

StC240616/3

**Decision of the Steering Committee
of the European Research Council Executive Agency
adopting the final accounts
of the European Research Council Executive Agency for 2015**

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 Implementing Decision 2013/779/EU² of 17 December 2013 establishing the European Research Council Executive Agency and repealing Decision 2008/37/EC,

Having regard to the Commission Decision of C(2013) 9428³ of 20 December 2013 delegating powers to the European Research Council Executive Agency with a view to performance of tasks linked to the implementation of Union programmes in the field of frontier research comprising, in particular, implementation of appropriations entered in the general budget of the Union,

Having regard to Article 51 of Commission Regulation 1653/2004⁴, the accounts of the Agency shall comprise the financial statements and the reports on budget implementation. They shall be accompanied by a report on budgetary and financial management during the year, which shall give an account, inter alia, of the rate of implementation of the appropriations together with summary information on the transfers of appropriations among the various budget items.

Having regard to Article 57 of Commission Regulation 1653/2004⁵, the Agency's accounts shall be consolidated with those of the Commission in accordance with the procedure provided for in Article 14 of Regulation (EC) No 58/2003 and, more particularly, in accordance with the provisions of point (b) of article 57 thereof, the Steering Committee shall approve the final accounts of the Agency and shall send them by 1 July at the latest, to the Accounting Officer of the Commission and to the Court of Auditors, the European Parliament and the Council.

¹ OJ L 11, 16.1.2003, p.1.

² OJ L 346, 20.12.2013, p.58.

³ As last amended by Commission Decision C(2014) 9437, of 12 December 2014.

⁴ 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).

⁵ 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.

Whereas,

(1) Following the end of the financial year 2015, the Steering Committee has notified the Accounting Officer of the Commission and the Court of Auditors the provisional accounts 2015 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 Council⁶.

(2) In the frame of the discharge procedure, and in conformity to article 287 of the Treaty on the Functioning of the European Union, the Court of Auditors has proceeded from 4 to 8 April 2016 to the control of the Agency 2015 provisional annual accounts⁷.

(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 Agency⁸.

(3) 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 2015 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 2016⁹.

HAS ADOPTED THIS DECISION:

Article 1

The final annual accounts and the report on Budgetary and Financial Management for financial year 2015 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 by 1 July 2016 to the Accounting Officer of the Commission and to the Court of Auditors, and the Budgetary and Financial Management report only to the European Parliament and the Council.

⁶ Article 57 (a) of the Standard Financial Regulation.

⁷ Article 65 of the Standard Financial Regulation.

⁸ Article 30.2 of the Standard Financial Regulation.

⁹ Article 57 (c) of the Standard Financial Regulation.

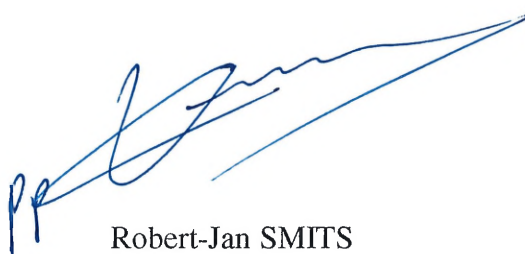
Article 2

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

Done in Brussels on 24 June 2016

For the ERCEA Steering Committee,

The Chairperson,

A handwritten signature in blue ink, consisting of a series of loops and a long horizontal stroke, positioned above the printed name.

Robert-Jan SMITS

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
Annual Accounts of the European Research Council Executive Agency

To the President of the European Court of Auditors

Subject: Representation letter covering the 2015 final accounts of the European Research Council Executive Agency

This representation letter is provided in connection with your audit of the "final accounts of the European Research Council Executive Agency" consisting of the "financial statements"¹⁰ and the "reports on the implementation of the budget" for the financial year ended 31 December 2015 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 2015 and of the results of its operations, its cash flows, and the changes in net assets for the year then ended.

In accordance with Article 143 of the Financial Regulation (Regulation EU, Euratom N° 966/2012 of the European Parliament and of the Council, hereinafter "FR"), the "financial statements" for the financial year 2015 are prepared on the basis of accounting rules adopted by the European Commission which adapt accruals based accounting principles to the specific environment of the European Union¹¹, while the "reports on the implementation of the budget" continue to be primarily based on movements of cash.

In line with Article 68 FR, the accounting systems laid down by the accounting officer 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 2015 referred to above are presented in accordance with the FR, its rules of application¹² and the accounting rules and methods established by the European Commission on the basis of internationally accepted accounting standards for

¹⁰ 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.

¹¹ 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.

¹² Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union - OJ L 362, 31.12.2012, p. 1.

- the public sector.
2. No issues 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 uncorrected misstatements that are material, both individually and in the aggregate, to the financial statements as a whole.
 7. 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 recoverable which are potentially irrecoverable has been corrected, where necessary.
 8. The European Research Council Executive Agency has satisfactory title to all assets and there are no liens or encumbrances on the assets.
 9. 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.
 10. 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.
 11. 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 12-18 below, I highlight that I have provided you with such information for the European Research Council Executive Agency.

12. 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.

13. All transactions have been recorded in the accounting records and are reflected in the accounts.
14. 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.
15. 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 of by management, current or previous employees or other relevant services, including the European Anti-Fraud Office (OLAF).
16. 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.
17. 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.
18. 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 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.

CLAIRE VERHAUTER

C. Verhauter

The Accounting Officer of the
European Research Council Executive Agency

26/06/2016

(Date)

PABLO AMO R

P. Amor

The Executive Director of
the European Research Council Executive Agency

24.6.2016

(Date)

ANNEX II

Final Annual Accounts and Budgetary and Financial Management Report of the European Research Council Executive Agency for Financial year 2015



- ERCEA -

**FINAL
ANNUAL ACCOUNTS**

And

**BUDGETARY AND FINANCIAL
MANAGEMENT REPORT**

OF

**THE EUROPEAN RESEARCH COUNCIL
EXECUTIVE AGENCY**

FINANCIAL YEAR 2015
Brussels, 24/06/2016

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DECLARATION OF ASSURANCE

By the Director of the European Research Council Executive Agency for financial year 2015

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, 24.6.2016

Pablo AMOR
Director



By the Accounting Officer of the European Research Council Executive Agency for financial year 2015

The annual accounts of the European Research Council Executive Agency for the year 2015 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 and the accounting principles and methods adopted by myself.

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 fairly, in all material aspects, the financial position, the results of the operations and the cash-flow of the European Research Council Executive Agency in all material aspects.

Brussels,



Claire Levacher
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 specific objective 'Strengthening frontier research through the activities of the European Research Council' of Part I 'Excellent Science' of the Specific Programme implementing Horizon 2020 (2014-2020).

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 (the ERC Executive Agency (ERC EA)) was set up in December 2013 by Commission Decision 2013/779/EU, for the management of the specific objective 'Strengthening frontier research through the activities of the European Research Council' of Part I 'Excellent Science' of the Specific Programme implementing Horizon 2020 (2014-2020).

The ERC EA succeeds the Executive Agency established by Decision 2008/37/EC and operates in accordance with the general statute of Council Regulation (EC) No 58/2003.

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 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 according to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012, on the financial rules applicable to the general budget of the Union ("Financial Regulation"), and in particular Article 143 thereof (mainly 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 Regulation (EU) No 1291/2013 of the European Parliament and of the Council of 11 December 2013 establishing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020) and repealing Decision No 1982/2006/EC.

The Council Decision 2013/743/EU of 3 December 2013 establishing the specific programme implementing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020) and repealing Decisions 2006/971/EC, 2006/972/EC, 2006/973/EC, 2006/974/EC and 2006/975/EC.

The Commission Implementing Decision 2013/779/EU of 17 December 2013 establishing the European Research Council Executive Agency and repealing Decision 2008/37/EC.

The Commission Decision C(2013) 8915 of 12 December 2013 establishing the European Research Council, as amended by Commission Decision C (2015) 788/2 of 17 February 2015.

PART I

FINANCIAL STATEMENTS

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

1. ERCEA-BALANCE SHEET - ASSETS

ASSETS (in €)	Note	31.12.2015	31.12.2014	Variation
NON CURRENT ASSETS				
Intangible assets	6.2.1.1	3.171.784,94	4.150.797,57	-979.012,63
Land and buildings		2.756,00	3.371,00	-615,00
Plant and equipment		57,00	219,45	-162,45
Computer hardware		225.973,00	102.181,00	123.792,00
Furniture and vehicles		156.784,00	171.383,00	-14.599,00
Other fixtures and fittings		2.646.074,00	3.237.994,59	-591.920,59
Property, plant and equipment	6.2.1.2	3.031.644,00	3.515.149,04	-483.505,04
TOTAL NON CURRENT ASSETS	6.2.1	6.203.428,94	7.665.946,61	-1.462.517,67
CURRENT ASSETS				
Current receivables		0,00	66,02	-66,02
Deferred charges exchange		2.196.136,81	2.142.796,88	53.339,93
Sundry receivables		80.596,53	29.198,37	51.398,16
Other exchange receivables		204,15	1.049,62	-845,47
Exchange receivables	6.2.2	2.276.937,49	2.173.110,89	103.826,60
Current recoverable (non exchange transaction)	6.2.3	117.832,31	42.435,62	75.396,69
Cash and cash equivalents	6.2.4	2.868.289,58	2.629.594,59	238.694,99
TOTAL CURRENT ASSETS		5.263.059,38	4.845.141,10	417.918,28
TOTAL		11.466.488,32	12.511.087,71	-1.044.599,39

2. ERCEA-BALANCE SHEET – LIABILITIES

LIABILITIES (In €)	Note	31.12.2015	31.12.2014	Variation
NET ASSETS / LIABILITIES				
Reserves		0,00	0,00	0,00
Accumulated surplus/deficit		9.975.257,41	11.256.908,47	-1.281.651,06
Economic outturn for the year - profit+/-loss-		-1.073.100,04	-1.281.651,06	208.551,02
TOTAL NET ASSETS / LIABILITIES	6.2.5	8.902.157,37	9.975.257,41	-1.073.100,04
				0
NON CURRENT LIABILITIES		0,00	0,00	0,00
CURRENT LIABILITIES				
Provisions for risks and charges		0,00	0,00	0,00
Short-term financial liabilities		0,00	0,00	0,00
Current payables		85.910,03	108.282,34	-22.372,31
Accounts payables with consolidated entities		467.663,30	511.540,86	-43.877,56
Accounts payable	6.2.6	553.573,33	619.823,20	-66.249,87
Accrued charges and deferred income	6.2.7	2.010.757,62	1.916.007,10	94.750,52
TOTAL CURRENT LIABILITIES		2.564.330,95	2.535.830,30	28.500,65
TOTAL		11.466.488,32	12.511.087,71	-1.044.599,39

3. ERCEA – STATEMENT OF FINANCIAL PERFORMANCE

In €	Note	2015	2014	Variation
Recovery of expenses		0,00	0,00	0,00
Other non-exchange revenue		39.132.336,70	36.008.317,52	3.124.019,18
Total non -exchange revenue	6.3.1	39.132.336,70	36.008.317,52	3.124.019,18
Financial income		24.475,62	95.223,91	-70.748,29
Other exchange revenue		232.403,00	224.279,29	8.123,71
Exchange revenue	6.3.2	256.878,62	319.503,20	-62.624,58
TOTAL REVENUE		39.389.215,32	36.327.820,72	3.061.394,60
Staff and pensions costs		-26.898.750,64	-24.538.436,33	-2.360.314,31
Finance costs		-42,25	-145,77	103,52
Other expenses		-13.563.522,47	-13.070.889,68	-492.632,79
TOTAL EXPENSES	6.3.3	-40.462.315,36	-37.609.471,78	-2.852.843,58
SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES		-1.073.100,04	-1.281.651,06	208.551,02
				0
SURPLUS/(DEFICIT) FROM EXTRAORDINARY ITEMS		0,00	0,00	0,00
				0
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR		-1.073.100,04	-1.281.651,06	208.551,02

4. ERCEA – CASH FLOW STATEMENT

In €	2015	2014
Cash Flows from ordinary activities		
Surplus/(deficit) from ordinary activities	-1.073.100,04	-1.281.651,06
Operating activities		
<u>Adjustments</u>		
Amortization (intangible fixed assets) +	1.462.065,21	1.428.779,46
Depreciation (tangible fixed assets) +	824.583,08	828.242,75
Increase/(decrease) in Provisions for risks and liabilities		-273.858,38
(Increase)/decrease in Short term Receivables	-180.067,76	243.789,71
(Increase)/decrease in Receivables related to consolidated EU entities	845,47	-1.049,62
Increase/(decrease) in Accounts payable	56.889,11	-252.397,53
Increase/(decrease) in Liabilities related to consolidated EU entities	-28.388,46	-1.092.414,11
Other non-cash movements		
Extraordinary items		
Net cash Flow from operating activities	1.062.825,61	-400.558,78
Cash Flows from investing activities		
Increase of tangible and intangible fixed assets (-)	-806.579,81	-588.749,57
Proceeds from tangible and intangible fixed assets (+)	-17.550,81	88.127,34
Net cash flow from investing activities	-824.130,62	-500.622,23
Net increase/(decrease) in cash and cash equivalents	238.694,99	-901.181,01
Cash and cash equivalents at the beginning of the period	2.629.594,59	3.530.775,60
Cash and cash equivalents at the end of the period	2.868.289,58	2.629.594,59

5. ERCEA – STATEMENT OF CHANGES IN CAPITAL

Net assets (in €)	Reserves		Accumulated Surplus / Deficit	Economic result of the year	Net assets (total)
	Fair value reserve	Other reserves			
Balance as of 31 December 2014			11.256.908,47	-1.281.651,06	9.975.257,41
Changes in accounting policies 1)					0,00
Balance as of 1 January 2015 (if restated)	0,00	0,00	11.256.908,47	-1.281.651,06	9.975.257,41
Other 2)					0,00
Fair value movements					0,00
Movement in Guarantee Fund reserve					0,00
Allocation of the Economic Result of Previous Year			-1.281.651,06	1.281.651,06	0,00
Amounts credited to Member States					0,00
Economic result of the year				-1.073.100,04	-1.073.100,04
Balance as of 31 December 2015	0,00	0,00	9.975.257,41	-1.073.100,04	8.902.157,37

6. NOTES TO THE FINANCIAL STATEMENTS

6.1. Accounting principles (summary)

Generally accepted accounting principles as mentioned in the Standard Financial Regulation for Executive Agencies¹³ 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. He/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.

¹³ 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

6.1.5. Principle 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:

- 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. Principle 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. Principle 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 principle

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. 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.

TABLE OF DEPRECIATION RATE

Asset type	A Depreciation rate, consolidation manual	B Depreciation rate used by reporting entity
<u>Intangible assets</u>		
Software for personal computers and servers	25%	25,0%
Other intangible fixed assets	25%	25,0%
<u>Tangible assets</u>		
<u>Land</u>	0%	0,0%
<u>Buildings</u>	4%	4,0%
<u>Plant and equipment</u>		
Scientific and laboratory equipment	25%	25,0%
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%	25,0%
<u>Furniture and vehicles</u>		
Office, laboratory and workshop furniture	10%	10,0%
Electrical office equipment, printing and mailing equipment	25%	25,0%
Printshop and postroom equipment	12,5%	12,5%
Equipment and decorations for garden, kitchen, canteen, restaurant, crèche and school	12,5%	12,5%
Motorised outdoor equipment	25%	25,0%
Specific furniture and equipment for schools, crèches and childcare centres	25%	25,0%
Furniture for restaurant/cafeteria/bar area	10%, 12,5%	10%, 12,5%
Cash registers and card acceptor devices	25%	25,0%
Antiques, artistic works, collectors' items	0%	0,0%
Transport equipment (vehicles and accessories)	25%	25,0%
<u>Computer hardware</u>		
Computers, servers, accessories, data transfer equipment, printers, screens	25%	25,0%
Copying equipment, digitising and scanning equipment	25%	25,0%
<u>Other fixtures and fittings</u>		
Telecommunications equipment	25%	25,0%
Audiovisual equipment	25%	25,0%
Computer, scientific and general books, documentation		
Computer books, CDs, DVDs	33%	33,0%
Scientific books, general books, CDs, DVDs	25%	25,0%
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%	25,0%
other	10%	10,0%
<u>Tangible fixed assets under construction</u>	0%	0,0%

6.2.1.1. Intangible fixed assets

Intangible fixed assets are identifiable non-monetary assets without physical substance.

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 ERCEA, the capitalization threshold is € 100.000,00. It represents an important part of the fixed assets and consists mainly in IT tools for the management of the Agency operational programmes, namely for Grants and Evaluations and to a lesser extent for the administrative management of the Agency.

The intangible fixed assets movements table at 31/12/2015 is detailed as follows (in €):

2015		INTANGIBLE FIXED ASSETS		
		Total Computer Software	Intangible assets under construction	Total
Gross carrying amounts 01.01.2015	+	6.204.849,80	805.454,28	7.010.304,08
Additions	+	96.672,00	386.380,73	483.052,73
Disposals	-			
Transfer between headings	+/-	423.999,21	-423.999,21	
Other changes	+/-	0,05		0,05
Gross carrying amounts 31.12.2015		6.725.521,06	767.835,80	7.493.356,86
Accumulated amortization and impairment 01.01.2015	-	2.600.539,85	-258.966,86	-2.859.506,71
Amortization	-	-1.462.065,21		-1.462.065,21
Write-back of amortization	+			
Disposals	+			
Impairment (2)	-			
Write-back of impairment	+			
Transfer between headings	+/-			
Other changes (2)	+/-			
Accumulated amortization and impairment 31.12.2015		-4.062.605,06	-258.966,86	-4.321.571,92
Net carrying amounts 31.12.2015		2.662.916,00	508.868,94	3.171.784,94

The net value of the Agency intangible fixed assets at year end is € 3.171.784,94.

The net value of the internally developed IT software for the management of the Agency operational programmes carried out by and for various Directorates-General in the Commission and Executive Agencies represents € 2.022.615,00. These IT tools were developed until 2013 and mostly capitalized over three years.

Following the termination of the Service Level Agreement for the provision of FP7 information systems and services and the Common Evaluation Platform by 31/12/2013, the establishment of the Common Support Center (CSC) responsible for the implementation and support of IT systems for Horizon 2020 and all common FP7 applications, and the implementation of the new partnership agreement between the CSC, representing the research DGs, and the DG for Informatics (DIGIT), the development costs of these IT tools are shared among DGs without any financial participation of the ERCEA. No development costs are activated since 2014 in the ERCEA annual accounts regarding these tools.

The net value of the internally developed IT software carried out by the Agency is equal to € 622.235,00.

Development costs transferred to Intangible Assets Under Construction (K€ 386) concern IT tools developed by the Agency (PANEL started in the 2014 second quarter and JAVA MIGRATION started beginning of 2015). The PANEL and JAVA MIGRATION project represents respectively K€ 250 and K€ 259 of the total of the Assets Under Construction (K€ 509).

The last two modules of the PRJ SEP project tools have been put in production in 2015 representing K€ 511.

No research costs have been supported this year and there are no development costs left to be capitalized.

6.2.1.2. Tangible fixed assets

Tangible fixed assets are identifiable non-monetary assets with physical substance.

The net value of the Agency tangible fixed assets at year end is € 3.031.644,00 mainly constituted of the fitting out of premises, IT hardware, and furniture.

The tangible fixed assets movement table at 31/12/2015 is detailed as follows (in €):

		TANGIBLE FIXED ASSETS					
2015 (in €)		Buildings	Plant and Equipment	Computer hardware	Furniture and vehicles	Other Fixtures and Fittings	Total
Gross carrying amounts 01.01.2015	+	6.155,41	23.674,92	830.284,25	329.749,66	6.990.133,41	8.179.997,65
Additions	+			190.485,41	20.631,03	112.410,64	323.527,08
Disposals	-			- 61.894,35	- 34.911,85		- 96.806,20
Transfer between headings	+/-						
Other changes	+/-						
Gross carrying amounts 31.12.2015		6.155,41	23.674,92	958.875,31	315.468,84	7.102.544,05	8.406.718,53
Accumulated amortization and impairment 01.01.2015	-	-2.784,41	-23.455,47	-728.103,25	-158.366,66	-3.752.138,82	-4.664.848,61
Amortization	-	- 615,00	- 308,00	- 62.298,41	- 35.448,03	- 725.913,64	-824.583,08
Write-back of amortization	+		145,55		218,00	21.582,41	21.945,96
Disposals	+			57.499,35	34.911,85		92.411,20
Impairment	-						
Write-back of impairment	+						
Transfer between headings	+/-						
Other changes	+/-						
Accumulated amortization and impairment 31.12.2015		-3.399,41	-23.617,92	-732.902,31	-158.684,84	-4.456.470,05	-5.375.074,53
Net carrying amounts 31.12.2015		2.756,00	57,00	225.973,00	156.784,00	2.646.074,00	3.031.644,00

The building occupied by the Agency is rented through a usufruct contract of 15 years duration. The rent is paid annually and registered as expenditure. The works made for the initial fitting out of the building (K€ 5 543) 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 (K€ 909).

As regards to tangible assets, the creation of a canteen in 2012 for the benefice of the staff of the different organisations established in the building where the Agency has its premises induced an amount of K€ 650 included in the "Other Fixtures and Fittings" category representing the participation of the ERC EA to the canteen building costs. The delivery of the canteen took place in January 2013 and it started to be used beginning February.

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 2015, there is no material discrepancy between the checks and the assets registration implying the implementation of special safekeeping measures.

6.2.2. *Current assets*

Exchange receivables	Note	2015	2014
Current receivables			
Customers			66,02
Member States			
EFTA			
Third States			
Other current receivables			
Total		0,00	66,02
Deferred charges exchange			
Deferred charges		2.196.136,81	2.142.796,88
Total	A	2.196.136,81	2.142.796,88
Sundry receivables			
Staff		80.596,53	29.198,37
Other			
Total	B	80.596,53	29.198,37
Other exchange receivables			
Short-term receivables with consolidated EU entities		204,15	1.049,62
Total		204,15	1.049,62
Grand total		2.276.937,49	2.173.110,89

The main categories are:

A – Deferred charges exchange

The balance of the deferred charges exchange corresponds mainly to:

- deferred charges related to the rent of the building where the ERCEA has established its headquarters, each yearly instalment starting end September (€ 2.134.669,78).
- deferred charges related mainly to the reimbursement of staff public transport subscription, IT maintenance, training and insurance contracts (€ 61.467,03).

B – Sundry Receivables

Sundry Receivables amounts to € 80.596,53. They mainly consist in salary advance (€ 30.987,59), and regularization of staff entitlements (€ 49.524,30).

6.2.3. *Current recoverable*

Current recoverable (€ 117.832,31) corresponds to:

- the accrued amount of bank interests earned on the subsidy paid by the Commission to the Agency (€ 5.245,73).
- the accrued income related to the recuperation of costs from suppliers (€ 112.586,58) mainly consisting in:
 - o the reimbursement of the 2014 city tax for 90.446,40 € following the City Hall's decision received on 7/12/2015 to accept the complaint submitted by the Agency leading to the exemption of this tax
 - o the estimation of the liquidated damages to be claimed to the supplier regarding the delay of the external audits carried out by the supplier and delivered in 2015 (€ 17.000,00).

6.2.4. *Cash and cash equivalent*

The Agency has one bank account in €, 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 2015 amounts to € 2.868.289,58.

6.2.5. *Net assets / liabilities*

The capital amounts to € 8.902.157,37. It is constituted of the Statement of financial performance of the year (loss, € -1.073.100,04) and the accumulated result from previous years € +9.975.257,41).

The loss is economic and not budgetary. It is due to the discrepancy between the method of determining Revenue - on a budgetary basis - while the method of determining Expenses is accrual based.

6.2.6. *Accounts payables*

Account payables	Note	2015	2014
Vendors		15.396,23	39.316,50
Other accounts payable against consolidated EU entities			8.838,83
Total current payables	A	15.396,23	48.155,33
Staff		10.259,80	49.511,19
Other		60.254,00	10.615,82
Total sundry payables	B	70.513,80	60.127,01
Total current payables		85.910,03	108.282,34
Pre-financing received from consolidated EU entities		467.663,30	511.540,86
Total Accounts payable with consolidated EU entities	C	467.663,30	511.540,86
GRAND TOTAL		553.573,33	619.823,20

A - Accounts payable - Current payables

The net open position at year end under current payables is a credit balance of € 15.396,23 for third parties.

Unsettled invoices at year end from EC consolidated entities (other Agencies, Directorates General of the Commission) for the goods or services provided in 2015 in application of the Service level Agreements they signed with the ERCEA amounted for € 8.838,83 in 2014.

B – Accounts payable – Sundry payables

Sundry payables are constituted of settlements for inter-institutional staff mobility € 10.259,80 in 2015 (against € 49.511,19 in 2014).

They also include in other the amount in the transit account corresponding to assets capitalized but not yet paid (€ 60.254,00 in 2015 against € 9.293,12 in 2014).

C – Accounts payable – Accounts payable with consolidated EU entities

The amount of € 467.663,30 is included under this heading, consisting in the part of the subsidy to be reimbursed to the Commission as a result of 2015 budgetary management (See part II, Budget Outturn Account).

6.2.7. Accrued charges and deferred income

Other	2015	2014
Accrued charges	1.467.976,45	1.397.553,86
Untaken annual leave	521.169,90	443.686,26
other accrued charges	946.806,55	953.867,60
Accrued charges with consolidated EU entities	542.781,17	518.453,24
Total	2.010.757,62	1.916.007,10

Accrued charges are expenditure related to goods or services provided to the Agency during financial year 2015 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 based on the pending payment obligations of the Agency – called Reste A Liquider (RAL) - analysed at the light of the services and goods delivered in 2015, the invoices/cost claims received at the beginning of 2016, and "Eligibility to be checked" accounts.

The information withdrawn from this analysis leads to an estimated amount of € 2.010.757,62 to accrue as charges. It is composed of:

- € 542.781,17 for goods or services delivered in 2015 by other Agencies and/or by the Commission Directorates General in the frame of Service level Agreements signed with the Agency;
- € 1.467.976,45 for cost claims from experts, missions claims from staff members, invoices for goods or services delivered but not invoiced yet (IT consultancy, audit services on operational budget projects), accrued financial expenses, etc., and the calculated amount of 2015 untaken staff annual leave.

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

6.3. Notes to the statement of financial performance

6.3.1. Non-exchange revenue

Non exchange Revenue	2015	2014
Adjustments of provisions	0,00	273.858,38
EU Subsidy	39.132.336,70	35.734.459,14
Total non-exchange revenue	39.132.336,70	36.008.317,52

The EU subsidy amount is the part of the EC subsidy, incremented by the recovery of costs from previous years, justified by the expenditure 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 expenditure, accrual principles applied (hence the RAL taken into account). The amount of the subsidy so defined is € 39.132.336,70.

6.3.2. Exchange revenue

Exchange Revenue	2015	2014
Financial Income	24.475,62	95.223,91
Fixed assets related revenue	21.945,96	0,00
Administrative revenue with consolidated entities	53.451,58	39.928,07
Exchange rate gains	4.501,72	2.923,55
Other	152.503,74	181.427,67
Other exchange revenue	232.403,00	224.279,29
Total exchange revenue	256.878,62	319.503,20

The financial incomes correspond to the 2015 bank interests and are not to be returned to the Commission as from 1/01/2014. Thus they are considered as revenue (€ 24.475,62).

The administrative revenue with consolidated entities corresponds to reimbursement of charges under Service level Agreement with Directorate Generals of the European Commission (€53.451,58).

The fixed assets related revenue 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 on its own. There are therefore no more grounds for such revenue but some regularisation uploads in year N through the Agency inventory system of asset items accounted for in year N-1 in "Manual assets" accounts. The amount under this heading in 2015 was mostly due to an asset depreciation correction.

Exchange rate gains (€ 4.501,72) or losses are produced when payments are done in foreign currency, namely to suppliers located in non-euro countries or to a minor extend, to staff whose salary is partly paid in their country of origins.

The other exchange revenue (€ 152.503,74) corresponds mainly to:

- the reversal of 2014 over-accrued charges, or 2014 accrued charges not justified by the invoices received during the financial year for € 37.161,54 €;

- the accrued income related to the reimbursement of the 2014 city tax for 90.446,40 € following the City Hall's decision to accept the complaint submitted by the Agency leading to the exemption of the tax;
- the estimation of the liquidated damages to be claimed to the supplier regarding the delay of the external audits carried out by the supplier and delivered in 2015 (€ 17.000,00).

6.3.3. Expenses

	2015	2014
Staff expenses	26.898.750,64	24.538.436,33
Finance costs	42,25	145,77
Fixed Assets Expenses	2.291.043,49	2.345.149,55
Land and Buildings	4.308.884,28	4.224.204,76
Other	6.956.487,34	6.496.282,91
Exchange rate losses	7.107,36	5.252,46
Total other expenses	13.563.522,47	13.070.889,68
Total	40.462.315,36	37.609.471,78

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

The fixed assets expenses relate to depreciation charges of the Agency's tangible and intangible fixed assets and written off amounts.

The other expenses are:

	2015	2014
Building expenses	4.308.884,28	4.224.204,76
<i>With third parties</i>	<i>2.843.239,52</i>	<i>2.868.993,78</i>
<i>With consolidated entities</i>	<i>1.465.644,76</i>	<i>1.355.210,98</i>
Other expenses with consolidated entities	2.846.534,97	2.890.607,04
IT expenses, services and supplies	1.036.507,29	1.241.895,55
Office Supplies and material	364.718,61	372.321,58
Missions	397.617,72	358.101,77
Training	219.661,54	226.337,34
Communications	349.053,88	253.334,43
Reimbursement of experts	302.164,87	201.064,69
Recruitment costs	58.504,58	131.280,34
Other expenditure	1.381.723,88	821.340,17
Exchange rate losses	7.107,36	5.252,46
Total of expenses	11.272.478,98	10.725.740,13

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. Financial instruments and risks

Financial instruments comprise cash, current receivables and recoverables, current payables, amounts due to and from consolidated entities.

Financial assets	2015	2014
Current receivables	0,00	66,02
Other receivables	2.394.769,80	2.215.480,49
Cash and deposit	2.868.289,58	2.629.594,60
Total financial assets	5.263.059,38	4.845.141,11

Financial liabilities	2015	2014
Current payables	85.910,03	108.282,34
Other payables	467.663,30	511.540,86
Total financial liabilities	553.573,33	619.823,20

6.5.1. Liquidity risk

Liquidity risk arises from the ongoing financial obligations, including settlement of payables.

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

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

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

31 December	< 1 year	1 - 5 years	> 5 years	Total
Payables with third parties	85.910,03			85.910,03
Payables with consolidated entities	467.663,30			467.663,30
Total liabilities	553.573,33	0,00	0,00	553.573,33

6.5.2. Credit risk

Credit risk is the risk of loss due to a debtor's non-payment.

	Neither past due nor impaired (1)	Past due but not impaired			Total (1+2+3+4)
		< 1 year (2)	1-5 years (3)	> 5 years (4)	
Receivables with third parties	2.394.565,65				2.394.565,65
Receivables with consolidated entities	204,15				204,15

Treasury resources are kept with a commercial bank selected by call for tenders. A minimum short term credit rating is requested for admission to the tendering procedures. The credit rating of the commercial bank is regularly reviewed.

The EU contribution is requested 3 times a year in order to minimise the cash level on the bank account.

The Agency has a current bank account at ING Belgium SA:

	Current bank accounts
Prime and high grade	2.868.289,58

6.5.3. Interest rate risk

The Agency does not borrow any money; as a consequence it is not exposed to interest rate risk.

Interest rate risk arising from interest earned on the Agency's bank account is not considered to be material given the amounts involved. The interest earned on its bank account are calculated and fluctuated according to the contractual rate reflecting market interest rates.

6.5.4. Foreign currency risk

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

6.6. Contingent liability

Other Significant Disclosures	2015	2014
RAL - Commitments against appropriations not yet consumed	1.045.591,11	661.181,56
Contractual commitment (for which budget commitments have not yet been made)		
Contributions to related organisations		
Undrawn commitments		
Operating lease commitments	21.966.256,39	24.812.481,76
TOTAL	23.011.847,50	25.473.663,32

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 € 23.011.847,50. It corresponds for € 1.045.591,11 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 2016. It is also incorporating for € 21.966.256,39 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, Heads of Department, Heads of Unit	AD14	3
Heads of Department, Heads of Unit	AD13	9

The balance position of the Agency with the key management personnel 2015 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 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.

From year end until the approval of the annual accounts, 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 – ANNEX TO THE BUDGET IMPLEMENTATION REPORTS

1. BUDGET OUTTURN ACCOUNT

		2015	2014
REVENUE			
Balancing Commission subsidy	+	39.600.000,00	36.246.000,00
Other subsidy from Commission (Phare, IPA,...)	+		
Fee income	+		
Other income	+	82.848,26	182.341,91
TOTAL REVENUE (a)		39.682.848,26	36.428.341,91
EXPENDITURE			
<i>Title I: Staff</i>			
Payments	-	28.880.660,40	26.306.690,42
Appropriations carried over	-	361.957,14	346.842,56
<i>Title II: Administrative Expenses</i>			
Payments	-	6.060.688,19	5.839.135,86
Appropriations carried over	-	658.435,39	618.174,09
<i>Title III: Operating Expenditure</i>			
Payments	-	1.921.907,88	1.798.906,96
Appropriations carried over	-	1.457.919,82	1.126.275,47
TOTAL EXPENDITURE (b)		39.341.568,82	36.036.025,36
OUTTURN FOR THE FINANCIAL YEAR (a-b)		341.279,44	392.316,55
Cancellation of unused payment appropriations carried over from previous year	+	128.989,50	121.553,21
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 -)	+/-	-2.605,64	-2.328,90
BALANCE OF THE OUTTURN ACCOUNT FOR THE FINANCIAL YEAR		467.663,30	511.540,86
Balance year N-1	+/-	511.540,86	1.652.061,07
Positive balance from year N-1 reimbursed in year N to the Commission	-	-511.540,86	-1.652.061,07
Result used for determining amounts in general accounting		467.663,30	511.540,86
Commission subsidy - agency registers accrued revenue and Commission accrued expense		39.132.336,70	
Pre-financing remaining open to be reimbursed by agency to Commission in year N+1		467.663,30	
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)	+		

2. 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 € 2.478.312,35 corresponding to obligations duly contracted at the close of the financial year, is carried over to 2016 in payment and commitment administrative appropriations.

Budget Position	Budget Position Description	Appropriation (1)	Committed (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	Balance Commitment (1-2)	Balance Payment (2-3)
1111	Temporary agents	12.420.000,00	12.414.524,83	99,96%	12.414.524,83	99,96%	5.475,17	0,00
1112	Contract Agents	13.602.300,00	13.600.270,84	99,99%	13.600.270,84	99,99%	2.029,16	0,00
1121	Seconded National Experts	693.200,00	693.154,16	99,99%	693.154,16	99,99%	45,84	0,00
1122	Interimaires & stagiaires	931.200,00	895.395,68	96,16%	766.301,75	82,29%	35.804,32	129.093,93
1211	Recruitment, entering and leaving the service, transfer costs	64.000,00	63.920,28	99,88%	60.775,19	94,96%	79,72	3.145,09
1221	Restaurant, Canteens	120.500,00	120.500,00	100,00%	106.842,02	88,67%	0,00	13.657,98
1231	Medical service	81.000,00	62.581,68	77,26%	39.581,68	48,87%	18.418,32	23.000,00
1241	Training	401.500,00	385.127,99	95,92%	285.184,92	71,03%	16.372,01	99.943,07
1251	Mobility and Public transportation	82.000,00	78.099,88	95,24%	66.643,80	81,27%	3.900,12	11.456,08
1261	Social service and other interventions	583.500,00	582.393,84	99,81%	571.359,24	97,92%	1.106,16	11.034,60
1271	External services (PMO)	335.500,00	335.500,00	100,00%	265.589,60	79,16%	0,00	69.910,40
1281	Internal meetings, events and reception	19.000,00	11.147,36	58,67%	10.431,37	54,90%	7.852,64	715,99
2111	Rental of building and associated costs	4.460.000,00	4.361.726,94	97,80%	4.032.121,98	90,41%	98.273,06	329.604,96
2121	Fitting out	0,00		0,00%			0,00	
2211	Hardware, software and linked expenses	767.730,00	758.672,07	98,82%	521.763,37	67,96%	9.057,93	236.908,70

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2221	ICT services	1.436.000,00	1.435.676,54	99,98%	1.379.016,54	96,03%	323,46	56.660,00
2311	Furniture, Material and Technical installations	105.720,00	104.146,89	98,51%	74.561,66	70,53%	1.573,11	29.585,23
2321	Works of handling and removal of services	4.200,00	2.794,58	66,54%	2.283,08	54,36%	1.405,42	511,50
2331	Paper mill, office supplies	20.000,00	18.001,00	90,01%	18.001,00	90,01%	1.999,00	0,00
2341	Correspondence stamping and carriage costs	41.000,00	38.000,00	92,68%	32.835,00	80,09%	3.000,00	5.165,00
2351	Acquisition of information	800,00	63,31	7,91%	63,31	7,91%	736,69	0,00
2361	Other current expenses (financial, legal, assurance,...)	50,00	42,25	84,50%	42,25	84,50%	7,75	0,00
3111	Experts, studies, representation and external meeting expenses	307.875,00	273.856,89	88,95%	262.716,22	85,33%	34.018,11	11.140,67
3121	Missions and related costs	420.000,00	397.439,12	94,63%	386.481,49	92,02%	22.560,88	10.957,63
3131	Audit expenses	866.625,00	866.625,00	100,00%	179.102,50	20,67%	0,00	687.522,50
3141	Expenses of Information, Publications and Communication	539.500,00	527.005,98	97,68%	283.626,30	52,57%	12.494,02	243.379,68
3151	Expenses of translation	17.800,00	11.881,80	66,75%	11.435,80	64,25%	5.918,20	446,00
3171	Operational related IT costs	1.304.000,00	1.303.018,91	99,92%	798.545,57	61,24%	981,09	504.473,34
TOTAL		39.625.000,00	39.341.567,82	99,28%	36.863.255,47	93,03%	283.432,18	2.478.312,35

3. BUDGET IMPLEMENTATION CARRIED OVER APPROPRIATION – C8

The table below shows the implementation of the credits 2014 carried forward to 2015.

Budget Position	Budget Position Description	Appropriation (1)	Committed (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	Balance Commitment (1-2)	Balance Payment (2-3)
1122	Interimaires & stagiaires	85.378,81	81.286,37	95,21%	81.286,37	95,21%	4.092,44	0,00

1211	Recruitment, entering and leaving the service, transfer costs	4.292,28	3.360,38	78,29%	3.360,38	78,29%	931,90	0,00
1221	Restaurant, Canteens	92,49	92,49	100,00%	92,49	100,00%	0,00	0,00
1231	Medical service	27.137,68	27.137,68	100,00%	27.137,68	100,00%	0,00	0,00
1241	Training	198.341,94	185.871,89	93,71%	185.871,89	93,71%	12.470,05	0,00
1251	Mobility and Public transportation	8.462,02	8.462,02	100,00%	8.462,02	100,00%	0,00	0,00
1271	External services (PMO)	21.355,06	21.252,86	99,52%	21.252,86	99,52%	102,20	0,00
1281	Internal meetings, events and reception	1.782,28	1.453,52	81,55%	1.453,52	81,55%	328,76	0,00
2111	Rental of building and associated costs	440.719,18	414.531,66	94,06%	414.531,66	94,06%	26.187,52	0,00
2211	Hardware, software and linked expenses	95.520,25	64.823,75	67,86%	64.823,75	67,86%	30.696,50	0,00
2221	ICT services	50.955,00	40.248,86	78,99%	40.248,86	78,99%	10.706,14	0,00
2311	Furniture, Material and Technical installations	6.630,87	6.630,87	100,00%	6.630,87	100,00%	0,00	0,00
2321	Works of handling and removal of services	600,00	545,76	90,96%	545,76	90,96%	54,24	0,00
2331	Paper mill, office supplies	20.670,00	19.840,69	95,99%	19.840,69	95,99%	829,31	0,00
2341	Correspondence stamping and carriage costs	3.078,79	2.665,39	86,57%	2.665,39	86,57%	413,40	0,00
3111	Experts, studies, representation and external meeting expenses	69.445,67	56.595,80	81,50%	56.595,80	81,50%	12.849,87	0,00
3121	Missions and related costs	21.769,22	20.587,22	94,57%	20.587,22	94,57%	1.182,00	0,00
3131	Audit expenses	343.500,00	326.325,00	95,00%	326.325,00	95,00%	17.175,00	0,00
3141	Expenses of Information, Publications and Communication	212.876,38	208.562,40	97,97%	208.562,40	97,97%	4.313,98	0,00
3151	Expenses of translation	495,00	495,00	100,00%	495,00	100,00%	0,00	0,00
3171	Operational related IT costs	478.189,20	471.533,01	98,61%	471.533,01	98,61%	6.656,19	0,00
TOTAL		2.091.292,12	1.962.302,62	93,83%	1.962.302,62	93,83%	128.989,50	0,00

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.

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.

Principle of annuality

The appropriations entered in the budget shall be authorised for one financial year which shall run from 1 January to 31 December, inclusive.

Commitments shall be entered in the accounts on the basis of the legal commitments entered into up to 31 December.

Payments shall be entered in the accounts for a financial year on the basis of the payments effected by the accounting officer by 31 December of that year at the latest.

Principle of equilibrium

The 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.

Principle of unit of account

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

Principle of universality

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

Principle of specification

The appropriations in their entirety shall be earmarked for specific purposes by title and chapter; the chapters shall be further subdivided into articles and items.

The Executive Director may authorise transfers from one article to another within each chapter.

Principle of sound financial management

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

The principle of economy requires that the resources used by the 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.

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 in December 2013 by Commission Decision 2013/779/EU, for the management of the specific objective 'Strengthening frontier research through the activities of the European Research Council' of Part I 'Excellent Science' of the Specific Programme implementing Horizon 2020 (2014-2020). The ERCEA succeeded the Executive Agency established by Decision 2008/37/EC which had been set up under FP7 to implement the « Ideas » Specific Programme. 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. As mentioned in the same article, it shall also comprise 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 thereof.

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 467.663.30 €. 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: remunerations, allowances and charges of the staff members working for the agency and all other entitlements such as removal expenditures, installation costs, change of personnel etc.
- Chapter 12 Professional development and social expenditure: All the recruitment costs incurred by the Agency from the launch of a selection procedure to the effective recruitment of the selected candidates, administrative mission costs, training and medical expenses and staff perquisites are incorporated under those chapters. Expenditure for internal meetings such as seminars, recruitment panels, etc, is included in this chapter.

Title II budget lines relate to infrastructure and operating expenditure.

- Chapter 21 Building expenditure. The rent is fixed through a usufruct contract signed by the Agency following a tender procedure launched to the benefit of the European Commission and its consolidated entities. Charges for the maintenance, cleaning, security, heating, etc. of the building, and costs of the fitting out of premises are also included under this chapter. 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 22: ICT. 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. 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 service.
- Chapter 23 movable property and current operating expenditure: are included in this chapter:
 - Movable property and associated expenses: the costs of furniture for the Agency and its staff members.
 - Expenditures related to documentation, library and archive are also under this chapter.
 - Office supplies.
 - Correspondence stamping
 - Other current expense (financial, legal, insurance)

Title III budget lines relate to the programme support expenditure.

- Chapter 31 programme management expenditure: are included in this chapter:
 - Experts, studies representation and external meeting expenses, mainly the costs of experts invited in the frame of the Agency operational activities, excluding evaluators paid by the operational budget
 - Missions
 - 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
 - Expenses of information, Publications and Communication
 - Expenses of translation
 - Operational related IT costs: mainly IT consultants

The budgetary result of € 467.663,30 can be reconciled with the economic result of € - 1.073.100,04, by withdrawing or adding the items which are included in one of the result and not in the other.

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

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

Other non-cashed charges (profit) such as amortization, dotation to provision (or reduction of provision) impact the economic but not the budget result.

The detail of this reconciliation is provided in the table below.

	sign +/-	amount
Economic result (+ for surplus and - for deficit) of the consolidation reporting package	+/-	-1.073.100,04
Adjustment for accrual items (items not in the budgetary result but included in the economic result)		
<i>A</i> Adjustments for Accrual Cut-off (reversal 31.12.N-1)	-	247.909,59
<i>B</i> Adjustments for Accrual Cut-off (cut- off 31.12.N)	+	-303.436,88
<i>C</i> Amount from liaison account with Commission booked in the economic revenue	-	
<i>D</i> Unpaid invoices at year end but booked in charges (class 6)	+	110,34
<i>E</i> Depreciation of intangible and tangible assets (1)	+	2.269.097,53
<i>F</i> Provisions (1)	+	
<i>G</i> Value reductions (1)	+	
<i>H</i> Recovery Orders issued in 2015 in class 7 and not yet cashed	-	
<i>la</i> Pre-financing given in previous year and cleared in the year	+	
<i>lb</i> Pre-financing received in previous year and cleared in the year	-	
<i>J</i> Payments made from carry over of payment appropriations	+	1.962.302,62
<i>K</i> Other	+/-	2.059,67
Adjustment for budgetary items (item included in the budgetary result but not in the economic result)		
<i>M</i> Asset acquisitions (less unpaid amounts)	-	-755.618,98
<i>N</i> New pre-financing paid in the year 2015 and remaining open as at 31.12.2015	-	
<i>O</i> New pre-financing received in the year 2015 and remaining open as at. 31.12.2015	+	467.663,30
<i>P</i> Budgetary recovery orders issued before 2015 and cashed in the year	+	
<i>Q</i> Budgetary recovery orders issued in 2015 on balance sheet accounts (not 7 or 6 accounts) and cashed	+	
<i>R</i> Capital payments on financial leasing (they are budgetary payments but not in the economic result)	-	
<i>S</i> Payment appropriations carried over to 2016	-	-2.478.312,35
<i>T</i> Cancellation of unused carried over payment appropriations from previous year	+	128.989,50
<i>U</i> Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	+	
<i>V</i> Payments for pensions (they are budgetary payments but booked against provisions)	-	
<i>W</i> Payments for stocks of leave and supplementary hours (they are budgetary payments but booked against provisions)	-	
<i>X</i> Other	+/-	
total		467.664,30
Budgetary result (+ for surplus) (2) including amount of exchange rate differences		467.663,30
Amount of exchange rate differences (3) included in the budgetary result		-2.605,64
Delta not explained		1,00

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 (BLUEBELL), 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 2015

On basis of the draft budget presented to the Budgetary Authority, the Steering Committee adopted on 12 December 2014 the ERCEA annual subsidy 2015 for 39.625.000 €, pending adoption of the General Budget of the European Union by the Budgetary Authority.

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.

EXPENSE		Budget	Transfert 1*	Modification 1	Modification 1	Transfert 2*	Transfert 3*	Modification 2	Modification 2
			29/06/2015	22/09/2015		14/10/2015	10/11/2015	8/12/2015	
Title I - STAFF EXPENDITURE		2015			2015				2015
Chapter 11 - Remunerations, Allowances and Charges		27.429.000	0	-171.800	27.257.200	0	0	389.500	27.646.700
1111	Temporary agents	12.450.000	-60.000	-180.000	12.210.000			210.000	12.420.000
1112	Contract Agents	13.550.000	-135.700	-42.000	13.372.300			230.000	13.602.300
1121	Seconded National Experts	800.000		-76.800	723.200			-30.000	693.200
1122	Interimaires & stagiaires	629.000	195.700	127.000	951.700			-20.500	931.200
Chapter 12 - Professional Development and Social expenditure		1.695.000	0	37.500	1.732.500	0	0	-45.500	1.687.000
1211	Recruitment, entering and leaving the service, transfer costs	100.000		-12.500	87.500			-23.500	64.000
1221	Restaurant, Canteens	117.000		10.000	127.000			-6.500	120.500
1231	Medical service	78.000		3.000	81.000				81.000
1241	Training	407.000		7.000	414.000			-12.500	401.500
1251	Mobility and Public transportation	86.000			86.000			-4.000	82.000
1261	Social service and other interventions	554.000		24.000	578.000			5.500	583.500
1271	External services (PMO)	340.000			340.000			-4.500	335.500
1281	Internal meetings, events and reception	13.000		6.000	19.000				19.000
1291	Missions (administrative)	0			0				0
TOTAL TITLE 1		29.124.000	0	-134.300	28.989.700	0	0	344.000	29.333.700
Title II - INFRASTRUCTURE AND OPERATING EXPENDITURE		2015			2015				2015
Chapter 21 - Building expenditure		4.517.000	0	-57.000	4.460.000	0	0	0	4.460.000
2111	Rental of building and associated costs	4.517.000		-57.000	4.460.000				4.460.000
2121	Fitting out	0			0				0
Chapter 22 - ICT		2.335.000	0	134.000	2.469.000	0	0	-265.270	2.203.730
2211	Hardware, software and linked expenses	592.000		97.000	689.000		310.000	-231.270	767.730
2221	ICT services	1.743.000		37.000	1.780.000		-310.000	-34.000	1.436.000
Chapter 23 - Movable property and Current Operating expenditure		201.200	0	-17.700	183.500	0	0	-11.730	171.770
2311	Furniture, Material and Technical installations	105.000			105.000			720	105.720
2321	Works of handling and removal of services	4.200			4.200				4.200
2331	Paper mill, office supplies	35.000		-10.000	25.000			-5.000	20.000
2341	Correspondence stamping and carriage costs	41.000			41.000				41.000
2351	Acquisition of information	8.500		-7.700	800				800
2361	Other current expenses (financial, legal, assurance,...)	7.500			7.500			-7.450	50
TOTAL TITLE 2		7.053.200	0	59.300	7.112.500	0	0	-277.000	6.835.500

Title III - PROGRAMME SUPPORT EXPENDITURE		2015		2015		2015		2015	
Chapter 31 - Programme Management expenditure		3.447.800	0	75.000	3.522.800	0	0	-67.000	3.455.800
3111	Experts, studies, representation and external meeting expenses	340.000		-40.000	300.000	17.875	-10.000		307.875
3121	Missions and related costs	420.000			420.000		10.000	-10.000	420.000
3131	Audit expenses	690.000		185.000	875.000	-8.375			866.625
3141	Expenses of Information, Publications and Communication	630.000		-70.000	560.000	-9.500		-11.000	539.500
3151	Expenses of translation	17.800			17.800				17.800
3161	Conferences, seminars, trainings and other specific expenditure	0			0				0
3171	Operational related IT costs	1.350.000			1.350.000			-46.000	1.304.000
TOTAL TITLE 3		3.447.800	0	75.000	3.522.800	0	0	-67.000	3.455.800
GRAND TOTAL		39.625.000	0	0	39.625.000	0	0	0	39.625.000

The year-end execution rate of the 2015 administrative budget (C1 appropriations, € 39,625 Mio) was 99,3% for commitments and 93,0% for payments, the difference in execution rate (€ 2, Mio) corresponds to the Reste A Liquider (RAL). It covers goods and services delivered in 2015 but not yet invoiced to the Agency, as costs of training and building, IT material and IT consultants, communication and external audits, or the value for 2015 of the contracts started in 2015 but that extend over the financial year.

As regards Title 1 Staff expenditure, end 2015, 108 temporary agents, 298 contracts agents and 11 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 pre-recruitment medical visits and annual medical visits).

The trainings under item 1241 ordered in 2015 covered the following activities:

- Commission trainings (financial courses such as ABAC accounting systems, languages, etc.) managed under the SLA signed by Commission DGs and the ERCEA.
- Teambuilding actions
- Training for management (coaching,...)
- External trainings.

School transport costs under item 1251 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.

Crèche and Garderie costs under item 1261 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.

Item 1271 includes the fees paid for the services provided to the Agency by PMO: calculation of the staff salary and entitlements, including SNEs, 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.

As regards Title 2 Infrastructure and operating expenditure, the main post is the renting and charges of the building (chapter 21) which is nearly 64,9 % of the amount committed under this title. Building charges come from the services provided by DG HR (caretaking costs, 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 22) concerns mainly:

- the maintenance/renewal of software, licences and servers;
- the purchase of IT equipment (computer, etc.);
- the audio visual equipment of the meeting rooms;
- the helpdesk, the costs of computerised central financial and accounting system

- named ABAC (Service Level Agreement with DG BUDG);
- 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".

As regards Title 3 Programme support expenditure, the main expenditures are related to

- the external experts meetings, the Board Meetings, the meetings with National Representatives, etc;
- the missions;
- the audit expenses that 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;
- the communication budget that 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 development of IT applications requiring specialized profiles and specific competencies from IT consultants.

Recovery orders

During the reporting period the ERCEA has issued Recovery orders for an amount of € 39.696.249,18, approximately 99,9998 % were cashed before the end of 2015.

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	Authorised under the EU Budget 2014	Actually filled as of 31/12/2014	Authorised under the EU Budget 2015	Actually filled as of 31/12/2015
AD 16				
AD 15				
AD 14	2	2	7	3
AD 13	9	9	6	10
AD 12	3	3	4	4
AD 11	3	3	4	2
AD 10			2	2
AD 9	20	17	24	27
AD 8	37	41	37	35
AD 7	17	16	16	14
AD 6	7	7	7	11
AD 5	2	1	1	
AD TOTAL	100	99	108	108
AST 11				
AST 10				
AST 9				
AST 8				
AST 7				
AST 6				
AST 5				
AST 4				
AST 3				
AST 2				
AST 1				
AST TOTAL				
AST/SC 6				
AST/SC 5				
AST/SC 4				
AST/SC 3				
AST/SC 2				
AST/SC 1				
AST/SC TOTAL				
TOTAL	100	99	108	108
Of which Officials seconded by the Commission	15	15	20	19