

SatCen Board

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EUROPEAN UNION SATELLITE CENTRE

2020 CLOSING BUDGET REPORT

(Executive Summary for Publication)

1 July 2021

**European Union Satellite Centre (SatCen)
CLOSING BUDGET REPORT 2020
(Executive Summary for Publication)**

CERTIFICATION BY THE ACCOUNTING OFFICER

The Closing Budget Report of the European Union Satellite Centre for the year 2020 has been prepared in accordance with Art 41 of the FR, approved and distributed at the 101st SatCen Board meeting of 17th October 2018.

SatCen uses an integrated budgetary and accounting system and is in the position to report in compliance with International Public Sector Accounting Standards (IPSAS), in accordance with the new Financial Rules, being 2020 the third full year of their implementation.

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 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 Financial Section.

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, July 2021

Lorenzo Mulero Cava
SatCen Head of Finance

ACTIVITY REPORT

FOREWORD

The present Closing Budget Report is the result of the review of the Centre's 2020 Final Accounts under most extraordinary circumstances. Last year's review works were interrupted after only one week of in-situ work. Events rapidly evolved and the Centre and particularly the area of Madrid was subject to the global health crisis and the greatest challenge that the Centre has ever faced, the coronavirus COVID-19 pandemic. No one could then imagine that one year later, we would be facing an even worse situation and the entirety of the operational and financial activity would be conducted under these critical circumstances. The Centre staff presence was reduced to essential presence on site and remote working was enforced to its maximum extent. The centre needed to enforce exceptional financial procedures, including the digital flow of documents and signatures.

The joint work of SatCen Finance and the College of Auditors started on 22nd February 2021. The conduction of the audit was convened with the College through remote means. Once again, these unusual procedures required an extraordinary effort from the College, as well as a tremendous work of coordination within SatCen Finance in order to access original documents at the Centre, providing evidence and supporting documentation and maintaining videoconferences and telephone calls in order to clarify aspects and doubts.

Year 2020 has been an exceptional year for the entire activity of the Centre, as it has occurred under the very unusual circumstances of the pandemic to which its staff has not been invulnerable. Maintaining operational return under these circumstances has been a very tough challenge. For the activity of the Finance Unit, working remotely also presents serious limitations in terms of time as well as on the ability to perform properly, not overlooking other crucial financial activities daily requested. The College has conducted the 2020 audit at the same high standards and level of demand as in any other circumstance and the conclusions respond to the highest standards characterizing the work of the College. The Centre recognizes the flexibility, commitment, resilience and empathy of the College of Auditors and appreciation to the proactive work and efforts.

As recommended by the College of Auditors (CoA) during the audit process, this report is produced in line with other agencies' standards and integrating information as per International Public Sector Accounting Standards (IPSAS); in a nutshell giving a clear idea of the SatCen financial position. The approval of the new FR in 2017 required the adaptation of the existing financial management scheme to a wider, more demanding, more transparent and more accurate scenario, and very particularly the migration of SatCen's financial statements to generally accepted international accounting standards. Compliance was a major milestone requiring a great deal of efforts and resources in 2017, 2018 and 2019, which led the auditors to find the final accounts, in material terms, met these requirements. This recognition by the College could be considered an important validation of the effort and accomplishment with regard to the very complex challenge of compliance with IPSAS resulting from the dedication of financial and human resources throughout the last 3 years. The Financial Operational Procedures were developed in 2019, 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".

As it was also the case for 2018's and 2019's, the 2020 Final Accounts are the result of an important amount of work throughout the year. The conclusion is the successful compliance with IPSAS requirements in 2018 and further refinements in 2019 under the supervision of the College. The

conciliation of IPSAS accounting with budgetary and general accounting has involved investment of human and financial resources in a significant review exercise.

This reporting structure 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 CD (Multiannual Budget). These funds are property of MS and can be disposed upon their decisions, as it is the case for the partial funding of the extension of SatCen premises.

Reporting under IPSAS in 2020 is based on policies validated by the CoA during 2018 and 2019 review, and which could only be applied from this validation onwards. The formal application of these standards, based on assumed policies and approaches only validated along with 2018 and 2019 accounts has been duly reflected in Financial Operational Procedures, successfully developed in 2019 and approved by the Director of the SatCen. All policies covering all areas of finance have been carefully reflected in this comprehensive document. This document has been completed with the successful finalisation in 2020 of the Finance Manual, comprising all finance techniques and processes.

The "Implementation Manual of SATCEN Financial Rules", was finalized and signed by the Director in 2020. The document is the continuation of The SatCen Financial Operational Procedures, developed and approved in 2019, covering both all accounting policies and the Chart of Accounts. The intention and its functionality is firstly to have a guide and a reference document to take over the Finance Unit daily activity and detailed procedures and secondly to have a written references responding to many requirements of the auditors. It is a very practical document with a deep level of detail. The document is the binding orientation for the future financial management of the SatCen as well as the basis for the fully compliance with IPSAS.

2020 FINANCIAL HIGHLIGHTS

Summary of 2020 Budget execution

	2020 APPROVED BUDGET	BUDGET EXECUTION		2020 SURPLUS	2019B BUDGET	2019B PAID	2019B SURPLUS	TOTAL 2020 BUDGETARY SURPLUS
		2020 PAID	2020 CCF					
OPERATIONAL BUDGET								
Expenditure	5.995.991,82	6.966.491,56	835.987,26	(1.806.487,00)	1.177.527,05	1.141.175,77	36.351,28	(1.770.135,72)
Income	(5.464.041,24)	(9.171.429,45)	656.327,75	3.051.060,46	1.373.460,45	1.382.768,33	(9.307,88)	3.041.752,58
Contributions	(531.950,58)	(531.950,60)	-	0,02	-	-	-	0,02
TOTAL OPERATIONAL BUDGET	-	(2.736.888,49)	1.492.315,01	1.244.573,48	2.550.987,50	2.523.944,10	27.043,40	1.271.616,88
ADMINISTRATIVE BUDGET								
Expenditure	18.182.984,94	16.899.198,05	247.603,98	1.036.182,91	403.659,91	300.223,52	103.436,39	1.139.619,30
Income	(5.884.048,42)	(6.176.003,16)	(22.950,35)	314.905,09	-	-	-	314.905,09
Contributions	(12.298.936,52)	(12.298.936,50)	-	(0,02)	-	-	-	(0,02)
TOTAL ADMINISTRATIVE BUDGET	-	(1.575.741,61)	224.653,63	1.351.087,98	403.659,91	300.223,52	103.436,39	1.454.524,37
TOTAL GENERAL BUDGET SURPLUS	-	(4.312.630,10)	1.716.968,64	2.595.661,46	2.954.647,41	2.824.167,62	130.479,79	2.726.141,25

A more detailed breakdown of this summary is depicted below:

	2020 APPROVED BUDGET	BUDGET EXECUTION		2020 SURPLUS	2019B BUDGET	2019B PAID	2019B SURPLUS	TOTAL 2020 BUDGETARY SURPLUS
		2020 PAID	2020 CCF					
OPERATIONAL BUDGET								
Expenditure	5.995.991,82	6.966.491,56	835.987,26	(1.806.487,00)	1.177.527,05	1.141.175,77	36.351,28	(1.770.135,72)
Mission Operating Costs	5.566.943,67	6.537.443,41	835.987,26	(1.806.487,00)	1.177.527,05	1.141.175,77	36.351,28	(1.770.135,72)
Contingency Fund	429.048,15	429.048,15	-	-	-	-	-	-
Income	(5.464.041,24)	(9.171.429,45)	656.327,75	3.051.060,46	1.373.460,45	1.382.768,33	(9.307,88)	3.041.752,58
Operational Income	(5.034.993,09)	(8.742.381,30)	656.327,75	3.051.060,46	1.373.460,45	1.382.768,33	(9.307,88)	3.041.752,58
Contingency Fund	(429.048,15)	(429.048,15)	-	-	-	-	-	-
Contributions	(531.950,58)	(531.950,60)	-	0,02	-	-	-	0,02
Contributions Operational	(531.950,58)	(531.950,60)	-	0,02	-	-	-	0,02
TOTAL OPERATIONAL BUDGET	-	(2.736.888,49)	1.492.315,01	1.244.573,48	2.550.987,50	2.523.944,10	27.043,40	1.271.616,88
ADMINISTRATIVE BUDGET								
Expenditure	18.182.984,94	16.899.198,05	247.603,98	1.036.182,91	403.659,91	300.223,52	103.436,39	1.139.619,30
Personnel Costs	14.389.332,95	13.793.182,54	45.434,74	550.715,67	25.807,27	13.956,89	11.850,38	562.566,05
General Operating Costs	3.793.651,99	3.106.015,51	202.169,24	485.467,24	377.852,64	286.266,63	91.586,01	577.053,25
Income	(5.884.048,42)	(6.176.003,16)	(22.950,35)	314.905,09	-	-	-	314.905,09
Internal Tax	(2.589.314,32)	(2.615.233,36)	(236,94)	26.155,98	-	-	-	26.155,98
Other Receipts	(3.294.734,10)	(3.560.769,80)	(22.713,41)	288.749,11	-	-	-	288.749,11
Contributions	(12.298.936,52)	(12.298.936,50)	-	(0,02)	-	-	-	(0,02)
Contributions Administrative	(12.298.936,52)	(12.298.936,50)	-	(0,02)	-	-	-	(0,02)
TOTAL ADMINISTRATIVE BUDGET	-	(1.575.741,61)	224.653,63	1.351.087,98	403.659,91	300.223,52	103.436,39	1.454.524,37
TOTAL GENERAL BUDGET SURPLUS	-	(4.312.630,10)	1.716.968,64	2.595.661,46	2.954.647,41	2.824.167,62	130.479,79	2.726.141,25

Summary of budgetary surplus for the period 2020

The Closing Budget Report for the financial period 2020 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.

The SatCen Budget 2020 was preliminarily approved at the 120th SatCen Board (extraordinary) meeting of 10 December 2019. An amending budget obtained the consensus of the Board on the 121st SatCen Board Meeting of 25 February 2020. At that time, it was unforeseeable that most unusual circumstances were awaiting. The new situation brought by the pandemic would change the scenario radically generating unexpected expenses but most important: reducing or even impeding the normal budgetary execution.

New unpredicted expenditures directly related with the fight with the COVID19 arose: cleaning, disinfection, masks, partitions and a wide range of related expenses.

On the other hand, travel expenses were drastically reduced, recruitment costs were cut by the use of VTC, and furthermore, many activities needed to be cancelled or postponed due to the need to work in shifts and remotely performed. There is however, a lesson learnt from these days which may lead to a most efficient and rational use of resources, particularly for meetings and interviews.

The extraordinary effort performed by SatCen staff enabled maintaining 2019’s output in 2020, despite the difficulties associated to the pandemic, and while national contribution to the Centre’s budgets did not increase.

The approved General Budget included estimations for expenditure in purchase of data for tasks subject to cost recovery (900.000 €) and for income from Cost Recovery (2.600.000 €), having as a direct effect the reduction of the burden from the national budgets of Member States.

The result showed that these expectations were exceeded. The provision of products and services to EU civilian missions and operations, the EU Commission, as well as international organisations, which are subject to cost recovery according to Article 10.4 of the CD, allowed to recoup the outstanding amount of 6.156.134,73 €.

COST RECOVERY		
BUDGET	ACTUAL	EXCESS
2.600.000 €	6.156.135 €	3.556.135 €

The excess of 3.556.137 € was a compelling expression of SatCen’s capacity to respond to new requests by MS to support EU missions and operations. Of course, this extraordinary amount recouped from a large number of products rendered to missions an operations required an amount of data (3.539.538 €) higher than projected (900.000 €), which could not only be compensated but it also to generate a substantial surplus of almost 1,2 M€. 2.356.416 € were transferred to B3-0101 “Purchase of Data”:

COST RECOVERY				
BUDGET	ACTUAL	EXCESS	TRANSFERED TO BUDGET	SURPLUS
2.600.000 €	6.156.135 €	3.556.135 €	2.356.416 €	1.199.719 €

The resulting balance of 1.199.719 € is incorporated to the surplus of 2020.

Despite the exceptionality of the savings produced by the peculiar scenario in 2020, the experience in 2020 shows in a particular manner that the Cost Recovery plays a critical role in the SatCen funding.

The declared surplus of the operational activity in 2020, which will contribute very positively to reduce contributions from MS in 2022, based on the exceptional circumstances already exposed is noticeably higher than in previous exercises:

SURPLUS TO BE CREDITED TO 2022 GENERAL BUDGET

2020 General Budget	
Operational	1.668.159,83
Administrative	927.501,63
	2.595.661,46
Surplus 2019B	
Operational	27.043,40
Administrative	103.436,39
	130.479,79
TOTAL SURPLUS TO BE CREDITED TO 2022	2.726.141,25

A depicted analysis of this surplus of budget 2020 (2.595.661 €) in the General Budget 2020 is expressed in the table below:

<p align="center">Cost Recovery (1,20M€)</p> <p align="center">Income/Accrued Income = 6,16M€ vs 2,6M€ budgeted</p>	<p align="center">PANDEMIC IMPACT (836K€)</p> <p>Official Journeys</p> <p>IT (teleworking and some projects delay)</p> <p>Training & Courses & Congress fees,</p> <p>General Services (electricity, water, maintenance...)</p> <p>Personnel Costs (SNEs posts not fulfilled, Recruitment/Removal/Travel, delay on recruitments)</p>
<p align="center">BREXIT (268K€)</p> <p align="center">Expenditure/Accrued Exp. = 244K€ vs 512K€ budgeted</p> <p align="center">2 x UK staff (ES nationality)</p> <p align="center">Ex Gratia Payment (6 months instead of 12)</p> <p align="center">2 x UK staff leaving SatCen (no resettlement/removal costs)</p>	<p align="center">Miscellaneous (291€)</p> <p align="center">Appeals Board (64K€ trial process ongoing)</p>

The left column shows that the main area of remaining funds is of course Cost Recovery. As already mentioned, besides being a sound tool to refinance other areas of the budget, it generated a surplus of 1,2 M€. Besides other miscellaneous savings (e.g. Appeals Boards, etc.), the second most important operational part of the surplus has been produced by the costs estimations made at the approval of the budget with respect to ending contractual relationship with UK staff due to BREXIT (table 2 of the approved Amending Budget) finally resulted to be lower than assumed, due to the following facts:

- Two UK staff were granted with the Spanish citizenship and associated payments were notably lower.
- The provisions for a “Social Plan” of a 12-month payment ended up in an “ex-gratia” payment of only 6 months

The right column shows that all the areas of remaining funds are definitively originated by the COVID19 scenario. IT savings were generated by teleworking, as well as the postponement of few IT

projects, which could not be implemented or developed in 2020 due to the consequences of the pandemic. The postponed projects have been included in the work programme for the upcoming year.

Other areas of savings are clearly identified with the pandemic:

- Activities reduced or cancelled:
 - Official Journeys
 - Training & Courses & Congress fees
- Utilities and expenses reduced by the remote working (electricity, water, maintenance...)
- Staff Costs savings:
 - SNEs posts not fulfilled
 - Recruitment/Removal/Travel Costs savings by the use VTC
 - Some delays on recruitment processes

2020 has been the third year of full application of the new FR, aiming at adapting the Centre's financial control to a wider, more demanding, more transparent and more accurate scenario, whose purpose is the coherence of SatCen's financial statements with generally accepted international accounting standards, and full integration of the financial system with international standards. This application results on a clearer image of the financial position of the Centre for MS.

FINANCIAL STATEMENTS IN COMPLIANCE WITH INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSAS):

- Statement of Financial Position;
- Statement of Income and Expenditure;
- Statement of Cash Flow;
- Statement of Changes in Net Assets;
- Surplus Reconciliation;

Statement of Financial Position at 31/12/20

SATCEN

ASSETS	2020	2019
Current Assets		
Cash & Cash Equivalent	11.254.015,55	10.328.245,72
Receivables	5.263.899,03	3.039.386,00
<i>Salary Advances</i>	27.295,88	51.765,90
<i>Taxation authorities, receivables</i>	271.427,19	337.986,72
<i>Receivables from operational activity</i>	4.694.034,21	2.303.832,41
<i>Receivables from non-operational activity</i>	22.950,35	
<i>Advance Payments Budget Next Year</i>	248.191,40	345.800,97
Member States Contributions		178.694,33
Total Current Assets	16.517.914,58	13.546.326,05
Non-Current Assets		
Infrastructure, Plant & Equipment	707.907,62	644.926,58
Intangibles	63.171,30	118.063,64
Total Non-Current Assets	771.078,92	762.990,22
TOTAL ASSETS	17.288.993,50	14.309.316,27
LIABILITIES AND NET ASSETS	2020	2019
Current Liabilities		
Member States Surplus Payable	3.388.226,71	3.159.412,18
<i>Surplus Previous Year</i>	632.590,27	1.684.992,77
<i>Surplus Payable Discrepancies</i>	29.495,19	841.829,14
<i>Surplus Current Year</i>	2.726.141,25	632.590,27
Payable to Pension Reserve Fund	25.740,58	293.637,00
Other Payables	7.774.578,80	6.446.792,21
<i>Outstanding leaves</i>	295.604,90	184.547,08
<i>Accrued Expenses from CCF</i>	2.585.591,42	3.646.678,21
<i>Payables from operating activity</i>	4.893.382,48	2.615.566,92
Prepayments (MS advanced payments)	245.425,80	9.899.841,39
Total Current Liabilities	11.433.971,89	9.899.841,39
Non-Current Liabilities		
Contingency Fund	429.048,15	429.048,00
Fixed Term Contract Fund	435.744,54	168.403,76
Building Extension Fund	1.590.651,19	1.066.666,33
Total Non-Current Liabilities	2.455.443,88	1.664.118,09
Net Assets		
Reserves	3.399.577,73	2.745.356,79
<i>SatCen Reserves</i>	722.468,55	805.467,64
<i>Multiannual Projects Reserves</i>	2.677.109,49	1.939.889,15
<i>Minor Adjustments</i>	(0,31)	-
Total Net Assets	3.399.577,73	2.745.356,79
TOTAL LIABILITIES AND NET ASSETS	17.288.993,50	14.309.316,27

(Amounts expressed in EUR)

Statement of Income and Expenditure at 31/12/20

SATCEN

	Note	2020	2019
Income			
Operational Income		6.606.134,73	3.426.215,47
Non-Operational Income		24.407,02	
Internal Tax		2.615.470,30	2.481.311,63
Surplus provisions CCF from previous year (General Budget)		131.247,59	217.435,50
Carry-over of appropriations (Multiannual Budget)		110.282,55	
Multiannual Projects Income		12.290.205,31	11.963.629,13
Exceptional Income		-	0,13
Total Income		21.777.747,50	18.088.591,86
Contributions			
MS Contributions Operational Budget		2.940.530,04	2.825.449,68
MS Contributions Administrative Budget		12.387.684,10	11.859.101,27
Total Contributions		15.328.214,14	14.684.550,95
Expenditure			
Missions Operating Costs		7.389.370,47	6.147.302,90
Personnel Costs		13.433.312,98	12.421.368,10
General Operating Costs		1.185.076,48	1.539.086,55
Multiannual Projects Expenses		11.674.188,71	12.955.037,83
Total Expenditure		33.681.948,64	33.062.795,38
SURPLUS/DEFICIT FOR THE PERIOD		3.424.013,00	(289.652,57)
<i>(Amounts expressed in EUR)</i>			

Statement of Cash Flow at 31/12/20

SATCEN

	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES		
<u>Collections</u>	36.580.798,29	29.831.279,57
Operational Income	7.262.462,48	4.799.675,92
Internal Tax	2.615.233,36	2.481.311,63
Bank Interest	1.693,61	-
Call for Funds. Contributions	13.255.007,23	12.652.192,77
MS 2021 Pension Contribution erroneously credited to Operational Acc.	25.740,58	
Multiannual Projects Collections	12.894.951,77	9.460.843,96
Salary refund of advances	106.970,02	136.189,59
VAT Refund	418.739,24	301.065,57
Exceptional Income		0,13
<u>Payments</u>	35.254.074,06	34.098.087,09
Missions Operating Costs	5.848.559,13	4.585.907,51
Personnel Costs	13.047.911,30	12.157.668,60
General Operating Costs	983.730,57	1.260.555,07
Payments CCF Previous year	2.735.501,66	4.929.494,68
Advance payments Budget following year	246.778,68	325.405,50
Multiannual Projects Payments	11.488.612,18	10.368.252,98
VAT Non Recoverable	66.540,11	89.067,08
VAT Recoverable	418.739,24	266.535,67
Salary advances	82.500,00	115.200,00
Reduction of Fixed-Term Allowance Fund	335.201,19	-
NET CASH FROM OPERATING ACTIVITIES	1.326.724,23	(4.266.807,52)
CASH FLOW FROM INVESTING ACTIVITIES		
<u>Collections</u>		-
Sales of Fixed Assets		
<u>Payments</u>	400.954,40	326.683,05
Purchase of Fixed Assets	400.954,40	326.683,05
NET CASH FROM INVESTING ACTIVITIES	(400.954,40)	(326.683,05)
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENT	925.769,83	(4.593.490,57)
Cash & cash equivalent at beginning of year	10.328.245,72	14.921.736,29
Cash & cash equivalent at end of year	11.254.015,55	10.328.245,72

(Amounts expressed in EUR)

Statement of Changes in Net Assets at 31/12/20

SATCEN

	Multiannual Pro. Reserves	SatCen Reserves	Multiannual Pro. Profit for the period	SatCen Profit for the period	TOTAL
Balance at December 31, 2017	(142.404,22)	420.861,06	1.491.721,18	259.949,64	2.030.127,66
Surplus 2017 Cash Basis	2.855.420,44	-	(2.855.420,44)	-	-
2017 Accrued advances adjustments	(1.579.147,86)	-	1.579.147,86	-	-
2017 Non Current Assets Net Value Adjustments	203.639,60	168.889,95	(203.639,60)	(168.889,95)	-
2017 VAT recoverable adjustments	-	-	(51.589,84)	(230.683,24)	(282.273,08)
2017 Outstanding leaves adjustments	-	-	39.780,84	139.623,55	179.404,39
2018 Profit for the period	-	-	2.039.269,95	(217.750,97)	1.821.518,98
Balance at December 31, 2018	1.337.507,96	589.751,01	2.039.269,95	(217.750,97)	3.748.777,95
Profit 2018 to Reserves	2.039.269,95	(217.750,97)	(2.039.269,95)	217.750,97	-
Outstanding Leaves 2018 Regularization	45.271,01	155.839,15	-	-	201.110,16
VAT 2018 Regularization	(56.911,39)	(225.377,09)	-	-	(282.288,48)
2018 Bulding Extension Fund correction	(320.000,00)	320.000,00	-	-	-
2018 Fixed Term Contract Fund correction	(113.839,68)	113.839,68	-	-	-
2019 Surplus	-	-	(991.408,70)	701.756,13	(289.652,57)
Transfer Surplus 2019 IPSAS to SatCen Reserves	-	69.165,86	-	(69.165,86)	-
Transfer Surplus 2019 to MS Payable	-	-	-	(632.590,27)	(632.590,27)
Transfer Surplus 2019 to Multiannual Reserves	(991.408,70)	-	991.408,70	-	-
Balance at December 31, 2019	1.939.889,15	805.467,64	-	0,00	2.745.356,79
Outstanding Leaves 2019 Regularization	48.971,13	135.575,95	-	-	184.547,08
VAT 2019 Regularization	(59.180,00)	(274.787,89)	-	-	(333.967,89)
2020 Surplus	-	-	747.429,21	2.782.354,10	3.529.783,31
Transfer Surplus 2020 IPSAS to SatCen Reserves	-	56.212,85	-	(56.212,85)	-
Transfer Surplus 2020 to MS Payable	-	-	-	(2.726.141,25)	(2.726.141,25)
Transfer Surplus 2020 to Multiannual Reserves	747.429,21	-	(747.429,21)	-	(0,00)
Balance at December 31, 2020	2.677.109,49	722.468,55	-	(0,00)	3.399.578,04

(Amounts expressed in EUR)

Surplus Reconciliation

SATCEN

	2020	2019
	2.595.661,4	
Operational/General Budget current year	6	415.273,09
Credits carried forward from previous year	130.479,79	217.317,18
Surplus at Statement of Budget Comparison	2.726.141,2	
	5	632.590,27
	2.808.192,3	(1.385.183,
Multiannual Projects Surplus	5	16)
Multiannual Projects Credits Carried Forward from previous year	110.282,55	-
Difference Member States Contributions		-
SatCen Financial Surplus	5.644.616,1	(752.592,89
	5)
	(604.746,46	2.362.986,3
Multiannual Projects IPSAS Income Adjustments)	2
	(1.502.000,	(2.065.491,
Multiannual Projects Accrued Expenditure in open commitments	19)	25)
Income Adjustment from previous years		139.798,85
		(123.774,54
Net Assets Value Adjustments	(76.551,70))
	(295.604,90	(184.547,08
Outstanding leaves))
VAT recoverable	258.300,10	333.967,89
Previous year Contributions		0,13
SURPLUS/DEFICIT FOR THE PERIOD IPSAS COMPLIANCE	3.424.013,0	(289.652,57
	0)

(Amounts expressed in EUR)

AUDITOR'S OPINION – GENERAL AND MULTIANNUAL BUDGETS



COLLEGE OF AUDITORS
EUROPEAN UNION SATELLITE CENTRE

REPORT OF THE COLLEGE OF AUDITORS ON THE 2020 ACCOUNTS OF THE EUROPEAN UNION CENTRE GENERAL BUDGET AND MULTIANNUAL BUDGET

I Introduction

Pursuant to Articles 42 and 43 of the Financial Rules of the European Union Satellite Centre referred to as "SATCEN"), the College of Auditors (CoA) has audited the 2020 Accounts - General Budget and the Multiannual Budget for the period 1 January 2020 to 31 December 2020. In addition, the Pension Budget, separate 2020 Accounts have been issued. Consequently, a separate 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 ensuring that the final accounts are drawn up in the same form as the budget, by chapter, article or budget line. The final accounts should include reporting documents in compliance with internationally accepted reporting standards, 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 Representation Letter, dated 22 February 2021 which formed part of the audit procedure and 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 an 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, disclosures and other information in the financial statements. The procedures selected depend on the auditor's 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 the accounting estimates, if any, made by the Director.

Due to the Covid pandemic, the audit has been carried through teleworking, which could have limited the work. Consequently, visiting the site for verifying original documents and for conducting physical inventory was not possible. Information and documents requested have been provided in electronic form. All our questions have been answered sufficiently. The Auditors thank all the staff



COLLEGE OF AUDITORS
EUROPEAN UNION SATELLITE CENTRE

IV Basis for the opinion on the Accounts 2020

The scope of financial reporting does meet international standards and includes established policies. SATCEN not only reports on approved budgets, income and expenditure. It also provides an overview of assets, liabilities and financial position of the Centre. Income from the General Budget and the Multi-annual budget are integrated and reported on the consolidated financial statements.

The scope of our audit is consistent with the scope of financial reporting. Referring to the Administrative Agreement regarding the voluntary contribution from Luxembourg, our audit included the statements of expenditure funded under this Agreement.

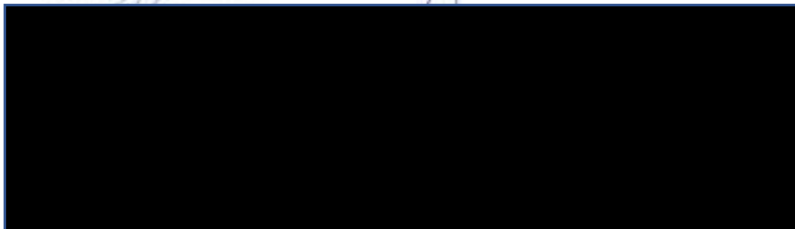
V Opinion on the Accounts 2020

In our opinion, the final accounts, fairly present, in accordance with the Financial Reporting Rules, the financial position and the financial performance of the European Union Satellite Centre as at 31 December 2020. Also, the transactions and information reflected in the final accounts are in compliance with the Rules.

Audit findings and recommendations are included in our letter of observations and dated 15 April 2021. The findings have no impact on the opinion.

Madrid, Wassenaar, 15 April 2021

The College of Auditors



PENSION BUDGET

- Approved Pension Budget
- Budget Execution
- Reconciliation Budget Execution & Financial Statements

APPROVED PENSION BUDGET

CHAP	ART	LINE	DESCRIPTION	RESULT 2018	2019 APPROVED	2020 BUDGET
				1	2	3

CHAPTER I EXPENDITURE

I	1	PENSION EXPENDITURE				
I	1	A	Invalidity Pensions	0	0	0
I	1	B	Retirement Pensions	347.447	356.657	346.150
I	1	C	Survivors Pensions	46.299	47.040	47.615
I	1	D	Orphans Pensions	20.786	21.118	21.375
I	1	E	Family & Social Benefits	51.523	52.448	53.679
TOTAL PENSION EXPENDITURE				466.055	477.263	468.818

I	2	LEAVING ALLOWANCE EXPENDITURE				
I	2	A	Leaving Allowances	65.845	321.441	139.371
TOTAL LEAVING ALLOWANCE EXPENDITURE				65.845	321.441	139.371

I	3	MISCELLANEOUS EXPENDITURE				
I	3	A	Complementary Insurance (EU)	25.137	34.658	35.356
I	3	B	Fiscal Adjustment paid to Pensioners	47.421	40.210	41.259
I	3	C	Bank Charges & Interest paid	150	850	850
I	3	D	Pension Fund Administration Costs	171.045	190.000	205.000
TOTAL MISCELLANEOUS EXPENDITURE				243.754	265.719	282.465

TOTAL EXPENDITURE	775.653	1.064.422	890.655
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CHAPTER II INCOME

II	1	STAFF MEMBER CONTRIBUTIONS				
II	1	A	Staff Member Contributions	695.713	783.226	1.015.574
II	1	A-1	Staff Member Contributions (WEU) (*)	20.769	21.500	28.000
II	1	B	Validation Pensions	0	70.000	70.000
TOTAL STAFF MEMBER CONTRIBUTIONS INCOME				716.482	874.726	1.113.574

II	2	MEMBER STATES' CONTRIBUTIONS				
II	2	A	Member States' Contributions	981.970	1.018.829	1.018.829
II	2	A-1	Member States' Contributions (WEU) (*)	41.539	43.000	56.000
II	2	A-2	Member States' Contributions covered by FTC FUND	0	0	293.637
II	2	B	Member States' Contributions (other years)	0	0	0
II	2	C	Projects Contributions	253.683	289.586	377.589
II	2	D	Projects Contributions (other years)	0	0	0
TOTAL MEMBER STATES' CONTRIBUTIONS INCOME				1.277.191	1.351.415	1.746.056

II	3	MISCELLANEOUS INCOME				
II	3	A	Miscellaneous Income	0	0	0
II	3	B	Fiscal Adjustment reimbursed by Member States	37.394	40.210	41.259
II	3	C	SIRP Return & Bank Interest	68.480	60.000	60.000
II	3	D	Fiscal Adjustment reimbursed (other years)	0	0	0
TOTAL MISCELLANEOUS INCOME				105.874	100.210	101.259

TOTAL INCOME	2.099.548	2.326.351	2.960.889
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BALANCE (INCREASE IN PENSION RESERVE FUND)	1.323.895	1.261.929	2.070.234
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Reconciliation Budget Execution & Statement Assets and Liabilities

	Pension Budget 2020	IPSAS Adjustmet	Total	Pension Budget 2019	IPSAS Adjustmet	Total
ASSETS						
Cash & cash equivalent	1.072.317,51	943,44	1.073.260,95	1.604.884,88	6.564,20	1.611.449,08
Sabadell bank account	977.380,24		977.380,24	1.521.859,07		1.521.859,07
Barclays Paris bank account	-		-	82.645,81		82.645,81
Credit Agricole	94.937,27		94.937,27	380,00		380,00
SGSS custodian bank account		943,44	943,44		6.564,20	6.564,20
Accrued Income	-	36.129,60	36.129,60	-	18.167,51	18.167,51
Current Year Rebates on management fees not received at 31/12		6.800,29	6.800,29		3.682,37	3.682,37
Contribution receivables		25.740,58	25.740,58		14.485,14	14.485,14
Projects contribution to Pensions, Dec2020		3.588,73	3.588,73			
Other Receivables	-	51.887,91	51.887,91	-	49.886,49	49.886,49
Pension Overpayment			-			-
Current Year Fiscal Adjustment not yet received at 31/12		51.887,91	51.887,91		49.886,49	49.886,49
Net long term financial assets	24.923.661,27	12.781.703,42	37.705.364,69	22.219.479,65	11.165.141,16	33.384.620,81
Pension Fund invested	24.927.479,58		24.927.479,58	22.219.479,62		22.219.479,62
Bank reconciliation	0,04	-	0,04	0,02	-	0,02
Current Year Rebates on management fees not received at 31/12		6.800,29	6.800,29		3.682,37	3.682,37
Current Year SGSS invoices of custody services not paid at 31/12			-			-
Net adjustment to market value up to 31/12 prev year since 2009		11.230.178,11	11.230.178,11		6.271.357,34	6.271.357,34
Difference Net investment income/Custodian charges	10.666,80	16.751,73	27.418,53		38.747,46	38.747,46
Realised gain as a result of sale of shares			-		3.339.935,59	3.339.935,59
Net adjustment to market value at 31/12 current year		1.592.403,76	1.592.403,76		1.650.059,52	1.650.059,52
Previous Year Fiscal Adjustment received in Current Year		49.886,49	49.886,49		47.217,25	47.217,25
SGSS custodian bank account		943,44	943,44		6.564,20	6.564,20
Exceptional income			-			-
Rounding differences	- 0,01	0,04	0,03	0,01	- 0,01	-
2019 MS Contributions received in 2020	- 14.485,14		- 14.485,14			
TOTAL ASSETS	25.995.978,78	12.870.664,37	38.866.643,15	23.824.364,53	11.239.759,36	35.064.123,89
LIABILITIES						
Other Current Payables	-	41.055,14	41.055,14	-	9.581,25	9.581,25
Prepayments (Member States Advanced payment)		25.740,58	25.740,58			
Current Year SGSS invoices of custody services not paid at 31/12		15.314,56	15.314,56		9.581,25	9.581,25
TOTAL LIABILITIES	-	41.055,14	41.055,14	-	9.581,25	9.581,25
NET ASSETS	25.995.978,78	12.829.609,23	38.825.588,01	23.824.364,53	11.230.178,11	35.054.542,64
NET ASSETS						
Reserve beginning of year	23.824.364,53	11.230.178,11	35.054.542,64	22.491.696,29	6.271.357,34	28.763.053,63
Reserve beginning of year	23.824.364,53		23.824.364,53	22.491.696,29		22.491.696,29
Net adjustment to market value at 31/12 since 2009		11.230.178,11	11.230.178,11		6.271.357,34	6.271.357,34
Net Increase in reserve	2.171.614,25	1.599.431,12	3.771.045,37	1.332.668,24	4.958.820,77	6.291.489,01
Net adjustment due to State of Performance	2.171.614,25	1.599.429,20	3.771.043,45	1.332.668,24	4.958.820,77	6.291.489,01
Minor Adjustment		1,92	1,92			
TOTAL NET ASSETS	25.995.978,78	12.829.609,23	38.825.588,01	23.824.364,53	11.230.178,11	35.054.542,64

Reconciliation Budget Execution & Statement Income and Expenditure

	2020			2019		
	Pension Budget 2020	IPSAS Adjustment	Total	Pension Budget 2019	IPSAS Adjustment	Total
INCOME						
Fiscal Adjustments received	49.886,49	-	49.886,49	47.217,25	-	47.217,25
Member States Contributions	1.748.841,18	3.588,73	1.752.429,91	1.312.861,32	14.464,53	1.327.325,85
Member States contributions SatCen	1.018.922,39		1.018.922,39	1.004.364,89	14.464,53	1.018.829,42
Member States contributions Projects	380.604,71	3.588,73	384.193,44	265.842,19		265.842,19
Member States contributions WEU	55.677,08		55.677,08	42.654,24		42.654,24
Members States' Contributions covered by FTC FUND	293.637,00		293.637,00			
Staff Contributions	1.011.654,26	-	1.011.654,26	759.657,77	-	759.657,77
Staff contributions SatCen	983.815,71		983.815,71	738.330,65		738.330,65
Staff contributions WEU	27.838,55		27.838,55	21.327,12		21.327,12
Other income	176.283,07	-	169.616,27	364.995,71	- 73.353,33	291.642,38
Validation of Pension	169.616,23		169.616,23	291.642,38		291.642,38
SIRP return & Bank Interest received	6.666,80	- 6.666,80	-	73.353,33	- 73.353,33	-
Minor regularization	0,04		0,04			-
TOTAL INCOME	2.986.665,00	-	52.964,56	2.484.732,05	- 106.106,05	2.378.626,00
EXPENSES						
Pension Expenditure	541.665,45	-	541.665,45	931.142,76	2.034,08	933.176,84
Pension benefits	470.356,43		470.356,43	466.663,88	2.034,08	468.697,96
Leaving Allowance	37.197,89		37.197,89	429.043,41		429.043,41
Complementary Health Insurance	34.111,13		34.111,13	35.435,47		35.435,47
Administrative Costs	221.497,35	-	221.497,35	171.034,56	- 1.800,11	169.234,45
Fund Administrative costs	217.984,91	- 30.353,38	187.631,53	168.854,56	- 18.963,68	149.890,88
Cost of Pension payments		18.353,38	18.353,38		18.963,68	18.963,68
Actuarial study		12.000,00	12.000,00			
Bank charges & Exchange difference costs	3.512,48		3.512,48	2.180,00	- 1.800,11	379,89
Bank reconciliation	- 0,04		0,04			-
Fiscal Adjustments pending received	51.887,91	-	51.887,91	49.886,49	-	49.886,49
TOTAL EXPENSES	815.050,71	-	51.887,91	1.152.063,81	- 49.652,52	1.102.411,29
NET CONTRIBUTIONS	2.171.614,29	-	1.076,65	1.332.668,24	- 56.453,53	1.276.214,71
GAIN/LOSSES ON INVESTMENT						
Net unrealised capital gain/losses at 31/12		1.592.403,76	1.592.403,76	1.650.059,52		1.650.059,52
Net realised gain/losses on capital sales & portfolio income		-	-	3.339.935,59		3.339.935,59
Net investment incomes		13.467,09	13.467,09	48.069,36		48.069,36
Interests on bank account & deposits		-	-	-		-
Transaction costs of investments	-	273,82	273,82	- 16.760,73	-	- 16.760,73
Custodian bank charges	-	5.089,30	5.089,30	- 6.029,44	-	- 6.029,44
TOTAL GAIN/LOSSES ON INVESTMENTS	-	1.600.507,73	1.600.507,73	-	5.015.274,30	5.015.274,30

AUDITOR'S OPINION: PENSION'S BUDGET



COLLEGE OF AUDITORS
EUROPEAN UNION SATELLITE CENTRE

REPORT OF THE COLLEGE OF AUDITORS ON THE 2020 ACCOUNTS OF THE EUROPEAN UNION SATELLITE CENTRE PENSIONS BUDGET AT THE END OF DECEMBER 2020

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 2020 Accounts of the SATCEN Pensions budget at the end of December 2020.

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 22 February 2021, 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.



COLLEGE OF AUDITORS
EUROPEAN UNION SATELLITE CENTRE

Due to the Covid pandemic, the audit has been carried through teleworking, which complicated the work. Consequently, visiting the site for verifying original documents was not possible. Information and documents requested have been provided in electronic form. All our questions have been answered sufficiently. The Auditors thank all the staff concerned.

IV Basis for the opinion on the 2020 Accounts Pensions Budget

As in previous years, 2020 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 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 2020 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 2020 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, Wassenaar, 15 April 2021

The College of Auditors



