



Clean Hydrogen Partnership

Annual accounts of the
Clean Hydrogen
Joint Undertaking

Financial year 2021

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CERTIFICATION OF THE ACCOUNTS

I acknowledge my responsibility for the preparation and presentation of the annual accounts of the Clean Hydrogen Joint Undertaking, in accordance with Article 52 of the Model Financial Regulation ('MFR')¹ and I hereby certify that the annual accounts of the Clean H2 JU for the year 2021 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 Clean Hydrogen Joint Undertaking's assets and liabilities and the budgetary implementation. Based on this information, and on such checks as I deemed necessary to sign off the accounts, I have a reasonable assurance that the accounts present fairly, in all material aspects, the financial position, the results of the operations and the cash-flow of the Clean H2 JU.

Rosa ALDEA BUSQUETS

**Accounting Officer of the
Clean Hydrogen Joint Undertaking**

¹ COMMISSION DELEGATED REGULATION (EU) 2019/715 of 18 December 2018 on the framework financial regulation for the bodies set up under the TFEU and Euratom Treaty and referred to in Article 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council.

BACKGROUND INFORMATION NOTE

1. General background on the entity

Establishment

The Fuel Cells and Hydrogen 2 Joint Undertaking (FCH 2 JU) was a public-private partnership, based in Brussels, that supported 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. 521/2008² 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. 559/2014³.

Horizon Europe – the EU Framework Programme for Research and Innovation (2021-2027) – aims to increase the EU's research and innovation impact by combining European partnership co-investment with additional private and public sector funds in areas where the scope and scale of the research and innovation resources can help achieve the EU's Horizon Europe priorities notably, its Pillar II – Global challenges and European industrial competitiveness.

The setting up of the joint undertakings under Horizon Europe has been regulated through Council Regulation No. 2021/2085 of 19 November 2021 and published in the Official Journal on 30 November 2021 (date of entry into force of the Single Basic Act (SBA)).

Under the Council Regulation (Article 174.5), the Clean Hydrogen Joint Undertaking (Clean H2) shall be the legal and universal successor in respect of all contracts, including employment contracts and grant agreements, liabilities and acquired property of the Fuel Cells and Hydrogen 2 Joint Undertaking established by Council Regulation No. 559/2014, which it shall replace and succeed.

Mission

Clean H2 JU's mission is to facilitate the transition to a greener EU society through the development of hydrogen technologies.

Main operational activities

The objective of Clean H2 JU is to enhance cooperation between the diverse stakeholders along the whole hydrogen value-chain and mobilise them to increase the leverage effect of R&I for investments, with the main objectives to:

1. Contribute to the EU ambitious 2030 and 2050 climate ambition
2. Support the implementation of the Commission's Hydrogen Strategy
3. Strengthen the competitiveness of the Union clean hydrogen value chain
4. Stimulate research and innovation on clean hydrogen production, distribution, storage and end use applications

Governance

The Joint Undertaking is headed by an Executive Director, who is the legal representative of Clean H2 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 Clean H2 JU. The Governing Board has overall responsibility for the strategic orientation and the operations

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

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

of the Clean H2 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;
- 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 States Representatives Group and the Stakeholders Group are the advisory bodies of the Clean H2 JU.

Sources of financing

The Clean H2 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.

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)⁴. 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 JU⁵.

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

⁴ 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)

⁵ In force on the basis of the Clean H2 JU Governing Board decision 3/2021 of 17 December 2021, approving the list of decisions adopted by the FCH 2 JU that shall continue to apply for the Clean Hydrogen Joint Undertaking

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.

3. Operational highlights

Achievements of the year

As FCH 2 JU already committed most of its budget through its annual calls for proposals (2014-2020), in 2021 there was no substantial budget to further commit and therefore no call for proposals.

Nevertheless, the implementation of the budget continued through the monitoring of 98 grants covering the whole hydrogen value chain and different end use applications as well as cross-cutting aspects such as education and pre-normative research. The FCH 2 JU grants include research and innovation actions as well as demonstration projects. The latter include a number of flagship projects that are demonstrating the use FCH solutions for different applications (e.g., industry, transport) as well as across full ecosystems ('H2 Valleys').

A very limited budget, left either from previous calls or from recoveries made during the entire programme implementation, was available for studies aiming to further prepare the work of the next Clean Hydrogen Partnership. These studies, implemented through procurements, were the following:

- Impact of Deployment of battery Electric Vehicles (BEV) and Fuel Cells Electric Vehicles (FCEV) Infrastructure. The study will allow the assessment, both per Member State and at European level, of the best way to deploy electric recharging and hydrogen refuelling infrastructures, the synergies and interactions with other existing ones.
- Hydrogen in Ports and Industrial Coastal Areas. The planned study will be a comprehensive assessment of the hydrogen demand & supply in ports and industrial coastal areas, as well as of the available business models, enabling the creation of a 'European Hydrogen Ports Roadmap'.
- Mission Innovation 2.0 – Clean Hydrogen Mission H2.0 Valley Platform. The subject matter of the contract is the further development of H2.0 Valley platform, which should become a 'one-stop-shop' for information gathering and cooperation between Hydrogen Valley promoters and governments interested in expanding their engagement in hydrogen technologies.

In terms of other operational activities aiming to support its strategic objectives, the JU continued its technology and programme monitoring activities, both covering its projects and the wider developments in the hydrogen sector. In terms of its projects, the annual data collection exercise from projects, using the internally developed data collection platform TRUST (Technology Reporting Using Structured Templates)⁶, contributed to the latest Programme Review Report 2021-22⁷. More generally, the JU continued to support the Fuel Cells and Hydrogen Observatory (FCHO) platform⁸, providing data (statistics, facts and analysis) and up to date information about the entire hydrogen sector.

It is also worth mentioning the successful completion of the pilot hydrogen project development assistance (PDA) initiative. The 11 regions that received direct support developed hydrogen project plans covering the whole hydrogen value chain and different end use applications. These plans may materialise into an overall capital expenditure (CAPEX) totalling between EUR 650 million and EUR 750 million.

Finally, FCH JU organised the second edition of the European Hydrogen Week, which took place during 29 November – 3 December, in Brussels. The event brought together more than 2,000 participants from the public and private sectors to review progress and looked ahead to new opportunities for the production and use of hydrogen throughout the economy. The President of the European Commission Ursula von der Leyen opened the event, which also included the participation of Frans Timmermans, Executive Vice President of

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https://www.fch.europa.eu/sites/default/files/documents/TRUST_ExplanationFile_Draft_2019%20%28ID%205709356%29%20%28ID%205833842%29.pdf

⁷ <https://www.fch.europa.eu/publications/programme-review-report-2020-2021>

⁸ <https://www.fchobservatory.eu/>

the European Commission for the European Green Deal, and Kadri Simson, European Commissioner for Energy.

The first day marked the public launch of the Clean Hydrogen Partnership – as the successor of the FCH JU – and included several high level panel discussions on topics such as: key actions on the road to 2050, the global dimension of hydrogen, research & innovation synergies with EU members states, regions and cities.

The second day focused on discussing the strategic scientific priorities. The Clean Hydrogen Partnership has invited all sectors, including the wider European scientific community, to define the strategic scientific priorities for the hydrogen economy and ways to bridge the gaps between ready-to-market technology and large-scale uptake, while improving and diversifying the technological options.

The third day was dedicated to discussing how the EU is planning to scale up to 40 GW by 2030 and how it will implement the ambitious plans on Alternative Fuels Infrastructure. To lead the discussion around these topics, we welcomed the European Commissioners for Energy, Kadri Simson, and Transport, Adina Valean.

Hydrogen week concluded with the FCH JU Programme Review Days, which presented the progress of FCH 2 JU supported projects and technological developments.

The 2021 edition was a hybrid event – with speakers invited to join on site and an online, global, audience.

Budget and budget implementation

The budget of FCH 2 JU amounted to kEUR 15 847 in terms of commitment appropriations and kEUR 56 217 in terms of payment appropriations. This represented an 85% decrease in terms of commitments and a 46% decrease in terms of payment appropriations as compared to the 2020 budget. The decrease in 2021 budget was due to the absence of calls launched in 2021. In addition, no pre-financing was foreseen in 2021.

The budget implementation in terms of commitments reached 97% (94% in 2020) whereas payments reached 87% (95% in 2020).

The consumption of the administrative budget was 93% in terms of commitments (86% in 2020) and 78% in terms of payments (73% in 2020). As stated in 2020 accounts, 2020 was a year in which administrative planning was affected by the pandemic and lockdowns. The planning for 2021 considered all potential disruptions and affects in operational activities, thus resulting in better rates.

More specifically, Title 1 commitment and payment rates improved from 2020 (commitment: 95% in 2021 whereas 88% in 2020, payment: 90% in 2021 and 85% in 2020). Staff in active employment comprised 65% of total administrative budget and showed a commitment rate of 96%, demonstrating a very good planning. Mission budget implementation improved (19% in 2021 and 12% in 2020) but not at the levels of pre-COVID period. It should be noted though that the cost of missions decreased by half compared to 2020.

Title 2 also improved in both commitment and payments rates compared to 2020 (committed: 91% in 2021 and 82% in 2020, paid: 61% in 2021 and 56% in 2020).

Specifically, investments in immovable property, rental of building and associated costs as well as information technology showed an implementation of 99%, followed closely by service contracts (94%) and communication costs (92%). Lapsing appropriations come mainly from communication costs (kEUR 52) since the organisation of the annual European Hydrogen week proved less expensive than initially budgeted, as well as expert contracts and meetings (kEUR 36) where several mid-term and final reviews initially planned were not carried out because of amendments that changed the grants' reporting periods. In terms of payments, lapsing appropriations come from information technology (kEUR 263 which represents 36% of this line's appropriations) and communication costs (kEUR 520 which represents 49% of the budget) since many contracts will be paid only in 2022 and this was not initially foreseen.

Under Title 3, the H2020 commitment implementation rate slightly improved from 97% in 2020 to 98% in 2021. Most of lapsing appropriations are already reactivated in the 2022 budget. Payment implementation (88%) was lower than in 2020 (97%). Throughout the year, several delays in grant implementation were reported and mitigated with amendments that shifted payments from 2021 to 2022. Other delays resulted in claims being much lower than initially estimated. In total, delays in project implementation accounted for deviations by kEUR 22 400 compared to initial forecast, representing 1/3 of initial budget for H2020 payments. Most of this deviation was identified in due time and corrected by returning to the Commission

an amount of kEUR 16 500 in the context of the Global Transfer of Appropriations. The lapsing appropriations of kEUR 5 939 came from the under claiming of 2 projects, for which their submitted claims were lower than anticipated at the time of correction.

FP7 payments increased to 98% (89% in 2020). It should be noted that only 3 FP7 payments were carried out in 2021.

Impact of the activities in the financial statements

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

- A significant **increase** in the overall **operational costs** (2021: kEUR 123 509 versus 2020: kEUR 91 913) was driven by validation of in-kind contributions and final cost claims related to the projects H2ME - Hydrogen Mobility Europe and HyBalance that were finalised by the beneficiaries at the end of 2020, but validated by CleanH2 JU in 2021 (see note **3.3**).
- **An increase of Members contributions** recognised under **net assets** (2021: kEUR 1 483 783 versus 2020: 1 403 608) that can be attributed to the above explained increase of the in-kind contributions but also an increase of the cash contributions from the Commission that was to cover the final payments (see note **2.7**).
- **A decrease of the pre-financing** balance by kEUR 35 869 (2021: kEUR 126 897 versus 2020: kEUR 162 766) mainly due to the fact that no calls for proposal have been launched in 2021 and only limited new pre-financing has been paid out (new pre-financing: 2021: kEUR 7 811 versus 2020 kEUR 55 515). The decrease in payments has been offset by the increase of clearings due to higher number of cost claims validated during 2021 (see note **2.3**).

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	31.12.2021	31.12.2020
NON-CURRENT ASSETS			
<i>Intangible assets</i>	2.1	11	25
<i>Property, plant and equipment</i>	2.2	173	112
<i>Pre-financing</i>	2.3	86 208	113 854
		86 393	113 990
CURRENT ASSETS			
<i>Pre-financing</i>	2.3	40 689	48 913
<i>Exchange receivables and non-exchange recoverables</i>	2.4	9 646	7 028
		50 335	55 940
TOTAL ASSETS		136 728	169 930
CURRENT LIABILITIES			
<i>Payables and other liabilities</i>	2.5	(59 014)	(59 139)
<i>Accrued charges</i>	2.6	(49 664)	(39 164)
		(108 678)	(98 303)
TOTAL LIABILITIES		(108 678)	(98 303)
NET ASSETS		28 049	71 628
<i>Contribution from Members</i>	2.7	1 483 783	1 403 608
<i>Accumulated deficit</i>		(1 331 981)	(1 238 612)
<i>Economic result of the year</i>		(123 753)	(93 368)
NET ASSETS		28 049	71 628

STATEMENT OF FINANCIAL PERFORMANCE

		EUR '000	
	Note	2021	2020
REVENUE			
Revenue from non-exchange transactions	3.1		
<i>Recovery of expenses</i>		4 994	3 444
		4 994	3 444
Revenue from exchange transactions	3.2		
<i>Financial revenue</i>		0	6
<i>Other exchange revenue</i>		3	44
		3	50
Total revenue		4 997	3 494
EXPENSES			
<i>Operational costs</i>	3.3	(123 509)	(91 913)
<i>Staff costs</i>	3.4	(3 188)	(3 086)
<i>Other expenses</i>	3.5	(2 053)	(1 863)
Total expenses		(128 750)	(96 862)
ECONOMIC RESULT OF THE YEAR		(123 753)	(93 368)

CASHFLOW STATEMENT⁹

	EUR '000	
	2021	2020
<i>Economic result of the year</i>	(123 753)	(93 368)
Operating activities		
<i>Depreciation and amortization</i>	71	60
<i>(Increase)/decrease in pre-financing</i>	35 869	(12 847)
<i>(Increase)/decrease in exchange receivables and non-exchange recoverables</i>	(2 618)	15 756
<i>Increase/(decrease) in payables</i>	(125)	(10 403)
<i>Increase/(decrease) in accrued charges</i>	10 501	(1 872)
<i>Increase/(decrease) in cash contributions</i>	49 954	85 413
<i>Increase/(decrease) in in-kind contributions</i>	30 221	17 309
Investing activities		
<i>(Increase)/decrease in intangible assets and property, plant and equipment</i>	(119)	(48)
NET CASHFLOW	-	-
<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>	-	-

⁹ Following the appointment of the Accounting Officer of the Commission as the Accounting Officer of Clean H2 JU, the treasury of Clean H2 JU was integrated into the Commission's treasury system. Because of this, Clean H2 JU does not have any bank accounts of its own. All payments and receipts are processed via the Commission's treasury system and registered on intercompany accounts, which are presented under the heading exchange receivables.

STATEMENT OF CHANGES IN NET ASSETS

EUR '000

	Contribution from Members	Accumulated Surplus/ (Deficit)	Economic result of the year	Net Assets
BALANCE AS AT 31.12.2019	1 300 886	(1 099 785)	(138 828)	62 274
<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)
BALANCE AS AT 31.12.2020	1 403 608	(1 238 612)	(93 368)	71 628
<i>Allocation 2020 economic result</i>	–	(93 368)	93 368	–
<i>Cash contribution</i>	49 954	–	–	49 954
<i>Contribution in-kind</i>	30 221	–	–	30 221
<i>Economic result of the year</i>	–	–	(123 753)	(123 753)
BALANCE AS AT 31.12.2021	1 483 783	(1 331 981)	(123 753)	28 049

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 cash flows 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	31.12.2021	31.12.2020	Currency	31.12.2021	31.12.2020
BGN	1.9558	1.9558	PLN	4.5969	4.5597
CZK	26.8580	26.2420	RON	4.9490	4.8683
DKK	7.4364	7.4409	SEK	10.2503	10.0343
GBP	0.84028	0.8990	CHF	1.0331	1.0802
HRK	7.5156	7.5519	JPY	130.3800	126.4900
HUF	369.1900	363.8900	USD	1.1326	1.2271

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, financial risk of accounts receivable and the amounts disclosed in the notes concerning financial instruments, impairment allowance for financial assets at amortised cost and for financial guarantee contract liabilities, accrued revenue and charges, provisions, degree of impairment of intangible assets and property, plant and equipment, net realisable value of inventories, contingent assets and liabilities. 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 revised European Union Accounting Rules (EAR)

Revised EAR which is effective for annual periods beginning on or after 1 January 2021

In 2020, the Accounting Officer adopted the revised EAR 11 'Financial Instruments', which is mandatorily effective as of 1 January 2021. The revised EAR 11 is based on the new IPSAS 41 'Financial Instruments', the amended IPSAS 28 'Financial Instruments: Presentation' and the amended IPSAS 30 'Financial Instruments: Disclosures' which were issued in August 2018. It establishes the financial reporting principles for financial assets and financial liabilities. In accordance with the transition provisions of the revised EAR 11, the entity accounts for any changes from the initial application, on 1 January 2021. The revised EAR 11 does not require the restatement of prior periods.

Changes from the application of the revised EAR 11

The only financial instruments of the entity, are the receivables from exchange transactions. In accordance with the revised EAR 11 requirements, the entity has classified these receivables as 'financial assets at amortised cost' ('loans and receivables' in prior periods). The entity has applied the impairment requirements of the revised EAR 11 to the receivables, but no recognition of loss allowance in the accumulated surplus or deficit on 1 January 2021 was needed

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.

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 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. The entity classified them as financial assets at amortised cost and measured them accordingly.

Recoverables from non-exchange transactions are carried at fair value as at the date of acquisition 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 assets at amortised cost 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 31.12.2020	116
Additions	2
Gross carrying amount at 31.12.2021	118
Accumulated amortisation at 31.12.2020	(91)
Amortisation charge for the year	(16)
Accumulated amortisation at 31.12.2021	(107)
NET CARRYING AMOUNT AT 31.12.2021	11
NET CARRYING AMOUNT AT 31.12.2020	25

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 31.12.2020	45	62	195	48	351
Additions	108	-	9	-	117
Gross carrying amount at 31.12.2021	154	62	204	48	468
Accumulated depreciation at 31.12.2020	(39)	(33)	(151)	(17)	(239)
Depreciation charge for the year	(25)	(6)	(19)	(5)	(55)
Other changes	-	-	-	-	-
Accumulated depreciation at 31.12.2021	(64)	(39)	(170)	(22)	(294)
NET CARRYING AMOUNT AT 31.12.2021	90	23	34	27	173
NET CARRYING AMOUNT AT 31.12.2020	7	29	44	31	112

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	
	31.12.2021	31.12.2020
Non-current pre-financing	86 208	113 854
Current pre-financing	40 689	48 913
Total	126 897	162 766

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%.

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 2021. The clearing of pre-financing with cut off expenses amounted to kEUR 44 471 (2020: 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 2021 a case-by-case assessment has been performed and all the pre-financing that was considered unlikely to be cleared in the course of 2021 was classified as non-current pre-financing.

The large decrease of pre financing by kEUR 35 869 is driven by the fact that no calls for proposal have been launched in 2021, therefore no new pre-financing has been paid out and by the increase of clearings due to higher number of cost claims validated during 2021.

At 31 December 2021, guarantees received covering pre-financing amounted to kEUR 2 103 (2020: kEUR 2 321).

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>	
	31.12.2021	31.12.2020
<i>Central treasury liaison accounts</i>	9 488	6 564
<i>Customers</i>	150	455
<i>Deferred charges relating to exchange transactions</i>	20	5
<i>Others</i>	(13)	4
Total	9 646	7 028

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 heading Customers contains recovery orders to be issued for beneficiaries resulting from ex post audits.

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	
	31.12.2021	31.12.2020
<i>Contribution in kind to be validated</i>	51 326	49 498
<i>Suppliers</i>	7 264	9 365
<i>Public bodies</i>	412	18
<i>Sundry payables</i>	11	258
Total	59 014	59 139

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 2021. 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 other liabilities. The contributions are estimated on a case-by-case basis using the best available information on the projects at 31 December 2021: the in-kind contributions estimated based on cost claims received but not validated amounted to kEUR 38 956 (kEUR 35 022 in 2020). The in-kind contributions estimated based on the pro-rata method amounted to kEUR 12 371 (kEUR 14 476 in 2020). The estimated EU contributions related to those projects are included under accrued charges (see note **2.6**).

The overall high amounts in Suppliers is due to the fact that in both years a high number of cost claims were submitted but not yet validated and paid at year end.

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	
	31.12.2021	31.12.2020
<i>Accrued charges</i>	49 664	39 164

The heading is composed of estimated operational expenses (kEUR 48 839), accrued administrative expenses of kEUR 769 and accrued staff costs for untaken leave of kEUR 57.

The estimated operational expenses are calculated for on-going or ended projects without a validated cost statement where the 2021 expense was estimated on a case-by-case basis using the best available information about the projects at 31 December 2021. The estimations were carried out asking directly the beneficiaries about their best estimation of expenses incurred at the reporting date. Only in the few cases where this information was not received a pro-rata temporis method was used. 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**). The decrease in clearing of pre-financing with accrued charges resulted into an increase of "simple" accrued charges included under this heading.

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	2021			2020			<i>EUR '000</i>
	Cash	in-Kind	Total	Cash	in-Kind	Total	
<i>FP7</i>	425 244	463 001	888 245	424 904	459 499	884 402	
<i>H2020</i>	556 904	38 634	595 538	507 290	11 916	519 206	
Total	982 148	501 635	1 483 783	932 194	471 415	1 403 608	

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 all services in-kind (except those provided by JRC – see note **4.2**) validated by the Executive Director of 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>Running costs contributions at 31.12.2020</i>	9 253	1 808	15 329	–	2 555	–	27 137	1 808
Running costs contributions at 31.12.2021	9 253	1 808	15 329	–	2 555	–	27 137	1 808
<i>Operating costs contributions at 31.12.2020</i>	397 767	17 299	–	292 855	–	147 536	397 767	457 690
<i>Adjustments of prior years' contributions</i>	–	–	–	(2 481)	–	(13)	–	(2 494)
<i>Current year contributions</i>	340	–	–	4 481	–	1 515	340	5 996
Operating costs contributions at 31.12.2021	398 107	17 299	–	294 855	–	149 039	398 107	461 192
<i>TOTAL contributions at 31.12.2020</i>	407 020	19 107	15 329	292 855	2 555	147 536	424 904	459 499
TOTAL contributions at 31.12.2021	407 360	19 107	15 329	294 855	2 555	149 039	425 244	463 001
<i>% of total contributions (by type)</i>	95.79%	4.13%	3.60%	63.68%	0.60%	32.19%	100.00%	100.00%
<i>Total contribution in %</i>	48.01%		34.92%		17.07%		100.00%	
<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 31.12.2020</i>	8 713	–	7 494	–	1 220	–	17 426	–
<i>Current year contributions</i>	2 649	–	2 278	–	371	–	5 299	–
Running costs contributions at 31.12.2021	11 362	–	9 772	–	1 591	–	22 725	–
<i>Operating costs contributions at 31.12.2020</i>	489 863	–	–	11 770	–	146	489 864	11 916
<i>Adjustments of prior years' contributions</i>	–	–	–	–	–	–	–	–
<i>Current year contributions</i>	44 315	–	–	26 718	–	–	44 315	26 718
Operating costs contributions at 31.12.2021	534 179	–	–	38 488	–	146	534 180	38 634
<i>TOTAL contributions at 31.12.2020</i>	498 577	–	7 494	11 770	1 220	146	507 290	11 916
TOTAL contributions at 31.12.2021	545 541	–	9 772	38 488	1 591	146	556 904	38 634
<i>% of total contributions (by type)</i>	97.96%	0.00%	1.75%	99.62%	0.29%	0.38%	100.00%	100.00%
<i>Total contribution in %</i>	91.60%		8.10%		0.29%		100.00%	
<i>Voting rights %</i>	50.00%		43.00%		7.00%		100.00%	

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 amounts received from the Commission during the year and 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.

	EUR '000	
	2021	2020
<i>Recovery of expenses</i>	4 994	3 444

The increase under the title is connected with an increase in the negative audit adjustments received for already recognised in-kind contribution for the projects finalized under the FP7 programme (see note 2.7.1).

EXCHANGE REVENUE

3.2. REVENUE FROM EXCHANGE TRANSACTIONS

	EUR '000	
	2021	2020
<i>Financial revenue</i>	0	6
<i>Other</i>	3	44
Total	3	50

Under this heading, the financial revenue refers to interest income on late payments and the other exchange revenue refers to recovery of administrative expenses.

EXPENSES

3.3. OPERATIONAL COSTS

	EUR '000	
	2021	2020
<i>Operational costs: validated in-kind contributions</i>	32 714	18 595
<i>Operational costs: estimated in-kind contributions</i>	1 821	(10 403)
Total operational costs from in-kind contributions	34 536	8 192
<i>Operational costs: validated EU contributions</i>	100 897	83 803
<i>Operational costs: estimated EU contributions</i>	(11 925)	(82)
Total operational costs from EU contributions	88 973	83 721
Total	123 509	91 913

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 significant increase of the operation costs from validated in-kind and cash contributions relates to validation of in-kind contributions and final cost claims related to the projects H2ME - Hydrogen Mobility Europe and HyBalance that were finalised by the beneficiaries at the end of 2020, but validated by CleanH2 JU in 2021.

3.4. 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

	2021	2020
Staff costs	3 188	3 086

3.5. OTHER EXPENSES

	EUR '000	
	2021	2020
<i>Communications & publications</i>	534	437
<i>External IT services</i>	495	279
<i>Other external non-IT services</i>	480	443
<i>Operating leasing expenses</i>	342	334
<i>Experts expenses</i>	91	303
<i>Fixed assets depreciation and impairment</i>	71	60
<i>Other</i>	41	7
Total	2 053	1 863

The increase of Communications & publications expenses is mainly related to costs incurred for the event "FCH Hydrogen Week 2021". The significant decrease of Experts expenses and an increase of the External IT services can be directly linked to new ways of working imposed by COVID 19 restrictions.

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>	350	722	-	1 073

4. OTHER SIGNIFICANT DISCLOSURES

4.1. CONTINGENT ASSETS

	<i>EUR '000</i>	
	31.12.2021	31.12.2020
<i>Contingent assets</i>	185	–

The amounts under this heading relate to ex-post audit findings indicating that ineligible expenses of kEUR 185 should be recovered from 3 projects. As the agreement for the audit findings has not been received from the beneficiaries by the year-end, the amounts were recognised as contingent assets.

4.2. 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.

	<i>EUR '000</i>	
	31.12.2021	31.12.2020
<i>Outstanding commitments not yet expensed</i>	62 964	112 233

The outstanding commitments not yet expensed represent the correction of the budgetary RAL with the estimated costs which are determined by using accrual based principle not reflected in the budgetary result, where the cash based principle is used. The high decrease between the years is driven by the high decrease in the budgetary RAL by kEUR 40 386, which is seen the budget implementation reports (chapter **6.3**).

4.3. SERVICES IN-KIND

At 31 December 2021 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 2020. 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.

4.4. IN-KIND IN 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.

The last Horizon 2020 reporting exercise for IKAA took place in 2021 with total certified IKAA for 2014-2019 amounting to kEUR 1 039 000. Due to the high number of certified IKAA, there was no additional plan adopted for year 2021 for Horizon 2020.

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 the FCH 2 JU website and in the annual reports of the FCH 2 JU.

4.5. 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.

4.6. 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.

	31.12.2021	31.12.2020
<i>Executive Director</i>	<i>AD 14</i>	<i>AD 14</i>

4.7. OTHER EVENTS

Establishment of Clean H2 JU

Council Regulation (EU) 2021/2085 of 19 November 2021 ('Single Basic Act' or 'SBA'), which became effective on 30 November 2021, established the new Joint Undertakings under Horizon Europe, including the reporting entity of these financial statements. According to Article 174.5 SBA, the reporting entity is the legal and universal successor of the previous joint undertaking in respect of all contracts, including employment contracts and grant agreements, liabilities and acquired property. As a consequence, the 2021 amounts presented in these financial statements are based on both transactions and events that occurred in the period 01 January to 30 November under the previous joint undertaking and transactions and events that occurred in the period 01 December to 31 December 2021 under the reporting entity.

Pension contribution of private members

Based on analysis undertaken in 2021 it has been determined that the entity, in line with Article 83a (2) of the Staff Regulations, should pay into the general budget of the European Union the part of the employers' contributions which corresponds to the proportion of the entity's revenues without the subsidy from the general budget of the European Union and its total revenue. The applicable proportion should be calculated based on the specific percentage of the administrative costs funded by the Private members. The Commission is working on guidance for calculating and collection the employer contributions which has not been finalised and approved at the time of signature of these annual accounts. Due to the administrative

limitations of applying Art. 83a (2) of the Staff Regulations retroactively, and in particular the change in the composition of Private members as compared to the entity's legal predecessor (see Council Regulation (EU) 2021/2085), the new guidance will be applied as of the financial year 2022 only.

4.8. EVENTS AFTER REPORTING DATE

In accordance with EU accounting rule 19, Events after Reporting Date, the war in Ukraine that began in February 2022 is a non-adjusting event, thus not requiring any adjustments to the figures reported in these financial statements at 31 December 2021. For subsequent reporting periods, the war may affect the recognition and measurement of some assets and liabilities on the balance sheet and also of some revenue and expenses recognised in the statement of financial performance. Based on the facts and circumstances at the time of preparation of these financial statements, in particular the evolving situation, the financial effect of the war in Ukraine on the accounts cannot be reliably estimated.

H2020 programme

For the Clean Hydrogen Joint Undertaking, there is no direct impact on the existing grant agreements, as there is no funding being provided to Russian or Belarus entities, and there were no participations of these countries in the H2020 program.

There has been one participation of the Ukrainian research institution in our H2020 programme, with the entire funding already validated and paid prior to the start of the conflict.

Horizon Europe programme

For the Horizon Europe programme, in the first call recently launched, we are fully in line with the EC guidance towards participations from these affected regions.

Future outlook

We welcome the recent EC initiative REpowerEU which will seek out accelerated commercialization of our research grants and project results. We anticipate that the interest in hydrogen, especially its production, distribution and storage will increase significantly.

5. FINANCIAL RISK MANAGEMENT

5.1. TYPES OF RISK

Market risk is the risk that the fair value or future cash flows 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 an EU entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

5.2. CURRENCY RISKS

At the end of the year, the financial assets are composed of exchange receivables. 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 that are not past due for more than 30 days. As no credit loss is expected during the life time of those receivables the entity is not exposed to any significant 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 FCH2 JU and Clean H2 is governed by the following basic principles set out in the Chapter 2 of the Financial Rules of the joint undertaking:

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 the joint undertaking. 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 joint undertaking within four weeks of their adoption and shall be transmitted to the Commission and the Court of Auditor.

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 the joint undertaking, 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 the joint undertaking. 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 the joint undertaking in accordance with its establishing Council Regulation.

2. RESULT OF THE IMPLEMENTATION OF THE BUDGET

		<i>EUR '000</i>	
	Title	2021	2020
Revenue		51 969	89 277
of which:			
European Commission subsidy	2	47 305	83 031
Hydrogen Europe / Hydrogen Europe Research - contributions	2	2 649	2 382
JTI revenues	2	2 015	3 864
Expenditure		(48 809)	(98 903)
of which:			
Staff expenditure	1	(3 475)	(3 317)
Administrative expenditure	2	(1 621)	(1 594)
Operational expenditure	3	(43 713)	(93 991)
Exchange rate differences		1	(0)
Budget result		3 161	(9 626)

3. RECONCILIATION OF ECONOMIC RESULT WITH BUDGET RESULT

	EUR '000	
	2021	2020
ECONOMIC RESULT OF THE YEAR	(123 753)	(93 368)
Adjustment for accrual items (items not in the budgetary result but included in the economic result)		
<i>In-kind contributions validated in the year</i>	30 221	17 309
<i>Adjustments for accrual cut-off (net)</i>	(9 569)	(11 763)
<i>Unpaid invoices at year end but booked in expenses</i>	36 399	2 251
<i>Depreciation, amortization, impairment and income from intangible and tangible assets</i>	71	49
<i>Movement in provisions</i>	-	(33)
<i>Recovery orders issued in the year and not yet cashed</i>	(2)	(0)
<i>Pre-financing paid in previous year and cleared in the year</i>	27 770	44 401
<i>Other individually immaterial items</i>	-	0
Adjustment for budgetary items (item included in the budgetary result but not in the economic result)		
<i>Members' cash contributions collected in the year</i>	49 954	85 413
<i>Asset acquisitions (less unpaid amounts)</i>	(119)	(37)
<i>New pre-financing paid in the year and remaining open as at 31 December</i>	(7 811)	(55 515)
<i>Entitlements established in previous year and cashed in the year</i>	1	1 666
BUDGET RESULT OF THE YEAR	3 161	(9 626)

4. IMPLEMENTATION OF BUDGET REVENUE

4.1. Implementation of budget revenue – Title 2

EUR '000

Item	Income appropriations		Entitlements established			Revenue				
	Initial budget	Final budget	Current year	Carried over	Total	On entitlements of current year	On entitlements carried over	Total	%	Out-standing
	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)	1 151	340	340	–	340	340	–	340	100 %	–
2002 European Commission subsidy for administrative expenditure	2 649	2 649	2 649	–	2 649	2 649	–	2 649	100 %	–
2003 Hydrogen Europe contribution for administrative expenditure	2 278	2 278	2 278	–	2 278	2 278	–	2 278	100 %	–
2004 Hydrogen Europe Research contribution for administrative expenditure	371	371	371	–	371	371	–	371	100 %	–
2005 European Commission subsidy for operational expenditure (Horizon 2020)	60 815	44 315	44 315	–	44 315	44 315	–	44 315	100 %	–
2006 JTI revenues	0	0	2 017	1	2 017	2 015	1	2 015	–	2
Total Chapter 20	67 264	49 954	51 970	1	51 971	51 968	1	51 969	104 %	2
Total Title 2	67 264	49 954	51 970	1	51 971	51 968	1	51 969	104 %	2
GRAND TOTAL	67 264	49 954	51 970	1	51 971	51 968	1	51 969	104 %	2

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	Initial adopted budget	Budget appropriations			Final adopted budget	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	
1100 Staff in active employment	3 338	–	–	3 338	294	12	305	3 644	
Total Chapter 11	3 338	–	–	3 338	294	12	305	3 644	
1200 Expenditure related to recruitment	5	–	5	10	–	–	–	10	
Total Chapter 12	5	–	5	10	–	–	–	10	
1300 Missions and travel	130	–	(72)	58	–	0	0	58	
Total Chapter 13	130	–	(72)	58	–	0	0	58	
1400 Sociomedical infrastructure and training	43	–	–	43	–	7	7	50	
Total Chapter 14	43	–	–	43	–	7	7	50	
1500 Entertainment and representation expenses	5	–	–	5	–	–	–	5	
Total Chapter 15	5	–	–	5	–	–	–	5	
Total Title 1	3 521	–	(66)	3 455	294	19	313	3 768	

5.1.2. Breakdown & changes in commitment appropriations – Title 2

EUR '000

Item	Initial adopted budget	Budget appropriations			Final adopted budget	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	356	-	-	356	-	2	2	358	
Total Chapter 20	356	-	-	356	-	2	2	358	
2100 Information technology	388	-	70	458	-	7	7	465	
Total Chapter 21	388	-	70	458	-	7	7	465	
2200 Movable property and associated costs	10	-	-	10	-	-	-	10	
Total Chapter 22	10	-	-	10	-	-	-	10	
2300 Current administrative expenditure	9	-	-	9	-	0	0	9	
Total Chapter 23	9	-	-	9	-	0	0	9	
2400 Correspondence, postage and telecommunications	13	-	-	13	-	-	-	13	
Total Chapter 24	13	-	-	13	-	-	-	13	
2500 Expenditure on formal and other meetings	50	-	(3)	47	-	-	-	47	
Total Chapter 25	50	-	(3)	47	-	-	-	47	
2600 Communication costs	660	-	-	660	-	0	0	660	
Total Chapter 26	660	-	-	660	-	0	0	660	
2700 Service contracts	167	-	-	167	-	-	-	167	
Total Chapter 27	167	-	-	167	-	-	-	167	
2800 Expert contracts and meetings	124	-	-	124	-	-	-	124	
Total Chapter 28	124	-	-	124	-	-	-	124	
Total Title 2	1 777	-	66	1 843	-	9	9	1 853	

5.1.3. Breakdown & changes in commitment appropriations – Title 3

EUR '000

Item	Budget appropriations				Additional appropriations			Total appror. available
	Initial adopted budget	Amending budgets	Transfers	Final adopted budget	Reactivated appropriations	Assigned revenue	Total	
	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)	-	-	-	-	-	8	8	8
3002 Implementing the research agenda of FCH Joint Undertaking: Horizon 2020	-	-	-	-	8 241	1 978	10 219	10 219
Total Chapter 30	-	-	-	-	8 241	1 986	10 227	10 227
Total Title 3	-	-	-	-	8 241	1 986	10 227	10 227
GRAND TOTAL	5 299	-	0	5 299	8 535	2 014	10 549	15 847

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	Total appropri- 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
1100 Staff in active employment	3 338	-	-	3 338	400	12	412	3 750
Total Chapter 11	3 338	-	-	3 338	400	12	412	3 750
1200 Expenditure related to recruitment	5	-	5	10	-	-	-	10
Total Chapter 12	5	-	5	10	-	-	-	10
1300 Missions and travel	130	-	(72)	58	-	0	0	58
Total Chapter 13	130	-	(72)	58	-	0	0	58
1400 Sociomedical infrastructure and training	43	-	-	43	3	7	10	53
Total Chapter 14	43	-	-	43	3	7	10	53
1500 Entertainment and representation expenses	5	-	-	5	1	-	1	6
Total Chapter 15	5	-	-	5	1	-	1	6
Total Title 1	3 521	-	(66)	3 455	404	19	423	3 878

5.2.2. Breakdown & changes in payment appropriations – Title 2

EUR '000

Item	Budget appropriations				Additional appropriations			Total appropri- 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	8=4+7
2000 Investments in immovable property, rental of buildings and associated costs	356	-	-	356	6	2	8	364
Total Chapter 20	356	-	-	356	6	2	8	364
2100 Information technology	388	-	70	458	263	7	270	728
Total Chapter 21	388	-	70	458	263	7	270	728
2200 Movable property and associated costs	10	-	-	10	-	-	-	10
Total Chapter 22	10	-	-	10	-	-	-	10
2300 Current administrative expenditure	9	-	-	9	3	0	3	12
Total Chapter 23	9	-	-	9	3	0	3	12
2400 Correspondence, postage and telecommunications	13	-	-	13	16	-	16	29
Total Chapter 24	13	-	-	13	16	-	16	29
2500 Expenditure on formal and other meetings	50	-	(3)	47	-	-	-	47
Total Chapter 25	50	-	(3)	47	-	-	-	47
2600 Communication costs	660	-	-	660	398	0	398	1 058
Total Chapter 26	660	-	-	660	398	0	398	1 058
2700 Service contracts	167	-	-	167	121	-	121	288
Total Chapter 27	167	-	-	167	121	-	121	288
2800 Expert contracts and meetings	124	-	-	124	4	-	4	128
Total Chapter 28	124	-	-	124	4	-	4	128
Total Title 2	1 777	-	66	1 843	810	9	819	2 663

5.2.3. Breakdown & changes in payment appropriations – Title 3

EUR '000

Item	Budget appropriations			Additional appropriations			Total	Total appropri- available
	Initial budget adopted	Amending budgets	Transfers	Final adopted budget	Reactivated appropriations	Assigned revenue		
	1	2	3	4=1+2+3	5	6		
3001 Implementing the research agenda of FCH Joint Undertaking: 7th Framework Programme (FP7)	1 151	(811)	–	340	768	8	776	1 116
3002 Implementing the research agenda of FCH Joint Undertaking: Horizon 2020	60 815	(16 500)	–	44 315	2 267	1 978	4 245	48 561
Total Chapter 30	61 966	(17 311)	–	44 655	3 035	1 986	5 021	49 676
Total Title 3	61 966	(17 311)	–	44 655	3 035	1 986	5 021	49 676
GRAND TOTAL	67 264	(17 311)	0	49 954	4 249	2 014	6 264	56 217

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 2022			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	3 644	3 222	294	-	3 515	96 %	-	-	-	117	-	12	128
Total Chapter 11	3 644	3 222	294	-	3 515	96 %	-	-	-	117	-	12	128
1200 Expenditure related to recruitment	10	9	-	-	9	91 %	-	-	-	1	-	-	1
Total Chapter 12	10	9	-	-	9	91 %	-	-	-	1	-	-	1
1300 Missions and travel	58	11	-	-	11	19 %	-	-	-	47	-	0	47
Total Chapter 13	58	11	-	-	11	19 %	-	-	-	47	-	0	47
1400 Sociomedical infrastructure and training	50	34	-	-	34	68 %	-	-	-	9	-	7	16
Total Chapter 14	50	34	-	-	34	68 %	-	-	-	9	-	7	16
1500 Entertainment and representation expenses	5	2	-	-	2	42 %	-	-	-	3	-	-	3
Total Chapter 15	5	2	-	-	2	42 %	-	-	-	3	-	-	3
Total Title 1	3 768	3 278	294	-	3 572	95 %	-	-	-	177	-	19	196

5.3.2. Implementation of commitment appropriations - Title 2

EUR '000

Item	Total approp. available	Commitments made					Appropriations carried over to 2022			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	358	354	-	-	354	99 %	-	-	-	2	-	2	4
Total Chapter 20	358	354	-	-	354	99 %	-	-	-	2	-	2	4
2100 Information technology	465	457	-	1	458	99 %	-	-	-	0	-	6	7
Total Chapter 21	465	457	-	1	458	99 %	-	-	-	0	-	6	7
2200 Movable property and associated costs	10	0	-	-	0	5 %	-	-	-	10	-	-	10
Total Chapter 22	10	0	-	-	0	5 %	-	-	-	10	-	-	10
2300 Current administrative expenditure	9	7	-	-	7	72 %	-	-	-	3	-	0	3
Total Chapter 23	9	7	-	-	7	72 %	-	-	-	3	-	0	3
2400 Correspondence, postage and telecommunications	13	11	-	-	11	84 %	-	-	-	2	-	-	2
Total Chapter 24	13	11	-	-	11	84 %	-	-	-	2	-	-	2
2500 Expenditure on formal and other meetings	47	-	-	-	-	0 %	-	-	-	47	-	-	47
Total Chapter 25	47	-	-	-	-	0 %	-	-	-	47	-	-	47
2600 Communication costs	660	608	-	-	608	92 %	-	-	-	52	-	0	52
Total Chapter 26	660	608	-	-	608	92 %	-	-	-	52	-	0	52
2700 Service contracts	167	156	-	-	156	94 %	-	-	-	11	-	-	11
Total Chapter 27	167	156	-	-	156	94 %	-	-	-	11	-	-	11
2800 Expert contracts and meetings	124	88	-	-	88	71 %	-	-	-	36	-	-	36
Total Chapter 28	124	88	-	-	88	71 %	-	-	-	36	-	-	36
Total Title 2	1 853	1 682	-	1	1 682	91 %	-	-	-	162	-	8	170

5.3.3. Implementation of commitment appropriations - Title 3

EUR '000

Item	Total approp. available	Commitments made					Appropriations carried over to 2022			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)	8	-	-	-	0 %	-	-	-	-	-	-	8	8
3002	Implementing the research agenda of FCH Joint Undertaking: Horizon 2020	10 219	-	8 241	1 816	10 057	98 %	-	-	-	-	-	162	162
Total Chapter 30		10 227	-	8 241	1 816	10 057	98 %	-	-	-	-	-	170	170
Total Title 3		10 227	-	8 241	1 816	10 057	98 %	-	-	-	-	-	170	170
GRAND TOTAL		15 847	4 960	8 535	1 817	15 311	97 %	-	-	-	338	-	198	536

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 2022				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	3 750	3 029	400	-	3 429	91 %	-	-	-	-	309	-	12	321
Total Chapter 11	3 750	3 029	400	-	3 429	91 %	-	-	-	-	309	-	12	321
1200 Expenditure related to recruitment	10	9	-	-	9	91 %	-	-	-	-	1	-	-	1
Total Chapter 12	10	9	-	-	9	91 %	-	-	-	-	1	-	-	1
1300 Missions and travel	58	6	-	-	6	10 %	-	-	-	-	53	-	0	53
Total Chapter 13	58	6	-	-	6	10 %	-	-	-	-	53	-	0	53
1400 Sociomedical infrastructure and training	53	25	3	-	28	52 %	-	-	-	-	18	-	7	25
Total Chapter 14	53	25	3	-	28	52 %	-	-	-	-	18	-	7	25
1500 Entertainment and representation expenses	6	2	1	-	3	52 %	-	-	-	-	3	-	-	3
Total Chapter 15	6	2	1	-	3	52 %	-	-	-	-	3	-	-	3
Total Title 1	3 878	3 071	404	-	3 475	90 %	-	-	-	-	384	-	19	403

5.4.2. Implementation of payment appropriations - Title 2

EUR '000

Item	Total approp. availab.	Payments made				Appropriations carried over to 2022				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- activa- tions	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=1 1+ 12+1 3
2000 Investments in immovable property, rental of buildings and associated costs	364	345	6	-	351	96 %	-	-	-	-	11	-	2	13
Total Chapter 20	364	345	6	-	351	96 %	-	-	-	-	11	-	2	13
2100 Information technology	728	202	263	-	465	64 %	-	-	-	-	255	-	7	263
Total Chapter 21	728	202	263	-	465	64 %	-	-	-	-	255	-	7	263
2200 Movable property and associated costs	10	-	-	-	-	0 %	-	-	-	-	10	-	-	10
Total Chapter 22	10	-	-	-	-	0 %	-	-	-	-	10	-	-	10
2300 Current administrative expenditure	12	3	3	-	6	48 %	-	-	-	-	6	-	0	6
Total Chapter 23	12	3	3	-	6	48 %	-	-	-	-	6	-	0	6
2400 Correspondence, postage and telecommunications	29	0	11	-	11	37 %	-	-	-	-	13	6	-	19
Total Chapter 24	29	0	11	-	11	37 %	-	-	-	-	13	6	-	19
2500 Expenditure on formal and other meetings	47	-	-	-	-	0 %	-	-	-	-	47	-	-	47
Total Chapter 25	47	-	-	-	-	0 %	-	-	-	-	47	-	-	47
2600 Communication costs	1 058	302	235	-	537	51 %	-	-	-	-	358	162	0	520
Total Chapter 26	1 058	302	235	-	537	51 %	-	-	-	-	358	162	0	520
2700 Service contracts	288	40	121	-	161	56 %	-	-	-	-	127	-	-	127
Total Chapter 27	288	40	121	-	161	56 %	-	-	-	-	127	-	-	127
2800 Expert contracts and meetings	128	87	4	-	91	71 %	-	-	-	-	37	-	-	37
Total Chapter 28	128	87	4	-	91	71 %	-	-	-	-	37	-	-	37
Total Title 2	2 663	979	642	-	1 621	61 %	-	-	-	-	865	168	9	1 042

5.4.3. Implementation of payment appropriations - Title 3

EUR '000

Item	Total approp. availab.	Payments made				Appropriations carried over to 2022				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
3001 Implementing the research agenda of FCH Joint Undertaking: 7th Framework Programme (FP7)	1 116	324	768	-	1 092	98 %	-	-	-	-	16	-	8	24
3002 Implementing the research agenda of FCH Joint Undertaking: Horizon 2020	48 561	40 354	2 267	-	42 621	88 %	-	-	-	-	3 961	-	1 978	5 939
Total Chapter 30	49 676	40 678	3 035	-	43 713	88 %	-	-	-	-	3 977	-	1 986	5 963
Total Title 3	49 676	40 678	3 035	-	43 713	88 %	-	-	-	-	3 977	-	1 986	5 963
GRAND TOTAL	56 217	44 728	4 081	-	48 809	87 %	-	-	-	-	5 226	168	2 014	7 408

6. OUTSTANDING COMMITMENTS

6.1. Outstanding commitments – Title 1

EUR '000

Item	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at year-end
	Commitm. carried for- ward from pre- vious year	Decommit. Revaluation 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	
1100 Staff in active employment	107	(12)	95	0	3 515	3 334	–	181	181
Total Chapter 11	107	(12)	95	0	3 515	3 334	–	181	181
1200 Expenditure related to recruitment	–	–	–	–	9	9	–	–	–
Total Chapter 12	–	–	–	–	9	9	–	–	–
1300 Missions and travel	–	–	–	–	11	6	–	5	5
Total Chapter 13	–	–	–	–	11	6	–	5	5
1400 Sociomedical infrastructure and training	3	(3)	0	–	34	28	–	6	6
Total Chapter 14	3	(3)	0	–	34	28	–	6	6
1500 Entertainment and representation expenses	1	–	1	–	2	2	–	–	–
Total Chapter 15	1	–	1	–	2	2	–	–	–
Total Title 1	111	(15)	96	0	3 572	3 380	–	192	192

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 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
2000	Investments in immovable property, rental of buildings and associated costs	6	(6)	1	–	354	350	–	3	3
Total Chapter 20		6	(6)	1	–	354	350	–	3	3
2100	Information technology	263	(44)	138	80	458	327	–	131	212
Total Chapter 21		263	(44)	138	80	458	327	–	131	212
2200	Movable property and associated costs	–	–	–	–	0	–	–	0	0
Total Chapter 22		–	–	–	–	0	–	–	0	0
2300	Current administrative expenditure	3	(2)	1	–	7	5	–	2	2
Total Chapter 23		3	(2)	1	–	7	5	–	2	2
2400	Correspondence, postage and telecommunications	16	(9)	6	1	11	5	–	6	8
Total Chapter 24		16	(9)	6	1	11	5	–	6	8
2600	Communication costs	398	(17)	338	43	608	199	–	409	452
Total Chapter 26		398	(17)	338	43	608	199	–	409	452
2700	Service contracts	121	(1)	88	31	156	72	–	84	115
Total Chapter 27		121	(1)	88	31	156	72	–	84	115
2800	Expert contracts and meetings	4	–	4	–	88	87	–	1	1
Total Chapter 28		4	–	4	–	88	87	–	1	1
Total Title 2		810	(79)	576	155	1 682	1 045	–	637	793

6.3. Outstanding commitments – Title 3

EUR '000

Item	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at year-end
	Commitm. carried forward from previous year	Decommit. Revaluation Cancellations	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	
3001 Implementing the research agenda of FCH Joint Undertaking: 7th Framework Programme (FP7)	7 063	(2 664)	1 092	3 307	-	-	-	-	3 307
3002 Implementing the research agenda of FCH Joint Undertaking: Horizon 2020	153 330	(4 130)	37 326	111 874	10 057	5 295	-	4 762	116 637
Total Chapter 30	160 393	(6 794)	38 418	115 181	10 057	5 295	-	4 762	119 943
Total Title 3	160 393	(6 794)	38 418	115 181	10 057	5 295	-	4 762	119 943
GRAND TOTAL	161 314	(6 888)	39 090	115 336	15 311	9 719	-	5 592	120 928

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.