



FINAL ANNUAL ACCOUNTS OF THE
SMART NETWORKS AND SERVICES
JOINT UNDERTAKING

FINANCIAL YEAR 2023

Table of Contents

CERTIFICATION OF THE ACCOUNTS	4
BACKGROUND INFORMATION NOTE	5
GENERAL BACKGROUND ON THE ENTITY	5
ANNUAL ACCOUNTS	7
1. OPERATIONAL HIGHLIGHTS	8
FINANCIAL STATEMENTS AND EXPLANATORY NOTES	10
NOTES TO THE FINANCIAL STATEMENTS	15
1. SIGNIFICANT ACCOUNTING POLICIES	15
1.1. ACCOUNTING PRINCIPLES	15
1.2. BASIS OF PREPARATION	15
1.3. BALANCE SHEET	17
1.4. STATEMENT OF FINANCIAL PERFORMANCE	20
1.5. CONTINGENT ASSETS AND LIABILITIES	21
1.6. CONTRIBUTIONS FROM MEMBERS	22
2. NOTES TO THE BALANCE SHEET	24
ASSETS	24
2.1. INTANGIBLE ASSETS	24
2.2. PROPERTY, PLANT AND EQUIPMENT	25
2.3. PRE-FINANCING	26
2.4. EXCHANGE RECEIVABLES & NON-EXCHANGE RECOVERABLES	26
2.5. CASH AND CASH EQUIVALENTS	27
LIABILITIES	27
2.6. PROVISIONS	27
2.7. PAYABLES AND OTHER LIABILITIES	27
2.8. ACCRUED CHARGES	28
NET ASSETS	29
2.9. CONTRIBUTIONS FROM MEMBERS	29
3. NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE	31
REVENUE	31
NON-EXCHANGE REVENUE	31
3.1. RECOVERY OF EXPENSES	31
3.2. OTHER NON-EXCHANGE REVENUE	31
EXCHANGE REVENUE	31
3.3. REVENUE FROM EXCHANGE TRANSACTIONS	31
EXPENSES	32

3.4.	OPERATIONAL COSTS	32
3.5.	STAFF COSTS	32
3.6.	FINANCE EXPENSES	33
3.7.	OTHER EXPENSES	33
4.	OTHER SIGNIFICANT DISCLOSURES	35
4.1.	CONTINGENT ASSETS	35
4.2.	CONTINGENT LIABILITIES.....	35
4.3.	OUTSTANDING COMMITMENTS NOT YET EXPENSED	35
4.4.	IN-KIND CONTRIBUTIONS (IKOP).....	35
4.5.	IN-KIND IN ADDITIONAL ACTIVITIES (IKAA).....	36
4.6.	CONTRIBUTIONS PER PROGRAMME	37
4.7.	RELATED PARTIES	39
4.8.	KEY MANAGEMENT ENTITLEMENTS.....	39
4.9.	OTHER EVENTS.....	39
4.10.	OTHER INFORMATION	39
4.11.	EVENTS AFTER REPORTING DATE.....	40
4.12.	OBSERVATIONS ON MANAGEMENT AND CONTROL SYSTEMS	40
5.	FINANCIAL RISK MANAGEMENT	41
5.1.	TYPES OF RISK	41
5.2.	CURRENCY RISKS	41
5.3.	CREDIT RISK.....	41
5.4.	LIQUIDITY RISK	41
THE BUDGET IMPLEMENTATION REPORTS AND EXPLANATORY NOTES		42
1.	BUDGETARY PRINCIPLES AND STRUCTURE	43
1.1.	BUDGETARY PRINCIPLES	43
1.2.	STRUCTURE AND PRESENTATION OF THE BUDGET.....	44
1.3.	RESULT OF THE IMPLEMENTATION OF THE BUDGET	45
1.4.	RECONCILIATION OF ECONOMIC RESULT WITH BUDGET RESULT	46
2.	IMPLEMENTATION OF BUDGET REVENUE	47
3.	IMPLEMENTATION OF BUDGET EXPENDITURE.....	48
	Breakdown & changes in commitment appropriations.....	48
	Breakdown & changes in payment appropriations	51
4.	IMPLEMENTATION OF COMMITMENT APPROPRIATIONS	54
5.	IMPLEMENTATION OF PAYMENT APPROPRIATIONS	57
6.	OUTSTANDING COMMITMENTS.....	60
7.	GLOSSARY.....	63


CERTIFICATION OF THE ACCOUNTS

I acknowledge my responsibility for the preparation and presentation of the annual accounts of the **Smart Networks and Services** Joint Undertaking, in accordance with Article 52 of the Model Financial Regulation ('MFR')¹ and I hereby certify that the annual accounts of the **Smart Networks and Services** Joint Undertaking for the year 2023 have been prepared in accordance with Chapter 8 and the accounting rules adopted by the Commission's Accounting Officer, as are to be applied by all the institutions and Union bodies.

I have obtained from the Authorising Officer, who certified its reliability, all the information necessary for the production of the accounts that show the **Smart Networks and Services** 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 **Smart Networks and Services** Joint Undertaking.

My assurance statement related to the Final Accounts 2023 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.

 24/06/2024

Katty Hancock

Accounting Officer of the
Smart Networks and Services Joint Undertaking

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

GENERAL BACKGROUND ON THE ENTITY

Establishment

The European Smart Networks and Services JU (SNS JU) is a Joint Undertaking established in 2021 by the European Union Council Regulation No 2021/2085 of 19 November 2021. This EU Partnership is jointly led by the EU Commission and the 6G Smart Networks and Services Industry Association (6G-IA).

The SNS JU is a Union body. It is an independent legal entity as per the article 187 of the Treaty on the Functioning of the European Union with a dedicated budget and staff. It receives financing from the European Union (article 71 of the Financial Regulation), the EFTA and the industry association 6G-IA and counts with a maximum authorized staff of 17 members. The SNS JU started its activity in 2022 under the umbrella of DGCNECT and achieved its financial autonomy as from 24 October 2023. As per article 173.1 of the Council Regulation No 2021/2085 (Single Basic Act), the Commission shall be responsible for the establishment and initial operation of the Smart Networks and Services Joint Undertaking until it has the operational capacity to implement their own budget.

Mission

The SNS JU is a Public-Private Partnership that aims to facilitate and develop industrial leadership in Europe in 5G and 6G networks and services. The SNS JU funds projects that shape a solid Research and Innovation (R&I) roadmap and deployment agenda by engaging a critical mass of European stakeholders and facilitating international cooperation on various 6G initiatives.

The two main missions of the Joint Undertaking are:

1. Fostering Europe's technology sovereignty in 6G by implementing the related R&I programme leading to the conception and standardisation around 2025. It encourages preparation for early market adoption of 6G technologies by the end of the decade. Mobilizing a broad set of stakeholders is key to address strategic areas of the networks and services value chain. This ranges from edge and cloud-based service provisioning to market opportunities in new components and devices beyond smartphones.
2. Boosting 5G deployment in Europe in view of developing digital lead markets and enabling the digital and green transition of the economy and society. For this objective, the SNS JU coordinates strategic guidance for the relevant programmes under the Connecting Europe Facility, in particular 5G Corridors. It also contributes to the coordination of national programmes, including under the Recovery and Resilience Facility and other European programmes and facilities such as Digital Europe Programme (DEP) and InvestEU.

Main operational activities

The SNS JU R&I Work Programme (WP) 2023-24 addresses the technological and business realisation underpinning the 6G vision, targeting massive digitalisation of societal and business processes through intelligent connectivity across the human, physical and digital world. The focus of 6G R&I in the Work Programme 2023 will complement R&I on enabling technologies/technical enablers with more system-oriented R&I and dedicated prototyping and experimentation, whilst leaving room for long-term R&I on disruptive concepts (e.g. academics driven).

The Work Programme 2023 materialize the second phase implementation of the SNS roadmap. Compared to the first phase, it includes the following main operational activities:

- a reinforced focus on key technological topics complementing the phase 1 retained projects;
- activities designed to support the 6G standardisation phase (target 2025 with first batch of 6G Study Items);
- a reinforced emphasis on sustainability and societal challenges;
- a set of activities on microelectronics for 6G, in the wake of the elaboration of the COREnect Roadmap, and establishing the cooperation with the Chips JU;
- a set of focused international cooperation activities, e.g. targeting the USA;
- complementary and extended opportunities to test 6G technologies through Proof of Concepts and trials with verticals;
- extension of the stakeholder's base, notably towards the microelectronics and vertical user industries.

Governance

The Governing Board is composed of representatives of the public and private members, the European Union represented by the European Commission and the Private Member, the industry association 6G-IA. The Governing Board is responsible for the Joint Undertaking's decision-making, including the content of the work programme and the funding decisions related to the research and innovation activities under Horizon Europe. The Governing Board supervises the implementation of the activities and provides strategic guidance to other EU programmes with activities in the area of smart networks and services.

The Executive Director is the legal representative of the SNS JU. She is responsible for the day-to-day management of the Joint Undertaking in accordance with the decisions of the Governing Board. The current Executive Director was appointed by the Governing Board on 24 May 2023 and took the position on 1 October 2023.

The States Representatives Group is an advisory body that provides guidance on all strategic issues as well as all relevant activities of the Joint Undertaking. It is composed of representatives of each Member State and Associated Country.

The Stakeholders Group is an advisory body that brings together public and private stakeholders in the smart networks and services field. The Group is regularly informed on the activities of the Joint Undertaking and can be consulted on specific questions.

Sources of financing

The SNS JU is funded by the European Union, the EFTA, and the Private Member 6G-IA. The Union is represented by the European Commission who provides with financial contributions to cover administrative and operational expenditure. The Private Member funds part of the administrative costs and contributes to the operational costs with in-kind contributions.

ANNUAL ACCOUNTS

Basis for preparation

The legal framework and the deadlines for the preparation of the annual accounts are set by Model Financial Regulation (MFR)². As per this regulation, the annual accounts are prepared in accordance with the rules adopted by the Accounting Officer of the Commission (EU Accounting Rules, EAR), which are based on internationally accepted accounting standards for the public sector (IPSAS).

Accounting Officer

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

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

Following the decision of the Smart Networks and Services JU Governing Board of 14 December 2022, on behalf of the Acco BOA, as of 1 December 2022 Katty Hancq acts as the Accounting Officer of the Smart Networks and Services JU.

Composition of the annual accounts

The annual accounts are the first annual accounts established for this Joint Undertaking. They cover the period from financial autonomy on 24 October to 31 December and comprise the financial statements and the reports on the implementation of the budget. As per article 173.1 of the Council Regulation No 2021/2085 (Single Basic Act), the Commission shall be responsible for the establishment and initial operation of the Smart Networks and Services Joint Undertaking until it has the operational capacity to implement their own budget. While the financial statements and the complementary notes are prepared on an accrual accounting basis, the budget implementation reports are primarily based on movements of cash.

Process from provisional accounts to discharge

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

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

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

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 (OJ L 14 2, 29.5.2019, p. 16).

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.

1. OPERATIONAL HIGHLIGHTS

Achievements of the year

The most important achievement of the year is the financial autonomy and it had an important impact on the operations of the Joint Undertaking. The financial autonomy underscores its capacity to implement its budget independently and with full alignment to the EU Rules and Regulations. The Governing Board considered that the Joint Undertaking complied with the requirements established by the Commission and on that basis approved the date of the financial autonomy as of 24 October 2023.

On 1 October 2023 a fully functional office was established under the guidance of a new Executive Director, with a team of 14 employees. Full operations commenced at the new office in the White Atrium building in Brussels, sharing spaces with seven other joint undertakings to foster synergies and efficiencies, even in terms of physical location. In the sphere of Information Technology (IT), the Joint Undertaking has already integrated the main key corporate EC IT tools and is in the process of onboarding others. The Joint Undertaking remains in the Commission IT environment and aims to achieve full autonomy by mid-2024.

The Joint Undertaking is part of the Back Office Arrangement (BOA) on Accounting Services (excluding Treasury) in line with article 13 of the Council Regulation 2021/2085. The Governing Board appointed the Head of Budget and Finance of SESAR JU as the Accounting Officer of the Joint Undertaking. Within the frame of the Service Level Agreement signed by SNS JU and the DG BUDG in October 2023, it was agreed the use of the accounting system of the Commission (ABAC) and the provision of the treasury services by the Commission.

On 1 January 2023 the second call for proposal was open. 27 grant agreements were signed for a total of EUR 129 million through Horizon Europe funding. The call has seen participation from 216 beneficiaries, notably 26% represent SMEs, and 33% show open participation of non 6G-IA members. These projects represent the second phase of the Roadmap, where the SNS JU is moving towards more detailed design and system optimisation while integrating microelectronics and sustainability as core dimensions. The aim is to build first-class 6G technology capacities across Europe and to strongly contribute to standardisation efforts. This second call will further support and accelerate ground-breaking research in 6G technologies throughout Europe and beyond. On 31 December 2023, the Joint Undertaking programme portfolio was composed of 62 research, innovation and trial projects. An additional project of the second call will be funded in 2024.

In 2023 the Joint Undertaking established mechanisms to facilitate close collaboration with other relevant partnerships and associations in Europe and international partners. This includes dedicated streams in the Annual Work Programme 2024 for areas like microelectronics and international collaboration with Japan and Korea. Synergies and activities with other partnerships such as EU Rail JU, Chips JU, AI and data analytics, and Connected, Cooperative, and Automated Mobility (CCAM) were also incorporated into the programme.

Under the leadership of the industry, represented by 6G-IA, and with the collaboration of the Member States and the States Representatives Group, the SNS JU prepared the Annual Work Programme 2024, that was adopted by the Governing Board in November 2023. This Work Programme underscores the commitment to fostering 6G research and innovation, promoting sustainability, addressing microelectronics for telecommunication systems and cooperating internationally to drive the future of smart networks and services with a global impact. The Work Programme 2024 serves as the foundation for the third wave of projects under Horizon Europe.

Budget and budget implementation

The Annual Work Programme and Budget 2023 of the Joint Undertaking was approved by the Governing Board on 14 December 2022⁴. The commitment appropriations amounted EUR 135.604.510 and the payment appropriations were EUR 137.640.335. The sources of budget are the European Union, the EFTA and the Private Members.

The Commission collected the revenue and managed the budget expenditure until the Joint Undertaking achieved its financial autonomy on 24 October 2023. By that moment, the European Union, represented by the European Commission and the SNS Joint Undertaking signed the Financial Framework Partnership Agreement which defines the budget implementation tasks that are entrusted to the Joint Undertaking under the Council Regulation 2021/2085 and funded from Horizon Europe. The Agreement establishes the rules for the implementation and for the payment of the Union's contribution and defines the relations between the Joint Undertaking and the Commission.

⁴ [sns-work-programme-2023.pdf \(europa.eu\)](https://european-council.europa.eu/media/en/press-communications/infographic/infographic_sns-work-programme-2023.pdf)

In 2023, the Commission and the Joint Undertaking signed the first Contribution Agreement for the period 24 October 2023 to 31 December 2023. Within the frame of this agreement, the Commission transferred the remaining unused budget of the Voted Budget 2023 to the Joint Undertaking for its own management.

The total commitment appropriations that were transferred to the Joint Undertaking are composed of EUR 134.481.248 from the Voted Budget 2023, the operational carry-forward of EUR 56.274.863 and the administrative carry-forward of EUR 38.045 and budget re-activated administrative EUR 183.038. The total commitment appropriations are EUR 190.977.195. The total payment appropriations that were transferred to the Joint Undertaking are composed of EUR 115.580.854 from Voted Budget 2023 and the budget re-activated was EUR 135.708. The total payment appropriations are EUR 115.716.563.

In 2023 the budget was subject to an amendment that was approved by the Governing Board in November 2023⁽⁵⁾. The amendment was to transfer EUR 644.379 from Title 1 to Title 3 to fund an additional project under call 2.

The overall budget implementation rate of the entire year 2023 was of 99% on commitment appropriations and 89% on payment appropriations.

The budget revenue was 100% received from the public and private members through the Commission before autonomy, as planned. The budget expenditure in 2023 was lower than planned because the number of staff members did not reach the maximum authorised and the joint undertaking was not fully operational during the entire year. The administrative budget implementation of the entire year is above 60% in commitment appropriations and 50% in payment appropriations. The operational budget implementation rate of the entire year is 100% on the commitment appropriations and 90% on the payment appropriations.

The budget implementation rate during the financial autonomy period 2023 (i.e., 24 October 2023-31 December 2023) was 99% in commitment appropriations and 87% in payment appropriations.

During the autonomy period the administrative budget was executed up to 45% in commitment appropriations and 26% in payment appropriations. The budget consumption is linked to the fact that the JU was in start-up phase. The administrative budget was mainly used to cover the costs of the staff, the rental of the building and information and technology services. The budget was amended to transfer appropriations for EUR 644.379 to the operational budget to fund an additional project. The amendment was approved by the Governing Board as per article 12 of the Financial Rules.

The operational budget was executed up to 100% in commitment appropriations and 88% in payment appropriations. In November and December 2023, 27 grant agreements were signed and the pre-financing payments were executed. The unused budgetary appropriations will be re-activated in the following years in accordance with the Financial Rules.

The budget implementation was overall successful given a situation characterised by the high number of transactions that were executed in a short period of time and that were accompanied by the difficulties derived from a brand-new situation in a period close to year-end with very high workload.

Main impact of the financial autonomy on the financial statements

It should be noted that the SNS JU became financially autonomous as from 24 October 2023. The 2023 annual accounts are thus the first annual accounts established for this Joint Undertaking. Consequently, there are no comparative figures to be shown for the financial year 2022. Before the financial autonomy, the activities related to the SNS JU's programmes were carried out by the Commission. The more significant balances are the pre-financing payments of EUR 188.618.124,83, the operational costs of EUR 60.798.139,32 and the in-kind contributions to operational activities (IKOP) of EUR 8.459.922,89 associated to accrued costs estimated in the respect of the ongoing projects.

After the financial autonomy, the significant balances are the pre-financing payments made on the grant agreements of EUR 100.251.030,98, the operational costs of EUR 14.234.425,41 and the IKOP of EUR 1.999.512,47 associated to accrued costs estimated in the respect of the ongoing projects.

The breakdown between the two periods in 2023 is presented in the relevant notes to the financial statements.

⁵ [19-2023-sns-gb-decision-annex_amendment-1-of-the-awp-2023.pdf \(europa.eu\)](#)

SMART NETWORKS AND SERVICES JOINT UNDERTAKING
FINANCIAL YEAR 2023

**FINANCIAL STATEMENTS AND
EXPLANATORY NOTES**

BALANCE SHEET

	Note	31.12.2023
NON-CURRENT ASSETS		
<i>Intangible assets</i>	2.1	-
<i>Intangible asset under construction</i>	2.1	-
<i>Property, plant and equipment</i>	2.2	24.127,59
<i>Long term pre-financing</i>	2.3	121.347.448,85
		121.371.576,44
CURRENT ASSETS		
<i>Short term Pre-financing</i>	2.3	117.449.493,45
<i>Exchange receivables and non-exchange recoverable</i>	2.4	21.471.871,61
<i>Cash and cash Equivalents</i>	2.5	-
		138.921.365,06
TOTAL ASSETS		260.292.941,50
CURRENT LIABILITIES		
<i>Short term provisions</i>	2.6	-
<i>Payables and other liabilities</i>	2.7	31.545.395,11
<i>Accrued charges and deferred income</i>	2.8	25.055.914,62
		56.601.309,73
TOTAL LIABILITIES		56.601.309,73
NET ASSETS		
<i>Contribution from Members</i>	2.9	289.691.244,79
<i>Accumulated deficit</i>		-
<i>Economic result of the year</i>		(85.999.613,02)
NET ASSETS		203.691.631,77
LIABILITIES AND NET ASSETS		260.292.941,50

STATEMENT OF FINANCIAL PERFORMANCE

	Note	2023
REVENUE		
Revenue from non-exchange transactions		
<i>Recovery of operating expenses</i>	3.1	-
<i>Other non-exchange revenue</i>	3.2	-
Revenue from exchange transactions		
<i>Financial revenues</i>	3.3	-
<i>Other exchange revenue</i>		-
Total revenue		-
EXPENSES		
<i>Operating costs</i>	3.4	(85.492.000,10)
<i>Staff costs</i>	3.5	(305.687,27)
<i>Financial expenses</i>	3.6	(201.925,65)
<i>Other expenses</i>	3.7	-
Total expenses		(85.999.613,02)
ECONOMIC RESULT OF THE YEAR		(85.999.613,02)

CASHFLOW STATEMENT

	2023
<i>Economic result of the year</i>	(85.999.613,02)
<u>Operating activities</u>	86.024.550,91
<i>Depreciation and amortization</i>	810,30
<i>(Increase)/Decrease in pre-financing</i>	(238.796.942,30)
<i>(Increase)/Decrease in exchange receivables and non-exchange</i>	(21.471.871,61)
<i>(Increase)/Decrease in payables</i>	31.545.395,11
<i>(Increase)/Decrease in accrued charges & deferred income</i>	25.055.914,62
<i>(Increase)/Decrease in cash contributions</i>	289.691.244,79
<i>(Increase)/Decrease in in-kind contributions</i>	-
<i>Other non-cash movements</i>	-
<u>Investing activities</u>	(24.937,89)
<i>(Increase)/Decrease in intangible assets and property, plant, equipment</i>	(24.937,89)
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>	-

The treasury of the Smart Networks and Services JU is integrated into the Commission's treasury system. Because of this, the Smart Networks and Services 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 non-exchange recoverables.

STATEMENT OF CHANGES IN NET ASSETS

	Contribution from Members	Accumulated Surplus/ (Deficit)	Economic result of the year	Net Assets
<i>Allocation 2022 economic result</i>	-	-	-	-
<i>Cash contribution</i>	289.691.244,79	-	-	289.691.244,79
<i>Contribution in-kind</i>	-	-	-	-
<i>Unpaid cash contributions</i>	-	-	-	-
<i>Economic result of the year</i>	-	-	(85.999.613,02)	(85.999.613,02)
BALANCE AS AT 31.12.2023	289.691.244,79	-	(85.999.613,02)	203.691.631,77

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

1.1. ACCOUNTING PRINCIPLES

The objective of financial statements is to provide information about the financial position, performance and cash flows of an entity that is useful to a wide range of stakeholders.

The overall considerations (or accounting principles) to be followed when preparing the financial statements are laid down in EU Accounting Rule 1 'Financial Statements' and are the same as those described in IPSAS 1: fair presentation, accrual basis, going concern, consistency of presentation, materiality, aggregation, offsetting and comparative information. The qualitative characteristics of financial reporting are relevance, faithful representation (reliability), understandability, timeliness, comparability and verifiability.

1.2. BASIS OF PREPARATION

1.2.1. Reporting period

Financial statements are presented annually. The accounting year begins on 1 January and ends on 31 December. Nevertheless, it should be noted that this is the first year of the JU and the present Annual Accounts cover the period from 24 October until 31 December 2023.

1.2.2. Currency and basis for conversion

The annual accounts are presented in euros, the budget implementation tables 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	31.12.2023	31.12.2022	Currency	31.12.2023	31.12.2022
BGN	1.9558	1.9558	PLN	4.3395	4.6808
CZK	24.724	24.116	RON	4.9756	4.9495
DKK	7.4529	7.4365	SEK	11.096	11.1218
GBP	0.8869	0.8869	CHF	0.926	0.9847
NOK	11.2405	10.4812	JPY	156.33	140.66
HUF	382.80	400.87	USD	1.105	1.0666

1.2.3. Use of estimates

In accordance with IPSAS and generally accepted accounting principles, the financial statements necessarily include amounts based on estimates and assumptions by management based on the most reliable information available. Significant estimates include, but are not limited to: amounts for employee benefit

liabilities, financial risk of accounts receivable and the amounts disclosed in the notes concerning financial instruments, impairment allowance for financial assets at amortised cost and for financial guarantee contract liabilities, accrued revenue and charges, provisions, degree of impairment of intangible assets and property, plant and equipment, net realisable value of inventories, contingent assets and liabilities. Actual results could differ from those estimates. Reasonable estimates are an essential part of the preparation of financial statements and do not undermine their reliability. An estimate may need revision if changes occur in the circumstances on which the estimate was based or as a result of new information or more experience. By its nature, the revision of an estimate does not relate to prior periods and is not the correction of an error. The effect of a change in accounting estimate shall be recognised in the surplus or deficit in the periods in which it becomes known.

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

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

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

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

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

1.3. BALANCE SHEET

1.3.1. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. An asset is identifiable if it is either separable or arises from binding arrangements. Acquired intangible assets are stated at historical cost less accumulated amortisation and impairment losses. Internally developed intangible assets are capitalised when the relevant criteria of the EU accounting rules are met and the expenses relate solely to the development phase of the asset. Intangible assets are amortised on a straight-line basis over their estimated useful lives (3 to 11 years).

1.3.2. Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition, construction or transfer of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the entity and its cost can be measured reliably. Repairs and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred. Land is not depreciated, as it is deemed to have an indefinite useful life. Assets under construction are not depreciated as these assets are not yet available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives, as follows:

Type of asset	Straight line depreciation rate
<i>Buildings</i>	<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 cashflows from the investments have expired or are waived, or and when the entity has transferred substantially all risks and rewards of ownership to another party.

1.3.5. Pre-financing amounts

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

Pre-financing is initially recognised on the balance sheet when cash is transferred to the recipient. It is measured at the amount of the consideration given. In subsequent periods pre-financing is measured at the amount initially recognised on the balance sheet less eligible expenses (including estimated amounts where necessary) incurred during the period.

1.3.6. Receivables and recoverables

The EU accounting rules require separate presentation of exchange and non-exchange transactions. To distinguish between the two categories, the term 'receivable' is reserved for exchange transactions, whereas for non-exchange transactions, i.e. when the EU receives value from another entity without directly giving approximately equal value in exchange, the term 'recoverables' is used (e.g. recoverables from Member States related to own resources).

Receivables from exchange transactions meet the definition of financial instruments. The entity classified them as financial assets at amortised cost and measured them accordingly.

Recoverables from non-exchange transactions are carried at fair value as at the date of acquisition less write-down for impairment. A write-down for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of the recoverables. The amount of the write-down is the difference between the asset's carrying amount and the recoverable amount. The amount of the write-down is recognised in the statement of financial performance.

1.3.7. Cash and cash equivalents

Cash and cash equivalents are financial assets at amortised cost and include cash at hand, deposits held at call or at short notice with banks, and other short-term highly liquid investments with original maturities of three months or less.

1.3.8. Payables

Included under accounts payable are both amounts related to exchange transactions such as the purchase of goods and services, and to non-exchange transactions e.g., to cost claims from beneficiaries, grants or other EU funding, or pre-financing received (see note **1.3.5**), 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 **1.6** for details.

1.4. STATEMENT OF FINANCIAL PERFORMANCE

1.4.1. Revenue

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Depending on the nature of the underlying transactions in the statement of financial performance, revenue is distinguished between:

(i) Revenue from non-exchange transactions

Revenue from non-exchange transactions are taxes and transfers, because the transferor provides resources to the recipient entity, without the recipient entity providing approximately equal value directly in exchange. Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes. For the EU entities, transfers mostly comprise funds received from the Commission (e.g. balancing subsidy to the traditional agencies, operating subsidy for the delegation agreements).

The entity shall recognise an asset in respect of transfers when the entity controls the resources as a result of a past event (the transfer) and expects to receive future economic benefits or service potential from those resources, and when the fair value can be reliably measured. An inflow of resources from a non-exchange transaction recognised as an asset (i.e. cash) is also recognised as revenue, except to the extent that the entity has a present obligation in respect of that transfer (condition), which needs to be satisfied before the revenue can be recognised. Until the condition is met the revenue is deferred and recognised as a liability.

(ii) Revenue from exchange transactions

Revenue from the sale of goods and services is recognised when the significant risk and rewards of ownership of the goods are transferred to the purchaser. Revenue associated with a transaction involving the provision of services is recognised by reference to the stage of completion of the transaction at the reporting date.

1.4.2. Expenses

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or the incurring of liabilities that result in decreases in net assets. They include both the expenses from exchange transactions and expenses from non-exchange transactions.

Expenses from exchange transactions arising from the purchase of goods and services are recognised when the supplies are delivered and accepted by the entity. They are valued at the original invoice amount. Furthermore, at the balance sheet date expenses related to the service delivered during the period for which an invoice has not yet been received or accepted are recognised in the statement of financial performance.

Expenses from non-exchange transactions relate to transfers to beneficiaries and can be of three types: entitlements, transfers under agreement and discretionary grants, contributions and donations. Transfers are recognised as expenses in the period during which the events giving rise to the transfer occurred, as long as the nature of the transfer is allowed by regulation or an agreement has been signed authorising the transfer; any eligibility criteria have been met by the beneficiary; and a reasonable estimate of the amount can be made.

When a request for payment or cost claim is received and meets the recognition criteria, it is recognised as an expense for the eligible amount. At year-end, incurred eligible expenses due to the beneficiaries but not yet reported are estimated and recorded as accrued expense.

1.5. CONTINGENT ASSETS AND LIABILITIES

1.5.1. Contingent assets

A contingent asset is a possible asset that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

1.5.2. Contingent liabilities

A contingent liability is either a possible obligation of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation where it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.

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

Contingent liabilities are not recognised in the accounts. They are disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

1.6. CONTRIBUTIONS FROM MEMBERS

The contributions from the Members of the Joint Undertakings (JU) form the funding of the JU and are treated as contributions from owners. An owner in this context does not mean an owner in the sense of owning shares of the JU (no shares are issued) but rather in the sense of political interest and governance of the JU by exercising the voting rights linked to these contributions.

1.6.1. Financial contributions

Financial contributions are contributions of Members made in cash in order to provide funding of the operational or administrative needs of the JU.

Horizon Europe Programme:

- EU Contributions: In accordance with Article 19 of the Financial Framework Partnership Agreement (FFPA), 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 contributions from the industry association 6G-IA: financial contributions are contributions made in cash in order to provide funding of the 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 with resources other than cash, e.g. laboratory equipment, specialised staff, etc. These in-kind contributions consist of the costs incurred by Private Members in implementing indirect actions.

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

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

As IKOP calculated from periodic cost claims of projects is not automatically recorded in the statement of financial performance, at year-end, this incurred IKOP as well as IKOP not yet reported (via received costs claims) is estimated and recorded as other liabilities ('Contributions of Members to be validated').

The EU makes available the cash contributions in advance (until the payments reach the 90% of the grant agreement value), providing the beneficiaries with sufficient level of funds to implement the program activities; while the in-kind contributions provided by the Private Members can be verified and recognised only after the activities are concluded, reported and certified.

The EU cash contributions are validated and recognised in the accounts of the JU based on the payments processed by the JU (see point **2.9**) at the beginning of the project implementation, while members' in-kind contributions are only recognised after validation of the costs incurred and declared. Consequently, due to this time gap, during the program implementation the amounts of contributions recognised per member category (EU and Private Members) differ significantly from each other. This gap between the recognised amount of EU cash contributions on one hand and in-kind contributions on the other hand will be closed as the program is approaching the finalisation stage.

Due to major simplifications applied for Horizon Europe Programme, the certification for IKOP is based on the CFS20 certificate for the total eligible project costs. The certificates for IKOP are only due to be submitted to the JU after the end of the last project reporting period. This time difference is a cause of a major delay between the time when the IKOP balances are committed (upon signature of the grant) until they could be validated and recognised in net assets of the JU.

The IKAAs (under Horizon Europe Programme) relate to contributions linked to implementing additional activities, included in the annual additional activities plan annexed to the main part of the work programme, that does not receive financial support from the joint undertaking but contributes to its objectives.

Because the outflow of resources related to those activities is outside of the control of the JU, these contributions are not recognised in the financial statements of the JU. However, to provide a complete picture of the operational activities related to the JU they are still disclosed as additional information in the notes.

2. NOTES TO THE BALANCE SHEET

ASSETS

2.1. INTANGIBLE ASSETS

On 31 December 2023 the Joint Undertaking has no intangible assets.

2.2. PROPERTY, PLANT AND EQUIPMENT

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

	Plant and equipment	Furniture and vehicles	Computer hardware	Other	Computer software	TOTAL
<i>Additions</i>	-	-	24.937,89	-	-	24.937,89
Gross carrying amount at 31.12.2023	-	-	24.937,89	-	-	24.937,89
<i>Depreciation charge for the year</i>	-	-	(810,30)	-	-	(810,30)
<i>Disposals</i>	-	-	-	-	-	-
Accumulated depreciation at 31.12.2023	-	-	(810,30)	-	-	(810,30)
NET CARRYING AMOUNT AT 31.12.2023	-	-	24.127,59	-	-	24.127,59

The tangible assets of the Joint Undertaking comprise the new IT equipment amounting to 24.937,89 EUR which was purchased before the financial autonomy on October 2023 and received by December 2023.

According to the sublease contract Number LC-02240495 signed on 12 June 2023 p. I.10 the goods and equipment present on the premises were transferred free of charge to SNS JU. Among the items there are meeting and office chairs, desks, meeting tables, screens, cupboards and keyboards. According to the EU accounting rules 7 and 17, assets are resources controlled by an entity as a result of past events and from which future economic benefits or service potential are expected to flow to the entity. An inflow of resources from a non-exchange transaction, other than service in-kind, that meets the definition of an asset shall be recognised as an asset when, and only when:

- (a) It is probable that the future economic benefits or service potential associated with the asset will flow to the entity; and
- (b) The fair value of the asset can be measured reliably.

SNS JU believes that the future economic benefits from the received goods and equipment is probable, which assumes that the first condition of the accounting rules is fulfilled. Trying to measure the fair value of the assets, SNS JU has contacted the counterparty of the sublease contract to get more information regarding the assets. From the conversation SNS JU found out that the items have never been on balance of the counterparty and no other information regarding the items is available, such as date of receipt, suppliers, etc. Taking this into consideration and the fact that SNS JU is unable to identify how long the items were previously in use, SNS JU considers that the second condition of the accounting rules is not fulfilled, thus the above-mentioned items could not be recognised on the balance sheet of SNS JU. The revenue from non-exchange transaction could neither be measured.

2.3. PRE-FINANCING

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

	31.12.2023
<i>Non-current pre-financing</i>	121.347.448,85
<i>Current pre-financing</i>	117.449.493,45
Total	238.796.942,30

The pre-financing is made up of advances amounting to 188.618.124,83 EUR paid to grant beneficiaries for Call 1 in January 2023 (i.e., before financial autonomy) and advances amounting to 100.251.030,98 paid to grant beneficiaries for Call 2 in October 2023 (i.e., after financial autonomy).

- Pre-financing Call 1: EUR 188.618.124,83
- Pre-financing Call 2: EUR 100.251.030,98
- Total Pre-financing at 31/12/2023: EUR 288.869.155,81

By default, the pre-financing payments are reflected in SAP as short-term. At year-end, the pre-financing is correctly classified as current and non-current. For all pre-financing amounts open at 31 December 2023 a case-by-case assessment has been performed and all the pre-financing that was considered unlikely to be cleared in the course of 2024 was classified as non-current pre-financing. The current pre-financing is presented with the deduction of the estimated clearing of pre-financing (EUR 50.072.213,51 - see note **2.8**). The non-current pre-financing is calculated as the residual value after deduction of current pre-financing and estimated clearing of pre-financing. The amounts that resulted from the calculations are:

- Non-current pre-financing : EUR 121.347.448,85
- Current pre-financing: EUR 117.449.493,45
- Total: EUR 238.796.942,30

2.4. EXCHANGE RECEIVABLES & NON-EXCHANGE RECOVERABLES

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

	31.12.2023
Recoverables from non-exchange transactions	
<i>Public bodies</i>	61,38
<i>Accrued Income Non exchange</i>	-
<i>Cash Contributions to be paid by the Members</i>	-
<i>Central treasury liaison accounts</i>	21.471.810,23
<i>Other</i>	-
	-
Receivables from exchange transactions	
<i>Customers</i>	-
<i>Receivables from members and partners</i>	-
<i>Receivables from the Commission</i>	-
<i>Accrued income and deferred charges</i>	-
<i>Other</i>	-
	-
Total	21.471.871,61

The treasury of the Smart Networks and Services JU is integrated into the Commission's treasury system. Because of this the Smart Networks and Services 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.

2.5. CASH AND CASH EQUIVALENTS

All the payments and receipts are processed via the Commission's treasury system and registered on liaison accounts, which are presented under heading 'recoverables from non-exchange transactions' (see Note 2.4).

The Joint Undertaking does not hold any form of cash or cash equivalents at hand or in accounts with financial institutions under its name.

LIABILITIES

2.6. 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).

At 31 December 2023 the Joint Undertaking has not established any provisions.

2.7. 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)

	31.12.2023
<i>Contribution in-kind from Members to be validated</i>	10.459.435,36
<i>Payables to the Mutual Insurance Mechanism</i>	6.432.219,33
<i>Suppliers</i>	10.297,82
<i>Contribution in cash to be validated</i>	-
<i>Cash contribution from EC to be validated</i>	14.643.442,60
<i>Public bodies and other current payables</i>	-
<i>Payables to EU entities</i>	-
<i>Sundry payables</i>	-
Total	31.545.395,11

Under the 'contribution in-kind from Members to be validated' heading includes the in-kind contributions related to on-going projects without a validated contribution certificate at 31 December. The amount of in-kind contributions was estimated using a pro-rata calculation as per the methodology of the Joint Undertaking.

After validation of the contributions by the Governing Board, the amounts will be booked to Net Assets and presented as Contribution received from members (Notes **1.6.2**).

Due to the fact that all the payments of pre-financings of the Call 2 were carried out after the financial autonomy date and ended by mid-December, close to the year-end closure, the Joint Undertaking did not transfer the funds to the Mutual Insurance Mechanism due to time constraint reasons, which is the reason the amount of EUR 6.432.219,33 is presented as a liability. However, in the beginning of 2024 this liability has been settled.

The 'contributions in cash to be validated' are the received but unspent EC financial contributions for the Horizon Europe Programme (Notes **1.6.1**).

2.8. 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.

	TOTAL 2023
<i>Total accrued charges</i>	25.055.914,62

The accrued charges are composed of operational and administrative accruals as hereunder:

- Operational accruals: EUR 24.960.351,23
- Administrative accruals – staff related: EUR 28.656,37
- Administrative accruals – non-staff related: EUR 66.907,02

Operational accruals: EUR 24.960.351,23 is calculated as the total estimated operational costs for 2023 of EUR 75.032.564,74 less the estimated clearing of pre-financing of EUR 50.072.213,15.

The estimated operational costs of EUR 75.032.564,74 relate to ongoing projects in 2023 and is based on the best estimate. For those projects where no periodic report (cost claim) was received by the cut-off date of the final accounts, the estimation was based on a lineal pro-rata given the maximum contribution of the SNS JU to the total cost of the project, the duration of the project and the days of implementation during 2023. For those projects where periodic report was received, the costs reported are used for the estimation. The clearing of the pre-financing of EUR 50.072.213,15 was estimated based on the open pre-financing, the cost claim and the threshold to clear the pre-financing, which is 90% of the contribution of SNS to the total cost of the project.

The breakdown per period of the total Operational accruals amount of EUR 24.960.351,23 is EUR 20.224.807,63 before financial autonomy and EUR 4.735.543,60 after financial autonomy.

The commitments of administrative nature that were not invoiced and/or not paid by end of 2023 while the committed services or supplies were delivered to the SNS JU in 2023, were recognised in the accounts as accrued administrative expenditure. The commitments that were paid by end of 2023 (after financial autonomy) are recognised in the accounts as actual administrative expenditure.

Administrative accruals – staff related: EUR 28.656,37 is the cost of the untaken leave. It was calculated individually by staff member based on the number of days of leave that were not taken in 2023, the start day of service and the total cost associated to untaken leave.

Administrative accruals – non-staff related: EUR 66.907,02 were delivered in 2023 but not invoiced. It includes hardware, rental and other costs associated to the building, missions, IT services and other external services provided.

NET ASSETS

2.9. 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	Cash	In-kind	Total
<i>Horizon Europe</i>	289.691.244,79	-	289.691.244,79
Total at 31.12.2023	289.691.244,79	-	289.691.244,79

Member	EU Commission	Industry Grouping		Total	
	Cash	Cash	In-kind	Cash	In-kind
<i>Current year contributions running costs</i>	340.703,44	481.385,54	-	822.088,98	-
Running costs contributions at 31.12.2023	340.703,44	481.385,54	-	822.088,98	-
<i>Current year contributions operating costs</i>	288.869.155,81	-	-	288.869.155,81	-
Operating costs contributions at 31.12.2023	288.869.155,81	-	-	288.869.155,81	-
TOTAL contributions at 31.12.2023	289.209.859,25	481.385,54	-	289.691.244,79	-

According to the specific guidance issued by the EC Accounting Officer^[6] for the accounting of the EU cash contributions received under Horizon Europe program, the accounting treatment of the EU contribution should align with Art. 19.1 of the Financial Framework Partnership Agreement (FFPA), defining that the Union contributions take form of provisional payments ("pre-financings"). Based on this new requirement, the JU determines, on the basis of the payment implementation report the amount of operating and administrative expenditure that have been covered from the EU financial contributions to the Horizon Europe Programme and enters only this amount into the net assets.

^[6][Ares\(2022\)6810953](#) – 03/10/2022 : Specific Guidance: Accounting for EU cash contributions received by Joint Undertakings under the Financial Framework Partnership Agreement related to MFF 2021-2027.

Final annual accounts of the Smart Networks and Services Joint Undertaking 2023

Before the financial autonomy of the Joint Undertaking, a total pre-financing of EUR 188.618.124,83 related to the 35 projects of call 1 was made. This amount was transferred as part of the transition to financial autonomy in October 2023 and became part of the Net Assets of the Joint Undertaking in 2023.

After the financial autonomy of the Joint Undertaking, in accordance with the provisions of the Financial Framework Partnership Agreement and the Contribution Agreement signed by DG CNECT and the SNS JU in 27 October 2023, the Joint Undertaking did a request for provisional payment to DG CNECT for EUR 115.716.562,56 composed of administrative for EUR 2.406.927,69 and operational for EUR 113.309.634,87. The total cash amount was received by the Joint Undertaking in November 2023. The amount requested and received equals the total payment appropriations that were transferred from DG CNECT to SNS JU by autonomy date. With these funds, the Joint Undertaking executed the payments of administrative and operational nature during its financial autonomy period in 2023.

The financial contribution of the Industry Association that is in the Annual Work Programme and Budget 2023 was received by the Commission on behalf of the SNS JU before the financial autonomy. The cash contributions of the Industry Association cover administrative needs only. The cash contribution from the Industry Association of EUR 481.385,54 was calculated as 20% of the administrative cash contribution of EUR 2.406.927,69 for the accounting of the budget revenue from the Industry Association and in accordance with the Single Basic Act.

On the budget expenditure side, 80% of the administrative payments (EUR 340.703,44) and 100% of the operational payments (EUR 100.251.030,98) were covered by the cash contribution from the Commission.

The cash contributions from the IA are sent to Net Assets and the cash contributions from the Commission that are implemented are sent to Net Assets.

3. 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.

The Joint Undertaking did not have any recovery of expenses from the start of their financial autonomy until 31 December 2023.

3.2. OTHER NON-EXCHANGE REVENUE

The Joint Undertaking did not have any non-exchange revenue from the start of their financial autonomy until 31 December 2023.

EXCHANGE REVENUE

3.3. REVENUE FROM EXCHANGE TRANSACTIONS

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

The Joint Undertaking did not have any exchange revenue from the start of their financial autonomy until 31 December 2023.

EXPENSES

3.4. 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 on 31 December was estimated using the best information available at the time of preparation of the annual accounts. The estimation is based on the 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").

As at the end of 2023 there are no validated operational costs, the table below presents only estimated operational costs with the break-down between EU contributions and in-kind contributions, and between the periods of before and after the financial autonomy.

	2023 Accrued before financial autonomy	2023 Accrued after financial autonomy	2023 Total
<i>Operational costs: validated in-kind contributions</i>	-	-	-
<i>Operational costs: estimated in-kind contributions</i>	8.459.922,89	1.999.512,47	10.459.435,36
<i>Operational costs: validated EU contributions</i>	-	-	-
<i>Operational costs: estimated EU contributions</i>	60.798.139,32	14.234.425,41	75.032.564,74
Total operational costs from EU contributions	69.258.062,21	16.233.937,88	85.492.000,10

For the operational costs, the financial statements report accruals and cost claims. By the date of financial autonomy, i.e. 24 October 2023, the liabilities related to the grant agreements were transferred from the Commission to the SNS JU.

The first call for proposals of the SNS JU was launched in 2022 and resulted in 35 grant agreements. Out of these 35 projects, 34 projects started implementation on 01 January 2023 and 1 project started implementation on 01 March 2023. No interim payments were made in 2023. By the date of the final accounts, 12 periodic reports (Cost Claims) were received and reported in the final financial statements.

The estimated total operational costs of 2023 amount to EUR 85.492.000,10 and is composed of EUR 75.032.564,74 related to the implementation of projects and EUR 10.459.435,36 related to in-kind contributions for operational activities (IKOP). For those projects with no actual figures reported, the operating costs and IKOP were calculated on a pro-rata basis for each project for the period 01 January 2023 to 31 December 2023, considering the total duration of the project, the contribution of SNS to the project and the start date of the implementation of the project. For those projects with actual figures reported, the reported amounts were used to calculate the operating costs and IKOP of 2023.

The operational costs estimated before financial autonomy from 01 January 2023 to 23 October 2023 amount to EUR 60.798.139,33 and the IKOP, to EUR 8.459.922,89. The operational costs estimated after financial autonomy from 24 October 2023 to 31 December 2023 amount to EUR 14.234.425,41 and the IKOP to EUR 1.999.512,47.

3.5. STAFF COSTS

This heading includes the expenses for salaries, allowances and other employment-related benefits. Based on the service level agreement between the JU and the Commission, the calculations of staff-related costs are carried out by the Commission's Office for Administration and Payment of Individual Entitlements (also known as the Paymaster's Office - PMO). The pensions of the JU staff members are covered by the Pension Scheme of European Officials. This pension scheme is a defined benefit plan, i.e. the amount of benefit an employee will receive on retirement depends on several factors, the most important of which is years of service. Both the JU staff, the JU and the EU budget contribute to the pension scheme, with the contribution percentage being revised

annually in line with the changes in the Staff Regulation governing the scheme. The cost to the EU Budget is not reflected in the JU accounts. Similarly, no provision related to the future pension payments is recognised in the annual accounts of the JU, as the obligation falls to the Commission.

As per Article 83a (2) of the Staff Regulations, the part paid by the JU shall correspond to the percentage share between a) the JU's revenues without the subsidy from the general budget, and b) its total revenues. To avoid disruptive variations over time, the JUs employer's pension contribution is calculated with a single percentage share for the whole duration of the JU. This single percentage was established on the basis of the EU and non-EU members' respective contributions, as foreseen in the JU's legal basis, with a correction and regularisation at the last year of existence of the JU. The contribution of the Smart Networks and Services Joint Undertaking was set as 1,00 % of the total pension scheme contributions. This contribution is accounted within staff costs.

	2023
<i>Staff costs</i>	305.687,27

The presented amount comprises staff costs of the Joint Undertaking for the months of November and December 2023.

3.6. FINANCE EXPENSES

The Joint Undertaking did not incur any financial expenses from the start of their financial autonomy until 31 December 2023.

3.7. 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.

	2023
<i>Property, plant and equipment related expenses</i>	-
<i>External non-IT services</i>	20.845,53
<i>Legal Expenses</i>	-
<i>Maintenance and security expenses</i>	7.332,47
<i>Office Supplies & maintenance</i>	-
<i>External IT services</i>	144.409,33
<i>Experts' expenses</i>	-
<i>Car & transport expenditures</i>	-
<i>Training costs</i>	3.488,80
<i>Recruitment costs</i>	-
<i>Missions</i>	2.718,85
<i>Communications & publications</i>	16,15
<i>Rent expenses</i>	22.304,22
<i>Financial costs</i>	-
<i>Depreciation of tangible fixed assets</i>	810,30
Total	201.925,65

The major part of the other expenses is represented by external IT costs related to the provision of DG Budget services and final charge-back from DIGIT. These costs are followed by rent expenses related to the lease of the premises in the White Atrium and external non-IT services, which mainly comprise different service level agreements of small amounts.

An overview of the amount to be committed and paid during the remaining term of these lease contract is as follows:

	Future amounts to be paid			Total
	< 1 year	1- 5 years	> 5 years	
<i>Buildings</i>	178.412,85	-	-	178.412,85

The current lease agreement ends on 31/12/2024. Currently a new procedure is ongoing and a new contract would enter into force as of 1/1/2025.

4. OTHER SIGNIFICANT DISCLOSURES

4.1. CONTINGENT ASSETS

No contingent assets were identified for the Joint Undertaking at 31 December 2023.

4.2. CONTINGENT LIABILITIES

No contingent liabilities were identified for the Joint Undertaking at 31 December 2023.

4.3. 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. The outstanding amount refers to commitments level 1 and level 2 of administrative and operational nature, meaning 0,4% and 99,6%, respectively.

	31.12.2023
<i>Outstanding commitments not yet expensed</i>	64.171.961,33

4.4. IN-KIND CONTRIBUTIONS (IKOP)

According to the Single Basic Act, members other than the European Union can contribute with non-financial resources. In case of SNS JU, the private members of the industry association 6G-IA will contribute with in-kind contributions to the activities of the Joint Undertaking. There are two types of in-kind contributions: in-kind contributions to operational activities (IKOP) and in-kind contributions to additional activities (IKAA).

The IKOP comprises contributions from private members consisting of the eligible costs incurred by them in implementing specific indirect actions (funded projects) less the contribution of the Joint Undertaking to those costs. The IKOP reported will be validated and accepted by the Joint Undertaking according to the legal requirements established. The target for 2023 at programme level is a minimum of 6%.

The IKOP is reported by the private members after the end of the project. The projects resulting from the first call of SNS JU started in the beginning of 2023. The projects have an average duration of three years, meaning that the first IKOP will be reported by 2026. By that year, the IKOP accepted will be recognised as contributions from members under the net assets heading of the balance sheet. By the end of 2023, the IKOP incurred during the year was reasonably estimated and recorded as operational expense from in-kind contributions in the statement of financial performance of the Joint Undertaking. The amount estimated is EUR 10.459.435,36.

4.5. IN-KIND IN ADDITIONAL ACTIVITIES (IKAA)

The IKAA are associated to the implementation of additional activities by the private members that contribute to the objectives of the Joint Undertaking but are not directly linked to the legal entity of the Joint Undertaking nor under its control. Because the outflow of resources related to the additional activities is outside of the control of the Joint Undertaking, these contributions are not recognised in its financial statements but are instead disclosed in the notes to the financial statements.

The IKAA reported that meet all the legal requirements will be validated and accepted. The deadline for the private members to report the IKAA is 31/05/N+1.

4.6. CONTRIBUTIONS PER PROGRAMME

	Members' contributions (as per Funding regulation)					
	EU cash	Member States	Private members' cash	Private members' IKOP	Private members' IKAA	Total
	(a)	(b)	(c)	(d)	(e)	(f)=(a)+(b)+(c)+(d)+(e)
Horizon Europe	900.000.000,00	-	4.629.750,00	895.370.250,00		1.800.000.000,00

According to Art. 163 of the Single Basic Act, financial contributions from the Private Members of SNS JU should amount to at least 20% of the total administrative costs and the Private Members shall endeavour to increase their contribution to 50% of the administrative cost of the Joint Undertaking. The financial and the in-kind contributions by the Private Members will reach at least the contribution of the European Union and the EFTA of EUR 900.000.000 during the period 2021-2027.

According to the best information available at the end of 2023, the contributions from the Members are aligned to the Single Basic Act.

Programme	Members contributions as of 31.12.2023								Achievement rate
	EU cash validated	EU cash not validated (PF)	Other Members Cash	Other Members IKOP validated	Other Members IKOP reported but not validated (accrued)	IKAA certified	IKAA reported but not certified	Total	
Horizon Europe	100.591.734,42	14.643.442,60	481.385,54	-	10.459.435,36	107.984.600,28	101.462.534,18	335.623.132,38	19%

The Note 4.6 Contributions Per Programme reports the member's cash contributions related to Horizon Europe that were made by 31 December 2023. The SNS JU implements Horizon Europe only and the contributors are the European Union, the EFTA and the Private Members. Before financial autonomy, the contributions were collected by the parent DG and the non-used amount was transferred to the SNS JU right after financial autonomy. The amount of cash transferred to SNS JU or budget revenue was EUR 115.716.562,56 which is the equivalent to the sum of the EU cash validated, the EU cash not validated and the Other Members Cash as reported in the table. This amount of cash received was the result of the first request for provisional payment, done in 2023, in accordance with the article 19 of the General Conditions of the Financial Framework Partnership Agreement and is the only budget revenue of SNS JU in 2023 after the financial autonomy.

The EU cash validated is composed of contributions in cash from the Commission for operational activities for EUR 100.251.030,98 and for administrative activities EUR 340.703,44. The contributions in cash of the Industry Association reported is EUR 481.385,54 which is calculated for accounting reporting purposes as the 20% of the

Final annual accounts of the Smart Networks and Services Joint Undertaking 2023

administrative cash from DG CNECT (EUR 2.406.927,69) as the minimum ceiling on administrative activities in accordance with the Single Basic Act. The remaining amount of EUR 14.643.442,60 is the EU Cash not validated (the difference between the amount of cash transferred to SNS JU of EUR 115.716.562,56 minus the EU cash validated of EUR 100.591.734,42 minus the Industry Association cash contribution of EUR 481.385,54). All these amounts are associated to the financial autonomy period.

The IKOP reported of EUR 10.459.435,36 is estimated and not validated. Part of it was reported in the periodic report submitted in 2024. For those projects where no periodic report was submitted, the IKOP was calculated on a linear pro-rata basis project by project based on the IKOP planned, the start date of implementation and the duration of the project. It refers to the projects under call for proposals number 1. These projects started implementation as of 01 January 2023 and they have an average duration of 3 years. The IKOP reported refers to the entire year 2023. The amount allocated to the financial autonomy period is EUR 1.999.512,47 and the amount allocated to the period before financial autonomy is EUR 8.459.922,89.

The IKAA figures concern both 2022 and 2023.

4.7. RELATED PARTIES

The related parties 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.

4.8. 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.

The Executive Director of the SNS JU was appointed by Governing Board Decision 11/2023 of 24 May 2023.

	31.12.2023
<i>Executive Director</i>	<i>AD 14</i>

4.9. 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.

BREXIT - United Kingdom joins the Horizon Europe programme

As of 1 January 2024, the United Kingdom has become an associated country to Horizon Europe. Its researchers are able to participate in this research and innovation programme of the EU on the same terms as researchers from other associated countries and will have access to Horizon Europe funding.

4.10. OTHER INFORMATION

The European Smart Networks and Services JU (SNS JU) is a Joint Undertaking established in 2021 by the European Union Council Regulation No 2021/2085 of 19 November 2021. This EU Partnership is jointly led by the EU Commission and the 6G Smart Networks and Services Industry Association (6G-IA). The SNS JU implements the « Horizon Europe » programme only.

The SNS JU is a Union body. It is an independent legal entity as per the article 187 of the Treaty on the Functioning of the European Union with a dedicated budget and staff. It receives financing from the European Union (article 71 of the Financial Regulation), the EFTA and the industry association 6G-IA and counts with a maximum authorized staff of 17 members. The SNS JU started its activity in 2022 under the umbrella of DG CNECT and achieved its financial autonomy as from 24 October 2023. As per article 173.1 of the Council Regulation No 2021/2085 (Single Basic Act), the Commission (DG CONNECT, its parent DG) shall be responsible for the establishment and initial operation of the SNS JU until it has the operational capacity to implement its own budget. By 24 October 2023, the financial and accounting system of the Commission (ABAC) was set up in the Joint Undertaking and the transfer of files was performed.

The SNS JU adopted in December 2021 and December 2022 respectively its Annual Work Programmes (AWPs) 2021-2022 and 2023. In line with the work programmes, the SNS JU launched one call for proposals in 2022 and one call for proposals in 2023. The first call for proposals derived in 35 grant agreements for a total of EUR 239 millions that were signed in 2022 and all prefunded before financial autonomy of the Joint Undertaking. The second call for proposals led to the signature of 26 grant agreements in 2023 for a total of EUR 132 million that were also all pre-financed after the financial autonomy of the Joint Undertaking.

By 24 October 2023, the Commission transferred the liabilities related to the grant agreements signed before the financial autonomy to the SNS JU. In line with this fact, the SNS JU recognises in its accounts the total operational costs related to the two calls for proposals. For reporting purposes and in order to better clarify the operational costs are split before and after financial autonomy. The same reasoning applies to the in-kind contributions for operational activities (IKOP). Details are in note 3.4. As to the pre-financing, the payments executed before the financial autonomy were transferred to the SNS JU by the financial autonomy date in accordance with the rules of the Commission and the specific instructions for the Joint Undertakings, namely the specific guidance "Accounting for EU cash contributions received by Joint Undertakings under the Financial Framework Partnership Agreement related to MFF 2021-2027". This is detailed in notes 2.3 and 2.9 of the accounts.

The transition to financial autonomy characterised the accounts of the SNS JU 2023 and was performed in accordance with the accounting rules and specific guidances. The main events are explained in the relevant notes.

4.11. EVENTS AFTER REPORTING DATE

Not applicable.

4.12. OBSERVATIONS ON MANAGEMENT AND CONTROL SYSTEMS

Not applicable.

5. FINANCIAL RISK MANAGEMENT

5.1. TYPES OF RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate, because of variations in market prices. Market risk embodies not only the potential for loss, but also the potential for gain. It comprises currency risk, interest rate risk and other price risk (the entity has no significant interest rate risk and other price risk).

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

(2) Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As an example, higher interest rates will lead to lower prices of fixed rate bonds (other things equal), and vice versa. The entity does not have any securities thus it is not exposed to the interest rate risk. **Credit risk** is the risk of loss due to a debtor's non-payment or other failure to meet a contractual obligation. The default events include a delay in repayments, and bankruptcy.

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

5.2. CURRENCY RISKS

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

5.3. CREDIT RISK

At the end of the year, the financial assets comprise exchange receivables that are not past due for more than 30 days. As no credit loss is expected during the 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.

SMART NETWORKS AND SERVICES JOINT UNDERTAKING
FINANCIAL YEAR 2023

THE BUDGET IMPLEMENTATION REPORTS AND EXPLANATORY NOTES

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

1. BUDGETARY PRINCIPLES AND STRUCTURE

1.1. BUDGETARY PRINCIPLES

The establishment and implementation of the budget of the Smart Networks and Services Joint Undertaking is governed by the following basic principles set out in the Chapter 2 of the Financial Rules of the joint undertaking:

Principles of unity and budget accuracy

This principle means that no revenue shall be collected and no expenditure effected unless booked to a line in the budget of the joint undertaking. No expenditure may be committed or authorised in excess of the appropriations authorised by the budget. An appropriation may be entered in the budget only if it is for an item of expenditure considered necessary.

Principle of annuality

The appropriations entered in the budget shall be authorised for a financial year which shall run from 1 January to 31 December.

Principle of equilibrium

Revenue and payment appropriations shall be in balance.

Principle of unit of account

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

Principle of universality

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

Principle of specification

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

Principle of sound financial management

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

Principle of economy

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

Principle of efficiency

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

Principle of effectiveness

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

Principle of internal control

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

information; prevention, detection, correction and follow-up of fraud and irregularities; inadequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multi-annual character of the programmes as well as the nature of the payments concerned.

Principle of transparency

The budget shall be established and implemented and the accounts presented in accordance with the principle of transparency. The budget and any amending budgets shall be published on the internet site of the joint undertaking within four weeks of their adoption and shall be transmitted to the Commission and the Court of Auditor.

1.2. STRUCTURE AND PRESENTATION OF THE BUDGET

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

Following the provisions of the Financial Rules of the Joint Undertaking, the budget accounts shall consist of a statement of revenue and a statement of expenditure. The budget is distributed in the following titles:

Title 1

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

Title 2

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

Title 3

Budget lines providing for the implementation of the activities and tasks assigned to the Joint Undertaking in accordance with its establishing Council Regulation.

1.3. RESULT OF THE IMPLEMENTATION OF THE BUDGET

	Title	EUR '000 2023
Revenue		115 717
<i>of which:</i>		
<i>EU Contribution - Administrative</i>	10	2 407
<i>EU contribution - Operational</i>	11	113 310
Expenditure		(100 709)
<i>of which:</i>		
<i>Staff expenditure</i>	1	(301)
<i>Administrative expenditure</i>	2	(157)
<i>Operational expenditure</i>	3	(100 251)
Budget result		15 007

1.4. RECONCILIATION OF ECONOMIC RESULT WITH BUDGET RESULT

	EUR '000
	2023
ECONOMIC RESULT OF THE YEAR	(86.000)
Adjustment for accrual items (items not in the budgetary result but included in the economic result)	85.542
<i>In-kind contributions validated in the year</i>	-
<i>Adjustments for accrual cut-off (net)</i>	85.573
<i>Unpaid invoices at year end but booked in expenses</i>	-
<i>Depreciation of intangible and tangible assets</i>	1
<i>Recovery orders issued in the year and not yet cashed</i>	-
<i>Correction of recovery orders issued last year</i>	-
<i>Pre-financing given in previous year and cleared in the year</i>	-
<i>Other individually immaterial</i>	(32)
Adjustment for budgetary items (item included in the budgetary result but not in the economic result)	15.466
<i>Members' cash contributions collected in the year</i>	115.717
<i>Asset acquisitions (less unpaid amounts)</i>	-
<i>Payments made from non-budget lines</i>	-
<i>New pre-financing paid in the year and remaining open at 31 Dec</i>	(100.251)
<i>Cancellation of unused carried over payment appropriations from previous year</i>	-
<i>Entitlements established in previous year and cashed in the year</i>	-
<i>Entitlements established on balance sheet accounts and cashed in the year</i>	-
<i>Other individually immaterial</i>	-
BUDGET RESULT OF THE YEAR	15.007

2. IMPLEMENTATION OF BUDGET REVENUE

EUR '000

	Item	Income appropriations		Entitlements established			Revenue				Out-standing
		Initial budget (1)	SNS JU budget (2)	Current year	Carried over	Total	On entitlements of current year	On entitlements carried over	Total	%	
		1	2	3	4	5=3+4	6	7	8=6+7	9=8/2	10=5-8
10	EU contribution - Administrative	2 365	1 594	2 407	0	2 407	2 407	0	2 407	151 %	0
Total Chapter 10		2 365	1 594	2 407	0	2 407	2 407	0	2 407	151 %	0
11	EU contribution - Operational	130 471	113 263	113 310	0	113 310	113 310	0	113 310	100 %	0
Total Chapter 11		130 471	113 263	113 310	0	113 310	113 310	0	113 310	100 %	0
20	EFTA contributions - Administrative	68	68	-	-	-	-	-	-	-	-
Total Chapter 20		68	68	-	-	-	-	-	-	-	-
21	EFTA contributions - Operational	3 781	47	-	-	-	-	-	-	-	-
Total Chapter 21		3 781	47	-	-	-	-	-	-	-	-
30	6G SNS Industry Association contribution - Adminis	608	744	-	-	-	-	-	-	-	-
Total Chapter 30		608	744	-	-	-	-	-	-	-	-
GRAND TOTAL		137 294	115 717	115 717	0	115 717	115 717	0	115 717	100 %	0

The source of the budget tables is ABAC Datawarehouse.

(1) This column refers to the Voted Budget 2023 (payment appropriations) of the Joint Undertaking approved by the Governing Board in December 2022. The amount allocated to expert evaluators 2023 (EUR 346.460) is deducted from the EU contribution - Operational in the table as it is managed by the parent DG CNECT and not by the Joint Undertaking. The Grand Total including the expert evaluators would be EUR 137.640.335, which is the total payment appropriations in the Voted Budget 2023.

(2) This column refers to the part of the Voted Budget 2023 (payment appropriations) that was made available to the Joint Undertaking by autonomy date (24 October 2023). The total of payment appropriations was EUR 115.716.562,56 and is composed of administrative for EUR 2.406.927,69 and operational for EUR 113.309.634,87. This amount corresponds to the first request for provisional payment from SNS JU to the parent DG, DG CNECT, that took place after the signature of the Financial Framework Partnership Agreement (27 October 2023) and the Contribution Agreement (31 October 2023) between SNS JU and CNECT.

3. IMPLEMENTATION OF BUDGET EXPENDITURE

Breakdown & changes in commitment appropriations

Breakdown & changes in commitment appropriations – Title 1

EUR '000

Item		Budget appropriations				Additional appropriations			Total appropriations available to SNS JU
		Initial adopted budget (1)	Budget implemented before financial autonomy (2)	Transfers (3)	Budget available to SNS JU for Implementation	Reactivated appropriations	Assigned revenue	Total	
		1	2	3	4=1+2+3	5	6	7=5+6	8=4+7
11-0	Establishment plan posts	1 120	(521)	(200)	399	0	0	0	399
Total Chapter 11-0		1 120	(521)	(200)	399	0	0	0	399
11-1	External personnel	880	(245)	(249)	385	0	0	0	385
Total Chapter 11-1		880	(245)	(249)	385	0	0	0	385
12-0	Expenditure relating to staff recruitment	200	0	(195)	5	0	0	0	5
Total Chapter 12		200	0	(195)	5	0	0	0	5
Total Title 1		2 199	(766)	(644)	789	0	0	0	789

(1) This column is the Voted Budget 2023.

(2) This column refers to budget that was implemented before the financial autonomy of the Joint Undertaking. The initial name of the column was "Amending budgets" and has been replaced by "Budget implemented before financial autonomy" for better clarity.

(3) This column refers to the only amendment to the Voted Budget of 2023. It was approved by the Governing Board in November 2023. The object of the amendment was the transfer of EUR 644.379 from Title 1 to Title 3 to fund an additional project. No other amendment to the budget or transfers were done.

Breakdown & changes in commitment appropriations – Title 2

EUR '000

	Item	Budget appropriations				Additional appropriations			Total appropriations available to SNS JU
		Initial adopted budget	Budget implemented before financial autonomy	Transfers	Budget available to SNS JU	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	350	0	0	350	15	0	15	365
Total Chapter 20-0		350	0	0	350	15	0	15	365
21-0	Information, communication technology and data pro	298	0	0	298	41	0	41	339
Total Chapter 21-0		298	0	0	298	41	0	41	339
22-0	Movable property and associated costs	5	0	0	5	0	0	0	5
Total Chapter 22-0		5	0	0	5	0	0	0	5
23-0	Current administrative expenditure	80	(11)	0	69	127	0	127	196
Total Chapter 23-0		80	(11)	0	69	127	0	127	196
24-0	Postage / Telecommunications	14	0	0	14	0	0	0	14
Total Chapter 24-0		14	0	0	14	0	0	0	14
25-0	Meeting expenses	38	0	0	38	0	0	0	38
Total Chapter 25-0		38	0	0	38	0	0	0	38
29-0	Other infrastructure and operating expenditure	58	0	0	58	0	0	0	58
Total Chapter 29-0		58	0	0	58	0	0	0	58
Total Title 2		843	(11)	0	832	183	0	183	1 015

Breakdown & changes in commitment appropriations – Title 3

EUR '000

	Item	Budget appropriations				Additional appropriations			Total appropriations available to SNS JU
		Initial adopted budget (1)	Budget implemented before financial autonomy	Transfers	Budget available to SNS JU	Reactivated appropriations	Assigned revenue	Total	
		1	2	3	4=1+2+3	5	6	7=5+6	8=4+7
30-0	Grants	132 216	0	644	132 860	0	0	0	132 860
Total Chapter 30-0		132 216	0	644	132 860	0	0	0	132 860
Total Title 3		132 216	0	644	132 860	0	0	0	132 860
GRAND TOTAL		135 258	(777)	0	134 481	183	0	183	134 664

(1) The budget of the expert evaluators of call 1 is not included in the table above because it was managed by the Commission. It amounts to EUR 346.460 (30-0 Grants). The amount added to the Grand Total, equals to the total Voted Budget 2023 which is EUR 135.604.510.

Breakdown & changes in payment appropriations

Breakdown & changes in payment appropriations – Title 1

EUR '000

	Item	Budget appropriations				Additional appropriations			Total appropriations available to SNS JU
		Initial adopted budget	Budget implemented before financial autonomy	Transfers	Budget available to SNS JU	Reactivated appropriations	Assigned revenue	Total	
		1	2	3	4=1+2+3	5	6	7=5+6	8=4+7
11-0	Establishment plan posts	1 120	(521)	(200)	399	0	0	0	399
Total Chapter 11-0		1 120	(521)	(200)	399	0	0	0	399
11-1	External personnel	880	(245)	(249)	385	0	0	0	385
Total Chapter 11-1		880	(245)	(249)	385	0	0	0	385
12-0	Expenditure relating to staff recruitment	200	0	(195)	5	0	0	0	5
Total Chapter 12-0		200	0	(195)	5	0	0	0	5
Total Title 1		2 199	(766)	(644)	789	0	0	0	789

Final annual accounts of the Smart Networks and Services Joint Undertaking 2023

Breakdown & changes in payment appropriations – Title 2

EUR '000

		Budget appropriations				Additional appropriations			Total appropriations available to SNS JU
	Item	Initial adopted budget	Budget implemented before financial autonomy	Transfers	Budget available to SNS JU	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	350	0	0	350	15	0	15	365
Total Chapter 20-0		350	0	0	350	15	0	15	365
21-0	Information, communication technology and data pro	298	0	0	298	106	0	106	404
Total Chapter 21-0		298	0	0	298	106	0	106	404
22-0	Movable property and associated costs	5	0	0	5	0	0	0	5
Total Chapter 22-0		5	0	0	5	0	0	0	5
23-0	Current administrative expenditure	80	(5)	0	75	15	0	15	90
Total Chapter 23-0		80	(5)	0	75	15	0	15	90
24-0	Postage / Telecommunications	14	0	0	14	0	0	0	14
Total Chapter 24-0		14	0	0	14	0	0	0	14
25-0	Meeting expenses	38	0	0	38	0	0	0	38
Total Chapter 25-0		38	0	0	38	0	0	0	38
29-0	Other infrastructure and operating expenditure	58	0	0	58	0	0	0	58
Total Chapter 29-0		58	0	0	58	0	0	0	58
Total Title 2		843	(5)	0	838	136	0	136	973

Breakdown & changes in payment appropriations – Title 3

EUR '000

	Item	Budget appropriations				Additional appropriations			Total appropriations available to SNS JU
		Initial adopted budget	Budget implemented before financial autonomy	Transfers	Budget available to SNS JU	Reactivated appropriations	Assigned revenue	Total	
		1	2	3	4=1+2+3	5	6	7=5+6	8=4+7
30-0	Grants	134 252	(20 942)	644	113 954	0	0	0	113 954
Total Chapter 30-0		134 252	(20 942)	644	113 954	0	0	0	113 954
Total Title 3		134 252	(20 942)	644	113 954	0	0	0	113 954
GRAND TOTAL		137 294	(21 713)	0	115 581	136	0	136	115 717

4. IMPLEMENTATION OF COMMITMENT APPROPRIATIONS

Implementation of commitment appropriations – Title 1

EUR '000

	Item	Total appropriations available to SNS JU	Commitments made					Appropriations carried over to 2024			Appropriations lapsing			
			from C1	from re-activations	from assign. revenue	Total	%	Assign. revenue	By decision	Total	from C1	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	Establishment plan posts	399	198	0	0	198	50 %	0	0	0	201	0	0	201
Total Chapter 11-0		399	198	0	0	198	50 %	0	0	0	201	0	0	201
11-1	External personnel	385	103	0	0	103	27 %	0	0	0	283	0	0	283
Total Chapter 11-1		385	103	0	0	103	27 %	0	0	0	283	0	0	283
12-0	Expenditure relating to staff recruitment	5	0	0	0	0	0 %	0	0	0	5	0	0	5
Total Chapter 12-0		5	0	0	0	0	0 %	0	0	0	5	0	0	5
Total Title 1		789	301	0	0	301	38 %	0	0	0	488	0	0	488

Implementation of commitment appropriations – Title 2

EUR '000

	Item	Total appropriations available to SNS JU	Commitments made					Appropriations carried over to 2024			Appropriations lapsing			
			from C1	from re-activations	from assign. revenue	Total	%	Assign. revenue	By decision	Total	from C1	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	365	150	0	0	150	41 %	0	0	0	200	15	0	215
Total Chapter 20-0		365	150	0	0	150	41 %	0	0	0	200	15	0	215
21-0	Information, communication technology and data pro	339	221	41	0	262	77 %	0	0	0	77	0	0	77
Total Chapter 21-0		339	221	41	0	262	77 %	0	0	0	77	0	0	77
22-0	Movable property and associated costs	5	0	0	0	0	0 %	0	0	0	5	0	0	5
Total Chapter 22-0		5	0	0	0	0	0 %	0	0	0	5	0	0	5
23-0	Current administrative expenditure	196	27	69	0	96	49 %	0	0	0	42	58	0	100
Total Chapter 23-0		196	27	69	0	96	49 %	0	0	0	42	58	0	100
24-0	Postage / Telecommunications	14	0	0	0	0	0 %	0	0	0	14	0	0	14
Total Chapter 24-0		14	0	0	0	0	0 %	0	0	0	14	0	0	14
25-0	Meeting expenses	38	0	0	0	0	0 %	0	0	0	38	0	0	38
Total Chapter 25-0		38	0	0	0	0	0 %	0	0	0	38	0	0	38
29-0	Other infrastructure and operating expenditure	58	0	0	0	0	0 %	0	0	0	58	0	0	58
Total Chapter 29-0		58	0	0	0	0	0 %	0	0	0	58	0	0	58
Total Title 2		1 015	399	110	0	509	50 %	0	0	0	433	73	0	506

Final annual accounts of the Smart Networks and Services Joint Undertaking 2023

Implementation of commitment appropriations – Title 3

EUR

'000

	Item	Total appropriations available to SNS JU	Commitments made					Appropriations carried over to 2024			Appropriations lapsing			
			from C1	from re-activations	from assign. revenue	Total	%	Assign. revenue	By decision	Total	from C1	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	Grants	132 860	132 860	0	0	132 860	100 %	0	0	0	0	0	0	0
Total Chapter 30-0		132 860	132 860	0	0	132 860	100 %	0	0	0	0	0	0	0
Total Title 3		132 860	132 860	0	0	132 860	100 %	0	0	0	0	0	0	0
GRAND TOTAL		134 664	133 560	110	0	133 670	99 %	0	0	0	922	73	0	995

5. IMPLEMENTATION OF PAYMENT APPROPRIATIONS

Implementation of payment appropriations – Title 1

EUR '000

	Item	Total appropriations available to SNS JU	Payments made					Appropriations carried over to 2024				Appropriations lapsing			
			from C1	from re-activations	from assign. revenue	Total	%	Autom. carry-overs	By decision	Assigned rev.	Total	from C1	from re-activations	from assign. revenue	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	Establishment plan posts	399	198	0	0	198	50 %	0	0	0	0	201	0	0	201
Total Chapter 11-0		399	198	0	0	198	50 %	0	0	0	0	201	0	0	201
11-1	External personnel	385	103	0	0	103	27 %	0	0	0	0	283	0	0	283
Total Chapter 11-1		385	103	0	0	103	27 %	0	0	0	0	283	0	0	283
12-0	Expenditure relating to staff recruitment	5	0	0	0	0	0 %	0	0	0	0	5	0	0	5
Total Chapter 12-0		5	0	0	0	0	0 %	0	0	0	0	5	0	0	5
Total Title 1		789	301	0	0	301	38 %	0	0	0	0	488	0	0	488

Final annual accounts of the Smart Networks and Services Joint Undertaking 2023

Implementation of payment appropriations – Title 2

EUR '000

	Item	Total appropriations available to SNS JU	Payments made					Appropriations carried over to 2024				Appropriations lapsing			
			from C1	from re-activations	from assign. revenue	Total	%	Autom. carry-overs	By decision	Assigned rev.	Total	from C1	from re-activations	from assign. revenue	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	365	0	0	0	0	0 %	0	0	0	0	350	15	0	365
Total Chapter 20-0		365	0	0	0	0	0 %	0	0	0	0	350	15	0	365
21-0	Information, communication technology and data pro	404	37	106	0	143	35 %	0	0	0	0	261	0	0	261
Total Chapter 21-0		404	37	106	0	143	35 %	0	0	0	0	261	0	0	261
22-0	Movable property and associated costs	5	0	0	0	0	0 %	0	0	0	0	5	0	0	5
Total Chapter 22-0		5	0	0	0	0	0 %	0	0	0	0	5	0	0	5
23-0	Current administrative expenditure	90	0	14	0	14	16 %	0	0	0	0	75	1	0	76
Total Chapter 23-0		90	0	14	0	14	16 %	0	0	0	0	75	1	0	76
24-0	Postage / Telecommunications	14	0	0	0	0	0 %	0	0	0	0	14	0	0	14
Total Chapter 24-0		14	0	0	0	0	0 %	0	0	0	0	14	0	0	14
25-0	Meeting expenses	38	0	0	0	0	0 %	0	0	0	0	38	0	0	38
Total Chapter 25-0		38	0	0	0	0	0 %	0	0	0	0	38	0	0	38
29-0	Other infrastructure and operating expenditure	58	0	0	0	0	0 %	0	0	0	0	58	0	0	58
Total Chapter 29-0		58	0	0	0	0	0 %	0	0	0	0	58	0	0	58
Total Title 2		973	37	120	0	157	16 %	0	0	0	0	800	16	0	816

Final annual accounts of the Smart Networks and Services Joint Undertaking 2023

Implementation of payment appropriations – Title 3

EUR '000

	Item	Total appropriations Available to SNS JU	Payments made					Appropriations carried over to 2024				Appropriations lapsing			
			from C1	from re-activations	from assign. revenue	Total	%	Autom. carry-overs	By decision	Assigned rev.	Total	from C1	from re-activations	from assign. revenue	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	Grants	113 954	100 251	0	0	100 251	88 %	0	0	0	0	13 703	0	0	13 703
Total Chapter 30-0		113 954	100 251	0	0	100 251	88 %	0	0	0	0	13 703	0	0	13 703
Total Title 3		113 954	100 251	0	0	100 251	88 %	0	0	0	0	13 703	0	0	13 703
GRAND TOTAL		115 717	100 589	120	0	100 709	87 %	0	0	0	0	14 992	16	0	15 007

6. OUTSTANDING COMMITMENTS

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	Payments	Total	Commitments Made during The year	Payments	Cancellation of commit. which cannot be carried forward	Commit. outstanding at year-end	
		1	2	3	4=1+2-3	5	6	7	8=5-6-7	9=4+8
11-0	Establishment plan posts	0	0	0	0	198	198	0	0	0
Total Chapter 11-0		0	0	0	0	198	198	0	0	0
11-1	External personnel	0	0	0	0	103	103	0	0	0
Total Chapter 11-1		0	0	0	0	103	103	0	0	0
Total Title 1		0	0	0	0	301	301	0	0	0

Final annual accounts of the Smart Networks and Services Joint Undertaking 2023

Outstanding commitments – Title 2

EUR '000

		Commitments outstanding at the end of previous year				Commitments of the current year				Total commit m. outstand ing at year- end
	Item	Commitm. carried forward from previous year	Decommit. Revaluation Cancellations	Payments	Total	Commitments Made during The year	Payments	Cancellation of commit. which cannot be carried forward	Commit. outstanding 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	0	0	0	0	150	0	0	150	150
Total Chapter 20-0		0	0	0	0	150	0	0	150	150
21-0	Information, communication technology and data pro	0	0	0	0	262	143	0	119	119
Total Chapter 21-0		0	0	0	0	262	143	0	119	119
23-0	Current administrative expenditure	0	3	0	3	96	14	0	82	85
Total Chapter 23-0		0	3	0	3	96	14	0	82	85
Total Title 2		0	3	0	3	509	157	0	351	354

Outstanding commitments – Title 3

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 (1)	Payments	Total	Commitments Made during The year (2)	Payments (3)	Cancellation of commit. which cannot be carried forward	Commit. outstanding at year-end	
		1	2	3	4=1+2-3	5	6	7	8=5-6-7	9=4+8
30-0	Grants	0	56 275	0	56 275	132 860	100 251	0	32 609	88 884
Total Chapter 30-0		0	56 275	0	56 275	132 860	100 251	0	32 609	88 884
Total Title 3		0	56 275	0	56 275	132 860	100 251	0	32 609	88 884
GRAND TOTAL		0	56 278	0	56 278	133 670	100 709	0	32 961	89 238

(1) This column refers to the commitments carried-forward to 2023. It is composed of commitments level 1 of EUR 5.427.861 and commitments level 2 of EUR 50.847.002. This amount was transferred to SNS JU by autonomy date and therefore was de-committed by the Commission and re-committed by the SNS JU.

(2) This amount of EUR 132.860.168 is the commitment made in 2023 and is related to the call for proposals number 2 made by the SNS JU.

(3) This amount of EUR 100.251.031 is the total pre-financing payments made related to the call for proposals number 2 made by the SNS JU.

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 carryovers, 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.