



# EUROPEAN DEFENCE AGENCY 2013 FINANCIAL REPORT

13 June 2014

# EUROPEAN DEFENCE AGENCY

## 2013 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

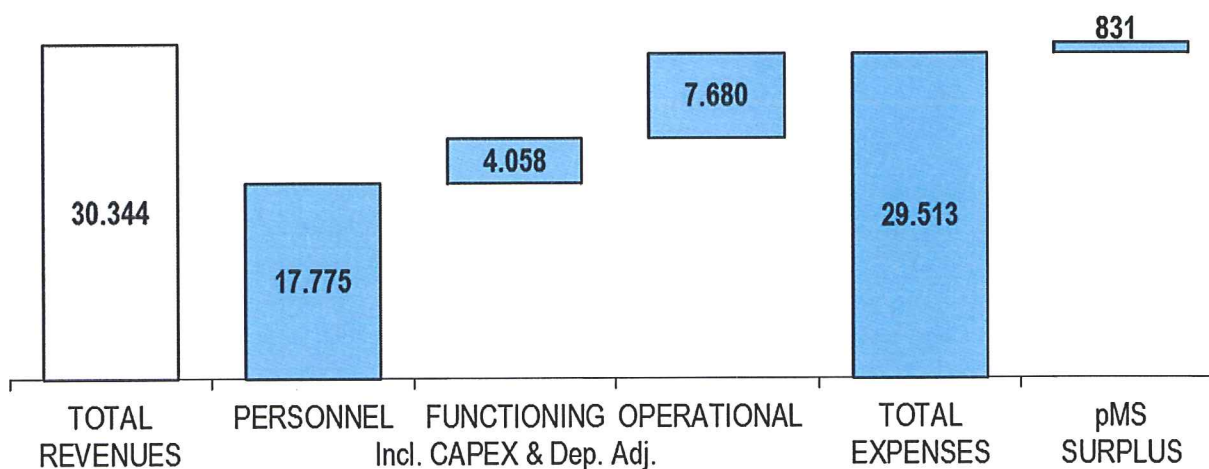
In its ninth year of operation, the Agency has continued to pursue more effective and output capabilities. The Capability Development Plan (CDP) has guided these efforts, including through R&T collaboration and armaments cooperation. The Agency has continued its work on establishing a competitive European Defence Technological and Industrial Base and an open and transparent European Defence Equipment Market, which are fundamental for underpinning CFSP military capabilities.

2013 financial achievements include:

- the launch of 102 operational projects for a combined value of 7,680M €,
- approximately 97,2% of overall budget consumption

### 2013 Financial Highlights

Figures in k €



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- 2013 revenues amount to 30.344 k € and comprise pMS contributions (95,77%), deductions from Staff remuneration (3,80%), financial income (0.31%) and other revenues (0.12%).
- 2013 expenses amount to 29.513k €, and consist of personnel (60,23%), functioning (13,75%) and operational expenses (26,02%).
- At the year-end 2013, a budgetary surplus of 831 k € (amounting to 2,72% of the 2013 Budget) and this will be returned to pMS.

**EUROPEAN DEFENCE AGENCY**  
**SUMMARY OF REVENUE AND EXPENDITURE FOR 2013**

Figures in k €	2013*	2013**
<b>REVENUES</b>		
MEMBER STATE CONTRIBUTIONS	29.057	29.057
DEDUCTIONS FROM STAFF REMUNERATION	1.155	1.155
FINANCIAL INCOME	95	95
OTHER REVENUES	37	37
<b>TOTAL REVENUES</b>	<b>30.344</b>	<b>30.344</b>
<b>EXPENSES</b>		
PERSONNEL EXPENSES	17.775	17.775
FUNCTIONING EXPENSES	4.058	4.228
OPERATIONAL PROJECTS & STUDIES	7.680	7.680
<b>TOTAL EXPENSES</b>	<b>29.513</b>	<b>29.683</b>
<b>SURPLUS REVENUE OVER EXPENDITURE</b>	<b>831</b>	<b>661</b>
Add depreciation		578
Deduct Capital Expenditure		(408)
<b>BUDGETARY SURPLUS REPAYABLE TO pMS</b>	<b>831</b>	<b>831</b>

\*Expenses includes capital expenditure and excludes depreciation

\*\*Expenses excludes capital expenditure and includes depreciation

Figures subject to rounding to nearest '000 Euro

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**EDA STRUCTURE AND FUNCTIONS**

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

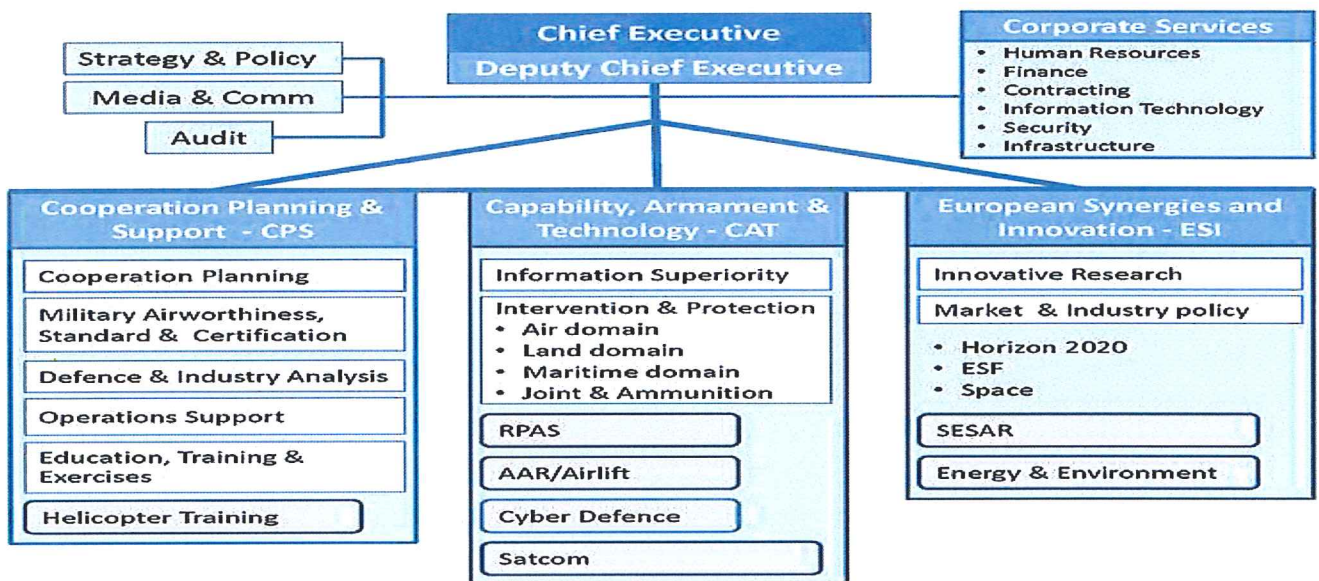
Catherine Ashton chairs the Steering Board, the principal decision-making body of the Agency, made up of Defence Ministers from 27 participating Member States (all EU members except Denmark) and a member of the European Commission. In addition to ministerial meetings at least twice a year, the Steering Board also meets at the sub-ministerial level: National Armaments Directors, Research and Technology Directors and in Capabilities formation.

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

The European Defence Agency (EDA) has a new structure in place as of 1 January 2014 in order to better support Member States in a rapidly evolving environment. From this date the Agency will be organised in three operational directorates: Cooperation Planning & Support; Capability, Armaments & Technology; and European Synergies & Innovation. This will facilitate prioritisation of tasks and improve operational output, in particular on key activities such as Air-to-Air Refuelling, Remotely Piloted Aircraft Systems, Satellite Communications, Airworthiness, Certification, SESAR, and Energy & Environment.

The defence and security environment is evolving rapidly. Defence cuts are leading to greater cooperation on programmes. In addition, many wider EU policies such as Single European Sky or Radio Spectrum have major implications for the defence community.

The overall objective of the restructuring is to ensure that the Agency is properly equipped to: anticipate and react to developments; improve its operational output; facilitate the prioritisation of tasks; and serve the needs, expectations and interests of Member States effectively and efficiently. A detailed description of new structure is included in page 36 of this document.



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

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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*

Structure outlined below is as at 31 December 2013 but as the Agency structure has been reorganised with effect from 1 January 2014 please refer also page 37 for the new structure.

#### **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, Infrastructure and Contracting
- Through its Finance Unit, manages the Agency's accounting, budgets and reporting
- Provides expertise for procurement and contracts through its Contracting Unit
- Supports the activities of the Agency and its functional directorates

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

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

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

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

**Report by the Head of the European Defence Agency  
to the Council – 08 November 2013**

**Introduction**

The European Defence Agency pursues effective and output-oriented European cooperation in order to improve the defence capabilities of participating Member States. The 2014 Work Programme sets out its activities for next year. The underlying principle is cost-effective cooperation, with a focus on Pooling & Sharing.

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

**I Capabilities**

The updated Capability Development Plan (CDP), approved by the Steering Board in March 2011, provides the framework for addressing capability priorities and for guiding the definition of capability requirements that could be met through collaborative projects and programmes. It also informs national defence planning. Work on its revision is on track to be completed in 2014: this will ensure its continued relevance, including for Pooling & Sharing which has made major strides during the course of 2013.

Member States have committed to new projects and are making progress in established collaborations, for example:

- Air to Air Refuelling (AAR): the Agency has developed an overall approach to meeting the critical European capability requirement through: increasing overall capacity, reducing fragmentation of the fleet, and optimising the use of assets. It has led to four complementary work-strands, some in close cooperation with OCCAR (in the framework of the Administrative Arrangement signed in July 2012), and with the European Air Transport Command (EATC), aimed at: short-term solutions, including access to commercial AAR services; optimising the use of existing assets and organisations; increasing the A400M fleet AAR capability by acquiring additional refuelling kits; and increasing the strategic multirole tanker transport capability in Europe by 2020.
- The Counter-IED laboratory continues to be deployed in Afghanistan for operations within ISAF. It is a major success: it is fully integrated into the C-IED effort in Afghanistan and has become vital for ISAF. Building on this, work has commenced on a follow-on project for a Joint Deployable Exploitation Analysis Laboratory.
- Helicopter Availability: includes a synthetic based helicopter tactics course; a helicopter tactics instructor training course, with 20 courses delivered so far; an operational English training course; basic helicopter training harmonisation; NH90 technical interoperability; and operational test & evaluation. To date 149 helicopters, 279 crews, and over 8850 personnel have participated in the six live exercises of the



Helicopter Exercise Programme. Since its launch in 2009, over a thousand aircrew from 18 Member States have taken part in one or more EDA training activities.

- Multinational Modular Medical Units (Medical Field Hospitals) attracts growing participation: sixteen Member States have signed the Declaration of Intent. The Common Staff Target has been finalised and agreed. On 8 October 2013 the Steering Board approved the establishment of the Ad Hoc Category B project “Multinational Modular Medical Unit. The Memorandum of Understanding and Common Requirements will follow, with the objective of procurement of assets in 2014 and Initial Operational Capability in 2015.
- European Satellite Communications Procurement Cell (ESCPC) is operational and has been triggered several times for the benefit of the eight participating Member States on a pay-per-use basis. A further eight have expressed an interest in joining. The Agency is also investigating the conditions under which EU actors such as the Commission or the EEAS could make use of the Cell. The ESCPC is a building block for the Agency’s initiative on a future governmental satellite communication capability.
- Maritime Surveillance (MARSUR): the live network is active and membership continues to increase. The next step is a technical evolution to enhance services with the addition of a classified information handling capability.
- Ammunition: A five-year Framework Contract, with a possible two-year renewal, is being concluded for CZ, EE, LV, LT, and PL to procure Carl Gustav ammunition.

The Agency has contributed to the preparations for the December 2013 European Council on defence issues, ranging from preparation of key European programmes (Remotely Piloted Aircraft Systems (RPAS), Satellite Communications, AAR, Cyber), to measures to support Research & Technology (R&T) and the EDTIB in close coordination with the European Commission.

Remotely Piloted Aircraft Systems. In cooperation with relevant actors, and in particular the European Commission, work is on-going to develop a comprehensive regulatory and technology roadmap for the use of RPAS in non-segregated airspace. Initial regulation should be in place from 2016. A Joint Investment Programme on RPAS was established in June 2012 to invest in selected R&D areas of interest to the defence community while exploiting synergies and ensuring coordination with the European Commission. Building on this, and in line with the Steering Board mandate of April 2013, the Agency has proposed the establishment of a user community for the short-term solution; and developed a Common Staff Target for Medium Altitude Long Endurance RPAS. Additional synergies are being carried out with the activities led by the European Space Agency.

## II Preparing the Future

R&T programmes have been expanded into new capability priority areas, including protection against Chemical, Biological, Radiological and Nuclear (CBRN) threats. The R&T programme on CBRN protection, in which Member States have invested €12m, is focusing on next-generation capabilities and is coordinated with the European Commission under the European Framework Cooperation. The Programme Arrangement was signed in March 2012. Seven projects on detection, CBRN sample handling, and Modelling & Simulation, have been selected under the first call for proposals, in coordination with civil activities within the Framework Programme 7 Security Programme. Contracts for all these projects were let in 2013. The second call for proposals on personal and collective protection, CBRN sensor

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networking and decontamination was launched in Summer 2013: the selection of proposals will be made in November.

Based on the EU Cyber Security Strategy, the Agency is taking forward projects on cyber defence training, and the strengthening of cyber protection for CSDP operations and missions, in close cooperation with security and civilian actors. In view of exploring new opportunities avoiding duplication of effort, the Agency has also established liaison with the Cooperative Cyber Defence Centre of Excellence. Research and Innovation for Cyber Security and Cyber Defence is a significant element in the EU Cyber Security Strategy. Defence research efforts focus on specific areas identified in a Research Agenda and Roadmap covering the next ten years, taking into account the security and civil research projects of the Commission and the European Space Agency. Cryptography and technology supply chains are considered of high importance.

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

The two Joint Investment Programmes – Force Protection, and Innovative Concepts and Emerging Technologies – are in their final phase and focus on exploitation of the results achieved and the new networks between defence industry, research establishments and academia. A second Joint Investment Programme on Innovative Concepts and Emerging Technologies was established in March 2012, with a total investment of €5.2m. Eight topics were identified into technologies ranging from Artificial Intelligence systems to New Human & Systems concepts for cooperative working. Signatures of the contracts of the selected projects are expected early in 2014.

The R&T programme on Unmanned Maritime Systems consists of fifteen projects involving eleven Member States and Norway, for a total investment of €56m. This multidisciplinary approach facilitates the transition from an R&T programme to the development phase through a system-of-systems approach including interoperability, modularity, and inter-changeability of modules and standardisation.

A number of initiatives are under way on Radiofrequency Sensors to increase the maturity of technologies applicable to RPAS payloads and address the challenges of spectrum scarcity for future Radar Systems.

In 2013 the Agency further developed activities to improve energy efficiency and reduce the environmental impact of the European armed forces including R&T. The Go Green Category B project has made good progress.

Member States' military airworthiness authorities have begun to harmonise their requirements for aircraft maintenance and certification through the MAWA Forum within EDA. This will pave the way for cross-recognition, time- and cost-reduction of the certification process and, potentially, pooling multinational maintenance and operation of aircraft. The European Military Airworthiness Requirements that Member States have agreed await transposition into national regulations: they are planned to be used for the support of the A400M and expected to yield financial and operational benefits. The Agency is pursuing further standardisation in the areas of ammunition qualification (for which a roadmap of actions is being implemented), diplomatic clearances for military transport aircraft, and clearances of tankers/receivers with a view to supporting Pooling & Sharing.

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Single European Sky ATM Research (SESAR). The Agency facilitates the coordination of the military views on SESAR, focusing now on the deployment phase, with a view to ensuring that military interests are well considered by the European Commission. The Agency sponsors the SES/SESAR Military Implementation Forum that brings together Member States, NATO, Eurocontrol, the European Commission and the SESAR Joint Undertaking, and is yielding significant results. It is promoting an understanding of the financial and operational implications on the military community of the forthcoming deployment of SESAR. At their request, Member States also discuss SESAR in an Ad Hoc Working Group within the EDA framework. At the April 2013 Steering Board ministers approved the launch of a Category A programme to support the Agency's work on SESAR.

### III European Defence Technological and Industrial Base and Technology non-Dependence

Support to Small and Medium Enterprises (SMEs) has been enhanced by an action plan approved by the Steering Board in March 2013. This is being implemented and updated in the light of possible synergies with the Commission on the basis of its Communication.

Against the background of increasingly constrained defence budgets in Europe and growing competition in the global defence market, it is important to mobilise the different tools that Member States and the EU have at their disposal. The Agency is supporting Member States in the implementation of the Defence and Security Procurement Directive 2009/81/EC. The Agency has also commenced the review of its market-related initiatives, resulting in the closure of the Electronic Bulletin Board and the development of the Defence Procurement Gateway, an internet-based platform to ease access to defence procurement-related information, including business opportunities, and to improve transparency in the European Defence Equipment Market. To facilitate increased cross-border contracting and Pooling & Sharing among Member States, the Agency has further developed its Framework Arrangement for Security of Supply. The Agency has also used its tools for pooling demand particularly for off-the-self-procurements, resulting in a number of pilot cases and confirming the benefits of a pooled approach. In view of further expanding its work in this domain the Agency has explored promising new areas for pooling of demand.

The Agency also focuses on European Technology non-Dependence. The Commission and EDA have developed strategies respectively for key enabling technologies and critical technologies for European non-dependence.

Activities related to critical space technologies are being coordinated with the European Commission and the European Space Agency. This includes RPAS technologies: over half the cost of building a complex intelligence, surveillance and reconnaissance RPAS is related to sensing technologies and data exploitation capabilities. Excellence in these areas will be necessary for future industrial competitiveness in the global marketplace. Because of Europe's potential dependence on third-country suppliers for such technologies, EDA has launched work to identify the priority areas for future technological and industrial investment.

### IV Interaction with key stakeholders

The Agency is building on its active relationship with the European Commission, in order to promote the interests of defence Ministries in a number of EU policy areas that have potential implications for defence: Research & Innovation (HORIZON 2020), Technology non-

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Dependence, SMEs, Maritime Surveillance, Single European Sky, Radio Spectrum, Cyber Defence, and Space.

In 2013 the Agency launched an initiative on the use of European Structural Funds (ESF), in line with current criteria and funding limits, to support dual-use research and innovation projects. The first two pilot cases have been successfully submitted with the Agency's support. This will be followed by further applications in 2014.

The Agency is associated to the Task Force on Defence Industry and Market established by the Commission. The work of the Task Force led to the Commission Communication of 24 July "Towards a more competitive and efficient defence and security sector". The Agency is acting as a platform between the European Commission and the Ministries of Defence in order to convey common views.

The Agency is reinforcing its relations with third parties: an Administrative Arrangement with Serbia was finalised during 2013 and awaits signature. Cooperation with Norway, through its own Administrative Arrangement, continues to be mutually beneficial: in 2013 Norway joined EDA's Collaborative Database. The Administrative Arrangement with the European Space Agency, which was signed in June 2011, has helped improve synergies regarding space-related technologies and will be further called upon namely in the domain of governmental satellite communications capabilities. Beyond the coordination of studies in areas such as satellite communication or Earth observation, a first Implementing Arrangement was signed in December 2011 on a jointly funded demonstrator on UAS and a second is expected for a follow-up demonstration. ESA will further contribute to efforts in the domain of ISR and cyber security in space. The Framework for Cooperation with Switzerland, concluded in 2012, is facilitating Swiss participation in the Agency's projects and programmes. And the Arrangement with OCCAR, also concluded in 2012, is supporting Member States' collaborative programmes through their life-cycle. In the priority area of Air-to-Air Refuelling, OCCAR is supporting the contributing States as the management organisation for acquisition of multi-role tanker transport aircraft.

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

The informal dialogue with the United States continued to develop, with a focus on synergies between Pooling & Sharing and related initiatives, and policy issues such as export controls.

**Catherine Ashton**  
**High Representative and Head of European Defence Agency**

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### FINANCIAL STATEMENTS

#### AUDIT OPINION

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

In accordance with Article 43 of the Financial Rules the College of Auditors have audited the accompanying financial statements of the European Defence Agency ("Agency") for the year ended 31 December 2013, which comprise the 2013 Management Accounts, the 2013 Balance Sheet, the 2013 Cash Flow Statement, and Notes to the 2013 Financial Statements. We report to you on the performance of our mandate of Independent Auditor and present our opinion on the financial statements.

#### Management's Responsibility for the Financial Statements

Following Article 10 (1) of the Financial Rules the financial statements shall be drawn up in accordance with the generally accepted accounting principles of the European Union. 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. According to Article 20 (1) of the Financial Rules this responsibility includes:

- a) proper implementation of payments, collection of revenue and recovery of amounts established as being receivable including interest on late payments;
- b) preparing and presenting the accounts;
- c) maintaining the accounts;
- d) establishing the accounting rules and methods and the chart of accounts;
- e) establishing and validating the accounting systems and, where appropriate, validating systems laid down by the Authorising Officer to supply or justify accounting information;
- f) treasury management.

In connexion with the financial statements of the Agency the Chief Executive provided us with a Management Representation Letter dated 31 March 2014, which formed part of the audit procedure and is stored in the audit documentation.

#### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal controls relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control.

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

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

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

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### Opinion

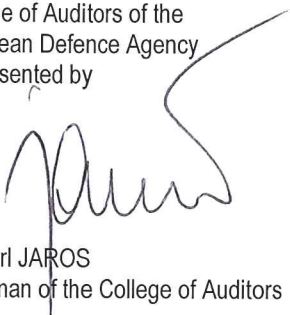
In our opinion the financial statements present fairly, give a true and fair view of the financial position of the European Defence Agency as at 31 December 2013 and of its financial performance and its cash flows for the year then ended in accordance with

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

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

Brussels, 13 June 2014.

College of Auditors of the  
European Defence Agency  
Represented by



Dr. Karl JAROS  
Chairman of the College of Auditors

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2013 MANAGEMENT ACCOUNTS (1/3)

<b>EUROPEAN DEFENCE AGENCY</b>					
2013 FINANCIALS					
MANAGEMENT ACCOUNTS					
	Notes	2013	2013	2013	2012
<i>Figures in €</i>	<b>1</b>	Budget <sup>(REV)</sup>	Actual	Actual	Actual
<b>EXPENSES</b>			Cash Based	Accrual Based	Accrual Based
<b>Title I : PERSONNEL EXPENSES</b>	<b>2</b>				
<b>Chapter 11: OFFICIALS &amp; TEMPORARY STAFF</b>					
BASIC SALARIES (TBA)		9.307.376	9.236.133	9.236.133	9.589.936
STAFF STATUTORY ALLOWANCES		2.715.200	2.623.842	2.623.842	2.702.378
STAFF SOCIAL PROTECTION		2.916.150	2.679.087	2.679.087	2.779.774
STAFF ALLOWANCES ON ENTERING & LEAVING SERVICE		729.000	461.878	461.878	420.344
<b>Subtotal</b>		<b>15.667.726</b>	<b>15.000.940</b>	<b>15.000.940</b>	<b>15.492.432</b>
<b>Chapter 12: SNE, CONTRACT STAFF &amp; TRAINEES</b>					
CONTRACT STAFF		1.290.000	1.200.596	1.200.596	1.250.124
SECONDED NATIONAL EXPERTS		1.018.000	882.325	882.325	945.706
TRAINEES		34.000	31.789	31.789	51.175
<b>Subtotal</b>		<b>2.342.000</b>	<b>2.114.710</b>	<b>2.114.710</b>	<b>2.247.005</b>
<b>Chapter 13: STAFF RELATED</b>					
RECRUITING EXPENSES		63.000	39.316	39.316	36.729
STAFF TRAINING		140.000	117.888	117.888	47.392
STAFF COMMITTEE		13.274	12.894	12.894	5.361
MEDICAL EXPENSES		10.000	7.064	7.064	4.111
MISSION EXPENSES		509.000	482.279	482.279	499.185
<b>Subtotal</b>		<b>735.274</b>	<b>659.441</b>	<b>659.441</b>	<b>592.778</b>
<b>TOTAL PERSONNEL EXPENSES</b>		<b>18.745.000</b>	<b>17.775.091</b>	<b>17.775.091</b>	<b>18.332.215</b>
<b>Title II : FUNCTIONING EXPENSES</b>	<b>3</b>				
<b>Chapter 20: BUILDING &amp; BUILDING RELATED</b>					
FITTING-OUT OF PREMISES		0	0	325.603	325.603
SECURITY EQUIPMENT		7.167	7.167	2.098	78.376
OFFICE RENT		1.317.737	1.317.737	1.317.737	713.339
CLEANING & MAINTENANCE		258.168	258.167	258.167	146.994
UTILITY SERVICES		162.299	162.299	162.299	144.932
BUILDING SURVEILLANCE SERVICES		1.028.000	1.010.331	1.010.331	919.035
INSURANCES		7.533	7.501	7.501	7.299
OTHER BUILDING RELATED EXPENSES		6.100	6.100	6.100	0
<b>Subtotal</b>		<b>2.787.004</b>	<b>2.769.302</b>	<b>3.089.836</b>	<b>2.335.578</b>

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2013 MANAGEMENT ACCOUNTS (2/3)

MANAGEMENT ACCOUNTS (CONT'D)					
	Notes	2013	2013	2013	2012
Figures in €	1	Budget <sup>(REV)</sup>	Actual	Actual	Actual
			Cash Based	Accrual based	Accrual Based
<b>Chapter 21: IT EQUIPMENT, FURNITURE &amp; OTHER</b>					
IT EQUIPMENT & SOFTWARE		244.160	244.049	218.233	342.392
OFFICE FURNITURE		9.751	9.751	8.562	9.877
OFFICE TECHNICAL EQUIPM. & SUPPLIES		12.732	12.732	28.344	14.711
IT PROJECTS & DEVELOPMENT OF SYSTEMS		11.549	11.139	(67)	34.758
IT SUPPORT & MAINTENANCE OF COPIERS		221.428	221.426	221.426	120.189
TELECOM EXPENSES		170.000	170.000	170.000	238.227
OUTSIDE ASSIST. FOR OPERATION OF TECHN. INSTALLATIONS		8.654	8.654	8.654	2.230
MAINTENANCE & REPAIR OF TECHNICAL INSTALLATIONS		163.153	163.153	35.041	296.429
OFFICE VEHICLES AND TAXI EXPENSES		10.139	9.230	9.230	27.689
<b>Subtotal</b>		<b>851.566</b>	<b>850.134</b>	<b>699.423</b>	<b>1.086.502</b>
<b>Chapter 22: OTHER FUNCTIONING</b>					
TRANSLATION SERVICES		3.200	3.056	3.056	9.009
RECEPTION & REPRESENTATION EXPENSES		13.500	8.414	8.414	14.423
INTERNAL MEETINGS		63.500	55.438	55.438	77.108
CONFERENCES & SEMINARS		95.603	95.603	95.603	157.288
INFORMATION, SUBSCRIPTIONS & DOCUMENTATION EXPENSES		105.354	105.132	105.132	87.234
OFFICIAL JOURNAL		700	637	637	515
PUBLIC RELATIONS		51.953	51.432	51.432	198.058
OFFICE SUPPLIES		88.306	88.168	88.168	79.917
POSTAL & DELIVERY EXPENSES		23.614	23.613	23.613	20.715
AUDIT EXPENSES		7.410	7.406	7.406	15.394
FINANCIAL CHARGES, INCL. FOREIGN EXCHANGE DIFF.		790	(621)	(621)	762
<b>Subtotal</b>		<b>453.930</b>	<b>438.278</b>	<b>438.278</b>	<b>660.423</b>
<b>TOTAL FUNCTIONING EXPENSES</b>		<b>4.092.500</b>	<b>4.057.714</b>	<b>4.227.537</b>	<b>4.082.503</b>
<b>TOTAL PERSONNEL &amp; FUNCTIONING EXPENSES</b>		<b>22.837.500</b>	<b>21.832.805</b>	<b>22.002.628</b>	<b>22.414.718</b>
<b>Title III : OPERATIONAL BUDGET &amp; EARMARKED REVENUE</b>					
OPERATIONAL PROJECTS & STUDIES	4	7.693.350	7.680.289	7.680.289	7.991.322
<b>TOTAL OPERATIONAL BUDGET</b>		<b>7.693.350</b>	<b>7.680.289</b>	<b>7.680.289</b>	<b>7.991.322</b>
<b>TOTAL EXPENSES</b>		<b>30.530.850</b>	<b>29.513.094</b>	<b>29.682.917</b>	<b>30.406.040</b>



EUROPEAN DEFENCE AGENCY  
2013 FINANCIAL REPORT

2013 MANAGEMENT ACCOUNTS (3/3)

MANAGEMENT ACCOUNTS (CONT'D)					
	Notes	2013	2013	2013	2012
Figures in €	1	Budget <sup>(REV)</sup>	Actual	Actual	Actual
			Cash Based	Accrual Based	Accrual Based
<b>REVENUES</b>	<b>5</b>				
<b>Title IV: MISC. COMMUNITY TAXES, LEVIES &amp; DUES</b>					
<b>Chapter 40: DEDUCTIONS FROM STAFF REMUNERATION</b>					
TAXATION ON STAFF SALARIES & ALLOWANCES		1.204.000	1.152.429	1.152.429	1.157.484
TEMPORARY CONTRIBUTION		-	504	504	938
EU SPECIAL LEVY (PSP)		219.000	1.581	1.581	216.441
<b>Subtotal</b>		<b>1.423.000</b>	<b>1.154.514</b>	<b>1.154.514</b>	<b>1.374.863</b>
<b>Title V: INCOME FROM OPERATING ACTIVITIES</b>					
<b>Chapter 52: FINANCIAL INCOME</b>					
INTERESTS - BANK		51.000	89.179	89.179	156.869
INTERESTS - PMS		-	5.925	5.925	20.536
<b>Subtotal</b>		<b>51.000</b>	<b>95.104</b>	<b>95.104</b>	<b>177.405</b>
<b>Title VI: pMS CONTRIBUTIONS</b>					
<b>Chapter 61 : MEMBER STATE CONTRIBUTIONS</b>					
PMS CONTRIBUTIONS	<b>6</b>	29.056.850	29.056.850	29.056.850	29.085.850
<b>Subtotal</b>		<b>29.056.850</b>	<b>29.056.850</b>	<b>29.056.850</b>	<b>29.085.850</b>
OTHER REVENUES		-	10.928	10.928	4.658
CARRYFORWARD CANCELLATION		-	26.612	26.612	258.866
<b>Subtotal</b>		<b>-</b>	<b>37.540</b>	<b>37.540</b>	<b>263.524</b>
<b>TOTAL REVENUES</b>		<b>30.530.850</b>	<b>30.344.008</b>	<b>30.344.008</b>	<b>30.901.642</b>
ACCOUNTING SURPLUS/LOSS			830.914	661.091	495.602
CAPITAL EXPENDITURE				(408.696)	(346.084)
DEPRECIATION ADJUSTMENT				578.519	518.474
<b>BUDGETARY SURPLUS REPAYABLE TO pMS</b>	<b>7</b>		<b>830.914</b>	<b>830.914</b>	<b>667.992</b>

# EUROPEAN DEFENCE AGENCY

## 2013 FINANCIAL REPORT

### Summary :

Total Revenues for 2013	: 30.344.008 € (a)
Total Expenses for 2013 (Including Depreciation excluding CAPEX)	: <u>29.682.917 €</u> (b)
Accounting Surplus for 2013 (a – b)	: 661.091 € (c)
Add back Depreciation Charged for 2013	: 578.519 € (d)
Deduct CAPEX chargeable for 2013	: <u>408.696 €</u> (e)
Resultant Budgetary Surplus Repayable to Member States (c + d - e)	: 830.914 €

## EUROPEAN DEFENCE AGENCY

### Fixed Assets

In €

Fixed Asset Classes	2013 Net Asset Value	2013 Accumulated Depreciation	2013 Asset Acquisitions	2012 Net Asset Value
Fitting-Out of Premises	382.933	(325.604)	-	708.537
Security Equipment	10.988	(4.584)	9.654	5.918
IT Equipment	424.947	(220.789)	257.811	387.925
Office Furniture	14.785	(6.384)	7.573	13.596
Office Technical Equipment	128.011	(21.157)	133.658	15.510
<b>Total</b>	<b>961.664</b>	<b>(578.518)</b>	<b>408.696</b>	<b>1.131.486</b>

EUROPEAN DEFENCE AGENCY  
2013 FINANCIAL REPORT

2013 BALANCE SHEET (1/2)

EUROPEAN DEFENCE AGENCY

2013 FINANCIALS

BALANCE SHEET

	Notes	For the year ending	For the year ending	For the year ending
<i>Figures in €</i>		31.12.2013	31.12.2012	31.12.2011
<b>ASSETS</b>				
<b>FIXED ASSETS</b>				
ACQ. FITTING-OUT OF PREMISES		3.039.935	3.039.935	3.039.935
ACCUML. DPR. FITTING-OUT OF PREMISES		(2.657.002)	(2.331.400)	(2.005.796)
FITTING-OUT OF PREMISES		382.933	708.535	1.034.138
ACQ. SECURITY EQUIPMENT		158.174	148.520	145.160
ACCUML. DPR. SECURITY EQUIPMENT		(147.186)	(142.602)	(138.660)
SECURITY EQUIPMENT		10.988	5.918	6.500
ACQ. IT EQUIPMENT & SOFTWARE		1.462.952	1.205.140	864.596
ACCUML. DPR. IT EQUIPMENT & SOFTWARE		(1.038.005)	(817.215)	(645.518)
IT EQUIPMENT		424.947	387.925	219.078
ACQ. OFFICE FURNITURE		153.683	146.110	143.931
ACCUML. DPR. OFFICE FURNITURE		(138.898)	(132.514)	(123.726)
OFFICE FURNITURE		14.785	13.596	20.205
ACQ. OFFICE TECHN. EQUIPMENT		203.141	69.485	69.484
ACCUML. DPR. OFFICE TECHN. EQUIPM.		(75.132)	(53.974)	(45.530)
OFFICE TECHNICAL EQUIPMENT		128.010	15.511	23.954
<b>NET FIXED ASSETS</b>	<b>8</b>	<b>961.663</b>	<b>1.131.485</b>	<b>1.303.874</b>
<b>SUPPLIER RECEIVABLES</b>				
INTERESTS RECEIVABLE		26.159	32.875	53.664
<b>SUPPLIER RECEIVABLES</b>		<b>26.159</b>	<b>32.875</b>	<b>53.664</b>
<b>STAFF RECEIVABLES</b>				
STAFF RECEIVABLES		28.169	17.091	15.290
<b>RECEIVABLES</b>		<b>28.169</b>	<b>17.091</b>	<b>15.290</b>
<b>CASH</b>				
EDA BANK ACCOUNTS		25.076.158	26.792.939	24.053.672
PETTY CASH		1.151	784	2.000
<b>CASH</b>	<b>9</b>	<b>25.077.309</b>	<b>26.793.723</b>	<b>24.055.672</b>
<b>TOTAL ASSETS</b>		<b>26.093.300</b>	<b>27.975.174</b>	<b>25.428.500</b>

EUROPEAN DEFENCE AGENCY  
2013 FINANCIAL REPORT

2013 BALANCE SHEET (2/2)

<b>BALANCE SHEET (CONT'D)</b>			
	<i>Notes</i>	<b>For the year ending</b>	<b>For the year ending</b>
<i>Figures in €</i>		<b>31.12.2013</b>	<b>31.12.2012</b>
			<b>31.12.2011</b>
<b>LIABILITIES</b>			
<b>STAKEHOLDERS</b>			
ADVANCE ON PMS CONTRIBUTIONS		1.447.387	1.757.303
OUTSTANDING RECEIVABLES		17.228	129
CAPEX & DEPRECIATION ADJ. (YEAR N-1)		1.131.482	1.303.872
ACCOUNTING SURPLUS/LOSS		661.091	495.602
<b>STAKEHOLDERS</b>	<b>10</b>	<b>3.257.188</b>	<b>3.556.906</b>
<b>SUPPLIER PAYABLES</b>			
ACCRUED EXPENSES		9.392.058	9.780.851
- THEREOF FUNCTIONING		582.346	1.015.945
- THEREOF OPERATIONAL		8.809.711	8.764.906
PENDING INVOICES		2.080.797	3.454.981
<b>SUPPLIER PAYABLES</b>	<b>11</b>	<b>11.472.855</b>	<b>13.235.832</b>
<b>STAFF PAYABLES</b>			
STAFF PENSION ACCRUALS (RCN)		11.267.824	11.173.290
EMPLOYEES / PENDING INVOICES		95.660	9.374
STAFF PAYABLES (9TK)		(227)	(228)
<b>STAFF PAYABLES</b>	<b>12</b>	<b>11.363.257</b>	<b>11.182.436</b>
<b>TOTAL LIABILITIES</b>		<b>26.093.300</b>	<b>27.975.174</b>
			<b>25.428.500</b>



Claude-France ARNOULD  
Chief Executive

13 June 2014

EUROPEAN DEFENCE AGENCY  
2013 FINANCIAL REPORT

2013 CASH FLOW

<b>EUROPEAN DEFENCE AGENCY</b>			
2013 FINANCIALS			
<b>CASH FLOW</b>			
	For the year ending	For the year ending	For the year ending
<i>Figures in €</i>	31.12.2013	31.12.2012	31.12.2011
<b>OPENING BANK ACCOUNT BALANCE</b>	26.792.938,89	24.053.672,23	22.374.445,26
<b>CASH RECEIVED FROM PMS</b>			
PMS CONTRIBUTIONS	29.056.850,00	29.085.850,00	29.033.945,00
REIMBURSEMENT OF YEAR N-1 SURPLUS	(667.991,91)	(638.603,73)	(41.753,06)
DEFERRED PAYMENTS OF CONTRIBUTIONS & ADJUSTMENTS	2.301.235,37	3.429.061,42	1.003.592,76
<b>Subtotal</b>	<b>30.690.093,46</b>	<b>31.876.307,69</b>	<b>29.995.784,70</b>
<b>CASH RECEIVED FROM BANK</b>			
INTERESTS CREDITED DURING THE YEAR	105.970,92	156.869,49	205.028,38
<b>Subtotal</b>	<b>105.970,92</b>	<b>156.869,49</b>	<b>205.028,38</b>
<b>TOTAL CASH INFLOWS</b>	<b>30.796.064,38</b>	<b>32.033.177,18</b>	<b>30.200.813,08</b>
<b>CASH SPENT FOR FUNCTIONING &amp; OPERATIONAL EXPENSES</b>			
<b>FUNCTIONING EXPENSES</b>			
PAYMENTS FOR YEAR N-2 EXPENSES	38.589,19	0,00	6.724,97
PAYMENTS FOR YEAR N-1 EXPENSES	880.742,84	1.070.246,15	678.899,28
PAYMENTS FOR CURRENT YEAR EXPENSES	25.428.344,26	22.283.264,94	20.663.367,97
<b>PAYMENTS FOR FUNCTIONING EXPENSES</b>	<b>26.347.676,29</b>	<b>23.353.511,09</b>	<b>21.348.992,22</b>
<b>OPERATIONAL EXPENSES</b>			
PAYMENTS FOR YEAR N-3 EXPENSES	99.214,80	155.344,00	0,00
PAYMENTS FOR YEAR N-2 EXPENSES	1.413.657,80	2.769.069,20	1.370.588,00
PAYMENTS FOR YEAR N-1 EXPENSES	4.185.810,51	2.676.636,75	5.011.939,00
PAYMENTS FOR CURRENT YEAR EXPENSES	466.486,08	339.349,48	790.066,89
<b>PAYMENTS FOR OPERATIONAL EXPENSES</b>	<b>6.165.169,19</b>	<b>5.940.399,43</b>	<b>7.172.593,89</b>
<b>TOTAL CASH OUTFLOWS</b>	<b>32.512.845,48</b>	<b>29.293.910,52</b>	<b>28.521.586,11</b>
<b>CLOSING BANK ACCOUNT BALANCE</b>	<b>25.076.157,79</b>	<b>26.792.938,89</b>	<b>24.053.672,23</b>

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

### *BASIS OF PRESENTATION*

With the aim of providing better clarity and traceability and in consultation with the College of Auditors, an additional column has been inserted in the Management Accounts for 2013 showing expenditure on a cash basis in addition to the current accruals basis.

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

- Council Decision 2011/411/CFSP of 12 July 2011 defining the statute, seat and operational rules of the European Defence Agency and repealing Joint Action 2004/551/CFSP and
- EDA Steering Board Decision No. 2007/29 (Cor.) on the Financial Rules of the European Defence Agency ('the EDA Financial Rules' or 'FR'), as well as with respect to :
  - Council Regulation N° 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ('EU Financial Regulation'),
  - Commission Regulation N° 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of the Financial Regulation ('EU Implementing Provisions') and
  - "Final rules adopted by the Accountant of the European Communities after formal consultation of accountants of institutions and agencies based on the Art. 133 of the EU Financial Regulation".
- applicable International Public Sector Accounting Standards (IPSAS)
- in certain tables figures have been rounded to the nearest '000 € for ease of reference

### *SPECIFIC ACCOUNTING POLICIES*

#### **pMS Contributions**

Contributions, initially from 26 participating Member States<sup>(2)</sup> ('pMS') are calculated in accordance with the principles of the EU budget proportional share of the pMS's GNI in the total GNI aggregate. From 1 July 2013 Croatia participated in the EDA and paid their 2013 contribution based on a half year liability. Contributions are requested in three instalments, by 15 February, 15 June and 15 October (Art. 16, Council Decision 2011/411/CFSP of 12 July 2011 defining the statute, seat and operational rules of the European Defence Agency).

#### **2013 Budget**

The budget for 2013 was adopted on 19 December 2012. At the end of 2013, 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).

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

### 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.

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

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

### Depreciation

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

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

### Provisional Appropriations

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

## Note 2: Personnel Expenses

### REGULATORY BASIS

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

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

### PERSONNEL EXPENSES

Personnel expenses amount to 17,8 M €.

The remuneration of the members of the temporary and contract Staff is determined according to the same rules as those set out in the Staff Regulations of Officials of the European Communities (Art. 59 and Art. 111 of EDA Staff Regulations).

The 2013 budget estimate included a provision of 2% for cost of living increases anticipated for 2011, 2012 and 2013. These increases were not paid in 2013 giving rise to a saving of c.800.000,00 €. In addition SNE Allowances for c.70.000,00 € were withheld in 2013 due to incomplete administrative documentation being made available to the Agency.

### 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 AD6-AD16, corresponding to administrative, advisory, linguistic and scientific duties. Function group AST is graded AST5-AST8, corresponding to executive, technical and clerical duties.

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



## 2. Contract Staff

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

## 3. Seconded National Experts

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

## 4. Trainees

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

### Basic Salaries

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

### Staff Statutory Allowances

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

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

### Staff Social Protection

Staff social protection is financed both from the Agency (*Staff Social Protection*) and from Staff (*Deductions from Staff Remuneration*). The relevant rates are outlined in the Staff Regulations. Contributions are deducted at source from staff remuneration by the European Commission Paymasters Office (PMO).

### Other Staff Expenses

Orphans Pension: 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.

Invalidity Pension: On termination of employment with the EDA due to invalidity and according to Articles 96 and 120 of the EU Staff Regulations, the staff member is entitled to the payment of a one-off termination allowance and a monthly Invalidity Allowance until the age of 65 years is reached. The amount payable is outlined in the EU Staff Regulations. One former Contract Staff member is currently in receipt of Invalidity Allowance.

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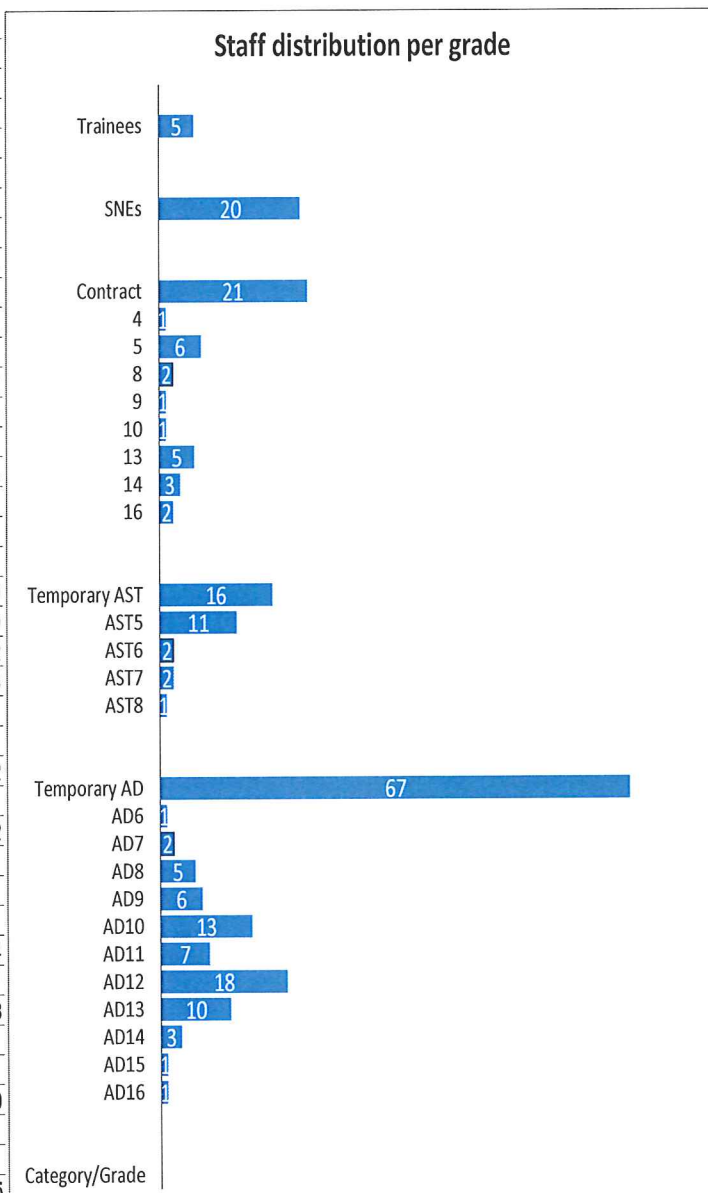
<sup>(4)</sup> For detailed calculations, please refer to *Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Communities laid down by Regulation (EEC, Euratom, ECSC) No 259/68 and the last amendment Council Regulation (EU, Euratom) Regulation 1239/2010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

# EUROPEAN DEFENCE AGENCY 2013 FINANCIAL REPORT

## Staff present on 31/12/2013

### Staff present 31/12/2013

Category/Grade	Total	Female	Male
AD16	1	1	0
AD15	1	0	1
AD14	3	0	3
AD13	10	2	8
AD12	18	2	16
AD11	7	0	7
AD10	13	1	12
AD9	6	2	4
AD8	5	3	2
AD7	2	2	0
AD6	1	0	1
<b>Temporary AD</b>	<b>67</b>	<b>13</b>	<b>54</b>
		19%	81%
AST8	1	0	1
AST7	2	2	0
AST6	2	2	0
AST5	11	9	2
<b>Temporary AST</b>	<b>16</b>	<b>13</b>	<b>3</b>
		81%	19%
16	2	0	2
14	3	2	1
13	5	3	2
10	1	0	1
9	1	0	1
8	2	1	1
5	6	2	4
4	1	0	1
<b>Contract</b>	<b>21</b>	<b>8</b>	<b>13</b>
		38%	62%
<b>SNEs</b>	<b>20</b>	<b>0</b>	<b>20</b>
		0%	100%
<b>Trainees</b>	<b>5</b>	<b>0</b>	<b>5</b>



# EUROPEAN DEFENCE AGENCY

## 2013 FINANCIAL REPORT

### Staff Allowances on Entering & Leaving Service

Staff allowances on entering & leaving service related to:

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

### Contract Staff

21 Contract Staff were present in the Agency on 31/12/2013.

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);

### Seconded National Experts (SNEs)

On 31/12/2013, 20 SNEs were present at the Agency. The allowances paid were:

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

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

### Trainees

On 31/12/2013, 5 trainees worked at the Agency.

### Recruiting Expenses

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

### Staff Training & Conference Fees

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

### Medical Expenses

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

### Mission Expenses

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

### Note 3: Functioning Expenses

#### Fitting-out of Premises

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

#### Security Equipment

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

#### Office Rent

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

#### Cleaning and Maintenance

Building cleaning and maintenance contracts, including cleaning supplies.

#### Utility Services

Building utility expenses related to water, electricity and heating.

#### Building Surveillance Services

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

#### Insurances

Selected insurance policies related to EDA premises and Staff.

#### Other Building related Expenses

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

#### IT Equipment and Software

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

#### Office Furniture

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

#### IT Projects & Development of Systems

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

#### IT Support & Maintenance of Copiers

Rental and maintenance of photocopiers.

#### Telecom Expenses

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

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### **Office Technical Supplies**

Technical supplies for electrical systems and other technical installations.

### **Outside Assistance for Operation of Technical Installation**

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

### **Maintenance & Repair of Technical Installations**

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

### **Office Vehicles**

Rental fee for office vehicles and maintenance costs. The official car which had been rented, was purchased outright in 2013 and was fully amortised on the date of purchase.

### **Reception & Representation Expenses**

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

### **Internal Meetings**

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

### **Organisation of Conferences & Seminars**

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

### **Information, Subscriptions & Documentation Expenses**

Expenses related to specialised information sources and press subscriptions.

### **Official Journal**

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

### **Public Relations**

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

### **Office Supplies**

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

### **Postal & Delivery Expenses**

Postage, express mail, P.O. Box.

### **Financial Charges, including Foreign Exchange Rate Differences**

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

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### Note 4: 2013 Operational Projects and Studies

In 2013, EDA awarded 102 contracts (with a monetary value) under the Operational Budget that amounted to 7,680M €.

Number	Contract Reference	Contract Title	Contract value (in €)
1	13.ARM.FC.606	EDSTAR Maintenance and Update	105.000,00
2	13.ARM.NP1.569	Amendment to the Contract No. 12.ARM.NP1.423 Military Cost Assessment of SESAR	2.500,00
3	13.ARM.NP1.579	European Armaments Co-operation (EAC) Strategy - High Level Seminar on Airworthiness 18.06.2013	1.890,00
4	13.ARM.NP1.635	Catering - High Level Seminar on Airworthiness	2.148,74
5	13.ARM.NP1.666	Military Cost Assessment SESAR - PHASE 2	60.000,00
6	13.ARM.NP1.709	EAC Strategy - European Armaments Cooperation Course (catering)	1.869,00
7	13.ARM.NP1.720	Map Suite for Defence Test & Evaluation Base (DTEB)	3.700,00
8	13.ARM.NP1.773	Penetration Testing of the new DTEB Platform	5.000,00
9	13.ARM.NP3.561	Legal support to Competitive Dialogue – European Armed Forces GO GREEN	48.400,00
10	13.ARM.OP.517	COLLABORATIVE DATABASE (CODABA): STUDY ON EUROPEAN CAPABILITY ASSESSMENT	86.000,00
11	13.ARM.OP.604	Airworthiness - TF3 EMAR M support	53.000,00
12	13.ARM.OP.607	Centralized access to standards	102.165,00
13	13.ARM.OT.593	European Armaments Co-operation (EAC) Strategy - Military Airworthiness Conference	13.527,36
14	13.ARM.OT.672	European Armaments Co-operation (EAC) Strategy -European Armaments Cooperation Course	13.592,18
15	13.ARM.RE.527	European Armaments Co-operation (EAC) Strategy - Strategic Research Agenda	2.000,00
16	13.ARM.RE.733	European Armaments Co-operation (EAC) Strategy -European Armaments Cooperation Course	5.000,00
17	13.ARM.RE.779	Single European Sky Implementation in EU Military Aviation - External support 2013	2.000,00
18	13.ARM.SC.605	Defence Test & Evaluation Base (DTEB) Portal Development-PHASE II	46.000,00
19	13.ARM.SC.609	Defence Test & Evaluation Base (DTEB) Portal Development	80.000,00
20	13.ARM.SC.721	Web Site Design DTEB	15.000,00
		<b>Total for Armaments</b>	<b>648.792,28</b>
21	13.CAP.NP.692	Manual Neutralisation Techniques - Purchase of Operator Equipment Kits for Courses & Exercises	192.000,00
22	13.CAP.NP.766	AAR PILLAR 4 – RFI ANALYSIS	45.015,00
23	13.CAP.NP1.461	In-Theatre Mobility Capability (ITMC) Tool Implementation.	59.932,00

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Number	Contract Reference	Contract Title	Contract value (in €)
24	13.CAP.NP1.462	CIED Conference	85,22
25	13.CAP.NP1.522	2013 European Air Transport Symposium (event organization costs)	13.103,00
26	13.CAP.NP1.531	Information Package on Future Global Trends.	4.950,00
27	13.CAP.NP1.533	European Air Transport Training (EATT 2013)	51.164,19
28	13.CAP.NP1.534	Organization of Press Trip to Zaragoza (EATT 2013)	72,00
29	13.CAP.NP1.535	Bus services - European Air Transport Training (EATT)- Eindhoven	300,00
30	13.CAP.NP1.536	Ice-breaker European Air Transport Training (EATT) Eindhoven	2.025,00
31	13.CAP.NP1.551	CIED Conference - conference room rental	1.357,22
32	13.CAP.NP1.552	CIED Conference - catering services	3.422,60
33	13.CAP.NP1.578	Seminar on Governmental SATCOM.	6.769,50
34	13.CAP.NP1.615	Ice breaker in Hague 4 June 2013.	620,00
35	13.CAP.NP1.634	Catering - Seminar on Governmental SATCOM.Seminar on Govern Satcom	3.573,50
36	13.CAP.NP1.653	Catering Services for 4th Workshop of Contract	560,00
37	13.CAP.NP1.664	Mobile phone services for EATT 2013	423,00
38	13.CAP.NP1.717	Live Phase of the CSO Platform (Prev TPLS platform).	5.000,00
39	13.CAP.NP1.719	2013 European Air Transport Symposium (speaker costs)	1.750,00
40	13.CAP.NP5.671	Pilot Course for Forensics Training	69.210,00
41	13.CAP.OP.523	Helicopter Syllabus Harmonisation Study	198.000,00
42	13.CAP.OP.591	C4I/Demonstrator IEG.	343.000,00
43	13.CAP.OP.592	Unmanned Ground Systems Landscaping and Integration Study.	200.000,00
44	13.CAP.OP.619	Counter Surface to Air Fire (SAFIRE) Training Calendar.	140.000,00
45	13.CAP.OP.622	Non-Lethal Micro- Wave State- of- the- Art Study	192.000,00
46	13.CAP.OP.627	Naval training supporting study.	294.736,00
47	13.CAP.OP.665	Collaborative Threat Information Dissemination	91.800,00
48	13.CAP.OP.670	Persistent Surveillance Long-Term Analysis (SULTAN) Study	300.000,00
49	13.CAP.OP.710	Establishment of PT Protection of Critical Infrastructure Supporting Work	97.409,00
50	13.CAP.OT.555	Pooling and Sharing - Continuous Collection and Analysis of Open Source Defence and Military Capabilities Data, Including for the Defence Industrial and Technological Base, for all 27 EU MS	16.667,00
51	13.CAP.OT.621	Geospatial Information Landscaping Rationalization of EU Military Pilot Training.	50.000,00
52	13.CAP.OT.628	High Level IE Presidency Cyber Security Conference.	3.000,00
53	13.CAP.OT.695	Conference "Naval Arctic Challenges"	2.500,00
54	13.CAP.OT.785	Adjustment to cover VAT for 13.CAP.NP1.634 "Catering Seminar on Government SATCOM"	174,47
55	13.CAP.RE.580	External Expertise for Next Generation Small Arms Work Shop (NGSA WS).	1.800,00
56	13.CAP.RE.761	External Expertise for "Maritime Non-Lethal Capabilities Seminar"	710,84

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Number	Contract Reference	Contract Title	Contract value (in €)
57	13.CAP.RE.776	Arctic Naval Challenges Conference - Support SE Expert	1.500,00
58	13.CAP.RE.777	EDA Staff Cyber Security Awareness Seminar	1.500,00
59	13.CAP.SC.542	CIED Conference Media Support	3.881,75
60	13.CAP.SC.585	Threats and Challenges - Support to Scenario Development and War gaming for CDP Strand B.	75.450,00
61	13.CAP.SC.620	CSO Platform	6.500,00
62	13.CAP.SC.647	Radio Spectrum	83.047,60
63	13.CAP.SC.683	Pooling and Sharing	143.000,00
64	13.CAP.SC.690	Cyber Defence Framework Contract WP3	142.050,00
65	13.CAP.SC.691	Architecture Repository SC2	54.000,00
66	13.CAP.SC.726	EU Contractors Support	3.350,60
67	13.CAP.SC.728	Live Phase of the CSO Platform (Prev TPLS platform)	35.100,00
68	13.CAP.SC.753	Radio Spectrum Management for the European Defence Community	16.538,55
69	13.CAP.SC.756	Radio Spectrum Management for the European Defence Community	99.282,96
70	13.CAP.SC.783	CDPTool WP1WP2 (spec.contract correct number 13.CAP.SC.782)	345.000,00
71	13.CAP.SC.794	Cyber Defence Framework Contract WP4	208.450,00
72	13.CAP.SC.795	Technologies for cyberdefense - APT Specific Contract 1	300.000,00
73	13.CAP.SC.799	Radio Spectrum Management for EU Defence Community	75.193,64
74	13.CAP.SC.800	Architecture Repository SC3	54.000,00
75	13.CAP.SC.802	EATT-EATTC CIS Equipment (lap tops)	5.987,80
76	13.CAP.SC.803	EATT-EATTC CIS Equipment	23.553,69
77	13.CAP.SC.805	Communication services for EDA (under FWC 11.TT.OP.188)	70.000,00
78	13.CAP.SC.806	Communication services for EDA (under FWC 11.TT.OP.188)	30.000,00
79	13CAP.SC.772	CSDP Command and Control/Functional Area Service Information Integration	129.842,00
		<b>Total for Capabilities</b>	<b>4.300.358,13</b>
80	13.I&M.NP1.668	The Economic Case for Investing in Europe's Defence Industry- additional detailed sectoral analysis, and comparison, between selected EU Member States	30.000,00
81	13.I&M.NP1.768	Study to substantiate and EDA proposal for the modification of the EUROSTAT classification system to include data on defence sector	4.910,62
82	13.I&M.NP3.637	Key Industrial Capabilities - Ammunition Report	27.000,00
83	13.I&M.OP.433	The Economic Case for Investing in Europe's Defence Industry	64.690,00
84	13.I&M.OP.581	Effective Procurement Methods & Pooling Demand Enablers	147.985,45
85	13.I&M.OP.638	Enhancing support to SMEs - Through better understanding of dual-use supply chains	96.419,00
86	13.I&M.OT.678	SMiGroup Ltd 8th Annual Conference	690,61
		<b>Total for Industry and Markets</b>	<b>371.695,68</b>



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Number	Contract Reference	Contract Title	Contract value (in €)
87	13.R&T.NP1.524	Private funding	4.950,00
88	13.R&T.NP1.577	Extension of contract 12 RT NP5 267 The European Structural Funds and the Defence Sector	50.000,00
89	13.R&T.NP3.590	Social Media for Defence (SOMED)	53.995,00
90	13.R&T.OP.470	Blue Force Tracking Experimentation 1	160.000,00
91	13.R&T.OP.543	Strategic Research Agenda on Critical Defence Technologies for Components (SRA CDTCComp)	150.000,00
92	13.R&T.OP.562	Comprehensive Battlefield Identification (COBID)	97.862,00
93	13.R&T.OP.589	Impact of mission modularity on a naval ship's life cycle cost (IMM Nav)	248.000,00
94	13.R&T.OP.624	Maritime Sense and Avoid systems and Technologies (MAST)	196.878,00
95	13.R&T.OP.625	Technologies for multi-robot control in support of the soldier - MuRoC (replacing UGV standards)	225.000,00
96	13.R&T.OP.626	Network of Sensors for Geostationary earth orbit Surveillance (NOSGEOS)	95.000,00
97	13.R&T.OP.639	UAS - Conformal Antennas Roadmap (UCAR)	147.500,00
98	13.R&T.OT.694	Demonstration on secure C2 Data links via satellites for integrated RPAS Operations (DESIRE2)	600.000,00
99	13.R&T.RP.612	Improved Situation Awareness Roadmap and Technical Demonstration (ISARD)	250.000,00
100	13.R&T.SC.499	CILTE SC No. 2	16.051,50
101	13.R&T.SC.760	CILTE SC No. 3	8.025,75
102	13.R&T.SC.804	CILTE SC No. 4	56.180,25
		<b>Total for Research and Technology</b>	<b>2.359.442,50</b>
		<b>Global total for 2013</b>	<b>7.680.288,59</b>

### Note 5: Revenues

#### EU Taxation

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

#### Financial Income

In 2013, the Agency's bank accounts generated interests of 89 k €.

According to the Article 29 of the Financial Rules, interests for late payments of contributions were charged where applicable. Total pMS payments for late interests amounted to 6k € in 2013.

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 2013, pMS contributions amounted to 29,056 M € excluding the 2013 surplus reimbursement of 831k €.

EUROPEAN DEFENCE AGENCY				
pMS CONTRIBUTIONS				
In €				
2013	% GNI <sup>(5)</sup>	2013 Annual Contribution	Actual Cost to pMS	Budgetary Surplus 2013 <sup>(6)</sup>
Austria (AT)	2,4703	717.782	697.257	20.525,81
Belgium (BE)	3,0088	874.259	849.258	25.000,43
Bulgaria (BG)	0,3088	89.728	87.162	2.565,87
Cyprus (CY)	0,1238	35.981	35.981	1.028,92
Croatia (HK)	0,1665	48.384	47.000	1.383,59
Czech Republic (CZ)	1,1066	321.531	312.337	9.194,55
Estonia (EE)	0,1336	38.808	37.698	1.109,75
Finland (FI)	1,5495	450.223	437.348	12.874,64
France (FR)	16,2866	4.732.366	4.597.038	135.327,44
Germany (DE)	21,3443	6.201.969	6.024.617	177.352,44
Greece (EL)	1,4139	410.834	399.086	11.748,28
Hungary (HU)	0,7369	214.109	207.986	6.122,68
Ireland (IE)	1,0394	302.025	293.388	8.636,74
Italy (IT)	12,1031	3.516.770	3.416.204	100.566,09
Latvia (LV)	0,1825	53.032	51.515	1.516,51
Lithuania (LT)	0,2575	74.831	72.691	2.139,89
Luxembourg (LU)	0,2551	74.123	72.003	2.119,62
Malta (MT)	0,0508	14.766	14.343	422,24
Netherlands (NL)	4,7406	1.377.482	1.338.091	39.390,67
Poland (PL)	2,9928	869.625	844.757	24.867,91
Portugal (PT)	1,2378	359.654	349.370	10.284,73
Romania (RO)	1,0757	312.558	303.620	8.937,96
Slovakia (SK)	0,5624	163.401	158.729	4.672,65
Slovenia (SI)	0,2688	78.106	75.873	2.233,54
Spain (ES)	8,0188	2.329.997	2.263.369	66.628,95
Sweden (SE)	3,3803	982.221	954.133	28.087,74
United Kingdom (UK)	15,1850	4.412.285	4.286.111	126.174,37
<b>Total 27 pMS</b>	<b>100</b>	<b>29.056.850</b>	<b>28.226.965</b>	<b>830.914,01</b>

<sup>(5)</sup>2013 GNI "Own Resources, excl. reserves", based on EU General Budget 2013 (OJ L66, 8.3.2013) Definitive Adoption of the EU's General Budget (2013/102/EU, Euratom)) and Amending Budget 6/2013 of 10 July 2013; percentages rounded to 4 decimals.

<sup>(6)</sup>The Budgetary Surplus is returned to pMS as a deduction from the 3rd contribution in year N+1 (15 October 2014).

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**Note 7: Budgetary Surplus repayable to pMS**

The 2013 budgetary surplus (830.914,01 €) 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 2013 surplus is returned to pMS as a deduction from the third budgetary contribution on 15 October 2014 (also see Note 6 above).

**Note 8: Fixed Assets and Depreciation**

Figures in €

EUROPEAN DEFENCE AGENCY				
Fixed Assets				
In €				
Fixed Asset Classes	2013 Net Asset Value	2013 Accumulated Depreciation	2013 Asset Acquisitions	2012 Net Asset Value
Fitting-Out of Premises	382.933	(325.604)	-	708.537
Security Equipment	10.988	(4.584)	9.654	5.918
IT Equipment	424.947	(220.789)	257.811	387.925
Office Furniture	14.785	(6.384)	7.573	13.596
Office Technical Equipment	128.011	(21.157)	133.658	15.510
<b>Total</b>	<b>961.664</b>	<b>(578.518)</b>	<b>408.696</b>	<b>1.131.486</b>

**Note 9: Cash**

**EDA Bank Accounts**

As at 31/12/2013, the global balance on the Agency's bank accounts totalled 25.076.158 €.

EUROPEAN DEFENCE AGENCY				
Bank Accounts				
In €				
EDA Bank Accounts	2013	2012	2011	2010
Opening balance	26.792.939	24.053.672	22.374.445	21.785.979
Closing balance	25.076.158	26.792.939	24.053.672	22.374.445

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

### EDA Petty Cash

As at 31 December 2013, the Agency had a petty cash balance of 1.151€.

### Note 10: Stakeholders

The Stakeholders liabilities include the following items:

#### Deferred pMS contributions

- First and second contributions of 2014 were invoiced at the end of 2013 and some pMS paid in 2013.

#### 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 2013, the accounting result amounts to 661k €.

### Note 11: Supplier Payables

- Supplier payables include accrued expenses and pending invoices (2013 expenses paid in early 2014).The underneath table shows the variation of the Agency's balance sheet provisions for accrued expenses:

## EUROPEAN DEFENCE AGENCY

### Accrued expenses

	2013 Balance Sheet	2012 Balance Sheet	2011 Balance Sheet
Supplier Payables (in €)	Accrued Expenses	Accrued Expenses	Accrued Expenses
<b>FUNCTIONING</b>			
Payables related to 2011	0	0	1.185.367
Payables related to 2012	0	1.015.945	0
Payables related to 2013	582.346		
<b>FUNCTIONING</b>	<b>582.346</b>	<b>1.015.945</b>	<b>1.185.367</b>
<b>OPERATIONAL</b>			
Payables related to 2011		1.463.658	6.726.364
Payables related to 2012	1.716.212	7.301.248	0
Payables related to 2013	7.093.500		
<b>OPERATIONAL</b>	<b>8.809.712</b>	<b>8.764.906</b>	<b>9.296.100</b>
<b>TOTAL</b>			
Payables related to 2011		1.463.658	7.911.731
Payables related to 2012	1.716.212	8.317.193	0
Payables related to 2013	7.675.846		
<b>TOTAL</b>	<b>9.392.058</b>	<b>9.780.851</b>	<b>10.481.467</b>

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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 31/12/2013 amount to 11.268 k €.

Pension provision for 2013 amounts to 440k € and is composed of the following items:

Figures in € k

EUROPEAN DEFENCE AGENCY					
Pension Provision					
In k €					
EDA Staff Pension Accruals <sup>(7)</sup>	2013	2012	2011	2010	2009
EDA Contribution for Temporary Agents	2.197	2.213	2.046	2.002	1.842
EDA Contribution for Contract Staff	174	173	138	107	52
Staff Contribution for Temporary Agents	1.098	1.107	1.023	1.001	921
Staff Contribution for Contract Staff	87	86	69	54	26
Payments for Severance Grants	(3.126)	(1.725)	(3.711)	(1.746)	(1.603)
Payments for Maintenance of Pension Rights	(61)	(70)	(72)	(97)	(104)
Financial Interest	71	79	140	90	133
<b>Total</b>	<b>440</b>	<b>1.862</b>	<b>(366)</b>	<b>1.411</b>	<b>1.267</b>

Note: During 2013 accumulated pension rights and corresponding interests were transferred to the pension bank account.

#### Miscellaneous Staff Payables

Miscellaneous Staff Payables include 2013 expenses paid in early 2014, such as, School and Child allowances, severance grants, salary adjustments, mission expenses, etc.

<sup>(7)</sup> Staff pension rights (Temporary and Contract) are capitalised on the balance sheet account "Staff Pension Accruals". Maintenance of pension rights in accordance with Article 90 of the EDA Staff Regulations.

### **COOPERATION PLANNING & SUPPORT**

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

### **CAPABILITY, ARMAMENTS & TECHNOLOGY**

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

### **EUROPEAN SYNERGIES & INNOVATION**

This directorate will act as an interface between defence ministries and wider EU policies that have implications for defence. Its main tasks will be to promote and support innovation through innovative research in the areas such as: Components, Radio-Frequency & Optical Sensors, Materials and Structures, Energy, and CBRN protection. It will develop synergies and greater complementarity with EU programmes such as Horizon 2020 and European Structural Funds. The directorate will also be the Agency's focal point on Space Policy, on which it will have a close dialogue with the Commission and the European Space Agency. It will be responsible for Market & Industry policy, including SMEs, Security of Supply, the REACH regulation, market efficiency and global aspects of the defence market. The directorate will also deal with the military dimension of the Single European Sky, with a particular emphasis on the SESAR deployment phase, as well as the Agency's activities in the areas of Green Energy.

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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>CFSP</b>	European Security and Defence Policy
<b>EUMC</b>	European Union Military Committee
<b>EUSC</b>	European Union Satellite Center
<b>FR</b>	EDA Financial Rules
<b>GAERC</b>	General Affairs & External Relations Council
<b>GSC</b>	General Secretariat of the Council
<b>IDT</b>	Integrated Development Teams
<b>IPR</b>	Intellectual Property Rights
<b>JIP-FP</b>	Joint Investment Programme Force Protection
<b>LoI</b>	Letter of Intent
<b>LTV</b>	Long Term Vision
<b>MOTS</b>	Military Off-the-Shelf products
<b>NAD</b>	National Armaments Directors
<b>NAP</b>	Salary payment system used by PMO - <i>"Nouvelle Application de Paie"</i>
<b>NEC</b>	Network Enabled Capabilities
<b>OCCAR</b>	Organisme Conjoint de Coopération en matière d'Armement
<b>pMS</b>	Participating Member States
<b>PMO</b>	EU Paymasters Office
<b>PoC</b>	pMS Central Point of Contact
<b>PrepCom</b>	Preparatory Committee
<b>PSC</b>	Political and Security Committee
<b>R&amp;T</b>	Research and Technology
<b>SB</b>	Steering Board
<b>SDR</b>	Software Defined Radio
<b>SNE</b>	Seconded National Experts
<b>SoI / SoS</b>	Security of Information / Security of Supply
<b>TIES</b>	Tactical Imagery Exploitation Station
<b>UAV</b>	Unmanned Aerial Vehicle