

# **Fuel Cells and Hydrogen**

## **Joint Undertaking**

# **Final Annual Accounts**

## **Financial year 2010**

**Financial Statements and  
Report on the implementation of the budget**

**Accompanied by  
Report on budgetary and financial management  
during the year**



## Table of Contents

|  |               |
|--|---------------|
| <b>Introduction .....</b>  | <b>5</b>      |
| <i>Basis for preparation .....</i>   | 5             |
| <i>Reporting entity .....</i>  | 5             |
| <i>Certificate of the Accounting Officer .....</i>   | 7             |
| <br><b>1. Financial Statements .....</b>   | <br><b>8</b>  |
| 1.1. <i>Balance Sheet – Assets .....</i>   | 8             |
| 1.2. <i>Balance Sheet - Liabilities.....</i>   | 9             |
| 1.3. <i>Economic Outturn Account .....</i>   | 10            |
| 1.4. <i>Cash flow statement (Indirect method) .....</i>                                      | 11            |
| 1.5. <i>Statement of changes in net assets and liabilities 2010 .....</i>                    | 12            |
| <br><b>2. Notes to financial statements.....</b>   | <br><b>13</b> |
| 2.1. <i>Accounting principles and accounting rules .....</i>                                 | 13            |
| 2.2. <i>Accounting policies .....</i>  | 13            |
| 2.3. <i>Transactions and balances in foreign currency .....</i>                              | 14            |
| 2.4. <i>Use of estimates.....</i>  | 14            |
| 2.5. <i>Voting rights.....</i>   | 14            |
| 2.6. <i>Off balance sheet items .....</i>  | 14            |
| 2.7. <i>Related party disclosure .....</i>   | 15            |
| 2.8. <i>Events subsequent to period end .....</i>  | 15            |
| 2.9. <i>Receivables.....</i>   | 15            |
| 2.10. <i>Notes to the balance sheet .....</i>  | 16            |
| <br><i>Note 1: Non-current assets: Tangible fixed assets: .....</i>                          | 16            |
| <i>Note 2: Long-term Pre-financing .....</i>   | 16            |
| <i>Note 3: Current assets: Short-term pre-financing .....</i>                                | 16            |
| <i>Note 4: Short-term receivables: Current receivables – contributions from members.....</i> | 17            |
| <i>Note 5: Accrued income .....</i>  | 17            |
| <i>Note 6: Cash and cash equivalents.....</i>  | 17            |
| <i>Note 7: Current liabilities: Current payables .....</i>                                   | 17            |
| <i>Note 8: Accrued charges.....</i>  | 17            |
| <i>Note 9: Co-Financing to be paid .....</i>   | 18            |
| <i>Note 10: Contributions from Members to be validated .....</i>                             | 18            |
| <i>Note 11: Contributions from Members to be received.....</i>                               | 19            |
| <i>Note 12: Net assets: Contributions from Members.....</i>                                  | 19            |
| <i>Note 13: Contributions from Members used during the year .....</i>                        | 20            |
| <i>Note 14: Contingent liabilities .....</i>   | 20            |

|           |   |           |
|-----------|---|-----------|
| 2.11.     | <i>Notes to the economic outturn account .....</i>                        | 20        |
|           | <i>Note 15: Administrative expenses .....</i>                             | 20        |
|           | <i>Note 16: Operational expenses .....</i>                                | 21        |
|           | <i>Note 17: Financial revenues .....</i>                                  | 21        |
|           | <i>Note 18: Financial expenses .....</i>                                  | 21        |
| <b>3.</b> | <b>Report on the implementation of the budget .....</b>                   | <b>22</b> |
| 3.1.      | <i>Budget outturn account .....</i>                                       | 22        |
| 3.2.      | <i>Reconciliation of economic outturn and budgetary outturn .....</i>     | 23        |
| 3.3.      | <i>Budget execution 2010 .....</i>  | 24        |
| <b>4.</b> | <b>Report on budgetary and financial management during the year .....</b> | <b>28</b> |
| 4.1.      | <i>Budget.....</i>  | 28        |
| 4.1.1.    | <i>Fund sources .....</i>   | 28        |
| 4.1.2.    | <i>Budget amendments and transfers .....</i>                              | 28        |
| 4.1.3.    | <i>Budget revenue .....</i>   | 29        |
| 4.1.4.    | <i>Budget expenditure.....</i>  | 30        |
| 4.2.      | <i>Financial Management .....</i>   | 31        |

## Introduction

### *Basis for preparation*

The final annual accounts of the Fuel Cells and Hydrogen Joint Undertaking include the financial statements and the budgetary implementation report. They are accompanied by the report on budget and financial management during the year drawn up under the responsibility of the Executive Director.

The financial statements comprise the balance sheet, the economic outturn account, the cash flow table and the statement of changes in net assets and liabilities. The notes to the financial statements supplement and comment on the information presented in the statements.

The objectives of financial statements are to provide information about the financial position, performance and cash flows of an entity that are useful to a wide range of users. For a public-private partnership such as the Fuel Cells and Hydrogen Joint Undertaking, the objectives are more specifically to provide information useful for decision making, and to demonstrate the accountability of the entity for the resources entrusted to it.

The financial statements have been prepared in accordance with the Financial Regulation<sup>1</sup> of the Fuel Cells and Hydrogen Joint Undertaking and with the EC accounting rules and methods adopted by the European Commission's Accounting Officer following the principles of accrual based accounting. The budgetary implementation reports are prepared on the basis of the modified cash accounting principle.

### *Reporting entity*

The Fuel Cells and Hydrogen Joint Undertaking is an independent legal entity, set up as public-private partnership established by the Regulation (EC) No 521/2008 of the Council of 30 May 2008<sup>2</sup> for the period up to 31 December 2017.

Having become autonomous on 15 November 2010, the Joint Undertaking is establishing its first annual financial statements for the period **15 November 2010 to 31 December 2010**. These statements show the Joint Undertaking as a whole and include therefore pre-autonomy costs as reported. Reference to these costs is made wherever possible throughout the notes to the financial statement and also in the report on budgetary and financial management during the year.

---

<sup>1</sup> [http://ec.europa.eu/research/fch/pdf/financial\\_rules.pdf#view=fit&pagemode=none](http://ec.europa.eu/research/fch/pdf/financial_rules.pdf#view=fit&pagemode=none)

<sup>2</sup> [http://ec.europa.eu/research/fch/pdf/regulation\\_521-2008\\_en\\_1.pdf#view=fit&pagemode=none](http://ec.europa.eu/research/fch/pdf/regulation_521-2008_en_1.pdf#view=fit&pagemode=none)

The Fuel Cells and Hydrogen Joint Undertaking shall contribute to the implementation of the Seventh Framework Programme and in particular the Specific Programme "Cooperation" themes for "Energy", "Nanosciences, Nanotechnologies, Materials and New Production Technologies", "Environment (including Climate Change)", and "Transport (including Aeronautics)".

It shall in particular:

- a) aim at placing Europe at the forefront of fuel cell and hydrogen technologies worldwide and at enabling the market breakthrough of fuel cell and hydrogen technologies, thereby allowing commercial market forces to drive the substantial potential public benefits;
- b) support Research, Technological development and Demonstration (hereafter referred to as RTD) in the Member States and countries associated with the Seventh Framework Programme in a coordinated manner to overcome the market failure and focus on developing market applications and thereby facilitate additional industrial efforts towards a rapid deployment of fuel cells and hydrogen technologies;
- c) support the implementation of the RTD priorities of the JTI on Fuel Cells and Hydrogen, notably by awarding grants following competitive calls for proposals;
- d) aim to encourage increased public and private research investment in fuel cells and hydrogen technologies in the Member States and Associated countries.

The Joint Undertaking is a consolidated entity in accordance with article 185 of the general Financial Regulation.

FCH JU receives contributions from private and public sector.

The seat of FCH Joint Undertaking is Brussels, Belgium<sup>3</sup>.

---

<sup>3</sup> Council regulation EC No 521/2008, article 1.2 published in OJ L153 on 12.06.2008

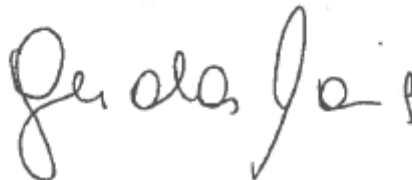
*Certificate of the Accounting Officer*

The annual accounts of the Fuel Cells and Hydrogen Joint Undertaking for the year 2010 have been prepared in accordance with the Financial Regulation of the JU and the accounting rules adopted by the Commission's Accounting Officer, as are to be applied by all the institutions, agencies and joint undertakings.

I acknowledge my responsibility for the preparation and presentation of the annual accounts of the Joint Undertaking in accordance with Article 43 of the Financial Regulation of the JU.

I have obtained from the authorising officer, who guaranteed its reliability, all the information necessary for the production of the accounts that show the JU'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 JU in all material aspects.

A handwritten signature in dark ink, appearing to read 'Gerda Rainer', is centered on the page. The signature is fluid and cursive, with the first name 'Gerda' and the last name 'Rainer' clearly distinguishable.

*Gerda Rainer*

*Accounting Officer*

## 1. Financial Statements

### 1.1. Balance Sheet – Assets<sup>4</sup>

|                                 | Note     | 31.12.2010    |
|---------------------------------|----------|---------------|
| <b>NON CURRENT ASSETS</b>       |          |               |
| <b>Intangible fixed assets</b>  |          | 0.00          |
| <b>Tangible fixed assets</b>    | <b>1</b> | 0.00          |
| <b>Long-term pre-financing</b>  | <b>2</b> | 45,136,083.10 |
| <b>Long-term receivables</b>    |          | 0.00          |
| <b>TOTAL NON CURRENT ASSETS</b> |          | 45,136,083.10 |

|  |          |                      |
|--|----------|----------------------|
| <b>CURRENT ASSETS</b>                            |          |                      |
| <b>Short-term pre-financing</b>                  | <b>3</b> | 6,175,092.00         |
| <b>Short-term receivables</b>                    |          |                      |
| Current receivables - contributions from members | <b>4</b> | 195,081.00           |
| Sundry receivables                               |          | 5,229.54             |
| Accrued income                                   | <b>5</b> | 14,763.41            |
| <b>Cash and cash equivalents</b>                 | <b>6</b> | 5,015,973.20         |
| <b>TOTAL CURRENT ASSETS</b>                      |          | 11,406,139.15        |
| <b>TOTAL</b>                                     |          | <b>56,542,222.25</b> |

---

<sup>4</sup> All Amounts in EUR



### 1.2. Balance Sheet - Liabilities<sup>5</sup>

|  | Note      | 31.12.2010           |
|--|-----------|----------------------|
| <b>CURRENT LIABILITIES</b>                                       |           |                      |
| <b>Accounts payable</b>  |           |                      |
| Current payables   | <b>7</b>  | 93,807.44            |
| Accrued charges  | <b>8</b>  | 697,316.54           |
| Taxes, salaries and social security                              |           | 1,263.00             |
| Other accounts payable   |           | 814.10               |
| Co-Financing to be paid  | <b>9</b>  | 4,562,057.50         |
| Contributions from Members to be validated                       | <b>10</b> | 14,362,549.24        |
| Contributions from Members to be received                        | <b>11</b> | 195,081.00           |
| <b>TOTAL LIABILITIES</b>   |           | <b>19,912,888.82</b> |
| <b>NET ASSETS</b>  |           |                      |
| <b>Contributions from Members</b>                                |           | 62,551,346.54        |
| EU Contributions   | <b>12</b> | 62,518,833.54        |
| Industry Grouping Contributions                                  | <b>12</b> | 0.00                 |
| Research Grouping Contributions                                  | <b>12</b> | 32,513.00            |
| <b>Accumulated contribution from Members used previous years</b> |           | 0.00                 |
| <b>Contribution from Members used during the year</b>            | <b>13</b> | -25,922,013.11       |
| <b>TOTAL NET ASSETS</b>  |           | <b>36,629,333.43</b> |
| <b>TOTAL NET ASSETS + LIABILITIES</b>                            |           | <b>56,542,222.25</b> |

Contingent liabilities

14

---

<sup>5</sup> All Amounts in EUR

### 1.3. Economic Outturn Account

|   | Note | 2010                  |
|---|------|-----------------------|
| Recovery of expenses                                    |      | 0.00                  |
| Revenues from administrative operations                 |      | 0.00                  |
| Other operating revenue                                 |      | 0.00                  |
| <b>TOTAL OPERATING REVENUE</b>                          |      | <b>0.00</b>           |
| Administrative expenses                                 | 15   | -2,929,722.87         |
| Operational expenses                                    | 16   | -23,006,765.00        |
| <b>TOTAL OPERATING EXPENSES</b>                         |      | <b>-25,936,487.87</b> |
| <b>SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES</b>      |      | <b>-25,936,487.87</b> |
| Financial revenues                                      | 17   | 14,763.41             |
| Financial expenses                                      | 18   | -288.65               |
| <b>SURPLUS/ (DEFICIT) FROM NON OPERATING ACTIVITIES</b> |      | <b>14,474.76</b>      |
| <b>SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES</b>       |      | <b>-25,922,013.11</b> |
| Extraordinary gains (+)                                 |      | 0.00                  |
| Extraordinary losses (-)                                |      | 0.00                  |
| <b>SURPLUS/(DEFICIT) FROM EXTRAORDINARY ITEMS</b>       |      | <b>0.00</b>           |
| <b>CONTRIBUTIONS USED DURING THE YEAR</b>               |      | <b>-25,922,013.11</b> |

Negative sign for expenses

## 1.4. Cash flow statement (Indirect method)

|   |                       |
|---|-----------------------|
| <b>Cash flows from ordinary activities</b>                                  | <b>2010</b>           |
| <b>Surplus/deficit from ordinary activities</b>                             | <b>-25,922,013.11</b> |
| <u>Adjustments</u> amounts in EUR   |                       |
| <i>Amortization (intangible fixed assets) +</i>                             | 0.00                  |
| <i>Depreciation (tangible fixed assets) +</i>                               | 0.00                  |
| <i>Increase/decrease in Provisions for risks and liabilities</i>            | 0.00                  |
| <i>Increase/decrease in Value reduction for doubtful debts</i>              | 0.00                  |
| <i>Increase/decrease in long term Pre-financing</i>                         | -45,136,083.10        |
| <i>Increase/decrease in Short term Pre-financing</i>                        | -6,175,092.00         |
| <i>Increase/decrease in Long term Receivables</i>                           | 0.00                  |
| <i>Increase/decrease in Short term Receivables</i>                          | -215,073.95           |
| <i>Increase/decrease in receivables related to consolidated EC entities</i> | 0.00                  |
| <i>Increase/decrease in Other Long term liabilities</i>                     | 0.00                  |
| <i>Increase/decrease in Accounts payable</i>                                | 19,912,888.82         |
| <i>Gains/losses on sale of Property, plant and equipment</i>                | 0.00                  |
| <b>Contribution from Members</b>  | <b>62,551,346.54</b>  |
| <b>Net cash flow from ordinary activities</b>                               | <b>5,015,973.20</b>   |
|   |                       |
| Net increase/decrease in cash and cash equivalents                          | 5,015,973.20          |
| <b>Cash and cash equivalents at the beginning of the period</b>             | <b>0.00</b>           |
| <b>Cash and cash equivalents at the end of the period</b>                   | <b>5,015,973.20</b>   |

*1.5. Statement of changes in net assets and liabilities 2010*

| <b>all amounts in EUR</b>                              | <b>2010</b>          |
|--|----------------------|
| <b>Balance on 15 November 2010</b>                     | <b>0.00</b>          |
| <b>Contributions from Members</b>                      | <b>62,551,346.54</b> |
| <b>Contributions from Members used during the year</b> | <b>25,922,013.11</b> |
| <b>Balance as of 31 December 2010</b>                  | <b>36,629,333.43</b> |

## 2. Notes to financial statements

### *2.1. Accounting principles and accounting rules*

The annual accounts of the Fuel Cells and Hydrogen Joint Undertaking have been prepared according to Article 111 of the JUs Financial Regulation which sets out the following accounting principles to be applied in drawing up the financial statements:

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

And according to the accounting rules and methods adopted by the European Commissions' Accounting Officer (Article 43(1)d of the Financial Regulation).

The accounting system of FCH JU comprises general accounts and budget accounts. These are kept in Euro on the basis of the calendar year.

### *2.2. Accounting policies*

#### *Cash contributions to the Joint Undertaking*

The cash contributions to the Joint Undertaking are treated as contributions from members (or "quasi" equity) in accordance with the EU Accounting Rule 1. Even though the "General Financing Agreement between the European Commission and the Joint Undertaking" uses the term "pre-financing", in substance this "pre-financing" is to be considered EU's member contribution.

#### *In-kind contributions to the Joint Undertaking*

The Members of the Joint Undertaking can contribute "resources", usually in-kind contributions to the Joint Undertaking. In-kind contributions are of equal "value" as the cash contributions and should be treated similarly.

Therefore both cash and in-kind contributions are shown in the balance sheet under the heading "net assets". In-kind contributions from Industry Grouping and Research grouping

will derive from beneficiaries' participation in FCH JU projects and will become net assets after validation.

The FCH programme office will present a "methodology for assessing the in-kind contributions"<sup>6</sup> to the Governing Board in 2011 to clarify the validation process.

### *2.3. Transactions and balances in foreign currency*

Foreign currency transactions are converted into Euros using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the economic outturn account.

### *2.4. Use of estimates*

In accordance with generally accepted accounting principles, the financial statements necessarily include amounts based on estimates and assumptions by management. Significant estimates include, but are not limited to, accrued income and charges, contingent assets and liabilities. Actual results could differ from those estimates. Changes in estimates are reflected in the period in which they become known.

### *2.5. Voting rights*

The Governing Board of the Fuel Cells and Hydrogen Joint Undertaking is composed of 12 representatives, each one with one voting right. Industry Grouping has got 6 seats and voting rights, Research Grouping one seat and voting right and the European Commission holds 5 seats and voting rights.

### *2.6. Off balance sheet items*

Off balance sheet items are contingent assets and liabilities. Details are disclosed in accordance with accounting rule 10 of the European Communities in Note 14 to the balance sheet.

---

<sup>6</sup> Council Regulation (EC) No 521/2008, Statutes of FCH JU, article 12

## 2.7. Related party disclosure

|  | Year 2010 |
|--|-----------|
| Number of Authorising Officers at year end | 1         |
|  |           |
| Analysis by grade                          |           |
| AD14                                       | 1         |

The Authorising Officer is remunerated in accordance with the Staff Regulation of the European Communities.

## 2.8. Events subsequent to period end

The financing of the JU from the European Commission is governed by a written General financing agreement. For each year the European Commission draws up an annual financing agreement. The financing agreement for 2010 was amended downwards (minus € 53,814.51) by the European Commission on 22 December 2010 and accepted by the Executive Director of FCH JU on 10 January 2011. Therefore the established receivable from the European Commission is cancelled in the balance sheet.

No other material issues came to the attention of the accounting officer of FCH JU or were reported to her that would require separate disclosure under this section.

## 2.9. Receivables

Receivables are carried at original invoice amounts less write-down for impairment. A write-down for impairment of receivables is established when there is objective evidence that FCH JU will not be able to collect all amounts due according to the original terms of receivables.

## 2.10. *Notes to the balance sheet*

### **Note 1: Non-current assets: Tangible fixed assets:**

Items acquired whose purchase price is EUR 420 or above, with a period of use greater than one year, are recorded in the fixed assets accounts. Items with an acquisition price value below EUR 420 have been reflected in the accounts as running expenses.

The assets are valued at their acquisition price, less depreciation and impairment. The depreciation method chosen is the monthly straight-line method.

On 31 December 2010 FCH JU did not own any tangible fixed assets as the transfer of assets from the European Commission to FCH JU has not yet taken place.

### **Note 2: Long-term Pre-financing**

All open pre-financing amounts on 31 December 2010 that will probably not be cleared in the course of the following year are reclassified as long-term pre-financing. FCH JU has made a case-by-case assessment for all pre-financings open on 31 December 2010.

### **Note 3: Current assets: Short-term pre-financing**

Pre-financings made to the beneficiaries of grants remain the property of the JU until clearing through acceptance of costs from cost statements.

At the stage of project negotiation the programme office carries out ex ante verifications of the financial capacity of the beneficiaries. If a beneficiary is not successful in this verification the programme office either withholds all pre-financing to this beneficiary or requests a financial guarantee for the pre-financing amount. By 31.12.2010 FCH JU held 6 letters of guarantee for a total amount of EUR 2,649,479. These guarantees will be returned to the respective Guarantor upon clearing of the pre-financing.

According to the accounting principle "accrual based accounting" it is estimated which part of the outstanding pre-financing has been used by the final beneficiary at 31 December 2010. This part is recognised as an expense and reduces the short-term pre-financing.



**Note 4:** Short-term receivables: Current receivables – contributions from members

On 31 December 2010 there was an outstanding recovery order of € 195,081 for the contribution of the Industry Grouping to the 2010 Budget.

**Note 5:** Accrued income

Accrued income amounting to € 14,763.41 consists of bank interest to be received for the 4<sup>th</sup> quarter 2010 for the FCH bank account.

**Note 6:** Cash and cash equivalents

At the end of the year 2010 FCH JU held one bank account with ING in Brussels. The balance on 31 December 2010 on this account was € 5,015,973.20.

**Note 7:** *Current liabilities:* Current payables

| <b>Current payables</b> | <b>31 December 2010</b> |
|-------------------------|-------------------------|
| Various suppliers       | 1,498.60                |
| Various experts         | 92,308.84               |
| Total current payables  | 93,807.44               |
| Payables to staff       | 1,263.00                |
| <b>Total</b>            | <b>95,070.44</b>        |

**Note 8:** *Accrued charges*

The accrued charges is the amount estimated by the authorising officer of the cost incurred for services and goods delivered in year 2010 but not yet invoiced or processed by the end of the year. The total amount is € 697,316.54 and can be grouped by the following main areas:

| <b>Accrued charges 2010</b> | <b>EUR</b>        |
|-----------------------------|-------------------|
| Evaluation premises         | 139,965.00        |
| Communication expenses      | 117,328.02        |
| Experts                     | 87,691.16         |
| IT expenditure              | 95,000.00         |
| Rent                        | 165,778.42        |
| Annual leave not taken      | 20,745.14         |
| Other                       | 70,808.80         |
| <b>Total</b>                | <b>697,316.54</b> |

**Note 9: Co-Financing to be paid**

Eligible project costs sustained by the beneficiaries during a certain year for which there is not yet a deliverable or cost statement or where deliverables or cost statements have not yet been accepted by the year end, are assessed by the programme office and accounted for as:

- accrued expenditure in the Economic Outturn account;
- the estimated contribution from the Members is entered as liability (Contributions from Members to be validated, see note 10)
- the FCH JU contribution is entered as liability in co-financing to be paid
- pre-financing on projects is cleared for 2010

**Note 10: Contributions from Members to be validated**

In 2010 there were 24 RTD projects ongoing and seven cost statements have been received to date (this is according to plan). By the date of the issuance of the final accounts 2010 no cost statement was accepted. Therefore the programme office has updated its estimated expenditure and related contributions from Members.

| <b>Item</b>  | <b>EUR</b>           |
|--|----------------------|
| Running costs paid by DG RTD before autonomy               | 1,799,593.24         |
| Industry in-kind contributions to running projects in 2010 | 7,788,970.00         |
| Research in-kind contributions to running projects in 2010 | 4,773,986.00         |
| <b>Total</b>   | <b>14,362,549.24</b> |

**Note 11: Contributions from Members to be received**

By the end of 2010 the contribution from the Industry Grouping to the 2010 Budget was still outstanding.

**Note 12: Net assets: Contributions from Members**

The Fuel Cells and Hydrogen Joint Undertaking has three members, the European Commission, the Industry Grouping and the Research Grouping. All three members contribute in cash to the running costs of the JU.

The European Commission contributes in cash to the funding of RTD projects whereas Industry and Research Grouping contribute in-kind through project participants.

| Detail Contributions received and/or validated at 31 December 2010 |  |               |               |                   |         |                   |         |               |               |
|--|--|---------------|---------------|-------------------|---------|-------------------|---------|---------------|---------------|
| Contribution received up to 31.12.2010                             |  | Commission    |               | Industry Grouping |         | Research Grouping |         | Total         |               |
|  |  | Cash          | In kind       | Cash              | In kind | Cash              | In kind | Cash          | In kind       |
| A. Running Costs   |  | 2,004,297.54  | 0.00          | 0.00              | 0.00    | 32,513.00         | 0.00    | 2,036,810.54  | 0.00          |
| Previous years   |  | 0.00          | 0.00          | 0.00              | 0.00    | 0.00              | 0.00    | 0.00          | 0.00          |
| Current year   |  | 2,004,297.54  | 0.00          | 0.00              | 0.00    | 32,513.00         | 0.00    | 2,036,810.54  | 0.00          |
| B. Operational costs (R&D Projects)                                |  | 43,215,716.00 | 17,298,820.00 | 0.00              | 0.00    | 0.00              | 0.00    | 43,215,716.00 | 17,298,820.00 |
| Previous years   |  | 0.00          | 17,271,600.00 | 0.00              | 0.00    | 0.00              | 0.00    | 0.00          | 17,271,600.00 |
| Current year   |  | 43,215,716.00 | 27,220.00     | 0.00              | 0.00    | 0.00              | 0.00    | 43,215,716.00 | 27,220.00     |
| C. Other   |  | 0.00          | 0.00          | 0.00              | 0.00    | 0.00              | 0.00    | 0.00          | 0.00          |
| Previous years   |  | 0.00          | 0.00          | 0.00              | 0.00    | 0.00              | 0.00    | 0.00          | 0.00          |
| Current year   |  | 0.00          | 0.00          | 0.00              | 0.00    | 0.00              | 0.00    | 0.00          | 0.00          |
| TOTAL A+B+C  |  | 45,220,013.54 | 17,298,820.00 | 0.00              | 0.00    | 32,513.00         | 0.00    | 45,252,526.54 | 17,298,820.00 |
| Contribution in cash/kind in %                                     |  | 99.93%        | 100.00%       | 0.00%             | 0.00%   | 0.07%             | 0.00%   | 100.00%       | 100.00%       |
| Total contribution in %  |  | 99.95%        |               | 0.00%             |         | 0.05%             |         | 100.00%       |               |
|  |  |               |               |                   |         |                   |         |               |               |
| Voting rights  |  | 41.67%        |               | 50.00%            |         | 8.33%             |         | 100.00%       |               |

**European Commission In-kind contribution:**

At the date of autonomy FCH JU has taken over all running projects including the paid pre-financings (which constitute financial assets for FCH JU).

**Note 13: Contributions from Members used during the year**

The contributions from Members used during the year equal the economic outturn account of the year 2010.

**Note 14: Contingent liabilities**

| Item  | EUR           |
|---|---------------|
| RAL – Commitments against appropriations not yet consumed | 38,030,908.00 |
| Rental Lease  | 1,985,883.00  |

The "Contingent liabilities" are off-balance sheet items. The RAL contingent liabilities result from open contract obligations not yet identified and booked in the Economic Outturn account, as charges resulting from these obligations do not belong to the accounting period of 2010.

| RAL                     | EUR           |
|-------------------------|---------------|
| RAL – running costs     | 37,642.10     |
| RAL – operational costs | 37,993,265.90 |

Rental lease contains rentals due after 31 December 2010 (rental contract for the FCH JU offices until 31.12.2017).

**2.11. Notes to the economic outturn account****Note 15: Administrative expenses**

|   |                     |
|---|---------------------|
| <b>Staff expenses</b>                   | <b>210,983.82</b>   |
| Salaries & entitlements                 | 190,173.42          |
| Training costs                          | 15,114.44           |
| Missions                                | 5,695.96            |
| Recruitment costs                       | 0.00                |
| <b>Other administrative expenses</b>    | <b>2,718,739.05</b> |
| Rent                                    | 288,439.32          |
| Evaluation premises                     | 139,965.00          |
| IT costs                                | 95,000.00           |
| Experts                                 | 180,334.80          |
| Communication                           | 196,620.00          |
| Other                                   | 18,786.69           |
| Administrative expenses before autonomy | 1,799,593.24        |
| <b>Total administrative expenses</b>    | <b>2,929,722.87</b> |

Administrative expenses before autonomy were reported by DG RTD and do not include the estimated value of the assets to be transferred to FCH JU (EUR 8,706.03).

***Note 16: Operational expenses***

These expenses comprise all project-related expenses that were performed in 2010 (estimated project progress).

| <b>Item</b>                          | <b>EUR</b>           |
|--------------------------------------|----------------------|
| Operational expenses before autonomy | 20,144,504.00        |
| Operational expenses after autonomy  | 2,862,261.00         |
| <b>Total</b>                         | <b>23,006,765.00</b> |

***Note 17: Financial revenues***

Financial revenue is the interest received on the bank account.

***Note 18: Financial expenses***

This amount comprises bank charges and exchange rate differences.

### 3. Report on the implementation of the budget

#### 3.1. Budget outturn account

|  | 2010          |
|--|---------------|
| <b>Revenue</b>   |               |
| European Union Contribution <sup>7</sup>                     | 45,220,013.54 |
| Industry Group Contribution                                  | 195,081.00    |
| Research Group Contribution                                  | 32,513.00     |
| Total revenue (1)  | 45,447,607.54 |
| <b>Expenditure</b>   |               |
| Personnel expenses - Budget Title I<br>Payments              | 145,455.56    |
| Administrative expenses - Budget Title II<br>Payments        | 187,287.68    |
| Operational expenses - Budget Title III<br>Payments          | 39,894,106.60 |
| Total expenditure (2)  | 40,226,849.84 |
| <b>Budget surplus (3)=(1)-(2)</b>                            | 5,220,757.70  |
| Payment appropriations carried forward(RAL) (4)              | 806,205.19    |
| Cancellation of unused appropriations from previous year (5) | 136,406.70    |
| Balance carried over from year N-1                           | 0.00          |
| Positive balance from year N-1                               | 0.00          |
| <b>Total Budget outturn (6) =(3)-(4)+(5)</b>                 | 4,550,959.21  |

---

<sup>7</sup> The European Union contribution includes the transfer of open C8 funds of EUR 170,634.35

### 3.2. Reconciliation of economic outturn and budgetary outturn

The financial statements of FCH JU are prepared on an accrual basis by which transactions are recorded in the period to which they relate. The result for the year using this basis is indicated in the economic outturn account. However, FCH JU uses a modified cash accounting system for preparing the budget outturn account. In this system, only the payments made and the revenues received in the period as well as the carry-over of appropriations are recorded. The difference between the budgetary outturn and the economic outturn is explained as follows:

|   |     |                      |
|---|-----|----------------------|
| <b>Economic result (- for loss)</b>   | -   | <b>25,922,013.11</b> |
| Adjustment for accrual items (items not in the budgetary result but included in the economic result)                        |     |                      |
| <i>Adjustment for accrual Cut-off (reversal 31.12 N-1)</i>  | -   | 0                    |
| <i>Adjustments for Accrual Cut-off (cut-off 31.12.N)</i>  | +   | 25,503,674.78        |
| <i>Unpaid invoices at year end but booked in charges (class 6)</i>  | +   | 95,070.44            |
| <i>Depreciation of intangible and tangible fixed assets</i>   | +   | 0                    |
| <i>Provisions</i>   | +   | 0                    |
| <i>Value reductions</i>   | +   | 0                    |
| <i>Pre-financing given in previous year and cleared in the year</i>   | +   | 0                    |
| <i>Pre-financing received in previous year and cleared in the year</i>  | -   | 0                    |
| <i>Payments made from carry over of payment appropriations</i>  | +   | 0                    |
| <i>Other</i>  | +   | 5,000.00             |
| <i>Bank interest</i>  | -   | 14,762.82            |
| <i>Bank charges</i>   | -   | 0.59                 |
| <i>Exchange rate differences</i>  | +   | 288.06               |
| Adjustments for budgetary items (items included in the budgetary result but not in the economic result)                     |     |                      |
| <i>Asset acquisitions (less unpaid amounts)</i>   | -   | 0                    |
| <i>New pre-financing paid in the year and remaining open</i>  | -   | 39,894,106.60        |
| <i>Budgetary recovery orders issued before and cashed in the year</i>   | +   |                      |
| <i>Budgetary recovery orders issued on balance sheet accounts (not 7 or 6 accounts)</i>                                     | +   | 45,447,607.54        |
| <i>Payment appropriations carried over to 2011</i>  | -   | 806,205.19           |
| <i>Cancellation of unused carried over payment appropriations from previous year</i>  | +   | 136,406.70           |
| <i>Adjustment for carry-over from the previous year of appropriations available at 31.12. arising from assigned revenue</i> | +   | 0                    |
| <i>Payments for provisions (they are budgetary payments but booked against provisions)</i>                                  | -   | 0                    |
| <i>Other</i>  | +/- | 0                    |
| <i>Total</i>  | +   | <b>4,550,959.21</b>  |
| <b>Budgetary result (+ for surplus)</b>   | +   | <b>4,550,959.21</b>  |
| Delta not explained   |     | 0                    |

## 3.3. Budget execution 2010

| B.L.   | Official Budget Item Desc (Fr)                            | Appropriation<br>(1) | Committed(2)      | %<br>Committed(2<br>/1) | Paid(3)           | % Paid<br>(3/1) | Balance<br>Commitment<br>(1-2) | Balance<br>Payment<br>(2-3) |
|--------|---|----------------------|-------------------|-------------------------|-------------------|-----------------|--------------------------------|-----------------------------|
| A-1100 | Staff in active employment and costs linked to employment | 377,312.60           | 102,156.49        | 27.07 %                 | 102,156.49        | 27.07 %         | 275,156.11                     | 0.00                        |
| A-1101 | Family Allowances   | 109,462.17           | 12,878.98         | 11.77 %                 | 12,878.98         | 11.77 %         | 96,583.19                      | 0.00                        |
| A-1102 | Transfer and expatriation allowance                       | 82,905.34            | 11,694.13         | 14.11 %                 | 11,694.13         | 14.11 %         | 71,211.21                      | 0.00                        |
|        | <b>Sum:</b>   | <b>569,680.11</b>    | <b>126,729.60</b> | <b>22.25 %</b>          | <b>126,729.60</b> | <b>22.25 %</b>  | <b>442,950.51</b>              | <b>0.00</b>                 |
| A-1110 | Contract Agents and auxiliary                             | 92,000.00            |                   |                         |                   |                 | 92,000.00                      |                             |
|        | <b>Sum:</b>   | <b>92,000.00</b>     |                   |                         |                   |                 | <b>92,000.00</b>               |                             |
| A-1130 | Insurance against sickness                                | 11,030.88            | 3,516.77          | 31.88 %                 | 3,516.77          | 31.88 %         | 7,514.11                       | 0.00                        |
| A-1131 | Insurance against accidents and occupational diseases     | 1,785.97             | 1,000.00          | 55.99 %                 | 734.13            | 41.11 %         | 785.97                         | 265.87                      |
| A-1132 | Unemployment insurance for temporary staff                | 4,368.71             | 1,500.00          | 34.34 %                 | 1,378.74          | 31.56 %         | 2,868.71                       | 121.26                      |
|        | <b>Sum:</b>   | <b>17,185.56</b>     | <b>6,016.77</b>   | <b>35.01 %</b>          | <b>5,629.64</b>   | <b>32.76 %</b>  | <b>11,168.79</b>               | <b>387.13</b>               |
| A-1141 | Annual travel costs from the place of employment t        | 85,273.30            | 6,040.31          | 7.08 %                  | 6,040.31          | 7.08 %          | 79,232.99                      | 0.00                        |
|        | <b>Sum:</b>   | <b>85,273.30</b>     | <b>6,040.31</b>   | <b>7.08 %</b>           | <b>6,040.31</b>   | <b>7.08 %</b>   | <b>79,232.99</b>               | <b>0.00</b>                 |
| A-1177 | Other services rendered                                   | 12,518.57            | 12,518.57         | 100.00 %                |                   |                 | 0.00                           | 12,518.57                   |
|        | <b>Sum:</b>   | <b>12,518.57</b>     | <b>12,518.57</b>  | <b>100.00 %</b>         |                   |                 | <b>0.00</b>                    | <b>12,518.57</b>            |
| A-1200 | Miscellaneous expenditure on staff recruitment and        | 16,237.57            | 2,237.57          | 13.78 %                 |                   |                 | 14,000.00                      | 2,237.57                    |
| A-1201 | Installation resettlement and daily subsistence al        | 197,696.36           | 1,270.61          | 0.64 %                  | 1,270.61          | 0.64 %          | 196,425.75                     | 0.00                        |
|        | <b>Sum:</b>   | <b>213,933.93</b>    | <b>3,508.18</b>   | <b>1.64 %</b>           | <b>1,270.61</b>   | <b>0.59 %</b>   | <b>210,425.75</b>              | <b>2,237.57</b>             |



Fund Source : C1

| B.L.   | Official Budget Item Desc (Fr)                     | Appropriation<br>(1) | Committed(<br>2)  | %<br>Committed(2<br>/1) | Paid(3)          | % Paid<br>(3/1) | Balance<br>Commitment<br>(1-2) | Balance<br>Payment<br>(2-3) |
|--------|--|----------------------|-------------------|-------------------------|------------------|-----------------|--------------------------------|-----------------------------|
| A-1300 | Mission expenses duty travel expenses and other an | 11,781.39            | 11,781.39         | 100.00 %                | 695.96           | 5.91 %          | 0.00                           | 11,085.43                   |
|        | <b>Sum:</b>  | <b>11,781.39</b>     | <b>11,781.39</b>  | <b>100.00 %</b>         | <b>695.96</b>    | <b>5.91 %</b>   | <b>0.00</b>                    | <b>11,085.43</b>            |
| A-1430 | Medical service                                    | 28,094.00            | 13,094.00         | 46.61 %                 |                  |                 | 15,000.00                      | 13,094.00                   |
|        | <b>Sum:</b>  | <b>28,094.00</b>     | <b>13,094.00</b>  | <b>46.61 %</b>          |                  |                 | <b>15,000.00</b>               | <b>13,094.00</b>            |
| A-1440 | Internal training                                  | 17,320.62            | 17,320.62         | 100.00 %                | 114.44           | 0.66 %          | 0.00                           | 17,206.18                   |
|        | <b>Sum:</b>  | <b>17,320.62</b>     | <b>17,320.62</b>  | <b>100.00 %</b>         | <b>114.44</b>    | <b>0.66 %</b>   | <b>0.00</b>                    | <b>17,206.18</b>            |
| A-1700 | Entertainment and representation expenses          | 19,240.32            | 7,240.32          | 37.63 %                 | 4,975.00         | 25.86 %         | 12,000.00                      | 2,265.32                    |
|        | <b>Sum:</b>  | <b>19,240.32</b>     | <b>7,240.32</b>   | <b>37.63 %</b>          | <b>4,975.00</b>  | <b>25.86 %</b>  | <b>12,000.00</b>               | <b>2,265.32</b>             |
| A-2000 | Rentals  | 163,199.77           | 144,199.77        | 88.36 %                 | 88,433.25        | 54.19 %         | 19,000.00                      | 55,766.52                   |
| A-2002 | Contributions                                      | 10,000.00            | 9,000.00          | 90.00 %                 |                  |                 | 1,000.00                       | 9,000.00                    |
|        | <b>Sum:</b>  | <b>173,199.77</b>    | <b>153,199.77</b> | <b>88.45 %</b>          | <b>88,433.25</b> | <b>51.06 %</b>  | <b>20,000.00</b>               | <b>64,766.52</b>            |
| A-2101 | Data-processing equipment                          | 70,000.00            | 55,000.00         | 78.57 %                 |                  |                 | 15,000.00                      | 55,000.00                   |
| A-2102 | Software development and purchase                  | 50,000.00            | 50,000.00         | 100.00 %                |                  |                 | 0.00                           | 50,000.00                   |
|        | <b>Sum:</b>  | <b>120,000.00</b>    | <b>105,000.00</b> | <b>87.50 %</b>          |                  |                 | <b>15,000.00</b>               | <b>105,000.00</b>           |
| A-2200 | Purchase   | 50,000.00            | 50,000.00         | 100.00 %                |                  |                 | 0.00                           | 50,000.00                   |
|        | <b>Sum:</b>  | <b>50,000.00</b>     | <b>50,000.00</b>  | <b>100.00 %</b>         |                  |                 | <b>0.00</b>                    | <b>50,000.00</b>            |
| A-2300 | Stationery and office supplies                     | 7,000.00             | 5,000.00          | 71.43 %                 |                  |                 | 2,000.00                       | 5,000.00                    |
|        | <b>Sum:</b>  | <b>7,000.00</b>      | <b>5,000.00</b>   | <b>71.43 %</b>          |                  |                 | <b>2,000.00</b>                | <b>5,000.00</b>             |

Fund Source : C1

| B.L.   | Official Budget Item Desc (Fr)               | Appropriation<br>(1) | Committed(2<br>) | %<br>Committed(<br>2/1) | Paid(3)       | % Paid<br>(3/1) | Balance<br>Commitment (1-2) | Balance<br>Payment (2-3) |
|--------|--|----------------------|------------------|-------------------------|---------------|-----------------|-----------------------------|--------------------------|
| A-2320 | Bank charges                                 | 500.00               | 500.00           | 100.00 %                |               |                 | 0.00                        | 500.00                   |
|        | Sum:   | 500.00               | 500.00           | 100.00 %                |               |                 | 0.00                        | 500.00                   |
| A-2330 | Legal expenses                               | 2,078.50             | 2,078.50         | 100.00 %                |               |                 | 0.00                        | 2,078.50                 |
|        | Sum:   | 2,078.50             | 2,078.50         | 100.00 %                |               |                 | 0.00                        | 2,078.50                 |
| A-2350 | Sundry Insurances                            | 500.00               | 200.00           | 40.00 %                 |               |                 | 300.00                      | 200.00                   |
| A-2352 | Moving of services                           | 7,000.00             | 3,200.00         | 45.71 %                 |               |                 | 3,800.00                    | 3,200.00                 |
|        | Sum:   | 7,500.00             | 3,400.00         | 45.33 %                 |               |                 | 4,100.00                    | 3,400.00                 |
| A-2400 | Correspondence and communication<br>expenses | 20,000.00            | 19,036.76        | 95.18 %                 |               |                 | 963.24                      | 19,036.76                |
|        | Sum:   | 20,000.00            | 19,036.76        | 95.18 %                 |               |                 | 963.24                      | 19,036.76                |
| A-2500 | Meetings in general                          | 33,521.12            | 25,084.12        | 74.83 %                 | 334.80        | 1.00 %          | 8,437.00                    | 24,749.32                |
|        | Sum:   | 33,521.12            | 25,084.12        | 74.83 %                 | 334.80        | 1.00 %          | 8,437.00                    | 24,749.32                |
| A-2600 | Communication costs                          | 255,430.00           | 212,594.00       | 83.23 %                 | 64,291.98     | 25.17 %         | 42,836.00                   | 148,302.02               |
|        | Sum:   | 255,430.00           | 212,594.00       | 83.23 %                 | 64,291.98     | 25.17 %         | 42,836.00                   | 148,302.02               |
| A-2800 | Studies                                      | 185,000.00           | 185,000.00       | 100.00 %                |               |                 | 0.00                        | 185,000.00               |
| A-2801 | Evaluation platform                          | 140,000.00           | 139,965.00       | 99.98 %                 |               |                 | 35.00                       | 139,965.00               |
|        | Sum:   | 325,000.00           | 324,965.00       | 99.99 %                 |               |                 | 35.00                       | 324,965.00               |
| B3-000 | FCH JU Operational Activities                | 94,248,686.00        | 94,248,686.00    | 100.00 %                | 39,894,106.60 | 42.33 %         | 0.00                        | 54,354,579.40            |
|        | Sum:   | 94,248,686.00        | 94,248,686.00    | 100.00 %                | 39,894,106.60 | 42.33 %         | 0.00                        | 54,354,579.40            |
|        | Sum:   | 96,309,943.19        | 95,353,793.91    | Sum:                    | 40,192,622.19 | Sum:            | 956,149.28                  | 55,161,171.72            |
|        |  |                      | Average:         | 99.01 %                 | Average:      | 41.73 %         |                             |                          |

Fund Source : C8

| B.L.   | Official Budget Item Desc<br>(Fr) | Appropriation<br>(1) | Committed<br>(2) | %<br>Committed<br>(2/1) | Paid (3)         | % Paid<br>(3/1) | Balance<br>Commitment<br>(1-2) | Balance<br>Payment (2-<br>3) |
|--------|-----------------------------------|----------------------|------------------|-------------------------|------------------|-----------------|--------------------------------|------------------------------|
| A-2000 | Rentals                           | 154,443.00           | 34,227.65        | 22.16 %                 | 34,227.65        | 22.16 %         | 120,215.35                     | 0.00                         |
|        | <b>Sum:</b>                       | <b>154,443.00</b>    | <b>34,227.65</b> | <b>22.16 %</b>          | <b>34,227.65</b> | <b>22.16 %</b>  | <b>120,215.35</b>              | <b>0.00</b>                  |

|        |                                      |                 |             |               |  |  |                 |             |
|--------|--------------------------------------|-----------------|-------------|---------------|--|--|-----------------|-------------|
| A-2102 | Software development and<br>purchase | 9,500.00        | 0.00        | 0.00 %        |  |  | 9,500.00        | 0.00        |
|        | <b>Sum:</b>                          | <b>9,500.00</b> | <b>0.00</b> | <b>0.00 %</b> |  |  | <b>9,500.00</b> | <b>0.00</b> |

|        |                     |                 |             |               |  |  |                 |             |
|--------|---------------------|-----------------|-------------|---------------|--|--|-----------------|-------------|
| A-2500 | Meetings in general | 6,691.35        | 0.00        | 0.00 %        |  |  | 6,691.35        | 0.00        |
|        | <b>Sum:</b>         | <b>6,691.35</b> | <b>0.00</b> | <b>0.00 %</b> |  |  | <b>6,691.35</b> | <b>0.00</b> |

|        |                                  |                      |                      |                 |  |  |             |                      |
|--------|----------------------------------|----------------------|----------------------|-----------------|--|--|-------------|----------------------|
| B3-000 | FCH JU Operational<br>Activities | 82,893,024.00        | 82,893,024.00        | 100.00 %        |  |  | 0.00        | 82,893,024.00        |
|        | <b>Sum:</b>                      | <b>82,893,024.00</b> | <b>82,893,024.00</b> | <b>100.00 %</b> |  |  | <b>0.00</b> | <b>82,893,024.00</b> |

|  |             |                      |                      |                |                  |               |                   |                      |
|--|-------------|----------------------|----------------------|----------------|------------------|---------------|-------------------|----------------------|
|  | <b>Sum:</b> | <b>83,063,658.35</b> | <b>82,927,251.65</b> | <b>Sum:</b>    | <b>34,227.65</b> | <b>Sum:</b>   | <b>136,406.70</b> | <b>82,893,024.00</b> |
|  |             |                      | <b>Average:</b>      | <b>99.84 %</b> | <b>Average:</b>  | <b>0.04 %</b> |                   |                      |

#### 4. Report on budgetary and financial management during the year

As stated in Article 109 of the Financial Regulation applicable to the budget of FCH JU, the annual accounts shall be accompanied by a report on budgetary and financial management during the year. This report is drawn up under the responsibility of the Executive Director and a part will be part of his Annual Activity Report.

In 2010 FCH JU's budget was managed by DG RTD from 1 January 2010 to 14 November 2010. FCH JU became autonomous on 15 November 2010. As the European Commission will prepare its own report regarding its management of the FCH JU budget lines, this report covers the period 15 November 2010 until 31 December 2010.

##### *4.1. Budget*

The budget of the FCH JU is divided 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 FCH JU such as infrastructure, equipment and IT needs.

**Title III** covers the FCH JU operational activities.

##### *4.1.1. Fund sources*

The budget 2010 shows funds from the actual year – fund source **C1** - as well as some remaining funds from the year 2009 that were transferred from the European Commission – fund source **C8**.

##### *4.1.2. Budget amendments and transfers*

During the year 2010 FCH JU has carried out two budget amendments and three budget transfers. Budget amendments were presented to the Governing Board showing the **total budget for 2010** (including the budget executed by the European Commission in the period 1 January 2010 until 14 November 2010).

Budget amendment no.1 was adopted by the 6<sup>th</sup> Governing Board meeting on 15 June 2010, restructuring the expenditure lines according to the needs of the FCH JU and redistributing the revenue taking into account the late autonomy of FCH JU in 2010.

Budget amendment no.2 was adopted by the 7<sup>th</sup> Governing Board meeting on 10 November 2010, mainly merging two income lines based on a request from the European Commission.

Transfers authorised by the Executive Director:

| Budget 2010 <sup>8</sup> | COM        | PAY        | Transfer 1 <sup>9</sup> | Transfer 2 <sup>10</sup> | Transfer 3 <sup>11</sup> | Total Transfer | Final Budget |
|--------------------------|------------|------------|-------------------------|--------------------------|--------------------------|----------------|--------------|
| Title 1                  | 2,225,000  | 2,225,000  | -4,000                  | -35,000                  | -10,000                  | -49,000        | 2,176,000    |
| Title 2                  | 980,000    | 980,000    | 4,000                   | 35,000                   | 10,000                   | 49,000         | 1,029,000    |
| Title 3                  | 94,248,686 | 43,242,936 | 0                       | 0                        | 0                        | 0              | 43,242,936   |
| Total                    | 97,453,686 | 46,447,936 | 0                       | 0                        | 0                        | 0              | 46,447,936   |

According to the Financial Regulation<sup>12</sup> of the FCH JU, article 23.1 the Executive Director may make transfers from one title to another up to a maximum of 10 % of the appropriations for the financial year. The transfers authorised by the Executive Director in 2010 add up to a total of 0.11% of the payment appropriations<sup>13</sup> for 2010.

#### 4.1.3. Budget revenue

The residual budget of FCH JU on 15 November 2010 foresaw revenue adding up to a total of EUR 45,276,973.19.

| Item  | Heading   | Budget        | Comment                     |
|-------|---|---------------|-----------------------------|
| 2001  | European Commission subsidy for operational expenditure       | 43,215,716.00 | Including EFTA contribution |
| 2002  | European Commission subsidy for administrative expenditure    | 1,833,663.19  | Including EFTA contribution |
| 2003  | Industry Grouping contribution for administrative expenditure | 195,081.00    |                             |
| 2004  | Research Grouping contribution for administrative expenditure | 32,513.00     |                             |
| 2006  | JTI revenues  | p.m.          |                             |
| Total |   | 45,276,973.19 |                             |

<sup>8</sup> This is the total budget of FCH JU for 2010 (before **and** after autonomy on 15 November 2010)

<sup>9</sup> Decision of 6 October 2010

<sup>10</sup> Decision of 1 December 2010

<sup>11</sup> Decision of 21 December 2010

<sup>12</sup> Available on [http://ec.europa.eu/research/fch/pdf/financial\\_rules.pdf#view=fit&pagemode=none](http://ec.europa.eu/research/fch/pdf/financial_rules.pdf#view=fit&pagemode=none)

<sup>13</sup> Payment appropriations are chosen because it is the lower amount available in 2010.

#### 4.1.4. Budget expenditure

##### 2010-C1

| Title                     | Commitment Appropriations | Commitments   | Execution rate | Payment Appropriations | Payments      | Execution rate |
|---------------------------|---------------------------|---------------|----------------|------------------------|---------------|----------------|
| <b>1 – Staff</b>          | 1,067,027.80              | 204,249.76    | 19.14%         | 1,067,027.80           | 145,455.56    | 13.63%         |
| <b>2 - Infrastructure</b> | 994,229.39                | 900,858.15    | 90.61%         | 994,229.39             | 153,060.03    | 15.39%         |
| <b>3 – Operations</b>     | 94,248,686.00             | 94,248,686.00 | 100.00%        | 43,215,716.00          | 39,894,106.60 | 92.31%         |
| <b>Total</b>              | 96,309,943.19             | 95,353,793.91 | 99.01%         | 45,276,973.19          | 40,192,622.19 | 88.77%         |

The low execution rate on Staff appropriations is mainly linked to the delays in recruitment.

The low execution rate on Infrastructure payment appropriations is mainly linked to the late autonomy of FCH JU. Infrastructure commitments and order forms could be prepared and placed; delivery and/or payment will however only take place in 2011.

The pre-financing payments for the grant agreements based on call 2009 were carried out in 2010. Only one payment was delayed based on the request of the coordinator of the project and is carried out in 2011.

##### 2010-C8

On the date of the financial transfer the FCH JU has also taken over all pending contracts/payments from the European Commission.

| Title                     | Appropriations | Commitments   | Execution rate | Payment Appropriations | Payments  | Execution rate |
|---------------------------|----------------|---------------|----------------|------------------------|-----------|----------------|
| <b>1 – Staff</b>          | 0.00           | 0.00          | 0.00%          | 0.00                   | 0.00      | 0.00%          |
| <b>2 - Infrastructure</b> | 170,634.35     | 34,227.65     | 20.06%         | 170,634.35             | 34,227.65 | 20.06%         |
| <b>3 – Operations</b>     | 82,893,024.00  | 82,893,024.00 | 100.00%        | 0.00                   | 0.00      | 0.00%          |
| <b>Total</b>              | 83,063,658.35  | 82,927,251.65 | 99.84%         | 170,634.35             | 34,227.65 | 20.06%         |

#### *4.2. Financial Management*

In year 2010, the main achievements were:

- Setting up the financial and accounting system for FCH JU
- Establishment of major Service level agreements and framework contracts
- Design and implementation of a budget structure for FCH JU
- Transfer of all existing financial transactions from the European Commission to the Joint Undertaking
- Establishment of the first annual financial statements of FCH JU