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EUROPEAN UNION SATELLITE CENTRE

2023 CLOSING BUDGET REPORT

27 MARCH 2024

European Union Satellite Centre
SatCen
2023 CLOSING BUDGET REPORT

CERTIFICATION BY THE ACCOUNTING OFFICER

The Closing Budget Report of the European Union Satellite Centre for the year 2023 has been prepared in accordance with Art 41 of the FR, approved and distributed at the 139th SatCen Board of 24 November 2022.

The SatCen uses an integrated budgetary and accounting system and is in the position to report in compliance with the International Public Sector Accounting Standards (IPSAS), in accordance with the new Financial Rules.

I certify the reliability of all the information necessary for the production of the accounts that show the SatCen's assets and liabilities and the budgetary execution.

I hereby certify that 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 SatCen.

All scanned and produced documents showed in the financial reports are those showed to The SatCen College of Auditors and are a true copy of the originals filed in archive of The SatCen Finance Unit.

All showed figures are fair and accurate and the financial transactions from which they proceed were made in accordance with The SatCen Financial Rules.

Torrejón de Ardoz, Madrid, 27 March 2024



SatCen Head of Finance

PART I. ACTIVITY REPORT

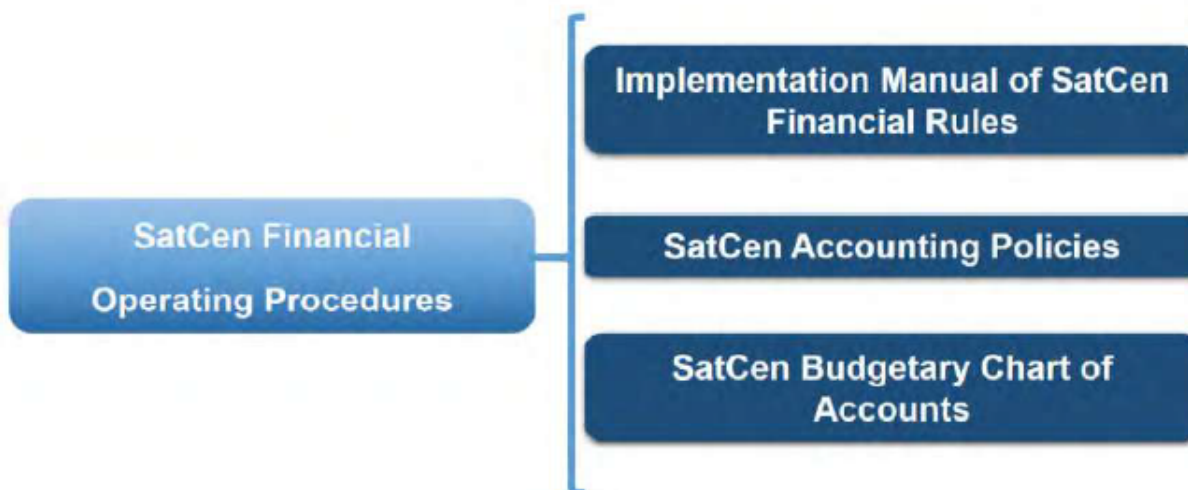
FOREWORD

The present Closing Budget Report is the result of the review of the Centre's 2023 Final Accounts.

The review of the SatCen 2023 Closing Accounts was conducted by two of the members of the College of Auditors (hereafter: CoA) at the SatCen's premises and one of them remotely, due to other professional commitments of this member. Thus, the audit was conducted in full compliance with the SatCen Financial Rules (hereafter: FR) Article 42.

Coherent with the approach promoted by the CoA, this report is produced in line with other agencies' practices and integrates information as per the International Public Sector Accounting Standards (IPSAS), giving a precise picture of the SatCen financial position.

The present document is composed in full compliance with the recently created IPSAS Financial Statements Manual, the last document complementing the SatCen Financial Operating Procedures, developed in 2019 and covering all accounting policies of the Centre in full compliance with Art. 14.8 of the FR, which defines that the Centre: "...shall establish rules and procedures in implementation of these Financial Regulations.":



The IPSAS Financial Statements Manual provide guidance on the construction and interpretation of the relevant reporting documents in full compliance with internationally accepted reporting methods (IPSAS). The Finance Unit further depurated the first draft of the guidelines during 2023.

After the recognition of the Auditors of IPSAS full compliance in 2020 and having gained the necessary experience, SatCen Finance presents this document in full compliance with the highest accounting standards, reflecting the professionalism and dedication of the SatCen financial team.

This reporting structure also allows obtaining a more accurate calculation of the surplus of indirect costs resulting from the fulfilment of the mandate set forth in Art 2.3 of the Council Decision (hereafter: CD) (Multiannual Budget).

It is important to note the complexity and diversity of regulations under which the financial activity of the Centre needs to be developed. The statutory regulations of the Centre (Council Decision, Financial Rules and Procedures) are not the only frameworks of compliance. The observance of increasing EU Commission Financial Regulations is a very demanding requirement, in not only the area of the financial management of the Multiannual Budget, but also for what respects to the Cost Recovery activity in terms of billing and reporting.

The 2023 SatCen Budget was developed in harmony with the 2023 Work Programme and the Baseline Augmented Development Plan and it was executed taking into consideration the relevant risk mitigation measures anticipated in the 2023 SatCen Budget document.

The ministerial level SatCen Board meeting of 29 August 2023, mandated the SatCen Director to prepare and present to the Board an updated and enhanced SatCen development plan calibrated to The SatCen's sustainability needs and growing demand and level of ambition expressed in the Strategic Compass. HR/VP counts on MS to play an active role in ensuring adequate resourcing for The SatCen's unique capability, which has proven its strategic importance.

The Financial activity in 2023 was directly affected by the increasingly complex security environment, which determined an increase in the volume of user demands as well as in the requirements related to the quality, complexity and speed of the delivery of The SatCen's analysis products. The terms of reference are reflected in the remarkable increase in The SatCen user demands in 2023, in particular from EEAS/SIAC, MS, third countries, such as Ukraine and Moldova, cost recovery for EU missions and operations (through the European Peace Facility) and for the UN, as well as the OPCW (through the Foreign Policy Instrument, hereafter FPI).

While the production has increased 10 times in the last 12 years (2010-2022), 2023 has exceeded expectations in terms of the growth of operational activity (37% higher than the operational output of 2022) and in terms of cost recovery, which reached a record level of over 10 million Euro.

Since the illegal Russian invasion of Ukraine on 24 February 2022, The SatCen's activity has been significantly impacted. It determined an increase in inflation, mainly due to the global energy disruptions, and the other effects of economic sanctions imposed against Russia. But it also imposed an increase of the overall operational tempo, with a relevant impact upon SatCen's budget execution and required an increase of satellite data funds. This financial effort was expected to be compensated by the recuperation of direct and indirect costs via Foreign Policy Instrument funding.

In 2023 the European Commission's decision to select the EU Agency for the Space Programme (EUSPA) as the future Space Surveillance and Tracking (hereafter; SST) Front Desk, implied the discontinuation of the SST activities.

An important challenge and concern for The SatCen in 2023, has been the finalization of the Copernicus and Frontex agreements between The EU SatCen and the EU Commission / Frontex.

The negotiations with the Commission for a new Copernicus SESA Contribution Agreement were successfully concluded in August 2023. After more than two years of intense negotiations. The SatCen's funding as well as synergies with the EU Commission were of key relevance.

Also, the reassurance of the continuity of the provision of services for border surveillance via a Service Level Agreement between Frontex and The SatCen taking effect retroactively until December 2022 and further, safeguarded the continuous inter-agency cooperation and service delivery under the Copernicus programme.

Funding for The SatCen support to UNSMIL and the OPCW in Syria was also granted in 2023.

Within SatCen's Administrative Arrangement with the European Peace Facility (hereafter; EPF), the budgetary envelope for cost recovery related to The SatCen's projected support to the EU operations and missions (e.g. EUMM Georgia, EU NAVFOR ATALANTA Rota, EU NAVFOR MED IRINI) continued during the year.

In line with the Baseline Augmented Development Plan adopted by the SatCen Board in 2021, the Budget 2023 included funding for the amount of 1,600,000 Euro from the Reserves of the Multiannual Budget, for the capital expenditure associate to the Development Plan. Due to the nature of this approval, which is not linked to the budgetary period, a dedicated CAPEX FUND was created for these purposes. This fund was completed through injections of funds in 2022 and 2023.

The SatCen Budget 2023 and Indicative Estimates 2024-2025 (Version 2) were approved in the 139th Board meeting on the 24th November 2022 (doc. 52-22).

The approved 2023 SatCen Budget provided for a total expenditure in the General Budget of 29,789,773.37 Euro. The total nominal increase in expenditure with respect to SatCen Budget 2022 was 1,823,403.84 Euro (6.52%). This increase, together with a nominal increase in income of 119,463.00 Euro (0.84%), resulted in a combined increase of MS funding of the General Budget to the amount of 1,703,940.83 Euro (12.42% with respect to SatCen General Budget 2022).

The combined variation of MS funding for both the General Budget and the Pensions Budget amounts to 1,886,248.45 Euro (12.41% increase with respect to 2022).

The approved 2023 Budget included the application of the recommended adjustment index for 2023 salaries in Spain and Belgium as well as MS pensions contributions provided by the CCR/OECD (+4.4% and +1.4% for allowances for Spain and +1.2% and -1.65% for allowances for Belgium).

The Surplus from the Multiannual Budget, once adjusted on accrual basis, will be considered as a "SatCen Reserve" and will not be returned to MS as it is prescribed for the Surplus from the General Budget. MS may decide at any moment the use of this Reserve. In line with a precautionary approach recommended by the College of Auditors in 2020 regarding the use of the Multiannual Budget Reserve, The SatCen Financial Manual reflects that "only amounts exceeding 1 million Euro shall be considered as available for use, based upon Member States' decision".

This is the case for the partial funding of the extension of The SatCen premises, as well as the provisions approved along with 2022 Budget (1 M Euro) and 2023 Budget (1,6 M Euro) to partially fund The Baseline Augmented CAPEX Fund.

This Closing Budget Report reflects the full compliance with the “Implementation Manual of SATCEN Financial Rules”, finalized and signed by the Director in 2020 and reviewed annually.

RESULT OF THE YEAR

2023 FINANCIAL HIGHLIGHTS

Summary of 2023 General Budget execution

	2023 APPROVED BUDGET	BUDGET EXECUTION			2023 SURPLUS	2022B BUDGET	2022B PAID	2022B SURPLUS	TOTAL 2023 BUDGETARY SURPLUS
		TRANSFERS	2023 PAID	2023 CCF					
OPERATIONAL BUDGET									
Expenditure	10.178.400,15	3.104.235,63	12.261.759,93	475.673,87	545.201,98	1.140.315,32	1.077.586,81	62.728,51	607.930,49
Income	(8.139.242,15)	(2.983.566,36)	(14.436.592,22)	963.629,56	2.350.154,15	6.569.697,40	6.573.876,92	(4.179,52)	2.345.974,63
Contributions	(2.039.158,00)	(120.669,27)	(2.159.827,27)	-	-	-	-	-	-
TOTAL OPERATIONAL BUDGET	-	-	(4.334.659,56)	1.439.303,43	2.895.356,13	7.710.012,72	7.651.463,73	58.548,99	2.953.905,12
ADMINISTRATIVE BUDGET									
Expenditure	22.960.979,43		22.273.814,90	209.629,26	477.535,27	199.209,08	104.397,45	94.811,63	572.346,90
Income	(9.579.283,03)		(10.225.784,63)	-	646.501,60	11.972,11	11.454,48	517,63	647.019,23
Contributions	(13.381.696,40)		(13.381.696,40)	-	-	-	-	-	-
TOTAL ADMINISTRATIVE BUDGET	-	-	(1.333.666,13)	209.629,26	1.124.036,87	211.181,19	115.851,93	95.329,26	1.219.366,13
TOTAL GENERAL BUDGET SURPLUS	-	-	(5.668.325,69)	1.648.932,69	4.019.393,00	7.921.193,91	7.767.315,66	153.878,25	4.173.271,25

A more detailed breakdown of this summary is depicted below:

	2023 APPROVED BUDGET	BUDGET EXECUTION			2023 SURPLUS	2022B BUDGET	2022B PAID	2022B SURPLUS	TOTAL 2023 BUDGETARY SURPLUS
		TRANSFERS	2023 PAID	2023 CCF					
OPERATIONAL BUDGET									
Expenditure	10.178.400,15	3.104.235,63	12.261.759,93	475.673,87	545.201,98	1.140.315,32	1.077.586,81	62.728,51	607.930,49
Mission Operating Costs	9.749.352,00	3.104.235,63	11.832.711,78	475.673,87	545.201,98	1.140.315,32	1.077.586,81	62.728,51	607.930,49
Contingency Fund	429.048,15		429.048,15	-	-	-	-	-	-
Income	(8.139.242,15)	(2.983.566,36)	(14.436.592,22)	963.629,56	2.350.154,15	6.569.697,40	6.573.876,92	(4.179,52)	2.345.974,63
Operational Income	(7.710.194,00)	(2.983.566,36)	(14.007.544,07)	963.629,56	2.350.154,15	6.569.697,40	6.573.876,92	(4.179,52)	2.345.974,63
Contingency Fund	(429.048,15)		(429.048,15)	-	-	-	-	-	-
Contributions	(2.039.158,00)	(120.669,27)	(2.159.827,27)	-	-	-	-	-	-
Contributions Operational	(2.039.158,00)	-	(2.039.158,00)	-	-	-	-	-	-
Earmarked Revenue	-	(120.669,27)	(120.669,27)	-	-	-	-	-	-
TOTAL OPERATIONAL BUDGET	-	-	(4.334.659,56)	1.439.303,43	2.895.356,13	7.710.012,72	7.651.463,73	58.548,99	2.953.905,12
ADMINISTRATIVE BUDGET									
Expenditure	22.960.979,43		22.273.814,90	209.629,26	477.535,27	199.209,08	104.397,45	94.811,63	572.346,90
Personnel Costs	19.821.587,73		18.538.415,00	35.973,79	1.247.198,94	21.023,80	11.787,64	9.236,16	1.256.435,10
General Operating Costs (*)	3.139.391,70		3.735.399,90	173.655,47	(769.663,67)	178.185,28	92.609,81	85.575,47	(684.088,20)
Income	(9.579.283,03)		(10.225.784,63)	-	646.501,60	11.972,11	11.454,48	517,63	647.019,23
Internal Tax	(3.558.162,36)		(3.426.277,05)	-	(131.885,31)	11.972,11	11.454,48	517,63	(131.367,68)
Other Receipts (*)	(6.021.120,67)		(6.799.507,58)	-	778.386,91	-	-	-	778.386,91
Contributions	(13.381.696,40)		(13.381.696,40)	-	-	-	-	-	-
Contributions Administrative	(13.381.696,40)		(13.381.696,40)	-	-	-	-	-	-
TOTAL ADMINISTRATIVE BUDGET	-	-	(1.333.666,13)	209.629,26	1.124.036,87	211.181,19	115.851,93	95.329,26	1.219.366,13
TOTAL GENERAL BUDGET SURPLUS	-	-	(5.668.325,69)	1.648.932,69	4.019.393,00	7.921.193,91	7.767.315,66	153.878,25	4.173.271,25

(*) Value of CAPEX Fund at 31/12/2023 (1.773.901,28€)

Summary of budgetary surplus for the period 2023.

The Closing Budget Report for the financial period 2023 of the European Union Satellite Centre (SatCen) is presented in the new format adopted in 2018 following the recommendations of the CoA, and in line with other agencies' standards. This format is considered to have a more user-friendly setup, and integrates reports as per IPSAS standards, giving a clearer idea of the SatCen financial position and performance.

A special mention deserves the situation of the *Enterprise Resource Planning (ERP)* tool of the SatCen Finance Unit, Microsoft AX Dynamics. This vital software, integrating all SatCen's areas (Finance, HHRR, Contracts and Agreements...), in use since 2012, required the migration to a newer version. The contract foresaw its finalisation in September 2018. However, the sole-source company has

continuously failed to comply with the migration, generating a tremendous and extraordinary burden for the Finance Unit, making almost impossible to comply with the migration stipulated requirements and preventing from achieving some of the improvements recommended by the CoA.

The coordinated efforts and commitment of the Staff of the Finance Unit in the migration process of AX needs to be highlighted very particularly. The conclusion of this very demanding, complex and conflictive project of Microsoft Dynamics migration and customization rebuild services contract became the most critical issue in Finance in the last 2 years, and has undertaken a tremendous workload of impelling MINSAIT, the company responsible for the contract, which needed to be finally penalized under a contracting process of pressure for compliance.

This project could be finally concluded and thus, its contract was finalised with the valuable support of SatCen Procurement/Contracts colleagues.

The approved General Budget included estimations of cost recovery (budget lines B7-0104OP and B7-0104AD, 5,000,000.00 Euro) and costs of data (budget line B3-0101B "Purchase of data for tasks subject to Cost Recovery") required for it (2,700,000.00 Euro), with a direct effect on the reduction of the burden from the national budgets of MS.

While in 2022, for the first time since the enforcement of the Cost Recovery Procedures (2015), expected income was not achieved due to the unforeseen war circumstance, as previously explained, the figure of Cost Recovery at the closure of 2023 reached the extraordinary record of 10.6 M Euro, without precedents, due to the unprecedented high tempo operational activity in 2023.

COST RECOVERY		
BUDGET	ACTUAL	EXCESS
5,000,000 €	10,604,375 €	5,604,375 €

Of course, it required an over-expenditure in Data for Cost Recovery with respect to the budgeted amount. The injection of cost recovery funds compensated it: 2,983,566.36 Euro were transferred from the cost recovery income to B3-0101 "Purchase of Data" in 2023.

These transfers were made in accordance with the Implementation Procedures for Cost Recovery Art. 15, and duly communicated to the SatCen Board: *"Funds recovered exceeding the estimation of the SatCen Budget into force will be restored to relevant chapters. The SatCen will duly inform the Board of these restorations on a case by case basis through a detailed report on costs recovered and restored"*.

The budgetary result of the Cost Recovery activity shows a very positive impact into the Surplus of the exercise.

BUDGETARY RESULT	
COST RECOVERY TOTAL	10,604,375 €
DATA	5,126,329 €
BALANCE COST RECOVERY/DATA	5,478,046 €

While it also gainfully deviated from budgeted expectations:

2023 RESULT		BUDGET DEVIATIONS	
COST RECOVERY TOTAL	10,604,375 €	5,000,000 €	5,604,375 €
DATA	5,126,329 €	2,700,000 €	2,426,329 €
SURPLUS	5,478,046 €	2,300,000 €	3,178,046 €

These positive deviations constructively affect the Surplus of the exercise 2023 to be credited to budget 2025.

Regarding the total consumption of data, the extraordinary activity in 2023, including tasks to be recovered, produced an overconsumption of imagery acquisition, exceeding budgetary provisions. This overconsumption was partially compensated by the injection of cost recovery funds (2,983,566.36 Euro) as previously explained:

III	1		PURCHASE OF DATA	BUDGET	SPENT	REMAINING
III	1	A	Purchase of data	2,700,000	2,922,310	-222,310
III	1	A-1	Purchase of data EEAS Service Level Agreement	450,000	450,000	0
III	1	A-2	Purchase of data for tasks subject to Cost Recovery	2,700,000	5,126,329	-2,426,329
TOTAL PURCHASE OF DATA TOTAL				5,850,000	8,498,639	-2,648,639

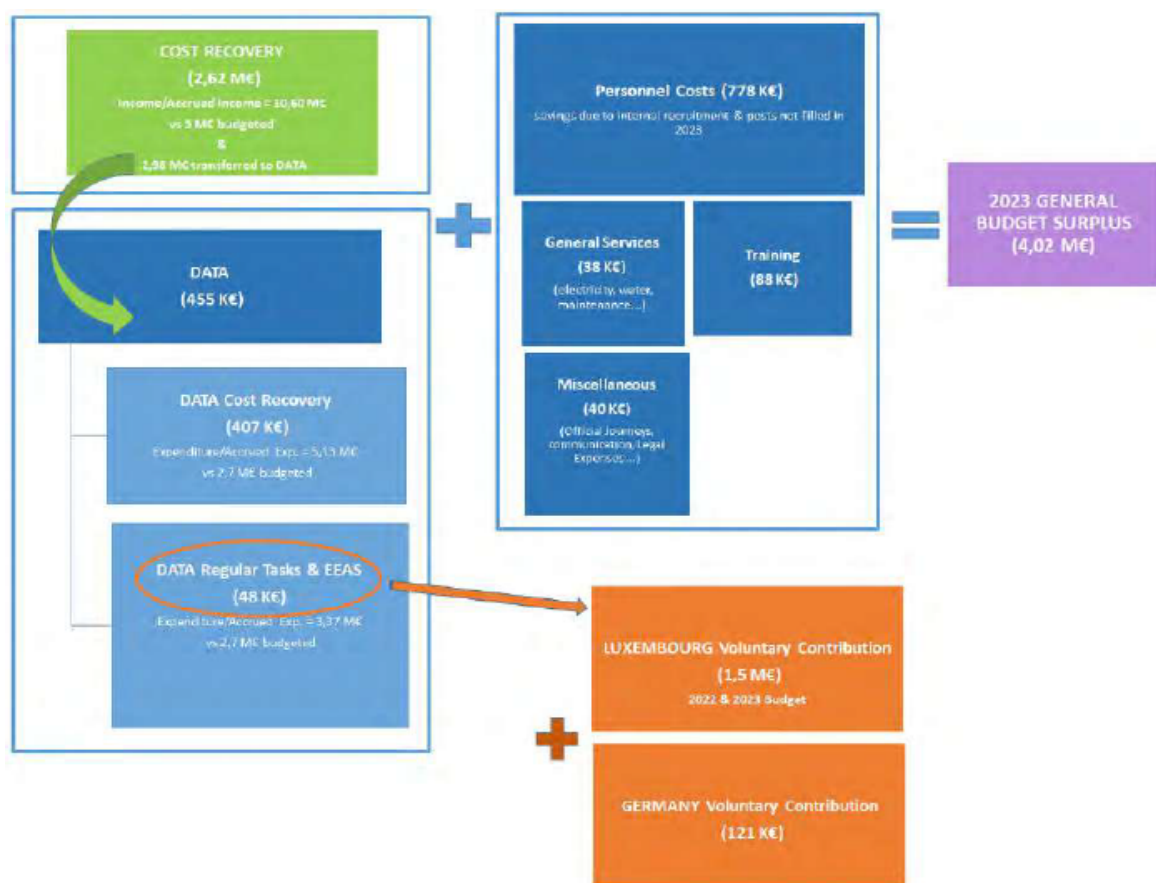
It is important to note the highly valuable voluntary financial contribution of 1.5 million Euro of the Grand Duchy of Luxembourg in July 2022 as earmarked revenue to the SatCen for the specific purchase of imagery, notably in relation to the war in Ukraine. Remaining funds in 2023 (283,354 Euro), along with the generous voluntary contribution from Germany (120,669 Euro) allowed to cover the aforementioned increase in data consumption. These generous contributions reduced this gap by 404,023.66 Euro:

III	1		PURCHASE OF DATA	BUDGET	TRANSFERS	TOTAL	SPENT	REMAINING
III	1	A	Purchase of data	2,700,000	3,554,024	6,254,024	8,498,639	-2,244,616
III	1	A-1	Purchase of data EEAS Service Level Agreement	450,000	-450,000	0	0	0
III	1	A-2	Purchase of data for tasks subject to Cost Recovery	2,700,000	-2,700,000	0	0	0
			AA SatCen- Luxembourg	283,354	-283,354	0	0	0
			Voluntary Contribution Germany	120,669	-120,669	0	0	0
TOTAL PURCHASE OF DATA TOTAL				6,254,024	0	6,254,024	8,498,639	-2,244,616

SURPLUS TO BE CREDITED TO 2025 GENERAL BUDGET

2023 General Budget	
Operational	2,895,356.13
Administrative	1,124,036.87
	4,019,393.00
Surplus 2022B	
Operational	58,548.99
Administrative	95,329.26
	153,878.25
TOTAL SURPLUS TO BE CREDITED TO 2025	4,173,271.25

A depicted analysis of 2023 General Budget surplus (4,019,393.00 Euro) is expressed in the table below:



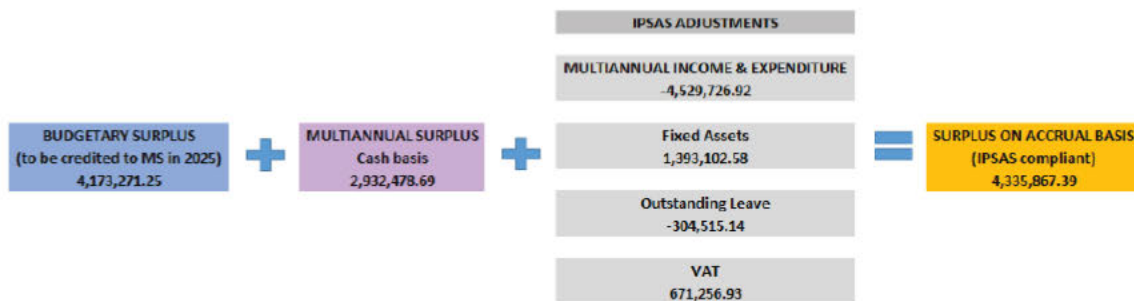
On the diagram above, the left column (Operational Budget) shows the Cost Recovery final surplus (2.62 M Euro) which resulted over the 2023 Budget estimations. The injection of cost recovery funds transferred to B3-0101 "Purchase of Data" (2,9836,566.36 Euro) was not totally consumed and 455 k Euro were still left unspent. In 2023, this surplus is, of course, beneficially affected by Luxembourg's and Germany's voluntary financial contributions.

The right column shows that all the areas of the remaining funds (other than data/cost recovery) are originated by delays in HR recruitments in the first part of 2023 and savings from internal recruitments. Other residual funds were generated by savings in utilities and reductions in expenses with certain activities such as official journeys.

As previously stated, according with the financial procedures, the 2023 budgetary surplus, of 4,173,271.25 Euro will be used in the construction of the Budget 2025.

In order to be IPSAS compliant, the surplus from SatCen's General Budget and Multiannual Budget are to be presented on accrual basis and, therefore, some IPSAS adjustments are to be applied.

The following chart shows the depicted difference between the IPSAS (accrual) surplus and the budgetary surplus as declared and validated by the CoA in its report:



The SatCen Finance Unit continues dedicating great efforts towards adapting the Centre's financial control to a wider, more demanding financial transparency and accountability, as prescribed by the new Financial Rules, under its fifth year of full application. Under the continuously improved financial system, the SatCen's financial statements are in the strictest compliance with generally accepted international accounting standards. The work of The0 SatCen's Finance Unit provides a clearer image of the financial position of the Centre for MS.

**REPORTING DOCUMENTS IN FULL COMPLIANCE WITH INTERNATIONAL PUBLIC SECTOR
ACCOUNTING STANDARDS (IPSAS):**

- Statement of Financial Position;
- Statement of Financial Performance;
- Statement of Cash Flow;
- Statement of Changes in Net Assets;
- Surplus Reconciliation;

Statement of Financial Position at 31/12/23

ASSETS	Note	2023	2022
Current Assets			
Cash & Cash Equivalent	1	14,013,764.45	16,075,925.12
Receivables	2	3,865,995.43	6,713,932.26
<i>Salary Advances</i>		28,050.32	93,207.69
<i>Taxation authorities, receivables</i>		717,514.86	453,069.99
<i>Receivables from operational activity</i>		2,504,020.63	5,794,668.32
<i>Receivables from non-operational activity</i>		-	(11,972.11)
<i>Advance Payments Budget Next Year</i>		616,409.62	384,958.37
Receivable from Pension Reserve Fund	7	-	1,074.80
Member States Contributions	3	-	-
Total Current Assets		17,879,759.88	22,790,932.18
Non-Current Assets			
Infrastructure, Plant & Equipment	4	1,989,837.99	609,877.41
Intangibles	5	16,098.98	2,956.98
Total Non-Current Assets		2,005,936.97	612,834.39
TOTAL ASSETS		19,885,696.85	23,403,766.57
LIABILITIES AND NET ASSETS	Note	2023	2022
Current Liabilities			
Member States Surplus Payable	6	5,240,421.48	4,576,800.05
<i>Surplus Previous Year</i>		1,067,150.23	3,509,649.82
<i>Surplus Current Year</i>		4,173,271.25	1,067,150.23
Payable to Pension Reserve Fund	7	4,533.60	3,837.38
Other Payables	8	6,230,613.42	11,038,620.97
<i>Outstanding leaves</i>		304,515.14	339,410.96
<i>Accrued Expenses from CCF</i>		1,551,597.04	2,119,102.47
<i>Payables from operating activity</i>		4,374,501.24	8,580,107.54
Prepayments (MS advanced payments)	9	279,426.73	353,292.12
Earmarked contributions	9	-	120,669.27
Total Current Liabilities		11,754,995.23	15,972,550.52
Non-Current Liabilities			
Contingency Fund	10	429,048.15	429,048.15
Fixed Term Contract Fund	10	1,641,444.22	1,307,456.29
CAPEX Fund	10	1,773,901.28	1,173,598.52
Total Non-Current Liabilities		3,844,393.65	2,910,102.96
Net Assets			
Reserves		4,286,307.96	4,400,443.81
<i>SatCen Reserves</i>	11	2,036,031.78	656,688.13
<i>Multiannual Projects Reserves</i>	12	2,250,276.45	3,743,756.01
<i>Minor Adjustments</i>		(0.27)	(0.33)
Total Net Assets		4,286,307.96	4,400,443.81
TOTAL LIABILITIES AND NET ASSETS		19,885,696.85	23,403,766.57

(Amounts expressed in EUR)

Statement of Financial Performance at 31/12/23

	Note	2023	2022
Income			
Operational Income	13	11,054,375.31	6,202,121.35
Non-Operational Income	14	1,601,524.72	1,000,139.36
Internal Tax	15	3,426,277.05	3,158,669.16
Surplus provisions CCF from previous year (General Budget)	16	182,050.92	174,320.97
Carry-over of appropriations (Multiannual Budget)	17	49,887.25	474,213.66
Multiannual Projects Income	18	9,015,370.46	11,346,914.12
Exceptional Income			-
Total Income		25,329,485.71	22,356,378.62
Contributions			
MS Contributions Operational Budget	3	4,299,352.00	2,745,483.92
MS Contributions Administrative Budget	3	14,631,152.23	13,697,570.89
Earmarked Revenue	3	120,669.27	-
Total Contributions		19,051,173.50	16,443,054.81
Expenditure			
Missions Operating Costs	19	11,170,065.61	9,007,769.02
Personnel Costs	20	16,919,136.11	15,677,874.27
General Operating Costs	21	1,608,184.99	1,356,689.51
Multiannual Projects Expenses	22	10,347,405.11	11,677,941.70
Total Expenditure		40,044,791.82	37,720,274.50
SURPLUS/DEFICIT FOR THE PERIOD		4,335,867.39	1,079,158.93
<i>(Amounts expressed in EUR)</i>			

Statement of Cash Flow at 31/12/23

	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES		
<u>Collections</u>	45,402,209.71	39,082,002.15
Operational Income	12,018,004.87	12,771,818.75
Internal Tax	3,426,277.05	3,170,641.27
Bank Interest	97,310.20	139.36
Call for Funds. Contributions	15,346,989.03	13,750,593.57
Voluntary Contribution Germany		120,669.27
MS 2021 Pension Contribution		-
Receivable Pension	1,074.80	(1,074.80)
Multiannual Projects Collections	13,808,048.84	8,769,488.82
Salary refund of advances	149,158.85	127,486.89
VAT Refund	555,346.04	372,239.02
Exceptional Income	0.03	
<u>Payments</u>	45,648,417.54	32,627,826.48
Missions Operating Costs	9,616,000.93	7,031,868.24
Personnel Costs	16,330,234.08	15,161,228.94
General Operating Costs	2,921,641.41	1,331,418.64
Payments CCF Previous year	7,767,315.66	(2,078,871.92)
Advance payments Budget following year	662,667.55	470,679.73
Multiannual Projects Payments	8,984,848.23	10,940,283.01
VAT Non Recoverable	267,514.67	89,268.18
VAT Recoverable	555,346.04	372,239.02
Salary advances	84,001.48	146,082.54
Reduction of Fixed-Term Allowance Fund	232,748.77	
Reduction of Building Extension Fund		337,228.62
CAPEX	(1,773,901.28)	(1,173,598.52)
NET CASH FROM OPERATING ACTIVITIES	(246,207.83)	6,454,175.67
CASH FLOW FROM INVESTING ACTIVITIES		
<u>Collections</u>		
Sales of Fixed Assets		
<u>Payments</u>	1,815,952.84	163,258.17
Purchase of Fixed Assets	1,815,952.84	163,258.17
NET CASH FROM INVESTING ACTIVITIES	(1,815,952.84)	(163,258.17)
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENT	(2,062,160.67)	6,290,917.50
Cash & cash equivalent at beginning of year	16,075,925.12	9,785,007.62
Cash & cash equivalent at end of year	14,013,764.45	16,075,925.12

(Amounts expressed in EUR)

Statement of Changes in Net Assets at 31/12/23

SATCEN

	Multiannual Pro. Reserves	SatCen Reserves	Multiannual Pro. Profit for the period	SatCen Profit for the period	TOTAL
Balance at December 31, 2021	3,551,351.49	738,345.34	-	-	4,289,696.83
Outstanding Leaves 2021 Regularization	77,941.38	226,812.99			304,754.37
VAT 2021 Regularization	(83,969.92)	(185,020.56)			(268,990.48)
2021 Surplus			198,433.06	943,700.59	1,142,133.65
Transfer Surplus 2022 IPSAS to SatCen Reserves		(123,449.64)		123,449.64	0.00
Transfer Surplus 2022 to MS Payable					-
Transfer Surplus 2022 to Multiannual Reserves	198,433.06		(198,433.06)	(1,067,150.23)	(1,067,150.23)
Minor rounding adjustments					(0.31)
Balance at December 31, 2022	3,743,756.01	656,688.13	(0.00)	0.00	4,400,443.82
Outstanding Leaves 2022 Regularization	83,742.66	255,668.30			339,410.96
VAT 2022 Regularization	(46,280.45) -	321,068.18			(367,348.63)
Deferred Charges (2022)	(289,386.03)				(289,386.03)
2022 Surplus			(1,241,555.75)	5,618,014.78	4,376,459.03
Transfer Surplus 2023 IPSAS to SatCen Reserves		1,444,743.53		(1,444,743.53)	-
Transfer Surplus 2023 to MS Payable					-
Transfer Surplus 2023 to Multiannual Reserves	(1,241,555.75)		1,241,555.75	(4,173,271.25)	(4,173,271.25)
Minor rounding adjustments	0.01				0.06
Balance at December 31, 2023	2,250,276.45	2,036,031.78	(0.00)	0.00	4,286,307.96

(Amounts expressed in EUR)

Surplus Reconciliation

	2023	2022
Operational/General Budget current year	4,019,393.00	892,961.26
Credits carried forward from previous year	153,878.25	174,188.97
Surplus at Statement of Budget Comparison	4,173,271.25	1,067,150.23
Multiannual Projects Surplus	4,011,836.81	(2,095,242.12)
Multiannual Projects Credits Carried Forward from previous year	49,887.25	474,213.66
Difference Member States Contributions	-	-
SatCen Financial Surplus	8,234,995.31	(553,878.23)
Multiannual Projects IPSAS Income Adjustments	(4,792,678.38)	2,577,425.30
Multiannual Projects Accrued Expenditure in open commitments	(866,293.91)	(779,578.07)
Net Assets Value Adjustments	1,393,102.58	(185,020.00)
Outstanding leaves	(304,515.14)	(339,410.96)
VAT recoverable	671,256.93	359,620.89
Previous year Contributions	-	-
SURPLUS/DEFICIT FOR THE PERIOD IPSAS COMPLIANCE	4,335,867.39	1,079,158.93

(Amounts expressed in EUR)

FINAL AUDIT REPORT



COLLEGE OF AUDITORS EUROPEAN UNION SATELLITE CENTRE

REPORT OF THE COLLEGE OF AUDITORS ON THE 2023 ACCOUNTS OF THE EUROPEAN UNION SATELLITE CENTRE GENERAL BUDGET AND MULTIANNUL BUDGET

I. Introduction

Pursuant to Articles 42 and 43 of the Financial Rules of the European Union Satellite Centre (hereinafter referred to as "SATCEN"), the College of Auditors (CoA) has audited the 2023 Accounts of the SATCEN General Budget and the Multiannual Budget for the period 1 January 2023 to 31 December 2023. For the Pension Budget, separate 2023 Accounts have been issued. Consequently, a separate audit report has been issued.

II. The Director's Responsibility

The overall responsibilities of the Director of SATCEN are laid down in Article 14 of the Financial Rules. According to Article 41 of the Financial Rules, the Director is also responsible for closing budgets showing the final accounts in the same form as the budget, by chapter, article or budget line. Accounts should include reporting documents in compliance with internationally accepted reporting methods, namely:

- Statement of Income and Expenditure;
- Statement of Assets and Liabilities;
- Budget execution Statement.

In addition to the final accounts, the Director and the Head of Finance provided us with a Management Representation Letter, dated 11 March 2024 which formed part of the audit procedure and is filed in the audit documentation.

III. The College of Auditors' Responsibility

According to Article 43 of the Financial Rules, it is the responsibility of the CoA to express an opinion on the final accounts. To form this opinion, we audited the Accounts following article 43 of the Financial Rules and with international standards on auditing.

The standards require that the Auditors comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement. The audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements. The audit also includes evaluating the accounting policies used and the reasonableness of significant accounting estimates, if any, made by the Director.

**COLLEGE OF AUDITORS
EUROPEAN UNION SATELLITE CENTRE****IV. Basis for the opinion on the Accounts 2023**

The scope of financial reporting does meet international standards and includes established accounting policies. SATCEN not only reports on approved budgets, income and expenditure. The final accounts provide an overview of assets, liabilities and financial position of the Centre. Income and expenditure of the General Budget and the Multi-annual budget are integrated and reported on an accrual basis.

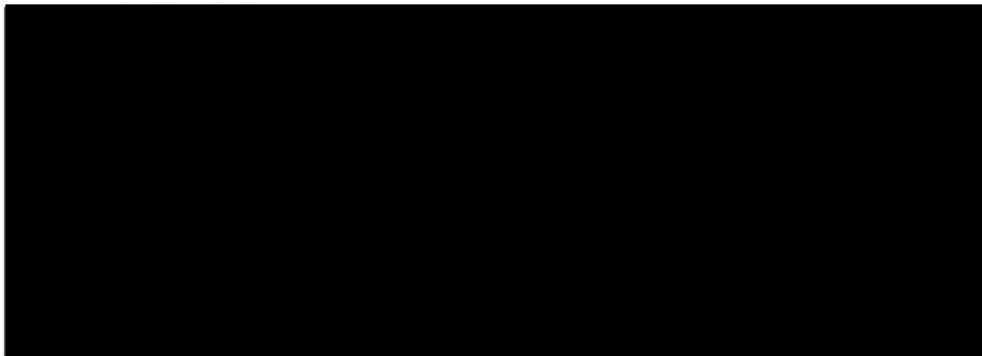
The scope of our audit is consistent with the scope of financial reporting.

Pursuant to article 4.2 of the Administrative Agreement between the SatCen and the Ministry of Foreign and European Affairs – Directorate of Defence of the Grand Duchy of Luxembourg regarding the financial contribution to SatCen, Final Accounts include statements of expenditure funded under the Arrangement, showing the works executed during the period and the remaining balance of the initial payment. These statements have been subject to the control of the SatCen CoA.

V. Opinion on the Accounts 2023

In our opinion, the final accounts, fairly present, in accordance with the Financial Rules, the financial position and the financial performance of the European Union Satellite Centre as at 31 December 2023. Also, the transactions and information reflected in the final accounts are in material terms in compliance with the Rules.

Madrid, Lisbon 22 March 2024



PENSION BUDGET

- Approved Pension Budget;
- Reconciliation Budget Execution and Statement of Financial Performance
- Budget Execution;

- Approved Pension Budget;

SatCen 2023 DRAFT PENSIONS BUDGET

CHAP	ART	LINE	DESCRIPTION	RESULT 2021	2022 APPROVED	2023 PROPOSED BUDGET
				1	2	3

CHAPTER I EXPENDITURE

I	1	PENSION EXPENDITURE				
I	1	A	Invalidity Pensions	0	0	0
I	1	B	Retirement Pensions	418,476	626,217	967,329
I	1	C	Survivors Pensions	71,945	73,994	90,067
I	1	D	Orphans Pensions	12,047	12,802	20,649
I	1	E	Family & Social Benefits	46,005	73,599	107,319
TOTAL PENSION EXPENDITURE				548,474	786,613	1,185,364

1	2	LEAVING ALLOWANCE EXPENDITURE				
1	2	A	Leaving Allowances	544,656	293,837	1,364,095
TOTAL LEAVING ALLOWANCE EXPENDITURE				544,656	293,837	1,364,095

I	3	MISCELLANEOUS EXPENDITURE				
I	3	A	Complementary Insurance (EU)	39,536	71,027	100,768
I	3	B	Fiscal Adjustment paid to Pensioners	60,283	67,283	114,620
I	3	C	Bank Charges & Interest paid	37,296	4,000	24,000
I	3	D	Pension Fund Administration Costs	245,067	249,900	436,800
TOTAL MISCELLANEOUS EXPENDITURE				382,182	392,209	676,188

TOTAL EXPENDITURE				1,475,311	1,472,660	3,225,647
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CHAPTER II INCOME

II	1	STAFF MEMBER CONTRIBUTIONS				
II	1	A	Staff Member Contributions	1,053,559	1,238,611	1,376,042
II	1	A-1	Staff Member Contributions (WEU) (*)	20,018	26,250	30,000
II	1	B	Validation Pensions	268,590	70,000	70,000
TOTAL PENSION INCOME				1,342,167	1,334,861	1,476,042

II	2	MEMBER STATES' CONTRIBUTIONS				
II	2	A	Member States' Contributions	1,352,540	1,482,319	1,864,626
II	2	A-1	Member States' Contributions (WEU) (*)	36,722	52,500	55,000
II	2	A-2	Member States' Contributions covered by FTC FUND	0	0	0
II	2	B	Member States' Contributions (other years)	27,732,955	0	0
II	2	C	Projects Contributions	454,981	548,531	562,079
II	2	D	Projects Contributions (other years)	0	0	0
TOTAL MEMBER STATES' CONTRIBUTIONS INCOME				29,577,198	2,083,350	2,281,705

II	3	MISCELLANEOUS INCOME				
II	3	A	Miscellaneous Income	0	0	0
II	3	B	Fiscal Adjustment reimbursed by Member States	51,890	50,105	55,733
II	3	C	SIRP Return & Bank Interest	5,309	10,000	18,000
II	3	D	Fiscal Adjustment reimbursed (other years)	0	0	0
TOTAL MISCELLANEOUS INCOME				57,199	60,105	73,733

TOTAL INCOME				30,976,564	3,478,316	3,831,480
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BALANCE (INCREASE IN PENSION RESERVE FUND)				29,501,253	2,005,657	605,833
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- Reconciliation Budget Execution and Statement of Financial Performance;

Reconciliation Budget Execution & Statement Financial Performance

	Pension Budget 2023	IPSAS Adjustment	Total	Pension Budget 2022	IPSAS Adjustment	Total
INCOME						
Fiscal Adjustments received	113,121.88	-113,121.88	-	60,282.93	-60,282.93	-
Member States Contributions	2,206,382.89	4,533.60	2,210,916.49	2,065,537.41	2,717.67	2,068,255.08
Member States contributions SatCen	1,664,626.25		1,664,626.25	1,482,318.66		1,482,318.66
Member States contributions Projects	491,735.27	4,533.60	496,268.87	535,593.06	2,717.67	538,310.73
Member States contributions WEU	50,021.37		50,021.37	47,625.69		47,625.69
Members States' Contributions covered by FTC FUND	0.00		0.00	0.00		0.00
Member states contribution other years						
Staff Contributions	1,329,323.32		1,329,323.32	1,274,375.74		1,274,375.74
Staff contributions SatCen	1,299,613.93		1,299,613.93	1,246,175.13		1,246,175.13
Staff contributions WEU	29,709.39		29,709.39	28,200.61		28,200.61
Other income	164,624.73	-98,282.88	66,341.85	197,589.64	-52,371.26	145,218.38
Transfer of Pension rights/Validation of Pension	66,310.01		66,310.01	145,218.44		145,218.44
SIRP return & Bank Interest received	98,282.88	-98,282.88	-	52,371.26	-52,371.26	-
Minor regularization	0.00		0.00	-0.06		-0.06
Interest of late CPF payments	31.84		31.84	0.00		0.00
Exceptional income	0.00		0.00	0.00		0.00
TOTAL INCOME	3,813,452.82	- 206,871.16	3,606,581.66	3,597,785.72	- 109,936.52	3,487,849.20
EXPENSES						
Pension Expenditure	1,838,465.04	227,683.53	2,066,148.57	917,895.74	195.92	918,091.66
Pension benefits	1,205,645.76		1,205,645.76	847,776.45	195.92	847,972.37
Leaving Allowance	541,624.72	227,683.53	769,308.25	0.00		0.00
Complementary Health Insurance	91,194.56		91,194.56	70,119.29		70,119.29
Administrative Costs	188,352.38	25,535.07	213,887.45	439,219.17	5,614.46	444,833.63
Fund Administrative costs	137,282.95		137,282.95	387,970.62		387,970.62
Cost of Pension payments	41,007.01	8,000.00	49,007.01	36,555.74		36,555.74
Actuarial study			0.00			0.00
Bank charges & Exchange difference costs	10,062.34	2422.9	12,485.24	14,692.70	-3053.11	11,639.59
Bank reconciliation			0.00			0.00
Custodian bank charges		15,112.17	15,112.17		8,667.57	8,667.57
minor regularization; (bank charges line)	0.08		0.08	0.11		0.11
Fiscal Adjustments pending to receive	162,785.86	-162,785.86	0.00	113,121.88	-113,121.88	0.00
TOTAL EXPENSES	2,189,603.28	90,432.74	2,280,036.02	1,470,236.79	-107,311.50	1,362,925.29
NET CONTRIBUTIONS	1,623,849.54	- 297,303.90	1,326,545.64	2,127,548.93	- 2,625.02	2,124,923.91
GAIN/LOSSES ON INVESTMENT						
Net unrealised capital gain/losses at 31/12		6,633,429.21	6,633,429.21		-9,726,819.44	-9,726,819.44
Net realised gain/losses on capital sales & portfolio income		820,304.21	820,304.21			0.00
Net investment incomes	19,646.33	7,436.18	27,082.51	20,251.07	5,762.63	26,013.70
Interests on bank account & deposits		195,688.08	195,688.08		38,852.95	38,852.95
Transaction costs of investments		-20,374.32	-20,374.32		0.00	0.00
Minor regularization						
TOTAL GAIN/LOSSES ON INVESTMENTS	19,646.33	7,636,483.36	7,656,129.69	20,251.07	- 9,682,203.86	- 9,661,952.79
EXCEPTIONAL INCOME						
Exceptional incomes						
NET INCREASE IN RESERVE	1,623,849.54	7,339,179.46	8,982,675.33	2,127,548.93	- 9,684,828.88	- 7,537,028.88

- Budget Execution;

2023 PENSIONS BUDGET									
Ledger account	Account name	Account type	Initial budget	Transfers	Budget balance	Accounting commitment	Invoiced balance	Paid balance	Surplus
B1	TOTAL EXPENSES		3,225,647.00	0.00	3,225,647.00	236,611.53	0.00	2,189,675.20	799,360.27
B1-010	PENSION	Group total	1,185,364.00	0.00	1,185,364.00	0.00	0.00	1,205,645.76	-20,281.76
B1-0101	Invalidity Pensions	Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B1-0102	Retirement Pensions	Expenses	967,329.00	0.00	967,329.00	0.00	0.00	998,084.02	-30,755.02
B1-0103	Survivors Pensions	Expenses	90,067.00	0.00	90,067.00	0.00	0.00	81,122.32	8,944.68
B1-0104	Orphans Pensions	Expenses	20,649.00	0.00	20,649.00	0.00	0.00	12,646.28	8,002.72
B1-0105	Family & Social Benefits	Expenses	107,319.00	0.00	107,319.00	0.00	0.00	113,793.14	-6,474.14
B1-020	LEAVING ALLOWANCES	Group total	1,364,095.00	0.00	1,364,095.00	227,683.53	0.00	541,624.72	594,786.75
B1-0201	Leaving Allowances	Expenses	1,364,095.00	0.00	1,364,095.00	227,683.53	0.00	541,624.72	594,786.75
B1-030	MISCELLANEOUS	Group total	676,188.00	0.00	676,188.00	8,928.00	0.00	442,404.72	224,855.28
B1-0301	Complementary Insurance (EU)	Expenses	100,768.00	0.00	100,768.00	0.00	0.00	91,194.56	9,573.44
B1-0302	Fiscal Adjustment Paid to Pensioners	Expenses	114,620.00	0.00	114,620.00	0.00	0.00	162,785.86	-48,165.86
B1-0303	Bank Charges & Interest Paid	Expenses	24,000.00	0.00	24,000.00	928.00	0.00	10,134.34	12,937.66
B1-0304	Pension Fund Administration Costs	Expenses	436,800.00	0.00	436,800.00	8,000.00	0.00	178,289.96	250,510.04
B2	TOTAL INCOMES		-3,831,480.00	0.00	-3,831,480.00	-121,855.27	0.00	-3,813,452.82	103,828.09
B2-010	STAFF MEMBER CONTRIBUTIONS	Group total	-1,476,042.00	0.00	-1,476,042.00	0.00	0.00	-1,395,633.33	-80,408.67
B2-0101	Staff Member Contributions	Incomes	-1,376,042.00	0.00	-1,376,042.00	0.00	0.00	-1,299,613.93	-76,428.07
B2-0101A	Staff Member Contributions (WEU)	Incomes	-30,000.00	0.00	-30,000.00	0.00	0.00	-29,709.39	-290.61
B2-0102	Validation Pensions	Incomes	-70,000.00	0.00	-70,000.00	0.00	0.00	-66,310.01	-3,689.99
B2-020	MEMBER STATES' CONTRIBUTIONS	Group total	-2,281,705.00	0.00	-2,281,705.00	0.00	0.00	-2,206,382.89	-75,322.11
B2-0201	Member States' Contributions (received in 2022&2023)	Incomes	-1,664,626.00	0.00	-1,664,626.00	0.00	0.00	-1,664,626.25	0.25
B2-0201A	Member States' Contributions (WEU)	Incomes	-55,000.00	0.00	-55,000.00	0.00	0.00	-50,021.37	-4,978.63
B2-0201B	Members States' Contributions covered by FTC FUND	Incomes	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B2-0202	Member States' Contributions (Other Years)	Incomes	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B2-0203	Projects Contributions	Incomes	-562,079.00	0.00	-562,079.00	0.00	0.00	-491,735.27	-70,343.73
B2-0204	Projects Contributions (other years)	Incomes	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B2-030	MISCELLANEOUS	Group total	-73,733.00	0.00	-73,733.00	-121,855.27	0.00	-211,436.60	259,558.87
B2-0301	Miscellaneous Income	Incomes	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B2-0302	Fiscal Adjustment Reimbursed by Member States	Incomes	-55,733.00	0.00	-55,733.00	0.00	0.00	-113,121.88	57,388.88
B2-0303	SIRP Return & Bank Interest Received	Incomes	-18,000.00	0.00	-18,000.00	-121,855.27	0.00	-98,314.72	202,169.99
B2-0304	Fiscal Adjustment Reimbursed (Other Years)	Incomes	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B-TOTAL	BUDGET TOTAL	Total	-605,833.00	0.00	-605,833.00	114,756.26	0.00	-1,623,777.62	903,188.36

**COLLEGE OF AUDITORS
EUROPEAN UNION SATELLITE CENTRE****COLLEGE OF AUDITORS
EUROPEAN UNION SATELLITE CENTRE****REPORT OF THE COLLEGE OF AUDITORS ON THE 2023 ACCOUNTS OF THE EUROPEAN UNION SATELLITE
CENTRE PENSIONS BUDGET AT THE END OF DECEMBER 2023****I. Introduction**

Pursuant to Articles 42 and 43 of the Financial Rules of the European Union Satellite Centre (hereinafter referred to as "SATCEN"), the College of Auditors (hereinafter referred to as CoA) has audited the 2023 Accounts of the SATCEN Pensions budget at the end of December 2023.

II. The Director's Responsibility

The overall responsibilities of the Director of SATCEN are laid down in Article 14 of the Financial Rules. According to Article 41 of the Financial Rules the Director is also responsible for closing the Operational and Pensions Budgets showing the Final Accounts in the same form as the normal budget, by chapter, article or budget line. The Final Accounts should include reporting documents in compliance with internationally accepted reporting methods, namely:

- Statement of Income and Expenditure;
- Statement of Assets and Liabilities;
- Budget execution Statement.

In connection with the Final Accounts of SATCEN the Head of Finance provided us with a Management Representation Letter, dated 11 March 2024, which formed part of the audit procedure and is filed in the audit documentation.

III. The College of Auditors' Responsibility

According to Article 43 of the Financial Rules it is the responsibility of the CoA to express an opinion on the Final Accounts. To form this opinion, we audited the Accounts in accordance with article 43 of the Financial Rules and with International Standards on Auditing.

The standards require that the Auditors comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement. The audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements. The audit also included evaluating the accounting policies used and the reasonableness of significant accounting estimates, if any, made by the Director.

IV. Basis for the opinion on the 2023 Accounts Pensions Budget

As in previous years, 2023 financial reporting includes information on approved budgets, income and expenditure per budget line. The management of the Pensions Reserve Fund has been delegated to the

**COLLEGE OF AUDITORS
EUROPEAN UNION SATELLITE CENTRE**

International Service for Remunerations and Pensions (ISRP). This service prepares annual financial statements for the Fund, which are audited by an independent Auditor. These financial statements are prepared in accordance with internationally accepted reporting methods (IPSAS). These statements do include full information on the financial positions of the Fund and are included in the 2023 Budgetary report.

We have audited income and expenditure in the summary table Pensions Budget and we have ensured that it is consistent with the financial statements prepared by ISRP.

V. Opinion on the 2023 Accounts Pensions Budget

In our opinion we were able to satisfy ourselves that income and expenditure as reported in the summary table Pensions Budget execution were prepared in accordance with the Financial Rules. We consider that the income and expenditures reported represent regular and lawful transactions incurred in accordance with those Financial Rules.

Madrid, Lisbon 22 March 2024



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