

Final Annual Accounts

Financial year 2010

**Financial statements and
reports on the implementation of the budget**

accompanied by

Report on budgetary and financial management during the year

Helsinki, 27 May 2011

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APPENDICES TO THE BUDGETARY OUTTURN ACCOUNT:

- Appendix 1 Budget Execution / Fund source C1 – Current year appropriations
- Appendix 2 Budget Execution / Fund sources C4, C5 and R0 – Assigned revenue
- Appendix 3 Differentiated appropriations (Budget line 3801)
- Appendix 4 Budget Execution / Fund source C8 – Appropriations carried over
- Appendix 5 Summary of transfers of appropriations among the various budget lines

INTRODUCTION

Basis for preparation

The final annual accounts of the European Chemicals Agency include the financial statements and the budgetary implementation reports. 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 capital. 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 is useful to a wide range of users. For a public sector entity such as the European Chemicals Agency, the objectives are more specifically to provide information useful for decision making, and to demonstrate the accountability of the entity for the resources entrusted to it.

The financial statements have been prepared in accordance with the Financial Regulation of the European Chemicals Agency 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 European Chemicals Agency is a public sector entity established by the Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH).

The Agency is established for the purposes of managing and in some cases carrying out the technical, scientific and administrative aspects of the REACH Regulation and to ensure consistency at Community level in relation to these aspects (art. 75 of the REACH Regulation).

The Agency shall also provide the Member States and the institutions of the Community with the best possible scientific and technical advice on questions relating to chemicals which fall within its remit and which are referred to it in accordance with the provisions of the REACH Regulation.

The Agency also has tasks related to the classification and labelling of chemical substances deriving from the CLP Regulation (EC) 1278/2008. In particular, the Agency shall provide Member States and the Institutions of the Community with the best possible scientific advice and provide industry and Member State authorities with technical and scientific guidance.

In year 2010 ECHA was fully financed through fee income and received a temporary reimbursable subsidy from the EC only to balance its cash-flow needs during the first half of the year. The Agency is a consolidated entity in accordance with article 185 of the general Financial Regulation.

CERTIFICATE OF THE ACCOUNTING OFFICER

Certificate of the Accounting Officer

The annual accounts of the European Chemicals Agency for the year 2010 have been prepared in accordance with the Financial Regulation of the Agency 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 Agency in accordance with Article 43 of the Financial Regulation of the Agency.

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

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



Helene Lillgäls

Accounting Officer

1. FINANCIAL STATEMENTS

1.1. Balance Sheet

ASSETS	Note	31.12.2010	31.12.2009
NON CURRENT ASSETS			
Intangible fixed assets	2.1.1		
Computer software		2 326 085,00	1 484 507,00
Intangible fixed assets under construction		2 640 927,74	
Tangible fixed assets	2.1.1		
Computer hardware		1 889 685,00	2 095 860,00
Furniture and vehicles		402 071,79	148 081,43
Other fixtures and fittings		12 880 342,06	9 635 808,08
TOTAL NON CURRENT ASSETS		20 139 111,59	13 364 256,51
CURRENT ASSETS			
Short-term pre-financing	2.1.2	24 326,00	1 537 748,09
Short-term receivables			
Current receivables	2.1.3	6 750 223,84	2 502 523,79
Term deposits 3 months	2.1.4	36 000 000,00	
Sundry receivables	2.1.5	2 538 025,67	2 315 735,48
Deferrals and accruals	2.1.6	1 128 568,23	258 417,17
Short-term receivables with consolidated EC entities		6 419,86	30 173,71
Cash and cash equivalents	2.1.7	290 999 035,23	22 694 642,73
TOTAL CURRENT ASSETS		337 446 598,83	29 339 240,97
TOTAL ASSETS		357 585 710,42	42 703 497,48
LIABILITIES			
NON CURRENT LIABILITIES			
Provisions for risks and charges	2.1.8	103 000,00	357 857,63
TOTAL NON CURRENT LIABILITIES		103 000,00	357 857,63
CURRENT LIABILITIES			
Provisions for risks and charges	2.1.8	91 500,00	616 738,08
Current payables	2.1.9	1 442 493,97	874 474,76
Sundry payables	2.1.10	1 103 196,76	662 326,31
Deferrals and accruals	2.1.11	3 366 009,08	3 178 732,90
Deferrals and accruals with consolidated entities	2.1.11	314 906,78	237 576,78
Pre-financing received from consolidated entities	2.1.12	36 111 451,63	7 083 681,26
Other accounts payable against consolidated entities	2.1.12	313 816,19	224 713,04
TOTAL CURRENT LIABILITIES		42 743 374,41	12 878 243,13
TOTAL LIABILITIES		42 846 374,41	13 236 100,76
NET ASSETS			
Accumulated result		29 467 396,72	19 119 645,25
Economic result of the year		285 271 939,29	10 347 751,47
TOTAL NET ASSETS/LIABILITIES		314 739 336,01	29 467 396,72

1.2. Economic Outturn Account

	Note	2010	2009
Fee income		355 771 951,40	2 573 845,25
Operating revenue		443 327,98	61 592 053,29
TOTAL OPERATING REVENUE	2.2.1	356 215 279,38	64 165 898,54
Administrative expenses			
Staff expenses		-37 779 085,37	-28 348 211,81
Fixed asset related expenses		-3 640 355,62	-2 302 228,77
Other administrative expenses		-11 137 500,85	-12 359 218,50
Operating expenses			
Other operating expenses		-18 735 383,75	-10 824 500,72
TOTAL OPERATING EXPENSES	2.2.2	-71 292 325,59	-53 834 159,80
SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES		284 922 953,79	10 331 738,74
Financial revenues	2.2.3	350 776,89	16 555,54
Financial expenses	2.2.3	-1 791,39	-542,81
SURPLUS/ (DEFICIT) FROM NON OPERATING ACTIVITIES		348 985,50	16 012,73
ECONOMIC RESULT OF THE YEAR		285 271 939,29	10 347 751,47

1.3. Cash Flow Statement (Indirect method)

	2010	2009
Cash flows from ordinary activities		
Surplus/(deficit) from ordinary activities	285 271 939,29	10 347 751,47
<u>Adjustments</u>		
Amortization (intangible fixed assets) +	979 262,63	408 849,29
Depreciation (tangible fixed assets) +	2 665 990,26	1 893 379,48
Increase/(decrease) in Provisions for risks and liabilities	-780 095,71	934 595,71
Increase/(decrease) in Value reduction for doubtful debts		
(Increase)/decrease in Stock		
(Increase)/decrease in Long term Pre-financing		
(Increase)/decrease in Short term Pre-financing	1 513 422,09	-1 524 773,09
(Increase)/decrease in Long term Receivables		
(Increase)/decrease in Short term Receivables	-41 340 141,30	-1 191 936,35
(Increase)/decrease in Receivables related to consolidated EC entities	23 753,85	77 031,62
Increase/(decrease) in Other Long term liabilities		
Increase/(decrease) in Accounts payable	1 273 495,84	-139 868,44
Increase/(decrease) in Liabilities related to consolidated EC entities	29 116 873,52	-2 062 906,85
(Gains)/losses on sale of Property, plant and equipment		
Net cash flow from operating activities	278 724 500,47	8 742 122,84
Cash flows from investing activities		
Increase of tangible and intangible fixed assets (-)	-10 420 107,97	-4 794 690,86
Proceeds from tangible and intangible fixed assets (+)		
Net cash flow from investing activities	-10 420 107,97	-4 794 690,86
Net increase/(decrease) in cash and cash equivalents	268 304 392,50	3 947 431,98
Cash and cash equivalents at the beginning of the period	22 694 642,73	18 747 210,75
Cash and cash equivalents at the end of the period	290 999 035,23	22 694 642,73

1.4. Statement of Changes in Capital

Capital	Reserves		Accumulated Surplus / Deficit	Economic result of the year	Capital (total)
	Fair value reserve	Other reserves			
Balance as of 1 January 2010	0,00	0,00	19 119 645,25	10 347 751,47	29 467 396,72
Allocation of the economic result of previous year			10 347 751,47	-10 347 751,47	0,00
Economic result of the year			0,00	285 271 939,29	285 271 939,29
Balance as of 31 December 2010	0,00	0,00	29 467 396,72	285 271 939,29	314 739 336,01

2. NOTES TO THE FINANCIAL STATEMENTS**2.1. Notes to the balance sheet***2.1.1. Intangible and tangible fixed assets***General**

Items acquired whose purchase price is € 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 € 420 have been reflected in the accounts as running expenses.

Tangible fixed assets are stated at historical cost (purchase cost less amortization and depreciation and impairment losses). Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Agency and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the economic outturn account during the financial period in which they are incurred.

None of the fixed assets recorded as at 31.12.2010 are subject to finance lease agreements

The assets are valued at their acquisition price, less depreciation and impairment. The depreciation method chosen is the monthly straight-line method. The annual depreciation rates per asset type are as follows:

Intangible fixed assets:

Computer software (incl licences) 25%

Tangible fixed assets:

Furniture and vehicles 10% to 25%

Computer hardware 25%

Other fixtures and fittings 10% to 33%

Intangible fixed assets

Intangible fixed assets are mainly computer software, acquired licences and activated costs for internally developed software.

From 1 January 2010 internally developed intangible assets must be capitalized in accordance with the principles laid out in the EC Accounting Rule n° 6 on intangible fixed assets.

All projects related to internally developed IT software that were either ongoing or put into operation in year 2010 were therefore analysed.

As IT projects already in the development stage at 31.12.2009, even if they are not yet operational, do not fall under the requirement to capitalise development costs since they started before the cut-off date 1.1.2010, most projects did not qualify for the capitalization as the development phases had started before 1.1.2010. Consequently, only three ongoing internal IT projects fulfilled the criteria and the development costs related to these were therefore recognized as assets under construction as at 31.12.2010. As these are all high value projects there was no need to analyse whether to set a lower threshold than the maximum threshold of € 500.000,00 set by the Accounting Officer of the European Commission. None of these projects was taken into use during year 2010. The development cost includes mainly external consulting cost and ECHA employee daily cost.

	Total estimated external project cost	Total estimated internal project cost	Research cost 2010	Development cost 2010
DOCUMENTUM	>500.000,00	>500.000,00	0,00	1 780 062,04
REACH IT Confidentiality	321 800,00	250 000,00	0,00	367 892,02
REACH IT Dissemination	450 000,00	600 000,00	0,00	492 973,68
TOTAL				2 640 927,74

The aggregate amounts of research and development expenditure related to internally developed IT projects recognized as an expense during the period were € 135.927,96 respective € 2.857.031,01.

Tangible fixed assets

The tangible assets are mainly computer hardware, furniture and other fixtures and fittings.

The gross value of other fixtures and fittings mainly consist of the conference centre (€ 8,6 mio) and two new parts renovated and taken into use in the rented building (€ 5,8 mio).

Intangible fixed assets		Internally generated Computer Software	Computer Software	Intangible fixed assets under construction	Total
Gross carrying amounts 1.1.2010	+	0,00	2 385 333,21	0,00	2 385 333,21
Additions	+		1 820 840,63	2 640 927,74	4 461 768,37
Disposals	-				0,00
Transfer between headings	+/-				0,00
Other changes	+/-				0,00
Gross carrying amounts 31.12.2010			4 206 173,84	2 640 927,74	6 847 101,58
Accumulated depreciation/amortization and impairment 1.1.2010	-		-900 826,21		-900 826,21
Depreciation/Amortization	-		-979 262,63		-979 262,63
Write-back of depreciation/amortization	+				0,00
Disposals	+				0,00
Impairment	-				0,00
Write-back of impairment	+				0,00
Transfer between headings	+/-				0,00
Other changes	+/-				0,00
Accumulated depreciation/amortization and impairment 31.12.2010			-1 880 088,84		-1 880 088,84
Net carrying amounts 31.12.2010			2 326 085,00	2 640 927,74	4 967 012,74

Tangible fixed assets		Computer hardware	Furniture and vehicles	Other Fixtures and Fittings	Total
Gross carrying amounts 1.1.2010	+	4 049 665,32	159 339,93	10 631 833,08	14 840 838,33
Additions	+	1 200 993,08	290 733,58	4 466 612,94	5 958 339,60
Disposals	-				0,00
Transfer between headings	+/-				0,00
Other changes	+/-				0,00
Gross carrying amounts 31.12.2010		5 250 658,40	450 073,51	15 098 446,02	20 799 177,93
Accumulated depreciation/amortization and impairment 1.1.2010	-	-1 953 805,32	-11 258,50	-996 025,00	-2 961 088,82
Depreciation/Amortization	-	-1 407 168,08	-36 743,22	-1 222 078,96	-2 665 990,26
Write-back of depreciation/amortization	+				0,00
Disposals	+				0,00
Impairment	-				0,00
Write-back of impairment	+				0,00
Transfer between headings	+/-				0,00
Other changes	+/-				0,00
Accumulated depreciation/amortization and impairment 31.12.2010		-3 360 973,40	-48 001,72	-2 218 103,96	-5 627 079,08
Net carrying amounts 31.12.2010		1 889 685,00	402 071,79	12 880 342,06	15 172 098,85

2.1.2. *Short-term pre-financing (given)*

	31.12.2010	31.12.2009
Renovation works contract	0,00	1 225 000,00
IT development contracts	166 458,00	382 540,09
Total	166 458,00	1 607 540,09
<i>Less accrued charges</i>	<i>-142 132,00</i>	<i>-69 792,00</i>
Total pre-financing	24 326,00	1 537 748,09

2.1.3. *Current receivables*

	31.12.2010	31.12.2009
REACH Fee income receivables	6 750 223,84	42 793,00
VAR receivable from Finnish Authorities	0,00	2 459 730,79
Total	6 750 223,84	2 502 523,79

2.1.4. *Term deposit 3 months*

A term deposit (period 12.10.2010-11.1.2011) of €36.000.000,00 placed with Pohjola Bank relates to the EC subsidy received in year 2010 to temporarily cater for the functioning of the Agency until the increase of the fee income invoicing in autumn 2010. It was reimbursed to the Commission in March 2011.

2.1.5. *Sundry receivables*

	31.12.2010	31.12.2009
VAT receivable from Finnish Authorities (to be invoiced in 2011)	2 420 642,24	2 234 725,93
Bank interest receivable	77 183,00	38 430,57
Staff	40 021,06	42 381,94
Miscellaneous	179,37	197,04
Total	2 538 025,67	2 315 735,48

Sundry receivables comprise mainly of recoverable value added tax (VAT) from the Finnish Authorities. According to the Seat Agreement signed between the Government of Finland and the Agency, the latter can file an application of reimbursement of VAT paid on purchases in Finland if the invoice is greater than € 80 including VAT. The total amount € 2.420.642,24 relates to the whole year 2010 and it was fully reimbursed by the Finnish tax authorities in May 2011.

Bank interest to be received from the bank for the 4th quarter of 2010 amounting to € 77.183,00 (€38.430,57 in 2009) is also included in sundry receivables.

Furthermore sundry receivables consist of advances paid to staff and of amounts put on hold during the monthly salary payment procedure. It is to be noted that salary advances and mission advances have been taken into account as appropriate also in accrued expenses.

2.1.6. *Deferrals and accruals (asset)*

	31.12.2010	31.12.2009
Accrued income		
Bank interest to be received	142 984,44	5 892,20
Receivable from European Commission	12 500,00	
Receivable from staff - salary decrease 2010	298 170,19	
Total	453 654,63	5 892,20
Deferred charges		
Rent January 2011	474 116,25	
Prepaid software maintenance fees and subscriptions	200 797,35	252 524,97
Total	674 913,60	252 524,97
TOTAL deferrals and accruals (asset)	1 128 568,23	258 417,17

2.1.7. *Cash and cash equivalents*

At the end of the year 2010 the Agency held four bank accounts. The balances were as follows:

	31.12.2010	31.12.2009
Central Bank of Finland	250 000 000,00	
Pohjola Bank 1	21 817 751,05	19 551 523,85
Pohjola Bank 2	19 179 080,93	3 143 118,88
Pohjola Bank 3	2 203,25	
Total	290 999 035,23	22 694 642,73

After considering various options for managing its funds and having a special focus on minimizing the credit risk, ECHA negotiated a contract with the Central Bank of Finland which entered into force on 1 December 2010 with the support of the Management Board. The majority of the cash surplus stemming from payments related to the chemicals' registrations received at the end of 2010 is thus placed in an account with the Central Bank of Finland. The money can be withdrawn by ECHA according to the cash flow needs.

In order to seek for the best market conditions available while minimizing the risk, ECHA also approached the European Investment Bank (EIB) in view of possible cooperation in 2011 to serve the Agency's investment and risk diversification needs.

The substantial cash funds of the Agency will be used for the financing of the Agency's budget in years 2011-2013.

The bank interest is received monthly from the Pohjola Bank and quarterly from the Central Bank of Finland. The interest yielded during the whole year on the bank account used for receiving fee income and on all the bank accounts as from 12.10.2010 (starting date of the € 36 million deposit related to EC subsidy) is the Agency's own revenue. The interest debt against the European Commission is recognised under short-term liabilities (€ 142.997,33 in 2010 and € 220.028,69 in 2009).

2.1.8. *Long-term and short-term provisions for risks and liabilities*

	31.12.2010	31.12.2009
Long-term provisions	103 000,00	357 857,63
Short-term provisions	91 500,00	616 738,08
Total	194 500,00	974 595,71

The substantial decrease in provisions is explained by the following:

The long-term provision (€ 246.857,63) made in year 2009 for the proportion (1,85%) of the 2009 related salary increase to cover the appeal put forward by the European Commission to the Court of Justice was used in year 2010 as a decision in the European Commission's favour was taken by the Court of Justice. The outstanding amount was therefore paid to the Agency staff in December 2010. This explains the decrease in long-term provisions.

Secondly, the short-term provision (€ 565.738,08) made in year 2009 for the Agency's claim for reimbursement for VAT related to the installation costs for the conference centre was used. The outstanding VAT issue could not be resolved in a way that permitted the Finnish Ministry of Finance to reverse its earlier decision. The authorising officer therefore deemed it necessary to write off the VAT receivable.

In addition, the provision for the ongoing legal case related to the inclusion of a substance in the candidate list for substances of very high concern was reclassified to contingent liabilities for the part concerning the complainant costs.

The remaining provisions are thus:

- A long-term provision of € 23.000,00 for an ongoing legal case related to the inclusion of a substance in the candidate list for substances of very high concern in order to cover the costs for the Agency's defence. The contingent liability related to this case is estimated at €80.000,00 and it is at this stage difficult to assess the probability of ECHA having to pay the costs of the complainant.
- Long-term provisions for 6 similar legal cases (in total € 80.000,00) to cover the costs for the Agency's legal defence. The contingent liability related to these cases is estimated at € 480.000,00 and it is at this stage difficult to assess the probability of ECHA having to pay the costs of the complainant.
- A short-term provision of € 45.000,00 relating to a legal case concerning a procurement procedure (the estimated contingent liability related to this case is € 1.500.000,00)
- Short-term provisions for 2 appeal cases (reimbursable registration fees €46.500,00)

2.1.9. *Current payables*

	31.12.2010	31.12.2009
Supplier invoices received	2 094 147,65	1 060 701,30
Supplier invoices under verification	-651 653,68	-186 226,54
Total	1 442 493,97	874 474,76

 2.1.10. *Sundry payables*

	31.12.2010	31.12.2009
Sundry payables to staff	28 351,84	11 945,46
Social security contrib. & income tax payable	164 075,66	89 146,23
Fixed assets received waiting for supplier's invoice	91 927,92	526 374,62
REACH fees to be refunded	723 641,34	34 860,00
Received fees awaiting clarification	93 000,00	0,00
Appeal fees received	2 200,00	0,00
Total	1 103 196,76	662 326,31

 2.1.11. *Accruals (liability)*

The accrued charges is the amount estimated by the authorising officers of the cost incurred for services and goods delivered in year 2010 but not yet invoiced or processed by the end of the year.

	2010	2010 with consolidated entities	2009	2009 with consolidated entities
Administrative expenses				
Staff related expenses	106 177,29		202 289,14	
Untaken leave by staff	1 148 916,00		705 753,84	
Recruitment related expenses	79 465,75		37 212,18	
Interim staff - adm	34 569,78		125 000,00	
Missions	9 039,29		11 381,74	
Training	20 665,12		35 464,08	
Building costs	80 397,14		118 592,10	
Other	95 611,21	160 488,03	410 395,67	204 256,78
Total - Administrative expenses	1 574 841,58	160 488,03	1 646 088,75	204 256,78
Operational expenses				
Management Board meetings	29 433,01		30 332,55	
Committee meetings and workshops	112 084,83		36 860,66	
Operational missions	101 956,00		57 038,08	
Translations	12 900,00	124 418,75	0,00	33 320,00
REACH IT and other IT expenses	1 348 001,21		1 305 657,10	
Interim staff - REACH registration	106 077,00		0,00	
Other	80 715,45	30 000,00	102 755,76	
Total - Operational expenses	1 791 167,50	154 418,75	1 532 644,15	33 320,00
TOTAL	3 366 009,08	314 906,78	3 178 732,90	237 576,78

2.1.12. *Pre-financing liability and other payables against consolidated entities*

In year 2010 the Agency received a balancing EC subsidy of € 36.000.000,00 registered as a pre-financing liability. It was entirely reimbursed to the Commission in March 2011 as the foreseen high level of own fee income of the Agency in 2010 was reached.

The IPA (Instrument for pre-accession assistance) funds € 136.410,00 received in December 2009 from the European Commission are also registered as a pre-financing liability and accrued income of € 24.958,37 is shown against it.

	31.12.2010	31.12.2009
EC Subsidy - Pre-financing received	36 000 000,00	6 947 271,26
IPA - Pre-financing received	136 410,00	136 410,00
<i>Accrued income on IPA Pre-financing</i>	<i>-24 958,37</i>	<i>0,00</i>
Bank interest - to be paid to the EC	142 997,33	220 028,69
Debt to the Translation centre	164 972,71	0,00
Other payables to EC institutions and agencies	5 846,15	4 684,35
Total	36 425 267,82	7 308 394,30

2.2. Notes to the economic outturn account

2.2.1. Operating revenue

The Agency executes its fee income in accordance with the Regulation (EC) No 1907/2006 (the “REACH Regulation”) and the Commission Regulation No 340/2008 on the fees and charges payable to the European Chemicals Agency (the “Fee Regulation”).

Fee income is entered as revenue in the accounts when the service is rendered. The service is considered to be rendered by ECHA when the company submits a request for registration or submits a notification. An invoice is created and sent to the company normally within 2 days. Every submission undergoes a technical and financial completeness check during a period set by the REACH Regulation. If needed, a second deadline both for the technical and financial completeness check is given. These two deadlines are decoupled, the financial second deadline being substantially shorter.

The financial year 2010 was characterised by the registration deadline 30.11.2010 for substances produced or imported amounting to 1000 tonnes or more per year. As foreseen, the majority of the invoicing and the cash receipts took place during the period September – December 2010. Only 2,2% of the total invoiced amount was outstanding at the end of the year.

If a submission is not technically or financially complete (paid) by the relevant second deadline communicated to the registrant the submission is rejected. If the rejection stems from the absence of the payment the related open invoice is set to the final status ‘unpaid’. Consequently the rejection reduces the accrual revenue. All rejections related to invoices issued in year 2010 have been taken into account in the final accounts.

	31.12.2010	31.12.2009
REACH Fee income	355 771 951,40	2 573 845,25
European Commission subsidy	0,00	59 504 316,74
EFTA contribution received via the EC	0,00	1 599 454,35
Revenue with consolidated entities	37 667,82	467 675,00
Transferred fixed assets from the EC	6 400,53	0,00
Reversal of provisions related to legal cases	86 000,00	0,00
Miscellaneous administrative revenue	312 658,66	19 532,40
Exchange rate gains	600,97	1 074,80
Total	356 215 279,38	64 165 898,54

The operating revenue in year 2010 mainly consists of revenue from exchange transactions. The only non-exchange transactions concern exchange rate gains (€ 600,97).

2.2.2. *Operating expenses*

Administrative expenses	2010	2009	Increase/ Decrease
Staff related expenses	37 432 634,51	28 071 149,69	33%
Expenses related to Seconded National Experts	346 450,86	277 062,12	25%
Recruitment related expenses	913 976,27	854 850,74	7%
Interim staff - adm	660 669,40	1 372 767,79	-52%
Missions	111 109,30	111 544,09	0%
Training	391 502,87	475 526,49	-18%
Rent	5 129 607,67	4 208 398,51	22%
Building costs	1 155 943,81	806 674,38	43%
Depreciation/Amortization	3 640 355,62	2 302 228,77	58%
Operating lease	22 555,93	9 307,93	142%
Other	2 752 135,60	4 520 148,57	-39%
Total - Administrative expenses	52 556 941,84	43 009 659,08	22%
Operational expenses	2010	2009	Increase/ Decrease
Management Board meetings	143 656,33	141 588,31	1%
Committee meetings and workshops	1 624 697,94	1 084 750,03	50%
Operational missions	394 193,89	291 072,59	35%
Translations	3 977 181,14	1 257 919,51	216%
REACH IT and other IT expenses	10 884 896,98	6 304 610,36	73%
Interims in REACH registration	646 194,63	0,00	
Other	1 064 562,84	1 744 559,92	-39%
Total - Operational expenses	18 735 383,75	10 824 500,72	73%
TOTAL	71 292 325,59	53 834 159,80	32%

The staff related expenses increased by 33% in comparison to the previous year. Also, to cater for the increase of staff more office space in the same building was rented and this explains the 22% increase in rental expenses.

The reasons for the important increase of depreciation/amortization costs of fixed assets were mainly related to the capitalization of the renovation costs of new premises in the rented building.

The development and maintenance of the REACH IT system and other IT systems constituted the biggest operational cost.

2.2.3. Financial revenue and expenses

	31.12.2010	31.12.2009
Revenue		
Bank interest	350 776,89	16 555,54
Expenses		
Bank charges	982,80	467,09
Interest on late payments	808,59	75,72
Total expenses	1 791,39	542,81

2.3. Off balance sheet items

Contingent assets and liabilities are off balance sheet items. It is uncertain whether they may occur in the future depending on the outcome of past events.

The Agency had no **contingent assets** as at 31.12.2010.

The **contingent liabilities** consist of 8 ongoing legal cases estimated at a total amount of € 2.060.000,00 covering the costs of the complainant (€ 1.500.000,00 in 2009) and of a possible but highly unlikely further legal case (€ 11.908,00) for which the period for claim runs out in summer 2011.

Commitments for future funding are also off balance sheet items. They are specified as follows:

Commitments for future funding	31.12.2010	31.12.2009
Commitments against appropriations not yet consumed	9 623 773,76	18 673 317,64
Operating lease (building and copy machines)	57 842 508,08	64 025 517,20
Contractual commitments for which budget commitments have not yet been made (maintenance, cleaning, security)	746 388,96	830 801,68
Total	68 212 670,80	83 529 636,52

Commitments against appropriations not yet consumed is the remaining net amount to be paid (RAL) after deducting eligible expenses (cut-off postings) that have already been booked in the economic outturn account.

2.4. Related party disclosures

The highest staff grade (Executive Director-Authorising officer) of the Agency in 2010 was AD15 (AD15 in 2009).

2.5. Events after the balance sheet date

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

2.6. Accounting principles, rules and methods

Accounting principles

The final annual accounts of the Agency have been prepared according to Article 78 of the Agency's 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 Commissions' Accounting Officer (Article 43(1) of the Financial Regulation).

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

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.

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, provisions, contingent assets and liabilities. Actual results could differ from those estimates. Changes in estimates are reflected in the period in which they become known.

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 the Agency will not be able to collect all amounts due according to the original terms of receivables.

3. REPORTS ON THE IMPLEMENTATION OF THE BUDGET

3.1. Budget outturn account

		EUR	
		2010	2009
REVENUE			
Commission subsidy	+	36 000 000,00	68 051 042,35
IPA funds	+		136 410,00
Fee income	+	349 652 295,66	2 658 572,25
Other revenue	+	212 766,95	503 194,89
TOTAL REVENUE (a)		385 865 062,61	71 349 219,49
EXPENDITURE			
<i>Title I: Staff</i>			
Payments	-	41 160 205,62	31 180 604,56
Appropriations carried over	-	1 064 210,43	1 272 735,44
<i>Title II: Administrative Expenses</i>			
Payments	-	8 860 383,13	9 088 290,54
Appropriations carried over	-	1 892 836,26	6 478 379,99
<i>Title III: Operating Expenditure</i>			
Payments	-	9 691 025,06	6 636 641,65
Appropriations carried over	-	9 297 693,90	12 402 108,54
TOTAL EXPENDITURE (b)		71 966 354,40	67 058 760,72
OUTTURN FOR THE FINANCIAL YEAR (a-b)		313 898 708,21	4 290 458,77
Cancellation of unused payment appropriations carried over from previous year	+	2 533 156,09	2 658 578,48
Adjustment for carry-over from the previous year of appropriation available at 31.12. arising from assigned revenue	+	138 671,87	1 458,27
Exchange differences for the year (gain +/loss -)	+/-	-4 728,92	-3 224,26
BALANCE OF THE OUTTURN ACCOUNT FOR THE FINANCIAL YEAR		316 565 807,25	6 947 271,26
Balance year N-1	+/-	6 947 271,26	8 702 945,23
Positive balance from year N-1 reimbursed in year N to the Commission	-	-6 947 271,26	-8 702 945,23
BUDGET OUTTURN		316 565 807,25	6 947 271,26
EC subsidy to be reimbursed to the Commission in year N+1	-	-36 000 000,00	-6 947 271,26
Reserve for funding of future budgets of the Agency		280 565 807,25	0,00

The detailed budget execution is set out in:

- Appendix 1 Budget Execution / Fund source C1 – Current year appropriations
- Appendix 2 Budget Execution / Fund sources C4, C5 and R0 – Assigned revenue
- Appendix 3 Differentiated appropriations (Budget line 3801)
- Appendix 4 Budget Execution / Fund source C8 – Appropriations carried over
- Appendix 5 Summary of transfers of appropriations among the various budget lines

3.2. Reconciliation of economic outturn and budgetary outturn

The Agency's financial statements 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, the Agency 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)	+/-	285 271 939,29
<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)	-	-3 227 684,51
Adjustments for Accrual Cut-off (cut- off 31.12.N)	+	2 475 548,63
Amount from liaison account with Commission booked in the Economic Outturn Account	-	
Unpaid invoices at year end but booked in charges (class 6)	+	1 359 318,53
Depreciation of intangible and tangible fixed assets (1)	+	3 640 355,62
Provisions (1)	+	40 500,00
Value reductions (1)	+	0,00
Recovery Orders issued in in class 7 and not yet cashed	-	-6 750 470,84
Pre-financing given in previous year and cleared in the year	+	1 607 540,09
Pre-financing received in previous year and cleared in the year	-	0,00
Payments made from carry over of payment appropriations	+	17 483 657,88
Other (2)	+/-	234 571,53
Exchange rate differences	+/-	
<i>Adjustment for budgetary items (item included in the budgetary result but not in the economic result)</i>		
Asset acquisitions (less unpaid amounts)	-	-10 328 180,05
New pre-financing paid in the year and remaining open as at	-	-166 458,00
New pre-financing received in the year and remaining open as at	+	36 000 000,00
Budgetary recovery orders issued before and cashed in the year	+	0,00
Budgetary recovery orders issued in on balance sheet accounts (not 7 or 6 accounts) and cashed	+	0,00
Capital payments on financial leasing (they are budgetary payments but not in the economic result)	-	0,00
Payment appropriations carried over to 2011	-	-12 254 740,59
Cancellation of unused carried over payment appropriations from previous year	+	2 533 156,09
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	+	138 671,87
Other (3)	+/-	-1 491 918,29
total		316 565 807,25
Budgetary result (+ for surplus) (4)		316 565 807,25
Delta not explained		0,00

1) Impact of the year

2) Fixed assets transfer from EC (€-6.400,53) and other misc items (€240.972,06)

3) Fee income registered in budget 2010 but to be refunded in year 2011 (€ 498.623,00), use of provisions paid from budget (€ 565.738,08), accrual 2009 paid from 2010 budget (€427.557,21)

European Chemicals Agency - Provisional Annual Accounts - 2010
Appendix 1 - Budget Execution / Fund source C1 - Current year appropriations - 2010

BL	Budget Line Description	Commitment Appropriation Transaction Amount (1)	Executed Commitment Amount (2)	% Committed (2)/(1)	Payment Appropriation Transaction Amount (3)	Executed Payment Amount (4)	% Paid (4)/(3)	Carried over RAL (C8) (2)-(4)	Cancelled (1)-(2)
A01100	Basic salaries	23 279 859,64	23 279 859,64	100,00%	23 279 859,64	23 279 859,64	100,00%	0,00	0,00
A01101	Family allowances	2 382 621,79	2 382 621,79	97,25%	2 450 000,00	2 382 621,79	97,25%	0,00	67 378,21
A01102	Expatriation and foreign residence allowances	2 649 100,00	2 612 971,64	98,64%	2 649 100,00	2 612 971,64	98,64%	0,00	36 128,36
A-110	total A-110	28 378 959,64	28 275 453,07	99,64%	28 378 959,64	28 275 453,07	99,64%	0,00	103 506,57
A01112	Contract agents	1 775 100,00	1 636 198,02	92,17%	1 775 100,00	1 636 198,02	92,17%	0,00	138 901,98
A01113	Seconded national experts	411 245,00	346 450,86	84,24%	411 245,00	346 450,86	84,24%	0,00	64 794,14
A01114	Trainees	88 134,06	71 931,14	81,62%	88 134,06	71 931,14	81,62%	0,00	16 202,92
A-111	total A-111	2 274 479,06	2 054 580,02	90,33%	2 274 479,06	2 054 580,02	90,33%	0,00	219 899,04
A01130	Insurance against sickness	810 000,00	801 471,22	98,95%	810 000,00	801 471,22	98,95%	0,00	8 528,78
A01131	Insur against accidents and occupational disease	168 300,00	166 858,13	99,14%	168 300,00	166 858,13	99,14%	0,00	1 441,87
A01132	Unemployment insurance	314 200,00	301 304,89	95,90%	314 200,00	301 304,89	95,90%	0,00	12 895,11
A-113	total A-113	1 292 500,00	1 269 634,24	98,23%	1 292 500,00	1 269 634,24	98,23%	0,00	22 865,76
A01140	Childbirth and death allowances and grants	5 200,00	2 578,03	49,58%	5 200,00	2 578,03	49,58%	0,00	2 621,97
A01141	Travel expenses for annual leave	695 000,00	677 900,72	97,54%	695 000,00	677 900,72	97,54%	0,00	17 099,28
A01142	Other allowances and grants	2 239,31	2 239,31	100,00%	2 239,31	2 239,31	100,00%	0,00	0,00
A01147	Shiftwork and stand-by duty	18 200,00	10 513,90	57,77%	18 200,00	10 513,90	57,77%	0,00	7 686,10
A-114	total A-114	720 639,31	693 231,96	96,20%	720 639,31	693 231,96	96,20%	0,00	27 407,35
A01150	Overtime	45 000,00	1 603,57	3,56%	45 000,00	1 603,57	3,56%	0,00	43 396,43
A-115	total A-115	45 000,00	1 603,57	3,56%	45 000,00	1 603,57	3,56%	0,00	43 396,43
A01190	Weightings	5 355 223,26	5 355 223,26	100,00%	5 355 223,26	5 355 223,26	100,00%	0,00	0,00
A-119	total A-119	5 355 223,26	5 355 223,26	100,00%	5 355 223,26	5 355 223,26	100,00%	0,00	0,00
A-11	total A-11	38 066 801,27	37 649 726,12	98,90%	38 066 801,27	37 649 726,12	98,90%	0,00	417 075,15
A01200	Recruitment expenses	1 199 900,00	1 018 458,85	84,88%	1 199 900,00	733 975,43	61,17%	284 483,42	181 441,15
A01201	Install, resettl, removal and daily allow. and tra	1 120 000,00	1 120 000,00	100,00%	1 120 000,00	1 061 154,60	94,75%	58 845,40	0,00
A-120	total A-120	2 319 900,00	2 138 458,85	92,18%	2 319 900,00	1 795 130,03	77,38%	343 328,82	181 441,15
A-12	total A-12	2 319 900,00	2 138 458,85	92,18%	2 319 900,00	1 795 130,03	77,38%	343 328,82	181 441,15
A01300	Missions exp. duty travel exp and ancillary exp	45 000,00	45 000,00	100,00%	45 000,00	40 026,03	88,95%	4 973,97	0,00
A-130	total A-130	45 000,00	45 000,00	100,00%	45 000,00	40 026,03	88,95%	4 973,97	0,00
A-13	total A-13	45 000,00	45 000,00	100,00%	45 000,00	40 026,03	88,95%	4 973,97	0,00
A01400	Restaurants and canteens	96 301,00	96 301,00	100,00%	96 301,00	88 227,03	91,62%	8 073,97	0,00
A-140	total A-140	96 301,00	96 301,00	100,00%	96 301,00	88 227,03	91,62%	8 073,97	0,00
A01410	Medical service	398 800,00	314 646,35	78,90%	398 800,00	169 847,35	42,59%	144 799,00	84 153,65
A-141	total A-141	398 800,00	314 646,35	78,90%	398 800,00	169 847,35	42,59%	144 799,00	84 153,65
A01421	Special allowance for handicapped	5 000,00	5 000,00	100,00%	5 000,00	0,00	0,00%	5 000,00	0,00
A01423	Social contacts between staff	87 000,00	62 730,09	72,10%	87 000,00	20 777,42	23,88%	41 952,67	24 269,91
A-142	total A-142	92 000,00	67 730,09	73,62%	92 000,00	20 777,42	22,58%	46 952,67	24 269,91
A01441	Early childhood centres and schooling	67 800,00	67 800,00	100,00%	67 800,00	22 233,91	32,79%	45 566,09	0,00
A-144	total A-144	67 800,00	67 800,00	100,00%	67 800,00	22 233,91	32,79%	45 566,09	0,00
A-14	total A-14	654 901,00	546 477,44	83,44%	654 901,00	301 085,71	45,97%	245 391,73	108 423,56
A01500	Further training and language courses for staff	814 989,19	658 309,17	80,78%	814 989,19	436 717,17	53,59%	221 592,00	156 680,02
A-150	total A-150	814 989,19	658 309,17	80,78%	814 989,19	436 717,17	53,59%	221 592,00	156 680,02
A-15	total A-15	814 989,19	658 309,17	80,78%	814 989,19	436 717,17	53,59%	221 592,00	156 680,02
A01601	Administ assistance from Community institutions	631 700,00	544 857,61	86,25%	631 700,00	379 319,98	60,05%	165 537,63	86 842,39
A01602	Interim services	879 343,38	629 343,00	71,57%	879 343,38	547 583,50	62,27%	81 759,50	250 000,38
A-160	total A-160	1 511 043,38	1 174 200,61	77,71%	1 511 043,38	926 903,48	61,34%	247 297,13	336 842,77
A-16	total A-16	1 511 043,38	1 174 200,61	77,71%	1 511 043,38	926 903,48	61,34%	247 297,13	336 842,77
A01700	Entertainment and representation expenses	14 000,00	9 368,54	66,92%	14 000,00	8 738,76	62,42%	629,78	4 631,46
A-170	total A-170	14 000,00	9 368,54	66,92%	14 000,00	8 738,76	62,42%	629,78	4 631,46
A-17	total A-17	14 000,00	9 368,54	66,92%	14 000,00	8 738,76	62,42%	629,78	4 631,46
A-1	TOTAL Title 1	43 426 634,84	42 221 540,73	97,22%	43 426 634,84	41 158 327,30	94,78%	1 063 213,43	1 205 094,11

European Chemicals Agency - Provisional Annual Accounts - 2010
Appendix 1 - Budget Execution / Fund source C1 - Current year appropriations - 2010

BL	Budget Line Description	Commitment Appropriation Transaction Amount (1)	Executed Commitment Amount (2)	% Committed (2)/(1)	Payment Appropriation Transaction Amount (3)	Executed Payment Amount (4)	% Paid (4)/(3)	Carried over RAL (C8) (2)-(4)	Cancelled (1)-(2)
A02000	Rental costs	5 749 602,07	5 692 436,82	99,01%	5 749 602,07	5 692 436,82	99,01%	0,00	57 165,25
A-200	total A-200	5 749 602,07	5 692 436,82	99,01%	5 749 602,07	5 692 436,82	99,01%	0,00	57 165,25
A02010	Insurance	14 127,93	14 127,93	100,00%	14 127,93	13 861,93	98,12%	266,00	0,00
A-201	total A-201	14 127,93	14 127,93	100,00%	14 127,93	13 861,93	98,12%	266,00	0,00
A02020	Water, gas, electricity, heating	280 000,00	280 000,00	100,00%	280 000,00	237 037,08	84,66%	42 962,92	0,00
A-202	total A-202	280 000,00	280 000,00	100,00%	280 000,00	237 037,08	84,66%	42 962,92	0,00
A02030	Cleaning and maintenance	255 521,59	213 447,84	83,53%	255 521,59	184 694,44	72,28%	28 753,40	42 073,75
A-203	total A-203	255 521,59	213 447,84	83,53%	255 521,59	184 694,44	72,28%	28 753,40	42 073,75
A02040	Fitting out of premises	116 900,00	66 459,82	56,85%	116 900,00	57 859,04	49,49%	8 600,78	50 440,18
A-204	total A-204	116 900,00	66 459,82	56,85%	116 900,00	57 859,04	49,49%	8 600,78	50 440,18
A02050	Security and surveillance of the building	603 171,87	516 432,40	85,62%	603 171,87	450 237,01	74,64%	66 195,39	86 739,47
A-205	total A-205	603 171,87	516 432,40	85,62%	603 171,87	450 237,01	74,64%	66 195,39	86 739,47
A02060	Prel exp to constr. acquis or rent of imm prop	0,00	0,00	0,00%	0,00	0,00	0,00%	0,00	0,00
A-206	total A-206	0,00	0,00	0,00%	0,00	0,00	0,00%	0,00	0,00
A-20	total A-20	7 019 323,46	6 782 904,81	96,63%	7 019 323,46	6 636 126,32	94,54%	146 778,49	236 418,65
A02100	ICT Equipment - Hardware and software	827 641,29	714 332,14	86,31%	827 641,29	618 120,67	74,68%	96 211,47	113 309,15
A02101	ICT Maintenance	722 994,39	359 827,38	49,73%	722 994,39	235 012,72	32,51%	124 514,66	363 467,01
A02103	Analysis, progr, techn assist, oth ext services	1 739 821,28	1 734 192,41	99,68%	1 739 821,28	480 545,65	27,62%	1 253 646,76	5 628,87
A02106	Telecommunication equipment	130 839,00	99 055,80	75,71%	130 839,00	45 770,01	34,98%	53 285,79	31 783,20
A02107	Telecommunication charges	135 460,50	125 671,70	92,77%	135 460,50	83 541,37	61,67%	42 130,33	9 788,80
A-210	total A-210	3 556 756,46	3 032 779,43	85,27%	3 556 756,46	1 462 990,42	41,13%	1 569 789,01	523 977,03
A-21	total A-21	3 556 756,46	3 032 779,43	85,27%	3 556 756,46	1 462 990,42	41,13%	1 569 789,01	523 977,03
A02200	Technical equipment and installations	105 126,02	63 963,23	60,84%	105 126,02	48 892,64	46,51%	15 070,59	41 162,79
A-220	total A-220	105 126,02	63 963,23	60,84%	105 126,02	48 892,64	46,51%	15 070,59	41 162,79
A02210	Furniture	401 943,27	379 681,32	94,46%	401 943,27	378 348,53	94,13%	1 332,79	22 261,95
A-221	total A-221	401 943,27	379 681,32	94,46%	401 943,27	378 348,53	94,13%	1 332,79	22 261,95
A02250	Documentation and library expenditure	49 251,66	46 858,01	95,14%	49 251,66	44 901,01	91,17%	1 957,00	2 393,65
A-225	total A-225	49 251,66	46 858,01	95,14%	49 251,66	44 901,01	91,17%	1 957,00	2 393,65
A-22	total A-22	556 320,95	490 502,56	88,17%	556 320,95	472 142,18	84,87%	18 360,38	65 818,39
A02300	Stationary and office supplies	185 000,00	179 433,01	96,99%	185 000,00	178 686,45	96,59%	746,56	5 566,99
A-230	total A-230	185 000,00	179 433,01	96,99%	185 000,00	178 686,45	96,59%	746,56	5 566,99
A02320	Bank and other financial charges	14 550,00	14 550,00	100,00%	14 550,00	497,70	3,42%	14 052,30	0,00
A-232	total A-232	14 550,00	14 550,00	100,00%	14 550,00	497,70	3,42%	14 052,30	0,00
A02330	Legal expenses	143 000,00	123 000,00	86,01%	143 000,00	14 000,00	9,79%	109 000,00	20 000,00
A-233	total A-233	143 000,00	123 000,00	86,01%	143 000,00	14 000,00	9,79%	109 000,00	20 000,00
A02350	Miscellaneous insurance	11 043,46	11 043,46	100,00%	11 043,46	4 199,54	38,03%	6 843,92	0,00
A02351	Transportation and removal services	5 000,00	647,70	12,95%	5 000,00	647,70	12,95%	0,00	4 352,30
A-2353	Other operating expenditure	1 000,00	0,00	0,00%	1 000,00	0,00	0,00%	1 000,00	0,00
A02354	Postage and delivery charges	33 000,00	24 734,89	74,95%	33 000,00	14 734,89	44,65%	10 000,00	8 265,11
A02355	Business Consultancy	67 000,00	63 880,00	95,34%	67 000,00	63 880,00	95,34%	0,00	3 120,00
A02356	Administrative translation and interpretation cost	11 000,00	5 616,00	51,05%	11 000,00	5 616,00	51,05%	0,00	5 384,00
A02357	Publications	5 590,00	3 505,86	62,72%	5 590,00	713,43	12,76%	2 792,43	2 084,14
A-235	total A-235	133 633,46	109 427,91	81,89%	133 633,46	89 791,56	67,19%	19 636,35	24 205,55
A-23	total A-23	476 183,46	426 410,92	89,55%	476 183,46	282 975,71	59,43%	143 435,21	49 772,54
A02500	Administrative meeting expenditures	15 696,72	7 130,20	45,42%	15 696,72	6 130,20	39,05%	1 000,00	8 566,52
A-250	total A-250	15 696,72	7 130,20	45,42%	15 696,72	6 130,20	39,05%	1 000,00	8 566,52
A-25	total A-25	15 696,72	7 130,20	45,42%	15 696,72	6 130,20	39,05%	1 000,00	8 566,52
A-2	Total Title 2	11 624 281,05	10 739 727,92	92,39%	11 624 281,05	8 860 364,83	76,22%	1 879 363,09	884 553,13

European Chemicals Agency - Final Annual Accounts - 2010
Appendix 1 - Budget Execution / Fund source C1 - Current year appropriations - 2010

BL	Budget Line Description	Commitment Appropriation Transaction Amount (1)	Executed Commitment Amount (2)	% Committed (2)/(1)	Payment Appropriation Transaction Amount (3)	Executed Payment Amount (4)	% Paid (4)/(3)	Carried over RAL (C8) (2)-(4)	Cancelled (1)-(2)
B03003	Registration, datasharing and dissemination	932 879,00	866 957,24	92,93%	932 879,00	608 181,20	65,19%	258 776,04	65 921,76
B03004	Evaluation	95 000,89	72 870,48	76,71%	95 000,89	31 329,73	32,98%	41 540,75	22 130,41
B03005	Auhtorisations and restrictions	226 300,00	177 397,95	78,39%	226 300,00	40 978,78	18,11%	136 419,17	48 902,05
B03006	Classification and labelling	50 150,00	29 450,00	58,72%	50 150,00	27,90	0,06%	29 422,10	20 700,00
B03007	Advice and assistance through guidance and helpdes	387 683,32	326 322,31	84,17%	387 683,32	192 401,92	49,63%	133 920,39	61 361,01
B03008	Scientific IT tools	10 044 009,20	9 264 790,42	92,24%	10 044 009,20	3 422 058,43	34,07%	5 842 731,99	779 218,78
B3-00	total B3-00	11 736 022,41	10 737 788,40	91,49%	11 736 022,41	4 294 977,96	36,60%	6 442 810,44	998 234,01
B03011	Committees and Forum	1 580 699,75	1 276 481,73	80,75%	1 580 699,75	658 468,13	41,66%	618 013,60	304 218,02
B03012	Board of appeal	73 200,00	34 511,93	47,15%	73 200,00	31 511,93	43,05%	3 000,00	38 688,07
B03013	Communication	4 852 000,00	4 704 645,47	96,96%	4 852 000,00	3 251 653,40	67,02%	1 452 992,07	147 354,53
B3-01	total B3-01	6 505 899,75	6 015 639,13	92,46%	6 505 899,75	3 941 633,46	60,59%	2 074 005,67	490 260,62
B03022	Management Board and management of the Agency	922 001,95	888 109,91	96,32%	922 001,95	468 883,27	50,85%	419 226,64	33 892,04
B3-02	total B3-02	922 001,95	888 109,91	96,32%	922 001,95	468 883,27	50,85%	419 226,64	33 892,04
B03030	Missions	471 300,00	471 300,00	100,00%	471 300,00	330 801,48	70,19%	140 498,52	0,00
B03031	External training	174 000,00	109 701,00	63,05%	174 000,00	0,00	0,00%	109 701,00	64 299,00
B3-03	total B3-03	645 300,00	581 001,00	90,04%	645 300,00	330 801,48	51,26%	250 199,52	64 299,00
B3-0	total B3-0	19 809 224,11	18 222 538,44	91,99%	19 809 224,11	9 036 296,17	45,62%	9 186 242,27	1 586 685,67
B03801*	Cooperation with international org for IT programmes	150 000,00	81 800,00	54,53%	621 560,00	621 005,07	99,91%	0,00	68 200,00
B3-80	total B3-80	150 000,00	81 800,00	54,53%	621 560,00	621 005,07	99,91%	0,00	68 200,00
B3-8	total B3-8	150 000,00	81 800,00	54,53%	621 560,00	621 005,07	99,91%	0,00	68 200,00
B03901	IPA program	0,00	0,00	0,00%	0,00	0,00	0,00%	0,00	0,00
B3-90	total B3-90	0,00	0,00	0,00%	0,00	0,00	0,00%	0,00	0,00
B3-9	total B3-9	0,00	0,00	0,00%	0,00	0,00	0,00%	0,00	0,00
B0-3	Total Title 3	19 959 224,11	18 304 338,44	91,71%	20 430 784,11	9 657 301,24	47,27%	9 186 242,27	1 654 885,67
TOTAL	TOTAL	75 010 140,00	71 265 607,09	95,01%	75 481 700,00	59 675 993,37	79,06%	12 128 818,79	3 744 532,91

* The appropriations on budget line 3801 are of the type differentiated appropriations

European Chemicals Agency - Final Annual Accounts - 2010
Appendix 2 - Budget Execution / Fund sources C4, C5 and R0 - Assigned revenue - 2010

BL	Description	CD/ CND	FS	Commitments Appropriations	Commitments Established	Com %	Payments Appropriations	Payments Executed	Pay%	Carried over commitment appropriations	Carried over payment appropriations
A01300	Missions exp, duty travel exp and ancillary exp	CND	C4	64,50	64,50	100,00%	64,50	64,50	100,00%	0,00	0,00
A01410	Medical service	CND	C4	997,00	0,00	0,00%	997,00	0,00	0,00%	997,00	997,00
A02250	Documentation and library expenditure	CND	C4	13 473,17	215,19	1,60%	13 473,17	0,00	0,00%	13 257,98	13 473,17
A02300	Stationary and office supplies	CND	C4	18,30	18,30	100,00%	18,30	18,30	100,00%	0,00	0,00
B03030	Missions	CND	C4	8 317,40	8 317,40	100,00%	8 317,40	8 317,40	100,00%	0,00	0,00
Total			C4	22 870,37	8 615,39	37,67%	22 870,37	8 400,20	36,73%	14 254,98	14 470,17

BL	Description	CD/ CND	FS	Commitments Appropriations	Commitments Established	Com %	Payments Appropriations	Payments Executed	Pay%	Carried over commitment appropriations	Carried over payment appropriations
A01300	Missions exp, duty travel exp and ancillary exp	CND	C5	1 813,82	1 813,82	100,00%	1 813,82	1 813,82	100,00%	0,00	0,00
B03030	Missions	CND	C5	448,05	448,05	100,00%	448,05	448,05	100,00%	0,00	0,00
Total			C5	2 261,87	2 261,87	100,00%	2 261,87	2 261,87	100,00%	0,00	0,00

BL	Description	CD/ CND	FS	Commitments Appropriations	Commitments Established	Com %	Payments Appropriations	Payments Executed	Pay%	Carried over commitment appropriations	Carried over payment appropriations
B03901	IPA program	CND	R0	136 410,00	136 410,00	100,00%	136 410,00	24 958,37	18,30%	0,00	111 451,63
Total			R0	136 410,00	136 410,00	100,00%	136 410,00	24 958,37	18,30%	0,00	111 451,63

TOTAL				161 542,24	147 287,26	91,18%	161 542,24	35 620,44	22,05%	14 254,98	125 921,80
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European Chemicals Agency - Final Annual Accounts - 2010						
Appendix 3 - Differentiated Appropriations - BL B03801 - 2010						
Commitment Appropriations		Payment Appropriations				
previous years	2010	previous years	2010	2011	2012	2013
2 198 950,00	81 800,00	471 725,00	621 005,07	516 229,93	383 880,00	287 910,00

European Chemicals Agency - Final Annual Accounts - 2010

Appendix 4 - Budget Execution / Fund source C8 - Appropriations carried over - 2010

TITLE	BL	Description	CD/ CND	FS	Commitments Appropriations	Commitments Established	Com %	Payments Appropriations	Payments Executed	Pay%	Cancelled
A-1	A01200	Recruitment expenses	CND	C8	248 853,68	248 853,68	100,00%	248 853,68	217 167,25	87,27%	31 686,43
A-1	A01201	Install, resettl, removal and daily allow. and tra	CND	C8	181 681,41	181 681,41	100,00%	181 681,41	167 551,86	92,22%	14 129,55
A-1	A01300	Missions exp, duty travel exp and ancillary exp	CND	C8	25 413,06	25 413,06	100,00%	25 413,06	15 716,67	61,84%	9 696,39
A-1	A01400	Restaurants and canteens	CND	C8	9 702,59	9 702,59	100,00%	9 702,59	5 205,47	53,65%	4 497,12
A-1	A01410	Medical service	CND	C8	62 165,66	62 165,66	100,00%	62 165,66	43 506,30	69,98%	18 659,36
A-1	A01430	Social contacts between staff	CND	C8	33 785,82	33 785,82	100,00%	33 785,82	27 952,92	82,74%	5 832,90
A-1	A01441	Early childhood centres and schooling	CND	C8	17 008,15	17 008,15	100,00%	17 008,15	13 020,06	76,55%	3 988,09
A-1	A01500	Further training and language courses for staff	CND	C8	220 773,46	220 773,46	100,00%	220 773,46	210 149,72	95,19%	10 623,74
A-1	A01601	Administ assistance from Community institutions	CND	C8	128 015,24	128 015,24	100,00%	128 015,24	103 168,92	80,59%	24 846,32
A-1	A01602	Interim services	CND	C8	281 193,56	281 193,56	100,00%	281 193,56	212 853,41	75,70%	68 340,15
A-1	A01603	Consultancy	CND	C8	60 179,48	60 179,48	100,00%	60 179,48	58 268,88	96,83%	1 910,60
A-1	A01700	Entertainment and representation expenses	CND	C8	2 149,51	2 149,51	100,00%	2 149,51	140,00	6,51%	2 009,51
A-1					Sum:	1 270 921,62	100,00%	1 270 921,62	1 074 701,46	84,56%	196 220,16

TITLE	BL	Description	CD/ CND	FS	Commitments Appropriations	Commitments Established	Com %	Payments Appropriations	Payments Executed	Pay%	Cancelled
A-2	A02010	Insurance	CND	C8	3 108,76	3 108,76	100,00%	3 108,76	144,45	4,65%	2 964,31
A-2	A02020	Water, gas, electricity, heating	CND	C8	103 227,65	103 227,65	100,00%	103 227,65	103 227,65	100,00%	0,00
A-2	A02030	Cleaning and maintenance	CND	C8	27 981,56	27 981,56	100,00%	27 981,56	21 078,37	75,33%	6 903,19
A-2	A02040	Fitting out of premises	CND	C8	4 373 811,29	4 373 811,29	100,00%	4 373 811,29	3 185 567,11	72,83%	1 188 244,18
A-2	A02050	Security and surveillance of the building	CND	C8	165 305,00	165 305,00	100,00%	165 305,00	160 144,01	96,88%	5 160,99
A-2	A02100	ICT Equipment - Hardware and software	CND	C8	357 157,31	357 157,31	100,00%	357 157,31	357 157,31	100,00%	0,00
A-2	A02101	ICT Maintenance	CND	C8	55 679,14	55 679,14	100,00%	55 679,14	55 679,14	100,00%	0,00
A-2	A02102	ICT External services and training	CND	C8	70 158,75	70 158,75	100,00%	70 158,75	70 158,75	100,00%	0,00
A-2	A02103	Analysis, progr, techn assist, oth ext services	CND	C8	633 778,21	633 778,21	100,00%	633 778,21	562 877,62	88,81%	70 900,59
A-2	A02104	ICT Security	CND	C8	274 941,10	274 941,10	100,00%	274 941,10	246 546,07	89,67%	28 395,03
A-2	A02200	Technical equipment and installations	CND	C8	38 934,22	38 934,22	100,00%	38 934,22	38 219,49	98,16%	714,73
A-2	A02201	Maint & repair of tech equipm	CND	C8	12 843,54	12 843,54	100,00%	12 843,54	3 025,90	23,56%	9 817,64
A-2	A02210	Furniture	CND	C8	130 755,20	130 755,20	100,00%	130 755,20	119 418,00	91,33%	11 337,20
A-2	A02250	Documentation and library expenditure	CND	C8	147 159,82	147 159,82	100,00%	147 159,82	138 338,91	94,01%	8 820,91
A-2	A02300	Stationary and office supplies	CND	C8	302,93	302,93	100,00%	302,93	302,93	100,00%	0,00
A-2	A02320	Bank and other financial charges	CND	C8	115,00	115,00	100,00%	115,00	115,00	100,00%	0,00
A-2	A02330	Legal expenses	CND	C8	10 911,16	10 911,16	100,00%	10 911,16	0,00	0,00%	10 911,16
A-2	A02350	Miscellaneous insurance	CND	C8	2 629,30	2 629,30	100,00%	2 629,30	663,60	25,24%	1 965,70
A-2	A02353	Other operating expenditure	CND	C8	949,73	949,73	100,00%	949,73	480,25	50,57%	469,48
A-2	A02390	Publications	CND	C8	1 094,14	1 094,14	100,00%	1 094,14	802,19	73,32%	291,95
A-2	A02400	Postage and delivery charges	CND	C8	7 967,77	7 967,77	100,00%	7 967,77	5 205,93	65,34%	2 761,84
A-2	A02410	Telecommunication charges	CND	C8	14 721,48	14 721,48	100,00%	14 721,48	14 721,48	100,00%	0,00
A-2	A02411	Telecommunications equipment	CND	C8	43 746,49	43 746,49	100,00%	43 746,49	43 746,49	100,00%	0,00
A-2	A02500	Administrative meeting expenditures	CND	C8	1 100,44	1 100,44	100,00%	1 100,44	710,07	64,53%	390,37
A-2					Sum:	6 478 379,99	100,00%	6 478 379,99	5 128 330,72	79,16%	1 350 049,27

TITLE	BL	Description	CD/ CND	FS	Commitments Appropriations	Commitments Established	Com %	Payments Appropriations	Payments Executed	Pay%	Cancelled
B0-3	B03000	Reimburs. of pers. invit. attend mtngs and confer	CND	C8	129 821,15	129 821,15	100,00%	129 821,15	69 099,31	53,23%	60 721,84
B0-3	B03001	Catering and venue	CND	C8	50 721,00	50 721,00	100,00%	50 721,00	42 934,19	84,65%	7 786,81
B0-3	B03010	Mission, duty travel exp. and ancillary expend.	CND	C8	8 889,32	8 889,32	100,00%	8 889,32	8 889,32	100,00%	0,00
B0-3	B03020	Specialised technical training for staff	CND	C8	129 735,31	129 735,31	100,00%	129 735,31	122 694,84	94,57%	7 040,47
B0-3	B03021	Specialised technical training for stakeholders	CND	C8	11 627,14	11 627,14	100,00%	11 627,14	3 953,80	34,00%	7 673,34
B0-3	B03100	Reimburs. of pers. invit. attend mtngs and confer	CND	C8	222 286,32	222 286,32	100,00%	222 286,32	120 299,81	54,12%	101 986,51
B0-3	B03101	Catering and venue	CND	C8	9 191,11	9 191,11	100,00%	9 191,11	6 594,27	71,75%	2 596,84
B0-3	B03110	Helpdesk activity support tools	CND	C8	170 240,00	170 240,00	100,00%	170 240,00	154 002,00	90,46%	16 238,00
B0-3	B03111	Technical guidance dissemination	CND	C8	322 030,00	322 030,00	100,00%	322 030,00	311 196,19	96,64%	10 833,81
B0-3	B03200	Translation	CND	C8	740 994,00	740 994,00	100,00%	740 994,00	696 093,75	93,94%	44 900,25
B0-3	B03201	Publications	CND	C8	29 433,83	29 433,83	100,00%	29 433,83	28 065,81	95,35%	1 368,02
B0-3	B03202	Other communication costs	CND	C8	919 533,08	919 533,08	100,00%	919 533,08	908 698,76	98,82%	10 834,32
B0-3	B03300	Rimnt of Mbers and inv exps cost rel attend to mtg	CND	C8	143 663,16	143 663,16	100,00%	143 663,16	69 983,07	48,71%	73 680,09
B0-3	B03301	Catering and venue	CND	C8	9 449,62	9 449,62	100,00%	9 449,62	4 328,15	45,80%	5 121,47
B0-3	B03312	Other contracts	CND	C8	60 025,00	60 025,00	100,00%	60 025,00	36 567,79	60,92%	23 457,21
B0-3	B03400	Hardware, software, licenses	CND	C8	3 241 084,41	3 241 084,41	100,00%	3 241 084,41	3 241 084,41	100,00%	0,00
B0-3	B03401	Maintenance of hard- and software	CND	C8	720 050,95	720 050,95	100,00%	720 050,95	720 050,95	100,00%	0,00
B0-3	B03402	Telecommunication	CND	C8	8 568,04	8 568,04	100,00%	8 568,04	8 568,04	100,00%	0,00
B0-3	B03403	Other expenditure	CND	C8	259 123,50	259 123,50	100,00%	259 123,50	228 780,41	88,29%	30 343,09
B0-3	B03410	Database IUCLID	CND	C8	700 000,00	700 000,00	100,00%	700 000,00	700 000,00	100,00%	0,00
B0-3	B03411	REACH-IT	CND	C8	3 496 862,51	3 496 862,51	100,00%	3 496 862,51	3 152 370,32	90,15%	344 492,19
B0-3	B03412	Chem Sfty Assessm/Chem Sfty Rport Tool (CSA/CSR)	CND	C8	296 729,54	296 729,54	100,00%	296 729,54	254 928,49	85,91%	41 801,05
B0-3	B03413	Oth sftw dvlpmnt and maint ctrs rel. to REACH opr	CND	C8	202 096,83	202 096,83	100,00%	202 096,83	184 346,83	91,22%	17 750,00
B0-3	B03500	Studies and consultancy	CND	C8	351 534,22	351 534,22	100,00%	351 534,22	176 660,49	50,25%	174 873,73
B0-3	B03502	Meetings	CND	C8	1 900,45	1 900,45	100,00%	1 900,45	0,00	0,00%	1 900,45
B0-3	B03601	Transl. and oth costs rel. to Board of Appeal	CND	C8	27 500,00	27 500,00	100,00%	27 500,00	26 775,00	97,36%	725,00
B0-3	B03701	Meetings and conferences and related expenditure	CND	C8	2 160,00	2 160,00	100,00%	2 160,00	1 397,83	64,71%	762,17
B0-3					Sum:	12 265 250,49	100,00%	12 265 250,49	11 278 363,83	91,95%	986 886,66

TOTAL					Sum:	20 014 552,10	100,00%	20 014 552,10	17 481 396,01	87,34%	2 533 156,09
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1. BUDGET AND FINANCIAL MANAGEMENT 2010

As stated in Article 76 of the Financial Regulation applicable to the budget of ECHA, the annual accounts of the Agency are 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 the relevant part will be part of his Annual Activity Report.

1.1 Budget

In accordance with the REACH Regulation (No 1907/2006), ECHA is financed through fees paid by industry for registrations of chemical substances and by a possible Community subsidy as referred to in Article 185 of the general Financial Regulation. In 2010, ECHA was in effect fully financed through fee income and received a temporary reimbursable subsidy from the EC only to balance its cash-flow needs during the first half of the year.

The initial budgetary payment appropriations for 2010 as concluded by the Management Board in December 2009 amounted to € 86.481.700. During year 2010 the Management Board adopted two amending budgets decreasing the budget expenditure by € 11.000.000 (12.7%) in total.

1.2 Budget revenue

The funding of the budget of ECHA in 2010 was as follows:

Heading	Initial budget	Amending budgets 1/2010 and 2/2010	Final budget	Entitlements established	Revenue received
Fees and charges collected from registrations	41 215 080,00	-2 238 380,00	38 976 700,00	349 652 295,66	349 652 295,66
Fees and charges from appeals	230 000,00		230 000,00		
European Community contribution (including EFTA contribution)	44 693 030,00	-8 698 030,00	35 995 000,00	36 000 000,00	36 000 000,00
IPA European Community contribution	63 590,00	-63 590,00	0,00		
Revenue from bank interest on fee income	80 000,00		80 000,00	189 199,30	189 199,30
Other	200 000,00		200 000,00	24 303,75	23 567,65
	86 481 700,00	-11 000 000,00	75 481 700,00	385 865 798,71	385 865 062,61

The temporary EC subsidy contribution (€ 36 million) will be entirely reimbursed to the European Commission in year 2011 upon receiving the corresponding debit note.

Fee income

The fees and charges collected by ECHA are determined by the REACH Regulation and by the Fee Regulation. The budgetary revenue from fee income in 2010 in terms of cashed amount is € 349.652.295,66 (€ 2.658.572,25 in 2009). The bulk of the fee income, close to € 300 million, was received during the last 3 months of the year connected with the first major registration deadline of high volume chemicals.

In accordance with article 59 of the Agency's Financial Regulation, the number of the debit notes issued and their global amount shall be provided in the Agency's report on budgetary and financial management. In year 2010 ECHA issued 23.919 debit notes for a total amount of €364.928.747,00 (643 debit notes for an amount of € 2.954.167,00 in year 2009). Altogether 555 credit notes (36 credit notes in year 2009) for a total amount of € 7.031.865 were issued. In addition there were 28 cases (9 cases in year 2009) for a total amount of € 387.310 where the

registration was rejected in accordance with the REACH Fee Regulation as no payment was received from the registrant by the set payment deadline.

In accordance with article 58a of the Agency's Financial Regulation, the accounting officer shall indicate decisions by the Authorising Officer to waive or partially waive recovery of established amounts. The list is added to the Agency's report on budgetary and financial management. In year 2010 bank charges were deducted by the senders' banks for 38 invoices (10 invoices in 2009) related to fee income. For management efficiency reasons these invoices were considered paid and therefore a total amount of € 600,60 (€ 95,75 in 2009) was waived.

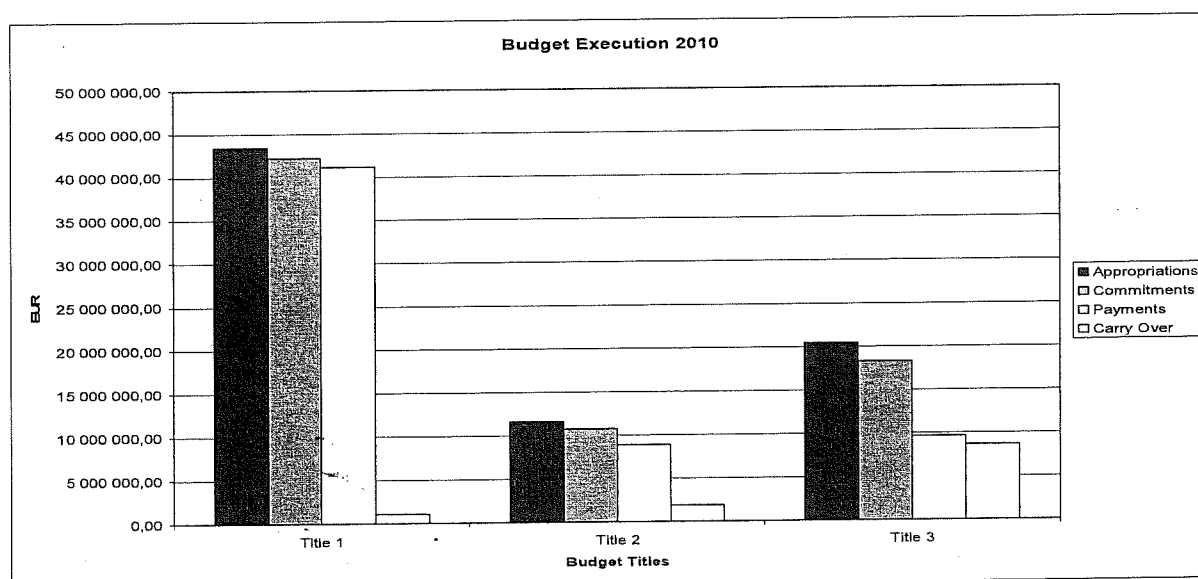
In accordance with article 59 of the Agency's Financial Regulation, where fees and charges are entirely determined by legislation or decisions of the Management Board, the Authorising Officer may abstain from issuing recovery orders and directly draw up debit notes after having established the amount receivable. Where the Agency uses a separate invoicing system, the accounting officer shall regularly, and at least on a monthly basis, enter the accumulated sum of fees and charges received into the accounts.

The Agency uses a separate invoicing and creditors system for daily transactions related to fee income. This is implemented in the REACH IT invoicing module. In year 2010, ECHA registered sent debit notes in the central accounting system SAP/ABAC and registered received payments with a summary recovery order in the budgetary accounts in the ABAC system on a daily, weekly, bi-monthly or monthly basis depending on the payment volume.

1.3 Budget expenditure

Budget expenditure includes payments made during the year plus carry-over of budgetary appropriations. The following table and chart present a summary of the budget expenditure execution (C1 and R1 credits):

2010	Commitments Appropriations (voted budget + amending budget + internal transfers)	Commitments Established	%	Payments Appropriations (voted budget + amending budget + internal transfers)	Payments Executed	%	Carry Over	%
Title 1	43 426 634,84	42 221 540,73	97,22%	43 426 634,84	41 158 327,30	94,78%	1 063 213,43	2,52%
Title 2	11 624 281,05	10 739 727,92	92,39%	11 624 281,05	8 860 364,83	76,22%	1 879 363,09	17,50%
Title 3	19 959 224,11	18 304 338,44	91,71%	20 430 784,11	9 657 301,24	47,27%	8 647 037,20	47,24%
Total	75 010 140,00	71 265 607,09	95,01%	75 481 700,00	59 675 993,37	79,06%	11 589 613,72	16,26%



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The following table shows the budget execution by chapter, including information about transfers of appropriations:

Ch	Description	Fund Source		Amending budgets	Transfers	Commitments		Com %	Payments	
		Voted Budget	Appropriations			Established	Appropriations			
A-11	STAFF IN ACTIVE EMPLOYMENT	C1	41 453 785,00	-2 935 900,94	-451 082,79	38 066 801,27	37 649 726,12	98,90%	38 066 801,27	
A-12	MISCELL EXPEND ON STAFF RECRUITMENT AND TRANSFER	C1	1 723 500,00		596 400,00	2 319 900,00	2 138 458,85	92,18%	2 319 900,00	
A-13	MISSIONS AND DUTY TRAVEL	C1	45 000,00			45 000,00	45 000,00	100,00%	45 000,00	
A-14	SOCIO-MEDICAL INFRASTRUCTURE AND SOCIAL WELFARE	C1	667 000,00	-17 099,00	5 000,00	654 901,00	546 477,44	83,44%	654 901,00	
A-15	TRAINING	C1	1 607 500,00	-503 393,60	-289 117,21	814 989,19	658 309,17	80,78%	814 989,19	
A-16	EXTERNAL SERVICES	C1	1 682 500,00	-310 256,62	138 800,00	1 511 043,38	1 174 200,61	77,71%	1 511 043,38	
A-17	ENTERTAINMENT AND REPRESENTATION EXPENSES	C1	35 000,00	-21 000,00		14 000,00	9 368,54	66,92%	14 000,00	
			47 214 285,00	-3 787 650,16	0,00	43 426 634,84	42 221 540,73	97,22%	43 426 634,84	
A-20	RENTAL OF BUILDINGS AND ASSOCIATED COSTS	C1	7 109 500,00	-298 000,00	207 823,46	7 019 323,46	6 782 904,81	96,63%	7 019 323,46	
A-21	INFORMATION AND COMMUNICATION TECHNOLOGY	C1	4 513 600,00	-699 470,08	-257 373,46	3 556 756,46	3 032 779,43	85,27%	3 556 756,46	
A-22	MOVABLE PROPERTY AND ASSOCIATED COSTS	C1	682 100,00	-125 779,05		556 320,95	490 502,56	88,17%	556 320,95	
A-23	CURRENT ADMINISTRATIVE EXPENDITURE	C1	580 000,00	-153 366,54	49 550,00	476 183,46	426 410,92	89,55%	476 183,46	
A-25	MEETINGS EXPENDITURE	C1	30 000,00	-14 303,28		15 696,72	7 130,20	45,42%	15 696,72	
			12 915 200,00	-1 290 918,95	0,00	11 624 281,05	10 739 727,92	92,39%	11 624 281,05	
B3-0	REACH	C1	25 517 065,00	-5 642 840,89	-65 000,00	19 809 224,11	18 222 538,44	91,99%	19 809 224,11	
B3-8	INTERNATIONAL ACTIVITIES	C1	300 000,00	-215 000,00	65 000,00	150 000,00	81 800,00	54,53%	621 560,00	
B3-9	EARMARKED OPERATIONS	C1	63 590,00	-63 590,00		0,00	0,00	#DIV/0!	0,00	
			25 880 655,00	-5 921 430,89	0,00	19 959 224,11	18 304 338,44	91,71%	20 430 784,11	
			86 010 140,00	-11 000 000,00	0,00	75 010 140,00	71 265 607,09	95,01%	75 481 700,00	
A-13	MISSIONS AND DUTY TRAVEL	C4				64,50	64,50	100,00%	64,50	
A-14	SOCIO-MEDICAL INFRASTRUCTURE AND SOCIAL WELFARE	C4				997,00	0,00	0,00%	997,00	
A-22	MOVABLE PROPERTY AND ASSOCIATED COSTS	C4				13 473,17	215,19	1,60%	13 473,17	
A-23	CURRENT ADMINISTRATIVE EXPENDITURE	C4				18,30	18,30	100,00%	18,30	
B3-0	REACH	C4				8 317,40	8 317,40	100,00%	8 317,40	
						22 870,37	8 615,39	37,67%	22 870,37	
A-13	MISSIONS AND DUTY TRAVEL	C5				1 813,82	1 813,82	100,00%	1 813,82	
B3-0	REACH	C5				448,05	448,05	100,00%	448,05	
						2 261,87	2 261,87	100,00%	2 261,87	
B3-9	EARMARKED OPERATIONS	R0				136 410,00	136 410,00	100,00%	136 410,00	
			Sum:	86 010 140,00	-11 000 000,00	0,00	75 171 682,24	71 412 894,35	95,00%	75 643 242,24

Title 1: staff expenditure

The adopted budget for Title 1 in 2010, (€ 47.214.285) was amended downwards by 8% (€ 3.787.650,16). The biggest decrease (€ 2.935.900,94) was for expenditure related to staffing costs. The main reasons for the difference between the estimated and actual budget needs derive from a somewhat slower recruitment as compared to the initial plans. The number of statutory staff (temporary and contract agents) was expected to increase by 134 persons (of 42%) in 2010 and the budgeted amounts were calculated under assumptions related to the timing for entry into service and actual costs of family and other allowances. At the end of 2010 it turned out that there were an additional 106 statutory staff members in service representing an increase of 33% in comparison to the situation at the end of 2009, which resulted in lower staffing costs as compared to the planned budget. Moreover, a considerable number of the new staff members were recruited at lower grades than foreseen in the establishment plan. The appropriations reserved for overtime due to the peak in workload before the regulatory deadline for substance registrations were also decreased significantly as the staff members opted for compensatory leave instead of payment.

The training budget was revised downwards by 49.30% (€ 814.989,19 vs. € 1.607.500), since training activities were de-prioritised due to the need for staff availability during the registration deadline period.

As a result of the active budget management, the execution rate for Title 1 reached 97.2%.

Title 2: infrastructure expenditure

When comparing actual committed vs. budgeted expenditure, the expenditure of Title 2 was 92.4% of the amended budget (€ 10.739.727,92 vs. € 11.624.281,05).

The decrease of almost 10% of the initially adopted budget (€ 1.290.918,95) is the result of the cancellation of several IT consultancy projects since they will be implemented under the future outsourcing contract in 2011. Additionally, several infrastructure purchases have been implemented at a lower cost than foreseen. Furthermore, several small amounts in the facility management area have been adjusted based on the actual consumption.

The biggest expenditure areas, apart from the rent of the building, were the IT consultancy for administrative infrastructure as well as for equipping the newly acquired premises.

Title 3: operational expenditure

When comparing actual committed vs. budgeted expenditure, the expenditure of Title 3 was 91.71% of the amended budget (€ 18.304.338,44 vs. € 19.959.224,11).

The decrease of almost 22.9% of the initially adopted budget (€ 25.880.655) was due to several factors that occurred in the area of REACH operations. The reduced needs for Evaluation were mainly caused by the fact that the more complicated dossiers were registered later than originally expected. Additionally, the decreased volume of the incoming Annex XV proposals and requests reflects in a significant decrease of the budgeted amount. Savings are also due to the cancellation or postponement of meetings, due to their replacement with online sessions and trainings as well as due to the economies of scale achieved by the centralisation of travel arrangements and the decreased length of the meetings. Concerning Communications, the postponement of the Agency's website in 2011 created considerable reductions that will reflect in the next year's budget. Moreover, the Board of Appeal's budget needs were calculated on the basis of 100 cases while only two were submitted. Further savings occurred due to the more economic offers that were submitted for several IT and other projects.

The major part of the budget was used for the development and the further maintenance of IT tools in support of the implementation of the REACH and CLP regulations. The second largest expenditure item derived from translation of documents aimed at supporting the industry in all EU languages. Other notable operational expenses were due to organisation of Committee meetings and other workshops as well as the employment of interim staff that supported the registration process during the peak period.

Carry over to budget year 2011

Commitments are entered in the accounts on the basis of the legal commitments signed before 31 December and payments on the basis of the payments made by the accounting officer by 31 December of that year, by the latest.

Non-differentiated commitment and payment appropriations corresponding to obligations duly contracted at the close of the financial year are carried over automatically to the following financial year.

For budget line 3801 – “Contracts related to scientific and technical services” which has differentiated appropriations, the amount of commitments made and for which future payment appropriations are necessary was € 1.188.019,93 as at 31.12.2010 (€ 1.727.225 as at 31.12.2009).

The carry-over of commitment and payment appropriations (€ 12.254.740,59) mainly relates to IT costs for support to operations (€ 5.747.560,42 – REACH-IT, Documentum, Casper, Ripe, Chesar, Odyssey) as well as to the general administration of the Agency (€ 1.555.943,82 – consultancy for Network, e-HR, system and database administration, Enterprise Architecture). Communication costs carried over include translations ordered, the ECHA terminology project, the intranet development and other costs (€ 1.452.992,07). Furthermore, it was necessary to carry over reimbursement costs of participants to meetings organised by ECHA (€ 746.929,75) as well as for the remuneration of the SEAC and RAC rapporteurs for the restriction process (€ 147.111,45). In addition to this, staff related costs such as reimbursement to candidates invited to interviews, medical examinations, administrative assistance from other institutions and interim staff (€ 935.292,39) were carried over together with mission costs (€ 145.472,49).

The carry-over percentage is 16,3% of the established commitments, which compares to 29,7% in 2009 (and 28,5% in 2008). This responds to the demands presented by the Management Board in connection with the 2009 accounts.

Cancellations of carried over appropriations (C8)

A total amount of € 2.533.156,09 was cancelled from the commitment and payment appropriations carried over from budget 2009. It concerned mainly Title 2 and in particular the lower than foreseen costs for the renovation works of the building (€ 1.166.000). Concerning Title 3, significant factors that lead to the cancellation of carried over appropriations were the decreased cost of several IT projects that were implemented with time and means contracts (€ 396.000), savings from travel expenses and catering for meetings and working groups (€ 285.000), as well as for the postponement of expenses related to the activities of evaluation, authorisation and restrictions (€ 174.870).

1.4 Financial management

In year 2010, the main achievements in financial management were:

- securing the Agency's budget for 2010-2013 and the re-payment of temporary reimbursable Union subsidy through efficient collection of fee revenue;

- launching of procurement for major framework contracts in the areas of IT hosting, security, quality and management consulting services, various communication-related matters and language training;
- carrying out important developments in REACH-IT invoicing module to ensure a smooth invoicing and payment management for the first registration deadline;
- outlining two contractual set-ups to manage and invest the Agency's cash reserves; and
- carrying out a pilot project on registrants' SME status verification and establishment of consequential procedures in case of false declarations.