

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

Annual report for the financial year 2012-01-01 – 2012-12-31

The EISCAT Council and the Director for the Association submits herewith the annual report for 2012.

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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 2012-12-31 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 Tromsø (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 with only some interruptions due to equipment or operational problems.

The various EISCAT radars operated for a total of 2 596 accounted hours (2 846 hours in 2011).

Tristatic modes of operation were reinstated after a frequency conversion of the two remote sites at Kiruna (Sweden) and Sodankylä (Finland). The remote sites are now receiving the transmitted VHF signal.

Common Programmes amounted to 42% (43%) of the operations. Special Programmes amounted to 42% (39%) and other operations amounted to 16% (18%) of the total hours.

Scientists from France, Ukraine and Russia paid for the use of the facilities. Totally 300 hours (391.5 hours) were accounted on behalf of these countries. Both Ukraine and Russia have Affiliate agreements. The introduced Peer-Review Programme attracted several applications and user groups from Belgium, Germany, Russia, USA and United Kingdom were granted time, at no cost, on the systems. Peer-Review time amounted to 99.5 accounted hours (117.5 hours).

Four EU Framework Programme 7 projects were ongoing at the end of the year: EISCAT_3D_2 “EISCAT_3D: A European three-dimensional imaging radar for atmospheric and geospace research (Preparatory Phase)”, ENVRI “Common Operations of Environmental Research Infrastructures”, ESPAS “Near-Earth Space Data Infrastructure for e-Science” and the latest, COOPEUS “Strengthening the cooperation between the US and the EC in the field of environmental research infrastructures”. EISCAT Headquarters is the coordinator of EISCAT_3D_2 and partner in the other projects. COOPEUS started 2012-09-01 and will run until 2015-08-31. The IMPRES bid submitted in 2011 did not get funding. In autumn, EISCAT joined a new EU FP7 bid; MISW: “Mitigation of space weather threats to GNSS services”.

The “third antenna system on Svalbard with dual mode capabilities” development continued also during 2012. Most needed permits are now in place and the design work has mostly been completed. The final “delplan” decision is expected in June 2013. The investment and operating costs aspects are now well understood.

At the beginning of 2012, a further project was started which relates to the continued planning of EISCAT_3D. This project, “planering av EISCAT_3D” is a two plus one year project funded by Vetenskapsrådet (Sweden).

Future operation and scientific development

During 2013, EISCAT will continue to support the wide range of existing and new programmes proposed by the various Associates’ scientific communities, including the hosting of user-supplied equipment.

All systems are ready for users. These comprise of the EISCAT Svalbard Radar, UHF and VHF radars with the possibility to run the VHF in tristatic mode. For the VHF, and small receive-only array in Kiruna is also available. This array will be equipped with, as part of the EISCAT_3D preparatory phase field-test work, multi-beam capabilities during summer 2013. The Heating system continues also to be available.

The work of the Council and its committees

The Council had one ordinary meeting, in Stockholm, Sweden, 29 – 30 May, 2012, under the leadership of the Chairperson, Dr. Tomas Andersson. The second ordinary meeting was, due to logistics reasons, postponed into 2013. The Council Advisory Group had two meetings under the leadership of the Chairperson, Dr. Tomas Andersson. The spring meeting was held in Copenhagen, Denmark, and the autumn meeting was held at Vetenskapsrådet, Stockholm, Sweden. The Scientific Oversight Committee had two meetings during the year.

The spring meeting was held in Tromsø, Norway and the autumn one was held at the Sodankylä Geophysical Observatory, Finland. Prof. Cesar La Hoz chaired both meetings.

The work at Council and its committees were much related to regular activities, including financial aspects. The development of the EISCAT_3D preparatory phase and the continued planning draw particular attention. A large undertaking by Council this year was the search and recruitment of a new Director for the Association.

Council decided in the spring meeting to offer the Director position to Dr. Craig Heinselman, USA. The Council Chairperson, supported by the Head of Administration and Dr. Heinselman met in Stockholm, 2012-07-03 - -04, to agree on the employment terms and a three year employment contract was signed. Dr. Heinselman took over the Directorship from Dr. Esa Turunen at the end of the year.

Budget development during the year

The 2012 operations ended below the operating target set for the year. One reason for that was a fault in the Svalbard 32 meter antenna which meant that sweeping experiments could not be done.

The overall spend followed well the forecast for the year. A budgetary principle change was introduced during the year relating to when to account income from EU projects. It was earlier agreed to make use of such income after the end of a project but this was changed to rather take this annually. This principle change meant that the budget for 2013 could be balanced but will cause much more constraint on the budget for 2014-. Since the project income is now taken annually, it resulted in a positive effect on the overall outcome for 2012 as well.

The long-term budget plan

The long-term budget plan continues to be challenging. The positive result for this year will be used to assist the budget balancing for 2014 - 2015. The budget for 2013 is already balanced.

The result for 2012 and the surplus handling

The year was balanced by transferring 2 356 kSEK to the Surplus fund.

PROFIT AND LOSS ACCOUNTS

in thousands of Swedish Crowns

	Note 1	2012	2011
Associate contributions	Note 2	22 325	23 164
Other operating income		10 572	5 061
		<u>32 897</u>	<u>28 225</u>
Operation costs		-7 998	-6 914
Administration costs		-4 716	-4 448
Personnel costs	Note 3	-17 170	-16 967
Depreciation of fixed assets		-1 061	-1 203
		<u>-30 946</u>	<u>-29 533</u>
<i>Operating profit/loss</i>		1 952	-1 308
Interest income		195	230
Other financial income and cost		1 337	740
Own reserves and funds	Note 4	-2 188	1 033
		<u>-656</u>	<u>2 002</u>
<i>Profit/loss after financial items</i>		1 295	694
Appropriations	Note 5	-2 356	-1 898
Transfer from funds invested	Note 6	1 061	1 203
		<u>-1 295</u>	<u>-694</u>
<i>Net profit/loss for the year</i>		0	0

BALANCE SHEET

in thousands of Swedish Crowns

		2012	2011
ASSETS			
<u>Fixed assets</u>			
<i>Tangible fixed assets</i>	Note 7		
Buildings		2 895	3 194
Radar systems		742	832
Equipment and tools		1 759	1 622
		<hr/> 5 396	<hr/> 5 648
<u>Current assets</u>			
Receivables		3 392	2 435
Prepayments and accrued income	Note 8	5 578	2 202
Cash at bank and in hand	Note 9	33 148	24 166
		<hr/> 42 117	<hr/> 28 803
<i>Total assets</i>		47 513	34 450
CAPITAL AND LIABILITIES			
<u>Capital</u>			
Funds invested	Note 10	5 396	5 648
Funds held on reserve	Note 11	21 024	17 289
		<hr/> 26 420	<hr/> 22 937
<u>Current liabilities</u>			
Liabilities, trade	Note 12	20 326	11 320
Provisions	Note 13	429	0
Other liabilities		339	193
		<hr/> 21 093	<hr/> 11 513
<i>Total capital and liabilities</i>		47 513	34 450
<i>Pledged assets</i>		<i>none</i>	<i>none</i>
<i>Contingent liabilities</i>		<i>none</i>	<i>none</i>

STATEMENT OF CASH FLOWS

in thousands of Swedish Crowns

	2012	2011
<u>Operating activities</u>		
Operating result before financial items	1 952	-1 308
Transfer from funds invested	1 061	1 203
Interest received	195	230
Currency exchange rate changes	1 283	695
Extra ordinary income and cost	54	45
Increase/decrease of receivables	-957	615
Increase/decrease of prepayments and accrued income	-3 376	-1 073
Increase/decrease of creditors and liabilities	9 580	-64
<i>Cash flow from operations</i>	<i>9 791</i>	<i>343</i>
<u>Investment activities</u>		
Investments in tangible assets	-810	-888
<i>Cash flow from investment activities</i>	<i>-810</i>	<i>-888</i>
<i>Cash flow for the year</i>	<i>8 982</i>	<i>-545</i>
<i>Liquid assets at the beginning of the year</i>	<i>24 166</i>	<i>24 711</i>
<i>Liquid assets at the end of the year</i>	<i>33 148</i>	<i>24 166</i>

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. DFG (Germany) left the Association at the end of 2011.

	<u>2012</u>
CRIRP (P. R. of China)	3 107
NIPR (Japan)	1 842
RCN (Norway)	5 633
SA (Finland)	3 130
NERC (United Kingdom)	3 214
VR (Sweden)	5 400
	<u>22 325</u>
Accumulated contributions status as of 2011-12-31	
	<u>1976 - 2012</u>
Previous Associates	382 168
CRIRP (P. R. of China)	19 321
NIPR (Japan)	72 152
RCN (Norway)	151 119
SA (Finland)	68 444
NERC (United Kingdom)	224 253
VR (Sweden)	124 229
	<u>1 041 685</u>

Note 3 Personnel costs and average number of employees

The Association employs directly the Headquarters staff, currently about eight positions, including the Director. The Headquarters is located in Kiruna, Sweden. The personnel working at the Kiruna (Sweden), Sodankylä (Finland), Svalbard and Tromsø (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 Tromsø University (Tromsø and Svalbard staff). The Association refunds all expenses related to the provided staff, as well as an additional overhead.

Personnel costs in total

Salaries and emoluments paid to the Director	1 385	1 335
Other personnel, employed and provided via site contracts	11 067	10 835
Social security contributions amounted to of which for pension costs	4 192	3 888
	2 026	1 923

The Director in 2012, Dr. Esa Turunen, started his time-limited employment 2009-01-01 and left 2012-12-31. Dr. Craig Heinselman was recruited as new Director and joined the Association 2013-01-01.

Of the pension costs, 354 kSEK (344 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	592	1 001
Average number of staff - men and women	1 + 0	2 + 0
Norway (including Svalbard)		
Salaries and emoluments	5 971	5 996
Average number of staff - men and women	9 + 0	10 + 0
Sweden		
Salaries and emoluments	5 890	5 173
Average number of staff - men and women	7 + 2	6 + 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	12 + 4
Directors	1 + 0	1 + 0

Note 4 Own reserves and funds

Transactions involving own reserves and funds.

Capital Operating reserve		
Transfer to the reserve	-941	-1 105
Transfer from the reserve	790	888
Investments made	-810	-888
Spare parts reserve		
Transfer to the reserve	-19	-18
Transfer from the reserve	29	159
Surplus fund		
Transfer from the fund	0	2 362
Transfer to the fund	-1 237	-365
Sum own reserves and funds	-2 188	1 033

	2012	2011
Note 5 Appropriations		
The outcome for this year became a surplus relative to the budget amounting to 2 356 kSEK. The amount has been transferred to the surplus fund. The 2011 outcome resulted in surplus (1 898 kSEK), which was transferred to the surplus fund.		
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 2012.		
Buildings		
Opening acquisition value	42 428	42 382
Acquisitions during the year	0	46
Disposals during the year	0	0
Closing acquisition value	42 428	42 428
Opening accumulated depreciation	-39 234	-38 825
Depreciations during the year	-299	-409
Disposals during the year	0	0
Closing accumulated depreciation	-39 533	-39 234
Closing residual value	2 895	3 194
Radar systems		
Opening acquisition value	244 693	244 542
Acquisitions during the year	0	151
Disposals during the year	0	0
Closing acquisition value	244 693	244 693
Opening accumulated depreciation	-243 861	-243 795
Depreciations during the year	-90	-67
Disposals during the year	0	0
Closing accumulated depreciation	-243 952	-243 861
Closing residual value	742	832
Equipment and tools		
Opening acquisition value	33 459	33 011
Acquisitions during the year	810	691
Disposals during the year	2 915	237
Closing acquisition value	31 354	33 459
Opening accumulated depreciation	-31 838	-31 347
Depreciations during the year	-672	-728
Disposals during the year	2 915	237
Closing accumulated depreciation	-29 595	-31 838
Closing residual value	1 759	1 622
<i>Sum tangible fixed assets</i>	<i>5 396</i>	<i>5 648</i>

Note 8 Prepayments and accrued income

The main buildings and systems insurance for 2013 was paid in December. All costs relating to the Antenna III feasibility work were invoiced in January 2013 (1 548 kSEK in other items). Resources in staff and direct costs spent in the now four plus one (EU and VR funded) ongoing projects are covered by accrued income until settled by periodic report claims. Periodic reports are due at various times. EISCAT_3D_2's first period ended 2012-03-31 and ESPAS had its first period end 2012-10-31.

	2012	2011
Prepaid rents	104	100
Prepaid insurances	533	507
Accrued income, COOPEUS project	63	0
Accrued income, EISCAT_3D_2 project	2 777	1 221
Accrued income, ENVRI project	58	14
Accrued income, ESPAS project	215	19
Accrued income, VR-PG project	110	0
Other items	1 717	342
	<u>5 578</u>	<u>2 202</u>

Note 9 Bank balances status

Nordea	33 147	24 164
Cash in hand	1	1
	<u>33 148</u>	<u>24 166</u>

Note 10 Funds invested status

Buildings	2 895	3 603
Radar Systems	742	832
Equipment and Tools	1 759	1 213
	<u>5 396</u>	<u>5 648</u>

Note 11 Funds held on reserve

Less investments were made but more spare parts than budgeted were bought. Both actions were budget neutral since the differences were covered by reserve transfers. The surplus for this year (2 356 kSEK) was added to the surplus fund.

Capital operating reserve	2 203	2 051
Equipment repair fund	754	754
Investment fund	7 971	7 971
Restructuring reserve	4 101	4 101
Spare parts reserve	139	149
Surplus fund	5 856	2 262
	<u>21 024</u>	<u>17 289</u>

Note 12 Liabilities, trade

Four projects financed by EU's European Commission through the Framework Programme 7 scheme and one project financed through Vetenskapsrådet are ongoing. All projects work with prefinancing. The prefinancing is kept as liability until the project has ended and been financially concluded. The 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 at the end of the project, 2014-09-30. AARI (Russia) prepaid their contribution for 2013-2014 (2 134 kSEK in other prefinancing).

COOPEUS prefinancing	1 581	0
EISCAT_3D_2 guarantee fund, whole project	1 929	2 003
EISCAT_3D_2 prefinancing	4 881	5 069
ENVRI prefinancing	519	539
ESPAS prefinancing	2 408	0
VR-PG prefinancing	3 500	0
Other prefinancing	2 134	0
Liabilities, trade	3 374	3 709
	<u>20 326</u>	<u>11 320</u>

Note 13 Provisions

Thales Electron Devices SAS, France, performed pre-study for potential VHF transmitter replacement. Invoiced only in 2013.

Pre-study work	429	0
	<u>429</u>	<u>0</u>

Oslo 2013-05-27



Dr. Tomas Andersson



Dr. Bjørn Jacobsen



Dr. Hiroshi Miyaoka



Dr. Michael Schultz



Dr. Kati Sulonen

Prof. Jian Wu

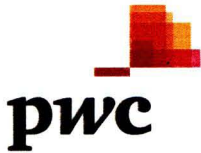


Dr. Craig Heinselman
Director

Our audit report was issued on 2013-06-14.



Mrs. Annika Wedin
Authorised Public Accountant



Audit 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 2012.

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 2012 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 2012.

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, 14 June 2013

Annika Wedin

Authorized Public Accountant