



EUROPEAN DEFENCE AGENCY 2009 FINANCIAL REPORT

June 2010

EUROPEAN DEFENCE AGENCY

2009 FINANCIAL REPORT

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MANAGEMENT REPORT

Building Capabilities for a Secure Europe

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

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

RESULT OF THE YEAR

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

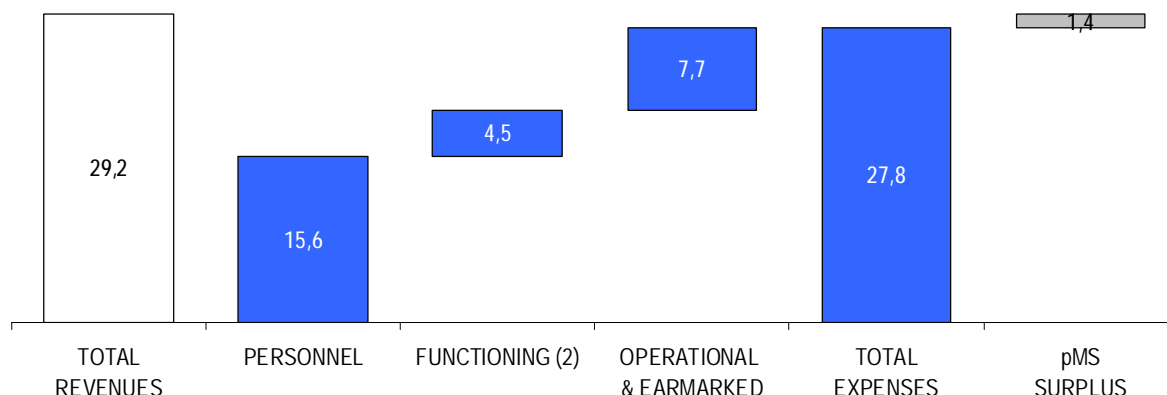
- 2009 financial achievements include:
 - the launch of 59 operational projects for a combined value of € **7.7** million;
 - the commitment of 10 new contracts for combined value of € **29.9** million during the third year of the Joint Investment Programme Force Protection ("JIP-FP"⁽¹⁾);
 - the launch of 12 Ad hoc Category B projects signed in 2009 for a total value of € **40.9** million (government and industry contribution).

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

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2009 Financial Highlights

Figures in € million



- 2009 revenues amount to € 29.2 million and comprise pMS contributions (95%), deductions from Staff remuneration (4%) and financial income (1%) and other revenues (less than 1%).
- 2009 expenses amount to € 27.8 million ⁽²⁾ and consist of personnel (56%), functioning ⁽²⁾ (16%) and operational expenses (28%).
- At the year-end 2009, a budgetary surplus of € 1.4 million (approx. 4.6% of the 2009 Budget) will be returned to pMS.

EDA Historical Financials

| Figures in € k | 2009 | 2008 | 2007 | 2006 | 2005 | CAGR ⁽³⁾ |
|--|---------------|---------------|---------------|---------------|---------------|---------------------|
| REVENUES | | | | | | |
| MEMBER STATE CONTRIBUTIONS | 27.686 | 25.835 | 20.818 | 21.500 | 19.910 | 9% |
| DEDUCTIONS FROM STAFF REMUNERATION | 1.198 | 1.137 | 1.037 | 837 | 612 | 13% |
| FINANCIAL INCOME | 298 | 581 | 520 | 390 | 148 | -9% |
| OTHER REVENUES | 8 | 0 | 0 | 0 | 0 | |
| TOTAL REVENUES | 29.190 | 27.553 | 22.374 | 22.727 | 20.670 | 9% |
| EXPENSES | | | | | | |
| PERSONNEL EXPENSES | 15.633 | 14.350 | 12.626 | 10.847 | 7.453 | 13% |
| FUNCTIONING EXPENSES | 4.798 | 4.385 | 4.387 | 4.076 | 2.829 | 6% |
| OPERATIONAL PROJECTS & STUDIES | 7.679 | 5.906 | 4.485 | 3.887 | 2.495 | 25% |
| EARMARKED REVENUE | 0 | 1.556 | 0 | 0 | 0 | |
| TOTAL EXPENSES | 28.110 | 26.197 | 21.498 | 18.810 | 12.777 | 14% |
| ACCOUNTING SURPLUS | 1.080 | 1.356 | 876 | 3.917 | 7.893 | |
| CAPITAL EXPENDITURE | (98) | (105) | (75) | (95) | 0 | |
| DEPRECIATION ADJUSTMENT | 425 | 567 | 515 | 423 | 0 | |
| CAPITAL EXPENDITURE & DEPRECIATION ADJUSTMENTS | 327 | 462 | 440 | 328 | 0 | |
| BUDGETARY SURPLUS REPAYABLE TO pMS | 1.407 | 1.818 | 1.317 | 4.245 | 7.893 | -31% |

⁽²⁾ Excluding € 327 k of capital expenditure and depreciation adjustments.

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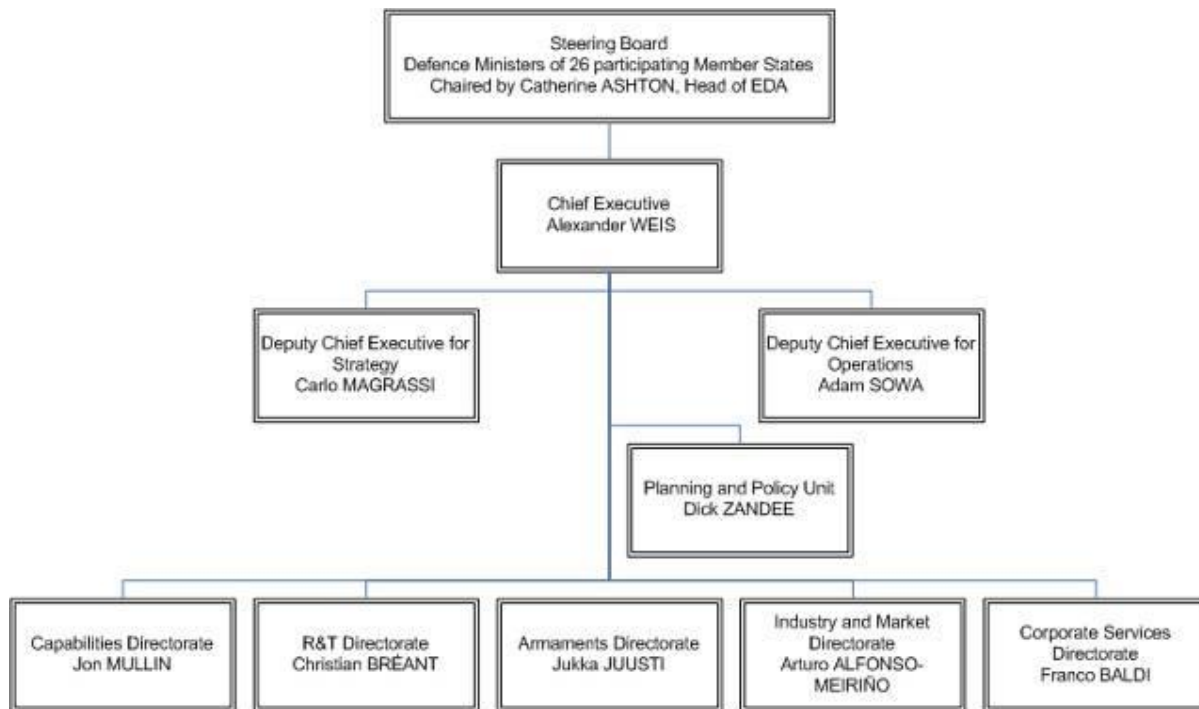
EDA STRUCTURE AND FUNCTIONS

EDA'S STRUCTURE

The European Defence Agency is an agency of the European Union ⁽⁵⁾, falling under the direction and authority of the Council, which issues guidelines to and receives reports from High Representative Javier Solana⁶ as Head of the Agency. Detailed control and guidance, however, is the job of the Steering Board.

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

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



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

⁽⁴⁾ The compound annual growth rate (CAGR) is the year-over-year growth rate calculated by taking the nth root of the total percentage growth rate, where n is the number of years in the period being considered.

⁽⁵⁾ EDA was established under the Council Joint Action 2004/551/CFSP on 12 July 2004.

⁽⁶⁾ Since 1 December 2009 Catherine Ashton has been appointed as High Representative of the Union for Foreign Affairs and Security Policy

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The Agency is designed "to support the Member States in their effort to improve European defence capabilities in the field of crisis management and to sustain the ESDP as it stands now and develops in the future". More specifically, the Agency is ascribed four functions, relating to:

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

EDA'S DIRECTORATES AND OPERATING UNITS

Capabilities Directorate

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

Research & Technology Directorate

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

Armaments Directorate

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

Industry and Market Directorate

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

Corporate Services Directorate

- Responsible for Finance, Human Resources, IT, Security and Logistics
- Provides expertise for procurement and contracts through its Legal & Contracting Unit
- Through its Finance Unit, manages the Agency's accounting, budgets and reporting
- Supports the activities of the Agency and its functional directorates

Media & Communications Unit

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

Policy & Planning Unit

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

Internal Audit Function

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

**Report by the Head of the European Defence Agency
to the Council – 17 November 2009**

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

With the Work Plan 2010-2012 the Agency has presented, for the first time, a sound basis for three-year planning. A significant and valuable effort has been undertaken to provide the participating Member States (pMS) with more transparent and effective planning. The three-year Work Plan, to be updated from now on every year, also allows the pMS to consider resource implications for all work strands at an early stage.

All EDA activities have the same principal aim: to propose cost-effective collaboration for pMS in support of ESDP requirements. To this end, the Agency has also further enhanced its relationship with key stakeholders, highlighted by the proposed Administrative Arrangement with the Organisation for Joint Armaments Cooperation (OCCAR).

The Agency's strategic framework has been established as the point of reference for cooperation on European defence capabilities

The Capability Development Plan has proved its value for addressing capability priority areas and for guiding the definition of capability requirements for collaborative programmes. The CDP has also become a key tool for influencing national defence planning.

The first twelve selected priorities of the CDP have been supported by Strategic Context Cases, describing the ways for collaboration for capability improvement. Work on the capability priorities has been speeded up and in several cases the connectivity with other activities, in particular in R&T, has been specified.

In order for the CDP to continue to provide timely guidance for national defence planning and to remain the up-to-date overall strategic tool, driving the Agency's activities, it has been agreed that the CDP will be updated and reviewed in the course of 2010. As before, this work will be conducted in close cooperation between the Agency, the pMS, the EUMC and the EUMS.

A new level of connectivity has been achieved between the CDP and the European Defence Research and Technology (EDRT) Strategy, in particular in priority areas like Maritime Mine Counter-Measures and Counter-Improvised Explosive Devices. It is also satisfying that the level of defence R&T collaboration in Europe continues to increase. Furthermore, the Agency has developed closer coordination and synergies with civilian security research, such as the research activities undertaken by the European Commission under the Seventh Framework Programme. By exploring synergies with defence, space and civilian R&T the Agency aims for better use of European taxpayers' money, while at the same time contributing to interoperable capabilities for both civilian and military applications. The proposed European Framework Cooperation for Security and Defence Research presents the next step forward, namely for establishing a

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systematic approach to connecting these research efforts between the military and civilian security communities.

Bearing in mind the challenges set by the current economic-financial situation, European cooperative capability development becomes even more important to reduce costs and increase effectiveness. The implementation of the European Armaments Cooperation (EAC) Strategy has contributed to this aim, in particular by proposing ways to improve training for a collaboration-oriented approach to the preparation of armaments programmes. In this regard, another key enabler will be the Agency's improved relationship with OCCAR.

The continued implementation of the European Defence Technological and Industrial Base (EDTIB) Strategy has resulted in further reinforcement of the intergovernmental regime on defence procurement. Over 400 contracts have been placed on the Electronic Bulletin Board. The percentage of cross-border awarded contracts has increased to approx. 30 percent. On 1 July 2009 the Code of Conduct of Offsets became active, bringing added transparency to the European Defence Equipment Market (EDEM). The Agency has also facilitated Small and Medium-Sized Enterprises' access to the defence market with a specific set of Guidelines. Work on Future Air Systems has progressed as the key area of identifying key industrial capabilities and means of improving European resources therein.

A new impetus has been brought to the Agency's work to improve the Security of Supply of defence equipment in Europe, which is an essential element of the establishment of a functioning defence market. Good coordination with the Commission has continued to support our efforts for a capability-driven, competent and competitive EDTIB.

Facilitating collaborative programmes remains at the centre of the Agency's work in support of Member States

Within the Agency's strategic framework, participating Member States have committed to new projects and carried on work with already established cooperation. The twelve CDP priorities have been of particular importance, but other projects and initiatives have also been taken forward. All of them are in line with the conclusions drawn from the CDP.

Increasing helicopters' availability continues to be a critical enabler for ESDP operations. The Helicopter Training Programme, to be operational next year, will consist of exercises and symposia aiming to provide crisis management operations with highly trained and interoperable crews. This programme is a landmark achievement and needs to be supported by adequate resources in the future – here the participating Member States' commitment is of utmost importance. Furthermore, the Franco-German initiative to establish the Future Transport Helicopter project within the Agency's remit is the long-term approach needed to ensure a sustainable Heavy Vertical Lift capability with its potential for a "new" transatlantic cooperation.

The Third-Party Logistics Support Platform represents another innovation to facilitate our operational needs in a constrained budgetary environment. In support of current operations significant savings have already been achieved by using the TPLS Platform. The potential for further savings in ESDP operations' logistics needs to be fully exploited by actively marketing the use of this platform for the pMS and the industry.

On strategic lift, pMS and the Agency have progressed into presenting a solid basis for improved and effective cooperation in this key capability area in the Letter of Intent of the European Air Transport Fleet (EATF).

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The Agency has proposed new activities and supported established cooperation in the areas of Counter-Improvised Explosive Devices (IED), Counter-Man Portable Air Defence Systems (MANPADS), defence against Chemical, Biological, Radiological and Nuclear threats (CBRN), Maritime Mine Counter-Measures (MMCM), Medical Support, Intelligence, Surveillance and Reconnaissance (ISR) capabilities and Network Enabled Capabilities (NEC), all reflecting the set of CDP priorities selected so far.

Maritime surveillance (MARSUR) has become one of the most prominent areas of European capability cooperation. The Agency's work on MARSUR Networking has progressed steadily, and the Wise Pen Team of five (ret.) Admirals is making an excellent contribution to the European cross-pillar development of a highly needed capability. Here, as in other areas such as Unmanned Aerial Systems and Space-based capabilities, the full array of European resources needs to be used; synergies between a multitude of civilian and military actors at national as well as at EU-level have to be exploited to the maximum.

The Agency's two Joint Investment Programmes, on Force Protection and on Innovative Concepts and Emerging Technologies, have continued to encourage the building of networks between defence industry, research institutes and academia. The Agency has also pursued new means of R&T collaboration, such as the proposed programme on European Unmanned Maritime Systems (UMS) for Mine Counter-Measures and other naval applications, combining a Category A programme with a number of Category B projects.

The Agency has continued to enhance its contacts with key stakeholders for better interoperability and cost-effective capabilities

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

New synergies have been explored with regard to the European Commission's activities, in particular in connection to its civilian security research activities and its initiatives to improve the functioning of the EDEM and to support the EDTIB.

Cooperation based on the Administrative Arrangement with Norway has continued to be mutually beneficial. The proposed Administrative Arrangement with OCCAR is a significant step forward in providing a means of transferring the Agency's projects into collaborative programmes managed by OCCAR.

The Agency has continued to strive for complementary and coherent work in relation to NATO and the Lol group, in full respect of the Joint Action establishing the Agency, and with the European Space Agency through the further development of informal contacts.

In addition to these relations, the Agency and the United States have opened a new dialogue, holding good promise for future transatlantic cooperation. This is particularly evident with regard to Software-Defined Radio, UASs and the Future Transport Helicopter project, where capability requirements could meet and the financial burden related to development work could be shared.

Javier Solana
High Representative and Head of European Defence Agency

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FINANCIAL STATEMENTS

AUDIT OPINION

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

In accordance with Art.43 of the Financial Rules of the European Defence Agency, the College of Auditors has audited the financial statements of the European Defence Agency (Agency) for the year ended 31 December 2009. These comprise the 2009 Management Accounts, the 2009 Balance Sheet, and the 2009 Cash Flow Statement, and notes to the 2009 Financial Statements. The financial statements of the Agency have been prepared in accordance with the provisions and regulations set out in the financial rules. The 2009 fiscal year surplus repayable to the Member states totalled 1.406.948€, whereas the assets amounted 23.775.321€.

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

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

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

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

College of Auditors (College) Responsibility

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

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

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

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

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

Unqualified Opinion

In our opinion the financial statements present fairly, in accordance with the provisions and regulations set out in notes to the financial statements, and in all material aspects, the financial position of the European Defence Agency as at 31 December 2009 and the financial results of operations for the year then ended.

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

On behalf of the College of Auditors,



p.p. Dr. Harilaos Harissis, Member of CoA

PIETRO RUSSO
Chairman of the EDA College of Auditors

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| 2009 MANAGEMENT ACCOUNTS (1/3) | | | | | |
|--|-------|-------------------------|-------------------|-------------------|-------------------|
| MANAGEMENT ACCOUNTS | | | | | |
| | Notes | 2009 | 2009 | 2008 | 2007 |
| Figures in € | 1 | Budget ^(REV) | Actual | Actual | Actual |
| EXPENSES | | | | | |
| Title I : PERSONNEL EXPENSES 2 | | | | | |
| Chapter 11: OFFICIALS & TEMPORARY STAFF | | | | | |
| BASIC SALARIES (TBA) | | 8.646.900 | 8.332.198 | 7.755.012 | 6.991.619 |
| STAFF STATUTORY ALLOWANCES | | 2.319.000 | 2.250.836 | 2.033.107 | 1.698.380 |
| STAFF SOCIAL PROTECTION | | 2.353.100 | 2.299.613 | 2.062.542 | 1.806.168 |
| STAFF ALLOWANCES ON ENTERING & LEAVING SERVICE | | 753.000 | 674.947 | 497.525 | 240.103 |
| PROVISIONAL APPROPRIATIONS | | 107.000 | 0 | 0 | 0 |
| Subtotal | | 14.179.000 | 13.557.594 | 12.348.186 | 10.736.270 |
| Chapter 12: SNE, CONTRACT STAFF & TRAINEES | | | | | |
| CONTRACT STAFF | | 405.000 | 338.593 | 246.776 | 256.069 |
| SECONDED NATIONAL EXPERTS | | 1.554.000 | 1.041.507 | 1.153.887 | 1.065.324 |
| TRAINEES | | 58.000 | 56.901 | 22.221 | 50.965 |
| PROVISIONAL APPROPRIATIONS | | 67.000 | 0 | 0 | 0 |
| Subtotal | | 2.084.000 | 1.437.001 | 1.422.884 | 1.372.358 |
| Chapter 13: STAFF RELATED | | | | | |
| RECRUITING EXPENSES | | 38.000 | 35.604 | 37.121 | 33.061 |
| STAFF TRAINING | | 47.000 | 31.876 | 54.752 | 34.999 |
| STAFF COMMITTEE | | 5.000 | 4.932 | 5.000 | 0 |
| MEDICAL EXPENSES | | 1.000 | 845 | 5.586 | 2.782 |
| MISSION EXPENSES | | 600.000 | 564.711 | 476.809 | 446.430 |
| Subtotal | | 691.000 | 637.968 | 579.268 | 517.272 |
| TOTAL PERSONNEL EXPENSES | | 16.954.000 | 15.632.563 | 14.350.338 | 12.625.900 |
| Title II : FUNCTIONING EXPENSES 3 | | | | | |
| Chapter 20: BUILDING & BUILDING RELATED | | | | | |
| FITTING-OUT OF PREMISES | | | 331.255 | 359.909 | 364.606 |
| EXP. FITTING-OUT OF PREMISES | | 6.500 | 5.652 | 35.302 | 43.412 |
| DPR. FITTING-OUT OF PREMISES | | 0 | 325.603 | 324.607 | 321.195 |
| SECURITY EQUIPMENT | | | 24.612 | 63.166 | 74.263 |
| EXP. SECURITY EQUIPMENT | | 25.000 | 20.603 | 12.834 | 32.740 |
| DPR. SECURITY EQUIPMENT | | 0 | 4.009 | 50.332 | 41.523 |
| OFFICE RENT | | 1.404.000 | 1.403.060 | 1.377.377 | 1.342.755 |
| CLEANING & MAINTENANCE | | 238.811 | 238.811 | 193.479 | 142.809 |
| UTILITY SERVICES | | 140.000 | 135.808 | 149.366 | 97.430 |
| BUILDING SURVEILLANCE SERVICES | | 1.111.689 | 1.110.199 | 1.059.486 | 1.042.622 |
| INSURANCES | | 14.000 | 12.466 | 11.910 | 4.398 |
| OTHER BUILDING RELATED EXPENSES | | 95.000 | 93.591 | 21.665 | 26.488 |
| Subtotal | | 3.035.000 | 3.349.802 | 3.236.358 | 3.095.371 |

⁽⁷⁾ 2009 Revised Budget

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2009 MANAGEMENT ACCOUNTS (2/3)

| MANAGEMENT ACCOUNTS (CONT'D) | | | | | |
|---|----------|-------------------------|-------------------|-------------------|-------------------|
| | Notes | 2009 | 2009 | 2008 | 2007 |
| <i>Figures in €</i> | <i>1</i> | Budget ^(REV) | Actual | Actual | Actual |
| Chapter 21: IT EQUIPMENT, FURNITURE & OTHER | | | | | |
| IT EQUIPMENT & SOFTWARE | | | 400.412 | 211.095 | 171.630 |
| EXP. IT EQUIPMENT & SOFTWARE | | 407.000 | 336.878 | 47.530 | 43.344 |
| DPR. IT EQUIPMENT & SOFTWARE | | 0 | 63.534 | 163.565 | 128.286 |
| OFFICE FURNITURE | | | 32.524 | 46.771 | 42.632 |
| EXP. OFFICE FURNITURE | | 20.000 | 9.222 | 24.293 | 23.841 |
| DPR. OFFICE FURNITURE | | 0 | 23.302 | 22.478 | 18.791 |
| OFFICE TECHNICAL EQUIPM. & SUPPLIES | | | 26.095 | 42.906 | 260.575 |
| EXP. OFFICE TECHNICAL EQUIPM. & SUPPLIES | | 35.900 | 17.975 | 36.859 | 255.179 |
| DPR. OFFICE TECHN. EQUIPMENT | | 0 | 8.120 | 6.047 | 5.396 |
| IT PROJECTS & DEVELOPMENT OF SYSTEMS | | 73.440 | 44.607 | 34.734 | 25.599 |
| IT SUPPORT & MAINTENANCE OF COPIERS | | 21.000 | 18.914 | 55.225 | 25.386 |
| TELECOM EXPENSES | | 187.074 | 187.074 | 109.694 | 150.339 |
| OUTSIDE ASSIST. FOR OPERATION OF TECHN. INSTALLATIONS | | 7.000 | 6.063 | 7.805 | 25.930 |
| MAINTENANCE & REPAIR OF TECHNICAL INSTALLATIONS | | 202.586 | 202.586 | 193.706 | 142.062 |
| OFFICE VEHICLES | | 20.000 | 17.233 | 13.766 | 14.024 |
| Subtotal | | 974.000 | 935.508 | 715.702 | 858.177 |
| Chapter 22: OTHER FUNCTIONING | | | | | |
| TRANSLATION SERVICES | | 12.000 | 10.823 | 1.403 | 2.881 |
| RECEPTION & REPRESENTATION EXPENSES | | 48.000 | 36.567 | 29.756 | 23.436 |
| INTERNAL MEETINGS | | 90.000 | 67.656 | 72.921 | 70.518 |
| CONFERENCES & SEMINARS | | 45.000 | 38.588 | 36.085 | 39.553 |
| INFORMATION, SUBSCRIPTIONS & DOCUMENTATION EXPENSES | | 219.000 | 201.544 | 145.671 | 170.374 |
| OFFICIAL JOURNAL | | 5.000 | 599 | 784 | 783 |
| PUBLIC RELATIONS | | 41.000 | 28.431 | 27.771 | 15.768 |
| OFFICE SUPPLIES | | 103.103 | 101.065 | 99.231 | 90.204 |
| POSTAL & DELIVERY EXPENSES | | 25.000 | 24.289 | 19.381 | 19.524 |
| AUDIT EXPENSES | | 6.897 | 3.652 | 0 | 0 |
| FINANCIAL CHARGES, INCL. FOREIGN EXCHANGE DIFF. | | 3.000 | -448 | -39 | 368 |
| Subtotal | | 598.000 | 512.766 | 432.964 | 433.409 |
| TOTAL FUNCTIONING EXPENSES | | 4.607.000 | 4.798.076 | 4.385.024 | 4.386.957 |
| TOTAL PERSONNEL & FUNCTIONING EXPENSES | | 21.561.000 | 20.430.639 | 18.735.362 | 17.012.857 |
| Title III : OPERATIONAL BUDGET & EARMARKED REVENUE | | | | | |
| OPERATIONAL PROJECTS & STUDIES | <i>4</i> | 8.000.000 | 7.679.363 | 5.905.733 | 4.484.830 |
| EARMARKED PROJECTS - UAV | | 0 | 0 | 1.556.000 | 0 |
| TOTAL OPERATIONAL BUDGET | | 8.000.000 | 7.679.363 | 7.461.733 | 4.484.830 |
| TOTAL EXPENSES | | 29.561.000 | 28.110.002 | 26.197.095 | 21.497.687 |

⁽⁸⁾ 2009 Revised Budget

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2009 MANAGEMENT ACCOUNTS (3/3)

MANAGEMENT ACCOUNTS (CONT'D)

| | Notes | 2009 | 2009 | 2008 | 2007 |
|--|----------|-------------------------|------------|------------|------------|
| <i>Figures in €</i> | <i>1</i> | Budget ^(REV) | Actual | Actual | Actual |
| REVENUES ⁽¹⁰⁾ | 5 | | | | |
| Title IV: MISC. COMMUNITY TAXES, LEVIES & DUES | | | | | |
| Chapter 40: DEDUCTIONS FROM STAFF REMUNERATION | | | | | |
| TAXATION ON STAFF SALARIES & ALLOWANCES (8IM) | | 1.110.000 | 1.037.159 | 999.935 | 925.507 |
| EU SPECIAL LEVY (PSP) | | 145.000 | 160.951 | 137.378 | 111.066 |
| Subtotal | | 1.255.000 | 1.198.110 | 1.137.313 | 1.036.573 |
| Title V: INCOME FROM OPERATING ACTIVITIES | | | | | |
| Chapter 52: FINANCIAL INCOME | | | | | |
| INTERESTS - BANK | | 620.000 | 262.612 | 565.398 | 475.581 |
| INTERESTS - PMS | | 0 | 35.449 | 15.461 | 44.029 |
| Subtotal | | 620.000 | 298.061 | 580.859 | 519.610 |
| Title VI: pMS CONTRIBUTIONS | | | | | |
| Chaptre 61 : MEMBER STATE CONTRIBUTIONS | | | | | |
| PMS CONTRIBUTIONS | <i>6</i> | 27.686.000 | 27.686.000 | 24.275.000 | 20.818.000 |
| PMS CONTRIBUTIONS | | 0 | 0 | 1.560.000 | 0 |
| Subtotal | | 27.686.000 | 27.686.000 | 25.835.000 | 20.818.000 |
| Title VII: OTHER REVENUES | | | | | |
| Chaptre 75 : OTHER REVENUES | | | | | |
| OTHER REVENUES | | 0 | 8.146 | 0 | 0 |
| Subtotal | | | 8.146 | 0 | 0 |
| TOTAL REVENUES | | 29.561.000 | 29.190.317 | 27.553.172 | 22.374.183 |
| ACCOUNTING SURPLUS | | | 1.080.315 | 1.356.077 | 876.496 |
| CAPITAL EXPENDITURE | | | -97.935 | -105.079 | -75.047 |
| DEPRECIATION ADJUSTMENT | | | 424.568 | 567.029 | 515.191 |
| CAPITAL EXPENDITURE & DEPRECIATION ADJUSTMENTS | | | 326.633 | 461.950 | 440.144 |
| BUDGETARY SURPLUS REPAYABLE TO pMS | <i>7</i> | | 1.406.948 | 1.818.027 | 1.316.640 |

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2009 BALANCE SHEET (1/2)

BALANCE SHEET

| | Notes | For the year ending | | |
|--------------------------------------|-------|---------------------|-------------------|-------------------|
| Figures in € | | 31.12.2009 | 31.12.2008 | 31.12.2007 |
| ASSETS | | | | |
| FIXED ASSETS | | | | |
| ACQ. FITTING-OUT OF PREMISES | | 3.039.935 | 3.039.935 | 3.030.953 |
| ACCUML. DPR. FITTING-OUT OF PREMISES | | (1.354.591) | (1.028.989) | (704.382) |
| FITTING-OUT OF PREMISES | | 1.685.344 | 2.010.946 | 2.326.571 |
| ACQ. SECURITY EQUIPMENT | | 138.668 | 136.145 | 136.145 |
| ACCUML. DPR. SECURITY EQUIPMENT | | (134.535) | (130.526) | (80.194) |
| SECURITY EQUIPMENT | | 4.133 | 5.619 | 55.951 |
| ACQ. IT EQUIPMENT & SOFTWARE | | 614.579 | 545.555 | 463.914 |
| ACCUML. DPR. IT EQUIPMENT & SOFTWARE | | (480.796) | (417.262) | (253.697) |
| IT EQUIPMENT | | 133.783 | 128.293 | 210.217 |
| ACQ. OFFICE FURNITURE | | 131.639 | 121.689 | 117.583 |
| ACCUML. DPR. OFFICE FURNITURE | | (85.672) | (62.370) | (39.892) |
| OFFICE FURNITURE | | 45.967 | 59.319 | 77.691 |
| ACQ. OFFICE TECHN. EQUIPMENT | | 56.902 | 40.464 | 30.114 |
| ACCUML. DPR. OFFICE TECHN. EQUIPM. | | (20.255) | (12.135) | (6.088) |
| OFFICE TECHNICAL EQUIPMENT | | 36.647 | 28.329 | 24.026 |
| NET FIXED ASSETS | 8 | 1.905.874 | 2.232.506 | 2.694.456 |
| SUPPLIER RECEIVABLES | | | | |
| INTERESTS RECEIVABLE | | 16.944 | 28.848 | 160.909 |
| ADVANCE PAYMENTS ON SUPPLIERS | | 0 | 0 | 320.668 |
| SUPPLIER RECEIVABLES | 9 | 16.944 | 28.848 | 481.577 |
| STAFF RECEIVABLES | | | | |
| STAFF RECEIVABLES | | 64.524 | 0 | 0 |
| RECEIVABLES | | 64.524 | 0 | 0 |
| CASH | | | | |
| EDA BANK ACCOUNTS | | 21.785.979 | 19.725.561 | 15.519.461 |
| PETTY CASH | | 2.000 | 1.000 | 1.000 |
| CASH | 10 | 21.787.979 | 19.726.561 | 15.520.461 |
| TOTAL ASSETS | | 23.775.321 | 21.987.915 | 18.696.494 |

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2009 BALANCE SHEET (2/2)

| BALANCE SHEET (CONT'D) | | | |
|--------------------------------------|-------|---------------------|-------------------|
| | Notes | For the year ending | |
| Figures in € | | 31.12.2009 | 31.12.2008 |
| | | | 31.12.2007 |
| LIABILITIES | | | |
| STAKEHOLDERS | | | |
| ADVANCE ON PMS CONTRIBUTIONS | | 1.070.340 | 1.000.000 |
| OUTSTANDING PMS CONTRIBUTIONS | | (310.282) | 0 |
| CAPEX & DEPRECIATION ADJ. (YEAR N+1) | | 2.232.503 | 2.694.453 |
| PMS CONTRIBUTIONS | | 0 | 0 |
| ACCOUNTING SURPLUS | | 1.080.315 | 1.356.077 |
| STAKEHOLDERS | 11 | 4.072.876 | 5.050.530 |
| SUPPLIER PAYABLES | | | |
| ACCRUED EXPENSES | | 8.098.050 | 9.364.140 |
| - THEREOF FUNCTIONING | | 411.791 | 290.875 |
| - THEREOF OPERATIONAL | | 6.597.057 | 7.517.265 |
| - THEREOF EARMARKED | | 1.089.202 | 1.556.000 |
| SUPPLIERS / PENDING INVOICES | | 3.289.331 | 500.538 |
| SUPPLIER PAYABLES | 12 | 11.387.381 | 9.864.678 |
| STAFF PAYABLES | | | |
| STAFF PENSION ACCRUALS (RCN) | | 8.266.156 | 6.999.005 |
| EMPLOYEES / PENDING INVOICES | | 49.304 | 73.701 |
| STAFF PAYABLES | 13 | 8.315.064 | 7.072.706 |
| TOTAL LIABILITIES | | 23.775.321 | 21.987.915 |
| | | | 18.696.495 |

Alexander WEIS
Chief Executive

May 2010

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2009 CASH FLOW

CASH FLOW

| Figures in € | For the year ending | | | | |
|--|---------------------|-------------------|-------------------|-------------------|-------------------|
| | 31.12.2009 | 31.12.2008 | 31.12.2007 | 31.12.2006 | 31.12.2005 |
| <i>OPENING BANK ACCOUNT BALANCE</i> | 19.725.561 | 15.519.461 | 14.277.564 | 10.389.816 | 1.545.583 |
| CASH RECEIVED FROM PMS | | | | | |
| PMS CONTRIBUTIONS | 27.686.000 | 25.835.000 | 20.818.000 | 21.500.000 | 19.909.793 |
| REIMBURSEMENT OF YEAR N-1 SURPLUS | (1.818.027) | (1.316.640) | (4.245.010) | (4.431.045) | (1.422.414) |
| DEFERRED PAYMENTS OF CONTRIBUTIONS | 105.789 | (836.466) | (236.638) | 711.607 | 1.435.499 |
| ADD PMS ADVANCE PAYMENTS (contr. 10 received in 09) | 1.070.340 | 1.000.000 | (2.132.594) | 455.594 | 1.677.000 |
| LESS PMS ADVANCE PAYMENTS (contr 09 received in 08) | (1.000.000) | (2.181.181) | 2.181.181 | | |
| ADD LATE PAYMENTS (contr. 08 received in 09) | 0 | 329.254 | (680.656) | 241.501 | (241.501) |
| LATE PAYMENTS | 0 | 0 | 351.402 | | |
| ADD INTERESTS FOR LATE PAYMENT | 35.449 | 15.461 | 44.029 | 14.512 | 0 |
| Subtotal | 25.973.762 | 23.681.894 | 16.336.352 | 17.780.562 | 19.922.878 |
| CASH RECEIVED FROM BANK | | | | | |
| INTERESTS CREDITED DURING THE YEAR | 274.516 | 697.460 | 588.816 | 298.490 | 109.222 |
| Subtotal | 274.516 | 697.460 | 588.816 | 298.490 | 109.222 |
| TOTAL CASH INFLOWS | 26.248.278 | 24.379.354 | 16.925.168 | 18.079.052 | 20.032.100 |
| CASH SPENT FOR FUNCTIONING & OPERATIONAL EXPENSES | | | | | |
| FUNCTIONING EXPENSES | | | | | |
| PAYMENTS FOR YEAR N-2 EXPENSES | 83.087 | 2.191 | 2.059 | 0 | 0 |
| PAYMENTS FOR YEAR N-1 EXPENSES | 463.749 | 236.842 | 730.424 | 1.586.591 | 124.890 |
| PAYMENTS FOR CURRENT YEAR EXPENSES * | 16.964.282 | 15.129.142 | 12.243.971 | 11.030.864 | 10.252.489 |
| PAYMENTS FOR YEAR N+1 EXPENSES | 0 | 0 | 320.668 | 316.414 | 215.534 |
| PAYMENTS FOR FUNCTIONING EXPENSES | 17.511.118 | 15.368.176 | 13.297.122 | 12.933.869 | 10.592.913 |
| OPERATIONAL EXPENSES | | | | | |
| PAYMENTS FOR YEAR N-3 EXPENSES | 1.539.014 | 525.000 | | | 0 |
| PAYMENTS FOR YEAR N-2 EXPENSES | 746.739 | 454.302 | 250.294 | | 0 |
| PAYMENTS FOR YEAR N-1 EXPENSES | 3.738.244 | 3.179.048 | 1.888.438 | 1.124.694 | 0 |
| PAYMENTS FOR CURRENT YEAR EXPENSES | 652.745 | 646.727 | 247.417 | 132.741 | 594.953 |
| PAYMENTS FOR OPERATIONAL EXPENSES | 6.676.742 | 4.805.077 | 2.386.149 | 1.257.435 | 594.953 |
| TOTAL CASH OUTFLOWS | 24.187.860 | 20.173.253 | 15.683.271 | 14.191.304 | 11.187.866 |
| <i>CLOSING BANK ACCOUNT BALANCE</i> | 21.785.979 | 19.725.561 | 15.519.461 | 14.277.564 | 10.389.816 |

* Provided by accounting system. It equals to 2009 expenditures, as per Management accounts, less 2009 payments made in 2010, plus payments related to 2008 but made in 2009.

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2009 FINANCIAL REPORT

2009 QUARTERLY FINANCIALS

Figures in € k

| EXPENSES | 2009 Annual | | 2009 Quarterly Financials | | | |
|---|---------------|---------------|---------------------------|--------------|--------------|---------------|
| | Rev. Bud. | Actual | Q1 | Q2 | Q3 | Q4 |
| TITLE I : PERSONNEL EXPENSES | | | | | | |
| Chapter 11: OFFICIALS (SCO) & TEMPORARY STAFF | 14.179 | 13.558 | 3.116 | 3.382 | 3.495 | 3.564 |
| Chapter 12: SNE, CONTRACT & OTHER STAFF | 2.084 | 1.437 | 287 | 330 | 354 | 465 |
| Chapter 13: STAFF RELATED | 691 | 638 | 123 | 184 | 135 | 196 |
| SUBTOTAL | 16.954 | 15.633 | 3.527 | 3.897 | 3.984 | 4.225 |
| TITLE II : FUNCTIONING EXPENSES | | | | | | |
| Chapter 20: BUILDING & BUILDING RELATED | 3.035 | 3.350 | 906 | 721 | 426 | 1.296 |
| Chapter 21: IT EQUIPMENT, FURNITURE & OTHER | 974 | 936 | 49 | 97 | 101 | 688 |
| Chapter 22: OTHER FUNCTIONING | 598 | 513 | 106 | 110 | 90 | 207 |
| SUBTOTAL | 4.607 | 4.798 | 1.061 | 928 | 617 | 2.192 |
| SUBTOTAL PERSONNEL & FUNCTIONING | 21.561 | 20.431 | 4.588 | 4.825 | 4.602 | 6.417 |
| TITLE III : OPERATIONAL BUDGET | | | | | | |
| OPERATIONAL PROJECTS & STUDIES | 8.000 | 7.679 | 0 | 21 | 179 | 7.479 |
| SUBTOTAL | 8.000 | 7.679 | 0 | 21 | 179 | 7.479 |
| TOTAL EXPENSES | 29.561 | 28.110 | 4.588 | 4.846 | 4.780 | 13.896 |
| REVENUES | | | | | | |
| | Rev. Bud. | Actual | Q1 | Q2 | Q3 | Q4 |
| TITLE IV : DEDUCTIONS STAFF REMUNERATION | | | | | | |
| Chapter 40: DEDUCTIONS STAFF REMUNERATION | 1.255 | 1.198 | 279 | 305 | 304 | 311 |
| TITLE V : INCOME FROM OPERATING ACTIVITIES | | | | | | |
| Chapter 52: FINANCIAL INCOME | 620 | 298 | 24 | 14 | 159 | 101 |
| TITLE VI : pMS CONTRIBUTIONS | | | | | | |
| Chapter 611: pMS CONTRIBUTIONS | 27.686 | 27.686 | 8.980 | 7.453 | 4.476 | 6.777 |
| Chapter 612: EARMARKED REVENUE | 0 | 0 | 0 | 0 | 0 | 0 |
| SUBTOTAL | 27.686 | 27.686 | 8.980 | 7.453 | 4.476 | 6.777 |
| TITLE VII : OTHER REVENUES | | | | | | |
| Chapter 75 : OTHER REVENUES | 0 | 8 | (0) | 0 | (0) | 8 |
| TOTAL REVENUES | 29.561 | 29.190 | 9.283 | 7.772 | 4.939 | 7.196 |

⁽⁹⁾ 2009 Revised Budget

Note 1: Basis of Presentation and Specific Accounting Policies

BASIS OF PRESENTATION

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

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

SPECIFIC ACCOUNTING POLICIES

pMS Contributions

Contributions from participating Member States ('pMS') are calculated in accordance with the principles of the EU budget proportional share of the pMS's GNI in the total GNI aggregate. Contributions are requested in three instalments, by 15 February, 15 June and 15 October (Art. 16, Council Joint Action 2004/551/CFSP). In 2007, after the accession of Bulgaria and Romania, the EDA counts 26 pMS⁽¹⁰⁾.

2009 Budget

The budget for 2009 was established in November 2008. In November 2009, in accordance with the Financial Rules, to properly reflect its financial situation, the Agency reviewed its budget, adjusting intra-chapter budget lines based on forecasted expenses and revenues.

Budgetary Surplus repayable to pMS

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

Fixed Asset Policy

Items acquired by the Agency whose purchase price is € 420 or more, with a period of use greater than one year, and which are not consumables are recorded in the fixed assets accounts (Art. 222, 'EU Implementing Provisions' and part 5.1, FM). The Agency performs an annual inventory of its fixed assets, where all qualifying assets are individually monitored and recorded in the fixed asset database.

⁽¹⁰⁾ 27 EU Member States excluding Denmark

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The cost of fixed assets comprises the purchase price, including any directly attributable costs of bringing the asset into working condition for its intended use. Routine maintenance and repairs, however, are not capitalised but charged to expenses as incurred (part 5.1, FM).

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

Depreciation

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

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

Provisional Appropriations

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

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Note 2: Personnel Expenses

REGULATORY BASIS

Human resources parameters ⁽¹¹⁾ and calculations are based on: Staff Regulations applicable to Officials and other Servants of the European Communities and the last amendment, Council Regulation (EC, EURATOM) No 1323/2008 of 18 December 2008, and Council Regulation (EC, EURATOM) No 1296/2009 of 23 December 2009 adjusting, from 1 July 2008, the rate of contribution to the pension scheme of officials and other servants of the European Communities.

- Council Decision 2003/479/EC concerning the rules applicable to National Experts and Military Staff on secondment to the General Secretariat of the Council and the last amendment, Council Decision 2008/451/EC of 16 June 2008 adjusting the allowances,
- Council Decision 2004/676/EC of 24 September 2004 concerning the Staff Regulations of the European Defence Agency ('EDA Staff Regulations') and the last amendment, Council Decision 2007/215/EC of 29 January 2007,
- Council Decision 2004/677/EC of 24 September 2004 concerning the Rules applicable to national experts and military staff on secondment to the European Defence Agency and the last amendment, Council Decision 2007/216/EC of 29 January 2007 with regard to a minimum period of secondment of national experts and military staff seconded to the European Defence Agency.

PERSONNEL EXPENSES

Personnel expenses amount to € 16,9 million.

The corresponding increase in personnel expenses is mainly due to the growth of EDA's personnel, the regulatory step changes after 2 years of service and the annual salary grid adjustments and the 12-month impact of posts recruited in the course of 2009. The remuneration of the members of the temporary and contract Staff is determined according to the same rules as those set out in the Staff Regulations of Officials of the European Communities (Art. 59 and Art. 111 of EDA Staff Regulations).

STAFF CATEGORIES AT THE AGENCY

EDA employs five different categories of personnel:

1. Temporary Staff

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

2. Officials on Secondment

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

⁽¹¹⁾ Acronyms in the brackets refer to *Paymasters Office of the European Institutions* ('PMO') definitions.

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3. Contract Staff

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

4. Seconded National Experts and Short Term SNEs

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

5. Trainees

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

Basic Salaries

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

Staff Statutory Allowances

Staff statutory allowances ⁽¹²⁾ relate to:

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

Staff Social Protection

Staff social protection is financed both from the Agency (*Staff Social Protection*) and from Staff ⁽¹³⁾ (*Deductions from Staff Remuneration*). The following statutory contributions were paid in 2009:

| Social contribution (as % of TBA) | Staff | | EDA | |
|--------------------------------------|-------|-------|-----|-------|
| | | | | |
| Sickness | CAM | 1.70 | CAI | 3.40 |
| Accident | CAA | 0.10 | CAB | 0.87 |
| Unemployment | CCA | 0.81 | CCI | 1.62 |
| Pension | CPP | 11.30 | n/a | 22.60 |

Source: *Staff Regulations applicable to Officials and other Servants of the European Communities and the last amendment, Council Regulation (EC, EURATOM No 1323/2008 of 18 December 2008) and Council Regulation (EC, EURATOM No 1296/2009 of 23 December 2009).*

⁽¹²⁾ For details calculations, please refer to *Staff Regulations applicable to Officials and other Servants of the European Communities and the last amendment, Council Regulation (EC, EURATOM No 1323/2008 of 18 December 2008) and Council Regulation (EC, EURATOM No 1296/2009 of 23 December 2009).*

⁽¹³⁾ SCO and Temporary Staff.

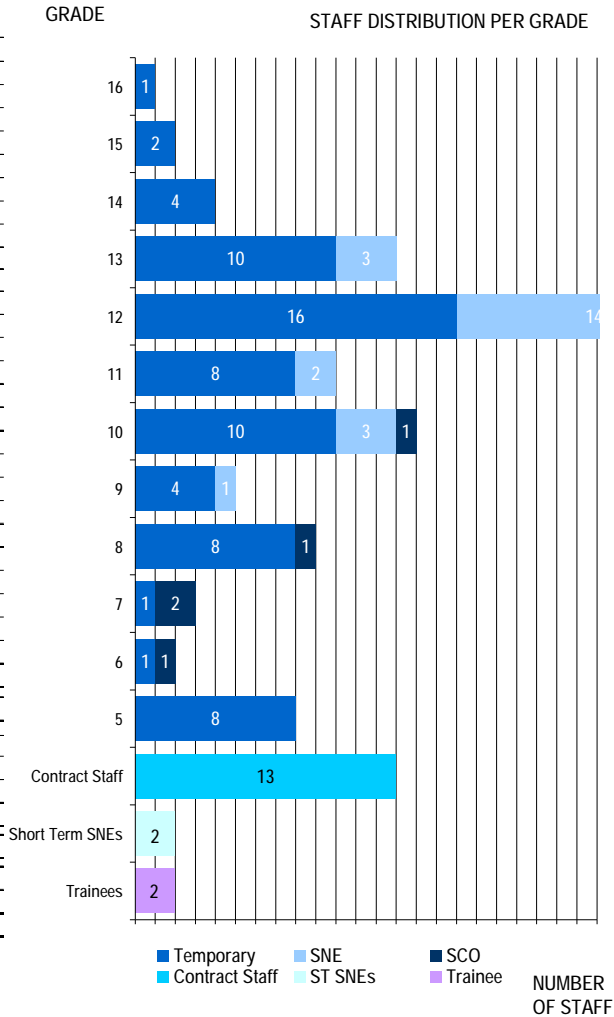
⁽¹⁴⁾ After deduction of a standard allowance of € 1,192.76.

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Staff present as per 31/12/2009

| STAFF LIST | TOTAL | FEMALE | MALE |
|--------------------------------|------------|------------|------------|
| AD16 | 1 | | |
| AD15 | 2 | | |
| AD14 | 4 | | |
| AD13 | 10 | | |
| AD12 | 16 | | |
| AD11 | 8 | | |
| AD10 | 9 | | |
| AD9 | 4 | | |
| AD8 | 6 | | |
| Temporary Staff - AD | 60 | 18% | 82% |
| AST10 | 1 | | |
| AST8 | 2 | | |
| AST7 | 1 | | |
| AST6 | 1 | | |
| AST5 | 8 | | |
| Temporary Staff - AST | 13 | 72% | 28% |
| Temporary Staff | 73 | | |
| AST10 | 1 | | |
| AST8 | 1 | | |
| AST7 | 2 | | |
| AST6 | 1 | | |
| SCO | 5 | | |
| AD13 | 3 | | |
| AD12 | 14 | | |
| AD11 | 2 | | |
| AD10 | 3 | | |
| AD9 | 1 | | |
| SNE | 23 | 1% | 99% |
| Total Staff Establishment Plan | 101 | | |
| IV | 3 | | |
| III | 3 | | |
| II | 7 | | |
| Contract Staff | 13 | 46% | 54% |
| Short Term SNEs | 2 | 0% | 100% |
| Trainee | 2 | 50% | 50% |
| TOTAL EDA STAFF | 118 | 27% | 73% |



NAP Bank Transfers / Coefficient Correcteur

NAP Bank Transfers (7S1) correspond to the "NAP Coefficient Correcteur" applied to the portion of salaries paid in the Countries of Origin. Not used in 2009.

Staff Allowances on Entering & Leaving Service

Staff allowances on entering & leaving service related to:

- Installation allowance (INS), as per Article 5 of Annex VII
- Resettlement allowance (IRI), as per Article 6 of Annex VII
- Travel expenses on termination (FVC), as per Article 7 of Annex VII

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

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Contract Staff

13 Contract Staff worked in the Agency in 2009.

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

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

Seconded National Experts (SNEs)

In 2009, allowances were paid to 23 SNEs:

- Daily allowance (€ 119.39 per calendar day for the period January – June 2009, € 122.97 per calendar day for the period July – December 2009), Belgian allowance: € 30.75
- Distance allowance (adjusted in July),
- Salary adjustment (adjusted in July),
- SNEs who re-located to Brussels are entitled to reimbursement of annual travel expenses to the place of origin. SNE allowances are paid on a monthly basis, together with Staff salaries.

Source: Council Decision 2003/479/EC concerning the rules applicable to National Experts and Military Staff on secondment to the General Secretariat of the Council and the last amendment, Council Decision 2009/399/EC of 27 April 2009 adjusting the allowances.

Short Term SNEs

In the course of 2009, 2 Short Term SNEs worked at the Agency. All short term SNEs were hired for Directorate specific project work.

Trainees

In the course of 2009, 2 trainees worked at the Agency. EDA internships are paid based on SNE daily allowances.

Recruiting Expenses

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

Staff Training & Conference Fees

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

Medical Expenses

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

Mission Expenses

Expenses related to Staff business missions: travel expenses, meals and accommodation (according to the EDA Mission Guide).

Note 3: Functioning Expenses

Fitting-out of Premises

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

Security Equipment

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

Office Rent

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

Cleaning and Maintenance

Building cleaning and maintenance contracts, including cleaning supplies.

Utility Services

Building utility expenses related to water, electricity and heating.

Building Surveillance Services

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

Insurances

Selected insurance policies related to EDA premises and Staff.

Other Building related Expenses

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

IT Equipment and Software

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

Office Furniture

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

IT Projects & Development of Systems

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

IT Support & Maintenance of Copiers

Rental and maintenance of photocopiers.

Telecom Expenses

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

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Office Technical Supplies

Technical supplies for electrical systems and other technical installations.

Outside Assistance for Operation of Technical Installation

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

Maintenance & Repair of Technical Installations

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

Office Vehicles

Rental fee for two office vehicles.

Reception & Representation Expenses

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

Internal Meetings

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

Organisation of Conferences & Seminars

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

Information, Subscriptions & Documentation Expenses

Expenses related to specialised information sources and press subscriptions.

Official Journal

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

Public Relations

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

Office Supplies

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

Postal & Delivery Expenses

Postage, express mail, P.O. Box.

Financial Charges, including Foreign Exchange Rate Differences

Expenses for bank transfers outside the EU and bank services subject to specific charges. Foreign exchange transactions and financial charges resulted in a net revenue of €448.

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Note 4: 2009 Operational Projects and Studies

In 2009, EDA awarded 59 contracts under the Operational Budget for approx. € 7.7 million.

| Contract ID | Contract Title | Value (in €) | Award Notice | Contract Signature | Final Delivery |
|------------------|--|------------------|--------------|--------------------|----------------|
| OPS 09 ARM 002 | SDR standardisation and certification feasibility study. | 150.000 | 6-Nov-09 | 17-Dec-09 | 2010 |
| OPS 09 ARM 003 | Universal waveform generation tools study. | 240.000 | 13-Nov-09 | 18-Dec-09 | 2010 |
| OPS 09 ARM 004 | Consultancy Study to support the EDA/ESA feasibility studies and follow on demonstration Mission in the area of C2/ATC link | 4.990 | 1-Apr-09 | 2-Apr-09 | 11-May-09 |
| OPS 09 ARM 004 A | Amendment 1 to Contract 09-ARM-004 | 2.495 | 11-May-09 | 15-May-09 | 5-Jun-09 |
| OPS 09 ARM 005 | Short engineering/think tank/legal advisor contract to support the establishment/set up of specific Cooperative Programmes - Business Development: Expert Support in the Armaments Communication Systems area. | 4.990 | 17-Apr-09 | 11-Jun-09 | 2010 |
| OPS 09 ARM 006 | Airworthiness & Certification WP100 ARM. | 89.500 | 2-Oct-09 | 7-Oct-09 | 2010 |
| OPS 09 ARM 007 | ESA/EDA feasibility study on C2/ATC link for UAS Air Traffic Insertion | 400.000 | 24-Nov-09 | 28-Jan-10 | 2010 |
| OPS 09 ARM 008 | European Military Airworthiness Certification Criteria (EMACC) | 236.102 | 7-Dec-09 | 10-Dec-09 | 2010 |
| OPS 09 ARM 009 | Development of European Military Joint Airworthiness Authorities' Organisation (EMJAAO) | 244.500 | 7-Dec-09 | 10-Dec-09 | 2010 |
| OPS 09 ARM 010 | Military Aircraft Occurrence Database (MAOD) | 181.400 | 7-Dec-09 | 10-Dec-09 | 2010 |
| OPS 09 ARM 011 | Support contract - Strategic Standardisation for UAS | 4.990 | | | |
| ARM | | 1.558.967 | | | |
| OPS 09 CAP 002-1 | Pilot Courses on OSINT - 1st Module "Sub-Sahara & Africa" | 27.000 | 24-Feb-09 | 4-Mar-09 | 23-Oct-09 |
| OPS 09 CAP 002-2 | Pilot Courses on OSINT - 2nd Module "Humanitarian Affairs & Disaster Management" | 27.000 | 18-Mar-09 | 31-Mar-09 | 16-Oct-09 |
| OPS 09 CAP 002-3 | Pilot Courses on OSINT - 3rd Module "Methods & Technics - Part 1 & 2" | 92.000 | 10-Apr-09 | 17-Apr-09 | 2010 |
| OPS 09 CAP 002-4 | Pilot Courses on OSINT - 4th Module "Terrorism & Extremism" | 32.000 | 21-Apr-09 | 25-May-09 | 2010 |
| OPS 09 CAP 002-5 | Pilot Courses on OSINT - 5th Module "Asia" | 33.000 | 25-May-09 | 26-Jun-09 | 2010 |
| OPS 09 CAP 002-6 | Pilot Courses on OSINT - 6th Module on "Proliferation & Counter Improvised Explosive Devices (CIED)" | 32.918 | 25-May-09 | 3-Jun-09 | 2010 |
| OPS 09 CAP 002-7 | Pilot Courses on OSINT - 7th module on "Middle East" | 32.944 | 8-Sep-09 | 10-Sep-09 | 2010 |
| OPS 09 CAP 003 | Camp Protection Capability Architecture. | 90.000 | 19-Jan-09 | 29-Jan-09 | 3-Sep-09 |
| OPS 09 CAP 006 | Description of a National CIED Capability | 4.950 | 4-Feb-09 | 17-Feb-09 | 17-Mar-09 |
| OPS 09 CAP 008 | In-Theatre Mobility Capability Evaluation Study | 344.000 | 8-Dec-09 | 30-Jan-10 | 2010 |
| OPS 09 CAP 009 | MARSUR Networking - Interface Requirements. | 450.000 | 15-Oct-09 | 23-Oct-09 | 2010 |
| OPS 09 CAP 010 | Lessons from contemporary experiences (Afghanistan) | 62.420 | 2-Jul-09 | 5-Aug-09 | 5-Dec-09 |
| OPS 09 CAP 010 A | Amendment 1 to the contract 09-CAP-010 | 10.377 | 15-Dec-09 | 18-Dec-09 | 23-Dec-09 |
| OPS 09 CAP 011 | European SATCOM Procurement Cell (ESCPC). | 125.000 | 6-Oct-09 | 30-Nov-09 | 30-Nov-10 |
| OPS 09 CAP 012 | Consultancy service to provide support to Project Team NEC regarding the NEC Implementation Study | 3.500 | 4-May-09 | 5-May-09 | 2010 |
| OPS 09 CAP 013 | CIED-Design and delivery of a Military Search Train the Trainers Course | 96.850 | 21-Oct-09 | 30-Oct-09 | 2010 |
| OPS 09 CAP 014 | Business Case and a SOW for a subsequent study: "Survey of ongoing administrative, procedural, technical and research activities to mitigate radio spectrum scarcity". | 4.997 | 30-Apr-09 | 30-Apr-09 | 2010 |
| OPS 09 CAP 015 | EU Intelligence, Surveillance and Reconnaissance (EU ISR) Architecture Design Study | 450.000 | 23-Oct-09 | 18-Dec-09 | 2010 |
| OPS 09 CAP 016 | Increased Availability of Helicopters. Amendment 1 to 08-CAP-022. | 115.321 | 11-May-09 | 15-Jun-09 | 2010 |
| OPS 09 CAP 017 | EATF support (PROV09CAP038 partly). | 4.900 | 26-May-09 | 10-Jun-09 | 10-Jun-09 |
| OPS 09 CAP 018 | Technical Specifications for an Integrated Biological Reconnaissance Defence System | 249.500 | 14-Oct-09 | 11-Dec-09 | 2010 |
| OPS 09 CAP 019 | Biological Decontamination Control | 95.000 | 6-Oct-09 | 13-Oct-09 | 2010 |
| OPS 09 CAP 020 | Combined Multinational CBRN EOD Staff Planners and Incidents Commanders Course. | 23.364 | 15-Oct-09 | 20-Oct-09 | 2010 |
| OPS 09 CAP 021 | MARSUR Wise Pen | 329.000 | 1-Jul-09 | 7-Jul-09 | 2010 |
| OPS 09 CAP 022 | Landscaping Study for the European Airtransport Fleet Initiative | 264.750 | 8-Dec-09 | 15-Jan-10 | 2010 |
| OPS 09 CAP 023 | Diplomatic clearances study for the European Air Transport Fleet initiative. | 142.950 | 8-Dec-09 | 16-Dec-09 | 2010 |
| OPS 09 CAP 024 | Personnel Recovery Equipment | 124.965 | 5-Nov-09 | 15-Dec-09 | 2010 |
| OPS 09 CAP 025 | Counter MANPADS - Threat based Capability Study and Landscaping. | 250.000 | 1-Oct-09 | 13-Oct-09 | 2010 |

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| Contract ID | Contract Title | Value (in €) | Award Notice | Contract Signature | Final Delivery |
|----------------|---|----------------------|-----------------|-----------------------|-------------------|
| OPS 09 CAP 026 | Guidelines for the Development of a National CIED Capability | 3.000 | 15-Jul-09 | 15-Jul-09 | 2010 |
| OPS 09 CAP 027 | Consultancy support on the design and development of a CBRN Defence Intelligence course. | 95.700 | 6-Nov-09 | 16-Nov-09 | 2010 |
| OPS 09 CAP 028 | Study on Land Manoeuvre | 52.560 | 20-Oct-09 | 20-Nov-09 | 20-Feb-10 |
| OPS 09 CAP 029 | Architecture Update | 199.240 | 3-Dec-09 | 15-Jan-10 | 2010 |
| OPS 09 CAP 030 | Pilot Course on Intelligence Analysis | 79.690 | 30-Nov-09 | 17-Dec-09 | 2010 |
| OPS 09 CAP 031 | Platform Survey Study for Biological Field Reconnaissance | 95.000 | 19-Nov-09 | 11-Dec-09 | 2010 |
| OPS 09 CAP 032 | Surveillance & Reconnaissance CST - Consultancy and Workshop Support | 9.999 | 19-Oct-09 | 4-Nov-09 | 2010 |
| OPS 09 CAP 033 | Maintenance of the Strategic Transport Model. | 15.000 | 24-Sep-09 | 24-Sep-09 | 24-Oct-09 |
| OPS 09 CAP 034 | CSUI Adjustments & Modifications. | 200.000 | 2-Oct-09 | 2-Oct-09 | 2010 |
| OPS 09 CAP 035 | Study on Future Defence Collaborative Opportunities | 4.990 | 1-Jan-00 | 1-Jan-00 | 2010 |
| CAP | | 4.273.885 | | | 2010 |
| OPS 09 I&M 001 | Study on R&D/R&T Contracting policies in support of SMEs. | 73.986 | 27-Mar-09 | 3-Apr-09 | 2010 |
| I&M | | 73.986 | | | |
| OPS 09 R&T 001 | ETICE - Essential technical & industrial Capabilities Expiry mapping the 2025 firepower technology supply chain | 400.000 | 3-Apr-09 | 19-Jun-09 | 19-Dec-09 |
| OPS 09 R&T 002 | Enhanced Radar Imaging Techniques (ERIT). | 400.000 | 6-Oct-09 | 11-Dec-09 | 11-Dec-10 |
| OPS 09 R&T 003 | Cognitive Aspects of Friendly Fire. | 95.000 | 12-Nov-09 | 17-Dec-09 | 2010 |
| OPS 09 R&T 004 | Reference scenarios for multiple unmanned vehicle operations (SMUVO) | 177.238 | 30-Oct-09 | 19-Nov-09 | 2010 |
| OPS 09 R&T 005 | ELAV - Electric Armour for Armoured Vehicle | 170.700 | 15-Oct-09 | 23-Oct-09 | 2010 |
| OPS 09 R&T 006 | Energy Supply for Unmanned Underwater Vehicles (acronym: ESUUV) | 90.000 | 17-Nov-09 | 18-Dec-09 | 2010 |
| OPS 09 R&T 007 | Maritime Unmanned Surface Vehicles (acronym: MUSV). | 91.591 | 25-Nov-09 | 15-Jan-10 | 2010 |
| OPS 09 R&T 008 | Active Imaging | 150.000 | 1-Dec-09 | 23-Feb-10 | 2010 |
| OPS 09 R&T 009 | Amendment 1 to 08-R&T-006 EMWARE- phase II (Extension of technical scope) | 198.000 | 15-Dec-09 | 15-Dec-09 | 1-Oct-10 |
| R&T | | 1.772.529 | | | |
| TOTAL | | 7.679.366,950 | | | |

Note 5: Revenues

EU Taxation

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

Financial Income

In 2009, the Agency's bank accounts generated interests of €263 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 €35 k in 2009.

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

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Note 6: pMS Contributions

In 2009, pMS contributions amounted to € 27.7 million; taking into account the 2009 surplus reimbursement of € 1.4 million, the actual cost to pMS was € 26 million.

| 2009 Contributions | % GNI ⁽¹⁵⁾ | 2009 Annual Contribution | Actual Cost to pMS | Budgetary Surplus ⁽¹⁶⁾ |
|---------------------|-----------------------|--------------------------|--------------------|-----------------------------------|
| Austria (AT) | 2,2893 | 633.803 | 601.594 | 32.209 |
| Belgium (BE) | 2,8188 | 780.413 | 740.754 | 39.659 |
| Bulgaria (BG) | 0,2875 | 79.592 | 75.548 | 4.045 |
| Cyprus (CY) | 0,1360 | 37.641 | 35.728 | 1.913 |
| Czech Republic (CZ) | 1,1764 | 325.694 | 309.143 | 16.551 |
| Estonia (EE) | 0,1407 | 38.944 | 36.965 | 1.979 |
| Finland (FI) | 1,5596 | 431.794 | 409.851 | 21.943 |
| France (FR) | 15,8975 | 4.401.395 | 4.177.724 | 223.670 |
| Germany (DE) | 20,2439 | 5.604.728 | 5.319.907 | 284.821 |
| Greece (EL) | 1,9952 | 552.380 | 524.310 | 28.071 |
| Hungary (HU) | 0,8239 | 228.098 | 216.507 | 11.592 |
| Ireland (IE) | 1,3369 | 370.126 | 351.317 | 18.809 |
| Italy (IT) | 12,6410 | 3.499.780 | 3.321.928 | 177.852 |
| Latvia (LV) | 0,1979 | 54.804 | 52.019 | 2.785 |
| Lithuania (LT) | 0,2685 | 74.332 | 70.555 | 3.777 |
| Luxembourg (LU) | 0,2456 | 67.995 | 64.539 | 3.455 |
| Malta (MT) | 0,0454 | 12.571 | 11.932 | 639 |
| Netherlands (NL) | 4,7831 | 1.324.253 | 1.256.957 | 67.296 |
| Poland (PL) | 2,9723 | 822.898 | 781.080 | 41.818 |
| Portugal (PT) | 1,3052 | 361.351 | 342.988 | 18.363 |
| Romania (RO) | 1,1309 | 313.105 | 297.194 | 15.911 |
| Slovakia (SK) | 0,5175 | 143.278 | 135.997 | 7.281 |
| Slovenia (SI) | 0,2976 | 82.401 | 78.214 | 4.187 |
| Spain (ES) | 8,6931 | 2.406.760 | 2.284.453 | 122.307 |
| Sweden (SE) | 2,8300 | 783.521 | 743.704 | 39.817 |
| United Kingdom (UK) | 15,3664 | 4.254.341 | 4.038.144 | 216.197 |
| Total 26 pMS | 100 | 27.686.000 | 26.279.052 | 1.406.948 |

⁽¹⁵⁾ 2009 GNI "Own Resources, excl. reserves", OJ L071, 13.3.2009; percentages rounded to 4 decimals.

⁽¹⁶⁾ The Budgetary Surplus is returned to pMS as a deduction from the 3rd contribution in year N+1 (15 October 2010).

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Note 7: Budgetary Surplus repayable to pMS

The budgetary surplus repayable to pMS is the difference between revenues received and expenses incurred during the financial year, including capital expenditure and corresponding depreciation adjustment. The 2009 surplus is returned to pMS as a deduction from the third budgetary contribution on 15 October 2010 (also see Note 6 above).

Note 8: Fixed Assets and Depreciation

Figures in €

| Fixed Asset Classes | 2009 Net Asset Value | 2009 Accumulated Depreciation | 2009 Asset Acquisitions | 2008 Net Asset Value |
|----------------------------|----------------------------|-------------------------------------|-------------------------------|----------------------------|
| Fitting-Out of Premises | 1.685.344 | (325.602) | - | 2.010.946 |
| Security Equipment | 4.133 | (4.009) | 2.523 | 5.619 |
| IT Equipment | 133.783 | (63.534) | 69.024 | 128.293 |
| Office Furniture | 45.967 | (23.302) | 9.950 | 59.319 |
| Office Technical Equipment | 36.647 | (8.120) | 16.438 | 28.329 |
| Total | 1.905.874 | (424.567) | 97.935 | 2.232.506 |

Note 9: Supplier receivables

Includes interest receivable from the bank (October – December 2009).

Note 10: Cash

EDA Bank Accounts

As at 31/12/2009, the global balance on the Agency's bank accounts totalled €21.785.979.

Figures in €

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Bank Accounts

In €

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

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

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EDA Petty Cash

As at 31 December 2009, the Agency had a petty cash balance of €2,000.00.

Note 11: Stakeholders

The Stakeholders liabilities include the following items:

Deferred pMS contributions

At Year-end 2009, 3 pMS paid part of its contributions in advance.

Capital expenditure Year N-1

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

Accounting Surplus

For the year 2009, the accounting surplus amounts to €1.4 million.

Note 12: Supplier Payables

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

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Payables

| Supplier Payables (in €) | 2007 Balance Sheet | | 2008 Balance Sheet | | 2009 Balance Sheet | |
|--------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | Accrued Expenses ⁽¹⁷⁾ | Pending Invoices ⁽¹⁸⁾ | Accrued Expenses ⁽¹⁷⁾ | Pending Invoices ⁽¹⁸⁾ | Accrued Expenses ⁽¹⁷⁾ | Pending Invoices ⁽¹⁸⁾ |
| FUNCTIONING | | | | | | |
| Payables related to 2005 | 10.337 | 0 | 8.146 | 0 | 0 | 0 |
| Payables related to 2006 | 0 | 0 | 0 | 0 | 0 | 0 |
| Payables related to 2007 | 351.388 | 367.986 | 108.583 | 0 | 0 | 0 |
| Payables related to 2008 | 0 | 0 | 174.146 | 302.788 | 0 | |
| Payables related to 2009 | 0 | 0 | 0 | 0 | 411.791 | 701.955 |
| FUNCTIONING | 361.725 | 367.986 | 290.875 | 302.788 | 411.791 | 701.955 |
| OPERATIONAL | | | | | | |
| Payables related to 2005 | 525.000 | 0 | 0 | 0 | 0 | 0 |
| Payables related to 2006 | 1.993.316 | 92.564 | 1.539.014 | 0 | 0 | 0 |
| Payables related to 2007 | 3.898.294 | 346.574 | 719.246 | 50.000 | 22.507 | 0 |
| Payables related to 2008 | 0 | 0 | 5.259.005 | 147.750 | 853.000 | 815.511 |
| Payables related to 2009 | | | | | 5.721.550 | 1.305.068 |
| OPERATIONAL | 6.416.610 | 439.138 | 7.517.265 | 197.750 | 6.597.057 | 2.120.579 |
| EARMARKED | | | | | | |
| Payables related to 2005 | 0 | 0 | 0 | 0 | 0 | 0 |
| Payables related to 2006 | 0 | 0 | 0 | 0 | 0 | 0 |
| Payables related to 2007 | 0 | 0 | 0 | 0 | 0 | 0 |
| Payables related to 2008 | 0 | 0 | 1.556.000 | 0 | 1.089.202 | 466.798 |
| Payables related to 2009 | 0 | 0 | 0 | 0 | 0 | 0 |
| OPERATIONAL | 0 | 0 | 1.556.000 | 0 | 1.089.202 | 466.798 |
| TOTAL | | | | | | |
| Payables related to 2005 | 535.337 | 0 | 8.146 | 0 | 0 | 0 |
| Payables related to 2006 | 1.993.316 | 92.564 | 1.539.014 | 0 | 0 | 0 |
| Payables related to 2007 | 4.249.682 | 714.560 | 827.829 | 50.000 | 22.507 | 0 |
| Payables related to 2008 | 0 | 0 | 6.989.151 | 450.538 | 1.942.202 | 1.282.309 |
| Payables related to 2009 | 0 | 0 | 0 | 0 | 6.133.341 | 2.007.023 |
| TOTAL | 6.778.335 | 807.124 | 9.364.140 | 500.538 | 8.098.050 | 3.289.331 |

⁽¹⁷⁾ Provisions for accrued expenses (163100 - Functioning; 163200 - Operational; 163300 - Earmarked).

⁽¹⁸⁾ Pending invoices from previous financial years, paid after the 31/12 but before the transfer to provisions.

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Note 13: Staff Payables

Pensions

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

Staff pension rights are composed of:

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

Total Statutory Staff pension rights accumulated on the Agency's balance sheet as per 31/12/2009 amount to € 8.266 k.

Pension provision for 2009 amounts to € 1,267 k and is composed of the following items:

Figures in € k

| EDA Staff Pension Accruals ⁽¹⁹⁾ | 2009 | 2008 | 2007 |
|--|--------------|--------------|--------------|
| EDA contribution | 1.842 | 1.633 | 1.456 |
| Staff contribution | 921 | 817 | 728 |
| Payments for severance grant | (1.603) | (933) | (0) |
| Payments for maintenance of pension rights | (104) | (22) | (58) |
| Financial interests | 133 | 243 | 148 |
| Total | 1.267 | 1.800 | 2.273 |

Note: In 2009, at the end of each month, accumulated pension rights and corresponding interests transferred to the pension bank account.

Miscellaneous Staff Payables

Miscellaneous Staff Payables include 2009 expenses paid in early 2010, such as: School and Child allowances, severance grants, mission expenses, other.

⁽¹⁹⁾ Staff pension rights (Temporary, SCO and Contract) are capitalised on the balance sheet account "Staff Pension Accruals". Maintenance of pension rights in accordance with Article 90 of the EDA Staff Regulations. See also p. 21.

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APPENDIX - SELECTED EDA ACRONYMS

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