



ANNUAL FINANCIAL STATEMENTS

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Relating to operations under the 2010 budget
of the European Training Foundation

European Training Foundation
Viale Settimio Severo 65
I 10133 Torino - Italy

The ETF is one of the EU agencies. Its mission is to help transition and developing countries to harness the potential of their human capital through the reform of education, training and labour market systems in the context of the EU's external relations policy

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GLOSSARY

Accounts payable	An organisation's current payables due within one (1) year. Accounts payable are current liabilities.
Accrual accounting	Accounting methodology that recognizes income when it is earned and expenses when they are occurred, rather than when they are received or paid.
Assets	Assets are items owned by an individual or an organisation, which have commercial or exchange value. Assets may consist of specific property or claims against others.
C1/Current credit appropriations	Current year approved credits or funds set aside for current year operations and activities
C4/Internally assigned appropriation	Current year approved credits or funds set aside for a specific assigned operations and activities
C8/Carry forward	Automatically carried forward credits. Carry forward of credits committed but not paid during the previous exercise, also called "Reste à liquider" (RAL) standing for "remaining credits to be paid".
R0/Earmarked funds	Funds received from sources other than the European Commission for a specific purpose.
Cash accounting	Accounting methodology based on cash flows, i.e. transactions are recognised when cash is received or paid.
Convention	Conventions are considered to be financial agreements between the European Commission and the ETF for specific tasks to be carried out by ETF
Current asset	The group of assets considered to be liquid in that they can be turned into cash within one (1) year. Balance sheet line items include: cash, accounts receivable and inventory.
Current liability	Current liabilities are liabilities to be paid within one year of the balance sheet date.
Financial statements	Written reports which quantitatively describe the financial health of an organisation. They comprise an economic outturn account (equivalent to a profit and loss statement), a balance sheet, a cash flow statement, a statement of changes in capital and explanatory notes.
Imprest account	Bank accounts and/or cash used for the payment of low value expenses.
Liability	A financial obligation, debt, claim or potential loss.
RAL	"Reste à liquider", standing for "remaining credits to be paid".

I. INTRODUCTION

Basis for preparation

The purpose of the financial statements is to provide information about the financial position, performance and cash flows of the European Training Foundation (hereinafter the ETF) that is useful to a wide range of users.

The financial statements, which follow, have been prepared according to the accounting rules adopted by the EC's accountant, following the principles of accrual based accountancy where the economic outturn, balance and cash flow are concerned. For further information on accounting rules and principles refer to Section IV, *Notes to the financial statements*. The budget execution is prepared on the basis of modified cash accounting.

The accounting policies have been applied consistently throughout the period.

Reporting entity

These financial statements are for the ETF, a public sector entity established by European Council Regulation 1360/90 of 7 May 1990.

In 2008, the revised ETF financial regulation was proposed to the Board for adoption (No 1339/2008) and came into force on 10 January 2009.

The ETF receives an annual subsidy (subvention) from the operational budget of the EC and can also receive contributions from other public and private organisations as well as from governments. The ETF is entrusted with the management of other funds by the EC, for the implementation of vocational education and training projects and employment systems under MEDA (Mediterranean regions) programme.

The ETF - helps transition and developing countries to harness the potential of their human capital through the reform of education, training and labour market systems in the context of the EU's external relations policy.

II. GOVERNING BOARD AND MANAGEMENT TEAM

The Governing Board

The ETF is governed by a Board comprising one representative from each of the EU Member States, three representatives of the Commission as well as three non-voting experts appointed by the European Parliament. In addition, three representatives of the partner countries may attend meetings of the Governing Board as observers. The meetings are chaired by a representative from DG Education and Culture.

The Governing Board convened two times in 2010. The Board is responsible for adopting the draft annual Work Programme of the ETF and its budget, subject to the approval of the European Parliament in the context of the overall European Union budget.

▪ **Meeting held on 14 June 2010 (Turin)**

Annual activity report 2009

The ETF's draft annual activity report for 2009 was presented. The focal point was the analysis of budget and staff distribution according to the main functions of the ETF. As regards outputs, these are directly linked to the budget allocation and ETF functions. There is a slight deviation from what was foreseen in 2008, with an increase in policy reviews and analysis as well as support offered to the Commission and fewer capacity building actions.

The document was adopted by the Governing Board and will be forwarded to the Council and the European Parliament.

ETF financial statements and budgetary reserve

The financial statements for 2009 were presented. The format of the financial statements is determined by the financial regulation and is the same for the European Commission and other EU bodies. A positive formal overall opinion from the Court of Auditors has been given, and this forms the basis of the budget discharge, along with an opinion of the Governing Board. The European Parliament discharged the ETF's 2009 financial statements on 24 January 2011.

The main features of the 2009 financial statements include a budgetary loss of Euro 70.000 due to the fact that the ETF did not request the full amount of payment credits available. The percentage paid out of the available credits is 90.50%. A formal Governing Board opinion on the 2009 financial statements must be forwarded to the budgetary authority by 1 July 2010.

The Board adopted the Financial Statements for 2009.

▪ **Meeting held on 14 November 2010 (Turin)**

Work Programme and budget

The draft ETF Work programme 2011 was adopted.

The ETF Draft Budget 2011 were adopted by the GB.

The Amended 2010 budget and the "Prior authorisation of budget transfer: the transfer of recovered funds up to a maximum of €150,000 from budget line 1190 (Weightings) to selected Title 2 and Title 3 activities that have been placed in reserve because of the reduction in available commitment appropriations" were adopted by the Governing Board. In the end, this authorization related to the weightings was not used.

Provisional draft estimate of revenue and expenditure and underlying general guidelines 2012 were approved by the Governing Board.

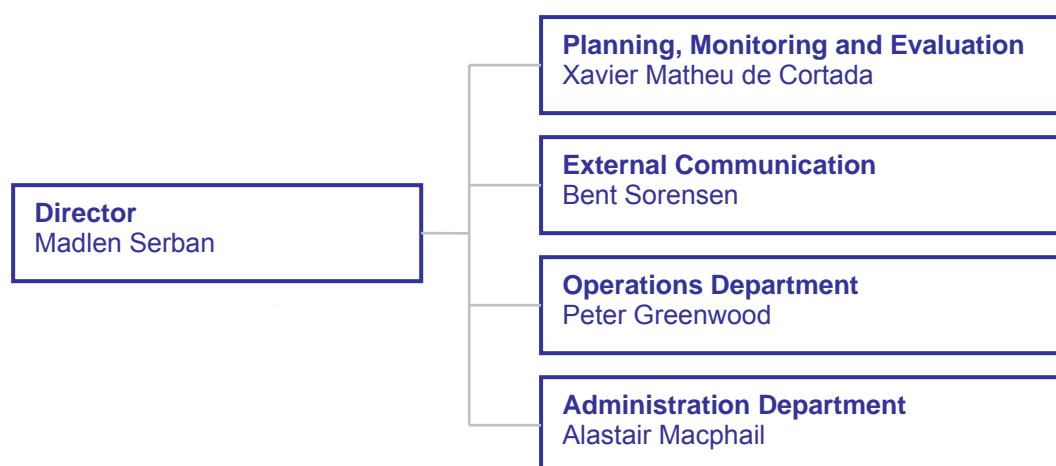
ETF structure

In 2010, there were no specific changes in the overall structure of the ETF, but internal restructurings of the Administration Department and the Operational Department took place. The restructuring in the Administration Department was implemented in 2010, while the restructuring in the Operational Department was implemented the beginning of 2011.

Contributing to all ETF operations are the Planning, Monitoring and Evaluation Unit, the Administrative Department and the External Communication Unit that provide expertise and support to the whole organisation.

The respective heads of department, together with the Director form the Management Team (MT), which is the decision taking body within the ETF.

The main structure in 2010 was as follows:



There were no significant changes in the composition of the Management Team in 2010. In 2011, some changes in the Management Team will occur, due to the internal restructuring and implementation of the Operations Department.

III. Financial Statements 2010

1. Economic Outturn Account

	2010	2009
Operational revenue	19,538,411.72	19,438,999.36
Operational revenue - EC subsidy	19,196,840.29	18,800,000.00
Operational revenue - CDT reimbursement	0.00	85,791.00
Operational revenue - miscellaneous	87,291.38	-15,184.35
Operational revenue - Italian Ministry of Foreign Affairs	52,574.40	20,282.47
Operational revenue - Awaiting clearance EC	201,705.65	548,110.24
TOTAL OPERATIONAL REVENUE	19,538,411.72	19,438,999.36
Administrative expenses	-14,850,740.02	-15,071,245.57
Staff expenses	-11,985,986.31	-12,278,504.74
Fixed asset related expenses	-302,835.88	-309,525.43
Other administrative expenses	-2,561,917.83	-2,483,215.40
Operational expenses	-4,098,281.50	-4,978,300.42
Operational expenses - EC subsidy	-3,844,001.45	-4,409,907.71
Operational expenses - Italian Ministry of Foreign Affairs	-52,574.40	-20,282.47
Operational expenses - MEDA-ETE	-201,705.65	-548,110.24
TOTAL ADMINISTRATIVE AND OPERATIONAL EXPENSES	-18,949,021.52	-20,049,545.99
SURPLUS FROM OPERATIONAL ACTIVITIES	589,390.20	-610,546.63
Financial expenses	-728.17	-734.13
DEFICIT FROM NON OPERATIONAL ACTIVITIES	-728.17	-734.13
SURPLUS FROM ORDINARY ACTIVITIES	588,662.03	-611,280.76
SURPLUS/(DEFICIT) FROM EXTRAORDINARY ITEMS	0.00	0.00
ECONOMIC RESULT OF THE YEAR	588,662.03	-611,280.76

2. Statement of Changes in Capital

Capital	Accumulated Surplus / Deficit	Economic result of the year	Capital (total)
Balance as of 31 December 2009	944,605.66	-611,280.76	333,324.90
Changes in accounting policies	0.00		0.00
Other revaluations	0.00		0.00
Reclassifications	0.00		0.00
Allocation of the economic result 2009	-611,280.76	611,280.76	0.00
Economic result of the year 2010	0.00	588,662.03	588,662.03
Balance as of 31 December 2010	333,324.90	588,662.03	921,986.93

Note: ETF holds no reserves

3. Balance sheet on 31 December 2010 and 31 December 2009

ASSETS	31/12/2010	31/12/2009	LIABILITIES	31/12/2010	31/12/2009
A. NON CURRENT ASSETS			A. CAPITAL		
Intangible fixed assets			Accumulated surplus/deficit	333,324.90	944,605.66
Occupational right	5,000,000.00	5,000,000.00	Economic result of the year	588,662.03	-611,280.76
Software licenses	500,470.89	344,637.63	TOTAL CAPITAL	921,986.93	333,324.90
Depreciation	-2,998,434.96	-2,786,785.65	C. NON CURRENT LIABILITIES		
Subtotal	2,502,035.93	2,557,851.98	Provision for risks and liabilities		
Tangible fixed assets			Legal cases	230,000.00	998,712.86
Equipment and furniture	298,447.38	304,675.54	TOTAL NON CURRENT LIABILITIES	230,000.00	998,712.86
Computer equipment	1,461,328.36	1,394,724.41	D. CURRENT LIABILITIES		
Depreciation	-1,626,287.40	-1,558,370.94	Provisions for risks and charges	0.00	0.00
Subtotal	133,488.34	141,029.01	Accounts payable	3,878,121.08	4,977,576.17
TOTAL NON CURRENT ASSETS	2,635,524.27	2,698,880.99	Current payables	448,338.05	3,426,670.44
B. CURRENT ASSETS			Sundry payables	390,309.87	313,995.73
Stocks			Deferral and accruals	2,639,140.34	710,703.06
Publications	22,812.80	37,964.75	Other accounts payable against consolidated EC entities	373,515.72	47,598.26
Subtotal	22,812.80	37,964.75	Prefinancing received from consolidated EC entities	26,817.10	478,608.68
Short-term pre-financing			TOTAL CURRENT LIABILITIES	3,878,121.08	4,977,576.17
Short-term pre-financing	516,838.07	1,130,769.99			
Subtotal	516,838.07	1,130,769.99			
Short-term receivables					
Current receivables	57,948.06	11,046.09			
Sundry receivables	237,292.23	101,576.24			
Accrued income	14,524.92	0.00			
Deferred charges	40,142.89	76,329.71			
Short-term receivables with consolidated entities	3,074.32	1,386.00			
Subtotal	352,982.42	190,338.04			
Cash and cash equivalents					
Bank accounts	1,501,650.45	2,251,160.16			
Imprest account	300.00	500.00			
Subtotal	1,501,950.45	2,251,660.16			
TOTAL CURRENT ASSETS	2,394,583.74	3,610,732.94			
TOTAL	5,030,108.01	6,309,613.93	TOTAL	5,030,108.01	6,309,613.93

4. Statement of cash-flow

Cash flows from operating activities	2010	2009
Surplus from operating activities	588,662.03	-611,280.76
<u>Adjustments</u>		
Depreciation (intangible fixed assets)	211,649.31	201,387.40
Depreciation (tangible fixed assets)	76,034.62	116,997.17
Provisions for risks and liabilities related to staff	-768,712.86	137,712.86
Decrease in value reduction for doubtful debts	-33,839.23	8,933.34
Decrease in stock	15,151.95	-8,859.14
Decrease in short term pre-financing	613,931.92	-142,976.08
Increase in short term receivables	-127,116.83	61,129.66
Decrease in receivables related to consolidated EC entities	-1,688.32	-151.00
Decrease in accounts payable	-973,580.97	390,044.05
Increase in liabilities related to consolidated EC entities	-125,874.12	-1,865,807.29
Loss on sale of property, plant and equipment		0.00
Net cash flow from operating activities	-525,382.50	-1,712,869.79
Cash flows from investing activities		
Purchase of tangible and intangible fixed assets	-224,327.21	-54,089.12
Proceeds from tangible and intangible fixed assets (+)	0.00	0.00
Net cash flow from investing activities	-224,327.21	-54,089.12
Net decrease in cash and cash equivalents	-749,709.71	-1,766,958.91
Cash and cash equivalents at the beginning of the period	2,251,660.16	4,018,619.07
Cash and cash equivalents at the end of the period	1,501,950.45	2,251,660.16

As far as operating activities are concerned, the ETF holds no provision for receivables, pre-financing and extraordinary items. However, the ETF holds a provision for long term liabilities.

As far as investing activities are concerned the ETF had no revenue related to proceeds from fixed assets, financial activities or reclassification.

The ETF has no employee benefits, however, holidays not taken are registered under other payables.

5. Budget outturn account

	31/12/2010	31/12/2009
Revenue		
EC subsidy	19,297,822.00	18,800,000.00
CDT - Translation Centre	0.00	85,791.00
Other donors - Italian Ministry of Foreign Affairs	5,571.74	225,856.49
Other donors - EC - MEDA-ETE convention	0.00	0.00
Other donors - EC - Tempus TA 2007 convention	0.00	0.00
Miscellaneous revenue	18,298.70	7,655.85
Total revenue (a)	19,321,692.44	19,119,303.34
Expenditure		
<i>Staff - Title I of the budget</i>		
Payments	-13,277,182.81	-12,368,578.56
Appropriations carried forward	-171,720.82	-751,347.43
<i>Administration - Title II of the budget</i>		
Payments	-1,036,083.17	-1,087,490.84
Appropriations carried forward	-474,761.73	-356,517.81
<i>Operating activities - Title III of the budget</i>		
Payments	-4,238,945.70	-4,614,292.77
Appropriations carried forward	0.00	-70.00
<i>Earmarked funds - Title IV</i>		
Payments	-223,016.27	-351,795.27
Appropriations received - not paid in 2009	-286,284.28	-503,728.84
<i>EC - MEDA-ETE convention - Title V</i>		
Payments	-201,705.65	-548,110.24
Appropriations received - not paid in 2010	-248,467.46	-450,173.11
Total expenditure (b)	-20,158,167.89	-21,032,104.87
Outturn for the financial year (a-b)	-836,475.45	-1,912,801.53
Appropriations carried over and cancelled	55,597.92	213,061.56
Adjustment for carry forward from the previous year of appropriations available on 31 December arising from assigned revenue	953,971.95	1,627,950.94
Exchange rate differences	-1,786.30	1,462.62
Balance of the outturn account for the financial year	171,308.12	-70,326.41
Balance carried over from the previous financial year	-70,326.41	1,182,963.26
Reimbursements to EC	0.00	-1,182,963.26
Total amount to be reimbursed to EC	100,981.71	-70,326.41
Commission subsidy (accrued revenue)	19,368,148.41	18,800,000.00
Amount related to 2010 to be reimbursed to EC	100,981.71	0.00

6. Reconciliation budget outturn versus economic outturn

		amount
Economic profit 2010	+/-	588,662.03
<i>Adjustment for accrual items (items not in the budgetary result but included in the economic result)</i>		
Adjustments for Accrual Cut-off (reversal 31.12.N-1)	-	-2,665,719.13
Adjustments for Accrual Cut-off (cut- off 31.12.N)	+	2,481,278.76
Amount from liaison account with Commission booked in the Economic Outturn Account	-	100,981.71
Depreciation of intangible and tangible fixed assets	+	302,835.88
Provisions	+	-768,712.86
Recovery Orders issued in 2010	-	
Cleared Prefinancing in the year	+	
Payments made from carry over of payment appropriations	+	1,084,274.32
Awaiting clearance EC for expenses 2010 on earmarked funds	+/-	-201,705.65
Exchange rate differences	+/-	-1,786.30
<i>Adjustment for budgetary items (item included in the budgetary result but not in the economic result)</i>		
Asset acquisitions	-	-224,327.21
New pre-financing paid in the year 2010	-	-516,838.07
New pre-financing received in the year and remaining open as at 31.12.2008		
Budgetary recovery orders issued and cashed	-	
Payment appropriations carried over to 2011	-	-1,181,234.32
Cancellation of unused carried over payment appropriations from previous year	+	55,597.92
Adjustment for carry-over from the previous year from assigned revenue	+	953,971.95
Provisions for risks and charges	-	64,664.80
Other - Funds ITF 2010	+/-	94,660.99
total		166,604.82
Budgetary result 2010		171,308.12
Delta not explained		-4,703.30

7. Bank balances

	31.12.2010	31.12.2009
ETF		
ETF domestic Euro	12,675.78	193,393.48
ETF Euro	654,436.87	785,438.92
ETF Italian Ministry of Foreign Affairs	290,675.22	533,869.18
ETF Imprest account	300.00	500.00
	958,087.87	1,513,201.58
ETE MED convention		
ETE MED	543,862.58	738,458.58
	543,862.58	738,458.58
Total	1,501,950.45	2,251,660.16

Conventions are agreements between the European Commission and the ETF. These funds, as well as the funds from the Italian Ministry of Foreign Affairs, are of a multi-annual nature and have no impact on the economic result for the ETF since they are paid to final beneficiaries or reimbursed if they are unspent. The funds will appear in the balance under accounts payable. This also applies to gained interest.

8. Contingent assets and liabilities on 31 December 2010 and 31 December 2009

CONTINGENT ASSETS	31/12/2010	31/12/2009
Guarantees received for pre-financing	6,000.00	234,240.00
TOTAL	6,000.00	234,240.00

CONTINGENT LIABILITIES	31/12/2010	31/12/2009
RAL - Commitments against appropriations not yet consumed	646,472.55	1,107,865.24
TOTAL	646,472.55	1,107,865.24

IV. NOTES TO THE FINANCIAL STATEMENTS

Accounting rules and principles

The accounting principles adopted are in line with the associated provisions of the Financial Regulation of the ETF, adopted by the Governing Board of the ETF on 10 January 2009 and supplemented by the Implementing Rules adopted on 8 September 2003. The related implementing rules for the revised ETF financial regulation have been finalized and are in the process of approval by the ETF Governing Board..

The financial statements are drawn up in accordance with the generally accepted accounting principles specified in the detailed rules for implementing the general Financial Regulation, namely:

- (a) going concern basis;
- (b) prudence;
- (c) consistent accounting methods;
- (d) comparability of information;
- (e) materiality;
- (f) no netting;
- (g) reality over appearance;
- (h) accrual-based accounting.

The ETF's accounting rules are those applied by the EC. These are established in line with international accounting standards for the public sector (IPSAS) and published by the International Federation of Accountants (IFAC).

Accrual based accounting is the form of accounting under which transactions and other events are recognised when they occur (and not only when cash or its equivalent is received or paid). Therefore, the transactions and events are recorded in the accounting records and recognised in the financial statements of the periods to which they relate. The elements recognised under accrual accounting are assets, liabilities, net assets/equity, revenue and expenses.

Conversion into Euro

The ETF budget is drawn up and implemented in Euro and the accounts are presented in Euro. A limited number of operations are converted to national currencies using the Euro rates as published in the C series of the Official Journal of the EC and in accordance with the regulatory provisions on the issue. All budgetary and legal commitments are established in Euro.

Components of the financial statements

The financial statements include the following components:

1. Economic outturn account;
2. Statement of changes in capital;
3. Balance sheet;
4. Statement of cash flow.

The following statements are provided to give an additional contribution to the presentation of a true and fair view:

5. Budget outturn account;
6. Reconciliation of budget outturn versus economic outturn;
7. Bank balances
8. Contingent assets and liabilities

1. ECONOMIC OUTTURN ACCOUNT

The economic outturn account is equivalent to a 'Profit & Loss Statement'. It shows income, expenses, and net income/loss for the year i.e. the 'economic result'. The latter is determined by subtracting total expenses from total revenue. This difference is increased or reduced by the economic results of previous years and in particular the amounts paid back to the EC.

Operating revenue

The revenue is accounted for when established. For the EC subsidy this means the moment of the approval of the annual budget. Where other EC funding is concerned, the ETF is moving towards the same approach as non EC funding, i.e., the revenue is established only upon receipt of payment.

The operating revenue is composed as follows:

- The EC Annual Subsidy
The revenue associated with the EC subsidy comprises the annual subsidy received from the EC for an amount of Euro 19,297,822.00, minus the amount to be reimbursed i.e. Euro 100,981.71 (Result Budget Outturn Account), giving a total of Euro 19,196,840.29.
- Accrued miscellaneous revenues for an amount of Euro 87,239.62 and Euro 51.76 for exchange differences add up to a total amount of Euro 18,291.38 as miscellaneous revenue.
- The EC subsidy, it is divided into title 1 & 2 (15 03 27 01) and title 3 (15 03 27 02)
- Other operating revenue
In 2010, the Italian Ministry of Foreign Affairs approved the re-use of gained interest for an amount of Euro 5,571.74. However, in order to give a more realistic presentation in line with the accrual accounting principles, no revenue was introduced in the accounts as there were no payments approved under these funds received.. The remaining amount is included in the liabilities under "Deferrals and accruals" This kind of funding is referred to as earmarked funds or earmarked revenue. Introduced as revenue is the adjustment for expenses already accounted for, representing the amount of expenses for the MEDA-ETE project (Euro 201,785.65), to be cleared with the EC. An amount of Euro 52,574.40 is introduced as revenue under this line, corresponding to the amount approved for payments relating to the funds received in 2009.

Administrative and operational expenses

To calculate the result for the financial year, expenditure refers to payments made using payment appropriations of the same financial year, to which are added the accrued expenses on commitments of the same financial year that are carried forward to the following financial year.

The payments recorded in the accounts are those authorised and made by the accounting officer before 31 December 2010.

Appropriations are generally only carried forward to the following financial year, except in the case of earmarked funds. Appropriations for earmarked funds can be carried forward until the end date of the related agreement.

Carry forward is automatic where there is an outstanding legally binding commitment. Should this not be the case, eventual carry forward related to the ETF subsidy is subject to the prior authorisation of the Governing Board.

Expenditure is sub-divided by typology into administrative, operational, and financial. Payments associated with the earmarked funding are included in operational expenses.

Administrative expenses include 1) payments associated with staff including accrued expenditure associated with staff holidays not taken within the year 2) costs associated with

stocks and fixed assets including depreciation, and 3) other administrative expenditure notably that related to infrastructure and equipment, including exchange rate losses.

Operational expenses are associated with the execution of the ETF's work programme. They also include amounts associated with the execution of projects financed outside the ETF's annual subsidy i.e. the earmarked funding.

Financial expenses comprise bank charges and roundings.

2. Statement of changes in capital

The statement of changes in capital comprises only the economic result of the year.

3. Balance sheet

The balance sheet is the financial statement listing all assets, liabilities and equity accounts, showing the financial position of an organization at a specific date. For the ETF this is 31 December 2010.

Assets

Fixed assets

Fixed assets are composed of tangible and intangible assets.

Intangible assets are occupational rights on the premises and software licenses. Depreciation for the occupational rights to the ETF premises is calculated on the basis of the 30 year duration of the rental agreement resulting from the financial contribution for reconstruction work. The annual rental cost is a symbolic amount of Euro 1.

As of 2010 accounting rule N° 6 came to full applicability with the end of the derogation period for the capitalization of internally generated intangible assets. The level of materiality for a completed asset is set at Euro 500,000.

In 2010, no internally developed software was identified that met this value..

Tangible assets are all movable property items (computer equipment, technical installations and furniture) which have an acquisition price of Euro 420 or more and are valued at cost in national currencies, converted into Euro at the accounting exchange rate applicable on the purchase date.

The delivery date is taken as the basis for the calculation of depreciation and is calculated on a monthly basis.

The fixed assets are not charged to expenditure accounts, but are registered immediately as an asset in the balance. Depreciation is registered as expenditure. It has an influence on the economic result of the financial exercise. The net book value of the fixed assets is shown in the following two tables.

Intangible assets

	Occupational rights on premises	Software licences	Total
A. Purchase price:			
Value on 1.1.2010	5,000,000.00	344,637.63	5,344,637.63
Changes during year:			
• Additions		155,833.26	155,833.26
• Withdrawals			0.00
• Correction on balance value			0.00
End of the year:	5,000,000.00	500,470.89	5,500,470.89
B. Depreciation			
Value on 1.1.2010	2,500,000.00	286,785.65	2,786,785.65
Changes during year:			
• Additions	166,666.67	44,982.64	211,649.31
• Withdrawals			0.00
• Correction on balance value			0.00
End of the year:	2,666,666.67	331,768.29	2,998,434.96
Net value (A + B)	2,333,333.33	168,702.60	2,502,035.93

Tangible assets

	Installations, machine and furniture	Computer equipment	Total
A. Purchase price:			
Value on 1.1.2010	304,675.54	1,394,724.41	1,699,399.95
Changes during year:			
• Additions	1,890.00	66,603.95	68,493.95
• Withdrawals	-8,118.16		-8,118.16
• Correction on balance value			0.00
End of the year:	298,447.38	1,461,328.36	1,776,012.06
B. Depreciation			
Value on 1.1.2010	-244,222.29	-1,314,148.65	-1,558,370.94
Changes during year:			
• Additions	-14,440.80	-61,593.82	-76,034.62
• Withdrawals	8,118.16		8,118.16
• Correction on balance value			0.00
End of the year:	-250,544.93	-1,375,742.47	-1,626,287.40
Net value (A + B)	47,902.45	85,585.89	133,488.34

The yearly depreciation rates applied to fixed assets are as follows:

Computer software and hardware	25%
Telecommunication and audiovisual equipment	25%
Printing, mail, security, buildings, tools	12.5%
Movables	10%

Stocks

Publications are considered as ETF stocks as opposed to 'costs'. Although the commercial value of the publications is nil, the replacement value is estimated at Euro 22,812.80. The number of publications kept in stock is slightly lower than last year since ETF continued with the trend to have the publications available for download online instead of paper versions..

Short-term pre-financing

Pre-financing is one or more payments intended to provide contractors with a cash advance. It may be split into a number of payments over a period defined in the particular pre-financing agreement. At year-end outstanding pre-financing amounts are valued at the original amount(s)

paid, deducting the amounts returned, eligible amounts cleared, estimated eligible amounts not yet cleared at year-end and value reductions.

Short-term receivables

Under short-term receivables, amounts due from customers or other debtors, outstanding paid mission advances, deferred expenses and receivables with consolidated entities are registered.

Cash account

Cash and cash equivalents are carried in the balance sheet at cost. They include cash in hand, deposits held with banks, payments sent to bank and interest received in January 2011, related to 2010. A decrease with respect to the previous year is noted due to very tight requests for funds to the EC and a high amount of executed payments.

Liabilities

Capital

The capital is composed of the accumulated surplus/deficit from previous years plus the economic result for the year. (See also table 2, statement of changes in capital.)

Provision for risks and liabilities

Under provisions, liabilities such as payables and accruals where there is uncertainty about the timing or amount of the future expenditure required for the settlement of the legal obligation are reported. In 2010, the amount of the overall provision for legal cases shows a high decrease, due to several legal cases being concluded.

In 2010, the provision which was introduced in 2009 for the refused salary adaptation 2009 was cancelled, since the European Court of Justice overruled the Council's decision. As a consequence, the originally refused salary increase was paid to the staff. Since this decision was taken at the end of December 2010, ETF did not have the total amount to be paid available in the budget. Despite the possibility offered by the PMO to have the refused salary paid partly in 2010 and partly in 2011, where ETF opted to have 34% paid in 2010, according the availability in the budget and 66% in 2011, the calculations received were 100%. ETF decided to introduce 34% in the budget of 2010 and the remaining 66% as a receivable against the EC. The payment to staff were executed entirely in 2010 and the cost recognized also in this period

Accounts payable

Included under accrued charges are the amounts owed to creditors for delivered goods or completed services and outstanding pre-financing received from the EC or other EC institutions. The main contributing factors to the overall decrease in accounts payable are detailed below:

Current payables for an amount of Euro 3,878,121.08 are mainly associated with estimated accrued expenses on credits carried forward to 2011 and the estimated accrued expenses on pre-financing paid by the ETF to contractors. There is a decrease compared with 2009. The amount is composed of the following:

Description - Current payables	Amount
Italian Trust Fund - interest gained 2010	4,522.81
Carry forwards ITF to 2011	280,712.54
Creditors	163,102.70
SUB - TOTAL	448,338.05
Description - Sundry payables	Amount
Staff	13,631.82
Social security payments	63,287.87
Reimbursements received - Payments returned in bank	17,995.06
ÉTÉ MEDA - outstanding gained interest	295,395.12
SUB - TOTAL	390,309.87
Description - Other payables	Amount
Holidays not taken 2010	271,639.05
Accrued charges on paid pre-financing 2010	507,829.35
Accrued charges on carry forward to 2011	1,577,319.29
Salary adaptation 2009 paid from 2011 budget	198,352.65
Mission costs 2010 paid from 2011 budget	84,000.00
SUB - TOTAL	2,639,140.34
Pre-financing received from consolidated EU entities	373,515.72
Other accounts payable against consolidated EU entities	26,817.10
TOTAL	3,878,121.08

Current payables for an amount of Euro 448,338.05 consist of Euro 163,102.78 for outstanding creditors in 2010 and Euro 280,712.54 for funds received from the Italian Ministry of Foreign Affairs, composed of not yet committed and commitments carried forward. Euro 4,522.81 represents the gained interest in 2010 on the funds received from the Italian Ministry of Foreign Affairs.

Sundry payables amount up to Euro 390,309.87 and are composed of Euro 13,631.82 for outstanding payments to staff and Euro 63,287.87 to outstanding social security payments. Euro 17,995.06 represents reimbursements received and payments returned on the bank account. Euro 295,395.12 is the accumulated amount of gained interest for the ETE MEDA convention. The latter convention is closed and ETF is awaiting debit notes to reimburse this amount to the EC.

Classified under other payables are the accrued charges related to pre-financing paid and amounts carried forward to 2011. There is a decrease compared with 2009 due to the fact that ETF managed to pay up to 96,49% of the received payment credits, resulting in a decreased carried forward. At the same time ETF managed to assess and clear pre-financing earlier. Also classified under other payables are the holidays not taken up in 2010, for which there is an increase. Due to the cut in the budget at the end of 2010, part of the approved salary increase from 2009 and missions are to be paid from the 2011 budget.

There is a decrease compared with 2009 in the pre-financing received from consolidated EC entities. In the context of the regular EC subvention, the ETF managed to pay 96,49% of the available payment credits and has to return a total of Euro 100,981.71 to the EC, where in 2009 ETF had a "negative" budget outturn and no funds were to be returned to the EC. For the ETE MEDA convention, the accumulated expenses to be cleared rose by Euro 201,705.65.

The interest earned to be returned to the EC decreased a little.

Convention Description	EC DG or Service	Amount	Status/Comments
COMM (ETE MED convention)	DG AIDCO	5,000,000.00	Received funds
SUB-TOTAL		5,000,000.00	
ETF Subvention - interest to be recovered	DG EAC	24,066.55	Interest earned 2010
EC subsidy	DG EAC	100,981.71	Result 2010
EC awaiting clearance - MEDA-ETE	DG AIDCO	-4,751,532.54	Accumulated expenses -> 2010
SUB-TOTAL		-4,626,484.28	
TOTAL		373,515.72	

Amounts that were due to the EC and were known and confirmed by certain entities are registered under “other accounts payable against consolidated EC entities”. The total amount is Euro 26,817.10 and is associated with services provided by other EC services and agencies.

4. Statement of cash flow

The statement of cash flow represents the treasury movements or in other words the cash receipts minus cash payments over a given period of time. There is a decrease in cash flow due to very tight requests for funds to the EC and the high amount of executed payments.

5. Budget outturn account

The budget outturn for 2010 is the difference between:

- all the cash revenue registered in the financial year;
- the volume of payments made from the appropriations of the financial year, plus the appropriations of the same financial year carried forward to the following financial year; and,
- the cancellations of appropriations carried forward from the previous financial year.

This difference is increased or reduced by:

- the balance resulting from exchange rate gains or losses recorded during the financial year.
- results from previous years paid back to the EC.

6. Reconciliation of budget outturn versus economic outturn

The budget outturn and reconciliation against the economic outturn is presented to give a more complete picture to the reader and to demonstrate the difference between economic and budget outturn. The inclusion of this data assists the reader in linking the cash based result of the budget outturn 2010 against the accrued economic outturn of 2010.

7. Contingent assets and liabilities

Contingent assets and liabilities are mentioned separately in the financial statements and represent potential assets and liabilities. Under contingent assets, ETF recognized received bank guarantees for paid pre-financing. The amount shows a decrease of Euro 228,000, because a guarantee expired. Under contingent liabilities ETF recognized RAL, i.e commitments against payment appropriations not yet consumed.

V. NOTES ON BUDGET EXECUTION & FINANCIAL MANAGEMENT

1. Introduction

Budgetary Principles

The budgetary principles adopted by the ETF are in line with the associated provisions of the Financial Regulation of the ETF, adopted by the Governing Board of the ETF on 10 January 2009 and supplemented by the Implementing Rules adopted on 8 September 2003. The related implementing rules for the revised ETF financial regulation have been finalized and are in the process for adoption by the ETF Governing Board. The establishment and implementation of the budget of the ETF comply with:

- a) the principles of unity and budget accuracy
- b) the principle of annuality
- c) the principle of equilibrium
- d) the principle of unit of account
- e) the principle of universality
- f) the principle of specification
- g) the principle sound financial management
- h) the principle of transparency.

Budget Structure

The statement of expenditure of the ETF budget is set out on the basis of a nomenclature with a classification by purpose. It is thereby divided into five titles and each of the titles is broken down into chapters, articles and items.

The ETF applies the nomenclature and structure used by the EC for Titles 1, 2 and 3. Titles 1 and 2 relate to 'Administrative Expenditure' while Title 3 is reserved for 'Operational Expenditure'.

- Title 1 covers expenditure on staff authorised in the ETF establishment plan and expenditure on external staff (including auxiliary staff) and other management expenditure (including representation expenses);
- Title 2 covers administrative expenditure such as buildings, cleaning and maintenance, rental, telecommunications, water, gas and electricity and support expenditure (including meeting costs).
- Title 3 covers expenditure for the execution of the work programme and related ETF operations.

Titles 4 and 5 are related to the earmarked funds or revenue associated with specific contracts or conventions with the EC and other donors. They are defined as follows:

- Title 4 represents co-operation with other organisations. At present, it consists only of the contributions from the Italian Ministry of Foreign Affairs.
- Title 5 represents the MEDA-ETE convention from the EC.

Budget execution is prepared on the basis of a "modified cash accounting". The term 'modified' refers to the fact that the annual carry forward amounts are included in the budget.

Amounts "carried forward" relate to legal commitments entered into during the year, but not paid.

A "legal commitment" refers to legally binding actions undertaken by the ETF, for example contracts or other agreements and orders placed.

When referring to budgetary execution, the term "expenditure" refers to consumed commitment appropriations. Consumed commitment appropriations are made up of commitments paid in 2010 and commitments (partly) carried forward to 2011.

Detailed information on the relevant aspects of budgetary execution by Title, Chapter and Item and budgetary execution details for 2010 are provided later in the section "Utilisation of the appropriations".

Execution ETF Budget in 2010

In order to provide the reader with a complete overview of the financial activities associated with the budget execution in 2010, a table with commitment and payment appropriations is presented hereafter. The payment figures include not only those executed in 2010, associated with the 2010 budget, but also the payments executed in 2010 based on the budgets of former years.

In 2010, due to the budgetary constraints, an amount of Euro 162,178 was introduced in the amended budget as revenue and expenditure "in kind". In practice, commitments and payments for this amount, related to the conference "Promoting Social Inclusion", were taken over by the EC. This amount is not introduced in the budget outturn or in the utilisation of appropriations, since these figures are based on cash transactions, where the latter was taken over by the EC.

2. Utilisation of appropriations

i. Appropriations of the current year

Commitment credits							Payment credits								
Item	Description	Initial budget 2010	Transfers 2010	Final commitment credits available 2010	Commitments 2010		Total commitments credits carried forward to 2011	Initial budget 2010	Transfers 2010	Final payment credits available 2010	Executed payments 2010 related 2010 commitments	Executed payments 2010 related to 2009 commitments	Total amount payments executed 2010		Payment credits carried forward to 2011
1100	Basic salaries	6,942,106.00	-46,368.34	6,895,737.66	6,895,737.66	100.00%	0.00	6,942,106.00	-46,368.34	6,895,737.66	6,895,684.34	0.00	6,895,684.34	100.00%	0.00
1101	Family allowances	740,000.00	115,427.65	855,427.65	855,247.65	99.98%	0.00	740,000.00	115,427.65	855,427.65	855,247.65	0.00	855,247.65	99.98%	0.00
1102	Transfer and expatriation allowance	1,010,000.00	-106,474.68	903,525.32	903,525.32	100.00%	0.00	1,010,000.00	-106,474.68	903,525.32	903,525.32	0.00	903,525.32	100.00%	0.00
1110	Contractual Agent	1,427,284.00	-8,157.23	1,419,126.77	1,419,126.77	100.00%	0.00	1,427,284.00	-8,157.23	1,419,126.77	1,419,126.77	0.00	1,419,126.77	100.00%	0.00
1112	Local staff	167,440.00	-473.51	166,966.49	166,966.49	100.00%	1,140.00	167,440.00	-473.51	166,966.49	164,718.97	0.00	164,718.97	98.65%	1,140.00
1130	Insurance against sickness	240,000.00	1,141.85	241,141.85	241,141.85	100.00%	0.00	240,000.00	1,141.85	241,141.85	241,141.58	0.00	241,141.58	100.00%	0.00
1131	Insurance against accidents and occupational disease	51,000.00	-969.21	50,030.79	50,030.79	100.00%	0.00	51,000.00	-969.21	50,030.79	50,030.79	0.00	50,030.79	100.00%	0.00
1132	Unemployment insurance for temporary staff	95,000.00	-355.83	94,644.17	94,644.17	100.00%	0.00	95,000.00	-355.83	94,644.17	94,644.17	0.00	94,644.17	100.00%	0.00
1140	Birth and death allowance	1,200.00	-207.62	992.38	991.55	99.92%	0.00	1,200.00	-207.62	992.38	991.55	0.00	991.55	99.92%	0.00
1141	Annual travel costs from the place of employment to the place of origin	145,000.00	4,847.22	149,847.22	149,847.22	100.00%	0.00	145,000.00	4,847.22	149,847.22	149,847.22	0.00	149,847.22	100.00%	0.00
1147	Allowances for shift work or standby duty at the official's place of work and/or at home	15,000.00	-8,794.71	6,205.29	6,205.29	100.00%	0.00	15,000.00	-8,794.71	6,205.29	6,205.29	0.00	6,205.29	100.00%	0.00
1172	Cost of organizing traineeships with the Foundation	28,000.00	-4,900.00	23,100.00	23,100.00	100.00%	1,078.84	28,000.00	-4,900.00	23,100.00	22,021.16	0.00	22,021.16	95.33%	1,078.84
1177	Other services rendered and institutional audit services	270,000.00	109,800.47	379,800.47	377,605.07	99.42%	81,044.57	270,000.00	109,800.47	379,800.47	296,560.50	0.00	296,560.50	78.08%	81,044.57
1180	Sundry recruitment expenses	51,500.00	-10,500.00	41,000.00	40,564.50	98.94%	11,309.57	51,500.00	-10,500.00	41,000.00	29,254.93	0.00	29,254.93	71.35%	11,309.57
1181	Travelling expenses (beginning and end of contract)	7,000.00	2,557.65	9,557.65	9,557.65	100.00%	0.00	7,000.00	2,557.65	9,557.65	9,557.65	0.00	9,557.65	100.00%	0.00
1182	Installation allowance	96,750.00	-2,603.24	94,146.76	94,146.76	100.00%	0.00	96,750.00	-2,603.24	94,146.76	94,146.76	0.00	94,146.76	100.00%	0.00

Commitment credits								Payment credits							
Item	Description	Initial budget 2010	Transfers 2010	Final commitment credits available 2010	Commitments 2010		Total commitments credits carried forward to 2011	Initial budget 2010	Transfers 2010	Final payment credits available 2010	Executed payments 2010 related 2010 commitments	Executed payments 2010 related to 2009 commitments	Total amount payments executed 2010		Payment credits carried forward to 2011
1183	Moving expenses	63,000.00	1,000.00	64,000.00	64,000.00	100.00%	9,621.46	63,000.00	1,000.00	64,000.00	54,378.54	0.00	54,378.54	84.97%	9,621.46
1184	Temporary daily allowance	37,350.00	-4,141.85	33,208.15	32,888.48	99.04%	0.00	37,350.00	-4,141.85	33,208.15	32,888.48	0.00	32,888.48	99.04%	0.00
1190	Weightings (Correction coefficient)	860,000.00	-61,108.81	798,891.19	798,891.19	100.00%	0.00	860,000.00	-61,108.81	798,891.19	798,891.19	0.00	798,891.19	100.00%	0.00
1191	Salarial adaptation	95,000.00	-95,000.00	0.00	0.00	0.00%	0.00	95,000.00	-95,000.00	0.00	0.00	0.00	0.00	0.00%	0.00
Sub-Total	Chapter 11 - Staff in active employment	12,342,630.00	-115,280.19	12,227,349.81	12,224,218.41	99.97%	104,194.44	12,342,630.00	-115,280.19	12,227,349.81	12,118,862.86	0.00	12,118,862.86	99.11%	104,194.44
1300	Mission and travel expenses	1,035,000.00	-123,000.00	912,000.00	912,000.00	100.00%	3,653.63	1,035,000.00	-123,000.00	912,000.00	908,346.37	0.00	908,346.37	99.60%	3,653.63
Sub-Total	Chapter 13 - Missions and travel	1,035,000.00	-123,000.00	912,000.00	912,000.00	100.00%	3,653.63	1,035,000.00	-123,000.00	912,000.00	908,346.37	0.00	908,346.37	99.60%	3,653.63
1430	Medical service	43,770.00	-17,960.00	25,810.00	25,810.00	100.00%	16,550.00	43,770.00	-17,960.00	25,810.00	9,260.00	0.00	9,260.00	35.88%	16,550.00
1440	Internal training	173,600.00	-51,920.06	121,679.94	121,133.06	99.55%	39,873.45	173,600.00	-51,920.06	121,679.94	81,259.61	0.00	81,259.61	66.78%	39,873.45
1490	Other Interventions	15,000.00	-9,602.72	5,397.28	5,397.28	100.00%	4,287.80	15,000.00	-9,602.72	5,397.28	1,109.48	0.00	1,109.48	20.56%	4,287.80
Sub-Total	Chapter 14 - Socio-medical infrastructure	232,370.00	-79,482.78	152,887.22	152,340.34	99.64%	60,711.25	232,370.00	-79,482.78	152,887.22	91,629.09	0.00	91,629.09	59.93%	60,711.25
1520	National experts seconded	300,000.00	-151,869.03	148,130.97	148,130.97	100.00%	0.00	300,000.00	-151,869.03	148,130.97	148,130.97	0.00	148,130.97	100.00%	0.00
Sub-Total	Chapter 15 - Staff exchanges between the Foundation and the public sector	300,000.00	-151,869.03	148,130.97	148,130.97	100.00%	0.00	300,000.00	-151,869.03	148,130.97	148,130.97	0.00	148,130.97	100.00%	0.00
1700	Entertainment and representation expenses	12,000.00	2,000.00	14,000.00	13,375.02	95.54%	3,161.50	12,000.00	2,000.00	14,000.00	10,213.52	0.00	10,213.52	72.95%	3,161.50
Sub-Total	Chapter 17 - Entertainment and representation expenses	12,000.00	2,000.00	14,000.00	13,375.02	95.54%	3,161.50	12,000.00	2,000.00	14,000.00	10,213.52	0.00	10,213.52	72.95%	3,161.50
Sub-Total	Title 1 - EXPENDITURE relating to persons working with the Foundation	13,922,000.00	-467,632.00	13,454,368.00	13,450,064.74	99.97%	171,720.82	13,922,000.00	-467,632.00	13,454,368.00	13,277,182.81	0.00	13,277,182.81	98.68%	171,720.82
2000	Rentals	9,601.00	-1,579.60	8,021.40	8,021.40	100.00%	2,290.00	9,601.00	-1,579.60	8,021.40	5,731.40	0.00	5,731.40	71.45%	2,290.00
2020	Water, gas, electricity and heating	120,000.00	-12,000.00	108,000.00	102,477.02	94.89%	0.00	120,000.00	-12,000.00	108,000.00	102,477.02	0.00	102,477.02	94.89%	0.00
2030	Cleaning and maintenance	321,300.00	-148,664.06	172,635.94	172,635.94	100.00%	13,904.10	321,300.00	-148,664.06	172,635.94	158,731.84	0.00	158,731.84	91.95%	13,904.10
2040	Furnishing of premises	5,000.00	21,251.02	26,251.02	26,251.02	100.00%	3,410.00	5,000.00	21,251.02	26,251.02	22,841.02	0.00	22,841.02	87.01%	3,410.00

Commitment credits								Payment credits							
Item	Description	Initial budget 2010	Transfers 2010	Final commitment credits available 2010	Commitments 2010		Total commitments credits carried forward to 2011	Initial budget 2010	Transfers 2010	Final payment credits available 2010	Executed payments 2010 related to 2010 commitments	Executed payments 2010 related to 2009 commitments	Total amount payments executed 2010		Payment credits carried forward to 2011
2050	Security and surveillance	102,607.00	-6,838.89	95,768.11	95,768.11	100.00%	17,474.97	102,607.00	-6,838.89	95,768.11	78,293.14	0.00	78,293.14	81.75%	17,474.97
2090	Other expenditure on buildings, incl. insurances and administration costs	107,800.00	-32,034.49	75,765.51	75,765.51	100.00%	0.00	107,800.00	-32,034.49	75,765.51	75,765.51	0.00	75,765.51	100.00%	0.00
Sub-Total	Chapter 20 - Investments in immovable property, rental of buildings and associated costs	666,308.00	-179,866.02	486,441.98	480,919.00	98.86%	37,079.07	666,308.00	-179,866.02	486,441.98	443,839.93	0.00	443,839.93	91.24%	37,079.07
2100	ICT hardware	75,500.00	-10,413.97	65,086.03	65,086.03	100.00%	69,925.52	75,500.00	-10,413.97	65,086.03	2,013.15	0.00	2,013.15	3.09%	69,925.52
2101	Software development and purchase	158,500.00	104,536.00	263,036.00	261,776.67	99.52%	77,658.81	158,500.00	104,536.00	263,036.00	112,322.17	0.00	112,322.17	42.70%	77,658.81
2102	Other expenses	128,230.00	-11,133.75	117,096.25	117,096.25	100.00%	14,832.37	128,230.00	-11,133.75	117,096.25	113,626.44	0.00	113,626.44	97.04%	14,832.37
2103	Telecoms Costs	128,580.00	74,229.00	202,809.00	202,809.00	100.00%	31,388.19	128,580.00	74,229.00	202,809.00	159,444.62	0.00	159,444.62	78.62%	31,388.19
2104	Telecoms equipment costs	7,300.00	10,917.75	18,217.75	18,217.75	100.00%	5,000.00	7,300.00	10,917.75	18,217.75	327.60	0.00	327.60	1.80%	5,000.00
Sub-Total	Chapter 21 - Information & Communication Technology	498,110.00	168,135.03	666,245.03	664,985.70	99.81%	198,804.89	498,110.00	168,135.03	666,245.03	387,733.98	0.00	387,733.98	58.20%	198,804.89
2200	Purchase technical installations and office equipment	0.00	3,448.00	3,448.00	3,447.62	99.99%	0.00	0.00	3,448.00	3,448.00	3,447.62	0.00	3,447.62	99.99%	0.00
2202	Rentals technical installations and office equipment	22,682.00	252.00	22,934.00	22,933.62	100.00%	4,465.96	22,682.00	252.00	22,934.00	18,467.66	0.00	18,467.66	80.53%	4,465.96
2203	Maintenance, utilization and repairs technical installations and office equipment	1,050.00	-600.00	450.00	450.00	100.00%	0.00	1,050.00	-600.00	450.00	450.00	0.00	450.00	100.00%	0.00
2210	Purchase furniture	0.00	71,929.33	71,929.33	71,550.00	99.47%	69,660.00	0.00	71,929.33	71,929.33	1,890.00	0.00	1,890.00	2.63%	69,660.00
Sub-Total	Chapter 22 - Movable property and associated costs	23,732.00	75,029.33	98,761.33	98,381.24	99.62%	74,125.96	23,732.00	75,029.33	98,761.33	24,255.28	0.00	24,255.28	24.56%	74,125.96
2300	Stationery and office supplies	45,000.00	3,061.00	48,061.00	46,976.99	97.74%	37,942.41	45,000.00	3,061.00	48,061.00	37,365.31	0.00	37,365.31	77.75%	37,942.41
2320	Miscellaneous Financial expenditure	2,000.00	-1,000.00	1,000.00	1,000.00	100.00%	0.00	2,000.00	-1,000.00	1,000.00	728.17	0.00	728.17	72.82%	0.00
2330	Legal expenses	30,000.00	4,495.00	34,495.00	34,495.00	100.00%	10,876.63	30,000.00	4,495.00	34,495.00	27,878.96	0.00	27,878.96	80.82%	10,876.63
2350	Miscellaneous insurance	15,950.00	-2,807.44	13,142.56	13,142.56	100.00%	6,636.70	15,950.00	-2,807.44	13,142.56	10,023.48	0.00	10,023.48	76.27%	6,636.70

Commitment credits								Payment credits							
Item	Description	Initial budget 2010	Transfers 2010	Final commitment credits available 2010	Commitments 2010		Total commitments credits carried forward to 2011	Initial budget 2010	Transfers 2010	Final payment credits available 2010	Executed payments 2010 related to 2010 commitments	Executed payments 2010 related to 2009 commitments	Total amount payments executed 2010		Payment credits carried forward to 2011
2352	Miscellaneous expenditure on internal meetings	10,000.00	-1,003.00	8,997.00	8,516.50	94.66%	0.00	10,000.00	-1,003.00	8,997.00	8,311.50	0.00	8,311.50	92.38%	0.00
2355	Petty expenses	4,500.00	-212.90	4,287.10	4,287.10	100.00%	0.00	4,500.00	-212.90	4,287.10	1,807.10	0.00	1,807.10	42.15%	0.00
2360	Publications in the Official Journal	10,000.00	-5,000.00	5,000.00	5,000.00	100.00%	1,000.00	10,000.00	-5,000.00	5,000.00	1,723.40	0.00	1,723.40	34.47%	1,000.00
Sub-Total	Chapter 23 - Current administrative expenditure	117,450.00	-2,467.34	114,982.66	113,418.15	98.64%	56,455.74	117,450.00	-2,467.34	114,982.66	87,837.92	0.00	87,837.92	76.39%	56,455.74
2400	Correspondence and courier expenses	45,400.00	-10,678.00	34,722.00	34,721.81	100.00%	15,775.59	45,400.00	-10,678.00	34,722.00	18,946.22	0.00	18,946.22	54.57%	15,775.59
Sub-Total	Chapter 24 - Post and telecommunications	45,400.00	-10,678.00	34,722.00	34,721.81	100.00%	15,775.59	45,400.00	-10,678.00	34,722.00	18,946.22	0.00	18,946.22	54.57%	15,775.59
2500	Meetings expenses Governing Board	130,000.00	-2,681.00	127,319.00	118,419.00	93.01%	44,949.16	130,000.00	-2,681.00	127,319.00	73,469.84	0.00	73,469.84	57.71%	44,949.16
Sub-Total	Chapter 25 - Meetings and associated costs	130,000.00	-2,681.00	127,319.00	118,419.00	93.01%	44,949.16	130,000.00	-2,681.00	127,319.00	73,469.84	0.00	73,469.84	57.71%	44,949.16
Sub-Total	Title 2 - Building, equipment and miscellaneous operating expenditure	1,481,000.00	47,472.00	1,528,472.00	1,510,844.90	98.85%	474,761.73	1,481,000.00	47,472.00	1,528,472.00	1,036,083.17	0.00	1,087,490.84	75.12%	474,761.73
3000	Purchase of operational publications and subscriptions	22,000.00	-3,159.00	18,841.00	18,775.81	99.65%	65.19	22,000.00	-4,402.65	17,597.35	17,089.09	197.11	17,286.20	98.23%	0.00
3010	General publications - External Communication Unit	480,000.00	31,413.31	511,413.31	510,625.12	99.85%	788.19	480,000.00	98,114.85	578,114.85	254,306.61	323,808.24	578,114.85	100.00%	0.00
3030	Professional memberships and fees	5,000.00	-733.00	4,267.00	4,266.35	99.98%	0.65	5,000.00	-733.65	4,266.35	4,266.35	0.00	4,266.35	100.00%	0.00
3040	Translation costs - ETF subvention	200,000.00	48,615.00	248,615.00	248,615.00	100.00%	0.00	200,000.00	76,334.50	276,334.50	221,487.75	54,776.25	276,264.00	99.97%	0.00
Sub-Total	Chapter 30 - Operational expenses	707,000.00	76,136.31	783,136.31	782,282.28	99.89%	854.03	707,000.00	169,313.05	876,313.05	497,149.80	378,781.60	875,931.40	99.96%	0.00
3140	Impact evaluation and WP act. auditing	320,000.00	-63,993.00	256,007.00	255,676.11	99.87%	330.89	320,000.00	-62,428.26	257,571.74	88,706.11	165,865.63	254,571.74	98.84%	0.00
3150	ENP - Projects in support of EU's External Assistance in the Neighbourhood area	960,000.00	15,733.07	975,733.07	975,732.97	100.00%	0.10	960,000.00	66,971.62	1,026,971.62	427,330.41	598,847.68	1,026,178.09	99.92%	0.00

Commitment credits								Payment credits							
Item	Description	Initial budget 2010	Transfers 2010	Final commitment credits available 2010	Commitments 2010		Total commitments credits carried forward to 2011	Initial budget 2010	Transfers 2010	Final payment credits available 2010	Executed payments 2010 related to 2010 commitments	Executed payments 2010 related to 2009 commitments	Total amount payments executed 2010		Payment credits carried forward to 2011
3160	IPA - Projects in support of EU's External Assistance in the Enlargement area	960,000.00	-36,916.54	923,083.46	923,082.77	100.00%	0.69	960,000.00	120,214.50	1,080,214.50	599,066.62	481,147.88	1,080,214.50	100.00%	0.00
3170	DCI - Projects in support of EU's External Assistance in the Development Co-operation instrument	440,000.00	-10,790.00	429,210.00	429,210.00	100.00%	0.00	440,000.00	33,340.36	473,340.36	261,642.22	210,199.43	471,841.65	99.68%	0.00
3180	ILP - Projects: Innovation & Learning	670,000.00	-188,009.84	481,990.16	481,990.16	100.00%	0.00	670,000.00	-139,791.68	530,208.32	197,363.08	332,845.24	530,208.32	100.00%	0.00
Sub-Total	Chapter 31 - Priority actions : Work programme activities	3,350,000.00	-283,976.31	3,066,023.69	3,065,692.01	99.99%	331.68	3,350,000.00	18,306.54	3,368,306.54	1,574,108.44	1,788,905.86	3,363,014.30	99.84%	0.00
Sub-Total	Title 3 - Expenses related to operational activities	4,057,000.00	-207,840.00	3,849,160.00	3,847,974.29	99.97%	1,185.71	4,057,000.00	187,619.59	4,244,619.59	2,071,258.24	2,167,687.46	4,238,945.70	99.87%	0.00
Total	Total budget available:	19,460,000.00	-628,000.00	18,832,000.00	18,808,883.93	99.88%	597,004.81	19,460,000.00	-232,540.41	19,227,459.59	16,374,889.22	2,177,322.46	18,552,211.68	96.49%	646,482.55

Payment credits: The difference between the total amount received (Euro 19,297,822.00) and the credits inscribed (Euro 19,227,459.59) is Euro 70,362.41, which is the negative budget outturn from 2009. This outturn was to be covered from 2010 payment credits.

ii. Appropriations carried forward from 2009 to 2010

Item	Description	Commitments carried forward from 2009 to 2010	Payment credits available from 2009 in 2010	Executed payments from 2009 credits in 2010	Payments credits from 2009 cancelled in 2010
1100	Basic salaries	240,000.00	240,000.00	239,793.00	207.00
1112	Local staff	11,549.00	11,549.00	9,997.65	1,551.35
1172	Cost of organizing traineeships with the Foundation	318.15	318.15	0.00	318.15
1177	Other services rendered and institutional audit services	176,144.61	176,144.61	167,983.38	8,161.23
1180	Sundry recruitment expenses	14,953.03	14,953.03	14,157.42	795.61
1183	Moving expenses	14,990.00	14,990.00	14,990.00	0.00
Sub-Total	Chapter 11 - Staff in active employment	457,954.79	457,954.79	446,921.45	11,033.34
1300	Mission and travel expenses	218,463.68	218,463.68	218,038.87	424.81
Sub-Total	Chapter 13 - Missions and travel	218,463.68	218,463.68	218,038.87	424.81
1430	Medical service	5,980.00	5,980.00	2,310.00	3,670.00
1440	Internal training	62,283.09	62,283.09	54,265.85	8,017.24
1490	Other Interventions	2,582.36	2,582.36	2,582.36	0.00
Sub-Total	Chapter 14 - Socio-medical infrastructure	70,845.45	70,845.45	59,158.21	11,687.24
1700	Entertainment and representation expenses	4,083.51	4,083.51	3,766.15	317.36
Sub-Total	Chapter 17 - Entertainment and representation expenses	4,083.51	4,083.51	3,766.15	317.36
Title 1	EXPENDITURE relating to persons working with the Foundation	751,347.43	751,347.43	727,884.68	23,462.75
2030	Cleaning and maintenance	11,925.26	11,925.26	11,921.64	3.62
2040	Furnishing of premises	1,100.00	1,100.00	1,078.81	21.19
2050	Security and surveillance	17,200.52	17,200.52	15,999.12	1,201.40
Sub-Total	Chapter 20 - Investments in immovable property, rental of buildings and associated costs	30,225.78	30,225.78	28,999.57	1,226.21
2100	ICT hardware	69,925.52	69,925.52	67,193.52	2,732.00
2101	Software development and purchase	77,658.81	77,658.81	73,907.00	3,751.81
2102	Other expenses	14,832.37	14,832.37	14,830.56	1.81
2103	Telecoms Costs	31,388.19	31,388.19	27,275.44	4,112.75
2104	Telecoms equipment costs	5,000.00	5,000.00	4,166.65	833.35
Sub-Total	Chapter 21 - Information Technology	198,804.89	198,804.89	187,373.17	11,431.72
2203	Maintenance, utilization and repairs technical installations and office equipment	50.00	50.00	0.00	50.00
2250	Purchase of non-operational publications and subscriptions	2,752.25	2,752.25	2,638.40	113.85
Sub-Total	Chapter 22 - Movable property and associated costs	2,802.25	2,802.25	2,638.40	163.85
2300	Stationery and office supplies	37,942.41	37,942.41	37,515.04	427.37

Item	Description	Commitments carried forward from 2009 to 2010	Payment credits available from 2009 in 2010	Executed payments from 2009 credits in 2010	Payments credits from 2009 cancelled in 2010
2330	Legal expenses	10,876.63	10,876.63	10,876.63	0.00
2350	Miscellaneous insurance	6,636.70	6,636.70	5,778.59	858.11
2360	Publications in the Official Journal	1,000.00	1,000.00	0.00	1,000.00
Sub-Total	Chapter 23 - Current administrative expenditure	56,455.74	56,455.74	54,170.26	2,285.48
2400	Correspondence and courier expenses	19,984.95	19,984.95	3,419.48	16,565.47
Sub-Total	Chapter 24 - Post and telecommunications	19,984.95	19,984.95	3,419.48	16,565.47
2500	Meetings expenses Governing Board	48,244.20	48,244.20	47,781.76	462.44
Sub-Total	Chapter 25 - Meetings and associated costs	48,244.20	48,244.20	47,781.76	462.44
Title 2	Building, equipment and miscellaneous operating expenditure	356,517.81	356,517.81	324,382.64	32,135.17
3040	Translation costs	70.00	70.00	70.00	0.00
30	Chapter Total 30 - Operational expenses	70.00	70.00	70.00	0.00
Title 3	Expenses related to the operational activities	70.00	70.00	70.00	0.00
Total	Total credits:	3,493,552.12	1,107,935.24	1,052,337.32	55,597.92

For Title 3, commitments related to the ETF subvention, an accumulated amount of Euro 2,385,616.88 was carried forward from 2009 to 2010. These commitments are paid with payment credits from 2010, and the amounts paid are included in table "i. Appropriations of the current year". The commitment carried forward under Item 3040 refers to the commitment and payment credits related to the funds received from the Translation Centre in 2008.

iii. Appropriations earmarked funds

Chapter	Description	Commitment appropriations				Payment appropriations			
		Final commitment credits available 2010	Commitments 2010	Overall % committed	Available commitment credits carried forward to 2011	Final payment credits available 2010	Total Payments 2010	Overall % paid	Payment credits carried forward to 2011
43	Co-operation with national institutions - Funds 2003	-	-		-	123.87	123.87	-	-
43	Co-operation with national institutions - Funds 2004	391.25	85.53		476.78	8,849.29	4,328.09	-	4,521.20
43	Co-operation with national institutions - Funds 2005	0.50	702.97		703.47	703.47	0.00	-	703.47
43	Co-operation with national institutions - Funds 2006	1,040.87	4,693.47		5,734.34	80,745.20	45,754.56	-	34,990.64
43	Co-operation with national institutions - Funds 2007	-	-		--	7,102.04	4,873.01	-	2,229.03
43	Co-operation with national institutions - Funds 2008	54,292.00	15,430.82		38,861.18	200,630.92	115,362.34	-	85,268.58
43	Co-operation with national institutions - Funds 2009	200,563.51	77,966.51		122,597.00	205,574.02	52,574.40	-	152,999.62
43	Co-operation with national institutions - Funds 2010	5,571.74	5,571.74		-	5,571.74	-	-	5,571.74
	Total other donors:	261,859.87	93,487.10	35.70%	168,372.77	509,300.55	223,016.27	43.79%	286,284.28
51	Human resources - funds available previous years	-	-		-	143,346.39	83,835.83		59,510.56
52	Travel and per diems - funds available previous years	-	-		-	157,845.80	33,747.63		124,098.17
53	Other costs (visibility and conferences/seminars)	-	-		-	133,048.59	69,122.19		63,926.40
54	Procurement activity for component 3	-	-		-	-	-		-
55	Procurement activity for component 4	-	-		-	932.33	-		932.33
56	Financial auditing	-	-		-	15,000.00	15,000.00		-
57	Contingencies	-	-		-	-	-		-
	Total EC - MEDA-ETE convention:	0.00	0.00	0.00%	0.00	450,173.11	201,705.65	44.81%	248,467.46
Total	Total budget available:	261,859.87	93,487.10	35.70%	168,372.77	959,473.66	424,721.92	40.94%	534,751.74

VI. ETF STAFF ESTABLISHMENT PLAN 2010

Function Group and grade	2010 establishment plan		Situation posts used on 31 December 2010	
	Permanent	Temp.	Permanent	Temp.
AD 16				
AD 15				
AD 14		1		1
AD 13		3		
AD 12		5		5
AD 11		13		11
AD 10		4		3
AD 9		18		12
AD 8		4		4
AD 7		10		20
AD 6		1		1
AD 5				
Sub total AD	—	59	—	57
AST 11				
AST 10		3		
AST 9		6		6
AST 8		2		4
AST 7		7		5
AST 6		10		6
AST 5		4		2
AST 4		5		4
AST 3				5
AST 2				3
AST 1				
Sub total AST	—	37	—	35
Total	—	96	—	92

Additionally, ETF has 32 contract agents, 2 national experts on secondment and 2 local agents

ANNEX I: LIST OF GOVERNING BOARD MEMBERS DURING 2010

European Commission Chairman	Mr Jan TRUSZCZYŃSKI Director General DG Education and Culture
European Commission Member <i>(June meeting)</i>	Mr Rutger WISSELS Director DG External Relations
European Commission Member Alternate <i>(November meeting)</i>	Mr Ronan MAC AONGUSA Sector Co-ordinator Officer DG External Relations
European Commission Member	Mr Gerhard SCHUMANN-HITZLER Director DG Enlargement
Non-voting Expert * <i>(June/November meeting)</i>	Mr Jean-François MEZIERES Directeur Général Délégué à la Formation et l'Education Conseil régional du Centre
Non-voting Expert * <i>(June/November meeting)</i>	Dr. Stamatis PALEOCRASSAS School of Pedagogical and Technological Education Faros
Non-voting Expert * <i>(June/November meeting)</i>	Ms Sara PARKIN Founder Director Forum for the Future
Austria Member	Mr Karl WIECZOREK Senior Expert Department for Vocational Training Federal Ministry for Economic Affairs and Labour
Austria Alternate	Mr Reinhard NÖBAUER Senior Expert Vocational Education and Training Federal Ministry for Education, Arts and Culture
Belgium Member	Ms Micheline SCHEYS Project Manager Strategic VET-Policy Department of Education Ministry of the Flemish Community
Bulgaria Member	Ms Valentina DEYKOVA Head of Unit Policy Development, Analysis and Assessment Unit Ministry of Education, Youth and Science
Bulgaria Alternate	Ms Emiliana DIMITROVA Head of Development and Perspectives Department Vocational Education and Continuing Training Directorate Ministry of Education, Youth and Science

* Following art. 7.1, the three Experts appointed by the European Parliament have no voting rights.

Cyprus Member	Mr Charalambos CONSTANTINO Director Technical and Vocational Education Ministry of Education and Culture
Cyprus Alternate	Mr Ilias MARKATZIS TVE Chief Education Officer Department Technical and Vocational Education Ministry of Education and Culture
Czech Republic Member	Ms Helena ÚLOVCOVÁ Deputy Director National Institute of Technical and Vocational Education
Czech Republic Alternate <i>(June meeting)</i>	Ms Katerina MOLNÁROVÁ Department of Vocational Education and Training Ministry of Education, Youth and Sport
CZECH REPUBLIC ALTERNATE <i>(November meeting)</i>	Mr Milos RATHOUSKÝ Director of the Vocational Education and Training Department Ministry of Education, Youth and Sport
Denmark Member	Mr Roland Svarrer ØSTERLUND Senior Adviser Higher Education and International Cooperation Ministry of Education
Denmark Alternate	Mr Philip PEDERSEN Senior Adviser of Education Vocational Education Ministry of Education
Estonia Member	Ms Külli ALL Adviser Vocational and Adult Education Ministry of Education and Research
Finland Member	Ms Tarja RIIHIMAKI Counsellor of Education Department for Education and Science Policy Ministry of Education
Finland Alternate	Mr Ossi V. LINDQVIST Former Chair of the Finnish Higher Education Evaluation Council University of Kuopio
France Member	Mr Maurice MEZEL Senior Adviser International Affairs Ministère du Travail, des Relations Sociales et de la Solidarité
France Alternate <i>(June meeting)</i>	Mr Vincent HONORAT Chargé de mission à la DREIC (bureau 1) Ministère de l'Education nationale, de l'Enseignement supérieur et de la Recherche

France Alternate <i>(November meeting)</i>	Ms Elisabeth ARNOLD Chargé de mission à la DREIC Direction des Relations européennes et internationales et de la Coopération Ministère de l'Education nationale, de l'Enseignement supérieur et de la Recherche
Germany Member	Mr Stefan SCHNEIDER Head of Unit General Issues and Education Policy of the EU Bundesministerium für Bildung und Forschung
Germany Alternate	Ms Juliane REIMERS Deputy Head of Unit International Department / Education Policy EU German Federal Ministry of Education and Research
Greece Member	Mr Angelos ANGELIDIS President Organisation for Vocational Education and Training
Greece Alternate	Mr Kostas KALTSAS Vice President Organisation for Vocational Education and Training
Hungary Member	Mr György SZENT-LÉLEKY Senior Counsellor Adult Training and VET Department Ministry of Social Affairs and Labour
Ireland Member	Mr Niall MONKS Assistant Principal Officer Department of Enterprise, Trade and Employment
Ireland Alternate	Ms Ann Mary REDMOND Higher Executive Officer Department of Enterprise, Trade and Employment
Italy Member	Mr Alberto CUTILLO Ministro Plenipotenziario Direzione Generale Integrazione Europea Ministero degli Affari Esteri
Italy Alternate	Mr Luigi GUIDOBONO CAVALCHINI Presidente UniCredit Private Banking
Latvia Member	Ms Lauma SIKĀ Deputy State Secretary Ministry of Education and Science
Latvia Alternate	Ms Dita TRAIÐAS Director State Education Development Agency
Lithuania Member	Mr Romualdas PUSVASKIS Director Department of Vocational and Continuing Education and Training Ministry of Education and Science

Lithuania Alternate	Ms Giedre BELECKIENE Director Methodical Centre for Vocational Education and Training
Luxembourg Member	Mr Antonio DE CAROLIS Directeur Adjoint à la Formation Professionnelle Service de la Formation Professionnelle Ministère de l'Education Nationale et de la Formation Professionnelle
Luxembourg Alternate <i>(June meeting)</i>	Ms Edith STEIN Chamber of Commerce of the Grand Duchy of Luxembourg
Luxembourg Alternate <i>(November meeting)</i>	Mr Nic ALFF Directeur à la formation professionnelle Ministère de l'Education nationale et de la Formation professionnelle
Malta Member <i>(June meeting)</i>	Mr Christopher BEZZINA Permanent Secretary Ministry of Education, Culture, Youth and Sport
Malta Member <i>(November meeting)</i>	Mr Philip VON BROCKDORFF Chairman National Commission for Higher Education (NCHE)
Malta Alternate <i>(June meeting)</i>	Mr Maurice GRECH Principal and Chief Executive Officer Malta College of Arts, Science and Technology
Malta Alternate <i>(November meeting)</i>	Mr Richard CURMI Senior Manager Malta Qualifications Council (MQC)
Netherlands Member	Ms Boukje SPIT Head of Unit Innovation and Information Directorate for Vocational and Adult Education Ministry of Education, Culture and Science
Poland Member	Mr Jerzy WISNIEWSKI Deputy Director Department for Structural Funds Ministry of National Education
Poland Alternate	Ms Danuta CZARNECKA Deputy Director Department for International Programmes and Recognition of Diplomas Ministry of Science and Higher Education
Portugal Member	Ms Maria Cândida SOARES MEDEIROS Director General Strategy and Planning Office Ministry for Social Security and Labour
Portugal Alternate	Mr Francisco CANEIRA MADELINO President of the Public Employment Service of Portugal Governing Board Institute of Employment and Vocational Training

Romania Member	Ms Liliana PREOTEASA Director General General Directorate for Education and Lifelong Learning Ministry of Education, Research, Youth and Sports
Slovak Republic Member	Mr Juraj VANTUCH Teacher/Researcher Faculty of Education Comenius University
Slovenia Member	Mr Elido BANDELJ Director Institute of the Republic of Slovenia for Vocational Education and Training
Slovenia Alternate	Mr Anton SIMONIC Senior Advisor European Affairs Ministry of Education, Science and Sport
Spain Member	Ms. Rosario ESTEBAN BLASCO Head of Unit Deputy Directorate General for Vocational Education and Training Ministry of Education, Social Policy and Sport
Spain Alternate	Ms Gema CAVADA BARRIO Technical Adviser Deputy Directorate General for Guidance and VET Ministry of Education, Social Policy and Sport
Sweden Member	Mr Shawn MENDES Desk Officer Division for Student Financial Support and Adult Education Ministry of Education and Research
Sweden Alternate	Mr Erik HENRIKS Senior Adviser Department Upper Secondary Education Ministry of Education and Research
United Kingdom Member	Ms Nicola ARCHER European Policy Advisor EU Education Policy and European Schools European Union Division
United Kingdom Alternate <i>(November meeting)</i>	Mr Nick PRESTON Policy Adviser Multilateral Education and Skills Division European Union Division