



Budget Committee

Draft Decision concerning the budget for the period of provisional application of the Agreement on a Unified Patent Court

Projet de Décision relative au budget pour la période d'application provisoire de l'Accord relatif à une juridiction unifiée du brevet

Entwurf eines Beschlusses zur Feststellung des Haushaltsplans für den Zeitraum der vorläufigen Anwendung des Übereinkommens über ein Einheitliches Patentgericht

Luxembourg, 23.2.2022

EXECUTIVE SUMMARY

The present document contains the draft budget for the provisional application period (PAP) of the Agreement on a Unified Patent Court (UPC). It relies to a large extent on the preparatory work carried out in the UPC's Preparatory Committee and its Interim Teams, in particular :

- *the draft UPC budget (PC/12/Mar2017 dated 2.3.2017) which contained an outline of the budget for the PAP (annex 1, page 10); this document was presented at the 19th Preparatory Committee meeting in the Hague on 15.5.2017;*
- *the draft UPC budget for the PAP dated 12.6.2017 which was presented at the meeting of the Interim Teams in Budapest on 22.6.2017;*
- *the draft Memorandum on Member State Contributions to the Unified Patent Court (annex 5 of PC/01/Sept2020, dated 12.6.2020); this document was presented at the 20th Preparatory Committee online meeting on 10.9.2020;*
- *the draft monthly UPC budget for the period of provisional application (PC21-Oct2021-08-Fi WG) which was presented at the 21st meeting of the Preparatory Committee in Luxembourg on 27.10.2021.*

Budget Committee members' attention is drawn in particular to the following:

Several assumptions and estimates have been agreed upon in the past in order to draw up the above documents. With the exception of the UK's withdrawal from the project, these assumptions and estimates have not been put into question when preparing the present budget for the period of provisional application. In addition, it was necessary to keep the contribution key agreed by the Preparatory Committee in its 4th meeting on 4.11.2014 (PC/02/041114) since the relevant data will only be available after the entry into force of the UPC Agreement. A series of updates were indispensable to take into account some developments occurring since 2017, in particular concerning the advanced contributions received from some Member States to ensure the further development of the UPC's IT system and a more detailed appraisal of some operating expenses, in particular training.

All figures contained in the present budget for the PAP are pragmatic and prudent estimates which aim above all at ensuring that sufficient funds will be available to the UPC during the period of provisional application. Focus has been on ensuring the UPC's sustainability in the 8 months of that period while at the same time offering the necessary level of accountability. In compliance with the International Public Sector Accounting Standards, a separate account will be devoted to the Pension and Social Security Schemes so as to clearly distinguish from the budget of the Court.

RESUME

Le présent document contient le projet de budget applicable à la période d'application provisoire (PAP) de l'Accord relatif à une Juridiction Unifiée du Brevet (JUB). Il s'appuie en grande partie sur les travaux préparatoires effectués par le Comité Préparatoire de la JUB et ses Groupes de travail intérimaires, et en particulier :

- *le projet de budget de la JUB (PC/12/Mar 2017) lequel contient une description du budget applicable à la période d'application provisoire (voir annexe 1, page 10) ; ce document a été présenté au Comité Préparatoire en sa 19^{ème} réunion le 15.5.2017 ;*
- *le projet de budget applicable à la période d'application provisoire en date du 12.6.2017 lequel a été présenté à la réunion des groupes intérimaires à Budapest le 22.6.2017 ;*
- *le projet de mémorandum sur les contributions des Etats Membres à la Juridiction Unifiée du Brevet (annexe 5 de PC/O1/Sept2020 en date du 10.9.2020) ;*
- *le projet de budget mensuel de la JUB applicable à la période d'application provisoire (PC21-oct2021-08-Fi-Wg) lequel a été présenté au Comité Préparatoire en sa 21^{ème} réunion à Luxembourg le 27.10.2021.*

L'attention des membres du Comité Budgétaire est notamment appelée sur ce qui suit.

Plusieurs hypothèses et estimations ont été approuvées antérieurement afin de concevoir les documents ci-dessus mentionnés. A l'exception du retrait du Royaume Uni du projet, ces hypothèses et estimations n'ont pas été remises en cause au cours de la préparation du présent budget applicable à la période d'application provisoire. Au surplus, il était nécessaire de conserver la clé de contribution approuvée par le Comité Préparatoire en sa 4^{ème} réunion en date du 4.11.2014 (PC/O2/041114), du fait que les données pertinentes ne seront disponibles qu'après l'entrée en vigueur de l'Accord relatif à une JUB. Une série de mises à jour s'est avérée indispensable pour prendre en compte certaines évolutions survenues depuis 2017, concernant notamment les avances reçues de la part de certains Etats Membres en vue d'assurer les futurs développements du système d'information de la JUB (JUB IT system) ainsi qu'une présentation plus détaillée de certaines dépenses d'exécution, en particulier de formation.

L'ensemble des chiffres contenus dans le présent budget applicable à la PAP sont issus d'estimations prudentes et pragmatiques, dans le but avant tout de s'assurer que la JUB disposera des fonds disponibles suffisants pour la PAP. Une attention particulière a été accordée à la soutenabilité financière de la JUB pour les 8 mois prévus de cette période tout en offrant, sur la même période, le niveau de qualité requis d'enregistrement comptable. En conformité avec les normes internationales de comptabilité des institutions publiques internationales (IPSAS), un compte séparé sera dédié aux régimes de pension et de sécurité sociale afin de les distinguer clairement du budget de la Juridiction.

KURZE ZUSAMMENFASSUNG

Das vorliegende Dokument enthält den Entwurf eines Beschlusses zur Feststellung des Haushaltsplans für den Zeitraum der vorläufigen Anwendung des Übereinkommens über ein Einheitliches Patentgericht (EPG). Es stützt sich weitgehend auf die vorbereitenden Arbeiten des Vorbereitenden Ausschusses des EPG und seiner Interim Arbeitsgruppen, insbesondere auf

- den Entwurf eines Haushaltsplans für das EPG (PC/12/Mar2017 vom 2.3.2017), der einen Überblick über den Haushalt für den Zeitraum der vorläufigen Anwendung enthält (Anhang 1, Seite 10); dieses Dokument wurde auf der 19. Sitzung des Vorbereitungsausschusses am 15.5.2017 in Den Haag vorgestellt;

- den Entwurf eines Haushaltsplans für das EPG für den Zeitraum der vorläufigen Anwendung vom 12.6.2017, der auf der Sitzung der Interim-Arbeitsgruppen in Budapest am 22.6.2017 vorgestellt wurde;

- den Entwurf eines Memorandums über die Beiträge der Mitgliedstaaten zum Einheitlichen Patentgericht (Anlage 5 von PC/01/Sept2020 vom 12.6.2020); dieses Dokument wurde auf der 20. Online-Sitzung des Vorbereitenden Ausschusses am 10.9.2020 vorgestellt;

- den Entwurf eines monatlichen Haushaltsplans für das EPG für den Zeitraum der vorläufigen Anwendung (PC21-Oct2021-08-Fi WG), der auf der 21. Sitzung des Vorbereitenden Ausschusses am 27.10.2021 in Luxemburg vorgestellt wurde.

Die Mitglieder des Haushaltsausschusses werden insbesondere auf folgende Gesichtspunkte aufmerksam gemacht:

Bei der Erstellung oben genannter Dokumente hat man sich in der Vergangenheit auf verschiedene Annahmen und Schätzungen verständigt. Diese Annahmen und Schätzungen wurden mit Ausnahme des Rückzugs des Vereinigten Königreichs aus dem Projekt bei der Erstellung des vorliegenden Entwurfs eines Haushaltsplans für den Zeitraum der vorläufigen Anwendung nicht in Frage gestellt. Darüber hinaus war es notwendig, den vom Vorbereitenden Ausschuss in seiner 4. Sitzung am 4.11.2014 (PC/02/041114) vereinbarten Beitragsschlüssel beizubehalten, da die entsprechenden Daten erst nach Inkrafttreten des Übereinkommens verfügbar sein werden. Eine Reihe von Aktualisierungen war unerlässlich, um einigen Entwicklungen seit 2017 Rechnung zu tragen, insbesondere in Bezug auf die von einigen Mitgliedstaaten getätigten Vorschüsse für die Weiterentwicklung des IT-Systems des EPG, sowie eine detailliertere Bewertung einiger Betriebskosten, insbesondere für Schulungen.

Alle im vorliegenden Entwurf eines Haushaltsplans für den Zeitraum der vorläufigen Anwendung enthaltenen Zahlen sind pragmatische und vorsichtige Schätzungen, die vor allem darauf abzielen, sicherzustellen, dass dem EPG während des Zeitraums der vorläufigen Anwendung ausreichende Mittel zur Verfügung stehen werden. Der Schwerpunkt lag darauf, die Nachhaltigkeit des EPG in den acht Monaten dieses Zeitraums

zu gewährleisten und gleichzeitig das erforderliche Maß an Rechenschaftspflicht zu bieten. In Übereinstimmung mit den internationalen Rechnungslegungsstandards für den öffentlichen Sektor (International Public Sector Accounting Standards, IPSAS) wird ein separates Konto für die Renten- und Sozialversicherungssysteme eingerichtet, um eine klare Trennung vom Haushalt des EPG zu gewährleisten.

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DECISION OF THE BUDGET COMMITTEE

of 23 February 2022

adopting the budget of the Unified Patent Court for the Provisional Application Period and approving the initial financial contributions to be called from the member states.

THE BUDGET COMMITTEE OF THE UNIFIED PATENT COURT,

Having regard to the Agreement on a Unified Patent Court, in particular Articles 36 and 37 thereof,

Having regard to the Statute of the Unified Patent Court, in particular Article 26 thereof,

Having regard to the Protocol to the Agreement on a Unified Patent Court on provisional application, in particular Article 1 thereof which provides for the provisional application of certain articles of the Agreement on a Unified Patent Court,

HAS DECIDED AS FOLLOWS:

Pursuant to Articles 10 and 11 of the Decision of the Administrative Committee of the Unified Patent Court governing the financial management of the Court during the period of provisional application of the Agreement,

the following are

1. adopted:

the budget of the Unified Patent Court for the period of provisional application, totalling EUR 6 333 883 , including the budget of the Pension and Social Security Schemes, totalling EUR 226 491;

2. approved:

2.1 the total amount of the initial financial contributions for the setting up of the Unified Patent Court, totalling EUR 6 201 510 (internal tax of EUR 132 373 deducted);

2.2 the provisional contribution key, as set out in Annex 1 of the present budget document;

2.3 the initial financial contributions to be called from the member states having deposited the instrument of ratification of the Agreement on Unified Patent Court or having received parliamentary approval to ratify the Agreement, as set out in Annex 3 of the present budget document; this Annex 3 will be updated once the relevant data under Article 37(3) of the Agreement (to be provided by member states after entry into force of the Agreement) are available, and the amounts will be recalculated according to the updated contribution key.

This decision shall enter into force on 23 February 2022.

Done at Luxembourg, on [...]

For the Budget Committee

The Chairperson

DECISION DU COMITE BUDGETAIRE

du [date de la décision]

adoptant le budget de la Juridiction unifiée du brevet pour la période d'application provisoire et approuvant les contributions financières initiales requises des états membres.

LE COMITÉ BUDGÉTAIRE DE LA JURIDICTION UNIFIÉE DU BREVET,

vu l'Accord relatif à une juridiction unifiée du brevet et notamment ses articles 36 et 37,

vu les Statuts de la juridiction unifiée du brevet et notamment son article 26,

vu le Protocole sur l'application provisoire de l'Accord relatif à une juridiction unifiée du brevet et notamment son article 1^{er} qui prévoit l'application provisoire de certains articles de l'Accord relatif à une juridiction unifiée du brevet,

DECIDE:

Conformément aux articles 10 et 11 de la Décision du Comité administratif de la Juridiction unifiée du brevet régissant la gestion financière de la Juridiction pendant la période d'application provisoire de l'Accord,

1. est arrêté

le budget de la Juridiction unifiée du brevet pour la période d'application provisoire, pour la somme de EUR 6 333 883, y inclus le budget aux fins des régimes de pension et de sécurité sociale, pour la somme de EUR 226 491 ;

2. sont approuvées

2.1 les contributions financières initiales nécessaires à la création de la Juridiction unifiée du brevet, pour la somme de EUR 6 201 510 (une fois déduite la taxe interne de EUR 132 373);

2.2 la clé de contribution provisoire prévue à l'Annexe 1 du document budgétaire;

2.3 les contributions financières initiales requises des états membres ayant déposé l'instrument de ratification de l'Accord relatif à une juridiction unifiée du brevet ou ayant obtenu l'approbation parlementaire pour ce faire, telles que prévues à l'Annexe 3 du document budgétaire; cet Annexe 3 sera mis à jour lorsque les données pertinentes selon l'article 37(3) de l'Accord (à fournir par les Etats membres après l'entrée en vigueur de l'Accord) seront disponibles, et les montants seront recalculés selon la clé de contribution actualisée.

La présente décision entre en vigueur le 23 février 2022.

Fait à Luxembourg, le [...]

Par le Comité budgétaire

La Présidente / Le Président

BESCHLUSS DES HAUSHALTSAUSCHUSSES

vom 23. Februar 2022

zur Feststellung des Haushaltsplans des Einheitlichen Patentgerichts für den Zeitraum der vorläufigen Anwendung und
zur Genehmigung der von den Mitgliedsstaaten aufzurufenden ersten finanziellen Beiträge.

DER HAUSHALTSAUSCHUSS DES EINHEITLICHEN PATENTGERICHTS,

gestützt auf das Übereinkommen zum Einheitlichen Patentgericht, insbesondere auf dessen Artikel 36 und 27

gestützt auf die Satzung des Einheitlichen Patentgerichts, insbesondere auf deren Artikel 26,

gestützt auf das Protokoll zum Übereinkommen zum Einheitlichen Patentgericht betreffend die vorläufige Anwendung, insbesondere dessen Artikel 1, der die vorläufige Anwendung bestimmter Artikel des Übereinkommens zum Einheitlichen Patentgericht vorsieht,

BESCHLIESST:

Gemäß Artikel 10 und 11 der Entscheidung des Verwaltungsausschusses des Einheitlichen Patentgerichts zur Finanzverwaltung des Gerichts während des Zeitraums der vorläufigen Anwendung des Übereinkommens,

1. wird festgestellt:

der Haushaltsplan des Einheitlichen Patentgerichts für den Zeitraum der vorläufigen Anwendung auf EUR 6 333 883, einschließlich des Haushalts des Pensions- und Versorgungssystems in Höhe von EUR 226 491;

2. werden genehmigt:

2.1 der Gesamtbetrag der ersten finanziellen Beiträge, die zur Errichtung des Einheitlichen Patentgerichts in Höhe von EUR 6 201 510 (unter Berücksichtigung gezahlter interner Steuern in Höhe von EUR 132 373);

2.2 den vorläufigen Beitragsschlüssel nach Maßgabe von Anlage 1 des vorliegenden Dokuments;

2.3 die Höhe der ersten finanziellen Beiträge der Mitgliedsstaaten, welche die Ratifizierungsurkunde für das Übereinkommen zum Einheitlichen Patentgericht hinterlegt haben oder die parlamentarische Zustimmung zur Ratifizierung erhalten haben, nach Maßgabe der Anlage 3 des vorliegenden Dokuments; Anlage 3 wird aktualisiert, sobald die einschlägigen Daten nach Artikel 37 Absatz 3 des Übereinkommens (die von den Mitgliedstaaten nach Inkrafttreten des Übereinkommens zu übermitteln sind) vorliegen, und die Beträge werden nach dem aktualisierten Beitragsschlüssel neu berechnet.

Diese Entscheidung tritt am 23. Februar 2022 in Kraft.
Geschehen zu Luxemburg am [...]

Für den Haushaltsausschuss

Die Präsidentin / Der Präsident

1. Orientations

1.1. Legal framework

The present budget for the Provisional Application Period (PAP) of the Agreement on a Unified Patent Court (UPC Agreement) was drawn up to cover the budgetary needs of the Unified Patent Court (UPC) for the duration of eight months of provisional application. **In case the PAP will continue beyond eight months, an amending budget will have to be prepared accordingly.**

The basis for the calculations is the legal framework provided by

- the Decision of the Administrative Committee of the UPC governing the financial management of the Court during the period of provisional application of the Agreement (adopted by the Administrative Committee of the UPC on 22.2.2022) (FinRules in PAP) and
- the Financial Regulations of the UPC (adopted by the Administrative Committee of the UPC on 22.2.2022).

The plan IPSAS financial statements are determined in compliance with the IPSAS regulations as foreseen in Article 1 of the Financial Regulations of the UPC and Article 3(2) of the FinRules in PAP.

1.2. Planning principles and assumptions

1.2.1. Expenditure

1.2.1.1. Staff expenditure

Recruitment plan

Recruitment for UPC personnel is foreseen to start in month five of the PAP, with a total of nine full-time equivalents (FTEs) to be recruited until the end of the PAP.

For the PAP, recruitment of only a limited number of seven judges is foreseen. These seven judges (President of the Court of Appeal, two legally qualified judges of the Court of Appeal, President of the Court of First Instance, three legally qualified judges of the Court of First Instance, corresponding to six FTEs) will form the UPC's Presidium, in accordance with Article 15(1) of the UPC Statute. In addition, the registrar and the deputy-registrar, as well as the director of the training centre, will be appointed during the PAP. These nine FTEs (corresponding to ten heads) will already take up their duties and receive salary payments during the PAP.

The remaining judges will be appointed during the PAP but will only start receiving salary payments with the entry into force of the UPC Agreement. However, all judges will receive preparatory training during the PAP, the costs of which are borne by the UPC.

In total, it is planned to appoint 92 judges with a reserve list of 45 judges.

Salary payments

The calculation of salaries is based on the salary grid as decided by the Preparatory Committee in its 14th meeting on 24.2.2016 (PC/12/Feb2016) in 2016 and the internal EU tax grid of 2021. Gross salaries were calculated taking into account internal tax, social security contributions and average allowances.

Social security schemes

The Regulations governing the conditions of service of judges, the registrar and the deputy registrar of the Unified Patent Court (Service Regulations) (Article 48 and Annex 1) foresee the following social security schemes to be implemented at the UPC:

- Pension scheme
- Healthcare scheme
- Long-term care scheme
- Invalidity/Death scheme

Contribution rates for pension and healthcare scheme were applied as provided in 2015 by the International Service for Remunerations and Pensions (ISRP), while the contribution rates for the long-term care and invalidity/death schemes were taken from similar institutions for planning purposes and are to be reviewed by the ISRP before completion of recruitment.

The ISRP was contracted to manage the schemes as well as all salary calculations and payments for the duration of the PAP.

1.2.1.2. IT expenditure

Part of the UPC's IT expenditure was pre-financed by certain member states (BE, DE, FR, IT, LU, NL, SE, and UK). These IT set-up expenses are estimated to have reached the amount of EUR 2 942k at the start of the PAP. The IT assets will be transferred to the UPC at the beginning of the PAP.

During the PAP, additional IT investments in the amount of EUR 568k will be needed to cover completion and update of the IT systems. IT capital expenditure relates to change proposals and additional set-up, in particular in view of new requirements for the UPC's case management system (CMS), the website, HR matters, and video conferencing. For some deliverables, there are still uncertainties regarding updated requirements as well as the gap period from 2017 to 2021. Following the recommendation of the IT Working Group, a prudent approach was applied.

IT operating expenditure in the amount to EUR 406k will be required for consulting services, maintenance, and running costs of CMS, ERP modules, IT security and others.

1.2.1.3. Meetings

The costs for meetings of the UPC's governing bodies are based on the expected number of participants for each meeting as well as the duration of each meeting and include travel cost, daily allowance, and provisions for catering. No rental costs for the meeting location were included.

In order to ensure sufficient funds, on-site presence was assumed for all meetings.

1.2.1.4. Training

All legally qualified judges (LQJ) and technically qualified judges (TQJ) appointed to the UPC are to be trained during the three months following their appointment, before entry into force of the UPC Agreement. This will involve training in the training centre in Budapest as well as some team building events. Provisions for the expected training costs have been included in the present budget for the PAP. It is assumed that any rental costs will be covered by the member states.

1.2.2. Income

No fee income is foreseen during the PAP since the UPC will only start receiving cases after entry into force of the UPC Agreement.

Income from internal tax is dependent on salary payments and thus only available as of the fifth month of the PAP, when staff is recruited.

To achieve a balanced budget for the PAP, the income generated by the UPC itself has to be completed with contributions from the member states to cover all expenditures planned.

1.2.3. Initial financial contributions by the member states

Initial contributions

In accordance with Article 6(3) of the FinRules in PAP, at the beginning of the PAP, an initial financial contribution to cover all costs necessary to establish a functional Court will be called from the following member states:

(a) states which have deposited the instrument of ratification of the UPC Agreement and which are bound by the Protocol on Provisional Application of the UPC Agreement (AT, BE, BG, DK, EE, FI, FR, IT, LU, NL, SE and SI)

- these states' contributions to the budget for the PAP shall be due within six weeks of sending the call for contributions.

(b) the state which has received parliamentary approval to ratify the UPC Agreement (but has not yet deposited the instrument of ratification) and which is bound by the Protocol on Provisional Application (DE)

- this state's contribution to the budget for the PAP shall be due within six weeks of sending the call for contributions.

States having deposited the instrument of ratification of the UPC Agreement but which are not bound by the Protocol on Provisional Application (LT, LV, MT, PT) have committed to the same financial obligations as states in category (a) and (b) above but their contributions shall only be due on the date of entry into force of the UPC Agreement, in accordance with Article 37(2) of the UPC Agreement.

The provisional contribution key is given in Annex 1.

Member states joining during the PAP

Should a member state deposit the instrument of ratification of the UPC Agreement and be bound by the Protocol on Provisional Application after the above contributions have been called – but before the UPC Agreement enters into force – this “new” contracting member state must contribute its share to the initial financial contribution. The chairperson of the Budget Committee shall – as soon as possible after being informed that the new member state has completed the necessary steps – issue to this member state the corresponding call for contribution. The contributions from the “new” contracting member state shall be made at the latest four weeks after the date on which the state becomes bound by the Protocol on Provisional Application, in accordance with Article 6(3), 2nd sentence of the FinRules in PAP.

The new member state's share will be reimbursed to the first contracting member states which were bound by the Protocol on Provisional Application at the beginning of the PAP (to be deducted from their following contributions to the budget of the UPC).

Member states which have ratified the UPC Agreement but which are not bound by the Protocol on Provisional Application

Also these member states will receive a call for contributions from the chairperson of the Budget Committee, after the budget for the PAP is adopted at the inaugural meeting of the Budget Committee. The contributions shall only be payable on the date of entry into force of the UPC Agreement.

These member states' part will be reimbursed to the first contracting member states which – at the beginning of the PAP – were bound by the Protocol on Provisional Application (to be deducted from their following contributions to the budget of the UPC).

Contribution key

Article 37(3) of the UPC Agreement defines the contribution key – for the initial transitional period of seven years under Article 83 of the UPC Agreement – on the basis of

- the number of European patents having effect in the territory of the ratifying or acceding member states on the date of entry into force of the UPC Agreement, and
- the number of European patents with respect to which actions for infringement or for revocation have been brought before the national courts of the member states in the three years preceding entry into force of the UPC Agreement.

At its 7th meeting on 4.11.2014, the Preparatory Committee agreed on a provisional contribution key based on the figures – available at that time – relating to the number of European patents and the volume of European patent litigation. On the basis of these two parameters, the provisional contribution key was calculated in accordance with the method set out in Article 37(3) of the UPC Agreement (see PC/02/041114).

It was also agreed by the Preparatory Committee that the provisional contribution key would be applied during the preparatory phase including the PAP. Only after entry into force of the UPC Agreement will a new updated contribution key be calculated, based on recent data relating to the two parameters referred to in Article 37(3) of the UPC Agreement.

The provisional contribution key agreed in 2014 – which listed all EU member states participating in the enhanced cooperation in the area of unitary patent protection – must be adapted so that only those member states having ratified the UPC Agreement, or having received parliamentary approval to do so, are included. In practice, the steps to adapt the provisional contribution key are as follows:

- the total "T" of the shares of all member states having ratified the UPC Agreement on 22.2.2022 is computed on the basis of the figures in document PC/02/041114, page 5;
- the provisional contribution key to be applied is computed by dividing member states' share in the table by the total "T", to arrive at the provisional contribution totalling 100%.

Annex 1 sets out the provisional contribution key, as adapted following the above steps.

Annex 3 sets out the corresponding financial contributions for the situation – applicable on 9.2.2022 – where 16 states have deposited the instrument of ratification of the UPC Agreement (AT, BE, BG, DK, EE, FI, FR, IT, LT, LU, LV, MT, NL, PT, SE, and SI) and one state has received parliamentary approval to ratify it (DE).

Should another member state deposit its instrument of ratification of the UPC Agreement before the 22.2.2022, the provisional contribution key will be updated accordingly.

2. Expenditure

Plan Statement of Resources

Period of Provisional Application of the Agreement

in EUR

	Cash in EUR	Transition to Accrual in EUR	Accrual in EUR
31 Salaries	666 686	-133 803	532 883
(i) salaries of			
the President of the Court of Appeal,	95 344	-20 399	74 944
the President of the Court of First Instance,	86 623	-17 541	69 082
the other judges,	336 526	-66 895	269 631
the Registrar and the Deputy Registrar	131 812	-26 107	105 705
any other staff directly employed by the Court	16 381	-2 861	13 520
32 Pension and social security contributions	136 814	-136 814	p.m.
(ii) pension and social security contributions of			
the President of the Court of Appeal,	19 965	-19 965	0
the President of the Court of First Instance,	17 974	-17 974	0
the other judges,	69 622	-69 622	0
the Registrar and the Deputy Registrar	26 819	-26 819	0
any other staff directly employed by the Court	2 434	-2 434	0
Current service costs (Defined Benefit Obligations)	0	p.m.	p.m.
33 General operating expenses	1 681 694	0	1 681 694
(iii) costs incurred by the Committees of the Court including cost of meetings, as well as translation and communication costs;	239 355	0	239 355
(iv) costs incurred for setting up the Court, the Training Centre for Judges and the Patent Mediation and Arbitration Centre, in particular the initial assets of the Court;	1 442 339	0	1 442 339
34 Working Capital Fund	0	0	0
(v) resources to be allocated to the Working Capital Fund.	0	0	0
35 Repayments to MS	3 280 689	-2 942 232	338 457
36 Legal aid and reimbursement to third parties	0	0	0
37 Other general operating expenses	0	0	0
38 Depreciation and amortization expense	0	0	0
39 Financial expenses	0	0	0
41 IT Capital Expenditure	568 000	-568 000	0
SUBTOTAL Court	6 333 883	-3 780 850	2 553 034
61 Payments from Social Security Schemes	226 491	-226 491	0
SUBTOTAL PSSS	226 491	-226 491	0
TOTAL Court + PSSS	6 560 374	-4 007 340	2 553 034

2.1. Chapter 31: Salaries

The salaries have been budgeted based on the following assumptions regarding the table of posts:

Number of staff (FTE)

Period	Salary	PAP 1	PAP 2	PAP 3	PAP 4	PAP 5	PAP 6	PAP 7	PAP 8
President Court of Appeal	12 600					1,0	1,0	1,0	1,0
Court of Appeal - Judges	12 000					1,0	1,0	1,0	1,0
President Court of First Instance	11 550					1,0	1,0	1,0	1,0
Court of First Instance - Judges	11 000					3,0	3,0	3,0	3,0
Registrar	12 000						1,0	1,0	1,0
Deputy Registrar	11 000						1,0	1,0	1,0
Total judges and registrars		0,0	0,0	0,0	0,0	6,0	8,0	8,0	8,0
Director Arbitration Centre	7 200								
Director Training Centre	7 200								1,0
Secretary Arbitration Centre	4 000								
Secretary Training Centre	4 000								
IT engineers	4 000								
Case managers	4 000								
Clerks	3 500								
Secretaries	3 200								
Accountants	3 000								
Total no. of staff (FTE)		0,0	0,0	0,0	0,0	6,0	8,0	8,0	9,0

First recruitments are planned in period 5 of the PAP.

Applying the salary grid (see Annex 2) leads to the following expenditure for salaries:

Gross salaries and allowances per Job type

Period	PAP 1	PAP 2	PAP 3	PAP 4	PAP 5	PAP 6	PAP 7	PAP 8
President Court of Appeal					€ 27 586	€ 22 586	€ 22 586	€ 22 586
Court of Appeal - Judges					€ 26 340	€ 21 340	€ 21 340	€ 21 340
President Court of First Instance					€ 25 406	€ 20 406	€ 20 406	€ 20 406
Court of First Instance - Judges					€ 72 791	€ 57 791	€ 57 791	€ 57 791
Registrar						€ 26 340	€ 21 340	€ 21 340
Deputy Registrar						€ 24 264	€ 19 264	€ 19 264
Total judges and registrars					€ 152 123	€ 172 727	€ 162 727	€ 162 727
Director Arbitration Centre								
Director Training Centre								€ 16 381
Secretary Arbitration Centre								
Secretary Training Centre								
IT engineers								
Case managers								
Clerks								
Secretaries								
Accountants								
Total salaries: EUR 667 000					€ 152 123	€ 172 727	€ 162 727	€ 179 109

2.1.1. Judges and Registrars

It is forecasted to appoint **in the range of 32 and 42** legally qualified judges (LQJ) along with **50** technically qualified judges (TQJ). There will be a reserve list of **45** LQJ.

Only judges from member states having ratified the UPC Agreement can be formally appointed, so these numbers may vary slightly depending on further ratifications during PAP. To limit the costs for the UPC, only a limited number of 7 judges – forming the UPC’s Presidium (see Art. 15(1) UPC Statute, namely the President of the CoA, the President of the CFI, 2 LQJ of the CoA and 3 LQJ of the CFI – will be selected in the fourth month of the PAP and appointed with effect as of the fifth month of the PAP. All other judges will also be selected at the same time, but they will only be paid a salary with the official start of the UPC, when the UPC Agreement enters into force.

The six FTE judges (seven heads) included in the present budget for the PAP constitute the minimum number of judges necessary to establish the Presidium which must carry out a series of important tasks during the PAP, in order to finalize the preparations for the start of the UPC, in accordance with Article 15(3)(a) to (f) of the UPC Statute.

The registrar – who will be a (non-voting) member of the Presidium – and the deputy registrar will be appointed by the Presidium, also around the fifth month of the PAP.

Monthly gross salaries (agreed in the Preparatory Committee at its 14th meeting on 24.2.2016, see PC/12/Feb2016) are set out in Annex 2:

Removal allowance

This is an allowance payable to reimburse removal expenses from the place of origin to Luxembourg and Paris (seats of Court of Appeal and Court of First Instance), with a ceiling of EUR 5000, when taking up employment for expatriates. It is assumed that only a limited number of judges and possibly the registrar and/or deputy-registrar will claim this allowance.

2.1.2. Salaries and allowances for support staff, IT engineers and accountants

No recruitment of support staff is planned during the PAP with the exception of the director of the training centre in the eighth month of the PAP.

2.2. Chapter 32: Pension and social security contributions

Contributions to the Pension and Social Security Scheme (PSSS) are budgeted at EUR 137k under the current preliminary assumptions.

The contribution rates have been applied as follows:

Scheme	Staff %	Employer %
Pension	10,80%	16,20%
Health	4,00%	6,00%
Invalidity/Death	0,20%	0,40%
Long-term care	0,60%	1,20%

All contributions are calculated on the gross salary.

For accrual accounting purposes no current service costs were available pending an actuarial evaluation. This item is reflected pro memoria (p.m.) and needs to be replaced with actual values.

All contributions made (staff and employer) should strictly be used to cover the PSSS needs (no transfer of funds to operating business). [Still to be agreed by FI WG: It is foreseen that the UPC will establish a separate bank account reserved for payments to and from the Social Security and Pension Schemes of the UPC, see Article 18(1) Financial Rules in PAP.]

2.2.1. UPC contributions to social systems and possible increase in cost of PAP healthcare

The social charges (contributions to the UPC pension system and contributions to the UPC health system) have been estimated based on the report of the ISRP.

The requirements of the health system form Annex I of the Service Regulations and Annex III of the Staff Regulations of the UPC, and a call for tenders for this health system shall be cast in cooperation with the ISRP. This covers the cost of social insurance against sickness, accidents and occupational disease. The UPC will procure this coverage through a call for tender followed by a contract. The procedure will be launched with the start of the PAP and the contract should be signed within 6 months. The following assumptions are used in the present budget:

- Employer contribution to the health system is estimated at 6.00% of gross salary.
- Staff contribution is estimated at 4.00%.

The requirements of the pension plan form Annex II of the Service Regulations and Annex IV of the Staff Regulations. The following scenario has been used for the present evaluation:

- Judges do not have a career progression.
- Accrual rate is 2% of gross salary.
- Vesting period is seven years.

The contribution rates to the pension plan are:

- Staff contribution: 10.80% of gross salary.
- UPC contribution: 16.20% of gross salary.

2.3. Chapter 33: General operating expenditure

General operating expenditure is budgeted at EUR 1 673k and relates to the following items:

33	General operating expenses		
331	IT Operating Expenditure, databases and eLibrary		€ 406 077
3310 100	IT Operating Expenditure		€ 326 077
3310 200	eLibrary and databases		€ 80 000
332	Meetings of the Committees		€ 15 855
3320 100	Meetings of the Committees		€ 14 175
3320 200	Meetings of the Presidium		€ 1 680
333	Translation, publication & communication costs		€ 223 500
3330 100	Translation costs		€ 100 000
3330 110	Publication costs		€ 73 500
3330 120	Representation costs		€ 50 000
334	Training centre		€ 481 986
3340 130	Set-up costs		€ 481 986
336	Duty travel		€ 237 276
3360 100	Duty travel		€ 237 276
337	Consultancy and audit		€ 179 500
3370 100	Consultancy		€ 114 500
3370 200	Audit		€ 65 000
338	Opt-out fee reimbursement		€ 100 000
3380 100	Opt-out fee reimbursement		€ 100 000
339	Others		€ 37 500
3390 100	Outfitting of judges		€ 12 500
3390 200	Insurances		€ 25 000
Total			€ 1 681 694

2.3.1. IT operating expenditure, databases and eLibrary

Information technology

As of the start of PAP, operational expenses for the IT system are paid for by the UPC budget for the PAP. They cover implementation of the technological tools required for operation of the UPC (e.g. CMS, website, HR module, financial module, etc.) including the necessary technical support and security. For IT operating expenditure, almost half of the amount (EUR 158k) is planned to be spent on items related to CMS, while around EUR 65k are foreseen for hosting of the cloud platform and around EUR 60k for IT consulting and IT security.

eLibrary

Judges and other staff of the UPC will need access to a library including the most relevant literature concerning patent law, civil law, and civil litigation, as well as related technical literature. Due to the geographical allocation of the divisions of the UPC Court of First Instance to several different locations it is foreseen to establish an electronic library (eLibrary) which can be easily accessed online from all sites of the UPC.

It should be noted that most divisions of the UPC Court of First Instance will be located at national courts which have their own, usually well-equipped, library. Therefore, it seems preferable that the UPC invest mainly in an e-library which should include – next to an online database service – only the most important books, commentaries and journals, while ensuring that the judges of the divisions of the Court of First Instance and the Court of Appeal have access to the library of the national courts and other libraries where they are located. This approach would ensure the required accessibility for the judges to the most important literature, while at the same time minimizing costs.

The Academy of the EPO would be ready to provide the fundamental patent and patent litigation related literature for free as a “welcome/starter” package to every appointed legally qualified judge (i.e. for about 42 judges for an overall value of approximately EUR 131k).

The costs for an eLibrary through on-line database services is estimated at EUR 210k for the first year and EUR 180k for any following year. As the necessary contracts will be negotiated during the PAP and implementation will only start in the last phase of the PAP, only a part of the costs for an eLibrary are included in the budget for the PAP.

2.3.2. Meetings of Administrative and Budget Committee

Each committee would meet four times during the PAP. Member states should cover the expenses of their delegates at the two inaugural meetings of the Administrative Committee and the Budget Committee. For the six other meetings, the budget for the PAP covers the costs of delegations: travel (roundtrip lump sum estimated at EUR 500), Daily Subsistence Allowance (DSA) EUR 257/day covering personal expenses (lodging, meals, local transport). The calculations foresee participation of one delegate per member state and are based on the assumption that the meeting duration will be two days on average.

Meetings of the Advisory Committee

The budget for travel and accommodation of Advisory Committee members includes expenditure relating both to the inaugural meeting and to the other meetings of the Advisory Committee, as well as to the travel required during the two weeks when interviews will take place and to the meetings required to deliberate and finalise the list of candidates to be submitted to the Administrative Committee. No remuneration will be offered to Advisory Committee members from the UPC's budget, but the DSA is increased from EUR 257 to EUR 350.

Travel and accommodation expenditure related to training for judges is budgeted under the training centre.

Costs relating to meetings of the Presidium

Following the appointment of the judges required to compose the Presidium (see Article 15(1) UPC Statute), the Presidium should meet to carry out a large number of tasks indispensable for the orderly start of the UPC. Travel costs and DSA are provided for four meetings.

2.3.3. Translation, publication and communication costs

The two Presidents of the UPC, the registrar and deputy registrar, as well as the chairpersons of the governing committees of the UPC should have some funds to attend conferences and host meetings, i.a. with users and professional associations, at national and European level, and including catering expenditure.

Interpretation and translation costs

All UPC documents should be available in English, German and French. The UPC's Rules of Procedure are being translated with the help of delegations. Some documents are being translated by the EPO. Remaining documents (i.a. the Rules governing the Registry, the Service Regulations, the Staff regulations, etc.) and other documents will need to be available in all three languages. If all versions are not ready for adoption by the Administrative Committee, the English version only will be adopted. The translation of the other versions ought to be finalised and reviewed quickly afterwards and adopted at a subsequent meeting of the Administrative Committee during the PAP. Later on in the PAP, other documents (e.g. adopted by the Presidium) may need to be translated.

Communication

Communication from the UPC to the judicial community, lawyers, enterprises, patent holders and the press will be particularly important during the PAP. This line covers expenditure on internal and external communication.

2.3.4. Training centre

Training centre

Operating costs of the training centre will be borne by Hungary during the PAP. The director of the training centre will be recruited around month eight of the PAP and will be paid by UPC.

Expenditure for the training centre represents the training costs for 92 appointed judges (including travel cost and daily allowance) for several training sessions to be offered before entry into force of the UPC Agreement.

The training plan as drawn up by the Working Group on Human Resources and Training is currently forecasting:

- for 50 TQJ:
 - o Basic judge-craft training
- for the registrar, deputy registrar and director of the training centre:
 - o Training on UPC internal rules and practice
 - o CMS training
- for 42 LQJ and 50 TQJ:
 - o Training on the UPC's Rules of procedure
 - o Advanced judge-craft training
 - o Mock trial
 - o CMS training

Mediation and Arbitration Centre

The Patent Mediation and Arbitration Centre will not operate during the PAP.

2.3.5. Duty travel

Duty travel costs comprise travel cost and daily allowances for meetings of the different committees and the Presidium.

2.3.6. Consultancy and Audit

ISRP

The ISRP carried out a study to help set up the Service Regulations and Staff Regulations during the period prior to the start of the PAP. The costs of services rendered since February 2016 (i.e. establishing a Pension and a Medical and Social Security Plan for the UPC; assistance to tendering for Medical and Social Security services) amount to EUR 70k and EUR 12k. In addition, the costs relating to missions amount to EUR 9 768. The total cost of ISRP services prior to the start of the PAP thus amount to EUR 91 768. France reimbursed the ISRP EUR 74 554 in spring 2021. This amount is considered as an advanced contribution from France. The remaining EUR 17 214 will be invoiced by the ISRP at the beginning of the PAP and must then be reimbursed to the ISRP by the UPC.

The ISRP will also provide payroll and pension services for the personnel recruited by the UPC. The membership fee is EUR 6 316,55 (may be revised according to the number of staff), cost for payroll is estimated at EUR 19k for the first year (pro rata temporis for the PAP). Cost for payroll for pension is EUR 400 annual fee per capita. This will only be payable once the pension starts being paid. The annual cost per file is adjusted according to the same formula as for the payroll for active staff members.

Other possible costs may cover assistance from the ISRP on the funding and on the administration of the pension fund (decision needs to be taken) and temporary health care services for the first months of operations before the Medical and Social Plan is officially in force.

Audit of accounts

Article 32 of the UPC Statute provides that the annual financial statements of the UPC shall be examined by independent auditors. The budget line covers a provision for remuneration of the Board of Auditors and any third parties they legitimately engage to audit the UPC.

Consultancy and other expenses

This line includes a provision for any consultancy services and other expenses the UPC may need during PAP. The provision may also be used for insurance coverage.

2.3.7. Opt-out fee reimbursement

These costs represent the fee payable to Netservice for each opt-out lodged during the last three months of the PAP (the so-called “sunrise period”) (EUR 2 per opt-out, for an estimated 50 000 opt-outs).

2.3.8. Others

Judges’ gowns

Subject to approval by the Presidium, 50 gowns (of different sizes) would be ordered which would be at the disposal of part-time LQJ, TQJ and clerks appearing in public at interim conferences and oral hearings. The gowns would be kept in the various locations of the UPC (seat of CoA and local, regional and central divisions of CFI). Full-time judges are expected to buy their own gowns, following the design laid down by the Presidium

2.4. Chapter 35: Repayments on advances

The budget for the PAP reflects a repayment of EUR 2 942k linked to asset-related advances received before the start of the PAP and EUR 339k for advanced expenses adding up to EUR 3 281k.

Repayments on advance contributions

BE	€	224 000
DE	€	713 112
FR	€	534 857
IT	€	230 000
LU	€	586 358
NL	€	180 000
SE	€	38 312
UK	€	435 593
Total	€	2 942 232

Repayments made on advance expenses

FR	€	74 554
LU	€	56 703
SE	€	98 180
UK	€	109 020
Total	€	338 457

Reimbursement of advance expenses

Advance expenses cover the hiring in 2015 of a consultant by the Chairperson of the UPC Preparatory Committee. The job specification called for a business adviser for the Chair and Vice-Chair of the UPC Preparatory Committee, to advise on the organizational aspects of creating the UPC. The overall purpose was to advise the Chair and Vice-Chair of the Preparatory Committee, to create corporate functions of the UPC, working closely with Paris and Luxembourg, and to provide advice on the practical implementation of the operating model. The consultant was selected for the task and signed a contract on 8 October 2015, that was terminated in September 2016 (for further details see Annex 4 on Advanced contributions).

Also included as preliminary expenses are the amount of EUR 74 554 paid by France for services rendered by the ISRP in the years 2016 and 2017 (see above 2.3.6).

The UK's advances will be dealt with in a separate decision.

2.5. Chapter 41: IT Capital Expenditure

The budget reflects IT Capital Expenditure of EUR 568k relating to the following items:

CMS	€	238 000
Corporate Web site	€	60 000
Central Mail & Document Sharing	€	60 000
Other	€	20 000
Integrated Video Conferencing	€	50 000
Corporate Functions modules	€	140 000
Total	€	568 000

Especially for Corporate Functions modules (Finance and HR Module) an assessment is to be made if the expenditure fulfils the capitalization requirement for IPSAS. Otherwise, a transfer to operating expenditure is needed.

2.5.1. Pre-financed Assets

The UPC's IT assets have been pre-financed by certain member states (BE, DE, FR, IT, LU, NL, SE, and UK – see Annex 4 on Advanced contributions). The assets set up before the PAP will be depreciated over a period of five years, starting with the first accounting period. The assets will be transferred to the UPC at the beginning of the PAP, and member states' contribution will be used to reimburse those member states having pre-financed the IT assets. The IT set-up expenses are estimated to reach a level of EUR 2 942 232 at the end of 2021.

2.5.2. Additional IT investments

Additional IT investments cover all investments made on the IT system as of the start of the PAP. Expenditure relates to change proposals and additional set-up, in particular in view of new requirements for the CMS (search functionalities, GDPR, closure of files, referral back to Court of First Instance, User Acceptance tests, etc), the website (search of cases, reshuffling, add of information (committees, etc)), Human Resources Module (new potential version), video-conference etc. Uncertainties remain for some deliverables due to new requirements and the gap period from 2017 to 2021 (leading to changes in solutions and daily rates). A prudent approach is followed here.

2.5.3. Office equipment

The cost of office equipment in the Court of First Instance's local, regional and central divisions as well as in the Court of Appeal is borne by the member states hosting the corresponding instance of the UPC. During PAP, the cost of the training centre will be supported by Hungary. The Mediation and Arbitration Centres will be set up once the UPC Agreement enters into force.

2.6. Chapter 61: PSSS Expenditure

The budget reflects PSSS Expenditure which is for planning purposes considered equivalent to the Contributions of the Court and the Staff (assumption that expenditure is equivalent to income).

3. Income

Plan Statement of the Estimated Income

Period of Provisional Application of the Agreement

in EUR

	Cash in EUR	Transition to Accrual in EUR	Accrual in EUR
51 Revenue from court fees	0	0	0
52 Contributions by participating Member States	6 201 510	-2 942 232	3 259 278
53 Other operating income	132 373	-132 373	0
54 Work performed and capitalised	0	0	0
55 Financial income	0	0	0
SUBTOTAL Court	6 333 883	-3 074 605	3 259 278
71 Income Social Security Schemes	226 491	-226 491	0
SUBTOTAL PSSS	226 491	-226 491	0
TOTAL Court + PSSS	6 560 374	-3 301 096	3 259 278

3.1. Court fees

No court fees are expected during PAP.

3.2. Chapter 52: Initial financial contributions by participating member states

Reflecting the budgetary needs for the PAP, initial financial contributions (covering the UPC's assets and operating expenditure) need to be made by the member states (EUR 6 202k):

- Initial contributions to cover capital expenditure in the PAP of EUR 568k.
- Initial contributions to cover the operating expenditure in the PAP of EUR 5 634k.
 - o EUR 3 202k related to advance contributions made before the PAP (see chapter 35: Repayments on advances).
 - o EUR 2 353k to cover the operating expenditure planned during the PAP.

A detailed overview of the amounts and the distribution is included as Annex 3.

3.3. Chapter 53: Other operating income

Other operating income consists exclusively of the internal tax (EUR 132k) received from personnel recruited during the PAP.

3.3.1. Internal tax

The internal tax, paid by the UPC personnel, should be incorporated as annexes to the Service Regulations and to the Staff Regulations. The definition of this internal tax is proposed below. Internal tax is deducted from the gross salaries and recorded as an income of the UPC.

The taxable amount is 90% of the gross salary after deduction of staff contributions to social security schemes.

3.4. Chapter 71: PSSS Income

The budget reflects PSSS Income which is equivalent to the Contributions of the Court and the Staff.

	in EUR
Pension scheme	155 209
Healthcare scheme	57 485
Long-term care scheme	10 347
Invalidity/death scheme	3 449
Unemployment scheme	-

In order to ringfence the pension and social security schemes (PSSS), a separate budget is provided for. All transactions affecting the PSSS (incoming payments: monthly contributions received by the UPC and staff to the schemes, and outgoing payments: insurance benefits paid by the schemes for its members) should be transferred on a monthly basis (based on the payroll) to the separate PSSS budget.

4. Accrual View (IPSAS)

The basis for determining the financial needs of the UPC is the expenditure covering the operational costs and investment needs (chapter 3 of the PAP budget). This directly impacts the contributions needed from the member states (chapter 4 of the PAP budget) to cover the expenditure, especially as during the PAP phase no court fee income is collected. This view focusses on the explanations of requesting contributions, and the establishment of the authority for expenditure of resources. However, the view does not consider long-term obligations.

Therefore, the accrual financial statements of the UPC will be essential to provide information relevant to assess the long-term sustainability of the UPC. According to the Financial Regulations of the UPC, the International Public Sector Accounting Standards (IPSAS) are the general accepted accounting principles referred to in article 26, paragraph 1 and article 33, paragraph 2 (d) of the Statute.

IPSAS is used to assess accountability through an evaluation of the UPC's financial performance and position aiming to aid decision making and enforcement of accountability.

The plan statement of financial performance (5.1.) and plan statement of financial position (5.2.) are covered in chapter 5 of the PAP budget for illustrative purpose only. Further significant work from the UPC will be needed to implement IPSAS. In particular, information about the Defined Benefit Obligation projections is pending and impairments of assets for IT investments made prior to the PAP period will have to be assessed.

Depreciation of non-financial assets

Depreciation will start with the entry into force of the UPC Agreement, at the start of the first accounting period.

4.1. Financial performance

Information about the financial performance of the UPC will allow the evaluation on whether the entity has acquired sufficient resources and used them efficiently. Information about the costs of service delivery and the amounts and sources of cost recovery during the reporting period will help to determine whether operating costs were recovered from contributions from member states and court fee income (after PAP only) or if those were financed by increasing the level of indebtedness of the UPC.

Statement of Financial Performance

Period of Provisional Application of the Agreement

in EUR

		PAP
		in EUR
5	Revenue	
51	Revenue from court fees	0
52	Contributions by participating Member States	3 259 278
53	Other operating income	0
54	Work performed and capitalised	0
55	Financial income	0
	Total revenue	3 259 278
3	Expenses	
31+32	Employee benefits	532 883
33	General operating expenses	1 681 694
34	Working Capital Fund	0
35	Repayments to MS	338 457
36	Legal aid and reimbursement to third parties	0
37	Other general operating expenses	0
38	Depreciation and amortization expense	0
39	Financial expenses	0
	Total expenses	2 553 034
	Net surplus/(deficit) for the period	706 245

+ p.m. for current service costs

based on IPSAS1

4.2. Financial position

Statement of Financial Position

Period of Provisional Application of the Agreement

in EUR

	entry into force in EUR	end of PAP in EUR
1 Assets		
11 Non-current assets		
111 Property, plant and equipment	0	0
112 Intangible assets	2 942 232	3 510 232
113 Receivables	0	0
114 Other non-current assets (financial and non-financial)	0	155 209
Total non-current assets	2 942 232	3 665 441
12 Current assets		
121 Cash and cash equivalents	0	0
122 Working Capital Fund	0	0
123 Receivables	0	0
124 Inventories	0	0
125 Prepayments	0	0
126 Other current assets (financial and non-financial)	0	0
Total current assets	0	0
Total assets	2 942 232	3 665 441
2 Liabilities and equity		
21 Non-current liabilities		
211 Liability towards Member States and others States	3 280 689	0
212 Defined Benefit Obligations	0	p.m.
213 Long-term borrowings	0	0
214 Long-term provisions	0	0
215 Prepaid Fees (Non-current)	0	0
216 Other non-current liabilities	0	0
Total non-current liabilities	3 280 689	0
22 Current liabilities		
221 Payables	0	0
222 Short-term borrowings	0	0
223 Current portion of long-term borrowings	0	0
224 Short-term provisions	0	0
225 Current liabilities from employee benefits	0	0
226 Prepaid Fees (current)	0	0
227 Other current liabilities	0	0
Total current liabilities	0	0
Total liabilities	3 280 689	0
23 Net Assets / Equity Attributable to the Member States		
231 Capital contributed by the Member States	0	3 297 654
232 Other reserves	-338 457	-338 457
233 Accumulated surplus/(deficit)	0	706 245
Total net assets/equity	-338 457	3 665 441

Actuarial report needed

based on IPSAS1

Information about the financial position of the UPC will enable to identify the resources of the entity and claims to those resources at the reporting date. This will provide information useful as input to assessments of such matters as:

- the extent to which management has performed its responsibilities for safekeeping and managing the resources of the entity;
- the extent to which resources are available to support future activities, and changes during the reporting period in the amount and composition of those resources and claims to those resources; and
- the amounts and timing of future cash flows necessary to service and repay existing claims to the entity's resources.

For planning purposes, the acquisition of asset-related assets is assumed to take place for the opening balance. This acquisition could take place during PAP. The impairments of assets have to be assessed. The closing balance at end of PAP does not cover data such as Defined Benefit Obligations (DBO) and is only presented for illustrative purposes only.

Annex 1 – Contribution key

Member State	Contribution key (PC/02/041114)	Ratification Yes=1,No=0	Contribution key for accessing states
AT	2,66	1	3,22
BE	3,39	1	4,10
BG	0,14	1	0,17
CY	0,24	0	0,00
CZ	0,50	0	0,00
DE	38,77	1	46,86
DK	1,62	1	1,96
EE	0,11	1	0,13
FI	1,07	1	1,29
FR	17,02	1	20,57
GR	0,85	0	0,00
HU	0,60	0	0,00
IE	1,18	0	0,00
IT	6,44	1	7,78
LT	0,10	1	0,12
LU	0,63	1	0,76
LV	0,04	1	0,05
MT	0,01	1	0,01
NL	6,66	1	8,05
PL	1,05	0	0,00
PT	1,04	1	1,26
RO	0,38	0	0,00
SE	2,83	1	3,42
SI	0,20	1	0,24
SK	0,26	0	0,00
UK	12,12	0	0,00
	99,91	82,73	100,00

Annex 2 – Salary related information

Overview of salary grid per job type:

	President C.A.	C.A. Judge	President CFI	C.F.I. Judge	Registrar	Dep. Registrar	Head Arb. C.	Head Train. C.
Salaries agreed in PrepCom (net)	€ 12 600	€ 12 000	€ 11 550	€ 11 000	€ 12 000	€ 11 000	€ 7 200	€ 7 200
Gross salaries	€ 20 971	€ 19 777	€ 18 881	€ 17 785	€ 19 777	€ 17 785	€ 10 226	€ 10 226
Staff contr. Pensions	€ 2 265	€ 2 136	€ 2 039	€ 1 921	€ 2 136	€ 1 921	€ 1 104	€ 1 104
Staff contr. Health	€ 839	€ 791	€ 755	€ 711	€ 791	€ 711	€ 409	€ 409
Staff contr. Invalidity/Death	€ 42	€ 40	€ 38	€ 36	€ 40	€ 36	€ 20	€ 20
Staff contr. Longterm care	€ 126	€ 119	€ 113	€ 107	€ 119	€ 107	€ 61	€ 61
Staff contr. Unemployment	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Internal tax	€ 5 100	€ 4 691	€ 4 385	€ 4 011	€ 4 691	€ 4 011	€ 1 431	€ 1 431
<i>Verification of net salaries</i>	€ 12 600	€ 12 000	€ 11 550	€ 11 000	€ 12 000	€ 11 000	€ 7 200	€ 7 200
Child allowance	€ 444	€ 444	€ 444	€ 444	€ 444	€ 444	€ 444	€ 444
Education allowance	€ 26	€ 26	€ 26	€ 26	€ 26	€ 26	€ 26	€ 26
Expatriation allowance	€ 1 260	€ 1 200	€ 1 155	€ 1 100	€ 1 200	€ 1 100	€ 720	€ 720
Removal allowance	€ 5 000	€ 5 000	€ 5 000	€ 5 000	€ 5 000	€ 5 000	€ 5 000	€ 5 000
Household allowance	€ 252	€ 240	€ 231	€ 220	€ 240	€ 220	€ 144	€ 144

	Secr. Arb. Ctr.	Secr. Train. Ctr.	IT engineers	Case manager	Clerks	Secretaries	Accountants
Salaries agreed in PrepCom (net)	€ 4 000	€ 4 000	€ 4 000	€ 4 000	€ 3 500	€ 3 200	€ 3 000
Gross salaries	€ 5 184	€ 5 184	€ 5 184	€ 5 184	€ 4 500	€ 4 100	€ 3 836
Staff contr. Pensions	€ 560	€ 560	€ 560	€ 560	€ 486	€ 443	€ 414
Staff contr. Health	€ 207	€ 207	€ 207	€ 207	€ 180	€ 164	€ 153
Staff contr. Invalidity/Death	€ 10	€ 10	€ 10	€ 10	€ 9	€ 8	€ 8
Staff contr. Longterm care	€ 31	€ 31	€ 31	€ 31	€ 27	€ 25	€ 23
Staff contr. Unemployment	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Internal tax	€ 375	€ 375	€ 375	€ 375	€ 298	€ 260	€ 238
<i>Verification of net salaries</i>	€ 4 000	€ 4 000	€ 4 000	€ 4 000	€ 3 500	€ 3 200	€ 3 000
Child allowance	€ 444	€ 444	€ 444	€ 444	€ 444	€ 444	€ 444
Education allowance	€ 26	€ 26	€ 26	€ 26	€ 26	€ 26	€ 26
Expatriation allowance	€ 400	€ 400	€ 400	€ 400	€ 350	€ 320	€ 300
Removal allowance	€ 5 000	€ 5 000	€ 5 000	€ 5 000	€ 5 000	€ 5 000	€ 5 000
Household allowance	€ 80	€ 80	€ 80	€ 80	€ 70	€ 64	€ 60

Overview of allowances and related assumptions:

Allowance	Amount	Applicable to	Assumption
Child allowance (per child)	€ 296	all staff	1,5 children/staff member
Education allowance (per child)	€ 255	expatriate staff only post-secondary education	10% of staff are entitled
Expatriation allowance	10% of net salary	expatriate staff only	75% of staff are expatriates
Removal allowance	€ 5 000	expatriate staff only one-off	75% of staff are expatriates
Household allowance	2% of net salary + 50% of child allowance (€ 148)	expatriate staff only	50% of staff are entitled

Overview of tax amounts (EU internal tax valid as of 01-07-2021):

monthly	from	to	%
Tax 1	€ 124	€ 2 192	8,0%
Tax 2	€ 2 192	€ 3 019	10,0%
Tax 3	€ 3 019	€ 3 460	12,5%
Tax 4	€ 3 460	€ 3 929	15,0%
Tax 5	€ 3 929	€ 4 370	17,5%
Tax 6	€ 4 370	€ 4 797	20,0%
Tax 7	€ 4 797	€ 5 239	22,5%
Tax 8	€ 5 239	€ 5 666	25,0%
Tax 9	€ 5 666	€ 6 107	27,5%
Tax 10	€ 6 107	€ 6 534	30,0%
Tax 11	€ 6 534	€ 6 976	32,5%
Tax 12	€ 6 976	€ 7 403	35,0%
Tax 13	€ 7 403	€ 7 844	40,0%
Tax 14	€ 7 844	€ -	45,0%

Annex 3 – Initial contributions from member states

Member State	Contribution key (PC/02/041114)	Ratification Yes=1,No=0	Contribution key for accessing states	Initial contributions
AT	2,66	1	3,22	€ 199 395,83
BE	3,39	1	4,10	€ 254 117,25
BG	0,14	1	0,17	€ 10 494,52
CY	0,24	0	0,00	€ -
CZ	0,50	0	0,00	€ -
DE	38,77	1	46,86	€ 2 906 231,75
DK	1,62	1	1,96	€ 121 436,56
EE	0,11	1	0,13	€ 8 245,69
FI	1,07	1	1,29	€ 80 208,10
FR	17,02	1	20,57	€ 1 275 833,49
GR	0,85	0	0,00	€ -
HU	0,60	0	0,00	€ -
IE	1,18	0	0,00	€ -
IT	6,44	1	7,78	€ 482 747,81
LT	0,10	1	0,12	€ 7 496,08
LU	0,63	1	0,76	€ 47 225,33
LV	0,04	1	0,05	€ 2 998,43
MT	0,01	1	0,01	€ 749,61
NL	6,66	1	8,05	€ 499 239,19
PL	1,05	0	0,00	€ -
PT	1,04	1	1,26	€ 77 959,27
RO	0,38	0	0,00	€ -
SE	2,83	1	3,42	€ 212 139,18
SI	0,20	1	0,24	€ 14 992,17
SK	0,26	0	0,00	€ -
UK	12,12	0	0,00	€ -
	99,91	82,73	100,00	€ 6 201 510,25

Annex 4 – Member States’ advances

This Annex takes stock of advances to the UPC by member states **up to 31.12.2021**. These advances are recorded in the accounts of the UPC (see above points 2.3.6 and 2.4). The corresponding amounts are included in the calls for contributions from member states participating in the PAP. Once the UPC will have received sufficient cash, the UPC will reimburse to the member states concerned their advances at the end of the PAP. Advances by the UK will be dealt with in a separate decision.

1. Advances by member states up to 31.12.2021 have consisted of
 - preliminary expenses
 - advances to the UPC’s assets (IT set-up expenses)

Reimbursement of member states’ preliminary expenses

2. An amount of EUR 338 457 is included in the draft UPC budget for the PAP. This amount is composed of
 - EUR 263 903 (contract Chr. Ackermann) and
 - EUR 74 554 (expert advice ISRP).
3. The following amounts will be reimbursed to FR, LU and SE at the end of the PAP, provided the UPC will have received the necessary cash:
 - EUR 98 180 (Sweden);
 - EUR 56 703 (Luxemburg);
 - EUR 74 554 (France)

The remaining amount of EUR 109 020 (£92 524,80 at 1.17828 €/£) is dealt with in §6 below.

Reimbursement of Member States’ advances to the UPC’s assets:

4. An amount of EUR 2 945 002 is included in the UPC budget for the PAP as IT set-up expenses.
5. The following amounts will be reimbursed to BE, DE, FR, IT, LU, NL and SE at the end of the PAP, provided the UPC will have received the necessary cash:
 - EUR 713 112 to Germany [543 981 + 169 131];
 - EUR 534 857 to France;
 - EUR 180 000 to the Netherlands;
 - EUR 224 000 to Belgium;
 - EUR 230 000 to Italy;
 - EUR 586 358 to Luxemburg [128 928 + 457 430];
 - EUR 41 081 to Sweden [38 312 + 2769].

The remaining amount of EUR 435 593 (£369 688 at 1.17828 €/£) is dealt with in §6 below.

Separate decision on advances from the UK

6. The following advances from the UK have been included in the draft budget for the PAP:
 - EUR 109 020 (£92 424 at 1.17828 €/£) [contract with Chr Ackermann];
 - EUR 435 593 (£369 688 at 1.17828 €/£) [UPC’s IT assets].

The UK’s advances will be dealt with in a separate decision.

Additional information about advances

Two kinds of advances have been agreed by the Preparatory Committee before the start of the provisional application period, to contribute to the set-up of the UPC:

(a) Preliminary expenses

These relate to

- a consultant hired to assist the Chair and the Vice-Chair of the Preparatory Committee (from 8 October 2015 to 30 September 2016): EUR 263 903;
- the expert advice to the Preparatory Committee's Human Resources & Training Working Group, requested and obtained from the International Service for Remuneration and Pensions (ISR) on appropriate models i.a. for the UPC's Pension and Social Security Schemes, as well as Payroll set-up: EUR 75 554.

The total amount of EUR 338 457 has been included in the draft budget for the PAP. It is planned that this amount be reimbursed to the three member states concerned (FR: EUR 74 554, LU: EUR 56 703 and SE: EUR 98 180) at the end of the PAP, provided the UPC has received at that time sufficient financial contributions from member states. The UK's advances will be dealt with in a separate decision.

(b) Advances to the UPC's assets (IT set-up expenses)

The setup of the IT system (CMS, Web, tools for finance (SAGE system), HR module and cost related to infrastructure etc...) have been pre-financed by the following member states: BE, DE, FR, IT, LU, NL and SE as well as by the UK. Currently, LU is managing the set-up of the IT system. The ownership the IT system, along with ongoing contracts, will be transferred to the UPC at the start of the PAP. It will then constitute an asset of the UPC. To finance this asset, the UPC's Budget Committee will call for initial financial contributions from member states participating in the PAP. After having received these contributions, the UPC will reimburse the advances received from the seven member states. The capitalized assets will then be amortized.

An amount of EUR 2 942 232 is included in the UPC budget for the PAP as "IT set-up expenses". It is planned that the following amounts will be reimbursed to the seven member states concerned at the end of the PAP, provided the UPC has received at that time sufficient financial contributions from member states:

- EUR 713 112 to Germany [543 981 + 169 131];
- EUR 534 857 to France;
- EUR 180 000 to the Netherlands;
- EUR 224 000 to Belgium;
- EUR 230 000 to Italy;
- EUR 586 358 to Luxemburg [128 928 + 457 430];
- EUR 41 081 to Sweden [38 312 + 2769];

The UK's advances will be dealt with in a separate decision.