



# Final Annual Accounts 2010

29 June 2011

The Final Annual Accounts 2010 are drafted in accordance with Title VII of the SESAR Joint Undertaking Financial Rules<sup>1</sup>, which are established in accordance with Council Regulation (EC) No 219/2007, as last modified by Council Regulation (EC) 1361/2008, governing the financial year 2010<sup>2</sup>. In accordance with Article 4a of the SESAR Joint Undertaking basic act, the SESAR Joint Undertaking Financial Rules were adopted by the Administrative Board in accordance with Article 185(1) of the EU Financial Regulation. The SESAR Joint Undertaking Financial Rules received the prior consent of the European Commission for the provisions that, due to specific operating needs of the Joint Undertaking, depart from the rules laid down in Commission Regulation (EC, Euratom) No 2343/2002 of 23 December 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of the EU Financial Regulation. The European Court of Auditors expressed its opinion on the SJU Financial Rules in “Opinion No 2” of 15 April 2010.

This report is sent to the Accounting Officer of the European Commission, to the Presidents of the European Parliament and the Council of the European Union, to the European Court of Auditors as well as Directorate General for Mobility and Transport, in accordance with Article 83 of the SJU Financial Rules.

The Administrative Board of the SJU was provided with the Provisional Annual Accounts 2010 and its meeting on 29 March 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.

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

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

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## Preamble

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

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

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

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

# 1 Annual General Accounts

## 1.1 Certification by the Accounting Officer

The Final Annual General Accounts 2010 of the SJU, showing an Economic Outturn – "Contribution from Members used during the year" – in the year of EUR 139.990.053 and Total Assets of EUR 165.962.945, 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. As of May 2010, ABAC and SAP are the integrated system of the SJU as developed and implemented by the European Commission, under the responsibility of the competent Authorizing Officer and Accounting Officer, which provides them to the SJU on the basis of a Service Level Agreement.

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

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

I hereby certify that based on this information, and on such checks as I deemed necessary to sign off the accounts, I have a reasonable assurance that the accounts present a true and fair view of the financial position of the SJU in all material aspects.

Brussels, 29 June 2011



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 2010.

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 2010

During 2010, the Administrative Board of the SJU approved amendment No 2 to the Multilateral Framework Agreement in order to ensure a more efficient and effective representation of the in kind contributions of the Member to the SJU. In this respect, as of the 2010 Financial Year, the Interim Financial Statements submitted by the Members by 30 April of the following Financial Year shall include all the eligible costs sustained in the year with the exclusion of the costs related to the deliverables not accepted by the SJU. Furthermore, they have to indicate the amount of the Work in Progress included in the eligible costs so that the SJU is in the position to appreciate the estimated value of the ongoing activities which will result in deliverables in the following year(s).

### 1.2.5 Accounting policies related to the economic outturn account

#### 1.2.5.1 Revenues

##### 1.2.5.1.1 Members' contributions

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

##### 1.2.5.1.2 Other revenues

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

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

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

#### 1.2.5.2 Expenditure

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

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

### 1.2.5.2.1 Expenditure related to the SESAR Programme activities

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

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

## 1.2.6 Accounting policies related to the balance sheet

### 1.2.6.1 Net Assets

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

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

The Net Assets 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.

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

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

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

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

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

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

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

### 1.2.6.2 Intangible fixed assets

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

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

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

From an accounting point of view, the SJU has established the necessary systems to track the eligible costs related to each contractual deliverable of its Members and the relative assessment and acceptance processes, in ABAC/SAP<sup>3</sup> and detailed per Member, project and nature of cost<sup>4</sup>. This allows the SJU to be in the position to determine the value of the assets that would need to be “activated” in any moment of its life.

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

### 1.2.6.3 Tangible fixed assets

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

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

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:

<sup>3</sup> As of May 2010.

<sup>4</sup> As of End of 2009 on a sharepoint/datawarehouse platform.

### 1.2.6.4 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.

### 1.2.6.5 Leases

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

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

### 1.2.6.6 Impairment of assets

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

### 1.2.6.7 Receivables

Receivables are carried at original invoice amount less write-down for impairment. A write-down for impairment of receivables is established when there is objective evidence that the SJU will not be able to collect all amounts due according to the original terms. The amount of the write-down is recognised in the economic outturn account statement.

### 1.2.6.8 Cash & cash equivalents

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

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

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

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

### 1.2.8 Use of estimates

In accordance with generally accepted accounting principles, the financial statements necessarily include amounts based on estimates and assumptions by management. Significant estimates include, but are not limited to, amounts for employment benefits, provisions for future charges, financial risk on accounts receivables, accrued income and charges, contingent assets and liabilities, and degree of impairment of fixed assets. Actual results could differ from those estimates. Changes in estimates are reflected in the period in which they become known.

### 1.2.9 Voting rights

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

The voting rights allocated to each Member in the Administrative Board shall be in proportion to the value of each Member's total net contribution in respect of the total SJU received contributions. The Members' total net contribution corresponds to the total value of their contributions to the SJU in one or both of the following forms:

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

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

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

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

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

By the end of 2010, in front of the two Founding Members commitment of EUR 700 million each<sup>5</sup>, the other Members committed an amount of EUR 536 million<sup>6</sup>, 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 million<sup>7</sup>, 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 was taken at the first meeting of 2010.

The voting rights are as follows:

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

## 1.2.10 Events subsequent to period end

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

By the finalization of this Final Annual Accounts 2010, the SJU did not receive all the Interim Financial Statements (IFS) from its Members and the assessment and recognition of the eligible costs for those received is still ongoing<sup>8</sup>. In particular, four SJU Members have not yet submitted the IFS 2010, in one additional case the audit certificate is missing and for the rest request of clarifications are issued covering financial and operational aspects. Furthermore, some Members declared, for different

<sup>5</sup> The European Union paid in total EUR 179.552.000, of which EUR 41 million in 2010, and Eurocontrol paid EUR 30.625.884, of which EUR 10.929.193 in 2010.

<sup>6</sup> Including EUR 25 million in terms of 5% cash contribution.

<sup>7</sup> Including EUR 4 million in terms of 5% cash contribution.

<sup>8</sup> According to Article 10.5 of the Multilateral Framework Agreement, SJU has 60 days from the delivery of the IFS to evaluate them and accept/reject/request clarification from Members.

reasons related to their own accounting processes, not having been able to include all eligible costs related to 2010 in their IFS.

As a consequence, in order to account for the eligible costs for the activities realized, the SJU implemented an accrual calculation and based its estimates on the quarterly effort reporting communicated by each Member by the end of January 2011. The effort reporting has been valued at the total average cost per project and Member; the amount resulting has constituted the basis for the determination of the accruals. The actual eligible costs, including the results of any ongoing Project Audit, will be introduced in the account of 2011 as soon as the validation process of the Interim Financial Statements 2010 is concluded. .

## 1.3 Financial Statements

### 1.3.1 Balance sheet

<i>all figures in EUR</i>	Note	31/12/2010	31/12/2009
<b><u>I. NON-CURRENT ASSETS</u></b>		<b><u>108.575.803</u></b>	<b><u>55.145.147</u></b>
Intangible fixed assets	1	865.999	457.111
Tangible fixed assets		479.400	567.448
<i>Furniture and Vehicles</i>	2	34.522	5.673
<i>Computer Hardware</i>	3	62.752	151.508
<i>Other tangible assets</i>	4	382.126	410.267
Long-term Pre-Financing		107.230.404	54.120.588
<b><u>II. CURRENT ASSETS</u></b>		<b><u>57.387.142</u></b>	<b><u>87.176.135</u></b>
Short-term receivables		230.513	513.396
<i>Current receivables</i>	5	69.327	198.126
<i>Sundry receivables</i>	6	310	38.375
<i>Accrued income</i>	7	160.876	164.404
<i>Deferred charges</i>	8	-	112.491
Cash & cash equivalents	9	57.156.629	86.662.739
<b><u>TOTAL ASSETS</u></b>		<b><u>165.962.945</u></b>	<b><u>142.321.282</u></b>
<b><u>III. CURRENT LIABILITIES</u></b>		<b><u>144.519.752</u></b>	<b><u>50.149.825</u></b>
Accounts payable		8.069.279	8.097.972
<i>Current payables</i>	10	257.588	5.229.358
<i>Accrued charges</i>	11	7.381.334	1.115.410
<i>Taxes, salaries and social security</i>	12	-	28.721
<i>Other accounts payable</i>	13	430.357	1.724.483
Co-Financing to be paid to the Members	14	55.100.098	10.116.510
Contribution from Members to be validated	14	81.331.743	31.935.343
Cash Contributions from Members to be accepted	14	18.632	
<b><u>TOTAL LIABILITIES</u></b>		<b><u>144.519.752</u></b>	<b><u>50.149.825</u></b>

<i>all figures in EUR</i>	Note	31/12/2010	31/12/2009
<b>NET ASSETS</b>			
<b>(Total Assets less Total Liabilities)</b>		<b>21.443.193</b>	<b>92.171.457</b>
<b>IV. NET ASSETS</b>		<b>21.443.193</b>	<b>92.171.457</b>
<b>Contribution from Members</b>		<b>227.828.834</b>	<b>158.567.045</b>
<i>European Union</i>	15	179.552.000	138.552.000
<i>Eurocontrol</i>	15	42.200.336	20.015.045
<i>Other Members</i>	15	6.076.498	-
		-	
<b>Accumulated contribution from Members used previous years</b>	16	<b>(66.395.588)</b>	<b>(8.119.953)</b>
<b>Contribution from Members used during the year (EOA)</b>	16	<b>(139.990.053)</b>	<b>(58.275.635)</b>
<b>TOTAL NET ASSETS</b>		<b>21.443.193</b>	<b>92.171.457</b>

<i>Contingent liabilities</i>	17
<i>Contingent assets</i>	17

## 1.3.2 Economic outturn account

<i>all figures in EUR</i>	Note	2010	2009
<b><u>OPERATING REVENUE</u></b>			
Contributions from Members	15	0	0
Other Revenues	18	0	433.518
<b>Total operating revenue</b>		<b>0</b>	<b>433.518</b>
<b><u>OPERATING EXPENSES</u></b>			
Administrative expenses		<b>(6.970.399)</b>	<b>(6.005.477)</b>
Staff expenses	19	(4.037.695)	(3.485.089)
Fixed assets related expenses	1-4	(488.883)	(177.170)
Other administrative expenses	20	(2.443.821)	(2.343.218)
Operational expenses		<b>(133.239.266)</b>	<b>(52.987.514)</b>
Other operational expenses	21	(133.239.266)	(52.987.514)
<b>Total operating expenses</b>		<b>(140.209.665)</b>	<b>(58.992.991)</b>
<b><u>DEFICIT FROM OPERATING ACTIVITIES</u></b>		<b>(140.209.665)</b>	<b>(58.559.473)</b>
<b><u>NON-OPERATING ACTIVITIES</u></b>			
Financial operations revenues	22	198.073	288.353
Financial operations expenses	22	(4.172)	(4.515)
Other non operational income	3	25.711	
<b>Total non-operating activities</b>		<b>219.612</b>	<b>283.838</b>
<b><u>CONTRIBUTIONS FROM MEMBERS USED DURING THE YEAR</u></b>			
		<b>(139.990.053)</b>	<b>(58.275.635)</b>

## 1.3.3 Cash-flow table

<i>all figures in EUR</i>	Note	2010	2009
Contribution from Members used during the year (EOA)		(139.990.053)	(58.275.635)
<b><u>Operating activities</u></b>			
Amortisation (Intangible assets)		407.065	111.991
Depreciation (Tangible assets)		57.675	64.388
(Increase)/decrease in long-term Pre-financing		(53.109.816)	(54.120.588)
(Increase)/decrease in short-term receivables		282.883	(33.119)
Increase/(decrease) in accounts payable		94.369.927	46.392.668
		<b>42.007.734</b>	<b>(7.584.660)</b>
<b><u>Investing activities</u></b>			
(Increase)/decrease of intangible and tangible assets		(785.580)	(1.188.370)
<b><u>Contribution from Members</u></b>			
Contribution from Members		69.261.789	37.703.834
<b>NET CASHFLOW</b>		<b>(29.506.110)</b>	<b>(29.344.831)</b>
Net increase/(decrease) in cash and cash equivalents		(29.506.110)	(29.344.830)
Cash and cash equivalents at the beginning of the year		86.662.739	116.007.569
<b>Cash and cash equivalents at year-end</b>		<b>57.156.629</b>	<b>86.662.739</b>

## 1.3.4 Statement of changes in net assets/liabilities

<i>all figures in EUR</i>	2010	2009
Balance at beginning of accounting period	<b>92.171.457</b>	<b>112.743.258</b>
Contribution from Members	<b>69.261.789</b>	<b>37.703.834</b>
Contribution from Members used during the year (EOA)	<b>(139.990.053)</b>	<b>(58.275.635)</b>
<b>Balance as of 31 December</b>	<b>21.443.193</b>	<b>92.171.457</b>

## 1.3.5 Notes to the financial statements

### Note 1: Intangible assets: Computer Software

<i>all figures in EUR</i>	2010	2009
<b><u>Computer Software</u></b>		
Gross carrying amount at beginning of period	569.102	2.550
Additions	815.953	566.552
Other changes	0	0
<b>Gross carrying amount at 31.12.</b>	<b>1.385.055</b>	<b>569.102</b>
Accumulated amortisation at beginning of period	(111.991)	(978)
Amortisation of the period	(407.065)	(111.013)
Other changes	0	0
<b>Accumulated amortisation at 31.12.</b>	<b>(519.056)</b>	<b>(111.991)</b>
<b>Net carrying amount at 31.12.</b>	<b>865.999</b>	<b>457.111</b>

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 2010 amount to EUR 639.832 and are treated as intangible fixed assets on the assumption that the SJU retains the economical possession of the assets during the period of its existence.

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

<i>all figures in EUR</i>	2010	2009
<b><u>Furniture</u></b>		
Gross carrying amount at beginning of period	8.250	8.250
Additions	36.013	0
Other changes	0	0
<b>Gross carrying amount at 31.12.</b>	<b>44.263</b>	<b>8.250</b>
Accumulated depreciation at beginning of period	(2.577)	(927)
Depreciation of the period	(7.164)	(1.650)
Other changes	0	0
<b>Accumulated depreciation at 31.12.</b>	<b>(9.741)</b>	<b>(2.577)</b>
<b>Net carrying amount at 31.12.</b>	<b>34.522</b>	<b>5.673</b>

## Note 3: Tangible fixed assets: Computer Hardware

<i>all figures in EUR</i>	2010	2009
<b><u>Computer Hardware</u></b>		
Gross carrying amount at beginning of period	184.330	6.132
Additions	(99.648)	178.198
Other changes	0	0
<b>Gross carrying amount at 31.12.</b>	<b>84.682</b>	<b>184.330</b>
Accumulated depreciation at beginning of period	(32.822)	(2.458)
Depreciation of the period	(13.252)	(30.364)
Other changes	24.144	0
<b>Accumulated depreciation at 31.12.</b>	<b>(21.930)</b>	<b>(32.822)</b>
<b>Net carrying amount at 31.12.</b>	<b>62.752</b>	<b>151.508</b>

The “other changes” are due to the fact that hardware provided in 2009 by Eurocontrol resulted to be in reality rented to the SJU and not transferred to the SJU. In fact, the supporting documentation submitted with the Interim Financial Statements 2009 of Eurocontrol provided the necessary evidence not available at the moment of the finalization of the 2009 Annual Accounts. The amount is included in the “Other non operational income” of the Economic Outturn Account.

## Note 4: Other tangible assets

<i>all figures in EUR</i>	2010	2009
<b><u>Other tangible assets</u></b>		
Gross carrying amount at beginning of period	444.410	0
Additions	33.261	444.410
Other changes	0	0
<b>Gross carrying amount at 31.12.</b>	<b>477.671</b>	<b>444.410</b>
Accumulated depreciation at beginning of period	(34.143)	0
Depreciation of the period	(61.402)	(34.143)
Other changes	0	0
<b>Accumulated depreciation at 31.12.</b>	<b>(95.545)</b>	<b>(34.143)</b>
<b>Net carrying amount at 31.12.</b>	<b>382.126</b>	<b>410.267</b>

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

## Note 5: Current receivables

Item	2010	2009
Taxes on interest to be received		153.900
Amounts receivable from Members	51.941	
Credit notes to be received	8.220	37.256
Receivable from staff	124	
Receivables from Institutions	2.072	
Insurance refund to be received	6.970	6.970
<b>TOTAL</b>	<b>69.327</b>	<b>198.126</b>

The amount of EUR 51.941 consists of the cash contributions not yet paid at year end by two Members for EUR 18.632 (of which EUR 8.440 cashed in January 2011) and of the pre-financing to be reimbursed by a Member due to a suspended project (it is already agreed that this amount will be compensated against the next pre-financing payment).

**Note 6: Sundry receivables**

Item	2010	2009
Sundry receivables	310	
Advances on rental charges		34.019
Staff advances		1.793
Other advances		2.563
<b>TOTAL</b>	<b>310</b>	<b>38.375</b>

**Note 7: Accrued income**

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

**Note 8: Deferred charges**

The amount indicated for 2009 was made up of prepaid rent for the SJU's offices for the first quarter of 2011.

**Note 9: Cash & Cash equivalents**

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

Account	Classification	2010	2009
Bank account No 363-xxxxxxx-13	Current account	38.443.312	20.673.412
Bank account No 363-xxxxxxx-18	Current account	792.312	660.218
Bank account No 363-xxxxxxx-30	Current account	6.545.130	19.106.989
Bank account No 570-xxxxxxx-23	Current account	11.375.665	46.221.258
Petty Cash	Cash at hand	210	862
<b>TOTAL</b>		<b>57.156.629</b>	<b>86.662.739</b>

The amount available in the SJU Bank accounts is due to the initial financing made available by the European Union and Eurocontrol in 2008 and 2009. 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.

During 2010, the SJU has received EUR 41 Million from the European Union, of which EUR 22 million of FP7 Funds and EUR 19 million of TEN-T funds. The total amount of payments performed during the year amounted to EUR 85 million; the balance at year end is needed to ensure the payment of the co-financing and pre-financing during the first half of 2011.

## Note 10: Current payables

Current payables are comprised of the following:

Item	2010	2009
Commercial Suppliers	176.928	5.229.358
Public Bodies	74.616	
Staff	3.615	
Institutions	2.429	
<b>TOTAL</b>	<b>257.588</b>	<b>5.229.358</b>

## Note 11: Accrued charges

Item	2010	2009
<i>Industrial support contract</i>	4.808.913	475.406
<i>Secondments of SJU Members (without Eurocontrol)</i>	1.007.950	94.309
<i>Programme Support Contract</i>	473.850	
<i>Marketing and e-learning related contracts</i>		171.806
<i>AIRE contract</i>	396.715	42.000
<i>Airspace Users contracts</i>	481.501	204.461
<i>Other accrued charges</i>	212.405	127.428
<b>TOTAL</b>	<b>7.381.334</b>	<b>1.115.410</b>

## Note 12: Taxes, salaries and social security

The amount reported for 2009 refers to previous years' adjustments paid during 2010.

## Note 13: Other accounts payable

Item	EUR
Interests yielded on TEN-T Funds	248.824
Interests yielded on FP7-Funds	181.533
<b>TOTAL</b>	<b>430.357</b>

This position is made up entirely of interest on cash contributions from the European Union (generated on funds received until 31.12.2010). 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. During 2010, the SJU has reimbursed to the European Commission the interest matured during the period 2008 – 2009 for a total amount of EUR 1.7 million.

## 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 the acceptance process related to the Interim Financial Statements is not yet complete are accounted for as:

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

The table below provides the details on the two lines.

The table does not include the amount of EUR 18.632 which refers to 2010 cash contributions of two Members not yet received and accepted by the SJU at year end.

## Annual Accounts 2010

All figures in EUR	Eurocontrol				Other Members				TOTAL
	as at 31.12.09	2.010		as at 31.12.10	as at 31.12.09	2.010		as at 31.12.10	
		related to activities validated	related to activities to be validated			related to activities validated	related to activities to be validated		
"Provision for Programme related work achieved"	11.835.619	(9.813.740)	17.891.542	19.913.421	20.233.021	(4.889.779)	94.855.497	110.198.739	130.112.160
"Provision for Early projects by Eurocontrol"	6.775.676	(6.297.147)	224.324	702.853	0	0	0	0	702.853
"Provision for Programme Support Office"	1.328.137	(1.328.137)	3.700.000	3.700.000	0	0	0	0	3.700.000
Software and secondments	1.879.400	(1.879.400)	1.916.828	1.916.828	0	0	0	0	1.916.828
<b>Total</b>	<b>21.818.832</b>	<b>(19.318.424)</b>	<b>23.732.694</b>	<b>26.233.102</b>	<b>20.233.021</b>	<b>(4.889.779)</b>	<b>94.855.497</b>	<b>110.198.739</b>	<b>136.431.841</b>
<b>Of which</b>									
Co-financing to be paid	0	0	0	0	10.116.510	(2.444.647)	47.428.235	55.100.098	55.100.098
Contributions to be validated	21.818.832	(19.318.424)	23.732.694	26.233.102	10.116.511	(2.445.132)	47.427.262	55.098.641	81.331.743

## Note 15: Contributions from Members

During 2010, in addition to the cash contributions received from the two Founding Members, the SJU has completed the validation process for the in kind contributions of the Members related to the 2009 – which in accordance to the MFA before Amendment No 2 were limited to the deliverables accepted during a Financial Year, as detailed here below:

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

<i>All figures in EUR</i>	<b>Accumulated Contributions at 01.01.2010</b>	<b>Contribution received 2010</b>	<b>Validated during 2010</b>	<b>Accumulated Contributions at 31.12.2010</b>	<b>Contributions to be validated</b>	<b>Contributions to be received and accepted</b>
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<b>EU</b>	<b>138.552.000</b>	<b>41.000.000</b>	<b>0</b>	<b>179.552.000</b>	<b>0</b>	<b>0</b>
<i>cash</i>	138.552.000	41.000.000		179.552.000		
<i>in kind</i>	0	0	0	0		

<b>EUROCONTROL</b>	<b>20.015.045</b>	<b>2.850.000</b>	<b>19.335.291</b>	<b>42.200.336</b>	<b>23.732.694</b>	<b>0</b>
<i>cash</i>	19.696.691	2.850.000	8.079.193	30.625.884	2.141.152	
<i>in kind</i>	318.354	0	11.256.098	11.574.452	21.591.542	

<b>Other Members</b>	<b>0</b>	<b>3.631.366</b>	<b>2.445.132</b>	<b>6.076.498</b>	<b>94.855.497</b>	<b>18.632</b>
<i>cash</i>	0	3.631.366	0	3.631.366	0	18.632
<i>in kind</i>	0	0	2.445.132	2.445.132	94.855.497	0

of which:

<b>AENA</b>	<b>0</b>	<b>217.887</b>	<b>148.775</b>	<b>366.662</b>	<b>5.449.787</b>	<b>0</b>
<i>cash</i>	0	217.887		217.887	0	
<i>in kind</i>	0	0	148.775	148.775	5.449.787	

<b>DFS</b>	<b>0</b>	<b>216.094</b>	<b>168.545</b>	<b>384.639</b>	<b>6.274.720</b>	<b>0</b>
<i>cash</i>	0	216.094		216.094	0	
<i>in kind</i>	0	0	168.545	168.545	6.274.720	

<b>DSNA</b>	<b>0</b>	<b>219.583</b>	<b>163.721</b>	<b>383.304</b>	<b>4.964.964</b>	
<i>cash</i>	0	219.583		219.583	0	
<i>in kind</i>	0	0	163.721	163.721	4.964.964	

<b>ENAV</b>	<b>0</b>	<b>215.352</b>	<b>105.139</b>	<b>320.491</b>	<b>4.402.918</b>	<b>0</b>
<i>cash</i>	0	215.352		215.352	0	
<i>in kind</i>	0	0	105.139	105.139	4.402.918	

<b>NATS</b>	<b>0</b>	<b>213.283</b>	<b>84.385</b>	<b>297.668</b>	<b>5.612.074</b>	<b>0</b>
<i>cash</i>	0	213.283		213.283	0	
<i>in kind</i>	0	0	84.385	84.385	5.612.074	

<b>NORACON</b>	<b>0</b>	<b>205.968</b>	<b>69.272</b>	<b>275.240</b>	<b>5.335.213</b>	<b>0</b>
<i>cash</i>	0	205.968		205.968	0	
<i>in kind</i>	0	0	69.272	69.272	5.335.213	

<b>SEAC</b>	<b>0</b>	<b>33.635</b>	<b>40.468</b>	<b>74.103</b>	<b>1.262.461</b>	<b>18.632</b>
<i>cash</i>	0	33.635		33.635		18.632
<i>in kind</i>	0	0	40.468	40.468	1.262.461	

## Annual Accounts 2010

All figures in EUR	Accumulated Contributions at 01.01.2010	Contribution received 2010	Validated during 2010	Accumulated Contributions at 31.12.2010	Contributions to be validated	Contributions to be received and accepted
<b>FREQUENTIS</b>	<b>0</b>	<b>93.814</b>	<b>54.430</b>	<b>148.244</b>	<b>3.614.840</b>	<b>0</b>
<i>cash</i>	0	93.814		93.814	0	
<i>in kind</i>	0	0	54.430	54.430	3.614.840	
<b>INDRA</b>	<b>0</b>	<b>426.127</b>	<b>158.935</b>	<b>585.062</b>	<b>11.085.562</b>	<b>0</b>
<i>cash</i>	0	426.127		426.127	0	
<i>in kind</i>	0	0	158.935	158.935	11.085.562	
<b>NATMIG</b>	<b>0</b>	<b>126.103</b>	<b>26.669</b>	<b>152.772</b>	<b>3.159.364</b>	<b>0</b>
<i>cash</i>	0	126.103		126.103	0	
<i>in kind</i>	0	0	26.669	26.669	3.159.364	
<b>SELEX</b>	<b>0</b>	<b>276.002</b>	<b>138.720</b>	<b>414.722</b>	<b>7.003.142</b>	<b>0</b>
<i>cash</i>	0	276.002		276.002	0	
<i>in kind</i>	0	0	138.720	138.720	7.003.142	
<b>THALES</b>	<b>0</b>	<b>847.461</b>	<b>521.039</b>	<b>1.368.500</b>	<b>21.049.495</b>	<b>0</b>
<i>cash</i>	0	847.461		847.461	0	
<i>in kind</i>	0	0	521.039	521.039	21.049.495	
<b>AIRBUS</b>	<b>0</b>	<b>283.668</b>	<b>425.205</b>	<b>708.873</b>	<b>7.734.604</b>	<b>0</b>
<i>cash</i>	0	283.668		283.668	0	
<i>in kind</i>	0	0	425.205	425.205	7.734.604	
<b>ALENIA</b>	<b>0</b>	<b>114.750</b>	<b>30.982</b>	<b>145.732</b>	<b>2.515.659</b>	<b>0</b>
<i>cash</i>	0	114.750		114.750	0	
<i>in kind</i>	0	0	30.982	30.982	2.515.659	
<b>HONEYWELL</b>	<b>0</b>	<b>141.639</b>	<b>308.847</b>	<b>450.486</b>	<b>5.390.694</b>	<b>0</b>
<i>cash</i>	0	141.639		141.639	0	
<i>in kind</i>	0	0	308.847	308.847	5.390.694	
<b>TOTAL</b>	<b>158.567.045</b>	<b>47.481.366</b>	<b>21.780.423</b>	<b>227.828.834</b>	<b>118.588.191</b>	<b>18.632</b>
<i>cash</i>	158.248.691	47.481.366	8.079.193	213.809.250	2.141.152	18.632
<i>in kind</i>	318.354	0	13.701.230	14.019.584	116.447.039	0

**Note 16: Accumulated contribution from Members used**

<i>all figures in EUR</i>	2010	2009
Accumulated contribution from Members used previous years	(66.395.588)	(8.119.953)
Contribution from Members used during the year (EOA)	(139.990.053)	(58.275.635)
<b>Balance as at 31 December</b>	<b>(206.385.641)</b>	<b>(66.395.588)</b>

**Note 17: Contingent liabilities and assets***Contingent Liabilities*

Commitments for future fundings	31.12.2010	31.12.2009
RAL - Commitments against appropriations not yet consumed	56.492.342	53.645.439
Operating lease	2.583.599	3.624.559
Other (please specify)	-	1.781.249
<b>TOTAL</b>	<b>59.075.941</b>	<b>59.051.247</b>

The “Contingent liabilities” are off-balance sheet items. The RAL contingent liabilities result from open contract obligations not yet identified and booked in the Economic Outturn account, as charges resulting from these obligations do not belong to the accounting period of 2010.

Operating lease contains rentals due after 31.12.2010 (rental contract for the SJU’s offices until 29/02/2016) and a rental contract with a supplier of office equipment (until 31/10/2012).

*Contingent Assets*

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

1. In accordance with Council Regulation (EC) 219/2007 as last modified by Council Regulation (EC) 1361/2008, the maximum EU contribution shall be EUR 700 million of which EUR 350 million shall be paid from the budget appropriation allocated to the theme “Transport (including aeronautics)” of the Specific Programme Cooperation of the Seventh Framework Programme for research and technological development and EUR 350 million from the budget of the Framework programme on Trans-European-Network for the period 2007-2013. The EU contribution shall be paid in accordance with Article 54(2)(b) of Council Regulation

(EC, Euratom) n.1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities. Legal commitment have been signed for a total amount of EUR 420 million, duly accounted for in each year budgetary accounting;

2. The Eurocontrol Provisional Council took a decision on 8 February 2008 to commit EUR 700 million to contribute to the SJU. As of the end 2010, a total of EUR 83 million contribution has been duly accounted for in each year budgetary accounting; the in kind contribution is still to be recognized;
3. Selected Members have signed agreements for an amount of EUR 1.189 million as contribution in kind to which corresponds an expected co-financing of EUR 594 million. Their commitment becomes legal commitment upon the budget commitment made by the SJU in its budgetary accounts. At year end the latter amounts to EUR 333 million, implying a legal commitment by the selected members of EUR 665 million contribution in kind, which is duly accounted for in each year budgetary accounting.

### Note 18: Other Revenues

The amount indicated for 2009 refers to VAT and taxes paid in 2008 and in the first part of 2009 which have been written off for the principle of prudence in 2008 or booked as charges beforehand in 2009.

### Note 19: Staff expenses

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

Item	2010	2009
Salaries	2.089.059	2.944.542
Allowances	266.961	
Contribution Social Security&Pensions	60.879	
ENDs	76.196	
Secondments Members	1.503.341	499.288
Other staff costs	41.259	41.259
<b>TOTAL</b>	<b>4.037.695</b>	<b>3.485.089</b>

The "Secondments Members" include EUR 500.000 related to secondments from Eurocontrol and "Other Staff Costs" training provided by Eurocontrol for EUR 20.245.

At the end of 2010, out of the 39 positions approved by the SJU Administrative Board in the SJU Staff Establishment Plan, 23 positions were covered by Temporary Agents, 2 positions by Contractual Agents, 10 positions by personnel seconded to the SJU by its Members. Furthermore the SJU had recruited two Seconded National Experts.

### 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	2010	2009
IT related expenses	701.509	797.882
Office rental, utilities and related services	632.159	701.969
Mission expenses	286.900	175.567
Interim support and external services	222.394	160.190
PR & Marketing expenses	257.611	313.868
Office supplies & Maintenance	214.986	193.742
Miscellaneous administrative expenses	128.262	
<b>TOTAL</b>	<b>2.443.821</b>	<b>2.343.218</b>

“IT related expenses” include the IT services from Eurocontrol for the amount of EUR 728.995 in 2010, while “Office Supplies & Maintenance” the amount of 27.756.

### Note 21: Other Operational expenses

These expenses comprise all programme related activities that were performed in 2010 (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	2010	2009
<b>Provision for Programme related work achieved (in kind contribution)</b>	<b>116.447.039</b>	<b>33.484.487</b>
<i>of which Eurocontrol Programme</i>	<i>17.891.542</i>	<i>11.835.619</i>
<i>Eurocontrol PSO</i>	<i>3.700.000</i>	<i>1.415.847</i>
<i>Other Members</i>	<i>94.855.497</i>	<i>20.233.021</i>
Eurocontrol PSO (additional cost compared to 2009 accruals)	114.222	0
Eurocontrol Early Projects (cash contribution)	224.324	6.775.676
Industrial support contract	12.387.547	9.646.800
Programme Support Contract (Legal, Financial & Programme Management)	1.451.525	2.103.994
Aire contracts	853.925	976.557
Airspace Users contracts	900.000	
Experts and other contracts	440.219	
Wireless communication study	420.465	
<b>TOTAL</b>	<b>133.239.266</b>	<b>52.987.514</b>

## Note 22: Financial operations revenues and expenses

### *Revenues*

This amount comprises all non reimbursable interests received on cash and cash equivalents in 2010 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

The final Budget, i.e. the Revised Budget approved by the Administrative Board on 14 December 2010 to take into account the transfers, included revenue appropriations for EUR 134.7 million, of which EUR 14.4 million as Budget Outturn from the previous year. In 2010, the SJU established revenues amounted to EUR 115.2 million; EUR 56.2 million were cashed by the SJU, of which EUR 41 Million from the European Union, EUR 11.6 Million from Eurocontrol and EUR 3.6 million as cash contributions of the other Members.

In terms of expenditure, the budget amounted to EUR 121.0 million, of which EUR 117.8 million was committed in 2010 (execution 98%) and EUR 84.9 million paid in the same period.

#### 2.1.2 Principle of equilibrium

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

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

#### 2.1.3 Staff establishment plan

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

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

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. The recruitment process was continued in 2009 and 2010 following the entry into force of Council Regulation (EC) 1361/2008, which required that staff members were recruited under the Staff Regulations, with TAs and CAs contracts.

Human Resources	2010	
	Authorised under the EU Budget	Actually filled as of 31/12/2010
Establishment plan posts: AD	33	30
Establishment plan posts: AST	6	5
<b>Total Establishment plan posts</b>	<b>39</b>	<b>35</b>
<i>Of which:</i>		
- Temporary Agents	36	23
- Secondment from SJU Members		10(*)
- Contract Agents	3	2(*)
<b>Seconded National Experts</b>	<b>3</b>	<b>2</b>

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

At the end of 2010, out of the 39 positions approved by the SJU Administrative Board in the SJU Staff Establishment Plan, 23 positions were covered by Temporary Agents, 2 positions by Contractual Agents, 10 positions by personnel seconded to the SJU by its Members. Furthermore the SJU has recruited two Seconded National Experts.

## 2.2 Budgetary outturn account

<i>all figures in EUR</i>	2010	2009
<b><u>REVENUE RECEIVED FOR THE YEAR</u></b>		
Contribution from the European Union	41.000.000	27.688.789
Contribution from Eurocontrol	11.625.884	9.000.000
Contributions from other Members	3.631.366	0
Other sources of contribution and revenue	(642.211)	2.085.936
<b>TOTAL REVENUE (1)</b>	<b>55.615.039</b>	<b>38.774.725</b>
<b><u>PAYMENTS MADE FOR THE YEAR</u></b>		
Staff Expenditure	(3.597.831)	(3.404.568)
Administrative Expenditure	(3.561.624)	(1.978.752)
Operating Expenditure	(77.740.814)	(62.556.644)
<b>TOTAL EXPENDITURE (2)</b>	<b>(84.900.269)</b>	<b>(67.939.964)</b>
<b><i>BUDGET SURPLUS of the year (3)=(1)-(2)</i></b>	<b>(29.285.230)</b>	<b>(29.165.239)</b>
<b>Total Budget Surplus previous year (4)</b>	<b>86.468.261</b>	<b>115.633.500</b>
<b><i>NEW TOTAL BUDGET SURPLUS (5)=(3)+(4)</i></b>	<b>57.183.031</b>	<b>86.468.261</b>
<b><u>COMMITMENTS STILL TO BE PAID (6)</u></b> <b><i>(RAL 2010 Title 1&amp;2 only)</i></b>	<b>(3.713.549)</b>	<b>(2.518.328)</b>
<b>TOTAL BUDGET OUTTURN (7)=(5)+(6)</b>	<b>53.469.482</b>	<b>83.949.933</b>

## Annual Accounts 2010

### 2.2.1 Revenue

<i>all figures in EUR</i>	1	2	3=2/1	4	5	6=5/4	7	8
<u>Type of revenue</u>	<u>Commitment appropriations</u>	<u>Actual Revenues established</u>	<u>% of budget</u>	<u>Payment appropriations</u>	<u>Actual Revenues received</u>	<u>% of budget</u>	<u>Outstanding (from 2010 only)</u>	<u>Outstanding (Total)</u>
Contribution from the European Union	105.000.000	105.000.000	100,0%	41.000.000	41.000.000	100,0%	64.000.000	240.448.000
Contribution from Eurocontrol	11.450.000	6.166.373	53,9%	11.450.000	11.625.884	101,5%	2.619.681	2.619.681
Contributions from other Members	3.649.998	3.649.998	100,0%	3.649.998	3.631.366	99,5%	18.632	18.632
Other sources of contribution and revenue	182.973	352.488	192,6%	182.973	-642.211	351,0%	0	n/a
Budget surplus previous year	14.372.359	14.372.359		86.468.421	86.468.261			n/a
<b>TOTAL REVENUE</b>	<b>134.655.330</b>	<b>129.541.218</b>	<b>96,2%</b>	<b>142.751.392</b>	<b>142.083.300</b>	<b>99,5%</b>	<b>66.638.313</b>	<b>243.086.313</b>

## Annual Accounts 2010

### 2.2.2 Expenditure

<i>all figures in EUR</i>	1	2	3=2/1	4	5	6=5/4	7	8
<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>Commitments still to be paid (RAL 2010 only)</u>	<u>Commitments still to be paid (TOTAL)</u>
Staff Expenditure	5.459.269	4.958.018	90,8%	5.459.269	3.597.831	65,9%	1.959.331	1.959.331
Administrative Expenditure	3.214.730	3.008.379	93,6%	3.214.730	3.561.624	110,8%	1.754.218	1.794.454
Operating Expenditure	112.355.400	109.806.944	97,7%	94.570.124	77.740.814	82,2%		284.041.207
1. Studies/Development conducted by the SJU	15.830.000	13.881.544		14.532.496	15.855.910			60.377.479
2. Studies/Development conducted by Eurocontrol	600.000	0		6.897.147	6.297.147			702.853
3. Studies/Development conducted by other Members	95.925.400	95.925.400		73.140.481	55.587.757			222.960.875
<b>TOTAL EXPENDITURE</b>	<b>121.029.399</b>	<b>117.773.341</b>	<b>97,3%</b>	<b>103.244.123</b>	<b>84.900.269</b>	<b>82,2%</b>	<b>3.713.549</b>	<b>287.794.992</b>
<b>TOTAL REVENUE</b>		<b>129.541.218</b>			<b>142.083.300</b>			
<b>BUDGET SURPLUS</b>		<b>11.767.877</b>			<b>57.183.031</b>			

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

## Annexe I - In Kind contributions

<i>all figures in EUR</i>	1	2	3=2/1
<u>Type of revenue</u>	<u>Commitment appropriations</u>	<u>Actual Revenues established</u>	<u>% of budget</u>
Contribution from the European Union	0	0	
Contribution from Eurocontrol to be recognized	52.250.000	52.250.000	100,0%
Contributions from other Members to be recognized	95.925.400	95.925.400	100,0%
Other sources of contribution and revenue	0	0	
Budget surplus previous year	0	0	
<b>TOTAL REVENUE</b>	<b>148.175.400</b>	<b>148.175.400</b>	<b>100,0%</b>

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

## Annexe I - In Kind contributions

<i>all figures in EUR</i>	1	2	3=2/1
<u>Type of expenditure</u>	<u>Commitment appropriations (Final budget)</u>	<u>Actual Commitments</u>	<u>% of budget</u>
Staff Expenditure	0	0	
Administrative Expenditure*	0		
Operating Expenditure	148.175.400	148.175.400	100,0%
1. Studies/Development conducted by the SJU**	0		
2. Studies/Development conducted by Eurocontrol**	52.250.000	52.250.000	
3. Studies/Development conducted by other Members	95.925.400	95.925.400	
<b>TOTAL EXPENDITURE</b>	<b>148.175.400</b>	<b>148.175.400</b>	<b>100,0%</b>
<b>TOTAL REVENUE</b>		<b>148.175.400</b>	
<b>BUDGET SURPLUS</b>		<b>0</b>	

## 2.2.5 Notes to the budgetary outturn account

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

In 2010, the European Union committed EUR 55 million from FP7 funds and EUR 50 million from TEN-T funds, of which respectively EUR 22 million and EUR 19 million were received by the end of December 2010.

	Budget appropriations	Actual commitments	Actual revenues	Outstanding
<b>FP7 funds</b>	55.000.000	55.000.000	22.0000.000	33.000.000
<b>TEN-T funds</b>	50.000.000	50.000.000	19.0000.000	31.000.000
<b>TOTAL EC</b>	<b>105.000.000</b>	<b>105.000.000</b>	<b>41.000.000</b>	<b>64.000.000</b>

### Note B.2: Contribution from Eurocontrol

During 2010, 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.

During 2010, Eurocontrol contributed to the SJU with the following:

#### *cash contributions*

- EUR 2.850.000, representing a payment related to the contribution of EUR 55 million to co-finance Work Packages C, 7, 13 and 16;
- EUR 400.369 in terms of staff seconded to the SJU;
- EUR 1.381.677 related to IT and other administrative services;
- EUR 6.297.147 related to Early Projects realized in 2009 and recognized in 2010;

EUR 696.691 related to IT and other administrative services of 2008 recognized as cash contribution instead of in kind contribution in 2010.

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

- EUR 3.7 million related to PSO for 2010. 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 2010 is 15 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.;
- EUR 48.6 related to the Programme activities realized by Eurocontrol during 2010, still to be validated.

<b>Eurocontrol Budget Accounting</b>	<b>Revenue Appropriations</b>	<b>2008 <u>actual</u></b>	<b>2009 <u>actual</u></b>	<b>2010 <u>actual</u></b>	<b>2008 - 2010 <u>Total</u></b>
	<b>Cash</b>	10,0	9,0	2,9	<b>21,9</b>
	<b>Cash services</b>	-	9,4	8,6	<b>18,0</b>
	<b>In Kind</b>	-	20,1	52,3	<b>72,4</b>
	<b>Total</b>	<b>10,0</b>	<b>38,5</b>	<b>63,8</b>	<b>112,3</b>
<b>Accrual Accounting</b>	<b>To be recognized:</b>				
	<b>Cash services</b>	0,7	8,7	2,6	
	<b>In Kind</b>	0,3	13,2	21,6	
	<b>Contributions established</b>				
	<b>Cash</b>	10,0	9,0	2,9	<b>21,9</b>
	<b>Cash services</b>	-	0,7	8,1	<b>8,8</b>
	<b>In kind</b>	-	0,3	11,3	<b>11,6</b>
	<b>Total</b>	<b>10,0</b>	<b>10,0</b>	<b>22,3</b>	<b>42,3</b>

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

In accordance with the decisions of 24 March and 12 June 2009 of the Administrative Board to award the activities to the SJU Members for a gross amount of EUR 1,189 million in terms of in-kind contributions and EUR 594 million as co-financing, during 2010 the SJU committed an additional amount of EUR 96 million as co-financing for the realization of the Programme activities. In accordance with the SJU Financial Rules and the MFA, the net additional in-kind commitment of the Members corresponds to the same amount of the co-financing committed by the SJU, i.e. EUR 95.9 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). During 2010 the SJU reimbursed to the Commission the amount of EUR 1.7 million related to 2008 – 2009 interests.

### 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>
<u>Staff expenditure</u>						
Staff Expenditure as per Staff Establishment Plan	2.490.928	2.330.928	93,6%	2.490.928	2.289.436	91,9%
Contract Agents, Interim Staff	307.353	290.657	94,6%	307.353	277.192	90,2%
Secondments From Members	1.595.858	1.595.858	100,0%	1.595.858	592.732	37,1%
Seconded National Experts	150.000	76.196	50,8%	150.000	76.196	50,8%
Mission Costs	465.000	465.000	100,0%	465.000	262.453	56,4%
Other Staff Expenditure	450.130	199.379	44,3%	450.130	99.822	22,2%
<b>TOTAL</b>	<b><u>5.459.269</u></b>	<b><u>4.958.018</u></b>	<b><u>90,8%</u></b>	<b><u>5.459.269</u></b>	<b><u>3.597.831</u></b>	<b><u>65,9%</u></b>

## Note B.6: Administrative expenditure

Administrative expenditures include the administrative costs such as office supplies (printing, copiers, translation, publications, consumable office material), utilities (water, electricity, telecommunications costs), office rental and associated charges, legal, financial and fiscal expertise for administrative needs and all insurances not related to staff as well as expenses incurred for the activities of the Administrative Board<sup>9</sup>.

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:

<i>all figures in EUR</i>	1	2	3=2/1	4	5	6=5/4
<b>Administrative Expenditure</b>	<b>Commitment approp. (final budget)</b>	<b>Actual Commitments</b>	<b>% of budget</b>	<b>Payment approp. (final budget)</b>	<b>Actual Payments</b>	<b>% of budget</b>
Rental of Buildings and Associated Costs	762.000	716.437	94,0%	762.000	635.377	83,4%
Movable Property And Associated Costs *	55.000	14.560	26,5%	55.000	58.121	105,7%
PR and Events *	300.000	289.996	96,7%	300.000	379.654	126,6%
Postage and Telecommunications	216.060	199.387	92,3%	216.060	156.789	72,6%
Administrative Board Expenditure	31.000	31.000	100,0%	31.000	17.044	55,0%
Current Administrative Expenditure	161.670	101.257	62,6%	161.670	59.583	36,9%
IT Expenditure And Technical Facilities *	1.541.000	1.539.088	99,9%	1.541.000	2.164.411	140,5%
Administrative Support Services	148.000	116.654	78,8%	148.000	90.645	61,2%
<b>TOTAL</b>	<b>3.214.730</b>	<b>3.008.379</b>	<b>93,6%</b>	<b>3.214.730</b>	<b>3.561.624</b>	<b>110,8%</b>

\* The Actual Payments are above the "Payment Appropriations" due to the fact that the difference is covered by carry-over of Payment Appropriations from the previous years.

<sup>9</sup> Expenses referred to in Article 14 of the Administrative Board's rule of procedure and other costs directly linked to the activities of the Board.

## 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.

all figures in EUR							
	1	2	3=2/1	4	5	6=5/4	
<u>Studies/Development by SJU</u>	<u>Commitment approp. (initial budget)</u>	<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)	0	0	0	0,0%	16.000.000	12.808.101	80,1%
Airspace Users 2 (Lowcost...)	2.000.000	2.000.000	1.500.000	75,0%	5.900.000	0	0,0%
Military and Professional Staff Associations	400.000	400.000	400.000	100,0%	400.000	0	0,0%
Programme E-Learning *	230.000	230.000	159.972	69,6%	200.000	221.187	110,6%
Study on Wireless Communication	0	0		0,0%	0	416.690	0,0%
OPTIMI	0	0		0,0%	0	140.000	0,0%
SATOPTIMI	0	100.000	80.000	80,0%		0	0,0%
Programme Management Support	2.500.000	2.500.000	2.122.280	84,9%	2.500.000	1.053.765	42,2%
Independent Experts	500.000	500.000	334.860	67,0%	500.000	88.122	17,6%
NSA Expertise	700.000	700.000	175.000	25,0%	100.000	460	0,5%
AIRE Phase 2	2.000.000	2.660.000	2.656.227	99,9%	1.800.000	0	0,0%
WP11	2.350.000	2.350.000	2.350.000	100,0%	2.400.000	0	0,0%
WPE	3.500.000	3.500.000	3.500.000	100,0%	3.500.000	0	0,0%
ATMPP	120.000	120.000		0,0%	100.000	17.629	17,6%
Ad Hoc Studies	1.530.000	770.000	600.000	77,9%	1.076.700	0	0,0%
AIRE Phase 1			3.205	0,0%		492.034	0,0%
Airspace Users 1				0,0%		599.302	0,0%
Scientific Committee				0,0%		12.550	0,0%
SPP				0,0%		6.070	0,0%
Transfers of appropriations				0,0%	(19.944.204)	0	0,0%
<b>TOTAL *</b>	<b>15.830.000</b>	<b>15.830.000</b>	<b>13.881.544</b>	<b>87,7%</b>	<b>14.532.496</b>	<b>15.855.910</b>	<b>109,1%</b>

\* The Actual Payments are above the "Payment Appropriations" due to the fact that the difference is covered by carry-over of Payment Appropriations from the previous years.

### **Note B.8: Studies and development conducted by Eurocontrol**

This amount relates to the validation of the activities realized by Eurocontrol on Early Projects in 2009 which were already committed in that year for EUR 7.000.000 (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 2010, EUR 53.2 million Pre-Financing and EUR 2.4 million Co-financing were paid.

## 2.3 Reconciliation between budgetary and financial accounts

<i>all figures in EUR</i>	2010
<b>NET EXPENSES FOR ACTIVITIES OF THE YEAR (EOA)</b>	<b>(139.990.053)</b>
<b><u>1. Adjustment for items not included in the budgetary result but included in the economic result</u></b>	
Unpaid invoices at year end but booked in charges	- (4.974.198)
Depreciation of intangible and tangible fixed assets	+ 464.740
Provisions/Liabilities/Contributions to be validated	- 100.740.726
Recovery orders issued in 2009 not yet cashed	+ 159.196
Interest received by and to be reimbursed to European Commission	- (1.291.696)
<b>Subtotal 1</b>	<b>95.098.768</b>
<b><u>2. Adjustment for items included in the budgetary result but not included in the economic result</u></b>	
Asset acquisitions (less unpaid amounts)	- (785.504)
Pre-Financing paid out to Members	- (53.203.599)
Members' Contributions	+ 69.261.789
Deferred charges (Prepaid expenses of next year)	+ 112.491
Payment appropriations carried over to 2011 (RAL)	- (3.713.549)
<b>Subtotal 2</b>	<b>11.671.628</b>
<b><u>3. Reconciliation items between Budget and General Accounts (Payments)</u></b>	
<i>rejection KLM payment 29/12/10 (beneficiary account obsolete)</i>	(44.391)
<i>Interest for 2009 received beginning of 2010 (already included in 2009 Budget Outturn)</i>	(163.311)
<i>Interest deducted by EU for 2008 (already in 2008 Budget Accounts)</i>	434.574
<i>Remaining reconciliation items not identified</i>	(5.994)
<b>Subtotal 3</b>	<b>220.878</b>
<b>BUDGET OUTTURN OF THE YEAR</b>	<b>(32.998.779)</b>
<i>Balance Outturn Account 2009</i>	86.468.261
<b>BUDGET OUTTURN BALANCE</b>	<b>53.469.482</b>

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

### 3.1 Main aspects

2010 has been another key year for the SJU. In fact, following the launch of the SESAR Programme activities in June 2009:

- a. at the end of 2010, 285 projects were initiated and 232 entered the execution phase; the integration of activities awarded as part of IBAFO II is well on its way and around 1800 persons are currently involved in the different projects of the SESAR Programme. The Programme activities are developing as planned and constitute a solid basis to be further progressed to contribute to the 2012 strategic objectives' achievement.
- b. in June 2010, the first Engineering Review Session, i.e. the assessment of the progress of the different Work Packages/Projects towards the SJU Targets, was performed. In particular, the review highlighted how the critical dependencies have been established and contribute to the coherent progressing of the projects towards the Targets as well as the need for some corrective actions to align schedules, content, and engineering methodology;
- c. with regard to the Programme reporting, the SJU has introduced a structured quarterly reporting based on effort consumption that has to be submitted by the Members, starting with quarter III 2010. This report provides the SJU with an additional monitoring of the alignment of the Members' efforts with the programme objectives, and of the risk incurred;
- d. with regard to Validation, SESAR partners found an agreement on a V&V<sup>10</sup> roadmap, which in particular stresses the importance of being as close as possible to the real operational environment in all validation activities;
- e. WPE (Long Term Research) and WP11 (Flight Operations Centre Systems) have been launched; WPE activities are ongoing since respectively year end 2010 and WP11 is expected to be initiated in June 2011;
- f. in order to ensure the involvement of all stakeholders in the Programme, the SJU has assured their participation through the award of contracts as a result of procurement procedures, directly or through Eurocontrol:
  - during the first months of 2010 a contract was signed to add "low cost airspace users" expertise. The amount committed during 2010 is of EUR 1.5 million;
  - with regard to the involvement of the Military, more and more contacts are developed with the different National Defence administrations and through Eurocontrol DCMAC. The recruitment of a Senior Military Advisor in May 2010 has substantially accelerated the awareness process of SESAR within the Military community;
  - the involvement of the Professional Staff Associations has been assured through the signature by Eurocontrol on behalf of the SJU of 5 contracts with each of the associations. The amount committed for the period 2010 – 2012 is of EUR 1 million as cash contribution of Eurocontrol. The administration and payments are managed by Eurocontrol, once the deliverables are approved by the SJU;
- g. the second phase of AIRE (Atlantic Interoperability Initiative to Reduce Emissions) procurement procedure was launched and completed, resulting in the award of 18 contracts with different consortia in charge of the performance of the activities. The total amount committed is EUR 2.7 million;
- h. a study on wireless communication was launched by the SJU in May 2010 and 2 contracts for the amount of EUR 0.5 million were signed;

<sup>10</sup> Validation & Verification

- i. following the initialling of a MoC between the EU and the FAA, the SJU in cooperation with the EC and Eurocontrol will establish the most appropriate framework to implement this memorandum in concrete activities. In this respect, it is the intention of the SJU to ensure that its Members involved operationally at Project level are focal points with their USA correspondents in the different relevant domains. Furthermore, external relation in co-operation with the EC and Eurocontrol were established with different strategic areas around the world, in particular Brazil, China, India and the Middle East countries;
- j. the communication plan has been implemented in accordance with the Budget approved by the Administrative Board. Within the effective activities performed by the Communication team, the annual Amsterdam Global ATC conference in March constitutes an example of efficient and effective results within contained resources;
- k. 2010 administrative and financial objectives are achieved. In particular, the successful implementation of ABAC and SAP was completed in May 2010, while “ABAC Contract Module” will be implemented by year end. On the contrary, following a discussion with DG BUDG, “ABAC Assets Module” will not be implemented and instead SAM (SAP Assets Management) will be implemented during 2011 as soon as available;
- l. with regard to Project Audit, two project auditors were recruited and started respectively on August 1st and September 1st 2010. The Audit strategy has been defined and implementation is ongoing with the first batch of audits to be performed starting at year end, beginning of 2011. A framework contract for audit services was signed, after an open procurement procedure, with Ernst and Young in May 2010;
- m. the opening cash balance as of 1 January 2010 was EUR 86.4 million. During the year the SJU received cash contributions from the EU for an amount of EUR 41.0 million, from Eurocontrol for EUR 11.6 million and from the other members for EUR 3.6 million. Payments amounted to EUR 84.9 million and could be broken down in the budget titles as follows:
- Title 1 Staff cost EUR 3.6 million,
  - Title2 Administration EUR 3.6 million,
  - Title 3 Operations EUR 77.7 million.
- The cash balance as at 31 December was EUR 57.2 million. In total the SJU executed 1215 payments; EUR 55.7 were paid to the Members (EUR 53.2 million of pre-financing and EUR 2.4 million of co-financing). The cash surplus was reduced by EUR 29.0 million.
- n. Furthermore it should be considered that EUR 41 million and EUR 2.8 million were granted respectively by the EU and Eurocontrol in the last weeks of the year to ensure the funding of the operations in the 2011 considering the risk of non approval of the EU budget by year end.

The Annual Activity Report for 2010, which contains an extensive description of all the results achieved was submitted and endorsed by the Administrative Board.

The table below gives the list of AWP 2010 objectives and the related achievements:

Mid-Term Objectives (2012)	N.	2010 Objectives	Timeframe	Performance measurement	2010 Results
Initial 4D trajectory is validated in an operational environment supported by satellite-based technology,	01-10	4D trajectory project started and contain deliverables leading towards operational validation	Q4	80% of deliverables contributing to 4D trajectory on time	60% of deliverables already delivered, while the others on time compared to the new planning resulting from the Control Gate

Mid-Term Objectives (2012)	N.	2010 Objectives	Timeframe	Performance measurement	2010 Results
10,000 flights, including 500 military, are SESAR labelled,	02-10	Ensure that commercial flight trials are contributing to validation in addition to dedicated flight tests	Q3	Projects have identified opportunities for commercial flight trials	Approximately 1.500 trials performed on routinely commercial flights
80% of SESAR projects have tested their output in a real life environment,	03-10	Verification & Validation activities shall be planned to be performed close to operations, on platforms representative of the operational environment and industrially based	Q3-Q4	SESAR Validation platforms are identified and agreed with Members	V&V Release 1 identified live trials, shadow mode, real time simulation and the related Validation platforms agreed with Members
First SWIM pilots are in place to exchange data across at least 5 domains,	04-10	Usage of SWIM services is identified in operational validation activities on multiple domains	Q4	Draft specifications available for first SWIM pilots on 5 domains	SWIM multiple domains validation activities will be part of SESAR release 2 whose planning will start in March 2012 to be ready in Q2 2012
The first remote tower is ready for operations,	05-10	Validation activities of remote towers are started and contribute to the set of cases required by NSAs	Q4	First validation reports ready and robust target concept defined with NSAs engaged	Operational Services Description (OSD) has been delivered with planning of the first validations underway, as part of Release 1. In addition, the OSD has been subjected to a review by NSA's as a pilot case
SESAR benefits are demonstrated on city pairs connecting 8 European airports,	06-10	WP4 to 7 projects establish validation plans including demonstration through city pairs	Q4	Draft validation plans available for projects involving at least 8 European airports	Validation plan for the SESAR release 1 include the need to perform demonstrations through city pairs

Mid-Term Objectives (2012)	N.	2010 Objectives	Timeframe	Performance measurement	2010 Results
Airspace users have signed up to the SESAR business case for time-based operations.	07-10	Business cases activities and contributions are clearly identified and apportioned across the programme	Q2-Q3	70% of projects are contributing through identified deliverables to the business cases	Business cases activities launched and progressed meeting the objective and constituting a solid basis to the successful continuation and progress already being made across all relevant Business Case activities in 2011.
	08-10	On time assessment of the RCAs	Ongoing	Ensure compliance with the deadline for the revision of the RCAs and conclusion of the Project Initiation Phase	The activity has been performed ensuring timely decision on the conclusion of the Project Initiation Phase
	09-10	Ensure a sound management of SJU financial resources	Ongoing	Ensure adequate planning of the financial resources Ensure the payment of the pre-financing and co-financing and the collection of cash contribution in accordance with the MA-MFA	All transactions executed within contractual terms, Cash balance reduced by EUR 29.6 million
	10-10	ABAC/SAP implementation	Q1 and 2	Ensure the proper implementation and functioning of ABAC and SAP systems	ABAC/SAP implemented in June, migration of accounting data seamless
	11-10	ERM implementation	Q3	Co-ordinate the first ERM exercise and report the results to the ADB	ERM exercise performed, report of Risk Management submitted to ADB in December

Mid-Term Objectives (2012)	N.	2010 Objectives	Timeframe	Performance measurement	2010 Results
	12-10	Recruitment	2010	Ensure that all SJU staff positions are filled in by year end	Only four recruitments are on going to fill vacant positions two of them already selected will start in early 2011, and the others in the following months.

## 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 21.0 million net assets at the 31.12.2010 (financial accounts), with a budget outturn of EUR 53.6 million after its second financial year (budget accounts).

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

Running Expenditure Commitments	Actual 2007-2008	Actual 2009	Actual 2010	Total 2007 - 2010
Title 1	3,2	4,0	5,0	12,1
Title 2	1,5	3,9	3,0	8,5
<b>Total</b>	<b>4,7</b>	<b>7,9</b>	<b>8,0</b>	<b>20,6</b>

#### Funded with

EU	FP7	4,0	6,0	-	10,1
	TEN-T	=	=	=	=
	<b>Total</b>	<b>4,0</b>	<b>6,0</b>	<b>-</b>	<b>10,1</b>
Eurocontrol		0,7	1,9	8,0	10,5
Other Members		-	-	-	-
<b>Total</b>		<b>4,7</b>	<b>7,9</b>	<b>8,0</b>	<b>20,6</b>

Title 3	9,4	307,7	109,8	426,9
In Kind	-	244,9	148,2	393,1
<b>Total (Titles 1,2,3)</b>	<b>14,1</b>	<b>560,5</b>	<b>266,0</b>	<b>840,6</b>
<i>Running vs Total Annual %</i>	<i>33,5%</i>	<i>1,4%</i>	<i>3,0%</i>	<i>2,5%</i>
<i>Running vs Total Cumulative %</i>	<i>2,5%</i>	<i>2,5%</i>	<i>2,5%</i>	<i>2,5%</i>

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.

### 3.2.2 Unspent appropriations and cash balance

The SJU is responsible for the development phase of the SESAR Programme which is expected to last until 2016, by Regulation. The programme is a multi-annual programme. In this respect, as recognized by the Administrative Board in its Decision, the programme will be characterized during its life by an expected imbalance between revenues and expenditure.

The overall resources of the SESAR Programme are ensured by the SJU Founding Members and the fifteen Selected Members through contributions in cash and in kind for a total amount of EUR 2.100 million. 16 contracts for a total amount of EUR 1.889 million (EUR 700 million with Eurocontrol and EUR 1.189 million with the Selected Members) were signed by the end of 2009 covering the period until 31.12.2016. In front of the EUR 1.189 million of activities to be realized by the Selected Members<sup>11</sup>, the SJU will co-finance 50% for a maximum amount of EUR 594 million.

At the end of 2010, commitments for EUR 333 million (out the aforementioned EUR 594 million of co-financing) were made by the SJU, taking into account the cash resources made available mostly by the EU.

With regard to the use of the cash resources as reported in the cash flow table 1.3.3 the following should be noted:

- during 2008, the Founding Members made available cash for EUR 120.9 million, of which EUR 110.9 from the EU and EUR 10 million from Eurocontrol, in order to secure the adequate start up of the organization and launch of the Projects. Nevertheless, the setting up of the organization, in particular the amendment process of its Regulation and its consequences on the operational and financial aspects as well as the delay in the approval of the agreement with Eurocontrol by its governing body, resulted in the postponement of the launch of the Programme to mid 2009. As a consequence, the available cash contributions were used only in limited portion resulting in a net cash balance of EUR 116.0 million.
- in the second half of 2009, the SJU initiated 171 projects for which pre-financing for EUR 54.1 million was paid. During the same year, the SJU Founding Members provided cash contributions for EUR 36.7 million (EUR 27.7 from the EU and EUR 9 million from Eurocontrol). The net cash balance amounted to EUR 86.7 million (- 25% compared to end 2008).
- at the end of 2010, 285 projects had entered the initiation phase of which 246 in execution. The pre-financing of additional 114 projects, the payment of cost claims related to the Projects and other correlated activities and the payment of the running costs of the SJU resulted in a net cash balance of EUR 57.2 million which marks a decrease of EUR 29.0 million (-34%) over the previous year.

It should be noted that the cash contributions of EUR 41 million from the EU – as well as EUR 2.8 million from Eurocontrol – were paid in the last weeks of the year in order to ensure the funding of the operations in 2011 considering that at the time of funds' requests there was a risk of non approval of the general 2011 EU budget by year end 2010.

If these contributions had been postponed to the beginning of 2011 the cash balance would have been limited to around EUR 13.4 million. Furthermore, it should be noted that some Members did not submit request of pre-financing as expected for around EUR 15 million.

<sup>11</sup> Eurocontrol does not receive co-financing from the SJU.

### 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.

### 3.3 Summary information on the transfers of appropriations

#### 3.3.1 Transfers of revenue appropriations

<i>all figures in EUR</i>	COMMITMENTS			PAYMENTS		
<u>Type of revenue</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>
European Union Contribution	105.000.000	0	105.000.000	66.000.000	-25.000.000	41.000.000
- Contribution from Eurocontrol	11.450.000	0	11.450.000	11.450.000	0	11.450.000
Contributions from other Members	4.396.426	-746.428	3.649.998	4.396.426	-746.428	3.649.998
Other Revenue	182.973	0	182.973	182.973	0	182.973
- Budget Surplus previous year	0	14.372.359	14.372.359	0	86.468.421	86.468.421
<b>TOTAL REVENUE</b>	<b>121.029.399</b>	<b>13.625.931</b>	<b>134.655.330</b>	<b>82.029.399</b>	<b>60.721.993</b>	<b>142.751.392</b>

*Initial appropriations as adopted by SJU Administrative Board on 31 December 2009.*

*Final appropriations as adopted by SJU Administrative Board on 14 December 2010.*

## 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	5.543.939	-84.670	5.459.269	5.543.939	-84.670	5.459.269
- Administrative Expenditure	3.130.060	84.670	3.214.730	3.130.060	84.670	3.214.730
Operating Expenditure	112.355.400	0	112.355.400	73.355.400	21.214.724	94.570.124
<b>- TOTAL EXPENDITURE</b>	<b>121.029.399</b>	<b>0</b>	<b>121.029.399</b>	<b>82.029.399</b>	<b>21.214.724</b>	<b>103.244.123</b>

*Initial appropriations as adopted by SJU Administrative Board on 31 December 2009.*

*Final appropriations as adopted by SJU Administrative Board on 14 December 2010.*