



# Final Annual Accounts 2011

26 June 2012

The Final Annual Accounts 2011 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 2011<sup>2</sup>. In accordance with Article 4a of the SESAR Joint Undertaking basic act, the SESAR Joint Undertaking Financial Rules were adopted by the Administrative Board in accordance with Article 185(1) of the EU Financial Regulation. The SESAR Joint Undertaking Financial Rules received the prior consent of the European Commission for the provisions that, due to specific operating needs of the Joint Undertaking, depart from the rules laid down in Commission Regulation (EC, Euratom) No 2343/2002 of 23 December 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of the EU Financial Regulation. The European Court of Auditors expressed its opinion on the SJU Financial Rules in “Opinion No 2” of 15 April 2010.

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

## STRUCTURE OF THE REPORT

This report consists of three parts:

### Part I: Annual General Accounts

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

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

Part I concerns only the general accounts.

### Part II: Annual Budgetary Accounts

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

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

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

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

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

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## Preamble

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

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

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

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

# 1 Annual General Accounts

## 1.1 Certification by the Accounting Officer

The Final Annual General Accounts 2011 of the SJU, showing an Economic Outturn – "Contribution from Members used during the year" – in the year of EUR -220.982.731 and Total Assets of EUR 129.839.095, 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.

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

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

I hereby certify that, based on the information provided by the Authorising Officer in his Annual Activity Report 2011, who guaranteed its reliability, and on a number of checks within acceptable limits, I have reasonable assurance that the Final Annual General Accounts present a true and fair view of the financial position of the SJU in all material aspects.

Brussels, 26 June 2012



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

## 1.2 Accounting Policies

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

### 1.2.1 Legal provisions

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

### 1.2.2 Accounting principles

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

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

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

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

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

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

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

### 1.2.3 Currency and basis for conversion

The financial statements are presented in euro, which is the SJU's functional and reporting currency. Foreign currency transactions are converted into euro using the exchange rates prevailing at the dates of the transactions.

Year-end balances of monetary assets and liabilities denominated in foreign currencies are converted into euro on the basis of the exchange rates applicable on 31 December 2011.

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 2011

During 2011, the Administrative Board of the SJU approved Amendment No 3 to the Multilateral Framework Agreement that clarifies some financial aspects concerning the granting of interim and final payments for projects and the Programme. Furthermore, the Amendment includes a reallocation of the resources within the Programme to ensure the most appropriate alignment with the ongoing developments of the R&D Projects.

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

#### 1.2.5.1 Revenues

##### 1.2.5.1.1 Members' contributions

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

##### 1.2.5.1.2 Other revenues

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

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

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

#### 1.2.5.2 Expenditure

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

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

### 1.2.5.2.1 Expenditure related to the SESAR Programme activities

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

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

## 1.2.6 Accounting policies related to the balance sheet

### 1.2.6.1 Net Assets

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

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

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

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

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

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

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

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

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



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

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

### 1.2.6.2 Intangible fixed assets

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

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

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

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

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

### 1.2.6.3 Tangible fixed assets

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

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

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

### 1.2.6.4 Depreciation rates

Type of asset	Straight line depreciation rate
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 2011, in front of the two Founding Members commitment of EUR 700.000.000 each<sup>3</sup>, the other Members committed an amount net of co-financing of EUR 624.215.026 million<sup>4</sup> (gross amount EUR 1.218.705.527), related to the allocation of activities as awarded by the SJU Administrative Board on 24 March 2009 (IBAFO I) and on 14 December 2009 (IBAFO II). The Administrative Board decision on voting rights to include the results of the second award of the activities to the Members endorsed by the Board on 14 December 2009 was taken at the first meeting of 2010 and was reconfirmed at the Administrative Board meeting in March 2011.

The voting rights are as follows:

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

### 1.2.10 Events subsequent to period end

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

By the finalization of this Final Annual Accounts 2011, the SJU received the Interim Financial Statements from 11 of its Members.

After a first examination of the Interim Financial Statements received, the SJU noted that the amount of accruals exceeded was overestimated compared to the total amount of eligible costs as declared by the concerned Members of around 17%. As a consequence, it has been decided to update the Annual Accounts replacing the amounts accrued for the in kind contributions of the 11 aforementioned

<sup>3</sup> The European Union paid in total EUR 197.552.000, of which EUR 18.000.000 in 2011, and Eurocontrol paid EUR 41.791.292, of which EUR 11.165.408 in 2011.

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

Members with the eligible costs declared in their IFS. With regard to the remaining 5 Members, in the absence of their IFS, in order to account for the eligible costs for the activities realized, the SJU implemented an accrual calculation and based its estimates on the quarterly effort reporting communicated by them by the end of September 2011. The effort reporting has been valued at the total average cost per project and Member; the resulting amount has constituted the basis for the determination of the accruals.

The acceptance process of the received IFS 2011 is ongoing and it will be completed in the second half of 2012. Any adjustment will be reflected in the period in which it becomes known.

## 1.3 Financial Statements

### 1.3.1 Balance sheet

<i>all figures in EUR</i>		Note	31/12/2011	31/12/2010
<b><u>I. NON-CURRENT ASSETS</u></b>			<b><u>106.628.418</u></b>	<b><u>108.575.803</u></b>
Intangible fixed assets	1		677.199	865.999
Tangible fixed assets			425.161	479.400
<i>Furniture and Vehicles</i>	2		53.499	34.522
<i>Computer Hardware</i>	3		49.270	62.752
<i>Other tangible assets</i>	4		322.392	382.126
Long-term Pre-Financing			105.526.058	107.230.404
<b><u>II. CURRENT ASSETS</u></b>			<b><u>23.210.677</u></b>	<b><u>57.387.142</u></b>
Short-term receivables			631.325	230.513
<i>Current receivables</i>	5		471.361	69.327
<i>Sundry receivables</i>	6		1.101	310
<i>Accrued income</i>	7		45.420	160.876
<i>Deferred charges</i>	8		113.443	-
Cash & cash equivalents	9		15.303.453	57.156.629
Short-term Pre-Financing			7.275.899	-
<b><u>TOTAL ASSETS</u></b>			<b><u>129.839.095</u></b>	<b><u>165.962.945</u></b>

<b><u>III. CURRENT LIABILITIES</u></b>			<b><u>224.457.367</u></b>	<b><u>144.519.752</u></b>
Accounts payable			8.799.321	8.069.279
<i>Current payables</i>	10		105.370	257.588
<i>Accrued charges</i>	11		8.374.644	7.381.334
<i>Taxes, salaries and social security</i>	12		-	-
<i>Other accounts payable</i>	13		319.307	430.357

<i>all figures in EUR</i>	Note	31/12/2011	31/12/2010
Co-Financing to be paid to the Members	14	78.394.873	55.100.098
Contribution from Members to be validated	14	137.001.592	81.331.743
Cash Contributions from Members to be accepted	14	261.581	18.632
<b>TOTAL LIABILITIES</b>		<b>224.457.367</b>	<b>144.519.752</b>
<b>NET ASSETS (Total Assets less Total Liabilities)</b>		<b>(94.618.272)</b>	<b>21.443.193</b>
<b>IV. NET ASSETS</b>		<b>(94.618.272)</b>	<b>21.443.193</b>
Contribution from Members		<b>332.750.100</b>	<b>227.828.834</b>
<i>European Union</i>	15	197.552.000	179.552.000
<i>Eurocontrol</i>	15	80.793.978	42.200.336
<i>Other Members</i>	15	54.404.122	6.076.498
Accumulated contribution from Members used previous years	16	(206.385.641)	(66.395.588)
Contribution from Members used during the year (EOA)	16	(220.982.731)	(139.990.053)
<b>TOTAL NET ASSETS</b>		<b>(94.618.272)</b>	<b>21.443.193</b>
Contingent liabilities	17		

## 1.3.2 Economic outturn account

<i>all figures in EUR</i>	<b>Note</b>	<b>2011</b>	<b>2010</b>
<b><u>OPERATING REVENUE</u></b>			
Contributions from Members	15	0	0
Other Revenues	18	0	0
<b>Total operating revenue</b>		<b>0</b>	<b>0</b>
<b><u>OPERATING EXPENSES</u></b>			
Administrative expenses		<b>(8.167.569)</b>	<b>(6.970.399)</b>
Staff expenses	19	(4.527.126)	(4.037.695)
Fixed assets related expenses	1-4	(574.859)	(488.883)
Other administrative expenses	20	(3.065.584)	(2.443.821)
Operational expenses		<b>(213.020.522)</b>	<b>(133.239.266)</b>
Other operational expenses	21	(213.020.522)	(133.239.266)
<b>Total operating expenses</b>		<b>(221.188.091)</b>	<b>(140.209.665)</b>
<b><u>DEFICIT FROM OPERATING ACTIVITIES</u></b>		<b>(221.188.091)</b>	<b>(140.209.665)</b>
<b><u>NON-OPERATING ACTIVITIES</u></b>			
Financial operations revenues	22	211.166	198.073
Financial operations expenses	22	(5.806)	(4.172)
Other non operational income	3	0	25.711
<b>Total non-operating activities</b>		<b>205.360</b>	<b>219.612</b>
<b>CONTRIBUTIONS FROM MEMBERS USED DURING THE YEAR</b>		<b>(220.982.731)</b>	<b>(139.990.053)</b>



### 1.3.3 Cash-flow table

<i>all figures in EUR</i>	Note	2011	2010
Contribution from Members used during the year (EOA)		(220.982.731)	(139.990.053)
<b><u>Operating activities</u></b>			
Amortisation (Intangible assets)		484.735	407.065
Depreciation (Tangible assets)		90.124	57.675
(Increase)/decrease in long-term Pre-financing		1.704.346	(53.109.816)
(Increase)/decrease in short-term Pre-financing		(7.275.899)	0
(Increase)/decrease in short-term receivables		(400.812)	282.883
Increase/(decrease) in accounts payable		79.937.615	94.369.927
		<b>74.540.109</b>	<b>42.007.734</b>
<b><u>Investing activities (except depreciat./amort. of the year)</u></b>			
(Increase)/decrease of intangible and tangible assets		(331.820)	(785.580)
<b><u>Contribution from Members</u></b>			
Contribution from Members		104.921.266	69.261.789
<b>NET CASHFLOW</b>		<b>(41.853.176)</b>	<b>(29.506.110)</b>
Net increase/(decrease) in cash and cash equivalents		(41.853.176)	(29.506.110)
Cash and cash equivalents at the beginning of the year		57.156.629	86.662.739
<b>Cash and cash equivalents at year-end</b>		<b>15.303.453</b>	<b>57.156.629</b>

### 1.3.4 Statement of changes in net assets/liabilities

<i>all figures in EUR</i>	2011	2010
Balance at beginning of accounting period	21.443.193	92.171.457
Contribution from Members	104.921.266	69.261.789
Contribution from Members used during the year (EOA)	(220.982.731)	(139.990.053)
<b>Balance as of 31 December</b>	<b>(94.618.272)</b>	<b>21.443.193</b>

The table shows negative Net Assets at the end of 2011. This is due to the fact that

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

With regard to the overall financial situation of the SJU, it should be noted that, by the end of 2011:

- the SJU has signed specific agreements related to the contribution of the European Union to the SJU for a total amount of EUR 529.994.680. In order to comply with the principle of budget equilibrium and to ensure strict financial management of its resources at year end 2011, out of EUR 529.994.680 the SJU has called and received cumulatively the amount of EUR 197.552.000 only, while the remaining amount will be requested at the moment of the recognition of the Members In Kind contributions and the payment of the relative co-financing;
- out of EUR 165.000.000 cash contribution of Eurocontrol, the SJU has requested and received a cumulative amount of EUR 41.791.292. Following the same approach applied for the EU resources, the SJU will call the difference when needed in order to face its financial obligations.

Note 14, 15 and 17 provide additional information in this respect.

It can be consequently concluded that while the SJU shows negative Net Assets at the end of 2011, this is no no manner due to a going concern issue but mostly to the nature of the SJU operations and the rules governing the recognition of Members' contributions.

### 1.3.5 Notes to the financial statements

#### Note 1: Intangible assets: Computer Software

With regard to software and developments made under the contract with Eurocontrol which provides these services within the context of the agreement signed with the SJU on 12 June 2009, the costs related to acquisition of licenses and developments realized by Eurocontrol or its subcontractors for the SJU during 2011 amount to EUR 295.9 35 and are treated as intangible fixed assets on the assumption that the SJU retains the economical possession of the assets during the period of its existence.

<i>all figures in EUR</i>	<b>2011</b>	<b>2010</b>
<b><u>Computer Software</u></b>		
Gross carrying amount at beginning of period	1.385.055	569.102
Additions	295.935	815.953
Other changes	0	0
<b>Gross carrying amount at 31.12</b>	<b>1.680.990</b>	<b>1.385.055</b>
Accumulated amortisation at beginning of period	(519.056)	(111.991)
Amortisation of the period	(484.863)	(407.065)
Other changes due to overstatement of previous year' depreciations	128	0
<b>Accumulated amortisation at 31.12</b>	<b>(1.003.791)</b>	<b>(519.056)</b>
<b>Net carrying amount at 31.12</b>	<b>677.199</b>	<b>865.999</b>

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

<i>all figures in EUR</i>	2011	2010
<b><u>Furniture</u></b>		
Gross carrying amount at beginning of period	44.263	8.250
Additions	30.584	36.013
Other changes	0	0
<b>Gross carrying amount at 31.12</b>	<b>74.847</b>	<b>44.263</b>
Accumulated amortisation at beginning of period	(9.741)	(2.577)
Amortisation of the period	(11.607)	(7.164)
Other changes	0	0
<b>Accumulated amortisation at 31.12</b>	<b>(21.348)</b>	<b>(9.741)</b>
<b>Net carrying amount at 31.12</b>	<b>53.499</b>	<b>34.522</b>

## Note 3: Tangible fixed assets: Computer Hardware

<i>all figures in EUR</i>	2011	2010
<b><u>Computer Hardware &amp; Technical Equipment</u></b>		
Gross carrying amount at beginning of period	84.682	184.330
Additions	1.950	(99.648)
Other changes	0	0
<b>Gross carrying amount at 31.12</b>	<b>86.632</b>	<b>84.682</b>
Accumulated amortisation at beginning of period	(21.930)	(32.822)
Amortisation of the period	(15.846)	(13.252)
Other changes	414	24.144
<b>Accumulated amortisation at 31.12</b>	<b>(37.362)</b>	<b>(21.930)</b>
<b>Net carrying amount at 31.12</b>	<b>49.270</b>	<b>62.752</b>

The “other changes” in the year 2010 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. The amount of 2011, EUR 414 concerns the correction of the overstatement of the depreciations in 2010.

#### Note 4: Other tangible assets

<i>all figures in EUR</i>	2011	2010
<b><u>Other tangible assets</u></b>		
Gross carrying amount at beginning of period	477.671	444.410
Additions	3.351	33.261
Other changes	0	0
<b>Gross carrying amount at 31.12</b>	<b>481.022</b>	<b>477.671</b>
Accumulated amortisation at beginning of period	(95.545)	(34.143)
Amortisation of the period	(63.085)	(61.402)
Other changes	0	0
<b>Accumulated amortisation at 31.12</b>	<b>(158.630)</b>	<b>(95.545)</b>
<b>Net carrying amount at 31.12</b>	<b>322.392</b>	<b>382.126</b>

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

#### Note 5: Current receivables

Item	2011	2010
Amounts receivable from Members	467.846	51.941
Credit notes to be received	0	8.220
Receivable from staff	2.700	124
Receivables from Institutions	815	2.072
Insurance refund to be received	0	6.970
<b>TOTAL</b>	<b>471.361</b>	<b>69.327</b>

The amount of EUR 467.846 consists of the cash contributions not yet paid at year end by DSNA for EUR 261.581 (received at the end of February 2012), the pre-financing to be reimbursed by two Members due to a suspended project for EUR 179.098 (it is already agreed that this amount will be compensated against next pre-financing/co-financing payments), of the amount of EUR 13.876 to be recovered from a Member related to adjustments following a 2010 Project Audit and of the amount of EUR 13.291 to be recovered from Eurocontrol related to the costs of the common stand at ICAO in September 2011 (received in January 2012).

### Note 6: Sundry receivables

This line consists of cautions for items made available at the SJU premises.

### Note 7: Accrued income

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

### Note 8: Deferred charges

The amount includes EUR 112.811 for the payment of premises rental related to the first quarter 2012.

### Note 9: Cash & Cash equivalents

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

Account	Classification	2011	2010
Bank account No 363-xxxxxx-13	Current account	300	38.443.312
Bank account No 363-xxxxxx1-18	Current account	300	0
Bank account No 363-xxxxxx8-18	Current account	7.062.067	792.312
Bank account No 363-xxxxxx-30	Current account	5.128.920	6.545.130
Bank account No 570-xxxxxx-23	Current account	3.110.554	11.375.665
Petty Cash	Cash at hand	1.312	210
<b>TOTAL</b>		<b>15.303.453</b>	<b>57.156.629</b>

During 2011, the SJU has received EUR 18.000.000 from the European Union, of which EUR 9.000.000 of FP7 Funds and EUR 9.000.000 of TEN-T funds. The total payments performed during the year amounted to EUR 75.583.240; the balance at year end is needed to ensure the payment of the co-financing and pre-financing during the first months of 2012.

During the years, following the recommendations of the Budgetary Authority the SJU has substantially decreased the year-end balance from EUR 116.007.569 at the end of 2008 to EUR 15.303.453 at the end of 2011. Since its establishment, the SJU has cashed in EUR 249.466.467 and paid EUR 234.163.014.

## Note 10: Current payables

Current payables are comprised of the following:

Item	2011	2010
Commercial Suppliers	102.502	176.928
Public Bodies	118	74.616
Staff	1.845	3.615
Institutions	905	2.429
<b>TOTAL</b>	<b>105.370</b>	<b>257.588</b>

## Note 11: Accrued charges

Item	2011	2010
<i>Industrial support contract</i>	4.631.719	4.808.913
<i>Secondments of SJU Members (without Eurocontrol)</i>	1.295.370	1.007.950
<i>Programme Support Contract</i>	326.800	473.850
<i>AIRE contracts</i>	900.897	396.715
<i>Airspace Users contracts</i>	791.628	481.501
<i>Other operational accruals</i>	207.929	212.405
<i>Staff related accruals</i>	78.610	
<i>Other Administrative accruals</i>	141.691	
<b>TOTAL</b>	<b>8.374.644</b>	<b>7.381.334</b>

## Note 12: Taxes, salaries and social security

Following the termination of the Belgian contracts in 2009 and payments related to previous years performed in 2010, no liabilities or payments took place in 2011 related to these contracts.

## Note 13: Other accounts payable

Item	2011	2010
Interests yielded on TEN-T Funds	180.389	248.824
Interests yielded on FP7-Funds	138.918	181.533
<b>TOTAL</b>	<b>319.307</b>	<b>430.357</b>

This position is made up entirely of interest on cash contributions from the European Union (generated in 2011 on funds received until 31.12.2011). In accordance with the agreement with the European Union, this interest has to be reimbursed and thus cannot be accounted for as (financial) revenues of the SJU. During 2011, the SJU has reimbursed to the European Commission the interest matured during 2010 for a total amount of EUR 430.357.

## 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 261.581 which refers to 2011 cash contributions of DSNA not yet received and accepted by the SJU at year end (it has been received and accepted at the end of February 2012).

All figures in EUR	Eurocontrol				Other Members					TOTAL
	as at 31.12.10	2011		as at 31.12.11	as at 31.12.10	2011			as at 31.12.11	
		related to activities validated	related to activities to be validated			related to activities validated	related to activities validated still to be paid	related to activities to be validated		
"Provision for Programme related work achieved"	19.313.421	(19.313.421)	42.672.936	42.672.936	110.198.739	(108.044.829)	660.715	153.314.406	156.129.031	198.801.967
"Provision for Early projects by Eurocontrol"	702.853	(702.853)		0	0	0		0	0	0
"Provision for WP E, WP11, Prof Staff Ass and Mil"	600.000	(600.000)	11.200.000	11.200.000	0	0	0	0	0	11.200.000
"Provision for Programme Support Office"	3.700.000	(3.700.000)	3.500.000	3.500.000	0	0	0	0	0	3.500.000
Software and secondments	1.916.828	(1.916.828)	1.894.498	1.894.498	0	0	0	0	0	1.894.498
<b>Total</b>	<b>26.233.102</b>	<b>(26.233.102)</b>	<b>59.267.434</b>	<b>59.267.434</b>	<b>110.198.739</b>	<b>(108.044.829)</b>	<b>660.715</b>	<b>153.314.406</b>	<b>156.129.031</b>	<b>215.396.465</b>
<b>Of which</b>										
Co-financing to be paid	0	0	0	0	55.100.098	(54.023.143)	660.715	76.657.203	78.394.873	78.394.873
Contributions to be validated	26.233.102	(26.233.102)	59.267.434	59.267.434	55.098.641	(54.021.686)	0	76.657.203	77.734.158	137.001.592



### Note 15: Contributions from Members

During 2011, 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 2010 activities and remaining 2009 activities, as detailed here below:

	European Union <sup>5</sup>			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<sup>6</sup></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>Members' 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>

<sup>5</sup> Include EFTA contribution.

<sup>6</sup> Received in 2008.

	European Union <sup>5</sup>			Eurocontrol	Other Members	TOTAL
	FP7	TEN-T	Total EU			
2011 Contributions	9.000.000	9.000.000	18.000.000	8.150.000	4.599.776	30.749.776
Activities realized in 2009 and recognized as cash contributions in 2011			0	3.015.408		3.015.408
Activities realized in 2009 and recognized as in-kind contributions in 2011			0	27.428.234	43.727.848	71.156.082
<b>Members' Contributions</b>	<b>69.552.000</b>	<b>128.000.000</b>	<b>197.552.000</b>	<b>80.793.978</b>	<b>54.404.122</b>	<b>332.750.100</b>
<i>of which cash</i>	<i>69.552.000</i>	<i>128.000.000</i>	<i>197.552.000</i>	<i>41.791.292</i>	<i>8.231.142</i>	<i>247.574.434</i>
<i>in kind</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>39.002.686</i>	<i>46.172.980</i>	<i>85.175.666</i>

<i>All figures in EUR</i>	Accumulated Contributions at 01.01.2011	Contribution received 2011	Validated during 2011	Accumulated Contributions at 31.12.2011	Net Contributions to be validated	Contributions to be received and accepted
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<b>EU</b>	<b>179.552.000</b>	<b>18.000.000</b>	<b>0</b>	<b>197.552.000</b>	<b>0</b>	<b>0</b>
<i>cash</i>	<i>179.552.000</i>	<i>18.000.000</i>		<i>197.552.000</i>		
<i>in kind</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>		

<b>EUROCONTROL</b>	<b>42.200.336</b>	<b>8.150.000</b>	<b>30.443.642</b>	<b>80.793.978</b>	<b>59.267.434</b>	<b>0</b>
<i>cash</i>	<i>30.625.884</i>	<i>8.150.000</i>	<i>3.015.408</i>	<i>41.791.292</i>	<i>1.894.498</i>	
<i>in kind</i>	<i>11.574.452</i>	<i>0</i>	<i>27.428.234</i>	<i>39.002.686</i>	<i>57.372.936</i>	

<b>Other Members</b>	<b>6.076.498</b>	<b>4.599.776</b>	<b>43.727.848</b>	<b>54.404.122</b>	<b>77.734.158</b>	<b>261.581</b>
<i>cash</i>	<i>3.631.366</i>	<i>4.599.776</i>	<i>0</i>	<i>8.231.142</i>	<i>0</i>	<i>261.581</i>
<i>in kind</i>	<i>2.445.132</i>	<i>0</i>	<i>43.727.848</i>	<i>46.172.980</i>	<i>77.734.158</i>	<i>0</i>

*of which:*

<b>AENA</b>	<b>366.662</b>	<b>302.243</b>	<b>2.071.562</b>	<b>2.740.467</b>	<b>4.637.666</b>	<b>0</b>
<i>cash</i>	<i>217.887</i>	<i>302.243</i>		<i>520.130</i>	<i>0</i>	
<i>in kind</i>	<i>148.775</i>		<i>2.071.562</i>	<i>2.220.337</i>	<i>4.637.666</i>	

<b>DFS</b>	<b>384.639</b>	<b>297.727</b>	<b>3.414.819</b>	<b>4.097.185</b>	<b>4.903.121</b>	<b>0</b>
<i>cash</i>	<i>216.094</i>	<i>297.727</i>		<i>513.821</i>	<i>0</i>	
<i>in kind</i>	<i>168.545</i>		<i>3.414.819</i>	<i>3.583.364</i>	<i>4.903.121</i>	

<b>DSNA</b>	<b>383.304</b>	<b>0</b>	<b>2.342.518</b>	<b>2.725.822</b>	<b>4.883.032</b>	
<i>cash</i>	<i>219.583</i>	<i>0</i>		<i>219.583</i>	<i>0</i>	<i>261.581</i>
<i>in kind</i>	<i>163.721</i>		<i>2.342.518</i>	<i>2.506.239</i>	<i>4.883.032</i>	

<i>All figures in EUR</i>	Accumulated Contributions at 01.01.2011	Contribution received 2011	Validated during 2011	Accumulated Contributions at 31.12.2011	Net Contributions to be validated	Contributions to be received and accepted
<b>ENAV</b>	<b>320.491</b>	<b>291.469</b>	<b>2.559.369</b>	<b>3.171.329</b>	<b>4.294.696</b>	<b>0</b>
cash	215.352	291.469		506.821	0	
in kind	105.139		2.559.369	2.664.508	4.294.696	
<b>NATS</b>	<b>297.668</b>	<b>294.260</b>	<b>2.192.060</b>	<b>2.783.988</b>	<b>3.674.626</b>	<b>0</b>
cash	213.283	294.260		507.543	0	
in kind	84.385		2.192.060	2.276.445	3.674.626	
<b>NORACON</b>	<b>275.240</b>	<b>256.092</b>	<b>2.429.197</b>	<b>2.960.529</b>	<b>5.121.544</b>	<b>0</b>
cash	205.968	256.092		462.060	0	
in kind	69.272		2.429.197	2.498.469	5.121.544	
<b>SEAC</b>	<b>74.103</b>	<b>86.124</b>	<b>9.170</b>	<b>169.397</b>	<b>1.894.858</b>	<b>0</b>
cash	33.635	86.124		119.759		
in kind	40.468		9.170	49.638	1.894.858	
<b>FREQUENTIS</b>	<b>148.244</b>	<b>129.910</b>	<b>1.281.169</b>	<b>1.559.323</b>	<b>2.271.645</b>	<b>0</b>
cash	93.814	129.910		223.724	0	
in kind	54.430		1.281.169	1.335.599	2.271.645	
<b>INDRA</b>	<b>585.062</b>	<b>542.364</b>	<b>3.697.063</b>	<b>4.824.489</b>	<b>6.889.234</b>	<b>0</b>
cash	426.127	542.364		968.491	0	
in kind	158.935		3.697.063	3.855.998	6.889.234	
<b>NATMIG</b>	<b>152.772</b>	<b>158.499</b>	<b>1.906.359</b>	<b>2.217.630</b>	<b>3.071.984</b>	<b>0</b>
cash	126.103	158.499		284.602	0	
in kind	26.669		1.906.359	1.933.028	3.071.984	
<b>SELEX</b>	<b>414.722</b>	<b>454.919</b>	<b>3.548.286</b>	<b>4.417.927</b>	<b>8.181.665</b>	<b>0</b>
cash	276.002	454.919		730.921	0	
in kind	138.720		3.548.286	3.687.006	8.181.665	
<b>THALES</b>	<b>1.368.500</b>	<b>982.878</b>	<b>9.939.128</b>	<b>12.290.506</b>	<b>16.044.004</b>	<b>0</b>
cash	847.461	982.878		1.830.339	0	
in kind	521.039		9.939.128	10.460.167	16.044.004	
<b>AIRBUS</b>	<b>708.873</b>	<b>493.680</b>	<b>4.803.725</b>	<b>6.006.278</b>	<b>7.585.604</b>	<b>0</b>
cash	283.668	493.680		777.348	0	
in kind	425.205		4.803.725	5.228.930	7.585.604	
<b>ALENIA</b>	<b>145.732</b>	<b>161.084</b>	<b>1.203.370</b>	<b>1.510.186</b>	<b>1.821.646</b>	<b>0</b>
cash	114.750	161.084		275.834	0	
in kind	30.982		1.203.370	1.234.352	1.821.646	

<i>All figures in EUR</i>	Accumulated Contributions at 01.01.2011	Contribution received 2011	Validated during 2011	Accumulated Contributions at 31.12.2011	Net Contributions to be validated	Contributions to be received and accepted
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<b>HONEYWELL</b>	<b>450.486</b>	<b>148.527</b>	<b>2.330.053</b>	<b>2.929.066</b>	<b>2.458.833</b>	<b>0</b>
<i>cash</i>	141.639	148.527		290.166	0	
<i>in kind</i>	308.847		2.330.053	2.638.900	2.458.833	

<b>TOTAL</b>	<b>227.828.834</b>	<b>30.749.776</b>	<b>74.171.490</b>	<b>332.750.100</b>	<b>137.001.592</b>	<b>261.581</b>
<i>cash</i>	213.809.250	30.749.776	3.015.408	247.574.434	1.894.498	261.581
<i>in kind</i>	14.019.584	0	71.156.082	85.175.666	135.107.094	0

## Note 16: Accumulated contribution from Members used

<i>all figures in EUR</i>	2011	2010
Accumulated contribution from Members used previous years	(206.385.641)	(66.395.588)
Contribution from Members used during the year (EOA)	(220.982.731)	(139.990.053)
<b>Balance as at 31 December</b>	<b>(427.368.372)</b>	<b>(206.385.641)</b>

See also Notes 14, 15 and 17.

## Note 17: Contingent liabilities

Commitments for future fundings	31/12/2011	31/12/2010
RAL - Commitments against appropriations not yet consumed	63.355.215	56.492.342
Operating lease	2.686.535	2.583.599
<b>TOTAL</b>	<b>66.041.750</b>	<b>59.075.941</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 2011.

Operating lease contains rentals and charges due after 31.12.2011 (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 other Members in respect to the funding and implementation of the SESAR Programme and in consideration of the resources already provided to this end, the following Contingent assets are reported:

1. In accordance with Council Regulation (EC) 219/2007 as last modified by Council Regulation (EC) 1361/2008, the maximum EU contribution shall be EUR 700.000.000 of which EUR 350.000.000 shall be paid from the budget appropriation allocated to the theme “Transport (including aeronautics)” of the Specific Programme Cooperation of the Seventh Framework Programme for research and technological development and EUR 350.000.000 from the budget of the Framework programme on Trans-European-Network for the period 2007-2013. The EU contribution shall be paid in accordance with Article 54(2)(b) of Council Regulation (EC, Euratom) n.1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities. Legal commitment have been signed for a total amount of EUR 529.994.680, duly accounted for in each year budgetary accounting;
2. The Eurocontrol Provisional Council took a decision on 8 February 2008 to commit EUR 700.000.000 to contribute to the SJU. As of the end 2011, a total of EUR 140.061.412 contribution has been duly accounted for in each year, of which the 2011 in kind contribution is still to be recognized;
3. Selected Members have signed agreements for an amount of EUR 1.218.705.527 as contribution in kind and in cash to which corresponds an expected co-financing of EUR 594.490.499. Their commitment becomes legal commitment upon the budget commitment made by the SJU in its budgetary accounts. At year end the latter amounts to EUR 444.799.997, implying a legal commitment by the selected members of EUR 889.599.994 contribution in kind, which is duly accounted for in each year budgetary accounting.

## Note 19: Staff expenses

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

Item	2011	2010
Salaries	2.164.989	2.089.059
Allowances	441.541	266.961
Contribution Social Security&Pensions	138.707	60.879
SNEs	99.001	76.196
Secondments Members	1.658.057	1.503.341
Other staff costs	24.831	41.259
<b>TOTAL</b>	<b>4.527.126</b>	<b>4.037.695</b>

The “Secondments Members” include EUR 432.288 related to secondments from Eurocontrol.

At the end of 2011, out of the 39 positions approved by the SJU Administrative Board in the SJU Staff Establishment Plan, 23 positions were covered by Temporary Agents, 3 positions by Contractual Agents, 8 positions by personnel seconded to the SJU by its Members. Furthermore the SJU had recruited one Seconded National Experts. With regard to the 7 vacant positions, of which 2 SNEs, 5 recruitments are already completed.

## 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	2011	2010
IT related expenses	1.236.025	701.509
Office rental, utilities and related services	667.771	632.159
Mission expenses	292.771	286.900
Interim support and external services	202.699	222.394
PR & Marketing expenses	317.690	257.611
Office supplies & Maintenance	260.095	214.986
Miscellaneous administrative expenses	88.533	128.262
<b>TOTAL</b>	<b>3.065.584</b>	<b>2.443.821</b>

“IT related expenses” include the IT services from Eurocontrol for the amount of EUR 1.055.158 in 2011, while “Office Supplies & Maintenance” the amount of EUR 41.755.

## Note 21: Other Operational expenses

These expenses comprise all Programme related activities that were performed in 2011 (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	2011	2010
<b>Provision for Programme related work achieved (in kind contribution)</b>	<b>183.369.637</b>	<b>115.961.261</b>
<i>of which Eurocontrol Programme</i>	<i>48.696.530</i>	<i>17.291.542</i>
<i>Eurocontrol PSO</i>	<i>1.891.218</i>	<i>3.814.222</i>
<i>Other Members</i>	<i>132.781.889</i>	<i>94.855.497</i>

Item	2011	2010
<b>Contributions considered cash in accordance with Annexe 2 of the aforementioned Eurocontrol/SJU agreement, realized in 2010 and recognized by the SJU in 2011</b>	<b>11.065.898</b>	<b>824.324</b>
<i>Eurocontrol Early Projects</i>	0	224.324
<i>Eurocontrol WP11</i>	7.000.000	0
<i>Eurocontrol WPE</i>	3.519.190	200.000
<i>Eurocontrol Military and Staff</i>	546.708	400.000
Industrial support contract	11.679.529	12.387.547
Programme Support Contract (Legal, Financial & Programme Management)	1.617.418	1.451.525
Aire contracts	1.993.791	853.925
Airspace Users contracts	1.924.073	900.000
Wireless communication study	50.000	420.465
Optimi, Satoptimi	300.000	440.219
Experts	178.692	
Other contracts	841.484	
<b>TOTAL</b>	<b>213.020.522</b>	<b>133.239.266</b>

## Note 22: Financial operations revenues and expenses

### Revenues

This amount comprises all non reimbursable interests received on cash and cash equivalents in 2011 by the SJU (net of taxes).

### Expenses

This amount comprises bank charges and exchange rate differences.

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

### 2.1 General remarks

#### 2.1.1 Establishing the budget

The final Budget, i.e. the Revised Budget approved by the Administrative Board on 15 December 2011 to take into account the transfers, included revenue appropriations for EUR 148.039.777, of which EUR 11.767.877 as Budget Outturn from the previous year. In 2011, the SJU established revenues amounted to EUR 147.669.572; EUR 33.971.467 were cashed by the SJU, of which EUR 18.000.000 from the European Union, EUR 11.165.408 from Eurocontrol and EUR 4.599.776 as cash contributions of the other Members.

In terms of expenditure, the budget amounted to EUR 148.039.777, of which EUR 147.180.812 was committed in 2011 (execution 99,4%) and EUR 75.583.240 paid in the same period.

#### 2.1.2 Principle of equilibrium

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

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

#### 2.1.3 Staff establishment plan

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

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



Human Resources	2011	
	Authorised under the EU Budget	Actually filled as of 31/12/2011
<b>Establishment plan posts:</b>		
AD	33	28
AST	6	6
<b>Total Establishment plan posts</b>	<b>39</b>	<b>34</b>
<i>Of which:</i>		
- Temporary Agents	11	23
- Secondment from SJU Members *	25	8
- Contract Agents *	3	3
<b>Seconded National Experts</b>	<b>3</b>	<b>1</b>
<b>Total staff</b>	<b>42</b>	<b>35</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 2011, out of the 39 positions approved by the SJU Administrative Board in the SJU Staff Establishment Plan, 23 positions were covered by Temporary Agents, 3 positions by Contractual Agents, 8 positions by personnel seconded to the SJU by its Members and 1 Seconded National Expert.

At year end, mostly due to the expiration of some Members' secondment contracts, the SJU has 7 vacant positions, of which:

- 3 recruitments completed with staff selected starting in January 2012, March 2012 and July 2012;
- 2 recruitments ongoing;
- 1 Seconded National Experts' recruitments was completed and the incumbent took up duty during April 2012, while the second one needs to be re-launched to the unavailability of the selected candidate.

## 2.2 Budgetary outturn account

<i>all figures in EUR</i>	2011	2010
<b><u>REVENUE RECEIVED FOR THE YEAR</u></b>		
Contribution from the European Union	18.000.000	41.000.000
Contribution from Eurocontrol	11.165.408	11.625.884
Contributions from other Members	4.599.776	3.631.366
Other sources of contribution and revenue	206.283	(642.211)
<b>TOTAL REVENUE (1)</b>	<b>33.971.467</b>	<b>55.615.039</b>
<b><u>TOTAL PAYMENTS MADE FOR THE YEAR</u></b>		
Staff Expenditure	(4.729.025)	(3.597.831)
Administrative Expenditure	(2.906.687)	(3.561.624)
Operating Expenditure	(67.947.528)	(77.740.814)
<b>TOTAL EXPENDITURE (2)</b>	<b>(75.583.240)</b>	<b>(84.900.269)</b>
<b><i>BUDGET SURPLUS of the year (3)=(1)-(2)</i></b>	<b>(41.611.773)</b>	<b>(29.285.230)</b>
<b>Total Budget Surplus previous year (4)</b>	<b>57.183.031</b>	<b>86.468.261</b>
<b><i>NEW TOTAL BUDGET SURPLUS (5)=(3)+(4)</i></b>	<b>15.571.258</b>	<b>57.183.031</b>
<b><u>COMMITMENTS STILL TO BE PAID (6)</u></b> <b><u>(Carry Forwards from 2011 Title 1&amp;2 only)</u></b>	<b>(4.132.943)</b>	<b>(3.713.549)</b>
<b>TOTAL BUDGET OUTTURN (7)=(5)+(6)</b>	<b>11.438.315</b>	<b>53.469.482</b>

## 2.2.1 Revenue

<i>all figures in EUR</i>	1	2	3=2/1	4	5	6=5/4	7	8
<u>Type of revenue</u>	<u>Commitment appropriations</u>	<u>Actual Revenues established</u>	<u>% of budget</u>	<u>Payment appropriations</u>	<u>Actual Revenues received</u>	<u>% of budget</u>	<u>Outstanding (from 2011 only)</u>	<u>Outstanding (Total)</u>
Contribution from the European Union	109.994.680	109.994.680	100,0%	18.000.000	18.000.000	100,0%	91.994.680	332.442.680
Contribution from Eurocontrol	21.244.496	21.007.543	98,9%	11.165.409	11.165.408	100,0%	9.842.135	13.754.983
Contributions from other Members	4.842.724	4.842.725	100,0%	4.842.724	4.599.776	95,0%	261.581	261.581
Other sources of contribution and revenue	190.000	56.747	29,9%	190.000	206.283	108,6%	13.292	13.292
Budget surplus previous year	11.767.877	11.767.877		57.183.031	57.183.031			
<b>TOTAL REVENUE</b>	<b>148.039.777</b>	<b>147.669.572</b>	<b>99,7%</b>	<b>91.381.164</b>	<b>91.154.498</b>	<b>99,8%</b>	<b>102.111.688</b>	<b>346.472.536</b>

## 2.2.2 Expenditure

<i>all figures in EUR</i>	1	2	3=2/1	4	5	6 = 4 + 5	7	8=7/6	9	10
<u>Type of expenditure</u>	<u>Commitment approp.</u>	<u>Commitments</u>		<u>Payment appropriations</u>			<u>Payments</u>		<u>Commitments still to be paid</u>	<u>Commitments still to be paid</u>
			<u>% of budget</u>	<u>BDG 2011</u>	<u>from 2010 *</u>	<u>Total</u>		<u>% of budget</u>	<u>2011 Carry Forwards only</u>	
Staff Expenditure	5.428.000	5.420.000	99,9%	5.428.000	206.910	5.634.910	4.729.025	83,9%	2.213.689	2.213.689
Administrative Expenditure	3.161.000	3.110.035	98,4%	3.161.000	86.829	3.247.829	2.906.687	89,5%	1.919.254	1.959.318
Operating Expenditure	139.450.777	138.650.777	99,4%	82.792.164		82.792.164	67.947.528	82,1%	136.438.230	353.898.020
1. Studies/Development conducted by the SJU	27.320.000	26.520.000		20.000.000		20.000.000	18.482.604	92,4%	25.042.256	67.662.222
2. Studies/Development conducted by Eurocontrol	0	0		702.853		702.853	702.853	100,0%	0	0
3. Studies/Development conducted by other Members	112.130.777	112.130.777		62.089.311		62.089.311	48.762.071	78,5%	111.395.974	286.235.798
<b>TOTAL EXPENDITURE</b>	<b>148.039.777</b>	<b>147.180.812</b>	<b>99,4%</b>	<b>91.381.164</b>		<b>91.674.903</b>	<b>75.583.240</b>	<b>82,4%</b>	<b>140.571.173</b>	<b>358.071.027</b>
<b>TOTAL REVENUE</b>		<b>147.669.572</b>					<b>91.154.498</b>			
<b>BUDGET SURPLUS/(DEFICIT)</b>		<b>488.760</b>					<b>15.571.258</b>			

\* only amounts needed in 2011

0

## 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	69.800.000	69.800.000	100,0%
Contributions from other Members to be recognized	112.130.777	112.130.777	100,0%
Other sources of contribution and revenue	0	0	
Budget surplus previous year	0	0	
<b>TOTAL REVENUE</b>	<b>181.930.777</b>	<b>181.930.777</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	181.930.777	181.930.777	100,0%
1. Studies/Development conducted by the SJU**	0		
2. Studies/Development conducted by Eurocontrol**	69.800.000	69.800.000	
3. Studies/Development conducted by other Members	112.130.777	112.130.777	
<b>TOTAL EXPENDITURE</b>	<b>181.930.777</b>	<b>181.930.777</b>	100,0%
<b>TOTAL REVENUE</b>		<b>181.930.777</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 2011, the European Union commitments' movements are described here below:

	Budget appropriations	Actual commitments	Actual revenues	Outstanding
<b>FP7 funds</b>	59.994.680	59.994.680	9.000.000	50.994.680
<b>TEN-T funds</b>	50.000.000	50.000.000	9.000.000	41.000.000
<b>TOTAL</b>	<b>109.994.680</b>	<b>109.994.680</b>	<b>18.000.000</b>	<b>91.994.680</b>

### Note B.2: Contribution from Eurocontrol

During 2011, Eurocontrol a) realized the Programme activities and b) provided the SJU with the services described here below, under the agreement between the SJU and Eurocontrol of 12 June 2009.

Eurocontrol contributed to the SJU with the following:

#### *cash contributions*

- EUR 8.150.000, representing a payment related to the contribution of EUR 55 million to co-finance Work Packages C, 7, 13 and 16;

*contributions considered cash in accordance with Annexe 2 of the aforementioned Eurocontrol/SJU agreement, realized in 2010 and recognized by the SJU in 2011*

Total EUR 3.015.408 of which

- EUR 472.288 in terms of staff seconded to the SJU;
- EUR 1.374.368 related to IT and other administrative services;
- EUR 702.853 related to Early Projects realized in 2009 and recognized in 2010;
- EUR 219.191 related to contracts let by Eurocontrol on behalf of the SJU related to WPE
- EUR 246.708 related to contracts let by Eurocontrol on behalf of the SJU related to Professional Staff Associations and Military experts.

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

- EUR 3.500.000 related to PSO for 2011. 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 2011 is 20 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 66.300.000 to the Programme activities realized by Eurocontrol during 2011, still to be validated.

**Eurocontrol*****Budget Accounting***

Revenue Appropriations	2008 <u>actual</u>	2009 <u>actual</u>	2010 <u>actual</u>	2011 <u>actual</u>	2008 - 2011 <u>Total</u>
Cash	10,0	9,0	2,9	8,2	30,1
Cash services	-	9,4	8,6	3,0	21,0
In Kind	-	20,1	52,3	69,8	142,2
<b>Total</b>	<b>10,0</b>	<b>38,5</b>	<b>63,8</b>	<b>81,0</b>	<b>193,3</b>

***Accrual Accounting******To be recognized:***

Cash services	0,7	8,7	2,6	13,1	
In Kind	0,3	13,2	23,6	46,2	

**Contributions  
established**

Cash	10,0	9,0	2,9	8,1	30,0
Cash services	-	0,7	8,1	3,0	11,8
In kind	-	0,3	11,3	27,4	39,0
<b>Total</b>	<b>10,0</b>	<b>10,0</b>	<b>22,3</b>	<b>38,5</b>	<b>80,8</b>

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

In accordance with the decisions of 24 March and 12 June 2009 of the Administrative Board to award the activities to the SJU Members for a gross amount of EUR 1.188.981.000 in terms of in-kind contributions and EUR 594.490.499 as co-financing, during 2011 the SJU committed an additional amount of EUR 112.130.777 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 112.130.777.

**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 2011 the SJU reimbursed to the Commission the amount of EUR 430.357 related to 2010 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 = 4 + 5	7	8=7/6
<u>Staff expenditure</u>	<u>Commitment approp.</u>	<u>Commitments</u>		<u>Payment appropriations</u>			<u>Payments</u>	
			<u>% of budget</u>	<u>BDG 2011</u>	<u>from 2010 *</u>	<u>Total</u>		<u>% of budget</u>
Staff Expenditure as per Staff Est.Plan	2.630.000	2.630.000	100,0%	2.630.000		2.630.000	2.502.472	95,2%
Contract Agents, Interim Staff	380.000	380.000	100,0%	380.000		380.000	281.631	74,1%
Secondments From Members	1.890.000	1.890.000	100,0%	1.890.000		1.890.000	1.410.637	74,6%
Seconded National Experts	150.000	150.000	100,0%	150.000		150.000	99.001	66,0%
Mission Costs	200.000	192.000	96,0%	200.000	206.910	406.910	308.177	75,7%
Other Staff Expenditure	178.000	178.000	100,0%	178.000		178.000	127.107	71,4%
<b>TOTAL</b>	<b>5.428.000</b>	<b>5.420.000</b>	<b>99,9%</b>	<b>5.428.000</b>		<b>5.634.910</b>	<b>4.729.025</b>	<b>83,9%</b>

\* **only amounts needed in 2011**

The amount of the cumulative carry forward related to the Staff Expenditure, EUR 2.213.689, is due mostly to the cost of the *Secondments from Members* and *Mission* for which the SJU will receive the relative invoices/supporting documents during 2012.

## Note B.6: Administrative expenditure

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

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:

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

<i>all figures in EUR</i>	1	2	3=2/1	4	5	6 = 4 + 5	7	8=7/6
<u>Administrative Expenditure</u>	<u>Commitment approp.</u>	<u>Commitments</u>		<u>Payment appropriations</u>			<u>Payments</u>	
			<u>% of budget</u>	<u>BDG 2011</u>	<u>from 2010</u> *	<u>Total</u>		<u>% of budget</u>
Rental of Buildings and Associated Costs	716.204	708.213	98,9%	716.204		716.204	705.304	98,5%
Movable Property And Associated Costs	30.000	30.000	100,0%	30.000	40.237	70.237	39.094	55,7%
PR and Events	300.000	299.686	99,9%	300.000	46.592	346.592	333.743	96,3%
Postage and Telecommunications	175.000	173.225	99,0%	175.000		175.000	151.892	86,8%
Administrative Board Expenditure	25.000	25.000	100,0%	25.000		25.000	7.499	30,0%
Current Administrative Expenditure	234.822	221.666	94,4%	234.822		234.822	136.793	58,3%
IT Expenditure And Technical Facilities	1.579.974	1.575.637	99,7%	1.579.974		1.579.974	1.487.779	94,2%
Administrative Support Services	100.000	76.608	76,6%	100.000		100.000	44.583	44,6%
<b>TOTAL</b>	<b>3.161.000</b>	<b>3.110.035</b>	<b>98,4%</b>	<b>3.161.000</b>		<b>3.247.829</b>	<b>2.906.687</b>	<b>89,5%</b>

\* *only amounts needed in 2011*

The amount of the cumulative carry forward related to the Administrative Expenditure, EUR 1.919.254, is due mostly to the cost of the *IT Expenditure and Facility provided* by Eurocontrol that will be invoiced in 2012.

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

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

<i>all figures in EUR</i>	1	2	3=2/1	4	5	6 = 4 + 5	7	8=7/6
<u>Studies/Developme nt by SJU</u>	<u>Commitmen t approp.</u>	<u>Commitm ents</u>	<u>% of budget</u>	<u>Payment Appropriations</u>		<u>Total Payments</u>	<u>% of budge t</u>	
				<i>reallocation of ad hoc studies</i>				
Ad Hoc Studies	1.040.000	900.000	86,5%	1.461.295	(666.515)	794.780	500.000	62,9%
AIRE expansion	0			0		0	0	
AIRE Phase 2				1.832.696		1.832.696	1.635.884	89,3%
Airspace Users 1	2.000.000	2.000.000	100,0%	1.576.480		1.576.480	1.513.105	96,0%
Airspace Users 2 (Lowcost...)				0		0	0	
ATMPP Statagic Performance Partnership	120.000	120.000	100,0%	150.000		150.000	44.328	29,6%
Associates of the SJU	10.000.000	10.000.000	100,0%	0		0	0	
Independent Experts	300.000	300.000	100,0%	300.000		300.000	173.448	57,8%
Industrial support (Phase 2)				11.679.529	200.000	11.879.529	11.856.723	99,8%
Military and Professional Staff Associations	700.000	700.000	100,0%	700.000		700.000	246.708	35,2%
NSA Expertise		100.000		150.000		150.000	7.626	5,1%
OPTIMI					220.000	220.000	220.000	100,0%
Programme E- Learning					102.015	102.015	102.015	100,0%
Programme Management Support	1.700.000	1.500.000	88,2%	1.700.000		1.700.000	1.696.318	99,8%
Provision for Military Studies	400.000	400.000	100,0%	0		0	0	
Representation of the SJU USA/ICAO	300.000		0,0%	0		0	0	
SATOPTIMI				100.000		100.000	80.000	80,0%
Scientific Committee	260.000		0,0%	50.000		50.000	42.758	85,5%
Study on Wireless Communication					144.500	144.500	144.500	100,0%
WP11	7.000.000	7.000.000	100,0%	0		0	0	
WPE	3.500.000	3.500.000	100,0%	300.000		300.000	219.191	73,1%
TOTAL	27.320.000	26.520.000	97,1%	20.000.000	0	20.000.000	18.482.604	92,4%

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

This amount relates to the acceptance of the final part of the *Early Projects* activities realized by Eurocontrol in 2010 which were already committed in 2009 for a total amount of EUR 7.000.000.

**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. During 2011, EUR 5.717.358 Pre-Financing (cumulative since 2009 EUR 112.801.957) and EUR 43.044.713 Co-financing (cumulative since 2009 EUR 45.586.014) were paid.

## 2.3 Reconciliation between budgetary and financial accounts

<i>all figures in EUR</i>		2011
<b>NET EXPENSES FOR ACTIVITIES OF THE YEAR (EOA)</b>		<b>(220.982.731)</b>
<b>1. Adjustment for items not included in the budgetary result but included in the economic result</b>		
Unpaid invoices at year end but booked in charges	+	(29.058)
Depreciation of intangible and tangible fixed assets	+	574.859
Provisions/Liabilities/Contributions to be validated	+	80.079.246
Recovery orders issued in 2011 not yet cashed	-	(286.577)
Interest received by and to be reimbursed to European Commission (+other debts EC)	-	(112.574)
Accumulated Economic Result of previous years	+	139.990.053
<b>Subtotal 1</b>		<b>220.215.949</b>
<b>2. Adjustment for items included in the budgetary result but not included in the economic result</b>		
Asset acquisitions (less unpaid amounts)	-	(332.610)
Pre-financing	-	(5.571.553)
Members' Contributions	-	(35.068.788)
Deferred charges (Prepaid expenses of next year)	-	(113.443)
<b>Subtotal 2</b>		<b>(41.086.394)</b>
<b>3. Reconciliation items between Budget and General Accounts (Payments)</b>		
<i>Cash outs in banks but not in Budgetary reports (+)</i>	+	307.783
<i>Cash ins in banks but not in Budgetary reports (-)</i>	-	(66.611)
<i>Cash outs in Budgetary reports but not in Banks (-)</i>	-	(1.480)
<i>Remaining reconciliation items not identified</i>	+	1.711
<b>Subtotal 3</b>		<b>241.403</b>
<b>BUDGET OUTTURN OF THE YEAR</b>		<b>(41.611.773)</b>
<i>Balance Budget Outturn Account 2010</i>	+	57.183.031
Payment appropriations carried over to 2012 (RAL)	-	(4.132.943)
<b>BUDGET OUTTURN BALANCE</b>		<b>11.438.315</b>

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

### 3.1 Main aspects

Since the launch of the SESAR Programme activities in June 2009 substantial progress has been made and 2011 saw the first wave of research results, at different maturity levels, delivered. The most important achievements of 2011 are:

- a. at the end of 2011, 301 projects were initiated and 282 entered the execution phase; in order to ensure the alignment of the Members' contributions to the development of the programme results, a resources' "reallocation" exercise was performed. On 15 December 2011 the Administrative Board adopted the new reallocated resources as of 1 January 2012.
- b. the first SESAR Release content, Release 1, was consolidated through a first System Engineering review and endorsed by the Administrative Board as part of the AWP 2011. It consisted of 29 Validation Exercises addressing concept elements in 16 Operational Focus Areas.
- c. in June 2011, the second System Engineering review took place to assess the progress of Release 1 towards the step V3 validation and, in particular, the validation plans and the platforms readiness. The review resulted in a number of corrective actions to mitigate risks related to the Release execution. The review concluded that the overall progress was adequate, while in terms of resource consumption and delivery alignment some weaknesses were noted.
- d. with regard to the Programme reporting, the Members submit structured quarterly reporting based on effort consumption. This report provides the SJU with an additional monitoring of the alignment of the Members' efforts with the programme objectives, and of the risk incurred.
- e. with regard to Validation, in November 2011 the SJU launched the V&V<sup>8</sup> roadmap update campaign in order to achieve a more defined top-down approach and to ensure that stakeholders' key priorities are addressed by the validation exercises.
- f. WPE (Long Term Research) and WP11 (Flight Operations Centre Systems) have been launched.
- g. 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 2011 Airspace users have been actively involved across the programme, contributing towards projects tasks and deliverables across 92 projects.
  - with regard to the involvement of the Military, more and more contacts are developed with the different National Defence administrations and through Eurocontrol DCMAC.
  - 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 framework contracts were extended for another two year period as of 1<sup>st</sup> September 2011.
- h. 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.
- i. SJU awarded the "SESAR Military Avionics Study" that will highlight how to ensure interoperability between military and civil technologies in order to reduce implementation cost for SESAR.

<sup>8</sup> Validation & Verification

- j. within the frame of the Memorandum of Cooperation with the US addressing interoperability between SESAR and NextGen, a series of coordination activities are in place, e.g. coordination of technical efforts in support of global and ICAO standardization activities, road-mapping including standardisation and regularisation with a view to facilitate implementation and synchronisation, avionics technology and applications roadmap, data-link technology, Atlantic Interoperability to reduce Emission (AIRE). Furthermore, external relations in co-operation with the EC and Eurocontrol continue to develop with China, Russia, Ukraine, Turkey and Middle East Countries.
- k. 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.
- l. 2011 administrative and financial objectives are achieved. In particular, the ABAC/SAP system completed its first full year operations providing support for financial transactions and accounting and aligning the SJU to the European Commission standard. The implementation of ABAC Assets was completed in test phase, while ABAC contract will be implemented early 2012.
- m. with regard to Projects Audit, seven ex-post audits have been performed in five Selected Members and five of those have been finalized. In the statistical selection of 2009 IFSs from a total of 95 Cost Break-down Forms of a total amount of EUR 5.428.589 accepted and paid, there were 14 CBFs audited representing EUR 1.943.390 (i.e. 36% of the total accepted costs);
- n. the opening cash balance as of 1 January 2011 was EUR 57.156.629. During the year the SJU received cash contributions from the EU for an amount of EUR 18.000.000, from Eurocontrol for EUR 11.165.408 and from the other members for EUR 4.599.776. Payments amounted to EUR 75.583.240 and could be broken down in the budget titles as follows:
  - Title 1 Staff cost EUR 4.729.025,
  - Title2 Administration EUR 2.906.687,
  - Title 3 Operations EUR 67.947.528.

The cash balance as at 31 December was EUR 15.303.453. In total the SJU executed more than 1.000 payments; EUR 48.762.071 were paid to the Members, of which EUR 43.044.713 in terms of co-financing. The cash surplus was substantially reduced while ensuring the operations of the SJU during the initial part of 2012;

The Annual Activity Report for 2011, which contains an extensive description of all the results achieved was endorsed by the Administrative Board on 29 March 2012. The following paragraphs provide a high level view on the results.

2011 constitutes a key year in the progress to achieve the Mid-Term Objectives and Vision 2012. In particular:

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

The "Initial 4D trajectory based operations", is planned to be validated during a first validation exercise taking place as part of Release 1 in February 2012 in the traffic environment of MUAC, NUAC and Stockholm Approach. A number of preparatory activities were performed in 2011 including the development and integration of the two FMS prototypes as well as a number of simulation activities connecting ground and airborne simulation platforms. The second iteration, part of Release 2, is planned for late 2012 and the third for 2013. The aim will be to validate operational procedure for flying according to a CTA in the En-route and TMA airspace.

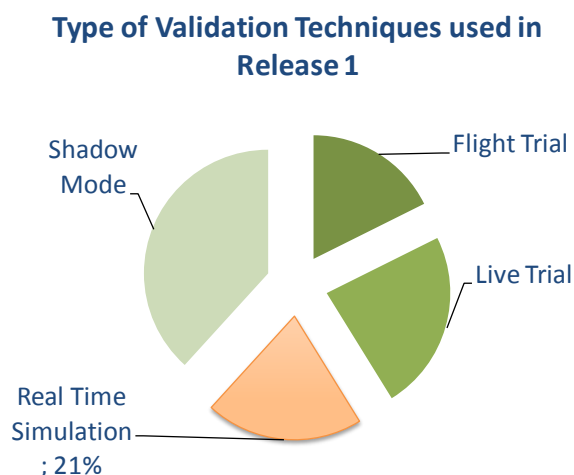
It is expected that as planned the objective will be mostly met in 2012, although the use of satellite based technologies is being introduced after the 2013 timeframe.

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

In 2011, 9366 commercial flights, demonstrated early SESAR benefits (including AIRE and OPTIMI flight demonstrations). It must be noted however that for the time being the number of Military flights remains limited. In addition to the ongoing Programme activities, the SJU Administrative Board decided the launch of a “Demonstration Activities” call where integrated trials during 2012 will allow the SJU to reach the target and bring in the military dimension mostly during 2013 too.

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

In order to achieve the objective of 80% of validation exercises in real life environment, a Validation Strategy has been established. In particular, the deliveries of Release 1 and those planned for Release 2 in 2012 will connect primary Projects to the different exercises performed within the Operational Focus Areas and to real systems or environment.



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

As already reported to the Administrative Board (hereinafter also ADB), in 2011 a SWIM Action Plan has been introduced to respond to the risks identified in the related Projects, inter alia, the lack of a legal framework for SWIM. Some progress was achieved and illustrated at the SWIM Demonstration Event, which took place in November 2011 with good participation from the overall programme. Still a number of yet unresolved issues and priorities have so far delayed the achievement of this mid-term objective. Despite the progress achieved by year-end 2011 and the implementation of the action plan with the contribution of the ongoing validation exercise, it is unlikely that the objective will be met in the set timeframe.

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

The first validation exercises for the Remote Tower, part of Release 1, have been performed as planned and will be completed during 2012 in order to achieve this mid-term objective. The Release 1 Exercise has confirmed:

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

Regulatory Authorities participated in these trials.

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

Following the success of the first AIRE cycle in 2009, the SESAR Joint Undertaking further extended this green branch of the SESAR Programme. Through the connection of main European airports



(Paris, Vienna, Madrid, Cologne, Dusseldorf, Prague, Brussels, Toulouse,...) and the involvement of some 40 partners in Europe and beyond, AIRE has demonstrated significant benefits in terms of emission reduction. The quality of these results is high not only in terms of reduction of fuel burn and therefore CO<sub>2</sub> emissions, but because the high conversion rate from projects into daily ATM practice. The results of AIRE and the results expected in the “demonstration activities” call launched and to be performed during 2012 will allow meeting the objective.

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

This objective has many dimensions and the business case development process is not mature yet to encompass all the different stakeholders’ perspectives. Nevertheless, substantial effort has been invested in developing business case methodologies for ANSPs, airspace users and airports. Step 1 of the 4D Time Based Operations deliverables has been validated in 2011 and will continue to be validated in 2012 and progress will be made on standardisation activities as well. To a certain extent and in some areas the business case will be endorsed to the level of industrialisation readiness, whereby additional work will be needed with stakeholders on its deployment. The objective will not be reached in the set timeframe although preliminary business case information will be made available to prepare the transition to deployment for first SESAR solutions from 2013.

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

### 3.2.1 Financial situation

As detailed in Part 1 and 2, the SJU has a budget turnout of EUR 11.438.315 at the end of 2011 compared to EUR 53.469.482 of the previous year (budget accounts).

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

<b>Running Expenditure Commitments</b>	<b>Actual 2007-2008</b>	<b>Actual 2009</b>	<b>Actual 2010</b>	<b>Actual 2011</b>	<b>Total 2007 - 2011</b>
Title 1	3,2	4,0	5,0	5,4	<b>17,6</b>
Title 2	1,5	3,9	3,0	3,1	<b>11,6</b>
<b>Total</b>	<b>4,7</b>	<b>7,9</b>	<b>8,0</b>	<b>8,5</b>	<b>29,1</b>

**Funded with**

EU	FP7	4,0	6,0	-	2,0	<b>12,1</b>
	TEN-T	-	-	-	-	-
	<b>Total</b>	<b>4,0</b>	<b>6,0</b>	<b>-</b>	<b>2,0</b>	<b>12,1</b>
Eurocontrol		0,7	1,9	8,0	2,0	<b>12,6</b>
Other Members		-	-	-	4,5	<b>4,5</b>
<b>Total</b>		<b>4,7</b>	<b>7,9</b>	<b>8,0</b>	<b>8,5</b>	<b>29,1</b>

Title 3	9,4	307,7	109,8	138,7	<b>565,6</b>
In Kind	-	256,8	148,2	181,9	<b>586,9</b>
<b>Total (Titles 1,2,3)</b>	<b>14,12</b>	<b>572,45</b>	<b>265,95</b>	<b>329,11</b>	<b>1.181,63</b>

<i>Running vs Total Annual %</i>	33,5%	1,4%	3,0%	2,6%	2,5%
<i>Running vs Total Cumulative %</i>	2,5%	2,5%	2,5%	2,5%	2,5%

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 Follow up of the Discharge Procedure for 2010

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

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

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

- *Budget and Financial Management: budget balance*
  - as a result of the concrete measures implemented in 2011, the cash balance at year end was reduced to EUR 15.303.453 compared to EUR 57.156.629 at the end of 2010;
  - with regard to the observation referring to expenditure exceeding budgetary appropriations for two budget headings, on the one hand, the SJU reconfirms that no budget appropriation has never been exceeded and, on the other hand, that in the specific case the expenditure was against payment credits still available from the previous year in accordance with the Financial Rules.
- *Internal control systems*
  - in accordance with the ABAC implementation plan, ABAC Assets and ABAC Contracts have been deployed by the end of 2011 and they are currently in use;
  - with regard to the integration of the financial systems (ABAC/SAP) with the SJU programme management system, as noted by the European Court of Auditors, the integration has been ensured up to the level currently possible considering that no SJU system may electronically feed the ABAC/SAP systems. The level of integration reached has allowed the SJU to allocate eligible costs to Projects/Sub Work Packages and Work Packages, report and monitor the Programme developments and results;
  - the accounting officer of the SJU has formally validated the underlying business processes and in particular the local systems.
- *Project Management and Performance*
  - the Annual Activity Report 2011 provides, as well as those for the previous years, a detailed status of the implementation of the SESAR Programme and of the results achieved. Furthermore, the Annual Work Plan 2012 provides also the expected deliverables for future years and the action put in place to ensure the achievement of the overarching goals of the SESAR Programme.
- *Conflict of interest (Horizontal observation addressed to all Joint Undertakings)*
  - The SJU has verification mechanisms in place to enable a proper management and prevention of conflicts of interest. The management of conflict of interest is defined in Article 6 of Council Regulation 219/2007. The Administrative Board adopted a first decision to concretely implement the conflict of interest measures already on 21 February 2008, well before the membership agreements with the industrial partners were established and signed. The decision was further reviewed and detailed on 1 December 2008 and recently on 29 March 2012. In particular, the following measures have been adopted and are implemented:
    - members of the SJU and/or the Administrative Board are not allowed to participate in any of the steps of the procurement or grants procedures and cannot have access to any documentation in this respect;
    - mandatory signature of a declaration on conflict of interest by each participant before each meeting of the Administrative Board, recruitment board, procurement/grant board, or any other similar body or committee within the SJU;
    - exclusion of any participant who declares or is considered to be in a potential conflict of interest from the relevant meeting;
    - mandatory signature by staff, under any contractual form, of a declaration of commitment and conflict of interest upon their appointment as well as an annual declaration of interests;
    - mandatory training on ethics and integrity for all staff members
    - mandatory signature by experts or consultants under any contractual form upon their appointment of a declaration of independence, commitment, confidentiality and conflict of interest;
    - preparation of a binding code of conduct addressed to Administrative Board Members in addition to the Code of conduct already existing for the SJU Staff.

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

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

### 3.3 Summary information on the transfers of appropriations

#### 3.3.1 Transfers of revenue appropriations

<i>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	109.994.680	0	109.994.680	96.515.649	-78.515.649	18.000.000
- Contribution from Eurocontrol	20.300.000	944.496	21.244.496	20.300.000	-9.134.591	11.165.409
Contributions from other Members	4.842.724	0	4.842.724	4.842.724	0	4.842.724
Other Revenue	190.000	0	190.000	190.000	0	190.000
- Budget Surplus previous year	13.625.931	-1.858.054	11.767.877	39.507.269	17.675.762	57.183.031
-						
<b>TOTAL REVENUE</b>	<b>148.953.335</b>	<b>-913.558</b>	<b>148.039.777</b>	<b>161.355.642</b>	<b>-69.974.478</b>	<b>91.381.164</b>

*Initial appropriations as adopted by SJU Administrative Board on 13 December 2010.*

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

## 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	5.905.000	-477.000	5.428.000	5.905.000	-477.000	5.428.000
- Administrative Expenditure	3.211.000	-50.000	3.161.000	3.211.000	-50.000	3.161.000
Operating Expenditure	139.837.335	-386.558	139.450.777	152.239.642	-69.447.478	82.792.164
-						
<b>TOTAL EXPENDITURE</b>	<b>148.953.335</b>	<b>-913.558</b>	<b>148.039.777</b>	<b>161.355.642</b>	<b>-69.974.478</b>	<b>91.381.164</b>

*Initial appropriations as adopted by SJU Administrative Board on 13 December 2010.*

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