



EUROPEAN DEFENCE AGENCY 2016 ANNUAL ACCOUNTS

30 June 2017

EUROPEAN DEFENCE AGENCY

2016 ANNUAL ACCOUNTS

INTRODUCTION

The Annual Accounts 2016 is drafted in accordance with the EDA Financial Rules.

This report consists of:

Part I - Activity Report, which describes the governance of the Agency and its main activities in 2016;

Part II - the Budget Implementation Report including budgetary accounts, which are based on cash transactions during 2016. As in any cash accounting system, payments made and revenue received are recorded in the period in which the cash transaction occurs.

Part III - the Financial Statements, including accrual accounts, meaning that the effects of transactions and other events are recognised when those transactions or events take place. They are drawn up based on accounting policies derived from the International Public Sector Accounting Standards (IPSAS) or by default, International Financial Reporting Standards (IFRS).

Part IV – Notes to the Annual Accounts.

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CERTIFICATION BY THE ACCOUNTING OFFICER

The Annual Accounts of EDA for the year 2016 have been prepared in accordance with the Financial Rules applicable to the General Budget of EDA.

EDA uses an integrated budgetary and accounting system, which will be subject to review and upgrade during 2017. EDA is not yet in the position to implement fully IPSAS, although progress has been made in this respect during 2016.

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

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

Brussels, 30 June 2017



Tim Van Horenbeke

Accounting Officer of EDA

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PART I - ACTIVITY REPORT

RESULT OF THE YEAR

2016 Financial Highlights

Figures in k € - Budgetary Accounting

EUROPEAN DEFENCE AGENCY					
HISTORICAL BUDGETARY FINANCIAL DATA					
Figures in k €	2016	2015	2014	2013	2012
REVENUES					
MEMBER STATE CONTRIBUTIONS	29,076	29,161	29,151	29,057	29,086
DEDUCTIONS FROM STAFF REMUNERATION	1,492	1,450	1,423	1,155	1,375
FINANCIAL INCOME	10	57	50	95	177
OTHER REVENUES	176	554	215	37	264
TOTAL REVENUES	30,754	31,222	30,839	30,344	30,902
EXPENSES					
PERSONNEL EXPENSES	18,967	17,701	18,552	17,775	18,332
FUNCTIONING EXPENSES	4,693	5,019	5,113	4,228	4,083
OPERATIONAL PROJECTS & STUDIES	6,857	7,372	7,068	7,680	7,991
TOTAL EXPENSES	30,517	30,093	30,733	29,683	30,406
BUDGETARY SURPLUS REPAYABLE TO pMS	237	1,129	667	831	668

Figures subject to rounding to nearest '000 Euro

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EDA STRUCTURE AND FUNCTIONS

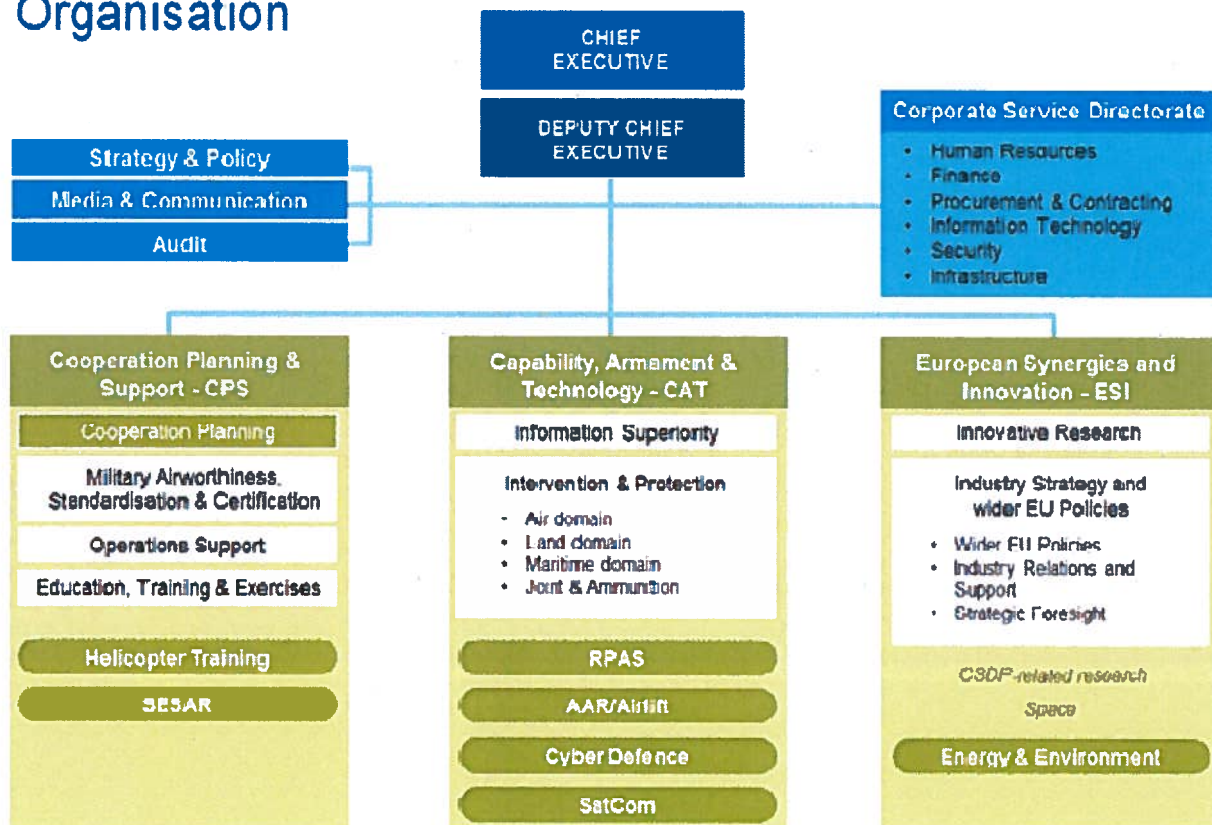
The European Defence Agency is an Agency of the European Union⁽¹⁾, falling under the direction and authority of the Council, which issues guidance and guidelines to and receives reports from the Head of the Agency, High Representative of the Union for Foreign Affairs & Security Policy/Vice-President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

The Agency is governed by a Steering Board. The Head of the Agency chairs the Steering Board made up of Defence Ministers from 27 participating Member States (all EU members except Denmark) and a representative of the European Commission. In addition to ministerial meetings at least twice a year, the Steering Board also meets at the sub-ministerial level: National Armaments Directors, Research and Technology Directors and in Capabilities Director 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 is represented here below:

Organisation



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

COOPERATION PLANNING & SUPPORT (CPS)

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

CAPABILITY, ARMAMENTS & TECHNOLOGY (CAT)

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

EUROPEAN SYNERGIES & INNOVATION (ESI)

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

CORPORATE SERVICES DIRECTORATE (CSD)

The Corporate Services Directorate provides the horizontal services that ensure the functioning of the Agency. It consists of 6 Units providing financial, contracting, ICT, HR, security and administrative services to ensure that the Agency perform in accordance with the principles of sound financial management. At the end of 2016, the Security and Infrastructure units were merged into one. In addition, the Agency's Legal Adviser/DPO and the Corporate Projects Officer report to the CSD Director.

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2016 ACTIVITY REPORT

The main activities of the Agency in 2016 are as outlined in the Annual Report of the Agency 2016. This publication can be viewed on the Agency Website : <http://www.eda.europa.eu/info-hub>

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PART II – THE BUDGET IMPLEMENTATION REPORT

2016 CONSOLIDATED BUDGET IMPLEMENTATION REPORT

EUROPEAN DEFENCE AGENCY CONSOLIDATED BUDGET IMPLEMENTATION REPORT 2016									
BUDGET IMPLEMENTATION REPORT 2016	GENERAL BUDGET EUROPEAN DEFENCE AGENCY			AD HOCs			ADDITIONAL REVENUE		
	2016	2016	2016	2016	2016	2016	2016	2016	2016
Figures in €	Budget ^(REV)	Committed	Paid	Budget	Committed	Paid	Budget	Committed	Paid
EXPENSES									
Title I : PERSONNEL EXPENSES	18,969,850.00	18,966,959.66	18,801,910.07	255,987.17	255,987.17	252,121.04	9,895.75	9,895.75	7,895.07
Title II : FUNCTIONING EXPENSES	4,700,000.00	4,693,294.61	3,637,989.94	0.00	0.00	0.00	60.03	60.03	60.03
TOTAL PERSONNEL & FUNCTIONING EXPENSES	23,669,850.00	23,660,254.27	22,439,900.01	255,987.17	255,987.17	252,121.04	9,955.78	9,955.78	7,955.10
Title III : OPERATIONAL BUDGET	6,861,000.00	6,857,214.55	328,387.63	23,064,260.41	23,064,260.41	19,778,360.95	2,500,202.95	2,500,202.95	478,666.16
TOTAL EXPENSES	30,530,850.00	30,517,468.82	22,766,287.64	23,320,247.58	23,320,247.58	20,030,481.99	2,510,158.73	2,510,158.73	486,621.26
REVENUES									
TITLE IV : MISC. COMMUNITY TAXES, LEVIES & DUES	1,415,000.00		1,492,503.67	0.00		0.00	0.00		0.00
Title V : INCOME FROM OPERATING ACTIVITIES	40,000.00		9,584.81	-5,655.39		-5,655.39	111.78		111.78
Title VI : pMS CONTRIBUTIONS	29,075,850.00		29,075,850.00	20,727,767.65		20,727,767.65	1,446,899.90		1,446,899.90
Title VII : OTHER REVENUES	0.00		176,236.17	0.00		0.00	0.00		0.00
TOTAL REVENUES	30,530,850.00		30,754,174.65	20,722,112.26		20,722,112.26	1,447,011.68		1,447,011.68
BUDGETARY SURPLUS REPAYABLE TO pMS (Total revenues less total expenses)			236,705.83			N/A			N/A

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2016 BUDGET IMPLEMENTATION REPORT (1/3)

EUROPEAN DEFENCE AGENCY							
BUDGET IMPLEMENTATION REPORT 2016							
	Notes	2016	2016	2016	2015	2015	2015
Figures in €	1	Budget ^(REV)	Committed	Paid	Budget ^(REV)	Committed	Paid
EXPENSES							
Title I : PERSONNEL EXPENSES	2						
Chapter 11: OFFICIALS & TEMPORARY STAFF							
BASIC SALARIES (TBA)		10,008,796.99	10,008,055.44	10,008,055.44	9,734,200.00	9,526,697.87	9,526,697.87
STAFF STATUTORY ALLOWANCES		2,696,974.70	2,696,974.70	2,696,974.70	2,638,800.00	2,633,832.86	2,633,832.86
STAFF SOCIAL PROTECTION		2,569,210.70	2,569,174.31	2,569,174.31	2,539,000.00	2,531,331.31	2,531,331.31
STAFF ALLOWANCES ON ENTERING & LEAVING SERVICE		627,996.75	627,996.75	604,455.90	274,000.00	262,213.82	262,213.82
Subtotal		15,902,979.14	15,902,201.20	15,878,660.35	15,186,000.00	14,954,075.86	14,954,075.86
Chapter 12: SNE, CONTRACT STAFF & TRAINEES							
CONTRACT STAFF		1,302,900.79	1,302,900.79	1,237,408.03	1,010,000.00	989,570.97	989,570.97
SECONDED NATIONAL EXPERTS		1,052,262.61	1,050,726.77	1,050,726.77	995,000.00	979,907.27	979,907.27
TRAINEES		67,344.00	67,344.00	67,344.00	30,000.00	26,306.40	26,306.40
Subtotal		2,422,507.40	2,420,971.56	2,355,478.80	2,035,000.00	1,995,784.64	1,995,784.64
Chapter 13: STAFF RELATED							
RECRUITING EXPENSES		77,692.35	77,692.35	77,692.35	36,000.00	31,132.63	31,132.63
STAFF TRAINING		52,381.40	52,381.40	17,553.84	173,000.00	170,519.70	11,259.60
STAFF COMMITTEE		11,811.05	11,811.05	5,435.70	15,000.00	7,438.96	440.40
MEDICAL EXPENSES		4,240.76	4,240.76	4,240.76	5,000.00	2,471.86	2,471.86
MISSION EXPENSES		498,237.90	497,661.34	462,848.27	550,000.00	539,816.75	414,752.13
Subtotal		644,363.46	643,786.90	567,770.92	779,000.00	751,379.90	460,056.62
TOTAL PERSONNEL EXPENSES		18,969,850.00	18,966,959.66	18,801,918.07	18,000,000.00	17,701,240.40	17,409,917.12
Title II : FUNCTIONING EXPENSES	3						
Chapter 20: BUILDING & BUILDING RELATED							
EXP. FITTING-OUT OF PREMISES & OFFICE FURNITURE		63,654.26	63,654.26	52,544.83	112,608.95	112,608.95	0.00
SECURITY EQUIPMENT		142,680.81	142,680.80	53,424.14	269,781.08	269,781.08	7,771.17
OFFICE RENT		1,419,513.31	1,419,513.31	1,419,513.31	1,415,000.00	1,415,000.00	1,400,224.42
CLEANING & MAINTENANCE		299,786.28	299,786.28	224,211.98	265,720.23	265,720.23	212,936.83
UTILITY SERVICES		140,765.00	140,765.00	120,435.83	132,300.00	132,300.00	123,387.88
BUILDING SURVEILLANCE SERVICES		1,055,650.95	1,055,650.95	896,070.47	1,101,315.08	1,101,315.08	953,481.17
INSURANCES		9,150.00	9,150.00	6,444.31	7,346.81	7,346.81	7,346.81
OTHER BUILDING RELATED EXPENSES		4,145.98	4,145.98	3,589.28	5,748.02	5,748.02	5,269.03
MAINTENANCE & REPAIR OF TECHNICAL INSTALLATIONS		124,961.43	124,961.43	82,450.88	0.00	0.00	0.00
OFFICE VEHICLES AND TAXI EXPENSES		13,214.00	12,931.32	12,872.32	0.00	0.00	0.00
Subtotal		3,273,522.02	3,273,239.33	2,871,557.35	3,309,820.17	3,309,820.17	2,710,417.31

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2016 BUDGET IMPLEMENTATION REPORT (2/3)

BUDGET IMPLEMENTATION REPORT 2016 (CONT'D)							
	Notes	2016	2016	2016	2015	2015	2015
Figures in €	1	Budget ^(REV)	Committed	Paid	Budget ^(REV)	Committed	Paid
Chapter 21: IT EQUIPMENT, FURNITURE & OTHER							
SOFTWARE, HARDWARE & MAINTENANCE		386,935.50	386,856.60	285,197.75	279,636.14	279,525.95	253,492.96
OFFICE FURNITURE		0.00	0.00	0.00	33,130.53	33,130.53	3,264.00
OFFICE TECHNICAL EQUIPM. & SUPPLIES		0.00	0.00	0.00	246.00	246.00	246.00
IT SERVICES & DEVELOPMENT		344,001.29	343,674.67	35,011.38	275,481.10	275,472.84	11,523.99
IT SUPPORT & MAINTENANCE OF COPIERS		31,623.00	31,623.00	27,131.70	362,616.01	362,616.01	186,999.90
TELECOM EXPENSES		167,794.67	167,794.67	122,012.67	134,880.19	134,880.19	113,776.27
OUTSIDE ASSIST. FOR OPERATION OF TECHN. INSTALLATIONS		0.00	0.00	0.00	9,191.65	9,191.65	7,646.37
MAINTENANCE & REPAIR OF TECHNICAL INSTALLATIONS		0.00	0.00	0.00	80,631.94	80,628.20	34,586.66
OFFICE VEHICLES AND TAXI EXPENSES		0.00	0.00	0.00	1,498.49	1,498.49	1,498.49
Subtotal		930,414.46	929,948.94	469,353.50	1,177,312.05	1,177,189.86	613,034.64
Chapter 22: OTHER FUNCTIONING							
TRANSLATION SERVICES		3,693.30	3,693.30	3,693.30	8,315.60	8,315.60	8,315.60
RECEPTION & REPRESENTATION EXPENSES		15,000.00	12,827.01	10,456.87	10,609.03	10,607.03	5,217.75
INTERNAL MEETINGS		66,755.71	66,459.71	53,278.54	62,871.38	62,645.67	47,115.94
CORPORATE COMMUNICATION AND SUBSCRIPTIONS		261,553.64	261,553.64	145,763.60	0.00	0.00	0.00
CONFERENCES & SEMINARS		18,224.90	18,224.90	0.00	104,645.00	104,645.00	7,600.00
INFORMATION, SUBSCRIPTIONS & DOCUMENTATION EXPENSES		0.00	0.00	0.00	109,965.40	109,965.40	109,965.40
PUBLIC RELATIONS		0.00	0.00	0.00	140,380.89	140,380.89	55,164.71
OFFICE SUPPLIES & OTHER SERVICES		111,281.40	111,281.40	73,849.99	76,241.57	76,241.57	56,942.61
POSTAL & DELIVERY EXPENSES		10,200.00	10,200.00	4,170.41	14,040.00	14,032.22	12,461.71
AUDIT EXPENSES		8,504.57	8,504.57	8,504.57	5,448.91	5,448.91	5,448.91
FINANCIAL CHARGES, INCL. FOREIGN EXCHANGE DIFF.		850.00	-2,638.19	-2,638.19	200.00	193.08	193.08
Subtotal		496,063.52	490,106.34	297,079.09	532,717.78	532,475.37	308,425.71
TOTAL FUNCTIONING EXPENSES		4,700,000.00	4,693,294.61	3,637,989.94	5,019,850.00	5,019,485.40	3,631,877.66
TOTAL PERSONNEL & FUNCTIONING EXPENSES		23,669,850.00	23,660,254.27	22,439,900.01	23,019,850.00	22,720,724.80	21,041,794.78
Title III : OPERATIONAL BUDGET & EARMARKED REVENUE							
OPERATIONAL PROJECTS & STUDIES	4	6,861,000.00	6,857,214.55	326,387.63	7,511,000.00	7,372,199.85	202,903.39
TOTAL OPERATIONAL BUDGET		6,861,000.00	6,857,214.55	326,387.63	7,511,000.00	7,372,199.85	202,903.39
TOTAL EXPENSES		30,530,850.00	30,517,468.82	22,766,287.64	30,530,850.00	30,092,925.65	21,244,698.17

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2016 BUDGET IMPLEMENTATION REPORT (3/3)

BUDGET IMPLEMENTATION REPORT 2016 (CONT'D)							
	Notes	2016	2016	2016	2015	2015	2015
Figures in €	1	Budget ^(REV)	Committed	Paid	Budget ^(REV)	Committed	Paid
REVENUES	5						
Title IV: MISC. COMMUNITY TAXES, LEVIES & DUES							
Chapter 40: DEDUCTIONS FROM STAFF REMUNERATION							
TAXATION ON STAFF SALARIES & ALLOWANCES		1,185,000.00		1,237,521.79	1,120,000.00		1,203,050.73
TEMPORARY CONTRIBUTION		0.00		443.30	0.00		713.82
EU SPECIAL LEVY (PSP)		230,000.00		254,538.58	200,000.00		246,185.18
Subtotal		1,415,000.00		1,492,503.67	1,320,000.00		1,449,949.73
Title V: INCOME FROM OPERATING ACTIVITIES							
Chapter 52: FINANCIAL INCOME							
INTERESTS - BANK		40,000.00		1,767.85	50,000.00		30,292.96
INTERESTS - PMS		0.00		7,816.96	0.00		26,452.09
Subtotal		40,000.00		9,584.81	50,000.00		56,745.05
Title VI: PMS CONTRIBUTIONS							
Chapter 61 : MEMBER STATE CONTRIBUTIONS							
PMS CONTRIBUTIONS	6	29,075,850.00		29,075,850.00	29,160,850.00		29,160,850.00
Subtotal		29,075,850.00		29,075,850.00	29,160,850.00		29,160,850.00
Title VII: OTHER REVENUES							
Chapter 75 : OTHER REVENUES							
OTHER REVENUES		0.00		4,260.51	0.00		39,511.28
CARRYFORWARD CANCELLATION		0.00		171,975.66	0.00		515,271.52
Subtotal		0.00		176,236.17	0.00		554,782.80
TOTAL REVENUES		30,530,850.00		30,754,174.65	30,530,850.00		31,222,327.58
BUDGETARY SURPLUS				236,705.83			1,129,401.93

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Summary EDA :

EUROPEAN DEFENCE AGENCY			
2016 Budget Transfers			
<i>Figures in €</i>			
EXPENSES	2016	2016	2016
Title I : PERSONNEL EXPENSES	BUDGET	BUDGET	BUDGET
	INITIAL	TRANSFERS	FINAL
Title I : PERSONNEL EXPENSES			
TOTAL PERSONNEL EXPENSES	19,699,850	(730,000)	18,969,850
Title II : FUNCTIONING EXPENSES			
TOTAL FUNCTIONING EXPENSES	4,700,000	0	4,700,000
TOTAL PERSONNEL & FUNCTIONING EXPENSES	24,399,850	(730,000)	23,669,850
Title III : OPERATIONAL BUDGET			
TOTAL OPERATIONAL BUDGET	6,131,000	730,000	6,861,000
TOTAL EXPENSES	30,530,850	-	30,530,850

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Budgetary expenditure for 2016				
Title	Budget A	Expenditure B	% Budget Consumed C	Surplus Budget/Expenditure A-B = D
Title I Personnel Expenses	18 969 850,00	18 966 959,66	99,98	2 890,34
Title II Functioning Expenses	4 700 000,00	4 693 294,61	99,86	6 705,39
Title III Operational Expenses	6 861 000,00	6 857 214,55	99,94	3 785,45
Total	30 530 850,00	30 517 468,82	99,96	13 381,18
Budgetary Revenue for 2016				
Title	Budget A	Revenue B	% of Revenue Realised C	Surplus Revenue = E B-A
Title IV Deductions from Staff Remuneration	1 415 000,00	1 492 503,67	105,48	77 503,67
Title V Financial Income	40 000,00	9 584,81	23,96	-30 415,19
Title VI pMS Contributions	29 075 850,00	29 075 850,00	100,00	0,00
Title VII Other Revenues	0,00	176 236,17	-	176 236,17
Total	30 530 850,00	30 754 174,65	100,73	223 324,65
Total Surplus for 2016 D + E				236 705,83

Reconciliation of 2013-2016 Carry forwards:

Title	2013-2014 Carry Forwards to 2016 A	2015 Carry Forwards to 2016 B	2013-2014 Carry Forwards Paid in 2016 C	2015 Carry Forwards Paid in 2016 D	2013-2014 Carry Forwards Cancelled in 2016 A-C=E	2015 Carry Forwards Cancelled in 2016 B-E=F	2014 Carry Forwards to 2017 A-C	2015 Carry Forwards to 2017 B-D-F=G	2016 Carryforwards to 2017
Title I Personnel Expenses	0,00	291,323.28	0,00	230,633.46	0,00	60,689.82	0,00	0,00	165,049.59
Title II Functioning Expenses	0,00	1,387,607.74	0,00	1,321,475.91	0,00	66,131.83	0,00	0,00	1,055,304.67
Title III Operational Expenses	3,155,295.02	7,169,296.46	2,648,661.35	3,694,101.83	45,154.01	0,00	461,479.66	3,475,194.63	6,530,826.92
Totals	3,155,295.02	8,848,227.48	2,648,661.35	5,246,211.20	45,154.01	126,821.65	461,479.66	3,475,194.63	7,751,181.18
	12,003,522.50		7,894,872.55			171,975.66	3,936,674.29		7,751,181.18
									11,687,855.47

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PART III – THE FINANCIAL STATEMENTS (accrual accounting)

2016 BALANCE SHEET

EUROPEAN DEFENCE AGENCY			
2016 FINANCIALS			
BALANCE SHEET			
	<i>Notes</i>		
<i>Figures in €</i>		31.12.2016	31.12.2015
ASSETS			
ASSETS			
A. NON-CURRENT ASSETS			
FITTING-OUT OF PREMISES		995	3 215
SECURITY EQUIPMENT		81 083	16 888
IT EQUIPMENT		132 616	244 345
OFFICE FURNITURE		14 206	13 681
OFFICE TECHNICAL EQUIPMENT		49 458	74 744
TOTAL NON-CURRENT ASSETS	7	278 358	352 873
B. CURRENT ASSETS			
Short-term receivables			
INTERESTS RECEIVABLE		0	10 478
OTHER RECEIVABLES		18 491	11 624
Short-term receivables		18 491	22 102
Cash and cash equivalents			
EDA BANK ACCOUNTS		28 430 605	26 253 323
PETTY CASH		0	0
Cash and cash equivalents	8	28 430 605	26 253 323
TOTAL CURRENT ASSETS		28 449 096	26 275 426
TOTAL ASSETS		28 727 455	26 628 299
LIABILITIES			
STAKEHOLDERS			
ADVANCE ON PMS CONTRIBUTIONS		4 487 407	386 300
OUTSTANDING RECEIVABLES		4 738	3 714
CAPEX & DEPRECIATION ADJ. (YEAR N-1)		352 853	400 915
PMS CONTRIBUTIONS			
ACCOUNTING SURPLUS/LOSS		162 191	1 081 357
STAKEHOLDERS	9	5 007 189	1 872 285
SUPPLIER PAYABLES			
ACCRUED EXPENSES		11 687 855	12 003 523
- THEREOF FUNCTIONING		1 220 354	1 678 931
- THEREOF OPERATIONAL		10 467 501	10 324 591
PENDING INVOICES		85 482	35 389
SUPPLIER PAYABLES	10	11 773 337	12 038 911
STAFF PAYABLES			
STAFF PENSION ACCRUALS (RCN)		11 954 451	12 724 525
EMPLOYEES / PENDING INVOICES		(7 598)	(7 422)
STAFF PAYABLES	11	11 946 928	12 717 103
TOTAL LIABILITIES		28 727 455	26 628 299

EUROPEAN DEFENCE AGENCY
2016 ANNUAL ACCOUNTS

2016 CASH FLOW STATEMENT

EUROPEAN DEFENCE AGENCY		
2016 FINANCIALS		
CASH FLOW		
<i>Figures in €</i>	31.12.2016	31.12.2015
OPENING BANK ACCOUNT BALANCE	26 253 323,47	25 950 556,55
CASH RECEIVED FROM PMS		
PMS CONTRIBUTIONS	29 075 850,00	29 160 850,00
ADDITIONAL REVENUE CONTRIBUTION	(300 000,00)	300 000,00
REIMBURSEMENT OF YEAR N-1 SURPLUS	(236 705,83)	(1 129 401,93)
DEFERRED PAYMENTS OF CONTRIBUTIONS & ADJUSTMENTS	7 612 351,84	958 786,45
Subtotal	36 151 496,01	29 290 234,52
CASH RECEIVED FROM BANK		
INTERESTS CREDITED DURING THE YEAR	1 767,85	30 292,96
Subtotal	1 767,85	30 292,96
TOTAL CASH INFLOWS	36 153 263,86	29 320 527,48
CASH SPENT FOR FUNCTIONING & OPERATIONAL EXPENSES		
PAYMENTS FOR FUNCTIONING EXPENSES	26 791 351,58	22 816 477,68
PAYMENTS FOR OPERATIONAL EXPENSES	7 184 630,47	6 201 282,88
TOTAL CASH OUTFLOWS	33 975 982,05	29 017 760,56
CLOSING BANK ACCOUNT BALANCE	28 430 605,28	26 253 323,47

EUROPEAN DEFENCE AGENCY
2016 ANNUAL ACCOUNTS

2016 STATEMENT OF FINANCIAL PERFORMANCE

EUROPEAN DEFENCE AGENCY			
STATEMENT OF FINANCIAL PERFORMANCE			
	<i>Notes</i>	2016	2015
<i>Figures in €</i>			
REVENUE			
PMS Contributions	6	29 075 850,00	29 160 850,00
Other revenue		1 496 764,18	1 489 397,68
Exchange gains		2 774,80	63,32
TOTAL REVENUE		30 575 388,98	30 650 311,00
OPERATIONAL EXPENSES			
Operational expenses	4	326 387,63	2 177 805,17
TOTAL OPERATIONAL EXPENSES		326 387,63	2 177 805,17
OPERATING EXPENSES			
Administrative expenses			
TOTAL ADMINISTRATIVE EXPENSES	2 & 3	22 551 823,02	21 087 740,37
Other operating expenses			
Exchange losses		0,00	1 906,28
TOTAL OTHER OPERATING EXPENSES		0,00	1 906,28
TOTAL OPERATING EXPENSES		22 878 210,65	23 267 451,82
OPERATING RESULT		7 697 178,33	7 382 859,18
FINANCIAL INCOME			
Interests on late payment (income)		7 816,96	26 452,09
Interests on bank accounts		1 767,85	30 292,96
Total financial income	5	9 584,81	56 745,05
FINANCIAL EXPENSES			
Financial expenses		136,61	193,08
Total financial expenses		136,61	193,08
FINANCIAL RESULT		9 448,20	56 551,97
ECONOMIC RESULT OF THE YEAR		7 706 626,53	7 439 411,15

EUROPEAN DEFENCE AGENCY
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RECONCILIATION BETWEEN BUDGET OUTTURN AND ECONOMIC OUTTURN

EUROPEAN DEFENCE AGENCY		
RECONCILIATION BETWEEN BUDGET OUTTURN AND ECONOMIC OUTTURN		
	2016	2015
<i>Figures in €</i>		
Budgetary result	236 706	1 129 402
<i>Adjustment for items not in the budgetary result but in the economic result</i>		
Accumulated depreciations	-196 835	-270 933
Asset acquisitions	122 320	222 889
OB Contracts (pro rata cost)	-326 387,63	-2 177 805
<i>Adjustment for items in the budgetary result but not in the economic result</i>		
Carryforward cancellation	-171 976	-515 272
Carry-over	7 751 181	8 848 227
OB Contracts (total amount paid)	291 618	202 903
Total	7 706 627	7 439 411
Economic result	-7 706 627	-7 439 411
Discrepancy	0	0

2016 STATEMENT OF CHANGES IN NET ASSETS

EUROPEAN DEFENCE AGENCY	
STATEMENT OF CHANGES IN NET ASSETS	
	Notes
<i>Figures in €</i>	
Balance as of 31st December 2015	1 872 285
Contributions received from Member States during the year 2016	28 575 913
Contributions called during the year 2016	-9 487 263
Other receivables called during the year 2016	-4 599
Revenue deferred	-14 982 944
Accounting surplus	-919 166
pMS surplus and asset valuation	-48 061
Outstanding receivables	1 024
BALANCE AS OF 31ST DECEMBER 2016	5 007 189


Jorge Domecq
Chief Executive

30 June, 2017.

EUROPEAN DEFENCE AGENCY

2016 ANNUAL ACCOUNTS

PART IV – NOTES TO THE ANNUAL ACCOUNTS

Note 1: Basis of Presentation and Specific Accounting Policies

BASIS OF PRESENTATION

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

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

SPECIFIC ACCOUNTING POLICIES

pMS Contributions

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

2016 Budget

The Foreign Affairs Council in Defence Ministers formation agreed the EDA Budget for 2016 on 17 November 2015. During 2016, in accordance with the Financial Rules, to properly reflect its financial situation, the Agency reviewed its budget, adjusting intra-titles budgets based on forecasted expenses and revenues (see table on page 12).

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. The Agency performs an annual inventory of its fixed assets, where all qualifying assets are individually monitored and recorded in the fixed asset database.

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

In line with the Council's policy, asset-invoices are booked as expenses during the year and transferred to the balance sheet at year-end. Up to 2014 the capital expenditure and depreciation were both reflected in the expense column and then re-adjusted. These balancing transactions are not reflected from 2015 onwards.

⁽²⁾ 28 EU Member States excluding Denmark

EUROPEAN DEFENCE AGENCY

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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.).

EUROPEAN DEFENCE AGENCY
2016 ANNUAL ACCOUNTS

Note 2: Personnel Expenses

EUROPEAN DEFENCE AGENCY			
BUDGET IMPLEMENTATION REPORT 2016			
	2016	2016	2016
<i>Figures in €</i>	Budget^(REV)	Committed	Paid
EXPENSES			
Title I : PERSONNEL EXPENSES			
Chapter 11: OFFICIALS & TEMPORARY STAFF			
BASIC SALARIES (TBA)	10,008,796.99	10,008,055.44	10,008,055.44
STAFF STATUTORY ALLOWANCES	2,696,974.70	2,696,974.70	2,696,974.70
STAFF SOCIAL PROTECTION	2,569,210.70	2,569,174.31	2,569,174.31
STAFF ALLOWANCES ON ENTERING & LEAVING SERVICE	627,996.75	627,996.75	604,455.90
Subtotal	15,902,979.14	15,902,201.20	15,878,660.35
Chapter 12: SNE, CONTRACT STAFF & TRAINEES			
CONTRACT STAFF	1,302,900.79	1,302,900.79	1,237,408.03
SECONDED NATIONAL EXPERTS	1,052,262.61	1,050,726.77	1,050,726.77
TRAINEES	67,344.00	67,344.00	67,344.00
Subtotal	2,422,507.40	2,420,971.56	2,355,478.80
Chapter 13: STAFF RELATED			
RECRUITING EXPENSES	77,692.35	77,692.35	77,692.35
STAFF TRAINING	52,381.40	52,381.40	17,553.84
STAFF COMMITTEE	11,811.05	11,811.05	5,435.70
MEDICAL EXPENSES	4,240.76	4,240.76	4,240.76
MISSION EXPENSES	498,237.90	497,661.34	462,848.27
Subtotal	644,363.46	643,786.90	567,770.92
TOTAL PERSONNEL EXPENSES	18,969,850.00	18,966,959.66	18,801,910.07

PERSONNEL EXPENSES

Personnel expenses amount to 18.967 M €

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

EUROPEAN DEFENCE AGENCY

2016 ANNUAL ACCOUNTS

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.

2. Contract Staff

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

3. Seconded National Experts

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

4. 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.

Staff Statutory Allowances & Staff Social Protection

Staff Statutory Allowances & Staff Social Protection are governed by the Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Communities.

Other Staff Expenses

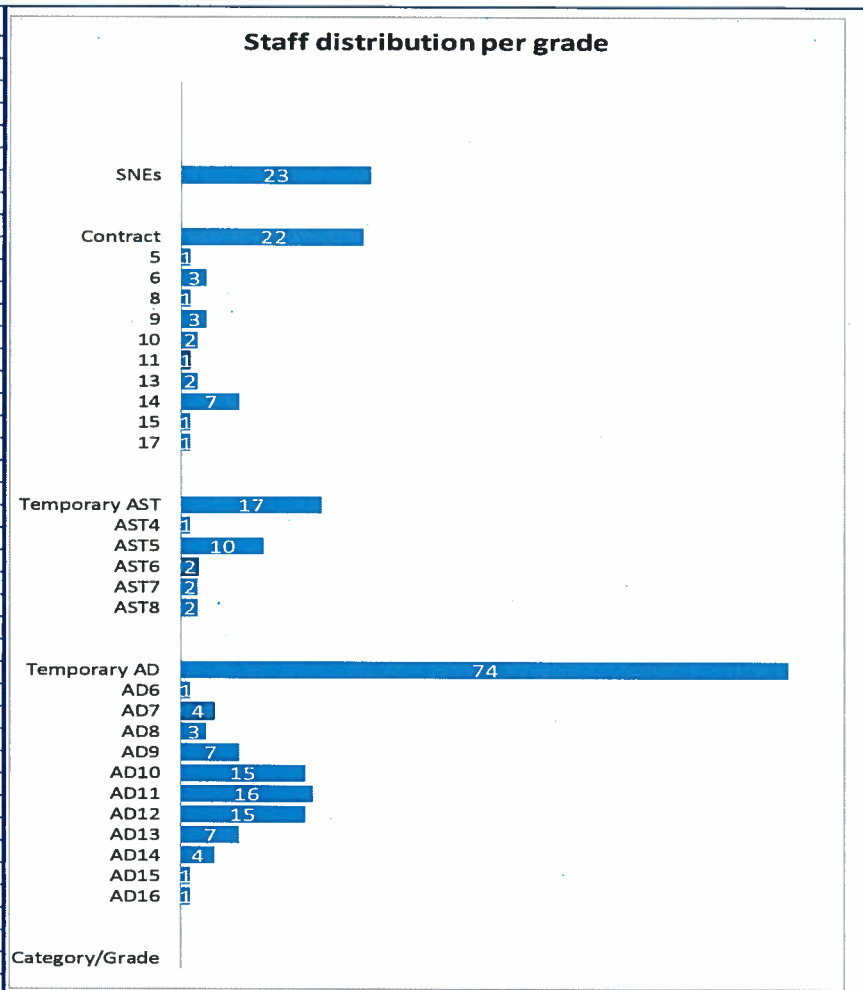
Orphans Pension: The EDA has an obligation to pay orphans' pension to the children of a deceased Staff Member, until each orphan reaches the age of 18 or, subject to confirmation, up to the age of 26 if full-time studies are pursued by the child.

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

EUROPEAN DEFENCE AGENCY 2016 ANNUAL ACCOUNTS

Staff present on 31/12/2016

Staff present 31/12/2016			
Category/Grade	Total	Female	Male
AD16	1	0	1
AD15	1	0	1
AD14	4	0	4
AD13	7	1	6
AD12	15	2	13
AD11	16	1	15
AD10	15	4	11
AD9	7	3	4
AD8	3	0	3
AD7	4	2	2
AD6	1	0	1
Temporary AD	74	13	61
		18%	82%
AST8	2	1	1
AST7	2	2	0
AST6	2	1	1
AST5	10	8	2
AST4	1	1	0
Temporary AST	17	13	4
		76%	24%
17	1	0	1
15	1	0	1
14	7	5	2
13	2	0	2
11	1	0	1
10	2	2	0
9	3	2	1
8	1	0	1
6	3	1	2
5	1	0	1
Contract	22	10	12
		45%	55%
SNEs	23	0	23
		0%	100%



Staff Allowances on Entering & Leaving Service

Staff allowances on entering & leaving service are governed by the Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Communities.

Contract Staff

22 Contract Staff were present in the Agency on 31/12/2016. Payment of salary and allowances of contract staff are governed by the Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Communities.

Seconded National Experts (SNEs)

On 31/12/2016, 23 SNEs were present at the Agency. Payment of allowances are governed by the SNE rules of the Agency. In addition 3 Cost Free SNE's and 4 Ad Hoc SNE's were present on 31/12/2016.

Trainees

On 31/12/2016, 5 Blue Book trainees worked at the Agency.

EUROPEAN DEFENCE AGENCY

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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

At the beginning of 2016 a number of the functioning budget lines were realigned.

There was no change to the approved budget. The realignment of budget lines was deemed necessary to increase transparency and ensure greater coherence in budgetary planning and follow up of the budget implementation.

Fitting-out of Premises & Office Furniture

Investments related to the fitting-out of office premises, notably: set-up of new meeting rooms, office partitioning to accommodate new Staff members, external lighting, building air-conditioning and other building transformation expenses.

Desks, tables, chairs, conference room equipment, filing cabinets, cupboards and all miscellaneous office furniture. Expenses include annual depreciation charge.

Security Equipment

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

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.

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 & Taxi Expenses

Rental fee for office vehicles and maintenance costs and taxi expenses where appropriate.

Software Hardware and Maintenance

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

EUROPEAN DEFENCE AGENCY

2016 ANNUAL ACCOUNTS

IT Services and Development

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

Maintenance of Copiers

Rental and maintenance of photocopiers.

Telecom Expenses

Telecommunication expenses: mobile, internet and dedicated lines.

Translation Services

Costs (generally recoupable) for translating documents P.A.'s etc.

Reception & Representation Expenses

Expenses related to official receptions: catering, event organisation.

Internal Meetings

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

Corporate Communications & Subscriptions

Expenses related to specialised information sources and press subscriptions.

Conferences and Seminars

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

Office Supplies & Other Services

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.

EUROPEAN DEFENCE AGENCY

2016 ANNUAL ACCOUNTS

Note 4: 2016 Operational Projects and Studies

In 2016 the EDA launched the following procedures under the Operational Budget that amounted to 6.857 M €.

Directorate	Description	Amount
CPS	16.CPS.OT.007 EATIC 16-01	30,400.00
ESI	16.ESI.SC.006 Seminars on Access to EU Funding COSME	15,500.00
ESI	16.ESI.SC.006 Seminars on Access to EU Funding COSME	500.00
CPS	16.CPS.OT.024 EAATTC 16-1, February 2016 (3 weeks)	9,629.20
CPS	16.CPS.OT.025 EAATTC 16-4, September 2016 (3 weeks)	10,000.00
CAT	16.CAT.FC.035 CAT - European AAR Training (EART)	3,069.77
CAT	16.CAT.SC.154 EDA Conference at WCO	15,005.06
CAT	16.CAT.FC.054 CAT - Support to Exercise Bison Counter 2016	40,000.00
CPS	16.CPS.NP1.074 Patches for EATT and Balkan Spartan Exercise	3,413.00
CPS	16.CPS.FC.030 Balkan Spartan Exercise (C27J)	9,000.00
CPS	16.CPS.FC.028 EAATTC 16-3	10,000.00
CAT	16.CAT.SC.076 Call on 14.CAT.OP.077 (PR FAS ATD Deployable Support	19,894.70
CPS	16.CPS.NP3.037 EMAR M Training and workshop	12,200.00
ESI	16.ESI.OP.038 Study on the Impact of REACH and CLP European Chemical Regulations on the Defence Sector	198,000.00
ESI	16.ESI.NP1.111 Purchase of software "Tableau Desktop" in support of EDA SME Corner	876.81
ESI	16.ESI.SC.064 Foresight and Strategic Assessment	69,000.00
CAT	16.CAT.FC.084 CAT - Attack and Network Support Course	25,000.00
CPS	16.CPS.FC.029 EAATTC 16-2	6,600.00
CAT	16.CAT.FC.082 Medical Support Symposium	10,000.00
ESI	16.ESI.RE.116 Reimbursement of Defence Acquisition Expert	608.41
ESI	16.ESI.NP1.106 Analysis of Defence-related SMEs' composition in EU.	50,000.00
CAT	16.CAT.FC.083 CAT - Support to C-IED event	10,000.00
CPS	16.CPS.FC.027 EATT 16 Exercise Admin. Support to Portugal	17,650.00
CAT	16.CAT.FC.133 CAT - Cyber support to SK Presidency	6,032.73
CPS	16.CPS.SC.147 Eu SatCom Market Media products	3,250.00
CPS	16.CPS.SC.057 DTEB Database Management	29,640.00
CPS	16.CPS.OP.068 Pooling and Sharing - The cost of non-cooperation	147,356.00
ESI	16.ESI.SC.081 Defenec procurement gateway Upgrade Including SME Corner	31,248.00
CPS	16.CPS.FC.026 EATIC 16-02	16,600.00
CPS	16.CPS.FC.031 EATIC 16-03	16,600.00
ESI	16.ESI.RE.162 Reimbursement of SME advisor	5,000.00
CAT	16.CAT.NP3.110 Ammunition & Tech. Strat. Research	50,000.00
CAT	16.CAT.OP.016 CAT - renewal of contract 12.CAP.OP.284 (Radio Spectrum)	102,944.02
CAT	16.CAT.NP1.108 GISMO3	150,000.00
CPS	16.CPS.NP1.161 Conference Organisation and Support Services	750.00
ESI	16.ESI.SC.124 Study on the response Strategies to the Cost Escalation of Defence Equipment	49,979.00
CAT	16.CAT.OP.092 CAT - Arctic training study	120,000.00

EUROPEAN DEFENCE AGENCY
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Directorate	Description	Amount
CAT	16.CAT.SC.201-C2 Information Interoperability Demonstration and EDA contribution to Multilateral Interoperability Programme - Stage 2	149,500.00
CPS	16.CPS.FC.140 European Armaments Co-operation Course 2016	30,000.00
ESI	16.ESI.FC.036 Smart Blue Water Camps Research Project -Contribution 1	61,500.00
CAT	16.CAT.OB.PO Modelling and Simulation SME Platform Networking Event	700.00
CAT	16.CAT.SC.203 Reference Architecture for Mission Networks within EU Led Missions and OpERations (RAMNET) 16.CAT.SC.203	130,000.00
CAT	CAT.NP1.210 Report on Earth Observation Defence and Security	3,600.00
CPS	16.CPS.SC.168 EDSTAT and EDSIS Upgrade (replaces 16COM00901)	26,990.00
CPS	16.CPS.NP1.032 ETAS October 2016	11,880.00
CPS	16.CPS.NP1.232 Defence Policy Database	15,979.00
CAT	16.CAT.SC.127 MATOS Sessions	15,930.00
CAT	16.CAT.SC.090 Cyber Defence CD TEXP OF4 WP 6 & 7	48,500.00
ESI	16.ESI.OB.PO Internal Note 4-1-0-2016 Defence Acquisition Expert Network Reimbursement of External Speakers	1,500.00
CPS	16.CPS.SC.153 DREB Promotional Package	10,525.00
CAT	16.CAT.OP.131 CAT - STASS II Study	146,500.00
CAT	16.CPS.NP5.152 CDP T&E Gap Analysis	60,000.00
CAT	16.CAT.NP1.079 CAT - Development of Common EU Diving Standard	70,000.00
CPS	16.CPS.FC.033 EATIC 16-04	16,600.00
CAT	16.CAT.OP.119 CAT - Multinational Capability in Deployable Field Camps	135,000.00
ESI	16.ESI.SC.216 Seminars on access to EU Funding	8,320.00
ESI	16.ESI.OP.137 Architecture for Multifunction RF & Optronics Sensors On Board Small Aerial Platforms	128,000.00
CAT	16.CAT.OB.PO CAT Mission Costs for External Experts Cyber Awareness seminar Rome	2,000.00
CAT	16.CAT.NP1.237 MARSUR Operator Training	70,000.00
CPS	16.CPS.SC.254 EMAR Training Order Form 1 Under FWC 16.CPS.NP3.118	24,800.00
CPS	16.CPS.SC.255 EMAR Training Order Form 2 Under FWC 16.CPS.NP3.118	22,000.00
ESI	16.ESI.NP.173 Access to ESF to Support KSC	100,000.00
CPS	16.CPS.SC.251 Purchase under DI/07360- CSO new requirement	10,791.00
ESI	16.ESI.OP.107 Application of Deep Learning to Radar	200,000.00
CAT	16.CAT.OT.105 CAT - Personnel Recovery Reference	10,000.00
ESI	16.ESI.OB.PO 10th EDA REACH Task Force Meeting - 22 November 2016	320.00
CAT	16.CAT.OP.158 CAT scaleable effects of Ammunition	200,000.00
CPS	16.CPS.FC.164 Military Airworthiness Conference 2016	2,325.00
ESI	16.ESI.OB.PO Services Linked to Deliverable 2.2 of 15.ESI.OP.162	1,000.00
ESI	16.ESI.OP.077 Collaborative Financial Mechanism for Defence	149,150.00
CPS	16.CPS.SC.185 Maintenance EDSTAR Database	73,000.00
CPS	16.CPS.SC.233 EMACC Update Work-Package 3	65,000.00
CPS	16.CPS.SC.234 EMACC Update Work-package 4	110,095.00
CAT	16.CAT.NP3.138 CAT - Support to DePoCyTe Business Case	29,750.00
ESI	16.ESI.OP.148 Tech Watch and Forecast	150,000.00
CAT	16.CAT.SC.238 MARSUR Exercise in Support Op Sophia	100,000.00
ESI	16.ESI.NP.217 Enhancing and Supporting Defence Related SME Access to Finance	75,000.00
CAT	16.CAT.SC.218 RAMNET Reference Architecture for Mission Networks within EU led Missions and Operations	110,000.00
ESI	16.ESI.OT.049 Cyber-secure Satellite C4I technologies - CYSEC SAT C4I	200,000.00
CPS	16.CPS.SC.272 Pooling and Sharing Permanent Monitoring and Analysis of Defence Sector Trends	174,353.60
ESI	16.ESI.NP3.228 Innovation In Defence Strand B	25,000.00
CPS	16.CPS.SC.248 EDA participation in World Air traffic management Conference and exhibition (WAC)	49,875.00

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Directorate	Description	Amount
ESI	16.ESI.NP1.188 Key skills and competence (KSC)	99,876.25
CPS	16.CPS.SC.230 CSO new requirements	15,370.00
CPS	16.CPS.SC.145 Development of E-EQUIP Module in CODABA	19,430.00
CPS	16.CPS.OP.213 RPAS Remote Stations	399,750.00
ESI	16.ESI.NP1.227 Next Generation Key Enabling Signal and Digital Processing Components and Building Blocks for Defence Systems - NG MiLDiSiP	65,750.00
CAT	16.CAT.OP.078 CAT - Target Architecture for Enhanced CYBER SA	125,000.00
CAT	16.CAT.FC. Military working Dogs and Training Event	15,000.00
CPS	16.CPS.OP.043 CDP Software Maintenance and Improvement	49,783.00
ESI	16.ESI.OP.144 Additive Manufacturing Feasibility Study & Technology Demonstration	280,000.00
CPS	16.CPS.FC.151 Test and evaluation Days confereneec in Vienna	10,000.00
CAT	16.CAT.FC.236 Migrant Handling Course	30,000.00
CPS	16.CPS.SC.231 Pooling and Sharing - Collaborative	35,300.00
CAT	16.CAT.NP1.219 CAT - J1 FAS Operational Support Contract PROV CAT 58	60,000.00
ESI	16.ESI.NP5.139 Strategic researcg agenda for CAPTECH CBRN	62,000.00
ESI	16.ESI.OP.221 Innovation In Defence Strand A	120,000.00
CAT	16.CAT.FC.261 Support for the Development of a Training Fictitious Threat Network (TTN)	22,000.00
CPS	CPS Purchase of patches for EATF programme _EATS 2016 Florence	991.50
CAT	16.CAT.SC.285 CAT - Cyber Defenec HQ and Staff Officer Training Development	93,500.00
CAT	16.CAT.SC.297 CAT - Cyber Defenec HQ and Staff Officer Training Development	55,000.00
CAT	16.CAT.NP3.220 EU Cyber Defence Centre for CSDP	99,207.08
ESI	16.ESI.FC.036Smart Blue Water Camps Research Project (Water Management)	88,500.00
ESI	16.ESI.OP.144 Additive Manufacturing Feasibility Study & Technology Demonstration	20,000.00
CAT	16.CAT.OP.128 CAT - Deployable Cyber Evidence Collection and Evaluation Capability (DCEC2)	100,000.00
ESI	16.ESI.NP3.229 Circular Economy in Defence	99,776.42
CPS	16.CPS.OP.180 RPAS Training Technology demonstrator (replaces 16COM00963))	245,000.00
CAT	16.CAT.OP.089 CAT - Bridging Exercises for Startegic Decisionmaking in Cyber Security/Defence	58,500.00
CPS	16.CPS.SC.288 Implementing FWC 16.CPS.OP.186 WP1	49,051.00
CPS	16.CPS.SC.289 Implementing FWC 16.CPS.OP.186 WP2 CDP Strand B Revision	49,996.00
CPS	16.CPS.SC.289 Implementing FWC 16.CPS.OP.186 WP3 CDP Strand B Revision	49,959.00
CAT	16.CAT.SC.310 OF4 implementing FWC 15.CAT.OP.042	57,144.00
CAT	16.CAT.SC.311 OF3 implementing FWC 16.CAT.OP.187	19,500.00
CPS	16.CPS.OB.PO EUROCAE EDA Membership 2017	4,000.00
CPS	16.CPS.OB.PO EATIC 17-01 - January 2017	16,600.00
CPS	16.CPS.OB.PO EATIC 17-01 - January 2017	10,000.00
CPS	16.CPS.OB.PO EAATTC 17-3 - June 2017	10,000.00
Total Amount Committed		6,857,214.55

EUROPEAN DEFENCE AGENCY

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Note 5: Revenues

EU Taxation

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

Financial Income

In 2016, the Agency's bank accounts generated interests of 2 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 8k € in 2016.

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

Other revenues

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

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Note 6: pMS Contributions

EUROPEAN DEFENCE AGENCY 2016 pMS CONTRIBUTIONS AND BUDGETARY SURPLUS						
In €						
pMS	2016 GNI Own Resources *	2016 Key	2016 Annual Contribution	2016 Surplus	Actual cost to Member States	
Austria (AT)	2,354,205,998	2.2883	665,350	5,417	659,933	
Belgium (BE)	2,957,662,846	2.8749	835,900	6,805	829,095	
Bulgaria (BG)	300,610,862	0.2922	84,959	692	84,267	
Cyprus (CY)	117,397,096	0.1141	33,179	270	32,909	
Croatia (HK)	304,812,275	0.2963	86,147	701	85,446	
Czech Republic (CZ)	1,073,488,500	1.0434	303,391	2,470	300,921	
Estonia (EE)	147,653,341	0.1435	41,730	340	41,390	
Finland (FI)	1,459,261,911	1.4184	412,419	3,357	409,062	
France (FR)	15,871,410,157	15.4273	4,485,607	36,517	4,449,090	
Germany (DE)	22,180,786,181	21.5601	6,268,775	51,034	6,217,741	
Greece (EL)	1,302,303,072	1.2659	368,059	2,996	365,063	
Hungary (HU)	798,236,211	0.7759	225,599	1,837	223,762	
Ireland (IE)	1,199,899,078	1.1663	339,118	2,761	336,357	
Italy (IT)	11,572,924,487	11.2491	3,270,761	26,627	3,244,134	
Latvia (LV)	184,212,538	0.1791	52,062	424	51,638	
Lithuania (LT)	274,039,893	0.2664	77,450	631	76,819	
Luxembourg (LU)	227,935,821	0.2216	64,420	524	63,896	
Malta (MT)	59,748,030	0.0581	16,886	137	16,749	
Netherlands (NL)	4,848,572,710	4.7129	1,370,313	11,156	1,359,157	
Poland (PL)	3,151,054,759	3.0629	890,557	7,250	883,307	
Portugal (PT)	1,259,985,996	1.2247	356,100	2,899	353,201	
Romania (RO)	1,154,268,614	1.1220	326,222	2,656	323,566	
Slovakia (SK)	551,566,017	0.5361	155,885	1,269	154,616	
Slovenia (SI)	268,538,126	0.2610	75,895	618	75,277	
Spain (ES)	7,927,919,046	7.7061	2,240,603	18,241	2,222,362	
Sweden (SE)	3,223,318,238	3.1331	910,980	7,416	903,564	
United Kingdom (UK)	18,107,178,510	17.6005	5,117,484	41,661	5,075,823	
Total 27 pMS	102,878,990,313	100	29,075,850	236,706	28,839,144	

* Based on Definitive Adoption EU General Budget 2016 OJ L48/20 dated 24.2.2016

One MS has a credit of 88.611,05 € in their EDA account. This amount was transferred from their JIP-FP and JIP-ICET surpluses in 2014 and instructions on the final usage of these funds are awaited.

EUROPEAN DEFENCE AGENCY
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Note 7: Budgetary Surplus

The 2016 budgetary surplus (236.705,83 €) is the difference between revenues received and expenses incurred (payments and carry-forwards) during the financial year.

Note 8: Fixed Assets and Depreciation

Figures in €

EUROPEAN DEFENCE AGENCY					
Fixed Assets					
In €					
Fixed Asset Classes	2016 Net Asset Value	2016 Depreciation	2016 Asset Acquisitions	2015 Net Asset Value	Accumulated Depreciation
Fitting-Out of Premises	995	2 219	-	3 215	3 038 939
Security Equipment	81 083	17 171	81 366	16 888	173 847
IT Equipment	132 616	142 519	30 790	244 345	1 605 077
Office Furniture	14 206	5 372	5 897	13 681	156 830
Office Technical Equipment	49 458	29 553	4 267	74 744	167 299
Total	278 358	196 835	122 320	352 873	5 141 992

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Note 9: Cash

EDA Bank Accounts

As at 31/12/2016, the global balance on the Agency's bank accounts totalled 28.430.605 €.

EUROPEAN DEFENCE AGENCY				
Bank Accounts				
<i>In €</i>				
EDA Bank Accounts	2016	2015	2014	2013
Opening balance	26 253 323	25 950 557	25 076 158	26 792 939
Closing balance	28 430 605	26 253 323	25 950 557	25 076 158

Employee pension rights are managed in a separate interest bearing bank account. However, the figure shown in the table above shows the consolidated closing balance at the end of 2016 (namely 12.169.600 € for the pensions account and 16.261.005 € for the EDA current account)

*In 2015 the EDA has also opened a "guarantee" bank account for Projects on dual-use technologies to access ESIF. This has been considered as off balance and is therefore not taking into account in the reporting.

EUROPEAN DEFENCE AGENCY		
Guarantee account		
<i>In €</i>		
EDA Bank Accounts	2016	2015
Opening balance	60 000	0
Closing balance	30 017	60 000

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Note 10: Stakeholders

The Stakeholders liabilities include the following items:

Deferred pMS contributions

- Some pMS were invoiced in 2016 for the first and second contributions of 2017 and some paid in 2016.

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 2016, the accounting result amounts to 162k €.

Note 11: Supplier Payables

- Supplier payables include accrued expenses for 11.687.855 € and pending invoices of 85.482 € (i.e. 2016 invoices paid in early 2017). The following table shows the variation of the Agency's balance sheet provisions for accrued expenses:

EUROPEAN DEFENCE AGENCY		
Accrued expenses		
	2016 Balance Sheet	2015 Balance Sheet
Supplier Payables (in €)	Accrued Expenses	Accrued Expenses
FUNCTIONING		
Payables related to 2013		0
Payables related to 2014		0
Payables related to 2015		1 678 931
Payables related to 2016	1 220 354	
FUNCTIONING	1 220 354	1 678 931
OPERATIONAL		
Payables related to 2013	0	54 000
Payables related to 2014	461 480	3 101 295
Payables related to 2015	3 475 195	7 169 296
Payables related to 2016	6 530 827	
OPERATIONAL	10 467 501	10 324 591
TOTAL		
Payables related to 2013		54 000
Payables related to 2014	461 480	3 101 295
Payables related to 2015	3 475 195	8 848 227
Payables related to 2016	7 751 181	
TOTAL	11 687 855	12 003 523

EUROPEAN DEFENCE AGENCY

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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 31/12/2016 amount to 11.9 M €.

Pension provision for 2016 amounts to (766) k € and is composed of the following items:

EUROPEAN DEFENCE AGENCY							
Pension Provision							
In k €							
EDA Staff Pension Accruals	2016	2015	2014	2013	2012	2011	2010
EDA Contribution for Temporary Agents	1,979	1,957	1,752	2,197	2,213	2,046	2,002
EDA Contribution for Contract Staff	136	117	136	174	173	138	107
Staff Contribution for Temporary Agents	990	979	876	1,098	1,107	1,023	1,001
Staff Contribution for Contract Staff	68	59	68	87	86	69	54
Invalidity Contribution	29	0	0	0	0	0	0
Payments for Severance Grants	(3,519)	(2,360)	(2,062)	(3,126)	(1,725)	(3,711)	(1,746)
Payments for Maintenance of Pension Rights	(455)	(64)	(56)	(61)	(70)	(72)	(97)
Financial Interest	6	29	30	71	79	140	90
Total	(766)	717	746	440	1,862	(366)	1,411

Note: During 2016 accumulated pension rights and corresponding interests were transferred to the pension bank account.

Miscellaneous Staff Payables

Miscellaneous Staff Payables include 2015 expenses paid in early 2016, such as, School and Child allowances, severance grants, salary adjustments, mission expenses, etc.

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 2016, which comprise the 2016 Consolidated Budget Implementation Report, the 2016 Budget Implementation Report, the 2016 Balance Sheet, the 2016 Cash Flow Statement, the 2016 Statement of Financial Performance, the 2016 Statement of Changes in Net Assets and Notes to the 2016 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 2017, 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.

Opinion

EUROPEAN DEFENCE AGENCY

2016 ANNUAL ACCOUNTS

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 2016 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 2017.

College of Auditors of the
European Defence Agency
Represented by



Jan Prosecky

Chairman of the College of Auditors.