

Financial Statements of Account 2021

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Introduction

The European Centre for Medium-Range Weather Forecasts

The European Centre for Medium-Range Weather Forecasts (ECMWF) is an independent intergovernmental organisation supported by 23 Member States and 12 Co-operating States. It was created by a Convention that came into force on 1 November 1975 and was amended on 6 June 2010. The governing bodies are the Council, the Director-General, and the Council's advisory committees.

ECMWF is both a research institute and a 24/7 operational service, producing and disseminating numerical weather predictions to its Member States. This data is fully available to the national meteorological services in the Member States. The Centre also offers a catalogue of forecast data that can be purchased by businesses worldwide and other commercial customers. Other strategic activities include maintaining a data archive, assistance in advanced education and assistance to the World Meteorological organization (WMO) in implementing its programmes. The supercomputer facility (and associated data archive) at ECMWF is one of the largest of its type in Europe.

ECMWF was established as a major initiative in European scientific and technical co-operation in meteorology, based on a high-performance computing facility (HPCF), a scientific and technical workforce, the production of medium-range weather forecasts, and related research and development. The collaborative aspect of ECMWF remains to this date a key to its success; our staff of around 377 are from over 30 countries, and developing effective partnerships with meteorological services, space agencies, academia, and other organisations that help ECMWF to achieve its targets is a key priority. Establishing closer and more effective collaborations with leading institutions is helping the Centre to continue to develop its models and satisfy its users' increasing requirements.

ECMWF's key duty to its Member and Co-operating States is to deliver timely, reliable and accurate global numerical weather predictions that meet each country's requirement.

Since 2014, ECMWF operates two services from the European Union's Copernicus Earth observation programme, the Copernicus Atmosphere Monitoring Service (CAMS) and the Copernicus Climate Change Monitoring Service (C3S). This participation was renewed in July 2021 and covers the period to the end of 2028. ECMWF also contributes to the Copernicus Emergency Management Service (CEMS), through flood and fire predictions.

ECMWF also signed a contribution agreement on 15th December 2021 with the European Commission for the delivery of Digital Twins of the Earth in the context of the Destination Earth initiative.

The audit of ECMWF's FSA

Audit Opinion of the External Auditor

Opinion

We have audited the Financial Statements of ECMWF, including Copernicus and Destination Earth, for the financial year ended 31 December 2021. The Financial Statements consists of the Statement of Financial Position; the Statement of Financial Performance; the Statement of Cash Flow; the Statement of Changes in Net Assets & Equity; Notes and schedules to the Financial Statements, including a summary of significant accounting policies.

In the opinion of the OAGN, the Financial Statements give a true and fair view of the financial position of ECMWF as at 31 December 2021; its financial performance as disclosed and specified in the 2021 accounts and principal notes; its cash flow for the financial year then ended, in accordance with International Public Sector Accounting Standards (IPSAS) and the Financial Regulations of ECMWF.

Basis for Opinion

We conducted our audit based on internationally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. The OAGN believes that the audit evidence it has obtained is sufficient and appropriate to provide a basis for its opinion.

Responsibilities of Management and those charged with governance

The management of ECMWF is responsible for preparing Financial Statements in accordance with introduced IPSAS standards and ECMWF Financial Regulations. Management is also responsible for establishing adequate and functioning internal control systems to ensure that the Financial Statements are free of material misstatement due to fraud or error.

Auditors responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes its opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAI's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregated, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAI's, the OAGN exercises professional judgment and maintains professional skepticism throughout the audit. It also:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for its opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Director-General.
- Concludes on the appropriateness of Director-General's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on ECMWF's ability to continue as a going concern
- Evaluates the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events, in a manner that achieves fair presentation.

The OAGN communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that it identifies during its audit.

Specific observations and recommendations are set out below in our Annual Report for 2021, which we issue in accordance with Article 2 (1.b) of the External Audit Agreement.

Signed at the Office of the Auditor General of Norway, Oslo, 31.03.2022


Tora Jarlsby
Director General


Johannes Heltne
Assistant Director General


Arild Anstensrud
Senior Audit Adviser

Director-General's Statement

The European Centre for Medium-Range Weather Forecasts (ECMWF) is an intergovernmental organisation whose primary purposes are the development of a capability for medium-range weather forecasting and the provision of medium-range weather forecasts to its Member and Co-operating States. ECMWF is currently supported by 35 States. Several Co-operating States have started the procedure to become a Member State, with a number of conversions occurring in the past few years. During 2021, Georgia became a Cooperating State.

In 2017, ECMWF Member States have approved the proposal by the Italian Government and the Emilia Romagna Region to host ECMWF's new data centre in Bologna. The construction works for the new Data Centre in Bologna have now been completed and a final handover to ECMWF will take place at the end of April, after a partial handover in June 2021. The Bologna premises will host the Centre's new supercomputers. ECMWF has been in ongoing discussions with the UK regarding the provision of a new Headquarters building on the site of the University of Reading, which was approved during 2021.

In December 2020, ECMWF Member States decided to select Bonn as the third ECMWF duty station after a competition. In July 2021, the new facility welcomed its first staff members. This facility is envisaged to accommodate approximately 150 staff and the transition to this facility is expected to be ongoing until 2023.

The agreement for both the C3S and CAMS Copernicus services operated by ECMWF on behalf of the EU has been extended until 2028. Member States and the European Commission have regularly expressed their satisfaction about how the services are being run and their strong support to ECMWF in its role of Entrusted Entity.

An agreement was also signed with the EC for ECMWF to be a major partner in the implementation of the Destination Earth (DestinE) initiative together with ESA and EUMETSAT as partners. The agreement commenced on the 15th December 2021. The agreement covers the whole duration of the Multiannual Financial Framework (MFF; 2021-2027) but the current budget and entrusted tasks will only cover phase I which is a 30-month period, with further phases to be covered through amendments to the overall budget and entrusted tasks. The objective of the European Commission DestinE initiative is to deploy several highly accurate thematic digital replicas of the Earth, called Digital Twins, to monitor and predict natural and human activities as well as their interactions, to develop and test scenarios that would enable more sustainable developments and support corresponding European policies for the Green Deal.

This document contains the financial statements of ECMWF for the year ending 31 December 2021. It details the 2021 financial results, reconciliation of results between IPSAS and cash accounting and the auditors' opinion.

Exchange rates during the year continued to have a high degree of volatility and in particular rates for Euro compared to Sterling fluctuated considerably during 2021. This was managed closely by the Centre and resulted in an overall deficit in the year. This will continue to be closely monitored during future years.

In order to comply with IPSAS 39, the Statement of Financial Position includes as a liability, the present value of £540.8m (2020: £511.5m) of any future pension and post-employment medical costs as calculated by the Centre's actuaries. This liability is partly offset by the Pension Investment Accounts of £72.6m and the whole of the liability is guaranteed by the Member States of the Centre.

In 2021, under IPSAS, the Centre produced an operating deficit of £11.9m and when the net finance costs are excluded, the Centre had a net accounting deficit for the period of £4.3m.

ECMWF's budget is still set on a cash basis and the Financial Statements include a reconciliation of the results under IPSAS and in cash terms. Under cash accounting, the Centre generated a surplus of £7.2m in 2021, which is available either for future investment or distribution to Member States according to a decision to be made by the Council in 2022.

A handwritten signature in blue ink, appearing to be 'FR', located below the main text.

Florence Rabier
Director-General

29 March 2022

Statement on Internal Financial Control

This Statement represents my assurance to Council that, as Director-General, I am satisfied that the Centre's finances are adequately controlled.

The Senior Management Team ensures an appropriate control environment is in place by clearly defining management responsibilities and powers, evaluating the systems in place to ensure compliance with those policies, plans, procedures, laws and regulations which could have significant impact on the organisation, formally monitoring progress against objectives and risk exposure relating to achievement of objectives and making informed decisions if necessary to steer performance back on track, keeping proper records, and safeguarding the assets of the organisation.

The system of internal financial control is based on a framework of regular management information, administrative procedures including segregation of duties, and a system of delegation and accountability. It includes a comprehensive zero-based, bottom-up annual budget which is reviewed and agreed by the Council, and regular reviews by the Senior Management Team of quarterly Management Information Reports and annual financial reports which indicate performance against key financial and non-financial objectives.

The Head of Internal Audit oversees a co-sourced internal audit function and reports directly to ECMWF's Audit Committee. The Audit Committee meets on a biannual basis to review reports prepared by Internal Audit and other departments. The Head of Internal Audit in turn keeps the Centre's Management Team informed of the matters that have been considered, and day-to-day operations are reported to me as the Director-General.

The internal audit function operates in accordance with the "International Standards for the Professional Practice of Internal Auditing". An Internal Audit plan is approved by the Audit Committee annually. The work plan takes account of areas of potential risk identified.

The Head of Internal Audit provides the Audit Committee with biannual reports on assignments carried out. These reports highlight deficiencies or weaknesses, if any, in the system of internal financial control and the recommended corrective measures to be taken where necessary. They also include an overview of all audit recommendations and the progress in their implementation.

The Senior Management Team's monitoring and evaluating the effectiveness of the system of internal financial control is informed by the Internal Audit function and by the work of the Audit Committee.



Florence Rabier
Director-General

29 March 2022

Statement of Financial Performance for the year ended 31 December 2021

	Notes	2021	2020
		£	
Revenue			
Member & Co-operating States' contributions		51,217,309	51,338,558
Revenue Taxes		11,255,767	10,575,142
Externally funded revenue		49,114,872	60,983,460
Sales of forecasts and data		12,072,971	10,982,652
Other operating revenue		7,472,517	1,902,840
Total Operating revenue		131,133,435	135,782,652
Expenditure			
Personnel costs ^{1,3}	15	33,729,662	33,190,307
Pension and post-employment benefits	12 & 15	27,994,254	21,602,173
Buildings expenditure	15	7,617,762	4,887,934
Computer expenditure	15	16,420,324	20,986,769
Other operating expenditure	15	3,430,543	3,490,555
Externally funded expenditure ^{1,2}	15	46,434,363	56,347,114
Total operating expenditure		135,626,907	140,504,852
Operating (deficit) / surplus for the year from continuing operations		(4,493,472)	(4,722,200)
Finance income	16	33,216	586,668
Finance costs	16	(7,649,011)	(6,390,390)
Net deficit for the year from continuing operations		(12,109,267)	(10,525,922)
Net deficit for the year		(12,109,267)	(10,525,922)

¹ These items of expenditure are inclusive of tax

² Externally funded expenditure includes optional programmes

³ Personnel costs exclude staff whose posts are fully or partially directly externally funded. These costs are included in externally funded expenditure

ECMWF's budget is still set on a cash basis and under cash accounting, the Centre generated a surplus of £7,175k in 2021.

A reconciliation of the cash to IPSAS result is included in Note 18 to the Financial Statements.

Statement of Financial Position as at 31 December 2021

	Notes	2021	2020
		£	£
ASSETS			
Current assets			
Cash and cash equivalents	4	65,719,999	44,970,800
Receivables	5	12,674,476	11,540,904
Prepayments and accrued revenue	6	3,716,632	5,539,491
Inventory	7	757,778	604,799
Total current assets		82,868,885	62,655,994
Non current assets			
Property, plant and equipment	8	14,349,915	12,632,438
Pension investment accounts	12	72,649,757	64,702,789
Total non current assets		86,999,672	77,335,227
TOTAL ASSETS		169,868,557	139,991,221
LIABILITIES			
Current Liabilities			
Payables	9	19,151,285	21,559,306
Pre-financing	10	32,392,451	12,216,032
Deferred revenue	11	2,296,533	2,254,640
Total current liabilities		53,840,268	36,029,978
Non current liabilities			
Employee benefits	12	540,847,267	511,533,088
Total non current liabilities		540,847,267	511,533,088
TOTAL LIABILITIES		594,687,535	547,563,066
NET LIABILITIES		(424,818,978)	(407,571,845)
NET ASSETS / (EQUITY)			
General Reserve	13	2,394,996	2,394,996
Retained surpluses		(53,777,309)	(36,458,040)
Net (deficit) / surplus for the year		(12,109,267)	(10,525,922)
Actuarial adjustments		(269,978,543)	(271,634,024)
IPSAS adjustment reserve	14	(91,348,855)	(91,348,855)
TOTAL NET LIABILITIES		(424,818,978)	(407,571,845)

Statement of Cash Flow for the year ended 31 December 2021

	2021	2020
	£	£
Cash flow from operating activities		
(Deficit) / Surplus from ordinary activities	(12,109,267)	(10,525,922)
Depreciation	2,418,641	2,601,991
Loss/(Profit) on disposal of fixed assets	-	7,583
Finance costs for post-employment benefit (note 12)	6,259,689	6,331,915
Post-employment benefit	16,763,003	13,133,557
(Increase) / Decrease in receivables	(1,133,572)	758,090
(Increase) / Decrease in inventories	(152,979)	180,352
Decrease / (Increase) in prepayments and accrued income	1,822,858	2,221,762
(Decrease) / Increase in payables	(2,408,022)	1,854,784
Increase / (Decrease) in pre-financing	20,176,419	(2,439,393)
Increase / (Decrease) in deferred revenue	41,893	451,755
Net use of Retained Surplus	(6,793,347)	(1,729,430)
Net cash flow from operating activities	24,885,317	12,847,043
Cash flow from investing activities		
Purchase of fixed assets	(4,136,118)	(3,697,258)
Proceeds from sale of fixed assets	-	2,500
Net cash flow from investing activities	(4,136,118)	(3,694,758)
Net increase/(decrease) in cash and cash equivalents	20,749,199	9,152,285
Cash and cash equivalents at the beginning of the year	44,970,800	35,818,515
Cash and cash equivalents at the end of the year	65,719,999	44,970,800

Statement of Changes in Net Assets/Equity for the year ended 31 December 2021

	General reserve	Retained surplus	Actuarial adjustments	Reserves arising on IPSAS adjustments	Total
	£	£	£	£	£
Balance At 1 January 2021	2,394,996	(46,983,962)	(271,634,024)	(91,348,855)	(407,571,845)
Surplus arising on recognition of employee benefit obligation for 2021	-	-	1,655,481	-	1,655,481
Net use of Retained Surplus	-	(6,793,346)	-	-	(6,793,346)
Net (deficit) / surplus for the year	-	(12,109,267)	-	-	(12,109,267)
Balance At 31 December 2021	2,394,996	(65,886,576)	(269,978,543)	(91,348,855)	(424,818,978)

Notes to the financial statements for the year ended 31 December 2021

1. Statement of Compliance and Basis of Preparation

ECMWF elected to adopt International Public-Sector Accounting Standards (IPSAS) from 1 January 2012.

On 11th November 2014, ECMWF signed a Delegation Agreement with the European Commission for provision of Copernicus services. This was further extended by a contribution agreement signed in 2021. Consequently, ECMWF introduced segmental accounts in 2014, in line with IPSAS 18, to separately identify the various streams of income and expenditure relating to Copernicus Services, as this is regarded as a significant segment of activity.

On 15th December 2021, a contribution agreement was also signed with the EC for ECMWF to be a major partner in the implementation of the Destination Earth (DestinE) initiative together with ESA and EUMETSAT as partners. This will also be reported as a separate segment in these financial statements.

For consistency purposes, all externally funded streams of revenue and corresponding costs have also been separated by segment.

2. Accounting judgements and estimates

In the application of ECMWF's significant accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The key judgements management has made in preparing these financial statements are as follows:-

- a) Estimated useful lives and depreciation rates of property, plant and equipment.
- b) Actuarial assumptions in respect of the defined benefit pension and post-employment medical care schemes;
and
- c) Assessment of contract progression at the year-end date.

Basis of Accounting

The financial statements are prepared in accordance with and comply with International Public-Sector Accounting Standards (IPSAS) issued by the International Public Sector Accounting Standards Board (IPSASB), based on International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

When the IPSASB does not prescribe any specific standard, IFRS and IAS are applied.

The financial statements have been prepared on a historical-cost and going-concern basis, and accounting policies have been applied consistently throughout the period. The financial statements have been prepared on an accruals basis.

All accounting entries are recorded to 2 decimal places, but for presentation purposes the numbers in the Financial Statements, including totals and subtotals, are rounded to the nearest pound, and therefore may not add up due to rounding.

Notes to the financial statements for the year ended 31 December 2021 (continued)

3. Significant Accounting Policies

The significant accounting policies are set out below:

Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated into the functional currency, Sterling, at the exchange rates prevailing at the date of the Statement of Financial Position. Foreign currency transactions within the ledgers are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Exchange gains and losses resulting from settlement of such transactions and from retranslation at the reporting date of assets and liabilities denominated in foreign currencies, are recognised in the Statement of Financial Performance.

Member and Co-operating States' contributions and contributions to optional programmes are payable in Sterling. Revenue from Externally Funded Projects, Third Party Activities (including Copernicus and Destination Earth), Sales of Forecasts and Data and other operating revenue is received in a number of currencies, principally Euro.

Tangible Assets

Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Where an asset (other than land and buildings) is acquired in a non-exchange transaction for a nil or nominal consideration the asset is initially recognised at fair value, where fair value can be reliably determined and as income in the Statement of Financial Performance.

Subsequent costs are included in the asset's carrying value or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to ECMWF and the cost of the item can be reliably measured. The carrying amount of a replaced item is derecognised. All repair and maintenance expenditure is charged to the Statement of Financial Performance during the financial period in which it is incurred.

Project costs relating to the relocation of the Data Centre have not been capitalised and have been recognised in the Statement of Financial Performance as they are incurred.

Depreciation on assets is charged to write off the cost of assets less their residual value, other than land, over their estimated useful economic lives, using the straight-line method on the following basis:

- Building improvements 15 – 50 years
- Infrastructure, Plant & Machinery
 - Fixtures and fittings 3 – 10 years
 - Technical equipment 3 – 10 years
 - Mechanical equipment 3 – 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The value of Land represents the cost price of Keepers Cottage, which was purchased by the Centre some years ago.

The carrying values of tangible assets are reviewed for impairment if events or changes in circumstances indicate that they may be impaired. If any such indication exists, the recoverable amount of the asset will be estimated in order to determine the extent of the impairment loss (if any). Any provision for impairment is charged to the Statement of Financial Performance.

ECMWF occupies land and buildings provided by the Government of the United Kingdom (UK Government) at no cost under a Headquarters Agreement dated 11 October 1973 and amended 11 July 1997. In June 1999, the terms of the agreement were extended for a further 20 years and in June 2019 the terms were extended for a further 10 years.

The UK Government has sole title to the original land and buildings and under the terms of the agreement has responsibility for the maintenance of the exterior of the buildings with ECMWF responsible for the maintenance of the interior of the buildings. ECMWF has therefore, not recognised any value of these buildings in the Statement of Financial Position.

ECMWF have built extensions to the existing buildings, financed by Member States' and Co-operating States' contributions. The Headquarters Agreement provides for the payment of a sum equivalent to the difference between the value of the premises with any new additions and new buildings and the value of the premises without the same at the end of the term of occupation. Therefore, depreciation on building improvements is based upon residual (estimated) values when the current Headquarters Agreement expires in 2029.

ECMWF also has duty stations in Bologna, Italy and in Bonn, Germany.

In Germany, ECMWF temporarily occupies office space provided by the Government of the Federal Republic of Germany until the Centre will eventually be provided with permanent premises (approx. in 2026). A Hosting Agreement between ECMWF and Germany is currently being negotiated and not yet in force.

The basis for the occupation of office space is presently mainly the "Use and Occupation Agreement" between ECMWF and the German Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection (BMUV; formerly BMU) dated 15 July 2021. ECMWF uses the offices at no cost except partial operating and user-specific maintenance costs. The German Government has sole title to the land and, with that, to the building in which the temporary office space is located.

In Italy, ECMWF occupies land and building provided by the Government of the Italian Republic free of charge under a Hosting Agreement dated 22 June 2017 within the "Tecnopolo di Bologna" (the Premises). The terms of the occupation of these Premises are set out in the "Supplementary Agreement between the Government of the Italian Republic and Regione Emilia-Romagna on the one hand and the ECMWF, on the other, concerning the premises of the Centre located in Italy" dated 22 June 2017. Accordingly, the initial period of occupancy is 25 years.

The Premises are owned by the Region Emilia-Romagna. The Region will be responsible for the repair, redecoration and other maintenance of

- land, buildings and infrastructure external to the Premises, but inside the Tecnopolo;
- the exterior of the Premises; and
- the external structural elements of the Premises.

ECMWF shall be responsible for all other repair and maintenance of the Premises during the occupancy.

Inventories

Inventories are stated at the lower of cost and net realisable value on a first in first out (FIFO) basis. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less the estimated costs of completion and costs to be incurred in marketing, selling and distribution for those asset items that may be sold to third parties. These inventories relate to the stock of unused tapes which will form part of the Centre's data archive and which, once used, are expensed in the Statement of Financial performance.

Receivables

Receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. No allowances are made for loss with regards to contributions receivable from Member and Co-operating States, except for exceptional and/or technical reasons sanctioned by the Council. For all other receivables, an allowance for irrecoverable amounts will be based on a review of outstanding amounts at the reporting date.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and cash at bank and term deposits.

Provisions

Provisions exist when a liability arising from a past event exists, for which it is probable that an economic outflow will occur. Provisions are calculated using the management's best estimation of the expenditure required to settle the obligation at the reporting date.

Employee benefits/pension obligations

ECMWF operates two defined-benefit pension schemes and a post-employment medical care scheme. The International Service for Remunerations and Pensions (ISRP), in its capacity as the Centre's actuary, performs annual calculations of liabilities for the defined benefit and post-employment medical care schemes, which are recognised in the financial statements.

The annual actuarial valuations are carried out using the Projected Unit Credit Method, which attributes an additional unit of benefit entitlement for each period of service. Each unit is measured separately until the final obligation is constituted.

ECMWF's employee benefit obligations are partially funded by assets held separately and are distinct from all other assets of ECMWF. Historically, the cost of pensions was provided for each year on a pay-as-you-go basis, in common with many public-sector bodies across Europe. However, since 2011, the Centre has set aside funds each year to cover the full cost of its pension obligations for that year as determined by its actuaries, as well as some additional funds to reduce its overall long-term liability. The remainder of benefit is supported by Member States' obligations under the ECMWF convention.

Actuarial gains and losses are accounted for in compliance with IPSAS 39 and are recognised in the period during which they occur. They are recognised as a separate item directly in the Net Assets/Equity as per IPSAS 39.

Notes to the financial statements for the year ended 31 December 2021 (continued)

Revenue recognition

ECMWF has several sources of revenue, which are accounted for as follows:

- (a) Member and Co-operating States' contributions:
Member and Co-operating States' contributions are recognised in the period to which they relate.
- (b) Other income from Member and Co-operating States:
Other income from Member and Co-operating States is recognised in the period to which it relates. This includes income from Optional Programmes.
- (c) Income from Sales of Forecast and Data:
Income from the sales of forecasts and data is recognised in the period to which the revenues relate.
- (d) Income from Externally Funded Projects (EFP) and Third-Party Activities (TPA) excluding Copernicus (COP) and Destination Earth (DEST):
Income from Externally Funded Projects is recognised in line with contractual arrangements. For contracts spanning more than one accounting/reporting period, income is recognised based on costs incurred in the period plus associated contracted mark-up.
- (e) Income from Third Party Activities: Copernicus (COP):
Income from Copernicus Third Party Activity is recognised in line with the signed Contribution Agreement. Income related to industrial activities is recognised based on associated direct costs incurred in the period, and fee income in line with that agreed in the Contribution Agreement.
- (f) Income from Third Party Activities: Destination Earth (DEST):
Income from Destination Earth Third Party Activity is recognised in line with the signed Contribution Agreement. Income related to industrial activities is recognised based on associated direct costs incurred in the period, and fee income in line with that agreed in the Contribution Agreement.

Leases

Assets acquired under finance leases are included in fixed assets at the total of the lease payments due over the life of the lease discounted at the rate of interest inherent in the lease. Lease payments are apportioned between the finance element, which is charged in the Statement of Financial Performance, and the capital element, which reduces the lease creditor. ECMWF did not have any finance leases in the period.

Leases in which a significant proportion of the risks and rewards are retained by the lessor are classified as operating leases. Operating lease rentals are recognised as an expense in the Statement of Financial Performance on the basis at which value is received by the organisation.

Should ECMWF invoke a liquidated damages clause in a contract, the costs of the lease are reduced by the amount receivable/received or as determined in any agreements with the lessor.

Financial risk management

ECMWF seeks to minimise its exposure to financial risk and has developed risk-management strategies in accordance with its Financial Regulations. ECMWF is exposed to a variety of financial risks, including foreign exchange, interest rate, liquidity and credit risks. ECMWF does not make use of financial derivatives to hedge foreign exchange risk exposures.

(a) Foreign exchange risk

ECMWF receives income from Externally Funded Projects, Sales of Forecast and Data and third-party activities in currencies other than Sterling and is, therefore, exposed to foreign exchange risks arising from fluctuations in currency rates.

Foreign exchange gains and losses resulting from settlement, or translation of year end monetary balances denominated in foreign currencies are recognised in the Statement of Financial Performance.

Foreign exchange gains and losses are presented within other finance costs in the Statement of Financial performance.

The Contribution Agreements signed with the European Commission for the provision of both Copernicus and Destination Earth Services are agreed in Euro. In order to minimise foreign exchange risk, all third-party procurements agreed are denoted in Euro and much of the in-house staffing costs relates to personnel based in Bonn which are also paid in Euro. Furthermore, costs incurred by ECMWF are reimbursed on a regular basis to minimise large fluctuations on foreign exchange rates between the date incurred and the date reimbursed.

(b) Interest rate risk

Interest rate risk arises from the impact of changes in the interest rates on the value of financial assets and obligations. ECMWF's exposure to interest rate risk is limited to

- the interest receivable on its bank deposits, pension assets and Member and Co-operating States' contributions.
- interest chargeable on Euro holdings

Whilst Euro deposits are unavoidable, ECMWF minimises these as much as possible to avoid unnecessary costs.

(c) Liquidity risk

ECMWF's Financial Regulations permit it to utilise bank credit facilities in case of liquidity requirements.

(d) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge on obligations and cause the other party to incur a financial loss. ECMWF is exposed to credit risk in its accounts receivable.

ECMWF has limited credit risk as its exposure is principally to sovereign states, the European Union and other international organisations.

Notes to the financial statements for the year ended 31 December 2021 (continued)

4. Cash and cash equivalents	2021	2020
	£	£
Cash in hand	-	50
Current accounts	9,141,605	7,463,924
Deposit accounts	20,365,965	15,230,494
Project bank accounts	377,405	318,217
Third Party activity bank account*	35,835,024	21,958,115
	<u>65,719,999</u>	<u>44,970,800</u>

*Cash received in advance from the European Commission for Copernicus Services

5. Receivables*	2021	2020
Contributions	247,136	280,860
Sales of forecast and data debtors	3,630,619	2,537,522
VAT and other taxes	6,962,564	6,630,258
External project funding receivables	1,645,576	1,837,246
Miscellaneous receivables	188,580	255,018
	<u>12,674,476</u>	<u>11,540,904</u>

*Receivables shown are net of debt provision

6. Prepayments and accrued revenue	2021	2020
Other prepaid expenses	3,303,090	5,522,365
Accrued revenue; forecasts and data	413,542	17,126
	<u>3,716,632</u>	<u>5,539,491</u>

7. Inventories	2021	2020
Archive data media	757,778	604,799
	<u>757,778</u>	<u>604,799</u>

Notes to the financial statements for the year ended 31 December 2021 (continued)

8. Property Plant & Equipment				
	Land	Building Improvements	Infrastructure, Plant & Machinery	2021
	£	£	£	£
Cost				
At 1 January 2021	750,000	7,685,173	33,969,288	42,404,461
Additions	-	-	4,136,118	4,136,118
Disposals	-	-	(84,862)	(84,862)
At 31 December 2021	750,000	7,685,173	38,020,544	46,455,717
Accumulated Depreciation				
At 1 January 2021	-	2,756,889	27,015,134	29,772,023
Disposals	-	-	(84,862)	(84,862)
Charge for the period	-	164,635	2,254,007	2,418,641
At 31 December 2021	-	2,921,523	29,184,279	32,105,802
Net book value				
At 1 January 2021	750,000	4,928,285	6,954,154	12,632,438
At 31 December 2021	750,000	4,763,650	8,836,265	14,349,915

9. Payables	2021	2020
	£	£
Suppliers and accrued charges	13,132,793	15,360,499
Members States' Fund	4,291,989	4,497,751
Provisions	1,247,453	1,287,018
Other payables	479,050	414,039
	19,151,285	21,559,306

10. Pre-financing	2021	2020
External project funding received in advance	5,972,915	4,524,836
Externally funded projects provisions	47,642	108,027
Externally funded projects - coordinator account	376,186	403,029
Third Party Programme funding received in advance*	25,995,708	7,180,139
	32,392,451	12,216,032

*relates to pre-finance monies received from European Commission for provision of Copernicus and Destination Earth Services, net of costs incurred

11. Deferred revenue	2021	2020
Deferred revenue; sales of forecasts and data	2,296,533	2,254,640
	2,296,533	2,254,640

Notes to the financial statements for the year ended 31 December 2021 (continued)

12. Employee benefits

Defined-benefit schemes

At 31 December 2021, the main actuarial assumptions used to calculate the defined-benefit liability (expressed as weighted averages) were:

	Pension benefits	Post-employment medical care
	%	%
Discount rates	1.88	1.90
Salary inflation	2.89	0.00
Price inflation	2.65	0.00
Medical cost inflation	0.00	4.59

	Pension benefits	Post-employment medical care	Total
	£	£	£
Present value of obligation at 01/01/2021	440,794,819	70,738,269	511,533,088
Interest cost	5,728,203	970,077	6,698,280
Current service cost	28,004,741	4,207,186	32,211,927
Benefits paid	(7,054,853)	(885,694)	(7,940,547)
Actuarial loss on obligation - RPI/CPI differential	24,925,674	5,497,233	30,422,907
Actuarial gain on obligation - excluding RPI/CPI differential	(26,449,100)	(5,629,288)	(32,078,388)
Net liability recognised in Statement of Financial Position	465,949,484	74,897,783	540,847,267

Pension and Medical Inflation assumptions methodology was adjusted last year to give a market-based expectation using the Bank of England yield curve. However, the inflation yield curve provided by the Bank of England is for RPI inflation. For the 2020YE calculation, an adjustment of 0.9%, based on UK market practice, was deducted from RPI as the forward-looking gap between RPI and CPI to provide the CPI inflation. For the 2021YE the RPI-CPI difference has been reduced to 0.7% in line with actuarial advice. In November 2020, the UK government proposed an alignment of RPI and CPI from 2030 onwards. Therefore, as 2030 approaches it is to be expected that the RPI-CPI gap will disappear. The impact of this change in 2021 is £24,924,674 for the pension scheme and £5,497,233 for the post-employment medical care.

Overall the pension obligation has increased by GBP 25,154,665 during 2021 which is principally due to the increase in staff numbers and the accrual of additional benefits over the year as well as the significant increase in the rate of price inflation and salary inflation. This was offset, to some extent, by the increase in the discount rate over the year. Overall the medical obligation has increased by GBP 4,159,514 during 2021. This is principally due to the increase of inflation assumption.

The table below shows the impact of these changes to the overall liability at the end of 2021:

Impact of change in:	Type of (gain)/loss	Pension scheme		Post-employment healthcare	
		Amount	% of 2021 liability	Amount	% of 2021 liability
Population	Experience	7,996,258	1.7%	1,433,228	1.9%
Inflation expectations	Assumption	34,606,399	7.4%	6,562,371	8.8%
RPI-CPI differential	Assumption	24,925,674	5.3%	5,497,233	7.3%
Discount rate	Assumption	(69,051,757)	(14.8%)	(13,624,887)	(18.2%)
TOTAL		(1,523,426)	(0.3%)	(132,055)	(0.2%)

12. Employee benefits (continued)

In accordance with IPSAS 39, a sensitivity analysis of the main actuarial assumptions is also included in the table below:

	Pension scheme	Post-employment healthcare
Discount rate -0.25%	6.2%	8.9%
Discount rate 0.25%	(5.7%)	(8.1%)
Inflation rate -1%	(19.9%)	(28.1%)
Inflation rate +1%	26.6%	41.1%
Mortality - 1 year	3.7%	6.0%
Mortality + 1 year	(3.6%)	(5.8%)

Movement in Pension Investment Accounts

2021

Opening value of investment account at 01/01/2021	64,702,789
Return on investment during the period	438,591
Contributions by employer during the period	10,980,621
Contributions by staff & validation of pension rights during the period	3,588,714
Accrual of backdated contributions to be paid into Investment Account in 2022	(6,105)
Benefits paid during the period	(7,054,853)
Net asset recognised in Statement of Financial Position at 31/12/2021	72,649,757

Amounts recognised in the Statement of Financial Performance are as follows:

	Pension benefits	Post-employment medical care	Total
	£	£	£
Pension and post-employment benefits			
Current service cost	28,004,741	4,207,186	32,211,927
Staff contributions	(3,526,737)	-	(3,526,737)
Validation of pension rights	(61,977)	-	(61,977)
Benefits paid	-	(885,694)	(885,694)
Insurance premium paid	-	256,735	256,735
	<u>24,416,027</u>	<u>3,578,227</u>	<u>27,994,254</u>
Finance costs for post-employment benefit			
Interest on obligation	5,728,203	970,077	6,698,280
Decrease in value of scheme assets in the year	(438,591)	-	(438,591)
	<u>5,289,612</u>	<u>970,077</u>	<u>6,259,689</u>

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee services in the current period.

Interest on obligation is the increase during the period in the present value of the defined-benefit obligation which arises because the benefits are one period closer to settlement.

Notes to the financial statements for the year ended 31 December 2021 (continued)

13. General Reserve		
	Opening Balance	Closing Balance
	£	£
General Reserve	2,394,996	2,394,996

14. IPSAS adjustment reserve		2012
		£
The surplus arising from IPSAS adjustments are analysed as follows:		
Net book value of infrastructure, plant and machinery at 1 January 2012		9,497,464
Net book value of land and buildings at 1 January 2012		7,439,160
		<u>16,936,624</u>
Net book value of inventories at 1 January 2012		530,430
Provision for leave not taken at 1 January 2012		(355,612)
Net employee benefits at 1 January 2012		(108,460,297)
		<u>(91,348,855)</u>

Notes to the financial statements for the year ended 31 December 2021 (continued)

15. Expenditure	2021	2020
	£	£
Personnel costs		
Salaries and benefits	24,310,225	23,501,834
Other personnel costs (incl. training)	2,150,229	2,666,853
Taxes	7,269,208	7,021,620
Total personnel costs	33,729,662	33,190,307
Total pension and post-employment benefits	27,994,254	21,602,173
Buildings expenditure		
Installations and alterations	88,368	20,817
Rental and local taxes	73,024	102,545
Water, gas and electricity	6,466,711	4,133,134
Maintenance, cleaning and security	989,569	631,438
Total buildings expenditure	7,617,762	4,887,934
Computer expenditure		
Hiring and leasing	7,340,582	10,532,246
Maintenance and repair	3,915,620	3,440,916
Supplies - computer and associated equipment	1,376,983	1,223,641
Telecommunications network	3,141,048	4,256,372
Other computing expenditure	646,091	1,533,593
Total computer expenditure	16,420,324	20,986,769
Other operating expenditure		
Furniture and equipment	22,949	47,004
Stationery, supplies, etc.	50,827	47,508
Postal, delivery, communications, etc.	20,946	12,545
Miscellaneous insurances	236,799	193,897
Publications and training	421,797	470,570
Governing bodies	151,447	159,281
Expert fees	110,143	112,962
Depreciation	2,418,641	2,601,991
Bad debt provision	(25,440)	(178,371)
Other expenditure	22,434	23,168
Total other operating expenditure	3,430,543	3,490,555
Externally Funded Projects	4,587,435	3,974,191
Externally Funded Projects tax	1,436,761	1,189,471
Optional Programmes	172,844	379,279
Optional Programmes tax	57,027	121,834
Third Party Activities	1,486,344	1,495,100
Third Party Activities tax	452,680	403,465
Copernicus	36,194,097	46,945,023
Copernicus tax	2,038,192	1,838,751
Destination Earth	7,084	-
Destination Earth tax	1,899	-
Total externally funded expenditure	46,434,363	56,347,114
Total expenditure	135,626,907	140,504,852

Notes to the financial statements for the year ended 31 December 2021 (continued)

15. Expenditure (continued)

Internal tax:

Article 15 of the protocol states “.....the staff members of the Centre shall, within the limits provided for in this Protocol, be subject to a tax for the benefit of the Centre on salaries, wages and emoluments paid by the Centre”. The Centre, therefore, deducts an “internal” tax from all salaries paid to staff. This “internal” tax deducted is treated as income by the Centre.

Staff salaries are quoted net of tax and grossed up prior to payment where upon Centre tax is then deducted. This grossed-up amount is shown in personnel costs (including personnel costs within Externally Funded Projects, Optional Programmes and Third Party Activities).

15. Expenditure (continued)	2021	2020
	£	£
Revenue		
Internal tax	11,255,767	10,575,142
Total tax included in revenue	11,255,767	10,575,142
Expenditure		
Tax included in personnel	7,269,208	7,021,620
Tax included in externally funded projects	1,436,761	1,189,471
Tax included in Optional Programmes	57,027	121,834
Tax included in Third Party Activities	452,680	403,465
Tax included in Copernicus	2,038,192	1,838,751
Tax included in Destination Earth	1,899	-
Total tax included in expenditure	11,255,767	10,575,142

16. Finance Costs	2021	2020
	£	£
Interest income from overdue contributions	20,963	26,666
Interest income from bank	12,253	29,799
Net foreign exchange income	-	530,203
Total finance income	33,216	586,668
Net foreign exchange cost	1,214,114	-
Pension and post-employment benefit costs (note 12)	6,259,689	6,331,915
Bank charges	175,209	58,475
Total finance costs	7,649,011	6,390,390

Notes to the financial statements for the year ended 31 December 2021 (continued)

17. Segment reporting – Statement of Financial Performance

IPSAS 18 'Segment Reporting' requires entities to report on segments on a basis appropriate for assessing the entity's past performance in achieving the objectives and for making decisions about the future allocation of resources.

The Centre has a clear objective to provide the best possible forecast products to its Member States.

The following activities have been separated by segment:

- Core Activities
- Externally Funded Projects
- Optional Programme
- Third Party Activities – excluding Copernicus
- Third Party Activities – Copernicus only
- Third Party Activities – Destination Earth only

Additional information is available in Notes 25 & 26.

18. Reconciliation of IPSAS financial reporting to cash results.

The following table combines IPSAS and cash financial reporting. The significant aspect of the financial reporting under IPSAS is the application of the accrual accounting principle with regard to expenses and revenues, pension benefits and other personnel costs, fixed assets and related depreciation. Cash accounting is based on recognition of transactions when there are cash movements.

In order to reconcile this to the cash results, differences between accrual and cash accounting need to be taken into account. These differences can be attributable to timing, or they can constitute permanent differences. The most significant of these differences are the following:

- (a) In cash accounting, revenue is required to cover all committed expenditures. In accrual accounting, revenue and expenses include amounts accruing for the reporting period, other committed expenses or revenue are treated as deferred.
- (b) In cash accounting, capital expenditures are recorded as current-year expenses. In accrual accounting, the expense is capitalised and depreciated over the useful lives of the assets. The capital expenditure and associated depreciation are recorded at their net value as assets in the Statement of Financial Position. Depreciation expense in the year is recorded in the Statement of Financial Performance.
- (c) In accrual accounting, the expense for both pensions and post-employment health cover is estimated by an actuary in accordance with a methodology set out in accounting standard IPSAS 25. The pension and post-employment medical care benefits obligation is reported in the Statement of Financial Position as detailed in note 12.

In cash accounting, pension and post-employment medical care scheme expenditure is accounted for on a pay-as-you-go basis. For pension benefits, the budgetary contributions are estimated on an actuarial basis to represent the long-term cost of the benefits provided.

Notes to the financial statements for the year ended 31 December 2021 (continued)

The following table shows the reconciliation of IPSAS financial reporting to cash results:

	2021	2020
	£	£
Net deficit for the year from continuing operations as per the Statement of Financial Performance	(12,109,267)	(10,525,922)
Adjustment for assets capitalised in the year	(4,136,118)	(3,697,258)
Adjustment for depreciation in the year	2,418,641	2,601,991
Adjustment for spend against commitments brought forward from 2020	3,787,669	2,883,109
Adjustment for commitments carried forward to 2022	(8,818,318)	(3,787,669)
Adjustment for finance costs for post-employment benefit (note 12)	6,259,689	6,331,915
Adjustment for post-employment benefit	16,756,898	12,918,684
Adjustment for accruals	2,914,508	192,852
Adjustment for prepayments	284,657	(329,930)
Adjustment for change in inventory	(152,979)	180,352
Adjustment for change in leave not taken	(39,564)	610,614
Other IPSAS timing differences	9,450	8,701
Revenue and expenditure account surplus per cash accounts	7,175,267	7,387,439

19. Contingencies and capital commitments

ECMWF has no contingent assets and no quantifiable contingent liabilities at 31 December 2021. However, in accordance with IPSAS 19: Provisions, Contingent Liabilities and Contingent Assets, ECMWF has thirteen unquantifiable contingent liabilities; one relating to a claim received from a company which was previously a customer, and twelve relating to very similar claims from employees. These claims are currently being dealt with by the organisation.

ECMWF has contracted capital expenditure of £1,124,442 in 2021 (2020: £1,342,721) but not yet incurred as at 31 December 2021.

Notes to the financial statements for the year ended 31 December 2021 (continued)

20. Operating lease commitments	2021	2020
	£	£
Within 1 year		
HPC service contract ¹	2,923,362	4,135,971
ATOS Implementation ²	716,075	3,801,611
ATOS Service Contract ²	2,061,361	-
SocGen Operating Lease ²	5,965,045	-
Konica Minolta Business Solutions ³	-	7,589
Konica Minolta Business Solutions ³	-	2,238
Konica Minolta Business Solutions ⁴	11,836	
Konica Minolta Business Solutions ⁵	12,019	33,276
Portakabin Ltd ⁶	34,580	34,580
In 2 to 5 years inclusive		
HPC service contract ¹	-	1,461,681
ATOS Service Contract ²	14,429,523	15,460,204
SocGen Operating Lease ²	41,755,313	44,737,835
Konica Minolta Business Solutions ⁴	8,285	-
Konica Minolta Business Solutions ⁵	9,980	63,678
Portakabin Ltd ⁶	31,698	66,278
	67,959,077	69,804,941

1. A contract was entered into with Cray UK Ltd to cover the operational period of the High-Performance Computer from 1 October 2014 to 30 September 2018 (initially agreed as 1 July 2014 - 30 June 2018 and subsequently moved by 3 months), In 2015, this lease was extended until 30 September 2020 with an extension to 30th September 2021. Prices now pre-negotiated to end of 2022 and lease can be unilaterally extended by 1 or 3 months at any time with 3 months' notice. Planned extension currently to end Q2 2022.

2. Contract signed in December 2019 for New High-Performance Computer with ATOS and SocGen replacing the Cray HPC. Service contract and operating lease planned commencement from September 1st 2021 following implementation and acceptance testing of the HPC. The implementation and subsequent operation have been delayed with an expected commencement date of July 1st 2022.

3. Two lease agreement entered into during 2016 with Konica Minolta Business Solutions Ltd for 36 months were extended for 24 months from 13th September 2019 to 12th September 2021. One for photocopier rental and the other for cards readers and print management software.

4. Konica lease agreement has been extended from 13th September 2021 to 12th September 2023 related to Multi-Function Devices (MFDs) - previously covered in 3 above.

5. One lease agreement for photocopier rental was entered into during 2020 with Konica Minolta Business Solutions Ltd, for 36 months from 30th October 2020 to 29th October 2023. Additional devices added in 2021 so increased cost.

6. A 5-year lease was entered into during 2018 with Portakabin Ltd to accommodate staff moving from Reading Enterprise Centre to the main Shinfield site and covers the period from December 2018 to November 2023.

21. Personnel

The average number of personnel employed by the Centre in 2021 was 377 (2020: 365).

22. Key management personnel

ECMWF was established by a Convention that entered into force on 1 November 1975 (amended June 2010). The organisational structure of ECMWF comprises the Council and the Director-General with six committees assisting this structure.

In accordance with IPSAS 20 'Related Party Disclosures' key management personnel have been identified as follows:

- Director-General and other directors
- Senior managers

The aggregate remuneration for those key management personnel was as follows:

	Number of individuals 2021	Aggregate 2021	Number of individuals 2020	Aggregate 2020
		£		£
The Director-General and other directors	6	1,202,035	6	1,165,428
Senior managers	9*	1,454,412	9	1,486,248
Total key management personnel	15	2,656,448	15	2,651,676

There was no other remuneration or compensation to key management personnel or their close family members.

* the numbers for Senior Managers include one individual who departed in September 2021 and was replaced in January 2022.

23. Related party transactions

There were no material transactions with related parties during the year 2021.

There were no loans to key management personnel or their close family members that were not available to other categories of staff.

Due to its status as an international organisation and the rules of its Convention, the Centre does not consider its Member States to be related parties.

24. Statement of Financial Performance by Segment as at 31 December 2021

Notes: Costs which are directly attributable to these activities are allocated to Segments. Support costs are allocated to Core, however the revenue received is still shown in the relevant segment.

		Core Activities		Externally Funded Projects		Optional Programme		Third Party Activities (excl Copernicus & DE)		Third Party Activities (Copernicus only)*		Third Party Activities (Destination Earth only)		ECMWF Consolidated**	
	Notes	2021 £	2020 £	2021 £	2020 £	2021 £	2020 £	2021 £	2020 £	2021 £	2020 £	2021 £	2020 £	2021 £	2020 £
Revenue															
Member & Co-operating States' Contributions		51,217,309	51,338,558											51,217,309	51,338,558
Externally funded revenue				5,820,327	5,286,881	212,643	442,738	2,077,090	1,982,065	39,215,575	50,603,655	7,964		47,333,599	58,315,338
Management fee for Programmes***										1,732,522	2,668,122	48,751		1,781,273	2,668,122
Sales of forecasts and data		12,072,971	10,982,652											12,072,971	10,982,652
Other operating revenue		7,472,517	1,902,840											7,472,517	1,902,840
Total operating revenue excluding taxes		70,762,796	64,224,049	5,820,327	5,286,881	212,643	442,738	2,077,090	1,982,065	40,948,097	53,271,777	56,715	-	119,877,668	125,207,510
Taxes														11,255,767	10,575,142
Total operating revenue including Taxes														131,133,435	135,782,652
Expenditure															
Personnel costs	15	26,460,454	26,168,687	4,554,839	3,942,838	172,844	379,279	1,410,816	1,415,302	7,168,312	6,230,242	5902		39,773,166	38,136,347
Pension and post-employment benefits	12 & 15	27,994,254	21,602,173											27,994,254	21,602,173
Buildings expenditure	15	7,617,762	4,887,934											7,617,762	4,887,934
Computer expenditure	15	14,368,360	18,051,431	500				71,021	72,523	2,058,981	2,948,622			16,498,863	21,072,576
Other operating expenditure	15	3,430,543	3,490,555	32,096	31,354			4,507	7,275	182,796	145,824	1,182		3,651,124	3,675,008
Procured Industrial Activities										28,835,972	40,555,672			28,835,972	40,555,672
Total expenditure excluding taxes		79,871,372	74,200,780	4,587,435	3,974,191	172,844	379,279	1,486,344	1,495,100	38,246,061	49,880,361	7,084	-	124,371,140	129,929,710
Taxes														11,255,767	10,575,142
Total operating expenditure including taxes														135,626,907	140,504,852
Operating (deficit) / surplus for the period from continuing operations														(4,493,472)	(4,722,200)
Finance income														33,216	586,668
Finance costs	16													(7,649,011)	(6,390,390)
Net (deficit) for the period from continuing operations														(12,109,267)	(10,525,922)
Net (deficit) for the period														(12,109,267)	(10,525,922)

* There is a separate schedule 24b splitting out COP1.0 and COP2.0

** Costs are classified according to segment and in some cases may vary in classification to that on the Statement of Financial Performance

*** Management fee for Copernicus Services received by ECMWF, to cover support costs in line with the Copernicus Delegation Agreement.

25. Statement of Financial Position by Segment as at 31 December 2021

		Core Activities		Externally Funded Projects		Optional Programme		Third Party Activities (excl Copernicus and DE)		Third Party Activities (Copernicus only)*		Third Party Activities (Destination Earth only)		ECMWF Consolidated	
	Note	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
		£	£	£	£	£	£	£	£	£	£	£	£	£	£
Assets															
Current Assets															
Cash & cash equivalents	4	28,124,007	22,675,437	377,405	318,217					29,329,168	21,977,146	7,889,420		65,719,999	44,970,800
Receivables	5	11,028,899	9,700,775	1,645,576	1,837,246						2,882			12,674,476	11,540,904
Prepayments and accrued revenue	6	2,432,341	2,347,973	18,939	3,453	2,090		4,400	2,845	1,250,900	3,185,219	7,963		3,716,632	5,539,490
Inventory	7	757,778	604,799											757,778	604,799
Total current assets		42,343,025	35,328,985	2,041,920	2,158,917	2,090	-	4,400	2,845	30,580,067	25,165,247	7,897,383	-	82,868,885	62,655,994
Non-current assets															
Property, plant and equipment	8	14,349,915	12,632,438											14,349,915	12,632,438
Pension investment accounts		72,649,757	64,702,789											72,649,757	64,702,789
Total non-current assets		86,999,672	77,335,227	-	-	-	-	-	-	-	-	-	-	86,999,672	77,335,227
TOTAL ASSETS		129,342,697	112,664,212	2,041,920	2,158,917	2,090	-	4,400	2,845	30,580,067	25,165,247	7,897,383	-	169,868,557	139,991,221
LIABILITIES															
Current liabilities															
Payables	9	11,549,425	7,099,055	147,671	127,775	10,531	15,990	33,353	41,982	7,409,124	14,274,505	1,182		19,151,285	21,559,306
Pre-financing	10		403,029	6,396,743	4,632,863					18,106,288	7,180,139	7,889,420		32,392,451	12,216,032
Deferred revenue	11	2,296,533	2,254,640											2,296,533	2,254,640
Total current liabilities		13,845,958	9,756,725	6,544,413	4,760,638	10,531	15,990	33,353	41,982	25,515,412	21,454,644	7,890,602	-	53,840,268	36,029,978
Non-current liabilities															
Employee benefits		540,847,267	511,533,088											540,847,267	511,533,088
Total non-current liabilities		540,847,267	511,533,088	-	-	-	-	-	-	-	-	-	-	540,847,267	511,533,088
TOTAL LIABILITIES		554,693,225	521,289,813	6,544,413	4,760,638	10,531	15,990	33,353	41,982	25,515,412	21,454,644	7,890,602	-	594,687,535	547,563,066
NET LIABILITIES		(425,350,529)	(408,625,601)	(4,502,494)	(2,601,721)	(8,441)	(15,990)	(28,953)	(39,137)	5,064,655	3,710,603	6,782	-	(424,818,978)	(407,571,845)
General reserve	13													2,394,996	2,394,996
Retained surpluses														(53,777,309)	(36,458,040)
Net surplus/(deficit) for the period														(12,109,267)	(10,525,922)
Actuarial adjustments														(269,978,543)	(271,634,024)
IPSAS adjustment reserve	14													(91,348,855)	(91,348,855)
TOTAL NET LIABILITIES														(424,818,978)	(407,571,845)

* There is a separate schedule 25b splitting out COP1.0 and COP2.0

24b. Statement of Financial Performance by Segment (with Copernicus detail) as at 31 December 2021

	Notes	Third Party Activities COP1.0*		Third Party Activities COP2.0**		Third Party Activities (Copernicus only)	
		2021 £	2020 £	2021 £	2020 £	2021 £	2020 £
Revenue							
Member & Co-operating States' Contributions							
Externally funded revenue		32,937,936	50,603,655	6,277,638		39,215,575	50,603,655
Management fee for Programmes**		1,220,392	2,668,122	512,130		1,732,522	2,668,122
Sales of forecasts and data							
Other operating revenue							
Total operating revenue excluding taxes		34,158,328	53,271,777	6,789,768	-	40,948,097	53,271,777
Expenditure							
Personnel costs	15	5,256,295	6,230,242	1,912,017		7,168,312	6,230,242
Pension and post-employment benefits	12 & 15						
Buildings expenditure	15						
Computer expenditure	15	1,209,811	2,948,622	849,170		2,058,981	2,948,622
Other operating expenditure	15	102,458	145,824	80,338		182,796	145,824
Procured Industrial Activities		25,417,007	40,555,672	3,418,964		28,835,972	40,555,672
Total expenditure excluding taxes		31,985,572	49,880,361	6,260,489	-	38,246,061	49,880,361

*Since 2014, ECMWF has operated two services from the European Union's Copernicus Earth observation programme. The first phase up to 2021 is known as COP1.0.

**Participation in the European Union's Copernicus Earth observation programme was renewed in July 2021 covering the period up to 2028. This phase is referred to as COP2.0.

25b. Statement of Financial Position by Segment (with Copernicus detail) as at 31 December 2021

	Note	Third Party Activities COP1.0*		Third Party Activities COP2.0**		Third Party Activities (Copernicus only)	
		2021 £	2020 £	2021 £	2020 £	2021 £	2020 £
Assets							
Current Assets							
Cash & cash equivalents	4	7,522,855	21,977,146	21,806,313	-	29,329,168	21,977,146
Receivables	5	-	2,882	-	-	-	2,882
Prepayments and accrued revenue	6	1,805	3,185,219	1,249,095	-	1,250,900	3,185,219
Inventory	7	-	-	-	-	-	-
Total current assets		7,524,660	25,165,247	23,055,408	-	30,580,067	25,165,247
Non-current assets							
Property, plant and equipment	8	-	-	-	-	-	-
Pension investment accounts		-	-	-	-	-	-
Total non-current assets		-	-	-	-	-	-
TOTAL ASSETS		7,524,660	25,165,247	23,055,408	-	30,580,067	25,165,247
LIABILITIES							
Current liabilities							
Payables	9	2,571,126	14,274,505	4,837,998	-	7,409,124	14,274,505
Pre-financing	10	247,551	7,180,139	17,858,737	-	18,106,288	7,180,139
Deferred revenue	11	-	-	-	-	-	-
Total current liabilities		2,818,677	21,454,644	22,696,735	-	25,515,412	21,454,644
Non-current liabilities							
Employee benefits		-	-	-	-	-	-
Total non-current liabilities		-	-	-	-	-	-
TOTAL LIABILITIES		2,818,677	21,454,644	22,696,735	-	25,515,412	21,454,644
NET LIABILITIES		4,705,983	3,710,603	358,673	-	5,064,655	3,710,603

*Since 2014, ECMWF has operated two services from the European Union's Copernicus Earth observation programme. The first phase up to 2021 is known as COP1.0.

**Participation in the European Union's Copernicus Earth observation programme was renewed in July 2021 covering the period up to 2028. This phase is referred to as COP2.0.



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