



EUROPEAN RAILWAY AGENCY

# **Final accounts 2010 of THE EUROPEAN RAILWAY AGENCY**

15 June 2011



	Name	Function	Date	Signature
Prepared by	Stefan Meert/Rodica Tarasila	Accounting Officer/Accounting Assistant	15/06/2011	
Signed by	Stefan Meert	Accounting Officer	15/06/2011	
Signed by	Marcel Verslype	Director	04/07/2011	



## Contents

<b>PART I - FINANCIAL STATEMENTS .....</b>	<b>4</b>
Balance sheet .....	4
Economic outturn account.....	6
Statement of changes in net assets.....	7
Cash flow table (indirect method).....	8
Notes to the financial statements.....	9
1. Accounting policies .....	9
2. Notes to the balance sheet.....	12
3. Notes to the economic outturn account.....	17
4. Other information.....	19
<b>Part II - Report on the implementation of the budget of the European Railway Agency .....</b>	<b>20</b>
Budget implementation 2010 .....	20
Budget implementation – Appropriations carried over 2009/2010 .....	21
Use of appropriations 2010 .....	22
Appropriations carried over 2010/2011 .....	23
Budget outturn .....	28
Reconciliation economic outturn – budget outturn 2010.....	29



## PART I - FINANCIAL STATEMENTS

### Balance sheet

BALANCE SHEET - ASSETS	Note	31/12/2010	31/12/2009
<b>A. NON CURRENT ASSETS</b>			
Intangible assets	2.1	65.654,00	148.160,46
Property, plant and equipment	2.2	947.009,00	582.087,82
Land and buildings		0,00	0,00
Plant and equipment		0,00	93.448,00
Computer hardware		774.538,00	371.350,07
Furniture and vehicles		110.429,00	83.103,25
Other fixtures and fittings		62.042,00	34.186,50
Leasing		0,00	0,00
Tangible fixed assets under construction		0,00	0,00
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1.012.663,00</b>	<b>730.248,28</b>
<b>B. CURRENT ASSETS</b>			
Short-term receivables		369.225,38	405.767,93
Current receivables	2.3	353.370,13	321.399,42
Long-term receivables falling due within a year			
Sundry receivables	2.3	15.467,60	22.906,60
Other			
<i>Accrued income</i>			
<i>Deferred charges</i>			
<i>Deferrals and accruals with consolidated EC entities</i>			
<i>Short term receivables with consolidated EC entities</i>	2.3	387,65	61.461,91
Cash and cash equivalents	2.4	5.770.718,58	5.144.532,82
<b>TOTAL CURRENT ASSETS</b>		<b>6.139.943,96</b>	<b>5.550.300,75</b>
<b>TOTAL</b>		<b>7.152.606,96</b>	<b>6.280.549,03</b>



BALANCE SHEET - LIABILITIES		Note	31/12/2010	31/12/2009
<b>A. CAPITAL</b>			<b>4.866.982,07</b>	<b>3.773.315,97</b>
Accumulated surplus/deficit		2.5	3.773.315,97	3.487.857,62
Economic result of the year-profit+/loss-		2.5	1.093.666,10	285.458,35
<b>C. NON CURRENT LIABILITIES</b>			<b>0,00</b>	<b>86.641,65</b>
Employee benefits				
Long-term provisions				86.641,65
<b>TOTAL NON-CURRENT LIABILITIES</b>			<b>4.866.982,07</b>	<b>3.859.957,62</b>
<b>D. CURRENT LIABILITIES</b>			<b>2.285.624,89</b>	<b>2.420.591,41</b>
Provisions for risks and charges		2.6	117.055,20	0,00
Accounts payable		2.7	2.168.569,69	2.420.591,41
Current payables			0,00	72.932,87
Long term liabilities falling due within the year				
Sundry payables			97.760,54	15.051,85
Other			1.428.828,15	1.384.599,09
<i>Accrued charges</i>			1.380.546,43	1.329.667,84
<i>Deferred income</i>			0,00	0,00
<i>Deferrals and accruals with consolidated EC entities</i>			48.281,72	54.931,25
Accounts payable with consolidated EC entities			641.981,00	948.007,60
..... <i>Prefinancing received from consolidated EC entities</i>			576.235,02	928.540,49
..... <i>Other accounts payable against consolidated EC entities</i>			65.745,98	19.467,11
<b>TOTAL CURRENT LIABILITIES</b>			<b>2.285.624,89</b>	<b>2.420.591,41</b>
<b>TOTAL</b>			<b>7.152.606,96</b>	<b>6.280.549,03</b>



## Economic outturn account

ECONOMIC OUTTURN ACCOUNT	Note	31/12/2010	31/12/2009
Revenues from administrative operations		15.476,68	64.338,56
Other operating revenues		23.563.144,48	20.083.799,47
Subsidy received	3.1	23.556.004,98	20.071.459,51
<i>Title 1&amp;2</i>		19.576.494,00	15.800.000,00
<i>Title 3</i>		4.455.746,00	5.200.000,00
<i>Part of Phare Funds subsidy used in 2010</i>		44.054,69	
<i>To be reimbursed (Budget outturn)</i>		-520.289,71	-928.540,49
Miscellaneous revenue		7.139,50	12.339,96
<b>TOTAL OPERATING REVENUE</b>		<b>23.578.621,16</b>	<b>20.148.138,03</b>
<b>Administrative expenses</b>	3.2	-17.108.577,62	-16.115.134,73
<i>Staff expenses</i>		-14.019.521,31	-12.016.972,07
<i>Fixed assets related expenses</i>		-460.498,98	-351.188,21
<i>Other administrative expenses</i>		-2.628.557,33	-3.746.974,45
<b>Operational expenses</b>	3.3	-5.369.743,69	-3.746.628,59
<i>Other operational expenses</i>		-5.369.743,69	-3.746.628,59
<b>TOTAL OPERATING EXPENSES</b>		<b>-22.478.321,31</b>	<b>-19.861.763,32</b>
<b>SURPLUS (DEFICIT) FROM OPERATING ACTIVITIES</b>		<b>1.100.299,85</b>	<b>286.374,71</b>
Financial revenues			
Financial expenses		-6.633,75	-916,36
Movement in pensions (-expense; + revenue)			
<b>SURPLUS (DEFICIT) FROM NON-OPERATING ACTIVITIES</b>		<b>-6.633,75</b>	<b>-916,36</b>
<b>SURPLUS (DEFICIT) FROM ORDINARY ACTIVITIES</b>		<b>1.093.666,10</b>	<b>285.458,35</b>
Extraordinary gains (+)			
Extraordinary losses (-)			
<b>SURPLUS (DEFICIT) FROM EXTRAORDINARY ITEMS</b>			
<b>ECONOMIC RESULT OF THE YEAR</b>		<b>1.093.666,10</b>	<b>285.458,35</b>



## Statement of changes in net assets

Capital	Reserves		Accumulated Surplus / Deficit	Economic result of the year	Capital (total)
	Fair value reserve	Other reserves			
<b>Balance as of 31 December 2009</b>			<b>3.487.857,62</b>	<b>285.458,35</b>	<b>3.773.315,97</b>
Changes in accounting policies 1)					0,00
<b>Balance as of 1 January 2010 (if restated)</b>	0,00	0,00	3.487.857,62	285.458,35	3.773.315,97
Other					0,00
Fair value movements					0,00
Movement in Guarantee Fund reserve					0,00
Allocation of the Economic Result of Previous Year			285.458,35	-285.458,35	0,00
Amounts credited to Member States					0,00
Economic result of the year				1.093.666,10	1.093.666,10
<b>Balance as of 31 December 2010</b>	<b>0,00</b>	<b>0,00</b>	<b>3.773.315,97</b>	<b>1.093.666,10</b>	<b>4.866.982,07</b>



## Cash flow table (indirect method).

	2010	2009
<b>Cash Flows from ordinary activities</b>		
<b>Surplus/(deficit) from ordinary activities</b>	<b>1.093.666,10</b>	<b>285.458,35</b>
<b>Operating activities</b>		
<b><u>Adjustments</u></b>		
Amortization (intangible fixed assets) +	46.119,56	112.226,09
Depreciation (tangible fixed assets) +	427.585,43	238.962,12
Increase/(decrease) in Provisions for risks and liabilities	30.413,55	86.641,65
Increase/(decrease) in Value reduction for doubtful debts		
(Increase)/decrease in Stock		
(Increase)/decrease in Long term Pre-financing		
(Increase)/decrease in Short term Pre-financing		
(Increase)/decrease in Long term Receivables		
(Increase)/decrease in Short term Receivables	-24.531,71	-29.690,55
(Increase)/decrease in Receivables related to consolidated EC entities	61.074,26	-59.364,98
Increase/(decrease) in Other Long term liabilities	0,00	0,00
Increase/(decrease) in Accounts payable	54.004,88	279.967,78
Increase/(decrease) in Liabilities related to consolidated EC entities	-306.026,60	562.005,30
(Gains)/losses on sale of Property, plant and equipment		
Extraordinary items		
<b>Net cash Flow from operating activities</b>	<b>1.382.305,47</b>	<b>1.476.205,76</b>
<b>Cash Flows from investing activities</b>		
Purchase of tangible and intangible fixed assets (-)	-726.994,40	-400.524,27
Proceeds from tangible and intangible fixed assets (+)	-29.125,31	10.329,70
<b>Net cash flow from investing activities</b>	<b>-756.119,71</b>	<b>-390.194,57</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>626.185,76</b>	<b>1.086.011,19</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>5.144.532,82</b>	<b>4.058.521,63</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>5.770.718,58</b>	<b>5.144.532,82</b>





## Notes to the financial statements

### 1. Accounting policies

#### 1.1. General

The accounts are drawn up in accordance with the accounting rules and methods adopted by the Accounting Officer of the Commission as stated in article 133 and 185 of the general Financial Regulation.

The objective of the financial statements is to provide information about the financial position, performance and cash-flows of an entity that is useful to a wide range of users.

The accounting system of the European Railway Agency comprises general accounts and budget accounts. These accounts are kept in euro on the basis of the calendar year. The budget accounts give a detailed picture of the implementation of the budget. They are based on the modified cash accounting principle. The general accounts allow for the preparation of the financial statements as they show all charges and income for the financial year based on accrual accounting rules. The accounting principles to be applied in drawing up the financial statements are:

- ✓ Going concern basis
- ✓ Prudence
- ✓ Consistent accounting methods
- ✓ Comparability of information
- ✓ Materiality
- ✓ No netting
- ✓ Reality over appearance
- ✓ Accrual-based accounting

The financial statements are presented in euros, the euro being the functional and reporting currency. Foreign currency transactions are translated into euros using the exchange rate prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translations at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the economic outturn account.

#### 1.2. Specific

##### ➤ **Intangible assets.**

Acquired computer software licences are stated at cost less accumulated amortisation and impairment losses. The assets are amortised on a straight-line basis over their estimated useful life, being 4 years.

With the entry into force of the accounting rule n° 6 on internally developed intangible assets costs directly linked to an internally developed intangible asset, providing they meet the necessary criteria, must be capitalised as assets under construction. Once the project goes live, the resulting asset will be amortised over its useful life. In addition the amount of research expenses incurred on IT projects and development costs not capitalised (e.g. for



small projects below threshold must be disclosed in the financial statements. It must be noted that the threshold for capitalizing these costs has been set at 150 KEUR for the Agency.

➤ **Property, plant and equipment**

All property, plant and equipment are stated at historical costs less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the Agency and its cost can be measured reliably. Repairs and maintenance are charged to the economic outturn account during the financial period in which they are incurred.

Assets under construction are not depreciated as these assets are not yet available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

**Depreciation rates**

Type of asset	%
<b>Intangible assets</b>	
Software	25,0%
<b>Property, plant and equipment</b>	
<b>Furniture and vehicles</b>	
Furniture	10,0%
Electrical office equipment, printing and mailing equipment	25,0%
<b>Computer hardware</b>	
Computers, servers, accessories, data transfer equipment, printers, screens...	25,0%
Copying equipment, digitizing and scanning equipment	25,0%
<b>Other fixtures and fittings</b>	
Telecommunications equipment	25,0%
Audiovisual equipment	25,0%
Equipment for surveillance and security service	12,5%

Depreciation rules are applied only to assets which purchased value is higher than 420€.

➤ **Receivables.**

Receivables are carried at original amount less write-down for impairment.

➤ **Cash and cash equivalents**

Cash and cash equivalents are financial instruments and defined as short-term assets.

➤ **Provisions**

Provisions are recognized when the European Railway Agency has a present legal or constructive obligation towards third parties as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses. The amount of



the provision is the best estimate of the expenditures expected to be required to settle the present obligation at the reporting date.

➤ **Payables**

Payables arising from the purchase of goods and services are recognised at invoice reception for the original amount and corresponding expenses are entered in the accounts when the supplies or services are delivered and accepted by the European Railway Agency.

Cost claims from beneficiaries, mainly reimbursements of experts, are recorded as payables for the requested amount when the cost claim is received and, after verification, accepted as eligible by the relevant financial agents. At this stage they are valued at the accepted and eligible amount.

➤ **Accrued and deferred income and charges**

Following the accrual accounting principle, transactions and events are recognised in the financial statements in the period to which they relate. At the end of the accounting period, accrued expenses are recognised based on an estimated amount of the transfer obligation of the period. Revenue is also accounted for in the period to which it relates.

➤ **Revenues and expenses**

Revenues and expenses are accounted for in accordance with the accrual accounting basis principle.

➤ **Contingent liabilities and contingent assets**

A contingent asset is a possible right that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Agency. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

A contingent liability is:

- A possible obligation, that arises from past events, and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Agency or
- A present obligation that arises from past events but is not recognized either because it is unlikely that the Agency will use its own resources to settle the obligation or because the value of the obligation cannot be measured with sufficient reliability.

A commitment for future funding represents a legal or constructive commitment, usually contractual, that the Agency has entered into and which may require a future outflow of resources.

Guarantees are possible assets or obligations that arise from past events and whose existence will be confirmed by the occurrence or non-occurrence of the object of the guarantee. It can thus be qualified as a contingent asset or liability. A guarantee is settled when the object of the guarantee no longer exists.



## 2. Notes to the balance sheet

### 2.1. Intangible assets

		Computer Software	Others	Intangible fixed assets under construction	Total
<b>Gross carrying amounts at 31.12.2009</b>	+	442 572,85	0,00	0,00	442 572,85
Additions	+	15 570,09			15 570,09
Disposals	-	-60 825,22			-60 825,22
Transfer between headings (2)	+/-	-235 426,14			-235 426,14
Other changes (1)	+/-	8 475,54			8 475,54
<b>Gross carrying amounts 31.12.2010</b>		<b>170 367,12</b>	<b>0,00</b>	<b>0,00</b>	<b>170 367,12</b>
<b>Accumulated amortization and impairment 31.12.2009</b>	-	<b>-294 412,39</b>	<b>0,00</b>	<b>0,00</b>	<b>-294 412,39</b>
Amortization	-	-46 119,56			-46 119,56
Write-back of amortization	+				
Disposals	-	44 080,96			44 080,96
Transfer between headings (2)	+/-	192 915,14			192 915,14
Other changes (1)	+/-	-1 177,27			-1 177,27
<b>Accumulated amortization and impairment 31.12.2010</b>		<b>-104 713,12</b>	<b>0,00</b>	<b>0,00</b>	<b>-104 713,12</b>
<b>Net carrying amounts 31.12.2010</b>		<b>65 654,00</b>	<b>0,00</b>	<b>0,00</b>	<b>65 654,00</b>

(1) These amounts reflect primarily post-capitalizations of assets and the depreciation thereon erroneously booked in previous years as expenses.

(2) The rather significant amounts included under the heading "transfer between headings" are the result of a correct re-classification of the underlying asset items from intangible to tangible assets.

The amounts relate primarily to computer software.

In the course of 2010 no research or development costs were incurred for the development of internally generated intangible assets. Most of the IT-costs incurred in 2010 related to the cost for the corrective and evolutive maintenance of existing systems and costs for user support and assistance. However a number of new IT-developments are foreseen for 2011. In this respect the ERA IT Governing Committee has asked to obtain a quarterly report on the state of play of the different IT-projects including a picture on the costs and time already spent on these projects.



## 2.2. Property, plant and equipment

		Plant and Equipment	Computer hardware	Furniture and vehicles	Other fixtures and fittings	Total
<b>Gross carrying amounts at 31.12.2009</b>	+	<b>220.660,52</b>	<b>870.916,87</b>	<b>99.561,16</b>	<b>37.985,00</b>	<b>1.229.123,55</b>
Additions	+	0,00	674 924,45	16 379,07	20 120,79	711 424,31
Disposals	-	0,00	-93 461,69	0,00	-4 816,26	-98 277,95
Transfer between headings (2)	-	-217 741,52	292 086,58	25 364,88	135 716,20	235 426,14
Other changes (1)	+/-	0,00	59 336,72	11 078,88	1 408,53	71 824,13
<b>Gross carrying amounts at 31.12.2010</b>		<b>2.919,00</b>	<b>1.803.802,93</b>	<b>152.383,99</b>	<b>190.414,26</b>	<b>2.149.520,18</b>
<b>Accumulated amortization and impairment at 31.12.2009</b>	-	<b>-127.212,52</b>	<b>-499.566,80</b>	<b>-16.457,91</b>	<b>-3.798,50</b>	<b>-647.035,73</b>
Depreciation	-	-690,00	-318 685,14	-17 048,00	-29 257,29	-365 680,43
Disposals	+	0,00	66 799,10	0,00	4 816,26	71 615,36
Impairment	-	0,00	0,00	0,00	0,00	0,00
Transfer between headings (2)	-	124 983,52	-210 878,58	-6 974,88	-100 045,20	-192 915,14
Other changes (1)	+/-	0,00	-5 028,51	-1 474,20	-87,53	-6 590,24
<b>Accumulated amortization and impairment at 31.12.2010</b>		<b>-2.919,00</b>	<b>-967.359,93</b>	<b>-41.954,99</b>	<b>-128.372,26</b>	<b>-1.140.606,18</b>
<b>Provision for unused fixed assets (3)</b>	-	<b>0,00</b>	<b>-61.905,00</b>	<b>0,00</b>	<b>0,00</b>	<b>-61.905,00</b>
<b>Net carrying amounts at 31.12.2010</b>		<b>0,00</b>	<b>774.538,00</b>	<b>110.429,00</b>	<b>62.042,00</b>	<b>947.009,00</b>

(1) These amounts reflect primarily post-capitalizations of assets and the depreciation thereon erroneously booked in previous years as expenses.

(2) The rather significant amounts included under the heading "transfer between headings" are the result of a correct re-classification of the underlying asset items from intangible to tangible assets.

(3) The provision for unused fixed assets represents the net book value of the old PC's that were not in use anymore at the end of 2010 but not yet disposed.



The major part of the acquisitions in 2010 related to the purchase of new portable PC's and screens for all staff of the Agency (426 KEUR), devices for the WIFI-equipment in the building (58 KEUR) and extension of server room equipment (190 KEUR).

In the course of 2010 a complete physical inventory of all asset items has taken place. As a result of this exercise a significant number of items have been de-commissioned since they are not in use anymore.

### 2.3. Short-term receivables

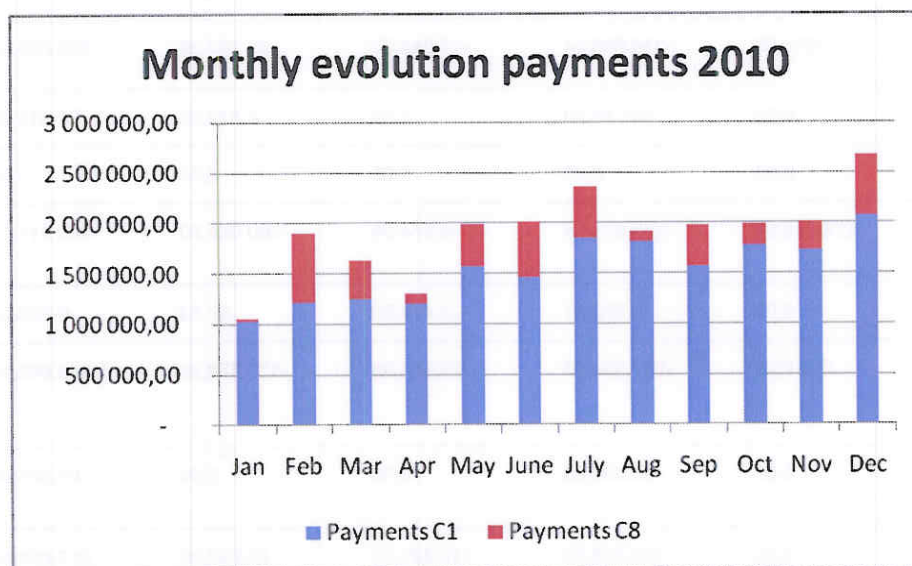
The current receivable amount primarily relates to the VAT to be recovered from the French VAT administration and an amount of 117.055,20€ to be claimed back from the Greek authorities.

The sundry receivables amount includes primarily advances on salaries and advances on mission expenses made to staff.

### 2.4. Cash and cash equivalents

The amount of the cash and cash equivalents include mainly the balance on the current bank account with Crédit Mutuel.

Below you can find a graphical presentation of the monthly evolution of C1 and C8 payments during the course of 2010. This graph clearly shows that although the majority of all C8 payments were done in the first half of the year there is still a significant amount that was paid in the second half.



### 2.5. Net assets

The equity of the Agency amounts to 4.866.982,07€ of which

- 3.773.315,97€ are the accumulated surplus from previous years;
- 1.093.666,10€ is the economic outturn of 2010.



## 2.6. Provisions

In the middle of February 2011 the Agency has received a number of invoices from one of its foreign suppliers claiming VAT on the invoices issued by the latter during the period 2009 and 2010. Since it is more than probable that the Agency will have to pay this amount of 117.055,20€ a provision has been made in this respect. However since the Agency should normally be in a position to claim back this amount from the Greek authorities a corresponding receivable has been recorded for the same amount.

## 2.7. Accounts Payable

The main part of the total accounts payable as per 31.12.2010 relates to:

- ✓ Sundry payables for a total amount of EUR 97.760,54 including a liability against staff for the part of the 2010 annual adjustment of the salaries paid out in February 2011.
- ✓ Accrued charges for a total amount of EUR 1.380.546,43 that can be decomposed in an accrual for untaken holidays amounting to EUR 246.447,01 and accrued charges for goods delivered/services rendered but not yet invoiced for a total amount of EUR 1.134.099,42.
- ✓ Accrued inter-entity charges for a total amount of EUR 48.281,72.

The table below shows the level of accrued expenses for 2010 and 2009 and its evolution in general and per type of appropriation.

Accrued expenses	31/12/2010	31/12/2009	% change
Accrued expenses	1.428.828,15	1.384.599,09	+3.2%
Accrued expenses based on carry-over analysis	1.182.381,14	1.203.856,42	-1.7%
Accrual for untaken holidays	246.447,01	180.742,67	+36.0%

Accrued expenses based on carry-over analysis	31/12/2010	31/12/2009	% change
Title 1 – Staff	82.155	172.033	-52,00%
Title 2 – Buildings, equipments and miscellaneous expenditure	305.987	390.784	-22,00%
Title 3 – Operational expenditure	794.239	641.039	+24,00%
<b>Total</b>	<b>1.182.381</b>	<b>1.203.856</b>	<b>-1.80%</b>

Although the total amount of accrued expenses remains almost at the same level as in 2009, the split between the types of appropriation has changed significantly when comparing 2009 to 2010. This particularly shows that there has been a significant improvement in the timely recording of the invoices towards year-end.

Accrued for untaken holidays	31/12/2010	31/12/2009	% change
Number of days not taken	967	825	+17%
Accrued amount	246.447,01	180.742,67	+36%



The table above shows that the increase of the accrued amount for untaken holidays is partially due to the increase in the number of days. The remaining part of the increase is due to the fact that this year the effect of the weighting coefficient was taken into account whereas last year this was not the case.

- ✓ Accounts payable with consolidated entities for a total amount of EUR 641.981,00 of which the budget outturn of 2010 to be reimbursed to the Commission constitutes the major part.





### 3. Notes to the economic outturn account

#### 3.1. Operating revenue

The operating revenue of the Agency in 2010 is mainly made up of subsidies received for a total amount of EUR 23.556.004,98, including the budget outturn of 520.289,71 EUR to be reimbursed in 2011 and the part of the Phare Funds subsidy amounting to 44.054,69 EUR.

#### 3.2. Administrative expenses

These include staff expenses, costs relating to intangible assets and property, plant and equipment (mainly depreciation) and other expenses.

	31/12/2010	31/12/2009	% change
<b>Administrative expenses</b>	<b>-17.108.577,62</b>	<b>-16.115.134,73</b>	<b>+6%</b>
Staff expenses	-14.019.521,31	-12.016.972,07	+17%
Fixed assets related expenses	-460.498,98	-351.188,21	+31%
Other administrative expenses	-2.628.557,33	-3.746.974,45	-30%
- Land and buildings	-1.146.236,74	-1.318.945,20	-13%
- Other administrative expenses	-942.532,89	-1.647.740,45	-43%
- Expenses with consolidated entities	-539.787,70	-780.288,80	-31%

As compared to 2009 there has been an increase of 6% which can be explained by:

- An increase of 17% of staff expenses mainly due to the recruitment of 17 additional persons in the course of 2010. Out of this 17 new people 12 have been recruited in the last 4 months of 2010. This explains the relatively low financial impact on the 2010 figures.
- An increase of 31% in the depreciation mainly explained by depreciation of new IT-equipment bought in 2010.
- A significant decrease in other administrative expenses that mainly can be explained by the fact that in 2009 extra costs have been incurred for (1) the move to the new premises and for (2) the development of the e-Hr system to be used for leave and mission management.

#### 3.3. Operating expenses

These include expenses related to the operational activities of the Agency. They also show an increase of 43% as compared to last year.

	31/12/2010	31/12/2009	% change
<b>Operational expenses</b>	<b>-5.369.743,69</b>	<b>-3.746.628,59</b>	<b>+43%</b>
<b>Other operational expenses</b>	<b>-5.369.743,69</b>	<b>-3.746.628,59</b>	<b>+43%</b>
- Missions/reimbursement of experts	-1.813.313,33	-1.733.561,25	+5%
- Studies	-1.943.678,00	-512.814,58	+279%
- IT-systems to support operations	-1.250.269,30	-1.153.154,73	+8%
- Information & communication	-155.375,96	-248.731,36	-38%



- Translation/Interpretation	-98.013,72	-78.731,25	+24%
- IPA activities	-85.000,00	0,00	+100%
- Other	-24.093,38	-19.635,42	+23%

The reason for this major increase is that a significant number of studies and IT-developments for contracts signed late in 2009 were only started and finalised in 2010. As such the costs for this were only incurred in 2010.



## 4. Other information

### 4.1. Contingent Assets and Contingent Liabilities.

#### Contingent assets

The Agency has received performance guarantees for proper implementation of contracts. Below you will find a breakdown per year:

Year	Amount (EUR)
2009	102.100,00
2010	522.750,00
<b>TOTAL</b>	<b>624.850,00</b>

#### Contingent liabilities

In the course of 2010 the Agency has received a claim for a total amount of EUR 133.455,08 from his landlord related to the property tax for the building it is renting. However the Agency has disputed the payment of this amount based upon the existence of a clause in the contract stipulating that the recovery from the Agency of taxes is without prejudice to the protocol on Privileges & immunities of the EU. To date no final agreement with the landlord has been reached on this issue.

### 4.2. Commitments for future funding

At 31 December 2010 the budgetary RAL totaled EUR 5.465.490,95 The amount to be disclosed as a future commitment to be funded is this budgetary RAL less related amounts that have been included as expenses in the 2010 Economic Outturn Account giving a total of EUR 4.283.109,81.

### 4.3. Events after the balance sheet date

With the exception of the VAT claim made by one of its foreign suppliers (see also section above on contingent assets and liabilities), at the date of the approval of these accounts, no material issues had come to the attention of the Accounting Officer of the agency or were reported to him that would require separate disclosure under this section. The annual accounts and related notes were prepared using the most recently available information and this is reflected in the information presented above.



## Part II - Report on the implementation of the budget of the European Railway Agency

### Budget implementation 2010

Fund Source : C1							
	Chapter	Final appropriations (1)	Committed (2)	% Committed = (2) / (1)	Balance not committed = (1) - (2)	Total Paid (3)	% Paid = (3) / (1)
11	Staff in active employment	13 963 745	13 809 288	99%	154 457	13 784 135	99%
13	Missions and travel	120 000	120 000	100%	0	94 589	79%
14	Socio-medical infrastructure	289 891	289 891	100%	0	209 416	72%
15	Staff exchange between the ERA and the public sector	286 600	286 600	100%	0	283 006	99%
17	Entertainment and representation exp.	1 370	1 370	100%	0	1 370	100%
	<b>Title I</b>	<b>14 661 606</b>	<b>14 507 149</b>	<b>99%</b>	<b>154 457</b>	<b>14 372 516</b>	<b>98%</b>
20	Investments in immovable property, rental of buildings and associated cost	1 148 407	1 148 407	100%	0	994 323	87%
21	Data processing	804 132	803 611	100%	521	210 250	26%
22	Movable property and associated costs	76 802	76 802	100%	0	27 709	36%
23	Current administrative expenditure	135 832	135 832	100%	0	52 500	39%
24	Post and telecommunications	173 978	173 978	100%	0	143 637	83%
25	Meetings and associated costs	63 483	63 483	100%	0	60 783	96%
	<b>Title II</b>	<b>2 402 634</b>	<b>2 402 113</b>	<b>100%</b>	<b>521</b>	<b>1 489 202</b>	<b>62%</b>
30	Operational Activities directly linked to the Reg. n°881/2004	4 271 956	4 258 070	100%	13 886	2 103 991	49%
31	Operational expenditures	2 811 044	2 802 255	99%	8 789	538 387	19%
	<b>Title III</b>	<b>7 083 000</b>	<b>7 060 325</b>	<b>99%</b>	<b>22 675</b>	<b>2 642 378</b>	<b>37%</b>
	<b>Total Budget</b>	<b>24 147 240</b>	<b>23 969 587</b>	<b>99%</b>	<b>177 653</b>	<b>18 504 096</b>	<b>77%</b>



**Budget implementation – Appropriations carried over 2009/2010**

Fund Source : C8					
	Chapter	Amount carried over 2009/2010	Payments made	Balance not paid at the end of the year 2010	% of Balance
11	Staff in active employment	28 713,11	19 337,01	9 376,10	33%
13	Missions and travel	65 269,47	56 533,28	8 736,19	13%
14	Socio-medical infrastructure	148 112,56	112 546,08	35 566,48	24%
15	Staff exchanges between the ERA and the public sector	3 183,14	842,14	2 341,00	74%
17	Entertainment and representation expenses	1 612,54	509,70	1 102,84	68%
	<b>Title I</b>	<b>246 890,82</b>	<b>189 768,21</b>	<b>57 122,61</b>	<b>23%</b>
20	Investments in immovable property, rental of buildings and associated cost	422 431,55	369 923,43	52 508,12	12%
21	Data processing	519 914,06	519 377,47	536,59	0%
22	Movable property and associated costs	12 688,94	12 404,89	284,05	2%
23	Current administrative expenditure	60 224,09	38 783,38	21 440,71	36%
24	Post and telecommunications	92 609,97	88 826,85	3 783,12	4%
25	Meetings and associated costs	26 808,58	17 791,78	9 016,80	34%
	<b>Title II</b>	<b>1 134 677,19</b>	<b>1 047 107,80</b>	<b>87 569,39</b>	<b>8%</b>
30	Operational Activities directly linked to the Regulation n°881/2004	2 109 445,55	1 989 020,88	120 424,67	6%
31	Operational expenditures	1 054 784,74	1 027 159,11	27 625,63	3%
	<b>Title III</b>	<b>3 164 230,29</b>	<b>3 016 179,99</b>	<b>148 050,30</b>	<b>5%</b>
	<b>Grand total</b>	<b>4 545 798,30</b>	<b>4 253 056,00</b>	<b>292 742,30</b>	<b>6%</b>



Use of appropriations 2010

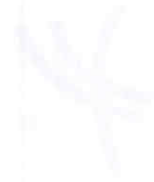
Fund Source : C1						
	Chapter	Budget adopted	Transfers	Budget after transfers (1)	Committed (2)	% Committed = (2) / (1)
11	Staff in active employment	13 314 240,00	649 504,79	13 963 744,79	13 809 288,00	98,89%
13	Missions and travel	150 000,00	-30 000,00	120 000,00	120 000	100,00%
14	Socio-medical infrastructure	295 000,00	-5 108,64	289 891,36	289 891,36	100,00%
15	Staff exchange between the ERA and the public sector	180 000,00	106 600,00	286 600,00	286 600,00	100,00%
17	Entertainment and representation expenses	10 000,00	-8 630,31	1 369,69	1 369,69	100,00%
	<b>Title I</b>	<b>13 949 240,00</b>	<b>712 365,84</b>	<b>14 661 605,84</b>	<b>14 507 149,05</b>	<b>98,95%</b>
20	Investments in immovable property, rental of buildings and associated cost	1 178 000,00	-29 593,02	1 148 406,98	1 148 407,00	100,00%
21	Data processing	755 000,00	49 131,73	804 131,73	803 611,00	99,94%
22	Movable property and associated costs	269 000,00	-192 198,42	76 801,58	76 802,00	100,00%
23	Current administrative expenditure	154 000,00	-18 167,55	135 832,45	135 832,45	100,00%
24	Post and telecommunications	175 000,00	-1 021,20	173 978,80	173 978,00	100,00%
25	Meetings and associated costs	84 000,00	-20 517,38	63 482,62	63 482,62	100,00%
	<b>Title II</b>	<b>2 615 000,00</b>	<b>-212 365,84</b>	<b>2 402 634,16</b>	<b>2 402 113,07</b>	<b>99,98%</b>
30	Operational Activities directly linked to the Regulation n°831/2004	4 928 000,00	-656 044,04	4 271 955,96	4 258 070,00	99,67%
31	Operational expenditures	2 655 000,00	156 044,04	2 811 044,04	2 802 255,00	99,69%
	<b>Title III</b>	<b>7 583 000,00</b>	<b>-500 000,00</b>	<b>7 083 000,00</b>	<b>7 060 325,00</b>	<b>99,68%</b>
	<b>Total Budget</b>	<b>24 147 240,00</b>	<b>0,00</b>	<b>24 147 240,00</b>	<b>23 969 587,12</b>	<b>99,26%</b>



### Appropriations carried over 2010/2011

	Chapter	Amount carried over 2010/2011	% Amount carried over 2010/2011
11	Staff in active employment	25 152,83	0,18%
13	Missions and travel	25 410,63	21,18%
14	Socio-medical infrastructure	80 474,88	27,76%
15	Staff exchange between the ERA and the public sector	3 593,97	1,25%
	<b>Title I</b>	<b>134 632,31</b>	<b>0,92%</b>
20	Investments in immovable property, rental of buildings and associated cost	154 083,79	13,42%
21	Data processing	593 361,23	73,79%
22	Movable property and associated costs	49 092,60	63,92%
23	Current administrative expenditure	83 332,55	61,35%
24	Post and telecommunications	30 341,37	17,44%
25	Meetings and associated costs	2 700,00	4,25%
	<b>Title II</b>	<b>912 911,54</b>	<b>38,00%</b>
30	Operational Activities directly linked to the Regulation n°881/2004	2 154 079,09	50,42%
31	Operational expenditures	2 263 868,01	80,53%
	<b>Title III</b>	<b>4 417 947,10</b>	<b>62,37%</b>
	<b>Total Budget</b>	<b>5 465 490,95</b>	<b>22,63%</b>

Below a more detailed overview is presented for the most significant amount carried over from 2010 to 2011. This detail includes for each item the total amount to be carried over, it's part related to cost accrued for in 2010 and cost that will be incurred in 2011 and some explanation. It should be noted that of course the full amount carried over will be paid out in 2011.



Chapter 21 – Data processing

Description	Total carry-over	2010	2011	Comment
Migration ERA intranet to MOSS2010	112.000	28.000	84.000	Contract signed in November 2010 and ending in March 2011. Late signature of contract due to delay in MOSS2010 migration.
Purchase of servers supporting system redundancy of ICT	250.731,80	0	250.731,80	Purchase order signed in December and delivery expected in 2011.
Other	230.629,43	55.508,74	175.120,69	
<b>Total</b>	<b>593.361,23</b>	<b>83.508,74</b>	<b>509.852,49</b>	

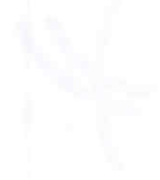
Chapter 30 – Operational activities

Description	Total carry-over	2010	2011	Comment
Safety activities (reimbursements of experts and missions)	56.243,51	56.243,51	0,00	Amount to cover unpaid missions 2010 and reimbursement experts meetings December 2010
Safety activities (studies)	52.830,00	23.480,00	29.350,00	Although work was expected to be finished by end 2010 final report will only be received in the first half of 2011.
Safety activities (studies)	304.938,00	0,00	304.938,00	Contract signed in July 2010 and should take an end 11 months from this date. First payment of 33.882 € has been done in 2010. Only kick-off meeting took place in 2010.
Safety activities (studies)	47.096,00	29.435,00	17.661,00	Contract signed in September 2010 and foreseen ending date is 15 February 2011. Interim report is currently under review
Safety activities (studies)	59.950,00	11.990,00	47.960,00	Contract signed in November 2010 and foreseen ending date is 6 months from signature date. Kick-off meeting took place.
Safety activities (translation)	223.097,64	65.620,00	157.477,64	Amount allocated to 2010 corresponds to invoices to be expected from CDT for November and December. Remaining balance for 2011 has been committed in 2010 but service only to be





				delivered in 2011.
Safety activities (IPA)	60.365,31	45.365,31	15.000,00	At the end of 2010 it was not clear whether the remaining balance of 15.000€ would still be consumed.
Interop activities (reimbursements of experts and missions)	70.877,62	70.877,62	0,00	Amount to cover unpaid missions 2010 and reimbursement experts meetings for December 2010.
Interop activities (translation)	81.290,00	0,00	81.290,00	Remaining balance for 2011 has been committed in 2010 but service only to be delivered in 2011.
ERTMS activities (reimbursements of experts and missions)	92.658,92	57.960,77	32.800,00	Amount to cover unpaid missions 2010 and reimbursement experts meetings for December 2010.
ERTMS activities (studies)	360.898,00	0,00	360.898,00	Contract signed in April 2010 and foreseen ending date is the end of 2011. Intermediate report only foreseen by mid-2011.
ERTMS activities (studies)	50.000,00	0,00	50.000,00	Contract signed in December and execution to be expected in 2011. Kick-off meeting to take place in February 2011.
ERTMS activities (studies)	100.000,00	0,00	100.000,00	Contract signed in December and execution to be expected in 2011.
ECOEV (activities)	15.248,70	15.248,70	0,00	Amount to cover unpaid missions 2010 and reimbursement experts meetings for December 2010.
ECOEV (studies)	125.472,00	0,00	125.472,00	Contract signed in October 2010 and lasting for 1 year.
ECOEV (studies)	319.650,00	0,00	319.650,00	Contract signed in December and execution to be expected in 2011.
X-ACC activities (reimbursements of experts and missions)	37.075,39	37.075,39	0,00	Amount to cover unpaid missions 2010 and reimbursement experts meetings for December 2010.
X-ACC activities (studies)	56.388,00	56.388,00	0,00	Work finalized before the end of 2010 but invoice not yet paid.
X-ACC activities (translation)	40.000,00	0,00	40.000,00	Remaining balance for 2011 has been committed in 2010 but service only to be delivered in 2011.
<b>Total</b>	<b>2.154.079,09</b>	<b>469.684,30</b>	<b>1.682.496,64</b>	



Chapter 31 – Operational expenditures

Description	Total carry-over	2010	2011	Comment
Development ERADIS system	102.510,00	10.450,00	92.060,00	Contract signed beginning of August. Planned starting date of the work was 01.12.2010. At the end of 2010 only part of one of the tasks had been executed.
Assistance in migration MOSS2007 to MOSS 2010	96.000,00	96.000,00	0,00	Work was done by the end of 2010 and awaiting invoice.
User assistance ECVVR system	19.500,00	19.500,00	0,00	Work was done by the end of 2010 and awaiting invoice.
Staging and support ERA website	196.900,00	73.837,50	123.062,50	Contract signed beginning of October and ending on 31.05.2011.
Migration SCCM ERTMS-tool	34.965,00	34.965,00	0,00	Work was done in 2010 and invoice already received.
Monitoring and tuning IT-systems	91.000,00	22.750,00	68.250,00	Contract signed beginning of October and ending on 30.06.2011.
Assistance to users and provisioning of ICT services	102.300,00	8.525,00	93.775,00	Contract signed in December. Part of service delivered in 2010. Remaining to be delivered in 2011.
Consolidation of ECVVR-system	113.000,00	0,00	113.000,00	Although first discussions have taken place in November/December 2010, the contract was only signed in December and work is expected to be done in 2011.
Development ERAIL system (joined development with JRC)	200.000,00	0,00	200.000,00	Although first discussions have taken place in November/December 2010, the contract was only signed in December and work is expected to be done in 2011.
Software for ARGIS Server	102.644,00	0,00	102.644,00	Software licences delivered in January 2011.
Hardening of network perimeter of ERA-ICT infrastructure firewall	54.515,76	0,00	54.515,76	Equipment delivered in January 2011.
Extranet customization under MOSS 2010	217.600,00	0,00	217.600,00	Contract signed in December 2010 and ending in September 2011. Late signature of contract due to delay in MOSS2010 migration.
Development of new functionalities of RDD	182.690,00	0,00	182.690,00	Although first discussions have taken place in November/December 2010, the contract was only signed



				in December and work is expected to be done in 2011.
Development of new functionalities of ECVVR system	149.000,00	0,00	149.000,00	Although first discussions have taken place in November/December 2010, the contract was only signed in December and work is expected to be done in 2011.
Hardening new ICT infrastructure	177.320,47	0,00	177.320,47	Purchase order signed in December and delivery expected in 2011.
Quality and Security ERADIS & ECVVR	150.396,61	0,00	150.396,61	Although first discussions have taken place in November/December 2010, the contract was only signed in December and work is expected to be done in 2011.
Migration ERA website to MOSS2010	224.000,00	0,00	224.000,00	Contract signed in December 2010 and ending in September 2011. Late signature of contract due to delay in MOSS2010 migration.
Other	49.344,17	19.936,17	29.408,00	
<b>Total</b>	<b>2.263.686,01</b>	<b>285.963,67</b>	<b>1.977.722,34</b>	



**Budget outturn**

	2010	2009
<b>Revenue</b>		
Commission subsidy DG TREN	24 032 240,00	21 000 000,00
Phare funds from Commission	100 000,00	0,00
Fee income	5 000,00	0,00
Other revenue	61 294,00	4 595,29
<b>Total revenue (a)</b>	<b>24 198 534,00</b>	<b>21 004 595,29</b>
<b>Expenditure</b>		
<b>Personnel expenses – Budget Title I</b>		
<i>Payments</i>	14 372 516,34	12 394 440,10
<i>Automatic carry-overs</i>	134 632,31	246 890,82
<b>Administrative expenses – Budget Title II</b>		
<i>Payments</i>	1 489 202,07	1 622 126,08
<i>Automatic carry-overs</i>	912 911,54	1 134 677,19
<b>Operational expenses – Budget Title III</b>		
<i>Payments</i>	2 642 377,98	2 035 519,01
<i>Automatic carry-overs</i>	4 417 947,10	3 164 230,29
<b>Total expenditure (b)</b>	<b>23 969 587,34</b>	<b>20 597 883,49</b>
<b>Outturn for the financial year (a-b)</b>	<b>228 946,66</b>	<b>406 711,80</b>
Cancellation of unused carry-overs	+292 742,30	+520 818,10
Exchange differences for the year	-1 399,25	1 010,59
Balance carried over from year N-1	+928 540,49	+214 951,59
Positive balance from year N-1 reimbursed in year N to the Commission	-928 540,49	-214 951,59
<b>Balance of the outturn account for the financial year</b>	<b>520 289,71</b>	<b>928 540,49</b>

Not included in the budget outturn:

Interest received by 31/12/2010 on the Commission subsidy and to be reimbursed to the Commission	<b>37 615,20</b>	<b>14.008,31</b>
--	------------------	------------------



## Reconciliation economic outturn – budget outturn 2010

	2010	2009
<b><i>Economic outturn for the year</i></b>	<b>1.093.666,10</b>	<b>285.458,35</b>
<b>Revenues</b>		
Entitlements established in current year but not yet collected		(63.117,25)
Entitlements established in previous years and cashed in the current year	61.294,00	0,00
Amount of unused pre-financing cashed in current year on balance sheet account	55.945,31	0,00
Amount of pre-financing to be returned to the Commission	520.289,71	928.540,49
<b>Expenditure</b>		
Accrued expenses (net)	67.204,96	(62.071,23)
Asset acquisitions	(705.686,81)	(400.524,27)
Depreciation of intangible and tangible assets	445.022,30	351.188,21
Provisions	(14.084,37)	86.641,65
Payments made from carry-over of payment appropriations	4.253.056,00	3.583.210,55
Payment appropriations carried over to 2011	(5.465.490,95)	(4.546.906,13)
Cancellation of unused carried over payment appropriations from previous year	292.742,30	520.818,10
Other	(83.668,84)	245.302,02
<b><i>Budget outturn for the year</i></b>	<b>520.289,71</b>	<b>928.540,49</b>

