



©SatCen

EUROPEAN UNION SATELLITE CENTRE

2021 CLOSING BUDGET REPORT

(Executive Summary for Publication)

**European Union Satellite Centre
SatCen
2021 CLOSING BUDGET REPORT**

CERTIFICATION BY THE ACCOUNTING OFFICER

The Closing Budget Report of the European Union Satellite Centre for the year 2021 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.

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, 30 March 2022

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 2021 Final Accounts, a year when the Centre operated still under the extraordinary circumstances imposed by the COVID pandemic.

Unlike in the last two years when the audit process had to be organized through teleworking, by fortune, this year the COVID conditions and restrictions allowed to carry out the review of the SatCen 2021 Closing Accounts at SatCen premises with the new College of Auditors (CoA), fully staffed by three members in full compliance with the SatCen Financial Rules (FR), Article 42.

The full staffing of the College is of great value, not only for its compliance with the FR, lengthily demanded by the CoA itself, but also to clear up the concern drawn up by the auditors of the European Commission (EC) under the Pillar Assessment of the SatCen:

"We recommend that the Board should at least fill in the vacancies or consider another system of independent external audit. Prior to filling in the vacancies, the Board should ensure that the qualifications of the auditors meet the requirements. The Board should also make sure that a fair rotation of auditors is ensured, in line with the Financial Rules of SatCen."

The CoA is a very valuable asset for Member States (MS) as it attests that SatCen's financial records and accounting procedures comply with all applicable regulations. The CoA is equally valuable for the Centre, as their guidance on the correctness is of great significance and transparency, accuracy and rightness are ensured. While defending the interest of MS, the CoA conducts reviews of financial statements and records to confirm that all practices meet legal requirements, internal accounting procedures and financial operations are run efficiently, and that standardized accounting practices are properly maintained.

The Centre is especially grateful to the three nations, namely: Portugal, Romania and Spain, which have volunteered and provided high-level experts for this important panel.

Year 2021 has continued being an exceptional year for the entire activity of the Centre, as it has once again occurred under the very unusual circumstances of the pandemic to which its staff has been vulnerable. Its effect to the level of performance of SatCen Staff, including management of the Finance Unit needed to be mitigated by extraordinary doses of commitment and effort.

Besides the exceptionality of the pandemic, the subsequent inflationary impact derived into serious economic consequences.

The first ministerial level SatCen Board meeting of 6 May 2021, chaired by the HR/VP, defined the political guidance and level of ambition expressed at a high level by MS regarding SatCen's future. Operational output has not only reached levels of record, but also resulted in the higher than anticipated return in terms of Cost Recovery.

It has been in 2021 when most part of the completion of SatCen's extension building was achieved, very recently delivered in February 2022, when the process of equipping the new premises will be completed. No funding provisions were included in Budget 2021, as the total cost (1.6M€) was split in budgets 2018, 2019 and 2020.

Another important major circumstance affecting the financial activity was the BREXIT context under which Budget 2021 was approved. Despite the fact that the United Kingdom left the Union on 1st February 2020, the budget 2020 occurred with the participation of the UK. It was 2021 the first budget approved in the absence of UK.

Despite the absence of the UK in the funding side, in accordance with the SatCen Financial Rules, budgets 2021 and 2022 provided the reimbursement of the UK share in the surpluses of 2019 and 2020, respectively. Closing accounts 2021 reflect the reimbursement of 97,607.62€ to the UK.

With respect to the Pensions Budget, in accordance with the Agreement on the Withdrawal of the United Kingdom, the SatCen entrusted the International Service for Remunerations and Pensions (hereafter ISRP) of the OECD to conduct an actuarial study in order to calculate the estimations of the liabilities over the SatCen Pensions Schemes, based on the audited 2020 closing accounts. The actuarial study conducted by the ISRP, based on the Closing Accounts of reference (2020) concluded that the UK total liabilities over the SatCen amounted to 27,732,955 €. This figure is the result of the Pension Scheme (151,976,256 €) and Post-Retirement Medical Scheme (26,699,755 €), once the last GNI key in SatCen Budget 2020 (basis of the accounts) has been applied.

The UK made the above-mentioned payment on 30 June 2021 in full compliance with the referred provisions, as the Closing Accounts duly reflect.

The payment for these liabilities, being legally part of the Pension Reserve Fund (PRF), will be subject of studies by the Committee for the Administration of Funds (CAF) and the ISRP. These studies will determine and update the needs for the long-term sustainability of the PRF, as well as the potential alternatives for the use of these funds, along with the expected outcome for MS.

Under silence procedure, Budget 2021 and indicative estimates 2022-2023 (doc. 38-20 V2 Rev 1), was approved on 23 December 2020.

As above referred, being 2021 the first budget approved in the absence of UK, MS assumed the shared compensation of the UK contribution (2,371,875.15€, 15.27%% of total contributions to 2020 General and Pensions Budgets).

Despite this difficulty, MS assumed the need for an increase in the SatCen Funding and agreed that the approved budget foresaw an increase of MS funding to the General Budget for 189,563.87 € (1.48% with respect to budget 2020). The combined variation of MS funding for both the General Budget and the Pensions Budget amounted to 523,275.13 € (3.78% increase with respect to 2020).

Notwithstanding this increase, Budget 2021 was approved under the jointly adopted decision to delay the applicable salary adjustment of +4.4% for the first 4 months of 2021, while applying it only for the last 8 months of 2021 (May-December). This decision was made in application of the affordability clause, in the exceptional and unforeseen circumstances generated by Brexit and Covid-19. This resolution also took into consideration the effort made by the SatCen management to come forward with savings solutions.

As fostered by the College of Auditors (CoA) during the last year's audit process, this report is produced in line with other agencies' practices 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 approach, 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 – 2020.

The activity of SatCen's Finance Unit in 2021 has been oriented by the attainments reached during 2018-2020 accounts audit, when the Centre's accounts reporting was redirected towards the International Public Sector Accounting Standards (IPSAS), as prescribed in the new Financial Rules (FR). As recognized in the Auditors' Report, the 2020 Final Accounts reflected the result of a significant amount of work throughout the last 3 years aimed at improving the results of the first IPSAS compliance reporting of 2018, which was finally successfully accomplished in 2020, when the CoA recognized that the SatCen gained the necessary experience. The emphasis has been on realizing a presentation that meets the requirements. The auditors already qualified as a successful achievement of these requirements.

This recognition by the College represents 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".

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).

The Surplus from the Multiannual Budget, once adjusted on accrual basis, will be considered as a "SatCen Reserve" and will not be returned to Member States as the Surplus from the General Budget. Member States 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, only amounts exceeding EUR 1 million shall be considered as available for use, based upon Member States' decision".

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

Reporting under IPSAS in 2021 is based on policies validated by the CoA during 2018-2020 review, and which could only be applied from this validation onwards. The formal application of these standards was duly reflected in the Financial Operational Procedures, successfully developed and approved by the Director of the SatCen in 2019. All policies covering all areas of financial management have been carefully reflected in this comprehensive document. The document was finally completed with the successful finalisation in 2020 of the Finance Manual, comprising all finance techniques and processes. 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, as well as the continuation of The SatCen Financial Operational Procedures, developed and approved in 2019, covering both all accounting policies and the Chart of Accounts.

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

2021 FINANCIAL HIGHLIGHTS

Summary of 2021 Budget execution

	2021 APPROVED BUDGET	BUDGET EXECUTION		2021 SURPLUS	2020B BUDGET	2020B PAID	2020B SURPLUS	TOTAL 2021 BUDGETARY SURPLUS
		2021 PAID	2021 CCF					
OPERATIONAL BUDGET								
Expenditure	7,449,780.11	7,743,485.72	814,003.60	(1,107,709.21)	835,987.26	767,377.71	68,609.55	(1,039,099.66)
Income	(7,000,268.93)	(7,052,707.82)	(2,994,510.22)	3,046,949.11	656,327.75	688,162.72	(31,834.97)	3,015,114.14
Contributions	(449,511.18)	(449,511.18)	-	-	-	-	-	-
TOTAL OPERATIONAL BUDGET	-	241,266.72	(2,180,506.62)	1,939,239.90	1,492,315.01	1,455,540.43	36,774.58	1,976,014.48
ADMINISTRATIVE BUDGET								
Expenditure	18,236,565.33	15,457,252.64	299,311.63	2,480,001.06	247,603.98	131,274.84	116,329.14	2,596,330.20
Income	(5,665,625.53)	(4,602,156.14)	(23,487.93)	(1,039,981.46)	(22,950.35)	(236.95)	(22,713.40)	(1,062,694.86)
Contributions	(12,570,939.80)	(12,570,939.80)	-	-	-	-	-	-
TOTAL ADMINISTRATIVE BUDGET	-	(1,715,843.30)	275,823.70	1,440,019.60	224,653.63	131,037.89	93,615.74	1,533,635.34
TOTAL GENERAL BUDGET SURPLUS	-	(1,474,576.58)	(1,904,682.92)	3,379,259.50	1,716,968.64	1,586,578.32	130,390.32	3,509,649.82

A more detailed breakdown of this summary is depicted below:

	2021 APPROVED BUDGET	BUDGET EXECUTION		2021 SURPLUS	2020B BUDGET	2020B PAID	2020B SURPLUS	TOTAL 2021 BUDGETARY SURPLUS
		2021 PAID	2021 CCF					
OPERATIONAL BUDGET								
Expenditure	7,449,780.11	7,743,485.72	814,003.60	(1,107,709.21)	835,987.26	767,377.71	68,609.55	(1,039,099.66)
Mission Operating Costs	7,020,731.96	7,314,437.57	814,003.60	(1,107,709.21)	835,987.26	767,377.71	68,609.55	(1,039,099.66)
Contingency Fund	429,048.15	429,048.15	-	-	-	-	-	-
Income	(7,000,268.93)	(7,052,707.82)	(2,994,510.22)	3,046,949.11	656,327.75	688,162.72	(31,834.97)	3,015,114.14
Operational Income	(6,571,220.78)	(6,623,659.67)	(2,994,510.22)	3,046,949.11	656,327.75	688,162.72	(31,834.97)	3,015,114.14
Contingency Fund	(429,048.15)	(429,048.15)	-	-	-	-	-	-
Contributions	(449,511.18)	(449,511.18)	-	-	-	-	-	-
Contributions Operational	(449,511.18)	(449,511.18)	-	-	-	-	-	-
TOTAL OPERATIONAL BUDGET	-	241,266.72	(2,180,506.62)	1,939,239.90	1,492,315.01	1,455,540.43	36,774.58	1,976,014.48
ADMINISTRATIVE BUDGET								
Expenditure	18,236,565.33	15,457,252.64	299,311.63	2,480,001.06	247,603.98	131,274.84	116,329.14	2,596,330.20
Personnel Costs	14,970,833.33	14,090,528.66	53,005.61	827,299.06	45,434.74	24,785.25	20,649.49	847,948.55
General Operating Costs	3,265,732.00	1,366,723.98	246,306.02	1,652,702.00	202,169.24	106,489.59	95,679.65	1,748,381.65
Income	(5,665,625.53)	(4,602,156.14)	(23,487.93)	(1,039,981.46)	(22,950.35)	(236.95)	(22,713.40)	(1,062,694.86)
Internal Tax	(2,770,408.45)	(2,685,935.29)	-	(84,473.16)	(236.94)	(236.95)	0.01	(84,473.15)
Other Receipts	(2,895,217.08)	(1,916,220.85)	(23,487.93)	(955,508.30)	(22,713.41)	-	(22,713.41)	(978,221.71)
Contributions	(12,570,939.80)	(12,570,939.80)	-	-	-	-	-	-
Contributions Administrative	(12,570,939.80)	(12,570,939.80)	-	-	-	-	-	-
TOTAL ADMINISTRATIVE BUDGET	-	(1,715,843.30)	275,823.70	1,440,019.60	224,653.63	131,037.89	93,615.74	1,533,635.34
TOTAL GENERAL BUDGET SURPLUS	-	(1,474,576.58)	(1,904,682.92)	3,379,259.50	1,716,968.64	1,586,578.32	130,390.32	3,509,649.82

Summary of budgetary surplus for the period 2021

The Closing Budget Report for the financial period 2021 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 2021 and indicative estimates 2022-2023 (doc. 38-20 V2 Rev 1) was approved on 23 December under silence procedure. In order to mitigate the effect of the compulsory adjustment of basic salaries and allowances as well as for pensions (Coordinating Committee on Remuneration (CCR)) of +4.4%, MS agreed a budget which provided for delaying the adjustment for the first 4 months of 2021, while applying it only for the last 8 months of 2021 (May-December).

Due to the COVID-19 in 2021, as in the year before we experienced a reduction of some expenses, such as mission costs, hospitality, recruitment costs, which were cut by the use of VTC, etc. Some activities needed to be cancelled or postponed as the Centre continued to work under pandemic conditions.

2020 and 2021 will provide lessons learnt from these days which may lead to a most efficient and rational use of resources, particularly for meetings and interviews.

The approved 2021 General Budget experienced a nominal increase of 189,563,87 € in its funding (1,48 %) with respect to 2020.

The pensions budget showed an increase of 333,711.26 € (32,75 %) with respect to 2020.

The combination of these two contributions resulted in an increase of 523,275€ (3.78%) of total contributions to budget 2021 with respect to 2020.

The approved General Budget included estimations of cost recovery (budget lines B7-0104OP and B7-0104AD, 5.700.000,00 €,) and costs of data (budget line B3-0101B “Purchase of data for tasks subject to Cost Recovery”) required for it (2.380.000,00 €), with a direct effect on the reduction of the burden from the national budgets of MS.

The result showed that these expectations were significantly 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 8,905,221 €.

COST RECOVERY		
BUDGET	ACTUAL	EXCESS
5,700,000 €	8,905,221 €	3,205,221 €

The excess of 3.205.221 € 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 a higher of data expenditure (4,247,853 €) higher than projected (2,380,000 €), which was compensated through cost recovery. 2,082,911 € form the cost recovery income were transferred to B3-0101 “Purchase of Data”: Additionally, the high cost recovery contributed to a substantial surplus of 3.2 M€ in 2021.

COST RECOVERY				
BUDGET	ACTUAL	EXCESS	TRANSFERED TO BUDGET	SURPLUS
5,700,000 €	8,905,221 €	3,205,221 €	2,082,911 €	1,122,310 €

The resulting balance of 1.122.310 € is incorporated to the surplus of 2021.

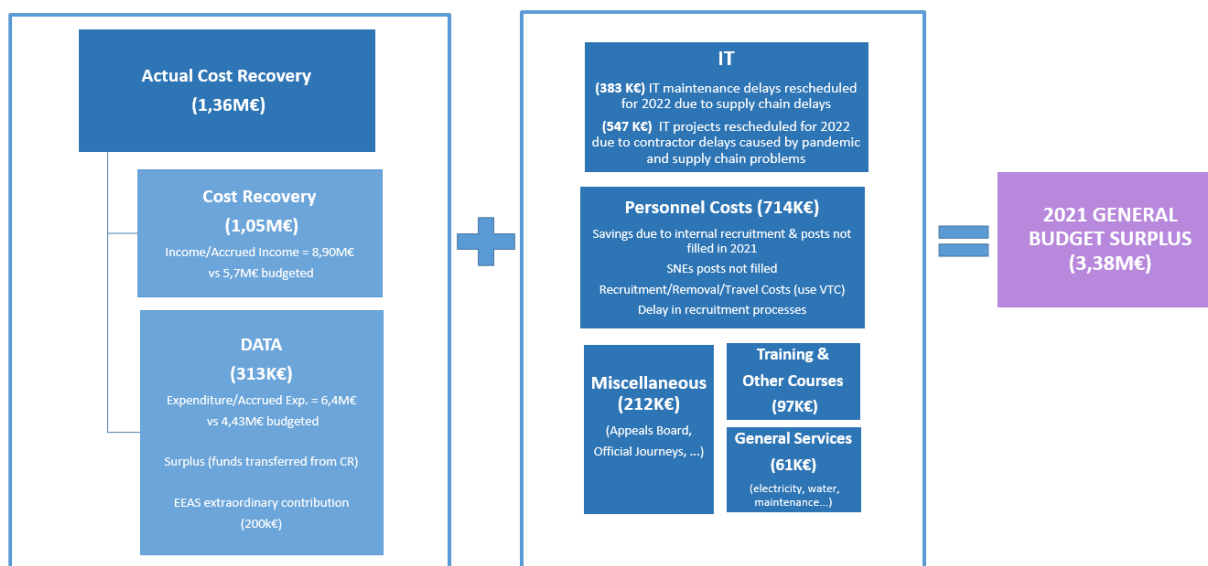
Despite the exceptionality of the savings produced by the peculiar scenario in 2021, the experience in 2021 continues showing that the Cost Recovery plays a critical role in the SatCen funding.

The Centre is in favour of avoiding these financial risks through a new scenario fully funded by MS’ Contributions, which will elude funding uncertainties and thus operational hazards. In the event that these recovered costs become factual, this income would restore funding from MS maintaining the operational activity away from uncertainties. An alternative option would be for SatCen to benefit from a yearly earmarked budgetary envelope for cost recovery and to prioritize the relevant cost recovery support within this envelope.

The declared surplus of the operational activity in 2021, which will contribute very positively to reduce contributions from MS in 2023, based on the exceptional circumstances already exposed is noticeably higher than in previous exercises:

SURPLUS TO BE CREDITED TO 2023 GENERAL BUDGET	
2021 General Budget	
Operational	2,223,419.42
Administrative	1,155,840.08
	3,379,259.50
Surplus 2020B	
Operational	36,774.58
Administrative	93,615.74
	130,390.32
TOTAL SURPLUS TO BE CREDITED TO 2023	3,509,649.82

A depicted analysis of 2021 General Budget surplus (3.379.259,50 €) is expressed in the table below:



The left column (Operational Budget) 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 3.2 M€, out of which 2 M€ were transferred to B3-0101 “Purchase of Data”, which were not totally consumed.

The right column shows that all the areas of remaining funds are definitively originated by the COVID-19 context. IT savings were generated by teleworking, as well as the postponement of a few IT projects, which could not be implemented or developed in 2021 due to the consequences of the pandemic and, in particular the international supply chain disruptions and shipping crisis. These IT projects such as

specific improvements to the Task Management tool, new servers, extension of storage capabilities and finalization of the migration of the financial software used by the finance unit have been introduced in the SatCen Work Programme for 2022 and the associated funds in the 2022 General Budget. Subsequently, the relevant lessons learned have been considered and the relevant planning measures have been taken for 2022 in order to mitigate the impact of supply chain disruptions and avoid further delays.

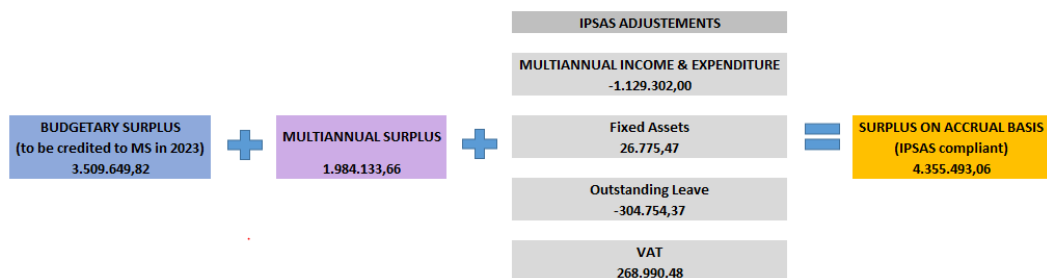
Other areas of savings are clearly identified with the pandemic:

- 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

As previously stated, the budgetary surplus to be deducted from MS Contributions to 2023 General Budget amounts to 3.509.649,82 €.

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, more transparent and more accurate scenario, as prescribed by the new Financial Rules, under its fourth 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 the SatCen Finance Unit provides 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 Financial Performance;
- Statement of Cash Flow;
- Statement of Changes in Net Assets;
- Surplus Reconciliation;

Statement of Financial Position at 31/12/21

SATCEN

ASSETS	Note	2021	2020
Current Assets			
Cash & Cash Equivalent	1	9,785,007.62	11,254,015.55
Receivables	2	6,756,787.86	5,263,899.03
<i>Salary Advances</i>		74,612.04	27,295.88
<i>Taxation authorities, receivables</i>		314,711.94	271,427.19
<i>Receivables from operational activity</i>		5,856,670.78	4,694,034.21
<i>Receivables from non-operational activity</i>		23,487.93	22,950.35
<i>Advance Payments Budget Next Year</i>		487,305.17	248,191.40
Member States Contributions	3		
Total Current Assets		16,541,795.48	16,517,914.58
Non-Current Assets			
Infrastructure, Plant & Equipment	4	764,790.25	707,907.62
Intangibles	5	33,064.14	63,171.30
Total Non-Current Assets		797,854.39	771,078.92
TOTAL ASSETS		17,339,649.87	17,288,993.50
LIABILITIES AND NET ASSETS	Note	2021	2020
Current Liabilities			
Member States Surplus Payable	6	6,235,791.07	3,388,226.71
<i>Surplus Previous Year</i>		2,726,141.25	632,590.27
<i>Exceptional Surplus Payable</i>		-	29,495.19
<i>Surplus Current Year</i>		3,509,649.82	2,726,141.25
Payable to Pension Reserve Fund	7	1,644.38	25,740.58
Other Payables	8	4,950,908.30	7,774,578.80
<i>Outstanding leaves</i>		304,754.37	295,604.90
<i>Accrued Expenses from CCF</i>		2,699,247.22	2,585,591.42
<i>Payables from operating activity</i>		1,946,906.71	4,893,382.48
Prepayments (MS advanced payments)	9	319,612.12	245,425.80
Total Current Liabilities		11,507,955.87	11,433,971.89
Non-Current Liabilities			
Contingency Fund	10	429,048.15	429,048.15
Fixed Term Contract Fund	10	775,720.76	435,744.54
Building Extension Fund to be transferred to 2022	10	287,951.88	1,590,651.19
Building Extension Fund to be transferred to 2021B	10	49,276.74	-
Total Non-Current Liabilities		1,541,997.53	2,455,443.88
Net Assets			
Reserves		4,289,696.47	3,399,577.73
<i>SatCen Reserves</i>	11	738,345.34	722,468.55
<i>Multiannual Projects Reserves</i>	12	3,551,351.49	2,677,109.49
<i>Minor Adjustments</i>		(0.36)	(0.31)
Total Net Assets		4,289,696.47	3,399,577.73
TOTAL LIABILITIES AND NET ASSETS		17,339,649.87	17,288,993.50

(Amounts expressed in EUR)

Statement of Financial Performance at 31/12/21

SATCEN

	Note	2021	2020
Income			
Operational Income	13	9,555,221.43	6,606,134.73
Non-Operational Income	14	25,345.76	24,407.02
Internal Tax	15	2,685,935.29	2,615,470.30
Surplus provisions CCF from previous year (General Budget)	16	140,193.62	131,247.59
Carry-over of appropriations (Multiannual Budget)	17	281,058.51	110,282.55
Multiannual Projects Income	18	13,758,456.03	12,290,205.31
Exceptional Income		-	-
Total Income		26,446,210.64	21,777,747.50
Contributions			
MS Contributions Operational Budget	3	1,154,911.48	2,940,530.04
MS Contributions Administrative Budget	3	12,527,624.91	12,387,684.10
Total Contributions		13,682,536.39	15,328,214.14
Expenditure			
Missions Operating Costs	19	8,083,259.55	7,389,370.47
Personnel Costs	20	13,343,073.10	13,433,312.98
General Operating Costs	21	1,149,860.86	1,185,076.48
Multiannual Projects Expenses	22	13,197,060.49	11,674,188.71
Total Expenditure		35,773,254.00	33,681,948.64
SURPLUS/DEFICIT FOR THE PERIOD		4,355,493.03	3,424,013.00
<i>(Amounts expressed in EUR)</i>			

Statement of Cash Flow at 31/12/21

	2021	2020
CASH FLOW FROM OPERATING ACTIVITIES		
Collections	35,728,990.56	36,580,798.29
Operational Income	6,360,711.19	7,262,462.48
Internal Tax	2,685,935.29	2,615,233.36
Bank Interest	1,857.83	1,693.61
Call for Funds. Contributions	13,094,637.25	13,255,007.23
MS 2021 Pension Contribution erroneously credited to Operational Acc.	(25,740.58)	25,740.58
Multiannual Projects Collections	13,298,522.77	12,894,951.77
Salary refund of advances	122,057.66	106,970.02
VAT Refund	191,009.14	418,739.24
Exceptional Income	0.01	
Payments	36,772,908.34	35,254,074.06
Missions Operating Costs	6,458,627.62	5,848,559.13
Personnel Costs	12,881,461.68	13,047,911.30
General Operating Costs	886,542.00	983,730.57
Payments CCF Previous year	1,632,275.45	2,735,501.66
Advance payments Budget following year	505,790.80	246,778.68
Multiannual Projects Payments	12,489,629.25	11,488,612.18
VAT Non Recoverable	212,999.12	66,540.11
VAT Recoverable	191,009.14	418,739.24
Salary advances	169,373.82	82,500.00
Reduction of Fixed-Term Allowance Fund	91,776.89	335,201.19
Reduction of Building Extension Fund	1,253,422.57	
NET CASH FROM OPERATING ACTIVITIES	(1,043,917.78)	1,326,724.23
CASH FLOW FROM INVESTING ACTIVITIES		
Collections		
Sales of Fixed Assets		
Payments	425,090.15	400,954.40
Purchase of Fixed Assets	425,090.15	400,954.40
NET CASH FROM INVESTING ACTIVITIES	(425,090.15)	(400,954.40)
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENT	(1,469,007.93)	925,769.83
Cash & cash equivalent at beginning of year	11,254,015.55	10,328,245.72
Cash & cash equivalent at end of year	9,785,007.62	11,254,015.55

(Amounts expressed in EUR)

Statement of Changes in Net Assets at 31/12/21

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
Outstanding Leaves 2020 Regularization	69,892.42	225,712.48	-	-	295,604.90
VAT 2020 Regularization	(45,075.22)	(213,224.88)	-	-	(258,300.10)
2020 Surplus	-	-	849,424.80	3,513,039.01	4,362,463.81
Transfer Surplus 2021 IPSAS to SatCen Reserves	-	3,389.19	-	(3,389.19)	-
Transfer Surplus 2021 to MS Payable	-	-	-	-	-
Transfer Surplus 2021 to Multiannual Reserves	849,424.80	-	(849,424.80)	(3,509,649.82)	(3,509,649.82)
Balance at December 31, 2021	3,551,351.49	738,345.34	-	(0.00)	4,289,696.83

(Amounts expressed in EUR)

Surplus Reconciliation

	2021	2020
Operational/General Budget current year	3,379,259.50	2,595,661.46
Credits carried forward from previous year	130,390.32	130,479.79
Surplus at Statement of Budget Comparison	3,509,649.82	2,726,141.25
Multiannual Projects Surplus	1,703,075.15	2,808,192.35
Multiannual Projects Credits Carried Forward from previous year	281,058.51	110,282.55
Difference Member States Contributions	(0.03)	
SatCen Financial Surplus	5,493,783.45	5,644,616.15
Multiannual Projects IPSAS Income Adjustments	456,629.99	(604,746.46)
Multiannual Projects Accrued Expenditure in open commitments	(1,585,931.99)	(1,502,000.19)
Income Adjustment from previous years		
Net Assets Value Adjustments	26,775.47	(76,551.70)
Outstanding leaves	(304,754.37)	(295,604.90)
VAT recoverable	268,990.48	258,300.10
Previous year Contributions		
SURPLUS/DEFICIT FOR THE PERIOD IPSAS COMPLIANCE	4,355,493.03	3,424,013.00

(Amounts expressed in EUR)



**COLLEGE OF AUDITORS
EUROPEAN UNION SATELLITE CENTRE**

**EU Satellite Centre
Mr. Sorin Ducaru, Director
Avenida de Cadiz, Ed 457
Base Aérea de Torrejón
28850 Torrejón de Ardoz (Madrid)**

Bucharest, Madrid, Lisbon 22 March 2022

Dear Mr. Ducaru,

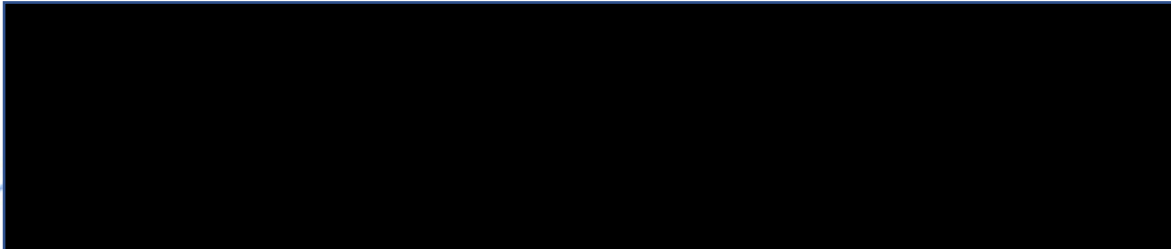
Herewith, we submit to you our report on the 2021 Accounts of the General Budget and Multi Annual Budget and the report on the 2021 Accounts of the Pensions Budget of the European Union Satellite Centre. We have also prepared letters of observations and recommendations on the audit of the 2021 Accounts.

In accordance with article 21, sub 7 of the Financial Rules of the Centre you are kindly requested to forward the reports and the letters of recommendations to the Board.

Sincerely yours,

Bucharest, Madrid, Lisbon 22 March 2022

The College of Auditors





COLLEGE OF AUDITORS
EUROPEAN UNION SATELLITE CENTRE

**REPORT OF THE COLLEGE OF AUDITORS ON THE 2021 ACCOUNTS OF THE EUROPEAN UNION
SATELLITE CENTRE GENERAL BUDGET AND MULTIANNUAL 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 2021 Accounts of the SATCEN General Budget and the Multiannual Budget for the period 1 January 2021 to 31 December 2021. For the Pension Budget, separate 2021 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 28 February 2022 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 2021

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.

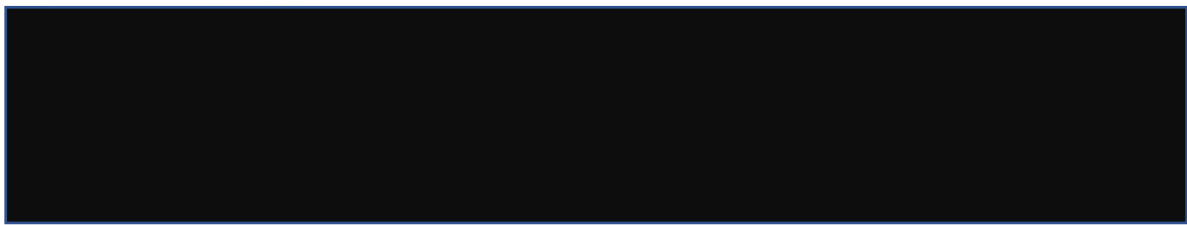
V. Opinion on the Accounts 2021

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 2021. Also, the transactions and information reflected in the final accounts are in material terms in compliance with the Rules.

Audit findings and recommendations are included in our letter of observations and recommendations dated 22 March 2022. The findings have no impact on the opinion.

Bucharest, Madrid, Lisbon 22 March 2022

The College of Auditors



PART IV. PENSION BUDGET

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

APPROVED PENSION BUDGET

CHAP	ART	LINE	DESCRIPTION	RESULT 2019	2020 APPROVED	2021 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	345,470	346,150	445,470
I	1	C	Survivors Pensions	47,004	47,615	72,954
I	1	D	Orphans Pensions	21,100	21,375	22,125
I	1	E	Family & Social Benefits	53,090	53,679	60,346
TOTAL PENSION EXPENDITURE				466,664	468,818	600,895

I	2	LEAVING ALLOWANCE EXPENDITURE				
I	2	A	Leaving Allowances	429,043	139,371	350,160
TOTAL LEAVING ALLOWANCE EXPENDITURE				429,043	139,371	350,160

I	3	MISCELLANEOUS EXPENDITURE				
I	3	A	Complementary Insurance (EU)	35,435	35,356	51,243
I	3	B	Fiscal Adjustment paid to Pensioners	49,886	41,259	64,366
I	3	C	Bank Charges & Interest paid	2,180	850	2,180
I	3	D	Pension Fund Administration Costs	168,855	205,000	195,000
TOTAL MISCELLANEOUS EXPENDITURE				256,357	282,465	312,788

TOTAL EXPENDITURE	1,152,064	890,655	1,263,843
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CHAPTER II INCOME

II	1	STAFF MEMBER CONTRIBUTIONS				
II	1	A	Staff Member Contributions	738,331	1,015,574	1,067,048
II	1	A-1	Staff Member Contributions (WEU) (*)	21,327	28,000	26,250
II	1	B	Validation Pensions	291,642	70,000	70,000
TOTAL PENSION INCOME				1,051,300	1,113,574	1,163,298

II	2	MEMBER STATES' CONTRIBUTIONS				
II	2	A	Member States' Contributions	1,004,344	1,018,829	1,352,540
II	2	A-1	Member States' Contributions (WEU) (*)	42,654	56,000	52,500
II	2	A-2	Member States' Contributions covered by FTC FUND	0	293,637	0
II	2	B	Member States' Contributions (other years)	0	0	0
II	2	C	Projects Contributions	261,849	377,589	426,645
II	2	D	Projects Contributions (other years)	3,993	0	0
TOTAL MEMBER STATES' CONTRIBUTIONS INCOME				1,312,841	1,746,056	1,831,685

II	3	MISCELLANEOUS INCOME				
II	3	A	Miscellaneous Income	0	0	0
II	3	B	Fiscal Adjustment reimbursed by Member States	47,217	41,259	49,586
II	3	C	SIRP Return & Bank Interest	73,353	60,000	60,000
II	3	D	Fiscal Adjustment reimbursed (other years)	0	0	0
TOTAL MISCELLANEOUS INCOME				120,571	101,259	109,586

TOTAL INCOME	2,484,711	2,960,889	3,104,569
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BALANCE (INCREASE IN PENSION RESERVE FUND)	1,332,648	2,070,234	1,840,726
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BUDGET EXECUTION & STATEMENT OF FINANCIAL PERFORMANCE

Reconciliation Budget Execution & Statement Financial Performance						
	Pension Budget 2021	IPSAS Adjustment	Total	Pension Budget 2020	IPSAS Adjustment	Total
INCOME						
Fiscal Adjustments received	51,889.91	-51,889.91	-	49,886.49	-49,886.49	-
Member States Contributions	1,844,242.92	2,658.72	1,846,901.64	1,748,841.18	3,588.73	1,752,429.91
Member States contributions SatCen	1,352,540.27		1,352,540.27	1,018,922.39		1,018,922.39
Member States contributions Projects	454,980.67	2,658.72	457,639.39	380,604.71	3,588.73	384,193.44
Member States contributions WEU	36,721.98		36,721.98	55,677.08		55,677.08
Members States' Contributions covered by FTC FUND	0.00		0.00	293,637.00		293,637.00
Member states contribution other years						
Staff Contributions	1,073,577.03		1,073,577.03	1,011,654.26		1,011,654.26
Staff contributions SatCen	1,053,558.79		1,053,558.79	983,815.71		983,815.71
Staff contributions WEU	20,018.24		20,018.24	27,838.55		27,838.55
Other income	273,899.63	-5,165.75	28,001,688.88	176,283.07	-6,666.80	169,616.27
Validation of Pension	268,590.30		268,590.30	169,616.23		169,616.23
SIRP return & Bank Interest received	5,165.75	-5,165.75	-	6,666.80	-6,666.80	-
Minor regularization	0.04		0.04	0.04		0.04
Interest of late CFF payments	143.54		143.54			
Exceptional income	27,732,955.00		27,732,955.00			
TOTAL INCOME	3,243,609.49	- 54,396.94	30,922,167.55	2,986,665.00	- 52,964.56	2,933,700.44
EXPENSES						
Pension Expenditure	1,132,665.11	-	1,132,665.11	541,665.45	-	541,665.45
Pension benefits	548,473.63		548,473.63	470,356.43		470,356.43
Leaving Allowance	544,655.62		544,655.62	37,197.89		37,197.89
Complementary Health Insurance	39,535.86		39,535.86	34,111.13		34,111.13
Administrative Costs	282,363.18	5,257.61	287,620.79	221,497.35	5,089.30	226,586.65
Fund Administrative costs	208,354.83		208,354.83	217,984.91	-30,353.38	187,631.53
Cost of Pension payments	36,711.89		36,711.89		18,353.38	18,353.38
Actuarial study			0.00		12,000.00	12,000.00
Bank charges & Exchange difference costs	37,296.46	13.88	37,310.34	3,512.48		3,512.48
Bank reconciliation			0.00	-0.04		-0.04
Custodian bank charges		5,243.73	5,243.73		5,089.30	5,089.30
Fiscal Adjustments pending received	60,282.92	-60,282.92	0.00	51,887.91	-51,887.91	-
TOTAL EXPENSES	1,475,311.21	-55,025.31	1,420,285.90	815,050.71	-46,798.61	768,252.10
NET CONTRIBUTIONS	1,768,298.28	628.37	29,501,881.65	2,171,614.29	- 6,165.95	2,165,448.34
GAIN/LOSSES ON INVESTMENT						
Net unrealised capital gain/losses at 31/12		6,256,133.24	6,256,133.24		1,592,403.76	1,592,403.76
Net realised gain/losses on capital sales & portfolio income		0.00	0.00		0.00	0.00
Net investment incomes		18,288.03	18,288.03		13,467.09	13,467.09
Interests on bank account & deposits		-632.98	-632.98			0.00
Transaction costs of investments		-12,634.11	-12,634.11		- 273.82	-273.82
Minor regularization		-0.01	-0.01			
TOTAL GAIN/LOSSES ON INVESTMENTS	-	6,261,154.17	6,261,154.17	-	1,605,597.03	1,605,597.03

PENSION BUDGET EXECUTION

Ch/Art/Sub	Description	Credits	Expenditure
1.1.1	Invalidity Pensions	0.00	0.00
1.1.2	Retirement Pensions	-445,470.00	-418,475.75
1.1.3	Survivor's Pensions	-72,954.00	-71,945.47
1.1.4	Orphan's Pensions	-22,125.00	-12,047.23
1.1.5	Family and Social Benefits	-60,346.00	-46,005.18
1.2.1	Leaving Allowance Expenditure	-350,160.00	-544,655.62
1.3.1	Complementary Insurance (EU)	-51,243.00	-39,535.86
1.3.2	Fiscal Adjustment paid to Pensioner	-64,366.00	-60,282.92
1.3.3	Bank Charges & Interest paid	-2,180.00	-37,296.46
1.3.4	Pension Fund Admin. Costs	-195,000.00	-245,066.72
2.1.1	Staff Member Contributions	1,067,048.00	1,053,558.79
2.1.1A	Staff Member Contributions (WEU)	26,250.00	20,018.24
2.1.2	Validation Pensions	70,000.00	268,590.30
2.2.1	Member States' Contributions	1,352,540.00	1,352,540.27
2.2.1A	Member States' Contributions (WEU)	52,500.00	36,721.98
2.2.1B	Members States' Contributions covered by FTC FUND	0.00	0.00
2.2.2	Member States' Contributions (other years)	0.00	27,732,955.00
2.2.3	Project Contributions	426,645.00	454,980.67
2.2.4	Project Contributions (other years)	0.00	0.00
2.3.1	Miscellaneous Income	0.00	0.00
2.3.2	Fiscal Adjustment reimbursed by Member State	49,586.00	51,889.91
2.3.3	SIRP return & Bank Interest received	60,000.00	5,309.29
2.3.4	Fiscal Adjustment other years	0.00	0.00
Total		1,840,725.00	29,501,253.24

SATCEN AUDITOR'S REPORT



COLLEGE OF AUDITORS
EUROPEAN UNION SATELLITE CENTRE

REPORT OF THE COLLEGE OF AUDITORS ON THE 2021 ACCOUNTS OF THE EUROPEAN UNION SATELLITE CENTRE PENSIONS BUDGET AT THE END OF DECEMBER 2021

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 2021 Accounts of the SATCEN Pensions budget at the end of December 2021.

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 28 February 2022, 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 2021 Accounts Pensions Budget

As in previous years, 2021 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 2021 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 2021 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.

Audit findings and recommendations are included in our letter of observations and recommendations dated 22 March 2022. The findings have no impact on the opinion.

Bucharest, Madrid, Lisbon 22 March 2022

The College of Auditors

