



Final annual accounts of the  
Clean Hydrogen  
Joint Undertaking

Financial year 2022

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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')<sup>1</sup> and I hereby certify that the annual accounts of the Clean Hydrogen JU for the year 2022 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 Hydrogen JU.

Andrea TÓTH

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

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<sup>1</sup> 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. 521/2008<sup>2</sup> for a period up to 31 December 2017. The interim evaluation of FCH JU confirmed a need for such a partnership and recommended an increase of its activities. As a result, a new Joint Undertaking named Fuel Cells and Hydrogen 2 Joint Undertaking, was established by Council Regulation (EU) No. 559/2014<sup>3</sup>.

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 is 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 Hydrogen 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 Hydrogen 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 Hydrogen 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 Hydrogen JU. The Governing Board has overall responsibility for the strategic orientation and the

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

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

operations of the Clean Hydrogen 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 Hydrogen JU.

### **Sources of financing**

The Clean Hydrogen 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)<sup>4</sup>. As per this regulation, the annual accounts are prepared in accordance with the rules adopted by the Accounting Officer of the Commission (EU Accounting Rules, EAR), which are based on internationally accepted accounting standards for the public sector (IPSAS).

### **Accounting Officer**

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

The Single Basic Act<sup>5</sup> establishing the new generations of JUs required, within one year following the date of entry into force of the Regulation, the establishment of back-office arrangements, to provide horizontal support functions to the joint undertakings, by concluding service level agreements. The Accounting Back Office (Acco BOA) was established and took over the accounting services from Accounting Officer the European Commission from 1 December 2022.

Following the decision of the Clean Hydrogen JU Governing Board of 25 November 2022, on behalf of the Acco BOA, as of 1 December 2022 Andrea Tóth acts as the Accounting Officer of Clean Hydrogen JU.

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

The annual accounts cover the period from 1 January to 31 December and comprise the financial statements and the reports on the implementation of the budget. While the financial statements and the complementary notes are prepared on an accrual accounting basis, the budget implementation reports are primarily based on movements of cash.

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<sup>4</sup> Commission Delegated Regulation (EU) 2019/887 of 13 March 2019 on the model financial regulation for public-private partnership bodies referred to in Article 71 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council (OJ L 142, 29.5.2019, p. 16)

<sup>5</sup> COUNCIL REGULATION (EU) 2021/2085 of 19 November 2021 establishing the Joint Undertakings under Horizon Europe and repealing Regulations (EC) No 219/2007, (EU) No 557/2014, (EU) No 558/2014, (EU) No 559/2014, (EU) No 560/2014, (EU) No 561/2014 and (EU) No 642/2014

## Process from provisional accounts to discharge

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

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

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

## 3. Operational highlights

### Achievements of the year

With regards to implementing activities, Clean Hydrogen JU successfully launched its hydrogen research **call for proposals** on 1 March 2022 with a total budget of EUR 300.5 million. This was the first Call launched by the JU under Horizon Europe. A total of 41 topics were part of the call for proposals, including 10 for renewable hydrogen production, 11 for hydrogen storage and distribution, 8 for transport and 4 for heat and power. In addition, 5 projects addressed cross-cutting issues. The call also included 2 hydrogen valleys and 1 strategic research challenge. A total of 6 topics were considered as flagships with a focus on hydrogen production (multi-MW electrolysers in industrial applications), transport (deploying 100s of heavy duty trucks and inland waterway vessels across the TEN-T corridors) and Hydrogen Valleys (large and small-scale). Research activities covered the whole hydrogen value chain. A total of 153 proposals were submitted in the two deadlines of the Call: call deadline of 31 May 2022 (budget of EUR 179.5 million, 79 proposals submitted) and call deadline of 20 September (budget of EUR 121 million, 74 proposals submitted). 89 proposals were above the funding threshold. 27 of the successful proposals were invited for grant agreement preparation in the second half of 2022. 20 of these grants were signed in 2022. The remaining grants will be signed in the first half of 2023.

A number of the **projects managed by the JU** have accumulated delays in 2022 (still due to the impact of COVID-19 and other geopolitical events resulting in global supply chain challenges). The JU started 2022 with 90 ongoing projects and ended the year with approximately 70-75 ongoing projects<sup>6</sup>.

Looking at the **operational activities implemented via procurements**, 2022 had several studies ongoing covering subjects of a strategic nature for the Clean Hydrogen JU, providing input to R&I priority setting and supporting further financing, deployment and commercialisation of clean hydrogen projects.

Following the successful completion of the pilot hydrogen project development assistance (PDA I) initiative, 2022 saw the launching of a call for tenders for the continuation of these activities. As a result, the **PDA II** initiative, focusing on regions in EU Cohesion Countries, Outermost Regions and islands of EU member states or associated countries, aims at offering support to regions for the development of integrated hydrogen projects. A competitive public call for applications for regions to benefit from this assistance was launched in September 2022. 23 initial (of which 20 eligible and unique) applications were received covering a total of 11 countries (8 EU Cohesion Countries, 2 European and Associated Countries' Islands and 1 Outermost Regions)

Over the last years the JU has supported the **CertifHy<sup>7</sup>** activities. As a result, high-quality hydrogen certification schemes across Europe have been developed. In 2022, a first CertifHy draft Voluntary Scheme for RFNBOs<sup>8</sup> for demonstrating compliance with the RED II<sup>9</sup> targets in the transport sector was finalised. This was tested in a pilot plant in the Netherlands. CertifHY is also working at Facilitating the EU-wide roll out of an efficient and harmonized market for hydrogen disclosure (Guarantees of Origin) by closely

<sup>6</sup> This excludes the grants signed under Horizon Europe in December 2022.

<sup>7</sup> <https://www.certify.com/>

<sup>8</sup> Renewable Fuels of Non- Biological Origins

<sup>9</sup> Renewable Energy Directive- Recast to 2030 (

cooperating with the Association of Issuing Bodies (AIB) and future EU Issuing Bodies. In 2022, one highlight of this work was the CertifHY scheme adoption by Vertogas, the Issuing body of the Netherlands.

As part of the ongoing **European Hydrogen Refuelling Stations availability** study, 60 additional HRS got connected to the availability system. A new website<sup>10</sup> was created in 2022. The European Hydrogen Refuelling Station Availability System (E-HRS-AS) provides a free, reliable and ready to use data service on hydrogen refuelling stations (HRS) in Europe.

The **Hydrogen Ports** study is undertaking a comprehensive assessment of the hydrogen demand in ports and industrial coastal areas with the objectives of enabling the creation of a 'European Hydrogen Ports Roadmap'. In 2022, the composition of the advisory board was finalised including representatives from ports environment (4 advisory board meetings took place in 2022). The activities in this study were widely disseminated in different events such as the World Hydrogen Summit in Rotterdam in connection with a similar initiative at global scale from Clean Energy Ministerial handled by IEA. In addition, four ports cases studies that would be the core work of 2023 were selected.

Under the activities of **Mission Innovation 2.0** (MI2.0) work to update the Hydrogen valleys platform<sup>11</sup> has continued under a dedicated contract. As a first step, the Platform was slightly expanded and an updated report<sup>12</sup> was published revealing the state-of-play of projects in the Platform during the Pittsburgh (USA) 7<sup>th</sup> Mission Innovation ministerial in September 2022. The collection of information for new Hydrogen Valleys started in November 2022. This will lead to an increased number of H2Valleys featured in the platform. The outcome of this exercise will materialise during the first half of 2023, when a full relaunch of the Platform is expected.

In addition, towards the end of 2022 a number of Call for Tenders of Strategic importance for the hydrogen sector, the Commission and the JU were launched and awarded. In particular:

- **European Hydrogen Observatory.** A public procurement to ensure the smooth and improved replacement of the current Fuel Cells and Hydrogen Observatory (FCHO) platform<sup>13</sup> by the European Hydrogen Observatory with a foreseen duration of 4 years. The procurement activities included a call for tender for the provision of services by the private members of the JU, in accordance with article 43.4 of the Financial Rules of the Clean Hydrogen JU.
- **Study on sustainable supply chain and industrialisation of hydrogen technologies.** Study aiming at updating the EU manufactures list along the hydrogen value chain technologies, find potential gaps / bottlenecks in the supply chain and provide mitigation actions.
- **Technical Assistance to generate Synergies with Member States.** Public procurement aiming at creating a cooperation mechanism between Member States/ Regions' Managing Authorities and the JU to ensure effective funding and financing strategies for R&I and exploitation of results to meet such potential.

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, resulting also in the latest **Programme Review Report 2022**<sup>14</sup>. The data from the projects were collected both from Commission tools (COMPASS, SYGMA, eGRANTS, etc), but also via an **annual data collection** exercise from projects, using the internally developed data collection platform TRUST (Technology Reporting Using Structured Templates)<sup>15</sup>, focused more on technology related data and KPIs. In parallel, the JU continued to support the FCHO, providing data (statistics, facts and analysis) and up to date information about the entire hydrogen sector.

In parallel, the Clean Hydrogen JU recognises the need to further improve the collection and management of hydrogen related data and information. The Clean Hydrogen JU is currently supporting different tools and platforms, setup on different servers and maintained by different contractors, like TRUST, FCHO and H2V. They have been developed independently through different procurement actions and contractors, which unavoidably leads to segmented information across platforms.

Therefore, the Clean Hydrogen JU saw the need to investigate whether a new platform could be introduced, integrating the existing tools and platforms, and further enhancing their capacity. Such a platform would

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<sup>10</sup> <https://h2-stations.eu/>

<sup>11</sup> <https://h2v.eu/>

<sup>12</sup> <https://h2v.eu/analysis/reports>

<sup>13</sup> <https://www.fchobservatory.eu/>

<sup>14</sup> [https://www.clean-hydrogen.europa.eu/media/publications/programme-review-report-2022\\_en](https://www.clean-hydrogen.europa.eu/media/publications/programme-review-report-2022_en)

<sup>15</sup> [https://www.clean-hydrogen.europa.eu/knowledge-management/technology-monitoring-trust\\_en](https://www.clean-hydrogen.europa.eu/knowledge-management/technology-monitoring-trust_en)

include the aforementioned tools, as well as an extended (project) database fed by many different sources, analysis capabilities and strong reporting and visualisation capabilities. It would also integrate or host the existing platforms supported by Clean Hydrogen JU. To this end, the Clean Hydrogen JU performed a feasibility study under the title "**Architecture proposal for the Clean Hydrogen Knowledge Hub**", based on the specific contract CleanH2- SC1 under Framework contract DI/07925 - BEACON - LOT 2. The study identified alternative IT architectures and provided an estimate for the required budget and time to develop this platform for each of these architectures. Using the results of this study, the Governing Board decided in 2022 (in AWP 2023) to proceed in 2023 with the procurement of this platform, based on one of the proposed architectures.

In 2022, the Clean Hydrogen JU organised the **European Clean Hydrogen Partnership Forum and the EU Research Days**, between 26 and 28 October, in the Brussels Expo. These events were part of the European Hydrogen Week 2022. The Forum took place on 26 October, and it discussed the main issues shaping the research and deployment of clean hydrogen technologies in Europe. It featured topics such as creating synergies to support green investment and scaling up the hydrogen value chain across Europe, developing the skills needed for the hydrogen economy and the role of hydrogen valleys. At the end of the forum the JU celebrated the achievements of the best projects during an awards ceremony, where the best success story, best innovation, and outreach and – for the first time – the European Hydrogen Valley of the year were awarded.

On 27 and 28 October the EU research days gathered the research community, to present<sup>16</sup> some of the most successful projects in Hydrogen Production, Distribution and Storage, as well as in various end-uses such as transport, clean heat and power, and many others. The views of the scientific community were represented by selected scientific representatives for all the areas supported by the Clean Hydrogen JU.

Driven by its new mandate of **raising awareness and public acceptance** of the technology, the Clean Hydrogen JU has launched in 2022 a survey to determine the level of awareness of hydrogen as an innovative technology in the EU and to determine the sentiment of the general population towards Hydrogen technologies. This survey will represent a baseline to assess whether public awareness is improving and to fine tune based on the findings the communication strategy of the Partnership.

In November 2022, the Clean Hydrogen Joint Undertaking (JU) and the **European Innovation Council and SMEs Executive Agency (EISMEA) signed a letter of intent**<sup>17</sup> to agree on the principles of a future collaboration on clean hydrogen. Its aim is to facilitate the knowledge exchange on grants, projects and companies working on clean hydrogen and to accelerate the market uptake of European Innovation Council (EIC) and Clean Hydrogen JU grantees through their respective calls for proposals.

## **Budget and budget implementation**

The budget of Clean Hydrogen JU amounted to kEUR 314 332 in terms of commitment appropriations and kEUR 118 312 in terms of payment appropriations. This represented a twenty-fold increase in terms of commitments and a twofold increase in terms of payment appropriations as compared to 2021 budget. The increase in 2022 budget was due to the launch of the first call Horizon Europe, which also includes a pre-financing.

The budget implementation in terms of commitments reached 99% (97% in 2021) whereas payments reached 65% (87% in 2021).

The consumption of administrative budget was 79% in terms of commitments (93% in 2021) and 78% in terms of payments (78% in 2021).

More specifically, Title 1 commitment and payment rates improved from 2021 (commitment: 97% in 2022 whereas 95% in 2021, payment: 96% in 2022 and 90% in 2021). Staff in active employment comprises 47% of total administrative budget and showed a commitment rate of 97%, showcasing a very good planning. Mission budget implementation improved significantly (97% in 2022 and 19% in 2021) and reached the levels of pre-COVID period.

<sup>16</sup> [https://www.clean-hydrogen.europa.eu/hydrogen-week-2022-presentations\\_en](https://www.clean-hydrogen.europa.eu/hydrogen-week-2022-presentations_en)

<sup>17</sup> [https://eisma.ec.europa.eu/news/european-innovation-council-and-smes-executive-agency-eisma-and-clean-hydrogen-joint-undertaking-2022-11-25\\_en](https://eisma.ec.europa.eu/news/european-innovation-council-and-smes-executive-agency-eisma-and-clean-hydrogen-joint-undertaking-2022-11-25_en)



Title 2 also, on the other hand, decreased in both commitment and payments rates compared to 2021 (committed: 62% in 2022 and 91% in 2021, paid: 51% in 2022 and 61% in 2021).

Specifically, information technology costs showed an implementation of 89%, followed closely by expert contracts and meetings (79%) and communication costs (72%). Lapsing appropriations come mainly from service contracts (kEUR 554) since the contract related to the Project Technical Assistance was not ready at the end of the year, as well as investments in immovable property (kEUR 457) where the project of adaptation of the working space was not carried out. In terms of payments, lapsing appropriations come mainly from the same items (kEUR 726 from service contracts and kEUR 509 from investments in immovable property).

Under Title 3, H2020 commitment implementation rate slightly decreased from 98% in 2021 to 84% in 2022, whereas Horizon Europe commitments were 100% implemented. Payment implementation in H2020 (81%) was lower than in 2021 (88%). Throughout the year, several delays in grant implementation were reported and mitigated with amendments that shifted payment from 2022 to 2023. Other delays resulted in claims being much lower than initially estimated. Payment implementation in Horizon Europe reached 59%, with the remaining amount paid in 2023 following the signature of some grant agreements before the deadline of 31 of January 2023.

No FP7 payments were carried out in 2022.

# **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

	Note	31.12.2022	31.12.2021
<i>EUR '000</i>			
<b>NON-CURRENT ASSETS</b>			
<i>Intangible assets</i>	2.1	4	11
<i>Property, plant and equipment</i>	2.2	136	173
<i>Pre-financing</i>	2.3	64 905	86 208
		<b>65 045</b>	<b>86 393</b>
<b>CURRENT ASSETS</b>			
<i>Pre-financing</i>	2.3	46 252	40 689
<i>Exchange receivables and non-exchange recoverables</i>	2.4	47 054	9 646
		<b>93 306</b>	<b>50 335</b>
<b>TOTAL ASSETS</b>		<b>158 351</b>	<b>136 728</b>
<b>CURRENT LIABILITIES</b>			
<i>Payables and other liabilities</i>	2.6	110 975	59 014
<i>Accrued charges and deferred income</i>	2.7	49 915	49 664
		<b>160 890</b>	<b>108 678</b>
<b>TOTAL LIABILITIES</b>		<b>160 890</b>	<b>108 678</b>
<i>Contribution from Members</i>	2.8	1 580 943	1 483 783
<i>Accumulated deficit</i>		(1 455 733)	(1 331 981)
<i>Economic result of the year</i>		( 127 749)	( 123 753)
<b>NET ASSETS</b>		<b>( 2 539)</b>	<b>28 049</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<b>158 351</b>	<b>136 728</b>

## STATEMENT OF FINANCIAL PERFORMANCE

	Note	2022	2021
<i>EUR '000</i>			
<b>REVENUE</b>			
<b>Revenue from non-exchange transactions</b>	<b>3.1</b>		
<i>Recovery of expenses</i>		1 563	4 994
		<b>1 563</b>	<b>4 994</b>
<b>Revenue from exchange transactions</b>	<b>3.2</b>		
<i>Financial revenue</i>		0	0
<i>Other exchange revenue</i>		36	3
		<b>36</b>	<b>3</b>
<b>Total revenue</b>		<b>1 599</b>	<b>4 997</b>
<b>EXPENSES</b>			
<i>Operational costs</i>	3.3	(123 005)	(123 509)
<i>Staff costs</i>	3.4	(3 359)	(3 188)
<i>Other expenses</i>	3.5	(2 984)	(2 053)
<b>Total expenses</b>		<b>(129 348)</b>	<b>(128 750)</b>
<b>ECONOMIC RESULT OF THE YEAR</b>		<b>(127 749)</b>	<b>(123 753)</b>

**CASHFLOW STATEMENT<sup>18</sup>**

	<i>EUR '000</i>	
	<b>2022</b>	<b>2021</b>
<i>Economic result of the year</i>	(127 749)	(123 753)
<b>Operating activities</b>		
<i>Depreciation and amortization</i>	66	71
<i>(Increase)/decrease in pre-financing</i>	15 739	35 869
<i>(Increase)/decrease in exchange receivables and non-exchange recoverables</i>	(37 408)	(2 618)
<i>Increase/(decrease) in payables</i>	51 961	(125)
<i>Increase/(decrease) in accrued charges</i>	251	10 501
<i>Increase/(decrease) in cash contributions</i>	77 924	49 954
<i>Increase/(decrease) in in-kind contributions</i>	19 236	30 221
<b>Investing activities</b>		
<i>(Increase)/decrease in intangible assets and property, plant and equipment</i>	(21)	(119)
<b>NET CASHFLOW</b>	–	–
<i>Net increase/(decrease) in cash and cash equivalents</i>	–	–
<i>Cash and cash equivalents at the beginning of the year</i>	–	–
<i>Cash and cash equivalents at year-end</i>	–	–

<sup>18</sup> The treasury of Clean Hydrogen JU is integrated into the Commission's treasury system. Because of this, Clean Hydrogen JU does not have any bank accounts of its own. All payments and receipts are processed via the Commission's treasury system and registered on intercompany accounts, which are presented under the heading exchange receivables.

## STATEMENT OF CHANGES IN NET ASSETS

	EUR '000			
	Contribution from Members	Accumulated Surplus/ (Deficit)	Economic result of the year	Net Assets
<b>BALANCE AS AT 31.12.2020</b>	<b>1 403 608</b>	<b>(1 238 612)</b>	<b>( 93 368)</b>	<b>71 628</b>
<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)
<b>BALANCE AS AT 31.12.2021</b>	<b>1 483 783</b>	<b>(1 331 981)</b>	<b>( 123 753)</b>	<b>28 049</b>
<i>Allocation 2021 economic result</i>	-	( 123 753)	123 753	-
<i>Cash contribution</i>	77 924	-	-	77 924
<i>Contribution in-kind</i>	19 236	-	-	19 236
<i>Economic result of the year</i>	-	-	( 127 749)	( 127 749)
<b>BALANCE AS AT 31.12.2022</b>	<b>1 580 943</b>	<b>(1 455 734)</b>	<b>( 127 749)</b>	<b>( 2 539)</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 1. SIGNIFICANT ACCOUNTING POLICIES

### 1.1. ACCOUNTING PRINCIPLES

The objective of financial statements is to provide information about the financial position, performance and 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	31.12.2022	31.12.2021	Currency	31.12.2022	31.12.2021
<b>BGN</b>	<b>1.9558</b>	1.9558	<b>PLN</b>	<b>4.6808</b>	4.5969
<b>CZK</b>	<b>24.116</b>	26.8580	<b>RON</b>	<b>4.9495</b>	4.9490
<b>DKK</b>	<b>7.4365</b>	7.4364	<b>SEK</b>	<b>11.1218</b>	10.2503
<b>GBP</b>	<b>0.8869</b>	0.84028	<b>CHF</b>	<b>0.9847</b>	1.0331
<b>HRK</b>	<b>7.5345</b>	7.5156	<b>JPY</b>	<b>140.66</b>	130.3800
<b>HUF</b>	<b>400.87</b>	369.1900	<b>USD</b>	<b>1.0666</b>	1.1326

#### 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 IPSAS standards which have been issued, and are effective for annual periods beginning on or after 1 January 2025**

The following IPSAS standards are effective as of January 1, 2025 (earlier application is permitted):

- **IPSAS 43 Leases:** IPSAS 43 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets.
- **IPSAS 44 Non-current Assets Held for Sale and Discontinued Operations:** IPSAS 44 specifies the accounting for assets held for sale and the presentation and disclosure of discontinued operations. IPSAS 44 includes additional public sector requirements, in particular, the disclosure of the fair value of assets held for sale that are measured at their carrying amounts, when the carrying amount is materially lower than their fair value.

The Accounting Officer is assessing the impact of the above standards on the Annual Accounts and considering a possible revision of relevant EAR accordingly.

## 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. Impairment of non-financial assets

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

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

#### 1.3.4. Financial assets

The classification of the financial instruments is determined at initial recognition. Based on the management model and the asset contractual cash-flow characteristics the financial assets can be classified in three categories: Financial assets at amortised cost ('AC'), financial assets at fair value through net assets/equity ('FVNA') or financial assets at fair value through surplus or deficit ('FVSD'). Based on this classification, the entity has only 'financial assets at amortised cost', which are exchange receivables.

Financial assets at amortised cost are non-derivative financial assets that meet two conditions: 1) The entity holds them in order to collect the contractual cash flows. 2) On specified days, there are contractual cash flows that are solely payments of the principal and interest on the outstanding principal.

Financial assets at amortised cost are included in current assets, except for those with maturity of more than 12 months from the balance sheet reporting date.

##### **Initial recognition and measurement**

Financial assets at amortised cost are initially recognised at their fair value plus the transaction costs.

##### **Subsequent measurement**

Financial assets at amortised cost are carried at amortised cost, which is the amount initially recognised minus the principal repayments, plus or minus the cumulative amortisation of the interests using the effective interest method. In addition, the entity recognises a loss allowance for expected credit losses over the lifetime of the financial assets. At each reporting date, the annual movement in the loss allowance adjusts the carrying amount of the financial asset. In the statement of financial performance, the entity recognises an impairment gain or loss for the adjustment of the loss allowance.

##### **Derecognition**

Financial assets at amortised cost are derecognised either when the rights to receive cashflows from the investments have expired or are waived, or and when the entity has transferred substantially all risks and rewards of ownership to another party.

#### 1.3.5. Pre-financing amounts

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

### 1.3.6. 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.

### 1.3.7. 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.

### 1.3.8. 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**), or non-validated in-kind contributions to operational activities (see note **1.5.2**).

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.

### 1.3.9. 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.

### 1.3.10. Provisions

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

When the obligation whose existence will be confirmed by uncertain future events that are not wholly within the control of the entity, is possible, no provision is recognised, but a contingent liability is disclosed. Refer to note 1.5.2 for details.

### 1.3.11. Net assets

Net assets are the residual of assets and liabilities and comprise of accumulated contributions received from the members of the JU (EU and industry) less the accumulated contributions used. The contributions include financial contributions received by the JU and contributions provided by the members to the funded projects in-kind. The net assets also contain reserves, if applicable. Refer to note 1.6 for details.

## 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.

### *EU contributions under Horizon Europe Programme:*

In accordance with Article 19 of the Financial Framework Partnership Agreement (FFPA) 2020-2027, the contributions received by the JU from the European Union for the implementation of the Horizon Europe Programme considered as pre-financing payment.

According to the Specific Guidance for the accounting of these EU cash contributions under the FFPA related to MFF 2021-2027<sup>19</sup>, the contribution payments done by the EC are accounted as 'Contributions in cash to be validated'. During the accounting closure, the JU, on the basis of the payment implementation report, determines the amount of operating and administrative expenditure that have been covered from the EU financial contributions to the Horizon Europe Programme, and transfers the underlying amount from the provisional payments to the net assets of the JU. It will be qualified as final payments once the Commission has accepted the Consolidated Annual Activity Report – AAR (Art. 19.2 FFPA).

### 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').

Due to major simplifications introduced in H2020 programme (which continue to be applied for Horizon Europe too), the certification for IKOP is based on the CFS<sup>20</sup> certificate for the total eligible project costs. The certificates for IKOP are only due to be submitted to the JU after the end of the last project reporting period. This time difference is a cause of a major delay between the time when the IKOP balances are committed (upon signature of the grant) until they could be validated and recognised in net assets of the JU.

The validation and recognition of the IKOP for H2020 is still ongoing, while the recognition and certification of the Horizon Europe IKOP balances would only start later on in the programme. The committed amounts and estimates for the entire IKOP balances for both programmes are presented in the annual activity report of the JU in details. The IKAA relate to contributions linked to implementing additional activities, included in the annual additional activities plan annexed to the main part of the work programme, that does not receive financial support from the joint undertaking but contributes to its objectives. 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.

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<sup>19</sup> Ares(2022)6810956 – 03/10/2022 : Specific Guidance: Accounting for EU cash contributions received by Joint Undertakings under the Financial Framework Partnership Agreement related to MFF 2021-2027

<sup>20</sup> CFS = Certificate on Financial Statement

## 2. NOTES TO THE BALANCE SHEET

### ASSETS

#### 2.1. INTANGIBLE ASSETS

	EUR '000
<b>Intangible Assets</b>	<b>TOTAL</b>
<i>Gross carrying amount at 31.12.2020</i>	116
<i>Additions</i>	2
<i>Disposals</i>	-
<b>Gross carrying amount at 31.12.2020</b>	<b>118</b>
<i>Accumulated amortisation at 31.12.2020</i>	( 91)
<i>Amortisation charge for the year</i>	( 16)
<i>Disposals</i>	-
<b>Accumulated amortisation at 31.12.2021</b>	<b>( 107)</b>
<b>NET CARRYING AMOUNT AT 31.12.2021</b>	<b>11</b>
<i>Gross carrying amount at 31.12.2021</i>	118
<i>Additions</i>	-
<i>Disposals</i>	-
<b>Gross carrying amount at 31.12.2022</b>	<b>118</b>
<i>Accumulated amortisation at 31.12.2021</i>	( 107)
<i>Depreciation charge for the year</i>	( 7)
<i>Disposals</i>	-
<b>Accumulated amortisation at 31.12.2022</b>	<b>( 114)</b>
<b>NET CARRYING AMOUNT AT 31.12.2022</b>	<b>4</b>

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



## 2.2. PROPERTY, PLANT AND EQUIPMENT

	Plant and equipment	Furniture and vehicles	Computer hardware	Other	TOTAL
<i>Gross carrying amount at 31.12.2020</i>	45	62	195	48	351
<i>Additions</i>	108	-	9	-	117
<i>Disposals</i>	-	-	-	-	-
<b>Gross carrying amount at 31.12.2021</b>	<b>154</b>	<b>62</b>	<b>204</b>	<b>48</b>	<b>468</b>
<i>Accumulated depreciation at 31.12.2020</i>	( 39)	( 33)	( 151)	( 17)	( 239)
<i>Depreciation charge for the year</i>	( 25)	( 6)	( 19)	( 5)	( 55)
<i>Disposals</i>	-	-	-	-	-
<b>Accumulated depreciation at 31.12.2021</b>	<b>( 64)</b>	<b>( 39)</b>	<b>( 170)</b>	<b>( 22)</b>	<b>( 294)</b>
<b>NET CARRYING AMOUNT AT 31.12.2021</b>	<b>90</b>	<b>23</b>	<b>34</b>	<b>26</b>	<b>173</b>
<i>Gross carrying amount at 31.12.2021</i>	154	62	204	48	468
<i>Additions</i>	-	-	21	-	21
<i>Disposals</i>	-	-	( 1)	-	( 1)
<b>Gross carrying amount at 31.12.2022</b>	<b>154</b>	<b>62</b>	<b>224</b>	<b>48</b>	<b>488</b>
<i>Accumulated depreciation at 31.12.2021</i>	( 64)	( 39)	( 170)	( 22)	( 294)
<i>Depreciation charge for the year</i>	( 30)	( 6)	( 18)	( 5)	( 58)
<i>Disposals</i>	-	-	0	-	-
<b>Accumulated depreciation at 31.12.2022</b>	<b>( 94)</b>	<b>( 44)</b>	<b>( 187)</b>	<b>( 27)</b>	<b>( 352)</b>
<b>NET CARRYING AMOUNT AT 31.12.2022</b>	<b>60</b>	<b>17</b>	<b>37</b>	<b>22</b>	<b>136</b>

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.

## 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.

	<i>EUR '000</i>	
	31.12.2022	31.12.2021
<i>Non-current pre-financing</i>	64 905	86 208
<i>Current pre-financing</i>	46 253	40 689
<b>Total</b>	<b>111 157</b>	<b>126 897</b>

The overall high amount of the open pre-financing can be explained by the fact that according to the programme rules the incurred costs (both actual and estimated) are cleared against pre-financing when the amounts paid to the beneficiary reaches a certain threshold. The threshold for Horizon 2020 and Horizon Europe 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 2022. The clearing of pre-financing with cut off expenses amounted to kEUR 68 299 (2021: kEUR 44 471).

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 2022 a case-by-case assessment has been performed and all the pre-financing that was considered unlikely to be cleared in the course of 2022 was classified as non-current pre-financing.

The decrease of pre financing by kEUR 17 739 is driven by the fact that though the first calls for proposal for the HE program was launched in 2022, and kEUR 49,960 new pre-financings for the HE projects were paid out, it was compensated by the clearings on the cost claims validated during 2022 and by the booked pre-financing cut-off.

At 31 December 2022, guarantees received covering pre-financing amounted to kEUR 2 103 (2021: kEUR 2 103).

## 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.

	31.12.2022	EUR '000 31.12.2021
<i>Central treasury liaison accounts</i>	47 024	9 488
<i>Customers</i>	3	150
<i>Deferred charges relating to exchange transactions</i>	7	20
<i>Others</i>	19	(13)
<b>Total</b>	<b>47 054</b>	<b>9 646</b>

The main element concerns the treasury liaison/intercompany accounts. The treasury of the joint undertaking 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 in 2022 contains recovery orders issued to recover administrative expenses.

## 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

	31.12.2022	31.12.2021
<i>Contribution in kind from Members to be validated</i>	57 970	51 326
<i>Contributions in cash to be validated</i>	33 040	-
<i>Suppliers</i>	15 645	7 264
<i>Guarantee fund (mutual insurance mechanism)</i>	3 533	-
<i>Public Bodies</i>	788	412
<i>Sundry payables</i>	-	11
<b>Total</b>	<b>110 975</b>	<b>59 014</b>

Included under the heading 'Contribution in-kind to be validated' are the in-kind contributions from Members relating to on-going or ended projects without a validated cost statement at 31 December 2022. 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 2022: the in-kind contributions estimated based on cost claims received but not validated amounted to kEUR 39 561 (kEUR 38 956 in 2021). The in-kind contributions estimated based on the pro-rata method amounted to kEUR 18 409 (kEUR 12 371 in 2021). 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.

Under the Horizon Europe (HE) programme a participant guarantee fund (mutual insurance mechanism) was established to cover the risk associated with non-recovery of sums due to the Union. Participants in actions under HE are obliged to make a contribution of 5 % of the JU funding for the action. The participants' contribution to the Fund is offset from the initial pre-financing by the JU and paid to the Fund on behalf of the participants. The deducted contributions from the paid pre-financings at year end represents this liability, which will be paid back to the Fund in 2023.

## 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

	31.12.2022	31.12.2021
<i>Accrued charges</i>	49 915	49 664

The heading is composed of estimated operational expenses (kEUR 49 829), accrued administrative expenses of kEUR 1 005 and accrued staff costs for untaken leave of kEUR 81.

The estimated operational expenses are calculated for on-going or ended projects without a validated cost statement where the 2022 expense was estimated on a case-by-case basis using the best available information about the projects at 31 December 2022. 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' once validated. 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.

EUR '000

Programming period	2022			2021		
	Cash	in-Kind	Total	Cash	in-Kind	Total
FP7	425 244	469 129	894 373	425 244	463 001	888 245
H2020	587 868	51 742	639 610	556 904	38 634	595 538
HE	46 960	-	46 960	-	-	-
<b>Total</b>	<b>1 060 072</b>	<b>520 871</b>	<b>1 580 943</b>	<b>982 148</b>	<b>501 635</b>	<b>1 483 783</b>

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

Unlike for the Horizon 2020 programme (see below note **2.7.2**), under the FP7 programme 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 31.12.2021</i>	9 253	1 808	15 329	-	2 555	-	<b>27 137</b>	<b>1 808</b>
<b>Running costs contributions at 31.12.2021</b>	<b>9 253</b>	<b>1 808</b>	<b>15 329</b>	<b>-</b>	<b>2 555</b>	<b>-</b>	<b>27 137</b>	<b>1 808</b>
<i>Operating costs contributions at 31.12.2021</i>	398 107	17 299	-	294 856	-	149 039	<b>398 107</b>	<b>461 194</b>
<i>Adjustments of prior years' contributions</i>	-	-	-	( 19)	-	-	-	<b>( 19)</b>
<i>Current year contributions</i>	-	-	-	3 737	-	2 409	-	<b>6 147</b>
<b>Operating costs contributions at 31.12.2022</b>	<b>398 107</b>	<b>17 299</b>	<b>-</b>	<b>298 575</b>	<b>-</b>	<b>151 448</b>	<b>398 107</b>	<b>467 322</b>
<i>TOTAL contributions at 31.12.2021</i>	407 360	19 107	15 329	294 856	2 555	149 039	<b>425 244</b>	<b>463 002</b>
<b>TOTAL contributions at 31.12.2022</b>	<b>407 360</b>	<b>19 107</b>	<b>15 329</b>	<b>298 575</b>	<b>2 555</b>	<b>151 448</b>	<b>425 244</b>	<b>469 129</b>
<i>% of total contributions (by type)</i>	95.79%	4.07%	3.60%	63.64%	0.60%	32.28%	<b>100 %</b>	<b>100 %</b>
<i>Total contribution in %</i>	47.68%		35.10%		17,22%		<b>100 %</b>	
<i>Voting rights %</i>	41.67%		50.00%		8.33%		100 %	

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

In line with the Horizon 2020 rules, only contributions from the members certified by an external auditor and validated by the Executive Director of the JU are considered in-kind contributions to the net assets. Estimated in-kind contributions, i.e. contributions for which no certifications has been received and/or this certification has not been validated by the Executive Director, are reported under other liabilities.

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

Member	Commission		Industry Grouping		Research Grouping		Total	
	Cash	In kind	Cash	In kind	Cash	In kind	Cash	In kind
<i>Running costs contributions at 31.12.2021</i>	11 363	-	9 772	-	1 591	-	<b>22 725</b>	-
<i>Current year contributions</i>	3 440	-	2 958	-	482	-	<b>6 880</b>	-
<b>Running costs contributions at 31.12.2022</b>	<b>14 803</b>	-	<b>12 730</b>	-	<b>2 072</b>	-	<b>29 605</b>	-
<i>Operating costs contributions at 31.12.2021</i>	534 178	-	-	38 487	-	146	<b>534 178</b>	<b>38 633</b>
<i>Adjustments of prior years' contributions</i>	-	-	-	( 637)	-	-	-	( 637)
<i>Current year contributions</i>	24 084	-	-	12 555	-	1 190	<b>24 084</b>	<b>13 745</b>
<b>Operating costs contributions at 31.12.2022</b>	<b>558 263</b>	-	-	<b>50 406</b>	-	<b>1 336</b>	<b>558 263</b>	<b>51 741</b>
<i>TOTAL contributions at 31.12.2021</i>	545 541	-	9 772	38 487	1 591	146	<b>556 904</b>	<b>38 633</b>
<b>TOTAL contributions at 31.12.2022</b>	<b>573 065</b>	-	<b>12 730</b>	<b>50 406</b>	<b>2 072</b>	<b>1 336</b>	<b>587 868</b>	<b>51 742</b>
<i>% of total contributions (by type)</i>	97.48%	0.00%	2.17%	97.42%	0.35%	2.58%	<b>100 %</b>	<b>100 %</b>
<i>Total contribution in %</i>	89.60%		9.78%		0.53%		<b>100 %</b>	
<i>Voting rights %</i>	50.00%		43.00%		7.00%		<b>100 %</b>	

### 2.7.3. Research and Innovation funding programme for 2021-2027 (Horizon Europe)

In line with the Horizon Europe 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 Europe programme, Council Regulation (EC) No 2021/2085 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 31.12.2021</i>	-	-	-	-	-	-	-	-
<i>Current year contributions</i>	-	-	-	-	-	-	-	-
<b>Running costs contributions at 31.12.2022</b>	-	-	-	-	-	-	-	-
<i>Operating costs contributions at 31.12.2021</i>	-	-	-	-	-	-	-	-
<i>Adjustments of prior years' contributions</i>	-	-	-	-	-	-	-	-
<i>Current year contributions</i>	46 960	-	-	-	-	-	<b>46 960</b>	-
<b>Operating costs contributions at 31.12.2022</b>	<b>46 960</b>	-	-	-	-	-	<b>46 960</b>	-
<i>TOTAL contributions at 31.12.2021</i>	-	-	-	-	-	-	-	-
<b>TOTAL contributions at 31.12.2022</b>	<b>46 960</b>	-	-	-	-	-	<b>46 960</b>	-
<i>% of total contributions (by type)</i>	100,00%	0.00%	0.00%	0.00%	0.00%	0.00%	<b>100 %</b>	<b>100 %</b>
<i>Total contribution in %</i>	100.00%		0.00%		0.00%		<b>100 %</b>	
<i>Voting rights %</i>	50.00%		43.00%		7.00%		<b>100 %</b>	

According to the specific guidance issued by the EC Accounting Officer<sup>21</sup> for the accounting of the EU cash contributions received under Horizon Europe program, the accounting treatment of the EU contribution should align with Art. 19.1 of the Financial Framework Partnership Agreement (FFPA), defining that the Union contributions take form of provisional payments ("pre-financings"). Based on this new requirement, the JU has to determine, on the basis of the payment implementation report the amount of operating and administrative expenditure that have been covered from the EU financial contributions to the Horizon Europe Programme, and enters only this amount into the net assets. The unspent funds are booked among the liabilities as "Contributions in cash to be validated". (See Note 2.5.)

<sup>21</sup> Ref. Ares(2022)6810956 – 03/10/2022 : Specific Guidance: Accounting for EU cash contributions received by Joint Undertakings under the Financial Framework Partnership Agreement related to MFF 2021-2027

2.7.4. Total members' contributions in FP7, H2020 and HE for the Clean Hydrogen JU (in EUR million) - targets vs. actuals

The JU monitors, on annual basis, the status of the progress towards the agreed legal targets of members' contributions. The table below presents a comprehensive overview on the members' contributions, for each framework programme, on the level of targeted and validated financial and in-kind contributions at end of the financial year:

	Members' contributions (as per Funding regulation)			Members contributions as of 31.12.2022							
	EU cash (a)	Private members' IKOP and cash (b)	Private members' IKAA (c)	Total (d)=(a)+(b)+(c)	EU cash (e)	Other members IKOP validated and cash (f)	Other members IKOP reported but not validated (g)	IKAA certified (h)	Total (i)=(f)+(g)+ (h)	Achievement rate with IKAA (j)=(i)/(d)	Achievement rate without IKAA (k)=(e+f+g)/ (a+b)
FP7	470,0	450,0	-	<b>920,0</b>	426,5	467,9	10,7	-	<b>905,1</b>	<b>98%</b>	<b>98%</b>
H2020	665,0	95,0	285,0	<b>1.045,0</b>	573,1	66,5	47,3	1.039,0	<b>1.725,9</b>	<b>165%</b>	<b>90%</b>
Horizon Europe	1.000,0	1.000,0		<b>2.000,0</b>	47,0	-	-	121,1	<b>168,0</b>	<b>8%</b>	<b>2%</b>
<b>Total target</b>	<b>2.135,0</b>	<b>1.830,0</b>		<b>3.965,0</b>	1.046,5	534,5	58,0	1.160,1	<b>2.799,0</b>		



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

#### NON-EXCHANGE REVENUE

Revenue from non-exchange transactions relates to transactions where the transferor provides resources to the recipient entity without the recipient entity providing approximately equal value directly in exchange. The heading mainly includes 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	
	2022	2021
<i>Recovery of expenses</i>	1 563	4 994

The items under this title are related mainly to the negative audit adjustments received for already recognised contributions.

#### EXCHANGE REVENUE

#### 3.2. REVENUE FROM EXCHANGE TRANSACTIONS

	EUR '000	
	2022	2021
<i>Financial revenue</i>	0	0
<i>Other</i>	36	3
<b>Total</b>	<b>36</b>	<b>3</b>

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	
	2022	2021
<i>Operational costs: validated in-kind contributions</i>	19 891	32 714
<i>Operational costs: estimated in-kind contributions</i>	6 644	1 821
<b>Total operational costs from in-kind contributions</b>	<b>26 535</b>	<b>34 536</b>
<i>Operational costs: validated EU contributions</i>	71 038	100 897
<i>Operational costs: estimated EU contributions</i>	25 433	( 11 925)
<b>Total operational costs from EU contributions</b>	<b>96 470</b>	<b>88 973</b>
<b>Total</b>	<b>123 005</b>	<b>123 509</b>

The variation in validated in-kind contributions is explained by the different projects whose final report are validated during the year, the costs actually incurred and the different membership composition, which changes year by year.

The increase in estimated in-kind contributions is due to the higher number of expenses to be accrued due to the cumulative reporting periods received for which the in-kind contribution will be validated only at the end of the project.

The variation in validated and estimated EU contributions is due to the different project composition which changes every year.

### 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, the JU 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.

As per Article 83a(2) of the Staff Regulations, the part paid by the JU shall correspond to the percentage share between a) the JU's revenues without the subsidy from the general budget, and b) its total revenues. To avoid disruptive variations over time, the JUs employer's pension contribution is calculated with a single percentage share for the whole duration of the JU. This single percentage was established on the basis of the EU and non-EU members' respective contributions, as foreseen in the JU's legal basis, with a correction and regularisation at the last year of existence of the JU. The contribution of Clean Hydrogen Joint Undertaking was set as 2.9 % of the total pension scheme contributions. This contribution is accounted within staff costs.

In view of implementation problems and the principle of good administration, it was agreed between the Commission and the JUs that the provisions of Article 83a(2) are applied only to the JUs set up by the SBA and Euro HPC and not to those established under the previous Regulations. Given the late entry into force of the SBA at the end of November 2021, the applicability starts as from 2022.

	<i>EUR '000</i>	
	2022	2021
<i>Staff costs</i>	3 359	3 188

### 3.5. OTHER EXPENSES

	EUR '000	
	2022	2021
<i>Communications &amp; publications</i>	691	534
<i>External IT services</i>	403	495
<i>Other external non-IT services</i>	657	480
<i>Operating leasing expenses</i>	353	342
<i>Experts' expenses</i>	740	91
<i>Fixed assets depreciation and impairment</i>	66	71
<i>Other</i>	73	41
<b>Total</b>	<b>2 984</b>	<b>2 053</b>

The increase of Communications & publications expenses is mainly related to costs incurred for the event "European Hydrogen Week 2022", with a higher number of participants compared to the previous edition that was celebrated in hybrid mode.

The increase of Other external non-IT services expenses is related to two new studies under administrative expenditure in 2022, together with the high increase in the costs for the "Centre de la Petite Enfance" in Brussels.

The increase of Experts' expenses is related to the evaluation of the first call for proposals Horizon Europe in 2022. No call was evaluated in 2021.

The operating lease expenses are related to the Clean Hydrogen 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 at 31 December 2022			
	< 1 year	1- 5 years	> 5 years	Total
<i>Buildings</i>	400	450		850

## 4. OTHER SIGNIFICANT DISCLOSURES

### 4.1. CONTINGENT ASSETS

	EUR '000	
	31.12.2022	31.12.2021
<i>Contingent assets</i>	63	185

The amounts under this heading relate to ex-post audit findings indicating that ineligible expenses of kEUR 63 should be recovered from 7 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.

	EUR '000	
	31.12.2022	31.12.2021
<i>Outstanding commitments not yet expensed</i>	287 377	62 964

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 increase between the years is driven by the new commitments made for the first call Horizon Europe.

### 4.3. SERVICES IN-KIND

By 31 December 2022 the Executive Director of Clean Hydrogen Joint Undertaking validated services in-kind provided by the Joint Research Centre (JRC) for a total value of kEUR 4 284, unchanged compared to 2021. 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)

#### H2020 programme

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 the entire H2020 programme 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, nor for the year 2022 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 on IKAA for H2020 is available in the annual activity reports of the FCH 2 JU and its successor, the Clean Hydrogen JU, published in the Clean Hydrogen JU website under:

[https://www.clean-hydrogen.europa.eu/about-us/key-documents/annual-activity-reports\\_en](https://www.clean-hydrogen.europa.eu/about-us/key-documents/annual-activity-reports_en)

## **Horizon Europe programme**

According to COUNCIL REGULATION (EU) 2021/2085 of 19 November 2021 establishing the Joint Undertakings under Horizon Europe, Hydrogen Europe Industry and Hydrogen Europe Research Members of the Clean Hydrogen Joint Undertaking have submitted their first Additional Activities Plan covering the period of 1 January 2022 – 31 December 2022 as an annex to the Annual Work Plan 2022. For the reporting of the annual additional activities plan annexed to the main part of the work programme, a scope of the additional activities was presented according to categories in line with the Article 78 of the COUNCIL REGULATION (EU) 2021/2085.

The Plan included Additional Activities for a total amount of EUR 520.765 million.

The private members shall report by 31 May each year at the latest to their respective governing board on the value of the in-kind contributions.

According to the Horizon Europe legal basis, a certificate on the in-kind contributions to additional activities (IKAA) must be provided for contributions of private members for activities contributing to the objectives of the Clean Hydrogen Joint Undertaking.

For valuing these contributions, the costs shall be determined in accordance with the usual cost accounting practices of the entities concerned, to the applicable accounting standards of the country where the entity is established, and to the applicable International Accounting Standards and International Financial Reporting Standards. The costs shall be certified by an independent audit body appointed by the entity.

The purpose of the IKAA certificate is to provide the EU granting authority with sufficient information on the value of private contributions from the members of the Clean Hydrogen Joint Undertaking other than the Union who shall make or arrange for their constituent or affiliated entities to make a total contribution of at least EUR 1 000 000 000.

In the moment of establishing the annual accounts for the Clean Hydrogen JU, the certification process for the IKAA 2022 were launched and was still ongoing. The total value of the certified contributions for the financial year 2022 reported to the Clean Hydrogen JU governing board as at 31 May 2023 were at the amount of EUR 121.068 million.

## 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.

	31.12.2022	31.12.2021
<i>Executive Director</i>	<i>AD 14</i>	<i>AD 14</i>

## 4.7. OTHER EVENTS

### ***RUSSIA-UKRAINE WAR***

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 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.

## 4.8. EVENTS AFTER REPORTING DATE

At the time of preparation of these financial statements, the management is not aware of any events linked to the war in Ukraine that should be disclosed as non-adjusting events or taken into account in these financial statements as adjusting events.

## 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 fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. This risk arises from the change in the price of a foreign currency against the functional currency of an entity.

(2) Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As an example, higher interest rates will lead to lower prices of fixed rate bonds (other things equal), 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 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 Hydrogen 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 economy**

The principle of economy requires that the resources used by the JU in the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price.

### **Principle of efficiency**

The principle of efficiency concerns the best relationship between resources employed and results achieved.

### **Principle of effectiveness**

The principle of effectiveness concerns the attainment of the specific objectives set and the achievement of the intended results.

### **Principle of internal control**

The principle of internal control of budget implementation means that the JU budget shall be implemented in compliance with effective and efficient internal control in order to provide reasonable assurance of achieving effectiveness, efficiency and economy of operations; reliability of reporting; safeguarding of assets and information; prevention, detection, correction and follow-up of fraud and irregularities; and

adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multi-annual character of the programmes as well as the nature of the payments concerned.

### **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

EUR '000

	Title	2022	2021
<b>Revenue</b>		<b>111 455</b>	<b>51 969</b>
of which:			
European Commission subsidy	2	107 524	47 305
Hydrogen Europe/Hydrogen Europe Research - contributions	2	3 440	2 649
JTI revenues	2	491	2 015
<b>Expenditure</b>		<b>(77 438)</b>	<b>(48 809)</b>
of which:			
Staff expenditure	1	(3 804)	(3 475)
Administrative expenditure	2	(2 128)	(1 621)
Operational expenditure	3	(71 506)	(43 713)
<b>Exchange rate differences</b>		<b>-</b>	<b>1</b>
<b>Budget result</b>		<b>34 017</b>	<b>3 161</b>

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

	EUR '000	
	2022	2021
<b>ECONOMIC RESULT OF THE YEAR</b>	<b>(127 749)</b>	<b>(123 753)</b>
<b>Adjustment for accrual items (items not in the budgetary result but included in the economic result)</b>		
<i>In-kind contributions validated in the year</i>	19 236	30 221
<i>Adjustments for accrual cut-off (net)</i>	32 498	(9 569)
<i>Unpaid invoices at year end but booked in expenses</i>	22 121	36 399
<i>Depreciation, amortization, impairment and income from intangible and tangible assets</i>	66	71
<i>Movement in provisions</i>		-
<i>Recovery orders issued in the year and not yet cashed</i>	(3)	(2)
<i>Pre-financing paid in previous year and cleared in the year</i>	23 805	27 770
<i>Other individually immaterial items</i>	-	-
<b>Adjustment for budgetary items (item included in the budgetary result but not in the economic result)</b>		
<i>Members' cash contributions collected in the year</i>	110 964	49 954
<i>Asset acquisitions (less unpaid amounts)</i>	(21)	(119)
<i>Payments made from non-budget lines</i>	(25)	-
<i>New pre-financing paid in the year and remaining open as at 31 December</i>	(46 960)	(7 811)
<i>Entitlements established in previous year and cashed in the year</i>	85	1
<b>BUDGET RESULT OF THE YEAR</b>	<b>34 017</b>	<b>3 161</b>

## 4. IMPLEMENTATION OF BUDGET REVENUE

### 4.1. Implementation of budget revenue

EUR '000

	Item	Income appropriations		Entitlements established			Revenue				Out-standing
		Initial budget	Final budget	Current year	Carried over	Total	On entitlements of current year	On entitlements carried over	Total	%	
		1	2	3	4	5=3+4	6	7	8=6+7	9=8/2	10=5-8
20-2	European Commission subsidy for administrative expenditure	3 440	3 440	3 440	0	3 440	3 440	0	3 440	100 %	0
Total Chapter 20-2		3 440	3 440	3 440	0	3 440	3 440	0	3 440	100 %	0
20-3	Hydrogen Europe contribution for administrative expenditure	2 958	2 958	2 958	0	2 958	2 958	0	2 958	100 %	0
Total Chapter 20-3		2 958	2 958	2 958	0	2 958	2 958	0	2 958	100 %	0
20-4	Hydrogen Europe Research contribution for administrative expenditure	482	482	482	0	482	482	0	482	100 %	0
Total Chapter 20-4		482	482	482	0	482	482	0	482	100 %	0
20-5	European Commission subsidy for operational expenditure (Horizon 2020)	40 658	24 084	24 084	0	24 084	24 084	0	24 084	100 %	0
Total Chapter 20-5		40 658	24 084	24 084	0	24 084	24 084	0	24 084	100 %	0
20-6	European Commission subsidy for operational expenditure (Horizon Europe)	0	80 000	80 000	0	80 000	80 000	0	80 000	100 %	0
Total Chapter 20-6		0	80 000	80 000	0	80 000	80 000	0	80 000	100 %	0
20-7	JU revenues	0	0	492	2	494	489	2	491	-	3
Total Chapter 20-7		0	0	492	2	494	489	2	491	-	3
<b>Total Title 20-0</b>		<b>47 538</b>	<b>110 964</b>	<b>111 456</b>	<b>2</b>	<b>111 458</b>	<b>111 454</b>	<b>2</b>	<b>111 455</b>	<b>100 %</b>	<b>3</b>
31-8	C2 reactivation of appropriations administrative expenditure (2020)	0	877							-	
Total Chapter 31-8		0	877							-	
<b>Total Title 30-1</b>		<b>0</b>	<b>877</b>							-	
32-1	C2 reactivation of appropriations administrative expenditure (2021)	0	332							-	

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Total Chapter 32-1		0	332							-	
32-2	C2 reactivation of appropriations operational expenditure (2021)	5 647	5 647							-	
Total Chapter 32-2		5 647	5 647							-	
<b>Total Title 30-2</b>		<b>5 647</b>	<b>5 979</b>							-	
<b>GRAND TOTAL</b>		<b>53 185</b>	<b>117 820</b>	<b>111 456</b>	<b>2</b>	<b>111 458</b>	<b>111 454</b>	<b>2</b>	<b>111 455</b>	<b>95 %</b>	<b>3</b>



## 5. IMPLEMENTATION OF BUDGET EXPENDITURE

### 5.1. Breakdown & changes in commitment appropriations

#### 5.1.1. Breakdown & changes in commitment appropriations – Title 1

EUR '000

	Item	Budget appropriations				Additional appropriations			Total approp. 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
11-0	Staff in active employment	3 825	0	0	3 825	20	0	20	3 845
Total Chapter 11-0		3 825	0	0	3 825	20	0	20	3 845
12-0	Expenditure related to recruitment	5	0	( 2)	3	0	0	0	3
Total Chapter 12-0		5	0	( 2)	3	0	0	0	3
13-0	Missions and travel	60	0	0	60	0	4	4	64
Total Chapter 13-0		60	0	0	60	0	4	4	64
14-0	Sociomedical infrastructure and training	44	0	0	44	0	2	2	46
Total Chapter 14-0		44	0	0	44	0	2	2	46
15-0	Entertainment and representation expenses	4	0	2	6	0	0	0	6
Total Chapter 15-0		4	0	2	6	0	0	0	6
<b>Total Title 1</b>		<b>3 398</b>	<b>0</b>	<b>0</b>	<b>3 938</b>	<b>20</b>	<b>6</b>	<b>26</b>	<b>3 964</b>

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

EUR '000

	Item	Budget appropriations				Additional appropriations			Total approp. 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
20-0	Investments in immovable property, rental of buildings and associated costs	855	0	0	855	0	0	0	855
Total Chapter 20-0		855	0	0	855	0	0	0	855
21-0	Information technology	520	0	0	520	0	31	31	551
Total Chapter 21-0		520	0	0	520	0	31	31	551
22-0	Movable property and associated costs	20	0	0	20	0	0	0	20
Total Chapter 22-0		20	0	0	20	0	0	0	20
23-0	Current administrative expenditure	9	0	0	9	0	0	0	9
Total Chapter 23-0		9	0	0	9	0	0	0	9
24-0	Correspondence, postage and telecommunications	10	0	0	10	0	0	0	10
Total Chapter 24-0		10	0	0	10	0	0	0	10
25-0	Expenditure on formal and other meetings	50	0	0	50	0	0	0	50
Total Chapter 25-0		50	0	0	50	0	0	0	50
26-0	Communication costs	700	0	85	785	210	0	210	995
Total Chapter 26-0		700	0	85	785	210	0	210	995
27-0	Service contracts	647	0	( 85)	562	330	0	330	892
Total Chapter 27-0		647	0	( 85)	562	330	0	330	892
28-0	Expert contracts and meetings	131	0	0	131	649	0	649	780
Total Chapter 28-0		131	0	0	131	649	0	649	780
<b>Total Title 2</b>		<b>2 942</b>	<b>0</b>	<b>0</b>	<b>2 942</b>	<b>1 189</b>	<b>31</b>	<b>1 220</b>	<b>4 162</b>

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

EUR '000

	Item	Budget appropriations				Additional appropriations			Total approp. 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	
30-1	Implementing the research agenda of FCH Joint Undertaking: 7th Framework Programme (FP7)	0	0	0	0	0	19	19	19
Total Chapter 30-1		0	0	0	0	0	19	19	19
30-2	Implementing the research agenda of FCH Joint Undertaking: Horizon 2020	0	0	0	0	2 047	436	2 483	2 483
Total Chapter 30-2		0	0	0	0	2 047	436	2 483	2 483
30-3	Implementing the research agenda of FCH Joint Undertaking: Horizon Europe	0	303 705	0	303 705	0	0	0	303 705
Total Chapter 30-3		0	303 705	0	303 705	0	0	0	303 705
<b>Total Title 30-0</b>		<b>0</b>	<b>303 705</b>	<b>0</b>	<b>303 705</b>	<b>2 047</b>	<b>454</b>	<b>2 501</b>	<b>306 206</b>
<b>GRAND TOTAL</b>		<b>6 880</b>	<b>303 705</b>	<b>0</b>	<b>310 585</b>	<b>3 256</b>	<b>491</b>	<b>3 747</b>	<b>314 332</b>

## 5.2. Breakdown & changes in payment appropriations

### 5.2.1. Breakdown & changes in payment appropriations – Title 1

EUR '000

	Item	Budget appropriations				Additional appropriations			Total 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
11-0	Staff in active employment	3 825	0	0	3 825	20	0	20	3 845
Total Chapter 11-0		3 825	0	0	3 825	20	0	20	3 845
12-0	Expenditure related to recruitment	5	0	( 2)	3	0	0	0	3
Total Chapter 12-0		5	0	( 2)	3	0	0	0	3
13-0	Missions and travel	60	0	0	60	0	4	4	64
Total Chapter 13-0		60	0	0	60	0	4	4	64
14-0	Sociomedical infrastructure and training	44	0	0	44	0	2	2	46
Total Chapter 14-0		44	0	0	44	0	2	2	46
15-0	Entertainment and representation expenses	4	0	2	6	0	0	0	6
Total Chapter 15-0		4	0	2	6	0	0	0	6
<b>Total Title 1</b>		<b>3 938</b>	<b>0</b>	<b>0</b>	<b>3 938</b>	<b>20</b>	<b>6</b>	<b>26</b>	<b>3 964</b>

## 5.2.2. Breakdown &amp; 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	
20-0	Investments in immovable property, rental of buildings and associated costs	855	0	0	855	0	0	0	855
Total Chapter 20-0		855	0	0	855	0	0	0	855
21-0	Information technology	520	0	0	520	0	31	31	551
Total Chapter 212 949-0		520	0	0	520	0	31	31	551
22-0	Movable property and associated costs	20	0	0	20	0	0	0	20
Total Chapter 22-0		20	0	0	20	0	0	0	20
23-0	Current administrative expenditure	9	0	0	9	0	0	0	9
Total Chapter 23-0		9	0	0	9	0	0	0	9
24-0	Correspondence, postage and telecommunications	10	0	0	10	0	0	0	10
Total Chapter 24-0		10	0	0	10	0	0	0	10
25-0	Expenditure on formal and other meetings	50	0	0	50	0	0	0	50
Total Chapter 25-0		50	0	0	50	0	0	0	50
26-0	Communication costs	700	0	85	785	210	0	210	995
Total Chapter 26-0		700	0	85	785	210	0	210	995
27-0	Service contracts	647	0	( 85)	562	330	0	330	892
Total Chapter 27-0		647	0	( 85)	562	330	0	330	892
28-0	Expert contracts and meetings	131	0	0	131	649	0	649	780
Total Chapter 28-0		131	0	0	131	649	0	649	780
<b>Total Title 2</b>		<b>2 942</b>	<b>0</b>	<b>0</b>	<b>2 942</b>	<b>1 189</b>	<b>31</b>	<b>1 220</b>	<b>4 162</b>

5.2.3. Breakdown & changes in payment appropriations – Title 3

EUR '000

	Item	Budget appropriations				Additional appropriations			Total appopr. 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	
30-1	Implementing the research agenda of FCH Joint Undertaking: 7th Framework Programme (FP7)	0	0	0	0	0	19	19	19
Total Chapter 30-1		0	0	0	0	0	19	19	19
30-2	Implementing the research agenda of FCH Joint Undertaking: Horizon 2020	40 658	( 16 574)	0	24 084	5 647	436	6 083	30 167
Total Chapter 30-2		40 658	( 16 574)	0	24 084	5 647	436	6 083	30 167
30-3	Implementing the research agenda of FCH Joint Undertaking: Horizon Europe	0	80 000	0	80 000	0	0	0	80 000
Total Chapter 30-3		0	80 000	0	80 000	0	0	0	80 000
<b>Total Title 30-0</b>		<b>40 658</b>	<b>63 426</b>	<b>0</b>	<b>104 084</b>	<b>5 647</b>	<b>454</b>	<b>6 101</b>	<b>110 186</b>
<b>GRAND TOTAL</b>		<b>47 538</b>	<b>63 426</b>	<b>0</b>	<b>110 964</b>	<b>6 856</b>	<b>491</b>	<b>7 347</b>	<b>118 312</b>

## 5.3. IMPLEMENTATION OF COMMITMENT APPROPRIATIONS

### 5.3.1. Implementation of commitment appropriations - Title 1

EUR '000

	Item	Total approp. available	Commitments made					Appropriations carried over to 2023			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
11-0	Staff in active employment	3 845	3 727	17	0	3 744	97 %	0	0	0	98	3	0	101
Total Chapter 11-0		3 845	3 727	17	0	3 744	97 %	0	0	0	98	3	0	101
12-0	Expenditure related to recruitment	3	1	0	0	1	24 %	0	0	0	2	0	0	2
Total Chapter 12-0		3	1	0	0	1	24 %	0	0	0	2	0	0	2
13-0	Missions and travel	64	60	0	2	62	97 %	0	0	0	0	0	2	2
Total Chapter 13-0		64	60	0	2	62	97 %	0	0	0	0	0	2	2
14-0	Sociomedical infrastructure and training	46	24	0	0	24	53 %	0	0	0	20	0	2	22
Total Chapter 14-0		46	24	0	0	24	53 %	0	0	0	20	0	2	22
15-0	Entertainment and representation expenses	6	4	0	0	4	60 %	0	0	0	2	0	0	2
Total Chapter 15-0		6	4	0	0	4	60 %	0	0	0	2	0	0	2
<b>Total Title 1</b>		<b>3 964</b>	<b>3 366</b>	<b>17</b>	<b>2</b>	<b>3 835</b>	<b>97 %</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>122</b>	<b>3</b>	<b>4</b>	<b>129</b>

## 5.3.2. Implementation of commitment appropriations - Title 2

EUR '000

	Item	Total approp. available	Commitments made					Appropriations carried over to 2023			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
20-0	Investments in immovable property, rental of buildings and associated costs	855	398	0	0	398	47 %	0	0	0	457	0	0	457
Total Chapter 20-0		855	398	0	0	398	47 %	0	0	0	457	0	0	457
21-0	Information technology	551	468	0	23	491	89 %	0	0	0	52	0	8	61
Total Chapter 21-0		551	468	0	23	491	89 %	0	0	0	52	0	8	61
22-0	Movable property and associated costs	20	0	0	0	0	0 %	0	0	0	20	0	0	20
Total Chapter 22-0		20	0	0	0	0	0 %	0	0	0	20	0	0	20
23-0	Current administrative expenditure	9	8	0	0	8	84 %	0	0	0	1	0	0	1
Total Chapter 23-0		9	8	0	0	8	84 %	0	0	0	1	0	0	1
24-0	Correspondence, postage and telecommunications	10	9	0	0	9	88 %	0	0	0	1	0	0	1
Total Chapter 24-0		10	9	0	0	9	88 %	0	0	0	1	0	0	1
25-0	Expenditure on formal and other meetings	50	22	0	0	22	44 %	0	0	0	28	0	0	28
Total Chapter 25-0		50	22	0	0	22	44 %	0	0	0	28	0	0	28



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26-0	Communication costs	995	651	61	0	712	72 %	0	0	0	134	149	0	283
Total Chapter 26-0		995	651	61	0	712	72 %	0	0	0	134	149	0	283
27-0	Service contracts	892	62	276	0	338	38 %	0	0	0	500	54	0	554
Total Chapter 27-0		892	62	276	0	338	38 %	0	0	0	500	54	0	554
28-0	Expert contracts and meetings	780	108	511	0	619	79 %	0	0	0	23	138	0	161
Total Chapter 28-0		780	108	511	0	619	79 %	0	0	0	23	138	0	161
<b>Total Title 2</b>		<b>4 162</b>	<b>1 726</b>	<b>848</b>	<b>23</b>	<b>2 597</b>	<b>62 %</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1 216</b>	<b>341</b>	<b>8</b>	<b>1 566</b>

## 5.3.3. Implementation of commitment appropriations - Title 3

EUR '000

	Item	Total approp. available	Commitments made					Appropriations carried over to 2023			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
30-1	Implementing the research agenda of FCH Joint Undertaking: 7th Framework Programme (FP7)	19	0	0	0	0	0 %	0	0	0	0	0	19	19
Total Chapter 30-1		19	0	0	0	0	0 %	0	0	0	0	0	19	19
30-2	Implementing the research agenda of FCH Joint Undertaking: Horizon 2020	2 483	0	1 982	102	2 084	84 %	0	0	0	0	64	334	398
Total Chapter 30-2		2 483	0	1 982	102	2 084	84 %	0	0	0	0	64	334	398
30-3	Implementing the research agenda of FCH Joint Undertaking: Horizon Europe	303 705	302 650	0	0	302 650	100 %	0	0	0	1 055	0	0	1 055
Total Chapter 30-3		303 705	302 650	0	0	302 650	100 %	0	0	0	1 055	0	0	1 055
<b>Total Title 30-0</b>		<b>306 206</b>	<b>302 650</b>	<b>1 982</b>	<b>102</b>	<b>304 734</b>	<b>100 %</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1 055</b>	<b>64</b>	<b>352</b>	<b>1 472</b>
<b>GRAND TOTAL</b>		<b>314 332</b>	<b>308 191</b>	<b>2 848</b>	<b>127</b>	<b>311 165</b>	<b>99 %</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2 394</b>	<b>408</b>	<b>365</b>	<b>3 167</b>

## 5.4. IMPLEMENTATION OF PAYMENT APPROPRIATIONS

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

EUR  
'000

	Item	Total approp. availab.	Payments made					Appropriations carried over to 2023				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
11-0	Staff in active employment	3 845	3 700	20	0	3 720	97 %	0	0	0	0	125	0	0	125
Total Chapter 11-0		3 845	3 700	20	0	3 720	97 %	0	0	0	0	125	0	0	125
12-0	Expenditure related to recruitment	3	1	0	0	1	24 %	0	0	0	0	2	0	0	2
Total Chapter 12-0		3	1	0	0	1	24 %	0	0	0	0	2	0	0	2
13-0	Missions and travel	64	60	0	2	62	97 %	0	0	0	0	0	0	2	2
Total Chapter 13-0		64	60	0	2	62	97 %	0	0	0	0	0	0	2	2
14-0	Sociomedical infrastructure and training	46	18	0	0	18	39 %	0	0	0	0	26	0	2	28
Total Chapter 14-0		46	18	0	0	18	39 %	0	0	0	0	26	0	2	28
15-0	Entertainment and representation expenses	6	4	0	0	4	60 %	0	0	0	0	2	0	0	2
Total Chapter 15-0		6	4	0	0	4	60 %	0	0	0	0	2	0	0	2
<b>Total Title 1</b>		<b>3 964</b>	<b>3 783</b>	<b>20</b>	<b>2</b>	<b>3 805</b>	<b>96 %</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>155</b>	<b>0</b>	<b>4</b>	<b>159</b>

## 5.4.2. Implementation of payment appropriations - Title 2

EUR  
'000

	Item	Total approp. availab.	Payments made					Appropriations carried over to 2023				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
20-0	Investments in immovable property, rental of buildings and associated costs	855	346	0	0	346	40 %	0	0	0	0	509	0	0	509
Total Chapter 20-0		855	346	0	0	346	40 %	0	0	0	0	509	0	0	509
21-0	Information technology	551	443	0	0	443	80 %	0	0	0	0	77	0	31	108
Total Chapter 21-0		551	443	0	0	443	80 %	0	0	0	0	77	0	31	108
22-0	Movable property and associated costs	20	0	0	0	0	2 %	0	0	0	0	20	0	0	20
Total Chapter 22-0		20	0	0	0	0	2 %	0	0	0	0	20	0	0	20
23-0	Current administrative expenditure	9	8	0	0	8	93 %	0	0	0	0	1	0	0	1
Total Chapter 23-0		9	8	0	0	8	93 %	0	0	0	0	1	0	0	1
24-0	Correspondence, postage and telecommunications	10	8	0	0	8	82 %	0	0	0	0	2	0	0	2
Total Chapter 24-0		10	8	0	0	8	82 %	0	0	0	0	2	0	0	2
25-0	Expenditure on formal and other meetings	50	12	0	0	12	24 %	0	0	0	0	38	0	0	38
Total Chapter 25-0		50	12	0	0	12	24 %	0	0	0	0	38	0	0	38
26-0	Communication costs	995	324	210	0	534	54 %	0	0	0	0	461	0	0	461
Total Chapter 26-0		995	324	210	0	534	54 %	0	0	0	0	461	0	0	461
27-0	Service contracts	892	17	149	0	166	19 %	0	0	0	0	545	181	0	726
Total Chapter 27-0		892	17	149	0	166	19 %	0	0	0	0	545	181	0	726

*Final annual accounts of the Clean Hydrogen Joint Undertaking 2022*

28-0	Expert contracts and meetings	780	130	480	0	610	78 %	0	0	0	0	1	169	0	170
Total Chapter 28-0		780	130	480	0	610	78 %	0	0	0	0	1	169	0	170
<b>Total Title 2</b>		<b>4 162</b>	<b>1 288</b>	<b>839</b>	<b>0</b>	<b>2 127</b>	<b>51 %</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1 654</b>	<b>350</b>	<b>31</b>	<b>2 035</b>

## 5.4.3. Implementation of payment appropriations - Title 3

EUR  
'000

	Item	Total approp. availab.	Payments made					Appropriations carried over to 2023				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
30-1	Implementing the research agenda of FCH Joint Undertaking: 7th Framework Programme (FP7)	19	0	0	0	0	0 %	0	0	0	0	0	0	19	19
Total Chapter 30-1		19	0	0	0	0	0 %	0	0	0	0	0	0	19	19
30-2	Implementing the research agenda of FCH Joint Undertaking: Horizon 2020	30 167	18 899	5 647	0	24 546	81 %	0	0	0	0	5 186	0	436	5 621
Total Chapter 30-2		30 167	18 899	5 647	0	24 546	81 %	0	0	0	0	5 186	0	436	5 621
30-3	Implementing the research agenda of FCH Joint Undertaking: Horizon Europe	80 000	46 960	0	0	46 960	59 %	0	0	0	0	33 040	0	0	33 040
Total Chapter 30-3		80 000	46 960	0	0	46 960	59 %	0	0	0	0	33 040	0	0	33 040
<b>Total Title 3</b>		<b>110 186</b>	<b>65 859</b>	<b>5 647</b>	<b>0</b>	<b>71 506</b>	<b>65 %</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>38 225</b>	<b>0</b>	<b>454</b>	<b>38 680</b>
<b>GRAND TOTAL</b>		<b>118 312</b>	<b>70 930</b>	<b>6 506</b>	<b>2</b>	<b>77 438</b>	<b>65 %</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>40 034</b>	<b>350</b>	<b>490</b>	<b>40 873</b>

## 6. OUTSTANDING COMMITMENTS

### 6.1. Outstanding commitments – Title 1

EUR '000

	Item	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at year-end
		Commitm. carried forward from previous year	Decommit. Revaluation Cancellations	Pay-ments	Total	Commit-ments made during the year	Pay-ments	Cancel-lation of commit. which cannot be carried forward	Commit. outstand-ing at year-end	
		1	2	3	4=1+2-3	5	6	7	8=5-6-7	9=4+8
11-0	Staff in active employment	181	( 6)	127	48	3 744	3 593	0	152	199
Total Chapter 11-0		181	( 6)	127	48	3 744	3 593	0	152	199
12-0	Expenditure related to recruitment	0	0	0	0	1	1	0	0	0
Total Chapter 12-0		0	0	0	0	1	1	0	0	0
13-0	Missions and travel	5	( 5)	0	0	62	62	0	0	0
Total Chapter 13-0		5	( 5)	0	0	62	62	0	0	0
14-0	Sociomedical infrastructure and training	6	( 2)	3	1	24	15	0	10	10
Total Chapter 14-0		6	( 2)	3	1	24	15	0	10	10
15-0	Entertainment and representation expenses	0	0	0	0	4	4	0	0	0
Total Chapter 15-0		0	0	0	0	4	4	0	0	0
<b>Total Title 1</b>		<b>192</b>	<b>(13)</b>	<b>130</b>	<b>49</b>	<b>3 835</b>	<b>3 673</b>	<b>0</b>	<b>162</b>	<b>210</b>

## 6.2. Outstanding commitments – Title 2

EUR '000

	Item	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at year-end
		Commitm. carried forward from previous year	Decommit. Revaluation 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	
20-0	Investments in immovable property, rental of buildings and associated costs	3	( 3)	0	0	398	346	0	52	52
Total Chapter 20-0		3	( 3)	0	0	398	346	0	52	52
21-0	Information technology	212	( 15)	177	19	491	266	0	225	244
Total Chapter 21-0		212	( 15)	177	19	491	266	0	225	244
22-0	Movable property and associated costs	0	0	0	0	0	0	0	0	0
Total Chapter 22-0		0	0	0	0	0	0	0	0	0
23-0	Current administrative expenditure	2	0	2	0	8	7	0	1	1
Total Chapter 23-0		2	0	2	0	8	7	0	1	1
24-0	Correspondence, postage and telecommunications	8	( 2)	4	2	9	4	0	4	6
Total Chapter 24-0		8	( 2)	4	2	9	4	0	4	6
25-0	Expenditure on formal and other meetings	0	0	0	0	22	12	0	10	10
Total Chapter 25-0		0	0	0	0	22	12	0	10	10
26-0	Communication costs	452	( 23)	379	50	712	155	0	557	607
Total Chapter 26-0		452	( 23)	379	50	712	155	0	557	607
27-0	Service contracts	115	( 1)	106	8	338	60	0	278	286



Total Chapter 27-0	115	( 1)	106	8	338	60	0	278	286
28-0   Expert contracts and meetings	1	0	1	0	619	609	0	10	10
Total Chapter 28-0	1	0	1	0	619	609	0	10	10
<b>Total Title 2</b>	<b>793</b>	<b>(45)</b>	<b>669</b>	<b>79</b>	<b>2 596</b>	<b>1 459</b>	<b>0</b>	<b>1 137</b>	<b>1 216</b>

### 6.3. Outstanding commitments – Title 3

EUR '000

	Item	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at year-end
		Commitm. carried 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	
30-1	Implementing the research agenda of FCH Joint Undertaking: 7th Framework Programme (FP7)	3 307	( 267)	0	3 039	0	0	0	0	3 039
Total Chapter 30-1		3 307	( 267)	0	3 039	0	0	0	0	3 039
30-2	Implementing the research agenda of FCH Joint Undertaking: Horizon 2020	116 637	( 686)	23 994	91 957	2 084	552	0	1 532	93 490
Total Chapter 30-2		116 637	( 686)	23 994	91 957	2 084	552	0	1 532	93 490
30-3	Implementing the research agenda of FCH Joint Undertaking: Horizon Europe	0	0	0	0	302 650	46 960	0	255 690	255 690
Total Chapter 30-3		0	0	0	0	302 650	46 960	0	255 690	255 690
<b>Total Title 3</b>		<b>119 943</b>	<b>( 953)</b>	<b>23 994</b>	<b>94 997</b>	<b>304 734</b>	<b>47 512</b>	<b>0</b>	<b>257 222</b>	<b>352 219</b>
<b>GRAND TOTAL</b>		<b>120 928</b>	<b>( 1 011)</b>	<b>24 794</b>	<b>95 124</b>	<b>311 165</b>	<b>52 645</b>	<b>0</b>	<b>258 521</b>	<b>353 645</b>

## 7. GLOSSARY

### **Administrative appropriations**

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

### **Adopted budget**

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

### **Amending budget**

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

### **Appropriations**

Budget funding.

The budget forecasts both commitments (legal pledges to provide finance) and payments (cash or bank transfers to the beneficiaries). Appropriations for commitments and payments often differ — differentiated appropriations — because multiannual programmes and projects are usually fully committed in the year they are decided and are paid over the years as the implementation of the programme and project progresses.

### **Assigned revenue**

Revenue dedicated to finance specific items of expenditure.

### **Budget result**

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

For agencies, the resulting amount will have to be reimbursed to the funding authority.

### **Budget implementation**

Consumption of the budget through expenditure and revenue operations.

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

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

### **Budgetary commitment**

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

### **Cancellation of appropriations**

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

### **Carryover of appropriations**

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

## **Commitment appropriations**

Commitment appropriations cover the total value of legal obligations (contracts, grant agreements or decisions) that could be signed in the current financial year.

## **De-commitment**

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

## **Differentiated appropriations**

Differentiated appropriations are used to finance multiannual operations; they cover, for the current financial year, the total cost of the legal obligations entered into for operations whose implementation extends over more than one financial year.

## **Economic result**

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

## **Entitlements established**

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

## **Exchange rate difference**

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

## **Expenditure**

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

## **Grants**

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

## **Lapsing appropriations**

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

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

## **Legal basis / basic act**

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

## **Legal commitment**

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

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

### **Non-differentiated appropriations**

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

### **Operational appropriations**

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

### **Outstanding commitments**

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

### **Payment appropriations**

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

### **RAL (Reste à liquider)**

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

### **Surplus**

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

### **Transfer between budget lines**

Transfers between budget lines imply the relocation of appropriations from one budget line to another, in the course of the financial year, and thereby they constitute an exception to the budgetary principle of specification.