EISCAT Scientific Association
Registered as a Swedish non-profit organisation
Organisation number: 897300-2549

Annual report for the financial year 2014-01-01 – 2014-12-31

The EISCAT Council and the Director for the Association submits herewith the annual report for 2014.

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ADMINISTRATION REPORT

Ownership, organisation and objective

The EISCAT Scientific Association was established in 1975 through an agreement between six European organisations. Japan joined in 1996 and the Peoples Republic of China in 2007.

The EISCAT Associates at 2014-12-31 are: China Research Institute of Radiowave Propagation (Peoples Republic of China), National Institute of Polar Research (Japan), Natural Environment Research Council (United Kingdom of Great Britain and Northern Ireland), Norges forskningsråd (Norway), Solar-Terrestrial Environment Laboratory, Nagoya University (Japan), Suomen Akatemia (Finland), and Vetenskapsrådet (Sweden).

The now running EISCAT Agreement came into force 2007-01-01, with all Associates making long term funding commitments to the Association. The Association has its formal seat in Kiruna, Sweden, and is registered as a non-profit organisation.

The aim of the Association is to make significant progress in the understanding of physical processes in the high latitude atmosphere by means of experimental programmes generally conducted using the incoherent scatter radar technique, which may be carried out as part of wider international projects. For this purpose, the Association has developed, constructed, and now operates, a number of radar facilities at high latitudes. At present, these comprise a system of stations at Tromsö (Norway), Kiruna (Sweden), Sodankylä (Finland), and Longyearbyen (Svalbard).

The Association is fully funded by the Associates but additional operations may also be funded by short term additional contributions from both Associate and non-Associate bodies. Depending on the available funding, scientific priorities and operational targets are adjusted on an annual basis.

The EISCAT Council is charged with the overall administration and supervision of the Association's activities. The Council appoints a Director, who is responsible for the daily management and operation of the facilities of the Association.

Operation and scientific development

The EISCAT Radars delivered a full programme of operations for the user community and operated reliably throughout the year.

The various EISCAT radars operated for a total of 2 757 accounted hours (2 378 hours in 2013).

Common Programmes amounted to 49% (33%) of the operations. Special Programmes amounted to 43% (45%) and other operations amounted to 8% (22%) of the total hours.

France, Ukraine and Russia have Affiliate agreements and totally 60 hours (316 hours) were accounted on behalf of these countries. The Peer-Review Programme made it possible for users from Belgium, France, Netherlands, Norway, South Korea, Sweden UK and USA to run

experiments, at no cost, on the systems. Peer-Review time amounted to 128 accounted hours (168 hours).

Three EU Framework Programme 7 projects were ongoing at the end of the year: COOPEUS "Strengthening the cooperation between the US and the EC in the field of environmental research infrastructures", ESPAS "Near-Earth Space Data Infrastructure for e-Science" and MISW: "Mitigation of space weather threats to GNSS services". The EISCAT_3D_2 "EISCAT_3D: A European three-dimensional imaging radar for atmospheric and geospace research (Preparatory Phase)" and ENVRI "Common Operations of Environmental Research Infrastructures" both ended in autumn. In autumn EISCAT joined as partner five application consortia's bidding for H2020 project funding. Two bids were successful and a third passed the evaluation threshold but all funding had then already been distributed to bids achieving higher ranks. The two new projects, EGI-Engage "Engaging the EGI Community towards an Open Science Commons" and ENVRI PLUS "Environmental Research Infrastructures Providing Shared Solutions for Science and Society" will both start in the first half of 2015. The latter project means a large commitment for EISCAT with 46 staff-months of funding over four years.

The project: planning of EISCAT_3D, "planering av EISCAT_3D", continued throughout the year. A request to extend the length of the project to autumn 2015 was submitted in December. A 4 MSEK follow-on project "EISCAT_3D: nästa generations internationella radarsystem för utforskning av atmosfären och den jordnära rymden" started 1 January 2014. These two projects, both funded by Vetenskapsrådet (Sweden), runs partially in parallel but will be managed in sequence. Both projects support the EISCAT_3D project office and consortium building work.

Future operation and scientific development

All systems are ready for users. These comprise now of the EISCAT Svalbard Radar, Heating and the UHF and VHF radars with the possibility to run the VHF in tristatic mode by using the antennas in Kiruna and Sodankylä for reception.

The work of the Council and its committees

The Council had two ordinary meetings under the leadership of the Chairperson, Prof. Jian Wu. The spring meeting was held 10 – 11 June at the Nagoya University in Japan. The autumn meeting was held in Helsinki 6 – 7 November at the Academy of Finland. The Scientific Oversight Committee, under the leadership of the Chairperson, Dr. Yasunobu Ogawa, had two meetings during the year. The spring meeting was held 3 - 4 April at the DLR institute in Weßling, Germany. The autumn meeting was held in Beijing, 24 -25 August. The Council Advisory Group did not have any meetings this year.

The work at Council and its committees were much related to regular activities, including financial aspects. Council decided also to replace the advisory group with an Administrative and Finance Committee. This committee, initially formed as an adHoc structure, will have its first meeting in the beginning of 2015. The Administrative and Finance Committee will formally come into existence when the revised Agreement is activated. The 3rd antenna system on Svalbard project was effectively terminated when Council was informed that Norwegian authorities considered the antenna to be undesirable.

Budget development during the year

The 2014 operations ended on the operating target set for the year. The mainland systems were used more than budgeted and the Svalbard radar was used less. The mainland interest was much driven by the continued possibility to perform UHF radar measurements, which at the time of budgeting in 2013, seemed to be impossible due the loss of the frequency spectrum. The Svalbard radar operating hours budget had therefore been increased to compensate for the loss of the UHF hours.

The overall spend followed well the forecast for the year and the regular income was higher than expected since Ukraine managed to continue their Affiliation. Value changes in short-term deposits added further income.

The purchase of 10 new klystrons was completed in September. The final cost, including GBP-SEK exchange rate variation, finally became 5.3 MSEK. Part of the funding, 2.8 MSEK, was set aside already in 2013. The remainder was drawn from the annual operating funds.

The long-term budget plan

The long-term budget plan continues to be challenging. The highest priority is to maintain a reasonable level of operations and to avoid staff complement reductions in the near future since staff and skills will be needed for the EISCAT_3D implementation phase.

The result for 2014 and profit/loss handling

The year was balanced by covering the deficit, 218 kSEK, from the Investment fund.

PROFIT AND LOSS ACCOUNTS

in thousands of Swedish Crowns

		2014	2013
	Note 1		
Associate contributions	Note 2	21 837	20 631
Other operating income		6 640	12 194
		28 476	32 825
Operation costs		-5 730	-8 692
Administration costs		-4 139	-4 349
Personnel costs	Note 3	-19 102	-18 605
Depreciation of fixed assets		-1 384	-1 079
		-30 355	-32 724
Operating profit/loss		*-1 878*	*100*
Interest income		61	115
Other financial income and cost		1 183	366
Own reserves and funds	Note 4	-968	-1 660
		276	-1 179
Profit/loss after financial items		*-1 602*	*-1 079*
Appropriations	Note 5	218	0
Transfer from funds invested	Note 6	1 384	1 079
		1 602	1 079
Net profit/loss for the year		*0*	*0*

BALANCE SHEET

in thousands of Swedish Crowns

		2014	2013
ASSETS			
Fixed assets			
Tangible fixed assets	Note 7		
Buildings		2 437	2 662
Radar systems		5 765	651
Equipment and tools		2 354	1 827
		10 556	5 140
Current assets			
Receivables		5 477	8 865
Prepayments and accrued income	Note 8	8 039	5 296
Cash at bank and in hand	Note 9	22 959	30 631
		36 476	44 792
Total assets		*47 032*	*49 932*
CAPITAL AND LIABILITIES			
Capital			
Funds invested	Note 10	10 556	5 140
Funds held on reserve	Note 11	15 811	21 862
		26 367	27 002
Current liabilities			
Liabilities, trade	Note 12	20 291	22 530
Provisions		0	0
Other liabilities		373	400
		20 664	22 930
Total capital and liabilities		*47 032*	*49 932*
Pledged assets		*none*	*none*
Contingent liabilities		*none*	*none*

STATEMENT OF CASH FLOWS

in thousands of Swedish Crowns

	2014	***2013***
Operating activities		
Operating result before financial items	-1 878	100
Transfer from funds invested	1 384	1 079
Interest received	61	115
Currency exchange rate changes	973	341
Extra ordinary income and cost	210	26
Increase/decrease of receivables	3 388	-5 473
Increase/decrease of prepayments and accrued income	-2 743	282
Increase/decrease of creditors and liabilities	-2 266	1 837
Cash flow from operations	*-872*	*-1 694*
Investment activities		
Investments in tangible assets	-6 800	-823
Cash flow from investment activities	*-6 800*	*-823*
Cash flow for the year	*-7 672*	*-2 517*
Liquid assets at the beginning of the year	*30 631*	*33 148*
Liquid assets at the end of the year	*22 959*	*30 631*

NOTES

Note 1 *Accounting principles*

The accounting and valuation principles applied are consistent with the provisions of the Swedish Annual Accounts Act and generally accepted accounting principles (bokföringsnämnden allmänna råd och vägledningar).

All amounts are in thousands of Swedish kronor (SEK) unless otherwise stated.

Receivables
Receivables are stated at the amounts estimated to be received, based on individual assessment.

Receivables and payables in foreign currencies
Receivables and payables in foreign currencies are valued at the closing day rate. Where hedging measures have been used, such as forwarding contracts, the agreed exchange rate is applied. Gains and losses relating to operations are accounted for under other financial income and cost.

Bank accounts in foreign currencies
Bank balances in foreign currencies are valued at the closing day rate.

Fixed assets
Tangible fixed assets are stated at their original acquisition values after deduction of depreciation according to plan. Assets are depreciated systematically over their estimated useful lives. The following periods of depreciation are applied: Buildings 5 - 50 years, Radar systems 3 - 20 years and Equipment and tools 1 - 5 years.

Note 2 *Associate contributions*

The Associates contributed to the operation during the year in accordance with the agreement. The commitments are in local currencies. The received contributions have been accounted in SEK.

	2014
CRIRP (P. R. of China)	3 246
NIPR (Japan)	1 417
RCN (Norway)	5 594
SA (Finland)	3 401
NERC (United Kingdom)	2 508
VR (Sweden)	5 670
	21 837

Accumulated contributions status as of 2014-12-31

	1976 - 2014
Previous Associates	382 168
CRIRP (P. R. of China)	25 620
NIPR (Japan)	74 955
RCN (Norway)	162 148
SA (Finland)	74 905
NERC (United Kingdom)	228 788
VR (Sweden)	135 569
	1 084 153

Note 3 *Personnel costs and average number of employees*

The Association employs directly the Headquarters staff, currently about nine positions, including the Director. The Headquarters is located in Kiruna, Sweden. The personnel working at the Kiruna (Sweden), Sodankylä (Finland), Svalbard and Tromsö (Norway) sites are not employed by the Association. Instead, the personnel are provided via site contracts by the Swedish Institute of Space Physics (Kiruna site staff), Oulu University (Sodankylä staff) and Tromsö University (Tromsö and Svalbard staff). The Association refunds all expenses related to the provided staff, as well as an additional overhead.

	2014	***2013***
Personnel costs in total		
Salaries and emoluments paid to the Director	1 475	1 552
Other personnel, employed and provided via site contracts	12 084	11 619
Social security contributions amounted to	5 025	4 826
of which for pension costs	2 474	2 349

The Director, Dr. Craig Heinselman, started his employment 2013-01-01. His employment contract with Council is for up to three years. It can thereafter be extended with another term.

Of the pension costs, 283 kSEK (270 kSEK) relates to the Director. He and all other directly employed staff are included in ITP like occupational pension plans. For the personnel provided via site contracts, the pension plans are handled by their respective employer.

The members of the board (EISCAT Council) and members of committees, who represents Associates, do not receive remunerations from the Association. Travel expenses in connection with Council and committee meetings are normally covered by the Associates. For the Council Advisory Group, the Association cover meeting and travel costs.

Salaries and emoluments and average number of staff per country

Finland		
Salaries and emoluments	626	585
Average number of staff - men and women	1 + 0	1 + 0
Norway (including Svalbard)		
Salaries and emoluments	5 491	5 173
Average number of staff - men and women	8 + 0	8 + 0
Sweden		
Salaries and emoluments	7 442	7 414
Average number of staff - men and women	8 + 2	8 + 2

Members of the board and Directors at year-end - men and women
The board consist of delegations from every Associate country each having a Delegate (formal member) and up to two Representatives.

Board members (EISCAT Council)	11 + 3	11 + 3
Directors	1 + 0	1 + 0

Note 4 *Own reserves and funds*

A large investment was done during the year when ten new klystrons to the Svalbard radar was bought. The total purchase amounted to 5 322 kSEK. It was partially funded by the 2 833 kSEK that was set aside in 2013. The remaining part was covered by 2014 operating funds.

Capital Operating reserve		
Transfer to the reserve	-1 235	-3 659
Transfer from the reserve	4 239	792
Investments made	-6 800	-823
Spare parts reserve		
Transfer to the reserve	-10	-10
Transfer from the reserve	37	0

	2014	2013
Surplus fund		
Transfer from the fund	2 800	2 040
Transfer to the fund	0	0
Sum own reserves and funds	*-968*	*-1 660*

Note 5 *Appropriations*

The outcome for this year became a deficit relative to the budget amounting to -218 kSEK. The deficit was covered by a transfer from the Investment fund. The 2013 outcome was balanced.

Note 6 *Transfer from funds invested*

The depreciation cost is covered by funds from Capital - funds invested

Note 7 *Tangible fixed assets*

Changes in tangible fixed assets during 2014.

Buildings		
Opening acquisition value	42 424	42 428
Acquisitions during the year	4	0
Disposals during the year	-14	-5
Closing acquisition value	42 413	42 424
Opening accumulated depreciation	-39 762	-39 533
Depreciations during the year	-228	-234
Disposals during the year	14	5
Closing accumulated depreciation	-39 976	-39 762
Closing residual value	2 437	2 662
Radar systems		
Opening acquisition value	244 693	244 693
Acquisitions during the year	5 394	0
Disposals during the year	0	0
Closing acquisition value	250 087	244 693
Opening accumulated depreciation	-244 042	-243 952
Depreciations during the year	-280	-90
Disposals during the year	0	0
Closing accumulated depreciation	-244 322	-244 042
Closing residual value	5 765	651
Equipment and tools		
Opening acquisition value	31 726	31 354
Acquisitions during the year	1 402	823
Disposals during the year	480	450
Closing acquisition value	32 649	31 726
Opening accumulated depreciation	-29 899	-29 595
Depreciations during the year	-876	-755
Disposals during the year	480	450
Closing accumulated depreciation	-30 295	-29 899
Closing residual value	2 354	1 827
Sum tangible fixed assets	*10 556*	*5 140*

Note 8 *Prepayments and accrued income*

Resources in staff and direct costs spent in ongoing externally funded projects are covered by accrued income until settled by periodic report claims. The EISCAT_3D_2 and ENVRI projects ended and two new, MISW and VR-OG, started during the year.

	2014	2013
Prepaid rents	109	105
Prepaid insurances	594	531
Accrued income, COOPEUS project	458	341
Accrued income, EISCAT_3D_2 project	0	706
Accrued income, ENVRI project	0	156
Accrued income, ESPAS project	1 312	167
Accrued income, MISW project	173	0
Accrued income, VR-OG project	0	0
Accrued income, VR-PG project	5 312	3 185
Other items	81	106
	8 039	5 296

Note 9 *Bank balances status*

Nordea	22 957	30 631
Cash in hand	2	0
	22 959	30 631

Note 10 *Funds invested status*

Buildings	2 437	2 662
Radar Systems	5 765	651
Equipment and Tools	2 354	1 827
	10 556	5 140

Note 11 *Funds held on reserve*

Regular investments and spare parts purchases were both more than budgeted. The funds set aside in the Capital operating reserve for part-paying the purchase of the ten klystrons for Svalbard were used. The outcome deficit, -218 kSEK, was covered by funds from the Investment fund.

Capital operating reserve	2 065	5 070
Equipment repair fund	754	754
Investment fund	7 753	7 971
Restructuring reserve	4 101	4 101
Spare parts reserve	122	149
Surplus fund	1 015	3 815
	15 811	21 862

Note 12 *Liabilities, trade*

All externally funded projects work with prefinancing. For European Commission projects, these are in EUR's. The prefinancing is used to cover reported and approved costs. The ENVRI and EISCAT_3D_2 projects ended late in the year such that the approval of costs did not occur within 2014. The EISCAT_3D_2 guarantee fund is kept as contingency by the Commission for the EISCAT_3D_2 project, which EISCAT is the Co-ordinator of. The guarantee fund will be released when the final reporting has been approved by the Commission.

COOPEUS prefinancing	1 522	1 632
EISCAT_3D_2 guarantee fund, whole project	2 111	1 991
EISCAT_3D_2 prefinancing	1 826	5 282
ENVRI prefinancing	484	536
ESPAS prefinancing	2 291	2 513
MISW prefinancing	519	0
VR-OG prefinancing	2 000	0
VR-PG prefinancing	7 000	7 000
Liabilities, trade	2 537	3 577
	20 291	22 530

Kiruna 2015-06-10

Dr. Tomas Andersson

Prof. Qing-sheng Dong

Dr. Mervyn Freeman

Dr. Bjørn Jacobsen

Dr. Hiroshi Miyaoka

Dr. Kati Sulonen

Dr. Craig Heinselman
Director

Our audit report was issued on 2015- 06 - 17.

Mrs. Annika Wedin
Authorised Public Accountant

Auditor's report

To the council of EISCAT Scientific Association, Corporate Identity Number 897300-2549

Report on the annual accounts

I have audited the annual accounts of EISCAT Scientific Association for the year 2014.

Responsibilities of the council and the director for the annual accounts

The council and the director are responsible for the preparation and fair presentation of the annual accounts in accordance with the Annual Accounts Act, and for such internal control as the council and the director determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on the annual accounts based on my audit. I conducted my audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the association's preparation and fair presentation of the annual accounts, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the council and the director, as well as evaluating the overall presentation of the annual accounts.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the association as of 31 December 2014 and its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

Report on other legal and regulatory requirements

In addition to my audit of the annual accounts, I have also audited the administration of the council and the director of EISCAT Scientific Association for the year 2014.

Responsibilities of the council and the director

The council and the director are responsible for the administration.

Auditor's responsibility

My responsibility is to express an opinion with reasonable assurance on the administration based on my audit. I conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for my opinion on the council and the director´s administration, in addition to my audit of the annual accounts, I examined significant decisions, actions taken and circumstances of the association in order to determine whether any member of the council or the director have undertaken any action or is guilty of negligence which may entail a liability for damages. I also examined whether any council member or the director has, in any other way, acted in contravention of the Annual Accounts Act or the statutes.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion

The council and the director have not acted in contravention of the statutes.

Gävle, 17 June 2015

Annika Wedin
Authorized Public Accountant