounts recovered by the European Research Council Executive Agency by deduction from subsequent claims, are disclosed in the notes to the financial statements.

Pablo AMOR
The Director ad interim of the European Research Council Executive Agency 29/06/11

Soudaina WALA
The Accounting Officer of the European Research Council Executive Agency 29/06/11

ANNEX II

Final annual accounts and Budgetary and Financial Management Report of the European Research Council Executive Agency for Financial year 2010

- ERCEA -

FINAL ANNUAL ACCOUNTS

And

BUDGETARY AND FINANCIAL MANAGEMENT REPORT

OF

THE EUROPEAN RESEARCH COUNCIL EXECUTIVE AGENCY

FINANCIAL YEAR 2010
Brussels, 29/06/2011

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DECLARATION OF ASSURANCE

By the Director of the European Research Council Executive Agency for financial year 2010

I, the undersigned, Pablo AMOR, Director ad interim of the European Research Council Executive Agency, in my capacity as Authorising Officer,

state that I have reasonable assurance that the resources assigned to the activities described in the annual accounts have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions. This reasonable assurance is based on my own judgment and on the information at my disposal,

confirm that I am not aware of anything not reported in the annual accounts which could harm the interests of the European Research Council Executive Agency.

Brussels, 29/06/2011

Pablo AMOR

Director ad interim

By the Accounting Officer of the European Research Council Executive Agency for financial year 2010

The annual accounts of the European Research Council Executive Agency for the year 2010 have been prepared in accordance with Title VI of the Standard Financial Regulation for the Executive Agencies (Commission Regulation 1653/2004) and the accounting rules adopted by the Commission's Accounting Officer, as are to be applied by all the institutions, agencies and joint undertakings.

I acknowledge my responsibility for the preparation and presentation of the annual accounts of the European Research Council Executive Agency in accordance with art.30 of the Standard Financial Regulation for the Executive Agencies.

I have obtained from the authorising officer, who guaranteed its reliability, all the information necessary for the production of the accounts that show the European Research Council Executive Agency's assets and liabilities and the budgetary implementation.

I hereby certify that 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 a true and fair view of the financial position of the European Research Council Executive Agency in all material aspects.

Brussels, 29/06/2011

Soudaïna WALA

Accounting Officer

1 - PRESENTATION OF THE ORGANISATION

1.1- Introduction and mission

The European Research Council (ERC) is the first European funding body set up to support investigator-driven frontier research.

Its main aim is to stimulate scientific excellence by supporting and encouraging the very best, truly creative scientists, scholars and engineers to be adventurous and take risks in their research. The scientists are encouraged to go beyond established frontiers of knowledge and the boundaries of disciplines.

The ERC complements other funding activities in Europe such as those of the national research funding agencies, and is a flagship component of the 'Ideas Programme' of the European Union's Seventh Research Framework Programme (FP7).

Being 'investigator-driven', or 'bottom-up', in nature, the ERC approach allows researchers to identify new opportunities and directions in any field of research, rather than being led by priorities set by politicians. This approach ensures that funds are channelled into new and promising areas of research with a greater degree of flexibility.

ERC grants are awarded through open competition to projects headed by starting and established researchers, irrespective of their origins, who are working or moving to work in Europe - the sole criterion for selection is scientific excellence. The aim here is to recognise the best ideas, and retain and confer status and visibility to the best brains in Europe, while also attracting talent from abroad.

1.2- Organisation

The ERC consists of a Scientific Council and a Dedicated Implementation Structure.

The Scientific Council defines the scientific funding strategy and methodologies, whereas the Dedicated Implementation Structure implements and applies these strategies and methodologies in the management and operations of the ERC activities.

The Dedicated Implementation Structure has been legally established as the ERC Executive Agency (ERC EA) and is fully operational since 15 July 2009.

1.3- Principal office

The ERC EA is located in Brussels in one building at the following address Place Rogier 16, COV 2, BE-1049 Brussels

More information is available on the ERC EA website http://erc.europa.eu/index.cfm

2 – LEGAL BASE FOR DRAWING UP THE ANNUAL ACCOUNTS

The final annual accounts of ERCEA have been established in accordance with the following legislation.

The Commission Regulation (EC) n°1653/2004 of the Council of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) n° 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes, amended by Commission Regulation (EC) n° 1821/2005 of 08 November 2005 and Commission Regulation (EC) n° 651/2008 of 09 July 2008.

The accounting rules, methods and guidelines as adopted and provided by the Accountant of the Commission (Decision of 28th December 2004, Note C2/HL/HJ/mt/D(2006) 62329 December 20 – 2005 - Decision of 18th October 2006 D(2006)9610 - Decision of 17th December 2008 DG Budg/DD/fg D(2008) 61398)

The Commission Regulation (EC) No 2909/2000 of 29 December 2000 on the accounting management of the European Communities' non-financial fixed assets.

Other relevant legislation is:

The Council Regulation (EC) n° 58/2003 of 19 December 2002 laying the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes.

The Commission Decision of 14 December 2007 setting up the "European Research Council Executive Agency" for the management of the specific Community programme "Ideas" in the field of frontier research in application of Council Regulation n° 58/2003.

The Commission Decision of 2 February 2007 establishing the European Research Council.

The Council Decision of 19 December 2006 concerning the specific programme "Ideas" implementing the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007 to 2013)

PART I

FINANCIAL STATEMENTS

1 - BALANCE SHEET - ASSETS
2 - BALANCE SHEET - LIABILITIES
3 – ECONOMIC OUTTURN ACCOUNT
4 – CASH FLOW TABLE
5 – STATEMENT OF CHANGES IN CAPITAL
6– ANNEX TO THE FINANCIAL STATEMENTS

1 - ERCEA-BALANCE SHEET - ASSETS

2			4	5	6
		Note	31.12.2010	31.12.2009*	Variation
ASSETS					
A. NON CURRENT ASSETS		**6.2.1**			
Intangible fixed assets			**1.251.271,95**	**37.618,00**	**1.213.653,95**
Tangible fixed assets			**5.292.005,04**	**5.649.699,98**	**-357.694,94**
	Land and buildings		7.507,00	5.168.110,98	5.160.603,98
	Plant and equipment		11.862,45	14.487,00	-2.624,55
	Computer hardware		336.738,00	391.204,00	-54.466,00
	Furniture and vehicles		174.660,00	66.678,00	107.982,00
	Other fixtures and fittings		4.761.237,59	9.220,00	4.752.017,59
	Leasing		0,00	0,00	0,00
	LT receivables with consolidated EU entities		0,00	0,00	0,00
TOTAL NON CURRENT ASSETS		6.2.2	**6.543.276,99**	**5.687.317,98**	**855.959,01**
B. CURRENT ASSETS					
Short-term receivables			**2.058.981,43**	**2.092.561,34**	**-33.579,91**
	Current receivables	A	100,49	23.806,66	-23.706,17
	Consolidated - Current receivables				0,00
	Sundry receivables	B	82.040,71	47.646,27	34.394,44
	Other	C	1.952.385,90	1.859.848,44	92.537,46
	Accrued income		14.444,96	7.646,74	6.798,22
	Deferred charges		1.910.873,11	1.852.201,70	58.671,41
	Other				0,00
	Deferrals and Accruals with consolidated EU entities		27.067,83		27.067,83
	Short-term receivables with consolidated EU entities		24.454,33	161.259,97	-136.805,64
Cash and cash equivalents		D	**1.791.239,93**	**2.176.179,58**	**-384.939,65**
TOTAL CURRENT ASSETS			**3.850.221,36**	**4.268.740,92**	**-418.519,56**
TOTAL			**10.393.498,35**	**9.956.058,90**	**437.439,45**

* from 15/07/2009 till 31/12/2009

2 - ERCEA-BALANCE SHEET - LIABILITIES

2			4	5	6
		Note	31.12.2010	31.12.2009*	Variation
LIABILITIES		**6.2.3**			
A. Net Assets		**A**	**8.405.698,50**	**8.254.223,05**	**151.475,45**
Reserves			**0,00**	**0,00**	**0,00**
Accumulated surplus/deficit			**8.254.223,05**	**0,00**	**8.254.223,05**
Economic result of the year - profit+/loss-			151.475,45	8.254.223,05	**-8.102.747,60**
B. Minority interest					**0,00**
C. NON CURRENT LIABILITIES		**B**	**0,00**	**169.027,24**	-169.027,24
TOTAL A+B+C			**8.405.698,50**	**8.423.250,29**	**- 17.551,79**
D. CURRENT LIABILITIES		**6.2.4**	**1.987.799,85**	**1.532.808,61**	**454.991,24**
Accounts payable		**A**	**1.987.799,85**	**1.532.808,61**	**454.991,24**
	Current payables	A1	-474,89	640,09	-1.114,98
	Consolidated - Current payables				0,00
	Sundry payables	A2	101.856,29	81.142,97	20.713,32
	Other	A4	1.545.058,09	1.399.954,54	145.103,55
	Accrued charges	A3	1.271.715,72	892.614,64	379.101,08
	Deferred income		0,00	0,00	0,00
	Other				0,00
	Deferrals and accruals with consolidated EU entities		273.342,37	507.339,90	-233.997,53
	Accounts payable with consolidated EU entities		341.360,36	51.071,01	290.289,35
	Pre-financing received from consolidated EU entities		247.188,87	15.455,90	231.732,97
	Other accounts payable against consolidated EU entities		94.171,49	35.615,11	58.556,38
TOTAL D. CURRENT LIABILITIES			**1.987.799,85**	**1.532.808,61**	**454.991,24**
TOTAL			**10.393.498,35**	**9.956.058,90**	**437.439,45**

* from 15/07/2009 till 31/12/2009

3 – ERCEA – ECONOMIC OUTTURN ACCOUNT

2	4		5	6
	Note	2010	2009*	Variation
Recovery of expenses		0,00	0,00	0,00
Revenues from administrative operations	A	0,00	367.445,01	-367.445,01
Other operating revenue	B	29.442.936,82	19.367.133,40	10.075.803,42
TOTAL OPERATING REVENUE	6.3.1	29.442.936,82	19.734.578,41	9.708.358,41
Administrative expenses		-29.278.087,97	-11.479.049,34	-17.799.038,63
All Staff expenses		-18.139.623,05	-6.865.339,65	-11.274.283,40
Fixed asset related expenses		-786.546,54	-449.366,77	-337.179,77
			0,00	0,00
Other administrative expenses		-10.351.918,38	-4.164.342,92	- 6.187.575,46
TOTAL OPERATING EXPENSES	6.3.2	-29.278.087,97	-11.479.049,34	-17.799.038,63
SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES		**164.848,85**	**8.255.529,07**	**- 8.090.680,22**
Financial revenues		0,00	0,00	0,00
Financial expenses		-13.373,40	-1.306,02	-12.067,38
SURPLUS/ (DEFICIT) FROM NON OPERATING ACTIVITIES	6.3.3	**-13.373,40**	**-1.306,02**	**-12.067,38**
SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES		**151.475,45**	**8.254.223,05**	**- 8.102.747,60**
Minority interest				0,00
Extraordinary gains (+)				0,00
Extraordinary losses (-)				0,00
SURPLUS/(DEFICIT) FROM EXTRAORDINARY ITEMS		**0,00**	**0,00**	**0,00**
ECONOMIC RESULT OF THE YEAR		**151.475,45**	**8.254.223,05**	**- 8.102.747,60**

* from 15/07/2009 till 31/12/2009

4 – ERCEA – CASH FLOW TABLE (indirect method)

Note 6.4	2010	2009
Cash Flows from ordinary activities		
Surplus/(deficit) from ordinary activities	**151.475,45**	**8.254.223,05**
Operating activities		
Adjustments		
Amortization (intangible fixed assets) +	10.137,76	1.171,39
Depreciation (tangible fixed assets) +	775.931,78	495.082,59
Increase/(decrease) in Provisions for risks and liabilities	-169.027,24	169.027,24
Increase/(decrease) in Value reduction for doubtful debts	0,00	
(Increase)/decrease in Stock	0,00	
(Increase)/decrease in Long term Pre-financing	0,00	
(Increase)/decrease in Short term Pre-financing	0,00	
(Increase)/decrease in Long term Receivables	0,00	
(Increase)/decrease in Short term Receivables	-103.225,73	-1.931.301,37
(Increase)/decrease in Receivables related to consolidated EU entities	136.805,64	-161.259,97
Increase/(decrease) in Other Long term liabilities	0,00	
Increase/(decrease) in Accounts payable	164.701,89	1.481.737,60
Increase/(decrease) in Liabilities related to consolidated EU entities	290.289,35	51.071,01
Other non-cash movements		-367.445,01
Extraordinary items		
Net cash Flow from operating activities	**1.257.088,90**	**7.992.306,53**
Cash Flows from investing activities		
Increase of tangible and intangible fixed assets (-)	-1.642.505,55	-6.183.571,96
Proceeds from tangible and intangible fixed assets (+)	477,00	367.445,01
Purchase of investments		
Proceeds of investments		
Granting of loans		
Repayments of loans		
Financial revenues		
Extraordinary items		
Net cash flow from investing activities	**-1.642.028,55**	**-5.816.126,95**
Increase/(decrease) in Employee benefits	0,00	
Net increase/(decrease) in cash and cash equivalents	-384.939,65	2.176.179,58
Cash and cash equivalents at the beginning of the period	2.176.179,58	
Cash and cash equivalents at the end of the period	1.791.239,93	2.176.179,58

5 – ERCEA – STATEMENT OF CHANGES IN CAPITAL

Net assets	Reserves		Accumulated Surplus / Deficit	Economic result of the year	Net assets (total)
	Fair value reserve	Other reserves			
Note 6.5					
Balance as of 31 December 2009				8.254.223,05	8.254.223,05
Changes in accounting policies 1)					0,00
Balance as of 1 January 2010 (if restated)	**0,00**	**0,00**	**0,00**	**8.254.223,05**	**8.254.223,05**
Other 2)					0,00
Fair value movements					0,00
Movement in Guarantee Fund reserve					0,00
Allocation of the Economic Result of Previous Year			8.254.223,05	- 8.254.223,05	0,00
Amounts credited to Member States					0,00
Economic result of the year				151.475,45	151.475,45
Balance as of 31 December 2010	**0,00**	**0,00**	**8.254.223,05**	**151.475,45**	**8.405.698,50**
Account	**102100**	**102200**	**140000**	**141000**	

6 – ANNEX TO THE FINANCIAL STATEMENTS

6.1 Accounting principles (summary)

Generally accepted accounting principles as mentioned in the Standard Regulation for Executive Agencies[10] under the provisions of article 53, are

6.1.1 Going-concern principle

The going-concern principle means that the Agency is deemed to be established for an indefinite duration. Would there be objective indications that the Agency is to cease its activities; the accounting officer shall present this information in the annex, indicating the reasons. She shall apply the accounting rules with a view to determining its liquidation value.

6.1.2 Principle of prudence

The principle of prudence means that assets and income shall not be overstated and liabilities and charges shall not be understated. However, the principle of prudence does not allow the creation of hidden reserves or undue provisions.

6.1.3 Principle of consistent accounting methods

The principle of consistent accounting methods means that the structure of the components of the financial statements and the accounting methods and valuation rules may not be changed from one year to the next.

The Agency's accounting officer may not depart from the principle of consistent accounting methods other than in exceptional circumstances, in particular:
(a) in the event of a significant change in the nature of the entity's operations;
(b) where the change made is for the sake of a more appropriate presentation of the accounting operations.

6.1.4 Principle of comparability of information

The principle of comparability of information means that for each item the financial statements shall also show the amount of the corresponding item the previous year.
Where, the presentation or the classification of one of the components of the financial statements is changed, the corresponding amounts for the previous year shall be made comparable and reclassified. Where it is impossible to reclassify items, this shall be explained in the annex to the financial statements.

6.1.5 Principal of Materiality

The materiality principle means that all operations which are of significance for the information sought shall be taken into account in the financial statements. Materiality shall be assessed in particular by reference to the nature of the transaction or the amount.
Transactions may be aggregated where:

[10] Council Regulation (EC) n° 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes - OJ L 11, 16.1.2003, p.1

(a) the transactions are identical in nature, even if the amounts are large;
(b) the amounts are negligible;
(c) aggregation makes for clarity in the financial statements.

6.1.6 Principal of No-netting

The no-netting principle means that receivables and debts may not be offset against each other, nor may charges and income, save where charges and income derive from the same transaction, from similar transactions or from hedging operations and provided that they are not individually material.

6.1.7 Principal of reality over appearance

The principle of reality over appearance means that accounting events recorded in the financial statements shall be presented by reference to their economic nature.

6.1.8 Accrual-based accounting principal

The accrual-based accounting principle means that transactions and events shall be entered in the accounts when they occur and not when amounts are actually paid or recovered. They shall be booked to the financial years to which they relate.

The accounting methods provided by the Accountant of the European Commission shall specify the obligating event for the entry of each transaction in the accounts.

Exception to the accounting principles

Where, in a specific case, the accounting officer considers that an exception should be made to the content of one of the accounting principles defined above this exception must be duly substantiated and reported in the annex to the financial statements.

6.2 Notes to the Balance Sheet

6.2.1 NON CURRENT ASSETS

In compliance with the accounting rules, assets are considered as such when their nominal value is equal or above 420 EUR. The assets are registered in the accounts at their acquisition price and, after depreciation, are reflected in the balance sheet at year end for their net value. The depreciation method used is the straight-line method and prorata temporis from the month of purchase of the asset.

During the financial year, the ERCEA carried on the building of its capacities started in 2009, year of its autonomy.

The system used for the assets registration is identical to the one used by the European Commission, and is integrated in the Agency's accounting system. Depreciation rates are also those applied by the Commission.

The net value of the Agency fixed assets at year end is **6.543.276,99** EUR, mainly constituted of the fitting out building works done to the Agency headquarters, IT hard- and software, and furniture.

The building occupied by the Agency is rented through a usufruct contract for duration of 15 years starting on 15/09/2008. The rent is paid annually and registered as expenditure. The works made for the fitting out of the building of the Agency (5 543 448, 65 euro) have been capitalized over a useful life of 10 years starting from January 2009 and transferred from heading "Land and building" in 2009 to heading "other fixtures and fittings" for financial year 2010. The transfer was made to match closely the categories proposed by the Commission for this kind of capitalization.

In application of the Accounting Rules on internally developed intangible assets, the development costs of internally developed IT software – started from 01/01/2010 onwards – are to be capitalized. The threshold for capitalization is 100.000,00 EUR. One IT project has been identified as providing service potential to the units dealing with the operational activities of the Agency and meeting the recognition criteria. It has been capitalized in "Assets under Construction" for an amount of 221.440,00 EUR. Other IT projects related to back-office applications meant to facilitate the Agency operational and administrative activities are developed internally but are not capitalized because of not reaching the threshold. Their development costs amount to 270.020,00 EUR in 2010.

The management of Grants and Evaluations by the Agency is also supported by IT tools developed by some Directorates-General of the Commission. The development costs of these tools are activated and capitalized in the Agency accounts as "Assets under construction" for 999.579,95 EUR.

Assets are inventoried at their installation. A physical check was made at end of year for IT items and in January 2011 for the other goods. No relevant action had to be undertaken following the check.

TABLE OF DEPRECIATION RATE

Asset type	Depreciation rate, consolidation manual	Depreciation rate used by reporting entity
Intangible fixed assets		
Software for personal computers and servers	25%	25%
Tangible fixed assets		
Land	0%	0%
Buildings	4%	4%, 10%
Plant and equipment		
Scientific and laboratory equipment	25%	25%
Tools for industry and workshops	12.5%	12.5%
Lifting and mechanical handling equipment for public works, prospecting and mining	12.5%	12.5%
Control and transmission devices, motors, compression, vacuum and pumping equipment	12.5%	12.5%
Equipment for the supply and treatment of electric power	12,5%, 25%	12,5%, 25%
Specific electric equipment	25%	25%
Furniture and vehicles		
Office, laboratory and workshop furniture	10%	10%
Electrical office equipment, printing and mailing equipment	25%	25%
Print shop and post room equipment	12.5%	12.5%
Equipment and decorations for garden, kitchen, canteen, restaurant, crèche and school	12.5%	12.5%
Motorized outdoor equipment	25%	25%
Specific furniture and equipment for schools, crèches and childcare centers	25%	25%
Furniture for restaurant/cafeteria/bar area	10%, 12,5%	10%, 12,5%
Cash registers and card acceptor devices	25%	25%
Antiques, artistic works, collectors' items	0%	0%
Transport equipment (vehicles and accessories)	25%	25%
Computer hardware		
Computers, servers, accessories, data transfer equipment, printers, screens	25%	25%
Copying equipment, digitizing and scanning equipment	25%	25%
Other fixtures and fittings		
Telecommunications equipment	25%	25%
Audiovisual equipment	25%	25%
Computer, scientific and general books, documentation		
Computer books, CDs, DVDs	33%	33%
Scientific books, general books, CDs, DVDs	25%	25%
Health, safety and protective equipment, medical equipment,	12.5%	12.5%
fire-fighting equipment, equipment for surveillance and security services		
Medical and nursing equipment	25%	25%
other	10%	10%
Tangible fixed assets under construction	0%	0%

TABLE OF ASSETS

		INTANGIBLE FIXED ASSETS					TANGIBLE FIXED ASSETS							
2010		Internally generated Computer Software	Other Computer Software	Total Computer Software	Intangible fixed assets under construction	Total	Land	Buildings	Plant and Equipment	Computer hardware	Furniture and vehicles	Other Fixtures and Fittings	Tangible Fixed Assets under Construction	Total
Gross carrying amounts 01.01.2010	+		**38.789,39**	**38.789,39**		**38.789,39**		5.543.448,65	19.201,30	502.745,94	68.592,08	10.794,60		**6.144.782,57**
Additions	+		2.771,76	2.771,76	1.221.019,95	1.223.791,71		8.189,54	2.053,40	74.484,53	129.885,04	204.101,33		**418.713,84**
Disposals	-			0,00		0,00				-557,85				**-557,85**
Transfer between headings	+/-			0,00		0,00		- 5.543.448,65				5.543.448,65		**0,00**
Gross carrying amounts 31.12.2010		**0,00**	**41.561,15**	**41.561,15**	**1.221.019,95**	**1.262.581,10**	**0,00**	**8.189,54**	**21.254,70**	**576.672,62**	**198.477,12**	**5.758.344,58**	**0,00**	**6.562.938,56**
Accumulated amortization and impairment 01.01.2010	-		**-1.171,39**	**-1.171,39**		**-1.171,39**		-375.337,67	-4.714,30	-111.541,94	-1.914,08	-1.574,60		**-495.082,59**
Amortization	-		-10.137,76	-10.137,76		-10.137,76		-682,54	-4.677,95	-128.473,53	-21.903,04	-620.194,72		**-775.931,78**
Write-back of amortization	+			0,00		0,00								**0,00**
Disposals	+			0,00		0,00				80,85				**80,85**
Impairment (2)	-			0,00		0,00								**0,00**
Write-back of impairment	+			0,00		0,00								**0,00**
Transfer between headings	+/-			0,00		0,00		375.337,67				-375.337,67		**0,00**
Accumulated amortization and impairment 31.12.2010		**0,00**	**-11.309,15**	**-11.309,15**	**0,00**	**-11.309,15**	**0,00**	**-682,54**	**-9.392,25**	**-239.934,62**	**-23.817,12**	**-997.106,99**	**0,00**	**- 1.270.933,52**
Net carrying amounts 31.12.2010		**0,00**	**30.252,00**	**30.252,00**	**1.221.019,95**	**1.251.271,95**	**0,00**	**7.507,00**	**11.862,45**	**336.738,00**	**174.660,00**	**4.761.237,59**	**0,00**	**5.292.005,04**

6.2.2 CURRENT ASSETS

Consolidation account	**Current receivables**	**2010**	**2009**
401100	Customers	100.49	0.00
401200	Member States	0.00	0.00
401300	EFTA	0.00	0.00
401600	Third States	0.00	0.00
401700	Other current receivables	0.00	23.806,66
401009	Consolidated EC entities	0.00	0.00
401000	**Total**	**100.49**	**23.806,66**
	Sundry receivables		
	Staff	36.534,18	8.403,96
	Other current receivables	45.506,53	39.242,31
410900	**Total**	**82.040,71**	**47.646,27**
	Other		
490010	Accrued income	14.444,96	7.646,74
490011	Deferred charges	1.937.940,94	1.852.201,70
490000	**Total**	**1.952.385,90**	**1.859.848,44**
400009	**Short-term receivables with consolidated EC entities**	**24.454,33**	**161.269,97**
	Cash and Cash equivalents		
505000	*Unrestricted cash:*		
505300	Current accounts (bank accounts)	1.791.239,93	2.176.179,58
505400	Imprest accounts		
500000	**Total**	**1.791.239,93**	**2.176.179,58**
TOTAL	**CURRENT ASSETS**	**3.850.221,36**	**4.268.740,92**

The main categories are:

A – Current Receivables

The balance of Current Receivables for the financial year 2010 is **100,49 EUR** and corresponds to recuperation of expenses from expert groups. In 2009, this heading was hosting an amount of 23.806,66 resulting from the reconciliation exercise made for the consolidation of the accounts with the European Commission's. The account used for this exercise was presenting in 2009 a debit balance was therefore posted in the Assets section of the Balance Sheet, under "Current Receivables". In 2010, the same account has a credit balance mainly constituted of the interests earned on the EC subsidy received by the Agency. Because of the credit saldo, it is posted in the Liability section of the Balance Sheet, namely under "Accounts payable with consolidated EC entities".

B – Sundry Receivables

Sundry Receivables amounts to **82.040,71 EUR**. They mainly consist in salary advance, and regularization of staff entitlements.

C – Other Receivables and Short-term Receivables with consolidated entities

The balance of Other Current Receivables and Short-term Receivables with EC consolidated entities for the financial year 2010 is respectively **1.952.385,90** and **24.454,33 EUR**. It corresponds mainly to:

- the accrued amount of interests earned on the subsidy paid by the Commission to the Agency (14.251,15 EUR).
The EC subsidy is considered as pre-financing. Interests earned have to be returned to the Commission and are posted in the balance sheet under payables towards consolidated entities. Interests on EC subsidy, not cashed during the exercise, are posted under Current Receivables-accrued income with a counter entry in a payable account with EC consolidated entities.

- deferred charges related to the rent of the building where the ERCEA has established its headquarters, each yearly instalment starting from September (1,886,737.00 EUR)

- deferred charges related mainly to the reimbursement of staff public transport subscription, IT maintenance and insurance contracts (24.136,11 EUR).

- deferred charges with consolidated entities in relation with EC Blue book trainees and recuperation of impression costs (27.067,83 EUR).

- Other recuperation of costs from consolidated entities already invoiced by the Agency in relation to postal services (24.454,33 EUR).

- Other deferrals: 193.81 EUR

D - Cash and cash equivalents

The Agency has one euro bank account, opened in Brussels with ING Belgium SA. There is no foreign currency bank account.

The opening of the bank accounts took place under the terms of the contracts signed by the European Community represented by the European Commission and the above mentioned banks. On basis of the provisions of those contracts, the banks selected are expected to extend the contractual terms and conditions, upon demand, to the banking activities of other European Union institutions or agencies.

Only bank transfers have been carried out by the Agency. There is therefore no cash or cheques movement recorded in the financial accounts.

The Cash and Cash equivalents position of the Agency at 31st December 2010 amounts to **1.791.239,93 EUR.**

6.2.3 NON CURRENT LIABILITIES

A – Capital

The capital amounts to **8.405.698,50 EUR**. It is constituted of the Economic outturn of the year (151.475,45 EUR and the accumulated result from previous years + 8254.223,05 EUR).

B – Provision for risks and charges
A provision for risks and charges related to non-paid salary indexation was booked at 31st December 2009 for a total of 169,027.24 EUR.

The salary of Officials and Other Servants of the European Communities is adjusted every year to inflation and cost of living. In 2009, the official adjustment rate calculated to 3.7% was rejected and reduced unilaterally to 1.85% by the Members of the European Council. Legal proceedings were brought to the European Court of Justice by the Commission, thereof the provision for the remaining 1.85%, or 169,027.24 EUR. In November 2010, the European Court of Justice rendered a favourable judgment for the payment of the remaining 1.85% with retroactive effect from 15/07/2009. The provision was then utilized and brought to 0.00 EUR in 2010 financial accounts.

6.2.4 CURRENT LIABILITIES

A – Accounts payables

Consolidation Account	**Current payables**	**31.12.2010**	**31.12.2009**
441100	Vendors	-11.719,22	640.09
	Credits	*120.248,26*	
	Debits for eligibility check	*-10.545,06*	
	Debits for eligibility check	*-121.422,42*	
441200	Member States	0.00	0.00
441300	EFTA	0.00	0.00
441600	Third States	843,25	0.00
441700	Others	10.401,08	0.00
441900	Intra-Commission	0.00	0.00
441000	**Total**	**-474.89**	**640.09**
	Sundry payables		
	Staff	83.113,37	81,142.97
	Other	18.742,92	
443000	**Total**	**101.856,29**	**81,142.97**
	Other -		
491010	Accrued charges	1.271.715,72	892,614.64
	- Untaken annual leave	*368.225,35*	*288,952.44*
	-Other accrued charges	*903.490,37*	*603,662.20*

491090	Deferrals and accruals with consolidated EC entities	273.342,37	507,339.90
491000	**Total**	**1.545.058,09**	**1,399,954.54**
440009	**Accounts payable with consolidated EC entities**	**341.360,36**	**51,071.01**
TOTAL ACCOUNTS PAYABLES		**1.987.799,85**	**1,532,808.61**

Before entering an expenses account, cost claims and invoices received are first to be analysed, looking at the eligibility of the expenses. The eligibility criteria are defined in the legal commitment taken by the Agency towards the third party, the staff member, or the consolidated entity.

Cost claims and invoices received in the Agency are registered first in the credit of a payable account (either, current, sundry or EC consolidated entity account) with a counter-entry (a debit) in the accounts "eligibility to be checked", placed under the current liabilities section of the Balance Sheet. The amounts registered in the "eligibility to be checked" accounts come then in deduction of the credits posted in the payable accounts, and are gathered under Current Payables even if they concern Sundries or EC-consolidated-entities. The amount shown under Current Payables is therefore a net amount (amount current payables less eligibility to be checked amounts) which can be a debit.

Following the cut-off exercise, eligible costs have been estimated and recorded as accrued charges (see section B4).

A1 - Accounts payable - Current payables

Current payables are mainly constituted of cost claims from experts invited by the Agency to meetings organised in the frame of its activities and invoices received from the suppliers of goods and services provided to the Agency.

Current payables concern therefore the open position of current payables which an eligibility check has been already carried out (invoices checked but not paid) and the net open position of payables pending an eligibility check (invoices registered in the payable account, but still to be verified).

In the light of the explanations given above, and taking into account that "eligibility to be checked " accounts gather all the amounts to check, not only for the current payables (Member States, Public Bodies, Suppliers of goods and services), but also for the sundry and EC consolidated entities payables, in order to minimise the debit amount under the Current Payables account, the most significant amounts related to EC consolidated payables have been identified from the "eligibility to be checked" accounts and restated under the corresponding payable category (EC consolidated entities). The net open position at year end under current payables is finally a debit balance of **-474.89 EUR** (instead of -138.973, 78 before restatement).

A2 – Accounts payable – Sundry payables

Sundry payables are mostly constituted of settlements for inter-institutional staff mobility. They also include the amount in the transit account corresponding to assets capitalized but not yet paid. Sundry payables amount to **101.856,29 EUR**.

A3– Accounts payable with consolidated EC entities

Payables against consolidated EC entities are totalling **341.360,36 EUR**.

This heading is constituted for 53.830,51 EUR of the interests cashed in 2010 in relation with the Community Subsidy received by the Agency.

The amount of 193,358.36 EUR is also included under this heading, consisting in the part of the subsidy to be reimbursed to the Commission as a result of 2010 budgetary management (See part II, Budget Outturn Account).

Finally, 94.171,49 EUR corresponds to the unsettled invoices at year end, received from the other EC consolidated entities (other Agencies) and from the different Directorates General of the Commission for the goods or services provided in 2010 in application of Service level Agreements they signed with the ERCEA.

A4– Other – Accrued charges

Accrued charges are expenditure related to goods or services provided to the Agency during financial year 2010 but not yet invoiced, nor paid at the end of the exercise.

Accruals were calculated on basis of the pending payment obligations of the Agency – called **R**este **A** **L**iquider (**RAL**) - analysed at the light of the services and goods delivered in 2010, the invoices/cost claims received at the beginning of 2011, and "Eligibility to be checked" accounts.

The information withdrawn from this analysis lead to an estimated amount of **1.545.058,09 EUR** to accrue as charges. It is composed of:

- 273,342.37 EUR for goods or services delivered in 2010 by other Agencies and by the Commission Directorates General in the frame of Service level Agreements signed with the Agency;

- 1.271.715,72 EUR for cost claims from experts, missions claims from staff member, invoices for goods or services delivered but not invoiced yet, accrued financial expenses, and the calculated amount of 2010 untaken staff annual leave.

The counter entries of charges accrued under this heading are expense accounts.

6.3 Notes to the Economic Outturn Account

6.3.1 OPERATING REVENUE

Account	Operating Revenues	2010	2009
744000	Revenue from administrative operations	0,00	367.445,01
760000	Staff		
744100	Fixed assets related revenue		367.445,01
744200	*Pensions*		
744900	Other administrative revenue	0,00	0,00
744910	Other		
744919	*Adm revenue with consolidated EU entities*	0,00	0,00
745000	Other operating revenues	29.442.936,82	19.367.133,40
745100	Adjustments of provisions	169.027,24	
745200	Exchange rate gains	2.031,25	545,10
745900	Other	29.271.878,33	19.366.588,30
745910	*Other*	277.974,9	
745909	*Operating revenue with consolidated EU entities (2)*	28.993.903,36	19.366.588,30
745919	*EU Subsidy*	28.993.903,36	19.366.588,30
745929	*Other operating revenue with consolidated EU entities*	0,00	19.367.133,40
777777	**Total**	**29.442.936,82**	**19.734.578,41**

A – Revenue from administrative operations

The revenue under this heading was 367,445.01 EUR in 2009, corresponding to the revenue triggered by the transfer from the Commission to the Agency's accounting systems of the assets purchased by the Commission on behalf of the Agency before its autonomy (15th July 2009). Since its autonomy and during the exercise, the Agency purchased assets by its own. There are therefore no more grounds for similar revenue in 2010.

B – Other operating revenue

The operating revenue for financial year 2010 is composed of:

- the part of the Community Subsidy justified by the budget outturn of the year. In other terms, this is the part of the EC subsidy justified by the expenditures supported during the exercise, the outstanding payment obligations of the Agency (called RAL or Reste à Liquider), and adjusted by the Budgetary result of the previous year - See Part II – Budget Outturn.

This method of revenue determination is cash-principle based as it is drawn from the budget outturn, while for the expenditures, accrual principles applied. The amount of the subsidy so defined is 29.152.416,72 EUR.

-the amount of the Community Subsidy determined purely on an accrual accounting basis. It concerns an amount of 158.513,36 EUR, received at the beginning of 2010 but related to a 2009 request for subvention, accepted by the Commission at the end of 2009. This amount has been reversed in 2010, or deducted from 2010 EC Community revenue, as it was already part of 2009 revenue.

- the reversal of the provisions made in 2009, released in November 2010 following the ruling of the European Court of Justice on the salary indexation of Officials and Other Servants of the European Communities : 169.027,24 EUR.

- the reversal of 2009 over-accrued charges, or 2009 accrued charges not justified by the invoices received during the financial year: 277.974,97 EUR.

Operating revenues total **29.442.936,82 EUR**, including exchange rate gain.

6.3.2 OPERATING EXPENSES

A – Administrative expenses

Consolidation Account		2010	2009
610000	**Administrative Expenses**	**29.278.087,97**	**11.479.049,34**
6201,,	All Staff expenses	18.139.623,05	6.865.339,65
620100	Staff expenses	18.139.623,05	6.865.339,65
620109	Staff expenses with consolidated entities	-	-
630100	Fixed Assets Expenses	786.546,54	449.366,77
611000	Other Administrative Expenses	10.351.918,38	4.164.342,92
611100	Land and buildings		
611100	Land and Buildings	3.200.908,07	1.016.703,84
611109	Land and Buildings with consolidated entities	-	-
611900	All Other	7.151.010,31	3.147.639,08
611910	*Other*	*2.124.948,27*	*2.114.365,00*
611919	*Administrative expenses with consolidated entities*	*5.026.062,04*	*1.033.274,08*
666666	**Total**	**29.278.087,97**	**11.479.049,34**

6.3.3 NON OPERATING EXPENSES

Non operating expenses reach **13.373,40 EUR** and consist in financial costs related to the maintenance of the Agency bank account, and interest expenses due to suppliers for delayed payments.

6.4 Notes to the Cash Flow Table

The cash flow provides a basis to assess the ability of the Agency to generate cash and cash equivalents, and the needs of the entity to utilise those cash flows.

The cash flows are classified by operating, investing and financing activities.

The cash flow table is prepared using the indirect method. The net surplus or deficit for the financial year is adjusted for the effects of transactions of a non-cash nature (e.g. deferrals, accruals, depreciation).

6.5 Notes to the Statement of changes in capital

For financial year 2010, the statement of changes in capital of the Agency comprises the economic result of previous years (profit): 8,254,223.05 EUR and of current year (loss): 151.475,45 EUR.

Capital at end of year is therefore **8.405.698,50 EUR**

6.6 Contingent liabilities and commitment for future funding

Consolidation Account	Commitments for future funding	31.12.2010	31.12.2009
902500	RAL - Commitments against appropriations not yet consumed	460.248,20	1.462.954,97
903200	Operating lease	35.519.912,94	38.035.562,32
903300	Contractual commitment (for which budget commitments have not yet been made) *)	0.00	0.00
903100	Other **)	0.00	0.00
	TOTAL	**35.980.161,14**	**39.498.517,29**

Contingent liability is disclosed in the notes to the financial statements when the Agency has a possible obligation resulting from a past event and, it is possible that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation. This should be in the near future. The contingent for liability and for future funding of the Agency amounts to **35.980.161,14 EUR**. It corresponds to the outstanding potential payment obligations of the Agency ("Reste à Liquider" – R.A.L.) after deducting all eligible expenses that have been already booked in the Economic Outturn Account (accrued expenses, invoice Step 2). Contractual obligations resulting from the renting, cleaning, maintenance of the building and supplies (water, electricity) are also incorporated.

6.7 Related Party disclosure

Key management personnel hold positions of responsibility within the Agency. They are responsible for the strategic direction and operational management of the entity and are entrusted with significant authority to execute their mandate.

Highest grade description	Grade	Number of persons of this grade
Director ad interim	seconded from the Commission	1
Head of Department	AD13	2

The balance position of the Agency with the key management personnel for its period of activity in 2010 as autonomous entity is composed of the salary and allowances fixed by the Staff Regulations of the Officials and Other Servants of the European Communities.

6.8 Events after the balance sheet date

Subsequent events are defined as events which occur between the year-end and the date on which the accounts are issued. Two types of events can be identified:

- subsequent events relating to an existing situation at year-end. The financial effect need to be reflected in the annual accounts,

- subsequent event, not relating to an already existing situation already at 31 December. No accounting entry is necessary, but the nature of the event, estimate of the financial effect or indication of impossibility of carrying out the estimate should be mentioned if the amount is significant.

At end of financial year 2010, no event as defined above is to be reported.

PART II

BUDGET IMPLEMENTATION REPORTS

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1 – BUDGET OUTTURN ACCOUNT

		2010	2009
REVENUE			
Commission subsidy (for the operating budget -Titles 1,2 and 3 - of the agency)	+	29,345,775.08	12,582,349.75
Phare funds from Commission	+		
Other contributions and funding received via the Commission	+		
Other donors	+		
Fee income	+		
Other revenue	+		
TOTAL REVENUE (a)		**29,345,775.08**	**12,582,349.75**
EXPENDITURE			
Title I:Staff			
Payments	-	18,726,137.03	6,398,657.23
Appropriations carried over	-	280,816.06	281,651.23
Title II: Administrative Expenses			
Payments	-	8,830,604.45	4,479,439.64
Appropriations carried over	-	1,272,064.89	2,211,883.37
Title III: Operating Expenditure			
Payments	-		
Appropriations carried over	-		
TOTAL EXPENDITURE (b)		**29,109,622.43**	**13,371,631.47**
OUTTURN FOR THE FINANCIAL YEAR (a-b)		**236,152.65**	**-789,281.72**
Cancellation of unused payment appropriations carried over from previous year	+	316,587.51	431,876.62
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	+		0.00
Exchange differences for the year (gain +/loss -)	+/-	-1,894.11	-82.59
BALANCE OF THE OUTTURN ACCOUNT FOR THE FINANCIAL YEAR		**550,846.05**	**-357,487.69**
Balance year N-1	+/-	-357,487.69	0.00
Positive balance from year N-1 reimbursed in year N to the Commission	-		0.00
Result used for determining amounts in general accounting		**193,358.36**	**-357,487.69**
Commission subsidy - agency registers accrued revenue and Commission accrued expense		**29,152,416.72**	
Pre-financing remaining open to be reimbursed by agency to Commission in year N+1		**193,358.36**	

Not included in the budget outturn:

Interest cashed on 31/12/10 on the Commission subsidy funds and to be reimbursed to the Commission (liability)	+	39,579.36	9,382.56

2 a – BUDGET IMPLEMENTATION CREDIT OF THE YEAR – C1

This table has been elaborated on basis of the data withdrawn from BUDG Data Warehouse, reconciled with information available in the Agency accounting systems ABAC. The RAL amount of **1.552.880,95** EUR, corresponding to obligations duly contracted at the close of the financial year, is carried over to 2010 in payment appropriations.

B.L.	Official Budget Item Desc (Fr)	Appropriation (1)	Committed (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	Balance Commitment (1-2)	Balance Payment (2-3)
A-1100	Agents temporaires	9.326.000,00	9.324.460,70	99,98 %	9.324.460,70	99,98 %	1.539,30	0,00
	Sum:	**9.326.000,00**	**9.324.460,70**	**99,98 %**	**9.324.460,70**	**99,98 %**	**1.539,30**	**0,00**
A-1110	Agents contractuels	8.157.620,00	8.156.903,79	99,99 %	8.156.903,79	99,99 %	716,21	0,00
A-1111	Experts nationaux détachés	269.186,00	269.185,85	100,00 %	269.185,85	100,00 %	0,15	0,00
A-1112	Intérimaires	13.000,00	12.803,16	98,49 %	12.803,16	98,49 %	196,84	0,00
	Sum:	**8.439.806,00**	**8.438.892,80**	**99,99 %**	**8.438.892,80**	**99,99 %**	**913,20**	**0,00**
A-1200	Frais divers de recrutement, de prise de fonction	172.724,00	172.724,00	100,00 %	167.606,12	97,04 %	0,00	5.117,88
	Sum:	**172.724,00**	**172.724,00**	**100,00 %**	**167.606,12**	**97,04 %**	**0,00**	**5.117,88**
A-1300	Frais de missions, de déplacements et autres dépen	310.000,00	309.900,00	99,97 %	265.256,81	85,57 %	100,00	44.643,19
	Sum:	**310.000,00**	**309.900,00**	**99,97 %**	**265.256,81**	**85,57 %**	**100,00**	**44.643,19**
A-1400	Restaurants, Cantines	4.030,00	4.025,62	99,89 %	2.935,76	72,85 %	4,38	1.089,86
	Sum:	**4.030,00**	**4.025,62**	**99,89 %**	**2.935,76**	**72,85 %**	**4,38**	**1.089,86**
A-1410	Service Medical	44.970,00	44.970,00	100,00 %	14.553,36	32,36 %	0,00	30.416,64
	Sum:	**44.970,00**	**44.970,00**	**100,00 %**	**14.553,36**	**32,36 %**	**0,00**	**30.416,64**

A-1420	Formation	423.000,00	403.686,40	95,43 %	247.770,66	58,57 %	19.313,60	155.915,74
	Sum:	**423.000,00**	**403.686,40**	**95,43 %**	**247.770,66**	**58,57 %**	**19.313,60**	**155.915,74**

A-1430	Autres interventions	49.190,00	46.206,15	93,93 %	45.550,40	92,60 %	2.983,85	655,75
	Sum:	**49.190,00**	**46.206,15**	**93,93 %**	**45.550,40**	**92,60 %**	**2.983,85**	**655,75**

A-1600	Service Social, autres interventions	231.000,00	230.974,76	99,99 %	213.274,76	92,33 %	25,24	17.700,00
	Sum:	**231.000,00**	**230.974,76**	**99,99 %**	**213.274,76**	**92,33 %**	**25,24**	**17.700,00**

A-1700	Frais de réception et de représentation	31.500,00	31.112,66	98,77 %	5.835,66	18,53 %	387,34	25.277,00
	Sum:	**31.500,00**	**31.112,66**	**98,77 %**	**5.835,66**	**18,53 %**	**387,34**	**25.277,00**

A-2000	Loyer	2.515.650,00	2.515.649,38	100,00 %	2.515.649,38	100,00 %	0,62	0,00
A-2001	Charges	1.513.390,00	1.475.388,13	97,49 %	1.229.888,22	81,27 %	38.001,87	245.499,91
	Sum:	**4.029.040,00**	**3.991.037,51**	**99,06 %**	**3.745.537,60**	**92,96 %**	**38.002,49**	**245.499,91**

A-2010	Aménagements	17.285,00	4.848,50	28,05 %	384,16	2,22 %	12.436,50	4.464,34
	Sum:	**17.285,00**	**4.848,50**	**28,05 %**	**384,16**	**2,22 %**	**12.436,50**	**4.464,34**

A-2100	Hardware, software et frais liés	2.474.465,00	2.474.457,29	100,00 %	2.409.481,71	97,37 %	7,71	64.975,58
A-2101	Autres	1.318.565,00	1.247.564,37	94,62 %	773.013,54	58,63 %	71.000,63	474.550,83
	Sum:	**3.793.030,00**	**3.722.021,66**	**98,13 %**	**3.182.495,25**	**83,90 %**	**71.008,34**	**539.526,41**

A-2200	Matériel et installations techniques	41.500,00	40.500,00	97,59 %	40.334,00	97,19 %	1.000,00	166,00
	Sum:	**41.500,00**	**40.500,00**	**97,59 %**	**40.334,00**	**97,19 %**	**1.000,00**	**166,00**

A-2210	Mobilier	60.383,00	60.382,22	100,00 %	48.709,05	80,67 %	0,78	11.673,17
	Sum:	**60.383,00**	**60.382,22**	**100,00 %**	**48.709,05**	**80,67 %**	**0,78**	**11.673,17**
A-2220	Documentation et bibliothèque	5.147,00	213,19	4,14 %	213,19	4,14 %	4.933,81	0,00
	Sum:	**5.147,00**	**213,19**	**4,14 %**	**213,19**	**4,14 %**	**4.933,81**	**0,00**
A-2230	Documentation et bibliothèque	0,00					0,00	
	Sum:	**0,00**					**0,00**	
A-2300	Papeterie et fournitures de bureau	79.000,00	78.518,00	99,39 %	78.278,00	99,09 %	482,00	240,00
	Sum:	**79.000,00**	**78.518,00**	**99,39 %**	**78.278,00**	**99,09 %**	**482,00**	**240,00**
A-2310	Charges financières	100,00	100,00	100,00 %			0,00	100,00
	Sum:	**100,00**	**100,00**	**100,00 %**			**0,00**	**100,00**
A-2320	Frais de contentieux	0,00					0,00	
	Sum:	**0,00**					**0,00**	
A-2340	Assurances diverses	250,00	250,00	100,00 %	96,00	38,40 %	0,00	154,00
A-2341	Travaux de manutention et déménagement de services	1.500,00	1.500,00	100,00 %	973,75	64,92 %	0,00	526,25
	Sum:	**1.750,00**	**1.750,00**	**100,00 %**	**1.069,75**	**61,13 %**	**0,00**	**680,25**
A-2400	Affranchissement de correspondance et frais de por	33.957,57	33.957,57	100,00 %	32.537,13	95,82 %	0,00	1.420,44
	Sum:	**33.957,57**	**33.957,57**	**100,00 %**	**32.537,13**	**95,82 %**	**0,00**	**1.420,44**
A-2410	Redevances de télécommunications	684.042,43	684.042,43	100,00 %	683.938,13	99,98 %	0,00	104,30
	Sum:	**684.042,43**	**684.042,43**	**100,00 %**	**683.938,13**	**99,98 %**	**0,00**	**104,30**

A-2500	Frais de réunions internes	7.000,00	5.612,28	80,18 %	5.285,88	75,51 %	1.387,72	326,40
	Sum:	**7.000,00**	**5.612,28**	**80,18 %**	**5.285,88**	**75,51 %**	**1.387,72**	**326,40**
A-2600	Frais de réunions externes	355.430,00	355.343,29	99,98 %	312.447,69	87,91 %	86,71	42.895,60
	Sum:	**355.430,00**	**355.343,29**	**99,98 %**	**312.447,69**	**87,91 %**	**86,71**	**42.895,60**
A-2610	Frais d'information, de communication et de public	400.333,00	377.711,88	94,35 %	177.090,90	44,24 %	22.621,12	200.620,98
	Sum:	**400.333,00**	**377.711,88**	**94,35 %**	**177.090,90**	**44,24 %**	**22.621,12**	**200.620,98**
A-2620	Frais de traduction	34.300,00	34.300,00	100,00 %	22.282,70	64,96 %	0,00	12.017,30
	Sum:	**34.300,00**	**34.300,00**	**100,00 %**	**22.282,70**	**64,96 %**	**0,00**	**12.017,30**
A-2630	Frais d'audit	170.290,00	170.289,50	100,00 %	14.512,50	8,52 %	0,50	155.777,00
	Sum:	**170.290,00**	**170.289,50**	**100,00 %**	**14.512,50**	**8,52 %**	**0,50**	**155.777,00**
A-2700	Dépenses avec les entités consolidées	542.192,00	542.041,31	99,97 %	485.488,52	89,54 %	150,69	56.552,79
	Sum:	**542.192,00**	**542.041,31**	**99,97 %**	**485.488,52**	**89,54 %**	**150,69**	**56.552,79**
	Sum:	**29.287.000,00**	**29.109.622,43**	**Sum:**	**27.556.741,48**	**Sum:**	**177.377,57**	**1.552.880,95**
			Average:	**99,39 %**	**Average:**	**94,09 %**		

2 b – BUDGET IMPLEMENTATION CARRIED OVER APPROPRIATION – C8

B.L.	Official Budget Item Desc (Fr)	Appropiation (1)	Commited (2)	% Commited (2/1)	Paid (3)	% Paid (3/1)	Balance Commitment (1-2)	Balance Payment (2-3)
A-1111	Experts nationaux détachés	3.000,00	2.309,40	76,98 %	2.309,40	76,98 %	690,60	0,00

	Sum:	**3.000,00**	**2.309,40**	**76,98 %**	**2.309,40**	**76,98 %**	**690,60**	**0,00**
A-1200	Frais divers de recrutement, de prise de fonction	34.390,00	6.345,03	18,45 %	6.345,03	18,45 %	28.044,97	0,00
	Sum:	**34.390,00**	**6.345,03**	**18,45 %**	**6.345,03**	**18,45 %**	**28.044,97**	**0,00**
A-1300	Frais de missions, de déplacements et autres dépen	46.400,00	38.246,12	82,43 %	38.246,12	82,43 %	8.153,88	0,00
	Sum:	**46.400,00**	**38.246,12**	**82,43 %**	**38.246,12**	**82,43 %**	**8.153,88**	**0,00**
A-1400	Restaurants, Cantines	6.293,06	5.082,06	80,76 %	5.082,06	80,76 %	1.211,00	0,00
	Sum:	**6.293,06**	**5.082,06**	**80,76 %**	**5.082,06**	**80,76 %**	**1.211,00**	**0,00**
A-1410	Service Medical	10.000,00	8.690,86	86,91 %	8.690,86	86,91 %	1.309,14	0,00
	Sum:	**10.000,00**	**8.690,86**	**86,91 %**	**8.690,86**	**86,91 %**	**1.309,14**	**0,00**
A-1420	Formation	109.533,53	109.515,25	99,98 %	109.515,25	99,98 %	18,28	0,00
	Sum:	**109.533,53**	**109.515,25**	**99,98 %**	**109.515,25**	**99,98 %**	**18,28**	**0,00**
A-1430	Autres interventions	4.513,21	4.513,21	100,00 %	4.513,21	100,00 %	0,00	0,00
	Sum:	**4.513,21**	**4.513,21**	**100,00 %**	**4.513,21**	**100,00 %**	**0,00**	**0,00**
A-1600	Service Social, autres interventions	11.000,00	11.000,00	100,00 %	11.000,00	100,00 %	0,00	0,00
	Sum:	**11.000,00**	**11.000,00**	**100,00 %**	**11.000,00**	**100,00 %**	**0,00**	**0,00**
A-1700	Frais de réception et de représentation	56.521,43	13.848,62	24,50 %	13.848,62	24,50 %	42.672,81	0,00
	Sum:	**56.521,43**	**13.848,62**	**24,50 %**	**13.848,62**	**24,50 %**	**42.672,81**	**0,00**

A-2001	Charges	312.499,84	223.848,84	71,63 %	223.848,84	71,63 %	88.651,00	0,00
	Sum:	**312.499,84**	**223.848,84**	**71,63 %**	**223.848,84**	**71,63 %**	**88.651,00**	**0,00**
A-2010	Aménagements	22.824,73	21.680,72	94,99 %	21.680,72	94,99 %	1.144,01	0,00
	Sum:	**22.824,73**	**21.680,72**	**94,99 %**	**21.680,72**	**94,99 %**	**1.144,01**	**0,00**
A-2100	Hardware, software et frais liés	648.689,09	617.729,74	95,23 %	617.729,74	95,23 %	30.959,35	0,00
A-2101	Autres	570.568,51	563.400,19	98,74 %	563.400,19	98,74 %	7.168,32	0,00
	Sum:	**1.219.257,60**	**1.181.129,93**	**96,87 %**	**1.181.129,93**	**96,87 %**	**38.127,67**	**0,00**
A-2210	Mobilier	170.195,11	142.922,73	83,98 %	142.922,73	83,98 %	27.272,38	0,00
	Sum:	**170.195,11**	**142.922,73**	**83,98 %**	**142.922,73**	**83,98 %**	**27.272,38**	**0,00**
A-2220	Documentation et bibliothèque	84.065,64	84.065,19	100,00 %	84.065,19	100,00 %	0,45	0,00
	Sum:	**84.065,64**	**84.065,19**	**100,00 %**	**84.065,19**	**100,00 %**	**0,45**	**0,00**
A-2300	Papeterie et fournitures de bureau	58.283,52	45.107,10	77,39 %	45.107,10	77,39 %	13.176,42	0,00
	Sum:	**58.283,52**	**45.107,10**	**77,39 %**	**45.107,10**	**77,39 %**	**13.176,42**	**0,00**
A-2310	Charges financières	150,00	60,77	40,51 %	60,77	40,51 %	89,23	0,00
	Sum:	**150,00**	**60,77**	**40,51 %**	**60,77**	**40,51 %**	**89,23**	**0,00**
A-2340	Assurances diverses	167,00	120,30	72,04 %	120,30	72,04 %	46,70	0,00
A-2341	Travaux de manutention et déménagement de services	16.813,00	1.450,43	8,63 %	1.450,43	8,63 %	15.362,57	0,00
	Sum:	**16.980,00**	**1.570,73**	**9,25 %**	**1.570,73**	**9,25 %**	**15.409,27**	**0,00**
A-2400	Affranchissement de correspondance et frais de por	38.801,48	38.113,97	98,23 %	38.113,97	98,23 %	687,51	0,00

	Sum:	**38.801,48**	**38.113,97**	**98,23 %**	**38.113,97**	**98,23 %**	**687,51**	**0,00**
A-2500	Frais de réunions internes	1.586,91	1.557,92	98,17 %	1.557,92	98,17 %	28,99	0,00
	Sum:	**1.586,91**	**1.557,92**	**98,17 %**	**1.557,92**	**98,17 %**	**28,99**	**0,00**
A-2600	Frais de réunions externes	45.051,09	45.051,09	100,00 %	45.051,09	100,00 %	0,00	0,00
	Sum:	**45.051,09**	**45.051,09**	**100,00 %**	**45.051,09**	**100,00 %**	**0,00**	**0,00**
A-2610	Frais d'information, de communication et de public	70.000,58	58.480,25	83,54 %	58.480,25	83,54 %	11.520,33	0,00
	Sum:	**70.000,58**	**58.480,25**	**83,54 %**	**58.480,25**	**83,54 %**	**11.520,33**	**0,00**
A-2620	Frais de traduction	10.370,00	8.500,00	81,97 %	8.500,00	81,97 %	1.870,00	0,00
	Sum:	**10.370,00**	**8.500,00**	**81,97 %**	**8.500,00**	**81,97 %**	**1.870,00**	**0,00**
A-2700	Dépenses avec les entités consolidées	161.816,87	125.307,30	77,44 %	125.307,30	77,44 %	36.509,57	0,00
	Sum:	**161.816,87**	**125.307,30**	**77,44 %**	**125.307,30**	**77,44 %**	**36.509,57**	**0,00**
	Sum:	**2.493.534,60**	**2.176.947,09**	**Sum:**	**2.176.947,09**	**Sum:**	**316.587,51**	**0,00**
			Average:	**87,30 %**	**Average:**	**87,30 %**		

3 – RECONCILIATION OF THE ACCRUAL BASED RESULT WITH THE BUDGET RESULT

		sign +/-	amount
	Economic result (- for loss) of the consolidation reporting package including table M2	**+/-**	**151.475,45**
Adjustment for accrual items (items not in the budgetary result but included in the economic result)			
A	Adjustments for Accrual Cut-off (reversal 31.12.N-1)	-	453,820.56
B	Adjustments for Accrual Cut-off (cut- off 31.12.N)	+	-392,882.85
C	Amount from liaison account with Commission booked in the Economic Outturn Account	-	
D	Unpaid invoices at year end but booked in charges (class 6)	+	83,009.80
E	Depreciation of intangible and tangible fixed assets	+	786,069.54
F	Provisions	+	-169,027.24
G	Value reductions	+	
H	Recovery Orders issued in 2010 in class 7 and not yet cashed	-	-22.007,04
Ia	Prefinancing given in previous year and cleared in the year	+	
Ib	Prefinancing received in previous year and cleared in the year	-	
J	Payments made from carryover of payment appropriations	+	2,176,946.49
K	Other	+/-	477.00
L	Exchange rate differences	+/-	1,894.11
Adjustment for budgetary items (item included in the budgetary result but not in the economic result)			
M	Asset acquisitions (less unpaid amounts)	-	-1.642.505,55
N	New pre-financing paid in the year 2010 and remaining open as at 31.12.2010	-	
O	New pre-financing received in the year 2010 and remaining open as at 31.12.2010	+	
P	Budgetary recovery orders issued before 2010 and cashed in the year	+	
Q	Budgetary recovery orders issued in 2010 on balance sheet accounts (not 7 or 6 accounts) and cashed	+	
R	Capital payments on financial leasing (they are budgetary payments but not in the economic result)	-	
S	Payment appropriations carried over to 2011	-	-1,552,880.95
T	Cancellation of unused carried over payment appropriations from previous year	+	316,587.51
U	Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	+	
V	Payments for pensions (they are budgetary payments but booked against provisions)	-	
W	Payments for stocks of leave and supplementary hours (they are budgetary payments but booked against provisions)	-	
X	Other	+/-	
	total		190,976.83
	Budgetary result (+ for surplus)		**193,358.36**
	Delta not explained		2,381.53

4 – ANNEX TO THE BUDGET IMPLEMENTATION REPORT

4.1 Budgetary principles (summary)

The establishment and implementation of the Agency'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 Agency Financial Regulation.

4.1.1 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 Agency'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.

4.1.2 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.

4.1.3 Principle of equilibrium

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

4.1.4 Principle of unit of account

The budget shall be drawn up and implemented in Euro and the accounts shall be presented in Euro. However, for cash-flow purposes, the accounting officer and, in the case of imprest accounts, imprest administrators shall be authorised to carry out operations in national currencies.

4.1.5 Principle of universality

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

4.1.6 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.

4.1.7 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 Agency 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.

4.1.8 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.

4.2 Types of appropriations

The European Research Council Executive Agency (ERCEA) was set up by the European Commission in order to implement the "Ideas" Specific Programme of Framework Programme 7. In that context, the ERCEA manages simultaneously operational and administrative appropriations.

The Agency makes use of non-differentiated appropriations for its administrative expenditures.

The operational expenditures are implemented by direct imputation to the general budget under the responsibility of the Commission. Differentiated appropriations are used.

4.3 Description of the budget accounts

Following the provisions of article 56 of the Standard Financial Regulation for the Executive Agencies, the budget implementation report shall comprise the budget outturn account, which sets out all budget operations for the year in terms of revenue and expenditure; the structure in which it is presented shall be the same as that of the budget itself and the annex to the budget outturn account, which shall supplement and comment on the information given in that account.

The content of the budget – also called budget lines - is adopted annually by the Management Board taking into account the general budgetary nomenclature and article 21 of the Standard Financial Regulation for the Executive Agencies on the structure and presentation of the statement of expenditure.

In accordance with Article 5 of the Standard Financial Regulation for the Executive Agencies, the revenue of the agency shall comprise a grant awarded by the Communities and any other revenue, including assigned revenue within the meaning of Article 15. This grant is entered in the general budget of the European Communities taken from the funds allocated to the 'Ideas' Specific Programme.

The budget voted by the Budgetary Authority for the Agency is released under terms and intervals agreed with the Commission, upon presentation by the Agency to the Commission of requests for payment supported by a cash-flow forecast. The claims of the Agency of all or part of the Community subsidy are registered as pre-financing for which financial interests earned return to the Commission. The pre-financing is cleared at year-end by the budgetary payments executed during the financial year and the pending payment obligations – called **R**este **A** **L**iquider - of the Agency. The cleared amount of the subsidy is revenue. The outstanding amount, if any, has to be returned to the Commission after the final closure of the accounts.

In the present case, the budget outturn is presenting a balance of –0.193 M €. This is due to the mechanism of the Budget Outturn that takes only into account for the subsidy revenue calculation the funds actually received during the financial year.
In any case, it can be considered that a "budgetary re-equilibrium" is ensured through the incorporation of the result of the budget outturn of a financial year, either negative or positive, in the calculation of the budget outturn of the following year.

A brief description of the budget is provided in the following lines. It is further detailed in the report on Budgetary and Financial Management, part III of this document.

The Agency's expenditure covers staff and administrative expenses.

Title I budget lines are related to staff expenditure:

- Chapter 11 and 12: salaries and allowances of the staff members working for the agency and all other entitlements such as removal expenditures, installation costs, change of personnel etc. Are included too all the recruitment costs incurred by the Agency from the launch of a selection procedure to the effective recruitment of the selected candidates.

- Chapter 13 to 17: administrative mission costs, training and medical expenses and staff perquisites are incorporated under those chapters.

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

- Chapter 20: Offices. The rent is fixed through a usufruct contract signed by the Agency following a tender procedure launched to the benefit to the European Commission and its consolidated entities. Charges for the maintenance, cleaning, security, heating, etc of the building, and costs of the fitting out of premises also included under this chapter.

- Chapter 21: Informatics. Are concerned under this chapter the purchase of equipment, licences, support for maintenance, specific IT developments and IT Services.

- Chapter 22: Movable property and associated expenses. This chapter covers the costs of furniture for the Agency and its staff members. Expenditures related to documentation, library and archive are also under this chapter.

- Chapter 23: Current administrative expenditure. The expenditures under this concept concerns mainly office supplies.

- Chapter 24: telecommunication and posting expenses. This chapter concerns the costs claimed from the Agency on the grounds of the current Memorandum of understanding with the Directorate of the Commission in charge of the provision of services related to the network access and computer services.

- Chapter 25: Internal meetings expenses. Expenditure for internal meetings such as seminars, recruitment panels, welcome breakfasts for newcomers, etc, is included in this chapter.

- Chapter 26: Technical and administrative support expenses and Communication costs. This chapter covers the costs of experts invited in the frame of the Agency operational activities, excluding evaluators paid by the operational budget, but also the costs of publication and communication such as the budget includes the cost related to events organized in the frame of the communication and publicity policy of the Agency.

- Chapter 27: Expenses with consolidated entities. This chapter concerns the fees claimed from the Agency on the grounds of the current service level agreements (SLA) with the various Directorates of the Commission (mainly services related to the accounting systems, to the calculation of staff entitlements and salaries, staff mission reimbursements, and candidates reimbursement, provision of services related to the building).

4.4 Reconciliation Economic and Budget Outturn

The budgetary result of 193,358.36 EUR is reconciled with the economic result of 151.475,45 EUR, by withdrawing or adding the amounts which are included or not included in one the result in comparison to the other.

For example, assets are charged to the budget outturn for the entire paid amount but only for the amount of the depreciation to the economic outturn.

On the contrary, deferrals and accruals are charges/incomes that impact only the economic and not the budget result.

In the current situation, an amount of 2,381.53 EUR could not be reconciled. It corresponds most likely to the invoices registered in expense accounts at year end, but not yet paid, influencing therefore the economic outturn, but not the budget outturn.

PART III

BUDGETARY AND FINANCIAL MANAGEMENT REPORT

1- INTRODUCTION
2 – FINANCIAL SYSTEMS AND MANAGEMENT
3 – AUTONOMY OF THE AGENCY
4 – STAFF ESTABLISHMENT PLAN

1 – INTRODUCTION

The presentation of this report on budgetary and financial management has been prepared in accordance with Articles 51 to 57 of the Standard Financial Regulation for the Executive Agencies.

2 –FINANCIAL SYSTEMS AND MANAGEMENT

The budget accounts are managed by the ABAC system and the general accounts are maintained by the SAP system, which has a direct interface with the General Accounting System of the European Commission. The various budgetary and financial reports are produced using the Business Object system.

During the reporting period, all public procurement procedures were handled by the units concerned under the monitoring of the budget and legal teams for advice on various procurement matters, tender procedures, documentation, legal interpretation of the framework contracts, etc.

3- BUDGET EXECUTION 2010

On basis of the draft budget presented to the Budgetary Authority before the Agency autonomy, the ERCEA annual subsidy for 2010 was adopted on 17 December 2009 for 32.110.000 EUR increased to 32,919,172 EUR by the EFTA contributions (809,172 EUR).

After adoption of the ERCEA subsidy, the administrative budget of the Agency as autonomous entity since 17/07/2009 is, in application of article 13.4 of Council Regulation 58/2003, to be adopted by the Steering Committee together with the Work Programme. Due to a late adoption of the latter, the budget could only be adopted by the Steering Committee on 27 May 2010. The amount was then 30,000,000 EUR following a revision of our budgetary needs carried out at the beginning of 2010 where an amount of 2,110,000 (plus EFTA 809,172 EUR, i.e. 2,919,172 EUR) has been mainly identified in reduction of Staff costs.

The so called "Bourlanges" summer budget revision lead the ERCEA to an amending budget, adopted by the Steering Committee on 12th October 2010, with a budget reduction of 713,000 EUR made principally in IT, building and recruitment costs. Amended budget amounted to 29,287,000 EUR. The total amount of administrative appropriations (3,632,172 EUR) finally made available as a result of the Agency administrative management, was proposed on 4th August 2010 and 12th October 2010 to the Steering Committee for full reallocation to the operational activities related to the IDEAS programme managed by the ERCEA. The transfer to the operational budget was accepted by the Budgetary Authority and appropriations were inscribed on the budget line 08.100100 of the Ideas Programme on 2nd December 2010.

As a consequence of the budget reduction, transfers of appropriations had to be carried out between budget lines, optimizing then the use of the administrative credits and execution of the budget. As presented in the table below, transfers were carried out after approval by the Steering Committee on 4th August, 12th October, 7th December and 20th December (written procedure) and after authorization by the Director of the Agency in compliance with the decision taken on 13th October 2010 by the Steering Committee regarding the authorisation given to the Director to make appropriation transfers from item to item within an article and from article to article within a chapter without the prior approval of the Steering Committee..

Title 1 - STAFF EXPENDITURE		2010	written procedure StC	2010	written procedure StC	2010	transfers Director	written procedure StC	2010	transfers Director	written procedure StC	2010
Budget line		Initial Budget	4/08/2010	Amended 1	12/10/2010	Amended 2	1 & 2	7/12/2010	Amended 3	3 & 4 & 5	20/12/2010	Amended 4
1100	Officials and Other Agents mentioned in the Staff Establishment Plan	9.740.000,00	-500.000,00	9.240.000,00	0,00	9.240.000,00		-35.000,00	9.205.000,00		121.000,00	9.326.000,00
1110	Contract Agents	9.000.000,00	-880.880,00	8.119.120,00	0,00	8.119.120,00			8.119.120,00		38.500,00	8.157.620,00
1111	Seconded National Experts	330.000,00	-43.000,00	287.000,00	0,00	287.000,00		-13.000,00	274.000,00		-4.814,00	269.186,00
1112	Interimaires	30.460,00	-17.460,00	13.000,00	0,00	13.000,00			13.000,00			13.000,00
1200	Recruitment, entering and leaving the service, transfer costs	165.000,00	150.000,00	315.000,00	-80.000,00	235.000,00		-70.000,00	165.000,00		7.724,00	172.724,00
1300	Missions and related costs	400.000,00	-100.000,00	300.000,00	0,00	300.000,00		10.000,00	310.000,00			310.000,00
1400	Restaurant, Canteens	4.000,00	0,00	4.000,00	0,00	4.000,00	30,00		4.030,00			4.030,00
1410	Medical service	120.000,00	-40.000,00	80.000,00	-30.000,00	50.000,00	-30,00	-5.000,00	44.970,00			44.970,00
1420	Training	384.500,00	0,00	384.500,00	-50.000,00	334.500,00		95.000,00	429.500,00		-6.500,00	423.000,00
1430	Other interventions	115.000,00	0,00	115.000,00	-40.000,00	75.000,00		-25.000,00	50.000,00		-810,00	49.190,00
1600	Social service and other interventions	75.000,00	125.000,00	200.000,00	12.000,00	212.000,00		19.000,00	231.000,00			231.000,00
1700	Reception, Representation costs	20.000,00	15.000,00	35.000,00	0,00	35.000,00			35.000,00		-3.500,00	31.500,00
TOTAL		20.383.960,00	-1.291.340,00	19.092.620,00	-188.000,00	18.904.620,00	0,00	-24.000,00	18.880.620,00	0,00	151.600,00	19.032.220,00

Title 2 - INFRASTRUCTURE AND OPERATING EXPENDITURE		2010		2010		2010			2010			2010
Budget line		Initial Budget		Amended 1		Amended 2			Amended 3			Amended 4
2000	Rent	2.516.000,00	0,00	2.516.000,00	0,00	2.516.000,00			2.516.000,00		-350,00	2.515.650,00
2001	Charges	1.576.600,00	0,00	1.576.600,00	-150.000,00	1.426.600,00	-10.000,00	103.400,00	1.520.000,00		-6.610,00	1.513.390,00
2010	Fitting out	60.000,00	25.000,00	85.000,00	-70.000,00	15.000,00	10.000,00	-5.000,00	20.000,00		-2.715,00	17.285,00
2100	Hardware, software and linked expenses	710.330,00	1.745.000,00	2.455.330,00	0,00	2.455.330,00	-25.000,00		2.430.330,00	54.635,00	-10.500,00	2.474.465,00
2101	Others	1.573.200,00	-25.000,00	1.548.200,00	-200.000,00	1.348.200,00	25.000,00		1.373.200,00	-54.635,00		1.318.565,00
2200	Material and Technical installations	41.500,00	8.500,00	50.000,00	0,00	50.000,00	-8.500,00		41.500,00			41.500,00
2210	Furniture	73.500,00	0,00	73.500,00	-15.000,00	58.500,00	8.500,00	-5.000,00	62.000,00		-1.617,00	60.383,00
2220	Documentation and library	200.000,00	-100.000,00	100.000,00	-50.000,00	50.000,00		-17.000,00	33.000,00		-27.853,00	5.147,00
2300	Paper mill and office supplies	110.160,00	-20.160,00	90.000,00	0,00	90.000,00		-11.000,00	79.000,00			79.000,00
2310	Financial expenses	500,00	0,00	500,00	0,00	500,00		-400,00	100,00			100,00

2320	Legal charges	2.000,00	0,00	2.000,00	0,00	2.000,00		-2.000,00	0,00			0,00
2330	Damages and interests	0,00	0,00	0,00	0,00	0,00			0,00			0,00
2340	Other insurances	250,00	0,00	250,00	0,00	250,00			250,00			250,00
2341	Works of handling and removal of services	22.000,00	0,00	22.000,00	-10.000,00	12.000,00		-9.000,00	3.000,00		-1.500,00	1.500,00
2342	Others expenses	0,00	0,00	0,00	0,00	0,00			0,00			0,00
2400	Correspondence stamping and carriage costs	33.000,00	0,00	33.000,00	0,00	33.000,00	8.000,00	-7.000,00	34.000,00	-42,43		33.957,57
2410	Royalties of telecommunications	639.000,00	28.000,00	667.000,00	0,00	667.000,00	-8.000,00	25.000,00	684.000,00	42,43		684.042,43
2500	Internal meetings expenses	20.000,00	0,00	20.000,00	-10.000,00	10.000,00		-3.000,00	7.000,00			7.000,00
2600	External meetings expenses	400.000,00	0,00	400.000,00	50.000,00	450.000,00			450.000,00		-94.570,00	355.430,00
2610	Expenses of Information, Publications and Communication	900.000,00	-400.000,00	500.000,00	-50.000,00	450.000,00		-45.000,00	405.000,00		-4.667,00	400.333,00
2620	Expenses of translation	45.000,00	0,00	45.000,00	-20.000,00	25.000,00	-700,00	10.000,00	34.300,00			34.300,00
2630	Audit expenses	150.000,00	30.000,00	180.000,00	0,00	180.000,00	700,00	-10.000,00	170.700,00		-410,00	170.290,00
2640	Others	0,00	0,00	0,00	0,00	0,00			0,00			0,00
2700	Expenses with consolidated entities	543.000,00	0,00	543.000,00	0,00	543.000,00			543.000,00		-808,00	542.192,00
TOTAL		9.616.040,00	1.291.340,00	10.907.380,00	-525.000,00	10.382.380,00	0,00	24.000,00	10.406.380,00	0,00	-151.600,00	10.254.780,00
TOTAL		30.000.000,00	0,00	30.000.000,00	-713.000,00	29.287.000,00	0,00	0,00	29.287.000,00	0,00	0,00	29.287.000,00

Budget Line		Commitment Budgeted	Commitment Available	Commitment Consumed	Payment Budgeted	Payment Available	Payment Consumed	RAL
1100	Officials and Other Agents mentioned in the Staff Establishment Plan	9.326.000,00	1.539,30	9.324.460,70	9.326.000,00	1.539,30	9.324.460,70	0,00
1110	Contract Agents	8.157.620,00	716,21	8.156.903,79	8.157.620,00	716,21	8.156.903,79	0,00
1111	Seconded National Experts	269.186,00	0,15	269.185,85	269.186,00	0,15	269.185,85	0,00
1112	Interimaires	13.000,00	196,84	12.803,16	13.000,00	196,84	12.803,16	0,00
1200	Recruitment, entering and leaving the service, transfer costs	172.724,00	0,00	172.724,00	172.724,00	5.117,88	167.606,12	5.117,88
1300	Missions and related costs	310.000,00	100,00	309.900,00	310.000,00	44.743,19	265.256,81	44.643,19
1400	Restaurant, Canteens	4.030,00	4,38	4.025,62	4.030,00	1.094,24	2.935,76	1.089,86
1410	Medical service	44.970,00	0,00	44.970,00	44.970,00	30.416,64	14.553,36	30.416,64
1420	Training	423.000,00	19.313,60	403.686,40	423.000,00	175.229,34	247.770,66	155.915,74
1430	Other interventions	49.190,00	2.983,85	46.206,15	49.190,00	3.639,60	45.550,40	655,75
1600	Social service and other interventions	231.000,00	25,24	230.974,76	231.000,00	17.725,24	213.274,76	17.700,00
1700	Reception, Representation costs	31.500,00	387,34	31.112,66	31.500,00	25.664,34	5.835,66	25.277,00
Total title 1		**19.032.220,00**	**25.266,91**	**19.006.953,09**	**19.032.220,00**	**306.082,97**	**18.726.137,03**	**280.816,06**

2000	Rent	2.515.650,00	0,62	2.515.649,38	2.515.650,00	0,62	2.515.649,38	0,00
2001	Charges	1.513.390,00	38.001,87	1.475.388,13	1.513.390,00	283.501,78	1.229.888,22	245.499,91
2010	Fitting out	17.285,00	12.436,50	4.848,50	17.285,00	16.900,84	384,16	4.464,34
2100	Hardware, software and linked expenses	2.474.465,00	7,71	2.474.457,29	2.474.465,00	64.983,29	2.409.481,71	64.975,58
2101	Others	1.318.565,00	71.000,63	1.247.564,37	1.318.565,00	545.551,46	773.013,54	474.550,83
2200	Material and Technical installations	41.500,00	1.000,00	40.500,00	41.500,00	1.166,00	40.334,00	166,00
2210	Furniture	60.383,00	0,78	60.382,22	60.383,00	11.673,95	48.709,05	11.673,17
2220	Documentation and library	5.147,00	4.933,81	213,19	5.147,00	4.933,81	213,19	0,00
2300	Paper mill and office supplies	79.000,00	482,00	78.518,00	79.000,00	722,00	78.278,00	240,00
2310	Financial expenses	100,00	0,00	100,00	100,00	100,00	0,00	100,00
2340	Other insurances	250,00	0,00	250,00	250,00	154,00	96,00	154,00
2341	Works of handling and removal of services	1.500,00	0,00	1.500,00	1.500,00	526,25	973,75	526,25
2400	Correspondence stamping and carriage costs	33.957,57	0,00	33.957,57	33.957,57	1.420,44	32.537,13	1.420,44
2410	Royalties of telecommunications	684.042,43	0,00	684.042,43	684.042,43	104,30	683.938,13	104,30
2500	Internal meetings expenses	7.000,00	1.387,72	5.612,28	7.000,00	1.714,12	5.285,88	326,40
2600	External meetings expenses	355.430,00	86,71	355.343,29	355.430,00	42.982,31	312.447,69	42.895,60
2610	Expenses of Information, Publications and Communication	400.333,00	22.621,12	377.711,88	400.333,00	223.242,10	177.090,90	200.620,98
2620	Expenses of translation	34.300,00	0,00	34.300,00	34.300,00	12.017,30	22.282,70	12.017,30
2630	Audit expenses	170.290,00	0,50	170.289,50	170.290,00	155.777,50	14.512,50	155.777,00
2700	Expenses with consolidated entities	542.192,00	150,69	542.041,31	542.192,00	56.703,48	485.488,52	56.552,79
Total title 2		**10.254.780,00**	**152.110,66**	**10.102.669,34**	**10.254.780,00**	**1.424.175,55**	**8.830.604,45**	**1.272.064,89**
TOTAL		**29.287.000,00**	**177.377,57**	**29.109.622,43**	**29.287.000,00**	**1.730.258,52**	**27.556.741,48**	**1.552.880,95**

The year end execution rate of the 2010 administrative budget (C1 appropriations, €29,3 Mio) was 99,6% for commitments and 94,1% for payments, the difference in execution rate (€ 1.55 M) corresponding to the Reste A Liquider (RAL) covering goods and services delivered in 2010 but not yet invoiced to the Agency, as costs of training and building, IT consultants, IT helpdesk and communication, or the value for 2011 of the contracts' started in 2010 but that extend over the financial year.

As regards Title 1 Staff expenditure, 2010 budget was made to cover the establishment plan of 100 temporary agents, the appointment of 223 contracts staff and 7 Seconded National Experts. End 2010, 94 temporary agents, 218 contracts agents and 4 Seconded National Experts were recruited explaining the execution on chapters 11 (salaries and allowances), 12 (removal expenditures, installation costs, change of personnel etc. and recruitment costs incurred by the Agency from the launch of a selection procedure to the effective recruitment of the selected candidates) and item 1410 (pre-recruitment medical visits and annual medical visits).

The trainings ordered in 2010 covered the following activities:
- Commission trainings (financial courses such as ABAC accounting systems, languages,etc) managed under the SLA signed by Commission DG's and the ERCEA.
- Teambuilding actions: development of leadership training
- External trainings

Crèche and Garderie costs under chapter 16 are related to art 6.1 of the SLA signed with OIB and substantiated by the confirmation given by the ERC EA to OIB to support this type of expenses. School transport costs under chapter 16 arise from the right for Agency staff to have their children go to European Schools. Furthermore in 2010 ERCEA has decided, in line with the Commission decision, to reimburse staff's public transportation costs.

The reception and representation costs such as the team bounding event organised on 16 December 2010, are also included under this title.

As regards Title 2 Infrastructure and operating expenditure, the main post is the renting and charges of the building representing nearly 40 % of the amount committed under this title.

In the frame of a Usufruct contract starting in September 2008 for a duration of 15 years, the Agency occupies part of the Ground Floor, 6 floors and parking space of Covent Garden Building – Bat B at place Rogier – 1210 Saint Josse.

The IT expenditure (chapter 21) concerns mainly:
- The ERCEA's participation to the Research common selection platform,
- the development of IT applications requiring very specific competencies,
- and the helpdesk.

Under chapter 24, are included the costs paid for the services provided to the Agency by Directorate DIGIT of the Commission in the frame of a Memorandum of Understanding for network service, mailboxes and other applications used at the European Commission such as Adonis, Syslog and Sysper.

Under chapter 26, the expenditure concerns meetings of the Members of the Scientific Council, the Board Meetings, the meetings with National Representatives, etc.

The communication budget covers among other the items of expenditures necessary to build the corporate identity of the ERCEA, through organisation of events, publication, productions of videos, etc.

Under chapter 27, are included the fees paid for the services provided to the Agency by the various Directorates of the Commission in the frame of a Service Level Agreements. The amount of consists in the fees of:

- SLA PMO: the purpose of the SLA between the Agency and DG HR signed on 26/05/2008 is to supply the calculation of the salary and related costs of the Agency's staff, including SNE, the fixation of the rights when entered in service and along the career, of the liquidation of the missions expenses and of the reimbursement of the costs of the convoked candidates.

- SLA with DG BUDG: the purpose of the SLA between the Agency and DG BUDG is to supply the computerised central financial and accounting system named ABAC to the Agency.

- SLA with DG SECURITY: the purpose of the SLA between the Agency and DG DS signed on 24/10/2008 is to supply the "gardiennage" of the building, the technical and security controls of the building and the badges to the staff.

SLA with OIB for the provision of services related to the building (SLA signed on 8/01/2010.

Recovery orders

During the reporting period the ERCEA has issued Recovery order for an amount of € 29,248,848.12, of which approximately 99,9 % were cashed before the end of 2010.

Recovery orders, are operations used to claim funds from a third party but are also a technical mean to register in the systems the funds to be cashed by the Agency.

They concerned mainly the request for the EC contributions (budgetary recovery order), the corresponding bank interests (budgetary recovery order), and inter entity regularisations for staff mobility between EC consolidated entities (non budgetary recovery orders).

4- STAFF ESTABLISHMENT PLAN

Function group and grade	Temporary Posts			
	2010		2011	2012
	Authorised under the Community Budget	Filled as of 31/12/2010	Authorised under the Community Budget	DB Request
AD 16				
AD 15				
AD 14	1	0	1	1
AD 13	3	2	3	3
AD 12	5	4	5	5
AD 11	2	2	2	2
AD 10	3	3	3	3
AD 9	3	3	3	3
AD 8	27	25	27	27
AD 7	40	39	40	40
AD 6	10	10	10	10
AD 5	6	6	6	6
AD total	**100**	**94**	**100**	**100**
AST 11				
AST 10				
AST 9				
AST 8				
AST 7				
AST 6				
AST 5				
AST 4				
AST 3				
AST 2				
AST 1				
AST total				
TOTAL	**100**	**93**	**100**	**100**