



# Final Annual Accounts 2012

01 July 2013

The Final Annual Accounts 2012 are drafted in accordance with Title VII of the SESAR Joint Undertaking Financial Rules<sup>1</sup>, which are established in accordance with Council Regulation (EC) No 219/2007, as last modified by Council Regulation (EC) 1361/2008, governing the financial year 2012<sup>2</sup>.

In accordance with Article 4a of the SESAR Joint Undertaking basic act, the SESAR Joint Undertaking Financial Rules were adopted by the Administrative Board in accordance with Article 185(1) of the EU Financial Regulation. The SESAR Joint Undertaking Financial Rules received the prior consent of the European Commission for the provisions that, due to specific operating needs of the Joint Undertaking, depart from the rules laid down in Commission Regulation (EC, Euratom) No 2343/2002 of 23 December 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of the EU Financial Regulation. The European Court of Auditors expressed its opinion on the SJU Financial Rules in "Opinion No 2" of 15 April 2010.

This report is sent to the Accounting Officer of the European Commission, to the Presidents of the European Parliament and the Council of the European Union, to the European Court of Auditors as well as Directorate General for Mobility and Transport, in accordance with Article 82 of the Financial Rules.

## STRUCTURE OF THE REPORT

This report consists of three parts:

### Part I: Annual General Accounts

In accordance with Article 76 of the Financial Rules of the SESAR Joint Undertaking (hereinafter the "SJU"), the accounts consist of the financial statements of the SJU (general accounts) and of the reports on the implementation of the budget of the SJU (budget accounts), each following different accounting principles.

The general accounts are accrual accounts, meaning that the effects of transactions and other events are recognised when those transactions or events take place. They are drawn up in accordance with the accounting rules adopted by the European Commission's Accounting Officer. These rules were initially adopted on 28 December 2004 and modified from time to time until the issuance of these Final accounts, and are accrual based accounting policies derived from the International Public Sector Accounting Standards (IPSAS) or by default, International Financial Reporting Standards (IFRS).

Part I concerns only the general accounts.

### Part II: Annual Budgetary Accounts

The budget accounts (Part II) are modified cash accounts. As in any cash accounting system, payments made and revenue received are recorded in the period in which the cash transaction occurs. These accounts are termed 'modified' because payment appropriations carried over are also recorded. Their purpose is for drawing up the budgetary outturn account and reports on budget implementation.

### Part III: Report on budgetary and financial management

This part is dedicated to report on the budgetary and financial management during the period of the annual accounts.

<sup>1</sup> SESAR Joint Undertaking Financial Rules adopted by the Administrative Board on 14 December 2010, reference SJU-AB-010-09-DOC-10-Final.

<sup>2</sup> See section 1.1 for further information.

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## Preamble

The SJU was established on 27 February 2007 by Council Regulation (EC) 219/2007, as last modified by Council Regulation (EC) 1361/2008 (hereinafter the "SJU Regulation").

The mission of the SJU, created under Article 187 of the "Treaty on the Functioning of the European Union" and co-founded by the European Union and Eurocontrol, the founding Members, is to ensure the modernisation of the European air traffic management system by coordinating and concentrating all relevant research and development efforts undertaken by its Members and the related financing.

In particular, the SJU is responsible for the implementation of the European ATM Master Plan and for carrying out specific activities aiming at developing the new generation of air traffic management system capable of ensuring the safety and fluidity of air transport worldwide over the next thirty years. A substantial part of the benefit of the SESAR Programme lays in the involvement of most of the European ATM stakeholders for the development of the operational and technical solutions which best meet the objectives set out in the European ATM Master Plan.

The SJU became operational, in the sense of Article 6 of the SJU Regulation, as a result of the European Council decision of 8 June 2007, in anticipation on the EU Council decision on the endorsement of the ATM Master Plan of March 2009. Furthermore, on 7 November 2008, Eurocontrol transferred to the SJU the right to use the SESAR Master Plan, together with the exclusive right to ensure its revision throughout the lifetime of the SJU.

# 1 Annual General Accounts

## 1.1 Certification by the Accounting Officer

The Final Annual Accounts of the SJU for the year 2012 have been prepared in accordance with the Financial Regulation applicable to the general budget of the European Union, Title VII of the SJU Financial Rules and the accounting rules adopted by the Commission's Accounting Officer, as are to be applied by all the institutions, agencies and joint undertakings.

ABAC and SAP are the SJU integrated systems as developed and implemented by the European Commission, under the responsibility of the competent Authorizing Officer and Accounting Officer, which provides them to the SJU on the basis of a Service Level Agreement.

I acknowledge my responsibility for the preparation and presentation of the Final Annual Accounts of the SJU in accordance with Article 43 of the SJU Financial Rules.

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

I hereby certify that based on this information, and on such checks as I deemed necessary to sign off the accounts, I have a reasonable assurance that the accounts present fairly, in all material aspects, the financial position, the results of the operations and the cash-flow of the SJU.

Brussels, 1 July 2013



carlo maria borghini  
Deputy Executive Director Administration and Finance  
and Accounting Officer

## 1.2 Accounting Policies

In this Part, the SJU provides a description of the policies, principles, methods and assumptions underlying the annual general accounts.

### 1.2.1 Legal provisions

The main sources of principles are the accounting provisions applicable under the SJU's Financial Rules, adopted by the Administrative Board of the SJU on 14 December 2010 in accordance with Article 4a of the SJU Regulation. The accounts are drawn up in accordance with the accounting rules adopted by the Accounting Officer of the European Commission.

### 1.2.2 Accounting principles

The objectives of the financial statements are to provide information about the financial position, performance and cash flows of an entity that is useful to a wide range of users. In the particular case of the SJU, considering its nature and activities, the objectives are to provide information for decision making, and to demonstrate the accountability of the entity for the resources entrusted to it.

The annual general accounts shall present a true and fair view of the financial position of the SJU and supply clear and comprehensible information to describe the nature and range of its activities, explain how it is financed and supply definitive information on its operations, in such a manner that allows comparisons between financial years.

The accounting system of the European Institutions and bodies comprises general accounts and budget accounts. These accounts are kept in euro on the basis of the calendar year.

The budget accounts (Part 2 of this report) give a detailed picture of the implementation of the budget. As already mentioned, they are based on the modified cash accounting principle. The annual general accounts allow for the preparation of the financial statements as they show all charges and income for the financial year and are designed to establish the financial position in the form of a balance sheet at 31 December.

The accounting policies listed and described in this document are derived from the EU Accounting Rules and constitute the basis of the general accounts (accrual accounting). They apply to all SJU transactions but the list is not necessarily exhaustive. The fact that a principle is not mentioned does not mean that it is considered inapplicable.

Article 78 of the SJU Financial Rules sets out the accounting principles to be applied in drawing up the financial statements:

- going concern basis;
- prudence;
- consistent accounting methods;
- comparability of information;
- materiality;
- no netting;
- reality over appearance
- accrual-based accounting.

## 1.2.3 Currency and basis for conversion

The financial statements are presented in euro, which is the SJU's functional and reporting currency. Foreign currency transactions are converted 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 euro on the basis of the exchange rates applicable on 31 December 2012.

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

## 1.2.4 Significant changes in 2012

In January 2012 the Amendment No 3 to the Multilateral Framework Agreement, that clarifies some financial aspects concerning the granting of interim and final payments for projects and the Programme, entered into force. The Amendment also includes a reallocation of the resources within the Programme to ensure the most appropriate alignment with the ongoing developments of the R&D Projects.

## 1.2.5 Accounting policies related to the economic outturn account

### 1.2.5.1 Revenues

#### 1.2.5.1.1 Members' contributions

The Members' contributions are recorded as increase in net assets once assessed, validated and recognized (see section 1.2.6.1 below).

#### 1.2.5.1.2 Other revenues

The other revenues are interests yielded on the cash contributions and are therefore classified as financial revenues.

Revenue from the sale of goods is recognised when the significant risk and rewards of ownership of the goods are transferred to the purchaser.

Revenue associated with a transaction involving the provision of services is recognised by reference to the stage of completion of the transaction at the reporting date.

### 1.2.5.2 Expenditure

Exchange expenses arising from the purchase of goods are recognised when the supplies are delivered and accepted by the SJU. They are valued according to the historic cost convention.

When any request for payment or cost claim is received and meets the recognition criteria, it is recognised as an expense for the eligible amount. At year-end, incurred eligible expenses already due to the beneficiaries but not yet reported are estimated and recorded as accrued expenses.

#### 1.2.5.2.1 Expenditure related to the SESAR Programme activities

The SJU assesses and recognizes the SESAR Programme expenses – eligible costs – claimed by its Members for the realization of the SESAR programme activities in accordance with the provisions of the Multilateral Framework Agreement (MFA), in particular those provisions governing the acceptance of deliverables and reports, and those governing the principle of eligibility of costs.

Where during a certain year the Members incur eligible costs that would be recognized in the following year(s) as in-kind contributions, the SJU accounts for these costs as presented by the Members or, in their absence, as estimated by the SJU, in the economic outturn of the year. At the same time, the SJU accounts for the estimated liability for the possible payment of the co-financing within the limits established in the MFA (max 50% of the eligible costs) and, for the remaining amount, "contributions from Members to be validated".

## 1.2.6 Accounting policies related to the balance sheet

### 1.2.6.1 Net Assets

The way in which the SJU operates, with the focus on budgetary rules and principles, has a major impact on the presentation of the financial statements and analysis of them.

With particular regard to the Net Assets, there is no initial capital, primarily because the SJU Regulation does not contain provisions obliging the Founding Members and the other Members to endow the SJU with capital, as would be the case for a private enterprise. Similarly, the outturn cannot be measured by the same performance criteria as for a private enterprise. The SJU's objective is not to maximise profit. These examples show that interpreting the financial statements calls for a certain measure of prudence, especially with solvency analysis.

The Net Assets are defined as assets of the entity after deducting all its liabilities.

The SJU Regulation provides for the Members to contribute to the SJU in cash or through in-kind contributions. These contributions constitute the resources of the SJU to achieve the SESAR Programme as defined in the SJU Work Programme over the period of the existence of the SJU.

In accordance with EC Accounting Rule 1 the SJU accounts for its Members' cash and in-kind contributions as Net Assets of the SJU, even though the "General Agreement between the European Commission and the SESAR Joint Undertaking on the financial contribution of the European Union ("the EU contribution") in the SESAR Joint Undertaking" of 7 December 2009 uses the term pre-financing.

Furthermore, with regard to the specific case of the in-kind contributions, the in-kind contributions to the SJU are considered of "equal" value as the cash contributions and thus treated similarly.

The amount of Members' Contributions included in the Net Assets consists of

- the cash contributions received from the SJU Members;
- the value of the in kind contributions recognized by the SJU in relation to the activities realized by its Members during the year with the exclusion of the deliverables not accepted by the SJU. These contributions are valued in accordance with the criteria established in the SJU Financial Rules – Section IX and the MFA, and they shall consist in man-hours, services, the use of tangible and intangible assets and of special facilities and/or equipment (including associated services) provided by the Members to the SJU in order to achieve the Programme, subject to the results of any audit activity carried out by the SJU in accordance with the provisions of Article 13 of the MFA.

Eligible costs sustained by the Members during a certain year for which the acceptance process of the Interim Financial Statements is not completed before the submission of the Annual Accounts, are accounted for as

- accrued expenditure in the Economic Outturn account,
- in principle maximum 50% as possible liability for the amount of the co-financing the SJU is expected to pay at the moment of the acceptance of the deliverables and of the relative Interim Financial Statements, and
- as "contributions from Members to be validated" in the liabilities for the remaining 50% difference.

It should be noted that the cash contributions referred to are received from the Founding Members to allow the SJU to partly co-finance the operational activities realized by its other Members, in order to achieve together the SESAR Programme.

### 1.2.6.2 Intangible fixed assets

Intangible fixed assets are valued at their acquisition price, with the exception of assets acquired free of charge that are valued at their market value. Tangible and intangible fixed assets are valued at their historic cost converted into euro at the rate applying when they were purchased. The book value of a fixed asset is equal to its acquisition price or production cost, plus or minus revaluations, depreciation and other amounts written off.

In 2012, as a result of the complete implementation and enter into effect of ABAC Assets, the application for the management of tangible and intangible assets provided by the European Commission, the SJU had to align the depreciation rates to those applied by the Commission. These new depreciation rates better reflect the contribution of intangible fixed assets to the activities of the SJU and were applied since the date of acquisition of the assets.

The impact of the implementation of the new rates is provided in the specific notes. See depreciation rates below.

With regard to software and developments made under the contract with Eurocontrol which provides these services within the context of the agreement signed with the SJU on 12 June 2009, the costs related to acquisition of licenses and developments realized by Eurocontrol or its subcontractors for the SJU are treated as intangible fixed assets on the assumption that the SJU retain the economical possession of the assets during the period of its existence.

With regard to the results of the SESAR Programme, it is premature at this moment to forecast the need of the assets' activation for any possible intangible assets that would be owned by the SJU. Where this would be the case, intangible fixed assets resulting from the Programme would be subject to the rules of Article 18 of the SJU Regulation, as translated in Article 15 of the MFA concerning IPRs, in particular Background and Foreground Information, ownership and access rights.

From an accounting point of view, the SJU has established the necessary systems to track the eligible costs related to each contractual deliverable of its Members and the relative assessment and acceptance processes, in ABAC/SAP and detailed per Member, project and nature of cost. The system integration has been brought at the possible level, with the overall limitation of not being in the position to automatically upload electronic data to ABAC/SAP due to reasons outside the control of the SJU. This allows the SJU to be in the position to determine the value of the assets that would need to be "activated" in any moment of its life.

The SJU will further revise this approach on a yearly basis, considering the deliverables received, assessed and eventually accepted by the SJU.

### 1.2.6.3 Tangible fixed assets

All property and equipment are stated at historical cost less depreciation and impairment. Historic cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the SJU and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the economic outturn account during the financial period in which they are incurred.

In 2012, as a result of the complete implementation and enter into effect of ABAC Assets, the application for the management of tangible and intangible assets provided by the European Commission, the SJU had to align the depreciation rates to those applied by the Commission. These new depreciation rates better reflect the contribution of intangible fixed assets to the activities of the SJU and were applied since the date of acquisition of the assets.

The impact of the implementation of the new rates is provided in the specific notes.

Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

#### 1.2.6.4 Depreciation rates

Type of asset	Straight line depreciation rate used until the Annual Accounts 2011	Straight line depreciation rate
Intangible assets	33.3%	<b>25%</b>
Buildings	4%	4%
Works for the set up of the SJU premises	Pro-rata temporis on the duration of the existence of the SJU, i.e. until 31.12.2016	Pro-rata temporis on the duration of the existence of the SJU, i.e. until 31.12.2016
Plant, machinery and equipment	12.5% to 25%	<b>10% to 25%</b>
Furniture	10% to 25%	<b>10% to 25%</b>
Fixtures and fittings	12.5% to 25%	12.5% to <b>33%</b>
Computer hardware	33.3%	<b>25%</b>

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the economic outturn account.

#### 1.2.6.5 Leases

Leases of tangible assets, where the SJU has substantially all the risks and rewards of ownership, are classified as financial leases. Financial leases are classified at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The rental obligations, net of finance charges, are included in other long-term liabilities. The interest element of the finance cost is charged to the economic outturn account over the lease period so as to produce a constant periodic interest rate on the remaining balance of the liability for each period. The assets acquired under financial leases are depreciated over the shorter of the assets' useful life and the lease term.

Leases where the lessor retains a significant portion of the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to the economic outturn account on a straight-line basis over the period of the lease.

#### 1.2.6.6 Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

#### 1.2.6.7 Receivables

Receivables are carried at original invoice amount less write-down for impairment. A write-down for impairment of receivables is established when there is objective evidence that the SJU will not be

able to collect all amounts due according to the original terms. The amount of the write-down is recognised in the economic outturn account statement.

### 1.2.6.8 Cash & cash equivalents

Cash and cash equivalents are carried in the balance sheet at their equivalent euro value. They include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

### 1.2.7 Accounting policies related to the cash-flow table

Cash flow information is used to provide a basis for assessing the ability of the Joint Undertaking to generate cash and cash equivalents, and its needs to utilise those cash flows.

The cash flow statement is prepared using the indirect method. This means that the net surplus or deficit for the financial year is adjusted for the effects of transactions of a non-cash nature, any deferrals and accruals of past or future operating cash receipts or payments, and items of revenue or expenses associated with investing cash flows.

### 1.2.8 Use of estimates

In accordance with generally accepted accounting principles, the financial statements necessarily include amounts based on estimates and assumptions by management. Significant estimates include, but are not limited to, amounts for employment benefits, provisions for future charges, financial risk on accounts receivables, accrued income and charges, contingent assets and 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.

### 1.2.9 Voting rights

In accordance with the SJU Statutes, Members of the SJU shall have a number of votes, in the Administrative Board, in proportion to their contribution to the SJU.

The voting rights allocated to each Member in the Administrative Board shall be in proportion to the value of each Member's total net contribution in respect of the total SJU received contributions.

The Members' total net contribution corresponds to the total value of their contributions to the SJU in one or both of the following forms:

- cash contribution paid to the Joint Undertaking;
- in kind contribution, in line with Article 12(5) of the Statutes, net of non-eligible costs and net of any co-financing received directly or indirectly from the SJU.

In any event, the minimum percentage of votes allocated to the Founding Members of the SESAR SJU and to the civil users of airspace as per the SJU Statutes shall be guaranteed.

With regard to the European Union and Eurocontrol, the initial number of votes shall be in proportion to the committed contribution to the Joint Undertaking.

The calculation of the number of votes pertaining to a contribution shall be based on the contribution that has the lowest par value, which shall have at least one vote.

The initial voting rights allocated to each Member shall be adjusted annually at the first Administrative Board meeting held after a period of one hundred and twenty (120) calendar days following the end of the Financial Year. For each financial year, the voting rights shall be adjusted to take into account the effective contribution of each Member, in terms of commitment or execution, for the financial year in question compared to the initial stated contribution which originated the allocation of the initial voting rights.

By the end of 2012, in front of the two Founding Members commitment of EUR 700.000.000 each<sup>3</sup>, the other Members committed an amount net of co-financing of EUR 624.215.026 million<sup>4</sup> (gross amount EUR 1.218.705.527), related to the allocation of activities as awarded by the SJU Administrative Board on 24 March 2009 (IBAFO I) and on 14 December 2009 (IBAFO II). This total amount was not changed as result of the reallocation process performed in 2011 and entered into force on 1 January 2012. The Administrative Board decision on voting rights to include the results of the second award of the activities to the Members endorsed by the Board on 14 December 2009 was taken at the first meeting of 2010 and reconfirmed on a yearly basis.

The voting rights are as follows:

<u>Members</u>	<u>Total Net Contribution EUR</u>	<u>Voting rights</u>
European Union	700.000.000	31,12%
Eurocontrol	700.000.000	31,12%
Airspace Users	0	10,00%
AENA	38.229.532	1,70%
DFS	37.765.865	1,68%
DSNA	35.365.585	1,57%
ENAV	37.251.347	1,66%
NATS	37.304.399	1,66%
NORACON	33.961.368	1,51%
SEAC	8.802.249	0,39%
FREQUENTIS	16.443.707	0,73%
INDRA	71.184.108	3,17%
NATMIG	20.918.226	0,93%
SELEX	53.722.711	2,39%
THALES	134.529.876	5,98%
AIRBUS	57.135.108	2,54%
ALENIA	20.273.751	0,90%
HONEYWELL	21.327.194	0,95%
<b>Total</b>	<b>2.024.215.026</b>	<b>100,00%</b>

## 1.2.10 Events subsequent to period end

In accordance with the MFA, Article 10.4, the Members of the SJU involved in the SESAR Programme activities are required to submit their Interim Financial Statements (hereinafter also IFS), together with a Certificate on the Interim Financial Statements where necessary, within 120 days from the end of each Financial Year.

By the finalization of this Final Annual Accounts 2012, the SJU received 11 Interim Financial Statements from its Members related to the year 2012.

After a first examination of the Interim Financial Statements received, the SJU noted that the amount of accruals differed to the total amount of eligible costs as declared by the concerned Members. As a

<sup>3</sup> The European Union paid in total EUR 267.265.000, of which EUR 69.713.000 in 2012, and Eurocontrol paid EUR 75.044.910, of which EUR 33.253.618 in 2012.

<sup>4</sup> Including EUR 29.724.527 in terms of 5% cash contribution.

consequence, it has been decided to update the Provisional Annual Accounts replacing the amounts accrued for the in kind contributions of the 11 aforementioned Members with the eligible costs declared in their IFS. With regard to the remaining 5 Members, in the absence of their IFS, in order to account for the eligible costs for the activities realized, the SJU implemented an accrual calculation and based its estimates on the quarterly effort reporting communicated by them by the end of December 2012.

The acceptance process of the received IFS 2012 is on-going and it will be completed in the second half of 2012. Any adjustment will be reflected in the period in which it becomes known.

\* \* \*

On 6 June 2013, the Executive Director resigned from his duties. On 27 June 2013, the Administrative Board accepted formally the resignation of the Executive Director. The Administrative Board on a proposal of the European Union, represented by the European Commission, agreed unanimously to appoint Mr Claude Chêne as Executive Director ad interim as of 1 September 2013 – date of effectiveness of the resignation – until the appointment of the new Executive Director expected early 2014.

\* \* \*

On 26 June 2013, in view of the Administrative Board meeting of 27 June, the SJU has submitted to the Administrative Board its 1<sup>st</sup> Reporting on the Monitoring of IPRs. The Administrative Board committed to examine the report and provide comments by the end of September 2013.

## Financial Statements

### 1.2.11 Balance sheet

<i>all figures in EUR</i>	Note	31/12/2012	31/12/2011
<b>I. NON-CURRENT ASSETS</b>		<b>94.849.973</b>	<b>106.628.418</b>
Intangible fixed assets	1	699.268	677.199
Tangible fixed assets		<b>400.154</b>	<b>425.161</b>
Furniture and Vehicles	2	92.865	53.499
Computer Hardware	3	19.345	49.270
Other tangible assets	4	287.944	322.392
Long-term Pre-Financing	14	<b>93.750.551</b>	<b>105.526.058</b>
<b>II. CURRENT ASSETS</b>		<b>31.104.235</b>	<b>23.210.677</b>
Short-term Pre-Financing	14	<b>15.307.277</b>	<b>7.275.899</b>
Short-term receivables		<b>83.660</b>	<b>631.325</b>
Current receivables	5	26.853	471.361
Sundry receivables	6	11.506	1.101
Accrued income	7	39.631	45.420
Deferred charges	8	5.670	113.443
Cash & cash equivalents	9	<b>15.713.298</b>	<b>15.303.453</b>
<b>TOTAL ASSETS</b>		<b>125.954.208</b>	<b>129.839.095</b>
<b>III. CURRENT LIABILITIES</b>		<b>244.846.106</b>	<b>224.457.367</b>
Accounts payable		<b>4.378.856</b>	<b>8.799.321</b>
Current payables	10	59.612	105.370
Accrued charges	11	4.239.833	8.374.644
Taxes, salaries and social security	12	0	0
Other accounts payable	13	79.411	319.307
Co-Financing to be paid to the Members	14	<b>80.176.707</b>	<b>78.394.873</b>
Contribution from Members to be validated	14	<b>160.290.543</b>	<b>137.001.592</b>
Cash Contributions from Members to be accepted	14	0	<b>261.581</b>
<b>TOTAL LIABILITIES</b>		<b>244.846.106</b>	<b>224.457.367</b>
<b>NET ASSETS (Total Assets less Total Liabilities)</b>		<b>(118.891.898)</b>	<b>(94.618.272)</b>

<i>all figures in EUR</i>	Note	31/12/2012	31/12/2011
<b>IV. NET ASSETS</b>		<b>(118.891.898)</b>	<b>(94.618.272)</b>
<b>Contribution from Members</b>		<b>579.442.694</b>	<b>332.750.100</b>
<i>European Union</i>	15	267.265.000	197.552.000
<i>Eurocontrol</i>	15	177.605.351	80.793.978
<i>Other Members</i>	15	134.572.343	54.404.122
<b>Accumulated contribution from Members used previous years</b>	16	<b>(427.368.372)</b>	<b>(206.385.641)</b>
<b>Contribution from Members used during the year (EOA)</b>	16	<b>(270.966.220)</b>	<b>(220.982.731)</b>
<b>TOTAL NET ASSETS</b>		<b>(118.891.898)</b>	<b>(94.618.272)</b>

*Contingent liabilities and assets* 17&18

## 1.2.12 Economic outturn account

<i>all figures in EUR</i>	Note	2012	2011
<b><u>OPERATING REVENUE</u></b>			
Contributions from Members		0	0
Other Revenues		0	0
<b>Total operating revenue</b>		<b>0</b>	<b>0</b>
<b><u>OPERATING EXPENSES</u></b>			
Administrative expenses		(7.587.681)	(8.167.569)
Staff expenses	19	(4.373.765)	(4.527.126)
Fixed assets related expenses	1-4	(298.149)	(574.859)
Other administrative expenses	20	(2.915.767)	(3.065.584)
Operational expenses		(263.643.221)	(213.020.522)
Other operational expenses	21	(263.643.221)	(213.020.522)
<b>Total operating expenses</b>		<b>(271.230.902)</b>	<b>(221.188.091)</b>
<b><u>DEFICIT FROM OPERATING ACTIVITIES</u></b>			
		<b>(271.230.902)</b>	<b>(221.188.091)</b>
<b><u>NON-OPERATING ACTIVITIES</u></b>			
Financial operations revenues	22	268.778	211.166
Financial operations expenses	22	(4.261)	(5.806)
Other non operational income		165	0
<b>Total non-operating activities</b>		<b>264.682</b>	<b>205.360</b>
<b><u>CONTRIBUTIONS FROM MEMBERS USED DURING THE YEAR</u></b>			
		<b>(270.966.220)</b>	<b>(220.982.731)</b>

## 1.2.13 Cash-flow table

<i>all figures in EUR</i>	Note	2012	2011
Contribution from Members used during the year (EOA)		(270.966.220)	(220.982.731)
<b><u>Operating activities</u></b>			
Increase/(decrease) in Contribution in-kind from Members		139.218.033	71.156.082
Increase/(decrease) in Amortisation of Intangible assets		203.748	484.735
Increase/(decrease) in Depreciation of Tangible assets		94.403	90.124
(Increase)/decrease in long-term Pre-financing		11.775.507	1.704.346
(Increase)/decrease in short-term Pre-financing		(8.031.378)	(7.275.899)
(Increase)/decrease in short-term receivables		547.665	(400.812)
Increase/(decrease) in accounts payable		20.388.739	79.937.615
		<b>164.196.717</b>	<b>145.696.191</b>
<b><u>Investing activities (except depreciat./amort. of the year)</u></b>			
(Increase)/decrease of intangible and tangible assets		(295.213)	(331.820)
<b><u>Cash Contributions from Members</u></b>			
Increase/(decrease) in Cash Contribution from Members		107.474.561	33.765.184
<b><u>NET CASHFLOW</u></b>			
		<b>409.845</b>	<b>(41.853.176)</b>
Net increase/(decrease) in cash and cash equivalents		409.845	(41.853.176)
Cash and cash equivalents at the beginning of the year		15.303.453	57.156.629
<b>Cash and cash equivalents at year-end</b>		<b>15.713.298</b>	<b>15.303.453</b>

## 1.2.14 Statement of changes in net assets/liabilities

<i>all figures in EUR</i>	2012	2011
Balance at beginning of accounting period	(94.618.272)	21.443.193
Contribution from Members	246.692.594	104.921.266
Contribution from Members used during the year (EOA)	(270.966.220)	(220.982.731)
<b>Balance as of 31 December</b>	<b>(118.891.898)</b>	<b>(94.618.272)</b>

The table shows negative Net Assets at the end of 2012. This is due to the fact that

- the Programme activities are increasing substantially year after year
- as explained in Section 1.2.6.1 the contributions from Members related to a certain year are recognized by the SJU during the following year after the acceptance of the IFS of the year n-1.

With regard to the overall financial situation of the SJU, it should be noted that, by the end of 2012:

- the SJU has signed specific agreements related to the contribution of the European Union to the SJU for a total amount of EUR 640.118.280. In order to comply with the principle of budget equilibrium and to ensure strict financial management of its resources at year end 2012, out of EUR 640.118.280 the SJU has called and received cumulatively the amount of EUR 267.265.000 only, while the remaining amount will be requested at the moment of the recognition of the Members In Kind contributions and the payment of the relative co-financing;
- out of EUR 165.000.000 cash contribution of Eurocontrol, the SJU has requested and received a cumulative amount of EUR 75.044.910. Following the same approach applied for the EU resources, the SJU will call the difference when needed in order to face its financial obligations.

Note 14, 15 and 18 provide additional information in this respect.

It can be consequently concluded that while the SJU shows negative Net Assets at the end of 2012, this is no manner due to a going concern issue but mostly to the nature of the SJU operations and the rules governing the recognition of Members' contributions.

## 1.2.15 Notes to the financial statements

### Note 1: Intangible assets: Computer Software

With regard to software and developments made under the contract with Eurocontrol which provides these services within the context of the agreement signed with the SJU on 12 June 2009, the costs related to acquisition of licenses and developments realized by Eurocontrol or its subcontractors for the SJU during 2012 amount to EUR 227.764 and are treated as intangible fixed assets on the assumption that the SJU retains the economical possession of the assets during the period of its existence.

	<i>all figures in EUR</i>	2012	2011
<b><u>Computer Software</u></b>			
Gross carrying amount at beginning of period		1.680.990	1.385.055
Additions		227.764	295.935
Other changes		0	0
<b>Gross carrying amount at 31.12.</b>		<b>1.908.754</b>	<b>1.680.990</b>
Accumulated amortisation at beginning of period		(1.003.791)	(519.056)
Amortisation of the period		(216.339)	(484.863)
Other changes		10.644	128
<b>Accumulated amortisation at 31.12.</b>		<b>(1.209.486)</b>	<b>(1.003.791)</b>
<b>Net carrying amount at 31.12.</b>		<b>699.268</b>	<b>677.199</b>

As already mentioned in Section 1.2.6.2, the implementation of ABAC Assets carried the need to align the depreciation rates to those applied by the European Commission. As a result of the implementation of the new depreciation rates, from 33% to 25%, there was a net impact of EUR 238.804 included in the Other Changes.

## Note 2: Tangible fixed assets: Furniture and Vehicles

	<i>all figures in EUR</i>	2012	2011
<b><u>Furniture</u></b>			
Gross carrying amount at beginning of period		74.847	44.263
Additions		8.417	30.584
Other changes		54.027	0
<b>Gross carrying amount at 31.12.</b>		<b>137.291</b>	<b>74.847</b>
Accumulated amortisation at beginning of period		(21.348)	(9.741)
Amortisation of the period		(5.248)	(11.607)
Other changes		(17.830)	0
<b>Accumulated amortisation at 31.12.</b>		<b>(44.426)</b>	<b>(21.348)</b>
<b>Net carrying amount at 31.12.</b>		<b>92.865</b>	<b>53.499</b>

As already mentioned in Section 1.2.6.2, the implementation of ABAC Assets carried the need to align the depreciation rates to those applied by the European Commission. As a result of the implementation of the new depreciation rates, there was a net impact of EUR 10.152 included in the Other Changes.

## Note 3: Tangible fixed assets: Computer Hardware

	<i>all figures in EUR</i>	2012	2011
<b><u>Computer Hardware &amp; Technical Equipment</u></b>			
Gross carrying amount at beginning of period		86.632	84.682
Additions		11.070	1.950
Other changes		(54.084)	0
<b>Gross carrying amount at 31.12.</b>		<b>43.618</b>	<b>86.632</b>
Accumulated amortisation at beginning of period		(37.362)	(21.930)
Amortisation of the period		(5.362)	(15.846)
Other changes		18.451	414
<b>Accumulated amortisation at 31.12.</b>		<b>(24.273)</b>	<b>(37.362)</b>
<b>Net carrying amount at 31.12.</b>		<b>19.345</b>	<b>49.270</b>

The amount of 2011, EUR 414 concerns the correction of the overstatement of the depreciations in 2010. As already mentioned in Section 1.2.6.2, the implementation of ABAC Assets carried the need to align the depreciation rates to those applied by the European Commission. As a result of the implementation of the new depreciation rates, there was a net impact of EUR 3.245 included in the Other Changes.

#### Note 4: Other tangible assets

	<i>all figures in EUR</i>	2012	2011
<b><u>Other tangible assets</u></b>			
Gross carrying amount at beginning of period		481.022	477.671
Additions		36.752	3.351
Other changes		0	0
<b>Gross carrying amount at 31.12.</b>		<b>517.774</b>	<b>481.022</b>
Accumulated amortisation at beginning of period		(158.630)	(95.545)
Amortisation of the period		(71.200)	(63.085)
Other changes		0	0
<b>Accumulated amortisation at 31.12.</b>		<b>(229.830)</b>	<b>(158.630)</b>
<b>Net carrying amount at 31.12.</b>		<b>287.944</b>	<b>322.392</b>

Other tangible assets contain exclusively material and works in connection with the partitioning and set up of the SJU offices and some accessories.

#### Note 5: Current receivables

Item	2012	2011
Amounts receivable from Members	11.744	467.846
Receivable from staff	0	2.700
Receivables from Institutions	15.109	815
<b>TOTAL</b>	<b>26.853</b>	<b>471.361</b>

The 2012 amounts relate to the open recovery orders for the organization of the ICAO Stand in Montreal, for which the SJU has sustained the full costs and not yet received the contribution of the two other organizations involved.

The amount in 2011 of EUR 467.486 consists of the cash contributions not yet paid at year end by DSNA for EUR 261.581 (received at the end of February 2012), the pre-financing to be reimbursed by two Members due to a suspended project for EUR 179.098 (it is already agreed that this amount will be compensated against next pre-financing/co-financing payments), of the amount of EUR 13.876 to

be recovered from a Member related to adjustments following a 2010 Project Audit and of the amount of EUR 13.291 to be recovered from Eurocontrol related to the costs of the common stand at ICAO in September 2011 (received in January 2012).

## Note 6: Sundry receivables

Item	2012	2011
Cautions etc.	1.113	1.101
Salaries to be regularised	10.393	0
<b>TOTAL</b>	<b>11.506</b>	<b>1.101</b>

This line consists of cautions for items made available at the SJU premises for EUR 1.113 and of advances to staff, in accordance with the Staff Regulations, that will be regularized in the first months of 2013.

## Note 7: Accrued income

This position is made up mostly of interest to be received.

## Note 8: Deferred charges

The amount of 2012 refers to the deposit paid to the organizer of the World ATM Congress 2013 event. The amount of 2011 consists of the payment of premises rental related to the first quarter 2012.

## Note 9: Cash & Cash equivalents

Balances of SJU Bank accounts, deposits and cash in hand:

Account	Classification	2012	2011
Bank accounts ING	Current accounts	6.943.109	12.191.587
Bank accounts CITI BANK	Current accounts	8.769.133	3.110.554
Petty Cash	Cash at hand	1.056	1.312
<b>TOTAL</b>		<b>15.713.298</b>	<b>15.303.453</b>

During 2012, the SJU has received EUR 69.713.000 from the European Union, of which EUR 34.887.000 of FP7 Funds and EUR 34.826.000 of TEN-T funds. The total payments performed during the year amounted to EUR 107.262.086; the balance at year end is needed to ensure the payment of the co-financing and pre-financing during the first months of 2013.

During the years, following the recommendations of the Budgetary Authority the SJU has substantially decreased the year-end balance from EUR 116.007.569 at the end of 2008 to EUR 15.713.298 at the end of 2012, in line with 2011. Since its establishment, the SJU has cashed in EUR 355.048.995 and paid EUR 339.335.697.

## Note 10: Current payables

Current payables are comprised of the following:

Item	2012	2011
Commercial Suppliers	56.571	102.502
Public Bodies	118	118
Staff	2.923	1.845
Institutions	0	905
<b>TOTAL</b>	<b>59.612</b>	<b>105.370</b>

## Note 11: Accrued charges

Item	2012	2011
Industrial support contract	0	4.631.719
Secondments of SJU Members (without Eurocontrol)	1.081.758	1.295.370
Programme Support Contract	313.800	326.800
Demonstration activities / AIRE contracts	2.017.281	900.897
Airspace Users contracts	270.320	791.628
Other operational accruals	96.981	207.929
Staff related accruals	235.954	78.610
Other Administrative accruals	223.739	141.691
<b>TOTAL</b>	<b>4.239.833</b>	<b>8.374.644</b>

## Note 12: Taxes, salaries and social security

Following the termination of the Belgian contracts in 2009 and payments related to previous years performed in 2010, no liabilities or payments took place in 2012 related to these contracts.

## Note 13: Other accounts payable

Item	2012	2011
Interests yielded on TEN-T Funds	75.521	180.389
Interests yielded on FP7-Funds	3.890	138.918
<b>TOTAL</b>	<b>79.411</b>	<b>319.307</b>

This position consists of interest on cash contributions from the European Union (generated in 2012 on funds received until 31.12.2012). In accordance with the agreement with the European Union, this interest has to be reimbursed and thus cannot be accounted for as (financial) revenues of the SJU.

During 2012, the SJU has reimbursed to the European Commission the interest matured during 2011 for a total amount of EUR 319.307.

## Note 14: Pre-Financing, Co-Financing to be paid and Contributions from Members to be validated

As explained in the accounting policies related to the balance sheet – section 1.2.6.1 Net Assets, eligible costs sustained by the Members during a certain year for which the acceptance process related to the Interim Financial Statements is not yet complete are accounted for as:

- accrued expenditure in the Economic Outturn account;
- in principle maximum 50% as a potential liability for the amount of the co-financing the SJU is expected to pay at the moment of the acceptance of the deliverables and of the related Interim Financial Statements, and
- “contributions from Members to be validated” in the liabilities for the remaining 50% difference.

The table below provides the details on the two lines.

The table does not include the amount of EUR 261.581 which refers to 2011 cash contributions of DSNA not yet received and accepted by the SJU at year end 2011 but received and accepted at the end of February 2012.

All figures in EUR	Eurocontrol				Other Members				TOTAL	
	as at 31.12.11	2012		as at 31.12.12	as at 31.12.11	2012		as at 31.12.12		
		related to activities validated	related to activities to be validated			related to activities validated	related to activities validated still to be paid	related to activities to be validated		
"Provision for Programme related work achieved"	42.672.936	(42.672.936)	66.820.175	66.820.175	156.129.031	(154.617.278)	(621.685)	166.290.375	167.180.443	234.000.618
"Provision for Early projects by Eurocontrol"	0	0		0	0	0	0	0	0	0
"Provision for WP E, WP11, Prof Staff Ass and Mil"	11.200.000	(11.200.000)	6.342.413	6.342.413	0	0	0	0	0	6.342.413
"Provision for Programme Support Office"	3.500.000	(3.500.000)	2.002.858	2.002.858	0	0	0	0	0	2.002.858
Software and secondments	1.894.498	(1.894.498)	1.380.664	1.380.664	0	0	0	0	0	1.380.664
<b>Total</b>	<b>59.267.434</b>	<b>(59.267.434)</b>	<b>76.546.110</b>	<b>76.546.110</b>	<b>156.129.031</b>	<b>(154.617.278)</b>	<b>(621.685)</b>	<b>166.290.375</b>	<b>167.180.443</b>	<b>243.726.553</b>
<i>Of which</i>										
Co-financing to be paid	0	0	0	0	78.394.873	(77.308.639)	(621.685)	79.712.158	80.176.707	80.176.707
Clearing of Pre- financing	0	0	0	0	0	0	0	3.259.303	3.259.303	3.259.303
Contributions to be validated	59.267.434	(59.267.434)	76.546.110	76.546.110	77.734.158	(77.308.639)	0	83.318.914	83.744.433	160.290.543

<i>All figures in EUR</i>	Long Term Pre-Financing	Short Term Pre-financing	Co-financing to be paid per Member	Clearing of Pre-Financing	Contribution to be validated
AENA	6.045.064	985.135	4.923.249	370.484	5.293.733
DFS	5.777.412	300.238	4.536.317	453.586	5.174.049
DSNA	6.140.924	300.842	5.171.904	125.217	5.297.121
ENAV	5.551.438	1.216.287	3.721.982	336.928	4.058.910
NATS	4.539.847	1.123.222	3.554.996	252.488	3.810.156
NORA CON	1.993.233	91.155	4.676.744	0	4.773.076
SEAC	0	0	1.259.317	0	1.259.317
FREQUENTIS	3.924.488	325.441	2.133.204	244.902	2.378.105
INDRA	12.430.420	1.188.390	7.610.418	272.588	7.883.008
NATMIG	2.258.993	267.565	2.825.979	62.300	2.884.290
SELEX	8.891.387	1.814.024	7.761.841	445.897	8.207.738
THALES	23.513.977	3.879.785	18.148.535	501.115	18.675.006
AIRBUS	8.076.118	2.589.102	8.746.181	193.798	8.939.980
ALENIA	2.466.603	590.278	2.712.719	0	2.712.719
HONEYWELL	2.140.647	635.813	2.393.321	0	2.397.225
<b>TOTAL</b>	<b>93.750.551</b>	<b>15.307.277</b>	<b>80.176.707</b>	<b>3.259.303</b>	<b>83.744.433</b>
EUROCONTROL					76.546.110
<b>TOTAL</b>					<b>160.290.543</b>

## Note 15: Contributions from Members

During 2012, in addition to the cash contributions received from the two Founding Members, the SJU has completed the validation process for the in kind contributions of the Members related to the 2011 activities and remaining previous years activities, as detailed here below:

	European Union			Eurocontrol	Other Members	TOTAL
	FP7	TEN-T	Total EU			
<b>Total 2008 Contributions</b>	25.000.000	85.863.211	110.863.211	10.000.000		120.863.211
Contributions recognised as revenue during 2008	(8.119.953)		(8.119.953)			(8.119.953)
<b>Outstanding Members' Contributions 2008</b>	16.880.047	85.863.211	102.743.258	10.000.000	0	112.743.258
Reverse of recognition of contribution as revenue in 2008 due to change in accounting policy	8.119.953		8.119.953			8.119.953
2009 Contributions	13.552.000	14.136.789	27.688.789	9.000.000		36.688.789
Activities realized in 2008 and recognized as cash contributions in 2009			0	696.691		696.691
Activities realized in 2008 and recognized as in-kind contributions in 2009			0	318.354		318.354
<b>Total 2009 Contributions</b>	<b>38.552.000</b>	<b>100.000.000</b>	<b>138.552.000</b>	<b>20.015.045</b>	<b>0</b>	<b>158.567.045</b>
<i>of which cash</i>	<b>38.552.000</b>	<b>100.000.000</b>	<b>138.552.000</b>	<b>19.696.691</b>	<b>0</b>	<b>158.248.691</b>
<i>in kind</i>	<b>0</b>	<b>0</b>	<b>0</b>	<b>318.354</b>	<b>0</b>	<b>318.354</b>
2010 Contributions	22.000.000	19.000.000	41.000.000	2.850.000	3.631.366	47.481.366
Activities realized in 2009 and recognized as cash contributions in 2010			0	8.079.193		8.079.193
Activities realized in 2009 and recognized as in-kind contributions in 2010			0	11.256.098	2.445.132	13.701.230
<b>Members' Contributions</b>	<b>60.552.000</b>	<b>119.000.000</b>	<b>179.552.000</b>	<b>42.200.336</b>	<b>6.076.498</b>	<b>227.828.834</b>
<i>of which cash</i>	<b>60.552.000</b>	<b>119.000.000</b>	<b>179.552.000</b>	<b>30.625.884</b>	<b>3.631.366</b>	<b>213.809.250</b>
<i>in kind</i>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11.574.452</b>	<b>2.445.132</b>	<b>14.019.584</b>
2011 Contributions	9.000.000	9.000.000	18.000.000	8.150.000	4.599.776	30.749.776

	European Union			Eurocontrol	Other Members	TOTAL
	FP7	TEN-T	Total EU			
Activities realized in 2010 and recognized as cash contributions in 2011			0	3.015.408		3.015.408
Activities realized in 2010 and recognized as in-kind contributions in 2011			0	27.428.234	43.727.848	71.156.082
<b>Members' Contributions</b>	<b>69.552.000</b>	<b>128.000.000</b>	<b>197.552.000</b>	<b>80.793.978</b>	<b>54.404.122</b>	<b>332.750.100</b>
<i>of which cash</i>	<b>69.552.000</b>	<b>128.000.000</b>	<b>197.552.000</b>	<b>41.791.292</b>	<b>8.231.142</b>	<b>247.574.434</b>
<i>in kind</i>	<b>0</b>	<b>0</b>	<b>0</b>	<b>39.002.686</b>	<b>46.172.980</b>	<b>85.175.666</b>
2012 Contributions	34.887.000	34.826.000	69.713.000	30.000.000	4.507.943	104.220.943
Activities realized in 2011 and recognized as cash contributions in 2012			0	3.253.618		3.253.618
Activities realized in 2011 and recognized as in-kind contributions in 2012			0	63.557.755	75.660.278	139.218.033
<b>Members' Contributions</b>	<b>104.439.000</b>	<b>162.826.000</b>	<b>267.265.000</b>	<b>177.605.351</b>	<b>134.572.343</b>	<b>579.442.694</b>
<i>of which cash</i>	<b>104.439.000</b>	<b>162.826.000</b>	<b>267.265.000</b>	<b>75.044.910</b>	<b>12.739.085</b>	<b>355.048.995</b>
<i>in kind</i>	<b>0</b>	<b>0</b>	<b>0</b>	<b>102.560.441</b>	<b>121.833.258</b>	<b>224.393.699</b>

All figures in EUR	Accumulated Contributions at 01.01.2012	Contribution received 2012	Validated during 2012	Accumulated Contributions at 31.12.2012	Net Contributions to be validated	Contributions to be received and accepted
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EU	<b>197.552.000</b>	<b>69.713.000</b>	<b>0</b>	<b>267.265.000</b>	<b>0</b>	<b>0</b>
<i>cash</i>	<b>197.552.000</b>	<b>69.713.000</b>		<b>267.265.000</b>		
<i>in kind</i>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		

EUROCONTROL	<b>80.793.978</b>	<b>30.000.000</b>	<b>66.811.373</b>	<b>177.605.351</b>	<b>76.546.110</b>	<b>0</b>
<i>cash</i>	<b>41.791.292</b>	<b>30.000.000</b>	<b>3.253.618</b>	<b>75.044.910</b>	<b>1.380.664</b>	
<i>in kind</i>	<b>39.002.686</b>	<b>0</b>	<b>63.557.755</b>	<b>102.560.441</b>	<b>75.165.446</b>	

Other Members	<b>54.404.122</b>	<b>4.507.943</b>	<b>75.660.278</b>	<b>134.572.343</b>	<b>83.744.433</b>	<b>0</b>
<i>cash</i>	<b>8.231.142</b>	<b>4.507.943</b>	<b>0</b>	<b>12.739.085</b>	<b>0</b>	<b>0</b>
<i>in kind</i>	<b>46.172.980</b>	<b>0</b>	<b>75.660.278</b>	<b>121.833.258</b>	<b>83.744.433</b>	<b>0</b>

*of which:*

All figures in EUR	Accumulated Contributions at 01.01.2012	Contribution received 2012	Validated during 2012	Accumulated Contributions at 31.12.2012	Net Contributions to be validated	Contributions to be received and accepted
<b>AENA</b>	<b>2.740.467</b>	<b>260.065</b>	<b>4.218.530</b>	<b>7.219.062</b>	<b>5.293.733</b>	<b>0</b>
cash	520.130	260.065		780.195	0	
in kind	2.220.337		4.218.530	6.438.867	5.293.733	
<b>DFS</b>	<b>4.097.185</b>	<b>256.911</b>	<b>4.894.619</b>	<b>9.248.715</b>	<b>5.174.049</b>	<b>0</b>
cash	513.821	256.911		770.732	0	
in kind	3.583.364		4.894.619	8.477.983	5.174.049	
<b>DSNA</b>	<b>2.725.822</b>	<b>502.163</b>	<b>4.879.205</b>	<b>8.107.190</b>	<b>5.297.121</b>	<b>0</b>
cash	219.583	502.163		721.746	0	
in kind	2.506.239		4.879.205	7.385.444	5.297.121	
<b>ENAV</b>	<b>3.171.329</b>	<b>253.411</b>	<b>4.773.580</b>	<b>8.198.320</b>	<b>4.058.910</b>	<b>0</b>
cash	506.821	253.411		760.232	0	
in kind	2.664.508		4.773.580	7.438.088	4.058.910	
<b>NATS</b>	<b>2.783.988</b>	<b>253.771</b>	<b>3.690.917</b>	<b>6.728.676</b>	<b>3.810.156</b>	<b>0</b>
cash	507.543	253.771		761.314	0	
in kind	2.276.445		3.690.917	5.967.362	3.810.156	
<b>NORACON</b>	<b>2.960.529</b>	<b>231.030</b>	<b>5.125.429</b>	<b>8.316.988</b>	<b>4.773.076</b>	<b>0</b>
cash	462.060	231.030		693.090	0	
in kind	2.498.469		5.125.429	7.623.898	4.773.076	
<b>SEAC</b>	<b>169.397</b>	<b>59.879</b>	<b>2.006.599</b>	<b>2.235.875</b>	<b>1.259.317</b>	<b>0</b>
cash	119.759	59.879		179.638		
in kind	49.638		2.006.599	2.056.237	1.259.317	
<b>FREQUENTIS</b>	<b>1.559.323</b>	<b>111.862</b>	<b>2.272.580</b>	<b>3.943.765</b>	<b>2.378.105</b>	<b>0</b>
cash	223.724	111.862		335.586	0	
in kind	1.335.599		2.272.580	3.608.179	2.378.105	
<b>INDRA</b>	<b>4.824.489</b>	<b>484.246</b>	<b>6.889.234</b>	<b>12.197.969</b>	<b>7.883.008</b>	<b>0</b>
cash	968.491	484.246		1.452.737	0	
in kind	3.855.998		6.889.234	10.745.232	7.883.008	
<b>NATMIG</b>	<b>2.217.630</b>	<b>142.301</b>	<b>2.825.962</b>	<b>5.185.893</b>	<b>2.884.290</b>	<b>0</b>
cash	284.602	142.301		426.903	0	
in kind	1.933.028		2.825.962	4.758.990	2.884.290	
<b>SELEX</b>	<b>4.417.927</b>	<b>365.461</b>	<b>6.775.268</b>	<b>11.558.656</b>	<b>8.207.738</b>	<b>0</b>
cash	730.921	365.461		1.096.382	0	
in kind	3.687.006		6.775.268	10.462.274	8.207.738	

All figures in EUR	Accumulated Contributions at 01.01.2012	Contribution received 2012	Validated during 2012	Accumulated Contributions at 31.12.2012	Net Contributions to be validated	Contributions to be received and accepted
<b>THALES</b>	<b>12.290.506</b>	<b>915.169</b>	<b>16.141.159</b>	<b>29.346.834</b>	<b>18.675.006</b>	<b>0</b>
cash	1.830.339	915.169		2.745.508	0	
in kind	10.460.167		16.141.159	26.601.326	18.675.006	
<b>AIRBUS</b>	<b>6.006.278</b>	<b>388.674</b>	<b>6.828.370</b>	<b>13.223.322</b>	<b>8.939.980</b>	<b>0</b>
cash	777.348	388.674		1.166.022	0	
in kind	5.228.930		6.828.370	12.057.300	8.939.980	
<b>ALENIA</b>	<b>1.510.186</b>	<b>137.917</b>	<b>1.867.320</b>	<b>3.515.423</b>	<b>2.712.719</b>	<b>0</b>
cash	275.834	137.917		413.751	0	
in kind	1.234.352		1.867.320	3.101.672	2.712.719	
<b>HONEYWELL</b>	<b>2.929.066</b>	<b>145.083</b>	<b>2.471.506</b>	<b>5.545.655</b>	<b>2.397.225</b>	<b>0</b>
cash	290.166	145.083		435.249	0	
in kind	2.638.900		2.471.506	5.110.406	2.397.225	
<b>TOTAL</b>	<b>332.750.100</b>	<b>104.220.943</b>	<b>142.471.651</b>	<b>579.442.694</b>	<b>160.290.543</b>	<b>0</b>
cash	247.574.434	104.220.943	3.253.618	355.048.995	1.380.664	0
in kind	85.175.666	0	139.218.033	224.393.699	158.909.879	0

- With regard to the contribution from Members the following should be noted one Member claimed non-recoverable VAT in accordance with Schedule 2 of the MFA. This was determined during a Project Audit performed in 2012. The audit is not yet finalized due to the fact that, before taking a final position on the eligibility of such costs, the SJU has requested an interpretation of the relevant legislation underpinning the MFA to DG BUDG. Since March 2013, the SJU has not yet received DG BUDG position; the estimated amount of eligible costs related to non-recoverable VAT is EUR 0.6 million;
- during the 2011 Project Audit work carried out on 2009 IFS on another Member, the SJU detected that the Member did not use actual costs to determine the average personnel cost. Nevertheless, between the field work and the finalization of the audit, the European Court of Auditors performed an audit on the same Member which resulted in the Member changing its methodology and amending all IFS submitted since then. Nevertheless, the SJU was not in the position to assess directly the new average cost eligibility as amended by the concerned Member. During 2012 and 2013, follow up procedures were performed by the SJU and the following can be reported:
  - o the Member adapted its methodology in line with the MFA and overall FP7,
  - o during an audit follow up mission which took place in May 2013, the Member provided declarations and evidence, the Certificate on the IFS, which brought the SJU to conclude that the Member should be in compliance not only with MFA and FP7 but also with the new declared methodology. This will be subject to future EPAs performed by the SJU, in accordance with the SJU ex Post Project Audit Strategy;

- the SJU participated to an audit mission with DG Research mid June 2013; although the report is not yet finalized, the auditors preliminary results confirm the understanding of the SJU on the compliance of the Member cost methodology to the MFA and FP7 overall.

Based on the above, there are no legal basis to introduce corrections in the Final Annual Accounts 2012 on the two concerned Members.

## Note 16: Accumulated contribution from Members used

<i>all figures in EUR</i>	2012	2011
Accumulated contribution from Members used previous years	(427.368.372)	(206.385.641)
Contribution from Members used during the year (EOA)	(270.966.220)	(220.982.731)
<b>Balance as at 31 December</b>	<b>(698.334.592)</b>	<b>(427.368.372)</b>

See also Notes 14, 15 and 17.

## Note 17: Contingent liabilities

Commitments for future fundings	31/12/2012	31/12/2011
RAL - Commitments against appropriations not yet consumed	65.541.923	63.355.215
Operating lease	2.118.546	2.686.535
<b>TOTAL</b>	<b>67.660.469</b>	<b>66.041.750</b>

The “Contingent liabilities” are off-balance sheet items. The RAL contingent liabilities result from open contract obligations not yet identified and booked in the Economic Outturn account, as charges resulting from these obligations do not belong to the accounting period of 2012.

Operating lease contains rentals and charges due after 31.12.2012 (rental contract for the SJU's offices until 29/02/2016).

## Note 18: Contingent Assets

On the basis of the overall commitment undertaken by the Founding Members and by the other Members in respect to the funding and implementation of the SESAR Programme and in consideration of the resources already provided to this end, the following Contingent assets are reported:

founding members



Eurocontrol

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1. In accordance with Council Regulation (EC) 219/2007 as last modified by Council Regulation (EC) 1361/2008, the maximum EU contribution shall be EUR 700.000.000 of which EUR 350.000.000 shall be paid from the budget appropriation allocated to the theme "Transport (including aeronautics)" of the Specific Programme Cooperation of the Seventh Framework Programme for research and technological development and EUR 350.000.000 from the budget of the Framework programme on Trans-European-Network for the period 2007-2013. The EU contribution shall be paid in accordance with Article 54(2)(b) of Council Regulation (EC, Euratom) n.1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Union. Legal commitment have been signed for a total amount of EUR 640.118.280, duly accounted for in each year budgetary accounting;
2. The Eurocontrol Provisional Council took a decision on 8 February 2008 to commit EUR 700.000.000 to contribute to the SJU. As of the end 2012, a total of EUR 254.151.461 contribution has been duly accounted for in each year, of which the 2012 in kind contribution of EUR 76.546.110 is still to be recognized;
3. Selected Members have signed agreements for an amount of EUR 1.218.705.527 as contribution in kind and in cash to which corresponds an expected co-financing of EUR 594.490.499. Their commitment becomes legal commitment upon the budget commitment made by the SJU in its budgetary accounts. At year end the latter amounts to EUR 485.517.713 implying a legal commitment by the selected members of EUR 971.035.427 contribution in kind, which is duly accounted for in each year budgetary accounting.

During 2013, some Project Audit Activities concerning entities belonging to 5 Members audited in 2013 were performed but not yet finalized at the finalization of these accounts.

The initial estimates of the possible corrections resulting from systematic errors, extrapolated to all the eligible costs submitted by the Members since 2009 may result in the total amount of EUR 267.682 to be recovered.

Where, after the contradictory procedure is completed and the audit closed, it would be confirmed that these amounts have to be recovered, the SJU will deduct the recoverable amount from the future payments due to the concerned Members. Based on the accruals 2012, the SJU is expected to pay to the concerned Members a total co-financing of EUR 19.107.375.

## Note 19: Staff expenses

These expenses include all staff related costs such as salaries, social security, insurances, secondments and other staff costs:

Item	2012	2011
Salaries	2.350.600	2.164.989
Allowances	588.404	441.541
Contribution Social Security & Pensions	110.765	138.707
SNEs	90.240	99.001
Secondments Members	1.095.246	1.658.057
Other staff costs	138.510	24.831
<b>TOTAL</b>	<b>4.373.765</b>	<b>4.527.126</b>

The "Secondments Members" include EUR 172.047 (EUR 432.288 in 2011) related to secondments from Eurocontrol.

At the end of 2012, out of the 39 positions approved by the SJU Administrative Board in the SJU Staff Establishment Plan, 29 positions were covered by Temporary Agents, 3 positions by Contract Agents, 7 positions by personnel seconded to the SJU by its Members. Furthermore the SJU had recruited two Seconded National Experts. The remaining position of SNE is expected to be covered in the first months of 2013.

## Note 20: Other administrative expenses

These expenses include running costs of the SJU such as IT expenses, rents, interim and administrative external support, PR, mission costs and miscellaneous administrative expenses:

Item	2012	2011
IT related expenses	921.840	1.236.025
Office rental, utilities and related services	714.180	667.771
Mission expenses	253.062	292.771
Interim support and external services	398.197	202.699
PR & Marketing expenses	280.000	317.690
Office supplies & Maintenance	187.590	260.095
Experts and related expenditure	112.275	43.090
Miscellaneous administrative expenses	48.623	45.443
<b>TOTAL</b>	<b>2.915.767</b>	<b>3.065.584</b>

"IT related expenses" include the IT services from Eurocontrol for the amount of EUR 876.680 in 2012 (EUR 1.055.158 in 2011).

## Note 21: Other Operational expenses

These expenses comprise all Programme related activities that were performed in 2012 (estimated works achieved) and expenses related to contracts for Industrial support, Legal, Financial & Management support, Experts, launch of specific technical activities and the Programme Support Office (PSO) of Eurocontrol:

Item	2012	2011
<b>Provision for Programme related work achieved (in kind contribution)</b>	<b>248.826.190</b>	<b>183.369.637</b>
<i>of which Eurocontrol Programme</i>	85.520.992	48.696.530
<i>Eurocontrol PSO</i>	686.860	1.891.218
<i>Other Members</i>	162.618.338	132.781.889
<b>Contributions considered cash in accordance with Annexe 2 of the aforementioned Eurocontrol/SJU agreement, realized in 2010 and recognized by the SJU in 2012</b>	<b>-3.382.671</b>	<b>11.065.898</b>

Item	2012	2011
<i>Eurocontrol WP11</i>	-5.863.138	7.000.000
<i>Eurocontrol WPE</i>	1.481.080	3.519.190
<i>Eurocontrol Military and Staff</i>	999.387	546.708
Industrial support contract	9.751.000	11.679.529
Programme Support Contract (Legal, Financial & Programme Management)	1.860.843	1.617.418
Demonstration activities / Aire contracts	3.871.575	1.993.791
Airspace Users contracts	1.845.317	1.924.073
Wireless communication study	0	50.000
Optimi, Satoptimi	0	300.000
Experts	165.677	178.692
Other contracts	705.290	841.484
<b>TOTAL</b>	<b>263.643.221</b>	<b>213.020.522</b>

## Note 22: Financial operations revenues and expenses

### Revenues

This amount comprises all non reimbursable interests received on cash and cash equivalents in 2012 by the SJU (net of taxes).

### Expenses

This amount comprises bank charges and exchange rate differences.

## 2 Reports on implementation of the budget of the Joint Undertaking

### 2.1 General remarks

#### 2.1.1 Establishing the budget

The final Budget, i.e. the Revised Budget approved by the Administrative Board on 19 December 2012 to take into account the transfers, included revenue appropriations for EUR 156.564.786, of which EUR 488.760 as Budget Outturn from the previous year. In 2012, the SJU established revenues amounted to EUR 156.698.248; EUR 123.102.874 were cashed by the SJU, of which EUR 69.713.000 from the European Union, EUR 33.253.619 from Eurocontrol and EUR 4.507.943 as cash contributions of the other Members.

In terms of expenditure, the budget amounted to EUR 156.564.786, of which EUR 148.733.577 was committed in 2012 (execution 95%) and EUR 107.262.086 paid in the same period.

#### 2.1.2 Principle of equilibrium

The SJU is responsible for the development phase of the SESAR Programme which is expected to last until 2016. SESAR is a multi-annual programme. In this respect, the programme will be characterized during its life by an expected imbalance between revenues and expenditure. Considering the nature of the SJU Work Programme, the Administrative Board adopted the 2007-2008 Budget introducing the following interpretation with regard to the principle of equilibrium:

*"For the SJU the principle of equilibrium shall apply for the totality of the foreseen period for the development phase. That means that the total budget revenue of the foreseen lifetime of the SJU shall be in balance with the total budget expenditure of the same period. However, at no point of the existence of the SJU must cumulative commitment appropriations exceed the cumulative amount of revenue appropriations."*

#### 2.1.3 Staff establishment plan

The SJU Staff Establishment Plan constitutes the document adopted by the Administrative Board defining the total number of positions by grade necessary to ensure the sound operational and financial management of the organization. These positions are filled by personnel recruited under the following types of contracts:

- Temporary Agents (TAs) contracts, for position requesting a long-term duration of the contract within the limit of the existence of the SJU such as for the Chief Operational Concept and Validation, the Chief Economics and Environment as well as some administrative functions such as the Head of Finance and Budget Sector, the Financial Officer, etc.
- Contractual Agents (CAs) contracts for some administrative support functions, where the TAs recruitment did not prove to be effective or for short term needs,
- Secondments of personnel of the SJU Members to the SJU in accordance with Article 8 of the SJU Statutes, especially where specific highly specialized and technical skills in the SESAR Programme domain are requested for the position,
- SNEs where Member States' experience is required.

Human Resources	2012	
	Authorised under the EU Budget	Actually filled as of 31/12/2012
<b>Establishment plan posts:</b>		
AD	33	33
AST	6	6
<b>Total Establishment plan posts</b>	<b>39</b>	<b>39</b>
<i>Of which:</i>		
- <i>Temporary Agents</i>	27	29
- <i>Secondment from SJU Members *</i>	12	7 <sup>5</sup>
- <i>Contract Agents *</i>	0	3 <sup>6</sup>
<b>Seconded National Experts</b>	<b>3</b>	<b>2</b>
<b>Total staff</b>	<b>42</b>	<b>41</b>

(\*) These staff members are not additional to the 39 posts included in the Staff Establishment Plan approved by the Administrative Board of the SESAR Joint Undertaking, but they are contractual forms used by the SJU to fill in specific positions taking into consideration the needs and expertise requested. The same is applicable for the staff seconded by the Members to the SJU, in accordance with Article 8 of the SJU Statutes.

At the end of 2012, out of the 39 positions approved by the SJU Administrative Board in the SJU Staff Establishment Plan, 29 positions were covered by Temporary Agents, 3 positions by Contract Agents, 7 positions by personnel seconded to the SJU by its Members and 2 Seconded National Expert.

At year end, the SJU had one single vacant position, 1 Seconded National Expert. The recruitment process is currently ongoing.

<sup>5</sup> At the end of 2012 one seconded Member terminated his activities at the SJU and 1 offer letter was sent and accepted by the TA selected candidate to fill in the vacancy.

<sup>6</sup> There was one additional replacement CA (end of contract 15/01/2013) who was not recruited on a position of the establishment plan as it was a short term contract for replacement of a TA on maternity leave.

## 2.2 Budgetary outturn account

<i>all figures in EUR</i>	2012	2011
<b><u>REVENUE RECEIVED FOR THE YEAR</u></b>		
Contribution from the European Union	69.713.000	18.000.000
Contribution from Eurocontrol	33.253.619	11.165.408
Contributions from other Members	4.507.943	4.599.776
Other sources of contribution and revenue	57.054	206.283
<b>TOTAL REVENUE (1)</b>	<b>107.531.616</b>	<b>33.971.467</b>
<b><u>TOTAL PAYMENTS MADE FOR THE YEAR</u></b>		
Staff Expenditure	(5.165.051)	(4.729.025)
Administrative Expenditure	(2.847.453)	(2.906.687)
Operating Expenditure	(99.249.582)	(67.947.528)
<b>TOTAL EXPENDITURE (2)</b>	<b>(107.262.086)</b>	<b>(75.583.240)</b>
<b>BUDGET SURPLUS of the year (3)=(1)-(2)</b>	<b>269.530</b>	<b>(41.611.773)</b>
Total Budget Surplus previous year (4)	<b>15.571.258</b>	<b>57.183.031</b>
<b>NEW TOTAL BUDGET SURPLUS (5)=(3)+(4)</b>	<b>15.840.788</b>	<b>15.571.258</b>
<b>COMMITMENTS STILL TO BE PAID (6)</b> <i>(Carry Forwards from 2012 Title 1&amp;2 only)</i>	<b>(3.395.394)</b>	<b>(4.132.943)</b>
<b>TOTAL BUDGET OUTTURN (7)=(5)+(6)</b>	<b>12.445.394</b>	<b>11.438.315</b>

## 2.2.1 Revenue

<i>all figures in EUR</i>	1	2	3=2/1	4	5	6=5/4	7	8
<u>Type of revenue</u>	<u>Commitment appropriations</u>	<u>Actual Revenues established</u>	<u>% of budget</u>	<u>Payment appropriations</u>	<u>Actual Revenues received</u>	<u>% of budget</u>	<u>Outstanding (from 2012 only)</u>	<u>Outstanding (Total)</u>
Contribution from the European Union	110.123.600	110.123.600	100,0%	69.713.000	69.713.000	100,0%	40.410.600	372.853.280
Contribution from Eurocontrol	41.456.000	41.708.664	100,6%	34.418.200	33.253.619	96,6%	8.455.045	22.210.028
Contributions from other Members	4.396.426	4.246.362	96,6%	4.396.426	4.507.943	102,5%		
Other sources of contribution and revenue	100.000	130.862	130,9%	100.000	57.054	57,1%	23.828	23.828
Budget surplus previous year	488.760	488.760	100,0%	15.571.258	15.571.258			
<b>TOTAL REVENUE</b>	<b>156.564.786</b>	<b>156.698.248</b>	<b>100,1%</b>	<b>124.198.884</b>	<b>123.102.874</b>	<b>99,1%</b>	<b>48.889.473</b>	<b>395.087.136</b>

## 2.2.2 Expenditure

<i>all figures in EUR</i>	1	2	3=2/1	4	5	6 = 4 + 5	7	8=7/6	9	10
<u>Type of expenditure</u>	<u>Commitment approp.</u>	<u>Commitments</u>		<u>Payment appropriations</u>			<u>Payments</u>		<u>Commitments still to be paid</u>	<u>Commitments still to be paid</u>
			<u>% of budget</u>	<u>BDG 2012</u>	<u>from 2011*</u>	<u>Total</u>		<u>% of budget</u>	<u>2012 Carry Forwards only</u>	
Staff Expenditure	5.556.000	5.307.221	95,5%	5.556.000	18.858	5.574.858	5.165.051	92,6%	1.724.311	
Administrative Expenditure	3.231.500	2.892.452	89,5%	3.231.500	3.159	3.234.659	2.847.453	88,0%	1.671.083	17.151
Operating Expenditure	147.777.286	140.533.904	95,1%	115.411.384		115.411.384	99.249.582	86,0%	139.653.146	250.469.885
1. Studies/Development conducted by the SJU	23.913.000	23.913.000		28.000.000		28.000.000	24.014.594	85,8%	21.047.673	45.381.150
2. Studies/Development conducted by Eurocontrol										
3. Studies/Development conducted by other Members	123.864.286	116.620.904		87.411.384		87.411.384	75.234.988	86,1%	118.605.473	205.088.735
<b>TOTAL EXPENDITURE</b>	<b>156.564.786</b>	<b>148.733.577</b>	<b>95,0%</b>	<b>124.198.884</b>		<b>124.220.901</b>	<b>107.262.086</b>	<b>86,3%</b>	<b>143.048.540</b>	<b>250.487.036</b>
<b>TOTAL REVENUE</b>		<b>156.698.248</b>					<b>123.102.874</b>			
<b>BUDGET SURPLUS</b>		<b>7.964.671</b>					<b>15.840.788</b>			

\* only amounts needed in 2012

## 2.2.3 Revenue In-Kind (Annexe I of the Budget)

### Annexe I - In Kind contributions

<i>all figures in EUR</i>	1	2	3=2/1
<u>Type of revenue</u>	<u>Commitment appropriations</u>	<u>Actual Revenues established</u>	<u>% of budget</u>
Contribution from the European Union	0	0	
Contribution from Eurocontrol to be recognized	74.805.000	74.805.000	100,0%
Contributions from other Members to be recognized	123.864.286	116.620.904	94,2%
Other sources of contribution and revenue	0	0	
Budget surplus previous year	0	0	
<b>TOTAL REVENUE</b>	<b>198.669.286</b>	<b>191.425.904</b>	<b>96,4%</b>

## 2.2.4 Expenses In-Kind (Annexe I of the Budget)

### Annexe I - In Kind contributions

	<i>all figures in EUR</i>	1	2	3=2/1
<u>Type of expenditure</u>		<u>Commitment appropriations (Final budget)</u>	<u>Actual Commitments</u>	<u>% of budget</u>
Staff Expenditure		0	0	
Administrative Expenditure*		0		
Operating Expenditure		198.669.286	191.425.904	96,4%
1. <i>Studies/Development conducted by the SJU**</i>		0		
2. <i>Studies/Development conducted by Eurocontrol**</i>		74.805.000	74.805.000	
3. <i>Studies/Development conducted by other Members</i>		123.864.286	116.620.904	
<b>TOTAL EXPENDITURE</b>		<b>198.669.286</b>	<b>191.425.904</b>	<b>96,4%</b>
<b>TOTAL REVENUE</b>			<b>191.425.904</b>	
<b>BUDGET SURPLUS</b>				<b>0</b>

## 2.2.5 Notes to the budgetary outturn account

### Note B.1: Contribution from the European Union

In 2012, the European Union commitments' movements are described here below:

	Budget appropriations	Actual commitments	Actual revenues	Outstanding
<b>FP7 funds</b>	60.123.600	60.123.600	34.887.000	25.236.600
<b>TEN-T funds</b>	50.000.000	50.000.000	34.826.000	15.174.000
<b>TOTAL EC</b>	<b>110.123.600</b>	<b>110.123.600</b>	<b>69.713.000</b>	<b>40.410.600</b>

### Note B.2: Contribution from Eurocontrol

During 2012, Eurocontrol a) realized the Programme activities and b) provided the SJU with the services described here below, under the agreement between the SJU and Eurocontrol of 12 June 2009.

Eurocontrol contributed to the SJU with the following:

#### *cash contributions*

- EUR 30.000.000, representing a payment related to the contribution of EUR 55 million to co-finance Work Packages C, 7, 13 and 16. In accordance with the letter supporting the transfer agreed by Eurocontrol with the SJU, the amounts received could be used to finance on a temporary basis also other Work Packages, providing the assurance that at the end the funds will be only used to co-finance the Work Packages identified in the Agreement;

*contributions considered cash in accordance with Annex 2 of the aforementioned Eurocontrol/SJU agreement, realized in 2011 and/or previous years and recognized by the SJU in 2012*

Total EUR 3.253.619 of which

- EUR 438.587 in terms of staff seconded to the SJU;
- EUR 1.340.115 related to IT and other administrative services;
- EUR 1.024.153 related to contracts let by Eurocontrol on behalf of the SJU related to WPE
- EUR 450.764 related to contracts let by Eurocontrol on behalf of the SJU related to Professional Staff Associations and Military experts.

#### *in kind contributions (section 2.2.3 - annex I of the Budget)*

- EUR 3.566.000 related to PSO for 2012, still to be validated. In 2008, Eurocontrol established a Unit – the Project Support Office (PSO) – hosted by the SJU in order to provide the necessary support in the management of the SESAR Programme. PSO provides programme management support to the SJU in strict coordination with the other SJU Teams. The number of staff to be part of this Office by the end of 2012 is 20 persons; nevertheless 5 positions were vacant. The PSO staff is covered by an agreement between Eurocontrol and the SJU. The PSO staff assigned to the SJU for the execution of this Agreement shall remain subject to the Eurocontrol's staff regulations and rules. Furthermore, the PSO Manager is placed under the hierarchical authority of Director SESAR at Eurocontrol but reports functionally to the SJU Executive Director. The PSO staff is placed under the sole authority of the PSO Manager. The PSO Manager determines, in coordination with the SJU Executive Director, the tasks the PSO Staff carries out.

Taking into consideration the agreement governing the PSO, the costs of the PSO are part of the in-kind contribution of Eurocontrol to the SJU and are not part of the running costs of the SJU.;

- EUR 71.239.000 to the Programme activities realized by Eurocontrol during 2012, still to be validated.

### **Eurocontrol Budget Accounting**

---

<b>Revenue Appropriations</b>	<b>2008 <i>actual</i></b>	<b>2009 <i>actual</i></b>	<b>2010 <i>actual</i></b>	<b>2011 <i>actual</i></b>	<b>2012 <i>actual</i></b>	<b>2008 - 2012 <i>Total</i></b>
<b>Cash</b>	10,0	9,0	2,9	8,2	30,0	<b>60,1</b>
<b>Cash services</b>	-	9,4	3,3	12,8	11,7	<b>37,2</b>
<b>In Kind</b>	-	20,1	52,3	69,8	74,8	<b>217,0</b>
<b>Total</b>	<b>10,0</b>	<b>38,5</b>	<b>58,5</b>	<b>90,8</b>	<b>116,5</b>	<b>314,3</b>

### **Accrual Accounting**

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#### **To be recognized:**

<b>Cash services</b>	0,7	8,7	2,6	13,1	11,7
<b>In Kind</b>	0,3	13,2	23,6	46,2	74,3

#### **Contributions established**

<b>Cash</b>	10,0	9,0	2,9	8,1	30,0	<b>60,0</b>
<b>Cash services</b>	-	0,7	8,1	3,0	3,3	<b>15,1</b>
<b>In kind</b>	-	0,3	11,3	27,4	63,5	<b>102,5</b>
<b>Total</b>	<b>10,0</b>	<b>10,0</b>	<b>22,3</b>	<b>38,5</b>	<b>96,8</b>	<b>177,6</b>

### **Note B.3: Contribution from other Members**

In accordance with the decisions of 24 March and 12 June 2009 of the Administrative Board to award the activities to the SJU Members for a gross amount of EUR 1.188.981.000 in terms of in-kind contributions and EUR 594.490.499 as co-financing, during 2012 the SJU committed an additional amount of EUR 116.585.863 as co-financing for the realization of the Programme activities. In accordance with the SJU Financial Rules and the MFA, the net additional in-kind commitment of the Members corresponds to the same amount of the co-financing committed by the SJU, i.e. EUR 116.620.904, of which only EUR 48.462.889 at the level Member/Project.

### **Note B.4: Other sources of contribution and revenue**

The revenues include interest yielded on the cash contributions paid to the SJU. In terms of actual commitments this amount is net of interest matured on the EC contributions that shall be paid back to the Commission (see also Note 13 to the financial statements). During 2012 the SJU reimbursed to the Commission the amount of EUR 319.307 related to 2011 interests.

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## Note B.5: Staff expenditure

This Article of the budget includes all staff related costs such as salaries, social security, taxes, insurances, mission costs, recruitment, secondments and temporary support:

<i>all figures in EUR</i>	<b>1</b>	<b>2</b>	<b>3=2/1</b>	<b>4</b>	<b>5</b>	<b>6 = 4 + 5</b>	<b>7</b>	<b>8=7/6</b>	
<b>Staff expenditure</b>	<b>Commitment approp.</b>	<b>Commitments</b>		<b>Payment appropriations</b>			<b>Payments</b>		
		<b>% of budget</b>		<b>BDG 2012</b>	<i>from 2011 *</i>	<b>Total</b>		<b>% of budget</b>	
Staff Expenditure as per Staff Est.Plan	2.999.760	2.980.000	99,3%	2.999.760		2.999.760	2.787.870	92,9%	
Contract Agents, Interim Staff	350.000	310.279	88,7%	350.000		350.000	341.779	97,7%	
Secondments From Members	1.550.000	1.550.000	100,0%	1.550.000	18.858	1.568.858	1.568.858	100,0%	
Seconded National Experts	90.240	90.240	100,0%	90.240		90.240	90.240	100,0%	
Mission Costs	391.000	201.702	51,6%	391.000		391.000	257.770	65,9%	
Other Staff Expenditure	175.000	175.000	100,0%	175.000		175.000	118.534	67,7%	
<b>TOTAL</b>	<b>5.556.000</b>	<b>5.307.221</b>	<b>95,5%</b>	<b>5.556.000</b>			<b>5.574.858</b>	<b>5.165.051</b>	<b>92,6%</b>

\* only amounts needed in 2012

The amount of the cumulative carry forward related to the Staff Expenditure, EUR 1.724.311, is due mostly to the cost of the *Secondments from Members* and *Mission* for which the SJU will receive the relative invoices/supporting documents during 2013 together with the IFS 2012.

## Note B.6: Administrative expenditure

Administrative expenditures include the administrative costs such as office supplies (printing, copiers, translation, publications, consumable office material), utilities (water, electricity, telecommunications costs), office rental and associated charges, legal, financial and fiscal expertise for administrative needs and all insurances not related to staff as well as expenses incurred for the activities of the Administrative Board<sup>7</sup>.

<sup>7</sup> Expenses referred to in Article 14 of the Administrative Board's rule of procedure and other costs directly linked to the activities of the Board.

This post furthermore includes the procurement, rental and maintenance of IT equipment, furniture and other technical facilities. The IT infrastructure including on-site and remote support is provided mainly by Eurocontrol as part of its services to the SJU:

<b><u>all figures in EUR</u></b>	<b>1</b>	<b>2</b>	<b>3=2/1</b>	<b>4</b>	<b>5</b>	<b>6 = 4 + 5</b>	<b>7</b>	<b>8=7/6</b>
<b><u>Administrative Expenditure</u></b>	<b><u>Commitment approp.</u></b>	<b><u>Commitments</u></b>		<b><u>Payment appropriations</u></b>		<b><u>Payments</u></b>		
		<b><u>% of budget</u></b>	<b><u>BDG 2012</u></b>	<b><u>from 2011</u></b>	<b><u>*</u></b>	<b><u>Total</u></b>		<b><u>% of budget</u></b>
Rental of Buildings and Associated Costs	854.648	828.528	96,9%	854.648		854.648	812.400	95,1%
Movable Property And Associated Costs	50.000	30.000	60,0%	50.000		50.000	6.486	13,0%
PR and Events	300.000	300.000	100,0%	300.000		300.000	238.876	79,6%
Postage and Telecommunications	180.000	155.093	86,2%	180.000	3.159	183.159	183.159	100,0%
Administrative Board Expenditure	17.500	15.000	85,7%	17.500		17.500	4.320	24,7%
Current Administrative Expenditure	263.882	203.197	77,0%	263.882		263.882	120.588	45,7%
IT Expenditure And Technical Facilities	1.500.470	1.355.634	90,3%	1.500.470		1.500.470	1.461.272	97,4%
Administrative Support Services	65.000	5.000	7,7%	65.000		65.000	20.352	31,3%
<b>TOTAL</b>	<b>3.231.500</b>	<b>2.892.452</b>	<b>89,5%</b>	<b>3.231.500</b>		<b>3.234.659</b>	<b>2.847.453</b>	<b>88,0%</b>

\* **only amounts needed in 2012**

The amount of the cumulative carry forward related to the Administrative Expenditure, EUR 1.671.083, is due mostly to the cost of the *IT Expenditure and Facility* provided by Eurocontrol that will be invoiced in 2013.

## Note B.7: Studies and development conducted by the Joint Undertaking

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This article of the budget contains programme related activities directly managed by the SJU as specified in the Annual Work Programme.

<b><i>all figures in EUR</i></b>	<b>1</b>	<b>5</b>	<b>2</b>	<b>3=2/1</b>	<b>4</b>	<b>5</b>	<b>6=5/4</b>
<b><i>Studies/Development by SJU</i></b>	<b><i>Commitment approp.</i></b>		<b><i>Commitments</i></b>	<b><i>% of budget</i></b>	<b><i>Payment Appropriations</i></b>	<b><i>Total Payments</i></b>	<b><i>% of budget</i></b>
<i>reallocation of budget items</i>							
Ad Hoc Studies	30.000		30.000	100,0%	130.000	75.000	57,7%
AIRE Phase 2					1.020.343	1.020.343	100,0%
Airports Expertise (ACI)					300.000	209.528	69,8%
Airspace Users (ECTL)	1.000.000		1.000.000	100,0%	0	0	
Airspace Users 1					2.235.719	2.203.470	98,6%
Airspace Users 2 (Lowcost...)					500.000	267.930	53,6%
Associates of the SJU					400.000	75.491	18,9%
ATMPP Strategic Performance Partnership	120.000	(84.000)	36.000	30,0%	120.000	99.783	83,2%
Demonstration Activities	10.000.000		10.000.000	100,0%	3.152.152	1.734.849	55,0%
Independent Experts	380.000		380.000	100,0%	453.677	151.914	33,5%
Industrial support (Phase 2)		1.168.338	1.168.338		14.382.719	14.382.719	100,0%
Military and Professional Staff Associations	500.000		500.000	100,0%	450.764	450.764	100,0%
NSA Expertise					85.728	14.517	16,9%
Programme Management Support	2.000.000	(84.338)	1.915.663	95,8%	2.776.735	1.900.695	68,5%
Provision for Military Studies					380.420	380.420	100,0%
Scientific Committee	55.000		55.000	100,0%	222.743	23.020	10,3%
Security Studies	1.000.000	(1.000.000)	0	0,0%	0	0	
WP11	3.704.000		3.704.000	100,0%	0	0	
WPE	5.124.000		5.124.000	100,0%	1.389.000	1.024.152	73,7%
<b>TOTAL</b>	<b>23.913.000</b>	<b>0</b>	<b>23.913.000</b>	<b>100,0%</b>	<b>28.000.000</b>	<b>24.014.595</b>	<b>85,8%</b>

### Note B.8: Studies and development conducted by the Members

This position covers the commitments for Co-Financing to the 15 Members of the SJU broken down by Member and Project. During 2012, EUR 75.234.988 were paid almost entirely as Co-financing.

## 2.3 Reconciliation between budgetary and financial accounts

*all figures in EUR*

2012

### NET EXPENSES FOR ACTIVITIES OF THE YEAR (EOA)

(270.966.220)

#### 1. Adjustment for items not included in the budgetary result but included in the economic result

Unpaid invoices at year end but booked in charges	-	(44.852)
Depreciation of intangible and tangible fixed assets	+	298.149
Provisions/Liabilities/Contributions to be validated	+	20.644.382
Recovery orders issued during year not cashed in by year end	+	462.042
Interest received by and to be reimbursed to European Commission (+other debts EC)	-	(240.802)
Accumulated Economic Result of previous years	-	0
<b>Subtotal 1</b>		<b>21.118.919</b>

#### 2. Adjustment for items included in the budgetary result but not included in the economic result

Asset acquisitions (less unpaid amounts)	-	(287.340)
Pre-financing	+	3.744.129
Members' Contributions	+	246.692.585
Deferred charges (Prepaid expenses of next year)	+	107.773
<b>Subtotal 2</b>		<b>250.257.146</b>

#### 3. Reconciliation items between Budget and General Accounts (Payments)

<i>Cash outs in banks but not in Budgetary reports (+)</i>	+	602.169
<i>Cash ins in Budgetary reports but not in Banks (+)</i>	+	29.487
<i>Cash ins in banks but not in Budgetary reports (-)</i>	-	(639.737)
<i>Cash outs in Budgetary reports but not in Banks (-)</i>	-	(127.811)
<i>Remaining reconciliation items not identified</i>	-	(4.423)
<b>Subtotal 3</b>		<b>(140.315,28)</b>

### BUDGET OUTTURN OF THE YEAR

269.530

*Balance Budget Outturn Account 2011*

+

15.571.258

Payment appropriations carried over to 2012 (RAL)

-

(3.395.394)

### BUDGET OUTTURN BALANCE

12.445.394

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### 3 Report on the budgetary and financial management during the year

#### 3.1 Main aspects

Since the launch of the SESAR Programme activities in June 2009 substantial progress has been made and 2012 saw numerous research results, at different maturity levels, delivered. The most important achievements of 2012 are:

- a. at the end of 2012, 331 projects were initiated and 312 entered the execution phase; in order to ensure the alignment of the Members' contributions to the development of the programme results, a resources' "reallocation" exercise was performed in 2011. On 15 December 2011 the Administrative Board adopted the decision on the new reallocated resources, entered into force as of 1 January 2012.
- b. the first SESAR Release content, Release 1, was consolidated through a first System Engineering review that took place in 2010, through a second one in June 2011 and a third one in April 2012. It consisted of 25<sup>8</sup> Validation Exercises addressing concept elements in 15 Operational Focus Areas. Release 1 has started to deliver tangible results and marks a turning point in the development of the new ATM system.
- c. In 2012, most of the exercises planned for Release 2 took place: 25 exercises were executed whereas 5 will be completed in 2013, 2 have been cancelled and 3 moved to Release 3.
- d. As regards Release 3, the definition of its content started in June 2012 with the top down approach following the recommendations of the Tiger Team (see below). Release 3 definition continued along the year in full coordination with the SJU Members.
- e. In early 2012 a team composed by PC members (Tiger Team) was set up to improve the effectiveness of the Release approach further by moving the focus on the service providers business needs and thus reassessing the SESAR priorities. The Tiger Team identified a list of five Priority Strategic Business Needs from an operational perspective across stakeholders. The implementation of the recommendations and principles started in June 2012 with the definition of a top-down Release strategy and the implementation of the most critical efficiency measures.
- f. With regard to the Programme reporting, the Members submit structured quarterly reporting based on effort consumption. This report provides the SJU with an additional monitoring of the alignment of the Members' efforts with the programme objectives, and of the risk incurred.
- g. A call for Large Demonstration Activities, including AIRE III dedicated to environmental aspects, was launched in November 2011. The call resulted in 9 Large Demonstration Activities projects and 9 AIRE III projects, involving more than 60 partners in approximately 30 locations.
- h. In order to ensure the involvement of all stakeholders in the Programme, the SJU has assured their participation through the award of contracts as a result of procurement procedures, directly awarded or awarded through Eurocontrol:
  - during 2012 Airspace users have been actively involved across the programme, contributing with 2415 men/days expertise to projects tasks and deliverables across several projects.
  - with regard to the involvement of the Military, more and more contacts are developed with the different National Defence administrations and through Eurocontrol DCMAC.
- i. The involvement of the Professional Staff Associations has been assured through 4 quarterly meetings, according to the framework contract signed in 2011 by Eurocontrol on behalf of the SJU, to ensure coordination among the work orders allocated to each of the Professional Staff Associations. Their representatives took part to the International Validation Team, who participated in 2012 to several validations exercises.

<sup>8</sup> Four additional exercises, initially planned in R1, were moved to R2.

- j. The “SESAR Military Avionics Study”, delivered in May 2012, highlighted the way to ensure interoperability between military and civil technologies, in order to reduce and optimise implementation costs for SESAR.
- k. Within the frame of the Memorandum of Cooperation with the US addressing interoperability between SESAR and NextGen, a series of coordination activities are in place, e.g. coordination of technical efforts in support of global and ICAO standardization activities, road-mapping including standardisation and regularisation with a view to facilitate implementation and synchronisation, avionics technology and applications roadmap, data-link technology, Atlantic Interoperability to reduce Emission (AIRE). Furthermore, external relations in co-operation with the EC and Eurocontrol continue to develop with China, Russia, Ukraine, Turkey and Middle East Countries.
- l. The communication plan has been implemented in accordance with the Budget approved by the Administrative Board. Within the effective activities performed by the Communication team, the annual Amsterdam Global ATC conference in March constitutes an example of efficient and effective results within contained resources.
- m. 2012 administrative and financial objectives are achieved. In particular, the ABAC/SAP system completed its second full year operations providing support for financial transactions and accounting and bringing the SJU above the European Commission standard. The implementation of ABAC Assets was completed and ABAC contract has been implemented early 2012.
- n. With regard to Project Audits, 17 ex-post audits have been performed in five Selected Members and 10 of those have been finalized by the end of June 2013. In the statistical selection of 2011 IFSs, the audited IFSs of 5 Members represent an amount of EUR 12.953.922 (i.e. 40% of the IFSs of the five selected Members).
- o. The opening cash balance as of 1 January 2012 was EUR 15.303.453. During the year the SJU received cash contributions from the EU for an amount of EUR 69.713.000, from Eurocontrol for EUR 33.253.619 and from the other members for EUR 4.507.943. Payments amounted to EUR 107.262.086 and could be broken down in the budget titles as follows:
  - Title 1 Staff cost EUR 5.165.051,
  - Title2 Administration EUR 2.847.453,
  - Title 3 Operations EUR 99.249.582.

The cash balance as at 31 December was EUR 15.713.298. In total the SJU executed more than 1.000 payments; EUR 75.234.988 were paid to the Members, almost totally as co-financing. The cash balance at year end ensures the SJU to face the initial payment early 2013.

The Annual Activity Report for 2012, which contains an extensive description of all the results achieved was submitted as draft to the Administrative Board at the beginning of February 2013 and has been finalized at the end of March 2013. The following paragraphs provide a high level view on the results.

The strategic objectives together with an assessment of the achievement at year-end 2012 are:

**Objective n. 1 - Initial 4D trajectory is validated in an operational environment supported by satellite based technology**

The “Initial 4D trajectory”-based operations, was tested in an operational environment as part of the Releases 1 and 2. The performance of flight trials in the traffic environment of MUAC, NUAC and Stockholm Approach, done in Release 1 was a world premiere. Release 2 exercises were done with real time simulations, using pre-operational platforms. It is expected that Release 3 activities in 2013 will complete the first part of this validation cycle with additional flight tests and new validations dedicated to mixed traffic environment.

The first European CATII/III GBAS<sup>9</sup> station was installed at the Toulouse Airport and technical verification activities were performed in 2012 which enabled to reach 'flight readiness'. Test Flights will take place in 2013 in real operational conditions.  
The objective is considered to be 85% met.

#### **Objective n. 2 – 10,000 flights, including 500 military, are SESAR labelled**

From 2009 to 2012, 10568 commercial flights demonstrated early SESAR benefits. Those flights took place in the context of AIRE, OPTIMI and following the SJU Administrative Board decision, in the context of the "Demonstration Activities" in 2012.

It must be noted however that no Military flights were involved in those activities leading to a 95% completion of this objective.

#### **Objective n. 3 – 80% of SESAR projects have tested their outputs in a real life environment**

In order to achieve the objective of 80% of validation exercises in real life environment, a Validation Strategy was established and implemented through the release delivery approach. In particular, the deliveries of Release 1 and those for Release 2 in 2012 connected primary Projects to the different exercises performed within the Operational Focus Areas and to real systems or environment.

Considering Release 1 and Release 2 together, 70% of the validation took place through live trial, operational shadow mode or even flight trials. It is therefore considered that the objective is 90% completed.

#### **Objective n. 4 – First SWIM pilots are in place to exchange data across at least 5 domains**

In 2011 a SWIM Action Plan was introduced to respond to the risks identified in the related Projects. Considering the progress achieved by year-end 2011 and the results of the implementation of the action plan, SWIM has been brought back on track in 2012. Very tangible progress was achieved and illustrated at the SWIM Demonstration Event, which took place in November 2012 with good participation from the overall programme and linking together 27 different systems demonstrating realistic scenarios across Airport-ATC-AIS-MET and ATFM domains.

Still a number of yet unresolved issues and priorities have so far delayed the full achievement of this mid-term objective and in particular the SWIM validation activities. The objective is therefore considered to be 50%. However, SWIM validation activities are progressively being included as part of the Release delivery and some of the system mentioned above will contribute in 2013 to the Release 3 exercises increasing the level of achievement toward the objective.

#### **Objective n. 5 – The first remote tower is ready for operation**

The validation exercises for the Remote Tower, part of Release 1 and of Release 2, were performed as planned and successfully completed during 2011 and 2012 in order to achieve this mid-term objective. These activities confirmed:

- feasibility of providing Air Traffic Service to Ängelholm airport from the Malmö ATCC R&D Remote Tower Centre;
- feasibility of conducting remotely nominal and non nominal operations;
- technical feasibility of capturing the "out of window" traffic situation and operational environment from a single airport and to display this picture in the remote site.

Regulatory Authorities participated in these trials.

The objective is therefore considered to be 100% achieved.

It must be noted that R&D activities on Remote Tower will be pursued beyond 2012 in the next SESAR Releases with an objective to further enhanced the capability of the system (e.g. in bad

<sup>9</sup> GNSS Based Augmentation System

weather operations using enhanced vision...).

#### **Objective n. 6 – SESAR benefits are demonstrated in city pairs connecting 8 European airports**

Following the success of the first AIRE cycle in 2009, the SESAR Joint Undertaking further extended this green branch of the SESAR Programme. Through the connection of main European airports (Paris, Vienna, Madrid, Cologne, Dusseldorf, Prague, Brussels, Toulouse,...) and the involvement of some 40 partners in Europe and beyond, AIRE has demonstrated significant benefits in terms of emission reduction

The results of AIRE together with the results achieved in the demonstration activities launched and already performed in 2012 allowed meeting the objective 100%.

#### **Objective n. 7 – Airspace users have signed up to the SESAR business case for time based operations**

This objective has many dimensions and the business case development process is not mature yet to encompass all the different stakeholders' perspectives. Nevertheless, substantial effort has been invested in developing business case methodologies for ANSPs, airspace users and airports. Step 1 of the 4D Time Based Operations deliverables has been validated in 2011 and continued being validated in 2012 and progress was made on standardisation activities as well.

Following the mandate to the SJU to prepare a draft Pilot Common Project to support the European Commission in setting up the deployment of SESAR, the SJU is now working on developing the necessary business cases and their relative models. Overall this objective is considered to be 40% achieved and further progress will be achieved as the Pilot Common Project develops.

## **3.2 Financial situation and events which had a significant influence on activities during the year**

### **3.2.1 Financial situation**

As detailed in Part 1 and 2, the SJU has a budget turnout of EUR 12.445.394 at the end of 2012 compared to EUR 11.438.315 of the previous year (budget accounts). It should be noted that 2013 will be the last year of commitment of the EU contribution to the SJU. The budget outturn at the end of 2013 together with the contributions that will be received still by the other Members in the period 2014-2016 will allow the SJU to proceed towards the completion of its activities and deliver the agreed SESAR Programme, in particular Step 1 and 2 of the European ATM Master Plan 2012.

The Running Costs of the SJU - in terms of commitments - were financed as follow:

founding members



Eurocontrol

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[www.sesarju.eu](http://www.sesarju.eu)

<b>Running Expend Commitments</b>	<b>Actual 2007- 2008</b>	<b>Actual 2009</b>	<b>Actual 2010</b>	<b>Actual 2011</b>	<b>Actual 2012</b>	<b>Total 2007 - 2012</b>
Title 1	3,2	4,0	5,0	5,4	5,3	<b>22,9</b>
Title 2	1,5	3,9	3,0	3,1	2,9	<b>14,4</b>
<b>Total</b>	<b>4,7</b>	<b>7,9</b>	<b>8,0</b>	<b>8,5</b>	<b>8,2</b>	<b>37,3</b>
<b>Funded with</b>						
EU	FP7	4,0	5,5	-	-	<b>11,7</b>
	TEN-T	-	-	-	-	-
	<b>Total</b>	<b>4,0</b>	<b>5,5</b>	-	-	<b>11,7</b>
Eurocontrol		0,7	2,4	8,0	5,8	1,1
Other Members		-	-	-	2,7	4,9
<b>Total</b>		<b>4,7</b>	<b>7,9</b>	<b>8,0</b>	<b>8,5</b>	<b>37,3</b>
Title 3	9,4	307,7	109,8	138,7	140,5	<b>706,1</b>
In Kind	-	256,8	148,2	181,9	191,4	<b>778,3</b>
<b>Total (Titles 1,2,3)</b>	<b>14,1</b>	<b>572,5</b>	<b>265,9</b>	<b>329,1</b>	<b>340,1</b>	<b>1.521,7</b>
<i>Running vs Total Annual %</i>	<i>33,5%</i>	<i>1,4%</i>	<i>3,0%</i>	<i>2,6%</i>	<i>2,4%</i>	<i>2,5%</i>
<i>Running vs Total Cumulative %</i>		<i>2,2%</i>	<i>2,4%</i>	<i>2,5%</i>	<i>2,5%</i>	<i>2,5%</i>

In order to ensure that each member contributes proportionally equally to the running costs of the SJU, the Accounting Officer adopted a decision in 2010 to ensure that the running costs are financed with the contributions of each Member.

### 3.2.2 Follow up of the Discharge Procedure for 2011

On 10 May 2010, the European Parliament adopted Decisions and a Resolution

- granting to the Executive Director of the SJU discharge in respect of the implementation of the SJU budget for the financial year 2010,
- approving the closure of the accounts of the SJU for the financial year 2010, and
- setting out its observations.

With particular regard to the aforementioned observations, the SJU has addressed them as follows:

- *Budget and Financial Management: budget balance*
  - o as a result of the concrete measures implemented since 2011, the cash balance at year end was stable at EUR 15.713.298, ensuring strict and sound financial management;
  - o with regard to the observation referring to expenditure exceeding budgetary appropriations for two budget headings, on the one hand, the SJU reconfirms that no budget appropriation has ever been exceeded and, on the other hand, that in the specific case the expenditure was against payment credits still available from the previous year in accordance with the SJU Financial Rules.
- *Internal control systems*
  - o in accordance with the ABAC implementation plan, ABAC Assets and ABAC Contracts have been deployed by the end of 2011 and they are currently in use;
  - o with regard to the integration of the financial systems (ABAC/SAP) with the SJU programme management system, as noted by the European Court of Auditors, the integration has been ensured up to the level currently possible considering that no SJU system may electronically feed the ABAC/SAP systems. The level of integration reached has allowed the SJU to allocate eligible costs to Projects/Sub Work Packages and Work Packages, report and monitor the Programme developments and results;
  - o the accounting officer of the SJU has formally validated the underlying business processes and in particular the local systems.
- *Project Management and Performance*
  - o the Annual Activity Report 2012 provides, as well as those for the previous years, a detailed status of the implementation of the SESAR Programme and of the results achieved. Furthermore, the Annual Work Plan 2013 provides also the expected deliverables for future years and the action put in place to ensure the achievement of the overarching goals of the SESAR Programme.
  - o The Programme is measured against specific objectives and KPIs towards the achievements of a mid-term vision bringing to the delivery of Step 1 and Step 2 of the European ATM Master Plan.
  - o The Programme is managed through tools and instruments which allow assessing the progress of the activities on a quarterly basis, the quality and timeliness of the deliverables, the risks and opportunities associated to the activities. Information is exchanged through a platform connecting more than 100 entities and 2500+ researchers and staff of the SJU Members working on the Programme.
- *Conflict of interest (Horizontal observation addressed to all Joint Undertakings)*
  - o The SJU has verification mechanisms in place to enable a proper management and prevention of conflicts of interest. The management of conflict of interest is defined in Article 6 of Council Regulation 219/2007. The Administrative Board adopted a first decision to concretely implement the conflict of interest measures already on 21 February 2008, well before the membership agreements with the industrial partners were established and signed. The decision was further reviewed and detailed on 1 December 2008 and recently on 29 March 2012. In particular, the following measures have been adopted and are implemented:
    - members of the SJU and/or the Administrative Board are not allowed to participate in any of the steps of the procurement or grants procedures and cannot have access to any documentation in this respect;
    - mandatory signature of a declaration on conflict of interest by each participant before each meeting of the Administrative Board, recruitment board, procurement/grant board, or any other similar body or committee within the SJU;
    - exclusion of any participant who declares or is considered to be in a potential conflict of interest from the relevant meeting;

- mandatory signature by staff, under any contractual form, of a declaration of commitment and conflict of interest upon their appointment as well as an annual declaration of interests;
- mandatory training on ethics and integrity for all staff members
- mandatory signature by experts or consultants under any contractual form upon their appointment of a declaration of independence, commitment, confidentiality and conflict of interest;
- preparation of a binding code of conduct addressed to Administrative Board Members in addition to the Code of conduct already existing for the SJU Staff

### 3.2.3 Protocol on the Privileges and Immunities of the European Communities

With the entry into force on 1 January 2009 of Council Regulation (EC) 1361/2008 modifying Council Regulation (EC) 219/2007, the "*Protocol on the Privileges and Immunities of the European Communities*" shall apply to the SJU. Insofar as taxes and customs duties are concerned, that Protocol shall apply to the Joint Undertaking as from 15 October 2008". On 30 March 2009, the SJU signed with the Belgian authorities an Administrative Agreement which implements these provisions.

### 3.3 Summary information on the transfers of appropriations

#### 3.3.1 Transfers of revenue appropriations

<i><b>all figures in EUR</b></i>	<b>COMMITMENTS</b>			<b>PAYMENTS</b>		
	<u>Initial appropriations</u>	<u>Transfers/Modifications</u>	<u>FINAL appropriations</u>	<u>Initial appropriations</u>	<u>Transfers/Modifications</u>	<u>FINAL appropriations</u>
<b>Type of revenue</b>						
European Union Contribution	110.123.600	0	110.123.600	91.170.000	-21.457.000	69.713.000
- Contribution from Eurocontrol	14.456.000	27.000.000	41.456.000	14.456.000	19.962.200	34.418.200
Contributions from other Members	4.396.426	0	4.396.426	4.396.426	0	4.396.426
Other Revenue	100.000	0	100.000	100.000	0	100.000
- Budget Surplus previous year	0	488.760	488.760	0	15.571.258	15.571.258
<b>TOTAL REVENUE</b>	<b>129.076.026</b>	<b>27.488.760</b>	<b>156.564.786</b>	<b>110.122.426</b>	<b>14.076.458</b>	<b>124.198.884</b>

*Initial appropriations as adopted by SJU Administrative Board on 15 December 2011.*

*Final appropriations as adopted by SJU Administrative Board on 19 December 2012.*

### 3.3.2 Transfers of expenditure appropriations

<i><b>all figures in EUR</b></i>	<b>COMMITMENTS</b>			<b>PAYMENTS</b>		
	<u>Initial appropriations</u>	<u>Transfers/ Modifications</u>	<u>FINAL appropriations</u>	<u>Initial appropriations</u>	<u>Transfers/ Modifications</u>	<u>FINAL appropriations</u>
<b>Type of expenditure</b>						
Staff Expenditure	6.085.000	-529.000	5.556.000	6.085.000	-529.000	5.556.000
- Administrative Expenditure	3.290.000	-58.500	3.231.500	3.290.000	-58.500	3.231.500
Operating Expenditure	119.701.026	28.076.260	147.777.286	100.747.426	14.663.958	115.411.384
<b>TOTAL EXPENDITURE</b>	<b>129.076.026</b>	<b>27.488.760</b>	<b>156.564.786</b>	<b>110.122.426</b>	<b>14.076.458</b>	<b>124.198.884</b>

*Initial appropriations as adopted by SJU Administrative Board on 15 December 2011.*

*Final appropriations as adopted by SJU Administrative Board on 19 December 2012.*