

EUROPEAN DEFENCE AGENCY

2020 ANNUAL ACCOUNTS



EUROPEAN DEFENCE AGENCY

2020 ANNUAL ACCOUNTS

EUROPEAN DEFENCE AGENCY

2020 ANNUAL ACCOUNTS

Contents

Certification by Accounting Officer	3
Activity Report	4
Result of the year	5
EDA Structure and Functions	6
Financial Statements	8
Budgetary implementation reports	10
Balance Sheet.....	15
Cash Flow Statement	16
Statement of Financial Performance	17
Statement of Changes in Net Assets.....	17
Reconciliation Between Budget Outturn and Economic Outturn.....	18
Notes to the Financial Statements.....	19
Audit opinion	30

EUROPEAN DEFENCE AGENCY

2020 ANNUAL ACCOUNTS

Certification by Accounting Officer

The Annual Accounts of EDA for the year 2020 have been prepared in accordance with the European Defence Agency Financial Rules.

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

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

Brussels, 30 June 2021



Accounting Officer

EUROPEAN DEFENCE AGENCY

2020 ANNUAL ACCOUNTS

Activity Report

The main activities of the Agency in 2020 are outlined in the Annual Report 2020. This publication can be viewed on the Agency Website:

<https://www.eda.europa.eu/info-hub/publications>

EUROPEAN DEFENCE AGENCY

2020 ANNUAL ACCOUNTS

Result of the year

2020 Financial Highlights

Figures in k € - Budgetary Accounting

EUROPEAN DEFENCE AGENCY						
HISTORICAL BUDGETARY FINANCIAL DATA						
Figures in k €	2020	2019	2018	2017	2016	2015
REVENUES						
MEMBER STATE CONTRIBUTIONS	35.533	33.268	31.538	29.782	29.076	29.161
DEDUCTIONS FROM STAFF REMUNERATION	1.698	1.614	1.500	1.519	1.492	1.450
FINANCIAL INCOME	16	3	2	15	10	57
OTHER REVENUES	375	415	597	323	176	554
TOTAL REVENUES	37.622	35.300	33.637	31.638	30.754	31.222
EXPENSES						
PERSONNEL EXPENSES	22.858	21.978	20.850	19.724	18.967	17.701
FUNCTIONING EXPENSES	7.917	5.880	5.768	5.021	4.693	5.019
OPERATIONAL PROJECTS & STUDIES	6.254	6.910	6.376	6.394	6.857	7.372
TOTAL EXPENSES	37.029	34.768	32.994	31.140	30.517	30.093
BUDGETARY SURPLUS REPAYABLE TO pMS	593	533	643	498	237	1.129
Figures subject to rounding to nearest '000 Euro						

EUROPEAN DEFENCE AGENCY

2020 ANNUAL ACCOUNTS

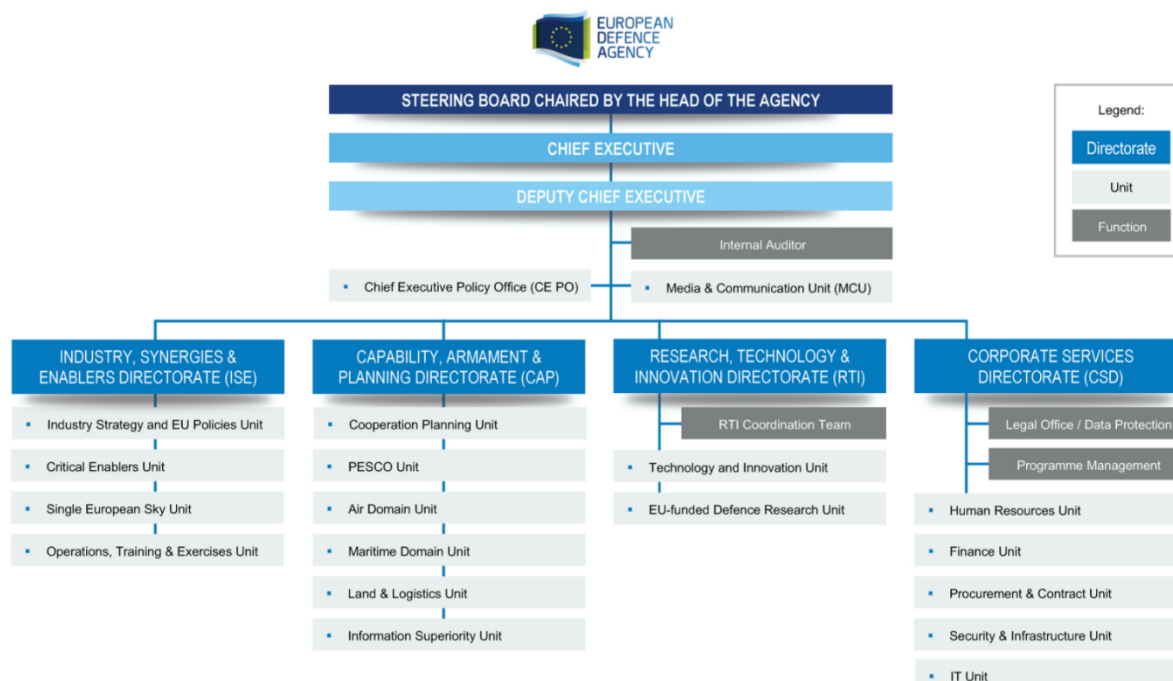
EDA Structure and Functions

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

The Agency is governed by a Steering Board. The Head of the Agency chairs the Steering Board made up of Defence Ministers from 26 participating Member States (all EU members except Denmark) and a representative of the European Commission. In addition to ministerial meetings at least twice a year, the Steering Board also meets at the sub-ministerial level: National Armaments Directors, Research and Technology Directors and in Capabilities formation.

The Agency is established "to support the Member States in their effort to improve European defence capabilities in the field of crisis management and to sustain the Common Foreign and Security Policy as it stands now and develops in the future".

The internal organisation of the Agency during 2020 is represented here below.



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

EUROPEAN DEFENCE AGENCY

2020 ANNUAL ACCOUNTS

Industry Synergies & Enablers (ISE)

The ISE Directorate facilitates work to address the implications of EU legislation and policies for the defence sector: REACH, procurement, funding instruments and the analysis of developments influencing governmental and industrial stakeholders.

In the wider context of military aviation, the Directorate facilitates the coordination of military views from and in support of Member States and the relevant international military organisations in the framework of Single European Sky (SES) and acts as the interface with the EU institutions and related bodies. The Directorate supports Member States in their efforts to enable RPAS integration in non-segregated airspace and in harmonising military aviation safety issues using a progressive introduction of total system approach to military aviation and also addressing the aviation cyber aspects.

The ISE Directorate is responsible for activities on critical enablers to support defence cooperation and enhance interoperability: military airworthiness, standardisation and certification, defence test & evaluation and education and training. The Directorate provides support to CSDP military and civilian operations and missions as well as Member States using all existing EDA instruments cross-directorates.

Capability, Armament & Planning (CAP)

The Capability, Armament & Planning Directorate (CAP) identifies, plans and proposes collaborative opportunities in support of EU capability development priorities and tailored to Member States' needs, representing a coherent approach from priority setting to impact.

The Directorate is in charge of elaborating the Capability Development Plan, based on the analysis of military requirements conducted together with Member States. It also identifies output-oriented EU capability development priorities and coordinates the development of Strategic Context Cases to facilitate the implementation of these priorities.

The Directorate coordinates the Coordinated Annual Review on Defence, for which the Agency provides the secretariat, establishing a regularly updated overview of the European defence capability landscape and its coherence.

The Directorate provides EDA's secretariat functions to PESCO, together with the European External Action Service, including the EU Military Staff. Within the PESCO secretariat, the Directorate coordinates EDA's assessment of PESCO project proposals from the capability perspective, as well as the National Implementation Plans of PESCO participating Member States and supports PESCO project implementation.

Research, Technology & Innovation (RTI)

The RTI Directorate provides support to Member States and to the European Commission for the Preparatory Action for defence research, including its implementation, and the research dimension of the European Defence Fund. The Directorate also ensures the promotion of innovation in defence and the exploitation of synergies at EU level with civil research in dual-use technology fields.

EUROPEAN DEFENCE AGENCY

2020 ANNUAL ACCOUNTS

Corporate services directorate (CSD)

The Corporate Services Directorate provides the horizontal services that ensure the functioning of the Agency. It consists of 5 Units providing financial, contracting, IT, human resources, infrastructure and security and administrative services ensuring that the Agency performs in accordance with the principles of sound financial management. In addition, the Agency's Legal Office/Data Protection and the Programme Management functions report to the CSD Director.

Financial Statements

Principles of the budgetary implementation:

The European Defence Agency budget is implemented in accordance with the budgetary principles set out in its Financial Rules.

The European Defence Agency budget is established and implemented in compliance with the principles of unity and budgetary accuracy, annuality, equilibrium, unit of account, universality, specification, sound financial management and transparency. The applicability of the budgetary principles requires effective and efficient internal control.

Principles of unity and of budgetary accuracy

No revenue shall be collected and no expenditure effected unless booked to a line in the Agency's budget. No expenditure may be committed or authorised in excess of the appropriations authorised by the Agency's budget. An appropriation may be entered in the Agency's budget only if it is for an item of expenditure considered necessary.

Principle of annuality

The appropriations entered in the Agency's budget shall be authorised for a financial year which shall run from 1 January to 31 December.

Principle of equilibrium

Revenue and payment appropriations shall be in balance.

Principle of unit of account

The budget of the European Defence Agency shall be drawn up and implemented in euro and the accounts shall be presented in euro.

Principle of universality

Total revenue shall cover total payment appropriations. All revenue and expenditure shall be entered into the budget in full without any adjustment against each other.

Principle of specification

Appropriations shall be earmarked for specific purposes at least by title and chapter.

EUROPEAN DEFENCE AGENCY

2020 ANNUAL ACCOUNTS

Principle of sound financial management

Appropriations shall be used in accordance with the principle of sound financial management, namely in accordance with the principles of economy, efficiency and effectiveness. The principle of economy requires that the resources used by the Agency in the pursuit of its activities are made available in due time, in appropriate quantity and quality and at the best price.

The principle of efficiency concerns the best relationship between resources employed and results achieved. The principle of effectiveness concerns the attainment of the specific objectives set and the achievement of the intended results.

Principle of transparency

EDA budget shall be established and implemented, and the accounts presented in accordance with the principle of transparency. The Agency's budget, including the staff establishment plan and amending budgets, as adopted, shall be published on the internet site of the Agency within four weeks of their adoption.

2020 Consolidated Budget Implementation report

EUROPEAN DEFENCE AGENCY CONSOLIDATED BUDGET IMPLEMENTATION REPORT 2020									
BUDGET IMPLEMENTATION REPORT 2020	GENERAL BUDGET EUROPEAN DEFENCE AGENCY			AD HOCS			ADDITIONAL REVENUE		
	2020 Budget ^(REV)	2020 Committed	2020 Paid	2020 Budget	2020 Committed	2020 Paid	2020 Budget	2020 Committed	2020 Paid
<i>Figures in €</i>									
EXPENSES									
Title I : PERSONNEL EXPENSES	22.858.405	22.858.405	22.659.274	60.987	60.987	12.475	1.169.239	1.169.239	698.746
Title II : FUNCTIONING EXPENSES	7.920.628	7.916.982	4.825.845			5	(23.021)	(23.021)	136.086
TOTAL PERSONNEL & FUNCTIONING EXPENSES	30.779.033	30.775.387	27.485.120	60.987	60.987	12.480	1.146.217	1.146.217	834.832
Title III : OPERATIONAL BUDGET	6.253.679	6.253.551	391.605	75.183.989	75.183.989	38.924.783	13.328.105	13.328.105	17.643.825
TOTAL EXPENSES	37.032.712	37.028.938	27.876.725	75.244.976	75.244.976	38.937.263	14.474.323	14.474.323	18.478.657
REVENUES									
Title IV : MISC. COMMUNITY TAXES, LEVIES & DUES	1.500.000,00		1.697.733						
Title V : INCOME FROM OPERATING ACTIVITIES			16.373						
Title VI : pMS CONTRIBUTIONS	35.532.712		35.532.712	67.507.720		67.507.720	14.000.000		14.000.000
Title VII : OTHER REVENUES			375.321	2.629		2.629	20.000		20.000
TOTAL REVENUES	37.032.712		37.622.138	67.510.348		67.510.348	14.020.000		14.020.000
BUDGETARY SURPLUS REPAYABLE TO pMS			593.200			N/A			N/A
<i>(Total revenues less total expenses)</i>									

EUROPEAN DEFENCE AGENCY

2020 ANNUAL ACCOUNTS

Budgetary implementation reports

Fund Source C1

EUROPEAN DEFENCE AGENCY					Fund source C1		
BUDGET IMPLEMENTATION REPORT 2020							
	Notes	2020	2020	2020	2019	2019	2019
Figures in €	1	Budget ^(REV)	Committed	Paid	Budget ^(REV)	Committed	Paid
EXPENSES							
Title I : PERSONNEL EXPENSES							
Chapter 11: TEMPORARY STAFF		17.259.322	17.259.322	17.259.322	16.730.751	16.730.751	16.730.751
Chapter 12: SNE, CONTRACT & OTHER STAFF		4.261.579	4.261.579	4.135.749	3.595.201	3.595.201	3.469.826
Chapter 13: STAFF RELATED		1.337.504	1.337.504	1.264.203	1.651.704	1.651.704	1.537.646
TOTAL PERSONNEL EXPENSES		22.858.405	22.858.405	22.659.274	21.977.655	21.977.655	21.738.222
Title II : FUNCTIONING EXPENSES							
Chapter 20: BUILDING AND BUILDING RELATED EXPENSES		3.238.539	3.234.893	3.042.392	3.356.123	3.356.123	3.002.595
Chapter 21: INFORMATION TECHNOLOGY EXPENSES		4.230.844	4.230.844	1.476.283	1.887.385	1.887.385	917.394
Chapter 22: OTHER FUNCTIONING EXPENSES		451.246	451.246	307.170	636.917	636.917	347.104
TOTAL FUNCTIONING EXPENSES		7.920.628	7.916.982	4.825.845	5.880.425	5.880.425	4.267.093
TOTAL PERSONNEL & FUNCTIONING EXPENSES		30.779.033	30.775.387	27.485.120	27.858.080	27.858.080	26.005.315
Title III : OPERATIONAL BUDGET EXPENSES							
Chapter 30: PROJECTS AND STUDIES	4	6.253.679	6.253.551	391.605	6.909.680	6.909.680	289.670
TOTAL OPERATIONAL BUDGET		6.253.679	6.253.551	391.605	6.909.680	6.909.680	289.670
TOTAL EXPENSES		37.032.712	37.028.938	27.876.725	34.767.760	34.767.760	26.294.986
REVENUES							
Title IV: TAXATION							
Chapter 40: DEDUCTIONS FROM STAFF REMUNERATION	5	1.500.000		1.697.733	1.500.000		1.614.112
Title V: FINANCIAL INCOME							
Chapter 50: FINANCIAL INCOME				16.373			3.340
Title VI: MEMBER STATE CONTRIBUTIONS							
Chapter 60 : MEMBER STATE CONTRIBUTIONS	6	35.532.712		35.532.712	33.267.760		33.267.760
Title VII: OTHER REVENUES							
Chapter 75 : OTHER REVENUES	5	0		375.321	0		415.259
TOTAL REVENUES		37.032.712		37.622.138	34.767.760		35.300.471
BUDGETARY SURPLUS	7			593.200			532.712

C1 fund source represents the funds budgeted for and implemented in the current financial year.

EUROPEAN DEFENCE AGENCY

2020 ANNUAL ACCOUNTS

Fund source C4

EUROPEAN DEFENCE AGENCY			
BUDGET IMPLEMENTATION REPORT 2020			Fund source C4
<i>Notes</i>	2020	2020	2020
<i>Figures in €</i>	Budget	Committed	Paid
EXPENSES			
Title I : PERSONNEL EXPENSES			
Chapter 11: TEMPORARY STAFF	37.500	37.500	37.500
Chapter 12: SNE, CONTRACT & OTHER STAFF	0	0	0
Chapter 13: STAFF RELATED	0	0	0
TOTAL PERSONNEL EXPENSES 2	37.500	37.500	37.500
Title II : FUNCTIONING EXPENSES			
Chapter 20: BUILDING AND BUILDING RELATED EXPENSES	12.556	12.556	12.556
Chapter 21: INFORMATION TECHNOLOGY EXPENSES	0	0	0
Chapter 22: OTHER FUNCTIONING EXPENSES	1.000	1.000	1.000
TOTAL FUNCTIONING EXPENSES	13.556	13.556	13.556
TOTAL PERSONNEL & FUNCTIONING EXPENSES	51.056	51.056	51.056
Title III : OPERATIONAL BUDGET EXPENSES			
Chapter 30: PROJECTS AND STUDIES	0	0	0
TOTAL OPERATIONAL BUDGET	0	0	0
TOTAL EXPENSES	51.056	51.056	51.056

C4 fund source represents amounts recovered during 2020 from EDA contractors. The amount in Title I includes compensation for EDA staff working on projects delegated to EDA from the European Commission and EASME (reported as additional revenue).

EUROPEAN DEFENCE AGENCY

2020 ANNUAL ACCOUNTS

Fund source C8

EUROPEAN DEFENCE AGENCY			
BUDGET IMPLEMENTATION REPORT 2020			Fund source C8
<i>Notes</i>	2020	2020	2020
<i>Figures in €</i>	Budget	Implemented	Paid
EXPENSES			
Title I : PERSONNEL EXPENSES			
Chapter 11: TEMPORARY STAFF	0	0	0
Chapter 12: SNE, CONTRACT & OTHER STAFF	125.375	125.375	125.375
Chapter 13: STAFF RELATED	114.058	88.840	88.840
TOTAL PERSONNEL EXPENSES	239.433	214.215	214.215
Title II : FUNCTIONING EXPENSES			
Chapter 20: BUILDING AND BUILDING RELATED EXPENSES	353.528	342.153	342.153
Chapter 21: INFORMATION TECHNOLOGY EXPENSES	1.068.500	998.734	991.642
Chapter 22: OTHER FUNCTIONING EXPENSES	289.814	264.868	254.360
TOTAL FUNCTIONING EXPENSES	1.711.842	1.605.754	1.588.154
TOTAL PERSONNEL & FUNCTIONING EXPENSES	1.951.275	1.819.969	1.802.369
Title III : OPERATIONAL BUDGET EXPENSES			
Chapter 30: PROJECTS AND STUDIES	10.036.098	9.808.526	5.358.283
TOTAL OPERATIONAL BUDGET	10.036.098	9.808.526	5.358.283
TOTAL EXPENSES	11.987.372	11.628.495	7.160.652

C8 fund source represents appropriations which were automatically carried forward from 2019 to 2020, to meet obligations arising from legal commitments signed in previous year(s). Operational Budget expenses are paid on fund source C2.

EUROPEAN DEFENCE AGENCY

2020 ANNUAL ACCOUNTS

Budget Transfers and Amendments:

EUROPEAN DEFENCE AGENCY				
2020 Budget Transfers and Amendments				
<i>Figures in €</i>				
EXPENDITURES	Initial budget	Amending Budget	Transfers	Final
Title I - Personnel expenditures				
Total Personnel expenditures	24.800.000	450.000	- 2.391.595	22.858.405
Title II - Functioning Expenditures				
Total Functioning Expenditures	6.325.000	425.000	1.170.628	7.920.628
Title III - Operational expenditures				
Total Operational expenditures	3.000.000	2.032.712	1.220.967	6.253.679
TOTAL EXPENDITURES	34.125.000	2.907.712*	-	37.032.712

* Amending budget 2.375.000 and Second amending budget 532.712 Surplus 2019 entered into budget 2020

Budget Summary 2020

Budgetary expenditure for 2020						
Title	Budget A	Committed B	%	Paid C	%	Surplus Budget/Expenditure D = A-B
Title I Personnel Expenses	22.858.405	22.858.405	100%	22.659.274	99%	0
Title II Functioning Expenses	7.920.628	7.916.982	100%	4.825.845	61%	3.646
Title III Operational Expenses	6.253.679	6.253.551	100%	391.605	6%	128
Total	37.032.712	37.028.938	100%	27.876.725	75%	3.774
Budgetary Revenue for 2020						
Title	Budget A			Revenue B	%	Surplus Revenue E = B-A
Title IV Deductions from Staff Remuneration	1.500.000	-	-	1.697.733	113%	197.733
Title V Financial Income	0	-	-	16.373	-	16.373
Title VI pMS Contributions	35.532.712	-	-	35.532.712	100%	0
Title VII Other Revenues	0	-	-	375.321	-	375.321
Total	37.032.712	-	-	37.622.138	102%	589.427
Total Surplus for 2019 D + E						593.200

EUROPEAN DEFENCE AGENCY

2020 ANNUAL ACCOUNTS

Evolution of outstanding commitments

This table shows the evolution of commitments carried forward from previous years and current outstanding commitments.

Carry forwards from previous years				
Title	Initial amount outstanding from previous year(s)	Amounts paid	Carryforwards cancelled in 2020	Final amount from previous year(s)
Title I Personnel Expenses	239.433	214.215	25.218	0
Title II Functioning Expenses	1.711.842	1.588.154	106.087	17.600
Title III Operational Expenses	10.036.098	5.358.283	227.572	4.450.243
Totals	11.987.372	7.160.652	358.877	4.467.843
Current outstanding Commitments				
Title	Initial amount from the current financial year	Amounts paid	Amounts cancelled	Committed amount outstanding from the current financial year
Title I Personnel Expenses	22.858.405	22.659.274	0	199.131
Title II Functioning Expenses	7.916.982	4.825.845	0	3.091.137
Title III Operational Expenses	6.253.551	391.605	0	5.861.946
Totals	37.028.938	27.876.725	0	9.152.213

TOTAL outstanding commitments at the end of the financial year

13.620.056

EUROPEAN DEFENCE AGENCY

2020 ANNUAL ACCOUNTS

Balance Sheet

EUROPEAN DEFENCE AGENCY			
BALANCE SHEET			
	<i>Notes</i>	31.12.2020	31.12.2019
<i>Figures in €</i>			
ASSETS			
ASSETS			
A. NON-CURRENT ASSETS			
IT EQUIPMENT		193.955	54.866
OFFICE FURNITURE		371	1.765
OFFICE TECHNICAL EQUIPMENT		21.325	36.558
TOTAL NON-CURRENT ASSETS	<i>8</i>	215.651	93.189
B. CURRENT ASSETS			
Short-term receivables			
SUNDRY RECEIVABLES		56.781	66.678
DEFERRED CHARGES		319.698	243.064
MS CONTRIBUTION RECEIVABLES		11.692.384	7.822
ACCRUED INCOME		7.279	0
Short-term receivables	<i>13</i>	12.076.142	317.564
Cash and cash equivalents			
EDA BANK ACCOUNTS		29.894.156	26.294.062
Cash and cash equivalents	<i>9</i>	29.894.156	26.294.062
TOTAL CURRENT ASSETS		41.970.298,63	26.611.626
TOTAL ASSETS		42.185.950	26.704.815
LIABILITIES & EQUITY			
STAKEHOLDERS EQUITY			
ACCUMULATED SURPLUS		8.662.012	7.351.958
ACCOUNTING SURPLUS/LOSS		2.892.894	1.310.054
STAKEHOLDERS	<i>10</i>	11.554.906	8.662.012
SUPPLIER PAYABLES			
ACCRUED EXPENSES	<i>11</i>	3.150.034	4.066.834
SUNDRY PAYABLES		4.276	183.592
SUPPLIER PAYABLES		3.154.310	4.250.426
STAFF PAYABLES			
STAFF PENSION ACCRUALS	<i>12</i>	15.285.841	12.913.658
STAFF SUNDRY PAYABLES		19.154	20.136
STAFF PAYABLES		15.304.994	12.933.794
DEFERRED REVENUE			
ADVANCE MS CONTRIBUTIONS	<i>19</i>	12.171.740	616.169
AD-HOC PROJECTS SURPLUS		0	242.414
ADVANCE CONTRIBUTIONS		12.171.740	858.583
TOTAL LIABILITIES		30.631.044	18.042.803
TOTAL LIABILITIES & EQUITY		42.185.950	26.704.815

EUROPEAN DEFENCE AGENCY

2020 ANNUAL ACCOUNTS

Cash Flow Statement

EUROPEAN DEFENCE AGENCY			
CASH FLOW			
	<i>Notes</i>	Year ending	
<i>Figures in €</i>		31/12/2020	31/12/2019
Cash Flows from Operating Activities			
Receipts		38.919.776,68	37.875.270,23
PMS CONTRIBUTIONS		34.655.884,46	32.934.761,75
OTHER RECEIPTS	18	29.718,12	153.474,82
RESIDUAL FUNDS PROJECTS	17	38.693,28	509.054,79
PENSION CONTRIBUTIONS ADDITIONAL REVENUE	16	107.788,35	120.966,24
BANK INTEREST	5	0,49	107,83
REGULARISATION TRANSFERS BETWEEN ACCOUNTS	14	4.087.691,98	4.156.904,80
Payments		(35.089.895,83)	(36.422.389,30)
EDA GENERAL		(29.536.819,16)	(28.966.117,51)
PENSIONS		(1.642.045,00)	(3.291.351,28)
OTHER CHARGES		(4.512,64)	(8.015,71)
REGULARISATION TRANSFERS BETWEEN ACCOUNTS	14	(3.906.519,03)	(4.156.904,80)
Net Cash Flows from Operating Activities		3.829.880,85	1.452.880,93
Cash Flows from Investing Activities			
PURCHASE OF ASSETS		(218.774,59)	(9.899,66)
ADVANCES		(11.011,70)	(984,00)
Net Cash Flows from Investing Activities		(229.786,29)	(10.883,66)
Net increase / (decrease) in cash and cash equivalents		3.600.094,56	1.441.997,27
Cash and cash equivalents at beginning of period		26.294.061,83	24.852.064,56
Cash and cash equivalents at end of period		29.894.156,39	26.294.061,83

Compared to previous years, the presentation of the cash flow statement was changed for the annual accounts 2020 in order to provide a standard split between operating and investing activities of the Agency.

The underlying method of a direct cashflow remained the same, but the cashflow for 2019 was readjusted in accordance with the new presentation to allow the comparison between the two periods.

EUROPEAN DEFENCE AGENCY

2020 ANNUAL ACCOUNTS

Statement of Financial Performance

STATEMENT OF FINANCIAL PERFORMANCE		Reporting period (01.2020-16.2020)	Reporting period (01.2019-16.2019)
I. ECONOMIC RESULT OF THE YEAR (CALCULATED)	NOTES	2.892.894	1.310.054
II.1 REVENUES	5		
II.1.2 Operating revenues		36.747.789	34.469.850
II.1.3 Financial Revenues		16.487	3.399
TOTAL REVENUE		36.764.276	34.473.248
II.2. EXPENSES			
II.2.1 Operational Studies and Projects	4	-4.687.187	-5.300.839
II.2.2 Staff expenses	2	-22.829.504	-21.591.432
II.2.3 Administrative and IT expenses	3	-6.290.088	-6.207.087
II.2.4. Fixed asset related expenses	8	-63.005	-63.583
II.2.5. Financial expenses	15	-1.598	-254
TOTAL EXPENDITURE		-33.871.382	-33.163.195

Statement of Changes in Net Assets

EUROPEAN DEFENCE AGENCY			
STATEMENT OF CHANGES IN NET ASSETS			
	Accumulated Surplus (Deficit)	Economic result of the year	Net Assets
Balance as of 31/12/2019	7.351.958	1.310.054	8.662.012
Allocation of economic result 2019	1.310.054	-1.310.054	0
Economic result 2020	0	2.892.894	2.892.894
Balance as of 31/12/2020	8.662.012	2.892.894	11.554.906

The statement of changes in net assets reflects the movement in the liabilities as from 31st December 2019 to 31st of December 2020.

EUROPEAN DEFENCE AGENCY

2020 ANNUAL ACCOUNTS

Reconciliation Between Budget Outturn and Economic Outturn

EUROPEAN DEFENCE AGENCY		
RECONCILIATION BETWEEN BUDGET OUTTURN AND ECONOMIC OUTTURN		
Figures in €	2020	2019
Budgetary result	593.200	532.711
<i>Adjustments for items not in the budgetary result but in the economic result</i>		
Income Projects C4 income	37.500	178.860
Accued income	7.279	
Depreciation	-63.005	-63.583
Asset accruals	0	33.307
Accrued charges	-3.150.034	-4.066.834
Accrued charges reversals	4.066.834	5.004.903
C4 expenditure	-51.056	-183.355
C8 expenditure	-7.160.652	-7.783.862
Deferred expenditure	319.698	243.064
Deferred expenditure reversal	-243.064	0
Invoices booked in SAP with no payment in 2020	0	-122.639
Direct expenditure accounting entries	67	37.092
<i>Adjustments for items in the budgetary result but not in the economic result</i>		
Asset acquisition	185.467	9.900
Carry forward cancellations	-358.877	-363.323
Carry over	9.152.213	8.472.774
Prefinancing payment	9.016	984
Payment of 2019 invoices	122.639	22.814
Appropriations current year not committed	-3.774	0
Budget amendment / Surplus of previous year	-532.712	-642.760
Direct expenditure budget entries	-37.846	0
Total	2.892.894	1.310.054
Economic result	-2.892.894	-1.310.054
Discrepancy	0	0

EUROPEAN DEFENCE AGENCY

2020 ANNUAL ACCOUNTS

Notes to the Financial Statements

NOTE 1 – BASIS OF PRESENTATION AND SPECIFIC ACCOUNTING POLICIES

BASIS OF PRESENTATION

EDA annual accounts have been established in conformity with:

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

2020 Budget

The General Budget for 2020 amounting to 34.125.000 € was adopted by the Steering Board on 12 November 2019.

2020 amending budget amounting to 36.500.000 € was adopted on 21 February 2020 whereby 26pMS contributed to an additional 2.375.000 €.

The second amending budget 2020 was approved by the Steering Board on 11 September 2020 whereby surplus 2019 of 532.712 € was entered into budget 2020, bringing the general budget of the Agency to a total of 37.032.712 €.

See table 2020 Budget transfers and amendments for information on budget allocation.

pMS Contributions

Contributions from 27 participating Member States⁽²⁾ ('pMS') are calculated in accordance with the principles of the EU budget proportional share of the pMS's GNI in the total GNI aggregate.

A GNI key of 27 pMS was used for the originally approved budget and a GNI of 26 pMS (excluding UK) for the amending budget. Contributions are due in three instalments, by 15 March, 15 June and 15 October (Art. 16, Council Decision (CFSP) 2015/1835 of 12 October 2015 defining the statute, seat and operational rules of the European Defence Agency).

Budget structure and presentation

2020 EDA general budget was adopted by the Steering Board at chapter level. According to Article 21 EDA Financial Rules, "the structure of the budgetary implementation report shall be the same as of the budget itself". The presentation of the budget implementation report in the annual accounts 2020 follows this requirement.

SPECIFIC ACCOUNTING POLICIES

Fixed Asset Policy

Items acquired by the Agency purchase price of which is 5k € or more, with a period of use greater than one year, and which are not consumables are recorded in the fixed assets accounts. The

⁽²⁾ 28 EU Member States in 2020 excluding Denmark

EUROPEAN DEFENCE AGENCY

2020 ANNUAL ACCOUNTS

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. However, routine maintenance and repairs are not capitalised but charged to expenses as incurred.

In line with the Agency's policy, asset-invoices are booked as expenses during the year and transferred to the balance sheet at year-end.

Depreciation

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

- 9 years for fitting-out of premises (building related investments),
- 5 years for office furniture and office technical equipment,
- 3 years for IT equipment and software and security equipment

Accruals

Accrual charges for Title I (personnel related, such as unspent leave) and Title II (administrative expenditure) are calculated based on expected invoices/charges to be received/charged at the beginning of 2021 and relating to goods/services delivered in 2020 and leave entitlements of 2020.

Accruals for Title III are calculated on a pro rata basis to ensure the closest possible estimate.

Deferrals

Deferred charges are calculated based on the invoices received during 2020 for services which will be delivered in part or in full during 2021. The majority of the services which fall under this category are software subscriptions and software maintenance services.

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.

The accumulated pension rights liability included in the balance sheet is calculated as the overall employee and employer pension contribution retained via payroll less all transfers out made to extinguish the liability towards individual employees, diverging from IPSAS 39 – Employee benefits.

Advance Calls for Contributions

The first Call for Contributions for the year N+1 is issued in year N. The full value of the calls issued in advance is shown on the balance sheet as deferred revenue and the value of the calls which are not cashed at 31 Dec is shown under the Short-Term Receivables heading.

EUROPEAN DEFENCE AGENCY

2020 ANNUAL ACCOUNTS

NOTE 2 – PERSONNEL EXPENSES

Personnel budgetary expenses amount to 22.895.905€.

The above amount includes C4 funds of 37.500 €. This is a compensation for staff working on a project delegated to EDA by the EASME under EDA Additional Revenue: Consultation Forum for Sustainable Energy in the Defence and Security Sector (CF SEDSS II). CF SEDSS II project was finalised in 2019, and this amount was paid out by the EASME following the release from the project Guarantee Fund at end of December 2019.

The remuneration of the members of the temporary and contract Staff is determined according to the European Defence Agency Staff Regulations.

EDA employs different categories of personnel:

1. Temporary Staff

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

2. Contract Staff

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

3. Seconded National Experts

Temporarily assigned experts from the participating Member States' administrations in accordance with EDA's requirements and budgetary possibilities and in accordance with the EDA SNE Rules.

4. Experts on cost-free secondment

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

5. Trainees

EDA runs its own traineeship programme since October 2018.

Basic Salaries

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

Staff Statutory Allowances & Staff Social Protection

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

Miscellaneous allowances and grants

Orphans Pension: EDA has an obligation to pay orphans' pension to the children of a deceased Staff Member, until each orphan reaches the age of 18 or, subject to confirmation, up to the age of 26 if full-time studies are pursued by the child.

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

EUROPEAN DEFENCE AGENCY

2020 ANNUAL ACCOUNTS

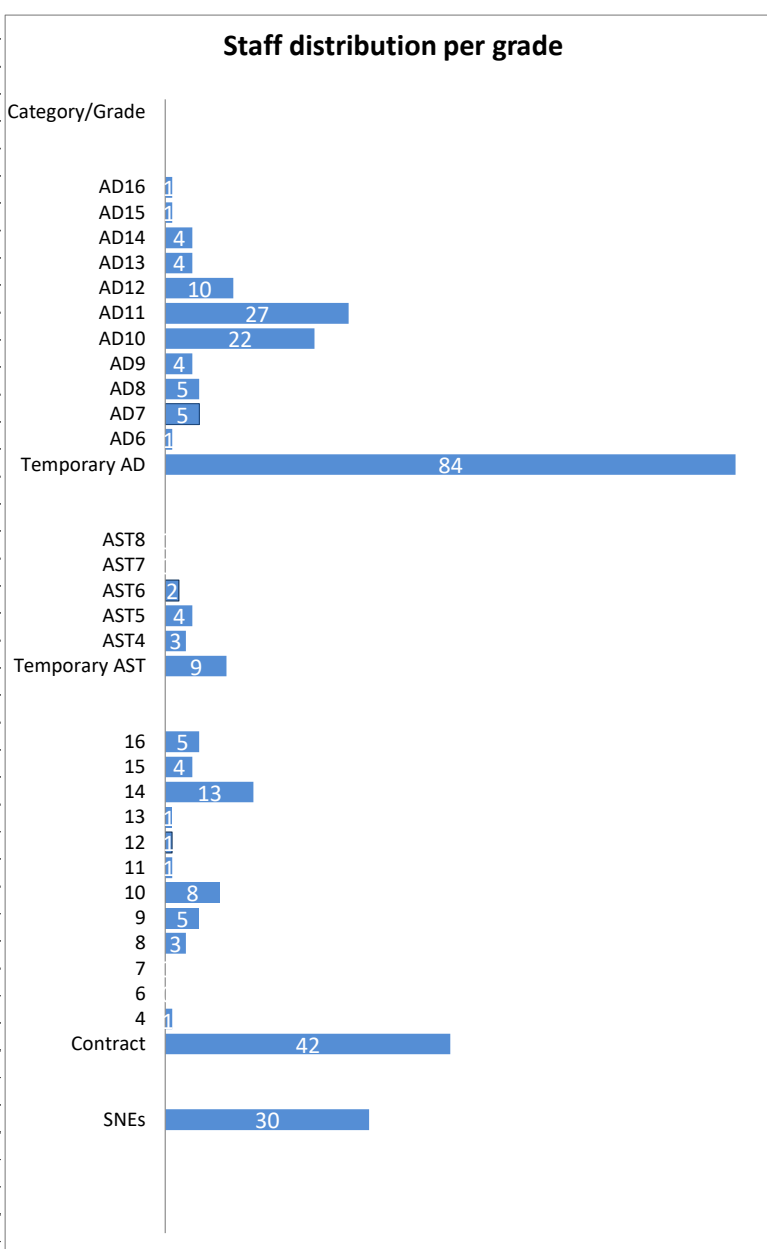
Staff Allowances on Entering & Leaving Service

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

Staff present on 31/12/2020

Staff present 31/12/2020

Category/Grade	Total	Female	Male
AD16	1	0	1
AD15	1	0	1
AD14	4	0	4
AD13	4	0	4
AD12	10	1	9
AD11	27	3	24
AD10	22	6	16
AD9	4	1	3
AD8	5	2	3
AD7	5	4	1
AD6	1	0	1
Temporary AD	84	17	67
		20%	80%
AST8	0	0	0
AST7	0	0	0
AST6	2	2	0
AST5	4	3	1
AST4	3	2	1
Temporary AST	9	7	2
		78%	22%
16	5	1	4
15	4	0	4
14	13	4	9
13	1	1	0
12	1	1	0
11	1	0	1
10	8	5	3
9	5	4	1
8	3	3	0
7	0	0	0
6	0	0	0
4	1	0	1
Contract	42	19	23
		45%	55%
SNEs	30	3	27
		10%	90%



Contract Staff

42 Contract Staff were present in the Agency on 31/12/2020. Payment of salary and allowances of contract staff are governed by the European Defence Agency Staff Regulations.

Seconded National Experts (SNEs)

On 31/12/2020, 30 SNEs were present at the Agency. Payment of allowances are governed by the SNE rules of the Agency.

EUROPEAN DEFENCE AGENCY

2020 ANNUAL ACCOUNTS

Trainees

On 31/12/2020, the Agency had 10 trainees.

Recruiting Expenses

Miscellaneous recruiting expenses related to candidates' interviews, travel and accommodation of recruiting experts, organisation of selection procedures as well as medical examinations related to recruitment.

Mission Expenses

Expenses related to mission travels, including transport, accommodation and daily allowance.

Medical Expenses

Relate to annual health examinations of staff.

Learning and development

Staff training expenses: mandatory and professional development training.

Other external services

Include insurance for staff going on missions, EU Paymasters Office's (PMO) fees.

Social dialogue and staff wellbeing

Expenses related to staff social activities.

Representation Expenses

Expenses related to official receptions: catering, event organisation.

NOTE 3 – FUNCTIONING EXPENSES

Building and Building Related Expenses

Building lease expenditure

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 and indexation.

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.

Office Furniture

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

Security services and equipment

Expenses related to 24-hour building surveillance, notably security services and guards, surveillance cameras, surveillance locks, cabinets, secure doors and other equipment to ensure security of EDA premises.

Cleaning and facility services

EUROPEAN DEFENCE AGENCY

2020 ANNUAL ACCOUNTS

Building cleaning and maintenance contracts, including cleaning supplies.
Expenses related to waste removal, recycling services.

Preventive and corrective maintenance of technical installations and other building related expenditure

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

Utility Services

Building utility expenses related to water, electricity and heating.

Insurances

Selected insurance policies related to EDA premises.

Health and Safety

Expenses related to the review and implementation of EDA health and safety policy.

Office Supplies

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

Postal & Delivery Expenditures

Postage, express mail.

Mobility related expenditures

Rental fees for office vehicle and maintenance costs.

Information Technology Expenses

IT hardware and Software

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

IT Services and Development

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

Telecommunication costs

Telecommunication expenses: mobile, internet and dedicated lines.

EUCI

New dedicated budget line for EU classified information project was introduced for easier monitoring.

Other Functioning

Translation and interpretation services

Expenses related to translation (ex: contracts, brochures etc.)

Subscriptions and Publication services

Expenses related to specialised information sources and press subscriptions.

Corporate Communication expenditures

EUROPEAN DEFENCE AGENCY

2020 ANNUAL ACCOUNTS

Expenses related to EDA corporate communication and EDA annual conference.

Meetings, conferences, and seminars

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

Other Services

Other services including legal support, audits, and consultancies.

Financial Charges

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

NOTE 4 – OPERATIONAL EXPENDITURE

The operational expenditure relates to operational projects and studies coordinated by the Industry Synergies & Enablers (ISE) Directorate, the Capability, Armament & Planning Directorate (CAP) Directorate and the Research, Technology & Innovation (RTI) Directorate.

NOTE 5 – REVENUES

Operating revenues

The operating revenues consist of the Member States contributions (35M €); the taxation on Staff salaries (approx. 1.698k €); supplier refunds (approx. 12.5k €) and management fees as set out in the delegation agreements with EASME for ENER II (37.5k €).

Financial Revenues

Financial revenue consists mainly of the Interest on late payments of pMS Contributions (approx. 16.4k €); Currency exchange gains and bank interest (0.49 €).

NOTE 6 – PMS CONTRIBUTIONS

In 2020 calls for an amount totalling to 35.000.00 € were issued. Additionally, the budgetary surplus 2019 (532.712 €) was inscribed. This results into an amount of 35.532.712 €.

EUROPEAN DEFENCE AGENCY

2020 pMS CONTRIBUTIONS AND BUDGETARY SURPLUS

In €

	2020 GNI Own Resources *	2020 Annual Contribution 27 pMS	2020 Amending Budget 26 pMS	Total Annual Contribution 27 pMS	Key	2020 Surplus distribution	2020 actual cost to Member States
Austria (AT)	2.688.325.810	808.936	69.708	878.644	2,5104	14.892	863.752
Belgium (BE)	3.141.899.836	945.420	81.469	1.026.889	2,9340	17.404	1.009.484
Bulgaria (BG)	402.814.779	121.210	10.445	131.655	0,3762	2.231	129.423
Cyprus (CY)	142.864.529	42.989	3.704	46.693	0,1334	791	45.902
Croatia (HK)	358.686.487	107.931	9.301	117.232	0,3349	1.987	115.245
Czech Republic (CZ)	1.403.875.666	422.436	36.402	458.838	1,3110	7.777	451.062
Estonia (EE)	182.602.764	54.946	4.735	59.681	0,1705	1.012	58.670
Finland (FI)	1.618.283.073	486.953	41.962	528.914	1,5112	8.964	519.950
France (FR)	16.518.582.480	4.970.558	428.323	5.398.881	15,4254	91.503	5.307.377
Germany (DE)	23.928.346.533	7.200.208	620.456	7.820.664	22,3448	132.549	7.688.115
Greece (EL)	1.284.230.869	386.434	33.300	419.734	1,1992	7.114	412.620
Hungary (HU)	935.556.207	281.515	24.259	305.774	0,8736	5.182	300.592
Ireland (IE)	1.811.923.115	545.220	46.983	592.203	1,6920	10.037	582.166
Italy (IT)	11.933.722.664	3.590.941	309.439	3.900.380	11,1439	66.106	3.834.274
Latvia (LV)	213.917.454	64.369	5.547	69.916	0,1998	1.185	68.731
Lithuania (LT)	314.681.173	94.690	8.160	102.849	0,2939	1.743	101.106
Luxembourg (LU)	288.080.571	86.685	7.470	94.155	0,2690	1.596	92.560
Malta (MT)	86.376.152	25.991	2.240	28.231	0,0807	478	27.752
Netherlands (NL)	5.402.019.857	1.625.506	140.073	1.765.579	5,0445	29.924	1.735.655
Poland (PL)	3.486.287.247	1.049.048	90.399	1.139.447	3,2556	19.312	1.120.135
Portugal (PT)	1.370.262.818	412.322	35.531	447.852	1,2796	7.590	440.262
Romania (RO)	1.474.514.767	443.692	38.234	481.926	1,3769	8.168	473.758
Slovakia (SK)	650.387.374	195.706	16.864	212.571	0,6073	3.603	208.968
Slovenia (SI)	330.322.576	99.396	8.565	107.962	0,3085	1.830	106.132
Spain (ES)	8.444.465.768	2.540.999	218.963	2.759.962	7,8856	46.777	2.713.185
Sweden (SE)	3.180.555.360	957.052	82.471	1.039.523	2,9701	17.618	1.021.904
United Kingdom (UK)	16.828.602.919	5.063.845	0	5.063.845	14,4681	85.825	4.978.020
Total 27 pMS*	108.422.188.848	32.625.000,00	2.375.000,00	35.000.000,00	100,00	593.200	34.406.800

EUROPEAN DEFENCE AGENCY

2020 ANNUAL ACCOUNTS

NOTE 7 – BUDGETARY SURPLUS

The 2020 budgetary surplus (593.200€) is the difference between revenues received and expenses incurred during the financial year. It includes cancellations of amounts carried forward (€ 358,877) which represent open balances de-committed after final payments of administrative and operational contracts. The unspent budget 2020 amounting to € 3.774 is also included in this surplus.

NOTE 8 – FIXED ASSETS AND DEPRECIATION

Figures in €

EUROPEAN DEFENCE AGENCY					
Fixed Assets					
In €					
Fixed Asset Classes	2020 Net Asset Value	2020 Depreciation	2020 Asset Acquisitions	2019 Net Asset Value	Accumulated Depreciation
INFRA SEC Equipment	21.325	15.233	-	36.558	314.464
Office Furniture	371	1.394	-	1.765	126.896
IT Equipment	193.955	46.378	185.467	54.866	1.010.364
Total	215.651	63.005	185.467	93.189	1.451.725

NOTE 9 – CASH

EDA BANK ACCOUNTS

As at 31/12/2020, the global balance on the Agency's bank accounts related to EDA general budget totalled 29.894.156,39 €.

EUROPEAN DEFENCE AGENCY		
Bank Accounts		
In €		
EDA Bank Accounts	2020	2019
Opening balance	26.294.061,83	24.852.064,56
Closing balance	29.894.156,39	26.294.061,83

Employee pension rights are managed in a separate bank account. The figure in the table above shows the consolidated closing balance at the end of 2020 on both bank accounts: 15.500.990 € on the pensions account and 14.393.166,39 € on the EDA current account.

EUROPEAN DEFENCE AGENCY

2020 ANNUAL ACCOUNTS

NOTE 10 – STAKEHOLDERS

The equity comprises the accumulated economic result (8.662.012 €) of past periods and the economic result for the year (2.892.894 €).

NOTE 11– ACCRUED CHARGES

The Accrued charges amount to 3.150.034 €. The breakdown for this goes as follows:

- Accrued charges for employee remuneration: 430.224 €
- Accrued charges for administrative expenditure: 361.242 €
- Accrued charges for operational expenditure: 2.358.567 €

The accrued charges for employee remuneration are calculated based on the allowances and leave entitlements due as at 31 December 2020.

Accrued charges for administrative expenditure are calculated based on expected invoices/charges to be received/charged at the beginning of 2021 relating to goods/services delivered in 2020.

Accruals for Title III are calculated on a pro rata basis to ensure the closest possible estimate.

NOTE 12– STAFF PAYABLES

Pensions

Total Statutory Staff pension rights accumulated on the Agency's balance sheet as per 31/12/2020 amount to 15.2 M €.

Pension provision for 2020 amounts to 2.37M € and is composed of the following items:

EUROPEAN DEFENCE AGENCY		
Pension Provision		
<i>In k €</i>		
EDA Staff Pension Accruals	2020	2019
EDA Contribution for Temporary Agents	2.309	2.253
EDA Contribution for Contract Staff	362	271
Staff Contribution for Temporary Agents	1.155	1.127
Staff Contribution for Contract Staff	181	136
Invalidity Contribution	7	7
Payments for Severance Grants	(1.450)	(2.699)
Payments for Maintenance of Pension Rights	(192)	(592)
Financial interest	0	0
Total	2.372	503

EUROPEAN DEFENCE AGENCY

2020 ANNUAL ACCOUNTS

A total of approx. 4.014k € was cashed in the Pensions dedicated bank account. This amount is composed of the staff pensions right from the EDA general budget (approx. 3.906k €) and EDA Additional revenue budget (approx. 108k €).

The bank interest yielded on the Pensions bank account was 0 €.

A total of approx. 1.642k € was transferred out. This includes payments of severance grants and maintenance of pension rights.

NOTE 13– SHORT-TERM RECEIVABLES

The pMS contribution receivables 11.692.384 € relates to the advance call for contribution 2021 which was launched in 2020 (11.684.119 €) and EDA's advance payments for translation of documents which will be reimbursed by the pMS in 2021 (8.265 €).

The Sundry receivables includes the following:

SUNDRY RECEIVABLES	56.781
STAFF RECEIVABLES	27.268
ADVANCE PAYMENTS ON SUPPLIERS	9.000
ADVANCE PAYMENTS STAFF	2.012
AR CUSTOMERS	18.501

The accrued income relates to the refunds received from EDA's travel agency in 2021 for cancelled mission trips in 2020 due to COVID restrictions.

The deferred charges relate mainly to payments for IT licences and subscriptions with a validity extending beyond 31 Dec 2020.

NOTE 14– TRANSFERS BETWEEN ACCOUNTS

- EDA has a dedicated Pension bank account onto which it keeps the pension contributions acquired by the employees. The main part of the transfers between accounts is made up by the transfers of EDA pension contributions (approx. 3.906k €) to this account.
- Due to technical reasons the payroll for ENER 3 staff is processed under the EDEA company code and is regularised on a regular basis with the EDAR company code (approx. 181K)

In addition to the above, the category comprises internal transfers in/out for payments received on or executed from a different bank account than the one intended for a given transaction.

NOTE 15– FINANCIAL EXPENSES

The financial expenses incurred by EDA during 2020 are related to interest on late payments and exchange losses stemming from payroll payments in other currencies as staff members are entitled to request the transfer of part of their salary to a bank account denominated in a currency different from EUR.

EUROPEAN DEFENCE AGENCY

2020 ANNUAL ACCOUNTS

NOTE 16– PENSION CONTRIBUTIONS ADDITIONAL REVENUE

Pension Contributions acquired by employees recruited under EDA Additional Revenue budget are also transferred into the dedicated Pension bank account. This amount totals to approx. 108k €.

NOTE 17– RESIDUAL FUNDS PROJECTS

Upon termination of a Cat. A or B ad hoc project, there might be some unspent funds remaining as explained in note 14. Following the final Management Committee decision of the project, these funds are transferred or reimbursed as instructed by the contributing Member States. The funds categorized under this header are the project(s) finished in a given financial year, nevertheless the decision on the return of the unspent funds was not taken by the end of the financial year.

Additionally, management fees as set out in the delegation agreements with the Commission such as ENER II are categorized under this header.

NOTE 18– OTHER RECEIPTS

This category contains staff related recoveries (approx. 11.3k €), supplier refunds (approx. 14k €) and refunded bank charges (approx. 4.4k).

NOTE 19 – DEFERRED REVENUE

During 2020, the first Call for Contributions for 2021 has been issued to the pMS for a total value of 12.171.740 EUR.

EUROPEAN DEFENCE AGENCY

2020 ANNUAL ACCOUNTS

Audit opinion

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

In accordance with Article 43 of the Financial Rules the College of Auditors have audited the accompanying Annual Accounts of the European Defence Agency ("Agency") for the year ended 31 December 2020, which comprise the 2020 Consolidated Budget Implementation Report, the 2020 Budget Implementation Report, the 2020 Balance Sheet, the 2020 Cash Flow Statement, the 2020 Statement of Financial Performance, the 2020 Statement of Changes in Net Assets and Notes to the 2020 Annual Accounts. We report to you on the performance of our mandate of Independent Auditor and present our opinion on the annual accounts.

Management's Responsibility for the Financial Statements

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

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

In connection with the financial statements of the Agency the Chief Executive provided us with a Management Representation Letter dated 31 March 2021, which formed part of the audit procedure and is stored in the audit documentation.

Auditor's Responsibility

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

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

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

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

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

EUROPEAN DEFENCE AGENCY

2020 ANNUAL ACCOUNTS

Opinion

In our opinion the annual accounts present fairly, in all material respects, (give a true and fair view of) the financial position of the European Defence Agency as at 31 December 2020 and of its financial performance and its cash flows for the year then ended in accordance with

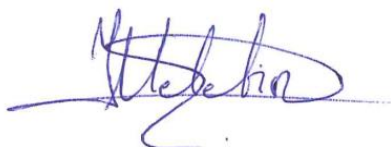
- Council Decision (CFSP) 2015/1835 of 12 October 2015 defining the statute, seat and operational rules of the European Defence Agency,
- Council Decision (EU) 2016/1353 of 4 August 2016 on the financial rules of the European Defence Agency.

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

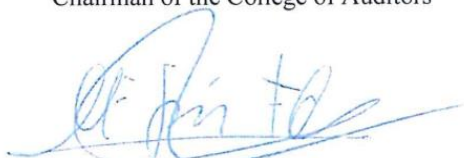
Brussels, **30** June 2021

College of Auditors of the European Defence Agency

Represented by



Josephina Meletiou
Chairman of the College of Auditors



María Jesús Fernández García
Member of the College of Auditors



Daniel Reisiegel
Member of the College of Auditors