



Annual accounts of the  
Fuel Cells and Hydrogen 2  
Joint Undertaking

Financial year 2020

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## **CERTIFICATION OF THE ACCOUNTS**

I acknowledge my responsibility for the preparation and presentation of the annual accounts of the Fuel Cells and Hydrogen 2 Joint Undertaking, FCH2 JU, in accordance with Article 52 of the Model Financial Regulation ('MFR')<sup>1</sup> and I hereby certify that the annual accounts of the FCH2 JU for the year 2020 have been prepared in accordance with Chapter 8 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 FCH2 JU'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 FCH2 JU.

Rosa ALDEA BUSQUETS

**Accounting Officer of the  
Fuel Cells and Hydrogen 2 Joint  
Undertaking**

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<sup>1</sup> 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 NOTE

### 1.1. General background on the entity

#### Establishment

The Fuel Cells and Hydrogen 2 Joint Undertaking (FCH 2 JU) is a public-private partnership, based in Brussels, that supports research, technological development and demonstration activities in fuel cell and hydrogen energy technologies in Europe.

The first FCH JU was established by Council Regulation (EC) No 521/2008<sup>2</sup> for a period up to 31 December 2017. The interim evaluation of FCH JU confirmed a need for such a partnership and recommended an increase of its activities. As a result, a new Joint Undertaking named Fuel Cells and Hydrogen 2 Joint Undertaking, was established by Council Regulation (EU) No 559/2014<sup>3</sup>. The new Joint Undertaking replaces and succeeds the Fuel Cells and Hydrogen Joint Undertaking under the EU Horizon 2020 Framework and it is established until 31 December 2024.

#### Mission

FCH 2 JU's mission is to facilitate the market introduction of FCH technologies in Europe and realise their potential in a carbon-clean energy system. They do this by implementing an optimal research and innovation programme in order to develop a portfolio of clean, efficient solutions that exploit the properties of hydrogen as an energy carrier, and fuel cells as energy converters, to the point of market readiness.

#### Main operational activities

The objective of FCH 2 JU is to combine resources from the public and private sectors to strengthen research activities with a view to increasing the overall efficiency of European research efforts and accelerating the development and deployment of fuel cell and hydrogen technologies.

The strategic objectives are as follows:

- Green hydrogen production: Increase efficiency and reduce costs of hydrogen production, mainly from water electrolysis and renewables;
- Minimal use of critical raw materials: Reduce platinum loading energy systems;
- Heat and electricity production: Increase fuel cell efficiency and lifetime;
- H2 storage for grid balancing: Demonstrate on a large-scale hydrogen capacity to harness power from renewables and support its integration into the energy system;
- Clean transport: Reduce fuel cells systems' costs for transport applications.

#### Governance

The Joint Undertaking is headed by an Executive Director, who is the legal representative of FCH 2 JU and the chief executive responsible for the implementation of the Joint Undertaking's operations, in accordance with the decisions of the Governing Board. The Programme Office support the Executive Director in the day-to-day management of the Joint Undertaking.

The Executive Director is appointed by the Governing Board, that is the main decision-making body of FCH 2 JU. The Governing Board has overall responsibility for the strategic orientation and the operations of the FCH 2 JU and supervises the implementation of its activities. It brings together the three groups of the JU's members:

- The EU represented by the European Commission – three representatives;

<sup>2</sup> Council Regulation (EC) No. 521/2008 of 30 May 2008 setting up the Fuel Cells and Hydrogen Joint Undertaking

<sup>3</sup> Council Regulation (EC) No. 559/2014 of 6 May 2014 setting up the Fuel Cells and Hydrogen 2 Joint Undertaking

- The Industry Grouping represented by Hydrogen Europe - six representatives, including at least one representative of Small and Medium Enterprises (SMEs);
- The Research Grouping represented by the New European Research Grouping on Fuel Cells and Hydrogen – one representative;

The Scientific Committee, the States Representatives Group and the Stakeholder Forum are the advisory bodies of the FCH 2 JU.

### **Sources of financing**

The FCH 2 JU is jointly funded by the contributions of its members. The administrative costs are covered by the financial contributions of the EU and of the Industry and Research Grouping. The operational costs are covered by the financial contributions of the EU and the in kind contributions of the other members. The in kind contributions are the costs incurred by the constituent entities of the members other than the Union or their affiliated entities in implementing indirect actions that are not reimbursed by the Joint Undertaking.

## **1.2. Annual accounts**

### **Basis for preparation**

The legal framework and the deadlines for the preparation of the annual accounts are set by Model Financial Regulation (MFR)<sup>4</sup>. As per this regulation, 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).

### **Accounting Officer**

In accordance with the MFR, the Governing Board of the entity appoints the Accounting Officer who is, amongst other tasks, responsible for preparation of the annual accounts.

Following the decision of the FCH 2 JU Governing Board of 30 March 2014, the Accounting Officer of the Commission shall, as of 15 July 2014, act as the Accounting Officer of FCH 2 JU.

### **Composition of the annual accounts**

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 prepared on an accrual accounting basis, the budget implementation reports are primarily based on movements of cash.

### **Process from provisional accounts to discharge**

The provisional annual accounts prepared by the Accounting Officer are transmitted, by 1 March of the following year, to the European Court of Auditors (ECA) and to the audit company contracted by the JU. Following the audit, the Accounting Officer prepares the final annual accounts and submits them to the Governing Board for opinion.

The final annual accounts, together with the opinion of the Governing Board, are sent to the Accounting Officer of the Commission, the European Court of Auditors, the European Parliament and the Council by 1 July of the following financial year. The ECA scrutinises the final annual accounts and includes any findings in the annual report for the European Parliament and the Council.

It falls to the Council to recommend, and then to the European Parliament to decide, whether to grant discharge to the Executive Director in respect of the implementation of the budget for a given financial year. Amongst other elements this decision is also based on a review of the accounts and the annual report of the ECA.

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<sup>4</sup> 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 (OJ L 142, 29.5.2019, p. 16)

## 1.3. Operational highlights

### Achievements of the year

With regards to implementing activities, FCH JU successfully launched and closed on 29 April 2020 the 2020 Call for Proposals with a budget of EUR 93 million. A total of 71 proposals were submitted in response to this call. A total of 23 grant agreements were signed in December 2020. In transport, the focus has been on heavy duty transportation modes as well as on the use of liquid hydrogen. In energy, special focus has been put on hydrogen storage and the development of novel electrolyzers for offshore production of hydrogen. Additionally, a flagship project has been funded that will showcase the use of H<sub>2</sub> to decarbonise islands at an unprecedented scale.

To accelerate the creation of a pipeline of H<sub>2</sub> projects across Europe, in early 2020 FCH JU launched a highly competitive public call for applications for European regions to benefit from direct assistance for developing high quality, integrated hydrogen projects. Out of the 35 regions applying, 11 were selected for the project development assistance (PDA) initiative, characterised by a wide geographic spread and a diverse portfolio of end-use applications, creating a great blueprint for the other regions.

In line with the strategic objectives of the JU to boost the share of FCH technologies and ensure a world leading FCH industry, a number of supporting activities took place in 2020, most notably:

- At international level, the FCH JU has developed a world-wide Hydrogen Valley Platform. This work comes in support of Innovation Challenge 8 on Renewable and Clean Hydrogen of the Mission Innovation. The platform aims to promote the emergence and implementation of hydrogen flagship projects and it will be launched for the public on January 2021;
- The launch of the Fuel Cells and Hydrogen Observatory (FCHO), providing data and up to date information about the entire hydrogen sector. It focuses on technology and market statistics, socio-economic indicators, policy and regulation, as well as financial support;
- The launch of the Hydrogen Territories Platform (HTP) on 23 September 2020, aiming to identify local replication opportunities and kick start the development and deployment of FCH technologies for local integrated energy systems.

Finally, FCH JU organised for the first time the European Hydrogen Week, that took place from 23 to 27 November 2020 and was comprised of three different events:

1. **The FCH JU Programme Review Days (PRD)**, providing an excellent visibility platform for more than 100 projects currently on-going under FCH JU and closing with the FCH JU Awards 2020;
2. **PrioritHy: How hydrogen can bring recovery, growth and jobs for Europe**, focusing on best-practice regional approaches to build up a hydrogen economy. The conference was jointly organised with the German presidency of the Council of the European Union;
3. **The European Hydrogen Forum**, a high-level conference under the theme of kick-starting the EU hydrogen industry to achieve the EU climate goals. This event brought together industry and project developers together with financial institutions.

Due to COVID-19, call evaluation was entirely remote, all events were turned digital (and a very limited number were cancelled).

Furthermore, by year-end 2020 close to 40 projects had reported COVID-19 specific issues. Some of these have led to project extensions granted in 2020. A few projects were late in the submission of their reports. Project extensions and delays had an impact on budget implementation, as described below.

It should be noted that the real impacts of COVID-19 is still not known. It is expected that they will be materialised in 2021 in a significant number of additional projects, in particular due to additional costs incurred by projects and stemming from the higher costs of goods and materials acquired during last year's lockdown. These situations could undermine the achievements of the project impact. Additional project delays are expected in 2021 due to COVID-19 which will likely result in project extensions.

## **Budget and budget implementation**

The budget of FCH 2 JU amounted to kEUR 104 232 in terms of commitment appropriations and kEUR 103 779 in terms of payment appropriations. This represented an increase of 14% and a decrease of 9% as compared to 2019 commitment and payment appropriations respectively.

The budget implementation in terms of budget for commitments was 94% whereas payments reached 95%.

The consumption of administrative budget was 86% in terms of commitments and 73% in terms of payments.

Due to the COVID-19 crisis, a significant part of the budget for missions, meetings in general and expert contracts was not used, which is directly (for the first 2) or indirectly attributed to the travel restrictions. Communication costs were also affected by the cancellation of events.

A comparison with 2019 budget implementation shows a decrease in:

- Mission expenses by 88%;
- Socio-medical infrastructure by 43%, partially due to the significant cut in mobility costs and provision for away days;
- Meeting costs by 69%, due to the absence of meetings and associated travel and catering costs;
- Communication by 8%.

On the other hand, telecommunication costs nearly doubled as a result of the extended teleworking needs. The impact of COVID-19 crisis on administrative costs is calculated at kEUR 284 (5% of the 2020 administrative budget). As this is the observed difference between the 2019 (91%) and 2020 (86%) administrative budget implementation, it can be concluded that the lower implementation rate for administrative budget came as a consequence of the COVID-19 crisis.

Under Title 3 (operational expenditure), H2020 commitment implementation rate improved to 97% compared to 2019 (86%) as a result of the successful call for proposals in 2020. FP7 payments dropped to 89% (as compared to 95% in 2019), due to the non-submission of a final report and the underspending of a project. None of these cases is linked to the COVID-19 crisis.

H2020 payments also decreased to 97% (100% in 2019). Most of this is explained due to the COVID-19 impact on payments scheduled for 2020. Analysis showed that 6 project amendments shifted payments from 2020 to 2021. In addition, 1 payment was reduced due to delays linked to lockdown measures. The impact of these changes in H2020 scheduled payments is calculated at 2% of the H2020 available payment appropriations.

## **Impact of the activities in the financial statements**

In the financial statements, the impact of the above mentioned activities can be noted in the:

- Decrease of the operating expenses (kEUR 135 418 in 2019, kEUR 91 913 in 2020) as a consequence of the issues encountered by close to 40 projects due to the COVID-19 crisis and, in some cases, to the related project extensions granted in 2020.
- An increase of the prefinancing balance (kEUR 149 919 in 2019, kEUR 162 766 in 2020) as a combined effect of the successful H2020 call for proposal in 2020 and of the lower amount accrued expenses clearing prefinancing in 2020 (kEUR 59 717) compared to 2019 (63 802).
- Decrease in administrative expenses such as communications & publications (kEUR 533 in 2019, kEUR 437 in 2020) and missions (kEUR 166 in 2019, kEUR 19 in 2020) directly related to the COVID-19 travel limitations.

# 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	31.12.2020	31.12.2019
<b>NON-CURRENT ASSETS</b>			
<i>Intangible assets</i>	2.1	25	45
<i>Property, plant and equipment</i>	2.2	112	104
<i>Pre-financing</i>	2.3	113 854	98 464
		<b>113 990</b>	<b>98 613</b>
<b>CURRENT ASSETS</b>			
<i>Pre-financing</i>	2.3	48 913	51 455
<i>Exchange receivables and non-exchange recoverables</i>	2.4	7 028	22 784
		<b>55 940</b>	<b>74 239</b>
<b>TOTAL ASSETS</b>		<b>169 930</b>	<b>172 852</b>
<b>CURRENT LIABILITIES</b>			
<i>Payables and other liabilities</i>	2.5	(59 139)	(69 543)
<i>Accrued charges</i>	2.6	(39 164)	(41 036)
		<b>(98 303)</b>	<b>(110 578)</b>
<b>TOTAL LIABILITIES</b>		<b>(98 303)</b>	<b>(110 578)</b>
<b>NET ASSETS</b>		<b>71 628</b>	<b>62 274</b>
<i>Contribution from Members</i>	2.7	1 403 608	1 300 886
<i>Accumulated deficit</i>		(1 238 612)	(1 099 785)
<i>Economic result of the year</i>		(93 368)	(138 828)
<b>NET ASSETS</b>		<b>71 628</b>	<b>62 274</b>

**STATEMENT OF FINANCIAL PERFORMANCE**

EUR '000

	Note	2020	2019
<b>REVENUE</b>			
<b>Revenue from non-exchange transactions</b>			
<i>Recovery of expenses</i>	3.1	3 444	1 534
		<b>3 444</b>	<b>1 534</b>
<b>Revenue from exchange transactions</b>			
<i>Financial revenue</i>	3.2	6	15
<i>Other exchange revenue</i>	3.3	44	10
		<b>50</b>	<b>24</b>
<b>Total revenue</b>		<b>3 494</b>	<b>1 558</b>
<b>EXPENSES</b>			
<i>Operational costs</i>	3.4	(91 913)	(135 418)
<i>Staff costs</i>	3.5	(3 086)	(3 001)
<i>Other expenses</i>	3.6	(1 863)	(1 967)
<b>Total expenses</b>		<b>(96 862)</b>	<b>(140 386)</b>
<b>ECONOMIC RESULT OF THE YEAR</b>		<b>(93 368)</b>	<b>(138 828)</b>

**CASHFLOW STATEMENT<sup>5</sup>**

	<i>EUR '000</i>	
	2020	2019
<i>Economic result of the year</i>	(93 368)	(138 828)
<b>Operating activities</b>		
<i>Depreciation and amortization</i>	60	72
<i>(Increase)/decrease in pre-financing</i>	(12 847)	8 962
<i>(Increase)/decrease in exchange receivables and non-exchange recoverables</i>	15 756	2 903
<i>Increase/(decrease) in payables</i>	(10 403)	11 954
<i>Increase/(decrease) in accrued charges</i>	(1 872)	(2 418)
<i>Increase/(decrease) in cash contributions</i>	85 413	104 238
<i>Increase/(decrease) in in-kind contributions</i>	17 309	13 160
<b>Investing activities</b>		
<i>(Increase)/decrease in intangible assets and property, plant and equipment</i>	(48)	(43)
<b>NET CASHFLOW</b>	-	-
<i>Net increase/(decrease) in cash and cash equivalents</i>	-	-
<i>Cash and cash equivalents at the beginning of the year</i>	-	-
<i>Cash and cash equivalents at year-end</i>	-	-

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<sup>5</sup> Following the appointment of the Accounting Officer of the Commission as the Accounting Officer of FCH JU, the treasury of FCH JU was integrated into the Commission's treasury system. Because of this, FCH 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
<b>BALANCE AS AT 31.12.2018</b>	<b>1 183 489</b>	<b>(981 465)</b>	<b>(118 320)</b>	<b>83 704</b>
<i>Allocation 2018 economic result</i>	-	(118 320)	118 320	-
<i>Cash contribution</i>	104 238	-	-	104 238
<i>Contribution in-kind</i>	13 160	-	-	13 160
<i>Economic result of the year</i>	-	-	(138 828)	(138 828)
<b>BALANCE AS AT 31.12.2019</b>	<b>1 300 886</b>	<b>(1 099 785)</b>	<b>(138 828)</b>	<b>62 274</b>
<i>Allocation 2019 economic result</i>	-	(138 828)	138 828	-
<i>Cash contribution</i>	85 413	-	-	85 413
<i>Contribution in-kind</i>	17 309	-	-	17 309
<i>Economic result of the year</i>	-	-	(93 368)	(93 368)
<b>BALANCE AS AT 31.12.2020</b>	<b>1 403 608</b>	<b>(1 238 612)</b>	<b>(93 368)</b>	<b>71 628</b>

# **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 stakeholders.

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	31.12.2020	31.12.2019	Currency	31.12.2020	31.12.2019
<b>BGN</b>	<b>1.9558</b>	1.9558	<b>PLN</b>	<b>4.5597</b>	4.2568
<b>CZK</b>	<b>26.2420</b>	25.4080	<b>RON</b>	<b>4.8683</b>	4.783
<b>DKK</b>	<b>7.4409</b>	7.4715	<b>SEK</b>	<b>10.0343</b>	10.4468
<b>GBP</b>	<b>0.8990</b>	0.8508	<b>CHF</b>	<b>1.0802</b>	1.0854
<b>HRK</b>	<b>7.5519</b>	7.4395	<b>JPY</b>	<b>126.4900</b>	121.9400
<b>HUF</b>	<b>363.8900</b>	330.5300	<b>USD</b>	<b>1.2271</b>	1.1234

### 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.

#### 1.2.4. Application of new and amended European Union Accounting Rules (EAR)

##### **New EAR which are effective for annual periods beginning on or after 1 January 2020**

There are no new EAR which became effective for annual periods beginning on or after 1 January 2020.

##### **New EAR adopted but not yet effective at 31 December 2020**

On 17 December 2020 the Accounting Officer of the European Commission adopted the revised EAR 11 'Financial Instruments', which is effective for accounting periods beginning on or after 1 January 2021. The revised EAR 11 has been updated in line with the new IPSAS 41 'Financial Instruments' and establishes the principles for the financial reporting of the financial assets and financial liabilities held by the EU entities. For more information please refer to the EU annual accounts of 2020. No material impact of this change is expected due to the small amount of financial instruments in the financial statements of the entity.

### **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, or arises from binding arrangements. 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. Intangible assets are amortised on a straight-line basis over their estimated useful lives (3 to 11 years).

#### 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
<i>Buildings</i>	4 % to 10 %
<i>Plant and equipment</i>	10 % to 25 %
<i>Furniture and vehicles</i>	10 % to 25 %
<i>Computer hardware</i>	25 % to 33 %
<i>Other</i>	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.

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 an asset nor a liability recognised in the balance sheet.

#### 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.

#### 1.3.3. 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 recognised 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.

#### 1.3.4. 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.

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.

#### 1.3.5. 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.

### 1.3.6. 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, at the moment 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. The corresponding expenses are entered in the accounts when the supplies or services are delivered and accepted by the entity.

### 1.3.7. 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, or 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. These 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, revenue 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. For the EU entities, transfers mostly comprise funds received from the Commission (e.g. balancing subsidy to the traditional agencies, operating subsidy for the delegation agreements).

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.

(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 the incurring of liabilities that result in decreases in net assets. 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 either a possible obligation 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 where it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.

A contingent liability also arises in the rare circumstances where a present obligation exists but cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the accounts. They are 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 of the JU (no shares are issued) 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. These financial contributions are recognised in net assets in the period in which the enforceable 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 net assets of the JU in the period when the conditions for Members' contributions stipulated by the Regulation are 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. However to provide a complete picture of the operational activities related to the JU they are still disclosed as additional information in the notes.

## 2. NOTES TO THE BALANCE SHEET

### ASSETS

#### 2.1. INTANGIBLE ASSETS

EUR '000

	TOTAL
Gross carrying amount at 31.12.2019	113
Additions	3
<b>Gross carrying amount at 31.12.2020</b>	<b>116</b>
Accumulated amortisation at 31.12.2019	(68)
Amortisation charge for the year	(24)
<b>Accumulated amortisation at 31.12.2020</b>	<b>(91)</b>
<b>NET CARRYING AMOUNT AT 31.12.2020</b>	<b>25</b>
NET CARRYING AMOUNT AT 31.12.2019	45

The above amounts relate primarily to computer software with an amortisation rate of 25%.

#### 2.2. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and are expected to be used during more than one reporting period.

EUR '000

	Plant and equipment	Furniture and vehicles	Computer hardware	Other	TOTAL
Gross carrying amount at 31.12.2019	45	62	147	48	303
Additions	-	-	48	-	48
<b>Gross carrying amount at 31.12.2020</b>	<b>45</b>	<b>62</b>	<b>195</b>	<b>48</b>	<b>351</b>
Accumulated depreciation at 31.12.2019	(35)	(26)	(126)	(12)	(199)
Depreciation charge for the year	(3)	(7)	(22)	(5)	(36)
Other changes	-	-	(4)	-	(4)
<b>Accumulated depreciation at 31.12.2020</b>	<b>(39)</b>	<b>(33)</b>	<b>(151)</b>	<b>(17)</b>	<b>(239)</b>
<b>NET CARRYING AMOUNT AT 31.12.2020</b>	<b>7</b>	<b>29</b>	<b>44</b>	<b>31</b>	<b>112</b>
NET CARRYING AMOUNT AT 31.12.2019	10	36	22	36	104

#### 2.3. PRE-FINANCING

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 underlying contract, decision, agreement or basic legal act.

EUR '000

	31.12.2020	31.12.2019
Non-current pre-financing	113 854	98 464
Current pre-financing	48 913	51 455
<b>Total</b>	<b>162 766</b>	<b>149 919</b>

The overall high amount of the open pre-financing can be explained by the fact that according to the programme rules the incurred costs (both actual and estimated) are cleared against pre-financing when

the amounts paid to the beneficiary reaches a certain threshold. The threshold for Horizon 2020 projects is 90% of the grant agreement amount, for FP7 it is 80%. In the first years of the project there is significant open pre-financing that will be only cleared in the later stages.

The outstanding pre-financing, presented under this heading, is net of estimated (cut-off) expenses for on-going projects without validated cost claims on 31 December 2020. The clearing of pre-financing with cut off expenses amounted to kEUR 59 717. The remaining portion of the cut off expenses is recorded in accrued charges (see note **2.6**).

For all pre-financing amounts open at 31 December 2020 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.

Guarantees received covering pre-financing amounted to kEUR 2 321 at year-end.

## 2.4. EXCHANGE RECEIVABLES & NON-EXCHANGE RECOVERABLES

Exchange transactions are transactions in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange. Non-exchange transactions are transactions in which an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

The amounts included under this heading are fully composed of current receivables from exchange transactions.

	<i>EUR '000</i>	
	31.12.2020	31.12.2019
<i>Central treasury liaison accounts</i>	6 564	20 884
<i>Customers</i>	455	1 880
<i>Deferred charges relating to exchange transactions</i>	5	18
<i>Others</i>	4	2
<b>Total</b>	<b>7 028</b>	<b>22 784</b>

The main element concerns the treasury liaison/intercompany accounts. Following the appointment of the Accounting Officer of the Commission as the Accounting Officer of the entity, the treasury of entity has been integrated into the Commission's treasury system. The payments and receipts are processed via the Commission's treasury system and registered on liaison accounts, which are presented under heading 'receivables from exchange transactions'. The decrease under this heading is linked to the effort of the entity to optimize the cash management by reducing the amount of funds on the bank account. Furthermore, in 2019 the liaison accounts balance included the funds needed to pay at the beginning of 2020 the retained 5% on prefinancing to the H2020 Program Guarantee Fund (kEUR 4 606) while in 2020 this kind of payment was settled before the year-end.

The decrease in the customers balance is explained mainly by an atypical high balance at the previous year-end due to a recovery order issued at the end of 2019 and cashed at the beginning of 2020.

## LIABILITIES

### 2.5. PAYABLES AND OTHER LIABILITIES

Payables are liabilities to pay for goods or services that have been received or supplied and - unlike accrued charges - have already been invoiced or formally agreed with the supplier. Payables can relate to both exchange transactions (such as the purchase of goods and services) and non-exchange transactions (e.g. cost claims from beneficiaries of grants, pre-financing or other EU funding).

EUR '000

	31.12.2020	31.12.2019
<i>Contribution in kind to be validated</i>	49 498	59 901
<i>Suppliers</i>	9 365	3 697
<i>Public bodies</i>	18	988
<i>Sundry payables</i>	258	4 956
<b>Total</b>	<b>59 139</b>	<b>69 543</b>

Included under the heading 'contribution in-kind to be validated' are the in-kind contributions from Members relating to on-going or ended projects without a validated cost statement at 31 December 2020. According to the rules applicable to validation of in-kind contributions in Horizon 2020, the in-kind contributions can be only entered in net assets when the underlying costs have been certified by an audit and the amount has been accepted (validated) by the JU director. Until then the estimated in-kind contributions are presented under Contributions in kind contribution to be validated. The contribution is estimated on a case-by-case basis using the best available information on the projects at 31 December 2020: the in-kind contributions estimated based on cost claims received but not validated amounted to kEUR 35 022 (kEUR 40 885 in 2019). The in-kind contributions estimated based on the pro-rata method amounted to kEUR 14 476 (kEUR 18 992 in 2019). The estimated EU contributions related to those projects are included under accrued charges (see note 2.6). The decrease of the in-kind contributions to be validated is linked to the above mentioned H2020 rules for the transfer of in-kind contributions to net assets. The amounts presented under this heading are expected to continuously increase until the final stage of the H2020 programme when the final project reports are going to be received and it will thus be possible to validate the in-kind contributions.

The global increase of amounts due to suppliers and public bodies is due to the fact that in 2020 there was a high number of cost claims submitted but not yet paid at year end.

Sundry payables mainly refers to one payment made the last days of 2020 that was returned because the bank account of the beneficiary was incorrect. The large decrease of this sub-heading is explained by the pending payment at the end of 2019 to the H2020 Participant Guarantee Fund as mentioned above.

## 2.6. ACCRUED CHARGES

Accruals are liabilities to pay for goods or services that have been received or supplied but - unlike payables - have not yet been invoiced or formally agreed with the supplier. They include amounts due to employees (e.g. accruals for untaken holidays). The calculation of accruals is based on the open amount of budgetary commitments at year-end. The portion of the estimated accrued charges relating to pre-financing paid has been recorded as a reduction of the pre-financing amounts.

EUR '000

	31.12.2020	31.12.2019
<i>Accrued charges</i>	39 164	41 036

They are mainly composed of estimated operational expenses of kEUR 38 575 for on-going or ended projects without a validated cost statement where the 2020 expense was estimated on a case-by-case basis using the best available information about the projects at 31 December 2020. The estimations were carried out either using a pro-rata temporis method or asking directly for the beneficiary their best estimation of expenses incurred at that date. The portion of the estimated accrued charges which relates to pre-financing paid has been recorded as a reduction of the pre-financing amounts (see note 2.3).

Included under this heading are also accrued administrative expenses of kEUR 528 and accrued staff expenses for untaken leave of kEUR 60.

## NET ASSETS

### 2.7. CONTRIBUTIONS FROM MEMBERS

The JU is funded by contributions from its members. Given their funding nature these contributions, which comprise both cash contributions and contributions in kind, are recognised in the JU's net assets as 'Contributions from owners'. The term 'owner' does not imply ownership of any shares of the JU (in fact no shares are issued), but reflects the specific governance of the JU where voting rights are allocated in accordance with the contributions made.

Programming period	2020			2019			<i>EUR '000</i>
	Cash	in-Kind	Total	Cash	in-Kind	Total	
<i>FP7</i>	424 904	459 499	884 402	420 382	448 729	869 111	
<i>H2020</i>	507 290	11 916	519 206	426 399	5 376	431 775	
<b>Total</b>	<b>932 194</b>	<b>471 415</b>	<b>1 403 608</b>	<b>846 781</b>	<b>454 105</b>	<b>1 300 886</b>	



## 2.7.1. Research and Innovation funding programme for 2007-2013 (FP7)

Unlike for the Horizon 2020 programme (see below note **2.7.2**), under the FP7 programme the total eligible costs minus the EU co-financing (except those provided by JRC – see note **4.2**) validated by the Executive Director FCH 2 JU are considered in-kind contribution.

Member	Commission		Industry Grouping		Research Grouping		Total	
	Cash	In kind	Cash	In kind	Cash	In kind	Cash	In kind
<i>EUR '000</i>								
<i>Running costs contributions at 31.12.2019</i>	9 253	1 808	15 329	–	2 555	–	<b>27 137</b>	<b>1 808</b>
<i>Current year contributions</i>	–	–	–	–	–	–	–	–
<b>Running costs contributions at 31.12.2020</b>	<b>9 253</b>	<b>1 808</b>	<b>15 329</b>	<b>–</b>	<b>2 555</b>	<b>–</b>	<b>27 137</b>	<b>1 808</b>
<i>Operating costs contributions at 31.12.2019</i>	393 245	17 299	–	286 466	–	143 156	<b>393 245</b>	<b>446 921</b>
<i>Adjustments of prior years' contributions</i>	–	–	–	(1 110)	–	(176)	–	<b>(1 286)</b>
<i>Current year contributions</i>	4 521	–	–	7 499	–	4 557	<b>4 521</b>	<b>12 056</b>
<b>Operating costs contributions at 31.12.2020</b>	<b>397 767</b>	<b>17 299</b>	<b>–</b>	<b>292 855</b>	<b>–</b>	<b>147 536</b>	<b>397 767</b>	<b>457 690</b>
<i>TOTAL contributions at 31.12.2019</i>	402 499	19 107	15 329	286 466	2 555	143 156	<b>420 382</b>	<b>448 729</b>
<b>TOTAL contributions at 31.12.2020</b>	<b>407 020</b>	<b>19 107</b>	<b>15 329</b>	<b>292 855</b>	<b>2 555</b>	<b>147 536</b>	<b>424 904</b>	<b>459 499</b>
<i>% of total contributions (by type)</i>	95.79%	4.16%	3.61%	63.73%	0.60%	32.11%	<b>100.00%</b>	<b>100.00%</b>
<i>Total contribution in %</i>	48.18%		34.85%		16.97%		<b>100.00%</b>	
<i>Voting rights %</i>	41.67%		50.00%		8.33%		100%	

## 2.7.2. Research and Innovation funding programme for 2014-2020 (Horizon 2020)

In line with the Horizon 2020 rules, only contributions from the members certified by an external auditor and validated by the Executive Director of the JU are considered in-kind contributions to the net assets. 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.

With regard to the Horizon 2020 programme, Council Regulation (EC) No 559/2014 distinguishes between Members (European Commission, Industry Grouping and Research Grouping) and non-members of the JU.

Member	Commission		Industry Grouping		Research Grouping		Total	
	Cash	In kind	Cash	In kind	Cash	In kind	Cash	In kind
<i>Running costs contributions at 31.12.2019</i>	6 332	-	5 445	-	886	-	<b>12 663</b>	-
<i>Current year contributions</i>	2 382	-	2 048	-	333	-	<b>4 763</b>	-
<b>Running costs contributions at 31.12.2020</b>	<b>8 713</b>	-	<b>7 494</b>	-	<b>1 220</b>	-	<b>17 426</b>	-
<i>Operating costs contributions at 31.12.2019</i>	413 735	-	-	5 230	-	146	<b>413 736</b>	<b>5 376</b>
<i>Adjustments of prior years' contributions</i>	-	-	-	-	-	-	-	-
<i>Current year contributions</i>	76 128	-	-	6 540	-	-	<b>76 128</b>	<b>6 540</b>
<b>Operating costs contributions at 31.12.2020</b>	<b>489 863</b>	-	-	<b>11 770</b>	-	<b>146</b>	<b>489 864</b>	<b>11 916</b>
<i>TOTAL contributions at 31.12.2019</i>	420 067	-	5 445	5 230	886	146	<b>426 399</b>	<b>5 376</b>
<b>TOTAL contributions at 31.12.2020</b>	<b>498 577</b>	-	<b>7 494</b>	<b>11 770</b>	<b>1 220</b>	<b>146</b>	<b>507 290</b>	<b>11 916</b>
<i>% of total contributions (by type)</i>	98.28%	0.00%	1.48%	98.77%	0.24%	1.23%	<b>100.00%</b>	<b>100.00%</b>
<i>Total contribution in %</i>	96.03%		3.71%		0.26%		<b>100.00%</b>	
<i>Voting rights %</i>	50.00%		43.00%		7.00%		<b>100.00%</b>	

### 3. NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE

#### NON-EXCHANGE REVENUE

Revenue from non-exchange transactions relates to transactions where the transferor provides resources to the recipient entity without the recipient entity providing approximately equal value directly in exchange. The heading mainly includes recoveries of operational expenses.

#### 3.1. RECOVERY OF EXPENSES

The revenue resulting from recovery of expenses refers to operational expenses recovered from beneficiaries during the year and adjustments coming from audits that will be collected in the following year.

	<i>EUR '000</i>	
	2020	2019
<i>Recovery of expenses</i>	3 444	1 534

#### EXCHANGE REVENUE

The revenue from exchange transactions and events relates to following types of transactions: rendering of services; sale of goods; and the use by others of entity assets yielding interest, royalties and dividends.

#### 3.2. FINANCIAL REVENUE

	<i>EUR '000</i>	
	2020	2019
<i>Financial revenue</i>	6	15

This heading refers entirely to interest income on late payments.

#### 3.3. OTHER EXCHANGE REVENUE

	<i>EUR '000</i>	
	2020	2019
<i>Other</i>	44	10

The other exchange revenue refers to the write back of receivables written off in previous years (kEUR 33) and to value adjustments to tangible assets made after a physical inventory (kEUR 11).

## EXPENSES

### 3.4. OPERATIONAL COSTS

	EUR '000	
	2020	2019
<i>Operational costs: validated in-kind contributions</i>	18 595	12 128
<i>Operational costs: estimated in-kind contributions</i>	(10 403)	14 721
<b>Total operational costs from in-kind contributions</b>	<b>8 192</b>	<b>26 849</b>
<i>Operational costs: validated EU contributions</i>	83 803	215 613
<i>Operational costs: estimated EU contributions</i>	(82)	(107 044)
<b>Total operational costs from EU contributions</b>	<b>83 721</b>	<b>108 568</b>
<b>Total</b>	<b>91 913</b>	<b>135 418</b>

The negative amounts of the estimated operational costs relate to the fact that reversal of estimated expenses (negative) from previous periods were higher than the amounts estimated in the current year.

The decrease of the total operational costs is mainly due to the initial slowdown effect of the COVID-19 crisis on the projects. Consequently, the JU received many related extensions requests that had an impact in reducing both the estimations and the requests of validations of expenses.

### 3.5. STAFF COSTS

This heading includes the expenses for salaries, allowances and other employment-related benefits. Based on the service level agreement between the JU and the Commission, the calculations of staff-related costs is carried out by the Commission's Office for Administration and Payment of Individual Entitlements (also known as the Paymaster's Office - PMO). The pensions of the JU 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 several factors, the most important of which is years of service. Both the JU staff and the EU budget contribute to the pension scheme, with the contribution percentage being revised annually in line with the changes in the Staff Regulation governing the scheme. The cost to the EU Budget is not reflected in the JU accounts. Similarly, no provision related to the future pension payments is recognised in the annual accounts of the JU, as the obligation falls to the Commission. Consequently, both the annual cost to the EU budget, and the future benefits payable to the JU staff, are accounted for in the Commission's annual accounts as part of its provision for pensions and other post-employment benefits. The pension costs included in the Commission's Statement of Financial Performance represent current service cost (rights accrued during the year due to service) and interest cost (unwinding of the liability discounting) which have arisen following the year-end actuarial valuation of the employee benefits liabilities.

	EUR '000	
	2020	2019
<i>Staff costs</i>	3 086	3 001

### 3.6. OTHER EXPENSES

	EUR '000	
	2020	2019
<i>Other external non-IT services</i>	443	213
<i>Communications &amp; publications</i>	437	533
<i>Operating leasing expenses</i>	334	325
<i>Experts expenses</i>	303	358
<i>External IT services</i>	279	241
Fixed assets depreciation and impairment	60	72
<i>Other</i>	7	225
<b>Total</b>	<b>1 863</b>	<b>1 967</b>

The increase non-IT services is mainly related to the fees for accounting services and audit while the decrease of communications and publications comes from the COVID-19 crisis restriction to events.

The decrease of the sub-heading 'other' is also mainly linked to the COVID-19 travel restrictions that reduced the expenses for mission from kEUR 166 in 2019 to kEUR 19 in 2020.

The operating lease expenses are related to the FCH 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
<i>Buildings</i>	338	1 054	-	1 391

## 4. OTHER SIGNIFICANT DISCLOSURES

### 4.1. OUTSTANDING COMMITMENTS NOT YET EXPENSED

The outstanding commitments not yet expensed comprise the budgetary RAL ('Reste à Liquider') less related amounts that have been included as expenses in the current year's statement of financial performance. The RAL represents the open budgetary 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.

EUR '000

	31.12.2020	31.12.2019
Outstanding commitments not yet expensed	112 233	136 119

### 4.2. SERVICES IN-KIND

At 31 December 2020 the Executive Director of FCH 2 JU validated services in-kind provided by the Joint Research Centre (JRC) for a total value of kEUR 4 284, unchanged compared to 2019. According to Council Regulation (EC) No 521/2008 Article 5(4) the services in kind provided by JRC are not to be considered as part of the Community contribution covering running costs and operational costs and, therefore, accounted as described in note **1.6**.

The maximum Community contribution to the FCH Joint Undertaking covering running costs and operational costs shall be EUR 470 million. The contribution shall be paid from the appropriations in the general budget of the European Union allocated to the 'Energy', 'Nanosciences, Nanotechnologies, Materials and New Production Technologies', 'Environment (including Climate Change)', and 'Transport (including Aeronautics)' themes of the Specific Programme 'Cooperation' implementing the Seventh Framework Programme according to the provisions of Article 54(2)(b) of Regulation (EC, Euratom) No 1605/2002.

Any possible financial or in-kind contribution from the Joint Research Centre to the FCH Joint Undertaking shall not be considered as part of the Community contribution referred to in paragraph 1.

### 4.3. IN-KIND ADDITIONAL ACTIVITIES (IKAA)

Besides in-kind contributions in projects (IKOP), see notes **1.6.2** and **2.7.2**, in accordance with Council Regulation (EU) 559/2014 of 6 May 2014 establishing the FCH 2 JU, members other than the Union shall provide under H2020 programme, in-kind contributions of at least kEUR 285 000 over the period 2014–2024, consisting of the costs incurred by them in implementing additional activities outside the work plan of the FCH 2 Joint Undertaking, contributing to the objectives of the FCH Joint Technology Initiative.

A reporting exercise for IKAA took place in 2020 with total certified IKAA for 2014–2019 amounting to kEUR 876 550. The 2020 additional activities plan adopted by the FCH 2 JU GB on 13 December 2019 amounted to kEUR 313 560. The preliminary report on estimated amounts effectively implemented in 2020 submitted to the FCH 2 JU GB on 31 January 2021 in accordance with the Council Regulation indicates an amount of kEUR 218 520. It will be subject to certification expected by 30 April 2021 with validation process up to mid June 2021.

Taking into account certified and reported IKAA figures for 2014 – 2020, cumulative IKAA reaches an amount of kEUR 1 095 070, significantly more than the minimum kEUR 285 000 set in the FCH 2 JU founding regulation for the entire duration of H2020.

At the moment of preparation of the annual accounts the annual IKAA certification for 2020 was in progress. Based on the previous year's experience, the expectations are that from kEUR 218 520 reported in the Preliminary Report as of 31 January 2021, up to 80% of the figures will be certified by external auditors.

The Additional Activities Plan for 2021 will be submitted later in 2021, with reference to the new Horizon Europe framework programme.

The additional activities for H2020 programme consist of investments in the following main fields:

- Transportation (FC cars, FC buses, FC range extenders, material handling vehicles, Auxiliary Power Units for aviation and trucks);
- Transport Infrastructure (hydrogen refuelling infrastructure, including on-site green H2 production);
- Hydrogen production (large scale green hydrogen production via electrolysis, hydrogen purification, power-to-hydrogen and storage of renewables);
- Heat and power equipment (distributed power generation FC applications, self-sufficient household systems, back-up systems, manufacturing facilities);
- Regulations, standards and education (energy storage roadmaps, including dissemination activities and awareness, commercialisation strategies, patents).

Further information is available in the 2014-2020 reports on IKAA that are published on FCH 2 JU website and in the annual reports of the FCH 2 JU.

## 4.4. RELATED PARTIES

The related parties of the JU are the participants of the JU and the key management personnel of these entities. As transactions between the JU and these parties take place as part of the normal operations of the JU and on terms and conditions that are normal for such transactions, no specific disclosures are required.

## 4.5. KEY MANAGEMENT ENTITLEMENTS

The Director, or head of entity, is remunerated in accordance with the Staff Regulations of the European Union, which establish the rights and obligations of all officials of the EU. The Staff Regulations are published on the Europa website.

	31.12.2020	31.12.2019
<i>Executive Director</i>	AD 14	AD 14

## 4.6. OTHER EVENTS

On 1 February 2020 the United Kingdom ceased to be a Member State of the European Union. Following the conclusion of the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community (the 'Withdrawal Agreement') between the two parties, the United Kingdom committed to pay all its obligations under the current MFF and previous financial perspectives following from its membership of the Union. The United Kingdom has paid into the 2020 EU Budget during the year, and received payments, as if it were a Member State.

At the date of transmission of these accounts, and based on the Withdrawal Agreement concluded and already in operation, there is no financial impact to be reported in these accounts. For further information on the impact of the Withdrawal Agreement on the EU, please see the 2020 consolidated EU annual accounts.

## 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 entity has no significant interest rate risk and other price risk).

(1) *Currency risk* is the risk that the entity operations will be affected by changes in exchange rates. This risk arises from the change in the 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. The entity 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 non-payment or other failure to meet a contractual obligation. The default events include a delay in 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

At the end of the year, the financial assets are composed of exchange receivables and non-exchange recoverables. The financial liabilities are composed of accounts payable. Their ending balances are mainly quoted in EUR, the entity is thus not exposed to currency risk.

### 5.3. CREDIT RISK

At the end of the year, the financial assets comprise exchange receivables and non-exchange recoverables that are neither past due nor impaired, the entity is thus not exposed to credit risk.

### 5.4. LIQUIDITY RISK

The financial liabilities are mainly composed of accounts payable. All the accounts payable have remaining contractual 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, some financial data in the tables below may appear not to add-up.*

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# 1. BUDGETARY PRINCIPLES AND STRUCTURE

## 1.1. BUDGETARY PRINCIPLES

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

### **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 FCH 2 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**

Since 1 January 2015, no distinction between non-dissociated and dissociated appropriations is made. All appropriations follow the dissociated logic.

Following the provisions of the Financial rules of FCH 2 JU, the budget accounts shall consist of a statement of revenue and a statement of expenditure. The budget is distributed in the following titles:

### **Title 1**

Budget lines relating to staff expenditure such as salaries and allowances for personnel working with FCH 2 JU. It also includes recruitment expenses, staff missions, expenses for the socio-medical infrastructure and representation costs.

### **Title 2**

Budget lines relating to all infrastructure, equipment and miscellaneous administrative expenditure.

### **Title 3**

Budget lines providing for the implementation of the activities and tasks assigned to FCH 2 JU in accordance with its establishing Council Regulation (EC) No 559/2014.

## 2. RESULT OF THE IMPLEMENTATION OF THE BUDGET

		<i>EUR '000</i>	
	Title	2020	2019
<b>Revenue</b>		<b>89 277</b>	<b>105 085</b>
of which:			
<i>Subsidies and revenues</i>	2	89 277	105 085
<b>Expenditure</b>		<b>(98 903)</b>	<b>(112 012)</b>
of which:			
<i>Staff expenditure</i>	1	(3 317)	(3 342)
<i>Administrative expenditure</i>	2	(1 594)	(1 601)
<i>Operational expenditure</i>	3	(93 991)	(107 069)
<b>Budget result</b>		<b>(9 626)</b>	<b>(6 927)</b>

### 3. RECONCILIATION OF ECONOMIC RESULT WITH BUDGET RESULT

EUR '000

	2020	2019
<b>ECONOMIC RESULT OF THE YEAR</b>	<b>(93 368)</b>	<b>(138 828)</b>
<b>Adjustment for accrual items (items not in the budgetary result but included in the economic result)</b>		
<i>In-kind contributions validated in the year</i>	17 309	13 160
<i>Adjustments for accrual cut-off (net)</i>	(11 763)	11 339
<i>Unpaid invoices at year end but booked in expenses</i>	2 251	9 460
<i>Depreciation, amortization, impairment and income from intangible and tangible assets</i>	49	72
<i>Movement in provisions</i>	(33)	-
<i>Recovery orders issued in the year and not yet cashed</i>	(0)	-
<i>Pre-financing paid in previous year and cleared in the year</i>	44 401	48 238
<b>Adjustment for budgetary items (item included in the budgetary result but not in the economic result)</b>		
<i>Members' cash contributions collected in the year</i>	85 413	104 238
<i>Asset acquisitions (less unpaid amounts)</i>	(37)	(43)
<i>New pre-financing paid in the year and remaining open as at 31 December</i>	(55 515)	(54 786)
<i>Entitlements established in previous year and cashed in the year</i>	1 666	224
<b>BUDGET RESULT OF THE YEAR</b>	<b>(9 626)</b>	<b>(6 927)</b>

## 4. IMPLEMENTATION OF BUDGET REVENUE

### 4.1. Implementation of budget revenue – Title 2

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
2001	European Commission subsidy for operational expenditure (7th Framework Programme)	3 935	4 521	4 521	-	4 521	4 521	-	4 521	100 %	-
2002	European Commission subsidy for administrative expenditure	2 382	2 382	2 382	-	2 382	2 382	-	2 382	100 %	-
2003	Hydrogen Europe contribution for administrative expenditure	2 048	2 048	2 048	-	2 048	2 048	-	2 048	100 %	-
2004	Hydrogen Europe Research contribution for administrative expenditure	333	333	333	-	333	333	-	333	100 %	-
2005	European Commission subsidy for operational expenditure (Horizon 2020)	76 128	76 128	76 128	-	76 128	76 128	-	76 128	100 %	-
2006	JTI revenues	-	-	2 198	1 666	3 865	2 198	1 666	3 864	-	1
<b>Total Chapter 20</b>		<b>84 827</b>	<b>85 413</b>	<b>87 611</b>	<b>1 666</b>	<b>89 277</b>	<b>87 610</b>	<b>1 666</b>	<b>89 277</b>	<b>105 %</b>	<b>1</b>
<b>Total Title 2</b>		<b>84 827</b>	<b>85 413</b>	<b>87 611</b>	<b>1 666</b>	<b>89 277</b>	<b>87 610</b>	<b>1 666</b>	<b>89 277</b>	<b>105 %</b>	<b>1</b>
<b>GRAND TOTAL</b>		<b>84 827</b>	<b>85 413</b>	<b>87 611</b>	<b>1 666</b>	<b>89 277</b>	<b>87 610</b>	<b>1 666</b>	<b>89 277</b>	<b>105 %</b>	<b>1</b>

## 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 apppr. available
	Initial adopted budget	Amending budgets	Transfers	Final budget adopted	Reactivated appropriations	Assigned revenue	Total	
	1	2	3	4=1+2+3	5	6	7=5+6	8=4+7
1100 Staff in active employment	2 589	-	-	2 589	967	0	967	3 556
<b>Total Chapter 11</b>	<b>2 589</b>	<b>-</b>	<b>-</b>	<b>2 589</b>	<b>967</b>	<b>0</b>	<b>967</b>	<b>3 556</b>
1200 Expenditure related to recruitment	5	-	-	5	-	-	-	5
<b>Total Chapter 12</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5</b>
1300 Missions and travel	175	-	-	175	-	-	-	175
<b>Total Chapter 13</b>	<b>175</b>	<b>-</b>	<b>-</b>	<b>175</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>175</b>
1400 Sociomedical infrastructure and training	45	-	-	45	-	-	-	45
<b>Total Chapter 14</b>	<b>45</b>	<b>-</b>	<b>-</b>	<b>45</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45</b>
1500 Entertainment and representation expenses	6	-	-	6	-	-	-	6
<b>Total Chapter 15</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6</b>
<b>Total Title 1</b>	<b>2 819</b>	<b>-</b>	<b>-</b>	<b>2 819</b>	<b>967</b>	<b>0</b>	<b>967</b>	<b>3 786</b>



## 5.1.2. Breakdown &amp; changes in commitment appropriations – Title 2

EUR '000

Item	Initial adopted budget	Budget appropriations			Final budget adopted	Additional appropriations			Total approp. available
		Amending budgets	Transfers			Reactivated appropriations	Assigned revenue	Total	
	1	2	3	4=1+2+3	5	6	7=5+6	8=4+7	
2000 Investments in immovable property, rental of buildings and associated costs	370	-	-	370	-	2	2	372	
Total Chapter 20	370	-	-	370	-	2	2	372	
2100 Information technology	372	-	43	415	10	2	11	426	
Total Chapter 21	372	-	43	415	10	2	11	426	
2200 Movable property and associated costs	5	-	-	5	-	-	-	5	
Total Chapter 22	5	-	-	5	-	-	-	5	
2300 Current administrative expenditure	11	-	-	11	-	-	-	11	
Total Chapter 23	11	-	-	11	-	-	-	11	
2400 Correspondence, postage and telecommunications	13	-	9	22	-	-	-	22	
Total Chapter 24	13	-	9	22	-	-	-	22	
2500 Expenditure on formal and other meetings	90	-	(30)	60	-	-	-	60	
Total Chapter 25	90	-	(30)	60	-	-	-	60	
2600 Communication costs	500	-	48	548	-	29	29	577	
Total Chapter 26	500	-	48	548	-	29	29	577	
2700 Service contracts	222	-	(70)	152	110	-	110	262	
Total Chapter 27	222	-	(70)	152	110	-	110	262	
2800 Expert contracts and meetings	361	-	-	361	-	-	-	361	
Total Chapter 28	361	-	-	361	-	-	-	361	
<b>Total Title 2</b>	<b>1 944</b>	<b>-</b>	<b>-</b>	<b>1 944</b>	<b>120</b>	<b>32</b>	<b>152</b>	<b>2 097</b>	

## 5.1.3. Breakdown &amp; changes in commitment appropriations – Title 3

EUR '000

Item	Budget appropriations			Additional appropriations			Total	Total appropriations available	
	Initial adopted budget	Amending budgets	Transfers	Final budget adopted	Reactivated appropriations	Assigned revenue			
	1	2	3	4=1+2+3	5	6	7=5+6	8=4+7	
3001	Implementing the research agenda of FCH Joint Undertaking: 7th Framework Programme (FP7)	-	-	-	-	-	1 661	1 661	1 661
3002	Implementing the research agenda of FCH Joint Undertaking: Horizon 2020	81 510	-	-	81 510	13 048	2 130	15 178	96 688
Total Chapter 30		81 510	-	-	81 510	13 048	3 791	16 839	98 349
<b>Total Title 3</b>		<b>81 510</b>	<b>-</b>	<b>-</b>	<b>81 510</b>	<b>13 048</b>	<b>3 791</b>	<b>16 839</b>	<b>98 349</b>
<b>GRAND TOTAL</b>		<b>86 274</b>	<b>-</b>	<b>-</b>	<b>86 274</b>	<b>14 135</b>	<b>3 823</b>	<b>17 958</b>	<b>104 232</b>

## 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 appropriations available
	Initial budget adopted	Amending budgets	Transfers	Final adopted budget	Reactivated appropriations	Assigned revenue	Total	
	1	2	3	4=1+2+3	5	6	7=5+6	
1100 Staff in active employment	2 589	–	–	2 589	1 064	0	1 064	3 653
<b>Total Chapter 11</b>	<b>2 589</b>	<b>–</b>	<b>–</b>	<b>2 589</b>	<b>1 064</b>	<b>0</b>	<b>1 064</b>	<b>3 653</b>
1200 Expenditure related to recruitment	5	–	–	5	–	–	–	5
<b>Total Chapter 12</b>	<b>5</b>	<b>–</b>	<b>–</b>	<b>5</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>5</b>
1300 Missions and travel	175	–	–	175	24	–	24	199
<b>Total Chapter 13</b>	<b>175</b>	<b>–</b>	<b>–</b>	<b>175</b>	<b>24</b>	<b>–</b>	<b>24</b>	<b>199</b>
1400 Sociomedical infrastructure and training	45	–	–	45	6	–	6	50
<b>Total Chapter 14</b>	<b>45</b>	<b>–</b>	<b>–</b>	<b>45</b>	<b>6</b>	<b>–</b>	<b>6</b>	<b>50</b>
1500 Entertainment and representation expenses	6	–	–	6	–	–	–	6
<b>Total Chapter 15</b>	<b>6</b>	<b>–</b>	<b>–</b>	<b>6</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>6</b>
<b>Total Title 1</b>	<b>2 819</b>	<b>–</b>	<b>–</b>	<b>2 819</b>	<b>1 093</b>	<b>0</b>	<b>1 093</b>	<b>3 912</b>

## 5.2.2. Breakdown &amp; changes in payment appropriations – Title 2

EUR '000

Item	Budget appropriations			Final adopted budget	Additional appropriations			Total	Total approp. available
	Initial budget adopted	Amending budgets	Transfers		Reactivated appropriations	Assigned revenue			
	1	2	3	4=1+2+3	5	6	7=5+6	8=4+7	
2000 Investments in immovable property, rental of buildings and associated costs	370	-	-	370	11	2	13	383	
<b>Total Chapter 20</b>	<b>370</b>	<b>-</b>	<b>-</b>	<b>370</b>	<b>11</b>	<b>2</b>	<b>13</b>	<b>383</b>	
2100 Information technology	372	-	43	415	247	2	249	664	
<b>Total Chapter 21</b>	<b>372</b>	<b>-</b>	<b>43</b>	<b>415</b>	<b>247</b>	<b>2</b>	<b>249</b>	<b>664</b>	
2200 Movable property and associated costs	5	-	-	5	-	-	-	5	
<b>Total Chapter 22</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5</b>	
2300 Current administrative expenditure	11	-	-	11	1	-	1	12	
<b>Total Chapter 23</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>11</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>12</b>	
2400 Correspondence, postage and telecommunications	13	-	9	22	9	-	9	31	
<b>Total Chapter 24</b>	<b>13</b>	<b>-</b>	<b>9</b>	<b>22</b>	<b>9</b>	<b>-</b>	<b>9</b>	<b>31</b>	
2500 Expenditure on formal and other meetings	90	-	(30)	60	4	-	4	64	
<b>Total Chapter 25</b>	<b>90</b>	<b>-</b>	<b>(30)</b>	<b>60</b>	<b>4</b>	<b>-</b>	<b>4</b>	<b>64</b>	
2600 Communication costs	500	-	48	548	272	29	301	848	
<b>Total Chapter 26</b>	<b>500</b>	<b>-</b>	<b>48</b>	<b>548</b>	<b>272</b>	<b>29</b>	<b>301</b>	<b>848</b>	
2700 Service contracts	222	-	(70)	152	303	-	303	455	
<b>Total Chapter 27</b>	<b>222</b>	<b>-</b>	<b>(70)</b>	<b>152</b>	<b>303</b>	<b>-</b>	<b>303</b>	<b>455</b>	
2800 Expert contracts and meetings	361	-	-	361	18	-	18	379	
<b>Total Chapter 28</b>	<b>361</b>	<b>-</b>	<b>-</b>	<b>361</b>	<b>18</b>	<b>-</b>	<b>18</b>	<b>379</b>	
<b>Total Title 2</b>	<b>1 944</b>	<b>-</b>	<b>-</b>	<b>1 944</b>	<b>863</b>	<b>32</b>	<b>896</b>	<b>2 840</b>	

## 5.2.3. Breakdown &amp; changes in payment appropriations – Title 3

EUR '000

Item	Budget appropriations			Additional appropriations			Total	Total appropriations available
	Initial budget adopted	Amending budgets	Transfers	Final adopted budget	Reactivated appropriations	Assigned revenue		
	1	2	3	4=1+2+3	5	6	7=5+6	8=4+7
3001 Implementing the research agenda of FCH Joint Undertaking: 7th Framework Programme (FP7)	3 935	586	(15)	4 506	702	1 661	2 363	6 869
3002 Implementing the research agenda of FCH Joint Undertaking: Horizon 2020	76 128	–	15	76 143	11 884	2 130	14 014	90 157
Total Chapter 30	80 063	586	–	80 649	12 587	3 791	16 377	97 027
<b>Total Title 3</b>	<b>80 063</b>	<b>586</b>	<b>–</b>	<b>80 649</b>	<b>12 587</b>	<b>3 791</b>	<b>16 377</b>	<b>97 027</b>
<b>GRAND TOTAL</b>	<b>84 827</b>	<b>586</b>	<b>–</b>	<b>85 413</b>	<b>14 543</b>	<b>3 823</b>	<b>18 366</b>	<b>103 779</b>

## 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 2021			Appropriations lapsing				
		from final adopt. budget	from re-activations	from assign. revenue	Total	%	Assign. revenue	By decision	Total	from final adopt. budget	from re-activations	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
1100 Staff in active employment	3 556	2 315	967	-	3 282	92 %	-	-	-	274	-	0	274
<b>Total Chapter 11</b>	<b>3 556</b>	<b>2 315</b>	<b>967</b>	<b>-</b>	<b>3 282</b>	<b>92 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>274</b>	<b>-</b>	<b>0</b>	<b>274</b>
1200 Expenditure related to recruitment	5	1	-	-	1	12 %	-	-	-	4	-	-	4
<b>Total Chapter 12</b>	<b>5</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>12 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>4</b>
1300 Missions and travel	175	22	-	-	22	12 %	-	-	-	153	-	-	153
<b>Total Chapter 13</b>	<b>175</b>	<b>22</b>	<b>-</b>	<b>-</b>	<b>22</b>	<b>12 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>153</b>	<b>-</b>	<b>-</b>	<b>153</b>
1400 Sociomedical infrastructure and training	45	23	-	-	23	51 %	-	-	-	22	-	-	22
<b>Total Chapter 14</b>	<b>45</b>	<b>23</b>	<b>-</b>	<b>-</b>	<b>23</b>	<b>51 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22</b>	<b>-</b>	<b>-</b>	<b>22</b>
1500 Entertainment and representation expenses	6	5	-	-	5	81 %	-	-	-	1	-	-	1
<b>Total Chapter 15</b>	<b>6</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>81 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>
<b>Total Title 1</b>	<b>3 786</b>	<b>2 364</b>	<b>967</b>	<b>-</b>	<b>3 331</b>	<b>88 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>455</b>	<b>-</b>	<b>0</b>	<b>455</b>

## 5.3.2. Implementation of commitment appropriations - Title 2

EUR '000

Item	Total approp. available	Commitments made				Appropriations carried over to 2021			Appropriations lapsing				
		from final adopt. budget	from re-activations	from assign. revenue	Total	%	Assign. revenue	By decision	Total	from final adopt. budget	from re-activations	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
2000 Investments in immovable property, rental of buildings and associated costs	372	345	-	-	345	93 %	-	-	-	25	-	2	26
<b>Total Chapter 20</b>	<b>372</b>	<b>345</b>	<b>-</b>	<b>-</b>	<b>345</b>	<b>93 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25</b>	<b>-</b>	<b>2</b>	<b>26</b>
2100 Information technology	426	402	10	-	411	97 %	-	-	-	13	-	2	15
<b>Total Chapter 21</b>	<b>426</b>	<b>402</b>	<b>10</b>	<b>-</b>	<b>411</b>	<b>97 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13</b>	<b>-</b>	<b>2</b>	<b>15</b>
2200 Movable property and associated costs	5	-	-	-	-	0 %	-	-	-	5	-	-	5
<b>Total Chapter 22</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>5</b>
2300 Current administrative expenditure	11	8	-	-	8	72 %	-	-	-	3	-	-	3
<b>Total Chapter 23</b>	<b>11</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>72 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>3</b>
2400 Correspondence, postage and telecommunications	22	22	-	-	22	100 %	-	-	-	0	-	-	0
<b>Total Chapter 24</b>	<b>22</b>	<b>22</b>	<b>-</b>	<b>-</b>	<b>22</b>	<b>100 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>0</b>
2500 Expenditure on formal and other meetings	60	15	-	-	15	25 %	-	-	-	45	-	-	45
<b>Total Chapter 25</b>	<b>60</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>25 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45</b>	<b>-</b>	<b>-</b>	<b>45</b>
2600 Communication costs	577	525	-	-	525	91 %	-	-	-	23	-	29	52
<b>Total Chapter 26</b>	<b>577</b>	<b>525</b>	<b>-</b>	<b>-</b>	<b>525</b>	<b>91 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23</b>	<b>-</b>	<b>29</b>	<b>52</b>
2700 Service contracts	262	111	37	-	148	56 %	-	-	-	41	73	-	114
<b>Total Chapter 27</b>	<b>262</b>	<b>111</b>	<b>37</b>	<b>-</b>	<b>148</b>	<b>56 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41</b>	<b>73</b>	<b>-</b>	<b>114</b>
2800 Expert contracts and meetings	361	247	-	-	247	68 %	-	-	-	114	-	-	114
<b>Total Chapter 28</b>	<b>361</b>	<b>247</b>	<b>-</b>	<b>-</b>	<b>247</b>	<b>68 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>114</b>	<b>-</b>	<b>-</b>	<b>114</b>
<b>Total Title 2</b>	<b>2 097</b>	<b>1 675</b>	<b>46</b>	<b>-</b>	<b>1 722</b>	<b>82 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>269</b>	<b>73</b>	<b>32</b>	<b>375</b>

## 5.3.3. Implementation of commitment appropriations - Title 3

EUR '000

Item	Total approp. available	Commitments made				Appropriations carried over to 2021			Appropriations lapsing					
		from final adopt. budget	from re-activations	from assign. revenue	Total	%	Assign. revenue	By decision	Total	from final adopt. budget	from re-activations	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	
3001	Implementing the research agenda of FCH Joint Undertaking; 7th Framework Programme (FP7)	1 661	-	-	-	-	0 %	-	-	-	-	-	1 661	1 661
3002	Implementing the research agenda of FCH Joint Undertaking; Horizon 2020	96 688	80 299	13 048	-	93 347	97 %	-	-	-	1 211	-	2 130	3 341
Total Chapter 30		98 349	80 299	13 048	-	93 347	95 %	-	-	-	1 211	-	3 791	5 002
<b>Total Title 3</b>		<b>98 349</b>	<b>80 299</b>	<b>13 048</b>	<b>-</b>	<b>93 347</b>	<b>95 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 211</b>	<b>-</b>	<b>3 791</b>	<b>5 002</b>
<b>GRAND TOTAL</b>		<b>104 232</b>	<b>84 339</b>	<b>14 061</b>	<b>-</b>	<b>98 400</b>	<b>94 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 935</b>	<b>73</b>	<b>3 823</b>	<b>5 831</b>



## 5.4. IMPLEMENTATION OF PAYMENT APPROPRIATIONS

### 5.4.1. Implementation of payment appropriations - Title 1

EUR '000

Item	Total approp. availab.	Payments made						Appropriations carried over to 2021				Appropriations lapsing			
		from final adopt. budget	from re-activations	from assign. revenue	Total	%	Autom. carry-overs	By decision	Assigned rev.	Total	from final adopt. budget	from re-activations	from assign. 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	
1100 Staff in active employment	3 653	2 193	1 064	-	3 257	89 %	-	-	-	-	396	-	0	396	
<b>Total Chapter 11</b>	<b>3 653</b>	<b>2 193</b>	<b>1 064</b>	<b>-</b>	<b>3 257</b>	<b>89 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>396</b>	<b>-</b>	<b>0</b>	<b>396</b>	
1200 Expenditure related to recruitment	5	1	-	-	1	12 %	-	-	-	-	4	-	-	4	
<b>Total Chapter 12</b>	<b>5</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>12 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>4</b>	
1300 Missions and travel	199	7	24	-	31	16 %	-	-	-	-	168	-	-	168	
<b>Total Chapter 13</b>	<b>199</b>	<b>7</b>	<b>24</b>	<b>-</b>	<b>31</b>	<b>16 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>168</b>	<b>-</b>	<b>-</b>	<b>168</b>	
1400 Sociomedical infrastructure and training	50	20	6	-	25	50 %	-	-	-	-	25	-	-	25	
<b>Total Chapter 14</b>	<b>50</b>	<b>20</b>	<b>6</b>	<b>-</b>	<b>25</b>	<b>50 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>25</b>	
1500 Entertainment and representation expenses	6	3	-	-	3	62 %	-	-	-	-	2	-	-	2	
<b>Total Chapter 15</b>	<b>6</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>62 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>2</b>	
<b>Total Title 1</b>	<b>3 912</b>	<b>2 224</b>	<b>1 093</b>	<b>-</b>	<b>3 317</b>	<b>85 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>595</b>	<b>-</b>	<b>0</b>	<b>595</b>	

## 5.4.2. Implementation of payment appropriations - Title 2

EUR '000

Item	Total approp. availab.	Payments made						Appropriations carried over to 2021				Appropriations lapsing			
		from final adopt. budget	from re-activations	from assign. revenue	Total	%	Autom. carry-overs	By decision	Assigned rev.	Total	from final adopt. budget	from re-activations	from assign. 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	
2000 Investments in immovable property, rental of buildings and associated costs	383	331	11	-	342	89 %	-	-	-	-	39	-	2	41	
<b>Total Chapter 20</b>	<b>383</b>	<b>331</b>	<b>11</b>	<b>-</b>	<b>342</b>	<b>89 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39</b>	<b>-</b>	<b>2</b>	<b>41</b>	
2100 Information technology	664	135	247	-	382	58 %	-	-	-	-	280	-	2	281	
<b>Total Chapter 21</b>	<b>664</b>	<b>135</b>	<b>247</b>	<b>-</b>	<b>382</b>	<b>58 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>280</b>	<b>-</b>	<b>2</b>	<b>281</b>	
2200 Movable property and associated costs	5	-	-	-	-	0 %	-	-	-	-	5	-	-	5	
<b>Total Chapter 22</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>5</b>	
2300 Current administrative expenditure	12	5	1	-	6	47 %	-	-	-	-	6	-	-	6	
<b>Total Chapter 23</b>	<b>12</b>	<b>5</b>	<b>1</b>	<b>-</b>	<b>6</b>	<b>47 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>6</b>	
2400 Correspondence, postage and telecommunications	31	3	9	-	12	39 %	-	-	-	-	19	-	-	19	
<b>Total Chapter 24</b>	<b>31</b>	<b>3</b>	<b>9</b>	<b>-</b>	<b>12</b>	<b>39 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19</b>	<b>-</b>	<b>-</b>	<b>19</b>	
2500 Expenditure on formal and other meetings	64	15	4	-	18	29 %	-	-	-	-	45	-	-	45	
<b>Total Chapter 25</b>	<b>64</b>	<b>15</b>	<b>4</b>	<b>-</b>	<b>18</b>	<b>29 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45</b>	<b>-</b>	<b>-</b>	<b>45</b>	
2600 Communication costs	848	100	272	-	372	44 %	-	-	-	-	448	-	29	477	
<b>Total Chapter 26</b>	<b>848</b>	<b>100</b>	<b>272</b>	<b>-</b>	<b>372</b>	<b>44 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>448</b>	<b>-</b>	<b>29</b>	<b>477</b>	
2700 Service contracts	455	-	210	-	210	46 %	-	-	-	-	152	93	-	245	
<b>Total Chapter 27</b>	<b>455</b>	<b>-</b>	<b>210</b>	<b>-</b>	<b>210</b>	<b>46 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>152</b>	<b>93</b>	<b>-</b>	<b>245</b>	
2800 Expert contracts and meetings	379	235	18	-	253	67 %	-	-	-	-	126	-	-	126	

EUR '000

Item	Total approp. availab.	Payments made					Appropriations carried over to 2021				Appropriations lapsing			
		from final adopt. budget	from re-activatio ns	from assign. revenue	Total	%	Autom. carry-overs	By decision	Assigned rev.	Total	from final adopt. budget	from re-activatio ns	from assign. 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
Total Chapter 28	379	235	18	-	253	67 %	-	-	-	-	126	-	-	126
<b>Total Title 2</b>	<b>2 840</b>	<b>824</b>	<b>771</b>	<b>-</b>	<b>1 594</b>	<b>56 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 121</b>	<b>93</b>	<b>32</b>	<b>1 246</b>

## 5.4.3. Implementation of payment appropriations - Title 3

EUR '000

Item	Total approp. availab.	Payments made					Appropriations carried over to 2021				Appropriations lapsing			
		from final adopt. budget	from re-activatio ns	from assign. revenue	Total	%	Autom. carry-overs	By decision	Assigned rev.	Total	from final adopt. budget	from re-activatio ns	from assign. 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
3001 Implementing the research agenda of FCH Joint Undertaking: 7th Framework Programme (FP7)	6 869	4 506	702	893	6 101	89 %	-	-	-	-	-	-	768	768
3002 Implementing the research agenda of FCH Joint Undertaking: Horizon 2020	90 157	76 006	11 884	-	87 890	97 %	-	-	-	-	137	-	2 130	2 267
Total Chapter 30	97 027	80 512	12 587	893	93 991	97 %	-	-	-	-	137	-	2 898	3 035
<b>Total Title 3</b>	<b>97 027</b>	<b>80 512</b>	<b>12 587</b>	<b>893</b>	<b>93 991</b>	<b>97 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>137</b>	<b>-</b>	<b>2 898</b>	<b>3 035</b>
<b>GRAND TOTAL</b>	<b>103 779</b>	<b>83 560</b>	<b>14 450</b>	<b>893</b>	<b>98 903</b>	<b>95 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 853</b>	<b>93</b>	<b>2 930</b>	<b>4 876</b>

## 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 forward from previous year	Decommit. Revaluation Cancellations	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
1100 Staff in active employment	97	(15)	82	–	3 282	3 175	–	107	107
<b>Total Chapter 11</b>	<b>97</b>	<b>(15)</b>	<b>82</b>	<b>–</b>	<b>3 282</b>	<b>3 175</b>	<b>–</b>	<b>107</b>	<b>107</b>
1200 Expenditure related to recruitment	–	–	–	–	1	1	–	–	–
<b>Total Chapter 12</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1</b>	<b>1</b>	<b>–</b>	<b>–</b>	<b>–</b>
1300 Missions and travel	24	(14)	10	–	22	22	–	–	–
<b>Total Chapter 13</b>	<b>24</b>	<b>(14)</b>	<b>10</b>	<b>–</b>	<b>22</b>	<b>22</b>	<b>–</b>	<b>–</b>	<b>–</b>
1400 Sociomedical infrastructure and training	6	–	6	–	23	20	–	3	3
<b>Total Chapter 14</b>	<b>6</b>	<b>–</b>	<b>6</b>	<b>–</b>	<b>23</b>	<b>20</b>	<b>–</b>	<b>3</b>	<b>3</b>
1500 Entertainment and representation expenses	–	–	–	–	5	3	–	1	1
<b>Total Chapter 15</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>5</b>	<b>3</b>	<b>–</b>	<b>1</b>	<b>1</b>
<b>Total Title 1</b>	<b>126</b>	<b>(29)</b>	<b>97</b>	<b>–</b>	<b>3 331</b>	<b>3 221</b>	<b>–</b>	<b>111</b>	<b>111</b>

## 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 Cancel-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
2000	Investments in immovable property, rental of buildings and associated costs	11	(9)	2	–	345	339	–	6	6
	Total Chapter 20	11	(9)	2	–	345	339	–	6	6
2100	Information technology	237	(4)	194	40	411	188	–	223	263
	Total Chapter 21	237	(4)	194	40	411	188	–	223	263
2300	Current administrative expenditure	1	(1)	0	–	8	5	–	3	3
	Total Chapter 23	1	(1)	0	–	8	5	–	3	3
2400	Correspondence, postage and telecommunications	9	(2)	6	–	22	6	–	16	16
	Total Chapter 24	9	(2)	6	–	22	6	–	16	16
2500	Expenditure on formal and other meetings	4	(0)	3	–	15	15	–	–	–
	Total Chapter 25	4	(0)	3	–	15	15	–	–	–
2600	Communication costs	272	(27)	238	7	525	134	–	391	398
	Total Chapter 26	272	(27)	238	7	525	134	–	391	398
2700	Service contracts	192	(10)	129	54	148	81	–	67	121
	Total Chapter 27	192	(10)	129	54	148	81	–	67	121
2800	Expert contracts and meetings	18	(7)	10	–	247	243	–	4	4
	Total Chapter 28	18	(7)	10	–	247	243	–	4	4
	<b>Total Title 2</b>	<b>744</b>	<b>(61)</b>	<b>583</b>	<b>100</b>	<b>1 722</b>	<b>1 012</b>	<b>–</b>	<b>710</b>	<b>810</b>

### 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 for- ward from pre- vious year	Decommit. Revaluation Cancel- 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
3001	Implementing the research agenda of FCH Joint Undertaking: 7th Framework Programme (FP7)	35 538	(22 374)	6 101	7 063	-	-	-	-	7 063
3002	Implementing the research agenda of FCH Joint Undertaking: Horizon 2020	149 974	(2 101)	31 634	116 239	93 347	56 256	-	37 091	153 330
Total Chapter 30		185 512	(24 474)	37 735	123 302	93 347	56 256	-	37 091	160 393
<b>Total Title 3</b>		<b>185 512</b>	<b>(24 474)</b>	<b>37 735</b>	<b>123 302</b>	<b>93 347</b>	<b>56 256</b>	<b>-</b>	<b>37 091</b>	<b>160 393</b>
<b>GRAND TOTAL</b>		<b>186 382</b>	<b>(24 565)</b>	<b>38 414</b>	<b>123 402</b>	<b>98 400</b>	<b>60 488</b>	<b>-</b>	<b>37 912</b>	<b>161 314</b>

## 7. GLOSSARY

### **Administrative appropriations**

Appropriations to cover the running costs of the entities (staff, buildings, office equipment).

### **Adopted budget**

Draft budget becomes the adopted budget as soon as approved by the budgetary authority.

### **Amending budget**

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

### **Appropriations**

Budget funding.

The budget forecasts both commitments (legal pledges to provide finance) 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.

### **Assigned revenue**

Revenue dedicated to finance specific items of expenditure.

### **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.

### **Budget implementation**

Consumption of the budget through expenditure and revenue operations.

### **Budget item / Budget line / Budget position**

Revenue and expenditure are shown in the budget structure 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 commitment**

Operation by which the authorising officer responsible reserves the budget appropriations necessary to cover for subsequent payments to honour legal commitments.

### **Cancellation of appropriations**

Appropriations which have not been used by the end of the financial year and which cannot be carried over, shall be cancelled.

### **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 value of legal obligations (contracts, grant agreements or decisions) that could be signed in the current financial year.

### **De-commitment**

Operation whereby the authorising officer responsible cancels wholly or partly the reservation of appropriations previously made by means of a budgetary commitment.

### **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.

### **Economic result**

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

### **Entitlements established**

Right to collect income from a debtor as recognised through the issuing of a recovery order.

### **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 currencies at the date of the accounts.

### **Expenditure**

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

### **Grants**

Direct financial contributions from the budget to third-party beneficiaries, engaged in activities that serve Union policies.

### **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, as represented by an appropriation.

For joint undertakings (and EIT), as specified in their 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 can be re-activated until financial year "N+3".

### **Legal basis / basic act**

The legal act adopted by the legislative authority (usually the Council and European Parliament) specifying the objective of a Union spending programme, the purpose of the appropriations, the rules for intervention, expiry date and the relevant financial rules to serve as a legal basis for the implementation of the spending programme.

### **Legal commitment**

The act whereby the Authorising Officer enters into an obligation towards third parties which results in a charge for the Union budget.

Common forms of legal commitments are contracts in the case of procurement, grant agreements and grant decisions.



### **Non-differentiated appropriations**

Appropriations which meet annual needs and must therefore be committed during the budget year. Only amounts qualifying for automatic carryover can be disbursed in the following year. Non-differentiated appropriations which have not been used, i.e. committed, by the end of the year, are cancelled (unless, exceptionally, permission is given by a Commission decision for a non-automatic carryover). Non-differentiated appropriations apply to administrative expenditure and commitment appropriations equal payment appropriations.

### **Operational appropriations**

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

### **Outstanding commitments**

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

### **Payment appropriations**

Payment appropriations cover expenditure due in the current year, arising from legal commitments entered in the current year and/or earlier years.

### **RAL (Reste à liquider)**

Amount remaining to be paid on a budgetary commitment at a given moment. Cf. Outstanding commitments

### **Surplus**

Positive difference between revenue and expenditure, which has to be returned to the funding authority. Cf. Budget result

### **Transfer between budget lines**

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.