



Final Annual Accounts 2009

1 July 2010

The Final Annual Accounts 2009 are drafted in accordance with Title VII of the SESAR Joint Undertaking Financial Rules¹, 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 2009². 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.

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 and in accordance with Article 83 of the Financial Rules.

The Administrative Board of the SJU was provided with the Provisional Annual Accounts at its meeting on 30 April 2010. The Administrative Board took note without comments.

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.

¹ SESAR Joint Undertaking Financial Rules adopted by the Administrative Board on 28 July 2009, reference SJU-AB-010-09-DOC-10-Final.

² 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 General Accounts 2009 of the SJU, showing an Economic Outturn – "Contribution from Members used during the year" – in the year of EUR 58.275.635 and Total Assets of EUR 142.321.282, are prepared in accordance with Title VII of the SJU Financial Rules as well as the accounting rules and methods adopted by the European Commission's Accounting Officer.

Nevertheless, it should be noted that until May 2010 the SJU did not dispose of a unique IT system supporting the general ledger (on ad hoc software) and the budget accounting (on Excel spreadsheet). In order to ensure proper accounting, reconciliations between the two systems have been regularly performed during the year and in particular in the year end closure process. The general ledger accounting system is based on the Belgian general accepted accounting standards and, where necessary, adjustments were documented and made for the establishment of the annual accounts.

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

I hereby certify that, based on the information provided by the Authorising Officer in his Annual Activity Report 2009, who guaranteed its reliability, and on a number of checks within acceptable limits, I have reasonable assurance that the Final Annual General Accounts present a true and fair view of the financial position of the SJU in all material aspects.

Brussels, 1 July 2010

signed

carlo maria borghini

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 28 July 2009 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 more specifically to provide information useful 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 an entity's activities, explain how it is financed and supply definitive information on its operations, in such a manner to allow 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 translated into euro using the exchange rates prevailing at the dates of the transactions.

Year-end balances of monetary assets and liabilities denominated in foreign currencies are converted into euro on the basis of the exchange rates applicable on 31 December 2009.

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 the accounting policies

In the Annual Accounts 2008, the Members' contributions were accounted for applying the deferred revenue method, taking into account

- the interpretation of the different rules of the SJU Regulation,
- the SJU legal framework in force at that time, that was not yet recognizing the SJU as a full Union body under Article 185 of the EU Financial Regulation,
- the *vacatio legis* with regard to the accounting treatment of Members' contributions in JUs and JTIs due to the lack of specific accounting guidance from the European Commission's Accounting Officer.

More in detail, the SJU followed the approach indicated in IPSAS 23, considering the Members' contributions as revenues from "non-exchange transactions". In this respect, the cash contributions received for which no direct expenses were yet incurred are deferred until future periods to be matched against the programme costs. In-kind contributions were recognized as revenues in the year in which the Members performed the activities to be realized to achieve the deliverables and adjusted based on the certified financial statements submitted by the Members and accepted by the SJU in accordance with the provisions of the underlying contractual agreements (the Membership Agreement (hereinafter the MA) and the Multilateral Framework Agreement (hereinafter the MFA)).

In December 2009, the European Commission's Accounting Officer issued revised EC Accounting Rule 1³, clarifying the accounting guidance for the treatment of contribution from Members. In Accounting Rule 1, it is specified that although "*sometimes Council Regulations establishing an entity (in which the EC is a venture or a partner in an associate) include a paragraph that the European Communities form the source of revenue of the entity*"⁴ "*from an accounting point of view and with regard to the substance over form principle these contributions are contributions from owner*"⁵. Based on the SJU Regulation and taking into account Accounting Rule 1, it can be concluded that the EU holds joint control with the other members of the SJU and in this respect it is appropriate to treat the role of the EU as an investor rather than as a sole grantor of funds similar to third party pre-financing to beneficiaries. In accordance with EC Accounting Rule 1, the EU contribution shall be treated as part of the Net Assets, 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.

With regard to the specific case of the in-kind contributions, EC Accounting Rule 17 explicitly excludes that this type of contribution can be considered revenue. This means that the in-kind contributions to the SJU are of "equal" value as the cash contributions and thus should be treated similarly.

Considering that in accordance with the will of the EU legislator there is no capital in the SJU, 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, the SJU Members' cash and/or in-kind contributions shall result in an increase of net assets.

With regard to Article 12 of SJU Statutes annexed to the SJU Regulation, i.e. the "*revenue of the Joint Undertaking shall come from the sources identified in Article 4 of this Regulation*", ie "*from contributions from its Members, including private undertakings, in accordance with Articles 1 and 12 of the Statutes*", the SJU applies these provisions in the budget accounting, where considering the nature of the accounting method, the contributions of the SJU Members are considered revenues.

In order to provide the most appropriate information and considering that the change in the policy affects the reporting of the previous financial year (and the only one in the existence of the SJU), a

³ EC Accounting Rule 1: Group Accounting, Version 3 of 15.12.2009.

⁴ EC Accounting Rule 1: Group Accounting, Version 3 of 15.12.2009, section 4.8.

⁵ EC Accounting Rule 1: Group Accounting, Version 3 of 15.12.2009, section 4.8.

retrospective application of the new accounting policy is applied and the impact of the retrospective application presented in the tables and notes to the accounts. In particular, the introduction of the new accounting policy affects the presentation of the balance sheet in the posts “net assets” and “deferred revenues” as well as of the Economic Outturn Account in the posts “revenues” and consequently in its net result.

1.2.5 Accounting policies related to the economic outturn account

1.2.5.1 Revenues

1.2.5.1.1 Members’ contributions

Following the aforementioned change in the accounting policy, 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 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 is 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.

As already mentioned, in 2009, the European Commission's Accounting Officer issued the revised EC Accounting Rule 1 providing guidance on the accounting for the treatment of contributions from Members.

In accordance with the aforementioned 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 deliverables realized by its Members during the year. These contributions are valued in accordance with the criteria established in the SJU Financial Rules – Section IX and the MFA, once the deliverables are technically validated and 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 there is not yet a deliverable or the deliverable has not yet been accepted by year end, 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 Deferred Members' Contributions

Following the change in the accounting policy related to the Members' contributions, the line "deferred Members' contributions" is deleted from the Balance Sheet (see the previous section) and the Annual Accounts 2008 appropriately restated.

1.2.6.3 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. 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 is setting up the necessary systems to track the eligible costs related to each contractual deliverable of its Members and the relative assessment and acceptance processes. This will allow the SJU to be in the position to determine the value of the assets that would need to be "activated".

The SJU will further revise this approach next year when the first deliverable will be assessed and eventually accepted by the SJU.

1.2.6.4 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.

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:

1.2.6.5 Depreciation rates

Type of asset	Straight line depreciation rate
Intangible assets	33.3%
Buildings	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
Plant, machinery and equipment	12.5% to 25%
Furniture	10% to 25%
Fixtures and fittings	12.5% to 25%
Computer hardware	33.3%

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.

1.2.6.6 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.

1.2.6.7 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.

1.2.6.8 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 of receivables. The amount of the write-down is recognised in the economic outturn account statement.

1.2.6.9 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 into question compared to the initial stated contribution which originated the allocation of the initial voting rights.

By the end of 2009, in front of the two Founding Members commitment of EUR 700 million each⁶, the other Members committed an amount of EUR 536 million⁷, related to the first allocation of activities as awarded by the SJU Administrative Board on 24 March 2009 (IBAFO I), and an additional amount of EUR 88 million⁸, related to the second allocation of activities as awarded by the SJU Administrative Board on 14 December 2009 (IBAFO II). 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 shall be taken at the next meeting of 2010.

Based on the Administrative Board decision of 12 June 2009, the voting rights are as follows:

<u>EUR</u>	<u>Total Net Contribution</u>	<u>Voting rights</u>
European Union	700.000.000	32,53%
Eurocontrol	700.000.000	32,53%
Airspace Users		10,00%
AENA	32.029.405	1,49%
DFS	31.765.828	1,48%
DSNA	32.278.757	1,50%
ENAV	31.656.711	1,47%
NATS	31.352.583	1,46%
NORACON	30.277.273	1,41%
SEAC	7.683.211	0,36%
FREQUENTIS	13.790.588	0,64%
INDRA	62.640.727	2,91%
NATMIG	18.537.112	0,86%
SELEX	40.572.269	1,88%
THALES	124.576.739	5,79%
AIRBUS	41.699.262	1,94%
ALENIA	16.868.226	0,78%
HONEYWELL	20.820.949	0,97%
Total	1.936.549.640	100,0%

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, together with a

⁶ The European Union paid in total EUR 138.552.000, of which EUR 27.688.789 in 2009, and Eurocontrol paid EUR 19 million, of which EUR 9 million in 2009.

⁷ Including EUR 25 million in terms of 5% cash contribution.

⁸ Including EUR 4 million in terms of 5% cash contribution.

Certificate on the Interim Financial Statements where necessary, within 120 days from the end of each Financial Year.

Considering that 2010 was the first reporting period related to the Programme activities launched on 3.6.2009, the Authorizing Officer agreed with the Member to extend the deadline for the submission of the Interim Financial Statements of 20 calendar days.

By the finalization of its Annual Accounts 2009, the SJU received the Interim Financial Statements from 15 out of the 16 Members concerned.

The SJU requested the Members to provide, in addition to the mandatory information concerning the deliverables accepted during the year, the value of the work in progress to be accounted for as accruals.

Out of the 15 aforementioned Members, only 7 Members submitted complete information.

As a consequence, in order to account for the eligible costs for the activities realized, the SJU implemented the following approach:

- For the 7 Members who provided the complete information including the work in progress, the value of the eligible costs stated by the concerned Members was used;
- For the 8 Members who provided only the Interim Financial Statements without work in progress, as well as for the Members who did not provide any information, the SJU estimated the value of the eligible costs pro-rata temporis based on the start date of the activities (Initiation Phase and management activities).

It should be noted that the validation process of the Interim Financial Statements of the Members is ongoing at the moment of the submission of these Annual Accounts and consequently the value of the eligible costs is accounted for in accordance with the principles of Section 1.2.6.1 above and Note 14 below.

1.3 Financial Statements

1.3.1 Balance sheet

<i>all figures in EUR</i>		Note	31/12/2009	31/12/2008 restated
I. NON-CURRENT ASSETS			55.145.147	12.569
Intangible fixed assets		1	457.111	1.572
Tangible fixed assets			567.448	10.997
	<i>Furniture and Vehicles</i>	2	5.673	7.323
	<i>Computer Hardware</i>	3	151.508	3.674
	<i>Other tangible assets</i>	4	410.267	-
Long-term Pre-Financing			54.120.588	-
II. CURRENT ASSETS			87.176.135	116.487.846
Short-term receivables			513.396	480.277
	<i>Current receivables</i>	5	198.126	294.522
	<i>Sundry receivables</i>	6	38.375	1.085
	<i>Accrued income</i>	7	164.404	96.557
	<i>Deferred charges</i>	8	112.491	88.113
Cash & cash equivalents		9	86.662.739	116.007.569
TOTAL ASSETS			142.321.282	116.500.415
III. CURRENT LIABILITIES			50.149.825	3.757.157
Accounts payable			50.149.825	3.757.157
	<i>Current payables</i>	10	5.229.358	1.102.312
	<i>Accrued charges</i>	11	1.115.410	2.029.400
	<i>Taxes, salaries and social security</i>	12	28.721	190.871
	<i>Other accounts payable</i>	13	1.724.483	434.574
	<i>Co-Financing to be paid to the Members</i>	14	10.116.510	-
	<i>Contribution from Members to be validated</i>	14	31.935.343	-
TOTAL LIABILITIES			50.149.825	3.757.157
NET ASSETS (Total Assets less Total Liabilities)			92.171.457	112.743.258
IV. NET ASSETS			92.171.457	112.743.258
Contribution from Members			158.567.045	120.863.211
	<i>EU Contributions</i>	15	138.552.000	110.863.211
	<i>Eurocontrol Contributions</i>	15	20.015.045	10.000.000
Accumulated contribution from Members used previous years		16	(8.119.953)	-
Contribution from Members used during the year (EOA)		16	(58.275.635)	(8.119.953)
TOTAL NET ASSETS			92.171.457	112.743.258

Contingent liabilities

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1.3.2 Economic outturn account

<i>all figures in EUR</i>	Note	2009	2008 restated	2008
<u>OPERATING REVENUE</u>				
Contributions from Members	15	0	0	8.119.953
Other Revenues	18	433.518	0	0
Total operating revenue		433.518	0	8.119.953
<u>OPERATING EXPENSES</u>				
Administrative expenses		(6.005.477)	(5.253.648)	(5.253.648)
Staff expenses	19	(3.485.089)	(2.868.710)	(2.868.710)
Fixed assets related expenses	1-4	(177.170)	(4.363)	(4.363)
Other administrative expenses	20	(2.343.218)	(2.380.575)	(2.380.575)
Operational expenses		(52.987.514)	(2.990.250)	(2.990.250)
Other operational expenses	21	(52.987.514)	(2.990.250)	(2.990.250)
Total operating expenses		(58.992.991)	(8.243.898)	(8.243.898)
<u>DEFICIT FROM OPERATING ACTIVITIES</u>		(58.559.473)	(8.243.898)	(123.945)
<u>NON-OPERATING ACTIVITIES</u>				
Financial operations revenues	22	288.353	148.370	148.370
Financial operations expenses	22	(4.515)	(24.425)	(24.425)
Total non-operating activities		283.838	123.945	123.945
<u>CONTRIBUTIONS FROM MEMBERS USED DURING THE YEAR</u>				
		(58.275.635)	(8.119.953)	0

1.3.3 Cash-flow table

<i>all figures in EUR</i>	Note	2009	2008 restated
Contribution from Members used during the year (EOA)		(58.275.635)	(8.119.953)
<u>Operating activities</u>			
Amortisation		111.991	978
Depreciation		64.388	3.385
(Increase)/decrease in long-term Pre-financing		(54.120.588)	0
(Increase)/decrease in short-term receivables		(33.119)	(480.277)
Increase/(decrease) in accounts payable		46.392.668	3.757.157
		(7.584.660)	3.281.243
<u>Investing activities</u>			
(Increase)/decrease of intangible and tangible assets		(1.188.370)	(16.932)
<u>Contribution from Members</u>			
Contribution from Members		37.703.834	120.863.211
NET CASHFLOW		(29.344.831)	116.007.569
Net increase/(decrease) in cash and cash equivalents		(29.344.830)	116.007.569
Cash and cash equivalents at the beginning of the year		116.007.569	0
Cash and cash equivalents at year-end		86.662.739	116.007.569

1.3.4 Statement of changes in net assets/liabilities

<i>all figures in EUR</i>	2009	2008 restated
Balance at beginning of accounting period	112.743.258	0
Contribution from Members	37.703.834	120.863.211
Contribution from Members used during the year (EOA)	(58.275.635)	(8.119.253)
Balance as of 31 December 2009	92.171.457	112.743.958

1.3.5 Notes to the financial statements

Note 1: Intangible assets: Computer Software

<i>all figures in EUR</i>	2009	2008
<u>Computer Software</u>		
Gross carrying amount at beginning of period	2.550	0
Additions	566.552	2.550
Other changes	0	0
Gross carrying amount at 31.12.2009	569.102	2.550
Accumulated amortisation at beginning of period	(978)	0
Amortisation of the period	(111.013)	(978)
Other changes	0	0
Accumulated amortisation at 31.12.2009	(111.991)	(978)
Net carrying amount at 31.12.2009	457.111	1.572

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 2009 amount to EUR 566.552 and 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.

Note 2: Tangible fixed assets: Furniture and Vehicles

<i>all figures in EUR</i>	2009	2008
<u>Furniture</u>		
Gross carrying amount at beginning of period	8.250	0
Additions	0	8.250
Other changes	0	0
Gross carrying amount at 31.12.2009	8.250	8.250
Accumulated amortisation at beginning of period	(927)	0
Amortisation of the period	(1.650)	(927)
Other changes	0	0
Accumulated amortisation at 31.12.2009	(2.577)	(927)
Net carrying amount at 31.12.2009	5.673	7.323

Note 3: Tangible fixed assets: Computer Hardware

<i>all figures in EUR</i>	2009	2008
<u>Computer Hardware</u>		
Gross carrying amount at beginning of period	6.132	0
Additions	178.198	6.132
Other changes	0	0
Gross carrying amount at 31.12.2008	184.330	6.132
Accumulated amortisation at beginning of period	(2.458)	0
Amortisation of the period	(30.364)	(2.458)
Other changes	0	0
Accumulated amortisation at 31.12.2008	(32.822)	(2.458)
Net carrying amount at 31.12.2008	151.508	3.674

Note 4: Other tangible assets

<i>all figures in EUR</i>	2009	2008
<u>Other tangible assets</u>		
Gross carrying amount at beginning of period	0	0
Additions	444.410	0
Other changes	0	0
Gross carrying amount at 31.12.2008	444.410	0
Accumulated amortisation at beginning of period	0	0
Amortisation of the period	(34.143)	0
Other changes	0	0
Accumulated amortisation at 31.12.2008	(34.143)	0
Net carrying amount at 31.12.2008	410.267	0

Other tangible assets contain exclusively material and works in connection with the repartitioning and set up of the new SJU Offices.

Note 5: Current receivables

Item	EUR
Taxes on interest to be received	153.900
Credit notes to be received	37.256
Insurance refund to be received	6.970
TOTAL	198.126

The Taxes on interest to be recovered and the Credit Notes to be received are due to the fact that as from 15 October 2008 the "Protocol on the Privileges and Immunities of the European Union" applied to the SJU. With regard to the amount of Taxes on interest to be received, the SJU introduced a request to the Belgian Administration which recognized the right of reimbursement for the SJU and consequently paid the amount on 28.06.2010.

Note 6: Sundry receivables

Item	EUR
Advances on Rental Charges	34.019
Staff advances	1.793
Other advances	2.563
TOTAL	38.375

Note 7: Accrued income

This position is made up entirely of interest on cash contributions from the Commission and Eurocontrol received after 31.12.2009.

Note 8: Deferred charges

The predominant part of this position (EUR 109.281, 97%) is made up of prepaid rent for the SJU's offices for the first quarter of 2010.

Note 9: Cash & Cash equivalents

Balances of SJU Bank accounts, deposits and cash in hand at 31.12.2009:

Account	Classification	EUR
Bank account No 363-xxxxxxx-13	Current account	20.673.412
Bank account No 363-xxxxxxx-18	Current account	660.218
Bank account No 363-xxxxxxx-30	Current account	19.106.989
Bank account No 570-xxxxxxx-23	Current account	46.221.258
Petty Cash	Cash at hand	862
TOTAL		86.662.739

The amount available in the SJU Bank Accounts is due to the initial financing made available by the European Union and Eurocontrol in 2008. In fact, due to the strictly implemented ramp up phase which brought to an initial lower consumption of resources, the absorption rate was lower than initially planned. Nevertheless, the resources consumption will be re-absorbed during the current and future years considering the efficient and effective planning and performance of the Programme. Furthermore, the postponement of the signature of the MA and MFA to 2009 for reasons outside the control of the SJU, instead of 2008, contributed to delay the start up phase of the projects.

Note 10: Current payables

Current payables are comprised of commercial suppliers.

Note 11: Accrued charges

Item	EUR
Invoices to be received	15.274
Other accrued charges	1.100.136
<i>of which:</i>	
<i>Industrial support contract</i>	<i>475.406</i>
<i>Airspace Users contracts</i>	<i>204.461</i>
<i>Marketing and e-learning related contracts</i>	<i>171.806</i>
<i>Secondments of SJU Members (without Eurocontrol)</i>	<i>94.309</i>
<i>AIRE contract</i>	<i>42.000</i>
<i>Other accrued charges</i>	<i>112.154</i>
TOTAL	1.115.410

Note 12: Taxes, salaries and social security

This amount includes EUR 11.121 of Net Salary adjustments from 1 July 2009 to 31/12/2009 (paid out in January 2010) as well as a short-term provision for the same amount plus taxes and social security (together EUR 17.600) expected to be paid during 2010.

Note 13: Other accounts payable

This position is made up entirely of interest on cash contributions from the European Union (generated on funds received until 31.12.2009). In accordance with the agreement with the Commission, this interest has to be reimbursed and thus cannot be accounted for as (financial) revenues of the SJU. At the end of 2009, the SJU had not received a request for repayment of this interest to the Budget of the EU.

Note 14: 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 there is not yet a deliverable or where the deliverable has not yet been accepted by the year end, 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.

All figures in EUR	European Union			Eurocontrol	Other Members	TOTAL
	FP7	TEN-T	Total EU			
“Provision for Programme related work achieved”	0	0	0	11.835.619	20.233.021	32.068.640
“Provision for Early projects by Eurocontrol”	0	0	0	6.775.676	0	6.775.676
“Provision for Programme Support Office”	0	0	0	1.328.137	0	1.328.137
Software and secondments	0	0	0	1.879.400	0	1.879.400
Total	0	0	0	21.818.832	20.233.021	42.051.853
Of which						
Co-financing to be paid	0	0	0	0	10.116.510	10.116.510
Contributions to be recognized	0	0	0	21.818.832	10.116.511	31.935.343

Note 15: Contributions from Members

In accordance with the change in the accounting policy related to the Contributions from Members, the Contributions from Members are restated reversing the recognition as revenue of the amount of EUR 8.119.953 related to 2008.

During 2009, in addition to the cash contributions received from the two Founding Members, the SJU received from Eurocontrol the final cost statements related to the provision of administrative services and for the PSO in 2008 which are recognized as Eurocontrol contributions to the SJU in 2009, for the amount of EUR 1.015.045.

All figures in EUR	European Union			Eurocontrol	Other Members	TOTAL
	FP7	TEN-T	Total EU			
Total 2008 Contributions	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)
Outstanding Members' Contributions 2008	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 contributions in 2009			0	1.015.045		1.015.045
Members' Contributions	38.552.000	100.000.000	138.552.000	20.015.045	0	158.567.045

All figures in EUR	Accumulated Contributions at 01.01.2009	Contribution received 2009	Validated during 2009	Accumulated Contribution at 31.12.2009	Contributions to be validated
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EU	110.863.211	27.688.789	0	138.552.000	0
<i>cash</i>	110.863.211	27.688.789		138.552.000	
<i>in kind</i>	0	0	0	0	0

EUROCONTROL	10.000.000	9.000.000	1.015.045	20.015.045	21.818.832
<i>cash</i>	10.000.000	9.000.000		19.000.000	1.879.400
<i>in kind</i>	0	0	1.015.045	1.015.045	19.939.432

AENA	0	0	0	0	865.068
<i>cash</i>	0	0	0	0	0
<i>in kind</i>	0	0	0	0	865.068

DFS	0	0	0	0	1.979.410
<i>cash</i>	0	0	0	0	0
<i>in kind</i>	0	0	0	0	1.979.410

DSNA	0	0	0	0	1.351.497
<i>cash</i>	0	0	0	0	0
<i>in kind</i>	0	0	0	0	1.351.497

Annual Accounts 2009

<i>All figures in EUR</i>	Accumulated Contributions at 01.01.2009	Contribution received 2009	Validated during 2009	Accumulated Contribution at 31.12.2009	Contributions to be validated
ENAV	0	0	0	0	1.207.827
<i>cash</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>in kind</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>1.207.827</i>
NATS	0	0	0	0	1.444.079
<i>cash</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>in kind</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>1.444.079</i>
NORACON	0	0	0	0	766.289
<i>cash</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>in kind</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>766.289</i>
SEAC	0	0	0	0	263.977
<i>cash</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>in kind</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>263.977</i>
FREQUENTIS	0	0	0	0	402.737
<i>cash</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>in kind</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>402.737</i>
INDRA	0	0	0	0	1.544.654
<i>cash</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>in kind</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>1.544.654</i>
NATMIG	0	0	0	0	513.414
<i>cash</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>in kind</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>513.414</i>
SELEX	0	0	0	0	1.556.883
<i>cash</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>in kind</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>1.556.883</i>
THALES	0	0	0	0	3.610.916
<i>cash</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>in kind</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>3.610.916</i>
AIRBUS	0	0	0	0	2.389.027
<i>cash</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>in kind</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>2.389.027</i>
ALENIA	0	0	0	0	1.092.870
<i>cash</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>in kind</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>1.092.870</i>

<i>All figures in EUR</i>	Accumulated Contributions at 01.01.2009	Contribution received 2009	Validated during 2009	Accumulated Contribution at 31.12.2009	Contributions to be validated
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HONEYWELL	0	0	0	0	1.244.373
<i>cash</i>	0	0	0	0	0
<i>in kind</i>	0	0	0	0	1.244.373

TOTAL	120.863.211	36.688.789	1.015.045	158.567.045	42.051.853
<i>cash</i>	120.863.211	36.688.789	0	157.552.000	1.879.400
<i>in kind</i>	0	0	1.015.045	1.015.045	40.172.453

Note 16: Accumulated contribution from Members used

<i>all figures in EUR</i>	2009	2008 restated
Accumulated contribution from Members used previous years	(8.119.953)	0
Contribution from Members used during the year (EOA)	(58.275.635)	(8.119.953)
Balance as of 31 December 2009	(66.395.588)	(8.119.953)

Note 17: Contingent liabilities

Item	EUR
RAL – Commitments against appropriations not yet consumed	53.645.439
Rental Lease	3.595.689
Other equipment	28.870
Pre-financing requested received and suspended	1.781.249
TOTAL	59.051.247

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 2009.

Rental lease contains rentals due after 31.12.2009 (rental contract for the SJU’s offices until 29/02/2016) and Other equipment contains a rental contract with a supplier of office equipment (until 31/10/2012).

Note 18: Other Revenues

Other Revenues include amounts recovered from VAT and taxes paid in 2008 and the first part of 2009 which have been written off for the principle of prudence in 2008 or booked as charges beforehand in 2009. Furthermore it includes revenues from overstated provisions related to 2008.

Note 19: Staff expenses

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

Item	EUR
Net salaries	1.409.964
Wage taxes	646.546
Social security	697.472
Secondments	499.288
Staff insurances	190.560
Other staff costs	41.259
TOTAL	3.485.089

At the end of 2009, out of the 39 positions approved by the SJU Administrative Board in the SJU Staff Establishment Plan, 18 positions were covered by Temporary Agents, 3 positions by Contractual Agents, 4 positions by personnel seconded to the SJU by its Members. Furthermore the SJU had recruited a Seconded National Expert.

It should be noted that the 13 staff members of the SJU were still under Belgian law contracts until 30 June 2009.

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	EUR
IT related expenses	797.882
Office rental, utilities and related services	701.969
PR & Marketing expenses	313.868
Mission expenses	175.567
Consulting & external services	123.661
Interim and external support	36.529
Miscellaneous administrative expenses	193.742
TOTAL	2.343.218

Note 21: Other Operational expenses

These expenses comprise all programme related activities that were performed in 2009 (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	EUR
Provision for Programme related work achieved	32.068.640
<i>Of which Eurocontrol</i>	11.835.619
<i>Other Members</i>	20.233.021
Industrial support contract	9.646.800
Provision for Early projects by Eurocontrol	6.775.676
Programme Support Contract <i>(Legal, Financial & Programme Management)</i>	2.103.994
Provision for Programme Support Office Eurocontrol (PSO)	1.415.847
Experts and other contracts	976.557
TOTAL	52.987.514

Note 22: Financial operations revenues and expenses

Revenues

This amount comprises all non reimbursable interests received on cash and cash equivalents in 2009 by the SJU (net of taxes).

Expenses

This amount comprises bank charges.

2 Reports on implementation of the budget of the Joint Undertaking

2.1 General remarks

2.1.1 Establishing the budget

2009 has been a key year for the SJU, due to

- the entry into force of Council Regulation (EC) 1361/2008 giving the SJU the status of an European Union Body,
- the accomplishment of the first membership accession process with the signature of 15 Membership Agreements, the agreement between the SJU and EUROCONTROL on 12 June 2009, and the Multilateral Framework Agreement on 11 August 2009,
- the launch of the initiation phase of the programme on 3rd June 2009, with the launch of projects in the following months, a process expected to be concluded in the first half of 2010. The SJU kicked off 126 projects and 46 management activities by the end of 2009,
- the operational launch of activities such as AIRE (Atlantic Interoperability Initiative to Reduce Emissions) and OPTIMI (European initiative to improve Oceanic Air Traffic Management),
- the establishment and the start of the activities of the Scientific Committee,
- the adoption of the new SJU Financial Rules on 28 July 2009, the new financial circuits for the operational and administrative expenditure and the rules implementing the Staff Regulations
- the new General Agreement with the European Union.

These activities led to the allocation of resources to key priorities to establish the ground on which to build the future steps of the Programme. The launch of the initiation phase of the Programme was coupled with the establishment of the key elements of the Business Management Plan.

From an administrative point of view, the clarity introduced by the new Council Regulation on the SJU Status carried the need for a 360 degree revision of the SJU set up and for the alignment to the processes and the procedures of the other EU Bodies, while bringing savings on the fiscal point of view making more resources available for the core R&D activities.

The recruitment plan, in the different contractual forms allowed by the new SJU Statutes – staff members under the Staff Regulations (temporary and contractual agents), staff seconded from the SJU Members, PSO and SNEs (Seconded National Experts, also referred to as ENDS) –, continued throughout 2009.

The budget for revenue amounted to EUR 325 million including the Budget Outturn from the previous year of EUR 256 million, leaving an amount of EUR 69 million as new budgeted revenue. In 2009, the SJU actual revenue committed amounted to EUR 74 million of which EUR 39 million were cashed by the SJU.

In terms of expenditure, the budget amounted to EUR 325 million, of which EUR 316 million was committed in 2009 (execution 97%) and EUR 68 million paid in the same period.

The Budget 2009 was established prior to the entry into force of Council Regulation (EC) 1361/2008 and revised to take into account the key changes which took place during the year. Nevertheless, it still contains costs established under the old set up of the SJU as well as costs for the SJU as an EU Body.

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. In this respect, while the resources available at the end of 2008 contributed to the launch of 169 projects,

those available at the end of 2009 will be essential to ensure the adequate launch of the remaining 150 projects, to reach the level of 310 during the second part of 2010.

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 (see below) 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.

The SJU recruitment started in 2007 and continued in 2008 with contracts under Belgian Law but with conditions aligned to the Staff Regulations, in accordance with Article 8 of the SJU Statutes before amendment.

Starting in 2009, following the entry into force of Council Regulation (EC) 1361/2008, staff members were recruited under the Staff Regulations, with TAs and CAs contracts. With regard to staff members recruited in the years 2007 – 2008, Article 2 of Council Regulation (EC) 1361/2008 amending Council Regulation (EC) 219/2007 established the following specific provisions for the transition process: *“all employment contracts concluded by the Joint Undertaking in force on 1 January 2009 (hereinafter prior contracts) shall be honoured until their expiry date without further renewal”* and *“all members of staff under prior contracts shall be offered the possibility to apply for TA contracts under Article 2(a) of the Conditions of Employment of Other Servants of the European Communities (hereinafter the “CEOS”) laid down in Regulation (EEC, Euratom, ECSC) No 259/68 at the various grades as set out in the establishment plan”*.

In order to implement the provisions of Article 2, the transition process was formalized in *“General Implementing Provisions on the Procedure Governing the Internal Selection to be carried out under Article 2 of Council Regulation (EC) n° 1361/2008 of 16 December 2008”* adopted by the Administrative Board on 12 June 2009, after having received the positive agreement of the European Commission. The 13 staff members concerned became TAs under article 2a) of the CEOS as of 1 July 2009.

The table here below describes the 39 positions of the Staff establishment plan per area and activity.

Directorate/Sectors	Activity	Function / Job title	Contract Type/duration	Grade	# Staff
Executive Office	Executive Director	Executive Director	TA indefinite (*)	AD 14	1
	Executive secretariat	Executive secretary	TA indefinite (*)	AST 3	1
	Communication internal/external, media	Chief, Communication	TA indefinite (*)	AD 11	1
	Implementation of the day-to-day communication strategy	Communication Associate	TA fixed term + renewable	AD 5	1
	Audit	Internal Auditor	<i>Secondment from Member/ 2 years</i>	N.A.	1
	ATM stakeholders' relations versus risks	Advisor to the Executive Director	TA fixed term + renewable	AD10	1
	Military aspects of the Programme	Advisor for Military Affairs	TA fixed term + renewable	AD10	1
Administration & Finance	Overall Management	Director, Administration & Finance	TA indefinite (*)	AD 12	1
	Secretarial activities	Secretary	TA indefinite (*)	AST 1	1
	Budget, Financial Resources & Accounting	Head of the Budget, Financial resources & Accounting	TA indefinite (*)	AD 8	1
	Financial and accounting management, financial procedures control	Finance & Accounting Officer	TA indefinite (*)	AD 7	1
	Accountancy	Accountant	TA 5+renewale	AST5	1
	Financial administration	Administrative Assistant	TA 5+renewable (**)	AST3	1
	Legal Affairs and Contract management	Head of the Legal Affairs & Contract Sector	<i>Secondment from Member / 2 years</i>	N.A.	1
	Management of calls, legal agreements, contracts	Legal & Contract adviser	TA indefinite (*)	AD 7	1
	Procurement procedures, personal data protection, day-to-day legal issues	Legal Officer	TA fixed term + renewable (**)	AD 5	1
	Recruitment, HR Administration, staff development	HR Officer	TA indefinite (*)	AST 7	1
	Audit / Control	Project Controller/Auditor	TA fixed term + renewable	AD7	1
	Audit/Control/Finance	Principal Advisor Finance	<i>Secondment from Member / 2 years</i>	N.A.	1
	Audit / Control	Project Controller/Auditor	TA fixed term + renewable	AD5	1
Economics & Environment	AO relations, business case, environmental impact	Chief, Economics & Environment	TA indefinite (*)	AD 10	1
	Management/coordination of environmental affairs	Environmental Officer	TA fixed term + renewable	AD 7	1

Directorate/Sectors	Activity	Function / Job title	Contract Type/duration	Grade	# Staff
	Business case, data analysis and modelling	Economist	TA fixed term + renewable	AD 5	1
Regulatory Affairs	Interface work programme / regulatory activities (SES)	Chief, Regulatory Affairs	TA fixed term + renewable	AD12	1
Operations	Operational direction & validation activities of the SESAR Programme	Chief, Operational Concept & Validation	TA indefinite (*)	AD 12	1
	ConOps Validation & Verification	Head of Validation / Verification S&D Sector	<i>Secondment from Member / 2 years</i>	N.A.	1
	ConOps development & integration	Head of ConOps S&D Sector	<i>Secondment from Member / 2 years</i>	N.A.	1
	Airspace User perspective of the ConOps	ConOps/Airspace User S&D	<i>Secondment from Member / 2 years</i>	N.A.	1
	Validation & Verification	Expert Validation / Verification S&D	<i>Secondment from Member / 2 years</i>	N.A.	1
Architecture	Technical architecture	Chief Technology and Innovation	TA indefinite (*)	AD 12	1
	Systems development activities	Head of Airborne & CNS Systems Sector	TA fixed term + renewable	AD 8	1
	Systems development activities	Head of Airport & Centre ATM Systems Sector	TA fixed term + renewable	AD 8	1
	Avionics and Airborne Systems	Avionics Systems Engineer	<i>Secondment from Member / 2 years</i>	N.A.	1
	Information management (SWIM)	IT Systems Architect	TA fixed term + renewable	AD 6	1
	Secretarial activities	Secretary	TA indefinite (*)	AST 1	1
Project Management Support	Project management	Senior Programme Management & Quality Expert	<i>Secondment from Member / 2 years</i>	N.A.	1
	Project management	Programme Management & Quality Expert	<i>Secondment from Member / 2 years</i>	N.A.	1
	Project management	Programme management specialist	<i>Secondment from Member / 2 years</i>	N.A.	1
	Project management	Project Manager	TA fixed term + renewable (**)	AD5	1

(*) Staff member eligible to Transitional Provisions Article 2 of Council Regulation (EC) 1361/2008 (13 staff)

(**) Position currently covered by a CA (see below)

At the end of 2009, out of the 39 positions approved by the SJU Administrative Board in the SJU Staff Establishment Plan, 18 positions were covered by Temporary Agents, 3 positions by Contractual Agents, 4 positions by personnel seconded to the SJU by its Members. Furthermore the SJU had recruited a Seconded National Expert.

2.2 Budgetary outturn account

Summary Budget Outturn Account for 2009:

<i>all figures in EUR</i>	2009	2008
<u>REVENUE RECEIVED FOR THE YEAR</u>		
Contribution from the European Union*	27.688.789	110.863.211
Contribution from Eurocontrol	9.000.000	10.000.000
Contributions from other Members	0	0
Other sources of contribution and revenue	2.085.936	148.370
TOTAL REVENUE (1)	38.774.725	121.011.581
<u>PAYMENTS MADE FOR THE YEAR</u>		
Staff Expenditure	(3.404.568)	(2.641.741)
Administrative Expenditure	(1.978.752)	(1.039.294)
Operating Expenditure	(62.556.644)	(1.697.046)
TOTAL EXPENDITURE (2)	(67.939.964)	(5.378.081)
<i>BUDGET SURPLUS (3)=(1)-(2)</i>	(29.165.239)	115.633.500
<u>PAYMENT APPROPRIATIONS CARRIED OVER (RAL) (4)</u>	(2.518.328)	(608.142)
Total Budget Outturn previous year (5)	115.633.500	0
TOTAL BUDGET OUTTURN (6)=(3)+(4)+(5)	83.949.933	115.025.358

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2.2.1 Revenue

<i>all figures in EUR</i>		1	2	3=2/1	4	5	6=5/4	7=2-5
<u>Type of revenue</u>		<u>Commitment appropriations</u>	<u>Actual Commitments</u>	<u>% of budget</u>	<u>Payment appropriations</u>	<u>Actual Revenues received</u>	<u>% of budget</u>	<u>Outstanding</u>
Contribution from the European Union*	B.1	55.000.000	55.000.000	100,0%	27.688.788	27.688.789	100,0%	27.311.211
Contribution from Eurocontrol	B.2	13.150.000	18.372.359	139,7%	13.150.000	9.000.000	68,4%	9.372.359
Contributions from other Members	B.3	0	0	0,0%	0	0	0,0%	0
Other sources of contribution and revenue**	B.4	957.260	580.893	60,7%	957.260	2.085.936	217,9%	-1.505.043
Budget surplus previous year		256.030.073	256.030.073		115.633.500	115.633.500		
TOTAL REVENUE		325.137.333	329.983.325	101,5%	157.429.548	154.408.225	98,1%	35.178.527

* including 14.136.788 EUR in Revenue received from TEN-T Agency against the 2008 Budget Commitment of 200.000.000 EUR. For more details see note B.1

** Interest of 1.404.899 EUR generated on funds received by the European Union deducted in Actual Commitments

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2.2.2 Expenditure

<i>all figures in EUR</i>		1	2	3=2/1	4	5	6=5/4	7
<u>Type of expenditure</u>		<u>Commitment appropriations (Final budget)</u>	<u>Actual Commitments</u>	<u>% of budget</u>	<u>Payment appropriations (Final budget)</u>	<u>Actual Payments</u>	<u>% of budget</u>	<u>Payment appropriations carried over (RAL)</u>
Staff Expenditure	B.5	6.026.091	3.971.212	65,9%	6.026.091	3.404.568	56,5%	566.644
Administrative Expenditure*	B.6	3.436.989	3.930.436	114,4%	4.331.710	1.978.752	45,7%	1.951.684
Operating Expenditure		315.674.253	307.709.318	97,5%	147.071.747	62.556.644	42,5%	
1. Studies/Development conducted by the SJU**	B.7	65.650.000	63.965.498		19.650.000	8.436.056		
2. Studies/Development conducted by Eurocontrol**	B.8	7.000.000	7.000.000		7.000.000	0		
3. Studies/Development conducted by other Members	B.9	243.024.253	236.743.820		120.421.747	54.120.588		
TOTAL EXPENDITURE		325.137.333	315.610.966	97,1%	157.429.548	67.939.964	43,2%	2.518.328
TOTAL REVENUE			329.983.325			154.408.225		
BUDGET SURPLUS			14.372.359			86.468.261		

* including Commitments (1.144.455 EUR) and Payments (1.118.081) used against Appropriations approved by ADB on 03.07.08 on the new office premises

** including Transfer of appropriations from 1. to 2. of 600.000 EUR

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

<i>all figures in EUR</i>		1	2	3=2/1
<u>Type of revenue</u>		<u>Commitment appropriations</u>	<u>Actual Commitments</u>	<u>% of budget</u>
Contribution from the European Union*		0	0	
Contribution from Eurocontrol to be recognized	<i>B.2</i>	20.100.000	8.135.530	40,5%
Contributions from other Members to be recognized	<i>B.3</i>	243.024.253	236.743.820	0,0%
Other sources of contribution and revenue**		0	0	
Budget surplus previous year		0	0	
TOTAL REVENUE		263.124.253	244.879.350	93,1%

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

<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	263.124.523	244.879.350	93,1%
1. Studies/Development conducted by the SJU**	0		
2. Studies/Development conducted by Eurocontrol**	20.100.000	8.135.530	
3. Studies/Development conducted by other Members	243.024.523	236.743.820	
TOTAL EXPENDITURE	263.124.523	244.879.350	93,1%
TOTAL REVENUE		244.879.350	
BUDGET SURPLUS		0	

2.2.5 Notes to the budgetary outturn account

Note B.1: Contribution from the European Union

In 2009, the European Union committed EUR 55 million from FP7 funds, of which EUR 13.6 million were received at the end of December 2009. Furthermore, in front of the initial commitment of EUR 200 million out of 350 million related to TEN-T Funds, EUR 85.8 million were received in 2008 and the additional amount of EUR 14.1 million in January 2009.

	Budget appropriations	Actual commitments	Actual revenues	Outstanding
FP7 funds	55.000.000	55.000.000	13.552.000	41.448.000
TEN-T funds	0	0	14.136.789	
TOTAL EC	55.000.000	55.000.000	27.688.789	n/a

Note B.2: Contribution from Eurocontrol

During 2009, 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 additional EUR 9 million cash compared to 2008, representing an initial payment related to the contribution of EUR 55 million to co-finance Work Packages C, 7, 13 and 16. The committed contribution of EUR 7 million for early projects and EUR 2.4 million for the administrative/IT/support considered “quasi” cash in accordance with the agreement between the SJU and Eurocontrol of 12 June 2009 have not yet been recognized as contribution in terms of payments.

With regard to the in-kind contributions, all to be recognized by the SJU after the submission of the relative cost statements and the assessment of the cost eligibility, the following should be considered:

- 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 2009 is 12 persons. 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 ATM Strategies 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. During 2009, the eligible costs to be validated for the PSO amounted to EUR 1.4 million.

- the Programme activities realized by Eurocontrol during 2009, mostly related to the initiation phase and still to be validated, amounted to at EUR 11.8 million.

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 1,189 million in terms of in-kind contributions and EUR 594 million as co-financing, during 2009 the SJU committed an amount of EUR 237 million as co-financing for the realization of the Programme activities. In accordance with the

SJU Financial Rules and the MFA, the net in-kind commitment of the Members corresponds to the same amount of the co-financing committed by the SJU, i.e. EUR 237 million.

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), while the actual payments show the total amount of interest that have been cashed in before 31/12/2009.

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>	1	2	3=2/1	4	5	6=5/4
	<u>Commitment approp. (final budget)</u>	<u>Actual Commitments</u>	<u>% of budget</u>	<u>Payment approp. (final budget)</u>	<u>Actual Payments</u>	<u>% of budget</u>
Staff expenditure						
Staff Expenditure as per Staff Est.Plan	4.139.981	2.945.225	71,1%	4.139.981	3.191.315	77,1%
Contract Agents, Interim Staff	167.758	24.830	14,8%	167.758	21.640	12,9%
Secondments From Members	750.000	750.000	100,0%	750.000	0	0,0%
Seconded National Experts	15.000	11.735	78,2%	15.000	11.735	78,2%
Mission Costs	601.647	141.824	23,6%	601.647	125.038	20,8%
Other Staff Expenditure	351.705	97.598	27,7%	351.705	54.840	15,6%
TOTAL	6.026.091	3.971.212	65,9%	6.026.091	3.404.568	56,5%

It should be noted that 13 staff members of the SJU were under Belgian law contracts until 30 June 2009.

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, all insurances and taxes not related to staff as well as expenses incurred for the activities of the Administrative Board⁹.

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, which explains the low turnout of payments made:

<i>all figures in EUR</i>	1	2	3=2/1	4	5	6=5/4
<u>Administrative Expenditure</u>	<u>Commitment approp. (final budget)</u>	<u>Actual Commitments</u>	<u>% of budget</u>	<u>Payment appopr. (final budget)</u>	<u>Actual Payments</u>	<u>% of budget</u>
Rental of Buildings and Associated Costs	150.987	1.219.348	807,6%	817.529	1.175.917	143,8%
Movable Property And Associated Costs	125.150	97.276	77,7%	128.886	16.497	12,8%
PR and Events	350.000	347.296	99,2%	450.000	372.657	82,8%
Postage and Telecommunications	121.224	86.315	71,2%	123.637	54.355	44,0%
Administrative Board Expenditure	30.600	15.849	51,8%	31.276	12.950	41,4%
Current Administrative Expenditure	668.752	328.195	49,1%	773.074	331.083	42,8%
IT Expenditure And Technical Facilities	1.990.276	1.836.157	92,3%	2.007.308	15.293	0,8%
TOTAL	3.436.989	3.930.436	114,4%	4.331.710	1.978.752	45,7%

With regard to the "Rental of Buildings and Associated Costs" the actual commitment not covered by the annual budget appropriations is covered by the commitment made in 2008 related to the full rental period of the new SJU Headquarters. Due to the changes to the SJU Statutes and the consecutive change of the SJU Financial Rules, the overall budget approved by the Administrative Board on 3 July 2008, initially estimated for a period of 6 years of EUR 3.8 million and afterwards extended to 7 years for EUR 4.4 million to take into account the duration of the SJU, was completely budgeted in 2008 and reversed in 2009. In 2009 EUR 1.144.455 were committed against this budget while in terms of payments EUR 1.118.081 were cashed out. The committed amount includes the costs related to the

⁹ 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.

move to the new premises, including the *una tantum* for the set up of the offices and accessory costs, as well as the annual rent and associated costs.

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

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

<i>all figures in EUR</i>	1	2	3=2/1	4	5	6=5/4
	<u>Commitment approp. (final budget)</u>	<u>Actual Commitments</u>	<u>% of budget</u>	<u>Payment approp. (final budget)</u>	<u>Actual Payments</u>	<u>% of budget</u>
Industrial support (Phase 2)	55.000.000	53.900.000	98,0%	5.000.000		0,0%
Airspace Users Expertise	6.000.000	6.000.000	100,0%	1.000.000	21.605	2,2%
Programme E-Learning	150.000	150.000	100,0%	100.000		0,0%
Study on Wireless Communication	600.000	600.000	100,0%	600.000		0,0%
OPTIMI	400.000	360.000	90,0%	400.000		0,0%
Programme Management Support	2.400.000	2.188.024	91,2%	2.400.000	1.816.404	75,7%
Independent Experts	500.000	347.833	69,6%	500.000	254.833	51,0%
Ad Hoc Studies (contingency)*	600.000	419.641	69,9%	600.000	9.641	1,6%
Payments against 2008 Commitments				9.050.000	6.333.573	70,0%
TOTAL	65.650.000	63.965.498	97,4%	19.650.000	8.436.056	42,9%

* remaining amount after transfer of 600.000 to Budget Line 3.2

Note B.8: Studies and development conducted by Eurocontrol

This amount covers a commitment of EUR 7.000.000 for "Early projects" under the lead of Eurocontrol (see also note B.2).

Note B.9: 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. At the end of 2009, EUR 54.120.588 Pre-Financing were paid to the 11 Members requesting it.

2.3 Reconciliation between budgetary and financial accounts

<i>all figures in EUR</i>		2009
NET EXPENSES FOR ACTIVITIES OF THE YEAR		(58.275.635)
<u>1. Adjustment for items not included in the budgetary result but included in the economic result</u>		
Unpaid invoices at year end but booked in charges	+	4.127.046
Depreciation of intangible and tangible fixed assets	+	177.169
Provisions	+	41.021.380
Recovery orders issued in 2009 not yet cashed	-	(55.107)
Interest received by and to be reimbursed to European Commission	-	1.289.908
Subtotal 1		46.560.396
<u>2. Adjustment for items included in the budgetary result but not included in the economic result</u>		
Asset acquisitions (less unpaid amounts)	-	(1.188.460)
Pre-Financing paid out to Members	-	(54.120.588)
Deferred Members' Contributions	+	37.703.834
Deferred charges (Prepaid expenses of next year)	-	(24.378)
Payment appropriations carried over to 2009 (RAL)	-	(2.518.328)
Subtotal 2		(20.147.920)
<i>Remaining Reconciliation difference between Budget and Financial Accounts</i>		179.592
BUDGET OUTTURN OF THE YEAR		(31.683.567)
<i>Balance Outturn Account 2008</i>		115.633.500
BUDGET OUTTURN BALANCE		83.949.933

3 Report on the budgetary and financial management during the year

3.1 Main aspects

The first objective was to create an organisation with the necessary managerial, technical, and financial resources and know-how to deliver on its responsibilities. During the period 2007-2008, most of the activities were dedicated, on the one hand, to the recruitment of the staff, securing of financial resources and the set up of the organisation; and, on the other hand, to the Membership process that eventually built the public-private partnership.

The first staff Member started on 1 November 2007 and the recruitment process continued all along 2008, reaching a staff complement of 14 persons at the end of December 2008. The recruitment process was then frozen for almost a year waiting the entry into force of the SJU amended Regulation.

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 2009 is 12 persons. Taking into account the nature and set up of the PSO and in accordance with the agreement between the SJU and Eurocontrol, its costs are part of the in-kind contribution of Eurocontrol to the SJU and, consequently, are not part of the running costs of the SJU.

On 31 December 2008, with the publication on the Official Journal of Council Regulation (EC) 1361/2008 modifying the SJU basic act and Statutes and giving recognition to the SJU of the status of full Union body the legal process for the transformation of the SJU was completed. In fact, the SJU was initially established following the model of the Galileo JU, with the consequence that the SJU was initially subject to the full payment of VAT and taxes on interest yielded and its staff was subject to Belgian Law contracts. In order to allow the SJU from benefit of the full status of Union body, in particular to benefit from the Protocol on Privileges and Immunities, and align its structure to that of the new “Joint Technology Initiatives” created by DG Research, a process to amend Council Regulation (EC) 219/2007 started and was completed at the year end.

2009 was a critical year for the SJU, during which key elements of its structure and of the PPP were established and the programme implementation made its initial steps. The objectives set for the year, therefore, reflected this status showing the determination of the SJU to be ready for a full speed implementation of the SESAR Programme from 2010. The table below gives the list of objectives presented in the AWP 2009 approved by the Administrative Board on 1 December 2008, and the related achievements.

2009 Objective (as approved by the ADB)			Performance Measurement
N	Title	Timeframe	
01-09	Conclude Membership accession phase	Q1	Completed on 26 March 2009, signature of the agreements 12 June 2009.
02-09	Implement Risk Management process & establish Risk Management Plan	Q1	A first risk management exercise was completed during the first quarter 2009 providing the EC with a summary document.
		Q2	An Enterprise Risk Management framework is under preparation and it is expected to be established by year end (2010)

2009 Objective (as approved by the ADB)			Performance Measurement
N	Title	Timeframe	
03-09	Deploy Programme methodology and tools, including Engineering Methodology	Q3	Programme methodology including Engineering Methodology established and in place
04-09	Run Programme Ramp-up phase	Q2-3-4	70% of R & D projects (IBAF01) are initiated by the end of 2009
05-09	Contract for WP11	Q1-2	Following the postponement of the signature of the agreement with Eurocontrol, the procurement process for WP11 was launched in September 2009 and it is expected to be completed by mid 2010
06-09	Contract for Airspace users involvement in WP	Q1-2	Contracts for the Airspace Users involvement in the Programme signed during Q2 and Q3 (depended on the ECTRL negotiations outcome)
07-09	Contract for Social Partners involvement in WP	Q2	Agreements with Professional Staff Association agreed in November 2009 and signed Q4/2009 and Q1/2010
08-09	Ensure coordination with NextGen	On-going	Coordination activities ongoing, together with the EC and ECTL
09-09	Implementation of the ATM Performance Partnership	Q4	The first meeting took place in January 2010
10-09	Perform AIRE activities	Ongoing	AIRE activities ongoing

2009 Objective (as approved by the ADB)			Performance Measurement
N	Title	Timeframe	
11-09	Align the SJU organisational, legal, financial and HR structure to the requirements of the new Statutes	Q1-3	The targets concerning - Privileges and Immunities agreement - SLA agreements with the Commission Services - Staff recruited under the EU Staff Regulation - New Financial Regulation and Implementing Rules - New financial circuits were all achieved on time
12-09	Ensure that the SJU administrative structure support the Programme and provide the reasonable assurance with regard to the sound financial management of the resources	Q1-4	The first draft of the Internal Control Framework was issued by year end 2009 to the Executive Team

Below, some details on the achievements of the aforementioned objectives are provided:

- the Membership process was concluded on 26 March 2009 with the Administrative Board decision to award the Membership to the 15 pre-selected candidate Members together with the award of the activities included in the scope of IBAFO 1. The European Commission had previously (23 March 2009) received the position of EU Member States, following a comitology procedure as provided for under Article 5.4 of the SJU Regulation (EC) 219/2007;
- as at the moment of the launch of IBAFO 1 it was not possible to include all the Work Packages, *inter alia* due to the need to have the final endorsement by the Eurocontrol Provisional Council of the contribution of Eurocontrol to the SJU, a new IBAFO was launched in July 2009. The selection process was performed in November and the Executive Director presented its recommendation on the award of the activities to the SJU Administrative Board, who endorsed it, at its meeting on 14 December 2009;
- with the completion of the Membership process as planned in 2009 and the process to award the Programme activities, the SESAR Programme has fully entered into operation;
- in line with the targets established in the AWP 2009, 69% of the projects were initiated by the end of 2009. 126 R&D projects were kicked-off; 62 Initiation Reports were received by the SJU by year end. 32 Initiation Reports were analysed out of which 13 projects were authorised by the Executive Director to start execution and 19 were considered as not fulfilling one or more of the acceptance criteria and a revised version was requested. 43 management activities were kicked-off and following the submission of a Management Initiation Reports will be authorised to proceed to the execution phase at the beginning of 2010;
- following the entry into force on 1 January 2009 of Council Regulation (EC) 1361/2008 of 16 December 2008, the SJU realized and completed the transition to a full European Union Body. As a result:
 - o new staff was recruited under the “Staff Regulations of Officials and Conditions of Employment of the other Servants of the European Union” as last modified by Council Regulation (EC, Euratom) No 31/2005 of 20 December 2004 (hereinafter the “Staff Regulations”);
 - o the 13 staff Members in force at the beginning of 2009 were subject to an internal selection process in accordance with Article 2 of Council Regulation (EC) 1361/2008 and were recruited as Temporary Agents under the Staff Regulations;

- as of end of April 2009, the SJU has been in the position to recruit Contract Agents;
- on 30 March 2009, in accordance with Article 2b of the SJU Regulations, the SJU signed an Administrative Agreement with the Belgian Government which implements the provisions of the Protocol on Privileges and Immunities of the European Communities. As a consequence of the application of the Protocol, the SJU has been declared exempted from VAT and started the process to recover the VAT paid between the 16 October 2008 until the entry into force of the Administrative Agreement, and the taxes on the interest yielded in the same period. By the end of 2009, the VAT (EUR 0.4 Million) was recovered and cashed while the taxes on the interest were cashed on 28.06.2010;
- on 28 July 2009, the Administrative Board adopted the new SJU Financial Rules in accordance with Article 4a of the SJU Regulation, after having received the prior consent of the European Commission. The SJU Financial Rules should receive an opinion of the European Court of Auditors in 2010.

As already mentioned, 2009 was a critical year of the SJU which had, on the one hand, to go through a 360 degree restructuring process of its organization due to the change of its Statutes and, on the other hand, to start operationally the activities with the launch of the projects, sub-work packages and work packages while still finalizing the Membership process. A detailed description of the SJU achievements during 2009 is contained in the Annual Activity Report currently under the approval procedure of the SJU Administrative Board.

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 disposed of EUR 92.2 million total assets at the 31.12.2009 (financial accounts), with a budget turnout of EUR 83.9 million after its second financial year (budget accounts).

The Running Costs of the SJU - in terms of commitments - were financed by the FP7 funds for an amount of EUR 8.0 million and by Eurocontrol for an amount of 2.4 million. In order to ensure that each member will contribute proportionally equally to the running costs of the SJU, the Accounting Officer adopted a decision to ensure that the running costs are financed with the contributions of each Member. The financing provided by the TEN-T Agency was used mainly for the payment of the pre-financing to the SJU Members for the projects which were kicked off during 2009, for an amount of EUR 54.1 million.

3.2.2 Change of Statutes

The process to change the SJU Statutes started in 2008 and was achieved on 31 December 2008 with the publication on the Official Journal of Council Regulation (EC) 1361/2008 modifying the SJU basic act and Statutes and giving recognition to the SJU of the status of full community body in line with the other Community's JTIs. As already explained, this change implied for the SJU to undertake a series of actions to ensure the rapid alignment of its functioning to that of an EU body (see section 3.1 here above).

It should be noted that in order to take the necessary actions, the SJU was subject to the approval of different procedures outside its control, such as the *Budget Rectificatif* to the EU budget, the endorsement of the General Implementing Rules for the staff by the European Commission before the adoption by the Administrative Board and the endorsement by the European Commission of the SJU Financial Rules. These processes took several months and heavily impacted the effectiveness and efficiency of the SJU activities. One key example is the signature of the MFA; the activities to be realized under the SESAR Programme were awarded to the SJU Members on 24 March 2009, while the SJU was in the position to sign the MFA only on 11 August 2009 due to administrative procedures outside its control.

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. During 2009, the VAT paid after 15 October 2008 was recovered (around EUR 0.4 million), while the processes to recover the withholding taxes on the interest revenues was completed on 28.06.2010.

3.2.4 Staff costs

As the transition of the staff from Belgian Law contracts to TAs contracts took place on 1 July 2009, the staff costs consist of the total amounts paid under the two different regimes.

3.3 Summary information on the transfers of appropriations

3.3.1 Transfers of revenue appropriations

<i>all figures in EUR</i>	COMMITMENTS			PAYMENTS		
	<u>Initial appropriations</u>	<u>Transfers/ Modifications</u>	<u>FINAL appropriations</u>	<u>Initial appropriations</u>	<u>Transfers/ Modifications</u>	<u>FINAL appropriations</u>
Type of revenue						
European Union Contribution	51.500.000	3.500.000	55.000.000	115.000.000	-87.311.212	27.688.788
Contribution from Eurocontrol		13.150.000	13.150.000		13.150.000	13.150.000
Contributions from other Members		0	0		0	0
Other Revenue	573.538	383.722	957.260	573.538	383.722	957.260
Budget Surplus previous year	256.030.073		256.030.073	115.633.500		115.633.500
TOTAL REVENUE	308.103.611	17.033.722	325.137.333	231.207.038	-73.777.490	157.429.548

Initial appropriations as adopted by SJU Administrative Board on 26 March 2009.

Final appropriations as adopted by SJU Administrative Board on 9 October 2009.

3.3.2 Transfers of expenditure appropriations

<i>all figures in EUR</i>	COMMITMENTS			PAYMENTS		
<u>Type of expenditure</u>	<u>Initial appropriations</u>	<u>Transfers/ Modifications</u>	<u>FINAL appropriations</u>	<u>Initial appropriations</u>	<u>Transfers/ Modifications</u>	<u>FINAL appropriations</u>
Staff Expenditure	9.519.900	-3.493.809	6.026.091	9.646.146	-3.620.055	6.026.091
Administrative Expenditure	2.423.145	1.013.844	3.436.989	3.335.049	996.661	4.331.710
Operating Expenditure	65.000.000	250.674.253	315.674.253	17.353.295	129.718.452	147.071.747
TOTAL EXPENDITURE	76.943.045	248.194.288	325.137.333	30.334.490	127.095.058	157.429.548

Initial appropriations as adopted by SJU Administrative Board on 26 March 2009.

Final appropriations as adopted by SJU Administrative Board on 9 October 2009.