



Management Board

**TRANSLATION CENTRE
FOR THE BODIES OF THE EUROPEAN UNION
FINAL ACCOUNTS FOR THE FINANCIAL YEAR 2010**

CT/CA-003/2011/01EN

In accordance with Article 83 of the Financial Regulation of the Translation Centre

COMPONENTS OF THE ANNUAL ACCOUNTS

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FINANCIAL STATEMENTS OF THE TRANSLATION CENTRE

A.1 Balance sheet

BALANCE SHEET – ASSETS

in EUR

| | Note | 31.12.2010 | 31.12.2009 | % change |
|--|------|----------------------|----------------------|-----------------|
| A. NON CURRENT ASSETS | | 1 852 161.90 | 1 415 201.73 | 30.88 % |
| INTANGIBLE FIXED ASSETS | 1 | 627 011.66 | 418 662.55 | 49.77 % |
| Computer software | | 464 439.66 | 418 662.55 | 10.93 % |
| Capitalised development costs in progress | | 162 572.00 | 0.00 | N/A |
| TANGIBLE FIXED ASSETS | 2 | 1 225 150.24 | 996 539.18 | 22.94 % |
| Computer equipment | | 753 139.00 | 821 187.52 | -8.29 % |
| Furniture and vehicles | | 69 043.72 | 83 784.06 | -17.59 % |
| Other tangible assets | | 33 187.04 | 56 084.10 | -40.83 % |
| Fixed assets in progress | | 369 780.48 | 35 483.50 | 942.12 % |
| B. CURRENT ASSETS | | 39 238 129.78 | 54 429 916.35 | -27.91 % |
| STOCKS | | 280 200.00 | 371 700.00 | -24.62 % |
| Work in progress | 3 | 280 200.00 | 371 700.00 | -24.62 % |
| SHORT-TERM RECEIVABLES | | 28 155 943.54 | 6 741 698.21 | 317.64 % |
| VAT paid and recoverable from the Member States | 4 | 37 487.66 | 112 009.69 | -66.53 % |
| Accounts receivable on Community Institutions & Bodies | 5 | 7 924 476.07 | 6 619 218.28 | 19.72 % |
| Prepaid expenses | 6 | 59 709.12 | 0.00 | N/A |
| Accrued interests | 7 | 129 591.06 | 0.00 | N/A |
| Term deposits due within three months and one year | 8 | 20 000 000.00 | 0.00 | N/A |
| Sundry accounts receivable | | 4 679.63 | 10 470.24 | -55.31 % |
| CASH AND CASH EQUIVALENTS | 8 | 10 801 986.24 | 47 316 518.14 | -77.17 % |
| TOTAL | | 41 090 291.68 | 55 845 118.08 | -26.42 % |

BALANCE SHEET – LIABILITIES

| | Note | 31.12.2010 | 31.12.2009 | % change |
|--|------|----------------------|----------------------|------------------|
| A. NON CURRENT LIABILITIES | | 0.00 | 18 300 361.63 | -100.00 % |
| PROVISION FOR RISKS AND CHARGES | 9 | 0.00 | 18 300 361.63 | -100.00 % |
| B. CURRENT LIABILITIES | | 2 682 878.89 | 3 360 955.82 | -20.18 % |
| ACCOUNTS PAYABLE | | 2 682 878.89 | 3 360 955.82 | -20.18 % |
| Current liabilities | | 2 642 220.53 | 2 625 743.37 | 0.63 % |
| 1. Accrued expenses | 10 | 2 607 888.93 | 2 583 608.03 | 0.94 % |
| 2. Suppliers | | 34 331.60 | 42 135.34 | -18.52 % |
| Other liabilities | | 40 658.36 | 735 212.45 | -94.47 % |
| C. NET ASSETS/LIABILITIES | | 38 407 412.79 | 34 183 800.63 | 12.36 % |
| Reserves | 11 | 16 529 466.33 | 14 363 166.33 | 15.08 % |
| Accumulated result of previous financial years | | 11 533 079.30 | 13 699 379.26 | -15.81 % |
| Economic outturn of the financial year | | 10 344 867.16 | 6 121 255.04 | 69.00 % |
| TOTAL | | 41 090 291.68 | 55 845 118.08 | -26.42 % |

A.2 Economic outturn account

in EUR

| | Note | FINANCIAL YEAR 2010 | FINANCIAL YEAR 2009 | % CHANGE |
|--|------|------------------------|------------------------|-----------------|
| OPERATING REVENUE | | 52 111 700.23 | 44 130 794.42 | 18.08 % |
| Translations | 13 | 47 876 800.44 | 43 083 266.50 | 11.13 % |
| Interinstitutional cooperation – IATE database | 14 | 697 632.92 | 647 282.55 | 7.78 % |
| Terminology | 15 | 304 108.69 | 261 858.70 | 16.13 % |
| Term lists | 16 | 3 222 398.20 | 150 762.25 | 2 037.40 % |
| TOTAL REVENUE FROM OPERATIONS | | 52 100 940.25 | 44 143 170.00 | 18.03 % |
| Miscellaneous revenue from exchange transactions | | 21 933.96 | 18 924.42 | 15.90 % |
| Miscellaneous revenue from non-exchange transactions | 17 | 80 326.02 | 0.00 | N/A |
| Movements in work in progress | 3 | -91 500.00 | -31 300.00 | 192.33 % |
| OPERATING EXPENSES | | 42 129 282.83 | 38 625 727.31 | 9.07 % |
| Staff expenses | 18 | 22 604 981.85 | 17 791 247.63 | 27.06 % |
| Administrative expenses | 19 | 4 741 284.67 | 5 115 708.77 | -7.32 % |
| Operational expenses | 20 | 14 783 016.31 | 12 698 424.26 | 16.42 % |
| Provision for risks and charges | 9 | 0.00 | 3 020 346.65 | -100.00 % |
| SURPLUS FROM OPERATING ACTIVITIES | | 9 982 417.40 | 5 505 067.11 | 81.33 % |
| FINANCIAL OPERATIONS REVENUE | | 442 583.50 | 619 406.20 | -28.55 % |
| Bank interest | | 441 897.20 | 617 690.10 | -28.46 % |
| Exchange-rate gain | | 686.30 | 1 716.10 | -60.01 % |
| FINANCIAL OPERATIONS EXPENSES | | 4 846.15 | 3 218.27 | 50.58 % |
| Bank charges | | 3 374.00 | 3 218.27 | 4.84 % |
| Exchange-rate loss | | 1 472.15 | 0.00 | N/A |
| SURPLUS FROM NON OPERATING ACTIVITIES | | 437 737.35 | 616 187.93 | -28.96 % |
| SURPLUS FROM ORDINARY ACTIVITIES | | 10 420 154.75 | 6 121 255.04 | 70.23 % |
| SURPLUS/DEFICIT FROM EXTRAORDINARY ACTIVITIES | 9 | -75 287.59 | 0.00 | N/A |
| ECONOMIC OUTTURN FOR THE YEAR | | 10 344 867.16 | 6 121 255.04 | 69.00 % |

A.3 Statement of changes in net assets/liabilities

in EUR

| | Reserves | | Accumulated | Economic | Total Net |
|---|-------------|----------------------|----------------------|-------------------------|----------------------|
| | Capital | Reserves | Surplus/Deficit | Outturn for the year | Assets/Liabilities |
| Balance as of 31 December 2008 | 0.00 | 13 166 701.33 | 14 877 617.07 | 10 999 681.19 | 39 043 999.59 |
| Movements in reserves | 0.00 | 1 196 465.00 | 0.00 | -1 196 465.00 | 0.00 |
| Allocation of the economic outturn 2008 | 0.00 | 0.00 | 9 803 216.19 | -9 803 216.19 | 0.00 |
| Economic outturn for the year | 0.00 | 0.00 | 0.00 | 6 121 255.04 | 6 121 255.04 |
| Reimbursements to clients | 0.00 | 0.00 | -10 981 454.00 | 0.00 | -10 981 454.00 |
| Balance as of 31 December 2009 | 0.00 | 14 363 166.33 | 13 699 379.26 | 6 121 255.04 | 34 183 800.63 |
| Movements in reserves | 0.00 | 2 166 300.00 | 0.00 | -2 166 300.00 | 0.00 |
| Allocation of the economic outturn 2009 | 0.00 | 0.00 | 3 954 955.04 | -3 954 955.04 | 0.00 |
| Economic outturn for the year | 0.00 | 0.00 | 0.00 | 10 344 867.16 | 10 344 867.16 |
| Reimbursements to clients | 0.00 | 0.00 | -6 121 255.00 | 0.00 | -6 121 255.00 |
| Situation as at 31 December 2010 | 0.00 | 16 529 466.33 | 11 533 079.30 | 10 344 867.16 | 38 407 412.79 |

A.4 Cash-flow table

in EUR

| | FINANCIAL YEAR 2010 | FINANCIAL YEAR 2009 |
|---|------------------------|------------------------|
| <u>Cash flows associated with the business</u> | | |
| Outturn from normal business | 10 344 867.16 | 6 121 255.04 |
| - +/- depreciation | 626 863.03 | 490 453.95 |
| - +/- provision for risks and charges | -18 300 361.63 | 3 017 292.66 |
| - +/- welfare benefits | 0.00 | 0.00 |
| - Variation in stocks | 91 500.00 | 31 300.00 |
| - Variation in operating amounts receivable | -1 414 245.33 | 223 472.33 |
| + Variation in operating debts | 22 738.07 | 150 879.40 |
| - Variation in other amounts receivable associated with the business | 0.00 | 0.00 |
| + Variation in other debts associated with the business | 0.00 | 0.00 |
| (Profit)/Loss on sales of installations, equipment and immovable property | 0.00 | 0.00 |
| Net cash flows resulting from the business | -8 628 638.70 | 10 034 653.38 |
| <u>Cash flows associated with loans and borrowing</u> | | |
| - +/- financial assets (own funds) | 0.00 | 0.00 |
| - +/- financial assets (borrowed funds) | 0.00 | 0.00 |
| - +/- financial liabilities (funds originating from a credit) | 0.00 | 0.00 |
| Net cash flows resulting from loans and borrowing | 0.00 | 0.00 |
| <u>Cash flows associated with investment operations</u> | | |
| - Acquisitions of fixed assets | -1 099 306.70 | -842 502.32 |
| - Term deposits | -20 000 000.00 | 0.00 |
| + Transfers of fixed assets | 35 483.50 | 0.00 |
| + Reduction of financial assets | 0.00 | 0.00 |
| +/- Variation in amounts receivable and debts on fixed assets | 0.00 | 0.00 |
| Dividends paid (+) | 0.00 | 0.00 |
| Net cash flows associated with investment transactions | -21 063 823.20 | -842 502.32 |
| <u>Cash flows associated with financing transactions</u> | | |
| - +/- financial liabilities | 0.00 | 0.00 |
| - +/- long-term liabilities | 0.00 | 0.00 |
| Reimbursement to clients by bank transfer | -6 822 070.00 | -10 280 639.80 |
| Net cash flows associated with financing transactions | -6 822 070.00 | -10 280 639.80 |
| Cash variation | -36 514 531.90 | -1 088 488.74 |
| Cash at the start | 47 316 518.14 | 48 405 006.88 |
| Cash at the end | 10 801 986.24 | 47 316 518.14 |

A.5 Notes to the financial statements

1. DESCRIPTION OF THE BUSINESS

Established in 1994, the mission of the Translation Centre for the Bodies of the European Union is to meet the translation needs of the other decentralised Community agencies. In addition, it participates in the work of the Interinstitutional Committee for Translation and Interpreting (ICTI), which is working to promote collaboration based on the rules of subsidiarity and to achieve economies of scale in the translation field.

2. BASIS OF PRESENTATION

The annual accounts have been prepared on the basis of the Translation Centre's accounting records and are presented in compliance with the requirements of the Financial Regulation of the Translation Centre, as well as the accounting rules and methods adopted by the Commission's accounting officer.

The financial year begins on 1 January 2010 and ends on 31 December 2010.

The accounts are kept in EUR.

3. ACCOUNTING PRINCIPLES

The financial statements of the Translation Centre shall be drawn up in accordance with the generally accepted accounting principles specified in the detailed rules for the implementation of the general Financial Regulation (Article 124), 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Intangible assets

Intangible fixed assets include assets with an estimated useful life greater than one year and an acquisition cost greater than EUR 420 per item.

Purchased intangible fixed assets are stated at cost less accumulated depreciation and any recognised impairment losses.

The cost of fixed asset improvements exceeding EUR 420 increases the acquisition cost of the related fixed asset.

Amortisation of intangible fixed assets is recorded on a monthly straight line basis over their estimated useful lives in accordance with accounting rule No 6. Intangible fixed assets consist mainly of software that is depreciated over four years.

4.2 Intangible fixed assets developed internally

Internally developed intangible fixed assets comprise software specifically developed for the Translation Centre with an estimated useful life greater than one year and an acquisition cost greater than EUR 150 000; built inhouse or tendered to external contractors. Up to 2010 the Translation Centre applied a transitional period for the recognition of intangible fixed assets developed internally and all such development costs were included in the expenses of the year. The actual rule applies only for development projects started after 1 January 2010.

No intangible asset arising from research (or from the research phase of an internal project) is recognised as an asset, but as an expense when incurred.

An internal or external IT development project in the development phase is assessed whether it complies with the recognition criteria for an asset and whether the expenditures incurred on the project should be recognised as an intangible asset. The following specific conditions have to be met in order to demonstrate that asset will generate probable future economic benefit or service potential at the end of the project:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the Centre's intention to complete the intangible asset and use or sell it;
- how the intangible asset will generate future economic benefits or service potential; and
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

At the end of the development phase a project would be expected to meet the definition of an asset.

Amortisation of intangible fixed assets is recorded on a monthly straight line basis over their estimated useful lives in accordance with accounting rule No 6 Intangible fixed assets.

4.3 Tangible fixed assets

Tangible fixed assets include assets with an estimated useful life greater than one year and an acquisition cost greater than EUR 420 per item.

Purchased tangible fixed assets are stated at cost less accumulated depreciation and any recognised impairment losses.

The cost of fixed asset improvements exceeding EUR 420 increases the acquisition cost of the related fixed asset.

Repairs and maintenance are charged to the economic outturn account during the financial period in which they are incurred.

Depreciation is charged so as to write off the cost of tangible fixed assets, other than land and assets under construction, over their estimated useful lives, based on a monthly straight line basis, using the depreciation rate given in the table below as defined by the European Commission.

Table of depreciation rates

| Type of goods | Straight-line depreciation rate |
|--|---------------------------------|
| Computer equipment | 25 % |
| Kitchens – Cafeterias – Nurseries | |
| Small electrical equipment | 25 % |
| Cash registers | 25 % |
| Large kitchen equipment | 12.50 % |
| Specialist furniture for kitchens, cafeterias | 12.50 % |
| Specialist furniture for nurseries | 25 % |
| PLANT, MACHINERY AND TOOLS | |
| Telecommunications and audiovisual equipment | |
| Telephone and fax machines | |
| Headphones, earphones, microphones | 25 % |
| Cameras | 25 % |
| Videos | 25 % |
| Tape recorders and dictating equipment | 25 % |
| Projectors (slide and overhead) | 25 % |
| Photographic equipment | 25 % |
| Projection screens | 25 % |
| Televisions, radios, monitors (not including computers) | 25 % |
| Technical equipment | |
| Printers, mail security, building tools | 12.50 % |
| Measuring or laboratory equipment | 25 % |
| Other plant, machinery and tools | 12.50 % |
| Movable shelving, partitions, false floors, false ceilings and wiring | 25 % |
| Vehicles | 25 % |
| Furniture | 10 % |
| Buildings | 4 % |
| Land | Not applicable |

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the net book value of the asset at the sale date and is recognised through the profit and loss account.

4.4 Low value fixed assets

When durable goods are of a low value, they can be considered to be consumed in the financial year of their commissioning and therefore accounted for under expenses and not under fixed assets. At present, the amount for low value goods is EUR 420. Above this unit value, the goods always have to be recorded as fixed assets.

4.5 Stocks

Stocks consist of work in progress made up of pages for translation in an intermediate stage of the translation process at the end of the year.

The work in progress is valued at production cost, which is calculated by adding together direct and indirect costs associated with the volume of the translations in different stages of completeness.

The difference in the value of the work in progress between 2009 and 2010 is recorded in Operating revenue in the Economic outturn account under the heading *Movements in work in progress*.

4.6 Short term receivables

Receivables are booked at their nominal value and subsequently reduced by appropriate provisions for doubtful and bad amounts. A write-down for impairment of receivables is established when there is objective evidence that the Translation Centre will not be able to collect all amounts due according to the original terms of receivables.

The receivables for December translations are considered to be amounts receivable by the Translation Centre for the financial year even if clients are invoiced in January of the following year. Such translations are shown under the heading *Accounts receivable on Community Institutions & Bodies*. For further details see note No 5 in the *Explanatory notes*.

In 2010 the Centre approved treasury management policy that allows cash to be placed in term deposits at the banks. Term deposits of more than three months are considered to be receivable rather than cash equivalent.

4.7 Cash and cash equivalents

4.7.1 Cash

A maximum of EUR 500 is allocated for minor operating expenditure.

4.7.2 Bank

The treasury management of the Centre is operated by the accounting officer via current accounts, saving accounts and term deposits of less than three months, held in EUR at the Banque et Caisse d'Épargne de l'État and BNP Paribas. Cash deposits and withdrawals are accounted for on the value date shown on the bank statements.

4.8 Accounts payable

Accounts payable are booked at their nominal value. Accounts payable represent a short term liability to our suppliers for goods delivered and services provided to the Translation Centre before the year end, irrespective of whether the invoice has been received by the Translation Centre.

Accounts payable also include liability for unused holiday. The accrued liability for unused holiday is calculated based on the number of days of unused holiday by staff in the year end and their individual salary.

4.9 Provisions for risks and charges

A provision is a present obligation arising from a past event, but there is uncertainty about timing and future outflow of resources to settle the obligation. The probability of an outflow is likely and can be reliably estimated. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision should be reversed as revenue, if the reversal occurs in a different reporting period from the recognition of the provision. A provision is used only for expenditures for which the provision was originally recognised. Then, the existing provision is used and expenses charged against it.

4.10 Reserves

Article 59 of the Financial Regulation of the Translation Centre provides for a permanent pre-financing fund that guarantees financing for the proper functioning of the Translation Centre until invoiced amounts have been received from clients. The amount of the fund may not be less than four twelfths of the budget appropriations for the financial year.

4.11 Revenues

Revenues from translations and other revenues for the year are recognised in the accounts when the corresponding services are rendered and accepted by clients, net of discounts, regardless of when the corresponding collection of payment is made.

Interest income is accounted for on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

On 1 January 2010 an EC accounting rule on non-exchange transactions became effective for annual financial statements covering periods beginning on or after 1 January 2010. Non-exchange transactions are transactions where an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange. Revenue from non-exchange transactions are measured at the amount of the increase in net assets recognised by the Centre. An example of non-exchange transactions are contractual fines received by the Centre or guaranties executed and collected by the Centre.

4.12 Expenses

Expenses of the year are entered into the account once the services or goods have been received at the Translation Centre, regardless of when the payment is made.

4.13 Transactions and balances denominated in foreign currencies

Transactions denominated in foreign currencies during the year are converted into EUR using the monthly exchange rate, published by the European Commission, effective on the date of initiation of the payment order or recovery order related to the transaction. Any exchange gains or losses made at the time of settlement of the transaction are taken into account in the economic outturn account of the corresponding year as financial expenses or income.

At the balance sheet date, financial assets, current assets and liabilities denominated in a foreign currency are converted into EUR using the effective exchange rate published by the European Commission as of that date. Any resulting foreign exchange rate gains and losses are recorded to the current year's financial expenses or income as appropriate.

4.14 Ordinary income

Ordinary revenue and expenses arise from the main business of the Translation Centre and any event that may derive from this business.

4.15 Extraordinary expenses and revenue

Extraordinary items are revenue or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the Translation Centre, as well as income or expenses from events or transactions that are not expected to recur frequently or regularly.

4.16 Economic result of the year

The economic result of the year consists of revenue and expenses which, during the accounting year, have been included in the economic outturn account. All revenue and expenses recognised during the financial year have to be included in the economic result of the year. The economic result for the year will be equal to net sum of the ordinary and extraordinary activities for the financial year.

4.17 Use of estimates

The presentation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. The Management at the Translation Centre believes that the estimates and assumptions used will not significantly differ from the actual results and outcomes in the following reporting periods.

4.18 Change in accounting methods, valuation, depreciation or accounting policies

The financial statements for the year ended 31 December 2010 were not restated to reflect any change in accounting methods, valuation, depreciation or accounting policies. On 1 January 2010 the Centre began to apply the new accounting rule on non-exchange transactions. Until 2010 the Centre applied a transitional period for the recognition of internally developed intangible fixed assets. None of these two changes implies any restatements of previous accounting periods.

4.19 Cash flow table

The cash flow table is prepared using the indirect method. Cash equivalents include current liquid assets easily convertible into cash in an amount agreed in advance.

Cash flows from operating, investment and financial activities presented in the cash flow table are not offset.

ADDITIONAL INFORMATION ON THE BALANCE SHEET, ECONOMIC OUTTURN ACCOUNT AND CASH FLOW TABLE

Note 1: Intangible fixed assets

in EUR

| | Computer software | Capitalised development costs in progress | Total |
|--|-------------------|---|--------------|
| A. Purchase value | | | |
| Previous year-end | 3 224 350.04 | 0.00 | 3 224 350.04 |
| <u>Changes during the financial year</u> | | | |
| Acquisitions in the financial year | 251 864.26 | 162 572.00 | 251 864.26 |
| Disposals and withdrawals | 0.00 | 0.00 | 0.00 |
| Transfers between headings | 0.00 | 0.00 | 0.00 |
| <u>Year-end</u> | 3 476 214.30 | 162 572.00 | 3 638 786.30 |
| B. Amortisation and reductions in value | | | |
| Previous year-end | 2 805 687.49 | 0.00 | 2 805 687.49 |
| <u>Changes during the financial year</u> | | | |
| Depreciation for the financial year | 206 087.15 | 0.00 | 206 087.15 |
| Cancellation following disposals and withdrawals | 0.00 | 0.00 | 0.00 |
| <u>Year-end</u> | 3 011 774.64 | 0.00 | 3 011 774.64 |
| NET BOOK VALUE (A-B) | 464 439.66 | 162 572.00 | 627 011.66 |

Totally depreciated fixed intangible assets

The purchase value of fixed assets in use, which were totally depreciated on 31 December 2010, amounted to EUR 2 615 447.00 (EUR 2 519 710.48 in 2009)

At the year end 2010 the Centre recognised an externally-developed Internet site as an intangible fixed asset to be capitalised into the balance sheet. The internal development costs incurred in 2010 did not fulfil the capitalisation criteria or relates to projects that started already before 1 January 2010. Therefore, all internal development costs for the year are recorded in staff costs, remaining external development costs are recorded in the Administrative expenses.

Note 2: Tangible fixed assets

in EUR

| | Computer information technology | Furniture & vehicles | Other tangible fixed assets | Tangible fixed assets in progress | Total |
|---|---------------------------------|----------------------|-----------------------------|-----------------------------------|---------------------|
| A. Purchase value | | | | | |
| Previous year-end | 2 859 116.17 | 627 567.09 | 139 123.28 | 35 483.50 | 3 661 290.04 |
| <u>Changes during the financial year</u> | | | | | |
| Acquisitions | 306 532.84 | 7 486.39 | 1 070.73 | 369 780.48 | 684 870.44 |
| Disposals and withdrawals | -772 247.15 | -72 324.67 | 0.00 | -35 483.50 | -880 055.32 |
| <u>Year-end</u> | 2 393 401.86 | 562 728.81 | 140 194.01 | 369 780.48 | 3 466 105.16 |
| B. Depreciations and value adjustments | | | | | |
| Previous year-end | 2 037 928.65 | 543 783.03 | 83 039.18 | 0.00 | 2 664 750.86 |
| <u>Changes during the financial year</u> | | | | | |
| Depreciation for the financial year | 374 190.87 | 22 226.73 | 23 967.79 | 0.00 | 420 385.39 |
| Cancellations after disposals and withdrawals | -772 247.15 | -72 324.67 | 0.00 | 0.00 | -844 571.82 |
| Residual value of disposals and withdrawals | 390.49 | 0.00 | 0.00 | 0.00 | 390.49 |
| <u>Year-end</u> | 1 640 262.86 | 493 685.09 | 107 006.97 | 0.00 | 2 240 954.92 |
| NET BOOK VALUE (A-B) | 753 139.00 | 69 043.72 | 33 187.04 | 369 780.48 | 1 225 150.24 |

Totally depreciated fixed tangible assets

The purchase value of fixed assets in use, which were totally depreciated on 31 December 2010, amounted to EUR 1 410 543.42 (EUR 2 460 309.03 in 2009).

Low value fixed assets

The Translation Centre acquired tangible assets that were charged directly to expenses in the amounts of EUR 88 043.49 and EUR 28 676.86 for the years ended 31 December 2009 and 2010, respectively. These assets are low value tangible assets with an estimated useful life greater than one year and an acquisition cost lower than EUR 420.00 on an individual basis. Low value tangible assets are not recorded under fixed assets, but charged through expense accounts.

Note 3: Work in progress

in EUR

| | 2010 | 2009 | % change |
|------------------|------------|------------|----------|
| Work in progress | 280 200.00 | 371 700.00 | -24.62 % |
| Total pages | 42 901.00 | 40 244.00 | 6.60 % |

The discrepancy between the number of pages in progress and the financial valuation of the work in progress is due to the change in the structure of translations at different stages of completeness at the end of the year. The decrease in work in progress in the amount of EUR 91 500.00 was recorded in the economic outturn under the heading *Movements in work in progress*.

Note 4: VAT paid and recoverable from the Member States

As a Community Body, the Translation Centre benefits from VAT exemption on the purchase of goods and services. In the case of the indirect exemption applied by the Portuguese tax authorities, the Translation Centre has to claim back VAT paid to its suppliers. The balance of the VAT receivable represents a sum of all claims to the Portuguese tax authorities. The nominal value of the receivable was decreased by the provision for bad debt to reflect the recoverable amount of the receivable given that some claims sent to Portugal were outside the deadline specified in the bilateral treaty between the European Union and Portugal. Once the non-recoverable amount is confirmed by the Portuguese authorities, the non-recoverable amount will be written off.

The balance of VAT receivable as at 31.12.2010 is significantly lower than the previous year, as the Centre has improved and accelerated the management of VAT recovery.

in EUR

| VAT receivable from the Member States | 2010 | 2009 | % change |
|--|------------------|-------------------|-----------------|
| Nominal value of VAT claims | 40 541.65 | 115 063.68 | -64.77 % |
| Provision for claims outside the deadline | - 3 053.99 | -3 053.99 | 0.00 % |
| Net value of the VAT receivable | 37 487.66 | 112 009.69 | -66.53 % |

Note 5: Accounts receivable on Community Institutions & Bodies

in EUR

| Clients | Client account | Client account invoices to be drawn up | Total receivable |
|--|---------------------|--|---------------------|
| European Environment Agency (EEA) | 0.00 | 30 940.00 | 30 940.00 |
| European Training Foundation (ETF) | 6 842.50 | 15 321.47 | 22 163.97 |
| European Monitoring Centre for Drugs and Drug Addiction (EMCDDA) | 19 443.75 | 49 852.50 | 69 296.25 |
| European Medicines Agency (EMA) | 226 123.98 | 198 410.30 | 424 534.28 |
| European Agency for Safety and Health at Work (EU-OSHA) | 0.00 | 206 635.00 | 206 635.00 |
| Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) | 2 271 415.53 | 2 912 748.17 | 5 184 163.70 |
| Community Plant Variety Office (CPVO) | 1 190.00 | 5 482.50 | 6 672.50 |
| European Police Office (Europol) | 105 740.00 | 0.00 | 105 740.00 |
| European Centre for the Development of Vocational Training (Cedefop) | 10 072.50 | 8 542.50 | 18 615.00 |
| European Union Agency for Fundamental Rights (FRA) | 147 072.88 | 48 758.18 | 195 831.06 |
| European Investment Bank* | 1 099.81 | 560.43 | 1 660.24 |
| European Food Safety Authority (EFSA) | 0.00 | 39 248.75 | 39 248.75 |
| European Maritime Safety Agency (EMSA) | 0.00 | 3 570.00 | 3 570.00 |
| European Aviation Safety Agency (EASA) | 372 618.75 | 11 368.75 | 383 987.50 |
| European Railway Agency (ERA) | 22 886.25 | 42 733.75 | 65 620.00 |
| European Network and Information Security Agency (ENISA) | 850.00 | 956.25 | 1 806.25 |
| European Centre for Disease Prevention and Control (ECDC) | 23 629.20 | 0.00 | 23 629.20 |
| Education, Audiovisual and Culture Executive Agency (EACEA) | 0.00 | 73 525.00 | 73 525.00 |
| Executive Agency for Competitiveness and Innovation (EACI) | 9 690.00 | 0.00 | 9 690.00 |
| European Police College | 850.00 | 4 802.50 | 5 652.50 |
| Executive Agency for Health and Consumers (EAHC) | 0.00 | 212.50 | 212.50 |
| European Defence Agency (EDA)* | 584.43 | 6 428.73 | 7 013.16 |
| European Chemicals Agency (ECHA) | 164 972.71 | 124 418.75 | 289 391.46 |
| Community Fisheries Control Agency (CFCA) | 2 550.00 | 4 250.00 | 6 800.00 |
| Fusion for Energy (F4E) | 11 730.00 | 0.00 | 11 730.00 |
| European Research Council Executive Agency (ERC) | 170.00 | 0.00 | 170.00 |
| Clean Sky Joint Undertaking (CSJU) | 0.00 | 5 355.00 | 5 355.00 |
| European Institute for Gender Equality (EIGE) | 84 320.00 | 0.00 | 84 320.00 |
| European Data Protection Supervisor (EDPS) | 0.00 | 16 745.00 | 16 745.00 |
| Innovative Medicines Initiative Joint Undertaking (IMI JU) | 1 785.00 | 0.00 | 1 785.00 |
| European Commission – DGs | 87 984.40 | 44 834.40 | 132 818.80 |
| European Commission – CCE EMPLOYMENT | 188 658.37 | 72 951.99 | 261 610.36 |
| European Parliament | 43 992.20 | 22 417.20 | 66 409.40 |
| Council of the European Union | 36 351.65 | 18 087.90 | 54 439.55 |
| European Court of Auditors | 5 499.03 | 2 802.15 | 8 301.18 |
| Committee of the Regions of the European Union | 7 038.75 | 3 586.75 | 10 625.50 |
| European Economic and Social Committee | 10 558.13 | 5 380.13 | 15 938.26 |
| Court of Justice of the European Communities | 19 796.49 | 10 087.74 | 29 884.23 |
| European Central Bank* | 2 199.61 | 7 070.86 | 9 270.47 |
| European Ombudsman | 25 670.00 | 13 005.00 | 38 675.00 |
| TOTAL | 3 913 385.92 | 4 011 090.15 | 7 924 476.07 |

| | | | |
|--|---------------------|---------------------|---------------------|
| Total for consolidated entities | 3 909 502.07 | 3 997 030.13 | 7 906 532.20 |
| * Total for non-consolidated entities | 3 883.85 | 14 060.02 | 17 943.87 |

in EUR

| Accounts receivable on Community Institutions & Bodies | 2010 | 2009 | % change |
|---|---------------------|---------------------|----------------|
| Unpaid invoices at year-end | 3 913 385.92 | 3 123 216.90 | 25.30 % |
| Translation for December - invoices to be drawn up in January | 4 011 090.15 | 3 496 001.38 | 14.73 % |
| Total | 7 924 476.07 | 6 619 218.28 | 19.72 % |

Note 6: – Prepaid expenses

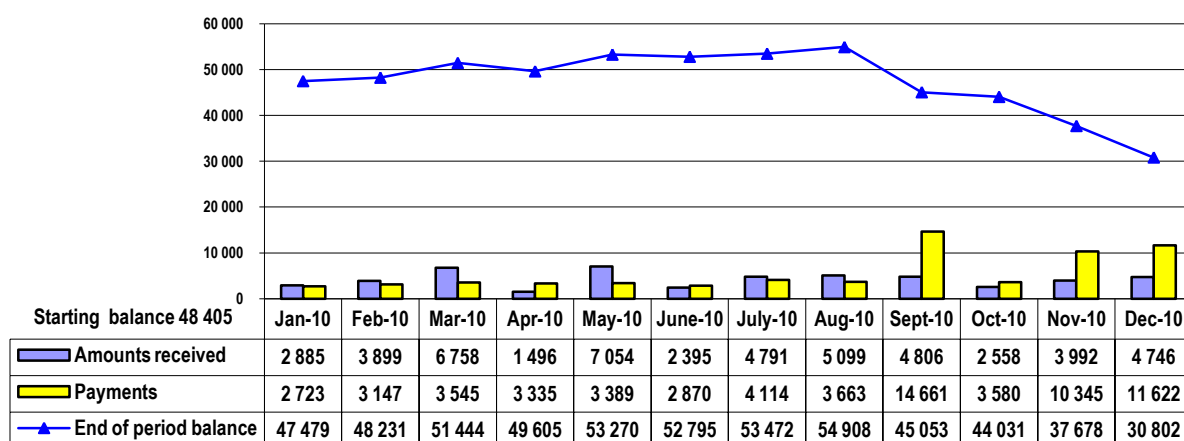
Prepaid expenses consist of expenses paid by the Centre in the current year but that relate to future accounting periods. An example of such an expense is annual maintenance covering not only the current year, but also the following year. The part of the expenses related to future accounting periods is recognised as a prepaid expense in the balance sheet.

Note 7: Accrued interests

Accrued interests are interests earned from the ongoing placement of term deposits. As the interests from term deposits are received only at the end of the term contract, accrued interests represent a pro rata part of interests corresponding to the 2010 accounting period.

Note 8: Cash and cash equivalents

Graph (in EUR 1 000)



The decrease in cash balance in the second part of the year 2010 was due to the reimbursement of the Centre's pension liability to the Community pension scheme and reimbursement of the budgetary surplus 2009 to our main client, the OHIM. The total amount of the reimbursements paid in September 2010 to the pension scheme for the period 1998-2009 was EUR 10 131 387.73 and EUR 7 252 050.44 in November 2010. The reimbursement of the 2009 budget surplus to the OHIM was paid in December 2010 in the amount of EUR 6 121 255. For more details concerning reimbursements to clients see Note 12.

Breakdown of the cash balance

| in EUR | | | |
|---|----------------------|----------------------|-----------------|
| Year | 2010 | 2009 | % change |
| Cash in bank – current account | 5 739 977.33 | 47 316 105.99 | -87.87 % |
| Cash in bank – saving account | 5 061 516.21 | 0.00 | N/A |
| Cash in hand | 492.70 | 412.15 | 19.54 % |
| Total cash and cash equivalents | 10 801 986.24 | 47 316 518.14 | -77.17 % |
| Term deposits expiring within one year | 20 000 000.00 | 0.00 | N/A |
| Total cash including term deposits | 30 801 986.24 | 47 316 518.14 | -34.90 % |

Note 9: Long term provisions for risks and charges

in EUR

| Long term provisions | Provision for the pension contributions | Provision for the salary increase |
|---------------------------------------|---|-----------------------------------|
| Balance as of 31 December 2009 | 18 196 361.63 | 104 000.00 |
| Creation of the provision – expense | 0.00 | 0.00 |
| Usage of the provision | 18 196 361.63 | 104 000.00 |
| Balance as of 31 December 2010 | 0.00 | 0.00 |

Provision for the pension contributions

In 2010 the Translation Centre closed the long-standing legal case with the Commission on the Centre's contribution to the Community pension scheme. The Centre proposed an amicable settlement to the case and the Management Board took the decision to pay disputed pension contributions from 1998 onwards.

The provision created by the Centre over the past years was used up in 2010 by the payment of the employer's contributions to the Community pension scheme, and therefore the global impact on the economic outturn of this transaction in 2010 is neutral. The part of the employer's contributions that was not covered by the provision, namely EUR 75 287.59, is recorded as extraordinary expenditure and disclosed in the economic outturn account under 'Extraordinary activities'. As of 2010, the employer's contributions are paid monthly with the salaries.

Provision for the salary increase

In December 2010 the Council decided to increase the salaries of officials and other servants of the European Union by 1.85 % from 1 July 2009 onwards, as requested by the Commission and in accordance with the rules of the method laid down in the Staff Regulations. This decision allowed the Translation Centre to pay the contested salary increase to its staff in December 2010. Therefore, the provision for the salary increase was consumed and the related expenses were charged against it instead of charging staff expenses.

Note 10: Accrued expenses

in EUR

| Accrued expenses | 2010 | 2009 | % change |
|---|---------------------|---------------------|---------------|
| Accrued expenses based on carry over analysis | 2 383 102.61 | 2 380 608.03 | 0.10 % |
| Leave not taken by staff | 224 786.32 | 203 000.00 | 10.73 % |
| Total | 2 607 888.93 | 2 583 608.03 | 0.94 % |

Accrued expenses based on carry over analysis – split by type of appropriation:

in EUR

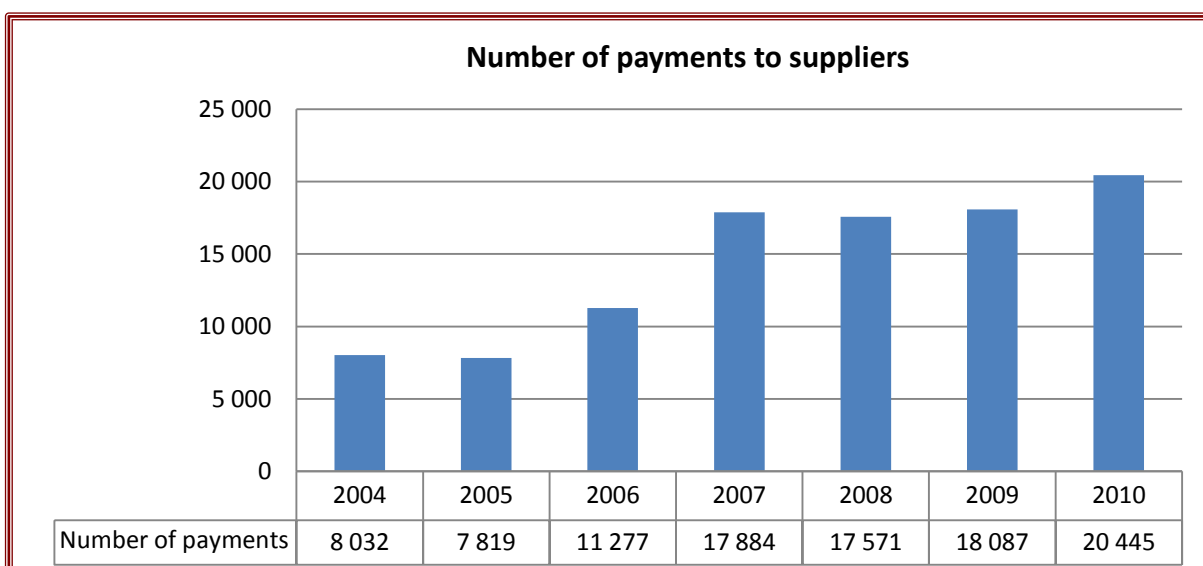
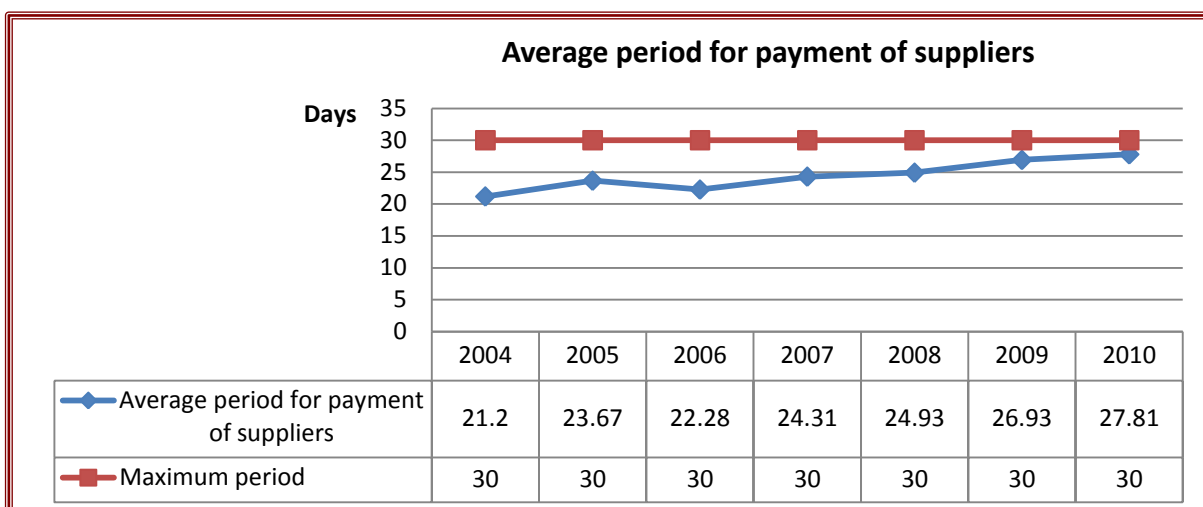
| | Heading | 2010 | 2009 | % change |
|---------|-------------------------|---------------------|---------------------|---------------|
| Title 1 | Staff expenses | 194 544.94 | 213 689.02 | -8.96 % |
| Title 2 | Administrative expenses | 1 060 520.92 | 893 463.04 | 18.70 % |
| Title 3 | Operational expenses | 1 128 036.75 | 1 273 455.97 | -11.42 % |
| | Total | 2 383 102.61 | 2 380 608.03 | 0.10 % |

Leave not taken by staff

in EUR

| Leave not taken by staff | 2010 | 2009 | % change |
|---|------------|------------|----------|
| Number of days not taken | 1 149.00 | 1 261.00 | -8.88 % |
| Financial evaluation of leave not taken | 224 786.32 | 203 000.00 | 10.73 % |

The average period for the payment of suppliers in 2010 was 27.81 days for a total of 20 445 payments. The Centre applies a target payment deadline to suppliers of 30 days.



Note 11: Reserves - Permanent pre-financing fund

The financing needed to ensure the proper functioning of the Translation Centre until invoiced amounts have been received in accordance with Article 58 of the detailed rules for the implementation of the Financial Regulation of the Translation Centre shall be guaranteed by a permanent pre-financing fund. The amount of this fund may not be less than four twelfths of the budget appropriations for the financial year excluding Reserves in title 10.

in EUR

| Permanent pre-financing fund | |
|-------------------------------------|----------------------|
| Initial allocation | 5 006 840.00 |
| 2003 allocation | 3 322 850.33 |
| 2004 allocation | 1 431 500.00 |
| 2007 allocation | 999 143.00 |
| 2008 allocation | 2 406 368.00 |
| 2009 allocation | 1 196 465.00 |
| 2010 allocation | 2 166 300.00 |
| Total | 16 529 466.33 |

Note 12: Reimbursements to clients

The Translation Centre is a non-profit organisation. In order to reduce the accumulated surplus generated by the Translation Centre, the Translation Centre's Management Board decided by the first amending budget to reimburse its main client, the OHIM, EUR 6 121 255. This amount represents the available budgetary surplus 2009 after reduction for the pension liability. This approach was decided on given that the clients are the main stakeholders of the Translation Centre represented in the Management Board. In 2010 the Centre also paid the remaining part of the reimbursement of the budgetary surplus 2008, in the amount of EUR 700 814.19, which had been recorded under other liabilities the previous year.

The reimbursement is not recorded through the economic outturn account as an expense of the current year but through the statement of changes in net assets/liabilities. This approach had already been applied for the previous two reimbursements to the Centre's clients. The applied accounting treatment, in our opinion, better describes the fact that the reimbursements represent a redistribution of the accumulated surplus rather than an ordinary current year operation. Based on our cost analysis, the OHIM have been generating the majority of the Centre's profit and, therefore, the amount to be reimbursed was reimbursed to one single client for the first time.

Note 13: Translations

in EUR

| Clients | 2010 | 2009 |
|--|----------------------|----------------------|
| European Environment Agency (EEA) | 452 901.29 | 358 785.00 |
| European Training Foundation (ETF) | 305 383.97 | 434 881.65 |
| European Monitoring Centre for Drugs and Drug Addiction (EMCDDA) | 672 243.75 | 831 225.81 |
| European Medicines Agency (EMA) | 2 571 788.94 | 2 738 744.10 |
| European Agency for Safety and Health at Work (EU-OSHA) | 1 112 480.39 | 487 889.78 |
| Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) | 29 392 873.96 | 27 148 957.09 |
| Community Plant Variety Office (CPVO) | 86 168.96 | 65 035.73 |
| European Police Office (Europol) | 896 944.61 | 1 566 021.23 |
| European Foundation for the Improvement of Living and Working Conditions (Eurofound) | 487 111.03 | 808 467.58 |
| European Centre for the Development of Vocational Training (Cedefop) | 110 287.55 | 235 333.20 |
| European Union Agency for Fundamental Rights (FRA) | 1 503 407.61 | 1 135 451.67 |
| European Investment Bank* | 690.69 | 19 018.75 |
| European Food Safety Authority (EFSA) | 519 806.96 | 681 094.42 |
| Eurojust | 0.00 | 1 891.36 |
| European Maritime Safety Agency (EMSA) | 150 875.00 | 269 726.25 |
| European Aviation Safety Agency (EASA) | 952 127.50 | 171 827.73 |
| European Railway Agency (ERA) | 236 640.00 | 579 296.25 |
| European Network and Information Security Agency (ENISA) | 105 761.25 | 97 877.50 |
| European Centre for Disease Prevention and Control (ECDC) | 544 637.50 | 395 250.00 |
| European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union (Frontex) | 234 812.50 | 243 801.25 |
| Education, Audiovisual and Culture Executive Agency (EACEA) | 829 026.25 | 1 237 311.52 |
| Executive Agency for Competitiveness and Innovation (EACI) | 47 430.00 | 28 177.50 |
| European Research Council Executive Agency (ERC) | 23 247.50 | 14 280.00 |
| Research Executive Agency (REA) | 3 676.25 | 2 677.50 |
| Executive Agency for Health and Consumers (EAHC) | 84 872.50 | 134 448.86 |
| European Defence Agency | 9 116.91 | 11 198.82 |
| European Police College | 69 466.25 | 54 803.75 |
| European Chemicals Agency (ECHA) | 3 657 455.04 | 1 006 422.51 |
| Community Fisheries Control Agency (CFCA) | 53 932.50 | 43 498.75 |
| Fusion for Energy (F4E) | 31 003.75 | 24 182.50 |
| Trans-European Transport Network Executive Agency (TEN-T EA) | 29 813.75 | 16 065.00 |
| European Institute of Innovation and Technology (EIT)* | 0.00 | 78 795.00 |
| SESAR Joint Undertaking (SJU) | 27 540.00 | 4 675.00 |
| Clean Sky Joint Undertaking (CSJU) | 8 925.00 | 0.00 |
| European Institute for Gender Equality (EIGE) | 190 910.00 | 0.00 |
| European GNSS Supervisory Authority (GSA) | 12 441.99 | 1 870.00 |
| European Data Protection Supervisor (EDPS) | 650 186.52 | 0.00 |
| Artemis Joint Undertaking (Artemis-JU) | 1 785.00 | 0.00 |
| Innovative Medicines Initiative Joint Undertaking (IMI JU) | 7 225.00 | 0.00 |
| European Commission – DGs | 1 107 461.62 | 0.00 |
| European Commission – DG EMPLOYMENT | 0.00 | 1 224 325.84 |
| Council of the European Union | 69 912.63 | 409 647.20 |
| European Court of Auditors | 19 996.25 | 122 982.36 |
| Court of Justice of the European Communities | 0.00 | 18 530.00 |
| European Central Bank * | 16 636.02 | 14 743.04 |
| European Ombudsman | 587 796.25 | 364 055.00 |
| TOTAL | 47 876 800.44 | 43 083 266.50 |

*non-consolidated entities

Note 14: Interinstitutional cooperation – IATE database

in EUR

| Clients | 2010 | 2009 |
|--|-------------------|-------------------|
| European Investment Bank* | 3 633.51 | 3 371.27 |
| European Commission – DGs | 290 680.38 | 269 701.06 |
| European Parliament | 145 340.19 | 134 850.53 |
| Council of the European Union | 109 005.14 | 101 137.90 |
| European Court of Auditors | 18 167.53 | 16 856.32 |
| Committee of the Regions of the European Union | 23 254.42 | 21 576.08 |
| European Economic and Social Committee | 34 881.65 | 32 364.13 |
| Court of Justice of the European Communities | 65 403.09 | 60 682.73 |
| European Central Bank * | 7 267.01 | 6 742.53 |
| TOTAL | 697 632.92 | 647 282.55 |

*non-consolidated entities

The IATE database is a tool for terminology work in the EU's translation services. The project has the objective of providing a web-based infrastructure for all EU terminology resources. The Translation Centre plays a central role in IATE administration and technical support. The administration and development costs are invoiced to the institutions involved in the project.

Note 15: Terminology

in EUR

| Clients | 2010 | 2009 |
|--|-------------------|-------------------|
| European Chemicals Agency (ECHA) | 202 468.75 | 251 497.00 |
| European Monitoring Centre for Drugs and Drug Addiction (EMCDDA) | 81 782.00 | 0.00 |
| Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) | 0.00 | 0.00 |
| Community Plant Variety Office (CPVO) | 0.00 | 0.00 |
| European Central Bank * | 15 887.94 | 10 361.70 |
| European Centre for Disease Prevention and Control (ECDC) | 3 970.00 | 0.00 |
| TOTAL | 304 108.69 | 261 858.70 |

*non-consolidated entities

The revenues for terminology services are invoiced to the clients based on an agreed unit price (man-days).

Note 16: Term list

in EUR

| Clients | 2010 | 2009 |
|--|---------------------|-------------------|
| European Training Foundation (ETF) | 679.00 | 0.00 |
| European Environment Agency (EEA) | 0.00 | 128 137.00 |
| European Agency for Safety and Health at Work (EU-OSHA) | 24 240.30 | 0.00 |
| Community Plant Variety Office (CPVO) | 339.50 | 0.00 |
| European Medicines Agency (EMA) | 1 779.95 | 417.10 |
| Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) | 3 164 819.00 | 6 756.05 |
| European Chemicals Agency (ECHA) | 3 157.35 | 0.00 |
| European Centre for the Development of Vocational Training (Cedefop) | 0.00 | 203.70 |
| Fusion for energy (F4E) | 38.80 | 0.00 |
| European Research Council Executive Agency (ERC) | 2 095.20 | 0.00 |
| Research Executive Agency (REA) | 106.70 | 0.00 |
| European Commission – DG EMPLOYMENT | 1 513.20 | 0.00 |
| European Centre for Disease Prevention and Control (ECDC) | 23 629.20 | 15 248.40 |
| TOTAL | 3 222 398.20 | 150 762.25 |

The revenues for term list services are invoiced to the clients based on an agreed unit price (price per term).

Note 17: Miscellaneous revenue from non-exchange transactions

Transactions where the Centre receives value from another entity without directly giving approximately equal value in exchange are recorded under 'Miscellaneous revenue from non-exchange transactions'.

| in EUR | | |
|---|------------------|-------------|
| Type of expense | 2010 | 2009 |
| Exercised guaranty from Archetypon | 70 000.00 | 0.00 |
| Reimbursement of legal costs based on the decision of the European Court of Justice | 10 326.02 | 0.00 |
| TOTAL | 80 326.02 | 0.00 |

Note 18: Staff expenses

| in EUR | | |
|--|----------------------|----------------------|
| Type of expense | 2010 | 2009 |
| Basic salaries | 13 532 912.95 | 12 140 366.89 |
| Family allowances | 1 303 596.35 | 1 126 555.75 |
| Expatriation allowances | 2 203 296.14 | 1 942 465.63 |
| Contract staff and trainees | 430 423.65 | 887 779.39 |
| Contribution to the Community pension scheme | 3 263 898.90 | 0.00 |
| Agency staff | 343 929.21 | 271 533.80 |
| Installation allowances and travel expenses for annual leave | 417 771.18 | 443 759.77 |
| Early childhood expenses | 308 714.96 | 236 136.39 |
| Insurance against sickness, accidents, unemployment and occupational disease | 710 832.77 | 640 654.88 |
| Other expenses | 89 605.74 | 101 995.13 |
| TOTAL | 22 604 981.85 | 17 791 247.63 |

The increase in staff expenses is mainly caused by the fact that, as of 2010, the Translation Centre began to pay the employer's part of the pension contribution to the Community pension scheme, whereas, in the past, the Centre's liability was recognised as a provision. After adjustment for the pension contribution in the amount of EUR 3 263 898.90, the increase in staff expenses is EUR 1 549 835.32 (8.70%) that can be explained by an increase in staff numbers in 2010 (officials, temporary staff, contract staff and auxiliary staff). The number of staff as defined in the establishment plan increased from 202 in 2009 to 215 in 2010, i.e. an increase of 6.44 %. The remaining increase is explained by promotions, annual salary adjustments and other staff-related costs.

Note 19: Administrative expenses

| Type of expense | 2010 | 2009 |
|--|---------------------|---------------------|
| Immovable property and associated costs | 1 453 863.51 | 1 494 630.38 |
| IT maintenance and consultancy | 811 052.55 | 1 284 676.38 |
| External IT development | 413 100.00 | N/A |
| Data processing | 362 378.16 | 600 877.27 |
| Depreciations | 626 472.54 | 490 453.94 |
| Missions, trainings and medical costs | 388 079.32 | 447 337.10 |
| Postage and telecommunications | 212 033.73 | 269 523.64 |
| Movable property and associated costs | 81 612.20 | 167 422.28 |
| Administrative assistance of the Commission | 117 946.01 | 115 836.37 |
| Meetings, conferences and interpretation costs | 122 730.92 | 83 241.33 |
| Other operating costs | 152 015.73 | 161 710.08 |
| TOTAL | 4 741 284.67 | 5 115 708.77 |

Note 20: Operational expenses

Costs of external translations carried out by freelance translators are recorded under operational expenses. Operational expenses comprise direct operational costs related to the Centre's main activity – translations. The translations are carried out on the basis of framework contracts in force or negotiated procedures with suppliers. The price of translations resulting from the tendering procedures depends on the language combination, as well as on the field and type of translation (translation, modification, revision, trademarks, term list, and terminology).

Operational expenses increased by 16.42 % that is proportional to the increase in revenues from activities (18.03 %).

A.6 Other information

Number of Employees

The following tables summarise the number of the Translation Centre's employees for the year ended 31 December 2010 and 31 December 2009 as set out in the establishment plan:

| | 2010 | 2009 |
|---------------|------------|------------|
| Administrator | 129 | 123 |
| Assistant | 86 | 79 |
| Total | 215 | 202 |

In addition to the staff defined in the establishment plan, the Translation Centre employs contract and interim agency staff. A detailed breakdown of the Translation Centre's overall staff, on 31 December 2010, is set out in the following table:

| | Number of staff | | | | Total |
|---------------|-----------------|------------------|-----------------|---------------|------------|
| | Officials | Temporary agents | Contract agents | Interim staff | |
| Administrator | 42 | 87 | 9 | 0 | 138 |
| Assistant | 19 | 67 | 1 | 9 | 96 |
| Total | 61 | 154 | 10 | 9 | 234 |

Related party transactions

Key management staff, as at 31 December 2010, is as follows:

| Grade | Number of persons |
|--------------|-------------------|
| AD 14 | 2 |
| AD 12 | 3 |
| AD 11 | 1 |
| AD10 | 1 |
| Total | 7 |

The remuneration of key management staff is in accordance with the Staff Regulations of Officials of the European Communities. There were no other transactions, such as loans or bonuses, between related parties and the Translation Centre.

The Director of the Translation Centre is entitled to use a business car for both business and private purposes.

The Management Board

The members of the Management Board do not receive any payments for their duties, except the reimbursement of travel expenses that are paid only to the representatives of the Member States.

Contingent liabilities

a) Commitments against appropriations not yet consumed

The budgetary RAL ('Reste à Liquider') is an amount representing commitments carried over for which payments have not yet been made. This is the usual consequence in the event that there is a carryover of credit appropriations. On 31 December 2010 the budgetary RAL totalled EUR 4 199 342.76. The amount disclosed is this budgetary RAL less related amounts that have been included as expenses in the 2010 Economic Outturn Account (EUR 2 383 102.61), giving a total of EUR 1 816 240.15.

b) Operating Leases

| Description | Date of inception | Date of expiration | Total lease value | Payments made in the current year | in EUR | |
|--------------|-------------------|--------------------|-------------------|-----------------------------------|-----------------|-------------------|
| | | | | | Up to one year | One to five years |
| Audi A6 | 17.11.06 | 16.04.11 | 46 683.12 | 10 795.85 | 2 909.76 | 0.00 |
| Sharan | 03.05.06 | 02.03.11 | 34 737.70 | 6 893.77 | 1 089.20 | 0.00 |
| Partner | 07.01.10 | 06.01.14 | 15 970.08 | 3 928.11 | 3 992.52 | 12 041.97 |
| Total | | | 97 390.90 | 21 617.73 | 7 991.48 | 12 041.97 |

c) Contractual commitments for which budgetary commitments have not yet been made

These commitments originated because the Translation Centre decided to enter into long-term legal commitments in respect of amounts that were not yet covered by commitment appropriations in the budget. The amounts correspond to amounts committed to be paid during the term of the contracts that are not covered by budgetary commitments as at end 2010.

These include the outstanding contractual obligation of EUR 502 704 to cover the rental of the 'Nouvel hémicycle' building, EUR 940 063 for the rental of the T Building and EUR 315 984 for the rental of the eBRC building used within the framework of the Disaster Recovery Plan.

d) Other off balance sheet commitments

As at 31 December 2010, the Translation Centre was involved in no legal disputes.

Third Party Guarantees - freelancers

The guarantee represents a potential asset, the realisation of which could be confirmed only by monitoring an uncertain future event that is not entirely under the control of the Translation Centre. All guarantees in the ownership of the Centre were recorded in the off-balance sheet evidence and monitored. On 31 December 2009, the Translation Centre had 53 guarantees worth EUR 530 000.

In November 2009, a decision was taken to cancel the need for bank guarantees for all existing framework contracts as of 1 January 2010. On the basis of the above decision, the amendments of the relevant framework contracts were sent to all contractors and, over the course of January 2010, the bank guarantees were returned to all contractors.

The reason behind this decision was that the potential benefits of guarantees did not compensate for the additional effort required to manage them. In addition, the guarantees have represented an additional burden to our suppliers.

However, there is one company which does not fall under the abovementioned situation.

Archetypon SA informed the Translation Centre on 17 December 2009 that it was no longer able to fulfil its contractual obligations and stopped carrying out translation work. The Translation Centre received no replies to its requests for clarification. Given that this company's breach of contract resulted in the Translation Centre having to re-order translations from another company, the decision was taken to exercise their bank guarantees rather than cancel them. Since the company had eight contracts with the Translation Centre, it had eight bank guarantees issued in favour of the Translation Centre. As the company was in breach of seven out of eight contracts, the Translation Centre decided to ask for seven bank guarantees, totalling an amount of EUR 70 000. The amount was fully recovered in 2010 and booked into *Operating revenues* within title *Miscellaneous revenue from non-exchange transactions*.

At the end of 2010 one guaranty from Archetypon S.A., amounting to EUR 10 000, is still valid.

Bank guarantees for contracts in the other fields

The Translation Centre currently has three so-called performance guarantees. Their main features, such as amount, contract number, expiry date, etc., are summarised in the table below:

| Company | No of contract | No of guarantee | Guarantee amount (EUR) | Renewal type | Start date | Expiry date |
|--------------------------------------|--------------------------------|-----------------|------------------------|--------------|------------|--|
| ONET Luxembourg | CDT/ONET_LUXEMBOURG/29189/2006 | 39-261764-49-1 | 8 592.00 | unlimited | 27/11/2006 | 31/01/2011 |
| e-Business & Resilience Centre(eBRC) | Sub-renting contract | 2009/000221 | 8 550.00 | - | 08/01/2009 | Six months after receipt of the works |
| e-Business & Resilience Centre(eBRC) | Sub-renting contract | 2009/000191 | 21 600.00 | - | 08/01/2009 | Six months after acceptance of the rented premises |

Post balance sheet events

No significant events occurred subsequent to the balance sheet date that would have a material impact on the financial statements.

REPORTS ON THE IMPLEMENTATION OF THE BUDGET OF THE TRANSLATION CENTRE

| | | |
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B.1. Budgetary Principles (Summary based on the Financial Regulation)

- (a) Principle of unity and budget accuracy
- (b) Principle of annuality
- (c) Principle of equilibrium
- (d) Principle of unit of accounts
- (e) Principle of universality
- (f) Principle of specification
- (g) Principle of sound financial management

B.2. Type of appropriations

The Translation Centre makes use of non-differentiated appropriations for its budget.

The Translation Centre makes use of automatic carry-over of appropriations.

The Translation Centre does not account for assigned revenues.

B.3. Budget expenditure implementation 2010

in EUR

| | Chapter | Initial appropriation (A) | Appropriation transfer (B) | Supplementary and amending budget (C) | Final appropriation (D=A+B+C) | Commitments entered into (E) | Commitments cancelled (F=D-E) | Payments made (G) | Appropriations carried forward in 2011 (H=E-G) |
|--|---|---------------------------|----------------------------|---------------------------------------|-------------------------------|------------------------------|-------------------------------|----------------------|--|
| 11 | Staff in active employment | 22 595 900.00 | -22 000.00 | 2 100 300.00 | 24 674 200.00 | 22 603 934.31 | 2 070 265.69 | 22 501 342.50 | 102 591.81 |
| 13 | Missions and duty travel | 150 000.00 | 0.00 | 0.00 | 150 000.00 | 110 771.15 | 39 228.85 | 94 964.74 | 15 806.41 |
| 14 | Socio-medical infrastructure | 239 000.00 | 22 000.00 | 70 000.00 | 331 000.00 | 296 507.48 | 34 492.52 | 229 615.08 | 66 892.40 |
| 16 | Welfare service | 103 000.00 | 0.00 | 0.00 | 103 000.00 | 99 000.00 | 4 000.00 | 81 351.80 | 17 648.20 |
| 17 | Entertainment and representation | 7 000.00 | 0.00 | 0.00 | 7 000.00 | 2 602.03 | 4 397.97 | 2 317.63 | 284.40 |
| 1 – Staff | | 23 094 900.00 | 0.00 | 2 170 300.00 | 25 265 200.00 | 23 112 814.97 | 2 152 385.03 | 22 909 591.75 | 203 223.22 |
| 20 | Rental of buildings and associated costs | 1 553 000.00 | 4 000.00 | 5 000.00 | 1 562 000.00 | 1 509 441.16 | 52 558.84 | 1 387 226.62 | 122 214.54 |
| 21 | Information technology | 2 960 000.00 | 0.00 | 0.00 | 2 960 000.00 | 2 585 531.36 | 374 468.64 | 1 325 434.63 | 1 260 096.73 |
| 22 | Movable property and associated costs | 147 000.00 | -4 000.00 | -6 000.00 | 137 000.00 | 87 204.19 | 49 795.81 | 49 759.30 | 37 444.89 |
| 23 | Operating expenditure | 364 500.00 | 0.00 | 50 000.00 | 414 500.00 | 242 627.81 | 171 872.19 | 206 312.74 | 36 315.07 |
| 24 | Postage and telecommunications | 339 000.00 | 0.00 | 0.00 | 339 000.00 | 284 358.40 | 54 641.60 | 203 868.58 | 80 489.82 |
| 25 | Expenditure on formal and other meetings | 45 000.00 | 15 000.00 | 0.00 | 60 000.00 | 44 715.69 | 15 284.31 | 42 647.44 | 2 068.25 |
| 26 | Expenditure on board meeting | 130 000.00 | -15 000.00 | 0.00 | 115 000.00 | 82 654.74 | 32 345.26 | 44 928.20 | 37 726.54 |
| 27 | Information: acquisition, archiving, production and dissemination | 95 000.00 | 0.00 | 0.00 | 95 000.00 | 66 834.00 | 28 166.00 | 6 784.00 | 60 050.00 |
| 2 – Buildings, equipment and sundry operating expenditure | | 5 633 500.00 | 0.00 | 49 000.00 | 5 682 500.00 | 4 903 367.35 | 779 132.65 | 3 266 961.51 | 1 636 405.84 |
| 30 | External translation services | 14 879 312.00 | 0.00 | 2 998 388.00 | 17 877 700.00 | 14 322 062.23 | 3 555 637.77 | 12 051 872.29 | 2 270 189.94 |
| 31 | Interinstitutional cooperation | 763 000.00 | 0.00 | 0.00 | 763 000.00 | 697 490.46 | 65 509.54 | 607 966.70 | 89 523.76 |
| 3 - Operational expenditure | | 15 642 312.00 | 0.00 | 2 998 388.00 | 18 640 700.00 | 15 019 552.69 | 3 621 147.31 | 12 659 838.99 | 2 359 713.70 |
| 10 | Reserves | 3 744 240.00 | 0.00 | 2 595 437.00 | 6 339 677.00 | 0.00 | 6 339 677.00 | 0.00 | 0.00 |
| 10 – Reserves | | 3 744 240.00 | 0.00 | 2 595 437.00 | 6 339 677.00 | 0.00 | 6 339 677.00 | 0.00 | 0.00 |
| Total budget: | | 48 114 952.00 | 0.00 | 7 813 125.00 | 55 928 077.00 | 43 035 735.01 | 12 892 341.99 | 38 836 392.25 | 4 199 342.76 |

B.4. Use of appropriations 2010

in EUR

| Use of appropriations C1 - 2010 by Title and Chapter | | | | | | | | | |
|--|----|---|----------------------------|------------------------------------|----------------|----------------------|----------------|--|-----------------|
| | | Chapter | Final appropriation (A) | Commitments entered into (B) | % | Payments made (C) | % | Appropriations cancelled (D=A-C) | % |
| | 11 | Staff in active employment | 24 674 200.00 | 22 603 934.31 | 91.61 % | 22 501 342.50 | 99.55 % | 2 070 265.69 | 8.39 % |
| | 13 | Missions and duty travel | 150 000.00 | 110 771.15 | 73.85 % | 94 964.74 | 85.73 % | 39 228.85 | 26.15 % |
| | 14 | Socio-medical infrastructure | 331 000.00 | 296 507.48 | 89.58 % | 229 615.08 | 77.44 % | 34 492.52 | 10.42 % |
| | 16 | Welfare service | 103 000.00 | 99 000.00 | 96.12 % | 81 351.80 | 82.17 % | 4 000.00 | 3.88 % |
| | 17 | Entertainment and representation | 7 000.00 | 2 602.03 | 37.17 % | 2 317.63 | 89.07 % | 4 397.97 | 62.83 % |
| | | 1 – Staff | 25 265 200.00 | 23 112 814.97 | 91.48 % | 22 909 591.75 | 99.12 % | 2 152 385.03 | 8.52 % |
| | 20 | Rental of buildings and associated costs | 1 562 000.00 | 1 509 441.16 | 96.64 % | 1 387 226.62 | 91.90 % | 52 558.84 | 3.36 % |
| | 21 | Information technology | 2 960 000.00 | 2 585 531.36 | 87.35 % | 1 325 434.63 | 51.26 % | 374 468.64 | 12.65 % |
| | 22 | Movable property and associated costs | 137 000.00 | 87 204.19 | 63.65 % | 49 759.30 | 57.06 % | 49 795.81 | 36.35 % |
| | 23 | Operating expenditure | 414 500.00 | 242 627.81 | 58.54 % | 206 312.74 | 85.03 % | 171 872.19 | 41.46 % |
| | 24 | Postage and telecommunications | 339 000.00 | 284 358.40 | 83.88 % | 203 868.58 | 71.69 % | 54 641.60 | 16.12 % |
| | 25 | Expenditure on formal and other meetings | 60 000.00 | 44 715.69 | 74.53 % | 42 647.44 | 95.37 % | 15 284.31 | 25.47 % |
| | 26 | Expenditure on board management | 115 000.00 | 82 654.74 | 71.87 % | 44 928.20 | 54.36 % | 32 345.26 | 28.13 % |
| | 27 | Information: acquisition, archiving, production and dissemination | 95 000.00 | 66 834.00 | 70.35 % | 6 784.00 | 10.15 % | 28 166.00 | 29.65 % |
| | | 2 – Buildings, equipment and sundry operating expenditure | 5 682 500.00 | 4 903 367.35 | 86.29 % | 3 266 961.51 | 66.63 % | 779 132.65 | 13.71 % |
| | 30 | External translation services | 17 877 700.00 | 14 322 062.23 | 80.11 % | 12 051 872.29 | 84.15 % | 3 555 637.77 | 19.89 % |
| | 31 | Interinstitutional cooperation | 763 000.00 | 697 490.46 | 91.41 % | 607 966.70 | 87.16 % | 65 509.54 | 8.59 % |
| | | 3 - Operational expenditure | 18 640 700.00 | 15 019 552.69 | 80.57 % | 12 659 838.99 | 84.29 % | 3 621 147.31 | 19.43 % |
| | 10 | Reserves | 6 339 677.00 | 0.00 | 0.00 % | 0.00 | 0.00 % | 6 339 677.00 | 100.00 % |
| | | 10 – Reserves | 6 339 677.00 | 0.00 | 0.00 % | 0.00 | 0.00 % | 6 339 677.00 | 100.00 % |
| | | Total budget: | 55 928 077.00 | 43 035 735.01 | 76.95 % | 38 836 392.25 | 90.24 % | 12 892 341.99 | 23.05 % |

Use of appropriations C8 - 2010 by Title and Chapter

| | Chapter | Final appropriation (A) | Commitments entered into (B) | % | Payments made (C) | % | Payment appropriations cancelled (D=B-C) |
|--|---|----------------------------|------------------------------------|--------------|-------------------------|----------------|---|
| 11 | Staff in active employment | 103 544.85 | 103 544.85 | 100 % | 80 337.51 | 77.59 % | 23 207.34 |
| 13 | Missions and duty travel | 27 989.16 | 27 989.16 | 100 % | 19 295.88 | 68.94 % | 8 693.28 |
| 14 | Socio-medical infrastructure | 69 542.90 | 69 542.90 | 100 % | 59 981.89 | 86.25 % | 9 561.01 |
| 16 | Welfare service | 22 549.91 | 22 549.91 | 100 % | 22 066.58 | 97.86 % | 483.33 |
| 1 – Staff | | 223 626.82 | 223 626.82 | 100 % | 181 681.86 | 81.24 % | 41 944.96 |
| 20 | Rental of buildings and associated costs | 170 967.35 | 170 967.35 | 100 % | 138 355.69 | 80.93 % | 32 611.66 |
| 21 | Information technology | 1 192 451.15 | 1 192 451.15 | 100 % | 1 182 143.12 | 99.14 % | 10 308.03 |
| 22 | Movable property and associated costs | 21 860.02 | 21 860.02 | 100 % | 18 313.57 | 83.78 % | 3 546.45 |
| 23 | Operating expenditure | 57 020.14 | 57 020.14 | 100 % | 41 839.00 | 73.38 % | 15 181.14 |
| 24 | Postage and telecommunications | 45 268.44 | 45 268.44 | 100 % | 30 739.33 | 67.90 % | 14 529.11 |
| 25 | Expenditure on formal and other meetings | 7 936.00 | 7 936.00 | 100 % | 4 657.12 | 58.68 % | 3 278.88 |
| 27 | Information: acquisition, archiving, production and dissemination | 1 350.00 | 1 350.00 | 100 % | 1 350.00 | 100 % | 0.00 |
| 2 – Buildings, equipment and sundry operating expenditure | | 1 496 853.10 | 1 496 853.10 | 100 % | 1 417 397.83 | 94.69 % | 79 455.27 |
| 30 | External translation services | 2 279 324.51 | 2 279 324.51 | 100 % | 2 250 480.33 | 98.73 % | 28 844.18 |
| 31 | Interinstitutional cooperation | 18 219.95 | 18 219.95 | 100 % | 18 116.21 | 99.43 % | 103.74 |
| 3 - Operational expenditure | | 2 297 544.46 | 2 297 544.46 | 100 % | 2 268 596.54 | 98.74 % | 28 947.92 |
| Total budget: | | 4 018 024.38 | 4 018 024.38 | 100 % | 3 867 676.23 | 96.26 % | 150 348.15 |

B.5. Appropriations carried forward in 2011

in EUR

| Item | Heading | Appropriations carried forward in 2011 |
|------|--|--|
| 1120 | Professional training of staff | 56 897.05 |
| 1175 | Agency staff | 37 694.76 |
| 1180 | Miscellaneous expenditure on staff recruitment | 8 000.00 |
| 1300 | Mission expenses, duty travel expenses and other ancillary expenditure | 13 369.19 |
| 1310 | Mission expenses for training | 2 437.22 |
| 1400 | Restaurants and canteens | 5 503.61 |
| 1410 | Medical service | 19 788.92 |
| 1420 | Other expenditure | 40 850.87 |
| 1421 | Social relations | 749.00 |
| 1630 | Early childhood centre | 17 648.20 |
| 1700 | Entertainment and representation | 284.40 |
| 2000 | Rent | 12 047.32 |
| 2020 | Water, gas, electricity and heating | 22 016.88 |
| 2030 | Cleaning and maintenance | 53 223.06 |
| 2040 | Fitting-out of premises | 526.80 |
| 2050 | Security and surveillance of buildings | 28 877.92 |
| 2080 | Expenditure preliminary to the acquisition or construction of immovable property | 5 522.56 |
| 2100 | Computer centre operations | 808 220.75 |
| 2120 | Services of operating staff | 451 875.98 |
| 2200 | New purchases | 3 122.40 |
| 2204 | Office equipment | 3 704.88 |
| 2210 | New purchases of furniture | 17 557.69 |
| 2211 | Maintenance, use and repair of furniture | 4 569.66 |
| 2233 | Maintenance, use and repair of vehicles | 752.76 |
| 2250 | Library stocks, purchase of books | 262.75 |
| 2252 | Subscriptions to newspapers and periodicals | 7 265.69 |
| 2253 | Dictionaries for translators | 209.06 |
| 2300 | Stationery and office supplies | 12 103.28 |
| 2320 | Bank charges | 800.00 |
| 2350 | Miscellaneous insurance | 706.77 |
| 2352 | Miscellaneous expenditure on internal meetings | 831.00 |
| 2353 | Departmental removals | 4 625.85 |
| 2359 | Other expenses | 1 512.77 |
| 2391 | Interpreting | 5 000.00 |
| 2392 | Administrative assistance from the Commission | 7 177.20 |
| 2393 | Publications | 2 737.00 |
| 2394 | Dissemination | 821.20 |
| 2400 | Postage and delivery charges | 10 413.40 |
| 2410 | Telephone, telegraph, telex, radio, television, etc. | 70 076.42 |
| 2500 | Meetings in general | 2 000.00 |
| 2550 | Miscellaneous expenditure on the organisation of and participation in conferences, congresses and meetings | 68.25 |
| 2600 | Management Board meetings | 2 655.34 |
| 2610 | Organisation of Management Board meetings | 243.20 |
| 2650 | Interpreting | 34 828.00 |
| 2700 | Limited consultations, studies and surveys | 60 050.00 |
| 3000 | External translation services | 2 270 189.94 |
| 3100 | Interinstitutional cooperation in the linguistic field | 89 523.76 |
| | Total budget: | 4 199 342.76 |

B.6. Budget outturn

in EUR

| | 2010 | 2009 | % change |
|---|----------------------|----------------------|-----------------|
| Budget revenue | 51 205 569.73 | 45 031 272.44 | 13.71 % |
| Translation | 47 873 348.04 | 43 392 407.48 | 10.33 % |
| Terminology | 187 118.69 | 261 858.70 | -28.54 % |
| Term lists | 2 037 722.65 | 147 250.85 | 1 283.84 % |
| Interinstitutional cooperation – IATE database | 697 493.08 | 599 557.53 | 16.33 % |
| Revenue from operations | 50 795 682.46 | 44 401 074.56 | 14.40 % |
| Financial income | 308 803.41 | 617 690.10 | -50.01 % |
| Miscellaneous | 101 083.86 | 12 507.78 | 708.17 % |
| Budget expenditure | 43 035 735.01 | 36 387 510.69 | 18.27 % |
| <i>Title 1- Staff</i> | | | |
| Payments | 22 909 591.75 | 17 992 694.99 | 27.33 % |
| Appropriations carried over | 203 223.22 | 223 626.82 | -9.12 % |
| <i>Title 2- Buildings, equipment and miscellaneous operating expenditure</i> | | | |
| Payments | 3 266 961.51 | 3 764 613.88 | -13.22 % |
| Appropriations carried over | 1 636 405.84 | 1 496 853.10 | 9.32 % |
| <i>Title 3- Operational expenditure</i> | | | |
| Payments | 12 659 838.99 | 10 612 177.00 | 19.30 % |
| Appropriations carried over | 2 359 713.70 | 2 297 544.90 | 2.71 % |
| Other | 149 562.30 | 138 698.56 | 7.83 % |
| Appropriations carried forward and subsequently cancelled | 150 348.15 | 136 982.46 | 9.76 % |
| Exchange-rate differences | -785.85 | 1 716.10 | -145.79 % |
| Budget outturn for the financial year | 8 319 397.02 | 8 782 460.31 | -5.27 % |
| | | | |
| Outturn for the previous year | 24 041 195.20 | 26 735 838.13 | -10.08 % |
| Reimbursement to clients | -6 822 069.19 | -10 280 638.24 | -33.64 % |
| Contribution to the Community pension scheme 1998-2009 | -18 271 649.22 | 0.00 | N/A |
| Allocation to reserves (1) | -2 941 164.00 | -1 196 465.00 | 145.82 % |
| Budget outturn to carry forward | 4 325 709.81 | 24 041 195.20 | -82.01 % |
| Reversal of the provision for the pension created in 2000-2002 directly from the budget (2) | 4 906 000.00 | 0.00 | N/A |
| Adjusted budget outturn to carry forward | 9 231 709.81 | 24 041 195.20 | -61.60 % |

- (1) Please note that the allocation to the reserves throughout the existence of the Translation Centre has been realised systematically by reducing **the Budget outturn to carry forward**. The total balance of the reserve fund at the year end 2010 amounts to EUR 16 529 466.33 (see Note 11), and the budgetary reserve for future investments created in 2010 amounts to EUR 774 864. Without such operations the adjusted budgetary surplus to carry forward would amount to EUR 26 536 040.14.
- (2) We would like to draw your attention to the fact that in 2010 the Centre reversed the provision for the pension scheme by EUR 4 906 000, which had been created during the period 2000-2002 by reducing the budget outturn to carry forward. Since the implementation of accrual accounting in 2003, the provision for the payment of the employer's contributions to the Community pension scheme has been created only in the general accounting. Therefore, the reversal of EUR 4 906 000 represents a correction of budget outturn to carry forward that should already have been made with the implementation of accrual accounting.

RECONCILIATION OF THE BUDGETARY AND ECONOMIC OUTTURN

in EUR

| | 31.12.2010 | 31.12.2009 |
|--|----------------------|---------------------|
| Economic result of the year | 10 344 867.16 | 6 121 255.04 |
| A. Adjustments for items not in the budgetary result but included in the economic result | | |
| 1. Adjustment for accrual cut-off (liabilities) | 2 682 878.89 | 2 660 140.06 |
| 2. Reversal of accrual cut-off from previous year | -2 660 140.06 | -2 509 262.22 |
| 3. Depreciation of intangible and tangible fixed assets | 626 863.03 | 490 453.95 |
| 4. Provisions | -18 300 361.63 | 3 020 346.65 |
| 5. Recovery orders issued and not yet cashed | -7 924 476.07 | -6 741 698.21 |
| 6. Payments made from carryover of payment appropriations | 3 867 676.23 | 3 439 669.00 |
| 7. Change in work in progress | 91 500.00 | 31 300.00 |
| 8. Accrued interests | -129 591.06 | 0.00 |
| 9. Prepaid expenses | -59 709.12 | 0.00 |
| 10. Payments for pensions | 18 271 649.22 | 0.00 |
| Subtotal | -3 533 710.57 | 390 949.23 |
| B. Adjustments for items included in the budgetary result but not in the economic result | | |
| 1. Asset acquisitions | -1 099 306.70 | -842 502.32 |
| 2. Budgetary recovery orders issued before and cashed in the year | 6 624 270.92 | 6 965 170.54 |
| 3. Payment appropriations carried over to the following year | -4 199 343.00 | -4 018 024.00 |
| 4. VAT not recovered | 32 488.31 | 23 105.00 |
| 5. Appropriations carried forward and subsequently cancelled | 150 348.15 | 136 982.46 |
| 6. Other temporary differences | -217.25 | 5 524.36 |
| Subtotal | 1 508 240.43 | 2 270 256.04 |
| Budgetary result of the financial year | 8 319 397.02 | 8 782 460.31 |

B.7. Budget revenue 2010

in EUR

| TYPE OF REVENUE | ESTIMATED REVENUE FOR THE FINANCIAL YEAR (A) | SUPPLEMENTARY AND AMENDING BUDGET (B) | TOTAL (C=A+B) | ENTITLEMENTS ESTABLISHED IN THE FINANCIAL YEAR (D) | ENTITLEMENTS CARRIED OVER FROM 2009 (E) | AMOUNTS RECEIVED ON ENTITLEMENTS CARRIED OVER (F) | AMOUNTS RECEIVED ON 2010 ENTITLEMENTS (G) | AMOUNTS RECEIVED 2010 (H=F+G) | SUMS STILL TO BE COLLECTED (I=D+E-H) |
|--|--|---------------------------------------|---------------|--|---|---|---|-------------------------------|--------------------------------------|
| European Environment Agency (EEA) | 400 000.00 | 0.00 | 400 000.00 | 452 901.29 | 11 581.25 | 11 581.25 | 421 961.29 | 433 542.54 | 30 940.00 |
| European Training Foundation (ETF) | 250 000.00 | 15 000.00 | 265 000.00 | 306 062.97 | 27 008.75 | 27 008.75 | 283 899.00 | 310 907.75 | 22 163.97 |
| European Training Foundation - MEDA | P.M. | 0.00 | 0.00 | 0.00 | 1 381.25 | 1 381.25 | 0.00 | 1 381.25 | 0.00 |
| European Monitoring Centre for Drugs and Drug Addiction (EMCDDA) | 600 000.00 | 109 400.00 | 709 400.00 | 754 025.75 | 127.50 | 127.50 | 684 729.50 | 684 857.00 | 69 296.25 |
| European Medicines Agency (EMA) | 3 250 000.00 | -422 700.00 | 2 827 300.00 | 2 573 505.14 | 461 692.60 | 461 692.60 | 2 148 970.86 | 2 610 663.46 | 424 534.28 |
| European Agency for Safety and Health at Work (EU-OSHA) | 631 012.00 | 308 600.00 | 939 612.00 | 1 136 720.69 | 29 410.00 | 29 410.00 | 930 085.69 | 959 495.69 | 206 635.00 |
| Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) | 2 428 000.00 | 2 884 166.00 | 5 312 166.00 | 5 318 120.14 | 190 065.15 | 190 065.15 | 3 937 657.04 | 4 127 722.19 | 1 380 463.10 |
| OHIM – GCI | P.M. | 0.00 | 0.00 | 65 110.00 | 76 032.50 | 76 032.50 | 65 110.00 | 141 142.50 | 0.00 |
| OHIM – MP | P.M. | 0.00 | 0.00 | 39 482.50 | 9 265.00 | 9 265.00 | 34 127.50 | 43 392.50 | 5 355.00 |
| OHIM Trademarks | 23 760 000.00 | 5 290 246.00 | 29 050 246.00 | 27 134 980.32 | 4 273 533.60 | 4 273 533.60 | 23 336 634.72 | 27 610 168.32 | 3 798 345.60 |
| Community Plant Variety Office (CPVO) | 130 000.00 | -46 700.00 | 83 300.00 | 86 508.46 | 8 425.73 | 8 425.73 | 79 835.96 | 88 261.69 | 6 672.50 |
| European Police Office (Europol) | 1 563 400.00 | -516 200.00 | 1 047 200.00 | 896 944.61 | 122 973.75 | 122 973.75 | 791 204.61 | 914 178.36 | 105 740.00 |
| European Foundation for the Improvement of Living and Working Conditions (Eurofound) | 350 000.00 | 460 700.00 | 810 700.00 | 487 111.03 | 89 738.55 | 89 738.55 | 487 111.03 | 576 849.58 | 0.00 |
| European Centre for the Development of Vocational Training (Cedefop) | 150 000.00 | -40 000.00 | 110 000.00 | 110 287.55 | 4 462.50 | 4 462.50 | 91 672.55 | 96 135.05 | 18 615.00 |
| European Union Agency for Fundamental Rights (FRA) | 550 000.00 | 0.00 | 550 000.00 | 1 503 407.61 | 259 792.09 | 259 792.09 | 1 307 576.55 | 1 567 368.64 | 195 831.06 |
| European Investment Bank | P.M. | 0.00 | 0.00 | 4 324.20 | 1 659.51 | 1 659.51 | 2 663.96 | 4 323.47 | 1 660.24 |
| European Food Safety Authority (EFSA) | 860 000.00 | -360 000.00 | 500 000.00 | 519 806.96 | 16 681.25 | 16 681.25 | 480 558.21 | 497 239.46 | 39 248.75 |
| Eurojust | 3 500.00 | 500.00 | 4 000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| European Maritime Safety Agency (EMSA) | 373 000.00 | -147 400.00 | 225 600.00 | 150 875.00 | 15 831.25 | 15 831.25 | 147 305.00 | 163 136.25 | 3 570.00 |
| European Aviation Safety Agency (EASA) | 1 300 000.00 | -152 900.00 | 1 147 100.00 | 952 127.50 | 65 598.75 | 65 598.75 | 568 140.00 | 633 738.75 | 383 987.50 |
| European Railway Agency (ERA) | 850 000.00 | -150 000.00 | 700 000.00 | 236 640.00 | 54 931.25 | 54 931.25 | 171 020.00 | 225 951.25 | 65 620.00 |
| European Network and Information Security Agency (ENISA) | 200 000.00 | -200 000.00 | 0.00 | 105 761.25 | 1 062.50 | 1 062.50 | 103 955.00 | 105 017.50 | 1 806.25 |
| European Centre for Disease Prevention and Control (ECDC) | 520 000.00 | 300 800.00 | 820 800.00 | 572 236.70 | 0.00 | 0.00 | 548 607.50 | 548 607.50 | 23 629.20 |
| European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union (Frontex) | 350 000.00 | 0.00 | 350 000.00 | 234 812.50 | 15 895.00 | 15 895.00 | 234 812.50 | 250 707.50 | 0.00 |
| Education, Audiovisual and Culture Executive Agency (EACEA) | 1 220 000.00 | -310 300.00 | 909 700.00 | 829 026.25 | 91 205.00 | 91 205.00 | 755 501.25 | 846 706.25 | 73 525.00 |
| Executive Agency for Competitiveness and Innovation (EACI) | 60 000.00 | -31 500.00 | 28 500.00 | 47 430.00 | 0.00 | 0.00 | 37 740.00 | 37 740.00 | 9 690.00 |

| | | | | | | | | | |
|--|----------------------|---------------------|----------------------|----------------------|---------------------|---------------------|----------------------|----------------------|---------------------|
| European Police College | 102 000.00 | 0.00 | 102 000.00 | 69 466.25 | 10 901.25 | 10 901.25 | 63 813.75 | 74 715.00 | 5 652.50 |
| Executive Agency for Health and Consumers (EAHC) | 105 000.00 | 0.00 | 105 000.00 | 84 872.50 | 0.00 | 0.00 | 84 660.00 | 84 660.00 | 212.50 |
| European GNSS Supervisory Authority (GSA) | 30 000.00 | -17 600.00 | 12 400.00 | 12 441.99 | 0.00 | 0.00 | 12 441.99 | 12 441.99 | 0.00 |
| European Defence Agency (EDA) | 15 000.00 | -10 200.00 | 4 800.00 | 9 116.91 | 1 211.32 | 1 211.32 | 2 103.75 | 3 315.07 | 7 013.16 |
| European Chemicals Agency (ECHA) | 3 225 240.00 | 695 800.00 | 3 921 040.00 | 3 863 081.14 | 33 320.00 | 33 320.00 | 3 573 689.68 | 3 607 009.68 | 289 391.46 |
| Community Fisheries Control Agency (CFCA) | 50 000.00 | 0.00 | 50 000.00 | 53 932.50 | 5 865.00 | 5 865.00 | 47 132.50 | 52 997.50 | 6 800.00 |
| Fusion for Energy (F4E) | 200 000.00 | -160 000.00 | 40 000.00 | 31 042.55 | 743.75 | 743.75 | 19 312.55 | 20 056.30 | 11 730.00 |
| European Union Satellite Centre (EUSC) | 500.00 | -500.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Trans-European Transport Network Executive Agency (TEN-T EA) | 97 300.00 | -44 500.00 | 52 800.00 | 29 813.75 | 1 870.00 | 1 870.00 | 29 813.75 | 31 683.75 | 0.00 |
| European Institute of Innovation and Technology (EIT) | P.M. | 98 900.00 | 98 900.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| European Research Council Executive Agency (ERC) | P.M. | 56 500.00 | 56 500.00 | 27 212.70 | 3 740.00 | 3 740.00 | 27 042.70 | 30 782.70 | 170.00 |
| Research Executive Agency (REA) | P.M. | 1 500.00 | 1 500.00 | 3 782.95 | 0.00 | 0.00 | 3 782.95 | 3 782.95 | 0.00 |
| Clean Sky Joint Undertaking (CSJU) | P.M. | 15 600.00 | 15 600.00 | 8 925.00 | 0.00 | 0.00 | 3 570.00 | 3 570.00 | 5 355.00 |
| European Institute for Gender Equality (EIGE) | P.M. | 250 000.00 | 250 000.00 | 190 910.00 | 0.00 | 0.00 | 106 590.00 | 106 590.00 | 84 320.00 |
| SESAR Joint Undertaking (SJU) | P.M. | 23 800.00 | 23 800.00 | 27 540.00 | 0.00 | 0.00 | 27 540.00 | 27 540.00 | 0.00 |
| European Data Protection Supervisor (EDPS) | P.M. | 815 200.00 | 815 200.00 | 650 186.52 | 0.00 | 0.00 | 633 441.52 | 633 441.52 | 16 745.00 |
| Artémis Joint Undertaking (Artemis-JU) | P.M. | 0.00 | 0.00 | 1 785.00 | 0.00 | 0.00 | 1 785.00 | 1 785.00 | 0.00 |
| Innovative Medicines Initiative Joint Undertaking (IMI JU) | P.M. | 0.00 | 0.00 | 7 225.00 | 0.00 | 0.00 | 5 440.00 | 5 440.00 | 1 785.00 |
| European Commission – DGs | 2 400 000.00 | 0.00 | 2 400 000.00 | 290 680.38 | 132 760.54 | 132 760.54 | 157 861.58 | 290 622.12 | 132 818.80 |
| European Commission – Interinstitutional projects | 701 000.00 | 0.00 | 701 000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| European Commission – CCE EMPLOYMENT | P.M. | 0.00 | 0.00 | 1 108 974.82 | 106 017.70 | 106 017.70 | 847 364.46 | 953 382.16 | 261 610.36 |
| European Parliament | P.M. | 0.00 | 0.00 | 145 340.19 | 66 380.27 | 66 380.27 | 78 930.79 | 145 311.06 | 66 409.40 |
| Council of the European Union | 70 000.00 | 50 400.00 | 120 400.00 | 177 111.52 | 341 186.45 | 341 186.45 | 110 623.22 | 463 858.42 | 54 439.55 |
| European Court of Auditors | 100 000.00 | -50 100.00 | 49 900.00 | 38 163.78 | 8 297.54 | 8 297.54 | 29 862.60 | 38 160.14 | 8 301.18 |
| Committee of the Regions of the European Union | P.M. | 0.00 | 0.00 | 23 254.42 | 10 620.84 | 10 620.84 | 12 628.92 | 23 249.76 | 10 625.50 |
| European Economic and Social Committee | P.M. | 0.00 | 0.00 | 34 881.65 | 15 931.26 | 15 931.26 | 18 943.39 | 34 874.65 | 15 938.26 |
| Court of Justice of the European Communities | P.M. | 0.00 | 0.00 | 65 403.09 | 29 871.12 | 29 871.12 | 35 518.86 | 65 389.98 | 29 884.23 |
| European Central Bank | 50 000.00 | -15 200.00 | 34 800.00 | 39 790.97 | 8 504.01 | 8 504.01 | 30 520.50 | 39 024.51 | 9 270.47 |
| European Ombudsman | 370 000.00 | -800.00 | 369 200.00 | 587 796.25 | 13 642.50 | 13 642.50 | 549 121.25 | 562 763.75 | 38 675.00 |
| TOTAL REVENUES FROM TRANSLATIONS | 47 314 952.00 | 8 700 512.00 | 56 015 464.00 | 52 100 940.25 | 6 619 218.28 | 6 619 218.28 | 44 164 415.43 | 50 795 682.46 | 7 924 476.07 |
| Financial revenue – bank interests | 800 000.00 | -488 000.00 | 312 000.00 | 308 803.41 | 0.00 | 0.00 | 308 803.41 | 308 803.41 | 0.00 |
| Miscellaneous revenue | 0.00 | 0.00 | 0.00 | 96 391.22 | 5 052.64 | 5 052.64 | 96 031.22 | 101 083.86 | 360.00 |
| TOTAL REVENUES FROM OPERATIONS | 48 114 952.00 | 8 212 512.00 | 56 327 464.00 | 52 506 134.88 | 6 624 270.92 | 6 624 270.92 | 44 569 250.06 | 51 205 569.73 | 7 924 836.07 |

B.8. List of transfers 2010

in EUR

| No | Date | Reinforced line | Heading | Debited line | Heading | Amount |
|----|------------|-----------------|--|--------------|---|------------|
| 1 | 15/06/2010 | 2010 | Insurance | 2000 | Rental of buildings and associated costs | 3 900.00 |
| 2 | 15/06/2010 | 2020 | Water, gas, electricity and heating | 2000 | Rental of buildings and associated costs | 35 500.00 |
| 3 | 15/06/2010 | 2030 | Cleaning and maintenance | 2000 | Rental of buildings and associated costs | 65 500.00 |
| 4 | 15/06/2010 | 2050 | Security and surveillance of buildings | 2000 | Rental of buildings and associated costs | 31 000.00 |
| 5 | 08/07/2010 | 2020 | Water, gas, electricity and heating | 2000 | Rental of buildings and associated costs | 5 000.00 |
| 6 | 20/07/2010 | 2120 | Information technology – external services | 2100 | Information technology - equipment | 200 000.00 |
| 7 | 20/07/2010 | 1175 | Agency staff | 1115 | Contract staff | 70 000.00 |
| 8 | 06/08/2010 | 2210 | Other expenditure | 2211 | Replacement | 20 000.00 |
| 9 | 06/08/2010 | 2040 | Fitting-out of premises | 2211 | Replacement | 4 000.00 |
| 10 | 05/10/2010 | 2550 | Miscellaneous expenditure on the organisation of and participation in conferences, congresses and meetings | 2610 | Organisation of Management Board meetings | 15 000.00 |
| 11 | 02/12/2010 | 1410 | Medical service | 1115 | Contract staff | 22 000.00 |
| 12 | 10/12/2010 | 1100 | Basic salaries | 1134 | Pension contribution | 130 000.00 |

REPORT ON BUDGETARY AND FINANCIAL MANAGEMENT FOR 2010

| | | |
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C.1 Financial resources and budgetary management

1. Initial and amending budget

The Translation Centre's budget includes revenue comprising payments made by the bodies for which the Translation Centre works and by the institutions and organs with which collaboration has been agreed in return for work performed by it, including interinstitutional activities, and any other revenue.

The preliminary draft budget 2010 had predicted a lower demand for translation volumes compared to the previous year. However, throughout 2010, the Centre had to deal with increased demands for translations due to updated forecasts. In particular, the Centre had to accommodate the needs of the OHIM for the enlarged scope of the EuroAce project and for the editing of opposition decisions.

The Centre's original budget for 2010 (EUR 48.1 million) was the subject of two amending budgets, adopted by the Management Board on 10 September 2010 and 27 October 2010, respectively. The purpose of the amending budgets was twofold: to include the budgetary surplus from previous years, namely EUR 24 million, so as to pay the employer's contributions to the Commission for pensions from 1998 to 2009, namely a total sum of EUR 18.4 million, and to reimburse the OHIM with the economic outturn for 2009, namely the sum of EUR 6.1 million, and, secondly, to rebalance the budget with the sum of EUR 8 million, following a significant increase in client forecasts.

| in EUR | | | | | |
|--------------------|--|----------------------|------------------------|------------------------|------------------------|
| Title | Heading | Final budget 2010 | Amending budget (2) | Amending budget (1) | Initial budget 2010 |
| REVENUE | | | | | |
| 1 | PAYMENTS FROM AGENCIES, BODIES, OFFICES AND INSTITUTIONS | 52 340 164 | | 8 716 212 | 43 623 952 |
| 2 | SUBSIDY FROM THE COMMISSION | p.m. | | p.m. | p.m. |
| 3 | INTERINSTITUTIONAL COOPERATION | 3 675 300 | | -15 700 | 3 691 000 |
| 4 | OTHER REVENUE | 312 000 | | -488 000 | 800 000 |
| 5 | SURPLUS CARRIED OVER FROM THE PREVIOUS FINANCIAL YEAR | 24 041 195 | | 24 041 195 | p.m. |
| 6 | REIMBURSEMENTS | -24 440 582 | -7 269 327 | -17 171 255 | p.m. |
| | GRAND TOTAL | 55 928 077 | -7 269 327 | 15 082 452 | 48 114 952 |
| EXPENDITURE | | | | | |
| 1 | STAFF | 25 265 200 | | 2 170 300 | 23 094 900 |
| 2 | BUILDINGS, EQUIPMENT AND MISCELLANEOUS OPERATING EXPENDITURE | 5 682 500 | | 49 000 | 5 633 500 |
| 3 | OPERATIONAL EXPENDITURE | 18 640 700 | | 2 998 388 | 15 642 312 |
| 10 | PROVISIONS | 6 339 677 | -7 269 327 | 9 864 764 | 3 744 240 |
| | GRAND TOTAL | 55 928 077 | -7 269 327 | 15 082 452 | 48 114 952 |

With regard to revenue, the first amendment of the initial budget may be explained as follows:

- a) Update of client budget forecasts on the basis of their most recent translation requirement estimates. In short, this involves an increase of EUR 8 716 212 in Title 1 (Payments from the agencies and bodies) and a slight decrease of EUR 15 700 in Title 3 (Interinstitutional cooperation). There were quite substantial changes in many individual forecasts from the clients, the most important one being from the OHIM with an increase of almost EUR 8.2 million.
- b) Reduction in bank interest of EUR 488 000 in comparison with the sum forecast in the initial budget (Title 4). This is due to a decrease in the interest rate for the current and savings accounts.
- c) In accordance with Article 16 of the Financial Regulation, the entry as revenue for 2010 of the sum corresponding to the budget surplus from previous years, namely EUR 24 041 195.
- d) The refund to the OHIM of the sum of EUR 6 121 255. This refund corresponds to the economic outturn in 2009.
- e) Creation of a budget line 6100 on the revenue side: refunds to the Commission for the employer's contribution to the Community pension scheme. This appropriation covers contributions relating to the accounting periods 2005-2009, EUR 11 050 000, including late payment interest on two debit notes already issued in 2005, and refunded to the Commission in 2010. Payment linked to the employer's contribution for 2010 appears as an expense for the current year under title 1.
- f) Creation of two new 'token entry' (p.m.) budget lines as a result of the signing of agreements with new clients: Joint Undertaking to implement a Joint Technology Initiative in Embedded Computing Systems (ARTEMIS) and Innovative Medicines Initiative Joint Undertaking.

The Translation Centre has revised its expenditure titles for the 2010 budget, due to the reasons mentioned in the introduction, as well as a lower resource need under Title 1 (Staff).

- a) Increase in appropriations allocated for expenditure under Title 1 (Staff) of EUR 2 170 300. This increase is mainly due to the transfer of EUR 3 200 300 from budget line 10000, 'reserve for employer's contribution to the Community pension scheme' to the budget line 1134, to cover the payment to the Commission for 2010.

At the same time, given that the Staff Establishment Plan has not been fully implemented, a decrease in appropriations of EUR 1 100 000 was reflected in the amending budget.

- b) The amount allocated to Title 2 (Buildings, equipment and miscellaneous operating expenditure) is slightly increased (EUR 49 000) and a couple of transfers have been made within the title:
 - i. After the initial budget for 2010 was decided, new projects have been included in the Translation Centre's work programme. This, together with staff on parental leave, increases the need and the cost for IT consultants. Therefore, EUR 200 000 are transferred from the budget for hardware and software. Resources are made available by a reduction of purchases of hardware by 10%, lower expenses for the ABAC system due to a delay in implementing the system, and lower expenses for licence purchases.
 - ii. To reflect better the nature of the costs, EUR 140 900 have been transferred from the budget for rent to other lines within the title, such as maintenance and electricity.

- iii. The appropriation of budget line 2330, 'legal expenses', is increased by EUR 50 000, in order to cover the expenses linked to ongoing negotiations with the Commission. In addition, due to the departure of the Head of the Legal Affairs and Finance Section, the Translation Centre needed to offset temporarily the lack of legal advice.
- c) Increase in appropriations allocated for operational expenditure under Title 3 of an estimated EUR 2 998 388, due to the increase in the expected number of pages to be translated.
- d) Increase of EUR 1 736 300 in the 2010 allocation to the permanent prefinancing fund set up pursuant to Article 59a(3) of the Financial Regulation and Article 58 of the Regulation laying down detailed rules for the implementation of the Financial Regulation. The increase follows the transfer of resources from reserves (not included in the appropriations covered by the prefinancing fund) to budget line 1134 for the 2010 employer's pension contributions and the increase in expected expenses for external translators.
- e) Increase in the appropriations to the reserve to cover employer's contributions to the Community pension scheme. The increase of EUR 6 960 100 was needed to cover the total expenses related to the years 1998 - 2004.
- f) Creation of a budget line under Title 10, reserves. The reserve, budget line 10005, was created to cover payments of the disputed salary adjustment from 2009. The reserve covers the expenses related to 2010 and part of 2009, and amounts to EUR 398 500.
- g) Creation of a budget line under Title 10, reserves. The reserve, budget line 10006, was created for investments in the near future: acquisition of equipment to upgrade security in the informatics room and new translation software amounting to EUR 774 864

The only reason for the second amending budget was to incorporate the payment of EUR 7 269 327 to the Community pension scheme for the period 1998-2003, and the related decrease of the provision in the same amount recorded under title 10 as approved by the Management Board.

2. Revenue cashed

Comparative analysis of budget revenue for 2010 and 2009:

| in EUR | | | |
|--|-------------------|-------------------|-----------------|
| Budget revenue | 2010 | 2009 | % change |
| Total revenue relating to the activity | 50 795 683 | 44 401 075 | 14.40 % |
| Financial income | 308 803 | 617 690 | - 50.01 % |
| Other operating income ⁽¹⁾ | 251 432 | 151 206 | 66.28 % |
| Total budget revenue | 51 355 918 | 45 169 971 | 13.69 % |

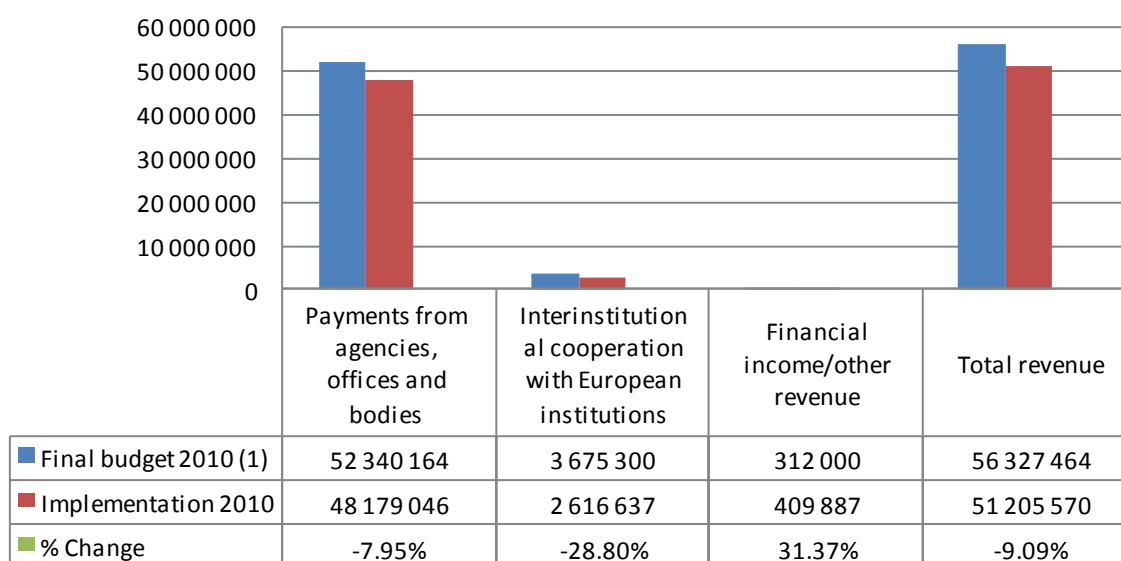
⁽¹⁾ EUR 101 084 miscellaneous income + EUR 150 348 from the cancellation of appropriations carried over from 2009/2010

In 2010 revenue rose to EUR 51.4 million, i.e. an increase of 13.69 % compared to 2009, as a result of a higher total number of pages translated compared to the previous year. The total number of translated pages invoiced to our clients amounted to 812 370, which is a significant increase compared to 2009 (732 007 pages). The number of pages of Community trademarks increased by 7.83 % compared to 2009, whereas the number of pages of documents invoiced to our clients increased by 10.98 % compared to 2009.

The average client payment deadline is 32.50 days for a total of 639 debit notes issued (41.65 days for a total of 613 debit notes issued in 2009). The statutory payment deadline is 45 days.

Implementation of budget revenue for 2010:

in EUR



- (1) Not including EUR 24 041 195 for 'Outturn for the previous year' and 'Refunds to clients and to the community pension scheme' of EUR 24 440 582.

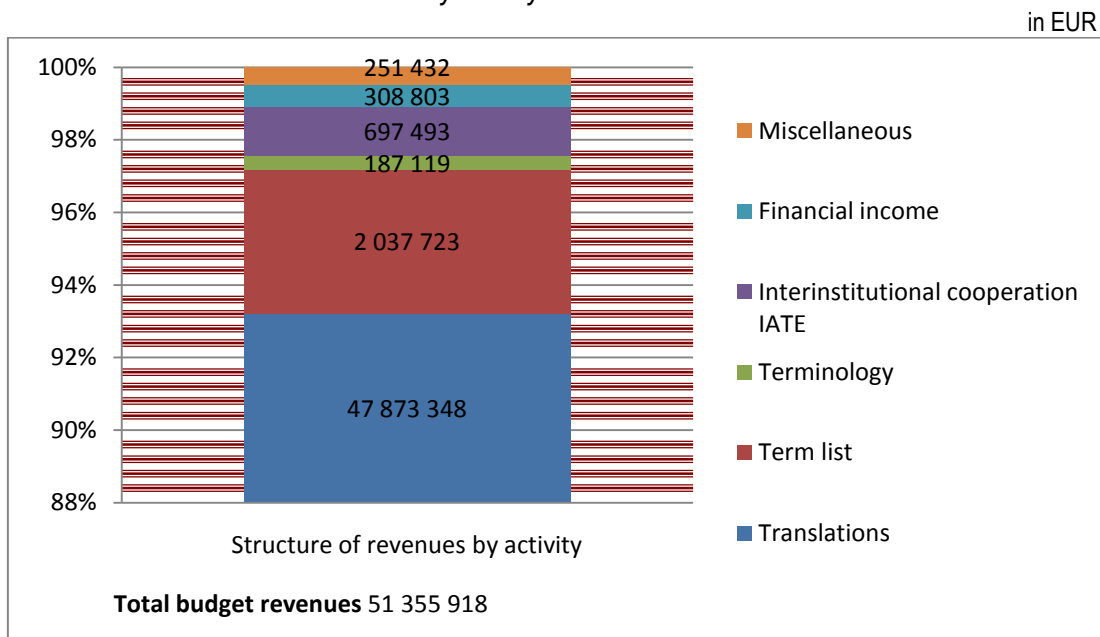
In the first amending budget for 2010, the Centre increased forecasted income from all translation work by EUR 8.7 million, based on data received from the clients. However, final revenues collected from the clients were lower than forecasted: the difference between client forecasts and revenues collected reached EUR 5.1 million (9.1 % of the budget).

Total invoicing in 2010 amounted to almost EUR 52 million, which is significantly better than in 2009, but invoicing in both November and December was below forecast by EUR 4 million. The analysis shows that 13 clients (25 %) did not reach 75 % of their forecast.

By way of illustration, the OHIM and DG Employment account for EUR 3.2 million of the difference between budget and outcome. The implementation of revenues for the OHIM was around EUR 1.9 million below forecast, while for DG Employment invoicing reached only 46.2 % of the figures forecast, resulting in a deviation of EUR 1.3 million against the budget.

For 2010, the Translation Centre's main source of revenue is translation work, representing some 93 % of total revenue, while the remaining 7 % is the result of interinstitutional cooperation, terminology work, term lists, bank interests and miscellaneous revenues.

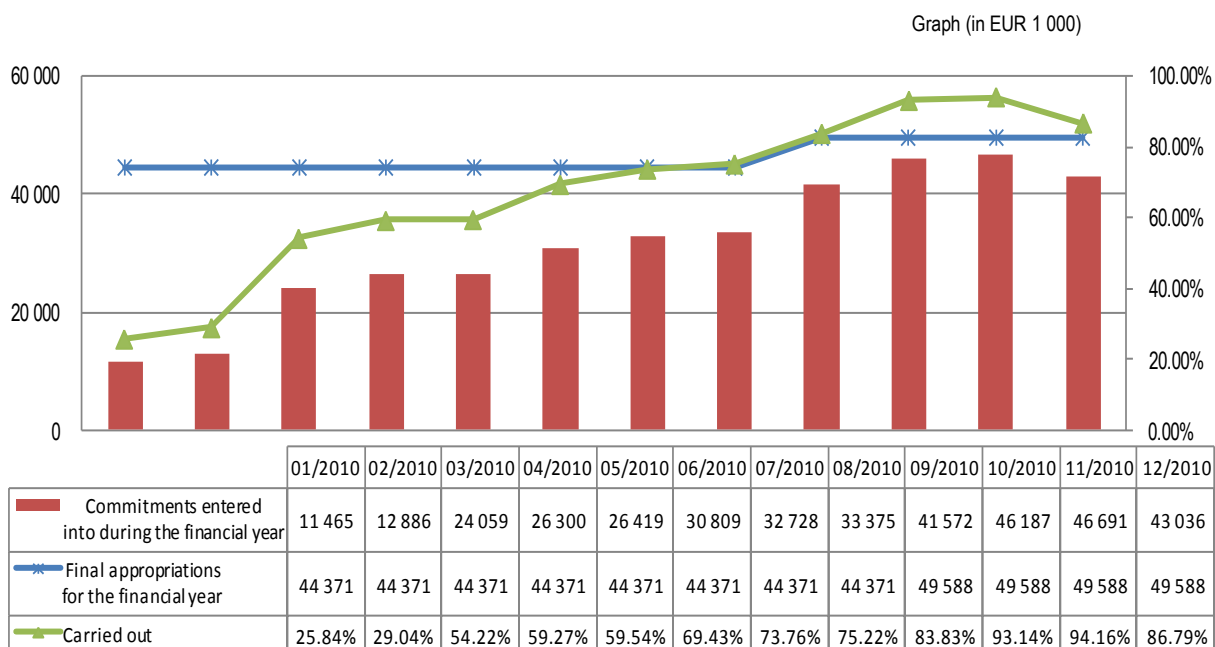
Revenues of the Translation Centre by activity



Interinstitutional cooperation as defined in chapter 3 of the budget revenues includes all translation services provided to European institutions, i.e. not only the interinstitutional IATE database.

3. Expenditure incurred

Total expenditure for the year was EUR 43 035 735 or 86.79 % of funds provided for in the budget (excluding Title 10 Reserves), which is an improvement on 2009 (84.44 %)



Expenditure for 2010 increased by 18.27 % compared with 2009. Total expenditure for the year was EUR 43 035 735.00, or 86.79 % of the appropriations in the budget¹.

¹ Excluding Title 10 Reserves.

Comparative analysis of the budget implementation on commitments for 2010 and 2009:

| | | in EUR | | |
|----------------------|--|----------------------|----------------------|----------------|
| Title | Heading | 2010 | 2009 | % change |
| 1 | Staff | 23 112 815.00 | 18 216 322.00 | 26.88 % |
| 2 | Buildings, equipment and miscellaneous operating expenditure | 4 903 367.00 | 5 261 467.00 | -6.81 % |
| 3 | Operational expenditure | 15 019 553.00 | 12 909 722.00 | 16.34 % |
| Overall total | | 43 035 735.00 | 36 387 511.00 | 18.27 % |

The increase in expenditure on staff (**Title 1**) is caused mainly by the fact that as of 2010 the Translation Centre pays the employer's part of the pension contribution to the Community pension scheme from title 1, whereas in the past the Centre's liability was recognised under provisions in title 10. After adjustment for the pension contribution, for the amount of EUR 3 263 898.90, the increase in staff expenditures would be EUR 1 632 594.10 (8.96%), which can be explained by an increase in staff numbers in 2010 (officials, temporary staff, contract staff and auxiliary staff). The number of staff as defined in the establishment plan increased from 202 in 2009 to 215 in 2010, which represents an increase of 6.44%. The remaining increase is explained by promotions, annual salary adjustments and other staff related costs such as training.

The main budget lines in the **Title 2** relate to items associated with IT-related expenditure and rental expenses, as set out below:

| | | in EUR | | |
|--------------|-----------------------------|---------------------|---------------------|----------|
| Item | Heading | 2010 | 2009 | % change |
| 2000 | Rent | 1 170 613.00 | 1 336 991.00 | -12.44 % |
| 2100 | Computer centre operations | 1 241 103.00 | 1 733 813.00 | -28.42 % |
| 2120 | Services of operating staff | 1 344 428.00 | 1 273 741.00 | 5.55 % |
| Total | | 3 756 144.00 | 4 344 545.00 | |

| | | in EUR | | |
|--------------|-----------------------------|---------------------------------------|--------------------------|-------------------|
| Item | Heading | Appropriations for the financial year | Commitments entered into | Cancellation in % |
| 2000 | Rent | 1 199 100.00 | 1 170 613.00 | -2.38 % |
| 2100 | Computer centre operations | 1 420 000.00 | 1 241 103.00 | -12.60 % |
| 2120 | Services of operating staff | 1 540 000.00 | 1 344 428.00 | -12.70 % |
| Total | | 4 159 100.00 | 3 756 144.00 | |

The appropriations consumed in 2010 on rent are lower due to reclassification of other rent-related expenditures into the separate budget lines. As the overall rental expenditure remains the same, the global impact on the budget is neutral. As rental expenditures are easily predictable, the budget implementation is 97.62%.

The use of appropriations for the budget line 2100 in 2010 is significantly lower than in the previous year due to certain projects that were carried over from 2008 to 2009 (in particular the disaster recovery plan) and that increased expenditures of the year 2009 dramatically. The figures for 2010 are in line with the year 2008 (EUR 1 026 242), but the budget implementation 87.40 %, is below that for 2009 (91.25 %).

The appropriations on the budget line 2120 include expenditure for external IT experts providing maintenance and development of IT systems. The increase in expenditure incurred on the budget line 2120 reflects changes in the ongoing IT projects. The level of implementation 87.30 %, is slightly below that of the previous year (90.96%).

Operational expenditure (**Title 3**) increased by 16.34 %, that is proportional to the increase in revenues (14.40 %). The level of outsourcing decreased by 1.79 % compared to the previous year due to higher utilisation of internal translators.

| In pages | | | |
|-----------------------------|----------------|----------------|----------------|
| Description | 2010 | 2009 | % change |
| Freelance (in pages) | 448 160 | 409 788 | 9.36 % |
| Internal translators | 371 438 | 326 220 | 13.86 % |
| Total pages | 819 598 | 736 008 | 11.36 % |
| % of externalisation | 54.68 % | 55.68 % | -1.79 % |

Change in budgetary implementation of expenditures

| in EUR | | | | |
|--------------------------------|------------|----------------------|------------|----------------------|
| Description | 2010 | % of the budget 2010 | 2009 | % of the budget 2009 |
| Budget (Excluding Title 10) | 49 588 400 | 100.00 % | 43 089 500 | 100.00 % |
| Commitments entered into | 43 035 735 | 86.79 % | 36 387 511 | 84.45 % |
| Payments made | 38 836 392 | 78.30 % | 32 369 486 | 75.10 % |
| Appropriations cancelled | 6 552 665 | 13.21 % | 6 701 989 | 15.55 % |
| Appropriations carried forward | 4 199 343 | 8.50 % | 4 018 025 | 9.30 % |

The outcome differs between the titles, as is seen in the table below:

| in EUR | | | | | | |
|--------------------------------|------------|-----------------|-----------|-----------------|------------|-----------------|
| Description | Title 1 | | Title 2 | | Title 3 | |
| | Amount | % of the budget | Amount | % of the budget | Amount | % of the budget |
| Budget (Excluding Title 10) | 25 265 200 | 100.00 % | 5 682 500 | 100.00 % | 18 640 700 | 100.00 % |
| Commitments entered into | 23 112 800 | 91.50 % | 4 903 400 | 86.30 % | 15 019 600 | 80.60 % |
| Payments made | 22 909 600 | 90.70 % | 3 267 000 | 57.50 % | 12 659 800 | 67.90 % |
| Appropriations cancelled | 2 152 385 | 8.50 % | 779 133 | 13.70 % | 3 621 147 | 19.40 % |
| Appropriations carried forward | 203 200 | 0.80 % | 1 636 400 | 28.80 % | 2 359 700 | 12.70 % |

Title 1. Staff

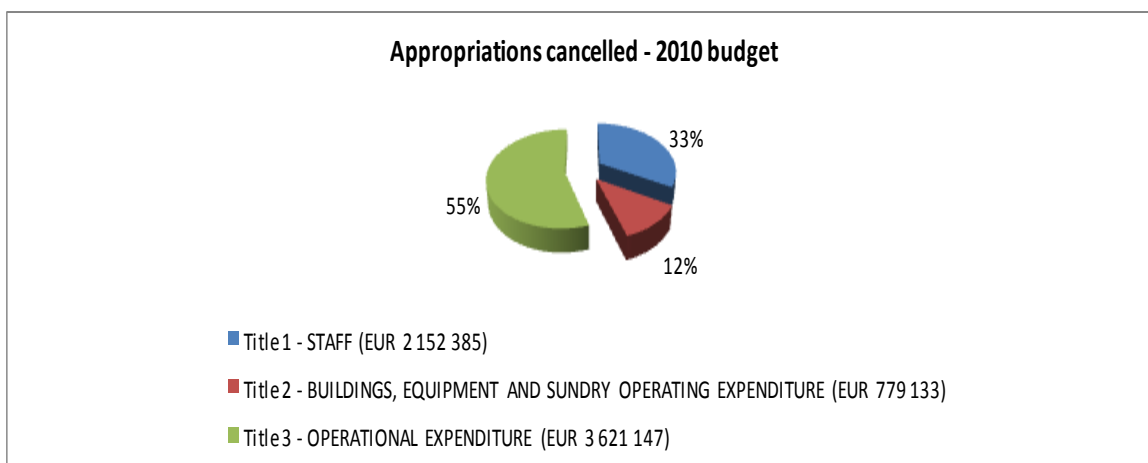
Total commitments under title 1 reached 91.50 % for 2010. This is a significant improvement compared to 2009, when only 85.00 % of the budget was consumed. Nonetheless, the appropriations cancelled amount to EUR 2 152 385. The implementation was improved by more accurate planning and the fact that the disputed salary adjustment from 2009 was paid out in December from the current year appropriations and a reserve created in title 10 was not necessary to execute the payment. Due to the nature of the expenses, carry-overs are limited: 0.80 % of the commitments.

Title 2. Buildings, equipment and miscellaneous operating expenditure

Total commitments under title 2 reached 86.30 % in 2010. This is a slight decrease compared to 2009, when 88.8 % of the budget was committed. Details on the budget execution of three main budget lines are included above in the Comparative analysis of the budget implementation on commitments for 2010 and 2009.

Title 3. Operational expenditure

For title 3, 99.6 % of the budget had been committed by October 2010. However, the final implementation level is only 80.60 %. Low implementation of operational expenditures can be explained by the first amending budget 2010 that incorporated the forecasted number of pages increased by approximately 17 %. The operational expenditure in title 3 increased accordingly, but the final requests from clients were lower than expected and have resulted in a lower need for external translation services and less use of budget in title 3.



C.2 Achievement of targets for the year

For the Translation Centre for the Bodies of the European Union, 2010 was a remarkable year since the volume of translation was the highest ever in the Centre's 15-year existence. It reached a total of 819 598 pages, including pages translated for the ongoing operation of the Centre (7 228 pages). Compared with 2009, the number of translated documents increased by 20.1 %, while the volume of Community trademarks and designs increased by 7.8 %.

Number of pages translated in 2006-2010

