



## Final Annual Accounts 2014

1 July 2015

The Final Annual Accounts 2014 are drafted in accordance with Title IX of the SESAR Joint Undertaking Financial Rules<sup>1</sup>, which are established in accordance with Council Regulation (EC) No 219/2007, as modified by Council Regulation (EC) 1361/2008 (SJU Regulation) and last amended by the Council Regulation (EC) 721/2014.

This report is sent to the Accounting Officer of the European Commission and the European Court of Auditors in accordance with Article 98 of the Financial Rules.

## STRUCTURE OF THE REPORT

This report consists of three parts:

### Part I: Annual General Accounts

In accordance with Article 91 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 budget result 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 in accordance with Article 92 of the SJU Financial Rules.

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<sup>1</sup> In its latest version the SESAR Joint Undertaking Financial Rules were adopted by the Administrative Board on 25 June 2015, reference SJU-AB-033-15-DOC-01.

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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 European 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.

The EC Regulation 721/2014 of June 16th 2014 extended the SJU up to 31 December 2024 to continue research and innovation on air traffic management and in particular the coordinated approach in the context of the Single European Sky to achieve the performance targets there defined. This decision was taken in recognition of the need to foster Research and Innovation on Air Traffic Management beyond the organisation's original mandate until 2016, as well as in appreciation of the SESAR partnership's ability to respond to evolving business needs and fast track technological and operational improvements in Europe's ATM system.

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## 1 Annual General Accounts

### 1.1 Certification by the Accounting Officer

The Final Annual Accounts of the SJU for the year 2014 have been prepared in accordance with the Financial Regulation applicable to the general budget of the European Union, Title IX of the SJU Financial Rules and the accounting rules adopted by the Commission's Accounting Officer, as are to be applied by all the institutions, agencies and joint undertakings.

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

I acknowledge my responsibility for the preparation and presentation of the Final Annual Accounts of the SJU in accordance with Article 49 of the SJU Financial Rules.

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

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

Brussels, 1 July 2015



Marcel Dedić  
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, first adopted by the Administrative Board of the SJU on 14 December 2010 in accordance with Article 4a of the SJU Regulation and in its current version of June 2015. The accounts are drawn up in accordance with the accounting rules adopted by the Accounting Officer of the European Commission.

### 1.2.2 Accounting principles

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

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

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

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

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

Article 94 of the SJU Financial Rules makes reference to generally accepted accounting principles to be applied in drawing up the financial statements, e.g.:

- 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 2014.

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 statement of financial performance.

### 1.2.4 Significant changes in 2014

On 25 February 2014, the Administrative Board appointed Mr Guillermet, former SJU Deputy Executive Director Operations and Programme, to the position of SJU Executive Director as of 1 April 2014. Mr Guillermet took up duty on 1 June 2014. During the period 1 April – 31 May 2014 the necessary measures to ensure continuity of operations have been put in place by the former Executive Director ad Interim and the former Deputy Executive Director Administration and Finance.

As already mentioned, on 16 June 2014, the Council adopted Council Regulation (EU) 721/2014 which extends the legal duration of the SJU until 2024 and entrusts the SJU with EUR 585 million from the European Union Horizon 2020 Programme to pursue the Research and Innovation (R&I) in view of delivering the necessary technologies and operational procedures to ensure the execution and completion of the European ATM Master Plan (Master Plan).

Following the resignation of the former Deputy Executive Director and Accounting Officer Mr Borghini as of 1 July 2014, the Administrative Board with its decision DB(D)06-2014 appointed the Head of the Finance & Budget Sector Mr Dedić as Accounting Officer as from 1 July 2014. Moreover, the Executive Director appointed the former Chief Regulatory & Institutional Affairs Mr Calvo as acting Head of Administration from 1 July 2014 and as Chief Administration Affairs from 1 January 2015. In the same reorganisation decision (presented to and endorsed by the Administrative Board in its December Meeting), the Executive Director appointed the former Chief Scientific Officer Mr Hotham as Deputy Executive Director Corporate Affairs from 1 January 2015.

On 9 July 2014 the SJU launched a call for Expression of Interest to become candidate member of the SESAR Joint Undertaking in relation to the SESAR Research and Innovation Programme 2020 (SESAR2020). Negotiations with the 19 selected candidates started in Q4 2014 and are ongoing. The launch of the new programme is expected to take place in late 2015/early 2016.

On 19 December 2014, the SJU signed a new Delegation agreement with the European Union (represented by the European Commission), defining the budget implementation tasks that are entrusted to the SJU under Horizon2020. The new agreement sets out the relevant rights, obligations, terms and conditions between the two parties and replaces the General Agreement between the European Commission and the SJU of 7 December 2009. On the same day, a first Annual Financial Implementation Agreement of EUR 20.6 million has been signed enabling the SJU to commit and prepare for a first launch of Exploratory Research activities under the Horizon2020 Programme as described in the revised Annual Work Plan for 2014<sup>2</sup>.

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<sup>2</sup> Ref.: SJU-AB-031-14-DOC 01 of 23 October 2014 as last amended.

## 1.2.5 Accounting policies related to the statement of financial performance

### 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 statement of financial performance 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 financial performance 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.

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 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 Statement of financial performance,
- 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 difference.

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

### 1.2.6.2 Intangible fixed assets

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

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

The impact of the implementation of the new rates is provided in the specific notes (see depreciation rates below).

With regard to software and developments made under the contract with Eurocontrol that 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 statement of financial performance 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	<b>25%</b>
Buildings	<b>4%</b>
Works for the set-up of the SJU premises	Pro-rata temporis on the duration of the existence of the SJU <sup>3</sup>
Plant, machinery and equipment	<b>10% to 25%</b>
Furniture	<b>10% to 25%</b>
Fixtures and fittings	<b>12.5% to 33%</b>
Computer hardware	<b>25%</b>

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

<sup>3</sup> For all existing assets under this category the duration of the existence of the SJU was established at 31.12.2016, i.e. the date before the extension of the SJU until 2024. Following the extension of the SJU's lease contract in 2015, any new acquisitions shall apply the end of the rental contract on 28.02.2025 as maximum duration of existence.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of financial performance.

### 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 statement of financial performance 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 statement of financial performance 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 statement of financial performance 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 2014, in front of the two Founding Members commitments of EUR 700.000.000 each<sup>4</sup>, the other Members committed an amount net of co-financing of EUR 584.305.863 million<sup>5</sup> (gross amount EUR 1.140.427.863), related to the allocation of activities as awarded by the SJU Administrative Board on 24 March 2009 (IBAFO I), on 14 December 2009 (IBAFO II) and following the Reallocation 2013 and IBAFO III<sup>6</sup>. On 26 June 2014, the Administrative Board last amended the voting rights decision as follows:

<u>Members</u>	<u>Contribution EUR</u>	<u>Total Net</u>	<u>of which</u>	<u>Voting rights</u>
		<u>Total Net in Kind</u>		
European Union	700.000.000	0	700.000.000	32,23%
Eurocontrol	670.174.405	505.174.405	165.000.000	30,86%
Airspace Users	0	0	0	10,00%
ENAIKE	32.647.023	31.092.403	1.554.620	1,50%

<sup>4</sup> The European Union paid in total EUR 439.553.899, of which EUR 94.753.384 in 2014, and Eurocontrol paid EUR 97.005.881, of which EUR 14.279.914 in 2014.

<sup>5</sup> Including EUR 27.824.088 in terms of 5% cash contribution.

<sup>6</sup> It should be noted that the Reallocation and BAFO III entered into force at the date of the decision of the ADB and the contract amendments were signed subsequently.

<b>DFS</b>	<b>37.747.400</b>	<b>35.949.905</b>	<b>1.797.495</b>	<b>1,74%</b>
DSNA	35.365.590	33.681.514	1.684.076	1,63%
ENAV	37.571.359	35.782.247	1.789.112	1,73%
NATS	33.835.093	32.223.898	1.611.195	1,56%
NORACON	32.687.488	31.130.941	1.556.547	1,51%
SEAC	8.726.743	8.311.184	415.559	0,40%
FREQUENTIS	16.429.337	15.646.988	782.349	0,76%
INDRA	62.558.708	59.579.722	2.978.986	2,88%
NATMIG	20.792.074	19.801.975	990.099	0,96%
SELEX	46.228.472	44.027.116	2.201.356	2,13%
THALES	121.276.975	115.501.881	5.775.094	5,58%
AIRBUS	57.135.108	54.414.389	2.720.719	2,63%
ALENIA	19.919.548	18.970.998	948.550	0,92%
HONEYWELL	21.384.945	20.366.614	1.018.331	0,98%
<b>Total</b>	<b>1.954.480.268</b>	<b>1.061.656.180</b>	<b>892.824.088</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 these Final Annual Accounts 2014, the SJU had received five Interim Financial Statements from its Members related to the year 2014, while the remaining eleven are in the process of submission or expected in the following month.

As a consequence, in order to account for the eligible costs for the activities realized by the Members not having submitted the IFS 2014 yet, the SJU implemented an accrual calculation and based its estimates on the quarterly effort reporting communicated by each Member for 2014. The effort reporting has been valued at the total average cost per project and Member of the IFS 2009 - 2013; the amount resulting has constituted the basis for the determination of the accruals. By the finalization of these Annual Accounts, the five IFS 2014 received are under assessment of the SJU and still "to be validated".

## 1.3 Financial Statements

### 1.3.1 Balance sheet

all figures in EUR	Note	31/12/2014	31/12/2013
<b>I. NON-CURRENT ASSETS</b>		<b>78.097.710</b>	<b>63.669.050</b>
Intangible fixed assets	1	288.122	571.332
Tangible fixed assets		<b>264.204</b>	<b>360.786</b>
Furniture and Vehicles	2	85.294	99.690
Computer Hardware	3	15.976	25.535
Other tangible assets	4	162.934	235.561
Long-term Pre-Financing	5	<b>77.545.384</b>	<b>62.736.932</b>
<b>II. CURRENT ASSETS</b>		<b>26.801.762</b>	<b>31.567.774</b>
Short-term Pre-Financing	5	<b>4.762.560</b>	<b>25.533.298</b>
Short-term receivables		<b>882.200</b>	<b>818.215</b>
Current receivables	6	9.761	78.293
Sundry receivables	7	9.437	273
Accrued income	8	4.245	29.380
Deferred charges	9	858.758	710.269
Cash & cash equivalents	10	<b>21.157.002</b>	<b>5.216.262</b>
<b>TOTAL ASSETS</b>		<b>104.899.472</b>	<b>95.236.825</b>
<b>III. CURRENT LIABILITIES</b>		<b>328.444.542</b>	<b>319.096.672</b>
Accounts payable		<b>10.074.402</b>	<b>4.926.504</b>
Current payables	11	776.785	356.228
Accrued charges	12	9.278.150	4.443.757
Other accounts payable	13	19.467	126.520
Co-Financing to be paid to the Members	14	<b>81.126.978</b>	<b>72.683.628</b>
Contribution from Members to be validated	14	<b>237.243.162</b>	<b>241.486.539</b>
<b>TOTAL LIABILITIES</b>		<b>328.444.542</b>	<b>319.096.672</b>
<b>NET ASSETS (Total Assets less Total Liabilities)</b>		<b>(223.545.070)</b>	<b>(223.859.847)</b>

<b>IV. NET ASSETS</b>		<b>(223.545.070)</b>	<b>(223.859.847)</b>
<b>Contribution from Members</b>		<b>1.009.783.843</b>	<b>745.291.300</b>
<i>European Union</i>	15	439.553.899	344.800.515
<i>Eurocontrol</i>	15	269.374.415	185.286.408
<i>Other Members</i>	15	300.855.529	215.204.377
<b>Accumulated contribution from Members used previous years</b>	16	<b>(969.151.147)</b>	<b>(698.334.592)</b>
<b>Contribution from Members used during the year (SFP)</b>	16	<b>(264.177.766)</b>	<b>(270.816.555)</b>
<b>TOTAL NET ASSETS</b>		<b>(223.545.070)</b>	<b>(223.859.847)</b>

*Contingent liabilities and assets* 17&18

### 1.3.2 Statement of financial performance

<i>all figures in EUR</i>	Note	2014	2013
<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>			
<b>Administrative expenses</b>		<b>(7.298.036)</b>	<b>(7.692.834)</b>
Staff expenses	19	(3.990.546)	(4.328.003)
Fixed assets related expenses	1-4	(448.460)	(539.706)
Other administrative expenses	20	(2.859.030)	(2.825.125)
<b>Operational expenses</b>		<b>(256.901.810)</b>	<b>(263.162.801)</b>
Other operational expenses	21	(256.901.810)	(263.162.801)
<b>Total operating expenses</b>		<b>(264.199.846)</b>	<b>(270.855.635)</b>
<b><u>DEFICIT FROM OPERATING ACTIVITIES</u></b>		<b>(264.199.846)</b>	<b>(270.855.635)</b>
<b><u>NON-OPERATING ACTIVITIES</u></b>			
Financial operations revenues	22	33.653	33.495
Financial operations expenses	22	(11.660)	(3.282)
Other non operational income		88	8.868
<b>Total non-operating activities</b>		<b>22.080</b>	<b>39.081</b>
<b><u>CONTRIBUTIONS FROM MEMBERS USED DURING THE YEAR</u></b>			
		<b>(264.177.766)</b>	<b>(270.816.554)</b>

### 1.3.3 Cash-flow table

<i>all figures in EUR</i>	Note	2014	2013
Contribution from Members used during the year (EOA)		(264.177.766)	(270.816.554)
<b><u>Operating activities</u></b>			
Increase/(decrease) in Contribution in-kind from Members		264.492.542	76.385.672
Increase/(decrease) in Amortisation of Intangible assets		338.326	429.016
Increase/(decrease) in Depreciation of Tangible assets		110.134	110.690
(Increase)/decrease in long-term Pre-financing		(14.808.452)	31.013.619
(Increase)/decrease in short-term Pre-financing		20.770.738	(10.226.022)
(Increase)/decrease in short-term receivables		(63.986)	(734.554)
Increase/(decrease) in accounts payable		9.347.870	74.250.565
		<b>280.187.173</b>	<b>171.228.986</b>
<b><u>Investing activities (except depreciat./amort. of the year)</u></b>			
(Increase)/decrease of intangible and tangible assets		(68.668)	(372.402)
<b><u>Cash Contributions from Members</u></b>			
Increase/(decrease) in Cash Contribution from Members	1	89.462.934	
<b>NET CASHFLOW</b>		<b>15.940.740</b>	<b>(10.497.036)</b>
Net increase/(decrease) in cash and cash equivalents		15.940.740	(10.497.036)
Cash and cash equivalents at the beginning of the year		5.216.262	15.713.298
<b>Cash and cash equivalents at year-end</b>		<b>21.157.002</b>	<b>5.216.262</b>

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

<i>all figures in EUR</i>	2014	2013
Balance at beginning of accounting period	(223.859.847)	(118.891.899)
Contribution from Members	<b>264.492.543</b>	<b>165.848.606</b>
Contribution from Members used during the year (SFP)	<b>(264.177.766)</b>	<b>(270.816.554)</b>
<b>Balance as of 31 December</b>	<b>(223.545.070)</b>	<b>(223.859.847)</b>

The table shows negative Net Assets at the end of 2014. 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 only 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 2014:

- the SJU has signed specific agreements related to the contribution of the European Union to the SJU for a total amount of EUR 700.000.000. In order to comply with the principle of budget equilibrium and to ensure strict financial management of its resources at year end 2014, out of EUR 700.000.000 the SJU has called and received cumulatively the amount of EUR 439.553.899, 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 97.005.881. Following the same approach applied for the EU resources, the SJU will call the difference when needed in order to face its financial obligations.

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

It can be consequently concluded that while the SJU shows negative Net Assets at the end of 2014, this is in 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 2014 amount to EUR 15.000 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. "Other changes" refer in this respect to the final value-adjustment of assets received by Eurocontrol during 2013 but invoiced only in 2014 as part of the Interim Financial Statements.

	<i>all figures in EUR</i>	2014	2013
<b><u>Computer Software</u></b>			
Gross carrying amount at beginning of period		2.182.350	1.908.753
Additions		15.000	295.566
Other changes		(32.333)	(21.969)
<b><u>Gross carrying amount at 31.12.</u></b>		<b><u>2.165.018</u></b>	<b><u>2.182.350</u></b>
Accumulated amortisation at beginning of period		(1.611.018)	(1.209.486)
Amortisation of the period		(270.593)	(433.588)
Other changes		4.716	32.056
<b><u>Accumulated amortisation at 31.12.</u></b>		<b><u>(1.876.896)</u></b>	<b><u>(1.611.018)</u></b>
<b><u>Net carrying amount at 31.12.</u></b>		<b><u>288.122</u></b>	<b><u>571.332</u></b>

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

<i>all figures in EUR</i>	2014	2013
<b><u>Furniture</u></b>		
Gross carrying amount at beginning of period	160.415	137.291
Additions	3.637	23.124
Other changes	0	0
<b>Gross carrying amount at 31.12.</b>	<b>164.051</b>	<b>160.415</b>
Accumulated amortisation at beginning of period	(60.725)	(44.426)
Amortisation of the period	(18.033)	(16.299)
Other changes	0	0
<b>Accumulated amortisation at 31.12.</b>	<b>(78.757)</b>	<b>(60.725)</b>
<b>Net carrying amount at 31.12.</b>	<b>85.294</b>	<b>99.690</b>

## Note 3: Tangible fixed assets: Computer Hardware

<i>all figures in EUR</i>	2014	2013
<b><u>Computer Hardware &amp; Technical Equipment</u></b>		
Gross carrying amount at beginning of period	62.548	43.618
Additions	833	19.307
Other changes	0	(377)
<b>Gross carrying amount at 31.12.</b>	<b>63.381</b>	<b>62.548</b>
Accumulated amortisation at beginning of period	(37.013)	(24.273)
Amortisation of the period	(10.392)	(13.030)
Other changes	0	290
<b>Accumulated amortisation at 31.12.</b>	<b>(47.405)</b>	<b>(37.013)</b>
<b>Net carrying amount at 31.12.</b>	<b>15.976</b>	<b>25.535</b>

## Note 4: Other tangible assets

<i>all figures in EUR</i>	2014	2013
<b><u>Other tangible assets</u></b>		
Gross carrying amount at beginning of period	542.180	517.774
Additions	8.329	24.406
Other changes	0	0
<b>Gross carrying amount at 31.12.</b>	<b>550.509</b>	<b>542.180</b>
Accumulated amortisation at beginning of period	(306.619)	(229.830)
Amortisation of the period	(80.956)	(76.789)
Other changes	0	0
<b>Accumulated amortisation at 31.12.</b>	<b>(387.575)</b>	<b>(306.619)</b>
<b>Net carrying amount at 31.12.</b>	<b>162.934</b>	<b>235.561</b>

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

## Note 5: Pre-Financing

The amounts below represent the pre-financing paid by the SJU to its Members as at 31 December 2014. For a true and fair view, the Clearing of Pre-Financing has to be taken into account, i.e. the amount of pre-financing expected to be cleared against the Co-Financing claims for eligible costs already incurred during 2014 which will be submitted by the Members in 2015 (via the IFS2014 exercise). The remaining amount is then split into Long- and Short-term open amounts according to the expected end dates of all projects for which Pre-Financing was paid to the Members.

The pre-financing data is maintained in SAP, the SJU accounting system, as well as in a detailed off-SAP sub-ledger. On a yearly basis and at the latest at the occasion of the submission of the Provisional Annual Accounts to the Board, the Members are required to provide confirmation of the amounts to the SJU.

As already mentioned, the pre-financing remains property of the SJU until the performance of clearance through the acceptance of the Members' contributions.

<i>All figures in EUR</i>	Nominal Pre-Financing 31/12/2014 (1)	Clearing of Pre-Financing expected with IFC2014 (2)	Corrected Pre-Financing 31/12/2014 (3)=(1)-(2)	of which Long Term (due after 31/12/2015)	of which Short Term (due by 31/12/2015)
ENAIRES	4.543.074	352.032	<b>4.191.042</b>	3.647.991	543.051
DFS	4.910.410	603.417	<b>4.306.993</b>	4.159.562	147.431
DSNA	5.549.104	243.348	<b>5.305.756</b>	5.233.945	71.811
ENAV	5.989.730	590.767	<b>5.398.963</b>	4.752.044	646.920

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NATS	4.447.718	419.709	<b>4.028.009</b>	3.559.765	468.244
NORACON	1.873.216	115.242	<b>1.757.974</b>	1.430.312	327.663
SEAC	0	0	<b>0</b>	0	0
FREQUENTIS	2.488.387	306.313	<b>2.182.074</b>	2.097.854	84.221
INDRA	11.474.634	1.580.362	<b>9.894.272</b>	9.863.425	30.847
NATMIG	2.293.576	138.396	<b>2.155.180</b>	1.988.747	166.433
SELEX	9.656.542	917.211	<b>8.739.331</b>	8.123.243	616.087
THALES	24.452.149	3.045.554	<b>21.406.595</b>	20.828.201	578.395
AIRBUS	8.499.598	981.112	<b>7.518.486</b>	7.240.008	278.479
ALENIA	3.056.867	178.872	<b>2.877.995</b>	2.083.986	794.007
HONEYWELL	2.636.870	91.596	<b>2.545.274</b>	2.536.301	8.971
<b>TOTAL</b>	<b>91.871.875</b>	<b>9.563.931</b>	<b>82.307.944</b>	<b>77.545.384</b>	<b>4.762.560</b>

### Note 6: Current receivables

Item	2014	2013
Amounts receivable from Members	0	62.005
Receivable from staff	4.329	15.227
Receivables from Institutions	3.317	1.061
Amounts receivable from Insurances	2.115	0
<b>TOTAL</b>	<b>9.761</b>	<b>78.293</b>

The amounts relate to open Recovery Orders not yet cashed in at 31.12.2014.

### Note 7: Sundry receivables

Item	2014	2013
Cautions etc.	273	273
Salaires en attente	9.164	0
<b>TOTAL</b>	<b>9.437</b>	<b>273</b>

This line consists of cautions for items made available at the SJU premises and advances to staff, which in accordance with the Staff Regulations will be regularized in the first months of 2015.

### Note 8: Accrued income

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

## Note 9: Deferred charges

Item	2014	2013
Rent Office first Quarters 2015	169.312	155.491
Demonstration activities	595.450	
Other deferred charges	93.996	554.778
<b>TOTAL</b>	<b>858.758</b>	<b>710.269</b>

The amount of 2014 consists mainly of the payment of premises-rental and associated costs related to the first quarter 2015 and deferred charges related to the difference between the pre-financing paid at the launch of the Demonstration activities and the work estimated to be performed by year end 2014.

## Note 10: Cash & Cash equivalents

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

Accounts	Classification	2014	2013
Bank accounts ING	Current account	4.155.017	1.438.597
Bank accounts CITI BANK	Current account	17.001.791	3.776.995
Petty Cash	Cash at hand	194	670
<b>TOTAL</b>		<b>21.157.002</b>	<b>5.216.262</b>

During 2014, the SJU has received EUR 94.753.384 from the European Union, of which EUR 41.008.643 of FP7 Funds and EUR 53.744.741 of TEN-T funds. The total payments performed during the year amounted to EUR 97.328.996; the balance at year end is needed to ensure the payment of co-financing during the first months of 2015 for Members' cost claims received and not fully validated in late 2014, Pre-Financing for non-Member commitments as well as the payment of Running Cost of the SJU.

## Note 11: Current payables

Current payables are comprised of the following:

Item	2014	2013
Commercial Suppliers	776.639	336.949
Public Bodies	118	2.080
Staff	28	16.331
Institutions	0	868
<b>TOTAL</b>	<b>776.785</b>	<b>356.228</b>

## Note 12: Accrued charges

Item	2014	2013
Industrial support contract	0	452.000
Secondments of SJU Members (without Eurocontrol)	220.461	714.798
Programme Support Contract	690.625	219.495
Demonstration activities	6.892.876	2.256.486
Associated Partners SJU	1.154.375	559.634
Other operational accruals	54.067	52.064
Staff related accruals	128.345	91.871
Other Administrative accruals	137.400	97.409
<b>TOTAL</b>	<b>9.278.150</b>	<b>4.443.757</b>

## Note 13: Other accounts payable

Item	2014	2013
Interests yielded on TEN-T Funds	0	80.468
Interests yielded on FP7-Funds	0	43.302
Debt Institutions Staff related	19.467	2.750
<b>TOTAL</b>	<b>19.467</b>	<b>126.520</b>

This position contained before 2014 mainly interest on cash contributions from the European Union (generated on previous' years funds received), which in accordance with the agreement with the European Union had to be reimbursed and thus could not be accounted for as (financial) revenues of the SJU. During 2014, the SJU has reimbursed to the European Commission the interest matured during 2013 for a total amount of EUR 123.770.

Since the termination on 1.1.2014 of the General agreement between the European Commission and the SJU of 7 December 2009 and its replacement by a new Delegation agreement, interests matured on EU funds do no longer have to be reimbursed by the SJU.

## 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 Statement of financial performance;
- 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

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- “Contributions from Members to be validated” in the liabilities for the remaining difference between accrued expenditure and Co-Financing to be paid.

The table below provides the details on the two lines.

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All figures in EUR		Eurocontrol			Other Members			TOTAL	
	as at 31.12.13	2014		as at 31.12.14	as at 31.12.13	2014		as at 31.12.14	
		related to activities validated	related to activities to be validated			related to activities validated	related to activities to be validated		
"Provision for core Programme related work achieved"	134.235.396	0	(6.160.257)	128.075.139	182.206.390	(163.048.090)	164.708.465	183.866.765	311.941.904
"Provision for Programme Support Office"	3.705.858	0	(426.374)	3.279.484	0	0	0	0	3.279.484
"Provision for WP E, WP11, Prof Staff Ass, Mil and AUs"	11.219.000	(11.219.000)	11.619.554	11.619.554	0	0	0	0	11.619.554
IT Services and secondments	1.204.415	(1.204.415)	1.093.129	1.093.129	0	0	0	0	1.093.129
<b>Total</b>	<b>150.364.669</b>	<b>(12.423.415)</b>	<b>6.126.052</b>	<b>144.067.306</b>	<b>182.206.390</b>	<b>(163.048.090)</b>	<b>164.708.465</b>	<b>183.866.765</b>	<b>327.934.071</b>
<i>of which</i>									
Net Co-financing to be paid	0	0	0	0	72.683.628	(63.013.481)	71.456.831	81.126.978	81.126.978
Clearing of Pre-financing (see note 5)	0	0	0	0	18.400.891	(18.400.891)	9.563.931	9.563.931	9.563.931
Net Contributions to be validated	150.364.669	(12.423.415)	6.126.052	144.067.306	91.121.871	(81.633.718)	83.687.703	93.175.856	237.243.162

All figures in EUR	Net Co-financing to be paid per Member	Net Contribution to be validated
ENAIKE	7.093.103	7.157.960
DFS	4.928.829	5.800.597
DSNA	4.532.294	4.848.067
ENAV	3.838.153	4.671.217
NATS	3.305.664	4.379.037
NORACON	4.485.519	4.673.349
SEAC	2.295.063	2.644.307
FREQUENTIS	1.747.048	2.053.361
INDRA	11.492.903	13.289.433
NATMIG	2.789.422	3.031.803
SELEX	4.506.198	5.674.605
THALES	13.938.760	17.438.548
AIRBUS	7.669.508	8.695.746
ALENIA	5.427.393	5.648.854
HONEYWELL	3.077.121	3.168.971
<b>SUBTOTAL</b>	<b>81.126.978</b>	<b>93.175.856</b>
EUROCONTROL	0	144.067.306
<b>TOTAL</b>	<b>81.126.978</b>	<b>237.243.162</b>

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 these Final Annual Accounts, the SJU received five Interim Financial Statements from its Members related to the year 2014.

As a consequence, in order to account for the eligible costs and determine the contributions to be validated for the activities realized by the Members not having submitted the IFS 2014 yet, the SJU implemented an accrual calculation and based its estimates on the quarterly effort reporting communicated by each Member for the year 2014. The effort reporting has been valued at the total average cost per Member and project (where available) of the IFS 2009 – 2013.

By the finalization of these Annual Accounts, the five IFS 2014 received are under assessment of the SJU and still "to be validated".

## Note 15: Contributions from Members

During 2014, in addition to the cash contributions received from the two Founding Members, the SJU has performed the validation process for the in kind contributions of the Members related to the 2013 activities, remaining previous years' activities and corrections following project audit findings (if any), as detailed here below. Due to the late submission by three Members of their 2013 IFS, the SJU was not in the position to finalize the assessment of their IFS 2013 by the end of 2014. Nevertheless, the accruals of contributions and co-financing to be validated related to these Members have been aligned to the information contained in their IFS although not yet validated.

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

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<b>Members' Contributions</b>	<b>60.552.000</b>	<b>119.000.000</b>	<b>179.552.000</b>	<b>42.200.336</b>	<b>6.076.498</b>	<b>227.828.834</b>
<i>of which cash</i>	<b>60.552.000</b>	<b>119.000.000</b>	<b>179.552.000</b>	<b>30.625.884</b>	<b>3.631.366</b>	<b>213.809.250</b>
<i>in kind</i>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11.574.452</b>	<b>2.445.132</b>	<b>14.019.584</b>
2011 Contributions	9.000.000	9.000.000	18.000.000	8.150.000	4.599.776	30.749.776
Activities realized in 2010 and recognized as cash contributions in 2011			0	3.015.408		3.015.408
Activities realized in 2010 and recognized as in-kind contributions in 2011			0	27.428.234	43.727.848	71.156.082
<b>Members' Contributions</b>	<b>69.552.000</b>	<b>128.000.000</b>	<b>197.552.000</b>	<b>80.793.978</b>	<b>54.404.122</b>	<b>332.750.100</b>
<i>of which cash</i>	<b>69.552.000</b>	<b>128.000.000</b>	<b>197.552.000</b>	<b>41.791.292</b>	<b>8.231.142</b>	<b>247.574.434</b>
<i>in kind</i>	<b>0</b>	<b>0</b>	<b>0</b>	<b>39.002.686</b>	<b>46.172.980</b>	<b>85.175.666</b>
2012 Contributions	34.887.000	34.826.000	69.713.000	30.000.000	4.507.943	104.220.943
Activities realized in 2011 and recognized as cash contributions in 2012			0	3.253.618		3.253.618
Activities realized in 2011 and recognized as in-kind contributions in 2012			0	63.557.755	75.660.278	139.218.033
<b>Members' Contributions</b>	<b>104.439.000</b>	<b>162.826.000</b>	<b>267.265.000</b>	<b>177.605.351</b>	<b>134.572.343</b>	<b>579.442.694</b>
<i>of which cash</i>	<b>104.439.000</b>	<b>162.826.000</b>	<b>267.265.000</b>	<b>75.044.910</b>	<b>12.739.085</b>	<b>355.048.995</b>
<i>in kind</i>	<b>0</b>	<b>0</b>	<b>0</b>	<b>102.560.441</b>	<b>121.833.258</b>	<b>224.393.699</b>
2013 Contributions	42.940.846	34.594.669	77.535.515	0	4.246.362	81.781.877
Activities realized in 2012 and recognized as cash contributions in 2013			0	7.681.057		7.681.057
Activities realized in 2012 and recognized as in-kind contributions in 2013			0	0	76.385.671	76.385.671
<b>Members' Contributions</b>	<b>147.379.846</b>	<b>197.420.669</b>	<b>344.800.515</b>	<b>185.286.408</b>	<b>215.204.377</b>	<b>745.291.300</b>
<i>of which cash</i>	<b>147.379.846</b>	<b>197.420.669</b>	<b>344.800.515</b>	<b>82.725.967</b>	<b>16.985.447</b>	<b>444.511.929</b>
<i>in kind</i>	<b>0</b>	<b>0</b>	<b>0</b>	<b>102.560.441</b>	<b>198.218.930</b>	<b>300.779.371</b>
2014 Contributions	41.008.643	53.744.741	94.753.384	2.000.000	4.246.362	100.999.746

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Activities realized in 2013 and recognized as cash contributions in 2014			0	12.279.914		12.279.914
Activities realized before 2014 and recognized as in-kind contributions in 2014			0	69.808.094	81.404.789	151.212.883
<b>Members' Contributions</b>	<b>188.388.489</b>	<b>251.165.410</b>	<b>439.553.899</b>	<b>269.374.415</b>	<b>300.855.528</b>	<b>1.009.783.843</b>
<b>of which cash</b>	<b>188.388.489</b>	<b>251.165.410</b>	<b>439.553.899</b>	<b>97.005.881</b>	<b>21.231.809</b>	<b>557.791.589</b>
<b>in kind</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>172.368.535</b>	<b>279.623.719</b>	<b>451.992.254</b>

**Split per Members:**

All figures in EUR	Accumulated Contributions at 01.01.2014	Contribution received 2014	Validated during 2014	Accumulated Contributions at 31.12.2014	Net Contributions to be validated	Contributions to be received and accepted
<b>EU</b>	<b>344.800.515</b>	<b>94.753.384</b>	<b>0</b>	<b>439.553.899</b>	<b>0</b>	<b>0</b>
<b>cash</b>	<b>344.800.515</b>	<b>94.753.384</b>		<b>439.553.899</b>		
<b>in kind</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
<b>Eurocontrol</b>	<b>185.286.408</b>	<b>2.000.000</b>	<b>82.088.007</b>	<b>269.374.415</b>	<b>144.067.306</b>	<b>0</b>
<b>cash</b>	<b>82.725.967</b>	<b>2.000.000</b>	<b>12.279.914</b>	<b>97.005.881</b>	<b>1.093.129</b>	
<b>in kind</b>	<b>102.560.441</b>		<b>0</b>	<b>172.368.534</b>	<b>142.974.177</b>	
<b>Other Members</b>	<b>215.204.377</b>	<b>4.246.362</b>	<b>81.404.789</b>	<b>300.855.528</b>	<b>93.175.856</b>	<b>0</b>
<b>cash</b>	<b>16.985.447</b>	<b>4.246.362</b>	<b>0</b>	<b>21.231.809</b>	<b>0</b>	<b>0</b>
<b>in kind</b>	<b>198.218.930</b>		<b>81.404.789</b>	<b>279.623.719</b>	<b>93.175.856</b>	<b>0</b>
<b>of which:</b>						
<b>ENaire</b>	<b>13.041.857</b>	<b>260.065</b>	<b>260.065</b>	<b>13.561.987</b>	<b>7.157.960</b>	<b>0</b>
<b>cash</b>	<b>1.040.260</b>	<b>260.065</b>		<b>1.300.325</b>	<b>0</b>	
<b>in kind</b>	<b>12.001.597</b>		<b>260.065</b>	<b>12.261.662</b>	<b>7.157.960</b>	
<b>DFS</b>	<b>14.595.259</b>	<b>256.911</b>	<b>5.179.907</b>	<b>20.032.077</b>	<b>5.800.597</b>	<b>0</b>
<b>cash</b>	<b>1.027.643</b>	<b>256.911</b>		<b>1.284.554</b>	<b>0</b>	
<b>in kind</b>	<b>13.567.616</b>		<b>5.179.907</b>	<b>18.747.523</b>	<b>5.800.597</b>	
<b>DSNA</b>	<b>8.565.298</b>	<b>240.582</b>	<b>9.913.879</b>	<b>18.719.759</b>	<b>4.848.067</b>	<b>0</b>
<b>cash</b>	<b>962.328</b>	<b>240.582</b>		<b>1.202.910</b>	<b>0</b>	
<b>in kind</b>	<b>7.602.970</b>		<b>9.913.879</b>	<b>17.516.849</b>	<b>4.848.067</b>	
<b>ENAV</b>	<b>13.810.248</b>	<b>253.411</b>	<b>4.261.327</b>	<b>18.324.986</b>	<b>4.671.217</b>	<b>0</b>
<b>cash</b>	<b>1.013.643</b>	<b>253.411</b>		<b>1.267.054</b>	<b>0</b>	
<b>in kind</b>	<b>12.796.605</b>		<b>4.261.327</b>	<b>17.057.932</b>	<b>4.671.217</b>	
<b>NATS</b>	<b>10.792.603</b>	<b>253.771</b>	<b>4.194.720</b>	<b>15.241.094</b>	<b>4.379.037</b>	<b>0</b>
<b>cash</b>	<b>1.015.085</b>	<b>253.771</b>		<b>1.268.856</b>	<b>0</b>	

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<i>in kind</i>	9.777.518		4.194.720	13.972.238	4.379.037	
<b>NORACON</b>	<b>13.350.074</b>	<b>231.030</b>	<b>3.371.295</b>	<b>16.952.399</b>	<b>4.673.349</b>	<b>0</b>
<i>cash</i>	924.120	231.030		1.155.150	0	
<i>in kind</i>	12.425.954		3.371.295	15.797.249	4.673.349	
<b>SEAC</b>	<b>3.328.771</b>	<b>59.879</b>	<b>51.188</b>	<b>3.439.838</b>	<b>2.644.307</b>	<b>0</b>
<i>cash</i>	239.517	59.879		299.396		
<i>in kind</i>	3.089.254		51.188	3.140.442	2.644.307	
<b>FREQUENTIS</b>	<b>6.407.417</b>	<b>111.862</b>	<b>2.670.874</b>	<b>9.190.153</b>	<b>2.053.361</b>	<b>0</b>
<i>cash</i>	447.448	111.862		559.310	0	
<i>in kind</i>	5.959.969		2.670.874	8.630.843	2.053.361	
<b>INDRA</b>	<b>20.046.566</b>	<b>484.246</b>	<b>10.323.231</b>	<b>30.854.043</b>	<b>13.289.433</b>	<b>0</b>
<i>cash</i>	1.936.983	484.246		2.421.229	0	
<i>in kind</i>	18.109.583		10.323.231	28.432.814	13.289.433	
<b>NATMIG</b>	<b>5.467.412</b>	<b>142.301</b>	<b>6.278.935</b>	<b>11.888.648</b>	<b>3.031.803</b>	<b>0</b>
<i>cash</i>	569.204	142.301		711.505	0	
<i>in kind</i>	4.898.208		6.278.935	11.177.143	3.031.803	
<b>SELEX</b>	<b>19.992.887</b>	<b>365.461</b>	<b>5.329.888</b>	<b>25.688.236</b>	<b>5.674.605</b>	<b>0</b>
<i>cash</i>	1.461.843	365.461		1.827.304	0	
<i>in kind</i>	18.531.044		5.329.888	23.860.932	5.674.605	
<b>THALES</b>	<b>49.007.091</b>	<b>915.169</b>	<b>18.494.294</b>	<b>68.416.554</b>	<b>17.438.548</b>	<b>0</b>
<i>cash</i>	3.660.677	915.169		4.575.846	0	
<i>in kind</i>	45.346.414		18.494.294	63.840.708	17.438.548	
<b>AIRBUS</b>	<b>22.412.062</b>	<b>388.674</b>	<b>8.462.388</b>	<b>31.263.124</b>	<b>8.695.746</b>	<b>0</b>
<i>cash</i>	1.554.696	388.674		1.943.370	0	
<i>in kind</i>	20.857.366		8.462.388	29.319.754	8.695.746	
<b>ALENIA</b>	<b>6.298.869</b>	<b>137.917</b>	<b>137.917</b>	<b>6.574.703</b>	<b>5.648.854</b>	<b>0</b>
<i>cash</i>	551.668	137.917		689.585	0	
<i>in kind</i>	5.747.201		137.917	5.885.118	5.648.854	
<b>HONEYWELL</b>	<b>8.087.963</b>	<b>145.083</b>	<b>2.474.881</b>	<b>10.707.927</b>	<b>3.168.971</b>	<b>0</b>
<i>cash</i>	580.332	145.083		725.415	0	
<i>in kind</i>	7.507.631		2.474.881	9.982.512	3.168.971	
<b>TOTAL</b>	<b>745.291.300</b>	<b>100.999.746</b>	<b>163.492.796</b>	<b>1.009.783.842</b>	<b>237.243.162</b>	<b>0</b>
<i>cash</i>	444.511.929	100.999.746	12.279.914	557.791.589	1.093.129	0
<i>in kind</i>	300.779.371	0	151.212.882	451.992.253	236.150.033	0

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## Note 16: Accumulated contribution from Members used

all figures in EUR	2014	2013
Accumulated contribution from Members used previous years	(969.151.147)	(698.334.592)
Contribution from Members used during the year (SFP)	(264.177.766)	(270.816.555)
<b>Balance as at 31 December</b>	<b>(1.233.328.913)</b>	<b>(969.151.147)</b>

See also Notes 14, 15 and 18.

## Note 17: Contingent liabilities

Commitments for future fundings	31/12/2014	31/12/2013
RAL - Commitments against appropriations not yet consumed	69.473.685	97.254.756
Operating lease	942.359	1.536.672
<b>TOTAL</b>	<b>70.416.044</b>	<b>98.791.428</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 Statement of financial performance, as charges resulting from these obligations do not belong to the accounting period of 2014.

Operating lease contains rentals and charges due after 31.12.2014 (rental contract for the SJU's offices until 29/02/2016).<sup>7</sup>

## Note 18: Contingent Assets

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

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) 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Union. Legal commitments have been signed for a total amount of EUR 700.000.000, duly accounted for in each year's budgetary accounting;
2. The Eurocontrol Final Council took a decision on 8 February 2008 to commit EUR 700.000.000 to contribute to the SJU. As of the end 2014, a total of EUR 413.441.721

<sup>7</sup> In March 2015, the rental contract has been prolonged until 28.02.2025.

contribution has been duly accounted for in each year, of which EUR 144.067.306 of 2013 and 2014 of contributions are still to be recognized<sup>8</sup>,

3. Selected Members had originally 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. Following the Reallocation 2013 and IBAFO III, the total amount of the in kind contributions expected from the Members is of EUR 1.140.427.863 to which corresponds an expected co-financing of EUR 556.122.000. 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 556.122.000 implying the full legal commitment by the selected members, which is duly accounted for in each year budgetary accounting. The reduction of the Members cash and in kind contributions is the result of the re-focusing of the Programme on the Priority Strategic Business Needs derived from the European ATM Master Plan and it does not affect the achievement of the overall Programme results.

### Note 19: Staff expenses

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

Item	2014	2013
Salaries	2.723.592	2.423.683
Allowances	729.051	738.942
Contribution Social Security&Pensions	131.245	121.728
Seconded National Experts	69.181	103.038
Secondments Members	273.802	932.653
Other staff costs	63.675	7.959
<b>TOTAL</b>	<b>3.990.546</b>	<b>4.328.003</b>

The "Secondments Members" include EUR 96.209 related to secondments from Eurocontrol in 2014 (EUR 187.000 in 2013).

### Note 20: Other administrative expenses

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

Item	2014	2013
IT related expenses	928.911	809.094
Office rental, utilities and related services	717.774	735.973
Mission expenses	275.295	334.239
Interim support and external services	365.848	316.416
PR & Marketing expenses	338.545	295.725
Office supplies & Maintenance	169.642	190.596

<sup>8</sup> On 29 June 2015 the SJU Authorising Officer validated and accepted the In-Kind contributions related to the IFS 2013 for a total amount of EUR 64.152.528 (this amount will thus be added to Net Assets as validated contributions in the 2015 Annual Accounts).

Adm. Experts and related expenditure	28.017	59.736
Miscellaneous administrative expenses	34.998	83.346
<b>TOTAL</b>	<b>2.859.030</b>	<b>2.825.125</b>

"IT related expenses" include the IT-services from Eurocontrol for the amount of EUR 981.920 in 2014 (EUR 721.849 in 2013).

## Note 21: Other Operational expenses

These expenses comprise all Programme related activities that were performed in 2014 (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	2014	2013
<b>1. Members related work achieved (in kind contribution to the core Programme)</b>	<b>163.514.880</b>	<b>166.847.725</b>
AIRBUS	17.181.181	16.791.975
ALENIA	5.901.707	5.494.867
DFS	11.925.524	9.575.544
DSNA	8.568.977	10.751.074
ENAIRO	7.882.789	7.296.424
ENAV	8.867.361	11.311.939
FREQUENTIS	4.152.194	5.184.782
HONEYWELL	6.281.317	4.998.106
INDRA	26.507.352	19.135.802
NATMIG	4.561.076	8.362.921
NATS	8.149.619	8.299.020
NORACON	7.120.862	8.928.802
SEAC	2.869.229	1.719.919
SELEX	8.971.785	12.239.975
THALES	34.573.907	36.756.575
<b>2. EUROCONTROL related work achieved</b>	<b>74.828.738</b>	<b>80.336.638</b>
of which as In kind contribution	63.221.463	69.118.222
Contributions to the core Programme	61.644.979	67.415.222
Programme Support Office (PSO)	1.576.484	1.703.000
of which Contributions considered cash in accordance with Annex 2 of the Eurocontrol/SJU agreement	11.607.275	11.218.416
WP11 (Flight&Wing / Meteorological Info)	2.683.854	2.478.000
WPE (Long term research)	5.783.465	4.629.416
WPG (Airspace Users, Military and Staff Associations)	3.139.957	4.111.000
<b>3. Non-Members related work achieved</b>	<b>18.558.191</b>	<b>15.978.438</b>
Industrial support contract	6.091.218	9.752.000
Demonstration activities	8.357.056	3.113.662
Programme Support Contract (Legal, Financial & Programme Management)	2.310.595	1.457.512
Associate Partners SJU	1.042.391	740.911
ATM Performance Model	0	242.660
Performance of economic studies / Business Cases	0	225.704
Experts	186.946	172.335
ACAS contracts	285.600	71.400
ACI contracts	167.473	43.168
Other contracts	116.913	159.086
<b>TOTAL</b>	<b>256.901.810</b>	<b>263.162.801</b>

## Note 22: Financial operations revenues and expenses

### *Revenues*

This amount comprises all non-reimbursable interests received on cash and cash equivalents in 2014 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

Following the extension of the SJU until 2024 and in view of the establishment of the next SESAR Programme in parallel to the existing first Programme until end of 2016, the Administrative Board adopted a Revised Budget for 2014 which introduced the presentation of the Budget in two sections.

**Section 1 (“SESAR1”):**

Revenues, Commitments and Payments related to the current Programme and the Running Cost of the Joint Undertaking were presented in the usual way. It should be noted that the European Union commitment revenues – up to EUR 700 million – were received by the SJU and that all funds related to the Programme had been committed towards the Members by the end of 2013.

**Section 2 (“SESAR2020”):**

A first estimate of Revenues, Commitment and Payment appropriations related to the launch of the SESAR 2020 Programme activities were stated. It should be noted that these were exclusive of any Running Costs and that at that stage no detailed provisions were available. Further refinement and a revision of the Budget during the course of 2015 might be needed. For the same reason, no In-kind Contributions in relation to SESAR2020 had been included into Annex I and II of the Budget yet.

As there was only one budgetary, non-cash-relevant implementation in 2014 with regards to SESAR2020, **except for Chapter 2.1.1.2 and where otherwise stated, all following figures, tables and descriptions will relate exclusively to the implementation of Section 1 of the 2014 Budget.**

#### 2.1.1.1 SESAR1 (Section 1 of the Budget)

The final Budget, i.e. the Revised Budget approved by the Administrative Board on 23 October 2014 to take into account all transfers for SESAR1, included revenue appropriations for EUR 121.942.760, of which EUR 5.523.016 as Budget Result from the previous year (called ‘Budget Outturn’ before 2014). In 2014, the SJU cashed-in actual revenues of EUR 118.765.599 of which EUR 94.753.384 from the European Union, EUR 14.279.914 from Eurocontrol and EUR 4.246.362 as cash contributions of the other Members.

In terms of expenditure, of EUR 13.119.600 for commitment appropriations budgeted, EUR 13.046.425 were committed by 31.12.2014. In terms of payments, of EUR 121.942.760 EUR budgeted for payment appropriations, EUR 97.328.996 were paid in 2014.

#### 2.1.1.2 SESAR2020 (Section 2 of the Budget)

As mentioned under 1.2.4 in Part I of this document, a first Annual Financial Implementation Agreement of EUR 20.6 million has been signed with the European Commission enabling the SJU to commit the full appropriations of EUR 20.600.000 of Section 2 of the 2014 Budget for the preparation of a first launch of Exploratory Research activities under the Horizon2020 Programme as described in the revised Annual Work Plan for 2014 (in line with the budget, no cash was received or spent by the end of 2014; the funds have been committed as a global Level-1 commitment and carried forward to 2015):

<i>all figures in EUR</i>	1	2	3=2/1	4	5	6=5/4
	<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>
<b><u>1. Revenue SESAR2020</u></b>						
Contribution from the European Union <i>(Horizon 2020 Programme)</i>	20.600.000	20.600.000	100,0%	0	0	0,0%
<b>TOTAL REVENUE</b>	<b>20.600.000</b>	<b>20.600.000</b>	<b>100,0%</b>	<b>0</b>	<b>0</b>	<b>0,0%</b>
<b><u>2. Expenditure SESAR2020</u></b>	<u>Commitment approp.</u>	<u>Commitments</u>		<u>Payment appropriations</u>	<u>Payments</u>	
Operating Expenditure <i>(Studies/Development conducted by the SJU)</i>	20.600.000	20.600.000	100,0%	0	0	0,0%
<b>TOTAL EXPENDITURE</b>	<b>20.600.000</b>	<b>20.600.000</b>	<b>100,0%</b>	<b>0</b>	<b>0</b>	<b>0,0%</b>
<b>BUDGET RESULT (SESAR2020 only)</b>				<b>0</b>		<b>0</b>

## 2.1.2 Principle of equilibrium

The SJU is responsible for the development phase of the SESAR Programme which, following the extension of the SJU in June 2014, is expected to last until 2024. 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,
- Seconded National Experts (SNEs) where Member States' experience is required.

<b>Human Resources</b>	<b>2014</b>	
	<b>Authorised under the EU Budget</b>	<b>Actually filled as of 31/12/2014</b>
<b>Establishment plan posts:</b>		
<b>AD</b>	33	30
<b>AST</b>	6	5
<b>Total Establishment plan posts</b>	<b>39</b>	<b>35</b>
<i>Of which:</i>		
- <i>Temporary Agents</i>	32	31
- <i>Secondment from SJU Members *</i>	7	1
- <i>Contract Agents *</i>	0	3
<b>Seconded National Experts</b>	<b>3</b>	<b>2</b>
<b>Total staff</b>	<b>42</b>	<b>37</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 2014, out of the 39 positions approved by the SJU Administrative Board in the SJU Staff Establishment Plan, 31 positions were covered by Temporary Agents, 3 positions by Contract Agents and one position by personnel seconded to the SJU by its Members. Out of the 3 positions approved for Seconded National Experts two were filled.

At the end of December 2014, 4 temporary agents and 1 SNE positions were still vacant. The recruitment process will be completed by mid-2015 (except for 1 position by year end).

## 2.2 Budgetary implementation reports

### 2.2.1 Budget Result

<i>all figures in EUR</i>	2014	2013
<b><u>REVENUE RECEIVED FOR THE YEAR</u></b>		
Contribution from the European Union	94.753.384	77.535.515
Contribution from Eurocontrol	14.279.914	7.681.057
Contributions from other Members	4.246.362	4.246.362
Other sources of contribution and revenue	(37.077)	182.298
<b>TOTAL REVENUE (1)</b>	<b>113.242.583</b>	<b>89.645.232</b>
<b><u>TOTAL PAYMENTS MADE FOR THE YEAR</u></b>		
Staff Expenditure	(5.146.061)	(5.630.436)
Administrative Expenditure	(2.474.909)	(2.723.917)
Operating Expenditure	(89.708.026)	(91.608.651)
<b>TOTAL EXPENDITURE (2)</b>	<b>(97.328.996)</b>	<b>(99.963.004)</b>
<b><i>BUDGET RESULT of the year (3)=(1)-(2)</i></b>	<b>15.913.587</b>	<b>(10.317.772)</b>
Total Budget Result previous year (4)	<b>5.523.016</b>	<b>15.840.788</b>
<b><i>NEW TOTAL BUDGET RESULT (5)=(3)+(4)</i></b>	<b>21.436.603</b>	<b>5.523.016</b>
<b><u>COMMITMENTS STILL TO BE PAID (6)</u></b> <i>(Carry Forwards from year Title 1&amp;2 only)</i>	<b>(2.973.065)</b>	<b>(3.191.886)</b>
<b>TOTAL BUDGET OUTTURN (7)=(5)+(6)</b>	<b>18.463.538</b>	<b>2.331.130</b>

## Final Annual Accounts 2014

### 2.2.2 Revenue

<b><i>all figures in EUR</i></b>	<b>1</b>	<b>2</b>	<b>3=2/1</b>	<b>4</b>	<b>5</b>	<b>6=5/4</b>	<b>7</b>	<b>8</b>
<b>Type of revenue</b>	<b><u>Commitment appropriations</u></b>	<b><u>Actual Revenues established</u></b>	<b><u>% of budget</u></b>	<b><u>Payment appropriations</u></b>	<b><u>Actual Revenues received</u></b>	<b><u>% of budget</u></b>	<b><u>Outstanding (from 2014 only)</u></b>	<b><u>Outstanding (Total)</u></b>
Contribution from the European Union	0	0	0,0%	96.953.383	94.753.384	97,7%	2.200.000	260.446.101
Contribution from Eurocontrol	3.154.000	3.236.920	102,6%	15.120.000	14.279.914	94,4%		9.823.393
Contributions from other Members	4.246.361	4.246.362	100,0%	4.246.361	4.246.362	100,0%		
Other sources of contribution and revenue	100.000	21.649	21,6%	100.000	-37.077	-37,1%		0
Budget surplus previous year	20.074.906	20.074.906	100,0%	5.523.016	5.523.016			
<b>TOTAL REVENUE</b>	<b><u>27.575.267</u></b>	<b><u>27.579.837</u></b>	<b><u>100,0%</u></b>	<b><u>121.942.760</u></b>	<b><u>118.765.599</u></b>	<b><u>97,4%</u></b>	<b><u>2.200.000</u></b>	<b><u>270.269.494</u></b>

## Final Annual Accounts 2014

### 2.2.3 Expenditure

<i>all figures in EUR</i>	1	2	3=2/1	4	5	6 = 4 + 5	7	8=7/6	9	10	
<b>Type of expenditure</b>	<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 2014</u>	<u>from 2013*</u>	<u>Total</u>		<u>% of budget</u>	<u>(2014 Carry Forwards only)</u>		
Staff Expenditure	6.195.500	6.181.609	99,8%	6.195.500		6.195.500	5.146.061	83,1%	1.010.000	1.010.950	
Administrative Expenditure	3.246.500	3.187.216	98,2%	3.246.500		3.246.500	2.474.909	76,2%	1.963.065	2.354.541	
Operating Expenditure	3.677.600	3.677.600	100,0%	112.500.760		112.500.760	89.708.026	79,7%	2.528.734	253.348.427	
1. Studies/Development conducted by the SJU	3.677.600	3.677.600		32.341.695		32.341.695	24.119.075	74,6%	2.528.734	76.163.129	
2. Studies/Development conducted by Eurocontrol											
3. Studies/Development conducted by other Members	0	0		80.159.065		80.159.065	65.588.951	81,8%		177.185.298	
<b>TOTAL EXPENDITURE</b>	<b>13.119.600</b>	<b>13.046.425</b>	<b>99,4%</b>	<b>121.942.760</b>			<b>121.942.760</b>	<b>97.328.996</b>	<b>79,8%</b>	<b>5.501.799</b>	<b>256.713.918</b>
<b>TOTAL REVENUE</b>		<b>27.579.837</b>						<b>118.765.599</b>			
<b>BUDGET SURPLUS</b>		<b>14.533.412</b>						<b>21.436.603</b>			

\* only amounts needed in 2014

## Final Annual Accounts 2014

### 2.2.4 Revenue In-Kind (Annex I of the Budget)

#### Annex I - In Kind contributions

<i>all figures in EUR</i>	1	2	3=2/1
<u>Type of revenue</u>	<u>Commitment appropriations</u>	<u>Actual Revenues established</u>	<u>% of budget</u>
Contribution from the European Union	0	0	
Contribution from Eurocontrol to be recognized	74.460.000	67.202.096	90,2%
Contributions from other Members to be recognized	0	0	
Other sources of contribution and revenue	0	0	
Budget surplus previous year	0	0	
<b>TOTAL REVENUE</b>	<b>74.460.000</b>	<b>67.202.096</b>	<b>90,2%</b>

## Final Annual Accounts 2014

### 2.2.5 Expenses In-Kind (Annex I of the Budget)

#### Annex I - In Kind contributions

<i>all figures in EUR</i>	1	2	3=2/1
<b>Type of expenditure</b>	<b>Commitment appropriations (Final budget)</b>	<b>Actual Commitments</b>	<b>% of budget</b>
Staff Expenditure	0	0	
Administrative Expenditure*	0		
Operating Expenditure	74.460.000	67.202.096	90,2%
1. Studies/Development conducted by the SJU**	0		
2. Studies/Development conducted by Eurocontrol**	74.460.000	67.202.096	90,2%
3. Studies/Development conducted by other Members	0	0	
<b>TOTAL EXPENDITURE</b>	<b><u>74.460.000</u></b>	<b><u>67.202.096</u></b>	<b>90,2%</b>
<b>TOTAL REVENUE</b>		<b><u>67.202.096</u></b>	
<b>BUDGET SURPLUS</b>		<b><u>0</u></b>	

## 2.2.6 Notes to the budgetary implementation reports

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

End of 2013, the European Union had already committed the full EUR 700.000.000 contribution foreseen. Actual revenues received by the SJU from these commitments amounted to EUR 94.753.384 during 2014 (EUR 41.008.643 from FP7 and EUR 53.744.741 from TEN-T). At the end of 2014, the cumulative European Union commitments and revenue movements are described here below:

	Budget appropriations	Actual commitments	Actual revenues	Outstanding
<b>FP7 funds</b>	350.000.000	350.000.000	188.388.489	161.611.511
<b>TEN-T funds</b>	350.000.000	350.000.000	251.165.410	98.834.590
<b>TOTAL EU</b>	<b>700.000.000</b>	<b>700.000.000</b>	<b>439.553.899</b>	<b>260.446.101</b>

### Note B.2: Contribution from Eurocontrol

During 2014, 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 2.000.000, representing a payment related to the contribution of EUR 55 million to co-finance Work Packages C, 7, 13 and 16. In accordance with the letter supporting the transfer agreed by Eurocontrol with the SJU, the amounts received could be used to finance on a temporary basis also other Work Packages, providing the assurance that at the end the funds will be only used to co-finance the Work Packages identified in the Agreement;

*Contributions considered cash in accordance with Annex 2 of the aforementioned Eurocontrol/SJU agreement, realized in 2013 and/or previous years and recognized by the SJU in 2014*

Total EUR 12.279.914 of which

- EUR 197.201 in terms of staff seconded to the SJU;
- EUR 875.992 related to IT and other administrative services;
- EUR 4.629.681 related to contracts let by Eurocontrol on behalf of the SJU related to WPE;
- EUR 2.477.979 related to contracts let by Eurocontrol on behalf of the SJU related to WP11;
- EUR 4.099.061 related to contracts let by Eurocontrol on behalf of the SJU related to Professional Staff Associations and Military experts.

#### In kind contributions (section 2.2.4 - annex I of the Budget)

- EUR 1.463.915 related to PSO for 2014, still to be validated. In 2008, Eurocontrol established a Unit – the Project Support Office (PSO) – hosted by the SJU in order to provide the necessary support in the management of the SESAR Programme. PSO provides programme management support to the SJU in strict coordination with the other SJU Teams. The number of staff to be part of this Office by the end of 2014 is 18 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 SESAR at Eurocontrol but reports functionally to the SJU Executive Director. The PSO staff is placed under the sole authority of the PSO Manager. The PSO Manager determines, in coordination with the SJU Executive Director, the tasks the PSO Staff carries out.

founding members



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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 65.738.181 to the Programme activities realized by Eurocontrol during 2014, still to be validated.

**Eurocontrol**  
**Budget Accounting**

Revenue Budget established	2008 <i>actual</i>	2009 <i>actual</i>	2010 <i>actual</i>	2011 <i>actual</i>	2012 <i>actual</i>	2013 <i>actual</i>	2014 <i>actual</i>	2008 - 2014 <i>Total</i>
<b>Cash</b>	10,0	9,0	2,9	8,1	30,0	0,0	2,0	<b>62,0</b>
<b>Cash services</b>	-	9,4	3,3	12,9	11,7	6,4	1,2	<b>44,9</b>
<b>In Kind</b>	-	20,1	52,3	69,8	74,8	70,6	67,2	<b>354,8</b>
<b>Total</b>	<b>10,0</b>	<b>38,5</b>	<b>58,5</b>	<b>90,8</b>	<b>116,5</b>	<b>77,0</b>	<b>70,4</b>	<b>461,7</b>

**Accrual Accounting**

**To be recognized:**

<b>Cash services</b>	0,7	8,7	2,6	13,1	7,7	12,4	12,7
<b>In Kind</b>	0,3	13,2	23,6	46,2	68,8	137,9	131,4

**Contributions recognized**

<b>Cash</b>	10,0	9,0	2,9	8,1	30,0	0,0	2,0	<b>62,0</b>
<b>Cash services</b>	-	0,7	8,1	3,0	3,3	7,7	12,3	<b>35,1</b>
<b>In kind</b>	-	0,3	11,3	27,4	63,5	0,0	69,8	<b>172,3</b>
<b>Total</b>	<b>10,0</b>	<b>10,0</b>	<b>22,3</b>	<b>38,5</b>	<b>96,8</b>	<b>7,7</b>	<b>84,1</b>	<b>269,4</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 2013 the SJU went through a Reallocation and IBAFO III processes which resulted in a change of the total amount of the Members in kind contributions as of 1 January 2014. The Members' in-kind contributions are now amounting to EUR 1.112.603.775 to which EUR 556.122.000 corresponds in terms of maximum co-financing. The total maximum co-financing has been committed by the SJU by year end 2013. The Annual Cash Contributions from other Members were fully cashed in during 2014 and amounted to EUR 4.246.362 as planned.

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

The revenues include mainly interest yielded on the cash contributions paid to the SJU. For a last time in 2014, this position is net of interest matured on the EC contributions and paid back to the Commission (the SJU reimbursed to the Commission the amount of EUR 123.770 related to 2013 interests, see also Note 13 to the financial statements). The negative saldo for actual revenues is explained by the fact that the reimbursement to the EC was higher than new interest matured during 2014. The latter will not have to be paid back to the EC in 2015 since the change of the Financial Regulation applicable and the signature of the new delegation agreement with the EU end of 2014.

## 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:

<b><u>all figures in EUR</u></b>	<b>1</b>	<b>2</b>	<b>3=2/1</b>	<b>4</b>	<b>5</b>	<b>6 = 4 + 5</b>	<b>7</b>	<b>8=7/6</b>	
<b><u>Staff expenditure</u></b>	<b><u>Commitment approp.</u></b>	<b><u>Commitments</u></b>		<b><u>Payment appropriations</u></b>			<b><u>Payments</u></b>		
				<b><u>% of budget</u></b>	<b><u>BDG 2014</u></b>	<b><u>from 2013 *</u></b>	<b><u>Total</u></b>	<b><u>% of budget</u></b>	
Staff Expenditure as per Staff Est.Plan	4.100.000	4.100.000	100,0%		4.100.000		4.100.000	3.412.698	83,2%
Contract Agents, Interim Staff	550.000	550.000	100,0%		550.000		550.000	436.433	79,4%
Secondments From Members	690.000	690.000	100,0%		690.000	168.930	858.930	858.930	100,0%
Seconded National Experts	180.000	180.000	100,0%		180.000		180.000	69.181	38,4%
Mission Costs	500.000	500.000	100,0%		500.000		500.000	273.112	54,6%
Other Staff Expenditure	175.500	161.609	92,1%		175.500		175.500	95.707	54,5%
<b>TOTAL</b>	<b><u>6.195.500</u></b>	<b><u>6.181.609</u></b>	<b><u>99,8%</u></b>		<b><u>6.195.500</u></b>		<b><u>6.364.430</u></b>	<b><u>5.146.061</u></b>	<b><u>80,9%</u></b>

\* only amounts needed in 2014

The amount of the cumulative carry forward related to the Staff Expenditure, EUR 1.010.950 (see table 2.2.3), 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 2015 together with the IFS 2014.

## Note B.6: Administrative expenditure

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

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

<i>all figures in EUR</i>	<b>1</b>	<b>2</b>	<b>3=2/1</b>	<b>4</b>	<b>5</b>	<b>6 = 4 + 5</b>	<b>7</b>	<b>8=7/6</b>
<b><u>Administrative Expenditure</u></b>	<b><u>Commitment approp.</u></b>	<b><u>Commitments</u></b>		<b><u>Payment appropriations</u></b>		<b><u>Payments</u></b>		
			<b><u>% of budget</u></b>	<b><u>BDG 2014</u></b>	<b><u>from 2013*</u></b>	<b><u>Total</u></b>		<b><u>% of budget</u></b>
Rental of Buildings and Associated Costs	942.000	931.716	98,9%	942.000		942.000	804.682	85,4%
Movable Property And Associated Costs	54.000	54.000	100,0%	54.000		54.000	14.158	26,2%
PR and Events	394.500	394.500	100,0%	394.500	9.440	403.940	403.940	100,0%
Postage and Telecommunications	141.000	141.000	100,0%	141.000		141.000	93.724	66,5%
Administrative Board Expenditure	20.000	20.000	100,0%	20.000		20.000	4.205	21,0%
Current Administrative Expenditure	311.000	311.000	100,0%	311.000		311.000	117.341	37,7%
IT Expenditure And Technical Facilities	1.320.000	1.290.000	97,7%	1.320.000		1.320.000	1.012.513	76,7%
Administrative Support Services	64.000	45.000	70,3%	64.000		64.000	24.346	38,0%
<b>TOTAL</b>	<b><u>3.246.500</u></b>	<b><u>3.187.216</u></b>	<b><u>98,2%</u></b>	<b><u>3.246.500</u></b>		<b><u>3.255.940</u></b>	<b><u>2.474.909</u></b>	<b><u>76,0%</u></b>

\* only amounts needed in 2014

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

The amount of the cumulative carry forward related to the Administrative Expenditure, EUR 2.354.541 (see table 2.2.3), is due mostly to the cost of the *IT Expenditure and Facility* provided by Eurocontrol that will be invoiced in 2015.

## 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.

<b><i>all figures in EUR</i></b>	<b>1</b>	<b>2</b>	<b>3=2/1</b>	<b>4</b>	<b>5</b>	<b>6=5/4</b>
<b><u>Studies/Development by SJU</u></b>	<b><u>Final Commitment Appropriations</u></b>	<b><u>Commitments</u></b>	<b><u>% of budget</u></b>	<b><u>Final Payment Appropriations</u></b>	<b><u>Payments</u></b>	<b><u>% of budget</u></b>
Ad Hoc Studies	396.720	396.720	100,0%	353.100	285.600	80,9%
Airports Expertise (ACI)	300.000	300.000	100,0%	268.331	218.848	81,6%
Airspace Users (ECTL)	0			3.465.000	3.464.834	100,0%
Associates of the SJU	0			559.423	437.262	78,2%
ATMPP Strategic Performance Partnership	33.600	33.600	100,0%	61.820	61.200	99,0%
Demonstration Activities ('12)	0			4.654.960	1.248.528	26,8%
Demonstration Activities ('13)	0			2.295.791	1.004.518	43,8%
Demonstration Activities ('14)	0			3.657.198	1.032.484	28,2%
Definition Phase RPAS	0			0	0	0
Independent Experts	252.605	252.605	100,0%	300.000	161.215	53,7%
Industrial support (Phase 2)	0			6.543.218	6.543.218	100,0%
Military and Professional Staff Associations	0			634.000	634.227	100,0%
NSA Expertise	0			36.137	17.360	48,0%
Programme Management Support	2.694.675	2.694.675	100,0%	1.989.930	1.839.466	92,4%
Scientific Committee	0			99.787	62.654	62,8%
Security Studie	0			315.000	0	0,0%
WP11	0			2.478.000	2.477.980	100,0%
WPE	0			4.630.000	4.629.681	100,0%
<b>TOTAL</b>	<b><u>3.677.600</u></b>	<b><u>3.677.600</u></b>	<b><u>100,0%</u></b>	<b><u>32.341.695</u></b>	<b><u>24.119.075</u></b>	<b><u>74,6%</u></b>

Initial Commitment and Payment Appropriations were revised in October 2014 and re-allocated amongst the different items of this budget line in accordance with the cash forecasts and operational needs.

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

This position covers the commitments for Co-Financing to the 15 Members of the SJU broken down by Member and Project. During 2014, EUR 65.588.951 were paid as Co-financing, net of any clearing of Pre-Financing:

<i><b>all figures in EUR</b></i>	
<u>SJU Members</u>	<u>Net Payments 2014</u>
AENA	260.065
AIRBUS	6.263.323
ALENIA	137.917
DFS	3.989.910
DSNA	8.900.719
ENAV	3.603.806
FREQUENTIS	850.470
HONEYWELL	2.327.264
INDRA	7.731.832
NATMIG	5.881.209
NATS	3.013.139
NORACON	3.140.555
SEAC	51.188
SELEX	4.157.600
THALES	15.279.954
 <b>TOTAL</b>	 <b><u>65.588.951</u></b>

## 2.3 Reconciliation between budgetary and financial accounts

all figures in EUR	2014	
<b>NET EXPENSES FOR ACTIVITIES OF THE YEAR (SFP)</b>	<b>(264.177.766)</b>	
<b>1. Adjustment for items not included in the budgetary result but included in the economic result</b>		
Increase/(Decrease) of Unpaid invoices at year end but booked in charges	+	420.557
Increase/(Decrease) of cumulative Depreciation of intangible and tangible fixed assets	+	375.257
Increase/(Decrease) of Provisions/Liabilities/Contributions to be validated	+	9.034.365
Decrease/(Increase) of Recovery orders issued during year not cashed in by year end	+	82.693
Increase/(Decrease) of Debts towards EU-Institutions	-	(107.052)
<b>Subtotal 1</b>	<b>9.805.820</b>	
<b>2. Adjustment for items included in the budgetary result but not included in the economic result</b>		
Increase/(Decrease) of Asset acquisitions	+	6.345
Decrease/(Increase) of Pre-financing	+	5.962.286
Increase/(Decrease) of Members' Contributions	+	264.492.543
Decrease/(Increase) of Deferred charges (Prepaid expenses of next year)	-	(148.489)
<b>Subtotal 2</b>	<b>270.312.685</b>	
<b>3. Reconciliation items between Budget and General Accounts (Payments)</b>		
Cash outs in banks but not in Budgetary reports (+)	+	124.535
Cash ins in Budgetary reports but not in Banks (+)	+	0
Cash ins in banks but not in Budgetary reports (-)	-	(35.272)
Cash outs in Budgetary reports but not in Banks (-)	-	(140.749)
Remaining reconciliation items not identified	+/-	24.332
<b>Subtotal 3</b>	<b>(27.153)</b>	
<b>BUDGET RESULT OF THE YEAR</b>	<b>15.913.587</b>	
Balance Budget Outturn Account 2014	+	5.523.016
Payment appropriations carried over to 2015 (RAL)	-	(2.973.065)
<b>BUDGET OUTTURN BALANCE</b>	<b>18.463.538</b>	

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

#### 3.1 Main aspects

The SESAR management established the objectives to be reached in 2014 in line with the Medium term vision 2012/2014:

***The SJU partnership has successfully introduced innovations, bringing measurable performance benefits to the worldwide aviation community***

The planned activities leading to the long term Programme's objectives have been broken down to ensure that the R&I Programme was focused not only on the achievement of its mission but on concrete research and innovation progress, including quick wins. The activities and objectives are aligned with the European ATM Master plan 2012, the Pilot Common Project and the results of the Programme review.

The strategic objectives set for the 2014 are reported in the table below together with an assessment of the achievement at year-end 2014. It should be noted however that the "Actual Result achieved" is based on the Release 3 assessment whereas that on R4 will be performed in June 2015 and published in September. This will enable a better evaluation of the 2014 achievements versus plan.

Objective description	1. SESAR procedures, technology/tools and airspace design solutions enabled by the Initial 4D capability have demonstrated performance benefits in terms of efficiency, safety, capacity and predictability
Success measurement indicators	Step 1 fuel efficiency target with significant improvements for other KPA's
Progress to be achieved	Target 2014 100% <b>Revised target 60%</b>
Actual results achieved	Actual completion 60%. The analysis of the Step 1 performance results (see below), demonstrate a potential fuel reduction of circa 1,5% that represents a 53% achievement compared to the Step 1 target for fuel efficiency. This result is close to the revised target of 60% and the result achieved on other KPAs show significant improvement, in some cases above the target. It must be noticed that even if i4D is the major contributor to those achievements it is not the only one, other SESAR Solutions such as Extended AMAN, CDA in complex TMA, enhanced decision making tools and so on, contribute as well to this achievement. More detail on the analysis of the individual contribution of each solution is under work but is not fully completed at the time of publishing this report. Furthermore, it is important to stress that the results of the SESAR validation activities show the need for trade-offs between the different KPAs and that all targets cannot be achieved simultaneously.

	<table border="1"> <thead> <tr> <th>Metric</th> <th>Target (%)</th> <th>% Target Achieved (%)</th> </tr> </thead> <tbody> <tr> <td>Fuel Efficiency</td> <td>2,8%</td> <td>~10%</td> </tr> <tr> <td>Airport Capacity</td> <td>10,4%</td> <td>~10%</td> </tr> <tr> <td>Airspace Capacity (ER)</td> <td>30,4%</td> <td>~10%</td> </tr> <tr> <td>Airspace Capacity (TMA)</td> <td>30,4%</td> <td>~10%</td> </tr> <tr> <td>Predictability</td> <td>19,6%</td> <td>~10%</td> </tr> <tr> <td>Cost Effectiveness</td> <td>17,97%</td> <td>~10%</td> </tr> </tbody> </table>	Metric	Target (%)	% Target Achieved (%)	Fuel Efficiency	2,8%	~10%	Airport Capacity	10,4%	~10%	Airspace Capacity (ER)	30,4%	~10%	Airspace Capacity (TMA)	30,4%	~10%	Predictability	19,6%	~10%	Cost Effectiveness	17,97%	~10%
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Objective description	<p>2. Technological and operational innovations in the airport domain are ready for deployment and SESAR AOP/AOC/NOP integration has demonstrated positive network performance.</p>																					
Success measurement indicators	At least 10 Airports demonstrates increased predictability and less delays (MTS)																					
Progress to be achieved	Target 2014 100%																					
Actual results achieved	Actual completion 60%. Close to 40% of the SESAR Solutions available at the end of 2014 are airport related. Those solutions are ready for deployment; some of those solutions are already embedded in the first deployment package (Pilot Common Project – AF#4) while others are already being deployed locally. Examples are the Airport Operations Center (AOPC), the first version of its fully SESAR Step 1 compliant version having been inaugurated at London Heathrow airport in Q4 2014 and the Remote Tower at the Örnsköldsvik Airport in Sweden. The combination of local deployment and PCP support the expectation that full target will be achieved in 2015/2016.																					
Objective description	<p>3. SESAR partners commit to SESAR Project innovative technological / operational results in their medium term investment plans.</p>																					
Success measurement indicators	> 5 projects																					
Progress to be achieved	Target 100%																					
Actual results achieved	Actual completion 90%. The very successful set-up of the Pilot Common Project focusing on ATM Functionality <b>AF1 Extended AMAN and PBN in high density TMAs</b> , to improve the precision of approach trajectory as well as to facilitate traffic sequencing at earlier stage, thus allowing to reduce fuel consumption and environmental impact in descent/arrival phases; <b>AF2 - Airport Integration and Throughput</b> , to improve runway safety and throughput, ensuring benefits in terms of fuel consumption and delay reduction as well as airport and airspace capacity; and of the SESAR Deployment sequence indicates in principle a full achievement of this particular target. However, considering that the various investment plans as presented to the Performance Review Body for Reporting Period 2 do not indicate yet a full up-take of the SESAR Solutions and despite the fact that this is not under the control of the SJU, the overall achievement for this objective is set to 90%.																					

Objective description	<b>4. SWIM-based applications contribute to efficient implementation of Airspace Users preferred flight routes and profiles.</b>
Success measurement indicators	SWIM benefits demonstrated for Airline Operation Centres-Air Traffic Control services leading to Step 1 improvement of flight predictability
Progress to be achieved	<b>Target 100%</b>
Actual results achieved	Actual completion 40%. The SESAR activities and validation exercises related to the SWIM exchange of trajectory between Airline Operations and the Network Manager have demonstrated positive results in ensuring an optimized usage of the route network and have contributed to successful demonstration results in the domain of Free-Routing (e.g. Framak, WeFree see section 4.7.1)1. The validation of the ground-ground trajectory exchange, on the other hand, have suffered very significant delay in the 2012-2014 period; mitigation measures and recovery plans have recently been implemented by the SJU and its Members and progress should be back on track as of 2015. Consequently the target is considered to be 40% (in proportion to the number of Operational Improvements and Enablers covered by this objective).

Objective description	<b>5. The SESAR Controller Working Position prototype demonstrates performance gains through its adaptability to efficiently integrate new functionality.</b>
Success measurement indicators	SESAR CWP supports 4D trajectory management and complies with Human Factors requirements; and at least 5 service providers will start investing in CWP new functionalities
Progress to be achieved	<b>Target 100%</b>
Actual results achieved	Actual completion 80%. In 2014 activities focused on validating the integration of new functionalities and decision-making tools in the human machine interface of the controller working position. All the activities planned in 2014 in relation to the CWP have been completed and specific activities on the CWP interface were launched as well. It is confirmed that up to 3 ANSPs out of the 5 in the objective, are currently considering the upgrade of their CWP and one more is close to follow leading to a 80% completion of the objective.

Objective description	<b>6. SESAR material to support standards has been proposed to the EC, ICAO and Industry Standardisation bodies for development into published standards and policies.</b>
Success measurement indicators	> 10 standards proposed
Progress to be achieved	<b>Target 100%</b>
Actual results achieved	Actual completion 100%. In 2014 the following standards have been published by EUROCAE with contributions by SESAR or the SESAR members:  ED-75d, ED-87c, ED-92b, ED-110b, ED-129b, ED194a, ED-228, ED-229, ED-230, ED-231, ED-232, ED-233, ER-011  The achievement exceeded the target.

Objective description	<b>7. Through the SJU PPP, SESAR Staff have become world leaders in creating a culture of innovation, cooperation and accountability to deliver.</b>
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Measurement indicators	Positive result of Stakeholder, Staff & Member Survey (satisfaction rate>75%)
Progress to be achieved	Success of SJU participation to CANSO World ATM Congress, and SESAR Going Global- ICAO
Actual results achieved	Actual completion 100%. In 2014 the SJU heavily build on the outcome of ANC 12 to promote the SESAR concept of operations and participated successfully to the CANSO World ATM Congress and to the ATC Global event with an objective to showcase the SESAR Solutions. From the 17-19 September 2014, the SJU and its members organised a dedicated SESAR Solutions workshop and a stand at ATC Global in Beijing, China (see section 9.2). In addition, the SJU performed its first SESAR results dissemination event with a workshop on Remote Tower Services on the 12 and 13 June, which was hosted by the Dublin Airport Authority (DAA). Finally, the successful cooperation with the FAA on NexGen led to the establishment of the "State of Harmonisation document" that highlighted the status and progress of the two initiatives on key areas such as CNS and Interoperability. All these have progressively consolidated the position of SESAR as a leading actor in ATM Research and Innovation and the SJU reputation is widely recognized.
Objective description	<b>8. Results from SESAR long term research activities are embedded into the rest of the SESAR Programme and prove the effective link between Innovation and R&amp;D.</b>
Measurement indicators	On going WPE process of research networks and projects have made a positive impact in other WP's (Three networks fully operating and delivering see section 4.5)
Progress to be achieved	<b>ongoing</b>
Actual result achieved	Actual Completion 50%. The current structure of the Exploratory Research activities didn't enable so far a successful connection between those activities and the applied and pre-industrial research, except on a limited number of cases (e.g. trajectory management, automation see section 3.4.16). In 2014, the SJU identified with the support of its Scientific Committee a number of lessons learnt from the current set-up and established a significantly different approach in view of preparing the SESAR 2020 Programme. It must be noted as well that some of the results of the Exploratory Research activities have recently been identified to be transited to the Applied and Pre-Industrial part of SESAR 2020, demonstrating the progressive set-up of an R&D pipeline through all technology maturity phases. Overall these results lead to a 50% achievement of this specific target.

As a driving element for the drafting of the Annual Work plan 2015, the SJU's Management has set a new Medium Term vision for the period 2015/2016:

### High Performing Aviation in Europe

*The SESAR Joint Undertaking for Research and Innovation is delivering solutions to modernise air traffic management, enabling high-performing aviation in Europe and worldwide.*

This vision has been declined into strategic objectives related to the closing of the SESAR 1 Programme, but also constituting a solid basis for the SESAR 2020 Programme being launched.

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

### 3.2.1 Financial situation (Multi-annual budget)

As detailed in Part 1 and 2, the SJU has a budget turnout of EUR 18.463.538 at the end of 2014 compared to EUR 2.331.130 of the previous year (budget accounts). It should be noted that 2013 was the last year of commitment of the EU contribution to the SJU under the SESAR1 Programme. The budget outturn at the end of 2014 together with the contributions that will be received still by the other Members in the period 2015-2016 will allow the SJU to proceed towards the completion of its activities and deliver the agreed SESAR Programme.

In order to ensure that each member contributes proportionally equally to the running costs of the SJU (i.e. Titles 1 & 2), the Accounting Officer adopted a decision in 2010 to ensure that the running costs are financed with the contributions of each Member.

SESAR1 Commitments	Actual 2007-2008	Actual 2009	Actual 2010	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Total 2007 - 2014	Budget 2015	Budget 2016	Total 2007-2016
Title 1 (Staff)	3,2	4,0	5,0	5,4	5,3	5,8	6,5	<b>35,1</b>	6,0	6,2	<b>47,3</b>
Title 2 (Admin.)	1,5	3,9	3,0	3,1	2,9	2,9	2,9	<b>20,2</b>	3,3	3,3	<b>26,8</b>
<b>Total</b>	<b>4,7</b>	<b>7,9</b>	<b>8,0</b>	<b>8,5</b>	<b>8,2</b>	<b>8,7</b>	<b>9,4</b>	<b>55,4</b>	<b>9,3</b>	<b>9,5</b>	<b>74,2</b>

#### Funded with

EU	FP7	4,0	5,5	-	-	2,2	4,1	3,7	<b>19,5</b>	3,7	3,7	<b>26,9</b>
	TEN-T	-	-	-	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>4,0</b>	<b>5,5</b>	<b>-</b>	<b>-</b>	<b>2,2</b>	<b>4,1</b>	<b>3,7</b>	<b>19,5</b>	<b>3,7</b>	<b>3,7</b>	<b>26,9</b>
Eurocontrol		0,7	2,4	8,0	5,8	1,1	1,2	1,2	<b>20,5</b>	1,0	4,4	<b>25,9</b>
Other Members		-	-	-	2,7	4,9	3,4	4,4	<b>15,4</b>	4,6	1,4	<b>21,4</b>
<b>Total</b>		<b>4,7</b>	<b>7,9</b>	<b>8,0</b>	<b>8,5</b>	<b>8,2</b>	<b>8,7</b>	<b>9,4</b>	<b>55,4</b>	<b>9,3</b>	<b>9,5</b>	<b>74,2</b>
Title 3 (operat.)		9,4	307,7	109,8	138,7	140,5	49,8	3,7	<b>759,5</b>	21,0	23,8	<b>804,3</b>
In Kind (Annex 1)		-	256,8	148,2	181,9	191,4	64,9	67,2	<b>910,5</b>	63,8	87,4	<b>1061,7</b>
<b>Total (Titles 1,2,3)</b>		<b>14,1</b>	<b>572,5</b>	<b>265,9</b>	<b>329,1</b>	<b>340,2</b>	<b>123,3</b>	<b>80,2</b>	<b>1.725,4</b>	<b>94,1</b>	<b>120,7</b>	<b>1.940,2</b>
<i>Running vs Total Annual %</i>		33,5%	1,4%	3,0%	2,6%	2,4%	7,0%	11,7%	3,2%	9,9%	7,9%	3,8%
<i>Running vs Total Cumulative %</i>			2,2%	2,4%	2,5%	2,5%	2,8%	3,2%	3,2%	3,6%	3,8%	3,8%

With regards to Operational expenditure (i.e. Title 3) and in accordance with the agreements with the Members, the total commitments have been gradually built up in annual instalments, subject to the availability of the annual EU funding. Full commitments were achieved in 2013 with the last annual instalment of the EU from the Multiannual Financial Framework 2007-2013 (see also Part I, Note 18).

The Budget 2015 has been approved and is currently being implemented. The Budget 2016 figures are only provisional as the Draft Budget 2016 will be sent to the SJU Administrative Board at the latest on 30 September 2015 in accordance with the SJU Financial Rules. The interpretation of the above table therefore calls for prudence, namely with regards to Title 3 and In-Kind Contributions, and can only be indicative on the overall outcome of the SESAR1 programme.

### 3.2.2 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 and implementation rates

#### 3.3.1 Transfers and implementation rates of revenue appropriations

<i><b>Type of revenue</b></i>	<i><b>COMMITMENTS</b></i>					
	<i><b>Initial appr.</b></i> 1	<i><b>Transfers/ Modifications</b></i> 2	<i><b>FINAL appr.</b></i> 3=1+2	<i><b>Final Implementation</b></i> 4	<i><b>Implementation rate on Initial appr.</b></i> 5=4/1	<i><b>Implementation rate on FINAL appr.</b></i> 6=4/3
European Union Contribution	0	0	0	0	0	0
Contribution from Eurocontrol	3.154.000	0	3.154.000	3.236.920	102,6%	102,6%
Contributions from other Members	4.246.361	0	4.246.361	4.246.362	100,0%	100,0%
Other Revenue	100.000	0	100.000	21.649	21,6%	21,6%
Budget Surplus previous year	19.909.624	165.282	20.074.906	20.074.906	100,8%	100,0%
<b>TOTAL</b>	<b>27.409.985</b>	<b>165.282</b>	<b>27.575.267</b>	<b>27.579.837</b>	<b>100,6%</b>	<b>100,0%</b>
<i><b>Type of revenue</b></i>	<i><b>PAYMENTS</b></i>					
	<i><b>Initial appr.</b></i> 1	<i><b>Transfers/ Modifications</b></i> 2	<i><b>FINAL appr.</b></i> 3=1+2	<i><b>Final Implementation</b></i> 4	<i><b>Implementation rate on Initial appr.</b></i> 5=4/1	<i><b>Implementation rate on FINAL appr.</b></i> 6=4/3
European Union Contribution	96.953.383	0	96.953.383	94.753.384	97,7%	97,7%
Contribution from Eurocontrol	15.120.000	0	15.120.000	14.279.914	94,4%	94,4%
Contributions from other Members	4.246.361	0	4.246.361	4.246.362	100,0%	100,0%
Other Revenue	100.000	0	100.000	-37.077	-37,1%	-37,1%
Budget Surplus previous year	0	5.523.906	5.523.906	5.523.016		100,0%
<b>TOTAL</b>	<b>116.419.744</b>	<b>5.523.906</b>	<b>121.943.650</b>	<b>118.765.599</b>	<b>102,0%</b>	<b>97,4%</b>

*Initial appropriations as adopted by SJU Administrative Board on 12 December 2013.*

*Final appropriations as adopted by SJU Administrative Board on 23 October 2014.*

### 3.3.2 Transfers and implementation rates of expenditure appropriations

<i>all figures in EUR</i>		COMMITMENTS					
<u>Type of expenditure</u>	<u>Initial appr.</u> 1	<u>Transfers/ Modifications</u> 2	<u>FINAL appr.</u> 3=1+2	<u>Final Implementation</u> 4	<u>Implementation rate on Initial appr.</u> 5=4/1	<u>Implementation rate on FINAL appr.</u> 6=4/3	
Staff Expenditure	6.215.000	-19.500	6.195.500	6.181.609	99,5%	99,8%	
Administrative Expenditure	3.227.000	19.500	3.246.500	3.187.216	98,8%	98,2%	
Operating Expenditure	2.927.600	750.000	3.677.600	3.677.600	125,6%	100,0%	
<b>TOTAL</b>	<b>12.369.600</b>	<b>750.000</b>	<b>13.119.600</b>	<b>13.046.425</b>	<b>105,5%</b>	<b>99,4%</b>	
<hr/>							
<i>all figures in EUR</i>		PAYMENTS					
<u>Type of expenditure</u>	<u>Initial appr.</u> 1	<u>Transfers/ Modifications</u> 2	<u>FINAL appr.</u> 3=1+2	<u>Final Implementation</u> 4	<u>Implementation rate on Initial appr.</u> 5=4/1	<u>Implementation rate on FINAL appr.</u> 6=4/3	
Staff Expenditure	6.215.000	-19.500	6.195.500	5.146.061	82,8%	83,1%	
Administrative Expenditure	3.227.000	19.500	3.246.500	2.474.909	76,7%	76,2%	
Operating Expenditure	106.977.744	5.523.016	112.500.760	89.708.026	83,9%	79,7%	
<b>TOTAL</b>	<b>116.419.744</b>	<b>5.523.016</b>	<b>121.942.760</b>	<b>97.328.996</b>	<b>83,6%</b>	<b>79,8%</b>	
<hr/>							

*Initial appropriations as adopted by SJU Administrative Board on 12 December 2013.*

*Final appropriations as adopted by SJU Administrative Board on 23 October 2014.*

