

ORGANISATION EUROPEENNE POUR LA RECHERCHE NUCLEAIRE
CERN EUROPEAN ORGANIZATION FOR NUCLEAR RESEARCH

<u>Action to be taken</u>		<u>Voting Procedure</u>
For recommendation to Council	FINANCE COMMITTEE 330 th Meeting 16 June 2010	Simple majority of Member States represented and voting and 51% of the contributions of all Member States
For approval	COUNCIL 155 th Session 18 June 2010	Simple majority of Member States represented and voting

Annual Accounts
(Financial Statements)
for 2009

Audited by two representatives of the

ITALIAN COURT OF AUDIT

CORTE DEI CONTI

The Finance Committee is invited to recommend the Council and the Council is invited to approve the 2009 Annual Accounts and to grant discharge to the Director-General.

Annual Accounts
(Financial Statements)
for 2009

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INTRODUCTION

The financial statements of CERN for the year ending on 31 December 2009 have been drawn up in accordance with the International Public Sector Accounting Standards (IPSAS), as was already the case in 2007 and 2008.

The highlight of the year was the successful restart of the LHC following the repair of Sector 3-4.

The remaining 200 MCHF tranche of the EIB loan was repaid in March 2009. Short-term borrowing from banks amounted to 290 MCHF at the end of the year, compared to 409 MCHF at the end of 2008.

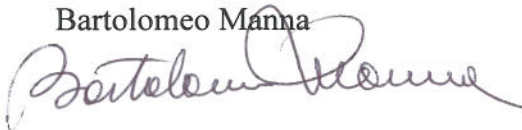
AUDIT CERTIFICATE

In accordance with Article 21 of the CERN Financial Rules, and for approval by the Council, the report is presented to the Finance Committee to certify the correctness of the financial statements as follows:

"The financial statements of the Organization for the financial year ending 31 December 2009 have been examined in accordance with the instructions given to us. We have obtained all the information and explanations that we have required and we certify, as a result of the audit, that in our opinion the financial statements give a true and fair view of the state of affairs of the Organization, subject to the observations in our report".

Rome, 21 May 2010

Bartolomeo Manna




Franco Franceschetti



External Auditors

SIGNATURE OF THE CERN
OFFICIAL REPRESENTATIVES

The undersigned hereby certify that, to the best of their knowledge, the information contained in this Report fairly presents the financial conditions and results of operations of the Organization.



Thierry Lagrange
Head of
Finance and Procurement Department



Sigurd Lettow
Director for
Administration and General Infrastructure

PART 1

2009 BUDGET OUT-TURN

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

MCHF	Budget	Actual amounts	Difference
Revenue			
Member States' contributions	1 098.6	1 098.6	
Additional contributions from Host States	16.6	16.6	
In-kind contributions from Host States	5.7	1.9	- 3.8
EU Contributions	12.8	19.3	6.5
Other in-kind contributions		6.4	6.4
Other revenue	19.5	28.3	8.8
Financial revenue	0.2	0.7	0.5
Internal taxation	24.0	24.7	0.7
	1 177.4	1 196.4	19.0
Expenses			
Materials	370.0	351.7	- 18.3
Personnel	507.1	515.6	8.5
Interests and Financial Costs	23.4	22.7	- 0.7
	900.6	890.0	- 10.6
A. BUDGET SURPLUS FOR THE PERIOD*	276.8	306.4	29.6
B. CAPITAL REPAYMENTS	14.0	14.0	
ALLOCATION TO BUDGET BALANCE (A-B)	262.8	292.4	29.6

* cf. Notes on the Budget out-turn

ACCOUNTING RECONCILIATION

The differences between the budget out-turn (actual amounts) and the amounts recognized in the accounting statements are shown in the following table:

	Note	MCHF
BUDGET SURPLUS FOR THE PERIOD (A)		306.4
Fixed assets reconciliation (B)		- 346.7
Expenses transferred to fixed assets	18.1	90.6
Depreciation of fixed assets	20.1	- 437.3
Items not recognized in the Budget Surplus (C)		24.1
Variation of provision for post-employment benefits	21.1	6.6
Amortization of staff benefit accruals*		17.3
Others		0.2
TOTAL ACCOUNTING RECONCILIATION (D) = (B)+(C)		- 322.6
NET ACCOUNTING DEFICIT FOR THE PERIOD = (A)+(D)**		- 16.2

* Amortization of the accruals of staff's paid leave and similar allowances, introduced for the first time in the 2007 Financial Statements (CERN/2787)

** cf. Statement of Financial Performance, Part 2

SUMMARY OF REVENUE

kCHF	2009	2008	Variation
Member States' contributions	1 098 567	1 075 863	22 704
Austria	24 661	23 553	1 108
Belgium	30 446	29 533	913
Bulgaria	2 406	2 119	287
Czech Republic	12 690	10 370	2 320
Denmark	19 390	19 579	- 189
Finland	16 992	15 025	1 967
France	168 725	160 500	8 225
Germany	218 583	208 666	9 917
Greece	20 473	19 669	804
Hungary	8 572	8 920	- 348
Italy	126 544	122 972	3 572
Netherlands	52 715	48 528	4 187
Norway	27 820	29 114	- 1 294
Poland	31 376	24 731	6 645
Portugal	12 485	12 004	481
Slovak Republic	5 914	3 930	1 984
Spain	93 726	89 779	3 947
Sweden	30 376	27 583	2 793
Switzerland	33 086	32 598	488
United Kingdom	161 587	186 690	- 25 103
Additional contributions from Host States	16 575	24 175	- 7 600
France	11 400	11 800	- 400
Switzerland	5 175	12 375	- 7 200
Additional contributions in-kind - France	1 916		1 916
EU Contributions	19 261	16 515	2 746
Other in-kind contributions	6 382		6 382
Other revenue	28 973	17 977	10 996
Sale of scrap and equipment no longer in use and revenue from collaborations	5 014	6 662	- 1 648
Sales from the CERN shop	482	587	- 105
Revenue for LHC repair	100		100
Revenue from sponsoring	-	1 304	- 1 304
Revenue from technology transfer	1 386	2 422	- 1 036
Revenue from the Housing activity	5 978	6 126	- 148
Revenue from the Globe of Science & Innovation	1 300		1 300
Miscellaneous revenue	2 774	723	2 051
Other revenue from invoicing to debtors	11 283		11 283
Financial revenue	656	153	503
Internal Taxation	24 729	24 208	521
Total	1 196 403	1 158 738	37 665

NOTES ON THE BUDGET OUT-TURN

The total budget for expenses of 900.6 MCHF at 2009 prices was approved by the Finance Committee¹ in December 2008. Modified strategy and related goals were presented to the Finance Committee in June 2009² in the framework of the 2010 MTP³.

The scheduled surplus for 2009 in the Budget was initially 276.8 MCHF.

The actual surplus amounted to 306.4 MCHF. The difference between the budget and actual amounts can be explained by the further postponement of the 2006 new initiatives, essentially due to the delayed LHC restart.

Taking into account the 14 MCHF of capital repayments (cf. NOTE 5), the amount to be allocated to the budget balance is 292.4 MCHF. This amount will be used to reduce the accumulated budget deficit.

NOTE 1 - SUMMARY OF REVENUE AND EXPENSES BY ACTIVITY

Explanations regarding the main differences between actual Materials and Personnel expenses and Budget are given in the Annual Progress Report for 2009 (cf. CERN/FC/5412).

¹ CERN/FC/5304/Rev.

² CERN/FC/5346

³ CERN/FC/5347

Summary of Revenue and Expenses by Activity (in MCHF)

M CHF (rounded off)	2009 Budget CERN/FC/5304/Rev. (2009 prices)			2009 Out-Turn CERN/FC/5412 (2009 prices)			Variations of Out-Turn with respect to Budget		
REVENUES	1,177.4			1,196.4			19.0		
Member States' contributions	1,098.6			1,098.6					
Additional contributions from Host States	22.3			18.5			-3.8		
EU contributions	12.8			19.3			6.5		
In-kind contributions				6.4			6.4		
Personnel paid on team accounts *	7.7			11.3			3.5		
Personnel on detachment	0.4			0.8			0.4		
Internal taxation	24.0			24.7			0.7		
Knowledge and technology transfer	2.6			1.4			-1.2		
Other revenues (including financial revenues)	9.0			15.5			6.5		
	Personnel	Materials	Total	Personnel	Materials	Total	Personnel	Materials	Total
OPERATING EXPENSES	486.2	393.5	879.7	487.0	376.4	863.4	0.8	-17.0	-16.2
Running of scientific programmes and support	441.7	316.0	757.7	431.7	304.0	735.7	-10.0	-12.0	-21.9
Scientific programmes	270.7	138.0	408.6	252.9	136.3	389.2	-17.7	-1.7	-19.4
<i>LHC (including s. 3-4 repair and new initiatives support to detectors)</i>	163.0	89.0	252.0	151.9	91.6	243.5	-11.2	2.6	-8.5
<i>Non-LHC physics and scientific support</i>	49.2	14.7	63.9	41.4	12.9	54.3	-7.9	-1.7	-9.6
<i>Accelerators and areas</i>	58.4	34.3	92.7	59.7	31.7	91.4	1.3	-2.6	-1.3
General infrastructure and services	171.0	178.0	349.0	178.8	167.8	346.6	7.8	-10.3	-2.5
<i>Infrastructure & services</i>	112.0	81.9	193.9	114.2	75.4	189.7	2.3	-6.5	-4.2
<i>Centralised personnel expenses</i>	28.8		28.8	28.8		28.8	0.0		0.0
<i>Internal taxation</i>	24.0		24.0	24.7		24.7	0.7		0.7
<i>Paid but not available **</i>	6.2		6.2	9.4		9.4	3.2		3.2
<i>Personnel on detachment</i>				1.1		1.1	1.1		1.1
<i>Insurance & postal charges, energy & water</i>		69.8	69.8		68.4	68.4		-1.3	-1.3
<i>Housing fund</i>		2.9	2.9	0.4	3.1	3.6	0.4	0.2	0.7
<i>Interest and financial costs</i>		23.4	23.4		20.8	20.8		-2.6	-2.6
Projects, R&D and consolidation	44.5	77.5	122.0	55.3	72.4	127.7	10.8	-5.1	5.7
<i>CLIC</i>	12.2	8.5	20.7	10.9	7.2	18.1	-1.3	-1.3	-2.6
<i>Linear collider detector</i>				1.2	0.1	1.3	1.2	0.1	1.3
<i>LINAC 4</i>	5.4	14.7	20.1	7.5	11.6	19.2	2.1	-3.1	-0.9
<i>Focus quadrupoles (NbTi)</i>	0.8	4.3	5.1	3.0	0.9	3.9	2.3	-3.4	-1.1
<i>R&D studies</i>	10.8	1.8	12.6	9.1	1.8	10.9	-1.7	0.0	-1.7
<i>LHC upgrade (PS2, SPL studies, detectors)</i>	6.2	10.7	16.9	8.8	3.4	12.2	2.6	-7.3	-4.7
<i>Consolidation and new buildings</i>	9.2	37.4	46.7	14.7	47.3	62.0	5.5	9.9	15.4
OTHER EXPENSES	20.9		20.9	28.6	-2.0	26.6	7.7	-2.0	5.6
Personnel paid on team accounts *	7.7		7.7	11.3		11.3	3.5		3.5
Various	13.2		13.2	17.3	-2.0	15.3	4.1	-2.0	2.1
<i>Reversal of sector 3-4 provision</i>					-13.6	-13.6		-13.6	-13.6
<i>In-kind</i>					10.8	10.8		10.8	10.8
<i>Exchange gain or loss</i>									
<i>Stores activity</i>					0.8	0.8		0.8	0.8
<i>Other</i>									
<i>Budget amortization of staff benefit accruals</i>	13.2		13.2	17.3		17.3	4.1		4.1
TOTAL EXPENSES	507.1	393.5	900.6	515.6	374.4	890.0	8.5	-19.1	-10.6
BALANCE									
Annual balance	276.8			306.4			29.6		
Capital repayment allocated to the budget (Fortis, FIPOI 1 and 2)	-14.0			-14.0					
Annual balance allocated to budget deficit	262.8			292.4			29.6		
-Cumulative Balance-	- 781.1	-518.3		-488.7			29.6		
For information:									
Capital repayment to EIB, FIPOI 3	200.0			200.0					

* In 2009 Budget (CERN/FC/5304/Rev.), this number relates only to Staff.

** Paid but Non Available (PNA) staff are still paid by the Organization but are not available for work (in the case of : SLS leave, compensation leave due to AC22, long-service, etc.).

NOTE 2 - MATERIALS EXPENSES

In addition to NOTE 1 which details expenses by Activity, the following table shows the breakdown of Materials budget expenses by nature.

MCHF	As at 31.12.2009		
	Budget	Expenses	Difference
Goods, Consumables and Supplies	156.5	141.1	- 15.4
Electricity, heating gas and water	62.8	61.9	- 0.9
Support services	60.9	63.7	2.8
Repair and Maintenance	35.2	29.7	- 5.5
Fees and Subsistence	24.4	26.2	1.8
Insurance and Communications	7.0	6.8	- 0.2
Other overheads	20.4	35.8	15.4
Housing activity	2.9	-	- 2.9
Depreciation of current assets	-	0.2	0.2
Reversal of sector 3-4 provision	-	- 13.6	- 13.6
Total	370.1	351.7	- 18.3

NOTE 3 - PERSONNEL EXPENSES

The following table shows the breakdown of Personnel budget expenses.

MCHF	As at 31.12.2009		
	Budget	Expenses	Difference
Staff Members	406.1	408.8	2.7
Centralised Personnel Budget (CPB)	28.8	28.9	0.1
Annual variation - Paid leave		- 5.5	- 5.5
	434.9	432.2	- 2.7
Fellows, Paid Associates and Apprentices	35.0	41.2	6.2
Annual variation - Paid leave		0.2	0.2
	35.0	41.4	6.4
Internal taxation	24.0	24.7	0.7
Amortization of staff benefits accruals	13.2	17.3	4.1
	37.2	42.0	4.8
Total	507.1	515.6	8.5

For 2009, 507.1 MCHF were initially allocated to the Personnel Budget, covering 2'356.4 staff member Full-Time Equivalents (FTEs) and 281 fellow and associate FTEs.

The final expenses charged to the personnel budget amounted to 515.6 MCHF, covering 2'322.4 staff member FTEs (financed either by CERN budget or outside CERN budget) and 397.2 fellow and associate FTEs (including 22.1 apprentice FTEs).

Concerning the Short-Term Saved Leave (STSL) scheme for 2009, 1'317 slices of 1.5% and 2.5% have been subscribed to, resulting in a reduction in expenses amounting to 3 MCHF, compared to the 2.3 MCHF estimated in the initial Budget.

3.1 EXPENSES BY NATURE

3.1.1 Staff

The following table shows the variation in allowances, indemnities and social security contributions paid by the Organization, in relation to basic salaries.

kCHF	2009		2008	
	CERN Budget	Externally funded	CERN Budget	Externally funded
Basic salaries	261 642	5 645	261 773	4 731
Special allowances	3 915	7	7 486	96
Overtime	2 224	5	2 175	15
Non-resident allowances / International indemnities	19 071	300	19 830	218
Family and child allowances	21 923	438	21 151	345
Various allowances	9 970	124	12 915	296
Social security	84 620	1 816	84 875	1 528
Sub-total	403 365	8 335	410 205	7 229
Contributions to STSL scheme*	- 2 955		- 2 643	
A. Total related to basic salaries	400 410	8 335	407 562	7 229
Installation and removal costs	1 221	77	1 160	
Termination allowances	5 106		6 342	6
Additional periods of membership in the Pension Fund for shift workers	1 884		4 239	
Contribution to Health Insurance for pensioners	18 052		16 988	
Contribution to Long Term Care for pensioners	2 579		2 427	
B. Centralised Personnel Budget (CPB)	28 842	77	31 156	6
Annual variation - Paid leave	- 4 037			
Charges on annual variation - Paid leave	- 1 440			
C. Annual variation - Paid leave	- 5 477		- 3 733	
Total (A + B + C)	423 775	8 412	434 985	7 235
Total	432 187		442 220	

* Short-Term Saved Leave scheme

Remarks:

The Centralised Personnel Budget (CPB) records all expenses of a general or exceptional nature relating to staff members, such as installation and removal costs, termination allowances, etc.

The annual variation in leave records all the variation in paid leave for members of the personnel (annual, saved and compensatory leave) and special leave (long service, CA22).

3.1.2 Fellows, Associates and Apprentices

Actual expenses for these three categories of personnel at the end of the financial year amounted to 41.4 MCHF.

kCHF	2009		2008	
	CERN Budget	Externally funded	CERN Budget	Externally funded
Fellows				
Basic salary	24 486	1 948	20 251	1 652
Non-resident allowance	97	22	752	61
Family allowances	710	45	687	54
Various allowances	1 291	46	1 134	
Social contributions	6 079	492	5 586	510
Annual variation - Paid leave	164		64	
Charges on annual variation - Paid leave	66		8	
	32 893	2 553	28 481	2 277
Paid Associates and apprentices				
Basic salary	4 595	127	4 323	222
Non-resident allowance	15		37	25
Family allowances	7		21	15
Various allowances	286	40	274	59
Social contributions	713	151	653	108
	5 616	318	5 309	429
Sub-total	38 509	2 871	33 790	2 706
Total	41 380		36 496	

3.2 DISTRIBUTION BY ACTIVITY

3.2.1 Staff

Activity	FTE ⁽¹⁾ CERN Budget	FTE Externally funded
LHC Programme (incl. projects)	733.1	29.2
Other programmes	550.2	7.6
Infrastructure and services	737.1	18.1
Projects	246.5	0.6
	2 266.9	55.5
Total	2 322.4	

⁽¹⁾ Including staff financed by EU, TT and OpenLab funds.

3.2.2 Fellows, Associates and Apprentices

Activity	FTE CERN Budget		FTE Externally funded	
	Fellows	Associates & Apprentices	Fellows	Associates & Apprentices
LHC Programme (incl. projects)	138.7	27.4	13.6	1.0
Other programmes	64.9	13.5	4.2	0.2
Infrastructure and services	41.3	24.0	6.4	
Projects	61.2	0.8		
	306.1	65.7	24.2	1.2
Sub-Total	371.8		25.4	
Total	397.2			

NOTE 4 - INTERESTS AND FINANCIAL COSTS

MCHF	As at 31.12.2009		
	Budget	Expenses	Difference
Fortis Bank	14.6	14.6	-
EIB	1.2	1.2	-
In-kind (FIPOI interests 0%)	-	1.9	1.9
Short-term interest	7.0	4.4	- 2.6
ppbar indexation	0.4	0.4	-
Bank charges	0.2	0.2	-
Total	23.4	22.7	- 0.7

NOTE 5 - CAPITAL REPAYMENTS

In line with International Public Sector Accounting Standards (IPSAS), the capital repayment of long-term loans is not shown as budget expenses but deducted from the liabilities in the Statement of Financial Position.

MCHF	As at 31.12.2009		
	Budget	Repayment	Difference
FORTIS loan	13.1	13.1	-
FIPOI loans	0.9	0.9	-
Total	14.0	14.0	-

As indicated in the Budget document, the amount of 14 MCHF is to be allocated to the budget balance.

PART 2

ACCOUNTING STATEMENTS

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STATEMENT OF FINANCIAL POSITION

kCHF	Note	As at 31.12.2009	As at 31.12.2008
ASSETS			
Non-current assets			
Fixed assets			
Infrastructure and services buildings	3	150 707	161 466
LHC	3	7 459 102	7 874 183
PS Consolidation	3	38 373	40 426
SPS Consolidation	3	22 874	24 098
CNGS	3	54 376	62 577
In progress	3	197 300	106 708
<i>Sub-total - Fixed assets</i>		7 922 732	8 269 458
Financial Assets - CHIS Fund	9	102 766	94 185
		8 025 498	8 363 643
Current assets			
Inventories	4	5 035	5 495
Receivables - Member States	5	43 554	8 919
Receivables - Taxes	5	8 336	20 060
Receivables - Teams & Collaborations	5	9 248	18 183
Other receivables and prepayments	5	12 847	9 753
Cash and cash equivalents	6	26 702	61 837
		105 722	124 247
Total		8 131 220	8 487 890
LIABILITIES & NET ASSETS			
Net assets			
Reserves	7	687	687
Accumulated surpluses		2 515 107	1 138 698
Net deficit for the year		- 16 158	1 594 903
		2 499 636	2 734 288
Non-current liabilities			
Long-term debts	8	441 326	451 887
CHIS Fund - liabilities	9	102 766	94 185
Member States	10	20 441	20 040
Post-employment benefits	11	4 048 309	3 836 445
Provisions - Others	11	295 992	309 795
		4 908 834	4 712 352
Current liabilities			
Short-term debt and bank overdrafts	12	305 084	626 132
Payables - Trade accounts	13	52 874	42 067
Payables - Teams & Collaborations	13	158 960	139 793
Payables - Employee benefits	13	163 824	171 327
Deferred revenue	14	38 847	60 180
Other current liabilities	15	3 161	1 751
		722 750	1 041 250
Total		8 131 220	8 487 890

STATEMENT OF CHANGES IN NET ASSETS*

in kCHF	Contributed capital (working balance & special reserve)	Accumulated surpluses (deficits)	Total
Balance as at 31.12.2007	687	3 003 056	3 003 743
Net surplus for the period		1 594 903	1 594 903
Net expenses recognized directly in net assets		-1 864 358	-1 864 358
<i>* cf. Notes</i>		(a)	
Balance as at 31.12.2008	687	2 733 601	2 734 288
Net deficit for the period		- 16 158	- 16 158
Net expenses recognized directly in net assets		- 218 494	- 218 494
Net revenue recognized directly in net assets			
<i>* cf. Notes</i>		(b)	
Balance as at 31.12.2009	687	2 498 949	2 499 636

** Notes*As at 31.12.2008

(a)

Net expenses recognized directly in net assets*Accruals for shift work compensation*

- 41 360

Variation due to actuarial estimates – Health Care

- 181 559

Variation due to actuarial estimates – Pensions

-1 641 439

-1 864 358As at 31.12.2009

(b)

Net expenses recognized directly in net assets*Variation due to actuarial estimates – Health Care*

- 157 326

Variation due to actuarial estimates – Pensions

- 61 168

- 218 494

* cf. NOTE 7

STATEMENT OF FINANCIAL PERFORMANCE

kCHF	Note	2009	2008	Variation
OPERATING REVENUE				
Contributions for the financial year	16	1 098 567	1 075 863	22 704
Additional contributions from Host States	16	18 491	24 175	- 5 684
EU contributions	17	19 261	16 516	2 745
Transfers to the fixed assets	18	90 610	1 728 170	-1 637 560
Other in-kind contributions	18	6 382	5 254	1 128
Other operating revenue	19	28 317	27 764	553
Internal taxation		24 729	24 208	521
Total		1 286 357	2 901 950	-1 615 593
OPERATING EXPENSES				
MATERIALS				
Goods, Consumables & Supplies		141 064	142 008	- 944
Electricity, heating gas and water		61 882	57 877	4 005
Support services		63 677	58 738	4 939
Repair & Maintenance		29 677	33 272	- 3 595
Fees and Subsistence		26 155	26 113	42
CERN contributions to Collaborations		14 104	11 481	2 623
Other overheads		28 709	24 138	4 571
Depreciation expenses		423 716	452 648	- 28 932
	20	788 984	806 275	- 17 291
PERSONNEL				
Remuneration		297 764	300 345	- 2 581
Social and family benefits		60 790	65 381	- 4 591
Social insurance cover		94 382	93 575	807
Post-employment benefits		14 001	- 11 807	25 808
Internal taxation		24 729	24 208	521
	21	491 666	471 702	19 964
Total		1 280 650	1 277 977	2 673
NET SURPLUS FROM OPERATING ACTIVITIES		5 707	1 623 973	-1 618 266
Financial Revenue	22	656	1 129	- 473
Financial Expenses	22	22 486	30 199	- 7 713
NET DEFICIT FROM FINANCIAL ACTIVITIES		- 21 830	- 29 070	- 7 240
NET DEFICIT BEFORE EXTRAORDINARY ITEMS		- 16 123	1 594 903	-1 611 026
Extraordinary items		- 35		- 35
NET DEFICIT FOR THE PERIOD		- 16 158	1 594 903	-1 611 061

CASH-FLOW STATEMENT

kCHF	2009	2008
CASH-FLOW FROM OPERATING ACTIVITIES		
RECEIPTS		
Contributions from Member States	1 060 248	1 086 758
EU contributions	35 787	106 910
Teams and Collaborations	145 121	141 622
Taxation	29 653	34 357
Interest	123	1 048
Other receipts	19 718	10 536
	1 290 650	1 381 231
PAYMENTS		
Personnel	- 428 846	- 376 566
Suppliers (fixed assets excluded)	- 314 713	- 231 513
Teams and Collaborations	- 114 958	- 131 883
Partners in the EU Projects	- 15 313	- 64 683
Taxation	- 482	269
Financial costs	- 23 289	- 26 729
	- 897 601	- 831 105
Net cash-flow - Operating Activities	393 049	550 126
CASH-FLOW FROM INVESTING ACTIVITIES		
Personnel expenses	- 32 368	- 98 385
Material expenses	- 58 242	- 165 538
CHIS Fund capitalization	- 9 067	2 644
Net cash-flow - Investing activities	- 99 677	- 261 279
CASH-FLOW FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	4 500	1 000
Repayments of long-term borrowings	- 214 007	- 256 086
Net variation of short-term borrowings	- 119 000	4 000
Net cash-flow - Financing activities	- 328 507	- 251 086
NET DECREASE IN CASH AND CASH EQUIVALENTS	- 35 135	37 761
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	61 837	24 076
CASH AND CASH EQUIVALENTS AT END OF PERIOD	26 702	61 837

NOTES ON THE ACCOUNTING STATEMENTS

NOTE 1 - ACCOUNTING PRINCIPLES

The financial statements of CERN as at and for the year ending 31 December 2009 have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) and in conformity with the Financial Rules and their implementing regulations approved by the Organization's governing bodies.

They have been approved by the Head of the Finance and Procurement Department and the Director for Administration and General Infrastructure on 31 March 2010.

1.1 UNIT OF ACCOUNT AND FOREIGN CURRENCY TRANSLATION

The unit of account for all transactions is the Swiss franc, in conformity with Article 4 of the Financial Rules.

Transactions denominated in the other main currencies (EUR, USD, GBP) are converted into Swiss francs using a reference exchange rate for the week in which the transaction is recorded. Transactions denominated in other currencies are converted using a reference exchange rate for the month in which the transaction is recorded.

At the end of the year, all holdings in currencies are converted at the rates of exchange applicable on the last working day of the year. The rates of exchange used are those of the Swiss National Bank and if not available, those of the European Central Bank. These operations, as well as those relating to foreign currency transactions during the financial year, are recorded in the Exchange Gains and Losses Account included in the Statement of Financial Performance.

1.2 ASSETS

1.2.1 Property, plant and equipment

In compliance with IPSAS 17, items must have future economic benefits in order to be recognised as an asset. They must also be identifiable and controlled, and it must be possible to reliably measure their cost.

Owing to the specificities of CERN's activities, a new policy for recording fixed assets has been implemented in 2006.

It introduced internal accounting rules guaranteeing the presentation of relevant information in a way that reflects the Organization's main activities.

The following are considered as fixed assets:

- a) All complex assemblies identified as a medium or long-term scientific project:

- concerning the creation of accelerators and auxiliary apparatus constituting the tools allowing the physicists to conduct their research,
- comprising a multitude of inseparable components of different kinds,
- reported in the Budget.

The complex assemblies identified as CERN's medium or long-term scientific projects display the characteristics which allow them to be recognised as infrastructure assets under §21 of IPSAS 17.

- b) All infrastructure and services buildings, i.e. the buildings not included in the above-mentioned complex assemblies and of an amount exceeding 3 MCHF.

Each item recorded as a fixed asset is recorded at cost of acquisition or at construction cost. Where applicable, the values of in-kind contributions and dismantling cost are incorporated into the fixed asset at its starting date. The dismantling cost is incorporated into the fixed asset when the corresponding provision is recognised in the Financial Statement, in accordance with paragraph 1.3.4 of these Notes.

It is depreciated on a straight-line basis with effect from its starting date over a period:

- of 30 years for infrastructure and services buildings,
- to be defined for each individual assembly, based on technical criteria.

Under IPSAS 21, an impairment loss must be recognized when the recoverable service amount of an asset is less than its carrying value. Recoverable value corresponds to the higher of the value in use and the market value. As there is no market for CERN's complex assemblies, only the value in use will be quoted for comparison with the carrying value.

- c) For the four detectors ATLAS, CMS, LHCb and Alice, it has been agreed that their value should be shown on the assets side of the CERN balance sheet and that depreciation should be applied to them as CERN is deemed to be the body that controls them.

1.2.2 Financial assets – CHIS Fund

In December 2007 the CERN Council approved the setting-up of a capitalized fund for the CERN Health Insurance Scheme (CERN/FC/5209 - CERN/2759).

This item represents investments in shares and bonds, plus deposits dedicated to the scheme and available in specific bank accounts.

This item is carried at market value.

1.2.3 Inventories

The carrying amount of stock is carried at fair value, according to the stores inventory.

The value of stock is based on the weighted average method.

The cost of stock is based on a standard cost which is determined by applying a coefficient to the purchasing cost of each item. This coefficient represents the costs incurred in bringing the items to their present location and condition.

A depreciation is calculated for supplies held on the inventory according to stock consumption and recorded in order to show the estimate of the net realisable value of inventories.

1.2.4 Receivables and prepayments

Receivables mainly relate to amounts due from Member States, national institutes, laboratories and the European Union. The amounts due from private companies, which are normally covered by appropriate bank guarantees, are shown under the sub heading “Other receivables and prepayments”. Receivables are recorded at their estimated net realisable value.

The expenditure committed on behalf of collaborations or research institutes in order to facilitate their participation in the experiments conducted on the CERN site as well as internal recharging are not reported in the Statement of Financial Performance but charged to the corresponding third party account.

1.2.5 Cash and cash equivalents

These items represent funds which are held in various bank accounts and are available immediately. Some small petty cash accounts exist.

Short-term deposits are contracted when there is excess cash depending on planned payments schedules.

Cash equivalents are carried at market value.

Bank overdrafts are shown under current liabilities of the Statement of Financial Position.

1.3 LIABILITIES

1.3.1 Borrowings

Borrowings are carried at their nominal value. The amounts expected to be settled after more than twelve months from the reporting date are shown under Non-current liabilities. The amounts expected to be settled within twelve months from the reporting date, including the accrued interest over the period, are shown as part of Current liabilities.

1.3.2 CHIS Fund - Liabilities

In December 2007 the CERN Council approved the setting-up of a capitalized fund for the CERN Health Insurance Scheme (CERN/FC/5209 - CERN/2759).

The fund will be allocated exclusively to the Organization's health insurance liabilities and will contribute to facing the problem of an ageing population and to improving the financial balance of the Health Insurance Scheme. The value of the liability is affected by the capital return and by the difference between contributions and benefits and external overheads.

This item includes the accrued benefits to be paid from the fund at the reporting date.

1.3.3 Post-employment benefits

Post-employment benefits represent the estimated actuarial liability of defined-benefit plans for retirement benefits and post-employment health cover.

The actuarial liability of the defined-benefit plans for retirement benefits and post-employment health cover is the present value of the defined-benefit obligations at the reporting date minus the fair value of the corresponding plan assets.

The defined-benefit obligation is calculated annually by independent actuaries using the projected credit method. The present value of the defined-benefit obligations is determined by the estimated future cash outflows using the long-term Swiss Confederation Bonds interest rate as the discount rate.

The actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are recognized immediately in net assets.

The Organization's post-employment benefits are partly funded by separately held assets: the Pension Fund and the CHIS fund.

As indicated in NOTE 2, the accounts of the Pension Fund are subject to separate Financial Statements reported by the Administration of the Pension Fund.

Since the CERN Pension Fund holds the retirement benefits for both CERN and ESO members, the scheme must be considered to be multi-employer. Therefore, the fair value of plan assets to be considered by CERN is calculated prorata of the employers' obligations by independent actuaries.

1.3.4 Provisions

Provisions are recognised when the Organization has a legal or constructive obligation as a result of a past event, and where it is probable that an outflow of resources will be required to settle the obligation, and where a reliable estimate of the amount of the obligation can be made.

1.3.5 Current liabilities

Current liabilities are expected to be settled in the normal course of the operating cycle or are due to be settled within twelve months.

This heading includes mainly:

- The current liability of the long-term debts as well as the short-term borrowings from commercial banks.
- Debts to the suppliers and to the personnel.
- Debts to third parties and advances from Teams and Collaborations.
- Deferred revenue from the European Union and third parties which are accounted for as revenue up to the extent of the related projects' expenses.

Debts to the personnel include more particularly:

- The accumulated present value of remuneration to be paid in the future to the members of the personnel when they are absent for annual, saved or compensation leave reasons.
- The present accrued value of special leaves for long service to be paid in the future to members of the personnel.
- The present accrued value of the shift work compensation to be paid in the future to members of the personnel benefiting from the provisions of Administrative Circular 22.
- The present accrued value of the contract termination allowances to be paid in the event of contract termination.

The present value of the special leaves for long service and the present value of the contract termination allowances is calculated using the projected credit method. The discount rate used for calculating the present value is the relevant Swiss Confederation Bond's interest rate.

1.4 USE OF ESTIMATES

The financial statements necessarily include amounts based on estimates and assumptions by Management. Estimates include, but are not limited to: post-employment benefits obligations, provisions, financial risk on inventories and receivables, accrued charges, contingent liabilities, and degree of impairment of fixed assets. Actual results could differ from those estimates. Changes in estimates are reflected in the period in which they become known.

1.5 REVENUE

Contributions and special contributions from Member States are non-exchange transactions which are recognised in the period in which the transfer arrangement becomes binding.

EU contributions and revenue from Technology Transfer are recognized as revenue according to the stage of completion of the various projects involved. The yearly amounts allocated to revenue are based on the related projects' expenses.

The other revenue mainly concerns:

- Bank interest earned on the short-term deposits in various currencies at certain times of the year. The amount of interest varies from year to year depending on the funds available, i.e. the receipt of contributions from the Member States and the timing of personnel and materials expenditure and on the evolution of the market rates.

- Sale of scrap, obsolete equipment, rents, overnight stays at CERN hostels, revenue from Collaborations and miscellaneous revenue. These are recorded at the time of the transactions.
- In-kind contributions resulting from the advantage granted to the Organization from loans without interest. The estimate is based on the equivalent interest rates prevailing when the loans were granted.
- In-kind contributions resulting from the advantage granted to the Organization from land made available without charge. The estimate is based on the market value of the farming or building land in question, according to the use the Organization is making of it.
- In-kind contributions resulting from the advantage granted to the Organization from various supplies or services made available without charge. The estimate is based on the market value of such supplies or services.
- In-kind contributions to fixed assets which are recognized as revenue and incorporated into the fixed assets at the date of start-up.

1.6 INTERNAL TAXATION

In accordance with document CERN/2599 - CERN/FC/4914, the system of internal taxation of remuneration, payments and other financial benefits was introduced with effect from 1 January 2005.

The amount shown in revenue is offset by a similar amount shown under Personnel expenditure.

1.7 FINANCIAL INSTRUMENTS

The Organization uses financial instruments for the purpose of managing its exposure to currency fluctuations and interest-rate risks (cf. NOTE 23).

These instruments, which mainly comprise foreign currencies, forward exchange contracts to purchase foreign currencies and forward rate agreements, are not recognised in the Accounting Statements. However, full disclosure of contracts outstanding at year end is given in NOTE 24.

NOTE 2 - COMMITMENTS OUTSIDE THE STATEMENT OF FINANCIAL POSITION

Some memoranda accounts which do not appear in the Statement of Financial Position are given below. They relate to the Pension Fund, guarantees received by the Organization, future treasury commitments and future commitments to suppliers.

2.1 PENSION FUND

Although the Pension Fund is legally part of the Organization, its accounts are the subject of a separate report by the Administration of the Pension Fund. The report is endorsed by the

Governing Board of the Pension Fund and submitted to the Council for approval through the Finance Committee.

2.2 BANKER'S GUARANTEES IN OUR POSSESSION

The following amounts relate to banker's guarantees provided by various suppliers in connection with CERN contracts: the list of amounts corresponding to these guarantees is shown below.

Currency	Banker's guarantees kCHF	
	As at 31.12.2009	As at 31.12.2008
CHF	14 507	11 979
EUR	19 208	25 631
GBP	34	115
SEK	32	177
USD	95	142
Total	33 876	38 044

2.3 FUTURE COMMITMENTS TO SUPPLIERS

Currency	Future commitments kCHF			
	As at 31.12.2009		As at 31.12.2008	
	Year 2010	Year 2011 and further	Year 2009	Year 2010 and further
CHF	18 991	35	30 846	81
EUR	10 510	1 322	60 334	
GBP	45		580	
USD	2 872	420	1 888	
OTHERS	197		59	
	32 615	1 777	93 707	81
Total	34 392		93 788	

2.4 FINANCIAL INSTRUMENTS

The Organization uses financial instruments to manage its exposure to currency and interest-rate risks incurred in the normal course of business (for more details see NOTE 24).

NOTE 3 FIXED ASSETS

In compliance with the new policy for recording fixed assets described in NOTE 1, changes in the net book value of fixed assets can be detailed in the following table:

Fixed Assets

kCHF	Gross balance as at 31.12.2008	Additions 2009	Disposals and Transfers 2009	Gross balance as at 31.12.2009	Accumulated Depreciation as at 31.12.2008	Variation 2009	Accumulated Depreciation as at 31/12/2009	Net book value as at 31.12.2008	Net book value as at 31/12/2009
	1	2	3	4=1+2-3	5	6	7=5+6	8=1-5	9=4-7
Infrastructure and services buildings	329 022	17		329 039	167 556	10 776	178 332	161 466	150 707
LHC	8 003 347			8 003 347	129 164	415 081	544 245	7 874 183	7 459 102
PS Consolidation	41 065			41 065	639	2 053	2 692	40 426	38 373
SPS Consolidation	24 479			24 479	381	1 224	1 605	24 098	22 874
CNGS	82 008			82 008	19 431	8 201	27 632	62 577	54 376
Sub-total (A)	8 479 921	17		8 479 938	317 171	437 335	754 506	8 162 750	7 725 432
Fixed Assets in progress									
CLIC Test Facility	91 046	18 019		109 065				91 046	109 065
PS Consolidation		6 536		6 536					6 536
SPS Consolidation		2 907		2 907					2 907
Extension Building 40	601	3 300		3 901				601	3 901
Permanent exhibition - Globe of Science and Innovation		1 192		1 192					1 192
LINAC 4	6 513	19 160		25 673				6 513	25 673
LHC Improvement	7 842	36 429		44 271				7 842	44 271
LHC Inner Triplets Upgrade	706	3 049		3 755				706	3 755
Sub-total (B)	106 708	90 592		197 300				106 708	197 300
Total (A + B)	8 586 629	90 609		8 677 238	317 171	437 335	754 506	8 269 458	7 922 732

3.1 INFRASTRUCTURE AND SERVICES BUILDINGS

The Infrastructure and services buildings were recognized as fixed assets for the first time on 1st January 2006.

Their carrying value as at 31 December 2009 corresponds to:

- the balance of the value of the buildings prior to 1992: 246.9 MCHF,
- the value of new structures built since 1992 (Building 40, Building for the Common Control Centre, the Globe and Housing Fund hostels).

Depreciation is calculated using a linear method at the rate of 3.33% of the gross value of the buildings.

3.2 LHC, PS and SPS CONSOLIDATION

The book value of these complex assemblies, as presented in the Statement of Financial Position, corresponds to the following elements:

- material and personnel expenditure
- special in-kind contributions
- in-kind contributions by the collaborations to the construction of the ATLAS, CMS, LHCb and ALICE detectors for a total amount of some 1'032 MCHF.

Depreciation is calculated using a linear method at the rate of 5% of the gross value of the various components, except for the computing component, to which various rates of depreciation are applied, according to the nature of the assets.

For 2008, the depreciation was calculated prorata temporis with effect from 10 September 2008. As from 2009, the annual amount of the depreciation will be 418.4 MCHF until 2028 (based on the gross value of these assemblies as at 31 December 2009).

3.3 CNGS

The CNGS was recognized as a fixed asset for the first time on 1st January 2006.

The CNGS was commissioned in 2006 and a depreciation has been calculated on a straight-line basis at a rate of 10% of its gross value.

3.4 FIXED ASSETS IN PROGRESS

3.4.1 Extension Building 40

The work on the extension of Building 40 began in 2008. The associated value as at 31 December 2009 corresponds to the amounts of material expenditure in the 2009 accounts.

No depreciation is shown in the accounts as the asset in question was still in the process of being built as at 31 December 2009.

3.4.2 CLIC Test Facility

The Compact Linear Collider Test Facility (CLIC) was recognized as a fixed asset for the first time on 1st January 2006.

Its carrying value as at 31 December 2009 corresponds to the cumulative amounts of Material and Personnel expenditures incurred from the 2005 to 2009 accounts.

There is no depreciation as the project has not yet been fully commissioned.

3.4.3 LINAC 4, LHC Improvement and LHC Inner Triplet Upgrade (LITUP)

The work associated with the installation of the Linac 4 began during the 2008 financial year.

The same applies to the LHC improvement phases.

The associated book values as at 31 December 2009 correspond to the amounts of material and personnel expenditure shown in the 2009 accounts.

No depreciation is recorded in the accounts as these assets were in the process of being constructed as at 31 December 2009.

3.4.4 Permanent Exhibition

A permanent exhibition is under construction in the ground floor of the Globe of Science and Innovation. This permanent exhibition has been financed by the Foundation of the Globe of Science and Innovation and will be presenting CERN, its missions and its discoveries.

No depreciation is recorded in the accounts as this asset was in the process of being constructed as at 31 December 2009.

NOTE 4 - INVENTORIES

A general trend is to develop the virtual stock concept (items proposed in the stores catalogue directly delivered to the users without being stored) which results in low stock values.

kCHF	As at 31.12.2009	As at 31.12.2008
Gross value	6 841	7 120
Depreciation	- 1 806	- 1 625
Total	5 035	5 495

The decrease of the net stock value is also the consequence of a slowing-down of activity and its effect on the amount of the depreciation.

NOTE 5 - RECEIVABLES**5.1 MEMBER STATES**

The amount shown in the Statement of Financial Position under this sub-heading can be broken down as follows:

kCHF	As at 31.12.2009	As at 31.12.2008
Contributions - Italy	-	8 672
Contributions - Belgium	1 443	
Contributions - Germany	3 636	
Contributions - Hungary	356	
Contributions - Poland	15 647	
Contributions - Spain	7 288	
Special contributions - France	15 184	247
Total	43 554	8 919

Special contributions include an amount of 15.18 MCHF representing the balance of in-kind contributions due from France. The counterpart is shown under current liabilities “Deferred Revenue” for the same amount.

5.2 TAXES

The amount shown in the Statement of Financial Position under this sub-heading can be broken down as follows:

kCHF	As at 31.12.2009	As at 31.12.2008
French Income Tax	3	16 175
French VAT	8 013	3 564
VAT other Member States	68	12
Swiss taxes and levies	252	309
Total	8 336	20 060

It must be underlined that France settled in 2009 its debt regarding the French income tax due as at 31 December 2008.

5.3 TEAMS AND COLLABORATIONS

The amount shown in the Statement of Financial Position under this sub-heading can be broken down as follows:

kCHF	As at 31.12.2009	As at 31.12.2008
CMS	-	7 469
Others	9 248	10 714
Total	9 248	18 183

It must be noted that in 2009, CMS settled the receivable amount of 7.5 MCHF outstanding as at 31 December 2008. The various Teams and Collaborations owed 9.2 MCHF at the end of 2009. However, 159 MCHF were received in advance on 31 December 2009, as shown under Liabilities.

5.4 OTHER RECEIVABLES AND PREPAYMENTS

The amount shown in the Statement of Financial Position under this sub-heading can be broken down as follows:

kCHF	As at 31.12.2009	As at 31.12.2008
Advances to suppliers	4 916	2 456
Revenues to be received	1 670	3 469
Expenses in advance	4 341	1 506
Sundry debtors	1 920	2 322
Total	12 847	9 753

As at 31 December 2008, an amount of 2.49 MCHF was recorded by CERN for repairs to the inner triplet magnets. Negotiations conducted in 2009 with Fermilab resulted in the recognition of in-kind contributions and accordingly in the cancellation of the receivable as at 31 December 2009.

NOTE 6 - CASH AND CASH EQUIVALENTS

The variations of cash and cash equivalents between 31 December 2008 and 31 December 2009 are explained in the Cash-Flow Statement.

At the end of 2009 liquid assets showed a balance of 26.70 MCHF compared to 61.84 MCHF at the end of 2008.

This balance must be appreciated in relation to the sub-heading “Short-term debt and bank overdrafts” shown under Liabilities.

NOTE 7 - NET ASSETS

The statement of changes in net assets is shown in PART 2 of the Financial Statements.

During 2009, the net assets decreased by 234.6 MCHF. This amount can be broken down as follows:

- Net deficit for 2009: 16.1 MCHF
- Post-employment benefits – actuarial loss 2009: 218.5 MCHF.

The reconciliation with the Budget deficit is summarized in the following table:

M CHF	as at 31.12 2003	as at 31.12 2004	Var.* 2005	as at 31.12 2005	Var.* 2006	as at 31.12 2006	Var.* 2007	as at 31.12 2007	Var.* 2008	as at 31.12 2008	Var.* 2009	as at 31.12 2009
Budget Balance	- 360	- 645	- 323	- 968	- 184	- 1 152	118	- 1 034	253	- 781	292	- 489
Accounting reconciliation												
Fixed assets: gross value less depreciation		999	177	1 176	61	1 237	5 454	6 691	1 579	8 270	- 346	7 924
Loan repayments					- 463	- 463	- 39	- 502	13	- 489	14	- 475
Personnel: Paid leave and CA22							- 132	- 132	- 38	- 170	17	- 153
Provision: Post employment benefits							- 2 045	- 2 045	- 1 791	- 3 836	- 2 12	- 4 048
Provision: Elimination of waste							- 6	- 6	- 281	- 287		- 287
Others							30	30	- 3	27		27
Net Assets	- 360	354	- 146	208	- 586	- 378	3 380	3 002	- 268	2 734	- 235	2 499

* Variation

NOTE 8 LONG-TERM DEBTS

This heading includes amounts expected to be settled after more than twelve months from the reporting date:

	kCHF	As at 31.12.2009	As at 31.12.2008
FORTIS		405 808	419 990
FIPOI		35 518	31 897
Total		441 326	451 887

8.1 EIB

As approved by the Council in December 2002¹, a loan for the LHC project was contracted with the European Investment Bank (EIB). A total amount of 443 MCHF has been received under this loan agreement.

The last instalment of 200 MCHF was reimbursed in March 2009.

¹ CERN/2477

8.2 FORTIS

As approved by the Council in June 2006¹, a loan of 462.88 MCHF has been taken out with FORTIS Bank for the purposes of repaying the Organization's debt to the Pension Fund.

	kCHF	Less than 12 months	More than 12 months	Total
Capital		14 181	405 808	419 989
	Total	14 181	405 808	419 989

8.3 FIPOI

In line with the decision of the Swiss Federal Chambers in 1996, no interest is charged on the loans granted by FIPOI for the construction of buildings at CERN. A new loan was taken out in 2008 for the extension of the building for physicists (Building 42). A first amount of 1 MCHF was received in December 2008. Two further amounts for a total of 4.5 MCHF were received in 2009.

	kCHF	Less than 12 months	More than 12 months	Total
Capital FIPOI 1 - Buildings 32 & 33		210	5 260	5 470
Capital FIPOI 2 - Building 40		670	24 758	25 428
Capital FIPOI 3 - Building 42			5 500	5 500
	Total	880	35 518	36 398

NOTE 9 - CHIS FUND

In December 2007, the Council approved the setting-up of a capitalized fund for the CERN Health Insurance Scheme (CERN/FC/5209 - CERN/2759).

- a) The amount shown in the assets of the Statement of Financial Position can be broken down as follows:

	kCHF	As at 31.12.2009	As at 31.12.2008
Shares and bonds		96 773	89 791
Deposits and bank accounts		3 269	1 184
CHIS contractor		1 325	2 809
Withholding tax		1 399	401
	Total	102 766	94 185

¹ CERN/2676

- b) In 2009, the presentation of the CHIS liabilities slightly changed in order to enhance the visibility of the two schemes, the Health Insurance Scheme (HIS) and the Long Term Care (LTC) scheme.

kCHF	As at 31.12.2009	As at 31.12.2008
CHIS Fund - HIS scheme	34 001	37 029
CHIS Fund - LTC scheme	29 934	22 829
Accrued benefits on HIS repayments	17 041	15 085
Accrued benefits on LTC allowances	21 790	19 242
Total	102 766	94 185

- c) The change in the CHIS Fund balance is the result of Health and LTC insurance schemes movements throughout the year, a breakdown of which is shown in the following table. The 2009 financial performance shows a total gain of 9.4 MCHF (4'601 kCHF for HIS and 4'807 kCHF for LTC).

	in kCHF
HIS	
Position as at 31.12.2008	52 114
Additional contribution from CERN	1 000
Ordinary contributions	62 704
Health benefits paid	- 67 098
Contractor fees and overheads	- 2 279
Financial gain on financial assets	4 601
Position as at 31.12.2009	51 042
LTC	
Position as at 31.12.2008	42 071
Ordinary contributions	8 001
LTC benefits paid	- 3 104
Contractor fees and overheads	- 51
Financial gain on financial assets	4 807
Position as at 31.12.2009	51 724

NOTE 10 - MEMBER STATES

The amount shown in the Statement of Financial Position under this sub-heading corresponds to the ppbar contributions from Member States.

The ppbar improvement project was presented to and approved by the Council in December 1983.

In February 1984, the Director-General's proposals for the funding of the project were approved by the Finance Committee (CERN/FC/2711 - CERN/CC/1526). Part of the financing procedures for the project was based on loans received from Member States during

the first few years. In addition, it was decided to index the sums received from the date of receipt of funds to the date of repayment. Indexation is based on the annual rate of cost variation granted by the Council. The indexation rate for 2009 was + 2%.

kCHF	Total due as at 31.12.2008 (A)	Indexation 2009 (B)	Total due as at 31.12.2009 (A + B)
Austria	1 162	24	1 186
Denmark	833	16	849
France	9 486	190	9 676
Italy	6 353	127	6 480
Switzerland	2 206	44	2 250
Total	20 040	401	20 441

NOTE 11 - POST-EMPLOYMENT BENEFITS AND OTHER PROVISIONS

These provisions cover obligations of uncertain amount and timing.

kCHF	Comments	As at 31.12.2009	As at 31.12.2008
Pension scheme	A	2 450 921	2 397 697
Health Insurance Scheme (HIS)	A	1 597 388	1 438 748
Post-employment benefits		4 048 309	3 836 445
Radioactive waste management	B	287 000	287 000
Repair Sector 3-4	C	8 942	22 795
Water damage Building 354	C	50	
Others		295 992	309 795

Comments:

A. Post-employment benefits

- a) As explained in NOTE 1 (Accounting Principles, § 1.3.3), post-employment benefits represent the estimated actuarial liability of defined-benefit plans for pension benefits and post-employment Health Insurance Scheme (HIS) benefits towards employed and retired members of the CERN personnel as at the reporting date.

The amounts recognized in the Statement of Financial Position are determined as follows:

kCHF	As at 31.12.2009	As at 31.12.2008
Pension Benefits		
Future benefits obligation	6 139 911	5 836 107
Plan assets	-3 688 990	-3 438 410
Net liabilities	2 450 921	2 397 697
HIS Benefits		
Future benefits obligation	1 661 323	1 498 606
Assets	- 63 935	- 59 858
Net liabilities	1 597 388	1 438 748

- b) The calculation of the present value of defined-benefit obligations is based on demographic and financial assumptions. The principal actuarial assumptions used by the actuaries for calculation as at 31 December 2009 were as follows:

	As at 31.12.2009		As at 31.12.2008	
	Pension benefits	HIS benefits	Pension benefits	HIS benefits
Discount rate	2.55%	2.55%	2.59%	2.59%
Future salary increase	3.30%	3.30%	3.30%	3.30%
Future pension increase	1.00%	1.00%	1.00%	1.00%
Future health cost increase	NA	2.00%	NA	2.00%
Return on plan assets	5.00%	3.50%	5.00%	3.50%
% of award of indefinite contracts	60.00%	60.00%	50.00%	50.00%
Demographic tables	EVK 2000	LPP 2005	EVK 2000	EVK 2000

According to the standard, the discount rate used to reflect the present value of future cash-flows has to be modified each year according to the current position of the financial markets as at the reporting date.

- c) As a consequence, due to the systematic change of such a sensitive parameter, it can be difficult to compare present value from year to year. As shown in the table below, an increase or decrease of half a percentage point in the assumed discount rate would result in a significant change to the present values of pension benefits and health cover obligations.

	As at 31.12.2009	
	Pension benefits	HIS benefits
Present value of future benefits obligation (in MCHF)	6 140	1 661
Effect if increase of + 0.5% point in discount rate (in %)	6.5%	11.4%
Effect if increase of + 0.5% point in discount rate (in MCHF)	- 399	- 189

Since the CERN Pension Fund holds the retirement benefits for both CERN and ESO members, the plan assets deducted from the Pension benefits obligation has been calculated by the independent actuary prorata of the employers' obligations and based on the actuarial commitments reported in the Annual Report of the Pension Fund.

The plan assets deducted from the HIS benefits obligations consist of the 102.8 MCHF of gross value of the CHIS fund as at 31 December 2009, minus 38.8 MCHF of estimated accrued benefits to be paid from the fund, as reported in NOTE 9.

d) The change in the net liabilities resulted in the following:

kCHF	As at 31.12.2009		
	Pension benefits	HIS benefits	Total
Net liabilities as at 31.12.2008	2 397 697	1 438 748	3 836 445
Employer cost	- 7 944	1 314	- 6 630
Actuarial loss	61 168	157 326	218 494
Net liabilities as at 31.12.2009	2 450 921	1 597 388	4 048 309

The amount shown under the "Employer cost" heading corresponds to the difference between the employer's actual contributions for the year and the estimated cost for the year calculated according to the actuarial assessment made at the end of the previous year. The actuarial assessment corresponds to the sum of the service cost and the interest cost, minus the expected return on the plan assets.

The actuarial gains or losses are attributable to changes in the actuarial assumptions and to adjustments to take account of what has actually occurred (differences between what has occurred and the estimates made using assumptions).

In 2009, the actuarial loss for pension benefits amounts to 61.2 MCHF, broken down as follows:

- -213.4 MCHF due to
 - ✓ the reduction in the discount rate¹ from 2.59% to 2.55%,
 - ✓ the inclusion of an increase in the liabilities to the pensioners resulting from an increase in life-expectancy (0.5% per year from 2000 to 2009),
 - ✓ the updated rate of award of indefinite contracts;
- -98.4 MCHF due to adjustments to take account of what has actually occurred;
- +250.6 MCHF due to the increase in the value of the Pension Fund's assets.

In 2009, the actuarial loss for health insurance benefits amounts to 157.3 MCHF, broken down as follows:

- -122.2 MCHF due to
 - ✓ the reduction in the discount rate¹ from 2.59% to 2.55%,
 - ✓ the use of a more recent demographic table (LPP2005 instead of EVK2000),
 - ✓ the updated rate of award of indefinite contracts;
- -39.2 MCHF due to adjustments to take account of what has actually occurred;
- +4.1 MCHF due to the increase in the value of the CHIS Fund's financial assets (cf. NOTE 9 c)).

¹ Long-term Swiss Confederation Bonds interest rate.

The estimate of post-employment benefits according to the international accounting standard is closely dependent on the condition of the financial markets as at the reporting date. Moreover, while it integrates a salary increase assumption for calculating the probable future cost of benefits, it does not reflect future financing resulting from contributions to the schemes, from capital return and from increased manpower. This is why other methods of evaluating long-term financing of benefits plans exist.

For 2009, the Pension Fund Governing Board decided to use for the Annual Accounts of the Pension Fund two different sets of assumptions:

- One set of assumptions corresponding to the actuarial parameters used by the Organization to estimate its liabilities regarding the pension benefits. At the end of 2009, the funding ratio of the Pension Fund calculated according to this set is 60.1%;
- Another set of assumptions reflecting the actuarial assumptions used in the document “Report by the Pension Fund Governing Board on Funding principles and policy and measures to restore full funding of the CERN Pension Fund” (CERN/FC/5432/RA – CERN/2897/RA). At the end of 2009, the funding ratio of the Pension Fund calculated according to this set is 69.5% compared to 72.7% at the end of 2008.

B. Radioactive waste management

Radioactive waste generated by CERN’s activities is sent to the Laboratory’s waste treatment centre where it is preconditioned for interim storage on the CERN site. The Organization maintains an inventory of its radioactive waste. It allows the different types of waste to be categorised and quantified.

The Organization has entered into discussions with the Host States regarding the revision of the conventions on protection against ionizing radiation with France (28 April 1972 and 11 July 2000) and Switzerland (8 September 1993). The new Tripartite Agreement will replace the existing conventions and agreements and include, among others, the various options for the disposal of CERN’s radioactive waste.

It foresees that the radioactive waste from CERN will be disposed of through the elimination pathways available in the two Host States. CERN will propose the most suitable elimination pathways for the different type of radioactive waste in a document (“Waste Study”) that will be submitted to the Tripartite Committee for its agreement.

The “Waste Study” in combination with the future Tripartite Agreement will provide for a completely new redistribution of the disposal of the waste as well as projections of future waste.

Pending the finalization of this study and in the absence of any new estimates, it has been decided to keep the provision at the same level as at 31 December 2008.

The following additional costs are not included in this provision: tools and manpower needed for the radiological characterization of the waste, handling and conditioning of the waste,

provision of containers¹ and transport of waste to the final disposal facilities. The corresponding costs depend on specifications set by the authorities responsible for the final repositories.

A certain amount of radioactive material is also stored at CERN, but, given its possible re-use at CERN, this is not to be considered as radioactive waste and no elimination cost is therefore included in the present estimate. This material will be included in the “waste study” only when the owner declares it as radioactive waste.

C. Repair Sector 3-4

A provision for repairs was made as at 31 December 2008 so as to take into account the foreseen expenses for a restart of the LHC during autumn 2009. It was based on an estimate of the direct costs in terms of material and the industrial support necessary for:

- the repairs in Sector 3-4,
- full replenishment of the spares inventory to pre-incident levels.

The repairs were completely carried out which resulted in full writing-off of the dedicated provision. As for the replenishment of the spares, only 2.61 MCHF from the provisioned 11.55 MCHF were spent. The balance of 8.94 MCHF is kept under Liabilities in order to be used during the coming years.

D. Other Items not recognized in the Financial Statements

a) Dismantling

The applicable texts (in particular CERN's founding Convention and the pertinent agreements with Switzerland and France) do not stipulate an obligation for CERN to dismantle the LHC or the CNGS at the end of their operating period.

In the absence of an obligation to dismantle and given that the fate and state of the installations at the end of their operating period is not foreseeable at present, no provisions for dismantling are included in the financial statements.

If CERN were to dismantle installations such as the LHC or the CNGS, such operations would have to be carried out in the applicable legal framework and involve costs which cannot be determined today however.

b) Litigation

In 2009, the Administrative Tribunal of the International Labour Organization (ILOAT) delivered 7 judgments in cases filed against CERN. In accordance with Article VI of the Statute of the International Labour Organization Administrative Tribunal (ILOAT), the judgments delivered by the Tribunal are “final and without appeal”. The Organization prevailed in each of the following cases:

- one appeal related to the annual adjustment of pensions for 2007;

¹ except for the waste originating from the LEP dismantling

- four appeals relating to the determination of the salary level following the Five-Yearly Review of employment conditions;
- two individual appeals contesting the decision not to grant them an indefinite contract.

In addition there has been:

- an amicable settlement concerning a request relating to the non-award of a salary step increase;
- the withdrawal of a request relating to the application of Administrative Circular N° 14 on illnesses and occupational accidents.

In February 2010, the ILOAT delivered a judgment in a third appeal filed against the decision not to grant an indefinite contract. The Organization has been ordered to pay 30 kCHF in compensation for the injury suffered by the applicant, who was found not to have received all necessary information in the course of the procedure, and 5 kCHF in costs. The corresponding accrual is shown in the Statement of Financial Position, under sub-heading ‘Payables - Employee benefits’, cf. Note 13.3.1 a) and in the Statement of Financial Performance, under ‘Extraordinary Items’.

NOTE 12 - SHORT-TERM DEBT AND BANK OVERDRAFT

As mentioned under Long-term debts, the amounts falling due next year are included under this heading in addition to the short-term borrowing from banks.

kCHF	As at 31.12.2009	As at 31.12.2008
EIB - to be reimbursed within 1 year		200 000
FORTIS - to be reimbursed within 1 year	14 181	13 127
FIPOI - to be reimbursed within 1 year	880	880
Accrued interest on loans		837
Short-term borrowings from banks	290 000	409 000
Accrued interest on short-term borrowings	23	2 288
Total	305 084	626 132

CERN has credit lines with various financial establishments. These do not generate any financial cost on top of the interest incurred when used. The total amount used by CERN on these credit lines decreased from 409 MCHF at the end of 2008 to 290 MCHF at the end of 2009. The corresponding accrued interest amounted to 23 kCHF.

NOTE 13 - PAYABLES

13.1 TRADE ACCOUNTS

This sub-heading represents outstanding invoices and accrued Material expenses due to suppliers.

13.2 TEAMS AND COLLABORATIONS

The sub-heading represents the advances received from Teams and Collaborations and other Funds, more particularly:

Russian LHC Fund

Following the 1993 Co-operation Agreement between CERN and the Government of the Russian Federation, a Protocol was signed in June 1996 concerning the participation in the Large Hadron Collider Project.

In October 2002, the Government of the Russian Federation signed with CERN an extension to the 1996 Protocol for additional in-kind contributions from Russian Laboratories for a total value of up to 60 MCHF.

The balance on this account at the end of 2009 was some 0.53 MCHF.

Indian LHC Fund

Following the 1991 Co-operation Agreement between CERN and the Department of Atomic Energy (DAE) of the Government of India, a Protocol concerning participation in the Large Hadron Collider Project (LHC) was signed in March 1996.

This account showed a year-end balance in 2009 of 7.27 MCHF.

Pakistan LHC Fund

In July 2003 CERN and the Government of Pakistan, represented by PAEC, signed a Protocol to its 1994 Co-operation Agreement. Under the terms of that Protocol, which provides for a special contribution by Pakistan to the Large Hadron Collider Project (LHC), a Pakistan Fund was set up as a Team Account at CERN.

The balance on this account at the end of 2009 was some 0.39 MCHF.

The LHC Experiments

- ATLAS (A Toroidal LHC Apparatus)
- CMS (Compact Muon Solenoid)
- ALICE (A Large Ion Collider Experiment)
- LHCb (LHC beauty)

The balances as at 31 December 2009 amounted to 68.36 MCHF for ATLAS, 4.16 MCHF for ALICE, 6.42 MCHF for CMS and 9.51 MCHF for LHCb.

The status of the LHC experiments is reported regularly to Council, most recently in June 2009 (CERN/SPC/921 - CERN/FC/5347 - CERN/2847).

13.3 EMPLOYEE BENEFITS

13.3.1 Employee benefits recognized in the Financial Statements

- a) The amount shown in the Statement of Financial Position under this sub-heading can be broken down as follows:

kCHF	As at 31.12.2009	As at 31.12.2008
Accruals		
Paid leaves	116 809	117 112
Shift work compensation	35 876	41 360
Paid leaves for long service	7 147	6 919
Termination allowances	3 430	4 991
Other payables	562	944
Total	163 824	171 327

- b) The principal assumptions used for calculating the present value of special leaves for long service, shift work compensation and termination allowances were as follows:

kCHF	As at 31.12.2009			As at 31.12.2008		
	Long service	Shift work compensation	Termination allowance	Long service	Shift work compensation	Termination allowance
Discount rate	1.97%	0.99%	0.72%	2.15%	1.30%	1.01%
Future salary increase	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%
% of award of indefinite contracts	60.00%	NA	60.00%	50.00%	NA	50.00%

13.3.2 Other employee benefits not recognized in the Financial Statements

Reinstallation indemnities

As provided for in the Staff Rules and Regulations, reinstallation indemnities may be paid under certain conditions to non-resident staff within 30 months following the termination of their contract. The corresponding contingent liability towards the members of personnel amounted to 10.3 MCHF as at the reporting date.

NOTE 14 - DEFERRED REVENUE

The amount shown in the Statement of Financial Position under this heading can be broken down as follows:

kCHF	As at 31.12.2009	As at 31.12.2008
Switzerland - within 1 year		30 000
Hungary - within 1 year		7 211
Slovak Republic - within 1 year	3 074	3 700
France - within 1 year	476	
EU projects	17 678	17 125
Other revenues in advance	2 435	2 144
Deferred in kind	15 184	
Total	38 847	60 180

Following the agreement with the EU in the context of the European Commission's 7th Framework Programme in 2008, CERN received advances for a large number of projects. These advances are either redistributed to other parties when CERN is project coordinator or kept to cover CERN expenditure. 19.26 MCHF have been used in 2009 and transferred to revenue.

The sub-heading "Other revenue in advance" mainly concerns balances of Openlab and of various technology transfer projects awaiting recognition as revenue according to the stage of completion of contracts.

NOTE 15 - OTHER CURRENT LIABILITIES

This heading amounted to 3.16 MCHF as at 31 December 2009 and included the balance of advanced payments from various companies, CERN schools and social activities.

NOTE 16 - MEMBER STATES' CONTRIBUTIONS

The details of annual contributions, amounting to 1'098.57 MCHF, and additional contributions amounting to 18.49 MCHF, are shown in the Summary of Revenue (PART 1).

NOTE 17 - EU CONTRIBUTIONS

Following the agreement between the EU and CERN in the context of the European Commission's 6th and 7th Framework Programmes, an amount of 19.26 MCHF was used to cover expenditure in 2009. The corresponding EU projects were:

	MCHF
EGEE projects	6.87
MARIE CURIE Actions	5.28
SLHC.PP project	1.43
EURISOL project	0.66
ETICS 2 project	0.65
ERC projects	0.39
D4 Science projects	0.36
EGI-DS project	0.34
EUROnu project	0.28
EUCARD project	0.27
PARSE project	0.19
Others	2.54
Total	19.26

NOTE 18 - TRANSFERS TO FIXED ASSETS AND OTHER IN-KIND CONTRIBUTIONS

18.1 TRANSFERS TO FIXED ASSETS

In compliance with the policy for recording fixed assets described in NOTE 1, this sub-heading represents the amount of expenses recognized as fixed assets during 2009.

kCHF	2009	2008
Infrastructure and services buildings	4 509	601
LHC		1 686 101
CLIC	18 019	16 591
PS Consolidation	6 536	5 084
SPS Consolidation	2 907	4 732
LINAC 4	19 160	6 513
LHC Improvement	36 430	7 842
LHC Inner Triplets Upgrade	3 049	706
Total	90 610	1 728 170

18.2 OTHER IN-KIND CONTRIBUTIONS

The amount shown under this sub-heading represents the estimate of advantages granted to the Organization. These in-kind revenues have their counterpart within Material Expenses. They can be broken as follows:

kCHF	2009	2008
Loans and advances with no interest	1 898	2 620
Lands made available without charge	2 662	2 634
Computing : material and training	386	
In-kind Fermilab	1 436	
Total	6 382	5 254

NOTE 19 - OTHER OPERATING REVENUE

The amount shown under this heading can be broken down as follows:

kCHF	2009	2008
Sale of scrap and equipment no longer in use and revenue from collaborations	5 014	6 662
Sales from the CERN shop	482	587
Revenue for LHC repair	100	
Revenue from sponsoring		1 304
Revenue from technology transfer	1 386	2 422
Revenue from the Housing activity	5 978	6 126
Revenue from the Globe of Science & Innovation	1 300	
Miscellaneous revenue	2 774	723
Other revenue from invoicing to debtors	11 283	9 940
Total	28 317	27 764

NOTE 20 - MATERIALS EXPENSES

20.1 Details of some headings of materials expenses are shown in the following table:

kCHF	2009	2008
Goods, Consumables, Equipment & Supplies	141 064	142 008
Stock variations	278	375
Buildings, civil-engineering equipment and supplies	31 884	18 032
Electrotechnics, electronics equipment and supplies	42 301	41 797
IT equipment and supplies	21 273	32 573
Mechanics equipment and supplies	13 931	13 970
Vacuum and particle detection equipment and supplies	7 347	13 937
Cryogenics and gases for experiments	6 459	6 935
Transport, handling and hoisting equipment and supplies	1 810	3 452
Miscellaneous supplies	15 781	10 937
Electricity, heating gas and water	61 882	57 877
Support Services	63 677	58 738
Admin. & IT support	10 490	10 355
Technical support	51 339	46 191
Temporary work	1 848	2 192
Repair & Maintenance	29 677	33 272
Fees and Subsistence	26 155	26 113
Subsistence	22 348	22 837
Experts' and consultants' fees	3 807	3 276
CERN contributions to Collaborations	14 104	11 481
Other overheads	28 709	24 138
Equipment hire	1 334	1 357
Insurance premiums	5 414	4 932
Library	1 554	2 218
Visits and conferences	2 316	1 610
Duty travel and hospitality expenses	7 067	6 196
Transport	5 657	2 736
Training costs	3 157	2 730
Communications	1 421	1 493
Miscellaneous overheads	789	866
Depreciation and variation of provisions	423 716	452 648
Depreciation of fixed assets	437 335	149 183
Depreciation of current assets	184	133
Variation of provision for repair	- 13 854	22 795
Variation of provision for elimination of radioactive waste		280 536
Variation of other provisions	50	
Total	788 984	806 275

20.2 The Materials expenses charged to the budget for 2009 and shown in PART 1 of the Financial Statements amounted to 351.7 MCHF. It can be reconciled with the above as follows:

	MCHF
Materials Budget expenses	351.7
Depreciation fixed assets	437.3
Variation of provisions	- 0.2
Bank charges (in Materials instead of Interests & Financial Costs)	0.2
Materials expenses	789.0

NOTE 21 - PERSONNEL EXPENSES

21.1 The details of personnel expenses are shown in the following table:

kCHF	2009	2008
Remuneration	297 764	300 345
Staff members	266 444	273 832
Fellows	26 598	21 967
Associates and Apprentices	4 722	4 546
Social and family benefits	60 790	65 381
Staff members	58 230	62 262
Fellows	2 212	2 688
Associates and Apprentices	348	431
Social insurance cover	94 382	93 575
Staff members	86 881	86 710
Fellows	6 637	6 104
Associates and Apprentices	864	761
Post-employment benefits	14 001	- 11 807
Contribution to Health Insurance for pensioners	18 052	16 988
Contribution to Long-Term Care for pensioners	2 579	2 427
Changes in provision for the Pension scheme	- 7 944	- 73 508
Changes in provision for the Health scheme	1 314	42 286
Internal taxation	24 729	24 208
Total	491 666	471 702

21.2 The Personnel expenses charged to the budget for 2009 and shown in PART 1 of the Financial Statements amounted to 515.6 MCHF. It can be reconciled with the above as follows:

	MCHF
Personnel Budget expenses	515.6
Employer costs - Pension benefits *	- 7.9
Employer costs - HIS benefits *	1.3
Amortization of staff benefits accruals	- 17.3
Personnel expenses	491.7

* cf. Note 11 d) - table

NOTE 22 - FINANCIAL REVENUE AND EXPENSES

The details of financial revenue and expenses are shown in the following table:

kCHF	2009	2008
Financial revenue		
Interest	110	1 066
Exchange gain	546	63
Total	656	1 129
Financial expenses		
Interest on EIB loan	1 241	6 545
Interest on Fortis loan	14 573	14 994
Loans with no interest	1 898	2 620
Cost of short-term borrowings	1 270	5 408
Outcome of Future Rate Agreements (FRA)	3 102	258
Bank interest retrocession	1	144
ppbar indexation	401	230
Total	22 486	30 199

NOTE 23 - MANAGEMENT OF FINANCIAL RISKS

23.1 LIQUIDITY RISK

CERN's activities are financed by the annual contributions of the Member States.

Nevertheless, CERN may, if necessary, cover its exposure to liquidity risks by having recourse to short-term bank loans or credit lines. In the event of a cash surplus, CERN may invest the amounts concerned.

23.2 COUNTERPARTY RISK

CERN must take the following steps to protect itself from the risk of counterparty default:

- having recourse to top-rated financial institutions and setting a ceiling on the level of operations authorised with each counterparty;
- applying rules and procedures defining the conditions for opening and managing third-party accounts and limiting the amounts managed and the transactions authorised;
- applying procurement rules that allow CERN to ensure that its contractors have the capacity to comply with the contractual conditions.

The goal of financial risk management is to minimise the impact of the unpredictable nature of financial market trends on CERN's financial position.

The Director-General may have recourse to financial instruments to cover financial market risks such as variations in interest and exchange rates

NOTE 24 - FINANCIAL INSTRUMENTS

The Organization uses hedging tools to manage its exposure to currency and interest rate risks incurred in the normal course of business. The Organization does not sell or purchase derivative financial instruments for purposes other than hedging.

24.1 CURRENCY EXPOSURE

The financial instruments used by CERN are mainly forward exchange contracts to purchase foreign currencies. There were no contracts outstanding as at 31 December 2009.

24.2 INTEREST EXPOSURE

In order to hedge exposure to fluctuations in interest rates resulting from the foreseen cash deficit and the corresponding commercial loans, CERN has entered into Forward Rate Agreements (FRA).

At the reporting date, the notional amounts and maturities of FRAs are as follows:

	Notional principal amounts (cumulative) MCHF	Notional principal amounts (yearly average) MCHF	Contractual hedging rate (average) %	Maturity
FRAs on CHF Libor 1 month	330	28	2.782%	2010

24.3 NET FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

24.3.1 On Balance sheet

The net fair value of cash and cash equivalents of financial assets and of non-interest bearing monetary financial liabilities of the entity approximates to their carrying amounts.

24.3.2 Off Balance sheet

The net fair value of Forward Rate Agreements (FRA) is their market value. It represents the present value of the estimated future cash flows at the reporting date. The unrealised losses in favour of CERN as at 31 December 2009 were:

	Net fair value (cumulative) kCHF	Contractual hedging rate (average) %	Maturity
FRA's on CHF Libor 1 month	- 732	2.782%	2010
Total	- 732		

*

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