

**Decision of the Steering Committee
of the European Research Council Executive Agency
adopting the final accounts
of the European Research Council Executive Agency for 2012**

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 2007 setting up the 'European Research Council Executive Agency' for the management of the specific Community programme 'Ideas' in the field of frontier research in application of Council Regulation (EC) No 58/2003, called hereafter "ERCEA",

Having regard to article 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 2012, the Steering Committee has notified the accounting officer of the Commission and the Court of Auditors the provisional accounts 2012 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 287 of the TFEU treaty, the Court of Auditors has proceeded from 4 to 8 February 2013 to the control of the Agency 2012 provisional annual accounts⁵.

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 2012, 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 2013⁷.

HAS ADOPTED THIS DECISION:

Article 1

The final annual accounts and the report on Budgetary and Financial Management for financial year 2012 are hereby adopted, in the version presented in Annex II. The annual accounts of the Agency accompanied by the Budgetary and Financial Management report 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 2013.

Article 2

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

Done in Brussels on

28 JUN 2013

For the Steering Committee,

The Chairperson,

Robert-Jan SMITS

⁶ Article 30.2 of the Standard Financial Regulation.

⁷ Article 57 (c) of the Standard Financial Regulation.

ANNEX I

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

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

To the attention of the President of the Court of Auditors

Subject: Representation letter covering the 2012 Final annual accounts of the European Research Council Executive Agency

This representation letter is provided in connection with your audit of the "Final consolidated accounts of the European Research Council Executive Agency" consisting of the "financial statements"⁸ and the "reports on the implementation of the budget" for the financial year ended 31 December 2012 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 2012 and of the results of its operations and its cash flows for the year then ended.

In accordance with the Financial Regulation (EU, Euratom) n°966/2012 of the European Parliament and of the Council of 25 October 2012, the "financial statements" for the financial year 2012 are prepared on the basis of accounting rules adopted by European Commission which adapt accruals based accounting principles to the specific environment of the European Union⁹, while the "reports on the implementation of the budget" continue to be primarily based on movements of cash.

In line with article 68 of the Financial Regulation, the accounting systems laid down by myself and where appropriate systems laid down by the authorising officers to supply and justify accounting information have been validated.

All the information necessary for the production of the final accounts of the European Research Council Executive Agency which give a true and fair view of the assets and liabilities and of the budgetary implementation has been obtained.

I confirm, to the best of my knowledge and belief, having made such inquiries as I considered necessary for the purpose of appropriately informing myself, the following representations:

Final Accounts

1. The "Final accounts of the European Research Council Executive Agency " for the financial year ended 31 December 2012 referred to above are presented in accordance with the Financial Regulation (EU, Euratom) n°966/2012 of the European Parliament and of the Council of 25 October 2012, its rules of application and the accounting rules and methods established by the European Commission.

⁸ The "financial statements" comprise the balance sheet, the statement of financial performance, the cash flow statement, the statement of changes in net assets and the notes to the financial statements.

⁹ The accounting rules adopted are based on 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.

2. No issue requiring a reservation have been brought to my attention.
3. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
4. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the accounting rules.
5. All events subsequent to the date of the accounts and for which the accounting rules and methods require adjustment or disclosure have been adjusted or disclosed.
6. There are no 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 and recoverables which are potentially irrecoverable has been corrected, where necessary.
7. The European Research Council Executive Agency has satisfactory title to all assets and there are no liens or encumbrances on the assets.
8. 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.
9. All claims against the European Research Council Executive Agency are reflected in the financial statements as a provision or, where relevant, as a contingent liability.
10. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts. There are no lines of credit arrangements.

Information Provided

With regard to the information provided and the representations 11-17 below, I highlight that I have provided you with such information for the European Research Council Executive Agency.

11. I have provided you with:

- Access to all information of which I am aware that is relevant to the preparation of the accounts such as records, documentation and other matters;
- Additional information that you have requested for the purpose of the audit; and

- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

12. All transactions have been recorded in the accounting records and are reflected in the accounts.

13. I have disclosed to you the results of my assessment of the risk that the accounts may be materially misstated as a result of fraud.

14. I have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the agency's accounts that I have been informed.


15. I have disclosed to you the identity of the agency's related parties and all the related party relationships and transactions of which we are aware, in accordance with the EU accounting rule 15.

16. I have disclosed to you all instances of non-compliance and of suspected non-compliance with laws and regulations that we are aware of and whose effects should be considered when preparing the accounts.

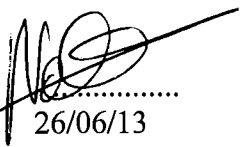
17. Apart from the above, I confirm that:

- the accounts 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 in the notes to the accounts;
- the accounts explain the heterogeneous nature of recovery activity (e.g. financial corrections, clearance of account decisions, or decisions to reimburse Union interventions following closure of programmes, audits or other eligibility checks);
- the accounts include all the recovery orders issued by the Authorising Officers concerning the operations giving rise to reimbursement. Authorising Officers have not informed me of delays or other problems in the establishment of recovery orders;
- information regarding amounts recovered and financial corrections made in response to errors and irregularities detected following EU controls are disclosed in the notes to the financial statements.

Pablo AMOR
The Director of the European Research Council Executive Agency


.....
26/06/13

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


.....
26/06/13

ANNEX II

Final annual accounts and Budgetary and Financial Management Report of the European Research Council Executive Agency for Financial year 2012



- ERCEA -

Final
ANNUAL ACCOUNTS

And

BUDGETARY AND FINANCIAL
MANAGEMENT REPORT

OF

THE EUROPEAN RESEARCH COUNCIL
EXECUTIVE AGENCY

FINANCIAL YEAR 2012
Brussels, 26/06/2013

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DECLARATION OF ASSURANCE

By the Director of the European Research Council Executive Agency for financial year 2012

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

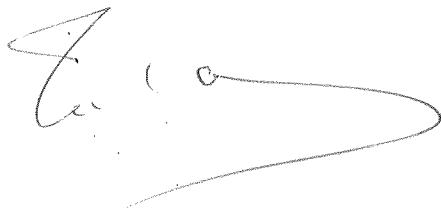
state that I have reasonable assurance that the resources assigned to the activities described in the annual accounts have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees 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, 26/06/2013

Pablo AMOR

Director



By the Accounting Officer of the European Research Council Executive Agency for financial year 2012

The annual accounts of the European Research Council Executive Agency for the year 2012 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, 26/06/2013

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 specific Programme' of the European Union's Seventh Research Framework Programme (FP7).

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

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

1.2- Organisation

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

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

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

1.3- Principal office

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

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

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
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2 - ERCEA-BALANCE SHEET - LIABILITIES

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3 – ERCEA – ECONOMIC OUTTURN ACCOUNT

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4 – ERCEA – CASH FLOW TABLE (indirect method)

	Annex n° 6.4	2012	2011
Cash Flows from ordinary activities			
Surplus/(deficit) from ordinary activities		815.134,01	1.278.940,63
Operating activities			
<u>Adjustments</u>			
Amortization (intangible fixed assets) +		477.404,25	458.822,65
Depreciation (tangible fixed assets) +		866.932,84	800.171,08
Increase/(decrease) in Provisions for risks and liabilities		536.260,45	172.777,84
Increase/(decrease) in Value reduction for doubtful debts		0,00	0,00
(Increase)/decrease in Stock		0,00	0,00
(Increase)/decrease in Long term Pre-financing		0,00	0,00
(Increase)/decrease in Short term Pre-financing		45.530,27	-45.530,27
(Increase)/decrease in Long term Receivables		0,00	0,00
(Increase)/decrease in Short term Receivables		-53.733,01	-142.366,74
(Increase)/decrease in Receivables related to consolidated EU entities		-23.337,44	7.013,17
Increase/(decrease) in Other Long term liabilities		0,00	0,00
Increase/(decrease) in Accounts payable		-139.824,52	215.806,54
Increase/(decrease) in Liabilities related to consolidated EU entities		-426.300,54	687.873,39
Other non-cash movements			-156,42
Net cash Flow from operating activities		2.098.066,31	3.433.351,87
Cash Flows from investing activities			
Increase of tangible and intangible fixed assets (-)		-2.485.241,97	-2.202.191,33
Proceeds from tangible and intangible fixed assets (+)		9.361,39	470,42
Net cash flow from investing activities		-2.475.880,58	-2.201.720,91
Cash flow from CECA specific transactions			
(Increase)/decrease in Other Investments (281000)		0,00	0,00
(Increase)/decrease in Long term Loans (290000)		0,00	0,00
(Increase)/decrease in Short term Investments (501000)		0,00	0,00
Increase/(decrease) in Long term Financial Liabilities (170000)		0,00	0,00
Increase/(decrease) in Short term Financial Liabilities (430000)		0,00	0,00
Other CECA			
Net Cash Flow from CECA specific transactions		0,00	0,00
Increase/(decrease) in Employee benefits		0,00	
Net increase/(decrease) in cash and cash equivalents		-377.814,27	1.231.630,96
Cash and cash equivalents at the beginning of the period		3.022.870,89	1.791.239,93
Cash and cash equivalents at the end of the period		2.645.056,62	3.022.870,89

5 – ERCEA – STATEMENT OF CHANGES IN CAPITAL

Annex n° 6.5Error! Not a valid link.

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.

Transactions may be aggregated where:

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

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

6.1.6 Principal of No-netting

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

6.1.7 Principal of reality over appearance

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

6.1.8 Accrual-based accounting principal

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

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

Exception to the accounting principles

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

6.2 Notes to the Balance Sheet

6.2.1 NON CURRENT ASSETS

In compliance with the accounting rules, assets are considered as such when their nominal value is equal or above 420 EUR. Assets are registered in the accounts at their acquisition price and, after depreciation, they 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.

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

No major event has marked this heading of the balance sheet in 2012.

The net value of the Agency fixed assets at year end is **8.617.704, 08** EUR, mainly constituted of the fitting out of premises, IT hard- and software, and furniture.

The building occupied by the Agency is rented through a usufruct contract of 15 year duration. The rent is paid annually and registered as expenditure. The works made for the initial fitting out of the building (5 543 448, 65 euro) have been capitalized over a useful life of 10 years starting January 2009. It still represents the largest part of the amount in heading "other fixtures and fittings". The value of subsequent works for the fitting out of the Agency premises is added up under this heading, capitalized and depreciated along the same line.

In application of the Accounting Rules on internally developed intangible assets, development costs of internally developed IT software are capitalized since 01/01/2010. For the ERC EA, the capitalization threshold is 100.000,00 EUR.

The management of Grants and Evaluations in the Agency is supported by IT tools and applications developed for various Directorates-General in the Commission and Executive Agencies. Development costs of these tools are shared among the benefitting DG and Executive Agencies, including ERC EA. In the Agency accounts, they are activated in "Assets under construction". The transfer to the relevant asset category, namely Computer Software is done for the part of the costs corresponding to the tools which enter into production mode and in the financial year of the entering into production.

In 2012, addition in Assets under Construction is mainly due to developments related to the Grant management tools for which a further 1.430.014,30 EUR has been accounted for. Some IT tools developed in this frame have been put in production in 2012 and their corresponding development costs – sometimes capitalized over 2010, 2011 and 2012 - are transferred (1.230.656, 61 EUR) to the relevant asset category, namely Computer Software.

Other development costs concern only two other IT projects. One entered into production in 2012 and the corresponding costs transferred to the Computer Software category. The second project foreseen to be finalized in 2013, remains in Assets under Construction for financial year 2012.

No disclosure of research or development costs is to be made as all other IT projects are either in production or in development with an expected total value superior to the threshold of 100.000 EUR.

As regards to tangible assets, the creation of a canteen for the benefice of the staff of the different organisations established in the building where the Agency has its premises induces the amount of 650 k EUR shown under the "PPE under construction" category. It represents the participation of the ERC EA to the canteen building costs.

Tangible assets received an inventory code when they are installed. A physical check is made at end of year for all the goods. For financial year 2012, there is no material discrepancy between the checks and the assets registration implying the implementation of special safekeeping measures.

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, fire-fighting equipment, equipment for surveillance and security services	12.5%	12.5%
Medical and nursing equipment	25%	25%
Other	10%	10%
<u>Tangible fixed assets under construction</u>	0%	0%

TABLE OF ASSETS

2012		INTANGIBLE FIXED ASSETS			TANGIBLE FIXED ASSETS								GRAND TOTAL
		Total Computer Software	Intangible assets under construction	Total	Land	Buildings	Plant and Equipment	Computer hardware	Furniture and vehicles	Other Fixtures and Fittings	Tangible assets under construction	Total	
Gross carrying amounts 01.01.2012	+	1.205.071,41	1.790.225,94	2.995.297,35		10.473,88	23.674,92	719.401,13	283.215,57	5.995.177,72		7.031.943,22	10.027.240,57
Additions	+	5.132,96	1.557.561,31	1.562.694,27				56.258,85	6.541,85	209.602,14	650.144,86	922.547,70	2.485.241,97
Disposals	-	0,00		0,00		-4.318,47		-8.697,54		-14.460,81		-27.476,82	-27.476,82
Transfer between headings	+/-	1.534.903,34	-1.534.903,34	0,00								0,00	0,00
Other changes (2)	+/-	4.767,61		4.767,61								0,00	4.767,61
Gross carrying amounts 31.12.2012		2.749.875,32	1.812.883,91	4.562.759,23	0,00	6.155,41	23.674,92	766.962,44	289.757,42	6.190.319,05	650.144,86	7.927.014,10	12.489.773,33
												0,00	0,00
Accumulated amortization and impairment 01.01.2012	-	-211.164,94	-258.966,86	-470.131,80		-1.729,88	-14.311,47	-390.756,13	-52.421,57	-1.611.729,13		-2.070.948,18	-2.541.079,98
Amortization	-	-477.404,25		-477.404,25		-1.011,00	-5.147,00	-166.308,85	-34.428,85	-660.037,14		-866.932,84	-1.344.337,09
Write-back of amortization	+	0,00		0,00								0,00	0,00
Disposals	+	0,00		0,00		1.187,47		7.663,54		4.496,81		13.347,82	13.347,82
Impairment (2)	-	0,00		0,00								0,00	0,00
Write-back of impairment	+	0,00		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
Accumulated amortization and impairment 31.12.2012		-688.569,19	-258.966,86	-947.536,05	0,00	-1.553,41	-19.458,47	-549.401,44	-86.850,42	-2.267.269,46	0,00	-2.924.533,20	-3.872.069,25
Net carrying amounts 31.12.2012		2.061.306,13	1.553.917,05	3.615.223,18	0,00	4.602,00	4.216,45	217.561,00	202.907,00	3.923.049,59	650.144,86	5.002.480,90	8.617.704,08

6.2.2 CURRENT ASSETS

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The main categories are:

A – Current Receivables

The balance of Current Receivables for financial year 2011 is 101.600,00 EUR corresponding to the restatement of a supplier with a debit balance due to a credit note received at year end. The credit note has been offset against the payment of 2012 invoices of the same supplier. The balance of Current Receivables for 2012 is 66.02 EUR and corresponds to recuperation of expenses related to training.

B – Sundry Receivables

Sundry Receivables amounts to **103.787,31 EUR**. They mainly consist in salary advance, and regularization of staff entitlements.

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

The balance of Other Current Receivables and Short-term Receivables with EC consolidated entities is respectively **2.126.773, 52** and **40.778,60 EUR**. It corresponds mainly to:

- the accrued amount of interests earned on the subsidy paid by the Commission to the Agency (12.675,95 EUR).

The EC subsidy is considered as a pre-financing to the Agency. Interests earned have to be returned to the Commission. Therefore, they are posted in the balance sheet under payables towards consolidated entities. Interests on EC subsidy, not cashed during the exercise because they are cashed in year N+1, are posted under Current Receivables-accrued income with a counter entry in a payable account with EC consolidated entities.

- deferred charges related to the rent of the building where the ERCEA has established its headquarters, each yearly instalment starting end September (1.982.253,10 EUR)

- deferred charges related mainly to the reimbursement of staff public transport subscription, IT maintenance and insurance contracts (131.844,47 EUR).

- Other recuperation of costs from consolidated entities in relation with staff entitlements and inter-EC entities mobility (40.778,60 EUR).

There is no accrued income or deferred charges with consolidated entities in 2012

D - Cash and cash equivalents

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

ING Belgium SA was selected under the terms of a framework contract launched in December 2011 by the Executive Agencies located in Brussels. The tender was finalized and contract signed on 05/03/2012 with the successful tenderer.

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 2012 amounts to **2.645.056,62 EUR**.

6.2.3 NON CURRENT LIABILITIES

A – Capital

The capital amounts to **10.499.773, 14 EUR**. It is constituted of the Economic outturn of the year (815.134, 01 EUR and the accumulated result from previous years + 9.684.639, 13 EUR).

B – Provision for risks and charges

A provision for risks and charges related to unpaid salary indexation is booked at 31st December 2012 for 536.260,45 EUR in addition to 172.777,84 EUR end 2011. Total provision is **706.038,29 EUR** for financial year 2012.

The salary of Officials and Other Servants of the European Communities is adjusted every year to inflation and cost of living. Adjustment of year N is a percentage applied to the second semester salary entitlements. In 2011 and 2012, the annual adjustment calculated for both years to 1.7% was rejected by the Members of the European Council because of the economic crisis. A legal appeal has been brought in 2011 and 2012 to the European Court of Justice by the Commission. The Court has not given its judgment yet but there is a fair chance to win the case as a similar case has been judged favourably to the Commission in 2009. A short term provision is booked in the accounts for 2011 annual adjustment (12 months) and 2012's (6 months).

6.2.4 CURRENT LIABILITIES

A – Accounts payables

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

Cost claims and invoices received in the Agency are registered first in the credit of a payable account (either, current, sundry or EC consolidated entity account) with a counter-entry (a debit) in the accounts "eligibility to be checked", placed under the current liabilities section of the Balance Sheet. The amounts registered in the "eligibility to be checked" accounts come then in deduction of the credits posted in the payable accounts, and are, if not ventilated among the different Payables categories, gathered under Current Payables even if they concern Sundries or EC-

consolidated-entities. The amount shown under Current Payables is therefore a net amount (amount current payables less eligibility to be checked amounts).

A1 - Accounts payable - Current payables

Current payables are constituted of cost claims from experts invited to meetings organised and invoices received from the suppliers of goods and services provided to the Agency.

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

In the light of the explanations above, and taking into account that "eligibility to be checked " accounts gather all the amounts to check, not only for the current payables (Member States, Public Bodies, Suppliers of goods and services) but also for the sundry and EC consolidated entities payables, to avoid a debit balance under Current Payables, the amounts related to other categories of payables (Sundry, payables, EC consolidated payables) are identified, withdrawn from the "eligibility to be checked" accounts and restated under the corresponding category of Payables. The net open position at year end under current payables is finally a credit balance of **43.783,42 EUR**.

A2 – Accounts payable – Sundry payables

Sundry payables are mostly constituted of settlements for inter-institutional staff mobility. They also include the amount in the transit account corresponding to assets capitalized but not yet paid. Sundry payables amount to **38.725,84 EUR**.

A3– Accounts payable with consolidated EC entities

Payables against consolidated EC entities are totalling **602.933,21 EUR**.

This heading is constituted for 80.733,75 EUR of the interests cashed or accrued in 2012 in relation to the Community Subsidy received by the Agency.

The amount of 508.470,05 EUR is also included under this heading, consisting in the part of the subsidy to be reimbursed to the Commission as a result of 2012 budgetary management (See part II, Budget Outturn Account).

Unsettled invoices at year end from EC consolidated entities (other Agencies, Directorates General of the Commission) for the goods or services provided in 2012 in application of the Service level Agreements they signed with the ERCEA amount for 13.729,41.

A4– Other – Accrued charges

Accrued charges are expenditure related to goods or services provided to the Agency during financial year 2012 but not yet invoiced, nor paid at the end of the exercise.

Following the cut-off exercise, eligible costs have been estimated and recorded as accrued charges.

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 2012, the invoices/cost claims received at the beginning of 2013, and "Eligibility to be checked" accounts.

The information withdrawn from this analysis leads to an estimated amount of **1.639.912, 25 EUR** to accrue as charges. It is composed of:

- 329.273,12 EUR for goods or services delivered in 2012 by other Agencies and by the Commission Directorates General in the frame of Service level Agreements signed with the Agency;
- 1.310.639,13 EUR for cost claims from experts, missions claims from staff member, invoices for goods or services delivered but not invoiced yet (It consultancy, audit services on operational budget projects), accrued financial expenses, and the calculated amount of 2012 untaken staff annual leave.

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

6.3 Notes to the Economic Outturn Account

6.3.1 OPERATING REVENUE

Account	Operating Revenues	2012	2011
744000	Revenue from administrative operations	4.912,72	0,00
760000	Staff	0,00	0,00
744100	Fixed assets related revenue	4.912,72	0,00
744900	Other administrative revenue	0,00	0,00
744910	Other	0,00	0,00
744919	<i>Adm revenue with consolidated EU entities</i>	0,00	0,00
745000	Other operating revenues	38.327.765,73	34.733.026,21
745100	Adjustments of provisions	0,00	0,00
745200	Exchange rate gains	764,35	969,08
745900	Other	38.327.001,38	34.732.057,13
745910	Other	135.471,43	43.460,72
745909	<i>Operating revenue with consolidated EU entities (2)</i>	38.191.529,95	34.688.596,41
745919	<i>EU Subsidy</i>	38.191.529,95	34.688.596,41
745929	<i>Other operating revenue with consolidated EU entities</i>	0,00	0,00
777777	Total	38.332.678,45	34.733.026,21

A – Revenue from administrative operations

The revenue under this heading is usually 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. Since its autonomy, the Agency purchases assets by its own. There are therefore no more grounds for such revenue but some regularisation uploads in year N in the Agency inventory system of asset items accounted for in year N-1 in "Manual assets" accounts.

B – Other operating revenue

The operating revenue for financial year 2012 is composed of:

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

This method of revenue determination is cash-principle based as it is drawn from the budget outturn, while for the expenditures, accrual principles applied. The amount of the subsidy so defined is 38.191.529, 95 EUR.

- the reversal of 2011 over-accrued charges, or 2011 accrued charges not justified by the invoices received during the financial year : 135.471,43 EUR.

Operating revenues total **38.332.678, 45 EUR**, including exchange rate gain.

6.3.2 OPERATING EXPENSES

A – Administrative expenses

Account		2012	2011
610000	Administrative Expenses	37.517.514,19	33.453.238,13
6201,,	All Staff expenses	22.448.625,65	20.481.995,32
620100	Staff expenses	22.448.625,65	20.481.995,32
620109	Staff expenses with consolidated entities	0,00	0,00
630100	Fixed Assets Expenses	1.345.535,48	1.259.307,73
611000	Other Administrative Expenses	13.723.353,06	11.711.935,08
611100	Land and Buildings	3.748.880,41	3.439.627,97
611109	Land and Buildings with consolidated entities	675.248,88	775.808,11
611900	All Other	9.299.223,77	7.496.499,00
611910	Other	2.022.666,43	2.301.575,20
611919	<i>Administrative expenses with consolidated entities</i>	7.276.557,34	5.194.923,80
600000	Operational Expenses	0,00	0,00
606000	Other operational expenses	0,00	0,00
630000	Provisions for risks and liabilities		
640000	Exchange rate losses		
606900	Other operational expenses	0,00	0,00
606910	Other		
606919	<i>Other - Consolidated entities</i>	0,00	0,00
666666	Total	37.517.514,19	33.453.238,13

B – Operational expenses

There is no operational expense for the ERC EA.

6.3.3 NON OPERATING EXPENSES

Non-operating expenses reach **30, 25 EUR** and consist in financial costs related to the maintenance of the Agency bank account, and interest expenses due to suppliers for delayed payments.

6.4 Notes to the Cash Flow Table

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

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

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

The heading "amortisation-intangible fixed assets" comprises also impairment charges (detail provided in assets table)

6.5 Notes to the Statement of changes in capital

For financial year 2012, the statement of changes in capital of the Agency comprises the economic result of previous years (profit): 9.684.639, 13 EUR and of current year (profit): 815.134,01 EUR.

Capital at end of year is therefore **10.499.773, 14 EUR**.

6.6 Contingent liability

Other Significant Disclosures	31.12.2012	31.12.2011
RAL - Commitments against appropriations not yet consumed	908.329,51	1.095.831,88
Contractual commitment (for which budget commitments have not yet been made)	0,00	0,00
Contributions to related organisations	0,00	0,00
Undrawn commitments	0,00	0,00
Operating lease commitments	30.298.367,20	32.941.372,33
TOTAL	31.206.696,71	34.037.204,21

Contingent liability is disclosed in the notes to the financial statements when the Agency has a possible obligation resulting from 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 of the Agency amounts to **31.206.696, 71 EUR**. It corresponds for 908.329,51 EUR to the outstanding potential payment obligations of the Agency ("Reste à Liquider" – R.A.L.) after deducting all eligible expenses that have been already booked in the Economic Outturn Account (accrued expenses, invoice Step 2). More specifically, it consists in Contractual obligations for services which will be provided in 2013. It is also incorporating for 30.298.367, 20 EUR the contingent liability resulting from the usufruct contract of the building (see section 6.2.1 – Non Current liabilities).

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 14	1
Heads of Department	AD13	3

The balance position of the Agency with the key management personnel 2012 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 2012, no event as defined above is to be reported.

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

1 – BUDGET OUTTURN ACCOUNT

		2012	2011
REVENUE			
Balancing Commission subsidy	+	38.700.000,00	35.600.737,00
Other subsidy from Commission (Phare, IPA,...)	+		
Fee income	+		
Other income	+	43.367,47	105.192,57
TOTAL REVENUE (a)		38.743.367,47	35.705.929,57
EXPENDITURE			
<i>Title I: Staff</i>			
Payments	-	23.668.243,17	21.829.019,28
Appropriations carried over	-	245.526,68	153.620,22
<i>Title II: Administrative Expenses</i>			
Payments	-	12.532.353,70	11.104.749,22
Appropriations carried over	-	1.965.772,98	1.902.364,14
<i>Title III: Operating Expenditure</i>			
Payments	-		
Appropriations carried over	-		
TOTAL EXPENDITURE (b)		38.411.896,53	34.989.752,86
OUTTURN FOR THE FINANCIAL YEAR (a-b)		331.470,94	716.176,71
Cancellation of unused payment appropriations carried over from previous year	+	179.766,17	196.581,70
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	+		
Exchange differences for the year (gain +/-loss -)	+/-	-2.767,06	-617,82
BALANCE OF THE OUTTURN ACCOUNT FOR THE FINANCIAL YEAR		508.470,05	912.140,59
Balance year N-1	+/-	912.140,59	193.358,36
Positive balance from year N-1 reimbursed in year N to the Commission	-	-912.140,59	-193.358,36
Result used for determining amounts in general accounting		508.470,05	912.140,59
Commission subsidy - agency registers accrued revenue and Commission accrued expense		38.191.529,95	
Pre-financing remaining open to be reimbursed by agency to Commission in year N+1		508.470,05	

Not included in the budget outturn:

Interest generated by 31/12/N on the Commission balancing subsidy funds and to be reimbursed to the Commission (liability)	+	68.057,80	
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2 a – BUDGET IMPLEMENTATION CREDIT OF THE YEAR – C1

This table has been elaborated on basis of the data withdrawn from BUDG Data Warehouse (Business Object reports), reconciled with information available in the Agency accounting systems ABAC. The RAL amount of 2.211.299,66 EUR, corresponding to obligations duly contracted at the close of the financial year, is carried over to 2013 in payment appropriations.

B.L.	Official Budget Item Desc (Fr)	Appropriation (1)	Committed (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	Balance Commitment (1-2)	Balance Payment (2-3)
A-1100	Agents temporaires	10.294.150,00	10.266.312,17	99,73 %	10.266.312,17	99,73 %	27.837,83	0,00
	Sum:	10.294.150,00	10.266.312,17	99,73 %	10.266.312,17	99,73 %	27.837,83	0,00
A-1110	Agents contractuels	11.249.410,00	11.234.731,47	99,87 %	11.234.731,47	99,87 %	14.678,53	0,00
A-1111	Experts nationaux détachés	282.000,00	280.765,51	99,56 %	280.674,51	99,53 %	1.234,49	91,00
A-1112	Intérimaires	598.590,00	582.023,83	97,23 %	534.941,24	89,37 %	16.566,17	47.082,59
	Sum:	12.130.000,00	12.097.520,81	99,73 %	12.050.347,22	99,34 %	32.479,19	47.173,59
A-1200	Frais divers de recrutement, de prise de fonction	116.000,00	115.648,24	99,70 %	115.514,38	99,58 %	351,76	133,86
	Sum:	116.000,00	115.648,24	99,70 %	115.514,38	99,58 %	351,76	133,86
A-1300	Frais de missions, de déplacements et autres dépen	382.000,00	375.373,15	98,27 %	347.413,09	90,95 %	6.626,85	27.960,06
	Sum:	382.000,00	375.373,15	98,27 %	347.413,09	90,95 %	6.626,85	27.960,06
A-1400	Restaurants, Cantines	1.900,00	1.583,33	83,33 %	1.583,33	83,33 %	316,67	0,00
	Sum:	1.900,00	1.583,33	83,33 %	1.583,33	83,33 %	316,67	0,00
A-1410	Service Medical	48.500,00	48.500,00	100,00 %	40.746,12	84,01 %	0,00	7.753,88
	Sum:	48.500,00	48.500,00	100,00 %	40.746,12	84,01 %	0,00	7.753,88

A-1420	Formation	500.000,00	498.702,11	99,74 %	345.716,28	69,14 %	1.297,89	152.985,83
	Sum:	500.000,00	498.702,11	99,74 %	345.716,28	69,14 %	1.297,89	152.985,83
A-1430	Autres interventions	76.483,00	73.088,20	95,56 %	72.458,29	94,74 %	3.394,80	629,91
	Sum:	76.483,00	73.088,20	95,56 %	72.458,29	94,74 %	3.394,80	629,91
A-1600	Service Social, autres interventions	431.000,00	431.000,00	100,00 %	424.094,25	98,40 %	0,00	6.905,75
	Sum:	431.000,00	431.000,00	100,00 %	424.094,25	98,40 %	0,00	6.905,75
A-1700	Frais de réception et de représentation	7.000,00	6.041,84	86,31 %	4.058,04	57,97 %	958,16	1.983,80
	Sum:	7.000,00	6.041,84	86,31 %	4.058,04	57,97 %	958,16	1.983,80
A-2000	Loyer	2.544.000,00	2.541.404,13	99,90 %	2.541.404,13	99,90 %	2.595,87	0,00
A-2001	Charges	1.865.087,00	1.830.192,31	98,13 %	1.599.546,31	85,76 %	34.894,69	230.646,00
	Sum:	4.409.087,00	4.371.596,44	99,15 %	4.140.950,44	93,92 %	37.490,56	230.646,00
A-2010	Aménagements	851.000,00	847.729,56	99,62 %	811.454,22	95,35 %	3.270,44	36.275,34
	Sum:	851.000,00	847.729,56	99,62 %	811.454,22	95,35 %	3.270,44	36.275,34
A-2100	Hardware, software et frais liés	697.030,00	689.923,70	98,98 %	295.621,19	42,41 %	7.106,30	394.302,51
A-2101	Autres	6.223.970,00	6.140.703,77	98,66 %	5.579.879,87	89,65 %	83.266,23	560.823,90
	Sum:	6.921.000,00	6.830.627,47	98,69 %	5.875.501,06	84,89 %	90.372,53	955.126,41
A-2200	Matériel et installations techniques	46.716,00	44.628,80	95,53 %	44.278,80	94,78 %	2.087,20	350,00
	Sum:	46.716,00	44.628,80	95,53 %	44.278,80	94,78 %	2.087,20	350,00
A-2210	Mobilier	27.700,00	22.431,85	80,98 %	22.431,85	80,98 %	5.268,15	0,00
	Sum:	27.700,00	22.431,85	80,98 %	22.431,85	80,98 %	5.268,15	0,00

A-2220	Documentation et bibliothèque	8.200,00	7.268,05	88,63 %			931,95	7.268,05
	Sum:	8.200,00	7.268,05	88,63 %			931,95	7.268,05
A-2300	Papeterie et fournitures de bureau	65.700,00	63.250,00	96,27 %	55.250,00	84,09 %	2.450,00	8.000,00
	Sum:	65.700,00	63.250,00	96,27 %	55.250,00	84,09 %	2.450,00	8.000,00
A-2310	Charges financières	500,00	30,25	6,05 %	30,25	6,05 %	469,75	0,00
	Sum:	500,00	30,25	6,05 %	30,25	6,05 %	469,75	0,00
A-2320	Frais de contentieux	800,00					800,00	
	Sum:	800,00					800,00	
A-2340	Assurances diverses	255,00	95,00	37,25 %	2,87	1,13 %	160,00	92,13
A-2341	Travaux de manutention et déménagement de services	3.500,00	3.259,46	93,13 %	2.659,46	75,98 %	240,54	600,00
	Sum:	3.755,00	3.354,46	89,33 %	2.662,33	70,90 %	400,54	692,13
A-2400	Affranchissement de correspondance et frais de por	40.909,00	35.508,75	86,80 %	32.758,75	80,08 %	5.400,25	2.750,00
	Sum:	40.909,00	35.508,75	86,80 %	32.758,75	80,08 %	5.400,25	2.750,00
A-2410	Redevances de télécommunications	670.100,00	669.679,00	99,94 %	669.619,34	99,93 %	421,00	59,66
	Sum:	670.100,00	669.679,00	99,94 %	669.619,34	99,93 %	421,00	59,66
A-2500	Frais de réunions internes	10.500,00	5.923,41	56,41 %	5.581,63	53,16 %	4.576,59	341,78
	Sum:	10.500,00	5.923,41	56,41 %	5.581,63	53,16 %	4.576,59	341,78
A-2600	Frais de réunions externes	368.500,00	337.920,52	91,70 %	307.750,80	83,51 %	30.579,48	30.169,72

	Sum:	368.500,00	337.920,52	91,70 %	307.750,80	83,51 %	30.579,48	30.169,72
A-2610	Frais d'information, de communication et de public	559.000,00	547.063,09	97,86 %	207.517,95	37,12 %	11.936,91	339.545,14
	Sum:	559.000,00	547.063,09	97,86 %	207.517,95	37,12 %	11.936,91	339.545,14
A-2620	Frais de traduction	10.000,00	7.650,25	76,50 %	5.576,00	55,76 %	2.349,75	2.074,25
	Sum:	10.000,00	7.650,25	76,50 %	5.576,00	55,76 %	2.349,75	2.074,25
A-2630	Frais d'audit	452.500,00	450.927,68	99,65 %	119.079,68	26,32 %	1.572,32	331.848,00
	Sum:	452.500,00	450.927,68	99,65 %	119.079,68	26,32 %	1.572,32	331.848,00
A-2700	Dépenses avec les entités consolidées	267.000,00	252.537,10	94,58 %	231.910,60	86,86 %	14.462,90	20.626,50
	Sum:	267.000,00	252.537,10	94,58 %	231.910,60	86,86 %	14.462,90	20.626,50
	Sum:	38.700.000,00	38.411.896,53	Sum:	36.200.596,87	Sum:	288.103,47	2.211.299,66
			Average:	99,26 %	Average:	93,54 %		

2 b – BUDGET IMPLEMENTATION CARRIED OVER APPROPRIATION – C8

The table below shows the implementation of the credits 2011 carried forward to 2012.

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-1111	Experts nationaux détachés	360,00	0,00	0,00 %			360,00	0,00
A-1112	Intérimaires	24.784,65	19.804,84	79,91 %	19.804,84	79,91 %	4.979,81	0,00
	Sum:	25.144,65	19.804,84	78,76 %	19.804,84	78,76 %	5.339,81	0,00
A-1200	Frais divers de recrutement, de prise de fonction	2.231,07	505,58	22,66 %	505,58	22,66 %	1.725,49	0,00
	Sum:	2.231,07	505,58	22,66 %	505,58	22,66 %	1.725,49	0,00
A-1300	Frais de missions, de déplacements et autres dépen	14.923,92	14.923,92	100,00 %	14.923,92	100,00 %	0,00	0,00
	Sum:	14.923,92	14.923,92	100,00 %	14.923,92	100,00 %	0,00	0,00
A-1420	Formation	105.703,54	103.493,69	97,91 %	103.493,69	97,91 %	2.209,85	0,00
	Sum:	105.703,54	103.493,69	97,91 %	103.493,69	97,91 %	2.209,85	0,00
A-1430	Autres interventions	829,72	600,02	72,32 %	600,02	72,32 %	229,70	0,00
	Sum:	829,72	600,02	72,32 %	600,02	72,32 %	229,70	0,00
A-1600	Service Social, autres interventions	4.757,70	4.757,70	100,00 %	4.757,70	100,00 %	0,00	0,00
	Sum:	4.757,70	4.757,70	100,00 %	4.757,70	100,00 %	0,00	0,00
A-1700	Frais de réception et de représentation	29,62	29,62	100,00 %	29,62	100,00 %	0,00	0,00

	Sum:	29,62	29,62	100,00 %	29,62	100,00 %	0,00	0,00
A-2001	Charges	167.337,46	100.531,20	60,08 %	100.531,20	60,08 %	66.806,26	0,00
	Sum:	167.337,46	100.531,20	60,08 %	100.531,20	60,08 %	66.806,26	0,00
A-2100	Hardware, software et frais liés	217.907,77	203.207,89	93,25 %	203.207,89	93,25 %	14.699,88	0,00
A-2101	Autres	744.749,95	717.971,80	96,40 %	717.971,80	96,40 %	26.778,15	0,00
	Sum:	962.657,72	921.179,69	95,69 %	921.179,69	95,69 %	41.478,03	0,00
A-2220	Documentation et bibliothèque	100,00	72,73	72,73 %	72,73	72,73 %	27,27	0,00
	Sum:	100,00	72,73	72,73 %	72,73	72,73 %	27,27	0,00
A-2300	Papeterie et fournitures de bureau	5.000,00	2.816,44	56,33 %	2.816,44	56,33 %	2.183,56	0,00
	Sum:	5.000,00	2.816,44	56,33 %	2.816,44	56,33 %	2.183,56	0,00
A-2310	Charges financières	390,85	274,50	70,23 %	274,50	70,23 %	116,35	0,00
	Sum:	390,85	274,50	70,23 %	274,50	70,23 %	116,35	0,00
A-2340	Assurances diverses	73,00	73,00	100,00 %	73,00	100,00 %	0,00	0,00
	Sum:	73,00	73,00	100,00 %	73,00	100,00 %	0,00	0,00
A-2400	Affranchissement de correspondance et frais de por	8.160,04	4.444,62	54,47 %	4.444,62	54,47 %	3.715,42	0,00
	Sum:	8.160,04	4.444,62	54,47 %	4.444,62	54,47 %	3.715,42	0,00
A-2410	Redevances de télécommunications	409,63	49,18	12,01 %	49,18	12,01 %	360,45	0,00
	Sum:	409,63	49,18	12,01 %	49,18	12,01 %	360,45	0,00
A-2500	Frais de réunions internes	2.365,10	1.032,04	43,64 %	1.032,04	43,64 %	1.333,06	0,00

	Sum:	2.365,10	1.032,04	43,64 %	1.032,04	43,64 %	1.333,06	0,00
A-2600	Frais de réunions externes	21.662,97	19.149,40	88,40 %	19.149,40	88,40 %	2.513,57	0,00
	Sum:	21.662,97	19.149,40	88,40 %	19.149,40	88,40 %	2.513,57	0,00
A-2610	Frais d'information, de communication et de public	226.920,17	197.309,44	86,95 %	197.309,44	86,95 %	29.610,73	0,00
	Sum:	226.920,17	197.309,44	86,95 %	197.309,44	86,95 %	29.610,73	0,00
A-2630	Frais d'audit	482.556,00	469.836,85	97,36 %	469.836,85	97,36 %	12.719,15	0,00
	Sum:	482.556,00	469.836,85	97,36 %	469.836,85	97,36 %	12.719,15	0,00
A-2700	Dépenses avec les entités consolidées	24.731,20	15.333,73	62,00 %	15.333,73	62,00 %	9.397,47	0,00
	Sum:	24.731,20	15.333,73	62,00 %	15.333,73	62,00 %	9.397,47	0,00
	Sum:	2.055.984,36	1.876.218,19	Sum:	1.876.218,19	Sum:	179.766,17	0,00
			Average:	91,26 %	Average:	91,26 %		

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	+/-	815.134,01
<i>Ajustment for accrual items (items not in the budgetary result but included in the economic result)</i>		
A Adjustments for Accrual Cut-off (reversal 31.12.N-1)	-	-365.932,19
B Adjustments for Accrual Cut-off (cut- off 31.12.N)	+	474.185,72
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)	+	26.039,29
E Depreciation of intangible and tangible assets (1)	+	1.345.535,48
F Provisions (1)	+	536.260,45
G Value reductions (1)	+	
H Recovery Orders issued in 2011 in class 7 and not yet cashed	-	-66,02
la Prefinancing given in previous year and cleared in the year	+	45.530,27
lb Prefinancing received in previous year and cleared in the year	-	
J Payments made from carry over of payment appropriations	+	1.876.218,19
K Other *)	+/-	-95.564,41
L Exchange rate differences (2) (3)	+/-	2.448,25
<i>Ajustment for budgetary items (item included in the budgetary result but not in the economic result)</i>		
M Asset acquisitions (less unpaid amounts)	-	-2.451.283,56
N New pre-financing paid in the year 2011 and remaining open as at 31.12.2011	-	
O New pre-financing received in the year 2011 and remaining open as at 31.12.2011	+	331.470,94
P Budgetary recovery orders issued before 2011 and cashed in the year	+	
Q Budgetary recovery orders issued in 2011 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 2012	-	-2.211.299,06
T Cancellation of unused carried over payment appropriations from previous year	+	179.766,17
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 Paiements for stocks of leave and supplementary hours (they are budgetary payments but booked against provisions)	-	
X Other **)	+/-	
total		508.443,53
Budgetary result (+ for surplus) (4)		508.470,05
Delta not explained		26,52

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 Union 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 +0.5 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. However, a sort of "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. All the recruitment costs incurred by the Agency from the launch of a selection procedure to the effective recruitment of the selected candidates are also included.

- Chapter 13 to 17: 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. Some services (cleaning, maintenance, security,...) are provided by two Directorates of the Commission that claim fees from the Agency on the grounds of the current service level agreements (SLA).
- Chapter 21: Informatics. Are concerned under this chapter the purchase of equipment, licences, support for maintenance, including services related to the accounting systems provided by one Directorate of the Commission on the grounds of the current service level agreements (SLA), specific IT developments and IT Services.
- Chapter 22: Movable property and associated expenses. This chapter covers the costs of furniture for the Agency and its staff members. Expenditures related to documentation, library and archive are also under this chapter.
- Chapter 23: Current administrative expenditure. The expenditures under this concept concerns mainly office supplies.
- Chapter 24: telecommunication and posting expenses. This chapter concerns the costs claimed from the Agency on the grounds of the current Memorandum of understanding with the Directorate of the Commission in charge of the provision of services related to the network access and computer services.
- Chapter 25: Internal meetings expenses. Expenditure for internal meetings such as seminars, recruitment panels, 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 events organized in the frame of the communication policy of the Agency. This chapter covers also the audit expenses performed by external auditing firms on the beneficiaries of a community financial contribution received for research projects managed by the Agency under the Seventh Framework Programme.
- 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 a Directorate of the Commission responsible for the

calculation of staff entitlements and salaries, staff mission reimbursements, and candidate's reimbursement.

4.4 Reconciliation Economic and Budget Outturn

The budgetary result of **508.470,05** EUR is reconciled with the economic result of **815.134,01** 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 26.52 EUR could not be reconciled. It corresponds most likely to discrepancies between 2011 accruals or credit notes/invoices and their accounting treatment in 2012 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 – BUDGET EXECUTION

1 – INTRODUCTION

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

2 –FINANCIAL SYSTEMS AND MANAGEMENT

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

For the forecast of its treasury needs, the Agency is using a budget monitoring tool (PECUNIA), where all the units are registering their needs. The tool is linked to ABAC on commitment and payment level.

Public procurement procedures are handled by the units concerned under the monitoring of the budget and legal teams for advice on various procurement matters, documentation, legal interpretation of the framework contracts, etc.

3- BUDGET EXECUTION 2012

On basis of the draft budget presented to the Budgetary Authority, the Steering Committee adopted on 19 December 2011 the ERCEA annual subsidy 2012 for 39.014.000 EUR, pending adoption of the General Budget of the European Union by the Budgetary Authority.

The so called "Bourlanges" summer budget revision lead the ERCEA to an amending reduced budget, adopted by the Steering Committee on 4 August 2012 in favour of a full reallocation to the operational activities related to the IDEAS programme managed by the ERCEA. The reduction of 314.000,00 EUR is mainly due to a reduction of social services and external meetings. The amended budget amounts to 38.700.000, 00 EUR.

The transfer to the operational budget was accepted by the Budgetary Authority on 15 November 2012 and appropriations were inscribed on the budget line 08.100100 of the Ideas Programme on 4 December 2012.

In view of optimizing the administrative budget execution the Agency is proceeding to transfers between budget lines and chapters. Transfers subject to Director's decision are submitted for information to the Steering Committee.

Title 1 - STAFF EXPENDITURE		2012	transfer 1	transfer 2	2012	amended	2012	transfer 3	2012	modification 1	2012	transfer 4	modification 2	2012
Budget line		Budget			Transfer 1 & 2		Amended		Transfer 3		Modification 1		Modification 2	Modification 2
			2/05/2012	2/08/2012		4/08/2012		27/08/2012		12/11/2012		27/11/2012		
Chapter 11 - Salaries, allowances and other personnel charges		22,346,150			22,346,150	150,000	22,496,150		22,496,150	-19,000	22,477,150		-53,000	22,424,150
1100 Officials and Other Agents mentioned in the Staff Establishment Plan		10,544,150			10,544,150		10,544,150		10,544,150	-250,000	10,294,150			10,294,150
1110 Contract Agents		11,100,000	-100,000	-70,590	10,929,410	100,000	11,029,410		11,029,410	220,000	11,249,410			11,249,410
1111 Seconded National Experts		310,000			310,000		310,000		310,000		310,000			282,000
1112 Interimaires		392,000	100,000	70,590	562,590	50,000	612,590		612,590	11,000	623,590		-25,000	598,590
Chapter 12 - Sundries of recruitment and change of personnel		101,000			101,000	0	101,000		101,000	10,000	111,000		5,000	116,000
1200 Recruitment, entering and leaving the service, transfer costs		101,000			101,000		101,000		101,000	10,000	111,000		5,000	116,000
Chapter 13 - Mission expenses and other related expenses		470,000			470,000	-4,000	466,000		466,000	-50,000	416,000		-34,000	382,000
1300 Missions and related costs		470,000			470,000	-4,000	466,000		466,000	-50,000	416,000		-34,000	382,000
Chapter 14 - Social, Infrastructure and Training expenses		762,000			762,000	-95,117	666,883		666,883	0	666,883		-40,000	626,883
1400 Restaurant, Canteens		5,000			5,000	-3,100	1,900		1,900		1,900			1,900
1410 Medical service		47,000			47,000	1,500	48,500		48,500		48,500			48,500
1420 Training		540,000			540,000		540,000		540,000		540,000		-40,000	500,000
1430 Other interventions		170,000			170,000	-93,517	76,483		76,483		76,483			76,483
Chapter 16 - Social Service, other expenses		384,000			384,000	-103,000	281,000		281,000	140,000	421,000		10,000	431,000
1600 Social service and other interventions		384,000			384,000	-103,000	281,000		281,000	140,000	421,000		10,000	431,000
Chapter 17 - Representation and entertainment expenses		23,000			23,000	0	23,000		23,000	0	23,000		-16,000	7,000
1700 Reception, Representation costs		23,000			23,000		23,000		23,000		23,000		-16,000	7,000
TOTAL		24,086,150	0	0	24,086,150	-52,117	24,034,033	0	24,034,033	81,000	24,115,033	0	-128,000	23,987,033
Title 2 - INFRASTRUCTURE AND OPERATING EXPENDITURE		2012			2012		2012		2012	modification 1	2012	transfer 4	modification 2	2012
Budget line		Budget			Transfer 1 & 2		Amended		Transfer 3		Modification 1		Modification 2	Modification 2
Chapter 20 - Offices		5,487,000			5,487,000	-12,913	5,474,087			-262,000	5,212,087		48,000	5,260,087
2000 Rent		2,644,000			2,644,000		2,644,000		2,644,000	-100,000	2,544,000			2,544,000
2001 Charges		1,743,000			1,743,000	212,087	1,955,087		1,955,087	-100,000	1,855,087		10,000	1,865,087
2010 Fitting out		1,100,000			1,100,000	-225,000	875,000		875,000	-62,000	813,000		38,000	851,000
Chapter 21 - Informatics		6,499,000			6,499,000	-36,000	6,463,000		6,463,000	288,000	6,751,000		170,000	6,921,000
2100 Hardware, software and linked expenses		674,000			674,000	4,000	678,000		678,000		678,000	19,030		697,030
2101 Others		5,825,000			5,825,000	-40,000	5,785,000		5,785,000	288,000	6,073,000	-19,030	170,000	6,223,970
Chapter 22 - Movable property and associated expenses		121,500			121,500	-40,084	81,416		81,416	1,200	82,616		0	82,616
2200 Material and Technical installations		53,000	1,000		54,000	-9,284	44,716	2,000	46,716		46,716			46,716
2210 Furniture		28,500			28,500		28,500	-2,000	26,500	1,200	27,700			27,700
2220 Documentation and library		40,000	-1,000		39,000	-30,800	8,200		8,200		8,200			8,200
Chapter 23 - Current administrative expenditure		98,750			98,750	-24,295	74,455		74,455	-1,200	73,255		-2,500	70,755
2300 Paper mill and office supplies		90,000			90,000	-24,300	65,700		65,700		65,700			65,700
2310 Financial expenses		500			500		500		500		500			500
2320 Legal charges		2,000			2,000		2,000		2,000	-1,200	800			800
2330 Damages and interests		0			0		0		0		0			0
2340 Other insurances		250			250	5	255		255		255			255
2341 Works of handling and removal of services		6,000			6,000		6,000		6,000		6,000		-2,500	3,500
2342 Other expenses		0			0		0		0		0			0
Chapter 24 - Telecommunication and Posting expenses		746,100			746,100	-1,091	745,009		745,009	-34,000	711,009		0	711,009
2400 Correspondence stamping and carriage costs		42,000			42,000	-1,091	40,909		40,909		40,909			40,909
2410 Royalties of telecommunications		704,100			704,100		704,100		704,100	-34,000	670,100			670,100
Chapter 25 - Internal meetings expenses		16,500			16,500	0	16,500		16,500	0	16,500		-6,000	10,500
2500 Internal meetings expenses		16,500			16,500		16,500		16,500		16,500		-6,000	10,500
Chapter 26 - Technical and administrative support expenses		1,687,000			1,687,000	-147,500	1,539,500		1,539,500	-73,000	1,466,500		-76,500	1,390,000
2600 External meetings expenses		560,000			560,000	-150,000	410,000		410,000		410,000		-41,500	368,500
2610 Expenses of Information, Publications and Communication		614,000			614,000		614,000		614,000	-55,000	559,000			559,000
2620 Expenses of translation		63,000			63,000		63,000		63,000	-18,000	45,000		-35,000	10,000
2630 Audit expenses		450,000			450,000	2,500	452,500		452,500		452,500			452,500
2640 Others		0			0		0		0		0			0
Chapter 27 - Expenses with consolidated entities		272,000			272,000	0	272,000		272,000	0	272,000		-5,000	267,000
2700 Expenses with consolidated entities		272,000			272,000		272,000		272,000		272,000		-5,000	267,000
TOTAL		14,927,850	0	0	14,927,850	-261,883	14,665,967	0	14,665,967	-81,000	14,584,967	0	128,000	14,712,967
TOTAL		39,014,000	0	0	39,014,000	-314,000	38,700,000	0	38,700,000	0	38,700,000	0	0	38,700,000

Budget Line		Commitment Budgeted	Commitment Available	Commitment Consumed	Payment Budgeted	Payment Available	Payment Consumed	RAL
1100	Officials and Other Agents mentioned in the Staff Establishment Plan	10.294.150,00	27.837,83	10.266.312,17	10.294.150,00	27.837,83	10.266.312,17	0,00
1110	Contract Agents	11.249.410,00	14.678,53	11.234.731,47	11.249.410,00	14.678,53	11.234.731,47	0,00
1111	Seconded National Experts	282.000,00	1.234,49	280.765,51	282.000,00	1.325,49	280.674,51	91,00
1112	Interimaires	598.590,00	16.566,17	582.023,83	598.590,00	63.648,76	534.941,24	47.082,59
1200	Recruitment, entering and leaving the service, transfer costs	116.000,00	351,76	115.648,24	116.000,00	485,62	115.514,38	133,86
1300	Missions and related costs	382.000,00	6.626,85	375.373,15	382.000,00	34.586,91	347.413,09	27.960,06
1400	Restaurant, Canteens	1.900,00	316,67	1.583,33	1.900,00	316,67	1.583,33	0,00
1410	Medical service	48.500,00	0,00	48.500,00	48.500,00	7.753,88	40.746,12	7.753,88
1420	Training	500.000,00	1.297,89	498.702,11	500.000,00	154.283,72	345.716,28	152.985,83
1430	Other interventions	76.483,00	3.394,80	73.088,20	76.483,00	4.024,71	72.458,29	629,91
1600	Social service and other interventions	431.000,00	0,00	431.000,00	431.000,00	6.905,75	424.094,25	6.905,75
1700	Reception, Representation costs	7.000,00	958,16	6.041,84	7.000,00	2.941,96	4.058,04	1.983,80
Total title 1		23.987.033,00	73.263,15	23.913.769,85	23.987.033,00	318.789,83	23.668.243,17	245.526,68
2000	Rent	2.544.000,00	2.595,87	2.541.404,13	2.544.000,00	2.595,87	2.541.404,13	0,00
2001	Charges	1.865.087,00	34.894,69	1.830.192,31	1.865.087,00	265.540,69	1.599.546,31	230.646,00
2010	Fitting out	851.000,00	3.270,44	847.729,56	851.000,00	39.545,78	811.454,22	36.275,34
2100	Hardware, software and linked expenses	697.030,00	7.106,30	689.923,70	697.030,00	401.408,81	295.621,19	394.302,51
2101	Others	6.223.970,00	83.266,23	6.140.703,77	6.223.970,00	644.090,13	5.579.879,87	560.823,90
2200	Material and Technical installations	46.716,00	2.087,20	44.628,80	46.716,00	2.437,20	44.278,80	350,00
2210	Furniture	27.700,00	5.268,15	22.431,85	27.700,00	5.268,15	22.431,85	0,00
2220	Documentation and library	8.200,00	931,95	7.268,05	8.200,00	8.200,00	0,00	7.268,05
2300	Paper mill and office supplies	65.700,00	2.450,00	63.250,00	65.700,00	10.450,00	55.250,00	8.000,00
2310	Financial expenses	500,00	469,75	30,25	500,00	469,75	30,25	0,00
2320	Legal charges	800,00	800,00	0,00	800,00	800,00	0,00	0,00
2340	Other insurances	255,00	160,00	95,00	255,00	252,13	2,87	92,13
2341	Works of handling and removal of services	3.500,00	240,54	3.259,46	3.500,00	840,54	2.659,46	600,00
2400	Correspondence stamping and carriage costs	40.909,00	5.400,25	35.508,75	40.909,00	8.150,25	32.758,75	2.750,00
2410	Royalties of telecommunications	670.100,00	421,00	669.679,00	670.100,00	480,66	669.619,34	59,66
2500	Internal meetings expenses	10.500,00	4.576,59	5.923,41	10.500,00	4.918,37	5.581,63	341,78
2600	External meetings expenses	368.500,00	30.579,48	337.920,52	368.500,00	60.749,20	307.750,80	30.169,72
2610	Expenses of Information, Publications and Communication	559.000,00	11.936,91	547.063,09	559.000,00	351.482,05	207.517,95	339.545,14
2620	Expenses of translation	10.000,00	2.349,75	7.650,25	10.000,00	4.424,00	5.576,00	2.074,25
2630	Audit expenses	452.500,00	1.572,32	450.927,68	452.500,00	333.420,32	119.079,68	331.848,00

2700	Expenses with consolidated entities	267.000,00	14.462,90	252.537,10	267.000,00	35.089,40	231.910,60	20.626,50
Total title 2		14.712.967,00	214.840,32	14.498.126,68	14.712.967,00	2.180.613,30	12.532.353,70	1.965.772,98
TOTAL		38.700.000,00	288.103,47	38.411.896,53	38.700.000,00	2.499.403,13	36.200.596,87	2.211.299,66

The year-end execution rate of the 2012 administrative budget (C1 appropriations, €38.7 Mio) was 99,3% for commitments and 93,5% for payments, the difference in execution rate (€ 2,211 Mio) corresponding to the Reste A Liquider (RAL) covering goods and services delivered in 2012 but not yet invoiced to the Agency, as costs of training and building, IT material and IT consultants, IT helpdesk, communication and external audits, or the value for 2013 of the contracts' started in 2012 but that extend over the financial year.

As regards Title 1 Staff expenditure, 2012 budget was made to cover the establishment plan of 100 temporary agents, the appointment of 281 contracts staff and 8 Seconded National Experts. End 2012, 97 temporary agents, 275 contracts agents and 9 Seconded National Experts were recruited explaining the execution on chapters 11 (salaries and allowances), 12 (removal expenditures, installation costs, change of personnel 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 2012 covered the following activities:

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

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

As regards Title 2 Infrastructure and operating expenditure, the main post is the renting and charges of the building which is nearly 36 % of the amount committed under this title. Building charges come from the services provided by DG SECURITY ("gardiennage", technical and security controls of the building, badges to the staff, etc) and by OIB (maintenance, cleaning, participation to the Covent Garden canteen costs).

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.

IT expenditure (chapter 21) concerns mainly:

- The ERCEA's participation to the elaboration for the research Directorates General of a common selection platform,
- the development of IT applications requiring specialized profiles and specific competencies from IT consultants;
- the helpdesk, the costs of computerised central financial and accounting system named ABAC (Service Level Agreement with DG BUDG);
- the audio visual equipment of the meeting rooms.

Chapter 24 includes the costs paid for the services provided to the Agency by Directorate DIGIT of the Commission in the frame of a Memorandum of Understanding for network service, mailboxes and other Commission applications such as "Ares", "Syslog" and "Sysper".

Chapter 26 concerns expenditures related to 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, development and enhancement of the website and media monitoring activities.

The audit expenses cover the audits, performed by external contractors, on the costs and expenses reported by beneficiaries of a community financial contribution (grant) under the Seventh Framework Programme. The management of the grants is covered by the operational budget of the Executive Agency.

Chapter 27 include the fees paid for the services provided to the Agency by PMO: calculation of the staff salary and entitlements, including SNE's, determination of the rights at entry in service and along the career, liquidation of mission expenses, and calculation of reimbursement of travel costs to the convoked candidates at recruitment interview, etc.

Recovery orders

During the reporting period the ERCEA has issued Recovery orders for an amount of € 38.887.316, 52 of which approximately 99,89 % were cashed before the end of 2012.

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

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

4- STAFF ESTABLISHMENT PLAN

Function group and grade	Temporary Posts			
	2012		2013	2014
	Authorised under the Community Budget	Filled as of 31/12/2012	Authorised under the Community Budget	DB Request
AD 16				
AD 15				
AD 14	1	1	1	1
AD 13	3	3	3	3
AD 12	5	3	5	5
AD 11	2	1	2	2
AD 10	3	3	3	3
AD 9	3	4	11	11
AD 8	27	25	34	34
AD 7	40	39	32	32
AD 6	10	12	8	8
AD 5	6	6	1	1
AD total	100	97	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	97	100	100