ANNUAL ACCOUNTS 2009

OF THE EUROPEAN GNSS SUPERVISORY AUTHORITY

Financial Statements of the European GNSS Supervisory Authority

PRINCIPAL EVENTS AND KEY POINTS

The 2009 annual accounts of the European GNSS Supervisory Authority (GSA) are the fourth set of accounts since the establishment of the GSA.

Following the entry into force of Regulation (EC) No. 683/2008 of the European Parliament and of the Council on the further implementation of the European satellite navigation programmes EGNOS and Galileo (hereinafter "GNSS Regulation"), the European Commission was assigned the role of Programme Manager of the European GNSS Programmes and the tasks of the GSA were redefined. Consequently, the GSA prepared the transfer of the activities falling outside the scope of its new role to the European Commission. The transfer of such activities and associated staff took effect on 1 January 2009.

Further to Article 8 of the GNSS Regulation, the Administrative Board of the GSA, at its 19th meeting held on 19 March 2009, decided on the transfer of GSA-owned tangible and intangible assets created or developed under the EGNOS and Galileo programmes including all rights, obligations, titles and interest related to the aforementioned programmes to the European Community, represented by the European Commission (Doc. GSA-AB-09-03-19-09). A task force GSA-DG TREN was created in order to prepare the legal and financial implementation of the transfer of assets.

Following the conclusions of the task force, the GSA sent a letter to DG TREN (ref. GSA(2009)/OED/LO/FIN/D/779), on 3 July 2009, in which the GSA requested confirmation of the Commission's acceptance of the ownership of the assets subject to the transfer. On 1 December 2009, the GSA received the afore-mentioned confirmation from the European Commission (ref. TREN/G5 JM 1b D(2009)71058).

Based on the instructions received from DG BUDG in late December 2009 (letters from Mr. Taverne ref. Budget/DLA/CS/EB/cb/D(2009)/441611 dated 22 December 2009 and ref. Budget/CS/EB/D(2009) dated 24 December 2009), the GSA executed in early January 2010 the transfer of outstanding balances on commitments, with retroactive effect for 2009 accounts. Full details of the transfer are described in a special section of the Report on budgetary and financial management in 2009.

FINANCIAL STATEMENTS 2009

EUROPEAN GNSS SUPERVISORY AUTHORITY

Statement of Financial Position

		NOTE	31.12.2009	(EUR thousand) 31.12.2008
I.	NON CURRENT ASSETS:		246	309
	Intangible fixed assets	5	54	112
	Tangible fixed assets	6	192	197
	Investments		0	0
	Long-term pre-financing		0	0
	Long-term receivables		0	0
II.	CURRENT ASSETS:		59,574	159,073
	Stocks		0	0
	Short-term investments		0	0
	Short-term pre-financing	7	4,306	2,850
	Short-term receivables	8	275	747
	Cash and cash equivalents	9	54,993	155,476
	TOTAL ASSETS		59,820	159,382
III.	NON CURRENT LIABILITIES:		22	0
	Provisions for risks and charges	10	22	0
	Financial liabilities		0	0
	Other long-term liabilities		0	0
IV.	CURRENT LIABILITIES:		46,370	143,540
	Provisions for risks and charges		0	0
	Financial liabilities		0	0
	Accounts payable	11	46,370	143,540
	TOTAL LIABILITIES		46,392	143,540
	NET ASSETS/LIABILITIES		13,428	15,842
V.	NET ASSETS /LIABILITIES		13,428	15,842
	Reserves		15,842	27,901
	Economic result of the year		-2,414	-12,059
	TOTAL NET ASSETS/LIABILITIES		13,428	15,842

Economic Outturn Account for the year

(EUR thousand)

	NOTE	31.12.2009	31.12.2008
OPERATING REVENUE		24,357	152,234
Own resources and contributions revenues:		24,315	152,233
Subsidy from the European Commission	12	6,605	7,600
Accrued income from assigned revenue	13	17,710	144,633
Own resources		0	0
Other		0	0
Other operating revenue:		42	1
Fines		0	0
Recovery of expenses	14	42	0
Revenues from administrative operations		0	0
Other	15	0	1
OPERATING EXPENSES		26,969	165,027
Administrative expenses:		4,639	6,728
Staff expenses	16	2,382	4,497
Fixed asset related expenses	5,6	129	101
Other administrative expenses	17	2,128	2,130
Operating expenses:		22,330	158,299
Direct centralised management		0	0
Other operating expenses	18	22,330	158,299
SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES		-2,612	-12,793
Financial revenues		198	734
Financial expenses		0	0
Movement on pension liability		0	0
SURPLUS/(DEFICIT) FROM NON-OPERATING ACTIVITIES		198	734
Share of net surplus/(deficit) associates and joint ventures		0	0
SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES		-2,414	-12,059
ECONOMIC RESULT FOR THE YEAR		-2,414	-12,059

Statement of Changes in Net Assets/Liabilities

(EUR thousand)

	Reserves	Economic Outturn	Total Net Assets/ Liabilities
Balance as of 31 December 2008	15,842	0	15,842
Economic outturn of the year	0	-2,414	-2,414
Balance as of 31 December 2009	15,842	-2,414	13,428

Statement of Cash Flow for the year

(EUR thousand)

	2009	2008
CASH FLOWS FROM ORDINARY ACTIVITIES		
Surplus/(Deficit) from ordinary activities	-2,414	-12,059
OPERATING ACTIVITIES		
Amortisation	45	41
Depreciation	56	60
Net loss on transfer of assets to the European Commission	28	0
(Increase)/decrease in long-term pre-financing	0	0
(Increase)/decrease in long-term receivables	0	0
(Increase)/decrease in stocks	0	0
(Increase)/decrease in short-term pre-financing	-1,456	-2,822
(Increase)/decrease in short-term receivables	473	68,183
Increase/(decrease) in provisions	22	-68
Increase/(decrease) financial liabilities	0	0
Increase/(decrease) in other long-term liabilities	0	0
Increase/(decrease) in short-term provisions	0	0
Increase/(decrease) short-term financial liabilities	0	0
Increase/(decrease) in accounts payables	-97,171	10,270
(Gains)/Losses on sales of fixed assets	0	0
INVESTING ACTIVITIES		
Increase/(decrease) of intangible and tangible fixed assets	-66	-71
Increase/(decrease) of investments	0	0
Increase/(decrease) of cash investments	0	0
(Increase in tangible assets following inventory)	0	0
NET CASH FLOW FROM ORDINARY ACTIVITIES	-100,483	63,534
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	-100,483	63,534
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	155,476	91,942
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	54,993	155,476

Notes to the Financial Statements

I. General information about the entity

Note 1: European GNSS Supervisory Authority (GSA)

The GSA Regulation[1] sets up the GSA, whose role has evolved over the last couple of years.

The entry into force of Regulation (EC) No. 683/2008 of the European Parliament and of the Council on the further implementation of the European satellite navigation programmes EGNOS and Galileo (hereinafter "GNSS Regulation") on 25 July 2008 led to a redefinition of the GSA's tasks. The GNSS Regulation restructures the governance of the European GNSS programmes, based on a clear division of tasks between the European Commission, the GSA and the European Space Agency (ESA). It confers on the European Commission the responsibility for the management of the European GNSS programmes and establishes that ESA shall act as procurement agent[2]. As regards the GSA, the GNSS Regulation confers on the GSA the tasks of security accreditation, contribution to the preparation of the commercialisation of the systems, including the necessary market analysis, and the accomplishment of other tasks that may be entrusted by the European Commission.

The overall mission of the GSA is expected to be reviewed in the amendment of the GSA Regulation, which was not finalised by the end of 2009. Until the adoption of such amendment, the GSA's mission is considered to be shaped by the GSA's role defined in the GNSS Regulation.

As regards the tasks of the GSA in the GNSS Regulation, Article 16 thereof provides the following:

"Subject to the provisions of Article 12 [GNSS Regulation] and the respect of the Commission's role as manager of the programmes, the [GSA] shall accomplish the following tasks within the programmes in accordance with guidelines to be issued by the Commission:

(a) with regard to the security of the programmes, and without prejudice to Articles 13 and 14 [GNSS Regulation], it shall ensure:

(i) security accreditation; to that effect it shall initiate and monitor the implementation of security procedures and perform system security audits;

(ii) the operation of the Galileo security centre, implemented in accordance with decisions taken pursuant to Article 13 [GNSS Regulation] and the instructions provided under Joint Action 2004/552/CFSP;

[1] Council Regulation (EC) No. 1321/2004 of 12 July 2004 on the establishment of structures for the management of the European satellite radio-navigation programmes (OJ L 246, 20.7.2004, p.1), as amended by Regulation (EC) No. 1942/2006 (OJ L 367, 22.12.2006, p. 18).

[2] ESA shall also act as design authority for the European GNSS programmes. See Commission Decision C(2008)8371 of 12 December 2008 adopting the 2008 Work Programme of the European satellite radio-navigation programmes (EGNOS and Galileo) and Commission Decision C(2008)8378 of 12 December 2008 adopting the Strategic Framework of the GNSS Programmes.

(b) it shall contribute to the preparation of the commercialisation of the systems, including the necessary market analysis;

(c) it shall also accomplish other tasks that may be entrusted to it by the Commission, in accordance with Article 54(2)(b) of the Financial Regulation, addressing specific issues linked to the programmes, such as:

(i) promoting applications and services in the satellite navigation market;

(i) ensuring that the components of the systems are certified by the appropriate, duly authorised, certification bodies."

II. Information in compliance with the applicable accounting regulation

Note 2: Accounting regulations and principles

These financial statements of the Authority have been prepared in accordance with:

- GSA Regulation;
- Financial regulation of the GSA adopted by the Administrative Board on 11 October 2005 (GSA-AB-2005-042), as amended by the Administrative Board on 20 November 2008 (GSA-AB-08-11-18-02);
- Implementing rules of the financial regulation adopted by the Administrative Board on 27 October 2006 (GSA-AB-06-10-07-04);
- Commission Regulation (EC) No. 2909/2000 on the accounting management of the European Communities' non-financial fixed assets;
- General accounting rules and harmonised chart of accounts adopted by the Commission's accounting officer and communicated on 28 December 2004, amended by decisions communicated on 18 October 2006 and 17 December 2008;
- Relevant IPSAS[3] rules whenever the accounting rules of the European Commission were not sufficiently precise.

These financial statements have been prepared in accordance with the generally accepted accounting principles, as defined by the GSA Financial Regulation under the provision of article 78, namely:

- going concern basis,
- prudence,
- consistent accounting methods,
- comparability of information,
- materiality,
- no netting,
- reality over appearance, and

[3] International Public Sector Accounting Standards

- accrual-based accounting.

The objective of financial statements is to provide information about the financial position, performance and cash flows of an entity that is useful to a wide range of users. For an agency of the European Union such as the GSA, there is the additional objective of demonstrating, to the budgetary authority, the sound management of the resources entrusted to it.

III. Information on the accounting policies and criteria applied

Note 3: Significant accounting policies

Fixed assets

Tangible and intangible fixed assets are shown at historical cost less accumulated depreciation and any recognised impairment losses. Only the assets controlled by the GSA and with the value equal to or greater than €420.00 are registered in fixed assets register. Costs associated with developing or maintaining computer software programs are recognised as incurred expenses.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives using the straight-line method on the following basis:

Intangible fixed assets:

- Software: 4 years

Tangible fixed assets:

- Buildings: 25 years
- Plant and equipment: 4 – 8 years
- Fixtures and fittings: 4 – 10 years
- Computer hardware: 4 years
- Other fixed assets: 3 – 4 years

The carrying values of fixed assets are reviewed for impairment if events or changes in circumstances indicate that they may not be recoverable. As the GSA is a non-profit organisation, if any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Any provision for impairment is charged against the Economic Outturn Account in the year concerned.

Pre-financing

Pre-financing is a payment intended to provide the beneficiary with a cash advance, i.e. a float. It may be split into a number of payments over a period defined in the particular pre-financing agreement. The float or advance is repaid or used for the purpose for which it was provided during the period defined in the agreement. If the beneficiary does not incur eligible expenditures, he has the obligation to return the pre-financing advance to the GSA. The amount of the pre-financing is reduced (wholly or partially) by the acceptance of the eligible costs and amounts returned.

At year-end outstanding pre-financing amounts are valued at the original amount(s) paid less: amounts returned, eligible amounts cleared, estimated eligible amounts not yet cleared at year-end and value reductions.

Guarantees related to pre-financing amounts are disclosed in the off-balance sheet as contingent assets.

Receivables

Receivables, i.e. transfers are recognised as an asset when the GSA controls the resources as a result of a past event (the transfer) and expects to receive future economic benefits or service potential from those resources.

This control of transferred resources is obtained either when the resources have been transferred, or the GSA has an enforceable claim against the transferor.

Receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

No allowance for loss is recorded with respect to receivables related to Member States, except for exceptional and agreed technical reasons.

For all other receivables, an allowance for loss is established based on a review of outstanding amounts at the reporting date.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less.

Provisions and accruals

According to the accounting rules, transactions and events are recorded in the accounting systems and recognised in the financial statements in the period to which they relate. Provisions and accruals are recognised when the GSA has a legal or constructive obligation as a result of a past event, and where it is probable that an outflow of resources will be required to settle the obligation, and where a reliable estimate of the amount of the obligation can be made. The GSA developed a procedure for establishing of the accruals, which is followed while doing cut-off exercise.

Payables

Payables are arising either from the purchase of goods and services or from the cost claims from beneficiaries of grants.

Payables arising from the purchase of goods and services are recognised at the invoice reception for the original amount and corresponding expenses are entered in the accounts when the supplies are delivered and accepted by GSA.

Payables arising from cost claims are recorded as liabilities for the requested amount when the cost claim is received and, after verification, accepted as eligible by the relevant operational agent. At this stage they are valued at the accepted and eligible amount.

Use of estimates

The financial statements necessarily include amounts based on estimates and assumptions by management. Significant estimates include, but are not limited to, fair value of financial risk on inventories and accounts receivables, accrued charges, contingent assets and liabilities, and degree of impairment of fixed assets. Actual results could differ from those estimates. Changes in estimates are reflected in the period in which they become known.

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

Assigned revenues

According to the accounting rule of matching principle, revenues and expenses are matched in the same accounting period. Therefore expenses are reported on the Economic Outturn Account during the same period as the revenues they generated.

IV. Additional information on financial statement items

Note 4: Accounting implications of the transfer of activities to the European Commission

During 2009, following entry into force of GNSS regulation, the transfer of activities and fixed assets to the European Commission took place.

In relation to fixed assets the total gross value of transferred assets was €65 thousand which €53 thousand related to intangible assets and €12 thousands to tangible assets. Net book value of transferred assets was in total €37 thousand.

The major impact on the accounts had the transfer of EGNOS (European Geostationary Navigation Overlay Service) and IOV (In-Orbit Validation) phase activities. During the year €95,000 thousand of pre-financing previously received from the European Commission was transferred to the European Space Agency; €45,000 thousand related to EGNOS and remaining €50,000 thousand to the IOV phase activities. Accordingly the income accrued in previous years decreased by €55,559 thousand (€39,083 thousand and €16,476 thousand for EGNOS and IOV phase respectively).

In December 2009 balances on commitments relating to certification activities amounting to €1,317 thousand were transferred to the European Commission. The balances on commitments related to the 7th Framework Programme (FP7) of €6,054 thousand were transferred to the European Commission in February 2010, with retroactive effect on 2009 accounts. The transfer of commitments relating to certification activities and 7th Framework Programme was performed directly by DG Budget by de-committing the balances and showing the pre-financing given of €4,806 thousand in economic outturn account as an expense (see Note 18).

The GSA continued with the transfer of assets in early 2010. The remaining funds on the IOV phase, EGNOS, technical support by ESA and concession related activities, which amount to €6,918 thousand, were transferred to the European Commission on 29 March 2010. A further transfer of MEDA II (EUROMED GNSS II) funds of €4,500 thousand took place on 6 May 2010.

Following discussions with the European Commission the GSA expects the instruction to implement the transfer of the outstanding balances relating to international and other activities. The corresponding balances amount to €4,595 thousand as of 31 December 2009.

Note 5: Intangible fixed assets

Changes in intangible fixed assets and related depreciation for the year were as follows:

	(EUR thousand) Amount
Gross value	
As at 01/01/2009	170.6
Additions	11.7
Disposal	0.0
Other	-52.8
As at 31/12/2009	129.5
Depreciation	
As at 01/01/2009	58.5
Additions	44.6
Disposal	0.0
Other	-27.1
As at 31/12/2009	76.0
Net value	
As at 31/12/2009	53.5

Intangible fixed assets are identifiable non-monetary assets without physical substance.

In accordance with the provisions of EC accounting rule no. 7 the straight-line depreciation method is applied on a pro rata, monthly basis.

The "Other" above reflects the transfer of the assets to DG TREN based on the letter sent on 3 July 2009 to DG TREN (ref. GSA(2009)/OED/LO/FIN/D/779) in which the GSA requested a confirmation from the European Commission on the acceptance of the ownership of the assets subject to the transfer and on the response letter, in which the European Commission accepts the ownership of such assets (ref. TREN/G5 JM 1b D(2009)71058).

Note 6: Tangible fixed assets

Changes in fixed assets and related depreciation for the year were as follows:

(EUR thousand)

Gross value	Plant & Equipment	Computer Hardware	Furniture & Vehicles	Fixtures & Fittings	Assets under construction	Total
As at 01/01/2009	0.0	222.2	37.9	151.1	0.0	411.2
Additions	0.0	38.9	10.3	5.2	0.0	54.4
Disposal	0.0	-55.6	-1.8	-2.3	0.0	-59.7
Transfers	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	-12.3	0.0	0.0	0.0	-12.3
As at 31/12/2009	0.0	193.2	46.4	154.0	0.0	393.6
Depreciation						
As at 01/01/2009	0.0	167.4	11.7	35.6	0.0	214.7
Additions	0.0	37.2	4.6	14.6	0.0	56.4
Disposal	0.0	-55.4	-1.8	-2.3	0.0	-59.5
Transfers	0.0	0.0	0.0	0.0	0.0	0.0
Impairment	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	-10.3	0.0	0.0	0.0	-10.3
As at 31/12/2009	0.0	138.9	14.5	47.9	0.0	201.3
Net value						
As at 31/12/2009	0.0	54.3	31.9	106.1	0.0	192.3

To determine whether or not to recognise an asset, the GSA bases its analyses on EC accounting rule no. 7, and on IPSAS rule 17, which states that

"An item of property, plant and equipment should be recognized as an asset when:

(a) It is probable that future economic benefits or service potential associated with the asset will flow to the entity; and

(b) The cost or fair value of the asset to the entity can be measured reliably."

and on "IASB Framework of the preparation of Financial Statements", which "(a) An asset is a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity." IPSAS17 essentially extends the concept of economic benefits to service potential.

The "Other" reflects the physical transfer of assets to DG TREN based on the letter sent on 3 July 2009 to DG TREN (ref. GSA(2009)/OED/LO/FIN/D/779) in which the GSA requested a confirmation from the European Commission on the acceptance of the ownership of the assets subject to the transfer and on the response letter, in which the European Commission accepts the ownership of such assets (ref. TREN/G5 JM 1b D(2009)71058).

In accordance with the provisions of EC accounting rule no. 7, the straight-line depreciation method is applied on a pro rata, monthly basis.

Note 7: Short-term pre-financing

(EUR thousand)

	31.12.2009	31.12.2008
Gross amounts:		
Operational contracts	49,638.8	19,590.0
Less accrued charges:		
Operational contracts	-45,333.0	-16,740.0
	4,305.8	2,850.0

Accrued charges represent the amount of eligible costs that were estimated to have been incurred by the beneficiaries of the outstanding pre-financing amounts at year-end but not yet reported to the GSA. These amounts are taken as expenses in the economic outturn account.

Part of the accrued charges amounting to €4,806 thousand is represented by prefinacing given on commitments relating to 7th Framework Programme transferred to European Commission at the end of the year (as described in Note 4) shown as expense in economic outturn account (Note 18).

Note 8: Accounts receivable

(EUR thousand)

	31.12.2009	31.12.2008
Current receivables	4.3	5.0
Sundry receivables	0.3	0.5
Advance payments	0.0	0.0
Accrued income	269.9	741.9
Deferred charges	0.0	0.0
	274.5	747.4

Current receivables contain recoverable French VAT of €5.0 thousand.

Sundry receivables include miscellaneous staff costs to be claimed from other European Agencies and European Commission.

Accrued income represents bank interests of the fourth quarter of the year 2009.

Note 9: Cash and cash equivalents

Cash is held on an instant access interest-bearing bank account in euros, which yielded interest at an average rate of 1.28%. The interest rate was decreasing during the year starting from 2.50% in January and ending with 1.00% in December.

Part of the interest received (88%), namely the one which was generated on the pre-financing received, is property of the European Commission and will be paid back during the year 2010.

The remaining part of the bank interest (12%), which was generated on the GSA's income, is recognised as financial income in the economic outturn account.

The significant decrease in cash held is mainly due to the transfer on 21 December 2009 of €70,000 thousand to the European Space Agency under the instructions of the European Commission following the amendment of the beneficiary of delegation agreement C(2008) 8059 dated 12 December 2008.

The GSA has neither a credit line nor overdraft arrangements with its bank.

Note 10: Provisions for risks and charges

Long-term provisions for charges represent the evaluation of the outstanding salary payment (refused salary increase) for the year 2009.

Note 11: Accounts payable and accrued charges

	31.12.2009	(EUR thousand) 31.12.2008
Current payables	2,414.8	12,287.2
Sundry payables	10.4	21.6
Pre-financing received from EC	32,714.4	58,435.1
Accrued charges	8,706.1	68,925.3
Other payables	2,524.0	3,870.9
	46,369.7	143,540.1

1. Current payables represent invoices received from suppliers but not yet settled, mainly for the operational activities. The split among different type of suppliers is as follows:

	31.12.2009	(EUR thousand) 31.12.2008
Consolidated entities	1,318.5	1.7
Public bodies	0.0	8,720.0
Private companies	1,096.3	3,565.5
	2,414.8	12,287.2

The aging analysis shows that 82% of current payables are less then 3 months old and 18% is older than 6 months.

2. Sundry payables comprise of the various premiums for health insurance, pension scheme, accident insurance, unemployment fund and taxes, which will be paid to the European Commission's services in the year 2009.

3. The pre-financing received is represented as follows:

	31.12.2009	(EUR thousand) 31.12.2008
Gross amounts:	185,304.5	248,873.7
Community subsidy from DG TREN	655.4	2,755.1
Operational subsidies DG TREN		
6th Framework Programme	57,057.0	55,057.0
7th Framework Programme	51,530.5	20,000.0
EGNOS	15,759.9	60,759.9
IOV Phase	53,150.0	103,150.0
Operational subsidies DG AIDCO		
MEDA Programme	7,151.7	7,151.7
Less accrued income:	152,590.1	190,438.6
Operational subsidies DG TREN		
6th Framework Programme	53,898.3	50,202.4
7th Framework Programme	27,968.1	15,081.2
EGNOS	15,240.0	30,816.2
IOV Phase	53,150.0	92,232.4
Operational subsidies DG AIDCO		
MEDA Programme	2,333.7	2,106.4
	32,714.4	58,435.1

Accrued income represents the amount of eligible costs that were taken as expenses in the economic outturn account.

As described in Note 4, due to the transfer of activities to the European Commission, the pre-financing received reduced by €95,000 thousands of which €45,000 thousands related to EGNOS and €50,000 thousand to IOV and respectively the accrued income decreased by €55,559 thousand (€16,476 thousand in relation to EGNOS and €39,082 thousand relating to IOV).

There was overstatement of the pre-financing in 2008 by €687 thousands. This was corrected in the 2009 financial statements.

4. The accrued charges consist of:

	31.12.2009	(EUR thousand) 31.12.2008
Operational expenditures	8,178.5	68,584.7
IT services	189.9	0.0
Communication	235.7	169.9
Missions	17.0	35.8
AB & 3SC members reimbursements	9.0	17.4
Interim staff	12.6	20.0
Candidates reimbursements	0	3.1
Annual leave not taken	23.1	33.7
Other	40.3	60.7
TOTAL	8,706.1	68,925.3

Operational expenditure relates to the following expenditures:

	31.12.2009	(EUR thousand) 31.12.2008
6th Framework Programme	3,278.5	8,661.3
7th Framework Programme	3,613.7	3,013.1
MEDA	785.3	772.9
International activities	220.9	2.5
Market development, security and other activities	180.1	355.0
Concession activities	100.0	65.4
IOV Phase	0.0	39,082.4
EGNOS	0.0	16,476.2
Certification activities	0.0	155.9
Technical support ESA	0.0	0.0
Galileo Security Monitoring Centre	0.0	0.0
Other operational activities	0.0	0.0
	8,178.5	68,584.7

5. Other payables represent the value of the bank interests earned on the pre-financing (this amount also includes interest received in 2007 of €1,046 thousands), which will be paid back to the European Commission in the year 2010.

Note 12: Community subsidy

The Community subsidy amounted to €6,604.6 thousands.

(EUR thousand)

	31.12.2009	31.12.2008
EC Subsidy received	7,260.0	10,355.0
Balance of the outturn account for the financial year	-655.4	-2,755.1
	6,604.6	7,599.9

This income is calculated on the basis of the budget outturn account and represents all payments made in the year 2009 plus the payment appropriations carried over to the year 2009 less unused payment appropriations of the year 2008.

Note 13: Accrued income from assigned revenue

Income from pre-financing for operating activities is equal to the expenses charged to the pre-financing received; see Note 11, for pre-financing.

The entrusted activities do not bring any income. The GSA is performing the activities on behalf of the European Community.

(EUR thousand)

Cumulated accrued income 2009		152,590.1
Less:		
Cumulate accrued income2008		-190,438.6
Transfer of activities to EC:		55,558.6
EGNOS	16,476.2	
IOV	39,082.4	
Accrued income for 2009		17,710.1

Note 14: Recovery of expenses

The recovery of expenses comprise of the refund from the contractor of €37.2 thousand and refund from EU CdT of the surplus for 2007 and 2008 of €4.8 thousand.

Note 15: Other revenues

The other operating income consists of the exchange rate gains of €0.3 thousand.

Note 16: Staff expenditure

The structure of the staff expenditure for the year 2009 is as follows:

(EUR thousand)

	31.12.2009	31.12.2008
Basic salaries	1,834.4	3,294.4
Unemployment fund	22.3	41.8
Social Security	70.4	131.4
Allowances	454.5	1,027.8
Other	0.0	1.8
TOTAL	2,381.6	4,497.2

The number of employees at the end of the year was 35, split into three different categories of personnel as follows:

(EUR thousand)

	31.12.2009	31.12.2008
Temporary Agents	23	49
Contractual Agents	11	2
Seconded National Experts	1	1

Note 17: Other administrative expenditure

The structure of other administrative expenditure for the year 2009 is as follows:

(EUR thousand)

	31.12.2009	31.12.2008
Rent	545.4	523.4
Other goods and services	548.2	362.0
Data processing	355.6	209.9
Missions	178.5	414,1
Communication	394.6	460.8
Recruitment costs	19.6	32.3
AB & 3SC members reimbursements	43.9	97.7
Training	42.1	28.6
Other	0.0	1.5
TOTAL	2,127.9	2,130.3

A significant part, around 41% of the other administrative expenses is consumed by the services that the Authority is acquiring from the European Commission (€873.4 thousand).

The GSA Administrative Board had 3 meetings and the System Safety and Security Committee had 4 meetings in 2009.

Note 18: Other operating expenditure

(EUR thousand)

	31.12.2009	31.12.2008
7th Framework Programme	8,036.7	15,081.3
Advances given (PF7) transferred back to European Commission	4,806.1	0.0
6th Framework Programme	3,156.9	11,099.6
Market development, security and other activities	3,471.0	1,874.2
EGNOS	2,100.0	36,028.5
International activities	218.4	200.0
Other operational activities	220.0	-34.5
MEDA	227.2	302,4
Certification activities	58.8	79.1
Concession activities	34.6	431.7
IOV Phase	0.0	92,232.4
Galileo Security Monitoring Centre	0.0	0.0
Technical support ESA	0.0	1,002.7
Exchange rate losses	0.6	1.1
	22,330.3	158,298.5

The 7th Framework Programme represents the main part of the operating expenses, which is normal given the size and the maturity of this programme.

The figure for the 6th Framework Programme registers the effect of the closure of a number of projects and the progress made on the rest of the contracts.

The EGNOS and IOV Phase programmes were transferred during the year to the European Commission (as described in Note 4), therefore expenditure on these programmes decreased significantly.

Note 19: Reconciliation of budgetary and net accounting results and proposed allocation of results

The table below reconciles budgetary results with the economic results for the period:

	(EUR thousand)
Economic result	-2,414
Adjustments for accrual items (not in the budgetary result but in the economic result)	
Adjustments for Accrual Cut-off (reversal 31.12.2008)	-38,226
Adjustments for Accrual Cut-off (cut-off 31.12.2009)	8,668
Invoices unpaid at year-end but booked as expenses	-9,825
Depreciation of intangible and tangible fixed assets	129
Provisions	22
Payments made from the carry over	174
Pre-financing granted in previous years and cleared in the year	2,850
Adjustments for budgetary items (in the budgetary result but not in the economic result)	
Asset acquisitions	-66
New pre-financing received in the year 2009 and remaining open as at 31.12.2009	16,476
Payment appropriations carried over to 2010	-52,016
Cancellation of unused appropriations carried over from the previous year	176
Adjustment for carry-over of appropriations from the previous year available at 31.12 arising from assigned revenue	79,086
Net pre-financing granted	-4,306
Other	73
Total	3,069
Budgetary result	655

V. Non-financial information

Note 20: Segment information

A working paper on the development of the activity-based budgeting and accounting was prepared in July 2007 and a request was sent to the European Commission for the implementation in 2008 of the Activity-Based Accounting system. However, since the activities of the GSA were significantly altered by the entry into force of the GNSS Regulation, this implementation was delayed. Therefore there is no segment reporting for the year 2009.

Note 21: Contingent assets and liabilities

In 2008 the GSA had contingent assets of €216.3 thousand of expected final transfer from GJU on their liquidation, communicated to Authority by Liquidator on 13th February 2008 and on 5th June 2008. Within the scope of the transfer of the assets that took place in 2009 this contingent asset was transferred to the European Commission.

The contingent liabilities consist of legal obligations of the Authority for the actions, which will be taken in the future. In 2009 the contingent liabilities amount for €18,659 thousand.

The core parts of the contingent liabilities consist of the future costs of 7th Framework Programme (€11.429 thousand), technical support provided by ESA (€2,000) and 6th Framework Programme (€1,308 thousand).

Note 22: Related party disclosure

Key management personnel hold positions of responsibility within the Agency. They are responsible for strategic direction and operational management of the entity and are entrusted with significant authority to execute their mandate.

Highest grade description	Grade	Number of persons of this grade
Executive director	AD14	1

BUDGET IMPLEMENTATION

EUROPEAN GNSS SUPERVISORY AUTHORITY

Budget Execution for the year

(EUR thousand)

INCOME			EXPENSES												
					Final budget credits of 2009						Credits carried-over from the previous year				
Types of income	Authorised Income	Collected	Types of expenses		Entered	Available	Committed	Paid	Carried-over	Cancelled	Entered	Committed	Paid	Carried-over	Cancelled
EC Subsidy	7,410	7,260	Title I		2,802	2,802	2,742	2,619	61	62	152		64		88
Assigned revenue			Title II		1,358	1,358	1,281	1,001	280		197		110		87
EC	37,009	33,530	Title III	C	2,800	2,800	2,733		2,153	67	3,191	3,071		491	120
GJU	0	0	Title III	P	3,250	3,250		3,160		90					
			Assigned revenue	C	37,009	37,009	34,583		34,617		171,085	77,450		42,535	70,000
Other revenue	0	342	Assigned revenue	P	33,530	33,530		2,392	31,138		149,086		58,550	20,536	70,000
TOTAL	44,419	41,133	TOTAL	C	43,969	43,969	41,339	3,620	37,111	129	174,625	80,521	174	43,026	70,295
				P	40,940	40,940	4,023	9,172	31,479	152	149,435	-	58,724	20,536	70,175

C – Commitment appropriation; P – payment appropriation

Budget Outturn Account for the year

	NOTE	31.12.2009	31.12.2008
		(EUR thousand)	
REVENUE FOR THE FINANCIAL YEAR			
All revenue collected in respect of the financial year (art 9)	2	41,133	113,625
TOTAL REVENUE		41,133	113,625
EXPENDITURE FOR THE FINANCIAL YEAR			
Title I : Staff			
Payments			
Appropriations carried over	3	2,619	4,953
	3	62	152
Title Ii : Administrative Expenses			
Payments	3	1,001	977
Appropriations carried over	3	281	197
Title III : Operating Expenses	3	64,102	42,074
Payments	3	51,674	149,086
Appropriations carried over			
TOTAL EXPENDITURE (B)		119,739	197,439
OUTTURN FOR THE FINANCIAL YEAR (A-B)		-78,606	-83,814
Cancellation of unused payment appropriations carried over from previous year (art 10.1)		176	95
Adjustment (annulations) for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue		79,085	86,475
Balance carried over from year N-1		2,755	2,045
Positive balance from year N-1 reimbursed in year N to the European Commission (art 16.1)		-2,755	-2,045
Exchange differences for the year		0	-1
BALANCE OF THE OUTTURN ACCOUNT FOR THE FINANCIAL YEAR		655	2,755
Interest yielded on the EC subvention funds and to be reimbursed to the European Commission		1,478	2,825

Annexes to the Budget Implementation

I. General information about budget execution

Note 1: General remarks

An in-depth analysis of all aspects of the budgetary management and implementation in 2009 is provided in the attached report on budgetary and financial management of the Authority.

II. Additional information on financial statement items

Note 2: Revenue

The budgetary revenue consists of:

(EUR thousand)

	31.12.2009	31.12.2008
Transfers from GJU		
Pre-financing from DG TREN	0	0
Pre-financing from DG AIDCO	0	0
Own revenue	0	2,429
Other EC subsidies		
Pre-financing from DG TREN	33,531	5,000
Pre-financing from TEN-TEA	0	95,000
Pre-financing from DG AIDCO	0	0
EC subsidy	7,260	10,355
Bank interests	342	841
	41,133	113,625

Note 3: Expenditure

The table below presents the detailed explanation of the expenditures included in the budgetary outturn account:

(EUR thousand)

Budget line		Paid	Carried-over
	Title 1 - Staff expenditure		
1100	Staff (salaries)	2,385.2	0.0
1200	Recruitment costs	27.9	3.4
1300	Missions	176.5	23.5
1400	Socio-medical/training	27.6	33.5
1700	Reception costs	1.5	1.3
	Total title I	2,618.7	61.7
	Title 2 - Administrative expenditure		
2000	Rent (with related services)	545.4	0.0
2100	Data processing (IT equipment & software)	285.4	213.8
2200	Movable property (furniture, equipment)	19.3	0.0
2300	Current admin costs (stationery, etc)	111.4	21.6
2400	Postal / telecom	0.0	0.0
2500	Meeting expenses (ABM)	39.3	45.2
	Total title II	1,000.8	280.6
	Total title I & II	3,619.5	342.3
3100	Expenditure on studies	3,138.5	0.0
3200	Publication and translation costs	22.0	0.0
3900	6th Framework Programme 3rd call	2,504.1	1,903.9
3901	Concession activities	0.0	2,418.2
3902	In-Orbit Validation	25,000.0	4,000.0
3903	EGNOS	220.0	69.9
3904	6th Framework Programme 2nd call	8,358.9	5,383.7
3905	MEDA	209.1	1,109.0
3906	Galileo Security Monitoring Centre	0.0	0.0
3907	International activities	220.0	290.0
3908	Joint Research Centre	0.0	32.0
3909	Technical support provided by ESA	0.0	2,001.9
3910	Certification activities	228.1	1,711.3
3911	MATIMOP	0.0	4,458.0
3912	NRSCC	0.0	35.6
3913	7th Framework Programme	15,701.7	23,760.8
3914	Deployment phase Galileo	0.0	0.0
3915	EGNOS second grant	8,500.0	0.0
3916	MEDA II	0.0	4,500.0
	Total title III	64,102.4	51,674.3
	Total	67,721.9	52,016.6
	TOTAL EXPENDITURES		119,738.5