



Provisional 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

Brussels, 21 February 2011

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Introduction

Basis for preparation

The provisional 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 Regulation¹ 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 2008² 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**.

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

¹ http://ec.europa.eu/research/fch/pdf/financial_rules.pdf#view=fit&pagemode=none

² http://ec.europa.eu/research/fch/pdf/regulation_521-2008_en_1.pdf#view=fit&pagemode=none

- 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 Program 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, Belgium³.

³ 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.

(Signed)

Gerda Rainer

Accounting Officer

1. Financial Statements

1.1. Balance Sheet – Assets⁴

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

CURRENT ASSETS		
Short-term pre-financing	3	6,038,921.39
Short-term receivables		
Current receivables - contributions from members	4	195,081.00
Sundry receivables		5,229.54
Accrued income	5	14,763.41
Cash and cash equivalents	6	5,015,973.20
TOTAL CURRENT ASSETS		11,269,968.54
TOTAL		56,406,051.64

⁴ All Amounts in EUR

1.2. Balance Sheet - Liabilities⁵

	Note	31.12.2010
CURRENT LIABILITIES		
Accounts payable		
Current payables	7	93,807.44
Accrued charges	8	620,179.19
Taxes, salaries and social security		1,263.00
Other accounts payable		814.10
Co-Financing to be paid	9	7,245,792.89
Contributions from Members to be validated	10	22,435,020.24
Contributions from Members to be received	11	195,081.00
TOTAL LIABILITIES		30,591,957.86
NET ASSETS		
Contributions from Members		
EU Contributions	12	62,551,346.54
Industry Grouping Contributions	12	0.00
Research Grouping Contributions	12	32,513.00
Accumulated contribution from Members used previous years		0.00
Contribution from Members used during the year	13	-36,737,252.76
TOTAL NET ASSETS		25,814,093.78
TOTAL NET ASSETS + LIABILITIES		56,406,051.64

Contingent liabilities

14

⁵ 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
TOTAL OPERATING REVENUE		0.00
Administrative expenses	15	-2,852,585.52
Operational expenses	16	-33,899,142.00
TOTAL OPERATING EXPENSES		-36,751,727.52
SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES		-36,751,727.52
Financial revenues	17	14,763.41
Financial expenses	18	-288.65
SURPLUS/ (DEFICIT) FROM NON OPERATING ACTIVITIES		14,474.76
SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES		-36,737,252.76
Extraordinary gains (+)		0.00
Extraordinary losses (-)		0.00
SURPLUS/(DEFICIT) FROM EXTRAORDINARY ITEMS		0.00
CONTRIBUTIONS USED DURING THE YEAR		-36,737,252.76

Negative sign for expenses

1.4. Cash flow statement (Indirect method)

Cash flows from ordinary activities	2010
Surplus/deficit from ordinary activities	-36,737,252.76
Adjustments 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>	-6,038,921.39
<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>	30,591,957.86
<i>Gains/losses on sale of Property, plant and equipment</i>	0.00
Contribution from Members	62,551,346.54
Net cash flow from operating activities	5,015,973.20
Net increase/decrease in cash and cash equivalents	5,015,973.20
Cash and cash equivalents at the beginning of the period	0.00
Cash and cash equivalents at the end of the period	5,015,973.20

1.5. Statement of changes in net assets and liabilities 2010

all amounts in EUR	2010
Balance on 15 November 2010	0.00
Contributions from Members	62,551,346.54
Contributions from Members used during the year	36,737,252.76
Balance as of 31 December 2010	25,814,093.78

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"⁶ 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.

⁶ 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 does 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.

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 4th 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

Current payables	31 December 2010
Various suppliers	1,498.60
Various experts	92,308.84
Payables to staff	1,263.00
Total	95,070.44

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 € 620,179.19 and can be grouped by the following main areas:

Accrued charges 2010	EUR
Evaluation premises	139,965.00
Communication expenses	132,328.02
Experts	87,691.16
IT expenditure	95,000.00
Rent	42,722.05
Annual leave not taken	20,745.14
Other	101,727.82
Total	620,179.19

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 but no cost statements have been received to date. Therefore the programme office has estimated the expenditure and related contributions from Members.

Item	EUR
Running costs paid by DG RTD before autonomy	1,799,593.24
Industry in-kind contributions to running projects in 2010	14,978,928.00
Research in-kind contributions to running projects in 2010	5,656,499.00
Total	22,435,020.24

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	1,977,077.54	0.00	0.00	0.00	32,513.00	0.00	2,009,590.54	0.00
Previous years	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Current year	1,977,077.54	0.00	0.00	0.00	32,513.00	0.00	2,009,590.54	0.00
B. Operational costs (R&D Projects)	43,242,936.00	17,298,820.00	0.00	0.00	0.00	0.00	43,242,936.00	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	43,242,936.00	27,220.00	0.00	0.00	0.00	0.00	43,242,936.00	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	35,400,486.11
Rental Lease	2,133,731.00

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	90,955.60
RAL – operational costs	35,309,530.51

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

Staff expenses	218,221.39
Salaries & entitlements	190,173.42
Training costs	15,114.44
Missions	10,695.96
Recruitment costs	2,237.57
Other administrative expenses	2,634,364.13
Rent	165,382.95
Evaluation premises	139,965.00
IT costs	95,000.00
Experts	180,334.80
Communication	211,620.00
Other	42,468.14
Administrative expenses before autonomy	1,799,593.24
Total administrative expenses	2,852,585.52

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).

Item	EUR
Operational expenses after autonomy	33,899,142.00

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
Revenue	
European Union Contribution ⁷	45,220,013.54
Industry Group Contribution	195,081.00
Research Group Contribution	32,513.00
Total revenue (1)	45,447,607.54
Expenditure	
Personnel expenses - Budget Title 1 Payments	145,455.56
Administrative expenses - Budget Title II Payments	187,287.68
Operational expenses - Budget Title III Payments	39,894,106.60
Total expenditure (2)	40,226,849.84
Budget surplus (3)=(1)-(2)	5,220,757.70
Payment appropriations carried forward(RAL) (4)	4,127,814.59
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
Total Budget outturn (6) =(3)-(4)+(5)	1,229,349.81

⁷ 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:

Economic result (- for loss)	-	36,737,252.76
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>	+	36,318,914.43
<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>	-	4,127,814.59
<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>	+	1,229,349.81
Budgetary result (+ for surplus)	+	1,229,349.81
Delta not explained		0

3.3. Budget execution 2010

B.L.	Official Budget Item Desc (Fr)	Appropriation(1)	Committed(2)	% Committed(2/1)	Paid(3)	% Paid (3/1)	Balance Commitment (1-2)	Balance Payment (2-3)
A-1100	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
	Sum:	569,680.11	126,729.60	22.25 %	126,729.60	22.25 %	442,950.51	0.00
A-1110	Contract Agents and auxiliary	92,000.00					92,000.00	
	Sum:	92,000.00					92,000.00	
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
	Sum:	17,185.56	6,016.77	35.01 %	5,629.64	32.76 %	11,168.79	387.13
A-1141	Annual travel costs from the place of employment	85,273.30	6,040.31	7.08 %	6,040.31	7.08 %	79,232.99	0.00
	Sum:	85,273.30	6,040.31	7.08 %	6,040.31	7.08 %	79,232.99	0.00
A-1177	Other services rendered	12,518.57	12,518.57	100.00 %			0.00	12,518.57
	Sum:	12,518.57	12,518.57	100.00 %			0.00	12,518.57
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	197,686.36	1,270.61	0.64 %	1,270.61	0.64 %	196,425.75	0.00
	Sum:	213,933.93	3,508.18	1.64 %	1,270.61	0.59 %	210,425.75	2,237.57

Fund Source : C1

B.L.	Official Budget Item Desc (Fr)	Appropriation(1)	Committed(2)	% Committed(2/1)	Paid(3)	% Paid (3/1)	Balance Commitment (1-2)	Balance Payment (2-3)
A-1300	Mission expenses duty travel expenses and other	11,781.39	11,781.39	100.00 %	695.96	5.91 %	0.00	11,085.43
	Sum:	11,781.39	11,781.39	100.00 %	695.96	5.91 %	0.00	11,085.43

A-1430	Medical service	28,094.00	13,094.00	46.61 %			15,000.00	13,094.00
	Sum:	28,094.00	13,094.00	46.61 %			15,000.00	13,094.00

A-1440	Internal training	17,320.62	17,320.62	100.00 %	114.44	0.66 %	0.00	17,206.18
	Sum:	17,320.62	17,320.62	100.00 %	114.44	0.66 %	0.00	17,206.18

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
	Sum:	19,240.32	7,240.32	37.63 %	4,975.00	25.86 %	12,000.00	2,265.32

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
	Sum:	173,199.77	153,199.77	88.45 %	88,433.25	51.06 %	20,000.00	64,766.52

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
	Sum:	120,000.00	105,000.00	87.50 %			15,000.00	105,000.00

A-2200	Purchase	50,000.00	50,000.00	100.00 %			0.00	50,000.00
	Sum:	50,000.00	50,000.00	100.00 %			0.00	50,000.00

A-2300	Stationery and office supplies	7,000.00	5,000.00	71.43 %			2,000.00	5,000.00
	Sum:	7,000.00	5,000.00	71.43 %			2,000.00	5,000.00

Fund Source : C1

B.L.	Official Budget Item Desc (Fr)	Appropriation(1)	Committed(2)	% Committed(2/1)	Paid(3)	% Paid (3/1)	Balance Commitment (1-2)	Balance Payment (2-3)
A-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 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	99.01 %	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 (Fr)	Appropriation (1)	Committed (2)	% Committed (2/1)	Paid (3)	% Paid (3/1)	Balance Commitment (1-2)	Balance Payment (2-3)
A-2000	Rentals	154,443.00	34,227.65	22.16 %	34,227.65	22.16 %	120,215.35	0.00
	Sum:	154,443.00	34,227.65	22.16 %	34,227.65	22.16 %	120,215.35	0.00
A-2102	Software development and purchase	9,500.00	0.00	0.00 %			9,500.00	0.00
	Sum:	9,500.00	0.00	0.00 %			9,500.00	0.00
A-2500	Meetings in general	6,691.35	0.00	0.00 %			6,691.35	0.00
	Sum:	6,691.35	0.00	0.00 %			6,691.35	0.00
B3-000	FCH JU Operational Activities	82,893,024.00	82,893,024.00	100.00 %			0.00	82,893,024.00
	Sum:	82,893,024.00	82,893,024.00	100.00 %			0.00	82,893,024.00
	Sum:	83,063,658.35	82,927,251.65	Sum: 99.84 %	34,227.65	Sum: 0.04 %	136,406.70	82,893,024.00
			Average:		Average:			

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 6th 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 7th 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 ⁸	COM	PAY	Transfer 1 ⁹	Transfer 2 ¹⁰	Transfer 3 ¹¹	Total Transfer	Final Budget
Title 1	2,225,000	2,225,000	-4,000	-35,000	-10,000	-49,000	2,274,000
Title 2	980,000	980,000	4,000	35,000	10,000	49,000	931,000
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 Regulation¹² 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 appropriations¹³ 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	32,513.00	

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

⁹ Decision of 6 October 2010

¹⁰ Decision of 1 December 2010

¹¹ Decision of 21 December 2010

¹² Available on http://ec.europa.eu/research/fch/pdf/financial_rules.pdf#view=fit&pagemode=none

¹³ Payment appropriations are chosen because it is the lower amount available in 2010.

	contribution for administrative expenditure		
2006	JTI revenues	p.m.	
Total		45,276,973.19	

4.1.4. Budget expenditure

2010-C1

Title	Commitment Appropriations	Commitments	Execution rate	Payment Appropriations	Payments	Execution rate
1 – Staff	1,067,027.80	204,249.76	19.14%	1,067,027.80	145,455.56	13.63%
2 - Infrastructure	994,229.39	900,858.15	90.61%	994,229.39	153,060.03	15.39%
3 – Operations	94,248,686.00	94,248,686.00	100.00%	43,215,716.00	39,894,106.60	92.31%
Total	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
1 – Staff	0.00	0.00	0.00%	0.00	0.00	0.00%
2 - Infrastructure	170,634.35	34,227.65	20.06%	170,634.35	34,227.65	20.06%
3 – Operations	82,893,024.00	82,893,024.00	100.00%	0.00	0.00	0.00%
Total	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