



Europe's Rail

Annual accounts of the
Europe's Rail 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 Europe's Rail Joint Undertaking in accordance with Article 52 of the Model Financial Regulation ('MFR')¹ and I hereby certify that the annual accounts of the Europe's Rail Joint Undertaking for the year 2022 have been prepared in accordance with Chapter 8 of the MFR and the accounting rules adopted by the Commission's Accounting Officer, as are to be applied by all the institutions and union bodies.

I have obtained from the Authorising Officer, who certified its reliability, all the information necessary for the production of the accounts that show the Europe's Rail 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 Europe's Rail Joint Undertaking.

My assurance statement related to the Final Accounts 2022 will be transmitted to the Accounting Officer of the Commission. The Management Representation Letter, signed by the Authorising Officer and myself, will be sent to the European Court of Auditors for the audit of the Final Accounts.

Qualified electronic signature by:

ANDREI HRETU

Date: 2023-06-09 14:20:32 +02:00

Andrei Hretu
Accounting Officer

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

BACKGROUND INFORMATION NOTE

1. General background on the entity

Establishment

Shift2Rail Joint Undertaking was the first European rail initiative to seek focused research and innovation (R & I) and market-driven solutions by accelerating the integration of new and advanced technologies into innovative rail product solutions. The initiative was represented by the Shift2Rail Joint Undertaking (S2R JU), a public-private institutional partnership in the rail sector between the Union and key players from the rail industry.

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.

Under the Single Basic Act (Article 174.6), the Europe's Rail Joint Undertaking (EU-Rail) shall be the legal and universal successor in respect of all contracts, including employment contracts and grant agreements, liabilities and acquired property of the Shift2Rail Joint Undertaking established by Council Regulation (EU) No. 642/2014 of 16 June 2014, which it shall replace and succeed.

Mission

EU-Rail vision is to deliver, via an integrated system approach, a high capacity, flexible, multi-modal, sustainable and reliable integrated European railway network by eliminating barriers to interoperability and providing solutions for full integration, for European citizens and cargo and hereby accomplishing its mission: *"Rail Research and Innovation to make Rail the everyday mobility"*.

Main operational activities

The EU-Rail's R&I programme contributes to addressing the challenges faced by the rail sector through a comprehensive and coordinated systemic approach, focusing on the needs of the rail system and its users. The activities are carried out through collaboration between stakeholders in the entire railway value chain, and also outside the traditional rail sector, including SMEs, research and technology centres and universities.

The rail research and innovation performed within EU-Rail focuses on the following overall objectives for the duration of the EU-Rail, in line with EU-Rail Regulation and EU-Rail Master Plan:

- Contribute towards the achievement of the Single European Railway Area;
- Ensure a fast transition to more attractive, user-friendly, competitive, affordable, easy to maintain, efficient and sustainable European rail system, integrated into the wider mobility system;
- Support the development of a strong and globally competitive European rail industry.

In addition and more specifically, EU-Rail shall:

(a) Facilitate research and innovation activities to deliver an integrated European railway network by design, eliminating barriers to interoperability and providing solutions for full integration. It shall cover traffic management, vehicles, infrastructure also including integration with national gauges, and services, and providing the best answer to the needs of passengers and businesses. It shall accelerate uptake of innovative solutions to support the Single European Railway Area, while increasing capacity and reliability and decreasing costs of railway transport;

(b) Deliver a sustainable and resilient rail system by developing a zero-emission, silent rail system and climate resilient infrastructure, applying circular economy to the rail sector, piloting the use of innovative processes, technologies, designs and materials in the full life-cycle of rail systems and developing other innovative solutions to guided surface transport;

(c) Develop through its System Pillar a unified operational concept and a functional, safe and secure system architecture, with due consideration of cyber-security aspects, focused on the European railway network for integrated European rail traffic management, command, control and signalling systems, including automated train operation which shall ensure that research and innovation is targeted on commonly agreed and shared customer requirements and operational needs and is open to evolution;

(d) Facilitate research and innovation activities related to rail freight and intermodal transport services to deliver a competitive green rail freight fully integrated into the logistic value chain, with automation and digitalisation of freight rail at the core;

(e) Develop demonstration projects in interested Member States;

(f) Contribute to the development of a strong and globally competitive European rail industry; and

(g) Enable, promote and exploit synergies with other Union policies, programmes, initiatives, instruments or funds in order to maximise its impact and added value.

Governance

EU-Rail is headed by an Executive Director, who is the legal representative of EU-Rail and responsible for the day-to-day management of the Joint Undertaking. He is appointed by the Governing Board, the main decision making body of EU-Rail.

The Governing Board has overall responsibility for the strategic orientation and the operations of EU-Rail and supervises the implementation of its activities. It brings together two groups of the JU's members:

- EU represented by the European Commission;
- The Industry Grouping, represented by Founding Members (the Private Members).

Other bodies of the Joint Undertaking are:

- The States Representatives Group, representing EU Member States and countries associated with the Horizon Europe Framework Programme. This group offers opinions on the strategic orientations of the JU and on the links between EU-Rail activities and relevant national or regional research and innovation programmes.
- The System Pillar steering group, consisting of the Commission, representatives of the rail and mobility sector and of relevant organizations, the Executive Director of the JU, the chairperson of the SRG and representatives of ERA and ERRAC. It shall provide advice to the Governing Board and the Executive Director on System Pillar issues.
- The Deployment Group, open to all stakeholders, advising the Governing Board on the market uptake of rail innovation developed in EU-Rail and to support the deployment of the innovative solutions.

Sources of financing

The EU-Rail is jointly funded by its Members. The administrative costs are covered by financial contributions divided equally on an annual basis between the Union and the Private Members (except research centres and universities under the former S2R Regulation). The operational costs are covered by financial contribution of the Union and in-kind contributions. The in-kind contributions consist of the costs incurred by Private Members in implementing indirect actions that are not reimbursed by EU-Rail.

2. Annual accounts

Basis for preparation

The legal framework and the deadlines for the preparation of the annual accounts are set by the Model Financial Regulation (MFR)². As per this regulation, the annual accounts are prepared in accordance with

² COMMISSION DELEGATED REGULATION (EU) 2019/887 of 13 March 2019 on the model financial regulation for public-private partnership bodies referred to in Article 71 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council, OJEU L 142, 29.5.2019.

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 the preparation of the annual accounts, which are consolidated in those of the EU.

The Single Basic Act³ establishing the new generations of JUs required, within one year following the date of entry into force of the Regulation, to establish back-office arrangements to provide horizontal support functions to the joint undertakings, by concluding service level agreements. The Back Office Arrangement for Accounting Services (BOA Acc) was established and took over the accounting services from Accounting Officer the European Commission from 1 December 2022.

Following the decision of the EU RAIL JU Governing Board of 30 November 2022, Andrei Hretu shall, as of 01 December 2022, act as the Accounting Officer of the joint undertaking.

Composition of the annual accounts

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

Process from provisional accounts to discharge

The provisional annual accounts prepared by the Accounting Officer are transmitted, by 1 March of the following year, to the European Court of Auditors (ECA) and to the audit company selected by the entity. 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 ECA, 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 ECA.

3. Operational highlights

Achievements of the year

The Europe's Rail Joint Undertaking

EU-Rail was established by Council Regulation (EU) No 2021/2085 of 19 November 2021 that established the Joint Undertakings under Horizon Europe (the Single Basic Act, hereafter "SBA") It repealed Council Regulation (EU) No 642/2014 of 16 June 2014 that established the S2R JU. This major achievement was realized by building upon a transparent and open selection process of the EU-Rail founding members and their essential unconditional commitment to deliver, together with the Union, a major transformation of rail.

In accordance with Article 174(6) of the SBA, the EU-Rail is the legal and universal successor of S2R JU in respect of all contracts, including employment contracts and grant agreements, liabilities and acquired

³ 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

property. The EU-Rail continues to act as a public-private partnership in the rail sector established under Article 187 of the Treaty on the Functioning of the European Union.

Building upon S2R JU's achievements, the objective of EU-Rail is to deliver a high-capacity integrated European railway network by eliminating barriers to interoperability and providing solutions for full integration, covering traffic management, vehicles, infrastructure and services. This should exploit the huge potential for digitalisation and automation to reduce the costs of rail, increase capacity, and enhance its flexibility and reliability. It should be based upon a solid Reference Functional System Architecture shared by the sector, in coordination with the European Union Agency for Railways.

Objectives & indicators

The JU objectives of 2022 were met with the full commitment of the budget appropriations related to the Horizon Europe funded EU-Rail Programme for the operational activities for the year 2021 (considering the SBA was adopted by the end of November 2021) and 2022. This demonstrates that the JU was able to engage the railway sector to an effective resource commitment to progress in delivering the railway system transformation, through an increasingly integrated Programme.

The Work Programme (WP) and budget 2022-2024 were amended on three occasions mainly to address the start of the EU-Rail Programme new activities and need to support key priorities:

- (1) the adoption of the full EU-Rail Programme budget 2022-2024 on 1 March, compared to an initial light version of December 2021, including the decision on launching the first Call for proposal 2022-1,
- (2) the adoption of an amended version to include the topic description of the second Call for proposal 2022-2, and
- (3) the adoption of the IKAA plans of the EU-Rail private Founding Members in accordance with the SBA requirements.

The progress achieved and the launch of these additional core activities represented another key step towards the digitalization and automation of the railway system, to contribute delivering sustainable (climate neutral, life-cycle cost efficient, connected, integrated through a system approach) mobility and transport for passengers and supply chain.

In 2022, the priorities consisted of:

1. launching the research and innovation activities identified in the MAWP in the horizon up to 2026, considering the resources available implementing the multi-annuality by instalment, with the publication, evaluation, award and grant preparation of two calls, one in Q1 and the other in Q3 2022;
2. launching and ramping up the System Pillar activities and achieve the first element of the concept of operations and system architecture, to set the basis for the future work of the System Pillar;
3. setting up and activating the new governance structure of the JU, in particular with the System Pillar Steering Group and Deployment Group;
4. to review and define the new structure, processes and procedures that would ensure the sound management of the EU-Rail activities, with particular regard to the interaction of the two Pillars to maintain the nature of one integrated R&I Programme;
5. to explore new areas of R&I that will contribute to foster the system transformation of railway and non traditional and emerging technologies for land guided systems.

In addition, the projects of the S2R Programme entered in their final phases, focusing on:

6. delivering the R&I for the ERTMS game changers (telecoms, localization, moving blocks, automation), also in view of their integration in the TSI 2022 package, with the objective to ensure the evolution of the system towards Baseline 3 and its market uptake,
7. implementing and obtaining final results on the technologies demonstrated through R&I in relevant environment or even system prototypes demonstration in operational environment. In this respect,

possible integration of TD (Integrated Technology Demonstrators) will also be fostered in the different IPs, with a view of showing them at InnoTrans 2022.

In addition, the year 2022 seek the continuation of the close collaboration established between EU-Rail and:

- the European Railway Research Advisory Council (ERRAC),
- the European Union Agency for Railways (ERA),
- other programmes and partnerships, such as the FCH JU, SESAR 3 JU, CLEAN SKY 2 JU, etc. with the objective to establish synergies that will results in coordinated and consistent activities, up to joint projects,
- different associations representing the key stakeholders of the rail sector and beyond,
- third countries programmes, in line with the policy priorities of the Commission and considering the key objective of the competitiveness of the European rail industry.

Finally, in 2022, EU-Rail built on the visibility gained during the European Year of Rail in 2021 to continue conveying the message to European citizens that rail can answer their concerns about unsustainable and unreliable mobility options. The JU's key messages and events continued to reinforce the objectives of the European Green Deal and the Sustainable and Smart Mobility Strategy, by disseminating R&I results and showing the future evolution of rail in terms of services for passengers and freight clients. In this respect, the new communications strategy of Europe's Rail aims to:

- showcase the innovative technological and operational solutions that result from the research and innovation activities, and in particular those ready to enter industrialisation and deployment, in particular demonstrating concrete impact;
- raising awareness on the research and innovation activities outreaching to the stakeholders at European level as well as engaging at global events/conferences to promote Europe's Rail results;
- enhance the partnership nature of the JU through communications and dissemination activities that will create opportunities for inclusiveness.

Budget and budget implementation

At the year-end 2022, the JU had implemented 100% of its commitment appropriations made available in its active budget (Titles 1 to 3). The payment appropriations were implemented up to 79.1% of the active funds (or 79% of implementation when compared to the full JU budget (including Title 4)).

In GB Decision 08/2021 on 25 November, the S2R Governing Board adopted the initial Annual Work Plan and Budget for 2022 that was further adopted by the EU-Rail Governing Board on 21 December, adopting the omnibus decision to approving the list of decisions adopted by the S2R GB that shall continue to apply for the EU-Rail.

By the time of such adoption, the budget appropriations included in the Budget 2022 were not foreseen to cover the full financial year 2022, but to ensure the running of the activities till the launch of the new partnership, Europe's Rail JU, and to ensure the necessary business continuity of the activities.

There were three amendments adopted to this document during 2022 with budget impact.

Amendment number 1

The Executive Director proposed to the Governing Board a first amendment in order to ensure that the EU-Rail Programme budget was included for the year 2022 following the official initiation of the new Partnership.

In addition, the Work Programme 2022 was also converted into a multi-annual work programme that included the activities that will be performed in 2022 related to the launch of its new Research and Innovation (R&I) Programme governed by the Horizon Europe rules (in particular two Calls for Proposals) as well as estimated figures for the following years up to 2024. This could be done in accordance with the new legal and financial regulatory options offered with the new SBA adoption.

Amendment number 2

The Executive Director proposed to the Governing Board adaptation of the Budget as per following:

- Statement of Revenue

Following the signature in 2022 of a Contribution Agreement between the European Union, represented by the European Commission, and EU-Rail, with the objective to provide a financial contribution to finance the implementation of the action "Pilot project - IRS Smart Cities project: new railway station concept for green and socially inclusive smart cities", the revenue of EU-Rail 2022 was increased by 700.000 EUR in Commitment appropriations and 350.000€ in Payment appropriations (50% of pre-financing for 2022). The 700.000€ was used for an additional topic, dedicated to the Smart Cities pilot project, of the Call for proposal 2022-2 for exploratory research that was launched in September 2022. In accordance with the Single Basic Act Article 10.4, the 700.000€ new revenue in 2022 are corresponding to additional Union funds complementing the contribution allocated to the EU-Rail Programme implementing Horizon Europe. In this respect, and in accordance with SBA Article 10.6, this additional contributions from Union programmes corresponding to additional tasks entrusted to EU-Rail shall not be accounted for in the calculation of the Union maximum financial contribution to the EU-Rail Programme.

- Statement of Expenditure

Title I and II: minor adaptation of the Budget appropriation per line was proposed considering the evolution of budget needs identified after the first half of 2022. The main change consisted in transferring budget from the Salaries and allowances budget lines (Title I) to the running costs in connection with operational activities (Title II). This was possible due to the fact that most of the recruitment of the new positions of the Establishment Plan (for a total of 29) were yet ongoing. Consequently, in order to ensure the continuity of operations in the set up of the EU-Rail activities, this available budget was re-allocated accordingly, making use of existing Framework Contract of the JU (Strategic Support).

Title IV (EU-Rail Programme): following the late adoption of the SBA, the EU-Rail has collected the contributions for administrative costs of both years 2021 and 2022, in 2022. Leading to the inscription of unused administrative appropriations of EUR 3.3 million in Title V of the Budget 2022, related to the financial year 2021. In order to maximize the performance and impact of the JU, taking into consideration the above background information, the Executive Director proposed to the Governing Board the following:

- to transfer the amount of unused appropriations for the running costs of the JU for the amount of EUR 1.5 million to Title 4 for operational activities. This possibility is established in accordance with SBA Article 28.5 mentioning that any unused part of the contribution for administrative costs may be made available to cover the operational costs of the JU, in particular an additional topic in relation to the European DAC Delivery Programme activities.

In addition, as indicated in the section about "Statement of Expenditure", the operational budget was increased by an additional 700.000€ for the inclusion of a topic "Smart Cities" in the call 2022-2. Consequently, the call 2022-2 increased by EUR 2.2 million for two additional topics and for a new total amount of EUR 14.7 million.

Amendment number 3

The Executive Director proposed to the Governing Board minor adaptation of the Budget appropriation per line considering the evolution of budget needs identified for the last Quarter 2022. The transfers from Title 1 to Title 2 were planned to ensure the JU activities- Innovation and System Pillar Programme Managers and System Engineers – making use of external support while the recruitment process of the new staff is completed. The full staff was expected by year end only. According to our FR, there is a limit of 10% of budget transfer to be done by the ED between titles. As we had reached this limit, the amendment n°3 was submitted to the GB.

Finally, the year was also quite challenging with regards to the high number of communication events and the commitment for InnoTrans 2024 that has to be added by year end 2022. Therefore, the Comms budget had to be increased as well within the overall total initial budget of the JU for 2022.

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

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

Title 1 - Staff Expenditure was mainly used for the salaries of the JU staff. During the year, the JU also made use of external support as indicated in the section of the amendment nr3 above, to fill the gaps during the recruitment process on staff turnover and to cope with the important workload on JU activities.

Title 2 – the administrative expenditure was mainly used to ensure the JU activities– Innovation and System Pillar Programme Managers and System Engineers – making use of external support while the recruitment process of the new staff is completed. And also to cover the high number of communication events and the commitment for Innotrans 2022.

The implementation rate of the payment appropriations was 84% (95% in 2021), showing a decrease in implementation of payment appropriation in relation to the previous budgetary year which was mainly due to the fact that the JU could only expect to reach the full staffing by the end of the year at the earliest.

Title 3 and Title 4 Operational Expenditure

Title 3 of the Budget constitutes the JU's Operational Budget for implementation of the S2R Programme activities.

Title 4 of the budget constitutes the JU's Operational Budget for the implementation of the new EU-Rail Programme activities.

The majority of the JU's budget falls under this category representing 97% of the active (Titles 1 to 4) and overall budget (including Title 4). The proportion has highly increased in 2022 (70% in 2021) since EUR 164.5 million was available to be allocated to EU-Rail operational commitment appropriations this year, being the initial year of the launch of activities under the EU-Rail Programme.

The budget category Title 3 covers the interim and final payments implementing the remaining grant agreements, operational procurement and expert fees incurred as part of the evaluation for the S2R Programme.

The budget category Title 4 covers the launch of the first Call for proposal of the JU for a total funding of 234m€ and launched with multi-annual instalment (135.7m€ of CA used in 2022), a second Call for Proposal for Exploratory Research (14.7m€ as indicated in the section about amendment nr2 above) and tenders for System Pillar activities and other tenders and studies.

The implementation rate of the operational budget in both commitment and payment appropriations was respectively 100% and 79% (84% in 2020). This year, a major portion of payment appropriations were used for the pre-financing of the grants resulting from the 2022 first call for proposal.

The reported implementation also include kEUR 76 relating to the Expert Evaluators which is managed by the REA Services.

Title 5 Unused appropriations not required in current Year

The amount included under Title 5 – Unused appropriations not required in current year has been established to support a transparent implementation of JU Financial Rules Art.6.5, the so called n+3 rule. In accordance with the Financial Rules and the general practice of the JU, these appropriations will be reactivated in the future year budget(s) of the following year and used first.

The 2022 as finally adopted budget presents 1.8m€ of unused administrative commitment appropriations after 1.5m€ had been transferred to Title 4 following the amendment nr2, and 4.1m€ of unused payment appropriations (for both S2R and EU-Rail Programmes and for both administrative and operational budget) that will be re-inscribed in revenue and expenditure in the following years.

Impact of the activities in the financial statements

The major features in the 2022 Financial Statements of EU-Rail are the following:

Pre-financing: 2022 was the first year in which grants have been awarded from the Horizon Europe Programme. The high amount of new pre-financing payments resulted in an overall increase of pre-financing from kEUR 76 577 in 2021 to kEUR 122 877 in 2022. In the structure of the pre-financing, the substantial shift from the current pre-financing (a decrease of kEUR 49 018K) to the non-current pre-financing (an increase of kEUR 95 318K) is linked to the phasing out of the H2020 projects which are all expected to be finished by the end of 2023 and the launch of the first projects under the Horizon Europe programme. (see note **2.2**)

Members' contributions: The contributions from members increased by kEUR 232 317 and amounted to kEUR 761 096 in 2022. The increase of kEUR 158 269 in the cash contributions comprises cash funding from the EU and the private members to cover the administrative and operating activities of the JU in 2022. The increase of kEUR 74 047 in the in-kind contributions comprises the in-kind contributions from the member other than EU that have been validated by the EU-Rail executive director in 2022 (see note **2.6**).

Operating costs: Overall amount of the operating costs remained at a comparable level, (2022: kEUR 141 317 versus 2021: kEUR 130 157). The increase of the validated in-kind contributions and comparable decrease of the estimated in-kind contributions stems from the alignment to the phase out of the H2020 programme.

The overall increase in the estimated costs stems from the addition of projects under the new Horizon Europe programme starting from 2022 and the expected finalisation of projects under the H2020 in 2023. (see note **3.3**).

FINANCIAL STATEMENTS AND EXPLANATORY NOTES

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

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BALANCE SHEET

EUR '000

	Note	31.12.2022	31.12.2021
NON-CURRENT ASSETS			
<i>Intangible assets</i>		1	1
<i>Property, plant and equipment</i>	2.1	119	152
<i>Pre-financing</i>	2.2	104 485	9 167
		104 604	9 320
CURRENT ASSETS			
<i>Pre-financing</i>	2.2	18 392	67 410
<i>Exchange receivables and non-exchange recoverables</i>	2.3	63 358	40 277
		81 750	107 687
TOTAL ASSETS		186 354	117 006
CURRENT LIABILITIES			
<i>Payables and other liabilities</i>	2.4	85 123	97 906
<i>Accrued charges and deferred income</i>	2.5	53 031	57 488
		138 154	155 394
TOTAL LIABILITIES		138 154	155 394
<i>Contribution from Members</i>	2.6	761 096	528 779
<i>Accumulated deficit</i>		(567 167)	(433 698)
<i>Economic result of the year</i>		(145 729)	(133 469)
NET ASSETS		48 200	(38 388)
NET ASSETS AND LIABILITIES		186 354	117 006

STATEMENT OF FINANCIAL PERFORMANCE

EUR '000

	Note	2022	2021
REVENUE			
Revenue from non-exchange transactions	3.1		
<i>Recovery of expenses</i>		142	119
		142	119
Revenue from exchange transactions	3.2		
<i>Other</i>		3	16
		3	16
Total revenue		145	135
EXPENSES			
<i>Operational costs</i>	3.3	(141 317)	(130 157)
<i>Staff costs</i>	3.4	(2 097)	(1 840)
<i>Other expenses</i>	3.5	(2 460)	(1 606)
Total expenses		(145 874)	(133 604)
ECONOMIC RESULT OF THE YEAR		(145 729)	(133 469)

CASHFLOW STATEMENT⁴

EUR '000

	2022	2021
<i>Economic result of the year</i>	(145 729)	(133 469)
Operating activities		
<i>Depreciation and amortization</i>	57	55
<i>(Increase)/decrease in pre-financing</i>	(46 300)	19 743
<i>(Increase)/decrease in exchange receivables and non-exchange recoverables</i>	(23 081)	321
<i>Increase/(decrease) in payables</i>	(12 783)	441
<i>Increase/(decrease) in accrued charges & deferred income</i>	(4 457)	13 074
<i>Increase/(decrease) in cash contributions</i>	158 269	42 686
<i>Increase/(decrease) in in-kind contributions</i>	74 047	57 171
<i>Other non-cash movements</i>	-	-
Investing activities		
<i>(Increase)/decrease in intangible assets and property, plant and equipment</i>	(23)	(23)
NET CASHFLOW	-	-
<i>Net increase/(decrease) in cash and cash equivalents</i>	-	-
<i>Cash and cash equivalents at the beginning of the year</i>	-	-
<i>Cash and cash equivalents at year-end</i>	-	-

⁴ The treasury of EU-Rail was integrated into the Commission's treasury system. Therefore, EU Rail JU does not have any bank accounts of its own. All payments and receipts are processed via the Commission's treasury system and registered on intercompany accounts which are presented under the heading exchange receivables.

STATEMENT OF CHANGES IN NET ASSETS

EUR '000

	Contribution from Members	Accumulated Surplus/ (Deficit)	Economic result of the year	Net Assets
BALANCE AS AT 31.12.2020	428 922	(311 031)	(122 667)	(4 776)
<i>Allocation 2020 economic result</i>	-	(122 667)	122 667	-
<i>Cash contribution</i>	42 686	-	-	42 686
<i>Contribution in-kind</i>	57 171	-	-	57 171
<i>Economic result of the year</i>	-	-	(133 469)	(133 469)
BALANCE AS AT 31.12.2021	528 779	(433 698)	(133 469)	(38 388)
<i>Allocation 2021 economic result</i>	-	(133 469)	133 469	-
<i>Cash contribution</i>	155 272	-	-	155 272
<i>Contribution in-kind</i>	74 047	-	-	74 047
<i>Unpaid cash contributions</i>	2 997	-	-	2 997
<i>Economic result of the year</i>	-	-	(145 729)	(145 729)
BALANCE AS AT 31.12.2022	761 096	(567 167)	(145 729)	48 200

NOTES TO THE FINANCIAL STATEMENTS

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
BGN	1.9558	1.9558	PLN	4.6808	4.5969
CZK	24.116	26.8580	RON	4.9495	4.9490
DKK	7.4365	7.4364	SEK	11.1218	10.2503
GBP	0.88693	0.84028	CHF	0.9847	1.0331
HRK	7.5365	7.5156	JPY	140.66	130.3800
HUF	400.87	369.1900	USD	1.0666	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)

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

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 cash flows 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 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 1.6.2).

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 1.5 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.

For Horizon 2020 Programme: 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.

For Horizon Europe Programme:

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

According to the Specific Guidance for the accounting of the EU cash contributions received by the Joint Undertakings under FFPA related to MFF 2021-2027, the contributions payments done by the EU for the Horizon Europe Programme are accounted as 'Contributions in cash to be validated'. During the provisional accounting closure, the JU should, on the basis of the payment's implementation report, determine the amount of operating and administrative expenditure that have been covered from the EU financial contributions to the Horizon Europe Programme. In the accounting of the JU the underlying amount should be, for the purpose of the preparation of the provisional financial statements, transferred from the provisional payments to the net assets of the JU (cut-off procedure). It will be qualified as final payments and formally transferred to the net assets once the Commission has accepted the Consolidated Annual Activity Report – AAR (Art. 19.2 FFPA).

- Private (Industry Members) contributions: financial contributions are contributions made in cash in order to provide funding of the operational or administrative needs of the JU. These financial contributions are recognised in net assets in the period in which the enforceable right to receive the payment was established.

1.6.2. In-kind contributions

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

The applicable Regulations⁵ distinguish between two types of in-kind contributions: (1) In-kind contributions to operational activities (IKOP) and (2) in-kind contributions to additional activities (IKAA).

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

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

The IKAA relate to contributions linked to implementing additional activities outside the work plan of the JU that contribute to the objectives of the JU. Because the outflow of resources related to those activities is outside of the control of the JU, these contributions are not recognised in the financial statements of the JU. However, to provide a complete picture of the operational activities related to the JU they are still disclosed as additional information in the notes.

⁵ Council Regulation (EC) No 642/2014 and Council Regulation (EU) 2021/2085

NOTES TO THE BALANCE SHEET

ASSETS

2.1 PROPERTY, PLANT AND EQUIPMENT

	EUR '000				
	Plant and equipment	Furniture and vehicles	Computer hardware	Other	TOTAL
<i>Gross carrying amount at 31.12.2021</i>	35	55	97	276	464
<i>Additions</i>	-	-	5	18	23
<i>Disposals</i>	-	-	(3)	-	(3)
Gross carrying amount at 31.12.2022	35	55	100	294	484
<i>Accumulated depreciation at 31.12.2021</i>	(30)	(31)	(65)	(187)	(312)
<i>Depreciation charge for the year</i>	(4)	(6)	(11)	(32)	(53)
Accumulated depreciation at 31.12.2022	(34)	(37)	(75)	(219)	(365)
NET CARRYING AMOUNT AT 31.12.2022	1	19	24	75	119
<i>NET CARRYING AMOUNT AT 31.12.2021</i>	5	24	33	89	152

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.

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

2.2 PRE-FINANCING

Pre-financing is a payment intended to provide the beneficiary with a cash advance, i.e. a float. It may be split into a number of payments over a period defined in the particular underlying contract, decision, agreement or basic legal act.

	EUR '000	
	31.12.2022	31.12.2021
<i>Non-current pre-financing</i>	104 485	9 167
<i>Current pre-financing</i>	18 392	67 410
Total	122 877	76 577

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 2023 was classified as non-current pre-financing.

The overall high amount of the open pre-financing can be explained by the fact that according to the Horizon 2020 rules, the incurred costs (both actual and estimated) are only cleared against pre-financing

when the amounts paid to the beneficiary reach 90% of the grant agreement amount. In addition, only the amount exceeding this threshold is cleared.

The outstanding pre-financing presented under this heading is net of estimated (cut-off) expenses for ongoing projects without validated cost claims on 31 December 2022. The clearing of pre-financing with year-end (cut-off) adjustments amounted to kEUR 69 488 (2021: 24 229). The remaining portion of the cut off expenses is recorded in accrued charges (see note 2.5).

In 2022, the first pre-financing payments related to the Horizon Europe programme have been made.

The start of the projects under Horizon Europe in 2022 has been the main factor for the increase of the non-current pre-financing. The decrease of current pre-financing is linked to the phasing out of the H2020 projects which are all expected to be finished by the end of 2023.

2.3 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.

At 31 December 2022, EU RAIL JU did not have any long term receivables or recoverables. All amounts under this heading are current and are as follows:

	<i>EUR '000</i>	
	31.12.2022	31.12.2021
Recoverables from non-exchange transactions		
<i>EFTA contributions</i>	94	-
<i>Public bodies</i>	402	18
<i>Customers</i>	2 512	181
	3 008	199
Receivables from exchange transactions		
<i>Central treasury liaison accounts</i>	60 126	40 062
<i>Deferred charges and accrued revenues</i>	157	18
<i>Other</i>	67	(2)
	60 350	40 078
Total	63 358	40 277

The largest amount under this heading relates to Central treasury liaison (intercompany) accounts with the Commission which represent the virtual bank accounts of EU-Rail. The treasury of EU-Rail was integrated into the Commission's treasury system. Because of this EU-Rail does not have any bank accounts. All payments and receipts are processed via the Commission's treasury and registered on these intercompany accounts. The ending balance of this heading is thus the result of the incoming and outgoing payments and represents the funds available for the joint undertaking.

The headings Public bodies and Customers refers mainly to 2022 contributions to administrative costs from members other than the Union that have been claimed but not paid at year end.

At 31 December 2022, an overall kEUR 28 were overdue over 90 days. The amount is included under the heading Customers.

LIABILITIES

2.4 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).

	<i>EUR '000</i>	
	31.12.2022	31.12.2021
<i>Contributions in kind to be validated</i>	72 018	96 437
<i>Cash contributions to be validated</i>	4 302	-
<i>Suppliers</i>	8 301	1 469
<i>Public bodies</i>	503	0
Total	85 123	97 906

Included under the 'contribution in-kind to be validated' are the in-kind contributions from Members relating to on-going projects without a validated audit certificate at 31 December 2022. The amount of in-kind contributions was estimated on a case-by-case basis using the best available information on the projects at the year-end, which is mainly the members' declaration in accordance with Article 4.3 of the S2R Regulation. The estimated cash contribution to the operating expenses of those projects are included under accrued charges (see note 2.5). The section "Cash contributions to be validated" includes the open pre-financing received from the EU for the programme Horizon Europe.

The sub-heading Suppliers comprises commercial invoices and cost claims of operational expenses received by the JU but not validated and paid at the year-end.

2.5 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.

	<i>EUR '000</i>	
	31.12.2022	31.12.2021
<i>Accrued charges</i>	53 031	57 488

Accrued charges are the amounts estimated by the Authorising Officer of costs incurred for services and goods delivered in the year but for which no invoice was yet received or processed by the end of the year. They are largely composed of estimated operating expenses (kEUR 47 497) for on-going 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 portion of the estimated accrued charges which relates to pre-financing paid has been recorded as a reduction of the pre-financing amounts.

An amount of kEUR 4 923 represents operating expenses other than grants. It is mostly related to operational framework contracts related to the action plans of EU-Rail. It includes also other operational contracts and expert costs.

Included under this heading are also accrued administrative expenses of kEUR 556 and accrued staff expenses for untaken leave (kEUR 55).

NET ASSETS

2.6 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.

Programming period	2022			2021		
	Cash	in-Kind	Total	Cash	in-Kind	Total
<i>H2020</i>	395 551	253 161	648 712	349 666	179 114	528 779
<i>Horizon Europe</i>	112 384		112 384	-	-	-
Total	507 935	253 161	761 096	349 666	179 114	528 779

EUR '000

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

Horizon 2020							EUR '000
Member	EU	Industry Grouping			Total		
	Cash	Cash	In kind	Total	Cash	In kind	
<i>Running costs contributions at 31.12.2021</i>	8 654	10 471	-	10 471	19 125	-	
<i>Current year contributions</i>	1 231	1 231	-	1 231	2 462	-	
Running costs contributions at 31.12.2022	9 885	11 702	-	11 702	21 587	-	
<i>Operating costs contributions at 31.12.2021</i>	330 541	-	179 114	179 114	330 541	179 114	
<i>Current year contributions</i>	43 423	-	74 047	74 047	43 423	74 047	
Operating costs contributions at 31.12.2022	373 964	-	253 161	253 161	373 964	253 161	
<i>TOTAL contributions at 31.12.2021</i>	339 195	10 471	179 114	189 585	349 666	179 114	
TOTAL contributions at 31.12.2022	383 849	11 702	253 161	264 863	395 551	253 161	
<i>% of total contributions (by type)</i>	97,04%	2,96%	100,00%		100,00%	100,00%	
<i>Total contribution in %</i>	59,17%	40,83%			100,00%		
<i>Voting rights %</i>	50,00%	50,00%			100,00%		

The overall status of the contributions for the Horizon 2020 programme is presented below where can be seen that the overall implementation rate is in line with the sunset period of the programme and that the in-kind contributions provided by the private members are expected to exceed the programme targets mainly due to the excess of IKAA.

CONTRIBUTIONS STATE OF PLAY H2020

Members' contributions (as per Funding regulation)				Members contributions as of 31.12.2022						Performance rates	
EU cash (a)	Private members' IKOP and cash (b)	Private members' IKAA (c)	Total (d)=(a)+(b)+(c)	EU cash (e)	Private members' cash (f)	Private members' validated IKOP (g)	Private members' reported not yet validated IKOP (h)	IKAA (i)	Total (j) = (e)+(f)+(g)+(h)+ (i)	Achievement rate (k) = (j)/(d)	Private members' contribution achievement rate with IKAA (l) = ((f) + (g) + (h) + (i)) /((b) + (c))
450,0	363,5	120,0	933,5	383,8	11,7	253,2	67,5	195,0	911,2	98%	109%

With regards to Horizon Europe programme, Council Regulation (EU) 2021/2085, distinguishes between Members (European Union represented by the European Commission and the Private Founding Members) and non-members of the JU. In addition, the in-kind contributions to operational activities should be accounted for solely on the basis of eligible costs and should be reported and audited in accordance with the mechanism applicable to the specific grant agreement. Under Horizon Europe only validated and accepted contributions by the Executive Director can be recognised under net assets. Therefore, the same accounting treatment as used under the previous regulations is applied to IKOP under Horizon Europe.

<i>Horizon Europe</i>							<i>EUR '000</i>	
<i>Member</i>	<i>Commission</i>		<i>Industry Grouping</i>			<i>Total</i>		
	<i>Cash</i>		<i>Cash</i>	<i>In kind</i>	<i>Total</i>	<i>Cash</i>	<i>In kind</i>	
<i>Running costs contributions at 31.12.2021</i>	-		-	-	-	-	-	
<i>Current year contributions</i>	1 374		3 521	-	3 521	4 895	-	
Running costs contributions at 31.12.2022	1 374		3 521	-	3 521	4 895	-	
<i>Operating costs contributions at 31.12.2021</i>	-		-	-	-	-	-	
<i>Current year contributions</i>	107 489		-	-	-	107 489	-	
Operating costs contributions at 31.12.2022	107 489		-	-	-	107 489	-	
<i>TOTAL contributions at 31.12.2021</i>	-		-	-	-	-	-	
TOTAL contributions at 31.12.2022	108 863		3 521	-	3 521	112 384	-	
<i>% of total contributions (by type)</i>	96,87%		3,13%	0,00%		100,00%	0,00%	
<i>Total contribution in %</i>	96,87%		3,13%			100,00%		
<i>Voting rights %</i>	50,00%		50,00%			100,00%		

As the implementation of projects under the Horizon Europe programme has started only towards the end of 2022, the validation of in-kind contribution in 2022 was not possible.

In addition to the amount of cash contributions transferred to net assets an additional amount of kEUR 4 302 was received from the EC (see note 2.4)

NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE

REVENUE

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.

	<i>EUR '000</i>	
	2022	2021
<i>Recovery of expenses</i>	142	119

REVENUE FROM EXCHANGE TRANSACTIONS

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

3.2 OTHER EXCHANGE REVENUE

	<i>EUR '000</i>	
	2022	2021
<i>Recovery of administrative expenses</i>	3	14
<i>Miscellaneous income exchange</i>	-	2
Total	3	16

EXPENSES

3.3 OPERATIONAL COSTS

Included under this heading are operational expenses related to projects that were carried out in the current year. The part of the operational costs related to on-going projects without any validated cost claims (or equivalent) available at 31 December was estimated using the best information available at the time of preparation of the annual accounts. The estimation is based on case-by-case assessment of completion which ensures that only costs that reflect the services or work performed by 31 December are included in the operational costs of the year. Depending on the availability of information at the time of preparation of the annual accounts, the estimates are based on costs incurred to date as a proportion of the estimated total costs of the projects ("pro-rata temporis").

The break-down of the operational costs between operational costs incurred on the basis of validated cost claims (or equivalent) and estimated operational costs is given in the table below:

	<i>EUR '000</i>	
	2022	2021
<i>Operational costs: validated in-kind contributions</i>	74 047	57 171
<i>Operational costs: estimated in-kind contributions</i>	(24 419)	3 318
Total operational costs from in-kind contributions	49 628	60 489
<i>Operational costs: validated EU contributions</i>	44 048	72 376
<i>Operational costs: estimated EU contributions</i>	47 641	(2 708)
Total operational costs from EU contributions	91 689	69 668
Total	141 317	130 157

The overall reduction of operational costs from in-kind contribution is mainly following the phasing out of the H2020 projects with an increased validation rate in 2022 and a decrease in the estimation of in-kind to be validated compared to the previous year.

The increase of the operational costs from EU contributions stems mainly from the increase of operational accrued costs compared to 2021.

3.4 STAFF COSTS

This heading includes the expenses for salaries, allowances and other employment-related benefits. Based on the service level agreement between the JU and the Commission, the calculations of staff-related costs is carried out by the Commission's Office for Administration and Payment of Individual Entitlements (also known as the Paymaster's Office - PMO). The pensions of the JU staff members are covered by the Pension Scheme of European Officials. This pension scheme is a defined benefit plan, i.e. the amount of benefit an employee will receive on retirement depends on several factors, the most important of which is years of service. Both the JU staff and the EU budget contribute to the pension scheme, with the contribution percentage being revised annually in line with the changes in the Staff Regulation governing the scheme. The cost to the EU Budget is not reflected in the JU accounts. Similarly, no provision related to the future pension payments is recognised in the annual accounts of the JU, as the obligation falls to the Commission.

Europe's Rail Joint Undertaking share to the pension contribution for the year 2022 amounted to kEUR 12, that constitutes 3.8 % of the total pension scheme contributions, calculated in accordance with the requirements of in accordance with Article 83a(2)⁶ of the Staff Regulations. This contribution is accounted within staff costs.

As per Article 83a(2) of the Staff Regulations, the exact 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.

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, this applicability starts as from 2022.

	<i>EUR '000</i>	
	2022	2021
<i>Staff costs</i>	2 097	1 840

⁶ From 1 January 2016 agencies which are partly financed from that budget shall pay the part of the employers' contributions which corresponds to the proportion between the agency's revenues without the subsidy from the general budget of the European Union and its total revenues."

3.5 OTHER EXPENSES

Included under this heading are expenses of administrative nature such as external non IT services, operating leasing expenses, communications and publications, training costs etc.

	EUR '000	
	2022	2021
<i>External non-IT expenses</i>	1 072	621
<i>Office Supplies and maintenance</i>	903	586
<i>Operating lease expenses</i>	233	223
<i>Maintenance and security expenses</i>	81	88
<i>Property, plant and equipment related expenses</i>	57	55
<i>Missions</i>	86	38
<i>Training Costs</i>	11	24
<i>Experts and related expenditure</i>	10	2
<i>Car & Transport expenses</i>	3	2
<i>Communications and publications</i>	2	(33)
<i>Recruitment costs</i>	2	0
Total	2 460	1 606

As most of the restrictions related to the COVID-19 pandemic that have impacted the administrative expenditure in previous two years have been lifted in 2022, the expenditure has been increasing

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

	EUR '000			
	Future amounts to be paid			
	< 1 year	1- 5 years	> 5 years	Total
<i>Buildings</i>	330	337	-	667

4. OTHER SIGNIFICANT DISCLOSURES

4.1 OUTSTANDING COMMITMENTS NOT YET EXPENSED

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

	<i>EUR '000</i>	
	31.12.2022	31.12.2021
<i>Outstanding commitments not yet expensed</i>	65 607	38 966

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 increase in the budgetary RAL by kEUR 29 515, which is seen the budget implementation reports (chapter 6).

4.2 CONTINGENT ASSETS

During 2022, several ex-post audits on cost claims relating to grant agreements have been performed. At the date of the preparation of the Annual Accounts 2022, the result of several ex-post audits had yet to be formally finalised.

The audit results where the results have yet to be implemented and the inflows of economic benefit are considered to be probable is estimated at approx. 122 k EUR.

4.3 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.

4.4 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>

4.5 IN-KIND CONTRIBUTIONS

In accordance with Article 174 of the Single Basic Act, EU-Rail is the universal successor of the Shift2Rail JU. The rights and obligations in relation to the Shift2Rail Programme, hence, remain applicable under the current legal framework. In this respect, in accordance with article 4(3) of Council Regulation (EU) No 642/2014 of 16 June 2014 (hereinafter the S2R Regulation), "the members of the S2R Joint Undertaking other than the Union shall report by 31 January each year to the Governing Board of the S2R JU on the value of the contributions referred to in paragraph 2 made in each of the previous financial years".

Article 4(2) of the S2R Regulation establishes that the total contribution to be provided by the Other Members^[1] and totalling EUR 470 million shall consist of:

IKOP^[2] (in-kind operational): at least EUR 350 million, including at least EUR 200 million from the founding members other than the Union and their affiliated entities, and at least EUR 150 million from associated members and their affiliated entities. In accordance with Article 16(3)b of the S2R Statutes, IKOP consists "of the costs incurred by them [the Other Members] in implementing indirect actions less the contribution of the S2RJU and any other Union contribution to those costs".

IKAA (in-kind other activities): at least EUR 120 million, of which at least EUR 70 million from the founding members other than the Union and their affiliated entities, and at least EUR 50 million from associated members and their affiliated entities. These contributions shall consist of the costs incurred by them in implementing additional activities outside the work plan of the S2R Joint Undertaking, which are complementary to this work plan and contribute to the objectives of the S2R Master Plan. Other Union funding programmes may support those costs in compliance with the applicable rules and procedures. In such cases, Union financing shall not substitute for the in-kind contributions from the members other than the Union or their affiliated entities.

The total IKAA expected contribution by the end of the S2R Programme is now estimated, subject to certification, at EUR 244 million, 103% above the regulatory obligation of minimum EUR 120 million. It is to be noted that EUR 195 million have been certified (63% above the regulatory obligation confirmed).

The aforementioned In-Kind Contributions, which consist of financial expenditure implemented by the Members – salaries, assets, operations, etc. – to achieve the S2R Programme and its Projects, are in addition to the cash contribution of the Other Members to the 50% of the running costs of the JU.

4.6 OTHER EVENTS

Russia-Ukraine War

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.

For subsequent reporting periods, the war may affect the recognition and measurement of some assets on the balance sheet and also of some expenses recognised in the statement of financial performance. Based on the facts and circumstances at the time of preparation of these financial statements, in particular the evolving situation, the financial effect of the war in Ukraine cannot be reliably estimated.

4.7 EVENTS AFTER REPORTING DATE

In 2023, following the end of service notice of Mr. Carlo M. Borghini, EU Rail's Governing Board has appointed Mr. Giorgio Travaini as the EU-RAIL Executive Director ad interim as from 1 March 2023 until the appointment of the new Executive Director (GB decision 2/2023).

A new selection procedure will be launched shortly for the position of Executive Director for the EU Rail Joint Undertaking.

^[1] The "Other Members" consist of the Founding Members of the JU, with the exclusion of the Union, and the Associated Members.

^[2] As laid down in Article 16(2) and Article 16(3)(b) of the Statutes.

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 mainly quoted in EUR, the entity is thus not exposed to currency risk.

5.3 CREDIT RISK

At the end of the year, the financial assets comprise exchange receivables that are not past due for more than 90 days. As no credit loss is expected during the lifetime 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 (kEUR), 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 S2R JU and EU-Rail is governed by the following basic principles set out by 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. As specified in its Financial Rules, the joint undertaking is subject to an exception to the annuality principle, specific only to the joint undertakings (the "N+3" rule), whereby any unused appropriations may be entered in the estimate of revenue and expenditure of up to the following three financial years. These appropriations must be used first.

Principle of equilibrium

Revenue and payment appropriations shall be in balance.

Principle of unit of account

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

Principle of universality

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

Principle of specification

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

Principle of sound financial management

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

Principle of 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 Auditors.

1.2. STRUCTURE AND PRESENTATION OF THE BUDGET

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

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

Title 1

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

Title 3

Budget lines provide for the implementation of the activities and tasks assigned to the joint undertaking in accordance with Council Regulation (EC) No 642/2014 (Shift2Rail operational expenditure).

Title 4

Budget lines provide for the implementation of the activities and tasks assigned to the joint undertaking in accordance with Council Regulation (EU) 2021/2085 (EU Rail operational expenditure).

Title 5

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

2. RESULT OF THE IMPLEMENTATION OF THE BUDGET

		EUR '000	
	Title	2022	2021
Revenue		159 918	42 720
of which:			
Revenue	9	159 918	42 720
Expenditure		(139 799)	(42 877)
of which:			
Staff expenditure	1	(2 719)	(2 371)
Administrative expenditure	2	(1 456)	(1 088)
Operational expenditure	3	(28 211)	(39 417)
Specific expenditure	4	(107 414)	0
Exchange rate differences		-	-
Budget result		20 119	(157)

3. RECONCILIATION OF ECONOMIC RESULT WITH BUDGET RESULT

	EUR '000	
	2022	2021
ECONOMIC RESULT OF THE YEAR	(145 729)	(133 469)
Adjustment for accrual items (items not in the budgetary result but included in the economic result)	111 228	98 600
<i>In-kind contributions validated in the year</i>	74 047	57 171
<i>Adjustments for accrual cut-off (net)</i>	23 438	(2 758)
<i>Unpaid invoices at year end but booked in expenses</i>	118	3 706
<i>Depreciation of intangible and tangible assets</i>	57	55
<i>Recovery orders issued in the year and not yet cashed</i>	(2 997)	(199)
<i>Correction of recovery orders issued last year</i>	-	(133)
<i>Pre-financing given in previous year and cleared in the year</i>	16 575	40 722
<i>Other individually immaterial</i>	(10)	37
Adjustment for budgetary items (item included in the budgetary result but not in the economic result)	54 620	34 712
<i>Members' cash contributions collected in the year</i>	162 571	42 715
<i>Asset acquisitions (less unpaid amounts)</i>	(23)	(23)
<i>Payments made from non-budget lines</i>	-	-
<i>New pre-financing paid in the year and remaining open as at 31 December</i>	(108 283)	(8 184)
<i>Entitlements established in previous year and cashed in the year</i>	199	203
<i>Entitlements established on balance sheet accounts and cashed in the year</i>	141	-
<i>Other individually immaterial</i>	15	-
BUDGET RESULT OF THE YEAR	20 119	(157)

4. IMPLEMENTATION OF BUDGET REVENUE

4.1. Implementation of budget revenue – Title 9

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	
90-0	Contribution from EU (administrative)	1 231	1 231	1 581	0	1 581	1 581	0	1 581	128 %	0
Total Chapter 90-0		1 231	1 231	1 581	0	1 581	1 581	0	1 581	128 %	0
Total Title 90-0		1 231	1 231	1 581	0	1 581	1 581	0	1 581	128 %	0
90-1	Contribution from EU (operational)	43 423	43 423	43 499	0	43 499	43 499	0	43 499	100 %	0
Total Chapter 90-1		43 423	43 423	43 499	0	43 499	43 499	0	43 499	100 %	0
Total Title 90-1		43 423	43 423	43 499	0	43 499	43 499	0	43 499	100 %	0
90-2	Contribution from members other than the EU	1 231	3 521	3 521	199	3 719	3 521	199	3 719	106 %	0
Total Chapter 90-2		1 231	3 521	3 521	199	3 719	3 521	199	3 719	106 %	0
Total Title 90-2		1 231	3 521	3 521	199	3 719	3 521	199	3 719	106 %	0
90-3	EURAIL Contribution from EU (operational)	0	109 644	109 219	0	109 219	109 219	0	109 219	100 %	0
Total Chapter 90-3		0	109 644	109 219	0	109 219	109 219	0	109 219	100 %	0
Total Title 90-3		0	109 644	109 219	0	109 219	109 219	0	109 219	100 %	0
90-4	S2R Contribution from members other than the EU	0	1 231	1 231	0	1 231	1 119	0	1 119	91 %	112
Total Chapter 90-4		0	1 231	1 231	0	1 231	1 119	0	1 119	91 %	112
Total Title 90-4		0	1 231	1 231	0	1 231	1 119	0	1 119	91 %	112
90-5	EURAIL Contribution from members other than the EU	0	3 521	3 521	0	3 521	635	0	635	18 %	2 885
Total Chapter 90-5		0	3 521	3 521	0	3 521	635	0	635	18 %	2 885
Total Title 90-5		0	3 521	3 521	0	3 521	635	0	635	18 %	2 885
91-0	Recoveries from members	0	0	3	0	3	3	0	3	-	0

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Total Chapter 91-0		0	0	3	0	3	3	0	3	-	0
Total Title 91-0		0	0	3	0	3	3	0	3	-	0
91-1	Recoveries from non-members	0	0	141	0	141	141	0	141	-	0
Total Chapter 91-1		0	0	141	0	141	141	0	141	-	0
Total Title 91-1		0	0	141	0	141	141	0	141	-	0
91-2	Recoveries from others	0	0	3	0	3	3	0	3	-	0
Total Chapter 91-2		0	0	3	0	3	3	0	3	-	0
Total Title 91-2		0	0	3	0	3	3	0	3	-	0
93-0	Unused appropriations previous years (administrative)	626	626							-	
Total Chapter 93-0		626	626							-	
Total Title 93-0		626	626							-	
93-1	Unused appropriations previous years (operational)	17 500	17 500							-	
Total Chapter 93-1		17 500	17 500							-	
Total Title 93-1		17 500	17 500							-	

GRAND TOTAL	64 011	180 697	162 717	199	162 916	159 720	199	159 918	89 %	2 997
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5. IMPLEMENTATION OF BUDGET EXPENDITURE

5.1. Breakdown & changes in commitment appropriations

5.1.1. Breakdown & changes in commitment appropriations – Title 1

EUR '000

	Item	Budget appropriations				Additional appropriations			Total appropr. available
		Initial adopted budget	Amending budgets	Transfers	Final adopted budget	Reactivated appropriations	Assigned revenue	Total	
		1	2	3	4=1+2+3	5	6	7=5+6	8=4+7
11-0	Temporary agents	260	571	(80)	751	0	0	0	751
11-1	Contract agents, seconded national experts, trainees and interims	400	0	(5)	395	0	0	0	395
11-2	EURAIL Temporary agents	0	758	(468)	289	0	0	0	289
11-3	EURAIL Contract agents, seconded national experts, trainees and interims	0	1 060	(10)	1 050	0	0	0	1 050
Total Chapter 11		660	2389	(562)	2 487	0	0	0	2 487
13-0	Mission costs	20	90	(10)	100	0	0	0	100
Total Title 13-0		20	90	(10)	100	0	0	0	100
15-0	Training	10	40	(19)	31	0	0	0	31
Total Title 15-0		10	40	(19)	31	0	0	0	31
19-0	Other staff expenditure	80	141	39	259	0	3	3	262
Total Title 19-0		80	141	39	259	0	3	3	262
Total Title 1									2 880

5.1.2. Breakdown & changes in commitment appropriations – Title 2

EUR '000

	Item	Budget appropriations				Additional appropriations			Total appropri- 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	Rental of buildings and associated costs	75	451	(116)	410	0	0	0	410
Total Title 20-0		75	451	(116)	410	0	0	0	410
21-0	IT expenditure and technical facilities	50	100	(2)	148	0	0	0	148
Total Title 21-0		50	100	(2)	148	0	0	0	148
22-0	Movable property and associated costs	3	8	(10)	0	0	0	0	0
Total Title 22-0		3	8	(10)	0	0	0	0	0
23-0	Current administrative expenditure	3	13	(4)	11	0	0	0	11
Total Title 23-0		3	13	(4)	11	0	0	0	11
24-0	Postage and telecommunications	1	14	(5)	10	0	0	0	10
Total Title 24-0		1	14	(5)	10	0	0	0	10
25-0	Administrative board expenditure	10	40	(32)	18	0	0	0	18
Total Title 25-0		10	40	(32)	18	0	0	0	18
26-0	Administrative support services	25	46	556	628	0	0	0	628
Total Title 26-0		25	46	556	628	0	0	0	628
27-0	Public relations and events	220	330	166	716	0	0	0	716
Total Title 27-0		220	330	166	716	0	0	0	716
29-0	Other infrastructure and operating expenditure	75	85	0	160	0	0	0	160
Total Title 29-0		75	85	0	160	0	0	0	160
Total Title 2									2 100

5.1.3. Breakdown & changes in commitment appropriations – Title 3

EUR '000

	Item	Budget appropriations				Additional appropriations			Total appr. 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
30-0	Operational expenditure	0	0	0	0	0	144	144	144
Total Title 30-0		0	0	0	0	0	144	144	144

5.1.4. Breakdown & changes in commitment appropriations – Title 4

	Item	Budget appropriations				Additional appropriations			Total appr. 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
40-0	EURAIL Operational expenditure	0	164 507	0	164 507	0	0	0	164 507
Total Title 40-0		0	164 507	0	164 507	0	0	0	164 507

5.1.5. Breakdown & changes in commitment appropriations – Title 5

	Item	Budget appropriations				Additional appropriations			Total appr. 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
52-0	EURAIL Administrative budget	0	1 795	0	1 795	0	0	0	1 795
Total Title 52-0		0	1 795	0	1 795	0	0	0	1 795
GRAND TOTAL		1 231	170 049	(0)	171 280	0	146	146	171 426

5.2. Breakdown & changes in payment appropriations

5.2.1. Breakdown & changes in payment appropriations – Title 1

	Item	Budget appropriations				Additional appropriations			Total approp. 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	Temporary agents	364	793	(432)	725	26	0	26	751
11-1	Contract agents, seconded national experts, trainees and interims	0	16	(12)	4	493	0	493	496
11-2	EURAIL Temporary agents	0	407	(117)	289	0	0	0	289
11-3	EURAIL Contract agents, seconded national experts, trainees and interims	0	864	(14)	851	0	0	0	851
Total Chapter 11		364	2 080	(575)	1 869	519	0	519	2 388
13-0	Mission costs	30	80	0	110	0	0	0	110
Total Chapter 13-0		30	80	0	110	0	0	0	110
15-0	Training	15	35	0	50	0	0	0	50
Total Chapter 15-0		15	35	0	50	0	0	0	50
19-0	Other staff expenditure	120	194	24	338	0	3	3	341
Total Chapter 19-0		120	194	24	338	0	3	3	341
Total Title 1									2 888

5.2.2. Breakdown & changes in payment appropriations – Title 2

EUR '000

	Item	Budget appropriations				Additional appropriations			Total appropri. available
		Initial budget adopted	Amending budgets	Transfers	Final adopted budget	Reactivated appropriations	Assigned revenue	Total	
		1	2	3	4=1+2+3	5	6	7=5+6	8=4+7
20-0	Rental of buildings and associated costs	113	254	(11)	355	0	0	0	355
Total Chapter 20-0		113	254	(11)	355	0	0	0	355
21-0	IT expenditure and technical facilities	75	85	90	250	0	0	0	250
Total Chapter 21-0		75	85	90	250	0	0	0	250
22-0	Movable property and associated costs	4	6	0	10	0	0	0	10
Total Chapter 22-0		4	6	0	10	0	0	0	10
23-0	Current administrative expenditure	4	11	0	15	0	0	0	15
Total Chapter 23-0		4	11	0	15	0	0	0	15
24-0	Postage and telecommunications	2	14	0	15	0	0	0	15
Total Chapter 24-0		2	14	0	15	0	0	0	15
25-0	Administrative board expenditure	15	35	(10)	40	0	0	0	40
Total Chapter 25-0		15	35	(10)	40	0	0	0	40
26-0	Administrative support services	38	52	433	523	0	0	0	523
Total Chapter 26-0		38	52	433	523	0	0	0	523
27-0	Public relations and events	330	220	28	578	107	0	107	685
Total Chapter 27-0		330	220	28	578	107	0	107	685
29-0	Other infrastructure and operating expenditure	113	64	21	198	0	0	0	198
Total Chapter 29-0		113	64	21	198	0	0	0	198
Total Title 2		692	741	551	1 984	107	0	107	2 091

5.2.3. Breakdown & changes in payment appropriations – Title 3

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	
30-0	Operational expenditure	42 927	0	0	42 927	17 500	144	17 644	60 570
Total Title 3		42 927	0	0	42 927	17 500	144	17 644	60 570

5.2.4. Breakdown & changes in payment appropriations – Title 4

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	
40-0	EURAIL Operational expenditure	0	111 144	0	111 144	0	0	0	111 144
Total Title 4		0	111 144	0	111 144	0	0	0	111 144

5.2.5. Breakdown & changes in payment appropriations – Title 5

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	
50-0	Administrative budget	1 242	420	0	1 662	0	0	0	1 662
Total Chapter 50-0		1 242	420	0	1 662	0	0	0	1 662

Annual accounts of the Europe's Rail Joint Undertaking 2022

51-0	Operational budget	496	0	0	496	0	0	0	496
Total Chapter 51-0		496	0	0	496	0	0	0	496
52-0	EURAIL Administrative budget	0	1 991	0	1 991	0	0	0	1 991
Total Chapter 52-0		0	1 991	0	1 991	0	0	0	1 991
Total Title 5		1 738	2 411	0	4 149	0	0	0	4 149
GRAND TOTAL		45 885	116 686	0	162 571	18 126	146	18 272	180 843

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	Temporary agents	751	751	0	0	751	100 %	0	0	0	0	0	0	0
Total Chapter 11-0		751	751	0	0	751	100 %	0	0	0	0	0	0	0
11-1	Contract agents, seconded national experts, trainees and interims	395	395	0	0	395	100 %	0	0	0	0	0	0	0
Total Chapter 11-1		395	395	0	0	395	100 %	0	0	0	0	0	0	0
11-2	EURAIL Temporary agents	289	289	0	0	289	100 %	0	0	0	0	0	0	0
Total Chapter 11-2		289	289	0	0	289	100 %	0	0	0	0	0	0	0
11-3	EURAIL Contract agents, seconded national experts, trainees and interims	1 050	1 050	0	0	1 050	100 %	0	0	0	0	0	0	0
Total Chapter 11-3		1 050	1 050	0	0	1 050	100 %	0	0	0	0	0	0	0
13-0	Mission costs	100	100	0	0	100	100 %	0	0	0	0	0	0	0
Total Chapter 13-0		100	100	0	0	100	100 %	0	0	0	0	0	0	0
15-0	Training	31	31	0	0	31	100 %	0	0	0	0	0	0	0
Total Chapter 15-0		31	31	0	0	31	100 %	0	0	0	0	0	0	0
19-0	Other staff expenditure	262	259	0	0	259	99 %	0	0	0	0	0	3	3
Total Chapter 19-0		262	259	0	0	259	99 %	0	0	0	0	0	3	3
Total Title 1		2 879	2 877	0	0	2 877	100 %	0	0	0	0	0	3	3

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	Rental of buildings and associated costs	410	410	0	0	410	100 %	0	0	0	0	0	0	0
Total Chapter 20-0		410	410	0	0	410	100 %	0	0	0	0	0	0	0
21-0	IT expenditure and technical facilities	148	148	0	0	148	100 %	0	0	0	0	0	0	0
Total Chapter 21-0		148	148	0	0	148	100 %	0	0	0	0	0	0	0
23-0	Current administrative expenditure	11	11	0	0	11	100 %	0	0	0	0	0	0	0
Total Chapter 23-0		11	11	0	0	11	100 %	0	0	0	0	0	0	0
24-0	Postage and telecommunications	10	10	0	0	10	100 %	0	0	0	0	0	0	0
Total Chapter 24-0		10	10	0	0	10	100 %	0	0	0	0	0	0	0
25-0	Administrative board expenditure	18	18	0	0	18	100 %	0	0	0	0	0	0	0
Total Chapter 25-0		18	18	0	0	18	100 %	0	0	0	0	0	0	0
26-0	Administrative support services	628	628	0	0	628	100 %	0	0	0	0	0	0	0
Total Chapter 26-0		628	628	0	0	628	100 %	0	0	0	0	0	0	0
27-0	Public relations and events	716	716	0	0	716	100 %	0	0	0	0	0	0	0
Total Chapter 27-0		716	716	0	0	716	100 %	0	0	0	0	0	0	0
29-0	Other infrastructure and operating expenditure	160	160	0	0	160	100 %	0	0	0	0	0	0	0
Total Chapter 29-0		160	160	0	0	160	100 %	0	0	0	0	0	0	0
Total Title 2		2 100	2 100	0	0	2 100	100 %	0	0	0	0	0	0	0

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
30-0	Operational expenditure	144	0	0	21	21	15 %	0	0	0	0	0	123	123
Total Chapter 30-0		144	0	0	21	21	15 %	0	0	0	0	0	123	123
Total Title 30-0		144	0	0	21	21	15 %	0	0	0	0	0	123	123

5.3.4. Implementation of commitment appropriations - Title 4

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
40-0	EURAIL Operational expenditure	164 507	164 507	0	0	164 507	100 %	0	0	0	0	0	0	0
Total Chapter 40-0		164 507	164 507	0	0	164 507	100 %	0	0	0	0	0	0	0
Total Title 40-0		164 507	164 507	0	0	164 507	100 %	0	0	0	0	0	0	0

5.3.5. Implementation of commitment appropriations - Title 5

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
52-0	EURAIL Administrative budget	1 795	0	0	0	0	0 %	0	0	0	1 795	0	0	1 795
Total Chapter 52-0		1 795	0	0	0	0	0 %	0	0	0	1 795	0	0	1 795
Total Title 52-0		1 795	0	0	0	0	0 %	0	0	0	1 795	0	0	1 795
GRAND TOTAL		171 426	169 484	0	21	169 505	99 %	0	0	0	1 795	0	125	1 921

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	Temporary agents	751	725	26	0	751	100 %	0	0	0	0	0	0	0	0
Total Chapter 11-0		751	725	26	0	751	100 %	0	0	0	0	0	0	0	0
11-1	Contract agents, seconded national experts, trainees and interims	496	4	493	0	496	100 %	0	0	0	0	0	0	0	0
Total Chapter 11-1		496	4	493	0	496	100 %	0	0	0	0	0	0	0	0
11-2	EURAIL Temporary agents	289	289	0	0	289	100 %	0	0	0	0	0	0	0	0
Total Chapter 11-2		289	289	0	0	289	100 %	0	0	0	0	0	0	0	0
11-3	EURAIL Contract agents, seconded national experts, trainees and interims	851	851	0	0	851	100 %	0	0	0	0	0	0	0	0
Total Chapter 11-3		851	851	0	0	851	100 %	0	0	0	0	0	0	0	0
13-0	Mission costs	110	88	0	0	88	80 %	0	0	0	0	22	0	0	22
Total Chapter 13-0		110	88	0	0	88	80 %	0	0	0	0	22	0	0	22
15-0	Training	50	9	0	0	9	19 %	0	0	0	0	41	0	0	41
Total Chapter 15-0		50	9	0	0	9	19 %	0	0	0	0	41	0	0	41
19-0	Other staff expenditure	341	233	0	0	233	69 %	0	0	0	0	105	0	3	107
Total Chapter 19-0		341	233	0	0	233	69 %	0	0	0	0	105	0	3	107
Total Title 1		2 888	2 200	519	0	2 719	94%	0	0	0	0	167	0	3	170

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	Rental of buildings and associated costs	355	321	0	0	321	90 %	0	0	0	0	34	0	0	34
Total Chapter 20-0		355	321	0	0	321	90 %	0	0	0	0	34	0	0	34
21-0	IT expenditure and technical facilities	250	228	0	0	228	91 %	0	0	0	0	22	0	0	22
Total Chapter 21-0		250	228	0	0	228	91 %	0	0	0	0	22	0	0	22
22-0	Movable property and associated costs	10	0	0	0	0	0 %	0	0	0	0	10	0	0	10
Total Chapter 22-0		10	0	0	0	0	0 %	0	0	0	0	10	0	0	10
23-0	Current administrative expenditure	15	11	0	0	11	73 %	0	0	0	0	4	0	0	4
Total Chapter 23-0		15	11	0	0	11	73 %	0	0	0	0	4	0	0	4
24-0	Postage and telecommunications	15	5	0	0	5	36 %	0	0	0	0	10	0	0	10
Total Chapter 24-0		15	5	0	0	5	36 %	0	0	0	0	10	0	0	10
25-0	Administrative board expenditure	40	16	0	0	16	39 %	0	0	0	0	24	0	0	24
Total Chapter 25-0		40	16	0	0	16	39 %	0	0	0	0	24	0	0	24
26-0	Administrative support services	523	59	0	0	59	11 %	0	0	0	0	464	0	0	464
Total Chapter 26-0		523	59	0	0	59	11 %	0	0	0	0	464	0	0	464
27-0	Public relations and events	685	542	107	0	649	95 %	0	0	0	0	36	0	0	36
Total Chapter 27-0		685	542	107	0	649	95 %	0	0	0	0	36	0	0	36
29-0	Other infrastructure and operating expenditure	198	166	0	0	166	84 %	0	0	0	0	32	0	0	32
Total Chapter 29-0		198	166	0	0	166	84 %	0	0	0	0	32	0	0	32
Total Title 2		2 091	1 348	107	0	1 456	70%	0	0	0	0	635	0	0	635

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
30-0	Operational expenditure	60 570	10 690	17 500	21	28 211	47 %	0	0	0	0	32 237	0	123	32 359
Total Chapter 30-0		60 570	10 690	17 500	21	28 211	47 %	0	0	0	0	32 237	0	123	32 359
Total Title 30-0		60 570	10 690	17 500	21	28 211	47 %	0	0	0	0	32 237	0	123	32 359

5.4.4. Implementation of payment appropriations - Title 4

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
40-0	EURAIL Operational expenditure	111 144	107 414	0	0	107 414	97 %	0	0	0	0	3 731	0	0	3 731
Total Chapter 40-0		111 144	107 414	0	0	107 414	97 %	0	0	0	0	3 731	0	0	3 731
Total Title 40-0		111 144	107 414	0	0	107 414	97 %	0	0	0	0	3 731	0	0	3 731

5.4.5. Implementation of payment appropriations - Title 5

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
50-0	Administrative budget	1 662	0	0	0	0	0 %	0	0	0	0	1 662	0	0	1 662
Total Chapter 50-0		1 662	0	0	0	0	0 %	0	0	0	0	1 662	0	0	1 662
51-0	Operational budget	496	0	0	0	0	0 %	0	0	0	0	496	0	0	496
Total Chapter 51-0		496	0	0	0	0	0 %	0	0	0	0	496	0	0	496
52-0	EURAIL Administrative budget	1 991	0	0	0	0	0 %	0	0	0	0	1 991	0	0	1 991
Total Chapter 52-0		1 991	0	0	0	0	0 %	0	0	0	0	1 991	0	0	1 991
Total Title 5		4 149	0	0	0	0	0 %	0	0	0	0	4 149	0	0	4 149
GRAND TOTAL		180 843	121 652	18 126	21	139 799	77 %	0	0	0	0	40 919	0	125	41 044

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	
11-0	Temporary agents	13	(13)	0	0	751	751	0	0	0
Total Chapter 11-0		13	(13)	0	0	751	751	0	0	0
11-1	Contract agents, seconded national experts, trainees and interims	136	(35)	101	0	395	395	0	0	0
Total Chapter 11-1		136	(35)	101	0	395	395	0	0	0
11-2	EURAIL Temporary agents	0	0	0	0	289	289	0	0	0
Total Chapter 11-2		0	0	0	0	289	289	0	0	0
11-3	EURAIL Contract agents, seconded national experts, trainees and interims	0	0	0	0	1 050	851	0	200	200
Total Chapter 11-3		0	0	0	0	1 050	851	0	200	200
13-0	Mission costs	22	(6)	10	6	100	79	0	21	27
Total Chapter 13-0		22	(6)	10	6	100	79	0	21	27
15-0	Training	4	0	1	3	31	8	0	23	25
Total Chapter 15-0		4	0	1	3	31	8	0	23	25
19-0	Other staff expenditure	60	(56)	3	0	259	230	0	29	29
Total Chapter 19-0		60	(56)	3	0	259	230	0	29	29
Total Title 1		234	(110)	115	9	2 877	2 604	0	273	282

6.2. Outstanding commitments – Title 2

EUR '000

		Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at year-end
	Item	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
20-0	Rental of buildings and associated costs	489	(34)	321	134	410	0	0	410	543
Total Chapter 20-0		489	(34)	321	134	410	0	0	410	543
21-0	IT expenditure and technical facilities	311	(0)	179	132	148	49	0	99	231
Total Chapter 21-0		311	(0)	179	132	148	49	0	99	231
23-0	Current administrative expenditure	3	(3)	0	0	11	11	0	0	0
Total Chapter 23-0		3	(3)	0	0	11	11	0	0	0
24-0	Postage and telecommunications	10	(6)	1	3	10	4	0	6	8
Total Chapter 24-0		10	(6)	1	3	10	4	0	6	8
25-0	Administrative board expenditure	4	(4)	0	0	18	16	0	2	2
Total Chapter 25-0		4	(4)	0	0	18	16	0	2	2
26-0	Administrative support services	185	(3)	44	138	628	16	0	612	750
Total Chapter 26-0		185	(3)	44	138	628	16	0	612	750
27-0	Public relations and events	169	(6)	145	18	716	504	0	212	230
Total Chapter 27-0		169	(6)	145	18	716	504	0	212	230
29-0	Other infrastructure and operating expenditure	56	(0)	25	31	160	141	0	19	50
Total Chapter 29-0		56	(0)	25	31	160	141	0	19	50
Total Title 2		1 226	(56)	715	456	2 100	741	0	1 360	1 814

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	
30-0	Operational expenditure	96 411	(24)	28 190	68 197	21	21	0	0	68 197
Total Title 3		96 411	(24)	28 190	68 197	21	21	0	0	68 197

6.4. Outstanding commitments – Title 4

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	
40-0	EURAIL Operational expenditure	0	0	0	0	164 507	107 414	0	57 094	57 094
Total Chapter 40-0		0	0	0	0	164 507	107 414	0	57 094	57 094
Total Title 40-0		0	0	0	0	164 507	107 414	0	57 094	57 094
GRAND TOTAL		97 871	(190)	29 020	68 661	169 505	110 779	0	58 726	127 387

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.

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Giorgio Travaini
Executive Director of Europe's Rail Joint Undertaking ad interim
Europe's Rail Joint Undertaking
White Atrium Building – 2nd floor
Avenue de la Toison d'Or 56-60
B-1060 BRUSSELS

Your message of	your reference	our reference	Melle
		WVDW/HECL/PLTH	2023-06-13

Dear Giorgio Travaini,

We have been appointed as auditor of Europe's Rail Joint Undertaking, according to the Framework Contract No: BUDG/19/P0/01 and specific contract No – 01_43.

As requested, you will find enclosed:

- Our independent auditor's report on the final annual accounts - after fulfilling of all the pending issues listed in Annex 3;
- Annex 1: Preliminary findings;
- Annex 2: Follow-up of previous years comments;
- Annex 3: List of Open points regarding our audit 2022.

Yours faithfully,

Baker Tilly Bedrijfsrevisoren BV



Jan Smits
Audit Partner



Europe's Rail Joint Undertaking (EU-Rail JU)

**Independent Auditor's report on the Final
Annual Accounts as at :
31 DECEMBER 2022**

Date: June 13, 2023

Europe's Rail Joint Undertaking
White Atrium Building – 2nd floor
Avenue de la Toison d'Or 56-60
B-1060 BRUSSELS

INDEPENDENT AUDITOR'S REPORT ON THE FINAL ANNUAL ACCOUNTS OF EUROPE'S RAIL JOINT UNDERTAKING FOR THE FINANCIAL YEAR FROM 01 JANUARY TO 31 DECEMBER 2022

Opinion

We have audited the accompanying final annual accounts of Europe's Rail Joint Undertaking, 'the Agency' for the financial year from 01 January to 31 December 2022. Their annual accounts consist of the financial statements and the reports on the implementation of the budget for the financial year ended December 31, 2022. The financial statements comprise the balance sheet as at December 31, 2022, and the statement of financial performance, the cash flow statement and the statement of changes in net assets/liabilities for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the final annual accounts of the Agency present fairly, in all material aspects, its financial position as at December 31, 2022, and the results of its operations and its cash flow, for the year then ended, and are prepared in accordance with its Financial Regulation, and, in accordance with the accounting rules adopted by the Commission's accounting officer, and the International Public Sector Accounting Standards, as issued by the International Public Sector Accounting Standards Board.

Basis for Opinion

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



Other Information

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

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

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

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

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

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

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

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

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



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

- ✓ Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ✓ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control.
- ✓ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ✓ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Agency to cease to continue as a going concern.
- ✓ Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

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



Restriction on use and distribution

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

Melle, June 13, 2023

Yours faithfully,

Baker Tilly Bedrijfsrevisoren BV



Jan Smits
Audit Partner

ANNEX 1: Preliminary findings

There are no preliminary findings to report.

A handwritten signature in blue ink, appearing to be a stylized 'P' or similar character.

ANNEX 2: Follow-up of previous years comments

There is no follow up and comments about previous years.



ANNEX 3: Open points regarding our audit 2022

Nothing to report.

A handwritten signature in blue ink, consisting of several loops and a long tail, located in the bottom left corner of the page.

Now, for tomorrow

