

# **Final Annual Accounts** **for the Financial Year 2012,** **Period January 1-December 31** **Brussels June 2013**

Financial Statements and Report on the implementation of the budget

Accompanied by Report on budgetary and financial management during the year

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## 1 Introduction

### 1.1 Creation, Location and Main Goals of ARTEMIS

The ARTEMIS JU was created by Council Regulation (EC) No 74/2008 of 20 December 2007 under Article 171 of the Treaty (Article 187 of The Treaty of Lisbon) as a legal entity responsible for the implementation of a *Joint Technology Initiative* on Embedded Computing Systems. Its date of establishment is 7 February 2008, following the publication of the Council Regulation and of the Statutes annexed to it in the Official Journal of the European Union on 4<sup>th</sup> February<sup>1</sup>. The ARTEMIS Joint Undertaking was created for a period up to 31 December 2017 and its seat is in Brussels.

Joint Technology Initiatives (JTIs) are long term public-private partnerships which can be implemented through Joint Undertakings within the meaning of Article 171 of the Treaty (Article 187 of The Treaty of Lisbon). These partnerships combine private sector investment and national and European public funding, including grant funding from the Research Framework Programme, in order to speed up the development of major technologies. JTIs were foreseen in the Seventh Framework Programme<sup>2</sup> for research, technological development and demonstration activities, as well as in the Council Decision for the Cooperation Programme<sup>3</sup>. They contribute to the Lisbon Growth and Jobs Agenda<sup>4</sup> by developing favourable conditions for investment in knowledge and innovation in the Union to boost competitiveness, growth and jobs.

The Union supports the ARTEMIS JU from the budget of the ICT priority of the Cooperation Programme.

According to the Council Regulation, two clear different aspects are to be considered:

- A) The operational expenditures or R&D activities. The Commission, in accord with the decision of the Governing Board transfers funds to finance grant agreements in favour of the beneficiaries. These funds complement the National Grant Agreements. In total, these funds are dedicated to give grants (subsidies) to the R&D activities and compose the EC contribution to these projects.
- B) The running costs: incurred when preparing and launching the calls, undertaking evaluation of projects, signing the JU Grant Agreements, monitoring and evaluating the projects from the technical point of view. These activities can be considered as a kind of Technical Assistance or administrative support and are co-funded by the EC and ARTEMIS-IA.

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<sup>1</sup> OJ L 30 of 04.02.2008.

<sup>2</sup> Decision No 1982/2006/EC of the European Parliament and of the Council of 18 December 2006 concerning the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007-2013).

<sup>3</sup> Council Decision 2006/971/EC of 19 December 2006 concerning the specific programme 'Cooperation' implementing the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007-2013).

<sup>4</sup> OJ L 400, 30.12.2006, p.86. Corrected by OJ L 54, 22.2.2007, p.30.

## 2 Financial Management

### 2.1 Financial Regulation

Article 185.1 of the General Financial Regulation adopted on 25/06/2002 (Council Regulation 1605/2002) lays down: *'The Commission shall adopt a framework financial regulation for bodies set up by the Communities and having legal personality which actually receive grants charged to the budget. The financial rules of these bodies may not depart from the framework regulation except where their specific operating needs so require and with the Commission's prior consent'*.

Moreover, point 2 of the preface of the framework Financial Regulation for Community bodies referred to in Article 185 of Council Regulation No 1605/2002, adopted the 23/12/2002 (Commission Regulation 2343/2002) states: *'In order to guarantee a certain degree of consistency in these rules compared with Regulation (EC, Euratom) No 1605/2002 (hereinafter 'the general Financial Regulation') and pursuant to Article 185(1) of that Regulation, this framework Financial Regulation must lay down the rules governing the establishment, implementation and scrutiny of the budget of the said Community bodies which actually receive grants charged to the Community budget (hereinafter 'Community bodies'). It is on the basis of this framework Financial Regulation that each of those Community bodies will adopt its own financial rules, which, as indicated in the abovementioned Article 185, may depart from the framework Financial Regulation in accordance with the specific management needs of those bodies, but only with the Commission's consent.'*

The Financial Rules of ARTEMIS were adopted by its Governing Board on 30/05/2008 and amended on 18/12/2008. The JU has applied its Financial Regulation since its adoption, together with the Implementing Rules of the General Financial Regulation (Commission Regulation 2342/2002 of 23 December 2002).

### 2.2 Currency

ARTEMIS keeps its accounts in Euros.

### 2.3 Management Information Systems

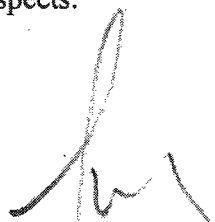
For Management Information purposes, ARTEMIS JU uses ABAC Workflow for budgetary accounting and SAP for General Ledger accounting. Both systems are managed and maintained by the European Commission.

On November 24, 2010 the ARTEMIS JU Accounting Officer validated the accounting system. The underlying systems have been validated for the part that is under the direct Joint Undertaking control.

### 3 The Annual Accounts for the year 2012

#### 3.1 The Accounting Officer's Certification

The annual accounts of ARTEMIS Joint Undertaking have been prepared in accordance with Title VII of the ARTEMIS Financial Rules as well as the accounting rules as described in articles 43 and 118 of the Financial Rules<sup>5</sup>. I hereby certify that based on the information provided by the Authorising Officer, I have reasonable assurance that the accounts present a true and fair view of the financial position of the ARTEMIS Joint Undertaking in all material aspects.



Juan Pablo Contreras  
Accounting Officer

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<sup>5</sup> These accounts are drafted following the Accounting Rule 1 (establishing the equity method) that presents different interpretation in view of the legal basis of ARTEMIS Joint Undertaking and in particular with the Council Regulation, the Financial Rules and the General Financial Agreement. In order to provide a full understanding of the ARTEMIS JU transactions a detailed explanation is given in the notes.

### 3.2 General

The annual accounts of the ARTEMIS Joint Undertaking include the Financial Statements and the Budget Implementation Report. The Report on Budgetary and Financial Management is a separate set of information, which accompanies the annual accounts, but it does not form part of them. The Financial Statements comprise the Balance Sheet, the Economic Outturn Account, the Cash-Flow table and the Statement of Changes in Capital for the financial year 2012.

The objective of Financial Statements is to provide relevant information about the financial position, the performance and the cash flows of the entity to the users. For a public sector entity such as the ARTEMIS JU, there are also other, more specific objectives such as to provide information for decision making and to demonstrate the accountability of the Joint Undertaking for the resources entrusted to it.

In order to present a true and fair view, the Financial Statements must supply relevant information to describe the nature and range of the activities; they must explain how it is financed and supply definitive information on its operations. In addition, the Financial Statements must do so in a clear and comprehensible manner, which allows comparisons between financial years. It is with these goals in mind that the Annual Accounts have been drawn up.

The accounting system of the ARTEMIS Joint Undertaking comprises budget accounts and general accounts. The budget accounts give a detailed picture of the implementation of the budget. The general accounts allow for the preparation of the Financial Statements as they show all revenues and expenses for the financial year irrespective of the time they are cashed. They are designed to establish the financial position of ARTEMIS in the form of a balance sheet and an Economic Outturn Account on 31 December of each year. The Joint Undertaking applies the accrual-based accounting; therefore, the Financial Statements show all the charges and income for the financial year, regardless of the date of payment or collection.

### 3.3 Balance Sheet at 31.12.2012

	Notes	31.12.2012	31.12.2011
<b>I. Non-Current Assets</b>	<b>1</b>	<b>87.584,98</b>	<b>105.045,86</b>
Intangible fixed assets		4.071,12	3.505,33
Tangible fixed assets		83.513,86	101.540,53
<b>II. Current Assets</b>		<b>37.622.754,79</b>	<b>28.864.983,54</b>
Short-term pre-financing	2	20.338.945,09	16.345.667,56
Short-term receivables	3	53.709,35	73.329,49
Cash and cash equivalents	4	17.230.100,35	12.445.986,49
<b>Total Assets</b>		<b>37.710.339,77</b>	<b>28.970.029,40</b>
<b>III. Non-Current Liabilities</b>			
<b>IV. Current Liabilities</b>	<b>5</b>	<b>42.353.712,95</b>	<b>31.740.480,63</b>
Accounts payable		41.838.212,95	31.355.480,63
<i>Accrual expenses Administrative</i>	6	74.234,66	106.086,23
<i>Accrual expenses Operational</i>	7	41.353.755,12	31.244.061,93
<i>Other debts</i>	8	410.223,17	5.332,47
Provisions for risks and charges	9	140.500,00	10.000,00
Deferred Incomes	10	375.000,00	375.000,00
<b>Total Liabilities</b>		<b>42.353.712,95</b>	<b>31.740.480,63</b>
<b>V. Net Assets (Total Asset less Total Liabilities)</b>	<b>11</b>	<b>-4.643.373,18</b>	<b>-2.770.451,23</b>
Contribution from Members		66.669.000,14	42.989.987,40
EU Contribution		63.469.000,14	40.989.987,40
ARTEMIS-IA Contribution		3.200.000,00	2.000.000,00
Accumulated contribution from members used previous years	12	-45.760.438,63	-16.186.394,60
Contribution from members used during the year (EOA)	13	-25.551.934,69	-29.574.044,03
<b>Total Net Assets + Liabilities</b>		<b>37.710.339,77</b>	<b>28.970.029,40</b>

### 3.4 Economic Outturn Account (EOA) in EUR

		2012	2011
	Notes		
<b>Administrative Expenses</b>			
Staff Expenses	14	-1.373.846,31	-1.169.354,32
Fixed assets related expenses	15	-23.924,72	-15.332,18
Building cost	16	-260.367,44	-202.569,43
Other Administrative expenses	17	-566.057,77	-562.179,71
<i>Total Administrative:</i>		-2.224.196,24	-1.949.435,64
Operational expenses	18	-23.450.101,40	-27.802.123,84
<b>Total Operating Expenses</b>		<b>-25.674.297,64</b>	<b>-29.751.559,48</b>
Financial operations revenues	19	122.362,95	177.515,45
<b>Contribution from members used during the year</b>		<b>-25.551.934,69</b>	<b>-29.574.044,03</b>



### 3.5 Cash Flow Statement in EUR

	2012	2011
<i>Operating Activities</i>		
Surplus/(Deficit) from ordinary activities	(25.551.934,69)	(29.574.044,03)
Depreciation and Asset's right-off	23.924,72	15.332,18
Increase/(Decrease) in Payables	373.039,13	(301.553,37)
Increase/(Decrease) in Provision for Liabilities	130.500,00	10.000,00
Increase/(Decrease) in Accrued charges operational	10.109.693,19	20.471.058,71
Increase/(Decrease) in deferred revenues	-	25.000,00
(Increase)/Decrease in Short term Receivables and pre-financing	(3.973.657,39)	(7.689.814,16)
Joint Undertaking contribution from members	23.679.012,74	12.850.454,06
<b>Net Cash Flow from operating activities</b>	<b>4.790.577,70</b>	<b>(4.193.566,61)</b>
<i>Investment Activities</i>		
Purchase of fixed assets	(6.463,84)	(48.972,54)
<b>Net Cash Flow from Investment activities</b>	<b>(6.463,84)</b>	<b>(48.972,54)</b>
Cash at the beginning of the period	12.445.986,49	16.688.525,64
<b>Cash at the end of the period</b>	<b>17.230.100,35</b>	<b>12.445.986,49</b>

### 3.6 Statement of changes in net assets/liabilities in EUR

The following table shows the Member's contribution after the adjustments foreseen in article 11.5.b) of the ARTEMIS JU statutes (Council Regulation 74/2008).

	2012	2011
<b>Balance at beginning of accounting period</b>	-2.770.451,23	13.953.138,74
<b>Contribution from members</b>	<b>23.679.012,74</b>	<b>12.850.454,06</b>
<i>European Commission Operational</i>	21.454.816,50	10.901.018,42
<i>European Commission Running Costs</i>	1.024.196,24	949.435,64
<i>ARTEMIS-IA Running Costs</i>	1.200.000,00	1.000.000,00
<b>Contribution from members used during the year (EOA)</b>	-25.551.934,69	-29.574.044,03
<b>Balance at the end of accounting period</b>	-4.643.373,18	-2.770.451,23

### 3.7 Notes to the Financial Statements

#### 1. Fixed assets

Net fixed assets (87,584.98€) are composed by the IT equipment (laptops, desktops, printers, servers etc.), the necessary software and the furniture. Part of the assets is shared with the other four Joint Undertakings in the common IT infrastructure and furniture for common spaces. The assets were registered at acquisition value (127,108.92€) and the accumulated depreciation reaches 39,523.94€.

#### 2. Short-Term pre-financing

It's the pre-financing paid to beneficiaries of projects that is still open at the end of year.

#### 3. Short-Term receivables

These 53,709.35€ include 37,392.27€ of interest from the bank account that were cashed in January 2013.

#### 4. Cash and cash equivalent

This figure shows the balance on the bank accounts at the end of the year. In comparison with 2011 the cash balance in bank was increased with 4.8M€. The balance at the end of the year should be considered in the perspective of how the Member States disburse their national budgets and the financial cycle of the Joint Undertaking.

This cash at the end of the year is needed to honour the payments for ARTEMIS projects that have significant delays due to administrative delays in the Member States.

The year 2012 was the first experience of ARTEMIS and for the Member States in closing projects. The requirement to provide, where applicable, ex-post audit reports in some cases create substantial delays in the financial closing of the projects. (For further information please see note 18.)

As an example all projects of Call 2008 that today are totally closed from a technical point of view has a RAL (open amount to be paid) of 16MEur at the end of 2011. The forecast was to pay 14MEur in 2012 while ARTEMIS received only certificates from Member States for 4MEur. It's important to highlight that the 12 JU Grant Agreements of Call 2008 complements 224 National Grant Agreements signed by the National Authorities with each beneficiary. Actually the four active Calls represent 44 JU Grant Agreements and 941 beneficiaries each with its corresponding National Grant Agreements.

ARTEMIS Joint Undertaking launched a procurement process in 2012 to have a contract with a second bank in order to mitigate possible risks. This second bank will be operational in 2013.

#### 5. Current Liabilities.

On this account with 42,353,712.95€, the most important part are the accrual expenses for operational activities involving invoices that ARTEMIS Joint Undertaking should receive in view of the progress of the different Calls. It's important to underline that in 2012 four calls (2008, 2009, 2010 and 2011) are overlapped and that the projects from Call 2008 are in process to be closed from the financial point of view.

#### 6. Accrual expenses Administrative:

The amounts for the accrual administrative expenditures (74,234.66€) are detailed below:

61010000 Office supplies & maintenance	2,668.97 €
61020000 Communication & publication	2,613.54 €
61030000 Publicity & legal expenses	46,300.00 €
61070000 Training Cost	615.00 €
61080000 Missions	587.95 €
61085000 Experts & related expenditure	20,304.58 €
61094020 IT cost development external cost	202.82 €
61095000 Other external services (non IT)	210.50 €
62040000 Other personnel charges	716.30 €
65025000 Other financial expenses	15.00 €
<b>Total</b>	<b>74,234.66 €</b>

#### 7. Accrual expenses Operational:

The calculations of these accruals have been updated this year and are based on the experience of the Programme Manager who supervises all the review meetings and reports of ARTEMIS projects. The model used in the previous year that differs from the actual one was:

	Year of the call	Yc+1	Yc+2	Yc+3	Yc+4	Total
Effort spent	0%	18%	35%	33%	15%	100%

The model used in the calculation of these accruals for 2012 is the following:

	Year of the call	Yc+1	Yc+2	Yc+3	Yc+4	Total
Effort spent	0%	14.6%	35%	32.9%	17.5%	100%

Following this model, the calls 2008, 2009, 2010 and 2011 have a percentage of effort of 100%, 82.5%, 49.6 and 14.6% respectively at end 2012. The calculation has been done based only on beneficiaries who sent the accession form to participate in ARTEMIS Joint Undertaking Grant Agreement.

The use of this new model represents a technical decrease in the accrual operational expenses of 2.2MEur (around 5% of estimates).

#### **8. Other debts:**

This amount represents the invoices received that remain open at the end of year.

#### **9. Provisions for risk and charges:**

The breakdown of this provision that is totally related to staff is: Provisions for indexation: 10,000€ from the previous year 30,500€ for 2012 and provision for untaken holidays estimated in 100,000€

#### **10. Deferred Incomes:**

This corresponds to the anticipated budget 2013 for some administrative expenditure and in line with article 13 of ARTEMIS FR.

#### **11. Net Assets:**

Net Assets of ARTEMIS JU for 2012 are equal to (4,643,373.18Eur). This negative amount is due to the following reasons:

- In 2012 ARTEMIS JU received 23,679,012.74 Eur from its members (See table 3.6). That means a significant increase from 2011 due to the reasonable expectation to receive final payments for Call 2008.
- In 2012 the JU continued with the financial closure of Call 2008 with important delays in the reception of certificates of acceptance of costs from the Member States, mainly because the national administrative procedures(i.e. ex-post audits process, etc.)
- The fact that at the end of year the member's contributions and in particular the European Commission contribution are recorded on cash basis while the expenditures of the projects on accrual basis -according to the technical effort of the projects-.

The negative Net Assets is a temporal accounting consequence with no impact in the solvency of the Joint Undertaking. (Please see the point dedicated to Net Assets in point 3.8)

#### **12. Accumulated Contribution from Members used in previous years:**

Following the Accounting Rule 1 the members' contributions are recorded as pseudo-equities instead of revenues. Therefore the EOA is always negative and should match the Members' contributions at the end of the Joint Undertaking.

### 13. Contribution from members used during the year (EOA)

See Economic Outturn Account table 3.4 for details.

### 14. Staff expenses

The breakdown of the Staff expenses is:

Staff Expenses	2012	2011
Basic Salaries & indemn.	772.088,97	725.413,38
School & Family Allowances	109.476,43	97.463,04
Pension fund	114.064,86	108.023,05
Sickness	50.149,06	46.937,68
Unemployment	19.859,00	18.437,73
Taxes	92.514,46	90.537,67
Insurances & others	48.442,92	37.826,53
<b>Total</b>	<b>1.206.595,70</b>	<b>1.124.639,08</b>

Staff Related Expenses:		
Training	3.199,00	5.967,00
Recruitment	-	8.954,15
Missions	33.551,61	19.794,09
<b>Total</b>	<b>36.750,61</b>	<b>34.715,24</b>

<b>Provisions</b>	<b>130.500,00</b>	<b>10.000,00</b>
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<b>Grand Total</b>	<b>1.373.846,31</b>	<b>1.169.354,32</b>
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### 15. Fixed asset related expenses

Fixed asset related expenses refer to the depreciation charges for the year and losses from the right-off of assets.

### 16. Building costs:

This amount shows the rent of the building and its charges. The difference with 2011 is because the provision for the rent of Covent Garden building was lower than initially expected.

### 17. Other administrative expenses:

The most important part of this group are composed by the IT costs 72k that includes the EC SLA ABAC 25kEur including the hosting with DIGIT, experts evaluators and reviewers 251kEur and communication costs ARTEMIS-IA SLA for 196kEur.

### 18. Operational expenses

According to the appraisal of the Programme manager after several reviews this figure shows the accrual operating expenditures where ARTEMIS either received a Cost Certificate or will receive in the near future.

The situation for all the Calls at end 2012 is the following:

A	JU contribution for beneficiaries with Accession Forms:	92,5MEur
B	Accrual expenditures following the effort model (see note 5):	65,3MEur
C	Cost Claims received up to date:	24,5MEur
D	Cost Claims to be received up to date: (B-C)	40,8MEur
E	Costs allocated in previous years:	41,9MEur
F	Costs allocated in the current year: (B-E)	23,4MEur

The JU contribution in Call 2008 has been reduced with 2,4MEur as a result of the rejected/unused amounts declared in the End of Project Certificates received and the adjustments done regarding the incompatibility with beneficiaries receiving other EU funds.

The breakdown of such reduction is as follows:

In the four contracts where Greeks beneficiaries were present, after the agreement with the National Funding Authorities the amount to be reduced reach 548KEur, the rest is due to beneficiaries that left the projects (507KEur) and finally differences between the End of Project Certificates and the committed amounts (1.4MEur).

### 19. Financial revenues

It includes the 122,362.95Eur of bank interest.

### 3.8 Accounting principles, rules and methods

Based on Article 111 of the Financial Rules of ARTEMIS adopted by the Governing Board on 30/05/2008 and amended on 18/12/2008, the financial statements are drawn up in accordance with the generally accepted accounting principles specified in the detailed rules for implementing the general Financial Regulation, namely:

- a) going concern basis;
- b) prudence;
- c) consistent accounting methods;
- d) comparability of information;
- e) materiality;
- f) no netting;
- g) reality over appearance;
- h) accrual-based accounting

**Fixed assets** Fixed assets are stated at historical cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the JU and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the economic outturn account during the financial period in which they are incurred. Items

recognised in the accounts with a value lower than Eur 420 are considered as expenses and they are included in the Economic Outturn Account.

Depreciation charge is calculated using the straight line method in order to allocate depreciation cost to the assets' residual values over their estimated useful life, as follows:

Type of asset	Depreciation rate
Intangible assets	25%
Plant, machinery and equipment	25%
Furniture	10%
Fixtures and fittings	25%
Computer hardware	25%
Vehicles	25%

#### **Cash & cash equivalents**

Cash and cash equivalents include only cash in bank.

#### **Use of estimates**

In accordance with generally accepted accounting principles, the Financial Statements necessarily include amounts based on estimates and assumptions by management. Significant estimates include, but are not limited to, accrued income and charges, contingent assets and liabilities, provisions and impairment of fixed assets. Actual results could differ from those estimates. Changes in estimates are reflected in the period in which they become known.

#### **Net Assets**

The way in which the ARTEMIS JU operates, with the focus on budgetary rules and principles, has a major impact on the presentation of the financial statements and analysis of them.

Indeed as a result of the application of the European Commission Accounting Rule N°1 point 4.8, that is mandatory as stated in ARTEMIS JU Financial Rules Article 43.1.d, the so called pseudo-equity approach has been implemented.

With particular regard to the Net Assets, there is no initial "capital", primarily because the ARTEMIS JU Regulation does not contain provisions obliging the Founding Members and the other Members to endow the ARTEMIS JU with "capital", as would be the case for a private enterprise. Similarly, the outturn cannot be measured by the same performance criteria as for a private enterprise. The ARTEMIS JU's objective is not to have profit. These examples show that interpreting the financial statements calls for a certain measure of prudence, especially with solvency analysis.

## 4 Report on implementation of the budget

### 4.1 Statement of revenue:

According to the Annual Implementation Plan and the implementation of the General Financial Agreement :

- a) For the Running Costs: The amount received was 2,703,396.13Eur including 375,000Eur for the anticipated budget 2013 according to article 13 of ARTEMIS Financial Rules. 1,200,000Eur correspond to ARTEMIS-IA participation.
- b) For the Operational Expenditures: ARTEMIS JU receives 21,350,616.61€ based on cash-flow forecast submitted.

For revenues from members, no outstanding amount exists at the end of 2012.

### 4.2 Statement of expenditure

#### 4.2.1 Commitment appropriations

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2012 (In €)				
Chapter		Commitment appropriations authorised *	Commitments made	%
		1	2	3=2/1
<b>Title A-1 STAFF</b>				
A-11	STAFF SALARIES	1.279.815,39	1.264.134,99	98,77 %
A-12	STAFF RECRUITMENT	2.062,20	2.000,00	96,98 %
A-14	SOCIAL INFRASTRUCTURE AND TRAINING	8.062,20	8.062,20	100,00 %
A-17	MISSIONS AND REPRESENTATION	60.746,10	60.000,00	98,77 %
<b>Total Title A-1</b>		<b>1.350.685,89</b>	<b>1.334.197,19</b>	<b>98,78%</b>
<b>Title A-2 BUILDINGS EQUIPMENT &amp; OPERATING EXPENDITURE</b>				
A-20	BUILDINGS AND ASSOCIATED COSTS	263.233,00	263.233,00	100,00 %
A-21	INFORMATION TECHNOLOGY	100.994,80	100.994,80	100,00 %
A-22	MOVABLE PROPERTY AND ASSOCIATED COSTS	4.049,70	4.049,70	100,00 %
A-23	CURRENT ADMINISTRATIVE EXPENDITURE	13.074,60	13.074,60	100,00 %
A-24	TELECOMMUNICATIONS	9.111,90	9.000,00	98,77 %
A-26	R&D SUPPORT	303.730,40	300.000,00	98,77 %
A-27	INNOVATION	23.621,70	20.000,00	84,67 %
A-28	COMMUNICATION	232.860,00	230.000,00	98,77 %
A-29	AUDITS	30.373,00		
<b>Total Title A-2</b>		<b>981.049,10</b>	<b>940.352,10</b>	<b>95,85%</b>
<b>Title B0-3 OPERATIONAL EXPENDITURE</b>				
B3-1	SELECTED PROJECTS R&D EC CONTRIBUTION	49.909.385,10	49.909.385,10	100,00 %
<b>Total Title B0-3</b>		<b>49.909.385,10</b>	<b>49.909.385,10</b>	<b>100,00%</b>
<b>TOTAL ARTEMIS</b>		<b>52.241.120,09</b>	<b>52.183.934,39</b>	<b>99,89 %</b>

Source: ABAC DWH

(\*) This table shows the budget adopted by the Governing Board with its amendments and the amounts committed (reserved) to be used.



#### 4.2.2 Payment appropriations:

TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2012 (in €)				
Chapter		Payment appropriations authorised *	Payments made	%
		1	2	3=2/1
<b>Title A-1 STAFF</b>				
A-11	STAFF SALARIES	1.279.815,39	1.202.752,90	93,98 %
A-12	STAFF RECRUITMENT	6.834,20	4.772,00	69,83 %
A-14	SOCIAL INFRASTRUCTURE AND TRAINING	17.794,20	10.682,19	60,03 %
A-17	MISSIONS AND REPRESENTATION	111.658,63	50.125,89	44,89 %
<b>Total</b>	<b>A-1</b>	<b>1.416.102,42</b>	<b>1.268.332,98</b>	<b>89,57%</b>
<b>Title A-2 BUILDINGS EQUIPMENT &amp; OPERATING EXPENDITURE</b>				
A-20	BUILDINGS AND ASSOCIATED COSTS	273.070,78	260.397,44	95,36 %
A-21	INFORMATION TECHNOLOGY	163.042,41	101.152,10	62,04 %
A-22	MOVABLE PROPERTY AND ASSOCIATED COSTS	22.016,62	3.520,01	15,99 %
A-23	CURRENT ADMINISTRATIVE EXPENDITURE	18.582,34	15.441,96	83,10 %
A-24	TELECOMMUNICATIONS	15.910,13	11.216,79	70,50 %
A-26	R&D SUPPORT	492.282,68	245.943,50	49,96 %
A-27	INNOVATION	23.621,70		
A-28	COMMUNICATION	327.666,17	202.361,11	61,76 %
A-29	AUDITS	30.373,00		
<b>Total</b>	<b>A-2</b>	<b>1.366.565,83</b>	<b>840.032,91</b>	<b>61,47%</b>
<b>Title B0-3 OPERATIONAL EXPENDITURE</b>				
B3-1	SELECTED PROJECTS R&D EC CONTRIBUTION	27.350.083,95	16.959.028,44	62,01 %
<b>Total</b>	<b>B0-3</b>	<b>27.350.083,95</b>	<b>16.959.028,44</b>	<b>62,01%</b>
<b>TOTAL ARTEMIS</b>		<b>30.132.752,20</b>	<b>19.067.394,33</b>	<b>63,28 %</b>

Source: ABAC DWH

\* Payment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous payment appropriations for the period (e.g. internal and external assigned revenue).

### 4.3 Commitments to be settled 2012 EUR

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2012 (in €)					
Chapter		2012 Commitments to be settled			
		Commitments 2012	Payments 2012	RAL 2012	% to be settled
		1	2	3=1-2	4=1-2//1
<b>Title A-1 STAFF</b>					
A-11	STAFF SALARIES	1.202.752,90	-1.202.752,90	0,00	0,00 %
A-12	STAFF RECRUITMENT	2.000,00	0,00	2.000,00	100,00 %
A-14	SOCIAL INFRASTRUCTURE AND TRAINING	8.062,20	-4.250,87	3.811,33	47,27 %
A-17	MISSIONS AND REPRESENTATION	60.000,00	-46.373,68	13.626,32	22,71 %
<b>Total A-1</b>		<b>1.272.815,10</b>	<b>-1.253.377,45</b>	<b>19.437,65</b>	<b>1,53%</b>
<b>Title A-2 BUILDINGS EQUIPMENT &amp; OPERATING EXPENDITURE</b>					
A-20	BUILDINGS AND ASSOCIATED COSTS	263.233,00	-260.397,44	2.835,56	1,08 %
A-21	INFORMATION TECHNOLOGY	100.994,80	-84.222,28	16.772,52	16,61 %
A-22	MOVABLE PROPERTY AND ASSOCIATED	4.049,70	-3.463,65	586,05	14,47 %
A-23	CURRENT ADMINISTRATIVE EXPENDITURE	13.074,60	-9.934,22	3.140,38	24,02 %
A-24	TELECOMMUNICATIONS	9.000,00	-7.276,48	1.723,52	19,15 %
A-26	R&D SUPPORT	300.000,00	-238.388,39	61.611,61	20,54 %
A-27	INNOVATION	20.000,00	0,00	20.000,00	100,00 %
A-28	COMMUNICATION	230.000,00	-151.611,11	78.388,89	34,08 %
A-29	AUDITS				
<b>Total A-2</b>		<b>940.352,10</b>	<b>-755.293,57</b>	<b>185.058,53</b>	<b>19,68%</b>
<b>Title B0-3 OPERATIONAL EXPENDITURE</b>					
B3-1	SELECTED PROJECTS R&D EC CONTRIBUTION	49.909.385,10	-119.454,86	49.789.930,24	99,76 %
<b>Total B0-3</b>		<b>49.909.385,10</b>	<b>-119.454,86</b>	<b>49.789.930,24</b>	<b>99,76%</b>
<b>TOTAL ARTEMIS</b>		<b>52.122.552,30</b>	<b>-2.128.125,88</b>	<b>49.994.426,42</b>	<b>95,92 %</b>

Source: ABAC DWH

This table shows, by budget line, the open commitments at the end of 2012. From administrative expenditures, 74,234.66€ are reported to be used –carry forward- in 2013. The cancelled amounts (204,496.18€) are reported to be available for operational payments in the cash flow forecast of 2013.

### 4.4 Budgetary principles

The establishment and implementation of the budget of the ARTEMIS Joint Undertaking are governed by the following basic principles according with the Financial Rules:

- (a) Unity and Budget Accuracy:
- (b) Annuality:
- (c) Equilibrium:
- (d) Unit of account:

(e) Universality:

(f) Specification;

(g) Sound Financial Management:

(h) Transparency:

## **5 Report on budgetary and financial management**

### **5.1 Accounting and Finance functions**

The key objectives in 2012 relating to Accounting and Finance were the following:

- Ensure that the Budgetary and Financial Reporting Management systems perform properly;
- Implement the budget and monitor its financial performance;
- Provide horizontal support to the other Departments of the Joint Undertaking regarding financial issues;
- Provide relevant and reliable information to the users of the Financial Statements.

On October 26, 2009 ARTEMIS Joint Undertaking, obtained its autonomy from DG INFSO (now DG CONNECT). Year 2012 is the third year of autonomy and no relevant incidents have to be mentioned. The accounting data quality and other indicators like delay on payments, etc. are within the expected values.

### **5.2 Budget**

The budget of the Joint Undertaking is distributed in three Titles. Title 1 covers staff expenditure such as salaries, training and costs associated to recruitment procedures and staff welfare. Title 2 covers the costs associated to the functioning of the Joint Undertaking such as infrastructure, equipment and IT needs. Title 3 corresponds to the JU's operational activities.

Appropriations were committed at a rate of 100% to reflect obligations related to the operational costs of the Joint Undertaking and activities implemented according to the Work Programme 2012. Payments reached the level of 63% of the total appropriations managed. The overall performance is acceptable, bearing in mind the uncertainty of the payment schedule of the Member States and the lack of enough historical data. The execution of the budget was in line with the Joint Undertaking Financial Regulation. Sound financial management as well as verification and control systems have been properly applied. ARTEMIS has put into place appropriate financial management systems in order to manage all its revenue and expenditure.

### 5.2.1 Revenue of the Joint Undertaking - Commitment and payment appropriations

Following the FR, revenues are funds made available to the Joint Undertaking by different sources to cover administrative and operational expenditure for a year and compose the budget of payment appropriations. (see point 5.3)

### 5.2.2 Amending Budgets / Budgetary Transfers

ARTEMIS Joint Undertaking submits to the Governing Board an authorisation to amend the operational costs budget and inform the Governing Board about the internal transfers within the same title.

Budget Line	Description	Initial Budget	New Budget	Difference
A-11	STAFF SALARIES	1.276.680	1.276.680	0
A-12	STAFF RECRUITMENT	5.062	2.062	-3.000
A-14	SOCIAL INFRASTRUCTURE AND TRAINING	5.062	8.062	3.000
A-17	MISSIONS AND REPRESENTATION	60.746	60.746	0
	Sub-total Title 1	1.347.550	1.347.550	0
A-20	BUILDINGS AND ASSOCIATED COSTS	263.233	263.233	0
A-21	INFORMATION TECHNOLOGY	80.995	100.995	20.000
A-22	MOVABLE PROPERTY AND ASSOCIATED COSTS	4.050	4.050	0
A-23	CURRENT ADMINISTRATIVE EXPENDITURE	6.075	13.075	7.000
A-24	TELECOMMUNICATIONS	9.112	9.112	0
A-26	R&D SUPPORT	303.730	303.730	0
A-27	INNOVATION	50.622	23.622	-27.000
A-28	COMMUNICATION	232.860	232.860	0
A-29	AUDITS	30.373	30.373	0
	Sub-total Title 2	981.050	981.050	0
	Sub-total Title 1+2 (running costs)	2.328.600	2.328.600	0
B3-1	SELECTED PROJECTS R&D EC CONTRIBUTION	55.118.187	39.537.828	-15.580.359

For the operational expenditures an amendment of the budget was decided on the Governing Board meeting held on December 4, 2012 where the EC contribution for projects was decreased by 15,580,359€.

## 5.2.3 Analysis of Budgetary Management by Fund Source C1, C2, C4&C5:

### 5.2.3.1 Commitments in C1:

OUTTURN ON COMMITMENT APPROPRIATIONS IN 2012 (in €) FUND SOURCE C1					
Chapter/Fund Source			Commitment appropriations authorised <sup>a</sup>	Commitments made	%
			1	2	3=2/1
<b>Title A-1 STAFF</b>					
A-11	C1	STAFF SALARIES	1,276,680.40	1,261,000.00	98.77 %
A-12	C1	STAFF RECRUITMENT	2,062.20	2,000.00	96.98 %
A-14	C1	SOCIAL INFRASTRUCTURE AND TRAINING	8,062.20	8,062.20	100.00 %
A-17	C1	MISSIONS AND REPRESENTATION	60,746.10	60,000.00	98.77 %
<b>Total Title A-1</b>			<b>1,347,550.90</b>	<b>1,331,062.2</b>	<b>98.78 %</b>
<b>Title A-2 BUILDINGS EQUIPMENT &amp; OPERATING EXPENDITURE</b>					
A-20	C1	BUILDINGS AND ASSOCIATED COSTS	263,233.00	263,233.00	100.00 %
A-21	C1	INFORMATION TECHNOLOGY	100,994.80	100,994.80	100.00 %
A-22	C1	MOVABLE PROPERTY AND ASSOCIATED COSTS	4,049.70	4,049.70	100.00 %
A-23	C1	CURRENT ADMINISTRATIVE EXPENDITURE	13,074.60	13,074.60	100.00 %
A-24	C1	TELECOMMUNICATIONS	9,111.90	9,000.00	98.77 %
A-26	C1	R&D SUPPORT	303,730.40	300,000.00	98.77 %
A-27	C1	INNOVATION	23,621.70	20,000.00	84.67 %
A-28	C1	COMMUNICATION	232,860.00	230,000.00	98.77 %
A-29	C1	AUDITS	30,373.00		
<b>Total Title A-2</b>			<b>981,049.10</b>	<b>940,352.1</b>	<b>95.85 %</b>
<b>Title B0-3 OPERATIONAL EXPENDITURE</b>					
B3-1	C1	SELECTED PROJECTS R&D EC CONTRIBUTION	39,537,828.29	39,537,828.29	100.00 %
<b>Total Title B0-3</b>			<b>39,537,828.29</b>	<b>39,537,828.29</b>	<b>100.00 %</b>
<b>TOTAL ARTEMIS</b>			<b>41,866,428.29</b>	<b>41,809,242.59</b>	<b>99.86 %</b>

Source: ABAC DWH

These commitments are the approved in 2012. For operational expenditures (title B0-3) the amount was complemented with credits coming from previous years C2.

### 5.2.3.1 Commitments in C2:

OUTTURN ON COMMITMENT APPROPRIATIONS IN 2012 (in €) FUND SOURCE C2					
Chapter/Fund Source			Commitment appropriations authorised *	Commitments made	%
			1	2	3=2/1
Title B0-3 OPERATIONAL EXPENDITURE					
B3-1	C2	SELECTED PROJECTS R&D EC CONTRIBUTION	10,239,004.86	10,239,004.86	100.00 %
Total Title B0-3			10,239,004.86	10,239,004.86	100.00%
TOTAL			10,239,004.86	10,239,004.86	100.00 %

Source: ABAC DWH

As mentioned above, these commitments are coming from previous years according with the rules stated in article 10 of ARTEMIS FR. Its use was authorised by the Governing Board on January 25, 2012 and its breakdown is the following:

Unused credits from 2010: 7,913,264€

Unused credits from 2011: 2,325,740.86€

### 5.2.3.1 Commitments in C4&C5:

OUTTURN ON COMMITMENT APPROPRIATIONS IN 2012 (in €) FUND SOURCES C4&5					
Chapter/Fund Source			Commitment appropriations authorised *	Commitments made	%
			1	2	3=2/1
Title A-1 STAFF					
A-11	C4	STAFF SALARIES	3,134.99	3,134.99	100.00 %
Total Title A-1			3,134.99	3,134.99	100.00%
Title B0-3 OPERATIONAL EXPENDITURE					
B3-1	C4	SELECTED PROJECTS R&D EC CONTRIBUTION	52,231.10	52,231.10	100.00 %
B3-1	C5	SELECTED PROJECTS R&D EC CONTRIBUTION	80,320.85	80,320.85	100.00 %
Total Title B0-3			132,551.95	132,551.95	100.00%
TOTAL			135,686.94	135,686.94	100.00 %

Source: ABAC DWH

These Commitments are the ones created to re-use amounts coming from recovery orders cashed in the year (C4) or cashed in the previous year (C5).

### 5.3 Budgetary Outturn Account:

Revenue Item	2012	2011
EU R&D activities	21.350.616,61	10.826.842,98
EU Administrative operations	1.128.396,13	1.023.611,08
ARTEMIS-IA Administrative operations	1.200.000,00	1.000.000,00
<b>Total Revenues:</b>	<b>23.679.012,74</b>	<b>12.850.454,06</b>

Expenditure Item	2012	2011
<b>Running Costs</b>		
<u>Staff</u>		
Payments Salaries	1.202.752,90	1.118.862,75
Other payments Title I	65.580,08	44.583,47
 <u>Other Running costs</u>		
Payments Title II	840.032,91	709.483,27
Appropriations carry over	74.234,66	106.086,23
 <b>Operating expenditure</b>		
Payments	16.959.028,44	15.153.868,60
Appropriations carry over (Bank interest included)	17.155.865,69	12.339.900,26
<b>Total Expenditure :</b>	<b>36.297.494,68</b>	<b>29.472.784,58</b>

<b>Budget Surplus of the year</b>	<b>-12.618.481,94</b>	<b>-16.622.330,52</b>
Budget outturn previous year	-16.342.497,02	279.833,50
<b>Total Budget outturn</b>	<b>-28.960.976,96</b>	<b>-16.342.497,02</b>

## 5.4 Reconciliation between budgetary and accrual based accounts (EUR)

2012		
	sign +/-	amount
<b>Economic result (- for loss)</b>	<b>+/-</b>	<b>-25.551.934,69</b>
<b>Adjustment for accrual items (items not in the budgetary result but included in the economic result)</b>		
Adjustments for Accrual Cut-off (reversal 31.12.N-1)	-	-31.244.061,93
Adjustments for Accrual Cut-off (cut-off 31.12.N)	+	41.353.755,12
Unpaid invoices at year end but booked in charges (class 6)	+	373.039,13
Depreciation of intangible and tangible fixed assets	+	21.963,31
Losses for asset's right-off	+	1.961,41
Provisions Administrative (excluding Assets)	+	130.500,00
Bank Charges	+	15,00
RO not yet cashed (class 6)	-	-53.709,35
Prefinancing given in previous year and cleared in the year	+	5.034.976,28
Bank Interest received	+/-	-133.467,53
RO cashed (C4) and consumed	+	73.329,49
Unpaid invoices at year end( N-1) but booked in charges cancelled in N (-charge)	-	-38.983,22
<b>Adjustment for budgetary items (item included in the budgetary result but not in the economic result)</b>		
Asset acquisitions (less unpaid amounts)	-	-6.463,84
New pre-financing paid in the year and remaining open	-	-9.028.253,81
Budgetary recovery orders issued in on balance sheet accounts (not 7 or 6 accounts) and cashed	+	23.679.012,74
Payment appropriations carried over to 2012	-	-17.230.100,35
Remaining Reconciliation difference between Budget and Financial Accounts	+/-	-59,70
<b>Budgetary result (+ for surplus)</b>		<b>-12.618.481,94</b>



## 6. Human Resources

### 6.1 Establishment Plan

The approved establishment plan for the years 2011 and 2012 is the following:

Category and grade	Establishment plan 2012		Posts actually filled at 31.12.2011		Posts filled in by external publication in 2012		Promotion / reclassification in 2012		Departures 2012		Posts actually filled at 31.12.2012	
	<i>perm</i>	<i>temp</i>	<i>perm</i>	<i>temp</i>	<i>perm</i>	<i>temp</i>	<i>perm</i>	<i>temp</i>	<i>perm</i>	<i>temp</i>	<i>perm</i>	<i>temp</i>
AD 16												
AD 15												
AD 14		1		1								1
AD 13												
AD 12												
AD 11		2		2								2
AD 10												
AD 9												
AD 8		5		5								5
AD 7												
AD 6												
AD 5												
<b>Total AD</b>		<b>8</b>		<b>8</b>								<b>8</b>

Number of Contractual Agents				
	<i>Posts actually filled at 31.12.2012</i>	<i>Envisaged 2012</i>	<i>Posts actually filled at 31.12.2012</i>	<i>Envisaged 2013</i>
<b>GF IV</b>				
<b>GF III</b>	3	4	3	4
<b>GF II</b>	2	3	2	3
<b>GF I</b>				
<b>TOTAL</b>	<b>5</b>	<b>7</b>	<b>5</b>	<b>7</b>

## 6.2 Organisational Chart

