



NORTH ATLANTIC COUNCIL
CONSEIL DE L'ATLANTIQUE NORD

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28 November 2025

**DOCUMENT
PO(2025)0342-AS1**

**IBAN AUDIT REPORT ON THE 2024 FINANCIAL STATEMENTS OF THE NATO
MULTI-ROLE COMBAT AIRCRAFT DEVELOPMENT PRODUCTION AND
INSERVICE SUPPORT MANAGEMENT ORGANISATION (NAMMO)**

ACTION SHEET

On 28 November 2025, under the silence procedure, the Council noted the RPPB decision and the IBAN Audit Report, and approved the public disclosure of the 2024 Financial Statements of NAMMO, the associated IBAN Audit Report and the RPPB decision.

(Signed) Mark RUTTE
Secretary General

NOTE: This Action Sheet is part of, and shall be attached to PO(2025)0342.

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20 November 2025

**DOCUMENT
PO(2025)0342
Silence Procedure ends:
28 Nov 2025 – 15.30**

To: Permanent Representatives (Council)
From: Secretary General

**IBAN AUDIT REPORT ON THE 2024 FINANCIAL STATEMENTS OF THE NATO
MULTI-ROLE COMBAT AIRCRAFT DEVELOPMENT PRODUCTION AND
INSERVICE SUPPORT MANAGEMENT ORGANISATION (NAMMO)**

1. I attach the Resource Policy and Planning Board (RPPB) decision and recommendation to Council on the International Board of Auditors for NATO (IBAN) Audit Report on the 2024 Financial Statements of the NATO Multi-Role Combat Aircraft Development Production and In Service Support Management Organisation (NAMMO).
2. I do not believe this issue requires further discussion in Council. Therefore, **unless I hear to the contrary by 15.30 hours on Friday, 28 November 2025**, I shall assume that Council has noted the RPPB decision and the IBAN Audit Report, and approved the public disclosure of the 2024 Financial Statements of NAMMO, the associated IBAN Audit Report and the RPPB decision.

(Signed) Mark RUTTE

1 Annex
2 Enclosures

Original: English

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-1-



RESOURCE POLICY AND PLANNING BOARD

**IBAN AUDIT REPORT ON THE 2024 FINANCIAL STATEMENTS OF THE NATO
MULTI-ROLE COMBAT AIRCRAFT DEVELOPMENT PRODUCTION AND
INSERVICE SUPPORT MANAGEMENT ORGANISATION (NAMMO)**

DECISION

Reference: IBA-A(2025)0082

(IBAN Audit Report)

The Resource Policy and Planning Board:

1. Considered the IBAN Audit Report on the 2024 Financial Statements of the NATO Multi-Role Combat Aircraft Development Production and In Service Support Management Organisation (and the entity's comments) for which IBAN issued an unqualified opinion on the Financial Statements and on compliance, with no new observations;
2. Supports the IBAN's recommendation addressing the Emphasis of Matter paragraph on the Financial Statements and recommends to Council to approve the public disclosure of the 2024 Financial Statements for the NAMMO and the associated IBAN Audit Report.



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IBA-A(2025)0082
28 August 2025

To: Secretary General
(Attn: Director of the Private Office)

Cc: NATO Permanent Representatives
Chair, NATO Multi-Role Combat Aircraft Development Production and In Service Support Management Organisation (NAMMO), Board of Directors
General Manager, NATO EF 2000 and Tornado Development, Production and Logistics Management Agency (NETMA)
Financial Controller, NATO EF 2000 and Tornado Development, Production and Logistics Management Agency (NETMA)
Chair, Resource Policy & Planning Board
Branch Head, Resource Management Branch, NATO Office of Resources
Private Office Registry

Subject: ***International Board of Auditors for NATO (IBAN) Audit Report on the audit of the NATO Multi-Role Combat Aircraft Development Production and In Service Support Management Organisation (NAMMO) Financial Statements for the year ended 31 December 2024 – IBA-AR(2025)0014***

IBAN submits herewith its approved Audit Report with a Summary Note for distribution to the Council.

IBAN's report sets out an unqualified opinion on the Financial Statements of the NATO Multi-Role Combat Aircraft Development Production and In Service Support Management Organisation (NAMMO) and on compliance for financial year 2024.

Yours sincerely,

Sébastien Lepers
Chair

Attachments: As stated above.

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-1-

**Summary Note for Council
by the International Board of Auditors for NATO (IBAN)
on the audit of the Financial Statements of the
NATO Multi-Role Combat Aircraft Development Production and
In Service Support Management Organisation (NAMMO)
for the year ended 31 December 2024**

NAMMO is the NATO reporting entity for the Tornado Programme. The participating Nations for NAMMO are Germany, Italy and the United Kingdom. The NATO EF 2000 and Tornado Development, Production and Logistics Management Agency (NETMA) manages this Programme and its Operational Budget. NETMA also manages the procurement and the administration of the EF2000 Programme, for which the NATO European Fighter Aircraft Development Production and Logistic Management Organisation (NEFMO) is the NATO reporting entity.

NETMA, NAMMO and NEFMO are treated as separate NATO reporting entities and NETMA annually issues a separate set of general purpose financial statements for each of the three budgets under its management and administration.

IBAN audited the NAMMO Financial Statements for the year ended 31 December 2024. The total expenditure in 2024 for the NAMMO Operational Budget amounts to EUR 619 million (EUR 593 million in 2023).

IBAN issued an unqualified opinion on the Financial Statements and on compliance for the year ended 31 December 2024. An Emphasis of Matter paragraph was included in the audit report, on the topic of liability classification in the Financial Statements.

IBAN made no observations and recommendations.

IBAN followed up on the status of observations from the previous years' audit. All the observations and recommendations from the previous years' audit were closed.

The Audit Report was issued to NETMA whose comments have been included, with the IBAN's position on those comments where necessary.

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IBA-AR(2025)0014

28 August 2025

INTERNATIONAL BOARD OF AUDITORS FOR NATO

AUDIT REPORT ON THE FINANCIAL STATEMENTS OF THE

**NATO MULTI-ROLE COMBAT AIRCRAFT DEVELOPMENT PRODUCTION
AND IN SERVICE SUPPORT MANAGEMENT ORGANISATION**

(NAMMO)

FOR THE YEAR ENDED 31 DECEMBER 2024

INDEPENDENT EXTERNAL AUDITOR'S REPORT TO THE NORTH ATLANTIC COUNCIL

Financial Statements

Opinion on the Financial Statements

The International Board of Auditors for NATO (IBAN) has audited the Financial Statements of NAMMO, for the 12-month period ended 31 December 2024, issued under document reference T/830 1240 N/38111507/241938/25/NU, and submitted to IBAN on 31 March 2025. These Financial Statements comprise the Statement of Financial Position as at 31 December 2024, the Statement of Financial Performance, the Statement of Changes in Net Assets/Equity and the Statement of Cash Flow, for the 12-month period ended 31 December 2024, including a summary of significant accounting policies and other explanatory notes. In addition, the Financial Statements include a Budget Execution Statement for the 12-month period ended 31 December 2024.

In our opinion, the Financial Statements give a true and fair view of the financial position of NAMMO as at 31 December 2024, and of its financial performance, its cash flows and budget execution for the 12-month period ended 31 December 2024, in accordance with accounting requirements and reporting standards consistent with the NATO Accounting Framework (NAF).

Basis for Opinion on the Financial Statements

In accordance with the NATO Financial Regulations (NFRs), external audit of the NATO bodies and reporting entities pursuant to the North Atlantic Treaty shall be performed by IBAN.

We have conducted our audit in accordance with the International Organisation of Supreme Audit Institutions (INTOSAI) Principles as per our Charter, and standards consistent with the International Standards of Supreme Audit Institutions (ISSAI 2000-2899).

We are independent in accordance with the INTOSAI Code of Ethics and we have fulfilled our other ethical responsibilities in accordance with these requirements. The responsibilities of the members of IBAN are more extensively described in the section «Auditor's Responsibilities for the Audit of the Financial Statements» and in our Charter.

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

Emphasis of Matter

IBAN draws attention that the NAMMO Annual Financial Statements include the

liability classification of 'unearned revenue', that is not consistent with the understanding that NAMMO Annual Financial Statements are prepared on an agent basis. NAMMO receives contributions from the Nations and reports expenditure related to those contributions in the Statement of Budget Execution, however, as an agent, it does not recognise any corresponding gross expenses and revenues in its Statement of Financial Performance. In this case, the classification of 'unearned revenue' is less appropriate, since the amounts collected from the Nations do not give rise to an increase in NAMMO revenue. Any contributions received from the Nations that remain unspent at year-end represent a liability towards the Nations and should be reflected under a different liability classification in the NAMMO Statement of Financial Position, for example as 'other liability' or 'liability to Nations/customers'.

Management's Responsibility for the Financial Statements

Management's responsibility for the financial statements is laid down in the NFRs. The Financial Statements of NAMMO are drawn up in accordance with accounting requirements and reporting standards consistent with the NATO Accounting Framework as approved by the Council. The Financial Controller is responsible for submitting the Financial Statements for audit to IBAN not later than 31st March following the end of the financial year.

The Financial Statements are signed by the Head of the NATO reporting entity and the Financial Controller. In signing the Financial Statements, the Head of the NATO reporting entity and the Financial Controller confirm the establishment and maintenance of financial governance, resource management practices, internal controls and financial information systems to achieve the efficient and effective use of resources.

This confirmation covers the design, implementation and maintenance of internal controls relevant to the preparation and presentation of financial statements that are auditable and free from material misstatement, whether due to fraud or error. This also covers reporting on the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there are plans to liquidate the entity or to cease its operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

The objectives of the audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with standards consistent with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with standards consistent with ISSAIs, we exercise professional judgement and maintain professional scepticism throughout the planning and performance of the audit. This involves taking into account Considerations Specific to Public Sector Entities. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are required to communicate with the bodies charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. Our Independent External Auditor's Report is prepared to assist North Atlantic Council in carrying out its role. We are therefore responsible solely to the North Atlantic Council for our work and the opinion we have formed.

Compliance

Opinion on Compliance

Based on the procedures we performed, nothing has come to our attention, as part of our audit of the Financial Statements that causes us to believe that funds have not been properly used for the settlement of authorised expenditure or are not in compliance with the NATO Financial Regulations and the NATO Civilian Personnel Regulations.

Basis for Opinion on Compliance

We have conducted our compliance audit in accordance with the International Organisation of Supreme Audit Institutions (INTOSAI) Principles as per our Charter, and standards consistent with the International Standards of Supreme Audit Institutions (ISSAI 4000-4899).

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

Management's Responsibility for Compliance

All NATO staff, military and civilian, are obligated to comply with the NATO Financial Regulations, associated the associated NATO EF2000 and Tornado Development, Production and Logistics Management Agency (NETMA) Financial Rules and Regulations (FRRs) and internal implementing directives. These include the NATO Civilian Personnel Regulations.

The Head of the NATO reporting entity is responsible and accountable for sound financial management. The financial administration of NATO bodies and reporting entities must incorporate the principles of propriety, sound governance, accountability, transparency, risk management and internal control, internal audit, external audit, and fraud prevention and detection.

Auditor's Responsibilities for Compliance

In addition to the responsibility to provide reasonable assurance about whether the financial statements as a whole are free from material misstatement, the IBAN Charter requires IBAN to provide independent assurance and report annually to the North Atlantic Council about whether funds have been properly used for the settlement of authorised expenditure (propriety) and are in compliance with the regulations in force (regularity). Propriety relates to the observance of the general principles governing sound financial management and the conduct of public officials. Regularity concerns the adherence to formal criteria such as relevant regulations, rules and procedures.

This responsibility includes performing procedures to obtain independent assurance about whether funds have been properly used for the settlement of authorized

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IBA-AR(2025)0014

expenditure and whether they have been used in compliance with the regulations in force. Such procedures include consideration of the risks of material non-compliance.

Brussels, 28 August 2025



Sébastien Lepers
Chair

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IBA-AR(2025)0014

OBSERVATIONS AND RECOMMENDATIONS

IBAN made no new observations and recommendations.

There were no observations and recommendations from the previous years' audits.

The Audit Report was issued to NETMA whose comments have been included, with the IBAN's position on those comments where necessary.

NATO MULTI-ROLE COMBAT AIRCRAFT DEVELOPMENT PRODUCTION AND IN SERVICE SUPPORT MANAGEMENT ORGANISATION (NAMMO) FORMAL COMMENTS ON THE AUDIT REPORT AND THE INTERNATIONAL BOARD OF AUDITORS (IBAN) POSITIONS

EMPHASIS OF MATTER

NETMA's Formal Comments

NETMA will update the format and content of the Annual Financial Statements for NAMMO to record contributions received from the Nations that remain unspent at year-end as “other liabilities” instead of “Unearned Revenue”.

GLOSSARY OF TERMS

In accordance with International Standards of Supreme Audit Institutions (ISSAI 2705), audit opinions on financial statements and on compliance can be unqualified, qualified, a disclaimer, or adverse:

- An unqualified opinion is when IBAN issues an opinion that the financial statements and budget execution report are stated fairly and that nothing has come to our attention that causes us to believe that funds have not been properly used for the settlement of authorised expenditure or are not in compliance with the rules and regulations.
- A qualified opinion means that IBAN was generally satisfied with the presentation of the financial statements, but that some key elements of the statements were not fairly stated or affected by a scope limitation, or specific issues have come to our attention that causes us to believe that funds have not been properly used for the settlement of authorised expenditure or are not in compliance with the rules and regulations.
- A disclaimer is issued when the audit scope is severely limited and IBAN cannot express an opinion, or when there are material uncertainties affecting the financial statements or the use of funds.
- An adverse opinion is issued when the effect of an error or disagreement is so pervasive and material to the financial statements that IBAN concludes that a qualification of the report is not adequate to disclose the misleading or incomplete nature of the financial statements.

In accordance with auditing standards, three types of paragraphs may also be communicated in the auditor's report:

- Key Audit Matters (ISSAI 2701): Those matters that, in IBAN's professional judgement, were of most significance in the audit of the financial statements of the current period. Key Audit Matters are addressed to Council.
- Emphasis of Matter (ISSAI 2706): If IBAN considers it necessary to draw users' attention to a matter presented or disclosed in the financial statements that, in our judgement, is of such importance that it is fundamental to users' understanding of the financial statements.
- Other Matter (ISSAI 2706): If IBAN considers it necessary to communicate a matter other than those that are presented or disclosed in the financial statements that, in our judgement, is relevant to users' understanding of the audit, the auditor's responsibilities or the auditor's report.

NAMMO



ANNUAL FINANCIAL STATEMENTS 2024

For the period ended 31 December 2024



NETMA

NATO EF2000 AND TORNADO DEVELOPMENT, PRODUCTION AND
LOGISTICS MANAGEMENT AGENCY

NATO UNCLASSIFIED

Section	Page
<u>Overview</u>	
Introduction to the 2024 Financial Statements	4-6
NAMMO Statement of Internal Control	7
<u>2024 Financial Statements</u>	
Statement of Financial Position	9
Statement of Financial Performance	10
Statement of Cash Flow	11
Statement of Changes in Net Assets / Equity	12
Statement of Budget Execution	13
<u>Notes to the NAMMO Accounts</u>	
A. Significant Accounting Policies	15-18
B. Notes to Statement of Financial Position	19-20
C. Notes to Statement of Financial Performance	20
D. Notes to Statement of Cash Flow	21-22
E. Notes to Statement of Budget Execution	22
F. Contingent Liabilities / Provisions	22
G. Related Parties Disclosure	22
H. Write-Off and Donations	22

These statements are produced in Thousands of Euros. For example:
 34,632 = Thirty Four Million Six Hundred and Thirty Two Thousand Euros
 132 = One Hundred and Thirty Two Thousand Euros

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Contents

Overview

2024 Financial Statements

Notes to the NAMMO Accounts



Introduction to the 2024 Financial Statements



The Foundation of NAMMO

The NATO Multi-Role Combat Aircraft Development, Production and In Service Support Management Organisation (NAMMO) is a subsidiary body created within the framework of NATO. NAMMO is a NATO Production and Logistics Organisation (NPLO) formed by the nations of Germany, Italy and the United Kingdom to develop, produce and support the Tornado aircraft.

A NAMMO Board of Directors (BoD), comprising of representatives from the three NAMMO nations, provides strategic direction and governance to the Tornado Programme. NETMA provides support in the delivery of this direction.

NAMMO is funded wholly through contributions made by the three NATO member Nations. As a NATO organisation two of the NAMMO Nations are exempt from taxation relating to operating revenue and expenses, however in the case of the Federal Republic of Germany VAT is levied.

Key Achievements 2024

This year has seen real focus on Tornado programme deactivation, moving from 'strategy' to 'implementation' by focussing on the criticalities within the multiple deactivation workstreams. To do so, two new forums have been established. The 'Tornado Deactivation Working Group' brings NETMA together with the Nations to ensure that there is a common understanding of what needs to happen and when to draw down the Tornado programme smoothly and effectively. Effective deactivation is heavily reliant on industry participation and therefore 'Tornado Deactivation Collaborative Events' have been held with Panavia and Turbo-Union, covering aircraft and engines aspects of deactivation respectively.

Whilst implementing Tornado deactivation, support to the Nations Tornado fleets must still be maintained. The Combined Joint Demand List (CJDL) is central to this, presenting industry with a consolidated set of demands out to final out of service date (OSD) in 2030. In addition to informing industry of the spares and repairs needed to reach OSD, the CJDL also highlights potential gaps in materiel and engineering support that need to be understood and managed. Finally, acknowledging that we live in a dangerous world, it is vital that Tornado remains a credible and capable weapon system. To that end, considerable engineering effort is still being expended on the aircraft, such as integrating a new Advanced Anti-Radiation Guided Missile and upgrading the Global Positioning Inertial Navigation Unit so that it remains compatible with military-standard Global Positioning System (GPS) needed for navigation and weapon aiming.

Key points from the Annual Financial Statements

Basis of Preparation

The NAMMO accounts have been presented on the basis of an Agent status.

Addressing Previous Audit Observations

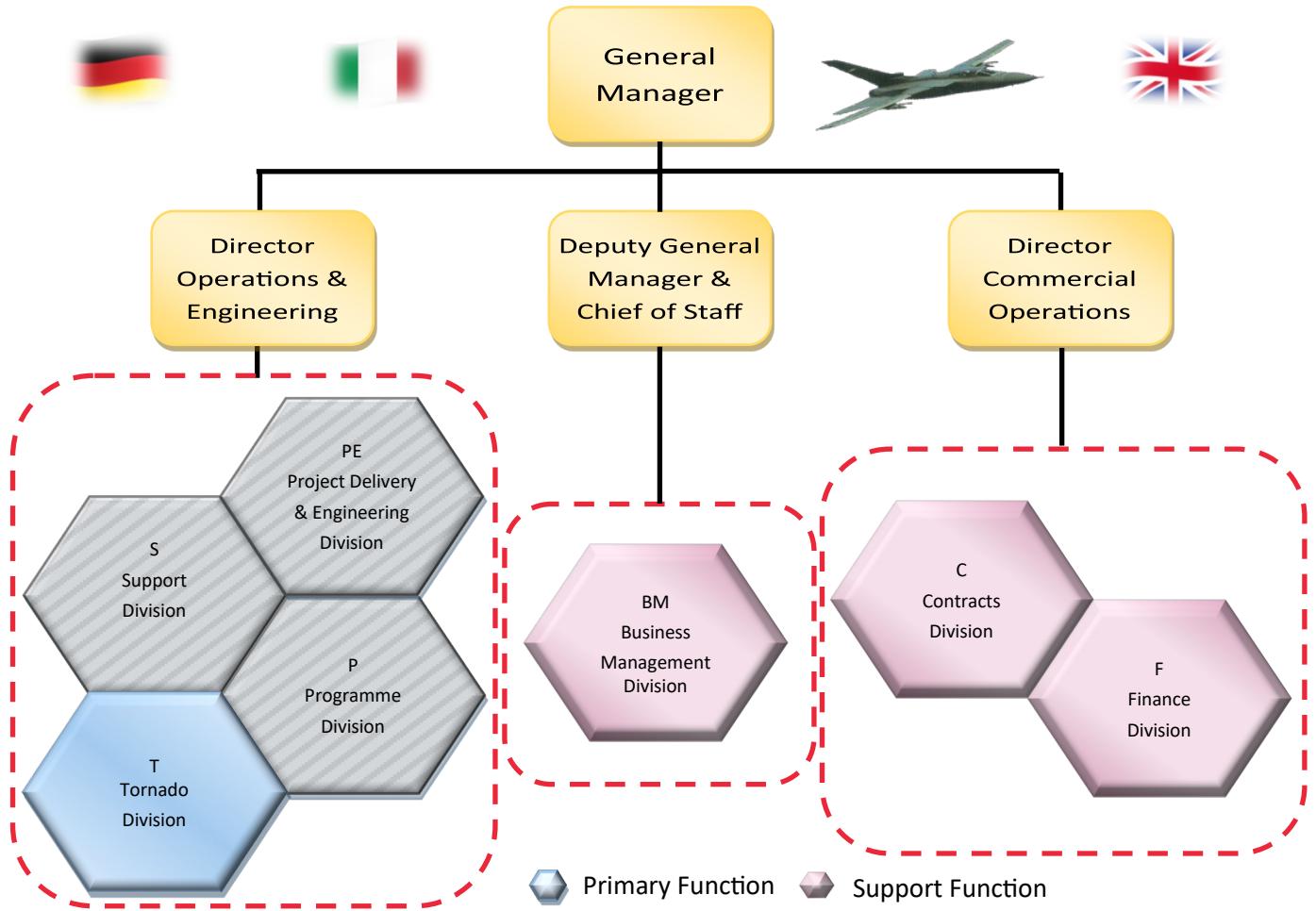
The International Board of Auditors NATO (IBAN) audit report for the 2023 NAMMO Financial Statements included no new recommendations for improvements or observations to the production of the annual Financial Statements.

All previous observations and recommendations were closed in the 2023 IBAN audit.

NAMMO at a glance

NETMA operates using a functional organisational structure, grouping its staff into agency divisions based on their specific skills and knowledge across the agency.

The NETMA organisational structure has been provided below to illustrate this:



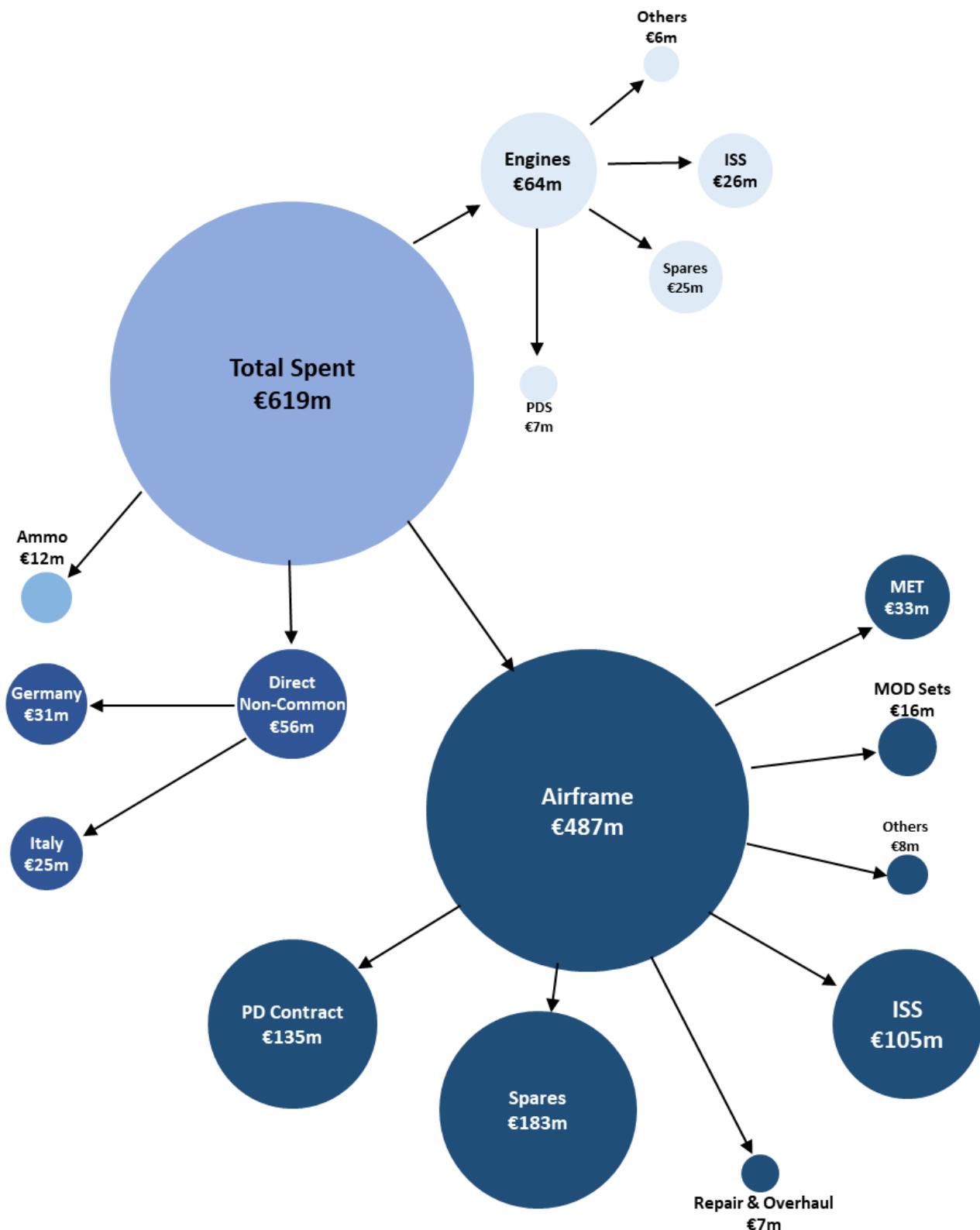
In support of the NAMMO BoD and the Tornado Weapon System, with the last batch of aircraft produced in 1998, the NAMMO structure is organised to deliver the In-Service Support (ISS) requirements. T (Tornado) Division is responsible for the engineering operations and management of the sustainment of the aircraft with our Tornado industry partners (PANAVIA Aircraft GmbH and Turbo-Union GmbH), acting as the focal point for primary NAMMO activities.

In support of these primary activities, the Contracts and Finance Divisions drive value through Contract and Financial management between nations and industry. The Business Management Division, made up of Human Resources, IT Management and Business Improvement and Performance, supports the entire NETMA agency. The IT Management department supports the IT Applications which enable Tornado Programme management. These include (but are not limited to) the Agency Integrated Management System (AIMS) for Milestone/Task and Invoice Management, the Enhanced Procurement System-Central Automatic Data Processing System (EPS-CADPS) for Procurement and Logistics Support Activities, and the Personnel & Accruals Reporting Management Information System (PARMIS) for Invoice to Payment & Banking processes.

NAMMO Expenditure Breakdown 2024

The total expenditure on the Tornado programme through NETMA in 2024 was €619m. This has increased slightly (4%) from last year due to the slippage of some engineering tasks from 2023 and general inflation of costs.

Spend on Tornado is largely focused on the airframe, totalling 79% of all costs, with a further 10% relating to the engine, as illustrated below:



NAMMO Statement of Internal Control



As General Manager of NETMA, I have the responsibility for maintaining an effective system of internal control that supports the achievement of the Agency's policies, aims and objectives, as set by NETMA's Four Nations and the Board of Directors. I am also personally responsible for safeguarding the funds and assets.

The Board has established appropriate structures, reporting lines and responsibilities to support the delivery of objectives. These responsibilities are set out in the NETMA Financial Rules and Regulations as governed by the NATO Financial regulations and Financial Rules and Procedures.

The system of internal control is designed to manage the risk of failure to achieve the organisation's policies, aims and objectives and provide reasonable assurance of effectiveness.

The processes in place to achieve this are summarised below:

- NETMA has an annual Management Plan which identifies NETMA's strategic priorities, objectives and the associated performance metrics. The Management Plan focuses on agency planning and improvements, including identification of key business risks.
- NETMA have an ongoing evidence based risk management process designed to identify the principle risks to the achievement of the Agency's policies, aims and objectives, to evaluate the nature and extent of those risks and to mitigate or manage them efficiently and effectively on a continual basis. Owners are appointed to monitor and report on the risks and mitigations on a regular basis.
- The NETMA internal audit function performs a range of audit activities based on international standards and NATO regulations. The internal audit process covers all areas of the Agency and complies with Global Internal Audit Standards. The NETMA Audit Team also conduct external audits on our Industry Partners, which involve the inspection of NEFMO and NAMMO assets held in industry, and review of Self-Certified Milestones to ensure our Industry Partners have appropriate internal controls in place and these are adhered to. The annual internal and external audit programmes are approved by the NETMA Audit Advisory Panel and the Audit Committee as outlined in the NETMA Audit Charter. Processes and procedures are regularly reviewed and continuously optimised.
- The Agency operates the integrated framework for internal control developed by the Committee of Sponsoring Organisations of the Treadway commission (COSO Framework) as a mechanism for formally documenting the internal control system and providing assurance that it is functioning effectively. It is well established and part of our normal internal control system. The annual COSO review was undertaken as scheduled for the year 2024, with the outcome confirming we meet those requirements.

My review of the effectiveness of the system of internal control is informed by the work of the executive managers within the organisation who have responsibility for the development and maintenance of the internal control framework, comments made by the Internal Audit Reports, and external auditors in their management letters, together with the results of the annual COSO review.

I am content that the processes in place within the organisation provide reasonable assurance of the effectiveness and efficiency of the organisation's operations, the reliability of its financial information and its integrity with regards to application and compliance to applicable rules and regulations. Whilst we always seek to improve our processes each year there are no material internal control weaknesses currently identified that need specific intervention from Senior Management in 2024.

SIMON ELLARD CB FREng

General Manager

WENDY BRADBURY

Financial Controller

A photograph of a fighter jet, likely a F/A-18 Hornet, positioned on a runway. The aircraft is viewed from the front, with its nose cone and cockpit area prominent. The background shows a clear blue sky and a flat horizon. The aircraft's landing gear is deployed.

Overview

2024 Financial Statements

Notes to the NAMMO Accounts

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

(in thousands of Euros)	Note	2024	2023
Assets			
<i>Current assets</i>			
Cash and cash equivalents	B1	149,868	217,954
Short term investments		0	0
Receivables	B1	15,876	1,675
Prepayments		0	0
Inventories		0	0
		<u>165,744</u>	<u>219,629</u>
<i>Non-current assets</i>			
Property, plant & equipment		0	0
Intangible assets		0	0
		<u>0</u>	<u>0</u>
Total assets		<u>165,744</u>	<u>219,629</u>
Liabilities			
<i>Current liabilities</i>			
Payables	B2	19,062	13,654
Unearned revenue	B3	146,681	205,975
Advances	B4	0	0
		<u>165,744</u>	<u>219,629</u>
<i>Non-current liabilities</i>			
Provisions		0	0
		<u>0</u>	<u>0</u>
Total liabilities		<u>165,744</u>	<u>219,629</u>
<i>Surplus / (deficit)</i>			
Reserves		0	0
Total net assets		<u>0</u>	<u>0</u>

The Financial Statements on pages 10 to 14 and their associated notes were issued to the International Board of Auditors for NATO on 31st March 2025.



SIMON ELLARD CB FREng

General Manager



WENDY BRADBURY

Financial Controller

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 DECEMBER 2024

(in thousands of Euros)	Note	2024	2023
Revenue	C1		
Revenue		0	0
Financial revenue		0	0
Other revenue		0	0
Total revenue		0	0
Expenses	C1		
Personnel		0	0
Contractual supplies and services		0	0
Depreciation and amortisation		0	0
Impairment		0	0
Provisions		0	0
Other expenses		0	0
Finance costs		0	0
Total expenses		0	0
Surplus / (deficit) for the period		0	0

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER 2024

(in thousands of Euros)	Note	2024	2023
Cash flow from operating activities			
Surplus / (deficit)	D1	0	0
Non-cash movements			
Depreciation / amortisation		0	0
Impairment		0	0
Increase / (decrease) in payables	D2	5,408	6,941
Increase / (decrease) in unearned revenue	D3	(59,294)	(6,202)
Increase / (decrease) in advances	D4	0	(18,216)
Increase / (decrease) in provisions		0	0
(Gains) / losses on sale of property, plant and equipment		0	0
(Increase) / decrease in receivables	D5	(14,201)	(1,147)
Net cash flow from operating activities		(68,087)	(18,624)
Cash flow from investing activities			
Purchase of property plant and equipment / intangible assets		0	0
Proceeds from sale of property plant and equipment		0	0
Net cash flow from investing activities		0	0
Cash flow from financing activities			
Net cash flow from financing activities		0	0
Net increase / (decrease) in cash and cash equivalents		(68,087)	(18,624)
Cash and cash equivalents at the beginning of the period		217,954	236,578
Cash and cash equivalents at the end of the period		149,868	217,954

STATEMENT OF CHANGE IN NET ASSETS/EQUITY

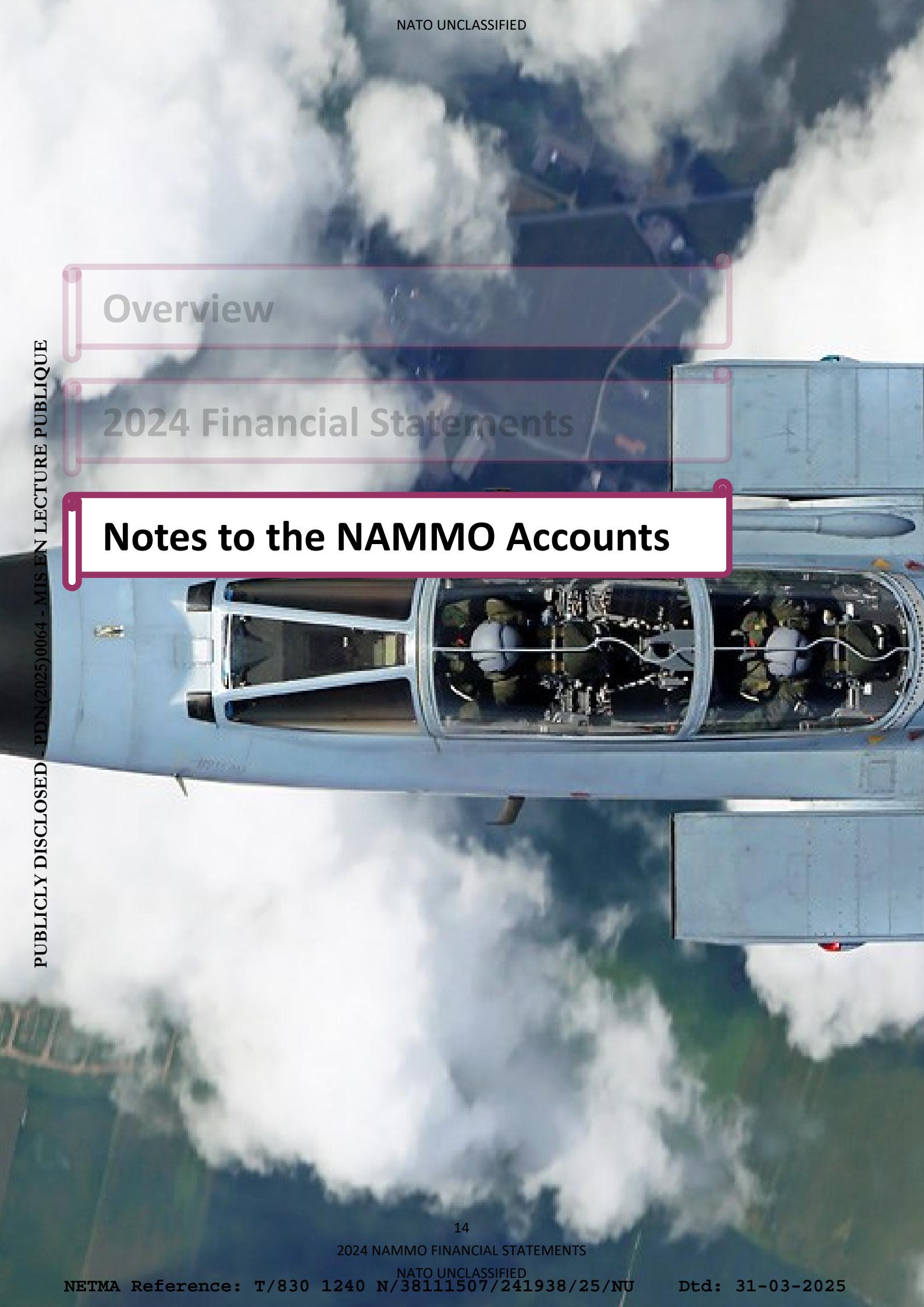
FOR THE YEAR ENDED 31 DECEMBER 2024

(in thousands of Euros)	Note	PP&E Asset Reserve	Revaluation Reserves	Accumulated Surplus / (Deficit)	Total
		0	0	0	0
Balance at the beginning of the period 2023					
Changes in accounting policy		0	0	0	0
Restated balance		0	0	0	0
Transfer from accumulated surplus / (deficit)		0	0	0	0
Surplus / (deficit) for the period		0	0	0	0
Balance at the end of the period 2023		0	0	0	0
Changes in accounting policy		0	0	0	0
Restated balance		0	0	0	0
Transfer from accumulated surplus / (deficit)		0	0	0	0
Surplus / (deficit) for the period		0	0	0	0
Balance for the period ended 2024		0	0	0	0

STATEMENT OF BUDGET EXECUTION

FOR THE YEAR ENDED 31 DECEMBER 2024

Note (in thousands of Euros)	Initial Budget	Transfers and Budget Adjustments	Final Budget	Expenditure 2023	Accrued expenditure 2024	Accrued expenditure 2024	Total Expenditure 2024	Unused Budget
Budget 2024								
Chapter 1 Development	0	0	0	0	0	0	0	0
Chapter 2 Manufacture	0	0	0	0	0	0	0	0
Chapter 3 Support & enhancements	E1 661,993	13,900	675,893	594,038	(103,414)	128,418	619,042	56,851
Total FY 2024	661,993	13,900	675,893	594,038	(103,414)	128,418	619,042	56,851

A large, high-angle aerial photograph of a military aircraft, likely a B-52, in flight. The aircraft is shown from a side-on perspective, with its distinctive tail and four engines clearly visible. It is captured in the middle of a bombing run, with several large, white, cylindrical bombs hanging from its bottom. A massive, billowing plume of white smoke and fire erupts from the impact points on the ground below, obscuring a significant portion of the landscape. The terrain appears to be a mix of green fields and darker, possibly urban or industrial areas. The sky is a clear, pale blue.

Overview

2024 Financial Statements

Notes to the NAMMO Accounts

A. Significant Accounting Policies

Basis of preparation

The 2024 Annual Financial Statements have been prepared on the basis that NAMMO is an Agent. NETMA considers that it is acting as an Agent for the NAMMO member states in relation to managing the Tornado programme. NETMA is not exposed to the risks or rewards of the programme and is paying industry on behalf of NAMMO member states with funding received from member states.

The Financial Statements of NAMMO have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and based on International Financial Reporting Standards/International Accounting 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 NAMMO directives and policies. In instances where there is a conflict between IPSAS and the NFRs this has been noted.

The Financial Statements have been prepared on a going-concern basis and it is considered that there are no impediments to continuing with this assumption for the foreseeable future.

The Financial Statements have been prepared on a historical cost basis except for financial instruments that are measured at fair value at the end of each reporting period. The accounting principles are recognised as appropriate for the recognition, measurement and reporting of the financial position, financial performance and cash flow on the basis of the entity being an Agent and have been applied consistently throughout the reporting period. The Budget Execution Statement has been prepared on an accruals basis in accordance with the NFRs.

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

Accounting estimates and judgments

In accordance with IPSAS and generally accepted accounting principles, the Financial Statements 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 judgements to make the estimates, a degree of caution is included in light of the principle of 'prudence' required by IPSAS.

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.

Changes in accounting policy and standards

There have been no changes in the accounting policies applied by NAMMO since the accounts were presented in 2023.

Changes in pronouncements

No new accounting standards have had a material impact on the NAMMO accounts nor adopted earlier than the application date as stated in the IPSAS standards. Any new published IPSAS standards will be assessed for 2025 accounts.

Restatements

For the 2024 Financial Statements there has been no requirement to restate the 2023 figures.

Changes in financial rules and regulations

The NETMA Financial Rules and Regulations are in line with NATO 2016 Financial Rules and Regulations with the following deviations approved in 2022: NEFMO & NAMMO gained approval from the North Atlantic Council on 24th June 2022 (Reference PO(2023)(0270-AS1) (DMS:215508) to deviate from NFR 24.2, 25.1(a) and (c) and 25.3 to 25.7 and to deviate separately from NFR 25.1 with regard to CADPS only.

In July 2024 NETMA issued Finance Notice F(N)012024 to bring the NETMA procurement authorisation limits in line with the NATO PAL with immediate effect. This change will be incorporated into the next issue of the NETMA FRR's in 2025.

Foreign currency

These Financial Statements are presented in Euros, which is the NAMMO 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 2024. The resulting realised and unrealised gains and losses are recognised in the general ledger.

NAMMO used the following NATO-promulgated exchange rates as at 31st December 2024:

EUR – GBP = 1 : 0.82805

EUR – USD = 1 : 1.0395

EUR – SEK = 1 : 11.5335

Consolidation

The NAMMO Financial Statements are not consolidated with the administration elements of the programme presented in the NETMA Financial Statements.

Financial Instruments disclosure / presentation

NAMMO uses only non-derivative financial instruments as part of its normal operations. These financial instruments include cash and cash equivalents, accounts receivable, liabilities 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 nations' 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 consulted with a view to covering any shortages.

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 seeks to guarantee 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

As an Agent, NAMMO does not bear the currency risk of the programme, however processes are implemented to reduce the currency risk for the Nations. To limit the exposure to foreign currency risk, NAMMO forecasts yearly expected expenditures in foreign currencies where it is material (i.e. Great British Pound - GBP). In order to have the required funding, NAMMO asks the nations to provide their contributions in either Euros or GBP.

Interest rate risk

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

Assets

NAMMO holds the following types of current assets:

Cash and cash equivalents

Cash and cash equivalents represents cash held on NAMMO 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.

Contributions receivable 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.

Inventories

NAMMO does not hold any inventory assets. Any inventories held in industry to be consumed in the production process are expensed and any inventory assets held in the ordinary course of operations to support Tornado are owned by the benefiting nations.

Property, plant and equipment

NETMA considers that industry controls the assets in production until they are delivered to Nations and therefore does not recognise these assets in the NAMMO accounts. The subject of knowing the stage of completion of programme assets from an accounting perspective is not relevant due to this accounting policy. Nation's assets held in industry are still maintained and recorded, and NETMA continues to conduct audits to ensure these records are accurate.

Leases

The costs for operating the Agency's headquarters are accounted for in the NETMA Financial Statements and this includes leases and rental payments.

Intangible assets

Similarly to property, plant and equipment, NAMMO does not own any intangible assets.

Impairment of tangible and intangible assets

As there are no assets owned by NAMMO there has been no need to conduct an impairment review.

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.

For the 2024 Financial Statements, estimates of accrued obligations for goods and services received at year-end but not yet invoiced are recognised only in the Statement of Budget Execution in line with the NATO Financial Regulations. Acting as an Agent of the programme, NAMMO recognises payables only if the invoice has been received and so these accrued estimates are not included in the Statements of Financial Position and Cash Flow.

Unearned revenue

Unearned revenue represents contributions from member nations for current or prior years' budgets, for services that have not yet been delivered.

Advances

Advances are contributions from member nations called for or received related to future years' budgets.

Employee benefits

The personnel costs for operating the Agency's headquarters are accounted for in the NETMA Financial Statements.

Provisions

As an Agent NAMMO does not have any provisions.

Net assets

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

NATO entities perform their activities on a no-profit / no-loss basis globally over the reporting period. However, this does not prohibit the realisation of operating surplus or deficit in the financial reporting period.

Revenue and expenses recognition**Revenue and Expenses**

From 2021, NAMMO transitioned to an Agent resulting in NETMA changing its accounting policy for the treatment of accounting for revenues and expenditure. Therefore, these revenues and expenditures are excluded from the Statement of Financial Performance. Liabilities for accrued expenses are excluded from the Annual Financial Statements but are included in the Budget Execution Statement.

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)

Assets

1. Current Assets

	2024	2023
Cash accounts	0	0
Clearing cash accounts	0	0
Petty cash and advances	0	0
Current bank accounts	149,868	217,954
Receivables	15,876	1,675
Bank accounts interest	0	0
Total	165,744	219,629

Current bank accounts

The Tornado Programme has a number of bank accounts relating to the various funding offices from which payments are made and contributions are received. These include accounts for payments to be made in CAD, GBP, USD, SEK and EUR. The accounting system (PARMIS) functionality necessitates that each cash and bank account separately identified has an associated clearing account to enable the sub-ledger to interface with the general ledger. The carrying balance on all these clearing accounts is zero at the end of the reporting period.

The overall levels of current bank account balances have decreased in 2024 due to reduced national contributions received relative to expense incurred during the year.

Receivables

At 31st December 2024 the receivables balance comprised of credit notes from industry pending offset with operational invoices and contribution receivables from funding nations. The increase in the value in 2024 compared to 2023 is mainly due an €11.4M contribution receivable from a funding nation.

Liabilities

2. Payables

	2024	2023
Payables to suppliers	17,889	13,131
Payables to non-consolidated entities	0	0
Payables to staff members	0	0
Payables to governments	0	0
Other payables	1,173	524
Total	19,062	13,654

Payables to suppliers

Payables to suppliers include invoices received from commercial vendors not settled by the reporting date. This account is reconciled to the payables sub-ledger within the financial system operated by NAMMO on a monthly basis. Any outstanding currency liabilities have been translated at the respective closing exchange rates as promulgated by NATO. The payable as at 31st December 2024 is €17.889M compared with the 2023 amount of €13.131M. This increase is due to the timing of these invoices being received and processed through the accounting system. These invoices have now been paid in early 2025.

Other payables

Other payables represents the income received by NAMMO which is yet to be transferred to another operational account or to national treasuries. In 2023 and 2024 this is mostly made up of bank interest. The increase in payables in 2024 is due to greater interest amounts being received at the end of 2024 which is payable back to national treasuries.

The movement on unearned revenue can be reconciled as follows:

3. Unearned Revenue

	2024	2023
Unearned revenue b/f	205,975	212,177
National contributions	535,995	585,611
National Contributions from other program	0	(24,457)
Miscellaneous Revenue (excl. bank interest)	712	1,588
Bank Interest received	1,301	579
<i>Less</i>		
Operational Expenditure	(594,038)	(566,145)
Miscellaneous Expenditure	(706)	(1,588)
Bank interest returned to Nations	(1,183)	(530)
Miscellaneous financial income / (charges)	(0)	(1)
Foreign exchange gains / (losses)	(1,375)	(1,259)
Unearned revenue c/f	146,681	205,975

Unearned revenue represents the excess of national contributions and miscellaneous revenue over expenditure on the NAMMO programme to date. It is similarly reflected in the level of cash holdings within the NAMMO bank accounts.

The decrease in unearned revenue represents the reduced level of contributions relative to expenses incurred for the year as mentioned in B1. In 2023 there was a net transfer of €24M from NAMMO to NEFMO to fund expenditure.

4. Advances

	2024	2023
Advances	0	0
Total	0	0

Advance contributions represent funds received for future year's operational budgets. There were no advances raised in 2024 for 2025.

C. Notes to Statement of Financial Performance

1. Revenue and Expenditure

NAMMO Annual Financial Accounts have been presented on the basis of being an Agent of the operational Multi-Role Combat Aircraft programme. On this basis, it is recognised that NAMMO as an entity does not generate revenue from its activities in managing the programme on behalf of the member nations and so nil values have been presented against revenue and expenditure for the current and prior years.

D. Notes to Statement of Cash Flow

(in thousands of Euros)

Cash flow from operating activities

1. Surplus / (deficit)

	2024	2023
Surplus / (deficit)	0	0
Total	0	0

This represents the surplus or deficit from normal operating activities before interest, depreciation and financial charges such as exchange differences arising from transactions. As an Agent NAMMO does not have ownership of any assets and does not generate revenue from its activities and so it does not recognise any surplus / deficit.

Non-cash movements

2. Increase / (decrease) in payables

	2024	2023
Payables to suppliers	4,759	6,756
Other payables	649	185
Total	5,408	6,941

Payables to suppliers represent invoices presented but not yet paid. As stated in the Notes to Statement of Financial Position B2, the increase in payables between 2024 and 2023 is due to the timing of these invoices being received and processed through the accounting system. The increase in other payables is due to a greater amount of bank interest being received which is payable back to national treasuries.

3. Increase / (decrease) in unearned revenue

	2024	2023
Unearned revenue	(59,294)	(6,202)
Total	(59,294)	(6,202)

The movement on unearned revenue represents the accumulated surplus / deficit of contributions over expenditure for 2024. In 2024 the unearned revenue has decreased due to greater expenses relative to contributions, and thus a decreased closing balance on NETMA bank accounts.

4. Increase / (decrease) in advances

	2024	2023
Advance contributions	0	(18,216)
Total	0	(18,216)

As stated in note B4, no call for funds was raised in December 2024 relating to the 2025 NAMMO Operational Budget. The movement shown in 2023 is due to an advance made in 2022 which was satisfied in 2023. No advances have been raised since then.

5. (Increase) / decrease in receivables

	2024	2023
National contributions	(11,400)	0
Other receivables	(2,801)	(1,147)
Total	(14,201)	(1,147)

The movement on national contributions receivable represents the change in the nations debt to the programme from the previous financial year. There were no outstanding calls at the end of 2023. At the end of 2024 there was one call outstanding for €11.4M. Other receivables include credit notes received on PARMIS from industry which are still outstanding at the reporting date. The movement in other receivables represents greater credit notes processed on the system due to the timing of these credit notes being received.

E. Notes to Statement of Budget Execution

(in thousands of Euros)

1. Budget analysis - 2024

	2024 Budget	2024 Expenditure
All nations initial approved budget	661,993	619,042
In-year budget adjustments	13,900	
Total	675,893	619,042

The budget and actual expenditure figures in the budget execution statement are presented on an accrual basis and are therefore different to the amounts entered in the general ledger. The budget is compiled based on the advice and assistance of a number of sources including nations, commercial and technical staff within NETMA and industry. It has been based on the best information available and takes into account known payment plans and estimates of new work in line with advice on technical progress. During 2024 the NAMMO nations chose to uplift their budget from the original values by €13.9M. This is mostly due to additional requirements within Panavia Post Design tasks.

NAMMO does not formally lapse Operational Budget called for but unspent in the following year. The excess of funds is viewed as “unused budget”. The underspend is caused by a combination of budget uplifts for which the expenditure did not materialise, delays in the direct contracts which led to slippage of estimated payments to 2025 and National Price Investigation (NPI) conclusions resulting in increased credit notes. The budget underspend will be reflected in Tornado Operational Budget 2025.

F. Contingent Liabilities / Provisions

NAMMO has no contingent liabilities or provisions.

G. Related Parties Disclosure

The key management personnel of NAMMO have no significant related party relationships that could affect the operation of NAMMO. Board members receive no remuneration and senior management are remunerated in accordance with the published NATO pay scales. Both do not receive loans that are not available to all staff.

H. Write-Off and Donations

In accordance with the NATO Financial Regulations, a global statement of write-offs and donations shall be reported in the Annual Financial Statements, NAMMO has nothing to disclose for 2024. Write-offs/strike-offs are administered by the NETMA Tornado Sustainment Section when items are deemed surplus to requirements, obsolete, damaged beyond economic repair or lost.

