



EUROPEAN DEFENCE AGENCY

2010 FINANCIAL REPORT

May 2011

EUROPEAN DEFENCE AGENCY

2010 FINANCIAL REPORT

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MANAGEMENT REPORT

Building Capabilities for a Secure Europe

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

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

RESULT OF THE YEAR

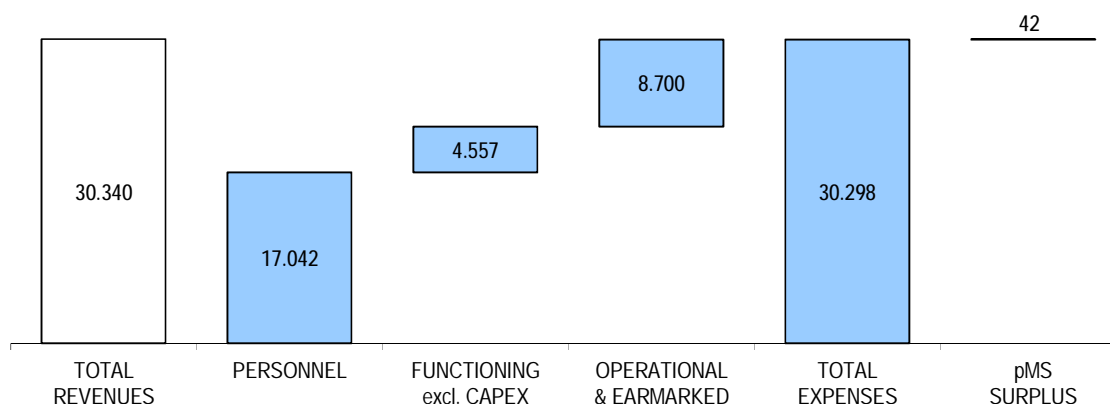
In its sixth year of operation, the Agency has continued to pursue more effective and output oriented European collaboration in order to improve the participating Member States' defence capabilities. The Capability Development Plan (CDP) has guided these efforts, including through R&T collaboration and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

2010 financial achievements include:

- the launch of 48 operational projects for a combined value of **8.7 M €**
- 99,24 % of overall budget consumption

2010 Financial Highlights

Figures in k €



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- 2010 revenues amount to 30.340 k € and comprise pMS contributions (94.6%), deductions from Staff remuneration (4.3%), financial income (0.6%) and other revenues (0.5%).
- 2010 expenses amount to 30.298 k €, excluding 341 k € of capital expenditure and depreciation adjustments, and consist of personnel (56%), functioning (15%) and operational expenses (29%).
- At the year-end 2010, a budgetary surplus of 42 k € (amount to 0.14% of the 2010 Budget) will be returned to pMS.

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HISTORICAL FINANCIALS

Figures in k €	2010	2009	2008
REVENUES			
MEMBER STATE CONTRIBUTIONS	28.713	27.686	25.835
DEDUCTIONS FROM STAFF REMUNERATION	1.294	1.198	1.137
FINANCIAL INCOME	174	298	581
OTHER REVENUES	159	8	0
TOTAL REVENUES	30.340	29.190	27.553
EXPENSES			
PERSONNEL EXPENSES	17.042	15.633	14.350
FUNCTIONING EXPENSES	4.898	4.798	4.385
OPERATIONAL PROJECTS & STUDIES	8.700	7.679	5.906
EARMARKED REVENUE	0	0	1.556
TOTAL EXPENSES	30.639	28.110	26.197
ACCOUNTING SURPLUS	(299)	1.080	1.356
CAPITAL EXPENDITURE	(93)	(98)	(105)
DEPRECIATION ADJUSTMENT	434	425	567
CAPITAL EXPENDITURE & DEPRECIATION ADJUSTMENTS	341	327	462
BUDGETARY SURPLUS REPAYABLE TO pMS	42	1.407	1.818

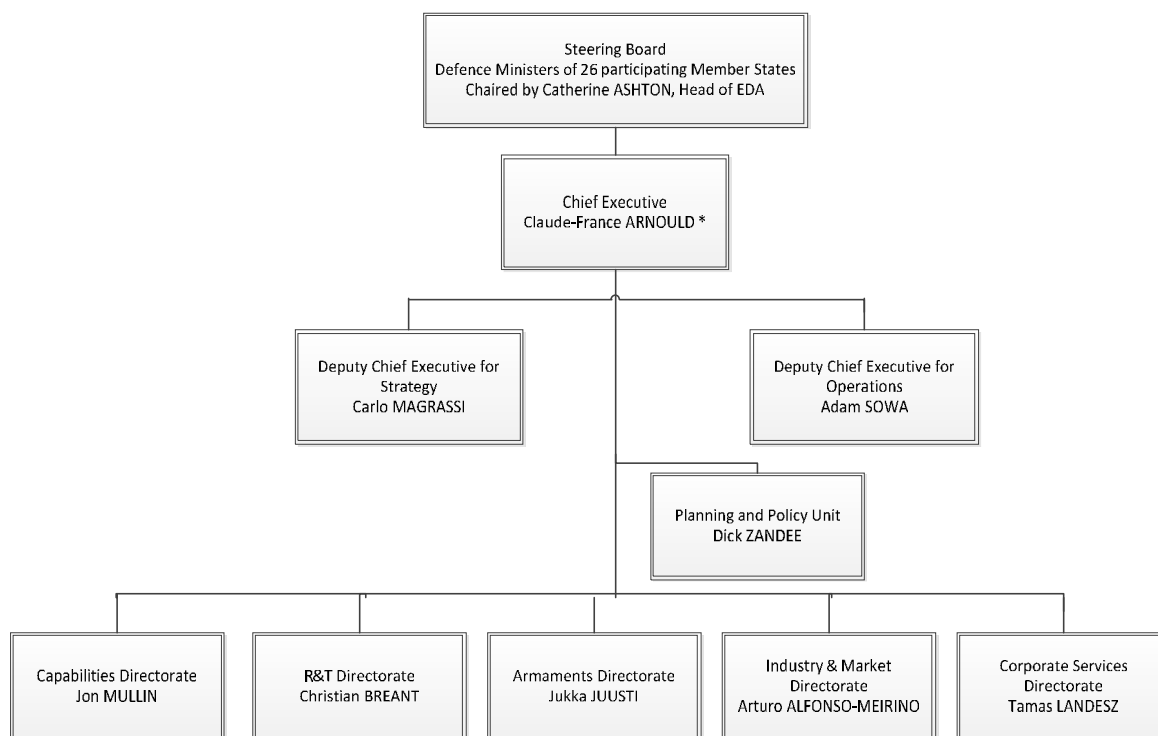
EDA STRUCTURE AND FUNCTIONS

EDA'S STRUCTURE

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

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

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



* Appointed by decision of Defence Ministers of participating Member States on 24 December 2010, replacing Alexander WEIS.

⁽¹⁾ 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 CFSP as it stands now and develops in the future". More specifically, the Agency is ascribed four functions, relating to:

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

EDA'S DIRECTORATES AND OPERATING UNITS

Capabilities Directorate

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

Research & Technology Directorate

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

Armaments Directorate

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

Industry and Market Directorate

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

Corporate Services Directorate

- Responsible for Finance, Human Resources, IT, Security and Logistics
- 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

**Report by the Head of the European Defence Agency
to the Council – 7 December 2010**

In its sixth year of operations, the Agency has continued to pursue more effective and results-oriented European collaboration in order to improve the participating Member States' defence capabilities. The entry into force of the Lisbon Treaty has been an impetus for the activities of the Agency. The Council decision on EDA, required by article 45-2 of the Treaty European Union, will further underline the important role of the Agency in support of the Council and the Member States' effort to improve the EU's defence capabilities in the field of crisis management and to sustain the Common Security and Defence Policy as it stand today and develops in the future.

The Capability Development Plan (CDP) as the overall strategic tool has continued to guide the efforts of the Agency, together with the three long-term strategies for European Defence Research and Technology, European Armaments Co-operation and the European Defence Technological and Industrial Base.

Based on the Work Plan 2010-2012 and the Work Programme 2010, established within the Council Guidelines for the Agency's work in 2010, EDA has carried out a range of activities which all have the same principle: to initiate cost-effective collaboration for the participating Member States (pMS) in support of CSDP requirements.

The impact of the global economic crisis on national defence budgets has been an additional impulse to seek savings through European cooperation. The Agency has initiated a systematic approach to pooling and sharing, including addressing civil-military options and aspects related to the European Defence Technological and Industrial Base.

In order to improve European defence capabilities the Agency has further enhanced its relations with key stakeholders within the EU, in particular the European Commission, as well as with third parties, particularly with the European Space Agency, Letter of Intent, NATO and OCCAR.

I. Implementing the strategic framework

The Capability Development Plan (CDP) has continued to be valuable for addressing capability priorities and for guiding the definition of capability requirements for collaborative programmes and projects. It is firmly established as a key tool for influencing national defence planning. Work on updating the CDP has started in 2010, in close cooperation with the pMS, the EUMC and the EUMS, and will be finished in 2011.

The interconnection between the CDP and the European Defence Research & Technology (EDRT) strategy has been expanded into additional priority areas like protection against Chemical, Biological, Radiological and Nuclear (CBRN) threats as well as others. The defence R&T collaboration in Europe remains at high level. The European Framework Cooperation for Security and Defence Research has provided the context for developing the first Agency contribution. A new R&T programme on CBRN protection has been established, focusing on next generation protection capabilities in areas such as detection and identification, decontamination and medical countermeasures.

The European Armaments Co-operation (EAC) strategy has continued to steer more effective and efficient armaments cooperation in order to reduce costs and increase timely delivery of capabilities. The Guide to the Conduct of a Programme Preparation Phase has been applied to five category B projects: Maritime Mine Counter Measures (MMCM), Future Tactical Unmanned

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Aerial System (FUAS), Biological Equipment Development and Enhancement Programme (Bio-EDEP), Advanced European Jet Pilot Training (AEJPT) and Future Transport Helicopter (FTH). Work strands on best practices, armaments training and standardisation have been brought forward. Council approval of the draft Administrative Arrangement between EDA and OCCAR would be a significant step forward in providing a means of transferring the Agency's projects into collaborative programmes managed by OCCAR.

The implementation of the European Defence Technological and Industrial Base (EDTIB) strategy has progressed well. The Code of Conduct on Defence Procurement keeps playing its important role in bringing transparency and competition into the European Defence Equipment Market (EDEM). The Code has reached the number of around 580 published contract opportunities on the Agency's Electronic Bulletin Board (EBB) portal, with a total value of more than € 22 billion. Of the awarded contracts (350) nearly one third are cross-border awarded contracts. On 15 October 2010 the 100% limit on the use of offsets under the Code of Conduct on Offsets became active. This has set a limit on the use of offsets for the first time ever. Work on Future Air Systems and on the Ammunition Sector – the two pilot cases in the context of identifying key industrial capabilities and means of improving European resources therein – has been taken forward. The European Network of National Safety Authorities on Ammunition (ENNSA) has been established. In the area of Security of Supply a stocktaking analysis has provided the basis for prioritisation of possibilities for common action. After the kick-off discussion in the Ministerial Steering Board in April the Level Playing Field (LPF) issue has been further elaborated, amongst others by categorising the LPF items as a first step for prioritising work.

II Facilitating Collaborative Projects and Programmes

Delivering capabilities requires dedicated projects and programmes, carried out by contributing Members and facilitated by EDA. Within the Agency's strategic framework, participating Member States have committed to new projects and carried on work with already established collaborations. The twelve CDP priorities have remained particularly important, but other projects and initiatives have also been taken forward. All of them are in line with the conclusions drawn from the CDP.

In April the Deployable Level 2 Exploitation Capability project was launched, envisaging the deployment of a field laboratory for forensic research of road-side bombs explosions. Countering Improvised Explosive Devices (CIED), one of the 12 CDP priorities, is an urgent operational requirement. Preparations are on track, with France as the lead nation supported by other pMS. The actual deployment to the Afghanistan theatre of operations by mid-2011 will immediately increase the operational CIED capability. Results will be shared with all other pMS.

The Helicopter Training Programme (HTP) became operational. In June the second helicopter exercise took place in host-nation Spain, the biggest live helicopter exercise in Europe since the end of the Cold War. In the two exercises organized so far, nearly 60 helicopters, over 110 crews and 1300 personnel have participated. Of the crews trained, more than 60 have already been deployed to Afghanistan. This is another example of one the 12 CDP priorities with immediate operational output. Work on the longer-term work strand, the Future Transport Helicopter, has also progressed. Industrial bids have been received based on a request for information on proposed solutions for the replacement of existing heavy lift capabilities of the two category B contributors, France and Germany. Coordination with NATO and the United States has continued. Work on other CDP priorities, falling within the responsibility of the Agency, has progressed as well: Counter-Man Portable Air Defence Systems (MANPADs); European Air Transport Fleet (EATF); Maritime Mine Counter Measures (MMCM); Medical Support; Intelligence, Surveillance and Reconnaissance (ISR) capabilities, Network Enabled Capabilities (NEC) and Third Party Logistics Support platform.

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The Wise Pen Team of five retired European admirals delivered its report on Maritime Surveillance in support of CSDP. The central message of the report is the need for linking national and international military and civilian assets in order to create a federated maritime surveillance network. The report is an important contribution to the activities on Integration of Maritime Surveillance, led by the European Commission.

Category B projects on Advanced European Jet Pilot Training (AEJPT), Biological Equipment Development and Enhancement Programme (Bio-EDEP), Future Tactical Unmanned Aerial System (FUAS), European Secure Software defined Radio (ESSOR), MIDair Collision Avoidance System (MIDCAS) and Multinational Space-based Imagery System (MUSIS) progressed well.

The two Joint Investment Programmes, on Force Protection and Innovative Concepts and Emerging Technologies, continued to encourage the building of networks between defence industry, research establishments and academia. The new R&T programme for Unmanned Maritime Systems (UMS) for mine counter-measures and other naval applications, was brought forward in view of activation in 2011.

III Interaction with key stakeholders

In order for the Agency to strive for interoperable capability solutions and to assist in strengthening Europe's defence resources, it needs to interact with other stakeholders.

The Agency has further explored the potential for synergies with the European Commission's activities, in particular in connection to its civilian security research activities and its initiatives to improve the functioning of the European Defence Equipment Market and to support the EDTIB but also in areas like Maritime Surveillance and Unmanned Aircraft Systems insertion into regular air space.

Cooperation based on the Administrative Arrangement with Norway has continued to be mutually beneficial. The proposed Administrative Arrangement with the European Space Agency is an important step forward in order to maximise effectiveness and mutually beneficial investment in dual use space-based or –related technologies. Negotiations have started to establish an Administrative Arrangement with Switzerland, with the aim to allow Swiss participation in the Agency's projects and activities.

The Agency's efforts to ensure complementary and mutually-reinforcing capability development with NATO have been intensified, in particular between EDA and Allied Command Transformation (ACT). In five areas of common interest (CIED, NEC, JISR, Medical and CBRN protection) progress has been made to coordinate the activities of both organisations. The Agency has continued to contribute actively to the EU-NATO Capability Group.

Contacts with the Letter of Intent group have further increased in order that work conducted by EDA and the Lol is coherent and complementary.

The informal dialogue with the United States has been continued, with a particular focus on topics like Software Defined Radio, Unmanned Aircraft Systems and Future Transport Helicopter, where capability requirements could meet, and the financial burden related to development work could be shared.

Catherine Ashton
High Representative and Head of European Defence Agency

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FINANCIAL STATEMENTS

AUDIT OPINION

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

In accordance with Art.43 of the Financial Rules of the European Defence Agency, the College of Auditors has audited the financial statements of the European Defence Agency (Agency) for the year ended 31 December 2010. These comprise the 2010 Management Accounts, the 2010 Balance Sheet, and the 2010 Cash Flow Statement, and notes to the 2010 Financial Statements. The financial statements of the Agency have been prepared in accordance with the provisions and regulations set out in the financial rules. The 2010 fiscal year surplus repayable to the Member states totalled 41.753 €, whereas the assets amounted 1.564.862 €.

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

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

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

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

College of Auditors (College) Responsibility

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

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

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

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

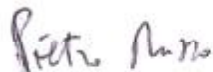
We have also examined the Financial Report on the activities of the Agency and the implementation of the budget, to identify any material inconsistencies with the audited financial statements.

Unqualified Opinion

In our opinion the financial statements present fairly, in accordance with the provisions and regulations set out in notes to the financial statements, and in all material aspects, the financial position of the European Defence Agency as at 31 December 2010 and the financial results of operations for the year then ended.

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

On behalf of the College of Auditors,



PIETRO RUSSO
Chairman of the EDA College of Auditors

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2010 MANAGEMENT ACCOUNTS (1/3)

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2010 FINANCIALS

MANAGEMENT ACCOUNTS

	Notes	2010	2010	2009	2008
<i>Figures in €</i>	<i>1</i>	Budget ^(REV)	Actual	Actual	Actual
EXPENSES					
Title I : PERSONNEL EXPENSES					
Chapter 11: OFFICIALS & TEMPORARY STAFF					
BASIC SALARIES (TBA)		9.038.513	9.034.984,04	8.332.198	7.755.012
STAFF STATUTORY ALLOWANCES		2.420.016	2.415.349,51	2.250.836	2.033.107
STAFF SOCIAL PROTECTION		2.495.861	2.492.691,60	2.299.613	2.062.542
STAFF ALLOWANCES ON ENTERING & LEAVING SERVICE		377.860	361.091,34	674.947	497.525
PROVISIONAL APPROPRIATIONS		30.500	30.458,54	0	0
Subtotal		14.362.750	14.334.575,03	13.557.594	12.348.186
Chapter 12: SNE, CONTRACT STAFF & TRAINEES					
CONTRACT STAFF		756.400	756.349,37	338.593	246.776
SECONDED NATIONAL EXPERTS		1.212.600	1.212.366,02	1.041.507	1.153.887
TRAINEES		72.150	72.003,95	56.901	22.221
Subtotal		2.041.150	2.040.719,34	1.437.001	1.422.884
Chapter 13: STAFF RELATED					
RECRUITING EXPENSES		39.000	38.966,46	35.604	37.121
STAFF TRAINING		70.000	68.857,30	31.876	54.752
STAFF COMMITTEE		5.000	4.997,05	4.932	5.000
MEDICAL EXPENSES		10.000	9.413,94	845	5.586
MISSION EXPENSES		569.400	544.063,18	564.711	476.809
Subtotal		693.400	666.297,93	637.968	579.268
TOTAL PERSONNEL EXPENSES		17.097.300	17.041.592,30	15.632.563	14.350.338
Title II : FUNCTIONING EXPENSES					
Chapter 20: BUILDING & BUILDING RELATED					
FITTING-OUT OF PREMISES		0	325.602,54	331.255	359.909
EXP. FITTING-OUT OF PREMISES		0	0,00	5.652	35.302
DPR. FITTING-OUT OF PREMISES		0	325.602,54	325.603	324.607
SECURITY EQUIPMENT		10.000	6.477,67	24.612	63.166
EXP. SECURITY EQUIPMENT		10.000	3.844,00	20.603	12.834
DPR. SECURITY EQUIPMENT		0	2.633,67	4.009	50.332
OFFICE RENT		1.415.500	1.408.011,29	1.403.060	1.377.377
CLEANING & MAINTENANCE		203.000	202.848,29	238.811	193.479
UTILITY SERVICES		157.325	144.691,88	135.808	149.366
BUILDING SURVEILLANCE SERVICES		1.065.700	1.060.306,64	1.110.199	1.059.486
INSURANCES		18.270	5.725,85	12.466	11.910
OTHER BUILDING RELATED EXPENSES		18.004	15.252,44	93.591	21.665
Subtotal		2.887.799	3.168.916,60	3.349.802	3.236.358

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2010 MANAGEMENT ACCOUNTS (2/3)

MANAGEMENT ACCOUNTS (CONT'D)					
	Notes	2010	2010	2009	2008
<i>Figures in €</i>	<i>1</i>	Budget ^(REV)	Actual	Actual	Actual
Chapter 21: IT EQUIPMENT, FURNITURE & OTHER					
IT EQUIPMENT & SOFTWARE		428.600	421.895,71	400.412	211.095
EXP. IT EQUIPMENT & SOFTWARE		428.600	354.927,65	336.878	47.530
DPR. IT EQUIPMENT & SOFTWARE		0	66.968,06	63.534	163.565
OFFICE FURNITURE		10.000	27.925,81	32.524	46.771
EXP. OFFICE FURNITURE		10.000	1.699,70	9.222	24.293
DPR. OFFICE FURNITURE		0	26.226,11	23.302	22.478
OFFICE TECHNICAL EQUIPM. & SUPPLIES		35.100	37.147,78	26.095	42.906
EXP. OFFICE TECHNICAL EQUIPM. & SUPPLIES		35.100	24.934,05	17.975	36.859
DPR. OFFICE TECHN. EQUIPMENT		0	12.213,73	8.120	6.047
IT PROJECTS & DEVELOPMENT OF SYSTEMS		258.720	258.716,58	44.607	34.734
IT SUPPORT & MAINTENANCE OF COPIERS		47.935	45.176,41	18.914	55.225
TELECOM EXPENSES		180.000	168.562,22	187.074	109.694
OUTSIDE ASSIST. FOR OPERATION OF TECHN. INSTALLATIONS		14.300	14.247,74	6.063	7.805
MAINTENANCE & REPAIR OF TECHNICAL INSTALLATIONS		243.296	239.905,81	202.586	193.706
OFFICE VEHICLES		10.300	9.902,53	17.233	13.766
Subtotal		1.228.251	1.223.480,59	935.508	715.702
Chapter 22: OTHER FUNCTIONING					
TRANSLATION SERVICES		15.000	138,18	10.823	1.403
RECEPTION & REPRESENTATION EXPENSES		45.000	41.516,17	36.567	29.756
INTERNAL MEETINGS		80.000	68.315,53	67.656	72.921
CONFERENCES & SEMINARS		125.000	70.479,74	38.588	36.085
INFORMATION, SUBSCRIPTIONS & DOCUMENTATION EXPENSES		158.000	150.009,66	201.544	145.671
OFFICIAL JOURNAL		1.000	473,23	599	784
PUBLIC RELATIONS		58.000	48.348,49	28.431	27.771
OFFICE SUPPLIES		103.000	101.008,09	101.065	99.231
POSTAL & DELIVERY EXPENSES		23.000	16.645,27	24.289	19.381
AUDIT EXPENSES		8.500	8.456,36	3.652	0
FINANCIAL CHARGES, INCL. FOREIGN EXCHANGE DIFF.		1.000	31,78	-448	-39
Subtotal		617.500	505.422,50	512.766	432.964
TOTAL FUNCTIONING EXPENSES		4.733.550	4.897.819,69	4.798.076	4.385.024
TOTAL PERSONNEL & FUNCTIONING EXPENSES		21.830.850	21.939.411,99	20.430.639	18.735.362
Title III : OPERATIONAL BUDGET & EARMARKED REVENUE					
OPERATIONAL PROJECTS & STUDIES	<i>4</i>	8.700.000	8.699.970,14	7.679.363	5.905.733
EARMARKED PROJECTS - UAV		0	0,00	0	1.556.000
TOTAL OPERATIONAL BUDGET		8.700.000	8.699.970,14	7.679.363	7.461.733
TOTAL EXPENSES		30.530.850	30.639.382,13	28.110.002	26.197.095

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2010 MANAGEMENT ACCOUNTS (3/3)

MANAGEMENT ACCOUNTS (CONT'D)					
	Notes	2010	2010	2009	2008
<i>Figures in €</i>	<i>1</i>	Budget ^(REV)	Actual	Actual	Actual
REVENUES ⁽¹⁰⁾	<i>5</i>				
Title IV: MISC. COMMUNITY TAXES, LEVIES & DUES					
Chapter 40: DEDUCTIONS FROM STAFF REMUNERATION					
TAXATION ON STAFF SALARIES & ALLOWANCES (8IM)		1.095.646	1.106.768,54	1.037.159	999.935
TEMP. CONTRIB (CTC)		0	1.189,29		
EU SPECIAL LEVY (PSP)		172.216	186.249,73	160.951	137.378
Subtotal		1.267.862	1.294.207,56	1.198.110	1.137.313
Title V: INCOME FROM OPERATING ACTIVITIES					
Chapter 52: FINANCIAL INCOME					
INTERESTS - BANK		550.000	150.973,99	262.612	565.398
INTERESTS - PMS		0	22.852,00	35.449	15.461
Subtotal		550.000	173.825,99	298.061	580.859
Title VI: pMS CONTRIBUTIONS					
Chapter 61 : MEMBER STATE CONTRIBUTIONS					
PMS CONTRIBUTIONS	<i>6</i>	28.712.988	28.712.988,00	27.686.000	24.275.000
PMS CONTRIBUTIONS		0	0,00	0	1.560.000
Subtotal		28.712.988	28.712.988,00	27.686.000	25.835.000
Title VII: OTHER REVENUES					
Chapter 75 : OTHER REVENUES					
OTHER REVENUES		0	2.698,88	8.146	0
CFWD CANCELATION		0	156.403,45	0	0
Subtotal		0	159.102,33	8.146	0
TOTAL REVENUES		30.530.850	30.340.123,88	29.190.317	27.553.172
ACCOUNTING SURPLUS/LOSS			-299.258,25	1.080.315	1.356.077
CAPITAL EXPENDITURE			-92.632,80	-97.935	-105.079
DEPRECIATION ADJUSTMENT			433.644,11	424.568	567.029
CAPITAL EXPENDITURE & DEPRECIATION ADJUSTMENTS			341.011,31	326.633	461.950
BUDGETARY SURPLUS REPAYABLE TO pMS	<i>7</i>		41.753,06	1.406.948	1.818.027

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2010 FINANCIAL REPORT

2010 BALANCE SHEET (1/2)

EUROPEAN DEFENCE AGENCY
2010 FINANCIALS

BALANCE SHEET


	Notes	For the year ending	
Figures in €		31.12.2010	31.12.2009
31.12.2008			
ASSETS			
FIXED ASSETS			
ACQ. FITTING-OUT OF PREMISES		3.039.934,72	3.039.935
ACCUMUL. DPR. FITTING-OUT OF PREMISES		(1.680.193,90)	(1.354.591)
FITTING-OUT OF PREMISES		1.359.740,82	1.685.344
ACQ. SECURITY EQUIPMENT		140.637,49	138.668
ACCUMUL. DPR. SECURITY EQUIPMENT		(137.168,52)	(134.535)
SECURITY EQUIPMENT		3.468,97	4.133
ACQ. IT EQUIPMENT & SOFTWARE		687.195,65	614.579
ACCUMUL. DPR. IT EQUIPMENT & SOFTWARE		(547.763,75)	(480.796)
IT EQUIPMENT		139.431,90	133.783
ACQ. OFFICE FURNITURE		139.578,16	131.639
ACCUMUL. DPR. OFFICE FURNITURE		(111.897,73)	(85.672)
OFFICE FURNITURE		27.680,43	45.967
ACQ. OFFICE TECHN. EQUIPMENT		67.008,81	56.902
ACCUMUL. DPR. OFFICE TECHN. EQUIPM.		(32.468,58)	(20.255)
OFFICE TECHNICAL EQUIPMENT		34.540,23	36.647
NET FIXED ASSETS	8	1.564.862,35	1.905.874
		0,00	
SUPPLIER RECEIVABLES		0,00	
INTERESTS RECEIVABLE		0,00	16.944
ADVANCE PAYMENTS ON SUPPLIERS		0,00	0
SUPPLIER RECEIVABLES		0,00	16.944
STAFF RECEIVABLES			
STAFF RECEIVABLES		84.198,10	64.524
RECEIVABLES		84.198,10	64.524
CASH			
EDA BANK ACCOUNTS		22.374.445,34	21.785.979
PETTY CASH		2.000,00	2.000
CASH	9	22.376.445,34	21.787.979
TOTAL ASSETS		24.025.505,79	23.775.321
			21.987.915

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2010 BALANCE SHEET (2/2)

BALANCE SHEET (CONT'D)

	Notes	For the year ending	
Figures in €		31.12.2010	31.12.2009
31.12.2008			
LIABILITIES			
STAKEHOLDERS			
ADVANCE ON PMS CONTRIBUTIONS		862.837,00	1.070.340
OUTSTANDING PMS CONTRIBUTIONS		(219.417,00)	(310.282)
CAPEX & DEPRECIATION ADJ. (YEAR N-1)		1.905.870,40	2.232.503
PMS CONTRIBUTIONS		0,00	0
ACCOUNTING SURPLUS/LOSS		(299.258,25)	1.080.315
STAKEHOLDERS	10	2.250.032,15	4.072.876
SUPPLIER PAYABLES			
ACCRUED EXPENSES		10.192.365,33	8.098.050
- THEREOF FUNCTIONING		771.279,61	411.791
- THEREOF OPERATIONAL		9.421.085,72	6.597.057
- THEREOF EARMARKED		0,00	1.089.202
PENDING INVOICES		1.851.282,20	3.289.331
SUPPLIER PAYABLES	11	12.043.647,53	11.387.381
STAFF PAYABLES			
STAFF PENSION ACCRUALS (RCN)		9.677.057,47	8.266.156
STAFF STATUTORY INSURANCE CONTRIBUTIONS		(500,32)	(396)
EMPLOYEES / PENDING INVOICES		55.268,96	49.304
STAFF PAYABLES	12	9.731.826,11	8.315.064


Claude-France ARNOULD
Chief Executive

March 2011

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2010 CASH FLOW

EUROPEAN DEFENCE AGENCY

2010 FINANCIALS

CASH FLOW

	For the year ending		
<i>Figures in €</i>	31.12.2010	31.12.2009	31.12.2008
OPENING BANK ACCOUNT BALANCE	21.785.978,60	19.725.561	15.519.461
CASH RECEIVED FROM PMS			
PMS CONTRIBUTIONS	28.712.988,00	27.686.000	25.835.000
REIMBURSEMENT OF YEAR N-1 SURPLUS	(1.406.948,00)	(1.818.027)	(1.316.640)
DEFERRED PAYMENTS OF CONTRIBUTIONS	102.779,00	105.789	(836.466)
Subtotal	27.408.819,00	25.973.762	23.681.894
CASH RECEIVED FROM BANK			
INTERESTS CREDITED DURING THE YEAR	173.825,99	274.516	697.460
Subtotal	173.825,99	274.516	697.460
TOTAL CASH INFLOWS	27.582.644,99	26.248.278	24.379.354
CASH SPENT FOR FUNCTIONING & OPERATIONAL EXPENSES			
FUNCTIONING EXPENSES			
PAYMENTS FOR YEAR N-2 EXPENSES	0,00	83.087	2.191
PAYMENTS FOR YEAR N-1 EXPENSES	295.395,04	463.749	236.842
PAYMENTS FOR CURRENT YEAR EXPENSES *	7.928.690,53	16.964.282	15.129.142
PAYMENTS FOR YEAR N+1 EXPENSES	0,00	0	0
PAYMENTS FOR FUNCTIONING EXPENSES	8.224.085,57	17.511.118	15.368.176
OPERATIONAL EXPENSES			
PAYMENTS FOR YEAR N-3 EXPENSES	0,00	1.539.014	525.000
PAYMENTS FOR YEAR N-2 EXPENSES	1.644.194,26	746.739	454.302
PAYMENTS FOR YEAR N-1 EXPENSES	4.440.439,70	3.738.244	3.179.048
PAYMENTS FOR CURRENT YEAR EXPENSES	12.685.458,80	652.745	646.727
PAYMENTS FOR OPERATIONAL EXPENSES	18.770.092,76	6.676.742	4.805.077
TOTAL CASH OUTFLOWS	26.994.178,33	24.187.860	20.173.253
CLOSING BANK ACCOUNT BALANCE	22.374.445,26	21.785.979	19.725.561

* Provided by accounting system. It equals to 2010 expenditures, as per Management accounts, less 2010 payments made in 2011, plus payments related to 2009 but made in 2010.

NOTES TO THE 2010 FINANCIAL STATEMENTS

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'), as well as with respect to :
 - Council Regulation N° 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ('EU Financial Regulation'),
 - Commission Regulation N° 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of the Financial Regulation ('EU Implementing Provisions') and
 - "Final rules adopted by the Accountant of the European Communities after formal consultation of accountants of institutions and agencies based on the Art. 133 of the EU Financial Regulation".

SPECIFIC ACCOUNTING POLICIES

pMS Contributions

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

2010 Budget

The budget for 2010 was established in 23 November 2009. At the end of 2010, in accordance with the Financial Rules, to properly reflect its financial situation, the Agency reviewed its budget, adjusting intra-titles and intra-chapter budget lines based on forecasted expenses and revenues.

Budgetary Surplus repayable to pMS

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

Fixed Asset Policy

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

⁽²⁾ 27 EU Member States excluding Denmark

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

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

Depreciation

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

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

Provisional Appropriations

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

Note 2: Personnel Expenses

REGULATORY BASIS

Human resources parameters ⁽³⁾ and calculations are based on:

- Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Communities laid down by Regulation (EEC, Euratom, ECSC) No 259/68 and the last amendment Council Regulation (EU, Euratom) No 1190/2010 of 13 December 2010 adjusting with effect from 1 July 2009 the remuneration and pensions of officials and other servants of the European Union,
- Council Decision 2003/479/EC and Decision 2007/829/EC concerning the rules applicable to National Experts and Military Staff on secondment to the General Secretariat of the Council and the last amendment, Council Decision 2010/248/EU of 26 April 2010 adjusting the allowances,
- Council Decision 2004/676/EC of 24 September 2004 concerning the Staff Regulations of the European Defence Agency ('EDA Staff Regulations') and the last amendment, Council Decision 2007/215/EC of 29 January 2007,
- Council Decision 2004/677/EC of 24 September 2004 concerning the Rules applicable to national experts and military staff on secondment to the European Defence Agency and the last amendment, Council Decision 2007/216/EC of 29 January 2007 with regard to a minimum period of secondment of national experts and military staff seconded to the European Defence Agency.

PERSONNEL EXPENSES

Personnel expenses amount to 17 M €.

The corresponding increase in personnel expenses is mainly due to the growth of EDA's personnel, the regulatory step changes after 2 years of service, the annual salary grid adjustments and impact of posts recruited in the course of 2010. The remuneration of the members of the temporary and contract Staff is determined according to the same rules as those set out in the Staff Regulations of Officials of the European Communities (Art. 59 and Art. 111 of EDA Staff Regulations).

STAFF CATEGORIES AT THE AGENCY

EDA employs four different categories of personnel:

1. Temporary Staff

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

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

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2. Contract Staff

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

3. Seconded National Experts

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

4. Trainees

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

Basic Salaries

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

Staff Statutory Allowances

Staff statutory allowances ⁽⁴⁾ relate to:

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

Staff Social Protection

Staff social protection is financed both from the Agency (*Staff Social Protection*) and from Staff ⁽⁵⁾ (*Deductions from Staff Remuneration*). The following statutory contributions were paid in 2010:

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

Source: *Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Communities laid down by Regulation (EEC, Euratom, ECSC) No 259/68 and the last amendment Council Regulation (EU, Euratom) No 1190/2010 of 13 December 2010 adjusting with effect from 1 July 2009 the remuneration and pensions of officials and other servants of the European Union.*

⁽⁴⁾ For detailed calculations, please refer to *Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Communities laid down by Regulation (EEC, Euratom, ECSC) No 259/68 and the last amendment Council Regulation (EU, Euratom) No 1190/2010 of 13 December 2010 adjusting with effect from 1 July 2009 the remuneration and pensions of officials and other servants of the European Union.*

⁽⁵⁾ Temporary Staff.

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

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Provisional Appropriations

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

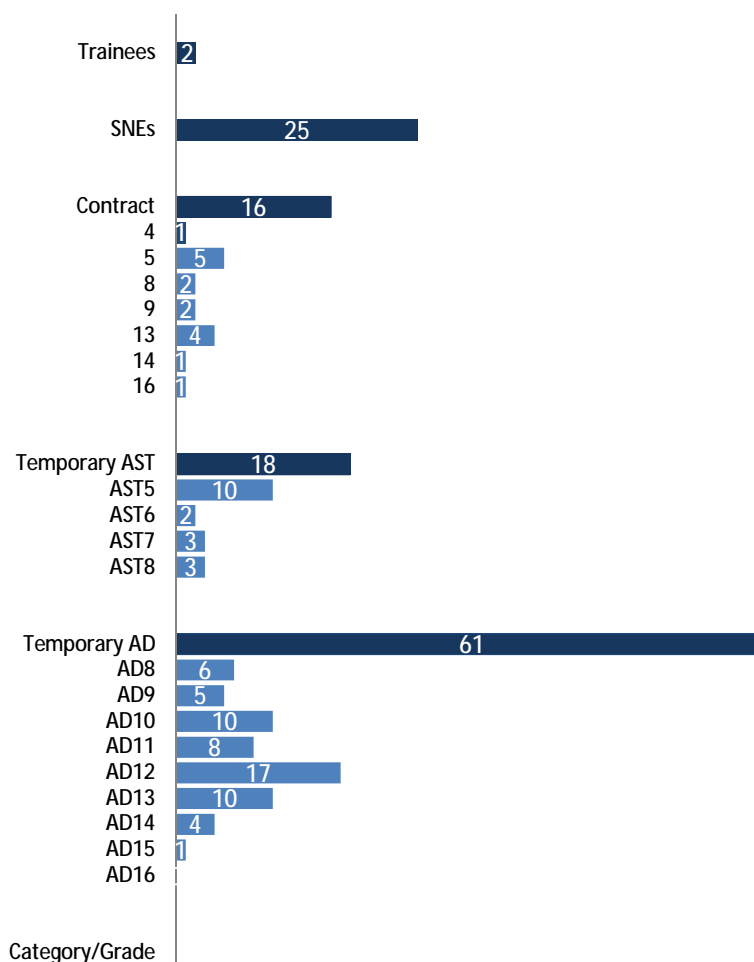
For the budget year 2010, the expense for orphan's pension has been booked under the Provisional Appropriations account.

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

Staff present on 31/12/2010

Category/Grade	Total	Female	Male
AD16	0		
AD15	1		
AD14	4		
AD13	10		
AD12	17		
AD11	8		
AD10	10		
AD9	5		
AD8	6		
Temporary AD	61	11	50
		19%	81%
AST8	3		
AST7	3		
AST6	2		
AST5	10		
Temporary AST	18	15	3
		83%	17%
16	1		
14	1		
13	4		
9	2		
8	2		
5	5		
4	1		
Contract	16	5	11
		29%	71%
SNEs	25	2	23
		8%	92%
Trainees	2	0	2
		0%	100%

Staff distribution per grade



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Staff Allowances on Entering & Leaving Service

Staff allowances on entering & leaving service related to:

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

Contract Staff

16 Contract Staff were present in the Agency on 31/12/2010.

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

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

Seconded National Experts (SNEs)

On 31/12/2010, 25 SNEs were present at the Agency. The allowances paid were:

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

Source: Council Decision 2003/479/EC concerning the rules applicable to National Experts and Military Staff on secondment to the General Secretariat of the Council and the last amendment, Council Decision 2010/248/EU of 26 April 2010 adjusting the allowances.

Trainees

On 31/12/2010, 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: language classes, security training and EDA participant fees for seminars or conferences.

Medical Expenses

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

Mission Expenses

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

Note 3: Functioning Expenses

Fitting-out of Premises

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

Security Equipment

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

Office Rent

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

Cleaning and Maintenance

Building cleaning and maintenance contracts, including cleaning supplies.

Utility Services

Building utility expenses related to water, electricity and heating.

Building Surveillance Services

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

Insurances

Selected insurance policies related to EDA premises and Staff.

Other Building related Expenses

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

IT Equipment and Software

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

Office Furniture

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

IT Projects & Development of Systems

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

IT Support & Maintenance of Copiers

Rental and maintenance of photocopiers.

Telecom Expenses

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

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Office Technical Supplies

Technical supplies for electrical systems and other technical installations.

Outside Assistance for Operation of Technical Installation

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

Maintenance & Repair of Technical Installations

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

Office Vehicles

Rental fee for office vehicles.

Reception & Representation Expenses

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

Internal Meetings

Meeting supplies such as: water, coffee, 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.

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Note 4: 2010 Operational Projects and Studies

In 2010, EDA awarded 48 contracts under the Operational Budget that amount to 8.7 M €

No.	Contract Number	Contract Title	Amount in €
	ARM		531.796
1	10.ARM.NP1.26	EDA MAWA TF4 airworthiness training	1.183
2	10.ARM.NP3.42	UAS Awareness campaign: creation and production of UAS video	49.900
3	10.ARM.OP.10	Access to Standards Study	100.000
4	10.ARM.OP.21	EMAR	147.000
5	10.ARM.OP.23	Development of European Military Airworthiness Certification Criteria (EMACC)	83.713
6	10.ARM.OP.41	EU UAS Engine: power and propulsion system requirements and architecture analysis	150.000
	CAP		5.319.957
7	10.CAP.NP1.32	Strategic Transport in-theatre Analysis	16.755
8	10 CAP 002	Development of a CBRN Counter Measures Concept for ESDP Operations.	90.000
9	10 CAP 004	CBRN Functional Area Service Architecture Study	122.000
10	10 CAP 005	TPLS IT-Cost Evaluation and Project Road Mapping.	60.000
11	10 CAP 007	Rules & regulations for Management of Crypto keys for EU led mil operations "MCK"	95.000
12	10 CAP 008	MARSUR Networking - Architecture Experimentation.	350.000
13	10 CAP 019	ATARES web-based accounting software development	83.217
14	10 CAP 022	Counter IED Advanced Search Advisor Training.	158.770
15	10 CAP 023	MARSUR Wise Pen Team	188.000
16	10 CAP 10	CIED Level 2 Exploitation Demonstrator.	1.000.000
17	10 CAP 24	Moderator - Pooling and Sharing Workshop	1.500
18	10 CAP 25	Rapporteur - Pooling and Sharing Workshop	3.450
19	10.CAP.OP.001	Military Radio Spectrum Needs	200.000
20	10.CAP.OP.006	CIS: C4I Reference Architecture II EUBG	340.000
21	10.CAP.OP.01	NEC roadmap tool	238.000
22	10.CAP.OP.07	C4I RAIEG (Command, Control, Communications, Computers, (Military) Intelligence Reference Architecture for Information Exchange Gateways)	248.000
23	10.CAP.OP.12	21st Century Soldier Systems/PR.	149.500
24	10.CAP.OP.18	ISR Capability Package Assessment	600.000
25	10.CAP.OP.29	NEC Assessment Criteria and Methodology Study	150.000
26	10.CAP.OP.30	Study on e-learning applied to defence training requirements	46.480
27	10.CAP.OP.31	Landscaping study on EU Medical Capabilities Stocktaking.	159.670
28	10.CAP.OP.37	Computer Network Operations	96.000
29	10.CAP.OP.39	Initial Helicopter Flying Training Study	259.370
30	10.CAP.OP.45	CBRN Functional Area Service Target Architecture Study	249.245
31	10.CAP.OP.47	Development of a comprehensive, balanced Multi Criteria Analysis (MCA) and Investment Decision Support Tool (IDST) to assess future investments for the protection of Air Assets from low to Medium Altitude Ground Based Threats.	175.000
32	10.CAP.RP.24	Network Enabled Strategic Air Transportation (NE SAT) Requirement Study.	150.000
33	10.CAP.RP.25	Counter IED MNT IEDD	90.000
	I&M		1.943.880
34	10 I&M 001	The future of the European military aerospace defence	400.000
35	10 I&M 03	Defence Industry Data	134.514
36	10 R&T 001	SRA "CIS & Networks" Technological Roadmaps	150.000
37	10 R&T 002	Adaptative, self-learning and anticipative radarASAR	300.000
38	10 R&T 003	IAP3 Strategic Research Agenda	150.000
39	10 R&T 004	SRA "Naval systems" Technological Roadmaps	140.000
40	10.I&M.IP.59	Web development and design services for the EDA's Electronic Bulletin Board	35.000
41	10.I&M.NP1.58	Amendment to 10 - I&M-001 The future of the European military aerospace defence	65.000
42	10.I&M.NP3.34	Eligibility of contractors in defence procurement	49.512
43	10.I&M.OP.17	LPF for European Defence Industries	169.854
44	10.I&M.OP.35	Precision and Guidance-Focusing on Ammunition	350.000
	R&T		654.937
45	09 R&T 005	Correction ELAV 09-R&T-005	9.000
46	10.R&T.OP.13	Signatures of Improvised Explosive Devices (SIED)	248.037
47	10.R&T.OP.33	Addressing key European Defence Technology and Industrial Dependencies (EDTID)	397.900
	JOINT		249.400
48	10.Joi.NP1.54	Study support to the scoping and prioritisation of topics for the launching of a European Framework Cooperation on Unmanned Aerial Systems	249.400
	TOTAL		8.699.970

Note 5: Revenues

EU Taxation

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

Financial Income

In 2010, the Agency's bank accounts generated interests of 151 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 23 k € in 2010.

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

Other revenues

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

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Note 6: pMS Contributions

In 2010, pMS contributions amounted to 28.7 M € including the 2010 surplus reimbursement of 42 k €

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pMS CONTRIBUTIONS

In €

2010 Contributions	% GNI ⁽⁷⁾	2010 Annual Contribution	Actual Cost to pMS	Budgetary Surplus ⁽⁸⁾
Austria (AT)	2,3621	678.221	677.235	986
Belgium (BE)	2,9346	842.604	841.379	1.225
Bulgaria (BG)	0,2952	84.763	84.640	123
Cyprus (CY)	0,1521	43.673	43.609	64
Czech Republic (CZ)	1,1049	317.241	316.780	461
Estonia (EE)	0,1152	33.065	33.017	48
Finland (FI)	1,5501	445.083	444.436	647
France (FR)	16,8329	4.833.239	4.826.211	7.028
Germany (DE)	20,7954	5.970.971	5.962.288	8.683
Greece (EL)	2,0905	600.254	599.381	873
Hungary (HU)	0,7270	208.745	208.441	304
Ireland (IE)	1,1652	334.569	334.082	487
Italy (IT)	13,0429	3.745.016	3.739.570	5.446
Latvia (LV)	0,1559	44.766	44.701	65
Lithuania (LT)	0,2280	65.480	65.385	95
Luxembourg (LU)	0,2473	70.994	70.891	103
Malta (MT)	0,0501	14.375	14.354	21
Netherlands (NL)	5,0112	1.438.852	1.436.760	2.092
Poland (PL)	2,4737	710.267	709.234	1.033
Portugal (PT)	1,3382	384.243	383.684	559
Romania (RO)	1,1227	322.352	321.883	469
Slovakia (SK)	0,5971	171.454	171.205	249
Slovenia (SI)	0,3125	89.741	89.611	130
Spain (ES)	8,8855	2.551.303	2.547.593	3.710
Sweden (SE)	2,5391	729.063	728.003	1.060
United Kingdom (UK)	13,8706	3.982.654	3.976.863	5.791
Total 26 pMS	100	28.712.988	28.671.235	41.753

⁽⁷⁾ 2010 GNI "Own Resources, excl. reserves", OJ L071, 13.3.2010; percentages rounded to 4 decimals.

⁽⁸⁾ The Budgetary Surplus is returned to pMS as a deduction from the 3rd contribution in year N+1 (15 October 2011).

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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 (payments and accruals) during the financial year, including capital expenditure and corresponding depreciation adjustment. The 2010 surplus is returned to pMS as a deduction from the third budgetary contribution on 15 October 2011 (also see Note 6 above).

Note 8: Fixed Assets and Depreciation

Figures in €

Fixed Asset Classes	2010 Net Asset Value	2010 Accumulated Depreciation	2010 Asset Acquisitions	2009 Net Asset Value
Fitting-Out of Premises	1.359.741	(325.603)	- 0	1.685.344
Security Equipment	3.469	(2.634)	1.970	4.133
IT Equipment	139.432	(66.968)	72.617	133.783
Office Furniture	27.680	(26.226)	7.939	45.967
Office Technical Equipment	34.540	(12.214)	10.107	36.647
Total	1.564.862	(433.644)	92.633	1.905.874

Note 9: Cash

EDA Bank Accounts

As at 31/12/2010, the global balance on the Agency's bank accounts totalled 22.374.445 €

Figures in €

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Bank Accounts

In €

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

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

EDA Petty Cash

As at 31 December 2010, the Agency had a petty cash balance of 2.000 €

Note 10: Stakeholders

The Stakeholders liabilities include the following items:

Deferred pMS contributions

- At Year-end 2009, 2 pMS paid part of its contributions in advance.
- 2 pMS have not paid their last contribution for 2010.
- First and second contributions of 2011 were invoiced at the end of 2010.

Capital expenditure Year N-1

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

Accounting Surplus/Loss

For the year 2010, the accounting result amounts to -299 k €

Note 11: Supplier Payables

Supplier payables include accrued expenses and pending invoices (2010 expenses paid in early 2011). The underneath table shows the variation of the Agency's balance sheet provisions for accrued expenses:

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Accrued expenses

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

(*) : Provisions for accrued expenses.

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Note 12: Staff Payables

Pensions

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

Staff pension rights are composed of:

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

Total Statutory Staff pension rights accumulated on the Agency's balance sheet as per 31/12/2010 amount to 9.677 k €

Pension provision for 2010 amounts to 1.411 k € and is composed of the following items:

Figures in € k

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Pension Provision

In k €

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

Miscellaneous Staff Payables

Miscellaneous Staff Payables include 2010 expenses paid in early 2011, such as, School and Child allowances, severance grants, salary adjustments, mission expenses, other.

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

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APPENDIX - SELECTED EDA ACRONYMS

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