

**Financial statements and Budgetary
implementation reports
of
THE EUROPEAN RAILWAY AGENCY
2007**

CERTIFICATION LETTER

The annual accounts of the European Railway Agency for the year 2007 have been prepared in accordance with the Financial Regulation of the EC and the accounting rules adopted by the Commission's Accounting Officer, as are to be applied by all the institutions and community bodies.

Being recruited as Accounting Officer as of December 16th 2007, I have to the extent necessary prepared the financial statements based on the documentation provided by the former accountant.

I have obtained from the authorising officer, who guaranteed its reliability, all the information necessary for the production of the accounts that show the Agency's assets and liabilities and the budgetary implementation.

I hereby certify that based on this information, and on such checks as I deemed necessary to sign off the accounts, I have a reasonable assurance that the accounts present a true and fair view of the financial position of the Agency.

CONTENTS

| | | |
|-----------|---|-----------|
| 1. | ACCOUNTING RULES | 4 |
| 2. | FINANCIAL STATEMENTS | 6 |
| 2.1. | Balance sheet | 6 |
| 2.1.1. | Fixed assets. | 7 |
| 2.1.2. | Current assets..... | 9 |
| 2.1.3. | Short-term liabilities. | 10 |
| 2.2. | Economic outturn account..... | 11 |
| 2.2.1. | Operating revenue..... | 11 |
| 2.2.2. | Operating expenses..... | 12 |
| 2.3. | Cash-flow table (indirect method)..... | 13 |
| 2.4. | Contingent Assets and Contingent Liabilities..... | 14 |
| 3. | REPORT ON BUDGETARY AND FINANCIAL MANAGEMENT FINANCIAL YEAR 2007, ACCOMPANYING THE EUROPEAN RAILWAY AGENCY'S ACCOUNTS (ART.76 OF ERA'S FR) | 15 |
| 3.1. | Introduction | 15 |
| 3.1.1. | Budgetary principles | 15 |
| 3.1.2. | Management information systems | 15 |
| 3.1.3. | Budget..... | 15 |
| 3.2. | Revenue | 16 |
| 3.3. | Expenditure..... | 16 |
| 3.3.1. | TITLE I..... | 16 |
| 3.3.2. | TITLE II | 17 |
| 3.3.3. | TITLE III..... | 20 |
| 3.4. | TABLES | 21 |
| 3.4.1. | Budget outturn account | 21 |
| 3.4.2. | Budgetary transfers..... | 22 |
| 3.4.3. | Budgetary execution 2007-C1 | 22 |
| 3.4.4. | Budgetary execution 2007-C8..... | 23 |

1. ACCOUNTING RULES

The financial statements comply with the accountancy provisions adopted by the accountant of the Commission in accordance with the general financial regulation art. 133 and 185.

➤ Tangible and intangible fixed assets.

Tangible and intangible fixed assets are evaluated at their purchased costs in euro (or, if necessary, in foreign currency converted into euro with exchange rate in force at the time of the purchase). The booking value of an asset equals to its purchase price or production costs, including negative or positive revaluation amounts.

The ancillary costs are included in the asset value or recognized as a distinct asset if they will generate a future economic advantage. Any repair or maintenance is entered in charge in the book year when it occurs.

The depreciation is calculated according to the straight-line method on a monthly basis in order to distribute the cost during the lifetime of the asset.

The assets might be subject to adjustment at the annual accounts closure date.

➤ Conversion in foreign currency

The financial statements are presented in euro.

The transactions in foreign currency are presented in the financial statements of the European Communities in Euro at the exchange rate applicable at the date of the transaction.

The monetary items of the balance sheet are converted at the rate of the annual account closure date. The exchange differences are entered in a specific item of the profit and loss accounts, according to the nature of the transaction to which they related.

➤ Leasing

Operating leasing are considered “operational” if there is no transfer of risks or property. In this case, the related payments are booked in expenses accounts using a linear method through the leasing period.

➤ Receivables.

Receivables are evaluated at their liquidated value.

No provision for doubtful account is established for transactions between European institutions and bodies (consolidated entities).

➤ Provisions

The agency makes provisions when there is a legal and justified obligation which results from a past transaction and if there is a probability that its own resources have to be consumed to settle this transaction. However, the provision amount should be estimated in a reasonable and reliable way.

➤ **Revenues and expenses**

Revenues and expenses are entered in accordance with the definition of accrual basis accounting.

➤ **Contingent liabilities and contingent assets**

A contingent asset is a possible right that arises from past events and whose 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 liability is:

- A possible obligation, that arises from past events, and whose 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.

2. FINANCIAL STATEMENTS

2.1. Balance sheet

| BALANCE SHEET - ASSETS | 31/12/2007 | 31/12/2006 |
|---|---------------------|---------------------|
| A. NON CURRENT ASSETS | | |
| Intangible fixed assets | 450 212,82 | 505 446,67 |
| Tangible fixed assets | 372 662,97 | 378 431,56 |
| Land and buildings | 0,00 | 0,00 |
| Plant and equipment | 59 387,48 | 50 489,76 |
| Computer hardware | 296 345,18 | 309 159,02 |
| Furniture and vehicles | 16 930,31 | 18 782,78 |
| Other fixtures and fittings | | |
| Leasing | | |
| Tangible fixed assets under construction | | |
| Long-term pre-financing | 0,00 | 0,00 |
| Long-term pre-financing | | |
| LT pre-financing with EC entities | | |
| Long-term receivables | 0,00 | 0,00 |
| Long-term receivables | | |
| Long-term receivables with EC entities | | |
| TOTAL NON-CURRENT ASSETS | 822 875,79 | 883 878,23 |
| B. CURRENT ASSETS | | |
| Stocks | 0,00 | 0,00 |
| Short-term pre-financing | 0,00 | 18 277,44 |
| Short-term pre-financing | 0,00 | 18 277,44 |
| Short-term pre-financing with consolidated EC entities | | |
| Short-term receivables | 186 090,66 | 188 122,18 |
| Current receivables | 154 875,24 | 178 273,43 |
| Long-term receivables falling due within a year | | |
| Sundry receivables | 31 215,42 | 5 198,99 |
| Other | | 4 649,76 |
| <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> | | 4 649,76 |
| Cash and cash equivalents | 7 408 281,22 | 3 298 688,06 |
| TOTAL CURRENT ASSETS | 7 594 371,67 | 3 505 087,68 |
| TOTAL | 8 417 247,67 | 4 388 965,91 |

| BALANCE SHEET - LIABILITIES | 31/12/2007 | 31/12/2006 |
|--|---------------------|---------------------|
| A. CAPITAL | 2 350 843,50 | 2 771 425,11 |
| Accumulated surplus/deficit | 2 771 425,11 | |
| Economic result of the year-profit+/loss- | -420 581,61 | 2 771 425,11 |
| C. NON CURRENT LIABILITIES | | |
| Employee benefits | | |
| Provisions for risks and charges | | |
| Other Long term liabilities | | |
| Other Long term liabilities | | |
| Other LT liabilities with consolidated EC entities | | |
|Prefinancing received from consolidated EC entities | | |
|Other LT liabilities from consolidated EC entities | | |
| TOTAL NON-CURRENT LIABILITIES | 0,00 | 0,00 |
| D. CURRENT LIABILITIES | | |
| Provisions for risks and charges | 100 000,00 | 90 000,00 |
| Accounts payable | 5 966 404,17 | 1 527 540,80 |
| Current payables | 90 667,17 | 192 862,58 |
| Long term liabilities falling due within the year | | |
| Sundry payables | | |
| Other | 5 875 737,00 | 1 334 678,22 |
| Accrued charges | 847 065,22 | 818 385,40 |
| Deferred income | | |
| Deferrals and accruals with consolidated EC entities | | |
| Accounts payable with consolidated EC entities | 5 028 671,78 | 516 292,82 |
| <i>Prefinancing received from consolidated EC entities</i> | 4 944 486,11 | 485 383,73 |
| <i>Other accounts payable against consolidated EC entities</i> | 84 185,67 | 30 909,09 |
| TOTAL CURRENT LIABILITIES | 6 066 404,17 | 1 617 540,80 |
| TOTAL | 8 417 247,67 | 4 388 965,91 |

2.1.1. Fixed assets.

Fixed assets are evaluated at their purchased costs and are depreciated according to the straight-line method and to the depreciation table below, starting in the month of receipt, on the basis of their useful life. Depreciation rules are applied only to assets which purchased value is higher than 420€.

➤ Depreciation rates:

| Asset Type | % |
|---|-------|
| <u>Intangible fixed assets</u> | |
| Softwares | 25,0% |
| <u>Tangible fixed assets</u> | |
| <u>Furniture and vehicles</u> | |
| Furniture | 10,0% |
| Electrical office equipment, printing and mailing equipment | 25,0% |
| <u>Computer hardware</u> | |
| Computers, servers, accessories, data transfer equipment , printers, screens,.... | 25,0% |
| Copying equipment, digitising and scanning equipment | 25,0% |
| <u>Other fixtures and fittings</u> | |
| Telecommunications equipment | 25,0% |
| Audiovisual equipment | 25,0% |
| Equipment for surveillance and security service | 12,5% |

➤ Intangible fixed assets

| | | Computer Software | Others | Intangible fixed assets under construction | Total |
|--|-----|-------------------|--------|--|-------------|
| Gross carrying amounts 01.01.07 | + | 539 726,93 | | | 539 726,93 |
| Additions | + | 92 540,33 | | | 92 540,33 |
| Disposals | - | | | | 0,00 |
| Transfer between headings | +/- | | | | 0,00 |
| Other changes (1) | +/- | | | | 0,00 |
| Gross carrying amounts 31.12.2007 | | 632 267,26 | 0,00 | 0,00 | 632 267,26 |
| Accumulated amortization and impairment 01.01.07 | - | -34 280,26 | | | -34 280,26 |
| Amortization | - | -146 856,93 | | | -146 856,93 |
| Write-back of amortization | + | -917,25 | | | -917,25 |
| Accumulated amortization and impairment 31.12.2007 | | -182 054,44 | 0,00 | 0,00 | -182 054,44 |
| Net carrying amounts 31.12.07 | | 450 212,82 | 0,00 | 0,00 | 450 212,82 |

➤ Tangible fixed assets

| | | Plant and Equipment | Computer hardware | Furniture and vehicles | Total |
|--|-----|------------------------|----------------------|---------------------------|-------------|
| Gross carrying amounts 01.01.2007 | + | 64 401,30 | 426 143,16 | 21 422,80 | 511 967,26 |
| Additions | + | 25 328,03 | 90 824,98 | | 116 153,01 |
| Disposals | - | | | | 0,00 |
| Transfer between headings | +/- | | | | 0,00 |
| Other changes (1) | +/- | | | | 0,00 |
| Gross carrying amounts 01.01.2007 | | 89 729,33 | 516 968,14 | 21 422,80 | 628 120,27 |
| Accumulated amortization and impairment 01.01.2007 | - | -13 911,54 | -116 984,14 | -2 640,02 | -133 535,70 |
| Depreciation | - | -16 430,31 | -103 638,82 | -1 852,47 | -121 921,60 |
| Accumulated amortization and impairment 31.12.2007 | | -30 341,85 | -220 622,96 | -4 492,49 | -255 457,30 |
| Net carrying amounts 31.12.2007 | | 59 387,48 | 296 345,18 | 16 930,31 | 372 662,97 |

2.1.2. Current assets

➤ Short-term receivables

Short-term receivables with consolidated entities decreased from 26 822€ in 2006 to 8 089€ this year.

Other short-term receivables relate to amounts to be recovered from VAT administration of member states (146.785€), and advances on missions.

➤ Cash and cash equivalents.

The bank current accounts at Credit du Nord bank and Dexia bank have a total positive balance of 7 408 281€. One part of this amount will be used to reimburse to the Commission as budgetary surplus and the remaining amount to settle invoices not yet received as of December 31, 2007.

Equity.

| Capital | Reserves | | Accumulated Surplus / Deficit | Economic result of the year | Capital (total) |
|--|--------------------------|-------------------|-------------------------------------|--------------------------------|-----------------|
| | Fair value reserve | Other reserves | | | |
| Balance as of 31 December 2006 | | | | 2 771 425,11 | 2 771 425,11 |
| Changes in accounting policies 1) | | | | | 0,00 |
| Balance as of 1 January 2007 (if restated) | 0,00 | 0,00 | 0,00 | 2 771 425,11 | 2 771 425,11 |
| Other | | | | | 0,00 |
| Fair value movements | | | | | 0,00 |
| Movement in Guarantee Fund reserve | | | | | 0,00 |
| Allocation of the Economic Result of Previous Year | | | 2 771 425,11 | -2 771 425,11 | 0,00 |
| Amounts credited to Member States | | | | | 0,00 |
| Economic result of the year | | | | -420 581,61 | -420 581,61 |
| Balance as of 31 December 2007 | 0,00 | 0,00 | 2 771 425,11 | -420 581,61 | 2 350 843,50 |

The equity of the Agency amounts to 2 350 843€ of which

- 2 771 425€ are the 2006 result,
- - 420 581 € are the economic outturn of 2007 which includes an amount of 13 225€ not booked in 2006 and related to a deficit in 2006.

2.1.3. Short-term liabilities.

➤ Provisions

The Agency has created a provision of 100 000€ for the leave not taken by the staff at the end of 2007.

Last year, this provision amounted to 90.000€.

➤ Suppliers

As of 31/12/2007, the balance of payables regarding suppliers of goods and services is 167 381€ against 303 949€ in 2006.

➤ Other accounts payables.

Other accounts payables are primarily made up of a debt of 4 944 486€ towards the Commission.

2.2. Economic outturn account.

| ECONOMIC OUTTURN ACCOUNT | 31/12/2007 | 31/12/2006 |
|--|-----------------------|----------------------|
| Revenues from administrative operations | 166 421,27 | 363 479,21 |
| Other operating revenue | 12 575 529,62 | 11 920 479,19 |
| TOTAL OPERATING REVENUE | 12 741 950,89 | 12 283 958,40 |
| Administrative expenses | -10 417 824,07 | -8 183 793,41 |
| <i>Staff expenses</i> | -8 896 470,05 | -6 693 991,61 |
| <i>Fixed assets related expenses</i> | -268 778,53 | -167 815,96 |
| <i>Other administrative expenses</i> | -1 252 575,49 | -1 321 985,84 |
| Operational expenses | -2 697 314,23 | -1 329 795,02 |
| <i>Other operational expenses</i> | -2 697 314,23 | -1 329 795,02 |
| TOTAL OPERATING EXPENSES | -13 115 138,30 | -9 513 588,43 |
| SURPLUS (DEFICIT) FROM OPERATING ACTIVITIES | -373 187,41 | 2 770 369,97 |
| Financial revenues | 475,26 | 2 669,42 |
| Financial expenses | -10 757,36 | -1 614,28 |
| Movement in pensions (-expense; + revenue) | | |
| SURPLUS (DEFICIT) FROM NON-OPERATING ACTIVITIES | -10 282,10 | 1 055,14 |
| SURPLUS (DEFICIT) FROM ORDINARY ACTIVITIES | -383 469,51 | 2 771 425,11 |
| Extraordinary gains (+) | | |
| Extraordinary losses (-) | -37 112,10 | |
| SURPLUS (DEFICIT) FROM EXTRAORDINARY ITEMS | -37 112,10 | 0,00 |
| ECONOMIC RESULT OF THE YEAR | -420 581,61 | 2 771 425,11 |

2.2.1. Operating revenue.

The operating revenue of the Agency in 2007 is mainly made up of subsidies received for a total amount of 17 024 506€, of which 4 459 102€ have to be reimbursed to the Commission.

2.2.2. Operating expenses.

➤ Administrative expenses

In general, administrative expenses has not increased in comparison with last year.

Expenses relating to building rental and other additional costs amount to 324 000€. It is however advisable to point out that the Agency will move to a new building, currently under construction.

➤ Staff expenses

Staff costs have increased for 2 000 000€ in comparison with last year.

During 2007, 14 staffs were recruited.

➤ Other expenses

Depreciation expenses of fixed assets purchased by the Agency in 2007 amount to 146 856€ for software, 18 282€ for equipments and furniture and 103 638€ for hardware.

2.3. Cash-flow table (indirect method).

| | 2007 | 2006 |
|--|---------------------|----------------------|
| Cash Flows from ordinary activities | | |
| Surplus/(deficit) from ordinary activities | -420 581,61 | 2 771 425,11 |
| Operating activities | | |
| <u>Adjustments</u> | | |
| Amortization (intangible fixed assets) + | 147 774,18 | 34 280,26 |
| Depreciation (tangible fixed assets) + | 121 921,60 | 133 535,70 |
| Increase/(decrease) in Provisions for risks and liabilities | 10 000,00 | 90 000,00 |
| Increase/(decrease) in Value reduction for doubtful debts | 0,00 | |
| (Increase)/decrease in Stock | 0,00 | |
| (Increase)/decrease in Long term Pre-financing | 0,00 | |
| (Increase)/decrease in Short term Pre-financing | 18 277,44 | -18 277,44 |
| (Increase)/decrease in Long term Receivables | 0,00 | |
| (Increase)/decrease in Short term Receivables | -2 618,24 | -183 472,42 |
| (Increase)/decrease in Receivables related to consolidated EC entities | 4 649,76 | -4 649,76 |
| Increase/(decrease) in Other Long term liabilities | 0,00 | |
| Increase/(decrease) in Accounts payable | -81 939,00 | 1 011 247,98 |
| Increase/(decrease) in Liabilities related to consolidated EC entities | 4 507 576,68 | 516 292,82 |
| (Gains)/losses on sale of Property, plant and equipment | | |
| Extraordinary items | | |
| Net cash Flow from operating activities | 4 318 286,49 | 4 350 382,25 |
| Cash Flows from investing activities | | |
| Purchase of tangible and intangible fixed assets (-) | -208 693,34 | -1 051 694,10 |
| Proceeds from tangible and intangible fixed assets (+) | | |
| Net cash flow from investing activities | -208 693,34 | -1 051 694,10 |
| Net increase/(decrease) in cash and cash equivalents | 4 109 593,15 | 3 298 688,15 |
| Cash and cash equivalents at the beginning of the period | 3 298 688,06 | |
| Cash and cash equivalents at the end of the period | 7 408 281,21 | 3 298 688,06 |

2.4. Contingent Assets and Contingent Liabilities.

The Agency has received bank guarantees for proper implementation of contracts.

Total amount of these guarantees raised to 115 385.50€.

3. REPORT ON BUDGETARY AND FINANCIAL MANAGEMENT FINANCIAL YEAR 2007, ACCOMPANYING THE EUROPEAN RAILWAY AGENCY'S ACCOUNTS (ART.76 OF ERA'S FR)

3.1. Introduction

3.1.1. Budgetary principles

The budget of ERA has been established in compliance with the principles of unity, budget accuracy, annuality, equilibrium, unit of account, universality, specification, sound financial management and transparency as set out in the ERA Financial Regulation.

3.1.2. Management information systems

The Agency used the following software during 2007 :

- SINCOM 2 (SI2) – budgetary accounting system
- EXACT SOFTWARE – general ledger accounting system
- BUSINESS OBJECT – financial reporting
- ISILOG SOFTWARE – fixed assets, inventory management

These information systems allow for the efficient management of the appropriations allocated to the Agency while respecting the principles of the financial regulation.

The workflow system in SI2 allows the Authorising Officer to ensure that the “four eyes” principle has been observed for each transaction.

ERA is foreseen to move to the Accrual Based Accounting (ABAC) during the first quarter in 2009. Then, SINCOM 2 and EXACT software will be phased out.

3.1.3. Budget

The budget of the Agency is distributed in three titles.

Title I covers staff expenditure such as salaries, training and costs associated to recruitment procedures and staff wellbeing.

Title II covers the costs associated to the functioning of the Agency such as infrastructure, equipment and IT needs.

Title III covers the Agency's operational activities.

3.2. Revenue

The Budgetary Authority (European Parliament and Council) approved a budget for the Agency of 16.645.000 € for 2007. However, the Budgetary Authority decided to put 1.900.900 € into a reserve. The reserve was released during the second semester of 2007 but the Agency was not able to commit those funds.

The Commission is responsible to transfer this subsidy to the Agency.

The Agency received 17.024.506 € from the Commission. The difference with the voted budget is the payment credits available in DG TREN's appropriations for the Agency.

3.3. Expenditure

3.3.1. TITLE I

3.3.1.1. Chapter 11 – Staff in active employment

| 2007 | | | 2006 | | |
|----------------|-------------|-----------|----------------|-------------|-----------|
| Appropriations | Commitments | Payments | Appropriations | Commitments | Payments |
| 8 991 760 | 8 505 961 | 8 476 501 | 9 300 000 | 6 613 402 | 6 577 355 |
| | 95% | 94% | | 71% | 70% |

At the end of 2006, the Agency employed 79 Temporary agents (TA) and 5 Contractual Agents (CA).

During 2007, 21 new TA was recruited while 6 TA left the Agency; 1 new CA was recruited while 2 CA left the Agency.

On the 31/12/2007, the Agency employed 94 TA and 4 CA. The Agency had 16 posts in its 2007 establishment plan remaining unfilled.

The recruitment procedures for all vacant posts are scheduled to be completed throughout 2008.

3.3.1.2. Chapter 13 – Missions and travel

| 2007 | | | 2006 | | |
|----------------|-------------|----------|----------------|-------------|----------|
| Appropriations | Commitments | Payments | Appropriations | Commitments | Payments |
| 160 000 | 136 588 | 74 061 | 174 000 | 125 911 | 75 911 |
| | 85% | 54% | | 72% | 60% |

This chapter is intended to cover the costs incurred by the staff during missions (daily allowances and travel costs). Throughout 2007, 490 administrative missions took place. This number includes trips for the purposes of training. The low payment execution is a result of the long payment delays of the Agency. This is an issue to be addressed during 2008.

3.3.1.3. Chapter 14 – Socio-medical infrastructure

| 2007 | | | 2006 | | |
|----------------|-------------|----------|----------------|-------------|----------|
| Appropriations | Commitments | Payments | Appropriations | Commitments | Payments |
| 234 751 | 183 998 | 121 990 | 110 000 | 73 019 | 32 140 |
| | 78% | 66% | | 66% | 44% |

This chapter is intended to cover the costs of annual medical inspections and the costs of training needs of the staff.

3.3.1.4. Chapter 15 – Seconded National Experts

| 2007 | | | 2006 | | |
|----------------|-------------|----------|----------------|-------------|----------|
| Appropriations | Commitments | Payments | Appropriations | Commitments | Payments |
| 105 460 | 1 333 | 1 333 | 55 000 | 0 | 0 |
| | 1 % | 1 % | | 0 % | 0 % |

Two Seconded National Experts was intended to be recruited in 2007 but the recruitment procedures took longer than expected. The procedures have been finalised in the first quarter of 2008.

3.3.1.5. Chapter 17 – Entertainment and representation expenses

| 2007 | | | 2006 | | |
|----------------|-------------|----------|----------------|-------------|----------|
| Appropriations | Commitments | Payments | Appropriations | Commitments | Payments |
| 6 628 | 3 039 | 3 039 | 10 000 | 3 839 | 2 134 |
| | 46% | 46 % | | 38% | 38 % |

This chapter is intended to cover expenditure on the Agency's obligations in respect of entertainment and representation.

3.3.2. TITLE II**3.3.2.1. Chapter 20 – Rental of buildings and associated costs**

| 2007 | | | 2006 | | |
|----------------|-------------|----------|----------------|-------------|----------|
| Appropriations | Commitments | Payments | Appropriations | Commitments | Payments |
| 555 200 | 519 846 | 483 271 | 576 743 | 470 032 | 374 181 |
| | 94 % | 87 % | | 82 % | 65 % |

This chapter covers the cost of renting the Agency's current office premises and all associated expenditure (heating, cleaning, security and other expenditure on buildings). The Agency has got two sites : one in Valenciennes (administrative seat) and one in Lille (conference rooms).

In 2009, the administrative seat of the Agency will move to a new building in Valenciennes because of the lack of space and the bad state of repair of the current building. This will have a budgetary impact on the 2009 budget.

3.3.2.2. Chapter 21 – Data processing

| 2007 | | | 2006 | | |
|----------------|-------------|----------|----------------|-------------|----------|
| Appropriations | Commitments | Payments | Appropriations | Commitments | Payments |
| 692 100 | 689 587 | 257 193 | 382 000 | 374 251 | 121 373 |
| | 99 % | 37 % | | 98 % | 32 % |

This chapter covers the expenses related to the purchase and maintenance of data processing equipment and software.

During 2007, the Agency purchased additional workstations for new staff members and additional server hardware in order to improve system stability and to support new applications (registers).

The Agency also developed its Data Management System (DMS) to be put in production in 2008.

3.3.2.3. Chapter 22 – Movable property and associated costs

| 2007 | | | 2006 | | |
|----------------|-------------|----------|----------------|-------------|----------|
| Appropriations | Commitments | Payments | Appropriations | Commitments | Payments |
| 254 700 | 249 021 | 40 151 | 116 756 | 86 768 | 72 515 |
| | 98 % | 16 % | | 74 % | 62 % |

This chapter covers equipment for documentation storage, archiving and mail handling, hiring of fax machines, photocopiers, purchase of office furniture.

The low payment execution is due to the late acquisition of videoconference equipment and office furniture in December 2007.

3.3.2.4. Chapter 23 – Current administrative expenditures

| 2007 | | | 2006 | | |
|----------------|-------------|----------|----------------|-------------|----------|
| Appropriations | Commitments | Payments | Appropriations | Commitments | Payments |
| 114 500 | 102 114 | 90 878 | 40 210 | 36 035 | 27 110 |
| | 89% | 79% | | 89% | 67 % |

This chapter covers stationery and office supplies, bank expenses, legal expenses, damages, miscellaneous insurance and departmental removals and associated handlings.

3.3.2.5. Chapter 24 – Postal expenses and Telecommunications

| 2007 | | | 2006 | | |
|----------------|-------------|----------|----------------|-------------|----------|
| Appropriations | Commitments | Payments | Appropriations | Commitments | Payments |
| 106 000 | 95 591 | 51 156 | 113 290 | 78 005 | 44 591 |
| | 90% | 53% | | 69 % | 39 % |

This chapter is intended to cover expenditure on postal and delivery expenses, subscription expenses, cost of communication (telephone, internet, videoconferencing, data transmission,...) and all related equipment (purchase, maintenance, cabling of building,...).

3.3.2.6. Chapter 25 – Meetings and associated costs

| 2007 | | | 2006 | | |
|----------------|-------------|----------|----------------|-------------|----------|
| Appropriations | Commitments | Payments | Appropriations | Commitments | Payments |
| 75 000 | 75 000 | 46 189 | 120 000 | 44 108 | 23 872 |
| | 100 % | 61% | | 37 % | 20 % |

This chapter is intended to cover the travel, subsistence and incidental expenses of Members of the Administrative Board.

3.3.3. TITLE III**3.3.3.1. Chapter 30 – Operational activities**

| 2007 | | | 2006 | | |
|----------------|-------------|----------|----------------|-------------|----------|
| Appropriations | Commitments | Payments | Appropriations | Commitments | Payments |
| 2 660 860 | 2 051 385 | 857 815 | 3 042 491 | 1 665 208 | 658 642 |
| | 77% | 32 % | | 54% | 22 % |

This chapter is intended to cover all the expenses linked to the Regulation n°881/2004. Namely, the expenses are mainly the costs of the working groups (reimbursement of experts' travel and daily subsistence) and the studies linked to the operational activities.

The low payment execution is a result of the long payment delays of the Agency and of the contracts signed in December 2007, following the finalisation of the procurement procedures.

3.3.3.2. Chapter 31 – Operational expenditures

| 2007 | | | 2006 | | |
|----------------|-------------|----------|----------------|-------------|----------|
| Appropriations | Commitments | Payments | Appropriations | Commitments | Payments |
| 787 140 | 647 583 | 139 556 | 1 180 600 | 888 865 | 99 257 |
| | 82% | 18 % | | 75% | 8 % |

This chapter is intended to cover operational expenditures such as scientific library, IT dedicated systems, information and communication and translation and interpretation.

3.4. TABLES

3.4.1. Budget outturn account

| | 2007 | 2006 |
|--|----------------------|----------------------|
| Revenue | | |
| Commission subsidy DG TREN | 17 024 506,00 | 12 385 224,82 |
| Other revenue | 8 696,00 | 20 491,07 |
| Total revenue (a) | 17 033 202,00 | 12 405 715,89 |
| Expenditure | | |
| Personnel expenses – Budget Title I | | |
| Payments | 8 676 926,96 | 6 691 821,23 |
| Automatic carry-overs | 153 994,01 | 128 630,79 |
| Administrative expenses – Budget Title II | | |
| Payments | 968 841,39 | 1 000 883,79 |
| Automatic carry-overs | 762 319,22 | 398 481,07 |
| Operational expenses – Budget Title III | | |
| Payments | 920 219,73 | 1 547 020,86 |
| Automatic carry-overs | 1 778 750,00 | 2 152 922,44 |
| Total expenditure (b) | 13 261 051,31 | 11 919 760,18 |
| Outturn for the financial year (a-b) | 3 772 150,69 | 485 955,71 |
| Cancellation of unused carry-overs | + 686 951,69 | 0,00 |
| Exchange differences for the year | 0,00 | - 571,98 |
| Balance carried over from year N-1 | + 485 383,73 | |
| Balance of the outturn account for the financial year | 4 944 486,11 | 485 383,73 |

Not included in the budget outturn :

| | | |
|--|--------|----------|
| Interest received by 31/12/N on the Commission subsidy | 587,24 | 2 669,42 |
| And to be reimbursed to the Commission | | |

3.4.2. Budgetary transfers

| | Initial budget | Transfers | Final budget |
|----------------|----------------------|--------------|----------------------|
| Title I | 9 861 000,00 | - 362 400,00 | 9 498 600,00 |
| Title II | 1 415 100,00 | + 382 400,00 | 1 797 500,00 |
| Title III | 3 468 000,00 | - 20 000,00 | 3 448 000,00 |
| TOTAL | 14 744 100,00 | 0,00 | 14 744 100,00 |
| RESERVE | 1 900 900,00 | 0,00 | 1 900 900,00 |

3.4.3. Budgetary execution 2007-C1

| | Appropriations | Commitments | Not used | Paid | To be carry-forwarded |
|------------------|----------------------|----------------------|---------------------|----------------------|-----------------------|
| Title I | 9 498 600,00 | 8 830 920,97 | 667 679,03 | 8 676 926,96 | 153 994,01 |
| Title II | 1 797 500,00 | 1 731 160,61 | 66 339,39 | 968 841,39 | 762 319,22 |
| Title III | 3 448 000,00 | 2 698 969,73 | 749 030,27 | 920 219,73 | 1 778 750,00 |
| TOTAL | 14 744 100,00 | 13 261 051,31 | 1 483 048,69 | 10 565 988,08 | 2 695 063,23 |
| RESERVE | 1 900 900,00 | 0,00 | 1 900 900,00 | 0,00 | 0,00 |

The total commitment appropriations of Title 1 are up to 9,498,600 €.

The committed appropriations are up to 8,830,920 €, which corresponds to an execution rate of 93.2 %. The total loss of credit on Title 1 is up to 667,679 €.

The payment appropriations to be carried forward to 2008 are up to 153,994 €, which corresponds to a transfer rate of 1.6 %.

The total commitment appropriations of Title 2 are up to 1,797,500 €.

The committed appropriations are up to 1,731,160 €, which corresponds to an execution rate of 96.3 %.

The payment appropriations to be carried forward to 2008 are up to 762,319 €, which corresponds to a transfer rate of 42.4 %.

The total commitment appropriations of Title 3 are up to 3,448,000 €.

The committed appropriations are up to 2,698,969 €, which corresponds with an execution rate of 78.2 %.

The payment appropriations to be carried forward to 2008 are up to 1,778,750 €, which corresponds to a transfer rate of 51.5 %.

3.4.4. Budgetary execution 2007-C8

| | Carry-forward | Paid | To be cancelled |
|------------------|---------------------|---------------------|-------------------|
| Title I | 128 630,79 | 94 815,99 | 33 814,80 |
| Title II | 425 727,02 | 328 470,23 | 97 256,79 |
| Title III | 2 165 092,86 | 1 569 843,79 | 595 249,07 |
| TOTAL | 2 719 450,67 | 1 993 130,01 | 726 320,66 |

The total payment appropriations carried forward from 2006 and to be cancelled in 2007 are up to 726.320 €, while 2.719.450,67 € were carry-forwarded. This represents 26,7 % of the appropriations carry forwarded from 2006.

This means that the carry-forward exercise was over-estimated in 2006 and that a better analysis should be performed for the next exercises in order to avoid high level of cancellation.