

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

Annual report for the financial year 2003-01-01 – 2003-12-31

The EISCAT Council and the Director for the Association herewith submits the annual report for 2003.

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ADMINISTRATION REPORT

Ownership, organisation and objective

The EISCAT Scientific Association was established in 1975 through an agreement between the Centre National de la Recherche Scientifique (France), the Max Planck Gesellschaft (Germany), Vetenskapsrådet (Sweden), Norges forskningsråd (Norway), the Particle Physics and Astronomy Research Council (United Kingdom) and Suomen Akatemia (Finland). In 1996, the National Institute of Polar Research (Japan) joined the Association. These organisations are called EISCAT Associates. 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, which may be carried out as part of wider international project. 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. Depending on the available funding, scientific priorities and operational targets are adjusted on an annual basis.

The Association is governed by the EISCAT Agreement, Statutes, Financial Rules, and the Rules for the Management of Scientific Programmes.

The EISCAT Council is charged with the overall administration and supervision of the Association's activities. The Council consists of a Delegation of each Associate with a maximum of three members from each Associate. The Council appoints a Director, who is responsible for the daily management and operation of the facilities of the Association, for signing negotiable instruments, cheques and contracts entered into in the Association's name, and executing the Council's decisions, subject to such rules as may be laid down by the Council. The Council, in consultation with the Director, also selects the senior management team.

Two committees support the EISCAT Council, one handles scientific issues, and the other covers administrative and financial matters.

The current Director is Professor Anthony P. van Eyken. His employment contract with the Council runs until December 31, 2004.

Operation and scientific development

The Association's facilities were generally in excellent condition throughout 2003 and all the major systems individually achieved levels of availability in excess of budgeted plans. The various elements operated for a total of some 3 510 hours (compared with the planned total of 2 829 hours) with extensive use of each of the three incoherent scatter radars and the heater. Demand for all the systems remained high as users continue to take advantage of the technical advances, particularly in radar coding techniques, now available.

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51% (52%) of the operations were accounted to the Common Programme, while the remaining 49% (48%) were accounted to the Special Programme of experiments conducted by scientists from the countries of the Association.

During the current year, the VHF transmitter amplifier tube, which had failed in the previous year, was returned from the repair plant in California but could not be reinstalled because the integrity of the vacuum system had been lost at some point since the completion of the in-plant testing. The repairers undertook to correct the fault, and the tube was returned to California in the autumn.

New high-power components for the UHF radar antenna feed system were delivered and tested during the year and final installation was in hand at year end.

Improvements to the UHF systems at Kiruna and Sodankylä allowed the first extensive studies of solar wind induced scintillations at 1.4 GHz, while the development of real-time detection and monitoring of space debris under a contract from the European Space Agency proceeded as planned.

The improved accessibility of the systems to user-supplied add-ons was reflected in successful use of the two Svalbard radar antennas to resolve ionospheric structures at scale sizes smaller than the radar beam.

The year also saw steady progress towards revising the operating Agreement. In parallel, the Max Planck Gesellschaft, the German Associate, formally announced its intention to withdraw at the end of 2006, though subsequent discussions opened the possibility to transfer the German membership to another organisation.

Future operation and scientific development

The EISCAT radar systems are entering a period of consolidation and review which will be reflected in an expansion of the observational programme during the year and increasing emphasis on the development of both more efficient operations and the design and implementation of a new operating Agreement to come into effect at, or before, the end of 2006.

The repaired VHF transmitter tube will be returned and the system is planned to return to full power operation later in the year. Following the successful installation of the improved waveguide components, the power output of the UHF system will be increased, with consequent enhanced sensitivity of that system, towards a planned operating target of 2 MWatt.

Further planned enhancements to the signal processing will also be completed both on Svalbard and at the mainland sites and, together with the installation of hardware improvements, will allow the inclusion of plasma line spectral information into the normal processing schemes of the radars.

The Association's radars will play a full part in the World-wide programme of co-ordinated incoherent scatter observations as well as supporting further Common and Special Programme operations at levels comparable, or exceeding earlier years. A full program of ionospheric heating is also planned in a series of concentrated campaigns throughout the year.

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The work of the Council and its committees

The Council held two meetings during 2003 under the leadership of the Chairman, Professor Ryoichi Fujii. The supporting committees, the Administrative and Finance Committee and the Scientific Advisory Committee both held two meetings each.

The work of the Council was dominated by work relating to future directions. A document, the E' Prime prospectus, was prepared and the Science Advisory Committee considered the various scientific inputs. The Council decided in November 2003 that four different scenarios should be pursued further during 2004 and that a decision of which of these should be the base for implementation would be decided towards the end of 2004. In parallel, a new agreement for the Association should be developed. The Council decided also that a reserve to handle restructuring demands towards the end of the present agreement between the Associates should be initiated. The purpose of this reserve is to ease the transfer of the present Association into the form of the chosen future setup.

The work relating to the difficult future financial situation resulted in a decision and consequent implementation to reduce the number of staff working for the Association. At the end of the year, most of these changes had been successfully implemented. Some reductions could not be completed before the year ended and therefore an amount for completing the restructuring work has been reserved in the accounts.

Council approved, in the November meeting, a balanced budget for 2004 and the long-term budget plan.

Budget development during the year

The year developed as expected. No unforeseen technical issues developed and the operations exceeded the target levels by about 25%, due to strong user demand. The exchange rate development during the year meant that the operations in Norway and Finland became less costly than budgeted. Additional contributions from Finland, Norway, Sweden and United Kingdom resulted in improved finances. The final outcome became positive.

The long-term budget plan

The plan is balanced and has room for increased operations as well as some new developments.

The result for 2003 and the surplus handling

The year was balanced by transferring the surplus, relative to the budget, of 3 356 kSEK to the new restructuring reserve.

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PROFIT AND LOSS ACCOUNTS

in thousands of Swedish Crowns

	Note 1	2003	2002
Associate contributions	Note 2	31 166	29 765
Other operating income		1 503	435
		<u>32 670</u>	<u>30 200</u>
Operation costs		-5 487	-6 869
Administration costs		-5 162	-6 240
Personnel costs	Note 3	-19 737	-20 670
Depreciation of fixed assets		-22 736	-22 685
		<u>-53 122</u>	<u>-56 465</u>
<i>Operating profit/loss</i>		-20 452	-26 265
Interest income		446	689
Other financial income and cost		169	-134
Own reserves and funds	Note 4	458	3 026
		<u>1 073</u>	<u>3 581</u>
<i>Profit/loss after financial items</i>		-19 380	-22 684
Appropriations	Note 5	-3 356	-1
Transfer from funds invested	Note 6	22 736	22 685
		<u>19 380</u>	<u>22 684</u>
<i>Net profit/loss for the year</i>		0	0

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BALANCE SHEET

in thousands of Swedish Crowns

		<i>2003</i>	<i>2002</i>
ASSETS			
<u>Fixed assets</u>			
<i>Tangible fixed assets</i>	Note 7		
Buildings		14 161	16 717
Radar systems		51 699	67 880
Equipment and tools		4 907	6 741
		<u>70 767</u>	<u>91 338</u>
<u>Current assets</u>			
Receivables		399	263
Prepayments and accrued income	Note 8	572	546
Cash at bank and in hand	Note 9	13 873	14 217
		<u>14 844</u>	<u>15 026</u>
<i>Total assets</i>		<i>85 610</i>	<i>106 364</i>
CAPITAL AND LIABILITIES			
<u>Capital</u>			
Funds invested	Note 10	70 081	91 338
Funds held on reserve	Note 11	9 141	7 729
		<u>79 222</u>	<u>99 067</u>
<u>Long term liabilities</u>			
Long term liabilities	Note 12	599	0
<u>Current liabilities</u>			
Liabilities, trade		4 198	6 410
Provisions	Note 13	1 254	476
Other liabilities		337	411
		<u>5 789</u>	<u>7 297</u>
<i>Total capital and liabilities</i>		<i>85 610</i>	<i>106 364</i>
<i>Pledged assets</i>		<i>599</i>	<i>none</i>
<i>Contingent liabilities</i>		<i>none</i>	<i>none</i>

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STATEMENT OF CASH FLOWS

in thousands of Swedish Crowns

	<i>2003</i>	<i>2002</i>
<u>Operating activities</u>		
Operating result before financial items	-20 452	-26 265
Transfer from funds invested	22 736	22 685
Interest received	446	689
Currency exchange rate changes	131	-177
Extra ordinary income and cost	38	43
Increase/decrease of receivables	-136	1 134
Increase/decrease of prepayments and accrued income	-26	169
Increase/decrease of creditors and liabilities	-909	-1 973
<i>Cash flow from operations</i>	<i>1 827</i>	<i>-3 694</i>
<u>Investment activities</u>		
Investments in tangible assets	-2 171	-1 367
<i>Cash flow from investment activities</i>	<i>-2 171</i>	<i>-1 367</i>
<i>Cash flow for the year</i>	<i>-344</i>	<i>-5 061</i>
<i>Liquid assets at the beginning of the year</i>	<i>14 217</i>	<i>19 278</i>
<i>Liquid assets at the end of the year</i>	<i>13 873</i>	<i>14 217</i>

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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 10 - 50 years, Radar systems 3 - 20 years and Equipment and tools 3 - 5 years.

Note 2 Associate contributions

The Associates contributed to the operation during the year according to a fixed percentage.

		<u>2003</u>
CNRS (France)	23.25%	6 856
MPG (Germany)	23.25%	6 856
NIPR (Japan)	7.00%	2 064
PPARC (United Kingdom)	23.25%	6 856
RCN (Norway)	9.30%	2 742
SA (Finland)	4.65%	1 371
SRC (Sweden)	9.30%	2 742
	100.00%	29 489

Four Associates made additional contributions during the year

PPARC (United Kingdom)	661
RCN (Norway)	772
SA (Finland)	70
SRC (Sweden)	175
	1 678

Total contribution 31 166

Accumulated contributions status as of 2003-12-31

	<u>1976 - 2003</u>
CNRS (France)	169 506
MPG (Germany)	162 836
NIPR (Japan), 1996 -	56 370
PPARC (United Kingdom)	181 445
RCN (Norway)	109 118
SA (Finland)	44 135
SRC (Sweden)	83 375
	806 786

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2003 2002

Note 3 Personnel costs and average number of employees

The Association employs directly the Headquarters staff, currently seven positions, including the Directors. 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 Directors	1 834	2 536
Other personnel, employed and provided via site contracts	12 168	12 627
Social security contributions amounted to of which for pension costs	5 051 2 368	4 533 2 129

Of the pension costs, 764 kSEK (880 kSEK) relates to the Directors. The Directors and all other directly employed staff are included in ITP based 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 do not receive remunerations from the Association. Travel expenses in connection with Council and committee meetings are paid by the different Associates and then reimbursed from the Association, excluding the Japanese Associate who pays the travel cost for their own members.

Salaries and emoluments and average number of staff per country

Finland		
Salaries and emoluments	1 810	1 777
Average number of staff - men and women	4 + 1	4 + 1
Norway (including Svalbard)		
Salaries and emoluments	6 993	8 808
Average number of staff - men and women	15 + 2	16 + 2
Sweden		
Salaries and emoluments	5 199	4 577
Average number of staff - men and women	8 + 2	8 + 2

Members of the board and Directors at year-end - men and women

Board members (EISCAT Council)	14 + 3	14 + 3
Directors	2 + 0	3 + 0

Note 4 Own reserves and funds

The following is the financing use of our own reserves and funds

Capital Operating reserve		
Budgeted transfer to the reserve for capital operating use	-1 136	-1 421
Spare parts reserve		
Budgeted transfer to the reserve	-103	-60
Spare parts purchased	126	59

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	2003	2002
Equipment repair fund		
Transfer from the fund for the VHF klystron repair	440	0
Budgeted use of our own funds/reserves		
Surplus fund transfer	1 131	3 502
Capital operating reserve transfer	0	946
<i>Sum own reserves and funds</i>	<i>458</i>	<i>3 026</i>

Note 5 Appropriations

The outcome for this year became a surplus relative to the budget amounting to 3 356 kSEK. The amount has been transferred to the restructuring reserve. The 2002 outcome resulted in a small surplus (1 kSEK) and it 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 2003

Buildings		
Opening acquisition value	41 367	41 367
Acquisitions during the year	719	0
Closing acquisition value	<u>42 086</u>	<u>41 367</u>
Opening accumulated depreciation	-24 649	-21 424
Depreciations during the year	-3 275	-3 226
Closing accumulated depreciation	<u>-27 925</u>	<u>-24 649</u>
Closing residual value	14 161	16 717
Radar systems		
Opening acquisition value	243 086	242 622
Acquisitions during the year	538	464
Closing acquisition value	<u>243 624</u>	<u>243 086</u>
Opening accumulated depreciation	-175 206	-158 574
Depreciations during the year	-16 720	-16 631
Closing accumulated depreciation	<u>-191 925</u>	<u>-175 206</u>
Closing residual value	51 699	67 880
Equipment and tools		
Opening acquisition value	29 025	28 360
Acquisitions during the year	914	903
Disposals during the year	-7	-238
Closing acquisition value	<u>29 931</u>	<u>29 025</u>
Opening accumulated depreciation	-22 284	-19 455
Depreciations during the year	-2 741	-2 829
Closing accumulated depreciation	<u>-25 024</u>	<u>-22 284</u>
Closing residual value	4 907	6 741
<i>Sum tangible fixed assets</i>	<i>70 767</i>	<i>91 338</i>

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	2003	2002
Note 8 <i>Prepayments and accrued income</i>		
Prepaid rents	74	73
Prepaid insurances	464	418
Other items	34	55
	572	546

Note 9 *Bank balances status*

Nordea	13 871	14 215
Cash in hand	2	2
	13 873	14 217

Note 10 *Funds invested status*

Buildings	13 475	16 717
Radar Systems	51 699	67 880
Equipment and Tools	4 907	6 741
	70 081	91 338

Note 11 *Funds held on reserve*

538 kSEK was drawn from the evolutionary development fund for the finalisation of the UHF rotary joint replacement contract. The VHF klystron repair drew 440 kSEK from the equipment repair fund. The remainder of the evolutionary development fund was transferred to the created restructuring reserve. The surplus for this year was also transferred to the restructuring reserve.

Spare parts reserve	443	467
Capital operating reserve	1 703	1 514
Surplus fund	876	2 007
Equipment repair fund	1 539	1 979
Restructuring reserve	4 580	0
Evolutionary development fund	0	1 762
	9 141	7 729

Note 12 *Long term liabilities*

The Polarlys tenant-owners association on Svalbard was dissolved during the year. Since one of the flats was tied to Polarlys, the full ownership of it and the corresponding part of the Polarlys loan was transferred to the Association. The loan is with Husbanken, Norway. No amortization was done during the year.

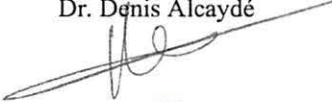
Note 13 *Provisions*

Associate travel	248	366
Evolution contracts and services	0	111
Staff travel	33	0
Restructuring costs	972	0
	1 254	476

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Munich, 2004-06-03

Dr. Denis Alcaydé



Prof. Asgeir Brekke



Dr. Ole Henrik Ellestad



Prof. Ryoichi Fujii



Dr. Finn Karlsson

Dr. Wlodek Kofman



Prof. Mike Lockwood



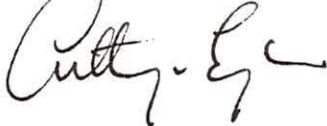
Dr. Asta Pellinen-Wannberg



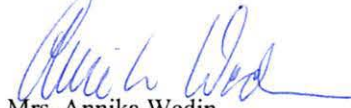
Mr. Michael Truchseß



Prof. Anthony P. van Eyken
Director



Our audit report was issued on 2004-06-23

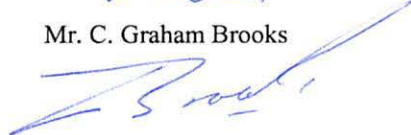


Mrs. Annika Wedin
Authorised Public Accountant

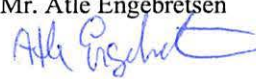
Prof. Takehiko Aso



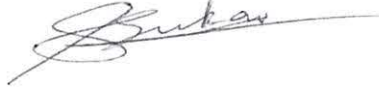
Mr. C. Graham Brooks



Mr. Atle Engebretsen



Prof. Shoichiro Fukao



Dr. Kirsti Kauristie



Dr. Ann-Marie Lagrange



Prof. Tuomo Nygrén



Dr. Jürgen Röttger



Mr. Robert Barnden
Authorised Public Accountant

Öhrlings

PRICEWATERHOUSECOOPERS 

Audit report

To the council of EISCAT Scientific Association

Corporate identity number 897300-2549

We have audited the annual accounts, the accounting records and the administration of the council and the director of EISCAT Scientific Association for the year 2003. These accounts and the administration of the association are the responsibility of the council and the director. Our responsibility is to express an opinion on the annual accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the council and the director, as well as evaluating the overall presentation of information in the annual accounts. We examined significant decisions, actions taken and circumstances of the association in order to be able to determine whether any council member or the director has acted in contravention of the statutes.

The annual accounts have been prepared in accordance with the Annual Accounts Act and, thereby, give a true and fair view of the association's financial position and results of operations in accordance with generally accepted accounting principles in Sweden.

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

Stockholm 2004-06-23



Annika Wedin

Authorized Public Accountant



Robert Barnden

Authorized Public Accountant