

**Decision of the Steering Committee
of the European Research Council Executive Agency
adopting the final accounts
of the European Research Council Executive Agency for 2009**

THE STEERING COMMITTEE OF THE EUROPEAN RESEARCH COUNCIL
EXECUTIVE AGENCY,

Having regard to Council Regulation (EC) n° 58/2003¹ 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/EC² of 14 December 2006 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 57 of Commission Regulation 1653/2004³, 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 above mentioned 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 2009, the Steering Committee has notified the accounting officer of the Commission and the Court of Auditors of the provisional accounts 2009 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 Council⁴.

(2) In the frame of the discharge procedure, and in conformity to article 248 of the EC treaty, the Court of Auditors has proceeded from 22 to 26th February 2010 to the control of the Agency 2009 provisional annual accounts⁵. The verification of the accounts by the Court is leading to the accounting modification presented in Annex III, constituting the difference between the versions of the provisional and final annual accounts of the Agency.

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.

⁵ Article 65 of the Standard Financial Regulation.

(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 agency⁶.

(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 2009, 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 2010⁷.

HAS ADOPTED THIS DECISION:

Article 1

The final annual accounts for financial year 2009 are hereby adopted, in the version presented in Annex II. The final accounts of the agency shall be sent to the accounting officer of the Commission and to the Court of Auditors, the European Parliament and the Council by 1 July 2010.

Article 2

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

Done in Brussels on

21 JUN 2010

For the Steering Committee,

The Chairperson,



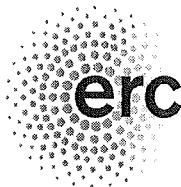
José Manuel SILVA RODRÍGUEZ

⁶ Article 30.2 of the Standard Financial Regulation.

⁷ Article 57 (a) 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**



Management Representation Letter

To the attention of the President of the Court of Auditors

Subject: Final annual accounts for the financial year 2009 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 statements⁸ and the reports on implementation of the budget for the financial year ended 31 December 2009 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 2009 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 2009 are prepared on the basis of accounting rules adopted⁹ 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.

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.

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 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 2009 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. Other than described in Note 6.8 to the financial statements, there have been no events subsequent to period end which require 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.

Jack Metthey
The Director ad interim of the European Research Council Executive Agency

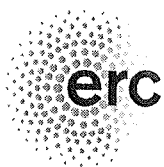
21. VI. 2010
(Date)

Soudaina WALA
The Accounting Officer of the European Research Council Executive Agency

21/06/2010
(Date)

ANNEX II

**Final annual accounts and Budgetary and Financial Management Report of the European
Research Council Executive Agency for Financial year 2009**



- ERCEA -

FINAL
ANNUAL ACCOUNTS

And

BUDGETARY AND FINANCIAL
MANAGEMENT REPORT

OF

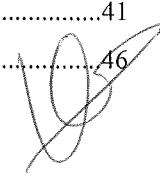
THE EUROPEAN RESEARCH COUNCIL
EXECUTIVE AGENCY

FINANCIAL YEAR 2009
Brussels, 01/07/2010

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DECLARATION OF ASSURANCE

By the Director of the European Research Council Executive Agency for financial year 2009

I, the undersigned, Jack METTHEY, 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,



Jack METTHEY

Director ad interim

By the Accounting Officer of the European Research Council Executive Agency for financial year 2009

The annual accounts of the European Research Council Executive Agency for the year 2009 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,



Soudaina 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. Until then, a dedicated service of the European Commission had the task of building up the operational capacities and managing the ERC activities.

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	3	4
		Note	31.12.2009	31.12.2008
ASSETS				
A. NON CURRENT ASSETS		6.2.1		
Intangible fixed assets			37,618.00	0.00
Tangible fixed assets			5.649.699,98	0.00
	Land and buildings		5.168.110,98	0.00
	Plant and equipment		14,487.00	0.00
	Computer hardware		391,204.00	0.00
	Furniture and vehicles		66,678.00	0.00
	Other fixtures and fittings		9,220.00	0.00
	Leasing		0.00	0.00
	Tangible fixed assets under construction		0.00	0.00
Long-term pre-financing			0.00	0.00
Long-term receivables			0.00	0.00
TOTAL NON CURRENT ASSETS			5.687.317,98	0.00
B. CURRENT ASSETS				
Stocks			0.00	0.00
Short-term pre-financing			0.00	0.00
Short-term receivables			2,092,561.34	0.00
	Current receivables	6.2.2.A	23,806.66	0.00
	Sundry receivables	6.2.2.B	47,646.27	0.00
	Other	6.2.2.C	1,859,848.44	0.00
	Accrued income		7,646.74	
	Deferred charges		1,852,201.70	
	Deferrals and Accruals with consolidated EU entities		0.00	
	Short-term receivables with consolidated EU entities		161,259.97	0.00
Cash and cash equivalents		6.2.2.D	2,176,179.58	0.00
TOTAL CURRENT ASSETS			4,268,740.92	0.00
TOTAL			9.956.058,90	0.00

2 - ERCEA-BALANCE SHEET - LIABILITIES

1	2	3	4
	Note	31.12.2009	31.12.2008
LIABILITIES			
A. CAPITAL	6.2.3.A.	8,254,223.05	0.00
Accumulated surplus/deficit		0.00	0.00
Economic result of the year - profit+/loss-		8,254,223.05	0.00
B. MINORITY INTEREST		0.00	0.00
C. NON CURRENT LIABILITIES	6.2.3.B	169,027,24	0.00
TOTAL A+B+C		8,423,250.29	0.00
D. CURRENT LIABILITIES		1,532,808.61	0.00
Employee benefits			
Provisions for risks and charges		0.00	0.00
Financial liabilities		0.00	0.00
Accounts payable		1,532,808.61	0.00
Sundry payables	6.2.3.A2	81,142.97	0.00
Current payables	6.2.3.A1	640.09	
Other	6.2.3.A4	1,399,954.54	0.00
Accrued charges		892,614.64	0.00
Deferred income		0.00	0.00
Deferrals and accruals with consolidated EU entities		507,339.90	
Accounts payable with consolidated EU entities	6.2.3.A3	51,071.01	0.00
Pre-financing received from consolidated EU entities		15,455.90	0.00
Other accounts payable against consolidated EU entities		35,615.11	0.00
TOTAL D. CURRENT LIABILITIES		1,532,808.61	0.00
TOTAL		9,956,058,90	0.00

3 – ERCEA – ECONOMIC OUTTURN ACCOUNT

1	2	3	4
	Notes	2009	2008
Revenues from administrative operations	6.3.1.A	367,445.01	0.00
Other operating revenue	6.3.1.B	19,367,133.40	0.00
TOTAL OPERATING REVENUE		19,734,578.41	0.00
Administrative expenses	6.3.2	-11,479,049.34	0.00
<i>All Staff expenses</i>		-6,865,339.65	0.00
<i>Fixed asset related expenses</i>		-449,366.77	0.00
<i>Other administrative expenses</i>		-4,164,342.92	0.00
Operational expenses		0.00	0.00
TOTAL OPERATING EXPENSES		-11,479,049.34	0.00
SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES		8,255,529.07	0.00
Financial revenues		0.00	0.00
Financial expenses		-1,306.02	0.00
SURPLUS/ (DEFICIT) FROM NON OPERATING ACTIVITIES	6.3.3	-1,306.02	0.00
SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES		8,254,223.05	0.00
Minority interest			
Extraordinary gains (+)			
Extraordinary losses (-)			
SURPLUS/(DEFICIT) FROM EXTRAORDINARY ITEMS		0.00	0.00
ECONOMIC RESULT OF THE YEAR		8,254,223.05	0.00

4 – ERCEA – CASH FLOW TABLE (indirect method)

Note 6.4

	2009	2008
Cash Flows from ordinary activities		
Surplus/(deficit) from ordinary activities	8,254,223.05	0.00
Operating activities		
<u>Adjustments</u>		
Amortization (intangible fixed assets) +	1,171.39	
Depreciation (tangible fixed assets) +	495,082.59	
Increase/(decrease) in Provisions for risks and liabilities	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	-1,931,301.37	
(Increase)/decrease in Receivables related to consolidated EU entities	-161,259.97	
Increase/(decrease) in Other Long term liabilities	0.00	
Increase/(decrease) in Accounts payable	1,481,737.60	
Increase/(decrease) in Liabilities related to consolidated EU entities	51,071.01	
Transfer of Property, plant and equipment from the Commission	-367,445.01	
Extraordinary items		
Net cash Flow from operating activities	7,992,306.53	0.00

Cash Flows from investing activities		
Increase of tangible and intangible fixed assets (-)	-6,183,571.96	
Transfer of Property, plant and equipment from the Commission (+)	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	-5,816,126.95	0.00

Net Cash Flow from CECA specific transactions	0.00	0.00
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Increase/(decrease) in Employee benefits	0.00	0.00
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Net increase/(decrease) in cash and cash equivalents	2,176,179.58	0.00
Cash and cash equivalents at the beginning of the period	0.00	
Cash and cash equivalents at the end of the period	2,176,179.58	0.00

5 – ERCEA – STATEMENT OF CHANGES IN CAPITAL

Capital (Note 6.5)	Reserves			Accumulated Surplus / Deficit	Economic result of the year	Capital (total)
	Fair reserve	value reserve	Other reserves			
Balance as of 31 December 2008	0.00		0.00	0.00	0.00	0.00
Changes in accounting policies	0.00		0.00	0.00		0.00
Balance as of 1 January 2009 (if restated)	0.00		0.00	0.00	0.00	0.00
Fair value movements						0.00
Movement in Guarantee Fund reserve						0.00
Allocation of the Economic Result of Previous Year						0.00
Amounts credited to Member States						0.00
Economic result of the year					8,254,223.05	8,254,223.05
Balance as of 31 December 2009	0.00		0.00	0.00	8,254,223.05	8,254,223.05
Consolidation 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 Agencies¹⁰ 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.

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.

Transactions may be aggregated where:

- (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

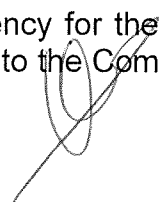
Where, in a specific case, the accounting officer considers that an exception should be made to the content of one of the accounting principles defined above this exception must be duly substantiated and reported in the annex to the financial statements.

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.

Part of the ERCEA assets was purchased against the budget managed by the Commission on behalf of the Agency before its autonomy on 15 July 2009. The assets concerned, initially recorded in the Commission inventory, were transferred to the Agency for their residual value at the date of autonomy without payment counterpart from the Agency to the Commission, creating a profit for an amount of 367,445.01 EUR.



After autonomy, the Agency made assets purchases by its own, using from the beginning, an assets registration system identical to the one used by the European Commission, and integrated in the Agency's accounting system. Depreciation rates are also those applied by the Commission.

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. According to the Commission rules, the works made within this contract for the fitting out of the building of the Agency (5,543,448.65 EUR) have been capitalized over a useful life of 10 years starting from January 2009.

The physical inventory of the assets has been made in most cases soon after their installation.

The net value of the Agency fixed assets at year end is 5,687,317.98 EUR, mainly constituted of the fitting out building works done to the Agency headquarters, hardware and furniture.

TABLE OF DEPRECIATION RATE

Asset type	Depreciation rate, consolidation manual	Depreciation rate used by reporting entity
<u>Intangible fixed assets</u>		
Software for personal computers and servers	25%	25%
<u>Tangible fixed assets</u>		
<u>Land</u>	0%	0%
<u>Buildings</u>	4%	4%, 10%
<u>Plant and equipment</u>		
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%
<u>Furniture and vehicles</u>		
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%
<u>Computer hardware</u>		
Computers, servers, accessories, data transfer equipment, printers, screens	25%	25%
Copying equipment, digitizing and scanning equipment	25%	25%
<u>Other fixtures and fittings</u>		
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%
<u>Tangible fixed assets under construction</u>	0%	0%

TABLE OF ASSETS

INTANGIBLE FIXED ASSETS					TANGIBLE FIXED ASSETS									TOTAL
2009		Computer Software	Intangible fixed assets under construction	Total Intangible Fixed Assets	Land	Buildings	Plant and Equipment	Computer hardware	Furniture and vehicles	Other Fixtures and Fittings	Finance lease (Fixed assets under leasing and other similar rights)	Tangible Fixed Assets under Construction	Total tangible Fixed Assets	
Gross carrying amounts 01.01.2009	+	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00			0.00	0.00
Additions	+	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	6,183,571.96
Disposals	-			0.00									0.00	0.00
Transfer between headings	+/-	0.00		0.00									0.00	0.00
Other changes (2)	+/-	0.00		0.00									0.00	0.00
Gross carrying amounts 31.12.2009		38,789.39	0.00	38,789.39	0.00	5,543,448.65	19,201.30	502,745.94	68,592.08	10,794.60	0.00	0.00	6,144,782.57	6,183,571.96
Accumulated amortization and impairment 01.01.2009	-	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00			0.00	0.00
Amortization	-	-1,171.39		-1,171.39		-375,337.67	-4,714.30	-111,541.94	-1,914.08	-1,574.60			-495,082.59	-496,253.98
Write-back amortization	+			0.00									0.00	0.00
Disposals	+			0.00									0.00	0.00
Impairment (2)	-			0.00									0.00	0.00
Write-back impairment	+			0.00									0.00	0.00
Transfer between headings	+/-	0.00		0.00									0.00	0.00
Other changes (2)	+/-			0.00									0.00	0.00
Accumulated amortization and impairment 31.12.2009		-1,171.39	0.00	-1,171.39	0.00	-375,337.67	-4,714.30	-111,541.94	-1,914.08	-1,574.60	0.00	0.00	-495,082.59	-496,253.98
Net carrying amounts 31.12.2009		37,618.00	0.00	37,618.00	0.00	5,168,110.98	14,487.00	391,204.00	66,678.00	9,220.00	0.00	0.00	5,649,699.98	5,687,317.98
Accounts		211000	214000	210000	220010	221010	230000	241000	240000	242000	250000	244000	200000	

6.2.2 CURRENT ASSETS

Consolidation account	Current receivables		
401100	Customers	0.00	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	23,806.66	0.00
401009	Consolidated EC entities	0.00	0.00
401000	Total	23,806.66	0.00
	Sundry receivables		
	Staff	47,646.27	0.00
410900	Total	47,646.27	0.00
	Other		
490010	Accrued income	7,646.74	0.00
490011	Deferred charges	1,852,201.70	0.00
490000	Total	1,859,848.44	0.00
400009	Short-term receivables with consolidated EC entities	161,259.97	
	Cash and Cash equivalents		
505000	<i>Unrestricted cash:</i>		
505300	Current accounts (bank accounts)	2,176,179.58	0.00
505400	Imprest accounts		
500000	Total	2,176,179.58	
500000	Total	2,176,179.58	0.00
TOTAL	CURRENT ASSETS		

The main categories are:

A – Current Receivables

The balance of Current Receivables for the financial year 2009 is **23,806.66 EUR**.

EC consolidated entities apply the principle of the "sender is right". Invoices issued by one entity in year N have to be registered in the accounts of the Sender and the Receiver in year N, the amounts getting offset with the accounting consolidation. The amount of 23,806.66 EUR is the debit counterpart of a regularisation posting involving the payable "Commission", due to invoices issued by the Commission services in 2009, but not received nor registered by the ERCEA in 2009.

B – Sundry Receivables

Sundry Receivables amounts to **47,646.27 EUR**. They mainly consist in salary advance, and regularization of staff entitlements.

C – Other Receivables

The balance of Other Current Receivables for the financial year 2009 is **1,859,848.44 EUR and 161,259.97 EUR**. It corresponds to:

- the accrued amount of interests earned on the subsidy paid by the Commission to the Agency. The EC subsidy is considered as pre-financing. Interests earned are added up to the principal amount and have to be returned to the Commission. They are posted under Current Receivables with a counter entry in a payable account with EC consolidated entities.
- to deferred charges related to the rent of the building where the ERCEA has established its headquarters
- to the open amount of EC subsidy 2009 not yet cashed at year end.

D - Cash and cash equivalents

The Agency has one euro bank account, opened in Brussels with the formerly Banque Bruxelles Lambert (now 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 2009 amounts to **2,176,179.58 EUR**.

6.2.3 NON CURRENT LIABILITIES

A – Capital

The capital amounts to **8,254,223.05 EUR**. It is constituted of the Economic outturn of the year.

B – Provision for risks and charges

A provision is booked when there is uncertainty about a future outflow of resources to settle a present obligation resulting from past event. It is probable that an outflow will be required but some past or present events make it uncertain. Timing or amount may also be uncertain. Under this heading, are booked provisions foreseen to be settled in a period superior to 12 months from end of financial year.

The provision for risks and charges is related to non-paid salary indexation at 31st December 2009. It totals **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. The official adjustment rate calculated to 3.7% has been rejected and reduced unilaterally to 1.85% by the Members of the European Council. A legal procedure has been brought to the European Court of Justice by the Commission, thereof the provision for the remaining 1.85%, or 169,027.24 EUR.

6.2.4 CURRENT LIABILITIES

A – Accounts payable

Consolidation Account	Current payables	31.12.2009	31.12.2008
441100	Vendors	640.09	
441200	Member States		
441300	EFTA		
441600	Third States		
441700	Public Bodies		
441900	Intra-Commission		
441000	Total		
	Sundry payables		
	Staff	81,142.97	
443000	Total	81,142.97	
	Other -		
491010	Accrued charges	892,614.64	
	- <i>Untaken annual leave</i>	288,952.44	
	- <i>Other accrued charges</i>	603,662.20	
491090	Deferrals and accruals with consolidated EC entities	507,339.90	
491000	Total	1,399,954.54	
440009	Accounts payable with consolidated EC entities	51,071.01	
TOTAL ACCOUNTS PAYABLES		1,532,808.61	

The 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.

The cost claims and invoices received are registered immediately in the credit of a current, sundry or EC consolidated entity payable account with a debit counter-entry- "eligibility to be checked" account included under the Current payables heading. In order not to overestimate assets and liabilities, the net amount to be paid (amount current payables less eligibility to be checked amount) is presented under the current liabilities section of the Balance Sheet.

Following the cut-off exercise, estimated eligible amounts have been 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 of an eligibility verification (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 check" 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, the net open position at year end under current payables is a credit balance of **640.09 EUR**.

A2 – Accounts payable – Sundry payables

Sundry payables are mostly constituted of settlements for inter-institutional staff mobility. Sundry payables amount to **81,142.97 EUR**.

A3– Accounts payable with consolidated EC entities

Payables against consolidated EC entities are totalling **51,071.01 EUR**.

This heading is constituted for 15,455.90 EUR of the Interests related to the Community Subsidy received by the Agency in 2009.

Is also incorporated under this heading an amount of 35,615.11 EUR corresponding 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 2009 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 2009 but not invoiced, nor paid at the end of the exercise.

Accruals were calculated on basis of the pending payment obligations of the Agency – called **Reste A Liquider (RAL)** - analysed at the light of the services and goods delivered in 2009, the invoices/cost claims received at the beginning of 2009, and "Eligibility to be checked" accounts.

The information withdrawn from this analysis lead to an estimated amount of **1,399,954.54 EUR** to accrue as charges. It is composed of:

- 507,339.90 EUR for goods or services delivered in 2009 by other Agencies and by the Commission Directorates General in the frame of Service level Agreements signed with the Agency;

- 892,614.64 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 2009 untaken staff annual leave.

The counter entry of charges accrued under this heading is expenditure.

6.3 Notes to the Economic Outturn Account

6.3.1 OPERATING REVENUE

Consolidation Account	Operating Revenues	2009	2008
706199	Funds transferred from the Commission to other Institutions	0.00	0.00
740100	Contributions of EFTA countries belonging to the EEA		
743000	Recovery of expenses	0.00	0.00
743100	CDM (Central Direct Mgt) - Recovery		
744000	Revenue from administrative operations	367,445.01	0.00
760000	Staff		
744100	Fixed assets related revenue	367,445.01	
744900	Other administrative revenue	0.00	0.00
744910	Other		
744919	<i>Adm revenue with consolidated EU entities</i>	0.00	0.00
745000	Other operating revenues	19,367,133.40	0.00
745100	Adjustments of provisions		
745200	Exchange rate gains	545.10	
745900	Other	19,366,588.30	0.00
745910	Other		
745909	<i>Operating revenue with consolidated EU entities</i>	19,366,588.30	0.00
745919	<i>EU Subsidy</i>	19,366,588.30	0.00
745929	<i>Other operating revenue with cons. EU entities</i>	0.00	0.00
777777	Total	19,734,578.41	0.00

A – Revenue from administrative operations

The revenue under this heading is **367,445.01 EUR**. It corresponds 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).

B – Other operating revenue


The operating revenue for financial year 2009 has two parts:

- the amount of the Community Subsidy cleared by the expenditures supported during the exercise and increased by the outstanding payment obligations of the Agency (see Budget Outturn Account in part II). The determination – based on the Budget Outturn Account – for the revenue from the Communities to record in the Economic Outturn is based on a cash principle, while for the expenditures, the accrual principle is applied. The amount of the subsidy so defined is 12,582,349.75 EUR.

- the amount of the Community Subsidy determined purely on an accrual accounting basis. It concerns an amount of 158,513.36 EUR, received beginning 2010 but related to a 2009 request for subvention, accepted by the Commission end 2009.

Is also included in operating revenue, the amount of 6,625,725.19 EUR corresponding to the C8 appropriations carried over from 2008 in order to meet the outstanding payment obligations contracted in 2008 by the Commission on the Agency's behalf. The C8 credits and correlated funds have been transferred from the Commission to the Agency accounts.

Operating revenues total **19,367,133.40 EUR**, including exchange rate gain.



6.3.2 OPERATING EXPENSES

A – Administrative expenses

Consolidation Account		2009	2008
610000	Administrative Expenses	11,479,049.34	0.00
6201XX	All Staff expenses	6,865,339.65	0.00
620100	Staff expenses	6,696,312.41	0.00
620109	Staff expenses with consolidated entities	0.00	0.00
630000	Provisions for risks and liabilities	169,027.24	0.00
630100	Fixed Assets Expenses	449,366.77	0.00
611000	Other Administrative Expenses	4,164,342.92	0.00
611100	Land and Buildings	1,016,703.84	0.00
611109	Land and Buildings with consolidated entities	0.00	0.00
611900	All Other	3,147,639.08	0.00
611910	Other	2,114,365.00	0.00
611919	<i>Administrative expenses with consolidated entities</i>	1,033,274.08	0.00
600000	Operational Expenses	0.00	0.00
666666	Total	11,479,049.342	0.00

6.3.3 NON OPERATING EXPENSES

Non operating expenses reach **1,306.02 EUR** and consist in financial costs related to the maintenance and certification of the Agency bank account, and interest expenses.

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 2009, the statement of changes in capital of the Agency comprises only the economic result of the year (profit): **8,254,223.05 EUR**.

Capital at end of year is therefore **8,254,223.05 EUR**

6.6 Contingent liabilities and commitment for future funding

Consolidation Account	Commitments for future funding	31.12.2009	31.12.2008
902500	RAL - Commitments against appropriations not yet consumed	1,462,954.97	0.00
903200	Operating lease	38,035,562.32	0.00
903300	Contractual commitment (for which budget commitments have not yet been made) *)	0.00	0.00
903100	Other **)	0.00	0.00
	TOTAL	39,498,517.29	0.00

Contingent liability is disclosed in the notes to the financial statements when the Agency has a possible obligation resulting of 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 **39,498,517.29 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). 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 2009 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 2009, no event as defined above is to be reported.

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PART II

BUDGET IMPLEMENTATION REPORTS

- 1 – BUDGET OUTTURN ACCOUNT
- 2 a – BUDGET IMPLEMENTATION CREDIT OF THE YEAR – C1
- 2 b – BUDGET IMPLEMENTATION CREDIT OF THE YEAR – C8
- 3 – RECONCILIATION OF THE ACCRUAL BASED WITH THE BUDGET RESULT
- 4 – ANNEX TO THE BUDGET IMPLEMENTATION REPORTS

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1 – BUDGET OUTTURN ACCOUNT

		2009	2008
REVENUE			
Commission subsidy (for the operating budget -Titles 1,2 and 3 - of the agency)	+	12,582,349.75	0.00
Phare funds from Commission	+		
Other contributions and funding received via the Commission	+		
Other donors	+		
Fee income	+		
Other revenue	+		
TOTAL REVENUE (a)		12,582,349.75	0.00
EXPENDITURE			
<i>Title I: Staff</i>			
Payments	-	6,398,657.23	
Appropriations carried over	-	281,651.23	
<i>Title II: Administrative Expenses</i>			
Payments	-	4,479,439.64	
Appropriations carried over	-	2,211,883.37	
<i>Title III: Operating Expenditure</i>			
Payments	-		
Appropriations carried over	-		
TOTAL EXPENDITURE (b)		13,371,631.47	0.00
OUTTURN FOR THE FINANCIAL YEAR (a-b)		-789,281.72	0.00
Cancellation of unused payment appropriations carried over from previous year	+	431,876.62	
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	+	0.00	0.00
Exchange differences for the year (gain +/-loss -)	+/-	-82.59	
BALANCE OF THE OUTTURN ACCOUNT FOR THE FINANCIAL YEAR		-357,487.69	0.00
Balance year N-1	+/-	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		-357,487.69	0.00
Commission subsidy - agency registers accrued revenue and Commission accrued expense		12,582,349.75	
Pre-financing remaining open to be reimbursed by agency to Commission in year N+1		0.00	

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)	+	9,382.56	
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2 a – BUDGET IMPLEMENTATION CREDIT OF THE YEAR – C1

B.L.	Official Budget Item Desc (Fr)	Appropriation (1)	Committed (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	Balance Commitment appropriations cancelled (1-2)	=	Balance Payment=RAL (2-3)
A-1100	Agents temporaires	3.565.000,00	3.470.300,84	97,34 %	3.470.300,84	97,34 %	94.699,16		0,00
	Sum:	3.565.000,00	3.470.300,84	97,34 %	3.470.300,84	97,34 %	94.699,16		0,00
A-1110	Agents contractuels	2.572.650,00	2.328.986,89	90,53 %	2.328.986,89	90,53 %	243.663,11		0,00
A-1111	Experts nationaux détachés	149.000,00	144.235,78	96,80 %	141.235,78	94,79 %	4.764,22		3.000,00
	Sum:	2.721.650,00	2.473.222,67	90,87 %	2.470.222,67	90,76 %	248.427,33		3.000,00
A-1200	Frais divers de recrutement, de prise de fonction	423.400,00	302.021,22	71,33 %	267.631,22	63,21 %	121.378,78		34.390,00
	Sum:	423.400,00	302.021,22	71,33 %	267.631,22	63,21 %	121.378,78		34.390,00
A-1300	Frais de missions, de déplacements et autres dépen	105.000,00	68.152,27	64,91 %	21.752,27	20,72 %	36.847,73		46.400,00
	Sum:	105.000,00	68.152,27	64,91 %	21.752,27	20,72 %	36.847,73		46.400,00
A-1400	Restaurants, Cantines	6.400,00	6.293,06	98,33 %			106,94		6.293,06
	Sum:	6.400,00	6.293,06	98,33 %			106,94		6.293,06
A-1410	Service Medical	69.000,00	37.452,04	54,28 %	27.452,04	39,79 %	31.547,96		10.000,00
	Sum:	69.000,00	37.452,04	54,28 %	27.452,04	39,79 %	31.547,96		10.000,00
A-1420	Formation	240.000,00	166.808,52	69,50 %	57.274,99	23,86 %	73.191,48		109.533,53
	Sum:	240.000,00	166.808,52	69,50 %	57.274,99	23,86 %	73.191,48		109.533,53
A-1430	Autres interventions	21.000,00	20.722,95	98,68 %	16.209,74	77,19 %	277,05		4.513,21

	Sum:	21.000,00	20.722,95	98,68 %	16.209,74	77,19 %	277,05	4.513,21
A-1600	Service Social, autres interventions	70.600,00	51.764,00	73,32 %	40.764,00	57,74 %	18.836,00	11.000,00
	Sum:	70.600,00	51.764,00	73,32 %	40.764,00	57,74 %	18.836,00	11.000,00
A-1700	Frais de réception et de représentation	100.000,00	83.570,89	83,57 %	27.049,46	27,05 %	16.429,11	56.521,43
	Sum:	100.000,00	83.570,89	83,57 %	27.049,46	27,05 %	16.429,11	56.521,43
A-2000	Loyer	2.455.000,00	2.454.292,08	99,97 %	2.454.292,08	99,97 %	707,92	0,00
A-2001	Charges	654.300,00	549.793,70	84,03 %	237.293,86	36,27 %	104.506,30	312.499,84
	Sum:	3.109.300,00	3.004.085,78	96,00 %	2.691.585,94	86,57 %	105.214,22	312.499,84
A-2010	Aménagements	25.000,00	22.824,73	91,30 %			2.175,27	22.824,73
	Sum:	25.000,00	22.824,73	91,30 %			2.175,27	22.824,73
A-2100	Hardware, software et frais liés	1.018.100,00	900.580,96	88,46 %	251.891,87	24,74 %	117.519,04	648.689,09
A-2101	Autres	636.000,00	613.838,06	96,52 %	43.269,55	6,80 %	22.161,94	570.568,51
	Sum:	1.654.100,00	1.514.419,02	91,00 %	295.161,42	17,84 %	139.680,98	1.219.257,60
A-2210	Mobilier	870.000,00	862.195,15	99,10 %	692.000,04	79,54 %	7.804,85	170.195,11
	Sum:	870.000,00	862.195,15	99,10 %	692.000,04	79,54 %	7.804,85	170.195,11
A-2220	Documentation et bibliothèque	93.000,00	84.065,64	90,39 %			8.934,36	84.065,64
	Sum:	93.000,00	84.065,64	90,39 %			8.934,36	84.065,64
A-2300	Papeterie et fournitures de bureau	78.000,00	76.536,02	98,12 %	18.252,50	23,40 %	1.463,98	58.283,52
	Sum:	78.000,00	76.536,02	98,12 %	18.252,50	23,40 %	1.463,98	58.283,52

A-2310	Charges financières	2.000,00	150,00	7,50 %		1.850,00	150,00
	Sum:	2.000,00	150,00	7,50 %		1.850,00	150,00
A-2320	Frais de contentieux	2.000,00				2.000,00	
	Sum:	2.000,00				2.000,00	
A-2340	Assurances diverses	200,00	167,00	83,50 %		33,00	167,00
A-2341	Travaux de manutention et déménagement de services	55.000,00	38.849,02	74,32 %	22.036,02	40,07 %	16.813,00
	Sum:	55.200,00	39.016,02	70,00 %	22.036,02	39,92 %	16.980,00
A-2400	Affranchissement de correspondance et frais de por	60.000,00	58.575,02	97,63 %	19.773,54	32,96 %	38.801,48
	Sum:	60.000,00	58.575,02	97,63 %	19.773,54	32,96 %	38.801,48
A-2500	Frais de réunions internes	20.000,00	5.977,46	29,89 %	4.390,55	21,95 %	1.586,91
	Sum:	20.000,00	5.977,46	29,89 %	4.390,55	21,95 %	1.586,91
A-2600	Frais de réunions externes	200.000,00	111.781,07	55,89 %	66.729,98	33,36 %	45.051,09
	Sum:	200.000,00	111.781,07	55,89 %	66.729,98	33,36 %	45.051,09
A-2610	Frais d'information, de communication et de public	177.000,00	166.829,62	94,25 %	96.829,04	54,71 %	70.000,58
	Sum:	177.000,00	166.829,62	94,25 %	96.829,04	54,71 %	70.000,58
A-2620	Frais de traduction	42.500,00	12.877,50	30,30 %	2.507,50	5,90 %	10.370,00
	Sum:	42.500,00	12.877,50	30,30 %	2.507,50	5,90 %	10.370,00
A-2630	Frais d'audit	0,00				0,00	

	Sum:	0,00						0,00	
A-2700	Dépenses avec les entités consolidées	743.400,00	731.989,98	91,47 %	570.173,11	76,70 %	11.410,02	161.816,87	
	Sum:	743.400,00	731.989,98	91,47 %	570.173,11	76,70 %	11.410,02	161.816,87	
	Sum:	14.453.550,00	13.371.631,47	Sum: 92,51 %	10.878.096,87	Sum: 75,26 %	1.081.918,53	2.493.534,60	
			Average:		Average:				

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 2.493.534, 60 EUR, corresponding to obligations duly contracted at the close of the financial year, is carried over to 2010 in payment appropriations.

2 b – BUDGET IMPLEMENTATION CARRIED OVER APPROPRIATION – C8

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-1600	Service Social, autres interventions	14.570,80	0,00	0,00 %			14.570,80	0,00
	Sum:	14.570,80	0,00	0,00 %			14.570,80	0,00
A-2001	Charges	757.122,03	455.791,04	60,20 %	455.791,04	60,20 %	301.330,99	0,00
	Sum:	757.122,03	455.791,04	60,20 %	455.791,04	60,20 %	301.330,99	0,00
A-2010	Aménagements	5.552.057,96	5.544.663,65	99,87 %	5.544.663,65	99,87 %	7.394,31	0,00
	Sum:	5.552.057,96	5.544.663,65	99,87 %	5.544.663,65	99,87 %	7.394,31	0,00
A-2100	Hardware, software et frais liés	171.755,40	171.707,93	99,97 %	171.707,93	99,97 %	47,47	0,00
A-2101	Autres	103.866,00	6.864,12	6,61 %	6.864,12	6,61 %	97.001,88	0,00
	Sum:	275.621,40	178.572,05	64,79 %	178.572,05	64,79 %	97.049,35	0,00

A-2210	Mobilier	353,00	0,00	0,00 %			353,00	0,00
	Sum:	353,00	0,00	0,00 %			353,00	0,00

A-2700	Dépenses avec les entités consolidées	26.000,00	14.821,83	57,01 %	14.821,83	57,01 %	11.178,17	0,00
	Sum:	26.000,00	14.821,83	57,01 %	14.821,83	57,01 %	11.178,17	0,00

	Sum:	6.625.725,19	6.193.848,57	Sum: 93,48 %	6.193.848,57	Sum: 93,48 %	431.876,62	0,00
			Average:		Average:			

93.5 % of the payment appropriations carried over from 2008 to 2009 (6.625.725, 19 EUR) has been used. The budgetary balance in commitment (431.876, 62 EUR) has been de-committed and is taken into account in the Budget Outturn for the calculation of the subsidy which can be considered as income for the Agency (See Point 1 – Budget Outturn Account).

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		+/-	8,254,223.05
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)	-	0.00
B	Adjustments for Accrual Cut-off (cut- off 31.12.N)	+	-453,820.56
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)	+	
E	Depreciation of intangible and tangible fixed assets	+	449,366.77
F	Provisions	+	169,027.24
G	Value reductions	+	
H	Recovery Orders issued in 2009 in class 7 and not yet cashed	-	
Ia	Prefinancing given in previous year and cleared in the year	+	
Ib	Prefinancing received in previous year and cleared in the year	-	-6,625,725.19
J	Payments made from carryover of payment appropriations	+	6,193,848.57
K	Other	+/-	-526,798.37
L	Exchange rate differences	+/-	82.59
Adjustment for budgetary items (item included in the budgetary result but not in the economic result)			
M	Asset acquisitions (less unpaid amounts)	-	-5,758,989.73
N	New pre-financing paid in the year 2009 and remaining open as at 31.12.2009	-	
O	New pre-financing received in the year 2009 and remaining open as at 31.12.2009	+	
P	Budgetary recovery orders issued before 2009 and cashed in the year	+	
Q	Budgetary recovery orders issued in 2009 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 2010	-	-2,493,534.60
T	Cancellation of unused carried over payment appropriations from previous year	+	431,876.62
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			-360,443.61
Budgetary result (+ for surplus)			-357,487.69
Delta not explained			2,955.92

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

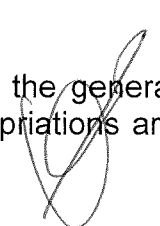
The budget shall be drawn up and implemented and the accounts presented in compliance with the principle of transparency. The budget, as finally adopted, shall be published in the Official Journal of the European Communities and amending budgets shall be published in an appropriate way within two months 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 **Reste A Liquider** - 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 –0.357 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. As part of the last 2009 subsidy instalment was received at the beginning 2010, the concerned amount (0.158 M EUR) explains partly the negative outturn.

The remaining part (0.199 M) is due to an amount in committed appropriations higher than calculated in the requests for subvention.

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
- 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 and the provision of network access and computer services).

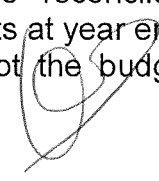
4.4 Reconciliation Economic and Budget Outturn

The budgetary result of -357,487.69 EUR is reconciled with the economic result of 8,254,223.05 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 2955 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 - BUDGET EXECUTION 2009
- 5 – STAFF ESTABLISHMENT PLAN

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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 Objects system.

During the reporting period, all public procurement procedures were centrally monitored by the budget team. The legal team provided advice on ad-hoc basis on various procurement matters in particular concerning tender procedures and documentation, the legal interpretation of the framework contracts.

3- AUTONOMY OF THE AGENCY

During the transition period, between the creation of the Agency and its autonomy, DG RTD, supervised all operations on the administrative budget of the ERCEA, and acted as Authorising officer on its behalf. From 15 July 2009, the Agency is legally, financially, operationally and budgetary autonomous for its own administrative budget.

The 2009 subsidy voted for ERCEA is 32,410,000 EUR, charged to Budget Line 08.010430 in the general budget of the European Union.

Following the decision of the Steering Committee on 02 July 2009, part of this budget – 18,379,350 EUR – was transferred at the date of autonomy and inscribed in commitment and payment appropriations in the Agency accounting and budgetary environment (see section 4).

The inscription of ERCEA initial budget in commitment and payment was done through a "copy/paste" or "cloning" process of the appropriations and transactions made under DG RTD's budget line 08.010430. The "cloning" concerns not only the operation itself (= the commitment) but also the corresponding commitment and payment appropriations.

On top of this, DG Budget inscribes the "non-used" commitment appropriations and correlative payment appropriations, in a way that the total of both types of used (= committed) and non-used (= non committed) appropriations and related payment appropriations equals the amounts adopted by the Steering Committee for ERCEA budget.

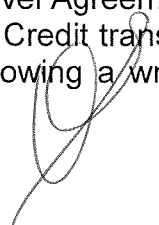
As the Agency was not autonomous in 2008 the parent DG RTD has signed contracts on behalf of the Agency on the appropriations dedicated to its 2008 operating subsidy. Given that some of these contracts have not been followed by payments before the Agency autonomy, at the autonomy of the latter, the C8 appropriations (=RAL) were transferred from the Parent DG RTD to the Agency (amount to 6,625,725.19 EUR). The Agency received the cash from the Commission that enables finalizing payments against the 'RAL'. The Agency issued therefore a recovery order for the same amount (see section 4).

4- BUDGET EXECUTION 2009

The first administrative budget for the ERCEA, as autonomous entity was adopted by the Steering Committee on 02 July 2009 for an amount of 18,379,350 EUR. It is the part of 2009 budget (32,410,000 EUR) corresponding to the needs of the Agency up to end of year., and transferred together with the relevant commitments and assets to the Agency environment at its autonomy on 15 July 2009.

Following a budget revision carried out in September 2009, an amount of 3,925,000 EUR has been identified in reduction of IT and Staff costs, available for a transfer to the benefit of the operational budget. The amending budget was adopted on 19th October 2009 reducing the initial administrative Budget to EUR 14,453,550 EUR. 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 3/12/2009.

Furthermore, as a result of the end-of-year exercise and the correlated budgetary follow-up, minor appropriations transfers between budget lines were carried out under Title 1 for costs regarding the implementation of the Service Level Agreements and under Title 2 for the expenditures related to building equipment. Credit transfers have been accepted by the Steering Committee on 16/12/2009 following a written procedure.



Operating budget 2009

Budget line	Initial budget	Budget after autonomy	Steering Committee decision 19/10/2009	Amended budget (published in OJ L 333, dated 17.12.2009)	Steering Committee written procedure 16/12/2009	Budget after transfers	Commitment Consumed	Commitment Available	Payment Consumed	Payment Available	R.A.L.
Title 1 - STAFF EXPENDITURE	33.187.840	18.379.350	-3.925.800	14.453.550	0	14.453.550	13.371.631	1.081.919	10.878.097	3.575.453	
Officials and Other Agents mentioned in the Staff Establishment Plan											
1100 Contract Agents	4.300.000	-735.000	3.565.000	0	3.565.000	3.470.301	94.699	34.390	94.699	0	0
1110 Seconded National Experts	3.400.000	-827.350	2.572.650	0	2.572.650	2.328.987	243.663	0	2.328.987	243.663	0
1111 Interimaires	220.000	-71.000	149.000	0	149.000	144.236	4.764	3.000	141.236	7.764	3.000
1112 Recruitment, entering and leaving the service, transfer costs	0	0	0	0	0	0	0	0	0	0	0
1200 Missions and related costs	542.650	-119.250	423.400	0	423.400	302.021	121.379	34.390	267.631	155.769	34.390
1300 Restaurant, Canteens	175.000	-70.000	105.000	0	105.000	68.152	36.848	46.400	21.752	83.248	46.400
1400 Medical service	15.000	-11.000	4.000	2.400	6.400	6.293	107	6.293	0	6.400	6.293
1410 Training	69.000	0	69.000	0	69.000	37.452	31.548	10.000	27.452	41.548	10.000
1420 Other interventions	285.400	-45.400	240.000	0	240.000	166.809	73.191	109.534	57.275	182.725	109.534
1430 Social service and other interventions	15.000	4.000	19.000	2.000	21.000	20.723	277	4.513	16.210	4.790	4.513
1600 Reception, Representation costs	270.000	-195.000	75.000	-4.400	70.600	51.764	18.836	11.000	40.764	29.836	11.000
1700	100.000	0	100.000	0	100.000	83.571	16.429	56.521	27.049	72.951	56.521
TOTAL Title 1	9.392.050	-2.070.000	7.322.050	0	7.322.050	6.680.308	641.742	281.651	6.398.657	923.393	281.651

Title 2 - INFRASTRUCTURE AND
OPERATING EXPENDITURE

Budget line	Initial budget	Budget after autonomy	Steering Committee decision 19/10/2009	Amended budget (published in OJ L 333, dated 17.12.2009)	Steering Committee written procedure 16/12/2009	Budget after transfers	Commitment Consumed	Commitment Available	Payment Consumed	Payment Available	R.A.L.
2000 Rent		2,455,000	0	2,455,000	0	2,455,000	2,454,292	708	2,454,292	708	0
2001 Charges		654,300	0	654,300	0	654,300	549,794	104,506	237,294	417,006	312,500
2010 Fitting out		45,000	0	45,000	-20,000	25,000	22,825	2,175	0	25,000	22,825
2100 Hardware, software and linked expenses		1,433,000	-298,000	1,135,000	-116,900	1,018,100	900,581	117,519	251,892	766,208	648,689
2101 Others		1,793,000	-1,137,000	656,000	-20,000	636,000	613,838	22,162	43,270	592,730	570,569
2200 Material and Technical installations		0	0	0	0	0	0	0	0	0	0
2210 Furniture		864,000	-135,900	728,100	141,900	870,000	862,195	7,805	692,000	178,000	170,195
2220 Documentation and library		93,000	0	93,000	0	93,000	84,066	8,934	0	93,000	84,066
2300 Paper mill and office supplies		49,000	29,000	78,000	0	78,000	76,536	1,464	18,253	59,748	58,284
2310 Financial expenses		2,000	0	2,000	0	2,000	150	1,850	0	2,000	150
2320 Legal charges		2,000	0	2,000	0	2,000	0	2,000	0	2,000	0
2330 Damages and interests		0	0	0	0	0	0	0	0	0	0
2340 Other insurances		200	0	200	0	200	167	33	0	200	167
2341 Works of handling and removal of services		51,400	-11,400	40,000	15,000	55,000	38,849	16,151	22,036	32,964	16,813
2342 Others expenses		0	0	0	0	0	0	0	0	0	0
2400 Correspondence stamping and carriage costs		85,000	-25,000	60,000	0	60,000	58,575	1,425	19,774	40,226	38,801
2410 Royalties of telecommunications		0	0	0	0	0	0	0	0	0	0
2500 Internal meetings expenses		20,000	0	20,000	0	20,000	5,977	14,023	4,391	15,609	1,587
2600 External meetings expenses		260,000	-60,000	200,000	0	200,000	111,781	88,219	66,730	133,270	45,051
Expenses of Information, Publications and Communication		265,000	-88,000	177,000	0	177,000	166,830	10,170	96,829	80,171	70,001
2620 Expenses of translation		85,000	-42,500	42,500	0	42,500	12,878	29,623	2,508	39,993	10,370
2630 Audit expenses		87,000	-87,000	0	0	0	0	0	0	0	0
2640 Others		0	0	0	0	0	0	0	0	0	0
2700 Expenses with consolidated entities		743,400	0	743,400	0	743,400	731,990	11,410	570,173	173,227	161,817
BGUE-B2009-08.010430-C1-RTD	32,410,000										
EFTA Contribution lump sum	777,840										
TOTAL Title 2		8,987,300	-1,855,800	7,131,500	0	7,131,500	6,691,323	440,177	4,479,440	2,652,060	2,211,883
GRAND TOTAL		18,379,350	-3,925,800	14,453,550	0	14,453,550	13,371,631	1,081,919	10,878,097	3,575,453	2,493,535

The execution rate in commitments and payment represent respectively 92, 5 % and 75.3%. The percentages would have been higher if the implementation of some projects and expenditures would have taken place according to planning (staff recruitments, end of year salary indexation, IT and furniture projects).

As regards Title 1 Staff expenditure, the 2009 budget provided in the establishment plan the recruitment of 100 temporary agents as well as a budget for 170 contracts staff. At the end of 2009, 93 temporary agents, 162 contracts agents and 7 Seconded National Experts were recruited explaining the execution of the 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 the second half of 2009 covered the following activities:

- Commission trainings (financial courses such as ABAC accounting systems, languages,) managed under the SLA signed by Commission DG's and the ERCEA.
- Teambuilding actions: development of leadership training

Crèche and garderie costs under the 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.

The reception and representation costs such as the inaugural event of the ERCEA organised on 24 September 2009, "ERC, the future starts today" 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 22.5 % of the amount committed.

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 equipment for the first installation of the staff: for hardware and software.
- the development of IT applications requiring very specific competencies
- and the helpdesk

The furniture represents 6.4 % of the budget committed:

- first installation of the staff in their offices, furniture for meeting rooms and conference room:
 - the complementary fitting out and equipment of the building
 - the fitting out of the cafeteria:
 - the furniture for archive and documentation management centre:
- 

Under chapter 26, the expenditure (111,781 EUR) 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 731,990 EUR consists in the fees of:

- SLA DIGIT: for network service, mailboxes and other applications used at the European Commission such as Adonis, Syslog and Sysper.
- 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. For 2009, two agreements were signed with OIB: an exchange of letters covering the period from 1/04/2009 to the autonomy of the Agency (15/07/2009) and the SLA with OIB, signed on 08/01/2010, covering the rest of the 2009 year.

Recovery orders

During the reporting period the ERCEA has issued Recovery order for an amount of € 19,394,306.33 EUR of which approximately 99 % were cashed before the end of 2009.

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 or 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).

5- STAFF ESTABLISHMENT PLAN

Function group and grade	Temporary Posts			
	2009		2010	2011
	Authorised under the Community Budget	Filled as of 31/12/2009	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	38	40	40
AD 6	10	10	10	10
AD 5	6	6	6	6
AD total	100	93	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

ANNEX III: modification of the accounts and difference between the version of the provisional and final annual accounts 2009

Part of the last installment of 2009 EC subvention was received at the beginning of January 2010. The Court of Auditors considers that the concerned amount – 158,513.36 EUR - initially posted in a Payable account of Prefinancing due to Commission for EC Subsidy”– should be recorded in the accounts as income instead of open prefinancing. For the Court, the amount of 158,513.36 EUR represents an established right of the Agency towards the Commission because it is supported

- by a duly justified cash flow and treasury forecast, accepted by the Commission.
- and by the negative Budget Outturn (-357,487.69 EUR) showing that the Agency potential cash needs are higher than the total amount of the subsidy received for 2009 from the Commission (12,582,349.75 EUR in C1 and 6,625,725.19 EUR in C8 – Total: 19,208,074.94 EUR).

In application of the accrual accounting principles where recording in the accounts is made when rights and obligations come up and not when cash is paid or received, the Court is right, and the Agency has modified its annual accounts accordingly by debiting the account 4479XX “pre-financing EC” and crediting the account 74XX “Operating revenue with consolidated EU entities- EU Subsidy”.

This choice implies however, that the Agency does not respect any more the accounting practice of the Commission, where the EC Subvention to be consider as Income by the Agency is the amount justified by the Budget Outturn under the line “*Commission subsidy - agency registers accrued revenue and Commission accrued expense*”. The concerned amount is 12,582,349.75 EUR (+ 6625725.19 EUR from C8, leading to a total of 19,208,620.04 EUR). With the Court correction, the amount is 12,582,349.75 EUR + 158.513,36 EUR (+ 6625725.19 EUR from C8, leading to a total of 19,367,133.40 EUR).

The following pages of Annex III show the tables concerned by the corrective posting, with a comparison between initial amounts presented in the provisional annual accounts and those in the final accounts.

The explanatory notes attached to the tables have also been adapted.

2- ERCEA-BALANCE SHEET - LIABILITIES

1	2	3	4	MODIFICATION
	Note	31.12.2009	31.12.2008	
LIABILITIES				
A. CAPITAL	6.2.3	8.095.709,69	0.00	8.254.223,05
Accumulated surplus/deficit		0.00	0.00	
Economic result of the year - profit+/loss-		8.095.709,69	0.00	8.254.223,05
B. MINORITY INTEREST		0.00	0.00	
C. NON CURRENT LIABILITIES		169.027,24	0.00	
TOTAL A+B+C		8.264.736,93	0.00	8.423.250,29
D. CURRENT LIABILITIES		1.691.321,97	0.00	1.532.808,61
Employee benefits				
Provisions for risks and charges	6.2.3.A	0.00	0.00	
Financial liabilities		0.00	0.00	
Accounts payable		1,691,321.97	0.00	1.532.808,61
Sundry payables	6.2.3.B2	81,142.97	0.00	

	Current payables	6.2.3.B1	640.09		
	Other	6.2.3.B4	1,399,954.54	0.00	
	Accrued charges		892,614.64	0.00	
	Deferred income		0.00	0.00	
	Deferrals and accruals with consolidated EU entities		507,339.90		
	Accounts payable with consolidated EU entities	6.2.3.B3	209,584.37	0.00	51,071.01
	Pre-financing received from consolidated EU entities		173,969.26	0.00	15,455.90
	Other accounts payable against consolidated EU entities		35,615.11	0.00	
TOTAL D. CURRENT LIABILITIES			1.691.321,97	0.00	1.532.808,61
TOTAL			9.956.058,90	0.00	

3 – ERCEA – ECONOMIC OUTTURN ACCOUNT

1	2	3	4	MODIFICATION
	Notes	2009	2008	
Revenues from administrative operations	6.3.1.A	367,445.01	0.00	
Other operating revenue	6.3.1.B	19,208,620.04	0.00	19,367,133.40
TOTAL OPERATING REVENUE		19,576,065.05	0.00	19,734,578.41
Administrative expenses	6.3.2	-11,479,049.34	0.00	
<i>All Staff expenses</i>		-6,865,339.65	0.00	
<i>Fixed asset related expenses</i>		-449,366.77	0.00	
<i>Other administrative expenses</i>		-4,164,342.92	0.00	
Operational expenses		0.00	0.00	
TOTAL OPERATING EXPENSES		-11,479,049.34	0.00	
SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES		8,097,015.71	0.00	8,255,529.07
Financial revenues		0.00	0.00	
Financial expenses		-1,306.02	0.00	
SURPLUS/ (DEFICIT) FROM NON OPERATING ACTIVITIES	6.3.3	-1,306.02	0.00	
SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES		8,095,709.69	0.00	8,254,223.05
Minority interest				
Extraordinary gains (+)				
Extraordinary losses (-)				
SURPLUS/(DEFICIT) FROM EXTRAORDINARY ITEMS		0.00	0.00	
ECONOMIC RESULT OF THE YEAR		8,095,709.69	0.00	8,254,223.05

4 – ERCEA – CASH FLOW TABLE (indirect method)

	2009	2008	MODIFICATION
Cash Flows from ordinary activities			
Surplus/(deficit) from ordinary activities	8,095,709.69	0.00	8,254,223.05
Operating activities			
<u>Adjustments</u>			
Amortization (intangible fixed assets) +	1,171.39		
Depreciation (tangible fixed assets) +	495,082.59		
Increase/(decrease) in Provisions for risks and liabilities	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	-1,931,301.37		
(Increase)/decrease in Receivables related to consolidated EU entities	-161,259.97		
Increase/(decrease) in Other Long term liabilities	0.00		
Increase/(decrease) in Accounts payable	1,481,737.60		
Increase/(decrease) in Liabilities related to consolidated EU entities	209,584.37		51,071.01
Transfer of Property, plant and equipment from the Commission	-367,445.01		
Extraordinary items			
Net cash Flow from operating activities	7,992,306.53	0.00	

Cash Flows from investing activities			
Increase of tangible and intangible fixed assets (-)	-6,183,571.96		
Transfer of Property, plant and equipment from the Commission (+)	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	-5,816,126.95	0.00	

Net Cash Flow from CECA specific transactions	0.00	0.00	
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Increase/(decrease) in Employee benefits	0.00	0.00	
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Net increase/(decrease) in cash and cash equivalents	2,176,179.58	0.00	
Cash and cash equivalents at the beginning of the period	0.00		
Cash and cash equivalents at the end of the period	2,176,179.58	0.00	

5 – ERCEA – STATEMENT OF CHANGES IN CAPITAL

Capital	Reserves		Accumulated Surplus / Deficit	Economic result of the year	Capital (total)	MODIFICATION
	Fair value reserve	Other reserves				
Balance as of 31 December 2008	0.00	0.00	0.00	0.00	0.00	
Changes in accounting policies	0.00	0.00	0.00		0.00	
Balance as of 1 January 2009 (if restated)	0.00	0.00	0.00	0.00	0.00	
Fair value movements					0.00	
Movement in Guarantee Fund reserve					0.00	
Allocation of the Economic Result of Previous Year					0.00	
Amounts credited to Member States					0.00	
Economic result of the year					0.00	
Balance as of 31 December 2009	0.00	0.00	0.00	8,095,709.69	8,095,709.69	8,254,223.05
Consolidation Account	102100	102200	140000	141000		8,254,223.05

3- RECONCILIATION OF THE ACCRUAL BASED RESULT WITH THE BUDGET RESULT			
Economic result (- for loss) of the consolidation reporting package including table M2			
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)		
B	Adjustments for Accrual Cut-off (cut- off 31.12.N)		
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)		
E	Depreciation of intangible and tangible fixed assets		
F	Provisions		
G	Value reductions		
H	Recovery Orders issued in 2009 in class 7 and not yet cashed		
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		
K	Other		
L	Exchange rate differences		
Adjustment for budgetary items (item included in the budgetary result but not in the economic result)			
M	Asset acquisitions (less unpaid amounts)		
N	New pre-financing paid in the year 2009 and remaining open as at 31.12.2009		
O	New pre-financing received in the year 2009 and remaining open as at 31.12.2009		
P	Budgetary recovery orders issued before 2009 and cashed in the year		
Q	Budgetary recovery orders issued in 2009 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 2010		
T	Cancellation of unused carried over payment appropriations from previous year		
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			
Budgetary result (+ for surplus)			
Delta not explained			
		sign +/-	amount
		+/-	8,095,709.69
		-	0.00
		+	-453,820.56
		-	
		+	
		+	449,366.77
		+	169,027.24
		+	
		-	
		+	
		-	-6,625,725.19
		+	6,193,848.57
		+/-	-368,285.01
		+/-	82.59
		-	
		-	-5,758,989.73
		+	
		+	
		+	
		-	
		-	-2,493,534.60
		+	431,876.62
		+	
		-	
		-	
		+/-	
			-360,443.61
			-357,487.69
			2,955.92
			8,254,223.05

In red colour, additional comments made following the Court recommendation.

Page 14 "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.

Part of the ERCEA assets was purchased against the budget managed by the Commission on behalf of the Agency before its autonomy on 15 July 2009. The assets concerned, initially recorded in the Commission inventory, were transferred to the Agency for their residual value at the date of autonomy without payment counterpart from the Agency to the Commission, creating a profit for an amount of 367,445.01 EUR.

After autonomy, the Agency made assets purchases by its own, using from the beginning, an assets registration system identical to the one used by the European Commission, and integrated in the Agency's accounting system. Depreciation rates are also those applied by the Commission.

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. According to the Commission rules, the works made within this contract for the fitting out of the building of the Agency (5,543,448.65 EUR) have been capitalized over a useful life of 10 years starting from January 2009.

The physical inventory of the assets has been made in most cases soon after their installation.

The net value of the Agency fixed assets at year end is 5,687,317.98 EUR, mainly constituted of the fitting out building works done to the Agency headquarters, hardware and furniture.

Page 34 "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 **Reste A Liquider** - 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 –0.357 M EUR. 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. As part of the last 2009 subsidy instalment was received at the beginning 2010, the concerned amount (0.158 M EUR) explains partly the negative outturn.

The remaining part (0.199 M EUR) is due to an amount in committed appropriations higher than calculated in the requests for subvention. 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.