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REPORT

FINANCIAL REPORT
ECSC in Liquidation
at 31 December 2009

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Contents

ECSC liquidation

The European Coal and Steel Community was established under the Treaty signed in Paris on 18 April 1951. The Treaty entered into force in 1952 for a period of fifty years and expired on 23 July 2002.

Protocol (n°37) on the financial consequences of the expiry of the ECSC Treaty and on the creation and management of the Research Fund for Coal and Steel is annexed to the Treaty on the functioning of the European Union. This Protocol confers the ownership of the ECSC funds on the European Union with effect from 24 July 2002.

Commission

The Commission's powers and responsibilities are governed by Council Decision 2003/76/EC of 1 February 2003.

At 31 October 2009[1], the members of the Commission were :

José Manuel BARROSO	President
Margot WALLSTRÖM	Vice-President
Günter VERHEUGEN	Vice-President
Jacques BARROT	Vice-President
Siim KALLAS	Vice-President
Antonio TAJANI	Vice-President
Viviane REDING	Member
Stavros DIMAS	Member
Joaquín ALMUNIA	Member
Joe BORG	Member
Janez POTOČNIK	Member
Olli REHN	Member
Lásló KOVÁCS	Member
Neelie KROES	Member
Mariann FISCHER BOEL	Member
Benita FERRERO-WALDNER	Member
Charlie McCREEVY	Member
Vladimír ŠPIDLA	Member
Andris PIEBALGS	Member
Meglena KUNEVA	Member
Leonard ORBAN	Member
Androulla VASSILIOU	Member
Catherine ASHTON	Member
Algirdas ŠEMETA	Member
Pawel SAMECKI	Member
Karel DE GUCHT	Member
Maroš ŠEFČOVIČ	Member

The management of the ECSC in liquidation and of the Research Fund for Coal and Steel is the responsibility of Mr. Joaquín Almunia at the reporting date as at 31 December 2009.

1 The mandate of the Barroso Commission (2004-2009) ended on 31 October 2009. However, it has continued in a caretaker capacity in order to deal with current business until the new College was approved and took office on 10 February 2010.

Directorate-General for Economic and Financial Affairs	The ECFIN Directorate-General - Directorate L - conducts the main financial operations of the ECSC in liquidation under the authority, at 31 December 2009, of Mr. Marco Buti, Director-General of DG ECFIN, and Mr. Gerassimos Thomas, Director of Directorate L.
Address	European Commission Directorate-General for Economic and Financial Affairs Directorate L Drosbach Building 12 rue Guillaume Kroll L - 1882 Luxembourg Tel. (352) 4301 - 1 Fax (352) 4301 - 33459 Internet : ECFIN-registry@ec.europa.eu

Activity report and financial statements of the ECSC in liquidation

In implementation of the Protocol, annexed to the Treaty on the functioning of the European Union on the financial consequences of the expiry of the ECSC Treaty and on the Research Fund for Coal and Steel, on 1 February 2003 the Council decided (Article 3 of Decision 2003/76/EC) that the liquidation and asset management operations must be the subject, separately from the other financial operations of the remaining Communities, of a profit and loss account, a balance sheet and a financial report.

Activity report

Expiry of the ECSC Treaty and the management mandate given to the European Commission

The ECSC Treaty expired on 23 July 2002.

The Nice European Council decided to annex to the Treaty of Nice a Protocol on the financial consequences of the expiry of the ECSC Treaty and the creation and management of the Research Fund for Coal and Steel. It was decided that all the ECSC assets at the time of the expiry of the Treaty would be transferred to the European Union with effect from 24 July 2002. The net worth of these assets and liabilities is to be considered as assets earmarked for research in the sectors associated with the coal and steel industries. The revenue from these assets is to be used exclusively for research in these sectors.

On the entry into force of the Treaty of Nice on 1 February 2003, ownership of the ECSC's funds was transferred to the European Union with retroactive effect to 24 July 2002.

On 1 February 2003[2] the Council laid down the measures necessary for the implementation of the Protocol, annexed to the Treaty on the functioning of the European Union, on the financial consequences of the expiry of the ECSC Treaty and on the Research Fund for Coal and Steel. The Commission is responsible for winding-up the financial operations of the ECSC that were still in progress at the moment of the expiry of the ECSC Treaty. It is also responsible for managing the assets in such a way as to ensure their long-term profitability. The objective in placing the available assets must be to obtain the highest possible yield that is securely attainable, as defined by Council Decision 2003/76/EC of 1 February 2003.

The Decision of 1 February 2003 further stipulates that the net revenue from investing the available assets constitutes revenue in the general budget of the European Union and that this revenue is to be used to finance, in the sectors associated with the coal and steel industries, research projects that are not covered by the framework research programme. This revenue forms the Research Fund for Coal and Steel and is managed by the Commission.

[2] OJ L29, 05.02.2003, p. 22.

Winding-up of the ECSC financial operations in progress on expiry of the ECSC Treaty

Overall status of the winding-up of ECSC financial operations since 23 July 2002

The winding-up for the period from 24.07.2002 to 31.12.2009 proceeded as follows:

In million euros	Status 23.07.2002	Status 31.12.2009
ASSETS		
Loans from borrowed funds		
To credit institutions	25.1	-
To Customers	631.3	45.7
	656.4	45.7
Loans from own funds		
To credit institutions	95.1	29.5
To Customers	17.2	5.7
	112.3	35.2
EIB Loans (granted in GBP)	161.9	168.3
Loans to officials	33.5	10.5
Total loans	964.1	259.7
Levy		
Gross amount	5.0	0.0
Value adjustment	(5.0)	0.0
	0.0	0.0
Fines		
Gross amount	46.9	-
Value ajustment	(46.9)	-
	0.0	-
Interest subsidies		
Gross amount	3.1	0.1
Value adjustment	(2.8)	(0.1)
	0.3	0.0
LIABILITIES		
Borrowings	(36.2)	-
Debts evidenced by certificate (partially in GBP)	(706.3)	(214.1)
ECSC Operating Budget	(400.9)	-

The "Protocol on the financial consequences of the expiry of the ECSC Treaty and on the Research Fund for Coal and Steel" (the "Protocol") annexed to the Treaty on the functioning of the European Union transferred all assets and liabilities of the ECSC to the EC with effect of 24 July 2002. It further stipulates that the assets are intended for research in the sectors related to the coal and steel industry and shall be referred to as the "ECSC in liquidation". On completion of the liquidation they shall be referred to as the "Assets of the Research Fund for Coal and Steel".

Considerable progress has been made in the liquidation of the assets and liabilities existing on 23 July 2002 on the balance sheet of the ECSC. The liquidation of the outstanding commitments from the operational budget has been achieved at the end of 2009. The remaining outstanding claims for levy and interest rebate repayments have been reduced to a very small amount and are totally covered by value adjustments.

However, there are still an important number of loans and some borrowings outstanding which continue to run for several years and where contractual terms need to be respected.

Given that the ECSC took long term commitments in the area of borrowing and loans during its activity before the expiry of the ECSC Treaty on 23 July 2002, the liquidation process in this area is proceeding in line with the commitments taken. About 73 % of outstanding loans have been reimbursed to date and 29 % of original borrowings remain outstanding. As long as considerable amounts are outstanding in this area, the liquidation needs to be continued. All the assets of the ECSC that are not used for the purpose of its liquidation as well as those provisionally set aside to cover contingent liabilities are invested on the capital markets (bonds and money markets). The revenues from theses assets (referred to as the "Research Fund for Coal and Steel") is used to finance research projects in the sectors related to the coal and steel industry as foreseen in the Protocol.

Management of borrowings of the ECSC in liquidation

During the winding-up period from 31.12.2008 to 31.12.2009, the debt of the ECSC in liquidation changed as follows (nominal amounts):

(EUR million)

Currency	Number of borrowings at 31 December 2008	Debt outstanding at 31 December 2008	Reimbursements from 1 January to 31 December 2009	Exchange rate adjustments	Debt outstanding at 31 December 2009	Number of borrowings at 31 December 2009
EUR	1	45.7	-	-	45.7	1
GBP	6	220.0	(67.6)	15.9	168.3	5
TOTAL	**7**	**265.7**	**(67.6)**	**15.9**	**214.0**	**6**

The maturity of the borrowings outstanding at 31 December 2009 breaks down as follows :

(EUR million)

	EUR	GBP	TOTAL
2012	45.7	-	**45.7**
2017	-	75.7	**75.7**
2019	-	92.6	**92.6**
Total	**45.7**	**168.3**	**214.0**

The main characteristics of the borrowings outstanding are as follows (nominal amounts):

Year of issue	Contractual Interest (%) per year	Term (years)	Initial amount	Amount outstanding at 31 December 2009: in borrowing currency	Amount outstanding at 31 December 2009: equivalent in EUR
	Contracts redenominated in EUR				
1992	0.346	20	300 000 000 FRF	45 734 705	45 734 705
			Currency total	**45 734 705**	**45 734 705**
	Contracts in GBP				
1992	9.875	25	50 000 000 GBP	17 220 000	19 389 708
1992	9.875	25	30 000 000 GBP	30 000 000	33 779 980
1993	9.875	24	20 000 000 GBP	20 000 000	22 519 986
1994	6.875	25	50 000 000 GBP	35 261 000	39 703 862
1994	8.9375	25	47 000 000 GBP	47 000 000	52 921 968
			Currency total	**149 481 000**	**168 315 504**

Total in EUR **214 050 209**

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NB : Capital and interest in respect of borrowings in GBP totalling GBP 149 481 000 are secured by loans from the European Investment Bank with the same interest rate and maturity date.

Management of loans from the ECSC in liquidation

Over the year ended 31 December 2009, the changes in **loans from borrowed funds** (under Articles 54 and 56 ECSC) were as follows (nominal amounts):

(EUR million)

Member State	Number of loans	Amount outstanding at 31 December 2008	Amortisation from 1 January to 31 December 2009	Exchange rate adjustment	Amount outstanding at 31 December 2009	Number of loans
France	2	133.82	88.09	-	45.73	1
Total EC	**2**	**133.82**	**88.09**	**-**	**45.73**	**1**

Over the year ended 31 December 2009, the changes in **loans from own funds** (under Article 54.2 ECSC) were as follows (nominal amounts) :

(EUR million)

Member State	Number of loans	Amount outstanding at 31 December 2008	Amortisation from 1 January to 31 December 2009	Exchange rate adjustment	Amount outstanding at 31 December 2009	Number of loans
Belgium	13	2.12	(0.30)	-	1.82	13
Germany	31	20.10	(2.48)	-	17.62	28
Greece	7	0.25	(0.03)	-	0.22	7
Spain	17	4.98	(0.65)	-	4.33	17
France	12	3.60	(0.49)	-	3.11	12
Ireland	8	0.14	(0.02)	-	0.12	7
Italy	20	2.77	(0.43)	-	2.34	19
Luxembourg	4	0.41	(0.06)	-	0.35	4
Netherlands	6	0.34	(0.09)	-	0.25	5
Austria	2	2.85	(0.18)	-	2.67	2
Portugal	6	0.33	(0.03)	-	0.30	6
Finland	2	0.55	(0.03)	-	0.52	2
United Kingdom	19	1.54	(0.15)	(0.11)	1.50	19
Total EC	**147**	**39.98**	**(4.94)**	**(0.11)**	**35.15**	**141**

NB : These are loans for financing the construction of subsidised housing at an interest rate of 1 % p.a..

Levies

Total claims at 31 December 2008 amounted to EUR 53 471. These were covered in their entirety by value adjustments. At 31 December 2009, one claim amounting to EUR 36 507, covered in its entirety by value adjustment, is still unpaid. During the year 2009 payments were received totalling EUR 23 298 and recorded as income.

Interest subsidies

Total claims at 31 December 2008 amounted to EUR 217 104, covered in their entirety by value adjustments. During the year 2009, the ECSC in liquidation received payments of EUR 21 and waived or cancelled claims amounting to EUR 138 323. Total claims at 31 December 2009 thus amounted to EUR 78 760 covered in their entirety by value adjustments.

Outstanding commitments under ECSC operating budgets

During the year 2009, payments were made totalling EUR 0.27 million and cancellations totalled EUR 0.45 million. The ECSC operating budget is now closed.

Management of assets

The net worth of the ECSC's assets and liabilities at the moment of the expiry of the ECSC Treaty is regarded as assets to be used for research in the sectors associated with the coal and steel industries. These assets are managed by the Commission so as to ensure their long-term profitability, the objective being to obtain the highest possible yield under secure conditions, as defined in Council Decision N° 2003/77/EC of 1 February 2003 and amended by Council Decision N° 2008/750/EC of 15 September 2008. During the liquidation phase, treasury investments take account of the constraints regarding maturity dates and liquidity.

The total cash holdings, provisions and free reserves in 2009 were as follows (EUR million):

	31 December 2009	**31 December 2008**
Total cash holdings	1 677	1 571
Commitments, operating budget	0	1
Credit for Coal and Steel Research [3]	300	290
Guarantee Reserve	45	134
Reserve to cover loans on own funds (former "ECSC special reserve")	36	40
Reserve to cover loans to officials (former "pension fund")	11	13
Free reserves (after allocation of result)	1 351	1 235

3 Smoothing reserve included.

Financing of coal and steel research

The net revenue generated by the assets of the ECSC in liquidation, constituting the Research Fund for Coal and Steel, is used exclusively for research carried out in the sectors associated with the coal and steel industries. The net revenue for year n is exclusively made available to the budget of the European Union for research in year n+2. In order to reduce as far as possible the fluctuations that movements in the financial markets could cause in the financing of research, a smoothing arrangement is applied[4]. The revenue for 2009 will be used for research in 2011.

Calculation of the allocation for research in 2011: (in EUR thousand)

Financing provisions for 2010	53 859.5
Net revenue in 2009 (rounded)	68 000.0
Difference	(14 140.5)

Allocation:

Net revenue in 2009	68 000.0
Half of the difference	(7 070.2)
Available for research in 2011	60 929.8

Financing:

Net revenue in 2009	68 000.0
Increase of smoothing reserve	(7 070.2)
	60 929.8

Budget for financing coal and steel research

The following resources have been made available to the Research Fund:

(EUR)

Allocations to the Research Fund for Coal and Steel	Coal 27,20 %	Steel 72,80 %	Total 100 %
Allocation 2003 (lump sum)	**16 320 000**	**43 680 000**	**60 000 000**
Allocation 2004 (lump sum)	**16 320 000**	**43 680 000**	**60 000 000**
Allocation 2005 (result 2003)	**15 368 000**	**41 132 000**	**56 500 000**
Allocation 2006 (result 2004)	**14 892 000**	**39 858 000**	**54 750 000**
Allocation 2007 (result 2005)	**14 654 000**	**39 221 000**	**53 875 000**
Allocation 2008 (result 2006)	**14 535 136**	**38 902 864**	**53 438 000**
Allocation 2009 (result 2007)	**14 067 568**	**37 651 432**	**51 719 000**
Allocation 2010 (result 2008)	**14 649 784**	**39 209 716**	**53 859 500**
Allocation 2011 (result 2009)	**16 572 892**	**44 356 858**	**60 929 750**

4 See Annex to Council Decision 2003/76/EC of 1 February 2003 (OJ L 29, 1.2.2003).

Financial statements of the ECSC in liquidation

This is the seventh report on the ECSC in liquidation, covering the year ended on 31 December 2009.

The ECSC in Liquidation financial statements for the year ended 31 December 2009 were submitted to the Commission for approval under written procedure No **PE/2010/XXXX** of XX/**XX/XXXX** and are shown in this financial report in the form approved by the Commission.

Independent Auditors' Report

Report on the financial statements

We have audited the accompanying financial statements of European Coal and Steel Community in liquidation ("ECSC in liquidation") managed by the Economic and Financial Affairs DG (DG ECFIN) on behalf of the European Commission (the "Commission"), which comprise the balance sheet as at December 31, 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DG ECFIN's Management responsibility for the financial statements

DG ECFIN's Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting rules applicable to the European Communities set out in note B. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the *Institut des réviseurs d'entreprises*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

We have not performed any audit work for the accounts that are managed by DG Budget relating to the operating budget disclosed in Other liabilities (KEUR 2), the loans to officials disclosed in Loans and advances to customers (EUR 10.5 Mio) and in Other assets (EUR 1.8 Mio), the interests received on loans to officials disclosed in Interests and similar income from bank accounts and loans (EUR 0.5 Mio), the amount relating to the cancellation of commitments of operating budget and to the income from research disclosed in Other operating income (EUR 0.7 Mio).

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by DG ECFIN's Management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion except for the matter noted above, the financial statements of ECSC in liquidation as of December 31, 2009, have been prepared, in all material respects, in accordance with the accounting rules applicable to the European Communities set out in note B.

We emphasise that the accounting policies used and disclosures made are not intended to, and do not comply with all the requirements of the International Financial Reporting Standards.

Report other legal and regulatory requirements

The activity, which is the responsibility of DG ECFIN's Management is consistent with the financial statements.

Deloitte S.A.
Réviseur d'entreprises

Martin Flaunet
Partner

March 19, 2010

Balance sheet at 31 December 2009

(amounts in EUR) - before allocation of surplus

	Notes	31 December 2009	31 December 2008
Assets			
Cash and deposits with credit institutions	B.3.4., D.1.	19 458 727	107 009 747
Loans and advances to credit institutions	B.3.1., D.2.	411 740 132	228 246 505
Loans and advances to customers	B.3.1., D2.	61 222 157	152 058 662
Derivative financial instruments	B.3.2.	-	7 026 820
Available-for-sale securities	B.3.3., C.4. 3.	1 482 946 414	1 463 674 511
New Member States' contribution	D.4.	34 014 019	86 201 360
Other assets	D.5.	1 725 652	1 231 812
Total assets		**2 011 107 101**	**2 045 449 417**
Liabilities			
Debts evidenced by certificates	B.3.5., D.6.	224 781 020	282 302 625
Derivative financial instruments	B.3.2.	-	25 112 750
Other liabilities	B.5.1., D.7.	237 740 811	235 471 345
Total liabilities		**462 521 831**	**542 886 720**
Equity			
Profit/(loss) for the year	D.8.	13 914 151	(14 753 306)
Reserves	D.9.	1 534 671 119	1 517 316 003
Total equity		**1 548 585 270**	**1 502 562 697**
Total equity and liabilities		**2 011 107 101**	**2 045 449 417**

The accompanying notes form an integral part of these financial statements.

Income statement for the year ended 31 December 2009

(amounts in EUR)

	Notes	31 December 2009		31 December 2008	
Income					
Interest and similar income :					
From bank accounts and loans		19 253 087		39 710 581	
From fixed income debt securities					
and other interest		56 501 166		60 734 112	
Total	B.4.1., E.2.		75 754 253		100 444 693
Fees and commissions income		88 894		179 748	
Net gain on sale of securities	E.3	9 082 785		-	
Net profit on foreign exchange	B.2	-		7 567 091	
Other financial income	E.4	14 387 296		4 134 469	
Total			23 558 975		11 881 308
Other operating income	E.5.		2 785 025		3 834 324
Total income			**102 098 253**		**116 160 325**
Charges					
Interest and similar charges	B.4.1., E.6.		16 483 414		36 779 292
Fees and commissions charges	E.7.		220 457		204 702
Financial operations :					
Net loss on sale of securities	E.3	-		8 174 300	
Net loss on foreign exchange	B.2	2 339 766		-	
Other financial charges	E.8	1 125 377		29 738 350	
Total			3 465 143		37 912 650
Provision for Research financing	E.1.	68 000 000		56 000 000	
Other operating charges	E.9.	15 088		16 987	
Total			68 015 088		56 016 987
Total charges			**88 184 102**		**130 913 631**
Net profit for the year	E.1.		**13 914 151**		**(14 753 306)**

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity for the year ended 31 December 2009

(amounts in thousands EUR)

	Assets of the Coal and Steel Research Fund (B.5.2.)	Member States' Contribution not yet called (D.5.)	Special Reserves	General Reserves	Fair value Reserve	Profit/(loss) for the year	Total
Previously reported balance at 31 December 2008	1 249 884	35 556	187 290	54 983	(10 397)	(14 753)	1 502 563
Allocation of retained earnings	(14 753)	-	-	-	-	14 753	-
Net change in available-for-sale portfolio	-	-	-	-	25 038	-	25 038
Use of reserves	-	-	-	-	-	-	-
Call for Member States' Contribution	8 366	(8 366)	-	-	-	-	-
Transfer of reserves on 31 December 2009	94 000	-	(94 000)	7 071	-	-	7 071
Net profit 2009	-	-	-	-	-	13 914	13 914
At 31 December 2009	**1 337 497**	**27 190**	**93 290**	**62 054**	**14 641**	**13 914**	**1 548 586**

The accompanying notes form an integral part of these financial statements.

Cash flow statement for the year ended 31 December 2009

(amounts in thousands EUR)

	2009	2008
Operating activities (F.2.)		
New Member States' contribution	62 274	54 455
Granting of loans	-	-
Repayment of loans	159 970	74 003
Interest received - loans	24 894	44 193
Repayment of borrowings	(155 402)	(66 404)
Interest expenses - borrowings	(24 535)	(43 711)
Proceeds from other assets	191	5
Net advance to the General Budget of the EU	(53 949)	(36 919)
Operating cost	(13)	(149)
Net cash flow from operating activities	**13 430**	**25 473**

Investing activities (F.3.)		
Interest received - cash and cash equivalents	2 279	3 382
Net increase of deposits (maturity 4-12 m)	(174 500)	-
Purchase of investments available-for-sale portfolio	(566 820)	(306 440)
Proceeds of investments available-for-sale portfolio	581 676	275 997
Interest received - available-for-sale portfolio	56 601	60 076
Investing cost and other	(217)	(204)
Net cash flow from investing activities	**(100 981)**	**32 811**

Net (decrease)/increase in cash and cash equivalents	(87 551)	58 284

Cash and cash equivalents at 01 January	**107 010**	**48 726**
Cash and cash equivalents at 31 December	**19 459**	**107 010**

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2009

NOTE A - GENERAL INFORMATION

The European Coal and Steel Community (ECSC), established by the Treaty signed in Paris on 18 April 1951, expired on 23 July 2002. The Nice European Council decided to annex to the Treaty of Nice of 26 February 2001[5] a protocol on the financial consequences of the expiry of the ECSC Treaty and on the creation and management of the Research Fund for Coal and Steel. It was decided that, on the expiry of the Treaty, all assets and liabilities of the ECSC would be transferred to the European Union with effect from 24 July 2002.

Subject to any increase or decrease resulting from the liquidation operations, the net worth of all the ECSC's assets and liabilities, as they appear in the ECSC balance sheet at 23 July 2002, is regarded as assets earmarked for research in the sectors associated with the coal and steel industries. After the end of the liquidation process, these assets will be known as the "Assets of the Research Fund for Coal and Steel".

The Commission is responsible for winding-up the financial operations of the ECSC that were still in progress at the moment of the expiry of the ECSC Treaty. The winding-up is conducted in accordance with the rules and procedures applying to these operations, with the Community institutions enjoying the existing powers and prerogatives provided for by the ECSC Treaty and the secondary legislation in force on 23 July 2002. The assets of the ECSC in liquidation, including its loans portfolio and its investments, are used as necessary to meet the ECSC's remaining obligations in terms of outstanding borrowings resulting from previous operating budgets and other contingencies.

Where the ECSC's assets are not needed to meet these obligations, they are invested so as to ensure long-term profitability. The objective in placing the available assets must be to obtain the highest possible yield that is securely attainable, as defined by Council Decision 2003/76/EC of 1 February 2003. The net revenue from these investments, known as the "Research Fund for Coal and Steel", constitutes revenue in the general budget of the European Union and will be used exclusively for research in the sectors associated with the coal and steel industries, in accordance with "Council Decision 2003/76/EC of 1 February 2003 establishing the measures necessary for the implementation of the Protocol, annexed to the Treaty establishing the European Community, on the financial consequences of the expiry of the ECSC Treaty and on the Research Fund for Coal and Steel"[6].

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[5] OJ C80, 10.03.2001.

[6] OJ L 29, 5.2.2003, p.22.

The net revenue available for financing research projects in year n+2 appears in the balance sheet of the ECSC in liquidation for year n, and after the liquidation process has been completed will appear as assets in the balance sheet of the Research Fund for Coal and Steel. In order to reduce as far as possible the fluctuations that movements in the financial markets could cause in the financing of research, a smoothing arrangement is applied and a reserve for contingencies has been created. The algorithms for smoothing are set out in Annex 1 to the abovementioned Council Decision. The identified revenue is divided between research relating to coal and that relating to steel in proportions of 27.2 % and 72.8 % respectively.

The ECSC in liquidation is considered as a controlled entity by the European Union and consequently, forms part of their consolidation scope.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B.1. Basis of presentation

The financial statements are drawn up in accordance with the Council Decisions of 1 February 2003 n° 2003/76/EC and 2003/77/EC (as amended) and the Commission Decision of 9 August 2005 (C/2005/2992). The annual accounts shall be based upon and presented in accordance with the EC Accounting Rules as adopted by the Commission's Accounting officer, taking into account the specific nature of the ECSC in liquidation[7]. EC Accounting Rules are in line with the principles described in Part One Title VII of the Council Regulation n° 1605/2002 of 25 June 2002 on the Financial Regulations applicable to the general budget of the European Communities. Article 133 of the Financial Regulations provides that the accounting rules shall be guided by the internationally accepted accounting standards for the public sector but may depart from them where justified by the specific nature of the Union's activities. The accrual-based accounting policy is inspired by International Public Sector Accounting Standards (IPSAS) or by default, International Financial Reporting Standards (IFRS) as respectively issued by the International Public Sector Accounting Standard Board and the International Accounting Standard Board (IASB).

The accounting principles and evaluation methods used for the items in the financial statements take into account the constraints and resolutions applicable to the ECSC in liquidation under the treaties and other decisions adopted by the institutions of the European Union as well as the fact that, except for the asset management and the financial investments, the ECSC in liquidation does no longer represent a going concern after 23 July 2002, when the ECSC Treaty expired.

[7] In order to better reflect the nature of the activity of the ECSC in liquidation which corresponds to a high degree to an entity in the financial services sector, the layout of the balance sheet, established in line with article 3 of the Council Decision 2003/76/EC of 1 February 2003, departs from the presentation laid out in the EC Accounting Rules 2 Financial statements (page 9). Furthermore, the presentation of the cash flow statement is established using the direct method compared to the indirect method laid out in the EC Accounting Rules (page 16). However, these discrepancies are eliminated through the consolidation process with the financial statements of the European Communities.

B.2. Currency and basis for conversion

B.2.1. Functional and reporting currency

The financial statements are presented in EURO (EUR), which is the ECSC in liquidation's functional and reporting currency.

B.2.2. Transactions and balances

Foreign currency transactions are translated into Euro using the exchange rates prevailing at the dates of the transactions.

Year-end balances of monetary assets and liabilities denominated in foreign currencies are converted into Euros on the basis of the exchange rates (reference rates communicated by the European Central Bank) applying on 31 December.

The following rates have been used for converting balance sheet amounts expressed in national currency into Euros:

	31 December 2009	31 December 2008
Pound sterling	0.8881	0.9525

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

Translation differences on debt securities and other monetary financial assets measured at fair value are included in foreign exchange gains and losses. Translation differences on non-monetary items classified as available-for-sale financial assets are included in the fair value reserve in equity.

B.3. Balance Sheet

B.3.1. Loans

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the ECSC in liquidation provides money to a debtor with no intention of trading the receivable. Term deposits with banks with an initial maturity of more than 90 days are considered as loans. Loans with financial maturities less than 12 months after the balance sheet date are considered as short-term loans.

Loans are recognised when cash is advanced to the borrowers. They are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest rate method.

The fair value of a financial asset on initial recognition is normally the transaction price (i.e. the fair value of the consideration received). However, when a long-term loan that carries no interest or an interest below market conditions is granted, its fair value can be estimated as the present value of all future cash receipts discounted using the prevailing market rate of interest for a similar instrument with a similar credit rating.

If there is objective evidence that an impairment loss on loans carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The calculation of the present value of the estimated future cash flows of a collateralised loan reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the income statement.

B.3.2. Derivative financial instruments

Derivatives are classified as held-for-trading financial assets (or liabilities) unless they are designated as hedges.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives that do not qualify for hedge accounting are recognised immediately in the income statement.

Fair values are obtained from quoted market prices in active markets and/or valuation techniques, including discounting cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

The ECSC in liquidation does not use hedge accounting.

B.3.3. Available-for-sale securities

Available-for-sale financial assets are non-derivative financial instruments that are either designated in this category or not classified in the following other categories**:** financial assets through profit or loss, loans and receivables and held-to-maturity investments.

Purchases and sales of available-for-sale financial assets are recognised on trade date – the date on which the ECSC in liquidation commits to purchase or sell the asset. Available-for-sale financial assets are initially recognised at fair value, which is normally the transaction price (i.e. the fair value of the consideration received) plus transaction costs and are subsequently re-measured at their fair value.

Changes in the fair value of monetary financial assets denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the asset and other changes in the carrying amount of the asset.

The translation differences are recognised in the income statement and other changes in carrying amount are recognised in equity. Changes in the fair value of non-monetary financial assets classified as available-for-sale are recognised in equity.

When financial assets classified as available-for-sale are sold or impaired, the cumulative fair value adjustments previously recognised in equity are recognised in the income statement.

Interest on available-for-sale financial assets calculated using the effective interest rate method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised when the ECSC in liquidation's right to receive payment is established.

Fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the ECSC in liquidation establishes a fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

In cases where the fair value of investments in equity instruments that do not have quoted market price in an active market is not reliably measurable, these investments are valued at cost less impairment.

The ECSC in liquidation assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the income statement.

B.3.4. Cash and cash equivalents

Cash and cash equivalents are defined as short term. They include cash in hand, deposits held at call with banks (maximum duration 90 days), other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within financial liabilities under current liabilities on the balance sheet.

Deposits held at call with banks having a longer duration than 90 days are shown under short term loans.

B.3.5. Borrowings and debts evidenced by certificates

Borrowings and debts evidenced by certificates are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings and debts evidenced by certificates are subsequently stated at amortised cost using the effective yield method; any difference between proceeds, net of transaction costs, and the redemption value is recognised in the income statement over the period of the borrowings and debts evidenced by certificates using the effective interest rate method. They are considered as long-term liabilities, except for maturities less than 12 months after the balance sheet date.

B.4. Income statement

B.4.1. Interest income and expenses

Interest income and expenses are recognised in the income statement using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the ECSC in liquidation estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and margins paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

B.5. Special features of the ECSC in liquidation financial statements

B.5.1. ECSC operating budget

Part of the funds of the ECSC in liquidation is made available to the ECSC operating budget, which was adopted annually by the Commission after informing the Council and consulting the European Parliament. The last such budget was drawn up for the period from 1 January to 23 July 2002.

From 24 July 2002 onwards, the income and charges relating to the operating budget are shown in the accounts as “other operating income/charges”.

Changes in commitments vis-à-vis third parties entered into under the operating budget between 1 January and 31 December 2009 are shown under the heading “Outstanding commitments under the ECSC operating budget” (see Note D.7.).

The ECSC operating budget was closed at 31 December 2009.

B.5.2. Budget for financing coal and steel research

Under "Council Decision of 1 February 2003 establishing the measures necessary for the implementation of the Protocol, annexed to the Treaty establishing the European Community, on the financial consequences of the expiry of the ECSC Treaty and on the Research Fund for Coal and Steel (2003/76/EC)", the income from managing the assets of the ECSC in liquidation should be allocated to the general budget of the European Union[8]. This income is earmarked for a research programme relating to the coal and steel industries, as stated in Note A to this report.

In order to reduce fluctuations in research funding resulting from movements on the financial markets, a smoothing formula is applied. The ECSC in liquidation has constituted reserves in order to provide this mechanism.

NOTE C - FINANCIAL RISK MANAGEMENT

C.1. Risk management policies and hedging activities

Following the expiry of the ECSC Treaty on 23 July 2002, in accordance with Decision 2003/76/EC the assets and liabilities of the ECSC were passed to the European Union and the liquidation of the liabilities of the ECSC is managed by the Commission. Thus, no new loans and no corresponding funding are foreseen for the ECSC in liquidation. New ECSC borrowings are restricted to refinancing with the aim to reduce the cost of funds.

The asset and liability management is carried out by the Commission in accordance with internal guidelines. Written procedures manuals covering specific areas such as borrowings, loans and treasury management have been developed and are used by the relevant operating units. Financial and operational risks are identified and evaluated and compliance with internal guidelines and procedures is checked regularly.

As far as treasury operations are concerned, the principles of prudent management with a view to limit operational risk, counterparty risk and market risk are to be applied.

Investments are restricted basically to the following categories**:** term deposits with banks, money market instruments, fixed and floating rate bonds.

The main investment limits per category are as follows**:**

- For term deposits, the lower of either EUR 100 million per bank or 5 % of the bank's own funds provided that the respective short-term rating is at least A-1 (S&P) or equivalent ;
- For bonds issued or guaranteed by Member States or institutions of the European Union, up to EUR 250 million per Member State or institution depending on its rating ;
- For bonds of other sovereign or supranational issuers with a long-term credit rating of not less than AA (S&P) or equivalent up to EUR 100 million per issuer or guarantor ;
- For bonds of other issuers having a minimum rating of AA or AAA (S&P) or equivalent, up to EUR 25 or 50 million respectively, depending on the rating and issuer status.

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8 OJ L 29, 1.2.2003, p.22.

C.2. Market risk

C.2.1. Foreign exchange risk

The ECSC in liquidation is exposed to foreign exchange risk arising from currency exposures with respect to the UK pound (GBP).

The table below summarises the ECSC in liquidation's exposure to foreign currency exchange rate risk at 31 December 2009. The ECSC in liquidation's assets and liabilities at their EUR equivalent nominal values, categorised by currency are disclosed in the table.

(EUR million)

	GBP
Assets	170.49
Liabilities	168.31
Net exposure	***2.18***

The GBP assets and liabilities position is mainly composed of EUR equivalent 168.3 million (nominal value) unquoted debt securities issued by the European Investment Bank as substitute of a defaulted debtor (see point D.2.). Net exposure concerns EUR equivalent 1.50 million housing loans and EUR equivalent 0.68 million current account balances.

According to the procedures manual, buying EUR is the only foreign exchange operation authorised. All exceptions to this rule must be duly justified.

C.2.2. Price risk

The ECSC in liquidation is exposed to price risk due to investments in debt securities classified on the balance sheet as available for sale.

C.3. Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Due to the nature of its activities, the ECSC in liquidation is exposed to the effect of fluctuations in the prevailing levels of market interest rate on both its fair value and cash flow risks.

C.3.1. Loans granted from borrowed funds

The interest rate risks that arise from borrowings are generally offset by equivalent loans in terms and conditions (back-to-back operations).

C.3.2. Debt securities

Debt securities issued at variable rates expose the ECSC in liquidation to cash flow interest rate risk whereas debt securities at fixed rates expose the ECSC in liquidation to fair value interest rate risk. Fixed rate bonds represent approximately 97 % of the investment portfolio at the balance sheet date.

C.3.3. Interest rate sensitivity analysis

The market price of a debt security depends on the time to maturity, its coupon and the actual yield to maturity. For the shock analysis, all debt securities of the portfolio (incl. floating rate notes) are once priced at actual yields, then re-priced at yields shifted upwards by 100 bps. The change in market price is the reported hypothetical loss for the shock analysis. The 100 bps parallel shift is assumed to happen instantaneously, no time horizon is considered.

At 31 December 2009, this hypothetical loss was about EUR 43 million.

C.4. Credit risk

The ECSC in liquidation takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

Guidelines on the choice of counterparties must be applied. Accordingly, the operating unit will be able to place deposits only with eligible banks and having sufficient counterparty limits.

Exposure to credit risk is managed through regular analysis of the ability of borrowers to meet interest and capital repayment obligations.

Exposure to credit risk is also managed by obtaining collateral as well as country and corporate guarantees.

At 31 December 2009, the total outstanding nominal amount of loans granted (from borrowed and own funds) by the ECSC in liquidation was EUR 91.36 million, broken down as follows (in million EUR):

	Nominal amount
Loans granted to credit institutions	29.47
Loans granted to customers	61.89
Total	**91.36**

Book value of loans is presented in note D.2..
52.2 % of the total amount outstanding loans is covered by guarantees from a Member State or equivalent bodies (public institutions or public-sector industrial groupings in the Member States). 36.1 % of loans outstanding were granted to banks of zone A or have been guaranteed by banks of zone A.

11.5 % of the outstanding loans (EUR 10.5 million) is made up of loans granted to European institutions' officials from the former ECSC in liquidation pension fund (in the summary table above, loans to officials are included in loans to customers - see also note D.2.), which are covered by life and disability insurance and the respective salaries and pensions.

The small remaining outstanding loans balance, i.e. 0.2 %, should be considered as presenting a higher degree of risk. It means that the guarantees received do not generally provide the same level of security.

From a liquidity perspective, loans granted on borrowed funds were fully covered by a specific provision for risks and charges called "Guarantee Fund". By applying the new accounting rules, this provision has been replaced as of 1 January 2005 by a dedicated reserve. This reserve amounts to EUR 46 million at 31 December 2009.

The loans granted on own funds were covered by another reserve, formerly called "ECSC Special Reserve". This special reserve amounts to EUR 36 million at 31 December 2009.

C.4.1. Cash and deposits with credit institutions – profile of counterparties

At the balance sheet date, respectively 57 % and 43 % of deposits and current account balances are placed with banks rated (Fitch) F1+ (or equivalent) and F1 (or equivalent), respectively. The book value of deposits amounts to EUR 174.9 million (note D.2.).

All deposits and current account balances are held with banks within the OECD.

C.4.2. Loans and advances – profile of borrowers

At the balance sheet date, there is one **loan granted from borrowed funds** still outstanding, for a nominal amount of EUR 45.73 million. This loan was granted to a public-owned company based in France. The book value of this loan amounts to EUR 45.75 million (note D.2.).

Loans granted to the European Investment Bank

Following a restructuring of debts of a defaulting debtor, the Commission acquired in 2002 and 2007 EUR equivalent 168.3 million promissory notes from European Investment Bank (rated AAA) in order to re-establish the back-to-back character of the lending/borrowing transaction and thus cover interest rate and currency risks. At the balance sheet date, the book value of these promissory notes amounts to EUR 215.01 million (note D.2.). These promissory notes are not included in the items above.

Geographical concentrations of the **loans granted from own funds** - without loans to European Institutions officials - (expressed at their outstanding nominal amount) at the balance sheet date are as follows:

	31 December 2009 **EUR million**	**31 December 2009** **Number of loans**
Belgium	1.82	13
Germany	17.62	28
Greece	0.22	7
Spain	4.33	17
France	3.11	12
Ireland	0.12	7
Italy	2.34	19
Luxembourg	0.35	4
Netherlands	0.25	5
Austria	2.67	2
Portugal	0.30	6
Finland	0.52	2
United Kingdom	1.50	19
Total	**35.15**	**141**

NB : These are loans for financing the construction of subsidised housing at an interest rate of 1 % p.a..

At the balance sheet date, the book value of these loans amounts to EUR 26.19 million. Loans granted to credit institutions and to customers amount to EUR 21.79 million and EUR 4.40 million, respectively (note D.2.).

These loans were classified as follows:

(EUR million)

Member States	Loans guaranteed by public body	Loans granted to a public sector entity	Loans guaranteed by banks	Loans granted to banks	Loans guaranteed by private company	Total
Belgium	-	1.83	-	-	-	1.83
Germany	-	-	-	17.62	-	17.62
Greece	-	-	-	0.22	-	0.22
Spain	-	-	-	4.33	-	4.33
France	-	-	-	3.11	-	3.11
Ireland	0.12	-	-	-	-	0.12
Italy	-	-	-	2.34	-	2.34
Luxembourg	-	-	-	0.35	-	0.35
Netherlands	-	-	-	-	0.25	0.25
Austria	-	-	2.67	-	-	2.67
Portugal	-	-		0.30	-	0.30
Finland	-	-	0.52	-	-	0.52
United Kingdom	-	-	0.29	1.20	-	1.49
Total	**0.12**	**1.83**	**3.48**	**29.47**	**0.25**	**35.15**

C.4.3 Available-for-sale securities – profile of issuers

Details of the debt securities (expressed at their fair value) by issuer type and by rating (Standard & Poor's) at the balance sheet date are as follows:

Issuers	**31 December 2009** **EUR**	**%**
Sovereign	723 598 935	48.8
Multinational Organisations	41 294 722	2.8
Banks & Financial Institutions	337 093 794	22.7
Other Public Issuer	380 958 963	25.7
Total	**1 482 946 414**	**100.0**

Rating (Standard and Poor's)	**31 December 2009** **EUR**	**%**
AAA	832 109 977	56.1
AA+	170 065 048	11.5
AA	165 672 625	11.2
AA-	32 456 196	2.2
A+	15 817 119	1.1
A	129 720 600	8.7
A-	-	-
BBB+	96 584 490	6.5
BBB	5 791 866	0.4
BBB-	34 728 493	2.3
Total	**1 482 946 414**	**100.0**

Geographical concentrations of the debt securities (expressed at their fair value) at the balance sheet date are as follows:

Country	31 December 2009 EUR million	%
Austria	85.0	5.7
Belgium	50.7	3.4
Bulgaria	5.8	0.4
Canada	31.4	2.1
Cyprus	32.5	2.2
Danmark	5.3	0.4
Finland	6.5	0.4
France	140.4	9.5
Germany	199.6	13.5
Greece	119.2	8.0
Hungary	51.4	3.5
Ireland	121.5	8.2
Italy	161.9	10.9
Japan	10.8	0.7
Latvia	18.6	1.3
Lithuania	45.2	3.0
Luxembourg	10.5	0.7
Netherlands	40.8	2.7
Norway	6.2	0.4
Poland	10.5	0.7
Portugal	13.9	0.9
Romania	16.1	1.1
Slovak Republic	15.8	1.1
Spain	92.1	6.2
Supranational	41.3	2.8
Sweden	26.0	1.8
United Kingdom	87.5	5.9
United States of America	36.4	2.5
	1 482.9	**100.0**

C.5. Liquidity risk

The liquidity risks that arise from borrowings are generally offset by equivalent loans in terms and conditions (back-to-back operations).

For the asset and liability management of the ECSC in liquidation, the Commission manages liquidity requirements based on disbursement forecast obtained through consultations with the responsible Commission services. Investments are carried out accordingly to meet respective annual requirements.

The maturity of the liabilities (expressed at their outstanding nominal amounts) has been analysed as follows:

In million euros

	Not later than 3 months	Later than 3 months and not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years
Debts evidenced by certificate	-	-	45.7	168.3

The book value of these borrowings amounts to EUR 45.7 million and EUR 179.0 million, respectively (note D.6.).

C.6. Fair value

Cash and cash equivalents

The fair value of cash and cash equivalents including current accounts and short-term deposits (of less than three months) is their carrying amount.

Loans and borrowings

The estimated fair value of loans and borrowings is determined using a discounted cash flow model. According to this model, expected future cash flows are discounted by applying AAA yield curves appropriate for the remaining term of maturity.

The estimated fair value of floating rate loans are assumed to approximate their carrying amount since re-pricing at market interest rates takes place every 3 or 6 months.

The estimated fair value of fixed interest bearing loans and borrowings could not be obtained and disclosed as the necessary data for calculating these values was not available.

Available-for-sale securities

The available-for-sale securities are presented at fair value which is the market price plus accrued interest.

Receivables and payables

The nominal value less impairment losses of trade receivables and the nominal value of trade payables are assumed to approximate their fair values.

Financial instruments measured at fair value

The total amount of the change in fair value estimated using a valuation technique recognised in the income statement during the year amounts to EUR 3.17 million (net profit). There are no financial instruments measured at fair value using a valuation technique that is not supported by observable market prices or rates.

NOTE D - EXPLANATORY NOTES TO THE BALANCE SHEET

D.1. Cash and deposits with credit institutions

(EUR)

	31 December 2009	31 December 2008
Repayable on demand	19 458 727	6 165 849
With agreed maturity dates or periods of notice	-	100 843 898
Total	**19 458 727**	**107 009 747**

D.2. Loans and advances

(EUR)

	31 December 2009		31 December 2008	
	Nominal Amount	Book Value	Nominal Amount	Book Value
Loans and advances to credit institutions	**372 289 187**	**411 740 132**	**190 614 783**	**228 246 505**
Deposits with agreed maturity dates	*174 500 000*	*174 943 269*	-	-
Loans granted from own funds	*29 473 683*	*21 785 320*	*33 679 349*	*24 428 484*
Debt securities classified as loans and advances (European Investment Bank)	*168 315 504*	*215 011 543*	*156 935 434*	*203 818 021*
Loans and advances to customers	**62 480 159**	**61 222 157**	**152 912 909**	**152 058 662**
Loans granted from own funds	*5 670 818*	*4 400 791*	*6 297 071*	*4 805 792*
Loans granted from borrowed funds	*45 734 705*	*45 746 730*	*133 819 747*	*134 456 779*
Delayed payments	*409 102*	*409 102*	-	-
Loans granted to officials of the European Union	*10 477 914*	*10 477 914*	*12 667 496*	*12 667 496*
Other amounts due by customers	*187 620*	*187 620*	*128 595*	*128 595*
Total loans and advances	**434 769 346**	**472 962 289**	**343 527 692**	**380 305 167**

Deposits with agreed maturity date

This item includes term deposits with an initial maturity between 3 and 12 months. The effective interest rates in December 2009 on this deposits were 0.93% - 1.85%. These deposits have an average maturity of 80 days at 31 December 2009.

Loans granted from own funds

This item includes loans granted by the ECSC in liquidation from its own funds in accordance with article 54.2 of the ECSC Treaty. These loans are granted at a fixed rate of 1 % p.a. and, consequently, considered as loans at preferential rates. They are initially recognised at fair value which corresponds to the net present value of expected cash flows discounted at the market rate of interest prevailing for bonds with similar maturities issued by the member states where the borrowers are located, then subsequently measured at amortised cost. The provisions for impairment, if any, are based on the provisional or definitive write-offs as provided for under the respective finance contracts.

The effective interest rates (expressed as a range of interest rates) were as follows:

Effective interest rates on loans granted from own funds

31.12.2009	31.12.2008
2.806 % - 22.643 %	2.806 % - 22.643 %

Loans granted from borrowed funds

This item includes one loan granted by the ECSC in liquidation from borrowed funds with variable rates in accordance with article 54 (2) of the ECSC Treaty.

The changes in carrying amount correspond to the change in accrued interests plus the amortization of the year of premiums paid and transaction costs incurred at inception, calculated according to the effective interest rate method.

The effective interest rates (expressed as a range of interest rates) were as follows:

Effective interest rates on loans granted from borrowed funds

31.12.2009	31.12.2008
0.346%	3.072 - 4.939%

Loans granted to the European Investment Bank (EIB)

At 31 December 2009 this item included three unquoted debt securities issued by the European Investment Bank (EIB) as substitute of a defaulted debtor. These debt securities will be held till their final maturity (2017 and 2019) in order to cover the service of related borrowings.

The changes in carrying amount correspond to the change in accrued interests plus the amortization of the year of premiums paid and transaction costs incurred at inception, calculated according to the effective interest rate method.

The effective interest rates (expressed as a range of interest rates) were as follows:

Effective interest rates on loans granted to the EIB

31.12.2009	31.12.2008
5.2354% - 5.8103%	5.2354 % - 5.8103 %

Loans granted on own funds

(EUR)

Loan type	Balance at 01.01.2009	Repayments	Exchange differences	Changes in carrying amount	Net value at 31.12.2009	Remaining maturity < 1 year	Remaining maturity > 1 year
Loans and advances to credit institutions	24 428 484	(4 284 591)	72 813	1 568 614	21 785 320	119 465	21 665 855
Loans and advances to customers	4 805 792	(656 306)	25 240	226 065	4 400 791	10 959	4 389 832
Total	**29 234 276**	**(4 940 897)**	**98 053**	**1 794 679**	**26 186 111**	**130 424**	**26 055 687**

Loans granted on borrowed funds

(EUR)

Loan type	Balance at 01.01.2009	Repayments	Exchange differences	Changes in carrying amount	Net Value at 31.12.2009	Remaining maturity < 1 year	Remaining maturity > 1 year
Loans granted to the EIB	203 818 021	-	15 529 977	(4 336 455)	215 011 543	-	215 011 543
Loans and advances to customers	134 456 779	(88 085 042)	-	(625 007)	45 746 730	-	45 746 730
Total	**338 274 800**	**(88 085 042)**	**15 529 977**	**(4 961 462)**	**260 758 273**	**-**	**260 758 273**

Loans granted to officials of the European Union

These loans are financed by the ECSC in liquidation from its own funds (the former pension fund of the ECSC). The loans were granted by a Loan Committee and are managed by the Commission (PMO). The last loans were granted in June 2002. The loan period is 20/25 years. The interest rate on the loans is 4 % p.a.. The death and invalidity insurance premium is 2 % p.a.. The capital reimbursement, interests and insurance premium are deducted monthly from the beneficiary's salary by the relevant European Institution. The Commission has decided not to apply the new accounting rules for these loans due to reason of non materiality of the amount outstanding.

Other amounts due by customers

This item includes levies and interest and research subsidies repayable to the ECSC in liquidation.

(EUR)

	31 December 2009	**31 December 2008**
Levies - amounts due - value adjustments	 36 507 (36 507)	 53 471 (53 471)
Total	-	-
Interest subsidies repayable - amounts due - value adjustments	 78 760 (78 760)	 217 104 (217 104)
Total	-	-
Research subsidies repayable - amounts due - value adjustments	 187 620 -	 128 595 -
Total	**187 620**	**128 595**
Total other amounts due by customers	**187 620**	**128 595**

Levies

Total claims at 31 December 2008 amounted to EUR 53 471. These were covered in their entirety by value adjustments. At 31 December 2009, one claim amounting to EUR 36 507, covered in its entirety by value adjustment, is still unpaid. During the year 2009 payments were received totalling EUR 23 298 and recorded as income.

Interest subsidies

Total claims at 31 December 2008 amounted to EUR 217 104, covered in their entirety by value adjustments. During the year 2009, the ECSC in liquidation received payments of EUR 21 and waived or cancelled claims amounting to EUR 138 323. Total claims at 31 December 2009 thus amounted to EUR 78 760 covered in their entirety by value adjustments.

D.3. Available-for-sale securities

(EUR)

	Debt securities
Amount at 31 December 2008	**1 463 674 511**
Acquisitions	560 313 805
Disposals and maturities	(573 301 018)
Change in carrying amount	32 259 116
Amount at 31 December 2009	**1 482 946 414**

Details of the available-for-sale portfolio (by type of securities) at the balance sheet date are as follows:

(EUR)

Type	31 December 2009	31 December 2008
Debt securities - at fair value		
Fixed rate bonds	1 402 849 025	1 383 719 998
Floating rate bonds	49 321 110	48 387 220
Total	**1 452 170 135**	**1 432 107 218**
Accruals	30 776 279	31 567 293
Total debt securities	**1 482 946 414**	**1 463 674 511**
Total available-for-sale portfolio	**1 482 946 414**	**1 463 674 511**

Debt securities

At 31 December 2009, all investments are denominated in EUR and quoted in an active market.

Structure by rating

See Note C.4.(c)

Maturities in 2010

Debt securities (expressed at their fair value) reaching final maturity in the course of 2010 amount to EUR 241.5 million (2009: 126.2 million).

Return on investment

The return on investment, including the variation in the market value of bonds (calculated by the Modified Dietz Method) was 5.85 % for the whole year 2009. This result has been achieved despite the severe effects of the sub-prime crisis which started in July 2007. The benchmark, serving as the reference rate for the ECSC in liquidation portfolio, yielded 4.41%.

The yearly relative performance of the ECSC portfolio was then +1.44%.

D.4. New Member States' contribution to the Coal and Steel Research Fund

(EUR)

	Nominal amount 31.12.2009	Net present value Adjustment	Net present value 31.12.2009
a) Czech Republic, Estonia, Latvia, Poland, Slovenia and Slovakia	-	-	-
b) Bulgaria and Romania	**35 555 500**	**(1 541 481)**	**34 014 019**
TOTAL	**35 555 500**	**(1 541 481)**	**34 014 019**

a) Contribution of Czech Republic, Estonia, Latvia, Hungary, Poland, Slovenia and Slovakia

Article 31 of the "Act concerning the conditions of accession of the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic and the adjustments to the Treaties on which the European Union is founded"[9], which entered into force on 1 May 2004, provides for certain new Member States to make a contribution to the assets of the Coal and Steel Research Fund. This contribution is to be paid in 4 instalments on the first working day of each year, starting in 2006, in the following amounts:

2006: 15 %
2007: 20 %
2008: 30 %
2009: 35 %

All contributions 2006 – 2009 totalling EUR 169 930 000 have been received at 31 December 2009.

9 OJ L 236, 23.09.2003, p. 33.

b) Contribution of Bulgaria and Romania

According to Article 26 of the "Protocol concerning the conditions and arrangements for admission of the Republic of Bulgaria and Romania to the European Union",[10] Bulgaria and Romania shall pay to the assets of the Coal and Steel Research Fund, in 4 instalments on the first working day of each year, the following amounts:

(EUR)

		BULGARIA	ROMANIA	TOTAL
2009	15 %	1 792 500.00	4 482 000.00	6 274 500.00
2010	20 %	2 390 000.00	5 976 000.00	8 366 000.00
2011	30 %	3 585 000.00	8 964 000.00	12 549 000.00
2012	35 %	4 182 500.00	10 458 000.00	14 640 500.00
TOTAL	100 %	11 950 000.00	29 880 000.00	41 830 000.00

(EUR)

The first instalment was due on 2 January 2009	6 274 500
Payments received in 2009	6 274 500
Amount outstanding (1st instalment) at 31 December 2009	-

(EUR)

The second instalment is due on 4 January 2010	8 366 000
Payments received in 2009	-
Amount outstanding (2nd instalment) at 31 December 2009	8 366 000

For the 3rd – 4th installments a total amount of EUR 27 189 500 is due (see Note D.9.). The net present value of these installments amounts to EUR 25 648 019 at 31 December 2009. The calculation of the net present value is based on the future expected cash flows, the credit rating of the Member State and the corresponding spread and the EURO swap curve. The calculation of the net present value at 31 December 2008 was based on the credit rating of the Member State and the corresponding EUR interbank yield table.

	1 January 2009 EUR	Reclassification EUR	Amounts received EUR	Net present value adjustment EUR	31 December 2009 EUR
Due > 1 year	23 926 860	(8 366 000)	-	10 087 159	25 648 019
Due < 1 year	6 274 500	8 366 000	(6 274 500)	-	8 366 000
Total	**30 201 360**	**-**	**(6 274 500)**	**10 087 159**	**34 014 019**

10 OJ L157, 21.06.2005, p. 29

D.5. Other assets

(EUR)

	31 December 2009	31 December 2008
Current account, ECSC operating budget	-	63 865
Loans to officials	1 754 325	1 177 613
Miscellaneous	2 690	21 697
Sub-total	**1 757 015**	**1 263 175**
Value adjustments	(31 363)	(31 363)
Total	**1 725 652**	**1 231 812**

D.6. Borrowings

(EUR)

	31 December 2009		31 December 2008	
	Nominal amount	**Book value**	**Nominal amount**	**Book value**
Debts evidenced by certificates	214 050 210	224 781 020	265 662 265	282 302 625
Total	**214 050 210**	**224 781 020**	**265 662 265**	**282 302 625**

The detailed movements in borrowings during 2009 are as follows:

(EUR)

Balance at 1.01.2009	Repayments	Exchange differences	Changes in carrying amount	Balance at 31.12.2009	Remaining maturity < 1 year	Remaining maturity > 1 year
282 302 625	(67 317 402)	18 095 201	(8 299 404)	224 781 020	-	224 781 020

The changes in carrying amount correspond to the change in accrued interests plus the amortization of the year of transaction costs incurred at inception calculated according to the effective interest rate method.

The effective interest rates (expressed as a range of interest rates) were as follows:

Effective interest rates on borrowings

31.12.2009	31.12.2008
0.346 – 9.2714%	4.939 – 11.875 %

D.7. Other liabilities

(EUR)

	31 December 2009	31 December 2008
Outstanding commitments under the ECSC operating budgets	-	722 843
Budget for financing coal and steel research	237 700 493	234 730 338
Debt to EU Budget	2 248	-
Other debtors	38 070	18 164
Total	**237 740 811**	**235 471 345**

Outstanding commitments under the ECSC operating budgets

During the year from 1 January to 31 December 2009, changes in the item for the ECSC operation budgets were as follows:

(EUR)

	Balance outstanding at 1 January 2009	Payments	Cancellations	Balance outstanding at 31 December 2009
Research	722 843	(271 499)	(451 344)	-
Total	**722 843**	**(271 499)**	**(451 344)**	**-**

Budget for financing coal and steel research

Allocations to be transferred to General Budget of EU	Amount due 31 December 2008	Cancellation of credits	Payments 2009	Amount due 31 December 2009

a) Coal

Allocations 2003 to 2008	**37 349 173**		**(14 500 00)**	**22 849 173**
Allocation 2009	**14 067 568**	**(372 737)**	**-**	**13 694 831**
Allocation 2010	**14 649 784**	**-**	**-**	**14 649 784**
Allocation 2011	**-**	**-**	**-**	**16 572 892**
Sub-total	**66 066 525**	**(372 737)**	**(14 500 000)**	**67 766 680**

b) Steel

Allocations 2003 to 2008	**91 802 665**	**-**	**(41 500 000)**	**50 302 665**
Allocation 2009	**37 651 432**	**(1 586 858)**	**-**	**36 064 574**
Allocation 2010	**39 209 716**	**-**	**-**	**39 209 716**
Allocation 2011	**-**	**-**	**-**	**44 356 858**
Sub-total	**168 663 813**	**(1 586 858)**	**(41 500 000)**	**169 933 813**

c) Total

Allocations 2003 to 2008	**129 151 838**	**-**	**(56 000 000)**	**73 151 838**
Allocation 2009	**51 719 000**	**(1 959 595)**	**-**	**49 759 405**
Allocation 2010	**53 859 500**	**-**	**-**	**53 859 500**
Allocation 2011	**-**	**-**	**-**	**60 929 750**
Sub-total	**234 730 338**	**(1 959 595)**	**(56 000 000)**	**237 700 493**

D.8. Profit/(loss) for the year

(EUR)

	31 December 2009	31 December 2008
Result for the year 2008	-	(14 753 306)
Result for the year 2009	13 914 151	-
Total retained earnings	**13 914 151**	**(14 753 306)**

D.9. Reserves

(EUR)

	31 December 2009	31 December 2008
Fair value reserve	14 641 236	(10 396 936)
Special reserves	93 290 485	187 290 485
Reserve to cover loans	*46 000 000*	*134 000 000*
Reserve to cover housing loans	*36 000 000*	*40 000 000*
Reserve to cover loans to officials	*11 000 000*	*13 000 000*
Other special reserves	*290 485*	*290 485*
General reserves	62 053 750	54 983 500
Smoothing reserve for RFCS (Research Fund for Coal and Steel	*62 053 750*	*54 983 500*
Assets of the Research Fund for Coal and Steel	1 337 496 148	1 249 883 454
Member States' Contribution not yet called	27 189 500	35 555 500
Total Reserves	**1 534 671 119**	**1 517 316 003**

The changes from 31 December 2008 to 31 December 2009 are shown in the statement of changes in equity.

Fair value reserve

In accordance with the accounting rules, the adjustment to fair value of available-for-sale assets is accounted for through the fair value equity reserve.

Special reserves

Reserve to cover loans

This reserve is intended to cover lending and borrowing operations. On 11 September 1996 the Commission confirmed its intention to cover, as from 23 July 2002, 100 % of those loans which are not guaranteed by the government of a Member State. At 31 December 2009 the amount outstanding of these loans was EUR 45 734 705.

Reserve to cover housing loans

This reserve (formerly called Special Reserve) is used to cover loans granted on own funds of the ECSC in liquidation. At 31 December 2009 the amount outstanding of these loans was EUR 35 144 501.

Reserve to cover loans granted to officials of the EuropeanUnion

This former Pension fund originally represented the ECSC's total pension obligations prior to 5 March 1968. Since that date, Member States have assumed responsibility, via the general budget, for the payment of staff pensions. Consequently, this fund is now used to finance housing loans for officials of the European Union. At 31 December 2009, the amount outstanding of these loans was EUR 10.5 million.

Other special reserve

This reserve is intended to cover any legal and other unforeseen expenditure. The related risk lies primarily in the legal field for the ECSC in liquidation's loan related operations, the recovery of interest subsidies and levy.

General reserves

Smoothing reserve

As provided by Council Decision 2003/76/EC of 1 February 2003 (OJ 29, 05.02.2003), the smoothing reserve is used to reduce the fluctuations in the research funding resulting from movements on the financial markets. This reserve was valued at EUR 62.05 million as at 31 December 2009.

Assets of the Research Fund for Coal and Steel

This reserve, created in the context of the winding-up of the ECSC, corresponds to the free reserves.

Member States' contribution not yet called

The not yet called instalments of the contribution to the Research Fund for Coal and Steel (see Note D.5.a and b) are as follows:

(EUR)

Bulgaria	7 767 500
Romania	19 422 000
Total	**27 189 500**

NOTE E - EXPLANATORY NOTE TO THE INCOME STATEMENT

E.1. Net profit for the year

The overall performance of the ECSC in liquidation is affected by the result of winding-up of the ECSC's financial operations, net revenue on investments and the funding of Coal and Steel Research as detailed below:

(EUR)

	31 December 2009	31 December 2008
Winding-up of ECSC's financial operations	11 779 857	(16 678 412)
Net revenue of investments	68 174 699	55 914 212
Cancellation of CSRF commitments	1 959 595	2 010 894
Coal and Steel Research Fund	(68 000 000)	(56 000 000)
Net result	**13 914 151**	**(14 753 306)**

Winding-up of the ECSC's financial operations

(EUR)

	31 December 2009	31 December 2008
Lending/borrowing activities		
Net interest	47 362	(448 065)
Fair value changes derivatives (net)	3 174 759	(22 153 536)
Miscellaneous charges/income (net)	114 661	925
Sub-total	**3 336 782**	**(22 600 676)**
Winding-up commitments under operating budget		
Cancellation of commitments	451 344	1 389 615
Winding-up other ECSC activities		
Levy, fines, interest subsidies	23 319	6 425
Research, Redeployment	221 018	409 478
Other		-
Sub-total	**695 681**	**1 805 518**
Variation of Net Present Value (Member States' contribution)	**10 087 160**	**(3 450 345)**
Exchange rate differences	**(2 339 766)**	**7 567 091**
Total	**11 779 857**	**(16 678 412)**

Net revenue on investments

(EUR)

	31 December 2009	31 December 2008
INCOME		
Interest on nostro accounts	47 483	51 425
Interest on deposit accounts	2 674 828	3 328 815
Interest on securities available-for-sale	56 501 166	60 734 112
Profit on sales of available for sale portfolio	9 082 785	
Fees and commissions income	88 894	179 748
Total income	**68 395 156**	**64 294 100**
CHARGES		
Debit interest on nostro accounts	-	(886)
Loss on sales of available-for-sale portfolio	-	(8 174 300)
Bank and portfolio transaction charges	(220 457)	(204 702)
Total charges	**(220 457)**	**(8 379 888)**
Net revenue on investment	**68 174 699**	**55 914 212**

Net revenue of investments (rounded to the nearest million) is available to the general Budget of the European Union for financing research projects (see Note A).

Research Fund for Coal and Steel

(Application of Council Decision 2003/76/EC of 1 February 2003)

(EUR)

	31 December 2009	31 December 2008
Net revenue on investment	68 174 699	55 914 212
Rounded	68 000 000	56 000 000
Application of smoothing mechanism :		
Net revenue 2008/2007	68 000 000	56 000 000
Allocation decided for 2009/2008	53 859 500	51 719 000
Difference	14 140 500	4 281 000
Half of difference 2010/2009	7 070 250	2 140 500
Allocation for year 2010/2009		
Net revenue	68 000 000	56 000 000
Allocation half of difference	(7 070 250)	(2 140 500)
Total allocation 2010/2009	**60 929 750**	**53 859 500**
Financing		
Provisioning net revenue	68 000 000	56 000 000
Increase / Diminution of Smoothing reserve	(7 070 250)	(2 140 500)
Total	**60 929 750**	**53 859 500**

E.2. Interest and similar income

(EUR)

	31 December 2009	31 December 2008
Interest on bank accounts	47 483	51 425
Interest on deposit accounts	2 674 827	3 328 815
Interest on loans from borrowed funds	11 579 897	19 456 386
Income on loans on own funds	2 101 483	3 691 004
Interest on loans granted to officials of the European Union	464 426	552 415
Interest on swaps	2 384 971	12 630 536
Total interest from bank accounts, deposits, loans and derivatives	**19 253 087**	**39 710 581**
Interest on available-for-sale portfolio	56 501 166	60 734 112
Total interest from fixed-income debt securities	**56 501 166**	**60 734 112**
Total interest and similar income	**75 754 253**	**100 444 693**

E.3. Net gain on sales of securities

(EUR)

	31 December 2009	31 December 2008
Profit on sales of available-for-sale bonds	16 203 772	302 118
Loss on sales of available-for-sale bonds	(7 120 987)	(8 476 418)
Total	**9 082 785**	**(8 174 300)**

E.4. Other financial income

(EUR)

	31 December 2009	31 December 2008
Variation of net present value on new Member States contribution to the Coal and Steel Research Fund	10 087 160	3 272 459
Positive change of fair value of financial derivatives	4 300 136	862 010
Total other financial income	**14 387 296**	**4 134 469**

E.5. Other operating income

(EUR)

	31 December 2009	31 December 2008
Matured coupons and bonds	129 709	-
Income from levy, fines and interest subsidy reimbursements	6 334	28
Income from Research reimbursements	221 018	409 478
Reversal of impairment losses for levy, interest subsidies and research	16 985	6 397
Miscellaneous income from lending activities	40	17 912
Cancellation of CSRF commitments	1 959 595	2 010 894
Cancellation of commitments of operating budget	451 344	1 389 615
Total	**2 785 025**	**3 834 324**

E.6. Interest and similar charges

(EUR)

	31 December 2009	31 December 2008
Bank interest	-	886
Interest on borrowings	15 574 454	26 803 939
Interest on swaps	908 960	9 974 467
Total	**16 483 414**	**36 779 292**

E.7. Fees and commissions charges

(EUR)

	31 December 2009	31 December 2008
Bank charges	538	596
Portfolio charges	218 022	202 495
SWIFT charges	1 897	1 611
Total	**220 457**	**204 702**

E.8. Other financial charges

(EUR)

	31 December 2009	31 December 2008
Variation of net present value on new Member States' contribution of the Research Fund for Coal and Steel	-	6 722 804
Negative change of fair value of financial derivatives	1 125 377	23 015 546
Total	**1 125 377**	**29 738 350**

E.9. Other operating charges

(EUR)

	31 December 2009	31 December 2008
Borrowing costs	12 252	12 494
Other	2 836	4 493
Total	**15 088**	**16 987**

NOTE F- EXPLANATORY NOTES TO THE CASH FLOW STATEMENT

F.1. Purpose and preparation of the cash flow statement

Cash flow information is used to provide a basis for assessing the ability of the ECSC in liquidation to generate cash and cash equivalents, and its need to utilise those cash flows.

The cash flow statement is prepared using the direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed.

Cash flows arising from transactions in a foreign currency are recorded in the ECSC in liquidation's reporting currency (euro), by applying to the foreign currency amount the exchange rate between the euro and the foreign currency at the date of the cash flow.

The cash flow statement reports cash flows during the year classified by operating, investing and financing activities.

F.2. Operating activities

Operating activities are the activities of the ECSC in liquidation that are not investing or financing activities. These are the majority of the activities performed. Loans granted to beneficiaries (and the related borrowings) are not considered as investing (and financing activities) as they are part of the general objectives and thus daily operations of the ECSC in liquidation. Indeed, the objective of these activities is to participate in the achievement of policy targeted outcomes.

Operating activities cover the activities linked to the winding-up of the financial operations of the ECSC in liquidation which were still in progress when the ECSC Treaty expired (Council decision N° 2003/76/2003 from 1 February 2003).

F.3. Investing activities

Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.

Investing activities cover the asset management of the ECSC in liquidation and, on completion of liquidation, of the Research Fund for Coal and Steel (Council Decision N° 2003/77/EC from 1 February 2003 amended by Council Decision N° 2008/750/EC of 15 September 2008). They do not include loans granted to beneficiaries.

F.4. Financing activities

Financing activities are activities that result in changes in the size and composition of the contributed capital and borrowings of the entity.

Borrowings do not include the borrowings related to loans granted to beneficiaries. Consequently, the ECSC in liquidation does not have financing activities.

NOTE G - OFF BALANCE SHEET

There are no off balance sheet items as of December 31, 2009 and 2008.

NOTE H - RELATED PARTY DISCLOSURES

The net cash flow between the ECSC in liquidation and the Commission amounts to EUR 53.95 million.

The ECSC paid to the Commission in 2009 (in million EUR):

– Reimbursement of the payments for ECSC operating budget expenses	0.04
– Payments for the Research Fund for Coal and Steel	56.00
Total	56.04

The Commission paid to the ECSC in liquidation (in million EUR):

Reimbursement of capital & interest of loans to officials of the European Communities	2.09
Total	2.09
Net advance to the Commission (million EUR)	53.95

The key management has no entitlement payable by the ECSC in liquidation.

NOTE I - EVENTS AFTER THE BALANCE SHEET DATE

At the time of issuance of the accounts on March 18, 2010, no material issues came to the attention of the Directorate General for Economic and Financial Affairs - Directorate Financial Operations, programme management and liaison with the EIB Group -, or were reported to it that would require separate disclosure under this section. The accounts and related notes were prepared using the most recently available information and this is reflected in the information presented above.