



EUROPEAN DEFENCE AGENCY 2019 ANNUAL ACCOUNTS

JUNE 2020

EUROPEAN DEFENCE AGENCY

2019 ANNUAL ACCOUNTS

INTRODUCTION

The Annual Accounts 2019 are drafted in accordance with the European Defence Agency Financial Rules.

This report consists of:

Part I - Activity Report

Part II – The Budget Implementation Reports

Part III - The Financial Statements

Part IV – Notes to the Annual Accounts

CERTIFICATION BY THE ACCOUNTING OFFICER

The Annual Accounts of EDA for the year 2019 have been prepared in accordance with the European Defence Agency Financial Rules.

EDA is not yet in the position to implement fully IPSAS, although progress has been made in this respect during the past 4 years.

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

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

Brussels, 30 June 2020



Tim Van Horenbeke

Accounting Officer

EUROPEAN DEFENCE AGENCY

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PART I - ACTIVITY REPORT

2019 ACTIVITY REPORT

The main activities of the Agency in 2019 are outlined in the Annual Report 2019. This publication can be viewed on the Agency Website:

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

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RESULT OF THE YEAR

2019 Financial Highlights

Figures in k € - Budgetary Accounting

EUROPEAN DEFENCE AGENCY						
HISTORICAL BUDGETARY FINANCIAL DATA						
Figures in k €	2019	2018	2017	2016	2015	2014
REVENUES						
MEMBER STATE CONTRIBUTIONS	33.268	31.538	29.782	29.076	29.161	29.151
DEDUCTIONS FROM STAFF REMUNERATION	1.614	1.500	1.519	1.492	1.450	1.423
FINANCIAL INCOME	3	2	15	10	57	50
OTHER REVENUES	415	597	323	176	554	215
TOTAL REVENUES	35.300	33.637	31.638	30.754	31.222	30.839
EXPENSES						
PERSONNEL EXPENSES	21.978	20.850	19.724	18.967	17.701	18.552
FUNCTIONING EXPENSES	5.880	5.768	5.021	4.693	5.019	5.113
OPERATIONAL PROJECTS & STUDIES	6.910	6.376	6.394	6.857	7.372	7.068
TOTAL EXPENSES	34.768	32.994	31.140	30.517	30.093	30.733
BUDGETARY SURPLUS REPAYABLE TO pMS	533	643	498	237	1.129	667
Figures subject to rounding to nearest '000 Euro						

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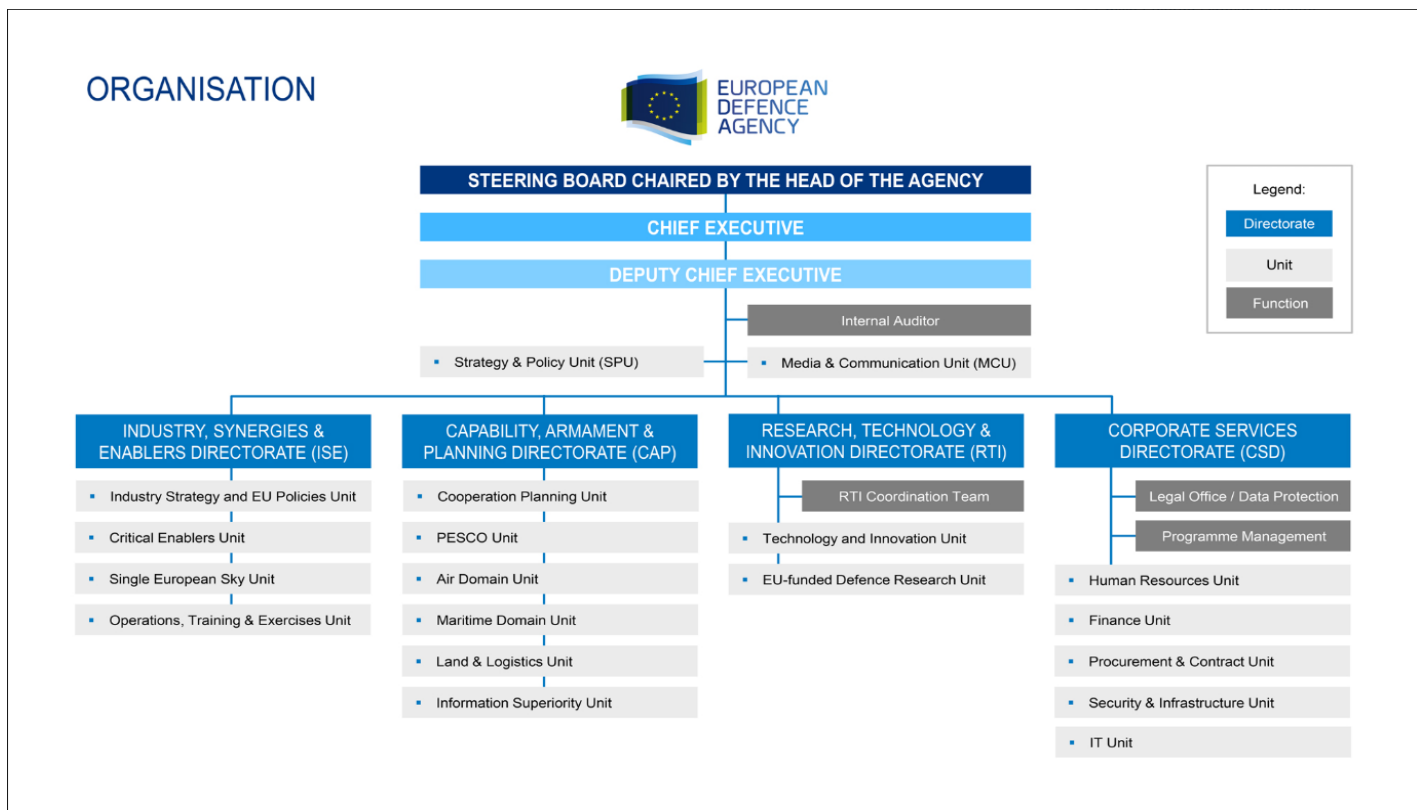
EDA STRUCTURE AND FUNCTIONS

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 formation.

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

The internal organisation of the Agency during 2019 is represented here below. The organisational structure changed from January 1st 2019.



⁽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.

INDUSTRY SYNERGIES & ENABLERS (ISE)

The Industry Synergies & Enablers (ISE) Directorate supports a range of activities critical to collaborative defence capability development in Europe.

On top of leading the work on identifying, together with Member States, Key Strategic Activities (KSA) at EU level, the ISE Directorate is responsible for the effective engagement with industry across the Agency's activities and in support of related priorities set by Member States.

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

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

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

CAPABILITY, ARMAMENT & PLANNING (CAP)

The Capability, Armament & Planning Directorate (CAP) Directorate supports the coherent development of the European defence landscape by integrating EDA's involvement in the Capability Development Plan (CDP), the Coordinated Annual Review on Defence (CARD) and the Permanent Structured Cooperation (PESCO). The Directorate also identifies, plans and proposes collaborative opportunities in support of EU capability development priorities and tailored to Member States' needs, representing a coherent approach from priority setting to impact.

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

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

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

RESEARCH, TECHNOLOGY & INNOVATION (RTI)

The Research, Technology & Innovation Directorate (RTI) promotes and supports defence research at EU level. Based on the Overarching Strategic Research Agenda (OSRA), developed together with the Member States, the Directorate coordinates and plans joint research activities and the study of technical solutions to meet future operational needs.

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

CORPORATE SERVICES DIRECTORATE (CSD)

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

PART II – THE BUDGET IMPLEMENTATION REPORTS

Principles of the budgetary implementation:

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

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

Principles of unity and of budgetary accuracy

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

Principle of annuality

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

Principle of equilibrium

Revenue and payment appropriations shall be in balance.

Principle of unit of account

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

Principle of universality

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

Principle of specification

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

Principle of sound financial management

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

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

Principle of transparency

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

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2019 CONSOLIDATED BUDGET IMPLEMENTATION REPORT

EUROPEAN DEFENCE AGENCY CONSOLIDATED BUDGET IMPLEMENTATION REPORT 2019									
BUDGET IMPLEMENTATION REPORT 2019	GENERAL BUDGET EUROPEAN DEFENCE AGENCY			AD HOCS			ADDITIONAL REVENUE		
	2019	2019	2019	2019	2019	2019	2019	2019	2019
<i>Figures in €</i>	Budget ^(REV)	Committed	Paid	Budget	Committed	Paid	Budget	Committed	Paid
EXPENSES									
Title I : PERSONNEL EXPENSES	21.977.655	21.977.655	21.738.222	23.157	23.157	25.115	902.880	902.880	590.598
Title II : FUNCTIONING EXPENSES	5.880.425	5.880.425	4.267.093	0	0	815.012	1.039.032	1.039.032	378.930
TOTAL PERSONNEL & FUNCTIONING EXPENSES	27.858.080	27.858.080	26.005.315	23.157	23.157	840.126	1.941.912	1.941.912	969.529
Title III : OPERATIONAL BUDGET	6.909.680	6.909.680	289.670	40.726.561	40.726.561	21.892.764	10.564.714	10.564.714	13.788.265
TOTAL EXPENSES	34.767.760	34.767.760	26.294.986	40.749.718	40.749.718	22.732.891	12.506.627	12.506.627	14.757.794
REVENUES									
Title IV: MISC. COMMUNITY TAXES, LEVIES & DUES	1.500.000,00		1.614.112						
Title V: INCOME FROM OPERATING ACTIVITIES			3.340	116		116	14		14
Title VI: pMS CONTRIBUTIONS	33.267.760		33.267.760	44.428.321		44.428.321	32.902.626		32.902.626
Title VII: OTHER REVENUES			415.259						
TOTAL REVENUES	34.767.760		35.300.471	44.428.437		44.428.437	32.902.640		32.902.640
BUDGETARY SURPLUS REPAYABLE TO pMS			532.712			N/A			N/A
<i>(Total revenues less total expenses)</i>									

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2019 BUDGET IMPLEMENTATION REPORTS

Fund Source C1

EUROPEAN DEFENCE AGENCY					Fund source C1		
BUDGET IMPLEMENTATION REPORT 2019							
	Notes	2019	2019	2019	2018	2018	2018
Figures in €	1	Budget ^(REV)	Committed	Paid	Budget ^(REV)	Committed	Paid
EXPENSES							
Title I : PERSONNEL EXPENSES							
Chapter 11: TEMPORARY STAFF		16.730.751	16.730.751	16.730.751	15.938.211	15.938.211	15.938.211
Chapter 12: SNE, CONTRACT & OTHER STAFF		3.595.201	3.595.201	3.469.826	3.248.802	3.248.802	3.155.797
Chapter 13: STAFF RELATED		1.651.704	1.651.704	1.537.646	1.662.987	1.662.987	1.316.226
TOTAL PERSONNEL EXPENSES		21.977.655	21.977.655	21.738.222	20.850.000	20.850.000	20.410.233
Title II : FUNCTIONING EXPENSES							
Chapter 20: BUILDING AND BUILDING RELATED EXPENSES		3.356.123	3.356.123	3.002.595	3.329.591	3.329.591	2.872.741
Chapter 21: INFORMATION TECHNOLOGY EXPENSES		1.887.385	1.887.385	917.394	1.966.798	1.966.798	1.116.574
Chapter 22: OTHER FUNCTIONING EXPENSES		636.917	636.917	347.104	471.883	471.883	207.873
TOTAL FUNCTIONING EXPENSES		5.880.425	5.880.425	4.267.093	5.768.272	5.768.272	4.197.188
TOTAL PERSONNEL & FUNCTIONING EXPENSES		27.858.080	27.858.080	26.005.315	26.618.272	26.618.272	24.607.421
Title III : OPERATIONAL BUDGET EXPENSES							
Chapter 30: PROJECTS AND STUDIES	4	6.909.680	6.909.680	289.670	6.380.000	6.375.619	984.384
TOTAL OPERATIONAL BUDGET		6.909.680	6.909.680	289.670	6.380.000	6.375.619	984.384
TOTAL EXPENSES		34.767.760	34.767.760	26.294.986	32.998.272	32.993.891	25.591.805
REVENUES							
Title IV: TAXATION							
Chapter 40: DEDUCTIONS FROM STAFF REMUNERATION	5	1.500.000		1.614.112	1.460.000		1,499.510
Title V: FINANCIAL INCOME							
Chapter 50: FINANCIAL INCOME				3.340			1.810
Title VI: MEMBER STATE CONTRIBUTIONS							
Chapter 60 : MEMBER STATE CONTRIBUTIONS	6	33.267.760		33.267.760	31.538.272		31.538.272
Title VII: OTHER REVENUES							
Chapter 75 : OTHER REVENUES	5	0		415.259			597.059
TOTAL REVENUES		34.767.760		35.300.471	32.998.272		33.636.651
BUDGETARY SURPLUS	7			532.712			642.760

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Fund source C4

EUROPEAN DEFENCE AGENCY			
BUDGET IMPLEMENTATION REPORT 2019			Fund source C4
<i>Notes</i>	2019	2019	2019
<i>Figures in €</i>	Budget	Committed	Paid
EXPENSES			
Title I : PERSONNEL EXPENSES			
Chapter 11: TEMPORARY STAFF	178.860	178.860	178.860
Chapter 12: SNE, CONTRACT & OTHER STAFF	0	0	0
Chapter 13: STAFF RELATED	0	0	0
TOTAL PERSONNEL EXPENSES 2	178.860	178.860	178.860
Title II : FUNCTIONING EXPENSES			
Chapter 20: BUILDING AND BUILDING RELATED EXPENSES	4.495	4.495	4.495
Chapter 21: INFORMATION TECHNOLOGY EXPENSES	0	0	0
Chapter 22: OTHER FUNCTIONING EXPENSES	0	0	0
TOTAL FUNCTIONING EXPENSES	4.495	4.495	4.495
TOTAL PERSONNEL & FUNCTIONING EXPENSES	183.355	183.355	183.355
Title III : OPERATIONAL BUDGET EXPENSES			
Chapter 30: PROJECTS AND STUDIES	0	0	0
TOTAL OPERATIONAL BUDGET	0	0	0
TOTAL EXPENSES	183.355	183.355	183.355

C4 fund source represents amounts recovered during 2019 in relation to EDA staff or from EDA contractors. The amount in Title I includes compensation for EDA staff working on projects delegated to EDA from the European Commission and EASME (reported as additional revenue).

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Fund source C8

EUROPEAN DEFENCE AGENCY			
BUDGET IMPLEMENTATION REPORT 2019			Fund source C8
<i>Notes</i>	2019	2019	2019
<i>Figures in €</i>	Budget	Implemented	Paid
EXPENSES			
Title I : PERSONNEL EXPENSES			
Chapter 11: TEMPORARY STAFF	0	0	0
Chapter 12: SNE, CONTRACT & OTHER STAFF	93.006	91.326	91.326
Chapter 13: STAFF RELATED	346.761	268.625	267.998
TOTAL PERSONNEL EXPENSES	439.767	359.951	359.324
Title II : FUNCTIONING EXPENSES			
Chapter 20: BUILDING AND BUILDING RELATED EXPENSES	456.850	446.141	446.141
Chapter 21: INFORMATION TECHNOLOGY EXPENSES	873.691	856.937	758.177
Chapter 22: OTHER FUNCTIONING EXPENSES	273.622	257.169	257.169
TOTAL FUNCTIONING EXPENSES	1.604.163	1.560.247	1.461.487
TOTAL PERSONNEL & FUNCTIONING EXPENSES	2.043.930	1.920.198	1.820.811
Title III : OPERATIONAL BUDGET EXPENSES			
Chapter 30: PROJECTS AND STUDIES	9.617.853	9.379.139	5.963.051
TOTAL OPERATIONAL BUDGET	9.617.853	9.379.139	5.963.051
TOTAL EXPENSES	11.661.783	11.299.337	7.783.862

C8 fund source represents appropriations which were automatically carried forward from 2018 to 2019, to meet obligations arising from legal commitments signed in previous year(s). C2 fund source is used for payments appropriations under operational budget.

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Budget Transfers and Amendments:

EUROPEAN DEFENCE AGENCY				
2019 Budget Transfers and Amendments				
<i>Figures in €</i>				
EXPENDITURES	Initial budget	Amending Budget	Transfers	Final
Title I - Personnel expenditures				
Total Personnel expenditures	23.702.000	-	- 1.724.345	21.977.655
Title II - Functioning Expenditures				
Total Functioning Expenditures	5.798.000	-	82.425	5.880.425
Title III - Operational expenditures				
Total Operational expenditures	3.000.000	2.267.760	1.641.920	6.909.680
TOTAL EXPENDITURES	32.500.000	2.267.760*	-	34.767.760

* Amending budget 1.625.000 and Second amending budget 642.760 Surplus 2018 entered into budget 2019

Budget Summary 2019:

Budgetary expenditure for 2019						
Title	Budget A	Committed B	%	Paid C	%	Surplus Budget/Expenditure D = A-B
Title I Personnel Expenses	21.977.655	21.977.655	100%	21.738.222	99%	0,00
Title II Functioning Expenses	5.880.425	5.880.425	100%	4.267.093	73%	0,00
Title III Operational Expenses	6.909.680	6.909.680	100%	289.670	4%	0,00
Total	34.767.760	34.767.760	100%	26.294.986	76%	0,00
Budgetary Revenue for 2019						
Title	Budget A			Revenue B	%	Surplus Revenue E = B-A
Title IV Deductions from Staff Remuneration	1.500.000	-	-	1.614.112	108%	114.112
Title V Financial Income	0	-	-	3.340	-	3.340
Title VI pMS Contributions	33.267.760	-	-	33.267.760	100%	0
Title VII Other Revenues	0	-	-	415.259	-	415.259
Total	34.767.760	-	-	35.300.471	102%	532.712
Total Surplus for 2019 D + E						532.712

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Evolution of commitments outstanding

This table shows the evolution of carry forwards from previous years and current outstanding commitments.

Carry forwards from previous years				
Title	Initial amount outstanding from previous year(s)	Amounts paid	Carryforwards cancelled in 2019	Final amount from previous year(s)
Title I Personnel Expenses	439.767	359.324	80.443	0
Title II Functioning Expenses	1.604.163	1.461.487	44.166	98.510
Title III Operational Expenses	9.617.853	5.963.051	238.714	3.416.088
Totals	11.661.783	7.783.862	363.323	3.514.598
Current outstanding Commitments				
Title	Initial amount from the current financial year	Amounts paid	Amounts cancelled	Committed amount outstanding from the current financial year
Title I Personnel Expenses	21.977.655	21.738.222	0	239.433
Title II Functioning Expenses	5.880.425	4.267.093	0	1.613.332
Title III Operational Expenses	6.909.680	289.670	0	6.620.009
Totals	34.767.760	26.294.986	0	8.472.774

TOTAL outstanding commitments at the end of the financial year

11.987.372

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PART III – THE FINANCIAL STATEMENTS (accrual accounting)

2019 BALANCE SHEET			
EUROPEAN DEFENCE AGENCY			
BALANCE SHEET			
	Notes	31.12.2019	31.12.2018
<i>Figures in €</i>			
ASSETS			
ASSETS			
NON-CURRENT ASSETS			
IT EQUIPMENT		54.866	81.142
OFFICE FURNITURE		1.765	4.614
OFFICE TECHNICAL EQUIPMENT		36.558	27.810
TOTAL NON-CURRENT ASSETS	8	93.189	113.565
CURRENT ASSETS			
Short-term receivables			
SUNDRY RECEIVABLES		309.743	105.890
MS CONTRIBUTION RECEIVABLES		7.822	0
Short-term receivables	13	317.564	105.890
Cash and cash equivalents			
EDA BANK ACCOUNTS		26.294.062	24.852.065
Cash and cash equivalents	9	26.294.062	24.852.065
TOTAL CURRENT ASSETS		26.611.626	24.957.955
TOTAL ASSETS		26.704.815	25.071.520
LIABILITIES			
STAKEHOLDERS			
ACCUMULATED SURPLUS		7.351.958	5.405.697
ACCOUNTING SURPLUS/LOSS		1.310.054	1.946.262
STAKEHOLDERS	10	8.662.012	7.351.958
SUPPLIER PAYABLES			
ACCRUED EXPENSES	11	4.066.834	5.004.903
- THEREOF FUNCTIONING		851.122	747.260
- THEREOF OPERATIONAL		3.215.712	4.257.643
SUNDRY PAYABLES		183.592	(4.358)
SUPPLIER PAYABLES		4.250.426	5.000.545
STAFF PAYABLES			
STAFF PENSION ACCRUALS (RCN)	12	12.913.658	12.410.788
STAFF SUNDRY PAYABLES		20.136	15.345
STAFF PAYABLES		12.933.794	12.426.133
DEFERRED REVENUE			
ADVANCE MS CONTRIBUTIONS		616.169	292.884
AD-HOC PROJECTS SURPLUS		242.414	
ADVANCE CONTRIBUTIONS	10	858.583	292.884
TOTAL LIABILITIES		26.704.815	25.071.520

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2019 CASH FLOW STATEMENT			
EUROPEAN DEFENCE AGENCY			
CASH FLOW			
<i>Figures in €</i>	<i>Notes</i>	31.12.2019	31.12.2018
OPENING BANK ACCOUNT BALANCE		24.852.065	24.827.029
CASH RECEIVED FROM PMS			
PMS CONTRIBUTIONS		32.934.762	31.703.906
Subtotal		32.934.762	31.703.906
CASH RECEIVED FROM OTHER SOURCES			
RESIDUAL FUNDS GUARANTEE BANK ACCOUNT		0	17
OTHER RECEIPTS	18	153.475	68.956
RESIDUAL FUNDS PROJECTS	17	509.055	746.767
PENSION CONTRIBUTIONS ADDITIONAL REVENUE	16	120.966	
TRANSFERS BETWEEN ACCOUNTS	14	4.156.905	
Subtotal		4.940.401	815.740
CASH RECEIVED FROM BANK			
INTERESTS CREDITED DURING THE YEAR		108	61
Subtotal		108	61
TOTAL CASH INFLOWS		37.875.270	32.519.706
CASH SPENT FOR FUNCTIONING & OPERATIONAL EXPENSES			
PAYMENTS EDA GENERAL		28.977.001	29.886.772
PAYMENTS PENSIONS		3.291.351	2.607.899
Subtotal		32.268.352	32.494.670
OTHER PAYMENTS			
TRANSFERS BETWEEN ACCOUNTS	14	4.156.905	
OTHER CHARGES & ADJUSTMENTS	19	8.016	
Subtotal		4.164.921	0
TOTAL CASH OUTFLOWS		36.433.273	32.494.670
CLOSING BANK ACCOUNT BALANCE		26.294.062	24.852.065

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2019 STATEMENT OF FINANCIAL PERFORMANCE

STATEMENT OF FINANCIAL PERFORMANCE		Reporting period (01.2019-16.2019)	Reporting period (01.2018-16.2018)
I. ECONOMIC RESULT OF THE YEAR (CALCULATED)	NOTES	1.310.054	1.946.262
II.1 REVENUES	5, 6		
II.1.2 Operating revenues		34.466.772	33.066.956
II.1.3 Financial Revenues		6.476	1.810
TOTAL REVENUE		34.473.248	33.068.765
II.2. EXPENSES			
II.2.1 Operational Studies and Projects	4	-5.300.839	-5.063.571
II.2.2 Staff expenses	2	-21.591.432	-20.067.438
II.2.3 Administrative and IT expenses	3	-6.207.087	-5.878.626
II.2.4. Fixed asset related expenses	8	-63.583	-112.851
II.2.5. Financial expenses	15	-254	-18
TOTAL EXPENDITURE		-33.163.195	-31.122.503

2019 STATEMENT OF CHANGES IN NET ASSETS

EUROPEAN DEFENCE AGENCY

STATEMENT OF CHANGES IN NET ASSETS

	Accumulated Surplus (Deficit)	Economic result of the year	Net Assets
Balance as of 31/12/2018	5.405.697	1.946.262	7.351.958
Allocation of economic result 2018	1.946.262	-1.946.262	0
Economic result 2019	0	1.310.054	1.310.054
Balance as of 31/12/2019	7.351.958	1.310.054	8.662.012

The statement of changes in net assets reflects the movement in the liabilities as from 31st December 2018 to 31st of December 2019.

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RECONCILIATION BETWEEN BUDGET OUTTURN AND ECONOMIC OUTTURN

EUROPEAN DEFENCE AGENCY		
RECONCILIATION BETWEEN BUDGET OUTTURN AND ECONOMIC OUTTURN		
	2019	2018
Figures in €		
Budgetary result	532.712	642.760
<i>Adjustments for items not in the budgetary result but in the economic result</i>		
Income Projects	178.860	
Depreciation	-63.583	-112.851
Asset accruals	33.307	
Accrued charges	-4.066.834	-5.810.831
Accrued charges N-1 reversals	5.004.903	
C4 expenditure	-183.355	
C8 expenditure	-7.783.862	
Deferred expenditure	243.064	
Invoices booked with no payment in year N	-122.639	
Currency exchange	-254	
Expenditure direct accounting entries	37.346	
<i>Adjustments for items in the budgetary result but not in the economic result</i>		
Asset acquisition	9.900	80.375
Carry forward cancellations	-363.323	-69.614
Carry over	8.472.774	6.730.311
OB Contracts (total amount paid)		984.384
Prefinancing payment	984	
Payment of year N-1 invoices	22.814	
Budget amendment / Surplus of year N-1	-642.760	-498.272
Total	1.310.054	1.946.262
Economic result	-1.310.054	-1.946.262
Discrepancy	0	0

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PART IV – NOTES TO THE ANNUAL ACCOUNTS

Note 1: Basis of Presentation and Specific Accounting Policies

BASIS OF PRESENTATION

EDA annual accounts have been established in conformity with:

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

2019 Budget

During the first quarter 2019, the Agency was operating under the so-called provisional twelfths budgetary regime. On 12 December 2018, the Steering Board authorised EDA to inscribe three provisional twelfths based on 2018 budget level to be used from the beginning of 2019 in the absence of the adopted budget 2019.

The general budget for 2019 was adopted by the Steering Board on 28 March 2019. It was first amended on 22 July 2019 to a total of 34.125k €. The second amending budget 2019 was approved by the Steering Board on 11 October 2019 whereby surplus 2018 of 643k € was entered into budget 2019, bringing the general budget of the Agency to a total of 34.768k €. See table 2019 Budget transfers and amendments for information on budget allocation.

pMS Contributions

Contributions, from 27 participating Member States⁽²⁾ ('pMS') are calculated in accordance with the principles of the EU budget proportional share of the pMS's GNI in the total GNI aggregate. Contributions are due in three instalments, by 15 March, 15 June and 15 October (Art. 16, Council Decision (CFSP) 2015/1835 of 12 October 2015 defining the statute, seat and operational rules of the European Defence Agency).

Budget structure and presentation

Following the migration to the new financial management and accounting system at the end of 2018, the budget structure was slightly changed to allow better reporting per budget areas.

2019 EDA general budget was adopted by the Steering Board at chapter level. According to Article 21 EDA Financial Rules, "*the structure of the budgetary implementation report shall be the same as of the budget itself*". The presentation of the budget implementation report in the annual accounts 2019 follows this requirement.

SPECIFIC ACCOUNTING POLICIES

⁽²⁾ 28 EU Member States in 2019 excluding Denmark

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At the end of 2018, EDA migrated to the new financial management and accounting system ABAC/SAP. Thereupon, some of the accounts were merged while others were split in order to have a better and more structured overview.

Fixed Asset Policy

Items acquired by the Agency purchase price of which is 5k € or more, with a period of use greater than one year, and which are not consumables are recorded in the fixed assets accounts. The Agency performs an annual inventory of its fixed assets, where all qualifying assets are individually monitored and recorded in the fixed asset database.

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

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

Depreciation

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

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

Accruals

Accrual charges for Title I (personnel related, such as unspent leave) and Title II (administrative expenditure) are calculated based on expected invoices/charges to be received/charged at the beginning of 2020 and relating to goods/services delivered in 2019 and leave entitlements of 2019. Accruals for Title III are calculated on a pro rata basis to ensure the closest possible estimate.

Deferrals

Deferred charges are calculated based on the invoices received during 2019 for services which will be delivered in part or in full during 2020. The majority of the services which fall under this category are software subscriptions and software maintenance services.

Note 2: Personnel Expenses

Personnel Expenses

Personnel budgetary expenses amount to 22.157k €.

The above amount includes C4 funds of 179k €. This amount includes compensation for staff working on projects delegated to EDA by the European Commission and EASME under EDA Additional Revenue: Pilot Project and Consultation Forum for Sustainable Energy in the Defence and Security Sector (CF SEDSS I and CF SEDSS II).

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

STAFF CATEGORIES AT THE AGENCY

EDA employs different categories of personnel:

1. Temporary Staff

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

2. Contract Staff

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

3. Seconded National Experts

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

4. Experts on cost-free secondment

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

5. Trainees

EDA runs its own traineeship programme since October 2018.

Basic Salaries

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

Staff Statutory Allowances & Staff Social Protection

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

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Miscellaneous allowances and grants

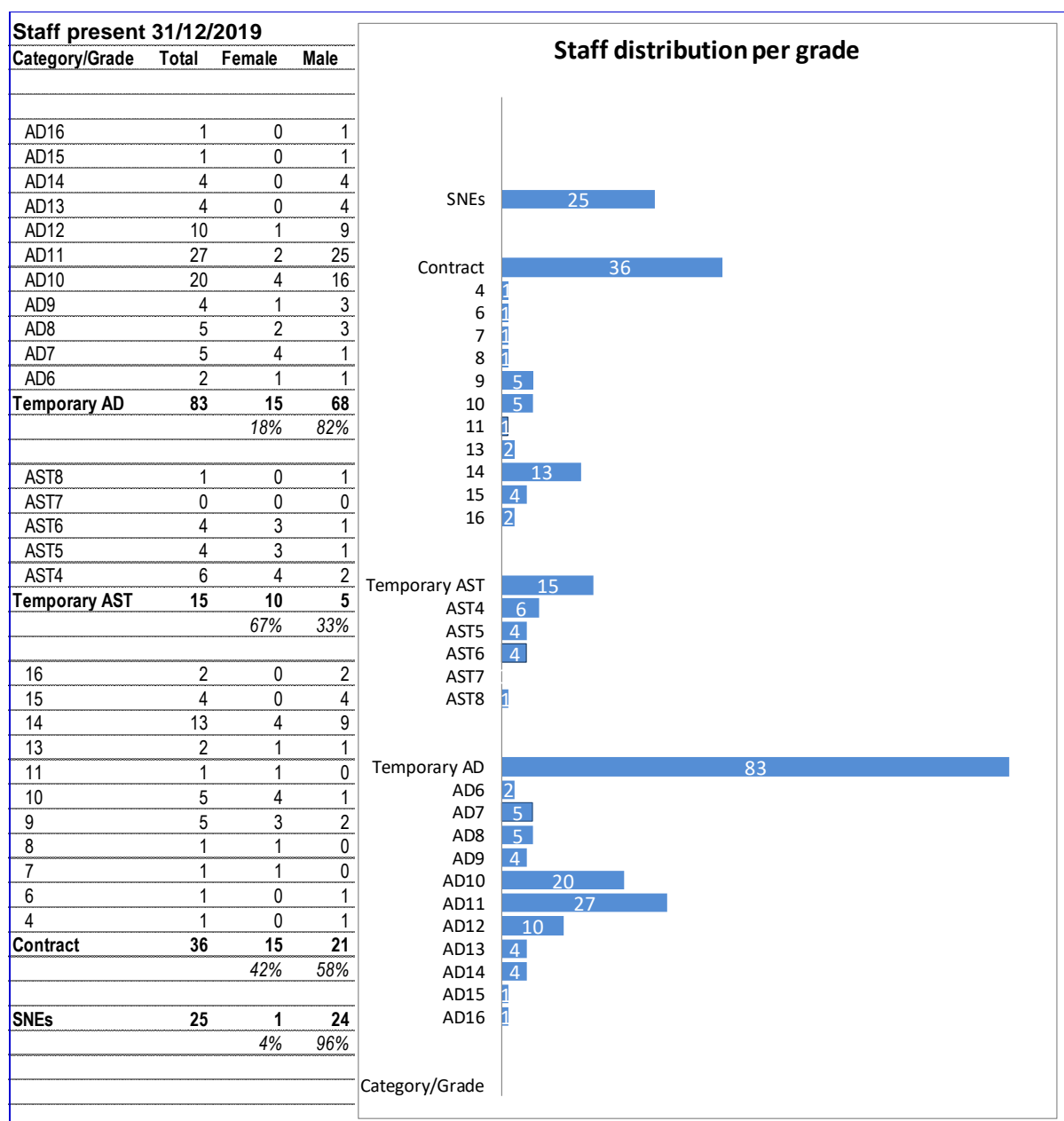
Orphans Pension: EDA has an obligation to pay orphans' pension to the children of a deceased Staff Member, until each orphan reaches the age of 18 or, subject to confirmation, up to the age of 26 if full-time studies are pursued by the child.

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

Staff Allowances on Entering & Leaving Service

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

Staff present on 31/12/2019



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Contract Staff

36 Contract Staff were present in the Agency on 31/12/2019. Payment of salary and allowances of contract staff are governed by the European Defence Agency Staff Regulations.

Seconded National Experts (SNEs)

On 31/12/2019, 25 SNEs were present at the Agency. Payment of allowances are governed by the SNE rules of the Agency.

Trainees

On 31/12/2019, the Agency had 10 trainees.

Recruiting Expenses

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

Mission Expenses

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

Medical Expenses

Relate to annual health examinations of staff.

Learning and development

Staff training expenses: mandatory and professional development training.

Other external services

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

Social dialogue and staff wellbeing

Expenses related to staff social activities.

Representation Expenses

Expenses related to official receptions: catering, event organisation.

Note 3: Functioning Expenses

Building and Building Related Expenses

Building lease expenditure

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

Fitting-out of Premises

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

Office Furniture

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

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Security services and equipment

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

Cleaning and facility services

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

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

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

Utility Services

Building utility expenses related to water, electricity and heating.

Insurances

Selected insurance policies related to EDA premises.

Health and Safety

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

Office Supplies

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

Postal & Delivery Expenditures

Postage, express mail.

Mobility related expenditures

Rental fees for office vehicle and maintenance costs.

Information Technology Expenses

IT hardware and Software

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

IT Services and Development

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

Telecommunication costs

Telecommunication expenses: mobile, internet and dedicated lines.

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Other Functioning

Translation and interpretation services

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

Subscriptions and Publication services

Expenses related to specialised information sources and press subscriptions.

Corporate Communication expenditures

Expenses related to EDA corporate communication and EDA annual conference.

Meetings, conferences and seminars

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

Other Services

Other services including legal support, audits and consultancies.

Financial Charges

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

Note 4: Operational expenditure

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

In 2019 the operational budgetary expenses amounted to 6.910k €.

As explained in note 1, the accounting approach of accruals for Title III are calculated on a pro rata basis to ensure the closest possible estimate. As a result, the total accrued cost for contracts concluded in 2017, 2018 and 2019 amount to 3.216k € (see table below) while the actual operational expenditure in 2019 totals to 5.301k € as reflected in the Statement of Financial Performance.

Procurement procedure year	Accrued cost
2017	643.306
2018	1.863.407
2019	709.000
Total	3.215.712

Note 5: Revenues

Operating revenues

The operating revenues consist of the Member States contributions (32.625k €); the taxation on Staff salaries (1.614k €); staff related recoveries (43k €); administrative fees as set out in the delegation agreements with the Commission such as ENER I, ENER II and Pilot Project (totalling to 179k €) and recoveries from suppliers (5k €)

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Financial Revenues

Financial revenue consists mainly of the Interest on late payments of pMS Contributions (3k €) and other income such as the refund of ISABEL bank charges (3k €).

The bank interest also falls under this category.

Bank interest yielded on the current account and interest on late payments are included in the budgetary surplus.

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Note 6: pMS Contributions

EUROPEAN DEFENCE AGENCY						
2019 pMS CONTRIBUTIONS AND BUDGETARY SURPLUS						
In €						
	2019 GNI Own Resources *	2019 Key	2019 Annual Contribution	2019 Surplus distribution	2019 actual cost to Member States	
Austria (AT)	2.618.276.863	2,4926	813.213	13.278	799.935	
Belgium (BE)	3.047.168.574	2,9009	946.423	15.453	930.969	
Bulgaria (BG)	365.042.957	0,3475	113.379	1.851	111.528	
Cyprus (CY)	135.452.477	0,1290	42.070	687	41.383	
Croatia (HK)	341.111.233	0,3247	105.946	1.730	104.216	
Czech Republic (CZ)	1.344.773.264	1,2802	417.674	6.820	410.854	
Estonia (EE)	167.372.947	0,1593	51.985	849	51.136	
Finland (FI)	1.589.956.385	1,5136	493.826	8.063	485.763	
France (FR)	16.188.935.777	15,4119	5.028.136	82.101	4.946.035	
Germany (DE)	23.431.327.562	22,3067	7.277.557	118.830	7.158.726	
Greece (EL)	1.240.552.303	1,1810	385.304	6.291	379.013	
Hungary (HU)	877.763.099	0,8356	272.625	4.452	268.174	
Ireland (IE)	1.742.092.238	1,6585	541.078	8.835	532.243	
Italy (IT)	11.887.159.058	11,3166	3.692.043	60.285	3.631.758	
Latvia (LV)	197.220.041	0,1878	61.255	1.000	60.255	
Lithuania (LT)	291.628.286	0,2776	90.577	1.479	89.098	
Luxembourg (LU)	267.818.985	0,2550	83.182	1.358	81.824	
Malta (MT)	78.811.046	0,0750	24.478	400	24.078	
Netherlands (NL)	5.226.550.213	4,9757	1.623.319	26.506	1.596.813	
Poland (PL)	3.276.819.614	3,1195	1.017.750	16.618	1.001.132	
Portugal (PT)	1.323.889.089	1,2603	411.188	6.714	404.474	
Romania (RO)	1.383.139.821	1,3168	429.591	7.014	422.576	
Slovakia (SK)	618.824.984	0,5891	192.201	3.138	189.063	
Slovenia (SI)	315.456.472	0,3003	97.978	1.600	96.378	
Spain (ES)	8.194.487.726	7,8012	2.545.133	41.558	2.503.575	
Sweden (SE)	3.132.498.640	2,9821	972.926	15.886	957.039	
United Kingdom (UK)	15.757.589.096	15,0013	4.894.163	79.913	4.814.250	
				0	0	
Total 27 pMS*	105.041.718.750	100	32.625.000,00	532.712	32.092.289	

In 2019 calls for an amount totalling to 32.625k € were issued. Additionally, the budgetary surplus 2018 (642k €) was inscribed. This results into an amount of 33.267k €.

Note 7: Budgetary Surplus

The 2019 budgetary surplus (532.712 €) is the difference between revenues received and expenses incurred during the financial year. It includes cancellations of amounts carried forward (363.323 €) which represents open balances de-committed after final payments of administrative and operational contracts.

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Note 8: Fixed Assets and Depreciation

Figures in €

EUROPEAN DEFENCE AGENCY					
Fixed Assets					
<i>In €</i>					
Fixed Asset Classes	2019 Net Asset Value	2019 Depreciation	2019 Asset Acquisitions	2018 Net Asset Value	Accumulated Depreciation
INFRA SEC Equipment	36.558	24.558	33.307	27.809	299.231
IT Equipment	54.866	36.175	9.900	81.142	963.987
Office Furniture	1.765	2.849	-	4.614	125.502
Total	93.189	63.583	43.207	113.565	1.388.720

During 2019, assets in a gross value of 824.517 € have been written-off following the instructions by a disposal committee and an accounting correction note: 705.913 € (IT equipment), 42.797 € (Office Furniture) and 75.807 € (INFRA SEC Equipment). The net asset value of the items written-off was 343 €.

Note 9: Cash

EDA Bank Accounts

As at 31/12/2019, the global balance on the Agency's bank accounts related to EDA general budget totalled 26.294.062 €.

EUROPEAN DEFENCE AGENCY		
Bank Accounts		
<i>In €</i>		
EDA Bank Accounts	2019	2018
Opening balance	24.852.065	24.827.029
Closing balance	26.294.062	24.852.065

Employee pension rights are managed in a separate bank account. The figure in the table above shows the consolidated closing balance at the end of 2019 on both bank accounts: 13.128.808 € on the pensions account and 13.165.254 € on the EDA current account.

Note 10: Stakeholders & Deferred Revenue

In 2019, EDA has implemented a change in the presentation of the stakeholders equity, in order to harmonise the presentation with the annual accounts of other EU Institutions and bodies, whereby the equity comprises the accumulated economic result (7.351.958 €) of past periods and the economic result for the year (1.310.054 €).

The advance calls on pMS contributions, previously shown as part of Stakeholders' equity, are presented under EDA liabilities as Deferred Revenue. The change follows the reasoning that since the Accounts receivable items and Cash received in relation to future incomes are part of EDA's assets, the liabilities should be shown in the same way.

Note 11: Accrued expenses

- The Accrued expenses amount to 4.066.834 €. The breakdown for this goes as follows:
 - Accrued expenses for Title I: 367.463 €
 - Accrued expenses for Title II: 450.352 €
 - Accrued expenses for Title III: 3.215.712 €
 - Accrued assets: 33.307 €

Accrued expenses for Title I and II are calculated based on expected invoices/charges to be received/charged at the beginning of 2020 and relating to goods/services delivered in 2019 and leave entitlements of 2019.

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

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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 31/12/2019 amount to 12.9 M €.

Pension provision for 2019 amounts to 503k € and is composed of the following items:

EUROPEAN DEFENCE AGENCY		
Pension Provision		
<i>In k €</i>		
EDA Staff Pension Accruals	2019	2018
EDA Contribution for Temporary Agents	2.253	2.081
EDA Contribution for Contract Staff	271	199
Staff Contribution for Temporary Agents	1.127	1.041
Staff Contribution for Contract Staff	136	100
Invalidity Contribution	7	7
Payments for Severance Grants	(2.699)	(2.546)
Payments for Maintenance of Pension Rights	(592)	(62)
Financial interest	0	0
Total	503	820

A total of 3.794k € was cashed in the Pensions dedicated bank account. This amount is composed of the staff pensions right from the EDA general budget (3.673k €) and EDA Additional revenue budget (121k €).

The bank interest yielded on the Pensions bank account was 44€.

A total of 3.291k € was transferred out. This includes payments of severance grants and maintenance of pension rights.

Note 13: Short-term Receivables

The pMS contribution receivables relates to EDA's advance payments for translation of documents which will be reimbursed by the pMS in 2020 (7.822 €).

The Sundry receivables includes the following:

SUNDRY RECEIVABLES	309.743
<i>STAFF RECEIVABLES</i>	46.051
<i>ADVANCE PAYMENTS ON SUPPLIERS</i>	984
<i>ADVANCE PAYMENTS STAFF</i>	749
<i>ACCOUNTS RECEIVABLE-CUSTOMERS</i>	18.894
<i>DEFERRED CHARGES</i>	243.065

Note 14: Transfers between accounts

- EDA has a dedicated, interest bearing Pension bank account onto which it keeps the pension contributions acquired by the employees. The main part of the transfers between accounts is made up by the transfers of EDA pension contributions (3.673k €) to this account.
- Upon termination of a Cat. A or B ad hoc project, there might be some unspent funds remaining. Following the final Management Committee decision of the project, these funds are transferred or reimbursed as instructed by the contributing Member States. In some cases, although the project is finished in a given financial year, the decision on the return of the unspent funds may not be taken by the end of the financial year. Therefore, in order to ensure the closure of the project in the correct financial year and the corresponding audit, these funds are transferred to the EDA General budget bank account and recorded on a transition account in the accounts.

The above-mentioned was applicable to the transfer of the project ADETER unspent funds (225k€). As both, the incoming and outgoing transfers, were executed within the same financial year it is categorized under this header.

In addition to this, the category comprises internal transfers in/out for payments received on or executed from the incorrect bank account.

The implementation of a new accounting system at the end of 2018 had an impact on the cash operations of the Agency which has resulted in a set of regularization transfers in between accounts. The situation was remedied during the summer of 2019.

Note 15: Financial expenses

The majority of the financial expenses incurred by EDA during 2019 are exchange losses stemming from payroll payments in other currencies as staff members are entitled to request the transfer of part of their salary to a bank account denominated in a currency different from EUR.

Note 16: Pension Contributions Additional Revenue

Pension Contributions acquired by employees recruited under EDA Additional Revenue budget are also transferred into the dedicated Pension bank account. This amount totals to 121k €.

Note 17: Residual funds projects

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

Additionally, administrative fees as set out in the delegation agreements with the Commission such as ENER I, ENER II and Pilot Project are categorized under this header.

Note 18: Other receipts

This category contains staff related recoveries (59k €) and other customer balances (94k €)

Note 19: Other charges & adjustments

These are mainly the payments for the ISABEL subscription, realised exchange rates, 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 2019, which comprise the 2019 Consolidated Budget Implementation Report, the 2019 Budget Implementation Report, the 2019 Balance Sheet, the 2019 Cash Flow Statement, the 2019 Statement of Financial Performance, the 2019 Statement of Changes in Net Assets and Notes to the 2019 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 2020, 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.

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Opinion

In our opinion the annual accounts present fairly, in all material respects, (give a true and fair view of) the financial position of the European Defence Agency as at 31 December 2019 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 2020

College of Auditors of the European Defence Agency

Josephina Meletiou
Chairman of the College of Auditors



María Jesús Fernández García
Member of the College of Auditors



Daniel Reisinger
Member of the College of Auditors

