



# EUROPEAN DEFENCE AGENCY 2011 FINANCIAL REPORT

June 2012

# EUROPEAN DEFENCE AGENCY

## 2011 FINANCIAL REPORT

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MANAGEMENT REPORT

## Building Capabilities for a Secure Europe

The European Defence Agency ('EDA' or 'The Agency') has been created to help EU Member States to develop their defence capabilities for crisis-management operations under the European Security and Defence Policy. The Agency will achieve its goal by encouraging EU Governments to spend defence budgets on meeting tomorrow's challenges, not yesterday's threats, and by increasingly pooling their efforts and resources. The Agency's success will mean:

- Better military capabilities,
- Stronger European defence industry,
- Better value for European taxpayers.

RESULT OF THE YEAR

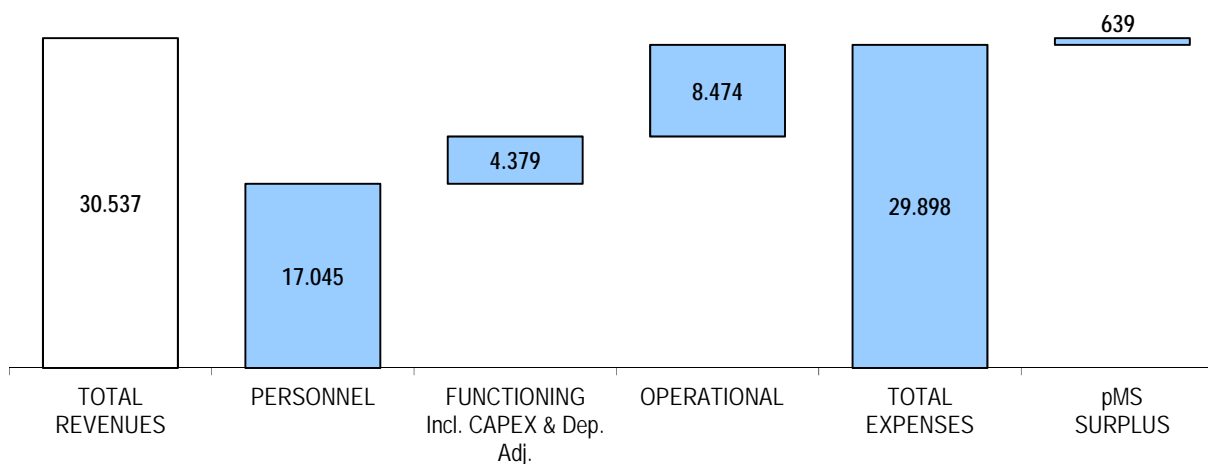
In its seventh year of operation, the Agency has continued to pursue more effective and output oriented European collaboration in order to improve the participating Member States' defence capabilities. The Capability Development Plan (CDP) has guided these efforts, including through R&T collaboration and armaments cooperation. The Agency has continued its work on establishing a competitive European Defence Technological and Industrial Base and an open and transparent European Defence Equipment Market, which are fundamental for underpinning CFSP military capabilities.

2011 financial achievements include:

- the launch of 69 operational projects for a combined value of **8,474 M €**;
- 97,9% of overall budget consumption

### 2011 Financial Highlights

Figures in k €



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- 2011 revenues amount to 30.537 k € and comprise pMS contributions (95,08%), deductions from Staff remuneration (4,06%), financial income (0.81%) and other revenues (0.05%).
- 2011 expenses amount to 29.898k €, taking into account 261k € of capital expenditure and depreciation adjustments, and consist of personnel (57,01%), functioning (14,65%) and operational expenses (28,34%).
- At the year-end 2011, a budgetary surplus of 639 k € (amount to 2,09% of the 2011 Budget) will be returned to pMS.

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### HISTORICAL FINANCIALS

Figures in k €	2011	2010	2009
<b>REVENUES</b>			
MEMBER STATE CONTRIBUTIONS	29.034	28.713	27.686
DEDUCTIONS FROM STAFF REMUNERATION	1.241	1.294	1.198
FINANCIAL INCOME	247	174	298
OTHER REVENUES	15	159	8
<b>TOTAL REVENUES</b>	<b>30.537</b>	<b>30.340</b>	<b>29.190</b>
<b>EXPENSES</b>			
PERSONNEL EXPENSES	17.045	17.042	15.633
FUNCTIONING EXPENSES	4.640	4.898	4.798
OPERATIONAL PROJECTS & STUDIES	8.474	8.700	7.679
<b>TOTAL EXPENSES</b>	<b>30.159</b>	<b>30.639</b>	<b>28.110</b>
ACCOUNTING SURPLUS	378	(299)	1.080
<i>CAPITAL EXPENDITURE</i>	(189)	(93)	(98)
<i>DEPRECIATION ADJUSTMENT</i>	450	434	425
CAPITAL EXPENDITURE & DEPRECIATION ADJUSTMENTS	261	341	327
<b>BUDGETARY SURPLUS REPAYABLE TO pMS</b>	<b>639</b>	<b>42</b>	<b>1.407</b>

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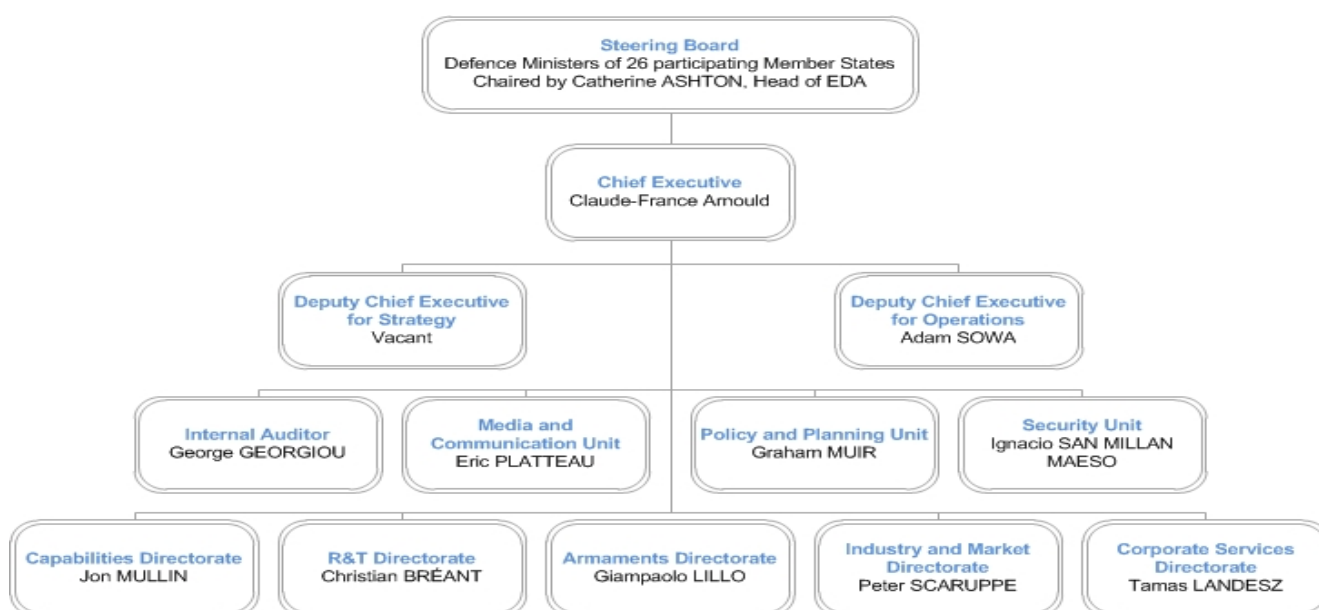
### EDA STRUCTURE AND FUNCTIONS

#### EDA'S STRUCTURE

The European Defence Agency is an Agency of the European Union <sup>(1)</sup>, falling under the direction and authority of the Council, which issues guidelines to and receives reports from High Representative Catherine Ashton as Head of the Agency. Detailed control and guidance, however, is the job of the Steering Board.

Catherine Ashton chairs the Steering Board, the principal decision-making body of the Agency, made up of Defence Ministers from 26 participating Member States (all EU members except Denmark) and a member of the European Commission. In addition to ministerial meetings at least twice a year, the Steering Board also meets at the sub-ministerial level: National Armaments Directors, Research and Technology Directors and in Capabilities formation.

The Chief Executive, his two Deputies and the five Directors together form the Agency Management Board (AMB), supported by the Policy & Planning Unit.



The Agency is designed "to support the Member States in their effort to improve European defence capabilities in the field of crisis management and to sustain the CFSP as it stands now and develops in the future". More specifically, the Agency is ascribed four functions, relating to:

- Defence capabilities development;
- Armaments co-operation;
- The European defence, technological and industrial base and defence equipment market

<sup>(1)</sup> Council Decision 2011/411/CFSP of 12 July 2011 defining the statute, seat and operational rules of the European Defence Agency and repealing Joint Action 2004/551/CFSP.

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- Research and technology ;

### *EDA'S DIRECTORATES AND OPERATING UNITS*

#### **Capabilities Directorate**

- Leads the Agency's work, with Member States, to meet the defence capability needs of CFSP
- Works with Member States to maximise the collective output achieved from defence resources
- Strives to expand and deepen the interoperability of EU forces

#### **Research & Technology Directorate**

- Seeks to catalyse more European R&T collaborations, focussed on improving Europe's defence capabilities
- Develops policies and strategies to strengthen defence technology in Europe
- Manages joint R&T projects (JIP-Force Protection, JIP-Innovative Concepts and Emerging Technologies)

#### **Armaments Directorate**

- Promotes and enhances European armaments cooperation
- Works with Member States on new multilateral collaborative projects
- Develops common standards and procedures

#### **Industry and Market Directorate**

- Works to create an internationally competitive European Defence Equipment Market
- Supports the restructuring and strengthening of the European Defence Industrial and Technological Base
- Maintains dialogue with Industry, Commission and other key stakeholders on European defence industrial and defence market related activities

#### **Corporate Services Directorate**

- Responsible for Finance, Human Resources, IT, Security and Logistics
- Through its Finance Unit, manages the Agency's accounting, budgets and reporting
- Provides expertise for procurement and contracts through its Legal & Contracting Unit
- Supports the activities of the Agency and its functional directorates

#### **Media & Communications Unit**

- Responsible for external communication with key stakeholders
- Manages contacts with media, think tanks and public affairs institutions
- Produces print, online and other information material

#### **Policy & Planning Unit**

- Acts as Secretariat to the AMB, coordinates plans and policies
- Prepares Steering Board meetings
- Liaises with EU bodies and external parties

**Report by the Head of the European Defence Agency  
to the Council – 30 November 2011**

**Introduction**

The European Defence Agency (“the Agency”) continues to pursue effective and output-oriented European cooperation in order to improve the defence capabilities of participating Member States. The Council Decision on the Agency, approved on 12 July, has further underlined the Agency’s key role in support of the Council and Member States in this regard.

The 2012 Work Programme sets out the Agency’s activities for next year. The underlying principle remains cost-effective cooperation, with a focus on Pooling & Sharing.

The impact of the global economic crisis on national defence budgets has provided additional impetus to seeking savings through European cooperation. The Agency is pursuing a systematic approach to Pooling & Sharing, including addressing civil-military synergies, identifying and promoting best practice, and working with industry. The Agency has submitted proposals to Defence Ministers on how to take forward this important initiative launched at the informal meeting of ministers in Ghent in September 2010.

**I Improving Capabilities**

The updated Capability Development Plan (CDP), approved by the Steering Board in March 2011, provides the framework for addressing capability priorities and for guiding the definition of capability requirements that could be met through collaborative projects and programmes. It also informs national defence planning.

Delivering capabilities requires dedicated projects and programmes, carried out by contributing Member States and facilitated by the Agency. Whilst the CDP-related projects are important, other initiatives have also been taken forward, all of which are in line with the CDP. Member States have committed to new projects and are pursuing established collaborations within the Agency. For example:

- The Counter-IED laboratory, launched in April 2010, was deployed to Afghanistan for operations within ISAF in July 2011.
- The Helicopter Training Programme is operational. In the three exercises organised so far, 72 helicopters, 152 crews, and 1800 personnel have participated. More than 50% of the trained crews have deployed to Afghanistan. Work on the longer-term work strand, the Future Transport Helicopter, has also progressed, in coordination with NATO and the United States.
- Strategic transportation: Ministers signed the European Air Transport Fleet Programme Arrangement for this Pooling & Sharing initiative in the margins of the 23 May Steering Board.
- The Third Party Logistics Support Platform - designed inter alia to identify commercial solutions for logistics support - is used to support Operation Atalanta.
- The European Satellite Communication Procurement Cell, which will allow Member States to acquire commercial satellite communication services at a lower price, is ready for Member States’ signature.
- A new work strand on Cyber Defence has been launched within the Agency. This will require strong support by Member States and coordination with EU actors.
- The Maritime Surveillance Networking was successfully demonstrated in June 2011 by 6 Member States. 15 Member States have signed - or will shortly sign - the Technical Arrangement.

Other projects in a broad range of domains have also made progress: Biological Equipment Development and Enhancement Programme; Unmanned Aerial Systems; Maritime Mine

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Counter Measures; Personnel Recovery; European Secure Software Defined Radio; and Mid-Air Collision Avoidance System.

### II Research & Technology

Defence Research & Technology (R&T) collaboration in Europe is developing, facilitated by the Agency. R&T programmes have been expanded into new capability priority areas, including protection against Chemical, Biological, Radiological and Nuclear (CBRN) threats. The R&T programme on CBRN protection, in which Member States have invested €12 million, is focusing on next-generation capabilities. Work is on-going to define the technological content in accordance with the budget and to synchronise it with activities within the Framework Programme 7. Preparatory work will conclude with the signature of the programme arrangement by the end of this year.

The Agency is active in the area of European Technology non-Dependence. A conference co-organised with the Hungarian Presidency in April 2011 addressed the challenges, strategies and solutions for improving and securing access to key enabling technologies. Activities related to critical space technologies for European non-Dependence are being coordinated with the European Commission and the European Space Agency.

The two Joint Investment Programmes - Force Protection, and Innovative Concepts and Emerging Technologies - are contributing to the building of networks between defence industry, research establishments and academia. The new R&T programme for Unmanned Maritime Systems for mine counter-measures and other naval applications has been further developed with a view to activation in 2011.

### III Armaments

The following Agency activities made good progress.

**Military Air Worthiness.** Member States' military airworthiness authorities reached an important milestone this year by beginning to harmonise their requirements for aircraft maintenance and certification. This will pave the way for cross-recognition, and time- and cost-reduction of the certification process and, potentially, pooling multinational maintenance and operation of aircraft. The European Military Airworthiness Requirements that Member States have agreed are planned to be used for the support of the A400M and expected to yield financial and operational benefits.

**Unmanned Air Systems.** As a result of Agency work, the European Commission set up a panel - of which the Agency is a member - to develop a vision for civilian and security use of these systems. The Agency leads on the technology element. Work is in progress to set up a Joint Investment Programme to aggregate military funding with a view to matching future Commission programmes.

**Single European Sky ATM Research (SESAR).** The Agency has set up a bringing together Member States, Eurocontrol, NATO, the European Commission and the SESAR Joint Undertaking. The forum will promote an understanding of the implications on the military community of the forthcoming deployment of SESAR. The Commission has proposed that the Agency represent the military community in drawing up political guidance on the SESAR deployment.

### IV Industry and Market Issues

The implementation of the European Defence Technological and Industrial Base Strategy has been underway for four years. The Agency is currently reviewing progress, taking into account in particular the austere financial environment and the new regulatory regime.

Determining which key industrial capabilities should be preserved or developed in Europe is one of the priorities of the Strategy. The initial areas being considered, in coordination with Member States, are future military needs in relation to air systems, with a focus on unmanned systems and helicopters; and ammunition, with a focus on precision guidance. The pilot cases for Future Air Systems and Ammunition are under discussion with Member States. The scope of the work has recently been expanded to Future Land and Naval Systems.



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The Code of Conduct on Defence Procurement plays a valuable role in enhancing transparency and competition in the European Defence Equipment Market. Under the Code, the number of contract opportunities published on the Agency's Electronic Bulletin Board portal has reached 683, with a total value exceeding €25 billion. Of the 446 contracts awarded under competition, nearly one third are cross-border. The recently amended Code of Conduct on Offsets is enhancing transparency of offset policies and practices. In order to ensure its effectiveness, the Steering Board clarified its scope, stressing that it applied to practices covered by Article 346 TFEU.

The Agency has also taken concrete steps on the tasking by Defence Ministers to work towards improved cost-effectiveness and efficiency of the European defence market in view of the increasing need for affordability in defence in a climate of financial austerity.

#### **V Interaction with key stakeholders**

The Agency is enhancing its relationship with the European Commission, and is actively engaged in representing the Member States' interests in a number of EU policy areas that have potential implications for defence: Research, Technology non-Dependence, Internal Market, Maritime Surveillance, Single European Sky, and Space. In line with the tasking given by Ministers in May, the Agency submitted proposals to Council on the Radio Spectrum Policy Programme. These have been taken into account in the compromise proposal to be considered by Council and the Parliament.

The Agency is reinforcing its relations with third parties. Cooperation based on the Administrative Arrangement with Norway continues to be mutually beneficial. Norway signed the European Air Transport Fleet Programme Arrangement on 10 November. The Administrative Arrangement with the European Space Agency was signed in June 2011 and has already helped improve synergies regarding space-related technologies. The Agency has proposed to Council the approval of an Administrative Arrangement with Switzerland, which will allow Swiss participation in the Agency's projects and programmes. Council discussions continue on an Administrative Arrangements with OCCAR. Its approval would be a significant step forward in providing a means of transferring Agency projects into collaborative programmes managed by OCCAR.

The Agency's efforts to ensure complementary and mutually-reinforcing capability development with NATO have been intensified, in particular with Allied Command Transformation (ACT), in a spirit of transparency and reciprocity. Further progress has been achieved in coordinating activities in a number of areas of common interest. Contacts with the NATO International Staff are also now taking place, including NATO's interest in wider EU policy areas such as Single European Sky. The Agency continues to contribute to the work of the EU-NATO Capability Group. Contacts with NATO are increasingly important in work related to EU Pooling & Sharing and NATO activities within the framework of "Smart Defence".

The informal dialogue with the United States also developed strongly, with a focus on synergies between Pooling & Sharing and other related initiatives, and on policy issues such as export controls and offsets.

Catherine Ashton

*High Representative and Head of European Defence Agency*

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### FINANCIAL STATEMENTS

#### AUDIT OPINION

#### AUDIT OPINION OF THE EDA COLLEGE OF AUDITORS TO THE STEERING BOARD OF EUROPEAN DEFENCE AGENCY

In accordance with Art.43 of the Financial Rules of the European Defence Agency, the College of Auditors has audited the financial statements of the European Defence Agency (Agency) for the year ended 31 December 2011. These comprise the 2011 Management Accounts, the 2011 Balance Sheet, and the 2011 Cash Flow Statement, and notes to the 2011 Financial Statements. The financial statements of the Agency have been prepared in accordance with the provisions and regulations set out in the financial rules. The 2011 fiscal year surplus repayable to the Member states totalled 638.604 €, whereas the assets amounted 1.303.875 €.

#### The Accounting Officer's Responsibility for the Financial Statements and Financial Report

The Steering Board, on a proposal from the Head of the Agency, appointed an Accounting Officer, responsible for the preparation and fair presentation of the financial statements. This responsibility includes:

- proper implementation of payments,
- collection of revenue and recovery of amounts established as being receivable,
- preparing and presenting the accounts, keeping the accounts, laying down the accounting rules and methods and the chart of accounts,
- laying down and validating the accounting systems and where appropriate validating systems laid down by the Authorising Officer to supply or justify accounting information, and treasury management.

The Accounting Officer is also responsible for providing a report on the financial aspects of the operation conducted and forwarding the financial statements and the Financial Report to the independent external audit team for the European Defence Agency.

#### College of Auditors (College) Responsibility

The College's responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements, plan and perform the audit in order to obtain reasonable assurance whether the financial statements are free of material misstatement.

The audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the College's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the College considers internal controls relevant to the preparation and fair presentation of the financial statements as a basis for designing audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates, if any, made by the Accounting Officer, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We have also examined the Financial Report on the activities of the Agency and the implementation of the budget, to identify any material inconsistencies with the audited financial statements.

#### Unqualified Opinion

In our opinion the financial statements present fairly, in accordance with the provisions and regulations set out in notes to the financial statements, and in all material aspects, the financial position of the European Defence Agency as at 31 December 2011 and the financial results of operations for the year then ended.

Audit findings and comments of the College without impact on the audit opinion will be included in a separate audit report.

On behalf of the College of Auditors,



Dr. Harilaos Harissis  
Chairman of the EDA College of Auditors

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### 2011 MANAGEMENT ACCOUNTS (1/3)

## EUROPEAN DEFENCE AGENCY

2011 FINANCIALS

### MANAGEMENT ACCOUNTS

	<i>Notes</i>	2011	2011	2010	2009
<i>Figures in €</i>	<i>1</i>	Budget <sup>(REV)</sup>	Actual	Actual	Actual
<b>EXPENSES</b>					
Title I : PERSONNEL EXPENSES	<i>2</i>				
<b>Chapter 11: OFFICIALS &amp; TEMPORARY STAFF</b>					
BASIC SALARIES (TBA)		8.988.635	8.785.727	9.034.984	8.332.198
STAFF STATUTORY ALLOWANCES		2.469.415	2.409.466	2.415.350	2.250.836
STAFF SOCIAL PROTECTION		2.656.741	2.584.796	2.492.692	2.299.613
STAFF ALLOWANCES ON ENTERING & LEAVING SERVICE		543.170	391.614	361.091	674.947
PROVISIONAL APPROPRIATIONS		0	0	30.459	0
<b>Subtotal</b>		<b>14.657.961</b>	<b>14.171.603</b>	<b>14.334.575</b>	<b>13.557.594</b>
<b>Chapter 12: SNE, CONTRACT STAFF &amp; TRAINEES</b>					
CONTRACT STAFF		1.006.382	1.006.374	756.349	338.593
SECONDED NATIONAL EXPERTS		1.125.758	1.117.457	1.212.366	1.041.507
TRAINEES		101.700	101.555	72.004	56.901
<b>Subtotal</b>		<b>2.233.840</b>	<b>2.225.386</b>	<b>2.040.719</b>	<b>1.437.001</b>
<b>Chapter 13: STAFF RELATED</b>					
RECRUITING EXPENSES		39.163	39.163	38.966	35.604
STAFF TRAINING		90.000	90.000	68.857	31.876
STAFF COMMITTEE		7.055	7.011	4.997	4.932
MEDICAL EXPENSES		7.245	5.760	9.414	845
MISSION EXPENSES		596.537	505.806	544.063	564.711
<b>Subtotal</b>		<b>740.000</b>	<b>647.740</b>	<b>666.298</b>	<b>637.968</b>
<b>TOTAL PERSONNEL EXPENSES</b>		<b>17.631.801</b>	<b>17.044.729</b>	<b>17.041.592</b>	<b>15.632.563</b>
Title II : FUNCTIONING EXPENSES	<i>3</i>				
<b>Chapter 20: BUILDING &amp; BUILDING RELATED</b>					
FITTING-OUT OF PREMISES		22.410	347.975	325.603	331.255
SECURITY EQUIPMENT		131.104	128.035	6.478	24.612
OFFICE RENT		728.463	728.463	1.408.011	1.403.060
CLEANING & MAINTENANCE		377.211	377.181	202.848	238.811
UTILITY SERVICES		154.900	153.983	144.692	135.808
BUILDING SURVEILLANCE SERVICES		1.064.724	1.064.724	1.060.307	1.110.199
INSURANCES		13.658	13.658	5.726	12.466
OTHER BUILDING RELATED EXPENSES		5.754	4.964	15.252	93.591
<b>Subtotal</b>		<b>2.498.224</b>	<b>2.818.983</b>	<b>3.168.917</b>	<b>3.349.802</b>

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2011 MANAGEMENT ACCOUNTS (2/3)

MANAGEMENT ACCOUNTS (CONT'D)					
	Notes	2011	2011	2010	2009
<i>Figures in €</i>	<i>1</i>	Budget <sup>(REV)</sup>	Actual	Actual	Actual
<b>Chapter 21: IT EQUIPMENT, FURNITURE &amp; OTHER</b>					
IT EQUIPMENT & SOFTWARE		861.635	789.940	421.896	400.412
OFFICE FURNITURE		15.443	22.918	27.926	32.524
OFFICE TECHNICAL EQUIPM. & SUPPLIES		18.178	28.765	37.148	26.095
IT PROJECTS & DEVELOPMENT OF SYSTEMS		36.071	35.999	258.717	44.607
IT SUPPORT & MAINTENANCE OF COPIERS		212.378	209.252	45.176	18.914
TELECOM EXPENSES		179.907	175.064	168.562	187.074
OUTSIDE ASSIST. FOR OPERATION OF TECHN. INSTALLATIONS		1.977	1.977	14.248	6.063
MAINTENANCE & REPAIR OF TECHNICAL INSTALLATIONS		126.020	125.667	239.906	202.586
OFFICE VEHICLES AND TAXI EXPENSES		22.378	18.196	9.903	17.233
<b>Subtotal</b>		<b>1.473.987</b>	<b>1.407.778</b>	<b>1.223.481</b>	<b>935.508</b>
<b>Chapter 22: OTHER FUNCTIONING</b>					
TRANSLATION SERVICES		12.574	12.574	138	10.823
RECEPTION & REPRESENTATION EXPENSES		24.960	22.873	41.516	36.567
INTERNAL MEETINGS		73.979	70.791	68.316	67.656
CONFERENCES & SEMINARS		61.163	60.342	70.480	38.588
INFORMATION, SUBSCRIPTIONS & DOCUMENTATION EXPENSES		120.850	119.069	150.010	201.544
OFFICIAL JOURNAL		1.500	0	473	599
PUBLIC RELATIONS		19.500	17.485	48.348	28.431
OFFICE SUPPLIES		86.313	85.923	101.008	101.065
POSTAL & DELIVERY EXPENSES		17.500	15.761	16.645	24.289
AUDIT EXPENSES		8.000	7.931	8.456	3.652
FINANCIAL CHARGES, INCL. FOREIGN EXCHANGE DIFF.		500	260	32	-448
<b>Subtotal</b>		<b>426.839</b>	<b>413.009</b>	<b>505.423</b>	<b>512.766</b>
<b>TOTAL FUNCTIONING EXPENSES</b>		<b>4.399.050</b>	<b>4.639.770</b>	<b>4.897.820</b>	<b>4.798.076</b>
<b>TOTAL PERSONNEL &amp; FUNCTIONING EXPENSES</b>		<b>22.030.851</b>	<b>21.684.499</b>	<b>21.939.412</b>	<b>20.430.639</b>
<b>Title III : OPERATIONAL BUDGET &amp; EARMARKED REVENUE</b>					
OPERATIONAL PROJECTS & STUDIES	<i>4</i>	8.500.000	8.474.406	8.699.970	7.679.363
<b>TOTAL OPERATIONAL BUDGET</b>		<b>8.500.000</b>	<b>8.474.406</b>	<b>8.699.970</b>	<b>7.679.363</b>
<b>TOTAL EXPENSES</b>		<b>30.530.851</b>	<b>30.158.905</b>	<b>30.639.382</b>	<b>28.110.002</b>

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2011 MANAGEMENT ACCOUNTS (3/3)

MANAGEMENT ACCOUNTS (CONT'D)					
	Notes	2011	2011	2010	2009
<i>Figures in €</i>	<i>1</i>	Budget <sup>(REV)</sup>	Actual	Actual	Actual
<b>REVENUES <sup>(10)</sup></b>	<b>5</b>				
<b>Title IV: MISC. COMMUNITY TAXES, LEVIES &amp; DUES</b>					
<b>Chapter 40: DEDUCTIONS FROM STAFF REMUNERATION</b>					
TAXATION ON STAFF SALARIES & ALLOWANCES (8IM)		1.154.055	1.043.123	1.106.769	1.037.159
TEMPORARY CONTRIBUTION (CTC)		0	1.339	1.189	
EU SPECIAL LEVY (PSP)		192.850	196.059	186.250	160.951
<b>Subtotal</b>		<b>1.346.905</b>	<b>1.240.521</b>	<b>1.294.208</b>	<b>1.198.110</b>
<b>Title V: INCOME FROM OPERATING ACTIVITIES</b>					
<b>Chapter 52: FINANCIAL INCOME</b>					
INTERESTS - BANK		150.000	228.776	150.974	262.612
INTERESTS - PMS		0	18.304	22.852	35.449
<b>Subtotal</b>		<b>150.000</b>	<b>247.080</b>	<b>173.826</b>	<b>298.061</b>
<b>Title VI: pMS CONTRIBUTIONS</b>					
<b>Chapter 61 : MEMBER STATE CONTRIBUTIONS</b>					
PMS CONTRIBUTIONS	<b>6</b>	29.033.945	29.033.945	28.712.988	27.686.000
<b>Subtotal</b>		<b>29.033.945</b>	<b>29.033.945</b>	<b>28.712.988</b>	<b>27.686.000</b>
OTHER REVENUES		0	4.085	2.699	8.146
CFWD CANCELATION		0	10.890	156.403	0
<b>TOTAL REVENUES</b>		<b>30.530.850</b>	<b>30.536.521</b>	<b>30.340.124</b>	<b>29.190.317</b>
ACCOUNTING SURPLUS/LOSS			377.616	-299.258	1.080.315
CAPITAL EXPENDITURE			(188.750)	-92.633	-97.935
DEPRECIATION ADJUSTMENT			449.737	433.644	424.568
<b>BUDGETARY SURPLUS REPAYABLE TO pMS</b>	<b>7</b>		<b>638.604</b>	<b>41.753</b>	<b>1.406.948</b>

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2011 BALANCE SHEET (1/2)

EUROPEAN DEFENCE AGENCY  
2011 FINANCIALS

BALANCE SHEET


<i>Figures in €</i>	<i>Notes</i>	<b>For the year ending</b>		
		<b>31.12.2011</b>	<b>31.12.2010</b>	<b>31.12.2009</b>
<b>ASSETS</b>				
<b>FIXED ASSETS</b>				
<i>ACQ. FITTING-OUT OF PREMISES</i>		3.039.935	3.039.935	3.039.935
<i>ACCUMUL. DPR. FITTING-OUT OF PREMISES</i>		(2.005.796)	(1.680.194)	(1.354.591)
<b>FITTING-OUT OF PREMISES</b>		<b>1.034.138</b>	<b>1.359.741</b>	<b>1.685.344</b>
<i>ACQ. SECURITY EQUIPMENT</i>		145.160	140.637	138.668
<i>ACCUMUL. DPR. SECURITY EQUIPMENT</i>		(138.660)	(137.169)	(134.535)
<b>SECURITY EQUIPMENT</b>		<b>6.500</b>	<b>3.469</b>	<b>4.133</b>
<i>ACQ. IT EQUIPMENT &amp; SOFTWARE</i>		864.596	687.196	614.579
<i>ACCUMUL. DPR. IT EQUIPMENT &amp; SOFTWARE</i>		(645.518)	(547.764)	(480.796)
<b>IT EQUIPMENT</b>		<b>219.078</b>	<b>139.432</b>	<b>133.783</b>
<i>ACQ. OFFICE FURNITURE</i>		143.931	139.578	131.639
<i>ACCUMUL. DPR. OFFICE FURNITURE</i>		(123.726)	(111.898)	(85.672)
<b>OFFICE FURNITURE</b>		<b>20.205</b>	<b>27.680</b>	<b>45.967</b>
<i>ACQ. OFFICE TECHN. EQUIPMENT</i>		69.484	67.009	56.902
<i>ACCUMUL. DPR. OFFICE TECHN. EQUIPM.</i>		(45.530)	(32.469)	(20.255)
<b>OFFICE TECHNICAL EQUIPMENT</b>		<b>23.954</b>	<b>34.540</b>	<b>36.647</b>
<b>NET FIXED ASSETS</b>	<i>8</i>	<b>1.303.874</b>	<b>1.564.862</b>	<b>1.905.874</b>
			0	
<b>SUPPLIER RECEIVABLES</b>			0	
<b>INTERESTS RECEIVABLE</b>		53.664	0	16.944
<b>ADVANCE PAYMENTS ON SUPPLIERS</b>		0	0	0
<b>SUPPLIER RECEIVABLES</b>		<b>53.664</b>	<b>0</b>	<b>16.944</b>
<b>STAFF RECEIVABLES</b>				
<b>STAFF RECEIVABLES</b>		15.290	84.198	64.524
<b>RECEIVABLES</b>		<b>15.290</b>	<b>84.198</b>	<b>64.524</b>
<b>CASH</b>				
<b>EDA BANK ACCOUNTS</b>		24.053.672	22.374.445	21.785.979
<b>PETTY CASH</b>		2.000	2.000	2.000
<b>CASH</b>	<i>9</i>	<b>24.055.672</b>	<b>22.376.445</b>	<b>21.787.979</b>
<b>TOTAL ASSETS</b>		<b>25.428.500</b>	<b>24.025.506</b>	<b>23.775.321</b>

EUROPEAN DEFENCE AGENCY  
2011 FINANCIAL REPORT

2011 BALANCE SHEET (2/2)

BALANCE SHEET (CONT'D)

Figures in €	Notes	For the year ending		
		31.12.2011	31.12.2010	31.12.2009
<b>LIABILITIES</b>				
<b>STAKEHOLDERS</b>				
ADVANCE ON PMS CONTRIBUTIONS		1.609.994	862.837	1.070.340
OUTSTANDING RECEIVABLES		584	0	0
OUTSTANDING PMS CONTRIBUTIONS		0	(219.417)	(310.282)
CAPEX & DEPRECIATION ADJ. (YEAR N-1)		1.564.859	1.905.870	2.232.503
PMS CONTRIBUTIONS		37.019	0	0
ACCOUNTING SURPLUS/LOSS		377.616	(299.258)	1.080.315
<b>STAKEHOLDERS</b>	<b>10</b>	<b>3.590.072</b>	<b>2.250.032</b>	<b>4.072.876</b>
<b>SUPPLIER PAYABLES</b>				
ACCRUED EXPENSES		10.481.467	10.192.365	8.098.050
- THEREOF FUNCTIONING		1.185.367	771.280	411.791
- THEREOF OPERATIONAL		9.296.100	9.421.086	6.597.057
- THEREOF EARMARKED		0	0	1.089.202
PENDING INVOICES		2.026.059	1.851.282	3.289.331
<b>SUPPLIER PAYABLES</b>	<b>11</b>	<b>12.507.526</b>	<b>12.043.648</b>	<b>11.387.381</b>
<b>STAFF PAYABLES</b>				
STAFF PENSION ACCRUALS (RCN)		9.310.860	9.677.057	8.266.156
STAFF STATUTORY INSURANCE CONTRIBUTIONS		0	(500)	(396)
EMPLOYEES / PENDING INVOICES		20.270	55.269	49.304
STAFF PAYABLES (9TK)		(228)	0	0
<b>STAFF PAYABLES</b>	<b>12</b>	<b>9.330.902</b>	<b>9.731.826</b>	<b>8.315.064</b>
<b>TOTAL LIABILITIES</b>		<b>25.428.500</b>	<b>24.025.506</b>	<b>23.775.321</b>

  
Claude-France ARNOULD  
Chief Executive

June 2012.

EUROPEAN DEFENCE AGENCY  
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2011 CASH FLOW

EUROPEAN DEFENCE AGENCY

2011 FINANCIALS

CASH FLOW

	For the year ending		
<i>Figures in €</i>	31.12.2011	31.12.2010	31.12.2009
<b>OPENING BANK ACCOUNT BALANCE</b>	22,374,445.26	21,785,978.60	19,725,561
<b>CASH RECEIVED FROM PMS</b>			
PMS CONTRIBUTIONS	29,033,945.00	28,712,988.00	27,686,000
REIMBURSEMENT OF YEAR N-1 SURPLUS	(41,753.06)	(1,406,948.00)	(1,818,027)
DEFERRED PAYMENTS OF CONTRIBUTIONS	1,003,592.76	102,779.00	105,789
<b>Subtotal</b>	<b>29,995,784.70</b>	<b>27,408,819.00</b>	<b>25,973,762</b>
<b>CASH RECEIVED FROM BANK</b>			
INTERESTS CREDITED DURING THE YEAR	205,028.38	173,825.99	274,516
<b>Subtotal</b>	<b>205,028.38</b>	<b>173,825.99</b>	<b>274,516</b>
<b>TOTAL CASH INFLOWS</b>	<b>30,200,813.08</b>	<b>27,582,644.99</b>	<b>26,248,278</b>
<b>CASH SPENT FOR FUNCTIONING &amp; OPERATIONAL EXPENSES</b>			
<b>FUNCTIONING EXPENSES</b>			
PAYMENTS FOR YEAR N-2 EXPENSES	6,724.97	0.00	83,087
PAYMENTS FOR YEAR N-1 EXPENSES	678,899.28	295,395.04	463,749
PAYMENTS FOR CURRENT YEAR EXPENSES	20,663,367.97	19,979,072.23	16,964,282
<b>PAYMENTS FOR FUNCTIONING EXPENSES</b>	<b>21,348,992.22</b>	<b>20,274,467.27</b>	<b>17,511,118</b>
<b>OPERATIONAL EXPENSES</b>			
PAYMENTS FOR YEAR N-3 EXPENSES	0.00	0.00	1,539,014
PAYMENTS FOR YEAR N-2 EXPENSES	1,370,588.00	1,644,194.26	746,739
PAYMENTS FOR YEAR N-1 EXPENSES	5,011,939.00	4,440,439.70	3,738,244
PAYMENTS FOR CURRENT YEAR EXPENSES	790,066.89	635,077.10	652,745
<b>PAYMENTS FOR OPERATIONAL EXPENSES</b>	<b>7,172,593.89</b>	<b>6,719,711.06</b>	<b>6,676,742</b>
<b>TOTAL CASH OUTFLOWS</b>	<b>28,521,586.11</b>	<b>26,994,178.33</b>	<b>24,187,860</b>
<b>CLOSING BANK ACCOUNT BALANCE</b>	<b>24,053,672.23</b>	<b>22,374,445.26</b>	<b>21,785,979</b>



## Note 1: Basis of Presentation and Specific Accounting Policies

### *BASIS OF PRESENTATION*

EDA's financial accounts have been established in full conformity with:

- Council Decision 2011/411/CFSP of 12 July 2011 defining the statute, seat and operational rules of the European Defence Agency and repealing Joint Action 2004/551/CFSP and
- EDA Steering Board Decision No. 2007/29 (Cor.) on the Financial Rules of the European Defence Agency ('the EDA Financial Rules' or 'FR'), as well as with respect to :
  - Council Regulation N° 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ('EU Financial Regulation'),
  - Commission Regulation N° 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of the Financial Regulation ('EU Implementing Provisions') and
  - "Final rules adopted by the Accountant of the European Communities after formal consultation of accountants of institutions and agencies based on the Art. 133 of the EU Financial Regulation".

### *SPECIFIC ACCOUNTING POLICIES*

#### **pMS Contributions**

Contributions from 26 participating Member States<sup>(2)</sup> ('pMS') are calculated in accordance with the principles of the EU budget proportional share of the pMS's GNI in the total GNI aggregate. Contributions are requested in three instalments, by 15 February, 15 June and 15 October (Art. 16, Council Joint Action 2004/551/CFSP).

#### **2011 Budget**

The budget for 2011 was adopted in 21 December 2010. At the end of 2011, in accordance with the Financial Rules, to properly reflect its financial situation, the Agency reviewed its budget, adjusting intra-titles and intra-chapter budget lines based on forecasted expenses and revenues.

#### **Budgetary Surplus repayable to pMS**

The budgetary surplus repayable to pMS is the difference between revenues and expenses of the financial year, including capital expenditure and depreciation adjustment. The surplus is returned to pMS as a deduction of the third contribution in the following financial year (for details, please see Note 7).

#### **Fixed Asset Policy**

Items acquired by the Agency whose purchase price is 420 € or more, with a period of use greater than one year, and which are not consumables are recorded in the fixed assets accounts (Art. 222, 'EU Implementing Provisions'). The Agency performs an annual inventory of its fixed assets, where all qualifying assets are individually monitored and recorded in the fixed asset database.

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<sup>(2)</sup> 27 EU Member States excluding Denmark

# EUROPEAN DEFENCE AGENCY

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The cost of fixed assets comprises the purchase price, including any directly attributable costs of bringing the asset into working condition for its intended use. Routine maintenance and repairs, however, are not capitalised but charged to expenses as incurred.

In line with the Council's policy, asset-invoices are booked as expenses during the year and transferred to the balance sheet at year-end. The annual depreciation charge is then also added to expenses. In budgetary terms, however, assets and depreciation are budget neutral, as the acquisition cost is charged 100% to the current year's budget and depreciation charge is adjusted.

### Depreciation

Depreciation is computed on a straight-line basis, from the date of the purchase, over the estimated useful life of the assets:

- 9 years for fitting-out of premises (building related investments),
- 5 years for office furniture (desks, chairs, filing cabinets, etc.) and office technical equipment (projectors, bicycles etc.),
- 3 years for IT equipment and software (computers, telecommunications, audio-visual, other equipment and software) and security equipment (scanner, surveillance equipment, etc.).

### Provisional Appropriations

Each budgetary title may include a chapter entitled 'provisional appropriations'. These appropriations are entered where there is uncertainty, based on serious grounds, about the amount of appropriations needed or the scope for implementing the appropriations entered (Art. 4 of FR).

## Note 2: Personnel Expenses

### REGULATORY BASIS

Human resources parameters <sup>(3)</sup> and calculations are based on:

- Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Communities laid down by Regulation (EEC, Euratom, ECSC) No 259/68 and the last amendment Council Regulation (EU, Euratom) 1239/2010 of 20 December 2010 adjusting with effect from 1 July 2009 the remuneration and pensions of officials and other servants of the European Union,
- Council Decision 2003/479/EC and Decision 2007/829/EC concerning the rules applicable to National Experts and Military Staff on secondment to the General Secretariat of the Council and the last amendment, Council Decision 2011/248/EU of 26 April 2011 adjusting the allowances,
- Council Decision 2004/676/EC of 24 September 2004 concerning the Staff Regulations of the European Defence Agency ('EDA Staff Regulations') and the last amendment, Council Decision 2007/215/EC of 29 January 2007,
- Council Decision 2004/677/EC of 24 September 2004 concerning the Rules applicable to national experts and military staff on secondment to the European Defence Agency and the last amendment, Council Decision 2007/216/EC of 29 January 2007 with regard to a minimum period of secondment of national experts and military staff seconded to the European Defence Agency.

### PERSONNEL EXPENSES

Personnel expenses amount to 17 M €.

The corresponding increase in personnel expenses is mainly due to the growth of EDA's personnel, the regulatory step changes after 2 years of service, the annual salary grid adjustments and impact of posts recruited in the course of 2011. The remuneration of the members of the temporary and contract Staff is determined according to the same rules as those set out in the Staff Regulations of Officials of the European Communities (Art. 59 and Art. 111 of EDA Staff Regulations).

### STAFF CATEGORIES AT THE AGENCY

EDA employs four different categories of personnel:

#### 1. Temporary Staff

Staff engaged to fill temporarily a post included in the list of posts appended to the budget of the Agency. They are classified in an administrators' function group (AD) and assistants' function group (AST). Function group AD is graded AD8-AD16, corresponding to administrative, advisory, linguistic and scientific duties. Function group AST is graded AST5-AST8, corresponding to executive, technical and clerical duties.

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<sup>(3)</sup> Acronyms in the brackets refer to *EU Paymasters Office* ('PMO') definitions.

# EUROPEAN DEFENCE AGENCY

## 2011 FINANCIAL REPORT

### 2. Contract Staff

Staff not included in the Staff Establishment Plan and engaged for the performance of full-time or part-time duties. Contract Staff are subdivided into four function groups corresponding to the duties performed. Each function group is subdivided into grades and steps.

### 3. Seconded National Experts

Temporarily assigned experts from the Member States' administrations in accordance with EDA's requirements and budgetary possibilities. Seconded National Experts are graded AD5-AD16 and AST5-AST11 as defined in Article 6 of Council Regulation of 29 January 2007 amending Decision 2004/677/EC with regard to a minimum period of secondment of national experts and military staff seconded to the European Defence Agency. In addition, EDA may under the same conditions hire *Short Term SNEs* for specific projects (not included in the Staff Establishment Plan).

### 4. Trainees

Temporarily assigned experts from the Member States' administrations in accordance with EDA's requirements and budget availability.

### Basic Salaries

Staff basic salaries (TBA) are processed through the *EU Paymasters Office's (PMO)*, using the NAP system. Grades and salary parameters are updated annually by the Council.

### Staff Statutory Allowances

Staff statutory allowances <sup>(4)</sup> relate to:

- Expatriation status (IDE), as per Article 69 and Article 4 (1) of Annex VII
- Dependent child allowances (AEA and AEN), as per Article 2 of Annex VII
- Household allowance (AFO), as per Article 1 (1) of Annex VII
- Education allowance (APF), as per Article 3 (2) of Annex VII
- Education allowances (ISF and ISN), as per Article 3 (1) of Annex VII
- Birth grant (ANA), as per Article 74

### Staff Social Protection

Staff social protection is financed both from the Agency (*Staff Social Protection*) and from Staff <sup>(5)</sup> (*Deductions from Staff Remuneration*). The following statutory contributions were paid in 2011:

Social contribution (as % of TBA)	Staff		EDA	
Sickness	CAM	1.70	CAI	3.40
Accident	CAA	0.10	CAB	0.87
Unemployment <sup>(6)</sup>	CCA	0.81	CCI	1.62
Pension	CPP	11.60	n/a	23.20

Source: *Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Communities laid down by Regulation (EEC, Euratom, ECSC) No 259/68 and the last amendment Council Regulation 1239/2010 of 20 December 2010 adjusting with effect from 1 July 2010 the remuneration and pensions of officials and other servants of the European Union.*

<sup>(4)</sup> For detailed calculations, please refer to *Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Communities laid down by Regulation (EEC, Euratom, ECSC) No 259/68 and the last amendment Council Regulation (EU, Euratom) Regulation 1239/2010 of 20 December 2010 adjusting with effect from 1 July 2010 the remuneration and pensions of officials and other servants of the European Union.*

<sup>(5)</sup> Temporary Staff.

<sup>(6)</sup> After deduction of a standard allowance of 1.215,63 €.

# EUROPEAN DEFENCE AGENCY

## 2011 FINANCIAL REPORT

### Provisional Appropriations

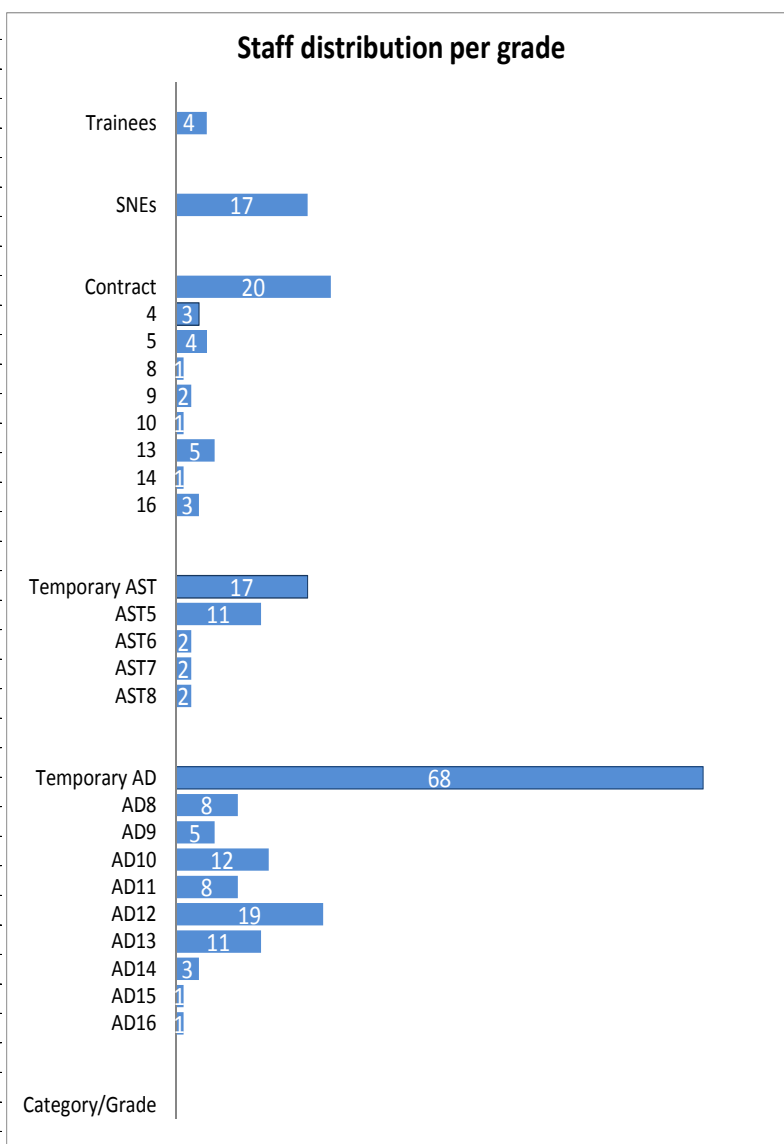
With reference to Art. 80 of the EU Staff Regulations and Art. 81 of EDA Staff Regulations, EDA has an obligation to pay orphans' pension to the children of a deceased Staff Member, until each orphan reaches the age of 18 or, subject to confirmation, up to the age of 26 if full-time studies are pursued by the child.

For the year 2011, in accordance with the EU chart of accounts, a new budget line has been created for the expense related to orphan's pension.

### Staff present on 31/12/2011

#### Staff present 31/12/2011

Category/Grade	Total	Female	Male
AD16	1		
AD15	1		
AD14	3		
AD13	11		
AD12	19		
AD11	8		
AD10	12		
AD9	5		
AD8	8		
Temporary AD	68	14	54
		20%	80%
AST8	2		
AST7	2		
AST6	2		
AST5	11		
Temporary AST	17	12	5
		70%	30%
16	3		
14	1		
13	5		
10	1		
9	2		
8	1		
5	4		
4	3		
Contract	20	5	15
		25%	75%
SNEs	17	1	16
		6%	94%
Trainees	4	0	4
		0%	100%



# EUROPEAN DEFENCE AGENCY

## 2011 FINANCIAL REPORT

### Staff Allowances on Entering & Leaving Service

Staff allowances on entering & leaving service related to:

- Installation allowance (INS), as per Article 5 of Annex VII
- Resettlement allowance (IRI), as per Article 6 of Annex VII
- Travel expenses on termination (FVC), as per Article 7 of Annex VII
- Travel expenses on taking up appointment (FVY), as per Article 7 of Annex VII
- Removal expenses on termination (FDG), as per Article 9 of Annex VII
- Removal expenses on taking up appointment (FDE), as per Article 9 of Annex VII
- Daily subsistence allowance (IJO), as per Article 10 of Annex VII

### Contract Staff

20 Contract Staff were present in the Agency on 31/12/2011.

The following expenses and revenues are booked under the Contract Staff account:

- Staff basic salaries (TBA),
- Staff statutory allowances: Household allowance (AFO), Dependent child allowances (AEN and AEA), School allowance (APF), Education allowances (ISF and ISN),
- Social protection EDA contribution: Sickness (CAI), Accident (CAB), Unemployment (CCI), Pension;
- Social protection Staff contribution: Sickness (CAM), Accident (CAA), Unemployment (CCA), Pension (CPP);
- EU taxation: Taxation on Staff salaries and allowances (8IM), EU special levy (PSP).

### Seconded National Experts (SNEs)

On 31/12/2011, 17 SNEs were present at the Agency. The allowances paid were:

- Daily allowance,
- Distance allowance (adjusted in May),
- Salary adjustment (adjusted in May),
- SNEs who re-located to Brussels are entitled to reimbursement of annual travel expenses to the place of origin. SNE allowances are paid on a monthly basis, together with Staff salaries.

Source: Council Decision 2003/479/EC concerning the rules applicable to National Experts and Military Staff on secondment to the General Secretariat of the Council and the last amendment, Council Decision 2011/248/EU of 26 April 2011 adjusting the allowances.

### Trainees

On 31/12/2011, 4 trainees worked at the Agency. EDA internships are paid based on SNE daily allowances.

### Recruiting Expenses

Miscellaneous recruiting expenses related to candidates' interviews, travel and accommodation of recruiting experts, organisation of selection process.

### Staff Training & Conference Fees

Staff training expenses: language classes, security training and EDA participant fees for seminars or conferences.

### Medical Expenses

Relate to recruiting expenses, annual health examinations and the purchase of standard medical supplies for the infirmary.

### Mission Expenses

Expenses related to Staff business missions: travel expenses, meals and accommodation.

### Note 3: Functioning Expenses

#### Fitting-out of Premises

Investments related to the fitting-out of office premises, notably: set-up of new meeting rooms, office partitioning to accommodate new Staff members, external lighting, building air-conditioning and other building transformation expenses. Expenses include annual depreciation charge (also see note on Fixed assets and depreciation).

#### Security Equipment

Surveillance cameras, surveillance locks, cabinets, secure doors and other equipment to ensure security of EDA premises. Expenses include annual depreciation charge (also see note on fixed assets and depreciation).

#### Office Rent

The Agency signed a standard Belgian lease for the office building at Rue des Drapiers in Brussels. Rent is settled on a quarterly basis and includes related taxation.

#### Cleaning and Maintenance

Building cleaning and maintenance contracts, including cleaning supplies.

#### Utility Services

Building utility expenses related to water, electricity and heating.

#### Building Surveillance Services

Expenses related to 24-hour building surveillance, notably security services and guards.

#### Insurances

Selected insurance policies related to EDA premises and Staff.

#### Other Building related Expenses

Expenses related to waste removal, recycling services, office plants and fire protection.

#### IT Equipment and Software

All expenses related to the Agency's IT systems: servers, desktops, laptops and other IT equipment and software. Expenses include annual depreciation charge (also see note on Fixed Assets and Depreciation).

#### Office Furniture

Desks, tables, chairs, conference room equipment, filing cabinets, cupboards and all miscellaneous office furniture. Expenses include annual depreciation charge (also see note on Fixed assets and depreciation).

#### IT Projects & Development of Systems

Expenses related to installation of software, banking software, accounting information system.

#### IT Support & Maintenance of Copiers

Rental and maintenance of photocopiers.

#### Telecom Expenses

Telecommunication expenses: PSTN, mobile, internet and dedicated lines.

# EUROPEAN DEFENCE AGENCY

## 2011 FINANCIAL REPORT

### Office Technical Supplies

Technical supplies for electrical systems and other technical installations.

### Outside Assistance for Operation of Technical Installation

Outside assistance for the operation of electrical systems and other building related technical installations.

### Maintenance & Repair of Technical Installations

Services for maintenance and repair of technical equipment and installations: electrical systems, air conditioning, elevators and other technical installations, plumbing, heating.

### Office Vehicles

Rental fee for office vehicles.

### Reception & Representation Expenses

Expenses related to official receptions held in EDA premises: catering, event organisation.

### Internal Meetings

Meeting supplies such as: water, coffee, soft drinks and sandwiches.

### Organisation of Conferences & Seminars

Expenses related to EDA conferences and seminars, including the payment for selected conference speakers.

### Information, Subscriptions & Documentation Expenses

Expenses related to specialised information sources and press subscriptions.

### Official Journal

Publication expenses for EDA's regulatory documents in *the Official Journal of the European Union*.

### Public Relations

Expenses related to EDA's image, Public Relations campaigns, media coaching, conference posters and other communication materials.

### Office Supplies

Standard office supplies, including: paper, stationary and office consumables.

### Postal & Delivery Expenses

Postage, express mail, P.O. Box.

### Financial Charges, including Foreign Exchange Rate Differences

Expenses for bank transfers outside the EU and bank services subject to specific charges.

## Note 4: 2011 Operational Projects and Studies

In 2011, EDA awarded 69 contracts under the Operational Budget that amount to 8.476 M €.

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# EUROPEAN DEFENCE AGENCY

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No.	Contract Number	Contract Title	Amount in €
	<b>ARM</b>		<b>1.370.000,00</b>
1	11.ARM.IP.158	Use of satellites for Command and Control of UAV and connection to Air Traffic Control (C2/ATC) Demonstration	600.000,00
2	11.ARM.NP1.144	Establishment of a SESAR Implementation Forum	10.000,00
3	11.ARM.NP1.189	Amendment to Contract 10-Joint-NP1-54	75.000,00
4	11.ARM.NP1.87	Standardization – Maintenance of the EHDP (Partnership Agreement)	0,00
5	11.ARM.OP.107	Study on Earth Observation Ground Segment of System of Systems for Security & Defence	135.000,00
6	11.ARM.OP.121	European Military Airworthiness Certification Criteria (EMACC) – EMAR 516.	450.000,00
7	11.ARM.SC.199	Standardization – Maintenance of the EHDP (specific financial contribution contract)	100.000,00
	<b>CAP</b>		<b>4.353.389,04</b>
8	11.CAP.IP.38	TPLS IT development	60.000,00
9	11.CAP.NP1.129	In-theatre Mobility Capability IT-tool Training.	18.860,00
10	11.CAP.NP1.135	amendment to 11.CAP.OP.51	25.000,00
11	11.CAP.NP1.137	Architecture update (amendment to 09 CAP 029)	50.000,00
12	11.CAP.NP1.167	Logistics Functional Area Services (LOGFAS) software courses for the EU.	4.500,00
13	11.CAP.NP1.172	EATF - Airlift Exercise.	7.435,09
14	11.CAP.NP1.175	Amendment to Contract 11.CAP.NP5.57 "Landscaping - Identifying the mismatch between requirements and planned capabilities:Maritime Operations".	20.000,00
15	11.CAP.NP1.187	Amendment to Contract 10.CAP.001 Military Radio Spectrum Needs	81.512,00
16	11.CAP.NP1.194	Amendment to Contract OPS10CAP023	2.826,75
17	11.CAP.NP1.200	In-Theatre Mobility Capability IT-Tool Implementation and Trial.	59.308,00
18	11.CAP.NP1.207	C-IED Forensic Laboratory Training Support.	4.590,00
19	11.CAP.NP1.68	EU NEC Questions and Answers	4.990,00
20	11.CAP.NP3.102	VIP Day MarSur	22.658,00
21	11.CAP.NP3.106	C-IED Forensic Laboratory Training Support.	15.000,00
22	11.CAP.NP3.90	Future Global Context for Capabilities Development Planning	58.950,00
23	11.CAP.NP3.97	2nd Workshop on Green Power for EU Crises Management Operation (5-6 May 2011, Budapest, Hungary).	10.000,00
24	11.CAP.NP5.141	Landscaping - Identifying the mismatch between requirements and planned capabilities: Air Operations	70.000,00
25	11.CAP.NP5.156	Harvesting Lessons identified	59.231,00
26	11.CAP.NP5.57	Landscaping: Identifying the mismatch between requirements and planned capabilities	75.000,00
27	11.CAP.OP.101	Demonstration of NEC IS recommendations.	200.000,00
28	11.CAP.OP.105	Fuel-D Dependencies on Fuels and Impact of Alternative Options for Crisis Management Operations	80.124,40
29	11.CAP.OP.105	Fuel-D Dependencies on Fuels and Impact of Alternative Options for Crisis Management Operations	250.000,00
30	11.CAP.OP.110	C-MANPADS Ground to Air Threat Warning Study.	100.000,00
31	11.CAP.OP.111	A Stock Take of Capabilities for Cyber Defence in the military domain (milCyberCAP)	95.362,00
32	11.CAP.OP.112	European Tactical Interim SatCom Capability.	190.000,00
33	11.CAP.OP.114	EU Maritime Operations – Logistic Support Systems Study - Logistics Functional Area System (LOGFAS) Implementation and Trial	100.000,00
34	11.CAP.OP.115	11.CAP.OP.44 C-MANPADS Training Needs Analysis Study.	98.000,00
35	11.CAP.OP.117	Radio Spectrum Pooling & Sharing	98.000,00
36	11.CAP.OP.126	Personnel Recovery Functional Area Service Concept	69.911,80
37	11.CAP.OP.127	Protection of Air Assets Reference Architecture, Survey and Implementation Study	250.000,00
38	11.CAP.OP.130	Pooling and Sharing	120.000,00
39	11.CAP.OP.133	Practical Technical Guidelines for Developing Network Interoperability	199.000,00
40	11.CAP.OP.136	C4I Reference Architecture OHQ/FHQ	390.000,00

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## 2011 FINANCIAL REPORT

41	11.CAP.OP.142	Innovative Options for Platform Mobility	200.000,00
42	11.CAP.OP.147	Maintenance Services for the ATARES Accounting Software.	12.450,00
43	11.CAP.OP.148	Soldier Modernisation Harmonisation - Bio Sensor Information Demonstrator	396.000,00
44	11.CAP.OP.165	Pooling and Sharing - The cost of non-co-operation.	120.000,00
45	11.CAP.OP.166	Pooling and Sharing. Continuous collection and analysis of open source defence and military capabilities data.	0,00
46	11.CAP.OP.51	J1 FAS in-processing and Personnel Recovery	129.930,00
47	11.CAP.OP.75	Counter IED Basic Search Train the Trainers Course	54.750,00
48	11.CAP.RP.76	CBRN Manual Techniques Course	100.000,00
49	11.CAP.SC.128	Development of the EU TPLS Platform.	315.232,22
50	11.CAP.SC.197	Development of the EU TPLS Platform (related to 11.CAP.IP.128)	56.332,68
51	11.CAP.SC.198	Development of the EU TPLS Platform (related to 11.CAP.IP.128)	28.435,10
52	11.CAP.SC.248	SPECIFIC CONTRACT No 1 implementing Framework Contract No 11.CAP.OP.166	50.000,00
	<b>I&amp;M</b>		<b>899.900,00</b>
53	11.I&M.NP3.193	Think Tanks Brainstorming event	12.000,00
54	11.I&M.NP5.150	Defence Industry Data - Definition	99.000,00
55	11.I&M.OP.103	EDTIB Strategy Key Industrial Capabilities Ammunitions	100.000,00
56	11.I&M.OP.132	Roadmap and Implementation Plan for the Key Industrial Capabilities on Future Land Systems (FLS)	450.000,00
57	11.I&M.OP.151	European Defence-related Centres of Excellence	149.000,00
58	11.I&M.OP.152	Harmonization of Ammunition Qualification Procedures	89.900,00
	<b>R&amp;T</b>		<b>1.853.129,00</b>
59	11.R&T.NP1.139	PREPAV - Passive and Reactive Protection of Armoured Vehicules	100.000,00
60	11.R&T.NP1.153	BLEx (BattleLab Experimentations Brainstorming toolkit)	4.990,00
61	11.R&T.OP.108	Improvised Explosive Device Forensics (IED-F)	181.250,00
62	11.R&T.OP.120	Innovative Materials – impact detection by Functional Coatings (IMFC)	100.000,00
63	11.R&T.OP.122	NEC-TC NEC technical challenges	285.000,00
64	11.R&T.OP.131	RIBA Radar Techno for inside building awareness	350.000,00
65	11.R&T.OP.168	Heterogeneous Networks	299.250,00
66	11.R&T.OP.83	UGELAS Unmanned Ground Sensor Networks for Large Area Surveillance	149.686,00
67	11.R&T.OP.84	SRA-HF SRA Human factors	135.000,00
68	11.R&T.OP.99	ESUO Electro-optic sensors in urban operations	147.953,00
69	11.R&T.RP.98	UNDEX Underwater Explosions	100.000,00
	<b>TOTAL</b>		<b>8.476.418,04</b>

## Note 5: Revenues

### EU Taxation

Taxation on Staff salaries (temporary) and allowances collected by the Agency for income tax (8IM), temporary contribution (CTC) and EU special levy (PSP).

### Financial Income

In 2011, the Agency's bank accounts generated interests of 229 k €.

According to the Article 29 of the Financial Rules, interests for late payments of contributions were charged where applicable. Total pMS payments for late interests amounted to 18k € in 2011.

Bank interests and interests for the late payments of contributions are included in the year-end surplus, which flows back to pMS.

### Other revenues

Other revenues include reimbursements received and cancelled unused accrued expenses of previous years.

# EUROPEAN DEFENCE AGENCY

## 2011 FINANCIAL REPORT

### Note 6: pMS Contributions

In 2011, pMS contributions amounted to 29,03 M € including the 2010 surplus reimbursement of 42 k €.

## EUROPEAN DEFENCE AGENCY

### pMS CONTRIBUTIONS

In €

2011 Contributions	% GNI <sup>(7)</sup>	2011 Annual Contribution	Actual Cost to pMS	Budgetary Surplus <sup>(8)</sup>
Austria (AT)	2,3442	680.623	665.653	14.970
Belgium (BE)	2,9413	853.976	835.193	18.783
Bulgaria (BG)	0,2831	82.189	80.382	1.808
Cyprus (CY)	0,1414	41.056	40.153	903
Czech Republic (CZ)	1,1373	330.216	322.953	7.263
Estonia (EE)	0,1119	32.490	31.775	715
Finland (FI)	1,4889	432.300	422.791	9.508
France (FR)	16,6453	4.832.798	4.726.500	106.298
Germany (DE)	20,7354	6.020.310	5.887.893	132.417
Greece (EL)	1,8917	549.232	537.152	12.080
Hungary (HU)	0,8046	233.610	228.471	5.138
Ireland (IE)	1,0812	313.921	307.017	6.905
Italy (IT)	12,8508	3.731.102	3.649.037	82.066
Latvia (LV)	0,1391	40.390	39.502	888
Lithuania (LT)	0,2215	64.323	62.908	1.415
Luxembourg (LU)	0,2375	68.954	67.438	1.517
Malta (MT)	0,0469	13.626	13.326	300
Netherlands (NL)	4,9069	1.424.670	1.393.335	31.336
Poland (PL)	2,9953	869.649	850.521	19.128
Portugal (PT)	1,3283	385.653	377.171	8.482
Romania (RO)	1,0411	302.270	295.621	6.648
Slovakia (SK)	0,5596	162.468	158.894	3.573
Slovenia (SI)	0,2896	84.073	82.224	1.849
Spain (ES)	8,5639	2.486.429	2.431.740	54.689
Sweden (SE)	2,8508	827.697	809.492	18.205
United Kingdom (UK)	14,3622	4.169.918	4.078.200	91.718
<b>Total 26 pMS</b>	<b>100</b>	<b>29.033.945</b>	<b>28.395.341</b>	<b>638.604</b>

<sup>(7)</sup> 2011 GNI "Own Resources, excl. reserves", OJ L071, 13.3.2011; percentages rounded to 4 decimals.

<sup>(8)</sup> The Budgetary Surplus is returned to pMS as a deduction from the 3rd contribution in year N+1 (15 October 2012).

# EUROPEAN DEFENCE AGENCY

## 2011 FINANCIAL REPORT

### Note 7: Budgetary Surplus repayable to pMS

The budgetary surplus repayable to pMS is the difference between revenues received and expenses incurred (payments and accruals) during the financial year, including capital expenditure and corresponding depreciation adjustment. The 2011 surplus is returned to pMS as a deduction from the third budgetary contribution on 15 October 2012 (also see Note 6 above).

### Note 8: Fixed Assets and Depreciation

Figures in €

## EUROPEAN DEFENCE AGENCY

### Fixed Assets

In €

Fixed Asset Classes	2011 Net Asset Value	2011 Accumulated Depreciation	2011 Asset Acquisitions	2010 Net Asset Value
Fitting-Out of Premises	1.034.138	(325.603)	-	1.359.741
Security Equipment	6.500	(1.491)	4.522	3.469
IT Equipment	219.078	(97.754)	177.400	139.432
Office Furniture	20.205	(11.828)	4.353	27.680
Office Technical Equipment	23.954	(13.062)	2.475	34.540
<b>Total</b>	<b>1.303.875</b>	<b>(449.737)</b>	<b>188.750</b>	<b>1.564.862</b>

### Note 9: Cash

#### EDA Bank Accounts

As at 31/12/2011, the global balance on the Agency's bank accounts totalled 24.053.672€.

Figures in €

## EUROPEAN DEFENCE AGENCY

### Bank Accounts

In €

EDA Bank Accounts	2011	2010	2009	2008	2007	2006	2005
Opening balance	22.374.445	21.785.979	19.725.561	15.519.461	14.277.564	10.389.816	1.545.583
Closing balance	24.053.672	22.374.445	21.785.979	19.725.561	15.519.461	14.277.564	10.389.816

# EUROPEAN DEFENCE AGENCY

## 2011 FINANCIAL REPORT

In order to optimize the return on financial assets, the Agency placed its funds in term accounts to achieve a higher remuneration. Employee pension rights are managed in a separate interest bearing bank account.

### EDA Petty Cash

As at 31 December 2011, the Agency had a petty cash balance of 2.000 €.

### Note 10: Stakeholders

The Stakeholders liabilities include the following items:

#### Deferred pMS contributions

- First and second contributions of 2012 were invoiced at the end of 2011 and some pMS paid in 2011
- 2 pMS did not pay their 2010 contribution until 2011.

#### Capital expenditure Year N-1

In accounting terms, the capital expenditure and the corresponding depreciation charges are shown under liabilities. In budgetary terms, 100% of the acquisition cost of fixed assets is expensed in the year of acquisition.

#### Accounting Surplus/Loss

For the year 2011, the accounting result amounts to 378 k €.

### Note 11: Supplier Payables

Supplier payables include accrued expenses and pending invoices (2011 expenses paid in early 2012). The underneath table shows the variation of the Agency's balance sheet provisions for accrued expenses:

## EUROPEAN DEFENCE AGENCY

### Accrued expenses

	2011 Balance Sheet	2010 Balance Sheet	2009 Balance Sheet	2008 Balance Sheet
Supplier Payables (in €)	Accrued Expenses (*)	Accrued Expenses (*)	Accrued Expenses (*)	Accrued Expenses (*)
<b>FUNCTIONING</b>				
Payables related to 2005	0	0	0	8.146
Payables related to 2006	0	0	0	0
Payables related to 2007	0	0	0	108.583
Payables related to 2008	0	0	0	174.146
Payables related to 2009	0	0	411.791	0
Payables related to 2010	0	771.280		
Payables related to 2011	1.185.367	0	0	0
<b>FUNCTIONING</b>	<b>1.185.367</b>	<b>771.280</b>	<b>411.791</b>	<b>290.875</b>
<b>OPERATIONAL</b>				
Payables related to 2005	0	0	0	0
Payables related to 2006	0	0	0	1.539.014
Payables related to 2007	0	0	22.507	719.246
Payables related to 2008	0	0	853.000	5.259.005
Payables related to 2009	155.344	1.525.932	5.721.550	
Payables related to 2010	2.414.393	7.895.154		
Payables related to 2011	6.726.364	0	0	0
<b>OPERATIONAL</b>	<b>9.296.100</b>	<b>9.421.086</b>	<b>6.597.057</b>	<b>7.517.265</b>
<b>EARMARKED</b>				
Payables related to 2005	0	0	0	0
Payables related to 2006	0	0	0	0
Payables related to 2007	0	0	0	0
Payables related to 2008	0	0	1.089.202	1.556.000
Payables related to 2009	0	0	0	0
Payables related to 2010	0	0	0	0
Payables related to 2011	0	0	0	0
Payables related to 2011	0	0	0	0
<b>OPERATIONAL</b>	<b>0</b>	<b>0</b>	<b>1.089.202</b>	<b>1.556.000</b>
<b>TOTAL</b>				
Payables related to 2005	0	0	0	8.146
Payables related to 2006	0	0	0	1.539.014
Payables related to 2007	0	0	22.507	827.829
Payables related to 2008	0	0	1.942.202	6.989.151
Payables related to 2009	155.344	1.525.932	6.133.341	0
Payables related to 2010	2.414.393	8.666.433	0	0
Payables related to 2011	7.911.731	0	0	0
<b>TOTAL</b>	<b>10.481.467</b>	<b>10.192.365</b>	<b>8.098.050</b>	<b>9.364.140</b>

(\*) : Provisions for accrued expenses.

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## 2011 FINANCIAL REPORT

### Note 12: Staff Payables

#### Pensions

Staff (Temporary and Contract) pension rights, including corresponding interests, are capitalised on the Agency's balance sheet to cover future pension obligations.

Staff pension rights are composed of:

- 2/3 Agency contribution, booked as expenses and capitalised on the balance sheet;
- 1/3 Staff contribution, deducted from Staff remuneration and capitalised on the balance sheet.

Total Statutory Staff pension rights accumulated on the Agency's balance sheet as per 31/12/2011 amount to 9.311 k €.

Pension provision for 2011 amounts to (366) k € and is composed of the following items:

Figures in € k

## EUROPEAN DEFENCE AGENCY

### Pension Provision

In k €

EDA Staff Pension Accruals <sup>(9)</sup>	2011	2010	2009	2008	2007	2006	2005
EDA contribution	2.046	2.002	1.842	1.633	1.456	1.212	842
EDA contribution for Contract Staff	138	107	52	42		0	402
Staff contribution	1.023	1.001	921	817	728	606	0
Staff contribution Contracts Staff	69	54	26	21		0	0
Payments for severance grant	(3.711)	(1.746)	(1.603)	(933)	(0)	(69)	(44)
Payments for maintenance of pension rights	(72)	(97)	(104)	(22)	(58)	(40)	0
Financial interests	140	90	133	243	148	17	0
<b>Total</b>	<b>(366)</b>	<b>1.411</b>	<b>1.267</b>	<b>1.800</b>	<b>2.273</b>	<b>1.726</b>	<b>1.200</b>

Note: In 2011, at the end of each month, accumulated pension rights and corresponding interests were transferred to the pension bank account.

#### Miscellaneous Staff Payables

Miscellaneous Staff Payables include 2011 expenses paid in early 2012, such as, School and Child allowances, severance grants, salary adjustments, mission expenses, other.

<sup>(9)</sup> Staff pension rights (Temporary and Contract) are capitalised on the balance sheet account "Staff Pension Accruals". Maintenance of pension rights in accordance with Article 90 of the EDA Staff Regulations. See also p. 20.



# EUROPEAN DEFENCE AGENCY

## 2011 FINANCIAL REPORT

### APPENDIX - SELECTED EDA ACRONYMS

<b>AA</b>	Administrative Arrangement
<b>AFV</b>	Armoured Fighting Vehicle
<b>AMB</b>	Agency Management Board
<b>C3</b>	Command, Control & Communication
<b>CapTechs</b>	Capability Technology Areas
<b>CDP</b>	Capability Development Plan
<b>CoC</b>	Code of Conduct
<b>COTS</b>	Commercial Off-the-Shelf products
<b>DTEB</b>	Defence Test and Evaluation Base
<b>DTIB</b>	Defence Technological and Industrial Base
<b>EBB</b>	Electronic Bulletin Board
<b>EDEM</b>	European Defence Equipment Market
<b>EDRT</b>	European Defence Research Technology
<b>EMP</b>	Electronic Market Place
<b>CFSP</b>	European Security and Defence Policy
<b>EUMC</b>	European Union Military Committee
<b>EUSC</b>	European Union Satellite Center
<b>FR</b>	EDA Financial Rules
<b>GAERC</b>	General Affairs & External Relations Council
<b>GSC</b>	General Secretariat of the Council
<b>IDT</b>	Integrated Development Teams
<b>IPR</b>	Intellectual Property Rights
<b>JIP-FP</b>	Joint Investment Programme Force Protection
<b>LoI</b>	Letter of Intent
<b>LTV</b>	Long Term Vision
<b>MOTS</b>	Military Off-the-Shelf products
<b>NAD</b>	National Armaments Directors
<b>NAP</b>	Salary payment system used by PMO - " <i>Nouvelle Application de Paie</i> "
<b>NEC</b>	Network Enabled Capabilities
<b>OCCAR</b>	Organisme Conjoint de Coopération en matière d'Armement
<b>pMS</b>	Participating Member States
<b>PMO</b>	EU Paymasters Office
<b>PoC</b>	pMS Central Point of Contact
<b>PrepCom</b>	Preparatory Committee
<b>PSC</b>	Political and Security Committee
<b>R&amp;T</b>	Research and Technology
<b>SB</b>	Steering Board
<b>SDR</b>	Software Defined Radio
<b>SNE</b>	Seconded National Experts
<b>SoI / SoS</b>	Security of Information / Security of Supply
<b>TIES</b>	Tactical Imagery Exploitation Station
<b>UAV</b>	Unmanned Aerial Vehicle