



# **Final Accounts Financial year 2011**

**Research Executive  
Agency**

**Including a report on  
budgetary and financial  
management**

The opinion of the Steering Committee was given on 20 June 2012  
The present annual accounts, together with the opinion of the Steering Committee, have been sent to the Commission's Accounting Officer, the Court of Auditors, the European Parliament and the Council on June 2012

The accounts will be published on the REA website: <http://ec.europa.eu/research/rea/>



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## CERTIFICATION OF THE ACCOUNTS

### Certification

The annual accounts of the Research Executive Agency (hereafter "the Agency") have been prepared in accordance with Title VI of the Financial regulation of the Agency (Commission Regulation (EC) No 1653/2004) as well as the accounting rules and methods adopted by the Commission's accounting officer.

I hereby certify that based on the information provided by the authorising officer, I have reasonable assurance that the accounts present a true and fair view of the financial position of the Agency in all material aspects.

### Statement of the Director

I, the undersigned, Director of the Research Executive Agency, in my capacity as authorising officer,

- Declare that the information contained in this report gives a true and fair view.
- State that I have reasonable assurance that the resources assigned to the activities described in this report 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.

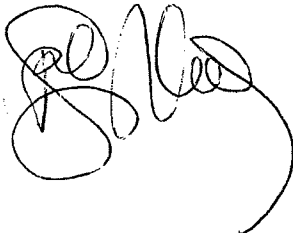
This reasonable assurance is based on my own judgement and on the information at my disposal, such as the results of the work of ex-ante controls and the internal audits as well as the observations of the Internal Audit Service.

- Confirm that I am not aware of anything not reported here which could harm the interests of the Agency or the Commission.

Brussels, 19.06.2012


Paraskevi Dellopoulos

Accounting Officer



Graham Stroud

Director



## 1. INTRODUCTION

By Commission Decision of 14 December 2007 the Research Executive Agency (REA) was set up for the management of certain areas of the seventh EU Framework Programme for research and technological development (FP7) in application of Council Regulation (EC) No 58/2003. It is located in Brussels at the following address: Place Rogier 16, COV2, BE-1049 Brussels.

With the subsequent Commission Decision of 31 July 2008, the REA was delegated powers for the implementation of part of the specific programmes implementing FP7 (namely, the People, Capacities and Cooperation programmes) and for implementation of appropriations entered in the European Union's budget (C(2008) 3980 final)

The Agency assumed its operational and administrative autonomy on 15 June 2009.

Over the life of FP7, which runs until end-2013, the Research Executive Agency will manage research projects to a total value of approximately € 6.5 billion, which represents around 13% of the total FP7 budget (of over € 50 billion). The FP7 budget in general, and the share managed by the REA in particular, is mostly spent on grants to research actors in Europe and beyond in order to co-finance research, technological development and demonstration projects. FP7 is a key tool to respond to Europe's needs in terms of jobs and competitiveness in the global knowledge economy.

The research projects managed by the REA are covered by:

- the People Programme, including the Marie Curie Actions, which help European researchers exploit their potential (mainly by stimulating their career development, especially in terms of training and mobility);
- the part of the Capacities Programme which targets European SMEs and helps them compete by strengthening their innovation capacity on the basis of outsourcing research;
- the parts of the Cooperation Programme for cooperative research focusing on the areas of Space and Security, which aim at maximizing the benefits of space-based research and increasing civil security in Europe.

In the specific fields mentioned above, the REA issues calls for proposals (calls that are defined by the European Commission in the relevant annual work programmes), organises the evaluation of the proposals it receives as a result of those calls, prepares and signs grant agreements, monitors the performance of the projects for which a grant is provided (including acceptance of reports and other deliverables) and executes payments and recovery of funds.

The REA also manages the proposal evaluation facilities across nearly the whole of FP7, providing services for legal and financial validation of participants and managing the Research Enquiry Service.

Although FP7 runs until 2013, the REA currently has a lifetime until the end of 2017 in order to finalise projects funded under FP7.

The 2011 financial statements of the REA and its report on budget implementation for 2011 were prepared in conformity with:

- Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002, laying down the Financial Regulation applicable to the general budget of the European Communities, as last amended by Council Regulation (EC) No 1525/2007;
- Commission Regulation (EC) No 1653/2004, of 21 September, on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 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 (EC) No 651/2008;

- Commission Regulation (EC) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities as last amended by Regulation (EC) No 478/2007;
- The 18 accounting rules on accrual accounting adopted by the Accounting Officer of the Commission.

## 2. FINANCIAL STATEMENTS 2011

### 2.1. REA balance sheet as of 31.12.2011

in euros	Notes (section 2.5.2)	31.12.2011	31.12.2010
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>		<b>5,935,546.87</b>	<b>5,158,681.41</b>
Intangible fixed assets	(1)	2,089,439.87	862,022.11
Tangible fixed assets	(2)	3,846,107.00	4,296,659.30
Land and buildings		0.00	0.00
Plant and equipment		3,002.00	1,184.00
Computer hardware		304,160.00	378,835.30
Furniture and vehicles		134,716.00	38,080.00
Other fixtures and fittings		3,404,229.00	3,878,560.00
<b>CURRENT ASSETS</b>		<b>8,113,753.12</b>	<b>10,838,910.57</b>
Current receivables	(3)	47,584.00	151,610.31
Sundry receivables	(3)	48,373.61	102,149.96
Short-term receivables consolidated entities	(4)	58,573.02	2,700,136.80
Other		2,379,988.16	2,988,576.20
Accrued income			0.00
Deferred charges	(5)	2,379,988.16	2,318,576.20
Deferrals - Accruals consolidated entities		0.00	670,000.00
Cash and cash equivalents	(6)	5,579,234.33	4,896,437.30
<b>TOTAL ASSETS</b>		<b>14,049,299.99</b>	<b>15,997,591.98</b>
<b>LIABILITIES</b>			
<b>CAPITAL</b>		<b>9,071,216.63</b>	<b>9,513,533.11</b>
Reserves			0.00
Accumulated surplus/deficit		9,513,533.11	9,136,311.66
Economic result of the year - profit+/-loss-		-442,316.48	377,221.45
<b>NON CURRENT LIABILITIES</b>		<b>0.00</b>	<b>0.00</b>
Provisions for risks and charges		0.00	0.00
Other long-term liabilities		0.00	0.00
Other long-term liabilities consolidated entities		0.00	0.00
Prefinancing from consolidated entities		0.00	0.00
<b>CURRENT LIABILITIES</b>		<b>4,978,083.36</b>	<b>6,484,058.87</b>
Short-term provisions	(7)	204,696.82	0.00
Current payables	(8)	229,553.34	316,700.09
Sundry payables	(9)	8,967.31	32,711.77
Accounts payable consolidated entities	(10)	2,397,285.20	4,599,129.70
Prefinancing from consolidated entities		2,276,408.74	4,440,656.67
Other accounts payable consolidated entities		120,876.46	158,473.03
Other		2,137,580.69	1,535,517.31
Accrued charges	(11)	1,244,675.66	1,238,461.83
Deferred income			
Deferrals - Accruals consolidated entities	(12)	892,905.03	297,055.48
<b>TOTAL LIABILITIES</b>		<b>14,049,299.99</b>	<b>15,997,591.98</b>

## 2.2. REA economic outturn account 2011

in euros	Notes (section 2.5.3)	2011	2010
Revenues from administrative operations	(1)	-30,581.25	938,248.09
Other operating revenue	(2)	36,293,579.14	31,024,837.78
<b>TOTAL OPERATING REVENUE</b>		<b>36,262,997.89</b>	<b>31,963,085.87</b>
Staff expenses	(3)	-23,257,244.79	-19,641,845.35
Fixed asset related expenses	(4)	-872,696.42	-682,165.44
Other administrative expenses	(5)	-12,373,317.58	-11,243,708.56
Other Operating expenses	(6)	-204,921.84	-288.77
<b>TOTAL OPERATING EXPENSES</b>		<b>-36,708,180.63</b>	<b>-31,568,008.12</b>
<b>SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES</b>		<b>-445,182.74</b>	<b>395,077.75</b>
Financial revenues		0.00	0.00
Financial expenses	(7)	2,866.26	-17,856.30
Movement in pensions (- expense, + revenue)		0.00	0.00
<b>ECONOMIC RESULT OF THE YEAR</b>		<b>-442,316.48</b>	<b>377,221.45</b>

### 2.3. REA cash flow table for 2011 (Indirect Method)

in euros	<b>31.12.2011</b>
<b>Surplus/(deficit) from ordinary activities</b>	<b>-442,316.48</b>
Amortization (intangible fixed assets) (+)	170,679.60
Depreciation (tangible fixed assets) (+)	701,677.82
Increase/(decrease) in Provisions for risks and liabilities	204,696.82
(Increase)/decrease in Short term Receivables	766,390.70
(Increase)/decrease in Receivables related to consolidated EU entities with 1st installment PF 2011	2,641,563.78
Increase/(decrease) in Accounts payable	491,172.17
Increase/(decrease) in Liabilities related to consolidated EU entities with 1st installment PF 2011	-2,201,844.50
<b>Net cash Flow from operating activities</b>	<b>2,332,019.91</b>
Proceeds from disposals of Fixed Assets	339.00
Increase of tangible and intangible fixed assets(-)	-1,649,561.88
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>682,797.03</b>
Cash and cash equivalents at the beginning of the period	4,896,437.30
<b>Cash and cash equivalents at the end of the period</b>	<b>5,579,234.33</b>



2.4. REA statement of changes in capital

in euros	Reserves		Accumulated Surplus / Deficit	Economic result of the year	Net assets (total)
	Fair value reserve	Other reserves			
Balance as of 31 December 2010	0.00	0.00	9,136,311.66	377,221.45	9,513,533.11
Changes in accounting policies	0.00	0.00	0.00	0.00	0.00
Balance as of 1 January 2011 (if restated)	0.00	0.00	0.00	0.00	0.00
Fair value movements	0.00	0.00	0.00	0.00	0.00
Allocation of the Economic Result of Previous Year	0.00	0.00	377,221.45	-377,221.45	0.00
Economic result of the year	0.00	0.00	0.00	-442,316.48	-442,316.48
<b>Balance as of 31 December 2011</b>	<b>0.00</b>	<b>0.00</b>	<b>9,513,533.11</b>	<b>-442,316.48</b>	<b>9,071,216.63</b>

## 2.5. Notes to the financial statements

These financial statements cover the period from 1 January 2011 until 31 December 2011.

### 2.5.1. Accounting policies

#### *Legal provisions and the financial regulation*

The accounts are kept in accordance with Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies.

The REA being fully consolidated in the Commission accounts, the 2011 REA financial statements have been established in accordance with the legislation listed in the introduction to the annual accounts and with the consolidation package provided by the European Commission. The accounting rules and regulations used in this report are adopted by the European Commission, are on an accrual basis and are compliant with the International Public Sector Accounting Standards (IPSAS) or, by default, with the International Financial Reporting Standards (IFRS).

In compliance with Accounting Rule 6, in application since 01 January 2010, internally developed intangible assets must be capitalised. On the basis of the administrative budget size of REA the threshold amount for capitalisation has been set at € 100,000.

#### *Accounting principles*

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

The accounting system of the REA comprises general accounts and budget accounts. These accounts are kept in Euro on the basis of the calendar year. The budget accounts give a detailed picture of the implementation of the budget. They are based on the modified cash accounting principle. The general accounts allow for the preparation of the financial statements as they show all charges and income for the financial year based on accrual accounting rules and are designed to establish the financial position in the form of a balance sheet at 31 December.

Article 53 of the standard financial regulation for executive agencies sets out the accounting principles to be applied in drawing up the financial statements:

- going concern basis;
- prudence;
- consistent accounting methods;
- comparability of information;
- materiality;
- no netting;
- reality over appearance;
- accrual-based accounting.

## 2.5.2. Notes to the Balance sheet

### (1) *Non current assets – Intangible fixed assets*

Intangible fixed assets are identifiable non-monetary assets without physical substance. To be entered in the financial inventory on the assets side of the balance sheet, they must be controlled by the Agency and generate future economic benefits for the Agency. Additionally, they should have a purchase price above € 420.

For internally developed intangible fixed assets, the threshold is set at € 100,000.

Intangible fixed assets are depreciated monthly with an annual depreciation rate of 25%.

The variation of the intangible fixed assets in 2011 is detailed as follows (in euros):

Intangible assets 2011 (euros)	Other Computer Software	Intangible fixed assets under construction	TOTAL
<b>Gross carrying amounts 31.12.2010</b>	<b>57.385,03</b>	<b>818.130,41</b>	<b>875.515,44</b>
Additions	555.886,36	842.211,00	1.398.097,36
Disposals			
Transfer between headings	410.573,77	-410.573,77	
Other changes			
<b>Gross carrying amounts 31.12.2011</b>	<b>1.023.845,16</b>	<b>1.249.767,64</b>	<b>2.273.612,80</b>
<b>Accumulated depreciation and impairment 31.12.2010</b>	<b>-13.493,33</b>		<b>-13.493,33</b>
Depreciation	-170.679,60		-170.679,60
Write-back of depreciation			
Disposals			
Impairment			
Write-back of impairment			
Transfer between headings			
Other changes			
<b>Accumulated amortization and impairment 31.12.2011</b>	<b>-184.172,93</b>		<b>-184.172,93</b>
<b>Net carrying amounts 31.12.2011</b>	<b>839.672,23</b>	<b>1.249.767,64</b>	<b>2.089.439,87</b>

The intangible fixed assets under construction amount to € 1,249,767.64 further detailed as follows:

- € 72,343.67 for REA's intranet development;
- € 46,650.60 for PROMIS (grant management information system)
- € 1,130,773.37 for various projects developed by a partnership among the Commission DGs and other EU bodies implementing FP7.

No depreciation is applied on assets under construction.

### (2) *Non current assets – Tangible fixed assets*

Tangible fixed assets are identifiable non-monetary assets with physical substance. To be entered in the financial inventory on the assets side of the balance sheet, they must be

controlled by the Agency and generate future economic benefits for the Agency. Additionally, they should have a purchase price above € 420. Items with lower value are treated as expenses of the year; however they are registered in the physical inventory.

The category Other Fixtures and Fittings holds the 2010 investment cost for the fitting out of the building for a total value of € 4,711,158.01.

Tangible fixed assets have an annual depreciation rate of 25%. The investment for the fitting out of the building is depreciated at an annual rate of 10%. All tangible fixed assets are depreciated monthly.

Property, Plant and Equipment 2011 (in euros)	Land and Buildings	Plant and Equipment	Computer hardware	Furniture and vehicles	Other Fixtures and Fittings	Total
<b>Gross carrying amounts 31.12.2010</b>	<b>0.00</b>	<b>2,232.10</b>	<b>730,335.58</b>	<b>41,247.61</b>	<b>4,724,150.31</b>	<b>5,497,965.60</b>
Additions	0.00	2,993.80	127,562.68	120,908.04	0.00	251,464.52
Disposals	0.00	0.00	-560.86	0.00	0.00	-560.86
Transfer between headings	0.00	0.00	0.00	0.00	0.00	0.00
Other changes	0.00	0.00	0.00	0.00	0.00	0.00
<b>Gross carrying amounts 31.12.2011</b>	<b>0.00</b>	<b>5,225.90</b>	<b>857,337.40</b>	<b>162,155.65</b>	<b>4,724,150.31</b>	<b>5,748,869.26</b>
<b>Accumulated depreciation and impairment 31.12.2010</b>	<b>0.00</b>	<b>-1,048.10</b>	<b>-351,500.28</b>	<b>-3,167.61</b>	<b>-845,590.31</b>	<b>-1,201,306.30</b>
Depreciation	0.00	-1,175.80	-201,898.98	-24,272.04	-474,331.00	-701,677.82
Write-back of depreciation	0.00	0.00	0.00	0.00	0.00	0.00
Disposals	0.00	0.00	221.86	0.00	0.00	221.86
Impairment	0.00	0.00	0.00	0.00	0.00	0.00
Write-back of impairment	0.00	0.00	0.00	0.00	0.00	0.00
Transfer between headings	0.00	0.00	0.00	0.00	0.00	0.00
Other changes	0.00	0.00	0.00	0.00	0.00	0.00
<b>Accumulated amortization and impairment 31.12.2011</b>	<b>0.00</b>	<b>-2,223.90</b>	<b>-553,177.40</b>	<b>-27,439.65</b>	<b>-1,319,921.31</b>	<b>-1,902,762.26</b>
<b>Net carrying amounts 31.12.2011</b>	<b>0.00</b>	<b>3,002.00</b>	<b>304,160.00</b>	<b>134,716.00</b>	<b>3,404,229.00</b>	<b>3,846,107.00</b>

(3) *Current Receivables: (€ 47,584.00)*  
*Sundry Receivables: (€ 48,373.61)*

The current receivables and sundry receivables are mostly related to regularisations in salary payments and corrections to employee contributions to taxes and social security charges to be settled with the European Commission.

(4) *Short term receivables consolidated entities (€ 58,573.02)*

- OIB: € 57,855.09;
- European Parliament: € 429.08;
- Fusion for Energy : € 288,85.

(5) *Deferred charges: (€ 2,379,988.16)*

The deferred charges include part of the usufruct fee for REA's premises paid in 2011 and corresponding to 2012 (€ 2,308,287.31) and € 71.700,85 for prepaid insurances and charges.

(6) *Cash and cash equivalents (€ 5,579,234.33)*

This balance corresponds exclusively to the cash held on the REA's bank account on 31.12.2011. The REA does not hold any petty cash or other cash equivalents.

(7) *Short-term provisions (€ 204,696.82)*

The short-term provision was recognised in compliance with the Commission's accounting rule 10, showing the 2011 outstanding salary increase. In 2011, the annual adjustment of salaries calculated at 1.7% was rejected by the Council of the European Union because of the economic crises. The European Commission has brought a legal appeal against this rejection to the European Court of Justice.

(8) *Current payables (€ 229,553.34)*

The current payables consist of the amounts due to suppliers of goods and services.

(9) *Sundry payables (€8,967.31)*

The sundry payables relates to:

- € 803.98 for staff salary retentions to be transferred to the European Commission;
- € 8,163.33 regularisation payments for staff salaries to be made.

(10) *Accounts payable to consolidated entities (€ 2,397,285.20)*

- € 2,276,408.74 positive budgetary outturn to be paid to DG Research and Innovation;
- € 120,876.46 interest to be reimbursed to DG Research and Innovation;

(11) *Accrued charges (€ 1,244,675.66)*

This relates to goods and services received in 2011 but not invoiced at year end for € 819,868.51, charges relating to untaken annual leave by staff for a total of 2,647.20 days (€ 405,894.57) and other staff cost for €18,912.58.

*(12) Deferrals and accruals consolidated entities (€ 892,905.03)*

This balance relates to accrued charges for consolidated entities for the goods and services received in 2011 but not yet invoiced to the REA as of 31.12.2011. These accruals are based on the Service Level Agreements signed with the European Commission or other EU bodies:

DG ADMIN / HR	150,951.91
OIB	560,436.53
PMO	44,616.59
DG RTD	136,900.00

*2.5.3. Notes to the Economic Outturn Account*

*(1) Revenues from administrative operations (€ -30,581.25)*

Revenue from subletting office space to consolidated entities (Joint Undertakings). The negative amount results from the write back of accrued income from 2010.

*(2) Other operating revenues (€ 36,293,579.141)*

This revenue relates to the operating subsidy received by the REA (€ 36,220,519.26), realised exchange rate gains (€ 87.89) as well as miscellaneous income (€ 72.971.99).

*(3) Staff expenditure (€ 23,257,244.79)*

This includes total gross salaries, allowances, social contributions, employee pension contributions, and a provision for untaken holidays and the accrued charges for the staff.

*(4) Fixed asset related expenses (€ 872,696.42)*

These expenses relate to depreciation charges of the Agency's tangible and intangible fixed assets for € 872,357.42 and € 339.00 that represents amount written off on tangible fixed assets.

*(5) Other administrative expenses (€ 12,373,317.58)*

These expenses relate to:

Office premises (rent, maintenance, taxes)	€3,825,365.31
Office Supplies	€553,350.67
Communications	€161,734.73
Insurance and others	€3,966.75
EPSO Costs (Recruitment)	€17,021.23
Training Costs	€57,363.19
Missions	€317,914.69
Experts and related expenditure	€9,611.56
IT Cost operational external	€412,393.84
Other external service provider (non-it services)	€1,005,722.79
Expenses with other Consolidated entities	€6,008,872.82 *
<b>GRAND TOTAL</b>	<b>€12,373,317.58</b>

*DG RTD Common evaluation platform	€3,904,735.00
Digit	€1,114,063.00
OIB	€845,476.03
Other	€144,598.79
Total	€6,008,872.82

(6) *Other Operating expenses* (€ 204,921.84)

This includes exchange rate expenses (€ 225.02) and provision for liabilities and charges (€ 204,696.82, see note 7 page 14).

(7) *Financial expenses* (€ -2,866.26)

Interest expenses as a result of late payments (€11,298.49), bank charges (€35.25) and a negative amount resulting from the write back of accrued charges from 2010 (- € 14,200.00).

2.5.4. Contingent assets and commitment for future expenditure

A contingent liability is:

- a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Agency; or
- a present obligation that arises from past events but is not recognised because:
  - o it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
  - o the amount of the obligation cannot be measured with sufficient reliability.

The agency has no contingent liabilities to report as of 31.12.2011 (in euros).

	31.12.2011
<b>Contingent Liabilities</b>	
Guarantees given	0.00
Amounts relating to legal cases	0.00

<b>Commitments for future expenditure</b>	
Commitments made in 2011 and not yet consumed (paid) as of 31.12.2011	1,320,228.81
Future charges resulting from usufruct contract for the REA building	40,463,999.22
<b>TOTAL</b>	<b>41,784,228.03</b>

Commitments made in 2011 and not yet consumed (paid) as of 31.12.2011 relate to the difference between the unpaid balance of commitments made and to be carried over to 2011 (€ 3,255,975.07) and accruals made as of 31.12.2011 (€ 1,935,746.26).

The future charges resulting from the usufruct contract for the Agency's building relate to the period from 24.09.2011 to 23.09.2023. The Agency's duration is limited to 31.12.2017 and this contract provides for the possibility to cancel the contract as of 31.12.2017 by providing prior written notice to the owner. The future charges can be detailed as follows:

- Charges until 31.12.2017 €17,065,045.79
- Charges from 01.01.2018 to 23.09.2023: €23,398,953.43

2.5.5. Post balance sheet events

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 events, not relating to an already existing situation at 31 December of the financial year. 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 in the notes to the financial statements if the amount is significant.



No significant post balance sheet events occurred between 31.12.2011 and the finalisation of the financial statements.

2.5.6. 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	AD14	1
Head of Department	AD13	1

The balance position of the Agency with the key management personnel for its activity period as autonomous entity during the financial year 2011 is composed of the salary and allowances as determined for the relevant grade by the Staff Regulations of the Officials of the European Communities.

### 3. REPORTS ON BUDGETARY AND FINANCIAL MANAGEMENT 2011

#### 3.1. The REA's administrative budget for 2011

The administrative budget of the REA covers the whole of 2011.

The administrative budget was adopted by the REA's Steering Committee on 14 December 2010 as detailed below (in Euros):

Budget title		Initial budget (adopted on 14.12.2010)
2000	Operating grant from EU Budget	38,496,193
4000	Other revenue from supply of services against payments	678,707
<b>Total Revenue</b>		<b>39,174,900</b>
Title 1	Staff expenditure	26,996,800
Title 2	Infrastructure and Operating Expenditure	9,456,300
Title 3	Technical and Administrative Support Expenditure	2,722,600
<b>Total Expenditures</b>		<b>39,174,900</b>

### 3.2. Transfers

The Research Executive Agency												
THE 2011 ADMINISTRATIVE BUDGET												
Overview of the 2011 Administrative Budget Transfers												
(for information: in 2011, there was no Amendment of the 2011 Administrative Budget of the REA; there were only transfers)												
Budget line	Name of the budget line	INITIAL BUDGET 2011	TRANSFER 201101 [REAS/SC(2011) 03] of 12.02.2011	TRANSFER 201102 [Internal transfer] of 15.04.2011	TRANSFER 201103 [Internal transfer] of 21.06.2011	TRANSFER 201104 [Internal transfer] of 07.07.2011	TRANSFER 201105 [REAS/SC(2011) 336] of 18.10.2011	TRANSFER 201106 [REAS/SC(2011) 414] of 13.12.2011	TRANSFER 201107 [REAS/SC(2011) WP 52] of 20.12.2011	TRANSFER 201108 [Internal transfer] of 22.12.2011	SUM OF TRANSFERS (from 01.01 to Final Revision 20.12.2011)	
<b>EXPENDITURE</b>			39,174,900.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	39,174,900.00
<b>1</b>	<b>STAFF EXPENDITURE</b>	26,996,000.00	0.00	0.00	0.00	0.00	-1,504,400.00	-51,472.80	110,000.00	0.00	-1,445,872.80	25,550,127.20
<b>Chapter 11</b>	<b>Salaries, allowances and other personnel charges</b>	25,093,000.00	34,000.00	0.00	0.00	0.00	1,229,000.00	365,000.00	278,000.00	0.00	2,272,000.00	24,473,000.00
Item 1100	Temporary Agents - Basic Salaries	8,373,152.44	0.00	-33,000.00	0.00	0.00	-441,152.44	-85,000.00	0.00	0.00	-559,152.44	7,814,000.00
Item 1101	Temporary Agents - Allowances	2,097,847.56	-12,858.59	-8,000.00	0.00	0.00	-343,988.97	89,000.00	0.00	0.00	-275,847.56	1,822,000.00
Item 1102	Temporary Agents - Other Charges	208,000.00	0.00	-12,200.00	0.00	0.00	-300.00	-22,387.93	75,000.00	0.00	40,112.07	248,112.07
Item 1110	Contract Agents - Basic Salaries	10,637,831.70	0.00	0.00	0.00	0.00	-246,831.70	82,000.00	0.00	0.00	-217,831.70	10,420,000.00
Item 1111	Contract Agents - Allowances	3,449,168.30	-21,141.41	-18,000.00	0.00	0.00	-192,026.89	343,000.00	0.00	0.00	113,831.70	3,563,000.00
Item 1112	Contract Agents - Other Charges	327,000.00	0.00	122,200.00	0.00	0.00	-4,700.00	-41,872.07	203,000.00	0.00	278,887.93	606,887.93
<b>Chapter 12</b>	<b>Sundries of recruitment and change of personnel</b>	61,000.00	34,000.00	0.00	0.00	0.00	25,000.00	2,008.00	0.00	0.00	7,000.00	68,000.00
Item 1200	Sundries of recruitment of the personnel	45,000.00	0.00	0.00	0.00	0.00	-22,000.00	-2,000.00	0.00	0.00	-24,000.00	21,000.00
Item 1201	Expenses of installation of the rights	16,000.00	34,000.00	0.00	0.00	0.00	-3,000.00	0.00	0.00	0.00	31,000.00	47,000.00
<b>Chapter 13</b>	<b>Mission expenses</b>	767,000.00	0.00	0.00	0.00	0.00	-168,400.00	-225,600.00	0.00	0.00	-394,000.00	373,000.00
Item 1300	Mission expenses	767,000.00	0.00	0.00	0.00	0.00	-168,400.00	-225,600.00	0.00	0.00	-394,000.00	373,000.00
<b>Chapter 14</b>	<b>Social Infrastructure and Training expenses</b>	1,055,000.00	0.00	0.00	0.00	0.00	-82,000.00	-108,872.80	-169,808.00	0.00	-430,872.80	616,127.20
Item 1400	Restaurants and Canteens	300.00	0.00	0.00	0.00	0.00	-100.00	0.00	0.00	0.00	-100.00	200.00
Item 1410	Medical service	175,700.00	0.00	0.00	0.00	0.00	-2,900.00	-107,972.80	0.00	0.00	-110,872.80	64,827.20
Item 1420	Training and Courses of languages	704,000.00	0.00	0.00	0.00	0.00	-80,900.00	-1,481,000.00	0.00	0.00	-2,299,000.00	475,000.00
Item 1430	Other Social expenses and Mobility costs for the Staff	170,000.00	0.00	0.00	0.00	0.00	-79,000.00	0.00	-19,900.00	0.00	-98,900.00	71,000.00
Item 1440	Complementary assistances to the handicapped people	5,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,000.00
<b>Chapter 17</b>	<b>Representation expenses, Events and Internal meetings</b>	20,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20,000.00
Item 1700	Representation expenses, Events and Sundries of internal meetings	20,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20,000.00

Title	2	INFRASTRUCTURE AND OPERATING EXPENDITURE	9,456,300.00	0.00	0.00	0.00	0.00	0.00	446,500.00	202,336.72	0.00	648,836.72	10,105,136.72
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Chapter 20	Offices	5,390,000.00	0.00	0.00	0.00	0.00	0.00	0.00	356,000.00	25,386.72	0.00	330,613.28	5,049,386.72
Item	2000	Rent / Userfruct instalments	3,168,000.00							-613.28			3,167,386.72
Item	2090	Charges for the Building	2,212,000.00						-356,000.00	26,000.00			1,882,000.00

Chapter 21	Computer equipment purchase and maintenance	3,436,000.00	0.00	0.00	0.00	0.00	0.00	0.00	940,000.00	366,450.00	0.00	1,270,450.00	4,714,450.00
Item	2100	IT equipment (hardware) and maintenance	105,000.00							168,890.00			273,890.00
Item	2101	Purchase and development of software, Office automation, IT Helpdesk and Provisions for other IT services	609,000.00						-14,000.00	-135,200.00			463,515.40
Item	2102	Other external services for the data processing	805,000.00						-270,000.00	-15,040.00			519,960.00
Item	2103	Management expenditure and other IT expenses	1,916,000.00						1,184,000.00	350,000.00			3,460,000.00

Chapter 22	Movable property and associated expenses	382,000.00	0.00	0.00	0.00	0.00	0.00	0.00	83,000.00	126,400.00	0.00	209,400.00	591,400.00
Item	2200	Material and Technical installations	60,000.00							-60,000.00			0.00
Item	2210	Furniture	238,000.00						-78,000.00	-46,400.00			113,600.00
Item	2250	Library expenses and Subscriptions	84,000.00						-5,000.00	-20,000.00			59,000.00

Chapter 23	Current administrative expenditure	194,300.00	0.00	0.00	0.00	0.00	0.00	0.00	8,000.00	62,000.00	0.00	70,000.00	264,300.00
Item	2300	Paper mill and office supplies	121,000.00						-8,000.00	0.00			113,000.00
Item	2320	Bank charges and Other financial expenses	5,000.00						0.00	-3,000.00			2,000.00
Item	2330	Legal charges and Damages	50,000.00						-50,000.00	0.00			0.00
Item	2350	Other insurances	3,300.00						0.00	0.00			3,300.00
Item	2352	Works of handling and removal of services	15,000.00						-9,000.00	0.00			6,000.00

Chapter 24	Telecommunication and Posting expenses	64,000.00	0.00	0.00	0.00	0.00	0.00	0.00	16,500.00	3,100.00	0.00	19,600.00	83,600.00
Item	2400	Correspondance stamping and carriage costs	57,000.00						-16,500.00	-3,000.00			38,000.00
Item	2410	Royalties of telecommunications	7,000.00						-500.00	-100.00			6,400.00

Title	3	TECHNICAL AND ADMINISTRATIVE SUPPORT EXPENDITURE	2,722,600.00	0.00	0.00	0.00	0.00	0.00	1,097,900.00	-150,863.92	-110,000.00	797,036.08	3,519,936.08
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Chapter 31	Meetings of experts, Conferences and Seminars	95,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	61,000.00	0.00	61,000.00	156,000.00
Item	3100	Meetings of experts, Conferences and Seminars	95,000.00							-61,000.00			34,000.00

Chapter 32	Information, Publications and Communication	430,600.00	0.00	0.00	0.00	0.00	0.00	0.00	310,600.00	-111,051.92	-110,000.00	91,548.08	129,946.08
Item	3200	Information, Publications and Communication	422,600.00						-80,600.00	-78,351.92			163,648.08
Item	3201	Expenses of translation	8,000.00						0.00	-32,700.00			20,300.00

Chapter 33	Other technical and administrative support expenditures	2,197,000.00	0.00	0.00	0.00	0.00	0.00	0.00	1,138,500.00	21,188.00	0.00	1,159,688.00	3,356,688.00
Item	3300	Studies	0.00						0.00	0.00			0.00
Item	3301	Various outside support services	86,000.00						3,500.00	-95,930.00			243,470.00
Item	3302	External audits	1,410,000.00						250,000.00	-354,872.00			1,095,128.00
Item	3303	Expenditure for the common platform of evaluation	701,000.00						885,000.00	472,090.00			2,058,090.00



### 3.4. Liquidation of appropriations carried forward from 2010

The implementation of appropriations carried forward from 2010 is further detailed in the following table:

TOTAL of the ADMINISTRATIVE EXPENDITURES				3,329,638,39	23,62%	2,155,355,66	64,73%
Title	1	STAFF EXPENDITURES		672,988,32	39,49%	273,060,97	47,66%
Chapter	11	Salaries, allowances and other personnel charges		23,871,57	8,74%	14,883,48	62,36%
Article	110	Staff occupying an employment in the establishment plan		21,175,57	19,27%	12,187,48	57,55%
Item	1102	HR	Temporary Agents - Other Charges	21,175,57	19,27%	12,187,48	57,55%
Article	111	Contract Agents		2,696,00	1,65%	2,696,00	100,00%
Item	1112	HR	Contract Agents - Other Charges	2,696,00	1,65%	2,696,00	100,00%
Article	112	Seconded National Experts		0,00		0,00	-
Chapter	12	Sundries of recruitment and change of personnel		42,928,25	32,47%	4,976,89	11,59%
Article	120	Sundries of recruitment and change of personnel		42,928,25	32,47%	4,976,89	11,59%
Item	1200	HR	Sundries of recruitment of the personnel	39,341,77	43,62%	3,317,39	8,43%
Item	1201	HR	Expenses of installation of the rights	3,586,54	8,54%	1,659,50	46,27%
Chapter	13	Expenses of missions		171,992,95	46,11%	65,180,22	37,90%
Item	1300	OTHER	Mission expenses	171,992,95	46,11%	65,180,22	37,90%
Chapter	14	Social, infrastructure and training		329,714,48	50,16%	187,946,28	57,00%
Item	1400	LOG	Restaurants and Canteens	252,00	50,40%	0,00	0,00%
Item	1410	HR	Medical service	67,831,35	56,06%	25,898,49	38,18%
Item	1420	TRAIN	Training and Courses of languages	179,299,76	41,50%	127,927,89	71,35%
Item	1430	LOG	Other Social expenses and Mobility costs for the staff	82,331,37	79,16%	34,119,90	41,44%
Chapter	17	Representation expenses and Events		4,481,07	29,87%	74,10	1,66%
Item	1700	OTHER	Representation expenses, Events and Sundries of internal meetings	4,481,07	29,87%	74,10	1,65%
Title	2	INFRASTRUCTURE AND OPERATING EXPENDITURES		1,692,179,09	17,13%	1,001,217,60	59,17%
Chapter	20	Offices		829,965,12	11,83%	85,321,84	13,54%
Item	2000	LOG	Rent/Usufruct instalments	0,00	0,00%	0,00	-
Item	2090	LOG	Charges for the building	629,965,12	28,19%	85,321,84	13,54%
Chapter	21	Computer equipment purchase and maintenance		522,143,40	14,47%	392,343,81	75,14%
Article	210	Computer and Itpurchase and maintenance		522,143,40	14,47%	392,343,81	75,14%
Item	2100	IT	IT equipment (hardware) and maintenance	158,063,55	63,99%	152,947,19	96,76%
Item	2101	IT	Purchase and development of software, Office automation, IT Helpdesk and Provisions of other IT services	206,344,75	36,78%	197,588,42	95,76%
Item	2102	IT	Other external services for the data processing	41,808,00	61,18%	41,808,00	100,00%
Item	2103	IT	Management expenditures and other IT expenses	115,927,10	4,24%	0,00	0,00%
Chapter	22	Movable property and associated expenses		499,569,22	69,58%	497,385,29	99,56%
Article	220	Material and Technical installations		0,00	0,00%	0,00	-
Item	2200	LOG	Material and Technical installations	0,00	0,00%	0,00	-
Article	221	Furniture		499,185,42	81,43%	497,385,29	99,64%
Item	2210	LOG	Furniture	499,185,42	81,43%	497,385,29	99,64%
Article	225	Documentation and library		383,80	0,70%	0,00	0,00%
Item	2250	LOG	Library expenses and subscriptions	383,80	0,70%	0,00	0,00%
Chapter	23	Current administrative expenditures		35,530,91	24,15%	26,166,79	73,65%
Article	230	Paper mill and office supplies		33,560,00	24,68%	25,912,20	77,21%
Item	2300	LOG	Paper mill and office supplies	33,560,00	24,68%	25,912,20	77,21%
Article	232	Financial expenses		44,51	29,67%	44,51	100,00%
Item	2320	OTHER	Bank charges and other financial aspects	44,51	29,67%	44,51	100,00%
Article	235	Other administrative expenditures		1,926,40	17,51%	210,08	10,91%
Item	2352	LOG	Works of handling and removal of services	1,926,40	32,11%	210,08	10,91%
Chapter	24	Telecommunication and Expenses of posting		4,970,44	6,14%	0,07	0,00%
Item	2400	LOG	Correspondence stamping and carriage costs	3,636,98	5,12%	0,00	0,00%
Item	2410	LOG	Royalties of telecommunications	1,333,46	13,33%	0,07	0,01%
Title	3	TECHNICAL AND ADMINISTRATIVE SUPPORT EXPENDITURES		1,064,470,98	38,51%	881,077,09	82,77%
Chapter	31	Meetings of experts, Conferences and Seminars		6,522,77	43,49%	988,80	15,16%
Item	3100	OTHER	Meetings of experts, Conferences and Seminars	6,522,77	43,49%	988,80	15,16%
Chapter	32	Information, Publications and Communication		100,184,86	55,35%	89,161,44	89,00%
Item	3200	COM	Information and Publications	98,967,81	56,23%	89,161,44	90,09%
Item	3201	COM	Expenses of translation	1,217,05	24,34%	0,00	0,00%
Chapter	33	Other technical expenses and of administrative support		957,763,35	37,30%	790,928,85	82,58%
Item	3301	A1	Various outside services	118,279,62	54,81%	61,983,65	52,40%
Item	3302	AUDIT	External audits	818,792,00	94,11%	726,804,50	88,77%
Item	3303	A1	Expenditure for the common platform of evaluation of the projects	20,691,73	1,40%	2,138,70	10,34%

A total balance of € 1,174,282.73 did not lead to final expenditure and these appropriations are cancelled.

### 3.5. REA staffing

The REA has recruited 46 staff during 2011, 42 contract agents and 4 Temporary agents and seconded officials.

<b>ALL TEMPORARY AGENTS</b>		
<i>Seconded Officials included</i>		
<b>Function Group and Category</b>	<b>2011</b>	
	<b>Adopted by the Steering Committee</b>	<b>Filled on 31/12/2011</b>
AD16	0	0
AD15	0	0
AD14	1	1
AD13	1	1
AD12	3	1
AD11	5	4
AD10	9	11
AD9	12	6
AD8	4	3
AD7	16	18
AD6	26	20
AD5	29	28
<b>TOTAL AD</b>	<b>106</b>	<b>93</b>
AST11	0	0
AST10	0	0
AST9	1	0
AST8	1	0
AST7	2	1
AST6	1	1
AST5	2	3
AST4	2	2
AST3	2	3
AST2	0	0
AST1	0	0
<b>TOTAL AST</b>	<b>11</b>	<b>10</b>
<b>GRAND TOTAL (AD+AST)</b>	<b>117</b>	<b>103</b>
<b>CONTRACT AGENTS</b>		
FG IV	60	56
FG III	124	123
FG II	158	165
FG I	7	7
<b>TOTAL CA</b>	<b>349</b>	<b>351</b>

### 3.6. Administrative budget outturn account for 2011

The budget outturn presented below details the budget revenue and the budget expenditure for 2011 and presents a calculation of the amount of the unused subsidy received for 2010 which will be reimbursed to the European Commission.

<b>BUDGET OUTTURN ACCOUNT FOR THE FINANCIAL YEAR 2011 (in euros)</b>	
	2011
<b>REVENUE cashed in 2011</b>	
Commission subsidy (for the operating budget -Titles 1,2 and 3 - of the agency)	38,496,928.00
Revenue from other institutions or bodies of the EU	0.00
Other donors	0.00
Fee income	0.00
Other revenue	671,893.63
<b>TOTAL REVENUE (a)</b>	<b>39,168,821.63</b>
<b>EXPENDITURE</b>	
<i>Title I: Staff</i>	
Payments	23,970,164.48
Appropriations carried over	642,064.12
<i>Title II: Administrative Expenses</i>	
Payments	8,601,529.12
Appropriations carried over	1,420,525.96
<i>Title III: Operating Expenditure</i>	
Payments	2,238,889.82
Appropriations carried over	1,193,384.99
<b>TOTAL EXPENDITURE (b)</b>	<b>38,066,558.49</b>
<b>OUTTURN FOR THE FINANCIAL YEAR (a-b)</b>	
	<b>1,102,263.14</b>
Cancellation of unused payment appropriations carried over from previous year	1,174,282.73
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 -)	-137.13
<b>BALANCE OF THE OUTTURN ACCOUNT FOR THE FINANCIAL YEAR</b>	<b>2,276,408.74</b>
Balance year N-1	1,774,573.67
Positive balance from year N-1 reimbursed in year N to the Commission	-1,774,573.67
<b>Result used for determining amounts in general accounting</b>	<b>2,276,408.74</b>
<b>Pre-financing remaining open to be reimbursed by agency to Commission in year N+1</b>	<b>2,276,408.74</b>

The interest generated by 31 December 2011 on the subsidy funds and to be reimbursed to the Commission for a total amount of € 120,876.46 are not included in the budget outturn.



### 3.7. Reconciliation of the 2011 administrative budget outturn with the 2011 economic outturn

<b>Economic result (- for loss) (in euros)</b>	<b>-442,316.48</b>
<b><i>Adjustment for accrual items (items not in the budgetary result but included in the economic result)</i></b>	
Adjustments for Accrual Cut-off (reversal 31.12.N-1)	-1,987,186.83
Adjustments for Accrual Cut-off (cut- off 31.12.N )	2,360,553.41
Unpaid invoices at year end but booked in charges	7,384.60
Depreciation of intangible and tangible fixed assets	872,696.42
Short term provisions	204,696.82
Recovery Orders issued in 2011 in class 7 and not yet cashed	-57,855.09
Payments made from carry over of payment appropriations	2,155,355.66
Write back of accrued charges and deferred income for 2010	2,988,576.20
<b><i>Adjustment for budgetary items (item included in the budgetary result but not in the economic result)</i></b>	
Asset acquisitions	-1,657,582.19
Budgetary recovery orders issued before 2011 and cashed in the year	33,133.13
Budgetary recovery orders issued in 2011 on balance sheet accounts and cashed	2,276,408.74
Payment appropriations carried over to 2012	-3,255,975.07
Cancellation of unused carried over payment appropriations from previous year	1,174,282.73
Deferred charges and accrued income	-2,395,078.11
Other income fixed assets	-685.20
<b>Budgetary result (+ for surplus)</b>	<b>2,276,408.74</b>

### **3.8. Additional notes to the administrative budget implementation report**

#### **3.8.1. Legislative framework**

The establishment and implementation of the Agency's administrative budget complies 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.

The assurance statement related to the accounts 2011 has been transmitted to the Accountant of the Commission in a separate note. It includes no reservation to any of the listed points.

According to the Delegation Act of the Agency, the Commission's 16 internal control standards apply for budgetary and financial management.

Since the Agency's autonomy, the Director is the authorising officer for the administrative budget. The budget is financed by a subsidy awarded by the EU budget. The Director submits the provisional accounts to the Steering Committee which forwards these to the Commission's accounting officer and to the European Court of Auditors by 1 March 2012. The final accounts are sent to the Commission's accounting officer and the European Court of Auditors by 1 July 2012. The European Parliament, acting on a recommendation from the Council and after having examined the report by the European Court of Auditors, shall grant a discharge to the executive agency for the implementation of its budget.

#### **3.8.2. The Agency's administrative budget structure**

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

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. The recruitment costs incurred by the Agency from the launch of a selection procedure to the effective recruitment of the selected candidates are also included.
- Chapter 13 to 17: costs for business travels of staff, training, medical expenses, staff perquisites and internal meetings expenses are incorporated under those chapters.

Title II budget lines relate to infrastructure and operating 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 are also included under this chapter.
- Chapter 21: Computer equipment purchases and maintenance. This includes the purchase of equipment, licences, support for maintenance, specific IT developments and IT Services, including REA's contribution to the development and maintenance of FP7 tools and applications common to various services which are part of the European Commission's "Research family".
- Chapter 22: Goods, furniture and incidental expenses. This chapter covers the costs of furniture for the Agency and its staff and expenditure related to documentation, library and archives.
- Chapter 23: Current administrative expenditure. This concerns mainly office supplies.
- Chapter 24: telecommunication and posting expenses.

Title III budget lines relate to technical and administrative support expenditure:

- Chapter 31: Meetings of experts, conferences and seminars;
- Chapter 32: Information, Publications and Communications;
- Chapter 33: Other Technical and administrative support expenses. This includes mainly the costs incurred by the Agency in managing the FP7 central evaluation facility and in outsourcing ex-post controls on grants managed by the REA in accordance with the delegation decision.

### 3.8.3. The agency's budgetary and financial accounting systems

The Agency's accounting officer was appointed by the Steering Committee in January 2009. The Agency's bank account was opened in June 2009 under the same conditions as those of the Commission. Since the REA's administrative autonomy on 15 June 2009, all payments have been made through the Commission's SWIFT system. The Agency has no petty cash.

The Agency uses the accounting system SAP which is managed and hosted by the Commission.

For its budgetary management (i.e. commitment and payment transactions) the Agency uses the ABAC system managed and hosted by the Commission. From this system, reports on financial management and budget execution are assembled.

In collaboration with DG DIGIT and DG BUDG, the Agency uses the ABAC Assets system to manage and account for its fixed assets.