



# EUROPEAN DEFENCE AGENCY 2008 FINANCIAL REPORT

June 2009

# EUROPEAN DEFENCE AGENCY

## 2008 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 2008, the Agency achieved substantial progress in each of its areas of responsibility:
  - In July, the Steering Board (SB) endorsed the initial Capability Development Plan (CDP) as a living process to identify priorities for capability development and to bring out opportunities to pool and cooperate;
  - The strategy adopted in 2007 to strengthen the European Defence Technological and Industrial Base (EDTIB) is being successfully implemented in order to turn theory into practice;
  - In October, the SB endorsed a "European Armaments Cooperation Strategy" to promote and enhance more effective European Armaments Cooperation in support of the ESDP
  - The third Strategy, on European Defence Research and Technology, has been adopted by the SB in November;
  - Beyond these major focus points there is a broad agenda of work which is - for most of it - a continuation of Agency's activities already under way.
- 2008 financial achievements include:
  - the launch of 40 operational projects for a combined value of € **5.9** million;
  - the launch of a € **1.6** million study on military frequency spectrum allocation required for the insertion into the general air traffic of the Unmanned Aircraft System, financed from 2008 earmarked revenues;
  - the commitment of 4 new contracts for combined value of € **15.5** million (government contribution only) during the second year of the three year Joint Investment Programme Force Protection ("JIP-FP"<sup>(1)</sup>);
  - the launch in November 2008, of "JIP-ICET", a second joint investment programme with a three year budget of € **15.6** million;
  - the launch of 9 Ad hoc Category B projects signed in 2008 for a total value of € **44.1** million (government and industry contribution).

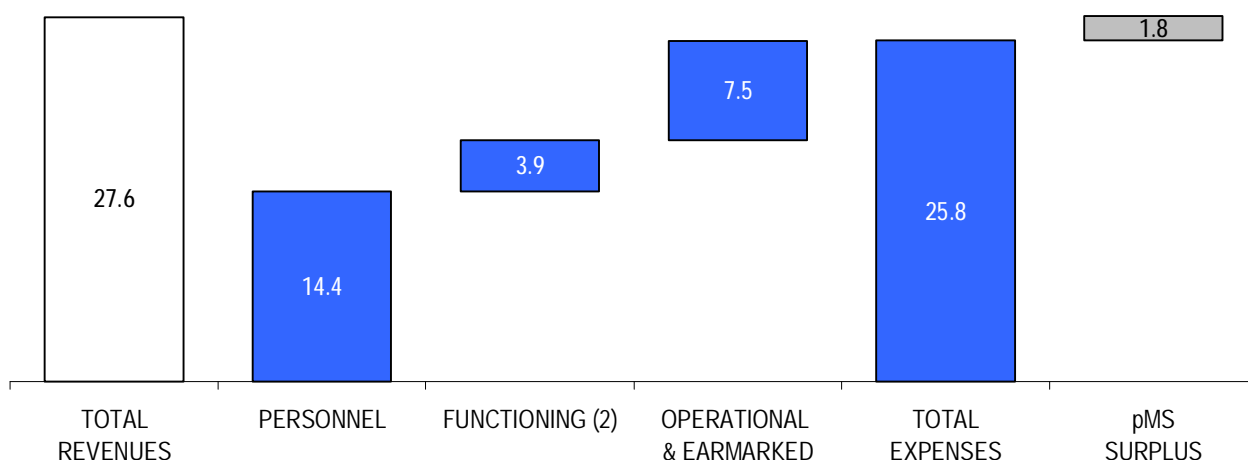
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<sup>(1)</sup> For JIP-FP related information, please refer to the separate JIP-FP report.

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## 2008 Financial Highlights

Figures in € million



- 2008 revenues amount to € 27.6 million and comprise pMS contributions (94%), deductions from Staff remuneration (4%) and financial income (2%).
- 2008 expenses amount to € 26.6 million <sup>(2)</sup> and consist of personnel (54%), functioning <sup>(2)</sup> (18%) and operational expenses, incl. earmarked revenue (28%).
- At the year-end 2008, a budgetary surplus of € 1.8 million (approx. 5.7% of the 2008 Budget) will be returned to pMS.

## EDA Historical Financials

Figures in € k	2008	2007	2006	2005	CAGR <sup>(3)</sup>
<b>REVENUES</b>					
MEMBER STATE CONTRIBUTIONS	25,835	20,818	21,500	19,910	9%
DEDUCTIONS FROM STAFF REMUNERATION	1,137	1,037	837	612	23%
FINANCIAL INCOME	581	520	390	148	58%
<b>TOTAL REVENUES</b>	<b>27,553</b>	<b>22,374</b>	<b>22,727</b>	<b>20,670</b>	<b>10%</b>
<b>EXPENSES</b>					
PERSONNEL EXPENSES	14,350	12,626	10,847	7,453	24%
FUNCTIONING EXPENSES	4,385	4,387	4,076	2,829	16%
OPERATIONAL PROJECTS & STUDIES	5,906	4,485	3,887	2,495	33%
EARMARKED REVENUE	1,556	0	0	0	
<b>TOTAL EXPENSES</b>	<b>26,197</b>	<b>21,498</b>	<b>18,810</b>	<b>12,777</b>	<b>27%</b>
ACCOUNTING SURPLUS	1,356	876	3,917	7,893	
CAPITAL EXPENDITURE & DEPRECIATION ADJUSTMENTS	462	440	328	(3,462)	
<b>BUDGETARY SURPLUS REPAYABLE TO pMS</b>	<b>1,818</b>	<b>1,317</b>	<b>4,245</b>	<b>4,431</b>	<b>-26%</b>

<sup>(2)</sup> Including € 462 k of capital expenditure and depreciation adjustments.

<sup>(3)</sup> The compound annual growth rate (CAGR) is the year-over-year growth rate calculated by taking the nth root of the total percentage growth rate, where n is the number of years in the period being considered.

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### EDA STRUCTURE AND FUNCTIONS

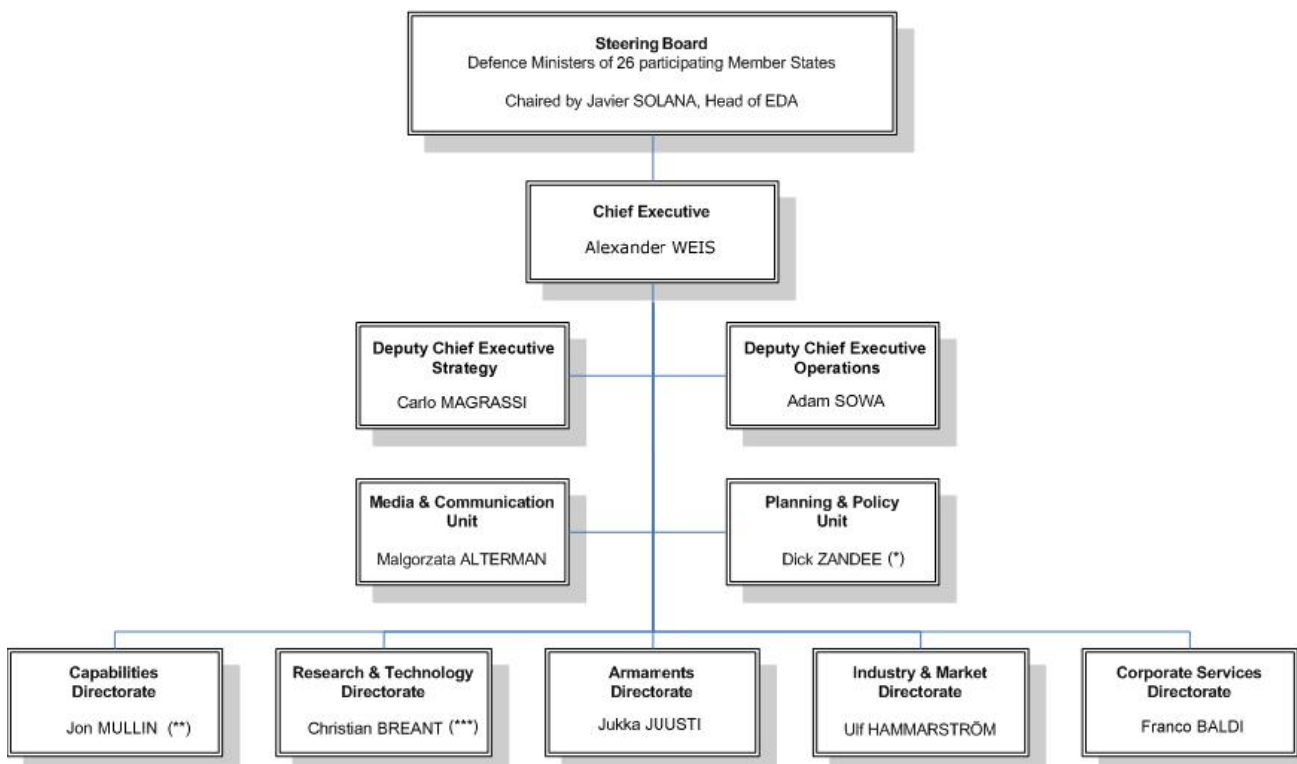
#### EDA'S STRUCTURE

The European Defence Agency is an agency of the European Union <sup>(4)</sup>, falling under the direction and authority of the Council, which issues guidelines to and receives reports from High Representative Javier Solana as Head of the Agency. Detailed control and guidance, however, is the job of the Steering Board.

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

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

### European Defence Agency



\*: Also EDA's Internal Auditor.

\*\* : Until 16/01/2008, Pierre HOUARDY.

\*\*\* : Until 01/08/2008, Bertrand DE CORDOUE.

<sup>(4)</sup> EDA was established under the Council Joint Action 2004/551/CFSP on 12 July 2004.

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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 ESDP 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 ESDP
- 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
- Provides expertise for procurement and contracts through its Legal & Contracting Unit
- Through its Finance Unit, manages the Agency's accounting, budgets and reporting
- 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

#### **Internal Audit Function**

- Following the Auditor's recommendations, the Chief Executive established an Internal Audit Function: Mr. Dick ZANDEE was appointed Internal Auditor of the EDA on 13 March 2007.

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2008 ACTIVITY REPORT (10 NOVEMBER 2008)

REPORT TO THE COUNCIL BY JAVIER SOLANA, HEAD OF THE AGENCY<sup>(5)</sup>

In its fourth year of operation, the Agency has continued to deliver concrete results on its agenda, as by Council Guidelines of 19 November 2007. EDA has completed European strategies and has been implementing them; it has pursued and intensified the generation and establishment of ad hoc projects in order to improve participating Member States' defence capabilities and sustain the ESDP, within the minimum time required and in the most cost-effective manner.

The delivery of the initial Capability Development Plan constitutes this semester's major achievement in terms of overall impact. It will serve as the reference point for steering the Agency's and pMS' agendas regarding R&T investments, Armaments cooperation, and industrial developments.

### 1. *The Agency has been busy completing and implementing the European long-term strategic framework, with the following steps:*

- a) Last July the Steering Board (SB) endorsed the initial Capability Development Plan (CDP) as a living process to identify priorities for capability development and to bring out opportunities to pool and cooperate. It is the result of an exemplary cooperation between actors involved - the Brussels based structures the Agency, the EUMC and the EUMS, and of course the participating Member States (pMS).

The initial CDP delivered useful analysis to help keep moving forward, together in the same direction. The conclusions highlight issues such as the importance of operations being supported by iterative intelligence and information, a comprehensive approach and coordinated action (e.g. civil/military actions), and the human factor.

But the CDP is not only analysis; it is also a practical tool. Therefore pMS selected a first tranche of twelve priority Actions<sup>(6)</sup>, and EDA has been directed to prepare together with pMS a detailed way forward for each of them in view of generating concrete collaborative initiatives. There are other important areas to consider, which are emerging from the CDP and where initiatives are well under way with EDA's involvement (such as Space and Maritime Surveillance).

The number of pMS involved differs from one project to another. We have already compiled a database of pMS' programmes, with the intention of bridging the short to longer term, and also to identify potential collaborative opportunities. From an initial look at 366 programmes (from 20 pMS) we identified 19 programmes for collaboration in areas such as Biological Warfare, Unmanned Vehicles, CBRN (Chemical Biological and Radiological Nuclear) protection for soldiers, and Maritime Mine Counter Measures. With increased facilitation and input from pMS, this has the potential to develop into real cooperative projects.

Work is in hand to develop a process to derive further tranches of actions from the CDP and present it at the SB at the beginning of next year.

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<sup>(5)</sup> 'Report to the Council' by Javier Solana, Head of the Agency.

<sup>(6)</sup> Network Enabled Capability, Increased Helicopters' availability, Counter-Improvised Explosive Device, Third Party Logistic Support, Chemical-Biological-Radiological and Nuclear Defence, Medical Support, Intelligence/Surveillance/Target Acquisition/Reconnaissance Architecture, Military Human and Cultural/Language training, Comprehensive approach/military implications, Maritime Mine Counter Measures, Computer Network Operations, Counter Man Portable Air Defence Systems

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In summary, the initial CDP is an important milestone which will serve as the reference point for steering the Agency's and pMS' agendas in the fields of R&T, armaments and industry areas. PMS efforts to take the CDP into account when reviewing and adapting their national defence plans will be essential in that regard.

- b) The strategy adopted in 2007 to strengthen the European Defence Technological and Industrial Base (EDTIB) is being successfully implemented in order to turn theory into practice through, notably, the following steps (endorsed by the SB):
- adoption of a voluntary Code of Conduct on Offsets aimed at mitigating adverse impact of offsets on cross border competition and the European DTIB. This Code, which applies to all compensation practices required as a condition of purchase or resulting from a purchase of defence goods or defence services, will take effect from 1 July 2009;
  - approval of a methodology for identifying the key Future Air Systems defence related industrial capabilities to be preserved or developed in Europe. EDA will present an initial assessment next spring and propose concrete response measures in autumn 09;
  - agreement of a number of specific measures to support and encourage defence related Small and Medium-Sized Enterprises (SMEs) and non-traditional suppliers.
- c) In October the SB endorsed a "European Armaments Cooperation Strategy" to promote and enhance more effective European Armaments Cooperation in support of the ESDP, through: generating, promoting and facilitating cooperative programmes to meet capability needs; ensuring the European DTIB and investment therein is capability oriented and supports future cooperative programmes; and improving the efficiency of European Armaments cooperation.
- d) The third Strategy, on European Defence Research and Technology, will hopefully be adopted by the SB in November. It is aimed at enhancing more effective research collaboration in science, technology and demonstrators in order to deliver in time the right technologies in support of military capabilities for short, medium and long term need. The strategy includes "Ends" – i.e. identifying the key technologies to which investments should be directed in order to improve European defence capabilities, and "Means" – i.e. developing the right tools to achieve the ends, including increasing the effectiveness of R&T collaborations. A roadmap for follow-up actions will be presented to the Steering Board in spring 2009.

Before the end of 2008 all the building blocks of the strategic framework will be in place and influence each other – and should enable, notably, the development of effective collaborations. It is therefore crucial to ensure coherence between efforts, and EDA will keep increasing and intensifying interlinks.

### ***2. The Agency also progressed on implementing existing policies and developing policy/conceptual work with, notably:***

- a) the positive assessment of the overall implementation of the Code of Conduct on defence procurement and, in general, the encouraging observation that subscribing Member States have adapted their procurement practices to the CoC's provisions. The volume of Government contract opportunities posted on the Agency's portal (EBB1) has steadily grown, and we are seeing signs that cross border bidding and contract awarding take place. There is however a need to increase cross-border bidding by industry which is still limited;



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- b) the approval of a Conceptual Guide for the Defence Test and Evaluation Base (DTEB) to target priority areas, coordinate investments, encourage reciprocal use of facilities and create a network of Test and Evaluation capabilities;
- c) the creation, expected to take place at the November SB, of an EU-wide forum for Military Airworthiness Authorities with the associated Roadmap, in order to address the lack of a coherent approach on military airworthiness regulations within the EU. Such an initiative is expected to substantially reduce costs and time scales and increase competitiveness of the European DTIB;
- d) the delivery of the “Draft EU Concept for Network Enabled Capabilities (NEC) in support of ESDP, produced by the Wise Pen General (Ret.) Rainer Schuwirth in consultation with relevant EU stakeholders. The draft Concept was supported by the SB, and it is now being considered by the relevant Council committees;
- e) continuous support to the GSC’s project on defining CIS Information Exchange Requirements (user needs), and encouraging initial results highlighting key CIS capability gaps within the EU;
- f) the results of the Road Map on UAVs insertion in General Air Traffic successfully delivered to pMS, who also approved the first Business Case (under the Earmarked Revenue decided in 2007) on “Frequency Allocation”.

### ***3. Within the strategic framework (described in section 1) which gives common direction and frames future concrete initiatives, the Agency is also focused on implementing existing cooperative programmes and preparing the launch of new projects and programmes.***

- a) EDA achieved substantial results on its two Defence R&T Joint Investments Programmes:
  - The JIP on Force Protection is well on its way, with 8 contracts signed (worth 36 million €). In particular, we are now launching three projects on: wireless robust communication for urban operations, in liaison with the Commission FP7; air defence high energy laser weapon; and advanced helmet and devices for individual protection;
  - Only five months after approval of the JIP on Innovative Concept and Emerging Technology, its Programme Arrangement is expected to be signed on 10 November in the margin of the SB.
- b) Progress has been made also on preparing the ground for setting up other projects and programmes in key areas:
  - concrete steps took place to contribute to increasing helicopters’ availability for ESDP operations, notably: (i) an ad hoc Project Group on Helicopter Training was established in order, notably, to develop and implement the concept of a Helicopter Tactics Training Programme (HTP) to enhance aircrew skills. EDA is currently launching two studies and coordinating the preparation of an exercise (to take place in spring 2009), which will help shape the future Programme; (ii) on upgrading, EDA has exchanged experiences with pMS and Industry over current equipment upgrades and technical shortfalls. A detailed menu will be provided by spring 2009; (iii) lastly, looking at the longer term, we hope to be able to establish in the near future an EDA ad hoc project based on the joint initiative by Germany and France on the preparation of the Future Transport Helicopter (aimed at providing a solution for an intra-theatre lift capability in the years 2020+);

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- a Declaration of Intent is expected to be approved by a number of interested pMS on their participation in the establishment of a future European Air Transport Fleet, in order to prepare the ground towards increasing the EU's strategic transportation capabilities;
- the way ahead for the implementation of the European Industrial-based Third Party Logistic Support Platform in 2009 was endorsed with a view to starting the live Phase at the beginning of 2010;
- EDA successfully launched and run a series of activities in the domain of Intelligence Training. The Intelligence Understanding of the Mission Environment Courses and the Open Source Intelligence Exploitation Course unveiled a broad interest. EDA will continue in 2009, but there is an need to find another European body to take over this important work from 2010;
- preparation continued towards the launch, in 2009, of the programme preparation phase for a 3 year Biological Equipment Development and Enhancement Programme;
- we hope to be able to establish at the November SB two ad hoc projects in the Maritime area: one to conduct the assessment phase of a "Maritime Mine Counter Measures" (MMCM) system (one of the 12 CDP priorities); the other one on "Maritime Tactical Unmanned Aerial System with a Joint Approach" in the context of EDA's work on Maritime Surveillance;
- ix pMS (Belgium, France, Germany, Greece, Italy, Spain) have announced their intention to bring into EDA their cooperation on a Multinational Space-based Imaging System (MUSIS) for surveillance, reconnaissance and observation. Space-based and space-related assets are increasingly needed to strengthen European military capabilities for ESDP operations – in particular with regard to communications and information-gathering. We therefore hope to be able to establish MUSIS as an EDA project in the near future;
- lastly, the Agency has started to work on linking the Capabilities priorities arising from the CDP and the key technologies arising from the EDRT strategy so as to highlight opportunities for R&T collaborations - in other words looking for R&T projects to contribute to close key capability gaps.

**4. *In full respect of the Joint Action, the Agency has: (i) intensified efforts to ensure complementarity and coherence of work with NATO, OCCAR, and the Lol "group"; and (ii) initiated informal contacts with the European Space Agency to discuss issues such as SATCOM and Space Situational Awareness in view of seeking synergies between civil and military agendas.***

Javier Solana  
*High Representative and Head of European Defence Agency*

# EUROPEAN DEFENCE AGENCY 2008 FINANCIAL REPORT

## FINANCIAL STATEMENTS

### AUDIT OPINION

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

In accordance with Art. 43 of the Financial Rules of the European Defence Agency, the College has audited the financial statements of the European Defence Agency for the year ended 31 December 2008. These comprise the 2008 Management Accounts, the 2008 Balance Sheet, and the 2008 Cash Flow Statement, and notes to the 2008 Financial Statements. The financial statements have been prepared in accordance with the provisions and regulations set out in the financial rules. The 2008 fiscal year surplus repayable to the pMS totalled € 1,818,027, whereas the assets amounted € 21,987,915.

#### **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, who is also the Chief Executive, 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.

#### **External Audit Board's Responsibility**

The Board'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 and plan and perform the audit 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 as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 2008 and the financial results of operations for the year then ended.*

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

Signed on behalf of the College of Auditors by the Chairman,

  
K. GETZKE

Chairman of the EDA College of Auditors

The 3<sup>rd</sup> June 2009.

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2008 MANAGEMENT ACCOUNTS (1/3)

MANAGEMENT ACCOUNTS

	Notes	2008	2008	2007	2006
<i>Figures in €</i>	1	Budget <sup>(7)</sup>	Actual	Actual	Actual
<b>EXPENSES</b>					
Title I : PERSONNEL EXPENSES	2				
<b>Chapter 11: OFFICIALS &amp; TEMPORARY STAFF</b>					
BASIC SALARIES (TBA)		8,157,000	7,755,012	6,991,619	5,847,884
STAFF STATUTORY ALLOWANCES		2,118,700	2,033,107	1,698,380	1,452,065
STAFF SOCIAL PROTECTION		2,142,000	2,062,542	1,806,168	1,511,150
NAP BANK TRANSFERS (7SI)		0	0	0	309
OVERTIME		0	0	0	2,693
STAFF ALLOWANCES ON ENTERING & LEAVING SERVICE		843,000	497,525	240,103	121,438
PROVISIONAL APPROPRIATIONS		172,300	0	0	0
<b>Subtotal</b>		<b>13,433,000</b>	<b>12,348,186</b>	<b>10,736,270</b>	<b>8,935,539</b>
<b>Chapter 12: SNE, CONTRACT STAFF &amp; TRAINEES</b>					
CONTRACT STAFF		280,000	246,776	256,069	231,331
SECONDED NATIONAL EXPERTS		1,250,000	1,153,887	1,065,324	1,106,517
TRAINEES		92,000	22,221	50,965	63,227
PROVISIONAL APPROPRIATIONS		75,000	0	0	0
<b>Subtotal</b>		<b>1,697,000</b>	<b>1,422,884</b>	<b>1,372,358</b>	<b>1,401,075</b>
<b>Chapter 13: STAFF RELATED</b>					
RECRUITING EXPENSES		43,000	37,121	33,061	17,959
STAFF TRAINING		57,800	54,752	34,999	37,030
STAFF COMMITTEE		5,000	5,000	0	0
MEDICAL EXPENSES		7,200	5,586	2,782	4,608
MISSION EXPENSES		477,000	476,809	446,430	450,411
<b>Subtotal</b>		<b>590,000</b>	<b>579,268</b>	<b>517,272</b>	<b>510,008</b>
<b>TOTAL PERSONNEL EXPENSES</b>		<b>15,720,000</b>	<b>14,350,338</b>	<b>12,625,900</b>	<b>10,846,622</b>
Title II : FUNCTIONING EXPENSES	3				
<b>Chapter 20: BUILDING &amp; BUILDING RELATED</b>					
FITTING-OUT OF PREMISES			359,909	364,606	312,489
<i>EXP. FITTING-OUT OF PREMISES</i>		50,000	35,302	43,412	41,077
<i>DPR. FITTING-OUT OF PREMISES</i>			324,607	321,195	271,412
SECURITY EQUIPMENT			63,166	74,263	50,701
<i>EXP. SECURITY EQUIPMENT</i>		15,000	12,834	32,740	17,835
<i>DPR. SECURITY EQUIPMENT</i>			50,332	41,523	32,866
OFFICE RENT		1,401,000	1,377,377	1,342,755	1,323,279
CLEANING & MAINTENANCE		203,000	193,479	142,809	226,646
UTILITY SERVICES		152,000	149,366	97,430	126,196
BUILDING SURVEILLANCE SERVICES		1,088,000	1,059,486	1,042,622	991,274
INSURANCES		12,000	11,910	4,398	15,389
OTHER BUILDING RELATED EXPENSES		32,000	21,665	26,488	20,477
<b>Subtotal</b>		<b>2,953,000</b>	<b>3,236,358</b>	<b>3,095,371</b>	<b>3,066,451</b>

<sup>(7)</sup> 2008 Revised Budget

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2008 MANAGEMENT ACCOUNTS (2/3)

MANAGEMENT ACCOUNTS (CONT'D)

	Notes	2008	2008	2007	2006
<i>Figures in €</i>	1	Budget <sup>(8)</sup>	Actual	Actual	Actual
<b>Chapter 21: IT EQUIPMENT, FURNITURE &amp; OTHER</b>					
IT EQUIPMENT & SOFTWARE			211,095	171,630	172,698
<i>EXP. IT EQUIPMENT &amp; SOFTWARE</i>		141,000	47,530	43,344	69,976
<i>DPR. IT EQUIPMENT &amp; SOFTWARE</i>			163,565	128,286	102,722
OFFICE FURNITURE			46,771	42,632	72,202
<i>EXP. OFFICE FURNITURE</i>		30,000	24,293	23,841	56,642
<i>DPR. OFFICE FURNITURE</i>			22,478	18,791	15,560
OFFICE TECHNICAL EQUIPM. & SUPPLIES			42,906	260,575	28,213
<i>EXP. OFFICE TECHNICAL EQUIPM. &amp; SUPPLIES</i>		71,000	36,859	255,179	27,520
<i>DPR. OFFICE TECHN. EQUIPMENT</i>			6,047	5,396	692
IT PROJECTS & DEVELOPMENT OF SYSTEMS		35,000	34,734	25,599	75,767
IT SUPPORT & MAINTENANCE OF COPIERS		63,000	55,225	25,386	20,337
TELECOM EXPENSES		170,000	109,694	150,339	176,383
OUTSIDE ASSIST. FOR OPERATION OF TECHN. INSTALLATIONS		26,000	7,805	25,930	19,208
MAINTENANCE & REPAIR OF TECHNICAL INSTALLATIONS		198,000	193,706	142,062	97,193
OFFICE VEHICLES		25,000	13,766	14,024	8,822
<b>Subtotal</b>		<b>759,000</b>	<b>715,702</b>	<b>858,177</b>	<b>670,823</b>
<b>Chapter 22: OTHER FUNCTIONING</b>					
TRANSLATION SERVICES		5,000	1,403	2,881	0
RECEPTION & REPRESENTATION EXPENSES		45,000	29,756	23,436	30,715
INTERNAL MEETINGS		74,000	72,921	70,518	50,375
CONFERENCES & SEMINARS		50,000	36,085	39,553	71,606
INFORMATION, SUBSCRIPTIONS & DOCUMENTATION EXPENSES		159,000	145,671	170,374	56,267
OFFICIAL JOURNAL		5,000	784	783	484
PUBLIC RELATIONS		40,000	27,771	15,768	38,364
OFFICE SUPPLIES		100,000	99,231	90,204	75,044
POSTAL & DELIVERY EXPENSES		22,000	19,381	19,524	13,826
AUDIT EXPENSES		8,000	0	0	0
FINANCIAL CHARGES, INCL. FOREIGN EXCHANGE DIFF.		3,000	(39)	368	2,001
<b>Subtotal</b>		<b>612,000</b>	<b>432,964</b>	<b>433,409</b>	<b>338,682</b>
<b>TOTAL FUNCTIONING EXPENSES</b>		<b>4,324,000</b>	<b>4,385,024</b>	<b>4,386,957</b>	<b>4,075,956</b>
<b>TOTAL PERSONNEL &amp; FUNCTIONING EXPENSES</b>		<b>20,044,000</b>	<b>18,735,362</b>	<b>17,012,857</b>	<b>14,922,578</b>
<b>Title III : OPERATIONAL BUDGET &amp; EARMARKED REVENUE</b>					
OPERATIONAL PROJECTS & STUDIES	4	6,000,000	5,905,733	4,484,830	3,886,956
EARMARKED PROJECTS - UAV	5	6,000,000	1,556,000	0	0
<b>TOTAL OPERATIONAL BUDGET</b>		<b>12,000,000</b>	<b>7,461,733</b>	<b>4,484,830</b>	<b>3,886,956</b>
<b>TOTAL EXPENSES</b>		<b>32,044,000</b>	<b>26,197,095</b>	<b>21,497,687</b>	<b>18,809,534</b>

<sup>(8)</sup> 2008 Revised Budget

EUROPEAN DEFENCE AGENCY  
2008 FINANCIAL REPORT

2008 MANAGEMENT ACCOUNTS (3/3)

MANAGEMENT ACCOUNTS (CONT'D)

	Notes	2008	2008	2007	2006
<i>Figures in €</i>	1	Budget <sup>(9)</sup>	Actual	Actual	Actual
<b>REVENUES <sup>(10)</sup></b>	6				
Title IV: MISC. COMMUNITY TAXES, LEVIES & DUES					
Chapter 40: DEDUCTIONS FROM STAFF REMUNERATION					
TAXATION ON STAFF SALARIES & ALLOWANCES (8IM)		1,028,000	999,935	925,507	756,752
EU SPECIAL LEVY (PSP)		141,000	137,378	111,066	79,985
Subtotal		1,169,000	1,137,313	1,036,573	836,737
Title V: INCOME FROM OPERATING ACTIVITIES					
Chapter 52: FINANCIAL INCOME					
INTERESTS - BANK		600,000	565,398	475,581	375,465
INTERESTS - PMS		0	15,461	44,029	14,512
Subtotal		600,000	580,859	519,610	389,977
Title VI: pMS CONTRIBUTIONS					
Chaptre 61 : MEMBER STATE CONTRIBUTIONS					
PMS CONTRIBUTIONS		24,275,000	24,275,000	20,818,000	21,500,000
PMS CONTRIBUTIONS	5	6,000,000	1,560,000	0	0
Subtotal		30,275,000	25,835,000	20,818,000	21,500,000
<b>TOTAL REVENUES</b>		<b>32,044,000</b>	<b>27,553,172</b>	<b>22,374,183</b>	<b>22,726,714</b>
ACCOUNTING SURPLUS			1,356,077	876,496	3,917,180
CAPITAL EXPENDITURE			(105,079)	(75,047)	(95,422)
DEPRECIATION ADJUSTMENT			567,029	515,191	423,252
<b>BUDGETARY SURPLUS REPAYABLE TO pMS</b>	7		<b>1,818,027</b>	<b>1,316,640</b>	<b>4,245,010</b>

<sup>(9)</sup> 2008 Revised Budget

<sup>(10)</sup> In compliance with the Auditors' recommendations, Staff pension contributions are excluded from revenues and accrued on the Agency's balance sheet.

EUROPEAN DEFENCE AGENCY  
2008 FINANCIAL REPORT

2008 BALANCE SHEET (1/2)

BALANCE SHEET

Figures in €	Notes	For the year ending		
		31.12.2008	31.12.2007	31.12.2006
<b>ASSETS</b>				
<b>FIXED ASSETS</b>				
ACQ. FITTING-OUT OF PREMISES		3,039,935	3,030,953	3,017,659
ACCUML. DPR. FITTING-OUT OF PREMISES		(1,028,989)	(704,382)	(383,187)
FITTING-OUT OF PREMISES		2,010,946	2,326,571	2,634,472
ACQ. SECURITY EQUIPMENT		136,145	136,145	134,978
ACCUML. DPR. SECURITY EQUIPMENT		(130,526)	(80,194)	(38,671)
SECURITY EQUIPMENT		5,619	55,951	96,307
ACQ. IT EQUIPMENT & SOFTWARE		545,555	463,914	427,087
ACCUML. DPR. IT EQUIPMENT & SOFTWARE		(417,262)	(253,697)	(125,412)
IT EQUIPMENT		128,293	210,217	301,675
ACQ. OFFICE FURNITURE		121,689	117,583	97,649
ACCUML. DPR. OFFICE FURNITURE		(62,370)	(39,892)	(21,101)
OFFICE FURNITURE		59,319	77,691	76,548
ACQ. OFFICE TECHN. EQUIPMENT		40,464	30,114	26,289
ACCUML. DPR. OFFICE TECHN. EQUIPM.		(12,135)	(6,088)	(692)
OFFICE TECHNICAL EQUIPMENT		28,329	24,026	25,597
NET FIXED ASSETS	8	2,232,506	2,694,456	3,134,599
<b>SUPPLIER RECEIVABLES</b>				
INTERESTS RECEIVABLE		28,848	160,909	126,492
ADVANCE PAYMENTS ON SUPPLIERS		0	320,668	316,414
SUPPLIER RECEIVABLES	9	28,848	481,577	442,906
<b>CASH</b>				
EDA BANK ACCOUNTS		19,725,561	15,519,461	14,277,564
PETTY CASH		1,000	1,000	500
CASH	10	19,726,561	15,520,461	14,278,064
<b>TOTAL ASSETS</b>		<b>21,987,915</b>	<b>18,696,494</b>	<b>17,855,569</b>

EUROPEAN DEFENCE AGENCY  
2008 FINANCIAL REPORT

2008 BALANCE SHEET (2/2)

BALANCE SHEET (CONT'D)

Figures in €	Notes	For the year ending		
		31.12.2008	31.12.2007	31.12.2006
<b>LIABILITIES</b>				
<b>STAKEHOLDERS</b>				
ADVANCES ON pMS CONTRIBUTIONS		1,000,000	2,181,181	2,132,594
OUTSTANDING pMS CONTRIBUTIONS		0	(329,254)	0
CAPEX & DEPRECIATION ADJ. (YEAR N+1)		2,694,453	3,134,599	3,462,429
ACCOUNTING SURPLUS		1,356,077	876,496	3,917,180
<b>STAKEHOLDERS</b>	<b>11</b>	<b>5,050,530</b>	<b>5,863,022</b>	<b>9,512,203</b>
<b>SUPPLIER PAYABLES</b>				
ACCRUED EXPENSES		9,364,140	6,778,335	4,701,578
- THEREOF FUNCTIONING		290,875	361,725	172,069
- THEREOF OPERATIONAL		7,517,265	6,416,610	4,529,509
- THEREOF EARMARKED		1,556,000	0	0
SUPPLIERS / PENDING INVOICES		500,538	807,124	517,286
<b>SUPPLIER PAYABLES</b>	<b>12</b>	<b>9,864,678</b>	<b>7,585,459</b>	<b>5,218,864</b>
<b>STAFF PAYABLES</b>				
STAFF PENSION ACCRUALS (RCN)		6,999,005	5,198,562	2,921,421
EMPLOYEES / PENDING INVOICES		73,701	49,451	203,081
<b>STAFF PAYABLES</b>	<b>13</b>	<b>7,072,706</b>	<b>5,248,013</b>	<b>3,124,502</b>
<b>TOTAL LIABILITIES</b>		<b>21,987,915</b>	<b>18,696,494</b>	<b>17,855,569</b>

Alexander WEIS  
Chief Executive

June 2009



EUROPEAN DEFENCE AGENCY  
2008 FINANCIAL REPORT

2008 CASH FLOW

CASH FLOW

<i>Figures in €</i>	For the year ending		
	31.12.2008	31.12.2007	31.12.2006
OPENING BANK ACCOUNT BALANCE	15,519,461	14,277,564	10,389,816
CASH RECEIVED FROM PMS			
PMS CONTRIBUTIONS	25,835,000	20,818,000	21,500,000
REIMBURSEMENT OF YEAR N-1 SURPLUS	(1,316,640)	(4,245,010)	(4,431,045)
DEFERRED PAYMENTS OF CONTRIBUTIONS	(836,466)	(236,638)	711,607
Subtotal	23,681,894	16,336,352	17,780,562
CASH RECEIVED FROM BANK			
INTERESTS CREDITED DURING THE YEAR	697,459	588,816	298,490
Subtotal	697,459	588,816	298,490
TOTAL CASH INFLOWS	24,379,353	16,925,168	18,079,052
CASH SPENT FOR FUNCTIONING & OPERATIONAL EXPENSES			
FUNCTIONING EXPENSES			
PAYMENTS FOR YEAR N-2 EXPENSES	2,191	2,059	0
PAYMENTS FOR YEAR N-1 EXPENSES	236,842	730,424	1,586,591
PAYMENTS FOR CURRENT YEAR EXPENSES *	15,129,142	12,243,971	11,030,864
PAYMENTS FOR YEAR N+1 EXPENSES	0	320,668	316,414
PAYMENTS FOR FUNCTIONING EXPENSES	15,368,176	13,297,122	12,933,869
OPERATIONAL EXPENSES			
PAYMENTS FOR YEAR N-3 EXPENSES	525,000		
PAYMENTS FOR YEAR N-2 EXPENSES	454,302	250,294	
PAYMENTS FOR YEAR N-1 EXPENSES	3,179,048	1,888,438	1,124,694
PAYMENTS FOR CURRENT YEAR EXPENSES	646,727	247,417	132,741
PAYMENTS FOR OPERATIONAL EXPENSES	4,805,077	2,386,149	1,257,435
TOTAL CASH OUTFLOWS	20,173,253	15,683,271	14,191,304
CLOSING BANK ACCOUNT BALANCE	19,725,561	15,519,461	14,277,564

\* Provided by accounting system. It equals to 2008 expenditures, as per Management accounts, less 2008 payments made in 2009, plus payments related to 2007 but made in 2008.

# EUROPEAN DEFENCE AGENCY

## 2008 FINANCIAL REPORT

### 2008 QUARTERLY FINANCIALS

Figures in € k

EXPENSES	2008 Annual		2008 Quarterly Financials			
	Budget <sup>(11)</sup>	Actual	Q1	Q2	Q3	Q4
<b>TITLE I : PERSONNEL EXPENSES</b>						
Chapter 11: OFFICIALS (SCO) & TEMPORARY STAFF	13,433	12,348	2,887	2,876	3,125	3,460
Chapter 12: SNE, CONTRACT & OTHER STAFF	1,697	1,423	308	360	388	367
Chapter 13: STAFF RELATED	590	579	94	157	157	171
<b>SUBTOTAL</b>	<b>15,720</b>	<b>14,350</b>	<b>3,289</b>	<b>3,394</b>	<b>3,670</b>	<b>3,998</b>
<b>TITLE II : FUNCTIONING EXPENSES</b>						
Chapter 20: BUILDING & BUILDING RELATED	2,953	3,236	960	718	463	1,095
Chapter 21: IT EQUIPMENT, FURNITURE & OTHER	759	716	67	66	125	448
Chapter 22: OTHER FUNCTIONING	612	433	116	76	76	166
<b>SUBTOTAL</b>	<b>4,324</b>	<b>4,385</b>	<b>1,143</b>	<b>860</b>	<b>663</b>	<b>1,709</b>
<b>SUBTOTAL PERSONNEL &amp; FUNCTIONING</b>	<b>20,044</b>	<b>18,735</b>	<b>4,433</b>	<b>4,254</b>	<b>4,333</b>	<b>5,706</b>
<b>TITLE III : OPERATIONAL BUDGET</b>						
OPERATIONAL PROJECTS & STUDIES	12,000	7,462	0	99	124	7,240
<b>SUBTOTAL</b>	<b>12,000</b>	<b>7,462</b>	<b>0</b>	<b>99</b>	<b>124</b>	<b>7,240</b>
<b>TOTAL EXPENSES</b>	<b>32,044</b>	<b>26,197</b>	<b>4,433</b>	<b>4,353</b>	<b>4,456</b>	<b>12,946</b>

REVENUES	Budget <sup>(11)</sup>	Actual	Q1	Q2	Q3	Q4
<b>TITLE IV : DEDUCTIONS STAFF REMUNERATION</b>						
Chapter 40: DEDUCTIONS STAFF REMUNERATION	1,169	1,137	276	277	280	304
<b>TITLE V : INCOME FROM OPERATING ACTIVITIES</b>						
Chapter 52: FINANCIAL INCOME	600	581	175	103	117	185
<b>TITLE VI : pMS CONTRIBUTIONS</b>						
Chapter 611: pMS CONTRIBUTIONS	24,275	24,275	6,114	7,870	0	10,291
Chapter 612: EARMARKED REVENUE	6,000	1,560	0	0	0	1,560
<b>SUBTOTAL</b>	<b>30,275</b>	<b>25,835</b>	<b>6,114</b>	<b>7,870</b>	<b>0</b>	<b>11,851</b>
<b>TOTAL REVENUES</b>	<b>32,044</b>	<b>27,553</b>	<b>6,565</b>	<b>8,251</b>	<b>397</b>	<b>12,340</b>

<sup>(11)</sup> 2008 Revised Budget

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

### *BASIS OF PRESENTATION*

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

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

### *SPECIFIC ACCOUNTING POLICIES*

#### **pMS Contributions**

Contributions from participating Member States ('pMS') are calculated in accordance with the principles of the EU budget proportional share of the pMS's GNI in the total GNI aggregate. Contributions are requested in three instalments, by 15 February, 15 June and 15 October (Art. 16, Council Joint Action 2004/551/CFSP). In 2007, after the accession of Bulgaria and Romania, the EDA counts 26 pMS<sup>(12)</sup>.

#### **2008 Budget**

The budget for 2008 was established in November 2007. In November 2008, in accordance with the Financial Rules, to properly reflect its financial situation, the Agency reviewed its budget, adjusting 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' and part 5.1, FM). The Agency performs an annual inventory of its fixed assets, where all qualifying assets are individually monitored and recorded in the fixed asset database.

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<sup>(12)</sup> 27 EU Member States excluding Denmark.

# EUROPEAN DEFENCE AGENCY

## 2008 FINANCIAL REPORT

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 (part 5.1, FM).

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, transcribers, bicycles etc),
- 3 years for IT equipment and software (computers, telecommunications, audiovisual, 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).

# EUROPEAN DEFENCE AGENCY

## 2008 FINANCIAL REPORT

### Note 2: Personnel Expenses

#### REGULATORY BASIS

Human resources parameters <sup>(13)</sup> and calculations are based on:

- Staff Regulations applicable to Officials and other Servants of the European Communities and the last amendment, Council Regulation (EC, EURATOM) No 1323/2008 of 18 December 2008 the remuneration and pensions of Officials and other Servants of the European Communities and the correction coefficients applied thereto, and Council Regulation (EC, EURATOM) No 1324/2008 of 18 December 2008 adjusting, from 1 July 2008, the rate of contribution to the pension scheme of officials and other servants of the European Communities.
- 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 2008/451/EC of 16 June 2008 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 € 14.4 million. In line with the Staff Establishment Plan, the Agency's posts increased by 1%, from 98 to 99 <sup>(14)</sup>.

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 and the annual salary grid adjustments and the 12-month impact of posts recruited in the course of 2007. 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).

During 2008, 66 % of personnel were employed as Temporary Staff, 20 % as Seconded National Experts, 5 % as Contract Staff and 5 % as Officials on Secondment, 3 % as Short Term Officials on Secondment and 1 % as Trainees.

#### STAFF CATEGORIES AT THE AGENCY

EDA employs five 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 comprises twelve grades, corresponding to administrative, advisory, linguistic and scientific duties. Function group AST comprises eleven grades, corresponding to executive, technical and clerical duties.

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<sup>(13)</sup> Acronyms in the brackets refer to *Paymasters Office of the European Institutions* ('PMO') definitions.

<sup>(14)</sup> Including 1 frozen post.

# EUROPEAN DEFENCE AGENCY

## 2008 FINANCIAL REPORT

### 2. Officials on Secondment

Established Officials who, by decision of the appointing authority, have been directed in the interests of the service, or have been engaged at their own request, to fill temporarily a post included in the list of posts appended to the budget of the Agency. They are classified and graded as temporary Staff.

### 3. 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.

### 4. Seconded National Experts and Short Term SNEs

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).

### 5. Trainees

Temporarily assigned experts from the Member States' administrations in accordance with EDA's requirements and budgetary possibilities for a period not longer than 6 months.

### Basic Salaries

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

### Staff Statutory Allowances

Staff statutory allowances <sup>(15)</sup> relate to:

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

### Staff Social Protection

Staff social protection is financed both from the Agency (*Staff Social Protection*) and from Staff <sup>(16)</sup> (*Deductions from Staff Remuneration*). The following statutory contributions were paid in 2008:

Social contribution (as % of TBA)	Staff		EDA	
Sickness	CAM	1.70	CAI	3.40
Accident	CAA	0.10	CAB	0.87
Unemployment <sup>(17)</sup>	CCA	0.81	CCI	1.62
Pension <sup>(18)</sup>	CPP	10.25 / 10.9	n/a	20.50 / 21.8

Source: *Staff Regulations applicable to Officials and other Servants of the European Communities and the last amendment, Council Regulation (EC, EURATOM No 1323/2008 of 18 December 2008) and Council Regulation (EC, EURATOM No 1324/2008 of 18 December 2008).*

<sup>(15)</sup> For details calculations, please refer to *Staff Regulations applicable to Officials and other Servants of the European Communities and the last amendment, Council Regulation (EC, EURATOM No 1323/2008 of 18 December 2008) and Council Regulation (EC, EURATOM No 1324/2008 of 18 December 2008).*

<sup>(16)</sup> SCO and Temporary Staff.

<sup>(17)</sup> After deduction of a standard allowance of € 1,171.09.

<sup>(18)</sup> 10.25 and 20.5 until 01/07/2008, 10.9 and 21.8 after 01/07/2008.

# EUROPEAN DEFENCE AGENCY 2008 FINANCIAL REPORT

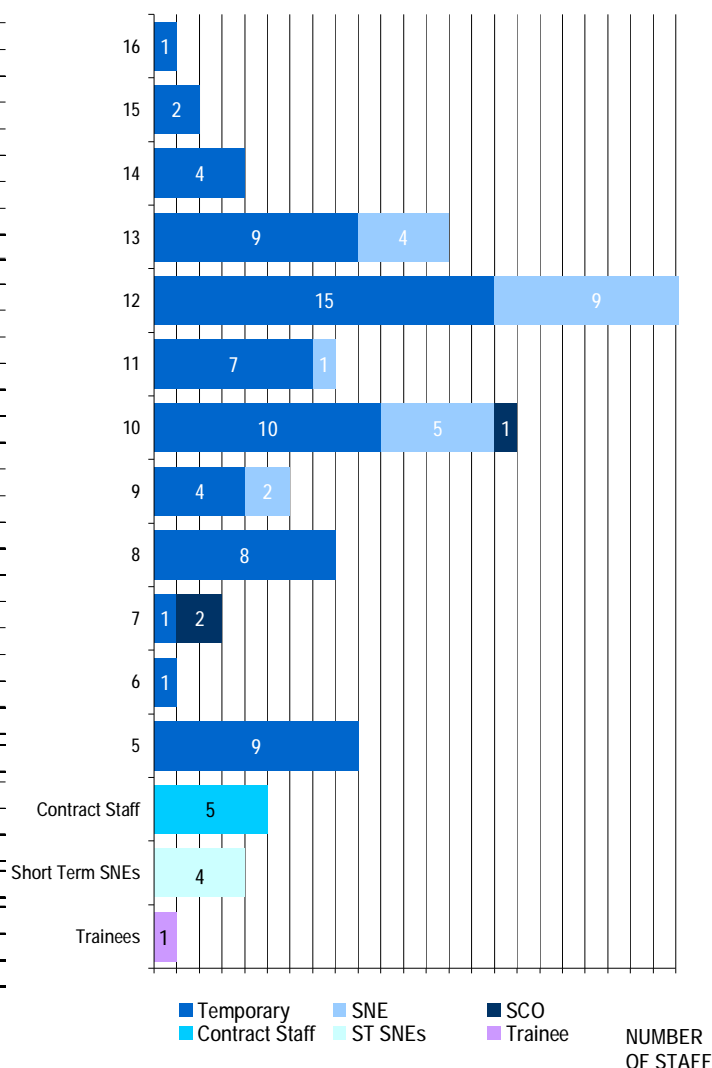
Staff present as per 31/12/2008

STAFF LIST	TOTAL	FEMALE	MALE
AD16	1		
AD15	2		
AD14	4		
AD13	9		
AD12	15		
AD11	7		
AD10	8		
AD9	4		
AD8	5		
Temporary Staff - AD	55	21%	79%
AST10	2		
AST8	3		
AST7	1		
AST6	1		
AST5	9		
Temporary Staff - AST	16	62%	38%
Temporary Staff	71	30%	70%
AD12	1		
AST10	1		
AST7	2		
AST6	1		
SCO	5	80%	20%
AD13	4		
AD12	9		
AD11	1		
AD10	5		
AD9	2		
SNE	21	10%	90%
Total Staff Establishment Plan <sup>(1)</sup>	97	30%	70%
III	2		
II	3		
Contract Staff	5	40%	60%
Short Term SNEs	4	100%	0%
Trainee	1	100%	0%
<b>TOTAL EDA STAFF</b>	<b>107</b>	<b>31%</b>	<b>69%</b>

(1) Excluding 1 frozen post and 1 vacant post.

GRADE

STAFF DISTRIBUTION PER GRADE



## NAP Bank Transfers / Coefficient Correcteur

NAP Bank Transfers (7S1) correspond to the "NAP Coefficient Correcteur" applied to the portion of salaries paid in the Countries of Origin. Not used in 2008.

## 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

# EUROPEAN DEFENCE AGENCY

## 2008 FINANCIAL REPORT

### Contract Staff

5 Contract Staff worked in the Agency in 2008.

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)

In 2008, allowances were paid to 21 SNEs:

- Daily allowance (€ 117.74 per calendar day for the period January – June 2008, € 119.39 per calendar day for the period July – December 2008), Belgian allowance: € 29.35
- Distance allowance (adjusted in July),
- Salary adjustment (adjusted in July),
- 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 2008/451/EC of 16 June 2008 adjusting the allowances.

### Short Term SNEs

In the course of 2008, 8 Short Term SNEs worked at the Agency of which 4 were present at the end of the year. All short term SNEs were hired for Directorate specific project work.

### Trainees

In the course of 2008, 2 trainees worked at the Agency. EDA internships are paid based on SNE daily allowances.

### Recruiting Expenses

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

### Staff Training & Conference Fees

Staff training expenses: languages 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 (according to the EDA Mission Guide). In 2008, 767 missions were accomplished for an average mission cost of € 622 per mission.



### 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 nine year operating lease for the office building in 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 two office vehicles.

### Reception & Representation Expenses

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

### Internal Meetings

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

### Organisation of Conferences & Seminars

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

### Information, Subscriptions & Documentation Expenses

Expenses related to specialised information sources and press subscriptions.

### Official Journal

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

### Public Relations

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

### Office Supplies

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

### Postal & Delivery Expenses

Postage, express mail, P.O. Box.

### Financial Charges, including Foreign Exchange Rate Differences

Expenses for bank transfers outside the EU and bank services subject to specific charges. Foreign exchange transactions and financial charges resulted in a net revenue of €39.

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### Note 4: 2008 Operational Projects and Studies

In 2008, EDA awarded 40 contracts under the Operational Budget for approx. € 5.9 million.

Contract ID	Contract Title	Value (in €)	Award Notice	Contract Signature	Final Delivery
OPS 08 ARM 001	Through Life Management (LTM) and off-the-shelf (OTS) Purchase Arrangements.	93,750	23-May-08	9-Jun-08	4-Dec-08
OPS 08 ARM 002	Consultancy study in the field of earth space based imaging.	4,999	28-Apr-08	20-May-08	27-Jun-08
OPS 08 ARM 003	Study into the role of the European Industry in the development and application of standards.	50,000	18-Sep-08	7-Oct-08	29-May-09
OPS 08 ARM 004	Short Study on advanced AFV related innovative technologies used for the core functionalities of a Future European Land Armaments System of System (FELAS).	4,990	27-Aug-08	4-Sep-08	18-Mar-09
OPS 08 ARM 005	Air4All Follow-on Study.	185,000	1-Dec-08	2-Feb-09	1-May-09
<b>ARM</b>		<b>338,739</b>			
OPS 08 CAP 001	Support the EU Council in the Stocktaking of IER for ESDP Operations.	518,344	7-May-08	14-May-08	13-Feb-09
OPS 08 CAP 002	Pilot Course on OSINT.	58,000	3-Mar-08	11-Apr-08	various
OPS 08 CAP 003	Analysis in support of EDA capability trends workshop.	93,562	22-Feb-08	22-Feb-08	17-Mar-08
OPS 08 CAP 004	Service Contract for the Provision of a Roadmap (Fft) towards the Implementation of EU ISTAR architecture.	4,999	28-Mar-08	28-Mar-08	30-Apr-08
OPS 08 CAP 005	Development of an Integrated Biological Defence System Architecture (IBDSA).	45,000	18-Jul-08	29-Aug-08	18-Nov-08
OPS 08 CAP 006	Support of draft of a CST for EU ISTAR Architecture based on the outcome of a dedicated workshop.	9,999	25-Jul-08	25-Jul-08	31-Oct-08
OPS 08 CAP 007	Seaborne Logistic Support Stocktaking Study.	90,393	15-Nov-08	30-Nov-08	15-Apr-09
OPS 08 CAP 008	Personal Biological Aerosol Collector for Exposure Control.	49,800	9-Oct-08	18-Oct-08	30-Apr-09
OPS 08 CAP 009	Scenario Identification for NEC in ESDP CMO Context.	4,999	23-May-08	26-May-08	1-Jul-08
OPS 08 CAP 010	Consultancy study service for Spectrum Allocation for UAVs.	4,999	12-Jun-08	12-Jun-08	16-Jun-08
OPS 08 CAP 011	Pilot Course on OSINT (Amendment of current contract Ops 08 Cap 002).	29,000	30-Jun-08	30-Jun-08	25-Nov-08
OPS 08 CAP 012	TIES - Amendment 1 to contract 06 CAP 015.	131,900	11-Aug-08	26-Aug-08	15-Dec-08
OPS 08 CAP 013	Design of a CBRNE Containment Systems that mitigates or prevents release of CBRN contamination.	75,000	31-Oct-08	10-Nov-08	30-Apr-09
OPS 08 CAP 014	Reports on Workshop "Frequencies Allocation for Unmanned Aerial Vehicles" (9-10 September 08).	4,950	4-Jul-08	11-Jul-08	23-Oct-08
OPS 08 CAP 015	CIED Deployable Exploitation Operational Study.	136,008	5-Dec-08	15-Dec-08	29-May-09
OPS 08 CAP 016	Study for the Mapping of pMS Current Outsourcing Practices in Crisis Management Operations (National and/or Multinational).	60,000	18-Sep-08	30-Oct-08	30-Jan-09
OPS 08 CAP 018	Consultancy Service to provide Expert Support during the WS on "Frequencies Allocation for UAV/UAS" (9-10 Sept 2008).	4,897	22-Jul-08	25-Jul-08	11-Sep-08
OPS 08 CAP 019	NEC Implementation Study (IS).	750,000	12-Dec-08	22-Jan-09	24-Jun-10
OPS 08 CAP 020	IER: follow on Study nr 3.	239,930	12-Dec-08	14-Jan-09	14-Aug-09
OPS 08 CAP 021	Development of a Common Standardised User Interface.	416,000	8-Dec-08	22-Dec-08	17-Jul-09
OPS 08 CAP 022	Helicopter Training Feasability Study.	449,928	30-Oct-08	6-Nov-08	6-May-09
OPS 08 CAP 023	Helicopter Tactics Programme Implementation Study.	445,431	5-Dec-08	15-Dec-08	14-Jul-09
OPS 08 CAP 024	NEC: Collection of ongoing programmes.	4,776	18-Sep-08	24-Sep-08	25-Sep-08
OPS 08 CAP 025	Interoperability on Personal Recovery (PR) Equipment (PRE).	74,400	12-Dec-08	12-Jan-09	4-Jun-09
OPS 08 CAP 026	Consultancy Services to support the follow-up on TPLS.	2,500	10-Oct-05	29-Oct-08	24-Dec-08
OPS 08 CAP 027	Secure Management Infrastructure (SMI)	76,000	19-Dec-08	15-Jan-09	15-May-09
<b>CAP</b>		<b>3,780,815</b>			

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Contract ID	Contract Title	Value (in €)	Award Notice	Contract Signature	Final Delivery
OPS 08 I&M 001	Level playing field for European Defence Industries: the role of ownership and public aid practices.	199,101	4-Apr-08	17-Apr-08	9-Feb-09
OPS 08 I&M 002	Call Centre project for increasing the awareness of the Regime on Defence Procurement and the use of EBB within the European defence-related Industrial base.	97,032	4-Apr-08	14-Apr-08	14-Oct-08
OPS 08 I&M 003	Innovative and Competitive Potential of the Defence-related Supplier Base of the EU-12.	148,000	10-Oct-08	4-Nov-08	14-May-09
<b>I&amp;M</b>		<b>444,133</b>			
OPS 08 R&T 001	Exploring the potential for a common Casualty Tracing and Tracking Tool for EU led military missions.	132,445	15-Nov-08	30-Nov-08	17-Apr-09
OPS 08 R&T 002	Technology Watch on "Terahertz for the Identification of Explosive Chemicals" (TERIFIEC).	150,000	22-Sep-08	16-Dec-08	16-Jun-09
OPS 08 R&T 003	Electromagnetic Signature reduction.	98,600	26-Sep-08	6-Oct-08	5-May-09
OPS 08 R&T 004	EU Core Technical Framework Study.	445,000	16-Sep-08	9-Oct-08	9-Jul-09
OPS 08 R&T 005	Overall Platform Energy Efficiency.	120,000	15-Oct-08	31-Oct-08	15-May-09
OPS 08 R&T 006	Architecture for Embarked Middleware.	396,000	28-Nov-08	29-Jan-09	29-Jul-09
<b>R&amp;T</b>		<b>1,342,045</b>			
<b>TOTAL</b>		<b>5,905,731.680</b>			

### Note 5: 2008 Earmarked Revenue

€ 1,556,000 of Earmarked Revenue was committed to a study on Military Frequency Spectrum Allocations for Unmanned Vehicles / Systems (SB Decision N° 2008/25).

### Note 6: Revenues

#### EU Taxation

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

#### Financial Income

In 2008, the Agency's bank accounts generated interests of € 565 k.

According 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 € 15 k in 2008.

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

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### pMS Contributions

In 2008, pMS contributions amounted to € 25.8 million; taking into account the 2008 surplus reimbursement of € 1.8 million, the actual cost to pMS was € 24 million.

2008 Contributions	% GNI <sup>(19)</sup>	Budgetary Contributions	Actual Cost to pMS	Budgetary Surplus <sup>(20)</sup>
Austria (AT)	2.2160	572,510	532,222	40,288
Belgium (BE)	2.7694	715,469	665,121	50,348
Bulgaria (BG)	0.2450	63,295	58,841	4,454
Cyprus (CY)	0.1274	32,915	30,599	2,316
Czech Republic (CZ)	0.9874	255,086	237,135	17,951
Estonia (EE)	0.1340	34,629	32,192	2,437
Finland (FI)	1.4810	382,606	355,681	26,924
France (FR)	15.5715	4,022,895	3,739,801	283,094
Germany (DE)	20.0164	5,171,231	4,807,328	363,903
Greece (EL)	1.7619	455,183	423,151	32,032
Hungary (HU)	0.8063	208,304	193,645	14,658
Ireland (IE)	1.3927	359,799	334,479	25,319
Italy (IT)	12.7185	3,285,831	3,054,605	231,226
Latvia (LV)	0.1771	45,755	42,535	3,220
Lithuania (LT)	0.2319	59,924	55,707	4,217
Luxembourg (LU)	0.2622	67,745	62,978	4,767
Malta (MT)	0.0431	11,146	10,361	784
Netherlands (NL)	4.6511	1,201,609	1,117,051	84,558
Poland (PL)	2.5283	653,181	607,216	45,965
Portugal (PT)	1.2949	334,526	310,986	23,541
Romania (RO)	1.0666	275,555	256,164	19,391
Slovakia (SK)	0.4567	117,979	109,677	8,302
Slovenia (SI)	0.2713	70,097	65,164	4,933
Spain (ES)	8.7631	2,263,949	2,104,633	159,316
Sweden (SE)	2.7986	723,019	672,139	50,879
United Kingdom (UK)	17.2277	4,450,766	4,137,562	313,203
<b>Total 26 pMS</b>	<b>100</b>	<b>25,835,000</b>	<b>24,016,973</b>	<b>1,818,027</b>

<sup>(19)</sup> 2008 GNI "Own Resources, excl. reserves", OJ L071, 14.3.2008; percentages rounded to 4 decimals.

<sup>(20)</sup> The Budgetary Surplus is returned to pMS as a deduction from the 3rd contribution in year N+1 (15 October 2009).

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### Note 7: Budgetary Surplus repayable to pMS

The budgetary surplus repayable to pMS is the difference between revenues received and expenses incurred during the financial year, including capital expenditure and corresponding depreciation adjustment. The 2008 surplus is returned to pMS as a deduction from the third budgetary contribution on 15 October 2009 (also see Note 6 above).

### Note 8: Fixed Assets and Depreciation

Figures in €

Fixed Asset Classes	2008 Net Asset Value	2008 Accumulated Depreciation	2008 Asset Acquisitions	2007 Net Asset Value
Fitting-Out of Premises	2,010,946	(324,607)	8,982	2,326,571
Security Equipment	5,619	(50,332)	-	55,951
IT Equipment	128,293	(163,565)	81,641	210,217
Office Furniture	59,319	(22,478)	4,106	77,691
Office Technical Equipment	28,329	(6,047)	10,350	24,026
<b>Total</b>	<b>2,232,506</b>	<b>(567,029)</b>	<b>105,079</b>	<b>2,694,456</b>

### Note 9: Supplier receivables

Includes interest receivable from the bank (October – December 2008).

### Note 10: Cash

#### EDA Bank Accounts

As at 31/12/2008, the global balance on the Agency's bank accounts totalled € 19,725,561.

Figures in €

EDA Bank Accounts	2008	2007	2006
Opening balance	15,519,461	14,277,564	10,389,816
Closing balance	19,725,561	15,519,461	14,277,564

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.

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### EDA Petty Cash

As at 31 December 2008, the Agency had a petty cash balance of € 1,000.00.

### Note 11: Stakeholders

The Stakeholders liabilities include the following items:

#### Deferred pMS contributions

At Year-end 2008, one pMS paid part of its contributions in advance.

#### 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

For the year 2008, the accounting surplus amounts to € 1.4 million.

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### Note 12: Supplier Payables

The underneath table shows the variation of the Agency's balance sheet provisions for supplier payables, which include Accrued Expenses and Pending Invoices:

Supplier Payables (in €)	2006 Balance Sheet		2007 Balance Sheet		2008 Balance Sheet	
	Accrued Expenses <sup>(21)</sup>	Pending Invoices <sup>(22)</sup>	Accrued Expenses <sup>(21)</sup>	Pending Invoices <sup>(22)</sup>	Accrued Expenses <sup>(21)</sup>	Pending Invoices <sup>(22)</sup>
<b>FUNCTIONING</b>						
Payables related to 2005	12,396	0	10,337	0	8,146	0
Payables related to 2006	159,673	517,286	0	0	0	0
Payables related to 2007	0	0	351,388	367,986	108,583	0
Payables related to 2008	0	0	0	0	174,146	302,788
<b>FUNCTIONING</b>	<b>172,069</b>	<b>517,286</b>	<b>361,725</b>	<b>367,986</b>	<b>290,875</b>	<b>302,788</b>
<b>OPERATIONAL</b>						
Payables related to 2005	775,294	0	525,000	0	0	0
Payables related to 2006	3,754,215	0	1,993,316	92,564	1,539,014	0
Payables related to 2007	0	0	3,898,294	346,574	719,246	50,000
Payables related to 2008	0	0	0	0	5,259,005	147,750
<b>OPERATIONAL</b>	<b>4,529,509</b>	<b>0</b>	<b>6,416,610</b>	<b>439,138</b>	<b>7,517,265</b>	<b>197,750</b>
<b>EARMARKED</b>						
Payables related to 2005	0	0	0	0	0	0
Payables related to 2006	0	0	0	0	0	0
Payables related to 2007	0	0	0	0	0	0
Payables related to 2008	0	0	0	0	1,556,000	0
<b>OPERATIONAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,556,000</b>	<b>0</b>
<b>TOTAL</b>						
Payables related to 2005	787,690	0	535,337	0	8,146	0
Payables related to 2006	3,913,888	517,286	1,993,316	92,564	1,539,014	0
Payables related to 2007	0	0	4,249,682	714,560	827,829	50,000
Payables related to 2008	0	0	0	0	6,989,151	450,538
<b>TOTAL</b>	<b>4,701,578</b>	<b>517,286</b>	<b>6,778,335</b>	<b>807,124</b>	<b>9,364,140</b>	<b>500,538</b>

<sup>(21)</sup> Provisions for accrued expenses (163100 - Functioning; 163200 - Operational; 163300 - Earmarked).

<sup>(22)</sup> Pending invoices from previous financial years, paid after the 31/12 but before the transfer to provisions.



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### Note 13: Staff Payables

#### Pensions

Staff (Temporary, SCO 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 31/12/2008 amount to € 6,999 k.

Pension provision for 2008 amounts to € 1,800 k and is composed of the following items:

Figures in € k

EDA Staff Pension Accruals <sup>(23)</sup>	2008	2007	2006
EDA contribution	1,633	1,456	1,212
EDA contribution for Contract Staff	42		0
Staff contribution	817	728	606
Staff contribution Contracts Staff	21		0
Payments for severance grant	(933)	(0)	(69)
Payments for maintenance of pension rights	(22)	(58)	(40)
Financial interests	243	148	17
<b>Total</b>	<b>1,800</b>	<b>2,273</b>	<b>1,726</b>

Note: In 2008, 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 € 73.7 k of 2008 expenses paid in early 2009, such as: School and Child allowances, severance grants, mission expenses, other.

<sup>(23)</sup> Staff pension rights (Temporary, SCO and Contract) are capitalised on the balance sheet account "Staff Pension Accruals". Maintenance of pension rights in accordance with Article 90 of the EDA Staff Regulations. See also p. 23.

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### APPENDIX - SELECTED EDA ACRONYMS

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