



EUROPEAN DEFENCE AGENCY 2018 ANNUAL ACCOUNTS

JUNE 2019

EUROPEAN DEFENCE AGENCY

2018 ANNUAL ACCOUNTS

INTRODUCTION

The Annual Accounts 2018 are drafted in accordance with the EDA Financial Rules.

This report consists of:

Part I - Activity Report

Part II – The Budget Implementation Report

Part III - The Financial Statements

Part IV – Notes to the Annual Accounts

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CERTIFICATION BY THE ACCOUNTING OFFICER

The Annual Accounts of EDA for the year 2018 have been prepared in accordance with the Financial Rules applicable to the General Budget of EDA.

EDA is not yet in the position to implement fully IPSAS, although progress has been made in this respect during the past 3 years.

I have obtained from the Authorising Officer, who certified its reliability, all the information necessary for the production of the accounts that show the EDA's assets and liabilities and the budgetary implementation.

I hereby certify that based on this information, and on such checks as I deemed necessary to sign off the accounts, I have a reasonable assurance that the accounts present fairly, in all material aspects, the financial position, the results of the operations and the cash-flow of EDA.

Brussels, 28 June 2019



Tim Van Horenbeke

Accounting Officer

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PART I - ACTIVITY REPORT

RESULT OF THE YEAR

2018 Financial Highlights

Figures in k € - Budgetary Accounting

EUROPEAN DEFENCE AGENCY						
HISTORICAL BUDGETARY FINANCIAL DATA						
Figures in k €	2018	2017	2016	2015	2014	2013
REVENUES						
MEMBER STATE CONTRIBUTIONS	31,538	29,782	29,076	29,161	29,151	29,057
DEDUCTIONS FROM STAFF REMUNERATION	1,500	1,519	1,492	1,450	1,423	1,155
FINANCIAL INCOME	2	15	10	57	50	95
OTHER REVENUES	597	323	176	554	215	37
TOTAL REVENUES	33,637	31,638	30,754	31,222	30,839	30,344
EXPENSES						
PERSONNEL EXPENSES	20,850	19,724	18,967	17,701	18,552	17,775
FUNCTIONING EXPENSES	5,768	5,021	4,693	5,019	5,113	4,228
OPERATIONAL PROJECTS & STUDIES	6,376	6,394	6,857	7,372	7,068	7,680
TOTAL EXPENSES	32,994	31,140	30,517	30,093	30,733	29,683
BUDGETARY SURPLUS REPAYABLE TO pMS	643	498	237	1,129	667	831
Figures subject to rounding to nearest '000 Euro						

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EDA STRUCTURE AND FUNCTIONS

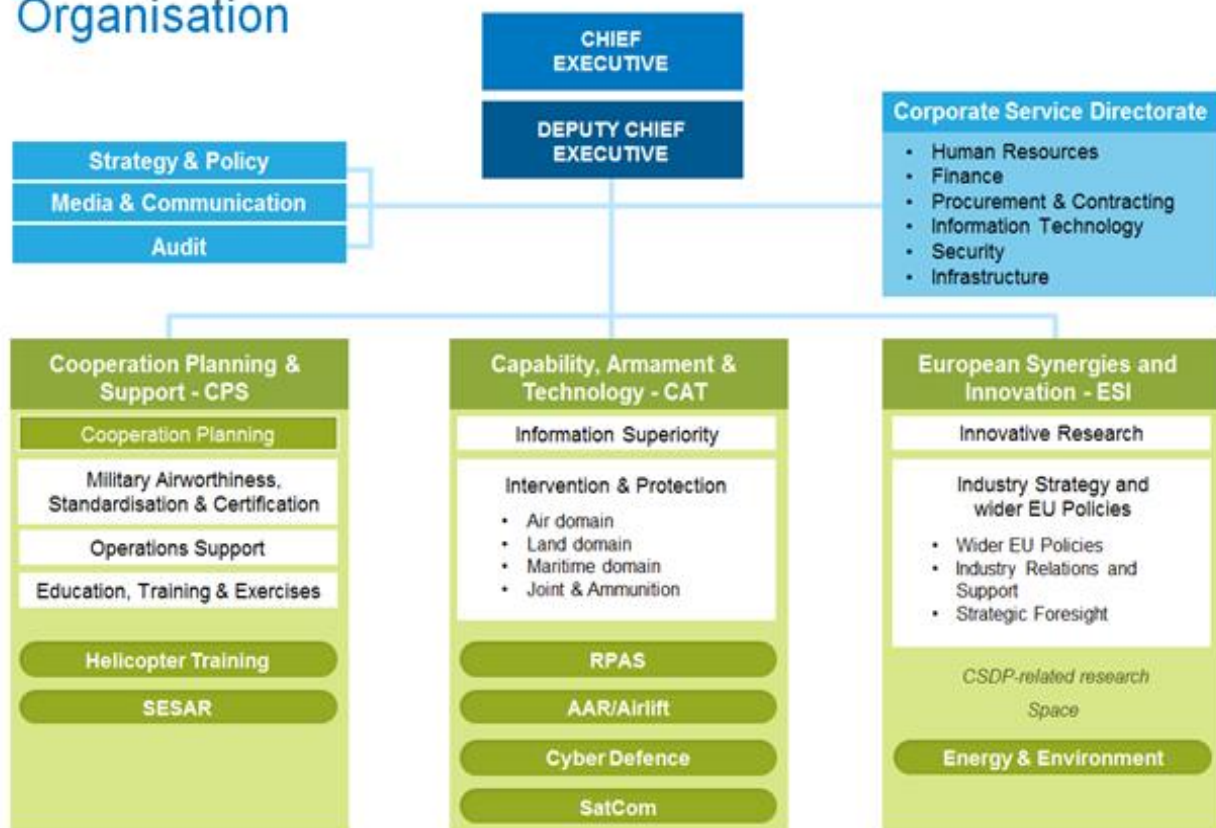
The European Defence Agency is an Agency of the European Union⁽¹⁾, falling under the direction and authority of the Council, which issues guidance and guidelines to and receives reports from the Head of the Agency, High Representative of the Union for Foreign Affairs & Security Policy/Vice-President of the European Commission.

The Agency is governed by a Steering Board. The Head of the Agency chairs the Steering Board made up of Defence Ministers from 27 participating Member States (all EU members except Denmark) and a representative 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 Agency is established "to support the Member States in their effort to improve European defence capabilities in the field of crisis management and to sustain the Common Foreign and Security Policy as it stands now and develops in the future".

The internal organisation of the Agency during 2018 is represented here below. The organisational structure changed from the 1 January 2019.

Organisation



⁽¹⁾ Council Decision (CFSP) 2015/1835 of 12 October 2015 defining the statute, seat and operational rules of the European Defence Agency and repealing Joint Action 2004/551/CFSP.

COOPERATION PLANNING & SUPPORT (CPS)

The Cooperation Planning & Support directorate focuses on the early identification of requirements at European level and the through-life aspect of capabilities. It is responsible for capability planning through the Capability Development Plan and the Cooperative Programme Database; and Pooling & Sharing including the Code of Conduct. It deals with Defence & Industry analysis to complement the identification and development of capability demands. The directorate is also responsible for key enablers to support defence cooperation and enhance interoperability: military airworthiness, standardisation and certification, SES and SESAR, and education and training. In addition, it supports CSDP operations and EU Battle groups at the request of Member States.

CAPABILITY, ARMAMENTS & TECHNOLOGY (CAT)

The Capability, Armaments & Technology directorate prepares the programmes of tomorrow by maximising synergies between capabilities, armaments and Research & Technology. The directorate brings together the Agency's work in the areas of: Information Superiority (Communication & Information Systems, Surveillance & Reconnaissance, Space, Cyber Defence; Air (Remotely Piloted Aircraft Systems, Air-to-Air Refuelling, airlift and aerial systems technologies); Land (Counter-IED, armoured systems, camp protection and land systems technologies); Maritime (Maritime Surveillance, Mine Counter Measures and naval systems technologies); and the Joint domain (mobility, transport, medical and Ammunition). Particular attention will be given to identifying future Critical Defence Technologies needed to support military capabilities.

EUROPEAN SYNERGIES & INNOVATION (ESI)

This directorate acts as an interface between defence ministries and wider EU policies that have implications for defence. Its main tasks are to promote and support innovation through innovative research in the areas such as: Components, Radio-Frequency & Optical Sensors, Materials and Structures, Energy, and CBRN protection. It develops synergies and greater complementarity with EU programmes such as Horizon 2020 and European Structural Funds. The directorate is also the Agency's focal point on Space Policy, on which it has a close dialogue with the European Commission and the European Space Agency. It is responsible for Market & Industry policy, including SMEs, Security of Supply, the REACH regulation, market efficiency and global aspects of the defence market.

CORPORATE SERVICES DIRECTORATE (CSD)

The Corporate Services Directorate provides the horizontal services that ensure the functioning of the Agency. It consists of 5 Units providing financial, contracting, ICT, HR, security and administrative services to ensure that the Agency performs in accordance with the principles of sound financial management. At the end of 2016, the Security and Infrastructure units were merged into one. In addition, the Agency's Legal Adviser and the Corporate Projects Officer report to the CSD Director.

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2018 ACTIVITY REPORT

The main activities of the Agency in 2018 are outlined in the Annual Report of the Agency 2018. This publication can be viewed on the Agency Website:
<https://www.eda.europa.eu/info-hub/publications>

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PART II – THE BUDGET IMPLEMENTATION REPORT

2018 CONSOLIDATED BUDGET IMPLEMENTATION REPORT

EUROPEAN DEFENCE AGENCY CONSOLIDATED BUDGET IMPLEMENTATION REPORT 2018									
BUDGET IMPLEMENTATION REPORT 2018	GENERAL BUDGET EUROPEAN DEFENCE AGENCY			AD HOCS			ADDITIONAL REVENUE		
	2018 Budget ^(REV)	2018 Committed	2018 Paid	2018 Budget	2018 Committed	2018 Paid	2018 Budget	2018 Committed	2018 Paid
<i>Figures in €</i>									
EXPENSES									
Title I : PERSONNEL EXPENSES	20.850.000,00	20.850.000,00	20.410.233,21	13.379,27	13.379,27	60.677,06	650.393,65	650.393,65	570.166,19
Title II : FUNCTIONING EXPENSES	5.768.272,23	5.768.272,23	4.197.187,73			20,00	185.346,78	185.346,78	156.728,37
TOTAL PERSONNEL & FUNCTIONING EXPENSES	26.618.272,23	26.618.272,23	24.607.420,94	13.379,27	13.379,27	60.697,06	835.740,43	835.740,43	726.894,56
Title III : OPERATIONAL BUDGET	6.380.000,00	6.375.618,82	984.383,79	42.662.642,30	42.662.642,30	25.908.340,64	42.701.039,76	42.701.039,76	19.636.002,99
TOTAL EXPENSES	32.998.272,23	32.993.891,05	25.591.804,73	42.676.021,57	42.676.021,57	25.969.037,70	43.536.780,19	43.536.780,19	20.362.897,55
REVENUES									
Title IV : MISC. COMMUNITY TAXES, LEVIES & DUES	1.460.000,00		1.499.510,33	22.321.290,77		22.321.290,77			
Title V : INCOME FROM OPERATING ACTIVITIES			1.809,52	1,50		1,50	327,03		327,03
Title VI : pMS CONTRIBUTIONS	31.538.272,23		31.538.272,23				28.570.275,00		28.570.275,00
Title VII : OTHER REVENUES			597.058,71				581,90		581,90
TOTAL REVENUES	32.998.272,23	0,00	33.636.650,79	22.321.292,27	0,00	22.321.292,27	28.571.183,93	0,00	28.571.183,93
BUDGETARY SURPLUS REPAYABLE TO pMS			642.759,74			N/A			N/A
<i>(Total revenues less total expenses)</i>									

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2018 BUDGET IMPLEMENTATION REPORT

EUROPEAN DEFENCE AGENCY							
BUDGET IMPLEMENTATION REPORT 2018							
	Notes	2018	2018	2018	2017	2017	2017
Figures in €	1	Budget ^(REV)	Committed	Paid	Budget ^(REV)	Committed	Paid
EXPENSES							
Title I : PERSONNEL EXPENSES	2						
Chapter 11: OFFICIALS AND TEMPORARY STAFF		15.938.211,01	15.938.211,01	15.938.211,01	16.214.939,94	16.183.866,69	16.183.866,69
Chapter 12: CONTRACT STAFF, SNEs AND TRAINEES		3.248.802,17	3.248.802,17	3.155.796,64	2.864.016,90	2.860.251,11	2.848.894,14
Chapter 13: STAFF RELATED EXPENDITURES		1.662.986,82	1.662.986,82	1.316.225,56	730.743,16	679.889,93	551.028,92
TOTAL PERSONNEL EXPENSES		20.850.000,00	20.850.000,00	20.410.233,21	19.809.700,00	19.724.007,73	19.583.789,75
Title II : FUNCTIONING EXPENSES	3						
Chapter 20: BUILDING AND BUILDING RELATED EXPENSES		3.329.590,96	3.329.590,96	2.872.740,64	3.200.569,18	3.200.481,04	2.769.911,66
Chapter 21: INFORMATION TECHNOLOGY EXPENSES		1.966.798,43	1.966.798,43	1.116.574,17	1.169.937,83	1.168.734,58	700.783,97
Chapter 22: OTHER FUNCTIONING		471.882,84	471.882,84	207.872,92	656.492,99	652.104,65	510.911,47
TOTAL FUNCTIONING EXPENSES		5.768.272,23	5.768.272,23	4.197.187,73	5.027.000,00	5.021.320,27	3.981.607,10
TOTAL PERSONNEL & FUNCTIONING EXPENSES		26.618.272,23	26.618.272,23	24.607.420,94	24.836.700,00	24.745.328,00	23.565.396,85
Title III : OPERATIONAL BUDGET EXPENSES							
OPERATIONAL PROJECTS AND STUDIES	4	6.380.000,00	6.375.618,82	984.383,79	6.400.000,00	6.394.460,13	864.295,63
TOTAL OPERATIONAL BUDGET		6.380.000,00	6.375.618,82	984.383,79	6.400.000,00	6.394.460,13	864.295,63
TOTAL EXPENSES		32.998.272,23	32.993.891,05	25.591.804,73	31.236.700,00	31.139.788,13	24.429.692,48
REVENUES							
Title IV: TAXATION							
Chapter 40: DEDUCTIONS FROM STAFF REMUNERATION		1.460.000		1.499.510	1.445.000,00		1.518.803,04
Title V: FINANCIAL INCOME							
Chapter 50: FINANCIAL INCOME				1.809,52	10.000,00		14.936,30
Title VI: MEMBER STATE CONTRIBUTIONS							
Chapter 60 : MEMBER STATE CONTRIBUTIONS	6	31.538.272,23		31.538.272,23	29.781.700,00		29.781.700,00
Title VII: OTHER REVENUES							
Chapter 75 : OTHER REVENUES				597.058,71			322.621,02
TOTAL REVENUES		32.998.272,23		33.636.650,79	31.236.700,00		31.638.060,36
BUDGETARY SURPLUS	7			642.759,74			498.272,23

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Budget Transfers and Amendments:

EUROPEAN DEFENCE AGENCY			
2018 Budget Transfers			
<i>Figures in €</i>			
EXPENDITURES	Initial budget	Transfers and amendments	Final
Title I - Personnel expenditures			
Total Personnel expenditures	21,700,000.00	- 850,000.00	20,850,000.00
Title II - Functioning Expenditures			
Total Functioning Expenditures	5,300,000.00	468,272.23	5,768,272.23
Title III - Operational expenditures			
Total Operational expenditures	5,500,000.00	880,000.00	6,380,000.00
TOTAL EXPENDITURES	32,500,000.00	498,272.23 *	32,998,272.23

* Surplus 2017 entered into budget 2018

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Budget Summary 2018:

Budgetary expenditure for 2018						
Title	Budget A	Committed B	%	Paid C	%	Surplus Budget/Expenditure D = A-B
Title I Personnel Expenses	20.850.000,00	20.850.000,00	100%	20.410.233,21	98%	0,00
Title II Functioning Expenses	5.768.272,23	5.768.272,23	100%	4.197.187,73	73%	0,00
Title III Operational Expenses	6.380.000,00	6.375.618,82	99%	984.383,79	15%	4.381,18
Total	32.998.272,23	32.993.891,05	99%	25.591.804,73	78%	4.381,18
Budgetary Revenue for 2018						
Title	Budget A			Revenue B	% C	Surplus Revenue E = B-A
Title IV Deductions from Staff Remuneration	1.460.000,00	-	-	1.499.510,33	103%	39.510,33
Title V Financial Income	0,00	-	-	1.809,52	-	1.809,52
Title VI pMS Contributions	31.538.272,23	-	-	31.538.272,23	100%	0,00
Title VII Other Revenues	0,00	-	-	597.058,71	-	597.058,71
Total	32.998.272,23	-	-	33.636.650,79	102%	638.378,56
Total Surplus for 2018 D + E						642.759,74

Reconciliation of 2014-2018 Carry forwards:

Title	2014 Carryforwards to 2018	2015 Carryforwards to 2018	2016 Carryforwards to 2018	2017 Carryforwards to 2018	2014 Carryforwards Paid in 2018	2015 Carryforwards Paid in 2018	2016 Carryforwards Paid in 2018	2017 Carryforwards Paid in 2018	Carryforwards cancelled in 2018	2014 Carryforwards to 2019	2015 Carryforwards to 2019	2016 Carryforwards to 2019	2017 Carryforwards to 2019	2018 Carryforwards to 2019
Title I Personnel Expenses				140.217,98				127.897,99	12.319,99					439.766,79
Title II Functioning Expenses				1.039.713,17				949.340,95	57.293,52				33.078,70	1.571.084,50
Title III Operational Expenses	118.500,00	193.995,32	3.377.671,33	5.530.164,50			2.502.609,90	2.457.815,62	33.287,51	118.500,00	186.000,00	866.757,05	3.055.361,07	5.391.235,03
Totals	118.500,00	193.995,32	3.377.671,33	6.710.095,65			2.502.609,90	3.535.054,56	102.901,02	118.500,00	186.000,00	866.757,05	3.088.439,77	7.402.086,32

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PART III – THE FINANCIAL STATEMENTS (accrual accounting)

2018 BALANCE SHEET

EUROPEAN DEFENCE AGENCY			
2018 FINANCIALS			
BALANCE SHEET			
	<i>Notes</i>	31.12.2018	31.12.2017
<i>Figures in €</i>			
ASSETS			
ASSETS			
A. NON-CURRENT ASSETS			
FITTING-OUT OF PREMISES (merged with OFFICE TECHN. EQUIPMENT)		0	0
SECURITY EQUIPMENT (merged with OFFICE TECHN. EQUIPMENT)		0	59.893
IT EQUIPMENT		81.142	57.226
OFFICE FURNITURE		4.614	8.918
OFFICE TECHNICAL EQUIPMENT		27.810	20.004
TOTAL NON-CURRENT ASSETS	8	113.565	146.041
B. CURRENT ASSETS			
Short-term receivables			
INTERESTS RECEIVABLE		0	61
OTHER RECEIVABLES	13	105.890	5.510
Short-term receivables		105.890	5.571
Cash and cash equivalents			
EDA BANK ACCOUNTS		24.852.065	24.827.029
PETTY CASH			
Cash and cash equivalents	9	24.852.065	24.827.029
TOTAL CURRENT ASSETS		24.957.955	24.832.600
TOTAL ASSETS		25.071.520	24.978.641
LIABILITIES			
STAKEHOLDERS			
ADVANCE ON PMS CONTRIBUTIONS		292.884	2.423.392
OUTSTANDING RECEIVABLES		0	584
CAPEX & DEPRECIATION ADJ. (YEAR N-1)		5.405.697	515.044
ACCOUNTING SURPLUS/LOSS		1.946.262	4.890.652
STAKEHOLDERS	10	7.644.842	7.829.672
SUPPLIER PAYABLES			
ACCRUED EXPENSES	11	5.004.903	5.638.865
- THEREOF FUNCTIONING		747.260	443.680
- THEREOF OPERATIONAL		4.257.643	5.195.185
PENDING INVOICES		(4.358)	133.049
SUPPLIER PAYABLES		5.000.545	5.771.914
STAFF PAYABLES			
STAFF PENSION ACCRUALS (RCN)	12	12.410.788	11.328.280
EMPLOYEES / PENDING INVOICES		15.233	48.663
STAFF PAYABLES (9TK)		112	112
STAFF PAYABLES		12.426.132	11.377.055
TOTAL LIABILITIES		25.071.520	24.978.641

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2018 CASH FLOW STATEMENT

EUROPEAN DEFENCE AGENCY			
2018 FINANCIALS			
CASH FLOW			
<i>Figures in €</i>	<i>Notes</i>	31.12.2018	31.12.2017
OPENING BANK ACCOUNT BALANCE		24.827.028,77	28.430.605,28
CASH RECEIVED FROM PMS			
PMS CONTRIBUTIONS	6	31.039.999,99	29.545.000,00
REIMBURSEMENT OF YEAR N-1 SURPLUS		(642.759,74)	(498.272,23)
DEFERRED PAYMENTS OF CONTRIBUTIONS & ADJUSTMENTS		1.306.665,25	1.279.796,24
Subtotal		31.703.905,50	30.326.524,01
CASH RECEIVED FROM OTHER SOURCES			
RESIDUAL FUNDS GUARANTEE BANK ACCOUNT	9	16,57	0,00
OTHER RECEIPTS		68.956,21	0,00
RESIDUAL FUNDS SESAR BANK ACCOUNT	14	287.627,73	0,00
REFUND DESIRE II PROJECT	5	459.139,00	0,00
Subtotal		815.739,51	0,00
CASH RECEIVED FROM BANK			
INTERESTS CREDITED DURING THE YEAR	5	60,97	0,00
Subtotal		60,97	0,00
TOTAL CASH INFLOWS		32.519.705,98	30.326.524,01
CASH SPENT FOR FUNCTIONING & OPERATIONAL EXPENSES			
PAYMENTS FOR FUNCTIONING EXPENSES		26.526.845,15	26.531.033,09
PAYMENTS FOR OPERATIONAL EXPENSES		5.967.825,04	7.399.067,43
TOTAL CASH OUTFLOWS		32.494.670,19	33.930.100,52
CLOSING BANK ACCOUNT BALANCE		24.852.064,56	24.827.028,77

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2018 STATEMENT OF FINANCIAL PERFORMANCE

STATEMENT OF FINANCIAL PERFORMANCE			Reporting period (01.2018-16.2018)	Comparison period (01.2017-16.2017)
I. ECONOMIC RESULT OF THE YEAR (CALCULATED)		NOTES	-1.946.261,55	-4.603.718,81
II.1 REVENUES				
II.1.2. EXCHANGE REVENUES				
II.1.2.2. OTHER EXCHANGE REVENUE				
II.1.2.2.4. EXCH RATE DIFF GAINS FROM OP ACT	74850000	Realised Exchange Rate Gains	0,00	-40,61
II.1.2.2.5. Sales Revenue	74023000	5 Sales & Revenue - Other	-527.445,20	0,00
II.1.2.2.7. Other Ex Operating Revenues	74025000	5 Miscellaneous income exchange - EU taxation	-1.499.510,33	-1.554.490,41
Member States Contributions	74000510	6 Member States Contributions	-31.039.999,99	-29.545.000,00
Interst Income on late payment	75013000	5 Interst Income on late payment	-1.809,52	-14.895,69
TOTAL REVENUE			-33.068.765,04	-31.114.426,71
II.2. EXPENSES				
II.2.3.3. Studies and Projects				
	60010000	4 operating expense - studies and projects	5.063.571,10	2.369.313,80
II.2.6. STAFF AND PENSION COSTS				
II.2.6.1. STAFF EXPENSES				
	62000000	2 Staff Costs (excluding ENDS and others	17.745.304,45	17.251.891,62
	62040000	Staff perquisites and social activitie	247.750,32	27.099,49
	62050000	Allowances (excluding ENDS and other Ex	832.419,99	777.362,16
	62051000	Allowances for ENDS and other Experts	1.241.963,13	1.003.507,05
II.2.10. OTHER EXPENSES				
II.2.10.1.1.1. Administrative and IT exp.				
	61010000	3 Office Supplies & maintenance	1.722.667,60	1.106.445,64
	61020000	Communications & publications	434.264,29	360.368,51
	61030000	Legal Expenses	39.637,52	7.187,80
	61040000	Insurance	3.595,24	3.410,66
	61050000	Car & Transport expenses	11.618,76	10.182,39
	61060000	EPSO Costs (Recruitment)	56.404,17	66.984,98
	61070000	Training Costs	60.004,00	29.138,22
	61080000	Missions	515.545,78	435.902,44
II.2.10.1.1.2. Other Expenses	61095000	3 OTHER EXTERNAL SERVICE PROVIDER (NON-IT	62.912,04	166.032,75
	61100000	Expenses with other consolidated entities	6.620,00	5.550,00
II.2.10.2. Operating Lease Expenses	61001000	3 Land & Building operating lease	1.483.421,03	1.459.785,77
II.2.10.4. Fixed asset related expenses	63020000	8 Depreciation of tangible fixed assets	112.850,71	149.590,01
II.2.10.4.3. LAND AND BUILDINGS	61002000	3 Maintenance & Security - Building	1.481.935,14	1.280.954,61
II.2.10.5. EXCH RATE DIFF LOSSES FROM OP ACT	64850000	Realised Exchange Rate Losses	18,22	0,00
TOTAL EXPENDITURE			31.122.503,49	26.510.707,90

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2018 STATEMENT OF CHANGES IN NET ASSETS

EUROPEAN DEFENCE AGENCY		
STATEMENT OF CHANGES IN NET ASSETS		
	2018	2017
<i>Figures in €</i>		
BALANCE AS OF 31ST DECEMBER 2017	7.829.672	5.007.189
Revenue deferred	-175.885	-2.067.505
Amounts receivable - Member States	-1.954.623	3.490
Accounting surplus	-2.944.391	4.728.461
Capex&Depreciation adj (year N+1)	4.890.653	162.191
Outstanding receivables	-584	-4.154
BALANCE AS OF 31ST DECEMBER 2018	7.644.842	7.829.672

The statement of changes in net assets reflects the movement in the liabilities as from 31st December 2017 to 31st of December 2018.

RECONCILIATION BETWEEN BUDGET OUTTURN AND ECONOMIC OUTTURN

EUROPEAN DEFENCE AGENCY		
RECONCILIATION BETWEEN BUDGET OUTTURN AND ECONOMIC OUTTURN		
	2018	2017
<i>Figures in €</i>		
Budgetary result	642.760	447.898
<i>Adjustment for items not in the budgetary result but in the economic result</i>		
Accumulated depreciations	-112.851	-149.590
Asset acquisitions	80.375	17.273
OB Contracts (pro rata cost)	-5.063.571	-2.369.314
Functioning Accruals	-747.260	-443.680
<i>Adjustment for items in the budgetary result but not in the economic result</i>		
Carryforward cancellation	-69.614	-286.934
Carry-over	6.730.311	6.760.470
OB Contracts (total amount paid)	984.384	864.296
Budget amendment	-498.272	-236.700
Total	1.946.262	4.603.719
Economic result	-1.946.262	-4.603.719
Discrepancy	0	0

PART IV – NOTES TO THE ANNUAL ACCOUNTS

Note 1: Basis of Presentation and Specific Accounting Policies

BASIS OF PRESENTATION

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

- Council Decision (CFSP) 2015/1835 of 12 October 2015 defining the statute, seat and operational rules of the European Defence Agency
- Council Decision (EU) 2016/1353/CFSP of 4 August 2016 on the financial rules of the European Defence Agency.
- in certain tables figures have been rounded to the nearest '000 € for ease of reference

2018 Budget

The European Defence Agency general Budget for 2018 was adopted by the Steering Board on 28 November 2017.

In the course of 2018, the budget was amended in accordance with Article 6.4 of Council Decision (EU) 2016/1353 on EDA Financial Rules. Surplus 2017 of 498,272.23 € was entered in the budget 2018 bringing the European Defence Agency general budget to a total of 32,998,272.23 €. See table 2018 Budget transfers and amendments for information on budget allocation.

The 2018 Amending budget was approved by the Steering Board on 19 October 2018.

pMS Contributions

Contributions, from 27 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 due in three instalments, by 15 March, 15 June and 15 October (Art. 16, Council Decision (CFSP) 2015/1835 of 12 October 2015 defining the statute, seat and operational rules of the European Defence Agency).

Budget structure and presentation

At the end of 2018, EDA migrated to the new financial management and accounting system ABAC/SAP. Thereupon, the budget structure was adjusted to allow better reporting per budget areas. This does not represent major changes at Title level, except for representation costs which were moved from Functioning expenditure to Personnel expenses. Consequently, Title I total was increased by 15,000 € and Title II total decreased by the same amount.

Moreover, 2018 EDA general budget was adopted by the Steering Board at chapter level. According to Article 21 EDA Financial Rules, "*the structure of the budgetary implementation report shall be the same as of the budget itself*". The presentation of the budget implementation report in the annual accounts 2018 follows this requirement.

⁽²⁾ 28 EU Member States excluding Denmark

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SPECIFIC ACCOUNTING POLICIES

At the end of 2018, EDA migrated to the new financial management and accounting system ABAC/SAP. Thereupon, some of the accounts were merged while others were split in order to have a better and more structured overview.

Fixed Asset Policy

Items acquired by the Agency whose purchase price is 5.000 € or more, with a period of use greater than one year, and which are not consumables are recorded in the fixed assets accounts. The Agency performs an annual inventory of its fixed assets, where all qualifying assets are individually monitored and recorded in the fixed asset database.

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. Up to 2014 the capital expenditure and depreciation were both reflected in the expense column and then re-adjusted. These balancing transactions are not reflected from 2015 onwards.

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.).

Accruals

Accrual charges for Title I and II are calculated based on expected invoices to be received beginning 2019 and still relate to good/services delivered in 2018.

Project and studies are usually done over a longer period, therefore the calculation for Title III is done on a pro rata basis in order to divide the expenses of the project/study over its entire contract duration.

Note 2: Personnel Expenses

PERSONNEL EXPENSES

Personnel expenses amount to 20.850 M €

The remuneration of the members of the temporary and contract Staff is determined according to the same rules as those set out in the EU Staff Regulations.

STAFF CATEGORIES AT THE AGENCY

EDA employs 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), corresponding to administrative, advisory, linguistic and scientific duties, and assistants' function group (AST), corresponding to executive, technical and clerical duties.

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 and in accordance with the EDA SNE Rules.

4. Experts on cost-free secondment

Temporarily assigned experts from the Member States' administrations, from a third country with which the Agency has concluded an administrative arrangement, or from organisations/entities with an Administrative Arrangement with the Agency. These secondments do not entail the payment of any allowances or expenses for the Agency.

5. Trainees

EDA has been offering a few traineeship placements through the Blue Book Traineeship scheme run by the European Commission and launched its own traineeship programme in October 2018. This will gradually replace the Blue Book Traineeship scheme.

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.

Staff Statutory Allowances & Staff Social Protection

Staff Statutory Allowances & Staff Social Protection are governed by the EDA Staff Regulations.

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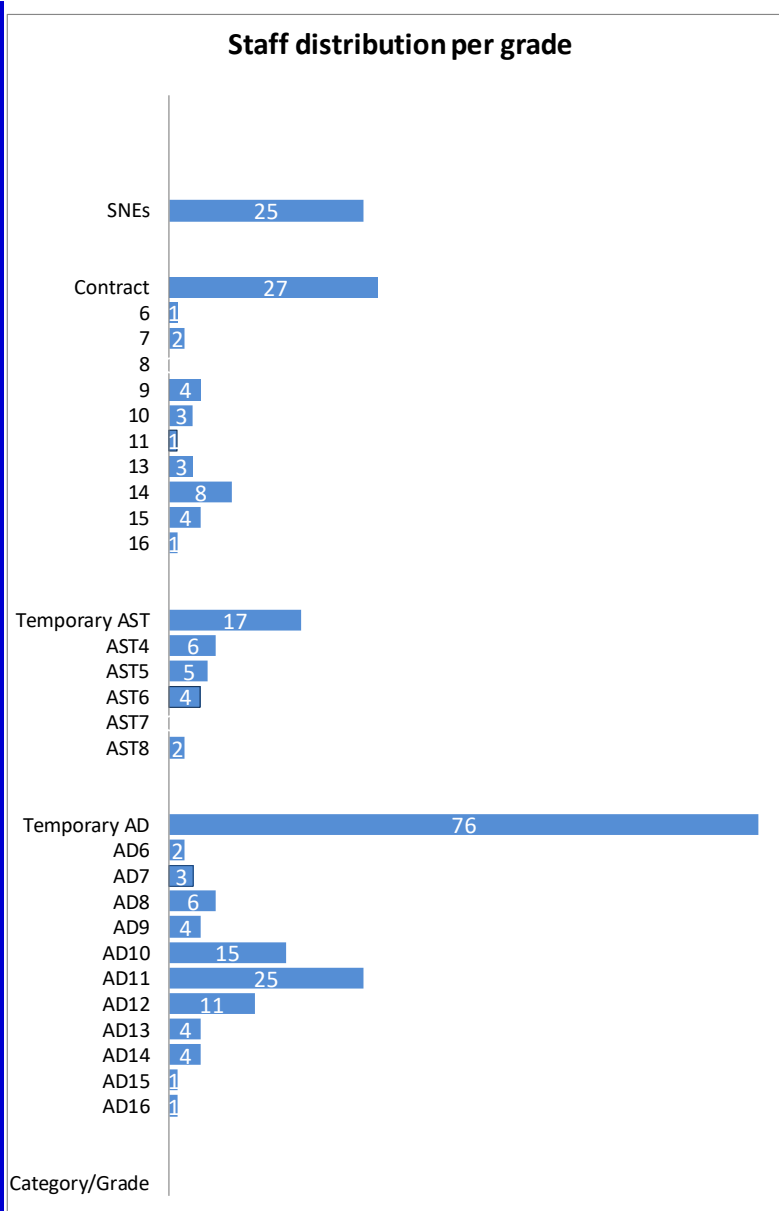
Other Staff Expenses

Orphans Pension: The 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.

Invalidity Pension: following termination of employment with the EDA due to invalidity one former Contract Staff member is currently in receipt of Invalidity Allowance.

Staff present on 31/12/2018

Staff present 31/12/2018			
Category/Grade	Total	Female	Male
AD16	1	0	1
AD15	1	0	1
AD14	4	0	4
AD13	4	0	4
AD12	11	1	10
AD11	25	1	24
AD10	15	3	12
AD9	4	1	3
AD8	6	3	3
AD7	3	3	0
AD6	2	1	1
Temporary AD	76	13	63
		17%	83%
AST8	2	1	1
AST7	0	0	0
AST6	4	3	1
AST5	5	3	2
AST4	6	4	2
Temporary AST	17	11	6
		65%	35%
16	1	0	1
15	4	1	3
14	8	1	7
13	3	1	2
11	1	1	0
10	3	2	1
9	4	2	2
8	0	0	0
7	2	1	1
6	1	0	1
Contract	27	9	18
		33%	67%
SNEs	25	0	25
		0%	100%



Staff Allowances on Entering & Leaving Service

Staff allowances on entering & leaving service are governed by the EDA Staff Regulations.

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Contract Staff

27 Contract Staff were present in the Agency on 31/12/2018. Payment of salary and allowances of contract staff are governed by the EDA Staff Regulations.

Seconded National Experts (SNEs)

On 31/12/2018, 25 SNEs were present at the Agency. Payment of allowances are governed by the SNE rules of the Agency.

Trainees

On 31/12/2018, the Agency had 4 Blue Book trainees and 6 EDA trainees.

Recruiting Expenses

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

Staff Training & Conference Fees

Staff training expenses: mandatory and professional development 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

Representation Expenses

Expenses related to official receptions: catering, event organisation.

Note 3: Functioning Expenses

Building and Building Related Expenses:

Building lease expenditures

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.

Fitting-out of Premises & Office Furniture

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.

Desks, tables, chairs, conference room equipment, filing cabinets, cupboards and all miscellaneous office furniture.

Building Surveillance Services

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

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Security Equipment

Surveillance cameras, surveillance locks, cabinets, secure doors and other equipment to ensure security of EDA premises. Expenses include annual depreciation charge.

Cleaning and facility services

Building cleaning and maintenance contracts, including cleaning supplies.

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.

Utility Services

Building utility expenses related to water, electricity and heating.

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.

Office Supplies

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

Postal & Delivery Expenses

Postage, express mail, P.O. Box.

Mobility related expenditures

Rental fee for office vehicles and maintenance costs.

Information Technology Expenses:

IT Services and Development

Expenses related to development and installation of software, banking software, financial management and accounting system.

Software Hardware and Maintenance

All expenses related to the Agency's IT systems: servers, desktops, laptops and other IT equipment and software. Expenses include annual depreciation charge.

Maintenance of Copiers

Rental and maintenance of photocopiers.

Telecom Expenses

Telecommunication expenses: mobile, internet and dedicated lines.

Other Functioning:

Subscriptions and Publication services

Expenses related to specialised information sources and press subscriptions.

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Corporate Communication expenditures

Expenses related to EDA conferences and seminars.

Internal Meetings

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

Other Services

Other services including legal support, translation, audits and consultancies.

Financial Charges

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

Note 4: 2018 Operational Projects and Studies

In 2018 EDA concluded the following contracts amounting to 5.975k €. A global commitment of 400k € was made on the basis of launched calls for tender.

Contract Number	Description	Committed	Cost 2018	Cost 2019	Cost 2020	Cost 2021
18.CAT.FC.032	Cyber Defence Presidency event	12.500,00	12.500,00	-	-	-
18.CAT.FC.036	Support to C295 User Groups in 2018 - Romania	20.000,00	20.000,00	-	-	-
18.CAT.FC.037	Design EU certified training module for ship and rescue divers	60.000,00	-	60.000,00	-	-
18.CAT.FC.308	Support to C27 User Groups in 2018 - Italy	24.989,07	24.989,07	-	-	-
18.CAT.FC.382	AIR TO AIR REFUELLING SUPPORT EART 2019	5.000,00	5.000,00	-	-	-
18.CAT.NP1.021	Geospatial Information to Support decision Making in Operations (GISMO) 4 - FOC	100.000,00	55.342,47	44.657,53	-	-
18.CAT.NP1.094	Space Based Earth Observation - External Assistance for BC, FWC	200.000,00	-	186.338,80	13.661,20	-
18.CAT.NP3.001	Maritime Strategic Research Agenda (SRA) 2018	120.000,00	94.027,40	25.972,60	-	-
18.CAT.NP3.024	Future Defence Positioning Navigation and Timing	140.000,00	83.005,46	56.994,54	-	-
18.CAT.NP3.038	MARSUR Extension, Software Benchmark Studies	61.500,00	6.805,33	54.694,67	-	-
18.CAT.NP3.044	Non-Lethal Capabilities Training Syllabus	50.000,00	33.388,16	16.611,84	-	-
18.CAT.OP.027	Application of Big Data and Artificial Intelligence techniques in C4ISR environments	164.800,00	-	158.027,40	6.772,60	-
18.CAT.OP.042	Next Generation of Anti-tank weapons	179.689,00	-	158.027,86	21.661,14	-
18.CAT.OT.025	Future Defence Earth Observation	200.000,00	63.492,06	67.973,86	68.534,08	-
18.CAT.OT.041	C-IED Technical Exploitation Training (TET)	30.000,00	30.000,00	-	-	-
18.CAT.OT.264	Technical Exploitation (Tech Ex) Trial Level 1 & 2	5.000,00	1.252,57	3.747,43	-	-
18.CAT.PO.294	PR SERE Training Tool	290,00	290,00	-	-	-
18.CAT.RE.139	EART2018-Badges in the welcome package	300,00	300,00	-	-	-
18.CAT.RE.402	Reimbursement of experts for the EDA – FRONTEX Cooperation - Design of an EU certified standard for tr	10.000,00	4.602,27	5.397,73	-	-
18.CAT.RE.440	EDA Annual Membership EUROCAE	4.000,00	4.000,00	-	-	-
18.CAT.SC.022	Radio Spectrum	124.649,33	103.134,51	21.514,82	-	-
18.CAT.SC.023	GovSatCom Pooling and Sharing Technical Support	82.942,00	3.630,84	41.300,80	38.010,36	-
18.CAT.SC.028	Cyber Strategic Research Agenda Implementation	168.002,30	-	157.876,13	10.126,17	-
18.CAT.SC.029	Cyber R&T study on emerging technologies	150.000,00	-	150.000,00	-	-
18.CAT.SC.033	Cyber Defence Training and Exercise Coordination and Support Platform Build 2	150.000,00	11.929,82	63.859,65	64.035,09	10.175,44
18.CAT.SC.034	Cyber Defence course development	124.930,00	-	64.824,11	60.105,89	-
18.CAT.SC.043	Deployability Symposium 2018	39.335,34	39.335,34	-	-	-
18.CAT.SC.080	AAR Conference in Europe	44.206,19	44.206,19	-	-	-
18.CAT.SC.221	Survey on legal framework in terms of Military Mobility	40.000,00	-	40.000,00	-	-
18.CAT.SC.327	CYBER DEFENCE REQUIREMENTS ENGINEERING (CYDRE)	99.600,00	11.733,70	87.866,30	-	-
18.CAT.SC.369	Air-to-Air Refuelling Conference Europe 2019	49.919,00	2.936,41	46.982,59	-	-
18.CAT.SC.375	CYBER DEFENCE PILOT COURSE DEVELOPMENT SCHEME - AMENDMENT	98.640,00	-	-	48.022,11	50.617,89
18.CAT.SC.377	- CYBER DEFENCE TECHNOLOGY LANDSCAPING STUDY – CYBER THREAT LANDSCAPE	149.080,00	-	69.747,41	74.438,03	4.894,56
18.CAT.SC.396	CYBER DEFENCE REQUIREMENTS ENGINEERING (CYDRE) – ITER2	99.600,00	3.057,89	79.505,26	17.036,84	-
18.CAT.SC.399	SC31 Provision of GOVSATCOM Service Management Tool	201.157,50	11.078,24	190.079,26	-	-
18.CPS.FC.055	Military Airworthiness Conference 2018	10.000,00	10.000,00	-	-	-
18.CPS.FC.057	DTEB Round Robin Test/MEx on Ammunition Safety	50.000,00	12.328,77	37.671,23	-	-
18.CPS.FC.062	European Armaments course 2018	19.000,00	19.000,00	-	-	-
18.CPS.FC.064	ETAP - I - 01 Tactical Instructor Course (January)	8.000,00	8.000,00	-	-	-
18.CPS.FC.065	ETAP - I - 02 Tactical Instructor Course (January)	8.000,00	8.000,00	-	-	-
18.CPS.FC.068	ETAP - I - 03 Tactical Instructor Course (February)	8.000,00	8.000,00	-	-	-
18.CPS.FC.069	ETAP - I - 04 Tactical Instructor Course (November)	8.000,00	8.000,00	-	-	-

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18.CPS.FC.070	ETAP - C 18-1 Advanced Tactical Course + NVG (February)	5.388,12	5.388,12	-	-	-
18.CPS.FC.071	ETAP - C - 18-2 Advanced Tactical Course (April)	5.483,60	5.483,60	-	-	-
18.CPS.FC.072	ETAP - C - 18-3 Advanced Tactical Course (May)	2.590,56	2.590,56	-	-	-
18.CPS.FC.073	ETAP - C - 18-4 Advanced Tactical Course (September)	5.304,09	5.304,09	-	-	-
18.CPS.FC.074	ETAP - T - 18 Training (Jun)	13.494,00	13.494,00	-	-	-
18.CPS.FC.075	ETAP - S 18-2018 Symposium-Oct/Nov	5.000,00	5.000,00	-	-	-
18.CPS.FC.076	SPARTAN EXERCISE (May)	12.812,60	12.812,60	-	-	-
18.CPS.FC.077	EDA Exercise (endorsed in already existing ex.)	13.000,00	13.000,00	-	-	-
18.CPS.FC.322	European Armaments Cooperation Course (EACC) 2019	20.000,00	20.000,00	-	-	-
18.CPS.FC.329	CDP-T meeting in Slovenia	3.000,00	3.000,00	-	-	-
18.CPS.NP1.053	Defence Policy Database Content Management	15.000,00	8.770,49	6.229,51	-	-
18.CPS.NP1.079	Hybrid Warfare - Harbour Protection Workshop	12.000,00	12.000,00	-	-	-
18.CPS.NP1.162	Renewal of Access to MB plus database	11.457,59	5.587,54	5.870,05	-	-
18.CPS.NP1.220	Pigeonhole software license	464,72	464,72	-	-	-
18.CPS.NP1.237	Pigeonhole software license	473,47	473,47	-	-	-
18.CPS.NP1.299	Catering Services - CPS	220,00	220,00	-	-	-
18.CPS.RE.439	Reimbursement of travel costs workshop on Harbour Protection (Mrs Kirchberger)	411,89	411,89	-	-	-
18.CPS.SC.048	MAWA EMAR SUPPORT FWC 2018 SC1 2018	11.603,66	11.603,66	-	-	-
18.CPS.SC.049	CDP tool Training	79.381,00	6.708,25	67.827,90	4.844,85	-
18.CPS.SC.050	Monitoring Military Capabilities	179.000,00	135.606,06	43.393,94	-	-
18.CPS.SC.051	CODABA Development 2018	79.680,00	65.604,79	14.075,21	-	-
18.CPS.SC.052	Studies on specific Collaborative Opportunities on Helicopters derived from the CODABA	39.488,00	25.034,88	14.453,12	-	-
18.CPS.SC.054	RTTD: Deliver IOC Constellation	150.000,00	90.983,61	59.016,39	-	-
18.CPS.SC.056	EMACC update	99.923,00	-	99.923,00	-	-
18.CPS.SC.058	EDSTAR Data Maintenance 2018	100.000,00	8.493,15	91.506,85	-	-
18.CPS.SC.059	EDA T&E Capability Gap Analysis Study.	74.819,96	11.069,25	63.750,71	-	-
18.CPS.SC.060	DTEB Maintenance II 18-19	24.722,50	24.722,50	-	-	-
18.CPS.SC.061	J1FAS Specific Order in support of EUNAVFOR MED	49.997,00	26.774,35	23.222,65	-	-
18.CPS.SC.063	SESAR World ATM Conference	27.982,50	12.242,34	15.740,16	-	-
18.CPS.SC.091	SUPPORT TO CDP STRAND B REVISION	7.000,00	3.595,63	3.404,37	-	-
18.CPS.SC.116	Counter terrorism	40.000,00	18.684,21	21.315,79	-	-
18.CPS.SC.133	MAWA EMAR SUPPORT FWC 2018 SC2 2018	5.957,42	5.957,42	-	-	-
18.CPS.SC.169	CODABA MAINTENANCE 1	10.320,00	8.497,01	1.822,99	-	-
18.CPS.SC.215	DTEB Development	67.770,00	20.743,29	47.026,71	-	-
18.CPS.SC.257	DTEB Maintenance	5.920,00	1.812,02	4.107,98	-	-
18.CPS.SC.262	Development PESCO CWS & CODABA	80.000,00	34.716,98	45.283,02	-	-
18.CPS.SC.298	SC30 Maintenance service for PESCO CWS, CODABA and FNC DWS	20.000,00	8.679,25	11.320,75	-	-
18.CPS.SC.314	SC33 MAWA EMAP SIX	29.555,00	-	29.555,00	-	-
18.CPS.SC.320	Test and Evaluation Gap Analysis study - annual update	34.930,40	15.990,86	18.939,54	-	-
18.CPS.SC.333	European Medium Altitude, Long Endurance, Remotely Piloted Aircraft System (MALE RPAS) Training Te	150.000,00	11.065,57	138.934,43	-	-
18.CPS.SC.361	Updated Media Products for EU SATCOM Market	2.872,50	2.872,50	-	-	-
18.CPS.SC.393	SC37 CODABA 2019	80.000,00	-	53.626,37	26.373,63	-
18.CPS.SC.394	EU SATCOM MARKET AND LICENSES FOR THE WEB PORTAL FOR ORDERING	8.597,84	184,57	5.598,59	2.814,68	-
18.CPS.SC.400	MAWA IRD Services	10.080,00	1.680,00	8.400,00	-	-
18.CPS.SC.410	SC38 CODABA 2019	20.000,00	-	17.176,47	2.823,53	-
18.CSD.SC.331	Catering Services - CPS	780,00	-	780,00	-	-
18.CSD-IT.SC.430	MAWA IRD Licenses	4.627,11	1.699,75	2.927,36	-	-
18.ESI.FC.326	RT Conference in Bucharest under the auspices of the RO Presidency of the European Council	25.000,00	-	25.000,00	-	-
18.ESI.NP3.010	'Total Energy and Environment Military Capability Assessment Framework	112.575,00	12.303,28	100.271,72	-	-
18.ESI.NP3.018	CapTech- General	96.584,28	-	90.762,76	5.821,52	-
18.ESI.NP3.291	STUDY ON EO SENSORS PERFORMANCE IMPROVEMENT IN DEGRADED VISUAL ENVIRONMENT (SPIDVE)	105.659,28	-	105.659,28	-	-
18.ESI.OP.005	CapTech Radar SRA - Update 2018	120.000,00	72.215,57	47.784,43	-	-
18.ESI.OP.006	Study on Innovative Defence Guidance & Control technologies for Weapons, Platforms and Unmanned S	140.000,00	45.260,27	94.739,73	-	-
18.ESI.OP.288	"OSRA methodology and OSRA IT tool"	-	-	-	-	-
18.ESI.OP.301	Update or development of the Strategic Research Agendas	-	-	-	-	-
18.ESI.OT.013	EDA-JRC Tech Watch Tools	65.000,00	-	32.411,20	32.588,80	-
18.ESI.OT.392	Update of the 2019 EDA-JRC SLA ON TECH WATCH TOOLS MAINTENANCE AND SUPPORT	65.000,00	-	32.411,20	32.588,80	-
18.ESI.PRZ.015	2018 Innovation in Defence Challenge: GNC and CBRN Prizes	23.000,00	23.000,00	-	-	-
18.ESI.SC.011	Defence Energy Managers' Course (DEMC)	49.900,00	5.688,60	36.327,20	7.884,20	-
18.ESI.SC.014	TFFO SC2	24.980,00	-	23.341,97	1.638,03	-
18.ESI.SC.016	Enrichment of OSRA toolchain	44.950,00	4.187,12	40.762,88	-	-
18.ESI.SC.083	Identification and Prioritisation of Research (OSRA)	-	-	-	-	-
18.ESI.SC.135	Smart textiles in defence	135.850,00	-	128.055,33	7.794,67	-
18.ESI.SC.304	Human Factors SRA	-	-	-	-	-
18.ESI.SC.305	Provision of services related to the CapTech components Strategic Agenda (SRA) Update, including New	-	-	-	-	-
18.ESI.SC.369	2nd and 3rd Steady State Defence Energy Managers' Course (DEMC)	99.800,00	-	55.836,66	43.963,34	-
18.ESI.SC.373	TFFO SC3	74.686,00	-	69.788,56	4.897,44	-
18.ESI.SC.409	SC34 Identifunding package	49.985,00	907,17	16.510,47	16.555,83	16.011,53
		5.975.207,82	1.575.951,50	3.704.564,07	612.992,83	81.699,42

For 2018 contracts, the pro rata costs for operational expenditure amounts to EUR 1.575.951,50. For 2017 contracts, the latter amounts to EUR 3.487.619,60. Altogether this makes EUR 5.063.571,10 which is considered as operational expenditure for the financial year 2018.

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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, temporary contribution and EU special levy amounts to 1.500k €.

Financial Income

In 2018, the Agency's bank accounts generated no interests. However, 60,97 € was cashed from 2017.

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 1.809 € in 2018.

Bank interests and interests for the late payments of contributions are included in the year-end surplus.

Other revenues

Other revenues include reimbursements received and carry forward cancellations of previous years. Following termination of project Desire II, 459,139.00 € were returned. These returned funds constitute one of the main components of the other revenues.

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Note 6: pMS Contributions

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2018 pMS CONTRIBUTIONS AND BUDGETARY SURPLUS					
In €					
	2018 GNI Own Resources	2018 Key	2018 Annual Contribution	2018 Surplus distribution	2018 actual cost to Member States
Austria (AT)	2.427.051.517	2,4090	747.749,45	15.484,00	732.265,45
Belgium (BE)	2.903.751.024	2,8821	894.615,63	18.525,22	876.090,41
Bulgaria (BG)	328.618.305	0,3262	101.243,90	2.096,50	99.147,39
Cyprus (CY)	121.059.189	0,1202	37.297,08	772,33	36.524,75
Croatia (HK)	315.289.647	0,3129	97.137,48	2.011,47	95.126,01
Czech Republic (CZ)	1.169.417.228	1,1607	360.285,34	7.460,60	352.824,75
Estonia (EE)	150.570.131	0,1494	46.389,10	960,60	45.428,50
Finland (FI)	1.479.930.609	1,4689	455.951,30	9.441,60	446.509,70
France (FR)	15.579.982.522	15,4640	4.800.031,32	99.396,48	4.700.634,84
Germany (DE)	22.179.140.343	22,0141	6.833.163,53	141.497,50	6.691.666,03
Greece (EL)	1.228.008.524	1,2189	378.336,71	7.834,39	370.502,32
Hungary (HU)	808.637.255	0,8026	249.132,77	5.158,91	243.973,86
Ireland (IE)	1.586.323.054	1,5745	488.729,71	10.120,35	478.609,36
Italy (IT)	11.417.664.921	11,3327	3.517.664,36	72.841,91	3.444.822,45
Latvia (LV)	182.476.056	0,1811	56.218,98	1.164,15	55.054,83
Lithuania (LT)	268.745.684	0,2667	82.797,76	1.714,53	81.083,23
Luxembourg (LU)	257.502.768	0,2556	79.333,94	1.642,80	77.691,13
Malta (MT)	68.242.993	0,0677	21.024,96	435,37	20.589,59
Netherlands (NL)	4.798.219.225	4,7625	1.478.281,67	30.611,47	1.447.670,20
Poland (PL)	3.054.180.887	3,0314	940.961,51	19.484,93	921.476,58
Portugal (PT)	1.261.617.229	1,2522	388.691,21	8.048,81	380.642,40
Romania (RO)	1.222.656.183	1,2136	376.687,71	7.800,25	368.887,46
Slovakia (SK)	564.933.530	0,5607	174.050,17	3.604,14	170.446,03
Slovenia (SI)	280.092.333	0,2780	86.293,55	1.786,92	84.506,63
Spain (ES)	7.831.230.835	7,7729	2.412.721,15	49.961,34	2.362.759,81
Sweden (SE)	3.291.292.047	3,2668	1.014.013,01	20.997,64	993.015,37
United Kingdom (UK)	15.973.262.111	15,8544	4.921.196,69	101.905,51	4.819.291,18
				0,00	0,00
Total 27 pMS	100.749.896.150	100	31.040.000,00	642.759,74	30.397.240,26

In 2018 calls for an amount totalling to 31.040k € have been issued. Additionally the budgetary surplus 2017 (498k €) was inscribed. This results into an amount of 31.538k €.

EUROPEAN DEFENCE AGENCY

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Note 7: Budgetary Surplus

The 2018 budgetary surplus (642.759,74 €) is the difference between revenues received and expenses incurred (payments and carry-forwards) during the financial year.

Note 8: Fixed Assets and Depreciation

Figures in €

EUROPEAN DEFENCE AGENCY						
Fixed Assets						
In €						
Old Fixed Asset Classes	New Fixed Asset Classes	2018 Net Asset Value	2018 Depreciation	2018 Asset Acquisitions	2017 Net Asset Value	Accumulated Depreciation
Fitting-Out of Premises, Security Equipment and Office Techn. Equipment	INFRA SEC Equipment	27.809	52.087	-	79.896	350.480
IT Equipment	IT Equipment	81.142	56.459	80.375	57.227	1.633.724
Office Furniture	Office Furniture	4.614	4.304	-	8.918	165.450
Total		113.565	112.851	80.375	146.041	2.149.654

“Fitting-Out of Premises, Security Equipment and Office Technical Equipment” have been consolidated in to one asset class. During 2018 new assets were purchased for an amount of EUR 80.375. The total of accumulated depreciations in 2018 amounts to EUR 112.851.

EUROPEAN DEFENCE AGENCY

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Note 9: Cash

EDA Bank Accounts

As at 31/12/2018, the global balance on the Agency's bank accounts totalled 24.852.065,56 €.

EUROPEAN DEFENCE AGENCY		
Bank Accounts		
<i>In €</i>		
EDA Bank Accounts	2018	2017
Opening balance	24.827.029	28.430.605
Closing balance	24.852.065	24.827.029

Employee pension rights are managed in a separate interest-bearing bank account. However, the figure shown in the table above shows the consolidated closing balance at the end of 2018 (namely 12.625.937 € for the pensions account and 12.226.127 € for the EDA current account)

*In 2015 the EDA has also opened a "guarantee" bank account for Projects on dual-use technologies to access ESIF. This has been considered as off balance and is therefore not taking into account in the reporting. This dedicated bank account was closed during 2018 and the residual bank interests (16,57 €) were transferred to the EDA current bank account and treated as other revenue.

EUROPEAN DEFENCE AGENCY			
Guarantee Account			
<i>In €</i>			
EDA Bank Accounts	2018	2017	2016
Opening balance	15.017	30.017	60.000
Closing balance	0	15.017	30.017

Note 10: Stakeholders

The Stakeholders liabilities include the following items:

Advance on pMS contributions

- Some pMS asked to be invoiced as an advance in 2017 for the first and second contributions of 2018. Likewise, some Member States asked an advance on the 2019 calls already in 2018. The amount of deferred income this year amounts to 2.157k € while the outstanding pMS Contributions amounts to -1.864k €. This results in an amount of 293k €.

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 result

- For the year 2018, the accounting result amounts to 1.946.261,55 €.

Note 11: Accrued charges

- The Accrued charges amount to 5.004.903 €. The breakdown for this goes as follows:
 - Accrued charges for Title I: 241.954 €
 - Accrued charges for Title II: 505.306 €
 - Accrued charges for Title III: 4.290.931 €
 - Cancellation of Accrued charges for Title III: 33.288

Accrued charges for Title I and II are calculated based on expected invoices to be received beginning 2019 and still relate to good/services delivered in 2018.

Project and studies are usually done over a longer period, therefore the calculation for Title III is done on a pro rata basis in order to divide the expenses of the project/study over its entire contract duration.

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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 31/12/2018 amount to 12.4 M €.

Pension provision for 2018 amounts to 820k € and is composed of the following items:

EUROPEAN DEFENCE AGENCY		
Pension Provision		
<i>In k €</i>		
EDA Staff Pension Accruals	2018	2017
EDA Contribution for Temporary Agents	2.081	2031
EDA Contribution for Contract Staff	199	186
Staff Contribution for Temporary Agents	1.041	1016
Staff Contribution for Contract Staff	100	93
Invalidity Contribution	7	7
Payments for Severance Grants	(2.546)	(3.903)
Payments for Maintenance of Pension Rights	(62)	(56)
Financial Interest	0	0
Total	820	(626)

A total of 3.690k € was cashed in the Pensions dedicated bank account. This amount is composed of the staff pensions right from the EDA general budget (3.428k €) and EDA Additional revenue budget (106k €).

In addition, a correction of rights for staff on parental leave amounting to 156k € has been made.

A total of 2.608k € was transferred out. This includes payments of severance grants and maintenance of pension rights.

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Note 13: Other Payables/Receivables

An amount of 72k € is to be recovered from EDA Additional Revenue budget as part of the regularisation of salaries of staff under the EDA Additional Revenue budget. The situation has been regularised in January 2019. All in all the total amount is composed as follows:

ADVANCE PAYMENTS ON SUPPLIERS	1.000
ADVANCE PAYMENTS ON SALARIES	5.813
PENDING TRANSFERS AND OTHER MISC	72.507
CUSTOMERS	6.454
VARIOUS RECEIVABLES	20.116
Short-term receivables	105.890

Note 14: Residual funds SESAR bank account

In 2018, the SESAR project was finalized. On 04 June 2018, the stakeholder's equity amounted to 287.766,74 €. However, one cMS overpaid an amount of 375,00 € and thus needs to be reimbursed. As a result, the calculation for the distribution of the surplus was done based on the amount of € 287.391,74.

In addition, it was noted during the closing of the dedicated bank account that there was still an outstanding amount for a mission totalling to 139,01. As the above-mentioned surplus was already communicated to the cMS, it was decided that this amount would be absorbed by the mission budget of the EDA general budget.

AUDIT OPINION

**INDEPENDENT AUDITOR'S REPORT
TO THE STEERING BOARD
OF THE EUROPEAN DEFENCE AGENCY**

In accordance with Article 43 of the Financial Rules the College of Auditors have audited the accompanying Annual Accounts of the European Defence Agency ("Agency") for the year ended 31 December 2018, which comprise the 2018 Consolidated Budget Implementation Report, the 2018 Budget Implementation Report, the 2018 Balance Sheet, the 2018 Cash Flow Statement, the 2018 Statement of Financial Performance, the 2017 Statement of Changes in Net Assets and Notes to the 2018 Annual Accounts. We report to you on the performance of our mandate of Independent Auditor and present our opinion on the annual accounts.

Management's Responsibility for the Financial Statements

Following articles 20 and 39 of the Financial Rules the financial statements shall be drawn up in accordance with rules based on internationally accepted accounting standards for the public sector. The Steering Board appointed an Accounting Officer, responsible for the preparation and fair presentation of the financial statements. According to Article 23 (1) of the Financial Rules this responsibility includes:

- a) proper implementation of payments, collection of revenue and recovery of amounts established as being receivable;
- b) keeping, preparing and presenting the accounts;
- c) implementing the accounting rules and the chart of accounts;
- d) validating systems laid down by the Authorising Officer to supply or justify accounting information;
- e) treasury management.

In connection with the financial statements of the Agency the Chief Executive provided us with a Management Representation Letter dated 31 March 2019, which formed part of the audit procedure and is stored in the audit documentation.

Auditor's Responsibility

Our 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor'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 auditor considers internal controls relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control.

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 Activity Report, Budget Implementation Report and the Notes to the Annual Accounts, to identify any material inconsistencies with the audited financial statements.

EUROPEAN DEFENCE AGENCY

2018 ANNUAL ACCOUNTS

Opinion

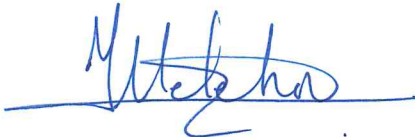
In our opinion the annual accounts present fairly, in all material respects, (give a true and fair view of) the financial position of the European Defence Agency as at 31 December 2018 and of its financial performance and its cash flows for the year then ended in accordance with

- Council Decision (CFSP) 2015/1835 of 12 October 2015 defining the statute, seat and operational rules of the European Defence Agency,
- Council Decision (EU) 2016/1353 of 4 August 2016 on the financial rules of the European Defence Agency.

Audit findings and comments of the auditor without impact on the audit opinion are included in the associated audit report.

Brussels, 28 June 2019.

College of Auditors of the European Defence Agency



Josephina Meletiou
Chairman of the College of Auditors



María Jesús Fernández García
Member of the College of Auditors



Daniel Reisiegel
Member of the College of Auditors