NATO SANS CLASSIFICATION
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1er décembre 2016 **DOCUMENT**
C-M(2016)0064-AS1 (INV)

RAPPORT DU COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN (IBAN) SUR LA VÉRIFICATION DES ÉTATS FINANCIERS 2015 DE L'AGENCE DE GESTION OTAN POUR LE DÉVELOPPEMENT, LA PRODUCTION ET LA LOGISTIQUE DE L'ACE 2000 ET DU TORNADO (NETMA)

SUITE DONNÉE

Le 30 novembre 2016, au terme d'une procédure d'accord tacite, le Conseil a pris note du rapport de l'IBAN sur la vérification des états financiers 2015 de la NETMA et il a approuvé la recommandation du RPPB concernant la communication au public.

(signé) Rose E. Gottemoeller
Secrétaire générale déléguée

NOTE : La présente note fait part du C-M(2016)0064 (INV) et doit être placée en tête de ce document.

16 novembre 2016

DOCUMENT
C-M(2016)0064 (INV)
Procédure d'accord tacite :
30 nov 2016 18:00

RAPPORT DU COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN SUR LA VÉRIFICATION DES ÉTATS FINANCIERS 2015 DE L'AGENCE DE GESTION OTAN POUR LE DÉVELOPPEMENT, LA PRODUCTION ET LA LOGISTIQUE DE L'ACE 2000 ET DU TORNADO (NETMA)

1. On trouvera ci-joint le rapport du Collège international des commissaires aux comptes de l'OTAN (IBAN) sur la vérification des états financiers 2015 de l'Agence de gestion OTAN pour le développement, la production et la logistique de l'ACE 2000 et du Tornado (NETMA).

2. Dans son rapport, l'IBAN a émis une opinion sans réserve sur les états financiers ainsi qu'une opinion sans réserve sur la conformité.

3. Le rapport de l'IBAN a été examiné par le Bureau de la planification et de la politique générale des ressources (RPPB) (voir annexe 1), qui a estimé en conclusion que l'opinion sans réserve émise par l'IBAN sur les états financiers 2015 de la NETMA témoignait du travail acharné de la direction et du personnel de l'Agence pour mettre en application l'ensemble des mesures approuvées par le Conseil ces dernières années en vue d'améliorer la réglementation comptable et financière, la gouvernance, la transparence et le compte rendu.

4. Je ne pense pas que cette question nécessite un débat au Conseil. Par conséquent, **sauf avis contraire me parvenant d'ici au mercredi 30 novembre 2016 à 18 heures**, je considérerai que le Conseil aura pris note du rapport de l'IBAN sur la vérification des états financiers 2015 de la NETMA et qu'il aura approuvé la recommandation du RPPB concernant la communication au public.

(signé) Rose E. Gottemoeller

4 annexes
1 pièce jointe

Original : anglais

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RAPPORT DU COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN SUR LA VÉRIFICATION DES ÉTATS FINANCIERS 2015 DE L'AGENCE DE GESTION OTAN POUR LE DÉVELOPPEMENT, LA PRODUCTION ET LA LOGISTIQUE DE L'ACE 2000 ET DU TORNADO (NETMA)

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

Références : (a) IBA-A(2016)93 – Rapport de l'IBAN
(b) Lettre du directeur général de la NETMA datée du 29 mars 2016

Introduction

1. Le présent rapport contient les observations et les recommandations du RPPB concernant le rapport du Collège international des commissaires aux comptes de l'OTAN (IBAN) sur la vérification des états financiers 2015 de la NETMA (référence (a)).

Examen de la question

2. Le RPPB note avec satisfaction que l'IBAN a émis une opinion sans réserve sur les états financiers de la NETMA et une opinion sans réserve sur la conformité. L'IBAN a formulé une observation, assortie de recommandations, concernant l'application des articles du Règlement financier de l'OTAN (NFR) relatifs au contrôle interne, à la gestion des risques et à l'audit interne.

3. Le RPPB prend acte des progrès que la NETMA a déjà accomplis pour se conformer à ces articles et du fait que l'Agence est ouverte à l'idée d'améliorer encore les contrôles en place et l'audit interne. Il invite le responsable OTAN de la politique en matière d'information financière à encourager les entités OTAN à communiquer sur les bonnes pratiques en la matière, et il invite la NETMA à apporter sa contribution à cet égard.

4. Pour ce qui est de la communication au public, le RPPB se félicite que le directeur général de la NETMA (référence (b)) ait clairement indiqué que les états financiers pouvaient être rendus publics.

Recommandations

5. Le RPPB recommande au Conseil :

a) de prendre note du rapport de l'IBAN diffusé sous la cote IBA-A(2016)93 ainsi que du présent rapport ;

b) d'approuver la communication au public du présent rapport, du rapport de l'IBAN (référence (a)) et des états financiers 2015 de la NETMA, conformément à la politique agréée énoncée dans le PO(2015)0052.

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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 de l'Agence de gestion OTAN pour le développement, la production et la logistique de l'ACE 2000 et du Tornado (NETMA)
pour l'exercice clos le 31 décembre 2015**

La NETMA gère les programmes des organisations de production et de logistique que sont la NAMMO et la NEFMO, ainsi que les budgets correspondants.

Le Collège a vérifié les états financiers relatifs au budget administratif de la NETMA pour l'exercice clos le 31 décembre 2015. En 2015, le montant total des dépenses relevant du budget administratif s'est établi à 49,1 millions d'euros.

Le Collège a émis une opinion sans réserve sur les états financiers de la NETMA et sur la conformité pour l'exercice clos le 31 décembre 2015.

Une observation a été formulée, assortie de recommandations.

Les commentaires officiels du directeur général de la NETMA figurent à l'annexe 4.

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COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN

OPINION SUR LES ÉTATS FINANCIERS DE L'AGENCE DE GESTION OTAN POUR LE DÉVELOPPEMENT, LA PRODUCTION ET LA LOGISTIQUE DE L'ACE 2000 ET DU TORNADO

(NETMA)

POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2015

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

Le Collège international des commissaires aux comptes de l'OTAN a procédé à la vérification des états financiers de la NETMA, composés de l'état de la situation financière au 31 décembre 2015 et de l'état de la performance financière, du tableau des flux de trésorerie et de l'état des variations de l'actif net/situation nette pour l'exercice clos à cette date, ainsi que de notes explicatives, y compris un résumé des méthodes comptables importantes. Le Collège a également vérifié l'état de comparaison entre les dépenses budgétisées et les dépenses effectives pour l'exercice clos le 31 décembre 2015.

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.

Opinion sur les états financiers

L'opinion du Collège est qu'à tous égards significatifs, les états financiers donnent une image fidèle, conforme au cadre comptable OTAN, de la situation financière de la NETMA au 31 décembre 2015, 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.

Opinion sur la conformité

Le Collège estime que 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 23 août 2016

Lyn Sachs
Présidente

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COLLÈGE INTERNATIONAL DES COMMISSAIRES AUX COMPTES DE L'OTAN

LETTRE D'OBSERVATIONS ET DE RECOMMANDATIONS CONCERNANT L'AGENCE DE GESTION OTAN POUR LE DÉVELOPPEMENT, LA PRODUCTION ET LA LOGISTIQUE DE L'ACE 2000 ET DU TORNADO

(NETMA)

POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2015

Introduction

Le Collège international des commissaires aux comptes de l'OTAN a procédé à la vérification des états financiers de la NETMA pour l'exercice clos le 31 décembre 2015, et il a émis une opinion sans réserve à leur sujet ainsi que sur la conformité.

Observations et recommandations

À l'issue de l'audit, le Collège a formulé une observation, assortie de recommandations, intitulée :

- Point sur l'application de la version révisée du Règlement financier de l'OTAN, et en particulier des articles relatifs au contrôle interne, à la gestion des risques et à l'audit interne (lettre d'observations et de recommandations).

Le Collège a par ailleurs adressé au directeur général de la NETMA une lettre (IBA-AML(2016)10) contenant des observations à l'intention de la direction.

La présente lettre d'observations et de recommandations a été soumise à la NETMA ; ses commentaires officiels ont été intégrés dans la lettre.

OBSERVATIONS ET RECOMMANDATIONS

1. POINT SUR L'APPLICATION DU RÈGLEMENT FINANCIER RÉVISÉ DE L'OTAN, ET EN PARTICULIER DES ARTICLES RELATIFS AU CONTRÔLE INTERNE, À LA GESTION DES RISQUES ET À L'AUDIT INTERNE (LETTRE D'OBSERVATIONS ET DE RECOMMANDATIONS)

Contexte

1.1 Le Conseil de l'Atlantique Nord a approuvé la version révisée du Règlement financier de l'OTAN (NFR) en date du 4 mai 2015. Il s'agissait de la première révision du NFR en plus de trente ans. Bien que l'article 36 de cette nouvelle version prévoie que le Règlement entre en vigueur dès son approbation (à savoir le 4 mai 2015), le Conseil a reconnu que l'on ne pouvait s'attendre à sa pleine application avant la fin de 2015. Par ailleurs, il est stipulé à l'article 4 que « le comité financier [...] adopte [...] une série de règles et procédures financières qui donnent des orientations supplémentaires propres à assurer la bonne exécution du présent Règlement. »

1.2 Les dispositions du NFR révisé sont plus explicites que celles de la version précédente s'agissant de la gestion des risques (article 11), du contrôle interne (article 12), de l'audit interne (article 13) et de l'établissement d'une commission consultative sur l'audit (article 16). Selon ces dispositions, il faut définir des procédures de gestion des risques qui soient conformes aux critères d'efficacité, d'efficience et d'économie, mettre en place les fonctions de gestion nécessaires à un contrôle interne efficace, faire en sorte que les organismes OTAN disposent d'une fonction d'audit interne permanente, dotée de ressources suffisantes et exercée conformément aux normes d'audit interne reconnues au niveau international, et établir une commission consultative sur l'audit. De plus, l'article 3 stipule que, dans un souci de saine gestion financière et aux fins du respect de l'obligation de rendre compte, les états financiers et les déclarations sur le contrôle interne doivent être signés chaque année par le chef d'organisme OTAN et par le contrôleur des finances.

1.3 Cette nouvelle version du NFR est l'occasion pour les organismes OTAN de renforcer et de codifier leur cadre général de contrôle interne, y compris la gestion des risques. Elle prévoit aussi la mise en place de fonctions d'audit interne, qu'elles soient assurées au sein même des organismes ou externalisées, l'objectif déclaré étant d'obtenir une capacité d'analyse approfondie de l'efficacité et de l'efficience des activités et des contrôles internes, y compris la gestion des risques. Enfin, le Conseil veillera à ce que les règles et procédures financières soient, dans toute la mesure possible, cohérentes dans l'ensemble de l'OTAN.

Observations

1.4 Le Collège a constaté que la NETMA estimait que nombre de ces éléments étaient déjà en place, et qu'elle avait pris en 2016 des mesures visant à améliorer encore la situation.

1.5 La version révisée du NFR n'a été approuvée par le Conseil qu'en mai 2015. En 2014, le Collège avait indiqué aux pays qu'il vaudrait mieux que la version révisée du NFR entre en vigueur au début de l'année suivant son approbation. Les pays n'ont toutefois pas souscrit à cette recommandation.

1.6 Le Collège considère 2015 comme une année de transition. Il a décidé de rendre compte des progrès réalisés à l'égard de certains des articles révisés du NFR et de formuler des recommandations sur cette base. Les observations ainsi faites n'auront pas d'incidence sur l'opinion relative à la conformité pour l'exercice 2015, mais il n'en ira plus de même à partir de 2016.

1.7 Le Collège fait le point de la situation dans les domaines énumérés ci-après.

Article 11 – Gestion des risques

1.7.1 Le Collège a constaté que la NETMA avait élaboré une politique de gestion des risques en bonne et due forme ainsi que des procédures en la matière. Une telle politique est indispensable pour garantir et pour montrer clairement à tous que des procédures de gestion des risques conformes aux critères d'efficacité, d'efficience et d'économie sont en place et que la gestion des risques cadre avec les objectifs opérationnels et financiers globaux de la NETMA.

Article 12 – Contrôle interne

1.7.2 Le Collège a constaté que la NETMA avait adopté, en juin 2016, le cadre de contrôle interne du COSO (Committee of Sponsoring Organizations of the Treadway Commission). Un tel cadre, étayé par des documents et des procédures appropriés, est indispensable pour garantir et pour montrer clairement à tous qu'un système complet de contrôle interne est en place. La NETMA va s'employer à établir la conformité avec ce cadre récemment adopté.

1.7.3 L'audit des états financiers 2015 de la NETMA n'a pas révélé de faiblesses significatives dans le contrôle interne.

Article 13 – Audit interne

1.7.4 Le Collège a constaté que l'auditeur interne de la NETMA s'était servi du registre des risques pour établir le plan d'audit interne 2015-2017. L'auditeur interne a réalisé deux audits au cours de l'exercice considéré, qui ont porté sur différents aspects et domaines du contrôle interne. Le Collège estime qu'on ne peut affirmer à ce stade que l'auditeur interne de la NETMA a pleinement évalué, dans l'ensemble de l'organisme, l'exposition aux risques et l'efficacité des contrôles internes pour ce qui est de la gestion des risques inhérents à la gouvernance, à l'exploitation et aux systèmes d'information, ainsi que le prévoit l'article 13.

1.7.5 Le Collège a constaté par ailleurs que le service d'audit interne de la NETMA avait élaboré un projet de manuel d'audit interne prévoyant l'utilisation des Normes internationales pour la pratique professionnelle de l'audit interne, établies par l'Institut des auditeurs internes. C'est un pas dans la bonne direction. Une fois ce manuel approuvé, le service d'audit interne devra pouvoir démontrer la conformité avec ces normes d'audit.

Article 16 – Commission consultative sur l'audit

1.7.6 Le Collège a constaté que, comme le prévoit l'article 16, la NETMA avait établi une commission consultative sur l'audit à la fin de 2015, qui a tenu sa première réunion effective en janvier 2016.

Recommandations

1.8 Le Collège formule les recommandations ci-après :

a) la NETMA devrait poursuivre son processus d'établissement systématique de documents sur les procédures de contrôle interne à l'appui du cadre COSO qu'elle a récemment adopté ; de l'avis du Collège, une coordination devrait être assurée de façon à ce que l'ensemble des organismes OTAN disposent d'un cadre commun ;

b) le manuel d'audit interne de la NETMA devrait être finalisé et le service d'audit interne de la NETMA devrait faire en sorte de pouvoir démontrer la conformité avec les normes d'audit énoncées dans le manuel (Normes internationales pour la pratique professionnelle de l'audit interne), d'évaluer pleinement, dans l'ensemble de l'organisme, la gestion des risques et le contrôle interne, ainsi que d'établir des documents clairs sur ces tâches de manière à démontrer la conformité avec le cadre de contrôle interne appliqué par la NETMA.

Commentaires du directeur général de la NETMA

L'Agence se félicite que le Collège constate aux alinéas 1.7.1, 1.7.3 et 1.7.6 que la NETMA s'est déjà mise en conformité avec le NFR révisé pour ce qui est de la gestion des risques, du contrôle interne et de la commission consultative sur l'audit.

L'Agence prend note de la préoccupation exprimée par le Collège à l'alinéa 1.7.4 s'agissant de l'étendue de l'audit interne, ainsi que de la recommandation formulée sur ce point à l'alinéa 1.8 (b). Elle se penchera sur cette question avant la vérification des états financiers de 2016.

S'agissant de la recommandation formulée par le Collège à l'alinéa 1.8 (a), l'Agence se permet de répéter que le NFR n'impose pas l'adoption du cadre COSO, ni d'un autre cadre de contrôle interne officiel. L'audit du Collège n'a pas révélé de faiblesses dans le système de contrôle interne appliqué par la NETMA, et l'Agence *estime que le système actuellement appliqué est solide. Si l'Agence s'emploie à adopter la méthode COSO, c'est avant tout parce que cette méthode l'aidera à présenter son système de contrôle en place aux acteurs externes, avec plus de transparence, sans compter qu'elle pourrait lui permettre aussi d'améliorer encore les contrôles en place et l'audit interne. L'adoption d'un tel cadre restant optionnelle, il n'y a pas lieu de vérifier où en est la mise en application de ce cadre aux fins de l'audit de conformité, ni maintenant ni dans l'avenir.*

NETMA
ANNUAL FINANCIAL STATEMENTS

PERIOD ENDED 31 DECEMBER 2015

NATO OTAN

NETMA
NATO EF2000 AND TORNADO DEVELOPMENT, PRODUCTION AND LOGISTICS MANAGEMENT AGENCY

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NETMA Background

NATO EF2000 and Tornado Development, Production and Logistics Management Agency (NETMA) is an agency formed jointly by NAMMO (NATO Multi-Role Combat Aircraft Development, Production and In-Service Support Management Organisation) and NEFMO (NATO European Fighter Aircraft Development, Production and Logistics Support Management Organisation). in 1996 to manage procurement for and the administration of the two programmes within the framework of NATO and established by the North Atlantic Council pursuant of Article 9 of the North Atlantic Treaty and within the meaning of the Agreement on the Status of the North Atlantic Treaty Organisation, National Representatives and International Staff, signed in Ottawa on 20th September 1951. The operations of NETMA concerning NAMMO and NEFMO are controlled by a Joint Steering Committee of the three NAMMO nations and the four NEFMO nations involved in the programmes.

It is based in Halbergmoos, Germany (having moved from Unterhaching, Germany in May 2015) and is an Executive Body created by charter to administer the functions of two NATO Production and Logistic Organisations (NPLOs). The two NPLOs are NAMMO and NEFMO.

The budgetary organisation of NETMA is funded by the four member nations – Germany, Italy, Spain and United Kingdom. Budget approval is given jointly by the Boards of Directors of NAMMO and NEFMO. As a NATO agency, NETMA is exempt from taxation relating to operating revenue and expenses, where VAT is incurred this is recovered directly from the host nation’s tax office.

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STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

(in thousands of Euros)	Notes	2015	2014
Assets			
Current assets			
Cash and cash equivalents	B1	21,253	16,997
Short term investments		0	0
Receivables	B2	497	1,548
Prepayments	B3	0	420
Inventories		0	0
		21,750	18,965
Non-current assets			
Property, plant & equipment	B4	215	351
Intangible assets		0	0
		215	351
Total assets		**21,965**	**19,316**
Liabilities			
Current liabilities			
Payables	B5	1,096	1,471
Deferred revenue		0	0
Advances	B6	19,870	17,494
		20,966	18,965
Non-current liabilities			
Provisions		0	0
Other Long Term Liabilities	B7	784	0
		784	0
Total liabilities		**21,750**	**18,965**
Surplus/Deficit	B8	(136)	112
Reserves	B9	351	239
Total net assets		**215**	**351**

The financial statements on pages 7 to 11 and their associated notes were issued to the International Board of Auditors for NATO on 31st March 2016.

AVM GRAHAM FARNELL CB OBE RAF
General Manager

MR LESLIE MILLAR
Financial Controller

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 DECEMBER 2015

(in thousands of Euros)	Notes	2015	2014
Revenue			
Revenue	C1	48,980	50,923
Financial revenue		0	0
Other revenue		0	0
Total revenue		**48,980**	**50,923**
Expenses			
Personnel	C2	36,069	35,639
Contractual supplies and services - Buildings & Maintenance	C3	7,684	9,981
Contractual supplies and services - IT Services	C4	5,091	4,932
Depreciation and amortisation	C5	194	160
Impairment		0	0
Provisions		0	0
Other expenses		0	0
Finance costs	C6	78	99
Total expenses		**49,116**	**50,811**
Surplus/(Deficit) for the period		**(136)**	**112**

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER 2015

(in thousands of Euros)	Notes	2015	2014
Cash flow from operating activities			
Surplus/(deficit)	D1	(136)	112
Non-cash movements			
Depreciation/ amortisation	D2	194	160
Impairment			
Increase /(decrease) in payables	D3	(375)	290
Increase/ (decrease) in advances	D4	2,376	(294)
Increase/ (decrease) in other liabilities	D5	784	0
Increase/ (decrease) in provisions	D6	420	(420)
(Gains)/losses on sale of property, plant and equipment		0	0
Decrease/ (Increase) in receivables	D7	1,051	(790)
Net cash flow from operating activities		**4,315**	**(942)**
Cash flow from investing activities			
Purchase of property plant and equipment / Intangible assets	D8	(58)	(272)
Proceeds from sale of property plant and equipment		0	0
Net cash flow from investing activities		**(58)**	**(272)**
Cash flow from financing activities		0	0
Net cash flow from financing activities		**0**	**0**
Net increase/(decrease) in cash and cash equivalents		**4,257**	**(1,214)**
Cash and cash equivalent at the beginning of the period		**16,997**	**18,211**
Cash and cash equivalent at the end of the period		**21,253**	**16,997**

STATEMENT OF CHANGE IN NET ASSETS/EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

(in thousands of Euros)		PP&E Asset Reserve	Revaluation Reserves	Accumulated surplus/deficit	Total
Balance at the beginning of the period 2014		**196**	**0**	**43**	**239**
Changes in accounting policy		0	0	0	**0**
Restated balance		**196**	**0**	**43**	**239**
Transfer from Accumulated Surplus / Deficit		43	0	(43)	0
Surplus/(deficit) for the period		0	0	112	112
Balance at the end of the period 2014		**239**	**0**	**112**	**351**
Changes in accounting policy		0	0	0	**0**
Restated balance		**239**	**0**	**112**	**351**
Transfer from Accumulated Surplus / Deficit	D1	112	0	(112)	0
Surplus/(deficit) for the period	D1	0	0	(136)	(136)
Balance for the year ended 2015		**351**	**0**	**(136)**	**215**

STATEMENT OF BUDGET EXECUTION

FOR THE YEAR ENDED 31 DECEMBER 2015

(in thousands of Euros)		Initial budget	Transfers	BA1	Transfers	Final budget	Commitments	Expenses	Carry forward	Lapsed
Budget 2015										
Chapter 1 Personnel costs	E1	39,386	0	0	0	**39,386**	35,575	35,407	168	3,811
Chapter 2 Agency support costs	E1	4,019	0	0	0	**4,019**	3,752	3,646	106	267
Chapter 3 Process and IT management	E1	5,081	0	0	0	**5,081**	4,866	4,404	462	215
Total FY 2015		**48,486**	**0**	**0**	**0**	**48,486**	**44,193**	**43,457**	**738**	**4,293**
Chapter 1 c/o from 2014		**188**	**0**	**0**	**0**	**188**	77	77	0	111
Chapter 2 c/o from 2014		**310**	**0**	**0**	**0**	**310**	304	304	0	6
Chapter 3 c/o from 2014		**964**	**0**	**0**	**0**	**964**	855	855	0	109
Historical c/o		491	0	0	0	491	345	265	50	176
Total		**50,439**	**0**	**0**	**0**	**50,439**	**45,774**	**44,958**	**788**	**4,695**

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A. Significant Accounting Policies

Basis of preparation

The financial statements of NETMA have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and based on International Financial Reporting Standards (IFRS/IAS), as adopted by the North Atlantic Council (NAC) in 2002. In 2013, the NAC adopted an adaptation to IPSAS to better suit the specific requirements of the Alliance and an associated NATO accounting framework, applicable for financial reporting periods beginning on 1 January 2013.

The financial statements comply with the accounting requirements of the NATO Financial Regulations (NFRs) and the relevant NETMA directives and policies. In instances where there is a conflict between IPSAS and the NFRs this will be noted.

The financial statements have been prepared on a going-concern basis. NATO Agency reform, which was approved by the Heads of State and Government at the Lisbon Summit in 2010, continues to mature. A new integrated NATO Procurement entity will be established to meet the needs of new procurement programmes, but none of the existing NATO agencies intend to integrate into this new organisation. In addition, at this stage, there is no intent to merge additional NATO agency support activity into the NATO Support Agency (NSPA). The route to implement shared services across NATO continues to develop, with the decision to implement shared services for Human Resource and General Procurement activities, mandatory for the core NATO Bodies. The broadening of the use of these services to other NATO entities could be agreed at an appropriate time and NETMA, like other similarly funded NATO Agencies, has taken the view that integration with these activities could be considered when a proven benefits case for the specific activity can be demonstrated. In the light of the anticipated impact of these initiatives on the programme it is considered that there are no impediments to continuing on a going concern basis for the foreseeable future.

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value at the end of each reporting period. The principal accounting policies are set out below. They have been applied consistently to all periods presented. 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.

In accordance with Article 2.1 of the NFRs, the financial year of NETMA is 1 January to 31 December.

Accounting estimates and judgments

In accordance with IPSAS and generally accepted accounting principles, the financial statements necessarily include amounts based on estimates and assumptions made by the management and based on historical experience as well as on the most reliable information available. In exercising the judgements to make the estimates, a degree of caution was included 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, revenue and expenses reported. By their nature, these estimates are subject to measurement uncertainty. The effect of changes to such estimates and assumptions in future periods could be significant to the financial statements.

Changes in accounting policy and standards

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 2015 Financial Statements the accounting policies have been applied consistently throughout the reporting period. There have been no changes to NETMA accounting policy in 2015.

Restatements

NETMA has not restated any balances in the 2014 financial statements.

Changes in financial rules and regulations

During 2015 NATO adopted new financial rules and regulations. These financial statements have been produced in line with these financial rules and regulations.

Foreign currency

These financial statements are presented in Euros, which is the NETMA functional and reporting currency. Foreign currency transactions are translated into Euros at the NATO exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at year-end are translated into Euros using the NATO exchange rates applicable at 31 December 2015. The resulting realised and unrealised gains and losses are recognised in the Statement of Financial Performance.

Consolidation

The NETMA financial statements are not consolidated.

Financial instruments disclosure/presentation

NETMA uses only non-derivative financial instruments as part of its normal operations. These financial instruments include cash and cash equivalents, accounts receivable, liabilities, provisions and loans between NATO entities. Financial instruments are recognised in the statement of financial position at fair value.

Financial risk factors

Credit risk

There is very limited credit risk as the contributing nations generally have a high credit rating. The risk of financial loss due to a participating nation's failure to raise funds is still assessed as very low. In the event that there is a shortage of funds by one or more nations to meet financial obligations, other nations will be expected to provide the necessary funding.

Liquidity risk

The liquidity risk is based on the assessment of whether the organisation will encounter difficulties in meeting its obligations associated with financial liabilities. There is limited exposure to liquidity risk because of the budget mechanism that guarantees contributions for the total approved budget. The accuracy of forecasts that result in the calls for contributions as well as the delay in receiving payments represent the main liquidity risks.

Currency risk

The majority of transactions associated with the administrative budget are contracted in Euros and in order to have the required funding, NETMA also asks nations to provide their contributions in Euros. Therefore the exposure of financial instruments to foreign currency exchange risk associated with the administrative budget is considered negligible.

Interest rate risk

NETMA is restricted from entering into borrowings and investments, and therefore there is no significant interest rate risk identified.

Assets

The entity holds the following types of current assets:

Cash and cash equivalents

Cash and cash equivalents include cash on hand and current bank accounts.

Receivables

Receivables are stated at net realisable value, after provision for doubtful and uncollectible debts. It can also include amounts due by other NATO entities.

Contribution receivables are recognised when a call for contribution has been issued to the member nations. No allowance for impairment loss is recorded with respect to member nations' assessed contributions receivable. Other receivables include those from staff and external sources such as German MoD in relation to VAT receivable.

Property, Plant and Equipment

The categories of Property, Plant and Equipment (PP&E) relevant for NETMA are detailed below:

> Land and Buildings: The agency's office accommodation is subject of a building lease and therefore not capitalised as PP&E. The office accommodation has been determined as an operating lease and, in accordance with IPSAS 13 - Leases, is expensed on a straight-line basis over the lease term. For 2015 this has resulted in the creation of a long term liability due to a rent free period at the start of the contract on the new premises in Hallbergmoos. This liability will be unwound against rental payments on a straight line basis over the duration of the lease.

Office Furniture and Equipment: This includes items of non-aggregated office furniture, installed equipment (i.e. security installations and air conditioning units), and other miscellaneous office items (i.e. lamps, fans, projectors, printing equipment). Items in this category are depreciated on a straight line basis over a ten year period which equates to their useful life. It is assumed an item is fully depreciated with nil residual value at the end of its useful life.

IT and Communications Equipment: This consists of Commercial-Off-The-Shelf purchase of (COTS) computer systems (hardware and software), and communications equipment (i.e. telephones, faxes and accessories). Items in this category are depreciated on a straight line basis over a three year period. It is assumed an item is fully depreciated with nil residual value at the end of its useful life.

In accordance with IPSAS 17, PP&E are recognised as tangible assets when it is probable that future economic benefits or service potential associated with the item will flow to the entity and the cost or fair value can be measured reliably. PP&E with the exception of land are stated at cost less accumulated depreciation and accumulated impairment losses. NETMA's capitalisation threshold is €15,000, items with a purchase cost or fair value on acquisition above this threshold are capitalised and items falling below this threshold are fully expensed in the year of procurement.

For new asset additions during the year, the gross value of an asset is capitalised as PP&E on the Statement of Financial Position. The revenue for the full amount of the asset is accounted for in the year of purchase on the Statement of Financial Performance with a surplus on the Statement of Financial Performance being generated in the first year of purchase and transferred to the PP&E asset reserve account to increase accumulated asset reserves.

Depreciation is recognised so as to write off the cost of the assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Depreciation is accounted for as an expense which generates a deficit on the Statement of Financial Performance. This deficit is transferred to PP&E Asset Reserves at the end of each year to reduce the accumulated asset reserve.

An item of PP&E is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PP&E is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance.

Leases

As stated above the office accommodation has been determined as an operating lease and, in accordance with IPSAS 13 - Leases, is expensed on a straight-line basis over the lease term.

Liabilities

Payables

Payables (including amounts due to other NATO entities) are amounts due to third parties for goods and services received that remain unpaid as of the reporting date. They are recognised at their fair value. This includes estimates of accrued obligations for goods and services received at year-end but not yet invoiced.

Unearned revenue

Unearned revenue represents contributions from member nations and/or third parties that have been called for in current or prior years' budgets and that have not yet been recognised as revenue. Unearned revenue also includes miscellaneous income that nations have instructed remain on the programme accounts rather than be returned to the respective National Treasuries.

Advances

Advances are contributions from member nations called or received related to future years' budgets. Funds are called for in advance of their need because NETMA has no capital that would allow it to pre-finance any of its activities.

Revenue and expense recognition

Revenue

Revenue comprises of contributions from the four contributing nations: Germany, Italy, Spain and United Kingdom and other revenue earned during the period. Contributions from the four nations are called for quarterly in advance. Other revenue earned during a financial period includes bank interest and miscellaneous recoveries from staff for car parking and telephone calls.

Revenue is recognised to the extent that it is probable that economic benefits will flow to NETMA and revenue can be measured reliably. Where a transfer is subject to conditions that, if unfulfilled, require the return of the transferred resources, NETMA recognises a liability until the condition is filled.

Nation’s contributions to the administrative budget are initially recorded as unearned revenue liabilities. They are recognised as revenue on the statement of financial performance when such contributions are used for their intended purpose as envisioned within the approved budget.

Expenses

The NETMA financial statements cover the running costs of the agency and of the NAMMO and NEFMO programmes. These costs cover pay and personnel, utilities, rental payments and those costs associated with information management support.

Cash-flow statement

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

B. Notes to Statement of Financial Position

(in thousands of Euros)

1. Cash and cash equivalents

	2015	2014
Cash accounts	21,251	16,990
Clearing cash accounts	0	0
Petty cash and advances	2	1
Current bank accounts	0	0
Cash equivalents	0	0
Bank accounts interest	0	6
Total	**21,253**	**16,997**

NETMA operates one bank account into which all contributions are received and payments to suppliers are made. Interest earned is accumulated on an associated account and in the subsequent year is transferred to the main account to offset future Calls for Funds where permitted under National procedures. The petty cash accounts enable small, essential purchases to be made quickly and are reconciled on a monthly basis.

The reasons for the variance between 2015 and 2014 on the main account is that funding has been received as an advance from the UK and Italy relating to 2016's first quarter Call For Funds, this has been reflected within the advances.

2. Receivables

	2015	2014
Contribution receivable from nations	0	0
Receivables from non-consolidated entities	489	1,508
Recoverable from taxes	0	0
Receivables from staff members	8	40
Other receivables	0	0
Total	**497**	**1,548**

Receivables from non-consolidated entities

Represent receivables recoverable from MoD Germany with regards to VAT charged in 2015.

Receivables from staff members

Receivables from staff members relate to the outstanding recoveries from advances of salaries made in the year. This account has been reconciled with payroll records at year end.

3. Prepayments

	2015	2014
Suppliers	0	419
Staff	0	1
Total	**0**	**420**

Prepayments in 2014 were made to suppliers in respect of invoices paid for services received during 2014 and future rental payments for January 2015, there have been no prepayments in 2015 relating to 2016.

4. Property, Plant and Equipment

	2015	2014
PP&E	215	351
Total	**215**	**351**

The new office accommodation in Hallbergmoos is deemed to be under an operating lease arrangement and therefore is not capitalised. The Agency controls two types of PP&E and is responsible for replacement and maintenance of these assets; Office Furniture & Equipment, and IT & Communications Equipment. The capitalisation threshold for all PP&E is €15,000.

As at 31 December 2015 only items within IT and Communications Equipment met the criteria for capitalisation. This consists of Commercial Off The Shelf purchase of (COTS) computer systems (hardware and software), and communications equipment (i.e. telephones, faxes and accessories). IT and Communications assets are measured at cost less depreciation. Depreciation is calculated on a straight-line basis over the useful life of IT and Communications Equipment. All new Office Furniture and Equipment purchases in 2015 have been expensed due to them not meeting capitalisation thresholds and the agency's policy on not aggregating this category of assets.

In accordance with IPSAS 17, below is a reconciliation of the carrying amounts for Property, Plant and Equipment:

	2015	2014
Cost		
Opening Balance	**351**	**239**
Additions	58	272
Disposals	0	0
Depreciation	(194)	(160)
Closing Balance	**215**	**351**
Gross carrying amount	1,240	1,182
Accumulated depreciation	(1,025)	(831)
Net Carrying Amount	**215**	**351**

5. Payables

	2015	2014
Payables to suppliers	7	45
Payables to non-consolidated entities	0	0
Payables to staff members	0	0
Payables to governments	0	0
Other payables	1,089	1,426
Total	**1,096**	**1,471**

Payables to suppliers

Amounts payable to suppliers represents invoices for work undertaken but not yet paid. This account is reconciled to the payables sub-ledger within the financial system operated by NETMA on a monthly basis.

Other payables

Other payables are made up of the manual accrual figure which is made up of two elements. The first element relates to goods and services provided during 2015, an estimate is undertaken by reviewing invoices paid in January and the first 2 weeks of February 2016. The estimated accrual for goods and services as at 31 December 2015 is €572K . The other element is the estimated accrual relating to unpaid leave, this is based on the untaken leave carried forward as at 31 December 2015 multiplied by the average salary costs per day. This results in an accrual of €517K compared with the 2014 accrual of €406K.

6. Advances

	2015	2014
Advance contributions	12,915	13,826
Other advances	6,954	3,668
Total	**19,870**	**17,494**

Advance contributions

Advances include funding for NETMA relocation and Business Model Review Benefits Tracking support activities as well as an amount from the UK and Italy received in December 2015 for the first call for funds of 2016.

Other advances equal accumulated unearned revenue which represents the excess of national contributions and miscellaneous revenue over expenditure on the NETMA program to date and is similarly reflected in the level of cash holdings within the NETMA bank accounts.

	2015	2014
Unearned revenue b/f	**3,668**	**3,062**
National contributions	52,141	51,369
Miscellaneous revenue (excl bank interest)	126	160
Bank interest	0	6
Less:		
Operational expenditure	48,454	50,923
Bank Interest offset in future CFFs	0	5
Bank interest returned to nations	0	1
Miscellaneous financial charges / (income)	78	0
Yr End adjustments / FX gains / (losses)	449	0
Unearned revenue c/f	**6,954**	**3,668**

7. Other long term liabilities

	2015	2014
Operating lease liability	784	0
Total	**784**	**0**

In May 2015 the agency moved into new office accommodation in Hallbergmoos. Due to delays in this move, rent will not be charged until September 2016, despite the lease being signed from 1st December 2014. Therefore in accordance with IPSAS 13, a liability for rental payments over the rent free period has been created and will be unwound against actual payments over the life of the lease.

8. Accumulated surpluses / (deficits)

	2015	2014
Accumulated surpluses / (deficits)	(136)	112
Total	**(136)**	**112**

The accumulated deficit balance represents in year movements relating to PP&E. The deficit for 2015 results from in year depreciation charges totalling (-€194K) and recognition of new assets acquired and capitalised as PP&E (+€58K). This deficit is transferred to Reserves at the close of each financial year.

9. Reserves

	2015	2014
PP&E asset reserve	351	239
Total	**351**	**239**

The PP&E asset reserve represents the nations equity in PP&E. IT & Communications equipment assets are capitalised and accounted for at their net carrying amount (i.e. gross historical purchase costs less accumulated depreciation). At the end of 2014, the PP&E asset reserve was increased by the accumulated surplus of €112K resulting in an opening Net Assets balance as at 1st January 2015 of €351K. As a result of 2015 asset additions (+€58K) and depreciation charges (-€194K) the closing net assets as at 31 December 2015 have decreased by €136K to €215K.

C. Notes to Statement of Financial Performance

1. Revenue

	2015	2014
National contributions	52,141	51,369
National contributions to be called for	0	0
Other reimbursements	(3,161)	(446)
Total	**48,980**	**50,923**

National contributions represent the funds provided by nations to support NETMA in fulfilling its objectives under the administrative budget. Funding is normally called for quarterly in advance.

Other reimbursements includes recoveries from nations in support of the overall NETMA Programme, the movement on unearned revenue which represents the excess of revenue over expenditure in the financial year and recoveries from staff employed by the agency.

2. Expenses - personnel

	2015	2014
Pay and overtime	22,198	21,704
Allowance	5,371	5,529
Pension	2,606	2,541
Medical and insurance	4,068	4,319
Travel	1,827	1,546
Total	**36,069**	**35,639**

Personnel expenses include 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, removal and for contracted consultants and training.

NATO introduced the Defined Contribution Pension Scheme (DCPS) on 1st July 2005. The scheme is a money purchase pension scheme which is funded by NETMA and the staff member. This pension scheme is compulsory for all new entrants. NETMA's contribution is 12% of the value of the Basic Salary. Pension costs are predominantly for those members in the DCPS, however one member remains on the old Provident Fund scheme. Both schemes are administered and accounted for centrally by NATO IS.

Travel costs include duty travel, home leave travel, removals and travel for interviews and repatriation.

At the year-end, NETMA has 252 established posts. A breakdown of wages, salaries and employee benefits is provided below. An increase in pay costs relates to an increase in NATO pay scales starting in January 2015 applied to all staff.

	2015	2014
Employee benefits expense	31,626	31,543
Post employee benefits		
- For defined contribution pensions scheme	2,606	2,541
Untaken leave accrued	517	406
Total employee benefits expense	**34,749**	**34,490**

Untaken leave

Untaken leave at year-end may be carried-over to the following year. NETMA has taken measures to ensure all leave is taken by 30 April of the following year in accordance with the CPRs.

Related Parties Disclosure

The key management personnel of NETMA have no significant related party relationships that could affect the operation of NETMA. NETMA is led by 4 directors, one for each participating Nation. They are remunerated in line with NATO pay scales as are all other NETMA staff.

	2015	2014
Key management remuneration	**898**	**905**

The figure for 2015 is lower than 2014 due to a change in one of the 4 directors which resulted in the new incumbent being on a lower salary increment than the predecessor.

Representation allowance

As per PO(2014)0154 dated 27 March 2013, expenditure on the representation allowance by the qualifying officials totalled €12,679 and is broken out below.

	2015	2014
Rent supplement	3,173	3,173
Hospitality expenses	9,506	9,480
Total	**12,679**	**12,653**

3. Expenses - buildings and maintenance

Contractual supplies and services

	2015	2014
Building rent and maintenance	6,544	8,770
Security	581	576
Other costs	560	635
Total	**7,684**	**9,981**

Building costs include rent of the Agency's accommodation (€1.820M), utilities and cleaning. Security costs are predominantly those of the contracted out guard service. Other costs include office supplies, the rental of reprographic equipment and the costs for the canteen services that have been outsourced.

During 2015, NETMA moved from its previous accommodation in Unterhaching Munich to Hallbergmoos North of Munich. For the new accommodation NETMA signed a contract on 27th September 2013 to lease the new office building to 30th November 2024. Although a firm price has been agreed, the contract incorporates a clause whereby a rental increase or reduction can be triggered after the first three years if inflation in Germany varies by more than 5% based on the consumer price index. Utility payments are subject to an annual review and can vary on the basis of actual usage of the previous year. The contract includes an option to extend the lease for a further two periods of 5 years.

In accordance with IPSAS 13 – Leases, the table below details obligations under the Operating Leases as at 31 December 2015: (For the new building, both building and garage costs are combined)

Buildings:	**2015**	**2014**
Not later than one year	239	2,633
Later than one year and not later than five years	3,537	3,251
Later than five years	4,347	3,996
Utilities:		
Not later than one year	272	541
Later than one year and not later than five years	1,089	1,089
Later than five years	1,338	1,338
Garage: (included in Buildings from 2015)		
Not later than one year	0	163
Later than one year and not later than five years	0	286
Later than five years	0	352

4. Expenses - IT services

Contractual supplies and services

	2015	2014
Communication	278	78
Information technology support	4,813	4,854
Total	**5,091**	**4,932**

The major cost elements in this category are for consultancy and outsourced support costs for the Agency's information systems.

5. Depreciation and amortisation

	2015	2014
Depreciation and amortisation	194	160
Total	**194**	**160**

PP&E is depreciated on a straight-line basis over the useful life of the asset. The depreciation charge relates to IT and Communication Equipment assets capitalised by NETMA.

6. Finance costs

	2015	2014
Foreign exchange gain /loss	1	2
Other charges	77	97
Total	**78**	**99**

Translation gains and losses occur when assets held in foreign currencies are converted to a Euro value at the closing NATO-promulgated exchange rates for the financial period. The only balance affected by translation gains and losses is the holding of British stamps.

Realised gains and losses occur when currency transactions are paid or received at a different rate to that which the expense or income was accounted when accrued for.

Other charges include VAT expensed during the year.

D. Notes to Statement of Cash Flow

1. Surplus / (deficit) from operating activities

	2015	2014
Surplus / (deficit)	(136)	112
Total	**(136)**	**112**

This represents the deficit from normal operating activities before interest, depreciation and financial charges such as exchange differences arising from transactions. The previous years balance is transferred from Surplus / Deficit into Nation Reserves in PP&E in the following year.

2. Depreciation / amortisation

	2015	2014
Depreciation and amortisation	194	160
Total	**194**	**160**

This represents the annual depreciation on PP&E which is calculated on a straight line basis.

3. Payables

	2015	2014
Payables to suppliers	(376)	291
Other payable	1	(1)
Total	**(375)**	**290**

The movement on payables to suppliers in 2015 represents a decrease in the outstanding liabilities from 2014. The decrease is attributable to the lower estimate for accrued expenditure based on a review of invoices accounted for in early 2016 with 2015 invoice dates.

4. Advances

	2015	2014
Advance contributions	3,153	(816)
Other contributions	(4,064)	(84)
Unearned revenue	3,286	606
Total	**2,376**	**(294)**

Advance contributions represent the funds received from nations for the next financial year. The movement is due to a large number of advance contributions being received.

Other Contributions represent the movement on Italian Duty Travel and expenditure on relocation from Unterhaching to Halbergmoos.

The movement on Unearned Revenue represents the surplus for the financial year that is reflected by an adjustment to the contributions received in year.

5. Increase / (decrease) in other liabilities

	2015	2014
Operating lease liability	784	0
Total	**784**	**0**

This reflects the movement created by the operating lease liability explained at Note B7.

6. Increase / (decrease) in prepayments

	2015	2014
Prepayments	420	(420)
Total	**420**	**(420)**

Prepayments in 2014 equated to rent paid on the first quarter of 2015 accommodation in Unterhaching. There were no rental prepayments in 2015.

7. (Increase) / decrease in receivables

	2015	2014
National contributions	0	0
VAT	1,022	(777)
Other receivables	29	(13)
Total	**1,051**	**(790)**

Decrease in VAT receivable is linked to the timing of the VAT refund from the host nation. Other receivables relate to monies owed from NETMA Staff members.

8. Purchase of Property Plant and Equipment.

	2015	2014
PP&E additions	(58)	(272)
Total	**(58)**	**(272)**

The balance represents the increase in PP&E for 2015 through the additional purchase of IT risk management products.

E. Notes on Statement of Budgets Execution

1. Budget analysis - 2015

	2015	2014
Chapter 1 -2015	39,386	38,286
Total	**39,387**	**38,286**

There was an underspend of €3,980M against the budget for 2015 due to NETMA experiencing lower staff churn than anticipated, delay's in replacement staff arriving and vacancies in post. There was an unexpected decrease of the Health Insurance premiums resulting in lower than anticipated spend against the pay budget. The return of the lapsed credits will be agreed with nations in 2016.

	2015	2014
Chapter 2 – 2015	4,019	4,198
Total	**4,019**	**4,198**

In 2015 for Chapter 2 NETMA spent 9% less than budget due to lower than anticipated expenditure on security and maintenance costs. The return of the lapsed credits will be agreed with nations in 2016.

	2015	2014
Chapter 3 – 2015	5,081	5,150
Total	**5,081**	**5,150**

In 2015 for Chapter 3 NETMA spent 13% (€677K) less than the approved budget. This was caused by lower than budgeted costs for IT Consultancy. Where applicable the return of the lapsed credits will be agreed with nations in 2016.

2. Reconciliation between Statement of Cash Flow and Statement of Budget Execution:

	2015	2014
NET CASH INFLOW FROM OPERATING ACTIVITIES	**4,315**	**(940)**
- Cash contributions received in year	(52,141)	(50,464)
- Bank interest in year	0	(7)
- VAT reimbursement from Germany MoD	(2,347)	(1,089)
- Other cash revenue in year	0	(205)
GROSS CASH OUTFLOW FROM OPERATING ACTIVITIES	**(50,173)**	**(52,705)**
- Recoverable VAT paid in year	479	1,500
- Madrid line funded by Spain	30	24
- Interest transferred to Treasury - Italy	0	2
- Lapsed credits returned to nations	423	1,639
- 2012 lapsed credit offset against contributions	0	(275)
- Prepayments to suppliers	0	(419)
- Other movements	446	0
- Other cash payments in year	13	99
- NETMA relocation costs excluded from budget	3,891	6,492
PREDICTED BUDGET CASH PAYMENTS	**(44,891)**	**(43,644)**
SCHEDULE 5: EXPENSES	**(44,957)**	**(43,656)**

3. Reconciliation between Statement of Financial Performance and the Statement of Budget Execution:

	2015	2014
SCHEDULE 2: EXPENSES	**49,116**	**50,713**
Add: opening payables and accruals	1,471	1,181
Less: closing payables and accruals	(1,096)	(1,471)
Property, Plant and Equipment adjustments	(136)	112
Operating lease liability	(784)	0
CASH PAYMENTS	**48,571**	**50,535**
Closing payables and accruals included in/(excluded from) budget	667	(322)
Less: AP movement on interest payable to Treasury	0	(1)
Less: Italian duty travel expenses excluded from budget	(269)	(106)
Less: NETMA relocation costs excluded from budget	(3,891)	(6,492)
PREDICTED BUDGET CASH PAYMENTS	**45,078**	**43,614**
SCHEDULE 5: EXPENSES	**44,957**	**43,656**

F. Contingent Liabilities / Provisions

NETMA has no contingent liabilities or provisions.

G. Write Off and Donations

In accordance with the NATO Financial Regulations, where a global statement of write offs and donations shall be reported in the Annual Financial Statements NETMA can report that 5,748 items were submitted and approved for write off through the NETMA Internal Audit section in 2015 in accordance with NETMA delegated authorities. These write offs cover items that are obsolete, damaged beyond economic repair or lost.

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