

NATO SANS CLASSIFICATION

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**RAPPORT DU COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES
DE L'OTAN (IBAN) SUR LA VÉRIFICATION DES ÉTATS FINANCIERS DU
COMMANDEMENT ALLIÉ OPÉRATIONS (ACO) POUR L'EXERCICE 2013**

SUITE DONNÉE

Le 26 juin 2015, au terme d'une procédure d'accord tacite, le Conseil a pris note du rapport de l'IBAN diffusé sous la cote IBA-AR(2014)20 et joint au C-M(2015)0048, et il a approuvé les recommandations contenues dans le rapport du Bureau de la planification et de la politique générale des ressources (RPPB), y compris celle qui porte sur la communication au public du rapport de l'IBAN.

(signé) Alexander Vershbow
Secrétaire général délégué

NOTE : La présente note fait partie du C-M(2015)0048 et doit être placée en tête de ce document.

NATO SANS CLASSIFICATION

22 juin 2015

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Procédure d'accord tacite :

26 juin 2015 16:00

**RAPPORT DU COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES
DE L'OTAN SUR LA VÉRIFICATION DES ÉTATS FINANCIERS
DU COMMANDEMENT ALLIÉ OPÉRATIONS (ACO) POUR L'EXERCICE 2013**

Note du secrétaire général délégué

1. On trouvera ci-joint le rapport du Collège international des commissaires aux comptes de l'OTAN (IBAN) sur la vérification des états financiers du Commandement allié Opérations (ACO) pour l'exercice clos le 31 décembre 2013.
2. L'IBAN a émis une opinion avec réserve sur les états financiers 2013 de l'ACO et une opinion avec réserve sur la conformité pour l'exercice 2013. Dans son rapport, l'IBAN souligne les progrès accomplis par l'ACO dans de nombreux domaines, mais il met aussi l'accent sur les nombreuses lacunes recensées dans les rapports précédents auxquelles il n'a pas encore été pleinement remédié. Bien que des progrès aient été réalisés, notamment pour ce qui est de donner une suite aux observations remontant à des exercices précédents, l'incidence positive attendue de l'adoption du cadre comptable OTAN ne s'est pas encore concrétisée.
3. Le rapport de l'IBAN a été examiné par le Bureau de la planification et de la politique générale des ressources (RPPB), qui a lui-même établi un rapport sur la question, dans lequel il formule des conclusions et des recommandations à l'intention du Conseil.
4. J'estime que les rapports susmentionnés ne nécessitent pas d'examen plus approfondi. Par conséquent, sauf avis contraire me parvenant d'ici au **vendredi 26 juin 2015 à 16 heures**, je considérerai que le Conseil aura pris note du rapport de l'IBAN diffusé sous la cote IBA-AR(2014)20 et qu'il aura approuvé les recommandations contenues dans le rapport du RPPB, y compris celle qui porte sur la communication au public du rapport de l'IBAN.

(signé) Alexander Vershbow

3 annexes

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NATO SANS CLASSIFICATION

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**RAPPORT DE L'IBAN SUR LA VÉRIFICATION DES ÉTATS FINANCIERS
CONSOLIDÉS DU COMMANDEMENT ALLIÉ OPÉRATIONS (ACO)
POUR L'EXERCICE 2013**

**Rapport du Bureau de la planification
et de la politique générale des ressources (RPPB)**

Références :

- (a) IBA-A(2014)222 et IBA-AR(2014)20
- (b) BC-D(2015)0033-FINAL

Contexte

1. Dans le présent rapport, le Bureau de la planification et de la politique générale des ressources (RPPB) formule des observations et des recommandations concernant le rapport du Collège international des commissaires aux comptes de l'OTAN (IBAN) cité en référence (a). Le rapport du RPPB est fondé sur l'analyse complète de l'audit à laquelle a procédé le Comité des budgets dans le document cité en référence (b).
2. Le RPPB prend note des conclusions et des recommandations exposées par le Comité des budgets dans son rapport (référence (b)), sur lesquelles s'appuient ses propres discussions, et il y souscrit.

Conclusions du RPPB

3. L'IBAN a émis une opinion avec réserve sur les états financiers 2013 de l'ACO et une opinion avec réserve sur la conformité pour l'exercice 2013. L'impossibilité persistante de formuler une opinion sans réserve sur les états financiers de l'ACO et la nécessité d'améliorer la situation avaient été mises en évidence dans le cadre du rapport du RPPB sur la vérification des états financiers 2012 de l'ACO (voir référence (b)). Quelques progrès ont certes été réalisés, notamment pour ce qui est de donner une suite aux observations remontant à de précédents exercices, mais l'incidence positive attendue de l'adoption du cadre comptable OTAN ne s'est pas encore concrétisée. Le rapport de l'IBAN à l'examen contient 9 observations et recommandations sur les états financiers, un grand nombre d'entre elles portant sur des aspects des immobilisations corporelles pour lesquels on s'attendait à plus de progrès.
4. L'ACO doit fournir des éléments permettant de déterminer que des documents comptables complets ont été établis et tenus pour tous les biens. L'absence de tels documents a une incidence sur les états financiers du Commandement. Pour pallier cette lacune, l'ACO devra travailler avec des tiers (en particulier l'Agence OTAN d'information et de communication (NCIA) et l'Agence OTAN de soutien (NSPA)) et étendre l'application des meilleures pratiques aux théâtres d'opérations. Le rapport de l'IBAN sur l'ACO fait état des effets d'un problème endémique au sein de l'OTAN s'agissant de la comptabilisation des acquisitions faites par l'intermédiaire de tiers et de la gestion des stocks lorsque de multiples commandements, de multiples agences et de multiples systèmes de stocks entrent en considération. Bon nombre de ces organismes et de ces systèmes ont été conçus pour fonctionner en toute indépendance, avec des capacités autonomes. Les

difficultés qui se posent pour ce qui est de la consolidation et de la centralisation, y compris celles qui concernent la comptabilité financière, les stocks et le compte rendu financier, montrent qu'il est nécessaire d'harmoniser davantage les divers processus, systèmes et normes adoptés au fil des ans.

5. Il est clair qu'il reste du travail à faire au sein de l'ACO, en coopération avec les agences de l'OTAN et avec l'aide du responsable OTAN de la politique en matière d'information financière et de l'IBAN, pour tirer pleinement parti des avantages offerts par le nouveau cadre comptable. Il est possible qu'il faille pour cela faire appel au Bureau de la planification et de la politique générale des ressources (RPPB) à un moment ou à un autre si des éclaircissements complémentaires sont nécessaires.

6. L'IBAN a évoqué les difficultés que le Quartier général du Commandement allié de forces interarmées de Naples éprouve pour respecter la politique de passation de marché et fournir une estimation des spécifications techniques contractuelles. Alors que ces difficultés sont présentées dans le rapport comme étant propres à ce quartier général, l'ACO doit, au moyen de son dispositif de contrôles internes, faire en sorte qu'elles ne se généralisent pas et que l'expertise interne soit renforcée lorsqu'il s'agit de traiter des contrats complexes, afin que des spécifications techniques contractuelles précises puissent être fournies aux soumissionnaires.

7. L'ACO a fait des progrès sur la voie du règlement de questions ayant fait l'objet d'observations au cours de précédents audits, et une suite a été donnée à quatre des six observations formulées. L'une des deux observations encore en souffrance porte sur les ventes militaires à l'étranger. Cette question sera examinée par le responsable OTAN de la politique en matière d'information financière, étant donné qu'elle a un impact sur les entités à l'échelle de l'OTAN. Pour l'autre observation en souffrance, il faut encore travailler avec les agences en vue de la fixation d'un calendrier pour la finalisation des processus visant à atténuer les risques en matière d'acquisition pour les opérations. En attente d'une solution depuis 2011, ce problème doit faire l'objet d'une plus grande attention de la direction, étant donné qu'il concerne les activités en cours et à venir.

8. Le contrôleur des finances de l'ACO a examiné les états financiers conformément aux politiques agréées et n'a pas d'observation particulière à porter à l'attention du RPPB avant que celui-ci ne finalise ses recommandations au Conseil.

9. Le RPPB estime que le rapport d'audit à l'examen ne contient pas d'informations qui, en vertu de la politique relative à la mise en lecture publique de l'information OTAN, ne peuvent être rendues publiques et, conformément à la politique agréée dans le PO(2015)0052, il recommande par conséquent au Conseil d'accepter que les états financiers 2013 de l'ACO et le rapport de l'IBAN correspondant soient rendus accessibles au public.

Recommandations du RPPB

10. Le RPPB recommande au Conseil :
- (a) de prendre note du présent rapport ainsi que de l'IBA-AR(2014)20 ;
 - (b) d'entériner les conclusions figurant aux paragraphes 3 à 9 du présent rapport ;
 - (c) de noter que les comités chargés des ressources ont l'intention de continuer d'assurer le suivi des observations formulées lors des audits ;
 - (d) d'accepter que, en vertu de la politique agréée dans le PO(2015)0052, les états financiers 2013 de l'ACO et le rapport de l'IBAN correspondant (IBA-AR(2014)20) soient rendus accessibles au public.

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Note succincte du Collège international des commissaires aux comptes de l'OTAN à l'intention du Conseil sur la vérification des états financiers consolidés du Commandement allié Opérations (ACO) pour l'exercice clos le 31 décembre 2013

Le Collège a vérifié les états financiers consolidés du Commandement allié Opérations (ACO) pour l'exercice clos le 31 décembre 2013. En 2013, les dépenses (engagements plus déboursements effectifs) effectuées par l'ACO sur les budgets relevant du Comité des budgets se sont établies au total à 1 201,8 millions d'euros (MEUR), contre 1 242,6 MEUR en 2012. Outre l'exécution des budgets relevant du Comité du budget militaire, l'ACO a déboursé 73,4 MEUR (81,4 MEUR en 2012) pour d'autres dépenses (frais remboursables, fonds d'affectation spéciale, etc.) et 1,16 MEUR (4,95 MEUR en 2012) pour des dépenses liées à des projets du programme OTAN d'investissement au service de la sécurité (NSIP).

Le Collège a émis une opinion avec réserve sur les états financiers de 2013 et sur la conformité pour l'exercice clos le 31 décembre 2013.

À l'issue de l'audit, le Collège a formulé 9 observations ainsi que des recommandations. Ses constatations sont présentées dans la lettre d'observations et de recommandations (annexe 3).

Les principales constatations sont énumérées ci-après. La première observation a une incidence sur l'opinion du Collège.

1. Inexactitudes significatives dans les immobilisations corporelles et les stocks
2. Application incorrecte des méthodes de valorisation des stocks
3. L'ACO est tributaire des activités qui sont externalisées à l'Agence OTAN de soutien (NSPA), mais il n'évalue pas la performance de la NSPA
4. Absence d'accord juridique avec l'Agence OTAN d'information et de communication (NCIA) pour la fourniture de services à la Force internationale d'assistance à la sécurité (FIAS)
5. Nécessité d'une confirmation par les entités OTAN du solde des éléments d'actif et de passif en fin d'exercice
6. Certains équipements fournis à l'Afghanistan n'ont pas été utilisés et sont devenus obsolètes
7. Nécessité d'améliorer le processus de radiation d'équipements sur le théâtre
8. Non-respect des nouvelles règles relatives à l'indemnité de représentation
9. Inexactitudes dans les spécifications techniques contractuelles et non-respect des exigences relatives aux appels d'offres internationaux au Quartier général du Commandement allié des forces interarmées de Naples (QG du JFCNP)

Le Collège a également fait le point sur les observations formulées lors de ses audits précédents. Ses constatations sont récapitulées dans la lettre d'observations et de recommandations (annexe 3), qui fait aussi le point sur la suite donnée aux observations.

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19 décembre 2014

COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN

**OPINION SUR LA VÉRIFICATION DES ÉTATS FINANCIERS CONSOLIDÉS DU
COMMANDEMENT ALLIÉ OPÉRATIONS (ACO)
POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2013**

**OPINION DU COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES
DE L'OTAN À L'INTENTION DU CONSEIL DE L'ATLANTIQUE NORD****Rapport sur les états financiers consolidés**

Le Collège international des commissaires aux comptes de l'OTAN a procédé à la vérification des états financiers consolidés du Commandement allié Opérations (ACO) ci-joints, composés de l'état consolidé de la situation financière de l'ACO au 31 décembre 2013 et de l'état consolidé de la performance financière, de l'état consolidé des variations de la situation nette et du tableau consolidé des flux de trésorerie pour l'exercice clos à cette date, ainsi que d'un résumé des méthodes comptables importantes et de diverses notes explicatives. Le Collège a également vérifié l'état de l'exécution du budget pour l'exercice clos le 31 décembre 2013.

Responsabilité de la direction

La direction est chargée d'établir les états financiers conformément au cadre comptable OTAN et aux dispositions du Règlement financier de l'OTAN tels qu'ils ont été fixés par le Conseil de l'Atlantique Nord, et de veiller à ce qu'ils donnent une image fidèle de la situation de l'entité. Elle est ainsi responsable de la conception, de l'application et de la tenue d'un système de contrôle interne de nature à permettre l'établissement et la présentation d'états financiers qui soient exempts d'inexactitudes significatives, que celles-ci relèvent d'une fraude ou d'une erreur.

Responsabilité du Collège

Il incombe au Collège de formuler sur ces états financiers une opinion qui soit fondée sur son travail de vérification, lequel aura été effectué conformément aux dispositions de sa charte et aux normes internationales d'audit. Ces normes exigent que le Collège respecte certains principes déontologiques, et qu'il planifie et effectue sa vérification de manière à parvenir à une assurance raisonnable sur le point de savoir si les états financiers sont exempts d'inexactitudes significatives.

Un audit consiste à appliquer des procédures permettant d'obtenir des éléments probants relatifs aux montants et aux informations figurant dans les états financiers. Les procédures retenues à cette fin sont laissées à l'appréciation de l'auditeur, qui évalue notamment les risques d'inexactitudes significatives dans les états financiers, que celles-ci relèvent d'une fraude ou d'une erreur. Pour l'évaluation de ces risques, le système de contrôle interne sur lequel s'appuient l'établissement et la présentation des états financiers de l'entité concernée est pris en considération, le but étant d'élaborer des procédures d'audit qui soient adaptées à la situation considérée et non pas d'exprimer une opinion sur l'efficacité du système de contrôle interne. Il s'agit aussi de déterminer si les méthodes comptables appliquées sont appropriées et si les estimations comptables faites par la direction sont raisonnables, ainsi que d'évaluer la présentation générale des états financiers.

Le Collège estime qu'il a obtenu par son audit les éléments probants nécessaires et suffisants pour lui permettre de formuler une opinion.

Justification de l'opinion avec réserve émise sur les états financiers consolidés

Le Collège n'a pas été en mesure d'obtenir suffisamment d'éléments pour déterminer si toutes les immobilisations corporelles et tous les stocks acquis par l'ACO au cours de l'exercice 2013 avaient été correctement comptabilisés dans les états financiers consolidés du Commandement.

En particulier, l'ACO ne dispose pas d'éléments suffisants pour établir si toutes les immobilisations corporelles et tous les articles des stocks fournis au cours de l'exercice 2013 à la mission de la Force internationale d'assistance à la sécurité (FIAS) en Afghanistan et aux dépôts servant à la Composante E-3A ont été présentés dans les états financiers consolidés. Le Commandement n'a pas non plus d'éléments suffisants pour déterminer si les immobilisations corporelles fournies à l'ACO en 2013 au travers du programme OTAN d'investissement au service de la sécurité (NSIP) ont bien été présentées dans les états financiers consolidés.

De ce fait, le Collège n'a pas obtenu suffisamment d'éléments pour déterminer si les soldes des immobilisations corporelles et des stocks figurant dans l'état de la situation financière donnaient une image fidèle de la valeur comptable des actifs de l'ACO. Cela a aussi un impact sur le solde des charges de la ligne budgétaire ACO « Achat de fournitures et de services », étant donné que toute inexactitude s'y répercute. Une autre conséquence est que les soldes des produits dans l'état de la performance financière et des produits non acquis dans l'état de la situation financière sont aussi affectés.

Le Collège n'a pas non plus été en mesure de déterminer si les chiffres présentés dans les tableaux 4.A et 7.A des notes jointes aux états financiers consolidés, qui portent sur les immobilisations corporelles et sur les stocks acquis les années précédentes et dont la présentation est obligatoire en vertu du cadre comptable OTAN, donnent une image fidèle de la situation. Cela tient au fait que les informations ont été rassemblées au départ de nombreuses sources parfois anciennes et qu'il n'existe pas de registre central fiable.

Justification de l'opinion avec réserve émise sur les états financiers consolidés

L'opinion du Collège est que, à l'exception des effets possibles des questions mentionnées au paragraphe précédent, les états financiers consolidés donnent, à tous égards significatifs, une image fidèle, conforme au cadre comptable de l'OTAN, de la situation financière de l'ACO au 31 décembre 2013, ainsi que de sa performance financière et de ses flux de trésorerie pour l'exercice clos à cette date.

Rapport sur la conformité

Responsabilité de la direction

En plus d'être responsable, comme il est dit plus haut, de l'établissement et de la présentation des états financiers, la direction est chargée de veiller à ce que les opérations financières et les informations présentées dans les états financiers soient conformes aux dispositions du Règlement financier de l'OTAN et du Règlement du personnel civil de l'OTAN telles qu'elles ont été fixées par le Conseil de l'Atlantique Nord.

Responsabilité du Collège

En plus d'être responsable, comme il est dit plus haut, de la formulation d'une opinion sur les états financiers, le Collège est chargé de se prononcer sur le point de savoir si les opérations financières et les informations présentées dans les états financiers sont, à tous égards significatifs, conformes au Règlement financier de l'OTAN et au Règlement du personnel civil de l'OTAN. Il lui incombe notamment d'appliquer des procédures lui permettant d'obtenir une assurance raisonnable sur le point de savoir si les fonds ont été utilisés pour le règlement de dépenses autorisées et si les opérations correspondantes ont été exécutées conformément à la réglementation en vigueur dans le domaine financier et en matière de personnel. De telles procédures prévoient notamment l'évaluation des risques de non-conformité significative.

Le Collège estime qu'il a obtenu par son audit les éléments probants nécessaires et suffisants pour lui permettre de formuler une opinion.

Justification de l'opinion avec réserve émise sur la conformité

Le Collège n'a pas obtenu suffisamment d'éléments pour établir avec certitude que des documents comptables complets répertorient tous les biens acquis par l'ACO ont été établis et tenus comme le requiert l'article 18 du Règlement financier de l'OTAN.

Opinion sur la conformité

L'opinion du Collège est que, à l'exception des effets possibles des questions mentionnées au paragraphe précédent, les opérations financières et les informations présentées dans les états financiers sont, à tous égards significatifs, conformes au Règlement financier de l'OTAN et au Règlement du personnel civil de l'OTAN.

Bruxelles, le 19 décembre 2014

Charilaos Charisis
Président

COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN

**LETTRE D'OBSERVATIONS ET DE RECOMMANDATIONS CONCERNANT LE
COMMANDEMENT ALLIÉ OPÉRATIONS (ACO)**

POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2013

Introduction

Le Collège international des commissaires aux comptes de l'OTAN (le Collège) a procédé à la vérification des états financiers consolidés du Commandement allié Opérations (ACO) pour l'exercice clos le 31 décembre 2013, et il a émis une opinion avec réserve à leur sujet ainsi que sur la conformité.

Observations et recommandations

À l'issue de l'audit, le Collège a formulé neuf observations ainsi que des recommandations. La première observation a une incidence sur l'opinion du Collège. Les observations sont résumées ci-après.

1. Inexactitudes significatives dans les immobilisations corporelles et les stocks
2. Application incorrecte des méthodes de valorisation des stocks
3. L'ACO est tributaire des activités qui sont externalisées à l'Agence OTAN de soutien (NSPA), mais il n'évalue pas la performance de la NSPA
4. Absence d'accord juridique avec l'Agence OTAN d'information et de communication (NCIA) pour la fourniture de services à la Force internationale d'assistance à la sécurité (FIAS)
5. Nécessité d'une confirmation par les entités OTAN du solde des éléments d'actif et de passif en fin d'exercice
6. Certains équipements fournis à l'Afghanistan n'ont pas été utilisés et sont devenus obsolètes
7. Nécessité d'améliorer le processus de radiation d'équipements sur le théâtre
8. Non-respect des nouvelles règles relatives à l'indemnité de représentation
9. Inexactitudes dans les spécifications techniques contractuelles et non-respect des exigences relatives aux appels d'offres internationaux au Quartier général du Commandement allié des forces interarmées de Naples (QG du JFCNP)

Par ailleurs, le Collège a fait le point sur la suite donnée aux questions ayant fait l'objet d'observations lors d'audits précédents, et il a constaté que quatre de ces questions avaient été réglées et que deux devaient encore l'être.

Le Collège a adressé au commandant suprême des forces alliées en Europe (SACEUR) une lettre de recommandations (IBA-AML(2014)07) contenant huit observations portant sur les questions suivantes :

1. Dérogation par rapport aux politiques de passation de marché au Quartier général du Commandement allié de forces interarmées de Brunssum (QG du JFCBS)
2. Dérogation par rapport aux procédures de radiation d'actifs – fractionnement des actifs pour la radiation au sein de la FIAS
3. Insuffisance des justificatifs à l'appui des dépenses relatives aux indemnités d'éducation au QG du JFCNP
4. Classement incorrect des opérations dans le plan de comptes

5. Dérogation par rapport aux procédures de passation de marché au sein de la Force aéroportée de détection lointaine et de contrôle de l'OTAN, établie à Geilenkirchen (Composante E-3A)
6. Fonction d'audit interne au sein de la Composante E-3A
7. Absence d'examen des contrats avec la Bundeswehr
8. Surestimation des charges à payer au sein de la Composante E-3A

OBSERVATIONS ET RECOMMANDATIONS**1. INEXACTITUDES SIGNIFICATIVES DANS LES IMMOBILISATIONS CORPORELLES ET LES STOCKS****Contexte**

1.1 En vertu du nouveau cadre comptable OTAN, les immobilisations corporelles et les stocks acquis après le 1^{er} janvier 2013 doivent être inscrits à l'actif si l'entité OTAN considérée en exerce le contrôle. À cet égard, tous les équipements fournis à l'ACO, ses entrepôts, les entrepôts gérés en son nom par des tiers ainsi que les équipements fournis au théâtre après janvier 2013 doivent être inscrits à l'actif dans les états financiers du Commandement si les critères indicatifs du contrôle des actifs sont remplis et si les actifs ne sont pas encore entièrement amortis.

1.2 Le cadre comptable OTAN donne aux entités la possibilité de porter ou non à l'actif les immobilisations acquises avant le 1^{er} janvier 2013, mais il leur impose de présenter ces actifs dans les notes jointes aux états financiers. Les entités doivent au moins présenter les différents types d'immobilisations corporelles et de stocks détenus, indiquer leur emplacement et donner le nombre approximatif d'éléments par catégorie d'actifs.

Observation

1.3 Le Collège a relevé des inexactitudes significatives dans les immobilisations corporelles et dans les stocks présentés par l'ACO, et il a fait les constatations suivantes :

- certains actifs acquis en 2013 par les agences OTAN sur des crédits budgétaires de l'ACO n'ont pas été présentés dans les états financiers ; en particulier, les biens fournis à l'Afghanistan par la NCIA n'ont pas tous été comptabilisés ;
- l'ACO n'a pas inclus dans les immobilisations corporelles les actifs financés sur le programme OTAN d'investissement au service de la sécurité (NSIP), pour lequel la NSPA et la NCIA jouent toutes les deux le rôle de pays hôte ; l'ACO exerce le contrôle de ces actifs, qui se trouvent sur le théâtre des opérations (principalement en Afghanistan) et qui ont été fournis en 2013 ; certains des actifs mentionnés correspondent aux projets suivants :
 - Dépôt d'équipements pour les systèmes d'information et de communication (SIC) de la FIAS – Kandahar – 2008-5-VA-30492-00
 - Clôture périmétrique pour la protection des forces au QG de la FIAS – 2010-5-VA-30467-00
 - Travaux de génie civile – Clôture périmétrique intégrée pour la protection des forces à l'aérodrome de Kandahar – 0039A-2008-OPS-ISAF

- Agrandissement de la station d'épuration des eaux usées à l'aérodrome de Kandahar – 0089B-2008-ENG-ISAF
 - Installation SIC en dur pour le QG du Commandement interarmées de la FIAS (IJC) et le KAIA Nord – 2011-5-VA-27003 ISAF
 - Équipements pour les contre-mesures électroniques – (b) Inhibiteurs embarqués – AC/4(PP)D/25195-ADD4
 - Système de notification de masse « Giant Voice » (AC/4(PP)D/26917)
 - Systèmes de scannage de véhicules (AC/4(PP)D/25402-ADD4)
 - Renforcement du système de surveillance du camp (AC/4(PP)D/26954-ADD2) – Vidéosurveillance (AC/4(PP)D/27009-ADD1)
- L'ACO a fait état de ses doutes concernant ces actifs dans la note A jointe à ses états financiers (Méthodes comptables : Actifs – Actifs à long terme, section b, page N-7) :

L'ACO connaît bien la situation de la plupart des actifs qu'il gère et sur lesquels il exerce un contrôle, mais il a des doutes quant à l'exhaustivité des données concernant les actifs gérés en son nom par d'autres entités. Il s'agit par exemple d'actifs gérés par des tiers tels que des agences OTAN, mais aussi d'actifs achetés en son nom dans le cadre du NSIP par l'intermédiaire de divers pays hôtes et répartis en différents lieux, y compris les théâtres. Il en résulte que l'ACO n'est pas en mesure de s'assurer de la fiabilité de ces données à des fins de compte rendu financier ».

- Le Collège prend note avec satisfaction des efforts déployés par l'ACO en vue de la présentation de la valeur des immobilisations corporelles et des stocks acquis avant 2013, mais il n'a pas été en mesure de vérifier les données utilisées dans les tableaux 4.A et 7.A des notes jointes aux états financiers consolidés. Le Collège ne peut vérifier si la liste est exhaustive et si la valorisation correspond aux coûts historiques, parce que les chiffres ont été établis il y a un certain temps sur la base d'une combinaison de diverses sources qui ne peuvent être identifiées et vérifiées dans un délai raisonnable.

1.4 Tous ces facteurs ont une incidence significative sur les états financiers consolidés de l'ACO. En particulier, la comptabilisation en tant que charges d'éléments qui auraient dû être inscrits à l'actif et la non-comptabilisation d'actifs financés sur le NSIP se répercutent sur le montant des immobilisations corporelles, des stocks, des produits non acquis (passif), des produits et des charges. Le Collège estime que cela a une incidence significative sur les états financiers et, de ce fait, il émet une opinion avec réserve sur ces questions. Par ailleurs, comme il ressort de ce qui précède, il n'existe pas à ce stade de documents comptables complets recensant tous les biens acquis par l'ACO, contrairement à ce que prévoit l'article 18 du Règlement financier de l'OTAN.

Recommandation

1.5 Le Collège recommande à l'ACO de respecter la norme comptable internationale du secteur public (IPSAS) 17 (*Immobilisations corporelles*), l'IPSAS 12 (*Stocks*), le cadre comptable OTAN et le Règlement financier de l'OTAN pour la comptabilisation et la présentation des immobilisations corporelles et des stocks.

1.6 L'ACO devrait s'assurer qu'il reçoit les informations pertinentes au sujet de tous les actifs acquis en 2013, quelle que soit la source de financement (par exemple le NSIP ou le budget militaire).

voulues auprès des sources pertinentes (par exemple les divisions J5 et J6 de l'ACO, les agences OTAN et le Bureau OTAN des ressources).

□ À cette

Commentaire de l'ACO

L'ACO confirme l'exactitude factuelle des constatations du Collège.

Toutefois, la réserve émise par le Collège au sujet des inexactitudes significatives dans les immobilisations corporelles et les stocks est basée principalement sur la déclaration faite par l'ACO dans un souci de transparence à la page N-7 des notes jointes à ses états financiers.

Réponse donnée/mesures prises par l'ACO (à la date du présent rapport)

L'ACO souscrit en partie à la recommandation du Collège.

L'ACO note que, de nouveau, la réserve émise au sujet de ses états financiers est basée sur l'insuffisance d'éléments permettant d'établir si toutes les immobilisations corporelles ont été enregistrées correctement. Comme il est indiqué clairement dans les notes jointes aux états financiers, en raison des doutes planant sur l'exhaustivité des données relatives aux actifs gérés par des tiers en son nom, l'ACO n'a pas été en mesure de présenter ces données dans ses états financiers. Le fait que l'ACO soit tributaire de tiers pour l'obtention de données financières est un problème endémique au sein de l'OTAN, étant donné que de multiples commandements, de multiples agences et de multiples systèmes de stocks entrent en considération. Le Collège souhaitera peut-être noter que l'ACO s'emploie à améliorer la relation client-fournisseur avec la NSPA ainsi que ses exigences pour le compte rendu financier, et que des négociations sont en cours au sein des deux entités. S'agissant des moyens SIC, la NCIA est en train d'achever le transfert de l'ensemble de ces actifs en provenance des commandements ACO qui n'en exercent plus le contrôle. L'ACO souhaiterait souligner de nouveau que, lorsque des actifs correspondant à des immobilisations corporelles et à des stocks sont directement acquis et gérés par les commandements qui lui sont subordonnés, il existe un niveau approprié de supervision, et que ces actifs sont présentés correctement dans les états

financiers, conformément au cadre comptable OTAN, aux IPSAS et à l'article 18 du Règlement financier de l'OTAN.

Selon l'ACO, la question de l'absence de communication par les tiers de données financières fiables et exhaustives concernant les biens ne sera pleinement réglée que lorsqu'une solution globale aura pu être mise au point dans le cadre d'un effort conjoint mené par le Bureau OTAN des ressources (NOR) au travers du Bureau du responsable OTAN de la politique en matière d'information financière.

Position du Collège

La réserve émise par le Collège est motivée par le caractère incomplet des documents comptables de l'ACO, problème qui est également confirmé par ce dernier. Elle se présente comme suit :

- réserve concernant les immobilisations corporelles, les stocks et les soldes correspondants dans l'état de la situation financière et dans l'état de la performance financière, émise en raison d'inexactitudes dans les actifs acquis en 2013 ;
- réserve concernant les tableaux 4.A et 7.A des notes jointes aux états financiers, émise en raison des doutes quant à l'exhaustivité des données qui y sont présentées (question évoquée dans la lettre de couverture).

2. APPLICATION INCORRECTE DES MÉTHODES DE VALORISATION DES STOCKS

Contexte

2.1 En vertu du nouveau cadre comptable OTAN, les stocks acquis après le 1^{er} janvier 2013 doivent être inscrits à l'actif si l'entité OTAN considérée en exerce le contrôle. Les entités ont la possibilité de définir un seuil et de porter en charges les articles des stocks dont la valeur est en dessous de ce seuil. Le cadre comptable OTAN donne aussi aux entités la possibilité de passer entièrement en charges les stocks acquis avant le 1^{er} janvier 2013.

2.2 Le cadre comptable OTAN ne prévoit toutefois pas de dérogation aux méthodes de valorisation définies dans l'IPSAS 12 (*Stocks*) (méthode du premier entré premier sorti (PEPS) et méthode du coût moyen pondéré (CMP)). L'application de la méthode du dernier entré, premier sorti (DEPS) n'est donc pas autorisée, que ce soit dans l'IPSAS 12 ou dans le cadre comptable OTAN.

Observation

2.3 L'ACO a décidé de passer entièrement en charges les articles des stocks acquis avant 2013. Les articles des stocks acquis en 2013 ont eux été inscrits à l'actif, mais uniquement à hauteur d'un montant correspondant à la différence entre la valeur des articles qui ont été acquis et celle des articles qui ont été sortis des stocks en 2013.

2.4 Il résulte de ce traitement que les articles acquis en dernier lieu (en 2013) sont sortis en premier, et que les articles des stocks d'exercices précédents (mais dont la valeur est nulle en vertu du cadre comptable OTAN) restent inscrits dans les stocks.

2.5 De ce fait, les stocks à valeur nulle ne seront sortis que si le montant total des acquisitions est inférieur au montant total des sorties au cours de l'exercice. Une double approche de la valorisation des stocks (avec certains articles à valeur nulle et d'autres articles valorisés sur la base du prix moyen pondéré) risque donc de rester encore en place pendant de nombreuses années.

2.6 Le Collège a établi une estimation des incidences financières de ce problème. Si la méthode PEPS avait été appliquée, le solde des stocks de fin d'exercice aurait augmenté d'environ 10 MEUR. Ce montant n'est pas significatif, mais il pourrait s'accroître à l'avenir et le devenir.

2.7 Selon le chef comptable de l'ACO, cette question n'est pas pertinente pour la Composante E-3A, qui applique déjà la méthode de valorisation PEPS.

Recommandation

2.8 Le Collège recommande à l'ACO d'adapter sa politique et d'appliquer les méthodes agréées (CMP et PEPS). De plus, l'ACO devrait envisager de revaloriser et d'inscrire à l'actif tous les articles des stocks dont la valeur dépasse les montants seuils. Le Collège estime que c'est faisable.

Commentaire de l'ACO

L'ACO ne peut confirmer l'exactitude factuelle des constatations du Collège.

En particulier, l'ACO ne sait pas comment le Collège a fait pour évaluer à 10 MEUR le montant à hauteur duquel les stocks seraient sous-évalués dans les états financiers 2013 du Commandement.

Réponse donnée/mesures prises par l'ACO (à la date du présent rapport)

L'ACO ne souscrit pas à la recommandation du Collège.

L'ACO n'est pas d'accord avec les observations du Collège concernant l'utilisation de la méthode DEPS par le Commandement. En application du cadre comptable OTAN, l'ACO ne comptabilise dans ses états financiers que les stocks acquis à partir du 1^{er} janvier 2013. Ainsi, tous les soldes des stocks des exercices précédents ont été ramenés à zéro, et seuls les articles acquis (reçus) en 2013 ont été comptabilisés dans les états financiers. La valeur des opérations de sortie des stocks effectuées au cours de 2013, qui a été établie sur la base du CMP tel qu'enregistré dans le système de soutien des dépôts de l'OTAN (NDSS) au moment de la publication, a été considérée uniquement en rapport avec les opérations d'entrée effectuées au cours de la même période. Cela tient au fait que la valeur des stocks détenus avant le 1^{er} janvier 2013 a été ramenée à zéro, en conformité avec le cadre comptable OTAN. Il faut par ailleurs noter que, pour la présentation des stocks, l'ACO utilise les données fournies principalement par le NDSS, qui n'est pas conçu pour recenser avec précision les opérations de sortie effectuées en 2013 par rapport aux opérations d'entrée ayant trait au même article des stocks. Ainsi, pour que l'ACO puisse exploiter la possibilité prévue dans le cadre comptable OTAN, la seule solution faisable était de partir de l'hypothèse que toutes les opérations de sortie de stocks effectuées en 2013 étaient liées aux opérations d'entrée de stocks effectuées pendant la même période et, en cas de solde négatif en raison d'un montant d'opérations de sortie plus élevé que celui des opérations d'entrée, de considérer le solde négatif comme étant dû aux anciens stocks. Ce mécanisme est simplement une solution transitoire devant permettre aux entités OTAN présentant des états financiers d'exploiter la possibilité donnée dans l'IPSAS 12 telle qu'adaptée par le Conseil de l'Atlantique Nord, selon laquelle elles peuvent considérer que les actifs plus anciens ont été entièrement passés en charges, même s'ils sont physiquement encore dans les stocks, et ce, jusqu'à ce qu'ils aient été entièrement sortis des stocks et

remplacés par de nouveaux stocks acquis après le 1^{er} janvier 2013. En application de sa politique comptable relative aux articles à rotation lente, l'ACO prévoit que les stocks d'actifs anciens auront été pleinement consommés dans environ deux ans. Il est à noter que la question ne concerne pas la Composante E-3A, dont les stocks représentent 74 % de la valeur totale des stocks enregistrée en fin d'exercice dans les états financiers de l'ACO. Les 26 % restants sont répartis entre tous les autres commandements de l'ACO, y compris les opérations, et 93 % de ce solde correspondent aux stocks de la FIAS qui seront clôturés d'ici à la fin 2014.

Position du Collège

Le Collège maintient sa position selon laquelle l'approche adoptée par l'ACO n'est pas conforme au cadre comptable OTAN.

3. L'ACO EST TRIBUTAIRE DES ACTIVITÉS QUI SONT EXTERNALISÉES À L'AGENCE OTAN DE SOUTIEN (NSPA), MAIS IL N'ÉVALUE PAS LA PERFORMANCE DE LA NSPA

Contexte

3.1 La NSPA fournit un grand nombre de services au nom de l'ACO. Elle supervise notamment les contrôles de la maintenance à l'échelon dépôt pour les entrepôts logistiques, à la fois à la NSPA et chez les contractants, et elle examine la fourniture de services de soutien contractuels aux aéroports de Kandahar (KAF) et de Kaboul (KAIA) s'agissant de l'exploitation des aéroports de débarquement (APOD) et du soutien de vie en campagne (RLS).

3.2 Bien que les services évoqués soient fournis par une agence OTAN, l'ACO et ses commandements militaires en assumant la responsabilité principale. L'ACO devrait faire en sorte que ces services soient fournis conformément aux instructions et aux arrangements qu'il a établis ainsi qu'au contenu du rapport spécial du Collège au Conseil sur les mesures destinées à améliorer la gestion, par l'ACO et la NSPA, du soutien contractuel des opérations¹.

Observation

3.3 Le Collège a relevé plusieurs cas dans lesquels l'ACO a déclaré être tributaire des services et des informations fournis par la NSPA. Le Collège croit savoir, sur la base de ce qu'il a appris des contrôleurs des finances de l'ACO aux divers niveaux de l'organisme, que certaines informations fournies par la NSPA sont considérées comme non fiables ou incomplètes. Il s'agissait principalement des soldes relatifs aux immobilisations corporelles et aux stocks. Le problème est décrit dans les notes jointes aux états financiers (section Méthodes comptables, partie Actifs-Actifs à long terme, point b, page N-7).

3.4 Le Collège a également noté que les contrôleurs des finances de l'ACO avaient déclaré ne pas avoir accès à divers contrats importants, notamment ceux qui concernaient la Force aéroportée de détection lointaine et de contrôle de l'OTAN (les AWACS). De ce fait, la Composante E-3A a déclaré ne pas être responsable de la tarification des services des fournisseurs AWACS.

3.5 L'ACO a aussi déclaré qu'il n'avait pas accès aux informations relatives aux divers contrôles des stocks effectués en son nom par la NSPA. Par exemple, les contrôles portant sur les pièces de rechange fournies aux dépôts et les contrôles des factures pour ces pièces de rechange sont effectués par des agents de la NSPA, et l'ACO n'effectue pas de contrôle de la performance de l'Agence. Dans le même temps, l'ACO ne dispose pas d'informations suffisantes et fiables qui permettraient d'évaluer la performance de la NSPA

¹ IBA-AR(2014)11.

s'agissant de son rôle d'intégratrice de marchés pour les services RLS et l'exploitation des APOD.

Recommandation

3.6 L'ACO et la NSPA devraient fixer des priorités et continuer de mettre en œuvre des mécanismes devant permettre au Commandement d'évaluer la conception et l'efficacité opérationnelle des contrôles en place sur le terrain. Par exemple, il faudrait établir des indicateurs de qualité et des indicateurs de performance en vue de l'évaluation de la qualité de la gestion de projet par la NSPA.

3.7 Cette recommandation est conforme aux conclusions du rapport spécial du Collège au Conseil évoqué plus haut. Dans ce rapport, le Collège estime qu'il incombe aux services logistiques et financiers de l'ACO, et aux autres départements qui seraient concernés, de trouver collectivement le juste équilibre entre les différents risques. Comme le Collège le recommande, il convient, dans cette perspective, qu'ils participent plus activement à la définition de toute la gamme des besoins, formulent des orientations plus claires à l'intention de la NSPA et assurent un meilleur suivi des résultats.

3.8 L'ACO devrait être en mesure de s'assurer que tous les processus de la NSPA le concernant soient solides et cohérents. Considérant qu'aux échelons « dépôt », plus de 1,6 million de pièces de rechange sont traitées pour l'ACO, il faut veiller à ce que des systèmes de contrôle efficaces soient en place. Il faudrait envisager d'autoriser le service d'audit interne de l'ACO à examiner les processus qui ont été externalisés et confiés à la NSPA.

3.9 Le Collège recommande que tous les mécanismes de contrôle proposés soient spécifiés dans le mémorandum d'accord et dans les modalités de soutien logistique (LSA) établis entre la NSPA et l'ACO.

Commentaire de l'ACO

L'ACO confirme l'exactitude factuelle des constatations du Collège.

Réponse donnée/mesures prises par l'ACO (à la date du présent rapport)

L'ACO souscrit à la recommandation du Collège.

L'ACO en est à la phase finale de l'établissement d'un mémorandum d'accord officiel avec la NSPA, dans lequel les responsabilités de l'Agence en tant que fournisseur de services sont clairement définies, y compris les exigences de présentation des données financières à inclure dans les états financiers de l'ACO. Ce mémorandum d'accord sera complété et précisé davantage dans les LSA pour chacun des grands programmes, et il est destiné à résoudre le problème systémique qui se pose s'agissant d'obtenir de l'Agence des données financières pertinentes et fiables. L'ACO est d'accord avec l'observation selon laquelle il devrait établir des indicateurs de qualité et des indicateurs de performance dans le

cadre de ses relations de financement par le client avec l'Agence. Cela est en fait prévu dans les accords que l'ACO s'attache à finaliser avec les agences OTAN.

L'audit et l'accès à la documentation constituent des points de désaccord entre les agences et la J8 du SHAPE. Des discussions sont toujours en cours, et la J8 du SHAPE a l'intention de continuer de faire pression pour obtenir plus de transparence concernant les informations relatives aux projets et aux services financés par l'ACO.

Position du Collège

Le Collège n'a pas d'autres commentaires à formuler.

4. ABSENCE D'ACCORD JURIDIQUE AVEC L'AGENCE OTAN D'INFORMATION ET DE COMMUNICATION (NCIA) POUR LA FOURNITURE DE SERVICES À LA FORCE INTERNATIONALE D'ASSISTANCE À LA SÉCURITÉ (FIAS)

Contexte

4.1 La NCIA exécute diverses tâches au nom de l'ACO, notamment la maintenance d'un système d'information et de communication en Afghanistan. La maintenance de ce système est aussi assurée au nom de la NCIA par un contractant privé. Quelle que soit la façon dont les choses se font, l'ACO reste responsable de la performance des activités externalisées.

Observation

4.2 Depuis plusieurs années, le Collège constate qu'il n'existe pas, entre la NCIA et l'ACO, de contrat détaillé pour la fourniture de services au niveau de la FIAS qui régirait la structure globale de la coopération et définirait clairement les droits et les obligations des deux parties. Seul un ordre d'achat d'un montant élevé couvrant l'ensemble de l'exercice a été fourni à la NCIA par le QG du JFCBS. Ainsi, ce quartier général a fait l'acquisition de services d'un montant de 60 MEUR destinés à couvrir les coûts d'exploitation et de maintenance estimés sans qu'aucun accord détaillé n'existe.

4.3 Par ailleurs, l'ACO ne dispose pas des outils nécessaires pour évaluer la performance de la NCIA. Ni les contractants privés, ni les coûts de la NCIA n'ont fait l'objet d'une évaluation ou d'une analyse comparative.

Recommandation

4.4 Le Collège recommande que le QG du JFCBS établisse officiellement des arrangements détaillés relatifs au soutien des SIC pour la FIAS avant d'émettre un ordre d'achat portant sur une année et destiné à couvrir les coûts d'exploitation et de maintenance. Cela fait maintenant plusieurs années que le Collège formule une telle recommandation.

Commentaire de l'ACO

L'ACO confirme l'exactitude factuelle des constatations du Collège.

Réponse donnée/mesures prises par l'ACO (à la date du présent rapport)

L'ACO souscrit à la recommandation du Collège.

Alors que l'ACO ne dispose pas d'un accord sur les niveaux de service (SLA) concernant la FIAS, pour laquelle les besoins sont basés sur les propositions de prix de l'Agence, il en a établi pour tous les autres programmes. Le

Commandement envisage actuellement d'établir un SLA global pour tous les sites locaux, y compris les théâtres.

Position du Collège

Le Collège n'a pas d'autres commentaires à formuler.

5. NÉCESSITÉ D'UNE CONFIRMATION PAR LES ENTITÉS OTAN DU SOLDE DES ÉLÉMENTS D'ACTIF ET DE PASSIF EN FIN D'EXERCICE

Contexte

5.1 Le volume des opérations entre organismes OTAN est important. Ainsi, la NCIA, la NSPA et le Commandement allié Transformation (ACT) fournissent divers services à l'ACO. Ces opérations se traduisent par l'existence, en fin d'exercice, de soldes à confirmer par les entités OTAN pour ce qui est des éléments d'actif (montants à recevoir, paiements anticipés, etc.) et de passif (montants à payer, avances, etc.). Ces éléments d'actif et de passif sont comptabilisés dans les états financiers de chacun des organismes OTAN concernés.

Observation

5.2 Le Collège a constaté que l'ACO ne se faisait pas confirmer par les autres organismes OTAN concernés (ACT, NCIA, etc.) le solde des éléments d'actif et de passif leur correspondant en fin d'exercice. Ainsi, il n'existe aucune certitude quant au fait que chacun des organismes est d'accord sur le montant des soldes restants.

Recommandation

5.3 Le Collège recommande que, à partir de l'exercice 2014, l'ACO se fasse confirmer par les autres organismes OTAN concernés le solde des éléments d'actif et de passif leur correspondant en prévision de l'établissement des états financiers.

Commentaire de l'ACO

L'ACO ne peut confirmer l'exactitude factuelle des constatations du Collège.

Réponse donnée/mesures prises par l'ACO (à la date du présent rapport)

L'ACO ne souscrit pas à la recommandation du Collège.

Dans le jeu de données financières nécessaires à l'établissement de ses états financiers consolidés, l'ACO inclut toujours les données relatives aux soldes restants concernant les autres entités non consolidées.

Dans le cadre de la clôture de fin d'exercice, l'ACO adresse à toutes les agences OTAN une lettre dans laquelle il leur demande de fournir à chaque commandement ACO les données et/ou les chiffres relatifs aux actifs appartenant à l'ACO en les répartissant par source de financement – budget militaire et/ou NSIP – ainsi qu'une liste rapprochant tous les montants restant à recevoir et à payer pour chacun des commandements ACO.

Cette lettre fournit aussi aux agences un modèle à suivre pour plus de cohérence.

Position du Collège

Le Collège considérera la question comme réglée si l'ACO présente les résultats du processus de confirmation au cours de l'audit des états financiers de 2014.

6. CERTAINS ÉQUIPEMENTS FOURNIS À L'AFGHANISTAN N'ONT PAS ÉTÉ UTILISÉS ET SONT DEVENUS OBSOLÈTES

Contexte

6.1 En vertu des pratiques et des règles en vigueur au QG du JFCBS, tous les équipements doivent être enregistrés dans le système de stocks à Brunssum avant d'être expédiés à la FIAS. Dans le cadre de cet enregistrement, l'utilisateur final est spécifié et enregistré dans le système. Lorsque la livraison a été effectuée, l'utilisateur final en est averti par le QG du JFCBS.

Observation

6.2 Lors d'une visite sur le terrain dans une zone de conteneurs chez un contractant privé, le Collège a noté l'existence de neuf abris contenant des équipements pour la structure de commandement et de contrôle aériens (C2 Air). Ces abris ont été installés il y a quelques années, mais n'ont pas été utilisés depuis. Le Collège n'a pas été en mesure d'identifier les utilisateurs finals ni les bénéficiaires finals de ces conteneurs. Les articles se trouvant dans les conteneurs ont toutefois été enregistrés dans le registre des stocks du NDSS (dépôt 26 de la NCIA), et leur valeur s'élevait à environ 2,5 MEUR.

6.3 De plus, l'administrateur sénior Logistique pour le secteur FIAS de la NCIA a déclaré au Collège que certains contractants privés avaient déjà sorti des articles des abris. Deux autres abris contenant des équipements utilisés pour des opérations psychologiques ont aussi été installés dans cette même zone de conteneurs chez le contractant privé sans que l'on dispose d'informations quant à leur utilisateur final et à leurs bénéficiaires.

Recommandation

6.4 Le Collège a trouvé des éléments permettant d'établir que les articles des stocks fournis à l'Afghanistan, pour les équipements SIC et non SIC, n'étaient pas correctement enregistrés et traités. Le Collège est conscient qu'il n'est pas possible de recenser rétrospectivement tous les articles des stocks concernés, et que les équipements SIC relèvent de la responsabilité de la NCIA ; il a toutefois recommandé qu'un examen approfondi du stock existant soit effectué dans le cadre du processus de désengagement.

Commentaire de l'ACO

L'ACO confirme l'exactitude factuelle des constatations du Collège.

Réponse donnée/mesures prises par l'ACO (à la date du présent rapport)

L'ACO souscrit à la recommandation du Collège.

L'ACO s'est employé de manière proactive à mettre en œuvre des procédures en accord avec le Comité des budgets et le Comité des investissements, afin de traiter de manière appropriée, le retrait d'équipements de la FIAS financés par

l'OTAN, en réponse à la demande des pays visant à optimiser le rendement des investissements financés en commun. La procédure établie par le SHAPE pour le retrait des équipements financés par l'OTAN (NFE) prévoit que des inventaires exhaustifs des biens déployés dans le cadre de la FIAS doivent être dressés en vue de la prise de décision ultérieure sur ceux qui doivent être transférés à la mission Resolute Support, ceux qui doivent être réaffectés et ceux qui doivent être radiés.

Position du Collège

Le Collège n'a pas d'autres commentaires à formuler.

7. NÉCESSITÉ D'AMÉLIORER LE PROCESSUS DE RADIATION D'ÉQUIPEMENTS SUR LE THÉÂTRE

Contexte

7.1 Les équipements qui ne sont plus en état de service peuvent être radiés en vertu du Règlement financier de l'OTAN. L'agent comptable des biens est chargé de suivre le processus de radiation sur le théâtre. Après approbation finale de la radiation, il transfère la responsabilité financière des biens visés à l'agent liquidateur des biens, lequel est chargé de procéder à leur liquidation en conformité avec la décision de radiation, que celle-ci prévoie leur destruction, leur vente, leur don, leur cannibalisation ou leur réaffectation. Pour réduire le risque de fraude ou d'augmentation des coûts de gestion des équipements hors service, la radiation doit se faire sans tarder.

Observation

7.2 Le Collège a relevé des cas de délais dépassant 6 mois dans le cadre d'un processus décisionnel relatif à la réaffectation et à la liquidation de biens OTAN hors service ou excédentaires sur un théâtre. Les biens à radier sont conservés dans différents lieux dans les bases de la FIAS jusqu'à ce qu'une décision finale soit prise. Il y a un risque de voir ces biens détournés par du personnel non autorisé ou cannibalisés par des contractants privés. Par ailleurs, les coûts de traitement des biens augmentent avec l'allongement des délais.

Recommandation

7.3 Le Collège recommande que les décisions de radiation soient prises beaucoup plus vite. Il faudrait aussi qu'elles soient appliquées rapidement.

Réponse donnée/mesures prises par l'ACO (à la date du présent rapport)

L'ACO souscrit à la recommandation du Collège.

Des instructions permanentes (SOP) détaillées ont été communiquées au théâtre en mars 2014. Elles donnent des orientations concernant la radiation et la liquidation des biens sur le théâtre. Ces orientations complémentaires ont permis de rationaliser davantage le processus de radiation des biens devenus obsolètes ou excédentaires. Elles devraient faire en sorte que les radiations sur le théâtre se fassent sans délai.

Les orientations mises en place pour les équipements dans le cadre du désengagement de la FIAS resteront d'application pour la mission Resolute Support, ainsi que le prévoit le paragraphe 7 des modalités de financement de cette mission qui ont été approuvées par le Bureau de la planification et de la politique générale des ressources (RPPB).

Position du Collège

Le Collège n'a pas d'autres commentaires à formuler.

8. NON-RESPECT DES NOUVELLES RÈGLES RELATIVES À L'INDEMNITÉ DE REPRÉSENTATION

Contexte

8.1 En 2013, le Conseil de l'Atlantique Nord a diffusé une nouvelle directive portant sur le remboursement à effectuer aux bénéficiaires de l'indemnité de représentation et sur l'attribution d'un rôle aux contrôleurs des finances dans la gestion du processus (PO(2013)0154-AS1, du 10 avril 2013). Les nouvelles règles, applicables à tous les agents de l'OTAN ayant droit à cette indemnité, sont entrées en vigueur le 1^{er} juin 2013. Depuis cette date, l'indemnité est perçue uniquement sous forme de remboursement des dépenses, alors que, auparavant, les bénéficiaires la percevaient sous forme d'une avance et restituaient les montants non dépensés à l'organisme OTAN concerné. Les contrôleurs des finances des organismes OTAN sont maintenant chargés de vérifier que les dépenses satisfont bien aux règles fixées pour le remboursement.

Observation

8.2 Le Collège a constaté que l'ACO et les commandements qui lui sont subordonnés n'avaient pas dûment appliqué la nouvelle directive à partir du 1^{er} juin 2013, continuant de suivre l'ancienne procédure tout au long de l'exercice 2013. Il a relevé que l'ACO avait diffusé une directive (ACO 060-052) prévoyant l'application de la décision prise mais seulement à partir du 1^{er} janvier 2014. Ce délai dans l'application de la nouvelle directive n'est pas pleinement conforme aux dispositions du PO(2013)0154. Ainsi, aucun rapport n'a été soumis concernant les charges relatives aux indemnités de représentation pour 2013, et aucune information n'a été donnée à leur sujet dans les états financiers.

Recommandation

8.3 Le Collège recommande à l'ACO de poursuivre, en collaboration avec les commandements qui lui sont subordonnés, ses travaux portant sur l'élaboration de modalités d'application afin qu'il puisse mettre en œuvre correctement les règles et procédures nouvellement établies concernant la perception et l'utilisation de l'indemnité de représentation.

8.4 Le Collège recommande également à l'ACO de fournir dans ses états financiers des informations sur l'indemnité de représentation, ainsi qu'il est prévu dans la procédure approuvée par le Conseil.

Commentaire de l'ACO

L'ACO confirme l'exactitude factuelle des constatations du Collège.

Réponse donnée/mesures prises par l'ACO (à la date du présent rapport)

L'ACO souscrit à la recommandation du Collège.

Suite à l'approbation du PO(2013)0154, l'ACO a mis à jour sa directive 60-52 sur les frais de réception et les indemnités de représentation, mais seulement en septembre 2013. Par ailleurs, l'ACO vient juste d'établir des orientations spécifiques à annexer à l'AD 60-52, qui donnent aux commandements qui lui sont subordonnés des instructions administratives en vue de la mise en place d'une procédure solide et cohérente applicable à l'échelle de l'ACO s'agissant de l'utilisation de l'indemnité de représentation et de la détermination du type de dépenses qui peuvent être couvertes par cette indemnité, en conformité avec le PO(2013)0154 et en concertation avec l'ACT et l'État-major militaire international (EMI).

Position du Collège

Le Collège n'a pas d'autres commentaires à formuler.

9. INEXACTITUDES DANS LES SPÉCIFICATIONS TECHNIQUES CONTRACTUELLES ET NON-RESPECT DES EXIGENCES RELATIVES AUX APPELS D'OFFRES INTERNATIONAUX AU QUARTIER GÉNÉRAL DU COMMANDEMENT ALLIÉ DES FORCES INTERARMÉES DE NAPLES (QG DU JFCNP)

Contexte

9.1 Toutes les entités doivent se conformer aux règles de passation de marché en vigueur, et notamment au Règlement financier de l'OTAN, aux règles et procédures financières de l'OTAN ainsi qu'à la directive 60-70 des deux commandements stratégiques (SC).

Observation

Inexactitudes dans les spécifications techniques communiquées aux soumissionnaires

9.2 En vertu du Règlement financier de l'OTAN, une documentation complète et sans ambiguïté doit être fournie aux soumissionnaires pour garantir l'équité du processus d'appel d'offres. Le Collège a toutefois relevé, dans trois des cinq marchés qu'il a examinés, des différences considérables entre les estimations de coût et le prix final versé au titulaire du marché. Dans le premier cas, le contrat a été attribué pour un montant correspondant à 35 % de la valeur estimée. Dans le deuxième cas, l'offre la moins disante portait sur un montant supérieur de 50 % au coût estimé. Dans le troisième cas, l'inexactitude des spécifications techniques a mené à l'établissement d'un avenant au contrat après l'octroi du marché. Cela a donné lieu à une augmentation de 21 % de la valeur initiale du contrat.

9.3 Le Collège a constaté que, dans les trois cas, les principales raisons à l'appui de la modification des prix n'étaient pas suffisantes, et que des spécifications techniques inexactes avaient été communiquées aux soumissionnaires.

Non-respect des exigences relatives aux appels d'offres internationaux

9.4 En vertu des règles de passation de marché, les contrats portant sur un montant supérieur à 160 000 EUR doivent faire l'objet d'un appel d'offres international (AOI). Toute dérogation aux règles relatives aux AOI doit être approuvée par le contrôleur des finances de l'ACO.

9.5 Le Collège a constaté que, dans deux cas où la valeur du contrat aurait rendu nécessaire le lancement d'un AOI, le QG du JFCNP avait demandé au contrôleur des finances de l'ACO d'approuver une dérogation aux procédures normales de passation de marché. Dans les deux cas, le contrôleur des finances de l'ACO a approuvé la demande qui lui a été soumise.

9.6 Dans un des deux cas, le QG du JFCNP a demandé que la période d'appel d'offres soit réduite. Le Collège n'a pas trouvé les raisons justifiant une telle demande. Dans l'autre cas, la demande de dérogation n'a été faite qu'après l'attribution du marché. Dans les deux cas, la directive 60-70 des deux SC n'a pas été respectée. Elle stipule au point 2-4 b que « l'urgence née d'une absence de décision en temps utile ne constitue pas un motif suffisant pour ne pas respecter les exigences eu égard au nombre minimum de fournisseurs et pour ne pas mettre en concurrence un maximum de fournisseurs admissibles ».

Recommandation

9.7 Le Collège recommande que, à l'avenir, le QG du JFCNP se conforme pleinement aux règles relatives à la passation de marchés. Il recommande également au QG du JFCNP de faire en sorte que les spécifications techniques contractuelles et les estimations de coût soient dûment prises en compte et déterminées avant l'octroi du marché. Il note, certes, que les marchés étaient exceptionnellement complexes (services de maintenance au nouveau QG du JFCNP), mais estime que le QG du JFCNP devrait solliciter un avis professionnel s'il ne dispose pas des ressources nécessaires ou si son expertise n'est pas suffisante.

Commentaire de l'ACO

L'ACO confirme l'exactitude factuelle des constatations du Collège pour ce qui est des « inexactitudes dans les spécifications techniques communiquées aux soumissionnaires ».

Réponse donnée/mesures prises par l'ACO (à la date du présent rapport)

L'ACO souscrit en partie à la recommandation du Collège.

Le Bureau des achats et marchés de la J8 du JFCNP collabore actuellement avec les parties prenantes exprimant les besoins afin d'améliorer la qualité et la précision des estimations de coût et des spécifications techniques. Si nécessaire, ce bureau reporte la publication d'un appel d'offres jusqu'à ce qu'une estimation réaliste ait été faite. Lorsque l'on constate, avant sa publication, qu'une spécification est inexacte, le responsable des achats et marchés de la J8 reporte la diffusion de l'appel d'offres. S'agissant de la recommandation du Collège visant à solliciter un avis professionnel pour des spécifications techniques complexes, l'ACO confirme que le bureau des achats et marchés de la J8 du JFCNP a déjà fait appel à des services d'expertise technique contractuels pour des projets tels que celui qui est intitulé « Construction of Sound Barrier », pour le contrat OTAN de services de maintenance et pour des activités de simulation d'exercices. De plus, le JFCNP sollicite actuellement l'avis professionnel d'une société italienne de services du marché de l'énergie pour la passation d'un contrat s'inscrivant dans le prolongement du contrat de fourniture d'électricité et de gaz au JFCNP.

Position du Collège

Le Collège n'a pas d'autres commentaires à formuler.

SUITES DONNÉES AUX OBSERVATIONS ANTÉRIEURES

Le Collège a examiné la suite donnée aux observations et aux recommandations formulées à l'issue des audits précédents. Ces observations sont résumées dans le tableau ci-dessous, avec un point de la situation.

(1) Suites données aux observations antérieures

OBSERVATION/RECOMMANDATION	MESURES PRISES	ÉTAT DE LA QUESTION
RAPPORT D'AUDIT 2012 – C-M(2014)XXXX/IBA-AR(2013)32		
Recommandation n°1 Suite à l'introduction du cadre comptable adapté, le 1 ^{er} janvier 2013, le Collège recommande à l'ACO de lui fournir, avant qu'il ne procède à l'audit de ses états financiers 2013, des informations détaillées sur la méthode qu'il a utilisée pour faire en sorte que tous les stocks acquis après le 1 ^{er} janvier 2013 apparaissent bien dans ses états financiers. Il s'agit de savoir notamment comment il a présenté les stocks gérés par les agences OTAN et comment il traite les problèmes relatifs à la Composante E-3A et à la FIAS.	Méthode communiquée et appliquée par l'ACO. De nouvelles observations ont toutefois été faites en 2013 concernant l'application de cette méthode.	Question réglée .
Recommandation n°2 Suite à l'introduction du cadre comptable adapté, le 1 ^{er} janvier 2013, le Collège recommande à l'ACO de lui fournir, avant qu'il ne procède à l'audit de ses états financiers de 2013, des informations détaillées sur la méthode qu'il a utilisée pour faire en sorte que toutes les immobilisations corporelles acquises après le 1 ^{er} janvier 2013 apparaissent bien dans ses états financiers.	Méthode communiquée et appliquée par l'ACO. De nouvelles observations ont toutefois été faites en 2013 concernant l'application de cette méthode.	Question réglée .
Recommandation n°3 Le Collège recommande à l'ACO d'étudier les raisons pour lesquelles il a fallu verser des indemnités au personnel civil à statut local du JFC Naples et de faire en sorte qu'à l'avenir, les lettres de préavis soient envoyées à temps afin qu'il ne soit pas nécessaire d'effectuer ce genre de paiement.	La question a fait l'objet d'un examen et de nouvelles procédures ont été mises en place.	Question réglée .
Recommandation n°4 Le Collège recommande que les futurs états financiers de l'ACO fassent apparaître, dans des	Des mesures ont été prises.	Question réglée .

OBSERVATION/RECOMMANDATION	MESURES PRISES	ÉTAT DE LA QUESTION
colonnes distinctes, les transferts et les résultats du deuxième examen du budget (BA3), étant donné le vif intérêt manifesté par les pays s'agissant de l'exécution du budget.		
RAPPORT D'AUDIT 2011 – C-M(2013)0022//IBA-AR(2012)30		
Recommandation n°2 Acquisition par l'intermédiaire des agences OTAN Alors que le Collège a noté que l'ACO travaillait avec les agences à l'amélioration des processus en la matière, il recommande au Commandement et aux agences de définir un calendrier pour la finalisation des processus d'atténuation des risques. Les processus doivent être adaptés à l'environnement d'exploitation, et les procédures sur le théâtre doivent être suffisamment solides pour faire face aux fréquentes rotations du personnel.	Les négociations sur les procédures en la matière sont toujours en cours entre l'ACO et les agences.	Question restant à régler.
Commentaire de l'ACO Site ACO. Réponse donnée/mesures prises par l'ACO (à la date du présent rapport) L'ACO souscrit à la recommandation du Collège. L'ACO a donné au Collège des informations actualisées concernant les arrangements contractuels en place avec la NSPA et avec la NCIA dans sa réponse à l'observation faite (voir ci-dessus). Selon l'ACO, le Collège peut considérer que cette recommandation <u>est devenue caduque et qu'elle a été remplacée par la recommandation n°3 du rapport d'audit de 2013.</u>		
Position du Collège L'observation 3 relative à l'exercice 2013 porte spécifiquement sur les relations de l'ACO avec la NSPA. L'observation relative à des exercices précédents concerne plus généralement les acquisitions faites par l'intermédiaire des agences OTAN. La question reste à régler.		
Recommandation n°7 Manque de cohérence des données pour les ventes militaires à l'étranger (FMS)		

OBSERVATION/RECOMMANDATION	MESURES PRISES	ÉTAT DE LA QUESTION
Le Collège reconnaît que la validation des informations concernant les livraisons présente des difficultés sur le plan logistique, et que l'ACO n'a pas de prise sur certains éléments de ce processus. Il recommande néanmoins à l'ACO de travailler avec la NAMSА en vue d'obtenir des données plus précises, qui lui permettront de préparer des états financiers qui soient conformes aux principes de la comptabilité d'exercice. L'ACO doit obtenir l'assurance que des contrôles sont en place à la NAMSА et qu'ils fonctionnent correctement, de manière à être certain que les biens et les services reçus puissent être rapprochés des relevés de facturation	L'ACO et le Collège sont bien conscients des difficultés inhérentes à l'estimation des dépenses FMS selon les principes de la comptabilité d'exercice. Les notes jointes aux états financiers de l'ACO mettent bien en évidence ce problème. L'ACO estime que les factures et les bons de livraison transmis chaque trimestre par les autorités américaines ne donnent pas une image complète des biens et services fournis au cours d'un exercice comptable donné. L'ACO et la NSPA étudient actuellement une méthode révisée d'estimation des dépenses FMS selon les principes de la comptabilité d'exercice.	Question restant à régler.
Commentaire de l'ACO Site ACO/SHAPE. Réponse donnée/mesures prises par l'ACO (à la date du présent rapport) L'ACO souscrit à la recommandation du Collège. Dans les notes jointes aux états financiers de l'ACO, il est dit clairement que le Commandement estime que les factures et les bons de livraison transmis chaque trimestre par les autorités américaines ne donnent pas une image complète des biens et services fournis au cours d'un exercice comptable donné. Après plusieurs discussions avec la NSPA dans le cadre de diverses tentatives visant à régler cette question qui se pose de longue date, l'ACO estime que l'OTAN a accepté le fait que, en aucune circonstance, les États-Unis – qui fournissent les contrats FMS – ne modifieront leurs procédures pour répondre aux exigences de l'Organisation relatives à la comptabilité d'exercice. D'autres entités OTAN se heurtent aux mêmes difficultés et vont probablement porter l'affaire au niveau du NOR en vue d'une éventuelle adaptation des IPSAS afin qu'elles tiennent compte des exigences spécifiques de l'OTAN. L'ACO souhaite toutefois insister sur le fait qu'il s'agit d'une question non significative pour ce qui concerne les contrats FMS au sein de la Composante E-3A. L'ACO propose que le Collège considère la question comme « réglée ».		
Position du Collège		

OBSERVATION/RECOMMANDATION	MESURES PRISES	ÉTAT DE LA QUESTION
Le Collège maintient sa position.		



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ANNEX 3
C-M(2015)0048

ALLIED COMMAND OPERATIONS CONSOLIDATED FINANCIAL STATEMENTS 2013



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Allied Command Operations Consolidated Financial Statements 2013

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Acronyms

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ACO Consolidated Financial Statements 2013

30 April 2014

Executive Statement

Allied Command Operations (ACO)

INTRODUCTION

The attached, unaudited consolidated financial statements (FS) for Allied Command Operations (ACO) covering the fiscal year 2013 starting 1 January 2013 and ending 31 December 2013 are submitted for audit by the IBAN. This procedure is in accordance with Articles 26 and 27 of the NATO Financial Regulations (NFR). Attached to the Financial Statements are IV Annexes which are submitted for information purposes only and not for audit. The financial statements are also distributed to the national delegations of the 28 NATO Nations for their information.

SUMMARY

During 2013 one of the main priorities and challenges for the ACO J8 Community was to undertake a review of the Allied Command Operations (ACO) finance functions following approval of the End State Peacetime Establishment (ESPE) in accordance with the recommendation of the NATO Defence Manpower Audit Authority (NDMAA) made in its Initial State Peacetime Establishment (ISPE) report¹. The need for a review of the finance functions ACO-wide was justified by a variety of factors. In addition to the concern that the allocation of J8 staff in the ESPE was less than optimal it was also necessary to take into account the potential implications of agency reform and in particular the additional work involved with customer funding of the NCIA as well as the possible impact of the shared services initiative led by NATO HQ to look at the centralization of certain support functions such as finance and accounting. The ongoing review of the NATO financial regulations could also have implications for the roles and responsibilities of the J8 function ACO wide. Finally, there was an intent on behalf of the ACO Financial Controller to increase the efficiency, effectiveness and economy of the ACO J8 community generally and to apply best business practices wherever possible. With the approval of the Chief of Staff SHAPE this review was initiated in February 2013 as an optimization study with the objective of accomplishing a comprehensive analysis of the ACO-wide J8 organization, workload and business processes. The study, which is still ongoing, consists of three steps: (1) documenting the 'as-is' situation, (2) analyzing possible changes and, finally, (3) recommending to the SHAPE COS possible changes to the J8 establishment in order to ensure an optimum organization. The first step was achieved during 2013 through a quantitative analysis of the current workload complemented by qualitative data acquired during a series of interviews with all members of the J8 staff ACO-wide. The main findings were that many J8 work processes are deemed to be sub-optimal. Processes are poorly harmonized across the ACO Commands and there are structural differences in the J8 organizations that need to be address to ensure consistency. Some efficiency measures were

¹NDMAA(002)-0009-2012, Validation of NATO Command Structure, dated 10 Apr 2012

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identified in October 2013 by the ACO J8 Optimization Study Project Board in order to simplify the workflows and processes in the three functional areas of budgeting, contracting and accounting. The analysis of the "as-is" organization of J8 organization has led to the conclusion that the future organization that should be founded on a corporate finance model with centralization of functions in SHAPE to avoid unnecessary local work practices, to promote maximum utilization of the financial management system and to facilitate the flexibility of staff to ensure efficiencies and synergies and to support the deployability of commands. This objective has recently been endorsed by the SHAPE COS and the optimization study is now proceeding to implement efficiency measures where these are possible and within the remit of the ACO Financial Controller and to identify others which may need decisions in other fora.

The year 2013 has been characterised by approval of the NATO Accounting Framework² which represents a milestone for moving the NATO reporting entities towards full IPSAS compliance. The NATO Accounting Framework provides NATO reporting entities with an adaptation of some IPSAS standards which will produce a common approach NATO-wide on financial data reporting whilst catering for NATO's specific requirements with regard to inventories, Property Plant & Equipment (PP&E) and intangible assets. It also provides guidance on how to report on Morale & Welfare Activities (MWA), thus solving the debate as to whether or not to consolidate the MWA financial data in the primary financial statements. This framework was effective from 1 January 2013 and, consequently, I hope that the substantial work undertaken by ACO towards IPSAS implementation within the context of the NATO Accounting Framework will provide the basis for an unqualified audit opinion for the 2013 ACO FS.

ACO J8 has made further progress in resolving the weaknesses identified by the IBAN in the procurement activities in ISAF where issues were found in the governance of the management of the ISAF fuel contracts. In this respect, I welcome the IBAN comment made in the audit report on the 2012 ACO consolidated FS that its recommendations regarding the fuel contract have been largely implemented and that the Board has no further specific recommendations in this area. Despite the significant challenges the financial management in ISAF has made substantial progress in increasing internal control by strengthening and updating their processes and procedures, by implementing an Enterprise Risk Management (ERM) framework for the acquisition processes in theatre and by implementing the centralised financial system (FinS) since November 2012. It should be noted that the implementation and maintenance of the ERM project is inevitably impacted by the rotation of key staff involved in the project and, more generally, by continuing critical shortfalls in the J8 staffing in theatre. I am, however, pleased to see that the RPPB has recognised in its Report to the Council³ on the (IBAN) Special report on the management of NATO fuel contracts for ISAF and Troop Contributing Nations that ACO has taken the findings and recommendations of the IBAN and the ACO Board of Inquiry and Implementation Committee very seriously and is implementing concrete measures. Specifically, it is intended to establish a Solicitation Review Board for complex and high value contracts, to strengthen the membership of the current Contracts Award Committees with Legal Advisor representation, to create a specialist and accredited training course for contracting on operations, to set in place a contract information hub to provide additional transparency in the contracting process and procedures and, finally, to establish an acquisition staff assistance and oversight capability within SHAPE. It is considered that these measures will ensure a more robust governance and management structure for future contracting in support of operations.

Furthermore, following full implementation of the FinS Release 12 in ISAF, SHAPE, JFC BS and ISAF worked in close coordination to resolve some open issues related to workflow and internal organisation within the Finance and Accounting area in theatre.. All new procedures are currently in

² C-M(2013)0039 dated 26 July 2013 (approved under silence procedure on 2 August 2013)

³ AC/335-N(2013)0071-REV4 (approved under silence procedure on 12 February 2014)

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place and will be monitored on a recurring basis. It is recognised that the reorganised structure will also facilitate the downsizing of the mission in Afghanistan.

In 2013 SHAPE has continued to deliver IPSAS training to NATO staff through contractor support. The contract for IPSAS training signed between SHAPE and Price Waterhouse Cooper (PWC Belgium) in 2007 for delivering IPSAS courses NATO-wide was further extended until the end of 2015. In 2013 the set of IPSAS training courses were further adjusted to cater for the adaptation to some of the IPSAS standards and the additional granularity on the financial reporting requirements of NATO entities provided by the NATO Accounting Framework. Moreover a new IPSAS course was designed to provide Senior Management with an overview of the more important requirements to prepare financial statements under IPSAS and the accrual basis of accounting. The new course is currently being offered to NATO Senior Management staff effective from 2014.

As far as the Military Budget (MB) is concerned, the ACO J8 Community managed in 2013 a budget in excess of EUR 1 billion MB funds as well as significant funding from other sources such as NSIP, Nation Borne Costs, Trust Funding and MWA funds. The annual initial funding through the Military Budget reflected an increase from MEUR 1,064.9 in 2012 to MEUR 1,091.1 in 2013; this constituted an increase of MEUR 26.2 or 1.02%. The budgets in the ACO budget group (NCSEP, AOM, NAEW&C, ACO reorganization and AGS) were on average committed at a rate of 95.85% (including expenditures and regular and special carry forwards). Despite corrective actions to improve budget planning and budget execution phases in order to avoid lapses in 2013 lapses have been significant within the AOM budget as explained further below. The special carry forward authorized by the Budget Committee amounted to MEUR 20.8 in the ACO reorganization budget (BC 122) and KEUR 300 in the Balkans Operations budget.

FINANCIAL AND BUDGET ANALYSIS

Budgetary analysis

The initial 2013 NATO Command Structure Entities and Programmes (NCSEP) budget for ACO was approved by the NAC on 14 January 2013 in an amount of MEUR 300.9 This budget was increased at the first budget execution report (BER) to MEUR 302.1 in order to provide additional credits for the Active Fence Mission and increased electricity requirements at JFC Naples. In the 2nd BER ACO identified 112 KEuro savings in the closing Force Command Headquarters (Heidelberg and Madrid). The surpluses were relocated to emerging operational requirements since ACO considered that they were additional savings of the ACO reform over and above the initial estimates. As a result the final budget authorization in this budget group amounted to MEUR 302.3. The Alliance Operations and Missions (AOM) budgets were initially approved in an amount of MEUR 537.4 and remained unchanged in the 1st BER. In the 2nd BER ACO identified and surrendered savings of 836 KEuro bringing down the final budget approval to MEUR 536.6. The reduction was mainly the result of savings in the smaller NATO Operations (NS2AU, Active Endeavour and Ocean Shield). The NAEW budget group and the ACO reorganization budget (122) were approved at MEUR 252.6 and MEUR 33.9 respectively and remained unchanged through the fiscal year.

Due to ongoing eligibility discussions no AGS budget was approved at the beginning of fiscal year 2013. Following the eligibility decision taken by the RPPB the Budget Committee approved 400 KEuro for the AGS requirements in 2013.

The special carry forward authorized by the Budget Committee amounted to MEUR 20.8 in the ACO reorganization budget (BC 122) for the contingent requirement of LOJI for LWR as an effect of the Budget Committee decision to agree to Option 2 of the SHAPE LWR business case (a two-step and phased implementation of the new Garrison Support Arrangements) which under which SHAPE LWR contracts would not be terminated by 1 September 2014. In addition, KEUR 300 was carried forward

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in the Balkans Operations budget to pay for the Glamoc Range claims in 2014. ACO has initiated corrective actions in order to avoid lapses of similar magnitude in 2014 and future years as far as possible although it should be noted that these are not always under ACO's direct control.

The end of year budget execution report included in the financial statements has been assessed against the aforementioned BA3 figures approved by the Budget Committee and incorporates all transfers executed with appropriate Financial Controller or Budget Committee authority between September and December 2013.

*Utilization of the budget**NCSEP*

The average commitment rate (including expended and carried forward credits) for the ACO NCSEP budget amounts to 98.47%, with significant variations in the individual budgets. Significant lapses (in percentage terms) can be identified in the:

- a. AIRCOM budget (BC 105) due to lower than expected manning levels (especially in the CAOCs and DACCC), lower than expected travel expenditures due to limited national per diem funding and priority given to NRF certification (Steadfast Jazz) exercise funded from the Exercise Budget.
- b. HQ FC Madrid budget (BC 117) due to additional savings resulting from the closure of the HQ.
- c. Deployable HO Assets budget (BC131) due to an increased ACO control of the NSPA administrative expenditures.
- d. PfP and ICI budgets (BC502 and 512) due to lower than expected interest from participating Nations and limited capacity from the ACO HQs concerned to conduct events/activities.

In summary it should be noted that while the HQ budgets are executed at, or very close to, 100% (with the exception of the AIRCOM) the programme budgets, which are generally more difficult to estimate, show higher levels of lapses. ACO has already initiated changes in budget planning and execution (especially better and more timely communications with agencies) in order to reduce the surpluses for 2014 and the future.

Allied Operations and Missions (AOM)

The average commitment rate (including expended credits) for the AOM budgets amounts to 92.95% with considerable variations between the individual budgets. The ISAF budget shows a 92.98% commitment rate. The total lapse in the ISAF budget at the end of 2013 was significant (about 36 MEuro) including the remaining frozen credits in the amount of 15.8 MEuro. The main areas of lapse are as follows:

- a. TCSOR, related to estimated cost reductions for UAV and a revised cost estimate for the Role 2 medical facility at Herat;
- b. risk application, agreed with NSPA, for the NSPA ILS contracts;
- c. NCIA return of funds related to JFCBS risk management and the link to previous year carry forward credits;
- d. Rotary Wing contract changed during the last quarter of 2013 from 12 months to 11 month contract and reduced flying hours;
- e. Recalculation methodology for Rotary Wing fuel costs due to an unexpected lower litre/flight hour consumption and linked to changed flight hours;
- f. Reduction to Cargo Airlift requirements pending decision making for new mission;

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g. Chapter 3 lapsable credits due to cancellation of an armoured car replacement project.

The Balkans Operations Budget (BC183) shows savings in the range of 1.5 MEuro due to various efficiencies including a new maintenance contract operating at KFOR HQ, lower than estimated NSPA support costs, reduced vehicle replacement programme due to vehicles received from the closing HQs in Madrid and Lisbon and various other economies.

NAEW, Reorganisation and AGS

The average commitment rate for the NAEW budget at 18 and 17 Nations cost shares (including expended and carried forward credits) as of 31 Dec 2013 amounts to 98.87 % with the majority of lapses identified in Chapter 2 (primarily mission support). The ACO reorganization budget was committed at 99.22%. The AGS budget approved at 400 KEuro was entirely legally committed in 2013 and partially expended, partially carried forward.

In summary, the ACO budget group (NCSEP, ACO Reorganisation, AOM, NAEW&C, and AGS) were on average committed at a rate of 95.85% (including expenditures and regular and special carry forwards). However, this figure is skewed due to the high lapses in the AOM budgets. Corrective actions have been initiated in both the budget planning and budget execution phases in order to avoid lapses of similar magnitude as far as possible in 2014 and future years.

ENHANCING TRANSPARENCY AND ACCOUNTABILITY

The ACO 2012 Financial Statements were qualified by the IBAN on the ground of non-compliance with IPSAS regulations and with applicable rules and regulations. The non-compliance with IPSAS relates to the non-disclosure on inventories and Property Plant & Equipment in accordance with IPSAS 12 and IPSAS 17 respectively as well as to the non-consolidation of the Morale and Welfare Activities in the ACO Financial Statements. As mentioned above, these issues have now been resolved by implementation of the NATO Accounting Framework with effect from 1 January 2013.

The IBAN's confirmation of its opinion due to non-compliance with rules and regulations was solely related to the management of the ISAF Fuel BOA. The Board will be aware that ACO has begun implementing concrete measures to set in place robust governance and management structure for future contracting in support of operations. It should also be noted that in 2013 ACO has continued to work on developing a general contractual framework with NCIA and NSPA in order to improve the relationship between the customer and the provider and, particularly, the customer's oversight and control over procurement activities and the financial data provided by the agencies. The intent has been to resolve the historical weaknesses in the validation process of requirements and the risks of inaccurate financial reporting where ACO procures goods or services from the Agencies. With particular respect to NCIA, the previous Service Level Agreements (SLAs) signed NCIA and the ACO Commands lacked the detailed financial terms and conditions highlighted by the IBAN in its 2009 and subsequent audit reports. These are now contained in the 2014 SLAs. For the 2015 SLAs it is still SHAPE J8's intent to initiate discussions on an overarching MOA to include all the enduring general terms and conditions while the individual SLAs will contain the annual tasking clauses. The Board will recognize that full implementation of the customer funding regime will take time but ACO is working assiduously with NCIA to ensure that, at the end of the transition process, the SLAs will reflect the agreed levels of service and the associated funding together with the necessary KPIs. Regarding NSPA, an overarching Memorandum of Agreement is still being negotiated, financial reporting for all projects is still an open issue, but SHAPE is confident to agree on a final product this year.

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INTERNAL CONTROL, ENTERPRISE RISK MANAGEMENT AND FINANCIAL RISK MANAGEMENT*Internal control*

The NFR and FRP assign the ACO Financial Controller a fiduciary responsibility for the effective administration of the financial and budgetary control system as well as for maintaining a sound system of internal control that supports the achievement of ACO policies, aims and objectives as set out by NATO. This fiduciary responsibility includes the responsibility for the safeguarding of funds and assets that have been entrusted to ACO by the Nations and for ensuring that detailed rules and procedures are established to attain effective and efficient financial administration within applicable laws and regulations.

Internal Control activities are policies and procedures implemented and executed by the entity's management and staff in order to reduce risks to a level accepted by the management and to provide reasonable assurance that the objectives of the organization are achieved including effectiveness and efficiency of operations, accuracy and reliability of financial reporting and compliance with laws and regulations. At the transaction level internal control aims at identifying, assessing and mitigating possible risks (especially fraud and material misstatements) and conveying reasonable assurance that the accounts present a true and fair view of the financial position of the entity in all material aspects.

One of the objectives of internal control is to guarantee the reliability of the financial reporting. Reliable financial reporting implies that the financial information is obtained from a reliable accounting system. The implementation of the ACO centralized Financial System (FinS) provides a technical platform that has proved to have beneficial impacts on ACO business processes and the accuracy and reliability of the financial data reporting. Phase 2 of the project has been recently completed. All ACO entities are now using the centralized Financial System except the E3A Component for which work is in progress to implement the FinS system by 2015. Consequently, after several years SHAPE has now succeeded in implementing FinS ACO-wide which will further improve the accuracy and reliability of financial data and will lead to a more effective and efficient ACO financial management. Besides the full implementation of FinS, ACO has continued to work on the centralization of its financial activities, especially in the areas of cash management and accounting, including the re-engineering of some of the ACO business processes and procedures.

Financial Risk Management

Some specific details are provided in the Notes to the FS on the entity's exposure to credit risk, liquidity risk, currency risk, interest rate risk and other price risk and on the way such risks are managed. ACO, as all other entities is following NFRs and IPSAS standards for the financial reporting of this data.

SUSTAINABILITY

In 2013 Nations continued to be confronted with increasing constraints on their military budgets which reflected on the amount of resources Nations could entrust to the military commands to execute their tasks and responsibilities. As a result ACO has continued to focus on the economic management of the available resources by defining clear priorities in the requirements that can be funded.

ADMINISTRATIVE MATTERS

ACO's principal place of business and the name and address of its legal form are disclosed in Annex IV to the 2013 financial statements.

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RESPONSIBILITY

I certify that to the best of my knowledge and information all transactions during the financial year concerned have been properly entered in the accounting records with the exception reported in the ACO Accounting Policy. As a result the attached financial statements and notes fairly present the financial position of ACO as at 31 December 2013.

A handwritten signature in black ink, appearing to read 'A. Mackenzie', is positioned above the printed name and title.

Alan Mackenzie
Acting ACO Financial Controller
ACOS J8

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ACO Consolidated Financial Statements 2013

STATEMENT 1: ACO CONSOLIDATED STATEMENT OF FINANCIAL POSITION*For the year ended 31 December 2013*

<i>Amounts in EUR</i>	<i>Notes</i>	<i>2013</i>	<i>Restated 2012(**)</i>	<i>2012</i>
ASSETS				
Current Assets				
Cash and Cash Equivalents	C.1	916,021,068	749,090,200	750,873,352
Receivables	C.2	87,675,255	95,179,690	95,179,699
Prepayments and Misc. Assets	C.3	64,868,989	63,249,961	63,250,483
Inventories	C.4	21,283,377	0	47,608,828
Total Current Assets		1,089,848,689	907,519,851	956,912,362
Non-current Assets				
Financial Assets	C.5	9,988,961	15,927,237	15,927,237
Receivables	C.6	0	7,456,541	7,456,541
Property, Plant & Equipment	C.7	26,333,865	0	0
Total Non-current Assets		36,322,826	23,383,778	23,383,778
Total ASSETS		1,126,171,515	930,903,629	980,296,140
LIABILITIES				
Current Liabilities				
Payables	C.8	(241,113,575)	(235,143,583)	(235,918,719)
Unearned Revenue & Advance Contributions	C.9	(847,484,503)	(678,713,852)	(727,331,227)
Total Current Liabilities		(1,088,598,078)	(913,857,435)	(963,249,946)
Non-current Liabilities				
Provisions	C.10	(11,239,572)	(17,046,194)	(17,046,194)
Unearned Revenue	C.11	(26,333,865)	0	0
Total Non-current Liabilities		(37,573,437)	(17,046,194)	(17,046,194)
Total LIABILITIES		(1,126,171,515)	(930,903,629)	(980,296,140)
NET ASSETS				
Surpluses/Deficits	D.14	0	0	0
Total NET ASSETS		0	0	0

(*) In all tables, credit amounts/balances such as liabilities and revenue are presented with negative signs. Debit amounts and balances such as assets and expenses carry a positive sign.

(**) This column reports the restatement of the inventories as per the NATO Accounting Framework, and exclusion of NIFC.

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STATEMENT 2: ACO CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE*For the year ended 31 December 2013*

<i>Amounts in EUR</i>	<i>Notes</i>	<i>2013</i>	<i>Restated 2012(**)</i>	<i>2012</i>
Revenue				
ACO BC		(982,718,802)	(1,065,167,861)	(1,065,538,132)
ACO NSIP		(1,164,262)	(4,954,244)	(4,954,244)
Non-Consolidated BC		(11,229,493)	(5,033,091)	(5,033,091)
Reimbursable		(53,749,113)	(68,069,907)	(68,069,907)
Other entities		(8,393,589)	(8,305,228)	(9,713,875)
Miscellaneous ACO Income		(4,412,124)	(3,667,469)	(3,667,469)
Financial Revenue		(3,125,282)	(8,327,760)	(8,327,760)
Total to be returned to the Nations		7,377,503	8,614,228	8,614,228
Total Revenue	D.12	(1,057,415,162)	(1,154,911,332)	(1,156,690,250)
Expenses				
ACO BC		980,279,304	1,065,240,224	1,065,610,496
Personnel		208,749,158	216,026,781	216,026,781
Contractual Supplies and Services		765,286,960	837,544,666	837,914,938
Capital and Investment		6,243,186	11,668,777	11,668,777
ACO NSIP		1,164,262	4,954,244	4,954,244
Capital and Investment		1,164,262	4,954,244	4,954,244
Non-Consolidated BC		11,229,493	5,033,091	5,033,091
Personnel		2,359,883	2,308,353	2,308,353
Contractual Supplies and Services		8,869,610	2,724,738	2,724,738
Reimbursable		53,749,113	68,069,907	68,069,907
Personnel		6,228,510	6,828,806	6,828,806
Contractual Supplies and Services		47,517,792	60,876,906	60,876,906
Capital and Investment		2,811	364,195	364,195
Other entities		8,393,589	8,305,229	9,713,875
Personnel		915,355	765,850	911,219
Contractual Supplies and Services		7,260,858	7,133,255	8,309,133
Capital and Investment		217,376	406,124	493,523
Depreciation		2,504,549	0	0
Financial Expenses		94,263	3,300,218	3,300,218
Financial Write-Off		589	8,419	8,419
Total Expenses	D.13	1,057,415,162	1,154,911,332	1,156,690,250

(*) In all tables, credit amounts/balances such as liabilities and revenue are presented with negative signs. Debit amounts and balances such as assets and expenses carry a positive sign.

(**) This column reports the restatement of the inventories as per the NATO Accounting Framework, and exclusion of NIFC.

**STATEMENT 3: ACO CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013**

<i>Amounts in Euro</i>	<i>2013</i>	<i>Restated 2012(**)</i>	<i>2012</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus/(deficit) from operating activities	0	0	0
Non-cash movements			
Depreciation	2,504,549	0	0
Increase (Decrease) in payables	5,969,991	33,076,418	33,851,553
Increase (Decrease) in other liabilities	162,964,029	(192,412,257)	(143,794,881)
Increase (Decrease) in unearned revenue for PPE	26,333,865	0	0
(Increase) Decrease in other assets	13,442,711	17,734,670	17,734,661
(Increase) Decrease in receivables	5,837,513	(19,627,489)	(19,628,011)
(Increase) Decrease in Inventories	(21,283,376)	58,045,956	10,437,128
Net cash flows from operating activities	195,769,282	(103,182,702)	(101,399,550)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and WIP	(14,700,121)	0	0
1) Property, plant and equipment, other funding	(14,138,293)	0	0
Proceeds from sale of plant and equipment	0	0	0
Proceeds from sale of investments	0	0	0
Purchase of foreign currency securities	0	0	0
Net cash flows from investing activities	(28,838,414)	0	0
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	0	0	0
Repayment of borrowings	0	0	0
Distribution/dividend to government	0	0	0
Net cash flows from financing activities	0	0	0
Change in cash flow	166,930,868	(103,182,702)	(101,399,550)
Cash and cash equivalents at beginning of period	749,090,200	852,272,902	852,272,902
Cash and cash equivalents at end of period	916,021,068	749,090,200	750,873,352
Net increase/(decrease) in cash and cash equivalents	166,930,868	(103,182,702)	(101,399,550)

1) Other funding refers to assets received from other entities funded through NSIP where SHAPE is not Host Nation

(*) In all tables, credit amounts/balances such as liabilities and revenue are presented with negative signs. Debit amounts and balances such as assets and expenses carry a positive sign.

(**) This column reports the restatement of the inventories as per the NATO Accounting Framework, and exclusion of NIFC

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STATEMENT 4: ACO CONSOLIDATED STATEMENT OF CHANGES IN NET EQUITY*For the year ended 31 December 2013*

<i><u>Amounts in EUR</u></i>	<i><u>Notes</u></i>	<i><u>2013</u></i>	<i><u>Restated 2012</u></i>	<i><u>2012</u></i>
Equity at beginning of year		0	0	0
Net surplus for the year		0	0	0
Net recognized revenue and expenses for the year		0	0	0
Equity at End of year		0	0	0

ALLIED COMMAND OPERATIONS

STATEMENT 5/1: ACO BC BUDGET EXECUTION REPORT

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All amounts are expressed in the reporting currency mentioned at the top left of the tables and rounded to the whole unit. Budgets authorized in GBP were converted and executed using a parity rate for the fiscal year. The rate was fixed using the rate as of 1st January.

BA 1: represents the amounts authorised by the Financial Committees as BA1 in December of the year preceding the financial year

BA 2: the amount authorised by the Financial Committees and published as BA2

BA 3: the amount authorised by the Financial Committees and published as BA3

Transfers: the difference between the Budget as it is reported at the end of the fiscal year and the Year End Review.

End of Year Budget: the budget as reported upon at the end of the year, including all transfers made between the authorisation of BA3 and the end of the fiscal year

Net commitments: net commitments are presented separately as they are a direct result of the way FinS/NAFS works. They give the net liabilities recorded against a budget and for entities using FinS/NAFS the invoice has not been received yet. When they relate to fiscal year -2, they are lapsed at the end of the year except if a special carry-forward has been requested from the committees.

Expenses: expenses are reported under accrual basis: they have been posted when goods have been delivered or the invoice has been received but not necessarily paid yet. As explained in note K.c., the actuals of this report differ from the expenses shown in the Statement 2.

Total spend: equals the sum of net commitments and expenses.

Carry-forward: equals the net commitments for the reporting year and one preceding year.

Lapses: lapsed credits cannot be used anymore in future years. They equal:

- the final budgets-the total spend for the reporting year and the previous year;
- the final budgets-the total expenses for the reporting year-2.

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<i>EUR</i>	<i>BA 1</i>	<i>BA 2</i>	<i>BA 3</i>	<i>Transfers</i>	<i>End of Year Budget</i>	<i>Net Commitment</i>	<i>Actual Expenses</i>	<i>Total Spend</i>	<i>Carry-Forward</i>	<i>Lapsed</i>
2013 NCSEP at 28										
	<i>300,986,579</i>	<i>302,288,845</i>	<i>302,176,213</i>	<i>0</i>	<i>302,176,213</i>	<i>65,285,555</i>	<i>232,279,891</i>	<i>297,565,446</i>	<i>65,285,555</i>	<i>4,610,767</i>
101 2013 SHAPE	60,083,335	60,083,335	60,991,335	708,000	61,699,335	7,891,661	53,804,412	61,696,073	7,891,661	3,262
Chapter: 7100	30,815,925	30,748,499	30,748,499	(790,813)	29,957,686	54,873	29,901,841	29,956,715	54,873	971
010 SHAPE HQ	30,815,925	30,748,499	30,748,499	(790,813)	29,957,686	54,873	29,901,841	29,956,715	54,873	971
Chapter: 7200	27,458,227	27,525,653	28,368,192	1,181,660	29,549,852	6,289,959	23,257,602	29,547,561	6,289,959	2,291
010 SHAPE HQ	27,458,227	27,525,653	28,368,192	1,179,160	29,547,352	6,289,959	23,255,102	29,545,061	6,289,959	2,291
210 MARCOM NORTHWOOD	0	0	0	2,500	2,500	0	2,500	2,500	0	0
Chapter: 7300	1,809,183	1,809,183	1,874,644	317,153	2,191,797	1,546,828	644,969	2,191,797	1,546,828	0
010 SHAPE HQ	1,809,183	1,809,183	1,874,644	317,153	2,191,797	1,546,828	644,969	2,191,797	1,546,828	0
103 2013 JFC HQ BRUNSSUM	22,394,264	22,394,264	22,394,264	0	22,394,264	2,136,657	19,945,584	22,082,242	2,136,657	312,022
Chapter: 7100	9,015,492	9,015,492	9,315,492	(10,057)	9,305,435	88,085	9,117,632	9,205,717	88,085	99,718
030 HQ JFC BRUNSSUM	9,015,492	9,015,492	9,315,492	(10,057)	9,305,435	88,085	9,117,632	9,205,717	88,085	99,718
Chapter: 7200	13,288,081	13,288,081	12,988,081	(4,822)	12,983,259	2,000,074	10,772,451	12,772,525	2,000,074	210,734
030 HQ JFC BRUNSSUM	13,288,081	13,288,081	12,988,081	(4,822)	12,983,259	2,000,074	10,772,451	12,772,525	2,000,074	210,734
Chapter: 7300	90,691	90,691	90,691	14,879	105,570	48,498	55,502	104,000	48,498	1,570
030 HQ JFC BRUNSSUM	90,691	90,691	90,691	14,879	105,570	48,498	55,502	104,000	48,498	1,570

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<i>EUR</i>	<i>BA 1</i>	<i>BA 2</i>	<i>BA 3</i>	<i>Transfers</i>	<i>End of Year Budget</i>	<i>Net Commitment</i>	<i>Actual Expenses</i>	<i>Total Spend</i>	<i>Carry-Forward</i>	<i>Lapsed</i>
104 2013 JFC HQ NAPLES	33,702,000	34,702,000	35,202,000	400,000	35,602,000	962,539	34,626,008	35,588,548	962,539	13,452
Chapter: 7100	13,567,890	13,567,890	13,567,890	628,374	14,196,264	14,834	14,181,430	14,196,264	14,834	0
100 HQ JFC NAPLES	13,567,890	13,567,890	13,567,890	628,374	14,196,264	14,834	14,181,430	14,196,264	14,834	0
Chapter: 7200	20,134,111	21,134,110	21,601,110	(227,874)	21,373,236	947,705	20,412,079	21,359,784	947,705	13,452
100 HQ JFC NAPLES	20,134,111	21,134,110	21,601,110	(227,874)	21,373,236	947,705	20,412,079	21,359,784	947,705	13,452
Chapter: 7300	0	0	33,000	(500)	32,500	0	32,500	32,500	0	0
100 HQ JFC NAPLES	0	0	33,000	(500)	32,500	0	32,500	32,500	0	0
105 2013 HQ AC RAMSTEIN	11,985,321	11,766,321	11,166,321	(1,108,000)	10,058,321	861,492	8,394,875	9,256,367	861,492	801,954
Chapter: 7100	5,459,510	5,415,010	4,934,721	(178,136)	4,756,584	158,458	4,461,863	4,620,321	158,458	136,264
030 HQ JFC BRUNSSUM	0	0	0	221,242	221,242	0	221,242	221,242	0	0
060 AIRCOM RAMSTEIN	5,459,510	5,415,010	4,934,721	(810,298)	4,124,423	158,335	3,833,085	3,991,421	158,335	133,002
100 HQ JFC NAPLES	0	0	0	410,920	410,920	122	407,536	407,658	122	3,262
Chapter: 7200	6,525,811	6,276,311	6,121,600	(862,612)	5,258,988	679,039	3,915,768	4,594,807	679,039	664,181
060 AIRCOM RAMSTEIN	6,525,811	6,276,311	6,121,600	(862,612)	5,258,988	679,039	3,915,768	4,594,807	679,039	664,181
Chapter: 7300	0	75,000	110,000	(67,251)	42,749	23,995	17,244	41,239	23,995	1,510
060 AIRCOM RAMSTEIN	0	75,000	110,000	(67,251)	42,749	23,995	17,244	41,239	23,995	1,510

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<i>EUR</i>	<i>BA 1</i>	<i>BA 2</i>	<i>BA 3</i>	<i>Transfers</i>	<i>End of Year Budget</i>	<i>Net Commitment</i>	<i>Actual Expenses</i>	<i>Total Spend</i>	<i>Carry-Forward</i>	<i>Lapsed</i>
108 2013 HQ FC HEIDELBERG	1,113,096	952,072	937,323	0	937,323	0	934,312	934,312	0	3,011
Chapter: 7100	627,738	541,461	557,853	0	557,853	0	557,853	557,853	0	0
070 CP HEIDELBERG	627,738	541,461	557,853	0	557,853	0	557,853	557,853	0	0
Chapter: 7200	485,358	410,611	379,470	0	379,470	0	376,459	376,459	0	3,011
070 CP HEIDELBERG	485,358	410,611	379,470	0	379,470	0	376,459	376,459	0	3,011
111 2013 HQ AC IZMIR	11,573,248	11,573,248	11,573,248	0	11,573,248	1,257,950	10,300,897	11,558,847	1,257,950	14,401
Chapter: 7100	7,015,110	7,009,310	6,966,085	(159,533)	6,806,552	167,443	6,628,216	6,795,658	167,443	10,894
130 LANDCOM IZMIR	7,015,110	7,009,310	6,966,085	(159,533)	6,806,552	167,443	6,628,216	6,795,658	167,443	10,894
Chapter: 7200	4,558,139	4,563,938	4,607,163	159,533	4,766,696	1,090,507	3,672,682	4,763,189	1,090,507	3,507
130 LANDCOM IZMIR	4,558,139	4,563,938	4,607,163	159,533	4,766,696	1,090,507	3,672,682	4,763,189	1,090,507	3,507
117 2013 HQ FC MADRID	1,760,152	1,760,152	1,662,269	0	1,662,269	0	1,569,418	1,569,418	0	92,851
Chapter: 7100	640,000	640,000	542,117	0	542,117	0	542,117	542,117	0	0
160 CP MADRID	640,000	640,000	542,117	0	542,117	0	542,117	542,117	0	0
Chapter: 7200	1,120,152	1,120,152	1,120,152	0	1,120,152	0	1,027,301	1,027,301	0	92,851
160 CP MADRID	1,120,152	1,120,152	1,120,152	0	1,120,152	0	1,027,301	1,027,301	0	92,851

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118 2013 HQ MC NORTHWOOD	4,706,403	4,706,403	4,706,403	0	4,706,403	1,298,353	3,408,050	4,706,403	1,298,353	0
Chapter: 7100	1,826,973	1,826,973	1,898,963	(71,859)	1,827,105	29,880	1,797,225	1,827,105	29,880	0
210 MARCOM NORTHWOOD	1,826,973	1,826,973	1,898,963	(71,859)	1,827,105	29,880	1,797,225	1,827,105	29,880	0
Chapter: 7200	2,879,430	2,879,430	2,807,440	71,859	2,879,299	1,268,473	1,610,825	2,879,299	1,268,473	0
100 HQ JFC NAPLES	0	0	0	3,901	3,901	0	3,901	3,901	0	0
210 MARCOM NORTHWOOD	2,879,430	2,879,430	2,807,440	67,958	2,875,398	1,268,473	1,606,924	2,875,398	1,268,473	0

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<i>EUR</i>	<i>BA 1</i>	<i>BA 2</i>	<i>BA 3</i>	<i>Transfers</i>	<i>End of Year Budget</i>	<i>Net Commitment</i>	<i>Actual Expenses</i>	<i>Total Spend</i>	<i>Carry-Forward</i>	<i>Lapsed</i>
122 2013 ACO TRANSITION BUDGET	33,896,000	33,896,000	33,896,000	0	33,896,000	21,555,922	12,076,700	33,632,622	21,555,922	263,378
Chapter: 7100	26,289,047	26,577,083	27,088,155	1,572,372	28,660,527	20,817,022	7,822,984	28,640,006	20,817,022	20,521
010 SHAPE HQ	26,289,047	26,577,083	27,088,155	(4,141,572)	22,946,583	20,793,492	2,148,463	22,941,956	20,793,492	4,627
030 HQ JFC BRUNSSUM	0	0	0	43,487	43,487	0	43,487	43,487	0	0
060 AIRCOM RAMSTEIN	0	0	0	412,590	412,590	23,530	389,060	412,590	23,530	0
070 CP HEIDELBERG	0	0	0	1,291,094	1,291,094	0	1,288,119	1,288,119	0	2,974
100 HQ JFC NAPLES	0	0	0	1,793,812	1,793,812	0	1,781,363	1,781,363	0	12,449
130 LANDCOM IZMIR	0	0	0	177,790	177,790	0	177,790	177,790	0	0
140 NATO CIS GROUP	0	0	0	206,680	206,680	0	206,680	206,680	0	0
160 CP MADRID	0	0	0	514,906	514,906	0	514,902	514,902	0	4
210 MARCOM NORTHWOOD	0	0	0	1,092,403	1,092,403	0	1,091,936	1,091,936	0	467
220 CP LISBON	0	0	0	181,183	181,183	0	181,183	181,183	0	0
Chapter: 7200	7,163,617	6,925,581	6,433,810	(1,467,162)	4,966,648	738,900	3,984,891	4,723,791	738,900	242,857
010 SHAPE HQ	7,163,617	6,925,581	6,433,810	(4,765,713)	1,668,097	497,097	1,120,869	1,617,966	497,097	50,131
030 HQ JFC BRUNSSUM	0	0	0	1,684	1,684	122	666	788	122	896
060 AIRCOM RAMSTEIN	0	0	0	201,719	201,719	50,121	133,596	183,716	50,121	18,003
070 CP HEIDELBERG	0	0	0	607,118	607,118	0	587,921	587,921	0	19,196
100 HQ JFC NAPLES	0	0	0	301,424	301,424	23,733	277,311	301,044	23,733	380
130 LANDCOM IZMIR	0	0	0	103,032	103,032	33,251	68,231	101,483	33,251	1,550
160 CP MADRID	0	0	0	849,263	849,263	0	703,314	703,314	0	145,949
210 MARCOM NORTHWOOD	0	0	0	1,072,243	1,072,243	134,576	930,915	1,065,491	134,576	6,752
220 CP LISBON	0	0	0	162,068	162,068	0	162,068	162,068	0	0
Chapter: 7300	443,336	393,336	374,035	(105,210)	268,825	0	268,825	268,825	0	0
010 SHAPE HQ	443,336	393,336	374,035	(374,035)	0	0	0	0	0	0

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210 MARCOM NORTHWOOD	0	0	0	268,825	268,825	0	268,825	268,825	0	0
131 2013 DEPLOYABLE ASSETS	7,133,000	7,133,000	7,133,000	0	7,133,000	635,557	6,155,735	6,791,291	635,557	341,709
Chapter: 7200	7,133,000	7,133,000	7,133,000	0	7,133,000	635,557	6,155,735	6,791,291	635,557	341,709
010 SHAPE HQ	7,133,000	7,133,000	7,133,000	0	7,133,000	635,557	6,155,735	6,791,291	635,557	341,709
164 2013 AIR DEFENCE (GROUND)	31,768,467	30,613,040	30,613,040	0	30,613,040	10,316,363	19,956,353	30,272,716	10,316,363	340,324
Chapter: 7100	1,819,280	1,819,280	1,823,353	10,380	1,833,733	3,523	1,686,006	1,689,529	3,523	144,204
010 SHAPE HQ	1,819,280	1,819,280	1,823,353	(364,275)	1,459,078	3,523	1,311,351	1,314,874	3,523	144,204
090 E3A COMPONENT	0	0	0	374,655	374,655	0	374,655	374,655	0	0
Chapter: 7200	27,597,187	26,441,760	26,437,687	(10,380)	26,427,307	8,659,159	17,572,029	26,231,187	8,659,159	196,120
010 SHAPE HQ	27,597,187	26,441,760	26,437,687	(10,380)	26,427,307	8,659,159	17,572,029	26,231,187	8,659,159	196,120
Chapter: 7300	2,352,000	2,352,000	2,352,000	0	2,352,000	1,653,682	698,318	2,352,000	1,653,682	0
010 SHAPE HQ	2,352,000	2,352,000	2,352,000	0	2,352,000	1,653,682	698,318	2,352,000	1,653,682	0
166 2013 ACC'S Support	2,169,800	4,007,517	3,957,517	0	3,957,517	1,624,956	2,159,896	3,784,852	1,624,956	172,665
Chapter: 7100	50,000	50,000	0	0	0	0	0	0	0	0
010 SHAPE HQ	50,000	50,000	0	0	0	0	0	0	0	0
Chapter: 7200	1,739,600	3,797,317	3,797,317	0	3,797,317	1,495,854	2,133,844	3,629,699	1,495,854	167,618
010 SHAPE HQ	1,739,600	3,797,317	3,797,317	0	3,797,317	1,495,854	2,133,844	3,629,699	1,495,854	167,618
Chapter: 7300	380,200	160,200	160,200	0	160,200	129,101	26,052	155,154	129,101	5,046
010 SHAPE HQ	380,200	160,200	160,200	0	160,200	129,101	26,052	155,154	129,101	5,046

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177 2013 NCCB	66,152,129	66,152,129	66,152,129	0	66,152,129	15,943,066	49,191,280	65,134,346	15,943,066	1,017,783
Chapter: 7100	37,285	37,285	37,285	(2,800)	34,485	34,085	400	34,485	34,085	0
010 SHAPE HQ	37,285	37,285	37,285	(2,800)	34,485	34,085	400	34,485	34,085	0
Chapter: 7200	65,886,180	65,911,180	65,886,712	2,476	65,889,188	15,791,672	49,079,733	64,871,405	15,791,672	1,017,783
010 SHAPE HQ	65,886,180	65,911,180	65,886,712	2,476	65,889,188	15,791,672	49,079,733	64,871,405	15,791,672	1,017,783
Chapter: 7300	228,664	203,664	228,132	324	228,456	117,308	111,148	228,456	117,308	0
010 SHAPE HQ	228,664	203,664	228,132	324	228,456	117,308	111,148	228,456	117,308	0
178 2013 NATO CIS GROUP (NCISG)	8,919,363	8,919,363	8,161,363	0	8,161,363	756,403	7,332,861	8,089,264	756,403	72,099
Chapter: 7100	6,422,110	6,173,520	5,376,070	168,100	5,544,170	96,605	5,444,554	5,541,160	96,605	3,010
010 SHAPE HQ	0	0	0	3,100	3,100	435	2,130	2,565	435	535
030 HQ JFC BRUNSSUM	0	0	0	17,655	17,655	92	15,274	15,366	92	2,290
100 HQ JFC NAPLES	0	0	0	1,391	1,391	0	1,391	1,391	0	0
140 NATO CIS GROUP	6,422,110	6,173,520	5,376,070	145,953	5,522,023	96,079	5,425,759	5,521,838	96,079	185
Chapter: 7200	2,497,253	2,745,843	2,744,293	(138,879)	2,605,414	648,018	1,888,307	2,536,325	648,018	69,089
010 SHAPE HQ	0	0	0	196,400	196,400	33,573	159,258	192,832	33,573	3,568
030 HQ JFC BRUNSSUM	0	0	0	299,975	299,975	30,361	264,563	294,924	30,361	5,050
100 HQ JFC NAPLES	0	0	0	177,000	177,000	63,196	111,909	175,105	63,196	1,895
140 NATO CIS GROUP	2,497,253	2,745,843	2,744,293	(812,253)	1,932,040	520,887	1,352,577	1,873,464	520,887	58,576
Chapter: 7300	0	0	41,000	(29,221)	11,779	11,779	0	11,779	11,779	0
140 NATO CIS GROUP	0	0	41,000	(29,221)	11,779	11,779	0	11,779	11,779	0

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502 2013 PFP ACO	3,216,000	3,016,000	2,856,000	0	2,856,000	31,453	1,862,891	1,894,344	31,453	961,656
Chapter: 7100	97,000	65,000	65,000	(41,524)	23,476	0	14,793	14,793	0	8,683
010 SHAPE HQ	97,000	65,000	65,000	(44,500)	20,500	0	11,817	11,817	0	8,683
210 MARCOM NORTHWOOD	0	0	0	2,976	2,976	0	2,976	2,976	0	0
Chapter: 7200	3,119,000	2,951,000	2,791,000	41,524	2,832,524	31,453	1,848,098	1,879,551	31,453	952,973
010 SHAPE HQ	3,119,000	2,951,000	2,791,000	(297,694)	2,493,306	929	1,549,706	1,550,636	929	942,670
030 HQ JFC BRUNSSUM	0	0	0	92,446	92,446	623	91,824	92,446	623	0
060 AIRCOM RAMSTEIN	0	0	0	55,000	55,000	8,335	37,516	45,851	8,335	9,149
100 HQ JFC NAPLES	0	0	0	105,744	105,744	16,500	88,384	104,884	16,500	860
130 LANDCOM IZMIR	0	0	0	20,525	20,525	0	20,231	20,231	0	294
160 CP MADRID	0	0	0	15,580	15,580	0	15,580	15,580	0	0
210 MARCOM NORTHWOOD	0	0	0	49,924	49,924	5,066	44,857	49,924	5,066	0
506 2013 MEDITERRANEAN DIALOGUE (ACO)	398,000	598,000	758,000	0	758,000	13,183	560,578	573,761	13,183	184,239
Chapter: 7200	398,000	598,000	758,000	0	758,000	13,183	560,578	573,761	13,183	184,239
010 SHAPE HQ	398,000	598,000	758,000	(73,569)	684,431	0	501,092	501,092	0	183,339
030 HQ JFC BRUNSSUM	0	0	0	6,084	6,084	0	6,084	6,084	0	0
060 AIRCOM RAMSTEIN	0	0	0	3,500	3,500	0	2,601	2,601	0	899
100 HQ JFC NAPLES	0	0	0	24,853	24,853	6,180	18,671	24,851	6,180	2
130 LANDCOM IZMIR	0	0	0	5,602	5,602	0	5,602	5,602	0	0
210 MARCOM NORTHWOOD	0	0	0	33,530	33,530	7,003	26,527	33,530	7,003	0

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512 2013 ICI activity (ACO)	16,000	16,000	16,000	0	16,000	0	40	40	0	15,960
Chapter: 7200	16,000	16,000	16,000	0	16,000	0	40	40	0	15,960
010 SHAPE HQ	16,000	16,000	16,000	0	16,000	0	40	40	0	15,960

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2013 AGS at 26										
	0	0	0	400,000	400,000	350,000	50,000	400,000	350,000	0
167 2013 AGS	0	0	0	400,000	400,000	350,000	50,000	400,000	350,000	0
Chapter: 7200	0	0	0	400,000	400,000	350,000	50,000	400,000	350,000	0
010 SHAPE HQ	0	0	0	400,000	400,000	350,000	50,000	400,000	350,000	0

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<i>EUR</i>	<i>BA 1</i>	<i>BA 2</i>	<i>BA 3</i>	<i>Transfers</i>	<i>End of Year Budget</i>	<i>Net Commitment</i>	<i>Actual Expenses</i>	<i>Total Spend</i>	<i>Carry-Forward</i>	<i>Lapsed</i>
2013 NAEW at 18										
	<i>1,524,575</i>	<i>1,524,575</i>	<i>1,524,575</i>	<i>0</i>	<i>1,524,575</i>	<i>90,842</i>	<i>1,288,958</i>	<i>1,379,799</i>	<i>90,842</i>	<i>144,776</i>
112 2013 NAEW&C FC	1,524,575	1,524,575	1,524,575	0	1,524,575	90,842	1,288,958	1,379,799	90,842	144,776
Chapter: 7100	971,471	971,471	971,471	(1,595)	969,876	0	828,355	828,355	0	141,521
010 SHAPE HQ	971,471	971,471	971,471	(1,595)	969,876	0	828,355	828,355	0	141,521
Chapter: 7200	550,047	550,047	550,110	1,595	551,705	90,842	460,603	551,444	90,842	261
010 SHAPE HQ	550,047	550,047	550,110	1,595	551,705	90,842	460,603	551,444	90,842	261
Chapter: 7300	3,057	3,057	2,994	0	2,994	0	0	0	0	2,994
010 SHAPE HQ	3,057	3,057	2,994	0	2,994	0	0	0	0	2,994

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<i>EUR</i>	<i>BA 1</i>	<i>BA 2</i>	<i>BA 3</i>	<i>Transfers</i>	<i>End of Year Budget</i>	<i>Net Commitment</i>	<i>Actual Expenses</i>	<i>Total Spend</i>	<i>Carry-Forward</i>	<i>Lapsed</i>
2013 NAEW at 17										
	<i>251,075,425</i>	<i>251,075,425</i>	<i>251,075,425</i>	<i>0</i>	<i>251,075,425</i>	<i>51,572,825</i>	<i>196,787,502</i>	<i>248,360,328</i>	<i>51,572,825</i>	<i>2,715,097</i>
162 2013 E3A Component	251,075,425	251,075,425	251,075,425	0	251,075,425	51,572,825	196,787,502	248,360,328	51,572,825	2,715,097
Chapter: 7100	77,128,306	76,731,494	77,192,437	(1,120,660)	76,071,776	5,892,107	70,112,523	76,004,630	5,892,107	67,146
090 E3A COMPONENT	77,128,306	76,731,494	77,192,437	(1,120,660)	76,071,776	5,892,107	70,112,523	76,004,630	5,892,107	67,146
Chapter: 7200	170,830,725	171,227,538	168,190,896	501,838	168,692,735	40,959,201	125,202,272	166,161,473	40,959,201	2,531,262
090 E3A COMPONENT	170,830,725	171,227,538	168,190,896	501,838	168,692,735	40,959,201	125,202,272	166,161,473	40,959,201	2,531,262
Chapter: 7300	3,116,394	3,116,394	5,692,092	618,822	6,310,914	4,721,517	1,472,708	6,194,225	4,721,517	116,689
090 E3A COMPONENT	3,116,394	3,116,394	5,692,092	618,822	6,310,914	4,721,517	1,472,708	6,194,225	4,721,517	116,689

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<i>EUR</i>	<i>BA 1</i>	<i>BA 2</i>	<i>BA 3</i>	<i>Transfers</i>	<i>End of Year Budget</i>	<i>Net Commitment</i>	<i>Actual Expenses</i>	<i>Total Spend</i>	<i>Carry-Forward</i>	<i>Lapsed</i>
2013 AOM at 28										
	<i>537,435,067</i>	<i>537,435,067</i>	<i>536,599,317</i>	<i>0</i>	<i>536,599,317</i>	<i>10,899,062</i>	<i>487,857,437</i>	<i>498,756,499</i>	<i>10,899,062</i>	<i>37,842,818</i>
183 2013 BALKANS OPERATIONS	25,079,650	25,079,650	25,079,650	0	25,079,650	3,179,735	20,184,887	23,364,621	3,179,735	1,715,029
Chapter: 7100	9,568,587	9,660,587	9,660,587	34,500	9,695,087	41,747	9,410,609	9,452,356	41,747	242,731
100 HQ JFC NAPLES	9,568,587	0	9,660,587	(8,255,797)	1,404,790	3,159	1,343,318	1,346,478	3,159	58,312
110 NHQSa	0	0	0	2,120,984	2,120,984	775	2,089,838	2,090,612	775	30,372
170 KFOR	0	9,660,587	0	6,169,313	6,169,313	37,813	5,977,453	6,015,266	37,813	154,047
Chapter: 7200	15,026,063	14,934,063	14,934,063	(30,267)	14,903,796	3,072,309	10,612,800	13,685,109	3,072,309	1,218,687
010 SHAPE HQ	0	0	0	17,465	17,465	0	17,465	17,465	0	0
030 HQ JFC BRUNSSUM	0	0	0	21,332	21,332	0	13,164	13,164	0	8,168
100 HQ JFC NAPLES	15,026,063	0	14,934,063	(11,703,568)	3,230,495	1,423,954	1,506,202	2,930,155	1,423,954	300,339
110 NHQSa	0	0	0	1,834,774	1,834,774	372,076	1,300,227	1,672,304	372,076	162,471
170 KFOR	0	14,934,063	0	9,799,730	9,799,730	1,276,279	7,775,742	9,052,020	1,276,279	747,710
Chapter: 7300	485,000	485,000	485,000	(4,233)	480,767	65,679	161,478	227,157	65,679	253,610
100 HQ JFC NAPLES	485,000	0	485,000	(485,000)	0	0	0	0	0	0
110 NHQSa	0	0	0	55,767	55,767	0	50,767	50,767	0	5,000
170 KFOR	0	485,000	0	425,000	425,000	65,679	110,711	176,390	65,679	248,610

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185 2013 ISAF	510,546,131	510,546,131	510,546,131	0	510,546,131	7,620,168	467,077,790	474,697,958	7,620,168	35,848,173
Chapter: 7100	42,513,374	42,421,444	44,635,624	100,622	44,736,246	75,630	44,183,494	44,259,124	75,630	477,122
010 SHAPE HQ	0	0	0	46,000	46,000	6,500	17,403	23,903	6,500	22,097
030 HQ JFC BRUNSSUM	0	0	0	5,582,617	5,582,617	15,658	5,298,020	5,313,677	15,658	268,940
060 AIRCOM RAMSTEIN	0	0	0	8,500	8,500	8,500	0	8,500	8,500	0
080 ISAF	42,513,374	42,421,444	44,635,624	(8,146,070)	36,489,554	40,702	36,269,416	36,310,118	40,702	179,436
090 E3A COMPONENT	0	0	0	2,515,000	2,515,000	0	2,514,992	2,514,992	0	8
140 NATO CIS GROUP	0	0	0	30,000	30,000	4,270	19,090	23,360	4,270	6,640
160 CP MADRID	0	0	0	64,574	64,574	0	64,574	64,574	0	0
Chapter: 7200	466,197,757	466,289,687	464,075,507	(100,622)	463,974,885	7,502,851	422,798,782	430,301,633	7,502,851	33,673,252
010 SHAPE HQ	0	0	0	3,640,381	3,640,381	760,959	2,756,812	3,517,771	760,959	122,610
030 HQ JFC BRUNSSUM	0	0	0	379,636,647	379,636,647	3,347,588	345,365,584	348,713,172	3,347,588	30,923,476
060 AIRCOM RAMSTEIN	0	0	0	8,607	8,607	400	6,349	6,749	400	1,858
080 ISAF	466,197,757	466,289,687	464,075,507	(415,662,617)	48,412,890	3,211,835	42,584,990	45,796,825	3,211,835	2,616,064
090 E3A COMPONENT	0	0	0	32,170,000	32,170,000	167,529	32,002,469	32,169,998	167,529	2
100 HQ JFC NAPLES	0	0	0	52,700	52,700	6,040	40,339	46,379	6,040	6,321
140 NATO CIS GROUP	0	0	0	27,993	27,993	8,500	16,571	25,071	8,500	2,922
160 CP MADRID	0	0	0	25,667	25,667	0	25,667	25,667	0	0
Chapter: 7300	1,835,000	1,835,000	1,835,000	0	1,835,000	41,688	95,513	137,201	41,688	1,697,799
080 ISAF	1,835,000	1,835,000	1,835,000	0	1,835,000	41,688	95,513	137,201	41,688	1,697,799

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187 2013 NATO SUPPORT TO THE AFRICAN UNION	285,053	285,053	220,053	0	220,053	24,385	184,081	208,466	24,385	11,587
Chapter: 7100	9,840	9,840	4,840	0	4,840	0	86	86	0	4,754
100 HQ JFC NAPLES	9,840	9,840	4,840	0	4,840	0	86	86	0	4,754
Chapter: 7200	275,213	275,213	215,213	0	215,213	24,385	183,996	208,381	24,385	6,832
100 HQ JFC NAPLES	275,213	275,213	215,213	0	215,213	24,385	183,996	208,381	24,385	6,832
189 2013 Operation Active Endeavour	462,565	462,565	307,815	0	307,815	32,189	150,737	182,926	32,189	124,889
Chapter: 7100	23,250	23,250	0	0	0	0	0	0	0	0
210 MARCOM NORTHWOOD	23,250	23,250	0	0	0	0	0	0	0	0
Chapter: 7200	439,315	439,315	307,815	0	307,815	32,189	150,737	182,926	32,189	124,889
100 HQ JFC NAPLES	0	0	0	42,320	42,320	5,662	34,090	39,751	5,662	2,569
210 MARCOM NORTHWOOD	439,315	439,315	307,815	(42,320)	265,495	26,527	116,647	143,174	26,527	122,321
191 2013 OPERATION OCEAN SHIELD	1,061,668	1,061,668	445,668	0	445,668	42,586	259,942	302,528	42,586	143,140
Chapter: 7200	1,061,668	1,061,668	445,668	0	445,668	42,586	259,942	302,528	42,586	143,140
210 MARCOM NORTHWOOD	1,061,668	1,061,668	445,668	0	445,668	42,586	259,942	302,528	42,586	143,140

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2012 NCSEP at 28										
	52,688,436	52,688,436	52,688,436	0	52,688,436	11,874,570	39,142,243	51,016,813	11,874,570	1,671,623
101 2012 SHAPE	8,605,622	8,605,622	8,605,622	0	8,605,622	2,083,742	6,378,230	8,461,972	2,083,742	143,650
Chapter: 7100	391,875	391,875	391,875	0	391,875	19,559	318,820	338,378	19,559	53,496
010 SHAPE HQ	391,875	391,875	391,875	0	391,875	19,559	318,820	338,378	19,559	53,496
Chapter: 7200	6,354,702	6,354,702	6,354,702	0	6,354,702	890,867	5,373,682	6,264,549	890,867	90,153
010 SHAPE HQ	6,354,702	6,354,702	6,354,702	0	6,354,702	890,867	5,373,682	6,264,549	890,867	90,153
Chapter: 7300	1,859,045	1,859,045	1,859,045	0	1,859,045	1,173,317	685,728	1,859,045	1,173,317	0
010 SHAPE HQ	1,859,045	1,859,045	1,859,045	0	1,859,045	1,173,317	685,728	1,859,045	1,173,317	0
102 2012 JHQ LISBON	277,795	277,795	277,795	0	277,795	0	274,952	274,952	0	2,843
Chapter: 7200	277,795	277,795	277,795	0	277,795	0	274,952	274,952	0	2,843
220 CP LISBON	277,795	277,795	277,795	0	277,795	0	274,952	274,952	0	2,843
103 2012 JFC HQ BRUNSSUM	5,876,060	5,876,060	5,876,060	0	5,876,060	1,729,640	3,673,486	5,403,126	1,729,640	472,934
Chapter: 7100	141,257	141,257	141,257	0	141,257	29,400	84,697	114,097	29,400	27,160
030 HQ JFC BRUNSSUM	141,257	141,257	141,257	0	141,257	29,400	84,697	114,097	29,400	27,160
Chapter: 7200	5,652,292	5,652,292	5,652,292	0	5,652,292	1,692,145	3,514,373	5,206,518	1,692,145	445,774
030 HQ JFC BRUNSSUM	5,652,292	5,652,292	5,652,292	0	5,652,292	1,692,145	3,514,373	5,206,518	1,692,145	445,774
Chapter: 7300	82,511	82,511	82,511	0	82,511	8,095	74,416	82,511	8,095	0
030 HQ JFC BRUNSSUM	82,511	82,511	82,511	0	82,511	8,095	74,416	82,511	8,095	0

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104 2012 JFC HQ NAPLES	2,880,704	2,880,704	2,880,704	0	2,880,704	740,917	2,060,814	2,801,731	740,917	78,974
Chapter: 7100	66,923	66,923	66,923	0	66,923	1,282	49,865	51,146	1,282	15,777
100 HQ JFC NAPLES	66,923	66,923	66,923	0	66,923	1,282	49,865	51,146	1,282	15,777
Chapter: 7200	2,813,781	2,813,781	2,813,781	0	2,813,781	739,635	2,010,949	2,750,584	739,635	63,196
100 HQ JFC NAPLES	2,802,439	2,802,439	2,802,439	0	2,802,439	738,079	2,002,994	2,741,072	738,079	61,366
210 MARCOM NORTHWOOD	11,342	11,342	11,342	0	11,342	1,557	7,955	9,512	1,557	1,830
105 2012 HQ AC RAMSTEIN	328,377	328,377	328,377	0	328,377	154,228	131,078	285,306	154,228	43,071
Chapter: 7100	8,523	8,523	8,523	0	8,523	0	2,925	2,925	0	5,598
060 AIRCOM RAMSTEIN	8,523	8,523	8,523	0	8,523	0	2,925	2,925	0	5,598
Chapter: 7200	310,354	310,354	310,354	0	310,354	144,728	128,153	272,881	144,728	37,473
060 AIRCOM RAMSTEIN	310,354	310,354	310,354	0	310,354	144,728	128,153	272,881	144,728	37,473
Chapter: 7300	9,500	9,500	9,500	0	9,500	9,500	0	9,500	9,500	0
060 AIRCOM RAMSTEIN	9,500	9,500	9,500	0	9,500	9,500	0	9,500	9,500	0
108 2012 HQ FC HEIDELBERG	136,134	136,134	136,134	0	136,134	0	128,276	128,276	0	7,859
Chapter: 7100	4,880	4,880	4,880	0	4,880	0	2,493	2,493	0	2,388
070 CP HEIDELBERG	4,880	4,880	4,880	0	4,880	0	2,493	2,493	0	2,388
Chapter: 7200	131,254	131,254	131,254	0	131,254	0	125,783	125,783	0	5,471
070 CP HEIDELBERG	131,254	131,254	131,254	0	131,254	0	125,783	125,783	0	5,471

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111 2012 HQ AC IZMIR	1,013,408	1,013,408	1,013,408	0	1,013,408	0	1,011,124	1,011,124	0	2,284
Chapter: 7100	82,023	82,023	82,023	0	82,023	0	79,740	79,740	0	2,283
130 LANDCOM IZMIR	82,023	82,023	82,023	0	82,023	0	79,740	79,740	0	2,283
Chapter: 7200	848,670	848,670	848,670	0	848,670	0	848,669	848,669	0	1
130 LANDCOM IZMIR	848,670	848,670	848,670	0	848,670	0	848,669	848,669	0	1
Chapter: 7300	82,715	82,715	82,715	0	82,715	0	82,715	82,715	0	0
130 LANDCOM IZMIR	82,715	82,715	82,715	0	82,715	0	82,715	82,715	0	0
117 2012 HQ FC MADRID	131,390	131,390	131,390	0	131,390	0	116,744	116,744	0	14,646
Chapter: 7100	6,783	6,783	6,783	0	6,783	0	6,056	6,056	0	727
160 CP MADRID	6,783	6,783	6,783	0	6,783	0	6,056	6,056	0	727
Chapter: 7200	124,607	124,607	124,607	0	124,607	0	110,688	110,688	0	13,920
160 CP MADRID	124,607	124,607	124,607	0	124,607	0	110,688	110,688	0	13,920
118 2012 HQ MC NORTHWOOD	775,989	775,989	775,989	0	775,989	130,813	587,672	718,484	130,813	57,505
Chapter: 7100	30,624	30,624	30,624	0	30,624	12,093	15,735	27,828	12,093	2,796
210 MARCOM NORTHWOOD	30,624	30,624	30,624	0	30,624	12,093	15,735	27,828	12,093	2,796
Chapter: 7200	745,365	745,365	745,365	0	745,365	118,720	571,937	690,657	118,720	54,708
210 MARCOM NORTHWOOD	745,365	745,365	745,365	0	745,365	118,720	571,937	690,657	118,720	54,708

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122 2012 ACO TRANSITION BUDGET	726,818	726,818	726,818	0	726,818	64,055	631,359	695,414	64,055	31,405
Chapter: 7100	23,620	23,620	23,620	0	23,620	0	23,000	23,000	0	620
010 SHAPE HQ	23,620	23,620	23,620	0	23,620	0	23,000	23,000	0	620
Chapter: 7200	695,872	695,872	695,872	0	695,872	64,055	601,032	665,087	64,055	30,785
010 SHAPE HQ	471,323	471,323	471,323	0	471,323	21,509	446,225	467,734	21,509	3,589
030 HQ JFC BRUNSSUM	72,949	72,949	72,949	0	72,949	0	72,949	72,949	0	0
100 HQ JFC NAPLES	3,258	3,258	3,258	0	3,258	0	2,187	2,187	0	1,071
130 LANDCOM IZMIR	22,778	22,778	22,778	0	22,778	0	20,417	20,417	0	2,361
210 MARCOM NORTHWOOD	125,564	125,564	125,564	0	125,564	42,546	59,254	101,800	42,546	23,764
Chapter: 7300	7,327	7,327	7,327	0	7,327	0	7,327	7,327	0	0
210 MARCOM NORTHWOOD	7,327	7,327	7,327	0	7,327	0	7,327	7,327	0	0
131 2012 DEPLOYABLE ASSETS	246,275	246,275	246,275	0	246,275	44,494	201,781	246,275	44,494	0
Chapter: 7200	246,275	246,275	246,275	0	246,275	44,494	201,781	246,275	44,494	0
010 SHAPE HQ	246,275	246,275	246,275	0	246,275	44,494	201,781	246,275	44,494	0

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151 2012 NATO JEWCS	273,149	273,149	273,149	0	273,149	9,729	222,545	232,274	9,729	40,875
Chapter: 7100	12,949	12,949	12,949	0	12,949	9,729	2,738	12,467	9,729	482
210 MARCOM NORTHWOOD	12,949	12,949	12,949	0	12,949	9,729	2,738	12,467	9,729	482
Chapter: 7200	260,200	260,200	260,200	0	260,200	0	219,806	219,806	0	40,394
210 MARCOM NORTHWOOD	260,200	260,200	260,200	0	260,200	0	219,806	219,806	0	40,394
157 2012 ACO Exercises and Training	762,909	762,909	762,909	0	762,909	99,498	520,109	619,607	99,498	143,303
Chapter: 7100	170,792	170,792	170,792	0	170,792	2,784	154,910	157,694	2,784	13,099
010 SHAPE HQ	159,068	159,068	159,068	0	159,068	2,784	154,910	157,694	2,784	1,374
030 HQ JFC BRUNSSUM	11,724	11,724	11,724	0	11,724	0	0	0	0	11,724
Chapter: 7200	592,117	592,117	592,117	0	592,117	96,714	365,199	461,913	96,714	130,204
010 SHAPE HQ	204,091	204,091	204,091	0	204,091	35,326	143,217	178,543	35,326	25,548
030 HQ JFC BRUNSSUM	38,803	38,803	38,803	0	38,803	0	3,375	3,375	0	35,427
100 HQ JFC NAPLES	130,418	130,418	130,418	0	130,418	16,831	56,960	73,791	16,831	56,627
160 CP MADRID	900	900	900	0	900	0	765	765	0	135
210 MARCOM NORTHWOOD	217,575	217,575	217,575	0	217,575	44,557	160,882	205,439	44,557	12,136
220 CP LISBON	331	331	331	0	331	0	0	0	0	331

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164 2012 AIR DEFENCE (GROUND)	8,898,261	8,898,261	8,898,261	0	8,898,261	3,170,122	5,128,105	8,298,227	3,170,122	600,034
Chapter: 7100	15,800	15,800	15,800	0	15,800	8,808	5,861	14,669	8,808	1,131
010 SHAPE HQ	15,800	15,800	15,800	0	15,800	8,808	5,861	14,669	8,808	1,131
Chapter: 7200	8,361,618	8,361,618	8,361,618	0	8,361,618	3,089,907	4,699,902	7,789,808	3,089,907	571,809
010 SHAPE HQ	8,361,618	8,361,618	8,361,618	0	8,361,618	3,089,907	4,699,902	7,789,808	3,089,907	571,809
Chapter: 7300	520,843	520,843	520,843	0	520,843	71,407	422,342	493,750	71,407	27,093
010 SHAPE HQ	520,843	520,843	520,843	0	520,843	71,407	422,342	493,750	71,407	27,093
166 2012 ACCS Support	25,114	25,114	25,114	0	25,114	0	24,828	24,828	0	286
Chapter: 7100	978	978	978	0	978	0	978	978	0	0
030 HQ JFC BRUNSSUM	978	978	978	0	978	0	978	978	0	0
Chapter: 7200	10,662	10,662	10,662	0	10,662	0	10,376	10,376	0	286
010 SHAPE HQ	10,662	10,662	10,662	0	10,662	0	10,376	10,376	0	286
Chapter: 7300	13,474	13,474	13,474	0	13,474	0	13,474	13,474	0	0
010 SHAPE HQ	13,474	13,474	13,474	0	13,474	0	13,474	13,474	0	0
177 2012 NCCB	20,455,928	20,455,928	20,455,928	0	20,455,928	3,152,824	17,303,104	20,455,928	3,152,824	0
Chapter: 7100	34,511	34,511	34,511	0	34,511	30,763	3,748	34,511	30,763	0
010 SHAPE HQ	34,511	34,511	34,511	0	34,511	30,763	3,748	34,511	30,763	0
Chapter: 7200	20,177,977	20,177,977	20,177,977	0	20,177,977	3,065,667	17,112,310	20,177,977	3,065,667	0
010 SHAPE HQ	20,177,977	20,177,977	20,177,977	0	20,177,977	3,065,667	17,112,310	20,177,977	3,065,667	0
Chapter: 7300	243,440	243,440	243,440	0	243,440	56,393	187,047	243,440	56,393	0
010 SHAPE HQ	243,440	243,440	243,440	0	243,440	56,393	187,047	243,440	56,393	0

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<i>EUR</i>	<i>BA 1</i>	<i>BA 2</i>	<i>BA 3</i>	<i>Transfers</i>	<i>End of Year Budget</i>	<i>Net Commitment</i>	<i>Actual Expenses</i>	<i>Total Spend</i>	<i>Carry-Forward</i>	<i>Lapsed</i>
178 2012 NATO CIS GROUP (NCISG)	663,915	663,915	663,915	0	663,915	17,200	621,667	638,868	17,200	25,048
Chapter: 7100	198,931	198,931	198,931	0	198,931	0	187,452	187,452	0	11,479
010 SHAPE HQ	198,931	198,931	198,931	0	198,931	0	187,452	187,452	0	11,479
Chapter: 7200	464,984	464,984	464,984	0	464,984	17,200	434,215	451,415	17,200	13,569
010 SHAPE HQ	436,815	436,815	436,815	0	436,815	17,200	417,813	435,013	17,200	1,802
030 HQ JFC BRUNSSUM	13,538	13,538	13,538	0	13,538	0	4,968	4,968	0	8,570
100 HQ JFC NAPLES	14,631	14,631	14,631	0	14,631	0	11,434	11,434	0	3,197
502 2012 PFP ACO	549,545	549,545	549,545	0	549,545	434,288	110,483	544,772	434,288	4,774
Chapter: 7100	318	318	318	0	318	0	0	0	0	318
010 SHAPE HQ	318	318	318	0	318	0	0	0	0	318
Chapter: 7200	549,227	549,227	549,227	0	549,227	434,288	110,483	544,772	434,288	4,456
010 SHAPE HQ	542,546	542,546	542,546	0	542,546	434,276	108,270	542,546	434,276	0
100 HQ JFC NAPLES	2,920	2,920	2,920	0	2,920	13	2,213	2,225	13	695
210 MARCOM NORTHWOOD	3,761	3,761	3,761	0	3,761	0	0	0	0	3,761
506 2012 MEDITERRANEAN DIALOGUE (ACO)	61,043	61,043	61,043	0	61,043	43,021	15,888	58,909	43,021	2,135
Chapter: 7200	61,043	61,043	61,043	0	61,043	43,021	15,888	58,909	43,021	2,135
010 SHAPE HQ	61,043	61,043	61,043	0	61,043	43,021	15,888	58,909	43,021	2,135

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<i>EUR</i>	<i>BA 1</i>	<i>BA 2</i>	<i>BA 3</i>	<i>Transfers</i>	<i>End of Year Budget</i>	<i>Net Commitment</i>	<i>Actual Expenses</i>	<i>Total Spend</i>	<i>Carry-Forward</i>	<i>Lapsed</i>
2012 NAEW at 18										
	75,406	75,406	75,406	0	75,406	0	72,556	72,556	0	2,850
112 2012 NAEW&C FC	75,406	75,406	75,406	0	75,406	0	72,556	72,556	0	2,850
Chapter: 7200	26,391	26,391	26,391	0	26,391	0	25,588	25,588	0	803
010 SHAPE HQ	26,391	26,391	26,391	0	26,391	0	25,588	25,588	0	803
Chapter: 7300	49,015	49,015	49,015	0	49,015	0	46,968	46,968	0	2,047
010 SHAPE HQ	49,015	49,015	49,015	0	49,015	0	46,968	46,968	0	2,047

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<i>EUR</i>	<i>BA 1</i>	<i>BA 2</i>	<i>BA 3</i>	<i>Transfers</i>	<i>End of Year Budget</i>	<i>Net Commitment</i>	<i>Actual Expenses</i>	<i>Total Spend</i>	<i>Carry-Forward</i>	<i>Lapsed</i>
2012 NAEW at 17										
	63,766,165	63,766,165	63,766,165	0	63,766,165	24,827,794	38,277,070	63,104,863	24,827,794	661,302
162 2012 E3A Component	63,766,165	63,766,165	63,766,165	0	63,766,165	24,827,794	38,277,070	63,104,863	24,827,794	661,302
Chapter: 7100	5,882,037	5,882,037	5,882,037	9,046	5,891,083	2,665,196	2,957,222	5,622,418	2,665,196	268,666
090 E3A COMPONENT	5,882,037	5,882,037	5,882,037	9,046	5,891,083	2,665,196	2,957,222	5,622,418	2,665,196	268,666
Chapter: 7200	51,854,461	51,854,461	51,854,461	(39,921)	51,814,540	20,527,628	30,910,769	51,438,397	20,527,628	376,143
090 E3A COMPONENT	51,854,461	51,854,461	51,854,461	(39,921)	51,814,540	20,527,628	30,910,769	51,438,397	20,527,628	376,143
Chapter: 7300	6,029,666	6,029,666	6,029,666	30,875	6,060,541	1,634,970	4,409,079	6,044,049	1,634,970	16,493
090 E3A COMPONENT	6,029,666	6,029,666	6,029,666	30,875	6,060,541	1,634,970	4,409,079	6,044,049	1,634,970	16,493

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<i>EUR</i>	<i>BA 1</i>	<i>BA 2</i>	<i>BA 3</i>	<i>Transfers</i>	<i>End of Year Budget</i>	<i>Net Commitment</i>	<i>Actual Expenses</i>	<i>Total Spend</i>	<i>Carry-Forward</i>	<i>Lapsed</i>
2012 AOM at 28										
	<i>16,764,074</i>	<i>16,764,074</i>	<i>16,764,074</i>	<i>0</i>	<i>16,764,073</i>	<i>2,242,571</i>	<i>10,867,034</i>	<i>13,109,604</i>	<i>2,242,571</i>	<i>3,654,469</i>
183 2012 BALKANS OPERATIONS	2,511,478	2,511,478	2,511,478	0	2,511,478	342,703	1,977,040	2,319,743	342,703	191,735
Chapter: 7100	36,786	36,786	36,786	0	36,786	0	36,219	36,219	0	567
170 KFOR	36,786	36,786	36,786	0	36,786	0	36,219	36,219	0	567
Chapter: 7200	2,362,996	2,362,996	2,362,996	0	2,362,996	342,703	1,887,646	2,230,348	342,703	132,648
010 SHAPE HQ	50,000	50,000	50,000	0	50,000	0	50,000	50,000	0	0
100 HQ JFC NAPLES	1,030,306	1,030,306	1,030,306	0	1,030,306	99,522	916,081	1,015,603	99,522	14,703
170 KFOR	1,282,690	1,282,690	1,282,690	0	1,282,690	243,180	921,565	1,164,745	243,180	117,945
Chapter: 7300	111,695	111,695	111,695	0	111,695	0	53,175	53,175	0	58,520
170 KFOR	111,695	111,695	111,695	0	111,695	0	53,175	53,175	0	58,520
184 2012 NATO HQ Sa (NHQSa)	84,940	84,940	84,940	0	84,940	770	78,789	79,559	770	5,381
Chapter: 7100	1,360	1,360	1,360	1	1,360	0	1,360	1,360	0	0
110 NHQSa	1,360	1,360	1,360	1	1,360	0	1,360	1,360	0	0
Chapter: 7200	83,580	83,580	83,580	(1)	83,579	770	77,429	78,199	770	5,380
010 SHAPE HQ	10,944	10,944	10,944	0	10,944	0	10,944	10,944	0	0
100 HQ JFC NAPLES	61,825	61,825	61,825	0	61,825	770	58,000	58,770	770	3,055
110 NHQSa	10,811	10,811	10,811	(1)	10,810	0	8,485	8,485	0	2,325

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<i>EUR</i>	<i>BA 1</i>	<i>BA 2</i>	<i>BA 3</i>	<i>Transfers</i>	<i>End of Year Budget</i>	<i>Net Commitment</i>	<i>Actual Expenses</i>	<i>Total Spend</i>	<i>Carry-Forward</i>	<i>Lapsed</i>
185 2012 ISAF	14,053,676	14,053,676	14,053,676	0	14,053,676	1,889,174	8,731,875	10,621,050	1,889,174	3,432,626
Chapter: 7100	323,673	323,673	323,673	0	323,673	36,092	269,567	305,659	36,092	18,014
030 HQ JFC BRUNSSUM	16,307	16,307	16,307	0	16,307	0	9,757	9,757	0	6,550
080 ISAF	96,434	96,434	96,434	0	96,434	36,092	48,879	84,970	36,092	11,464
090 E3A COMPONENT	210,931	210,931	210,931	0	210,931	0	210,931	210,931	0	0
Chapter: 7200	12,845,304	12,845,304	12,845,304	0	12,845,304	1,732,670	7,743,662	9,476,332	1,732,670	3,368,972
010 SHAPE HQ	455,040	455,040	455,040	0	455,040	222,509	137,986	360,495	222,509	94,545
030 HQ JFC BRUNSSUM	3,264,438	3,264,438	3,264,438	0	3,264,438	79,023	2,409,212	2,488,235	79,023	776,203
060 AIRCOM RAMSTEIN	1,500	1,500	1,500	0	1,500	0	0	0	0	1,500
080 ISAF	6,698,786	6,698,786	6,698,786	0	6,698,786	1,060,439	5,193,777	6,254,216	1,060,439	444,570
090 E3A COMPONENT	2,422,601	2,422,601	2,422,601	0	2,422,601	370,699	0	370,699	370,699	2,051,902
100 HQ JFC NAPLES	2,940	2,940	2,940	0	2,940	0	2,688	2,688	0	252
Chapter: 7300	884,699	884,699	884,699	0	884,699	120,413	718,646	839,058	120,413	45,641
030 HQ JFC BRUNSSUM	470,372	470,372	470,372	0	470,372	198	462,662	462,861	198	7,511
080 ISAF	414,328	414,328	414,328	0	414,328	120,214	255,983	376,198	120,214	38,130
189 2012 Operation Active Endeavour	42,764	42,764	42,764	0	42,764	1,889	39,074	40,962	1,889	1,801
Chapter: 7200	42,764	42,764	42,764	0	42,764	1,889	39,074	40,962	1,889	1,801
100 HQ JFC NAPLES	36,302	36,302	36,302	0	36,302	1,889	32,612	34,501	1,889	1,801
210 MARCOM NORTHWOOD	6,461	6,461	6,461	0	6,461	0	6,461	6,461	0	0

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<i>EUR</i>	<i>BA 1</i>	<i>BA 2</i>	<i>BA 3</i>	<i>Transfers</i>	<i>End of Year Budget</i>	<i>Net Commitment</i>	<i>Actual Expenses</i>	<i>Total Spend</i>	<i>Carry-Forward</i>	<i>Lapsed</i>
191 2012 OPERATION OCEAN SHIELD	71,216	71,216	71,216	0	71,216	8,035	40,255	48,291	8,035	22,926
Chapter: 7200	71,216	71,216	71,216	0	71,216	8,035	40,255	48,291	8,035	22,926
100 HQ JFC NAPLES	3,998	3,998	3,998	0	3,998	3,998	0	3,998	3,998	0
210 MARCOM NORTHWOOD	67,218	67,218	67,218	0	67,218	4,037	40,255	44,293	4,037	22,926

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<i>EUR</i>	<i>BA 1</i>	<i>BA 2</i>	<i>BA 3</i>	<i>Transfers</i>	<i>End of Year Budget</i>	<i>Net Commitment</i>	<i>Actual Expenses</i>	<i>Total Spend</i>	<i>Carry-Forward</i>	<i>Lapsed</i>
2011 NCSEP at 28										
	12,669,909	12,669,909	12,669,909	0	12,669,909	0	8,459,697	8,459,697	0	4,210,212
101 2011 SHAPE	2,699,941	2,699,941	2,699,941	0	2,699,941	0	2,461,574	2,461,574	0	238,367
Chapter: 7100	32,462	32,462	32,462	0	32,462	0	2,534	2,534	0	29,928
010 SHAPE HQ	32,462	32,462	32,462	0	32,462	0	2,534	2,534	0	29,928
Chapter: 7200	2,334,170	2,334,170	2,334,170	0	2,334,170	0	2,132,191	2,132,191	0	201,979
010 SHAPE HQ	2,334,170	2,334,170	2,334,170	0	2,334,170	0	2,132,191	2,132,191	0	201,979
Chapter: 7300	333,310	333,310	333,310	0	333,310	0	326,850	326,850	0	6,460
010 SHAPE HQ	333,310	333,310	333,310	0	333,310	0	326,850	326,850	0	6,460
102 2011 JHQ LISBON	11,250	11,250	11,250	0	11,250	0	11,250	11,250	0	0
Chapter: 7200	11,250	11,250	11,250	0	11,250	0	11,250	11,250	0	0
220 CP LISBON	11,250	11,250	11,250	0	11,250	0	11,250	11,250	0	0
103 2011 JFC HQ BRUNSSUM	1,839,424	1,839,424	1,839,424	0	1,839,424	0	1,636,843	1,636,843	0	202,581
Chapter: 7100	78,017	78,017	78,017	0	78,017	0	3	3	0	78,014
030 HQ JFC BRUNSSUM	78,017	78,017	78,017	0	78,017	0	3	3	0	78,014
Chapter: 7200	1,761,407	1,761,407	1,761,407	0	1,761,407	0	1,636,840	1,636,840	0	124,567
030 HQ JFC BRUNSSUM	1,761,407	1,761,407	1,761,407	0	1,761,407	0	1,636,840	1,636,840	0	124,567

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<i>EUR</i>	<i>BA 1</i>	<i>BA 2</i>	<i>BA 3</i>	<i>Transfers</i>	<i>End of Year Budget</i>	<i>Net Commitment</i>	<i>Actual Expenses</i>	<i>Total Spend</i>	<i>Carry-Forward</i>	<i>Lapsed</i>
104 2011 JFC HQ NAPLES	1,451,440	1,451,440	1,451,440	0	1,451,440	0	25,784	25,784	0	1,425,656
Chapter: 7100	1,334,551	1,334,551	1,334,551	0	1,334,551	0	150	150	0	1,334,401
100 HQ JFC NAPLES	1,334,551	1,334,551	1,334,551	0	1,334,551	0	150	150	0	1,334,401
Chapter: 7200	116,889	116,889	116,889	0	116,889	0	25,634	25,634	0	91,255
100 HQ JFC NAPLES	116,889	116,889	116,889	0	116,889	0	25,634	25,634	0	91,255
105 2011 HQ AC RAMSTEIN	71,254	71,254	71,254	0	71,254	0	38,563	38,563	0	32,690
Chapter: 7200	39,442	39,442	39,442	0	39,442	0	6,751	6,751	0	32,690
060 AIRCOM RAMSTEIN	39,442	39,442	39,442	0	39,442	0	6,751	6,751	0	32,690
Chapter: 7300	31,812	31,812	31,812	0	31,812	0	31,812	31,812	0	0
060 AIRCOM RAMSTEIN	31,812	31,812	31,812	0	31,812	0	31,812	31,812	0	0
108 2011 HQ FC HEIDELBERG	612	612	612	0	612	0	481	481	0	131
Chapter: 7200	612	612	612	0	612	0	481	481	0	131
070 CP HEIDELBERG	612	612	612	0	612	0	481	481	0	131
117 2011 HQ FC MADRID	820	820	820	0	820	0	0	0	0	820
Chapter: 7200	820	820	820	0	820	0	0	0	0	820
160 CP MADRID	820	820	820	0	820	0	0	0	0	820

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<i>EUR</i>	<i>BA 1</i>	<i>BA 2</i>	<i>BA 3</i>	<i>Transfers</i>	<i>End of Year Budget</i>	<i>Net Commitment</i>	<i>Actual Expenses</i>	<i>Total Spend</i>	<i>Carry-Forward</i>	<i>Lapsed</i>
118 2011 HQ MC NORTHWOOD	65,252	65,252	65,252	0	65,252	0	65,252	65,252	0	0
Chapter: 7200	65,252	65,252	65,252	0	65,252	0	65,252	65,252	0	0
210 MARCOM NORTHWOOD	65,252	65,252	65,252	0	65,252	0	65,252	65,252	0	0
131 2011 DEPLOYABLE ASSETS	652,021	652,021	652,021	0	652,021	0	634,235	634,235	0	17,786
Chapter: 7200	652,021	652,021	652,021	0	652,021	0	634,235	634,235	0	17,786
010 SHAPE HQ	652,021	652,021	652,021	0	652,021	0	634,235	634,235	0	17,786
157 2011 ACO Exercises and Training	48,280	48,280	48,280	0	48,280	0	36,197	36,197	0	12,083
Chapter: 7200	48,280	48,280	48,280	0	48,280	0	36,197	36,197	0	12,083
010 SHAPE HQ	11,662	11,662	11,662	0	11,662	0	80	80	0	11,582
100 HQ JFC NAPLES	500	500	500	0	500	0	0	0	0	500
210 MARCOM NORTHWOOD	36,118	36,118	36,118	0	36,118	0	36,116	36,116	0	1

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<i>EUR</i>	<i>BA 1</i>	<i>BA 2</i>	<i>BA 3</i>	<i>Transfers</i>	<i>End of Year Budget</i>	<i>Net Commitment</i>	<i>Actual Expenses</i>	<i>Total Spend</i>	<i>Carry-Forward</i>	<i>Lapsed</i>
164 2011 AIR DEFENCE (GROUND)	2,619,507	2,619,507	2,619,507	0	2,619,507	0	1,513,343	1,513,343	0	1,106,163
Chapter: 7100	30,502	30,502	30,502	0	30,501	0	0	0	0	30,501
010 SHAPE HQ	30,502	30,502	30,502	0	30,501	0	0	0	0	30,501
Chapter: 7200	2,057,208	2,057,208	2,057,208	0	2,057,208	0	1,238,945	1,238,945	0	818,263
010 SHAPE HQ	2,057,208	2,057,208	2,057,208	0	2,057,208	0	1,238,945	1,238,945	0	818,263
Chapter: 7300	531,797	531,797	531,797	0	531,797	0	274,398	274,398	0	257,399
010 SHAPE HQ	531,797	531,797	531,797	0	531,797	0	274,398	274,398	0	257,399
166 2011 ACCS Support	329	329	329	0	329	0	0	0	0	329
Chapter: 7200	329	329	329	0	329	0	0	0	0	329
010 SHAPE HQ	329	329	329	0	329	0	0	0	0	329
177 2011 NCCB	3,196,948	3,196,948	3,196,948	0	3,196,948	0	2,036,175	2,036,175	0	1,160,772
Chapter: 7200	3,196,948	3,196,948	3,196,948	0	3,196,948	0	2,036,175	2,036,175	0	1,160,772
010 SHAPE HQ	3,196,948	3,196,948	3,196,948	0	3,196,948	0	2,036,175	2,036,175	0	1,160,772
502 2011 PFP ACO	12,258	12,258	12,258	0	12,258	0	0	0	0	12,258
Chapter: 7100	924	924	924	0	924	0	0	0	0	924
010 SHAPE HQ	924	924	924	0	924	0	0	0	0	924
Chapter: 7200	11,334	11,334	11,334	0	11,334	0	0	0	0	11,334
010 SHAPE HQ	11,334	11,334	11,334	0	11,334	0	0	0	0	11,334

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<i>EUR</i>	<i>BA 1</i>	<i>BA 2</i>	<i>BA 3</i>	<i>Transfers</i>	<i>End of Year Budget</i>	<i>Net Commitment</i>	<i>Actual Expenses</i>	<i>Total Spend</i>	<i>Carry-Forward</i>	<i>Lapsed</i>
506 2011 MEDITERRANEAN DIALOGUE (ACO)	573	573	573	0	573	0	0	0	0	573
Chapter: 7200	573	573	573	0	573	0	0	0	0	573
010 SHAPE HQ	573	573	573	0	573	0	0	0	0	573

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<i>EUR</i>	<i>BA 1</i>	<i>BA 2</i>	<i>BA 3</i>	<i>Transfers</i>	<i>End of Year Budget</i>	<i>Net Commitment</i>	<i>Actual Expenses</i>	<i>Total Spend</i>	<i>Carry-Forward</i>	<i>Lapsed</i>
2011 NAEW at 17										
	<i>21,023,151</i>	<i>21,023,151</i>	<i>21,023,151</i>	<i>0</i>	<i>21,023,151</i>	<i>0</i>	<i>17,272,894</i>	<i>17,272,894</i>	<i>0</i>	<i>3,750,257</i>
162 2011 E3A Component	21,023,151	21,023,151	21,023,151	0	21,023,151	0	17,272,894	17,272,894	0	3,750,257
Chapter: 7100	2,090,141	2,090,141	2,090,141	0	2,090,141	0	2,076,716	2,076,716	0	13,425
090 E3A COMPONENT	2,090,141	2,090,141	2,090,141	0	2,090,141	0	2,076,716	2,076,716	0	13,425
Chapter: 7200	17,053,939	17,053,939	17,053,939	0	17,053,939	0	13,737,403	13,737,403	0	3,316,535
090 E3A COMPONENT	17,053,939	17,053,939	17,053,939	0	17,053,939	0	13,737,403	13,737,403	0	3,316,535
Chapter: 7300	1,879,071	1,879,071	1,879,071	0	1,879,071	0	1,458,775	1,458,775	0	420,296
090 E3A COMPONENT	1,879,071	1,879,071	1,879,071	0	1,879,071	0	1,458,775	1,458,775	0	420,296

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<i>EUR</i>	<i>BA 1</i>	<i>BA 2</i>	<i>BA 3</i>	<i>Transfers</i>	<i>End of Year Budget</i>	<i>Net Commitment</i>	<i>Actual Expenses</i>	<i>Total Spend</i>	<i>Carry-Forward</i>	<i>Lapsed</i>
2011 AOM at 28										
	<i>4,591,933</i>	<i>4,591,933</i>	<i>4,591,933</i>	<i>0</i>	<i>4,591,933</i>	<i>0</i>	<i>2,323,568</i>	<i>2,323,569</i>	<i>0</i>	<i>2,268,365</i>
183 2011 BALKANS OPERATIONS	159,019	159,019	159,019	0	159,019	0	69,036	69,036	0	89,983
Chapter: 7200	159,019	159,019	159,019	0	159,019	0	69,036	69,036	0	89,983
100 HQ JFC NAPLES	119,322	119,322	119,322	0	119,322	0	54,144	54,144	0	65,178
170 KFOR	39,698	39,698	39,698	0	39,698	0	14,892	14,892	0	24,806
184 2011 NATO HQ Sa (NHQSa)	5,484	5,484	5,484	0	5,484	0	0	0	0	5,484
Chapter: 7200	5,484	5,484	5,484	0	5,484	0	0	0	0	5,484
100 HQ JFC NAPLES	5,484	5,484	5,484	0	5,484	0	0	0	0	5,484
185 2011 ISAF	4,244,179	4,244,179	4,244,179	0	4,244,179	0	2,239,329	2,239,329	0	2,004,850
Chapter: 7100	2,528	2,528	2,528	0	2,528	0	0	0	0	2,528
030 HQ JFC BRUNSSUM	2,179	2,179	2,179	0	2,179	0	0	0	0	2,179
080 ISAF	349	349	349	0	349	0	0	0	0	349
Chapter: 7200	3,911,991	3,911,991	3,911,991	0	3,911,991	0	1,909,669	1,909,669	0	2,002,322
030 HQ JFC BRUNSSUM	2,890,940	2,890,940	2,890,940	0	2,890,940	0	1,904,217	1,904,217	0	986,723
080 ISAF	733,895	733,895	733,895	0	733,895	0	1,669	1,669	0	732,226
090 E3A COMPONENT	287,156	287,156	287,156	0	287,156	0	3,782	3,782	0	283,374
Chapter: 7300	329,660	329,660	329,660	0	329,660	0	329,660	329,660	0	0
080 ISAF	329,660	329,660	329,660	0	329,660	0	329,660	329,660	0	0

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<i>EUR</i>	<i>BA 1</i>	<i>BA 2</i>	<i>BA 3</i>	<i>Transfers</i>	<i>End of Year Budget</i>	<i>Net Commitment</i>	<i>Actual Expenses</i>	<i>Total Spend</i>	<i>Carry-Forward</i>	<i>Lapsed</i>
186 2011 NTM-I	149,126	149,126	149,126	0	149,126	0	7,230	7,230	0	141,896
Chapter: 7200	149,126	149,126	149,126	0	149,126	0	7,230	7,230	0	141,896
100 HQ JFC NAPLES	149,126	149,126	149,126	0	149,126	0	7,230	7,230	0	141,896
189 2011 Operation Active Endeavour	26,151	26,151	26,151	0	26,151	0	0	0	0	26,151
Chapter: 7200	26,151	26,151	26,151	0	26,151	0	0	0	0	26,151
100 HQ JFC NAPLES	26,151	26,151	26,151	0	26,151	0	0	0	0	26,151
193 2011 OPERATION UNIFIED PROTECTOR	7,973	7,973	7,973	0	7,973	0	7,973	7,973	0	0
Chapter: 7200	7,973	7,973	7,973	0	7,973	0	7,973	7,973	0	0
090 E3A COMPONENT	0	0	0	0	0	0	0	0	0	0
100 HQ JFC NAPLES	7,973	7,973	7,973	0	7,973	0	7,973	7,973	0	0
Total for all MBC Cost Shares, Years and Budgets	1,262,600,719	1,263,902,985	1,262,954,603	400,000	1,263,354,602	167,143,218	1,034,678,850	1,201,822,068	167,143,218	61,532,534

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ALLIED COMMAND OPERATIONS

ACO BC CONTRACT AUTHORITIES

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EUR	BA 1	BA 2	BA 3	Transfers	End of Year Budget	Net Commitment	Actual Expenses	Total Spend	Statement 5/1	
									Carry-Forward	Lapsed
NCSEP at 28										
	119,128,824	129,381,152	129,375,152	0	129,375,153	3,712,248	0	3,712,248	3,712,248	0
101 SHAPE	7,525,411	7,525,411	7,525,411	0	7,525,411	124,626	0	124,626	124,626	0
103 JFC HQ BRUNSSUM	4,475,743	4,475,743	4,475,743	0	4,475,743	0	0	0	0	0
104 JFC HQ NAPLES	9,203,327	10,136,175	10,136,175	0	10,136,176	3,549,798	0	3,549,798	3,549,798	0
105 HQ AC RAMSTEIN	0	235,000	235,000	0	235,000	37,825	0	37,825	37,825	0
122 ACO TRANSITION BUDGET	22,987,808	22,987,808	22,987,808	0	22,987,808	0	0	0	0	0
164 AIR DEFENCE (GROUND)	8,545,000	9,945,000	9,945,000	0	9,945,000	0	0	0	0	0
166 ACCS Support	4,707,000	4,707,000	4,707,000	0	4,707,000	0	0	0	0	0
177 NCCB	61,684,535	69,369,015	69,363,015	0	69,363,015	0	0	0	0	0

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<i>EUR</i>	<i>BA 1</i>	<i>BA 2</i>	<i>BA 3</i>	<i>Transfers</i>	<i>End of Year Budget</i>	<i>Net Commitment</i>	<i>Actual Expenses</i>	<i>Total Spend</i>	<i>Carry-Forward</i>	<i>Lapsed</i>
NAEW at 18										
	<i>0</i>	<i>25,000</i>	<i>45,636</i>	<i>0</i>	<i>45,636</i>	<i>20,636</i>	<i>0</i>	<i>20,636</i>	<i>20,636</i>	<i>0</i>
112 NAEW&C FC	0	25,000	45,636	0	45,636	20,636	0	20,636	20,636	0
NAEW at 17										
	<i>144,516,538</i>	<i>144,516,538</i>	<i>144,516,538</i>	<i>0</i>	<i>144,516,538</i>	<i>84,369,628</i>	<i>0</i>	<i>84,369,628</i>	<i>84,369,628</i>	<i>0</i>
162 E3A Component	144,516,538	144,516,538	144,516,538	0	144,516,538	84,369,628	0	84,369,628	84,369,628	0
AOM at 28										
	<i>139,331,685</i>	<i>140,997,234</i>	<i>203,634,511</i>	<i>1,702,627</i>	<i>205,337,138</i>	<i>72,007,363</i>	<i>0</i>	<i>72,007,363</i>	<i>72,007,363</i>	<i>0</i>
183 BALKANS OPERATIONS	1,289,878	2,659,427	2,640,177	0	2,640,177	833,078	0	833,078	833,078	0
185 ISAF	138,041,807	138,337,807	200,994,334	1,702,627	202,696,961	71,174,285	0	71,174,285	71,174,285	0
<i>Total for all MBC Cost Shares, Years and Budgets</i>	<i>402,977,047</i>	<i>414,919,924</i>	<i>477,571,837</i>	<i>1,702,628</i>	<i>479,274,465</i>	<i>160,109,876</i>	<i>0</i>	<i>160,109,876</i>	<i>160,109,876</i>	<i>0</i>

ALLIED COMMAND OPERATIONS

**STATEMENT 5/2: SUMMARY BUDGET EXECUTION
REPORT FOR NON ACO BC BUDGETS**

All amounts are expressed in the reporting currency mentioned at the top left of the tables and rounded to the whole unit.

Expenditure Ceiling: this column represents the funding ceiling. For Trust Funds, the funding ceiling is based on the liquidity received.

Net commitments: net commitments are presented separately as they are a direct result of the way FinS/NAFS works. They give the net liabilities recorded against a budget and for entities using FinS/NAFS the invoice has not been received yet. When they relate to fiscal year –2, they are lapsed at the end of the year except if a special carry-forward has been requested from the committees.

Expenses: expenses are reported under accrual basis: they have been posted when goods have been delivered or the invoice has been received but not necessarily paid yet.

Total spend: equals the sum of net commitments and expenses.

<i>EUR</i>	<i>Expenditure ceiling</i>	<i>Net Commitment</i>	<i>Actual Expenses</i>	<i>Total Spend</i>
<i>Non-Consolidated BC</i>	<i>14,180,802</i>	<i>1,083,827</i>	<i>11,251,719</i>	<i>12,335,546</i>
Non-Consolidated Entities Budgets				
	14,180,802	1,083,827	11,251,719	12,335,546
2013	13,565,083	1,079,448	11,069,755	12,149,202
872 NCIA SP ADMIN BUDGET	4,800,171	345,235	3,884,393	4,229,628
874 NCISS	197,692	0	181,575	181,575
259 ACT EXERCISES & TRAINING	8,430,720	717,427	6,903,418	7,620,845
876 NCIA TRANSITION BUDGET	136,500	16,785	100,370	117,155
2012	498,255	4,379	163,581	167,960
872 NCIA SP ADMIN BUDGET	498,255	4,379	163,581	167,960
2011	117,465	0	18,383	18,383
872 NCIA SP ADMIN BUDGET	117,465	0	18,383	18,383

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STATEMENT 5/2

<i>EUR</i>	<i>Expenditure ceiling</i>	<i>Net Commitment</i>	<i>Actual Expenses</i>	<i>Total Spend</i>
<i>Other expenses</i>	<i>216,131,732</i>	<i>12,168,479</i>	<i>62,184,557</i>	<i>74,353,036</i>
	216,131,732	12,168,479	62,184,557	74,353,036
2013	200,040,139	9,189,041	50,149,306	59,338,347
H82 EU - OPERATION ALTHEA	4,173,316	24,877	3,774,301	3,799,178
MA1 NSHQ	3,090,210	157,534	2,932,675	3,090,209
N0A BRITISH SCHOOL	20,000	0	20,000	20,000
Z01 REIMBURSABLE EXPENDITURES	69,331,366	1,326,350	23,235,741	24,562,091
Z04 NATION BORNE COSTS	76,216,174	2,854,473	14,064,322	16,918,794
ZE2 E82 REIMBURSABLE BUDGET PART	693,278	657	586,781	587,438
ZNC REIMBURSABLES NON CONSOLIDATED ENTITIES	46,515,795	4,825,150	5,535,487	10,360,637
2012	15,809,707	2,979,438	11,919,690	14,899,128
H82 EU - OPERATION ALTHEA	65,360	1,638	17,265	18,903
MA1 NSHQ	722,460	41,891	680,569	722,460
Z01 REIMBURSABLE EXPENDITURES	10,534,472	771,169	9,407,897	10,179,067
Z04 NATION BORNE COSTS	368,699	34,329	0	34,329
ZNC REIMBURSABLES NON CONSOLIDATED ENTITIES	1,109,096	88,194	846,557	934,751
N09 KSF TRUST FUNDS	3,009,619	2,042,218	967,401	3,009,619
2011	281,886	0	115,561	115,561
H82 EU - OPERATION ALTHEA	21,397	0	1,182	1,182
MA1 NSHQ	42,089	0	38,916	38,916
Z01 REIMBURSABLE EXPENDITURES	216,931	0	75,463	75,463
Total for all types of cost sharing keys	230,312,534	13,252,306	73,436,276	86,688,581

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ACO Consolidated Financial Statements 2013

STATEMENT 5/3: ACO PROJECT EXECUTION REPORT

All amounts are expressed in the reporting currency of the entity, EUR.

This report includes details for projects that are ongoing, or projects that are completed, but have not yet been approved for COFFA. Closed projects are reported with a total amount per location.

Serial Number: is the identifiable code assigned by the Investment Committee (IC) for each project. The A in front of each project indicates that it is an active project.

Project ID: is the code assigned in the FinS accounting system to identify each project.

Location: is the HQ responsible for the execution.

Authorized Budget: is the Authorisation in Scope as approved by the IC.

Commitments: are the net liabilities recorded against a project and for which the goods or services have not been received yet.

Actuals YTD: are expenses for the reporting year reported under accrual basis. They have been posted when goods or services have been delivered or the invoice has been received, but not necessarily paid yet.

Actuals PJTD: are accumulated expenses for the project.

Funds Available: are budgets not yet spend, or not yet de-authorised by the IC for completed projects.

Statement 5/3: ACO PROJECT EXECUTION REPORT

Serial Number	Project ID		Cost Share	Location	Authorised Budget	Commitments	Actuals YTD	Actuals PJTD	Funds Available
A1998_2_HQ_23001	A19	23001	14	BRUNSSUM	338,687	0	0	338,687	0
A1999_2_HQ_23002	A1M	23002	18	BRUNSSUM	176,543	0	0	176,543	0
A2003_5_VA_30208	A3Q	30208	26A	BRUNSSUM	1,048,631	0	0	1,048,631	0
A2003_5_VA_30208	A3Q	30208	19	BRUNSSUM	946,455	0	0	946,455	0
A2004_5_VA_30228	A45	30228	26A	BRUNSSUM	4,205,706	0	0	4,205,706	0
A2004_5_VA_30232	A47	30232	26A	BRUNSSUM	2,522,764	0	0	2,522,764	0
A2004_5_VA_30233	A48	30233	19	BRUNSSUM	2,417,431	0	0	2,417,431	0
A2004_5_VA_30235	A49	30235	26A	BRUNSSUM	483,023	0	0	483,023	0
A2004_5_VA_30240	A4C	30240	26A	BRUNSSUM	53,254	0	0	53,254	0
A2004_5_VA_30241	A4D	30241	26A	BRUNSSUM	1,777,468	0	0	1,777,468	0
A2004_5_VA_30249	A4A	30249	26A	BRUNSSUM	265,855	0	0	265,855	0
A2004_5_VA_30251	A4J	30251	26A	BRUNSSUM	5,362	0	0	5,362	0
A2004_5_VA_30257	A4L	30257	26A	BRUNSSUM	19,500	0	0	19,500	0
A2004_5_VA_30266	A4R	30266	26A	BRUNSSUM	27,083	0	0	27,083	0
A2005_5_VA_30281	A53	30281	26A	BRUNSSUM	5,627	0	0	5,627	0
A2005_5_VA_30312	A58	30312	26A	BRUNSSUM	245,107	0	0	245,107	0
A2005_5_VA_30315	A5B	30315	26A	BRUNSSUM	841,397	0	0	841,397	0
A2005_5_VA_30327	A5E	30327	26A	BRUNSSUM	102,260	0	0	102,260	0
A2006_5_VA_30220	A5W	30220	26B	BRUNSSUM	1,302,838	0	0	1,302,837	1
A2006_5_VA_30346	A5N	30346	26B	BRUNSSUM	76,399	0	0	76,399	0
A2006_5_VA_30375	A5X	30375	26B	BRUNSSUM	2,221,399	0	0	2,221,399	0
A2006_5_VA_30393	A62	30393	26B	BRUNSSUM	559,900	0	0	521,916	37,984
A2006_5_VA_30400	A65	30400	26B	BRUNSSUM	230,996	0	0	230,996	0
A2006_5_VA_30408	A68	30408	26B	BRUNSSUM	417,505	0	0	417,505	0
A2006_5_VA_30409	A69	30409	26B	BRUNSSUM	228,071	0	0	228,071	0
A2007_5_VA_30346	A6B	30346	26B	BRUNSSUM	884,328	0	0	884,328	0
A2007_5_VA_30416	A6I	30416	26B	BRUNSSUM	13,863	0	0	13,863	0
A2007_5_VA_30418	A6G	30418	26B	BRUNSSUM	342,980	0	0	342,980	0
A2007_5_VA_30428	A6K	30428	26B	BRUNSSUM	285,019	0	0	285,019	0
A2007_5_VA_30433	A6O	30433	26B	BRUNSSUM	248,699	0	0	248,699	0
A2007_5_VA_30438	A6T	30438	26B	BRUNSSUM	134,238	0	0	134,238	0
A2007_5_VA_30453	A7A	30453	26B	BRUNSSUM	294,460	0	0	294,460	0
A2007_5_VA_30454	A6X	30454	26B	BRUNSSUM	339,685	0	0	339,685	0
A2007_5_VA_30467	A7F	30467	26B	BRUNSSUM	202,300	0	0	202,300	0
A2007_5_VA_30470	A7I	30470	26B	BRUNSSUM	115,667	0	0	115,667	0
A2008_5_VA_30473	A7O	30473	26C	BRUNSSUM	240,083	0	0	236,463	3,620
A2008_5_VA_30484	A7T	30484	26C	BRUNSSUM	265,937	0	0	264,843	1,094
A2008_5_VA_30486	A7R	30486	26C	BRUNSSUM	53,162	0	0	53,162	0
A2008_5_VA_30488	A7S	30488	26C	BRUNSSUM	123,350	0	0	123,350	0
A2008_5_VA_30498	A7X	30498	26C	BRUNSSUM	42,576	0	0	42,576	0
A2008_5_VA_30530	A78	30530	26C	BRUNSSUM	130,306	0	0	130,306	0
A2008_5_VA_30531	A79	30531	26C	BRUNSSUM	300,000	0	0	257,664	42,336
A2009_5_VA_30543	A85	30543	26C	BRUNSSUM	1,250,000	0	0	1,249,835	165
A2009_5_VA_30543	A85	30543	28A	BRUNSSUM	1,100,000	0	0	1,091,005	8,995
A2009_5_VA_30544	A86	30544	26C	BRUNSSUM	79,409	0	0	79,409	0
A2009_5_VA_30552	A89	30552	26C	BRUNSSUM	81,400	0	0	0	81,400
A2009_5_VA_30557	A90	30557	26C	BRUNSSUM	49,755	0	0	49,755	0
A2009_5_VA_30560	B01	30560	28A	BRUNSSUM	1,156,940	0	97,068	406,376	750,564
A2009_5_VA_30569	A96	30569	28A	BRUNSSUM	237,500	0	0	173,947	63,553
A2009_5_VA_30573	A99	30573	28A	BRUNSSUM	620,268	0	0	51,407	568,861
A2009_5_VA_30577	B02	30577	28A	BRUNSSUM	1,475,000	0	0	1,388,631	86,369
A2009_5_VA_30582	B04	30582	28A	BRUNSSUM	500,000	0	0	413,613	86,387
A2009_5_VA_30584	A8D	30584	28A	BRUNSSUM	115,160	0	0	111,869	3,291
A2009_5_VA_30587	B06	30587	28A	BRUNSSUM	33,532	0	0	33,532	1
A2009_5_VA_30588	B05	30588	28A	BRUNSSUM	1,224,830	0	0	1,224,830	1
A2009_5_VA_30589	B07	30589	28A	BRUNSSUM	540,243	0	0	457,262	82,981
A2010_5_VA_30619	A8J	30619	28B	BRUNSSUM	79,775	0	0	0	79,775
A2010_5_VA_30627	A8K	30627	28B	BRUNSSUM	1,604,394	0	0	1,239,905	364,489
A2011_5_VA_30582	A8M	30582	28B	BRUNSSUM	0	0	0	0	0
A2012_5_VA_30543	A8S	30543	28B	BRUNSSUM	850,000	0	103,207	757,402	92,598
A2012_5_VA_30582	A8V	30582	28B	BRUNSSUM	400,000	0	155,964	380,335	19,665
A2012_1_HQ_23008	A9D	23008	28C	BRUNSSUM	300,000	0	203,904	203,904	96,096
A2013_5_VA_30543	A9E	30543	28C	BRUNSSUM	1,000,000	176,643	0	0	823,357
A2013_5_VA_30582	A9F	30582	28C	BRUNSSUM	850,000	8,258	727,058	727,058	114,685
A2013_1_VA_27016	A9G	27016	28C	BRUNSSUM	500,000	0	0	0	500,000
A2013_1_VA_23002	A9H	23002	28C	BRUNSSUM	500,000	123,485	0	0	376,515
A2014_5_VA_30582	A9K	30582	28C	BRUNSSUM	1,000,000	0	0	0	1,000,000
A2014_5_VA_30543	A9L	30543	28C	BRUNSSUM	500,000	0	0	0	500,000
Closed projects (COFFA)				BRUNSSUM	43,133,339	0	0	43,133,339	0
TOTAL				BRUNSSUM	83,717,458	308,386	1,287,201	77,624,291	5,784,781

Statement 5/3: ACO PROJECT EXECUTION REPORT

Serial Number	Project ID	Cost Share	Location	Authorised Budget	Commitments	Actuals YTD	Actuals PJTD	Funds Available
A1998_3_HQ_23001	A1A	23001	19	NAPLES	412,996	0	0	412,996
A1998_3_HQ_40001	A1K	40001	18	NAPLES	6,341,383	0	0	6,232,689
A1998_3_HQ_40254	A1L	40254	18	NAPLES	946,693	0	0	788,225
A1999_5_VA_30086	A1X	30086	19	NAPLES	3,319,715	0	0	3,319,714
A2001_5_VA_30152	A2Q	30152	19	NAPLES	17,810	0	0	17,810
A2001_5_VA_30159	A2S	30159	19	NAPLES	6,992,453	0	0	6,992,453
A2001_5_VA_30161	A2U	30161	19	NAPLES	2,396,158	0	0	2,396,158
A2003_5_VA_30194	A3X	30194	18	NAPLES	245,699	0	0	245,699
A2004_5_VA_30279	A4Y	30279	26A	NAPLES	279,835	0	0	279,835
A2004_5_VA_30280	A4Z	30280	26A	NAPLES	777,513	0	0	777,513
A2005_5_VA_30270	A52	30270	26A	NAPLES	1,487,826	0	0	1,487,826
A2005_5_VA_30271	A51	30271	26A	NAPLES	779,731	0	0	779,730
A2006_5_VA_30270	A5O	30270	26B	NAPLES	1,861,213	0	0	1,861,213
A2006_5_VA_30271	A5Q	30271	26B	NAPLES	330,116	0	0	330,116
A2006_5_VA_30347	A5P	30347	26B	NAPLES	510,000	0	0	510,000
A2006_5_VA_30378	A5V	30378	26B	NAPLES	415,579	0	0	415,579
A2007_3_HQ_13601	A7J	13601	25B	NAPLES	338,515	0	0	331,863
A2007_3_HQ_13602	A7K	13602	25B	NAPLES	330,362	0	0	168,639
A2007_5_VA_30270	A6C	30270	26B	NAPLES	1,146,215	0	0	1,146,215
A2007_5_VA_30271	A6D	30271	26B	NAPLES	102,348	0	0	102,348
A2007_5_VA_30347	A6E	30347	26B	NAPLES	1,462,394	0	0	1,462,394
A2007_5_VA_30469	A6V	30469	26B	NAPLES	157,765	0	0	157,765
A2008_5_VA_30270	A6W	30270	26C	NAPLES	1,169,915	0	0	1,169,915
A2008_5_VA_30346	A7G	30346	26C	NAPLES	1,731,098	0	0	1,731,098
A2008_5_VA_30347	A7H	30347	26C	NAPLES	1,394,234	0	0	1,394,234
A2009_5_VA_30270	A81	30270	26C	NAPLES	1,264,796	0	0	1,264,796
A2009_5_VA_30346	A80	30346	26C	NAPLES	1,887,466	0	0	1,869,718
A2009_5_VA_30347	A82	30347	26C	NAPLES	1,375,061	0	0	1,375,061
A2009_5_VA_30567	A95	30567	28A	NAPLES	1,046,351	0	0	558,459
A2009_5_VA_30571	A98	30571	28A	NAPLES	206,251	0	0	102,014
A2010_5_VA_30270	A8E	30270	28B	NAPLES	649,965	0	0	570,816
A2010_5_VA_30346	A8B	30346	28B	NAPLES	3,734,342	0	0	3,279,596
A2010_5_VA_30347	A8F	30347	28B	NAPLES	283,621	0	0	249,083
Closed projects (COFFA)			NAPLES	3,231,382	0	0	3,231,382	0
TOTAL NAPLES				48,626,802	0	0	47,012,952	1,613,850
A1999_5_VA_30088	A1Y	30088	19	KFOR	3,552,402	0	0	3,435,270
A2000_5_VA_30129	A2J	30129	19	KFOR	1,816,903	0	0	1,816,903
A2003_5_VA_30180	A3A	30180	19	KFOR	672,883	0	0	672,883
A2005_5_VA_30282	A57	30282	26A	KFOR	722,568	0	0	722,568
A2005_5_VA_30317	A5A	30317	26A	KFOR	276,664	0	0	276,664
A2006_5_VA_30362	A5R	30362	26B	KFOR	347,744	0	0	347,744
A2006_5_VA_30392	A64	30392	26B	KFOR	158,000	0	0	158,000
A2007_5_VA_30436	A6S	30436	26B	KFOR	364,803	0	0	364,803
A2007_5_VA_30441	A6Q	30441	26B	KFOR	359,155	0	0	359,155
A2007_5_VA_30452	A7D	30452	26B	KFOR	140,882	0	0	140,882
A2008_5_VA_30452	A7O	30452	26C	KFOR	201,079	0	0	201,079
A2008_5_VA_30490	A7W	30490	26C	KFOR	101,970	0	0	46,109
A2008_5_VA_30493	A7U	30493	26C	KFOR	100,090	0	0	100,090
A2008_5_VA_30503	A7Y	30503	26C	KFOR	1,836,471	0	0	1,836,471
A2008_5_VA_30515	A73	30515	26C	KFOR	65,893	0	0	65,893
A2009_5_VA_30118	A93	30118	26C	KFOR	11,000	0	0	11,000
A2009_5_VA_30118	A93	30118	28A	KFOR	60,000	0	0	11,796
A2009_5_VA_30435	A87	30435	26C	KFOR	51,210	0	0	51,210
A2009_5_VA_30435	A87	30435	28A	KFOR	221,772	0	0	221,772
A2009_5_VA_30449	A91	30449	26C	KFOR	51,947	0	0	51,947
A2009_5_VA_30474	B03	30474	28A	KFOR	605,179	0	0	474,373
A2009_5_VA_30553	A92	30553	26C	KFOR	59,643	0	0	59,643
A2009_5_VA_30570	A97	30570	28A	KFOR	198,491	0	0	155,887
A2009_5_VA_30593	A8G	30593	28A	KFOR	99,324	0	0	99,324
A2010_5_VA_30599	A8I	30599	28B	KFOR	386,419	0	0	171,870
A2011_1_VA_23005	A8Q	23005	28B	KFOR	128,601	0	0	88,896
A2011_1_VA_23039	A8P	23039	28B	KFOR	912,789	0	23,960	665,708
A2011_5_VA_30593	A8O	30593	28B	KFOR	150,000	0	0	132,858
A2012_5_VA_30593	A8T	30593	28B	KFOR	250,000	0	18,537	123,221
A2012_1_HQ_23002	A8Y	23002	28B	KFOR	60,000	0	13,680	13,680
A2013_5_VA_30593	A9J	30593	28C	KFOR	150,000	0	120,664	120,664
Closed projects (COFFA)			KFOR	83,259,731	0	0	83,259,731	0
TOTAL KFOR				97,373,613	0	176,841	96,258,092	1,115,521

Statement 5/3: ACO PROJECT EXECUTION REPORT

Serial Number	Project ID	Cost Share	Location	Authorised Budget	Commitments	Actuals YTD	Actuals PJTD	Funds Available
A1995_5_VA_30034	A0N 30034	16	NHQSa	3,706,430	0	0	3,706,430	0
A1995_5_VA_30039	A0R 30039	16	NHQSa	673,990	0	0	673,990	0
A1996_5_VA_30049	A10 30049	16	NHQSa	1,563,041	0	0	1,563,041	0
A1997_5_VA_30053	A15 30053	16	NHQSa	147,720	0	0	147,720	0
A1997_5_VA_30056	A18 30056	16	NHQSa	22,410	0	0	22,410	0
A1998_5_VA_30067	A1F 30067	16	NHQSa	159,816	0	0	159,816	0
A2000_5_VA_30115	A2G 30115	19	NHQSa	19,426	0	0	19,426	0
A2002_5_VA_30165	A2Y 30165	19	NHQSa	3,709,509	0	0	3,709,509	0
A2004_5_VA_30213	A41 30213	19	NHQSa	152,030	0	0	152,030	0
A2004_5_VA_30214	A42 30214	19	NHQSa	35,795	0	0	35,795	0
A2005_5_VA_30165	A4W 30165	26A	NHQSa	264,593	0	0	264,593	0
Closed projects (COFFA)				NHQSa	112,315,102	0	112,315,102	0
TOTAL NHQSa					122,769,861	0	122,769,861	0

A1995_5_CM_00710	A0F 00710	16	SHAPE	22,806,791	0	0	22,806,790	1
A1996_5_CM_00717	A0S 00717	16	SHAPE	11,375,059	0	0	11,375,059	0
A1997_2_VA_00016	A11 00016	18F	SHAPE	507,830	0	0	507,830	0
A1997_5_HQ_00572	A12 00572	16	SHAPE	1,814	0	0	1,814	0
A1998_5_VA_30069	A1H 30069	16	SHAPE	505,639	0	0	505,638	1
A1998_5_VA_30071	A1J 30071	19	SHAPE	11,150,558	0	0	11,150,558	0
A1998_5_VA_30071	A1J 30071	16	SHAPE	10,804,247	0	0	10,804,247	0
A1999_5_VA_30084	A1V 30084	19	SHAPE	686,369	0	0	686,368	1
A1999_5_VA_30086	A1X 30086	19	SHAPE	4,503,840	0	0	4,503,840	0
A2000_5_VA_30116	A2H 30116	19	SHAPE	16,244	0	0	16,244	0
A2001_5_IS_03036	A61 03036	25A	SHAPE	140,191	0	0	107,142	33,049
A2001_5_VA_30144	A2N 30144	19	SHAPE	34,641	0	0	34,640	1
A2001_5_VA_30159	A2S 30159	19	SHAPE	4,134,457	0	0	4,134,456	1
A2001_5_VA_30161	A2U 30161	19	SHAPE	2,193,880	0	0	2,193,880	0
A2003_0_CM_13259	A8X 13259	26A	SHAPE	297,068	124,983	0	172,085	0
A2004_5_CM_23001	A50 23001	26A	SHAPE	49,355	0	0	49,354	1
A2005_5_VA_30343	A5F 30343	26A	SHAPE	321,397	0	0	321,397	0
A2006_5_VA_10248	A6F 10248	26B	SHAPE	1,976,000	0	0	0	1,976,000
A2006_5_VA_30369	A5U 30369	26B	SHAPE	207,000	0	0	207,000	0
A2007_5_VA_30369	A6U 30369	26B	SHAPE	150,460	0	0	150,460	0
A2008_5_VA_30427	A7Z 30427	26B	SHAPE	(3,036,730)	0	0	0	(3,036,730)
A2009_5_VA_30545	A94 30545	26C	SHAPE	240,786	0	0	226,974	13,812
A2009_5_VA_30583	B08 30583	28A	SHAPE	161,414	0	0	107,008	54,406
A2010_5_HQ_12040	A8R 12040	28B	SHAPE	882,200	14,238	37,954	691,612	176,350
A2011_1_IS_23001	A8U 23001	28B	SHAPE	642,880	213,369	0	415,369	14,142
A2011_5_VA_30346	A8L 30346	28B	SHAPE	1,049,226	0	0	1,049,226	0
A2011_1_IS_03002	A9B 03002	28C	SHAPE	84,000	0	0	80,000	4,000
A2012_5_IS_23001	A9A 23001	28C	SHAPE	242,000	0	0	206,386	35,614
A2012_1_AF_23006	A9C 23006	28C	SHAPE	168,525	0	0	166,220	2,305
A2012_5_HQ_23111	A8Z 23111	28C	SHAPE	3,916,436	150,058	2,703,491	3,405,531	360,847
A2012_5_VA_23002	A9I 23002	28C	SHAPE	719,000	599,174	75,990	75,990	43,837
A2013_5_HQ_12046	A9M 12046	28C	SHAPE	735,000	0	0	0	735,000
Closed projects (COFFA)				SHAPE	557,634,613	0	557,634,613	0
TOTAL SHAPE					1,101,821	2,817,435	633,787,731	412,638

OVERALL - NSIP PROJECT EXECUTION STATUS

Status	Authorised Budget	Commitments	Actuals YTD	Actuals PJTD	Funds Available
Brunssum	83,717,458	308,386	1,287,201	77,624,291	5,784,781
NHQSa	122,769,861	0	0	122,769,861	0
Naples	48,626,802	0	0	47,012,952	1,613,850
KFOR	97,373,613	0	176,841	96,258,092	1,115,521
SHAPE	635,302,190	1,101,821	2,817,435	633,787,731	412,638
Grand Total	987,789,924	1,410,207	4,281,477	977,452,928	8,926,789

Semi-Annual	987,781,617			977,439,511	
Difference	8,307			13,417	

A2011_1_IS_23001	A8U	SHAPE	0	-5,117
X2002_5_VA_30184	A34	NHQSa	-8,313	-8,313
Rounding			6	13
			<u>-8,307</u>	<u>-13,417</u>

De-authorization of projects requested with SAFR:

3,545,123

Actuals YTD reported in Statement of Financial Performance
 Actuals YTD reported in Statement of Financial Position as WIF

1,164,262
 3,117,215
4,281,477

Notes to the ACO Consolidated Financial Statements 2013

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A. Accounting Policies

Accounting Period

These ACO Financial Statements are based on the accounting records of ACO as of 31 December 2013. In accordance with Article 2 of the NFR, the financial year at ACO begins on 1 January and ends on 31 December of the year.

Reporting Currency

The functional and reporting currency used throughout these Financial Statements is the Euro (€). Data from ACO budgets approved in different currency is converted and executed into Euro using a fixed rate.

The functional currency for the NSIP is Euro (€), as it is for the MB.

Basis of preparation

The ACO consolidated financial statements have been prepared on a going-concern basis. The assumption that ACO is a going concern and will continue in operation and meet its strategic objectives and its obligations for the foreseeable future is based on all available information about the future, which is not limited to, twelve months from the approval of these financial statements. The assumption on the going-concern basis is not affected by the closure of some of the ACO consolidated entities as it refers to ACO as a whole.

The new NATO Command Structure

Further to the New NATO Command Structure approved¹ by the NAC on 08 June 2011 some of the existing ACO Commands whose accounts were consolidated closed in 2013; some other Commands were activated in 2013. ACO has considered the impact that the NAC's decision would have in terms of future possible liabilities and disclosed them as contingent liabilities and/or recognised provisions based on the criteria set by IPSAS 19. At this stage it is not possible to always estimate the financial impact of such possible liabilities; the greatest areas of concern are loss of job indemnities as well as dismantling and clean-up costs due to the closure of the HQs, although the implementation of an ACO Reform Programme as well as the NATO International Civilian Staff (NIC) Reorganisation System served to reduce the exposure of the Organization to significant liabilities.

The result of the approval of the new NATO Command Structure in terms of Activation and closure of ACO entities in 2013 is reported underneath:

ACO Commands activated in 2013

CAOC Uedem (Germany)	01 January 2013
CAOC Torrejon (Spain)	01 January 2013
DACCC (Poggio Renatico, Italy)	01 January 2013
LC Izmir (Turkey)	01 December 2012

¹ PO(2011)0204-FINAL dated 08 June 2011

ACO Commands closed in 2013

AC Izmir (Turkey)	01 June 2013
JFC Lisbon (Portugal)	01 July 2013
MC Naples (Italy)	31 July 2013
FC Heidelberg (Germany)	31 December 2013
FC Madrid (Spain)	31 December 2013

The ownership and control of CIS Assets.

Further to the NAC decision to transfer the full ownership of all NATO common funded IT assets and IT infrastructure from the current NATO Commands to the NCIO effective 01 July 2012, the governance of the CIS asset and related IT infrastructure to include ownership, accountability and management is vested in the NCIA effective from the above mentioned date. Therefore, ACO is no longer recognizing in its Financial Statements the CIS inventories starting from the 2012 FS, except in cases where the CIS assets are deemed to be under the control of ACO in accordance with the control criteria set forth by the NATO Accounting Framework, such as for the CIS inventories managed locally by the NSBs which are reported by the NCIS Group and the CIS assets reported by the E3-A Component.

Financial Reporting Framework

The ACO financial statements have been prepared on the accrual basis of accounting in accordance with the International Public Sector Accounting Standards (IPSAS) issued by the IPSAS Board (IPSASB) and relevant to ACO and with the NATO Accounting framework approved by the NAC on 2 August 2013². A list of standards issued by the IPSAS Board can be found on the following website www.ifac.org.

The accounting principles recognised as appropriate for the recognition, measurement and reporting of the financial position, performance and cash flows on an accrual based accounting using historical costs have been applied consistently throughout the reporting period to ensure that the financial statements provide information that is relevant to the decision-making and reliable, comparable, and understandable in light of the qualitative characteristics of financial reporting as well as the of the principles of the Qualitative Characteristics of Financial Reporting as listed in the Appendix A of IPSAS 1³.

The cash flow Statement is prepared using the indirect method and the format follows the layout provided by IPSAS 2 (Cash flow Statements).

No accounting standard has been adopted earlier than the application date as stated in the IPSAS standards.

ACO financial statements have also been prepared in accordance with the accounting requirements of the NATO Financial Regulations (NFR) and the Financial Rules and Procedures (FRP) and the relevant ACO directives and policies. In instances where there is a conflict between IPSAS and the NFR and FRP this has been noted.

Changes in Accounting Policy

The same accounting policies are applied within each period and from one period to the next, unless a change in accounting policy meets one of the criteria set in IPSAS 3. For the 2013 Financial Statements the accounting policies have been applied consistently throughout the reporting period.

² C-M(2013)0039 dated 26 July 2013

³ 2013 IFAC HANDBOOK OF INTERNATIONAL PUBLIC SECTOR ACCOUNTING PRONOUNCEMENTS vol.I, IPSAS 1, Appendix A

The impacts of any other change to the ACO accounting policy have been identified in the notes under the appropriate headings.

The ACO Corporate Accounting and Control Branch (ACO CAC) is in charge of preparing and maintaining the ACO Accounting policies and preparing the full consolidation of the ACO Financial Statements.

The NATO Accounting Framework was approved by the North Atlantic Council on 02 August 2013⁴. This framework sets out the adaptation of some of the IPSAS to produce a common approach NATO-wide to reporting on assets controlled by NATO reporting entities as well as to suit NATO's specific requirements. It covers IPSAS 12 (inventories), IPSAS 17 (Property, Plant and Equipment), IPSAS 31 (Intangible assets) and IPSAS 6 (Consolidation) for Morale and Welfare concessions. .

Further to the approval of the NATO Accounting framework ACO has reviewed its accounting policy for reporting on inventories, PP&E and intangible assets in accordance with the adapted IPSAS 12, IPSAS 17 and 31 respectively. According to the NATO Accounting Framework, ACO recognises only inventory balances and capital assets acquired from 01 January 2013 (received during 2013) whose value is above the materiality thresholds set by the framework per each asset category. Furthermore, the Allied Operations and Missions assets acquired from 1 January 2013 and physically located in a Theatre of Operation are fully depreciated during the first year (i.e. 12 months) of their useful life effective from the date on which they are brought into Theatre. Whereas all the assets acquired before 01 January 2013 are considered as fully expensed. Whereas for items acquired prior to the cut-off date of 01 January 2013 a brief description has been provided as a disclosure note in accordance with the prescriptions of the NATO Accounting framework, to include the types of assets, locations where they are held and the approximate number of items and respective value held at the reporting date, if available.

Criteria for assessment of control have been applied in accordance with the NATO accounting framework. A proper guidance on how to report on inventories and capital assets acquired from 01 January 2013 was provided to each ACO Command for the preparation of the year-end closure.

As far as the materiality thresholds are concerned, the NATO Accounting Framework has introduced a change for reporting on inventories as the thresholds are no longer established only per location/warehouse but also per asset category.

A materiality threshold of 5,000 EUR has been applied for reporting on legal provisions.

Foreign currency transactions

Transactions in currencies other than the functional currency are translated into Euro at the NATO exchange rates prevailing at the time of the transaction. Monetary assets and liabilities at year-end which were denominated in foreign currencies were translated into Euro using the NATO exchange rates that were applicable on 31 December 2013.

Realised and unrealised gains and losses resulting from the settlement of such transactions and from the revaluation at the reporting date of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Financial Performance.

All entities included in the consolidated financial statements adopt Euro as functional currency. Data from ACO budgets approved in different currency is converted and executed into Euro using a fixed rate.

Consolidation

The ACO Consolidated financial statements include the financial results of nearly all entities which are under the control of the SACEUR. These include ACO's various Headquarters and NSIP funds for which SHAPE acts as Host Nations.

While Morale and Welfare activities are under the control of the SACEUR they have not been consolidated into the primary financial statements in accordance with IPSAS 6 in its adapted version approved by the North Atlantic Council (NAC) on 02 August 2013, which prescribes that the NATO reporting entities shall not consolidate Morale and Welfare Activities into their respective financial statements even when they are

⁴ C-M(2013)0039, dated 26 July 2013

considered to be under the control, from a financial reporting perspective, of the NATO Reporting Entity preparing and issuing the financial statements..

ACO's various headquarters which are consolidated into the 2013 financial statements are listed below.

Military Budget (MB)

ACO HQ NAME	LOCATION
SHAPE ⁵	Casteau, Belgium
JFC HQ Brunssum	Brunssum, Netherlands
ISAF HQ	Kabul, Afghanistan
E-3A Component Command	Geilenkirchen, Germany
JFC HQ Naples	Naples, Italy
CP ⁶ Lisbon	Lisbon, Portugal
AIRCOM Ramstein ⁷	Ramstein, Germany
MARCOM Northwood	Northwood, UK
CP ⁶ Heidelberg	Heidelberg, Germany
NCIS Group HQ ⁸	Casteau, Belgium
KFOR	Pristina, Kosovo
NHQSa	Sarajevo, Bosnia Herzegovina
LANDCOM Izmir	Izmir, Turkey
CP ⁶ Madrid	Madrid, Spain
ACO Corporate Accounting and Control	Casteau, Belgium

ACO has obtained from the above listed Commands all the information and financial data necessary for the production of the accounts that show ACO's consolidated assets and liabilities as well as revenues and expenses. The Financial Controllers of the above mentioned controlled entities have certified the

⁵ It includes data related to the 2012 NCISG HQ (including the 3 NATO Signal Battalions) which has been carried over into 2013 and the data of DARS NM which will continue to be reported under SHAPE until its de-activation and closure foreseen to occur on 01 July 2014.

⁶ Closure Party (i.e. designated staff performing closing activities at ACO closing Entities after de-activation until final closure); HQs closed in 2013: Lisbon, Heidelberg, and Madrid

⁷ It includes data related to Deployable Air Command and Control Centre, Poggio Renatico (DACCC), Italy, Combined Air Operations Centre (CAOC), Uedem, Germany, Combined Air Operations Centre (CAOC), Torrejon, Spain

⁸ It includes data related to the NCISG HQ plus the 3 NATO Signal Battalions.

correctness and reliability of the data reported to ACO CAC for further analysis and consolidation in the ACO FS.

Service in Kind

Services In-Kind are services provided by individuals to public sector entities in a non-exchange transaction. These services meet the definition of an asset because the entity controls a resource from which future economic benefits or service potential is expected to flow to the entity. An entity may, but is not required to, recognise services In-Kind as revenue and as an asset, and a decrease in an asset and an expense upon consumption of the service In-Kind. Due to many circumstances surrounding services In-Kind, including the ability to exercise control over the services and measuring the fair value of the services, IPSAS does not require the recognition of service In-Kind.

Assets – Current Assets

ACO holds the following types of current assets:

a. Cash and cash equivalents

Cash and cash equivalents are defined as short-term assets. They include cash on hand, petty cash, current bank accounts, deposits held with banks, other short-term highly liquid investments.

b. Receivables

Receivables are stated at net realisable value, after provision for doubtful and uncollectible debts.

In accordance with IPSAS, receivables are broken down into amounts receivable from user charges, taxes, receivables from related parties, etc.

Contribution receivables are recognised when a call for contribution has been issued to the member nations. No allowance for loss is recorded with respect to Member countries' assessed contributions receivable except for exceptional and agreed technical reasons.

c. Prepayments and accrued interest

This reflects prepayments given to suppliers and to other NATO entities, as well as bank interest accrued in one year but received only the following year.

d. Inventory

In accordance with IPSAS 12 as approved within the NATO accounting framework and the ACO Policy on IPSAS 12 the following items acquired from 01 January 2013 and held on stock at the reporting date are recorded as inventories if their useful life is less than one year and they exceed the materiality threshold of 50,000 Euro per asset category and location/warehouse.

Underneath there are reported the categories of inventories with the related materiality threshold and related basis for calculation applied by ACO in accordance with the adapted IPSAS 12:

Inventory Categories	Threshold	Basis
Consumable	€50,000	Per location/warehouse
Spare parts	€50,000	Per location/warehouse
Ammunition	€50,000	Per location/warehouse
Strategic stockpiles	€50,000	Per location/warehouse

In ACO inventories are reported using the weighted average cost (WAC) method where adjustment is made to cater for the reduced value of non-strategic slow moving items. Inventories qualified as non-strategic held on stock at the reporting date and which were identified as 'slow moving' over the last three reporting periods are written down to the net realisable value, it being 35% of the last WAC of the same inventory item, if the total value of slow moving items exceeds the materiality threshold of 50,000 Euro; however the category of 'slow moving' items is not applicable for 2013, since only items acquired starting from 01 January 2013 are reported.

ACO has also continued to collect data related to the legacy assets (i.e. those acquired before 01 January 2013) and has included this information in the FS by way of a disclosure note to include the approximate number of items per inventory category and approximate value for each respective location.

According to the ACO EOY Guidance and the ACO Policy on IPSAS 12, inventories are reported using a dedicated Unearned Revenue account, under Current Liabilities, as counter posting

Assets – Non-Current Assets

In this category, ACO is reporting all assets invested for more than 12 months or receivable beyond 12 months from the closing date of the financial statements.

a. Financial Assets

Long term receivables from the nations for future payment of provisions are reported as a financial asset.

b. Property, Plant and Equipment

ACO has actively participated in the RPPB 'IPSAS Tiger Team' which led to the approval by the Council of the NATO Accounting Framework on the 02 August 2013. Before this, ACO had already developed its policy on capital assets including materiality thresholds and depreciation methods, criteria to distinguish between PP&E assets and inventories and to implement a common asset register to consistently track and monitor the assets held by ACO throughout its Commands. ACO started an in-depth analysis of existing assets across all the ACO Commands and the Theatres. ACO accounting policies on capital assets are part of the ACO EOY guidance. The implementation of these policies and guidance is closely monitored and coordinated by the ACO CAC in order to ensure consistency and a common understanding amongst the ACO Commands in preparing the financial statements for further consolidation by ACO CAC. The FinS PP&E module is now available in the newest version of FinS R12 to support the recognition of assets acquired from 01 January 2013 in accordance with the approved NATO Accounting Framework. ACO has also continued to collect data through the Asset Register related to the legacy assets (i.e. those acquired before 01 January 2013) and has included this information in the FS by way of a disclosure note to include the approximate number of items per asset category and approximate value for each respective location.

Whilst ACO is aware of most of the assets that it manages and controls, ACO has concerns over the completeness of data in respect of assets managed by other entities on its behalf. Examples would be assets managed by third parties such as the NATO agencies in addition to existing NSIP assets procured on its behalf throughout various Host Nations and spread in different locations including the theatres. As a result, ACO is unable to verify the reliability of any such data for financial reporting purposes.

Underneath there are reported the categories of PP&E assets with the related materiality thresholds and useful life applied by ACO in accordance with the adapted IPSAS 17:

Category	Threshold	Depreciation life
Land	€200,000	N/A
Buildings	€200,000	40 years
Other infrastructure	€200,000	40 years
Installed equipment	€30,000	10 years
Machinery	€30,000	10 years
Vehicles	€10,000	5 years
Aircraft	€200,000	Dependent on type
Vessels	€200,000	Dependent on type
Mission equipment	€50,000	3 years
Furniture	€30,000	10 years
Communications	€50,000	3 years
Automated Information Systems	€50,000	3 years

It should be noted that the last two categories related to CIS PP&E assets are included only in relation to holdings of the E3-A Component which is not supported by the NCI Agency for the provision of CIS services; further to the analysis of the control criterions set forth by the NATO Accounting Framework it results that the Component's CIS assets are under the control of the E3-A Component and are, thereby, reported in the ACO FS.

ACO is reporting expenses for all projects where SHAPE is Host Nation and not completed at end of year as work in process (WIP) without any depreciation applied.

Leases

Leases qualified as "finance leases" in accordance with IPSAS 13 are recognised as "Property, Plant and Equipment" in accordance with IPSAS 17 as further adapted by the NATO Accounting Framework. All leases held by the ACO Commands at the reporting date have been qualified as operating leases. Rental payable under lease contracts are recognised as an expense in the statement of financial performance on a straight line basis over the lease term.

c. Intangible Assets

Underneath there are reported the categories of intangible assets with the related materiality and useful life applied by ACO in accordance with the adapted IPSAS 31:

Category	Threshold	Depreciation life
Computer software (commercial off the shelf)	€50,000	4 years
Computer software (bespoke)	€50,000	10 years
Computer database	€50,000	4 years
Integrated system	€50,000	4 years

ACO does not hold intangible assets at the reporting date.

Current liabilities

a. Payable

Payables are amounts due to third parties for goods received or services provided that remain unpaid as of the reporting date.

Accruals are estimates of the cost for goods and services received at year-end but not yet invoiced.

b. Unearned Revenue and Advances

Unearned revenue represents contributions from Nations and/or third parties that have been called for current or prior years' budgets but that have not yet been recognised as revenue. Funds are called in advance of their need because the entity has no capital that would allow it to pre-finance any of its activities. Advances are contributions received related to spontaneous national contributions for future years' budgets. Contributions called for following year budgets are recorded as advances.

c. Employee benefits

IPSAS 25 prescribes the accounting treatment of the following employee benefits:

- (1) Short term benefits which fall due wholly within twelve months after the end of the accounting period in which employees render the related service;
- (2) Post-employment benefits; and
- (3) Termination benefits.

Certain employees participate in the Provident Fund or the New Defined Contribution Pension Scheme administered by NATO. Contributions to these Plans are limited to matching the employees' contributions for current service. Other employees participate in NATO's Defined Benefit Plan; a portion of their salaries is deducted and contributed to the annual financing of this Plan.

The assets and liability for NATO's Defined Benefit Plan are accounted for centrally at NATO Headquarters and therefore are not recognised in these financial statements, whilst the employer's contribution made to the Provident Fund or the New Defined Contribution Pension Plan are expensed during the reporting period.

ACO recognises a provision in the Statement of Financial Position for the TFR to be paid to the Italian Local Wage Rate employees by JFC HQ Naples as a termination benefit (further details are disclosed in the note E.

Non-Current liabilities

Provisions

Provisions are recognised when the entity has a legal or constructive obligation as a result of past event, where it is probable that an outflow of resources will be required to settle the obligation and where a reliable estimate of the amount requested to settle the liability can be made.

Unearned Revenue

Unearned revenue represents contributions from Nations and/or third parties that have been called for current or prior years' budgets but that have not yet been recognised as revenue. The non-current liability represents the counter posting for property, plant and equipment and work in progress managed by ACO.

Net Assets

Net assets represent the residual interest in the assets of the entity after deducting its liabilities.

Revenue and expense recognition

a. Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be measured reliably. Contributions when called are booked as unearned revenue and subsequently recognised as revenue when it is earned.

Revenue comprises contributions from Member Nations and other customers to fund ACO's requirements through the Military Budget and the NATO Security Investment Programme. It is recognised as revenue in the statement of financial performance when such contributions are used for their intended purpose as envisioned by operational budgets. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be measured reliably. The balance of unspent contributions and other revenues that relate to future periods are deferred accordingly.

Where a transfer is subject to conditions that, if unfulfilled, require the return of the transferred resources, the entity recognises a liability until the condition is fulfilled.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Bank interests earned and accrued as of 31 December 2013, exchange rate revenue due to transactions in foreign currency and realised exchange rate revenue in accordance with the ACO Policy IPSAS 4 – Effect of the foreign exchange rate are recognised as financial revenue.

b. Expenses

Budgetary expenses are recognised when occurred. Accruing of expenses is based on the concept of accruing when goods and services are received. Bank charges, exchange rate losses due to transactions in foreign currency and realised exchange rate losses are recognised as financial expenses.

Bank charges, exchange rate losses due to transaction in foreign currency and realised exchange rate losses in accordance with the ACO Policy IPSAS 4 – Effect of the foreign exchange rate are recognised as financial expenses.

Net Surplus or Deficit for the Period

In accordance with ACO accounting policies ACO revenue is recognised up to the amount of the matching expenses.

Trust Funds

ACO manages a number of trust funds on behalf of other entities and controls a number of specific Trust Funds. NATO recognises an asset when it controls access to the asset and gains economic benefit or service potential but matches this to an equal liability. ACO does not recognise any expenditure or revenue in relation to the Trust Funds in its Statements of Financial Performance which it does not control.

Restatements

ACO has restated a number of balances in the financial statements, specifically in relation to the implementation of the NATO Accounting Framework. Further details on these restatements are shown in the relevant note.

B. Significant Accounting Judgements and Estimates

In accordance with Generally Accepted Accounting Principles, the financial statements necessarily include amounts based on estimates and assumptions made by the management and based on judgement and historical experience as well as on the most reliable information available. A certain degree of caution was used in making the estimates in light of the principle of 'prudence' required by IPSAS in order not to overstate assets or revenue or understate liabilities or expenses.

The estimates and underlying assumptions are reviewed on an ongoing basis. These estimates and assumptions affect the amounts of assets, liabilities, revenues and expenses reported. By their nature, these estimates are characterised by some uncertainty. The effect of changes to such estimates and assumptions in future periods could be significant to the financial statements. Some of the most significant estimates used in these financial statements are:

Accrued revenue and expenses. Goods and services received by ACO are acquired through third parties (private sector suppliers or NATO Agencies); therefore, accrued expenses and the related revenue recognition are based on delivery or ACO's best estimate of the work performed at the reporting date. Whilst for goods and services procured directly by ACO the estimates are proved to be accurate although with the normal degree of uncertainty surrounding any estimate as such, ACO has concerns over the accurateness of data in respect of accruals reported by other entities on ACO's behalf. Two examples of lack of reliable accrual data provided by third parties have been disclosed more in details in the relevant Note ("Payables") related to accruals information provided by NSPA to the E3-A Component (FMS cases) and to JFCBS.

- Theatre Capability Statement Of Requirements (TCSOR). Nations frequently provide services in operational theatres which are not normally eligible for Common Funding. In exceptional cases, approval is granted to reimburse all or part of the cost of providing these services. These arrangements are governed by a Memorandum of Understanding (MOU) between SHAPE and the lead-Nation and form the basis for the estimation of the expected cost/accrued expenses.

These MOU provide an estimate of costs rather than a ceiling. In previous years this mechanism showed that the amounts budgeted as well as the accruals were frequently different from the actual real costs. To overcome the issue ACO accounts for the TCSOR by accruing the expenses at year-end on the basis of the historical cost invoiced or the best estimate provided by the Lead-Nation, both validated by ACO, if budgetary credits are available. Where there is a shortfall in budgetary credits or the current estimate is higher than the historical data might indicate, a provision would be made for the expected difference, upon confirmation by Nations that the service were provided, to be able to account for the estimated financial liability. As far as budget estimates are concerned, for the future budget submissions ACO will use the anticipated actual funding requirement to meet the reimbursement requests by the Nations rather than the MOU amounts, which in many cases continue to lag behind actual invoices. The above mentioned approach applied by ACO on the budgetary and financial reporting activities related to the TCSOR was conveyed to the BC for transparency and information purposes.

- Financial risk on accounts receivables. An allowance is provided for known and estimated bad debts.

Actual results can differ from estimates made. These differences are reflected in the financial statements at the time when they become known.

C. Notes to Statement of Financial Position

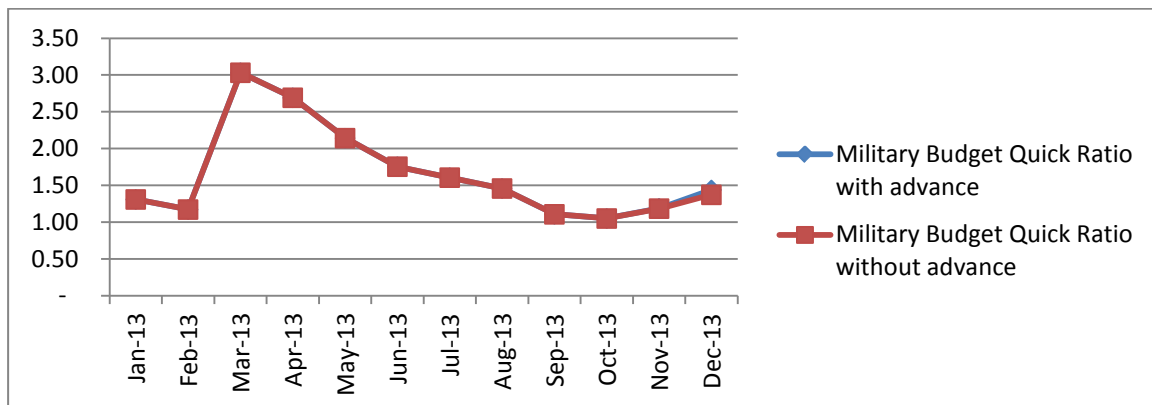
Assets – Current Assets

1. Cash and cash equivalents

Cash and cash equivalents	2013	2012 restated	2012
Cash accounts	225,531	451,132	451,742
Petty Cash and Advances	345,935	616,667	616,667
Current Bank Accounts	501,392,674	249,983,115	251,765,770
Cash equivalents	414,067,206	498,234,026	498,234,026
Clearing-Bank accounts	(10,278)	(194,740)	(194,852)
Total	916,021,068	749,090,200	750,873,352

The restatement of the 2012 closing balance for cash and cash equivalents is due to the exclusion for NATO IFC.

Cash and cash equivalents balances tend to increase towards the end of the financial year due to the cash received upon the final cash call and the request of some nations to liquidate uncalled contributions for the following year. Therefore, the year-end balance is not representative of the average cash holdings during the financial year. The trend continues until March of the following financial year. The cash holdings are shown in the chart below through the Quick Ratio. This ratio measures the ability of the entity to meet its short-term obligations at a certain point in time; a value higher than 1 means that the entity can pay off all its short-term liabilities.



At ACO the cash and cash equivalents shown above include balances for purposes other than MB budget and NSIP. Since ACO has control of these balances, they are shown as asset of ACO with a matching liability. The breakdown for the main categories is reported below:

Breakdown	Total
Trust funds	234,989,500
EU	2,625,180
NSHQ	4,631,106
NSIP	13,735,691
SIS + special projects	19,897,550
British School	71,716
ISAF POHRF	125,361
Other	1,063
Total other sources	276,077,167
MB	639,943,901
Total bank balances	916,021,068

The total cash and cash equivalents increased in 2013 about 167 MEUR. This increase is made up mainly from:

- about 99 MEUR increase in cash held for non-military budget activities (mainly the Trust Funds and for the SHAPE International School project)
- increase in cash held for military budget purposes.

The increase in cash for military budget is a consequence of:

- about 29 MEUR increase in lapse (mainly due to the 2013 ISAF budget)
- about 28 MEUR increase in the advance called in Sep 2013 against the 2014 NCSEP/AOM/NAEW contribution (due to the inclusion of the majority of the former NCSA administrative budget in the ACO budget group due to the move towards full customer funding regime)

The local cash and cash equivalents balances are kept as low as possible to ensure liquidity for all scheduled payments within the year. The ACO approach is to keep the liquidity at a central level in order to have better banking conditions and higher interests to be shared amongst the nations at year's end.

Funds categorized as cash equivalent are invested in short-term deposit accounts, and are readily convertible to known amounts of cash and subject to no risk of changes in value. Short-term investments include investments if their maturity is within a period of 12 months or less; or there is no maturity, but the assets are expected to be realized within 12 months after the reporting period.

All investments are managed centrally by ACO CAC branch. Due to the uncertainties of the financial markets ACO CAC closely monitor where the funds are deposited. In 2013 more funds were kept on investment accounts that pay fixed rates of interest and money can be withdrawn any time without advance notice or penalty.

2. Accounts receivable

Accounts receivable	2013	2012 restated	2012
Contribution from Member Nations	21,161,140	24,536,020	24,536,020
Receivable from Nations	31,369,798	39,751,983	39,751,983
Receivables from NON-Consolidated Entities	13,222,055	10,809,041	10,809,042
Receivables from Staff Members	580,504	417,654	417,654
Receivables from Governments	2,892,743	5,892,620	5,892,620
Other Receivables/Recoverable	18,449,015	13,772,372	13,772,380
Total	87,675,255	95,179,690	95,179,699

The restatement of the 2012 closing balance for accounts receivable is due to the exclusion for NATO IFC.

As of reporting date there are still amounts outstanding for KEUR 11 for the closed HQs Heidelberg and Madrid. ACO CAC has taken over the collection of this remaining amount.

A high percentage of accounts receivable is reported in the ACO CAC accounting book. ACO CAC receives funds mainly from Nations for Calls for Contributions, recovery of the NBC, SHAPE International School Calls.

The accounts in foreign currencies are converted to the reporting currency at the NATO exchange rate prevailing at the end of the reporting period.

Contribution receivables from Member Nations

Contribution receivables from Member Nations	2013	2012 restated	2012
NCSEP Budget	5,435,687	9,020,113	9,020,113
AGS Budget	286,826	0	0
NAEW Budget	3,922,274	2,769,531	2,769,531
AOM Budget	11,516,353	12,746,376	12,746,376
Total	21,161,140	24,536,020	24,536,020

The decrease in contribution receivables from member nations is due to Nations' early payment of contribution for second call.

Receivable from Nations

These are receivables from Nations for Nation Borne Cost for Nations participating to the AOM activities and for which ACO is providing all services related to their troops.

Receivable from Nations	2013	2012 restated	2012
NHQSa NBC	55,528	70,459	70,459
KFOR NBC	1,598,724	1,266,765	1,266,765
ISAF NBC	29,715,546	38,403,312	38,403,312
NTM-I NBC	0	11,447	11,447
Total	31,369,798	39,751,983	39,751,983

Despite ACO efforts to collect the outstanding amounts receivable, some nations changed the way they are paying NBC and delayed their payments. The outstanding credits are closely monitored; dunning letters are sent quarterly, with additional exceptional reminders for few Nations. ACO assess at low risk the recovery of these amounts since most of them are related to NATO nations.

The decrease in receivable from Nations includes a transfer of MEUR 2.0 as receivable older than 12 months, compared to MEUR 0.5 in 2012.

Called Assessment contribution Receivable

This category shows nil balance for 2013 since the change in BA3 after the second call resulted in a return of funds.

Receivable from non-consolidated NATO entities

The increase in receivables from non-consolidated entities is due to the collection of funds from exercise budget delegated from ACT.

Receivable from staff members

These are receivables from staff members, such as short term loans, salaries and allowances to be reimbursed by staff members and other receivables. Collections are assured through payroll withholding and staff separation payments.

Increase is mainly recorded for receivables from LWR and travel prepayments to staff.

Receivable from Governments

These are receivables from Government entities, such as local support units.

Other Receivables/Recoverable

This category includes amounts to be invoiced as well as receivables from third parties. SHAPE is still reporting significant receivables against the SHAPE International School. The invoice for EU Operation ALTHEA issued at EOY is also recorded under this category, the amount is approximately the same as last year.

The increase in other receivables is due to recognition of amounts to be invoiced at reporting day.

3. Prepayments and accrued interest

Prepayments and accrued interest	2013	2012 restated	2012
Advances and Prepayments	59,591,137	59,598,775	59,059,523
Bank Interest Accrued	1,022,245	1,095,159	1,095,159
Receivable > 12 months	4,255,607	2,556,027	2,556,027
Total	64,868,989	63,249,961	63,250,483

The restatement of the 2012 closing balance for prepayments and accrued interest is due to the exclusion for NATO IFC.

Prepayments are net of related accruals previously recorded and associated expenses. Advances entered in foreign currency were accrued in that currency.

The reported advances and prepayments are mainly advances and prepayments to other NATO Agencies, especially NSPA. SHAPE is reporting an increase related to LWR salaries as well as agencies due to a completion rate lower than last year. E3A is also reporting an increase against agencies, but since other HQs are reporting decreases the net impact of changes is minimal.

The majority of the Bank Interest Accrued relates to a 150 MEUR short term investment with BNP Paribas, and the ANA Trust Fund USD bank account managed by ACO CAC.

The Receivable > 12 months has increased from 2012 to 2013 and is mainly related to outstanding amounts for KAIA Nation Borne Costs and one outstanding amount in Naples MEUR 0.8 under dispute. ACO CAC is doing everything in its power to collect those funds but it might be impossible to avoid a partial write off. Receivable > 12 months is reported net of provision for possible bad debt. Despite a write off of one Nation's outstanding amount of MEUR 0.5, the receivable amount for Nation Borne Costs older than 12 months increased with MEUR 2.0, so net increase is MEUR 1.5

Receivable > 12 months is reported net of provision for possible bad debt for an amount of EUR 251,059.

The accounts in foreign currencies are converted to the reporting currency at the NATO exchange rate prevailing at the end of the reporting period.

4. Inventories

Inventories	2013	2012 restated	2012
Consumable	12,041,409	0	45,264,307
Spare parts	9,241,968	0	2,212,814
Ammunition	0	0	131,706
Strategic stocks	0	0	0
Total for Inventories	21,283,377	0	47,608,828

ACO is reporting inventory which it both controls and manages, which have been acquired from 1 January 2013 in accordance with the NATO Accounting Framework and whose value is above the materiality

threshold of EUR 50,000 per category and location. Inventory reported are valued with the weighted average cost method (WAC).

As part of the EOY closure ACO has requested the NATO Agencies to report to ACO on inventories which they may hold on behalf of ACO at the reporting date. The result of these requests is reported hereafter, as follows:

- NSPA. With Reference SHJ8/CAC/FC212/13 dated 10 October 2013 ACO requested NSPA to provide an analysis of assets held on ACO's behalf and the result was that NSPA only holds assets which qualify as PP&E in accordance with the ACO policies on PP&E and inventories.
- Other NATO Agencies. The request was also issued to other NATO Agencies which may have managed assets on ACO's behalf such as NAGSMA, NAPMA, BICES. Also in these cases no ACO's inventory was identified as managed by the above mentioned agencies on behalf of ACO.
- NCI Agency. As a result of the Council decision which transferred from the NCS to the NCI Agency the ownership of the CIS assets and related IT infrastructure effective 1 July 2012 it is ACO's view that the legal ownership, including the management and accountability of the CIS assets is now vested in the NCI Agency from that date. As a result ACO is no longer reporting in its Financial Statements (FS) on CIS assets managed by NCIA effective from the 2012 FS.

Restatement of the 2012 inventories

The restatement of the 2012 closing balance for inventories is due to the implementation of the NATO accounting framework as explained in the accounting policy. ACO CAC centrally performed this kind of transactions on behalf of the ACO Controlled entities.

Distinction between inventory acquired before and after 1 January 2013 (cut-off date)

Inventory acquired prior to 1 January 2013 have not been recognised in the 2013 ACO FS.

As the logistic tool used for accounting on inventories (NDSS) is not able to provide reports to identify the OUT transactions in relation to when the items were actually received (i.e. whether prior or after 1 January 2013) for the purpose of recognising items acquired after the cut-off date, ACO has assumed that the 2013 OUT transactions were all related to inventory items received during 2013 (IN transactions). As a result, in case the OUT transactions were lower than the IN transactions, an inventory balance was recognised at the reporting date; whereas if the OUT transactions were higher than the IN transactions the excess was considered as related to inventories acquired prior to the above mentioned cut-off date. Write-Offs occurred during 2013 were also considered as related to items received before 1 January 2013, unless directly attributable to new acquisitions of item made after the cut-off date; thereby write-offs have not been included in the calculation of inventory transactions and value for 2013.

Shipping/transportation costs have been added for the recognition of new items as actual cost, if identifiable, or apportioned from the total costs of delivering inventory to the warehouse as well as if above the materiality threshold of 2% of the overall budget executed by the respective ACO Command.

Inventory acquired before 1 January 2013 (legacy assets)

Information related to the headquarters closed in 2013 has not been included in the below summary.

The Table below shows the summary of ACO inventory items held prior to the 1 January 2013, in accordance with the NATO Accounting Framework.

TABLE 4.A – Summary of inventory categories with related value and number of items

Inventory Categories	SHAPE		JFC HQ BRUNSSUM		AIRCOM RAMSTEIN		ISAF	
	Items	Value	Items	Value	Items	Value	Items	Value
Consumable and maintenance	5,465	396,156	2,352	268,053	40,957	77,687	246,368	3,556,224
Spare parts	2,229	33,388	14	3,330	1,834	13,232	26,607	263,810
Ammunition	0	0	2	42,428	0	0	3	347
Grand Total	7,694	429,544	2,368	313,811	42,791	90,919	272,978	3,820,381
Inventory Categories	E3A COMPONENT		JFC HQ NAPLES		NHQSa		LANDCOM IZMIR	
	Items	Value	Items	Value	Items	Value	Items	Value
Consumable and maintenance	2,371,035	20,090,817	733,842	457,539	528,348	1,960,745	389,722	296,821
Spare parts	873,201	61,086,916	25,098	81,164	1,295	84,492	130,057	322,991
Ammunition	38,248	40,105	0	0	0	0	0	0
Grand Total	3,282,484	81,217,838	758,940	538,702	529,643	2,045,237	519,779	619,812
Inventory Categories	NCISG		KFOR		MARCOM NORTHWOOD		TOTAL	
	Items	Value	Items	Value	Items	Value	Items	Value
Consumable and maintenance	0	0	33,607	1,159,179	532	312,194	4,352,228	28,575,415
Spare parts	0	0	2,292	651,194	161	574,065	1,062,788	63,114,582
Ammunition	0	0	0	0	0	0	38,253	82,880
Grand Total	0	0	35,899	1,810,373	693	886,259	5,453,269	91,772,876

Assets - Non-current Assets

5. Financial Assets

Financial Assets	2013	2012 restated	2012
Non-current Receivables	1,777	1,777	1,777
Long Term Receivable for Provisions	9,987,184	15,925,460	15,925,460
Total	9,988,961	15,927,237	15,927,237

The accounts Long Term Receivable for Provisions cover amounts receivable from contributing nations more than 12 months from the reporting date for provisions expressed as liabilities. Provisions are liabilities of ACO; however they are matched by an asset since they will eventually be borne by member Nations.

6. Receivables

Receivables	2013	2012 restated	2012
Contribution from NATO member Nations	0	7,456,541	7,456,541
Total	0	7,456,541	7,456,541

Contribution from NATO member Nations

Unfunded contributions (NAEW & FC and E3-A Component) has been fully recovered using the methodology previously selected by the Committee in MBC-DS (2008)0036. By implementing this methodology ACO has been able to fully recover the amount of this long-term outstanding issue originally 30.5 MEUR in 2009

7. Property, Plant and Equipment

Property, Plant and Equipment	2013	2012 restated	2012
Land	0	0	0
Buildings	0	0	0
Other infrastructure	0	0	0
Installed Equipment	3,585,339	0	0
Machinery	776,005	0	0
Vehicles	462,202	0	0
Airplanes	693,167	0	0
Mission Equipment	14,064,281	0	0
Furniture	228,377	0	0
Communication	1,004,318	0	0
Automated Information Systems	678,074	0	0
WIP other infrastructures	4,842,103	0	0
Total for Property, Plant and Equipment	26,333,865	0	0

The categories of CIS assets (Communication and Automated Information System) relate to CIS assets of PP&E controlled by the E3-A Component, as already explained in the Paragraphs above under the 'Accounting policies'.

The thresholds applied by ACO has resulted in a capitalisation of 87% of all assets recognised and 13% are expensed being below the thresholds.

The category of 'work in progress' (WIP) refers mainly to NSIP projects implemented by SHAPE as the Host Nation for ACO requirements; these items will be reported as WIP until the project is completed and the asset has been put in service. Detailed disclosure is reported in the next page.

Property, Plant and Equipment													
	Land	Buildings	Other infrastructure	Installed Equipment	Machinery	Vehicles	Airplanes	Mission Equipment	Furniture	Communi- cations	AIS	WIP	TOTAL
Opening balance as of 1 Janaury 2013	0	0	0	0	0	0	0	0	0	0	0	0	0
+ Additions	0	0	0	3,913,269	811,594	870,770	698,514	15,481,465	247,167	1,198,015	775,516	4,842,103	28,838,414
- Disposals	0	0	0	0	0	0	0	0	0	0	0	0	0
+ Revaluations	0	0	0	0	0	0	0	0	0	0	0	0	0
- Impairments	0	0	0	0	0	0	0	0	0	0	0	0	0
- Accumulated depreciation	0	0	0	-327,930	-35,589	-408,568	-5,347	-1,417,184	-18,790	-193,698	-97,442	-	-2,504,549
<i>of which current year's deprication is</i>	0	0	0	-327,930	-35,589	-408,568	-5,347	-1,417,184	-18,790	-193,698	-97,442	-	-2,504,549
Ending balance as of 31 December 2013	0	0	0	3,585,339	776,005	462,202	693,167	14,064,281	228,377	1,004,318	678,074	4,842,103	26,333,865

Distinction between PP&E based on the acquisition date

According to the NATO Accounting Framework all assets qualified as PP&E which were under the control of ACO at the reporting date, acquired (received) from 1 January 2013 have been capitalized and recognised as non-current assets in the statement of financial position in accordance with the capitalisation thresholds as reported in the Table shown above under the Paragraph 'Accounting Policies'.

For FinS site the PP&E items have been uploaded to the 'fixed assets' module of the system based on information provided by each ACO Command through an ADI spreadsheet which included information related to the expense account, PO number, invoice number, date of purchase and date of put in service.

Assets acquired before 1 January 2013 (legacy assets)

Information related to the headquarters closed in 2013 has not been included in the below summaries.

The Tables below shows the summary of assets of PP&E under the control of ACO at the reporting date, acquired prior to the 1 January 2013. The ACO Commands have been requested to report all the available data of legacy assets of PP&E by filling in the ACO Asset Register with the available. The categorization of the items made by the ACO reporting sites has been further reviewed by ACO CAC staff in light of the Group/Class definitions of the NATO stock number system. As required by the NATO Accounting Framework the following information is disclosed hereafter for the legacy assets acquired prior to the 01 January 2013:

- the type of PPE (category of the assets);
- the location;
- the approximate number of items per category;
- the approximate value per category. It should be noted that 92% of the total number of assets reported are valued at the historical cost and 2% at current cost; whereas for some of the assets (6%) there was no available value that could be reported.

TABLE 7.A – Summary of asset categories with related value and number of items

PP&E Categories	SHAPE		JFC HQ BRUNSSUM		AIRCOM RAMSTEIN		ISAF		E3A COMPONENT		JFC HQ NAPLES	
	Items	Value	Items	Value	Items	Value	Items	Value	Items	Value	Items	Value
LAND	1	0	2	0	1	1,282,275	0	0	0	0	0	0
BUILDINGS	238	0	63	128,516,247	1	28,574,250	0	0	354	12,772,372	10	118,495,863
OTHER INFRASTRUCTURE	1	0	2	0	1	1,089,171	0	0	0	0	0	0
INSTALLED EQUIPMENT	173	309,609	2,660	17,755,393	37	28,356	0	0	968	38,658,536	0	0
MACHINERY	711	1,609,067	34	927,933	103	150,783	1,274	17,241,497	2,393	13,214,620	0	0
TRANSPORT EQUIPMENT - VEHICLES	329	4,633,933	100	3,622,594	42	1,162,966	214	21,288,871	28	301,528	62	1,000,670
TRANSPORT EQUIPMENT - AIRPLANES	0	0	0	0	0	0	0	0	1,057	3,836,613,021	0	0
MISSION EQUIPMENT	294	430,509	18	464,141	29	30,522	759	34,232,253	1,543	52,277,148	891	3,059,415
FURNITURE	376	179,965	1,559	2,277,717	423	3,027,090	102	183,380	35	20,042	1,481	5,917,662
COMMUNICATION	0	0	0	0	0	0	0	0	3,486	145,621,887	0	0
AUTOMATED INFORMATION SYSTEM	0	0	0	0	0	0	0	0	218	3,521,457	0	0
GRAND TOTAL	2,123	7,163,082	4,438	153,564,024	637	35,345,413	2,349	72,946,001	10,082	4,103,000,611	2,444	128,473,610
PP&E Categories	NHQSa		LANDCOM IZMIR		NCISG		KFOR		MARCOM NORTHWOOD		Total Items	Total Value
	Items	Value	Items	Value	Items	Value	Items	Value	Items	Value		
LAND	0	0	3	72,875,924			4	80,332,570	0	0	11	154,490,769
BUILDINGS	59	14,716,000	60	52,066,698			17	1,668,240	1	2,978,318	803	359,787,988
OTHER INFRASTRUCTURE	50	5,130,500	18	986,405			161	17,097,952	0	0	233	24,304,028
INSTALLED EQUIPMENT	0	0	0	0	134	753,574.10	0	0	0	0	3,972	57,505,468
MACHINERY	0	0	0	0	334	1,039,640.79	0	0	0	0	4,849	34,183,540
TRANSPORT EQUIPMENT - VEHICLES	94	4,268,595	58	2,174,445	122	7,587,731.26	189	7,002,825	0	0	1,238	53,044,158
TRANSPORT EQUIPMENT - AIRPLANES	0	0	0	0			0	0	0	0	1,057	3,836,613,021
MISSION EQUIPMENT	0	0	0	0	286	13,767,295.35	24	2,830,710	31	4,380,139	3,875	111,472,133
FURNITURE	0	0	1	9,500	91	77,907.57	0	0	0	0	4,068	11,693,263
COMMUNICATION	0	0	0	0			0	0	0	0	3,486	145,621,887
AUTOMATED INFORMATION SYSTEM	0	0	0	0			0	0	0	0	218	3,521,457
GRAND TOTAL	203	24,115,095	140	128,112,972	967	23,226,149	395	108,932,297	32	7,358,457	23,810	4,792,237,711

Liabilities – Current Liabilities

8. Payable

Payables	2013	2012 restated	2012
Payable to Suppliers	(76,969,521)	(115,603,947)	(115,632,958)
Payable to NON - Consolidated Entities	(131,636,780)	(73,082,246)	(73,082,246)
Payable to staff members	(99,350)	(149,098)	(149,098)
Payable to governments	(180,304)	(319,538)	(1,074,527)
Other payables	(32,227,620)	(45,988,755)	(45,979,890)
Total	(241,113,575)	(235,143,583)	(235,918,719)

The restatement of the 2012 closing balances for Payables is due to the exclusion of NATO IFC.

Accrued amounts for goods and services are not automatically classified by the accounting system to match the reported categories. They are automatically reported as Payable to Suppliers. Only manual accruals are assigned to the ad-hoc category. Depending whether invoice has been posted or amounts have been accrued there can be a discrepancy between the years for the different categories.

Payables to supplier

Payables to suppliers include invoices received from commercial vendors not settled and goods and services received and accrued where no invoice has been received by reporting date.

Payable to NON-Consolidated Entities

Amounts payable to other NATO entities. The majority are payables to NSPA and NCIA..

The category Payable to NON – Consolidated Entities represents payables due to goods and services acquired through NATO agencies such as NSPA including those related to FMS cases acquired from the US Defence Department through the Agency. This category includes accruals estimates for which ACO relies to external parties.. The estimate related to FMS programme continues to be a matter of concern for all NATO. More details about the ongoing issues of the FMS cases and more in general with accruals data provided by NSPA are reported hereafter:

FMS cases at E3-A Component.

- Further to the IBAN recommendations ACO has been working with NSPA to ensure that goods and services received are reconciled to the US billing statements to meet the NATO requirements for financial reporting. Unfortunately it doesn't seem that a solution can be easily sought to this long outstanding issue which impacts all NATO entities dealing with FMS cases and not only E3A where this issue is not, however, material. The problem has not made progress so far because of the US position with respect to their FMS system. In a formal meeting held at E3A in March 2013 it was in fact clearly stated that the Defense Security Cooperation Agency (DSGA) is still looking into this issue but that the US FMS system is a national system and unlikely can be changed to accommodate FMS customers' requirements; moreover, such changes if never implemented would be at cost. At this stage ACO can only reiterate its statements made in several fora about the difficulties of validating the delivery information to ensure proper accruals based expenditures due to its reliance to third parties as the FMS process is not entirely within ACO's control.

Accruals at JFCBS.

- The accrual data report received by JFCBS from NSPA and NCIA at year end could not be used by ACO for lack of reliability due to the following reasons:
 - Some accruals were over the amount available on the PO
 - Some accruals were less than the amount of the Invoices already received
 - In general accruals data were lacking the reference to the PO concerned to make a proper reconciliation

However, the accrual data were provided by JFCBS to ACO as inputs received by the JFCBS FMs who were requested to fill in and sign a Spreadsheet template, identifying all the PO Lines, amounts available and estimated accruals to reflect services/goods delivered by the end of 2013. The JFCBS FMs worked in close coordination with local J8 staff all the year-long in order to guarantee a recurring monitoring of the credits executed by other parties. The data reported from JFCBS were considered by the JFCBS Financial Controller much more reliable than the data reported by external agencies.

Payable to staff members

Amounts due to staff members for salaries or allowances.

Payable to governments

Amounts payable to Nations for goods and services provided to ACO.

Other payables

Following IBAN recommendation⁹ unrealised currency fluctuations for NSIP, not yet returned, have been excluded from interest and reimbursements to the Nations, since 1987. At the end of 2001 they amounted to €11,424,945.

NSIP accounts at SHAPE were maintained on BUDCOM and at the time of migration to NAFS, on 31 Dec 2003, unrealised currency fluctuations amounted to €7,757,417.

Since intercompany accounts are not revalued in NAFS, the amount is also reported at the end of 2013, adjusted for other currency differences identified.

This category also includes liabilities for TCSOR.

9. Unearned Revenue and Advance

Unearned Revenue and Advance	2013	2012 restated	2012
Unearned Revenue NCSEP/AGS/AOM/NAEW	(167,143,219)	(171,579,072)	(171,579,072)
Liabilities from NCSEP/AOM/NAEW Lapse	(77,178,244)	(48,181,119)	(48,181,119)
Liabilities from NCSEP/AOM/NAEW Budget decrease	(692,136)	0	0
Liabilities from NCSEP/AOM/NAEW Result of the year	(6,454,441)	(6,854,659)	(6,854,659)
Liability from unrealised exchange rate differences	(535,030)	0	0
Advance NCSEP/AOM/NAEW Contributions	(310,542,336)	(282,523,634)	(282,523,634)
NSIP Unearned Revenue	(977,561)	(1,057,578)	(1,057,578)
Liabilities from NSIP Cash Call	(614,616)	(5,375,287)	(5,375,287)
Liabilities from NSIP Accumulated result of the year	(1,171,387)	(1,117,963)	(1,117,963)
Advance NSIP contributions	0	0	0
Other Unearned Revenue	(260,855,197)	(161,525,733)	(162,534,281)
Other Advance	(36,960)	(498,807)	(498,807)
Unearned Revenue Inventory	(21,283,376)	0	(47,608,828)
Total	(847,484,503)	(678,713,852)	(727,331,227)

Unearned Revenue NCSEP/AOM/NAEW

Unearned revenue for NCSEP/AGS/AOM/NAEW budgets corresponds to contributions called or to be called for 2013, or before, but for which corresponding expenditures will be incurred after the reporting date. It is accounted for by type, cost share, mission and year in accordance with the ACO policy.

The table below (page N-26) explains to what extent the unearned revenue from previous years and the net calls in the current year for the Administrative Budget and for the Operational Budgets are recognised as operating revenue in the current year. The remaining balance is unearned revenue for the funds that

⁹ See (IBA-IR (2002)86)

are carried forward to future years and liabilities for the Administrative and Operational Budget credits that are lapsed.

Liabilities from NCSEP/AOM/NAEW Lapse

These accounts are used to express the liability created from not fully using the budget credits authorized as of end of year 2013. The lapse is in effect an amount owed back to the Nations and as per NATO IS policy, the balance will be included in the 2nd Assessment call on 2014.

NCSEP/AOM/NAEW Lapse	2013	2012 restated	2012
Budgetary lapses	(61,532,534)	(39,250,307)	(39,250,307)
Overestimated accruals	(15,660,040)	(12,160,024)	(12,160,024)
Other adjustments	14,330	3,229,212	3,229,212
Total	(77,178,244)	(48,181,119)	(48,181,119)

Liabilities from NCSEP/AOM/NAEW Budget Decrease

This amount represents a decrease in budget authorisation after the call resulting in a liability to the nations. This net amount consists of a budget decrease of EUR 835,750 for AOM and an increase of EUR 143,614 for NCSEP.

Liabilities from NCSEP/AOM/NAEW Result of the year

	2013	2012 restated	2012
Result of the year	(7,377,503)	(8,614,228)	(8,614,228)
Restatement previous year	0	2,946,302	2,946,302
Unrealised exchange rate gain/los	869,638	(1,205,852)	(1,205,852)
NSIP result of the year	53,424	19,119	19,119
Liabilities from NCSEP/AOM/NAEW Result of the year	(6,454,441)	(6,854,659)	(6,854,659)

This net amount of miscellaneous income, interest revenue, bank charges, realised gain and losses that needs to be returned to the Nations was collected at ACO consolidation level, apportioned by type, cost share and mission and posted as a liability. As per NATO IS policy, the balance will be included in the 2nd Assessment call for 2013.

Advance NCSEP/AOM/NAEW Contributions

The amount is related to:

- Advance contribution called on the 2nd call 2013 for an amount of € 273,050,000 (NAEW/NCSEP/AOM cost share) and related to budget authorization of 2014. These advances are recorded with the appropriate account code by type/year/cost share. The amount is comparable to the balance of 2012.
- Advances for an amount of € 37,492,336 made by some member Nations, mainly in coordination with the NATO IS Treasury for non ACO called advances.

NSIP Unearned Revenue

A report on expenses and one on forecasts are forwarded twice a year by SHAPE to the Security Investment, Logistics and Civil Emergency Planning (SILCEP). These quarterly reports are the basis for the calculations of the NSIP calls for contributions. Calls not expensed in the year are unearned revenue.

Liabilities from NSIP Cash Call

The difference between forecasted expenses used for the cash call and the actual expenses is returned with the cash calls for the following year.

Liabilities from NSIP Result of the year

	2013	2012 restated	2012
Cumulated result of previous years	(1,117,963)	(1,098,844)	(1,098,844)
Result of the year	(53,424)	(19,119)	(19,119)
Liabilities from NSIP Result of the year	(1,171,387)	(1,117,963)	(1,117,963)

Interest and results, distributed by cost share, have been reported. The accumulated result from 2008 to 2013 still needs to be redistributed to the Nations. This is a NOR responsibility.

Other Unearned Revenue

The amount represents funds called but not used in respect of

- The SHAPE International School
- Various Trust Funds
- The funds related to the EU Operation Althea mission
- The funds related to the British Forces School project in JFC HQ Naples.
- The funds related to the NATO Special Forces Headquarter, located at SHAPE
- The funds related to the Post Humanitarian Relief Fund in ISAF.

Unearned Revenue Inventory

In accordance with the ACO IPSAS Policy 12 – Inventory, valuation of ACO inventories are counter-posted as Unearned Revenue to the Nations. This amount consists of unearned revenue received from Nations used for acquisition of inventories. It will be recognised as revenue in the applicable reporting period

2013 ACO BC Contribution and budget execution reconciliation							
	BC TOTAL	17N	18N	26/28 N NCSEP	28 N NCSEP	26 N AGS	28 N AOM
2013 Call for contributions (2013 Budget authorisation - BA3)	(1,092,594,403)	(251,075,425)	(1,524,575)		(302,159,336)	(400,000)	(537,435,067)
2013 Operating expenses (2013 Budget authorisation)	918,263,787	196,787,502	1,288,958		232,279,890	50,000	487,857,437
2013 CF (2013 Budget authorisation)	128,198,285	51,572,826	90,841		65,285,555	350,000	10,899,063
2013 Lapses (2013 Budget authorisation)	(45,313,458)	(2,715,097)	(144,776)		(4,610,767)	0	(37,842,818)
~+/-2013 Budget Authorisation	692,136	0	0		(143,614)		835,750
Exchange Rate	126,738	0	0		126,738		0
2013 UR SubTotal	(128,198,284)	(51,572,826)	(90,841)		(65,285,555)	(350,000)	(10,899,062)
2013 Carry Forward for 2012 Budget authorisation	(133,294,081)	(63,766,165)	(75,406)		(52,688,436)		(16,764,074)
2013 Overestimated accrual (2012 Budget authorisation)	(10,451,812)	0	(8,490)		(730,436)		(9,712,886)
Transfer IN/OUT between cost share/restatements	0	0	0		0		0
2013 Operating expenses (2012 Budget authorisation)	88,358,905	38,277,070	72,556		39,142,245		10,867,034
2013 CF (2012 Budget authorisation)	38,944,935	24,827,793	0		11,874,571		2,242,571
2013 Lapses (2012 Budget authorisation)	(16,442,053)	(661,302)	(11,340)		(2,402,056)		(13,367,355)
2012 Correction lapses (2012 Budget authorisation)	14,330				14,330		
Exchange Rate	0	0	0				
2012 UR SubTotal	(38,944,935)	(24,827,793)	0		(11,874,571)		(2,242,571)
2013 Carry Forward for 2011 Budget authorisation	(38,284,992)	(21,023,151)	0		(12,669,909)		(4,591,932)
2013 Overestimated accrual (2011 Budget authorisation)	(4,896,389)	0	(992)		(824,412)		(4,070,985)
Transfer IN/OUT between cost share/restatements	0	0	0		0		0
2013 Operating expenses (2011 Budget authorisation)	28,056,159	17,272,894	0		8,459,697		2,323,568
2013 CF (2011 Budget authorisation)	0	0	0		0		0
2013 Lapses (2011 Budget authorisation)	(15,125,222)	(3,750,257)	(992)		(5,034,624)		(6,339,349)
Exchange Rate	0	0	0				
2011 UR SubTotal	0	0	0		0		0
2013 Overestimated accrual (2010 Budget authorisation)	(241,492)				(236,926)		(4,566)
2013 Overestimated accrual (2009 Budget authorisation)	(70,349)		(25)	(70,324)			
Total Unearned Revenue 2013	(167,143,219)	(76,400,619)	(90,841)	0	(77,160,126)	(350,000)	(13,141,633)
Total lapses	(77,178,244)	(7,126,656)	(157,133)	(70,324)	(12,270,043)	0	(57,554,088)
Total 2013 ~+/-End of Year results	(6,454,441)	(2,314,638)	(11,681)	0	(1,568,101)	(225)	(2,559,796)
Total 2014 Advance called in 2013 by ACO	(273,050,000)	(62,768,856)	(381,144)	0	(75,500,000)	0	(134,400,000)
Grand Total	(523,825,904)	(148,610,769)	(640,799)	(70,324)	(166,498,270)	(350,225)	(207,655,517)

Liabilities – Non-Current Liabilities

10. Provisions

Provisions	2013	2012 restated	2012
Provisions	(11,239,572)	(17,046,194)	(17,046,194)
Total	(11,239,572)	(17,046,194)	(17,046,194)

Provisions are recognised and valued with best accounting estimate available. The amounts of the provisions reported in the ACO 2013 statement of financial position are shown in more detail in the Note E.

11. Unearned Revenue

Unearned Revenue	2013	2012 restated	2012
Unearned Revenue for PP&E and WIP	(26,333,865)	0	0
Total	(26,333,865)	0	0

In accordance with the NATO IPSAS Manual, option 1 has been applied in the ACO Consolidated Financial Statements. Revenue is recognised incrementally and equally with the depreciation. The revenue is matched to the depreciation in order to match revenue earned with the consumption of the asset. With this option, there are no surpluses or deficit resulting from asset depreciation or acquisition.

The Unearned Revenue is the counterpart of the PP&E Net Value

D. Notes to Statement of Financial Performance

12. Revenue

The revenue recognition is matched with the recognition of expenses against the ACO budgets.

13. Expenses

Expenses are recognised by nature within the following groups:

a) Personnel

All civilian and military Personnel expenses as well as other non salary related expenses, in support of common funded activities. The amounts include expenses for salaries and emoluments for approved NATO permanent civilian positions and temporary personnel, for other salary related and non related allowances including overtime, medical examinations, recruitment, installation, and removal and for contracted consultants and training.

b) Contractual Supplies and Services

Contractual Supplies and Services expenses include expenses for general administrative overheads, and the maintenance costs of buildings/grounds, communication and information systems, transportation, travel expenses, representation/hospitality and miscellaneous expenses. These expenses were mainly needed to meet HQs' operational requirements in order to fulfil the different missions.

This category includes Foreign Military Services procured by ACO through NSPA. As already reported above¹⁰ ACO has concerns over the reliability of accrual data provided by NSPA based on the United States Government delivery information in respect of Foreign Military Sales. It should however be noted, that the total amount of FMS goods and services delivered to the E3-A component is not material in relation to the overall consolidated amount of contractual services procured by ACO in the same reporting period.

c) Operating Leases

The following table shows a list of operating leases in force in the various ACO Commands at the reporting date. The disclosure of this information is made for those leases which exceed ACO's financial reporting materiality threshold of 50,000 Euro per lease contract, in relation to lease payments occurred during the reporting year, and expose ACO to future liabilities beyond the reporting period. The information shown in the table includes the amount of payments recognised as an expense in the reporting period, the total of future payments to be made in the subsequent periods, a general description of the leasing arrangements including renewal or purchase options and/or restrictions.

Site	PPE category	Asset leased	Amount paid in 2013 €	Amount to pay in 2014 (€)	Amount to pay in 2015-2018 (€)	Renewal or purchase options/restrictions
SHAPE	Transport equipment	2 armored light body police vehicles	71,706	71,706	53,780	End of contract 15/05/2016. Pending decision of the POL FED
JFCBS	Transport equipment	Leasing of a Civilian Vehicle Fleet	163,997	82,000		End of contract 30/06/2014
Heidelberg	Building	HQ facility	310,226			NATO entity closed as of 31/12/2013
JFCNP	Building	JFCNP Bagnoli	7,992,812			End of contract 30/09/2013.
JFCNP	Machinery	Copier	51,602	50,000	50,000	CPA
JFCNP	Machinery	Copier	52,901	50,000	50,000	CPA

¹⁰ See Note to "Payable to non-consolidated entities" and "Significant Accounting Judgments and Estimates"

d) Capital & Investment

Acquired assets of PP&E which exceed the materiality thresholds is capitalized and depreciated over their useful life as per the approved NATO accounting framework and explained in the accounting policy. Expenses related to projects are reported as work in progress for expenses occurred in 2013, except for projects approved for repair and maintenance.

As required by NSIP regulations, ACO J8 reports for each project where SHAPE has been nominated Host Nation, on authorisations in funds, cumulative expenses and forecasts of future expenditures.

14. Net Surplus or Deficit for the Period

The result of the year is the difference of non-budgetary revenue and expenses, such as interests, exchange rate loss or gain, and depreciation. The amount, except unrealised gain/losses for exchange rate, will be re-distributed to the Nations in the 2nd Assessment Call for 2014.

E. Contingent Assets, Contingent Liabilities and Provisions

Contingent Assets

ACO has no contingent assets to disclose.

Contingent Liabilities

IPSAS 19.101 allows an entity to determine which provisions or contingent liabilities may be aggregated to form a class. Based on the nature of the items ACO has aggregated the contingent liabilities reported by the ACO consolidated entities in the following two classes:

- of legal action/litigation nature. This class includes all legal pending litigations, including alleged break of contractual clauses, or claims, such as court cases, claims to the Appeals Board, NATO SOFA (art. VIII) claims;
- of legislative/contractual nature. This includes liabilities deriving from legislation such as environmental regulations or from contracts and/or MOUs including those which are under negotiations and not yet signed, such as for the TCSORs¹¹.

The estimates of the outcome and the financial effect of the contingencies have been determined based on judgment, supplemented by experience of similar transactions.

Provisions and contingencies reported below are based on the information provided by the Legal Offices of each ACO Command and the local ACO Financial Controller of each respective ACO Command. All reported contingencies and provisions were further analysed at corporate level by ACO to make a final assessment on the recognition of provisions and the disclosure of contingent assets and liabilities. This final assessment is the result of internal coordination and additional clarifications exchanged between ACO CAC and the local sites after the receipt of the Templates from the local Financial Controllers.

Other than those recognised and disclosed in the Notes to the financial statement, ACO is not aware of any other event that could give rise of potential provisions, contingent assets and/or liabilities.

With regard to the first class of contingent liabilities that may require to be settled through the international funding the estimate is primarily based on the information and assessment made by the Legal Offices within the ACO Commands as further assessed by ACO CAC. The overall aggregated amount of this class has been estimated at approximately Euro 3.5 MEUR of which 2 MEUR is due as issue with the electricity consumption at JFCNP in the 2005 – 2008 where the electricity provider (ENEL) has claimed for arrears related to a malfunctioning of the electrical meter in the Bagnoli compound which was discovered in 2012. Notwithstanding JFCNP deems probable that an outflow of resources will be required to settle the liability because the dispute relates to the actual consumptions the liability cannot be reliably measured and it is still disclosed as a contingent liability. In comparison with last year the financial impact of contingent liabilities has remained stable at 3.5 MEUR.

The second class encompasses the following contingent liabilities:

- Activities required for the clean-up and restoration of the Bagnoli site by JFCNP and is based on the future results of soil test to assess oil contamination of the subsoil. JFCNP has in fact reported that the outcome of the test may lead to additional costs to remediate environmental damages. However, it is not yet possible to know if an intervention is indeed required and how much it would cost.
- In relation to the dismantling/removal costs, the potential liabilities disclosed in 2011 with regard to the moving of JFC HQ Naples from the Bagnoli Compound to Lago di Patria have raised in 2012 to such a status that have required the recognition of a provision. The provision has been further reviewed in 2013

¹¹ There are no contingent liabilities for TCSOR to be reported in 2013. Based on ACO policy a contingent liability related to TCSOR is disclosed when the MOUs with the Lead-Nation are not yet signed unless there is a confirmation that the concerned TCSOR services were indeed provided to ACO pending the formalization of the MOU with the Lead-Nation. Until such a time when the MOU is signed ACO does not in fact recognise a provision yet, as the conditions required by the IPSAS 19.22 for the recognition of a provision are not considered met yet since a present obligation does not exist at this stage and/or because it is not possible to make a reliable estimate of the amount of the obligation. However, as the work is being performed by lead Nations where there is a clear expectation on the side of ACO and the lead Nation that costs can be reimbursed a contingent liability is disclosed to show the expected possible obligation which will be confirmed by the signature of the MOU with a more reliable estimate of the obligation. No MOU was in progress for TCSOR requirements at the reporting date.

as further explained in the Paragraph below on the notes to the Legal Provisions. ACO has recently issued some guidance in the form of an SOP on the redeployment of NATO Funded Equipment (NFE) following a proposal made by SHAPE and agreed in March 2014 by both the BC and IC for assets funded by the military budget or the NSIP, respectively. The SOP is meant at implementing a procedure for the redeployment of assets in a coordinated manner with due respect for the people and the environment of Afghanistan by leaving sites in a clean and safe condition including the proper disposal of any hazards and waste generated as a result of NATO military operations. So far, there have not been reported possible liabilities in relation to the ISAF redeployment operation. It is still deemed possible that there could be some possible obligations that ACO will have to settle in the future for the disposal/dismantling of NFE assets, which are not currently possible to predict at this stage. Based on the current NATO policies on dismantling and clean-up costs of NSIP funded facilities, works required to satisfy environmental requirements are not eligible for NSIP funding. However, the IS-NOR has recommended that the funding of demolition costs (i.e. negative residual value) would require exceptional eligibility agreements by the IC.

- with regard to the implementation of the new NATO Command Structure and closing ACO HQs the associated costs are submitted to the Budget Committee and included in the ACO Reorganisation Budget (Budget Code 122), which includes costs for the transition to the new structure as well as costs for the implementation of the new HNS Policy and Standards. Nevertheless it is deemed possible that ACO will incur in additional liabilities not currently covered by the ACO Reorganisation Budget; however also in this case it is not possible to make a reliable estimate of any amount that will be required to settle the obligations.

- NCS Host Nation Support Policy and Standards. ACO is being implementing a new HN support policy across ACO with the aim of standardising the Base support functions ACO-wide. The implementation of this new policy is expected to have an impact in terms of ceasing the employment of LWR staff in some of the ACO Commands. However, at this stage it is impossible to make any reliable estimate of amounts that ACO will likely have to pay with regard to job terminations for LWRs.

Provisions

a. TFR

Provisions were made in JFC HQ Naples for "Trattamento di Fine Rapporto (TFR)" in application of the Italian Law and of IPSAS 19. TFR is a vested benefit payable to the employee for a part of his/her salary deferred in time to the moment when termination of contract takes place. The value of this liability is determined annually and includes interests for the loan forcedly made by the employee to the employer given the fact that payment is deferred to a later time. In view of the foregoing, TFR has to be considered as a termination benefit calculated as one extra monthly instalment of the annual pay.

b. TCSOR and others

Since 2007 ACO has reported provisions and contingent liabilities for purposes related to Theatre Capability Statement of Requirements (TCSOR). The criteria applied by ACO for the recognition of provisions within this category have been illustrated under the above Note B "Significant Accounting Judgments and Estimates". For 2013 TCSOR requirements, there is no provision to be reported.

c. Untaken leave

Paid leave is an employee benefit and as such part of overall personnel expenses. An entity can designate paid leave as transferable to future years or can specify that paid leave can only be taken in the financial year, when it is earned.

In ACO if a staff member does not take all the annual leave entitlement prior to 31 December, the remaining balance may be carried forward to the following calendar year. Any balance that is carried

forward in this way must be taken prior to 30 April¹². If a – rare - special permission is obtained, leave can even be carried over to subsequent financial years.

IPSAS requires the specific disclosure of employee benefits. Employee benefits relating to the current financial year are reported as an expense under “Personnel, in the Statement of Financial Performance”. In view of the above, untaken leave is specifically reported under IPSAS, if the monetary value of untaken leave is material. The materiality of these untaken leave will be demonstrated if the ratio Untaken Leave at 31 December 2013 / Total Annual Leave Entitlement exceeds 10%.

The cost for these untaken leave days has been absorbed during the year through the monthly salaries, whereas the loss of production capacity when the leave to be taken is pushed forward into the next year. This clearly constitutes a liability towards the future which needs to be provisioned.

d. Bad debts and doubtful debts

An allowance is provided for known and estimated bad debts. Provisions for doubtful debts are raised on very old outstanding credits and their amounts depend on estimation methodologies and techniques.

This provision is created for the outstanding credits of more than 12 months for which no write-off has been requested using a ratio of 0.5%. The current approach is that there exists a high probability that 0.5% of long outstanding credits will not be recovered. No materiality threshold is implemented for 2013.

e. Legal Provisions

Under this category the following provisions have been recognised in the FS:

1. NHQSa

a) Review of the provision made for GLAMOC RANGE claims

With DC(2013)0013 dated 14 February 2013 the NATO HQ expressed its agreement that SHAPE could proceed with the settlement of the claims; based on the financial evaluation attached at Enclosure 3 to the SHAPE COS Letter SH/282507 dated 16 May 2012 which provides a compensation calculation of 980 claims grouped by 5 different municipalities for ‘deprivation of use’ and ‘damages’, amounting to € 1,352,238 and € 765,000 respectively, a provision was recognised in the 2012 FS amounting to 2,113,557 Euro (equal to 2,117,238 Euro minus 3,681 Euro, the latter representing the settlement of 14 claims which had already been paid by NHQSa).

During 2013 other claims were paid for a total amount of 187,133 Euro. Thereby, a revised provision has been recognised as at 31 Dec.2013 amounting to 1,926,424 Euro.

2. JFCNP

a) Review of the provision made for costs related to the closure of the Bagnoli Base

In 2012 FS ACO recognised a provision for costs related to the clean-up and restoration of the Bagnoli site in light of the rental agreement between JFCNP and the owner of the site Banco di Napoli. The provision in 2012 was estimated at 1,061,094 Euro augmented by 10% for “additional unexpected interventions”. The actual cost occurred in 2013 for activities related to the clean-up and restoration of the Bagnoli site amounted to 740,295 Euro compared to the estimated costs of 1,167,203 Euro. At the end of 2013 JFCNP requested to a specialized company to assess any other possible costs related to the dismantling of the NATO site due to oil contamination of the subsoil. The services amounting to 194,800 Euro were not provided at 31 December 2013. Therefore the initial provision which was made in 2012 for 1,167,203 Euro has been reversed and a new provision has been posted amounting to 194,800 Euro. With regard to the result of the test for the possible oil contamination of the subsoil JFCNP has anticipated that this may lead

¹² It can be exceptionally expanded to 31 October of the subsequent year in accordance with NCPR art. 42.3.5 and 42.3.6 (Amendment 8 April 2012).

to additional costs to remediate environmental damages. At this stage it is not possible to know if an intervention is indeed required and even less how much it would cost. However, because there exist the possibility that such intervention will be required a contingent liability is being disclosed.

3. JFCBS

a) Contractual dispute

A provision of 852.443 Euro has been recognised. It relates to a case of Court litigation between JFCBS and ASC GmbH concerning a contractual dispute over the purchase of armoured vehicles. The ASC GmbH has filed 3 claims alleging breach of contract; the claims have been filed at the Permanent Court of Arbitration (PCA) in The Hague as per contract stipulation. The claims relate to the delivery of 46 armoured vehicles to ISAF in 2011/2012, the contract value was around 8,000,000 Euros. The provision has been estimated by judgement supplied by the JFCBS LEGAD's experience.

4. E3-A

a) FMS case

A provision of 262,925 Euro has been reported by the E3-A component based on data provided by NSPA at year end in relation to two FMS projects where the services delivered in 2013 resulted to have exceeded the authorised budget for the year.

The table below provides the breakdown of the total of provisions as reported in the statement of the financial position. The amounts are expressed in Euro currency:

	Untaken Leave	LOJI	Others (TFR)	TCSOR and others	Legal Provisions	Total		Doubtful and uncollectible AR
FS 2012	4,316,051	3,693,029	3,169,772	2,270,876	3,596,465	17,046,193		736,913
Adjustment/ Re-statement 2012	-	-	-	-	-	-		-
31-Dec-12	4,316,051	3,693,029	3,169,772	2,270,876	3,596,465	17,046,193		736,913
Addition	4,591,563	252,481	261,908	-	3,236,592	8,342,544		65,052
Used	-	-	(272,745)	-	-	(272,745)		(550,905)
Reversed	(4,316,051)	(3,693,029)	-	(2,270,876)	(3,596,465)	(13,876,421)		-
31-Dec-13	4,591,563	252,481	3,158,935	-	3,236,592	11,239,571		251,059
Total	4,591,563	252,481	3,158,935	-	3,236,592	11,239,571		251,059
Paid in 2013		3,618,866						

In the statement of financial position the receivable of more than 12 months have been reported net of the amount for doubtful and uncollectible receivables.

F. Segment Reporting

In accordance with IPSAS 18, ACO discloses financial statement information about distinguishable activities of its consolidated reporting entities. A 'segment' is a distinguishable activity or group of activities of an entity for which it is appropriate to separately report financial information. IPSAS 18 distinguishes two types of 'segments':

- a) 'service segments' refer to a distinguishable component of an entity that is engaged in providing related outputs or achieving particular operating objectives consistent with the overall mission of each entity; and
- b) 'geographical segments' are a distinguishable component of an entity that is engaged in providing outputs or achieving particular operating objectives within a specific geographical area.

The financial reporting by segments elected by ACO is based on service segments and specifically on the HQ structure shown under the 'Consolidation' section that represents the grouping of activities for which ACO is responsible. Pursuant to IPSAS 18.43 segment information shall be prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the consolidated group or entity. In the preparation of the ACO 2013 financial statements the segment reporting has been prepared in conformity with the accounting policies and also reported in the ACO guidance for EOY 2013. As a consequence of this type of reporting, the command with control over a budget reflects those budgetary activities within its segment, so that for example many of the activities in Afghanistan are managed by JFC HQ Brunssum rather than in the ISAF budget and consequently are reflected there.

The tables presented for the segment reporting is adjusted for balances against other parts/segments within the entity. Where reported, the column 'restated' reflects the changes in inventory data and, for MARCOM, the exclusion of NATO IFC, and considers the intercompany balances at year-end between ACO consolidated entities that is cleared at consolidated level.

NSIP is shown as a separate segment with details for each of the 4 locations managing the different projects.

Assets from closed headquarters have either been re-distributed to other ACO HQs, National Government or disposed. Assets re-distributed to other ACO HQs are now included in the data for the receiving entity.

The aggregated segment information disclosed is reconciled to the information reported in the consolidated financial statements, according to Para 64 of IPSAS 18.

As per the NATO accounting framework MWA is no longer to be reported as part of the ACO Financial Statements, but is included as an annex to these statements.

Segment reporting MB

Statement of Financial Position per HQ

SHAPE	2013	2012 RESTATED	2012	JFC HQ Brunssum	2013	2012 RESTATED	2012	AIRCOM Ramstein	2013	2012 RESTATED	2012
ASSETS				ASSETS				ASSETS			
<i>Current Assets</i>				<i>Current Assets</i>				<i>Current Assets</i>			
Total Cash and Cash Equivalents	9,418	3,452,057	3,452,057	Total Cash and Cash Equivalents	540,535	1,277,772	1,277,772	Total Cash and Cash Equivalents	71,640	72,451	72,451
Total Interentity	18,872,104	14,957,116	0	Total Interentity	118,007,543	95,530,225	0	Total Interentity	939,361	314,013	0
Total Receivables	17,632,481	18,820,710	35,033,892	Total Receivables	8,215,084	3,212,133	98,840,509	Total Receivables	111,661	26,026	340,039
Total Prepayments and miscell. assets	11,303,615	2,376,417	2,376,417	Total Prepayments and miscell. assets	6,336,564	30,613,639	30,613,639	Total Prepayments and miscell. assets	49,564	11,762	11,762
Total Inventories	69,008	0	702,595	Total Inventories	0	0	313,811	Total Inventories	0	0	90,919
Total Current Assets	47,886,626	39,606,300	41,564,961	Total Current Assets	133,099,726	130,633,769	131,045,731	Total Current Assets	1,172,226	424,252	515,171
<i>Non-current Assets</i>				<i>Non-current Assets</i>				<i>Non-current Assets</i>			
Total Financial Assets	896,924	2,455,311	2,455,311	Total Financial Assets	1,383,680	2,270,606	2,270,606	Total Financial Assets	180,747	92,411	92,411
Total PPE & WIP	16,845,556	0	0	Total PPE & WIP	1,340,736	0	0	Total PPE & WIP	0	0	0
Total Non-current Assets	17,742,480	2,455,311	2,455,311	Total Non-current Assets	2,724,416	2,270,606	2,270,606	Total Non-current Assets	180,747	92,411	92,411
Total ASSETS	65,629,106	42,061,611	44,020,272	Total ASSETS	135,824,142	132,904,375	133,316,337	Total ASSETS	1,352,973	516,663	607,582
LIABILITIES				LIABILITIES				LIABILITIES			
<i>Current Liabilities</i>				<i>Current Liabilities</i>				<i>Current Liabilities</i>			
Total Payable	(45,901,042)	(35,825,119)	(37,081,184)	Total Payable	(117,973,954)	(127,075,047)	(127,173,198)	Total Payable	(1,158,338)	(405,089)	(405,089)
Total Unearned Revenue & adv. Contr.	(1,624,421)	(3,178,673)	(3,881,269)	Total Unearned Revenue & adv. Contr.	(13,221,161)	(3,480,964)	(3,794,775)	Total Unearned Revenue & adv. Contr.	(2,617)	(1,921)	(92,840)
Surpl./Deficit to be returned	(362,939)	(604,286)	(604,286)	Surpl./Deficit to be returned	(1,904,611)	(77,758)	(77,758)	Surpl./Deficit to be returned	(11,271)	(17,242)	(17,242)
Total Current Liabilities	(47,888,402)	(39,608,078)	(41,566,739)	Total Current Liabilities	(133,099,726)	(130,633,769)	(131,045,731)	Total Current Liabilities	(1,172,226)	(424,252)	(515,171)
<i>Non-current Liabilities</i>				<i>Non-current Liabilities</i>				<i>Non-current Liabilities</i>			
Total Provisions	(895,147)	(2,453,533)	(2,453,533)	Total Provisions	(1,383,680)	(2,270,606)	(2,270,606)	Total Provisions	(180,747)	(92,411)	(92,411)
Total Unearned Revenue	(16,845,557)	0	0	Total Unearned Revenue	(1,340,736)	0	0	Total Unearned Revenue			
Total Non-current Liabilities	(17,740,704)	(2,453,533)	(2,453,533)	Total Non-current Liabilities	(2,724,416)	(2,270,606)	(2,270,606)	Total Non-current Liabilities	(180,747)	(92,411)	(92,411)
Total LIABILITIES	(65,629,106)	(42,061,611)	(44,020,272)	Total LIABILITIES	(135,824,142)	(132,904,375)	(133,316,337)	Total LIABILITIES	(1,352,973)	(516,663)	(607,582)
Net Assets				Net Assets				Net Assets			
Surplus/Deficit	0	0	0	Surplus/Deficit	0	0	0	Surplus/Deficit	0	0	0
Total NET ASSETS	0	0	0	Total NET ASSETS	0	0	0	Total NET ASSETS	0	0	0

CP Heidelberg	2013	2012 RESTATED	2012	ISAF	2013	2012 RESTATED	2012	E3A Component	2013	2012 RESTATED	2012
ASSETS				ASSETS				ASSETS			
<i>Current Assets</i>				<i>Current Assets</i>				<i>Current Assets</i>			
Total Cash and Cash Equivalents	0	287,155	287,155	Total Cash and Cash Equivalents	4,218,673	2,415,897	2,415,897	Total Cash and Cash Equivalents	1,699,822	466,828	466,828
Total Interentity	176,759	153,800	0	Total Interentity	7,429,105	4,563,840	0	Total Interentity	(1,832,380)	22,248,263	0
Total Receivables	10,852	6,380	160,180	Total Receivables	705,876	433,914	4,997,754	Total Receivables	1,566,895	2,185,686	24,433,949
Total Prepayments and miscell. assets	0	25,433	25,433	Total Prepayments and miscell. assets	82,051	0	0	Total Prepayments and miscell. assets	28,918,380	13,283,780	13,283,780
Total Inventories	0	0	242,840	Total Inventories	5,188,397	0	3,820,382	Total Inventories	15,684,179	0	36,387,829
Total Current Assets	187,611	472,768	715,608	Total Current Assets	17,624,102	7,413,651	11,234,033	Total Current Assets	46,036,896	38,184,557	74,572,386
<i>Non-current Assets</i>				<i>Non-current Assets</i>				<i>Non-current Assets</i>			
Total Financial Assets	0	832,819	832,819	Total Financial Assets	0	1,233	1,233	Total Financial Assets	1,894,630	2,054,802	2,054,802
Total PPE & WIP	0	0	0	Total PPE & WIP	0	0	0	Total PPE & WIP	4,790,341	0	0
Total Non-current Assets	0	832,819	832,819	Total Non-current Assets	0	1,233	1,233	Total Non-current Assets	6,684,971	2,054,802	2,054,802
Total ASSETS	187,611	1,305,587	1,548,427	Total ASSETS	17,624,102	7,414,884	11,235,266	Total ASSETS	52,721,867	40,239,359	76,627,188
LIABILITIES				LIABILITIES				LIABILITIES			
<i>Current Liabilities</i>				<i>Current Liabilities</i>				<i>Current Liabilities</i>			
Total Payable	(62,780)	(425,420)	(425,420)	Total Payable	(12,313,596)	(7,099,957)	(7,099,957)	Total Payable	(27,985,682)	(35,607,659)	(35,607,659)
Total Unearned Revenue & adv. Contr.	(11,483)	(7,455)	(250,295)	Total Unearned Revenue & adv. Contr.	(5,403,648)	(73,842)	(3,894,224)	Total Unearned Revenue & adv. Contr.	(16,225,203)	(727,102)	(37,114,931)
Surpl./Deficit to be returned	(113,348)	(39,893)	(39,893)	Surpl./Deficit to be returned	93,142	(239,852)	(239,852)	Surpl./Deficit to be returned	(1,826,010)	(1,849,795)	(1,849,795)
Total Current Liabilities	(187,611)	(472,768)	(715,608)	Total Current Liabilities	(17,624,102)	(7,413,651)	(11,234,033)	Total Current Liabilities	(46,036,895)	(38,184,556)	(74,572,385)
<i>Non-current Liabilities</i>				<i>Non-current Liabilities</i>				<i>Non-current Liabilities</i>			
Total Provisions	0	(832,819)	(832,819)	Total Provisions	0	(1,233)	(1,233)	Total Provisions	(1,894,631)	(2,054,803)	(2,054,803)
Total Unearned Revenue	0	0	0	Total Unearned Revenue	0	0	0	Total Unearned Revenue	(4,790,341)	0	0
Total Non-current Liabilities	0	(832,819)	(832,819)	Total Non-current Liabilities	0	(1,233)	(1,233)	Total Non-current Liabilities	(6,684,972)	(2,054,803)	(2,054,803)
Total LIABILITIES	(187,611)	(1,305,587)	(1,548,427)	Total LIABILITIES	(17,624,102)	(7,414,884)	(11,235,266)	Total LIABILITIES	(52,721,867)	(40,239,359)	(76,627,188)
Net Assets				Net Assets				Net Assets			
Surplus/Deficit	0	0	0	Surplus/Deficit	0	0	0	Surplus/Deficit	0	0	0
Total NET ASSETS	0	0	0	Total NET ASSETS	0	0	0	Total NET ASSETS	0	0	0

JFC HQ Naples	2013	2012 RESTATED	2012	NHQSa	2013	2012 RESTATED	2012	LANDCOM Izmir	2013	2012 RESTATED	2012
ASSETS				ASSETS				ASSETS			
<i>Current Assets</i>				<i>Current Assets</i>				<i>Current Assets</i>			
Total Cash and Cash Equivalents	1,413,145	1,788,277	1,788,277	Total Cash and Cash Equivalents	344,458	269,616	269,616	Total Cash and Cash Equivalents	791,759	333,992	333,992
Total Interentity	2,115,309	5,971,462	0	Total Interentity	(209,684)	(217,793)	0	Total Interentity	(844,182)	155,589	0
Total Receivables	3,389,067	3,778,665	9,767,742	Total Receivables	155,069	221,186	221,186	Total Receivables	299,338	289,650	445,239
Total Prepayments and miscell. assets	2,510,817	2,942,326	2,942,326	Total Prepayments and miscell. assets	1,150	0	0	Total Prepayments and miscell. assets	2,882	798	798
Total Inventories	55,290	0	538,702	Total Inventories	78,371	0	2,044,200	Total Inventories	0	0	619,766
Total Current Assets	9,483,628	14,480,730	15,037,047	Total Current Assets	369,364	273,009	2,535,002	Total Current Assets	249,797	780,029	1,399,795
<i>Non-current Assets</i>				<i>Non-current Assets</i>				<i>Non-current Assets</i>			
Total Financial Assets	3,225,418	5,414,780	5,414,780	Total Financial Assets	1,926,424	2,116,531	2,116,531	Total Financial Assets	92,917	142,382	142,382
Total PPE & WIP	32,229	0	0	Total PPE & WIP	56,072	0	0	Total PPE & WIP	30,954	0	0
Total Non-current Assets	3,257,647	5,414,780	5,414,780	Total Non-current Assets	1,982,496	2,116,531	2,116,531	Total Non-current Assets	123,871	142,382	142,382
Total ASSETS	12,741,275	19,895,510	20,451,827	Total ASSETS	2,351,860	2,389,540	4,651,533	Total ASSETS	373,668	922,411	1,542,177
LIABILITIES				LIABILITIES				LIABILITIES			
<i>Current Liabilities</i>				<i>Current Liabilities</i>				<i>Current Liabilities</i>			
Total Payable	(7,696,268)	(7,873,123)	(7,890,737)	Total Payable	(125,506)	(258,022)	(475,816)	Total Payable	(420,307)	(490,830)	(490,830)
Total Unearned Revenue & adv. Contr.	(442,717)	(4,834,495)	(5,373,198)	Total Unearned Revenue & adv. Contr.	(198,765)	(14,604)	(2,058,803)	Total Unearned Revenue & adv. Contr.	(3,075)	(26,937)	(646,703)
Surpl./Deficit to be returned	(92,256)	(652,378)	(652,378)	Surpl./Deficit to be returned	(45,093)	(383)	(383)	Surpl./Deficit to be returned	173,584	(262,262)	(262,262)
Total Current Liabilities	(8,231,241)	(13,359,996)	(13,916,313)	Total Current Liabilities	(369,364)	(273,009)	(2,535,002)	Total Current Liabilities	(249,798)	(780,029)	(1,399,795)
<i>Non-current Liabilities</i>				<i>Non-current Liabilities</i>				<i>Non-current Liabilities</i>			
Total Provisions	(4,477,805)	(6,535,514)	(6,535,514)	Total Provisions	(1,926,424)	(2,116,531)	(2,116,531)	Total Provisions	(92,917)	(142,382)	(142,382)
Total Unearned Revenue	(32,229)	0	0	Total Unearned Revenue	(56,072)	0	0	Total Unearned Revenue	(30,953)	0	0
Total Non-current Liabilities	(4,510,034)	(6,535,514)	(6,535,514)	Total Non-current Liabilities	(1,982,496)	(2,116,531)	(2,116,531)	Total Non-current Liabilities	(123,870)	(142,382)	(142,382)
Total LIABILITIES	(12,741,275)	(19,895,510)	(20,451,827)	Total LIABILITIES	(2,351,860)	(2,389,540)	(4,651,533)	Total LIABILITIES	(373,668)	(922,411)	(1,542,177)
Net Assets				Net Assets				Net Assets			
Surplus/Deficit	0	0	0	Surplus/Deficit	0	0	0	Surplus/Deficit	0	0	0
Total NET ASSETS	0	0	0	Total NET ASSETS	0	0	0	Total NET ASSETS	0	0	0

NCISG	2013	2012 RESTATED	2012	CP Madrid	2013	2012 RESTATED	2012	KFOR	2013	2012 RESTATED	2012
ASSETS				ASSETS				ASSETS			
<i>Current Assets</i>				<i>Current Assets</i>				<i>Current Assets</i>			
Total Cash and Cash Equivalents	16,377	0	0	Total Cash and Cash Equivalents	0	301,621	301,621	Total Cash and Cash Equivalents	956,241	1,649,408	1,649,408
Total Interentity	391,417	0	0	Total Interentity	147,052	(64,225)	0	Total Interentity	(1,157,732)	(944,557)	0
Total Receivables	386,378	0	0	Total Receivables	2,326	48,926	49,074	Total Receivables	401,787	262,065	263,606
Total Prepayments and miscell. assets	41,114	0	0	Total Prepayments and miscell. assets	0	1,309	1,309	Total Prepayments and miscell. assets	692,351	636,251	636,251
Total Inventories	0	0	0	Total Inventories	0	0	258,314	Total Inventories	208,132	0	829,451
Total Current Assets	835,286	0	0	Total Current Assets	149,378	287,631	610,318	Total Current Assets	1,100,779	1,603,167	3,378,716
<i>Non-current Assets</i>				<i>Non-current Assets</i>				<i>Non-current Assets</i>			
Total Financial Assets	304,675	0	0	Total Financial Assets	0	299,303	299,303	Total Financial Assets	83,546	79,166	79,166
Total PPE & WIP	0	0	0	Total PPE & WIP	0	0	0	Total PPE & WIP	19,507	0	0
Total Non-current Assets	304,675	0	0	Total Non-current Assets	0	299,303	299,303	Total Non-current Assets	103,053	79,166	79,166
Total ASSETS	1,139,961	0	0	Total ASSETS	149,378	586,934	909,621	Total ASSETS	1,203,832	1,682,333	3,457,882
LIABILITIES				LIABILITIES				LIABILITIES			
<i>Current Liabilities</i>				<i>Current Liabilities</i>				<i>Current Liabilities</i>			
Total Payable	(841,123)	0	0	Total Payable	(135,615)	(270,957)	(335,330)	Total Payable	(821,799)	(1,423,708)	(2,369,806)
Total Unearned Revenue & adv. Contr.	0	0	0	Total Unearned Revenue & adv. Contr.	(9,959)	(3,815)	(262,129)	Total Unearned Revenue & adv. Contr.	(208,132)	0	(829,451)
Surpl./Deficit to be returned	5,837	0	0	Surpl./Deficit to be returned	(3,804)	(12,859)	(12,859)	Surpl./Deficit to be returned	(70,848)	(179,459)	(179,459)
Total Current Liabilities	(835,286)	0	0	Total Current Liabilities	(149,378)	(287,631)	(610,318)	Total Current Liabilities	(1,100,779)	(1,603,167)	(3,378,716)
<i>Non-current Liabilities</i>				<i>Non-current Liabilities</i>				<i>Non-current Liabilities</i>			
Total Provisions	(304,675)	0	0	Total Provisions	0	(299,303)	(299,303)	Total Provisions	(83,546)	(79,166)	(79,166)
Total Unearned Revenue	0	0	0	Total Unearned Revenue	0	0	0	Total Unearned Revenue	(19,507)	0	0
Total Non-current Liabilities	(304,675)	0	0	Total Non-current Liabilities	0	(299,303)	(299,303)	Total Non-current Liabilities	(103,053)	(79,166)	(79,166)
Total LIABILITIES	(1,139,961)	0	0	Total LIABILITIES	(149,378)	(586,934)	(909,621)	Total LIABILITIES	(1,203,832)	(1,682,333)	(3,457,882)
Net Assets				Net Assets				Net Assets			
Surplus/Deficit	0	0	0	Surplus/Deficit	0	0	0	Surplus/Deficit	0	0	0
Total NET ASSETS	0	0	0	Total NET ASSETS	0	0	0	Total NET ASSETS	0	0	0

MARCOM Northwood	2013	2012 RESTATED	2012	CP Lisbon		2013	2012 RESTATED	2012	ACO Corporate Accounting and Control	2013	2012 RESTATED	2012
ASSETS				ASSETS					ASSETS			
<i>Current Assets</i>				<i>Current Assets</i>					<i>Current Assets</i>			
Total Cash and Cash Equivalents	739,648	(100,279)	1,682,874	Total Cash and Cash Equivalents		0	26,679	26,679	Total Cash and Cash Equivalents	891,483,661	718,789,289	718,789,289
Total Interentity	(734,265)	394,043	0	Total Interentity		77,919	318,390	0	Total Interentity	(143,378,326)	(143,380,166)	1,228,264
Total Receivables	803,054	31,291	471,006	Total Receivables		0	266,733	585,274	Total Receivables	53,995,387	65,307,776	65,307,776
Total Prepayments and miscell. assets	33,391	20,296	20,818	Total Prepayments and miscell. assets		0	19,861	19,861	Total Prepayments and miscell. assets	14,185,230	12,320,200	12,320,200
Total Inventories	0	0	1,724,233	Total Inventories		0	0	35,785	Total Inventories	0	0	0
Total Current Assets	841,828	345,351	3,898,931	Total Current Assets		77,919	631,663	667,599	Total Current Assets	816,285,952	653,037,099	797,645,529
<i>Non-current Assets</i>				<i>Non-current Assets</i>					<i>Non-current Assets</i>			
Total Financial Assets	0	76,978	76,978	Total Financial Assets		0	90,915	90,915	Total Financial Assets	0	0	0
Total Receivables	0	0	0	Total Receivables		0	0	0	Total Receivables	0	7,456,541	7,456,541
Total PPE & WIP	101,254	0	0	Total PPE & WIP		0	0	0	Total PPE & WIP	0	0	0
Total Non-current Assets	101,254	76,978	76,978	Total Non-current Assets		0	90,915	90,915	Total Non-current Assets	0	7,456,541	7,456,541
Total ASSETS	943,082	422,329	3,975,909	Total ASSETS		77,919	722,578	758,514	Total ASSETS	816,285,952	660,493,640	805,102,070
LIABILITIES				LIABILITIES					LIABILITIES			
<i>Current Liabilities</i>				<i>Current Liabilities</i>					<i>Current Liabilities</i>			
Total Payable	(671,646)	(261,816)	(1,083,172)	Total Payable		(23,399)	(593,407)	(593,558)	Total Payable	(15,258,126)	(7,313,184)	(127,415,244)
Total Unearned Revenue & adv. Contr.	(21,657)	(118,835)	(2,851,064)	Total Unearned Revenue & adv. Contr.		(42,311)	(4,635)	(40,420)	Total Unearned Revenue & adv. Contr.	(798,891,735)	(647,313,983)	(671,820,353)
Surpl./Deficit to be returned	(148,525)	35,300	35,305	Surpl./Deficit to be returned		(12,209)	(33,621)	(33,621)	Surpl./Deficit to be returned	(2,136,091)	(5,866,473)	(5,866,473)
Total Current Liabilities	(841,828)	(345,351)	(3,898,931)	Total Current Liabilities		(77,919)	(631,663)	(667,599)	Total Current Liabilities	(816,285,952)	(660,493,640)	(805,102,070)
<i>Non-current Liabilities</i>				<i>Non-current Liabilities</i>					<i>Non-current Liabilities</i>			
Total Provisions	0	(76,978)	(76,978)	Total Provisions		0	(90,915)	(90,915)	Total Provisions	0	0	0
Total Unearned Revenue	(101,254)	0	0	Total Unearned Revenue		0	0	0	Total Unearned Revenue	0	0	0
Total Non-current Liabilities	(101,254)	(76,978)	(76,978)	Total Non-current Liabilities		0	(90,915)	(90,915)	Total Non-current Liabilities	0	0	0
Total LIABILITIES	(943,082)	(422,329)	(3,975,909)	Total LIABILITIES		(77,919)	(722,578)	(758,514)	Total LIABILITIES	(816,285,952)	(660,493,640)	(805,102,070)
<i>Net Assets</i>				<i>Net Assets</i>					<i>Net Assets</i>			
Surplus/Deficit	0	0	0	Surplus/Deficit		0	0	0	Surplus/Deficit	0	0	0
Total NET ASSETS	0	0	0	Total NET ASSETS		0	0	0	Total NET ASSETS	0	0	0

Statement of Financial Performance per HQ

SHAPE	2013	2012 RESTATED	2012	JFC Brunssum	2013	2012 RESTATED	2012	CC Air Ramstein	2013	2012 RESTATED	2012
Revenue	(202,021,405)	(204,195,338)	(209,740,288)	Revenue	(378,192,341)	(430,942,922)	(472,745,077)	Revenue	(8,884,851)	(6,514,351)	(6,517,315)
Total to be returned	362,939	604,286	604,286	Total to be returned	1,904,611	77,758	77,758	Total to be returned	11,271	17,242	17,242
Total Revenue	(201,658,466)	(203,591,052)	(209,136,002)	Total Revenue	(376,287,730)	(430,865,164)	(472,667,319)	Total Revenue	(8,873,580)	(6,497,109)	(6,500,073)
Expenses	201,658,466	203,591,052	209,136,002	Expenses	376,287,730	430,865,164	472,667,319	Expenses	8,873,580	6,497,109	6,500,073
Total Expenses	201,658,466	203,591,052	209,136,002	Total Expenses	376,287,730	430,865,164	472,667,319	Total Expenses	8,873,580	6,497,109	6,500,073
Total Performance	0	0	0	Total Performance	0	0	0	Total Performance	0	0	0
CC Land Heidelberg	2013	2012 RESTATED	2012	ISAF	2013	2012 RESTATED	2012	E3A Component	2013	2012 RESTATED	2012
Revenue	(2,323,596)	(5,674,938)	(5,648,172)	Revenue	(91,969,591)	(97,283,848)	(97,864,359)	Revenue	(275,261,539)	(294,391,155)	(293,606,833)
Total to be returned	113,348	39,893	39,893	Total to be returned	(93,142)	239,852	239,852	Total to be returned	1,826,010	1,849,795	1,849,795
Total Revenue	(2,210,248)	(5,635,045)	(5,608,279)	Total Revenue	(92,062,733)	(97,043,996)	(97,624,503)	Total Revenue	(273,435,529)	(292,541,360)	(291,757,038)
Expenses	2,210,248	5,635,045	5,608,279	Expenses	92,062,733	97,043,996	97,624,503	Expenses	273,435,529	292,541,360	291,757,038
Total Expenses	2,210,248	5,635,045	5,608,279	Total Expenses	92,062,733	97,043,996	97,624,503	Total Expenses	273,435,529	292,541,360	291,757,038
Total Performance	0	0	0	Total Performance	0	0	0	Total Performance	0	0	0
JFC Naples	2013	2012 RESTATED	2012	NHQsA	2013	2012 RESTATED	2012	CC AIR IZMIR	2013	2012 RESTATED	2012
Revenue	(46,620,261)	(49,573,712)	(53,933,245)	Revenue	(4,104,817)	(6,850,704)	(6,939,626)	Revenue	(12,878,116)	(13,899,924)	(13,843,535)
Total to be returned	92,256	652,378	652,378	Total to be returned	45,093	383	383	Total to be returned	(173,584)	262,262	262,262
Total Revenue	(46,528,005)	(48,921,334)	(53,280,867)	Total Revenue	(4,059,724)	(6,850,321)	(6,939,243)	Total Revenue	(13,051,700)	(13,637,662)	(13,581,273)
Expenses	46,528,005	48,921,334	53,280,867	Expenses	4,059,724	6,850,321	6,939,243	Expenses	13,051,700	13,637,662	13,581,273
Total Expenses	46,528,005	48,921,334	53,280,867	Total Expenses	4,059,724	6,850,321	6,939,243	Total Expenses	13,051,700	13,637,662	13,581,273
Total Performance	0	0	0	Total Performance	0	0	0	Total Performance	0	0	0
NCISG	2013	2012 RESTATED	2012	CC LAND Madrid	2013	2012 RESTATED	2012	KFOR	2013	2012 RESTATED	2012
Revenue	(7,706,787)	0	0	Revenue	(2,780,773)	(5,444,880)	(5,400,477)	Revenue	(21,060,282)	(22,015,189)	(25,959,799)
Total to be returned	(5,837)	0	0	Total to be returned	3,804	12,859	12,859	Total to be returned	70,848	179,459	179,459
Total Revenue	(7,712,624)	0	0	Total Revenue	(2,776,969)	(5,432,021)	(5,387,618)	Total Revenue	(20,989,434)	(21,835,730)	(25,780,340)
Expenses	7,712,624	0	0	Expenses	2,776,969	5,432,021	5,387,618	Expenses	20,989,434	21,835,730	25,780,340
Total Expenses	7,712,624	0	0	Total Expenses	2,776,969	5,432,021	5,387,618	Total Expenses	20,989,434	21,835,730	25,780,340
Total Performance	0	0	0	Total Performance	0	0	0	Total Performance	0	0	0
CC NAV NORTHWOOD	2013	2012 RESTATED	2012	JC LISBON	2013	2012 RESTATED	2012	ACO Corp. Accounting and Control	2013	2012 RESTATED	2012
Revenue	(8,064,085)	(6,472,373)	(7,611,857)	Revenue	(699,515)	(8,408,894)	(8,470,052)	Revenue	(2,694,126)	(7,504,930)	(7,504,930)
Total to be returned	148,525	(35,304)	(35,305)	Total to be returned	12,209	33,621	33,621	Total to be returned	3,005,729	4,660,626	4,660,626
Total Revenue	(7,915,560)	(6,507,677)	(7,647,162)	Total Revenue	(687,306)	(8,375,273)	(8,436,431)	Total Revenue	311,603	(2,844,304)	(2,844,304)
Expenses	7,915,560	6,507,677	7,647,162	Expenses	687,306	8,375,273	8,436,431	Expenses	(311,603)	2,844,304	2,844,304
Total Expenses	7,915,560	6,507,677	7,647,162	Total Expenses	687,306	8,375,273	8,436,431	Total Expenses	(311,603)	2,844,304	2,844,304
Total Performance	0	0	0	Total Performance	0	0	0	Total Performance	0	0	0

Segment reporting NSIP

Statement of Financial Position

NSIP	2013	2012 RESTATED	2012
ASSETS			
Current Assets			
Total Cash and Cash Equivalents	13,735,691	18,059,435	18,059,435
Total Interentity	0	0	0
Total Receivables	0	288,551	288,551
Total Prepayments and miscell. assets	711,880	997,889	997,889
Total Inventories	0	0	0
Total Current Assets	14,447,571	19,345,875	19,345,875
Non-current Assets			
Total Financial Assets	0	0	0
Total PPE & WIP	3,117,215	0	0
Total Non-current Assets	3,117,215	0	0
Total ASSETS	17,564,786	19,345,875	19,345,875
LIABILITIES			
Current Liabilities			
Total Payable	(9,724,394)	(10,219,694)	(10,219,694)
Total Unearned Revenue & adv. Contr.	(4,669,753)	(9,107,062)	(9,107,062)
Surpl./Deficit to be returned	(53,424)	(19,119)	(19,119)
Total Current Liabilities	(14,447,571)	(19,345,875)	(19,345,875)
Non-current Liabilities			
Total Provisions	0	0	0
Total Unearned Revenue	(3,117,215)	0	0
Total Non-current Liabilities	(3,117,215)	0	0
Total LIABILITIES	(17,564,786)	(19,345,875)	(19,345,875)
Net Assets			
Surplus/Deficit	0	0	0
Total NET ASSETS	0	0	0

Statement of Financial Performance

NSIP	2013	2012 RESTATED	2012
Revenue	(1,218,237)	(4,973,507)	(4,973,506)
Total to be returned	53,424	19,119	19,119
Total Revenue	(1,164,813)	(4,954,388)	(4,954,387)
Expenses	1,164,813	4,954,388	4,954,387
Total Expenses	1,164,813	4,954,388	4,954,387
Total Performance	0	0	0

Segment reporting: Reconciliation to Consolidated Financial Statement

TOTAL		TOTAL FOR SEGMENTS		ELIMINATIONS		CONSOLIDATED	
		2013	2012 RESTATED	2013	2012 RESTATED	2013	2012 RESTATED
ASSETS							
Current Assets							
Total Cash and Cash Equivalents		916,021,068	749,090,198	0	2	916,021,068	749,090,200
Total Interentity		0	0	0	0	0	0
Total Receivables		87,675,255	95,179,692	0	(2)	87,675,255	95,179,690
Total Prepayments and miscell. assets		64,868,989	63,249,961	0	0	64,868,989	63,249,961
Total Inventories		21,283,377	0	0	0	21,283,377	0
Total Current Assets		1,089,848,689	907,519,851	0	0	1,089,848,689	907,519,851
Non-current Assets							
Total Financial Assets		9,988,961	15,927,237	0	0	9,988,961	15,927,237
Total Receivables		0	7,456,541	0	0	0	7,456,541
Total PPE & WIP		26,333,864	0	1	0	26,333,865	0
Total Non-current Assets		36,322,825	23,383,778	1	0	36,322,826	23,383,778
Total ASSETS		1,126,171,514	930,903,629	1	0	1,126,171,515	930,903,629
LIABILITIES							
Current Liabilities							
Total Payable		(241,113,575)	(235,143,032)	0	(551)	(241,113,575)	(235,143,583)
Total Unearned Revenue & adv. Contr.		(840,976,637)	(668,894,323)	(2)	551	(840,976,639)	(668,893,772)
Surpl./Deficit to be returned		(6,507,866)	(9,820,080)	1	0	(6,507,865)	(9,820,080)
Total Current Liabilities		(1,088,598,078)	(913,857,435)	(1)	0	(1,088,598,079)	(913,857,435)
Non-current Liabilities							
Total Provisions		(11,239,572)	(17,046,194)	0	0	(11,239,572)	(17,046,194)
Total Unearned Revenue		(26,333,864)	0	0	0	(26,333,864)	0
Total Non-current Liabilities		(37,573,436)	(17,046,194)	0	0	(37,573,436)	(17,046,194)
Total LIABILITIES		(1,126,171,514)	(930,903,629)	(1)	0	(1,126,171,515)	(930,903,629)
Net Assets							
Surplus/Deficit		0	0	0	0	0	0
Total NET ASSETS		0	0	0	0	0	0

Segment reporting: Reconciliation to Consolidated Financial Statement

TOTAL		TOTAL FOR SEGMENTS		ELIMINATIONS		CONSOLIDATED	
		2013	2012 RESTATED	2013	2012 RESTATED	2013	2012 RESTATED
Revenue		(1,066,480,322)	(1,164,146,665)	1,687,657	621,106	(1,064,792,665)	(1,163,525,559)
Total to be returned		7,377,504	8,614,229	(1)	(1)	7,377,503	8,614,228
Total Revenue		(1,059,102,818)	(1,155,532,436)	1,687,656	621,105	(1,057,415,162)	(1,154,911,331)
Expenses		1,059,102,818	1,155,532,436	(1,687,656)	(621,105)	1,057,415,162	1,154,911,331
Total Expenses		1,059,102,818	1,155,532,436	(1,687,656)	(621,105)	1,057,415,162	1,154,911,331
Total Performance		0	0	0	0	0	0

G. Events after Reporting Date

Under IPSAS 14.5 (Events after the reporting date) reporting entities are required to disclose any event, both favourable and unfavourable, which occurs between the reporting date and the date when the financial statements are authorized for issue.

ACO's reporting date is the 31 Dec 2013. On the date of signing of these accounts there has been no material events, favourable or unfavourable incurred between the Statement of Financial Position date and the date when the Financial Statements have been authorized for issue that would have impacted these statements.

H. Related Parties Disclosure

Under IPSAS 20 Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial and operating decisions. IPSAS 20 requires the disclosure of the existence of related party relationships, where control exists, and the disclosure of information about transactions between the entity and its related parties. This information is required for accountability purposes and to facilitate a better understanding of the financial position and performance of the reporting entity.

(1) Identification of ACO related parties. ACO identifies the following categories of related parties in accordance with IPSAS 20:

(a) key management personnel. Key management personnel include members of the governing body **who have the greatest responsibility for the government.** In a military based structure such as ACO, based on the definitions provided by IPSAS 20.4 the key management personnel has been identified as follows¹³:

- i. Members of the governing body of the entity: Command Group Principals, which include SACEUR, DSACEUR and COS;

Command Group Principals

Job title	Name
SACEUR	Gen Philip M. Breedlove
DSACEUR	Gen Sir Adrian Bradshaw
COS SHAPE	General Werner Freers

- ii. Key advisors: in accordance with IPSAS 20.7 key advisors are those having a special working relationship with an individual who has control over an entity. They have access to privileged information and may also be able to exercise control or have the power to participate in the **financial and operating** policy decisions of an entity. Based on such definition it is deemed that the SHAPE Management Board/Crisis Operations Board (SMB/COB) is **a key advisor and its members, not already included in other categories of key management personnel, satisfy the definition of key management personnel.**

SMB/COB

JOB Title	NAME	Also Member of the AMB Y/N (Yes/No)
COS	General Werner Freers	Y

¹³ The composition and Job titles have been updated in accordance with the revision of the AD 015-004, ACO High-level Business Processes, dated 21 December 2010 due to the implementation of the new PE.

VCOS	LGen Philippe Stoltz	Y
DCOS OPI	MGen Gordon B. "Skip" Davis, Jr.	Y
DCOS PLANS	MGen Jerzy Biziewski	Y
DCOS CCD	MGen Thomas Franz	Y
DCOS RES	MGen Fernando Alejandro	Y
DCOS MIP	MGen Haluk Çetinkaya	Y
SRM	MG José Manuel P. Esperanca Da Silva	N
DOM	BGen Eddy Staes	N
Chief SIA	Mr. Steven Covington	N
Chief LEGAD	Mr. Tom Randall	N
ACO FINCON	Mr. Paul van Sprundel	N
ACOS JCAP	BGen Peter-Harry Lund	N
Chief ODA	Col. Rene Hoeppner	N
PUA	Col. Martin Downie	N

- iii. Senior management group of the reporting entity: **the ACO Management Board is the principle executive body within ACO** for implementing command-wide strategic management on behalf of SACEUR. Based upon higher strategic direction and guidance, strategic management is the proactive and holistic management of performance, resources and associated risks/issues in order to enable the optimal delivery of ACO's core military outputs and purpose:

ACO Management Board¹⁴

Job title	Name	Role
COS	General Werner Freers	Chairman
VCOS	LGen Philippe Stoltz	Member
SHAPE DCOS OPI	MGen Gordon B. "Skip" Davis, Jr.	Member
SHAPE DCOS RES	MGen Fernando Alejandro	Member
SHAPE DCOS MIP	MGen Haluk Çetinkaya	Member
SHAPE DCOS Plans	MGen Jerzy Biziewski	Member
SHAPE DCOS CCD	MGen Thomas Franz	Member
COS NATO CIS GROUP	BGen Lizabertus Booman	Member
COS HQ JFCBS	LtGen Richard G. Tieskens	Member
COS HQ JFCNP	LtGen Leonardo di Marco	Member

¹⁴ New memberships of the AMB (i.e. MARCOM, AIRCOM, LANDCOM, NCISG HQ) have been included in the 2013 FS in accordance with the revised ACO Directive 15-004 dated 31 October 2013.

COS LANDCOM	MGen Uður Tarçýn	Member
COS MARCOM	Rear Admiral Giorgio Lazio	Member
COS AIRCOM	MGen Erich G. Siegmann	Member
ACO FINANCIAL CONTROLLER	Mr. Paul van Sprundel	Member
SHAPE ACOS JCAP	BGen Peter-Harry Lund	Secretary

(b) Consolidated entities: the consolidated entities have been listed for MB and NSIP in a table under Note A. section for "Consolidation" above;

(c) Other NATO entities: this includes those NATO agencies that provide goods and services to ACO at an agreed price.

(2) Identification of the transactions between ACO and its related parties.

(a) ACO and the Key management personnel. Since the remuneration of the military personnel is a national responsibility under the principle of 'costs lie where they fall' the only amount charged against the international funds is to cover the salary payment of the 3 NATO International Civilians (NICs) identified within this category, i.e. the ACO Financial Controller, the Legal Advisor and the Chief of the Strategic & International Affairs. The net salary received during the reporting year by these 3 NICs amounts to 406,3379 EUR (corresponding to 121,626 EUR plus 171,758 EUR plus 112,995 EUR for respectively the three mentioned NICs). The latter amount corresponds to 7 months' salary of the Chief of the Strategic & International Affairs (SIA), from June 2013 until December 2013 as, effective 1 June 2013, he changed his status from 'seconded' (therefore paid by the US Government) to NIC (his remuneration is charged against the common funding). As a result of a campaign of enhancing transparency at ACO and in light of IPSAS 20, as well as the NATO code of conduct, the Key management personnel was requested to fill in and sign a declaration statement and to eventually disclose information about any related party transaction with ACO, including close family members in accordance with the definitions provided by IPSAS 20. Other than the remuneration of the NIC, there are no further related party transactions which have been identified for the key management personnel. The statements made by the Key Management Personnel identified above were all collected prior to publishing the 2013FS. They will not be given public disclosure but only made available upon request for audit purposes.

(b) ACO and its consolidated entities. All intercompany transactions are posted and balances are reconciled with ACO CAC as of the reporting date.

(c) ACO and other NATO entities. ACO recognises that there is a common control with NSPA, NCIA and NAPMA. However, ACO does not disclose a specific amount or type of transaction with these entities, in accordance with IPSAS 20.19 which indicates that the disclosure of information about transactions between these entities is not required where the transactions (a) are consistent with normal operating relationships between the entities, and (b) are undertaken on terms and conditions that are normal for such transactions in these circumstances

(3) Gratuities

As part of the effective management of the ethic program and to specifically ensure that any actual, potential or apparent conflicts of interest arising from staff members' financial interests, business relationships or other outside activities can be identified and managed in the best interest of ACO, a list of gratuities accepted by the ACO Commanders on behalf of the respective Headquarters is submitted annually to ACO in accordance with the prescriptions of the ACO Directive 60-54. Negative responses are also requested to be reported to ACO.

(4) Representation of funds

Further to PO(2013)0154 dated 27 March 2013 on Representation allowance ACO has revised its Directive 60-54. The above mentioned PO document is not to be applied by the NMAs; however ACO has taken advantage from some of the principles expressed by the aforementioned PO document to modify its

guidance to the Commanders with the aim at improving the transparency and the oversight on the use of representation funds across ACO. The revised ACO Directive will be implemented effective 1 January 2014.

I. Employee Disclosure

Employees in ACO are compensated for the service they provide in accordance with rules and amounts established by NATO.

The compensation consists of basic salary, various allowances, health insurance, pension plan and other benefits as agreed with each Host Nation and the Protocols of NATO. Cash compensations are exempt from income tax in accordance with NATO Nations agreement. ACO is not reliable for retirement benefits.

Different pension plans are applicable to employees in ACO; provident fund, defined benefit plan, and defined contribution plan. All pension plans are managed by NATO HQ and are therefore not included in the ACO Financial Statements. Contributions to the plans are expensed when occurred. The total amount paid for 2013 is EUR 2,534,960 (which shows a slight increase compared to EUR 2,230,366 in 2012) for NATO International Civilian staff. Accurate data is not available for locally hired staff, LWR and LCH, but based on what has been available the total expense is estimated to be MEUR 1.5 – 2.0.

Paid leave is an employee benefit and as such part of overall personnel expenses. An entity can designate paid leave as transferable to future years or can specify that paid leave can only be taken in the financial year, when it is earned. Calculation for the amount reported as untaken leave is already disclosed in the note E for provision.

Termination benefits are applicable if positions are deleted and replacement of an employee is not possible. This change requires approval at high level and budget for payment must be approved by the Budget Committee. Termination benefits are recorded as a liability when employees have been notified of termination, as described under the note E for provision, and expensed when paid.

ACO has different groups of employees, and below is a table showing a summary of the different groups with number for approved and filled positions.

Position	Total Approved PE	Total Filled Positions
Civilian (PE)	1,134	1,034
Civilian (CE)	73	67
Military	9,280	7,092
LWR	1,104	1,121
VNC	0	325
Others	166	315
ICC	411	367
LCH	31	30
ACO Total	12,199	10,351

J. Financial Instruments Disclosure/Presentation

Financial Risk Factors

The entity's activities expose it to a variety of financial risks, including the effects of foreign currency exchange rates and interest rates.

Credit Risk

ACO has no significant exposures to any concentration of credit risk. Most cash receivables are due from sovereign member Nations, which are considered credit worthy. The outstanding accounts receivable aging balance provides info on the debtors and the due date of these accounts receivable. Follow-up procedures are established to ensure collection of receivable amounts, as well as procedure for provision for bad debt and possible write off.

Cash transactions are conducted through high credit quality financial institutions.

Liquidity Risk

The exposure to liquidity risk is considered to be almost non-existent due to the funding mechanisms available through cash advances and calls from the contributing Member Nations, as well as internal policies and procedures put in place to ensure there are appropriate resources to meet the financial obligations.

Currency risk

Foreign currency transactions are recorded at the NATO exchange rate at the date of the transaction. Foreign currency cash and cash equivalents, receivables, payables and provisions are revalued at NATO exchange rates of 31 December of the applicable reporting financial year.

Realised and unrealised gains and losses resulting from the settlement of transactions in foreign currencies and from the revaluation at the reporting date are recognised in the Statement of Financial Performance.

Exposure to foreign exchange rate risk is primarily through financial assets and liabilities, although a change in the exchange rates will not have a significant effect on the Statement of Financial Position or the Statement of Financial Performance.

Currency risk is minimized by holding bank accounts in the major currencies needed and ensuring funds are transferred / held in these accounts at the most favourable rate possible.

Cash contributions from the contributing Nations can be done in foreign currency if required to minimize foreign currency exchange impact.

Interest Rate Risk

The ACO approach is to keep the liquidity at a central level in order to have higher interests revenue, so liquidity at local level is kept as low as possible, but enough to ensure liquidity for all scheduled payments. Cash equivalents are invested in short-term deposit accounts to ensure the best return on cash holdings, and the rate on these deposits follows the current market. Other financial assets and liabilities of ACO do not have an associated interest rate and are short term in nature. The exposure to interest risk is therefore not significant.

Other Price Risk

ACO is dealing with the price risk due to changes in market prices through the procurement procedures applicable for NATO, and by making fixed price contracts.

Fair Values

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the entity approximates their carrying amounts as they are short term in nature.

K. Comparison of Budget Execution and Statement for Financial Performance

Budget Execution

ACO is required under the NFR to present the results of its budget execution. The format for doing this is established by practice in previous financial statements.

ACO is not required, nor does it elect, to make its approved budgets publically available and hence IPSAS 24: Presentation of Budget Information in Financial Statements is not applicable to ACO.

Information presented in respect of the budgets, including reconciliations between the budget execution and Statement of Financial Performance is presented based on the requests of members of the Budget Committee.

ACO provides details of all managed budgets. This means that the Budget Execution Statements do not reflect solely budgets issued by the Budget Committee as would be expected under IPSAS 24.

Where there have been changes to budgets in the year they have been approved by the Budget Committee or by authority delegated to the financial controller. As the Budget Committee has access to documentation supporting the changes in budgets, reasons for changes are not detailed here.

Reconciliation between the ACO Budget Execution Report and the ACO Statement of Financial Performance

A table showing the reconciliation between the Budget execution Statement and expenses listed in the ACO Consolidated Statement of Financial Performance (amount in €) is prepared and available for review.

Furthermore, partially in compliance with IPSAS 24.47, a reconciliation of actual amounts on a comparable basis and actual amounts in the financial statements is prepared. A further reconciliation between the budget and the net cash flows from operating activities, investing activities and financing activities that would be further required for a full compliance with IPSAS 24 is not provided. Besides being cost consuming and even unsupported by the existing ERP system in use at ACO, it is also deemed to be not capable of providing the users of the financial statements and management with any additional information suitable to bring them a concrete added value vis-à-vis the information already provided and available to them. ACO considers that the right balance between the benefits derived from the information and the cost of providing it has been assured.

Total expenses as reported in the ACO BC Budget Execution Report:	1,034,678,850
Inventory variances	(21,283,376)
Property, Plant and Equipment and WIP ¹⁵	(11,582,906)
Over-estimated accruals	(15,660,040)
Loss of job indemnities	(3,440,548)
Untaken Leave	275,512
TFR	(142,492)
Provision expense services	(2,630,748)
Provision for doubtful debt	65,052
Provision for write-off proposal	0
	980,279,304
ACO BC expenses as reported in the Statement of Financial Performance:	980,279,304

¹⁵ Total cost for PPE and WIP is EUR 28,838,414 of which EUR 3,117,215 is funded by NSIP SHAPE, EUR 14,138,293 by other entities, and EUR 11,582,906 by annual budget

Statement of Credits Carried forward

As required by the NATO Financial Regulations (NFR part II, Art. 11Bis), the credits carried forward are presented in the Budget Execution Statement. They represent the unexpended balances at year end for which there is a legal liability and are equal to the closing Unearned Revenue.

Statement of transfers

In accordance with the NATO Financial Regulations (NFR II Art. 10), all the changes between the initial and the final budget which were due to reallocations were either authorised by the BC or the ACO Financial Controller in accordance with the NFRs for inter and intra budget transfers. These changes are presented in the Budget Execution Report which is prepared using a similar accrual basis approach used in the financial position and performance. Table 5/1 – ACO Budget Execution Report – also includes the contract authority already committed against credits converted into cash in the same financial year.

Difference between BA3 and final budget credit by cost share

Budget/ Year/Cost Share	(A) BA1	(B) BA2	(C) BA3	(D) FINAL	e=D-C Difference
2013 – NCSEP 28 N	300,986,579	302,288,845	302,176,213	302,176,213	0
2013 – NAEW 17/18 N	252,600,000	252,600,000	252,600,000	252,600,000	0
2013 – AOM 28 N	537,435,067	537,435,067	536,599,317	536,599,317	0

No transfers were made for budgets carried forward from previous years.

As shown in the Table above there are no major variances occurred during the reporting year. Special carry forwards of credits were agreed by the BC with documents MBC-DS (2010)0003, MBC-DS (2010)0005 and MBC-DS (2010)0008.

Budget authorization 2013														
Budget Groups	Advance 2013 called in 2012	1st Call 2013	2nd Call 2013	Total by cost share called as of 31 Dec 2013	BA3	Advance 2014 called in 2013	Total by cost share with advance 2014	2013 BA2	Difference	Actual as of 31 Dec 13	CF as of 31 Dec 13	Difference between Calls, Actual and CF as of 31 Dec 13	Lapse	Exchange rate
28N AOM	136,500,000	266,576,300	134,358,767	537,435,067	536,599,317	134,400,000	671,835,067	537,435,067	-835,750	487,857,437	10,899,062	38,678,568	-37,842,818	
Tot AOM	136,500,000	266,576,300	134,358,767	537,435,067	536,599,317	134,400,000	671,835,067	537,435,067	-835,750	487,857,437	10,899,062	38,678,568	-37,842,818	
26N AGS	0	0	400,000	400,000	400,000	0	400,000	400,000	0	50,000	350,000	0	0	
Tot AGS	0	0	400,000	400,000	400,000	0	400,000	400,000	0	50,000	350,000	0	0	
28N NCSEP	69,254,108	156,385,440	76,519,788	302,159,336	302,302,950	75,500,000	377,659,336	302,159,336	143,614	232,279,891	65,285,555	4,737,504	-4,610,767	-126,737
Tot NCSEP	69,254,108	156,385,440	76,519,788	302,159,336	302,302,950	75,500,000	377,659,336	302,159,336	143,614	232,279,891	65,285,555	4,737,504	-4,610,767	-126,737
17N NAEW	31,642,382	156,836,156	62,596,887	251,075,425	251,075,425	62,768,856	313,844,281	251,075,425	0	196,787,502	51,572,825	2,715,097	-2,715,097	
18N NAEW	192,138	952,337	380,100	1,524,575	1,524,575	381,144	1,905,719	1,524,575	0	1,288,958	90,841	144,777	-144,776	
Tot NAEW	31,834,520	157,788,493	62,976,987	252,600,000	252,600,000	63,150,000	315,750,000	252,600,000	0	198,076,460	51,663,666	2,859,874	-2,859,873	
GRAND TOTAL	237,588,628	580,750,233	274,255,542	1,092,594,403	1,091,902,267	273,050,000	1,365,644,403	1,092,594,403	-692,136	918,263,788	128,198,283	46,275,946	-45,313,458	-126,737

(1) This budget was approved with reference BC-DS(2013)0063 and called with reference FC(CC)(2013)0019 (AGS-01)

(2) Advance 2013 called in 2012 decreased with EUR 1,945,892.50 compared to what was reported in 2012, the amount was transferred to ACT for budget 259

(3) Budgets authorized in GBP was converted and executed using a fixed rate for the fiscal year 2013. The rate was fixed using the rate as of 1st January 2013, 1 EUR = GBP 0.8199

Budget authorization 2012

Budget Groups	Carry Forward	Adjustment to Carry Forward	Exchange rate	Adjusted Carry Forward	Other adjustments	New initial Balance	Actual as of 31 Dec 13	CF as of 31 Dec 13	Lapse
28N AOM	16,764,074			16,764,074		16,764,074	10,867,034	2,242,571	-3,654,469
28N NCSEP	52,688,436			52,688,436		52,688,436	39,142,243	11,874,570	-1,671,623
17N NAEW	63,766,165			63,766,165		63,766,165	38,277,070	24,827,794	-661,302
18N NAEW	75,406			75,406		75,406	72,556	0	-2,850
GRAND TOTAL	133,294,081	0	0	133,294,081	0	133,294,081	88,358,903	38,944,935	-5,990,244

Budget authorization 2011

Budget Groups	Carry Forward	Adjustment to Carry Forward	Exchange rate	Adjusted Carry Forward	Other adjustments	New initial Balance	Actual as of 31 Dec 13	CF as of 31 Dec 13	Lapse
28N AOM	4,591,933			4,591,933		4,591,933	2,323,568	0	-2,268,365
28N NCSEP	12,669,909			12,669,909		12,669,909	8,459,697	0	-4,210,212
17N NAEW	21,023,151			21,023,151		21,023,151	17,272,894	0	-3,750,257
18N NAEW	0			0		0	0	0	0
GRAND TOTAL	38,284,993	0	0	38,284,993	0	38,284,993	28,056,159	0	-10,228,834

L. Write Off

In accordance with the NATO Financial Regulations (NFR II Art. 19, FRP XIX.c.), an annual summary of property and cash losses, including irrecoverable debts, written-off in 2012 is annexed to the annual financial statements at the following table¹⁶.

ACO Headquarters Write-off Report					
Amounts expressed in EUR currency					
HEADQUARTERS	HEADQUARTERS PROPERTY		COMMUNICATIONS SYSTEM PROPERTY ¹⁷		CASH LOSSES ¹⁸
	<u>Equipment</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Vehicles</u>	
ACO CAC			-	-	519,176
SHAPE	268,617	151,615	-	-	23,233
JFC HQ Brunssum	283,606	197,202	-	-	-
JFC HQ Lisbon	-	-	-	-	-
JFC HQ Naples	2,085,850	-	-	-	316
HQ AC Izmir	-	-	-	-	-
HQ AC Ramstein	96,820	280,344	-	-	-
HQ FC Heidelberg	1,183,054	104,661	-	-	-
HQ FC Madrid	-	-	-	-	-
HQ MC Northwood	-	-	-	-	-
NCISG	-	-	-	-	-
E-3A Component	18,332,265	260,815	-	-	-
ISAF	1,754,079	1,928,548	-	-	315
KFOR	175,977	108,699	-	-	-
NHQSa	78,434,	386,870	59,736	-	8,454
Total	24,049,923	3,389,98	59,736	-	551,494

¹⁶ To be noted that in this report ACO is not listing write-offs accounted and reported in the ACO Statement of Financial Performance of the entity to whom they belong

¹⁷ See Accounting Policy for CIS Assets. ACO is not reporting CIS equipment, but write off were included in local Report of Surveys

¹⁸ An amount of EUR 550,905 has been offset against provision for bad debt previously expensed, hence not expensed in 2013, and an amount of EUR 589 has been written off and expensed in 2013.

M. Trust Funds

ACO is also managing Trust Funds for Afghan National Army (ANA), Kosovo Protection Core (KPC), Kosovo Security Forces (KSF), MHI missions and nationally-funded projects¹⁹. The primary purpose of trust funding is to provide a mechanism for the NATO Commander to achieve objectives and undertake authorised activities complimentary to the mission which are not eligible for NATO common funding through the Military budget or the NATO Security Investment Program (NSIP).

Trust Funds contributions are transferred to the ACO CAC bank accounts in BNP Paribas Fortis Bank. Once the contribution is confirmed as received in the ACO bank account, ACO notifies the executive organisation Commander of the adjustment to the obligation/expenditure authority. Upon proper authorisation ACO CAC also executes payments on behalf of the Trust Funds. All incoming and outgoing funds are recorded in the Status Reports and in FinS. The majority of Trust Funds are managed purely for inflow and outflow through ACO CAC.

The KSF Trust Fund was closed in 2013. Since the participants did not agree to use the remaining funds for other purposes, the remaining balance was transferred back to the donor nations with the exception of two nations who still didn't provide the bank account details.

The following tables show the execution of the Trust Funds as of 31 December 2013:

¹⁹ See ACO Directive 60-59.

	Funds received	Interests	Actual expenses	Cash transfers	Assesment rate	Total	Accumulated balance
ANA Trust Funds							
2007	2,298,299.96		-403,708.00			1,894,591.96	1,894,591.96
2008	15,980,295.57	197,081.00	-1,800,069.81			14,377,306.76	16,271,898.72
2009	78,647,812.68	215,119.00	-932,799.55	-11,031,357.00		66,898,775.13	83,170,673.85
2010	121,309,507.72	260,307.00	-324,515.29	-92,172,723.23	-2,353,007.06	26,719,569.14	109,890,242.99
2011	177,178,808.23	892,999.98		-106,042,346.48	7,143,766.95	79,173,228.68	189,063,471.67
2012	129,320,426.66	413,875.29		-198,677,828.63	-5,597,772.90	-74,541,299.58	114,522,172.09
2013	109,085,650.89	666,329.29		-4,035,398.42	-3,791,862.05	101,924,719.71	216,446,891.80
Total	633,820,801.71	2,645,711.56	-3,461,092.65	-411,959,653.76	-4,598,875.06	216,446,891.80	
KPC Trust Funds							
2008	10,453,850.99	43,652.00		-2,475,000.00		8,022,502.99	8,022,502.99
2009	2,053,329.20	35,350.00		-8,211,000.00		-6,122,320.80	1,900,182.19
2010	1,005,082.39	5,787.00		-1,844,000.00		-833,130.61	1,067,051.58
2011	0.00	12,020.18		0.00		12,020.18	1,079,071.76
2012	0.00	1,176.76		0.00		1,176.76	1,080,248.52
2013	-1,260,573.92	0.00		658,610.08		-601,963.84	478,284.68
Total	12,251,688.66	97,985.94	0.00	-11,871,389.92	0.00	478,284.68	
KSF Trust Funds							
2008	1,822,966.52	13,233.00	-86,300.00			1,749,899.52	1,749,899.52
2009	4,570,761.54	24,112.00	-1,114,397.02			3,480,476.52	5,230,376.04
2010	1,067,048.52	18,043.00	-1,926,879.22			-841,787.70	4,388,588.34
2011	212,951.48	40,060.84	-2,498,179.58			-2,245,167.26	2,143,421.08
2012	0.00	2,289.75	-473,273.46			-470,983.71	1,672,437.37
2013	0.00	5,539.91	-958,480.78			-952,940.87	719,496.50
Total	7,673,728.06	103,278.50	-7,057,510.06	0.00	0.00	719,496.50	
KSF Trust Funds - US National funded							
2009	1,777,500.00	5,007.00				1,782,507.00	1,782,507.00
2010		6,843.00				6,843.00	1,789,350.00
2011		18,239.48	-553,154.00			-534,914.52	1,254,435.48
2012		1,368.00				1,368.00	1,255,803.48
2013		4,394.43				4,394.43	1,260,197.91
Total	1,777,500.00	35,851.91	-553,154.00	0.00	0.00	1,260,197.91	
Multinational Helicopter Initiative (MHI)							
2008	17,195,034.49					17,195,034.49	17,195,034.49
2009	10,274,112.05	149,097.00		-2,166,093.13	-51,822.18	8,205,293.74	25,400,328.23
2010		85,797.00		-4,174,652.50		-4,088,855.50	21,311,472.73
2011	1,450,000.00	239,089.71		-575,000.00		1,114,089.71	22,425,562.44
2012	1,257,430.57	24,660.56		-3,719,357.88		-2,437,266.75	19,988,295.69
2013	3,798,886.23	22,321.48		-7,413,494.55		-3,592,286.84	16,396,008.85
Total	33,975,463.34	520,965.75	0.00	-18,048,598.06	-51,822.18	16,396,008.85	
Total trust funds							
							235,300,879.74
Cash holdings							
							234,989,499.90
Accrued and receivable interests							
							314,931.01
Liability for bank charges							
							-3,551.17
Total							
							235,300,879.74

ANNEXES

(for information purpose)

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EUR Rates at 31 December 2013

NATO Exchange Rates

1EUR = CURR

		01 January 13	31 December 13
1 NATO Account Unit (NAU)	=	0.2888337	0.2888337
1 United Arab Emirates (AED)	=	4.8573	5.0218
1 Afghanistan Afghani (AFN)	=	59.88	77.62
1 Albanian Lek (ALL)	=	139.67	139.67
1 Armenian Dram (AMD)	=	533.526	553.07
1 Australian Dollar (AUD)	=	1.2782	1.5445
1 Bosnian-Hert Marka (BAM)	=	1.9559	1.9559
1 Bulgarian Lev (BGN)	=	1.9553	1.9553
1 Bahrain Dinar (BHD)	=	0.5012	0.5155
1 Canadian Dollar (CAD)	=	1.3106	1.4376
1 Swiss Franc (CHF)	=	1.2135	1.2444
1 Cape Verde Escudo (CVE)	=	110.265	108.605
1 Czech Kroner (CZK)	=	25.566	27.475
1 Danish Kroner (DKK)	=	7.5677	7.5677
1 Ethiopian Birr (ETB)	=	24.1531	26.02
1 Pound Sterling (GBP)	=	0.8199	0.8431
1 Hong Kong Dollar (HKD)	=	10.2657	10.5023
1 Croatian Kuna (HRK)	=	7.545	7.545
1 Hungarian Forint (HUF)	=	291.43	297.37
1 Iraq Dinar (IQD)	=	1538.17	1572.8435
1 Icelandic Kroner (ISK)	=	168.84	159.8
1 Japanese Yen (JPY)	=	113.87	142.55
1 Lithuanian Litas (LTL)	=	3.4528	3.4528
1 Latvian Lat (LVL)	=	0.6991	0.6991
1 FYROM Denar (MKD) ¹	=	62.416	61.26
1 Norwegian Kroner (NOK)	=	7.4615	8.331
1 New Zealand (NZD)	=	1.583	1.6393
1 Pakistan (PKR)	=	128.8094	144.277
1 Polish Zloty (PLN)	=	4.0866	4.2066
1 Qatar (QAR)	=	4.8149	4.9786
1 Romanian Lei (RON)	=	4.4215	4.4871
1 Serbia (RSD)	=	113.2341	114.31
1 Swedish Kroner (SEK)	=	8.6099	8.974
1 Turkish Lira (TRY)	=	2.3388	2.8073
1 US Dollar (USD)	=	1.3246	1.3545
1 Djibouti Franc (DJF)	=	-	232.6741

Translation Rates Used for End of Year Consolidation

	2013		2012	
Currency	Parity rate	End of Period Rate	Average rate	End of Period Rate
GBP	0.8199	0.8431	0.8150	0.8199

¹ Turkey recognises the Republic of Macedonia with its constitutional name

EUR Rates at 31 December 2013

NSIP Exchange Rates

1EUR = CURR

		01 January 13	31 December 13
1 Afghanistan Afghani (AFN)	=	60.01	74.16
1 Albanian Lek (ALL)	=	136.59	139.67
1 Bosnian-Hert Marka (BAM)	=	1.9559	1.9559
1 Bulgarian Lev (BGN)	=	1.9553	1.9553
1 Canadian Dollar (CAD)	=	1.2438	1.3909
1 Swiss Franc (CHF)	=	1.2135	1.2444
1 Czech Kroner (CZK)	=	24.912	25.566
1 Danish Kroner (DKK)	=	7.5677	7.5677
1 Pound Sterling (GBP)	=	0.7984	0.8637
1 Croatian Kuna (HRK)	=	7.545	7.545
1 Hungarian Forint (HUF)	=	276.79	297.37
1 Icelandic Kroner (ISK)	=	148.23	159.32
1 Lithuanian Litas (LTL)	=	3.4528	3.4528
1 Latvian Lat (LVL)	=	0.6991	0.6991
1 FYROM Denar (MKD) ²	=	61.61	61.62
1 Norwegian Kroner (NOK)	=	7.2955	8.1225
1 Polish Zloty (PLN)	=	4.1031	4.2066
1 Romanian Lei (RON)	=	4.575	4.4871
1 Serbia (RSD)	=	117.37	113.94
1 Turkish Lira (TRY)	=	2.2141	2.6463
1 US Dollar (USD)	=	1.2552	1.3119

² Turkey recognises the Republic of Macedonia with its constitutional name

MORALE AND WELFARE (MWA) ANALYSIS AT ACO

REFERENCES

- A. PO(97)98 dated 05 June 1997. Regulation of MWA activities in International Military Headquarters and agencies.
- B. C-M(2013)0039 dated 26 July 2013, NATO Accounting Framework.
- C. ACO Directive 05-001 dated 10 March 2014, Morale and Welfare Programmes (MWA).

BASIS OF PREPARATION

1. Further to Reference A the yearly report on the financial viability of the morale and welfare activities conducted at ACO for the year 2013 is hereby submitted to the Committee. The MWA financial data are not consolidated into the primary ACO FS in accordance with IPSAS 6 as adapted by the NATO Accounting Framework which prescribes that the NATO reporting entities shall not consolidate the Morale and Welfare Activities and/or Staff Association activities into their respective financial statements even when they are considered to be under the control, from a financial reporting perspective, of the NATO Reporting Entity preparing and issuing the financial statements.
2. The report includes the analysis of the financial data of each MWA programme at each ACO Command for the year 2013:
 - a. Table A – ACO MWA Financial Statements data' is showing the financial data per HQ as well as the total aggregated amounts vis-à-vis the 2012 MWA financial data.
 - b. Table B – Cash Flow Statement, is showing the cash flow per HQ as well as the total aggregated amounts vis-à-vis the 2012 MWA financial data.
 - c. Table C – Changes in Net Equity, shows the total changes in net assets for 2012 and 2013.
 - d. Under the Paragraph "Assessment per Headquarter" some comments related to the longer-term financial viability of the MWA programmes in the ACO Commands are presented for the Committee's notation.
3. Financial information from HQ JFSBS KAF, HQ MARCOM Northwood and HQ LANDCOM Izmir was provided in USD, GBP and TRL, respectively, their currency of operation. This information was converted to the Euro currency using the rate as of the end of 2013.
4. The table below lists the ACO MWA entities whose 2013 financial data have been included in the report:

Name of the ACO Parent Reporting HQ	ACO MWA Entity	LOCATION
SHAPE	SHAPE HQ	Casteau, Belgium
JFC HQ Brunssum	JFC HQ Brunssum	Brunssum, Netherlands
	ISAF	Kabul, Afghanistan
	KAF	Kandahar, Afghanistan
	KAIA	Kabul, Afghanistan

JFC HQ Naples	JFC HQ Naples	Naples, Italy
	KFOR	Pristina, Kosovo
MARCOM	MARCOM	Northwood, UK
AIRCOM	AIRCOM	Ramstein, Germany
LANDCOM	LANDCOM	Izmir, Turkey
E-3A Component Command	E-3A Component Command	Geilenkirchen, Germany

ANALYSIS OF THE 2013 MWA FINANCIAL DATA

5. Key financial data are provided by HQs. For the Theatres where MWA activities are provided, data is included within the respective parent HQ data and disclosed in the Table "ACO MWA Analysis". The data reported in the Annex reflects the 2013 financial position (assets and liabilities), the financial performance (revenues and expenditures), cash flow statement and changes in net equity statement of the MWA programmes at the different ACO Commands. A description of each element of the above mentioned financial statements is presented hereafter:
 - a. **Current Assets.** Current assets include cash, bank holdings, stocks and other current assets. The Annex includes an analysis of the current ratio applied to measure the short-term liquidity position of the MWA programmes. It is to be noted that all the ACO Commands maintain an appropriate level of bank/cash assets.
 - b. **Fixed Assets.** Fixed assets are not always identified financially in the Commands with no MWA owned buildings. All ACO MWA entities must comply with the IFRS guidelines – IAS 16 (Property, Plant and Equipment). Therefore, for assets where probable future economic benefits are associated with the asset and the cost of the asset can be measured, MWA entities will recognise this asset as a capital asset in the MWA entities' financial statement. Since ACO MWA entities must comply with IFRS guidelines, they do not fall under the NATO IPSAS-based framework approved by the Council with C-M(2013)0006, dated 14 Feb. 2013 except for what concerns the adapted IPSAS 6 (consolidation) as specified above.
 - c. **Current Liabilities.** These liabilities represent primarily accounts payable to suppliers and to a lesser degree accrued data (salaries, legal liabilities) and Provisions.
 - d. **Non-Current Liabilities.** Three HQs (JFCNP, LANDCOM and JFCBS) list long-term liabilities on their MWA books. However, as already indicated in the 2012, there still exists a practice in some MWA entities to recognize under this category provisions for employees' severance payments that should be classified as a capital reserve under the entity's equity, in order to comply with the IAS/IFRS.
 - e. **Net Equity.** The aggregated net equity of the MWA fund in the ACO Commands continues to be sizeable due to the normal practice to constitute reserves for contingencies and capitalisation strategy, for programmed replacement and repairs as well as improvements and investments.
 - f. **Total Revenue.** The total revenue represents the gross income from direct sales, dues, fees, commissions and bank interest.

- g. **Total Expenditure.** This covers the total expenses made by MWA for running or subsidising MWA activities.
 - h. **Net Profit/Loss.** The MWA are to operate on a self-sustaining basis, i.e., the revenue produced should be equal to or slightly higher than the expenditures, while generating profits to constitute appropriate reserves for possible or actual liabilities. Some headquarters have experienced losses for 2013. Details on the financial losses are provided below in the subsequent paragraph "Assessment per Headquarter".
6. **Consolidated Financial Data.** The 2013 ACO-wide financial significance of the non-appropriated funds activities in terms of annual turnover totals 40.6 MEUR, which shows a reduction of 6.8 MEUR in comparison to the aggregated revenue reported in 2012 (47.4 MEUR). The reduction is mainly due to a lower income generated by JFCNP (2.1 MEUR), KAF (1.6 MEUR, included in the overall data reported by its parent HQ JFCBS); E3-A (838 KEUR); SHAPE (808 KEUR) and LANDCOM (226 KEUR). More specific information on the reasons which led to the reduced income in the aforementioned HQs is provided in the paragraph "Assesment per HQ". The reduction of income is also due to the closure in 2012 of JFC Lisbon which contributed to the total turnover of 47.4 MEUR of last year with its revenue amounting to 1.2 MEUR. The 2013 overall result is characterised by an overall loss of 977 KEUR versus the positive net profit generated in 2012. With the exception of SHAPE and E3-A the rest of the ACO Commands have reported a loss. The losses reported in the net profit have been influenced by different factors such as organisational or host nation policy changes, upcoming closure of AOM mission, such as ISAF redeployment, transitioning into RSM. Nevertheless, the structural analysis of the financial data indicates that a high level of cash and capital reserves have been ring-fenced by the various MWA programmes to cater for current losses and for future contingencies as well as to protect themselves against discontinuity of revenue income. This is in accordance with the operating profit model suggested by the ACO Directive 5-1 to maintain high liquidity and to establish capital reserves.
2. **Assessment per Headquarter.**
- a. **SHAPE.** The financial results for FY 2013 show a profit of 265 KEUR which represents a decrease on last year's positive net profit (444 KEUR). The global sales of goods seem to have dropped significantly (minus 689K€ in 2013 vs. 2012) with the most significant reduction in the Ration Item Store. However, SHAPE is still showing a profit of a sizeable value which represent the only significant exception amongst the majority of the other ACO Commands. This is most likely attributable to the implementation of the "SHAPE MWA Wellness Plan", effective from 2010 and of measures undertaken to reduce overall costs and increase the profits, such as the implementation of a sound Capital Investment Plan, reduction of personnel costs, review of business procedures.
 - b. **E3A Component.** MWA at the Component generated a small profit of approximately 3 KEUR. This is in line with the E3-A Financial strategy to reach a financial break-even level in FY 2013 and the follow-on. It should be noted however that the operational expense figure still includes large indemnity payments to NAF/LWR personnel due to loss of job (LOJI). In 2009, due to heavy financial losses, the NATO E-3A Component's Commander initiated a complete review of the MWA system with the goal to avoid further financial losses in the future. The entire MWA situation at the Component was extensively analysed and various actions were developed and implemented to ensure the MWA's mid- and long-term financial sustainability. The employment area was carefully examined resulting in the reduction of the MWA working force over the years from 70 (in previous years) to now 26 employees, thereby reducing the NAF payroll by approximately 65%. This measure was the main key to the financial success. Based on the financial cash reserve of more than 2 MEUR the E3-A Financial controller has anticipated that the entire MWA operation will be able to continue throughout FY 2014 without any financial difficulties. However, 2015/2016 will be years in which further changes need to be consolidated due to the general realignment of the E-3A Component PE.
 - c. **HQ JFC Naples.** HQ JFCNP along with KFOR reported in 2013 an overall loss of 538 KEUR, which is mostly attributable to JFC HQ Naples as a consequence of the force reduction imposed by the NCS reform¹ and the relocation of the Command to Lago Patria. Furthermore, the new JFC Naples ESPE is supposed to be manned at 875 PE positions, but as of today, 312 are not yet filled. The JFCNP COM's direction in 2013 to transform the Command into a war-fighting headquarters

¹ Closure of CC-MAR Naples and relocation of STRIKFORNATO from ITA to POR.

together with the recent NCS reorganization, which has assigned direct deployable and operational roles to the HQs has led to the need to increase the family support functions to ensure the well-being of military and civilian personnel in order to enhance the readiness of military and civilian personnel who may deploy. To meet these new needs the JFCNP MWA put into practice the "Total Family Support Program" in February 2013. The Committee would recall that in its 2012 MWA report ACO indicated that HQ JFCNP had a reserve of MEUR 5.3 to cover costs associated with the move to the new HQs located at Lago Patria (LP) and that any savings in the accrued reserve of 5.3 MEUR could be used to help offset the pre-financing from the NSIP of the MWA infrastructures, totalling EUR 5,954,258. The latest update provided by JFCNP on the status of this reserve shows that after deducting all the costs related to the move (1.4 MEUR), the costs for executing various infrastructure projects for the new MWA facilities (4.5 MEUR), a small reserve available for potential legal liabilities (500 KEUR), only an amount of approximately 362 KEUR is estimated to remain available for paying back to amount pre-financed by the NSIP. It is JFCNP's opinion that due to the forecasted low profit that will be generated in the coming years it will be difficult to reimburse the I.C. without jeopardizing the JFCN MWA self-sustainability and the feasibility of the "Total Family Support Program".

- d. **HQ LANDCOM** Izmir activities generated a negative outcome of 15.9 KEUR due to the implementation as of 1st January 2012 of the Agreement between NATO and Turkey, the so called "Izmir Agreement", which does not recognise privileges to Turkish personnel which led to a drastic drop of the yearly income. However, in comparison with 2013, LANDCOM will have more entitled (non-Turkish) personnel and dependents as customers in 2014. This means that their main profit generator facility (Duty Free Retail Store) is expected to generate profit in future.
 - e. **JFC HQ Brunssum** generated a small profit (58.5 KEUR); however along with its AOM entities (ISAF HQ, KAIA and KAF), it produced an overall loss of 596 KEUR. The most significant loss is related to KAF (843 KEUR) following the MWAC decision for KAF to cease collection of fees from Concessionaires. This was due to a KAF MWA approach to start spending resources deposited on bank accounts in order to reduce the amount of cash leftover in light of the upcoming closure of the Mission. However, ISAF is currently working to standardize for 2014 the charges for utilities for the concessionaries in the three bases (HQ ISAF, KAIA, KAF). The financial strenght of the JFCBS MWA remain solid even though a slight trend downwards can be observed. JFCBS doesn't estimate any liquidity problems in the foreseeable future. The MWA at these ACO Commands is expected to remain profitable during 2014. Despite the aforementioned loss, sufficient funds remain in the accounts to cover planned expenditures for 2014 and beyond if necessary. Within the MWAC funds, a contingency has been created of 250 KUSD for use in 2014 for drawdown activities if necessary.
 - f. **HQ AIRCOM Ramstein** does not operate a formal MWA programme. An International dining Facility (IDF) exists, whereby the source of revenue collected was from IDF customers (HQ AIRCOM staff members). A coffee bar and conference services were also in place and generate a low MWA income. The revenue received in 2013 from the IDF customers was sufficient to offset the expenses incurred for the delivery of the food service at the IDF with a total net loss of 4.3 KEUR.
 - g. **HQ MC Northwood** showed a very small loss for FY 2013 of 1.0 KEUR that has been offset by the accumulated reserves of 14.3 KEUR.
 - h. **HQ FC Madrid and HQ FC Heidelberg** both were closed during FY 2013 reaching both a financial break-even.
3. **Short-term Liquidity ratio.** This financial ratio is derived from comparisons of balance sheet items and particularly Current Assets / Current Liabilities (= Current Ratio). This ratio is regarded as an index of liquidity and ACO Directive 5-1 mandates a minimum of 1 to 1. Higher ratios are encouraged. The Table below shows that the current ratios for the headquarters/commands are well within a "positive" financial condition. However this kind of ratio gives an indication of the entities ability to operate in the short term, i.e. the ability to pay-off its current liabilities with assets that are quickly converted to cash. It is not an indication of its long term financial health. Other criteria need to be considered and assessed to evaluate financial impact at long term.

TABLE A - ACO MWA Financial Statements data

Category	SHAPE	E-3A	JFC HQ Naples	CC Air HQ Izmir	HQ Brunssum	CC Air HQ Ramstein	CC Mar HQ Northwood	Joint HQ Lisbon	CC Land HQ Madrid	CC Land HQ Heidelberg	Closed Activity	ACO 2013	ACO 2012	Change
ASSETS														
Current Assets														
Cash and Cash Equivalents	5,907,125	2,142,717	15,237,417	230,028	3,483,281	24,752	3,821	0	0	0	147,367	27,176,508	29,852,201	-2,675,693.24
Receivables	902,874	37,789	305,527	28,554	160,102	929	1,745	0	0	0	0	1,437,520	1,564,290	-126,770.46
Prepayments and Miscellaneous Assets	39,404	19,395	841,619	0	168,046	0	7,788	0	0	0	0	1,076,252	731,667	344,585.55
Inventories	897,758	118,409	1,729,567	318,862	21,387	729	0	0	0	0	0	3,086,711	3,338,731	-252,019.43
Total Current Assets	7,747,161	2,318,310	18,114,130	577,444	3,832,815	26,409	13,354	0	0	0	147,367	32,776,992	35,486,889	-2,709,897.58
Non-current Assets														
Buildings	1,043,762	0	0	0	0	0	0	0	0	0	0	1,043,762	1,557,708	-513,945.47
Equipment	558,858	0	28,059	0	24,300	0	0	0	0	0	0	611,216	516,788	94,428.59
Construction in Progress	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00
Intangible Assets	51	0	0	0	0	0	0	0	0	0	0	51	390	-339.51
Other Net Fixed Assets	0	22,881	0	1,781	0	0	0	0	0	0	0	24,662	21,280	3,382.07
Total Non-current Assets	1,602,671	22,881	28,059	1,781	24,300	0	0	0	0	0	0	1,679,691	2,096,166	-416,474.32
Total Assets	9,349,832	2,341,191	18,142,189	579,225	3,857,115	26,409	13,354	0	0	0	147,367	34,456,683	37,583,055	-3,126,371.90
LIABILITIES														
Current Liabilities														
Payables	-2,808,955	-179,527	-3,463,784	-144,761	-430,320	-8,429	-94	0	0	0	0	-7,035,870	-6,184,784	-851,086.00
Provisions	0	0	-2,166,521	0	-26,033	0	0	0	0	0	0	-2,192,554	-2,727,273	534,719.19
Other current liabilities	-411,012	0	-289,740	0	0	0	0	0	0	0	0	-700,752	-640,442	-60,309.73
Total Current Liabilities	-3,219,967	-179,527	-5,920,045	-144,761	-456,353	-8,429	-94	0	0	0	0	-9,929,176	-9,552,500	-376,676.54
Non-current Liabilities														
Non-current Liabilities	0	0	-22,246	0	-19,076	0	0	0	0	0	0	-41,322	-63,299	21,976.92
Provisions	0	0	-1,427,942	-109,671	-47,018	0	0	0	0	0	0	-1,584,631	-1,440,359	-144,271.60
Total Non-current Liabilities	0	0	-1,450,188	-109,671	-66,093	0	0	0	0	0	0	-1,625,952	-1,503,657	-122,294.68
Equity														
Accumulated capital	-6,129,865	-2,161,664	-10,771,957	-324,793	-3,334,668	-17,981	-13,260	0	0	0	-147,367	-22,901,555	-26,526,898	3,625,343.13
Total Equity	-6,129,865	-2,161,664	-10,771,957	-324,793	-3,334,668	-17,981	-13,260	0	0	0	-147,367	-22,901,555	-26,526,898	3,625,343.13
Total Liabilities and Equity	-9,349,832	-2,341,191	-18,142,189	-579,225	-3,857,115	-26,409	-13,354	0	0	0	-147,367	-34,456,683	-37,583,055	3,126,371.90
Revenue	18,823,906	5,821,540	12,499,539	798,011	2,510,934	165,480	-794	0	0	512	0	40,619,128	47,458,546	-6,839,418.22
Expenses	-18,558,276	-5,818,362	-13,037,711	-813,996	-3,107,393	-169,851	-300	0	-17,459	-73,472	0	-41,596,820	-45,731,858	4,135,038.38
Net Profit (Loss)	265,630	3,178	-538,171	-15,985	-596,459	-4,371	-1,094	0	-17,459	-72,960	0	-977,692	1,726,688	-2,704,379.84
2013 Ratio (current assets / current liabilities)	2.41	12.91	3.06	3.99	8.40	3.13	142.27					3.30	3.71	
2012 Ratio (current assets / current liabilities)	2.70	13.92	3.21	1.79	37.77	13.68	2.54	37.77	187.74			3.71	3.34	
Number of employees in FTE at the EOY														
Full time	95.47	26	65	1	36	0				0		221.47	195.15	
Part time	26.02	0	0	10	36	0				0		72.02	64.25	
Paid by 3rd party	0	0	0	3	6	0				0		9	12.67	

TABLE B – Cash Flow Statement

	SHAPE	E-3A	JFC HQ Naples	CC Air HQ Izmir	HQ Brunssum	CC Air HQ Ramstein	CC Mar HQ Northwood	Joint HQ Lisbon	CC Land HQ Madrid	CC Land HQ Heidelberg	Closed Activity	ACO 2013	ACO 2012	Change
CASH FLOW FROM OPERATING ACTIVITIES														
Surplus/(Deficit)	265,630	3,178	-538,171	-15,985	-596,459	-4,371	-1,094	0	-17,459	-72,960	0	-977,692	1,726,688	-2,704,380
Non-cash movements														
Depreciation	264,870	0	228,091	0	52,239	1,236	0	0	0	0	0	546,437	536,559	9,877
Amortization	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase in provisions	0	0	-377,895	22,395	-34,948	0	0	0	0	0	0	-390,448	-199,918	-190,530
Increase in payables	317,601	14,527	458,883	-11,148	-98,629	-5,894	0	-16,071	-5,800	0	0	653,469	-687,797	1,341,266
Increase in borrowings	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(Gains)/losses on sale of property, plant and equipment	19,073	0	0	0	0	1,796	0	314,026	6,943	0	0	341,838	-3,071	344,909
(Gains)/losses on sale of investments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase in other current assets	25,275	-4,848	-315,088	243,196	-25,454	2,729	-5,798	0	0	0	0	-79,988	348,658	-428,646
Increase in receivables	-158,472	69,227	5,743	30,376	-6,913	1,278	0	162	1,687	0	0	-56,912	125,941	-182,853
Net cash flows from operating activities	733,977	82,084	-538,436	268,834	-710,165	-3,225	-6,892	298,117	-14,630	-72,960	0	36,705	1,847,060	-1,810,356
CASH FLOW FROM INVESTING ACTIVITIES														
Purchase of plant and equipment	-479,291	-1,601	0	-1,781	-76,539	0	0	0	0	0	0	-559,212	-383,690	-175,523
Proceeds from sale of plant and equipment	0	0	0	0	0	3,032	0	408,381	0	0	0	411,413	0	411,413
Proceeds from sale of investments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Purchase of foreign currency securities	0	0	-772,438	0	0	0	0	0	0	0	0	-772,438	-395,547	-376,891
Net cash flows from investing activities	-479,291	-1,601	-772,438	-1,781	-76,539	3,032	0	408,381	0	0	0	-920,237	-779,237	-141,001
CASH FLOW FROM FINANCING ACTIVITIES														
Proceeds from borrowings	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repayment of borrowings	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Others	-491,045	5,043	0	-68,263	-236,856	-1,796	0	-999,243	0	-33,267	33,267	-1,792,161	-9,799	-1,782,362
Net cash flows from financing activities	-491,045	5,043	0	-68,263	-236,856	-1,796	0	-999,243	0	-33,267	33,267	-1,792,161	-9,799	-1,782,362
CHANGE IN CASH FLOW	-236,360	85,526	-1,310,874	198,789	-1,023,560	-1,989	-6,892	-292,745	-14,630	-106,227	33,267	-2,675,693	1,058,024	-3,733,718
Cash and cash equivalents at beginning period	6,143,485	2,057,191	16,548,291	31,239	4,506,841	26,740	10,713	292,745	14,630	106,227	114,100	29,852,201	28,794,177	1,058,024
Cash and cash equivalents at end of period	5,907,125	2,142,717	15,237,417	230,028	3,483,281	24,752	3,821	0	0	0	147,367	27,176,508	29,852,201	-2,675,693
Net increase/(decrease) in cash and cash equivalents	-236,360	85,526	-1,310,874	198,789	-1,023,560	-1,989	-6,892	-292,745	-14,630	-106,227	33,267	-2,675,693	1,058,024	-3,733,718

TABLE C – Changes in Net Equity

TOTALS	Contribution to Fixed Assets	Accumulated profits and losses	Severance Reserves (employees benefit)	Other reserves	Retained earnings, profits and losses	Total
Balance at December 31 2011	4,374	15,683,975	2,781,910	5,771,186	1,360,564	25,602,008
Changes in accounting policy	0	-827,861	0	550,000	-119,471	-397,332
Restated balance at December 31 2011	4,374	14,856,114	2,781,910	6,321,186	1,241,093	25,204,676
CHANGES IN NET ASSETS/EQUITY FOR 2012						
Transfer of 2011 result to accumulated profits and losses	0	1,241,093	0	0	-1,241,093	0
Gain (Loss) on property revaluation	0	0	0	0	0	0
Gain (Loss) on revaluation of investments	0	0	0	0	0	0
Exchange differences on translating foreign operations	0	26,243	0	0	0	26,243
Net revenue recognized directly in net assets/equity	-1,341	-2,950,123	179,711	2,341,044	0	-430,709
Surplus (Deficit) for the period	0	-200,000	0	200,000	1,726,688	1,726,688
Balance at December 31 2012	3,032	12,973,327	2,961,621	8,862,230	1,726,688	26,526,898
Changes in accounting policy	0	0	0	-50,000	0	-50,000
Restated balance at December 31 2012	3,032	12,973,327	2,961,621	8,812,230	1,726,688	26,476,898
CHANGES IN NET ASSETS/EQUITY FOR 2013						0
Transfer of 2012 result to accumulated profits and losses	0	1,718,623	0	0	-1,718,623	0
Gain (Loss) on property revaluation	-1,753	0	0	0	0	-1,753
Gain (Loss) on revaluation of investments	0	0	0	0	0	0
Exchange differences on translating foreign operations	0	-68,263	0	0	0	-68,263
Net revenue recognized directly in net assets/equity	0	-3,415,799	-376,625	1,263,587	0	-2,528,837
Surplus (Deficit) for the period	3,094	-1,892	0	0	-977,692	-976,489
Balance at December 31 2013	4,374	11,205,995	2,584,996	10,075,817	-969,627	22,901,555

Further information on IPSAS Compliance

The Table below shows the list, as of today, of the standards approved and issued by the IPSAS Board with the specific indication of their relevance to ACO and the status of their implementation within the organization.

	<u>IPSAS Standard</u>	Relevant (Y/N)	STATUS
IPSAS 1	Presentation of Financial Statements	Y	Implemented
IPSAS 2	Cash Flow Statements	Y	Implemented
IPSAS 3	Accounting Policies, Changes in Accounting Estimates and Errors	Y	Implemented
IPSAS 4	The Effects of Changes in Foreign Exchange Rates	Y	Implemented
IPSAS 5	Borrowing Costs	N	
IPSAS 6	Consolidated and Separate Financial Statements	Y	Implemented as per the NATO Accounting Framework
IPSAS 7	Investments in Associates	N	
IPSAS 8	Interests in Joint Ventures	N	
IPSAS 9	Revenue from Exchange Transactions	Y	Implemented
IPSAS 10	Financial Reporting in Hyperinflationary Economies	Y	N/A
IPSAS 11	Construction Contracts	Y	Implemented
IPSAS 12	Inventories	Y	Implemented as per the NATO Accounting Framework
IPSAS 13	Leases	Y	Implemented
IPSAS 14	Events After the Reporting Date	Y	Implemented
IPSAS 15	Financial Instruments: Disclosure and Presentation	Y	Implemented (see IPSAS 28-29-30)
IPSAS 16	Investment Property	N	
IPSAS 17	Property, Plant, and Equipment	Y	Implemented as per the NATO Accounting Framework
IPSAS 18	Segment Reporting	Y	Implemented
IPSAS 19	Provisions, Contingent Liabilities and Contingent Assets	Y	Implemented
IPSAS 20	Related Party Disclosures	Y	Implemented

IPSAS 21	Impairment of Non-Cash-Generating Assets	Y	N/A
IPSAS 22	Disclosure of Information about the General Government Sector	Y	Implemented
IPSAS 23	Revenue from Non-Exchange Transactions (Taxes and Transfers)	Y	Implemented
IPSAS 24	Presentation of Budget Information in Financial Statements	N	
IPSAS 25	Employee Benefits	Y	Implemented
IPSAS 26	Impairment of Cash-Generating Assets	Y	N/A
IPSAS 27	Agriculture	N	
IPSAS 28	Financial Instruments: Presentation	Y	Implemented
IPSAS 29	Financial Instruments: Recognition and Measurement	Y	Implemented
IPSAS 30	Financial Instruments: Disclosures	Y	Implemented
IPSAS 31	Intangible Assets	Y	Implemented
IPSAS 32	Service Concession Arrangements : Grantor	N	

ADMINISTRATIVE INFORMATION

Domicile

ACO's principal headquarter is physically located in Casteau, Belgium. This headquarter is commonly referred to as the Supreme Headquarters Allied Powers Europe (SHAPE). ACO's mailing address in Belgium is:

Allied Command Operations
Supreme Headquarters Allied Power Europe (SHAPE)
7010 SHAPE
Belgium

Legal Form

Allied Command Operations (ACO) refers to the Supreme Headquarters SHAPE as the sole entity with juridical personality within ACO and any International Military Headquarter, set up pursuant to the North Atlantic Treaty which is immediately subordinate to the Supreme Headquarter. They are referred to collectively as Allied Headquarters in the Paris Protocol and represent the military commands with operational responsibilities for all Alliance operations and missions within the North Atlantic Treaty Organization (NATO), a 28 Nations Alliance pledged to the mutual defence and protection of the members. A military four-star General, the Supreme Allied Commander Europe (SACEUR), commands the ACO organization, which derives its legal status from the Protocol on the Status of International Military Headquarters set up Pursuant to the North Atlantic Treaty - in daily referred to as the Paris Protocol - and signed in Paris in August 1952.

Under the current military structure the second level of the 'Allied Headquarters' are the Joint Force Commands (JFC's), located in Brunssum, the Netherlands, and in Naples, Italy. The JFC's headquarters provide theatre and tactical level guidance and oversight to Land, Air, and Maritime Component Commands. Furthermore, the fleet of E-3A NATO Airborne Early Warning and Control (NAEW&C) aircrafts forms a central element of the Alliance's early warning capability, providing airborne surveillance, warning and control capability over large distances and at low altitude. The aircrafts are NATO-owned and operated and, together with E-3D aircrafts owned and operated by the United Kingdom, comprise the NATO Airborne Early Warning Force. The largest element of the programme consists of 17 NATO owned E-3A aircrafts operating from Geilenkirchen, Germany. A list of the Military Headquarters which are part collectively of ACO is listed in the note for Accounting Policies.

Ownership Structure

While NATO itself is a legal entity (as described above under LEGAL FORM), the ultimate controlling and decision-making entity for the Alliance, and all of its component parts to include ACO, are the 28 Alliance Member Nations, which provide military forces, physical and fiscal resources to the day-today operations of ACO and its subordinate Commands. Financial data within NATO is segregated into Budgetary Cost Shares, which individually are based on contributions from some, or all of NATO Member Nations.

ACRONYMS

AC	Air Component	Provides air expertise for NATO
ACE	Allied Command Europe	Predecessor of ACO in the previous (to FY04) NATO Command Structure; the other Strategic Command during this era was SACLANT
ACO	Allied Command Operations	Strategic NATO Military HQ located in Casteau Belgium
ACT	Allied Command Transformation	Strategic NATO Military HQ located in Norfolk VA, USA
AFN	Afghanistan Afghani	The official currency used in Afghanistan
AMB	ACO Management Board	Principal executive body within ACO for providing command-wide direction on requirements, prioritisation, and resource allocation
ANA	Afghan National Army	A service branch of the military of Afghanistan, which is currently trained by the coalition forces to ultimately take the role in land-based military operations in Afghanistan
AOM	Alliance Operations & Missions	New acronym for CRO (Crisis Response Operation); operation mounted by NATO in response to a crisis
AP	Accounts Payable	An amounts that a person or company owes to suppliers but has not paid yet (a form of debt)
AR	Accounts Receivable	Money owed and shown in its accounts as an asset
AWACS	Airborne Warning and Control System	An airborne radar system designed to detect aircraft; used at a high altitude, the radars allow the operators to distinguish between friendly and hostile aircraft from hundreds of miles away
AWCC	Afghan Wireless Communication Company	The first mobile services company in Afghanistan
BA1	Budget Authorisation 1	Initial Budget Authorisation amount approved by the Budget Committee for a given Fiscal Year
BA2	Budget Authorisation 2	Second Budget Authorisation amount approved by the Budget Committee for a given Fiscal Year after the first review
BA3	Budget Authorization 3	Final Budget Authorisation amount approved by the Budget Committee for a given Fiscal Year after the final review
BAM	Bosnia-Herzegovina Convertible Marks	The official currency in Bosnia and Herzegovina
BC	Budget Committee	NATO body responsible for approving and administering annual NATO budgets
BC-D	Budget Committee - Document	File designation for submission or working correspondence coming directly from the Budget Committee; previously referred to as MBC-D
BC-DS	Budget Committee – Decision Sheet	File designation for decision correspondence coming directly from the Budget Committee; currently referred to as BC-DS
BNP Paribas	Banque Nationale de Paris Paribas	One of the six strongest banks in the world; present across Europe; has four domestic retail banking markets in France, Italy, Belgium and Luxembourg; it has one of the largest international networks with operations in 83 countries
BUDCOM	Financial Accounting System	Automated accounting system used by ACO and most of its subordinate HQs from 1992- 2003; no longer used by any organisations since the beginning of 2004 – replaced by NAFS
CAC	Corporate Accounting and Control	The Cash, Accounting, Finance and Travel Branch within the NATO, ACO J8 Division
CAD	Canadian Dollars	The official currency of Canada
CAOC	Combined Air Operations Centre	The command and control of airpower throughout the theatre of operations.
CC	Component Command	The subordinate Air, Land, or Maritime headquarters assigned under a JFC HQ within NATO
CE	Crisis Establishment	NATO command structure for a contingency operation

CF	Common Funding	Budgetary contributions provided to the Alliance by the Nations based on established cost-shares
CIS	Communications Information Services	Used occasionally to refer to communications budgets
CLD	CIS Logistics Depot	Located in Brunssum, Netherlands
COS	Chief of Staff	A principal staff officer, who is the coordinator of the supporting staff or a primary aide to an important individual
CRP	Consolidated Resource Proposal	Provides a summary of additional NATO and national infrastructure required (as well as associated NATO and national capital costs) and NATO operation and maintenance and manpower costs necessary to achieve the required capability
CUP	Computer Upgrade Project	An E3A one time project
CV	Collection Voucher	A voucher indicating an accounts receivable
DARS	Deployable Air Control Centre, Recognized Air Picture (RAP) production centre, Sensor fusion post	A fully deployable air command & control centre designed by Thales Raytheon to support deployed NATO air operations worldwide
DB	Data Base	A system intended to easily organize, store, and retrieve large amounts of data
DKK	Danish Kroner	The official currency of Denmark
E-3	Boeing E-3 Sentry aircraft	AWACS aircraft
E-3A Component		Base located in Geilenkirchen GE managing NATO AWACS aircrafts used for surveillance
ED	Exposure Draft	A document released by the Financial Accounting Standards Board for public commentary on proposed new accounting standards.
EOY	End of Year	Occurring or done at the end of the fiscal year
ERP	Enterprise Resource Planning	Associated with business application software suites; ERP serves as architecture for integrating business applications, they act as one system even though each module can be implemented alone
EU CE	European Union Command Element	Directed by the Chief of Staff, JFC HQ Naples; the essential element of coordination with NATO operations in the Balkans, specifically regarding intelligence matters and Reserve Forces.
EU FHQ	European Union Force Headquarters	Located in Sarajevo; functions as a base of operations and provides command and control over troops; EU FHQ is a conduit between the military strategic and tactical levels in theatre
EU OHQ	European Union Operation Headquarters	SHAPE is designated as the EU OHQ
EUFOR	European Union Force– Operation Althea	European Union military mission in Sarajevo, starting from 1 st December 2004
EUR	Euro	The official currency of the eurozone; utilized by 17 of the 27 member states of the European Union (EU) consisting of Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia and Spain. The currency is also used in Montenegro, Andorra, Monaco, San Marino and Vatican.
EURIBOR	Euro Interbank Offered Rate	A daily reference rate based on the averaged interest rates at which banks offer to lend unsecured funds to other banks in the euro wholesale money market
FA	Fixed Assets	A term used for assets and property which cannot easily be converted into cash
FC	Force Command	Provides focus for all land-specific functional tasks for NATO
FIFO	First In, First Out	An accounting technique used in managing inventory and financial matters meaning that the oldest inventory items are recorded as sold first
FinS	Financial Accounting System	NAFS is replaced by a newer version of software and a centralised architecture; this new system,

		pronounced “finesse” is shortened from the Bi-Strategic Command Automated Information Systems Financial Services (Bi-Sc AIS FinS)
FMS	Foreign Military Sales	Facilitates sales of arms, defense equipment, defense services, and military training to foreign governments
FOC Plus	Full Operational Capability Plus	A dedicated communications backbone; this program provides 66 points of presence across the Afghanistan theatre
FRP	Financial Rules & Procedures	Financial rules laid down by the member nations, via NATO which provide more specific guidance than the over arching rules expressed in the NATO Financial Regulations
FS	Financial Statement	A formal record of the financial activities of a business, person, or other entity
FY	Fiscal Year	Within NATO, runs from 1 January to 31 December
FYROM*	Former Yugoslav Republic of Macedonia (*)	* TU recognises the Republic of Macedonia with its constitutional name
GBP	Great British Pounds	The official currency of the United Kingdom
GPFR	General Purpose Financial Reporting	Establish and make explicit the concepts that are to be applied in developing International Public Sector Accounting Standards
HN	Host Nation	The organization appointed to be responsible for the execution of NSIP projects
HQ	Headquarter(s)	Denotes the location where most, if not all, of the important functions of an organization are coordinated
HRK	Croatian Kuna	The currency of Croatia
HRM	Human Resource Management	The management of an organization's workforce, or human resources. It is responsible for the attraction, selection, training, assessment, and rewarding of employees, while also overseeing organizational leadership and culture, and ensuring compliance with employment and labor laws
HSG	Headquarters Support Group	
IAMCO	International Aerospace Management Company	A joint venture company founded in 1991 acting as the Industrial Prime Contractor for the maintenance of NATO E-3A (AWACS) and Trainer Cargo Aircraft fleet
IASB	International Accounting Standards Board	An independent, privately-funded accounting standard-setter based in London, England; it is responsible for developing International Federation Reporting Standards
IBAN	International Board of Auditors for NATO	Provides the North Atlantic Counsel and the governments of NATO member countries with assurance that common funds have been properly used for the settlement of authorised expenditure.
IC	Infrastructure Committee	Responsible for monitoring, authorisation and overall implementation of all projects funded by the NATO Security Investment Programme
ICC	International Civilian Consultant	These positions are for civilian nationals of NATO Member countries and Troop Contributing Nations who can provide a NATO recognised Security Clearance certificate
IED	Improvised Explosive Device	Also known as a roadside bomb; a homemade bomb constructed and deployed in ways other than in conventional military action
IEMS	Installation Engineering Management System	Contains essential management information: to include budgetary, financial, contractual, work scheduling, timekeeping, warehousing, and daily administrative functions
IFAC	International Federation of Accountants	The global organization for the accountancy profession; the organization, through its independent standard-setting boards, establishes international standards on ethics, auditing and assurance, accounting education, and public sector accounting
IFRS	International Federation Reporting	A harmonized accounting and reporting

	Standards	framework used widely throughout the world
IMS	International Military Staff	The executive body of the Military Committee, NATO's senior military authority
IP	Intellectual Property	A term referring to a number of distinct types of creations of the mind for which a set of exclusive rights are recognized; common types of intellectual property include copyrights, trademarks, patents, industrial design rights and trade secrets
IPSAS	International Public Sector Accounting Standards	A set of accounting standards issued by the International Public Sector Accounting Standards Board of the IFAC for use by public sector entities around the world in the preparation of financial statements
IPSASB	IPSAS Board	IFAC established the IPSASB to develop the IPSAS; these standards are based on the IFRS issued by the IASB with suitable modifications relevant for public sector accounting
ISAF	International Stabilisation Force – Afghanistan	NATO AOM mission in Afghanistan
ISR	Intelligence, Surveillance and Reconnaissance	Systems that can provide policymakers with information on the military capabilities of foreign countries, the location of key defense and industrial sites, indications of the presence of weapons of mass destruction, and information on the plans of foreign leaders and terrorist groups.
IT	Information Technology	The acquisition, processing, storage and dissemination of data by a microelectronics-based combination of computing and telecommunications
JFC	Joint Forces Command	Joint Headquarters overseeing the activities of separately assigned subordinate headquarters responsible for Air, Land, and Maritime operations within an assigned region of NATO
JHQ	Joint Headquarters	Under pre 2004 NATO military structure, operational commands were referred to as Joint Headquarters – Maintained a single component core, with military elements from other services
KAIA	Kabul International Airport	The primary international airfield in Afghanistan; services commercial and military flights each day
KFOR	Kosovo Force	AOM operation in Kosovo
KPC	Kosovo Protection Corps	A civilian protection body having served since 1999; was dissolved on 14 June 2009
KSF	Kosovo Security Force	Dissolution of the KPC took place in parallel with the creation of the KSF; the KSF has primary responsibility for security tasks that are not appropriate for the police such as emergency response, explosive ordnance disposal and civil protection; it may also participate in crisis response operations, including peace support operations; this professional, all-volunteer force is trained according to NATO standards and placed under civilian-led, democratic control
LCH	Local Civilian Hire	ISAF positions meant for Afghan nationals.
LEGAD	Legal Advisor	A label customarily attached to lawyers who advise commanders in the field in NATO operations and within the countries participating in NATO peacekeeping
LOJI	Loss of Job Indemnity	Income replacement indemnity payments extended to individuals who have lost employment
LWR	Local Wage Rate	A member of the NATO work force who typically performs skilled or unskilled manual labour
M & W	Morale and Welfare	A network of quality support and leisure services that enhances the lives of Military, Civilians, Families, and other eligible participants
MB	Military Budget	Follows the principles of the common funding with costs shared by the contributing Nations
MC	Maritime Command	Provides maritime expertise for NATO

MEUR	Million Euro	€ 1,000,000.00
MHI	Multinational Helicopter Initiative	Supports the financing of helicopter deployment-related activities
MINFIN	Ministry of Finance	Is a federal ministry, responsible for general financial policy and for general management in the field of finance
MKD	Macedonian Dinar	The official currency of Macedonia
MOD	Ministry of Defence	The government department responsible for implementation of government defence policy and the headquarters of the Armed Forces
MOU	Memorandum of Understanding	A document describing a bilateral or multilateral agreement between parties
MTF	Medical Treatment Facility	A facility established for the purpose of furnishing medical and/or dental care to eligible individuals
MWA	Moral Welfare Activity	Self generating funds used to provide Moral & Welfare activities to assigned NATO troops and civilian employees
MYR	Mid Year Review	Approval Process used by Headquarters, and approved by the BC, for making changes in Budget Authorisations – process begins mid-year and normally finalised during the third quarter of the fiscal year
NAC	North Atlantic Council	The NAC has effective political authority and powers of decision for NATO; consists of permanent representatives of all member nations and meets at least weekly
NAEW & FC	NATO Airborne Early Warning and Control Force Command	Inaugurated in December 1978 in order to counter the increasing low-level threat from the then Warsaw Pact aircraft over land and sea
NAF	Non-Appropriated Funds	Resources internally generated by NATO military and civilian staffs through retail and service facilities operated by the Command
NAFS	NATO Automated Financial System	Oracle based accounting system used by ACO (and many other NATO organisations) – used by all ACO segments since the beginning of FY04
NAMSA	NATO Maintenance and Supply Agency	Established by NAC, in 1958; with the mission to maximize the effectiveness of logistics support to the Armed Forces of NATO states, both individually and collectively, and to minimize costs. Merged during the agency reform to NSPA.
NAMSO	NATO Maintenance and Supply Organization	A NATO Procurement, Logistics or Service Organization established by the NAC in 1958; NAMSO comprises the legislative entity, the Board of Directors and NAMSA, the executive agency. NAMSO's mission is to maximise the effectiveness of logistic support provided to NATO Armed Forces and to minimise the cost to NATO nations, individually and collectively.
NAPMO	NATO Airborne Early Warning and Control Program Management Organization	Responsible for all aspects of the management and implementation of the NAEW&C Programme and reports directly to the North Atlantic Council
NATO	North Atlantic Treaty Organisation	An intergovernmental military alliance based on the North Atlantic Treaty signed on 4 April 1949; the organization constitutes a system of collective defence whereby its member states agree to mutual defense in response to an attack by any external party
NATO IS	NATO International Staff	An advisory and administrative body, working under the authority of the Secretary General and supporting the delegations of NATO members at different committee levels and helps implement their decisions
NBC	Nation Borne Costs	Cost eligible for common funding: covered by Military Budget and the responsibility of the Troop Contributing Nation; NBC, types include: Individual Real Life Support (RLS) related costs (e.g. Food) National Entities RLS related costs (e.g. power) National Entities usage of NATO capabilities (e.g. CIS)

NC3A	NATO Command, Control, Consultation Agency	NATO Agency delivering services for Command, Control, & Consultation. Merged during the agency reform to NCIA.
NCCB	NATO Centralised CIS Budget	
NCIA	NATO C & I Agency	NATO Communication and Information Agency. Created by consolidating NCSA, NC3A, and NACMA.
NCISS – Latina	NATO Communications Information Services School - Latina	Physically located in Latina, Italy. Merged during the agency reform to NCIA.
NCS	NATO Command Structure	Divided into two commands, one for operations and one for transformation. - Allied Command Operations is located at SHAPE, Mons, Belgium. - Allied Command Transformation) is located in Norfolk, Virginia. It
NCSA	NATO CIS Services Agency	NATO Agency (new in FY04) responsible for providing communications services to NATO organisations. Merged during the agency reform to NCIA.
NCSEP	NATO Command Structure Headquarters and Programme	Budget formerly known as “MBC 28 Nations”
NDSS	NATO Depot & Support System	A software package maintained by NAMSA; it covers most areas of logistics support, such as item identification, supply, maintenance and property accounting
NFR	NATO Financial Regulations	Regulations published by NATO HQ governing the use and reporting of NATO financial assets
NHQSa	NATO Headquarter Sarajevo	NATO HQ in Sarajevo from 1 st December 2004, previously called SFOR (Stabilization Force)
NIC	NATO International Civilian	A permanent international post of NATO grade A, L, B, or C authorized to be filled by a civilian whose pay and allowances are established by the North Atlantic Council and provided from the international budget.
NMA	NATO Military Authority	Consisting of ACO, ACT and NCSA
NMR	National Military Representative	Senior military officers from NATO nations serving as members of the Military Committee
NMT	NATO Mid Term	An E3A one time project
NOK	Norwegian Kroner	The official currency of Norway
NOR	NATO Office of Resources	Brings together all international staff working on NATO military common-funded issues with the aim of reinforcing military common-funded resource management at the NATO HQ
NSIP	NATO Security Investment Programme	Funds authorized and allocated by the BC for specific NATO projects e.g., runways, bunkers, roads, buildings, etc.
NSPA	NATO Support Agency	Agency created by consolidating NAMSA, NAMA, and CEPMA.
NSU	National Support Unit	Responsible for relaying logistics and personnel support to the respective national units
NTM-I	NATO Training Mission – Iraq	NATO AOM operation in Iraq
O & M	Operations and Maintenance	A category of appropriations which traditionally finance those things whose benefits are derived for a limited period of time, i.e., expenses, rather than investments. Examples of costs financed by O&M funds are headquarters operations, civilian salaries and awards, travel, fuel, minor construction projects of \$750K or less, expenses of operational military forces, training and education, recruiting, depot maintenance, purchases from Defense Working Capital Funds (e.g., spare parts), base operations support, and assets with a system unit cost less than the current procurement threshold (\$250K).
O & S	Operations and Support	
OCC	Operational Capability Concept	Designed to establish new means and mechanisms to reinforce Partnership for Peace's operational capabilities through enhanced and closer military cooperation
OPLAN	Operational Plan	Military plan prepared by ACO to conduct a

		mission approved by the NAC
OS	Ocean Shield	NATO's contribution to international efforts to combat piracy off the Horn of Africa
OUP	Operation Unified Protector	NATO AOM operation in Libya, closed in 2011.
PAO	Property Accounting Officer	Maintains inventory records, for NATO-owned equipment and is responsible for assigning property, performing inventories, and for providing reports and information concerning equipment inventory records
PE	Peacetime Establishment	NATO command structure
PILS	Program Integrated Logistics System	Used by E3A to manage the data of procurement, supply and maintenance processes
PO	Purchase Order	A document issued by a buyer to a seller, indicating types, quantities, and agreed prices for products or services the seller will provide to the buyer; sending a PO to a supplier constitutes a legal offer to buy products or services; acceptance of a PO by a seller usually forms a contract between the buyer and seller
PO	Private Office (memo)	File designation for correspondence coming directly from the NATO Secretary General's Office
POW	Program of Work	
PPE	Property, Plant and Equipment	Referring to IPSAS 17. this principal a) recognizes the assets, b) determines their carrying amounts and c) depreciates charges and impairment losses to be recognized in relation to them
RBS	Royal Bank of Scotland	Located in London
RPPB	Resource Policy and Planning Board	The senior advisory body to the NAC on the management of all NATO resources; responsible for the overall management of NATO's civil and military budgets, as well as NSIP and manpower
SACEUR	Supreme Allied Commander Europe	A military four-star flag officer and the commanding officer of Allied Command Operations
SACLANT	Supreme Allied Command Atlantic	Predecessor of ACT in previous (to FY04) NATO Command Structure. The other Strategic Command during this era was ACE
SAP	Software Application	
SHAPE	Supreme Headquarters Allied Powers Europe	The major NATO HQ for ACO
SILCEP	Security Investment, Logistics and Civil Emergency Planning	
SLA	Service Level Agreement	A service level agreement is a negotiated agreement between two parties where one is the customer and the other is the service provider; this can be a legally binding formal or informal "contract"
SMB	SHAPE Management Board	ACO Principal body within SHAPE for providing direction on SHAPE related requirements, prioritisation, and resource allocation issues
SMG	Senior Management Group	Those key advisors who have access to privileged information and have power to exercise control or participate in the financial operating policy decisions of ACO
SOFA	Status of Forces Agreement	Legally binding document entered into between nations governing all legal aspects of military forces treatment when assigned outside their national boundaries; NATO governs the legal administration of NATO assigned forces when operating within a specific country also enters into these agreements
SRB	Senior Resource Board	A subsidiary body of the NAC and the Defence Planning Committee which have given the Board a lead policy and planning role in all military resource areas
STANAG	Standard NATO Agreement	An agreement promulgated by the Director NATO Standardization Agency under the

		authority vested in him by the NATO Standardization Organisation Charter
TBD	To Be Determined	A decision that will be made at a future date
TCSOR	Theatre Capability Statement of Requirements	Specific capabilities included in the OPLAN
TF	Trust Funds	Funding provided by nations to achieve objectives complimentary to the NATO mission which are not eligible for NATO common funding
TFR	Trattamento di Fine Rapporto	a vested benefit payable to the employee for a part of his/her salary deferred in time to the moment when termination of contract takes place
UAV ISR	Unmanned Aircraft Vehicle	
UR	Unearned Revenue	Receiving money for a service or product that has yet to be fulfilled
USAREUR	U. S. Army Europe	Trains and leads Army Forces in support of U.S. European Command and Headquarters, Department of the U. S. Army
USD	United States Dollars	The official currency of the United States
VAT	Value Added Tax	A form of consumption tax
VLF (Stations)	Very Low Frequency Stations	Specialized communications sites used to communicate with submarines while submerged
VNC	Voluntary National Contribution	Supports NATO's Counter-IED (C-IED) Action Plan the fund facilitates multinational cooperation by combining financial and non-financial national contributions in support of specific C-IED projects
WAC	Weighted Average Cost	A method of calculating ending inventory cost
WG	Working Group	An assembly of experts brought together for intensive work on a specific topic
WIP	Work in Progress	Work that has been started but not yet completed

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