



EUROPEAN DEFENCE AGENCY 2012 FINANCIAL REPORT

June 2013

EUROPEAN DEFENCE AGENCY

2012 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

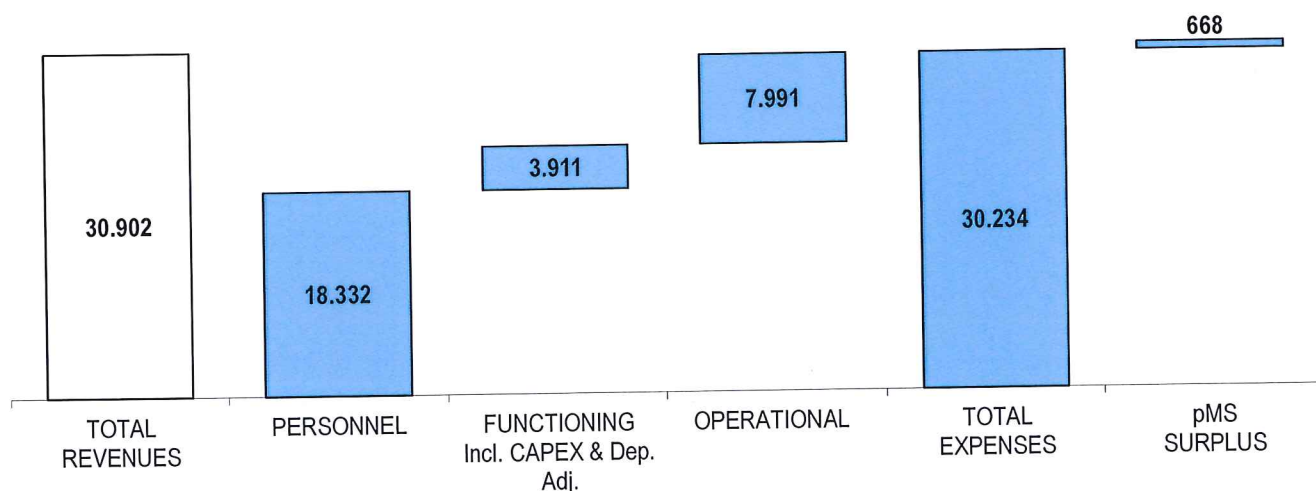
In its eighth year of operation, the Agency has continued to pursue more effective and output oriented European collaboration in order to improve the participating Member States' defence capabilities. The Capability Development Plan (CDP) has guided these efforts, including through R&T collaboration 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.

2012 financial achievements include:

- the launch of 84 operational projects for a combined value of **7,991 M €**;
- approximately 98,0% of overall budget consumption

2012 Financial Highlights

Figures in k €



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- 2012 revenues amount to 30.902 k € and comprise pMS contributions (94,14%), deductions from Staff remuneration (4,44%), financial income (0.57%) and other revenues (0.85%).
- 2012 expenses amount to 30.406k €, and consist of personnel (60,29%), functioning (13,43%) and operational expenses (26,28%).
- At the year-end 2012, a budgetary surplus of 668 k € (amounting to approximately 2,0% of the 2012 Budget)and this will be returned to pMS.

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HISTORICAL FINANCIALS

Figures in k €	2012	2011	2010
REVENUES			
MEMBER STATE CONTRIBUTIONS	29.086	29.034	28.713
DEDUCTIONS FROM STAFF REMUNERATION	1.375	1.241	1.294
FINANCIAL INCOME	177	247	174
OTHER REVENUES	264	15	159
TOTAL REVENUES	30.902	30.537	30.340
EXPENSES			
PERSONNEL EXPENSES	18.332	17.045	17.042
FUNCTIONING EXPENSES	4.083	4.640	4.898
OPERATIONAL PROJECTS & STUDIES	7.991	8.474	8.700
TOTAL EXPENSES	30.406	30.159	30.639
ACCOUNTING SURPLUS	496	378	(299)
<i>CAPITAL EXPENDITURE</i>	(346)	(189)	(93)
<i>DEPRECIATION ADJUSTMENT</i>	518	450	434
CAPITAL EXPENDITURE & DEPRECIATION ADJUSTMENTS	172	261	341
BUDGETARY SURPLUS REPAYABLE TO pMS	668	639	42

Figures subject to rounding to nearest '000 Euro

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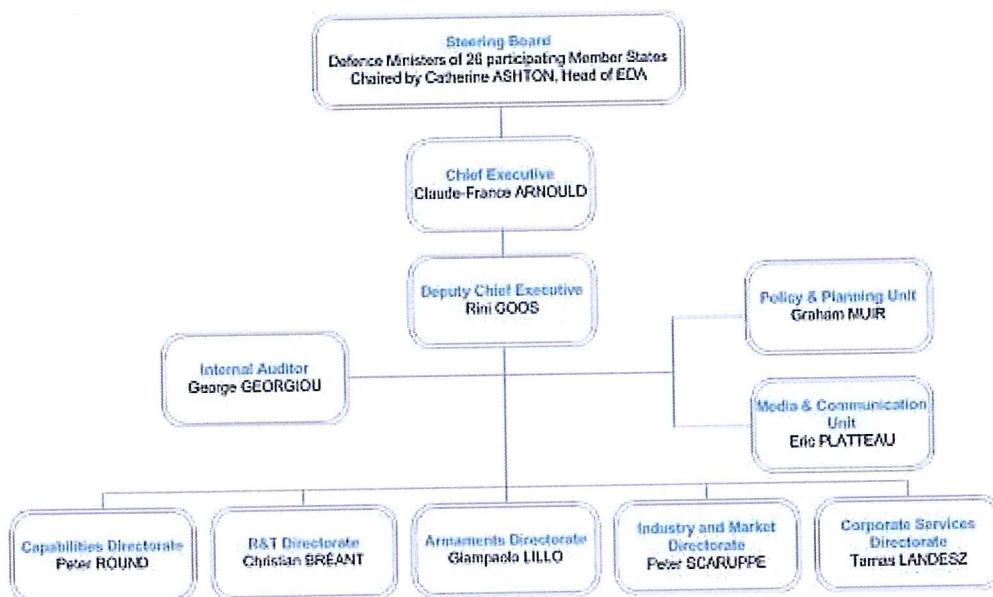
EDA STRUCTURE AND FUNCTIONS

EDA'S STRUCTURE

The European Defence Agency is an Agency of the European Union ⁽¹⁾, 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, her Deputy and the five Directors together form the Agency Management Board (AMB), supported by the Policy & Planning Unit².



⁽¹⁾ 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.

⁽²⁾ Mr. Rini Goos appointed as DCE in place of Mr. Adam Sowa in March 2013.

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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;
- 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 – 19 November 2012**

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 2013 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 financial crisis continues to have an impact on many national defence budgets. As a way to mitigate this, the Agency continues to pursue Pooling & Sharing through: identifying and supporting cooperative projects and programmes; addressing civil-military synergies; promoting best practice; and working with industry. The Agency has submitted to Defence Ministers a Code of Conduct as a vehicle for supporting Pooling & Sharing on a more systematic, longer-term basis.

I Support to Operations

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. On-going work on its revision in 2014 will ensure continued relevance, including for Pooling & Sharing which has made major strides during the course of 2012.

Member States have committed to new projects and are pursuing established collaborations within the Agency, for example:

- Air to Air Refuelling (AAR): EDA has developed an overall approach to meeting the critical European capability requirement through: increasing overall capacity, reducing fragmentation of the fleet, and optimising the use of assets. It has led to four complementary work-strands, on some of which EDA is cooperating closely with OCCAR (in the framework of the Administrative Arrangement signed in July 2012), aimed at: short-term solutions, including access to commercial AAR services; optimising the use of existing assets and organisations; increasing the A400M fleet AAR capability by acquiring additional refuelling kits; and increasing the strategic tanker capability in Europe by 2020. A Letter of Intent on a European Strategic Multirole Tanker Transport initiative was signed in the margins of the ministerial Steering Board on 19 November.
- The Counter-IED laboratory continues to be deployed in Afghanistan for operations within ISAF. It is a major success: it is fully integrated into the C-IED effort in Afghanistan and has become vital for ISAF.

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- Helicopter Training Programme: initially based on live exercises, it now includes a synthetic simulator based training project, a helicopter tactics instructor training course, and an operational English training course. In the five live exercises organised so far, 123 helicopters, 227 crews, and over 5000 personnel have participated. More than 50% of the trained crews have deployed to Afghanistan. This exercise component will become a Category B (opt-in) Programme at the EDA Steering Board on 19 November for exercises through to 2022.
- Multinational Modular Medical Units (Medical Field Hospitals) attracts growing participation: fifteen Member States have signed the Declaration of Intent. The Common Staff Target is expected to be finalised by mid-2013. The Memorandum of Understanding and Common Requirements will follow, with the objective of procurement of assets in 2014 and Initial Operational Capability in 2015.
- European Satellite Communications Procurement Cell (ESCPC): has moved forward as planned, with the signature of the Framework Contract in September 2012. Five Member States participate on a pay-per-use basis. It remains open to other Member States to opt-in. The EDA is also investigating the conditions under which EU actors such as the Commission or the EEAS could make use of the ESCPC.
- Maritime Surveillance (MARSUR): the live network is active and membership continues to increase. The next step is a technical evolution to enhance services with the addition of a classified information handling capability. Member States signed the MARSUR DEV Category B project framework in the margins of the Steering Board (Capabilities Directors' formation) on 11 October 2012.
- EU Battlegroups: EDA has concluded a €228m Framework Contract covering Basic Logistic Services to support the Troup Contributing Nations of the current German-led EU Battle Group.

Other projects in a broad range of domains have also made progress: transport pilot training, Biological Equipment Development and Enhancement Programme; Maritime Mine Counter Measures; Personnel Recovery; European Secure Software Defined Radio; and Mid-Air Collision Avoidance System.

II Preparing the Future

Defence Research & Technology (R&T) collaboration in Europe continues to develop, 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 and is coordinated with the European Commission under the European Framework Cooperation. The Programme Arrangement was signed in March 2012. Seven proposals have been selected under the first call, in close coordination with civil activities within the Framework Programme 7 Security Program. Preparatory work is on-going for the second call for proposals, to be issued in 2013.

The report on Pooling & Sharing to Ministers at the March 2012 Steering Board described the EDA stocktaking exercise on Cyber Defence that addressed capability development and R&T aspects. EDA contributed to the elaboration of the EU Cyber Security Strategy that is likely to

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be adopted by the end of 2012. The Agency has also proposed a Pooling & Sharing project on Cyber Defence.

This will require strong support by Member States, and coordination with EU actors as well as NATO. Research and Innovation for Cyber Security and Cyber Defence is a significant element in the EU Cyber Security Strategy. Defence research efforts will focus on specific areas, taking into account the security and civil research projects of the Commission. In this context, EDA and the Commission coordinated their research agendas and co-organised a workshop in October 2012.

In addition to Cyber Defence new R&T priorities have been derived from the revised CDP in the areas of: Counter-IED, Fuel and Energy, Intelligence/Surveillance/Reconnaissance (ISR), Medical Support, and Mobility Assurance.

The two Joint Investment Programmes – Force Protection, and Innovative Concepts and Emerging Technologies – are in their final phase and focus on exploitation of the achieved results and the new networks between defence industry, research establishments and academia. A second Joint Investment programme on Innovative Concepts and Emerging Technologies was established in March 2012 and should be launched by the end of the year.

The R&T programme on Unmanned Maritime Systems consists of fourteen projects involving eleven Member States and Norway, for a total investment of 54M€. This multidisciplinary approach facilitates the transition from an R&T programme to the development phase through a system-of systems approach including interoperability, modularity, and inter-changeability of modules and standardisation.

Member States' military airworthiness authorities reached an important milestone last 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 await transposition into national regulations: they are planned to be used for the support of the A400M and expected to yield financial and operational benefits. The Agency is pursuing further standardisation in the areas of ammunition qualification, diplomatic clearances for military transport aircraft, and tanker/receivers clearances with a view to supporting Pooling & Sharing.

- Unmanned Aircraft Systems. Building on Agency work, the European Commission set up a European Steering Group – of which the Agency is a member – to develop a comprehensive regulatory and technology roadmap for the use of Remotely Piloted Air Systems (RPAS) in non-segregated airspace. An EDA Joint Investment Programme on UAS was established in June 2012 to invest in selected R&D areas of interest to the defence community while exploiting synergies and ensuring coordination with the European Commission. Additional synergies are being sought with the activities led by the European Space Agency.
- Single European Sky ATM Research (SESAR). The Agency sponsors the SES/SESAR Military Implementation Forum that brings together Member States, Eurocontrol, NATO, the European Commission and the SESAR Joint Undertaking, and is yielding significant results. It is promoting an understanding of the implications on the military

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community of the forthcoming deployment of SESAR. At their request, Member States also discuss SESAR in an Ad Hoc Working Group within the EDA framework.

III European defence Technological and Industrial Base and Technology Non-Dependence

The implementation of the European Defence Technological and Industrial Base Strategy has been underway for five years. The Agency is 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.

Against the background of increasingly constrained defence budgets in Europe and growing competition in the global defence market, it is important to mobilise the different tools that Member States and the EU have at their disposal. The Agency is encouraging cross-border competition through its Code of Conduct on Defence Procurement for those acquisitions falling under Article 346 TFEU and by actively supporting Member States in the transposition and implementation of the Defence and Security Procurement Directive. The Agency has also developed effective tools for pooling demand particularly for off-the self-procurements, resulting in a number of pilot cases and proving the benefits of a pooled approach.

The Agency also focuses on European Technology non-Dependence. The Commission and EDA have developed strategies respectively for key enabling technologies and critical technologies for European non-dependence. The objective is to analyse European industrial capabilities and seek solutions to strengthen them by stepping up research.

Activities related to critical space technologies for European non-Dependence are being coordinated with the European Commission and the European Space Agency.

IV Interaction with Key Stakeholders

The Agency is building on its active relationship with the European Commission, in order to promote the interests of defence Ministries in a number of EU policy areas that have potential implications for defence: Research & Innovation (HORIZON 2020), Technology non-Dependence, Regional Funds, Maritime Surveillance, Single European Sky, Radio Spectrum, Cyber Defence and Space.

In particular, the Agency is associated to the Task Force on Defence Industry and Market established by President Barroso. The Task Force is focussing on three domains: industrial policy, internal market, and research & innovation. EDA advocates a twin-track approach in the Task Force: support the implementation of the defence package to allow for a more competitive defence market in Europe and assess the consequences; and promote the need to support European defence industry.

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The Agency is reinforcing its relations with third parties: it signed Administrative Arrangements with Switzerland on 16 March 2012, and with OCCAR on 27 July 2012. The Arrangement with Switzerland will allow Swiss participation in the Agency's projects and programmes. That with OCCAR will provide support to Member States' collaborative programmes from their preparation to their management through the programmes' entire life-cycle. Cooperation with Norway, through its own Administrative Arrangement continues to be mutually beneficial: most recently, Norway joined EDA's maritime surveillance network, further expanding the scope and utility of the network in support of European maritime situational awareness. The Administrative Arrangement with the European Space Agency, which was signed in June 2011, has helped improve synergies regarding space-related technologies. Beyond the coordination of respective studies in areas such as Satellite Communication or Earth Observation, a first Implementing Arrangement was signed in December 2011 on a jointly funded demonstrator on UAS. A Security Arrangement on the exchange of classified information between the EDA and ESA is expected to be concluded in November 2012.

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 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 remain important, notably in work related to EU Pooling & Sharing and NATO activities within the framework of "Smart Defence".

The informal dialogue with the United States continued to develop 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

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 2012. These comprise the 2012 Management Accounts, the 2012 Balance Sheet, and the 2012 Cash Flow Statement, and notes to the 2012 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 2012 fiscal year surplus repayable to the Member states totalled 667.992 €, whereas the net fixed assets amounted 1.131.485 €.

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.

The Chief Executive provided the College with a Management Representation Letter dated 22nd May 2013. This document forms part of the audit procedure and is stored in the audit documentation.

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.

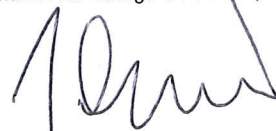
We have also examined the Financial Report on the activities of the Agency and the implementation of the budget, to identify any material inconsistencies with the audited financial statements.

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 2012 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. Karl JAROS
Chairman of the EDA College of Auditors

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2012 MANAGEMENT ACCOUNTS (1/3)

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2012 FINANCIALS					
MANAGEMENT ACCOUNTS					
	Notes	2012	2012	2011	2010
<i>Figures in €</i>	1	Budget ^(REV)	Actual	Actual	Actual
EXPENSES					
Title I : PERSONNEL EXPENSES 2					
Chapter 11: OFFICIALS & TEMPORARY STAFF					
BASIC SALARIES		9.590.935	9.589.936	8.785.727	9.034.984
STAFF STATUTORY ALLOWANCES		2.721.550	2.702.378	2.409.466	2.415.350
STAFF SOCIAL PROTECTION		2.825.415	2.779.774	2.584.796	2.492.692
STAFF ALLOWANCES ON ENTERING & LEAVING SERVICE		514.000	420.344	391.614	361.091
Subtotal		15.651.900	15.492.432	14.171.603	14.334.575
Chapter 12: SNE, CONTRACT STAFF & TRAINEES					
CONTRACT STAFF		1.250.200	1.250.124	1.006.374	756.349
SECONDED NATIONAL EXPERTS		959.450	945.706	1.117.457	1.212.366
TRAINEES		51.450	51.175	101.555	72.004
Subtotal		2.261.100	2.247.005	2.225.386	2.040.719
Chapter 13: STAFF RELATED					
RECRUITING EXPENSES		53.000	36.729	39.163	38.966
STAFF TRAINING		49.440	47.392	90.000	68.857
STAFF COMMITTEE		5.560	5.361	7.011	4.997
MEDICAL EXPENSES		10.000	4.111	5.760	9.414
MISSION EXPENSES		545.850	499.185	505.806	544.063
Subtotal		663.850	592.778	647.740	666.298
TOTAL PERSONNEL EXPENSES		18.576.850	18.332.215	17.044.729	17.041.592
Title II : FUNCTIONING EXPENSES 3					
Chapter 20: BUILDING & BUILDING RELATED					
FITTING-OUT OF PREMISES		5.000	325.603	347.975	325.603
SECURITY EQUIPMENT		78.547	78.376	128.035	6.478
OFFICE RENT		722.069	713.339	728.463	1.408.011
CLEANING & MAINTENANCE		147.591	146.994	377.181	202.848
UTILITY SERVICES		145.191	144.932	153.983	144.692
BUILDING SURVEILLANCE SERVICES		924.453	919.035	1.064.724	1.060.307
INSURANCES		7.299	7.299	13.658	5.726
Subtotal		2.030.150	2.335.578	2.818.983	3.168.917

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2012 MANAGEMENT ACCOUNTS (2/3)

MANAGEMENT ACCOUNTS (CONT'D)					
	Notes	2012	2012	2011	2010
<i>Figures in €</i>	1	Budget ^(REV)	Actual	Actual	Actual
Chapter 21: IT EQUIPMENT, FURNITURE & OTHER					
IT EQUIPMENT & SOFTWARE		511.542	342.392	789.940	421.896
OFFICE FURNITURE		3.268	9.877	22.918	27.926
OFFICE TECHNICAL EQUIPM. & SUPPLIES		6.268	14.711	28.765	37.148
IT PROJECTS & DEVELOPMENT OF SYSTEMS		34.758	34.758	35.999	258.717
IT SUPPORT & MAINTENANCE OF COPIERS		120.512	120.189	209.252	45.176
TELECOM EXPENSES		238.227	238.227	175.064	168.562
OUTSIDE ASSIST. FOR OPERATION OF TECHN. INSTALLATIONS		2.230	2.230	1.977	14.248
MAINTENANCE & REPAIR OF TECHNICAL INSTALLATIONS		296.509	296.429	125.667	239.906
OFFICE VEHICLES AND TAXI EXPENSES		27.788	27.689	18.196	9.903
Subtotal		1.241.102	1.086.502	1.407.778	1.223.481
Chapter 22: OTHER FUNCTIONING					
TRANSLATION SERVICES		10.000	9.009	12.574	138
RECEPTION & REPRESENTATION EXPENSES		15.100	14.423	22.873	41.516
INTERNAL MEETINGS		85.400	77.108	70.791	68.316
CONFERENCES & SEMINARS		167.266	157.288	60.342	70.480
INFORMATION, SUBSCRIPTIONS & DOCUMENTATION EXPENSES		87.696	87.234	119.069	150.010
OFFICIAL JOURNAL		1.500	515	0	473
PUBLIC RELATIONS		198.123	198.058	17.485	48.348
OFFICE SUPPLIES		80.062	79.917	85.923	101.008
POSTAL & DELIVERY EXPENSES		20.715	20.715	15.761	16.645
AUDIT EXPENSES		16.086	15.394	7.931	8.456
FINANCIAL CHARGES, INCL. FOREIGN EXCHANGE DIFF.		800	762	260	32
Subtotal		682.748	660.423	413.009	505.423
TOTAL FUNCTIONING EXPENSES		3.954.000	4.082.503	4.639.770	4.897.820
TOTAL PERSONNEL & FUNCTIONING EXPENSES		22.530.850	22.414.718	21.684.499	21.939.412
Title III : OPERATIONAL BUDGET & EARMARKED REVENUE					
OPERATIONAL PROJECTS & STUDIES	4	8.000.000	7.991.322	8.474.406	8.699.970
TOTAL OPERATIONAL BUDGET		8.000.000	7.991.322	8.474.406	8.699.970
TOTAL EXPENSES		30.530.850	30.406.040	30.158.905	30.639.382

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2012 MANAGEMENT ACCOUNTS (3/3)					
MANAGEMENT ACCOUNTS (CONT'D)					
	Notes	2012	2012	2011	2010
Figures in €	1	Budget ^(REV)	Actual	Actual	Actual
REVENUES					
Title IV: MISC. COMMUNITY TAXES, LEVIES & DUES					
Chapter 40: DEDUCTIONS FROM STAFF REMUNERATION					
TAXATION ON STAFF SALARIES & ALLOWANCES		1.180.000	1.157.484	1.043.123	1.106.769
TEMPORARY CONTRIBUTION		-	938	1.339	1.189
EU SPECIAL LEVY		215.000	216.441	196.059	186.250
Subtotal		1.395.000	1.374.863	1.240.521	1.294.208
Title V: INCOME FROM OPERATING ACTIVITIES					
Chapter 52: FINANCIAL INCOME					
INTERESTS - BANK		50.000	156.869	228.776	150.974
INTERESTS - PMS		-	20.536	18.304	22.852
Subtotal		50.000	177.405	247.080	173.826
Title VI: pMS CONTRIBUTIONS					
Chapter 61 : MEMBER STATE CONTRIBUTIONS					
PMS CONTRIBUTIONS	6	29.085.850	29.085.850	29.033.945	28.712.988
Subtotal		29.085.850	29.085.850	29.033.945	28.712.988
OTHER REVENUES		-	4.658	4.085	2.699
CFWD CANCELATION		-	258.866	10.890	156.403
Subtotal		-	263.524	14.975	159.102
TOTAL REVENUES		30.530.850	30.901.642	30.536.521	30.340.124
ACCOUNTING SURPLUS/LOSS			495.602	377.616	-299.258
CAPITAL EXPENDITURE			(346.084)	(188.750)	(92.633)
DEPRECIATION ADJUSTMENT			518.474	449.737	433.644
BUDGETARY SURPLUS REPAYABLE TO pMS	7		667.992	638.604	41.753

EUROPEAN DEFENCE AGENCY
2012 FINANCIAL REPORT

2012 BALANCE SHEET (1/2)

EUROPEAN DEFENCE AGENCY
2012 FINANCIALS

BALANCE SHEET

	Notes	For the year ending		
<i>Figures in €</i>		31.12.2012	31.12.2011	31.12.2010
ASSETS				
FIXED ASSETS				
ACQ. FITTING-OUT OF PREMISES		3.039.935	3.039.935	3.039.935
ACCUMUL. DPR. FITTING-OUT OF PREMISES		(2.331.400)	(2.005.796)	(1.680.194)
FITTING-OUT OF PREMISES		708.535	1.034.138	1.359.741
ACQ. SECURITY EQUIPMENT		148.520	145.160	140.637
ACCUMUL. DPR. SECURITY EQUIPMENT		(142.602)	(138.660)	(137.169)
SECURITY EQUIPMENT		5.918	6.500	3.469
ACQ. IT EQUIPMENT & SOFTWARE		1.205.140	864.596	687.196
ACCUMUL. DPR. IT EQUIPMENT & SOFTWARE		(817.215)	(645.518)	(547.764)
IT EQUIPMENT		387.925	219.078	139.432
ACQ. OFFICE FURNITURE		146.110	143.931	139.578
ACCUMUL. DPR. OFFICE FURNITURE		(132.514)	(123.726)	(111.898)
OFFICE FURNITURE		13.596	20.205	27.680
ACQ. OFFICE TECHN. EQUIPMENT		69.485	69.484	67.009
ACCUMUL. DPR. OFFICE TECHN. EQUIPM.		(53.974)	(45.530)	(32.469)
OFFICE TECHNICAL EQUIPMENT		15.511	23.954	34.540
NET FIXED ASSETS	8	1.131.485	1.303.874	1.564.862
				0
SUPPLIER RECEIVABLES				
INTERESTS RECEIVABLE		32.875	53.664	0
SUPPLIER RECEIVABLES		32.875	53.664	0
STAFF RECEIVABLES				
STAFF RECEIVABLES		17.091	15.290	84.198
RECEIVABLES		17.091	15.290	84.198
CASH				
EDA BANK ACCOUNTS		26.792.939	24.053.672	22.374.445
PETTY CASH		784	2.000	2.000
CASH	9	26.793.723	24.055.672	22.376.445
TOTAL ASSETS		27.975.174	25.428.500	24.025.506

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2012 BALANCE SHEET (2/2)

BALANCE SHEET (CONT'D)

	Notes	For the year ending		
<i>Figures in €</i>		31.12.2012	31.12.2011	31.12.2010
LIABILITIES				
STAKEHOLDERS				
ADVANCE ON PMS CONTRIBUTIONS		1.757.303	1.609.994	862.837
OUTSTANDING RECEIVABLES		129	584	0
OUTSTANDING PMS CONTRIBUTIONS		0	0	(219.417)
CAPEX & DEPRECIATION ADJ. (YEAR N-1)		1.303.872	1.564.859	1.905.870
ACCOUNTING SURPLUS/LOSS		495.602	377.616	(299.258)
STAKEHOLDERS	10	3.556.906	3.590.072	2.250.032
SUPPLIER PAYABLES				
ACCRUED EXPENSES		9.780.851	10.481.467	10.192.365
- THEREOF FUNCTIONING		1.015.945	1.185.367	771.280
- THEREOF OPERATIONAL		8.764.906	9.296.100	9.421.086
PENDING INVOICES		3.454.981	2.026.059	1.851.282
SUPPLIER PAYABLES	11	13.235.832	12.507.526	12.043.648
STAFF PAYABLES				
STAFF PENSION ACCRUALS		11.173.290	9.310.860	9.677.057
EMPLOYEES / PENDING INVOICES		9.374	20.270	55.269
STAFF PAYABLES		(228)	(228)	0
STAFF PAYABLES	12	11.182.436	9.330.902	9.731.826
TOTAL LIABILITIES		27.975.174	25.428.500	24.025.506



Claude-France ARNOULD
Chief Executive

June 2013.

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2012 CASH FLOW

EUROPEAN DEFENCE AGENCY			
2012 FINANCIALS			
CASH FLOW			
	For the year ending	For the year ending	For the year ending
<i>Figures in €</i>	31.12.2012	31.12.2011	31.12.2010
OPENING BANK ACCOUNT BALANCE	24.053.672,23	22.374.445,26	21.785.978,60
CASH RECEIVED FROM PMS			
PMS CONTRIBUTIONS	29.085.850,00	29.033.945,00	28.712.988,00
REIMBURSEMENT OF YEAR N-1 SURPLUS	(638.603,73)	(41.753,06)	(1.406.948,00)
DEFERRED PAYMENTS OF CONTRIBUTIONS	3.429.061,42	1.003.592,76	102.779,00
Subtotal	31.876.307,69	29.995.784,70	27.408.819,00
CASH RECEIVED FROM BANK			
INTERESTS CREDITED DURING THE YEAR	156.869,49	205.028,38	173.825,99
Subtotal	156.869,49	205.028,38	173.825,99
TOTAL CASH INFLOWS	32.033.177,18	30.200.813,08	27.582.644,99
CASH SPENT FOR FUNCTIONING & OPERATIONAL EXPENSES			
FUNCTIONING EXPENSES			
PAYMENTS FOR YEAR N-2 EXPENSES	0,00	6.724,97	0,00
PAYMENTS FOR YEAR N-1 EXPENSES	1.070.246,15	678.899,28	295.395,04
PAYMENTS FOR CURRENT YEAR EXPENSES	22.283.264,94	20.663.367,97	19.979.072,23
PAYMENTS FOR FUNCTIONING EXPENSES	23.353.511,09	21.348.992,22	20.274.467,27
OPERATIONAL EXPENSES			
PAYMENTS FOR YEAR N-3 EXPENSES	155.344,00	0,00	0,00
PAYMENTS FOR YEAR N-2 EXPENSES	2.769.069,20	1.370.588,00	1.644.194,26
PAYMENTS FOR YEAR N-1 EXPENSES	2.676.636,75	5.011.939,00	4.440.439,70
PAYMENTS FOR CURRENT YEAR EXPENSES	339.349,48	790.066,89	635.077,10
PAYMENTS FOR OPERATIONAL EXPENSES	5.940.399,43	7.172.593,89	6.719.711,06
TOTAL CASH OUTFLOWS	29.293.910,52	28.521.586,11	26.994.178,33
CLOSING BANK ACCOUNT BALANCE	26.792.938,89	24.053.672,23	22.374.445,26

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".
- applicable International Public Sector Accounting Standards (IPSAS)
- in certain tables figures have been rounded to the nearest '000 € for ease of reference

SPECIFIC ACCOUNTING POLICIES

pMS Contributions

Contributions from 26 participating Member States⁽²⁾ ('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 Decision 2011/411/CFSP of 12 July 2011 defining the statute, seat and operational rules of the European Defence Agency).

2012 Budget

The budget for 2012 was adopted in 30 November 2011. At the end of 2012, 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.

⁽²⁾ 27 EU Member States excluding Denmark

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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).

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Note 2: Personnel Expenses

REGULATORY BASIS

Human resources parameters ⁽³⁾ 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 18,3 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 2012. 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.

⁽³⁾ Acronyms in the brackets refer to EU Paymasters Office ('PMO') definitions.

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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 ⁽⁴⁾ 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 ⁽⁵⁾ (*Deductions from Staff Remuneration*). The following statutory contributions were paid in 2012:

Social contribution (as % of TBA)	Staff		EDA	
	Code	Value	Code	Value
Sickness	CAM	1.70	CAI	3.40
Accident	CAA	0.10	CAB	0.87
Unemployment ⁽⁶⁾	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.*

⁽⁴⁾ 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.*

⁽⁵⁾ Temporary Staff.

⁽⁶⁾ After deduction of a standard allowance of 1.215,63 €.

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Provisional Appropriations

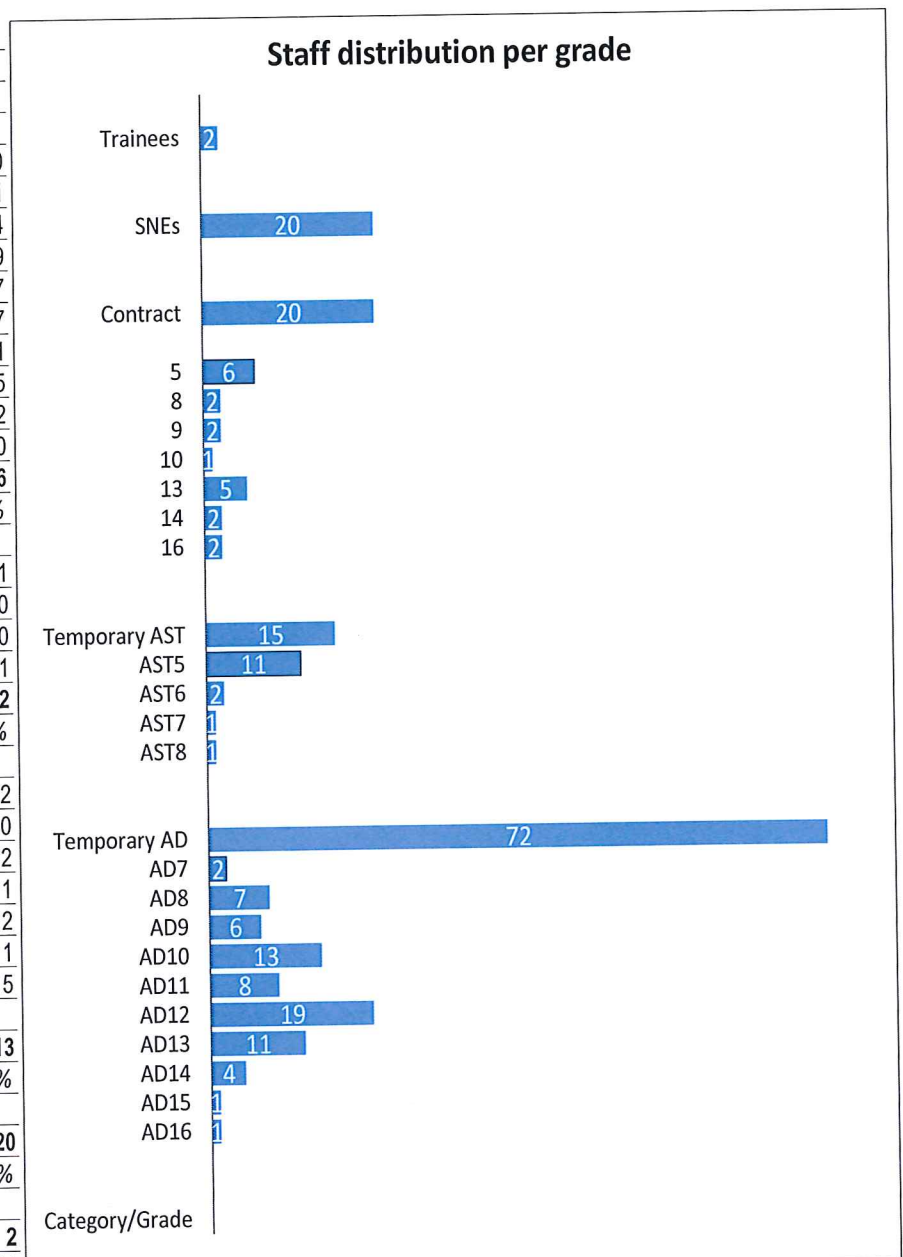
With reference to Art. 80 of the EU Staff Regulations and Art. 81 of EDA Staff Regulations, EDA has an obligation to pay orphans' pension to the children of a deceased Staff Member, until each orphan reaches the age of 18 or, subject to confirmation, up to the age of 26 if full-time studies are pursued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

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

Staff present on 31/12/2012

Staff present 31/12/2012

Category/Grade	Total	Female	Male
AD16	1	1	0
AD15	1	0	1
AD14	4	0	4
AD13	11	2	9
AD12	19	2	17
AD11	8	1	7
AD10	13	2	11
AD9	6	1	5
AD8	7	5	2
AD7	2	2	0
Temporary AD	72	16	56
		22%	78%
AST8	1	0	1
AST7	1	1	0
AST6	2	2	0
AST5	11	10	1
Temporary AST	15	13	2
		87%	13%
16	2	0	2
14	2	2	0
13	5	3	2
10	1	0	1
9	2	0	2
8	2	1	1
5	6	1	5
Contract	20	7	13
		35%	65%
SNEs	20	0	20
		0%	100%
Trainees	2	0	2
		0%	100%



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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 31/12/2012.

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 31/12/2012, 20 SNEs were present at the Agency. The allowances paid were:

- Daily allowance,
- Distance allowance
- Salary adjustment
- 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 31/12/2012, 2 trainees worked at the Agency.

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.

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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, 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: 2012 Operational Projects and Studies

In 2012, EDA awarded 84 contracts under the Operational Budget that amount to 7,991M €.

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No.	Contract Number	Contract title	Contract value (in Euro)
1	12.ARM.NP1.406	European Armaments Cooperation Manager Pilot Course - Opening Course expenses	5.000,00
2	12.ARM.NP1.409	European Armaments Cooperation Manager Pilot Course - Development of EDA Internet Distance Learning modules	25.000,00
3	12.ARM.NP1.423	MILITARY COST ASSESSMENT FOR SESAR (QinetiQ)	50.000,00
4	12.ARM.NP3.328	Facts and figures on the costs of certification in the military aircraft	49.990,00
5	12.ARM.OP.268	EMACC extension (Contract signed in Feb. 2011)	267.943,00
6	12.ARM.OP.303	Application of "Multiple and Independent Levels of Security" (MILS) to the SDR systems	250.000,00
7	12.ARM.OP.325	Centralized access to standards	98.162,00
8	12.ARM.OP.329	Implementation of SESAR in the military aviation: Analysis of possible implications for operational activities and training	147.000,00
9	12.ARM.OP.369	EMAR 66 - Annex Development Support	110.400,00
10	12.ARM.RE.407	European Armaments Cooperation Manager Pilot Course - Reimbursement of experts - PART. 1	30.000,00
11	12.ARM.RE.408	European Armaments Cooperation Manager Pilot Course - Reimbursement of experts - PART. 2	40.000,00
12	12.ARM.SC.324	EDSTAR Maintenance	100.000,00
Total for Armaments			1.173.495,00
13	12.CAP.NP1.262	Support to Pilot-Phase EU HQ Personnel Management Functional Area Service Prototype (J1-FAS Prototype).	40.000,00
14	12.CAP.NP1.288	Future EU Maritime Capabilities Workshop.	5.000,00
15	12.CAP.NP1.364	External Expertise for ISR Workshop on "Balance of Investment Analysis Model (BIAM)".	3.500,00
16	12.CAP.NP1.429	Specialist Search Course Open Day Expenses.	1.500,00
17	12.CAP.NP1.446	ESCPC	4.460,00
18	12.CAP.NP1.456	Follow up Activities of the Contract Radio Spectrum Pooling and Sharing - 11.CAP.OP.117	69.968,00
19	12.CAP.NP3.174	EATT 2012 (Ice breaker)	289,87
20	12.CAP.NP3.234	Ground Sign Awareness	33.950,00
21	12.CAP.NP3.266	EATT 2012	31.571,72
22	12.CAP.NP3.294	EAT Symposium 2012.	8.274,00
23	12.CAP.NP5.331	Harvesting Lessons Identified in the Capability area DEPLOY from contemporary experience.	71.750,00
24	12.CAP.NP5.333	FUCOM - Landscaping wireless terrestrial and satellite networks in EU MS.	90.100,00
25	12.CAP.NP5.368	Space Reconnaissance Study (SPACEREC)	91.000,00
26	12.CAP.NP5.415	Cyber Intelligence for EU Led Operations (CYTELOPS).	132.000,00
27	12.CAP.OP.134	Distributed Simulation Capability Concept Demonstration	240.000,00
28	12.CAP.OP.224	Op ATALANTA - Assessment of classified information exchange in an EU-led maritime operation.	99.930,00
29	12.CAP.OP.254	European Transport Hubs (P&S initiative)	128.999,00
30	12.CAP.OP.276	Comprehensive WS's on Future C-MANPADS solutions.	94.500,00
32	12.CAP.OP.284	Radio Spectrum Framework Contract on WRC-15-Preparation.	0,00
32	12.CAP.OP.295	Personnel Recovery Functional Area Services (PR FAS).	0,00
33	12.CAP.OP.296	Experimentation, Test and Validation (ETV) Requirements Study	147.000,00
34	12.CAP.OP.297	Specialist Search Training.	115.420,00
35	12.CAP.OP.301	Screening on on-going activities and existing or near-future solutions in the area of identification of non-cooperative elements.	100.000,00
36	12.CAP.OP.319	CIED Combat Tracker Training (CTT).	92.950,00
37	12.CAP.OP.330	Architecture Repository.	0,00
38	12.CAP.OP.332	Cyber Defence Capabilities for the Military.	0,00
39	12.CAP.OP.334	Derivation and Analysis of threats and challenges in 2030 and beyond.	0,00
40	12.CAP.OP.405	Naval Challenges in the Artic Region.	100.000,00
41	12.CAP.OT.251	Ex Hot Blade and Ex Green Blade Demonstration Days.	35.000,00
42	12.CAP.OT.427	Specialist Search Course Funding of Facilities.	33.500,00

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43	12.CAP.OT.460	Support to the Multi-National CIED Exercise	15.000,00
44	12.CAP.OT.468	EATT Exercise Spain - Travel Costs	182,67
45	12.CAP.RE.302	Fuel and Energy Consultancy Services.	5.324,02
46	12.CAP.RE.353	Pooling&Sharing - External Support.	30.000,00
47	12.CAP.RE.363	MarSur Support: Attendance of the EU - SIPRI Experts Seminar "Monitoring Illicit Arms Flows: Sanctions, Networks and Capacity Building" and the SIPRI Maritime Side Events.	4.582,98
48	12.CAP.RE.374	External Expertise for Maritime Capability for IDT Protect.	958,60
49	12.CAP.RE.386	Participation of Chairman PT MARSUR to the 12th IDT Protect Meeting.	787,07
50	12.CAP.RP.318	Feasibility study on Hostile Fire Indicator (HFI) equipment.	199.000,00
51	12.CAP.SC.285	Pooling and Sharing - Continuous collection and analysis of open source defence and military capabilities data. Part II of 11.CAP.OP.166	100.000,00
51	12.CAP.SC.293	Military Green 2012 - Conference & Demonstration.	49.929,08
53	12.CAP.SC.300	Provision of Services for travel arrangements for EATT and Hot Blade	6.956,86
54	12.CAP.SC.434	Personnel Recovery Area Service Demonstrator: Development, Delivery, Incremental Development	263.993,80
55	12.CAP.SC.438	Specific Contract No.1 Threats & Challenges	73.900,00
56	12.CAP.SC.447	Maintenance Services for the Atares Software and Amendment to the Order Form No. 1 (11.CAP.OP.147) under Framework Contract 10.CAP.19.	6.925,00
57	12.CAP.SC.458	Cyber Defence Capabilities for the Military	364.900,00
58	12.CAP.SC.459	Radio Spectrum	188.796,98
59	12.CAP.SC.481	Architecture Repository	135.000,00
60	12.CAP.SC.489	Radio Spectrum - 2nd specific contract	16.538,55
61	12.CAP.SC.86	ESCPC Set-up Support.	15.000,00
Total for Capabilities			3.248.438,20
62	12.I&M.OP.280	Harmonization of air-launched ammunition qualification procedures	140.000,00
63	12.I&M.OP.337	Non-EU Dependencies: Investing in Key Unmanned System Technologies and Capabilities	300.000,00
64	12.I&M.OP.338	EDEM in the global context	149.400,00
65	12.I&M.OP.339	Offsets	144.000,00
66	12.I&M.OP.346	Ensuring Tomorrow's Military Aerospace Supply Chain	198.000,00
67	12.I&M.OT.358	Renting of a conference room in Berlin - no financial contribution/ no payment	0,00
68	12.I&M.RE.298	Land System Conference: Compensation of travel and hotel expenses for speakers	1.392,31
69	12.I&M.SC.453	EDA Defence Procurement Portal	59.970,00
Total for Industry and Markets			992.762,31
70	12.R&T.NP1.401	Defence Research and Procurement Investments in Europe and their Effect on the Economy	2.000,00
71	12.R&T.NP5.267	European Structural Funds for PMS (ESF)	128.600,00
72	12.R&T.NP5.277	Human Factors in Knowledge and Automation	133.000,00
73	12.R&T.OP.140	PCB-R - Printed Circuit Board Roadmap for Defence Applications	346.000,00
74	12.R&T.OP.265	Short wave infrared gated viewing (SWIR GV)	144.000,00
75	12.R&T.OP.270	Radar Implementation of Compressive Sensing	350.000,00
76	12.R&T.OP.271	UMS Standardisation Technologies (UMS-ST)	340.000,00
77	12.R&T.OP.286	Study on civ-mil certification	92.815,00
78	12.R&T.OP.289	Financial correction of the budgetary commitment pertaining to the contract 11.R&T.OP.168 "Heterogeneous Networks"	250,00
79	12.R&T.OP.335	Study on the Electro-optical Background, Signature and Sensor Modelling (EOMOD)	150.000,00
80	12.R&T.OP.336	Land Vehicles for open systems architecture (LAVOSAR)	345.000,00
81	12.R&T.RP.279	Cyber Defence Research Agenda (CDRA)	250.000,00
82	12.R&T.RP.292	Stand Off Bio Detection (SOBID)	96.936,00
83	12.R&T.RP.320	Human performance enhancement study (HPE)	190.000,00
84	12.R&T.SC.385	CILTE Specific Contract 01	8.025,75
Total for Research and Technology			2.576.626,75
Global total			7.991.322,26

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Note 5: Revenues

EU Taxation

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

Financial Income

In 2012, the Agency's bank accounts generated interests of 157 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 21k € in 2012.

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.

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Note 6: pMS Contributions

In 2012, pMS contributions amounted to 29,086 M € excluding the 2011 surplus reimbursement of 639 k €.

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pMS CONTRIBUTIONS				
In €				
2012	% GNI ⁽⁷⁾	2012 Annual Contribution	Actual Cost to pMS	Budgetary Surplus 2012 ⁽⁸⁾
Austria (AT)	2,3624	687.125	671.345	15.781
Belgium (BE)	2,9965	871.562	851.545	20.016
Bulgaria (BG)	0,3058	88.935	86.892	2.042
Cyprus (CY)	0,1447	42.080	41.113	966
Czech Republic (CZ)	1,1733	341.262	333.424	7.837
Estonia (EE)	0,1205	35.043	34.238	805
Finland (FI)	1,5741	457.848	447.333	10.515
France (FR)	16,4255	4.777.488	4.667.768	109.721
Germany (DE)	20,9938	6.106.230	5.965.993	140.237
Greece (EL)	1,7129	498.211	486.769	11.442
Hungary (HU)	0,8519	247.775	242.084	5.690
Ireland (IE)	1,0009	291.111	284.425	6.686
Italy (IT)	12,6171	3.669.785	3.585.504	84.281
Latvia (LV)	0,1519	44.175	43.160	1.015
Lithuania (LT)	0,2431	70.710	69.086	1.624
Luxembourg (LU)	0,2602	75.672	73.934	1.738
Malta (MT)	0,0494	14.370	14.040	330
Netherlands (NL)	4,9436	1.437.901	1.404.878	33.023
Poland (PL)	3,0968	900.735	880.049	20.686
Portugal (PT)	1,2679	368.782	360.313	8.470
Romania (RO)	1,0948	318.424	311.111	7.313
Slovakia (SK)	0,5704	165.906	162.096	3.810
Slovenia (SI)	0,2928	85.150	83.194	1.956
Spain (ES)	8,4322	2.452.590	2.396.263	56.327
Sweden (SE)	3,1968	929.815	908.461	21.354
United Kingdom (UK)	14,1208	4.107.167	4.012.841	94.326
Total 26 pMS	100	29.085.850	28.417.858	667.992

⁽⁷⁾ 2012 GNI "Own Resources, excl. reserves", OJ L070, 29.2.2012; percentages rounded to 4 decimals.

⁽⁸⁾ The Budgetary Surplus is returned to pMS as a deduction from the 3rd contribution in year N+1 (15 October 2013).

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Note 7: Budgetary Surplus repayable to pMS

The 2012 budgetary surplus (667.991,91 €) 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 2012 surplus is returned to pMS as a deduction from the third budgetary contribution on 15 October 2013 (also see Note 6 above).

Note 8: Fixed Assets and Depreciation

Figures in €

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Fixed Assets

In €

Fixed Asset Classes	2012 Net Asset Value	2012 Accumulated Depreciation	2012 Asset Acquisitions	2011 Net Asset Value
Fitting-Out of Premises	708.535	(325.603)	-	1.034.138
Security Equipment	5.918	(3.942)	3.360	6.500
IT Equipment	387.925	(171.698)	340.545	219.078
Office Furniture	13.596	(8.788)	2.179	20.205
Office Technical Equipment	15.511	(8.443)	-	23.954
Total	1.131.485	(518.474)	346.084	1.303.875

Note 9: Cash

EDA Bank Accounts

As at 31/12/2012, the global balance on the Agency's bank accounts totalled 26.792.939 €.

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Bank Accounts

In €

EDA Bank Accounts	2012	2011	2010	2009
Opening balance	24.053.672	22.374.445	21.785.979	19.725.561
Closing balance	26.792.939	24.053.672	22.374.445	21.785.979

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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 2012, the Agency had a petty cash balance of 783,81 €.

Note 10: Stakeholders

The Stakeholders liabilities include the following items:

Deferred pMS contributions

- First and second contributions of 2013 were invoiced at the end of 2012 and some pMS paid in 2012.

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 2012, the accounting result amounts to 496 k €.

Note 11: Supplier Payables

Supplier payables include accrued expenses and pending invoices (2012 expenses paid in early 2013). The underneath table shows the variation of the Agency's balance sheet provisions for accrued expenses:

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Accrued expenses

	2012 Balance Sheet	2011 Balance Sheet	2010 Balance Sheet	2009 Balance Sheet
Supplier Payables (in €)	Accrued Expenses (*)	Accrued Expenses (*)	Accrued Expenses (*)	Accrued Expenses (*)
FUNCTIONING				
Payables related to 2009	0	0	0	411.791
Payables related to 2010	0	0	771.280	0
Payables related to 2011	0	1.185.367	0	0
Payables related to 2012	1.015.945	0	0	0
FUNCTIONING	1.015.945	1.185.367	771.280	411.791
OPERATIONAL				
Payables related to 2007	0	0	0	22.507
Payables related to 2008	0	0	0	853.000
Payables related to 2009	0	155.344	1.525.932	5.721.550
Payables related to 2010	0	2.414.393	7.895.154	0
Payables related to 2011	1.463.658	6.726.364	0	0
Payables related to 2012	7.301.248	0	0	0
OPERATIONAL	8.764.906	9.296.100	9.421.086	6.597.057
TOTAL				
Payables related to 2007	0	0	0	22.507
Payables related to 2008	0	0	0	2.409.000
Payables related to 2009	0	155.344	1.525.932	6.133.341
Payables related to 2010	0	2.414.393	8.666.433	0
Payables related to 2011	1.463.658	7.911.731	0	0
Payables related to 2012	8.317.193	0	0	0
TOTAL	9.780.851	10.481.467	10.192.365	8.564.848

(*) : Provisions for accrued expenses.

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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 31/12/2012 amount to 11.173 k €.

Pension provision for 2012 amounts to 1.862 k € and is composed of the following items:

Figures in € k

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Pension Provision

In k €

EDA Staff Pension Accruals ⁽⁹⁾	2012	2011	2010	2009	2008	2007
EDA Contribution for Temporary Agents	2.213	2.046	2.002	1.842	1.633	1.456
EDA Contribution for Contract Staff	173	138	107	52	42	
Staff Contribution for Temporary Agents	1.107	1.023	1.001	921	817	728
Staff Contribution for Contract Staff	86	69	54	26	21	
Payments for Severance Grants	(1.725)	(3.711)	(1.746)	(1.603)	(933)	(0)
Payments for Maintenance of Pension Rights	(70)	(72)	(97)	(104)	(22)	(58)
Financial Interest	79	140	90	133	243	148
Total	1.862	(366)	1.411	1.267	1.800	2.273

Note: In 2012, 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.

⁽⁹⁾ 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.

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APPENDIX - SELECTED EDA ACRONYMS

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