Annual accounts of the Shift2Rail Joint Undertaking

Financial year 2019

CONTENTS

CERTIFICATION OF THE ACCOUNTS

I acknowledge my responsibility for the preparation and presentation of the annual accounts of the Shift2Rail Joint Undertaking in accordance with Article 52 of the Model Financial Regulation ('MFR')[1] and I hereby certify that the annual accounts of the Shift2Rail Joint Undertaking for the year 2019 have been prepared in accordance with Chapter 8 of the MFR and the accounting rules adopted by the Commission's Accounting Officer, as are to be applied by all the institutions and Union bodies.

I have obtained from the Authorising Officer, who certified its reliability, all the information necessary for the production of the accounts that show the Shift2Rail Joint Undertaking's assets and liabilities and the budgetary implementation. 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 Shift2Rail Joint Undertaking.

Rosa ALDEA BUSQUETS

Accounting Officer of the

Shift2Rail Joint Undertaking

[1] COMMISSION DELEGATED REGULATION (EU) 2019/887 of 13 March 2019 on the model financial regulation for public-private partnership bodies referred to in Article 71 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council.

BACKGROUND INFORMATION ON THE SHIFT2RAIL JOINT UNDERTAKING

Shift2Rail Joint Undertaking (S2R JU), based in Brussels, was established by the Council Regulation (EU) 642/2014[2]. S2R JU is a public-private partnership in the rail sector between the European Union and key players from the rail industry, consisting of rail equipment manufacturers, railway undertakings, infrastructure managers, research centres. S2R JU is funded by the members contributing either in cash or in-kind to the administrative and operational costs of the joint undertaking. In particular, the Members other than the Union deliver Research and Innovation activities to the S2R JU investing their own financial resources in the forms of staff, assets, technologies etc., that pave the way to major changes in the rail systems, which are matched by around up to 40% net by the Union funding.

Rail research conducted within S2R JU will contribute to addressing the challenges faced by the rail sector through a comprehensive and coordinated approach to research and innovation, focusing on the needs of the rail system and of its users. S2R JU will foster the introduction of better trains to the market which will operate on an innovative rail network infrastructure, at a lower life-cycle cost, with increased reliability and punctuality and more capacity to cope with growing passenger and freight mobility demand.

The mission statement of S2R JU is:"Shift2Rail: moving European railway forward".

S2R JU will develop a more competitive and resource-efficient European transport system, through an unprecedented integrated rail system transformation to meet the evolving expectations of European citizens and shippers.

The objective of the S2R JU is to implement an ambitious programme of research and innovation activities in the railway sector in Europe. Those activities are carried out through collaboration between stakeholders in the entire railway value chain, also outside the traditional rail sector, including SMEs, research and technology centres and universities.

The rail research performed within the S2R JU focuses on the following overall objectives for the duration of the S2R JU, in line with the S2R JU Regulation and S2R JU Master Plan:

- Achieve the Single European Railway Area through the removal of remaining technical obstacles holding back the rail sector in terms of interoperability and through the transition to a more integrated, efficient and safe EU railway market, guaranteeing the proper interconnection of technical solutions.

- Radically enhance the attractiveness and competitiveness of the European railway system to ensure a modal shift towards rail through a faster and less costly transition to a more attractive, user-friendly (including for persons with reduced mobility), efficient, reliable, and sustainable European rail system.

- Help the European rail industry to retain and consolidate its leadership on the global market for rail products and services by ensuring that Research & Innovation activities and results can provide a competitive advantage to EU industries and by stimulating and accelerating the market uptake of innovative technologies.

S2R JU will impact all segments of the rail market: high-speed/mainline, regional, urban/metro & suburban, and freight; it will also make daily life easier for millions of European passengers and rail freight users.

Annual accounts

Following Article 25 of the Model Financial Regulation (MFR)[3], the Governing Board of the joint undertaking appoints the Accounting Officer who is, amongst other tasks, responsible for preparation of the annual accounts.

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[2] Council Regulation (EU) No 642/2019 of 16 June 2014 establishing the Shift2Rail Joint Undertaking.

[3] Commission Delegated Regulation (EU) 2019/887 of 13 March 2019 on the model financial regulation for public-private partnership bodies referred to in Article 71 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council, OJEU L 142, 29.5.2019

In accordance with Article 47 of the MFR, the annual accounts are prepared in accordance with the rules adopted by the Accounting Officer of the Commission (EU Accounting Rules, EAR), which are based on internationally accepted accounting standards for the public sector (IPSAS). The annual accounts cover the period from 1 January to 31 December and comprise the financial statements and the reports on the implementation of the budget. While the financial statements and the complementary notes are based on principles of accrual accounting adapted to the specific environment of the European Union, the budget implementation reports are primarily based on movements of cash.

Following the decision n° 06/2016 of the S2R JU's Governing Board of 18 March 2016, the Accounting Officer of the Commission acts as of 24 May 2016 as the Accounting Officer of S2R JU.

Highlights of the year

The major features in the 2019 financial statements of S2R JU are the following:

Operational expenses: By the end of 2019, the S2R JU has signed a total of 80 grants since the beginning of the autonomous S2R JU activities in 2016. This represents a total of kEUR 569 754 in Research and Innovation activities of which kEUR 295 234 of S2R JU funding. Consequently, the S2R JU Programme is no longer in a ramp up phase but in the programme full implementation phase with a corresponding increase in operating expenditure.

Pre-financing: The value of the new pre-financing paid to the beneficiaries in 2019 amounted to kEUR 43 254. It comprises kEUR 34 501 related to the 17 projects of call 2019 and kEUR 8 753 of pre-financings for three projects of the call 2018 that have been signed in 2019 and paid-out in Q1 2019.

In-kind contributions on operational expenditure (IKOP): At the end of 2019, the Members other than the Union have declared a total R&I activities for an amount of kEUR 246 137 of which the cumulative IKOP of kEUR 143 285; kEUR 68 645 has been certified and validated by the S2R JU.

Net Assets: The IKOP certifications received from the Members other than the Union validated by S2R JU in 2019 amounted kEUR 46 972. At 31 December the total cumulative IKOP presented under net assets equals kEUR 68 645.

In 2019, the S2R JU budget adopted by the Governing Board on 24 June 2019, was kEUR 82 765 in commitment appropriations, of which kEUR 78 753 for operational expenditure and kEUR 3 493 for administrative expenditure and kEUR 520 for administrative expenditure (unused appropriations not required in the financial year). In payment appropriations, the total voted budget was kEUR 81 257, of which kEUR 76 900 was for operational expenditure and kEUR 3 717 for administrative expenditure and kEUR 640 for administrative expenditure (unused appropriations). By year end, in agreement with the Governing Board as per minutes of the meeting of 4 December, the Executive Director transferred kEUR 2 048 in terms of commitments and payments appropriations, from Title 3 to Title 4 in order to be made available immediately to the S2R JU Call 2020, in accordance with S2R JU FR art.6.5 and with the GB Decision. As part of the same agreement, kEUR 306 were re-inscribed in the budget 2019 from Members projects that release this overall amount due to efficiencies in the resources consumption. This amount is recorded as assigned revenues. Following these changes, the total budget commitment appropriations for 2019 amounted to kEUR 83 071 and kEUR 81 563 in terms of payment appropriations.

Based on the above, the budget implementation in terms of commitment appropriations is at 100% and in terms of payment appropriations is at 89% (both excluding the unused appropriations not required in the financial year). The payment appropriations' implementation presents a constant improvement compared to previous years (78.6% in 2017 and 82.3% in 2018). The implementation of Administrative budget was kEUR 3 493 in commitment appropriations and kEUR 3 573 million in payment appropriations, respectively representing 100% and 96.1% of budget execution. Applying sound financial management, the JU makes use of multiannual framework contracts in particular in Title 2. The Administrative budget corresponds to approximatively 4% of the JU Budget. The Operational Budget was implemented at kEUR 76 705 in commitment appropriations (100%) and kEUR 66 310 million (88%) in payment appropriations.

In September 2019, the S2R JU awarded 17 grants as a result of the 2019 Call launched on 15 January 2019 based on the amended Annual Work Plan (AWP) 2019. All 17 grants agreements were signed between October and December 2019, allowing the timely start of the projects. In total, the awarded grants will co-fund Research and Innovation activities (for a total value of kEUR 148 551) up to kEUR 74 760. In this respect, it should be noted that the Founding Members other than the Union and the Associated Members (jointly referred to as the "Other Members") agreed to limit their requests for co-funding to 44.44% of the total project cost, the lowest in the overall H2020 Programme.

FINANCIAL STATEMENTS AND EXPLANATORY NOTES

It should be noted that due to the rounding of figures into thousands of euros (kEUR), some financial data in the tables below may appear not to add-up.

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BALANCE SHEET

EUR '000

	Note	31.12.2019	31.12.2018
NON-CURRENT ASSETS			
Property, plant and equipment	2.1	197	235
Pre-financing	2.2	44 980	41 652
		45 177	**41 887**
CURRENT ASSETS			
Pre-financing	2.2	33 756	19 240
Exchange receivables and non-exchange recoverables	2.3	26 316	29 757
		60 072	**48 998**
TOTAL ASSETS		**105 249**	**90 885**
CURRENT LIABILITIES			
Payables and other liabilities	2.4	(80 746)	(69 211)
Accrued charges and deferred income	2.5	(36 963)	(24 685)
		(117 710)	**(93 896)**
TOTAL LIABILITIES		**(117 710)**	**(93 896)**
NET ASSETS		**(12 461)**	**(3 012)**
Contribution from Members	2.6	298 570	187 070
Accumulated deficit		(190 081)	(78 305)
Economic result of the year		(120 950)	(111 776)
NET ASSETS		**(12 461)**	**(3 011)**

STATEMENT OF FINANCIAL PERFORMANCE

EUR '000

	Note	2019	2018
REVENUE			
Revenue from non-exchange transactions			
Recovery of expenses		*30*	-
		30	-
Revenue from exchange transactions			
Other		*4*	-
		4	-
Total revenue		**34**	-
EXPENSES			
Operational costs	*3.1*	*(117 459)*	*(108 268)*
Staff costs	*3.2*	*(1 684)*	*(1 547)*
Other expenses	*3.3*	*(1 842)*	*(1 960)*
Total expenses		**(120 984)**	**(111 776)**
ECONOMIC RESULT OF THE YEAR		**(120 950)**	**(111 776)**

CASHFLOW STATEMENT[4]

		EUR '000
	2019	2018
Economic result of the year	*(120 950)*	*(111 776)*
Operating activities		
Depreciation and amortization	*53*	*52*
(Increase)/decrease in pre-financing	*(17 843)*	*5 673*
(Increase)/decrease in exchange receivables and non-exchange recoverables	*3 441*	*(20 110)*
Increase/(decrease) in payables	*11 535*	*32 441*
Increase/(decrease) in accrued charges & deferred income	*12 278*	*(4 085)*
Increase/(decrease) in cash contributions	*64 529*	*79 165*
Increase/(decrease) in in-kind contributions	*46 972*	*18 663*
Investing activities		
(Increase)/decrease in intangible assets and property, plant and equipment	*(15)*	*(23)*
NET CASHFLOW	–	–
Net increase/(decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	-	-
Cash and cash equivalents at year-end	-	-

[4] Following the appointment of the Accounting Officer of the Commission as the Accounting Officer of S2R JU, the treasury of S2R JU was integrated into the Commission's treasury system. Therefore, S2R JU does not have any bank accounts of its own. All payments and receipts are processed via the Commission's treasury system and registered on intercompany accounts which are presented under the heading exchange receivables.

STATEMENT OF CHANGES IN NET ASSETS

EUR '000

	Contribution from Members	Accumulated Surplus/ (Deficit)	Economic result of the year	Net Assets
BALANCE AS AT 31.12.2017	**89 241**	**(11 925)**	**(66 381)**	**10 936**
Allocation 2017 economic result	-	*(66 381)*	*66 381*	-
Cash contribution	*79 165*	-	-	*79 165*
Contribution in-kind	*18 663*	-	-	*18 663*
Economic result of the year	-	-	*(111 776)*	*(111 776)*
BALANCE AS AT 31.12.2018	**187 070**	**(78 305)**	**(111 776)**	**(3 011)**
Allocation 2018 economic result	-	*(111 776)*	*111 776*	-
Cash contribution	*64 529*	-	-	*64 529*
Contribution in-kind	*46 972*	-	-	*46 972*
Economic result of the year	-	-	*(120 950)*	*(120 950)*
BALANCE AS AT 31.12.2019	**298 570**	**(190 081)**	**(120 950)**	**(12 461)**

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

1.1. ACCOUNTING PRINCIPLES

The objective of financial statements is to provide information about the financial position, performance and cashflows of an entity that is useful to a wide range of users.

The overall considerations (or accounting principles) to be followed when preparing the financial statements are laid down in EU Accounting Rule 1 'Financial Statements' and are the same as those described in IPSAS 1: fair presentation, accrual basis, going concern, consistency of presentation, materiality, aggregation, offsetting and comparative information. The qualitative characteristics of financial reporting are relevance, faithful representation (reliability), understandability, timeliness, comparability and verifiability.

1.2. BASIS OF PREPARATION

1.2.1. Reporting period

Financial statements are presented annually. The accounting year begins on 1 January and ends on 31 December.

1.2.2. Currency and basis for conversion

The annual accounts are presented in thousands of euros, the euro being the EU's functional currency. Foreign currency transactions are translated into euros using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the re-translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial performance. Different conversion methods apply to property, plant and equipment and intangible assets, which retain their value in euros at the date when they were purchased.

Year-end balances of monetary assets and liabilities denominated in foreign currencies are translated into euros on the basis of the European Central Bank (ECB) exchange rates applying on 31 December.

Euro exchange rates

Currency	31.12.2019	31.12.2018	Currency	31.12.2019	31.12.2018
BGN	**1.9558**	*1.9558*	**PLN**	**4.2568**	*4.3014*
CZK	**25.4080**	*25.7240*	**RON**	**4.783**	*4.6635*
DKK	**7.4715**	*7.4673*	**SEK**	**10.4468**	*10.2548*
GBP	**0.8508**	*0.8945*	**CHF**	**1.0854**	*1.1269*
HRK	**7.4395**	*7.4125*	**JPY**	**121.9400**	*125.8500*
HUF	**330.5300**	*320.9800*	**USD**	**1.1234**	*1.145*

1.2.3. Use of estimates

In accordance with IPSAS and generally accepted accounting principles, the financial statements necessarily include amounts based on estimates and assumptions by management based on the most reliable information available. Significant estimates include, but are not limited to: amounts for employee benefit liabilities, accrued and deferred revenue and charges, provisions, financial risk on accounts receivable, contingent assets and liabilities, and degree of impairment of assets. Actual results could differ from those estimates.

Reasonable estimates are an essential part of the preparation of financial statements and do not undermine their reliability. An estimate may need revision if changes occur in the circumstances on which the estimate was based or as a result of new information or more experience. By its nature, the revision of an estimate does not relate to prior periods and is not the correction of an error. The effect of a change in accounting estimate shall be recognised in the surplus or deficit in the periods in which it becomes known.

1.3. BALANCE SHEET

1.3.1. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. An asset is identifiable if it is either separable (i.e. it is capable of being separated or divided from the entity, e.g. by being sold, transferred, licensed, rented, or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the entity intends to do so), or arises from binding arrangements (including rights from contracts or other legal rights), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations).

Acquired intangible assets are stated at historical cost less accumulated amortisation and impairment losses. Internally developed intangible assets are capitalised when the relevant criteria of the EU accounting rules are met and the expenses relate solely to the development phase of the asset. The capitalisable costs include all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. Costs associated with research activities, non-capitalisable development costs and maintenance costs are recognised as expenses as incurred.

Intangible assets are amortised on a straight-line basis over their estimated useful lives (3 to 11 years). The estimated useful lives of intangible assets depend on their specific economic lifetime or legal lifetime determined by an agreement.

1.3.2. Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition, construction or transfer of the asset. 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 or service potential associated with the item will flow to the entity and its cost can be measured reliably. Repairs and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred. Land is not depreciated, as it is deemed to have an indefinite useful life. Assets under construction are not depreciated as these assets are not yet available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives, as follows:

Type of asset	Straight line depreciation rate
Buildings	*4 % to 10 %*
Plant and equipment	*10 % to 25 %*
Furniture and vehicles	*10 % to 25 %*
Computer hardware	*25 % to 33 %*
Other	*10 % to 33 %*

Gains or losses on disposals are determined by comparing proceeds less selling expenses with the carrying amount of the disposed asset and are included in the statement of financial performance.

Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. Leases are classified as either finance leases or operating leases.

Finance leases are leases where substantially all the risks and rewards incidental to ownership are transferred to the lessee. When entering a finance lease as a lessee, the assets acquired under the finance lease are recognised as assets and the associated lease obligations as liabilities as from the commencement of the lease term. The assets and liabilities are recognised at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Over the period of the lease term, the assets held under finance leases are depreciated over the shorter of the asset's useful life and the lease term. The minimum lease payments are apportioned between the finance charge (the interest element) and the reduction of the outstanding liability (the capital element). The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability, which is presented as current/non-current, as applicable. Contingent rents shall be charged as expenses in the period in which they are incurred.

An operating lease is a lease other than a finance lease, i.e. a lease where the lessor retains substantially all the risks and rewards incidental to ownership of an asset. When entering an operating lease as a lessee, the operating lease payments are recognised as an expense in the statement of financial performance on a straight-line basis over the lease term with neither a leased asset nor a leasing liability presented in the statement of financial position.

1.3.3. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation/depreciation and are tested annually for impairment. Assets that are subject to amortisation/depreciation are tested for impairment whenever there is an indication at the reporting date that an asset may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable (service) amount. The recoverable (service) amount is the higher of an asset's fair value less costs to sell and its value in use.

Intangible assets and property, plant and equipment residual values and useful lives are reviewed, and adjusted if appropriate, at least once per year. If the reasons for impairments recognised in previous years no longer apply, the impairment losses are reversed accordingly.

1.3.4. Financial assets

Financial assets are classified in the following categories: 'financial assets at fair value through surplus or deficit', 'loans and receivables', 'held-to-maturity investments' and 'available for sale financial assets'. The classification of the financial instruments is determined at initial recognition and re-evaluated at each balance sheet date.

(i) Financial assets at fair value through surplus or deficit

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by the entity. Derivatives are also presented in this category. Assets in this category are classified as current assets if they are expected to be realised within 12 months of the balance sheet date. During this financial year, the entity did not hold any investments in this category.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the entity provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in non-current assets, except for maturities within 12 months of the balance sheet date. Loans and receivables include term deposits with the original maturity above three months.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the entity has the positive intention and ability to hold to maturity. During this financial year, the entity did not hold any investments in this category.

(iv) Available for sale financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are classified as either current or non-current assets, depending on the period of time the entity expects to hold them, which is usually the maturity date. During this financial year, the entity did not hold any investments in this category.

Initial recognition and measurement

Purchases and sales of financial assets at fair value through surplus or deficit, held-to-maturity and available for sale are recognised on their trade date, i.e. the date on which the entity commits to purchase or sell the asset. Cash equivalents and loans are recognised when cash is deposited in a financial institution or advanced to borrowers. Financial instruments are initially recognised at fair value. For all financial assets not carried at fair value through surplus or deficit, transaction costs are added to the fair value at initial recognition.

Financial instruments are derecognised when the rights to receive cashflows from the investments have expired or the entity has transferred substantially all risks and rewards of ownership to another party.

Subsequent measurement

Financial assets at fair value through surplus or deficit are subsequently carried at fair value, with gains and losses arising from changes in the fair value being included in the statement of financial performance in the period in which they arise.

Loans and receivables and held-to maturity investments are carried at amortised cost using the effective interest method.

Available for sale financial assets are subsequently carried at fair value. Gains and losses arising from changes in the fair value are recognised in the fair value reserve. Interest on available for sale financial assets, calculated using the effective interest method, is recognised in the statement of financial performance.

The entity assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired and whether an impairment loss should be recorded in the statement of financial performance.

1.3.5. Pre-financing amounts

Pre-financing is a payment intended to provide the beneficiary with a cash advance, i.e. a float. It may be split into a number of payments over a period defined in the particular contract, decision, agreement or basic legal act. The float or advance is either used for the purpose for which it was provided during the period defined in the agreement or it is repaid. If the beneficiary does not incur eligible expenditure, he has the obligation to return the pre-financing advance to the entity. Thus, as the entity retains control over the pre-financing and is entitled to a refund for the ineligible part, the amount is presented as an asset.

Pre-financing is initially recognised on the balance sheet when cash is transferred to the recipient. It is measured at the amount of the consideration given. In subsequent periods pre-financing is measured at the amount initially recognised on the balance sheet less eligible expenses (including estimated amounts where necessary) incurred during the period.

1.3.6. Receivables and recoverables

The EU accounting rules require a separate presentation of exchange and non-exchange transactions. To distinguish between the two categories, the term 'receivable' is reserved for exchange transactions, whereas for non-exchange transactions, i.e. when the EU receives value from another entity without directly giving approximately equal value in exchange, the term 'recoverables' is used (e.g. recoverables from Member States related to own resources).

Receivables from exchange transactions meet the definition of financial instruments and are thus classified as loans and receivables and measured accordingly (see 1.3.4 above).

Recoverables from non-exchange transactions are carried at original amount (adjusted for interests and penalties) less write-down for impairment. A write-down for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of the recoverables. The amount of the write-down is the difference between the asset's carrying amount and the recoverable amount. The amount of the write-down is recognised in the statement of financial performance.

1.3.7. Cash and cash equivalents

Cash and cash equivalents are financial instruments and include cash at hand, deposits held at call or at short notice with banks, and other short-term highly liquid investments with original maturities of three months or less.

1.3.8. Provisions

Provisions are recognised when the entity has a present legal or constructive obligation towards third parties as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses. The amount of the provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date. Where the provision involves a large number of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities ('expected value' method).

Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

1.3.9. Payables

Included under accounts payable are both amounts related to exchange transactions such as the purchase of goods and services and to non-exchange transactions e.g. to cost claims from beneficiaries, grants or other EU funding, or pre-financing received (see note **1.4.1**).

Where grants or other funding are provided to the beneficiaries, the cost claims are recorded as payables for the requested amount when the cost claim is received. Upon verification and acceptance of the eligible costs, the payables are valued at the accepted and eligible amount.

Payables arising from the purchase of goods and services are recognised at invoice reception for the original amount and corresponding expenses are entered in the accounts when the supplies or services are delivered and accepted by the entity.

1.3.10. Accrued and deferred revenue and charges

Transactions and events are recognised in the financial statements in the period to which they relate. At year-end, if an invoice is not yet issued but the service has been rendered, the supplies have been delivered by the entity or a contractual agreement exists (e.g. by reference to a contract), an accrued revenue will be recognised in the financial statements. In addition, at year-end, if an invoice is issued but the services have not yet been rendered or the goods supplied have not yet been delivered, the revenue will be deferred and recognised in the subsequent accounting period.

Expenses are also accounted for in the period to which they relate. At the end of the accounting period, accrued expenses are recognised based on an estimated amount of the transfer obligation of the period. The calculation of accrued expenses is done in accordance with detailed operational and practical guidelines issued by the Accounting Officer which aim at ensuring that the financial statements provide a faithful representation of the economic and other phenomena they purport to represent. By analogy, if a payment has been made in advance for services or goods that have not yet been received, the expense will be deferred and recognised in the subsequent accounting period.

1.4. STATEMENT OF FINANCIAL PERFORMANCE

1.4.1. Revenue

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Depending on the nature of the underlying transactions in the statement of financial performance it is distinguished between:

(i) Revenue from non-exchange transactions

Revenue from non-exchange transactions are taxes and transfers because the transferor provides resources to the recipient entity without the recipient entity providing approximately equal value directly in exchange.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes. The entity shall recognise an asset in respect of transfers when the entity controls the resources as a result of a past event (the transfer) and expects to receive future economic benefits or service potential from those resources, and when the fair value can be reliably measured. An inflow of resources from a non-exchange transaction recognised as an asset (i.e. cash) is also recognised as revenue, except to the extent that the entity has a present obligation in respect of that transfer (condition), which needs to be satisfied before the revenue can be recognised. Until the condition is met the revenue is deferred and recognised as a liability (pre-financing received).

(ii) Revenue from exchange transactions

Revenue from the sale of goods and services 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.

1.4.2. Expenses

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets/equity. They include both the expenses from exchange transactions and expenses from non-exchange transactions.

Expenses from exchange transactions arising from the purchase of goods and services are recognised when the supplies are delivered and accepted by the entity. They are valued at the original invoice amount. Furthermore, at the balance sheet date expenses related to the service delivered during the period for which an invoice has not yet been received or accepted are recognised in the statement of financial performance.

Expenses from non-exchange transactions relate to transfers to beneficiaries and can be of three types: entitlements, transfers under agreement and discretionary grants, contributions and donations. Transfers are recognised as expenses in the period during which the events giving rise to the transfer occurred, as long as the nature of the transfer is allowed by regulation or an agreement has been signed authorising the transfer; any eligibility criteria have been met by the beneficiary; and a reasonable estimate of the amount can be made.

When a 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 due to the beneficiaries but not yet reported are estimated and recorded as accrued expense.

1.5. CONTINGENT ASSETS AND LIABILITIES

1.5.1. Contingent assets

A contingent asset is a possible asset that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

1.5.2. Contingent liabilities

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or, in the rare circumstances where the amount of the obligation cannot be measured with sufficient reliability. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

1.6. CONTRIBUTIONS FROM MEMBERS

The contributions from the Members of the Joint Undertakings (JU) form the funding of the JU and are treated as contributions from owners. An owner in this context does not mean an owner in the sense of owning shares (no shares are issued) of the JU but rather in the sense of political interest and governance of the JU by exercising the voting rights linked to these contributions

1.6.1. Financial contributions

Financial contributions are contributions of Members made in cash in order to provide funding of the operational or administrative needs of the JU. The financial contributions are recognised in the net assets in the period in which the right to receive the payment was established.

1.6.2. In-kind contributions

Members other than the EU (i.e. 'Private Members') can also contribute resources other than cash, e.g. laboratory equipment, specialised staff, etc. These in-kind contributions consist of the costs incurred by Private Members in implementing indirect actions.

The Regulation distinguishes between two types of in-kind contributions: (1) In-kind contributions to operational activities (IKOP) and (2) in-kind contributions to additional activities (IKAA).

The IKOP represents in-kind contributions made to the JU linked to its work plan and co-financed by the EU. The IKOP are recognised in the net assets of the JU in the period when the conditions for Members' contributions stipulated by the Regulation were met.

The expenses related to the IKOP incurred in the financial year are recognised in the statement of financial performance. At year-end, incurred IKOP not yet reported are estimated and recorded as other liabilities ('Contributions of Members to be validated').

The IKAA relate to contributions linked to implementing additional activities outside the work plan of the JU that contribute to the objectives of the JU. Because the outflow of resources related to those activities is outside of the control of the JU, these contributions are not recognised in the financial statements of the JU.

2. NOTES TO THE BALANCE SHEET

ASSETS

2.1. PROPERTY, PLANT AND EQUIPMENT

EUR '000

	Plant and equipment	Furniture and vehicles	Computer hardware	Other	TOTAL
Gross carrying amount at 31.12.2018	35	55	45	255	391
Additions	–	–	8	9	17
Disposals	–	–	–	(4)	(4)
Gross carrying amount at 31.12.2019	**35**	**55**	**53**	**260**	**404**
Accumulated depreciation at 31.12.2018	(16)	(14)	(28)	(98)	(156)
Depreciation charge for the year	(4)	(6)	(11)	(31)	(52)
Disposals	–	–	0	2	2
Accumulated depreciation at 31.12.2019	**(21)**	**(20)**	**(39)**	**(127)**	**(206)**
NET CARRYING AMOUNT AT 31.12.2019	**14**	**36**	**14**	**133**	**197**
NET CARRYING AMOUNT AT 31.12.2018	19	42	17	158	235

The category 'Other' includes costs capitalised related to the improvements made to the rented building.

2.2. PRE-FINANCING

EUR '000

	31.12.2019	31.12.2018
Non-current pre-financing	44 980	41 652
Current pre-financing	33 756	19 240
Total	**78 735**	**60 893**

For all pre-financing amounts open at 31 December 2019 a case-by-case assessment has been performed and all the pre-financing that was considered unlikely to be cleared in the course of 2020 was classified as non-current pre-financing.

In the first years of the project life there is significant open pre-financing that will only be cleared in later years. This also explains the increase of the non-current pre-financing. The overall high amount of the open pre-financing can be explained by the fact that according to the Horizon 2020 rules the incurred costs (both actual and estimated) are only cleared against pre-financing when the amounts paid to the beneficiary reach 90% of the grant agreement amount. In addition, only the amount exceeding this threshold is cleared.

The increase of the total pre-financing comprises new pre-financing payments of kEUR 43 254 for projects related to calls 2018 and 2019. The increase primarily in current pre-financing can be explained by the fact that the S2R projects from the calls 2015 and 2016 have passed the initial stage and clearing of the pre-financing related to expenses incurred on projects is expected in 2020.

The outstanding pre-financing, presented under this heading is net of estimated (cut-off) expenses for ongoing projects without validated cost claims on 31 December 2019. The clearing of pre-financing with year-end (cut-off) adjustments amounted to kEUR 37 268. The remaining portion of the cut off expenses is recorded in accrued charges (see note **2.5**).

2.3. EXCHANGE RECEIVABLES & NON-EXCHANGE RECOVERABLES

At 31 December 2019 S2R JU did not have any long term receivables or recoverables. All amounts under this heading are current and are as follows:

EUR '000

	31.12.2019	31.12.2018
Recoverables from non-exchange transactions		
Public bodies	*10*	*407*
	10	**407**
Receivables from exchange transactions		
Central treasury liaison accounts	24 290	28 211
Customers	1 909	1 132
Deferred charges relating to exchange transactions	34	5
EU entities	72	-
Other	1	1
	26 306	**29 350**
Total	**26 316**	**29 757**

The recoverable from public bodies relates to contributions to administrative costs from members.

The central treasury liaison accounts with the Commission represent virtual bank accounts of S2R JU. Following the appointment of the Accounting Officer of the Commission as the Accounting Officer of S2R JU, the treasury of S2R JU was integrated into the Commission's treasury system. Because of this S2R JU does not have any bank accounts. All payments and receipts are processed via the Commission's treasury and registered on these intercompany accounts. The ending balance of this heading is thus the result of the incoming and outgoing payments and represents the funds available for the Joint Undertaking.

The central treasury liaison account decreased due to the increase of pre-financing payments in 2019.

The heading Customers refers mainly to members share of their 2019 contributions to administrative costs which had been claimed from members but not paid at year end.

LIABILITIES

2.4. PAYABLES AND OTHER LIABILITIES

EUR '000

	31.12.2019	31.12.2018
Contribution in kind to be validated	*74 641*	*63 746*
Customers	*3 796*	*4 509*
Public bodies	*2 310*	*952*
EU entities	*–*	*4*
Total	**80 746**	**69 211**

Included under the 'contribution in-kind to be validated' are the in-kind contributions from Members relating to on-going projects without a validated audit certificate at 31 December. The amount of in-kind contributions was estimated on a case-by-case basis using the best available information on the projects at the year-end, which is mainly the members declaration in accordance with Article 4.3 of the S2R Regulation. The estimated cash contribution to the operating expenses of those projects are included under accrued charges (see note **2.5**).

The substantial increase compared to 2018 stems from the fact that in 2019 the number of on-going projects on which the contributions in-kind are estimated has increased.

2.5. ACCRUED CHARGES

EUR '000

	31.12.2019	31.12.2018
Accrued charges	*36 963*	*24 685*

Accrued charges are the amounts estimated by the Authorising Officer of costs incurred for services and goods delivered in the year but for which no invoice was yet received or processed by the end of the year. They are largely composed of estimated operating expenses related to grants (kEUR 35 109) for on-going projects without a validated cost statement, where the 2019 expense was estimated on a case-by-case basis using the best available information about the projects at 31 December 2019. The portion of the estimated accrued charges which relates to pre-financing paid has been recorded as a reduction of the pre-financing amounts. The accrued operating expenses other than grants amounted to kEUR 1 596.

Included under this heading are also accrued administrative expenses of kEUR 228 relating mainly to office supplies and maintenance (kEUR 115), other external services (kEUR 71) and training costs (kEUR 22). This heading also includes accrued staff expenses for untaken leave (kEUR 31).

NET ASSETS

2.6. CONTRIBUTIONS FROM MEMBERS

EUR '000

Programme	2019			2018		
	Cash	in-Kind	Total	Cash	in-Kind	Total
H2020	*229 926*	*68 645*	*298 570*	*165 397*	*21 673*	*187 070*

With regard to the Horizon 2020 programme, Council Regulation (EC) No 642/2014 distinguishes between Members (European Commission, Industry Grouping) and non-Members of the JU. In addition, only the in-kind contributions from the Members that are both certified by external auditors and validated by the Executive Director of S2R JU are considered in-kind contribution. Estimated in-kind contributions, i.e. contributions for which no certifications has been received and/or this certification has not been validated by the Executive Director are reported under other liabilities (see note **2.4**).

EUR '000

Member	EU	Industry Grouping			Total	
	Cash	Cash	In kind	Total	Cash	In kind
Running costs contributions at 31.12.2018[5]	*4 704*	*6 521*	-	*6 521*	*11 224*	-
Current year contributions	*1 662*	*1 662*	-	*1 662*	*3 323*	-
Running costs contributions at 31.12.2019	**6 365**	**8 182**	**-**	**8 182**	**14 547**	**-**
Operational costs contributions at 31.12.2018	*154 173*	-	*21 673*	*21 673*	*154 174*	*21 673*
Current year contributions	*61 205*	-	*46 972*	*46 972*	*61 205*	*46 972*
Operational costs contributions at 31.12.2019	**215 378**	**-**	**68 645**	**68 645**	**215 379**	**68 645**
TOTAL contributions at 31.12.2018	*158 876*	*6 521*	*21 673*	*28 193*	*165 397*	*21 673*
TOTAL contributions at 31.12.2019	**221 743**	**8 182**	**68 645**	**76 827**	**229 926**	**68 645**
						–
% of total contributions (by type)	*96.44%*	*3.56%*	*100.00%*		*100.00%*	*100.00%*
Total contribution in %	*74.27%*		*25.73%*		*100.00%*	
Voting rights %	*50.00%*		*50.00%*		*100.00%*	

[5] The amounts under 'Running costs contributions at 31.12.2018', exclude the EU Contribution of kEUR 1 817 received in 2014-2016 and used prior to the S2R JU autonomy.

3. NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE

EXPENSES

3.1. OPERATIONAL COSTS

Included under this heading are operational expenses related to projects that were carried out in 2019. A part of the operational costs related to on-going or ended projects without any validated cost claims (or equivalent) available at 31 December was estimated using the best information available at the time of the preparation of the annual accounts. The estimation is based on the case-by-case assessment of the stage of completion which ensures that only costs that reflect the services or work performed by 31 December are included in the operational costs of the year. Depending on the availability of information at the time of the preparation of the annual accounts, the estimates are based on reports of services or work performed (e.g. Report of the member of the Joint Undertaking other that the EU on the in-kind contributions in the meaning of Article 4(3) and 4(4) of Regulation (EU) No 2014/560) or costs incurred to date as a proportion of the estimated total costs of the projects ('pro-rata temporis').

The breakdown of the operational costs between operational costs incurred on the basis of validated cost claims (or equivalent) and estimated (to be validated) operational costs and their reversals is given in the table below:

EUR '000

	2019	2018
Operational costs: validated in-kind contributions	*46 972*	*18 663*
Operational costs: estimated in-kind contributions	*10 894*	*31 840*
Total operational costs from in-kind contributions	**57 866**	**50 503**
Operational costs: validated EU contributions	*47 023*	*29 682*
Operational costs: estimated EU contributions	*12 570*	*28 083*
Total operational costs from EU contributions	**59 593**	**57 765**
Total	**117 459**	**108 268**

The increase compared to 2019 is due to the fact that in 2019 a high number of projects were running, some of which running for four years and some in the final phase. Consequently, the amount of expected contributions is in line with the overall profile of the S2R JU and its R&I activities. They were estimated based on the reports submitted by 31 January 2020 by the Members other than the Union in accordance with Article 4(3) of the Regulation (EU) No 2014/560 or based on 'pro-rata temporis' on the open calls.

3.2. STAFF COSTS

EUR '000

	2019	2018
Staff costs	*1 684*	*1 547*

Included under this heading are salary expenses and other employment-related allowances and benefits. Calculations related to staff costs are, based on the service level agreement, entrusted to the European Commission's Office for administration and payment of individual entitlements (also known as the Paymaster's Office-PMO).

The pensions of the S2R staff members are covered by the Pension Scheme of European Officials. This pension scheme is a defined benefit plan, i.e. the amount of benefit an employee will receive on retirement, depends on factors such as age and years of service. Both the S2R staff and the Commission contribute to the pension scheme and the contribution percentage is revised yearly to reflect the changes in the Staff Regulation. The cost to the Commission is not reflected in the S2R accounts. Similarly, the future benefits, payable to the S2R staff, are accounted for in the liabilities of the Commission, as it is the Commission who will pay out these benefits. No provisions related to the future pensions are made in these accounts.

3.3. OTHER EXPENSES

EUR '000

	2019	2018
Office Supplies and maintenance	*666*	*892*
External non IT services	*519*	*569*
Operating lease expenses	*219*	*261*
Communications and publications	*159*	*22*
Property, plant and equipment related expenses	*117*	*83*
Missions	*106*	*83*
Experts and related expenses	*11*	*26*
Foreign exchange losses	*5*	*-*
Other	*40*	*24*
Total	**1 842**	**1 960**

In 2019, the office supplies and maintenance expenses decreased due to lower administrative needs. Some important communication events took place in 2019, amongst which the World Congress on Rail Research (WCRR) event in Japan. This explains the increase in communication and publication costs.

Operating lease expenses relate to the S2R JU building 'White Atrium'. Amounts committed to be paid during the remaining term of this lease contract include rent and related charges and are as follows:

EUR '000

	Future amounts to be paid			
	< 1 year	1- 5 years	> 5 years	Total
Buildings	*308*	*1 294*	*-*	*1 602*

4. OTHER SIGNIFICANT DISCLOSURES

4.1. OUTSTANDING COMMITMENTS NOT YET EXPENSED

EUR '000

	31.12.2019	31.12.2018
Outstanding commitments not yet expensed	*68 594*	*67 638*

The amount of outstanding commitments not yet expensed comprises the budgetary RAL ('Reste à Liquider') less related amounts that have been included as expenses in the 2019 statement of financial performance. The budgetary RAL is an amount representing the open commitments for which payments and/or de-commitments have not yet been made. This is the normal consequence of the existence of multi-annual programmes.

4.2. RELATED PARTIES

The related parties of the S2R are the members, other EU entities and S2R key management personnel. Transactions between these parties take place as part of the normal S2R operations and as this is the case, no specific disclosure requirements are necessary for these transactions in accordance with the EU accounting rules.

4.3. KEY MANAGEMENT ENTITLMENTS

The highest ranked civil servant of S2R JU is the Executive Director, who executes the role of the Authorising Officer.

	31.12.2019	31.12.2018
Executive Director	*AD 14*	*AD 14*

The Executive Director is remunerated in accordance with the Staff Regulations of the European Union that is published on the Europa website which is the official document describing the rights and the obligations of all officials of the EU.

4.4. IN-KIND CONTRIBUTIONS ON OPERATIONAL EXPENDITURE (IKOP)

In accordance with article 4(3) of Council Regulation (EU) No 642/2014 of 16 June 2014 (the S2R Regulation), "the members of the S2R Joint Undertaking other than the Union shall report by 31 January each year to the Governing Board of the S2R JU on the value of the contributions referred to in paragraph 2 made in each of the previous financial years".

In addition to the IKAA (in-kind from Additional Activities) - see Notes 1.6.2 and 4.5 - Article 4(2) of the S2R Regulation establishes that the total contribution to be provided by the members of the S2R Joint Undertaking other than the Union shall consist of at least kEUR 350 000, including at least kEUR 200 000 from the founding members other than the Union and their affiliated entities, and at least kEUR 150 000 from associated members and their affiliated entities. In accordance with Article 16(3)b of the S2R Statutes, IKOP consists "of the costs incurred by the Other Members in implementing indirect actions less the contribution of the S2RJU and any other Union contribution to those costs".

For the period up to 31 December 2019, with first projects starting at 1 September 2016, the Members other than the Union declared a total project costs of kEUR 246 137 from which a total funding foreseen to be requested is kEUR 102 852 from the JU. From the total project cost declared up to 31.12.2018, kEUR 172 877 has been certified by independent auditors in accordance with the Provisions of Article 4(3) by 01.05.2019 (corresponding to 90% of the Total Project costs till that date); the total project cost related to 2019 shall be certified by end of May 2020. Following the COVID-19 outbreak described in note **4.6** below, 9 out of 27 of the JU members have expressed their intention to provide the JU with audit certificates between June and October 2020. However, this would not prevent the JU to proceed with its annual IKOP validation exercise on time.

The certifications received in previous years have resulted in a cumulative validations of kEUR 68 645.

4.5. IN-KIND CONTRIBUTIONS TO ADDITIONAL ACTIVITIES (IKAA)

In accordance with article 4(3) of Council Regulation (EU) No 642/2014 of 16 June 2014 (the S2R Regulation), "the members of the S2R Joint Undertaking other than the Union shall report by 31 January each year to the Governing Board of the S2R JU on the value of the contributions referred to in paragraph 2 made in each of the previous financial years".

In addition to the IKOP (in-kind operational) - see Notes 1.6.2 and 2.6 - Article 4(2) of the S2R Regulation establishes that the total contribution to be provided by the members of the S2R Joint Undertaking other than the Union shall consist of at least kEUR 120 000 of IKAA (In-Kind contribution on Additional Activities). This IKAA shall be at least kEUR 70 000 from the founding members other than the Union and their affiliated entities, and at least kEUR 50 000 from associated members and their affiliated entities.

For the period up to 31 December 2019, the Members other than the Union declared a total of kEUR 182 506 as IKAA corresponding to 152% of the minimum value expected during the total programme. Out of this total, kEUR 118 951 has already been certified by independent auditors in accordance with the Provisions of Article 4(3).

4.6. EVENTS AFTER REPORTING DATE

During the first half of 2020, the coronavirus outbreak has had huge impacts on the EU economy. As a non-adjusting event, the outbreak of the coronavirus does not require any adjustments to the figures reported in these annual accounts. For subsequent reporting periods, COVID-19 may affect the recognition and measurement of some assets and liabilities on the balance sheet and also of some revenue and expenses recognised in the statement of financial performance. Based on the information available at the date of signature of these annual accounts, the financial effects of the coronavirus outbreak cannot be reliably estimated.

5. FINANCIAL RISK MANAGEMENT

5.1. TYPES OF RISK

Market risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate, because of variations in market prices. Market risk embodies not only the potential for loss, but also the potential for gain. It comprises currency risk, interest rate risk and other price risk (the S2R JU has no significant other price risk).

(1) Currency risk is the risk that the S2R JU operations or its investments' value will be affected by changes in exchange rates. This risk arises from the change in price of one currency against another.

(2) Interest rate risk is the possibility of a reduction in the value of a security, especially a bond, resulting from an increase in interest rates. In general, higher interest rates will lead to lower prices of fixed rate bonds, and vice versa. S2R JU does not have any securities thus it is not exposed to the interest rate risk.

Credit risk is the risk of loss due to a debtor's/borrower's non-payment of a loan or other line of credit (either the principal or interest or both) or other failure to meet a contractual obligation. The default events include a delay in repayments, restructuring of borrower repayments and bankruptcy.

Liquidity risk is the risk that arises from the difficulty in selling an asset; for example, the risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss or meet an obligation.

5.2. CURRENCY RISKS

Exposure to currency risk at year-end

At 31 December 2019 the financial assets and financial liabilities are quoted in EUR. At the-year end S2R JU thus does not have no significant exposure to currency risks.

5.3. CREDIT RISK

Financial assets that are neither past due nor impaired

At 31 December 2019 financial assets comprise exchange receivables that are neither past due nor impaired.

Financial assets by risk category

The exchange receivables entirely relate with kEUR 24 362 to entities with a prime external credit rating and with kEUR 1 944 with entities without external credit rating that have never defaulted in the past.

5.4. LIQUIDITY RISK

Maturity analysis of financial liabilities by remaining contractual maturity

At 31 December 2019 the financial liabilities amounted to kEUR 117 710. They are composed of contributions in kind to be validated (kEUR 74 641), current payables and other liabilities (kEUR 6 106) and accrued charges (kEUR 36 963) with expected remaining maturity of less than 1 year.

THE BUDGET IMPLEMENTATION REPORTS AND EXPLANATORY NOTES

It should be noted that due to the rounding of figures into thousands of euros (kEUR), some financial data in the tables below may appear not to add-up.

CONTENTS

1. BUDGETARY PRINCIPLES, STRUCTURE AND HIGHLIGHTS OF THE BUDGETARY IMPLEMENTATION

1.1. BUDGETARY PRINCIPLES

The establishment and implementation of the budget of S2R JU is governed by the following basic principles set out in the Chapter 2 of the Financial Rules of S2R JU:

Principles of unity and budget accuracy

This principle means that no revenue shall be collected and no expenditure effected unless booked to a line in the budget of S2R JU. No expenditure may be committed or authorised in excess of the appropriations authorised by the budget. An appropriation may be entered in the budget only if it is for an item of expenditure considered necessary.

Principle of annuality

The appropriations entered in the budget shall be authorised for a financial year which shall run from 1 January to 31 December. As specified in its Financial Rules, S2R JU is subject to an exception to the annuality principle, specific only to the joint undertakings (the "N+3" rule), whereby any unused appropriations may be entered in the estimate of revenue and expenditure of up to the following three financial years. These appropriations must be used first.

Principle of equilibrium

Revenue and payment appropriations shall be in balance.

Principle of unit of account

The budget shall be drawn up and implemented in euro and the accounts shall be presented in euro.

Principle of universality

Total revenue shall cover total payment appropriations and all revenue and expenditure shall be entered in full without any adjustment against each other.

Principle of specification

Appropriations shall be earmarked for specific purposes at least by title and chapter.

Principle of sound financial management

Appropriations shall be used in accordance with the principle of sound financial management, namely in accordance with the principles of economy, efficiency and effectiveness.

Principle of transparency

The budget shall be established and implemented and the accounts presented in accordance with the principle of transparency. The budget and any amending budgets shall be published on the internet site of the S2R JU within four weeks of their adoption and shall be transmitted to the Commission and the Court of Auditors.

1.2. STRUCTURE AND PRESENTATION OF THE BUDGET

No distinction between non-dissociated and dissociated appropriations is made. All appropriations follow the dissociated logic.

Following the provisions of the Financial rules of S2R JU, the budget accounts shall consist of a statement of revenue and a statement of expenditure. The budget is distributed by the following titles:

Title 1 budget lines relate to staff expenditure such as salaries and allowances for personnel working with S2R JU. It also includes recruitment expenses, staff missions, expenses for the socio-medical infrastructure and representation costs.

Title 2 budget lines relate to all infrastructure, equipment and miscellaneous administrative expenditure.

Title 3 budget lines provide for the implementation of the activities and tasks assigned to S2R JU in accordance with its establishing Council Regulation (EC) No 642/2014.

Title 4 budget lines are technical nature and are used to capture the appropriations to be re-activated in future budgets.

1.3. HIGHLIGHTS OF THE BUDGETARY IMPLEMENTATION

The main highlights of the 2019 Budget implementation are as follows:

At the year-end 2019, the JU had implemented 100% of its commitment appropriations made available in its active budget. The payment appropriations were executed up to 89% of the active funds. The implementation when compared to the full S2R budget (including Title 4) was 97% in commitment and 86% in payment appropriations.

In GB Decision 19/2018 on 4 December 2018, the S2R Governing Board adopted the initial Annual Work Plan and Budget for 2019. There was one amendment adopted to this document during the year 2019:

- GB Decision 2/2019 of 24 June 2019, amending the initially adopted budget later in the year.

GB Decision 2/2019 corresponded to the specific needs of the JU, including the re-entering of EUR 126 000 of unused administrative appropriations in the estimate of revenue and expenditure (commitment appropriations), in accordance with S2R JU FR art.6.5, and a number of transfers within the administrative budget. These transfers had the objective to allocate better the resources needed for the running costs. In addition to the transfers within the administrative expenses, the overall administrative budget was increased by EUR 171 000 in commitment appropriations and by EUR 396 000 in payment appropriations.

In addition, considering the outcome of the Call 2019 in terms of expected value awarded, in agreement with the minutes of the Governing Board meeting of 4 December 2019, EUR 2 million of operational budget commitment and payment appropriations were transferred to Title 4 of the Budget (Title 4: Un-used appropriations not required in the year). This Title is of technical nature and, in accordance with the S2R Financial Rules, shows the appropriations available for applying n+3 rule on the following budgetary years. It is used to increase transparency and accurate reporting of the JU. By allocating the appropriations in Title 4, they were identified as being used in the following years to meet the JU's legal obligations on payments and the JU could re-activate them as part of the initial budget 2020.

In particular, EUR 2 million of unused appropriations 2019 have immediately been re-allocated to the S2R JU call 2020 in accordance with the GB Decision 8/2019 of 14 November 2019, adopting the Annual Work Plan and budget for 2020. As part of the same agreement, kEUR 306 were re-inscribed in the budget 2019 from Members projects that release this overall amount due to efficiencies in the resources consumption. This amount is recorded as assigned revenues. Following these changes, the total budget commitment appropriations for 2019 amounted to kEUR 83 071 and kEUR 81 563 in terms of payment appropriations.

Administrative costs (Title 1 Staff Expenditure and Infrastructure and Title 2 Operating Expenditure)

Title 1 and Title 2 of the S2R Budget were executed up to 100% in commitment appropriations, demonstrating a reliable budgetary planning.

Title 1 - Staff Expenditure was mainly used for the salaries of the JU staff. During the year, the JU made also use of external support, to fill the gaps during the recruitment process on staff turnover and to cope with the important workload on JU activities.

The execution rate of the payment appropriations was 96% (75% in 2018), showing a constant improvement in the budget implementation in relation to the previous budgetary year.

In addition to the budget amendment under GB Decision 2/2019, the Executive Director has executed his rights in accordance with Article 10 of the S2R Financial Rules and transferred appropriations within administrative budget in the course of the year. These transfers are made to allow the JU to answer the need of resources on specific items.

Title 3 Operational Expenditure

Title 3 of the S2R Budget constitutes the JU's Operational Budget. The vast majority of the JU's budget falls under this category representing 93% of the active and overall budget (including Title 4). The budget category covers the JUs Calls for proposals, operational procurement and expert fees incurred as part of the evaluation.

The execution rate of the operational budget in both commitment and payment appropriations was respectively 100% and 88%. Majority of the payment appropriations were used for the pre-financing of the grants resulting from the 2019 calls for proposals.

Title 4 Unused appropriations not required in current Year

The amount included under Title 4 – Unused appropriations not required in current year has been established to support a transparent implementation of S2R JU Financial Rules Art.6.5, the so called n+3 rule. In accordance with the Financial Rules and the general practice of the JU, these appropriations will be reactivated in the future year budget(s) of the following year and used first.

As a part of the minutes of the GB 4 December 2019, the JU has moved some of its commitment and payment appropriations from operational line to Title 4 – kEUR 2 048 of un-used appropriations (from call 2019) have been transferred to Title 4 in order to be immediately allocated to the S2R JU call 2020.

2. RESULT OF THE IMPLEMENTATION OF THE BUDGET

EUR '000

	Title	2019	2018
Revenue		**66 037**	**79 048**
of which:			
Revenue	9	66 037	79 048
Expenditure		**(69 882)**	**(59 155)**
of which:			
Staff expenditure	1	(2 336)	(2 084)
Administrative expenditure	2	(1 236)	(1 294)
Operational expenditure	3	(66 310)	(55 777)
Exchange rate differences		**(1)**	**-**
Budget result		**(3 846)**	**19 893**

3. RECONCILIATION OF ECONOMIC RESULT WITH BUDGET RESULT

EUR '000

	2019	2018
ECONOMIC RESULT OF THE YEAR	**(120 950)**	**(111 776)**
Adjustment for accrual items (items not in the budgetary result but included in the economic result)	**94 251**	**78 484**
In-kind contributions validated in the year	*46 972*	*18 663*
Adjustments for accrual cut-off (net)	*23 018*	*48 626*
Unpaid invoices at year end but booked in expenses	*112*	*11 391*
Depreciation, amortization and impairment of intangible and tangible assets	*53*	*52*
Recovery orders issued in the year and not yet cashed	*(22)*	*(1 255)*
Pre-financing given in previous year and cleared in the year	*24 124*	*1 007*
Other individually immaterial	*(5)*	-
Adjustment for budgetary items (item included in the budgetary result but not in the economic result)	**22 853**	**53 185**
Members' cash contributions collected in the year	*64 835*	*79 165*
Asset acquisitions (less unpaid amounts)	*17*	*(23)*
New pre-financing paid in the year and remaining open as at 31 December	*(43 254)*	*(27 095)*
Entitlements established in previous year and cashed in the year	*1 255*	*1 138*
BUDGET RESULT OF THE YEAR	**(3 846)**	**19 893**

4. IMPLEMENTATION OF BUDGET REVENUE

4.1. Implementation of budget revenue – Title 1

EUR '000

Item		Income appropriations		Entitlements established			Revenue				Out-standing
		Initial budget	Final budget	Current year	Carried over	Total	On entitlements of current year	On entitlements carried over	Total	%	
		1	2	3	4	5=3+4	6	7	8=6+7	9=8/2	10=5-8
900	Contribution from EU administrative	1 662	1 662	1 662	–	1 662	1 662	–	1 662	100 %	–
901	Contribution from EU operational	61 205	61 205	61 205	–	61 205	61 205	–	61 205	100 %	–
902	Contribution from the industry	1 662	1 662	1 662	1 255	2 917	1 609	1 255	2 864	172 %	53
Total Chapter 90		64 529	64 529	64 529	1 255	65 784	64 476	1 255	65 731	102 %	53
910	Recoveries from FMS	–	–	259	–	259	259	–	259	-	–
911	Recoveries from AMS	–	–	46	–	46	46	–	46	-	–
912	Recoveries from non MS	–	–	1	–	1	1	–	1	-	–
Total Chapter 91		–	–	306	–	306	306	–	306	-	–
Total Title 9		**64 529**	**64 529**	**64 835**	**1 255**	**66 089**	**64 782**	**1 255**	**66 037**	**102 %**	**53**
GRAND TOTAL		**64 529**	**64 529**	**64 835**	**1 255**	**66 089**	**64 782**	**1 255**	**66 037**	**102 %**	**53**

5. IMPLEMENTATION OF BUDGET EXPENDITURE

5.1. Breakdown & changes in commitment appropriations

5.1.1. Breakdown & changes in commitment appropriations – Title 1

EUR '000

Item		Budget appropriations				Additional appropriations			Total appropr. available
		Initial adopted budget	Amending budgets	Transfers	Final budget adopted	Carry-overs	Assigned revenue	Total	
		1	2	3	4=1+2+3	5	6	7=5+6	8=4+7
110	Temporary agents	720	(19)	3	704	–	–	–	704
111	Contract agents, interim staff, trainees and SNEs	687	19	12	718	563	–	563	1 281
Total Chapter 11		1 407	–	15	1 422	563	–	563	1 985
130	Mission costs	60	–	45	105	–	–	–	105
Total Chapter 13		60	–	45	105	–	–	–	105
150	Training	30	–	(26)	4	–	–	–	4
Total Chapter 15		30	–	(26)	4	–	–	–	4
190	Other staff expenditure	217	–	(34)	183	–	1	1	184
Total Chapter 19		217	–	(34)	183	–	1	1	184
Total Title 1		**1 714**	**–**	**0**	**1 714**	**563**	**1**	**564**	**2 278**

5.1.2. Breakdown & changes in commitment appropriations – Title 2

EUR '000

Item	Budget appropriations: Initial adopted budget	Budget appropriations: Amending budgets	Budget appropriations: Transfers	Budget appropriations: Final budget adopted	Additional appropriations: Carry-overs	Additional appropriations: Assigned revenue	Additional appropriations: Total	Total appropr. available
	1	2	3	4=1+2+3	5	6	7=5+6	8=4+7
200 Rental of buildings and associated costs	320	–	(12)	308	–	–	–	308
Total Chapter 20	320	–	(12)	308	–	–	–	308
210 IT expenditure and technical facilities	150	21	5	176	–	–	–	176
Total Chapter 21	150	21	5	176	–	–	–	176
220 Movable property and associated costs	30	–	(29)	1	–	–	–	1
Total Chapter 22	30	–	(29)	1	–	–	–	1
230 Current administrative expenditure	25	–	(8)	17	–	–	–	17
Total Chapter 23	25	–	(8)	17	–	–	–	17
240 Postage and telecommunications	25	–	(11)	14	–	–	–	14
Total Chapter 24	25	–	(11)	14	–	–	–	14
250 Administrative board expenditure	40	–	1	41	–	–	–	41
Total Chapter 25	40	–	1	41	–	–	–	41
260 Administrative support services	100	–	(67)	33	–	–	–	33
Total Chapter 26	100	–	(67)	33	–	–	–	33
270 PR and events	300	24	78	403	126	–	126	528
Total Chapter 27	300	24	78	403	126	–	126	528
290 Other infrastructure and operating expenditure	55	–	42	97	–	–	–	97
Total Chapter 29	55	–	42	97	–	–	–	97
Total Title 2	**1 045**	**45**	**0**	**1 090**	**126**	**–**	**126**	**1 216**

5.1.3. Breakdown & changes in commitment appropriations – Title 3

EUR '000

Item	Budget appropriations				Additional appropriations			Total appropr. available
	Initial adopted budget	Amending budgets	Transfers	Final budget adopted	Carry-overs	Assigned revenue	Total	
	1	2	3	4=1+2+3	5	6	7=5+6	8=4+7
300 Operational expenditure	78 321	–	(2 048)	76 272	432	305	737	77 010
Total Chapter 30	78 321	–	(2 048)	76 272	432	305	737	77 010
Total Title 3	**78 321**	**–**	**(2 048)**	**76 272**	**432**	**305**	**737**	**77 010**

5.1.4. Breakdown & changes in commitment appropriations – Title 4

EUR '000

Item	Budget appropriations				Additional appropriations			Total appropr. available
	Initial adopted budget	Amending budgets	Transfers	Final budget adopted	Carry-overs	Assigned revenue	Total	
	1	2	3	4=1+2+3	5	6	7=5+6	8=4+7
400 Administrative budget	565	(45)	–	520	–	–	–	520
Total Chapter 40	565	(45)	–	520	–	–	–	520
410 Operational budget	–	–	2 048	2 048	–	–	–	2 048
Total Chapter 41	–	–	2 048	2 048	–	–	–	2 048
Total Title 4	**565**	**(45)**	**2 048**	**2 568**	**–**	**–**	**–**	**2 568**
GRAND TOTAL	**81 644**	**–**	**–**	**81 644**	**1 121**	**306**	**1 427**	**83 071**

5.2. Breakdown & changes in payment appropriations

5.2.1. Breakdown & changes in payment appropriations – Title 1

EUR '000

Item		Budget appropriations				Additional appropriations			Total appropr. available
		Initial budget adopted	Amending budgets	Transfers	Final adopted budget	Carry-overs	Assigned revenue	Total	
		1	2	3	4=1+2+3	5	6	7=5+6	8=4+7
110	Temporary agents	720	(19)	3	704	-	-	-	704
111	Contract agents, interim staff, trainees and SNEs	216	101	(26)	292	1 034	-	1 034	1 325
Total Chapter 11		936	82	(23)	996	1 034	-	1 034	2 029
130	Mission costs	60	7	33	100	-	-	-	100
Total Chapter 13		60	7	33	100	-	-	-	100
150	Training	30	0	(5)	25	-	-	-	25
Total Chapter 15		30	0	(5)	25	-	-	-	25
190	Other staff expenditure	217	(3)	(5)	209	-	1	1	210
Total Chapter 19		217	(3)	(5)	209	-	1	1	210
Total Title 1		**1 243**	**86**	**-**	**1 329**	**1 034**	**1**	**1 035**	**2 364**

5.2.2. Breakdown & changes in payment appropriations – Title 2

EUR '000

Item		Budget appropriations				Additional appropriations			Total appropr. available
		Initial budget adopted	Amending budgets	Transfers	Final adopted budget	Carry-overs	Assigned revenue	Total	
		1	2	3	4=1+2+3	5	6	7=5+6	8=4+7
200	Rental of buildings and associated costs	320	8	–	328	–	–	–	328
Total Chapter 20		320	8	–	328	–	–	–	328
210	IT expenditure and technical facilities	150	61	21	232	–	–	–	232
Total Chapter 21		150	61	21	232	–	–	–	232
220	Movable property and associated costs	30	(9)	(15)	6	–	–	–	6
Total Chapter 22		30	(9)	(15)	6	–	–	–	6
230	Current administrative expenditure	25	2	–	27	–	–	–	27
Total Chapter 23		25	2	–	27	–	–	–	27
240	Postage and telecommunications	25	(14)	–	11	–	–	–	11
Total Chapter 24		25	(14)	–	11	–	–	–	11
250	Administrative board expenditure	40	(2)	10	48	–	–	–	48
Total Chapter 25		40	(2)	10	48	–	–	–	48
260	Administrative support services	100	(0)	(61)	39	–	–	–	39
Total Chapter 26		100	(0)	(61)	39	–	–	–	39
270	PR and events	300	245	(45)	500	–	–	–	500
Total Chapter 27		300	245	(45)	500	–	–	–	500
290	Other infrastructure and operating expenditure	55	18	90	162	–	–	–	162
Total Chapter 29		55	18	90	162	–	–	–	162
Total Title 2		**1 045**	**310**	**–**	**1 354**	**–**	**–**	**–**	**1 354**

5.2.3. Breakdown & changes in payment appropriations – Title 3

EUR '000

Item	Budget appropriations				Additional appropriations			Total appropr. available
	Initial budget adopted	Amending budgets	Transfers	Final adopted budget	Carry-overs	Assigned revenue	Total	
	1	2	3	4=1+2+3	5	6	7=5+6	8=4+7
300 Operational expenditure	61 205	–	(2 048)	59 157	15 695	305	16 000	75 157
Total Chapter 30	61 205	–	(2 048)	59 157	15 695	305	16 000	75 157
Total Title 3	**61 205**	**–**	**(2 048)**	**59 157**	**15 695**	**305**	**16 000**	**75 157**

5.2.4. Breakdown & changes in payment appropriations – Title 4

EUR '000

Item	Budget appropriations				Additional appropriations			Total appropr. available
	Initial budget adopted	Amending budgets	Transfers	Final adopted budget	Carry-overs	Assigned revenue	Total	
	1	2	3	4=1+2+3	5	6	7=5+6	8=4+7
400 Administrative budget	1 035	(396)	–	640	–	–	–	640
Total Chapter 40	1 035	(396)	–	640	–	–	–	640
410 Operational budget	–	–	2 048	2 048	–	–	–	2 048
Total Chapter 41	–	–	2 048	2 048	–	–	–	2 048
Total Title 4	**1 035**	**(396)**	**2 048**	**2 688**	**–**	**–**	**–**	**2 688**
GRAND TOTAL	**64 529**	**(0)**	**–**	**64 529**	**16 728**	**306**	**17 034**	**81 563**

5.3. IMPLEMENTATION OF COMMITMENT APPROPRIATIONS

5.3.1. Implementation of commitment appropriations - Title 1

EUR '000

Item		Total approp. available	Commitments made					Appropriations carried over to 2020			Appropriations lapsing			
			from final adopt. budget	from carry-overs	from assign. revenue	Total	%	Assign. revenue	By decision	Total	from final adopt. budget	from carry-overs	from assign. revenue	Total
		1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
110	Temporary agents	704	704	-	-	704	100 %	-	-	-	-	-	-	-
111	Contract agents, interim staff, trainees and SNEs	1 281	718	563	-	1 281	100 %	-	-	-	-	-	-	-
Total Chapter 11		1 985	1 422	563	-	1 985	100 %	-	-	-	-	-	-	-
130	Mission costs	105	105	-	-	105	100 %	-	-	-	-	-	-	-
Total Chapter 13		105	105	-	-	105	100 %	-	-	-	-	-	-	-
150	Training	4	4	-	-	4	100 %	-	-	-	-	-	-	-
Total Chapter 15		4	4	-	-	4	100 %	-	-	-	-	-	-	-
190	Other staff expenditure	184	183	-	-	183	99 %	-	-	-	-	-	1	1
Total Chapter 19		184	183	-	-	183	99 %	-	-	-	-	-	1	1
Total Title 1		**2 278**	**1 714**	**563**	**-**	**2 277**	**100 %**	**-**	**-**	**-**	**-**	**-**	**1**	**1**

5.3.2. Implementation of commitment appropriations - Title 2

EUR '000

Item	Total approp. available	Commitments made					Appropriations carried over to 2020			Appropriations lapsing			
		from final adopt. budget	from carry-overs	from assign. revenue	Total	%	Assign. revenue	By decision	Total	from final adopt. budget	from carry-overs	from assign. revenue	Total
	1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
200 Rental of buildings and associated costs	308	308	-	-	308	100 %	-	-	-	-	-	-	-
Total Chapter 20	308	308	-	-	308	100 %	-	-	-	-	-	-	-
210 IT expenditure and technical facilities	176	175	-	-	175	100 %	-	-	-	0	-	-	0
Total Chapter 21	176	175	-	-	175	100 %	-	-	-	0	-	-	0
220 Movable property and associated costs	1	1	-	-	1	100 %	-	-	-	-	-	-	-
Total Chapter 22	1	1	-	-	1	100 %	-	-	-	-	-	-	-
230 Current administrative expenditure	17	17	-	-	17	100 %	-	-	-	-	-	-	-
Total Chapter 23	17	17	-	-	17	100 %	-	-	-	-	-	-	-
240 Postage and telecommunications	14	14	-	-	14	100 %	-	-	-	-	-	-	-
Total Chapter 24	14	14	-	-	14	100 %	-	-	-	-	-	-	-
250 Administrative board expenditure	41	41	-	-	41	100 %	-	-	-	-	-	-	-
Total Chapter 25	41	41	-	-	41	100 %	-	-	-	-	-	-	-
260 Administrative support services	33	33	-	-	33	100 %	-	-	-	-	-	-	-
Total Chapter 26	33	33	-	-	33	100 %	-	-	-	-	-	-	-
270 PR and events	528	403	126	-	528	100 %	-	-	-	-	-	-	-
Total Chapter 27	528	403	126	-	528	100 %	-	-	-	-	-	-	-
290 Other infrastructure and operating expenditure	97	97	-	-	97	100 %	-	-	-	-	-	-	-
Total Chapter 29	97	97	-	-	97	100 %	-	-	-	-	-	-	-
Total Title 2	**1 216**	**1 090**	**126**	**-**	**1 216**	**100 %**	**-**	**-**	**-**	**0**	**-**	**-**	**0**

5.3.3. Implementation of commitment appropriations - Title 3

EUR '000

Item		Total approp. available	Commitments made					Appropriations carried over to 2020			Appropriations lapsing			
			from final adopt. budget	from carry-overs	from assign. revenue	Total	%	Assign. revenue	By decision	Total	from final adopt. budget	from carry-overs	from assign. revenue	Total
		1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
300	Operational expenditure	77 010	76 272	432	–	76 705	100 %	–	–	–	–	–	305	305
Total Chapter 30		77 010	76 272	432	–	76 705	100 %	–	–	–	–	–	305	305
Total Title 3		**77 010**	**76 272**	**432**	**–**	**76 705**	**100 %**	**–**	**–**	**–**	**–**	**–**	**305**	**305**

5.3.4. Implementation of commitment appropriations - Title 4

EUR '000

Item		Total approp. available	Commitments made					Appropriations carried over to 2020			Appropriations lapsing			
			from final adopt. budget	from carry-overs	from assign. revenue	Total	%	Assign. revenue	By decision	Total	from final adopt. budget	from carry-overs	from assign. revenue	Total
		1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
400	Administrative budget	520	–	–	–	–	0 %	–	–	–	520	–	–	520
Total Chapter 40		520	–	–	–	–	0 %	–	–	–	520	–	–	520
410	Operational budget	2 048	–	–	–	–	0 %	–	–	–	2 048	–	–	2 048
Total Chapter 41		2 048	–	–	–	–	0 %	–	–	–	2 048	–	–	2 048
Total Title 4		**2 568**	**–**	**–**	**–**	**–**	**0 %**	**–**	**–**	**–**	**2 568**	**–**	**–**	**2 568**
GRAND TOTAL		**83 071**	**79 076**	**1 121**	**–**	**80 197**	**97 %**	**–**	**–**	**–**	**2 568**	**–**	**306**	**2 874**

5.4. IMPLEMENTATION OF PAYMENT APPROPRIATIONS

5.4.1. Implementation of payment appropriations - Title 1

EUR '000

		Payments made					Appropriations carried over to 2020				Appropriations lapsing			
Item	Total approp. availab.	from final adopt. budget	from carry-overs	from assign. revenue	Total	%	Autom. carry-overs	By decision	Assigned rev.	Total	from final adopt. budget	from carry-overs	from assig. rev.	Total
	1	2	3	4	5=2+3+4	6=5/1	7	8	9	10=7+8+9	11	12	13	14=11+12+13
110 Temporary agents	704	704	-	-	704	100 %	-	-	-	-	0	-	-	0
111 Contract agents, interim staff, trainees and SNEs	1 325	270	1 034	-	1 304	98 %	-	-	-	-	21	-	-	21
Total Chapter 11	2 029	974	1 034	-	2 008	99 %	-	-	-	-	21	-	-	21
130 Mission costs	100	98	-	-	98	98 %	-	-	-	-	2	-	-	2
Total Chapter 13	100	98	-	-	98	98 %	-	-	-	-	2	-	-	2
150 Training	25	24	-	-	24	94 %	-	-	-	-	1	-	-	1
Total Chapter 15	25	24	-	-	24	94 %	-	-	-	-	1	-	-	1
190 Other staff expenditure	210	206	-	-	206	98 %	-	-	-	-	3	-	1	4
Total Chapter 19	210	206	-	-	206	98 %	-	-	-	-	3	-	1	4
Total Title 1	**2 364**	**1 302**	**1 034**	**-**	**2 336**	**99 %**	**-**	**-**	**-**	**-**	**27**	**-**	**1**	**28**

5.4.2. Implementation of payment appropriations - Title 2

EUR '000

Item		Total approp. availab.	Payments made					Appropriations carried over to 2020				Appropriations lapsing			
			from final adopt. budget	from carry-overs	from assign. revenue	Total	%	Autom. carry-overs	By decision	Assigned rev.	Total	from final adopt. budget	from carry-overs	from assig. rev.	Total
		1	2	3	4	5=2+3+4	6=5/1	7	8	9	10=7+8+9	11	12	13	14=11+12+13
200	Rental of buildings and associated costs	328	311	-	-	311	95 %	-	-	-	-	17	-	-	17
Total Chapter 20		328	311	-	-	311	95 %	-	-	-	-	17	-	-	17
210	IT expenditure and technical facilities	232	231	-	-	231	100 %	-	-	-	-	1	-	-	1
Total Chapter 21		232	231	-	-	231	100 %	-	-	-	-	1	-	-	1
220	Movable property and associated costs	6	1	-	-	1	18 %	-	-	-	-	5	-	-	5
Total Chapter 22		6	1	-	-	1	18 %	-	-	-	-	5	-	-	5
230	Current administrative expenditure	27	18	-	-	18	67 %	-	-	-	-	9	-	-	9
Total Chapter 23		27	18	-	-	18	67 %	-	-	-	-	9	-	-	9
240	Postage and telecommunications	11	11	-	-	11	93 %	-	-	-	-	1	-	-	1
Total Chapter 24		11	11	-	-	11	93 %	-	-	-	-	1	-	-	1
250	Administrative board expenditure	48	41	-	-	41	84 %	-	-	-	-	8	-	-	8
Total Chapter 25		48	41	-	-	41	84 %	-	-	-	-	8	-	-	8
260	Administrative support services	39	13	-	-	13	34 %	-	-	-	-	26	-	-	26
Total Chapter 26		39	13	-	-	13	34 %	-	-	-	-	26	-	-	26
270	PR and events	500	483	-	-	483	97 %	-	-	-	-	17	-	-	17
Total Chapter 27		500	483	-	-	483	97 %	-	-	-	-	17	-	-	17
290	Other infrastructure and operating expenditure	162	128	-	-	128	79 %	-	-	-	-	34	-	-	34
Total Chapter 29		162	128	-	-	128	79 %	-	-	-	-	34	-	-	34
Total Title 2		**1 354**	**1 236**	**-**	**-**	**1 236**	**91 %**	**-**	**-**	**-**	**-**	**118**	**-**	**-**	**118**

5.4.3. Implementation of payment appropriations - Title 3

EUR '000

		Payments made					Appropriations carried over to 2020				Appropriations lapsing			
Item	Total approp. availab.	from final adopt. budget	from carry-overs	from assign. revenue	Total	%	Autom. carry-overs	By decision	Assigned rev.	Total	from final adopt. budget	from carry-overs	from assig. rev.	Total
	1	2	3	4	5=2+3+4	6=5/1	7	8	9	10=7+8+9	11	12	13	14=11+12+13
300 Operational expenditure	75 157	50 615	15 695	–	66 310	88 %	–	–	–	–	8 542	–	305	8 847
Total Chapter 30	75 157	50 615	15 695	–	66 310	88 %	–	–	–	–	8 542	–	305	8 847
Total Title 3	**75 157**	**50 615**	**15 695**	**–**	**66 310**	**88 %**	**–**	**–**	**–**	**–**	**8 542**	**–**	**305**	**8 847**

5.4.4. Implementation of payment appropriations - Title 4

EUR '000

		Payments made					Appropriations carried over to 2020				Appropriations lapsing			
	Total approp. availab.	from final adopt. budget	from carry-overs	from assign. revenue	Total	%	Autom. carry-overs	By decision	Assigned rev.	Total	from final adopt. budget	from carry-overs	from assig. rev.	Total
	1	2	3	4	5=2+3+4	6=5/1	7	8	9	10=7+8+9	11	12	13	14=11+12+13
400 Administrative budget	640	–	–	–	–	0 %	–	–	–	–	640	–	–	640
Total Chapter 40	640	–	–	–	–	0 %	–	–	–	–	640	–	–	640
410 Operational budget	2 048	–	–	–	–	0 %	–	–	–	–	2 048	–	–	2 048
Total Chapter 41	2 048	–	–	–	–	0 %	–	–	–	–	2 048	–	–	2 048
Total Title 4	**2 688**	**–**	**–**	**–**	**–**	**0 %**	**–**	**–**	**–**	**–**	**2 688**	**–**	**–**	**2 688**
GRAND TOTAL	**81 563**	**53 154**	**16 728**	**–**	**69 882**	**86 %**	**–**	**–**	**–**	**–**	**11 375**	**–**	**306**	**11 681**

6. OUTSTANDING COMMITMENTS

6.1. Outstanding commitments– Title 1

EUR '000

Item		Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at year-end
		Commitm. carried for-ward from pre-vious year	Decommit. Revaluation Cancei-lations	Pay-ments	Total	Commit-ments made during the year	Pay-ments	Cancel-lation of commit. which cannot be carried forward	Commit. outstand-ing at year-end	
		1	2	3	4=1+2-3	5	6	7	8=5-6-7	9=4+8
110	Temporary agents	-	-	-	-	704	704	-	0	0
111	Contract agents, interim staff, trainees and SNEs	201	(43)	158	-	1 281	1 146	-	136	136
Total chapter 11		201	(43)	158	-	1 985	1 849	-	136	136
130	Mission costs	13	(5)	8	-	105	90	-	15	15
Total chapter 13		13	(5)	8	-	105	90	-	15	15
150	Training	49	(8)	23	18	4	1	-	3	22
Total chapter 15		49	(8)	23	18	4	1	-	3	22
190	Other staff expenditure	98	(15)	83	-	183	123	-	60	60
Total chapter 19		98	(15)	83	-	183	123	-	60	60
Total Title 1		**362**	**(72)**	**272**	**18**	**2 277**	**2 064**	**-**	**213**	**232**

6.2. Outstanding commitments – Title 2

EUR '000

Item		Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at year-end
		Commitm. carried forward from previous year	Decommit. Revaluation Cancellations	Payments	Total	Commitments made during the year	Payments	Cancellation of commit. which cannot be carried forward	Commit. outstanding at year-end	
		1	2	3	4=1+2-3	5	6	7	8=5-6-7	9=4+8
200	Rental of buildings and associated costs	40	(29)	5	5	308	306	–	3	8
Total chapter 20		40	(29)	5	5	308	306	–	3	8
210	IT expenditure and technical facilities	476	(7)	190	279	175	41	–	135	414
Total chapter 21		476	(7)	190	279	175	41	–	135	414
220	Movable property and associated costs	9	(9)	–	–	1	1	–	0	0
Total chapter 22		9	(9)	–	–	1	1	–	0	0
230	Current administrative expenditure	2	(0)	2	–	17	16	–	1	1
Total chapter 23		2	(0)	2	–	17	16	–	1	1
240	Postage and telecommunications	13	(3)	7	2	14	3	–	11	13
Total chapter 24		13	(3)	7	2	14	3	–	11	13
250	Administrative board expenditure	8	(4)	3	2	41	38	–	3	5
Total chapter 25		8	(4)	3	2	41	38	–	3	5
260	Administrative support services	1	(0)	1	–	33	13	–	20	20
Total chapter 26		1	(0)	1	–	33	13	–	20	20
270	PR and events	388	(47)	291	50	528	192	–	337	387
Total chapter 27		388	(47)	291	50	528	192	–	337	387
290	Other infrastructure and operating expenditure	86	(6)	63	17	97	65	–	32	49
Total chapter 29		86	(6)	63	17	97	65	–	32	49
Total Title 2		**1 023**	**(106)**	**562**	**355**	**1 216**	**674**	**–**	**541**	**896**

6.3. Outstanding commitments – Title 3

EUR '000

Item	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at year-end
	Commitm. carried forward from previous year	Decommit. Revaluation Cancellations	Payments	Total	Commitments made during the year	Payments	Cancellation of commit. which cannot be carried forward	Commit. outstanding at year-end	
	1	2	3	4=1+2-3	5	6	7	8=5-6-7	9=4+8
300 Operational expenditure	102 362	(3 550)	31 542	67 270	76 705	34 768	-	41 937	109 207
Total chapter 30	102 362	(3 550)	31 542	67 270	76 705	34 768	-	41 937	109 207
Total Title 3	**102 362**	**(3 550)**	**31 542**	**67 270**	**76 705**	**34 768**	**-**	**41 937**	**109 207**
GRAND TOTAL	**103 748**	**(3 727)**	**32 376**	**67 644**	**80 197**	**37 506**	**-**	**42 691**	**110 335**

7. GLOSSARY

ABAC

This is the name given to the Commission's accounting system, which since 2005 has been enriched by accrual accounting rules. Apart from the cash-based budget accounts, the Commission produces accrual-based accounts which recognise revenue when earned, rather than when collected. Expenses are recognised when incurred rather than when paid. This contrasts with cash basis budgetary accounting that recognises transactions and other events only when cash is received or paid.

Accounting

The act of recording and reporting financial transactions, including the creation of the transaction, its recognition, processing, and summarisation in the financial statements.

Accounting Officer

The role, powers and responsibilities of the accounting officer are set out in the Financial Regulation:

- proper implementation of payments,
- collection of revenue,
- recovery of amounts and offsetting,
- keeping, preparing and presenting the accounts,
- laying down the accounting rules and methods and the chart of accounts,
- laying down and validating the accounting systems and validating systems laid down by the authorising officer to supply or justify accounting information (local systems),
- treasury management,
- designation of the Imprest Administrators,
- opening and closing bank accounts in the name of the Institution.

Administrative appropriations

Administrative appropriations cover the running costs of the Institutions and entities (staff, buildings, office equipment).

Adjustment

Amending budget or transfer of funds from one budget item to another.

Adopted budget

Draft budget becomes the adopted budget as soon as approved by the Budgetary Authority.

Cf. Budget

Agencies

EU bodies having a distinct legal personality, and to whom budget implementing powers may be delegated under strict conditions. They are subject to a distinct discharge from the discharge authority.

Amending budget

Decision adopted during the budget year to amend (increase, decrease, transfer) aspects of the adopted budget of that year.

Annuality

The budgetary principle according to which expenditure and revenue is programmed and authorised for one year, starting on 1 January and ending on 31 December.

Appropriations

Budget funding.

The budget forecasts both commitments (legal pledges to provide finance, provided that certain conditions are fulfilled) and payments (cash or bank transfers to the beneficiaries). Appropriations for commitments and payments often differ — differentiated appropriations — because multiannual programmes and projects are usually fully committed in the year they are decided and are paid over the years as the implementation of the programme and project progresses. Non-differentiated appropriations apply to administrative expenditure and commitment appropriations equal payment appropriations.

Assigned revenue External/Internal

Dedicated revenue received to finance specific items of expenditure.

Main sources of external assigned revenue *are financial contributions from third countries to programmes financed by the Union.*

Main sources of internal assigned revenue are revenue from third parties in respect of goods, services or work supplied at their request, revenue arising from the repayment of amounts wrongly paid and revenue from the sale of publications and films, including those on an electronic medium.

The complete list of items constituting assigned revenue is given in the Financial Regulation Art. 21.

Authorising Officer by Delegation (AOD)

The AOD is responsible in each entity for authorising revenue and expenditure operations in accordance with the principles of sound financial management and for ensuring that the requirements of legality and regularity are complied with.

The AOD is responsible for taking all financial decision concerning actions under his/her responsibility. Particularly, he/she must take decisions to implement the budget based on his/her risk analysis.

Budget

Annual financial plan, drawn up according to budgetary principles, that provides forecasts and authorises, for each financial year, an estimate of future costs and revenue and expenditures and their detailed description and justification, the latter included in budgetary remarks.

Budget result

The difference between income received and amounts paid, including adjustments for carry-overs, cancellations and exchange rate differences.

For agencies, the resulting amount will have to be reimbursed to the funding authority as provided in the Financial Regulation for agencies.

Budget implementation

Consumption of the budget through expenditure and revenue operations.

Budget item / Budget line / Budget position

As far as the budget structure is concerned, revenue and expenditure are shown in the budget in accordance with a binding nomenclature, which reflects the nature and purpose of each item, as imposed by the budgetary authority. The individual headings (title, chapter, article or item) provide a formal description of the nomenclature.

Budgetary authority

Institutions with decisional powers on budgetary matters: for the EU institutions, the European Parliament and the Council of Ministers.

For the agencies and joint undertakings, their board is the budgetary authority.

Budgetary commitment

A budgetary commitment is a reservation of appropriations to cover for subsequent expenses.

Cancellation of appropriations

Unused appropriations that may no longer be used.

Carryover of appropriations

Exception to the principle of annuality in so far as appropriations that could not be used in a given budget year may, under strict conditions, be exceptionally carried over for use during the following year.

Commitment appropriations

Commitment appropriations cover the total cost of legal obligations (contracts, grant agreements/decisions) that could be signed in the current financial year. Financial Regulation Art. 7: *Commitment appropriations cover the total cost in the current financial year of legal obligations (contracts, grant agreements/decisions) entered into for operations extending over more than one year.*

De-commitment

Cancellation of a reservation of appropriations.

Differentiated appropriations

Differentiated appropriations are used to finance multiannual operations; they cover, for the current financial year, the total cost of the legal obligations entered into for operations whose implementation extends over more than one financial year. Financial Regulation Art. 7: *Differentiated appropriations are entered for multiannual operations. They consist of commitment appropriations and payment appropriations.*

Earmarked revenue

Revenue earmarked for a specific purpose, such as income from foundations, subsidies, gifts and bequests, including the earmarked revenue specific to each institution.

Cf. Assigned revenue

Economic result

Impact on the balance sheet of expenditure and revenue based on accrual accounting rules.

Entitlements established

Entitlements are recovery orders that the European Union must establish for collecting income.

Exchange rate difference

The difference resulting from currency exchange rates applied to the transactions concerning countries outside the euro area, or from the revaluation of assets and liabilities in foreign currency at the closure.

Expenditure

Term used to describe spending the budget from all types of funds sources.

Financial regulation (FR)

Adopted through the ordinary legislative procedure after consulting the European Court of Auditors, this regulation lays down the rules for the establishment and implementation of the general budget of the European Union.

For reference, Regulation (EU, Euratom) No 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union

Funds Source

Type of appropriations

Grants

Direct financial contributions, by way of donation, from the budget in order to finance either an action intended to help achieve an objective part of an EU policy or the functioning of a body, which pursues an aim of general European interest or has an objective forming part of an EU policy.

Implementation

Cf. Budget implementation

Income

Cf. Revenue

Joint Undertakings (JUs)

A legal EU-body established under the Treaty on the Functioning of the European Union. The term can be used to describe any collaborative structure proposed for the *"efficient execution of Union research, technological development and demonstration programmes"*.

Lapsing appropriations

Unused appropriations to be cancelled at the end of the financial year. *Lapsing* means the cancellation of all or part of the authorisation to make expenditures and/or incur liabilities, which is represented by an appropriation.

Only for joint undertakings, as specified in theirs Financial Rules, any unused appropriations may be entered in the estimate of revenue and expenditure of up to the following three financial years (the so-called "N+3" rule). Hence, lapsing appropriations for JUs could be re-activated until financial year "N+3".

Legal base (basic act)

The legal base or basis is, as a general rule, a law based on an article in the Treaty on the Functioning of the European Union giving competence to the Community for a specific policy area and setting out the conditions for fulfilling that competence including budget implementation. Certain articles from the treaty authorise the Commission to undertake certain actions, which imply spending, without there being a further legal act.

Legal commitment

A legal commitment establishes a legal obligation towards third parties.

Non-differentiated appropriations

Non-differentiated appropriations are for operations of an annual nature. (Financial Regulation Art. 9). In the EU Budget, non-differentiated appropriations apply to administrative expenditure, for agricultural market support and direct payments.

Operational appropriations

Operational appropriations finance the different policies, mainly in the form of grants or procurement.

Outstanding commitment

Outstanding commitments (or RAL, from the French 'reste à liquider') are defined as the amount of appropriations committed that have not yet been paid or legal commitments having not fully given rise to liquidation by payments. They stem directly from the existence of multiannual programmes and the dissociation between commitment and payment appropriations.

Outturn

Cf. Budget result

Payment

A payment is a disbursement to honour legal obligations.

Payment appropriations

Payment appropriations cover expenditure due in the current year, arising from legal commitments entered in the current year and/or earlier years (Financial Regulation Art. 7).

RAL

Sum of outstanding commitments. Cf. Outstanding commitments

Recovery

The recovery order is the procedure by which the Authorising officer by Delegation (AOD) registers an entitlement by the Commission in order to retrieve the amount, which is due. The entitlement is the right that the Commission has to claim the sum, which is due by a debtor, usually a beneficiary.

Result

Cf. Budget result

Revenue

Term used to describe income from all sources financing the budget.

Rules of application

Detailed rules for the implementation of the financial regulation. They are set out in a Commission regulation adopted after consulting all institutions and cannot alter the financial regulation upon which they depend.

Surplus

Positive difference between revenue and expenditure (Cf. Budget result) which has to be returned to the funding authority as provided in the Financial Regulation.

Transfer

Transfers between budget lines imply the relocation of appropriations from one budget line to another, in the course of the financial year, and thereby they constitute an exception to the budgetary principle of specification. However, they are expressly authorised by the Treaty on the Functioning of the European Union under the conditions laid down in the Financial Regulation. The Financial Regulation identifies different types of transfers depending on whether they are between or within budget titles, chapters, articles or headings and require different levels of authorisation.

SHIFT2RAIL JOINT UNDERTAKING
(S2R JU)

Independent Auditor's report on the Final Annual Accounts as at : 31 DECEMBER 2019

Date: June 9, 2020

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INDEPENDENT AUDITOR'S REPORT ON THE FINAL ANNUAL ACCOUNTS OF SHIFT2RAIL JOINT UNDERTAKING FOR THE FINANCIAL YEAR FROM 01 JANUARY TO 31 DECEMBER 2019

Opinion

We have audited the accompanying final annual accounts of Shift2Rail Joint Undertaking, 'the Agency' for the financial year from 01 January to 31 December 2019.Their final annual accounts consist of the financial statements and the reports on the implementation of the budget for the financial year ended December 31, 2019. The financial statements comprise the balance sheet as at December 31, 2019, and the statement of financial performance, the cash flow statement and the statement of changes in net assets/liabilities for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the final annual accounts of the Agency present fairly, in all material aspects, its financial position as at December 31, 2019, and the results of its operations and its cash flow, for the year then ended, and are prepared in accordance with its Financial Regulation, and, in accordance with the accounting rules adopted by the Commission's accounting officer, and the International Public Sector Accounting Standards, as issued by the International Public Sector Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA) and the ISSAI (International Standards of Supreme Audit Institutions, as issued by the International Organization of Supreme Audit Institutions (INTOSAI)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Agency in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Annual Activity Report of the Agency.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the final annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those charged with Governance for the final annual accounts

Management is responsible for the preparation of the final annual accounts in accordance with its Financial Regulation, and, in accordance with the accounting rules adopted by the Commission's accounting officer, which are derived from the International Public Sector Accounting Standards, as issued by the International Public Sector Accounting Standards Board.

Management's responsibilities in respect of the final annual accounts include designing, implementing and maintaining an internal control system relevant to the preparation and the fair presentation of the final annual accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies on the basis of the accounting rules adopted by the Commission' accounting officer; making accounting estimates that are reasonable in the circumstances. The Executive Director approves the final annual accounts of the Agency after its Accounting Officer has prepared them on the basis of all available information and established a note to accompany the accounts in which they declare, inter alia, that they have reasonable assurance that the final annual accounts present a true and fair view of the financial position of the Agency in all material respects.

Those charged with governance are responsible for overseeing the Agency's financial reporting process.

Auditor's Responsibilities for the Audit of the final annual accounts

Our objectives are to obtain reasonable assurance about whether the final annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these final annual accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ✓ Identify and assess the risks of material misstatement of the final annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- ✓ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control.

- ✓ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- ✓ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Agency to cease to continue as a going concern.

- ✓ Evaluate the overall presentation, structure and content of the final annual accounts, including the disclosures, and whether the final annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Restriction on use and distribution

The opinion transmitted is only intended for the Agency and for the European Court of Auditors, for the purpose of forming an opinion on the final annual accounts of the Agency only. It may not be relied upon by you for any other objective or purpose, nor may it be distributed or made available to any other parties, except those who have regulatory rights of access to it. Any review, transmission, dissemination or other use of, or taking of any action in reliance upon this information by any persons or entities other than the Agency is prohibited and we will not assume any duty of care or liability towards these persons or entities.

Melle, June 9, 2020

Yours faithfully,

Baker Tilly Belgium Bedrijfsrevisoren CVBA

Jan Smits
Audit Partner

Accountancy – Audit – Consultancy – Corporate Finance

Now, for tomorrow

bakertilly